

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

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

For the Year Ended September 30, 2012



**C Borders-Byrd, CPA LLC**

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Accountants and Consultants

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

Special-Purpose Financial Statements

September 30, 2012

Table of Contents

Financial Section

Report of Independent Certified Public Accountants.....	1
Special-Purpose Statements of Assets and Liabilities .....	3
Special-Purpose Statements of Revenues and Expenses.....	4
Notes to Special-Purpose Financial Statements .....	5

Supplemental Statements

Public Parking Facilities

Supplemental Special-Purpose Statements of Assets and Liabilities.....	12
Supplemental Special-Purpose Statements of Revenues and Expenses .....	13

Special Lounge 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
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Management Letter .....	22
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## Report of Independent Certified Public Accountants

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

We have audited the accompanying special-purpose statements of assets and liabilities of Miami-Dade Aviation Department - Miami International Airport Facilities' Management and Operating Agreements for Public Parking, Special Lounge, Fuel Farm and Shuttle Services (the "Facilities") as of September 30, 2012, and the related special-purpose statements of revenues and expenses for the year then ended. These special-purpose financial statements are the responsibility of the Facilities' management. Our responsibility is to express opinions on these special-purpose financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

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

As discussed in Notes 1 and 2, these special-purpose financial statements are intended to present the assets and liabilities, revenues and expenses of only the portion of Miami-Dade Aviation Department that are attributable to the transactions of the Facilities. They do not purport to, and do not, present fairly the financial position of Miami-Dade Aviation Department, as of September 30, 2012, 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, 2012, and the revenues and expenses for the year then ended, on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2012 on our consideration of the Facilities' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The accompanying supplemental special-purpose statements of assets and liabilities and special-purpose statements of revenue and expenses on pages 12 through 19 are presented for purposes of additional analysis and is not a required part of the special-purpose financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and 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 3 and 4, which is the responsibility of management, is presented for purpose of additional analysis and is not a required part of the special-purpose financial statements. Such information does not present financial position or results of operation in accordance with accounting principles generally accepted in the United States of America or the basis of accounting described in Note 2, and accordingly we do not express an opinion or provided any assurance on it.

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. Sanders-Byrd, CPA LLC*

Miami, Florida  
December 3, 2012

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

Special-Purpose Statements of Assets and Liabilities

September 30, 2012  
 (With Comparative Totals for 2012 and 2011)

	Public Parking Facilities	Special Lounge Facilities	Fuel Farm Facilities	Shuttle Services Facilities	Unaudited Totals	
					2012	(Memorandum Only) 2011
<b>Assets</b>						
Cash	\$ 217,025	\$ 53,083	\$ 106,976	\$ 141,638	\$ 518,722	\$ 2,638,359
Accounts receivable, net	594,625	700,914	4,035,970	-	5,331,509	3,724,304
Insurance proceeds receivable	-	-	6,262,344	-	6,262,344	-
Inventory	-	18,608	87,250	131,580	237,438	232,759
Other assets	-	6,218	147,446	-	153,664	93,244
<b>Total assets</b>	<b>\$ 811,650</b>	<b>\$ 778,823</b>	<b>\$ 10,639,986</b>	<b>\$ 273,218</b>	<b>\$ 12,503,677</b>	<b>\$ 6,688,666</b>
<b>Liabilities</b>						
Accounts payable and accrued expenses	\$ 151,875	\$ 106,224	\$ 401,598	\$ 187,104	\$ 846,801	\$ 4,450,336
Due to Management Company and Related Parties	390,302	22,233	126,798	72,406	611,739	439,335
Due to Aviation Department	269,473	650,366	10,111,590	13,708	11,045,137	1,798,995
<b>Total liabilities</b>	<b>\$ 811,650</b>	<b>\$ 778,823</b>	<b>\$ 10,639,986</b>	<b>\$ 273,218</b>	<b>\$ 12,503,677</b>	<b>\$ 6,688,666</b>

