

# Memorandum



**Date:** October 7, 2008

Agenda Item No. 12B6

**To:** Honorable Chairman Bruno A. Barreiro  
and Members, Board of County Commissioners

**From:** George M. Burgess  
County Manager

A handwritten signature in black ink, appearing to read "Burgess", written over the printed name of the County Manager.

**Subject:** Report to the Board of County Commissioners on the Public Health Trust's  
Audited Financial Results for Fiscal Year Ending September 30<sup>th</sup>, 2007

---

The attached item is being placed on the Board of County Commissioners' agenda at the request of Marvin O'Quinn, President/CEO of the Public Health Trust. Pursuant to Ordinance 25A-5 of the Code of Miami-Dade County the Public Health Trust is required to report its prior year audit findings to the Board of County Commissioners on an annual basis. The attached is the audit findings for fiscal year ending on September 30<sup>th</sup>, 2007.

A handwritten signature in black ink, appearing to read "Dennis Hudecek", written over the printed name of the Assistant County Manager.  
Assistant County Manager

Date: August 18, 2008

To: Honorable Chairman Bruno A. Barreiro  
and Members, Board of County Commissioners

From: Marvin O'Quinn 

Subject: Report to the Board of County Commissioners on the Public Health Trust's Audited Financial Results for Fiscal Year Ending September 30, 2007

---

**Recommendation:**

In accordance with Chapter 25A-5 of the code of Miami-Dade County, it is recommended that the Board approve the attached Public Health Trust's Audited Financial Results for fiscal year ending on September 30, 2007.

**Scope:**

The scope of this report is limited to financial results and audit findings relative to Fiscal Year Ended September 30, 2007.

**Fiscal Impact:**

There is no fiscal impact to either Miami-Dade County or the Public Health Trust associated with this report.

**Background:**

In accordance with Chapter 25A-5 of the code of Miami-Dade County, the Public Health Trust shall submit to the Board of County Commissioners a report that reflects the results of its annual audit for the prior year performed by the Trust's external auditors.

The Trust's external auditor provided an unqualified opinion on the financial statements of the Trust as of and for the years ended September 30, 2007 and 2006. As a result, there were no material adjustments or major reporting weakness to report by the auditors. There were seven findings, none of which materially impacted the financial statements, included in the Management Letter. As of this date, the Trust has either implemented procedures or is in the process of implementing procedures to address these findings and improve related accounting procedures and controls.

## Management Letter

The Board of Trustees  
Public Health Trust of  
Miami-Dade County, Florida

We have audited the basic financial statements of Public Health Trust of Miami-Dade County, Florida (the Trust) as of and for the year ended September 30, 2007 and have issued our report thereon dated January 25, 2008.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

We have also issued our report dated January 25, 2008 on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*. Disclosures in that report should be considered in conjunction with this management letter.

The suggestions included in this letter, which resulted from our consideration of internal control, over financial reporting are submitted to assist in improving accounting procedures and controls. In addition, this report includes other communications required by the Rules of the Auditor General.

### A. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

#### 2007-1 Recovery Audit Contractor

##### *Observation*

The Public Health Trust (the Trust) and many other hospitals in Florida were included in a demonstration project established by the Centers for Medicare and Medicaid Services (CMS). This project commissioned a designated recovery audit contractor (RAC) to review medical records as far back as 2002 to determine if the clinical information supported the billing to the Medicare program. The RAC requested the medical records for over 1200 patients with total initial Medicare payments of approximately \$14 million. Many of the payment amounts were changed as a result of the RAC audit, many of the changes made by the RAC are being appealed by the Trust, and many of the over 1200 medical records were still being reviewed at the time of the financial statement audit. At September, 2007, the Trust had recorded sufficient revenue valuation allowances for this situation and now it is important to formalize, maintain and update on an ongoing basis the analyses prepared in connection with the September 30, 2007 financial

audit. While the demonstration project ends on March 27, 2008, CMS has already announced plans to continue the RAC audits and there will continue to be a retrospective review of the billings to the Medicare program based on in-depth reviews of the related clinical information.

### *Recommendation*

The volume and financial significance of the data requested by the RAC is very high and therefore we suggest a database be maintained which would track at least the following information:

1. All information requested by the RAC with the related due date.
2. Responsible person or department to provide the requested information.
3. Date the requested information was delivered to the RAC.
4. RAC decision as to whether the original payment was appropriate and if not, what is the amount of the change and the reason for the change.
5. Responsible person or department to determine whether to appeal the RAC decision and due dates to initiate the appeal.
6. Ultimate resolution of all cases reviewed by the RAC.
7. For those cases where the initial payment is changed, the date and manner in which the revised payment was processed.
8. A continuously updating inventory of all cases for which the RAC has requested information and the status of all cases in the RAC audit process.

Policies and procedures should be developed regarding the above information so that it is subject to the same types of reconciliation and review procedures as other key accounting records. Furthermore, it should be summarized and analyzed on a regular basis to assess the accuracy of the related revenue valuation allowances, and to identify trends that may indicate a need for operational changes to avoid similar problems in the future.

### *Management's Response*

Management agrees with this comment. Management has implemented procedures to ensure that on a monthly basis, the reserves for the RAC liability are reviewed based on updated schedules and adjustments made on the books of Jackson Memorial Hospital Main. The reserve for Jackson South Community Hospital is maintained on the Jackson Memorial Hospital's books because the claims reviewable by the RAC auditors are for prior years' cost report periods that have either been settled or will be final settled through the cost report process.

## 2007-2 Medicare Receivables

### *Observation*

At September 30, 2007, approximately \$3.4 million of Medicare inpatient accounts receivable were recorded in the accounts receivable balance of Jackson North Community Hospital and the Third Party Settlement receivable recorded on the general ledger of Jackson Medical Center. A compensating reserve was also recorded on the general ledger of Jackson Medical Center so on a consolidated basis net revenue was properly recorded.

### *Recommendation*

To simplify the process and reduce the risk that the need for the additional reserve on the general ledger of Jackson Medical Center might be overlooked in the future, we recommend that Jackson North Community Hospital adjust the accounts receivable balance through an intercompany entry with Jackson Medical Center. This entry should include those Medicare inpatient accounts which must be included in the Third Party Settlement accounts as a result of the interim payment methodology the Trust has adopted with the Medicare program. This process, which is consistent with that historically utilized by Jackson South Community Hospital, would reduce the possibility that the Medicare inpatient receivables at fiscal year end are recorded by both Jackson North Community Hospital and Jackson Medical Center.

### *Management's Response*

Management agrees with this comment. In order to avoid an overstatement of the Medicare receivables, Jackson North Community Hospital (JNCH) will record a receivable from Jackson Memorial Main for the estimated amount of the Medicare PIP payments not posted at the end of the fiscal year and record an allowance to the Medicare inpatient accounts receivable for the same amount. Jackson Memorial Hospital Main will record a payable to JNCH and a debit to the Medicare contractual adjustment. Any differences between the estimates and the amounts on the cost report will be handled through the intercompany accounts at the time of settlement.

## 2007-3 Net Assets

### *Observation*

Per review of the Trust's net asset restriction schedules and related accounts, we noted that certain grant related transactions were classified as restricted, but the restrictions had been met via transactions recorded primarily in various inter-fund accounts. This resulted in an audit adjustment to reclassify \$15.3 million of fund net assets from restricted assets to unrestricted assets, although there was no effect on total fund net assets. A similar adjustment was also posted as of September 30, 2006.

*Recommendation*

Enhance the internal controls and procedures regarding the financial statement close process to include analyses of the restricted cash accounts as well as the disbursements of other funds that meet the restrictions imposed on the use of the funds.

*Management's Response*

Management agrees with this comment. In order to prevent another reclass adjustment from occurring in the future, Management will periodically analyze the restricted cash account to ensure that payments related to restricted transactions made from the Trust operating cash accounts are reimbursed on a timely basis.

**2007-4 Cerner Millennium Installation***Observation*

During June 2007, the Trust began installing certain applications of the Cerner Millennium system related to patient revenue and billing. For a variety of reasons; critical information for the identification, recognition, and billing of some patients could not be entered into the recently installed applications. Manually prepared information was collected, summarized and recorded in the accounting records for the year ended September 30, 2007. However, the billing process and related cash collections were delayed considerably.

*Recommendation*

Perform a formal and extensive analysis of the causes of the problems encountered during the installation of the initial applications. Based upon such analysis; policies, procedures and training for the installation of the remaining applications can be revised to minimize the disruptions and enhance the integrity of the data during and immediately after the application installations in the future.

*Management's Response*

Management agrees with this comment. Extensive analysis was completed to determine the causes of all problems. A weekly meeting chaired by the Revenue Cycle staff was begun to develop policies and procedures and training material. This meeting continues as a forum for developing best practices for the organization. All issues and resolutions were documented and discussed to be used as lessons learned for future installs.

## 2007-5 Information Technology Process

### *Observation*

As part of our annual audit, we performed a general controls review of the Trust's Information Technology function. Our review was primarily focused on whether sufficient controls are present in the following areas:

- Application development and maintenance is appropriately tested and approved before being placed into production.
- Access to data-files is restricted to authorized users and programs.

Our review was limited to those areas which we considered necessary for audit purposes and was not intended to be a comprehensive examination of the Trust's Information Technology function.

As a result of our review, we made several observations and recommendations relative to the Trust's Information Technology function. Significant matters included in the recommendations are as follows:

- Strengthening of Password Controls
- Strengthening of RACF, Oracle, Network and AIX Infrastructure Access Controls

Detailed comments and recommendations relative to each of these matters were provided to the Trust's Information Technology Function, as well as to the Trust's financial management.

### *Recommendation*

Detailed comments were provided to the Trust's Information Technology Function, as well as to the Trust's financial management.

### *Management's Response*

Management has agreed to hire a consultant and spend two months implementing the recommendation for the GEAC passwords controls. We cannot, however, make changes to the HBOC password controls because this security is performed through the PDS Dynamic Master which is an archaic legacy system that is no longer supported.

Management has made one of recommended RACF changes and one of the Oracle Security changes. Management has also agreed to perform one of the recommended AIX changes. But other recommendations will not be implemented because they are too costly: The recommended Tape Dataset protection would require one additional dedicated FTE, increasing the Network Password Security or changing the Oracle Password security would require an ID Management software costing about \$1.5 Million, and changing the Oracle Listener ORA application would require an expensive Push Technology software.

## 2007-6 Supervisory Review of Units Served Schedules

### *Observation*

During our grant audit we noted an instance where the schedule used to summarize units served for a specific type of service included calculation errors which resulted in incorrect totals for the units served for a given month. Units served under this specific contract are used to provide support for a minimum number of units served, and therefore does not represent the actual factor that is used for the monthly billings.

### *Recommendation*

We recommend that the Trust review its supervisory review procedures to ensure the proper preparation and compilation of schedules used to compile the units served data.

### *Management's Response*

Procedures will be updated to include an additional supervisory review of units served data to ensure monthly calculation totals are correct.

## 2007-7 Units Subsequently Approved for Reimbursement by Third Party Reconciliation

### *Observation*

During our grant audit, we noted that at the end of each contract year an analysis is performed to determine the number of units billed under a certain contract that were subsequently approved for third party reimbursement. The result of this analysis is to reduce cumulative billings.

### *Recommendation*

We recommend that the trust perform an assessment as a part of its monthly billing procedures to assess units billed in prior months that should be offset against the month's current billing.

### *Management's Response*

Procedures will be updated to reflect a monthly (rather than a yearly) reconciliation of units billed in prior months that should be offset based on any subsequent third party reimbursement.

**B. PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

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

	<b>Prior Years' Observation</b>	<b>Comment is Still Relevant</b>	<b>Comment is no Longer Relevant</b>
2006-1	Accounting for Other Post-Employment Benefits	X	
2006-2	Information Technology Process	*	
2005-1	Grant Administration	X	

\*See similar current year comment 2007-6.

2006-1 Accounting for Other Post-Employment Benefits

*Observation*

The Governmental Accounting Standards Board (GASB) issued GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions* (GASB 45), which establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. This new pronouncement is expected to have a significant effect on many local governments that currently fund OPEB on a pay-as-you-go basis. The Trust is required to implement GASB 45 in year ending September 30, 2008. We understand that the Trust is in the process of obtaining an actuarial estimate of its unfunded OPEB liability using the actuarial assumptions and parameters contained in GASB 45. Trust management and the Board should continue to discuss important issues, such as, if and how the liability will be funded, as well as, whether or not a trust fund should be established. There are a number of policy decisions that may need to be made and documented prior to the year of adoption of this new pronouncement. We also suggest that the Trust obtain the GASB Statement 45 Implementation Guide in connection with its implementation process, and develop a formal implementation plan for submission to the Fiscal Affairs Committee. We will also ensure that management and the Board are kept apprised of any new information that we are made aware of regarding GASB 45.

*Management's Response*

The Trust has hired an outside firm to perform an actuarial estimate of its unfunded OPEB liability in order to implement GASB 45 in fiscal year 2008. Management anticipates receiving the analysis in the near future at which time a decision will be made as to how to fund the related liability.

## 2005-1 Grant Administration

*Observation*

We recommend that the Trust set up a centralized process for reviewing compliance with the rules and regulations applicable to each grant. In addition, we recommend that the Trust establish written policies and procedures to ensure that the Finance Division receives all information necessary for accurate and timely reporting of federal and state financial assistance.

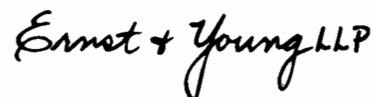
*Management's Response*

The Trust is in the process of centralizing the grant administration process. The Trust is coordinating efforts with the Jackson Memorial Foundation to provide contract management assistance and grant monitoring. The Trust is establishing policies and procedures for grant compliance and monitoring by utilizing checklists and confirmation documentation between the grant administrators and the grant accounting department.

\*\*\*\*\*

This report is intended solely for the information and use of the fiscal affairs committee, board of trustees, management, others within the organization, and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

We would be pleased to discuss the above matters or to respond to any questions, at your convenience.



January 25, 2008

**SINGLE AUDIT REPORTS**

**Public Health Trust of Miami-Dade County, Florida  
Year Ended September 30, 2007**

Public Health Trust of Miami-Dade County, Florida

Single Audit Reports

Year Ended September 30, 2007

**Contents**

Report of Independent Certified Public Accountants on Internal Control Over  
Financial Reporting and on Compliance and Other Matters Based on an  
Audit of the Financial Statements Performed in Accordance With  
*Government Auditing Standards* .....1

Report of Independent Certified Public Accountants on Compliance With  
Requirements Applicable to Each Major Federal Program and State  
Financial Assistance Project and on Internal Control Over Compliance  
in Accordance With OMB Circular A-133, Section 215.97, *Florida Statutes*  
and Chapter 10.550, *Rules of the Auditor General*, and on Schedule of  
Expenditures of Federal Awards and State Financial Assistance Projects .....3

Schedule of Expenditures of Federal Awards and State Financial Assistance Projects .....6

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance  
Projects .....10

Schedule of Findings and Questioned Costs .....11

Summary Schedule of Prior Audit Findings .....21

**Report of Independent Certified Public Accountants on Internal Control  
Over Financial Reporting and on Compliance and Other Matters Based  
on an Audit of the Financial Statements Performed in Accordance  
With *Government Auditing Standards***

The Board of Trustees of the  
Public Health Trust of Miami-Dade County, Florida

We have audited the financial statements of Public Health Trust of Miami-Dade County, Florida (the Trust) as of and for the year ended September 30, 2007, and have issued our report thereon dated January 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 Trust's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and question costs as item 07-01 to be a significant deficiency in internal control over financial reporting.

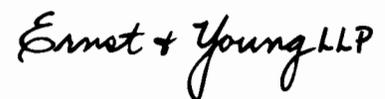
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Trust's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of 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 Trust in a separate letter dated January 25, 2008.

This report is intended solely for the information and use of the board of trustees and management of the Trust, others within the entity, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



January 25, 2008

**Report of Independent Certified Public Accountants on Compliance With Requirements Applicable to Each Major Federal Program and State Financial Assistance Project and on Internal Control Over Compliance in Accordance With OMB Circular A-133, Section 215.97, *Florida Statutes*, and Chapter 10.550, *Rules of the Auditor General*, and on Schedule of Expenditures of Federal Awards and State Financial Assistance Projects**

The Board of Trustees of the  
Public Health Trust of Miami-Dade County, Florida

**Compliance**

We have audited the compliance of Public Health Trust of Miami-Dade County, Florida (the Trust) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*, and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement, that are applicable to each of its major federal awards programs and state financial assistance projects for the year ended September 30, 2007. The Trust's major federal awards programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal awards programs and state financial assistance projects is the responsibility of the Trust's management. Our responsibility is to express an opinion on the Trust's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, Section 215.97, *Florida Statutes* (Section 215.97), and Chapter 10.550, *Rules of the Auditor General* (Chapter 10.550), State of Florida. Those standards, OMB Circular A-133, Section 215.97 and Chapter 10.550, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal awards program or state financial assistance project occurred. An audit includes examining, on a test basis, evidence about the Trust's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Trust's compliance with those requirements.

In our opinion, Public Health Trust of Miami-Dade County, Florida complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal awards programs and state financial assistance projects for the year ended September 30, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133, Section 215.97 and Chapter 10.550 and which are described in the accompanying schedule of findings and questioned costs as items 07-03 through 07-05.

**Internal Control Over Compliance**

The management of the Trust is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal awards programs and state financial assistance projects. In planning and performing our audit, we considered the Trust’s internal control over compliance with requirements that could have a direct and material effect on a major federal awards program or state financial assistance project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Trust’s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity’s internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

*A control deficiency* in an entity’s internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity’s ability to administer a federal program or state project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or state project that is more than inconsequential will not be prevented or detected by the entity’s internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 07-02 to be a significant deficiency.

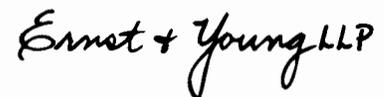
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented or detected by the entity’s internal control. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs as item 07-02 to be a material weakness.

The Trust's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Trust's responses and, accordingly, we express no opinion on them.

