

**Miami-Dade Aviation Department
Miami International Airport Facilities'
Management and Operating Agreements**

**Special-Purpose Financial Statements and Report
of Independent Certified Public Accountants**

For the Year Ended September 30, 2011



C Borders-Byrd, CPA LLC
Accountants and Consultants

Miami-Dade Aviation Department
Miami International Airport Facilities'
Management and Operating Agreements

Special-Purpose Financial Statements

September 30, 2011

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Report of Independent Certified Public Accountants

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

We have audited the accompanying special-purpose statements of assets and liabilities of Miami-Dade Aviation Department - Miami International Airport Facilities' Management and Operating Agreements for Public Parking, Special Lounge, Fuel Farm and Shuttle Services (the "Facilities") as of September 30, 2011, and the related special-purpose statements of revenues and expenses for the year then ended. These special-purpose financial statements are the responsibility of the Facilities' management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audits.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

The accompanying special-purpose financial statements have been prepared for the purpose of complying with the Management and Operating Agreements between Miami-Dade County, Florida, and the Management Companies of the Miami International Airport Facilities as described in Notes 1 and 2 to the special-purpose financial statements, and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes 1 and 2, these special-purpose financial statements are intended to present the assets and liabilities, revenues and expenses of only the portion of Miami-Dade Aviation Department that are attributable to the transactions of the Facilities. They do not purport to, and do not, present fairly the financial position of Miami-Dade Aviation Department, as of September 30, 2011, 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.



In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the assets and liabilities of the Facilities as of September 30, 2011, and the revenues and expenses for the year then ended, on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2011 on our consideration of the Facilities' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The accompanying supplemental special-purpose statements of assets and liabilities and special-purpose statements of revenue and expenses on pages 12 through 19 are presented for purposes of additional analysis and is not a required part of the special-purpose 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 special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the special-purpose financial statements taken as a whole.

This report was prepared solely for the information and use of the Honorable Mayor and Members of the Board of County Commissioners of Miami-Dade County, Florida and the management of the Miami International Airport Facilities, and is not intended to be and should not be used by anyone other than these specified parties.

C. Borders-Byrd, CPA LLC

Miami, Florida
November 18, 2011

Miami-Dade Aviation Department
Miami International Airport Facilities'
Management and Operating Agreements

Special-Purpose Statements of Assets and Liabilities

September 30, 2011
(With Comparative Totals for 2011 and 2010)

	Public Parking Facilities	Special Lounge Facilities	Fuel Farm Facilities	Shuttle Services Facilities	Totals (Memorandum Only)	
					2011	2010
Assets						
Cash	\$ 262,304	\$ 40,000	\$ 2,185,755	\$ 150,300	\$ 2,638,359	\$ 181,897
Accounts receivable, net	342,753	671,063	2,710,488	-	3,724,304	2,856,481
Inventory	-	20,951	53,674	158,134	232,759	197,098
Due from Aviation Department	-	-	-	-	-	385,452
Other assets	-	6,964	86,280	-	93,244	108,494
Total assets	\$ 605,057	\$ 738,978	\$ 5,036,197	\$ 308,434	\$ 6,688,666	\$ 3,729,422

Liabilities						
Accounts payable and accrued expenses	\$ 120,077	\$ 78,857	\$ 4,168,145	\$ 83,257	\$ 4,450,336	\$ 1,151,287
Due to Management Company Parent	439,335	-	-	-	439,335	439,335
Due to Aviation Department	45,645	660,121	868,052	225,177	1,798,995	2,138,800
Total liabilities	\$ 605,057	\$ 738,978	\$ 5,036,197	\$ 308,434	\$ 6,688,666	\$ 3,729,422

See accompanying notes to special-purpose financial statements.

Miami-Dade Aviation Department
 Miami International Airport Facilities'
 Management and Operating Agreements

Special-Purpose Statements of Revenues and Expenses

For the Year Ended September 30, 2011
 (With Comparative Totals for 2011 and 2010)

