



C Borders-Byrd, CPA LLC
Accountants and Consultants

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

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

September 30, 2019

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

Special-Purpose Financial Statements

September 30, 2019

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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

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose statements of assets and liabilities and special-purpose statements of revenues and expenses of the Miami-Dade Aviation Department-Miami International Airport Facilities' Management and Operating Agreements for Public Parking, Fuel Farm, and Special Lounge (the "Facilities") as of and for the year ended September 30, 2019, and the related notes to the special-purpose financial statements, which collectively comprise the Facilities' special-purpose financial statements as listed in the table of contents.

Management's Responsibility for the Special-Purpose Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these special-purpose financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free from material misstatement.

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



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

Opinions

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

As discussed in Note 2, these special-purpose financial statements are intended to present the assets and liabilities, revenues and expenses of only the portion of Miami-Dade Aviation Department that are attributable to the transactions of the Facilities. They do not purport to, and do not, present fairly the financial position of Miami-Dade Aviation Department, as of September 30, 2019 and the changes in its financial position 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, 2019, and the revenues and expenses for the year then ended, on the basis of accounting described in Note 2.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the special-purpose financial statements that collectively comprise the Facilities' special-purpose financial statements. The accompanying 2019 supplemental special-purpose statements of assets and liabilities and special-purpose statements of revenue and expenses on pages 13 through 18 are presented for purposes of additional analysis and are not a required part of the special-purpose financial statements.

The accompanying 2019 supplemental special-purpose statements of assets and liabilities and special-purpose statements of revenue and expenses on pages 13 through 18 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose financial statements or to the special-purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the special-purpose financial statements taken as a whole.



The Totals (Memorandum Only) column in the special-purpose financial statements on pages 4 and 5 and the accompanying 2018 supplemental special-purpose statements of assets and liabilities and special-purpose statements of revenue and expenses on pages 13 through 18 are presented for purpose of additional analysis and are not a required part of the special-purpose financial statements. This information is the responsibility of management and has not been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2020 on our consideration of the Facilities' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Facilities' internal control over financial reporting and compliance.

Restriction of Use

This report was prepared solely for the information and use of the Honorable Mayor and Members of the Board of County Commissioners of Miami-Dade County, Florida and the management of the Miami International Airport Facilities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "C. Sanders-Byrd, CPA LLC". The signature is written in a cursive, flowing style.

Miami, Florida
February 6, 2020

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

Special-Purpose Statements of Assets and Liabilities

September 30, 2019

	Public Parking Facilities	Fuel Farm Facilities	Special Lounges Facilities	Unaudited Totals (Memorandum Only) 2019
Assets				
Cash	-	\$ 88,429	\$ 59,780	\$ 148,209
Accounts receivable, net	425,049	1,828,030	267,435	2,520,514
Inventory	-	62,400	6,399	68,799
Due from Aviation Department	181,786	-	-	181,786
Other assets	52,062	44,514	-	96,576
Total assets	\$ 658,897	\$ 2,023,373	\$ 333,614	\$ 3,015,884
Liabilities				
Accounts payable and accrued expenses	\$ 81,448	\$ 415,373	\$ 35,372	\$ 532,193
Due to Management Company and Related Parties	577,449	99,536	7,500	684,485
Due to Aviation Department	-	1,508,464	290,742	1,799,206
Total liabilities	\$ 658,897	\$ 2,023,373	\$ 333,614	\$ 3,015,884

See accompanying notes to the 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, 2019

	Public Parking Facilities	Fuel Farm Facilities	Special Lounge Facilities	Unaudited Totals (Memorandum Only) 2019
Revenues				
Sales	\$ 45,887,658	\$ 17,442,028	\$ 1,930,212	\$ 65,259,898
Less: Cost of sales	-	2,359,579	195,870	2,555,449
Sales tax	2,872,165	-	-	2,872,165
Gross margin/net sales	43,015,493	15,082,449	1,734,342	59,832,284
Total revenues	43,015,493	15,082,449	1,734,342	59,832,284
Expenses				
Payroll and fringe benefits	3,833,138	2,840,768	362,811	7,036,717
Selling, general and administrative expenses	1,634,975	2,793,159	80,583	4,508,717
Management fees	199,699	499,015	90,000	788,714
Total expenses	5,667,812	6,132,942	533,394	12,334,148
Excess (deficiency) of revenues over expenses	\$ 37,347,681	\$ 8,949,507	\$ 1,200,948	\$ 47,498,136

See accompanying notes to the special-purpose financial statements.

