



**MIAMI-DADE
AVIATION DEPARTMENT**

Single Audit Reports in accordance
with OMB Circular A-133, Chapter 10.550,
Rules of the Auditor General of the State of Florida,
and the Passenger Facility Charge Audit Guide for Public Agencies

Year ended September 30, 2013

**MIAMI-DADE
AVIATION DEPARTMENT**

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**Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in accordance with
*Government Auditing Standards***

The Honorable Mayor and Members of
the Board of the County Commissioners
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 financial statements of Miami-Dade Aviation Department (the Aviation Department), an enterprise fund of Miami-Dade County, Florida, which comprise the statement of net position as of September 30, 2013, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 25, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Aviation Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Aviation Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Aviation Department's 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 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. 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and question costs as item 2013-01 that we consider to be a significant deficiency.



Compliance and Other Matters

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

Aviation Department's Response to Findings

The Aviation Department's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Aviation Department's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the response.

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 Aviation Department'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 Aviation Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Miami, Florida
February 25, 2014
Certified Public Accountants



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Independent Auditors' Report on Compliance for Each Major Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*; and Chapter 10.550, *Rules of the Auditor General of the State of Florida*

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

Report on Compliance for Each Major Federal Program and State Project

We have audited the Miami-Dade Aviation Department's (the Aviation Department), an enterprise fund of Miami-Dade County, Florida, compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*, and the requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on the Aviation Department's major federal program and state project for the year ended September 30, 2013. The Aviation Department's major federal program and state project are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program and state project.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Aviation Department's major federal program and state project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, *Rules of the Auditor General of the State of Florida* (Chapter 10.550). Those standards, OMB Circular A-133, and Chapter 10.550, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Aviation Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the Aviation Department's compliance.



Opinion on Each Major Federal Program and State Project

In our opinion, the Aviation Department complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program and state project for the year ended September 30, 2013.

Report on Internal Control over Compliance

Management of the Aviation Department is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Aviation Department's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program or state project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Aviation Department's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.550. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by OMB Circular A-133 and Chapter 10.550

We have audited the financial statements of the Miami-Dade Aviation Department, an enterprise fund of Miami-Dade County, Florida, as of and for the year ended September 30, 2013, and have issued our report thereon dated February 25, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and Chapter 10.550 and is not a required part of the financial statements. Such information is the responsibility of management and was



derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

Miami, Florida

April 14, 2014, except for our report on the schedule of expenditures
of federal awards and state financial assistance,

for which the date is February 25, 2014

Certified Public Accountants



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Independent Auditors' Report on Compliance for the Passenger Facility Charge Program; Report on Internal Control over Compliance; and Report on the Schedule of Passenger Facility Charges Required by the Passenger Facility Charge Audit Guide for Public Agencies

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

Report on Compliance for the Passenger Facility Charge Program

We have audited the Miami-Dade Aviation Department's (the Aviation Department), an enterprise fund of Miami-Dade County, Florida, compliance with the types of compliance requirements described in the Passenger Facility Charge Audit Guide for Public Agencies (the Guide), issued by the Federal Aviation Administration (the FAA), that could have a direct and material effect on the Aviation Department's passenger facility charge program for the year ended September 30, 2013.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its passenger facility charge program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Aviation Department's passenger facility charge program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Aviation Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the passenger facility charge program. However, our audit does not provide a legal determination of the Aviation Department's compliance.



Opinion on the Passenger Facility Charge Program

In our opinion, the Aviation Department complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its passenger facility charge program for the year ended September 30, 2013.