	Public Parking Facilities	Special Lounge Facilities	Fuel Farm Facilities	Shuttle Services Facilities	Totals (Memorandum Only)	
					2011	2010
Revenues						
Sales	\$ 40,896,672	\$ 4,624,522	\$ 18,987,648	\$ -	\$ 64,508,842	\$ 57,982,322
Less: Cost of sales	-	416,933	2,236,202	-	2,653,135	2,273,443
Sales tax	2,494,084	-	-	-	2,494,084	2,336,983
Gross margin	38,402,588	4,207,589	16,751,446	-	59,361,623	53,371,896
Total revenues	38,402,588	4,207,589	16,751,446	-	59,361,623	53,371,896
Expenses						
Payroll and fringe benefits	4,034,393	842,588	2,275,842	3,251,821	10,404,644	9,674,291
Selling, general and administrative expense	1,322,788	270,081	4,206,103	1,789,056	7,588,028	7,589,139
Management fees	99,000	237,967	416,076	468,132	1,221,175	1,162,199
Total expenses	5,456,181	1,350,636	6,898,021	5,509,009	19,213,847	18,425,629
Excess (deficiency) of revenues over expenses before extraordinary item	32,946,407	2,856,953	9,853,425	(5,509,009)	40,147,776	34,946,267
Extraordinary item - (fuel farm fire, net of insurance proceeds)	-	-	10,388,664	-	10,388,664	-
Excess (deficiency) of revenues over expenses	\$ 32,946,407	\$ 2,856,953	\$ (535,239)	\$ (5,509,009)	\$ 29,759,112	\$ 34,946,267

See accompanying notes to special-purpose financial statements.

Miami-Dade Aviation Department
Miami International Airport Facilities'
Management and Operating Agreements

Notes to Special-Purpose Financial Statements

September 30, 2011

NOTE 1 - GENERAL

Miami-Dade County, Florida (the "County") entered into Management and Operating Agreements (the "Agreements") with third parties (the "Management Companies") to operate, maintain and manage certain facilities (the "Facilities") at Miami International Airport (the "Airport") on behalf of the County. These Agreements are generally short-term in nature and provide for a fixed management fee and/or fees based on percentages of revenue and/or operating profits of the Facilities. While the County generally looks toward the Management Companies for recommendations relative to operation of the Facilities, the County does exercise complete budgetary control and establishes guidelines and goals for growth and performance. Such actions are taken within the rights reserved by the County under the Agreements to control all aspects of the businesses. These actions include such matters as pricing, staffing, employee benefits, operating hours, maintenance requirements, service levels, merchandise selections, personnel policies and marketing strategies. In the event the Management Companies are not performing in accordance with the standards established by the County, the County has the right to cancel such Agreements. The Management Companies do not act as general agents on behalf of the County and, therefore, cannot obligate or commit the County beyond the scope of what is required to run the day-to-day operations of the managed facilities, as established by the budgets approved by the County.

The Management Companies for each of the Facilities are as follows:

<u>Facilities</u>	<u>Management Companies</u>
Public Parking	Airport Parking Associates ("APA")
Special Lounge	International Airport Management, Inc. ("IAMI")
Fuel Farm	Allied Aviation Fueling of Miami, Inc. ("Allied")
Shuttle Service	Shuttle Services MIA, Inc. ("Shuttle")

The County amended certain agreements to extend terms and modify compensation to the Management Companies. See Note 3 for more detail on the Agreements' termination dates and management fees effective as of September 30, 2011.

Miami-Dade Aviation Department
Miami International Airport Facilities'
Management and Operating Agreements

Notes to Special-Purpose Financial Statements - Continued

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The special-purpose financial statements of the Facilities conform substantially to accounting principles generally accepted in the United States of America, except for the exclusion of certain assets, liabilities and expenses. The special-purpose statements of assets and liabilities include only those assets and liabilities which are recorded in the books of the Facilities, as maintained by the Management Companies for the County pursuant to the Agreements. Assets not reflected therein include, but are not limited to, cash in the revenue depository accounts and capital assets. Liabilities not reflected therein relate primarily to other operating expenses paid directly by the County and accrued compensated absences, except for IAMI. The special-purpose statements of revenue and expenses include only those expenses, which are incurred by the Facilities under the terms of the Agreements. Expenses not reflected therein include charges for depreciation in connection with capital assets located within the Facilities. The Facilities are included as part of the assets, liabilities and operations of Miami-Dade Aviation Department ("Aviation Department"). The special-purpose financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The preparation of the special-purpose financial statements of the Facilities includes the application of both GASB pronouncements and those of the Financial Accounting Standards Board (FASB) issued before November 30, 1989, provided that they do not conflict with or contradict GASB pronouncements.

In accordance with the provisions of the Agreements, the Facilities deposit, on a daily basis, all gross receipts, as defined in the Agreements, into County-owned revenue depository bank accounts.

