



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

**Miami-Dade Aviation Department  
Miami International Airport Hotel Facility  
Management and Operating Agreement**

As of and For the Years Ended  
September 30, 2022, 2021, 2020 and 2019

Miami-Dade Aviation Department  
Miami International Airport Hotel Facility  
Management and Operating Agreements

Special-Purpose Financial Statements

As of and for the Years Ended  
September 30, 2022, 2021, 2020 and 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 Audit of the Special-Purpose Financial Statements

#### *Opinions*

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 the Hotel Facility (the "Facilities") as of and for the years ended September 30, 2022, 2021, 2020 and 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.

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, 2022, 2021, 2020 and 2019, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

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, 2022, 2021, 2020 and 2019, and the respective revenues and expenses for the years then ended, on the basis of accounting described in Note 2.

#### *Basis for Opinions*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Special-Purpose Financial Statements section of our report. We are required to be independent of the Facilities and Miami-Dade County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



### ***Responsibilities of Management for the Special-Purpose Financial Statements***

Management is responsible for the preparation and fair presentation of the special-purpose financial statements in accordance with provisions of the Facilities' Management and Operating Agreements and accounting principles generally accepted in the United States of America, and for 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.

In preparing the special-purpose financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Facilities' ability to continue as a going concern for twelve months beyond the special-purpose financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Special-Purpose Financial Statements***

Our objectives are to obtain reasonable assurance about whether the special-purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the special-purpose financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the special-purpose financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Facilities' internal control. Accordingly, no such opinion is expressed.



- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the special-purpose financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Facilities' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2024, on our consideration of the Facilities' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Facilities' 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.

*C Borders-Byrd, CPA LLC*

Tamarac, Florida  
April 3, 2024

Miami-Dade Aviation Department  
Miami International Airport Hotel Facility  
Management and Operating Agreement

Special-Purpose Statements of Assets and Liabilities

As of and for the Years Ended September 30, 2022, 2021, 2020 and 2019

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Assets</b>				
Cash	\$ 435,411	\$ 449,569	\$ 193,537	\$ 208,130
Accounts receivable, net	4,904	-	12,602	48,053
Due from Aviation Department	64,113	-	227,241	159,982
Other assets	122,633	51,447	58,565	71,531
	<u>627,061</u>	<u>501,016</u>	<u>491,945</u>	<u>487,696</u>
Total assets	<u>\$ 627,061</u>	<u>\$ 501,016</u>	<u>\$ 491,945</u>	<u>\$ 487,696</u>
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 465,368	\$ 246,621	\$ 279,185	\$ 345,514
Due to Management Company and Related Parties	161,693	59,267	212,760	142,182
Due to Aviation Department	-	195,128	-	-
	<u>627,061</u>	<u>501,016</u>	<u>491,945</u>	<u>487,696</u>
Total liabilities	<u>\$ 627,061</u>	<u>\$ 501,016</u>	<u>\$ 491,945</u>	<u>\$ 487,696</u>

The accompanying notes are an integral part of these special-purpose financial statements.

Miami-Dade Aviation Department  
Miami International Airport Hotel Facility  
Management and Operating Agreement

Special-Purpose Statements of Revenues and Expenses

As of and for the Years Ended September 30, 2022, 2021, 2020 and 2019

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Revenues</b>				
Sales	\$ 14,250,945	\$ 8,956,351	\$ 7,739,274	\$ 12,365,558
<b>Expenses</b>				
Payroll and fringe benefits	3,433,880	3,426,360	3,566,600	3,499,975
Selling, general and administrative expenses	2,531,426	2,073,025	1,880,318	2,835,386
Management fees	500,946	310,088	261,465	435,909
Total expenses	<u>6,466,252</u>	<u>5,809,473</u>	<u>5,708,383</u>	<u>6,771,270</u>
Excess of revenues over expenses	<u>\$ 7,784,693</u>	<u>\$ 3,146,878</u>	<u>\$ 2,030,891</u>	<u>\$ 5,594,288</u>

The accompanying notes are an integral part of these special-purpose financial statements.