### **Schedule of Expenditures of Federal Awards and State Financial Assistance Projects**

We have audited the financial statements of the business-type activities, the discretely presented component unit, and the pension trust fund of the Public Health Trust of Miami-Dade County, Florida (the Trust) as of and for the year ended September 30, 2007, and have issued our report thereon dated January 25, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Trust's basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance projects is presented for purposes of additional analysis as required by OMB Circular A-133, Section 215.97, *Florida Statutes*, and Chapter 10.550, *Rules of the Auditor General*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the board of trustees and management of Trust, others within the entity, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



March 25, 2008

**Public Health Trust of Miami-Dade County, Florida  
Schedule of Expenditures of Federal Awards and  
State Financial Assistance Projects**

**Year Ended September 30, 2007**

<b>Program Title/Contract Title</b>	<b>Federal/ State Catalog Number</b>	<b>Grant/ Contract Number</b>	<b>09/30/07 Expense</b>	<b>Transfer To Sub- Recipients</b>
<b>FEDERAL AWARDS</b>				
<b>U.S. Department of Transportation</b>				
Discretionary Safety Grants:				
Hispanic Seat Belt Use	20.614	DTNH 22-04-H-05137	\$ 177,739	\$ 143,665
Total U.S. Department of Transportation			<u>177,739</u>	<u>143,665</u>
<b>U.S. Department of Homeland Security</b>				
<b>Pass-through Florida Department of Community Affairs:</b>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters):				
Hurricane Katrina	97.036	06-KF-B&-11-23-20-638	8,254	-
Hurricane Wilma	97.036	06-WL-&K-11-23-20-731	303,877	-
Hurricane Jeanne	97.036	05-PA-E-11-23-20-919	123,739	-
			<u>435,870</u>	<u>-</u>
Pre-Disaster Mitigation:				
ACC East Shutters	97.047	06-DM-68-11-23-12-427	121,933	-
North Wing Shutters	97.047	06-DM-68-11-23-12-426	64,993	-
			<u>186,926</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>622,796</u>	<u>-</u>
<b>U.S. Department of Justice</b>				
<b>Pass-through State of Florida, Office of the Attorney General:</b>				
Crime Victim Assistance:				
RTC - Victims of Crime Act	16.575	V6097	27,685	-
Total U.S. Department of Justice			<u>27,685</u>	<u>-</u>
<b>U.S. Department of Labor</b>				
WIA Pilots, Demonstrations, and Research Projects:				
HAI Prevention	17.261	15417-06-60	118,575	-
Total U.S. Department of Labor			<u>118,575</u>	<u>-</u>
<b>U.S. Department of Health and Human Services</b>				
Health Care and Other Facilities:				
Dental Equipment	93.887	C76HF05994	68,228	-
			<u>68,228</u>	<u>-</u>
<b>Pass-through State of Florida - Department of Health:</b>				
Family Planning Services:				
Jackson South - Tubal Ligation - 2006	93.217	DET 61	3,750	-
Jackson South - Tubal Ligation - 2008	93.217	DET 71	8,750	-
Jackson South - Tubal Ligation - 2007	93.217	DET 22	48,750	-
			<u>61,250</u>	<u>-</u>
HIV Care Formula Grants:				
Ryan White Title II - Rapid Testing ER Outreach - 2007	93.917	DET 17	34,002	-
Ryan White Part B - Rapid Testing ER Outreach - 2008	93.917	DET 64	50,000	-
Ryan White Part B - Jail Case Mgmt/Rapid Testing - 2008	93.917	DET 65	94,978	-
Ryan White Part B - ADAP - 2008	93.917	DET 60	24,000	-
Ryan White Part B - Intensive Case Management - Hialeah 2008	93.917	DET 66	55,022	-
Ryan White Title II - Intensive Case Management - Hialeah 2007	93.917	DET 11	109,897	-
Ryan White Title II - Prescription Drug - NDHC -2008	93.917	COA ZH	1,059,129	-
Ryan White Title II - Prescription Drug - NDHC -2007	93.917	COA VH	1,147,026	-
			<u>2,574,054</u>	<u>-</u>
HIV Prevention Activities Health Department Based:				
Jail Linkage Project - AIDS 2006	93.940	DES 72	33,498	-
Jail Linkage Project - AIDS 2008	93.940	DET 80	12,500	-
HIV Prevention Cooperative Agreement - 2007	93.940	COA YI	178,597	-
HIV Prevention Cooperative Agreement - 2006	93.940	COA UN	59,532	-
			<u>284,127</u>	<u>-</u>

**Public Health Trust of Miami-Dade County, Florida**  
**Schedule of Expenditures of Federal Awards and**  
**State Financial Assistance Projects (continued)**

Program Title/Contract Title	Federal/ State Catalog Number	Grant/ Contract Number	09/30/07 Expense	Transfer To Sub- Recipients
<b>HIV Demonstration, Research, Public and Professional Education Projects:</b>				
ARTAS - AIDS 2007	93.941	DET 47	99,690	-
			99,690	-
<b>Pass-through South Florida Community Care Network:</b>				
State Children's Insurance Program:				
Children's Medical Services - CMS - 2008	93.767	COQ KV	1,015,464	-
Children's Medical Services - CMS - 2007	93.767	COQ KV	2,861,982	-
			3,877,446	-
Medical Assistance Program:				
Children's Medical Services - CMS - 2008	93.778	COQ KV	319,224	-
Children's Medical Services - CMS - 2007	93.778	COQ KV	899,701	-
			1,218,925	-
<b>Pass through State of Florida - Department of Children &amp; Families:</b>				
Block Grants for Community Mental Health Services:				
Block Grants for Community Mental Health - 2008 - JNMH	93.958	KH 173	43,904	-
Block Grants for Community Mental Health - 2007 - JNMH	93.958	KH 133	110,633	-
			154,537	-
Block Grants for Prevention & Treatment of Substance Abuse:				
Block Grants for Prevention & Treat. of Subs Abuse 2008 - JNMH	93.959	KD 238-17	16,252	-
Block Grants for Prevention & Treat. of Subs Abuse 2007 - JNMH	93.959	KD 238-17	64,897	-
			81,149	-
Refugee and Entrant Assistance Discretionary Grants:				
Health Services to Refugees and Entrants - 2007	93.576	LK 729	3,999,824	-
Health Services to Refugees and Entrants - 2006	93.576	LK 429	424,940	-
			4,424,764	-
<b>Pass-through Miami-Dade County:</b>				
HIV Emergency Relief Project Grants:				
Ryan White Compreh AIDS Res Emergency Act - R-1381-06	93.914	5 H89HA0005-17	2,220,483	288,123
Ryan White Compreh AIDS Res Emergency Act - R-507-07	93.914	1 H3MHA08463-01	61,717	-
Ryan White Compreh AIDS Res Emergency Act - R 430-05	93.914	5 H89HA0005-16	1,349,995	189,622
			3,632,195	477,745
<b>Pass-through JMH Foundation:</b>				
Healthy Communities Access Program - 2006:				
A Healthy New Start	93.252	G92CS06472-01-00	140,853	-
			140,853	-
<b>Pass-through Healthy Start Coalition of Miami-Dade, Inc.:</b>				
Medical Assistance Program:				
Healthy Start - Dr. Rafael Penalver Clinic - 2008	93.778	HSDRP0708	16,020	-
Healthy Start - North Dade - 2008	93.778	HSNDH0708	23,580	-
Healthy Start - North Dade - 2006	93.778	HSNDH0506	(40)	-
			39,560	-
Maternal and Child Health Services Block Grant to the States:				
Healthy Start - North Dade - 2006	93.994	HSNDH0506	(74)	-
Healthy Start - North Dade - 2007	93.994	HSNDH0607	98,735	-
Healthy Start - North Dade - 2008	93.994	HSNDH0708	14,619	-
Healthy Start - Dr. Rafael Penalver Clinic - 2008	93.994	HSDRP0708	6,647	-
Healthy Start - Dr. Rafael Penalver Clinic - 2007	93.994	HSDRP0607	52,473	-
			172,400	-
<b>Pass-through South Florida Provider Coalition:</b>				
Temporary Assistance for Needy Families:				
TANF - 2008 - JNMH	93.558	KD-228-17	98,398	-
TANF - 2007 - JNMH	93.558	KD-228-17	328,657	-
			427,055	-

**Public Health Trust of Miami-Dade County, Florida  
Schedule of Expenditures of Federal Awards and  
State Financial Assistance Projects (continued)**

<b>Program Title/Contract Title</b>	<b>Federal/ State Catalog Number</b>	<b>Grant/ Contract Number</b>	<b>09/30/07 Expense</b>	<b>Transfer To Sub- Recipients</b>
<b>Block Grants for Prevention and Treatment of Substance Abuse:</b>				
Block Grants for Prevention and Treat. of Subs. Abuse - 2008 - JNMH	93.959	KD-228-17	31,524	-
Block Grants for Prevention and Treat. of Subs. Abuse - 2007 - JNMH	93.959	KD-228-17	96,413	-
Block Grants for Prevention and Treat. of Subs. Abuse - 2008	93.959	KD 228-30	182,738	-
Block Grants for Prevention and Treat. of Subs. Abuse - 2007	93.959	KD 228-30	574,968	-
			<u>885,643</u>	-
<b>Pass-through University of Miami:</b>				
<b>Drug Abuse and Addiction Research Programs:</b>				
Family Based Juvenile Drug - 2005	93.279	IRO1Da 17478-03	6,745	-
			<u>6,745</u>	-
Total US Department of Health and Human Services			<u>18,148,621</u>	<u>477,745</u>
<b>Total Federal Financial Awards</b>			<b><u>\$ 19,095,416</u></b>	<b><u>\$ 621,410</u></b>
<b>STATE FINANCIAL ASSISTANCE</b>				
<b>State of Florida, Department of Legal Affairs and Attorney General</b>				
Florida Council Against Sexual Violence:				
Sexual Battery Recovery Services to Victims - 2007	41.010	06OAG20	\$ 41,544	\$ -
Total State of Florida, Department of Legal Affairs and Attorney General			<u>41,544</u>	-
<b>State of Florida, Department of Children and Families</b>				
<b>Baker Act:</b>				
Baker Act - 2007 - JNMH	60.006	KH 173	235,846	-
Baker Act - 2008 - JNMH	60.006	KH 133	710,025	-
Baker Act - 2008	60.006	KH 172	13,001	-
Baker Act - 2007	60.006	KH 137	39,006	-
			<u>997,878</u>	-
<b>Indigent Psychiatric Outpatient Services:</b>				
2008 - JNMH	60.039	KH 173	2,920	-
2007 - JNMH	60.039	KH 133	847	-
			<u>3,767</u>	-
<b>Adult Community Mental Health Community Support Services:</b>				
Adult Community Mental Health Community Support Svcs - 2008 JNMH	60.053	KH 173	221,430	-
Adult Community Mental Health Community Support Svcs - 2008	60.053	KH 172	174,035	-
Adult Community Mental Health Community Support Svcs - 2007 JNMH	60.053	KH 133	706,099	-
			<u>1,101,564</u>	-
<b>Adult Community Mental Health Emergency Stabilization:</b>				
Adult Community Mental Health Emergency Stab.- 2008 JNMH	60.054	KH 173	16,122	-
Adult Community Mental Health Emergency Stab.- 2007 JNMH	60.054	KH 133	45,878	-
			<u>62,000</u>	-
<b>Children's Mental Health Community Support Services:</b>				
Children's Mental Health Community Support Svcs - 2008 - JNMH	60.055	KH 173	56,479	-
Children's Mental Health Community Support Svcs - 2007 - JNMH	60.055	KH 133	221,574	-
Children's Mental Health Community Support Services - 2008	60.055	KH 172	25,936	-
Children's Mental Health Community Support Services - 2007	60.055	KH 137	83,851	-
			<u>387,840</u>	-

**Public Health Trust of Miami-Dade County, Florida  
Schedule of Expenditures of Federal Awards and  
State Financial Assistance Projects (continued)**

<b>Program Title/Contract Title</b>	<b>Federal/ State Catalog Number</b>	<b>Grant/ Contract Number</b>	<b>09/30/07 Expense</b>	<b>Transfer To Sub- Recipients</b>
<b>Pass-through South Florida Provider Coalition:</b>				
Substance Abuse Detoxification Services for Children:				
Substance Abuse Detoxification Services for Children - 2008	60.028	KD 228-30	104,363	-
Substance Abuse Detoxification Services for Children - 2007	60.028	KD 228-30	309,811	-
			<u>414,174</u>	-
Substance Abuse Treatment and Aftercare Services for Children:				
Substance Abuse Treatment and Aftercare Services for Children - 2008	60.030	KD 228-30	14,849	-
Substance Abuse Treatment and Aftercare Services for Children - 2007	60.030	KD 228-30	72,476	-
			<u>87,325</u>	-
Substance Abuse Detoxification Services for Adults:				
Substance Abuse Detoxification Services for Adults - 2008 -JNMH	60.031	KD 228-17	8,256	-
Substance Abuse Detoxification Services for Adults - 2007 -JNMH	60.031	KD 228-17	26,685	-
Substance Abuse Detoxification Services for Adults - 2008	60.031	KD 228-30	2,457	-
Substance Abuse Detoxification Services for Adults - 2007	60.031	KD 228-30	8,530	-
			<u>45,928</u>	-
Substance Abuse Treatment and Aftercare Services for Adults:				
Substance Abuse Treatment and Aftercare Services for Adults - 2008 -JNMH	60.033	KD 228-17	9,837	-
Substance Abuse Treatment and Aftercare Services for Adults - 2007 -JNMH	60.033	KD 228-17	26,745	-
			<u>36,582</u>	-
Total State of Florida, Department of Children and Families			<u>3,137,058</u>	-
<b>State of Florida, Department of Health</b>				
Infant and Toddler Step-Down:				
Foster Care Program - 2008	64.010	COQ HN	95,175	-
Foster Care Program - 2007	64.010	COQ HN	346,550	-
			<u>441,725</u>	-
Trauma Center Financial Support:				
Red Light Running Bill	64.075	TRA-08	657,233	-
			<u>657,233</u>	-
<b>Pass-through University of Miami:</b>				
Comprehensive Children's Kidney Disease:				
Comprehensive Children's Kidney Failure - 2007	64.020	COQ ET	15,000	-
			<u>15,000</u>	-
<b>Pass-through Florida Council of Sexual Violence:</b>				
Rape Crisis Program Trust Fund - Sexual Battery Victims - Access to Services Act:				
Roxcy Bolton RTC - 2006	64.061	05DOH20	41,496	-
Roxcy Bolton RTC - 2007	64.061	07RCP20	15,984	-
			<u>57,480</u>	-
Rape Crisis Center:				
Roxcy Bolton RTC - 2006	64.069	05DOH20	8,132	-
			<u>8,132</u>	-
Total State of Florida, Department of Health			<u>1,179,570</u>	-
<b>Total State Financial Assistance</b>			<b>\$ 4,358,172</b>	<b>\$ -</b>
<b>Total Federal Awards and State Financial Assistance</b>			<b>\$ 23,453,588</b>	<b>\$ 621,410</b>

*The accompanying Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance Projects are an integral part of this schedule.*

# Public Health Trust of Miami-Dade County, Florida

## Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance Projects

Year Ended September 30, 2007

### **1. General**

The accompany Schedule of Expenditures of Federal Awards and State Financial Assistance Projects (the Schedule) presents the activity of all federal awards programs and state financial assistance projects of Public Health Trust of Miami-Dade County, Florida (the Trust) for the year ended September 30, 2007. Federal awards programs and state financial assistance projects received directly, as well as passed through other government agencies, are included on the Schedule.

### **2. Basis of Accounting**

The Trust maintains its accounting records in accordance with the economic resources measurement focus and the accrual basis of accounting. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance Projects is presented using the same basis of accounting.

### **3. Program Clusters**

OMB Circular A-133 defines a cluster of programs as a grouping of closely related programs that share common compliance requirements. There were no programs that met these criteria for the current fiscal year-end.

### **4. Contingency**

The grant revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of Public Health Trust of Miami-Dade County, Florida. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

Public Health Trust of Miami-Dade County, Florida

Schedule of Findings and Questioned Costs

Year Ended September 30, 2007

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor’s report issued (unqualified, qualified, adverse, or disclaimer):

Unqualified Opinion

Internal control over financial reporting:

Material weakness(es) identified?        Yes   X   No

Significant deficiency(ies) identified that are not considered to be material weaknesses?   X   Yes       

Noncompliance material to financial statements noted?        Yes   X   No

Federal Awards and State Financial Assistance Projects Section

Internal control over major programs:

Material weakness(es) identified?        Yes   X   No

Significant deficiency(ies) identified that are not considered to be material weaknesses?   X   Yes       

Type of auditor’s report issued on compliance for major programs (unqualified, qualified, adverse, or disclaimer):

Unqualified Opinion

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133, Section 215.97, *Florida Statutes* or Chapter 10.550, *Rules of the Auditor General*?   X   Yes        No

Public Health Trust of Miami-Dade County, Florida

Schedule of Findings and Questioned Costs (continued)

**Part I – Summary of Auditor’s Results**

**Federal Awards and State Financial Assistance Projects Section (continued)**

The programs/projects tested as major are as follows:

**Federal Awards Programs:**

<b>Federal Program</b>	<b>CFDA No.</b>
Refugee and Entrant Assistance Discretionary Grants: Health Services to Refugees and Entrants	93.576
HIV Care Formula Grants: Ryan White Title II	93.917
Block Grants for Prevention and Treatment of Substance Abuse	93.959

**State Financial Assistance Projects:**

<b>State Project</b>	<b>CSFA No.</b>
Baker Act	60.006
Substance Abuse Detoxification Services for Children	60.028
Children’s Mental Health Community Support Services	60.055
Trauma Center Financial Support: Red Light Running Bill	64.075

Dollar threshold used to distinguish between Type A and Type B programs:

\$572,862 / \$300,000

Auditee qualified as low-risk auditee?

X  Yes          No



Public Health Trust of Miami-Dade County, Florida

Schedule of Findings and Questioned Costs (continued)

**Part II – Schedule of Financial Statement Findings (continued)**

**Context:** The ITGC deficiency is pervasive and in close proximity to the functionality and data within the HBOC and GEAC applications. The ITGC deficiency could have an impact on a number of the Trust's key application and IT-dependent manual controls as well as critical financial data.

**Effect:** We were unable to place reliance on the ITGC's for the HBOC and GEAC applications for the 2007 audit. This resulted in the performance of additional substantive audit procedures.

**Recommendation:** The Trust should review the full list of individuals with the ability to make changes to the application source code and data for HBOC and GEAC and restrict access to only those having the responsibility for implementing changes. When restricting access, the Trust should ensure that there is segregation of duties between those individuals having program development responsibilities and those responsible for implementing changes into the production environment.

**Views of responsible officials and planned corrective actions:** Management has restricted update capabilities to the GEAC load libraries to Systems and Data Control personnel. Application programmers (and any consultants) will no longer be able to make changes to the GEAC production Load library. Instead, GEAC programmers will use the established Qual Form process to document changes and request Data Control to move the changes modules to production. This is being accomplished via RACF security of the Load libraries.

The HBOC changes will continue as they are now until October 1, 2008, when the Siemens system goes live.

Public Health Trust of Miami-Dade County, Florida

Schedule of Findings and Questioned Costs (continued)

**Part III—Federal Awards Program and State Financial Assistance Projects Findings and Questioned Costs**

<b>Finding #</b>	<b>07-02</b>
<b>Program information:</b>	Schedule of Expenditures of Federal Awards and State Financial Assistance Projects
<b>Compliance requirement:</b>	Reporting
<b>Criteria or specific requirement (including statutory, regulatory, or other citation):</b>	Recipients of federal and state awards are to maintain adequate controls over their books and records in order to prepare appropriate financial statements, including the Schedule of Expenditures of Federal Awards and State Financial Assistance Projects (OMB Circular A-133, Section .300(d) and Section 215.97, <i>Florida Statutes</i> ).
<b>Condition:</b>	The Schedule of Expenditures of Federal Awards and State Financial Assistance Projects is to provide total federal and state financial assistance project awards expended for each individual federal and state program. Errors were identified in the preparation of the Schedule of Expenditures of Federal Awards State Financial Assistance Projects for the current and prior years.
<b>Questioned costs:</b>	None. The Schedule of Expenditures of Federal Awards and State Financial Assistance Projects was revised to correct the identified errors.
<b>Context:</b>	As part of our compliance testing, we identified items on the Schedule of Expenditures of Federal Awards and State Financial Assistance Projects that were not recorded according to the definition of expenditures per OMB Circular A-133 and Section 215.97, <i>Florida Statutes</i> .

Public Health Trust of Miami-Dade County, Florida

Schedule of Findings and Questioned Costs (continued)

**Part III—Federal Awards Program and State Financial Assistance Projects Findings and Questioned Costs (continued)**

**Effect:** The original Schedule of Expenditures of Federal Awards and State Financial Assistance Projects contained errors.

**Recommendation:** The Trust should implement additional procedures and internal controls to ensure its Schedule of Expenditures of Federal Awards and State Financial Assistance Projects is prepared properly to include all and only those federal and state expenditures applicable to the reporting period.

**Views of responsible officials and planned corrective actions:** The Trust implemented a more timely review process for contract management. The Grants accounting office reviewed new contracts for proper documentation. The Grants accounting office initiated correspondence between the grantee departments and grantor contract administrator's to resolve any questions regarding documentation required to properly reflect the contracts on the SEFA.

**Finding #** 07-03

**Program information:** CFDA#93.576— Refugee and Entrant Assistance Discretionary Grants: Health Services to Refugees and Entrants

**Compliance requirement** Reporting

**Criteria or specific requirement (including statutory, regulatory, or other citation):** To provide reasonable assurance that reports of federal awards required to be submitted to the federal awarding agency include all activity of the reporting period, are supported by underlying accounting or performance records, and are fairly presented in accordance with project requirements.

Public Health Trust of Miami-Dade County, Florida

Schedule of Findings and Questioned Costs (continued)

**Part III—Federal Awards Program and State Financial Assistance Projects Findings and Questioned Costs (continued)**

**Condition:** During our audit we noted that during FYE 2007 the Trust received an amendment to its grant contract requiring the preparation and submittal of a monthly Medicaid Reconciliation Report of clients that became Medicaid eligible after the start date of services paid by the grantor. None of the required reports were submitted for FYE 2007.

**Questioned costs:** None.

**Context:** Policies and procedures did not exist to ensure the proper preparation and reporting information to the grantor.

**Effect:** The Trust did not meet its reporting requirement for submittal of the Medicaid Reconciliation Reports. This could result in the Trust having to reimburse the agency and/or losing future funding under the grant agreement.

**Recommendation:** The Trust should establish and implement written procedures to ensure the proper preparation and reporting of requirement information to the grantor in accordance with the grant guidelines.

**Views of responsible officials and planned corrective actions:** Management concurs with this finding. We are establishing and implementing written policies and process improvements to ensure the proper preparation and timely reporting of required information to the grantor in accordance with grant guidelines.

Public Health Trust of Miami-Dade County, Florida

Schedule of Findings and Questioned Costs (continued)

**Part III—Federal Awards Program and State Financial Assistance Projects Findings and Questioned Costs (continued)**

<b>Finding #</b>	<b>07-04</b>
<b>Program information:</b>	CFSA #60.055 Children’s Mental Health Community Support Services
<b>Compliance Requirement:</b>	Allowable Costs/Cost Principles
<b>Criteria or specific requirement (including statutory, regulatory, or other citation):</b>	To provide reasonable assurance that State awards are expended only for allowable activities and that costs of goods and services charged to State awards are allowable and in accordance with the applicable cost principles.
<b>Condition:</b>	During our testing we noted one out of thirty-one instances where a summary schedule supporting amounts billed was not supported by timesheets for two individuals.
<b>Questioned costs:</b>	None, since the differences were less than the reportable amount.
<b>Context:</b>	As part of our compliance testing, we identified one out of thirty-one instances where support for amounts billed could not be supported.
<b>Effect:</b>	The Trust did not meet its allowable cost requirement. This could result in unallowable costs being submitted for reimbursement which could result in the Trust having to reimburse the agency and/or losing future funding under the grant agreement.