The Management Companies pay the operating expenses of the Facilities. After reviewing the expenses, the County reimburses the Management Companies for all approved reimbursable operating expenses, as defined in the Agreements. The Shuttle Services is a non-revenue producing operation. The sales tax liability for each of the Facilities, except APA, is included in the amounts due to/from Aviation Department.

Miami-Dade Aviation Department
Miami International Airport Facilities'
Management and Operating Agreements

Notes to Special-Purpose Financial Statements - Continued

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation

The accompanying special-purpose financial statements were prepared for the purpose of complying with the Agreements. Statements of cash flows are not required under the Agreements and have not been presented.

The amounts reflected in the total columns of the accompanying special-purpose financial statements are not comparable to a consolidation and are captioned "memorandum only" as they do not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America, or the basis of accounting described above.

Cash

At September 30, 2011, cash represented amounts held in demand deposit accounts with certain financial institutions that were in the name of the Facilities and/or the Aviation Department. At year-end and throughout the year, certain of the Facilities' cash bank balances were on deposit with one financial institution which, at times, exceeded the federally insured limits. Management of the Facilities believes the Facilities are not exposed to any significant credit risk on cash.

Allowance for Uncollectible Accounts

As of September 30, 2011 accounts receivable are presented in the special-purpose financial statements net of allowance for uncollectible accounts, as follows:

Public Parking Facilities	\$21,174
Special Lounge Facilities	89,083
Fuel Farm Facilities	45,350
Shuttle Services Facilities	-

Inventory

Inventory is stated at the lower of cost or market. Cost is determined using the first-in, first-out method for Special Lounge, Fuel Farm, and Shuttle Services.

**Miami-Dade Aviation Department
Miami International Airport Facilities'
Management and Operating Agreements**

Notes to Special-Purpose Financial Statements - Continued

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Capital Assets Reimbursements

Pursuant to the Agreements, upon budget approval by the County, the Management Companies purchases equipment and vehicles needed by the Facilities. Such assets are the property of the County and are not recorded in the accompanying special-purpose statements of assets and liabilities of the Facilities. The Management Companies are reimbursed for the cost of such assets by the County. These amounts are included in selling, general and administrative in the accompanying special-purpose statements of revenue and expenses.

Income Taxes

The special-purpose statements of revenue and expenses are intended to show the results of operations for the Facilities managed under the Agreements on behalf of the County; accordingly, no provision has been made for income taxes as the County is an income tax-exempt organization.

Use of Estimates

The preparation of the special-purpose financial statements in conformity with the basis of accounting described above requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the special-purpose financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Miami-Dade Aviation Department
Miami International Airport Facilities'
Management and Operating Agreements

Notes to Special-Purpose Financial Statements - Continued

NOTE 3 - MANAGEMENT AND OPERATING AGREEMENTS

Pursuant to the Agreements, a management fee is payable to the Management Companies monthly. The monthly management fees in effect for the fiscal year ended September 30, 2011, as defined in the Agreements, are as follows:

Management Companies	Monthly Fixed Management Fees
APA	\$ 8,250
IAMI	7,301*
Allied	34,673
Shuttle	39,011

*Pursuant to the Agreements, the management fee also includes an additional variable component.

Terms of Agreements

The Agreements cover periods below, with the County reserving the right to extend the Agreements for specific periods at the end of each contract year. Ordinance 95-138, Section 2-286a(9) extends any concession or management agreement related to the retail activities on a month-to-month basis for so long as may be needed to avoid disruption of concession services to passengers. Unless otherwise terminated by either party upon advanced written notice, the Agreements' expiration dates are as follows:

Management Companies	Expiration Date
APA	September 19, 2013 (year to year, thereafter, up to 5 additional years)
IAMI	October 31, 1997 (month to month, thereafter)
Allied Aviation	May 3, 2011 (year to year thereafter, up to 3 additional years)
Shuttle	October 31, 2012 (year to year thereafter, up to 5 additional years)

IAMI has agreed to operate on a month-to-month basis on the same terms as the expired Agreements. Ordinance 95-138, Section 2-286a(9) extends any concession, management agreement related to the retail activities on a month-to-month basis for so long as may be needed to avoid disruption of concession services to passengers.

Miami-Dade Aviation Department
Miami International Airport Facilities'
Management and Operating Agreements

Notes to Special-Purpose Financial Statements - Continued

NOTE 4 - DUE TO MANAGEMENT COMPANY PARENT

This amount represents an advance from Central Parking System of FL, Inc. ("CPS"), an affiliate of APA. This amount is utilized by APA to fund certain operating expenses prior to reimbursement of these amounts by the County. This amount is expected to be repaid to CPS at the end of the contract term.