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, 2012  
*(With Comparative Totals for 2012 and 2011)*

	Public Parking Facilities	Special Lounge Facilities	Fuel Farm Facilities	Shuttle Services Facilities	Unaudited Totals	
					2012	(Memorandum Only) 2011
<b>Revenues</b>						
Sales	\$ 47,445,717	\$ 5,542,471	\$ 21,345,760	\$ -	\$ 74,333,948	\$ 64,508,842
Less: Cost of sales	-	422,287	2,165,743	-	2,588,030	2,653,135
Sales tax	2,920,525	-	-	-	2,920,525	2,494,084
Gross margin/Net Sales	44,525,192	5,120,184	19,180,017	-	68,825,393	59,361,623
Net revenues	44,525,192	5,120,184	19,180,017	-	68,825,393	59,361,623
<b>Expenses</b>						
Payroll and fringe benefits	3,493,638	876,052	2,382,346	3,677,877	10,429,913	10,404,644
Selling, general and administrative expenses	1,505,209	313,140	4,265,808	1,598,071	7,682,228	7,588,028
Management fees	99,000	279,780	435,966	468,132	1,282,878	1,221,175
Total expenses	5,097,847	1,468,972	7,084,120	5,744,080	19,395,019	19,213,847
Excess (deficiency) of revenues over expenses before extraordinary item	39,427,345	3,651,212	12,095,897	(5,744,080)	49,430,374	40,147,776
Extraordinary item - (fuel farm fire, net of insurance proceeds)	-	-	(6,021,232)	-	(6,021,232)	10,388,664
Excess (deficiency) of revenues over expenses	\$ 39,427,345	\$ 3,651,212	\$ 18,117,129	\$ (5,744,080)	\$ 55,451,606	\$ 29,759,112

See accompanying notes to special-purpose financial statements.

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

Notes to Special-Purpose Financial Statements

September 30, 2012

**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 are not performing in accordance with the standards established by the County, the County has the right to cancel such Agreements. The Management Companies do not act as general agents on behalf of the County and, therefore, cannot obligate or commit the County beyond the scope of what is required to run the day-to-day operations of the managed facilities, as established by the budgets approved by the County.

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 at the airport.
- Special Lounge Facilities – Provides a leisure environment for travelers, generally by subscription, to relax and enjoy an assortment of snacks and beverages as they await their flight.
- 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 to 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")
Special Lounge	International Airport Management, Inc. ("IAMI")
Fuel Farm	Allied Aviation Fueling of Miami, Inc. ("Allied")
Shuttle Service	Shuttle Services MIA, Inc. ("Shuttle")

The County amended certain agreements to extend terms and modify compensation to the Management Companies. See Note 3 for more detail on the Agreements' termination dates and management fees effective as of September 30, 2012.

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

Notes to Special-Purpose Financial Statements - Continued

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

**Basis of Accounting**

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

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

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

**Basis of Presentation**

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

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



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

Notes to Special-Purpose Financial Statements - Continued

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

**Cash**

At September 30, 2012, cash represented 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 believes the Facilities are not exposed to any significant credit risk on cash.

**Allowance for Uncollectible Accounts**

As of September 30, 2012 accounts receivable are presented in the special-purpose financial statements net of allowance for uncollectible accounts, as follows:

Public Parking Facilities	\$ 27,755
Special Lounge Facilities	89,083
Fuel Farm Facilities	314,579
Shuttle Services Facilities	-

**Inventory**

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

**Capital Assets Reimbursements**

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

**Income Taxes**

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

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

Notes to Special-Purpose Financial Statements - Continued

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

**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.

**NOTE 3 – MANAGEMENT AND OPERATING AGREEMENTS**

Pursuant to the Agreements, a management fee is payable to the Management Companies monthly. The monthly management fees in effect for the fiscal year ended September 30, 2012, as defined in the Agreements, are as follows:

Management Companies	Monthly Fixed Management Fees
APA	\$ 8,250
IAMI	7,301*
Allied Aviation	36,601**
Shuttle	39,011

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

\*\*The management fee increased to \$36,601 effective April 1, 2012 upon completion of certain projects.

