



# Miami-Dade Water and Sewer Department

**A DEPARTMENT OF MIAMI-DADE COUNTY, FL**

## 2012 Comprehensive Annual Financial Report

**PREPARED BY: CONTROLLER DIVISION AND PUBLIC AFFAIRS SECTION**





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### **VISION STATEMENT**

The continuous delivery of excellent, cost-effective water supply and wastewater services in compliance with all regulatory requirements.

### **MISSION STATEMENT**

The Miami-Dade Water and Sewer Department is committed to serving the needs of Miami-Dade County residents, businesses, and visitors by providing high-quality drinking water and wastewater disposal services while providing for future economic growth via progressive planning; implementing water conservation measures; safeguarding public health and the environment; and providing for continuous process improvements and cost efficiencies.



*Delivering Excellence Every Day*

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### Table of Contents

#### INTRODUCTORY SECTION

Board of County Commissioners ..... 4

Transmittal Letters ..... 5

Organizational Chart ..... 26

#### FINANCIAL SECTION

Independent Auditors' Report ..... 28

Management's Discussion and Analysis ..... 30

#### Financial Statements

Balance Sheets ..... 34

Statements of Revenues, Expenses and

Changes in Net Assets ..... 36

Statements of Cash Flows ..... 37

Notes to Financial Statements ..... 39

Required Supplementary Information ..... 55

Supplementary Financial Data ..... 56

#### Water System

Balance Sheets ..... 57

Schedules of Revenues, Expenses and

Changes in Net Assets ..... 59

Schedules of Cash Flows ..... 60

Schedule of Operating

and Maintenance Expenses ..... 62

#### Wastewater System

Balance Sheets ..... 63

Schedules of Revenues, Expenses and

Changes in Net Assets ..... 65

Schedules of Cash Flows ..... 66

Schedule of Operating and

Maintenance Expenses ..... 68

#### STATISTICAL SECTION

#### Net Assets

by Components - Last Ten Fiscal Years ..... 73

#### Combined Water and Sewer

#### Schedule of Revenues

and Expenses - Last Ten Fiscal Years ..... 74

#### Water System Schedule of Revenues

and Expenses - Last Ten Fiscal Years ..... 75

#### Wastewater System Schedule of

Revenues and Expenses - Last Ten Fiscal Years . 76

#### Water and Wastewater

System Rates - Last Ten Fiscal Years ..... 77

Water Usage - Last Ten Fiscal Years ..... 78

Wastewater Treatment - Last Ten Fiscal Years .. 79

Debt Service Coverage - Last Ten Fiscal Years .. 80

#### Ratio of Outstanding

Debt by Type - Last Ten Fiscal Years ..... 81

#### Customer Statistics - Largest System

Customers. .... 82

Customer Statistics - Number of Customers. .... 83

Population ..... 84

Building Permits. .... 85

Construction Activity ..... 86

Principal Employers. .... 87

Economic Statistics ..... 88

Employees by Identifiable Activity ..... 89

Capital Indicators ..... 90

Insurance in Force ..... 91

## MIAMI-DADE COUNTY

Carlos A. Gimenez  
Mayor



## BOARD OF COUNTY COMMISSIONERS

Rebeca Sosa  
Chairwoman

Lynda Bell  
Vice Chair

Barbara J. Jordan  
District 1

Jean Monestime  
District 2

Audrey M. Edmonson  
District 3

Sally A. Heyman  
District 4

Bruno A. Barreiro  
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Rebeca Sosa  
District 6

Xavier L. Suarez  
District 7

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District 8

Dennis C. Moss  
District 9

Senator Javier D. Souto  
District 10

Juan C. Zapata  
District 11

José "Pepe" Díaz  
District 12

Esteban Bovo, Jr.  
District 13

Harvey Ruvin  
Clerk of Courts

Carlos Lopez-Cantera  
Property Appraiser

Robert A. Cuevas, Jr.  
County Attorney

Miami-Dade County provides equal access and equal opportunity in employment and services and does not discriminate on the basis of disability.

It is the policy of Miami-Dade County to comply with all of the requirements of the Americans with Disabilities Act.

February 4, 2013

Honorable Rebeca Sosa, Chairwoman and Members of the Board of County Commissioners  
Honorable Harvey Ruvin, Clerk  
Carlos Lopez-Cantera, Property Appraiser  
Robert A. Cuevas, Jr., County Attorney  
Miami-Dade County, Florida

Ladies and Gentlemen:

The Comprehensive Annual Financial Report (CAFR) of the Miami-Dade Water and Sewer Department (Department) for the fiscal year ended September 30, 2012 (FY2012), is submitted herewith. While the independent auditor has expressed an opinion on the basic financial statements contained in this report, management is responsible, in all material respects, for both the completeness and reliability of the information contained in this report. The basic financial statements comprise the Management's Discussion and Analysis (MD&A), financial statements, notes to the financial statements, and Required Supplementary Information (RSI). Immediately following the independent auditors' report, is the MD&A which provides a detail overview of the Department's financial activities for FY2012. The financial statements are fairly presented in all material aspects and are in a manner designed to set forth the financial position and the results of operations of the Department. All required disclosures have been presented to assist readers in understanding the Department's financial affairs. This report may be accessed via the Internet at [http://www.miami-dade.gov/wasd/reports\\_financial.asp](http://www.miami-dade.gov/wasd/reports_financial.asp).

## **PROFILE OF GOVERNMENT**

In December 1972, the Board of County Commissioners (Board) of Miami-Dade County, Florida (County) created the Miami-Dade Water and Sewer Authority (Authority) for the purpose of establishing an agency responsible for providing water and wastewater services throughout the County. In 1973, all properties of the water and wastewater systems of the City of Miami and of the County were put under the control of the Authority. The Board changed the status of the Authority to that of a County department effective November 1, 1983, under the provisions of Miami-Dade County Ordinance 83-92, establishing the "Miami-Dade Water and Sewer Authority Department." On October 19, 1993, the Department changed its name to the Miami-Dade Water and Sewer Department.

The Department's water system, considered the largest water utility in the Southeast United States, serves approximately 420,000 retail customers and 15 municipal wholesale customers within the County. Water is drawn primarily from the surficial Biscayne Aquifer, a non-artesian (or near surface) aquifer which underlies an area of about 3,200 square miles in Miami-Dade, Broward and Palm Beach counties. The water system consists of three regional water treatment plants and five small auxiliary treatment facilities that service the southernmost area of the County. There are fifteen wellfields comprised of 94 production wells and five aquifer storage and recovery wells. These wells supply untreated water to the treatment plants. Water distribution throughout the 400 square miles service area is performed via seven remote finished water storage and pumping facilities and more than 7,700 miles of water mains ranging in size from 2 inches to 96 inches in diameter. The service area is subject to wide fluctuations in rainfall, not only in total annual amount, but also month-to-month. An extended dry period usually

results in substantial water usage for residential irrigation and corresponding peak demands on the utility. In response, the Department encourages water conservation through water use restrictions, rates and other methods. The conservation program includes: leak detection and repair; recycling the water used to backwash filters and treatment plants; reduction of transmission main pressure during periods of critical water shortage; new ordinances establishing water use efficiency standards for new construction and permanent two days a week irrigation restrictions; brochures and public information mailed with bills giving advice on water conservation; rebate programs designed to improve the efficient use of water by retrofitting older fixtures; and using treated wastewater effluent for process water, cleanup and landscape irrigation.

The wastewater system serves approximately 338,000 retail customers and 13 wholesale customers, consisting of 12 municipal customers and the Homestead Air Reserve Base. It consists of three regional wastewater treatment plants, over 1,000 sewage pump stations and nearly 6,200 miles of collection and transmission pipelines. The disposal of the by-products of the treatment process (sludge and effluent or treated wastewater) is an important part of the Department's plan to improve and expand its sewer system. Disposal of treated wastewater at the North District Plant and the Central District Plant is accomplished by discharge into the Atlantic Ocean. A portion of the treated effluent at the North District Plant is also disposed via deep injection wells.

Environmental studies conducted by the Environmental Protection Agency (EPA) and examinations by the State and the Department conducted in 1994 have shown "no irreparable harm" and "no unreasonable degradation" to the

environment as a result of the discharge of effluent from the North District Plant and the Central District Plant into the Atlantic Ocean. This position has since been revised by the State where, during 2008, legislation was passed mandating a phase out of all ocean outfall flows in an effort to terminate this process.

The South District Plant disposes of its effluent through deep injection wells to the lower Floridan Aquifer at a depth below 2,400 feet. In 1995, the Department completed construction of five additional deep injection wells as part of its 112.5 million gallons per day (MGD) plant expansion project. Only one well received an operational permit while it is anticipated that the remaining four deep injection wells will receive their operational permit with the completion of the High Level Disinfection (HLD) project.

The Department continues to plan and design reclaimed water facilities. Currently, the Department reuses 13 million gallons per day of treated wastewater, which includes 120,000 gallons per day for irrigation of the Florida International University Bay Vista Campus. As part of the 20-Year Water Use Permit, the Department is committed to produce about 170 MGD of reclaimed water for aquifer recharge, irrigation, power plant cooling and potentially coastal wetlands re-hydration.

## **ECONOMIC CONDITION AND OUTLOOK**

This economic condition and outlook report outlines the level of economic activity throughout FY2012 and forecasts the area's economic outlook for next fiscal year.

One year ago, in the year-end outlook for the local economy, it was anticipated that FY2012 would be similar to the growth experienced in 2011 continu-

ing on a slow recovery path with low to moderate job creation for Miami-Dade County and its most vital industries. That outlook turned out to be a reasonably accurate assessment of the past year as most indicators improved including employment, although it remained weak.

FY2012 saw the various economic indicators improve at the national level from the previous year. Real gross domestic product (GDP) increased at an annual rate of 2.3 percent and inflation was 1.6 percent. Average annual unemployment rates decreased from 9.7 percent in FY2011 to 8.5 percent for the current year. This latter measure has led to a better year than expected.

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

What follows is an overview of the economic conditions throughout the past year and a brief discussion about the level of activities and the underlying trends associated with the area's key economic drivers that were a contributing factor in gaining momentum for its economic recovery.

