



**MIAMI-DADE COUNTY
AVIATION DEPARTMENT**

Single Audit Reports in Accordance
with OMB Circular A-133, and 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, 2007

**MIAMI-DADE COUNTY
AVIATION DEPARTMENT**

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**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
the Board of the County Commissioners
Miami-Dade County, Florida:

We have audited the financial statements of the Miami-Dade County Aviation Department (the Department), an enterprise fund of Miami-Dade County, Florida, as of and for the years ended September 30, 2007 and 2006, and have issued our report thereon dated March 13, 2008. 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.

Internal Control over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the deficiency described as item 2007-01 in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and,



accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

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

We noted certain additional matters that we reported to management of the Department in a separate letter dated March 13, 2008.

The Department's response to the finding in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Department's response, and accordingly, we express no opinion on it.

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

KPMG LLP

March 13, 2008
Certified Public Accountants



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

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

Compliance

We have audited the compliance of the Miami-Dade County Aviation Department (the Department), an enterprise fund of Miami-Dade County, Florida, 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 *Executive Office of the Governor's State Projects Compliance Supplement*, that are applicable to its major federal program and state project for the year ended September 30, 2007. The 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program and state project is the responsibility of the Department's management. Our responsibility is to express an opinion on the Department's compliance based on our audit.

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

In our opinion, the Department complied, in all material respects, with the requirements referred to above that are applicable to its major federal program and state project for the year ended September 30, 2007.

Internal Control over Compliance

The management of the Department is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the Department's internal control over compliance with the requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose of



expressing an opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program or state project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or state project that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented or detected by the entity's internal control.

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

Schedule of Expenditures of Federal Awards and State Financial Assistance

We have audited the financial statements of the Department, an enterprise fund of Miami-Dade County, Florida, as of and for the year ended September 30, 2007, and have issued our report thereon dated March 13, 2008. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken 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, *Rules of the Auditor General* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

KPMG LLP

May 8, 2008, except for schedule of
expenditures of federal awards and state financial
assistance, which is as of March 13, 2008
Certified Public Accountants



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**Report on Compliance with Requirements Applicable to the
Passenger Facility Charge Program and on Internal Control
over Compliance in Accordance with the Passenger
Facility Charge Audit Guide for Public Agencies**

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

Compliance

We have audited the compliance of the Miami-Dade County Aviation Department (the Department), an enterprise fund of Miami-Dade County, Florida, 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), for the year ended September 30, 2007. The Department's passenger facility charge program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its passenger facility charge program is the responsibility of the Department's management. Our responsibility is to express an opinion on the Department's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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 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. Our audit does not provide a legal determination on the Department's compliance with those requirements.

In our opinion, the Department complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended September 30, 2007.

Internal Control over Compliance

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



A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

Schedule of Passenger Facility Charges

We have audited the financial statements of the Department, an enterprise fund of Miami-Dade County, Florida, as of and for the year ended September 30, 2007, and have issued our report thereon dated March 13, 2008. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

KPMG LLP

March 13, 2008
Certified Public Accountants

**MIAMI-DADE COUNTY
AVIATION DEPARTMENT**

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year ended September 30, 2007

<u>Grantor Agency/Program</u>	<u>CFDA/CFSA 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 – Airport Improvement Program	20.106	OTA HSTS04-05-A-DEP220		\$ 1,335,932
		3-12-0049-050-2005		746,219
		3-12-0049-043-2002		645,216
		3-12-0049-047-2004		4,138,946
		3-12-0049-046-2003		2,727,569
		3-12-0049-054-2007		8,000,000
		3-12-0049-053-2006		143,246
Total expenditures of federal awards				<u>\$ 17,737,128</u>
State awards:				
Florida Department of Transportation	55.004	41456719401	AN131	\$ 277,596
Aviation Development Grants Program		41455319401	AN102	1,552,006
		25402919401	ANU47	4,002,878
		25411219401	ANB57	1,563,120
Total expenditures of state financial assistance				<u>\$ 7,395,600</u>

