

PORT MIAMI

Miami-Dade County Seaport Department, A Department of Miami-Dade County, Florida

FULL SPEED AHEAD



2012 Comprehensive
Annual Financial Report
For the fiscal year ended September 30, 2012

Miami-Dade Seaport Department
A Department of Miami-Dade County, Florida

Comprehensive Annual Financial Report

For the fiscal year ended September 30, 2012

Prepared by the Miami-Dade Seaport Department

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Port Director

Miriam N. Abreu, CPA
Chief Financial Officer

Juan Kuryla,
Deputy Port Director

Jose M. Fernandez, CPA
Port Controller

MIAMI-DADE COUNTY, FLORIDA SEAPORT DEPARTMENT
A Department of Miami-Dade County, Florida
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2012

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Delivering Excellence Every Day

INTRODUCTORY SECTION



Delivering Excellence Every Day

**ELECTED AND APPOINTED OFFICIALS
MIAMI-DADE COUNTY, FLORIDA**

CARLOS A. GIMENEZ, MAYOR

BOARD OF COUNTY COMMISSIONERS

**REBECA SOSA, CHAIRWOMAN
LYNDA BELL, VICE-CHAIRWOMAN**

**BARBARA J. JORDAN
DISTRICT 1**

**JEAN MONESTIME
DISTRICT 2**

**AUDREY M. EDMONSON
DISTRICT 3**

**SALLY A. HEYMAN
DISTRICT 4**

**BRUNO A. BARREIRO
DISTRICT 5**

**REBECA SOSA, CHAIRWOMAN
DISTRICT 6**

**XAVIER L. SUAREZ
DISTRICT 7**

**LYNDA BELL, VICE-CHAIRWOMAN
DISTRICT 8**

**DENNIS C. MOSS
DISTRICT 9**

**SENATOR JAVIER D. SOUTO
DISTRICT 10**

**JUAN C. ZAPATA
DISTRICT 11**

**JOSÉ "PEPE" DIAZ
DISTRICT 12**

**ESTEBAN BOVO, JR.
DISTRICT 13**

**HARVEY RUVIN
CLERK OF COURTS**

**CARLOS LOPEZ-CANTERA
PROPERTY APPRAISER**

**ROBERT A. CUEVAS JR.
COUNTY ATTORNEY**



Delivering Excellence Every Day



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February 22, 2013

Honorable Carlos A. Gimenez, Mayor
Honorable Chairwoman Rebeca Sosa, and
Members of the Board of County Commissioners

Honorable Harvey Ruvlin, Clerk of the Courts

Honorable Carlos Lopez-Cantera, Property Appraiser

Ladies and Gentlemen:

We are pleased to present the Miami-Dade County, Florida Seaport Department's (the "Seaport") Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended September 30, 2012. The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB") and audited by a firm of independent certified public accountants retained by Miami-Dade County (the County) and paid from its public funds. This report may also be accessed via the internet at <http://www.miamidade.gov/portofmiami>.

Responsibility for the accuracy and fairness of the presentation, including disclosures, rests with management of the Seaport. We believe the data, as presented, is accurate in all material respects, is presented in a manner designed to fairly set forth the financial position and results of operations of the Seaport and that all disclosures necessary to enable the reader to gain an understanding of the Seaport's financial activity have been included. The Seaport has established comprehensive internal controls designed to ensure that the Seaport's assets are protected from loss, theft or misuse and adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles ("GAAP"). Because the cost of internal control should not exceed the benefits likely to be derived, the Seaport's internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met.

Independent Audit

McGladrey LLP, a firm of licensed certified public accountants, has audited the Seaport's financial statements. The audit was performed in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. The goal of the independent audit was to obtain reasonable assurance as to whether the financial statements were free from material misstatement. The audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The scope of the audit was sufficient to satisfy State, Federal, County Charter, and bond covenant requirements. McGladrey LLP's opinion resulting from the audit is included in this CAFR.

Profile of the Government and Government Structure

The Seaport, a department of Miami-Dade County ("the County"), operates as an enterprise fund of the County. An enterprise fund is used to account for activity in which the cost of providing goods and services are primarily recovered through the fees charged to the users of such goods and services. The County owns the Dante B. Fascell Port of Miami-Dade ("the Port"). The Port is operated by the Miami-Dade Seaport Department ("the Seaport").

The Port is the largest cruise home port in the world and is among the top 11 container ports in the United States. The Port is an island port and occupies approximately 522 acres of land. For fiscal year 2012, the Seaport handled approximately 3.77 million passengers. During this same period, approximately 8.1 million tons of cargo and close to 0.9 million TEUs (twenty-foot equivalent units) were processed through the Seaport. The Port ranked first in the state in TEU volume for Fiscal Year 2012.

Budgetary Process and Control

Annually as part of the budget process, the Seaport recommends rates to provide for anticipated operating expenses, capital improvement, and debt service requirements. By October 1st, the beginning of the new fiscal year, the Board of County Commissioners adopts an annual budget for the Seaport's recommended rates, operating expenses, capital outlays, and debt service payments. An analysis of revenue and operating expenses for the fiscal year ended September 30, 2012 can be found in the MD&A section of this report. Capital Projects are budgeted in the year anticipated to be obligated and in the subsequent years the unused budget is re-appropriated until the project is complete, consequently an annual comparison of these expenses is not included in this report.

The Seaport controls current expenses at both the functional and operating division levels. Through the Seaport's management reporting system, which includes responsibility centers, division managers are responsible for budgetary items that are controllable at their level. Since all expenses are controllable, this dual monitoring of expenses serves to strengthen overall fiscal, management, and internal controls.

Factors Affecting Financial Conditions

The information presented in the financial statements primarily focuses on the Seaport's financial position, results of operations, and cash flows for the current and preceding fiscal years. However, the Seaport's financial status and outlook are best understood when the focus is on previous, existing, and future resources and claims on those resources. This broader concept is used to assess its financial condition, which reflects the current financial position as well as the prospects that today's financial position will improve or deteriorate (please refer to the Management's Discussion and Analysis) over time. Additionally, the economic condition and outlook of the County, the Seaport's primary trading partners, the cruise lines, cargo terminal operators and shipping lines; long-term debt management; capital construction management; cash management and investments; and risk financing, should be considered when evaluating the Seaport's financial condition. Following is a brief discussion of each of these factors.

Economic Condition and Outlook

This economic condition and outlook report outlines the level of economic activity throughout FY 2012 and forecasts the area's economic outlook for next fiscal year.

One year ago, in the year-end outlook for the local economy, it was anticipated that FY 2012 would be similar to the growth experienced in 2011 continuing on a slow recovery path with low to moderate job creation for the County and its most vital industries. That outlook turned out to be a reasonably accurate assessment of the past year as most indicators improved including employment, although the growth was slow.

FY 2012 saw the various economic indicators improve at the national level from the previous year. Real gross domestic product (GDP) increased at an annual rate of 2.3 percent and inflation was 1.6 percent. Average annual unemployment rates decreased from 9.7 percent in FY 2011 to 8.5 percent for the current year. This latter measure has led to a better year than expected.

A major part of Miami-Dade's economic strength comes from the two engines driving its economy: the visitor industry and domestic and international trade and commerce. During the last twelve months, visitations and volume of trade continued to advance steadily. Improving economic conditions, not only in the U.S., but also in the Latin America and Caribbean region, coupled with the region's strong trade and financial linkages with the Miami-Dade area, have contributed to the growth in visitors and the volume of merchandise traded.

What follows is an overview of the economic conditions throughout the past year and a brief discussion about the level of activities and the underlying trends associated with the area's key economic drivers that were a contributing factor in gaining momentum for its economic recovery. In assessing fiscal year 2011, it was anticipated that the growth in fiscal year 2011 would be similar to the one experienced in 2010 continuing on a slow recovery path with low job creation for Miami-Dade County and its most vital industries. The basis for this forecast was due to the pace of employment and income growth and the nation's overall economic health. This outlook turned out to be an accurate assessment of the past year since most indicators improved and employment remained weak.

■ *International Trade and Commerce*

At the Port, cargo activity, measured in TEUs, increased by approximately 0.2% compared to an increase of approximately 7.1% in Fiscal Year 2011. The Seaport expects cargo activity to increase slightly in Fiscal Year 2013. The Seaport is optimistic regarding international commerce in Miami-Dade and anticipates higher volume levels in cargo activity movement through the Port. The optimism is based on the assumption that the cruise and cargo coupled with the Port's incentivized agreements, improving economy, and the addition of new cargo services will increase activity. Looking beyond the fiscal year 2013, the dredging activities underway to accommodate larger vessels in the Post Panamax period, augurs well for the future of the Seaport.

The Americas continue to represent a major share of the Seaport's total cargo. For fiscal year 2012, the Americas accounted for approximately 54% (Caribbean—16% South America—16%, Central America and Mexico—22%) of total cargo. This was followed by The Far East, Asia and the Pacific with 32%. The balance of approximately 14% consisted of Europe, North America, Middle East, Southwest Asia, and Africa.

■ Competition

The economic upturn contributed to an increase of approximately 0.2%, when measured in TEUs. This increase as well as tariff adjustments caused the Seaport's cargo related revenues to increase by 11% from fiscal year 2011. The Seaport's commitment to expanding its cargo business, coupled with incentivized cargo contracts contributed to an overall cargo activity increase. The Seaport is encouraged and anticipates continued cargo activity growth in fiscal year 2013.

For international trade, the value of merchandise trade for the Miami Customs District, increased by 19.6% from last fiscal year. This increase was also reflected in the activity levels at Miami International Airport (MIA) and the Seaport. Freight and cargo tonnage at these trade facilities displayed similar trends, albeit at a much smaller magnitude.

■ Tourism

After a year, the visitor industry achieved almost full recovery from the effects of the recession, tourism activity continued to reach high levels in 2012 as measured by the number of visitors. Exhibiting signs of strength, visitors to the Miami area increased about 4.6 percent in 2012 compared to a somewhat larger gain of 6.8 percent in the previous year. In total, there were 13.9 million overnight visitors over this past year up from 13.4 million recorded in 2011. Both domestic and international visitors contributed to this overall improvement. The number of international visitors was up 5.3 percent compared to the previous year, reaching 6.7 million. Domestic visitors showed a somewhat smaller increase, up 4.0 percent, to 7.1 million. This reflected a visitor market mix of 51 percent domestic and 49 percent international. Compared to other domestic cities, Miami has the largest percentage of international visitors.

In fiscal year 2012, visitors spent an estimated \$22.2 billion up from \$20.7 billion in the previous year. This is due, in part, to the increased numbers of overnight visitors, particularly international ones. Of considerable importance to the increase in number of visitors and expenditures is the diversification of the country of origin for tourists. Brazilians have now become the largest nationality of international tourists with about 635,000 tourists over the past year. Further, average expenditures per person per visit was over \$2,200 compared to just under \$1,600 overall. This points to the dynamic strength of the Miami-Dade tourism industry.

In conjunction with the increase in visitors, the MIA passenger levels increased to 39.6 million in 2012, representing a gain of 5.1 percent compared to a gain of 7.5 percent in the prior year. This outcome consists of increases in both domestic and international air passengers. MIA international passengers led the way with a 7.5 percent increase to 19.3 million, while domestic passengers increased by 3.1 percent to 20.2 million. With the continued improvement of the facilities at MIA, aviation officials are projecting that passenger traffic in 2013 will be higher than the previous year. This is based on the continued addition and increase in frequencies of flights from MIA to more destinations domestically and around the world. In contrast, the MIA's performance was not shared at the Port of Miami, where the number of cruise passengers declined by 5.9 percent, compared to a smaller decrease of 3.1 percent in 2011.

■ *Future Outlook*

Overall, the Seaport is encouraged with the results of its cruise and cargo activity. During Fiscal Year 2011, the Board of County Commissioners approved contract amendments with two of the Seaport's cruise partners. Under the terms of the amendments, one of the cruise partners guarantees approximately \$72 million in revenue over the first ten years and the other guarantees homeporting a new ship in Fiscal Year 2013. The new ship that will be homeported is anticipated to yield a net increase of approximately 250,000 passengers per year. The Seaport anticipates that these amendments, along with the cruise agreement approved by the Board of County Commissioners during Fiscal Year 2009 will benefit the Port in the future. During Fiscal Year 2010, an F3 class cruise ship sailed from the Port of Miami for the first time. The F3 class ships are among the largest passenger cruise ships in the world. Recent cruise terminal facilities enhancements will allow the Port to accommodate the new larger ships as well as luxury vessels.

Overall, FY 2013 is expected to experience the same trends that have defined the local economy for much of the last fiscal year continuing on a slow recovery path with moderate job creation. On the plus side, the U.S. economy continues to fare reasonably well compared to other developed economies. At this time, there is risk to the outlook emanating from outside the U.S., in particular from Europe. However, at this point there are no negative signs that would indicate a slowdown is likely to appreciably impact the U.S. economic environment.

There are some positive factors that allow the economy to move forward without serious interruption. One positive factor is that inflationary pressures have continued to remain low. An additional support to the economy is that the Federal Reserve has maintained interest rates near zero and appears ready to take action to stimulate growth as deemed necessary.

There are a number of other substantial factors that are a threat to the continued moderate growth of the economy. Chief among these is the uncertainty that remains over fiscal policy at the national level. Although issues over increased tax rates has been resolved, contained within the legislation is the expiration of the reduction in payroll taxes. This will result in a reduction of current wage income and hence consumer demand. Further, there will be debates over the funding of future expenditures, particularly in regard to entitlement programs. In addition, questions remain regarding extension of unemployment benefits. The resolution of these matters remains uncertain and therefore the impact on the economy, which is still in a slow recovery mode, is unknown at this time.

Long Term Financial Planning

MAJOR INITIATIVES

■ **Construction Management**

The Seaport's proposed Capital Improvement Program for the period October 1, 2012 through September 30, 2017 is budgeted at \$510.6 million. Of this amount, approximately \$384.3 million, \$13.8 million, \$111.5 million and \$1.0 million will be funded by debt proceeds, federal and state grants, and tenant financing, respectively. Of the \$510.6 million, approximately \$235.3 million, \$222.5 million, \$20.0 million and \$32.8 million will fund the Seaport facility improvements, dredging, cargo facilities improvements and equipment acquisition, respectively.

The Seaport secured Congressional approval in the fall of 2007 for the Miami Harbor Project. The next phase of the project calls for deepening the Seaport's south channel to a depth of 50 feet from the existing—42 feet. The 50—foot depth harbor will make the Seaport one of a few port's along the U.S. east coast capable of accommodating mega container vessels. Additionally, redevelopment of 80 acres of cargo terminal area will enhance cargo terminal operations and efficiencies will be achieved.

Additional information regarding the Seaport's capital improvement program can be found in the Management's Discussion and Analysis ("MD&A") section and the Notes to the Financial Statements section of this report. CHART I summarizes the funding sources for the Seaport's capital improvement program for the next fiscal year and fiscal years 2014-2017.

**CHART 1
CIP FUNDING SOURCES
(\$ IN THOUSANDS)**

Revenue	Fiscal Year 2013	Fiscal Year 2014 - Future	Total
Debt Proceeds	\$ 132,623	\$ 251,660	\$ 384,283
Federal Grants	13,778	-	13,778
State Grants	85,615	25,876	111,491
Tenant Financing	1,000	-	1,000
Total	\$ 233,016	\$ 277,536	\$ 510,552

**CIP PROJECT SUMMARY
(\$ IN THOUSANDS)**

Expenditures	Fiscal Year 2013	Fiscal Year 2014 - Future	Total
Cargo facilities; Improvements	\$ 4,877	\$ 15,134	\$ 20,011
Equipment acquisition	25,469	7,290	32,759
Port facilities; Improvements	53,614	181,637	235,251
Dredging	149,056	73,475	222,531
	\$ 233,016	\$ 277,536	\$ 510,552

Debt Administration

The Seaport has followed a program to eliminate high interest rate debt in favor of lower cost debt through refinancing and calling debt when feasible. The Seaport is continuing to address opportunities to take advantage of market conditions in the current low interest rate environment. The Seaport is currently working with the County's Bond Administration Division to refinance variable rate debt as well as high interest rate debt to take advantage of low interest rates.

