

Miami-Dade County, Florida Rickenbacker Causeway Enterprise Fund

Financial Statements
For the Year Ended September 30, 2014

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Rickenbacker Causeway, an enterprise fund of Miami-Dade County, Florida (the "County"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Rickenbacker Causeway as of September 30, 2014, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements referred to above present only the financial position, the changes in financial position and cash flows of the Rickenbacker Causeway and does not purport to, and does not, present fairly the respective financial position, the changes in financial position, or, where applicable, cash flows of the County as of and for the year ended September 30, 2014, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the accompanying financial statements, the net position of the Rickenbacker Causeway fund, effective October 1, 2013, has been restated for the adoption of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Management has omitted the *management's discussion and analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the basic financial statements, are required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

McGladrey LLP

Miami, Florida
April 24, 2015

Rickenbacker Causeway Enterprise Fund
An Enterprise Fund of Public Works and Waste Management Department
A Department of Miami-Dade County, Florida
Statement of Net Position
September 30, 2014
(In thousands)

Assets

CURRENT ASSETS

Pooled cash and cash equivalents	\$ 239
Pooled investments	9,938
Inventory	34
Total Unrestricted Current Assets	10,211

Current Restricted Assets

Pooled cash and cash equivalents	20
Pooled investments	567
Total Restricted Current Assets	587

Total Current Assets	10,798
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NON-CURRENT ASSETS

Restricted Assets

Pooled cash and cash equivalents	262
Pooled investments	3,481
Total Restricted Non-Current Assets	3,743

Capital Assets

Land	16
Buildings and improvements, net of depreciation	1,010
Furniture, Fixtures, Machinery and Equipment, net of depreciation	37
Roads, bridges and other infrastructure, net of depreciation	22,127
Construction in progress	35,585
Total Capital Assets, net	58,775

Total Non-Current Assets	62,518
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Total Assets	\$ 73,316
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Liabilities

CURRENT LIABILITIES

Payable from Unrestricted Assets

Accounts payable and accrued expenses	\$ 235
Construction payable	2,032
Due to other County funds	19
Due to other governments	365
Compensated absences	141
Unearned revenues	355
Customer deposits	1,047
Total Payable from Unrestricted Assets	4,194

Payable from Restricted Assets

Construction payable	4
Accrued interest payable	270
Bonds and loans payable	313
Total Payable from Restricted Assets	587

Total Current Liabilities	4,781
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Long-Term Liabilities

Long-term portion of bonds and loans payable, net of unamortized premiums and discounts	42,589
Compensated absences	457
Due to other governments	2,190
Other postemployment benefits	70
Total Long-Term Liabilities	45,306

Total Liabilities	50,087
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Net Position

Net investment in capital assets	17,060
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Restricted for:

Debt service	64
Reserve account	2,061
Renew and replacement	80
Operating reserve	664
Total Restricted	2,869

Unrestricted	3,300
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Total Net Position	\$ 23,229
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Miami-Dade County, Florida
Rickenbacker Causeway Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended September 30, 2014
(In thousands)

Operating Revenues

Tolls	\$ 8,066
Other	75
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Total Operating Revenues	8,141
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Operating Expenses

Personnel costs	2,854
Contractual services	1,269
Material and supplies	47
Other	107
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Operating expenses before depreciation

4,277

Depreciation	2,552
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Operating Income

1,312

Non-Operating Revenues (Expenses)

Investment income	30
Interest expense	(250)
Other, net	481
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Total Non-Operating Revenues, Net

261

Changes in Net Position

1,573

Total Net Position, beginning restated

21,656

Total Net Position, ending

\$ 23,229

Rickenbacker Causeway Enterprise Fund
An Enterprise Fund of Public Works and Waste Management Department
A Department of Miami-Dade County, Florida
Statement of Cash Flows
For the Fiscal Year Ended September 30, 2014
(In thousands)

Cash Flows From Operating Activities:

Cash received from tolls and others	\$ 8,054
Cash paid to suppliers	(1,720)
Cash paid to employees for services	<u>(2,902)</u>
Net cash provided by operating activities	<u>3,432</u>

Cash Flows From Noncapital Financing Activities:

Grant funds received	<u>1,051</u>
Net cash provided by noncapital financing activities	<u>1,051</u>

Cash Flows From Capital and Related Financing Activities:

Proceeds from issuance of debt	34,406
Cost of Issuance	(681)
Payment to other funds for portion of cash with fiscal agent	(16)
Principal payments on bonds and loans payable	(295)
Interest paid	(396)
Federal subsidy	101
Acquisition and construction of capital assets	<u>(30,198)</u>
Net cash provided by capital and related financing activities	<u>2,921</u>

Cash Flows From Investing Activities:

