

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

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

As of and for the Year Ended September 30, 2014



**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, 2014

Table of Contents

Financial Section	
Report of Independent Certified Public Accountants .....	1
Special-Purpose Statements of Assets and Liabilities .....	4
Special-Purpose Statements of Revenues and Expenses .....	5
Notes to Special-Purpose Financial Statements.....	6
Supplemental Statements	
Public Parking Facilities	
Supplemental Special-Purpose Statements of Assets and Liabilities .....	14
Supplemental Special-Purpose Statements of Revenues and Expenses .....	15
Fuel Farm Facilities	
Supplemental Special-Purpose Statements of Assets and Liabilities .....	16
Supplemental Special-Purpose Statements of Revenues and Expenses .....	17
Shuttle Services Facilities	
Supplemental Special-Purpose Statements of Assets and Liabilities .....	18
Supplemental Special-Purpose Statements of Revenues and Expenses .....	19
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 <i>Government Auditing Standards</i> .....	20
Management Letter .....	22



## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

### **Report on the Special-Purpose Financial Statements**

We have audited the accompanying special-purpose statements of assets and liabilities and special-purpose statements of revenues and expenses of the Miami-Dade Aviation Department-Miami International Airport Facilities' Management and Operating Agreements for Public Parking, Fuel Farm and Shuttle Services (the "Facilities") as of and for the year ended September 30, 2014, and the related notes to the special-purpose financial statements, which collectively comprise the Facilities' special-purpose financial statements as listed in the table of contents.

### ***Management's Responsibility for the Special-Purpose Financial Statements***

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with the provisions of the Facilities' Management and Operating Agreements and accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these special-purpose financial statements based on our audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special-purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special-purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the special-purpose financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **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 Note 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 Note 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, 2014, 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, 2014, and the revenues and expenses for the year then ended, on the basis of accounting described in Note 2.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the special-purpose financial statements that collectively comprise the Facilities' special-purpose financial statements. The accompanying 2014 supplemental special-purpose statements of assets and liabilities and special-purpose statements of revenue and expenses on pages 14 through 19 are presented for purposes of additional analysis and are not a required part of the special-purpose financial statements.

The accompanying 2014 supplemental special-purpose statements of assets and liabilities and special-purpose statements of revenue and expenses on pages 14 through 19 are the responsibility of management and were derived from and relate 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 certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose financial statements or to the special-purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the special-purpose financial statements taken as a whole.

The Totals (Memorandum Only) columns in the special-purpose financial statements on pages 4 and 5 and the 2013 columns of the accompanying supplemental special-purpose statements of assets and liabilities and special-purpose statements of revenue and expenses on pages 14 through 19 are presented for purpose of additional analysis and are not a required part of the



special-purpose financial statements. This information is the responsibility of management and has not been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2015 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* in considering the Facilities' internal control over financial reporting and compliance.

#### **Restriction of Use**

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  
January 9, 2015

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

Special-Purpose Statements of Assets and Liabilities

September 30, 2014

(With Comparative Totals for 2014 and 2013)

	Public Parking Facilities	Fuel Farm Facilities	Shuttle Services Facilities	Unaudited Totals	
				2014	2013
<b>Assets</b>					
Cash	\$ -	\$ 150,405	\$ -	\$ 150,405	\$ 511,266
Accounts receivable, net	374,403	2,894,397	-	3,268,800	2,224,322
Due From Management Company and Related Parties	-	-	-	-	600,000
Due From Aviation Department	331,302	-	49,862	381,164	477,365
Inventory	-	69,575	156,280	225,855	250,649
Other assets	-	88,785	-	88,785	167,984
Total assets	<u>\$ 705,705</u>	<u>\$ 3,203,162</u>	<u>\$ 206,142</u>	<u>\$ 4,115,009</u>	<u>\$ 4,231,586</u>
<b>Liabilities</b>					
Accounts payable and accrued expenses	\$ 173,378	\$ 539,844	\$ 167,131	\$ 880,353	\$ 1,023,773
Due to Management Company and Related Parties	532,327	76,162	39,011	647,500	939,031
Due to Aviation Department	-	2,587,156	-	2,587,156	2,268,782
Total liabilities	<u>\$ 705,705</u>	<u>\$ 3,203,162</u>	<u>\$ 206,142</u>	<u>\$ 4,115,009</u>	<u>\$ 4,231,586</u>

