

Memorandum



Date: September 1, 2009

To: Honorable Chairman Dennis C. Moss
and Members, Board of County Commissioners

From: George M. Burgess
County Manager

Subject: Report to the Board of County Commissioners on the Public Health Trust's
Audited Financial Results for Fiscal Year Ending September 30th, 2008

Agenda Item No.
12(B)1

The attached item is being placed on the Board of County Commissioners' agenda at the request of Eneida O. Roldan, MD, 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 30th, 2008.


Assistant County Manager



Eneida O. Roldan
President / CEO

Executive Office
Jackson Memorial Hospital
1611 N.W. 12th Avenue
Miami, Florida 33136-1096
305-585-6754

Date: June 17, 2009
To: Honorable Chairman Dennis C. Moss
and Members, Board of County Commissioners
From: Eneida O. Roldan, M.D., M.P.H., M.B.A. *Eneida Roldan*
Subject: Report to the Board of County Commissioners on the Public Health Trust's Audited Financial Results for Fiscal Year Ending September 30, 2008

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, 2008.

Scope:

The scope of this report is limited to financial results and audit findings relative to Fiscal Year ended September 30, 2008.

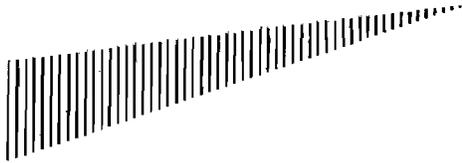
Fiscal Impact:

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 result 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, 2008 and 2007. 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.



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Management Letter

Management and the Fiscal Affairs Committee
of the Board of Trustees
Public Health Trust of Miami-Dade County, Florida

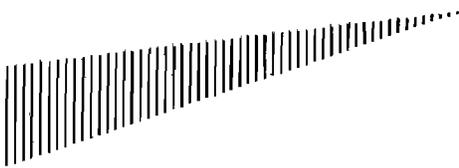
In planning and performing our audit of the financial statements of the Public Health Trust of Miami-Dade County, Florida (the Trust) as of and for the year ended September 30 2008, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, we considered its internal control over financial reporting (internal control) 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. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control.

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 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. 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 internal control.

During our audit, we noted the following control deficiencies:

Cash Reconciliations

During our bank confirmation procedures, we noted that certain bank accounts maintained by the Miami International Thoracic Center Surgical Services and the Miami International Hand Surgical Services (the Surgical Services) were not being recorded properly in the Trust's combined financial statements. Our testing indicated that the outside accountant utilized by Surgical Services was not properly reconciling the recorded cash balance to the monthly bank statements. This resulted in an audit entry of approximately \$1 million to increase cash and decrease contractual services.



Recommendation

The Trust should establish procedures as part of the monthly financial statement close process to make sure that proper reconciliation and review procedures are operating effectively at all of the entities and remote locations included in the Trust. We suggest implementing a closing package that should be submitted to the accounting department of the Trust on a monthly basis. This closing package would document that the proper monthly reconciliations had been prepared and reviewed by the appropriate designated members of management of the respective entities.

Management's Response

The Trust is establishing a closing checklist with all activities related to the monthly financial statement close process. The checklist will be implemented by May 2009 and should ensure that all bank accounts are reconciled and reviewed by the designated individual on a monthly basis.

Regulatory Compliance

The Trust continues to investigate payments made to certain physicians who practice at Jackson South Community Hospital (JSCH) and the possibility that those payments may have been made at times when a current contract was not in effect or were not consistent with the terms of the relevant contract. These payments could constitute violations of the physician self-referral and anti-kickback statutes. This situation is being reviewed by outside counsel and the appropriate self-disclosure of the situation has been made to representatives of the Office of the Inspector General.

Recommendation

Include JSCH in the centralized contract management system that other entities within the Trust already utilize. This would help assure that all contracts, and especially those with physicians, are subject to the appropriate review by the Physician Services, Corporate Compliance and Legal Departments of the Trust, as applicable. Furthermore, it would decrease the possibility that payments were made to physicians that were not made pursuant to contracts in effect at the time of the payment.



Management's Response

A centralized process and policy have been developed and implemented whereby requests for physician contracts are submitted to the Division of Physician Services for review of terms and fair market value analysis. The completed package is submitted to a committee comprised of representatives of the affected facility, Physician Services, Compliance, Procurement, Risk Management, and the County Attorney's Office for review and approval. Once approved, the Physician Services Division oversees the execution of the contract and implementation of the contract and monitors time frames for renewal. Proposed contracts other than physician services follow a different process for review pursuant to the procurement policies of the Public Health Trust.

We have separately reported in our letter dated January 23, 2009 addressed to the Board of Trustees of the Public Health Trust of Miami-Dade County, Florida certain matters involving internal control and its operation that we considered to be significant deficiencies under standards established by the American Institute of Certified Public Accountants.

This communication is intended solely for the information and use of management, those charged with governance, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

January 23, 2009

FINANCIAL STATEMENTS AND SCHEDULES

**Public Health Trust of Miami-Dade County, Florida
Years Ended September 30, 2008 and 2007
With Report of Independent Certified Public Accountants**

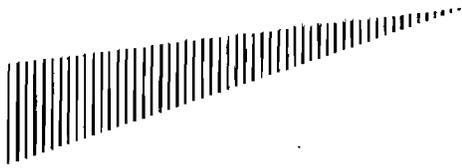
Public Health Trust of
Miami-Dade County, Florida

Financial Statements and Schedules

Years Ended September 30, 2008 and 2007

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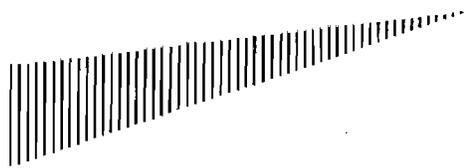
Report of Independent Certified Public Accountants

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, 2008 and 2007, 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, 2008 and 2007, 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, 2008 and 2007.

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, 2008 and 2007, 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, 2008 and 2007, 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 23, 2009, 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 73 through 75 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 76 through 81 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.

As discussed in Note 16, during the year ended September 30, 2008 the Trust adopted the provisions of Statement No. 45 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting by Employers for Postretirement Benefits Other Than Pensions*.

Ernst + Young LLP

January 23, 2009

Public Health Trust of
Miami-Dade County, Florida

Management's Discussion and Analysis

September 30, 2008

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, 2008 and 2007. 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. 17th 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, 2008 and 2007 (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, 2008

Condensed Statement of Fund Net Assets – Trust

	2008	September 30, 2007	2006	2008-2007	Percentage Change 2007-2006
Assets:					
Current assets	\$ 587,403,818	\$ 478,585,356	\$ 492,076,859	22.7%	(2.7)%
Capital assets	471,779,597	447,300,604	404,130,799	5.5%	10.7%
Other assets	239,937,979	285,125,692	352,619,510	(15.9)%	(19.1)%
Total assets	\$ 1,299,121,394	\$ 1,211,011,652	\$ 1,248,827,168	7.3%	(3.0)%
Liabilities:					
Current liabilities	\$ 465,653,457	\$ 395,208,227	\$ 398,183,458	17.8%	(0.7)%
Long-term debt	292,949,025	297,344,543	301,575,061	(1.5)%	(1.4)%
Other liabilities	41,692,937	45,311,966	41,912,943	(8.0)%	8.1%
Total liabilities	800,295,419	737,864,736	741,671,462	8.5%	(0.5)%
Fund net assets:					
Unrestricted	196,966,804	199,690,013	217,392,062	(1.4)%	(8.1)%
Invested in capital assets, net of related debt	301,329,231	269,047,198	284,395,117	12.0%	(5.4)%
Restricted	529,940	4,409,705	5,368,527	(88.0)%	(17.9)%
Total fund net assets	498,825,975	473,146,916	507,155,706	5.4%	(6.7)%
Total liabilities and fund net assets	\$ 1,299,121,394	\$ 1,211,011,652	\$ 1,248,827,168	7.3%	(3.0)%

Public Health Trust of
Miami-Dade County, Florida

Management's Discussion and Analysis (continued)