Proceeds from sale and maturity of investments	7,021
Purchases of investments	(13,986)
Interest earned on investments	<u>30</u>
Net cash used by investing activities	<u>(6,935)</u>

Net increase in cash and cash equivalents 469

Cash and cash equivalents, beginning of year 52

Cash and cash equivalents, end of year \$ 521

Classified As:

Unrestricted cash and cash equivalents	\$ 239
Restricted cash and cash equivalents	<u>282</u>
Total	<u><u>\$ 521</u></u>

Rickenbacker Causeway Enterprise Fund
An Enterprise Fund of Public Works and Waste Management Department
A Department of Miami-Dade County, Florida
Statement of Cash Flows
For the Fiscal Year Ended September 30, 2014
(In thousands)

**Reconciliation of Operating Income to Net
Cash Provided by Operating Activities:**

Operating income	\$ 1,312
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	2,552
Decrease in Inventory	4
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	64
Due to other County funds	(11)
Due to other governments	(365)
Compensated absences	(41)
Unearned revenues	(72)
Customer deposits	(15)
Other postemployment benefits	4
Net Cash provided by Operating Activities	<u>\$ 3,432</u>

Noncash Investing, Capital and Financing Activities:

The fair value of investments decreased by approximately \$5.5 thousand in fiscal year 2014.

MIAMI-DADE COUNTY, FLORIDA
RICKENBACKER CAUSEWAY ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

1. GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Fund – The Rickenbacker Causeway of Miami-Dade County, Florida (the "Causeway") was opened in 1947. The Causeway connects the Miami-Dade County, Florida (the "County") mainland with Virginia Key and Key Biscayne. The Causeway operates as a one-way (eastbound) toll road facility approximately 3.6 miles in overall length which includes 1.2 miles of bridge structures and 2.4 miles of roadway with the toll facility near its western terminus at Brickell Avenue on the mainland. The eastern terminus occurs at the end of the Bear Cut Bridge where the roadway becomes Crandon Boulevard. The Causeway is under the jurisdiction of the County. The Causeway's operations are reported as an enterprise fund in the County's Comprehensive Annual Financial Report.

The accompanying financial statements present only the financial position, results of operations and the cash flows of the Causeway. This presentation is not intended to present the financial position, results of operations and the cash flows of the Venetian Causeway, Public Works and Waste Management Department or the County, as a whole.

Measurement Focus and Basis of Accounting – The accounting policies of the Causeway conform to accounting principles generally accepted in the United States of America for state and local governments. Specifically, it is reported as an enterprise fund. An enterprise fund is used to account for operations that recover the cost of services provided from user charges, similar to private business enterprise. Accordingly, the accompanying 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 when a liability is incurred.

Use of Estimates – The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts during the reporting period. Actual results could differ from those estimates.

Operating and Non-Operating Revenues – The Causeway distinguishes operating revenues and expenses from non-operating items in its statement of revenues, expenses and changes in net position. In general, operating revenues result from charges to vehicles for the use of the Causeway. Operating expenses relate to the cost of providing these services including personnel costs, contractual services, materials and supplies, and depreciation.

All other revenues and expenses that do not result from the Causeway's ongoing operations are considered to be non-operating. Non-operating items include but are not limited to investment earnings, interest expense, and grants.

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MIAMI-DADE COUNTY, FLORIDA
RICKENBACKER CAUSEWAY ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

1. GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition – Revenues are recognized when the related services are provided and when access to use the Causeway is granted. Interest income is recognized in the period earned. Revenues from the sale of toll passes are deferred and recognized as income in the period earned, which is when access to use the Causeway is granted.

The Causeway records grant receipts as non-operating revenues, when all eligibility requirements are met under the appropriate grant terms. This normally occurs as amounts are expended and become reimbursable from the granting agency

Cash and Cash Equivalents – 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. The Causeway maintains substantially all of its cash and investments with the County's pool of cash and investments. For additional information refer to Note 2.

Investments – The investments of the Causeway are part of the County's investment pool. 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 changes in fair value are recognized during the year.

Restricted Assets – Assets restricted by specific bond covenants, enabling legislation and other legal requirements are presented as restricted assets on the Statements of Net Position.

Application of Restricted and Unrestricted Resources – The Causeway's policy when both restricted and unrestricted resources are available to be used for a certain purpose is to use restricted resources first, and then use unrestricted resources as needed.

Capital Assets and Depreciation – Property, plant and equipment are capitalized at cost, when cost exceeds \$1,000. Contributions by third parties are recorded at their fair market value on the date of contribution. Expenses for maintenance, repairs and minor renewals and betterments are expensed as incurred.

