



**MIAMI-DADE
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, 2012

**MIAMI-DADE
AVIATION DEPARTMENT**

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KPMG LLP
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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 Board of the County Commissioners
Miami-Dade County, Florida:

We have audited the financial statements of the Miami-Dade Aviation Department (the Department), an enterprise fund of Miami-Dade County, Florida, as of and for the year ended September 30, 2012, and have issued our report thereon dated March 22, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the Department is responsible for establishing and maintaining effective 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 our 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.

A deficiency in internal control over financial reporting 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 over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency and that is described in the accompanying schedule of findings and questioned costs as item 2012-01. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



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 matters that we reported to management of the Department in a separate letter dated March 22, 2013.

The Department's response to the finding identified 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 Members of the Board of the 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 22, 2013
Certified Public Accountants



KPMG LLP
Suite 2000
200 South Biscayne Boulevard
Miami, FL 33131

Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program 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 Board of the County Commissioners
Miami-Dade County, Florida:

Compliance

We have audited the Miami-Dade Aviation Department's (the 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 *Executive Office of the Governor's State Projects Compliance Supplement*, that could have a direct and material effect on the Department's major federal program and state project for the year ended September 30, 2012. 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 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 of the Department's compliance with those requirements.

In our opinion, the Department complied, in all material respects, with the 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, 2012.

Internal Control over Compliance

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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.

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

Schedule of Expenditures of Federal Awards and State Financial Assistance

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 years ended September 30, 2012 and 2011, and have issued our report thereon dated March 22, 2013 which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Department's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to March 22, 2013. 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 basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements as a whole.



This report is intended solely for the information and use of the Honorable Mayor and Members of the Board of the 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

April 5, 2013, except for our report on the schedule of expenditures
of federal awards and state financial assistance,
for which the date is March 22, 2013
Certified Public Accountants



KPMG LLP
Suite 2000
200 South Biscayne Boulevard
Miami, FL 33131

Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on 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 Board of the County Commissioners
Miami-Dade County, Florida:

Compliance

We have audited the Miami-Dade Aviation Department's (the Department), an enterprise fund of Miami-Dade County, Florida, compliance with the compliance requirements described in the Passenger Facility Charge Audit Guide for Public Agencies (the Guide), issued by the Federal Aviation Administration (the FAA), for its passenger facility charge program for the year ended September 30, 2012. Compliance with the requirements of laws and regulations 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 of the Department's compliance with those requirements.

In our opinion, the Department complied, in all material respects, with the requirements referred to above that could have a direct and material effect on the passenger facility charge program for the year ended September 30, 2012.

Internal Control over Compliance

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations 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 the passenger facility charge program to determine the 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 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 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 will not be prevented, or detected and corrected, on a timely basis.

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

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 years ended September 30, 2012 and 2011, and have issued our report thereon dated March 22, 2013 which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Department's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to March 22, 2013. 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements as a whole.

This report is intended solely for the information and use of the Honorable Mayor and Members of the Board of the 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

April 5, 2013, except for our report on the schedule of
passenger facility charges,
for which the date is March 22, 2013
Certified Public Accountants

**MIAMI-DADE
AVIATION DEPARTMENT**

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year ended September 30, 2012

<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	\$ 1,361,093
		OTA HSTS04-11-H-CT4001	N/A	3,516,718
		3-12-0050-009-2009	N/A	1,335,904
		3-12-0049-064-2011	N/A	63,462
		3-12-0049-065-2012	N/A	453,975
Total expenditures of federal awards				<u>\$ 6,731,152</u>
State awards:				
Florida Department of Transportation				
Aviation Development Grants Program	55.004	40832039401/40556519401	ANZ95	\$ 6,942,033
		41814819401	AP107	838,298
		42043419401	APP02	310,000
		42048319401	APQ00	2,675,229
		42203819401	AP108	626,627
		42328919401	APW21	63,479
		42344319401	AP778	315,774
		42344419401	AP779	120,830
		42587419401	AQH51	34,633
Total expenditures of state financial assistance				<u>\$ 11,926,903</u>

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

**MIAMI-DADE
AVIATION DEPARTMENT**

Schedule of Passenger Facility Charges

Year ended September 30, 2012

Grantor/program	Application approved number	Unliquidated passenger facility charges at September 30, 2011	Passenger facility charge revenue	Expenditures	Unliquidated passenger facility charges at September 30, 2012
Passenger facility charges	02-04-C-00-MIA	\$ 137,784,436	70,728,369	85,000,000	123,512,805

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

**MIAMI-DADE
AVIATION DEPARTMENT**

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

Year ended September 30, 2012

(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 Department) and agencies and departments of the federal and state governments. It also includes all subawards to the 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 and accounts payable as of year-end.

**MIAMI-DADE
AVIATION DEPARTMENT**

Schedule of Findings and Questioned Costs

Year ended September 30, 2012

Section I – Summary of Auditors’ Results

Financial statements

Type of auditors’ report issued:	Unqualified
Internal control over financial reporting:	
Material 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 auditor’s report issued on compliance for major program:	Unqualified
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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

20.106

Name of federal program or cluster

Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
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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:	Unqualified
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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, 2012

Identification of major state project:

CSFA 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:

\$357,807

**MIAMI-DADE
AVIATION DEPARTMENT**

Schedule of Findings and Questioned Costs

Year ended September 30, 2012

Section II – Financial Statement Findings

2012-01 IT General Controls (Formerly 2011-01 and 2010-01)

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.

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.

**MIAMI-DADE
AVIATION DEPARTMENT**

Schedule of Findings and Questioned Costs

Year ended September 30, 2012

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