## EMPLOYMENT

In FY2012 nonagricultural wage and salary employment (annual average) recorded an overall gain of approximately 17,400 jobs. This was up by almost two percent, to put total employment at 1,013,383 according to the Florida Department of Economic

Opportunity. While overall job growth has been modest, it is nonetheless viewed as favorable, thus making FY2012 a year of recovery. Despite a limited gain in the size of the labor force, the unemployment rate noticeably decreased. The average annual unemployment rate for the year stood at 9.7 percent, compared to 11.9 percent a year earlier. Moreover, unemployment rates have steadily decreased over the year from 10.8 percent to 8.8 percent.

By individual sector, most were contributors to employment growth. The gains accrued mostly in the Service providing industries. The top two sectors that gained jobs were Retail, and Professional and Business Services registering gains of 9,600 and 3,900 jobs respectively. All remaining sectors in the Service providing group reported good to modest advances during the last year.

In contrast, employment in the Goods producing industries decreased as Construction employment dipped by 10.6 percent. This sector has lost 3,300 jobs reflecting the continued weakness in construction work related to the development of new housing units.

## REAL ESTATE MARKET

Traditionally, the real estate sector in Miami-Dade County is viewed as one of the important measures of the County's economic health. In FY2012, the performance of the real estate market was better than the previous year, especially in terms of home sales. For the fourth year in a row, the residential portion of the market recorded an increase in sales, although existing home prices have remained soft. At the same time, the number of foreclosure filings increased by almost 11,000. On the commercial/industrial front, there were signs of recovery showing some improvements over the previous year.

During FY2012, sales of existing single-family homes increased 9.4 percent with 10,395 homes sold. This was fueled, in part, by low mortgage rates. A somewhat smaller increase occurred in the sales of condominiums with a total of 15,242 units sold for a 6.4 percent increase. Another reason for this positive performance can be attributed to the foreign-based demand for housing, especially condominiums. To some extent, this is also due to transactions related to “short” sales and foreclosed properties.

In terms of valuation, housing prices began to rebound in FY2012. The average sales price of an existing single-family home in Miami-Dade rose to \$183,332 up by 4.4 percent. Existing condominiums displayed a robust growth in sales price increasing by 27.1 percent increase from 2010. The reversal of the previously negative trend in prices and the continuing positive demand for housing augurs well for the coming year.

The pace of economic growth at the national level is very important to the housing market because it influences Federal Reserve policy on short-term interest rates that, in turn, affects long-term rates such as mortgage rates. Local economic growth is a very important influence on the demand side of the market. During the past year, the average home mortgage rate steadily declined from 5.4 percent in October 2011 to 3.8 percent in September 2012. This amounted to 1.6 percent decrease in FY2012. Meanwhile, the consumer price index for the Miami area rose 1.8 percent after a 2.8 percent gain in the previous year.

With regard to the development side of the real estate market, data points to some positive indicators. Although the number of building permits issued in FY2012 was less than half of the corresponding number in the previous year, residential permits in valuation terms markedly increased

by 36 percent reaching a total of \$466 million. However, such was not the case with the commercial/industrial components of the real estate market. During FY2012, there were significant improvements from the decline of the previous year. Construction activity in commercial developments, as measured by the amount of square footage of office and retail space under construction, increase by 39.1 percent from the level recorded in the prior year. Retail space under construction was responsible for this improvement, while office development continued to lag. Industrial space under construction showed improvement for the first time in three years.

Market performance in commercial/industrial real estate in FY2012 has definitely shown improvement from the previous year. Office vacancy rates showed modest advance as it declined from 14.7 percent in FY2011 to 14.1 percent for the current, while the vacancy rate for industrial space declined by 12.4 percent. Lease rates for office space remained flat, while in the industrial market they rose by 6.7 percent. Lease rate for retail space showed an even greater increase of 12.7 percent.

Miami-Dade’s commercial and industrial real estate market continues to remain well positioned for long-term growth supported by the continuing growth in population and the strength of the local economy in international trade and commerce. Oversupply of office space exists in the market. Therefore, it will take some time for demand to catch up. The continued improvement of the job market, especially in those sectors that need office space, and the high volumes of trade would be helpful in the absorption of this type of space. For the year ahead, the outlook for the commercial/industrial market is one of optimism for continued improvements in both demand and value terms, particularly for the industrial and retail components.

## SALES INDICATORS

Economic activity, as measured by taxable sales, has shown some strength during the past year. Total taxable sales rose by 7.6 percent to about \$40.5 billion, with retail sales alone up by 8.2 percent (without considering price inflation). Miami-Dade County fared better than the State in relative taxable sales, with a 7.6 percent increase versus a 5.9 percent increase for the State.

In FY2012, there was an across-the-board increase in taxes for all major categories from the previous year. Auto and Accessories, and Tourism and Recreation led the way in the retail sales category posting 11.1 percent and 10.2 percent increases, respectively. This performance was reflected in the Miami-Dade's broad market indicator, the Index of Retail Activity, which increased by 8.2 percent during the same period. Similarly, the same index, at the State level, displayed a gain of 6.5 percent.

## INTERNATIONAL TRADE AND COMMERCE

One of the best indicators of Miami-Dade's economic performance during the fiscal year was in the area of international trade and commerce. International trade activity continued to advance, posting sizable gains in both exports and imports throughout 2012. The picture presented by this performance displays the area's strategic position to produce higher volumes of trade-related services relative to most trading hubs; in fact, the Miami Customs District (that includes an area broader than Miami-Dade) is ranked 11th among the nation's top 20 Customs Districts. Merchandise trade passing through the Miami Customs District totaled \$115.6 billion, the highest ever. This represents a 10.5 percent increase in total trade, although lower than the very large increase of 19.6 percent in the previous year. Exports similarly registered an increase of 8.8 percent compared to a 19.1 per-

cent increase during the prior year. The import side presented a better picture with a 13.3 percent advance in FY2012, although lower than the increase of 20.4 percent in the prior year. Most of the Miami Customs District export markets are in South America, Central America, and the Caribbean. In addition, the majority of all U.S. imported perishables from this region are passing through the Miami District. With the economies in most of the countries in these regions strengthening there were increases in trade flows, and this led to the increase of exports and imports.

Two of Miami-Dade County's barometers of trade activity are the freight tonnage moving through Miami International Airport ("MIA") and the Seaport of Miami (the "Seaport"). The merchandise trade figures, measured in tonnage, for the Miami Customs District in FY2012 were not on par with the activity levels at MIA and the Seaport. Air freight and cargo tonnage performance at these facilities displayed a much slower pace of growth. At the former, overall air freight tonnage went up 4.8 percent, compared to a 1.0 percent increase in the previous year. While the domestic freight tonnage handled was 17.3 percent higher than the previous year, the increase in international freight was lower at 3.5 percent. At the Seaport, cargo tonnage figures were up by 2.8 percent, somewhat below the previous year's gain of 6.8 percent. With global growth prospects in FY2013 not expected to be robust, increases in trade activity is likely to continue but at somewhat slower rate than over the past two years. Nonetheless, local trade officials are optimistic regarding the outlook of international commerce in Miami-Dade and predict positive trends in freight and cargo tonnage movement through its ports in the coming year. Looking beyond the FY2013, the dredging activities underway to accommodate larger vessels in the Post Panamax period, augurs well for the future of the Port.

## TOURISM

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

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

In conjunction with the increase in visitors, the Miami International Airport passenger levels increased to 39.6 million in 2012, representing a gain of 5.1 percent compared to a gain of 7.5 percent in the prior year. This outcome consists of increases in both domestic and international air passengers.

MIA international passengers led the way with a 7.5 percent increase to 19.3 million, while domestic passengers increased by 3.1 percent to 20.2 million. With the continued improvement of the facilities at MIA, aviation officials are projecting that passenger traffic in 2013 will be higher than the previous year. This is based on the continued addition and increase in frequencies of flights from MIA to more destinations domestically and around the world. In contrast, the Airport's performance was not shared at the Port of Miami, where the number of cruise passengers declined by 6.2 percent, compared to a smaller decrease of 3.3 percent in 2011.

Along with the higher number of visitors, hotel booking activity registered improvements as hotel occupancy rates increased on a year-round basis moving in the same direction as a year ago. In 2012, hotel occupancy rate increased 74.5 percent to 76.2 percent. The higher occupancy rates are most likely due to the improved economic situation, which contributed to more overnight visitors to Miami. The increase in demand came along with an increase of 7.7 percent in the average of hotel room rate reaching \$159.33. This figure now surpasses pre-recession levels and is expected to rise modestly in the next year.

## FUTURE OUTLOOK

After a year of continuing gains, although modest ones, the economic outlook for the County in FY2013 should show similar growth rates.

This moderately optimistic outlook for the Miami-Dade's economy is based on the performance of our international sector, including trade and tourism. These sectors will continue to be the County's primary engines of economic growth, fueling both future employment and income growth. Activity levels in these two sectors are expected to continue to grow at a moderate rate. Their expansion will

likely strengthen other components of the economy. This is predicated on the economic health of our major trade partners and origin of tourists. This appears justified as Latin America is predicted to have an expansion of domestic product of almost 4 percent for the coming year. Europe is in a weaker situation with growth in domestic product forecast to be less than the U.S. at under 2 percent.

Overall, FY2013 is expected to experience the same trends that have defined the local economy for much of the last fiscal year continuing on a slow recovery path with moderate job creation. On the plus side, the U.S. economy continues to fare reasonably well compared to other developed economies. At this time, there is risk to the outlook emanating from outside the U.S., in particular from Europe. However, at this point there are no negative signs that would indicate a slowdown due to this risk is likely to appreciably impact the U.S. economic environment.

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

There are a number of other and substantial factors that are a threat to the continued moderate growth of the economy. Chief among these is the uncertainty that remains over fiscal policy at the national level. Although issues over increased tax rates have been resolved, contained within the legislation is the expiration of the reduction in payroll taxes. This will result in a reduction of current wage income and hence consumer demand. Further, there will be clashes over future expenditures,

particularly in regard to entitlement programs. In addition, questions remain regarding extension of unemployment benefits. The resolution of these matters remains uncertain and therefore the impact on the economy, which is still in a weak recovery mode, is unknown at time.