Depreciation expense includes depreciation on contributed assets. The Causeway utilizes the straight-line method of depreciation over the estimated useful lives of the capital assets, starting with the period when the asset is acquired (capitalized) and construction is completed. The estimated useful lives of the capital assets are as follows:

<u>Assets</u>	<u>Years</u>
Buildings	25
Roads and Bridges	50
Other Improvements	10-20
Furniture, Fixtures, Machinery and Equipment	6-10

MIAMI-DADE COUNTY, FLORIDA
RICKENBACKER CAUSEWAY ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

1. GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest on Indebtedness – Interest is charged to expense as incurred. Interest expense for the fiscal year ended 2014 was \$250 thousand, net of capitalized interest of \$332 thousand.

New Accounting Pronouncements – In the current year, the Department adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The impact to the financial statements presented herein related to the adoption of GASB Statement No. 65 was the write-off of the September 30, 2013 balance in unamortized bond issuance costs as reflected in the paragraph below.

Net Position – Equity in the Causeway’s Statement of Net Position is displayed in three categories: 1) net investment in capital assets, (2) restricted, and 3) unrestricted. Net investment in capital assets consists of capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct or improve those assets, including unexpended debt proceeds. Net position is reported as restricted when there are third party limitations (statutory, enabling legislation, contractual or bond covenant) on their use. Unrestricted net position consists of all net position that does not meet the definition of either of the other two components.

Restatement of September 30, 2013 Net Position – Pursuant to GASB Statement No. 65, bond issuance costs should be expensed at the time of the issuance. The effect of adopting GASB No. 65 was as follows:

	<u>(In thousands)</u>
Net Position at September 30, 2013 (as previously reported in fiscal year 2013)	\$ 21,700
Decrease in unamortized issuance costs	<u>(44)</u>
Net Position at September 30, 2013 (as restated)	<u>\$21,656</u>

The accounting change resulting from this implementation has been applied retroactively by restating the beginning net position. The restatement impacted total assets and net investment in capital assets beginning balances by a reduction of \$44 thousand.

Bond Premiums – Premiums on bonds and loans payable are amortized using the straight-line method over the life of the related debt issue since, in the opinion of management, the results are not significantly different than those obtained by using the effective interest method of amortization.

Risk Management – The Causeway participates in the County’s self-insurance programs. The County’s Risk Management Division administers property, workers’ compensation, and general and automobile liability self-insurance programs. The Causeway pays an annual premium to participate in the County’s self-insurance program (see Note 5).

MIAMI-DADE COUNTY, FLORIDA
RICKENBACKER CAUSEWAY ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

Pension Plan – The County contributes to the Florida Retirement System, a cost-sharing multi-employer plan. The Causeway Fund is charged by the County for related pension costs of employees participating in the Florida Retirement System. Contributions are expensed as incurred (see Note 6).

Compensated Absences – The cost of accumulated vacation and sick time is recorded by the Causeway when earned by the employees. This liability is based on the employees’ right to receive compensation for future absences at the time of the absence, or upon termination or retirement.

Postemployment Benefits Other than Pensions – The Causeway participates in the County administered single-employer defined benefit healthcare plan that provides postretirement medical and dental coverage to retirees, their eligible spouses and dependents. These benefits are currently funded on a pay-as-you go basis. No assets have been segregated and restricted to fund these benefits. The Causeway makes contributions and records an obligation for the cumulative unfunded annual required contribution balance (if any), based on the County’s allocation (see Note 7).

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits 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. The equity share of the total pooled cash and investment is included in the accompanying Statement of Net Position under the current and restricted captions “Cash and cash equivalents” or “Investments”. The Causeway’s cash and cash equivalents and investments at September 30, 2014, included the following (in thousands):

	<u>2014</u>
Unrestricted:	
Current cash and cash equivalents	\$ 239
Current investments	9,938
Restricted:	
Current and non-current cash and cash equivalents	282
Current and non-current investments	4,048
Total in pooled cash and cash equivalents and investments	\$ 14,507

Information regarding credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for pooled cash and cash equivalents and investments can be found in the County’s footnotes to the financial statements included in the separate County’s Comprehensive Annual Financial Report. The County’s pool is not rated and it has an average maturity of 260 days.

MIAMI-DADE COUNTY, FLORIDA
RICKENBACKER CAUSEWAY ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

3. CAPITAL ASSETS

Capital assets activity for the fiscal year ended September 30, 2014 was as follows (in thousands) :