Public Health Trust of Miami-Dade County, Florida

Schedule of Findings and Questioned Costs (continued)

**Part III—Federal Awards Program and State Financial Assistance Projects Findings and Questioned Costs (continued)**

**Recommendation:** The Trust should review its supervisory review procedures to ensure the proper compilation and retention of supporting documentation for units billed.

**Views of responsible officials and planned corrective actions:** Management agrees with this finding. The finding was a clerical error. Management has reviewed and revised the invoicing process for the program to ensure accuracy. The findings did not result in unallowable costs as the program has produced hours in excess of the contracted amounts.

**Finding #** **07-05**

**Program information:** CFDA #93.959 Block Grants for Prevention and Treatment of Substance Abuse

**Compliance Requirement:** Reporting

**Criteria or specific requirement (including statutory, regulatory, or other citation):** To provide reasonable assurance that reports of federal awards required to be submitted to the federal awarding agency include all activity of the reporting period, are supported by underlying accounting or performance records, and are fairly presented in accordance with project requirements.

**Condition:** During our audit we noted 11 out of 26 instances where patients' demographic information was not submitted to the grantor as required by the grant contract.

**Questioned costs:** None.

Public Health Trust of Miami-Dade County, Florida

Schedule of Findings and Questioned Costs (continued)

**Part III—Federal Awards Program and State Financial Assistance Projects Findings and Questioned Costs (continued)**

<b>Context:</b>	Policies and procedures did not exist to ensure the proper preparation and reporting of patients served demographic information to the grantor.
<b>Effect:</b>	The Trust did not meet its reporting requirement for reporting demographic information. This could result in the Trust having to reimburse the agency and/or losing future funding under the grant agreement.
<b>Recommendation:</b>	The Trust should establish and implement written procedures to ensure the proper preparation and reporting of demographic information to the grantor in accordance with the grant guidelines.
<b>Views of responsible officials and planned corrective actions:</b>	Management concurs with this finding. Changes were made during FYE 2007 to standardize procedures. It appears that during the period of moving and integration of staff, some records may have not been submitted. Management will review policies and procedures and in-service our data entry staff to ensure demographic data is submitted on time and per contract requirements.

Public Health Trust of Miami-Dade County, Florida

Summary Schedule of Prior Audit Findings

Year Ended September 30, 2007

The following is a summary of prior year findings that were not repeated in the current year section, were not implemented, or were only partially implemented by the Trust during the current year. All prior year findings that have been fully implemented were not repeated in this section.

**Finding #**

**06-01**

Program information:

Schedule of Expenditures of Federal Awards and State Financial Assistance Projects

Compliance requirement:

Reporting

Criteria or specific requirement (including statutory, regulatory, or other citation):

Recipients of Federal and State awards are to maintain adequate controls over their books and records in order to prepare appropriate financial statements, including the Schedule of Expenditures of Federal Awards and State Financial Assistance Projects (OMB Circular A-133, Section .300(d) and Section 215.97, *Florida Statutes*).

Condition:

The Schedule of Expenditures of Federal Awards and State Financial Assistance Projects is to provide total Federal and State financial assistance project awards expended for each individual Federal and State program. Errors were identified in the preparation of the Schedule of Expenditures of Federal Awards State Financial Assistance Projects for the current and prior years.

Public Health Trust of Miami-Dade County, Florida

Summary Schedule of Prior Audit Findings (continued)

Recommendation: The Trust should implement additional procedures and internal controls to ensure its Schedule of Expenditures of Federal Awards and State Financial Assistance Projects is prepared properly to include all and only those Federal and State expenditures applicable to the reporting period.

Current Status: Comment is still applicable. See repeated comment 07-02.

**Finding #** **06-03**

Program Information: CFDA#93.959 – Block Grants for Prevention and Treatment of Substance Abuse

Compliance Requirement: Reporting

Criteria or specific requirement (including statutory, regulatory, or other citation): To provide reasonable assurance that reports of Federal awards required to be submitted to the Federal awarding agency include all activity of the reporting period, are supported by underlying accounting or performance records, and are fairly presented in accordance with project requirements.

Condition: During our audit we noted three out of twenty-five instances where patients' demographic information was not submitted to the grantor as required by the grant contract.

Current Status: Comment is still applicable – see repeated comment 07-05.

**FINANCIAL STATEMENTS AND SCHEDULES**

**Public Health Trust of Miami-Dade County, Florida  
Years Ended September 30, 2007 and 2006  
With Report of Independent Certified Public Accountants**

Public Health Trust of  
Miami-Dade County, Florida

Financial Statements and Schedules

Years Ended September 30, 2007 and 2006

**Contents**

Report of Independent Certified Public Accountants .....	1
Financial Statements	
Management’s Discussion and Analysis .....	3
Statements of Fund Net Assets – Trust.....	17
Statements of Revenues, Expenses, and Changes in Fund Net Assets – Trust.....	19
Statements of Cash Flows – Trust .....	20
Statements of Financial Position – Foundation .....	21
Statements of Activities – Foundation .....	23
Statements of Fiduciary Net Assets – Pension Trust Fund.....	25
Statements of Changes in Fiduciary Net Assets – Pension Trust Fund.....	26
Notes to Financial Statements.....	27
Other Financial Information	
Schedule of Employer Contributions (Unaudited) .....	68
Notes to Pension Disclosure Required Supplementary Information (Unaudited) .....	69
Schedule by Account – Schedule of Assets and Liabilities.....	70
Schedule by Account – Schedule of Revenues and Expenses .....	74

## Report of Independent Certified Public Accountants

The Board of Trustees of the  
Public Health Trust of  
Miami-Dade County, Florida

We have audited the accompanying financial statements of the business-type activities, the discretely presented component unit, and the pension trust fund of the Public Health Trust of Miami-Dade County, Florida (the Trust), as of and for the years ended September 30, 2007 and 2006, which collectively comprise the Trust's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Trust's management. Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of Jackson Memorial Foundation, Inc. (the Foundation), a discretely presented component unit of the Trust, which represent 100% of the assets and public support and revenues, of the discretely presented component unit. Those financial statements as of and for the years ended September 30, 2007 and 2006, were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States 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 financial statements are free of material misstatement. We were not engaged to perform an audit of the Trust's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion on the financial statements of the Trust referred to above as of and for the years ended September 30, 2007 and 2006.

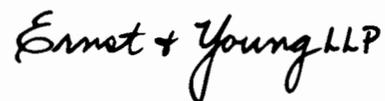
As discussed in Note 1, the accompanying financial statements present only the Trust and are not intended to present fairly the financial position of Miami-Dade County, Florida, as of September 30, 2007 and 2006, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States.

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component unit, and the pension trust fund of the Trust as of September 30, 2007 and 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2008, on our consideration of the Trust's 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 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 audit.

The management's discussion and analysis on pages 3 through 16 and the required pension disclosure information on pages 68 through 69 are not a required part of the basic financial statements but are supplementary information required by the Government Auditing Standards Board (GASB). We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Trust's basic financial statements. The supplementary information included in the Schedules by Account on pages 70 through 75 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedules by Account have been subjected to the auditing procedures applied by us and the other auditors in the audits of the basic financial statements and, in our opinion, based on our audits and the report of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



January 25, 2008

Public Health Trust of  
Miami-Dade County, Florida

Management's Discussion and Analysis

September 30, 2007

This section of the Public Health Trust of Miami-Dade County, Florida (the Trust), annual financial report presents management's discussion and analysis of the Trust's financial performance during the years ended September 30, 2007 and 2006. The purpose of the section is to provide an objective analysis of the financial activities of the Trust based on currently known facts, decisions, and conditions. Please read it in conjunction with the Trust's financial statements, which follow this section.

**Overview of the Combined Financial Statements**

This report consists of three parts – management's discussion and analysis, the audited financial statements, and supplementary schedules.

The Trust utilizes three different funds to account for its activities, an enterprise fund, which combines the activities of the operating fund of the Trust; a fiduciary fund, which reports information about the net assets and changes in net assets of a foundation, which supports the operations of the Trust; and a pension trust fund, which reports information about the net assets and changes in net assets of the Trust's employees' pension plan. Complete financial statements for the fiduciary fund can be obtained from the Jackson Memorial Foundation, Inc at 901 N.W. 17<sup>th</sup> Street, Plaza Park East – Suite G, Miami, Florida 33136.

The pension trust fund does not issue financial statements.

The basic financial statements (statements of fund net assets, statements of revenue, expenses, and changes in fund net assets, and statements of cash flows) present the financial position of the Trust at September 30, 2007 and 2006 (the end of the fiscal year), and the results of its operations and financial activities for the years then ended. These statements report information about the Trust using accounting methods similar to those used by private-sector companies. The statements of fund net assets include all of the Trust's assets and liabilities. The statements of revenue, expenses, and changes in fund net assets reflect the year's activities on the accrual basis of accounting, i.e., transactions are recorded when services are provided or obligations are incurred, not when cash is received or paid. This statement reports the Trust's net asset balances and how they have changed. Net assets (the difference between assets and liabilities) are a way to measure financial health or position. The statements of cash flows provide relevant information about cash receipts and cash payments, and classify them as to operating, investing, and capital with related financing activities. The financial statements include notes that explain information in the financial statements and provide more detailed data.

Public Health Trust of  
Miami-Dade County, Florida

Management's Discussion and Analysis (continued)

September 30, 2007

**Condensed Statement of Fund Net Assets – Trust**

	2007	September 30 2006	2005	2007-2006	2006-2005
<b>Assets:</b>					
Current assets	\$ 478,585,356	\$ 492,076,859	\$ 490,243,867	(2.7)%	0.4%
Capital assets	447,300,604	404,130,799	386,121,695	10.7%	4.7%
Other assets	285,125,692	352,619,510	311,436,792	(19.1)%	13.2%
<b>Total assets</b>	<b>\$ 1,211,011,652</b>	<b>\$ 1,248,827,168</b>	<b>\$ 1,187,802,354</b>	<b>(3.0)%</b>	<b>5.1%</b>
<b>Liabilities:</b>					
Current liabilities	\$ 395,208,227	\$ 398,183,458	\$ 391,824,907	(0.7)%	1.6%
Long-term debt	297,344,543	301,575,061	301,060,579	(1.4)%	0.2%
Other liabilities	45,311,966	41,912,943	45,025,785	8.1%	(6.9)%
<b>Total liabilities</b>	<b>737,864,736</b>	<b>741,671,462</b>	<b>737,911,271</b>	<b>(0.5)%</b>	<b>0.5%</b>
<b>Fund net assets:</b>					
Unrestricted	199,690,013	217,392,062	177,310,544	(8.1)%	22.6%
Invested in capital assets, net of related debt	269,047,198	284,395,117	253,758,242	(5.4)%	12.1%
Restricted	4,409,705	5,368,527	18,822,297	(17.9)%	(71.5)%
<b>Total fund net assets</b>	<b>473,146,916</b>	<b>507,155,706</b>	<b>449,891,083</b>	<b>(6.7)%</b>	<b>12.7%</b>
<b>Total liabilities and fund net assets</b>	<b>\$ 1,211,011,652</b>	<b>\$ 1,248,827,168</b>	<b>\$ 1,187,802,354</b>	<b>(3.0)%</b>	<b>5.1%</b>

Public Health Trust of  
Miami-Dade County, Florida

Management's Discussion and Analysis (continued)

September 30, 2007

**Condensed Statement of Revenues, Expenses, and Changes in Fund Net Assets – Trust**

	2007	Year Ended September 30 2006	2005	2007-2006	Percentage Change 2006-2005
Operating revenues:					
Net patient service revenue	\$1,069,017,573	\$ 959,786,309	\$ 925,036,422	11.4%	3.8%
Other revenue	185,325,834	143,495,234	133,729,491	29.2%	7.3%
Grants and other	27,919,457	29,197,611	25,652,646	(4.4)%	13.8%
Total operating revenues	<u>1,282,262,864</u>	<u>1,132,479,154</u>	<u>1,084,418,559</u>	13.2%	4.4%
Operating expenses:					
Salaries and related costs	947,680,440	815,712,675	782,430,457	16.2%	4.3%
Contractual and purchased services	424,434,009	345,927,558	337,068,112	22.7%	2.6%
Supplies	224,771,334	194,266,329	200,875,574	15.7%	(3.3)%
Other operating expenses	50,314,196	44,954,328	48,052,767	11.9%	(6.4)%
Public Medical Assistance Trust					
Fund assessment	12,509,609	11,332,396	11,577,780	10.4%	(2.1)%
Depreciation and amortization	46,861,188	39,352,565	37,761,646	19.1%	4.2%
Total operating expenses	<u>1,706,570,776</u>	<u>1,451,545,851</u>	<u>1,417,766,336</u>	17.6%	2.4%
Operating loss	(424,307,912)	(319,066,697)	(333,347,777)	33.0%	(4.3)%
Total non-operating revenues and other activity, net	<u>390,299,122</u>	<u>376,331,320</u>	<u>344,197,087</u>	3.7%	9.3%
Increase (decrease) in fund net assets	(34,008,790)	57,264,623	10,849,310	(159.4)%	427.8%
Fund net assets, beginning of year	<u>507,155,706</u>	<u>449,891,083</u>	<u>439,041,773</u>	12.7%	2.5%
Fund net assets, end of year	<u>\$ 473,146,916</u>	<u>\$ 507,155,706</u>	<u>\$ 449,891,083</u>	(6.7)%	12.7%

f

Public Health Trust of  
Miami-Dade County, Florida

Management's Discussion and Analysis (continued)

**Key Financial Indicators**

The following key financial indicators are for the Trust as a whole, inclusive of all of its primary care centers, skilled nursing facilities, Jackson North Community Hospital, and Jackson South Community Hospital. The current ratio, quick ratio, and days cash on hand ratios are indicators of the liquidity of the Trust. The Trust's current ratio and quick ratio fell slightly during 2007 however remaining unchanged during the fiscal periods ending in 2006 and 2005 respectively. The decline experienced in 2007 was attributed to the reduction in Assets Limited as to use, as well as, Estimated receivables from third parties and supplies, to a lesser extent, while the level of current liabilities have remained consistent between periods. The days cash on hand lessened to 42 days reflecting lower funded depreciation and a higher level of operating expenses. Cash on hand rose significantly between 2005 and 2006 due mainly to a sharp increase in the funded depreciation account. Although these funds are available to meet operating needs, they are primarily earmarked for capital outlays. The days revenue in patient receivables is an indicator of how quickly the Trust collects cash from its receivables. This indicator rose by 11 days, to 81 days at September 30, 2007, compared to 70 days in 2006.

This was due mainly to an increase in receivables as a result of acquiring a new hospital at the beginning of the fiscal year. This was due mainly to an increase in receivables as a result of acquiring a new hospital at the beginning of the fiscal year. In 2006, days revenue in patient receivables decreased by approximately 3.3 days at September 30, 2006, compared to September 30, 2005, as a result of continued improved patient cash collections and increases to the Disproportionate Share Program.

**Table 1**  
**Key Financial Indicators**

	<b>2007</b>	<b>2006</b>	<b>2005</b>
Current ratio	<b>1.21</b>	1.24	1.25
Quick ratio	<b>1.15</b>	1.31	1.20
Days cash on hand	<b>41.75</b>	44.96	29.77
Days revenue in patient receivables	<b>80.85</b>	69.67	72.96

Public Health Trust of  
Miami-Dade County, Florida

Management's Discussion and Analysis (continued)

**Overall Fiscal Years 2007 and 2006 Financial Position**

For the years ended September 30, 2007 and 2006, the Trust experienced an operating loss of \$424.3 million and \$319.1 million, respectively. This represents an increase of \$105.2 million or 33% when compared to the fiscal year ended September 30, 2006. This operating loss increase is mainly attributed to higher operating expenses related to salaries and contractual and purchased services which were partially offset by increases in net patient revenue and grants and other revenue.

The Trust's nonoperating revenues, net for the years ended September 30, 2007 and 2006, summed \$390.3 million and \$376.3 million respectively, increasing \$14.0 million or 3.7% higher than the fiscal year ended September 30, 2006. This was the result of a sales tax revenue increase resulting from robust economic conditions and more tourism in the Miami-Dade County area, increases in investment income due to higher average investment balances and yields, as well as increases in other income. These increases were partially offset by reduced Miami-Dade County funding and increased interest expense.

**Overall Fiscal Years 2006 and 2005 Financial Position**

For the years ended September 30, 2006 and 2005, the Trust experienced an operating loss of \$319.1 million and \$333.3 million, respectively. This represents a decrease of \$14.2 million or 4.3% when compared to the fiscal year ended September 30, 2005. This decrease in operating loss is due mainly to increases in net patient revenue and grants and other revenue, offset by increases in salaries and related cost and contractual and purchased services expenses.

The Trust's nonoperating revenues, net for the years ended September 30, 2006 and 2005, were \$376.3 million and \$350.9 million, respectively, which is \$25.4 million or 7.2% higher than the fiscal year ended September 30, 2005. This was the result of a sales tax revenue increase resulting from robust economic conditions and more tourism in the Miami-Dade County area, increases in investment income due to higher average investment balances and yields, as well as increases in other income. These increases were partially offset by reduced Miami-Dade County funding and increased interest expense.

Public Health Trust of  
Miami-Dade County, Florida

Management's Discussion and Analysis (continued)

**Fiscal Year 2008 Outlook**

The Trust will continue to be challenged in fiscal year 2008. It is difficult to predict the impact of future developments on the Trust of the following factors:

- Successful integration of Jackson North Hospital which was acquired in December 2006,
- Payor mix changes – in particular changes to indigent care financial classes,
- Inpatient capacity constraints,
- Ambulatory services volumes, which are traditionally utilized by uninsured and underinsured patients,
- Continued administrative burden related to Medicaid billing requirements,
- Potential changes in federal and state health care reimbursement regulations,
- Costs of supplies, pharmaceuticals, and technology,
- Economic conditions and the related impact on tax-support,
- Negotiations with unions and collective bargaining agreements,
- Attraction and retention of nurses and other clinical care providers, and
- Results of the Trust's current revenue enhancement and cost reduction initiatives.

The level of uninsured residents in Miami-Dade County continues to grow and place additional risk and burden on the Trust. However, the Trust has faced such challenges in the past and will respond by seeking cost savings and implementing revenue enhancement strategies including, among other things, monitoring acute average length of stay, controlling related employee staffing levels and standardization of equipment/supplies.

Public Health Trust of  
Miami-Dade County, Florida

Management's Discussion and Analysis (continued)

**Significant Variances in Financial Statements**

In this section, the Trust explains the reason for those financial statement items with significant variances relating to fiscal 2007 amounts compared to fiscal 2006, and fiscal 2006 amounts compared to fiscal 2005.

*Cash and Cash Equivalents* – was \$75.7 million at September 30, 2007, compared to \$53.8 million at September 30, 2006. The 2007 increase of \$21.9 million reflected a 40.7% improvement over that reported in 2006 primarily caused by net cash provided from operating and nonoperating activities of \$32.7 million and net cash provided by investing activities of \$96.2 million, offset by net cash used in capital and financing activities of \$104.4 million and a \$2.5 million increase in restricted cash and cash equivalents.

Cash and cash equivalents was \$53.8 million at September 30, 2006, compared to \$70.2 million at September 30, 2005. The 2006 decrease of \$16.4 million or 23.3% is due primarily to net cash provided from operating and non-operating activities of \$82.1 million offset by net cash used in capital and financing activities of \$67.4, million, net cash used in investing activities of \$29.4 million, and a \$1.7 million increase in restricted cash and cash equivalents.

*Restricted Cash and Cash Equivalents, Restricted Short-Term Investments and Restricted Long-Term Investments* – was \$133.1 million at September 30, 2007, compared to \$193.8 million at September 30, 2006. This decrease is attributed for the most part to bond funds used to purchase bond approved projects. During the year, bond proceeds were used to purchase digital equipment and the fixed assets of Parkway Hospital.

Restricted cash and cash equivalents, restricted short-term investments and restricted long-term investments was \$193.8 million at September 30, 2006, compared to \$178.8 million at September 30, 2005. This increase is attributed to an increase in the 2005 Bond debt service fund and an increase to the construction fund to reflect interest earned on unspent bond proceeds.

*Assets Limited as to Use and Long-Term Investments* – at September 30, 2007, assets limited as to use and long-term investments decreased by \$5.5 million compared to that for September 30, 2006. This decrease is primarily the result of capital asset purchases made from the funded depreciation account. At September 30, 2006, assets limited as to use and long-term investments increased by \$33.9 million as compared to September 30, 2005. This increase was primarily the result of additional funds reserved by the Trust's Board for future capital projects.