Debt by type is summarized in CHART 2. The required debt service coverage ratio for "net revenues" as defined by the Seaport's Master Bond Ordinance, Miami-Dade County Ordinance 88-66, is a blend resulting from 1.25 of maximum principal and interest for revenue bond issues and a 1.10 of maximum principal and interest payments for general obligation bond issues. Excluded from this calculation is the subordinate debt comprised of various Sunshine State Loans and the Capital Acquisition Bonds. The coverage for the Sunshine State Loans and the Capital Acquisitions Bonds is performed at the County level. The combined coverage for the Seaport's revenue and general obligation bonds, for the last five fiscal years is presented in CHART 3.

Chart 2
Debt By Type
(in thousands)

Debt Type	Par Amount Outstanding	Gross Interest Expense	Outstanding Interest Rates
Revenue and Revenue Refunding Bonds	\$ 43,090	\$ 12,121	4.00 – 6.20%
General Obligation Revenue Bonds	\$ 105,690	\$ 42,117	4.40 – 6.50%
Sunshine State Loans	\$ 325,560	\$ 59,492	1.19 - 5.0%
Capital Acquisition Bonds	\$ 125,677	\$ 104,279	3.00 – 7.50%

Chart 3
Debt Service Coverage

Fiscal Year	Primary Coverage
2012	2.15
2011	1.96
2010	1.63
2009	1.35
2008	1.50

Security

Securing the Seaport and providing efficient commerce will present challenges for the foreseeable future. The Seaport has made significant progress over the last three years to curtail and maintain security costs. It has successfully done this by modifying its security plan and investing in its security infrastructure. Over the last several fiscal years, the Seaport has made a significant investment in its security infrastructure. The corresponding funding needs for security has increased dramatically. The Seaport is currently compliant.

The Seaport continues to be recognized as one of Florida's leading ports. Cutting edge technology and progressive procedures are in place that provide heightened levels of protection and simultaneously support compliance with port business policies. Partners in this comprehensive initiative include: U.S. Customs and Border Protection, U.S. Coast Guard, Florida Department of Law Enforcement, Florida Fish and Wildlife Commission, Miami-Dade Police and Fire Rescue Departments and others working to achieve a shared, united mission. These efforts are helping to move legitimate commerce in a faster, more seamless and cost effective manner than ever before.

Awards

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Seaport for its comprehensive annual financial report for the fiscal year ended September 30, 2011. This was the thirteenth consecutive year that the Seaport received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

This report could not have been prepared on a timely basis without the efficient and dedicated services of the Seaport's Finance Division staff. We are grateful to all Seaport employees who assisted and contributed to its preparation. We also thank the Mayor, the Miami-Dade Board of County Commissioners, the County Attorney's Office and other County departments for their continued assistance in enabling the Seaport to fulfill its role in promoting international trade and economic development in Miami-Dade County.

Respectfully submitted,



Bill Johnson,
Port Director



Juan Kuryla,
Deputy Port Director



Miriam N. Abreu, CPA
Assistant Director for Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Miami-Dade County
Seaport Department
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



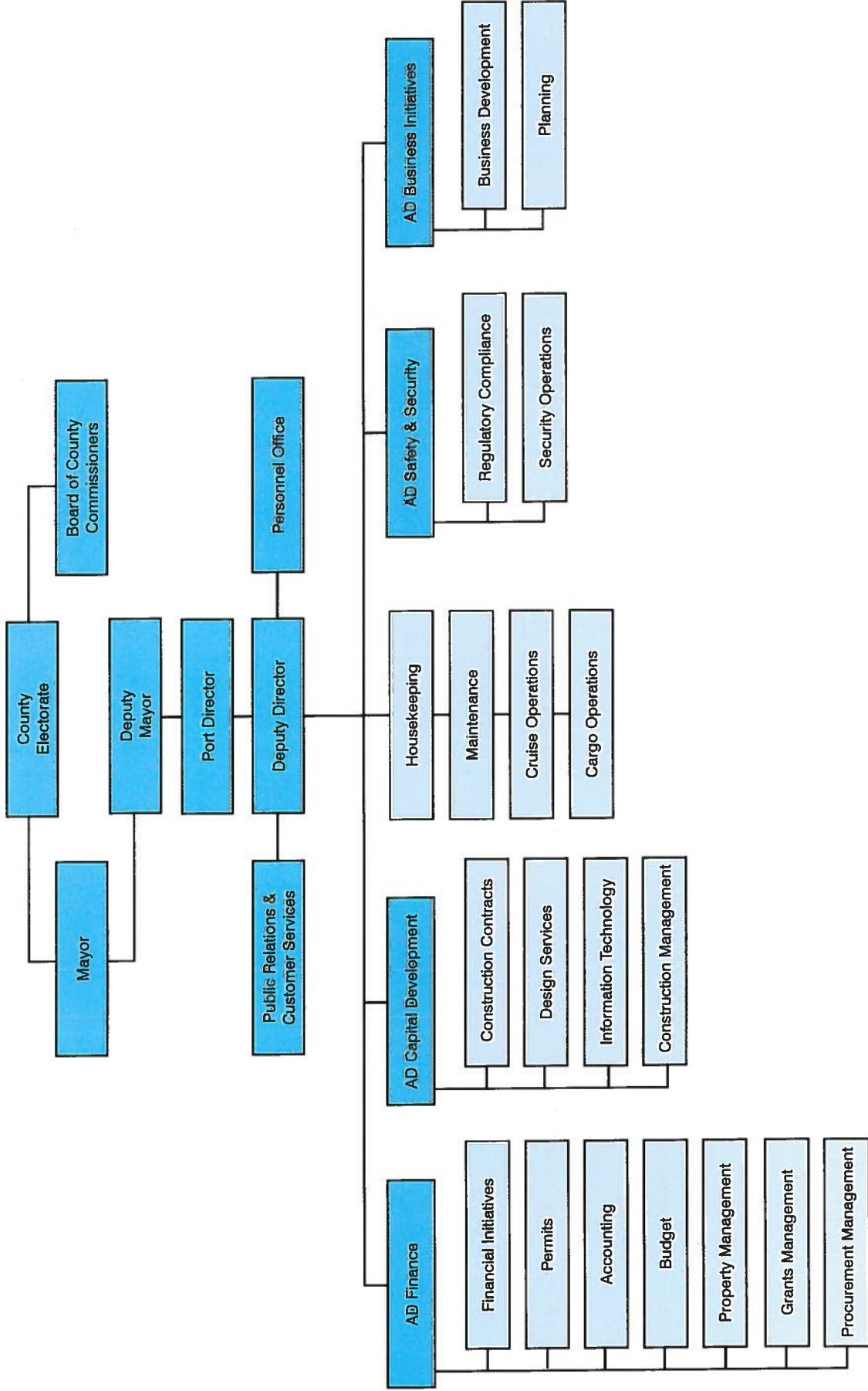
Christopher P. Morinell

President

Jeffrey R. Emer

Executive Director

Miami-Dade County Seaport Department Organizational Chart 2011-2012



FINANCIAL SECTION



Independent Auditor's Report

The Honorable Chairperson and
Members of the Board of County Commissioners
of Miami-Dade County, Florida

We have audited the accompanying financial statements of the Miami-Dade County Seaport Department (the Department), an enterprise fund of Miami-Dade County, Florida, as of and for the years ended September 30, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of the Department's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 Department'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, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Department and do not purport to, and do not, present fairly the financial position of Miami-Dade County, Florida, as of September 30, 2012 and 2011, the changes in its financial position, or where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the Miami-Dade County Seaport Department, an enterprise fund of Miami-Dade County, Florida, as of September 30, 2012 and 2011, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated February 22, 2013 and February 21, 2012 on our consideration of the Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports 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. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Department's basic financial statements. The accompanying introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information have not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

McGladrey LLP

Miami, Florida
February 22, 2013

Management's Discussion and Analysis (MD&A) (unaudited)

The following narrative provides an overview of the Miami-Dade County, Florida Seaport Department's (the "Seaport") financial activities for the fiscal years ended September 30, 2012 and 2011. The MD&A represents management's analysis of the Seaport's financial condition, performance, long-term debt, and economic factors. The MD&A should be read in conjunction with the financial information of the transmittal letter in the introductory section, the financial statements, the accompanying notes, and the statistical section. The financial statements consist of the statements of net assets; the statements of revenues, expenses, and changes in net assets; the statements of cash flows; and the notes.

The statement of net assets presents the financial position of the Seaport as of a specific date. It provides information about the nature and amount of resources (assets) and obligations (liabilities), with net assets being the difference between assets and liabilities. Increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Seaport is improving or deteriorating.

The statement of revenues, expenses, and changes in net assets presents information showing how the Seaport's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs which might coincide with the timing of the related cash flows.

The statement of cash flows presents the cash activities of the Seaport segregated in the following major categories: operating, capital and related financing activities, and investing. These statements also present the changes in cash and cash equivalents of the Seaport.

The notes to the financial statements provide required disclosures and other information that is essential to a full understanding of data provided in the statements.

Financial analysis of the Seaport Department

Governmental Accounting Standards require that the Seaport prepare an analysis of the Seaport's overall financial position and results of its operations to assist readers in assessing whether the Seaport's financial position has improved or deteriorated when compared to the prior year. All amounts are expressed in millions, unless indicated otherwise.

The difference between the Seaport's assets and liabilities is its net assets. The Seaport's net assets are summarized, in **Table I**. Net assets may be used to assess the financial position of the Seaport. Total Seaport net assets as of September 30, 2012 were \$238.2 million, comprising of approximately \$222.0 million in invested in capital assets net of related debt; approximately \$17.9 million in restricted for debt service and construction and unrestricted net assets deficit of approximately \$1.7 million. Total Seaport net assets as of September 30, 2011 were \$225.6 million, comprising of approximately \$201.5 million in invested in capital assets net of related debt; approximately \$13.2 million in restricted for debt service and unrestricted net assets of approximately \$10.9 million. Total Seaport net assets as of September 30, 2010 were \$218.1 million, comprising of approximately \$194.1 million in invested in capital assets net of related debt; approximately \$15.2 million in restricted for debt service and construction and unrestricted net assets of approximately \$8.8 million.

Table I

**SUMMARY STATEMENT OF NET ASSETS
AS OF SEPTEMBER 30,
(IN MILLIONS)**

	Fiscal Year	Change from Fiscal	Fiscal Year	Change from Fiscal	Fiscal Year
	2012	Year 2011	2011	Year 2010	2010
Capital assets, net	\$ 803.2	\$ 42.3	\$ 760.9	\$ (0.3)	\$ 761.2
Current and other assets	73.5	(34.7)	108.2	46.3	61.9
Total assets	876.7	7.6	869.1	46.0	823.1
Long-term liabilities outstanding	586.5	(18.7)	605.2	39.5	565.7
Other liabilities	52.0	13.7	38.3	(1.0)	39.3
Total liabilities	638.5	(5.0)	643.5	38.5	605.0
Net assets:					
Invested in capital assets					
net of related debt	222.0	20.5	201.5	7.3	194.1
Restricted	17.9	4.7	13.2	(1.9)	15.2
Unrestricted	(1.7)	(12.6)	10.9	2.1	8.8
Total net assets	\$ 238.2	\$ 12.6	\$ 225.6	\$ 7.4	\$ 218.1

The increases in invested in capital assets net of related debt, from fiscal years 2011 to 2012 and 2010 to 2011 can be attributed to new construction projects and acquisition of assets. The decrease in restricted net assets from fiscal year 2010 to 2011 can be attributed to scheduled debt payments. The increase in restricted net assets from fiscal year 2011 to 2012 can be attributed to an increase in the construction fund, offset by scheduled debt payments. The decrease in unrestricted net assets from fiscal year 2011 to 2012 can be mostly attributed to decreases in Seaport's current assets coupled with increases in its current liabilities, as compared with fiscal year 2011. The increase in unrestricted net assets from fiscal year 2010 to 2011 can be attributed to an increase in revenues coupled with a decrease in expense. In fiscal year 2010, the decrease in unrestricted net assets can primarily be attributed to a settlement of approximately \$4.0 million and an increase in interest expense. The increase in restricted net assets from Fiscal Year 2009 to 2010 can be attributed to an increase in debt service reserves and requirements.

The Seaport worked closely with its consultants to finalize the Port's 2035 Master Plan, ("the Plan"). The Plan was unveiled in December 2011. The Plan will be a useful roadmap for the Seaport to ensure that it maintains its unique dual distinction as Cargo Gateway of the Americas and Cruise Capital of the World; meets the future demands and expectations of the cargo and cruise industries and that it maximizes the use of its resources.

Table II summarizes the change in the Seaport's net assets. Total net assets, as of September 30, 2012, were approximately \$238.2 million, representing an increase of approximately \$12.6 million from prior year. Total net assets, as of September 30, 2011, were approximately \$225.6 million, representing an increase of approximately \$7.5 million from prior year. Total net assets, as of September 30, 2010, were approximately \$218.1 million, representing an increase of approximately \$5.8 million from prior year. The increase in Fiscal Year 2012 can be attributed to an increase in Invested in Capital Assets net of Related Debt, partially offset by decreases in Restricted and Unrestricted Net Assets. The increase in Fiscal Year 2011 can be attributed to an increase in Invested in Capital Assets net of Related Debt and Unrestricted Net Assets partially offset by a decrease in Restricted Net Assets.

Table II
Change in Net Assets
For the Fiscal Year Ended September 30,
(in millions)

	Fiscal Year 2012	Change from Fiscal Year 2011	Fiscal Year 2011	Change from Fiscal Year 2010	Fiscal Year 2010
Operating revenues					
Cruise wharfage/dockage	\$ 45.2	\$ (1.2)	\$ 46.4	\$ 4.4	\$ 42.0
Cargo wharfage/dockage	23.1	(0.7)	23.8	1.9	21.9
Container crane user fees	7.6	(2.3)	9.9	1.4	8.5
Rentals	13.4	(0.5)	13.9	(0.9)	14.8
Ground transportation	1.8	(0.1)	1.9	0.4	1.5
Parking	8.3	(0.9)	9.2	(0.8)	10.0
Misc. charges and fees	4.2	0.1	4.1	(1.3)	5.4
Total operating revenues	<u>103.6</u>	<u>(5.6)</u>	<u>109.2</u>	<u>5.1</u>	<u>104.1</u>
Investment earnings	0.4	(0.1)	0.5	0.1	0.4
Other nonoperating	0.7	(0.1)	0.8	0.8	-
Total revenues	<u>104.7</u>	<u>(5.8)</u>	<u>110.5</u>	<u>6.0</u>	<u>104.5</u>
Operating expenses	59.6	(6.2)	65.8	(0.5)	66.3
Depreciation	24.9	1.4	23.5	0.5	23.0
Interest expense	18.7	(0.2)	18.9	1.9	17.0
Other nonoperating expenses	1.6	1.6	-	(4.2)	4.2
Total Expenses	<u>104.8</u>	<u>(3.4)</u>	<u>108.2</u>	<u>(2.3)</u>	<u>110.5</u>
Net Income (loss) before contributions and transfers	(0.1)	(2.4)	2.3	8.3	(6.0)
Capital contributions	12.7	6.4	6.3	(5.5)	11.8
Transfers out		1.1	(1.1)	(1.1)	-
Change in net assets	12.6	5.1	7.5	1.7	5.8
Net assets at beginning of year	225.6	7.5	218.1	5.8	212.3
Net assets at end of year	<u>\$ 238.2</u>	<u>\$ 12.6</u>	<u>\$ 225.6</u>	<u>\$ 7.5</u>	<u>\$ 218.1</u>

Operating revenues for fiscal year 2012 were approximately \$103.6 million or \$5.6 million lower than last fiscal year. The decrease can be attributed to decreases in cruise and related revenues, cargo and related revenues, container crane user fees, parking, rentals and ground transportation, partially offset by an increase in miscellaneous charges. The decrease in cargo and related revenues, including container crane user fees can be attributed to a decrease in cargo activity. The decrease in cruise and related revenues is mostly attributed to the decrease in cruise activity and the Port's reserving \$1.8 million in accounts receivable due from its one of the cruise operator. Operating revenues for Fiscal years 2011 were approximately \$109.2 million or \$5.1 million higher than last fiscal year. The increase can be attributed to increases in cruise, cargo and related revenues, ground transportation, partially offset by decreases in Rentals, Parking and Miscellaneous Charges. The increase in Cargo and Related Revenues, including Container Crane User Fees can be attributed to an increase in activity and corresponding rate increases. The increase in Cruise and Related revenue can be attributed to an increase in the corresponding rates. Overall, passenger traffic was slightly down from the 2011 Fiscal Year. The increase in ground transportation revenue can be attributed to the implementation of the Ground Transportation System. The increase in Fiscal Year 2011 cruise revenues resulted from corresponding rate increases.