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, 2014  
(With Comparative Totals for 2014 and 2013)

				Unaudited	
				2014	2013
	Public Parking Facilities	Fuel Farm Facilities	Shuttle Services Facilities	Totals (Memorandum Only)	
	2014	2014	2013	2014	2013
<b>Revenues</b>					
Sales	\$ 47,594,272	\$ 19,236,136	\$ -	\$ 66,830,408	\$ 64,501,449
Less: Cost of sales	-	1,869,163	-	1,869,163	1,912,940
Gross margin	<u>47,594,272</u>	<u>17,366,973</u>	-	<u>64,961,245</u>	<u>62,588,509</u>
<b>Expenses</b>					
Payroll and fringe benefits	3,632,188	2,412,812	3,934,891	9,979,891	9,831,911
Selling, general and administrative expenses	1,787,707	2,908,710	1,829,725	6,526,142	8,348,599
Management fees	99,000	465,960	468,132	1,033,092	1,019,520
Total expenses	<u>5,518,895</u>	<u>5,787,482</u>	<u>6,232,748</u>	<u>17,539,125</u>	<u>19,200,030</u>
Excess (deficiency) of revenues over expenses before extraordinary item	42,075,377	11,579,491	(6,232,748)	47,422,120	43,388,479
Extraordinary item - gain/(loss) from fuel farm fire, net of insurance proceeds	-	-	-	-	600,000
Excess (deficiency) of revenues over expenses	<u>\$ 42,075,377</u>	<u>\$ 11,579,491</u>	<u>\$ (6,232,748)</u>	<u>\$ 47,422,120</u>	<u>\$ 43,988,479</u>

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

As of and for the year ended September 30, 2014

**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 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 do not perform 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.

Each of the Facilities performs a distinct function for the County, most of which generate revenue to offset the cost of operations and supplement the County's budget:

- Public Parking Facilities – Provides public parking at a nominal fee, available to the general public and taxis at the airport.
- Fuel Farm Facilities – Provides jet fuel storage and pumping services to airlines and fuel wholesalers. Also provides diesel and unleaded fuel for various airline and Airport vehicles.
- Shuttle Service Facilities – Provides shuttle transportation services, primarily to Airport and County employees, but also to members of the general public between the Airport terminal and certain parking areas.

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

<b>Facilities</b>	<b>Management Companies</b>
Public Parking	Airport Parking Associates ("APA")
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 details on the Agreements' termination dates and management fees effective as of September 30, 2014.



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

Notes to Special-Purpose Financial Statements – Continued

As of and for the year ended September 30, 2014

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The special-purpose financial statements of the Facilities conform 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 revenue depository bank accounts, net assets, and capital assets. Liabilities not reflected therein relate primarily to other operating expenses paid directly by the County, debt, and certain accrued compensated absences. 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 certain depreciation and amortization in connection with capital assets located within the Facilities and interest expense, if any. The Facilities and their operations 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.

The accompanying special-purpose financial statements of the Facilities have been prepared on the full accrual basis of accounting, as prescribed by GASB, except where otherwise noted. Under this measurement focus, the Facilities apply all GASB pronouncements in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

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

The Management Companies pay the operating expenses of the Facilities. 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 is included in the amounts due to/from Aviation Department.

**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

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

Notes to Special-Purpose Financial Statements – Continued

As of and for the year ended September 30, 2014

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Basis of Presentation - Continued**

principles generally accepted in the United States of America, or the basis of accounting described above.

**Cash**

At September 30, 2014, cash represented amounts on hand and amounts held in demand deposit accounts with certain financial institutions that were in the name of the Facilities/Management Companies 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 believe such cash is not exposed to any significant credit risk of loss.

**Accounts Receivable, Net**

Accounts receivable, net are stated at the amount of customers' outstanding balances, less any allowance for uncollectable accounts. Interest is not accrued on overdue accounts receivable. Sales on credit card and other third-party accounts unsettled at September 30, 2014 are also included in accounts receivable, net in the accompanying special-purpose statements of assets and liabilities of the Facilities.