Public Health Trust of  
Miami-Dade County, Florida

Management's Discussion and Analysis (continued)

*Patients Accounts Receivable* – The September 30, 2007, patient accounts receivable (net) reached \$236.8 million representing a 29.2% increase when compared to that as of September 30, 2006 of \$183.2 million. JMH accounts receivable increased by \$13.0 million because of the implementation of the new clinical system near year end which caused delays in patient collections. In addition, receivables increased by \$36.0 million due to the integration of a new facility during fiscal year 2007.

The September 30, 2006, patient accounts receivable (net) of \$183.2 is comparable to the patient accounts receivable (net) at September 30, 2005.

*Estimated Receivables Due From Other Third-Party Payors, Net* – At September 30, 2007, the net amount due to other third-party payors was \$23.6 million, compared to a \$25.8 million net receivable at September 30, 2006. This decrease is primarily due to a decrease in receivables from the Low Income Pool and Medicaid Disproportionate Share programs and a reduction in amounts due from Medicaid and Medicare cost report transactions

The estimated net receivable was \$25.8 million at September 30, 2006, compared to \$0.9 million at September 30, 2005. This increase is primarily due to increases in receivables from the Medicaid Disproportionate Share program and a reduction in net amounts due to AHCA under the Medicaid program which was primarily the result of the receipt of retroactive rate adjustments and the resolution of a matter related to prior period Medicaid overpayments.

*Due from Miami-Dade County* – The balance of \$30.7 million at September 30, 2007 is comparable with the September 30, 2006 balance.

The due from Miami-Dade County balance at September 30, 2006, was \$15.8 million lower than September 30, 2005. This is primarily the result of the timing of sales tax receipts.

*Supplies* – The balance of \$24.9 million at September 30, 2007, is \$4.6 million lower than September 30, 2006. This is primarily the result of a \$4.8 million inventory decline at the JMH Surgical Hospital Center. During the year the organization implemented an inventory reduction plan to better manage inventory carrying cost.

Public Health Trust of  
Miami-Dade County, Florida

Management's Discussion and Analysis (continued)

The balance of \$29.5 million at September 30, 2006, was \$9.8 million higher than September 30, 2005. This is primarily the result of an \$8.0 million purchase of pharmacy inventory from Cardinal Health, 109, Inc. in connection with the settlement of a dispute with this vendor and increases in operating room inventory.

*Prepaid Expenses and Other Current Assets* – The balance of \$5.2 million at September 30, 2007, is comparable to the September 30, 2006, balance.

The balance of \$5.2 million at September 30, 2006, is comparable to the September 30, 2005, balance.

*Capital Assets* – The balance at September 30, 2007, reflects an increase of \$43.1 million from September 30, 2006. This is due to capital asset purchases of \$97.2 million, construction in progress additions of \$13.6, million offset by \$46.9 million in depreciation expense and \$20.8 million in sales and retirements.

The balance at September 30, 2006, reflects an increase of \$18.0 million from September 30, 2005. This is due to capital asset purchases of \$29.8 million, construction in progress additions of \$18.6 million, sales retirements, and adjustments of \$9.0 million, offset by \$39.4 million in depreciation expense.

*Accounts Payable and Accrued Expenses* – The balance at September 30, 2007, of \$138.6 million reflects an increase from September 30, 2006, of \$11.3 million. This is due primarily to an increase in payables for JMH Health Plan of \$7.3 million and new payables of \$8.7 million for Jackson North Medical Center. This was offset by approximately a \$2.4 million decrease in payables for Jackson Memorial Hospital.

The balance at September 30, 2006, of \$127.3 million reflects an increase from September 30, 2005, of \$16.6 million. This is due primarily to timing differences in disbursements to vendors of \$14.6 million and approximately \$6.6 million in refunds due to patients and third-party-payors.

*Accrued Vacation and Sick Pay Benefits* – The balance at September 30, 2007, of \$89.7 million reflects an increase from September 30, 2006, of \$13.4 million or 17.6%. This is primarily the result of vacation bank adjustments to reflect the cost-of-living adjustments terms in the new collective bargaining agreement that went into effect on July 1, 2007 and increases in personnel as a result of acquiring a hospital during the year.

Public Health Trust of  
Miami-Dade County, Florida

Management's Discussion and Analysis (continued)

The balance at September 30, 2006, of \$76.3 million reflects an increase from September 30, 2005, of \$1.7 million or 2.3%. This is primarily the result of vacation bank adjustments to reflect the cost-of-living adjustments terms in the new collective bargaining agreement that went into effect on July 1, 2006

*Long-Term Debt, Excluding Current Portion* – The balance of \$297.3 million at September 30, 2007, is comparable to the September 30, 2006, balance.

The balance of \$301.6 million at September 30, 2006, is comparable to the September 30, 2005, balance.

*Estimated Self-Insurance Liability, Excluding Current Portion* – The balance of \$30.7 million at September 30, 2007 is comparable to the September 30, 2006 balance.

The balance of \$29.9 million was \$2.0 million less than at September 30, 2005. This decrease was the result of adjustments to the estimated reserves necessary to provide for future claims. Reserves are actuarially determined based on the Trust's historical exposures and loss history.

**Statement of Revenues, Expenses and Changes in Net Assets – Trust**

*Net Patient Service Revenue* – Net patient service revenue increased by 11.4% or \$109.2 million, for the year ended September 30, 2007, as compared to September 30, 2006. This increase is primarily due to the acquisition of a hospital which led to approximately \$94.8 million in new revenue, increases in the Low Income Pool and Disproportionate Share Programs and decreased level of charity. This was partially offset by a prior year Medicaid transaction, which generated additional revenues of approximately \$56.6 million in fiscal year 2006.

Net patient service revenue increased by 3.8% or \$34.7 million, for the year ended September 30, 2006, as compared to September 30, 2005. This increase was primarily due to the effect of an average strategic price increase of 8.5%, which went into effect on October 1, 2005, an increase in Disproportionate Share Program of \$3.4 million, and the resolution of a matter related to prior period Medicaid overpayments, which generated additional revenue of approximately \$56.6 million for the year ended September 30, 2006. These positive developments were partially offset by increased levels of charity care.

Public Health Trust of  
Miami-Dade County, Florida

Management's Discussion and Analysis (continued)

*Other Revenue* – Other revenue increased \$41.8 million or 29.2% in the fiscal year ended September 30, 2007, as compared to September 30, 2006. This increase resulted from an increase in JMH Health Plan revenue of \$40.8 million.

Other revenue increased \$9.8 million or 7.3% in the fiscal year ended September 30, 2006, as compared to September 30, 2005. This increase resulted from increases in JMH Health Plan revenue of \$6.0 million, parking garage revenues of \$1.0 million and miscellaneous revenues of \$2.4 million.

*Grants and Other* – Grants and other of \$27.9 million for fiscal year end 2007, is comparable to the fiscal year end 2006 balance.

Grants and other increased \$3.5 million or 13.8% in fiscal year ended September 30, 2006, as compared to September 30, 2005. The increase resulted primarily from Jackson Memorial Foundation contributions totaling \$3.1 million.

*Salaries and Related Costs* – Salaries and related costs increased \$132.0 million or 16.2% in the fiscal year ended September 30, 2007, as compared to September 30, 2006. This increase resulted from approximately a 5% rise in average salaries and an 11% increase in FTEs due to the acquisition of a hospital during the year.

Salaries and related costs increased \$33.3 million or 4.3% in the fiscal year ended September 30, 2006, as compared to September 30, 2005. This increase resulted from approximately a 2.5% merit increase and 1.5% increase in salaries due to an increase in workforce levels.

*Contractual and Purchased Services* – Contractual and purchased services increased \$78.5 million or 22.7% in the fiscal year ended September 30, 2007, as compared to September 30, 2006. This is attributed to increases in JMH Health Plan paid claims due to the addition of new programs totaling \$42.0 million, expenses totaling \$18.0 million for a newly acquired hospital and the balance was due to inflation.

Contractual and purchased services increased \$8.9 million or 3.4% in the fiscal year ended September 30, 2006, as compared to September 30, 2005. This is mainly attributed to increases in special services of \$5.9 million, rent and lease expense of \$4.5 million and miscellaneous expense of \$5.7 million. This was partially offset by a decrease in professional services of \$4.8 million.

Public Health Trust of  
Miami-Dade County, Florida

Management's Discussion and Analysis (continued)

*Supplies* – Supplies for the fiscal year ended September 30, 2007, increased by \$30.3 million or 15.6% compared to fiscal year ended September 30, 2006. The increase is due mainly to supply expense of \$12.0 million related to a hospital acquired during fiscal year 2007, increase in JMH operating room supply expense of \$13.0 million and favorable settlement of a dispute with the Trust's former pharmacy provider during fiscal year 2006 which reduced the supply expense for that year by approximately \$6.6 million.

Supplies for the fiscal year ended September 30, 2006, decreased \$6.6 million or 3.3% compared to fiscal year ended September 30, 2005. This decrease was primarily the result of what was caused in great part by the favorable settlement of a dispute with the Trust's former pharmacy provider.

*Other Operating Expenses* – Other operating expenses increased by \$5.4 million or 11.9% for the fiscal year ended September 30, 2007, as compared to September 30, 2006. The increase is attributable primarily to an increase in professional liability expense of \$4.9 million.

Other operating expenses decreased \$3.1 million or 6.4% for the fiscal year ended September 30, 2006, as compared to September 30, 2005. The decrease is attributable primarily to a decrease in professional liability expense of \$4.7 million, which was partially offset by increases in dialysis services of \$1.0 million.

*Depreciation and Amortization* – The increase of \$7.5 million or 19.1% for the fiscal year ended September 30, 2007 is due mainly because fixed asset purchases were \$55 million higher in fiscal year 2007 as compared to fiscal year 2006. Increase was due to the acquisition of \$35.0 million in fixed assets acquired from a local hospital and \$20 million in digital equipment purchases for JMH.

Depreciation and amortization of \$39.4 million for the year ended September 30, 2006, is comparable to September 30, 2005.

*Total Nonoperating Revenues and Other Activity, Net* – The increase of \$14.0 million or 3.7% in the fiscal year ended September 30, 2007, is due mainly to increases in property tax revenue of \$20.4 million and the Graduate Medical Educational portion of the Low income Pool program increased by \$8.1 million.

Public Health Trust of  
Miami-Dade County, Florida

Management's Discussion and Analysis (continued)

The increase of \$25.4 million or 7.3% in the fiscal year ended September 30, 2006, was due mainly to increases in sales tax revenue of \$19.2 million, Miami-Dade County funding of \$17.4 million and investment income of \$13.4 million. These increases were partially offset by a decrease of \$25.0 million in Miami-Dade County special assistance and a \$7.2 million increase in interest expense.

**Changes in Components of Fund Net Assets – Trust**

As shown in the statements of fund net assets, the Trust assets are categorized into three components:

- Unrestricted
- Invested in capital assets, net of related debt
- Restricted

*Unrestricted* – Unrestricted net assets decreased to \$199.7 million at September 30, 2007, from \$217.4 million at September 30, 2006.

Unrestricted net assets increased to \$217.4 million at September 30, 2006, from \$177.3 million at September 30, 2005.

*Invested in Capital Assets, Net of Related Debt* – Decreased by \$15.3 million during 2007, as plant and equipment additions of \$110.8 million were offset by depreciation expense of \$46.9 million and sales, retirement and adjustments of \$20.8 million. Also reducing the balance was a decrease in related debt of \$0.5 million and funds available for construction of \$57.8 million.

*Restricted* – Restricted fund net assets decreased to \$4.4 million at September 30, 2007, from \$5.4 million at September 30, 2006.

Restricted fund net assets decreased to \$5.4 million at September 30, 2006, from \$18.8 million at September 30, 2005.

Public Health Trust of  
Miami-Dade County, Florida

Management's Discussion and Analysis (continued)

**Liquidity and Capital Resources**

The Trust continues to expand and improve its facilities. Additions to capital assets for the years ended September 30, 2007 and 2006 were \$110.8 million and \$48.3 million, respectively. The Trust is currently engaged in expansion programs at its facilities. The estimated costs to complete all construction programs in process at September 30, 2007 and 2006, are \$329.2 million and \$323.9 million. The Trust anticipates financing these programs through a combination of currently available cash, cash equivalents, the results of future operations and funding from Miami-Dade County.

As previously described in fiscal 2005, the Trust issued a total of \$300.0 million series 2005 bonds to refund all other bonds outstanding at the time and to fund a portion of the capital commitments described above.

**Financial Statement Impact of the Adoption of GASB 40**

The Government Accounting Standards Board (GASB) issued Statement No. 40, *Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*, in March 2003. This statement revised the required disclosures for common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. It also requires that the investment policies related to these same risks be disclosed. The Trust adopted this statement for the fiscal year ended September 30, 2005.

Public Health Trust of  
Miami-Dade County, Florida

Statements of Fund Net Assets – Trust

	September 30	
	2007	2006
Current assets:		
Cash and cash equivalents	\$ 75,716,240	\$ 53,791,350
Restricted cash and cash equivalents	13,796,262	11,298,111
Restricted short-term investments	6,139,107	6,106,735
Assets limited as to use	17,362,850	21,392,010
Patients' accounts receivable, less allowance for doubtful accounts of approximately \$413,773,000 in 2007 and \$381,702,000 in 2006	236,791,029	183,212,644
Estimated receivables due from other third-party payors	45,463,023	131,562,693
Due from Miami-Dade County	30,663,886	30,807,648
Other receivables – unrestricted	13,246,388	13,493,993
Other receivables – restricted	9,253,764	5,686,294
Supplies	24,955,699	29,522,780
Prepaid expenses and other current assets	5,197,108	5,202,601
Total current assets	<u>478,585,356</u>	<u>492,076,859</u>
Assets limited as to use	163,197,706	166,700,758
Long-term investments	–	1,985,620
Restricted long-term investments	113,176,264	176,406,709
Capital assets, net	447,300,604	404,130,799
Other assets:		
Unamortized bond costs	4,520,765	4,671,457
Security deposits	1,673,263	1,146,186
Other	2,557,694	1,708,780
Total noncurrent assets	<u>732,426,296</u>	<u>756,750,309</u>
Total assets	<u><u>\$1,211,011,652</u></u>	<u><u>\$1,248,827,168</u></u>

*Continued on next page*

Public Health Trust of  
Miami-Dade County, Florida

Statements of Fund Net Assets – Trust (continued)

	September 30	
	2007	2006
Current liabilities:		
Current portion of long-term debt	\$ 4,745,000	\$ –
Accounts payable and accrued expenses	138,568,888	127,305,064
Accrued interest payable	4,784,332	4,784,333
Accrued salaries and payroll taxes withheld	22,694,637	23,240,263
Accrued vacation and sick pay benefits	89,735,287	76,318,865
Refunds due for patient services	22,691,205	21,579,112
Current portion of estimated self-insurance liability	5,569,852	5,269,852
Estimated payables due to other third-party payors	69,108,256	105,715,680
Due to Miami-Dade County	28,602,077	25,741,528
Other – unrestricted	5,346,800	4,715,285
Other – restricted	3,361,893	3,513,476
Total current liabilities	395,208,227	398,183,458
Long-term debt, excluding current portion	297,344,543	301,575,061
Estimated self-insurance liability, excluding current portion	30,658,655	29,912,632
Due to Miami-Dade County, excluding current portion	12,906,000	10,153,000
Other	1,747,311	1,847,311
Total noncurrent liabilities	342,656,509	343,488,004
Total liabilities	737,864,736	741,671,462
Commitments and contingencies		
Fund net assets:		
Unrestricted	199,690,013	217,392,062
Invested in capital assets, net of related debt	269,047,198	284,395,117
Restricted	4,409,705	5,368,527
Total fund net assets	473,146,916	507,155,706
Total liabilities and fund net assets	\$1,211,011,652	\$1,248,827,168

*See accompanying notes.*

Public Health Trust of  
Miami-Dade County, Florida

Statements of Revenues, Expenses, and Changes in Fund Net Assets – Trust

	<b>Year Ended September 30</b>	
	<b>2007</b>	<b>2006</b>
Operating revenues:		
Net patient service revenue	<b>\$1,069,017,573</b>	\$ 959,786,309
Other revenue	<b>185,325,834</b>	143,495,234
Grants and other	<b>27,919,457</b>	29,197,611
Total operating revenues	<b>1,282,262,864</b>	1,132,479,154
Operating expenses:		
Salaries and related costs	<b>947,680,440</b>	815,712,675
Contractual and purchased services	<b>424,434,009</b>	345,927,558
Supplies	<b>224,771,334</b>	194,266,329
Other operating expenses	<b>50,314,196</b>	44,954,328
Public Medical Assistance Trust Fund assessment	<b>12,509,609</b>	11,332,396
Depreciation and amortization	<b>46,861,188</b>	39,352,565
Total operating expenses	<b>1,706,570,776</b>	1,451,545,851
Operating loss	<b>(424,307,912)</b>	(319,066,697)
Nonoperating revenues (expenses):		
Miami-Dade County funding	<b>160,707,202</b>	140,424,229
Miami-Dade County special assistance	–	30,173,168
Sales tax revenue	<b>190,871,912</b>	189,699,732
Investment income	<b>23,441,014</b>	20,008,856
Interest expense	<b>(15,066,945)</b>	(15,451,732)
Other income	<b>30,345,939</b>	11,477,067
Total nonoperating revenues, net	<b>390,299,122</b>	376,331,320
(Decrease) increase in fund net assets	<b>(34,008,790)</b>	57,264,623
Fund net assets – beginning of the year	<b>507,155,706</b>	449,891,083
Fund net assets – end of the year	<b>\$ 473,146,916</b>	\$ 507,155,706

*See accompanying notes.*

Public Health Trust of  
Miami-Dade County, Florida

Statements of Cash Flows – Trust

	<b>Year Ended September 30</b>	
	<b>2007</b>	<b>2006</b>
<b>Operating activities:</b>		
Cash received from patients, tenants, and third-party payors	<b>\$1,277,699,437</b>	\$1,113,953,786
Cash paid to suppliers	<b>(694,474,370)</b>	(600,686,036)
Cash paid to employees for services	<b>(933,819,998)</b>	(816,282,573)
Net cash used in operating activities	<b>(350,594,931)</b>	(303,014,823)
<b>Noncapital financing activity:</b>		
Funds contributed by federal, state, and miscellaneous sources	<b>383,293,817</b>	385,141,187
Net cash provided by noncapital financing activity	<b>383,293,817</b>	385,141,187
<b>Capital and related financing activities:</b>		
Principal payments on long-term debt	-	-
Interest paid	<b>(14,401,771)</b>	(10,002,225)
Purchases of capital assets, net	<b>(55,030,993)</b>	(57,361,669)
Jackson North acquisition	<b>(35,000,000)</b>	-
Net cash used in capital and related financing activities	<b>(104,432,764)</b>	(67,363,894)
<b>Investing activities:</b>		
Purchase of investment securities	<b>(8,953,651)</b>	(61,573,174)
Proceeds from sales and maturities of investments	<b>81,669,556</b>	12,198,775
Income on investments	<b>23,441,014</b>	20,008,856
Net cash provided by (used in) investing activities	<b>96,156,919</b>	(29,365,543)
 Net increase (decrease) in cash and cash equivalents	 <b>24,423,041</b>	 (14,603,073)
Cash and equivalents, beginning of year	<b>65,089,461</b>	79,692,534
Cash and equivalents, end of year	<b>\$ 89,512,502</b>	\$ 65,089,461
 Reconciliation of operating loss to net cash used in operating activities:		
Loss from operations	<b>\$ (424,307,912)</b>	\$ (319,066,697)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	<b>46,861,188</b>	39,352,565
Provision for doubtful accounts	<b>167,924,887</b>	112,000,047
(Increase) decrease in assets:		
Patients' accounts receivables and other receivables	<b>(138,723,469)</b>	(126,012,393)
Supplies	<b>4,567,081</b>	(9,774,386)
Due from Miami-Dade County	<b>(1,225,000)</b>	2,450,000
Prepaid expenses and other assets	<b>(1,370,498)</b>	(425,335)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	<b>25,246,712</b>	33,282,727
Due to Miami-Dade County	<b>5,613,549</b>	(11,950,200)
Due to/from other third-party payors	<b>(36,607,424)</b>	(13,610,658)
Other current liabilities	<b>479,932</b>	(5,058,651)
Estimated self-insurance liability	<b>1,046,023</b>	(3,190,050)
Other long-term liabilities	<b>(100,000)</b>	(1,011,792)
Total adjustments	<b>73,712,981</b>	16,051,874
Net cash used in operating activities	<b>\$ (350,594,931)</b>	\$ (303,014,823)