Report on Internal Control over Compliance

Management of the Aviation Department is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Aviation Department's internal control over compliance with the types of requirements that could have a direct and material effect on the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the passenger facility charge program and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Aviation Department's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the passenger facility charge program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the passenger facility charge program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the passenger facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Passenger Facility Charges

We have audited the financial statements of the Miami-Dade Aviation Department, an enterprise fund of Miami-Dade County, Florida, as of and for the year ended September 30, 2013, and have issued our report thereon dated February 25, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of passenger facility charges is presented for purposes of additional analysis as required by the Guide, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including



comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of passenger facility charges is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

Miami, Florida
April 14, 2014, except for our report on the schedule of
of passenger facility charges,
for which the date is February 25, 2014
Certified Public Accountants

**MIAMI-DADE
AVIATION DEPARTMENT**

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year ended September 30, 2013

<u>Grantor agency/program</u>	<u>CFDA/CSFA number</u>	<u>AIP/financial project number</u>	<u>Contract number</u>	<u>Expenditures</u>
Federal awards:				
U.S. Department of Transportation				
Federal Aviation Administration and Transportation				
Security Administration – Airport Improvement Program	20.106	OTA HSTS04-08-H-CT1233	N/A	\$ 17,052,161
		OTA HSTS04-11-H-CT4001	N/A	4,527,886
		OTA HSTS04-12-H-CT1081	N/A	242,923
		OTA HSTS04-13-H-CT1044	N/A	288,722
		FAA OTA (ATCT)	N/A	2,500,000
		3-12-0049-064-2011	N/A	1,307,446
		3-12-0049-065-2012	N/A	1,062,806
		3-12-0049-066-2012	N/A	3,750
		3-12-0049-067-2012	N/A	269,627
		3-12-0047-016-2012	N/A	116,775
Total expenditures of federal awards				<u>\$ 27,372,096</u>
State awards:				
Florida Department of Transportation				
Aviation Development Grants Program	55.004	41814819401	AP107	\$ 350,545
		42203819401	AP108	675,258
		42344319401	AP778	119,198
		42344419401	AP779	383,169
		42587419401	AQH51	157,134
		42043519401	AQV94	1,202,500
		42231719401	AQU53	1,862
Total expenditures of state financial assistance				<u>\$ 2,889,666</u>

See accompanying notes to schedules of expenditures of federal awards and state financial assistance and passenger facility charges.

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AVIATION DEPARTMENT**

Schedule of Passenger Facility Charges

Year ended September 30, 2013

Grantor/program	Application approved number	Unliquidated passenger facility charges at September 30, 2012	Passenger facility charge revenue	Expenditures	Unliquidated passenger facility charges at September 30, 2013
Passenger facility charges	02-04-C-00-MIA	\$ 123,512,805	72,650,368	50,000,000	146,163,173

See accompanying notes to schedules of expenditures of federal awards and state financial assistance and passenger facility charges.

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AVIATION DEPARTMENT**

Notes to Schedules of Expenditures of Federal Awards
and State Financial Assistance and Passenger Facility Charges

Year ended September 30, 2013

(1) Basis of Presentation

The schedules of expenditures of federal awards and state financial assistance and passenger facility charges (the Schedules) include all grants, contracts, and similar agreements entered into directly between the Miami-Dade Aviation Department (the Aviation Department) and agencies and departments of the federal and state governments. It also includes all subawards to the Aviation Department by nonfederal organizations pursuant to federal and state grants, contracts, and similar agreements. The information in these schedules is prepared on the accrual basis of accounting and is presented in accordance with the provisions of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, Chapter 10.550, *Rules of the Auditor General*, and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration in September 2000. The grants reflect transactions for the fiscal year irrespective of the year of grant award, and accordingly, the Schedules do not include a full year's activity for grants awarded or terminated on dates not coinciding with the aforementioned fiscal year.

(2) Passenger Facility Charges

Revenue consists of passenger facility fees and investment earnings on the restricted cash related to passenger facility charges. Expenditures represent airport construction-related costs incurred at the Aviation Department. Unliquidated passenger facility charges represent the net restricted cash and passenger facility fees receivable less related accounts payable as of year-end.