September 30, 2008

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

	Year Ended September 30		Percentage Change	
	2008	2007	2008-2007	2007-2006
Operating revenues:				
Net patient service revenue	\$ 1,187,236,154	\$ 1,069,017,573	11.1%	11.4%
Other revenue	216,720,550	185,325,834	16.9%	29.2%
Grants and other	31,645,037	27,919,457	13.3%	(4.4)%
Total operating revenues	<u>1,435,601,741</u>	<u>1,282,262,864</u>	11.6%	13.2%
		2006		
		\$ 959,786,309		
Operating expenses:				
Salaries and related costs	1,010,214,555	947,680,440	6.6%	16.2%
Contractual and purchased services	499,130,813	424,434,009	17.6%	22.7%
Supplies	240,000,320	224,771,334	6.8%	15.7%
Other operating expenses	48,738,744	50,314,196	(3.1)%	11.9%
Public Medical Assistance Trust				
Fund assessment	13,356,371	12,509,609	6.8%	10.4%
Depreciation and amortization	50,446,944	46,861,188	7.7%	19.1%
Total operating expenses	<u>1,861,887,747</u>	<u>1,706,570,776</u>	9.1%	17.6%
		2005		
		\$ 1,451,545,851		
Operating loss	(426,286,006)	(424,307,912)	0.5%	33.0%
Total non-operating revenues and other activity, net	<u>451,965,065</u>	<u>390,299,122</u>	15.8%	3.7%
Increase (decrease) in fund net assets	25,679,059	(34,008,790)	175.5%	(159.4)%
Fund net assets, beginning of year	473,146,916	507,155,706	(6.7)%	12.7%
Fund net assets, end of year	<u>\$ 498,825,975</u>	<u>\$ 473,146,916</u>	5.5%	(6.7)%

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 increased slightly during 2008. The improvement experienced in 2008 was attributed mainly to higher cash and cash equivalent balances, as well as, Patient's account receivable and Due from Miami-Dade County, while the level of current liabilities rose by almost 20% reflecting higher payables and accrued expenses and other unrestricted liabilities. The days cash on hand remained unchanged at 42 days reflecting lower funded depreciation and a higher level of operating expenses. This is in contrast to the levels reported between 2005 and 2006 when significant increases in Days Cash on Hand were attributed 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 2 days, to 83 days at September 30, 2008, compared to 81 days in 2007.

The significant increase registered in 2007 was due mainly to an augmentation in receivables resulting from acquiring a new hospital at the beginning of the fiscal year 2007.

Table 1
Key Financial Indicators

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Current ratio	1.26	1.21	1.24
Quick ratio	1.20	1.15	1.31
Days cash on hand	42.36	41.75	44.96
Days revenue in patient receivables	82.15	80.85	69.67

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

Management's Discussion and Analysis (continued)

Overall Fiscal Years 2008 and 2007 Financial Position

For the years ended September 30, 2008 and 2007, the Trust experienced an operating loss of \$426.0 million and \$424.3 million, respectively. This represents an increase of \$2.0 million or 0.5% when compared to the fiscal year ended September 30, 2007. This operating loss increase is mainly attributed to higher operating expenses related to salaries and related costs as well as 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, 2008 and 2007, summed \$452.0 million and \$390.3 million respectively, increasing \$61.7 million or 15.8% higher than the fiscal year ended September 30, 2007. This was the result of special assistance from Miami-Dade County of \$45.0 million in the year ended September 30, 2008.

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.

Fiscal Year 2009 Outlook

The Trust will continue to be challenged in fiscal year 2009. 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,

Public Health Trust of
Miami-Dade County, Florida

Management's Discussion and Analysis (continued)

- 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.

Significant Variances in Financial Statements

In this section, the Trust explains the reason for those financial statement items with significant variances relating to fiscal 2008 amounts compared to fiscal 2007, and fiscal 2007 amounts compared to fiscal 2006.

Public Health Trust of
Miami-Dade County, Florida

Management's Discussion and Analysis (continued)

Cash and Cash Equivalents – was \$125.3 million at September 30, 2008, compared to \$75.7 million at September 30, 2007. The 2008 increase of \$49.6 million reflected a 65.5% improvement over that reported in 2007 primarily caused by net cash provided from operating and nonoperating activities of \$94.1 million and net cash provided by investing activities of \$51.0 million, offset by net cash used in capital and financing activities of \$94.1 million and a \$3.0 million increase in restricted cash and cash equivalents.

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.

Restricted Cash and Cash Equivalents, Restricted Short-Term Investments and Restricted Long-Term Investments – was \$139.9 million at September 30, 2008, compared to \$133.1 million at September 30, 2007. This increase is attributed for the most part to interest income earned from both Construction and Reserve accounts which are used to purchase bond approved projects as these funds were transferred to a higher interest earning account with a local institution.

Restricted cash and cash equivalents, restricted short-term investments and restricted long-term investments amounted to \$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.

Assets Limited as to Use and Long-Term Investments – at September 30, 2008, assets limited as to use and long-term investments decreased by \$42.3 million to \$138.2 million compared to that of \$180.6 million for September 30, 2007. This reduction is primarily the result of transfers made from the funded depreciation account to that of the General Operating Fund for the purpose of acquiring additional capital assets. 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.

Public Health Trust of
Miami-Dade County, Florida

Management's Discussion and Analysis (continued)

Patients Accounts Receivable – The September 30, 2008, patient accounts receivable (net) reached \$268.4 million representing a 13.3% increase when compared to that as of September 30, 2007 of \$236.8 million. Jackson Memorial Hospital accounts receivable increased by \$31.6 million because of a number of factors including delays in the processing of claims by the State of Florida resulting in higher Medicaid receivables, and the implementation of a new Medicare billing system.

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. Jackson Memorial Hospital accounts receivable increased by \$13.0 million because of the implementation of the new clinical system near year end which caused delays in patient billings and collections. In addition, receivables increased by \$36.0 million due to the integration of a new facility during fiscal year 2007.

Estimated Receivables Due From Other Third-Party Payors, Net – At September 30, 2008, the net amount due to other third-party payors was \$35.5 million, compared to a \$23.6 million net payable at September 30, 2007. This increase is mainly attributed to \$15 million in receivables from the Low Income Pool and Medicaid Disproportionate Share programs offset by concurrent reductions in amounts due from Medicaid and Medicare cost report transactions.

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.

Due from Miami-Dade County – The balance of \$48.0 million at September 30, 2008 represents a \$17.3 million or 56.6% increase over that reported in 2007 reflecting the amount owed for capital contribution programs. On the other hand, Due from Miami-Dade County balance of \$30.7 million at September 30, 2007 is comparable with the September 30, 2006 balance.

Supplies – The balance of \$30.7 million at September 30, 2008, is \$5.8 million higher than September 30, 2007. This is primarily the result of higher inventory levels at both Jackson Memorial Hospital and Jackson South. It should be noted that notwithstanding this increment, the organization continued to benefit from the implementation of an inventory reduction plan to better manage inventory carrying cost begun in 2007.

Public Health Trust of
Miami-Dade County, Florida

Management's Discussion and Analysis (continued)

The balance of \$25.0 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 Jackson Memorial Hospital Surgical Hospital Center. During the year the organization implemented an inventory reduction plan to better manage inventory carrying cost.

Prepaid Expenses and Other Current Assets – The balance of \$5.3 million at September 30, 2008, is comparable to that reported as of September 30, 2007 and 2006 respectively.

Capital Assets – The balance of \$471.8 million at September 30, 2008, reflects an increase of \$24.5 million from September 30, 2007. This is mainly due to capital asset purchases of \$50.4 million, construction in progress additions of \$29.4 million offset by \$50.4 million in depreciation expense and \$4.9 million in sales and retirements.

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.

Accounts Payable and Accrued Expenses – The balance at September 30, 2008, of \$156.5 million reflects an increase from September 30, 2007, of \$18 million. This is due primarily to an increase in payables for Jackson Memorial Hospital and Jackson North Medical Center of \$10.0 million and \$7.0, respectively.

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.

Accrued Vacation and Sick Pay Benefits – The balance at September 30, 2008, of \$101.9 million reflects an increase from September 30, 2007, of \$12.2 million or 13.6%. 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, 2008 and increases in personnel as a result of acquiring a hospital during the prior year.

Public Health Trust of
Miami-Dade County, Florida

Management's Discussion and Analysis (continued)

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.

Long-Term Debt, Excluding Current Portion – The balance of \$292.9 million at September 30, 2008, compared to \$297.3 million for 2007. This reduction of \$4.4 million was primarily due to principal payments made during the year.

The balance of \$297.3 million at September 30, 2007, is comparable to the September 30, 2006, balance.

Estimated Self-Insurance Liability, Excluding Current Portion – The balance of \$25.2 million at September 30, 2008 reflected a 17.7% diminution from that of \$30.7 million reported in 2007.

The balance of \$30.7 million at September 30, 2007 is comparable to the September 30, 2006 balance

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

Net Patient Service Revenue – Net patient service revenue increased by 11.1% or \$118.2 million, for the year ended September 30, 2008, as compared to September 30, 2007. This increase is primarily due mainly to the effects of a 7.39% rate increase combined with a decrease in deductions from revenues as a result of an improved payor mix.

Net patient service revenue increased by 11.1% or \$118.2 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.

Other Revenue – Other revenue increased \$31.4 million or 16.9% in the fiscal year ended September 30, 2008, as compared to September 30, 2007. This increase mainly reflects the additional JMH Health Plan revenue of approximately \$28 million during 2008.

Public Health Trust of
Miami-Dade County, Florida

Management's Discussion and Analysis (continued)

Supplies for the fiscal year ended September 30, 2007, increased by \$30.5 million or 15.7% 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.