*See accompanying notes.*

Public Health Trust of  
Miami-Dade County, Florida

Statement of Financial Position – Foundation

September 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 766,659	\$ 2,707,112	\$ 3,473,771
Investments	576,071	9,214,237	9,790,308
Pledges receivable – current portion, net	542,000	2,995,251	3,537,251
Interest and dividends receivable	27,168	–	27,168
Other current assets	78,918	–	78,918
Total current assets	1,990,816	14,916,600	16,907,416
Property and equipment, net	478,495	–	478,495
Trust agreement receivable – charitable remainder trust	–	314,806	314,806
Pledges receivable less current portion, net	588,919	4,120,144	4,709,063
Total assets	\$ 3,058,230	\$ 19,351,550	\$ 22,409,780
<b>Liabilities and net assets</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 663,007	\$ –	\$ 663,007
Total current liabilities	663,007	–	663,007
Commitments and contingencies			
Net assets:			
Unrestricted	2,395,223	–	2,395,223
Temporarily restricted	–	19,351,550	19,351,550
Total net assets	2,395,223	19,351,550	21,746,773
Total liabilities and net assets	\$ 3,058,230	\$ 19,351,550	\$ 22,409,780

*See accompanying notes.*

Public Health Trust of  
Miami-Dade County, Florida

Statement of Financial Position – Foundation

September 30, 2006

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 2,013,375	\$ 2,032,528	\$ 4,045,903
Investments	74,810	10,014,698	10,089,508
Pledges receivable – current portion	485,699	2,288,735	2,774,434
Interest and dividends receivable	38,578	–	38,578
Other current assets	62,877	29,880	92,757
Total current assets	2,675,339	14,365,841	17,041,180
Property and equipment, net	278,411	–	278,411
Trust agreement receivable – charitable remainder trust	–	305,207	305,207
Pledges receivable less current portion, net	1,156,083	5,344,290	6,500,373
Total assets	\$ 4,109,833	\$ 20,015,338	\$ 24,125,171
<b>Liabilities and net assets</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 1,791,049	\$ –	\$ 1,791,049
Deferred revenue	–	119,747	119,747
Total current liabilities	1,791,049	119,747	1,910,796
Commitments and contingencies			
Net assets:			
Unrestricted	2,318,784	–	2,318,784
Temporarily restricted	–	19,895,591	19,895,591
Total net assets	2,318,784	19,895,591	22,214,375
Total liabilities and net assets	\$ 4,109,833	\$ 20,015,338	\$ 24,125,171

*See accompanying notes.*

Public Health Trust of  
Miami-Dade County, Florida

Statement of Activities – Foundation

Year Ended September 30, 2007

	Unrestricted	Temporarily Restricted	Total
Public support and revenues:			
Donations for International Kids Fund Program	\$ –	\$ 2,274,959	\$ 2,274,959
Donations for Holtz Children’s Hospital Campaign, net	–	1,174,069	1,174,069
Donations for UM/JMH Liver Center	–	122,994	122,994
Donation for JMH/Breast Cancer Center	–	73,803	73,803
Donations for UM/Jackson Trauma Center	–	37,923	37,923
Grant Awards Revenue	–	1,249,483	1,249,483
Other support	1,409,892	1,831,610	3,241,502
Change in present value discount of pledges receivable	(54,479)	236,921	182,442
Special events, net of direct costs of \$1,034,189	–	1,221,033	1,221,033
Net public support	<u>1,355,413</u>	<u>8,222,795</u>	<u>9,578,208</u>
Interest income and dividends, net of investment fee	266,802	117,796	384,598
Net realized gains on investments	333,591	–	333,591
Net unrealized gains on investments	668,440	158,314	826,754
Total public support and revenues before net assets released from restrictions	<u>2,624,246</u>	<u>8,498,905</u>	<u>11,123,151</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	9,042,946	(9,042,946)	–
Total public support and revenues	<u>11,667,192</u>	<u>(544,041)</u>	<u>11,123,151</u>
Expenses including direct support payments:			
Program services:			
International Kids Fund	1,788,573	–	1,788,573
University of Miami/Jackson Memorial Medical Center	6,478,458	–	6,478,458
Grant Award Expenses - Community Access Program	531,303	–	531,303
Grant Award Expenses - Other Program	621,629	–	621,629
Total program services	<u>9,419,963</u>	<u>–</u>	<u>9,419,963</u>
Management and general	1,274,667	–	1,274,667
Fundraising	896,123	–	896,123
Total expenses including direct support payments	<u>11,590,753</u>	<u>–</u>	<u>11,590,753</u>
Change in net assets	76,439	(544,041)	(467,602)
Net assets at beginning of year	2,318,784	19,895,591	22,214,375
Net assets at end of year	<u>\$ 2,395,223</u>	<u>\$ 19,351,550</u>	<u>\$ 21,746,773</u>

See accompanying notes.

Public Health Trust of  
Miami-Dade County, Florida

Statement of Activities – Foundation

Year Ended September 30, 2006

	Unrestricted	Temporarily Restricted	Total
Public support and revenues:			
Donations for International Kids Fund Program	\$       –	\$ 2,449,981	\$ 2,449,981
Donations for Holtz Children’s Hospital Campaign, net	–	1,353,557	1,353,557
Donations for UM/JMH Liver Center	–	113,576	113,576
Donation for JMHBreast Cancer Center	–	94,901	94,901
Donations for UM/Jackson Trauma Center	–	126,362	126,362
Grant Awards Revenue	–	637,228	637,228
Other support	1,003,685	1,540,627	2,544,312
Change in present value discount of pledges receivable	172,634	379,667	552,301
Special events, net of direct costs of \$893,484	–	1,266,934	1,266,934
Net public support	1,176,319	7,962,833	9,139,152
Interest income and dividends, net of investment fee	295,994	30,796	326,790
Net realized gains on investments	429,804	6,431	436,235
Net unrealized gains (losses) on investments	(104,399)	125,424	21,025
Total public support and revenues before net assets released from restrictions	1,797,718	8,125,484	9,923,202
Net assets released from restrictions:			
Satisfaction of program restrictions	8,554,718	(8,554,718)	–
Total public support and other revenues	10,352,436	(429,234)	9,923,202
Expenses including direct support payments:			
Program services:			
International Kids Fund	1,541,540	–	1,541,540
International Health Center	534,644	–	534,644
University of Miami/Jackson Memorial Medical Center	5,780,984	–	5,780,984
Grant Award Expenses – Community Access Program	556,872	–	556,872
Grant Award Expenses – Other Programs	94,123	–	94,123
Total program services	8,508,163	–	8,508,163
Management and general	546,691	–	546,691
Fundraising	1,188,416	–	1,188,416
Total expenses including direct support payments	10,243,270	–	10,243,270
Change in net assets	109,166	(429,234)	(320,068)
Net assets at beginning of year	2,209,618	20,324,825	22,534,443
Net assets at end of year	\$ 2,318,784	\$ 19,895,591	\$ 22,214,375

*See accompanying notes.*

Public Health Trust of  
Miami-Dade County, Florida

Statements of Fiduciary Net Assets – Pension Trust Fund

	<b>September 30</b>	
	<b>2007</b>	<b>2006</b>
<b>Assets</b>		
Assets whose use is limited:		
Externally restricted under pension plan agreement	<b>\$ 219,845,898</b>	\$ 160,236,102
	<b>\$ 219,845,898</b>	\$ 160,236,102
 <b>Liabilities and restricted net assets</b>		
Due to Public Health Trust of Miami-Dade County, Florida	\$ 1,307,147	\$ 872,334
Restricted net assets reserved for employees' pension benefits	<b>218,538,751</b>	159,363,768
	<b>\$ 219,845,898</b>	\$ 160,236,102

*See accompanying notes.*

Public Health Trust of  
Miami-Dade County, Florida

Statements of Changes in Fiduciary Net Assets — Pension Trust Fund

	<b>Year Ended September 30</b>	
	<b>2007</b>	<b>2006</b>
Net assets reserved for employees' pension benefits:		
Balance at beginning of year	<b>\$ 159,363,769</b>	\$ 124,253,560
Additions:		
Pension contributions	33,432,274	26,168,802
Net realized and unrealized gains on pension trust fund investments	<u>26,177,523</u>	<u>9,303,922</u>
	<b>59,609,797</b>	35,472,724
Deductions:		
Participants benefit expense	434,815	362,516
	<u>434,815</u>	<u>362,516</u>
 Net increase in net assets reserved for employees' pension benefits	 <b>59,174,982</b>	 35,110,208
Balance at end of year	<b><u>\$ 218,538,751</u></b>	<b><u>\$ 159,363,768</u></b>

**Public Health Trust of  
Miami-Dade County, Florida**

**Notes to Financial Statements**

September 30, 2006

**1. Organization and Summary of Significant Accounting Policies**

**Organization**

Effective October 1, 1973, the Public Health Trust of Miami-Dade County, Florida (the Trust), was created by county ordinance to provide for an independent governing body (the board of trustees or Board) responsible for the operation, governance, and maintenance of "designated facilities." Currently, the Trust is responsible for Jackson Memorial Hospital (the Hospital), Highland Park (a division of the Hospital), Jackson North (a division of the Hospital formerly known as Parkway Regional Medical Center), JMH Health Plan (the Health Plan), North Dade Primary Health Care Facility (North Dade), Infant Shelter (the Shelter), Home Health Care (HHC), Liberty City Medical Center (Liberty City), Corrections Health Services (CHS), Jackson Medical Towers (the Towers), Perdue Medical Center (Perdue), and Human Resource Health Center (HRHC), Jackson South (formerly known as Deering Hospital), and Jackson North Community Mental Health (formerly Locktowns Community Mental Health Centers, Inc.).

Jackson Memorial Hospital is a teaching hospital operating in conjunction with the University of Miami School of Medicine, which provides staff and services under an annual operating agreement. North Dade, Liberty City and CHS provide outpatient and emergency care. The Towers were purchased from the Department of Housing and Urban Development and include support facilities relating to the Hospital. Perdue and HRHC are two skilled nursing facilities transferred from Miami-Dade County (the County) on October 1, 1991.

In July 1995, the Trust entered into a contract with the State of Florida Department of Health and Rehabilitative Services (HRS) to provide financial, administrative and operational support services to Juanita Mann Center (JMC), Rosie Lee Wesley Center, Downtown Family Medical Center, North Miami Center and Southeast Dental Medical Center, which are HRS clinics providing primary care services. The Trust entered into a management contract with Humana, Inc., which transfers management of all the HRS clinics, except JMC, to Humana, Inc.

In June 2001, the Trust acquired Deering Hospital, a 200-bed, acute-care hospital for approximately \$35,700,000 in cash from an unrelated party. The transaction was accounted for as a purchase. The excess purchase price over fair market value of the underlying assets, primarily property, equipment and inventory, was allocated to goodwill, which is being amortized over 40 years.

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**1. Organization and Summary of Significant Accounting Policies (continued)**

In June 2003, the Trust acquired five properties from Locktowns Community Mental Health Centers, Inc. for approximately \$2,600,000 in cash. The transaction was accounted for as a purchase. The purchase price of the underlying assets, primarily property and equipment, approximated fair values.

In December 2006, the Trust acquired Parkway Regional Medical Center, a 382-bed acute-care hospital for approximately \$35,000,000 from an unrelated party. The transaction was accounted for as a purchase. The purchase price was allocated to the underlying assets, primarily property and equipment, based upon their respective fair values.

The Trust is an enterprise fund of the County. The accompanying financial statements are not intended to be a complete presentation of the financial position of the County, and the results of its operations and cash flows of its proprietary fund types, in conformity with accounting principles generally accepted in the United States.

**Basis of Accounting and Presentation**

The statements of fund net assets and revenues, expenses, and changes in fund net assets are presented using the economic resources measurement focus and the accrual basis of accounting. Funds which are restricted by creditors, grantors, contributors, or laws or regulations are shown as restricted funds.

Jackson Memorial Foundation, Inc. (the Foundation) is a legally separate, tax-exempt component unit of the Trust. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the Trust in support of its programs. The board of the Foundation is self-perpetuating and consists of community members. Although the Trust does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the Trust by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the Trust, the Foundation is considered a component unit of the Trust and is discretely presented in the Trust's financial statements.

During the years ended September 30, 2007 and 2006, the Foundation distributed approximately \$1,537,000 and \$3,075,000, respectively, to the Trust for both restricted and unrestricted purposes. Complete financial statements, for the Foundation can be obtained from the Foundation at 901 N.W. 17<sup>th</sup> Street, Plaza Park East – Suite G, Miami, Florida 33136.

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**1. Organization and Summary of Significant Accounting Policies (continued)**

The pension trust fund is a fiduciary fund used to account for assets held by Northern Trust Bank for the benefits of employees of the Trust who participate in the Public Health Trust Defined Benefit Retirement Plan (the Plan).

The financial statements of the pension trust fund use the full accrual basis of accounting whereby employer contributions to the Plan are recognized when due, and benefits are recognized when due and payable to the plan participants in accordance with the terms of the Plan.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

**Accounting Standards**

GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, offers the option of following all Financial Accounting Standards Board (FASB) standards issued after November 30, 1989, unless the latter conflict with or contradict GASB pronouncements, or not following FASB standards issued after such date. The Trust elected the option not to follow FASB pronouncements issued after November 30, 1989.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the Trust's financial reporting entity for these differences.

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**1. Organization and Summary of Significant Accounting Policies (continued)**

The United States Government, the State of Florida and the County make capital grant funds available to the Trust to fund the purchase of certain assets or the construction of various projects. As required by GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, capital contributions include capital grants which are reported in the Statements of Revenues, Expenses and Changes in Fund Net Assets – Trust.

**Cash and Cash Equivalents**

The Trust considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. The Trust routinely invests its surplus operating funds in money market mutual funds and overnight repurchase agreements. These funds generally invest in highly liquid U.S. government and agency obligations.

**Investments**

Investments include U.S. government securities, U.S. government agency securities, commercial paper, and U.S. Treasury bills carried at fair value. Unrealized holding gains and losses are included in nonoperating income.

Investment income on investments held by bond trustee, assets limited as to use for self-insurance programs and on all other investments are reported as nonoperating income.

**Assets Limited as to Use**

Assets limited as to use include self-insurance trust arrangements; designated assets set aside by the Board or the County for future capital improvements, over which the Board retains control and may, at its discretion, subsequently use for other purposes; and assets set aside in accordance with agreements with third-party payors, the County, and the Florida Department of Financial Services Office of Insurance Regulation. Amounts required to meet current liabilities have been classified as current assets in the accompanying Statements of Fund Net Assets – Trust.

**Supplies**

Supplies, consisting primarily of pharmaceutical and medical and surgical supplies, are stated at the lower of cost (principally determined using average cost) or market.

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**1. Organization and Summary of Significant Accounting Policies (continued)**

**Capital Assets**

The County gave the Trust title to, and operating control of, all items of hospital personal property, and possession and operating control of, but not title to, all hospital real property at the inception of the Trust and thereafter acquired. In connection with the acquisition of Jackson South, the County gave possession and operating control of, but not title to, all hospital real property of Jackson South, and title and operating control of all items of hospital personal property of Jackson South. The Trust does not have title for real property with an approximate cost of \$560,209,000 and \$515,196,000 as of September 30, 2007 and 2006, respectively.

The Trust capitalizes all items with an initial cost of \$5,000 or greater and an expected useful life of two years or more. The Trust's capital assets are stated at cost to the Trust or to the County, or if donated property, at fair market value at the date of donation. Assets under capital leases are stated at the present value of future minimum lease payments at the inception of the lease and are amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets based on American Hospital Association guidelines as summarized below:

	<u>Useful life</u>
Land improvements	2-25 years
Buildings	5-40 years
Fixed equipment	5-20 years
Movable equipment	3-20 years

The Trust capitalizes certain costs associated with the acquisition of internal-use computer software. Capitalizable costs include external direct costs of materials and services consumed in developing or obtaining internal-use software and payroll and payroll-related costs devoted directly to the project. Capitalization commences only after the preliminary project stage is complete and only if management has authorized and committed to funding the project, and it is considered probable that the project will be completed and put to its intended use. The capitalization of costs ceases once testing is complete. The Trust capitalized approximately \$2,401,000 and \$4,000 during fiscal years 2007 and 2006, respectively.

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**1. Organization and Summary of Significant Accounting Policies (continued)**

**Goodwill**

Goodwill, which represents the excess of purchase price over fair value of net assets acquired, is amortized on a straight-line basis over the expected periods to be benefited, generally 40 years. The Trust assesses the recoverability of this intangible asset by determining whether the amortization of the goodwill balance over its remaining life can be recovered through undiscounted future operating cash flows of the acquired hospital.

**Costs of Borrowing**

Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets. Interest costs associated with that portion of the Trust's revenue bonds used to construct qualifying assets, less interest earned on temporary investment of the unexpended proceeds of those borrowings, are also capitalized as a component of the cost of acquiring the qualifying assets.

Debt issuance costs are amortized over the life of the debt, using the straight-line method which approximates the effective-interest method.

**Bonds Payable**

The Trust is not empowered to borrow funds. Long-term financing is generally accomplished by the issuance of bonds or other debt by the County, which is reflected as long-term debt in the accompanying financial statements.

**Refunding of Debt**

For current and advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense using the straight-line method over the remaining life of the old debt or the life of the new debt, whichever is shorter. The difference in these amounts, to the extent unamortized, is accounted for as an element of the carrying cost of the related debt.

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**1. Organization and Summary of Significant Accounting Policies (continued)**

**Self-Insurance Programs**

The provision for estimated self-insured programs – medical malpractice claims and workers' compensation includes estimates of the ultimate costs for both reported claims and claims incurred but not reported. The estimates for self-insured claims are continually reviewed and adjusted as necessary as experience develops or new information becomes known.

**Restricted Net Assets**

Restricted net assets are those whose use by the Trust has been limited by donors to a specific time period or purpose or whose use has been limited under bond indenture arrangements.

Gifts of cash and other assets are reported at fair value as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted funds are transferred to unrestricted net assets. Transfers used for current operations are included in the Statements of Revenues, Expenses and Changes in Fund Net Assets – Trust as a reduction of the related expense. The Trust first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**Statements of Revenues, Expenses, and Changes in Fund Net Assets – Trust**

All transactions deemed by management to be ongoing, major, or central to the provision of health care services are considered to be operating activities and are reported as operating revenue and operating expenses. Interest income, interest expense, and peripheral or incidental transactions are reported as nonoperating revenue and expenses.

**Net Patient Service Revenue**

The Trust has agreements with third-party payors that provide for payments to the Trust at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges and per-diem payments.

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**1. Organization and Summary of Significant Accounting Policies (continued)**

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in the year of final settlement as an adjustment to the provision for contractual allowance in that year's Statement of Revenues, Expenses and Changes in Net Assets – Trust. Final settlements under these programs are subject to administrative review and audit by third-party payors. In the opinion of management, adequate provision has been made in the accompanying financial statements for adjustments that may result from such reviews and audits.

**Charitable Services**

In pursuing its mission, the Trust provides services to financially disadvantaged individuals in the community in which it operates, despite the lack or adequacy of reimbursement for those services.

The Trust maintains records to identify and monitor the level of such services, as follows:

The Trust provides care to patients regardless of their ability to pay. All, or a portion of, the charges incurred at established rates are classified as charity by reference to the Trust's established policies. Essentially, these policies define charitable services as those for which no payment is anticipated. In assessing a patient's ability to pay, the Trust utilizes generally recognized poverty-income levels for the respective community, but also includes certain cases where incurred charges are considered to be beyond the patient's ability to pay. Because the Trust does not pursue the collection of amounts determined to meet the criteria under its "charity care" policy, such amounts are not reported as revenue.

The Trust provides services to other indigent patients under various state of Florida programs which pay health care providers amounts which are less than the cost of the services provided to the recipients. The difference between the cost of services provided to these indigent persons and the expected reimbursement is also considered to be charitable service.

In addition to the services that are provided to financially disadvantaged individuals, the Trust provides certain community health services at no charge to the public, including various educational programs. Costs related to these services are included in operating expenses.

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**1. Organization and Summary of Significant Accounting Policies (continued)**

**Other Revenue**

Premium revenue is recognized by the Health Plan during the period in which the Health Plan is obligated to provide services to its members.

**Unpaid Medical Claims**

The unpaid medical claims related to the Health Plan are included in other liabilities. The unpaid medical claims include accruals for hospital and other medical claims incurred as well as those incurred but not reported. The accrual for inpatient claims is based on a per diem rate for outstanding bed days and on experience trends for outpatient and other medical claims.

**Income Taxes**

The Trust is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is provided for in the accompanying financial statements.

**Reclassifications**

Certain reclassifications have been made to the 2006 financial statements to conform to the 2007 presentation. Such reclassifications had no effect on the previously reported results of operations or total fund net assets.