Table III summarizes and compares the Seaport's operating revenues.

Table III
Summary of Operating Revenues
For the Fiscal Year Ended September 30,
(in millions)

	Fiscal Year 2012	Change from Fiscal Year 2011	Fiscal Year 2011	Change from Fiscal 2010	Fiscal Year 2010
Operating Revenues:					
Cruise wharfage/dockage	\$ 45.2	\$ (1.2)	\$ 46.4	\$ 4.4	\$ 42.0
Cargo wharfage/dockage	23.1	(0.7)	23.8	1.9	21.9
Container crane user fees	7.6	(2.3)	9.9	1.4	8.5
Rentals	13.4	(0.5)	13.9	(0.9)	14.8
Ground transportation	1.8	(0.1)	1.9	0.4	1.5
Parking	8.3	(0.9)	9.2	(0.8)	10.0
Miscellaneous fees and charges	4.2	0.1	4.1	(1.3)	5.4
Total revenues	\$ 103.6	\$ (5.6)	\$ 109.2	\$ 5.1	\$ 104.1

Operating expenses for fiscal year 2012 decreased approximately \$6.2 million from fiscal year 2011. As a continuation from last year, the Port continues to streamline processes and increase efficiencies to reduce costs. Operating expenses for fiscal year 2011 decreased approximately \$0.5 million from fiscal year 2010. Consistent with prior years, the Port continues to streamline processes and increase efficiencies to reduce costs. Additionally, employee contributions and concessions, which became effective during fiscal year 2010, carried over into the 2011 fiscal year which yielded savings.

Table IV below summarizes the Seaport's operating expenses.

Table IV
Summary of Operating Expenses (Exclusive of Depreciation)
For the Fiscal Year Ended September 30,
(in millions)

	Fiscal Year 2012	Change from Fiscal Year 2011	Fiscal Year 2011	Change from Fiscal Year 2010	Fiscal Year 2010
Operating Expenses:					
Cruise Operations	\$ 6.0	\$ (0.6)	\$ 6.6	\$ (0.4)	\$ 7.0
Cargo Operations	1.2	(0.1)	1.3	0.2	1.1
Maintenance	6.1	(0.6)	6.7	0.2	6.5
Utilities	2.2	(1.1)	3.3	0.3	3.0
Marketing and Advertising	1.1	0.1	1.0	(0.3)	1.3
Gantry Cranes	6.4	(0.5)	6.9	0.1	6.8
Security	15.5	(3.0)	18.5	(1.1)	19.6
General and administration	21.1	(0.4)	21.5	0.5	21.0
Total Operating Expenses	\$ 59.6	\$ (6.2)	\$ 65.8	\$ (0.5)	\$ 66.3

Capital assets and debt administration

Capital assets

The Seaport’s total investment in capital assets, net of accumulated depreciation, at September 30, 2012, September 30, 2011 and September 30, 2010 was \$803.2 million, \$760.9 million and \$761.2 million, respectively. This represents an increase of \$42.3 million, from fiscal year 2011 to 2012 and a slight decrease of \$0.3 million, from fiscal year 2010 to 2011. The increase from fiscal year 2011 to 2012 can be mostly attributed to costs incurred for various capital construction projects with the Seaport’s Master Plan and Multi-year Capital Budget. The decrease from fiscal year 2010 to 2011 can be attributed to an increase in accumulated depreciation. Additional information in changes in capital assets can be found in Note 4 of the Financial Statements and in the Construction Management Section in the transmittal letter. **Table V** below summarizes the components of the Seaport’s investment in capital assets.

Table V

**Capital Assets (net of Depreciation)
As of September 30,
(In millions)**

	Fiscal Year 2012	Change from Fiscal Year 2011	Fiscal Year 2011	Change from Fiscal Year 2010	Fiscal Year 2010
Land and related costs	\$ 210.6	\$ 0.2	\$ 210.4	\$ 2.0	\$ 208.4
Buildings, transit sheds and terminals	273.0	(6.4)	279.4	(13.1)	292.5
Machinery and equipment	49.8	13.9	35.9	6.1	29.8
Improvements other than buildings	205.5	15.5	190.0	(6.7)	196.7
Construction in progress	64.3	19.1	45.2	11.4	33.8
Totals	\$ 803.2	\$ 42.3	\$ 760.9	\$ (0.3)	\$ 761.2

During fiscal year 2012, several construction projects were completed. These projects include major improvements to certain cargo terminals, certain cranes electrification and related infrastructure improvements conversion and certain security projects. The significant projects under construction in accordance with the Seaport’s Master Development program are as follows:

Projects underway

- Construction of new traffic circulation patterns and roadways
- Cargo yard improvements
- Wharf strengthening for dredging
- Rail rehabilitation
- Acquisition, construction, and implementation of cruise terminal and gateway security enhancements
- Dredging to accommodate larger cargo vessels

Debt administration

At September 30, 2012, 2011 and 2010, the Seaport had \$600 million, \$616.9 million and \$583.4 million, respectively, in bonds and loan agreements outstanding. The net decrease from fiscal year fiscal year 2011 can be attributed to annual principal payments in accordance with the respective debt payment schedule. The net increase from fiscal year fiscal year 2010 can be attributed to the issuance of the Series 2010 D and 2010 E Capital Acquisition Bonds, partially offset by reduction in principal balances of existing debt. Additional long-term debt detail can be found in Notes 5 and 8 to the financial statements.

During 2011 fiscal year, the County on behalf of the Seaport issued approximately \$38.1 million and \$21.3 million of Capital Acquisition Bonds to fund the construction and / or acquisition of Seaport assets. Additionally, during this same period, the County, on behalf of the Seaport entered into an amended and restated loan agreement with the Sunshine State Governmental Financing Commission to consolidate approximately \$334.8 million of the Seaport’s loans. Additional information can be found in Note 5 to the financial statements.

Table VI

**Outstanding Long-Term Debt
As of September 30,
(in millions)**

	Fiscal Year 2012	Change from Fiscal Year 2011	Fiscal Year 2011	Change from Fiscal Year 2010	Fiscal Year 2010
Seaport general obligation bonds	\$ 105.7	\$ (5.7)	\$ 111.4	\$ (14.5)	\$ 125.9
Seaport revenue bonds	43.1	(5.8)	48.9	(5.5)	54.4
Sunshine state loans	325.5	(3.8)	329.3	(5.5)	334.8
Capital acquisition bonds	125.7	(1.6)	127.3	59.0	68.3
Totals	\$ 600.0	\$ (16.9)	\$ 616.9	\$ 33.5	\$ 583.4

In June 2010 (most recent rating available) Moody's Investors Service (Moody's) assigned an underlying rating of A2 with a stable outlook to Miami-Dade County Seaport Department's Revenue Bonds, based on relatively stable operations and improving market share financial trends. As stated by Moody's, this rating reflects the Seaport's record of fiscal stability, strong coverage of senior parity debt service by net revenues and the Seaport's competitive position as the world's largest cruise port and major international cargo hub. In March 2011, Moody's has also assigned underlying ratings of Aa2 on the Seaport's outstanding General Obligation Bonds and Aa3 on the outstanding Sunshine State Loans.

Other Obligations. The Seaport participates in the County's self-insurance program for workers' compensation, general liability and automotive liability insurance. Certain group health insurance programs are also self insured, subject to certain stop loss provisions. Detailed information about the Seaport's liability from reported and unreported claims is included in Note 11. Other obligations include accrued vacation pay and sick leave, accrued health insurance benefits for retirees, arbitrage liability, and other contingent liabilities.

Economic factors and next year's budget and rates

For the 2012 fiscal year, cargo activity, measured in Twenty Foot Equivalent Units (TEUS) increased approximately 0.2% from the prior year, compared to an increase of 7% in fiscal year 2011. Most of the cargo is exported to Latin America (South America, Central America, and the Caribbean), followed by the Far East, Asia, the Pacific, Europe and the Middle East. The majority of the imports are from Latin America followed by the Far East, Asia and the Pacific, and Europe.

Since the 2009 Fiscal Year the Seaport implemented new service incentive rates. The incentive rates have been successful in attracting new services from competitor ports. These new service incentive rates, a slight improvement in the economy, and other contractual incentives contributed to the increase in cargo activity throughput. The Port is optimistic that this will continue in the upcoming fiscal year. This is based on the expectation that economic growth in Latin America will continue to improve and that trade with Europe, South America, and Asia, particularly China, will increase. Additionally, the new Free Trade Agreements with Colombia, Panama, and South Korea will offer new opportunities to expand international trade and commerce benefitting the Port of Miami and the State of Florida.

For 2013, as long as the U.S. or global economy remains free of shocks, it is expected that the numbers of visitors to Miami-Dade will increase. Passenger levels at Miami International Airport (MIA) increased approximately 5.1% from prior year, compared to an increase of approximately 7.4% in Fiscal Year 2011. During Fiscal Year 2012, approximately 3.77 million passengers came through the Port of Miami. This represents a slight decrease, from Fiscal Year 2011. Despite the decrease, the Seaport remains encouraged. One of the amendments approved by the Board of County Commissioners during the 2011 fiscal year is anticipated to yield a net passenger increase of approximately 250,000 passengers per year, beginning in fiscal year 2013.

The Seaport is extremely optimistic and encouraged with the future of the port. The Seaport is currently underway with three key projects—the Port Tunnel, the reengineering of the port railroad, and the Deep Dredge. Collectively, these projects will allow the Seaport to increase throughput, become more efficient and position itself as a key player

in the global marketplace. The new Port tunnel, scheduled to be operational in 2014, will direct traffic off city streets and re-route trucks and other vehicles directly into the heart of port operations. This major enhancement to the region's transportation infrastructure will provide new efficiencies with the goal of doubling cargo traffic over the next decade. Additionally, the Port's re-engineered rail line will be able to reach key distribution centers throughout the U.S. quickly and efficiently. The Deep Dredge will allow for Post Panamax cargo ships and will position the Port of Miami as a player in the global market place. Scheduled for completion to synchronize with the opening of the expanded Panama Canal in 2014, deepening the Port of Miami's waters to -50 feet will allow the largest cargo ships to call the Seaport home. In all, it's predicted that our trio of port enhancements will create thousands of new jobs; making South Florida a true powerhouse in international trade and commerce.

Annually the Seaport scrutinizes Terminal Tariff No. 010 to ensure the Seaport's ability to meet its budgetary obligations through Tariff revenues. The adopted budget for fiscal year 2012 includes the necessary increases in order for the Seaport to meet its budgetary obligations. The Seaport continually reviews the Tariff and its rate structure to ensure that it remains competitive, attracts new business, and maintains its existing customer base.

Request for Information

This financial report is designed to provide customers, creditors and other interested parties with a general overview of the Seaport's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to:

Controller
Miami-Dade Seaport Department
1015 North America Way
Miami, Florida 33132

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MIAMI-DADE COUNTY, FLORIDA
SEAPORT DEPARTMENT
Statements of Net Assets
As of September 30, 2012 and September 30, 2011

Assets	2012	2011
Current assets:		
Pooled cash and cash equivalents	\$ 125,173	\$ 1,818,705
Pooled investments	5,242,676	16,132,348
Accounts receivable, less allowance for doubtful accounts of \$2,970,619 and \$853,800 at September 30, 2012 and September 30, 2011, respectively	8,180,356	9,590,880
Prepaid expenses, deferred costs and other current assets	5,314,813	5,028,313
Total current unrestricted assets	18,863,018	32,570,246
Restricted assets:		
Current restricted assets:		
Pooled cash and cash equivalents	1,686,015	7,265,171
Pooled investments	22,644,054	12,184,975
Due from other governments	5,063,373	747,975
Total current restricted assets	29,393,442	20,198,121
Total current assets	48,256,460	52,768,367
Noncurrent assets:		
Noncurrent restricted assets		
Pooled investments	21,068,658	50,866,405
Total noncurrent restricted assets	21,068,658	50,866,405
Capital Assets:		
Land and related costs	210,572,566	210,414,883
Buildings, transit sheds, and terminals	464,133,500	456,481,991
Improvements other than buildings	302,748,759	280,305,939
Machinery and equipment	76,143,740	58,269,684
Construction in progress	64,290,755	45,207,945
Capital assets, gross	1,117,889,320	1,050,680,442
Less accumulated depreciation	(314,686,544)	(289,739,747)
Capital assets, net	803,202,776	760,940,695
Deferred charges:		
Deferred bond issuance costs, net	4,200,604	4,494,574
Total noncurrent assets	828,472,038	816,301,674
Total assets	\$ 876,728,498	\$ 869,070,041

(Continued)

The accompanying notes to the financial statements are an integral part of these statements.

MIAMI-DADE COUNTY, FLORIDA
SEAPORT DEPARTMENT
Statements of Net Assets (continued)
As of September 30, 2012 and September 30, 2011

Liabilities and Net Assets	2012	2011
Current liabilities payable from unrestricted assets:		
Accounts payable and accrued expenses	\$ 5,485,025	\$ 4,208,804
Accrued payroll and related expenses	844,881	767,663
Compensated absences	1,584,815	1,592,543
Current portion of loans payable	4,235,000	3,710,000
Current portion of capital acquisition bonds payable	3,900,000	1,670,000
Unearned revenue	35,570	103,322
Other liabilities	4,649,199	3,984,199
Due to other Miami-Dade County funds	1,856,171	1,151,324
Total current liabilities payable from unrestricted assets	22,590,661	17,187,855
Current liabilities payable from restricted assets:		
Current portion of revenue and general obligation bonds payable	11,255,000	11,500,000
Accrued interest payable	7,515,127	7,247,247
Accounts payable and accrued expenses	9,385,374	463,550
Contracts and retainage payable	1,237,941	1,924,268
Total current liabilities payable from restricted assets	29,393,442	21,135,065
Total current liabilities payable from unrestricted and restricted assets	51,984,103	38,322,920
Long-term liabilities:		
Bonds payable, less net unamortized discount and deferred loss of \$237,027 at September 30, 2012 and \$285,766 September 30, 2011	137,287,973	148,494,234
Loans payable, less unamortized deferred loss of \$259,518 at September 30, 2012 and \$288,583 September 30, 2011	321,065,482	325,271,417
Capital acquisition bonds payable, plus unamortized premium of \$562,961 at September 30, 2012 and \$593,419 September 30, 2011	122,340,044	126,270,502
Compensated absences	4,496,582	4,570,549
Other post - employment benefit	659,000	565,000
Other liabilities	665,000	—
Total long-term liabilities	586,514,081	605,171,702
Total liabilities	638,498,183	643,494,622
Net Assets		
Invested in capital assets, net of related debt	221,980,776	201,468,657
Restricted for debt service and reserve	12,646,844	13,228,047
Restricted for construction	5,309,898	—
Unrestricted net assets	(1,707,203)	10,878,715
Total Net Assets	\$ 238,230,315	\$ 225,575,419

(Concluded)

The accompanying notes to the financial statements are an integral part of these statements.

MIAMI-DADE COUNTY, FLORIDA
SEAPORT DEPARTMENT
Statements of Revenues, Expenses and Changes in Net Assets
Years ended September 30, 2012 and September 30, 2011

	2012	2011
Operating revenues:		
Cruise wharfage/dockage	\$ 45,191,418	\$ 46,423,582
Cargo wharfage/dockage	23,089,174	23,752,406
Container crane user fees	7,607,200	9,910,270
Rentals	13,428,135	13,906,189
Ground transportation	1,762,710	1,880,256
Parking	8,304,379	9,183,811
Miscellaneous charges and fees	4,194,964	4,090,116
Total operating revenues	103,577,980	109,146,630
Operating expenses:		
Cruise operations	6,002,364	6,589,850
Cargo operations	1,179,946	1,338,219
Maintenance	6,083,400	6,730,972
Utilities	2,224,854	3,256,055
Marketing and advertising	1,104,449	1,015,409
Gantry cranes	6,356,951	6,925,900
Security	15,488,412	18,509,472
General and administrative	21,109,975	21,470,194
Total operating expenses before depreciation	59,550,351	65,836,071
Operating income before depreciation	44,027,629	43,310,559
Depreciation expense	24,946,797	23,547,880
Operating income	19,080,832	19,762,679
Nonoperating revenues (expenses):		
Investment earnings	359,177	511,961
Interest expense, net of capitalized interest	(18,668,064)	(18,900,822)
Interest subsidy	718,101	570,492
Other, net	(1,623,970)	239,018
Total nonoperating revenues (expenses)	(19,214,756)	(17,579,351)
Income (Loss) before capital contributions and transfers	(133,924)	2,183,328
Capital contributions	12,788,820	6,331,421
Transfers out	—	(1,072,000)
Change in net assets	12,654,896	7,442,749
Total net assets - Beginning	225,575,419	218,132,670
Total net assets - Ending	\$ 238,230,315	\$ 225,575,419

The accompanying notes to the financial statements are an integral part of these statements.