Other Operating Expenses – Other operating expenses fell by \$1.6 million or 3.1% for the fiscal year ended September 30, 2008, as compared to September 30, 2007. The decline mainly relates to favorable developments in professional liability expense based upon the Professional and General Liability actuarial report as of September 30, 2008.

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.

Depreciation and Amortization – Depreciation and amortization expense amounted to \$50.4 million in 2008 compared to \$46.9 million for 2007. The increase of \$3.6 million or 7.7% for the fiscal year ended September 30, 2008 is due mainly to additions to fixed assets of \$61.3 million mainly in the form of movable equipment and depreciated assets made during 2008.

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.

Total Nonoperating Revenues and Other Activity, Net – The increase of \$61.7 million or 15.8% in the fiscal year ended September 30, 2008 is due mainly to increases in property tax revenue of \$17 million, as well as Miami-Dade County Special Assistance of \$45 million and the Graduate Medical Educational portion of the Low income Pool program. The increase was offset by an \$11 million reduction in investment income and \$3.5 million decline as sales tax revenue.

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)

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 \$197.0 million at September 30, 2008, from \$199.7 million at September 30, 2007.

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

Invested in Capital Assets, Net of Related Debt – Increased by \$32.3 million during 2008, as plant and equipment additions of \$79.4 million were offset by depreciation expense of \$50.4 million and sales, retirement and adjustments of \$4.9 million.

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 \$530,000 at September 30, 2008, from \$4.4 million at September 30, 2007.

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

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, 2008 and 2007 were \$61.3 million and \$110.8 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, 2008 are approximately \$300 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 45

The Governmental Accounting Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postretirement Benefits Other Than Pensions*, in July 2004. The Trust was required to adopt this pronouncement in the fiscal year ended September 30, 2008. This statement establishes standards for the measurement, recognition, and display of other postemployment benefits expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local government employers.

Public Health Trust of
Miami-Dade County, Florida

Statements of Fund Net Assets – Trust

	September 30	
	2008	2007
Current assets:		
Cash and cash equivalents	\$ 125,304,022	\$ 75,716,240
Restricted cash and cash equivalents	16,805,034	13,796,262
Restricted short-term investments	5,616,680	6,139,107
Assets limited as to use	24,308,294	17,362,850
Patients' accounts receivable, less allowance for doubtful accounts of approximately \$474,432,309 in 2008 and \$413,773,000 in 2007	268,379,813	236,791,029
Estimated receivables due from other third-party payors	43,211,017	45,463,023
Due from Miami-Dade County	48,029,401	30,663,886
Other receivables – unrestricted	13,624,677	13,246,388
Other receivables – restricted	6,080,963	9,253,764
Supplies	30,752,345	24,955,699
Prepaid expenses and other current assets	5,291,572	5,197,108
Total current assets	587,403,818	478,585,356
Assets limited as to use	113,933,957	163,197,706
Restricted long-term investments	117,421,906	113,176,264
Capital assets, net	471,779,597	447,300,604
Other assets:		
Unamortized bond costs	4,370,073	4,520,765
Security deposits	1,715,663	1,673,263
Other	2,496,380	2,557,694
Total noncurrent assets	711,717,576	732,426,296
Total assets	\$1,299,121,394	\$1,211,011,652

Public Health Trust of
Miami-Dade County, Florida

Statements of Fund Net Assets – Trust (continued)

	September 30	
	2008	2007
Current liabilities:		
Current portion of long-term debt	\$ 4,910,000	\$ 4,745,000
Accounts payable and accrued expenses	156,517,571	138,568,888
Accrued interest payable	4,728,973	4,784,332
Accrued salaries and payroll taxes withheld	30,962,248	22,694,637
Accrued vacation and sick pay benefits	101,919,594	89,735,287
Refunds due for patient services	24,540,782	22,691,205
Current portion of estimated self-insurance liability	5,869,852	5,569,852
Estimated payables due to other third-party payors	78,690,463	69,108,256
Due to Miami-Dade County	33,444,019	28,602,077
Other – unrestricted	15,755,607	5,346,800
Other – restricted	8,314,348	3,361,893
Total current liabilities	465,653,457	395,208,227
Long-term debt, excluding current portion	292,949,025	297,344,543
Estimated self-insurance liability, excluding current portion	25,246,633	30,658,655
Due to Miami-Dade County, excluding current portion	–	12,906,000
Other	16,446,304	1,747,311
Total noncurrent liabilities	334,641,962	342,656,509
Total liabilities	800,295,419	737,864,736
Commitments and contingencies		
Fund net assets:		
Unrestricted	196,966,804	199,690,013
Invested in capital assets, net of related debt	301,329,231	269,047,198
Restricted	529,940	4,409,705
Total fund net assets	498,825,975	473,146,916
Total liabilities and fund net assets	\$1,299,121,394	\$1,211,011,652

See accompanying notes.

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

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

	Year Ended September 30	
	2008	2007
Operating revenues:		
Net patient service revenue	\$1,187,236,154	\$1,069,017,573
Other revenue	216,720,550	185,325,834
Grants and other	31,645,037	27,919,457
Total operating revenues	1,435,601,741	1,282,262,864
Operating expenses:		
Salaries and related costs	1,010,214,555	947,680,440
Contractual and purchased services	499,130,813	424,434,009
Supplies	240,000,320	224,771,334
Other operating expenses	48,738,744	50,314,196
Public Medical Assistance Trust Fund assessment	13,356,371	12,509,609
Depreciation and amortization	50,446,944	46,861,188
Total operating expenses	1,861,887,747	1,706,570,776
Operating loss	(426,286,006)	(424,307,912)
Nonoperating revenues (expenses):		
Miami-Dade County funding	178,059,996	160,707,202
Miami-Dade County special assistance	45,000,449	–
Sales tax revenue	187,408,133	190,871,912
Investment income	12,391,136	23,441,014
Interest expense	(15,029,263)	(15,066,945)
Other income	44,134,614	30,345,939
Total nonoperating revenues, net	451,965,065	390,299,122
Increase (decrease) in fund net assets	25,679,059	(34,008,790)
Fund net assets – beginning of the year	473,146,916	507,155,706
Fund net assets – end of the year	\$ 498,825,975	\$ 473,146,916

See accompanying notes.

Public Health Trust of
Miami-Dade County, Florida

Statements of Cash Flows – Trust

	Year Ended September 30	
	2008	2007
Operating activities		
Cash received from patients, tenants, and third-party payors	\$ 1,430,170,259	\$ 1,277,699,437
Cash paid to suppliers	(786,760,376)	(694,474,370)
Cash paid to employees for services	(987,312,360)	(933,819,998)
Net cash used in operating activities	(343,902,477)	(350,594,931)
Noncapital financing activity		
Funds contributed by federal, state, and miscellaneous sources	439,603,191	383,293,817
Net cash provided by noncapital financing activity	439,603,191	383,293,817
Capital and related financing activities		
Principal payments on long-term debt	(4,745,000)	–
Interest paid	(14,419,450)	(14,401,771)
Purchases of capital assets, net	(74,925,937)	(55,030,993)
Jackson North acquisition	–	(35,000,000)
Net cash used in capital and related financing activities	(94,090,387)	(104,432,764)
Investing activities		
Purchase of investment securities	(60,344,624)	(8,953,651)
Proceeds from sales and maturities of investments	98,939,715	81,669,556
Income on investments	12,391,136	23,441,014
Net cash provided by investing activities	50,986,227	96,156,919
Net increase in cash and cash equivalents	52,596,554	24,423,041
Cash and equivalents, beginning of year	89,512,502	65,089,461
Cash and equivalents, end of year	\$ 142,109,056	\$ 89,512,502
Reconciliation of operating loss to net cash used in operating activities:		
Loss from operations	\$ (426,286,006)	\$ (424,307,912)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	50,446,944	46,861,188
Provision for doubtful accounts	232,345,464	167,924,887
(Increase) decrease in assets:		
Patients' accounts receivables and other receivables	(258,887,734)	(138,723,469)
Supplies	(5,796,646)	4,567,081
Due from Miami-Dade County	(2,365,515)	(1,225,000)
Prepaid expenses and other assets	(75,550)	(1,370,498)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	40,250,180	25,246,712
Due to Miami-Dade County	(8,064,058)	5,613,549
Due to/from other third-party payors	9,582,207	(36,607,424)
Other current liabilities	15,361,262	479,932
Estimated self-insurance liability	(5,112,022)	1,046,023
Other long-term liabilities	14,698,993	(100,000)
Total adjustments	82,383,529	73,712,981
Net cash used in operating activities	\$ (343,902,477)	\$ (350,594,931)

See accompanying notes.