**Terms of Agreements**

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

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

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

Notes to Special-Purpose Financial Statements - Continued

**NOTE 3 – MANAGEMENT AND OPERATING AGREEMENTS - Continued**

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

**NOTE 4 – 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. This amount is utilized by APA to fund certain operating expenses prior to reimbursement of these amounts by the County. This amount is expected to be repaid to CPS at the end of the contract term.

Special Lounge and Shuttle Services Facilities – this amount represents expenses paid by the parent companies on behalf of the Facilities, which are reimbursable by the County.

**NOTE 5 – DUE TO AVIATION DEPARTMENT**

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

**NOTE 6 – RELATED PARTY TRANSACTIONS**

Shuttle Services purchases health insurance from an affiliated company, First Transit. The affiliate is controlled by certain parties who also manage Shuttle Services. Payments to this affiliate during fiscal year 2012 were approximately \$70,000.

Certain expenses included in the accompanying special-purpose statements of revenue and expenses for Allied Aviation are paid to and are based upon amounts invoiced by the Management Company's parent company for workers compensation, group health and life, and general and other liability insurance. Such expenses represent allocations from Allied Aviation's parent during fiscal year 2012 were approximately \$1.3 million. Additionally, Fuel Farm and Parking Facilities' payroll disbursements to employees are made by their respective parent companies and reimbursed by MDAD as a reimbursable operating expense.

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

Notes to Special-Purpose Financial Statements

September 30, 2012

**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

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

**NOTE 8 – ECONOMIC DEPENDANCY**

The Special Lounge Facilities receives approximately 85% of total revenues from five customers. One of the five customers represents approximately 32% of total revenues. The Fuel Farm Facilities receives approximately 87% of total revenues from five customers. One of the five customers represents approximately 51% of total revenues. Management 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 operation.

**NOTE 9 – EXTRAORDINARY ITEM**

On March 23, 2011, an explosion occurred at the fuel pump pad and a significant fire erupted in the fuel farm facility. The fuel pump pad was substantially destroyed and other damage was sustained throughout the facility. Repairs on the destroyed pumps and associated piping began the following day after the fire, and work continued through the end of the fiscal year 2011. As of September 30, 2012, expenses related to repairing and rebuilding the pumping system and other portions of the facility totaled approximately \$12.5 million, of which approximately \$240,000 were incurred during fiscal year 2012.

During fiscal year 2011, MDAD received \$1,850,000 of insurance proceeds related to the fire. Subsequent to the year ended September 30, 2012, MDAD received additional insurance proceeds totaling approximately \$6.3 million, which is reported as insurance proceeds receivable on the accompanying Special-Purpose Statement of Assets and Liabilities. No further insurance proceeds are expected to be received from the insurance companies.

For the fiscal year ended September 30, 2012, the insurance proceeds, net of fire related expenses, total approximately \$6 million. Due to the unique and unusual nature of this event, this amount is reported as an extraordinary item on the accompanying Special-Purpose Statement of Revenues and Expenses.

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

Notes to Special-Purpose Financial Statements - Continued

**NOTE 10 – 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.

## SUPPLEMENTAL STATEMENTS

Management and Operating Agreements

Supplemental Special-Purpose Statements of  
Assets and Liabilities

September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>Assets</b>		
Cash	\$ 217,025	\$ 262,304
Accounts receivable, net	594,625	342,753
Total assets	<u>\$ 811,650</u>	<u>\$ 605,057</u>
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 151,875	\$ 120,077
Due to Management Company and Related Parties	390,302	439,335
Due to Aviation Department	269,473	45,645
Total liabilities	<u>\$ 811,650</u>	<u>\$ 605,057</u>

