

**Miami-Dade County, Florida
Rickenbacker Causeway
Enterprise Fund**

Financial Statements
For the Year Ended September 30, 2017

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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 Enterprise Fund (the Causeway), an enterprise fund of Miami-Dade County, Florida (the County), as of and for year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Causeway's basic 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 Enterprise Fund of Miami-Dade County as of September 30, 2017, 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 present only the Rickenbacker Causeway Enterprise Fund of Miami-Dade County, and do not purport to, and do not, present fairly the financial position of the County, as of September 30, 2017, the changes in its financial position, or where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Management has omitted the *management's discussion and analysis and required supplementary information – schedules of the proportionate share of net pension liability, schedules of contributions, and schedule of funding progress*, 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.

RSM US LLP

Miami, Florida
March 26, 2018

Rickenbacker Causeway Enterprise Fund
An Enterprise Fund of Miami-Dade County, Florida

Statement of Net Position
September 30, 2017
(In thousands)

Assets

| | |
|---|------------------|
| Current Assets | |
| Current unrestricted assets | |
| Pooled cash and cash equivalents | \$ 900 |
| Pooled investments | 6,463 |
| Due from other governments | 213 |
| Inventory | 20 |
| Total current unrestricted assets | <u>7,596</u> |
| Current restricted assets | |
| Pooled investments | 1,787 |
| Total current restricted assets | <u>1,787</u> |
| Total current assets | <u>9,383</u> |
| Non-Current Assets | |
| Non-current restricted assets | |
| Pooled cash and cash equivalents | 946 |
| Pooled investments | 4,679 |
| Total non-current restricted assets | <u>5,625</u> |
| Capital assets | |
| Land | 16 |
| Buildings and improvements, net of depreciation | 837 |
| Furniture, fixtures, machinery and equipment, net of depreciation | 1,026 |
| Roads, bridges and other infrastructure, net of depreciation | 50,932 |
| Construction in progress | 248 |
| Total capital assets, net | <u>53,059</u> |
| Total non-current assets | <u>58,684</u> |
| Total assets | <u>68,067</u> |
| Deferred outflows of resources | |
| Pension | 292 |
| Total deferred outflows of resources | <u>292</u> |
| Total assets and deferred outflows | <u>\$ 68,359</u> |

See notes to financial statements.

Rickenbacker Causeway Enterprise Fund
An Enterprise Fund of Miami-Dade County, Florida

Statement of Net Position
September 30, 2017
(In thousands)

| | |
|---|------------------|
| Liabilities | |
| Current Liabilities | |
| Payable from unrestricted assets | |
| Accounts payable and accrued expenses | \$ 159 |
| Construction payable | 2 |
| Due to other County funds | 1 |
| Due to other governments | 365 |
| Compensated absences | 48 |
| Unearned revenues | 269 |
| Customer deposits | 751 |
| Total payable from unrestricted assets | <u>1,595</u> |
| Payable from restricted assets | |
| Accrued interest payable | 922 |
| Bonds and loans payable | 864 |
| Total payable from restricted assets | <u>1,786</u> |
| Total current liabilities | <u>3,381</u> |
| Long-term liabilities | |
| Long-term portion of bonds and loans payable, net of unamortized premiums and discounts | 39,709 |
| Compensated absences | 209 |
| Due to other governments | 1,095 |
| Other postemployment benefits | 79 |
| Pension | 725 |
| Total long-term liabilities | <u>41,817</u> |
| Total liabilities | <u>45,198</u> |
| Deferred inflows of resources | |
| Pension | 46 |
| Total deferred inflows of resources | <u>46</u> |
| Total liabilities and deferred inflows | <u>45,244</u> |
| Net position | |
| Net investment in capital assets | <u>13,115</u> |
| Restricted for: | |
| Debt service | 626 |
| Reserve account | 2,061 |
| Renew and replacement | 2,632 |
| Operating reserve | 542 |
| Total restricted | <u>5,861</u> |
| Unrestricted | <u>4,139</u> |
| Total net position | <u>\$ 23,115</u> |

Rickenbacker Causeway Enterprise Fund
An Enterprise Fund of Miami-Dade County, Florida

Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended September 30, 2017
(In thousands)

| | |
|---|------------------|
| Operating revenues | |
| Tolls | \$ 9,571 |
| Other | 35 |
| | <hr/> |
| Total operating revenues | 9,606 |
| | <hr/> |
| Operating expenses | |
| Personnel costs | 919 |
| Contractual services | 1,652 |
| Material and supplies | 44 |
| Other | 110 |
| | <hr/> |
| Operating expenses before depreciation | 2,725 |
| | <hr/> |
| Depreciation | 4,174 |
| | <hr/> |
| Total operating expenses after depreciation | 6,899 |
| | <hr/> |
| Operating income | 2,707 |
| | <hr/> |
| Non-operating revenues (expenses) | |
| Investment income | 53 |
| Interest expense | (1,774) |
| Hurricane related expenses | (2,347) |
| Capital contributions | 101 |
| Other | 271 |
| | <hr/> |
| Total non-operating revenues (expenses), net | (3,696) |
| | <hr/> |
| Changes in net position | (989) |
| | <hr/> |
| Total net position, beginning | 24,104 |
| | <hr/> |
| Total net position, ending | \$ 23,115 |
| | <hr/> <hr/> |

See notes to financial statements.