Public Health Trust of
Miami-Dade County, Florida

Statement of Financial Position – Foundation

September 30, 2008

	Unrestricted	Temporarily Restricted	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 298,268	\$ 1,848,750	\$ 2,147,018
Interfund receivable/payable	(628,422)	628,422	–
Due from related party	896,806	–	896,806
Pledges receivable – current portion, net	965,702	3,232,445	4,198,147
Interest and dividends receivable	14,388	3,387	17,775
Other current assets	52,235	1,325	53,560
Total current assets	1,598,977	5,714,329	7,313,306
Property and equipment, net	457,929	–	457,929
Investments	113,195	8,025,475	8,138,670
Trust agreement receivable – charitable remainder trust	–	324,294	324,294
Pledges receivable less current portion, net	108,653	2,373,876	2,482,529
Total assets	\$ 2,278,754	\$ 16,437,974	\$ 18,716,728
Liabilities and net assets			
Current liabilities:			
Accounts payable and accrued expenses	\$ 935,924	\$ –	\$ 935,924
Deferred revenue	–	68,872	68,872
Total current liabilities	935,924	68,872	1,004,796
Commitments and contingencies			
Net assets:			
Unrestricted	1,342,830	–	1,342,830
Temporarily restricted	–	16,369,102	16,369,102
Total net assets	1,342,830	16,369,102	17,711,932
Total liabilities and net assets	\$ 2,278,754	\$ 16,437,974	\$ 18,716,728

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>
Assets			
Current assets:			
Cash and cash equivalents	\$ 766,659	\$ 2,707,112	\$ 3,473,771
Due from related party	642,820	–	642,820
Pledges receivable – current portion, net	542,000	2,352,431	2,894,431
Interest and dividends receivable	27,168	–	27,168
Other current assets	78,918	–	78,918
Total current assets	2,057,565	5,059,543	7,117,108
Property and equipment, net	478,495	–	478,495
Investments	576,071	9,214,237	9,790,308
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	\$ 3,701,050	\$ 18,708,730	\$ 22,409,780
Liabilities and net assets			
Current liabilities:			
Accounts payable and accrued expenses	\$ 663,007	\$ –	\$ 663,007
Total current liabilities	663,007	–	663,007
Commitments and contingencies			
Net assets:			
Unrestricted	3,038,043	–	3,038,043
Temporarily restricted	–	18,708,730	18,708,730
Total net assets	3,038,043	18,708,730	21,746,773
Total liabilities and net assets	\$ 3,701,050	\$ 18,708,730	\$ 22,409,780

See accompanying notes.

Public Health Trust of
Miami-Dade County, Florida

Statement of Activities – Foundation

Year Ended September 30, 2008

	Unrestricted	Temporarily Restricted	Total
Public support and revenues:			
Donations for International Kids Fund Program	\$ –	\$ 2,013,190	\$ 2,013,190
Donations for Holtz Children's Hospital Campaign, net	–	1,406,420	1,406,420
Donations for UM/JMH Liver Center	–	40,483	40,483
Donation for JMH/Breast Cancer Center	–	69,802	69,802
Donations for UM/Jackson Trauma Center	–	125,392	125,392
Donation for JMH Patient Education	–	485,000	485,000
Grant Awards Revenue	801,970	925,105	1,727,075
Other support	1,252,654	1,264,424	2,517,078
Change in present value discount of pledges receivable	(42,438)	(55,055)	(97,493)
Special events, net of direct costs of \$1,609,350	–	962,505	962,505
Net public support	2,012,186	7,237,266	9,249,452
Interest income and dividends, net of investment fee			
	192,240	189,050	381,290
Net realized gains on investments	(18,862)	11,856	(7,006)
Net unrealized gains on investments	(1,463,607)	(618,022)	(2,081,629)
Total public support and revenues before net assets released from restrictions	721,957	6,820,150	7,542,107
Net assets released from restrictions:			
Satisfaction of program restrictions	9,159,778	(9,159,778)	–
Total public support and revenues	9,881,735	(2,339,628)	7,542,107
Expenses including direct support payments:			
Program services:			
International Kids Fund	2,303,518	–	2,303,518
University of Miami/Jackson Memorial Medical Center	5,114,355	–	5,114,355
Grant Award Expenses - Community Access Program	–	–	–
Grant Award Expenses - Other Program	1,503,111	–	1,503,111
Total program services	8,920,984	–	8,920,984
Management and general	1,051,300	–	1,051,300
Fundraising	1,604,664	–	1,604,664
Total expenses including direct support payments	11,576,948	–	11,576,948
Change in net assets	(1,695,213)	(2,339,628)	(4,034,841)
Net assets at beginning of year	3,038,043	18,708,730	21,746,773
Net assets at end of year	<u>\$ 1,342,830</u>	<u>\$ 16,369,102</u>	<u>\$ 17,711,932</u>

See accompanying notes.

Public Health Trust of
Miami-Dade County, Florida

Statement of Activities – Foundation

Year Ended September 30, 2007

	Temporarily		Total
	Unrestricted	Restricted	
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	642,820	606,663	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	1,998,233	7,579,975	9,578,208
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	3,267,066	7,856,085	11,123,151
Net assets released from restrictions:			
Satisfaction of program restrictions	9,042,946	(9,042,946)	—
Total public support and revenues	12,310,012	(1,186,861)	11,123,151
Expenses including direct support payments:			
Program services:			
International Kids Fund	1,788,573	—	1,788,573
University of Miami/Jackson Memorial Medical Center	6,585,730	—	6,585,730
Grant Award Expenses - Community Access Program	531,303	—	531,303
Grant Award Expenses - Other Program	621,629	—	621,629
Total program services	9,527,235	—	9,527,235
Management and general	726,293	—	726,293
Fundraising	1,337,225	—	1,337,225
Total expenses including direct support payments	11,590,753	—	11,590,753
Change in net assets	719,259	(1,186,861)	(467,602)
Net assets at beginning of year	2,318,784	19,895,591	22,214,375
Net assets at end of year	\$ 3,038,043	\$ 18,708,730	\$ 21,746,773

See accompanying notes.

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

Statements of Fiduciary Net Assets – Pension Trust Fund

	September 30	
	2008	2007
Assets		
Assets whose use is limited:		
Externally restricted under pension plan agreement	\$ 220,696,184	\$ 219,845,898
	\$ 220,696,184	\$ 219,845,898
 Liabilities and restricted net assets		
Due to Public Health Trust of Miami-Dade County, Florida	\$ 2,126,093	\$ 1,307,147
Restricted net assets reserved for employees' pension benefits	218,570,091	218,538,751
	\$ 220,696,184	\$ 219,845,898

See accompanying notes.

Public Health Trust of
Miami-Dade County, Florida

Statements of Changes in Fiduciary Net Assets — Pension Trust Fund

	Year Ended September 30	
	2008	2007
Net assets reserved for employees' pension benefits:		
Balance at beginning of year	\$ 218,538,751	\$ 159,363,769
Additions:		
Pension contributions	38,067,887	33,432,274
Net realized and unrealized gains on pension trust fund investments	(37,217,600)	26,177,523
	850,287	59,609,797
Deductions:		
Participants benefit expense	818,947	434,815
	818,947	434,815
Net increase in net assets reserved for employees' pension benefits	31,340	59,174,982
Balance at end of year	\$ 218,570,091	\$ 218,538,751

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

Notes to Financial Statements

September 30, 2008

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, 2008 and 2007, the Foundation distributed approximately \$4,099,000 and \$1,537,000, 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. 17th Street, Plaza Park East – Suite G, Miami, Florida 33136.

Public Health Trust of
Miami-Dade County, Florida

Management's Discussion and Analysis (continued)

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.

Grants and Other – Grants and other of \$31.6 million for the fiscal year ended September 30, 2008, depicted a \$3.7 million or 13.3% increase over that reported in 2007 given the receipt of a new \$3.2 million grant from FEMA to cover the cost of hurricane shutters in numerous building facilities.

Grants and other of \$27.9 million for the fiscal year ended September 30, 2007, is comparable to the fiscal year end 2006 balance.

Salaries and Related Costs – Salaries and related costs increased \$62.5 million or 6.6% in the fiscal year ended September 30, 2008, as compared to September 30, 2007. This increase resulted from approximately a 4% rise in average salaries and a 1.9% increase in FTEs during the year.

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.

Contractual and Purchased Services – Contractual and purchased services increased \$74.7 million or 17.6% in the fiscal year ended September 30, 2008, as compared to September 30, 2007. This is attributed to an increase of \$22 million in JMH Health Plan paid claims, as well as, higher expenses related to professional fees and doctors contracts of \$13 million and \$11 million, respectively, and an additional \$8 million increment in special services fee.

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.

Supplies – Supplies for the fiscal year ended September 30, 2008, increased by \$15.2 million or 6.8% to \$240 million. This surge was mainly caused by \$8 million in medical/surgical and drugs related expenses incurred at Jackson Memorial Hospital and an additional \$4 million at Jackson North Medical Center.

