

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF
MIAMI-DADE COUNTY, FLORIDA)

SINGLE AUDIT REPORTS
September 30, 2012

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REPORT OF INDEPENDENT AUDITORS 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
Board of County Commissioners
Miami-Dade County, Florida

We have audited the financial statements of Miami-Dade Transit (MDT), an enterprise fund of Miami-Dade County Florida (the County), as of and for the year ended September 30, 2012, and have issued our report thereon dated April 8, 2013. As discussed in Note 1, the financial statements present only MDT and do not purport to, and do not, present fairly the financial position of the County as of September 30, 2012, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. 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

Management of MDT is responsible for establishing and maintaining effective 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 *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 previously.

(Continued)

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 April 8, 2013.

This report is intended solely for the information and use of management of MDT and the County; the Board of County Commissioners; the Auditor General, State of Florida; federal and state awarding agencies and, if applicable, pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Crowe Horwath LLP

Fort Lauderdale, Florida
April 8, 2013

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON 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

The Honorable Mayor and
Board of County Commissioners
Miami-Dade County, Florida

Compliance

We have audited Miami-Dade Transit's (MDT), an enterprise fund of Miami-Dade County, Florida (the County), compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2012. MDT's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects 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*. Those standards, OMB Circular A-133, and Chapter 10.550, 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 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.

(Continued)

In our opinion, MDT complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2012.

Internal Control Over Compliance

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 the requirements that could have a direct and material effect on a major federal program or state project to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, 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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2012-2. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The purpose of this report is solely to describe the scope of our testing over compliance and internal controls over compliance with the requirements that could have a direct and material effect on each major program and the results of that testing, and not to provide a legal determination of compliance with those requirements or an opinion on the effectiveness of internal control over compliance. Accordingly, this report is not suitable for any other purpose.

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 responses and, accordingly, we express no opinion on them.

We noted certain matters that we reported to management of MDT in a separate letter dated April 8, 2013.

(Continued)

Schedule of Expenditures of Federal Awards and State Financial Assistance

We have audited the financial statements of MDT as of and for the year ended September 30, 2012, and have issued our report thereon dated April 8, 2013, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.


Crowe Horwath LLP

Fort Lauderdale, Florida
June 11, 2013

MIAMI-DADE TRANSIT
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 SCHEDULE OF EXPENDITURES OF
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 Year Ended September 30, 2012

<u>Federal Grantor/State Agency</u>	<u>CFDA or CFSA Number</u>	<u>Grant Identifying Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
Federal Awards				
U.S. Department of Transportation				
<i>Federal Transit Cluster - Capital Investment Grants</i>				
FTA - ARRA 5309 Fixed Guideway	20.500	FL-56-0005	\$ 886,804	\$ -
FTA- FY 06 Bus Related Activities	20.500	FL-04-0016	499,775	-
FTA - NW 7th Ave. Multimodal PAC-FY 06	20.500	FL-04-0017	63,786	-
FTA - FY 09 Fixed Guideway	20.500	FL-05-0105	14,245	-
FTA - FY 12 Fixed Guideway	20.500	FL-05-0115	15,238,396	-
Total Federal Transit Cluster - Capital Investment Grants			16,703,006	-
<i>Federal Transit Cluster - Formula Grants</i>				
FTA - ARRA 5307 Transit Capital Assistance	20.507	FL-96-X028	8,833,227	-
FTA - FY07 Formula Grant	20.507	FL-90-X636	(45,486)	-
FTA - FY08 Formula Grant	20.507	FL-90-X674	(53,980)	-
FTA - FY10 Formula Grant	20.507	FL-90-X730	52,856	-
FTA- FY12 Formula Grant	20.507	FL-90-X805	43,879,604	-
FTA - Bridge Inspection/Bicycle Enhancements	20.507	FL-95-X015	1,355,264	-
FTA- I-95 Managed Lanes	20.507	FL-95-X033	824,008	-
FTA - 344 Street Park & Ride	20.507	FL-95-X035	319,223	-
FTA - University Pedestrian Overpass	20.507	FL-95-X047	196,727	-
FTA - Quail Roost Park & Ride	20.507	FL-95-X052	35,113	-
Total Federal Transit Cluster - Formula Grants			55,396,556	-
Total Federal Transit Cluster			72,099,562	-
<i>Public Transportation Research</i>				
FTA - NW 7th Ave. Multimodal PAC-FY 02 and 03	20.514	FL-26-0017	20,346	-
FTA - Passenger Information Kiosk	20.514	FL-26-7001	(17,563)	-
Total Public Transportation Research			2,783	-
<i>Job Access Reverse Commute</i>				
FTA -JARC FY 08 and 09	20.516	FL-37-X056	1,005,685	-
FTA -JARC FY 10 and 11	20.516	FL-37-X066	397,550	-
Total Job Access Reverse Commute			1,403,235	-
Total U.S. Department of Transportation			73,505,580	-
U.S. Department of Homeland Security				
<i>(Passed through the Florida Department of Community Affairs)</i>				
Rail and Security Grant Program	97.075	12-DS-61-13-00-20-259	(479,745)	-
Total U.S. Department of Homeland Security			(479,745)	-
Total Federal Awards			\$ 73,025,835	\$ -