Management and Operating Agreements

Supplemental Special-Purpose Statements of  
Revenues and Expenses

For the Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>Revenues</b>		
Sales	\$ 47,445,717	\$ 40,896,672
Less: Sales tax	2,920,525	2,494,084
Gross margin/net sales	<u>44,525,192</u>	<u>38,402,588</u>
Net revenues	<u>44,525,192</u>	<u>38,402,588</u>
<b>Expenses</b>		
Payroll and fringe benefits	3,493,638	4,034,393
Selling, general and administrative expenses	1,505,209	1,322,788
Management fees	99,000	99,000
Total expenses	<u>5,097,847</u>	<u>5,456,181</u>
Excess of revenues over expenses	<u>\$ 39,427,345</u>	<u>\$ 32,946,407</u>



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

Supplemental Special-Purpose Statements of  
 Assets and Liabilities

September 30, 2012 and 2011

	2012	2011
<b>Assets</b>		
Cash	\$ 53,083	\$ 40,000
Accounts receivable, net	700,914	671,063
Inventory	18,608	20,951
Other assets	6,218	6,964
Total assets	\$ 778,823	\$ 738,978
 <b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 106,224	\$ 78,857
Due to Management Company and Related Parties	22,233	-
Due to Aviation Department	650,366	660,121
Total liabilities	\$ 778,823	\$ 738,978

Miami International Airport Special Lounge Facilities'  
Management and Operating Agreements

Supplemental Special-Purpose Statements of  
Revenues and Expenses

For the Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>Revenues</b>		
Net sales	\$ 5,542,471	\$ 4,624,522
Less: Cost of sales	422,287	416,933
Gross margin	<u>5,120,184</u>	<u>4,207,589</u>
Net revenues	<u>5,120,184</u>	<u>4,207,589</u>
<b>Expenses</b>		
Payroll and fringe benefits	876,052	842,588
Selling, general and administrative expenses	313,140	270,081
Management fees	<u>279,780</u>	<u>237,967</u>
Total expenses	<u>1,468,972</u>	<u>1,350,636</u>
Excess of revenues over expenses	<u>\$ 3,651,212</u>	<u>\$ 2,856,953</u>

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

Supplemental Special-Purpose Statements of  
Assets and Liabilities

September 30, 2012 and 2011

	<b>2012</b>	<b>2011</b>
<b>Assets</b>		
Cash	\$ 106,976	\$ 2,185,755
Accounts receivable, net	4,035,970	2,710,488
Insurance proceed receivable	6,262,344	-
Inventory	87,250	53,674
Other assets	147,446	86,280
Total assets	\$ 10,639,986	\$ 5,036,197
 <b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 401,598	\$ 4,168,145
Due to Management Company and Related Parties	126,798	-
Due to Aviation Department	10,111,590	868,052
Total liabilities	\$ 10,639,986	\$ 5,036,197

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, 2012 and 2011

	<b>2012</b>	<b>2011</b>
<b>Revenues</b>		
Net sales	\$ 21,345,760	\$ 18,987,648
Less: Cost of sales	<u>2,165,743</u>	<u>2,236,202</u>
Gross margin	<u>19,180,017</u>	<u>16,751,446</u>
Net revenues	<u>19,180,017</u>	<u>16,751,446</u>
<b>Expenses</b>		
Payroll and fringe benefits	2,382,346	2,275,842
Selling, general and administrative expenses	4,265,808	4,206,103
Management fees	<u>435,966</u>	<u>416,076</u>
Total expenses	<u>7,084,120</u>	<u>6,898,021</u>
Excess of revenues over expenses before extraordinary items	<u>12,095,897</u>	<u>9,853,425</u>
Extraordinary item - (fuel farm fire, net of insurance proceeds (\$6,262,244 in 2012 and \$1,850,000 in 2011, respectively))	<u>(6,021,232)</u>	<u>10,388,664</u>
Excess (deficiency) of revenues over expenses	<u>\$ 18,117,129</u>	<u>\$ (535,239)</u>