**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 \$572,288,000 and \$560,209,000 as of September 30, 2008 and 2007, 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

**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 2007 financial statements to conform to the 2008 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, 2008 and 2007, the fair market value of cash, cash equivalents and investments included the following:

	2008	2007
Fixed investments – Federal Treasuries; Federal Agency Securities and commercial paper	\$ 157,260,994	\$ 139,025,720
Investments not subject to categorization:		
State Board of Administration Pooled Investment account	–	23,778,009
Money market accounts	908,659	699,114
Total investments	158,169,653	163,502,843
Deposits	245,069,523	225,230,972
Interest receivable	150,717	654,614
Total cash, cash equivalents and investments	\$ 403,389,893	\$ 389,388,429

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, 2008, the Trust's investment securities had the following credit ratings:

	Fair Market Value	Credit Rating*
U.S. Government agency securities, by issuer:		
Federal Farm Credit Banks	\$ 12,678,416	AAA
Federal Home Loan Banks	56,323,571	AAA
Federal National Mortgage Association	29,453,907	AAA
Federal Home Loan Mortgage Corporation	11,311,182	AAA
Treasury Bills	16,160,047	AAA
Commercial paper	31,333,871	A1/P1
	\$ 157,260,994	

* 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, 2008, the carrying amount of the Trust's bank deposit accounts was approximately \$125,304,000. The Trust's bank balances totaled approximately \$126,303,000 at September 30, 2008, and were deposited in qualified public depositories, as required by Chapter 280, Florida Statutes.

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

	Fair Market Value	Credit Rating*
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
	\$ 139,025,720	

* Standard & Poor's ratings.

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.

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, 2008 and 2007, approximately \$123,039,000 and \$119,315,000, 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, 2008 and 2007, the composition of the Trust's investments by investment type as a percentage of total investments were as follows:

	Percentage of Portfolio	
	2008	2007
U.S. Government agency securities, by issuer:		
Federal Farm Credit Banks	8.0%	3.5%
Federal Home Loan Banks	35.6%	24.7%
Federal National Mortgage Association	18.6%	21.3%
Federal Home Loan Mortgage Corporation	7.2%	12.3%
Federal Agricultural Mortgage Corporation	0.0%	1.7%
U.S. Treasury bills	10.2%	0.0%
Commercial paper	19.8%	21.5%
State Board of Administration Pooled Investment account	0.0%	14.6%
Money market accounts	0.6%	0.4%

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, 2008 and 2007, the Trust had the following investments with the respective weighted-average maturity in years.

	Weighted-Average Maturity	
	2008	2007
U.S. Government agency securities, by issuer:		
Federal Farm Credit Banks	1.27	1.95
Federal Home Loan Banks	2.25	1.92
Federal National Mortgage Association	0.70	0.57
Federal Home Loan Mortgage Corporation	1.23	1.08
Federal Agricultural Mortgage Corporation	0.00	0.22
U.S. Treasury bills	0.60	0.00
Commercial paper	0.03	0.08

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, 2008 and 2007:

	2008	2007
Restricted programs-capital expenditures, plant expansions and other	\$ 123,717,863	\$ 124,442,380
Federal health services programs	13,892,371	14,561,124
Total restricted	\$ 137,610,234	\$ 139,003,504

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 16% of the Trust's patient revenue was derived from services rendered to Medicare patients under the Medicare program during fiscal year 2008 and about 14% during 2007. 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, 2007, and a provision has been recorded through the year ended September 30, 2008.

Medicaid – Approximately 29% and 31% of the Trust's patient revenue was derived from services rendered under the Medicaid program during fiscal years 2008 and 2007, 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, 2007.

Public Health Trust of
Miami-Dade County, Florida

Notes to Financial Statements (continued)

4. Net Patient Service Revenue (continued)

Other – Approximately 23% of the Trust’s patient revenue was derived from services rendered under various other provider agreements during fiscal year ended in 2008 compared to 28% for 2007. The Trust has 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, 2008 and 2007:

	2008	2007
Patient service revenue:		
Inpatient service	\$ 2,975,266,761	\$ 2,820,206,868
Ambulatory services	1,024,010,355	937,800,492
Total gross patient charges	3,999,277,116	3,758,007,360
Charity care	(1,007,570,381)	(1,001,095,860)
Contractual and other allowances	(1,572,125,117)	(1,519,969,042)
Provision for doubtful accounts	(232,345,464)	(167,924,885)
Total deductions from gross charges	(2,812,040,962)	(2,688,989,787)
Net patient service revenue	\$ 1,187,236,154	\$ 1,069,017,573

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, 2008 and 2007 is as follows:

	<u>2008</u>	<u>2007</u>
Medicare	16%	11%
Medicaid	29	24
Commercial	32	44
Patients	23	21
	<u>100%</u>	<u>100%</u>

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 2008 and 2007 operating agreement (the Agreement) between the County and the Trust, the County funded the Trust approximately \$178,060,000 and \$160,707,000, 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 2008 and 2007 amounted to approximately \$512,000 and \$4,457,000, respectively. Such supplies and services are billed at cost. At September 30, 2008 and 2007, the Trust's accumulated payables to the County for these and other services were approximately \$1,532,000 and \$8,598,000, respectively.

Public Health Trust of
Miami-Dade County, Florida

Notes to Financial Statements (continued)

6. Transactions with the County (continued)

The Trust participated in the County's self-insured workers' compensation program until the first quarter of fiscal year 2008, at which time, PMA Group, Inc. a third party administrator began processing claims and the Trust established its own self-insurance program for workers' compensation. The workers' compensation assessment resulted in a liability of the Trust at September 30, 2008 and 2007, of approximately \$18,527,000 and \$17,010,000, respectively, of which \$14,798,000 and \$12,906,000, respectively, is included in other liabilities, excluding current portion, in the accompanying statement of Fund Net Assets and the remainder is included in other liabilities current portion. The Trust's workers' compensation expense under this program for the years ended September 30, 2008 and 2007, was approximately \$7,972,710 and \$5,971,254, 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 approximately \$1,818,000 and \$900,000 for the years ended September 30, 2008 and 2007, respectively, which 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, 2008 and 2007, Due to Miami-Dade County included \$30,000,000 and \$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, 2008 and 2007, the Trust recorded a receivable of approximately \$29,692,000 and \$29,439,000, respectively, for sales taxes receivable.

During 2008, the County authorized an assistance package to be provided to the Trust of approximately \$45,000,000 which for the year ended September 30, 2008, 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, 2008 and 2007, the Trust recognized approximately \$187,408,000 and \$190,872,000, 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, 2008 and 2007, as follows:

	2008	2007
Estimated costs of services to other financially disadvantaged individuals	\$ 325,279,031	\$ 306,850,221
Estimated costs in excess of reimbursement from State of Florida programs for services to financially disadvantaged individuals	206,113,588	197,301,649
Total charitable services	\$ 531,392,619	\$ 504,151,870

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, 2008 and 2007, is set forth in the following table. Investments are stated at fair value based on quoted market prices.

	<u>2008</u>	<u>2007</u>
By Board for self-insurance program:		
Cash and short-term investments	\$ 17,613,932	\$ 17,683,381
Interest receivable	40,475	496
	<u>17,654,407</u>	<u>17,683,877</u>
By Board for capital project funds:		
Cash and short-term investments	44,269,970	59,300,249
U.S. government agency securities	25,251,860	40,225,930
Interest receivable	150,717	520,014
	<u>69,672,547</u>	<u>100,046,193</u>
By Board for other needs:		
Cash and short-term investments	5,324,187	3,777,035
	<u>5,324,187</u>	<u>3,777,035</u>
By Board and/or regulators for the Health Plan:		
Cash and short-term investments	45,591,110	58,919,347
Interest receivable	-	134,104
	<u>45,591,110</u>	<u>59,053,451</u>
 Total assets limited as to use	 <u>138,242,251</u>	 <u>180,560,556</u>
 Less: current portion	 <u>(24,308,294)</u>	 <u>(17,362,850)</u>
	<u>\$ 113,933,957</u>	<u>\$ 163,197,706</u>

Public Health Trust of
Miami-Dade County, Florida

Notes to Financial Statements (continued)

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

	September 30	
	2008	2007
Public Facilities Revenue Bonds (Series 2005A), net of unamortized bond premium of approximately \$2,820,000 and \$2,917,000 at September 30, 2008 and 2007, respectively	\$ 151,580,073	\$ 151,677,321
Public Facilities Revenue Refunding Bonds (Series 2005B), net of unamortized bond premium of approximately \$8,546,000 and \$8,841,000 and deferred loss on refunding of approximately \$8,762,000 and \$9,668,000 at September 30, 2008 and 2007, respectively	146,278,952	150,412,222
Total long-term debt	297,859,025	302,089,543
Less: current portion	(4,910,000)	(4,745,000)
	\$ 292,949,025	\$ 297,344,543

