

**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, 2010



C Borders-Byrd, CPA LLC
Accountants and Consultants

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

Special-Purpose Financial Statements

September 30, 2010

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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, Shuttle Services, Hotel and Restaurant Facilities (the "Facilities") as of September 30, 2010, 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 an opinion 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, 2010, 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.

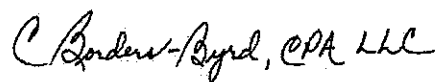


In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the assets and liabilities of the Facilities as of September 30, 2010, and the revenues and expenses for the year then ended, on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2010 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 23 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, in our opinion, is fairly stated in all material respects in relation to the special-purpose financial statements taken as a whole. The supplemental special-purpose financial statements of the Facilities as of September 30, 2009, were audited by other auditors whose report dated April 6, 2010, expressed an unqualified opinion on those statements.

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.



Miami, Florida
December 17, 2010

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

Special-Purpose Statements of Assets and Liabilities

As of September 30, 2010
(With Comparative Totals for 2010 and 2009)

	Public Parking Facilities	Special Lounge Facilities	Fuel Farm Facilities	Shuttle Services Facilities	Hotel Facilities	Restaurant Facilities	Totals (Memorandum Only)	
							2010	2009
Assets								
Cash	\$ -	\$ 40,000	\$ 52,565	\$ 89,332	\$ -	\$ 32,628	\$ 214,525	\$ 514,862
Accounts receivable, net	255,630	458,592	2,142,259	-	346,021	77,085	3,279,587	4,526,918
Inventory	-	24,810	39,179	133,109	-	44,397	241,495	395,884
Due from Aviation Department	385,452	-	-	-	-	-	385,452	353,655
Other assets	-	9,789	98,705	-	77,130	36,780	222,404	182,770
Total assets	\$ 641,082	\$ 533,191	\$ 2,332,708	\$ 222,441	\$ 423,151	\$ 190,890	\$ 4,343,463	\$ 5,974,089
Liabilities								
Accounts payable and accrued expenses	\$ 201,747	\$ 66,932	\$ 689,973	\$ 192,635	\$ 226,988	\$ 71,857	\$ 1,450,132	\$ 1,310,385
Due to Management Company Parent	439,335	-	-	-	-	-	439,335	525,999
Due to Aviation Department	-	466,259	1,642,735	29,806	196,163	119,033	2,453,996	4,137,705
Total liabilities	\$ 641,082	\$ 533,191	\$ 2,332,708	\$ 222,441	\$ 423,151	\$ 190,890	\$ 4,343,463	\$ 5,974,089

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, 2010
(With Comparative Totals for 2010 and 2009)

	Public Parking Facilities	Special Lounge Facilities	Fuel Farm Facilities	Shuttle Services Facilities	Hotel Facilities	Restaurant Facilities	Totals (Memorandum Only)
							2010
							2009
Revenues							
Sales	\$ 38,140,540	\$ 3,683,139	\$ 16,158,643	\$ -	\$ 9,314,463	\$ 2,534,151	\$ 69,830,936
Less: Cost of sales	-	383,477	1,889,966	-	-	767,622	3,041,065
Sales tax	2,336,983	-	-	-	-	-	2,336,983
Gross margin	35,803,557	3,299,662	14,268,677	-	9,314,463	1,766,529	64,452,888
Total revenues	35,803,557	3,299,662	14,268,677	-	9,314,463	1,766,529	64,452,888
Expenses							
Payroll and fringe benefits	3,679,701	806,527	2,100,324	3,087,739	2,647,620	1,296,716	13,618,627
Selling, general and administrative expense	1,141,076	360,037	4,929,364	1,158,662	1,996,414	569,144	10,154,697
Management fees	99,000	193,067	402,000	468,132	288,483	141,755	1,592,437
Total expenses	4,919,777	1,359,631	7,431,688	4,714,533	4,932,517	2,007,615	25,365,761
Excess (deficiency) of revenues over expenses	\$ 30,883,780	\$ 1,940,031	\$ 6,836,989	\$ (4,714,533)	\$ 4,381,946	\$ (241,086)	\$ 39,087,127
							\$ 40,258,585

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, 2010

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 are generally short-term in nature and 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.

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

Facilities	Management Companies
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")
Hotel	H.I. Development Corp. ("H.I.D. - Hotel")
Restaurant	H.I. Development Corp. ("H.I.D. - Restaurant")

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, 2010.