**Rickenbacker Causeway Enterprise Fund
An Enterprise Fund of Miami-Dade County, Florida**

**Statement of Cash Flows
For the Fiscal Year Ended September 30, 2017
(In thousands)**

| | |
|---|------------------------|
| Cash flows from operating activities: | |
| Cash received from fees and charges | \$ 9,489 |
| Cash paid to suppliers | (2,129) |
| Cash paid to employees for services | (1,143) |
| Net cash provided (used) by operating activities | <u>6,217</u> |
| Cash flows from noncapital financing activities: | |
| Fleet management Policy refund | 271 |
| Payments for non-operating hurricane related expenses | (2,347) |
| Other, net | <u>(2,076)</u> |
| Net cash provided (used) by noncapital financing activities | <u>(2,076)</u> |
| Cash flows from capital and related financing activities: | |
| Principal payments on bonds, loans, and notes payable | (883) |
| Interest paid | (1,968) |
| Federal subsidy | 101 |
| Cash used for acquisition and construction of capital assets | (447) |
| Net cash provided (used) by capital and related financing activities | <u>(3,197)</u> |
| Cash flows from investing activities: | |
| Sale/(Purchase) of Investments | (951) |
| Interest earned on investments | 53 |
| Net cash provided (used) by investing activities | <u>(898)</u> |
| Net increase (decrease) in cash and cash equivalents | 46 |
| Cash and cash equivalents, beginning of year | <u>1,800</u> |
| Cash and cash equivalents, end of year | <u><u>1,846</u></u> |
| Classified As: | |
| Unrestricted cash and cash equivalents | 900 |
| Restricted cash and cash equivalents | 946 |
| Total | <u><u>\$ 1,846</u></u> |

(Continued)

Rickenbacker Causeway Enterprise Fund
An Enterprise Fund of Miami-Dade County, Florida

Statement of Cash Flows
For the Fiscal Years Ended September 30, 2017
(In thousands)

Reconciliation of operating income (loss) to net

Cash provided (used) by operating activities:

| | | |
|--|-----------|--------------|
| Operating income | \$ | 2,707 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | | 4,174 |
| (Increase) decrease in assets: | | |
| Due from other governments | | (20) |
| Increase (decrease) in liabilities: | | |
| Accounts payable and accrued expenses | | 56 |
| Due to other governments | | (365) |
| Compensated absences | | (23) |
| Unearned revenues | | (95) |
| Customer deposits | | (2) |
| Other postemployment benefits | | 4 |
| Net pension liability and related deferred outflows and inflows | | (219) |
| Net cash provided by operating activities | <u>\$</u> | <u>6,217</u> |

See notes to financial statements.

**RICKENBACKER CAUSEWAY ENTERPRISE FUND
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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, Parks, Recreation & Open Spaces 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. 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 of assets, deferred outflows, liabilities, deferred inflows, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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, subsidy payments and hurricane expenses, if any.

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 reported as unearned and recognized as revenue 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.

**RICKENBACKER CAUSEWAY ENTERPRISE FUND
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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

Cash, Cash Equivalents and Investments – The County’s Finance Department is responsible for all treasury functions and the Causeway participates in the County’s pooled cash and investment system (pool) so as to maximize earnings and facilitate cash management. The Causeway’s equity share of the pool is displayed in the accompanying financial statements as “pooled cash and cash equivalents” or “pooled investments”. Pooled cash and cash equivalents include demand deposits, money market accounts, and highly liquid debt securities purchased with maturities of three months or less from when acquired. They are reported at cost or amortized cost. Each Department reports its share of the pool. Investments which consist primarily of debt securities and debt type investments are reported at fair value or amortized cost in the pool and the Causeway’s equity share of the pool represents the net asset value of the internal investment pool. Investment income which includes, interest, dividends, realized gains from investments sold, unrealized gains for change in fair value between reporting dates is allocated on a monthly basis based in each funds share of the pool. Restricted and unrestricted cash and cash equivalents represent the amounts reported as cash and cash equivalents for cash flow reporting purposes.

Restricted Assets – Assets restricted by specific bond covenants, enabling legislation and other legal requirements are presented as restricted assets in the Statement 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. Costs include ancillary costs and interest costs during the period of readying the asset for use. Contributions by third parties are recorded at their acquisition 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 placed into service. Useful lives of capital assets are as follows:

| Assets | Years |
|--|-------|
| Buildings | 25 |
| Roads and bridges | 20-50 |
| Other improvements | 10-20 |
| Furniture, fixtures, machinery and equipment | 6-10 |

Interest on Indebtedness – Interest is charged to expense as incurred. Interest expense for the fiscal year ended 2017 was \$1.8 million, net of capitalized interest of \$72 thousand.

New Accounting Pronouncements – The Governmental Accounting Standards Board (GASB) has issued the following pronouncements prior to September 30, 2017 which have an effective date that may impact future presentations.

**RICKENBACKER CAUSEWAY ENTERPRISE FUND
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is effective for fiscal years beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a non-employer entity provides financial support for OPEB of employees of another entity. Management is currently evaluating the impact of the adoption of this statement on the Causeway's financial statements.