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:

	Principal Payments	Estimated Interest Payments	Estimated Total Debt Service
Year Ending September 30:			
2009	\$ 4,910,000	\$ 14,186,908	\$ 19,096,908
2010	5,130,000	13,967,137	19,097,137
2011	5,335,000	13,764,040	19,099,040
2012	5,585,000	13,515,535	19,100,535
2013	5,835,000	13,263,429	19,098,429
2014 – 2018	33,635,000	61,854,839	95,489,839
2019 – 2023	42,875,000	52,615,014	95,490,014
2024 – 2027	54,305,000	41,185,504	95,490,504
2028 – 2032	69,235,000	26,229,937	95,464,937
2033 – 2037	68,410,000	7,965,782	76,375,782
	\$ 295,255,000	\$ 258,548,125	\$ 553,803,125

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, 2008 and 2007, is summarized as follows:

	2008	2007
Interest on bonds	\$ 14,917,581	\$ 15,018,173
Other interest	111,682	48,772
Interest on capital leases	-	-
Net interest expense	\$ 15,029,263	\$ 15,066,945

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, 2008, the following bonds are considered defeased:

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

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, 2008 and 2007, was as follows:

	September 30, 2007 Balance	Additions	Reductions	September 30, 2008 Balance	Amount Due Within One Year
Bonds payable	\$ 302,089,543	\$ 514,482	\$ (4,745,000)	\$ 297,859,025	\$ 4,910,000
Estimated self-insurance	36,228,507	8,422,772	(13,534,794)	31,116,485	5,869,852
Other liabilities	7,094,111	25,593,342	(485,542)	32,201,911	15,755,607

	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

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, 2008 and 2007, is as follows:

	Balance at September 30, 2007	Additions	Transfers	Sales, Retirement and Adjustments	Balance at September 30, 2008
Land improvements	\$ 29,445,374	\$ (72,730)	\$ 443,464	\$ 84,867	\$ 29,900,975
Buildings	494,128,424	6,041,125	5,579,204	3,348	505,752,101
Fixed equipment	117,855,492	14,333,980	240,039	289,552	132,719,063
Movable equipment	225,511,153	30,192,707	308,137	(2,161,661)	253,850,336
Depreciable assets	866,940,443	50,495,082	6,570,844	(1,783,894)	922,222,475
Accumulated depreciation	(520,700,504)	(50,446,944)	-	2,478,570	(568,668,878)
Net depreciable assets	346,239,939	48,138	6,570,844	694,676	353,553,597
Land	36,634,927	-	-	-	36,634,927
Construction in progress	64,425,738	29,369,240	(6,570,844)	(5,633,061)	81,591,073
Capital assets, net	<u>\$ 447,300,604</u>	<u>\$ 29,417,378</u>	<u>\$ -</u>	<u>\$ (4,938,385)</u>	<u>\$ 471,779,597</u>

	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	(23,168,027)	225,511,153
Depreciable assets	800,333,110	80,579,878	10,748,345	(24,720,890)	866,940,443
Accumulated depreciation	(480,650,571)	(46,861,189)	-	6,811,256	(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	<u>\$ 404,130,799</u>	<u>\$ 63,920,891</u>	<u>\$ -</u>	<u>\$ (20,751,086)</u>	<u>\$ 447,300,604</u>

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 \$14,496,000 in 2008 and \$12,359,000 in 2007. At September 30, 2008, future minimum lease payments by year under noncancelable operating leases are as follows:

Year Ended September 30:	
2009	\$ 9,690,000
2010	7,618,000
2011	7,033,000
2012	5,329,000
2013	5,329,000

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.

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 also participates in the County's master property insurance program which provides coverage for most other risks.

Public Health Trust of
Miami-Dade County, Florida

Notes to Financial Statements (continued)

14. Self-Insurance Program (continued)

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 \$17,654,00 and \$17,684,000 at September 30, 2008 and 2007, 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, 2008 and 2007, respectively.

Workers' Compensation

The Trust is self-insured for workers' compensation claims. No stop loss insurance policy has been purchased for claims exceeding a certain dollar amount. Claims processing is handled by PMA Group, Inc., a third party administrator.

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, 2008 and 2007, the Trust contributed 100% of the required contributions. These contributions aggregated \$25,784,351 and \$25,668,598 respectively, which represents 10.7% and 9.8% of gross salaries for fiscal years ending September 30, 2008 and 2007, respectively.

A copy of the System's June 30, 2008, 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, 2008 and 2007, the date of the latest actuarial valuation:

	2008	2007
Retirees and beneficiaries currently receiving benefits	72	42
Terminated plan members entitled to but not yet receiving benefits	628	475
Active plan members	6,637	6,347
Total	7,337	6,864
 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
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Notes to Financial Statements (continued)

15. Pension Plan (continued)

required contribution include an 8% rate of return on investments, projected salary increase of 7% in the first ten years of service and 6% 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, 2008 and 2007 were approximately \$38,067,887 and \$33,432,000, respectively. The Trust's most recent actuarial report as of January 1, 2008, determined the annual pension cost to be as follows:

<u>Plan Year Ended</u>	<u>Percent of Payroll</u>	<u>Dollar Amount</u>
December 31, 2009	8.62%	\$42,996,000
December 31, 2008	8.79%	\$24,137,469
December 31, 2007	8.84%	\$31,379,000

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, 2008 and 2007:

	2008	2007
Investments, at fair value:		
Domestic investments:		
Equities	\$ 88,129,207	\$ 97,758,870
Corporate debt securities	34,362,194	33,091,439
Government and agency obligations	38,905,873	30,925,896
Total domestic investments	161,397,274	161,776,205
International investments:		
Equities	5,185,003	4,678,914
Mutual funds	30,786,456	38,278,264
Corporate debt securities	1,869,336	2,053,850
Total international investments	37,840,795	45,011,028
Other:		
Cash and short-term investments	21,458,115	13,058,665
Total	\$ 220,696,182	\$ 219,845,898

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, 2008, the Plan's investment securities had the following credit ratings:

	Fair Value	Credit Rating	
Domestic investments:			
U.S. Government agency securities, by issuer:			
Treasury notes	\$ 8,404,040	AAA	*
Federal Home Loan Mortgage Corporation	30,501,834	AAA	*
Equities:			
Common stock	87,685,787	Not rated	
Collateralized mortgage obligations	443,419	AAA	*
Corporate debt securities:			
Corporate bonds	454,173	BBB+	*
Corporate bonds	4,359,613	A1-A3	**
Corporate bonds	2,878,095	A/A+/A-	*
Corporate bonds	905,938	AA/AA-	*
Corporate bonds	206,516	AAA	*
Corporate bonds	2,925,804	Aa1-Aa3/Aaa	**
Corporate bonds	427,688	B1-B3	**
Corporate bonds	262,288	BB+-BB	*
Corporate bonds	2,833,472	BBB/BBB+/BBB-	*
Corporate bonds	362,788	Ba2-Ba3	**
Corporate bonds	5,520,590	Baa1-Baa3	**
Corporate bonds	11,554,244	Not rated	
Convertible bonds:			
Convertible bonds – Victory	830,135	A1-A3	**
Convertible bonds – Victory	449,925	BB+-BB	*
Convertible bonds – Victory	463,296	BBB/BBB+/BBB-	*
Convertible bonds – Victory	381,803	Not rated	
International investments:			
Equities	35,971,459	Not rated	
Corporate debt securities:			
International bonds	129,025	A+	
International bonds	287,857	A1-A3	
International bonds	132,450	B2	
International bonds	865,831	Baa1-Baa3	
Money market	21,458,115	Not rated	
	\$ 220,696,184		

* 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, 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)

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, 2008 and 2007, 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, 2008 and 2007, the composition of the Plan's investments by investment type as a percentage of total investments was as follows:

	Percentage of Portfolio	
	2008	2007
Domestic investments:		
Equities	39.9%	44.5%
Corporate debt securities	15.6%	15.1%
Government and agency obligations	17.6%	14.1%
International investments:		
Equities	2.3%	2.1%
Mutual funds	13.9%	17.4%
Corporate debt securities	0.8%	0.9%
Other:		
Cash and short-term investments	9.7%	5.9%

The following represents individual investments whose fair value (based on quoted market prices) exceeded 5% of the Plan's net assets at September 30, 2008.

Julius Baer International Equity Fund – Class I	\$ 14,713,324
Brandes/ING	16,073,132
MFO PIMCO/FDS PAC Invt. Mgmt.	11,552,124
	\$ 42,338,580

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, 2008 and 2007, the Plan had the following investments with the respective weighted-average maturity in years.