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

**MIAMI-DADE COUNTY
AVIATION DEPARTMENT**

Schedule of Passenger Facility Charges

Year ended September 30, 2007

Grantor/Program	Application approved number	Unliquidated passenger facility charges at September 30, 2006	Passenger facility charge revenue	Expenditures	Unliquidated passenger facility charges at September 30, 2007
Passenger facility charges	94-02-U-00-MIA	\$ 13,962,496	—	—	13,962,496
	97-03-C-00-MIA	236,866,732	66,341,000	73,641,000	229,566,732
		<u>\$ 250,829,228</u>	<u>66,341,000</u>	<u>73,641,000</u>	<u>243,529,228</u>

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

**MIAMI-DADE COUNTY
AVIATION DEPARTMENT**

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

Year ended September 30, 2007

(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 County Aviation Department (the 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. Therefore, some amounts presented in these Schedules may differ from amounts presented in, or used in the preparation of, the financial statements. Also, 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 costs incurred at the Aviation Department. Unliquidated passenger facility charges represent the net restricted cash and passenger facility fees receivable and accounts payable as of year-end.

**MIAMI-DADE COUNTY
AVIATION DEPARTMENT**

Schedule of Findings and Questioned Costs
Year ended September 30, 2007

Section I – Summary of Auditors’ Results:

Financial statements

Type of auditors’ report issued:	<i>Unqualified</i>
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?	No
Type of auditors’ report issued on compliance for major program:	<i>Unqualified</i>
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133?	No
Identification of major federal program:	

CFDA number

20.106

Name of federal program or cluster

Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs:	\$532,114
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Auditee qualified as low-risk auditee?	No
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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?	No

Type of auditors’ report issued on compliance for major state projects:	<i>Unqualified</i>
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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 COUNTY
AVIATION DEPARTMENT**

Schedule of Findings and Questioned Costs

Year ended September 30, 2007

Identification of major state projects:

CFSA number

55.004

Name of state project or cluster

Aviation Development Grants Program

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

\$300,000

**MIAMI-DADE COUNTY
AVIATION DEPARTMENT**

Schedule of Findings and Questioned Costs

Year ended September 30, 2007

Section II – Financial Statement Findings

2007-01 IT General Controls

IT General Control testing identified control design deficiencies as well as a lack of controls around significant risk points within Access to Programs and Data, Program Changes, and Program Development processes. Major deficiencies occurred during the March 2006 deployment of the PeopleSoft systems resulting from ineffective controls around program development processes. Deficient controls around the development processes adversely affected the PeopleSoft financial management system functionality, data conversion issues, and the integrity of financial data within the PeopleSoft system. The 2006 PeopleSoft deployment subsequently had a negative effect on general systems access controls, segregation of duties, and controls relating to program change processes, which carried over into the fiscal year 2007. The Aviation Department closed fiscal year ended September 30, 2006 in the system on August 31, 2007 and closed the fiscal year ended September 30, 2007 in December 2007. The Aviation Department began month-to-month closings in the system in June 2007.

Recommendation

We understand that management has made significant progress related to IT general controls since the implementation of PeopleSoft in March 2006. We recommend that management continue to perform periodic assessments of the design of IT General Control in the upcoming fiscal year. Controls should be designed to reflect the new PeopleSoft systems and processes and adequately mitigate risks within systems access, segregation of duties, program development, and program changes.

2006 Management's Response

The Department has had several control assessments in the course of implementing ERP, but will conduct a thorough, final controls audit when all implementation issues have been resolved.

2007 Management's Response

Due to the difficulties faced during the implementation of Peoplesoft in 2006, the Aviation Department invested much time in a number of initiatives to ensure data integrity and timely reporting. The department conducted and completed a thorough final controls audit during fiscal year 2007. Several procedures were also adopted to obtain an appropriate level of review for completeness and accuracy. In the near future, as the department upgrades to a higher version of Peoplesoft, the testing of IT General Controls is an imminent requirement to assess the adequacy of the system.

**MIAMI-DADE COUNTY
AVIATION DEPARTMENT**

Schedule of Findings and Questioned Costs

Year ended September 30, 2007

Section III – Federal Award Findings and Questioned Costs

None

**MIAMI-DADE COUNTY
AVIATION DEPARTMENT**

Schedule of Findings and Questioned Costs

Year ended September 30, 2007

Section IV – State Financial Assistance Findings and Questioned Costs

None