**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 substantially 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 and capital assets. Liabilities not reflected therein relate primarily to other operating expenses paid directly by the County and accrued compensated absences. The special-purpose statements of revenue and expenses include only those expenses, which are paid 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. 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.

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.

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

Basis of Presentation - 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 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, 2010, cash represented amounts held in demand deposit accounts with certain financial institutions that were in the name of the Facilities 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, 2010 accounts receivable are presented in the special-purpose financial statements net of allowance for uncollectible accounts, as follows:

Public Parking Facilities	\$ 53,257
Special Lounge Facilities	288,164
Fuel Farm Facilities	50,560
Shuttle Services Facilities	-
Hotel Facilities	48,387
Restaurant Facilities	3,907

**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

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, Shuttle Services, and Restaurant Facilities.

Capital Assets Reimbursements

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 financial statements of the Facilities. The Management Companies are reimbursed for the cost of such assets through an imprest capital outlay or imprest operating account, which is funded by the County. The accompanying special-purpose statements of revenue and expenses include expenditures only for capitalizable assets reimbursed through the imprest operating account.

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.

Use of Estimates

The preparation of the 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 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

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, 2010, as defined in the Agreements, are as follows:

Management Companies	Monthly Fixed Management Fees
APA	\$ 8,250
IAMI	7,301*
Allied	33,500
Shuttle	39,011
H.I.D. (Hotel)	19,201*
H.I.D. (Restaurant)	11,719*

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

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:

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

Terms of Agreements - Continued

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)
H.I.D. (Hotel)	September 30, 2002 (month to month, thereafter)
H.I.D. (Restaurant)	October 31, 2002 (month to month, thereafter)

IAMI and H.I.D. (for both Hotel and Restaurant) have 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 PARENT

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.

NOTE 5 - DUE TO/FROM AVIATION DEPARTMENT

Amounts due to/from 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.

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

Notes to Special-Purpose Financial Statements - Continued

NOTE 6 - RELATED PARTY TRANSACTIONS

Shuttle Services purchased health insurance from an affiliated company, First Transit, through July 2010. The affiliate is controlled by certain parties who also manage Shuttle Services. Payments to this affiliate during fiscal year 2010 were approximately \$277,000.

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. Such expenses represent allocations of such cost from Allied Aviation's parent.

A summary of such expenses are as follows:

Insurance:

Workers Compensation	\$ 32,352
Group Health and Life	274,602
General and Other Liability	429,030
Total	<u>\$735,984</u>

NOTE 7 - 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.

SUPPLEMENTAL STATEMENTS



C Borders-Byrd, CPA LLC
Accountants and Consultants

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

Supplemental Special-Purpose Statements of
 Assets and Liabilities

September 30, 2010 and 2009

	2010	2009
Assets		
Cash	\$ -	\$ 135,997
Accounts receivable, net	255,630	40,518
Due from Aviation Department	385,452	353,655
Total assets	\$ 641,082	\$ 530,170
 Liabilities		
Accounts payable and accrued expenses	\$ 201,747	\$ 530,170
Due to Management Company Parent	439,335	-
Total liabilities	\$ 641,082	\$ 530,170

**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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues		
Net sales	\$ 38,140,540	\$ 37,912,674
Less: Sales tax	2,336,983	2,325,732
Gross margin	<u>35,803,557</u>	<u>35,586,942</u>
Total revenues	<u>35,803,557</u>	<u>35,586,942</u>
Expenses		
Payroll and fringe benefits	3,679,701	3,584,313
Selling, general and administrative expenses	1,141,076	1,037,661
Management fees	99,000	99,000
Total expenses	<u>4,919,777</u>	<u>4,720,974</u>
Excess of revenues over expenses	<u>\$ 30,883,780</u>	<u>\$ 30,865,968</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash	\$ 40,000	\$ 40,000
Accounts receivable, net	458,592	666,776
Inventory	24,810	26,902
Other assets	9,789	14,541
Total assets	<u>\$ 533,191</u>	<u>\$ 748,219</u>
 Liabilities		
Accounts payable and accrued expenses	\$ 66,932	\$ 55,048
Due to Management Company	-	15,312
Due to Aviation Department	466,259	677,859
Total liabilities	<u>\$ 533,191</u>	<u>\$ 748,219</u>

