McGladrey & Pullen
Certified Public Accountants

Miami-Dade County Transit Department
Miami-Dade County, Florida
(An Enterprise Fund of Miami-Dade County, Florida)

Single Audit Reports in Accordance with
OMB Circular A-133 and the Florida Single
Audit Act
Year Ended September 30, 2009

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Independent Auditor's Report
on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance With
Government Auditing Standards

The Honorable Mayor and the Members of the Board of County Commission
Miami-Dade County, Florida

We have audited the financial statements of the Miami-Dade County Transit Department ("MDT"), an enterprise fund of Miami-Dade County, Florida (the "County") as of and for the year ended September 30, 2009, and have issued our report thereon dated February 12, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered MDT's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MDT's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of MDT's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MDT's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of MDT in a separate letter dated February 12, 2010.

This report is intended solely for the information and use of the Honorable Mayor, the Members of the Board of Commissioners of the County, management of MDT, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Miami-Dade County, Florida
February 12, 2010

**Independent Auditor's Report
on Compliance With Requirements Applicable
to Each Major Federal Program and State Project
and on Internal Control Over Compliance in Accordance
With OMB Circular A-133 and Chapter 10.550,
*Rules of the Auditor General, State of Florida***

The Honorable Mayor and Members of the Board of County Commission
Miami-Dade County, Florida

Compliance

We have audited the compliance of Miami-Dade County Transit Department ("MDT") with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Circular A-133 Compliance Supplement* and the requirements described in the Department of Financial Services' State Projects Compliance Supplement, that are applicable to its major federal program and its major state project for the year ended September 30, 2009. MDT's major federal program and major state project are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program and its major state project is the responsibility of MDT's management. Our responsibility is to express an opinion on MDT's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations;* and Chapter 10.550, *Rules of the Auditor General*, State of Florida. Those standards, OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General,* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or major state project occurred. An audit includes examining, on a test basis, evidence about MDT's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of MDT's compliance with those requirements.

As described in item CF 2009-03 in the accompanying schedule of findings and questioned costs, MDT did not comply with requirements regarding procurement that are applicable to its U.S. Department of Transportation Federal Transit Cluster grant. Compliance with such requirements is necessary, in our opinion, for MDT to comply with the requirements applicable to that program.

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In our opinion, except for the noncompliance described in the preceding paragraph, MDT complied, in all material respects, with the requirements referred to above that are applicable to its major federal program and its major state project for the year ended September 30, 2009. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133, and which are described in the accompanying schedule of findings and questioned costs as items CF 2009-01 and CF 2009-02.

Internal Control Over Compliance

The management of MDT is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered MDT's internal control over compliance with requirements that could have a direct and material effect on a major federal program or major state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of MDT's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and one that we consider to be a material weakness.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program or state project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or state project that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items IC 2009-01, IC 2009-02 and IC 2009-03 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider item IC 2009-03 to be a material weakness.

MDT's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit MDT's response and, accordingly, we express no opinion on it.

Schedules of Expenditures of Federal Awards and State Financial Assistance

We have audited the basic financial statements of MDT, an enterprise fund of Miami-Dade County, Florida, as of and for the year ended September 30, 2009, and have issued our report thereon dated February 12, 2010. Our audit was performed for the purpose of forming an opinion on the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Honorable Mayor, the Members of the Board of Commissioners of the County, management of MDT and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Miami-Dade County, Florida
February 12, 2010

Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended September 30, 2009

Federal Grantor/State Agency	CFDA No.	Grant	Grant/Contract Number	Expenditures
Federal Grants:				
Direct Programs:				
U.S. Department of Transportation				
Federal Transit – Capital Investment Grants:				
FTA – NE Passenger Activity	20.500	MT0259	FL-03-0259	$ 5,822
FTA – Pedestrian Crossing	20.500	MT0260	FL-03-0260	12,278
FTA – NW 7 Ave PAC	20.500	MT0311	FL-03-0311	233,324
FTA – FY-06 Bus Related Activities	20.500	MT0016	FL-04-0016	91,080
FTA – FY-07 Fixed Guideway	20.500	MT0095	FL-05-0095	(131,591)
FTA – FY-08 Fixed Guideway	20.500	MT0100	FL-05-0100	1,149
FTA – FY-09 Fixed Guideway	20.500	MT0105	FL-05-0105	16,712,347
				16,924,409
Federal Transit – Formula Grants:				
FTA - Capital Funding for Busway Construction	20.507	MTX350	FL-90-X350	749,829
FTA - FY06 Formula Grant	20.507	MTX578	FL-90-X578	431,428
FTA - FY07 Formula Grant	20.507	MTX636	FL-90-X636	816,866
FTA - FY08 Formula Grant	20.507	MTX674	FL-90-X674	43,269,331
FTA - Bridge Inspection FY07-08 Bicycle Enhancements	20.507	MTX015	FL-90-X015	744,030
				46,011,484
Public Transportation Research:				
FTA – Passenger Info. Kiosk	20.514	MT7001	FL-26-7001	45,591
Subtotal Direct Programs				62,981,484
Passed-through the Florida Department of Transportation				
Highway Planning and Construction:				
LAP Dadeland Bike Path Improvements	20.205	MTO690	AO690	96,543
Total U.S. Department of Transportation				63,078,027
U.S. Department of Homeland Security:				
Passed-through the Florida Department of Community Affairs:				
Rail and Security Grant Program:				
FY-05 Homeland Security	97.075	MT07DS	07-DS-4X-13-00-20-017	(1,591)
FY-06 Homeland Security	97.075	MT0485	07-DS-6B-11-23-20-435	460,941
FY-07 Homeland Security	97.075	MT08DS	08-DS-66-13-00-20-297	259,625
				718,975
Passed-through the Florida Department of Law Enforcement:				
Homeland Security Grant Program:				
Hardening Critical Infrastructure	97.067	MTHS08	2008-LETP-DADE-1Q4-067	59,564
Total U.S. Department of Homeland Security				778,539
Total Federal Awards				63,856,566

(Continued)

Miami-Dade County Transit Department

Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended September 30, 2009

Federal Grantor/State Agency	CSFA No.	Grant	Grant/Contract Number	Expenditures
Florida Department of Transportation				
Transportation Disadvantaged Commission:				
Fiscal Year 09	55.001	MTTD09	AP681	$ 5,463,378
Fiscal Year 10	55.001	MTTD10	AP777	1,683,618
				7,146,996
Commuter Assistance – Dade Monroe Express	55.007	MTNU28	ANU28	102,427
County Incentive Grant Prog – Miami Gardens	55.008	MTOB59	AOB59	12,012
Public Transit Block Grant Program	55.010	411411	AP777	18,014,777
Public Transit Service Development Program:				
Beach Max	55.012	MTO637	AO637	5,000
Transit Corridor Program:				
South Miami-Dade Busway	55.013	MTE199/MTJ309	AE-199	84,838
Flagler Max Bus Route	55.013	MTK441	AK441	450,000
South Dade Busway Routes	55.013	MTO599	AO559	450,000
				984,838
Intermodal Development Program:				
University Pedestrian Overpass	55.014	MTOR18	AOR18	(89,898)
New Starts Transit Program:				
Smart Signage System	55.017	MTNG77	ANG77	23,203
Earlington Heights MIC	55.017	MTNW95	ANW95	6,498,089
Urban Capital Facility Improvement	55.017	MTNX67	ANX67	284,438
				6,805,730
Total State Financial Assistance				32,981,882
Total Expenditures of Federal Awards and State Financial Assistance				$ 96,838,448

See Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended September 30, 2009

1. General

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") presents the activity of all federal awards and state projects of the Miami-Dade County Transit Department ("MDT") for the year ended September 30, 2009. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included in the accompanying Schedule. MDT's reporting entity is described in Note 1 to the financial statements.

2. Basis of Presentation

The Schedule has been prepared on the accrual basis of accounting. This basis of accounting is described in Note 2(a) to MDT's financial statements.