(Continued)

MIAMI-DADE TRANSIT
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 SCHEDULE OF EXPENDITURES OF
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 Year Ended September 30, 2012

<u>Federal Grantor/State Agency</u>	<u>CFDA or CFSA Number</u>	<u>Grant Identifying Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
State Financial Assistance				
Florida Department of Transportation				
<i>Commission for the Transportation Disadvantaged (CTD) Trip and Equipment Grant Program</i>				
Transportation Disadvantaged FY 12	55.001	AQB76	\$ 6,947,428	\$ -
<i>Commuter Assistance/Ridership Grants</i>				
Commuter Assistance - Dade Monroe Express	55.007	APZ32	119,390	-
<i>County Incentive Grant Program</i>				
CIGP Heavy Duty Bus Purchase	55.008	AOB60	80,300	-
Northeast Transit HUB Enhancements	55.008	APV19	65,360	-
Total County Incentive Grant Program			<u>145,660</u>	-
<i>Public Transit Block Grant Program</i>				
Public Transit Block Grant Program FY 2011	55.010	APZ29	5,847,472	-
Public Transit Block Grant Program FY 2012	55.010	AQD35	13,368,870	-
Total Public Transit Block Grant Program			<u>19,216,342</u>	-
<i>Park and Ride Lot Program</i>				
Park and Ride -Busway & 344th Street	55.011	AOM15	586,337	-
Park and Ride -FPL Kendall Drive & SW 127th Ave	55.011	AOM87	20,781	-
Park and Ride -SW 168th Street & SW 97th Ave	55.011	APV92	1,702	-
Total Park and Ride Lot Program			<u>608,820</u>	-
<i>Public Transit Service Development Program</i>				
JPA 79th Street Max	55.012	ANR71	53,738	-
East West Connection Extension	55.012	APE70	23,166	-
Kendall Enhanced Bus Service (Cruiser)	55.012	AP156	156,447	-
Total Public Transit Services Development Program			<u>233,351</u>	-
<i>Transit Corridor Program</i>				
South Miami-Dade Busway	55.013	AE199	803,562	-
Flagler Max	55.013	AK441	69,789	-
I-95 Managed Lanes	55.013	APE76	(36,375)	-
Flagler Max	55.013	AQD99	630,327	-
South Dade Busway Routes	55.013	AQE14	758,616	-
Route 133 Realignment to Hialeah Marketplace	55.013	AQ556	77,652	-
Total Transit Corridor Program			<u>2,303,571</u>	-
<i>New Starts Transit Program</i>				
Metrorail Central Control	55.017	AOP27	1,064,706	-
Urban Capital Facility Improvement	55.017	ANX67	483,896	-
Total New Starts Transit Program			<u>1,548,602</u>	-
<i>State Highway Project Reimbursement</i>				
MIC Bus Plaza	55.023	AP762	4,019,424	-
Total Florida Department of Transportation			<u>35,142,588</u>	-
Total State Financial Assistance			<u>\$ 35,142,588</u>	<u>\$ -</u>

See accompanying notes to the
 Schedule of Expenditures of Federal Awards and State Financial Assistance.