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land	\$ 16	\$ -	\$ -	\$ 16
Construction in Progress	10,089	25,496	-	35,585
Total Non-depreciable Assets	<u>10,105</u>	<u>25,496</u>	<u>-</u>	<u>35,601</u>
Building & Building Improvements				
Buildings	1,720	-	-	1,720
Total Buildings & Improvements	<u>1,720</u>	<u>-</u>	<u>-</u>	<u>1,720</u>
Furniture, Fixtures, Machinery & Equipment				
Furniture, Machinery & Equipment	952	-	-	952
Automotive Equipment	731	-	-	731
Total Furniture, Fixtures, Machinery & Equipment	<u>1,683</u>	<u>-</u>	<u>-</u>	<u>1,683</u>
Roads, Bridges, and Other Infrastructure Improvements	<u>58,162</u>	<u>77</u>	<u>-</u>	<u>58,239</u>
Total Depreciable Assets	<u>61,565</u>	<u>77</u>	<u>-</u>	<u>61,642</u>
Less Accumulated Depreciation for:				
Buildings & Building Improvements	(652)	(58)	-	(710)
Furniture, Fixtures, Machinery & Equipment	(1,602)	(44)	-	(1,646)
Infrastructure Improvements	<u>(33,662)</u>	<u>(2,450)</u>	<u>-</u>	<u>(36,112)</u>
Total Accumulated Depreciation	<u>(35,916)</u>	<u>(2,552)</u>	<u>-</u>	<u>(38,468)</u>
Total Depreciable Assets, Net	<u>25,649</u>	<u>(2,475)</u>	<u>-</u>	<u>23,174</u>
Total Capital Assets, Net	<u>\$ 35,754</u>	<u>\$ 23,021</u>	<u>-</u>	<u>\$ 58,775</u>

MIAMI-DADE COUNTY, FLORIDA
RICKENBACKER CAUSEWAY ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

4. LONG-TERM DEBT

Long-term debt includes bonds and loans payable which have been issued or approved by the County for the construction and improvement of the Causeway's infrastructure assets and for the acquisition of certain equipment.

Miami-Dade County Capital Asset Acquisition Bonds, Series 2010A and Series 2010B – On August 27, 2010, the County issued Capital Asset Acquisition Special Obligation Bonds, Series 2010A and Capital Asset Acquisition Taxable Special Obligation Bonds, Series 2010B of which \$5.4 million was allocated to the Causeway. Under the Bond Ordinance, the County has covenanted and agreed to annually budget and appropriate in its Annual Budget, by amendment, if required and to the extent permitted and in accordance with budgetary procedures provided by the laws of the State, and to pay when due directly into the appropriate fund or account created in the Bond Ordinance or to the Bond Insurer or provider of a Reserve Facility directly, as the case may be, sufficient amounts of legally available non-ad valorem revenues or other legally available funds sufficient to satisfy principal of, premium, if any, and interest on the Bonds, as the same become due and payable.

The Causeway's \$5.4 million share of the bond proceeds was to be used for: Procurement and installation of new toll equipment (\$473 thousand); shoreline stabilization, beach re-nourishment, storm water management, parking improvements, invasive vegetation removal, and installation of upland area to prevent erosion of the Causeway's Barrier Islands (\$4.253 million); and structural repairs to the William Powell Bridge (\$700 thousand).

The Causeway pays the County for its share of the annual principal due on the bonds which started on April 1, 2011 and continues through the year 2040, along with its share of the semiannual interest payable on April 1 and October 1. Interest rates on the bonds range from 3.00% to 6.743%.

Sunshine State Series 2011A Loan Agreement – On June 24, 2008, the County entered into a Loan Agreement in the amount of \$52 million with the Sunshine State Governmental Financing Commission (the "Sunshine State Commission"), for certain capital improvements; the loan is secured by covenant to budget and appropriate from legally available non-ad valorem revenues of the County. The allocation by the County to the Causeway from this loan was \$4 million. The \$4 million loan proceeds were to be used for: The phase 3 of the bike path (\$1 million), the Powell Bridge structural survey (\$150 thousand), toll booths (\$100 thousand) and shoreline roadway protection (\$2.750 million). The Series 2008A Loan was restructured and replaced with the Series 2011A Loan Agreement on March 30, 2011. The Series 2011A Loan bears interest at a rate of 2.00% to 5.375% pursuant to the loan restructure (fixed rate financing), which was based on the various maturities of the bonds which provided the funding for the loan. The loan matures in 2027.

Miami-Dade County Rickenbacker Causeway Revenue Bonds Series 2014 – On September 10, 2014, the County issued \$31.6 million of Miami-Dade County Rickenbacker Causeway Revenue Bonds Series 2014 ("the Series 2014 Revenue Bonds").

The Series 2014 Revenue Bonds are secured by the operating and non-operating revenues of the Causeway, with principal payable annually on October 1 through the year 2043, along with semi annual interest payable on April 1 and October 1, with interest rates ranging from 2.0% to 5.0%. The required Net Revenues (as defined on the bond ordinance) coverage ratio of 1.25 times the current year's debt service was met for fiscal year 2014.