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AVIATION DEPARTMENT**

Schedule of Findings and Questioned Costs
Year ended September 30, 2013

Section I – Summary of Auditors’ Results

Financial statements

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes
Noncompliance material to the financial statements noted?	No

Federal awards

Internal control over major program:	
Material weaknesses identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported

Type of auditors’ report issued on compliance for major program:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with Section 0.510(a) of Circular A-133?	No
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Identification of major federal program:

CFDA number	Name of federal program or cluster
20.106	Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs:	\$821,163
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Auditee qualified as low risk auditee?	Yes
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State Financial Assistance

Internal control over major state projects:	
Material weaknesses identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported

Type of auditors’ report issued on compliance for major state project:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, <i>Rules of the Auditor General of the State of Florida</i> ?	No
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**MIAMI-DADE
AVIATION DEPARTMENT**

Schedule of Findings and Questioned Costs

Year ended September 30, 2013

Identification of major state project:

<u>CSFA number</u>	<u>Name of state project or cluster</u>
55.004	Aviation Development Grants Program

Dollar threshold used to distinguish between type A and type B projects:

\$300,000

**MIAMI-DADE
AVIATION DEPARTMENT**

Schedule of Findings and Questioned Costs

Year ended September 30, 2013

Section II – Financial Statement Findings

2013-01 IT General Controls (Formerly 2012-01 and 2011-01)

Our testing of IT General Controls (ITGC) identified deficiencies (design and effectiveness) around significant risk points intended to limit and control system access to the PeopleSoft (PS) Financials (FIN).

KPMG identified two (2) IT functional personnel (programmers) that have access to powerful security roles (PeopleSoft Administrator) within the Production Environment of PS FIN. This level would allow the user(s) administrative access to the PS system, security, and panels. These two users also have access to promote program changes to the production environment.

Authorizations or access rights not assigned in accordance with the responsibilities of the various roles or profiles (e.g., allowing programmers more than read-only access in production, not limiting access to powerful security roles, and controlling who can move changes into the production environment) increase the risk of unauthorized/inappropriate access to data and functionality relevant to internal control over financial reporting.

Recommendation

There are currently two programmers who have excessive access to the PeopleSoft FIN system. Programmers typically should be restricted from this access as a preventative measure to help support segregation of duties within the program change process.

2011 Management's Response

The access given and limited to the two (2) Miami-Dade Aviation Department (MDAD) programmers is simply viewed by us as essential for MDAD to continue to operate at an expected stable level of efficiency. Any action by those authorized users is never performed in a vacuum. The action is always documented and performed under adequate supervision, review and concurrence of the three (3) departments sharing the same instance (WASD, ITD, and MDAD – with ITD as the ultimate administrator).

With the prospective upgrade to version 9.1, MDAD expects to restrict programmer access even further.

2012 Management's Response

The access given and limited to the two (2) Miami-Dade Aviation Department (MDAD) programmers is simply viewed by us as essential for MDAD to continue to operate at an expected stable level of efficiency. Any action by those authorized users is never performed in a vacuum. The action is always documented and performed under adequate supervision, review and concurrence of the three (3) departments sharing the same instance (WASD, ITD, and MDAD – with ITD as the ultimate administrator).

With the prospective upgrade to version 9.1 due to be completed during fiscal year 2013, MDAD expects to restrict programmer access even further.

2013 Management's Response

The access given and limited to the two (2) Miami-Dade Aviation Department (MDAD) programmers is simply viewed by us as essential for MDAD to continue to operate at an expected stable level of efficiency. Any action

**MIAMI-DADE
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Schedule of Findings and Questioned Costs

Year ended September 30, 2013

by those authorized users is never performed in a vacuum. The action is always documented and performed under adequate supervision, review and concurrence of the three (3) departments sharing the same instance (Water and Sewer Department (WASD), Information Technology Department (ITD), and MDAD- with ITD as the ultimate administrator).

The upgrade to version 9.1 was completed during fiscal year 2013 and MDAD is currently working on a project with ITD security administrators to restrict programmer access further.

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Schedule of Findings and Questioned Costs

Year ended September 30, 2013

Section III – Federal Award Findings and Questioned Costs

None

Section IV – State Financial Assistance Findings and Questioned Costs

None

Section V – Passenger Facility Charge Program Findings and Questioned Costs

None