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

Notes to Special-Purpose Financial Statements

As of and for the Year Ended September 30, 2019

NOTE 1 – GENERAL

Miami-Dade County, Florida (the "County") entered into Management and Operating Agreements (the "Agreements") with third parties (the "Management Companies") to operate, maintain and manage certain facilities (the "Facilities") at Miami International Airport (the "Airport") on behalf of the County. These Agreements provide for a fixed management fee and/or fees based on percentages of revenue and/or operating profits of the Facilities. While the County generally looks toward the Management Companies for recommendations relative to operation of the Facilities, the County does exercise complete budgetary control and establishes guidelines and goals for growth and performance. Such actions are taken within the rights reserved by the County under the Agreements to control all aspects of the businesses. These actions include such matters as pricing, staffing, employee benefits, operating hours, maintenance requirements, service levels, merchandise selections, personnel policies and marketing strategies. In the event the Management Companies do not perform in accordance with the standards established by the County, the County has the right to cancel such Agreements. The Management Companies do not act as general agents on behalf of the County and, therefore, cannot obligate or commit the County beyond the scope of what is required to run the day-to-day operations of the managed facilities, as established by the budgets approved by the County.

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

- Public Parking Facilities – Provides public parking at a nominal fee, available to the general public and taxis at the airport.
- Fuel Farm Facilities – Provides jet fuel storage and pumping services to airlines and fuel wholesalers. Also provides diesel and unleaded fuel for various airline and Airport vehicles.
- Special Lounge Facilities – Consists of Club F which provides a leisure environment for travelers, generally by subscription, to relax and enjoy any assortment of snacks and beverages as they await their flight.

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

<u>Facilities</u>	<u>Management Companies</u>
Public Parking	Airport Parking Associates ("APA")
Fuel Farm	Allied Aviation Fueling of Miami, Inc. ("Allied")
Special Lounge	Gideon Toal Management Services, Inc. ("GTMS")

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

Notes to Special-Purpose Financial Statements - Continued

As of and for the Year Ended September 30, 2019

NOTE 1 – GENERAL - Continued

The County amended certain agreements to extend terms and modify compensation to the Management Companies. See Note 3 for more details on the Agreements' termination dates and management fees effective as of September 30, 2019.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

The accompanying special-purpose financial statements of the Facilities have been prepared on the full accrual basis of accounting, as prescribed by GASB, except where otherwise noted.

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

The Management Companies pay the operating expenses of the Facilities. The County reimburses the Management Companies for all approved reimbursable operating expenses, as defined in the Agreements.

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.

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

Notes to Special-Purpose Financial Statements - Continued

As of and for the Year Ended September 30, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 the 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.

Cash

At September 30, 2019, cash represented amounts on hand and amounts held in demand deposit accounts with certain financial institutions that were in the name of the Facilities/Management Companies and/or the Aviation Department. At year-end and throughout the year, certain of the Facilities' cash bank balances were on deposit with one financial institution which, at times, exceeded the federally insured limits. Management of the Facilities believes such cash is not exposed to any significant credit risk of loss.

Accounts Receivable, Net

Accounts receivable, net are stated at the customers' outstanding balances, less any allowance for uncollectible accounts. Interest is not accrued on overdue accounts receivable. Sales on credit card and other third-party accounts unsettled at September 30, 2019 are also included in accounts receivable, net in the accompanying special-purpose statements of assets and liabilities of the Facilities.

Allowance for Uncollectible Accounts

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

Public Parking Facilities	\$38,457
Fuel Farm Facilities	\$16,851
Special Lounge Facilities	\$72,828

Inventory

Inventories for resale are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method for Lounge and the weighted-average method for Fuel Farm Facility.

Other Assets

Other assets are stated at amortized cost and are primarily comprised of advance payments made to the applicable Management Company for insurance coverage.