	Weighted-Average Maturity	
	2008	2007
Domestic investments:		
Equities	N/A	N/A
Corporate debt securities:		
Corporate bonds	13.97	10.44
Corporate bond mutual funds	N/A	N/A
Government and agency obligations:		
Federal Home Loan Bank	7.74	15.10
Federal National Mortgage Association	24.55	20.09
Federal Home Loan Mortgage Corporation	21.69	22.35
U.S. Treasury bills	6.30	5.38
International investments:		
Mutual funds	N/A	N/A
Equities	N/A	N/A
Corporate debt securities	16.31	17.62
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, 2008 and 2007 is as follows:

	Currency	Fair Market Value	
		2008	2007
<i>(U.S. dollars)</i>			
International equities:			
Common stock	Canadian Dollars	\$ 2,331,861	\$ 2,497,290
Common stock	Swiss Franc	318,295	—
Common stock	Japanese Yen	154,440	—
Common stock	British Pounds	730,972	—
Common stock	Chinese Yuan Renminbi	1,197,927	726,304
Common stock	Indian Rupee	84,672	189,792
Common stock	Russian Rouble	366,836	509,820
Common stock	Euros	—	173,922
Common stock	Hong Kong Dollars	—	410,916
Common stock	Korean Won	—	170,870
		\$ 5,185,003	\$ 4,678,914
International corporate debt securities:			
Corporate bonds	Canadian Dollars	\$ 314,292	\$ 748,573
Corporate bonds	Euro	309,321	728,457
Corporate bonds	Israeli New Shekel	188,275	—
Corporate bonds	Caymanian Dollar	265,900	—
Corporate bonds	Brazilian Real	222,527	257,567
Corporate bonds	British Pounds	569,022	297,753
Corporate bonds	Singapore Dollars	—	21,500
		\$ 1,869,337	\$ 2,053,850

In addition, at September 30, 2008 and 2007, the Plan's investments include approximately \$30,786,000 and \$38,278,000, 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. Postemployment Benefits Other Than Pensions

During the year ended September 30, 2008, the Trust implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employees for Postemployment Benefits other Than Persons*.

Plan Description

The Public Health Trust (the Trust) administers a single-employer defined benefit healthcare plan (the Plan) that provides postretirement medical and dental coverage to retirees as well as their eligible spouses and dependents. Benefits are provided through the Trust's group health insurance plan, which covers both active and retired members. The Plan does not issue a publicly available financial report.

Eligibility: To be eligible to receive retiree medical and dental benefits, participants must be eligible for retirement benefits under the Florida Retirement System (FRS) or The Public Health Trust of Miami-Dade County, Florida Defined Benefit Retirement Plan and pay required contributions.

- Regular Class (All employees not identified as members of the Special Risk Class)
- Eligibility for Unreduced Pension Benefits.
 - Age 62 with 6 years of service
 - 30 years of service (no age requirement)
- Eligibility for Reduced Pension Benefits.
 - 6 years of service
- Special Risk Class (Police Officers, Firefighters and Corrections Officers)
- Eligibility for Unreduced Pension Benefits.
 - Age 55 with 6 years of special risk service
 - 25 years of special risk service (no age requirement)

Public Health Trust of
Miami-Dade County, Florida

Notes to Financial Statements (continued)

16. Postemployment Benefits Other Than Pensions (continued)

- Age 52 and 25 years of creditable service, including special risk service and up to maximum of 4 years of active duty wartime military service credit,
- Regular Class criteria
- Eligibility for Reduced Pension Benefits.
 - 6 years of service (no age requirement)

Benefits: The medical plans offered provide hospital, medical and pharmacy coverage. Pre-65 retirees are able to select from five medical plans as follows.

- AvMed POS
- AvMed HMO High Option
- AvMed HMO Low Option
- JM HMO High Option
- JM HMO Low Option

Post-65 retirees are able to select from five medical plans as follows. The Trust only contributes to post-65 retirees electing an AvMed Medicare Supplement Plan.

- AvMed Medicare Supplement Low Option
- AvMed Medicare Supplement High Option with RX
- AvMed Medicare Supplement High Option without RX
- JM HMO High Option
- JM HMO Low Option

Number of covered participants:

Actives	10,058
Retirees under age 65	296
Eligible spouses under age 65	61
Retirees age 65 and over	440
Eligible spouses age 65 and over	77
Total covered participants	10,932

Public Health Trust of
Miami-Dade County, Florida

Notes to Financial Statements (continued)

16. Postemployment Benefits Other Than Pensions (continued)

Funding Policy

The Trust contributes to both the pre-65 and post-65 retiree medical coverage. Retirees pay the full cost of dental coverage. Medical contributions vary based on plan and tier. For pre-65 retirees, the Trust explicitly contributed an average of 21% of the cost for the AvMed POS plan, 41% for the AvMed HMO High and AvMed HMO Low plans in fiscal year 2008. The JMH HMO plans receive no explicit contribution. However, it is the Trust's policy that after fiscal year 2008 its per capita contribution for retiree health care benefits will remain at the 2008 dollar level.

The pre-65 retirees also receive an implicit subsidy from the Trust since they are underwritten with the active employees. The implicit contribution is approximately 5% of the cost. The pre-65 cost is approximately 57% greater than the combined pre-65 and active cost. The post-65 retiree contributions also vary by plan and tier with the Trust contributing an average of 28% of the entire plan cost.

For fiscal year 2008, the Trust contributed \$3,404,000 to the plan.

The postretirement medical and dental benefits are currently funded on a pay-as-you go basis (i.e., the Trust funds on a cash basis as benefits are paid). No assets have been segregated and restricted to provide postretirement benefits.

Annual OPEB Cost and Net OPEB Obligation

The Trust's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Public Health Trust of
Miami-Dade County, Florida

Notes to Financial Statements (continued)

16. Postemployment Benefits Other Than Pensions (continued)

The Trust's annual OPEB cost for the fiscal year 2008, the first year of implementation of GASB Statement 45, and the related information for each plan are as follows (dollar amounts in thousands):

Annual required contribution	\$ 4,526
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	4,526
Contributions made	3,404
Increase in net OPEB obligation	1,122
Net OPEB obligation—beginning of year	-
Net OPEB obligation—end of year	\$ 1,122

The Trust's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2008 were as follows (dollar amounts in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
September 30, 2008	\$4,526	75.21%	\$1,122

Funded Status and Funding Progress

The schedule below shows the balance of the actuarial accrued liability (AAL), all of which was unfunded as of September 30, 2008 (dollar amounts in thousands):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Estimated Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
October 1, 2007	\$0	\$41,693	\$41,693	0%	\$565,299	7%

Public Health Trust of
Miami-Dade County, Florida

Notes to Financial Statements (continued)

16. Postemployment Benefits Other Than Pensions (continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions by the Trust are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the Plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Trust and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The actuarial cost method used in the valuation to determine the Actuarial Accrued Liability (AAL) and the Actuarial Required Contribution (ARC) was the Projected Unit Credit Method with service prorated. Under this method, the total present value of benefits is determined by projecting the benefit to be paid after the expected retirement date (or other event) and discounting those amounts to the valuation date. The normal cost is computed by dividing the total present value of benefits by the participant's total service (actual plus expected service) at retirement. The AAL under this method represents the total present value of benefits multiplied by the ratio of the participant's actual service to date and divided by expected service at retirement. The AAL for participants currently receiving payments and deferred vested participants is calculated as the actuarial present value of future benefits expected to be paid. No normal cost for these participants is payable. The AAL and normal cost were calculated at the measurement date, which is the beginning of the applicable fiscal year using standard actuarial techniques.

Public Health Trust of
Miami-Dade County, Florida

Notes to Financial Statements (continued)

16. Postemployment Benefits Other Than Pensions (continued)

The following summarizes other significant methods and assumptions used in valuing the AAL and benefits under the plan.

Actuarial Valuation date	January 1, 2006
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Actuarial Assumptions:	
Discount Rate	4.75%
Payroll growth assumption	N/A
Health care cost trend rates	10% initial to 5.25% ultimate
Mortality table	RP 2000

Further, the valuation assumes that the Trust will continue to fund the liability on a pay-as-you-go basis and that the Trust's policy is that its per-capita contribution for retiree benefits will remain as the 2008 level. As a result, the retiree contributions will be increased to the extent necessary so that they are sufficient to provide for the difference between the gross costs and the fixed Trust contributions.

17. Commitments and Contingencies

Construction and Equipment

The Trust has several construction projects currently in progress at September 30, 2008. The estimated total cost to date and cost to complete such projects, exclusive of capitalized interest, are approximately \$103,081,000, including certain assets that have been placed in service, and \$316,811,000, 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, 2008 and 2007, were approximately \$137,205,000 and \$129,589,000, respectively. At September 30, 2008 and 2007, the Trust had a liability to the University of approximately \$24,000,585 and \$3,056,000, respectively.

Public Health Trust of
Miami-Dade County, Florida

Notes to Financial Statements (continued)

17. Commitments and Contingencies (continued)

Litigation

The Trust is involved in 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.