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, which is effective for reporting periods beginning after June 15, 2018. This Statement addresses accounting and financial reporting for certain asset retirement obligation (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance of this Statement. This Statement also require disclosure of information about the nature of the government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated capital asset. Management is currently evaluating the impact of the adoption of this statement on the Causeway's financial statements.

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*, which is effective for reporting periods beginning after June 15, 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and pensions and other postemployment benefits. Management is currently evaluating the impact of the adoption of this statement on the Causeway's financial statements.

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, which is effective for reporting periods beginning after June 15, 2017. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Management is currently evaluating the impact of the adoption of this statement on the Causeway's financial statements.

**RICKENBACKER CAUSEWAY ENTERPRISE FUND
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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

In June 2017, GASB issued Statement No. 87, *Leases*, which is effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Management is currently evaluating the impact of the adoption of this statement on the Causeway's financial statements.

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, net of 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.

Pension Plan – The Causeway contributes via the County to the Florida Retirement System, a cost-sharing multiple employer plan. The Causeway Fund is charged by the County for its allocable share of related pension costs for employees participating in the Florida Retirement System. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) and Health Insurance Subsidy (HIS) defined benefit plans (Plans) additions to/deductions from both Plans fiduciary net position have been determined on the same basis as they are reported by the Plans and are recorded in the financial statements. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences – The cost of accumulated vacation and sick time is recorded by the Causeway when earned by the employees. This liability is recorded for amounts expected to be paid 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).

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.

**RICKENBACKER CAUSEWAY ENTERPRISE FUND
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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

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).

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits and Investments

The Causeway’s pooled cash and cash equivalents and investments at September 30, 2017, included the following (in thousands):

| | |
|--|-------------------------|
| Unrestricted: | |
| Current cash and cash equivalents (1) | \$ 900 |
| Current investments (2) | 6,463 |
| Restricted: | |
| Current and non-current cash and cash equivalents (1) | 946 |
| Current and non-current investments (2) | 6,466 |
| Total in pooled cash and cash equivalents and investments | <u><u>\$ 14,775</u></u> |

- (1) For FY 2017, the County’s percentage-split between investments and cash and cash equivalents yielded 87.80% of the pool for investments and 12.20% for cash and cash equivalents.
- (2) The County classifies interest bearing money market accounts as investments.

Information regarding credit risk, custodial credit risk, concentration of credit risk, interest rate risk, foreign currency risk and fair value measurement 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 238 days in fiscal year 2017.

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**RICKENBACKER CAUSEWAY ENTERPRISE FUND
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

3. CAPITAL ASSETS

Capital assets activity for the fiscal year ended September 30, 2017, was as follows (in thousands):

| | Beginning Balance | Additions | Deletions | Ending Balance |
|--|----------------------|-------------------|-----------------|-------------------|
| Land | \$ 16 | \$ - | \$ - | \$ 16 |
| Construction in progress | 1,436 | 325 | 1,513 | 248 |
| Total non-depreciable assets | <u>1,452</u> | <u>325</u> | <u>1,513</u> | <u>264</u> |
| Building and building improvements: | | | | |
| Buildings | 1,720 | - | - | 1,720 |
| Total buildings and improvements | <u>1,720</u> | <u>-</u> | <u>-</u> | <u>1,720</u> |
| Furniture, fixtures, machinery and equipment: | | | | |
| Furniture, machinery and equipment | 2,294 | - | - | 2,294 |
| Automotive equipment | 757 | - | - | 757 |
| Total furniture, fixtures, machinery and equipment | <u>3,051</u> | <u>-</u> | <u>-</u> | <u>3,051</u> |
| Roads, bridges and other infrastructure improvements | <u>96,247</u> | <u>1,513</u> | <u>-</u> | <u>97,760</u> |
| Total depreciable assets | <u>101,018</u> | <u>1,513</u> | <u>-</u> | <u>102,531</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and building improvements | (825) | (58) | - | (883) |
| Furniture, fixtures, machinery and equipment: | (1,877) | (148) | - | (2,025) |
| Infrastructure improvements | (42,860) | (3,968) | - | (46,828) |
| Total accumulated depreciation | <u>(45,562)</u> | <u>(4,174)</u> | <u>-</u> | <u>(49,736)</u> |
| Total depreciable assets, net | <u>55,456</u> | <u>(2,661)</u> | <u>-</u> | <u>52,795</u> |
| Total capital assets, net | <u>\$ 56,908</u> | <u>\$ (2,336)</u> | <u>\$ 1,513</u> | <u>\$ 53,059</u> |

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**RICKENBACKER CAUSEWAY ENTERPRISE FUND
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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 were 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 2017.