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

Notes to Special-Purpose Financial Statements - Continued

As of and for the Year Ended September 30, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounts Payable and Accrued Expenses

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

Due To Management Company and Related Parties

Public Parking Facilities – this amount represents an advance from Standard Parking Systems - formerly Central Parking System of FL, Inc. ("CPS"), an affiliate of APA, for expenses paid by the parent company on behalf of the Facilities, which are reimbursable by the County, and accrued management fees due the Management Company. This advance is utilized by Public Parking to fund certain operating expenses prior to reimbursement of these amounts by the County. This amount is expected to be repaid to CPS at the end of the contract term.

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

Due To/From Aviation Department

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

Revenue Recognition

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

Cost of Sales

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

Payroll and Fringe Benefits

Payroll and fringe benefits are recognized when incurred and include costs of salaries, wages, healthcare and retirement benefits, workers compensation and payroll taxes incurred as compensation to employees of the Facilities. This amount does not include accrued compensated absences due to employees, except for the Fuel Farm Facilities.

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

Notes to Special-Purpose Financial Statements - Continued

As of and for the Year Ended September 30, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Selling, General, and Administrative Expenses

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

Management Fees

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

Property, Plant, and Equipment & Related Costs

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

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

Income Taxes

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

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.

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

Notes to Special-Purpose Financial Statements - Continued

As of and for the Year Ended September 30, 2019

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, 2019, as defined in the Agreements, are as follows:

Management Company	Monthly Fixed Management Fee
APA	\$12,500
Allied	\$41,585
GTMS	\$7,500

APA, per the Agreement MDAD-02-06 Amendment No. 1, effective September 2018, will receive a one-time fee of \$49,699 which is to be billed by the operating company. APA received this payment October 2018.

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	March 31, 2020 (with an option to extend)
Allied Aviation	October 31, 2021 (year to year, thereafter, up to 3 additional years)
GTMS	March 15, 2019 (year to year, thereafter, up to 3 additional years)

NOTE 4 – RELATED PARTY TRANSACTIONS

In addition to management fees incurred by the Facilities and paid to the Management Companies (Note 3), the Facilities entered into the following related party transactions during the year ended September 30, 2019:

Certain expenses included in the accompanying special-purpose statements of revenue and expenses of the Fuel Farm Facilities are paid to and are based upon amounts charged by the Management Company's parent company, Allied, for legal fees, workers compensation, company-sponsored retirement, group health, life, general and other liability insurance. Insurance expense represents allocations from the Management Company's parent during fiscal year 2019 and was approximately \$462,100.

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

Notes to Special-Purpose Financial Statements - Continued

As of and for the Year Ended September 30, 2019

NOTE 4 – RELATED PARTY TRANSACTIONS - Continued

The Fuel Farm also leased operating space from the County for approximately \$20,000 during the year. Also included in the accompanying special-purpose statements of revenue and expenses of the Fuel Farm Facilities were fuel sales to itself in the amount of approximately \$43,400 and expense for leased equipment of approximately \$14,000. Additionally, Fuel Farm and Parking Facilities' payroll and benefits disbursements to employees are made by their respective parent companies and reimbursed by the County as a reimbursable operating expense.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

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

NOTE 6 – ECONOMIC DEPENDENCY

The Fuel Farm Facilities receives approximately 77% of total revenues from two customers. One of the two customers represent approximately 44% of total revenues. Management of the Fuel Farm believes that the loss of any one or more of these customers would not have a material impact on its financial position or results of operations due to other customers fulfilling the fuel needs of the Airport.

The Special Lounge Facility receives approximately 55% of total revenues from two customers. One of the two customers represent approximately 36% of total revenue. Management of the Special Lounge believes that the loss of any one or more of these customers would not have a material impact on its financial position or results of operations.

NOTE 7 – RISK MANAGEMENT

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

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 6, 2020, which is the date these special-purpose financial statements were available to be issued.