**Allowance for Uncollectible Accounts**

Allowance for uncollectible accounts is estimated by account collection history. Accounts receivable, net are presented in the accompanying special-purpose financial statements net of allowance for uncollectible accounts, as follows:

Public Parking Facilities	\$ 41,513
Fuel Farm Facilities	296,733
Shuttle Service Facilities	-

**Inventory**

Inventories for resale are stated at the lower of cost or market. Supply inventories to be used in operations are stated at the lower of cost or replacement cost. Cost is determined using the first-in, first-out (FIFO) method.

**Other Assets**

Other assets are stated at amortized cost and are primarily comprised of advance payments made to vendors for insurance coverage.

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

Notes to Special-Purpose Financial Statements – Continued

As of and for the year ended September 30, 2014

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses represent amounts due to vendors and service providers for unpaid goods and services provided for the operations of the Facilities. Estimated accrued payroll expenses are also included. Accrued compensated absences are not included, except for the Fuel Farm Facilities.

**Due To Management Company and Related Parties**

Public Parking Facilities - this amount represents an advance from Central Parking System of FL, Inc. ("CPS"), an affiliate of APA, for expenses paid by the parent company on behalf of the Facilities, which are reimbursable by the County, and accrued management fees due the Management Company. This advance is utilized by Public Parking 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.

Fuel Farm and Shuttle Service Facilities – this amount represents expenses paid by the parent companies on behalf of the Facilities, which are reimbursable by the County and accrued management fees due the Management Companies.

**Due To/From Aviation Department**

Amounts due to the Aviation Department represent the cumulative excess/deficit of revenue over expenses and net receipts and disbursements between the Management Companies and the Aviation Department since inception of the Agreements.

**Revenue Recognition**

Revenue is recognized when earned and realizable. Most revenue transactions represent services rendered or sales of inventory and are recognized when the service or good is provided. Revenue recorded is presented net of taxes collected in escrow on behalf of governmental authorities and remitted by the Management Companies or Aviation Department.

**Cost of Sales**

Cost of sales are recognized when incurred at the time of sale and are comprised of the cost of products used in providing services to customers or the cost of products for resale and includes diesel and unleaded fuel offered for resale at the Fuel Farm.

**Payroll and Fringe Benefits**

Payroll and fringe benefits are recognized when incurred and include costs of salaries, wages, healthcare and retirement benefits, workers compensation and payroll taxes incurred as

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

Notes to Special-Purpose Financial Statements – Continued

As of and for the year ended September 30, 2014

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Payroll and Fringe Benefits - Continued**

compensation to employees of the Facilities. This amount does not include accrued compensated absences due employees, except for the Fuel Farm Facilities.

**Selling, General, and Administrative Expenses**

Selling, general, and administrative expenses (SG&A) are recognized when incurred and are primarily comprised of costs incurred for third-party service providers, professional fees, selling expenses, credit card fees, advertising and administrative costs, repairs and maintenance for the Facilities, certain capital asset purchases, and other miscellaneous operating expenses.

**Management Fees**

Management fees are recognized when incurred and represent costs incurred as compensation to the Management Companies for operating the Facilities. See Note 3. These are related party transactions. See Note 4.

**Property, Plant, and Equipment & Related Costs**

Pursuant to the Agreements, upon budget approval by the County, the Management Companies purchase 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 or advanced the cost of such assets by the County. These amounts are included in selling, general and administrative expense in the accompanying special-purpose statements of revenue and expenses.

The Management Companies also occasionally oversee capital improvements to the Facilities directed by the County. Such capital improvements 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 or advanced the cost of such capital improvements by the County. When advanced, funds are included in cash in the accompanying special-purpose statements of assets and liabilities for the Fuel Farm Facilities. The costs and related depreciation and amortization are not included 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.