In addition, the European debt crisis, and Middle East strife create uncertainties regarding the outlook. Further questions remain regarding the housing market with prices are still depressed despite the gain over the past year. Should any of these factors lead to a slowdown at the national level, they will undoubtedly filter down to the Miami-Dade economy.

For the upcoming fiscal year, the signs present in the current economic environment point to a year of modest gains in payroll employment, and some continued progress on reducing unemployment. Weighing all the likely developments in major areas of the economy leads to a forecast for FY2013 that is likely to be similar to the previous one. There is expected continued improvements on the economic front at modest growth rates, the degree of improvement will be a function of growth in the trade and tourism sectors. A smaller decline in the unemployment rate than that experienced this year is likely to occur in FY2013. The unemployment rate is expected to decline more slowly.

The Miami-Dade economy appears poised to continue its recovery through 2013 with slow but positive growth. This is based on expected strong performance in the transportation and merchandise trade sectors, its strength in the tourism industry, and its large and growing population base. The growth experienced in FY2012 is expected to continue and possibly improve upon the progress made during the past year.

# Major Initiatives

## INTEGRATED WATER, WASTEWATER, RECLAIMED WATER MASTER PLANNING

Due to increasing interdependencies, in the future master planning for water, wastewater and reclaimed water, facilities will be completed in a single combined effort. Work on the first such Integrated Water, Wastewater and Reclaimed Water Master Plan has been initiated. The planning for compliance with the Florida Ocean Outfall Act, which is described below, will be included. The Integrated Master Plan is scheduled for completion in mid-2013 pending receipt of revised population projections from Miami-Dade County Regulatory and Economic Resources Department. Initial work has included the development of flow projections for the water and wastewater systems, identification of potential reclaimed water projects, and an additional transmission system of hydraulic model set-up and calibration.

### Water-Use Efficiency Plan

The Water Use Efficiency Plan (Plan) is in its sixth year of implementation as required by the 20-year Water Use Permit (WUP) and approved by the Board of County Commissioners. The Plan implements water conservation best management practices and measures through a quantifiable process that provides for accountability of the water saved through the Plan. The Plan's goals of saving water have been exceeded every year since implementation. This effort has allowed the Department to capitalize on the additional policy measures implemented, such as: permanent irrigation restrictions, aggressive public information campaigns, construction requirements for water efficient fixtures, and water loss reduction programs. The combination of these initiatives has provided for an unprecedented consumption reduction of about 44 MGD below projected demands through FY2012. The Department's conservation efforts

have resulted in the extension of the County's Water Use Permit, cancellation of two alternative water supply projections and deferral of several other expensive infrastructure water supply projects, making conservation the least expensive form of an alternative water supply.

The Department's 20-year Water-Use Efficiency Plan was the first in the state developed using the Florida Department of Environmental Protection's (FDEP) Conserve Florida "GUIDE," a web-based application that facilitates the development of goal-based water conservation planning. The Plan's objectives include improving water-use efficiency, reducing loss and waste and complying with the State's legislative criteria and water conservation initiatives.

The following best management practices are currently being implemented:

- ◆ Landscape Irrigation Evaluations and Rebates
- ◆ High Efficiency Toilet (HET) Rebate
- ◆ Multifamily HET Rebate
- ◆ Audits and Retrofits of County facilities
- ◆ Showerhead Exchange Project
- ◆ Multifamily Showerhead Retrofit Project
- ◆ Green Lodging and Restaurant Project
- ◆ Lodging Showerhead Retrofit Project
- ◆ Lodging HET Rebate Project
- ◆ Children's Campaign
- ◆ Public Outreach Program

### Water Reclamation

Reclaimed water is highly treated, filtered and disinfected wastewater that is reused for a variety of purposes. Reclaimed water can replace or supplement groundwater supplies. Currently, the Department has been able to replace potable water used for processed water at its wastewater treatment plants with reclaimed water. Valuable drinking water is thus conserved by using reclaimed water in several wastewater treatment plant pro-

cesses, as well as the landscape irrigation system at two of the Department's wastewater treatment plants and at Florida International University's Biscayne Bay Campus.

Moving forward, the Department has made a substantial commitment to reclaim wastewater during the next 20 years, through a number of projects. The Department has conducted a pilot project to test the feasibility of using reclaimed water to rehydrate coastal wetlands. After careful analysis, the cost of constructing a treatment facility to recharge the Biscayne Aquifer to enable additional withdrawals for the South Miami Heights water treatment plant was determined to be too high, therefore, Floridan aquifer water will be used instead. Currently under review is the feasibility of large scale replenishment of the Floridan aquifer with reclaimed water. This is likely to be a much more cost-effective approach for wastewater reuse that can help maintain the sustainability of the Floridan Aquifer as a secondary source of drinking water to meet future water supply needs without adversely impacting the Everglades resources. The Department has also executed an agreement to provide up to 90 MGD of reclaimed water for cooling at Florida Power and Light's Turkey Point power plant in south Miami-Dade if and when, additional generating units are constructed. This would be the largest single reuse project in the State.

### **Floridan Aquifer**

The Department, in cooperation with the City of Hialeah, is working on the design and construction of a new 10 MGD reverse osmosis (RO) Water Treatment Plant in Hialeah. The plant will be supplied solely with water from the Floridan Aquifer, a brackish source that is deeper than the Biscayne Aquifer. The RO plant is expected to produce an average daily flow of 10 million gallons of drinking water starting in 2013.

### **Aquifer Storage and Recovery (ASR)**

The WUP does allow for use of ASR. The Department has used ASR successfully in the past. ASR involves pumping water from the Biscayne Aquifer, when rainfall and groundwater are plentiful, into the deeper Upper Floridan Aquifer for the purpose of storing the water for later use. Although, as noted in the previous sub-section, Floridan Aquifer water is brackish, the fresher Biscayne Aquifer water forms a freshwater "bubble" underground as it is pumped into the Floridan Aquifer for replenishment, augmentation or storing water for later recovery. The Department was able to recover one billion gallons of freshwater during the drought of 2000-2001. To ensure compliance with regulatory requirements of the ASR wells, located at the Southwest and West Wellfields, the Department has completed construction of an ultraviolet (UV) treatment facility to disinfect Biscayne Aquifer water before it is stored at each of the subject wellfields. Cycle testing of the ASR systems, which will result in a determination of the capacity of the systems, is scheduled for initiation in early 2013.

### **South Miami Heights Water Treatment Plant**

The first stages of construction began in FY2004 with the completion of the perimeter wall and other sections of the exterior and the surroundings of the Department's newest water treatment plant.

Installation of traffic lights and turn lanes comprising the entranceway into the facility began in FY2005. The raw water transmission mains that will serve the plant from its future well fields were completed early during FY2008. A parking lot and finished water mains were constructed during FY2008 through FY2011.

The parking lot is to serve the Roberta Hunter Linear Park, where the primary wellfield will be located. The raw water mains will be the means of delivering the water to the plant. Currently, the Department has issued a Notice to Proceed (NTP) for the High Service Pump Station and Reservoir and is 90 percent completed.

This plant will serve the southern portion of the County and together with the five million gallon reservoir, will assure delivery of water that meets and exceeds regulatory standards. This project was completed in FY2012. Other portions of this substantial project include the combined wellfield construction, additional park improvements and the water treatment plant facility. These projects have been delayed due to budget constraints and restructuring of the aquifer recharge projects. Negotiations with South Florida Water Management District (SFWMD) are under review to obtain water from the Floridan Aquifer and the original allocation from the Biscayne Aquifer. The facility, which will replace three of the five small treatment plants currently being operated in South Miami-Dade, will use the latest in membrane softening and Reverse Osmosis (RO) technologies and will commence production with an initial treatment capacity of 20 MGD.

### **GWUDI Water Treatment Plant Design**

The Department's Hialeah and Preston Water Treatment Plants (WTPs) treat raw water from a combination of four groundwater wellfields, including the Northwest Wellfield (NWWF). Nearby mining activities may trigger the reclassification of the NWWF from groundwater to groundwater under the direct influence of surface water (GWUDI). This potential reclassification has significant implications for the Preston and Hialeah WTPs by requiring the existing facilities to operate under more stringent standards than were intended in

their original designs. Improvements to meet the treatment requirements of a reclassification of the NWWF are collectively identified as the GWUDI Upgrades Project. Separating the NWWF raw water and its treatment from the other wellfields that supply the Preston and Hialeah WTPs dramatically reduces the costs of the GWUDI Upgrades Project. This requires the construction of a GWUDI treatment facility. Constructing significant portions of the GWUDI treatment facility on a previously identified and mitigated Department property near the NWWF (known as the NWWF site) has a lower cost of construction and reduces impact on the community compared to constructing all the GWUDI upgrades at the Preston and Hialeah WTPs sites. As a result, the Department has been authorized to design the GWUDI Upgrades facility at the NWWF site. This facility will convert the NWWF raw water to process water, with a majority of this process water being conveyed to the Preston WTP through the existing 96-inch diameter raw water main. The main will be converted to a dedicated GWUDI Upgrades process water main as part of the project. A portion of the GWUDI Upgrades process water will provide finished water for local distribution. The initial scope of services, dated October 6, 2009, was approved to proceed with GWUDI Upgrades. On January 11, 2010, the Department directed the scope of services to be amended to proceed with GWUDI Upgrades based on nanofiltration (NF) and supporting processes. The current scope of services, dated January 14, 2010, including the Basis of Design Report (BODR), Schematic Design, and 50 Percent Design was approved on March 19, 2010 and is 95 percent completed. This will be the largest nanofiltration water treatment plant in the nation.

## Northwest Wellfield Land Acquisition

The Department has been working diligently to acquire lands surrounding its Northwest Wellfield to serve as a buffer zone around the wells, which supply water to the Department's Hialeah and John E. Preston Water Treatment Plants. The land purchase will increase the protection area around the wellfield to the current 60-day line.