NOTE 5 - DUE TO/FROM AVIATION DEPARTMENT

Amounts due to/from Aviation Department represent the cumulative excess/deficit of revenue over expenses since inception of the Agreements and net payments made by the County on behalf of the Facilities in excess of net receipts generated from the operations of the Facilities.

NOTE 6 - RELATED PARTY TRANSACTIONS

Shuttle Services purchases health insurance from an affiliated company, First Transit. The affiliate is controlled by certain parties who also manage Shuttle Services. Payments to this affiliate during fiscal year 2011 were approximately \$120,000.

Certain expenses included in the accompanying special-purpose statements of revenue and expenses for Allied Aviation are paid to and are based upon amounts invoiced by the Management Company's parent company for workers compensation, group health and life, and general and other liability insurance. Such expenses represent allocations from Allied Aviation's parent during fiscal year 2011 were approximately \$998,000.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

The Facilities from time to time are involved in litigation incidental to the conduct of their business, and such matters can involve current and former Facility employees and contractors. In the opinion of management, the expected liability, from these claims, if any, would not be material to the Facilities' financial position or results of operations.

Miami-Dade Aviation Department
Miami International Airport Facilities'
Management and Operating Agreements

Notes to Special-Purpose Financial Statements - Continued

NOTE 8 - EXTRAORDINARY ITEM

During the year, there was a fire in the fuel farm. One fuel pump was completely destroyed and there was incidental damage throughout the facility. Repairs on the destroyed pump began the following day after the fire, and work continued through the end of the fiscal year. As of September 30, 2011, expenses related to the fire totaled approximately \$12.2 million, of which approximately \$1.28 million is included in Accounts payable and accrued expenses on the accompanying Special-Purpose Statement of Assets and Liabilities.

During the year ended September 30, 2011, MDAD received \$1,850,000 of insurance proceeds related to the fire. MDAD is currently reviewing an offer from the insurance company for a total settlement amount of \$5,845,009; however, as of the date of this report, MDAD has not made a final decision.

The fire related expenses, net of insurance proceeds received, total approximately \$10.39 million. Due to the infrequent and unusual nature of this event, this amount is reported as an extraordinary item on the accompanying Special-Purpose Statement of Revenues and Expenses.

NOTE 9 - ECONOMIC DEPENDANCY

The Special Lounge Facilities receives approximately 77% of total revenues from five customers. One of the five customers represents approximately 25% of total revenues.

The Fuel Farm Facilities receives approximately 87% of total revenues from five customers. One of the five customers represents approximately 51% of total revenues.

SUPPLEMENTAL STATEMENTS



C Borders-Byrd, CPA LLC
Accountants and Consultants

Miami-Dade Aviation Department
 Miami International Airport Public Parking Facilities'
 Management and Operating Agreements

Supplemental Special-Purpose Statements of
 Assets and Liabilities

September 30, 2011 and 2010

	2011	2010
Assets		
Cash	\$ 262,304	\$ -
Accounts receivable, net	342,753	255,630
Due from Aviation Department	-	385,452
Total assets	\$ 605,057	\$ 641,082
 Liabilities		
Accounts payable and accrued expenses	120,077	\$ 201,747
Due to Management Company Parent	439,335	439,335
Due to Aviation Department	45,645	-
Total liabilities	\$ 605,057	\$ 641,082

Miami-Dade Aviation Department
Miami International Airport Public Parking Facilities'
Management and Operating Agreements

Supplemental Special-Purpose Statements of
Revenues and Expenses

For the Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenues		
Net sales	40,896,672	\$ 38,140,540
Less: Sales tax	2,494,084	2,336,983
Gross margin	<u>38,402,588</u>	<u>35,803,557</u>
Total revenues	<u>38,402,588</u>	<u>35,803,557</u>
Expenses		
Payroll and fringe benefits	4,034,393	3,679,701
Selling, general and administrative expenses	1,322,788	1,141,076
Management fees	99,000	99,000
Total expenses	<u>5,456,181</u>	<u>4,919,777</u>
Excess of revenues over expenses	<u>\$ 32,946,407</u>	<u>\$ 30,883,780</u>

Miami-Dade Aviation Department
Miami International Airport Special Lounge Facilities'
Management and Operating Agreements