Miami-Dade Aviation Department  
Miami International Airport Hotel Facility  
Management and Operating Agreements

Notes to the Special-Purpose Financial Statements

September 30, 2022, 2021, 2020 and 2019

**NOTE 1 – GENERAL**

Miami-Dade County, Florida (the “County”) entered into Management and Operating Agreement (the “Agreement”) with a third party (a “Management Company”) to operate, maintain and manage the Hotel Facility (the “Facility”) at Miami International Airport (the “Airport”) on behalf of the County. This Agreement provides for a fixed management fee and/or fees based on percentages of revenue and/or operating profits of the Facility. While the County generally looks toward the Management Company for recommendations relative to operation of the Facility, 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 Agreement to control all aspects of the business. 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 Company does not perform in accordance with the standards established by the County, the County has the right to cancel such Agreements. The Management Company does 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 facility, as established by the budgets approved by the County.

The Facility performs a distinct function for the County, most of which generates revenue to offset the cost of operations and supplement the County’s budget. The Hotel Facility provide lodging rentals to the public, on a fee basis. The Management Company contracted to operate, maintain, and manage the Hotel Facility was MCR Investors, LLC (“MCR”) through November 30, 2020, and thereafter, Driftwood Hospitality II, LLC. See Note 3 for more details on the Agreement termination date and management fees.

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

**Basis of Accounting**

The special-purpose financial statements of the Facility 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 statement of assets and liabilities include only those assets and liabilities which are recorded in the books of the Facility, as maintained by the Management Company 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 statement of revenue and expenses include only those expenses which are incurred by the Facility 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 Facility and interest expense, if any. The Facility and its operations are included as part of the assets, liabilities, and operations of Miami-Dade Aviation Department (“Aviation Department”).



Miami-Dade Aviation Department  
Miami International Airport Hotel Facility  
Management and Operating Agreements

Notes to the Special-Purpose Financial Statements - Continued

September 30, 2022, 2021, 2020 and 2019

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

**Basis of Accounting - Continued**

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

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

The Management Company pays the operating expenses of the Facility. The County reimburses the Management Company for all approved reimbursable operating expenses, as defined in the Agreement. The sales tax liability for the Facility is included in accounts payable and accrued expenses in the accompanying special-purpose statement of assets and liabilities.

**Basis of Presentation**

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

**Cash**

Cash represents amounts on hand and amounts held in demand deposit accounts with certain financial institutions that were in the name of the Facility/Management Company and/or the Aviation Department. From time-to-time, certain cash bank balances on deposit with one financial institution exceeded the federally insured limits. Management of the Facility 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 uncollectable accounts. Interest is not accrued on overdue accounts receivable.

**Allowance for Uncollectible Accounts**

Allowance for uncollectible accounts is estimated by account collection history. The amount as of September 30, 2022, 2021, 2020 and 2019, was approximately \$50,500, \$49,800, \$49,800 and \$62,700, respectively.

Miami-Dade Aviation Department  
Miami International Airport Hotel Facility  
Management and Operating Agreements

Notes to the Special-Purpose Financial Statements - Continued

September 30, 2022, 2021, 2020 and 2019

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

**Other Assets**

Other assets are stated at amortized cost and are primarily comprised of advance payments made to vendors for insurance coverage.

**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 Facility. Estimated accrued payroll expenses are also included. Certain accrued compensated absences are not included.

**Due To/From Management Company**

This amount represents accrued management fees due to the Management Company net of the amounts due from the Management Company.

**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 Company and the Aviation Department since inception of the Agreement.

**Revenue Recognition**

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

**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 Facility. This amount does not include certain accrued compensated absences due to employees.

Miami-Dade Aviation Department  
Miami International Airport Hotel Facility  
Management and Operating Agreements

Notes to the Special-Purpose Financial Statements - Continued

September 30, 2022, 2021, 2020 and 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 Facility, 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 Company for operating the Facility. 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 Company purchases certain fixed assets needed by the Facility. Such assets are the property of the County and are not recorded in the accompanying special-purpose statement of assets and liabilities of the Facility. The Management Company is reimbursed or advanced the cost of such assets by the County. These amounts are included in selling, general and administrative expenses in the accompanying special-purpose statement of revenue and expenses.