## Infrastructure Assessment and Replacement Program (IAARP)

In order to best allocate limited capital replacement and rehabilitation funding, which costs significantly less than emergency mobilization repairs, the Department has established an Infrastructure Assessment and Replacement Program (IAARP). In March 2010, the Department had a catastrophic event wherein a 54-inch Pre-Stressed Concrete Cylinder Pipe (PCCP) ruptured causing the wash-out of an intersection and the flooding of several homes. The Department is the largest user of PCCP in the nation. The IAARP uses electromagnetic (EM) and acoustic technologies to evaluate distressed pipe and leak detection. Engineers at the Department have collected quantitative information for individual pipe sections in an effort to effectively manage and make the best-informed decisions regarding capital planning and the sustainable operation of all pipeline infrastructure. Over the course of two years, the Department has assessed more than 90 miles of the existing 124 miles of PCCP mains. Results show pipelines with distress levels ranging from 0 to almost 20 percent. The question faced by Department engineers now is how to maintain pipeline reliability over the remaining life of the pipeline at an acceptable level of risk and most cost effectively. The assessment technologies used by the Department assist in 1) identifying, localizing, and quantifying the presence of broken pre-stressed wires and leaks in

individual segments of pipe along the pipeline and 2) providing risk analysis and repair prioritization for pipes identified with broken pre-stressed wires and leakage. As such, the Department has been able to categorize the structural damage found, allowing it to prioritize its rehabilitation program and allocate funds accordingly in an emergency and/or annual basis. The program demonstrates that by using quantitative data from EM and acoustic assessments, a customized pipe rehabilitation solution can be built that saves significant amounts of money for infrastructure renewal while minimizing service disruptions.

## Regulatory Compliance/Water Groundwater Under the Direct Influence of Surface Water (GWDUI)

On January 5, 2006, the EPA published the Final Long Term Enhanced Surface Water Rule (the "Surface Water Rule"), which does not apply to the Department because WASD does not use surface water and the groundwater used has not been determined to be under the direct influence of surface water. However, the Northwest Wellfield is located in an area designated by the Florida Legislature as the Miami-Dade County Lake Belt Area. In order to maximize the efficient recovery of limestone in the area, the Florida Legislature has approved a plan that will allow rock mining in the vicinity of the Northwest Wellfield. As excavations get closer to the Northwest Wellfield, there is an increased risk of the wells coming under the influence of surface water, which would result in the Surface Water Rule applying to such wells. In January 2006, the Florida Legislature recognized the risk to the Northwest Wellfield and imposed a "water treatment plant upgrade fee" equal to \$0.15 per ton of lime rock and sand sold within the Miami-Dade County Lake Belt Area. The fee became effective January 1, 2007 and will remain in effect until the total proceeds collected reach

the actual amount necessary to design and construct the required water treatment plant upgrades; receipts for FY2012 were \$2.3 million. The water treatment plant upgrade will consist of the GWUDI Water Treatment Plant, previously mentioned, to meet the requirements of the Surface Water Rule.

## Wastewater System

### Pump Station Optimization Program (PSOP)

This is an operational mode under which the wastewater pump stations' operating levels are controlled to maximize the storage capacity available in the collection system and to limit infiltration increases during wet weather. Operating data was obtained from an ongoing pilot program of 15 stations which indicated flow reductions of more than 20 percent. Projecting these reductions system wide could result in substantial savings while complying with the peak flow requirements of the EPA Second Final Partial Consent Decree (SFPCD). Work continued in obtaining additional information for pump stations to be included in the program and on upgrades to the associated pump station controls needed for system-wide deployment of the system. Approval was received from the Florida Department of Environmental protection to expand the pilot program to an additional 24 stations. However, negotiations are currently underway with the EPA and the FDEP that could result in changes to, or outright elimination of, the peak flow criteria set forth in the SFPCD.

The Consent Decree negotiations with the EPA and FDEP envision the closure of the two existing consent decrees, the second of which mandates the implementation of the PSOP as a regulatory requirement. However, the Department intends to continue development of this program for possible application as an operating tool.

### Florida Ocean Outfall Act

In 2008, Chapter 2008-232, Laws of Florida, established the Leah Schad Memorial Ocean Outfall Program (Act) that prohibits the construction of new domestic wastewater ocean outfalls; sets out a timeline for the elimination of existing domestic wastewater ocean outfalls by 2025; and requires that 60% of the wastewater previously discharged be beneficially reused. The Department operates two of the ocean outfalls targeted for elimination. The Act requires the Department to submit a plan to the FDEP by July 2013, describing how the outfalls will be removed from use for wastewater disposal. This plan will be incorporated into the Integrated Master Plan which was previously described. The areas served by the North and Central District Wastewater Plants that utilize these outfalls are highly developed, and the collection system has been designed to move wastewater from the west to the east towards these very large plants. This Act may require a complete change in the Department's wastewater collection system, which has approximately 6,300 miles of pipe and more than 1,000 pump stations. It will also require substantial changes in the treatment process to make the reclaimed water suitable for irrigation, power plant cooling, ground water replenishment or other reuse to enhance the regional water system. The capital costs associated with all of these changes could, as required by the Act, exceed \$4 billion, including planning, design, land acquisition, and construction. Some of this work has already been envisioned as part of the 20 year Water Use Permit. After completion of the Ocean outfall Legislation Implementation Plan, WASD will request WUP modification which will include new water demand projections and additional modeling of Biscayne aquifer to gain additional allocations and extension of the permit duration. The legislation also commits the State to authorizing financial assistance to this program.

### **Injection Wells Consent Order and High-Level Disinfection**

On April 29, 2004 Consent Order (CO) OGC File No. 03-1376 was entered into between the FDEP and Miami-Dade County to address various issues, including the allegation of fluid movement associated with Class I injection wells at the County's South District Wastewater Treatment Plant (SDWWTP). Under the CO, the Department is to treat wastewater at the SDWWTP to a higher level than the current secondary treatment. Wastewater at the SDWWTP will undergo an additional treatment process, known as High Level Disinfection (HLD). This process will add filtration and disinfection with chlorine to wastewater before it is disposed of via the SDWWTP's deep injection wells. Ultimately, the HLD facility will be part of a larger system that will enable the Department to reclaim all of the average daily wastewater flows to the SDWWTP. Construction began on the new HLD facility during FY2008. In addition to the aforementioned HLD treatment process, the construction program at SDWWTP, which is broken down into 14 separate projects, will also expand the plant's peak flow treatment capacity to 285 MGD from 225 MGD. The HLD project is the largest, most ambitious capital project ever undertaken by the Department. The project is expected to cost approximately \$600 million and take five and a half years to complete.

Thus far, the Department's progress has been excellent on the HLD projects and it is currently ahead of the contract schedule and under budget. The Department remains in compliance with all of the requirements of the consent order, and an amendment has been negotiated, which extended the final completion date to April 1, 2014, to be consistent with the current construction schedule.

### **Consent Decrees and Settlement Agreements**

The Consent Decree Settlement Agreement (CD/SA) program consists of sewer collection, transmission and treatment system improvements required by two EPA Consent Decrees and a FDEP Settlement Agreement. To date, the Department has successfully completed approximately 90 percent of the mandated improvements under the first phase of its two EPA Consent Decrees and 100 percent of the improvements required by the FDEP - Settlement Agreement. The Department continues to be in compliance with all the provisions of the CD/SA and through FY2012 has not incurred any penalties for not completing tasks within deadlines. Approximately 1,670 milestones have been satisfactorily completed as prescribed by these enforcement actions on or ahead of schedule. In February 2008, the Department completed the Rainfall Dependent Peak Flow Management Study. A report of the results was submitted in May 2008 to ensure compliance with the Second and Final Partial Consent Decree (SFPCD). The CD/SA program is divided into three major subprograms: the Wastewater Treatment Plant Expansion Program, the Pump Station Improvement Program and the Infiltration and Inflow Reduction Program. The requirements of the FDEP Settlement Agreement were completed and the Agreement terminated on September 1, 2011; additionally, negotiations with FDEP and EPA for replacement of the two existing EPA Consent Decrees with a new one are near completion.

### **Wastewater Treatment Plant Expansion Program**

The Department has completed the requirements for wastewater treatment plant expansion and reuse included in the FDEP Settlement Agreement and the EPA First Partial Consent Decree (FPCD).

### **Pump Station Improvement Program**

The Pump Station Improvement Program (PSIP) was created to evaluate and improve the operation and transmission capacity for the more than 1,000 wastewater pump stations that Miami-Dade Water and Sewer Department owns and/or operates. Projects include sewer pump station refurbishing, installation of new pumps, electrical upgrades and the installation of new force mains. To date, 666 pump station projects and 223 force main projects have been completed under this program.

### **Infiltration and Inflow (I & I) Reduction Program**

The Department continues to perform sanitary sewer evaluation surveys on approximately 33.1 million feet (6,300 miles) of sewage collection mains and laterals. During FY2012, 2,500 repairs were performed to the gravity system; 3,770,000 feet of gravity sewers and 19,500 manholes were inspected with closed circuit television.

### **Water and Wastewater Transmission System Computer Models**

The Department retained a consultant to upgrade its Water and Wastewater Transmission System Computer Models to operate with the Geographic Information System (GIS) data on the respective systems. This work has been completed and the models have been deployed for use by Department modeling staff. These models are critical for planning and evaluating the availability of system capacity for new developments and system upgrades. The models will also be used for the identification of long range transmission system facilities, including pumping stations and pipelines as part of the Integrated Water, Wastewater, and Reclaimed Water Master Plan. This plan will include upgrades needed to comply with the State of Florida Ocean Outfall Legislation which requires closing

of the outfalls at the North and Central District Wastewater treatment plants by 2025. Water and wastewater flow projections needed for the model for this work were developed.

### **Management & Performance Improvement**

The Department is a leader and a model for implementing innovative employee ideas resulting in significant cost savings to the Department and, in turn, its customers. POWER (Partnership Optimizing WASD's Efficiency and Reengineering), the Department's efficiency program, has completed its 14th year of operation. The POWER program began in 1998 when Department management and employee unions joined forces to empower employees to create and implement efficiency initiatives. An estimated total of \$36.9 million in savings has been achieved during the span of the program. During FY2012, Department employees implemented 13 efficiency projects, resulting in approximately \$410,000 in estimated savings. Several Process Improvement Team (PIT) ideas that were in the process of implementation are scheduled for completion. Among them, the Remote Metered Water Filling Stations PIT initiated to analyze and recommend changes to our procedures for metering and billing of water supplied to service trucks. Construction of a pilot station at Kendall Tamiami Airport is ongoing and is scheduled for completion in FY2013. Depending on the success of the pilot program; other stations may be built at other convenient locations throughout Miami-Dade County in the future.