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

Supplemental Special-Purpose Statements of  
 Assets and Liabilities

September 30, 2012 and 2011

	<b>2012</b>	<b>2011</b>
<b>Assets</b>		
Cash	\$ 141,638	\$ 150,300
Inventory	131,580	158,134
Total assets	\$ 273,218	\$ 308,434
 <b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 187,104	\$ 83,257
Due to Management Company and Related Parties	72,406	-
Due to Aviation Department	13,708	225,177
Total liabilities	\$ 273,218	\$ 308,434

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, 2012 and 2011

	<b>2012</b>	<b>2011</b>
<b>Revenues</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenses</b>		
Payroll and fringe benefits	3,677,877	3,251,821
Selling, general and administrative expenses	1,598,071	1,789,056
Management fees	468,132	468,132
Total expenses	5,744,080	5,509,009
Deficiency of revenues over expenses	\$ (5,744,080)	\$ (5,509,009)



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

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

We have audited the accompanying special-purpose statements of assets and liabilities of Miami-Dade Aviation Department - Miami International Airport Facilities' Management and Operating Agreements for Public Parking, Special Lounge, Fuel Farm and Shuttle Services, (the "Facilities") as of September 30, 2012 and the related special-purpose statements of revenues and expenses for the year then ended and have issued our report thereon dated December 3, 2012. 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 Facilities is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Facilities' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Facilities' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Facilities' internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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



### Compliance and Other Matters

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

We noted certain other matters that we reported to management of the Facilities in a separate letter dated December 3, 2012.

The Facilities' response and corrective action plan to the other matters identified in our audits are listed at pages 23 through 29. We did not audit the Facilities' responses and, accordingly, we express no opinion on the responses.

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. Anderson-Byrd, CPA LLC*

Miami, Florida  
December 3, 2012





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

In planning and performing our audit of the special-purpose financial statements of Miami-Dade Aviation Department - Miami International Airport Facilities' Management and Operating Agreements for Public Parking, Special Lounge, Fuel Farm and Shuttle Services Facilities (the "Facilities") as of September 30, 2012, and the related special-purpose statements of revenues and expenses for the year then ended in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the Facilities' internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 several matters that are opportunities for strengthening internal controls and operating efficiency. This letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated December 3, 2012, 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.

*C Borders-Byrd, CPA LLC*

Miami, Florida  
December 3, 2012

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

**Management Letter Recommendations**

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

**Public Parking Facilities**

**I. Current Year Recommendations**

**2012- 1 Closing the Books**

**Condition:**

We noted that during fiscal year 2012, the Parking Facilities did not perform a year-end reconciliation of cash deposits to the revenue depository account and revenue recognized. This caused revenue deposits to be overstated by credit card and Sunpass deposits in transit to the revenue depository account which should have been recorded as accounts receivables until settlement. Additionally, the Parking Facilities did not adjust credit card fee expense to the actual amount incurred for the year. We also noted two vendor invoices for services performed in fiscal year 2012 that were not properly recorded as accrued expenses.

**Recommendation:**

We recommend that the Facility's management perform periodic reconciliations of cash deposits to the revenue depository account and revenue recognized in order to track credit card and Sunpass deposits in transit to the revenue depository account and properly record them as accounts receivable until they are settled. Additionally, the Parking Facilities should adjust credit card fee expense to the actual amount incurred at year-end. The Parking Facilities should also record all unpaid invoices for goods and services rendered at year-end as accrued expenses.

**Facility Response:**

We concur with and will implement the recommendation.

**MDAD's Response:**

We concur with the recommendation.

## **2012- 2 Recording All Cash Accounts**

### **Condition:**

We noted that during fiscal year 2012, the Parking Facilities had a petty cash fund and general change fund of \$5,500 which were not recorded in the general ledger.

### **Recommendation:**

We recommend that the Facility's management record all cash accounts in the Parking Facilities' general ledger.

### **Facility Response:**

We concur with and will implement the recommendation.

### **MDAD's Response:**

We concur with the recommendation.