Supplemental Special-Purpose Statements of
Assets and Liabilities

September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Cash	\$ 40,000	\$ 40,000
Accounts receivable, net	671,063	458,592
Inventory	20,951	24,810
Other assets	6,964	9,789
Total assets	<u>\$ 738,978</u>	<u>\$ 533,191</u>
 Liabilities		
Accounts payable and accrued expenses	\$ 78,857	\$ 66,932
Due to Aviation Department	660,121	466,259
Total liabilities	<u>\$ 738,978</u>	<u>\$ 533,191</u>

Miami-Dade Aviation Department
 Miami International Airport Special Lounge Facilities'
 Management and Operating Agreements

Supplemental Special-Purpose Statements of
 Revenues and Expenses

For the Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenues		
Net sales	\$ 4,624,522	\$ 3,683,139
Less: Cost of sales	416,933	383,477
Gross margin	<u>4,207,589</u>	<u>3,299,662</u>
Total revenues	<u>4,207,589</u>	<u>3,299,662</u>
Expenses		
Payroll and fringe benefits	842,588	806,527
Selling, general and administrative expenses	270,081	360,037
Management fees	237,967	193,067
Total expenses	<u>1,350,636</u>	<u>1,359,631</u>
Excess of revenues over expenses	<u>\$ 2,856,953</u>	<u>\$ 1,940,031</u>

Miami-Dade Aviation Department
 Miami International Airport Fuel Farm Facilities'
 Management and Operating Agreements

Supplemental Special-Purpose Statements of
 Assets and Liabilities

September 30, 2011 and 2010

	2011	2010
Assets		
Cash	\$ 2,185,755	\$ 52,565
Accounts receivable, net	2,710,488	2,142,259
Inventory	53,674	39,179
Other assets	86,280	98,705
Total assets	\$ 5,036,197	\$ 2,332,708
 Liabilities		
Accounts payable and accrued expenses	\$ 4,168,145	\$ 689,973
Due to Aviation Department	868,052	1,642,735
Total liabilities	\$ 5,036,197	\$ 2,332,708

Miami-Dade Aviation Department
 Miami International Airport Fuel Farm Facilities'
 Management and Operating Agreements

Supplemental Special-Purpose Statements of
 Revenues and Expenses

For the Years Ended September 30, 2011 and 2010

	2011	2010
Revenues		
Net sales	\$ 18,987,648	\$ 16,158,643
Less: Cost of sales	2,236,202	1,889,966
Gross margin	16,751,446	14,268,677
Total revenues	16,751,446	14,268,677
Expenses		
Payroll and fringe benefits	2,275,842	2,100,324
Selling, general and administrative expenses	4,206,103	4,929,364
Management fees	416,076	402,000
Total expenses	6,898,021	7,431,688
Excess of revenues over expenses before extraordinary items	9,853,425	6,836,989
Extraordinary item - (fuel farm fire, net of insurance proceeds (\$1,850,000))	10,388,664	-
Excess (deficiency) of revenues over expenses	\$ (535,239)	\$ 6,836,989

Miami-Dade Aviation Department
 Miami International Airport Shuttle Services Facilities'
 Management and Operating Agreements

Supplemental Special-Purpose Statements of
 Assets and Liabilities

September 30, 2011 and 2010

	2011	2010
Assets		
Cash	\$ 150,300	\$ 89,332
Inventory	158,134	133,109
Total assets	\$ 308,434	\$ 222,441
 Liabilities		
Accounts payable and accrued expenses	\$ 83,257	\$ 192,635
Due to Management Company	-	-
Due to Aviation Department	225,177	29,806
Total liabilities	\$ 308,434	\$ 222,441

Miami-Dade Aviation Department
 Miami International Airport Shuttle Services Facilities'
 Management and Operating Agreements

Supplemental Special-Purpose Statements of
 Revenues and Expenses

For the Years Ended September 30, 2011 and 2010

	2011	2010
Revenues	\$ -	\$ -
Expenses		
Payroll and fringe benefits	3,251,821	3,087,739
Selling, general and administrative expenses	1,789,056	1,158,662
Management fees	468,132	468,132
Total expenses	5,509,009	4,714,533
Deficiency of revenues over expenses	\$ (5,509,009)	\$ (4,714,533)

Report of Independent Certified Public Accountants
on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on
an Audit of Special-Purpose Financial Statements
Performed in Accordance with
Government Auditing Standards

For the Year Ended September 30, 2011



C Borders-Byrd, CPA LLC
Accountants and Consultants



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF SPECIAL-PURPOSE FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited the accompanying special-purpose statements of assets and liabilities of Miami-Dade Aviation Department - Miami International Airport Facilities' Management and Operating Agreements for Public Parking, Special Lounge, Fuel Farm and Shuttle Services, (the "Facilities") as of September 30, 2011 and the related special-purpose statements of revenues and expenses for the year then ended and have issued our report thereon dated November 18, 2011. 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 the Facilities internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Facilities internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Facilities 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 above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Facilities special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of special-purpose 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 the Facilities, in a separate letter dated November 18, 2011.