The Utility Signs for Sub-aqueous Pipeline Crossings PIT ensures that standard procedures for installing and maintaining signage or markings for all sub-aqueous pipeline crossings is established to prevent damage from dredging, clean up and anchorage operations in accordance with federal

and state regulations. The benefits include avoidance of disruption of service, protection of infrastructure, public health and welfare, and avoidance of costs associated with pipeline ruptures or sewage discharge. Over 150 pipeline crossing locations have been identified as requiring signage. Signs have already been installed at six of those locations and installation is ongoing until all the locations have the signs.

POWER has been recognized as a model program by Miami-Dade County and several organizations, including the National Association of Counties; the Association of Metropolitan Water Agencies (AMWA); the AFL-CIO Working for America Institute; and Harvard University's John F. Kennedy School of Government, which highlighted the POWER program in its "Working Better Together" book. In 2009, the Department won the Platinum Award for Sustainability Competitiveness Achievement from AMWA. In 2011, the Department completed its involvement in the Performance Excellence initiatives identified in the Florida Sterling Council's Feedback Report. Most of the initiatives in the Feedback Report were implemented.

The Department continues to participate in national and state benchmarking surveys. The Department participated in the American Water Works Association (AWWA) and the Florida Benchmarking Consortium (FBC) benchmarking surveys for FY2012. Participation in these surveys assists the department in reviewing internal performance of key indicators in comparison to other like agencies in the State and across the country.

The Department prepared the Business Plan, utilized the streamlined business plan process to identify and strategize on ways to attain the Department's most important priorities in concert with the mission and vision statements, at

the same time, safeguarding the public health and environment. This process includes aligning the performance measures and Department scorecard to the key priorities and budget of the department and regularly monitoring applicable performance. This information is also available via the Miami-Dade web page and provides information on performance to the public and transparency of government services.

## Facilities Security

The Department has implemented a number of proactive measures to enhance the security of its water facilities as well as its response capabilities. Staff members have been licensed in the Risk Assessment Methodology Method for Water (RAMW) for conducting vulnerability assessments. The vulnerability assessment of the water system was completed in March 2003 and submitted to the EPA as mandated.

The Department has prepared its Emergency Response Plan (ERP) in accordance with EPA regulations. In accordance with federal requirements, the Department continues to assess, identify and implement feasible opportunities to minimize the vulnerability of the Department's facilities.

This program is anticipated to cost in excess of \$60 million when fully implemented. All major water plants are completed. While the EPA has not yet mandated performing vulnerability assessments of wastewater systems, the Department has decided to perform a vulnerability assessment of its sewer system. This will encompass an assessment of its wastewater treatment facilities, the collection system, and the pumping and transmission system.

However, the Department is addressing security of all facilities until the assessment is completed. The Department has hired appropriate staff dedicated

to security at the Department's facilities. Security screening procedures have been established for Water and Sewer employees and contractors who require access to designated restricted areas. Criminal history checks are conducted by the Miami Dade Water and Sewer Security Section and the Miami-Dade Police Department.

The Department is constructing a Security Operations Center which will be a comprehensive and fully coordinated surveillance and monitoring system manned 24/7 by dedicated staff with state of the art resources that provides early detection and awareness of security threats.

The command and control component will be magnified through the continuous monitoring of the organization's total environment keeping within the guidelines of the Miami-Dade Water and Sewer Department's security objectives, Department of Homeland Security and Presidential directives relating to critical infrastructure protection of the County's water supply.

## Rate Increase

On September 20, 2012, the Board of County Commissioners approved the County Budget Ordinance, which included the adoption of the FY2012-13 Budget and Multi-Year Capital Plan, to become effective October 1, 2012. The Budget was based on maintaining rates unchanged to the average water and sewer residential customer effective October 1, 2012. In addition, the County Budget Ordinance also maintained the water and wastewater wholesale rates unchanged based on a cost of service study. The City of Hialeah wholesale water rate per thousand gallons increased to complete the last year of a five year water transmission credit. Miscellaneous Fees and Charges remained unchanged as well as, the Miami-Dade County Water Conservation Surcharge for retail

water customers with consumption in the fourth tier of the usage.

## Building Better Communities

General Obligation Bonds (GOB) In November 2004, Miami-Dade County voters approved a \$2.9 billion bond program which allows the County to issue long-term bonds to fund numerous neighborhood and regional capital projects to be completed over the next 13 years. The General Obligation Bonds are legally backed by the full faith and credit of the County which has committed future taxes over the next 40 years to repay the bonds. General Obligation Bonds typically are the least expensive type of debt available to government.

Among the GOB funded capital projects are several addressing current and future water and wastewater infrastructure needs. Planned projects include countywide water and wastewater main installations; pump station rehabilitation projects; reclaimed water facilities and infrastructure; and partial funding for a reverse osmosis water treatment plant in Hialeah. GOB funding was used to mediate the risk associated with Dieldrin contamination of private wells in the Falls area at Caribbean Estates and currently an extensive area at Continental Park. In FY 13, the Department will have access to \$6.7M dollars of funding for GOB projects.

## GROWING WITH INFORMATION TECHNOLOGY

The Department is committed to using the latest and best-available information technology in order to carry out operations and serve the expanding needs of customers including functions from researching client records to managing assets. The Department has sought to create or purchase computer software that will significantly raise efficiency levels.

### Automation of Plant Monthly Operating Reports (MORS)

The Department implemented an automated Plant Monthly Operating Reports (MORS) system for water production at the Alexander Orr, Jr. Water Treatment Plant during FY2008. MORS offers streamlined data collection and automated water plant readings required for monthly reporting to regulatory agencies, including Laboratory Information System readings. The process was expanded to include the Department's two other water treatment plants. In FY2010, the MORS was expanded to include the Hialeah and Preston Water Treatment Plants and South Dade Water System.

The MORS is fully operational at all the ancillary plants within the water treatment plants. To increase efficiency, handheld data entry devices will be placed in service in FY2013 at all locations. Water treatment personnel are being trained on a regular basis to maximize the usage of the system and its benefits of enhanced reporting and data collection. The MORS use at the plants is expected to save the Department approximately \$413,000 annually.

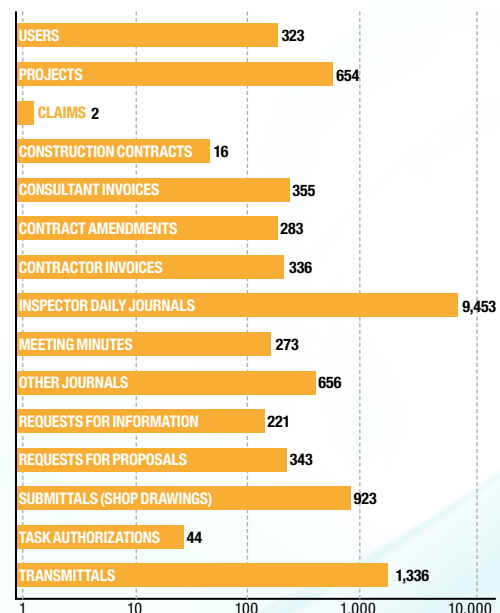
### Project Control & Tracking system

PCTS (Project Control and Tracking System) is an enterprise project management information system that is used to improve capital project planning, visibility, and execution - from inception to completion. Since its core application, Proliance, was officially launched in May of 2009, PCTS/Proliance has been widely used on a daily basis by major divisions that get involved in the planning, design, permitting, procurement, and construction as a part of capital improvement processes. This centralized approach has helped users widely embrace the PCTS. After the first major High-Level Disinfection (HLD) wastewater treatment facility project, PCTS has been utilized to successfully track tremen-

dous project activities and documentations for the Department's capital projects including the on-going Government Cut and GOB/Palmetto Bay Water and Sewer System Improvement projects.

The first upgrade to Proliance was successfully completed in March of 2012. The expected enhancements, among them a newer version of integration with the Department's Enterprise Resource Planning (ERP) will help expand our ability to track project costs and payments for labor and materials of capital projects.

The dashboard below highlights the project records created during this fiscal year, including the number of Proliance users, the total number of projects, and the total numbers of Proliance documents by record types.



## Supervisory Control and Data Acquisition System (SCADA)

Essential to the Department's daily operations is the ability to monitor and control its water and wastewater functions from a remote location. The Department's SCADA system is at the heart of this capability and is one of the largest of its kind in the country. The SCADA system, which is particularly important in cases of emergency operations and as a tool in meeting requirements of the CD/SA program, has allowed workers in the Department's 24-hour emergency call center to continuously oversee the operations at its pump stations. It has also allowed water and wastewater treatment plant operators to manage plant functions from remote control panels, providing an increased level of efficiency. To-date, all pump stations owned and operated by the Department have SCADA installed. The Department's three regional water and three regional wastewater treatment plants have SCADA installed and operational. All water wellfields are monitored and controlled by SCADA, and all 94 production wells have flow meters installed with SCADA monitoring for compliance with SFWMD regulations.

## Retail Customer Service Division - Meter Reading Section

### AMI Pilot- Extended

The Department is expanding the use of Advanced Meter Infrastructure (AMI) technology to a community of 5,000 residential homes billed quarterly. The enhanced pilot program will test new two-way communication technology allowing office staff to view, read, and transmit instructions directly to the water meter. In addition, the Department will determine the operational impact on its internal work force, field staff and customers. These quarterly accounts will be billed on a monthly basis to determine the effects it will have on present operations. The Department hopes to improve operating

efficiencies and experience improved customer satisfaction with the use of AMI technology.

### New Billing System

The Department has purchased and anticipates launching its new billing system, Customer Care and Billing (CC&B), along with a new mobile workforce management system (MWM) in the Spring of 2013. The mobile system routes, tracks, prioritizes and dispatches field activities directly to field customer service representatives on their laptops. Once the field work is completed, the results of their work are electronically transferred in real time to the new billing system. The Department has benefited from the lessons learned last year by the limited deployment of laptops to the field Customer Service Representative 2's (CSR2) which increased availability and productivity by 20%. The Department is expecting similar results by having all field staff utilize the new mobile system.