## **2012- 3 Prepaid Parking MAG Card Receivables**

### **Condition:**

We noted that during fiscal year 2012, the Parking Facilities recorded sales from customers with prepaid parking MAG card accounts which have not been settled in accounts receivable.

### **Recommendation:**

We recommend that the Facility not accept MAG cards that have not been prepaid or linked to a valid credit card as a form of payment for parking services due to the risk of collectability.

### **Facility Response:**

We concur with and will implement the recommendation.

### **MDAD's Response:**

We concur with the recommendation.

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

### **Condition:**

For a selected day in 2012, the Parking Facilities did not fully account for total vehicle exit traffic per the Gate Activity Report when compared to sales transactions per the PCRS Revenue System, Sunpass, MAG card and AVI transponder transactions. We noted the Gate Activity Report recorded seven (7) exits more than exit transactions recorded in the PCRS System and other sources.

### **Recommendation:**

We recommend that the Facility fully accounts for all vehicle traffic per the Gate Activity Report and properly reconciles 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.

**Recommendation:**

We recommend that the Facility store unissued passenger tickets in a more secure location.

**Facility Response:**

We concur with and will implement the recommendation.

**MDAD's Response:**

We concur with the recommendation.

**II. Status of Prior Year Recommendations**

**2011-6 Inventory Procedures- Segregation of Duties**

**Condition:**

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

**Recommendation:**

We recommend that the Facility management review the controls of inventory and ensure that duties are properly segregated, including if necessary, hiring additional personnel to handle separate functions.

**Current Status:**

We are reviewing controls over inventory and working with MDAD to evaluate the possibility of hiring additional personnel to perform duties that should be performed by separate individuals.

**Fuel Farm Facilities**

**I. Current Year Recommendations**

None

## **Status of Prior Year Recommendations**

### **2011- 7 Closing the Books**

#### **Condition:**

We noted that year-end closing adjustments were not properly recorded prior to the audit for held checks and other expenses including allowance for doubtful accounts, inventory adjustment, and year-end accruals.

#### **Recommendation:**

We recommend that the Fuel Farm's management:

- Accrue all invoices related to a certain period to ensure that at year-end, revenue and expenses have a proper cut-off.
- Agree general ledger accounts to subsidiary ledgers (e.g. inventory).
- Re-evaluate accounting estimates (e.g. allowance for doubtful accounts)
- Analyze accruals to determine amounts accrued are reasonable (e.g. management fee accrual, other accruals, etc.).

#### **Current Status:**

We are working to implement this recommendation.

### **2010– 4 Customer Billing**

#### **Condition:**

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

#### **Recommendation:**

We recommend that the Fuel Farm's management implement 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:**

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

## **Shuttle Service Facilities**

### **I. Current Year Recommendations**

#### **2012- 10 Closing the Books**

**Condition:**

We noted that year-end closing adjustments were not properly recorded prior to the audit for held checks and other expenses. Additionally, the final inventory detail provided to support the general ledger balance for inventory did not agree to the inventory count sheets as part number 82-45558-000 (Hub) was observed but not listed. The part was subsequently added by Shuttle management upon notification.

**Recommendation:**

We recommend that the Shuttle's management adhere to its policy to accrue all invoices related to a certain period to ensure that at year-end, expenses have a proper cut-off. Furthermore, we recommend the Shuttle Facility carefully review the final inventory count sheet and adjust the year-end inventory balance accordingly to reflect the inventory observed at year-end.

**Facility Response:**

We concur with and will implement the recommendation.

**MDAD's Response:**

We concur with the recommendation.

### **II. Status of Prior Year Recommendations**

#### **2011- 13 Handling of Checks**

**Condition:**

During our cash disbursement testing of void checks, we noted three out of 38 were inadvertently mailed to vendors and could not be observed. These checks were not verified as voided and are unaccounted for.

**Recommendation:**

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

**Current Status:**

We are working to implement this recommendation.