MIAMI-DADE COUNTY, FLORIDA
SEAPORT DEPARTMENT
Statements of Cash Flows
Years ended September 30, 2012 and September 30, 2011

	2012	2011
Cash flows from operating activities:		
Cash received from customers and tenants	\$ 104,920,751	\$ 105,752,802
Cash paid to suppliers	(31,547,269)	(34,464,847)
Cash paid to employees for services	(26,218,990)	(30,435,744)
Net cash provided by operating activities	47,154,492	40,852,211
Cash flows from noncapital financing activities:		
Transfers out	—	(1,072,000)
Cash flows from capital and related financing activities:		
Capital grants received	8,473,420	8,218,338
Principal payments:		
Bonds	(11,500,000)	(13,187,500)
Notes and loans	(3,710,000)	(3,735,000)
Capital Acquisition Bonds	(1,670,000)	(310,000)
Interest paid	(20,165,017)	(19,973,400)
Interest subsidy	718,102	570,492
Purchase of capital assets	(57,161,202)	(25,808,043)
Proceeds from issuance of long term debt	—	58,679,660
Net cash (used for) provided by capital and related financing activities	(85,014,697)	4,454,547
Cash flows from investing activities:		
Investments purchased	(48,955,388)	(79,183,728)
Proceeds from sale and maturities of investments	79,183,728	26,907,523
Interest and dividends from investments	359,177	511,963
Net cash (used for) provided by investing activities	30,587,517	(51,764,242)
Net (decrease) in cash and cash equivalents	(7,272,688)	(7,529,484)
Cash and cash equivalents (including restricted assets) at beginning of year	9,083,876	16,613,360
Cash and cash equivalents (including restricted assets) at end of year	\$ 1,811,188	\$ 9,083,876

(Continued)

The accompanying notes to the financial statements are an integral part of these statements

MIAMI-DADE COUNTY, FLORIDA
SEAPORT DEPARTMENT
Statements of Cash Flows (continued)
Years ended September 30, 2012 and September 30, 2011

	2012	2011
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 19,080,832	\$ 19,762,679
Adjustments to reconcile operating income to net cash		
Depreciation	24,946,797	23,547,880
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable, net	1,410,524	(2,093,057)
Decrease (increase) in due from other government	—	542,945
(Increase) decrease in prepaid expenses and other current assets	(286,500)	(333,591)
Increase (decrease) in accounts payable, accrued expenses and due to other Miami-Dade County Funds	1,981,068	1,541,506
Increase (decrease) in accrued payroll and related expenses and compensated absences	69,490	(103,499)
Decrease in master lease agreement liability	—	(1,092,488)
Decrease in unearned revenue	(67,752)	(208,280)
Increase (decrease) in compensated absences and post - employment benefit	20,033	(711,884)
Net cash provided by operating activities	\$ 47,154,492	\$ 40,852,211

Supplemental disclosure for noncash investing, capital and financing activities:

Construction and related liabilities were \$10,623,315 and \$2,387,818 for fiscal years ended 2012 and 2011, respectively. Additionally, the Seaport capitalized \$1,225,006 and \$1,812,179 of interest expense during the same years.

During fiscal year 2011, the Seaport refunded its G.O. Series 1996 with 2011C G.O. refunded bonds and recorded \$11.8 million as a deferred loss.

For fiscal years 2012 and 2011, the Seaport did not record or receive any noncash capital contributions. Capital grants receivable was \$5,063,373 and \$747,975 at fiscal year 2012 and 2011, respectively

For fiscal years 2012 and 2011, the Seaport did not record any changes in fair value of investments due to amounts being immaterial.

(Concluded)

The accompanying notes to the financial statements are an integral part of these statements

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**Miami-Dade County, Florida Seaport Department
Fiscal 2012 Comprehensive Annual Financial Report
Notes to the Financial Statements**

(1) General Description

The Miami-Dade County, Florida Seaport Department (hereafter "Seaport") is a department of Miami-Dade County, Florida (the "County") established for the purpose of operating the Dante B. Fascell Port of Miami-Dade. The County purchased the Port of Miami from the City of Miami for \$1.3 million in 1960 and constructed a new and improved port on the island property along the south side of the ship channel. The newly improved port included Dodge Island, joined by the bridge to the Miami mainland, plus, immediately to the southeast of Dodge Island, Lummus Island. The two islands later would be joined by fill to form the contiguous island port that exists today.

The accompanying financial statements present only the financial position, operations, and cash flows of Seaport and are not intended to present the financial position of the County and results of its operations and its cash flows, in conformity with generally accepted accounting principles in the United States.

(2) Summary of significant accounting policies

(a) Basis of Accounting and Reporting Entity

Seaport functions as a self-supporting enterprise fund of the County. An enterprise fund is used to account for the financing of services to the public on a continuing basis with costs recovered primarily through user charges. Accordingly, the Seaport's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

(b) Application of FASB Pronouncements to Proprietary Funds

Governmental Accounting Standards Board Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting, gave the option of adopting Financial Accounting Standards Board (FASB) standards issued after November 30, 1989, unless the latter contradict GASB pronouncements, or not following FASB standards issued after such date. The Seaport elected the option of not following FASB standards issued after that date.

(c) Cash and Cash Equivalents and Investments

Seaport maintains substantially all of its cash and investments with the County's pool of cash and investments, except for those situations in which separate cash and investment accounts are required to be maintained in accordance with legal restrictions. The Seaport's share of the total pooled cash and investments (including accrued interest), as well as non-pooled cash and investments, is displayed in the statements of net assets as "Pooled Cash and Cash Equivalents" and "Pooled Investments" under the current unrestricted and current and long-term restricted captions. Income earned or losses arising from pooled balances are allocated by the County on a monthly basis to the appropriate funds and entities based on their respective average daily balances. Income earned and losses on non-pooled cash and investment balances are recorded directly to the fund where non-pooled cash and investment balances are recorded. Cash includes cash on hand, amounts in demand deposits, and positions in investment pools that can be deposited or withdrawn without notice or penalty. Cash equivalents are short-term, highly liquid securities with known market values and maturities, when acquired, of less than three months.

Non-participating investments, such as nonnegotiable certificates of deposit with redemption values that do not consider market rates, are reported at amortized cost. Participating investments are carried at fair value, and unrealized gains and losses due to variations in fair value are recognized for the year.

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For purposes of the statements of cash flows, the Seaport considers amounts in pooled as well as non-pooled demand deposits and short-term investments including restricted assets, with an original maturity of three months or less from the date acquired to be cash equivalents.

(d) Accounts Receivable and Allowance for Doubtful Accounts

Receivables include amounts due from customers for services provided by Seaport and are recorded when the related revenue is earned. Allowances for uncollectible receivables are based upon specifically identifying uncollectible accounts, historical trends, and periodic aging of receivables. The allowance balance was \$2.97 million and \$0.85 million for fiscal years 2012 and 2011, respectively. The Seaport records adjustments to the allowance with an offset to revenue in the statements of revenues, expenses and changes in net assets.

(e) Restricted Assets

The use of certain assets is restricted by specific bond covenants and other legal requirements. Assets so designated are identified as restricted assets on the statements of net assets.

(f) Application of Restricted and Unrestricted Assets

The Seaport's policy when both restricted and unrestricted assets are available to be used for a certain purpose is to use restricted assets first, then use unrestricted assets as needed.

(g) Capital Assets and Depreciation

Property and equipment are recorded at cost, except for property contributed by third parties, which is recorded at fair market value at the date of contribution. Expenditures for maintenance, repairs, minor renewals and betterments are expensed as incurred. Major renewals and betterments are treated as property additions. When property is disposed of, the cost and related accumulated depreciation is eliminated from the accounts and any gain or loss on the transaction is reflected in the statements of revenues, expenses, and changes in net assets.

Capital assets are depreciated over their useful lives unless they are inexhaustible (e.g., land, dredging, and certain individual items or collections with historical or artistic value). The dredging costs associated with excavating to reach a certain depth are capitalized. Conversely, the costs associated with maintaining the channel to the designed depths are expensed as incurred. The Seaport capitalizes all assets with a historical cost of \$1,000 or more and a useful life of greater than one year. The straight-line depreciation method over the following estimated useful lives is utilized:

<u>Asset</u>	<u>Useful Life</u>
Buildings and structures	25-50 years
Improvements other than buildings	15-50 years
Machinery and equipment	5-25 years

(h) Interest on Indebtedness

Interest is charged to expense as incurred, except for the amount of interest that is capitalized which is determined by applying the Seaport's weighted average interest rate to the average amount of accumulated expenditures for capital construction during the period and for interest related to tax-exempt borrowings used for construction projects, net of interest earned on those construction funds borrowed, which are capitalized. In fiscal years 2012 and 2011, the Seaport incurred interest expense of approximately \$18.7 million and \$18.9 million net of capitalized interest of approximately \$1.8 million and \$1.2 million, respectively.

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(i) Refunding of Debt

For current and advance refunding 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 over the shorter remaining life of the old debt or the life of the new debt using the straight line method, which does not result in a material difference from the effective interest method. The deferred refunding loss amount is reported as a deduction from the debt in the accompanying financial statements.

(j) Bond Premiums, Discounts and Issuance Costs

Discount and premiums on bonds and bond issuance costs are amortized using the straight-line method over the life of the related bond issue since the results are not significantly different from the effective interest method of amortization.

(k) Compensated Absences

Seaport accounts for compensated absences by accruing a liability for employees' compensation for future absences according to the guidelines of GASB Statement No. 16, Accounting for Compensated Absences. As of September 30, 2012 and 2011, long-term liabilities for compensated absences were \$4.5 million and \$4.6 million, respectively. As of September 30, 2012 and 2011, short-term liabilities for compensated absences were \$1.6 million.

(l) Deferred Compensation Plan

The County offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to all County employees (including Seaport) allows them to defer a portion of their salary to future years. The County's direct involvement in the Plan is limited to remitting the amounts withheld from employees to the Plan's administrator. The deferred compensation plan is not available to employees until termination, retirement, death or an unforeseen emergency. The deferred compensation plan is not included in Seaport's financial statements.

(m) Revenue and Expense Classifications

Items of income and expense relating to Seaport's property and operations include wharfage, dockage, rental, gantry cranes, ground transportation, water and electric services, parking fees and miscellaneous port services are classified as operating revenues and expenses. All other revenues and expenses are classified as non-operating. The components of the major revenue captions are as follows:

Cruise Wharfage — revenue from charges assessed per passenger when embarking from or debarking to Seaport property.

Cruise Dockage — revenue from charges assessed to cruise vessels for use of berthing space.

Cargo Wharfage — revenue from charges assessed against cargo for the use of the Seaport to load and unload cargo from vessels.

Cargo Dockage — revenue from charges assessed to cargo vessels for use of berthing space.

Rentals — rentals of land, buildings, machinery and equipment.

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For fiscal years 2012 and 2011, approximately 74% and 71% of the Port's operating revenues and corresponding receivables are generated from five operators. The following tables summarize between cruise and cargo operators. Amounts are in thousands.

Fiscal year 2012:

<u>Cruise Operator</u>	<u>Revenue</u>	<u>Receivable</u>	<u>Cargo Operator</u>	<u>Revenue</u>	<u>Receivable</u>
Company A	\$ 26,725	\$ 2,150	Company D	\$ 15,373	\$ 875
Company B	13,267	1,025	Company E	12,838	778
Company C	13,251	1,146	Total	** \$ 28,211	\$ 1,653
Total	* \$ 53,243	\$ 4,321			

Fiscal year 2011:

<u>Cruise Operator</u>	<u>Revenue</u>	<u>Receivable</u>	<u>Cargo Operator</u>	<u>Revenue</u>	<u>Receivable</u>
Company A	\$ 26,429	\$ 1,250	Company A	\$ 12,859	\$ 927
Company B	14,738	744	Company B	12,692	316
Company C	10,877	3,408	Total	** \$ 25,551	\$ 1,243
Total	* \$ 52,043	\$ 5,402			

* Includes cruise wharfage/dockage and parking revenues.

** Includes cargo wharfage/dockage and container crane user fees.

(n) Rates, Fees, Rentals and Other Charges

If not specified by contract, the Seaport's rates, fees, rentals and other charges are published in Terminal Tariff No.010 and are subject to the rate covenant provisions of County Ordinance 88-66 ("Master Bond Ordinance") governing senior lien bonds (see note 5). Pursuant to this covenant, the Seaport agrees that it will maintain the present level of rates, fees, rentals and other charges unless the Seaport Director requests and concurs with recommendations by the Seaport's consulting engineers for revisions. The consulting engineer reviews the rates and issues recommendations to meet the Master Bond Ordinance's provisions. The Seaport reviews its tariffs annually during the budget process for any necessary revisions.

(o) Pension Plan and Postemployment Benefits

The Seaport contributes to the Florida Retirement System, a cost-sharing multi-employer plan. Under GASB Statement No. 27, Accounting for Pensions by State and Local Government Employers, employers that participate in multi-employer defined benefit plans are required to measure and disclose an amount for annual pension costs on the accrual basis of accounting based on contractually required contributions. The Seaport applies GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, for the measurement, recognition and display of OPEB expenses, liabilities, and assets.

(p) Grants

Grants received for the acquisition or construction of capital assets are recorded as capital contributions in the statements of revenues, expenses and changes in net assets when eligibility requirements are met, which is when grant eligible cost are incurred. Grant revenues are earned when costs relating to such capital assets, which are reimbursable under the terms of the grants, have been incurred.

(q) Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at

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the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(r) Reclassification

Certain prior year amounts have been reclassified to conform with the current year's presentation.

(s) Net assets

Equity in the Seaport's statement of net assets is displayed in three categories: 1) invested in capital assets, net of related debt, (2) restricted for debt service and reserve (3) unrestricted. Net assets invested in capital assets, net of related debt consists of capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct or improve those assets, excluding unexpended proceeds. Net assets are reported as restricted when there are third party limitations (statutory, contractual or bond covenant) on their use. Unrestricted net assets consist of all net assets that do not meet the definition of either of the other two components.

(t) Unearned revenues

Unearned revenue consists of payments received in advance from customers. Such amounts are recognized as revenue in subsequent periods as they are earned.

(3) Cash, Cash Equivalents, and Investments

The County is responsible for all treasury functions, and pools all cash and investments, except for separate cash and investment accounts which are maintained under legal restrictions. Seaport's equity share of the total pooled cash and investments is included in the accompanying Statement of Net Assets under the current and restricted captions "Pooled cash and cash equivalents" or "Pooled investments". The carrying amounts of Seaport's cash on hand is \$1.8 million, pooled current and noncurrent investments held by the County are \$23.9 million and \$24.9 million, respectively, which represents less than 5% of the County's pooled cash, cash equivalent and investments as of September 30, 2012. (See the County's Comprehensive Annual Financial Report for disclosures relating to its interest rate risk, credit risk, custodial credit risk and concentration of credit risk).

During fiscal year 2012, Seaport maintained the reserves required by the Master Bond Ordinance (see note 5) and made, from available operating and nonoperating revenue, all transfers and deposits required by the Master Bond Ordinance and other subordinated debt agreements.