### Customer Information System

Planning began for the upgrade of the system to Customer Care and Billing (CC&B) and implementation of Mobile Workforce Management (MWM) and Process Integration Package (PIP) continued and reached final stages of preparation. These products will integrate the billing processes with field activities and improve productivity of Retail Customer Division field staff.

All affected business processes have been defined and documented; technical training was completed; all systems have been configured; training curriculum is developed; basic training has been conducted; security roles are defined; infrastructure is installed; desktop and field laptops are sourced and ready for testing; Cycle 1 and 2 integration testing has occurred; and reports and queries are developed. Remaining efforts to resolve defects and integration issues between all products should

be resolved within the second quarter of 2013 at which time the system will go-live.

### **Voice Over Internet Protocol (VoIP) Telecommunications Technology**

Voice Over Internet Protocol (VoIP) is the routing of voice communications over the Internet or computer networks that use Internet protocols, rather than through standard phone lines or over the air (such as cellular phones). There are a number of advantages to using VoIP, including lower costs and as a back-up should regular or cellular telephone systems fail (such as could happen during or immediately after a hurricane).

All remote WASD sites now operate under VOIP. The switch migration was initiated and Medley was completed. Next targeted sites – Distribution, South Miami Heights and 36th Street - are scheduled for completion in FY 12-13. Remaining sites will begin migration after these are completed; and the scheduled upgrade of the telephony switch from the M series to the E series is finalized.

### **Geographic Information System (GIS)**

The Department's GIS user interface application, DOLFIN, Dade On Line Facilities Information Network, was upgraded. Design, development, testing and training were completed for the user community. In addition, as a result of the acquisition of Miami Springs service area infrastructure, all premises, (approximately 5,000), were entered into the production GIS network.

### **The Enterprise Asset Management System (EAMS)**

During this past fiscal year, the Department completed the implementation of Infor's Enterprise Asset Management System (EAMS). This multiyear project involves the deployment of EAMS throughout various WASD divisions to assist with managing infrastructure capital assets in a manner that minimizes the total life cycle cost of owning and operating them, while delivering the service levels that customers' desire. Water and wastewater collection systems represent major capital investments for communities and are one of the community's major capital assets; thus, instituting a structured asset management approach will help to maintain the value of the Department's investments.

In the 4th Quarter of FY2009, Stores/Procurement, Fleet Management, and the Emergency Communications Center went live with EAMS. This included the development and deployment of a mobile application to support inventory warehouse functions. Shortly thereafter, EAMS was deployed for the Pump Station Maintenance Division in the 1st Quarter of FY2010. During the 4th Quarter of FY2010, the Water Transmission and Distribution and the Wastewater Collection and Transmission Line Divisions went live with this software. Additionally, laptops have been deployed to these field divisions to support work order functions in the field.

The General Maintenance Division went live with EAMS during the 4th Quarter of FY2011 followed by Water Production and Maintenance and Wastewater Treatment and Maintenance Divisions in the 1st and 2nd Quarters of FY2012, respectively, including the development of a mobile application to handle preventive maintenance work management in the field.

### **Enterprise Resource Planning (ERP)**

The ERP financial system began a multi-phased upgrade project that will run through FY2013. In the first phase, which began in June 2010 and was substantially completed by last fiscal year's end, tools were upgraded which brought improvements to the navigation and look and feel of the ERP system. The project which is setting the County standard for future upgrades established a rigorous project management protocol in collaboration with WASD, MDAD and ITD, with focused assistance from the vendor, Oracle. This effort resulted in: careful planning that garnered a 61% reduction in customizations; establishment of a comprehensive Sharepoint site for project documentation and tracking; disciplined project controls that resulted in overall budgetary savings. The go-live date is February 2013.

### **Community Outreach**

The Department's Public Affairs Office (Office) sponsors and participates in several programs aimed at educating the public on the quality of its drinking water, its operations, under-utilized customer services and water conservation and reclamation. This fiscal year saw the continued effort to provide public outreach on the 20-year Water Use Permit granted by SFWMD to the Department. The Water Use Permit Communications Plan implemented by the Department included radio and newspaper advertising; presentations before various audiences (including community councils, homeowners associations and business groups); outreach to media via news releases and story ideas; articles written by Department staff and published in local newspapers; and articles in the Department's own newsletters. In addition to traditional forms of media such as newspapers, television and radio talk shows, Public Affairs also has utilized Facebook, Twitter, YouTube and movie theaters to capture a wider and more diverse audience.

The Office also revamped and revised its internal and external websites making them more user-friendly and more transaction-oriented for customers to conduct their business 24-hours-a-day. In FY2012, the Office planned the Fourth Annual Model Water Tower Competition in an effort to dialogue with an underserved demographic – teens. The competition engages students by having them apply scientific theory learned in the classroom and apply it in real life situations by building a working model water tower. By initiating this communication with high school students, they were introduced to government services, as well as future career opportunities in the water profession. The Department continued its growing outreach efforts to Miami-Dade County's sizable Hispanic community during FY2012. The Department conducted appearances on a number of Spanish language radio shows, advocating for water issues, as well as advertising in small community newspapers. The Consumer Confidence Report (CCR) for this fiscal year was printed in the form of a newspaper, incorporating information in both English and Spanish. The CCR was a self-mailer, allowing it to include more important information than past issues which were limited in order to fit into the Department's billing envelopes. The external customer newsletter Pipeline is now published electronically, reducing its carbon footprint.

# Other Information

## INDEPENDENT AUDIT

The accompanying financial statements have been audited by the Department's independent auditors and their report on the financial statements resulting from their audit is included in the financial section of this report.

## AWARDS

### Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Department for its Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2011.

**Certificate of Achievement for Excellence in Financial Reporting**  
Presented to  
**Miami-Dade Water and Sewer Department Florida**  
For its Comprehensive Annual Financial Report  
for the Fiscal Year Ended  
September 30, 2011

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



*Christopher P. Morrell*  
President

*Jeffrey R. Egan*  
Executive Director

The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such report must satisfy both generally accepted account-

ing principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The Department has received a Certificate of Achievement for the past 29 fiscal years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and are submitting it to the GFOA.

## ACKNOWLEDGEMENTS

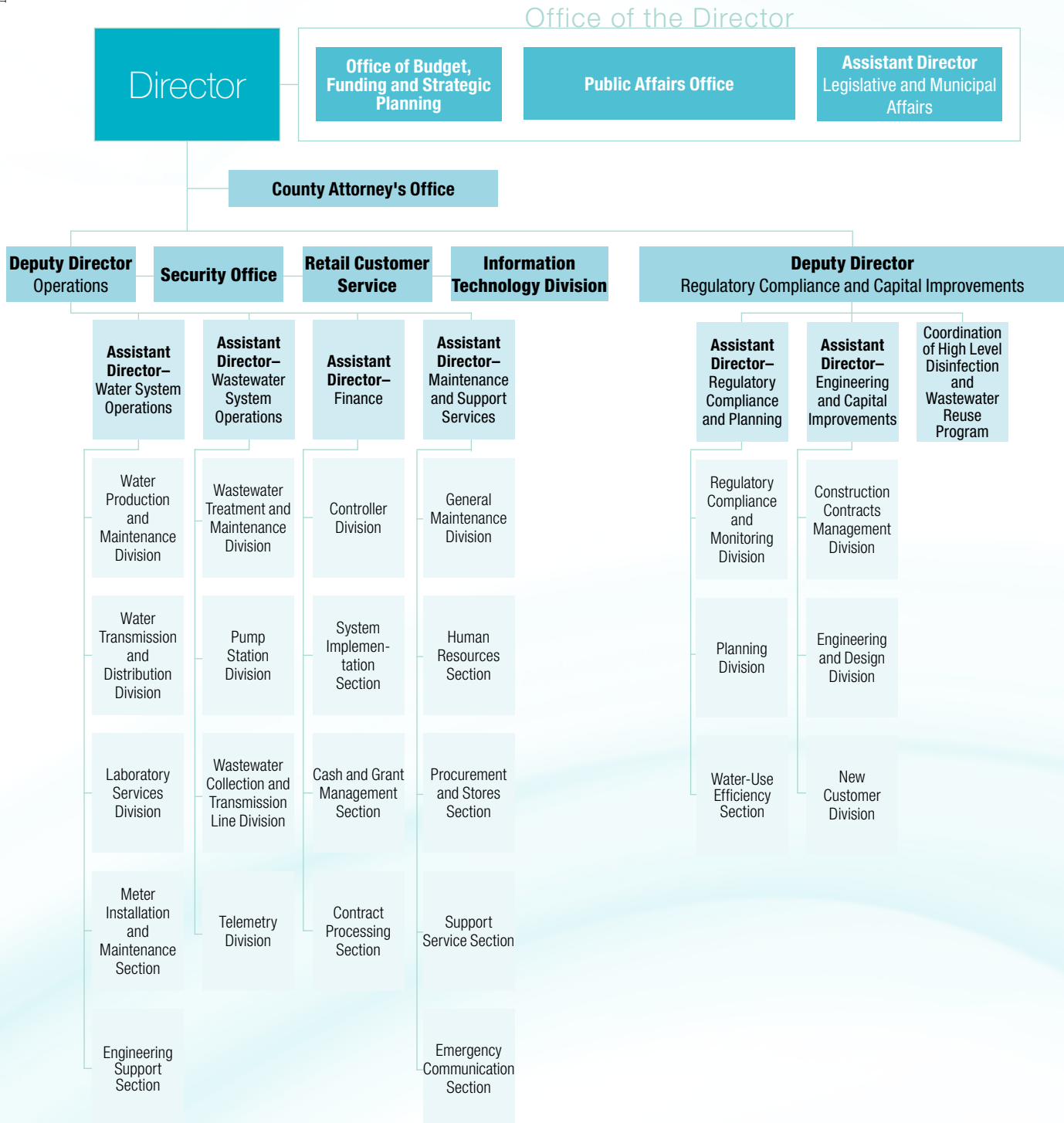
We wish to thank all of the Department's employees for their hard work and dedication during the past fiscal year. We would also like to thank the Department's Controller Division and the Public Affairs Section, and the County's Internal Services Department's Printing and Graphics Section, for their tireless efforts and professionalism in preparing this report, as well as our external auditors for their invaluable assistance. Finally, a special acknowledgement is extended to the Mayor and Board of County Commissioners for their continued leadership in enabling the Department to fulfill its role.