Miami-Dade County Transit Department

Schedule of Findings and Questioned Costs
Federal Awards Programs and State Projects

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	____ Yes	X No
Noncompliance material to financial statements noted?	____ Yes	X No

Federal Awards

Internal control over major program:		
Material weakness(es) identified?	X Yes	____ No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	X Yes	____ None reported
Type of auditor's report issued on compliance for major programs:	Qualified	
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	X Yes	____ No

Identification of major program:

Federal CFDA No.	Name of Federal Program
20.500/20.507	Federal Transit Cluster

Dollar threshold used to distinguish between type A and type B programs:	$1,915,696	
Auditee qualified as low-risk auditee?	X Yes	____ No

Schedule of Findings and Questioned Costs
Federal Awards Programs and State Projects (Continued)

State Financial Assistance

Internal control over major projects:			
Material weakness(es) identified?	____ Yes	X	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	____ Yes	X	None reported
Type of auditor's report issued on compliance for major projects:		Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, *Rules of the Auditor General?*	____ Yes	X	No

Identification of major projects:

State CSFA No.	Name of State Projects
55.010	Florida Department of Transportation: Public Transit Block Grant Program

Dollar threshold used to distinguish between type A and type B programs: $989,456

Section II – Financial Statement Findings

None reported

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs

A. Internal Control Over Compliance

IC 2009-01 Allowable Costs

U.S. Department of Transportation –
Federal Transit Cluster (CFDA No.'s 20.500 & 20.507)

Criteria: OMB Circular A-87 requires that in situations where employees work on multiple grants, their salary distribution must be supported by personnel activity reports or similar documents delineating the hours worked on each grant and other activities. In addition, the personnel activity reports should be prepared at least monthly and must include the employee's signature. In situations where all of an individual's salary is charged to a federal program, certifications should be prepared at least bi-annually to support the amounts charged to the federal program.

Condition: We noted employees who worked solely on one federal program whose total salaries were charged to the federal program did not have a biannual certification, however, we noted that those employees timesheets were approved by appropriate supervisors.

Questioned costs: Undeterminable.

Context: We noted 7 of the 33 employees selected for testing did not have the bi-annual certification.

Effect: Failure to maintain complete certifications could result in disallowance by the grantor of payroll expenditures.

Cause: MDT does not have a formal process in place to ensure that all individuals whose total salaries are charged solely to one federal program complete bi-annual certifications.

Recommendation: We recommend that MDT establish a policy over the certification process. As part of that process, management should communicate with all division heads whose employees work exclusively on a federal program. If only a portion of the individual's salary is charged to the program, an after-the-fact payroll distribution report should be maintained. If all of the employee's salary is charged to the program, the required certification should be prepared at least bi-annually.

Views of responsible officials and planned corrective action: Effective immediately, Bus Maintenance staff has been instructed to and will certify all bus maintenance staff whose work is required to extend the functionality and serviceability of the bus fleet. This is consistent with recently provided information regarding the FTA definition of Preventative Maintenance for Formula Funding Programs. The definition provides that all activities associated with revenue and non-revenue (service) vehicle maintenance is eligible for reimbursement, including: Administration, Inspection and maintenance and Servicing (cleaning, fueling, etc.) vehicles.

IC 2009-02 Reporting

U.S. Department of Transportation –
Federal Transit Cluster (CFDA No.'s 20.500 & 20.507)

Criteria: Code of Federal Regulations ("CFR") Title 49 Section 26 requires that non-Federal entities receiving Federal awards implement appropriate mechanisms to ensure compliance by all program participants. Those mechanisms should include a running tally of actual Disadvantage Business Enterprise ("DBE") attainments and a means to compare those attainments to commitments. The commitments and attainments (payments actually made) must be displayed in the semi-annual report to the funding agency. In addition, A-102 Common Rule requires that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

Condition: We noted that, 1) amounts awarded and/or committed during the 2009 fiscal year and 2) the number of DBE's reported reflected on the semi-annual report did not agree to supporting documentation and there was no evidence of an approval of the semi-annual DBE report .

Questioned costs: Not applicable.

Context: We noted that 1 of 2 DBE semi-annual reports did not reconcile or agree to supporting documentation and did not have evidence demonstrating an approval.

Effect: Inadequate review of The Uniform Report of DBE Awards or Commitments and Payments for the first 6 months of the year resulted in an inaccurate report being submitted to the funding agency. Further, MDT could face sanctions in accordance with 49 U.S.C. chapter 53 (as amended by the Safe, Accountable, Flexible, Efficient Transportation Equity Act - SAFETEA-LU) or applicable Federal Transit Administration program requirements.

Cause: Management did not review all supporting documentation for the items being reported in the semi-annual report.