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

Notes to Special-Purpose Financial Statements – Continued

As of and for the year ended September 30, 2014

**NOTE 3 – MANAGEMENT AND OPERATING AGREEMENTS**

**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.

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, 2014, as defined in the Agreements, are as follows:

Management Company	Monthly Fixed Management Fee
APA	\$ 8,250
Allied	38,830
Shuttle	39,011

**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	October 1, 2015 (year to year, thereafter, up to 3 additional years)
Allied Aviation	May 3, 2021 (year to year, thereafter, up to 3 additional years)
Shuttle	November 2, 2017 (month to month, thereafter)

**NOTE 4 – RELATED PARTY TRANSACTIONS**

In addition to management fees incurred by the Facilities and paid to the Management Companies (Note 3), the Facilities entered into the following related party transactions during the year ended September 30, 2014:

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

Notes to Special-Purpose Financial Statements – Continued

As of and for the year ended September 30, 2014

**NOTE 4 – RELATED PARTY TRANSACTIONS - Continued**

First Transit, an affiliate of the Management Company for the Shuttle Service Facilities, provides insurance coverage to the Shuttle Service Facilities. First Transit does not charge the Shuttle Service Facilities for this coverage. The cost of the coverage is not readily determinable and therefore is not included in the special-purpose financial statements.

Certain expenses included in the accompanying special-purpose statements of revenue and expenses of the Fuel Farm Facilities are paid to and are based upon amounts charged by the Management Company's parent company, Allied, for legal fees, workers compensation, company sponsored retirement, group health, life, general and other liability insurance. Such expenses represent allocations from the Management Company's parent during fiscal year 2014 were approximately \$1.105 million. The Fuel Farm also leased operating space from the County for approximately \$20,300 during the year. Also included in the accompanying special-purpose statements of revenue and expenses of the Fuel Farm Facilities were fuel sales to the County in the amount of approximately \$15,000 and to itself in the amount of approximately \$100,000. Additionally, Fuel Farm and Parking Facilities' payroll disbursements to employees are made by their respective parent companies and reimbursed by the County as a reimbursable operating expense.

**NOTE 5 – 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, in excess of insurance coverage, if any, would not be material to the Facilities' financial position or results of operations.

On June 17, 2013, an airline and two affiliated air carriers filed suit in Circuit Court for Miami-Dade County, Florida, naming the management company of the Fuel Farm Facilities as a defendant and alleging property damage (loss of fuel in storage), business interruption, and consequential type damages (including flight cancellations and the inability to tanker fuel) resulting from a March 2011 fire at the Fuel Farm Facilities. Defense counsel of the management company has been advised that the airline is seeking damages in the amount of \$20.6 million. At this time, management cannot determine the resulting liability from this claim, if any, and accordingly no provision has been made in the accompanying special-purpose financial statements.

**NOTE 6 – ECONOMIC DEPENDANCY**

The Fuel Farm Facilities receives approximately 82% of total revenues from two customers. One of the two customers represents approximately 50% of total revenues. Management of the Fuel Farm believes that the loss of any one or more of these customers would not have a material impact on its financial position or results of operations due to other customers fulfilling the fuel needs of the Airport.

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

Notes to Special-Purpose Financial Statements – Continued

As of and for the year ended September 30, 2014

**NOTE 7 – RISK MANAGEMENT**

The Facilities are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As a result, the Facilities obtained general and property liabilities and worker's compensation coverage.

**NOTE 8 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 9, 2015, which is the date these special-purpose financial statements were available to be issued.

## SUPPLEMENTAL STATEMENTS



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

Supplemental Special-Purpose Statements of  
Assets and Liabilities

September 30, 2014 and 2013

	<b>2014</b>	<b>Unaudited 2013</b>
<b>Assets</b>		
Cash	\$ -	\$ 50,917
Accounts receivable, net	374,403	376,576
Due From Aviation Department	331,302	361,646
Total assets	\$ 705,705	\$ 789,139
 <b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 173,378	\$ 81,550
Due to Management Company and Related Parties	532,327	707,589
Total liabilities	\$ 705,705	\$ 789,139