The proceeds of \$34.4 million, including the bond premium, were used to: (1) reimburse the County for the costs of acquisition, construction and equipping required to rehabilitate the Bear Cut and West Bridges (payments for these costs have been advanced by the County via pool cash), (2) fund the reserve account, (3) pay for the underwriter's discount and costs of issuance for the series 2014 Revenue Bonds.

MIAMI-DADE COUNTY, FLORIDA
RICKENBACKER CAUSEWAY ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

4. LONG-TERM DEBT (Continued)

Summary of Outstanding Bonds and Loans (dollars in thousands):

Description	Interest Rate	Amount Issued	Maturity Date	Balance Outstanding
Series 2010A and Series 2010B Capital Asset Acquisition Bonds	3.00- 6.743%	\$5,400	4/1/2040	\$ 5,457
Less: Current Portion				(123)
Total Long-term Debt Payable on Series 2010A and Series 2010B				\$ 5,334
Sunshine State Series 2011A Loan Agreement	2.00- 5.375%	\$4,000	9/1/2027	\$ 2,901
Plus: Unamortized Premium				139
Less: Current Portion				(190)
Total Long-term Series 2011A Loan Agreement				\$ 2,850
Rickenbacker Revenue Bonds Series 2014	2.00-5.00%	\$31,610	10/1/2043	\$ 31,610
Plus: Unamortized Premium				2,795
Less: Current Portion				0
Total Long-term Series 2011A Loan Agreement				\$ 34,405
Total Long-term Bonds & Loans Outstanding, net of current portion				\$ 42,589

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MIAMI-DADE COUNTY, FLORIDA
RICKENBACKER CAUSEWAY ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

4. LONG-TERM DEBT (Continued)

Debt Service Requirements (Cash Basis) as of September 30, 2014:

(In thousands)					
Fiscal Year	Principal	Interest	Gross Debt Service	Subsidy (1)	Net Debt Service
2015	\$ 313	\$ 1,341	\$ 1,654	\$ (109)	\$ 1,545
2016	858	2,000	2,858	(109)	2,749
2017	882	1,969	2,851	(108)	2,743
2018	864	1,931	2,795	(108)	2,687
2019	895	1,894	2,789	(109)	2,680
2020-2024	5,225	8,815	14,040	(514)	13,526
2025-2029	6,194	7,299	13,493	(423)	13,070
2030-2034	6,722	5,628	12,350	(302)	12,048
2035-2039	8,573	3,620	12,193	(148)	12,045
2040	9,442	1,206	10,648	(8)	10,640
Subtotal	39,968	35,703	75,671	(1,938)	73,733
Unamortized premium	2,934		2,934		2,934
Current portion	(313)		(313)		(313)
Total bonds and loans outstanding, net of current portion	<u>\$ 42,589</u>	<u>\$ 35,703</u>	<u>\$ 78,292</u>	<u>\$ (1,938)</u>	<u>\$ 76,354</u>

(1) The County receives cash subsidy payments from the United States Treasury equal to 35% of the interest payable on the Series 2010B Bonds. The portion recognized by Rickenbacker is 52% of the total subsidy allocated to Venetian and Rickenbacker. The subsidy is subject to the County meeting certain conditions. The receipt of the subsidy is not guaranteed. It is subject to the availability of federal funding. Depending on the timing of certain filings and other requirements, the refundable credit payment (subsidy) may be received before or after the corresponding interest payment date.

MIAMI-DADE COUNTY, FLORIDA
RICKENBACKER CAUSEWAY ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

5. RISK MANAGEMENT

The Causeway, along with certain other County departments, participates in the County's self-insurance programs. The County's Risk Management Division ("RMD") administers property, workers' compensation, general and automobile liability self-insurance programs. A large portion of the group medical insurance program is also self-insured and it is managed by an independent third party administrator. In addition, the County offers one fully insured HMO program.

The property self-insurance program covers the first \$5 million of property losses for most perils. A \$200 million self insured retention per occurrence applied to named windstorm losses. Named windstorm coverage is limited to \$725 million per occurrence. Insurance coverage is maintained with independent carriers for property losses in excess of self-insured retention. The County maintains no excess coverage with independent insurance carriers for its workers' compensation, general liability, and auto liability self-insurance programs. There were no changes made to insurance coverage and no claims exceeded coverage for fiscal year 2014. The estimated liability for reported and unreported claims of the self-insurance programs administered by the 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 estimate of incurred, but not reported losses is based on historical experience and is performed by an independent actuary. For the fiscal year ended September 30, 2014, the Causeway paid approximately \$14.8 thousand in premium costs to the self-insured programs, respectively. Premiums are charged to the various County departments based on amounts necessary to provide funding for current and anticipated losses.