**2. Cash, Cash Equivalents, and Investments**

**Deposits and Investments**

The Trust's investment authority is derived from Florida Statutes Chapter 218.415 and by County Ordinance. Time deposits made in banks and savings and loans associations must be made with qualified public depositories in accordance with Chapter 280, Florida Statutes. All qualified public depositories, as defined under Florida Statutes, are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The pledging level may range

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**2. Cash, Cash Equivalents, and Investments (continued)**

from 50% to 125% depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

At September 30, 2007 and 2006, the fair market value of cash, cash equivalents and investments included the following:

	<b>2007</b>	<b>2006</b>
Fixed investments – Federal Treasuries; Federal Agency Securities and commercial paper	<b>\$ 139,025,720</b>	\$ 233,672,274
Investments not subject to categorization:		
State Board of Administration Pooled Investment account	<b>23,778,009</b>	17,899,694
Money market accounts	<b>699,114</b>	681,387
Total investments	<b>163,502,843</b>	252,253,355
Deposits	<b>225,230,972</b>	183,678,321
Interest receivable	<b>654,614</b>	1,749,618
Total cash, cash equivalents and investments	<b>\$ 389,388,429</b>	\$ 437,681,294

**Credit Risk**

The Trust's Investment Policy (the Policy), minimizes credit risk by restricting authorized investments to: Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act; Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits or savings accounts in qualified public depositories, pursuant to Florida Statutes Chapter 280.02, which are defined as banks, savings banks, or savings associations organized under the laws of the United States with an office in this state that is authorized to receive deposits, and has deposit insurance under the provisions of the Federal Deposit Insurance Act; direct obligations of the United States Treasury; federal agencies and instrumentalities; securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**2. Cash, Cash Equivalents, and Investments (continued)**

Investment Company Act of 1940, provided that the portfolio is limited to the obligations of the United States government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian; Commercial paper of prime quality with a stated maturity of 270 days or less from the date of its issuance, which has the highest letter and numerical rating as provided for by at least one nationally recognized rating service; bankers' acceptances which have a stated maturity of 180 days or less from the date of their issuance, and have the highest letter and numerical rating as provided for by at least one nationally recognized rating service, and are drawn on and accepted by commercial banks and which are eligible for purchase by the Federal Reserve Bank; investments in repurchase agreements collateralized by securities authorized by this policy. Securities lending - securities or investments purchased or held under the provisions of this section may be loaned to securities dealers or financial institutions provided the loan is collateralized by cash or securities having a market value of at least 102% of the market value of the securities loaned upon initiation of the transaction.

At September 30, 2007, the Trust's investment securities had the following credit ratings:

	<b>Fair Market Value</b>	<b>Credit Rating*</b>
U.S. Government agency securities, by issuer:		
Federal Farm Credit Banks	\$ 5,786,166	AAA
Federal Home Loan Banks	40,443,600	AAA
Federal National Mortgage Association	34,752,668	AAA
Federal Home Loan Mortgage Corporation	20,147,534	AAA
Federal Agricultural Mortgage Corporation	2,688,004	AAA
Commercial paper	35,207,748	AAA
	<b>\$ 139,025,720</b>	

\* Standard & Poor's ratings.

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**2. Cash, Cash Equivalents, and Investments (continued)**

At September 30, 2007, the carrying amount of the Trust's bank deposit accounts was approximately \$225,231,000. The Trust's bank balances totaled approximately \$87,186,000 at September 30, 2007, and were deposited in qualified public depositories, as required by Chapter 280, Florida Statutes.

At September 30, 2006, the Trust's investment securities had the following credit ratings:

	<b>Fair Market Value</b>	<b>Credit Rating*</b>
U.S. Government agency securities, by issuer:		
Federal Farm Credit Banks	\$ 3,600,266	AAA
Federal Home Loan Banks	90,949,877	AAA
Federal National Mortgage Association	48,251,093	AAA
Federal Home Loan Mortgage Corporation	52,095,331	AAA
Federal Agricultural Mortgage Corporation	398,964	AAA
U.S. Treasury bills	14,955,970	AAA
Commercial paper	23,420,773	AAA
	\$ 233,672,274	

\* Standard & Poor's ratings.

At September 30, 2006, the carrying amount of the Trust's bank deposit accounts was approximately \$183,678,000. The Trust's bank balances totaled approximately \$193,077,000 at September 30, 2006, and were deposited in qualified public depositories, as required by Chapter 280, Florida Statutes.

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**2. Cash, Cash Equivalents, and Investments (continued)**

**Custodial Credit Risk**

The Policy requires that bank deposits be secured per Chapter 280, Florida Statutes. This requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. The Policy requires the execution of a Custodial Safekeeping Agreement (CSA) for all purchased securities and shall be held for the credit of the Trust in an account separate and apart from the assets of the financial institution.

At September 30, 2007 and 2006, approximately \$119,315,000 and \$177,008,000, respectively, of the Trust's deposits and investments were held in a pooled account at the County.

**Concentration of Credit Risk**

The Policy establishes limitations on portfolio composition by investment type and by issuer to limit its exposure to concentration of credit risk. The Policy provides that a maximum of 30% of the portfolio may be invested in SEC registered money market funds with no more than 10% to any single money market fund; a maximum of 20% of the portfolio may be invested in non-negotiable interest bearing time certificates of deposit savings accounts with no more than 5% deposited with any one issuer; a maximum of 75% of the total portfolio may be invested in federal agencies and instrumentalities; a maximum of 5% of the portfolio may be invested in open-end or closed-end funds; a maximum of 50% of the portfolio may be invested in prime commercial paper with a maximum of 5% with any one issuer; a maximum of 20% of the portfolio may be invested in bankers' acceptances with a maximum of 25% with any one issuer; a maximum of 60% of the portfolio may be invested in both commercial paper and bankers' acceptances; a maximum of 10% of the portfolio may be invested with any one institution.

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**2. Cash, Cash Equivalents, and Investments (continued)**

At September 30, 2007 and 2006, the composition of the Trust's investments by investment type as a percentage of total investments were as follows:

	<b>Percentage of Portfolio</b>	
	<b>2007</b>	<b>2006</b>
U.S. Government agency securities, by issuer:		
Federal Farm Credit Banks	<b>3.5%</b>	1.5%
Federal Home Loan Banks	<b>24.7%</b>	36.0%
Federal National Mortgage Association	<b>21.3%</b>	19.1%
Federal Home Loan Mortgage Corporation	<b>12.3%</b>	20.6%
Federal Agricultural Mortgage Corporation	<b>1.7%</b>	0.2%
U.S. Treasury bills	<b>0.0%</b>	5.9%
Commercial paper	<b>21.5%</b>	9.3%
State Board of Administration Pooled Investment account	<b>14.6%</b>	7.1%
Money market accounts	<b>0.4%</b>	0.3%

**Interest Rate Risk**

The Policy limits interest rate risk by requiring the matching of known cash needs and anticipated net cash outflow requirements; following historical spread relationships between different security types and issuers; evaluating both interest rate forecasts and maturity dates to consider short-term market expectations. The Policy requires that investments made with current operating funds shall maintain a weighted-average maturity of no longer than one year. Investments for bond reserves, construction funds and other non-operating funds shall have a term appropriate to the need for funds and in accordance with debt covenants. The Policy limits the maturity of an investment to a maximum of five years.

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**2. Cash, Cash Equivalents, and Investments (continued)**

As of September 30, 2007 and 2006, the Trust had the following investments with the respective weighted-average maturity in years.

	<b>Weighted-Average Maturity</b>	
	<b>2007</b>	<b>2006</b>
U.S. Government agency securities, by issuer:		
Federal Farm Credit Banks	<b>1.95</b>	0.49
Federal Home Loan Banks	<b>1.92</b>	0.83
Federal National Mortgage Association	<b>0.57</b>	1.27
Federal Home Loan Mortgage Corporation	<b>1.08</b>	0.71
Federal Agricultural Mortgage Corporation	<b>0.22</b>	0.52
U.S. Treasury bills	<b>0.00</b>	0.25
Commercial paper	<b>0.08</b>	0.07

**Foreign Currency Risk**

The Policy limits foreign currency risk by excluding foreign investments as an investment option.

**3. Restricted Assets, Net**

Restricted assets, net of other restricted current liabilities, are available for the following purposes at September 30, 2007 and 2006:

	<b>2007</b>	<b>2006</b>
Restricted programs-capital expenditures, plant expansions and other	<b>\$ 124,442,380</b>	\$ 182,206,059
Federal health services programs	<b>14,561,124</b>	13,778,314
Total restricted	<b><u>\$ 139,003,504</u></b>	<b><u>\$ 195,984,373</u></b>

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**4. Net Patient Service Revenue**

The Trust has agreements with third-party payors that provide for payments to the Trust at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the Trust's established rates for services and amounts reimbursed by third-party payors. A summary of the payment arrangements with major third-party payors follows:

*Medicare* – Approximately 14% of the Trust's patient revenue was derived from services rendered to Medicare patients under the Medicare program during both fiscal years 2007 and 2006. Medicare inpatient services for acute and rehabilitation services are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system based on clinical, diagnostic and treatment factors. Psychiatric services are reimbursed based on the lower of cost or a fixed amount per discharge. Outpatient services are reimbursed on a prospectively determined fee schedule with final settlement determined after audit of the annual cost report submitted by the Trust.

The Trust's Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 2003. The Trust has filed Medicare cost reports through September 30, 2006, and a provision has been recorded through the year ended September 30, 2007.

*Medicaid* – Approximately 31% and 32% of the Trust's patient revenue was derived from services rendered under the Medicaid program during fiscal years 2007 and 2006, respectively. Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed prospectively for covered services on the basis of historical cost as determined under regulations of the Medicaid program. The Trust is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Trust and audits thereof by the Medicaid fiscal intermediary. The Trust's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through September 30, 2000. The Trust has filed Medicaid cost reports through September 30, 2006. As a result of the favorable resolution of items in dispute with the Medicaid program related to the 1989 cost report, during 2006 the net patient service revenue for 2006 was increased by approximately \$56,648,000. As a result of preliminary audit adjustments to the 2001 cost report, net patient revenue for 2006 was decreased by approximately \$8,500,000. There were no material adjustments to net patient service revenue for 2007 related to the Medicaid Program.

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**4. Net Patient Service Revenue (continued)**

*Other* – Approximately 27% of the Trust’s patient revenue was derived from services rendered under various other provider organizations during both fiscal years 2007 and 2006. The Trust has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred-provider organizations. The basis for payments to the Trust under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

Net patient service revenue consisted of the following for the years ended September 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Patient service revenue:		
Inpatient service	\$ 2,820,206,868	\$ 2,454,104,720
Ambulatory services	937,800,492	811,720,279
Total gross patient charges	<u>3,758,007,360</u>	3,265,824,999
Charity care	(1,001,095,860)	(1,006,670,448)
Contractual and other allowances	(1,519,969,042)	(1,187,368,195)
Provision for doubtful accounts	(167,924,885)	(112,000,047)
Total deductions from gross charges	<u>(2,688,989,787)</u>	(2,306,038,690)
Net patient service revenue	<u>\$ 1,069,017,573</u>	<u>\$ 959,786,309</u>

**5. Concentration of Credit Risk**

Patients’ accounts receivable consist primarily of receivables from patients and third-party payors. In the course of providing health care services, the Trust grants credit to patients, substantially all of whom are residents of the County. The Trust generally does not require collateral or other security in extending credit to patients; however, it routinely obtains assignments of (or is otherwise entitled to receive) patients’ benefits payable under their health insurance programs, plans or policies (for example, Medicare, Medicaid, health maintenance organizations, preferred provider organizations and commercial insurance policies).

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**5. Concentration of Credit Risk (continued)**

The mix of receivables from patients and third-party payors based on gross patient charges at September 30, 2007 and 2006 is as follows:

	2007	2006
Medicare	11%	4%
Medicaid	24	23
Commercial	44	35
Patients	21	38
	100%	100%

The allowance for doubtful accounts represents amounts, which, in the Trust's judgment, will be adequate to absorb write-offs of existing patient receivable balances, which may become uncollectible. Estimation of the allowance for doubtful accounts is based on several factors which include, but are not limited to, analytical review of loss experience of the various payor classes in relation to outstanding receivables and judgment with respect to the impact of current economic conditions. The Trust believes that the allowance for doubtful accounts is adequate.

**6. Transactions with the County**

Under the terms of the 2007 and 2006 operating agreement (the Agreement) between the County and the Trust, the County funded the Trust approximately \$160,707,000 and \$140,424,000, respectively, from ad valorem taxes, to defray the costs of its general operations. Such amounts have been included in nonoperating revenue in the Statements of Revenues, Expenses, and Changes in Fund Net Assets – Trust. The amounts of future funding from the County are dependent, in part, on the availability of ad valorem taxes to do so.

The County provided various services to the Trust under the terms of the Agreement, such as legal, direct and indirect costs, which for 2007 and 2006 amounted to approximately \$4,457,000 and \$1,703,000, respectively. Such supplies and services are billed at cost. At September 30, 2007 and 2006, the Trust's accumulated payables to the County for these and other services were approximately \$8,598,000 and \$3,989,000, respectively.

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**6. Transactions with the County (continued)**

The Trust participates in the County's self-insured workers' compensation program. The workers' compensation assessment from the County resulted in a liability of the Trust at September 30, 2007 and 2006, of approximately \$17,010,000 and \$16,425,000, respectively, of which \$12,906,000 and \$10,153,000, respectively, is included in Due to Miami-Dade County, excluding current portion, in the accompanying Statements of Fund Net Assets – Trust and the remainder is included in the current portion of the amount Due to Miami-Dade County. The Trust's workers' compensation expense under this program for the years ended September 30, 2007 and 2006, was approximately \$5,971,254 and \$5,002,000, respectively.

The Trust also participates in the County's partially self-insured employee health insurance program. The risk-sharing assessment from the County resulted in a liability of, and related expense to, the Trust, which approximated \$900,000 and \$480,000 for the years ended September 30, 2007 and 2006, respectively, and is included in Due to Miami-Dade County in the accompanying Statements of Fund Net Assets – Trust.

In addition to the above matters, at September 30, 2007 and 2006, Due to Miami-Dade County includes \$15,000,000 due from the Trust to the County under the Agreement to partially fund the County's obligation to the State of Florida under the Medicaid program.

At September 30, 2007 and 2006, the Trust recorded a receivable of approximately \$29,439,000 and \$30,808,000, respectively, for sales taxes receivable (see Note 8).

During 2006, the County authorized an assistance package to be provided to the Trust of approximately \$30,000,000 which for the year ended September 30, 2006, was included in nonoperating revenue in the Statements of Revenues, Expenses, and Changes in Fund Net Assets – Trust.

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**7. Sales Tax Revenue**

On September 3, 1991, the voters of the County approved a half-cent sales tax to support the operations of the Trust, effective January 1, 1992. During the Trust's fiscal years ended September 30, 2007 and 2006, the Trust recognized approximately \$190,872,000 and \$189,700,000, respectively, of sales tax revenue, which is included as nonoperating revenue in the Statements of Revenues, Expenses, and Changes in Net Assets – Trust.

**8. Charitable Services**

In pursuing its mission, the Trust provides services to financially disadvantaged individuals in the community in which it operates, despite the lack or adequacy of reimbursement for those services. The Trust maintains records to identify and monitor the level of such services for the years ended September 30, 2007 and 2006, as follows:

	<u>2007</u>	<u>2006</u>
Estimated costs of services to other financially disadvantaged individuals	\$ 306,850,221	\$ 262,614,786
Estimated costs in excess of reimbursement from State of Florida programs for services to financially disadvantaged individuals	<u>197,301,649</u>	<u>191,997,588</u>
Total charitable services	<u>\$ 504,151,870</u>	<u>\$ 454,612,374</u>

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**9. Assets Limited as to Use**

Assets limited as to use that are required for obligations classified as current liabilities are reported in current assets. The composition of assets limited as to use at September 30, 2007 and 2006, is set forth in the following table. Investments are stated at fair value based on quoted market prices.

	<u>2007</u>	<u>2006</u>
By Board for self-insurance program:		
Cash and short-term investments	\$ 17,683,381	\$ 5,156,714
U.S. government agency securities	—	13,837,290
Interest receivable	496	187,508
	<u>17,683,877</u>	<u>19,181,512</u>
By Board for capital project funds:		
Cash and short-term investments	59,300,249	40,171,467
U.S. government agency securities	40,225,930	76,780,944
Interest receivable	520,014	1,207,371
	<u>100,046,193</u>	<u>118,159,782</u>
By Board for other needs:		
Cash and short-term investments	3,777,035	1,801,636
U.S. government agency securities	—	1,985,620
Interest receivable	—	12,033
	<u>3,777,035</u>	<u>3,799,289</u>
By Board and/or regulators for the Health Plan:		
Cash and short-term investments	58,919,347	21,713,699
U.S. government agency securities	—	24,947,600
Interest receivable	134,104	290,886
	<u>59,053,451</u>	<u>46,952,185</u>
 Total assets limited as to use	 <b>180,560,556</b>	 <b>188,092,768</b>
 Less: current portion	 <u>(17,362,850)</u>	 <u>(21,392,010)</u>
	<b>\$ 163,197,706</b>	<b>\$ 166,700,758</b>

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**10. Long-Term Debt, Other Liabilities, and Interest Expense**

	September 30	
	2007	2006
Public Facilities Revenue Bonds (Series 2005A), net of unamortized bond premium of approximately \$2,917,000 and \$3,015,000 at September 30, 2007 and 2006, respectively	<b>\$ 151,677,321</b>	\$ 151,549,688
Public Facilities Revenue Refunding Bonds (Series 2005B), net of unamortized bond premium of approximately \$8,841,000 and \$9,135,000 and deferred loss on refunding of approximately \$9,668,000 and \$10,575,000 at September 30, 2007 and 2006, respectively	<u>150,412,222</u>	<u>150,025,373</u>
Total long-term debt	<b>302,089,543</b>	301,575,061
Less current portion	<u>(4,745,000)</u>	—
	<b><u>\$ 297,344,543</u></b>	<b><u>\$ 301,575,061</u></b>

On September 27, 2005, the County issued Public Facilities Revenue Bonds and Public Facilities Revenue Refunding Bonds in the original combined amount of \$300,000,000 and collectively referred to as the Series 2005 Bonds to (i) pay or reimburse the Trust for the cost of certain additions to the Trust’s health care facilities, (ii) fund a Debt Service Reserve Fund, (iii) refund all of the County’s outstanding Public Facilities Revenue Bonds (Jackson Memorial Hospital), Series 1993 Public Facilities Revenue Refunding Bonds (Jackson Memorial Hospital), Series 1993A and Series 1998 Public Facilities Revenue Bonds (Jackson Memorial Hospital); and (iv) pay certain costs incurred in connection with the issuance of the Series 2005 Bonds including the premium for a municipal bond insurance policy.

The computations performed in accordance with GASB Statement No. 23 for the current refunding of the Series 1993, 1993A and 1998 Bonds resulted in a loss on defeasance of approximately \$11,481,000 which is recorded in the accompanying financial statements as a deduction from long-term debt. This deferred amount is being expensed through 2025 using the straight-line amortization method. The refunding produced an aggregate present value savings of approximately \$7,000,000. The Series 2005 Bonds bear interest ranging between 3.5% and 5% and mature serially through 2037.

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**10. Long-Term Debt, Other Liabilities, and Interest Expense (continued)**

The Series 2005 Bonds (the Bonds) are secured by the gross revenues of the Trust. The Bonds are subject to certain covenants included in Ordinance No. 05-49 (the Ordinance), together with certain ordinances and Series resolutions, which authorize and issue the Bonds by and between the Trust and the County. In addition, the Trust must comply with certain covenants included in the Bond insurance agreements.

The Ordinance contains significant restrictive covenants including, among other items, the requirement to maintain a minimum long-term debt service coverage ratio, to make scheduled monthly deposits to the debt service fund, maintenance of insurance on the Trust's facilities and limitations on the incurrence of additional debt. In general, the bond insurance agreement contains the same covenants as the Ordinance.

The approximate maturities of long-term debt for the next five years and thereafter are as follows:

	<u>Principal Payments</u>	<u>Estimated Interest Payments</u>	<u>Estimated Total Debt Service</u>
Year Ending September 30:			
2008	\$ 4,745,000	\$ 14,297,641	\$ 19,042,641
2009	4,910,000	14,113,666	19,023,666
2010	5,130,000	13,899,450	19,029,450
2011	5,335,000	13,681,208	19,016,208
2012	5,585,000	13,431,492	19,016,492
2013 – 2017	32,075,000	62,895,708	94,970,708
2018 – 2022	40,840,000	53,969,271	94,809,271
2023 – 2027	51,795,000	42,862,371	94,657,371
2028 – 2032	65,945,000	28,424,604	94,369,604
2033 – 2037	83,640,000	10,541,073	94,181,073
	<u>\$ 300,000,000</u>	<u>\$ 268,116,484</u>	<u>\$ 568,116,484</u>

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**10. Long-Term Debt, Other Liabilities, and Interest Expense (continued)**

Interest expense for the years ended September 30, 2007 and 2006, is summarized as follows:

	<b>2007</b>	<b>2006</b>
Interest on bonds	<b>\$ 15,018,173</b>	\$ 15,177,651
Other interest	<b>48,772</b>	263,552
Interest on capital leases	-	10,529
Net interest expense	<b>\$ 15,066,945</b>	\$ 15,451,732

As described above, the Trust has defeased in substance certain outstanding revenue bonds by placing proceeds of subsequent bonds issued, previously mentioned, in irrevocable trust with an escrow agent, investing in U.S government securities, to provide for all future debt service payments on previously outstanding bonds.