**RICKENBACKER CAUSEWAY ENTERPRISE FUND
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
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4. LONG-TERM DEBT (Continued)

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, (2) fund the reserve account, (3) pay for the underwriter's discount and costs of issuance for the series 2014 Revenue Bonds.

| | Interest Rate | Amount Issued | Maturity Date | Balance Outstanding |
|---|------------------|------------------|------------------|------------------------|
| Series 2010A and Series 2010B Capital Asset Acquisition Bonds | 3.00- | \$ 5,400 | 4/1/2040 | \$ 5,073 |
| Less current portion | 6.743% | | | (138) |
| Total long-term debt payable on Series 2010A and Series 2010B | | | | <u>4,935</u> |
| Sunshine State Series 2011A Loan Agreement | 2.00- | 4,000 | 9/1/2027 | 2,302 |
| Plus unamortized premium | 5.375% | | | 107 |
| Less current portion | | | | (161) |
| Total long-term Series 2011A Loan Agreement | | | | <u>2,248</u> |
| Rickenbacker Revenue Bonds Series 2014 | 2.00-5.00% | 31,610 | 10/1/2043 | 30,540 |
| Plus unamortized premium | | | | 2,551 |
| Less current portion | | | | (565) |
| Total long-term Series 2014 Revenue Bonds | | | | <u>32,526</u> |
| Total long-term bonds and loans outstanding, net of current portion | | | | <u>\$ 39,709</u> |

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**RICKENBACKER CAUSEWAY ENTERPRISE FUND
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
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4. LONG-TERM DEBT (Continued)

Debt Service Cash Reuirements as of September 30, 2017 (in thousands):

| Fiscal Year | Principal | Interest | Gross Debt Service | Subsidy (1) | Net Debt Service |
|-------------|------------------|------------------|--------------------------|-------------------|------------------------|
| 2018 | \$ 864 | \$ 1,931 | \$ 2,795 | \$ (109) | \$ 2,686 |
| 2019 | 894 | 1,894 | 2,788 | (109) | 2,679 |
| 2020 | 933 | 1,856 | 2,789 | (109) | 2,680 |
| 2021 | 969 | 1,815 | 2,784 | (106) | 2,678 |
| 2022 | 1,055 | 1,769 | 2,824 | (103) | 2,721 |
| 2023-2027 | 6,200 | 7,961 | 14,161 | (464) | 13,697 |
| 2028-2032 | 6,100 | 6,304 | 12,404 | (354) | 12,050 |
| 2033-2037 | 7,776 | 4,482 | 12,258 | (213) | 12,045 |
| 2038-2042 | 9,209 | 2,183 | 11,392 | (46) | 11,346 |
| 2043-2044 | 3,915 | 198 | 4,113 | - | 4,113 |
| Subtotal | <u>\$ 37,915</u> | <u>\$ 30,393</u> | <u>\$ 68,308</u> | <u>\$ (1,613)</u> | <u>\$ 66,695</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.

Pledged Revenues: The Causeway has formally committed to secure the Causeway Revenue Bonds Series 2014 with specific future revenues. Below is the summary of the debt and the related pledged revenues (dollars in thousands):

| Pledged Revenue Source | Description of Secured Debt / Purpose / Term of Final Bond Maturity | Future Revenue Pledged Towards Principal and Interest Payments on Secured Debt | Percentage of Revenue Pledged (1) | Pledged Revenues Recognized During the Period | Principal and Interest Requirements for the Period | Debt Coverage During the Period (2) |
|--|---|--|-----------------------------------|---|--|-------------------------------------|
| Rickenbacker Causeway net operating revenues | Rickenbacker Causeway Revenue Bonds | \$ 55,565 | Net operating revenues | \$ 6,934 | \$ 2,068 | 3.35 |

(1) The proportion of the specific revenue stream that has been pledged.

(2) The debt coverage during the period is the ratio of pledged revenues recognized during the period to the principal and interest requirements for the debt collateralized by those revenues. Pledged revenues may be net of specified operating expenses, if applicable.

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AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
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5. RISK MANAGEMENT

The Causeway, along with certain other County departments, is charged an annual premium fee to participate 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 2017. 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, 2017, the Causeway paid approximately \$6.1 thousand in premium fees to the self-insured programs. Premiums are charged to the Causeway based on amounts necessary to provide funding for current and anticipated losses.

The unfunded losses of RMD is the responsibility of the general fund, and not a liability of the Causeway. Therefore no liability for unfunded losses is reported by the Causeway.

6. PENSION PLANS AND OTHER EMPLOYEE BENEFITS

Pension Plans

The Causeway, as an enterprise fund of the County, provides retirement benefits to its employees through the Florida Retirement System and a Deferred Retirement Option Program (DROP), as well as state approved Other Post-Employment Benefits (OPEB) in the form of subsidized health insurance premiums.

Florida Retirement System Overview

The Causeway participates in Florida Retirement System (FRS). The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective October 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

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AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
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6. PENSION PLANS AND OTHER EMPLOYEE BENEFITS (Continued)

Essentially all regular employees of the Causeway are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature.

The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site:

(http://www.dms.myflorida.com/workforce_operations/retirement/publications).

FRS Pension Plan

Plan Description

The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service (except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service). All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service (except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service). Members of the Plan may include up to 4 years of credit for military service toward creditable service.

