

# DEPARTMENTAL INPUT

## CONTRACT/PROJECT MEASURE ANALYSIS AND RECOMMENDATION

☒ New   
 ☐ OTR   
 ☐ Sole Source   
 ☐ Bid Waiver   
 ☐ Emergency   
 Previous Contract/Project No. N/A

☐ Contract   
 ☐ Re-Bid   
 ☐ Other   
 LIVING WAGE APPLIES: ☐ YES ☒ NO

Requisition No./Project No.: RQPR1600013   
 TERM OF CONTRACT 6 MONTH(S) WITH 0 YEAR(S) OTR

Requisition /Project Title: External Audit of Wometco Enterprises, Inc.'s Sale of Marine Exhibition Corporation

**Description:**

In July 2014, Festival Fun Parks, LLC purchased Marine Exhibit Corporation (MEC) which leased 38 acres of County park land on Virginia Key. The County's lease agreement with MEC provided for the County to benefit monetarily from any potential sale. The County approved of the sale and received \$1.0 million from the proceeds, per the lease agreement. Another \$500,000 was placed in escrow, pending review of the Net Book Profit calculation. After multiple meetings between County staff and MEC representatives, the County requires an external audit firm to provide third-party review of the business and sales documents to determine how much, if any, of the \$500,000 currently in escrow should be disbursed to the County.

Issuing Department: ISD for PROS   
 Contact Person: Beth Goldsmith   
 Phone: 305-375-5683

Estimate Cost: \$60,000   
 GENERAL 60,000   
 FEDERAL   
 OTHER

Funding Source:

### ANALYSIS

<b>Commodity Codes:</b>	<u>94620</u>	Contract/Project History of previous purchases three (3) years Check here <input type="checkbox"/> if this is a new contract/purchase with no previous history.	
	<b><u>EXISTING</u></b>	<b><u>2<sup>ND</sup> YEAR</u></b>	<b><u>3<sup>RD</sup> YEAR</u></b>
<b>Contractor:</b>			
<b>Small Business Enterprise:</b>			
<b>Contract Value:</b>	\$	\$	\$
<b>Comments:</b>			
Continued on another page (s): <input type="checkbox"/> YES <input type="checkbox"/> NO			

### RECOMMENDATIONS

<b>SBE</b>	Set-aside	Sub-contractor goal	Bid preference	Selection factor
<b>Basis of recommendation:</b>				
Signed: <u>Beth Goldsmith</u>		Date sent to SBD: <u>03/16/2016</u>		
		Date returned to ISD:		

**External Audit of Wometco Enterprises, Inc.'s Sale of Marine Exhibition Corporation**  
**DRAFT SCOPE OF SERVICES**

**BACKGROUND**

In July 2014, Festival Fun Parks, LLC purchased Marine Exhibit Corporation (MEC) which leased 38 acres of County park land on Virginia Key. The County's lease agreement with MEC provided for the County to benefit monetarily from any potential sale. The County approved of the sale and received \$1.0 million from the proceeds, per the lease agreement. Another \$500,000 was placed in escrow, pending review of the Net Book Profit calculation. After multiple meetings between County staff and MEC representatives, the County requires an external audit firm to provide third-party review of the business and sales documents to determine how much, if any, of the \$500,000 currently in escrow should be disbursed to the County.

**SERVICES TO BE PROVIDED**

The Contractor shall provide the following services to the County:

1. Read the sections of the final Stock Purchase Agreement dated July 1, 2014 (the "Purchase Agreement") related to transaction details relevant to the calculation of Wometco Enterprises, Inc.'s net gain on sale of Marine Exhibition Corporation.
2. Read the sections of the Amended and Restated Lease Agreement dated July 25, 2000 (the "Lease Agreement") and subsequent extension and amendments related to obligations due to Miami-Dade County Parks, Recreation, and Open Spaces Department in the event of changes in ownership of Marine Exhibition Corporation. These documents will be provided by the County.
3. Obtain and read the Closing Statement dated July 1, 2014, related to the sale of Marine Exhibition Corporation by Wometco Enterprises, Inc. to Festival Fun Parks, LLC ("Buyer").
4. Obtain and read Wometco Enterprises, Inc.'s unaudited internal financial statements as of the date of closing, July 1, 2014, as prepared by Wometco Enterprises, Inc. under Generally Accepted Accounting Principles (GAAP). Inquire about the accounting policies applied to the amounts and comment on consistency of the amounts in accordance with the respective definitions included in the Purchase Agreement and Lease Agreement.
5. To the extent available, obtain and read Wometco Enterprises, Inc.'s audited financial statements as of the June 30, 2015, as prepared by Wometco Enterprises, Inc. under Generally Accepted Accounting Principles (GAAP). Inquire about the accounting policies applied to the amounts and comment on consistency of the amounts in accordance with the respective definitions included in the Purchase Agreement and Lease Agreement.
6. Read Wometco Enterprises, Inc.'s auditors' workpapers, management letter, and reports to the audit committee for the most recently completed audit.

7. Using inputs from the above documents, calculate Wometco Enterprises, Inc.'s net gain on sale of Marine Exhibition Corporation and the corresponding consideration due to Client under the Lease Agreement.
8. Obtain and read supporting schedules for the Wometco Enterprises, Inc.'s calculation of net gain on sale of Marine Exhibition Corporation and inquire about: Accounting adjustments recorded in preparation of the calculation and compare to the Purchase Agreement; unusual items, other adjustments.
9. Summarize potential adjustments identified to the calculation prepared by Wometco Enterprises, Inc., including documentation to support potential adjustments, and their impact on the consideration due to Client.

#### **SERVICE LOCATION**

The Contractor shall conduct Services at the Contractor's offices and at Morrison, Brown, Argiz & Farra ("MBAF" or "Marine Exhibition Corporation's auditor") offices in Miami, FL. Contractor will request access to MBAF officers and management and to MBAF personnel.

#### **DELIVERABLES**

The Contractor shall:

1. Deliverable 1: Submit a Draft Report to the County's Project Manager for review and comments, in electronic format, within forty-five (45) days of contract execution. The Draft Report shall include the following:
  - a. Summary of audit findings
  - b. Recommendations for disbursement of funds

The County shall provide feedback, questions, and requests for additional information as needed following receipt of the Draft Report.

2. Deliverable 2: Submit a Final Report to the County's Project Manager in electronic format, after incorporating the County's feedback. The Final Report must be returned to the County's Project Manager within five (5) business days after the County has returned the Draft Report to the Contractor with comments and questions.