This report was prepared solely for the information and use of the Honorable Mayor and Members of the Board of County Commissioners of Miami-Dade County, Florida and the management of the Miami International Airport Facilities, and is not intended to be and should not be used by anyone other than these specified parties.



Miami, Florida
November 18, 2011

Management Letter
For the Year Ended September 30, 2011



C Borders-Byrd, CPA LLC
Accountants and Consultants



November 18, 2011

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

In planning and performing our audit of the special-purpose financial statements of Miami-Dade Aviation Department - Miami International Airport Facilities' Management and Operating Agreements for Public Parking, Special Lounge, Fuel Farm and Shuttle Services Facilities (the "Facilities") as of September 30, 2011, and the related special-purpose statements of revenues and expenses for the year then ended 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, we considered the Facilities' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Facilities' internal control. Accordingly, we do not express an opinion on the effectiveness of the Facilities internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated November 18, 2011, on the special-purpose financial statements of the Facilities'.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Facilities' personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

We wish to thank the finance teams from each of the Facilities and Miami-Dade County Aviation Department for their support and assistance during our audit.

This report was prepared solely for the information and use of the Honorable Mayor and Members of the Board of County Commissioners of Miami-Dade County, Florida and the management of the Facilities, and is not intended to be and should not be used by anyone other than these specified parties.



Miami, Florida
November 18, 2011

**MIAMI-DADE AVIATION DEPARTMENT
Miami International Airport Facilities'
Management and Operating Agreements**

Management Letter Recommendations

The following is a summary of current year recommendations for each of the Facilities; and the status of prior year recommendations that were not repeated in the current year recommendations, were not implemented, or were only partially implemented by the Facilities' during the current year. All prior year recommendations that have been fully implemented were not repeated in this section.

Public Parking

I. Current Year Recommendations

2011 – 1 Competitive Informal Quotes for Purchases

Condition:

Section 6.07 of the Management Agreement states that purchases of all goods and services requires three informal bids unless waived by the Department. We noted instances where transactions for goods and services did not have evidence of competitive informal bids on file. Additionally there was no evidence that this requirement was waived by the Department for any of these items.

Recommendation:

We recommend that Public Parking management adhere to the provisions of the Management Agreement regarding obtaining three competitive informal bids for purchases of goods and services used in the operation of the Public Parking Facilities.

Facility Response:

We will continue to adhere to the provisions of the Management Agreement regarding obtaining three competitive informal bids and will work with MDAD to ensure that any exception waivers are properly documented.

MDAD's Response:

We concur with the recommendation and will work with management to ensure that exception waivers are documented.

2011 – 2 Payroll Approval

Condition:

During our payroll testing, we noted discrepancies between hours worked per employee timecards, provided to support time worked, and the payroll register. There were also discrepancies between the approved rate of pay per the employee's personnel file and the payroll register.

Recommendation:

We recommend that pay rates are properly documented in each employee personnel file. Also, the hours worked by each employee and overtime based upon the time card should be approved by appropriate management personnel.

Facility Response:

While we agree that there are discrepancies between hours worked per employee timecards and the payroll register this is due to the fact that with the inception of KRONOS timekeeping/payroll system in March 2010 the purpose of employee timecards has been to serve as a record for the time of day at which an employee starts and ends his or her shift. This data is then inputted into the KRONOS system which calculates hours worked. It is hours calculated by KRONOS that are then reflected on the payroll register. Any calculations appearing to represent total hours worked on the timecards themselves are used only for attendance records and are not used for payroll purposes and do not reflect on the payroll register.

Pay rates are pre-approved and documented by appropriate management personnel in the employee's personnel file.

We concur that overtime should be documented by the appropriate personnel and will endeavor to make certain that it is done.

MDAD's Response:

We concur with the recommendation.

II. Status of Prior Year Recommendation

None.