**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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues		
Net sales	\$ 3,683,139	\$ 4,488,519
Less: Cost of sales	383,477	490,995
Gross margin	<u>3,299,662</u>	<u>3,997,524</u>
Total revenues	<u>3,299,662</u>	<u>3,997,524</u>
Expenses		
Payroll and fringe benefits	806,527	865,680
Selling, general and administrative expenses	360,037	455,917
Management fees	193,067	222,858
Total expenses	<u>1,359,631</u>	<u>1,544,455</u>
Excess of revenues over expenses	<u>\$ 1,940,031</u>	<u>\$ 2,453,069</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, 2010 and 2009

	2010	2009
Assets		
Cash	\$ 52,565	\$ 68,175
Accounts receivable, net	2,142,259	3,096,396
Inventory	39,179	210,461
Other assets	98,705	85,059
Total assets	\$ 2,332,708	\$ 3,460,091
 Liabilities		
Accounts payable and accrued expenses	\$ 689,973	\$ 345,730
Due to Aviation Department	1,642,735	3,114,361
Total liabilities	\$ 2,332,708	\$ 3,460,091

**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, 2010 and 2009

	2010	2009
Revenues		
Net sales	\$ 16,158,643	\$ 15,528,825
Less: Cost of sales	1,889,966	247,272
Gross margin	14,268,677	15,281,553
Total revenues	14,268,677	15,281,553
Expenses		
Payroll and fringe benefits	2,100,324	1,995,438
Selling, general and administrative expenses	4,929,364	5,275,634
Management fees	402,000	378,168
Total expenses	7,431,688	7,649,240
Excess of revenues over expenses	\$ 6,836,989	\$ 7,632,313

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

Supplemental Special-Purpose Statements of
 Assets and Liabilities

September 30, 2010 and 2009

	2010	2009
Assets		
Cash	\$ 89,332	\$ 80,690
Inventory	133,109	118,536
Total assets	\$ 222,441	\$ 199,226
 Liabilities		
Accounts payable and accrued expenses	\$ 192,635	\$ 121,204
Due to Management Company	-	78,022
Due to Aviation Department	29,806	-
Total liabilities	\$ 222,441	\$ 199,226

**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, 2010 and 2009

	2010	2009
Revenues	\$ -	\$ -
Expenses		
Payroll and fringe benefits	3,087,739	3,007,954
Selling, general and administrative expenses	1,158,662	686,727
Management fees	468,132	468,132
Total expenses	4,714,533	4,162,813
Deficiency of revenues over expenses	\$ (4,714,533)	\$ (4,162,813)

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

**Supplemental Special-Purpose Statements of
Assets and Liabilities**

September 30, 2010 and 2009

	2010	2009
Assets		
Cash	\$ -	\$ 100,000
Accounts receivable, net	346,021	646,176
Other assets	77,130	55,578
Total assets	\$ 423,151	\$ 801,754
 Liabilities		
Accounts payable and accrued expenses	\$ 226,988	\$ 187,212
Due to Management Company	-	289,977
Due to Aviation Department	196,163	324,565
Total liabilities	\$ 423,151	\$ 801,754

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

**Supplemental Special-Purpose Statements of
Revenues and Expenses**

For the Years Ended September 30, 2010 and 2009

	2010	2009
Revenues		
Net sales	\$ 9,314,463	\$ 8,381,465
Less: Cost of Sales	-	-
Gross margin	9,314,463	8,381,465
Total Revenues	9,314,463	8,381,465
Expenses		
Payroll and fringe benefits	2,647,620	2,446,886
Selling, general and administrative expenses	1,996,414	2,001,467
Management fees	288,483	289,977
Total expenses	4,932,517	4,738,330
Excess of revenues over expenses	\$ 4,381,946	\$ 3,643,135

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

**Supplemental Special-Purpose Statements of
Assets and Liabilities**

September 30, 2010 and 2009

	2010	2009
Assets		
Cash	\$ 32,628	\$ 90,000
Accounts receivable, net	77,085	77,052
Inventory	44,397	39,985
Other assets	36,780	27,592
Total assets	\$ 190,890	\$ 234,629
 Liabilities		
Accounts payable and accrued expenses	\$ 71,857	\$ 71,021
Due to Management Company	-	142,688
Due to Aviation Department	119,033	20,920
Total liabilities	\$ 190,890	\$ 234,629