Recommendation: We recommend that MDT adopt review procedures that would require amounts being reported in the DBE report to be reconciled or compared with information in the supporting documentation before submitting the report to the grantor. Each report should be subject to a supervisory review and such review should be evidenced on the report.

Views of responsible officials and planned corrective action: Management concurs with the auditor's observations and recommendations. The Transit Administrative Policy and Procedures (TAPP) will be revised to reflect and incorporate these recommendations. A corrected report was re-submitted to the FTA and FTA was informed to disregard the previous submittal. The revised report was read by the auditors and no further discrepancies were identified.

Schedule of Findings and Questioned Costs
Federal Awards Programs and State Projects (Continued)

IC 2009-03 Procurement

U.S. Department of Transportation –
Federal Transit Cluster (CFDA No. 's 20.500 & 20.507)

Criteria: Per the Code of Federal Regulations (CFR) Title 49 Part 661 stipulates that in general, no funds may be obligated for a grantee unless all iron, steel and manufactured products used in the project are produced in the United States. Buy America provisions apply to contracts that will meet or exceed $100,000 in expenditures over the life of the contract.

Condition: We noted that purchases of steel, iron, or manufactured products and purchases of parts in excess of $100,000 were not evidenced with a Buy America certificate.

Questioned costs: $528,217.

Context: For 3 of the 4 contracts selected for testing, MDT was unable to provide evidence to show compliance with the Buy America provisions. The finding is considered systematic in nature.

Effect: Failure to comply with the Buy America provisions could result in the loss of Federal funding or the grantor agency could require the repayment of funds provided which were used for disallowed costs.

Cause: Management was unable to inform internal audit which contracts contained the Buy America clause and therefore, MDT was unable to obtain the required Buy America certification.

Recommendation: MDT should establish a policy whereby all contracts are evaluated to determine whether the Buy America provision is applicable. In addition, prior to approval for payment, a process should be established to enable verification of receipt of vendor Buy America certification.

Views of responsible officials and planned corrective action: MDT will implement systematic changes to ensure that the Buy America contract requirements will be strictly adhered to for contracts valued at $100,000 or more and that are funded in whole or in part with federal dollars. We have also established clearly defined responsibilities for approval, notification, and verification actions.

In order to ensure adherence to all FTA Buy America guidelines, MDT is revising its policies and procedures to clearly delineate responsibilities and activities related to federally funded procurements. MDT has begun a review of its Materials Management Contracts and Procurement Procedures and is revising them in order to strengthen the internal controls of the procurement process. Additionally, MDT is reviewing and revising its department-wide Transit Administrative Policies and Procedures (TAPP) in order to address responsibilities and activities for assignment and approval of funding sources and payments related to procuring goods and services. The expected completion date is February 26, 2010.

Schedule of Findings and Questioned Costs
Federal Awards Programs and State Projects (Continued)

B. Compliance Findings

U.S. Department of Transportation –
Federal Transit Cluster (CFDA No. 20.500 & 20.507)

CF 2009-01 – Allowable Costs

See IC 2009-01

Views of responsible officials and planned corrective actions: Management concurs with the recommendation. See IC 2009-01 for detailed views of responsible officials and planned corrective actions.

CF 2009-02 – Reporting

See IC 2009-02

Views of responsible officials and planned corrective actions: Management concurs with the recommendation. See IC 2009-02 for detailed views of responsible officials and planned corrective actions.

CF 2009-03 – Procurement

See IC 2009-03

Views of responsible officials and planned corrective actions: Management concurs with the recommendation. See IC 2009-03 for detailed views of responsible officials and planned corrective actions.

Miami-Dade County Transit Department

Summary Schedule of Prior Audit Findings
Fiscal Year Ended September 30, 2009

I – Findings Required to be Reported in Accordance With Generally Accepted Governmental Accounting Standards

A. Internal Control

None reported.

B. Compliance Findings

None reported.

Summary Schedule of Prior Audit Findings (Continued)
Fiscal Year Ended September 30, 2009

II – Findings and Questioned Costs for Federal Award Programs and State Financial Assistance Projects

Internal Control and Compliance Finding

IC 2008-01 and CF 2008-01 U.S. Department of Transportation – Federal Transit Cluster (CFDA No. 20.500 & 20.507)

Reporting

Current Year's Status: Finding was corrected.