Supplemental Statements

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

Supplemental Special-Purpose Statements of
 Assets and Liabilities

September 30, 2019 and 2018

	2019	Unaudited 2018
Assets		
Accounts receivable, net	\$ 425,049	\$ 806,620
Due from Aviation Department	181,786	182,078
Other assets	52,062	48,285
Total assets	\$ 658,897	\$ 1,036,983
 Liabilities		
Accounts payable and accrued expenses	\$ 81,448	\$ 73,021
Due to Management Company and Related Parties	577,449	963,962
Total liabilities	\$ 658,897	\$ 1,036,983

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

Supplemental Special-Purpose Statements of
 Revenues and Expenses

For the Years Ended September 30, 2019 and 2018

	2019	Unaudited 2018
Revenues		
Sales	\$ 45,887,658	\$ 46,831,623
Less: Sales tax	2,872,165	2,921,701
Gross margin/net sales	43,015,493	43,909,922
Total revenues	43,015,493	43,909,922
 Expenses		
Payroll and fringe benefits	3,833,138	3,724,679
Selling, general and administrative expenses	1,634,975	1,568,929
Management fees	199,699	99,000
Total expenses	5,667,812	5,392,608
Excess of revenues over expenses	\$ 37,347,681	\$ 38,517,314

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

Supplemental Special-Purpose Statements of
 Assets and Liabilities

September 30, 2019 and 2018

	2019	Unaudited 2018
Assets		
Cash	\$ 88,429	\$ 107,542
Accounts receivable, net	1,828,030	2,782,764
Inventory	62,400	59,976
Other assets	44,514	47,632
Total assets	\$ 2,023,373	\$ 2,997,914
 Liabilities		
Accounts payable and accrued expenses	\$ 415,373	\$ 461,273
Due to Management Company and Related Parties	99,536	55,217
Due to Aviation Department	1,508,464	2,481,424
Total liabilities	\$ 2,023,373	\$ 2,997,914

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, 2019 and 2018

	2019	Unaudited 2018
Revenues		
Net sales	\$ 17,442,028	\$ 18,127,063
Less: Cost of sales	2,359,579	2,287,797
Gross margin	15,082,449	15,839,266
Net revenues	15,082,449	15,839,266
Expenses		
Payroll and fringe benefits	2,840,768	2,689,703
Selling, general and administrative expenses	2,793,159	2,507,660
Management fees	499,015	482,606
Total expenses	6,132,942	5,679,969
Excess of revenues over expenses	\$ 8,949,507	\$ 10,159,297

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

Supplemental Special-Purpose Statements of
 Assets and Liabilities

September 30, 2019 and 2018

	2019	Unaudited 2018
Assets		
Cash	\$ 59,780	\$ 63,034
Accounts receivable, net	267,435	250,677
Inventory	6,399	7,331
Total assets	\$ 333,614	\$ 321,042
 Liabilities		
Accounts payable and accrued expenses	\$ 35,372	\$ 26,590
Due to Management Company and Related Parties	7,500	7,500
Due to Aviation Department	290,742	286,952
Total liabilities	\$ 333,614	\$ 321,042

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

Supplemental Special-Purpose Statements of
 Revenues and Expenses

For the Years Ended September 30, 2019 and 2018

	2019	Unaudited 2018
Net sales	\$ 1,930,212	\$ 1,949,389
Less: Cost of sales	195,870	187,690
Gross margin	1,734,342	1,761,699
Net revenues	1,734,342	1,761,699
 Expenses		
Payroll and fringe benefits	362,811	281,409
Selling, general and administrative expenses	80,583	70,950
Management fees	90,000	90,000
Total expenses	533,394	442,359
Excess of revenues over expenses	\$ 1,200,948	\$ 1,319,340

**Report of Independent Certified Public Accountants
on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on
an Audit of Special-Purpose Financial Statements
Performed in Accordance with
*Government Auditing Standards***

For the Year Ended September 30, 2019



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the special-purpose statements of assets and liabilities and special-purpose statements of revenues and expenses of the Miami-Dade Aviation Department-Miami International Airport Facilities' Management and Operating Agreements for Public Parking, Fuel Farm and Special Lounge Facilities (the "Facilities") as of and for the year ended September 30, 2019, and the related notes to the special-purpose financial statements, which collectively comprise the Facilities' special-purpose financial statements, and have issued our report thereon dated February 6, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the special-purpose financial statements, we considered the Facilities' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the special-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Facilities' internal control. Accordingly, we do not express an opinion on the effectiveness of the Facilities' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's special-purpose financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