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

**Supplemental Special-Purpose Statements of
Revenues and Expenses**

For the Years Ended September 30, 2010 and 2009

	2010	2009
Revenues		
Net sales	\$ 2,534,151	\$ 2,788,245
Less: Cost of sales	767,622	808,290
Gross margin	1,766,529	1,979,955
Total revenues	1,766,529	1,979,955
Expenses		
Payroll and fringe benefits	1,296,716	1,379,147
Selling, general and administrative expenses	569,144	631,207
Management fees	141,755	142,688
Total expenses	2,007,615	2,153,042
Deficiency of revenues over expenses	\$ (241,086)	\$ (173,087)



**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, Shuttle Services, Hotel and Restaurant Facilities (the "Facilities") as of September 30, 2010 and the related special-purpose statements of revenues and expenses for the year then ended and have issued our report thereon dated December 17, 2010. 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

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 matters that we reported to management of the Facilities, in a separate letter dated December 17, 2010.

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

Miami, Florida
December 17, 2010



December 17, 2010

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, Shuttle Services, Hotel and Restaurant Facilities (the "Facilities") as of September 30, 2010, 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 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 17, 2010, 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. Our comments are summarized in Attachment A.

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 17, 2010

**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

I. Current Year Recommendation

2010 – 1 System Conversion

Condition:

We noted that during fiscal year 2010, the Facility implemented a new revenue computer system and that the Facility's internal controls did not identify timely implementation issues related to the reconciliation of cash deposits and revenue recognized. Additionally, we observed that total revenue on the revenue reports are not reconciled to revenue recorded in the general ledger on a monthly basis and that non-revenue transactions listed on the revenue report are not reported to or explained to MDAD.

Recommendation:

We recommend that the Facility's management prepare a monthly reconciliation of revenue per the revenue computer system to amounts recognized as revenue in the general ledger. Significant variances should be explained and reported to MDAD's management. Additionally, the Facilities' management should continue to reconcile cash receipts to the amounts recognized as revenue.

Facility Response:

We concur with the recommendation and plan to prepare monthly reconciliations of the revenue generated from the revenue computer system to the amounts reported in the general ledger. Significant variances will be explained. This reconciliation will be included in the monthly financial reports submitted to MDAD.

MDAD's Response:

We concur with the recommendation.

II. Status of Prior Year Recommendation

None.

Special Lounges

I. Current Year Recommendation

2010 – 2 Closing the Books

Condition:

We noted that the allowance for uncollectible accounts was not properly stated. This error was corrected with an audit adjustment. Additionally, we noted separate bank accounts for payroll and construction and these accounts are not included in the Facility's general ledger.

Recommendation:

We recommend that the Facility's management perform, on a quarterly basis, an evaluation of the allowance for uncollectible accounts and the allowance should be adjusted accordingly. Additionally, we recommend that all bank accounts be included in the Facility's general ledger.

Facility Response:

We concur with and will implement the recommendation.

MDAD's Response:

We concur with the recommendation.

II. Status of Prior Year Recommendation

2009-IC-3 Management Fee

Observation:

During the review of management fees, we noted discrepancies with the method of computation adopted by IAMI. Sec 6.02 of the contract allows the Management Company to calculate the variable portion of the management fee as 5% of net income after reducing direct expenses from non-revenue producing lounges (Diplomat).

Recommendation:

The contract also stipulates that the Fixed Management Fee should be deducted from revenue when calculating net income for purpose of calculating the variable portion of the management fee. IAMI is currently excluding from the calculation of net income for variable management fee purpose, all indirect expenses allocable to non-revenue producing lounges including an allocation of the fixed management fee to non-revenue producing lounges. We calculated the difference to be \$19,556 owed to MDAD.

Current Status:

The non-revenue producing lounge (Diplomat) was removed from the Special Lounge contract effective October 1, 2009 thereby avoiding any potential discrepancies with the method of computation of the variable portion of the management fee.

Fuel Farm

I. Current Year Recommendations

2010 – 3 Closing the Books

Condition:

We noted several audit adjustments related to the year-end closing process as follows: the allowance for uncollectible accounts was understated, accounts payable was understated and inventory was overstated.

Recommendation:

We recommend that the Facility's management perform a detailed review of significant general ledger accounts in connection with the annual financial closing to ensure that the accounts are properly stated.

Facility Response:

We concur with and will implement the recommendation. However, it should be noted that some discrepancies exist because the County's fiscal year, does not coincide with the end of the calendar year. We will continue to coordinate and work with MDAD towards a solution.