John W. Renfrow, P.E.  
Director

Joseph A. Ruiz, Jr.  
Deputy Director - Operations

Frances G. Morris  
Assistant Director - Finance

# Organizational Chart



# Financial Section

**INDEPENDENT AUDITORS' REPORT**

Honorable Carlos A. Gimenez, Mayor, and  
Honorable Chairperson and Members  
Board of County Commissioners  
Miami-Dade County, Florida

We have audited the accompanying balance sheets of the Miami-Dade Water and Sewer Department (the Department), a department of Miami-Dade County, Florida (the County) as of September 30, 2012 and 2011 and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Departments' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2013, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the schedule of funding progress pages 3 to 6 and 28, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures, to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Department's basic financial statements. The supplementary financial data identified in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purposes of forming an opinion on the financial statements that collectively comprise the Department's basic financial statements. The information identified in the table of contents as the Introductory and Statistical Sections are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Marcum LLP*

Miami, FL  
February 4, 2013

# Management's Discussion & Analysis

## **OVERVIEW**

The following Management's Discussion and Analysis (MD&A) serves as an introduction to the financial statements of the Miami-Dade Water and Sewer Department (Department) for the fiscal year ended September 30, 2012. The MD&A presents management's examination and analysis of the Department's financial condition and performance. It should be read in conjunction with the financial information of the transmittal letter in the introductory section and the financial statements in the financial section of this report. The financial statements include balance sheets; statements of revenues, expenses and changes in net assets; statements of cash flows; notes to the financial statements; and required supplementary information.

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

The statements of revenues, expenses, and changes in net assets present information showing how the Department's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs which may not coincide with the timing of the related cash flows.

The statements of cash flows present the cash activities of the Department segregated in the following four major categories: operating, non-capital financing, capital and related financing, and investing. This statement also presents the changes in cash and cash equivalents of the Department.

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

## **FINANCIAL POSITION**

A summary of the Department's net assets and related changes for the fiscal years ended September 30, 2012, 2011 and 2010 is shown on the following page. The unrestricted portion of net assets (available to meet ongoing and future obligations of the Department) increased by \$18.7 million, or 4.5% in 2012. In 2011, unrestricted net assets had an increase of \$33.5 million, or 8.8%.

Total expenses decreased by \$2.9 million, or by 0.5%, in 2012, and decreased by \$4.5 million or by 0.8% in 2011. The 2012 decrease is primarily due to a decreased level of administrative support charges and outside consultants. The 2011 decrease is primarily due to a decreased level of employee salaries and administrative reimbursement charges.

Total net assets as of September 30, 2012, were approximately \$2.2 billion. The Department's total net assets increased by \$36.7 million, or by 1.7%, from prior year which is primarily due to a decrease in non-operating expenses as a result of a decrease in the County General Fund transfer. In 2011, net assets decreased by \$8.4 million, or by 0.4% from the prior year. The decrease is primarily due to an increase in non-operating expenses as a result of a County General Fund transfer.

# Management's Discussion & Analysis

	(In thousands)		
<b><u>SUMMARY OF NET ASSETS</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
Current and Other Assets	\$ 959,592	\$ 1,018,250	\$ 1,226,842
Capital Assets, net	3,473,954	3,434,125	3,286,107
Total Assets	4,433,546	4,452,375	4,512,949
Long-term Liabilities	2,006,909	2,039,700	2,084,569
Current Liabilities	203,362	226,054	233,367
Total Liabilities	2,210,271	2,265,754	2,317,936
Net Assets:			
Invested in capital assets, net of related debt	1,567,455	1,530,096	1,535,755
Restricted	223,887	243,292	279,576
Unrestricted	431,933	413,233	379,683
Total Net Assets	\$ 2,223,275	\$ 2,186,621	\$ 2,195,014
<b><u>SUMMARY OF CHANGES IN NET ASSETS</u></b>			
Water operating revenues	\$ 251,130	\$ 253,696	\$ 245,122
Wastewater operating revenues	285,172	291,964	273,273
Interest Income	21,797	6,193	18,160
Other nonoperating revenues	28,375	19,326	22,678
Total revenues	586,474	571,179	559,233
Water source of supply	10,705	13,558	12,354
Water power and pumping	1,798	1,942	2,002
Water treatment	59,811	62,138	61,967
Water transmission and distribution	27,423	27,929	28,459
Wastewater collection system	20,150	20,385	21,523
Wastewater pumping	34,085	30,950	29,916
Wastewater treatment	74,367	72,512	68,043
Customer accounting	7,299	7,410	8,915
Customer service	16,275	16,821	19,088
General and Administrative	73,164	79,165	97,364
Depreciation	163,315	159,158	160,469
Interest expense	85,478	85,511	71,229
Other nonoperating expenses	4,106	3,429	4,091
Total expenses	577,976	580,908	585,420
Income (loss) before contributions and transfers	8,498	(9,729)	(26,187)
Capital contributions	28,156	33,556	30,487
Transfers to County's General Fund	-	(32,220)	-
Increase (Decrease) in net assets	36,654	(8,393)	4,300
Net assets at beginning of year	2,186,621	2,195,014	2,190,714
Net assets at end of year	\$ 2,223,275	\$ 2,186,621	\$ 2,195,014

# Management's Discussion & Analysis

## **CAPITAL ASSETS**

The following table summarizes the Department's capital assets, net of accumulated depreciation, for the fiscal years ended September 30, 2012, 2011 and 2010 (in thousands). Total capital assets increased by \$39.8 million, or 1.2%, in 2012. This increase is due to capital additions, net of plant retirements of \$158.3 million, offset by \$150.4 million net increase in accumulated depreciation. Total capital assets increased by \$148.0 million, or 4.3%, in 2011. This increase was due to capital additions, net of plant retirements of \$121.3 million, offset by \$148.3 million net increase in accumulated depreciation. Additional information on changes in capital assets can be found in Note 6 to the financial statements on page 44.

	(In thousands)		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
Land	\$ 50,373	\$ 47,520	\$ 44,650
Structures and improvements (net)	2,314,517	2,320,810	2,384,935
Equipment (net)	219,006	221,521	213,214
Construction work in progress	890,058	844,274	643,309
Total capital assets	<u>\$ 3,473,954</u>	<u>\$ 3,434,125</u>	<u>\$ 3,286,108</u>

This year's major expenditures in capital assets included:

### *Water projects:*

- Transmission mains, meters and services (\$37.7 million)
- Treatment facilities and equipment (\$29.9 million)
- Hydrants (\$1.9 million)
- Pumping facilities (\$1.8 million)
- Meters (\$1.2 million)

### *Wastewater projects:*

- Treatment facilities (\$47.1 million)
- Force mains (\$28.7 million)
- Pump stations (\$10.7 million)
- Gravity mains and services (\$7.7 million)
- Infiltration and inflow reduction program (\$5.7 million)

Budgeted capital expenditures for fiscal year 2012 amount to \$261.3 million and include \$87.0 million in water projects and \$174.3 million in wastewater projects.

## **LONG-TERM DEBT**

Long-term debt outstanding (including current portion) at September 30, 2012, 2011 and 2010 is presented in the following table (in thousands). The year 2012 shows a decrease of \$32.1 million from the previous year, and 2011 shows an decrease of \$43.3 million from 2010.

	(In thousands)		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
Revenue Bonds	\$ 1,880,872	\$ 1,932,611	\$ 1,980,844
State Loan Obligations	143,843	124,163	119,255
Total long-term debt	<u>\$ 2,024,715</u>	<u>\$ 2,056,774</u>	<u>\$ 2,100,099</u>

## Management's Discussion & Analysis

During 2012, draws made on state revolving loan commitments, recorded as debt, including capitalized interest, totaled \$30.9 million. Current long-term debt maturities were met in the amount of \$61.5 million. Additional long-term debt details can be found in Note 7 on page 44 of this report.

The Department is required to maintain rates and charges sufficient to meet two tiers of debt service coverage requirements. First, adjusted annual net operating revenues must equal or exceed 1.10 percent of the debt service on senior lien revenue bonds. The Department met the primary debt coverage for the year with a ratio of 1.54 percent. Second, adjusted net operating revenues, after payment of revenue bond debt service, must be at least equal to 1.15 percent of the debt service for the subordinate state loan obligations. The Department met the secondary debt service coverage with a ratio of 4.53 percent.

### ***REQUEST FOR INFORMATION***

Questions concerning this report or request for additional information should be directed to Frances G. Morris, Assistant Director – Finance at 786-552-8104 or, at her office at 3071 SW 38<sup>th</sup> Avenue, Miami, Florida 33146.

# Balance Sheets

	September 30,	(In thousands)	
	2012	2011	
<b>ASSETS</b>			
<i>CURRENT ASSETS:</i>			
Cash and cash equivalents	\$ 61,287	\$ 49,783	
Investments	18,884	35,878	
Accounts receivable (net of allowance for uncollectible accounts of \$17.6 million in 2012 and \$19.3 million in 2011)	103,282	106,978	
Inventory of materials and supplies	36,719	34,638	
Other current assets	3,110	3,526	
Restricted cash and cash equivalents	132,906	154,041	
Total current assets	<u>356,188</u>	<u>384,844</u>	
<i>NON-CURRENT RESTRICTED ASSETS:</i>			
Cash and cash equivalents	199,039	132,228	
Investment derivative instrument	51,098	29,590	
Investments	186,605	316,510	
Long-term receivable - General Fund	25,000		
Grants receivable	204	125	
Total restricted assets	<u>461,946</u>	<u>478,453</u>	
<i>OTHER ASSETS:</i>			
Deferred debt issue costs, net	25,086	27,067	
Other deferred charges, net	116,373	127,886	
Total other assets	<u>141,459</u>	<u>154,953</u>	
<i>CAPITAL ASSETS:</i>			
Land	50,373	47,520	
Structures and Improvements	4,012,486	3,895,888	
Equipment	950,014	924,973	
Utility plant in service before depreciation	5,012,873	4,868,381	
Less accumulated depreciation	<u>(2,428,977)</u>	<u>(2,278,530)</u>	
Net utility plant in service	2,583,896	2,589,851	
Construction work in progress	890,058	844,274	
Total capital assets	<u>3,473,954</u>	<u>3,434,125</u>	
Total non-current assets	<u>4,077,359</u>	<u>4,067,531</u>	
Total assets	<u>\$ 4,433,547</u>	<u>\$ 4,452,375</u>	