Compliance and Other Matters

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

Purpose of this Report

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

C Borders-Byrd, CPA LLC

Miami, Florida
February 6, 2020

Management Letter

For the Year Ended September 30, 2019



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

In planning and performing our audits of the special-purpose financial statements of Miami-Dade Aviation Department - Miami International Airport Facilities' Management and Operating Agreements for Public Parking, Fuel Farm and Special Lounge Facilities (the "Facilities") as of September 30, 2019, and the related special-purpose statements of revenues and expenses for the year then ended in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the Facilities' internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the special-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Facilities' internal control. Accordingly, we do not express an opinion on the effectiveness of the Facilities' internal control.

However, during our audit we became aware of deficiencies in internal control and as well as matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. We previously reported on the Facilities' internal control in our report dated February 6, 2020. This letter does not affect our report dated February 6, 2020 on the special-purpose financial statements of the Facilities'.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Facilities' personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

We wish to thank the finance teams from each of the Facilities and Miami-Dade County Aviation Department for their support and assistance during our audit.

This report was prepared solely for the information and use of the Honorable Mayor and Members of the Board of County Commissioners of Miami-Dade County, Florida and the management of the Facilities, and is not intended to be and should not be used by anyone other than these specified parties.

Miami, Florida
February 6, 2020

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

Fiscal Year 2019 Management Letter Recommendations

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

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

Public Parking Facility

Current Year Recommendation

2019-1 Closing the Books

Condition: The Public Parking Facilities annually collects approximately \$45.9 million in revenue and expends approximately \$5.7 million for operating expenses. The contract between Miami-Dade County and the management company requires the books to be closed no later than October 15, annually. This includes reconciliation of all major accounts. We noted that the prepaid assets were understated and was corrected by a post-closing adjustment.

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

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

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

Recommendation: Management should reconcile and analyze significant account balances and transaction classes on a regular basis and those reconciliations are done in a timely manner. The reconciliations should be approved by an appropriate level of management and post-closing adjustments, if any, should be reviewed, approved and posted in a timely manner.

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

MDAD's Response: We concur with the recommendation. Furthermore, MDAD contract oversight of subject Management Agreement entails follow-up and scrutiny to ensure post-closing adjusting entries are reviewed, approved, and posted in a timely manner, by the appropriate level of SP Plus and/or APA Management, before the month-end closing of the books.

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

Fiscal Year 2019 Management Letter Recommendations - Continued

Public Parking Facility - continued

Status of Prior Year Recommendations

2018-1 Closing the Books

Condition: The Public Parking Facilities annually collects approximately \$46.8 million in revenue and expends approximately \$5.3 million for operating expenses. The contract between Miami-Dade County and the management company requires the books to be closed no later than October 15, annually. Which includes reconciliation of all major accounts. We noted that the prepaid assets were understated.

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

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

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

Recommendation: We recommend that management reconcile significant account balances and transaction classes on a regular basis and those reconciliations are done in a timely manner. The reconciliations should be approved by an appropriate level of management and post-closing adjustments, if any, should be reviewed, approved and posted in a timely manner.

Current Status: See current year's recommendation 2019-1.

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

Fiscal Year 2019 Management Letter Recommendations - Continued

Public Parking Facility - Continued

Status of Prior Year Recommendations - Continued

2017-1 Closing the Books

Condition: The Parking Facility annually collects approximately \$48 million in cash receipts and expends approximately \$5.4 million for operating expenses. We noted several material post-closing adjustments that were booked in January 2018 by the management company. The contract between Miami-Dade County and the management company requires the books to be closed no later than October 15, annually.

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

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

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

Recommendation: We recommend that management reconcile significant account balances and transaction classes on a regular basis and those reconciliations are done in a timely manner. The reconciliations should be approved by an appropriate level of management and post-closing adjustments, if any, should be reviewed, approved and posted in a timely manner.

Current Status: See current year's recommendation 2019-1.

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

Fiscal Year 2019 Management Letter Recommendations - Continued

Fuel Farm Facility

Current Year Recommendation

2019-2 Accounts Receivable Credit Balances

Condition: The Fuel Farm has unapplied credit balances in the account receivables trial balance of approximately \$37,000, some of which dated back to 2004.