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

Supplemental Special-Purpose Statements of  
Revenues and Expenses

For the Years Ended September 30, 2014 and 2013

	<b>2014</b>	<b>Unaudited 2013</b>
<b>Revenues</b>		
Sales	<b>\$ 47,594,272</b>	<b>\$ 45,169,790</b>
<b>Expenses</b>		
Payroll and fringe benefits	3,632,188	3,655,074
Selling, general and administrative expenses	1,787,707	1,587,211
Management fees	99,000	99,000
Total expenses	<b>5,518,895</b>	<b>5,341,285</b>
Excess of revenues over expenses	<b>\$ 42,075,377</b>	<b>\$ 39,828,505</b>

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

Supplemental Special-Purpose Statements of  
 Assets and Liabilities

September 30, 2014 and 2013

	<b>2014</b>	<b>Unaudited 2013</b>
<b>Assets</b>		
Cash	\$ 150,405	\$ 275,601
Accounts receivable, net	2,894,397	1,847,746
Due from Management Company and Related Parties	-	600,000
Inventory	69,575	101,632
Other assets	88,785	167,984
Total assets	\$ 3,203,162	\$ 2,992,963
 <b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 539,844	\$ 648,783
Due to Management Company and Related Parties	76,162	75,398
Due to Aviation Department	2,587,156	2,268,782
Total liabilities	\$ 3,203,162	\$ 2,992,963

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, 2014 and 2013

	<b>2014</b>	<b>Unaudited 2013</b>
<b>Revenues</b>		
Net sales	\$ 19,236,136	\$ 19,331,659
Less: Cost of sales	1,869,163	1,912,940
Gross margin	17,366,973	17,418,719
<b>Expenses</b>		
Payroll and fringe benefits	2,412,812	2,342,877
Selling, general and administrative expenses	2,908,710	3,988,408
Management fees	465,960	452,388
Total expenses	5,787,482	6,783,673
Excess of revenues over expenses before extraordinary items	11,579,491	10,635,046
Extraordinary item - gain/(loss) fuel farm fire, net of insurance proceeds (\$0 in 2014 and \$600,000 in 2013, respectively)	-	600,000
Excess (deficiency) of revenues over expenses	\$ 11,579,491	\$ 11,235,046

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

Supplemental Special-Purpose Statements of  
Assets and Liabilities

September 30, 2014 and 2013

	<u>2014</u>	<u>Unaudited</u> <u>2013</u>
<b>Assets</b>		
Cash	\$ -	\$ 184,748
Due From Aviation Department	49,862	115,719
Inventory	156,280	149,017
Total assets	<u>\$ 206,142</u>	<u>\$ 449,484</u>
<b>Liabilities</b>		
Accounts payable and accrued expenses	167,131	293,440
Due to Management Company and Related Parties	39,011	156,044
Total liabilities	<u>\$ 206,142</u>	<u>\$ 449,484</u>

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, 2014 and 2013

	2014	Unaudited 2013
<b>Revenues</b>	\$ -	\$ -
<b>Expenses</b>		
Payroll and fringe benefits	3,934,891	3,833,960
Selling, general and administrative expenses	1,829,725	2,772,980
Management fees	468,132	468,132
Total expenses	6,232,748	7,075,072
Deficiency of revenues over expenses	\$ (6,232,748)	\$ (7,075,072)

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, 2014



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, in accordance with the 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, the special-purpose statements of assets and liabilities and special-purpose statements of revenues and expenses of the Miami-Dade Aviation Department-Miami International Airport Facilities' Management and Operating Agreements for Public Parking, Fuel Farm and Shuttle Services (the "Facilities") as of and for the year ended September 30, 2014, and the related notes to the special-purpose financial statements, which collectively comprise the Facilities' special-purpose financial statements, and have issued our report thereon dated January 9, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the special-purpose financial statements, we considered the Facilities' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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.

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 special-purpose financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Facilities' special-purpose financial statements are free from 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*.





### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*C. Sanders-Byrd, CPA LLC*

Miami, Florida  
January 9, 2015

## Management Letter

For the Year Ended September 30, 2014



January 9, 2015

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

In planning and performing our audits of the special-purpose financial statements of Miami-Dade Aviation Department - Miami International Airport Facilities' Management and Operating Agreements for Public Parking, Fuel Farm and Shuttle Services Facilities (the "Facilities") as of September 30, 2014, 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 auditing procedures that are appropriate in the circumstances 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 deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. We previously reported on the Facilities' internal control in our report dated January 9, 2015. This letter does not affect our report dated January 9, 2015 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  
January 9, 2015

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

Fiscal Year 2014 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 repeated in the current year, were not implemented, or were only partially implemented by the Facilities' during the current year. The format of prior year recommendations has been modified to conform to the current year presentation. All prior year recommendations that have been fully implemented were not repeated in this section.