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(4) Capital assets

Capital asset activity for the years ended September 30, 2012 and 2011, are as follows (in thousands):

	Balance at 9/30/10	Additions/ Transfers	Deletions/ Transfers	Balance at 9/30/11	Additions/ Transfers	Deletions/ Transfers	Balance at 9/30/12
Capital assets not being depreciated:							
Land and related costs	\$ 208,405	\$ 2,010	\$ -	\$ 210,415	\$ 158	\$ -	\$ 210,573
Construction in progress	33,847	21,086	(9,725)	45,208	63,897	(44,814)	64,291
Total capital assets not being depreciated	242,252	23,096	(9,725)	255,623	64,055	(44,814)	274,864
Capital assets being depreciated:							
Buildings, transit sheds and terminals	455,928	553	-	456,481	7,652	-	464,133
Improvements other than buildings	280,306	-	-	280,306	22,443	-	302,749
Machinery and equipment	48,933	9,337	-	58,270	17,874	-	76,144
Total capital assets being depreciated	785,167	9,890	-	795,057	47,969	-	843,026
Less accumulated depreciation for:							
Buildings, transit sheds and terminals	(163,408)	(13,655)	-	(177,063)	(14,012)	-	(191,075)
Improvements other than buildings	(83,622)	(6,720)	-	(90,342)	(6,917)	-	(97,259)
Machinery and equipment	(19,162)	(3,172)	-	(22,334)	(4,019)	-	(26,353)
Total accumulated depreciation	(266,192)	(23,547)	-	(289,739)	(24,948)	-	(314,687)
Total capital assets being depreciated, net	518,975	(13,657)	-	505,318	23,021	-	528,339
Total capital assets, net	\$ 761,227	\$ 9,439	\$ (9,725)	\$ 760,941	\$ 87,076	\$ (44,814)	\$ 803,203

In fiscal years 2012 and 2011, Seaport transferred approximately \$0.16 million and \$2.0 million, respectively in completed projects that were related to land, transferring these costs from construction in progress to land and related costs. For fiscal years 2012 and 2011, Seaport expensed construction in progress costs totaling \$240,939 and \$501,177, respectively, due to the reprioritizing of capital projects based on capital needs. These write-offs were recorded as operating expenses in the statements of revenues, expenses and changes in net assets.

(5) Long-term Debt

(a) Bond Covenant

Under the provisions of Master Ordinance 88-66, as amended, (the "Ordinance") authorizing the issuance of senior lien bonds, the County issued Seaport Revenue Bonds and Seaport General Obligation Bonds on a parity basis. Principal is paid annually on October 1 for all Revenue and General Obligation Bonds; interest is paid semiannually on October 1 and April 1 every year. The revenue bonds are payable solely from the revenue of the Seaport and are not general obligations of the County. The general obligation bonds are payable primarily from the revenue of the Seaport, and, to the extent that the revenue of the Seaport is insufficient, are payable from ad valorem taxes levied on property in Miami-Dade County without limit as to rate or amount. The Ordinance requires the County to maintain and revise the schedule of rates and fees at the Seaport such that revenue will be sufficient to provide an amount at least equal to the total of: (a) 100 percent of operating expenses (seaport operations, as defined), as computed from the annual budget; (b) 125 percent of the maximum principal and interest requirements on all

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revenue bonds for any future fiscal year plus 110 percent of the maximum principal and interest requirements on general obligation bonds for any future fiscal year; (c) 100 percent of the required transfers to pay for the respective annual debt service requirements. The net revenue requirements for maximum principal and interest applicable to Revenue Bonds and General Obligation Bonds were met in fiscal year 2012.

A summary of the Seaport's long-term debt outstanding as of September 30, 2012 and 2011 is presented in the following table (dollars in thousands):

Description	Date of issuance	Interest Rate	Amount Issued	Year of Maturity	Outstanding Balance 2012	Outstanding Balance 2011
Revenue Bonds:						
Series 1995 (Refunding Bonds)	1995	4.60%-6.20%	44,950	2015	\$ 22,795	\$ 27,745
Series 1996	1996	4.00%-5.50%	29,270	2026	20,295	21,160
Less: Unamortized discount					(409)	(470)
Less: Current portion					(6,140)	(5,815)
Total Long-term Seaport Revenue Bonds					<u>36,541</u>	<u>42,620</u>
General Obligation Bonds:						
Series 1996 (Refunding Bonds) Refunded	1996	4.40%-6.50%	149,950	2026	-	-
Series 2011C (Refunding Bonds)	2011	2.00%-5.00%	111,375	2026	105,690	111,375
Plus: Unamortized net deferred amounts					172	184
Less: Current portion					(5,115)	(5,685)
Total Long-term Seaport General Obligation Bonds					<u>100,747</u>	<u>105,874</u>
Sunshine State Loans:						
Series 2010A	2010	1.21%	112,950	2035	112,950	112,950
Series 2010B	2010	1.19%	112,950	2035	112,950	112,950
Series 2011A (fixed rate)	2011	5.00%	50,105	2027	42,660	46,370
Series 2011B	2011	1.21%	28,500	2032	28,500	28,500
Series 2011C	2011	1.19%	28,500	2032	28,500	28,500
Less: Unamortized net deferred amounts					(260)	(289)
Less: Current portion					(4,235)	(3,710)
Total Long-term Sunshine State Loans					<u>321,065</u>	<u>325,271</u>
Capital Asset Acquisition Bonds:						
Series 2009A	2009	3.00%-5.13%	68,630	2039	67,700	68,020
Series 2010D	2010	7.50%	21,277	2040	21,277	21,277
Series 2010E	2010	3.50%-5.00%	38,050	2030	36,700	38,050
Plus: Unamortized premium amount					563	594
Less: Current portion					(3,900)	(1,670)
Total Capital Asset Acquisition Bonds					<u>122,340</u>	<u>126,271</u>
Total long-term debt, net					<u>\$ 580,693</u>	<u>\$ 600,036</u>

(b) Seaport Revenue Bonds

Seaport Revenue Refunding Bonds, Series 1995 —On September 29, 1995, the County issued \$44.9 million of Seaport Refunding Revenue Bonds Series 1995, the proceeds of which, together with other legally available moneys, were used to: (1) prepay \$16.9 million of the then outstanding \$17.3 million Seaport Revenue Refunding Bonds Series 1988A; (2) prepay \$13.3 million of the \$13.6 million Seaport Revenue Refunding Bonds Series 1988B; (3) prepay \$15.6 million of the

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then outstanding \$27.3 million Seaport Revenue Refunding Bonds Series 1990E; and (4) to pay issuance costs. The Series 1995 Bonds are scheduled for payment through the year 2015.

Seaport Revenue Bonds, Series 1996 —On November 21, 1996, the County issued \$29.3 million of Seaport Revenue Bonds, Series 1996. The net proceeds of \$28.8 million were used to: (1) pay certain capital improvements costs for the Seaport's passenger terminal facilities; (2) pay issuance costs; (3) and to fund a portion of the Reserve Account Requirement for the Series 1996 Revenue Bonds. The Series 1996 Bonds are scheduled for payment through the year 2026.

(c) Seaport General Obligation Bonds

Seaport General Obligation, Refunding Bonds, Series 1996 —On January 18, 1996, the County issued \$149.9 million of Seaport General Obligation Refunding Bonds, Series 1996 ("Series 1996 G.O. Refunding Bonds"). The net proceeds of approximately \$149.7 million, together with approximately \$6.6 million of other available Seaport funds were used to: (1) fund the escrow account used to advance refund approximately \$138.3 million of the then outstanding Seaport General Obligation Bonds; (2) fund \$4.4 million for the balance of the Reserve Account Requirement for the Series 1996 G.O. Refunding Bonds; and (3) pay issuance costs. The Series 1996 G.O. Refunding Bonds were payable primarily from the revenue of the Seaport on a parity basis with the Seaport's outstanding Revenue Bonds and the portion of the Series 1992 Bonds not refunded by the Series 1996 G.O. Bonds. The Series 1996 G.O. Bonds were additionally a general obligation of the County, and, to the extent that the revenue of the Seaport was insufficient to pay debt service on the Series 1996 G.O. Refunding Bonds, were payable from ad valorem taxes levied on all taxable property in the County without limit as to rate or amount. The Series 1996 G.O. Refunding Bonds were refunded in 2011 with proceeds from the Miami-Dade County, Florida Seaport General Obligation Refunding Bonds, Series 2011C (the Series 2011C Bonds).

On May 26, 2011, the County issued \$111.4 million "Series 2011C Bonds" for the primary purpose of refunding, defeasing and redeeming together with other available funds, all or the County issued \$149.9 million Seaport General Obligation Refunding Bonds, Series 1996. The net proceeds of \$119.6 million together with \$3.5 million of other funds from the County totaling \$123.1 million of which \$122.6 million was deposited by the County with the escrow agent and \$458,644 was used for the Series 2011C issuance costs. As a result of refunding the Series 1996

G.O. Refunding Bonds with the issuing of the Series 2011C Bonds, the Seaport had a net present value economic gain of \$13.7 million. The debt service for the refunded Series 1996 G.O. Bonds was \$177.3 million, while the debt service of the refunding Series 2011C Bonds was \$155.2 million, a difference of \$22.1 million. The series 2011C G.O. Refunding Bonds are scheduled for payment through 2026.

(d) Loans Payable and Sunshine State Governmental Finance Commission

The loans payable represent junior lien debt of the Seaport and are subordinate to all other outstanding Seaport debt. Additionally, all covenants associated with the loan agreements for the Sunshine State Governmental Financing Commission (thereafter the "Commission") loans are applicable to the County and not the Seaport.

(e) Sunshine State Loans

The loans payable are secured by a covenant of the County to appropriate in its annual budget sufficient funds from legally available non-ad valorem revenue to satisfy the debt service requirements on the loans. Although the security for the loans payable is the promise to budget legally available non-ad valorem revenue, the actual debt service is to be paid solely from available Seaport revenue; accordingly, the debt has been reflected in the accompanying financial statements.

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Series 2010A and 2010B Bonds

The Sunshine State Commission established a Multimodal Program on December 30, 2010, and issued bonds on the County's behalf as multimodal bonds in a variable rate mode with a weekly interest rate reset (the "Series 2010A&B Bonds"). The proceeds of the bonds were lent to the County pursuant to a loan agreement (the "2010 Loan Agreement") and used to replace \$226 million of the previously issued commission Series L Loans. The Commission and JPMorgan have entered into a Letter of Credit Reimbursement Agreement to provide a LOC to secure the Series 2010A&B Bonds in the amount of \$226 million, plus interest, for a term of three years to expire December 30, 2013. As of September 30, 2012, no draw had been made against the LOC.

In the event that the LOC is not renewed and a replacement LOC is not provided, the Seaport shall prepay the loan in full by paying the then applicable prepayment price in the amount of approximately \$226 million.

Series 2011A Bonds (fixed rate)

On March 30, 2011, the Commission priced a new series of bonds under the Multimodal Program in the amount of \$248 million (the "Series 2011A Bonds"). The Series 2011A Bonds are fixed rate bonds with a final maturity of September 1, 2021. The proceeds of \$248 million and the original issue premium in the amount of approximately \$8.2 million were lent to the County pursuant to a loan agreement (the "Series 2011A Loan Agreement") on April 14, 2011 and was used to replace \$227 million of the then outstanding County's Series L Loans and \$28 million of the outstanding County's 1986 Loans.

Series 2011B and 2011C Bonds

On April 14, 2011, the Commission entered into a Letter of Credit Reimbursement Agreement with JPMorgan to provide a LOC in the amount of \$58 million plus interest for a term of two years to expire on December 30, 2013. The Commission issued additional Multimodal Program bonds in the amount of \$57 million (the "Series 2011B&C Bonds") to replace the County's Series L Loans in the amount of \$57 million. The Series 2011B&C Bonds were issued as multimodal variable rate bonds, with interest to be reset weekly. The JPMorgan letter of credit will provide liquidity and credit enhancement pursuant to the Letter of Credit and Reimbursement Agreement with JPMorgan. The Series 2011B&C Bonds closed on April 14, 2011, concurrently with the Series 2011A Bonds. See Note 5 (a) for a listing of the Sunshine State Loan balances that have been presented as a long-term liability of Seaport at September 30, 2012. As of September 30, 2012, no draw had been made against the LOC.

In the event that the LOC is not renewed for the Series 2011B & C Bonds, and a replacement LOC is not provided, the Seaport shall prepay the loans in full by paying the prepayment price in the amount of approximately \$57 million.

(f) Capital Asset Acquisition Bonds

Capital Asset Acquisition Bonds, Series 2009A —On September 3, 2009, the County issued \$69 million of Capital Asset Acquisition Special Obligation Bonds, Series 2009A (Series 2009A Bonds). The total proceeds of approximately \$69 million were used to: (1) pay certain capital improvements costs for Seaport's passenger terminal facilities, dredging projects, and other improvements; (2) pay issuance costs; (3) and to fund the Reserve Account Requirement for the Series 2009A Bonds. Net proceeds received by Seaport after funding required reserves and paying issuance costs were approximately \$67.5 million. The Series 2009A Bonds are scheduled for payment through the year 2039.

Capital Asset Acquisition Taxable Special Obligation Bonds, Series 2010D - On December 15, 2010, the County, on behalf of the Seaport issued \$40.3 million of Capital Asset Acquisition Taxable Special Obligation Bonds, Series 2010D ("Series 2010D Bonds"). Of the \$40.3 million proceeds, \$21.3 million was allocated to the Seaport. The purposes for issuing the Series 2010D Bonds were to (1) pay the costs of construction, improvement and renovation of certain capital

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assets of the Seaport; (2) fund the Reserve Account for the Series 2010D Bonds; and (3) pay the costs of issuance relating to the Series 2010D Bonds, including paying the premium for a municipal bond insurance policy securing the Series 2010D Bonds. The Series 2010D Bonds are scheduled for payment through the year 2040.

Capital Asset Acquisition Special Obligation Bonds, Series 2010E - On December 2, 2010, the County, on behalf of Seaport issued \$38.1 million of Capital Asset Acquisition Special Obligation Bonds, Series 2010E ("Series 2010E Bonds"). The purposes for issuing the Series 2010E Bonds are to (1) pay the costs of construction, improvement and renovation of certain capital assets of the Seaport; (2) fund the Reserve Account for the Series 2010E Bonds; and (3) pay the costs of issuance relating to the Series 2010E Bonds. The Series 2010E Bonds are scheduled for payment through the year 2030.

(g) Letter of Credit (Port Tunnel)

On July 24, 2007, the Board of County Commissioners (the Board), adopted Resolution R-889-07 approving the Master Agreement which required the County to participate in the development of the Port Tunnel. One of the Seaport's commitments towards the tunnel project was to provide an irrevocable letter of credit (LOC) to fund its share of a \$150 million Geotechnical and Relief Contingency Reserve. The Seaport's maximum share of the Geotechnical and Relief Contingency Reserve is \$75 million. The Geotechnical and Relief Contingency Reserve are to be used first to pay any unforeseen geotechnical costs associated with the digging of the tunnel and with respect to the County, certain other relief events.

On September 25, 2009, the County entered into a Reimbursement Agreement with Wells Fargo Bank, National Association (the Bank) in the amount of \$75 million for the County's (Seaport) share of the Geotechnical and Relief Contingency Reserve. The LOC automatically extended for an additional one year effective September 25, 2010 and each September 25 thereafter unless the Bank shall have notified the County in writing at least 120 days prior to such date and the Beneficiary in writing at least 30 days prior to such date, as from time to time extended pursuant to the terms of the LOC, that the Bank will not extend such applicable expiration date. There was no outstanding balance at September 30, 2012 and 2011.

The amount drawn under the LOC shall be converted to an interest-only Line of Credit (the Credit Line) on the date of the draw. Interest accrued on the Credit Line shall be payable on each February 25th through February 25, 2014 and on September 25, 2014.

On September 25, 2014, the outstanding amount of the Credit Line shall be converted to a term loan. The principal and interest on the term loan shall be payable on September 25, 2015 and annually thereafter on each September 25th through September 25, 2019. The first of four principal payments shall be equal to one tenth of the term loan amount and the final installment shall be equal to the balance of the term loan. The outstanding balance of the term loan shall bear interest at the effective base rate plus two percent per annum (See Note 15(g)).