6. PENSION PLANS AND OTHER EMPLOYEE BENEFITS

Pension Plans

The Causeway, as an enterprise fund of the County, participates in the Florida Retirement System ("FRS"), a cost-sharing, multiple-employer, public employee defined benefit retirement plan, which covers substantially all of the Causeway's full-time and eligible part-time employees. The FRS was created in 1970 by consolidating several employee retirement systems. All eligible employees as defined by the State who were hired after 1970 and those employed prior to 1970, who elect to be enrolled, are covered by the FRS. The FRS Pension Plan is a defined benefit plan, qualified under section 401(a) of the Internal Revenue Code, with defined contribution options. Benefits under the plan vest after 6 years of service. Employees who retire at or after age 62, with six years of credited service, are entitled to an annual retirement benefit, payable monthly for life. The 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 statute.

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 where the contribution amount is fixed by a set percentage determined by law and the contribution is made to an individual account in each participant's name. With 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.

The FRS funding policy for the defined benefit plan 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 contribution rates are

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6. PENSION PLANS AND OTHER EMPLOYEE BENEFITS (Continued)

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.

For fiscal year ended September 30, 2014, the Causeway contributed 100% of its share of the annual required contribution for pension costs. A change to the FRS became effective July 1, 2011. It required a 3% contribution of gross creditable earnings from all FRS members. The remainder was contributed by the Causeway. Pension costs of the Causeway for the years ended September 30, 2014, 2013 and 2012 amounted to approximately \$136, \$114 and \$98 thousand, respectively, representing 6.3%, 5.5% and 5.2% of the Causeway's gross payroll, for the fiscal years ended 2014, 2013 and 2012, respectively.

Pension costs for the County, as required and defined by State statute, ranged from 7.37% to 19.82%, 6.95% to 19.06% and 5.18% to 14.9% of covered salaries for fiscal years 2014, 2013 and 2012, respectively. For the fiscal years ended September 30, 2014, 2013 and 2012, the County made 100% of the required contributions.

A copy of the FRS' June 30, 2014 annual report can be obtained by writing to the Division of Retirement, Cedars Executive Center, 2639-C North Monroe Street, Tallahassee, FL 32399-1560, or by calling (850) 488-5706.

Compensated Absences

It is the County's/Causeway's policy to permit employees to accumulate earned but unused vacation and sick pay benefits, which will be paid to employees upon separation from County/Causeway service. The Causeway accrues vacation and sick pay benefits in the period earned. Accrued vacation and sick pay which are included in the compensated absences line item in the accompanying Statement of Net Position totaled approximately \$598 thousand as of September 30, 2014.

Deferred Compensation Plan

The County/Causeway 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, allows employees 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 unforeseeable emergency. The deferred compensation plan is not included in the County's/Causeway's financial statements.

7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The Causeway as an enterprise fund of the County participates in the County's Postemployment Benefits Plan.

In accordance with Governmental Accounting Standards Board Statement 45 (GASB 45) for other postemployment benefits (OPEB), the County accrues the cost of the retiree health subsidy and OPEB during the period of employees' active employment as the benefits are being earned. The unfunded actuarial accrued liability is disclosed in the following notes to the financial statements, in order to accurately present the total future cost of OPEB and the financial impact on the County.

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7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Plan Description. The County 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 Florida Retirement System (FRS) or the Public Health Trust of Miami-Dade County, Florida, Defined Benefit Retirement Plan and pay required contributions.

- Regular Class (All employees not identified as members of the Special Risk Class)
 - Eligibility for Unreduced Pension Benefits 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)
 - Those hired after July 1, 2011 are eligible at age 65 with 8 years of service
 - 33 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)
 - Eligibility for Reduced Pension Benefits under FRS
 - 6 years of service (no age requirement)
 - Those hired after July 1, 2011 are eligible at age 60 with 8 years of service
 - 30 years of service (no age requirement)

Benefits: A number of plan changes to the pre-Medicare retiree plans were made effective January 1, 2015. The valuation reflects the impact of these changes. Eligible pre-Medicare retirees receive health care coverage through one of three self-funded medical plans.

- AvMed POS
- AvMed HMO High
- AvMed HMO Select

Retirees may continue coverage beyond Medicare eligibility by enrolling in one of the County-sponsored, self-insured Medicare Supplemental plans provided AvMed. The County only contributes to post-65 retirees electing one of these plans.

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

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NOTES TO FINANCIAL STATEMENTS
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7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Number of Covered Participants for the overall County:

	<u>County</u>
Actives	30,554
Retirees under age 65	2,883
Eligible spouses under age 65	972
Retirees age 65 and over	665
Eligible spouses age 65 and over	<u>133</u>
Total	<u>35,207</u>

Funding Policy. The County contributes to both the pre-65 and post-65 retiree medical coverage. Medical contributions vary based on plan and tier. Retirees pay the full cost of dental coverage. 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). The County's contribution is the actual pay-as-you-go postemployment benefit payments less participant contributions for the period October 1, 2013 to September 30, 2014. No assets have been segregated and restricted to provide postretirement benefits. For fiscal year 2014, the County contributed \$30,319,000 to the plan.