The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

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6. PENSION PLANS AND OTHER EMPLOYEE BENEFITS (Continued)

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided

Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

| Class, Initial Enrollment and Retirement Age/Years of Service | % Value |
|--|---------|
| Regular Class members initially enrolled before July 1, 2011 | |
| Retirement up to age 62 or up to 30 years of service | 1.60 |
| Retirement up to age 63 or with 31 years of service | 1.63 |
| Retirement up to age 64 or with 32 years of service | 1.65 |
| Retirement up to age 65 or with 33 or more years of service | 1.68 |
| Regular Class members initially enrolled on or after July 1, 2011 | |
| Retirement up to age 65 or up to 33 years of service | 1.60 |
| Retirement up to age 66 or with 34 years of service | 1.63 |
| Retirement up to age 67 or with 35 years of service | 1.65 |
| Retirement up to age 68 or with 36 or more years of service | 1.68 |
| Special Risk Regular | |
| Service from December 1, 1970 through September 30, 1974 | 2.00 |
| Service on or after October 1, 1974 | 3.00 |
| Elected County Officers | |
| Service as Supreme Court Justice, district court of appeal judge, circuit court judge or county court judge | |
| Service as Governor, Lt. Governor, Cabinet Officer, Legislator, state attorney, public defender, elected county official or elected official of a city or special district that chose EOC membership for its elected officials | 3.00 |
| Senior Management Service Class | 2.00 |

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6. PENSION PLANS AND OTHER EMPLOYEE BENEFITS (Continued)

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates in effect from July 1, 2016 through June 30, 2017, were as follows:

| Class | % of Gross Salary | |
|--|-------------------|--------------|
| | Employee | Employer (*) |
| FRS, Regular | 3.00 | 7.52 |
| FRS, Elected County Officers | 3.00 | 42.47 |
| FRS, Senior Management Service | 3.00 | 21.77 |
| FRS, Special Risk Regular | 3.00 | 22.57 |
| DROP-Applicable to members from all of the above classes | 0.00 | 12.99 |

*Employer rates include 1.66% for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06% for administrative costs of the Investment Plan.

The Causeway's contributions for FRS totaled \$53.2 thousand and employee contributions totaled \$19.8 thousand for the fiscal year ended September 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2017, the Causeway reported a liability of \$563 thousand for its proportionate share of the County's share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The Causeway's proportionate share of the County's net pension liability was based on the Causeway's 2016-17 fiscal year contributions relative to the 2016-17 fiscal year contributions of the total County contributions to the Plan. At June 30, 2017, the Causeway's proportionate share of the County's net pension liability was 0.02%, which was a decrease from its proportionate share of 0.03% measured at June 30, 2016.

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**RICKENBACKER CAUSEWAY ENTERPRISE FUND
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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6. PENSION PLANS AND OTHER EMPLOYEE BENEFITS (Continued)

For the fiscal year ended September 30, 2017, the Causeway recognized pension expense of \$91 thousand related to the Plan. In addition, the Causeway reported in its financial statements, deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 52 | \$ 3 |
| Change of assumptions | 188 | - |
| Net difference between projected and actual earnings on FRS pension plan investments | | 14 |
| Changes in proportion and differences between Causeway FRS contributions and proportionate share of contributions | 10 | 13 |
| Causeway contributions subsequent to measurement date | 15 | - |
| Total | <u>\$ 265</u> | <u>\$ 30</u> |

The deferred outflows of resources related to pensions, totaling \$15 thousand, resulting from the Causeway's contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

| Fiscal Year Ending September 30: | Deferred Outflows/ (Inflows), Net |
|----------------------------------|---|
| 2018 | \$ 26 |
| 2019 | 74 |
| 2020 | 54 |
| 2021 | 13 |
| 2022 | 39 |
| Thereafter | 14 |

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6. PENSION PLANS AND OTHER EMPLOYEE BENEFITS (Continued)

Actuarial Assumptions

The FRS pension actuarial valuation was determined using the following actuarial assumptions, as of July 1, 2017, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.60% |
| Salary Increases | 3.25% average, including inflation |
| Investment Rate of Return | 7.10%, net of pension plan investment expense, including inflation |

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Long-Term Expected Rate of Return

The long-term expected rate of return on the Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation ⁽¹⁾ | Annual Arithmetic Return | Compound Annual (Geometric) Return | Standard Deviation |
|------------------------|----------------------------------|--------------------------|------------------------------------|--------------------|
| Cash | 1.0% | 3.0% | 3.0% | 1.8% |
| Fixed income | 18.0% | 4.5% | 4.4% | 4.2% |
| Global equity | 53.0% | 7.8% | 6.6% | 17.0% |
| Real estate (property) | 10.0% | 6.6% | 5.9% | 12.8% |
| Private equity | 6.0% | 11.5% | 7.8% | 30.0% |
| Strategic investments | 12.0% | 6.1% | 5.6% | 9.7% |
| | <u>100.0%</u> | | | |
| Assumed inflation-Mean | | 2.6% | | 1.9% |

Note: (1) As outlined in the Plan's investment policy

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6. PENSION PLANS AND OTHER EMPLOYEE BENEFITS (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions will be made at the statutorily required rates. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The FRS Actuarial Assumption Conference is responsible for setting the assumptions used in the valuations of the defined benefit pension plans pursuant to Section 216.136(10), Florida Statutes. The 7.10% rate of return assumption used in the June 30, 2017 calculations was determined by the Plan's consulting actuary to be reasonable and appropriate per Actuarial Standard of Practice No. 27 (ASOP 27) for accounting purposes which differs from the rate used for funding purposes which is used to establish the contribution rates for the Plan.