Criteria: Accounts receivable credit balances should be investigated and corrected by Allied Aviation in coordination with Miami-Dade Aviation Department in the proper fiscal year in which they occurred.

Cause: Customer account balances were not reviewed, analyzed and adjusted annually by Miami-Dade Aviation Department and Allied Aviation.

Effect: There is a risk these credit balances are not properly applied to the respective customer invoices.

Recommendation: Allied Aviation in coordination with Miami-Dade Aviation Department should consider investigating and taking corrective action for these credit balances.

Facility's Response: We will keep reminding MDAD-Finance to review this matter in order to find a solution and to guide us in the process of getting it resolved.

MDAD's Response: We will continue to work on resolving the issue with the unapplied credit balance in the account receivables trial balance; in the amount of \$37,000; and monitor the situation going forward.

Status of Prior Year Recommendations

None.

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

Fiscal Year 2019 Management Letter Recommendations - Continued

Special Lounge Facility

Current Year Recommendations

2019-3 Contract Compliance

Condition: We noted the use of Fintech, a payment source which automates the liquor payment process. The payment for liquor is automatically paid via Fintech which occurs prior to the approval of the expense by MDAD.

Criteria: Special Lounge disbursements are in compliance with the provisions of the Management and Operating Agreement.

Cause: Management did not adhere to the provisions of the Management and Operating Agreement.

Effect: There is a risk of non-compliance with the Management and Operating Agreement.

Recommendation: Management should consider amending the management contract to include the use of Fintech with appropriate supervision and review.

Facility's Response: Fintech is a vendor that provides service that pays all liquor invoices. We are implementing a new process whereby the orders for Liquor/Beer/Wine are submitted to MDAD for review and approval before the invoices are generated by the vendor and before the RFR has been submitted. Thus, payment would be made after the RFR and supporting documentation has been submitted.

MDAD's Response: We concur with the Facility's response.

2019-4 Segregation of Duties

Condition: We noted that the accounting department consists of two persons. With limited personnel it is difficult to maintain a proper segregation of duties.

Criteria: One of the basic elements of internal accounting control involves segregation of duties in such a manner that the work of one employee is checked by others.

Cause: Due to the Facility's limited number of personnel, the segregation of duties is not always possible.

Effect: There is a risk that changes are not properly authorized or approved, therefore causing misstatements in the special-purpose financial statements that may not be detected and corrected in a timely manner.

Recommendation: Reevaluate staffing to ensure a proper segregation of duties.

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

Fiscal Year 2019 Management Letter Recommendations - Continued

Facility's Response: There are 2 employees in the accounting department, however, each financial statement is reviewed and approved by the CFO or the CEO each month.

MDAD's Response: We concur with the Facility's response.

Status of Prior Year Recommendations

2018-2 Contract Compliance

Condition: In 2018, Special Lounge operations expended in excess of \$440,000 annually (\$550,000 in 2019), of which approximately \$240,000 relates to payroll expenses (in 2019, \$324,000). We noted the following:

1. There were disbursements made directly to the management company for operating expenses instead of the third-party vendor. MDAD approved reimbursement for these transactions.
2. A Payroll imprest account was not used to process the employee payroll disbursements as required by the contract until January 2019.

Criteria: Special Lounge disbursements are properly supported and approved and in compliance with the provisions of the Management and Operating Agreement.

Cause: Management did not adhere to the provisions of the Management and Operating Agreement.

Effect: There is a risk of misstatement of the special-purpose financial statements, and non-compliance with the Management and Operating Agreement.

Recommendation: Special Lounge management should ensure compliance with the provisions of Management and Operating Agreement, with proper supervision and review by the MDAD Project Manager.

Current Status: As of September 30, 2019, corrective action was implemented.

2018-3 Closing the Books

Condition: The Special Lounge annually collects approximately \$1.9 million in revenue and expends approximately \$440,000 for operating expenses. We noted that the due to/from account was not reconciled properly. The contract between Miami-Dade County and the management company requires the books to be closed no later than October 15, annually. Additionally, there were audit adjustments in fiscal year 2019.

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