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(h) Debt Service Requirements

The Seaport's debt service requirements to maturity by type, assuming the bonds are remarketed and the LOC is renewed and is extended through fiscal year 2032, including the current portion, at September 30, 2012, are as follows (in thousands):

Year Ending September 30,	Revenue Bonds	G.O. Bonds	Sunshine **		Total
			State Loans	Cap. Acq. Bonds	
Principal					
2013	\$ 6,140	\$ 5,115	\$ 4,235	\$ 3,900	\$ 19,390
2014	6,490	5,370	5,370	3,965	21,195
2015	6,860	5,610	5,360	4,025	21,855
2016	7,250	5,830	15,015	4,085	32,180
2017	1,125	6,070	11,055	4,150	22,400
2018-2022	6,610	34,470	62,715	21,970	125,765
2023-2027	8,615	43,225	74,910	24,575	151,325
2028-2032	-	-	122,900	24,294	147,194
2033-2037	-	-	24,000	22,604	46,604
2038-2039	-	-	-	12,109	12,109
Total	43,090	105,690	325,560	125,677	600,017
Interest					
2013	2,243	4,769	5,420	6,622	19,054
2014	1,882	4,514	5,208	6,460	18,064
2015	1,501	4,245	4,994	6,284	17,024
2016	1,099	4,021	4,718	6,117	15,955
2017	861	3,787	4,244	5,947	14,839
2018-2022	3,299	14,792	16,876	26,844	61,811
2023-2027	1,235	5,989	11,713	21,411	40,348
2028-2032	-	-	5,767	14,930	20,697
2033-2037	-	-	552	8,200	8,752
2038-2039	-	-	-	1,464	1,464
Total	12,121	42,117	59,492	104,279	218,009
Principal and Interest					
2013	8,383	9,884	9,655	10,522	38,444
2014	8,372	9,884	10,578	10,425	39,259
2015	8,361	9,855	10,354	10,309	38,879
2016	8,349	9,851	19,733	10,202	48,135
2017	1,986	9,857	15,299	10,097	37,239
2018-2022	9,909	49,262	79,591	48,814	187,576
2023-2027	9,850	49,214	86,623	45,986	191,673
2028-2032	-	-	128,667	39,224	167,891
2033-2037	-	-	24,552	30,804	55,356
2038-2039	-	-	-	13,573	13,573
Total	\$ 55,211	\$ 147,807	\$ 385,052	\$ 229,956	\$ 818,026

** State loans are variable rate debt with interest calculated on the basis of the interest paid at the end of the fiscal year. The table of debt service requirements to maturity above is prepared using designated maturities reflecting the Seaport's intended amortization to maturity. At each stated maturity the Seaport can retire the maturing amount in whole or in part, or refund the

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maturing bonds and loans as a part of its annual capital borrowing into another stated maturity, variable rate debt, or fixed rate debt amortized to maturity as determined by then market conditions. The table does not reflect any accelerated amortizations that may result under the term out provisions as discussed in Note 5(e) for the Sunshine State Loans.

In the event that the LOCs for the Series 2010A&B Bonds and Series 2011B&C Bonds are not renewed and replacement LOCs are not provided by the expiration date of December 30, 2013, Seaport shall prepay the loans in full by paying the then applicable prepayment price in the amounts of approximately \$226 million and \$57 million, respectively.

(6) Defeasance of Debt

At September 30, 2012 and 2011, there were no defeased bonds outstanding.

(7) Operating Lease Agreements

In July 2011, the Seaport entered into an amended Office Space Building Lease Agreement as lessor, with a cruise ship company ("the Company"). The initial term of the amended lease is 10 years through March 31, 2021, with additional five year renewal terms at the Company's option.

The Seaport also has several other operating leases (as lessor) consisting principally of the leasing of land, office space, and warehouses to several tenants. The lease agreements consist of both cancelable and noncancelable agreements. The agreements expire over the next 15 years.

Future minimum lease income under the operating leases (with initial or remaining lease terms in excess of one year) as of September 30, 2012 are summarized in the table below

(in thousands):

Year ending September 30,	Operating Lease Income
2013	\$ 14,739
2014	14,277
2015	11,985
2016	11,558
2017	11,419
2018-2022	52,377
2023-2027	24,349
2028-2031	4,754
Total rental income	\$ 145,458

Rental income was \$13.4 million and \$13.9 million in fiscal years 2012 and 2011, respectively. At September 30, 2012, the net book values of assets being leased by Seaport as lessor are as follows:

Asset	Asset Cost	Accumulated Depreciation	Net Book value
Land	\$ 85,305,431	\$ -	\$ 85,305,431
Buildings	38,476,416	33,954,700	4,521,716
Total	<u>\$ 123,781,847</u>	<u>\$ 33,954,700</u>	<u>\$ 89,827,147</u>

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(8) Long-term Obligation Activity

Changes in long-term obligations for the year ending September 30, 2012 are as follows (in thousands):

	Balance at 9/30/11	Increase	Decrease	Balance at 9/30/12	Due within One year
Bonds and loans payable:					
Revenue bonds	\$ 48,905	\$ -	\$ 5,815	\$ 43,090	\$ 6,140
General obligation bonds	111,375	-	5,685	105,690	5,115
Sunshine State loans	329,270	-	3,710	325,560	4,235
Capital acquisition bond	127,347	-	1,670	125,677	3,900
Unamortized discounts and premium and deferred amounts, net	19	90	43	66	-
Total	<u>616,916</u>	<u>90</u>	<u>16,923</u>	<u>600,083</u>	<u>19,390</u>
Other liabilities:					
Compensated absences	6,163	2,012	2,094	6,081	1,585
Other Post-employment benefits	565	94	-	659	-
Other liabilities	-	1,330	-	1,330	665
Total	<u>6,728</u>	<u>3,436</u>	<u>2,094</u>	<u>8,070</u>	<u>2,250</u>
Total long-term liabilities	<u>\$ 623,644</u>	<u>\$ 3,526</u>	<u>\$ 19,017</u>	<u>\$ 608,153</u>	<u>\$ 21,640</u>

Changes in long-term obligations for the year ending September 30, 2011 are as follows (in thousands):

	Balance at 9/30/10	Increase	Decrease	Balance at 9/30/11	Due within One year
Bonds and loans payable:					
Revenue bonds	\$ 54,380	\$ -	\$ 5,475	\$ 48,905	\$ 5,815
General obligation bonds	125,900	111,375	125,900	111,375	5,685
Sunshine State loans	334,805	329,270	334,805	329,270	3,710
Capital acquisition bond	68,330	59,327	310	127,347	1,670
Unamortized discounts and premium and deferred amounts, net	(9,049)	(19,946)	10,878	19	-
Total	<u>574,366</u>	<u>480,026</u>	<u>477,368</u>	<u>616,916</u>	<u>16,880</u>
Other liabilities:					
Master lease agreement	1,092	-	1,092	-	-
Compensated absences	6,714	1,718	2,269	6,163	1,592
Other Post-employment benefits	821	134	390	565	-
Total	<u>8,627</u>	<u>1,852</u>	<u>3,751</u>	<u>6,728</u>	<u>1,592</u>
Total long-term liabilities	<u>\$ 582,993</u>	<u>\$ 481,878</u>	<u>\$ 481,119</u>	<u>\$ 623,644</u>	<u>\$ 18,472</u>

(9) Restricted Assets

Restricted assets represent bond proceeds and other cash, cash equivalents, and investments required to be restricted for debt service and maintenance and improvements under the terms of outstanding bond and other contractual agreements. Assets restricted for debt service are for the payment of bond principal and interest. Assets restricted for reserve maintenance are for the

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payment of unusual or extraordinary maintenance or repairs of Seaport properties that are intended to extend the life of the asset.

Under the terms of outstanding bond and other contractual agreements, assets were restricted for the following purposes (in thousands):

	Year	
	2012	2011
Debt service	\$ 31,926	\$ 32,240
Capital grants receivable	5,063	748
Improvement and construction	13,473	38,077
Total	\$ 50,462	\$ 71,065

(10) Employment Benefits

(a) Pension Plan

Seaport, as a department of the County, participates in the Florida Retirement System (the "FRS"), a cost-sharing, multi-employer retirement plan, which covers substantially all of the Seaport's full-time and part-time employees. The FRS was created in 1970 by consolidating several employee retirement systems. The FRS is noncontributory and is administered by the State of Florida. All eligible employees as defined by the State who were hired after 1970, and those employed prior to 1970, which elect to be enrolled, are covered by FRS.

The Florida Legislature created a new defined contribution program that was added to the menu of choices available to FRS members beginning in June 2002. Formally created as the Public Employee Optional Retirement Program (PEORP), the FRS Investment Plan is available as an option for all current and future FRS members, including renewed members (FRS retirees who have returned to FRS employment). The FRS Investment Plan is a defined contribution plan, in which the monthly contribution rate is fixed, the final benefit will be the total account value (contributions plus investment earnings less expenses and losses) distributed during retirement. 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. The FRS also provides for early retirement at reduced benefits and death and disability benefits. These benefit provisions and all other requirements are established by State of Florida statutes.

Pension costs for the County (including Seaport) as required and defined by the FRS ranged between 5.18% to 14.90%, 4.91% to 14.10% and 10.77% to 23.25% of gross salaries for fiscal years 2012, 2011 and 2010, respectively. For the fiscal years ended September 30, 2012, 2011 and 2010, the County contributed 100 percent of the annual required contributions. These contributions aggregated \$152 million, \$265 million, and \$282 million, respectively, which represents 7.6%, 13.0% and 13.4% of covered payroll, respectively, and 7.7%, 7.2% and 11.5% of the total contributions required of all participating agencies for fiscal years 2012, 2011 and 2010. The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due based upon plan assumptions. Employer contributions rates are established by state law as a level percentage of payroll (Chapter 121.70 Florida Statutes).

Employer contribution rates are determined using the entry-age actuarial cost method. The consulting actuary recommends rates based on the annual valuation, but actual contribution rates are established by the Florida Legislature. Pension costs of the Seaport for the years ended September 30, 2012, 2011, and 2010, as required and defined by the FRS were \$1.1 million, \$2.7

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million, and \$2.6 million, respectively. These amounts are included in operating expenses in the accompanying statements of revenues, expenses and changes in net assets.

The complete financial report of the FRS may be obtained by writing to Division of Retirement, P.O. Box 9000, Tallahassee, Florida, 32315-9000; or by contacting Research & Education by email at rep@dms.myflorida.com or by phone toll-free at 877-FRS-1FRS (877-377-1737), at 850-488-5706 in the Tallahassee local calling area, or at SUNCOM 278-5706.

(b) Postemployment Benefits Other than Pensions

In accordance with the requirements of Governmental Accounting Standards Board Statement 45 (GASB 45) for other post-employment benefits (OPEB), the County accrues the cost of retiree health subsidy and OPEB during the period of employees' active employment as the benefits are being earned. It requires the unfunded actuarial accrued liability be disclosed in order to accurately account for the total future cost of OPEB and the financial impact on the County. The financial impact of this statement is reflected in the accompanying financial statements.

Plan Description. The County, for which the Seaport participates, 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 County's group health insurance plan, which covers both active and retired members. Benefits are established and may be amended by the Miami-Dade County Board of County Commissioners ("the BCC"), whose powers derive from F.S. 125.01(3) (a). 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 FRS and pay required contributions.

Regular Class (All employees not identified as members of the Special Risk Class)

Eligibility for Unreduced Pension Benefits under FRS

- Age 62 with 6 years of service
- 30 years of service (no age requirement)

Eligibility for Reduced Pension Benefits under FRS

- 6 years of service (no age requirement)

Special Risk Class (Police Officers, Firefighters and Corrections Officers)

Eligibility for Unreduced Pension Benefits under FRS

- Age 55 with 6 years of special risk service
- 25 years of special risk service (no age requirement)
- 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 under FRS

- 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

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- JMH HMO High Option
- JMH HMO Low Option

Post-65 retirees are able to select from five medical plans as follows. The County 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
- JMH HMO High Option
- JMH HMO Low Option

Number of Covered Participants for the overall County:

Actives	31,284
Retirees under age 65	2,746
Eligible spouses under age 65	734
Retirees age 65 and over	586
Eligible spouses age 65 and over	83
Total	35,433

Funding Policy. The County 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 Seaport 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 County'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 County 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. For fiscal years 2012 and 2011, the Seaport contributed \$287,000 and \$294,000 to the plan, respectively.

The postretirement medical and dental benefits are currently funded on a pay-as-you go basis (i.e., Miami-Dade County 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 County'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. The methodology used to determine the Seaport's Annual OPEB and Net OPEB Obligation was based on its number of employees proportionate to the County's total eligible employees. A summary of these amounts for the Seaport are as follows.

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The Seaport's annual OPEB costs for the fiscal years 2012 and 2011, and the related information for the plan are as follows (dollar amounts in thousands):

	Fiscal year 2012	Fiscal year 2011
Annual required contribution	\$ 381	\$ 428
Interest on net OPEB obligation	25	20
Adjustment to annual required contribution	(25)	(20)
Annual OPEB cost	381	428
Contributions made	(287)	(294)
Increase in net OPEB obligation	94	134
Net OPEB obligation-beginning of year	565	431
Net OPEB obligation-end of year	\$ 659	\$ 565

The Seaport's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2012 and 2011 are as follows (dollar amounts in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2012	\$ 381	75.5%	\$ 659
9/30/2011	\$ 428	68.7%	\$ 565
9/30/2010	\$ 401	66.4%	\$ 431

Funded Status and Funding Progress. The schedule below shows the County's balance of the actuarial accrued liability (AAL) as of October 1, 2011, the most recent actuarial valuation date. The funding status and funding progress was not determined separately for Seaport. The AAL was unfunded as of September 30, 2012 (dollar amounts in thousands).

**Schedule of Funding Progress
For the Retiree Health Plan
(Unaudited)**

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)
10/1/2011	\$ -	\$ 418,581	\$ 418,581	0%	\$ 2,155,921	19%

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 County 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 (RSI) following the notes to the financial statements, 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 County

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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 costs were calculated at the measurement date, which is the beginning of the applicable fiscal year using standard actuarial techniques.

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

Actuarial valuation date	10/01/2011
Amortization method	Level percentage of payroll, closed, over 30 years
Remaining amortization periods	26 years

Actuarial assumptions:

Discount rate	4.4%
Payroll growth assumption	3.0%
Health care cost trend period	Grades down over six years by .5% per year
Health care cost trend rates	8.0% initial to 5.0% ultimate
Mortality table	RP 2000 Projected to 2015 using Scale AA

Further, the valuation assumes that the County will continue to fund the liability on a pay-as-you-go basis and that the County's policy is that its per-capita contribution for retiree benefits will remain at 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 County contributions.

The Seaport recorded \$287,000 and \$294,000 of contributions for fiscal years 2012 and 2011, respectively in operating expenses of the statements of revenues, expenses and changes in net assets. Additionally, the Seaport recorded \$659,000 and \$565,000 in Net OPEB liability in fiscal years 2012 and 2011, respectively, in the Statements of Net Assets, under Other long-term liabilities.

(11) Risk Management

The County's Risk Management Division (the "RMD") administers workers' compensation and general and automobile liability self-insurance programs. The Seaport, along with other County departments, participates in the County's self-insurance programs. Certain group health insurance programs are also self-insured. An independent administrator administers the programs. There has been no significant reduction in coverage for the last 3 years.

Seaport properties are covered under the County's Master Property Insurance Program. The County purchases coverage through commercial carriers. The insurance program contains a \$5

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million deductible per occurrence for most perils. A \$200 million deductible per occurrence applies to named windstorm losses. The current County wide limit per occurrence provided by this program is \$350 million (inclusive of deductibles). Property coverage for the Seaport's gantry cranes are provided through a combination of the County's program and a policy purchased by the crane management company. During fiscal years 2012 and 2011 there were no property damage claims at the Seaport that exceeded the commercial coverage.

The County maintains no excess coverage with independent insurance carriers for the workers' compensation and general liability self-insurance programs. Premiums are charged to the various County departments based on amounts necessary to provide funding for current and anticipated losses. For the years ended September 30, 2012 and 2011, the Seaport incurred approximately \$1.9 million and \$1.8 million in insurance premium costs, respectively.

The estimated liability for reported and unreported claims of the self-insurance programs administered by RMD is determined annually based on the estimated ultimate cost of settling claims, past experience adjusted for current trends, and other factors that would modify past experience. Outstanding claims are evaluated through a combination of case-by-case reviews and the application of historical experience. The estimates of incurred, but not reported losses are based on historical experience, and are recorded in the County's internal service fund as a liability.

(12) Due from other governments

The Seaport has received state and federal grants for various cruise and cargo improvements including a harbor-dredging project. As of September 30, 2012 and 2011, total receivables were \$5.1 million and \$0.75 million, respectively. State grant receivables as of September 30, 2012 and 2011, totaled \$1.2 million and \$0.27 million, respectively, and are invoiced to the granting agency upon payment by the Seaport to the contractor. Federal grant receivables as of September 30, 2012 and 2011 were \$3.9 million and \$0.48 million, respectively, and are invoiced to the granting agency upon payment by the Seaport to the contractor. The receivables are recorded under Due from other governments in the Statements of Net Assets.

(13) Related-party transactions

Various departments within the County provide goods, administration, public safety, maintenance and various other services to other operating departments. Charges for these services are determined using direct and indirect cost allocation methods or amounts determined based upon direct negotiations between the related parties. Charges for services provided to the Seaport by other County departments included as operating expenses in the accompanying statements of revenues, expenses and changes in net assets amounted to approximately \$19.1 million and \$20.9 million for the fiscal years ended September 30, 2012 and 2011, respectively.