Sensitivity of the Causeway's Proportionate Share of the County's Net Pension Liability to Changes in the Discount Rate

The following represents the Causeway's proportionate share of the County's net pension liability calculated using the discount rate of 7.10%, as well as what the Causeway's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.10%) or one percentage point higher (8.10%) than the current rate (in thousands):

| | 1% Decrease 6.10% | Current Discount Rate 7.10% | 1% Increase 8.10% |
|---|-------------------------|-----------------------------------|-------------------------|
| Causeway's proportionate share of the County's net pension liability | \$ 1,019 | \$ 563 | \$ 184 |

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Rickenbacker Causeway Allocation

County's proportionate share of the Plan's net pension liability, deferred outflow of resources and deferred inflow of resources as of September 30, 2017, and pension expense / adjustment for the fiscal year ended September 30, 2017, was allocated to the Causeway as follows (in thousands):

| FRS PENSION | | | |
|--------------------------|-------------------------------------|------------------------------------|----------------------------------|
| Net Pension Liability | Deferred Outflow of Resources | Deferred Inflow of Resources | Pension Expense Adjustment |
| \$ 563 | \$ 265 | \$ (30) | \$ (134) |

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6. PENSION PLANS AND OTHER EMPLOYEE BENEFITS (Continued)

The Retiree Health Insurance Subsidy Program (HIS)

Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of the State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services.

Benefits Provided

For the fiscal year ended September 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2017, the HIS contribution rate was 1.66%. The Causeway contributed 100% of its statutorily required contributions for the current year and preceding three years. The HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Causeway's contributions to the HIS Plan totaled \$8.2 thousand for the fiscal year ended September 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2017, the Causeway reported a net pension liability of \$162 thousand for its proportionate share of the County's share of the HIS Plan's net pension liability. The total pension liability was determined by an actuarial valuation date as of June 30, 2017. The Causeway's proportionate share of the County's net pension liability was based on the Causeway's 2016-17 fiscal year contributions relative to the 2016-17 fiscal year contributions of the total County contributions to the Plan. At June 30, 2017, the Causeway's proportionate share of the County's net pension liability was 0.02%, which was a decrease from its proportionate share of 0.03% measured at June 30, 2016.

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6. PENSION PLANS AND OTHER EMPLOYEE BENEFITS (Continued)

For the fiscal year ended September 30, 2017, the Causeway recognized pension expense of \$12 thousand related to the HIS Plan. In addition, the Causeway reported, in the financial statements, deferred outflows of resources and deferred inflows of resources related to the HIS Plan from the following sources (in thousands):

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | | |
| Change of assumptions | \$ 23 | \$ 15 |
| Net difference between projected and actual earnings on HIS pension plan investments | - | - |
| Changes in proportion and differences between Causeway HIS contributions and proportionate share of contributions | 2 | 1 |
| Causeway contributions subsequent to measurement date | 2 | - |
| Total | <u>\$ 27</u> | <u>\$ 16</u> |

The deferred outflows of resources related to pensions, totaling \$2 thousand, resulting from the Causeway's contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

| Fiscal Year Ending September 30: | Deferred Outflows/ (Inflows), Net |
|----------------------------------|---|
| 2018 | \$ 3 |
| 2019 | 3 |
| 2020 | 3 |
| 2021 | 2 |
| 2022 | 1 |
| Thereafter | (2) |

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6. PENSION PLANS AND OTHER EMPLOYEE BENEFITS (Continued)

Actuarial Assumptions

The HIS pension as of July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|------------------------------------|
| Inflation | 2.60% |
| Salary Increases | 3.25% average, including inflation |
| Municipal Bond Rates- | |
| Investment Rate of Return | 3.58% |

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions that determined total pension liability as of June 30, 2017, were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate

The discount rate used to measure the total pension liability for the HIS Plan was 3.58%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Causeway's Proportionate Share of the County's Net Pension Liability to Changes in the Discount Rate

The following presents the Causeway's proportionate share of the net pension liability calculated using a discount rate of 3.58%, as well as what the Causeway's proportionate share of the net pension liability would be if it were calculated using a discount rate of one percentage point lower (2.58%) or one percentage point higher (4.58%) than the current rate (in thousands):

| | 1% Decrease 2.58% | Current Discount Rate 3.58% | 1% Increase 4.58% |
|---|-------------------------|-----------------------------------|-------------------------|
| Causeway's proportionate share of the County's net pension liability | \$ 185 | \$ 162 | \$ 143 |

Pension plan fiduciary net position

Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

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6. PENSION PLANS AND OTHER EMPLOYEE BENEFITS (Continued)

The County's proportionate share of the HIS Plan's net pension liability, deferred outflow of resources and deferred inflow of resources as of September 30, 2017, and pension expense / adjustment for the fiscal year ended September 30, 2017 was allocated to the Causeway as follows (in thousands):

HIS PLAN

| Net Pension Liability | Deferred Outflow of Resources | Deferred Inflow of Resources | Pension Expense Adjustment |
|--------------------------|-------------------------------------|------------------------------------|----------------------------------|
| \$ (162) | \$ 27 | \$ (16) | \$ (86) |

FRS – Defined Contribution Pension Plan

The Causeway contributes to the FRS Defined Contribution Investment Plan (Investment Plan). The Investment Plan is administered by the State Board of Administration (SBA), and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Causeway employees participating in the DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment member's accounts, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows:

| Membership Class | % of Gross Compensation |
|--------------------------------|-------------------------------|
| FRS, Regular | 6.30 |
| FRS, Elected County Officers | 11.34 |
| FRS, Senior Management Service | 7.67 |
| FRS, Special Risk Regular | 14.00 |

**RICKENBACKER CAUSEWAY ENTERPRISE FUND
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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6. PENSION PLANS AND OTHER EMPLOYEE BENEFITS (Continued)

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2017, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Causeway.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Causeway's Investment Plan pension contributions totaled \$2.8 thousand and the employee contributions totaled \$2.6 thousand for the fiscal year ended September 30, 2017.