In addition, ownership of cash accounts needs to be clarified with the name and EIN of MDAD. We believe this will simplify the accounting process and enable each party to more readily review balances.

MDAD's Response:

We will have a meeting with Allied Aviation in order to analyze and to identify the best way to implement the recommendations stated above.

2010 – 4 Customer Billing

Condition:

During our audit of accounts receivable, we noted that Allied Aviation 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 Allied Aviation's management implement a policy, which complies with the provisions of the Management Agreement, to charge a late fee of 1% per month for all receivable balances over 30 days past due.

Facility Response:

The issue of late payments has occurred occasionally and has generally been rectified with a phone call. Such late payments have not been a repetitive or widespread problem. Allied Aviation will develop a policy that will implement the imposition of late charges. This policy will be developed in conjunction with MDAD.

MDAD's Response:

MDAD is aware of the 1% late fee charge policy established in the Management Agreement. Nevertheless, since this is a sporadic situation and in order to find a solution, we need to make the Airlines aware of the situation in our yearly consortium meeting which will be held in April 2011. At that point, we will have to make a decision whether the 1% will be charged (a policy will be developed) otherwise, the Management Agreement should be amended.

Fuel Farm (Continued)

II. Status of Prior Year Recommendation

2009-IC-1 Inventory

Observation:

During our inventory testing, we noted that, at present there is not an effective system in place that will allow Allied Aviation to accurately measure the fuel that is contained inside the tanker trucks.

Recommendation:

We recommend that Allied management and MDAD representatives implement procedures that will accurately measure the fuel that is contained inside tanker trucks during the monthly, quarterly, and year-end physical inventories procedures. Third Parties in charge of physical inventory should change the current system of only visually estimating the amount of product inside each tank. Procedures should be implemented that will result in a more accurate determination of inventory on hand at the end of each applicable period.

Current Status:

Specific procedures currently exist in the Fuel Storage Facilities Access Agreement between Allied Aviation and the various into-plane fueling companies that address this issue. Daily records of total fuel withdrawals from storage as well as total gallons dispensed into-plane are to be kept and provided to Allied Aviation. In addition, the into-plane fueling company is required to provide Allied Aviation with a close out meter reading for each fueling vehicle covering the prior 24-hour period, whether the vehicle was used or not.

Based on the information obtained from the into-plane fueling companies as well as data independently obtained by Allied Aviation, Allied Aviation reconciles gains and losses of fuel inventories on a monthly basis. When such discrepancies exceed one quarter of one (0.25%) percent, certain other procedures are triggered, which include obtaining meter calibration records for each fueling vehicle, records of meter jumps, and verification of security seals on fuel meters.

Allied Aviation has been working with MDAD to implement additional procedures that would allow Allied Aviation to "stick" each fueling vehicle on a regular and periodic basis to verify amounts of fuel remaining in such vehicles. These new procedures went into effect on January 29, 2011.

Shuttle Services

I. Current Year Recommendation

2010 – 5 Closing the Books

Condition:

We noted several audit adjustments related to the year-end closing process which resulted in accounts payable being understated. Additionally, we noted three immaterial reconciling items dating back to 2007 on the bank reconciliation.

Recommendation:

We recommend that the Facility's management perform a detailed review of significant general ledger accounts in connection with the annual financial statement close to ensure that the accounts are properly stated. Additionally, we recommend that bank account reconciling items are properly disposed of on a timely basis.

Facility Response:

We concur with and will implement the recommendation.

MDAD's Response:

We concur with the recommendation.

II. Status of Prior Year Recommendation

None.

Hotel

I. Current Year Recommendations

2010 – 6 Payroll Approvals

Condition:

We noted that the Facility's policies and procedures require the office manager's review and approval of employee payroll timesheets. During our test of employee payroll timesheets we noted that four of the 25 employee's payroll timesheets tested were not approved by the office manager.

Recommendation:

The Facility should adhere to its policy and procedures to ensure that all employee time cards are properly approved.

Facility Response:

We concur with the recommendation. Procedures and policies will be strictly adhered too. All department managers are required to sign-off on timecards associated with their department's before hours will be inputted into the payroll system.

MDAD's Response:

We concur with the recommendation.

2010 – 7 Closing the Books

Condition:

We noted several audit adjustments related to the year-end closing process which resulted in the allowance for uncollectible accounts being understated and cash being overstated. Additionally, we noted that the payroll bank account is not included in the Facility's general ledger.