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MIAMI-DADE COUNTY, FLORIDA
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SEPTEMBER 30, 2014

7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Contributions are required for both retiree and dependent coverage. Retirees contribute a portion of the full active premium equivalent rates for health coverage. The full monthly premiums, retiree contribution amounts and the County subsidies effective January 1, 2015 through December 31, 2015 are provided in the tables below. The County subsidy is assumed to remain flat.

PRE MEDICARE PREMIUM EQUIVALENT RATES			
AvMed HMO High	Full Premium	County Subsidy	Retiree Contribution
Retiree Only	\$653.81	\$204.36	\$449.45
Retiree + Spouse	\$1,372.28	\$360.38	\$1,011.90
Retiree + Child(ren)	\$1,271.08	\$339.47	\$931.61
Retiree + Family	\$1,673.58	\$418.43	\$1,255.15
AvMed HMO POS	Full Premium	County Subsidy	Retiree Contribution
Retiree Only	\$1,264.08	\$177.80	\$1,086.28
Retiree + Spouse	\$2,406.54	\$302.75	\$2,103.79
Retiree + Child(ren)	\$2,205.45	\$175.12	\$2,030.33
Retiree + Family	\$3,266.55	\$711.37	\$2,555.18
AvMed Select	Full Premium	County Subsidy	Retiree Contribution
Retiree Only	\$608.03	\$204.36	\$403.67
Retiree + Spouse	\$1,276.23	\$360.38	\$915.85
Retiree + Child(ren)	\$1,182.09	\$339.47	\$842.62
Retiree + Family	\$1,556.43	\$418.43	\$1,138.00

MEDICARE RETIREE PREMIUM EQUIVALENT RATES			
Med Supp High	Full Premium	County Subsidy	Retiree Contribution
Retiree Only	\$795.40	\$233.58	\$561.82
Retiree + Spouse 65+	\$1,362.67	\$260.15	\$1,102.52
Med Supp Low	Full Premium	County Subsidy	Retiree Contribution
Retiree Only	\$710.31	\$208.59	\$501.72
Retiree + Spouse 65+	\$1,216.93	\$232.33	\$984.60
Med Supp High No Rx	Full Premium	County Subsidy	Retiree Contribution
Retiree Only	\$345.73	\$101.53	\$244.20
Retiree + Spouse 65+	\$592.32	\$113.08	\$479.24

MIAMI-DADE COUNTY, FLORIDA
RICKENBACKER CAUSEWAY ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
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7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Annual OPEB Cost and Net OPEB Obligation. The County's annual 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 Causeway's annual OPEB cost (allocated by the County based on the number of covered employees from the Causeway in proportion to the Department's and County's total eligible employees) for the fiscal year ended 2014 and the related information for the plan are as follows (in thousands):

		<u>2014</u>		
Annual Required Contribution (ARC)	\$	35		
Interest on net OPEB obligation		3		
Adjustment to annual required contribution		(3)		
Annual OPEB cost		35		
Contributions made		31		
Increase in net OPEB obligation		4		
Net OPEB obligation - beginning of year		66		
Net OPEB obligation - end of year	\$	<u>70</u>		

The Causeway recorded the net OPEB obligation of \$70 thousand other long-term liabilities, for the fiscal year ended 2014. This represents 0.12% the County's total OPEB liability for the fiscal year ending 2014. The Causeway's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended 2014, as follows (in thousands):

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/2014	\$35	88.6%	\$70

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MIAMI-DADE COUNTY, FLORIDA
RICKENBACKER CAUSEWAY ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Funded Status and Funding Progress. The funding status and funding progress was not determined separately for the Causeway. The schedule below shows the balance of the actuarial accrued liability (AAL) for the overall County, all of which was unfunded as of September 30, 2014 (dollar amounts in thousands).

Schedule of Funding Progress for the Retiree Health Plan

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)
10/1/2013*	\$0	\$400,103	\$400,103	0%	\$1,919,888	21%

*Rolled forward from 10/1/2012 valuation.

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.

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 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.

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7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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

Actuarial valuation date:	10/1/2013
Actuarial cost method:	Projected unit credit, benefits attributed from date of hire to expected retirement age
Amortization method:	Level percentage of payroll, closed, over 30 years
Remaining amortization period:	24 years

Actuarial assumptions:

Discount rate:	4.4%
Inflation rate:	3.5%
Payroll growth assumption:	3.0%
Health CPI:	3%
Health care cost trend rates:	Medical/Rx 8.0% initial to 5.0% ultimate
Health care cost trend period:	Grades down over six years by .5% per year
Mortality table:	RP 2014 applied on a gender-specific basis

The inflation rate assumption is consistent with the Consumer Price Index (CPI) increase at 3% each year. The discount rate used for the valuation was determined based on the long term investment yield on the investments used to finance the payment of benefits. For this valuation it is assumed that postemployment benefits are paid from general assets which generally consist of short-term investments.