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, sick pay and departure incentive program payable which are included in the compensated absences line item in the accompanying Statement of Net Position, totaled approximately \$257 thousand as of September 30, 2017.

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.

**RICKENBACKER CAUSEWAY ENTERPRISE FUND
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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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.

Plan Description. The County administers a single-employer defined benefit healthcare plan ("the Plan") that provides postretirement medical, hospital, pharmacy 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)

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

Benefits: A number of plan changes to the pre-Medicare retiree plans were made effective January 1, 2016. The valuation reflects the impact of these changes. Eligible pre-Medicare retirees receive health care coverage through one of four self-funded medical plans.

- AvMed POS
- AvMed HMO High
- AvMed HMO Select
- Jackson First HMO

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

Number of Covered Participants for the overall County:

| | County |
|--|--------|
| Actives | 34,061 |
| Retirees under age 65 | 3,116 |
| Eligible spouses under age 65 | 832 |
| Retirees age 65 and over | 727 |
| Eligible spouses under age 65 and over | 375 |
| Total | 39,111 |

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, 2016 to September 30, 2017. No assets have been segregated and restricted to provide postretirement benefits. For fiscal year 2017, the County contributed \$29,476,000 to the plan.

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, 2017 through December 31, 2017, are provided in the tables below. The County subsidy is assumed to remain flat.

**RICKENBACKER CAUSEWAY ENTERPRISE FUND
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

| PRE MEDICARE PREMIUM EQUIVALENT RATES | | | |
|---------------------------------------|--------------|----------------|----------------------|
| AvMed HMO High | Full Premium | County Subsidy | Retiree Contribution |
| Retiree Only | \$718.36 | \$204.36 | \$514.00 |
| Retiree + Spouse | \$1,507.74 | \$360.38 | \$1,147.36 |
| Retiree + Child(ren) | \$1,396.55 | \$339.47 | \$1,057.08 |
| Retiree + Family | \$1,838.79 | \$418.43 | \$1,420.36 |
| AvMed HMO POS | Full Premium | County Subsidy | Retiree Contribution |
| Retiree Only | \$1,388.86 | \$177.80 | \$1,211.06 |
| Retiree + Spouse | \$2,644.09 | \$302.75 | \$2,341.34 |
| Retiree + Child(ren) | \$2,423.16 | \$175.12 | \$2,248.04 |
| Retiree + Family | \$3,589.00 | \$711.37 | \$2,877.63 |
| AvMed Select | Full Premium | County Subsidy | Retiree Contribution |
| Retiree Only | \$668.07 | \$204.36 | \$463.71 |
| Retiree + Spouse | \$1,402.22 | \$360.38 | \$1,041.84 |
| Retiree + Child(ren) | \$1,298.77 | \$339.47 | \$959.30 |
| Retiree + Family | \$1,710.06 | \$418.43 | \$1,291.63 |
| Jackson First HMO | Full Premium | County Subsidy | Retiree Contribution |
| Retiree Only | \$634.66 | \$204.36 | \$430.30 |
| Retiree + Spouse | \$1,332.11 | \$360.38 | \$971.73 |
| Retiree + Child(ren) | \$1,233.83 | \$339.47 | \$894.36 |
| Retiree + Family | \$1,624.55 | \$418.43 | \$1,206.12 |

| MEDICARE RETIREE PREMIUM EQUIVALENT RATES | | | |
|---|--------------|----------------|----------------------|
| Med Supp High | Full Premium | County Subsidy | Retiree Contribution |
| Retiree Only | \$907.81 | \$233.58 | \$674.23 |
| Retiree + Spouse 65+ | \$1,555.24 | \$260.15 | \$1,295.09 |
| Med Supp Low | Full Premium | County Subsidy | Retiree Contribution |
| Retiree Only | \$810.69 | \$208.59 | \$602.10 |
| Retiree + Spouse 65+ | \$1,388.91 | \$232.33 | \$1,156.58 |
| Med Supp High No Rx | Full Premium | County Subsidy | Retiree Contribution |
| Retiree Only | \$394.59 | \$101.53 | \$293.06 |
| Retiree + Spouse 65+ | \$676.03 | \$113.08 | \$562.95 |

**RICKENBACKER CAUSEWAY ENTERPRISE FUND
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
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 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 2017 and the related information for the plan are as follows (in thousands):

| | | |
|--|----|-----|
| Annual Required Contribution (ARC) | \$ | 16 |
| Interest on net OPEB obligation | | 3 |
| Adjustment to annual required contribution | | (3) |
| Annual OPEB cost | | 16 |
| Contributions made | | 12 |
| Increase in net OPEB obligation | | 4 |
| Net OPEB obligation – beginning of year | | 75 |
| Net OPEB obligation – end of year | \$ | 79 |