One of the basic elements of internal accounting control involves segregation of duties in such a manner in which the work of one employee is checked by others, and the responsibilities for custody of assets is not placed in the same employees that maintains the accounting records. Due to the Facilities' limited number of personnel, the segregation of duties is not always possible. However, management feels the risk of misstatement due to error or fraud is mitigated by the review of monthly financial statements by MDAD.

**Public Parking Facilities**

**Current Year Recommendations**

**2014-1 Closing the Books**

**Condition:** Revenue remitted to MDAD per the GL was overstated by credit card and Sunpass revenues in transit to the MDAD depository bank account. These amounts should have been reclassified as accounts receivable until settlement. This issue was corrected by recording a reclassification journal entry.

**Criteria:** Account reconciliations for significant account balances or classes of transactions should be prepared and reviewed regularly and in a timely manner.

**Cause:** Year-end procedures were not fully developed to include documented reconciliations for all accounts and transaction classes.

**Effect:** There is a risk that misstatements of the special-purpose financial statements may not be detected and corrected in a timely manner.

**Recommendation:** We recommend that management reconcile significant account balances and transaction classes on a regular basis and those such reconciliations are done in a timely manner. The reconciliations should be approved by an appropriate level of management.

**Facilities' Response:** We concur and will implement the recommendation.

**MDAD's Response:** We concur and will implement the recommendation.

**Status of Prior Year Recommendations**

**2012-4 Reconciling Vehicle Traffic to Sales Transactions**

**Condition:** Proper reconciliations of total vehicle exit traffic per the Gate Activity Report to

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

Fiscal Year 2014 Management Letter Recommendations - Continued

**Public Parking Facilities - Continued**

**Status of Prior Year Recommendations - Continued**

**2012-4 Reconciling Vehicle Traffic to Sales Transactions - Continued**

revenue per the PCRS Revenue System, Sunpass, MAG card and AVI transponder transactions were not readily available upon request.

**Criteria:** Reconciliations of total vehicle exit traffic per the Gate Activity Report to each revenue system should be prepared and reviewed regularly and in a timely manner.

**Cause:** Procedures were not fully developed to include documented reconciliations for total vehicle exit traffic per the Gate Activity Report to each revenue system.

**Effect:** There is a risk that actual vehicle parking transactions may not agree to revenue per the various systems and the GL, therefore causing misstatement of revenue per the special-purpose financial statements that may not be detected and corrected in a timely manner.

**Recommendation:** We recommend management fully account for all vehicle traffic per the Gate Activity Report and properly reconcile total exits to each respective transaction source record. We also recommend the Parking Facilities install a vehicle counter at all exit locations to ensure all vehicle traffic is accounted for and properly recorded in each transaction source record.

**Current Status:** While all exit lanes do have gate counters and management does prepare a gate activity report, as we have stated previously due to periodic equipment issues and exceptions a "one-to-one" reconciliation of exit transactions to gate counts is not practical. Instead we use an industry accepted standard, unaccounted for tickets, to determine if there is a higher than average number of uncollected tickets issued. An unaccounted for tickets report is prepared monthly by the office manager and reviewed by the general manger to make certain that the ratio of unaccounted for tickets is within the recognized acceptable range of under 0.50%.

**2012-5 Taxi Lot Revenue**

**Condition:** The taxi lot, which generates cash revenue in excess of \$3 million annually based on vehicle exits, does not have a vehicle exit counter. Therefore, proper reconciliations of exits from this lot to sales transactions per the GL were not performed.

**Criteria:** Reconciliations of taxi lot exits to sales transactions per the GL should be prepared and reviewed regularly and in a timely manner.

**Cause:** The taxi lot lacks a sufficient method of tracking vehicle exits in order to reconcile exits to sales transactions per the GL.