Special Lounges

I. Current Year Recommendations

2011-3 Informal Quotes for Purchases

Condition:

Section 8.13 of the Management Agreement states that management shall solicit not less than three informal bids or quotes for all purchases of goods and services used in the operations of the facility. We noted that transactions for the purchase of supplies and decorations that did not have evidence of informal bids or quotes on file.

Recommendation:

We recommend that Special Lounges management adhere to the provisions of the Management Agreement and obtain three informal quotes for all purchases.

Facility Response:

It is IAMI policy to obtain three informal quotes for all goods and services.

The two items pertaining to 2011-3 Informal Quotes for Purchases were for the purchase of vases/candles/bamboo sticks and soap.

The day prior to the opening of the new constructed Club America J, Commercial Operations toured the facility and noticed the VIP club was sterile, lacking décor. Ray Diaz, Project Manager instructed IAMI to purchase decorations to improve the ambiance of the club. The purchases of \$705.39 are only "one of its kind" and would be difficult to quote "like product". The purchase was approved by the Project Manager through Request Replenishment 4-4-11.

The other item in question was for the purchase of travel size shampoo. These items were purchased through Hotel Mia at their cost and totaled \$164.45. IAMI sought out and obtained approval from MDAD for this purchase.

MDAD's Response:

We concur with the recommendation and will work with management to ensure that exception waivers are documented.

2011-4 Payroll Approval

Condition:

During our test of employee personnel files we noted that one out of 10 employee files tested did not contain an approved current employee personnel action form documenting the employee's most recent rate of pay.

Recommendation:

We recommend that the Facility retain an employee personnel action form, approved by the General Manager, which documents the employee rates of pay.

Facility Response:

IAMI policy is to have all employee files kept current with its personnel action form documenting the employee most recent rate of pay.

The employee file in question had a personnel action form correctly filled out documenting her rate of pay and hire date, but lacked GM's signature. This is a one case incident after a detailed review of each employee file.

MDAD's Response:

We concur with the recommendation.

2011-5 Tracking Customer Tickets

Condition:

The Facility's policy is to deface the passenger club entry ticket with a date stamp at the time of use by the passenger. We noted numerous instances where the passenger club entry tickets provided in support of the revenue amounts were not properly defaced (which document the date of services and when revenue was earned).

Recommendation:

We recommend that the Facility adhere to its policy and date stamp all daily customer tickets collected to ensure they are properly included in the daily sales.

Facility Response:

IAMI's policy is to deface the passenger entry tickets with a date stamp. When looking back at the dates in question, we noted an average of 525 entry tickets per day and all cards were date stamp with the exception of one or two. The GM met with each supervisor individually informing them of these incidents and reinforced IAMI's policy regarding the date stamp.

MDAD's Response:

We concur with the recommendation.

2011- 6 Inventory Procedures- Segregation of Duties

Condition:

During the inventory observation, we noted that the employee that functions as the inventory custodian is also responsible for purchasing inventory, issuing and receiving inventory and performing the physical inventory count.

Recommendation:

We recommend that the Facility management review the controls of inventory and ensure that duties are properly segregated.

Facility Response:

We feel this is an in-accurate assessment of IAMI's inventory procedure. The inventory supervisor creates a PO to procure items needed. This PO is given to the GM for review and approval. The GM places the order and hands the white copy to A/P. The inventory supervisor along with the maintenance person receives the order and compares the items against the PO, invoice and items received. Any discrepancies are immediately noted. The invoice is handed to A/P for processing. The inventory supervisor and maintenance personnel perform the physical count inventory at Month end to produce the item stock status report. The GM and manager perform various spot checks during the month for accuracy.

MDAD's Response:

We concur with the recommendation and will work with management to ensure proper segregation of duties.

III. Status of Prior Year Recommendation

None.

Fuel Farm

I. Current Year Recommendations

2011- 7 Closing the Books

Condition:

We noted that year end closing adjustments were not properly recorded prior to the audit for the fuel farm fire, held checks, insurance proceeds and other expenses.

Recommendation:

We recommend that Allied Aviation's management adhere to its policy to accrue all invoices related to a certain period to ensure that at year end revenue and expenses have a proper cut-off.

Facility Response:

We concur with and will implement the recommendation.

MDAD Response:

We concur with the recommendation

II. Status of Prior Year Recommendations

2010-3 Closing the Books

Condition:

We noted several audit adjustments related to the year-end closing process as follows: the allowance for uncollectible accounts was understated, accounts payable was understated and inventory was overstated.

Recommendation:

We recommend that the Facility's management perform a detailed review of significant general ledger accounts in connection with the annual financial closing to ensure that the accounts are properly stated.