The Causeway recorded the net OPEB obligation of \$79 thousand in other long-term liabilities, for the fiscal year ended 2017. This represents 0.11% of the County's total OPEB liability for the fiscal year ending 2017. 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 2017, as follows (dollars in thousands):

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------|---------------------|--|------------------------|
| 9/30/2017 | \$ 16 | 75.0% | \$ 79 |
| 9/30/2016 | \$ 15 | 86.7% | \$ 75 |
| 9/30/2015 | \$ 36 | 91.7% | \$ 73 |

**RICKENBACKER CAUSEWAY ENTERPRISE FUND
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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, 2017 (dollars in thousands).

Schedule of Funding Progress for the Retiree Health Plan

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Estimated Covered Payroll (c) | UAAL as % of Covered Payroll ([(b-a)/c] |
|--------------------------------|--|--|------------------------------------|--------------------------|--|--|
| 10/1/2016* | \$ - | \$ 457,297 | \$ 457,297 | 0% | \$ 2,180,168 | 21% |

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.

**RICKENBACKER CAUSEWAY ENTERPRISE FUND
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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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 | 10/1/2015, projected to 10/01/2016 |
| 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 | 22 years |
| Actuarial assumptions: | |
| Discount rate | 4.0% |
| Inflation rate | 3.5% |
| Payroll growth assumption | 3.0% |
| Health CPI | 3.0% |
| Health care cost trend period | Grades down over six years by 0.5% per year |
| Health care cost trend rates | Medical/Rx 7.5% initial to 4.5% ultimate RP 2014 Generational Table using MP 2016 Projection Scale and applied on a gender-specific basis |
| Mortality table | |

The inflation rate assumption is consistent with the Consumer Price Index (CPI) increase at 3.5% 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.

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**RICKENBACKER CAUSEWAY ENTERPRISE FUND
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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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 \$531 thousand for the fiscal year ended September 30, 2017.

9. CHANGES IN LONG-TERM LIABILITIES FOR FISCAL YEAR 2017:

| | Beginning Balance at 10/1/2016 | Additions | Reductions | Ending Balance at 9/30/2017 | Due Within One Year |
|--|--------------------------------------|--------------|-------------------|-----------------------------------|------------------------|
| Bonds and loans payable: | | | | | |
| Revenue Bonds 2014 Series | \$ 31,085 | \$ - | \$ (545) | \$ 30,540 | \$ 565 |
| Capital Asset Acquisition Bonds | 5,206 | - | (133) | 5,073 | 138 |
| Loan payable | 2,506 | - | (204) | 2,302 | 161 |
| Add unamortized bond premium | 2,767 | - | (109) | 2,658 | - |
| Total bonds/loans payable | <u>41,564</u> | <u>-</u> | <u>(991)</u> | <u>40,573</u> | <u>864</u> |
| Other liabilities: | | | | | |
| Compensated absences | 280 | 29 | (52) | 257 | 48 |
| Due to other governments | 1,825 | - | (365) | 1,460 | 365 |
| Pension and HIS | 951 | - | (226) | 725 | - |
| Other Postemployment Benefits | 75 | 4 | - | 79 | - |
| Total other liabilities | <u>3,131</u> | <u>33</u> | <u>(643)</u> | <u>2,521</u> | <u>413</u> |
| Total long-term liabilities (including current portion) | <u>\$ 44,695</u> | <u>\$ 33</u> | <u>\$ (1,634)</u> | <u>\$ 43,094</u> | <u>\$ 1,277</u> |

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, 2017, the Causeway had made 11 required payments totaling \$4,015,000 leaving 4 remaining annual payments of \$365,000 each from fiscal year 2018 through fiscal year 2021, totaling \$1,460,000. This liability is included in the accompanying statement of net position as of September 30, 2017 as due to other governments. The annual funding payments to the Village are subject to the availability of Causeway revenues.

**RICKENBACKER CAUSEWAY ENTERPRISE FUND
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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 Causeway had no contractual commitments as of September 30, 2017

11. RESTRICTED ASSETS

Restricted assets represent funds that are required to be segregated in restricted accounts under the terms of various debt agreements (see Note 4). Assets were restricted for the following purposes as of September 30 (in thousands):

Assets Restricted For:

| | | |
|-------------------------|----|-------|
| Construction | \$ | 629 |
| Debt Service (1) | | 1,548 |
| Renewal and Replacement | | 2,632 |
| Operating Reserve | | 542 |
| Bond Reserve | | 2,061 |
| Total | \$ | 7,412 |

(1) This amount is presented net of accrued interest payable in the corresponding Net Position section of the Statement of Net Position.

12. NON-RECURRING ITEMS

The Causeway returned \$2.3 million to the County relating to the Federal Emergency Management Agency (FEMA) for disallowed costs incurred due to 2015 Hurricane Wilma. The returned funds were included in line: “Other, net” under the “Non-Operating Revenues (Expenses)” section of the Statement of Revenues, Expenses, and Changes in Net Position.