The Management Company also occasionally oversees capital improvements to the Facility directed by the County. Such capital improvements are the property of the County and are not recorded in the accompanying special-purpose statement of assets and liabilities of the Facility. The Management Company is reimbursed or advanced the cost of such capital improvements by the County. When advanced, funds are included in cash in the accompanying special-purpose statement of assets and liabilities of the Facility. The costs and related depreciation and amortization are not included in the accompanying special-purpose statement of revenue and expenses, except in certain instances where expressly required by the County.

**Income Taxes**

The special-purpose statement of revenue and expenses are intended to show the results of operations for the Facility managed under the Agreement 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 Hotel Facility  
Management and Operating Agreements

Notes to the Special-Purpose Financial Statements - Continued

September 30, 2022, 2021, 2020 and 2019

**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 AGREEMENT**

**MCR Investors, LLC**

Pursuant to the Agreement, a management fee is payable to the Management Company on a monthly basis. The monthly management fees payable to the Management Company as defined in the Agreement in effect through November 30, 2020 was 2.5% of sales (net of taxes). Pursuant to the Agreement, the management fees also include an additional variable portion.

**Terms of Agreement**

The Hotel Facility Agreement between MCR and the County was scheduled to expire on June 1, 2025, with an optional continuance of three one-year additional terms; however, MCR provided notice to exercise their option to terminate the Agreement effective December 1, 2020.

**Driftwood Hospitality Management II, LLC**

Pursuant to the Agreement, a management fee is payable to the Management Company on a monthly basis. The monthly management fees payable to the Management Company as defined in the Agreement in effect through September 30, 2022 was 3.5% of gross revenues (net of taxes) or \$15,000, whichever is greater.

**Terms of Agreement**

The Hotel Facility Agreement between Driftwood and the County expires on December 1, 2024 with one, one-year option to renew.

Miami-Dade Aviation Department  
Miami International Airport Hotel Facility  
Management and Operating Agreements

Notes to the Special-Purpose Financial Statements - Continued

September 30, 2022, 2021, 2020 and 2019

**NOTE 4 – COMMITMENTS AND CONTINGENCIES**

The Facility from time to time is 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 Facility's financial position or results of operations.

**NOTE 5 – RISK MANAGEMENT**

The Facility is 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 Facility obtained general and property liabilities and worker's compensation insurance coverage, to mitigate these risks.

**NOTE 6 – RELATED PARTY TRANSACTIONS**

The Facility's payroll disbursements to employees are initially paid by the management company and are reimbursed by the County.

Certain expenses included in the accompanying special-purpose statements of revenue and expenses are paid to affiliated County departments as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Aviation - Utilities, Phone and Other Expenses	\$ 384,600	\$ 394,600	\$ 312,000	\$ 404,600
Aviation - Impressed Bank Account	-	250,000	-	-
Restaurant (IMCMV Holdings, Inc. - Margaritaville) - Comp Meals	104,700	51,300	47,700	76,300

**NOTE 7 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through April 3, 2024, which is the date these special-purpose financial statements were available to be issued.

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*

As of and For the Years Ended  
September 30, 2022, 2021, 2020 and 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 Hotel Facility Management and Operating Agreement (the "Facility") managed by MCR Investors, LLC as of and for the years ended September 30, 2022, 2021, 2020 and 2019, and the related notes to the special-purpose financial statements, which collectively comprise the Facility's special-purpose financial statements, and have issued our report thereon dated April 3, 2024.

**Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying management letter that we consider to be material weaknesses. We consider the following deficiencies in internal control to be material weaknesses: (2022-1 Closing the Books and 2022-2 Inaccurate and Incomplete Financial Records and Contract Compliance).



## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Facility's 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 and other matters that are required to be reported under *Government Auditing Standards*, except as described in the accompanying management letter as item 2022-2 Inaccurate and Incomplete Financial Records and Contract Compliance.

Management of the Hotel Facility and the Aviation Department responses to the management letter and findings identified in our audit is described in the accompanying management letter. Management of the Hotel Facility and the Aviation Department responses were not subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, accordingly, we express no opinion on it.