Accordingly, the escrowed funds and defeased bonds are not included in the Trust's financial statements. At September 30, 2007, the following bonds are considered defeased:

Series 1993	\$ 61,445,000
Series 1993A	36,650,000
Series 1998	58,980,000
	<b>\$ 157,075,000</b>

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**10. Long-Term Debt, Other Liabilities, and Interest Expense (continued)**

Long-term debt and other liabilities activity for the years ended September 30, 2007 and 2006, was as follows:

	September 30, 2006 Balance	Additions	Reductions	September 30, 2007 Balance	Amount Due Within One Year
Bonds payable	\$ 301,575,061	\$ 514,482	\$ -	\$ 302,089,543	\$ 4,745,000
Estimated self-insurance	35,182,484	3,538,927	(2,492,904)	36,228,507	5,569,852
Other liabilities	6,562,596	2,431,476	(1,899,961)	7,094,111	5,346,800

	September 30, 2005 Balance	Additions	Reductions	September 30, 2006 Balance	Amount Due Within One Year
Bonds payable	\$ 301,060,579	\$ 514,482	\$ -	\$ 301,575,061	\$ -
Estimated self-insurance	38,372,534	-	(3,190,050)	35,182,484	5,269,852
Other liabilities	13,304,202	861,034	(7,602,640)	6,562,596	4,715,288

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**11. Capital Assets**

A summary of the activity in the capital assets and the related accumulated depreciation account for the years ended September 30, 2007 and 2006, is as follows:

	Balance at September 30, 2006	Additions	Transfers	Sales, Retirement and Adjustments	Balance at September 30, 2007
Land improvements	\$ 28,632,793	\$ 741,711	\$ 70,870	\$ —	\$ 29,445,374
Buildings	455,815,371	28,464,462	9,546,298	302,293	494,128,424
Fixed equipment	113,959,606	5,549,377	201,665	(1,855,156)	117,855,492
Movable equipment	201,925,340	45,824,328	929,512	(23,168,029)	225,511,153
Depreciable assets	800,333,110	80,579,878	10,748,345	(24,720,892)	866,940,443
Accumulated depreciation	(480,650,571)	(46,861,189)	—	6,811,258	(520,700,504)
Net depreciable assets	319,682,539	33,718,689	10,748,345	(17,909,634)	346,239,939
Land	30,747,527	5,887,400	—	—	36,634,927
Construction in progress	53,700,733	24,314,802	(10,748,345)	(2,841,452)	64,425,738
Capital assets, net	\$ 404,130,799	\$ 63,920,891	\$ —	\$(20,751,086)	\$ 447,300,604

	Balance at September 30, 2005	Additions	Transfers	Sales, Retirement and Adjustments	Balance at September 30, 2006
Land improvements	\$ 27,950,590	\$ 9,169	\$ 643,001	\$ 30,033	\$ 28,632,793
Buildings	448,709,259	2,701,515	4,936,764	(532,167)	455,815,371
Fixed equipment	107,086,700	6,386,516	154,923	331,467	113,959,606
Movable equipment	194,405,198	20,700,917	192,411	(13,373,186)	201,925,340
Depreciable assets	778,151,747	29,798,117	5,927,099	(13,543,853)	800,333,110
Accumulated depreciation	(464,345,990)	(39,352,567)	—	23,047,986	(480,650,571)
Net depreciable assets	313,805,757	(9,554,450)	5,927,099	9,504,133	319,682,539
Land	30,745,241	—	—	2,286	30,747,527
Construction in progress	41,570,697	18,572,008	(5,927,099)	(514,873)	53,700,733
Capital assets, net	\$ 386,121,695	\$ 9,017,558	\$ —	\$ 8,991,546	\$ 404,130,799

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**12. Leases**

The Trust leases various equipment and facilities under operating leases. Rent expense for all operating leases was approximately \$12,359,000 in 2007 and \$5,079,000 in 2006. At September 30, 2007, future minimum lease payments by year under noncancelable operating leases are as follows:

Year Ended September 30:	
2008	\$ 3,154,510
2009	882,674
2010	585,170
2011	—

The historic cost of assets recorded under capital leases included in capital assets is approximately \$2,806,000 and accumulated amortization is approximately \$2,806,000. Amortization expense is included in depreciation and amortization in the Statements of Revenues, Expenses, and Changes in Fund Net Assets – Trust.

**13. Public Medical Assistance Trust Fund**

The State of Florida’s “Health Care Consumer Protection Awareness Act” (the Act) calls for an assessment equal to 1-1/2% of hospital operating revenue as defined to be provided for care of indigents in the State of Florida. The Florida Legislative session of 2000 passed the “Patient Protection Act of 2000,” which provided that the assessment be lowered to 1% for certain services. The assessments are paid to the State of Florida in quarterly increments with the first installment due no more than six months after the Trust’s fiscal year-end.

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**14. Self-Insurance Program**

The Trust is exposed to various risks of loss related to professional liability, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Trust manages its risks for professional and general liability internally and sets aside assets for claims settlement. The Trust participates in the County's workers' compensation insurance program. The Trust also participates in the County's master property insurance program which provides coverage for most other risks.

**Professional and General Liability**

The Trust established a self-insurance program for professional and general liability claims beginning in 1975. As an agency of a political subdivision of the State of Florida, the Trust has sovereign immunity from such claims, except for the waiver of such immunity, to the extent of \$100,000 per claimant or \$200,000 per incident. The maximum limitation has been considered in estimating the reserve for self-insured claims. The Board, at its discretion, has funded approximately \$17,684,000 and \$19,182,000 at September 30, 2007 and 2006, respectively, of its estimated liability. Such amounts are reflected in the Statements of Fund Net Assets – Trust as assets limited as to use.

Incidents which might result in claims are required to be reported to the risk management department of the Trust for investigation. At any one time, claims are in various stages of processing, including being handled by counsel. In addition, claims may not have been presented for all reported incidents. Management of the Trust, based on advice of counsel and its consulting actuaries, and determinations made by the risk-management department, estimates the reserve necessary to provide for claims based on incidents which have occurred through the statement of net assets date based on the appropriate sovereign immunity limitation. Accrued professional and general liabilities losses have been discounted using a rate of 3% for both fiscal years ending September 30, 2007 and 2006, respectively.

**Workers' Compensation**

The County is self-insured for workers' compensation claims up to \$100,000 for each occurrence and is insured up to \$1.0 million by an independent insurance company for claims in excess of \$100,000 (see Note 7, Transactions with the County).

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**15. Pension Plan**

The Trust's pension plans are presented in accordance with GASB Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 27, *Accounting for Pensions by State and Local Governmental Employers*. The objective of these statements, prepared on the accrual basis of accounting, is to enhance the understandability and usefulness of pension information included in the financial statements of state and local governmental employers. Contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans. Plan investments are reported at fair value.

**Florida Retirement System**

The Trust participates in the Florida Retirement System (the System), a multiple-employer cost-sharing, public-employee retirement plan which covers substantially all of the Trust's full-time and part-time employees. The System is noncontributory and is administered by the State of Florida. The System was created in 1970 by consolidating several employee-retirement systems. All eligible employees (as defined by the State of Florida) who were hired after 1970, and those employed prior to 1970 who elect to be enrolled, are covered by the System. Benefits under the plan vest after ten years of service. Employees who retire at or after age 62 with six years of credited service are entitled to an annual retirement benefit payable monthly for life. The System also provides for early retirement at reduced benefits, and death and disability benefits. These benefit provisions and all other requirements are established by State statute.

For the fiscal years ended September 30, 2007 and 2006, the Trust contributed 100% of the required contributions. These contributions aggregated \$25,668,598 and \$22,823,000 respectively, which represents 9.8% and 8.5% of gross salaries for fiscal years ending September 30, 2007 and 2006, respectively.

A copy of the System's June 30, 2007, annual report can be obtained by writing to the Division of Retirement, Cedars Executive Center, P.O. Box 9000, Tallahassee, Florida 32315-9000 or by calling (850) 488-5706.

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**15. Pension Plan (continued)**

**Public Health Trust of Miami-Dade County, Florida, Defined Benefit Retirement Plan**

The Public Health Trust of Miami-Dade County, Florida, Defined Benefit Retirement Plan (the Plan) was created in 1996 and is an employee-noncontributory plan administered by the Trust. The Plan does not issue stand-alone financial statements.

All employees working in a full-time or part-time regularly established position who were hired after January 1, 1996, are covered by the Plan. Benefits under the Plan vest after six years of service. Employees who retire at or after age 62 with six years of credited service are entitled to an annual retirement benefit payable monthly for life. The Plan also provides for early retirement at reduced benefits, and death and disability benefits. These benefit provisions and all other requirements are set forth in the Plan document. Benefits increase by approximately 2.5% per year for cost-of-living adjustments. The board of trustees of the Trust reserves the right to modify, alter or amend the Plan subject to certain limitations.

Membership of the Plan consisted of the following at January 1, 2007 and 2006, the date of the latest actuarial valuation:

	2007	2006
Retirees and beneficiaries currently receiving benefits	42	38
Terminated plan members entitled to but not yet receiving benefits	475	319
Active plan members	6,347	5,308
Total	6,864	5,665
 Number of participating employers	1	1

The contribution rate for normal cost is determined using the aggregate actuarial-cost method. Under this method, the excess of the present value of projected benefits over the actuarial value of assets is spread evenly over the expected future salaries of the active participants presently under Normal Retirement Age. This method does not identify or separately amortize unfunded actuarial liabilities. Gains and losses resulting from fluctuations in Plan experience are similarly amortized as part of normal cost. The significant assumptions used to compute the annual

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**15. Pension Plan (continued)**

required contribution include an 8% rate of return on investments, projected salary increase of 6% in the first ten years of service and 5% after ten years of service. The rate of return on investments and the projected salary increase rate include projected inflation of 2.5%.

The Trust's funding policy provides for actuarially determined rates deemed sufficient to pay benefits as due. The assumptions used to compute the contribution requirement are the same as those used to compute pension benefits earned as previously described under funding status and progress. The Trust's funding policy is to make contributions based on a percentage of payroll. Contributions to the Plan for the years ended September 30, 2007 and 2006 were approximately \$33,432,000 and \$26,169,000, respectively. The Trust's most recent actuarial report as of January 1, 2007, determined the annual pension cost to be as follows:

<b>Plan Year Ended</b>	<b>Percent of Payroll</b>	<b>Dollar Amount</b>
December 31, 2008	8.79%	\$24,137,469
December 31, 2007	8.84%	\$31,379,000
December 31, 2006	8.58%	\$27,173,609

The Trust has contributed 100% of the annual cost for all of the years.

**Deposits and Investments**

The Plan's investment authority is derived from the authorization of the Board and is in accordance with the Florida Statute 215.47 (the Statute) and the Employment Retirement Income Security Act of 1974 (ERISA).

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**15. Pension Plan (continued)**

The following is a summary of the fair value (based on quoted market prices) of assets held in the pension trust fund at September 30, 2007 and 2006:

	2007	2006
Investments, at fair value:		
Domestic investments:		
Equities	\$ 97,758,870	\$ 49,665,120
Mutual funds	-	27,887,310
Corporate debt securities	33,091,439	13,650,724
Government and agency obligations	30,925,896	20,961,129
Total domestic investments	161,776,205	112,164,283
International investments:		
Equities	4,678,914	2,766,875
Mutual funds	38,278,264	28,594,543
Corporate debt securities	2,053,850	546,075
Total international investments	45,011,028	31,907,493
Other:		
Cash and short-term investments	13,058,665	16,156,632
Total	\$ 219,845,898	\$ 160,228,408

**Credit Risk**

The Plan's investment policy (the Investment Policy) is designed to minimize credit risk by restricting authorized investments to only those investments permitted by the Statute, subject to certain additional limitations. These additional limitations consist of prohibitions against investments in derivative securities, options, futures or short positions; however, the Investment Policy allows for investments in mortgage pass-through securities. Generally, the Statute permits investments in the Florida State Board of Administration Pooled Investment account (the SBA Pool), U.S. government and agency securities, common and preferred stock of domestic and foreign, corporations, repurchase agreements, commercial paper and other corporate obligations, bankers acceptances, state or local government taxable or tax-exempt debt, real estate and real estate securities, and money market funds. With the exception of obligations directly issued or guaranteed by the U.S. government, investments in the SBA Pool, and certain state or local government debt instruments, the Statute provides limits as to the maximum portion of the Plan's portfolio which can be invested in any one investment category or issuer.

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**15. Pension Plan (continued)**

At September 30, 2007, the Plan's investment securities had the following credit ratings:

	<u>Fair Market Value</u>	<u>Credit Rating</u>	
Domestic investments:			
U.S. Government agency securities, by issuer			
Federal Home Loan Mortgage Corporation	\$ 18,961,597	AAA	*
U.S. Treasury bills	11,964,299	AAA	*
Equities:			
Common	92,104,215	NA	
Collateralized mortgage obligations	5,654,655	AAA	*
Corporate debt securities:			
Corporate bonds	6,604,717	A1-A3	**
Corporate bonds	4,874,938	Aa1-Aa3/Aaa	**
Corporate bonds	538,471	B1-B3	**
Corporate bonds	1,190,443	Ba1-Ba3/Baa	**
Corporate bonds	6,473,339	Baa1-Baa3	*
Corporate bonds	44,125	Caa1/Caa3	*
Corporate bonds	664,469	A/A-	
Corporate bonds	583,635	BBB+/BBB-	
Corporate bonds	9,305,535	NA	
Corporate bonds	139,977	NA	
Convertible Bonds			
Convertible bonds – Victory	653,935	A1-Aa3	
Convertible bonds – Victory	689,365	Baa1-Baa3	
Convertible bonds – Victory	405,815	BBB-	
Convertible bonds – Victory	191,425	NA	
Convertible bonds – Horizon	731,250	NA	
International investments:			
Mutual funds	38,278,264	N/A	
Equities	4,678,914	N/A	
Corporate debt securities:			**
International Bonds	536,315	A1-Aa1	
International Bonds	1,391,349	Baa1-Baa3	
International Bonds	35,750	B2	
International Bonds	90,436	Ba2-Ba3	
Money market accounts	13,058,665	N/A	
	<u>\$ 219,845,898</u>		

\* Standards & Poor's ratings

\*\* Moody's Investor Services ratings

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**15. Pension Plan (continued)**

At September 30, 2006, the Plan's investment securities had the following credit ratings:

	Fair Market Value	Credit Rating	
Domestic investments:			
U.S. Government agency securities, by issuer			
Federal National Mortgage Association	\$ 3,336,634	AAA	*
Federal Home Loan Mortgage Corporation	3,799,341	AAA	*
Federal Home Loan Bank	996,880	AAA	
U.S. Treasury bills	12,828,274	AAA	*
Equities:			
Common	48,751,611		
Preferred	55,963		
Collateralized mortgage obligations	857,547	AAA	*
Corporate debt securities:			
Corporate bonds	3,604,718	A1-A3	**
Corporate bonds	4,542,219	Aa2-Aa3/Aaa	**
Corporate bonds	845,766	B1-B3	**
Corporate bonds	888,050	Ba1-Ba3	**
Corporate bonds	3,122,059	Baa1-Baa3	*
Corporate bonds	67,013	B+/B-	*
Corporate bonds	209,648	Not Rated	
Corporate bonds	371,250	D	
Corporate bond mutual funds	27,887,310	NA	
International investments:			
Mutual funds	28,594,543	N/A	
Equities	2,766,875	N/A	
Corporate debt securities:			
International Bonds	261,914	A2-Aa	
International Bonds	254,236	Ba3-Baa2	
International Bonds	29,925	Caa1	
Money market accounts	16,156,632	N/A	
	\$ 160,228,408		

\* Standards & Poor's ratings

\*\* Moody's Investor Services ratings

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**15. Pension Plan (continued)**

**Custodial Credit Risk**

GASB 40 requires governments to disclose deposits and investments exposed to custodial credit risk. The custodial credit risk for investments is the risk that, in the event of the failure of the counter-party to a transaction, a government may not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

As of September 30, 2007 and 2006, the Plan's investment portfolio was held with a single third-party custodian.

**Concentration of Credit Risk**

The Investment Policy establishes limitations on portfolio composition by investment type and by issuer to limit its exposure to concentration of credit risk. The Investment Policy provides that a maximum of 25% be invested in bonds, notes, or obligations of any municipality or political subdivision or any agency or authority of the State of Florida; a maximum of 80% be invested in common stock, preferred stock, and interest-bearing obligations of a corporation having an option to convert into common stock; a maximum of 75% be invested in internally managed common stock; a maximum of 80% be invested in interest-bearing obligations with a fixed maturity of any corporation or commercial entity within the United States; a maximum of 20% be invested in corporate obligations and securities of any kind of a foreign corporation or a foreign commercial entity having its principal office located in any country other than the United States or its possessions or territories, not including United States dollar-denominated securities listed and traded on a United States exchange; a maximum of 5% be invested in private equity through participation in limited partnerships and limited liability companies.

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**15. Pension Plan (continued)**

At September 30, 2007 and 2006, the composition of the Plan's investments by investment type as a percentage of total investments was as follows:

	<b>Percentage of Portfolio</b>	
	<b>2007</b>	<b>2006</b>
Domestic investments:		
Equities	<b>44.5%</b>	31.0%
Mutual funds	–	35.3%
Corporate debt securities	<b>15.1%</b>	8.5%
Government and agency obligations	<b>14.1%</b>	13.1%
International investments:		
Equities	<b>2.1%</b>	1.7%
Mutual funds	<b>17.4%</b>	1.7%
Corporate debt securities	<b>0.9%</b>	0.3%
Other:		
Cash and short-term investments	<b>5.9%</b>	10.1%

The following represents individual investments whose fair value (based on quoted market prices) exceeded 5% of the Plan's net assets at September 30, 2007.

ING Mayflower TR – International Value Fund Class A	\$ 17,947,157
MFO TCW Funds in CL I Select Equities FD	20,331,107
Julius Baer International Equity Fund – Class I	25,777,375
	<u>\$ 64,055,639</u>

**Interest Rate Risk**

The Plan manages its exposure to rising interest rate risk in fair value by forecasting cash outflows and inflows. To the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash flow requirements.

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**15. Pension Plan (continued)**

As of September 30, 2007 and 2006, the Plan had the following investments with the respective weighted-average maturity in years.

	<b>Weighted-Average Maturity</b>	
	<b>2007</b>	<b>2006</b>
Domestic investments:		
Equities	N/A	N/A
Corporate debt securities:		
Corporate bonds	<b>10.44</b>	11.36
Corporate bond mutual funds	N/A	N/A
Government and agency obligations:		
Federal Home Loan Bank	<b>15.10</b>	9.25
Federal National Mortgage Association	<b>20.09</b>	16.66
Federal Home Loan Mortgage Corporation	<b>22.35</b>	21.16
U.S. Treasury bills	<b>5.38</b>	7.86
International investments:		
Mutual funds	N/A	N/A
Equities	N/A	N/A
Corporate debt securities	<b>17.62</b>	16.31
Other:		
Cash and short-term investments	N/A	N/A

**Foreign Currency Risk**

GASB 40 requires governments to disclose deposits or investments exposed to foreign currency risk, the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**15. Pension Plan (continued)**

The Plan's exposure to foreign currency risk at September 30, 2007 and 2006, is as follows:

	Currency	Fair Market Value (in U.S. Dollars)	
		2007	2006
International equities:			
Common stock	Canadian Dollars	\$ 2,497,290	\$ 1,976,501
Common stock	British Pounds	–	112,014
Common stock	Euros	173,922	–
Common stock	Russian Rouble	509,820	–
Common stock	Chinese Yuan Renminbi	726,304	256,983
Common Stock	Indian Rupee	189,792	–
Common stock	Hong Kong Dollars	410,916	205,643
Common stock	Korean Won	170,870	215,734
		<u>\$ 4,678,914</u>	<u>\$ 2,766,875</u>
International corporate debt securities:			
Corporate bonds	Brazilean Real	\$ 257,567	\$ –
Corporate bonds	Singapore Dollar	21,500	–
Corporate bonds	Canadian Dollars	748,573	201,279
Corporate bonds	Euros	728,457	285,871
Corporate bonds	British Pounds	297,753	58,925
		<u>\$ 2,053,850</u>	<u>\$ 546,075</u>

In addition, at September 30, 2007 and 2006, the Plan's investments include approximately \$38,278,000 and \$28,595,000, respectively, in mutual funds which principally invest in international stocks and other international securities. Although these mutual funds are United States dollar-denominated and United States exchange traded, the underlying investments expose the Plan to an additional degree of foreign currency risk.