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The following table presents a list of providers of services and respective charges for the fiscal years ended September 30, 2012 and 2011 (in thousands):

	<u>2012</u>	<u>2011</u>
Audit and Management Services	\$ 330	\$ 330
Fire Services	2,514	2,750
Fleet Management	718	788
General Fund Charges	2,500	2,192
Information Technology	1,757	1,852
Police Services	6,946	8,038
Public Works Services	-	38
Miami-Dade Water and Sewer	1,598	2,334
Other	2,710	2,619
Total	<u>\$ 19,073</u>	<u>\$ 20,941</u>

Amounts due to the County for the fiscal years ended September 30, 2012 and 2011 were \$1.9 million and \$1.2 million, respectively. General Fund Charges above represents the Seaport's pro-rata share of expenses incurred by certain General Fund departments (i.e. General Services Administration, County Attorney's Office, Office of Management and Budget, Information Technology Department, Finance Department), on behalf of the Seaport.

(14) Commitments, Contingencies and Guarantees

(a) Cruise and Cargo Terminal Usage Agreements and Terminal Operating Agreement

During fiscal years 1998 and 1999, the Board approved various resolutions authorizing the County Manager to execute terminal usage agreements with two major cruise lines (the "Lines") and a terminal operating agreement with one of the cargo terminal operators. These agreements provide certain wharfage and dockage incentive discounts from the published Tariff in return for annual revenue guarantees and preferential berthing arrangements at certain terminal facilities. The cargo terminal operator agreement also provides for container yard improvements and reduced reefer rates.

The terminal usage agreements are 15-year contracts with five-year renewal options wherein each Line guarantees to pay minimum annual revenue of not less than \$6.5 million in the first year and increasing annually thereafter during the initial term of the agreements. The Lines receive incentives ranging from 27 percent to a maximum of 33 percent from the published wharfage and dockage rates. Annual dockage and wharfage increases are capped, with only one increase per annum. During fiscal year 2010, the Board approved a five year extension to one of the agreements. The new agreement, guarantees revenue of approximately \$181 million, over the next five fiscal years. The required annual minimum guarantee deficit payment to the Seaport in future fiscal years may be reduced by surpluses in prior fiscal years.

During fiscal years 2008 and 2009, the Board approved various resolutions authorizing the County Manager to execute a terminal agreement with a major cruise line and cargo terminal agreements with two major cargo terminal operators. The agreements provide certain incentive discounts from the published Tariff in return for annual revenue guarantees and preferential berthing arrangements at certain terminal facilities. Additionally, the cargo terminal agreements establish open ground rent that increase annually. In exchange for the guaranteed revenues, the Seaport is required to make certain improvements to the respective cargo terminals and other Seaport wide improvements and enhancements.

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During fiscal year 2011, the Board approved a resolution authorizing a second amendment with one of the Port's cruise lines, extending the initial term through September 30, 2021 and providing for two five year extensions. The second amendment guarantees a revenue stream of approximately \$72.5 million throughout the initial ten year term. During fiscal year 2012, the Port recorded approximately \$2.32 million of net port fees guaranteed revenue receivable, during which said cruise line operator is contesting approximately \$1.89 million of this amount. The Port recorded this amount as part of its accounts receivable allowance, which can be found in Note 1 (e).

During fiscal year 2011, the Board approved a resolution approving an amendment to the agreement with one of the Port's cruise lines providing incentives for home porting a new vessel at the Seaport. The new vessel will bring an anticipated net increase of approximately 250,000 new passengers annually to the Seaport beginning in fiscal year 2013.

(b) Consent Order

During fiscal year 2002, the Miami-Dade County Board of County Commissioners authorized the County Manager to execute a Consent Order between the State of Florida Department of Environmental Protection ("FDEP") and Miami-Dade County for settlement of Miami Harbor dredging permit violations committed by the Seaport's former dredging contractor. Accordingly, the Seaport recognized an expense and related liability in fiscal year 2002 in the amount of \$2.5 million. In fiscal year 2009, the Seaport paid \$2.3 million to partially satisfy the Consent Order. As of November 9, 2012 FDEP officially closed the Consent Order and there is no liability. The Seaport continues to monitor the mitigation work already done. The Seaport is in year three of a five year mitigation monitoring program.

(c) Litigation

The Seaport as a department of the County is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. The County, after reviewing the current status of all pending and threatened litigation with respect to the operations of the Seaport, believes that while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or threatened against the County or its officials in such capacity, are adequately covered by the County's self-insurance program or will not have a material adverse effect upon the financial position of the Seaport. During fiscal year 2010, the Port accrued a litigation settlement claim of \$3,984,199 and included such liability in the statements of net assets and recorded a loss under Nonoperating expenses, in the statements of revenues, expenses and changes in net assets. This liability remains in the statements of net assets at September 30, 2012. The County has timely initiated an appeal of the portion of the Final Judgment entered against the County to the Eleventh Circuit Court of appeals, and the Plaintiff has initiated a cross-appeal as to two years of claims (2006 and 2007) for which Final Judgment was entered in the County's favor. Oral argument has been requested, but not yet granted or set.

(d) Federal and State Grants

Federal grant awards are subject to audit in accordance with OMB Circular A-133 to determine compliance with the terms and conditions of the grant awards. State of Florida grant awards are subject to audit by the respective Florida grantor agencies. It is management's opinion that no material liabilities will result from any such audits.

(e) Arbitrage Rebate Liability

Federal tax law requires that arbitrage interest earnings be remitted to the federal government, unless the local government qualifies for an exemption. For fiscal years 2012 and 2011, the Seaport did not record any liability for interest earned on bond proceeds invested in taxable securities in excess of interest cost. Arbitrage rebates are payable five years from the date of the bond issuance and each five years thereafter and is recorded as other liability in the financial statements, when such liabilities exist.

**Miami-Dade County, Florida Seaport Department
Fiscal 2012 Comprehensive Annual Financial Report
Notes to the Financial Statements**

(f) Construction

Seaport had contractual commitments of \$98.6 million for the construction of cruise and cargo improvements, other port-wide infrastructure improvements, and certain asset acquisition at September 30, 2012.

(g) Port Tunnel Commitment and Subsequent Event

In connection with the Florida Department of Transportation (FDOT) administered Port Tunnel Project, and under the terms of the Concessionaire's (contractor) construction agreement with FDOT, FDOT and the Tunnel Concessionaire came to an agreement that required FDOT to make additional contributions totaling \$58.5 million toward construction of the Port Tunnel. The additional contributions will pay costs associated in addressing unforeseeable subsurface geologic conditions encountered by the Concessionaire in the project area that were materially different from the subsurface conditions previously disclosed or described by FDOT.

Seaport's share of the additional contributions is \$29.25 million (50% of the \$58.5 million additional contributions). In accordance with the terms of the Port Tunnel Master Agreement between Seaport and FDOT, Seaport previously obtained a \$75 million LOC as security for such potential additional financial obligations to FDOT in support of the project (see Note 5g). On January 30, 2013 (subsequent to fiscal year end), FDOT received \$29.25 million from Seaport's LOC to fund Seaport's share of the additional contributions.

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***REQUIRED SUPPLEMENTARY
INFORMATION***

Miami-Dade County, Florida Seaport Department
Required Supplementary Information
Schedule of Funding Progress
For the Retiree Health Plan
(Unaudited)

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)
10/1/2011	\$ -	\$ 418,581	\$ 418,581	0%	\$ 2,155,921	19%
10/1/2010	\$ -	\$ 297,218	\$ 297,218	0%	\$ 1,620,593	18%
10/1/2009	\$ -	\$ 281,470	\$ 281,470	0%	\$ 1,573,391	18%

For information regarding plan contributions, rates, assumptions, and amortization method, see Note 11.

STATISTICAL SECTION

Statistical Section

This part of the Seaport's comprehensive annual financial report presents information to assist users, from a historical perspective, use the information provided in the financial statements, notes to the financial statements, and required supplementary to assess the department's overall financial health.

Contents

Financial Trends

These schedules contain information to assist readers assess how the Department's financial position has changed over time. (Pages 61-62)

Revenue Capacity

These schedules contain information to assist readers assess the variables affecting the Department's revenue capabilities. (Page 63)

Debt Capacity

These schedules contain information to assist readers assess the Department's debt burden and its ability to issue new debt. (Pages 64-67)

Demographic and Economic Information

These schedules contain demographic and economic information to assist readers understand the environment within which the Department's financial activities take place. (Pages 68-71)

Operating Information

These schedules contain service and infrastructure data to assist readers understand how the information in the Department's financial report relates to the services the Department provides and activities it performs. (Pages 72-73)

Sources: Unless otherwise noted, the information from these schedules is derived from the comprehensive annual financial reports for the relevant year.

Miami-Dade County, Florida Seaport Department

Schedule of Changes in Net Assets (Unaudited)

Last ten fiscal years (in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Operating revenues	\$ 78,511	\$ 74,576	\$ 80,360	\$ 82,113	\$ 84,568	\$ 94,698	\$ 100,057	\$ 104,085	\$ 109,146	\$ 103,578
Investment earnings	2,463	2,407	2,350	3,815	3,100	960	247	414	512	359
Other nonoperating	1,554	1,640	-	21,350	-	2,734	-	-	810	718
Total revenues	<u>82,528</u>	<u>78,623</u>	<u>82,710</u>	<u>107,278</u>	<u>87,668</u>	<u>98,392</u>	<u>100,304</u>	<u>104,499</u>	<u>110,468</u>	<u>104,655</u>
Operating expenses	44,429	49,011	53,180	61,210	64,021	61,579	68,999	66,335	65,836	59,550
Depreciation	15,974	15,188	14,872	16,132	17,927	19,863	20,790	22,995	23,548	24,947
Interest expense	22,770	18,516	19,113	23,938	25,280	22,409	19,448	16,961	18,901	18,668
Other nonoperating expenses	3,283	1,643	1,474	289	12,359	-	166	4,193	1,072	1,624
Total expenses	<u>86,456</u>	<u>84,358</u>	<u>88,639</u>	<u>101,569</u>	<u>119,587</u>	<u>103,851</u>	<u>109,403</u>	<u>110,464</u>	<u>109,357</u>	<u>104,789</u>
Net income (loss) before contributions	(3,928)	(5,735)	(5,929)	5,709	(31,919)	(5,459)	(9,099)	(5,965)	1,111	(134)
Contributions	14,604	30,438	15,315	7,343	27,730	7,212	13,315	11,796	6,331	12,789
Change in net assets	10,676	24,703	9,386	13,052	(4,189)	1,753	4,216	5,811	7,442	12,655
Net assets at beginning of year	152,726	163,402	188,105	197,491	210,542	206,353	208,106	212,322	218,133	225,575
Net Assets at end of year	<u>163,402</u>	<u>188,105</u>	<u>197,491</u>	<u>210,543</u>	<u>206,353</u>	<u>208,106</u>	<u>212,322</u>	<u>218,133</u>	<u>225,575</u>	<u>238,230</u>
Net assets, end of year classified as:										
Invested in capital assets, net of related debt	131,032	153,190	163,676	183,185	191,448	204,261	185,871	194,133	201,468	221,980
Restricted for debt service	24,457	23,117	29,720	23,901	21,257	19,078	19,125	13,259	13,228	12,647
Restricted for construction and other								1,914	-	5,310
Unrestricted and other	7,913	11,798	4,095	3,456	(6,352)	(15,233)	7,326	8,827	10,879	(1,707)
Net assets at end of year	<u>\$ 163,402</u>	<u>\$ 188,105</u>	<u>\$ 197,491</u>	<u>\$ 210,542</u>	<u>\$ 206,353</u>	<u>\$ 208,106</u>	<u>\$ 212,322</u>	<u>\$ 218,133</u>	<u>\$ 225,575</u>	<u>\$ 238,230</u>

Miami-Dade County, Florida Seaport Department
Schedule of Revenue and Expenses (Unaudited)
Last Ten Fiscal Years (in thousands)

Description	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
OPERATING REVENUES:										
Cruise Wharfage/Dockage	\$ 31,490	\$ 28,199	\$ 30,251	\$ 32,067	\$ 33,094	\$ 39,492	\$ 40,195	\$ 41,963	\$ 46,424	\$ 45,192
Cargo Wharfage/Dockage	20,375	21,111	22,859	22,355	20,499	19,082	19,176	21,958	23,752	23,089
Container Crane Fees	9,634	10,120	11,068	10,299	8,525	7,922	8,180	8,471	9,910	7,607
Rentals	6,720	6,455	6,628	6,884	7,213	9,106	14,856	14,826	13,906	13,428
Ground Transportation	1,085	419	611	783	1,012	1,267	1,425	1,464	1,880	1,763
Parking	5,751	5,239	5,252	6,123	7,778	9,792	10,686	10,042	9,184	8,305
Miscellaneous	3,456	3,033	3,691	3,602	6,447	8,037	5,539	5,361	4,090	4,194
	<u>78,511</u>	<u>74,576</u>	<u>80,360</u>	<u>82,113</u>	<u>84,568</u>	<u>94,698</u>	<u>100,057</u>	<u>104,085</u>	<u>109,146</u>	<u>103,578</u>
OPERATING EXPENSES:										
Cruise Operations	3,281	3,491	3,600	4,138	4,766	5,799	6,502	7,047	6,590	6,002
Cargo Operations	2,093	1,744	1,840	1,806	1,618	1,409	1,389	1,087	1,338	1,180
Maintenance	7,651	6,154	7,711	5,949	6,954	6,304	6,269	6,453	6,731	6,083
Utilities	277	1,510	1,482	3,274	2,791	2,110	5,102	2,950	3,256	2,225
Marketing & Advertising	1,019	1,120	1,762	1,824	1,307	1,293	1,680	1,321	1,015	1,105
Gantry Cranes	8,186	9,723	9,535	10,533	10,018	7,841	8,042	6,811	6,926	6,357
Security	9,931	10,921	15,152	18,408	20,345	20,975	21,096	19,636	18,510	15,488
General & Administration	11,991	14,348	12,098	15,278	16,222	16,048	18,919	21,030	21,470	21,110
Total Operating Expenses	<u>44,429</u>	<u>49,011</u>	<u>53,180</u>	<u>61,210</u>	<u>64,021</u>	<u>61,579</u>	<u>68,999</u>	<u>66,335</u>	<u>65,836</u>	<u>59,550</u>
Operating income before depreciation	34,082	25,565	27,180	20,903	20,547	33,119	31,058	37,750	43,310	44,028
DEPRECIATION	15,974	15,188	14,872	16,132	17,927	19,863	20,790	22,995	23,548	24,947
Operating Income	<u>18,108</u>	<u>10,377</u>	<u>12,308</u>	<u>4,771</u>	<u>2,620</u>	<u>13,256</u>	<u>10,268</u>	<u>14,755</u>	<u>19,762</u>	<u>19,081</u>
NON-OPERATING REVENUES (EXPENSES):										
Interest Income, net	2,463	2,407	2,350	3,815	3,100	960	247	414	512	359
Interest expense, net	(22,770)	(18,516)	(19,113)	(23,938)	(25,280)	(22,409)	(19,448)	(16,961)	(18,901)	(18,668)
Operating grants	1,554	1,640	-	-	-	-	-	-	-	-
Operating transfers	(1,624)	(219)	(222)	(289)	-	-	-	-	(1,072)	-
Transfer in	-	-	-	-	-	-	-	-	-	-
Other income (expense)	(1,659)	(1,424)	(1,252)	21,350	(12,359)	2,734	(166)	(4,193)	810	(906)
Income (loss) before Capital Contributions	(3,928)	(5,735)	(5,929)	5,709	(31,919)	(5,459)	(9,099)	(5,985)	1,111	(134)
External Capital Contributions	14,604	30,438	15,315	7,343	27,730	7,212	13,315	11,796	6,331	12,789
Net income (loss)	<u>\$ 10,676</u>	<u>\$ 24,703</u>	<u>\$ 9,386</u>	<u>\$ 13,052</u>	<u>\$ (4,189)</u>	<u>\$ 1,753</u>	<u>\$ 4,216</u>	<u>\$ 5,811</u>	<u>\$ 7,442</u>	<u>\$ 12,655</u>

Miami-Dade County, Florida Seaport Department
Schedule of Revenue Per Ton (Unaudited)
 Last Ten Fiscal Years (in thousands)