## 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*

Tamarac, Florida  
April 3, 2024



## Management Letter

As of and For the Years Ended  
September 30, 2022, 2021, 2020 and 2019



April 3, 2024

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 Hotel Facility at Miami International Airport (the "Facility") as of and for the years ended September 30, 2022, 2021, 2020 and 2019, 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 Facility's 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 Facility internal control. Accordingly, we do not express an opinion on the effectiveness of the Facility's internal control.

However, during our audit we became aware of deficiencies in internal control that are material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding this matter. We previously reported on the Facility's internal control in our report dated April 3, 2024. This letter does not affect our report dated April 3, 2024 on the special-purpose financial statements of the Facility.

We have already discussed this comments and suggestions with various Facility's personnel, and we will be pleased to discuss them in further detail at your convenience.

We wish to thank the finance teams from the Facility 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 Facility, and is not intended to be and should not be used by anyone other than these specified parties.

Tamarac, Florida  
April 3, 2024

Miami-Dade Aviation Department  
Miami International Airport Hotel Facility  
Management and Operating Agreement

**Management Letter**

**For the Years Ended September 30, 2022, 2021, 2020 and 2019**

The following is a summary of current year recommendations and the status of prior year recommendations for the Facility. 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 Facility's 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.

**Current Year and the Status of Prior Year Recommendations**

**2022 - 1 Closing the Books**

**Condition:** The Hotel Facility collected in excess approximately \$40 million for the years ended September 30, 2022, 2021, 2020 and 2019 and expended approximately \$25 million in operating disbursements. The Hotel Facility collected for the four-months ended September 30, 2018, approximately \$3.3 million and expended approximately \$1.9 million in operating disbursements. The Management and Operating Agreement between Miami-Dade County and the Management Company requires the books to be closed no later than October 15, annually. We noted the books were not closed in accordance with the provisions of the Management and Operating Agreement.

**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, as all transactions might not be recorded timely.

**Recommendation:** Management should adhere to the provisions of the Management and Operating Agreement. Additionally, general ledger accounts should be reconciled on a monthly basis. 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:** The Facility agrees. Most of the issues arose in earlier periods. Since then, the Accounting team has been bolstered with the addition of the Controller and the Accounting Manager. Monthly Financial Statements are being done and presented to MDAD by the 15th of the following month. General ledger reconciliations are being done with reconciling items investigated and cleared. This includes bank and payables reconciliations.

**MDAD's Response:** The Department concurs with recommendation.

Miami-Dade Aviation Department  
Miami International Airport Hotel Facility  
Management and Operating Agreement

**Management Letter - Continued**

**For the Years Ended September 30, 2022, 2021, 2020 and 2019**

**Current Year and the Status of Prior Year Recommendations - Continued**

**2022 - 2 Inaccurate and Incomplete Financial Records and Contract Compliance**

**Condition:** Internal controls and procedures were insufficient to assure the accuracy and completeness of recorded transactions. The financial records initially presented by the Facility for review were inaccurate and as a result attempts to audit the books and records over the course of four years were unsuccessful, thus resulting in the noncompliance with the annual audit requirement.

We noted that several general ledger accounts balances were inaccurate, key procedures such as account reconciliations were not performed, entries incorrectly posted were not timely detected and corrected, accruals for goods and services received were not always recorded, monthly financials submitted for review and approval were inaccurate, and adjusting journal entries proposed by the Facility to correct the balances were not completed timely. Upon review by the Miami-Dade Aviation Department (Department), a total of 87 and 49 post-closing adjustments were recommended by the Department to correct the general ledger balances and facilitate the completion of the audit for FY 2020 and 2019, respectively.

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

**Cause:** Management did not properly monitor compliance with the provisions of the Management and Operating Agreement. Financial closing 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, as all transactions might not be recorded timely.

**Recommendation:** Management should adhere to the provisions of the Management and Operating Agreement. Additionally, general ledger accounts should be reconciled on a monthly basis. 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:** The Facility agrees. Reconciliations are now being done on a timely basis and items investigated and cleared.

**MDAD's Response:** The Department concurs with recommendation.