Further, the participation assumption used in the valuation (the assumed percentage of future retirees that participate and enroll in the health plan) is 20% for those prior to age 55 (50 years of age if special risk) and 60% until age 65. Once reaching Medicare eligibility, the participation rate is assumed to be 20%.

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 flat. 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.

8. RELATED PARTY TRANSACTIONS

Various departments within the County provide goods and services, including administrative services, to other operating departments including the Causeway. Charges for such goods and services and administrative overhead costs charged to the Causeway by other County departments, included in the accompanying financial statements amounted to approximately \$650 thousand for the fiscal year ended September 30, 2014.

MIAMI-DADE COUNTY, FLORIDA
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9. CHANGES IN LONG-TERM LIABILITIES FOR FISCAL YEAR 2014 ARE AS FOLLOWS:

	Beginning Balance at 10/1/2013	Additions	Reductions	Ending Balance at 9/30/2014	Due Within One Year
Bonds and loans payable:					
Revenue Bonds 2014 Series	\$ -	\$ 31,610	\$ -	\$ 31,610	\$ -
Capital Asset Acquisition Bonds	5,575	-	(118)	5,457	123
Loan payable	3,078	-	(177)	2,901	190
Add unamortized bond premium	149	2,795	(10)	2,934	-
Total	8,802	34,405	(305)	42,902	313
Other liabilities:					
Compensated absences	639	-	(41)	598	141
Due to other governments	2,920	-	(365)	2,555	365
Other Postemployment Benefits	66	4	-	70	-
Total long-term liabilities (including current portion)	\$ 12,427	\$ 34,409	\$ (711)	\$ 46,125	\$ 819

Interlocal Agreement with the Village of Key Biscayne

Effective in fiscal year 2007, the County entered into an interlocal agreement with the Village of Key Biscayne (the "Village"), to contribute funding in order to facilitate the construction of a road improvement project (the "Crandon Boulevard Master Plan Phase III"). Under the terms of the agreement, the County is obligated to make annual payments of \$365,000 to the Village for 15 years and the Village is required to complete Phase III of the Crandon Boulevard Improvement Project. The Village is responsible for making timely payments to contractors, subcontractors, material suppliers and other persons included in the construction of this project and to exercise all the responsibilities of the owner under the construction contract, including construction administration and inspections. As of September 30, 2014, the Causeway had made 8 required payments totaling \$2,920,000 leaving 7 remaining annual payments of \$365,000 each from fiscal year 2015 through fiscal year 2021, totaling \$2,555,000. This liability is included in the accompanying statement of net position as of September 30, 2014 as due to other governments. The annual funding payments to the Village are subject to the availability of Causeway revenues.

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MIAMI-DADE COUNTY, FLORIDA
RICKENBACKER CAUSEWAY ENTERPRISE FUND
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10. COMMITMENTS AND CONTINGENCIES

Litigation

The County is subject to legal proceedings related to the activities and operations of the Causeway, which occur in the normal course of operations. In the opinion of the County's legal counsel, the ultimate resolution to each of these legal proceedings is not likely to have a material, adverse impact on the financial position of the Causeway.

Construction

The County intends to use the Causeway's net operating revenues and cash flows to fund contractual commitments related to the Causeway in future periods.

The following are the County's contractual commitments for Causeway projects as of September 30, 2014:

- Design, construction, independent construction engineering and inspection services required to rehabilitate the Bear Cut Bridge and the West Bridge. The Causeway's share of the project after a change order of \$2 million amounts to \$30 million. As of September 30, 2014, the contract balance for the Causeway's share was approximately \$1.8 million.

- Technical conversion of the Rickenbacker Causeway and Venetian Causeway Plazas to accommodate the SunPass Toll-by-Plate Electronic Tolling System. The contract is for 5 years with an option to renew for additional four five-year periods. The cost of the initial 5 year term is \$3.8 million. The project includes the development, design, procurement, implementation, system testing and one year warranty of a toll collection system and back office solution meeting the specifics described in the contract. A purchase order was issued for \$2.5 million, reflecting \$1.5 million for Rickenbacker's portion. As of September 30, 2014, the purchase order balance on Rickenbacker's portion was approximately \$560 thousand.

- Reconfiguration of the roads leading to the Rickenbacker toll plaza. The contract is for 180 days and amounts to approximately \$755 thousand. As of September 30, 2014 the contract balance remains the same, at \$755 thousand.