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Year Ended September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the activity of all federal programs and state projects of Miami-Dade Transit (MDT) for the year ended September 30, 2012, and is presented on the accrual basis of accounting. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies are included in the accompanying Schedule. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, *Rules of the Auditor General*. Because the Schedule only presents a selected portion of the operations of MDT, it is not intended to and does not present the financial position, changes in net assets or cash flows of MDT.

There were no non-cash awards of Federal Insurance maintained in the current year.

MIAMI-DADE TRANSIT
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended September 30, 2012

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified	No
Significant deficiency(ies) identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted	No

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Internal control over major federal programs and state projects:	
Material weakness(es) identified	No
Significant deficiency(ies) identified not considered to be material weaknesses	Yes
Type of auditors' report issued on compliance for major programs	Unqualified
Audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a), and Chapter 10.550	Yes

Identification of major programs:

<u>CFDA/CSFA Number</u>	<u>Name of Program</u>
<u>Federal:</u>	
20.500/20.507	Federal Transit Capital Improvement/ Formula Grant Cluster - ARRA
<u>State:</u>	
55.010	Public Transit Block Grant Program
55.011	Park and Ride Lot Program

Dollar threshold used to distinguish between Type A and Type B programs:	
Federal	\$2,190,775
State	\$1,054,278
Auditee qualified as low-risk	No

(Continued)

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2012

SECTION II - FINANCIAL STATEMENT FINDINGS

No items noted.

(Continued)

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2012

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2012-2 Federal Reporting Controls

Federal Transit Capital Improvement/Formula Grant Cluster
(CFDA Nos. 20.500/20.507 - ARRA)

Criteria: There should be documented review processes to ensure compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on Federal programs.

Condition: We noted the following related to federal reporting controls:

- 13 of 43 Federal Financial Reports (FFR) tested did not contain documentation of review before being submitted to the FTA. The lack of documentation was noted in reports filed for quarters ended December 31, 2011 and March 31, 2012. These instances were identified in a previously completed FMO report and MDT has already implemented new procedures and no further instances were noted in the subsequent quarters.
- 1 out of 15 Milestone reports tested, were not reconciled with the documentation provided by the project manager.

Questioned Costs: None

Context: We tested 60 reports across all the reports and Federal Transit Cluster grants that were required to be filed within the fiscal year.

Effect: MDT could report inaccurate information to the FTA related to their grants.

Cause: Controls did not operate as designed.

Recommendation: We recommend that MDT ensure that all review processes are adequately documented.

Management's Response: As indicated in the condition noted above, procedures have been implemented to ensure documentation of review is evident. The milestone report identified was properly updated and resubmitted.

(Continued)

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2012

SECTION IV - STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No items noted.

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
SUMMARY OF PRIOR AUDIT FINDINGS
Year Ended September 30, 2012

AUDIT REFERENCE

2011-3

Financial Services Division Staffing

Recommendation: We recommend that management commit resources as needed to fill these open positions as soon as possible.

Status: Corrective action implemented

2011-4

Equipment Tracking and Disposal

Recommendation: We recommend that MDT follow applicable guidelines for reporting disposals of federally funded equipment and ensure that the FTA receives its proportionate share of the fair market value of assets sold. We further recommend that MDT utilize FAS 100 to track funding sources' proportionate share of federally funded assets.

Status: Corrective action implemented

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
CORRECTIVE ACTION PLAN
Year Ended September 30, 2012

AUDIT REFERENCE

Finding 2012-2: Federal Reporting Controls

Federal Transit Agency
CFDA #20.500/20.507
Federal Transit Capital Improvement/Formula Grant Cluster

Condition: We noted the following related to federal reporting controls:

- 13 of 43 Federal Financial Reports (FFR) tested did not contain documentation of review before being submitted to the FTA. The lack of documentation was noted in reports filed for quarters ended December 31, 2011 and March 31, 2012. These instances were identified in a previously completed FMO report and MDT has already implemented new procedures and no further instances were noted in the subsequent quarters.
- 1 out of 15 Milestone reports tested, were not reconciled with the documentation provided by the project manager.

Recommendation
and Management's
Corrective Action: Management has implemented its corrective action before the fiscal year end.

Name of Contact
Person: David Ritchey, Interim Assistant Director

Date: June 11, 2013