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, 2008, 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.

Public Health Trust of
Miami-Dade County, Florida

Notes to Financial Statements (continued)

17. Commitments and Contingencies (continued)

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.

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)

Year Ended December 31	Annual Required (a) Contribution	Percentage Contributed
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%
2007	\$34,956,333	100%

(a) The actuarially determined contribution requirements for the Trust's fiscal year ended September 30, 2008, are based on actuarial valuations as of January 1, 2008

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, 2008
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	7%
Service after ten years	6%
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 of Funding Progress for the Retiree Health Plan (Unaudited)
(In Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Estimated Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
October 1, 2007	\$0	\$41,693	\$41,693	0%	\$565,299	7%

Public Health Trust of
Miami-Dade County, Florida

Schedule by Account
Schedule of Assets and Liabilities

September 30, 2008

Assets	(1) Hospitals	(2) Primary Care Centers	(3) Skilled Nursing Facilities	Jackson Medical Towers	Eliminations	Total
Current assets:						
Cash and cash equivalents	\$ 117,154,820	\$ 162,321	\$ 284,752	\$ 7,702,129	\$ -	\$ 125,304,022
Restricted cash and cash equivalents	16,805,034	-	-	-	-	16,805,034
Restricted short-term investments	5,616,680	-	-	-	-	5,616,680
Assets limited as to use	24,308,294	-	-	-	-	24,308,294
Patients' accounts receivable, less allowance for doubtful accounts of approximately \$474,432,000	259,292,651	5,420,952	3,666,210	-	-	268,379,813
Estimated receivables due from other third-party payors	43,211,017	-	-	-	-	43,211,017
Due from Miami-Dade County	48,029,401	-	-	-	-	48,029,401
Other receivables - unrestricted	13,385,552	173,255	75,575	(9,705)	-	13,624,677
Other receivables - restricted	6,080,963	-	-	-	-	6,080,963
Due from restricted funds	89,520,586	-	-	-	(89,520,586)	-
Supplies	30,036,835	282,958	432,552	-	-	30,752,345
Prepaid expenses and other current assets	5,291,572	-	-	-	-	5,291,572
Total current assets	658,733,405	6,039,486	4,459,089	7,692,424	(89,520,586)	587,403,818
Assets limited as to use	113,933,957	-	-	-	-	113,933,957
Restricted long-term investments	117,421,906	-	-	-	-	117,421,906
Capital assets, net	461,684,910	3,230,172	5,001,558	1,862,957	-	471,779,597
Other assets:						
Unamortized bond costs	4,370,073	-	-	-	-	4,370,073
Security deposits	1,197,349	14,518	-	503,796	-	1,715,663
Other	2,371,401	124,979	-	-	-	2,496,380
Total noncurrent assets	700,979,596	3,369,669	5,001,558	2,366,753	-	711,717,576
Total assets	\$ 1,359,713,001	\$ 9,409,155	\$ 9,460,647	\$ 10,059,177	\$ (89,520,586)	\$ 1,299,121,394

(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.

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Public Health Trust of
Miami-Dade County, Florida

Schedule by Account
Schedule of Assets and Liabilities (continued)

September 30, 2008

	(1) Hospitals	(2) Primary Care Centers	(3) Skilled Nursing Facilities	Jackson Medical Towers	Eliminations	Total
Liabilities and fund net assets						
Current liabilities:						
Current portion of long-term debt	\$ 4,910,000	\$ -	\$ -	\$ -	\$ -	4,910,000
Accounts payable and accrued expenses	156,255,183	262,388	-	-	-	156,517,571
Accrued interest payable	4,728,973	-	-	-	-	4,728,973
Accrued salaries and payroll taxes withheld	30,962,248	-	-	-	-	30,962,248
Accrued vacation and sick pay benefits	94,851,895	4,268,465	2,782,311	16,923	-	101,919,594
Refunds due for patient services	24,346,531	194,251	-	-	-	24,540,782
Current portion of estimated self-insurance liability	5,869,852	-	-	-	-	5,869,852
Estimated payables due to other third-party payors	78,690,463	-	-	-	-	78,690,463
Due to Miami-Dade County	33,444,019	-	-	-	-	33,444,019
Other - unrestricted	15,077,517	84,285,386	4,822,357	813,933	(89,243,586)	15,755,607
	8,314,348	-	-	-	-	8,314,348
Total current liabilities	457,451,029	89,010,490	7,604,668	830,856	(89,243,586)	465,653,457
Long-term debt, excluding current portion	292,949,025	-	-	-	-	292,949,025
Estimated self-insurance liability, excluding current portion	25,246,633	277,000	-	-	(277,000)	25,246,633
Due to Miami-Dade County, excluding current portion	-	-	-	-	-	-
Other	16,446,304	-	-	-	-	16,446,304
Total noncurrent liabilities	334,641,962	277,000	-	-	(277,000)	334,641,962
Total liabilities	792,092,991	89,287,490	7,604,668	830,856	(89,520,586)	800,295,419
Commitments and contingencies						
Total fund net assets	567,620,010	(79,878,335)	1,855,979	9,228,321	-	498,825,975
Total liabilities and fund net assets	\$ 1,359,713,001	\$ 9,409,155	\$ 9,460,647	\$ 10,059,177	\$ (89,520,586)	\$ 1,299,121,394

(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, 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.

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Public Health Trust of
Miami-Dade County, Florida

Schedule by Account
Schedule of Assets and Liabilities

September 30, 2007

	(1) Hospitals	(2) Primary Care Centers	(3) Skilled Nursing Facilities	Jackson Medical Towers	Eliminations	Total
Assets						
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
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	\$ 7,920,423	\$ (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, 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.

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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
Liabilities and fund net assets						
Current liabilities:	\$ 4,745,000	\$ -	\$ -	\$ -	\$ -	4,745,000
Current portion of long-term debt	137,574,372	994,516	-	-	-	138,568,888
Accounts payable and accrued expenses	4,784,332	-	-	-	-	4,784,332
Accrued interest payable	22,694,637	-	-	-	-	22,694,637
Accrued salaries and payroll taxes withheld	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, JM 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, Doyatown 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.

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Public Health Trust of
Miami-Dade County, Florida

Schedule by Account
Schedule of Revenues and Expenses

Year Ended September 30, 2008

	(1) Hospitals	(2) Primary Care Centers	(3) Skilled Nursing Facilities	Jackson Medical Towers	Eliminations	Total
Operating revenues:						
Net patient service revenue	\$ 1,152,788,502	\$ 11,349,244	\$ 23,098,408	\$ -	\$ -	\$ 1,187,236,154
Other revenue	210,204,377	1,585,811	10,562	4,919,800	-	216,720,550
Grants and other	31,645,037	-	-	-	-	31,645,037
Total operating revenues	1,394,637,916	12,935,055	23,108,970	4,919,800	-	1,435,601,741
Operating expenses:						
Salaries and related costs	931,639,291	48,406,508	29,735,541	433,215	-	1,010,214,555
Contractual and purchased services	480,598,009	13,402,611	3,534,101	1,596,092	-	499,130,813
Supplies	231,233,581	4,977,411	3,623,374	165,954	-	240,000,320
Other operating expenses	48,712,994	25,750	-	-	-	48,738,744
Public Medical Assistance Trust Fund assessment	13,356,371	-	-	-	-	13,356,371
Depreciation and amortization	49,240,769	270,354	529,089	406,732	-	50,446,944
Total operating expenses	1,754,781,015	67,082,634	37,422,105	2,601,923	-	1,861,887,747
Operating loss	(360,143,099)	(34,147,579)	(14,313,135)	2,317,807	-	(426,286,006)
Nonoperating revenues (expenses):						
Miami-Dade County funding	178,059,996	-	-	-	-	178,059,996
Miami-Dade County special assistance	45,000,449	-	-	-	-	45,000,449
Sales tax revenue	187,408,133	-	-	-	-	187,408,133
Investment income	12,159,926	13,901	25,206	192,103	-	12,391,136
Interest expense	(14,614,130)	-	-	(415,132)	-	(15,029,262)
Other income	44,056,372	-	78,241	-	-	44,134,613
Total nonoperating revenues, net:	452,070,746	13,901	103,447	(223,029)	-	451,965,065
Increase (decrease) in fund net assets	\$ 91,927,647	\$ (54,133,678)	\$ (14,209,688)	\$ 2,094,778	\$ -	\$ 25,679,059

(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.

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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	-	-	30,343,939
Total nonoperating revenues, net	385,381,697	4,940,967	146,030	(169,572)	-	390,293,122
Increase (decrease) in fund net assets	\$ 26,895,780	\$ (47,885,557)	\$ (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, Downtow
 Family Medical Center, North Miami Center, Southeast Dental Medical Center, Corrections Health Services and Juanita Mann Cento
 (3) Includes Perdue Medical Center and Human Resource Health Center

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