Current Status:

During the current year audit, we noted that the allowance for uncollectible accounts was reasonable, and inventory was fairly stated. However, accounts payable was understated again in current year. See the current year recommendation for further information.

2010 – 4 Customer Billing

Condition:

During our audit of accounts receivable, we noted that Allied Aviation does not charge a monthly 1% late fee on balances over 30 days past due as required in the management contract.

Recommendation:

We recommend that Allied Aviation's management implement a policy, which complies with the provisions of the Management Agreement, to charge a late fee of 1% per month for all receivable balances over 30 days past due.

Current Status:

According to Tom Doherty, the general manager, while there have been some late payments due to reorganization policies within some of the suppliers and carriers, Allied is assessing the 1% late fee on a case by case basis with any repeat offenders.

Shuttle Services

IV. Current Year Recommendations

2011 – 8 Competitive Informal Quotes for Purchases

Condition:

Section 7.11 of the Management Agreement as well as the Policies and Procedures Manual adopted by the Shuttle Service states that any parts or work that is over \$2,000 must have 3 competitive informal quotes from acceptable vendors. During our testing, we noted that two disbursements for parts or service exceeding \$2,000, out of 30 disbursements tested did not have evidence of competitive informal quotes on file. We noted that the vendor for an additional disbursement was chosen prior to the receipt of the remaining two quotes which were dated subsequent to the purchase, one of which was quoted lower than the amount paid to the selected vendor.

Recommendation:

We recommend that Shuttle management adhere by their policy of obtaining three competitive informal quotes for purchases in excess of \$2,000 prior to procurement of parts and services used in the operation of the Shuttle Service.

Facility Response:

We concur with and will implement the recommendation.

MDAD's Response:

We concur with the recommendation.

2011 – 9 Improper General Ledger Classification

Condition:

During our disbursement testing, we noted that disbursements were posted to expense accounts with classifications that were inconsistent based upon the nature of the purpose of the disbursement.

Recommendation:

We recommend that Shuttle management review expense postings to the general ledger on a timely basis to ensure expenses are charged to proper expense account captions and correct any errors which may arise to facility proper budget analysis.

Facility Response:

We concur with and will implement the recommendation.

MDAD's Response:

We concur with the recommendation.

2011 – 10 Improper Use of Imprest Balance Funds

Condition:

During our cash disbursement testing, we noted the Shuttle Service made an advance loan to an employee from the operating account and charged the transaction as an operating expense. The amount was excluded from the payroll register for the pay period and therefore not replenished by MDAD. Shuttle management reversed the expense journal entry when the employee repaid the loan and the funds were subsequently deposited into the imprest operating account.

Recommendation:

We recommend that Shuttle management not make advance loans to employees from the imprest operating account and restrict use of the imprest operating account solely to operations of the Shuttle Service Facility.

Facility Response:

We concur with and will implement the recommendation.

MDAD's Response:

We concur with the recommendation.

2011 – 11 Employee Payroll Acknowledgement

Condition:

During our payroll testing, we noted that employees did not sign their timecards nor sign acknowledging receipt of payroll pay-stubs.

Recommendation:

We recommend that Shuttle management ensure that each employee timecard is properly signed by the employees and the applicable supervisor.

Facility Response:

We concur with and will implement the recommendation.

MDAD's Response:

We concur with the recommendation.

2011 – 12 Payroll Approval

Condition:

During our payroll testing, we noted that Management did not properly review payroll disbursements prior to processing payroll through the third-party payroll service provider.

Recommendation:

We recommend that Shuttle management review and approve the completed payroll register prior to submission to the third-party payroll service provider to ensure accuracy over the payroll disbursement process.

Facility Response:

We concur with and will implement the recommendation.

MDAD's Response:

We concur with the recommendation.

2011 – 13 Handling of Checks

Condition:

During our cash disbursement testing of void checks, we noted checks in the voided checks file were not marked as void. Upon notification, Shuttle management subsequently voided the checks. Additionally there were check number sequence gaps in the check register. These checks were not verified as voided and are unaccounted for.

Recommendation:

We recommend that Shuttle management reconciles voided checks and sequence gaps in the check register to the voided check file on a timely basis and ensure all checks are accounted for. Voided checks should be marked as void and kept in the voided check file.

Facility Response:

We concur with and will implement the recommendation.

MDAD's Response:

We concur with the recommendation.

V. Status of Prior Year Recommendation

None.