Recommendation:

We recommend that the Facility's management perform a detailed review of significant general ledger accounts in connection with the annual financial close to ensure that the accounts are properly stated. Additionally, we recommend that all bank accounts be included in the Facility's general ledger.

Facility Response:

We concur with the recommendation, the Controller will continue to review account balances in connection with year-end closing of the books to ensure that balances are in accordance with generally accepted accounting principles (GAAP).

MDAD's Response:

We concur with the recommendation.

Hotel (Continued)

II. Status of Prior Year Recommendation

2009-IC-2 Payroll Timesheets

Observation:

During the review of the employee payroll timesheets for the Facility, we noted that of the 12 employees selected for 3 pay periods, timecards were missing for 1 employee for 2 of the selected pay periods. We were informed, as part of the verification of hours paid, employees are given the timecards for the pay period to verify against the paycheck for the same pay period.

Recommendation:

We recommend that the Hotel Facilities enforce procedures in place to ensure that all employee timecards are properly filed after the payroll process is completed.

Current Status:

This recommendation was implemented during fiscal 2010.

Restaurant

I. Current Year Recommendations

2010 – 8 Closing the Books

Condition:

We noted an audit adjustment related to the year-end closing process which resulted in cash being overstated. Additionally, we noted that the payroll bank account is not included in the Facility's general ledger.

Recommendation:

We recommend that the Facility's management perform a detailed review of significant general ledger accounts in connection with the annual financial close to ensure that the accounts are properly stated. Additionally, we recommend that all bank accounts be included in the Facility's general ledger.

Facility Response:

We concur with the recommendation, the Controller will continue to review account balances in connection with year-end closing of the books to ensure that balances are in accordance with generally accepted accounting principles (GAAP).

MDAD's Response:

We concur with the recommendation.

2010 – 9 Segregation of Duties

Condition:

During our audit, we noted that the purchasing and receiving functions, as well as the monthly physical inventory counts at the Restaurant Facility, are performed by the purchasing manager.

During our audit, we noted that the Controller has authority to make wire transfer payments and also keeps the books and records of the Restaurant Facility. While all checks in excess of \$10,000 must be signed by both the General Manager and the Controller, wire transfer payments can be both initiated and authorized by the Controller.

Recommendation:

We recommend that management implement procedures to ensure a proper segregation of duties by having other personnel perform the physical inventory counts.

We recommend that management implement procedures to ensure proper segregation of duties by having other personnel execute wire transfer payments upon prior approval from the general manager or other designated personnel.

Restaurant (Continued)

Facility Response:

We concur that segregation of duties is the preferred method of control. However, budgetary and security constraints dictate that we are unable to implement the recommendation. We will enforce a requirement that the purchasing manager always take the inventory with another employee. We have a receiving clerk who receives merchandise, but when he is unavailable the purchasing manager will also receive goods.

Currently we utilize ACH transactions to settle sales and payroll tax liabilities. These transactions are initiated by third parties. We typically do not utilize the outgoing wire transfer feature. We will review the policies and procedures to ensure the current access and authority for outgoing wire transfers is required.

MDAD's Response:

We concur with the recommendation.

2010 – 10 Inventory Valuation

Condition:

During our audit, we noted that the Restaurant Facility performed the monthly inventory counts manually due to inventory system crashing during the year and management expended a great deal of effort to manually compile and price the year-end inventory.

Recommendation:

We recommend that management implement a new inventory management system that properly accounts for the inventory and that periodically a review is performed for obsolete inventory.

Facility Response:

Subsequent to year-end, we have implemented the Inventory Management System that interfaces with our Aloha POS system in the restaurant.

MDAD's Response:

We concur with the recommendation.

2010 – 11 Payroll Approvals

Condition:

We noted during our testing of payroll that employees do not sign for their paychecks upon receipt on a consistent basis according to the required payroll disbursement policies and procedures of the Restaurant Facility.

Recommendation:

We recommend that the Restaurant Facility complies with its policy of requiring all employees to sign for payroll checks on a consistent basis by not issuing payroll checks unless signatures are obtained.

Facility Response:

We concur with and will implement the recommendation.

2010 – 11 Payroll Approvals (Continued)

MDAD's Response:

We concur with the recommendation.

II. Status of Prior Year Recommendation

None.