Description	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Cargo revenue	\$ 30,009	\$ 31,231	\$ 33,927	\$ 32,654	\$ 29,024	\$ 27,004	\$ 27,356	\$ 30,429	\$ 33,662	\$ 30,696
Tonnage	9,002	9,230	9,474	8,654	7,835	7,430	6,831	7,389	8,222	8,108
Revenue per ton	\$ 3.33	\$ 3.38	\$ 3.58	\$ 3.77	\$ 3.70	\$ 3.63	\$ 4.00	\$ 4.12	\$ 4.09	\$ 3.79
TEU	1,041	1,010	1,054	977	885	828	807	847	907	909
Revenue per TEU	\$ 28.83	\$ 30.92	\$ 32.19	\$ 33.42	\$ 32.80	\$ 32.61	\$ 33.90	\$ 35.93	\$ 37.11	\$ 33.77

Schedule of Revenue Per Passenger (Unaudited)
 Last Ten Fiscal Years (in thousands)

Description	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Cruise Revenue	\$ 31,490	\$ 28,199	\$ 30,251	\$ 32,067	\$ 33,094	\$ 39,492	\$ 40,195	\$ 41,963	\$ 46,424	\$ 45,192
Passengers	3,961	3,500	3,605	3,731	3,787	4,138	4,110	4,145	4,018	3,774
Revenue per passenger	\$ 7.95	\$ 8.06	\$ 8.39	\$ 8.59	\$ 8.74	\$ 9.54	\$ 9.78	\$ 10.12	\$ 11.55	\$ 11.97

**Miami-Dade County, Florida Seaport Department
Schedule of Revenue Bonds Debt Service Coverage
Last Ten Fiscal Years (Unaudited)
(In thousands)
Based on Maximum Debt Service Requirements**

Description	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Primary Debt Coverage										
Net Operating Revenues	\$ 34,082	\$ 25,565	\$ 27,180	\$ 20,903	\$ 20,547	\$ 33,119	\$ 31,058	\$ 37,750	\$ 43,310	\$ 44,028
Coverage Adjustments										
Pledged Rent Revenue	(1,937)	(1,937)	(1,937)	(1,937)	(1,937)	(1,937)	(1,937)	(1,937)	(1,130)	-
Other Income (loss)				22,500	2,696	-	-	-	-	-
Non-Cash Items	901	464	19	787	4,269	2,786	1,661	1,238	(293)	1,989
Unrestricted Interest	42	175	120	101	968	175	40	11	4	8
Revenues Available	\$ 33,088	\$ 24,267	\$ 25,382	\$ 42,354	\$ 26,543	\$ 34,143	\$ 30,822	\$ 37,062	\$ 41,891	\$ 46,025
Revenue Bonds Maximum Debt Service Required	8,399	8,399	8,399	8,399	8,399	8,399	8,399	8,399	8,399	8,399
Coverage Required 125%	10,499	10,499	10,499	10,499	10,499	10,499	10,499	10,499	10,499	10,499
Net Revenue Coverage	315%	231%	242%	403%	253%	325%	294%	353%	399%	438%

Note: Coverage requirement under master bond ordinance is 125% of maximum principal and interest for revenue bonds.

Miami-Dade County, Florida Seaport Department
Schedule of General Obligation Bonds Debt Service Coverage
Last Ten Fiscal Years (Unaudited)
(in thousands)
Based on Maximum Debt Service Requirements

Description	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Primary Debt Coverage										
Net Operating Revenues	\$ 34,082	\$ 25,565	\$ 27,180	\$ 20,903	\$ 20,547	\$ 33,119	\$ 31,058	\$ 37,750	\$ 43,310	\$ 44,028
Coverage Adjustments										
Pledged Rent Revenue	(1,937)	(1,937)	(1,937)	(1,937)	(1,937)	(1,937)	(1,937)	(1,937)	(1,130)	-
Other Income (loss)				22,500	2,696	-	-	-	-	-
Non-Cash Items	901	464	19	787	4,269	2,786	1,661	1,238	(293)	1,989
Unrestricted Interest	42	175	120	101	968	175	40	11	4	8
Revenues Available	<u>\$ 33,088</u>	<u>\$ 24,267</u>	<u>\$ 25,382</u>	<u>\$ 42,354</u>	<u>\$ 26,543</u>	<u>\$ 34,143</u>	<u>\$ 30,822</u>	<u>\$ 37,062</u>	<u>\$ 41,891</u>	<u>\$ 46,025</u>
G O Bonds Maximum										
Debt Service Required	11,282	11,282	11,149	11,149	11,149	11,149	11,149	11,149	9,884	9,884
Coverage Required 110%	12,410	12,410	12,264	12,264	12,264	12,264	12,264	12,264	10,872	10,872
Net Revenue Coverage	267%	196%	207%	345%	216%	278%	251%	302%	385%	423%

Note: Coverage requirement under master bond ordinance is 110% of maximum principal and interest for GO bonds.

**Miami-Dade County, Florida Seaport Department
Schedule of Combined Debt Service Coverage
Last Ten Fiscal Years (Unaudited)
(in thousands)
Based on Maximum Debt Service Requirements**

Description	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Primary Debt Coverage										
Net Operating Revenues	\$ 34,082	\$ 25,565	\$ 27,180	\$ 20,903	\$ 20,547	\$ 33,119	\$ 31,058	\$ 37,750	\$ 43,310	\$ 44,028
Coverage Adjustments										
Pledged Rent Revenue	(1,937)	(1,937)	(1,937)	(1,937)	(1,937)	(1,937)	(1,937)	(1,937)	(1,130)	-
Other Income (loss)				22,500	2,696	-	-	-	-	-
Non-Cash Items	901	464	19	787	4,269	2,786	1,661	1,238	(293)	1,989
Unrestricted Interest	42	175	120	101	968	175	40	11	4	8
Revenues Available	<u>\$ 33,088</u>	<u>\$ 24,267</u>	<u>\$ 25,382</u>	<u>\$ 42,354</u>	<u>\$ 26,543</u>	<u>\$ 34,143</u>	<u>\$ 30,822</u>	<u>\$ 37,062</u>	<u>\$ 41,891</u>	<u>\$ 46,025</u>
Revenue Bonds Maximum Debt Service Required	8,399	8,399	8,399	8,399	8,399	8,399	8,399	8,399	8,399	8,399
Coverage Required 125%	10,499	10,499	10,499	10,499	10,499	10,499	10,499	10,499	10,499	10,499
GO Bonds Maximum Debt Service Required	11,282	11,282	11,149	11,149	11,149	11,149	11,149	11,149	9,884	9,884
Coverage Required 110%	12,410	12,410	12,264	12,264	12,264	12,264	12,264	12,264	10,872	10,872
Excess coverage required greater (less) than maximum coverage	3,228	3,228	3,215	3,215	3,215	3,215	3,215	3,215	3,088	3,088
Needed to Meet Coverage	22,909	22,909	22,763	22,763	22,763	22,763	22,763	22,763	21,371	21,371
Net Revenues Coverage	144%	106%	112%	186%	117%	150%	135%	163%	196%	215%

Note: Coverage requirement under master bond ordinance is 125% and 110% of maximum principal and interest for revenue bonds and GO bonds, respectively.

Miami-Dade County, Florida Seaport Department
Schedule Ratios of Outstanding Debt by Type (Unaudited)
Last Ten Fiscal Years (in thousands)

Fiscal year	G.O. Bonds	Revenue Bonds	Loans	Capital Acquisition Bond	Total Debt	Ratio of Debt to TEUs	Ratio of Debt to Cruise Passengers
2003	149,925	75,510	289,455	-	514,890	495	130
2004	149,010	73,015	283,310	-	505,335	500	144
2005	145,710	70,375	352,295	-	568,380	539	158
2006	142,215	67,555	348,710	-	558,480	572	150
2007	138,510	64,575	345,305	-	548,390	620	145
2008	134,570	61,395	341,805	-	537,770	649	130
2009	130,370	58,000	338,305	68,630	595,305	738	145
2010	125,900	54,380	334,805	68,330	583,415	689	141
2011	111,375	48,905	329,270	127,347	616,897	680	154
2012	105,690	43,090	325,560	125,677	600,017	660	159

**Miami-Dade County, Florida Seaport Department
Schedule of Annual Total Tonnage (Unaudited)
Last Ten Fiscal Years (in thousands)**

Year	Total	Difference	% Change
2003	9,002	-	0.0%
2004	9,230	228	2.5%
2005	9,474	244	2.6%
2006	8,654	(820)	-8.7%
2007	7,835	(819)	-9.5%
2008	7,430	(405)	-5.2%
2009	6,831	(599)	-8.1%
2010	7,389	558	8.2%
2011	8,222	833	11.3%
2012	8,108	(114)	-1.4%

**Miami-Dade Seaport Department
Schedule of Total Annual TEU's (Unaudited)
Last Ten Fiscal Years (in thousands)**

Year	TEU's	Difference	% Change
2003	1,041	-	0.0%
2004	1,010	(31)	-3.0%
2005	1,054	44	4.4%
2006	977	(77)	-7.3%
2007	885	(92)	-9.4%
2008	828	(57)	-6.4%
2009	807	(21)	-2.5%
2010	847	40	5.0%
2011	907	60	7.1%
2012	909	2	0.2%

**Miami-Dade Seaport Department
Schedule of Historical Tonnage Analysis (Unaudited)
Last Ten Fiscal Years (in thousands)**

Year	Export		Import		Total
	Tons	% of Total	Tons	% of Total	
2003	3,536	39%	5,466	61%	9,002
2004	3,611	39%	5,619	61%	9,230
2005	3,701	39%	5,773	61%	9,474
2006	3,352	39%	5,302	61%	8,654
2007	3,462	44%	4,373	56%	7,835
2008	3,655	49%	3,775	51%	7,430
2009	3,500	51%	3,331	49%	6,831
2010	3,865	52%	3,524	48%	7,389
2011	4,376	53%	3,846	47%	8,222
2012	4,222	52%	3,886	48%	8,108

**Miami-Dade Seaport Department
Schedule of Annual Total Passengers (Unaudited)
Last Ten Fiscal Years (in thousands)**

Year	Total	Difference	% Change
2003	3,961	-	0.0%
2004	3,500	(461)	-11.6%
2005	3,605	105	3.0%
2006	3,731	126	3.5%
2007	3,787	56	1.5%
2008	4,138	351	9.3%
2009	4,110	(28)	-0.7%
2010	4,145	35	0.8%
2011	4,018	(127)	-3.1%
2012	3,774	(244)	-5.9%

**Miami-Dade County, Florida Seaport Department
Schedule of Miami-Dade County Population
(Unaudited)**

Years	Resident Population	Change
1900	4,955	-
1910	11,933	6,978
1920	42,752	30,819
1930	142,955	100,203
1940	267,739	124,784
1950	495,084	227,345
1960	935,047	439,963
1970	1,267,792	332,745
1980	1,625,781	357,989
1990	1,937,000	311,219
1991	1,968,000	31,000
1992	1,986,000	18,000
1993	1,943,000	-43,000
1994	2,010,000	67,000
1995	2,056,588	46,588
1996	2,087,000	30,412
1997	2,117,000	30,000
1998	2,140,000	23,000
1999	2,179,000	39,000
2000	2,253,362	74,362
2001	2,284,000	30,638
2002	2,313,000	29,000
2003	2,343,000	30,000
2004	2,372,000	29,000
2005	2,422,000	50,000
2006	2,437,000	15,000
2007	2,402,208	-34,792
2008	2,387,170	-15,038
2009	2,398,245	11,075
2010	2,563,885	165,640
2011	2,516,515	-47,370
2012	2,551,255	34,740

Miami-Dade County, Florida Seaport Department
DEMOGRAPHIC AND ECONOMIC INFORMATION

PRINCIPAL EMPLOYERS (Unaudited)
FISCAL YEAR 2011 AND NINE YEARS AGC

Employer	2011*			2002		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Miami-Dade County Public Schools	44,132	1	3.39%	37,500	1	3.47%
U.S. Federal Government	28,700	3	2.21%	18,416	4	1.71%
Miami-Dade County	26,351	2	2.03%	30,000	2	2.78%
Florida State Government	19,400	4	1.49%	19,958	3	1.85%
Florida International University	14,999	5	1.15%	2,591	18	0.24%
Baptist health South Florida	14,864	6	1.14%	7,500	8	0.69%
University of Miami	13,233	7	1.02%	8,000	7	0.74%
Miami-Dade College	12,500	8	0.96%	2,400	20	0.22%
Jackson Health System	10,809	9	0.83%	10,000	5	0.93%
Publix Super Markets	10,800	10	0.83%	4,000	11	0.37%
Homestead AFB	10,100	11	0.78%	-	-	0.00%
American Airlines	9,000	12	0.69%	9,000	6	0.83%
U.S. Southern Command	6,200	13	0.48%	1,270	28	0.12%
Precision Response Corporation	5,000	14	0.38%	4,346	9	0.40%
City of Miami	4,055	15	0.31%	3,400	15	0.31%
	230,143		17.70%	158,381		14.67%

Source: The Beacon Council, Miami, Florida, Miami Business Profile
 Miami-Dade County, Florida 2002 Comprehensive Annual Financial Report
 * Data for fiscal year 2012 was not available

DEMOGRAPHIC AND ECONOMIC STATISTICS
(Unaudited)
LAST TEN FISCAL YEARS

Year	Population	Total Personal (in thousands of dollars)	Per Capita Personal Income	Unemployment Rate	Civilian Labor Force	Median Age
2003	2,322,093	64,764,869	27,891	5.9%	1,083,357	37
2004	2,338,382	69,724,010	29,817	5.4%	1,097,454	37
2005	2,356,378	75,090,488	31,867	4.3%	1,113,560	37
2006	2,376,343	82,481,222	34,709	3.8%	1,158,801	37
2007	2,402,208	85,978,571	35,791	3.6%	1,192,231	38
2008	2,387,170	88,954,732	37,264	5.3%	1,205,913	39
2009	2,398,245	90,915,774	37,909	8.9%	1,218,871	39
2010	2,563,885	92,227,399	35,972	12.0%	1,257,324	38
2011	2,516,515	96,657,710	38,409	12.7%	1,300,030	39
2012	2,551,255	(1)	(1)	9.7%	1,290,751	(1)

Source: U.S. Department of Commerce, Economics and Statistics Administration, Bureau of Economic Analysis/Regional Economic Information System.
 Florida Agency for Workforce Innovation, Labor Market Statistics.
 U.S. Census Bureau, 2009 Population Estimates and 2009 American Community Survey.
 Miami-Dade County, Department of Planning and Zoning, Research Section.
 University of Florida, Bureau of Economic and Business Research.

Legend: (1) Information unavailable.

Miami-Dade County, Florida Seaport Department
Schedule of Insurance in Force
(Unaudited)

Coverage/Insurance Company	Insurance Company	Policy Period	Details of Coverage	Limits of Coverage
Crime Policy	Fidelity & Deposit Co. of Maryland	08/19/12 - 08/19/13	Employee Theft Theft of Money and Securities	\$1,000,000 \$500,000
Accidental Death:	Hartford Life Insurance Co.	08/29/12 - 08/29/13	Accidental death and dismemberment	\$25,000
Property Insurance:	Various companies	04/15/12 - 04/15/13	Real & Personal Property	Various
Automobile Liability		Continuous	Self-insured	\$100,000 per/person \$200,000 per occurrence pursuant to F.S. 768.28
General Liability		Continuous	Self-insured	\$100,000 per/person \$200,000 per occurrence pursuant to F.S. 768.28
Workers' Compensation		Continuous	Self-insured	Statutory coverage

See Accompanying Auditor's Report

Miami-Dade County, Florida Seaport Department
Schedule of Full-time Seaport employees by function (Unaudited)
Last ten fiscal years

Function/program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Cruise & Housekeeping	59	59	62	67	67	69	64	63	62	58
Cargo Operations	22	22	20	26	26	18	15	15	15	13
Port Security	95	95	94	108	112	126	135	135	142	130
Maintenance	75	75	75	96	97	116	84	77	78	69
Marketing & Advertising	8	8	14	15	14	11	10	10	7	8
Administration & Engineering	79	79	73	72	71	71	102	110	113	99
Total	338	338	338	384	387	411	410	410	417	377

**Miami-Dade County, Florida Seaport Department
 Schedule of Capital Asset Indicators (Unaudited)
 Last ten fiscal years**

Description	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Number of gantry cranes	10	10	12	12	9	9	9	9	9	9
Number of passenger terminals	10	10	10	10	12	12	12	12	12	12

During FY 2003, three terminals were consolidated into two, in order to accommodate larger vessels



Miami-Dade County Seaport Department

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