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

Fiscal Year 2014 Management Letter Recommendations - Continued

**Public Parking Facilities – Continued**

**Status of Prior Year Recommendations - Continued**

**2012-5 Taxi Lot Revenue - Continued**

**Effect:** There is a risk actual taxi lot exits does not agree to transactions are recorded in the GL or amount collected at the exit booth, therefore causing misstatement of revenue per the special-purpose financial statements that may not be detected and corrected in a timely manner.

**Recommendation:** We recommend management implement an electronic toll collection system, such as Sunpass or an exit gate counter at all taxi lot exit locations that fully accounts for all vehicle exits at this lot and properly reconcile taxi lot exits to sales transactions per the GL.

**Current Status:** Management concurs with the recommendation and have participated in discussions with MDAD in the past of either upgrading the current revenue equipment installed in the taxi lot or installing an AVI style system (e.g. SunPass). But it is up to MDAD, as owner of the facility, to decide whether or not to install any form of revenue control equipment at the taxi lot.

**Fuel Farm Facilities**

**Current Year Recommendations**

**2014-2: Sole Source Documentation**

**Condition:** During our test of 25 cash disbursements, we noted five disbursements lacking compliance with the management agreement requirement to obtain bids or have approved Sole Source Acquisition forms for non-routine transactions greater than \$1,000.

**Criteria:** When the entity has non-routine purchases in excess of \$1,000, it is expected to obtain bids or have a Sole Source Acquisition form approved by MDAD.

**Cause:** Sole Source Acquisition forms are not always approved by MDAD.

**Effect:** There is a risk vendors are not providing the best service for the cost, therefore causing misstatement of expenses per the special-purpose financial statements that may not be detected and corrected in a timely manner.

**Recommendation:** We recommend Sole Source Acquisition forms are approved by MDAD.

**Facilities' Response:** We concur and will implement the recommendation.

**MDAD's Response:** We will sign the outstanding sole source acquisition forms and as of 1/5/2015 Allied Aviation was advised to remove the MDAD signature line from the form.

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

Fiscal Year 2014 Management Letter Recommendations - Continued

**Fuel Farm Facilities – Continued**

**Status of Prior Year Recommendations**

**2010–4 Customer Billing**

**Condition:** The Fuel Farm does not charge a monthly 1% late fee on balances over 30 days past due as required in the management agreement.

**Criteria:** According to the management agreement, the Fuel Farm Facilities must charge a 1% late fee on balances over 30 days past due.

**Cause:** Procedures were not fully developed to record and bill required late fees to customers when applicable.

**Effect:** The Fuel Farm Facilities is not in compliance with this requirement of the management agreement.

**Recommendation:** We recommend management implements a policy which complies with the provisions of the management agreement, to charge a late fee of 1% per months for all receivable balances over 30 days past due.

**Current Status:** The Aviation Department will be exploring with Allied Aviation the possibility of developing a plan, whether it will include modifying the terms of collecting the 1% late fee, or eliminating it from the management agreement will be determined.

**Shuttle Service Facilities**

**Status of Prior Year Recommendations**

**2013-2 Reconciliation of Cash Disbursements**

**Condition:** Proper reconciliations of cash disbursements to expenses per the GL were not readily available upon request. Cash disbursements exceeded expenses per the general ledger when reconciling for the change in accruals and capitalized assets.

**Criteria:** Account reconciliations for significant account balances or classes of transactions should be prepared and reviewed regularly and in a timely manner.

**Cause:** Year-end procedures were not fully developed to include documented reconciliations for all accounts and transaction classes.

**Effect:** There is a risk that misstatements of the special-purpose financial statements may not be detected and corrected in a timely manner.

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

Fiscal Year 2014 Management Letter Recommendations - Continued

**Shuttle Service Facilities - Continued**

**Status of Prior Year Recommendations - Continued**

**2013-2 Reconciliation of Cash Disbursements - Continued**

**Recommendation:** We recommend that management reconcile significant account balances and transaction classes on a regular basis and that such reconciliations are done in a timely manner. The reconciliations should be approved by an appropriate level of management.

**Current Status:** Implementation in process.