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**16. Commitments and Contingencies**

**Construction and Equipment**

The Trust has several construction projects currently in progress at September 30, 2007. The estimated total cost to date and cost to complete such projects, exclusive of capitalized interest, are approximately \$160,283,000, including certain assets that have been placed in service, and \$329,210,000, respectively.

**Annual Operating Agreement**

In accordance with the annual operating agreement between the Trust and the University of Miami (the University), the Trust pays certain amounts for staff and services to be provided by the University to the Trust. Under the annual operating agreement, costs incurred by the Trust for the years ended September 30, 2007 and 2006, were approximately \$129,589,000 and \$121,404,000, respectively. At September 30, 2007 and 2006, the Trust had a liability to the University of approximately \$3,056,000 and \$2,851,000, respectively.

**Litigation**

On May 15, 2005, a lawsuit was filed against the Trust by the Trust's former inpatient pharmacy supplier (the Supplier). The Supplier's complaint alleged that the Trust inappropriately terminated the Supplier's contract in November 2004 causing damages to the Supplier in excess of \$16 million. The Trust maintained that the Supplier's claim lacked merit and contested the allegations vigorously and asserted counter claims in excess of the amount alleged by the Supplier. On February 15, 2006, the Trust and the Supplier executed a settlement agreement which resolved this dispute without any material adverse effect on the Trust's financial position or operating results.

The Trust is involved in other litigation and regulatory investigations arising in the ordinary course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Trust's financial position, results from operations or liquidity.

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**16. Commitments and Contingencies (continued)**

**Corporate Integrity Agreement**

The Trust was a defendant in a qui tam action brought by a private party (the Relator) on behalf of the United States. As a result, the Trust was subject to governmental investigations of certain Medicaid billing matters. In connection with these matters, the Trust entered into a settlement agreement in May 2003 with representatives of the United States on those counts in which the United States intervened. As part of the settlement agreement, the Trust was required to enter into a Corporate Integrity Agreement (the CIA) with the Office of Inspector General of the Department of Health and Human Services (the OIG). The CIA has a five-year term from the date of the settlement and requires the Trust to, among other matters, retain an independent review organization (the IRO) and submit periodic reports to the OIG. Under the terms of the CIA, the IRO is required to perform periodic reviews to assist the Trust in assessing its Medicaid billing and coding procedures and certain other obligations pursuant to the CIA. At September 30, 2007, the Trust believes it is in substantial compliance with the terms of the CIA. Failure to comply with the terms of the CIA could result in fines, penalties, and ultimately in exclusion from the Medicaid program.

**Health Care Industry**

The health care industry is highly regulated and there can be no assurance that the regulatory environment in which the Trust operates will not change significantly and adversely in the future. In general, regulation of health care providers and companies is increasing.

Federal and state laws regulate the health care industry, the relationship between hospitals and physicians, and the relationship among physicians and other providers of health care services.

Several laws, including fee-splitting, anti-kickbacks laws, and prohibition of the corporate practice of medicine, have civil and criminal penalties and have been subject to limited judicial and regulatory interpretation. They are enforced by regulatory agencies vested with broad discretion in interpreting them. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Although the Trust believes that its operations are conducted so as to comply with all of the applicable laws, there can be no assurance such operations will not be challenged to be in violation of one or more of such laws.

Public Health Trust of  
Miami-Dade County, Florida

Notes to Financial Statements (continued)

**16. Commitments and Contingencies (continued)**

There have been numerous initiatives at the federal and state levels for comprehensive reforms affecting the availability of, and payment for, health care. The Trust believes that such initiatives will continue during the foreseeable future. Certain proposed reforms could, if adopted, have a material effect on the Trust.

## Other Financial Information

Public Health Trust of  
Miami-Dade County, Florida

Schedule of Employer Contributions (Unaudited)

<b>Year Ended December 31</b>	<b>Annual Required (a) Contribution</b>	<b>Percentage Contributed</b>
2001	\$ 8,771,314	100%
2002	\$12,711,107	100%
2003	\$17,740,441	100%
2004	\$25,470,445	100%
2005	\$24,353,498	100%
2006	\$27,173,609	100%

(a) The actuarially determined contribution requirements for the Trust's fiscal year ended September 30, 2007, are based on actuarial valuations as of January 1, 2007

Public Health Trust of  
Miami-Dade County, Florida

Notes to Pension Disclosure Required Supplementary  
Information (Unaudited)

The information presented in the required supplementary schedule was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2007
Actuarial cost method	Aggregate**
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	8%
Projected salary increase:	
In the first ten years of service	6%
Service after ten years	5%
Cost-of-living increase for all years	2.5%

\*\* The actuarial cost method used does not identify or separately amortize unfunded actuarial liabilities.

Public Health Trust of  
Miami-Dade County, Florida

Schedule by Account  
Schedule of Assets and Liabilities

September 30, 2007

Assets	(1) Hospitals	(2) Primary Care Centers	(3) Skilled Nursing Facilities	Jackson Medical Towers	Eliminations	Total
Current assets:						
Cash and cash equivalents	\$ 69,516,299	\$ 345,413	\$ 550,986	\$ 5,303,542	\$ -	\$ 75,716,240
Restricted cash and cash equivalents	13,796,262	-	-	-	-	13,796,262
Restricted short-term investments	6,139,107	-	-	-	-	6,139,107
Assets limited as to use	17,362,850	-	-	-	-	17,362,850
Patients' accounts receivable, less allowance for doubtful accounts of approximately \$413,773,000	227,331,777	6,571,690	2,887,562	-	-	236,791,029
Estimated receivables due from other third-party payors	45,463,023	-	-	-	-	45,463,023
Due from Miami-Dade County	29,438,886	1,225,000	-	-	-	30,663,886
Other receivables - unrestricted	13,079,969	224,288	57,498	(115,367)	-	13,246,388
Other receivables - restricted	9,253,764	-	-	-	-	9,253,764
Due from restricted funds	86,664,916	-	-	(86,664,916)	-	-
Supplies	23,968,188	763,077	224,434	-	-	24,955,699
Prepaid expenses and other current assets	5,197,108	-	-	-	-	5,197,108
Total current assets	547,212,149	9,129,468	3,720,480	5,188,175	(86,664,916)	478,585,356
Assets limited as to use	163,197,706	-	-	-	-	163,197,706
Long-term investments	-	-	-	-	-	-
Restricted long-term investments	113,176,264	-	-	-	-	113,176,264
Capital assets, net	436,232,783	3,303,678	5,494,454	2,269,689	-	447,300,604
Other assets:						
Unamortized bond costs	4,520,765	-	-	-	-	4,520,765
Security deposits	1,196,186	14,518	-	462,559	-	1,673,263
Other	2,154,213	403,481	-	-	-	2,557,694
Total noncurrent assets	720,477,917	3,721,677	5,494,454	2,732,248	-	732,426,296
Total assets	\$ 1,267,690,066	\$ 12,851,145	\$ 9,214,934	\$ 7,970,423	\$ (86,664,916)	\$ 1,211,011,652

(1) Includes Jackson Memorial Hospital, JMH Health Plan, Jackson South, Jackson North and Community Medical Practices

(2) Includes North Dade Primary Health Care Facility, Infant Shelter, Home Health Care, Liberty City Medical Center, Downtow  
Family Medical Center, North Miami Center, Southeast Dental Medical Center, Corrections Health Services and Juanita Mann Center

(3) Includes Perdue Medical Center and Human Resource Health Center

107

Public Health Trust of  
Miami-Dade County, Florida

Schedule by Account  
Schedule of Assets and Liabilities (continued)

September 30, 2007

	(1) Hospitals	(2) Primary Care Centers	(3) Skilled Nursing Facilities	Jackson Medical Towers	Eliminations	Total
<b>Liabilities and fund net assets</b>						
Current liabilities:						
Current portion of long-term debt	\$ 4,745,000	\$ -	\$ -	\$ -	\$ -	\$ 4,745,000
Accounts payable and accrued expenses	137,574,372	994,516	-	-	-	138,568,888
Accrued interest payable	4,784,332	-	-	-	-	4,784,332
Accrued salaries and payroll taxes withheld	22,694,637	-	-	-	-	22,694,637
Accrued vacation and sick pay benefits	82,830,653	4,105,400	2,782,311	16,923	-	89,735,287
Refunds due for patient services	22,509,541	181,664	-	-	-	22,691,205
Current portion of estimated self-insurance liability	5,569,852	-	-	-	-	5,569,852
Estimated payables due to other third-party payors	69,108,256	-	-	-	-	69,108,256
Due to Miami-Dade County	28,602,077	-	-	-	-	28,602,077
Other - unrestricted	2,696,036	83,251,064	5,041,662	769,954	(86,411,916)	5,346,800
Other - restricted	3,361,893	-	-	-	-	3,361,893
Total current liabilities	384,476,649	88,532,644	7,823,973	786,877	(86,411,916)	395,208,227
Long-term debt, excluding current portion	297,344,543	-	-	-	-	297,344,543
Estimated self-insurance liability, excluding current portion	30,658,655	253,000	-	-	(253,000)	30,658,655
Due to Miami-Dade County, excluding current portion	12,906,000	-	-	-	-	12,906,000
Other	1,747,311	-	-	-	-	1,747,311
Total noncurrent liabilities	342,656,509	253,000	-	-	(253,000)	342,656,509
Total liabilities	727,133,158	88,785,644	7,823,973	786,877	(86,664,916)	737,864,736
Commitments and contingencies						
Total fund net assets	540,556,908	(75,934,499)	1,390,961	7,133,546	-	473,146,916
Total liabilities and fund net assets	\$ 1,267,690,066	\$ 12,851,145	\$ 9,214,934	\$ 7,920,423	\$ (86,664,916)	\$ 1,211,011,652

(1) Includes Jackson Memorial Hospital, JMH Health Plan, Jackson South, Jackson North and Community Medical Practice  
 (2) Includes North Dade Primary Health Care Facility, Infant Shelter, Home Health Care, Liberty City Medical Center, Downtow  
 Family Medical Center, North Miami Center, Southeast Dental Medical Center, Corrections Health Services and Juanita Mann Center  
 (3) Includes Perdue Medical Center and Human Resource Health Center

108

Public Health Trust of  
Miami-Dade County, Florida

Schedule by Account  
Schedule of Assets and Liabilities

September 30, 2006

	(1) Hospitals	(2) Primary Care Centers	(3) Skilled Nursing Facilities	Jackson Medical Towers	Eliminations	Total
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	\$ 49,275,875	\$ 829,202	\$ 906,836	\$ 2,779,437	\$ -	\$ 53,791,350
Restricted cash and cash equivalents	11,298,111	-	-	-	-	11,298,111
Restricted short-term investments	6,106,735	-	-	-	-	6,106,735
Assets limited as to use	21,392,010	-	-	-	-	21,392,010
Patients' accounts receivable, less allowance for doubtful accounts of approximately \$381,702,000	176,575,706	3,911,827	2,725,111	-	-	183,212,644
Estimated receivables due from other third-party payors	131,562,693	-	-	-	-	131,562,693
Due from Miami-Dade County	30,807,648	-	-	-	-	30,807,648
Other receivables - unrestricted	13,413,156	296,663	58,924	(274,750)	-	13,493,993
Other receivables - restricted	5,686,294	-	-	-	-	5,686,294
Due from restricted funds	62,139,193	-	-	-	(62,139,193)	-
Supplies	28,179,570	1,096,384	246,826	-	-	29,522,780
Prepaid expenses and other current assets	5,202,601	-	-	-	-	5,202,601
<b>Total current assets</b>	<b>541,639,592</b>	<b>6,134,076</b>	<b>3,937,697</b>	<b>2,504,687</b>	<b>(62,139,193)</b>	<b>492,076,859</b>
Assets limited as to use	166,700,758	-	-	-	-	166,700,758
Long-term investments	-	-	-	1,985,620	-	1,985,620
Restricted long-term investments	176,406,709	-	-	-	-	176,406,709
Capital assets, net	392,637,584	3,116,707	5,739,156	2,637,352	-	404,130,799
Other assets:						
Unamortized bond costs	4,671,457	-	-	-	-	4,671,457
Security deposits	680,688	14,518	-	450,980	-	1,146,186
Other	1,003,230	705,550	-	-	-	1,708,780
<b>Total noncurrent assets</b>	<b>742,100,426</b>	<b>3,836,775</b>	<b>5,739,156</b>	<b>5,073,952</b>	<b>-</b>	<b>756,750,309</b>
<b>Total assets</b>	<b>\$ 1,283,740,018</b>	<b>\$ 9,970,851</b>	<b>\$ 9,676,853</b>	<b>\$ 7,578,639</b>	<b>\$ (62,139,193)</b>	<b>\$ 1,248,827,168</b>

(1) Includes Jackson Memorial Hospital, JMH Health Plan, Jackson South and Community Medical Practices  
 (2) Includes North Dade Primary Health Care Facility, Infant Shelter, Home Health Care, Liberty City Medical Center, Downtow Family Medical Center, North Miami Center, Southeast Dental Medical Center, Corrections Health Services and Juanita Mann Center;  
 (3) Includes Perdue Medical Center and Human Resource Health Center

109

Public Health Trust of  
Miami-Dade County, Florida

Schedule by Account  
Schedule of Assets and Liabilities (continued)

September 30, 2006

	(1) Hospitals	(2) Primary Care Centers	(3) Skilled Nursing Facilities	Jackson Medical Towers	Eliminations	Total
<b>Liabilities and fund net assets</b>						
Current liabilities:						
Accounts payable and accrued expenses	\$ 126,096,726	\$ 1,208,338	\$ -	\$ -	\$ -	\$ 127,305,064
Accrued interest payable	4,784,333	-	-	-	-	4,784,333
Accrued salaries and payroll taxes withheld	23,240,263	-	-	-	-	23,240,263
Accrued vacation and sick pay benefits	69,719,860	3,886,863	2,692,754	19,388	-	76,318,865
Refunds due for patient services	21,419,415	159,697	-	-	-	21,579,112
Current portion of estimated self-insurance liability	5,269,852	-	-	-	-	5,269,852
Estimated payables due to other third-party payors	105,715,680	-	-	-	-	105,715,680
Due to Miami-Dade County	25,741,528	-	-	-	-	25,741,528
Other - unrestricted	2,422,190	58,662,234	4,942,872	598,182	(61,910,193)	4,715,285
Other - restricted	3,513,476	-	-	-	-	3,513,476
Total current liabilities	387,923,323	63,917,132	7,635,626	617,570	(61,910,193)	398,183,458
Long-term debt, excluding current portion	301,575,061	-	-	-	-	301,575,061
Estimated self-insurance liability, excluding current portion	29,912,632	229,000	-	-	(229,000)	29,912,632
Due to Miami-Dade County, excluding current portion	10,153,000	-	-	-	-	10,153,000
Other	1,847,311	-	-	-	-	1,847,311
Total noncurrent liabilities	343,488,004	229,000	-	-	(229,000)	343,488,004
Total liabilities	731,411,327	64,146,132	7,635,626	617,570	(62,139,193)	741,671,462
Commitments and contingencies						
Total fund net assets	552,328,691	(54,175,281)	2,041,227	6,961,069	-	507,155,706
Total liabilities and fund net assets	\$ 1,283,740,018	\$ 9,970,851	\$ 9,676,853	\$ 7,578,639	\$ (62,139,193)	\$ 1,248,827,168

(1) Includes Jackson Memorial Hospital, JMH Health Plan, Jackson South and Community Medical Practices

(2) Includes North Dade Primary Health Care Facility, Infant Shelter, Home Health Care, Liberty City Medical Center, Downtown Family Medical Center, North Miami Center, Southeast Dental Medical Center, Corrections Health Services and Juanita Mann Center

(3) Includes Perdue Medical Center and Human Resource Health Center

110

Public Health Trust of  
Miami-Dade County, Florida

Schedule by Account  
Schedule of Revenues and Expenses

Year Ended September 30, 2007

	(1) Hospitals	(2) Primary Care Centers	(3) Skilled Nursing Facilities	Jackson Medical Towers	Eliminations	Total
Operating revenues:						
Net patient service revenue	\$ 1,031,669,308	\$ 16,269,958	\$ 21,078,307	\$ -	\$ -	\$ 1,069,017,573
Other revenue	179,005,332	1,331,234	624	4,988,644	-	185,325,834
Grants and other	27,919,457	-	-	-	-	27,919,457
Total operating revenues	1,238,594,097	17,601,192	21,078,931	4,988,644	-	1,282,262,864
Operating expenses:						
Salaries and related costs	868,147,926	49,668,189	29,469,916	394,409	-	947,680,440
Contractual and purchased services	406,412,052	13,297,916	3,179,528	1,544,513	-	424,434,009
Supplies	214,171,922	6,894,016	3,533,370	172,026	-	224,771,334
Other operating expenses	50,289,196	25,000	-	-	-	50,314,196
Public Medical Assistance Trust Fund assessment	12,509,609	-	-	-	-	12,509,609
Depreciation and amortization	45,549,309	342,595	537,732	431,552	-	46,861,188
Total operating expenses	1,597,080,014	70,227,716	36,720,546	2,542,500	-	1,706,570,776
Operating loss	(358,485,917)	(52,626,524)	(15,641,615)	2,446,144	-	(424,307,912)
Nonoperating revenues (expenses):						
Miami-Dade County funding	155,807,202	4,900,000	-	-	-	160,707,202
Sales tax revenue	190,871,912	-	-	-	-	190,871,912
Investment income	23,086,742	41,446	64,069	248,757	-	23,441,014
Interest expense	(14,648,616)	-	-	(418,329)	-	(15,066,945)
Other income	30,264,457	(479)	81,961	-	-	30,345,939
Total nonoperating revenues, net	385,381,697	4,940,967	146,030	(169,572)	-	390,299,122
Increase in fund net assets	\$ 26,895,780	\$ (47,685,557)	\$ (15,495,585)	\$ 2,276,572	\$ -	\$ (34,008,790)

(1) Includes Jackson Memorial Hospital, JMH Health Plan, Jackson South, Jackson North and Community Medical Practices  
 (2) Includes North Dade Primary Health Care Facility, Infant Shelter, Home Health Care, Liberty City Medical Center, Downtown Family Medical Center, North Miami Center, Southeast Dental Medical Center, Corrections Health Services and Juanita Mann Center.  
 (3) Includes Perdue Medical Center and Human Resource Health Center.

Public Health Trust of  
Miami-Dade County, Florida

Schedule by Account  
Schedule of Revenues and Expenses

Year Ended September 30, 2006

	(1) Hospitals	(2) Primary Care Centers	(3) Skilled Nursing Facilities	Jackson Medical Towers	Eliminations	Total
Operating revenues:						
Net patient service revenue	\$ 926,075,783	\$ 13,537,989	\$ 20,172,537	\$ -	\$ -	\$ 959,786,309
Other revenue	137,951,854	958,172	15,400	4,569,808	-	143,495,234
Grants and other	29,197,611	-	-	-	-	29,197,611
Total operating revenues	1,093,225,248	14,496,161	20,187,937	4,569,808	-	1,132,479,154
Operating expenses:						
Salaries and related costs	741,216,848	46,026,729	28,102,557	366,541	-	815,712,675
Contractual and purchased services	327,590,128	13,050,379	3,321,740	1,965,311	-	345,927,558
Supplies	181,745,848	8,766,990	3,595,419	158,072	-	194,266,329
Other operating expenses	44,927,828	26,500	-	-	-	44,954,328
Public Medical Assistance Trust Fund assessment	11,332,396	-	-	-	-	11,332,396
Depreciation and amortization	38,110,604	278,294	511,405	452,262	-	39,352,565
Total operating expenses	1,344,923,652	68,148,892	35,531,121	2,942,186	-	1,451,545,851
Operating loss	(251,698,404)	(53,652,731)	(15,343,184)	1,627,622	-	(319,066,697)
Nonoperating revenues (expenses):						
Miami-Dade County funding	133,902,230	5,999,999	522,000	-	-	140,424,229
Miami-Dade County 2005 Assistance	30,173,168	-	-	-	-	30,173,168
Sales tax revenue	189,699,732	-	-	-	-	189,699,732
Investment income	19,738,842	32,590	60,271	177,153	-	20,008,856
Interest expense	(15,028,755)	-	-	(422,977)	-	(15,451,732)
Other income	11,372,322	12,600	92,145	-	-	11,477,067
Total nonoperating revenues, net	369,857,539	6,045,189	674,416	(245,824)	-	376,331,320
Increase in fund net assets	\$ 118,159,135	\$ (47,607,542)	\$ (14,668,768)	\$ 1,381,798	\$ -	\$ 57,264,623

(1) Includes Jackson Memorial Hospital, JMH Health Plan and Jackson South, Community Medical Practices  
 (2) Includes North Dade Primary Health Care Facility, Infant Shelter, Home Health Care, Liberty City Medical Center, Downtow  
 Family Medical Center, North Miami Center, Southeast Dental Medical Center, Corrections Health Services and Juanita Mann Center.  
 (3) Includes Perdue Medical Center and Human Resource Health Center.