(Continued)

# Balance Sheets

		(In thousands)	
(Continued)	September 30,	2012	2011
<b>LIABILITIES</b>			
<i>CURRENT LIABILITIES (PAYABLE FROM UNRESTRICTED CURRENT ASSETS):</i>			
Accounts payable and accrued expenses		\$ 40,781	\$ 40,948
Customer and developer deposits		11,175	11,129
Current portion of long-term debt		6,848	7,652
Rebatable arbitrage earnings		1,899	1,949
Liability for compensated absences		9,542	10,280
Other liabilities		212	222
Total current liabilities (payable from unrestricted current assets)		<u>70,457</u>	<u>72,180</u>
<i>CURRENT LIABILITIES (PAYABLE FROM RESTRICTED CURRENT ASSETS):</i>			
Accounts payable and accrued expenses		18,004	31,306
Retainage payable		8,849	19,022
Current portion of long-term debt		57,280	53,841
Accrued interest payable		47,191	48,332
Liability for self-insurance		1,582	1,373
Total current liabilities (payable from restricted current assets)		<u>132,906</u>	<u>153,874</u>
Total current liabilities		<u>203,363</u>	<u>226,054</u>
<i>NON-CURRENT LIABILITIES:</i>			
Revenue bonds payable, net		1,826,222	1,882,336
State loan obligations, net		134,365	112,944
Liability for self-insurance		1,970	1,837
Liability for compensated absences		29,810	27,969
Liability for post-employment benefits		4,004	3,300
Deferred revenues		10,538	11,314
Total non-current liabilities		<u>2,006,909</u>	<u>2,039,700</u>
Total liabilities		<u>2,210,272</u>	<u>2,265,754</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt		1,567,455	1,530,096
Restricted for:			
Capital projects		109,528	132,705
Debt service		114,359	110,587
Unrestricted		431,933	413,233
Total net assets		<u>2,223,275</u>	<u>2,186,621</u>
Total liabilities and net assets		<u>\$ 4,433,547</u>	<u>\$ 4,452,375</u>

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

# Statements of Revenues, Expenses, and Changes in Net Assets

	(In thousands)	
	2012	2011
For the years ended September 30,		
<i>OPERATING REVENUES:</i>		
Water	\$ 251,130	\$ 253,696
Wastewater	285,172	291,964
Total operating revenues	<u>536,302</u>	<u>545,660</u>
<i>OPERATING AND MAINTENANCE EXPENSES:</i>		
Water source of supply	10,705	13,558
Water power and pumping	1,798	1,942
Water treatment	59,811	62,138
Water transmission and distribution	27,423	27,929
Wastewater collection system	20,150	20,385
Wastewater pumping	34,085	30,950
Wastewater treatment	74,367	72,512
Customer accounting	7,299	7,410
Customer service	16,275	16,821
General and administrative	73,164	79,165
Total operating and maintenance expenses	<u>325,077</u>	<u>332,810</u>
Operating income before depreciation	211,225	212,850
<i>DEPRECIATION</i>	<u>163,315</u>	<u>159,158</u>
Operating income	47,910	53,692
<i>NON-OPERATING REVENUES (EXPENSES):</i>		
Investment income	21,797	6,193
Interest expense	(85,478)	(85,511)
Amortization of debt issue costs	(2,970)	(2,618)
Operating grants	2,541	1,806
Customer connection fees	20,509	13,933
Other revenues	5,325	3,587
Other expenses	<u>(1,136)</u>	<u>(811)</u>
Income (loss) before contributions and transfers	8,498	(9,729)
Capital contributions	28,156	33,556
Transfers to County's General Fund	<u>-</u>	<u>(32,220)</u>
Increase (Decrease) in net assets	36,654	(8,393)
Net assets at beginning of year	<u>2,186,621</u>	<u>2,195,014</u>
Net assets at end of year	<u>\$ 2,223,275</u>	<u>\$ 2,186,621</u>

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

# Statements of Cash Flows

	(In thousands)	
For the years ended September 30,	<u>2012</u>	<u>2011</u>
<i>CASH FLOWS FROM OPERATING ACTIVITIES:</i>		
Cash received from customers	\$ 563,600	\$ 553,361
Cash paid to suppliers for goods and services	(141,556)	(141,917)
Cash paid to employees for services	(179,430)	(181,472)
Net cash provided by operating activities	<u>242,614</u>	<u>229,972</u>
<i>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</i>		
Operating grants received	2,541	1,806
Transfers to County's General Fund	-	(32,220)
Loan to County's General Fund	(25,000)	-
Net cash used in non-capital financing activities	<u>(22,459)</u>	<u>(30,414)</u>
<i>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</i>		
Proceeds from bond issues, loan agreements and notes	30,909	15,781
Principal payments - bond, loans and notes	(61,504)	(58,908)
Bond issue costs	(966)	(1,178)
Interest paid	(87,158)	(79,650)
Acquisition and construction of capital assets	(191,395)	(277,703)
Net cash used in capital and related financing activities	<u>(310,114)</u>	<u>(401,658)</u>
<i>CASH FLOWS FROM INVESTING ACTIVITIES:</i>		
Purchase of investment securities	(272,346)	(392,283)
Proceeds from sale and maturity of investment securities	417,626	607,351
Interest on investments	1,859	3,321
Net cash provided by investing activities	<u>147,139</u>	<u>218,389</u>
Net increase in cash and cash equivalents	57,180	16,289
Cash and cash equivalents at beginning of year	<u>336,052</u>	<u>319,763</u>
Cash and cash equivalents at end of year	<u>\$ 393,232</u>	<u>\$ 336,052</u>

(Continued)

# Statements of Cash Flows

(Continued)	For the years ended September 30,	(In thousands)	
		<u>2012</u>	<u>2011</u>
<i>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</i>			
Operating income		\$ 47,910	\$ 53,692
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation		163,315	159,158
Provision for uncollectible accounts		2,198	2,175
Amortization of deferred charges		77	-
Amortization of deferred revenues		(776)	530
Non-operating other, net		24,696	16,708
Increase (decrease) in assets:			
Accounts Receivable		1,498	(6,640)
Inventory of materials and supplies		(2,081)	(3,815)
Other current assets		416	5,977
Contracts receivable		(27)	404
Other deferred charges		3,370	2,894
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses		(167)	3,128
Customer and developer deposits		46	(3,483)
Liability for compensated absences		1,103	35
Other liabilities		(10)	(2,029)
Liability for other post-employment benefits		704	743
Liability for self-insurance		342	495
Net cash provided by operating activities		<u>\$ 242,614</u>	<u>\$ 229,972</u>

## NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

Property, plant and equipment contributions were received in amounts of \$28.2 million and \$33.6 million in fiscal years 2012 and 2011, respectively.

The change in the fair value of investments was a \$1.4 million decrease and a \$0.6 million decrease in fiscal year 2012 and 2011, respectively.

The change in the fair value of swaps was a \$21.5 million increase and a \$3.8 million increase in fiscal year 2012 and 2011, respectively.

	(In thousands)	
	2012	2011
<i>RECONCILIATION OF CASH AND CASH EQUIVALENTS AT END OF YEAR</i>		
Unrestricted Current Cash and Cash Equivalents	\$ 61,287	\$ 49,783
Restricted Current Cash and Cash Equivalents	132,906	154,041
Restricted Noncurrent Cash and Cash Equivalents	199,039	132,228
Total cash and cash equivalents at end of year	<u>\$ 393,232</u>	<u>\$ 336,052</u>

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

# Notes to Financial Statements

**SEPTEMBER 30, 2012 AND 2011**

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### REPORTING ENTITY

The Miami-Dade Water and Sewer Department (the Department) functions as a self-supporting governmental enterprise fund of Miami-Dade County, Florida (the County). An enterprise fund is used to account for the financing of services to the general public on a continuing basis with costs recovered primarily through user charges. Accordingly, its financial statements have been prepared on the accrual basis of accounting. The Department issues a separate comprehensive annual financial report and its financial statements are combined in the County's comprehensive annual financial report.

The accompanying financial statements combine the accounts of both the Water and Wastewater Systems to provide meaningful information with respect to the Department, with all transactions of the Department accounted for as one enterprise fund. All significant inter-system accounts and transactions have been eliminated.

### BASIS OF ACCOUNTING

The financial statements are prepared in conformity with generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB). The Department has elected not to apply certain pronouncements of the Financial Accounting Standards Board issued after November 30, 1989 as permitted by GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*.

### OPERATING/NONOPERATING REVENUES AND EXPENSES

Operating revenues and expenses are those that result from providing water and wastewater services. Nonoperating revenues and expenses include capital, financing, investing and other activities either not related to or incidental to the provision of water and wastewater services.

### REVENUE RECOGNITION

All water and wastewater revenues are recognized when the related services are provided. Unbilled receivables have been estimated and accrued as revenue from the date of last reading of the meters based on the billing cycle. Unbilled accounts receivable were approximately \$33.2 million and \$35.0 million as of September 30, 2012 and 2011, respectively.

### CAPITAL ASSETS

Property acquired with an initial individual cost of \$1,000 or more and an estimated useful life in excess of one year is capitalized at cost. Major outlays for construction of capital assets and improvements are capitalized at cost. Expenditures for maintenance and repairs are expensed as incurred. Property contributions received from municipalities are recorded as capital assets by the Department at the acquisition cost to the municipality. Property contributed in aid of construction is capitalized at its estimated fair market value on the date received.

Annualized depreciation expense, expressed as a percent of depreciable capital assets, was 3.3% for fiscal years ended September 30, 2012 and 2011. The Department utilizes the single-unit straight-line depreciation method with normal retirements charged to accumulated depreciation, and gain or loss is recognized on retirements. Assets with a change in estimated life are depreciated based on net book value over the remaining life of the asset. Estimated useful lives of capital assets in service are as follows:

	Water System	Wastewater System
	(Years)	
Structures and improvements	25-45	25-45
Equipment	3-20	3-20

Total depreciation expense for the fiscal years ended September 30, 2012 and 2011 was \$163.3 million and \$159.2 million, respectively.

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement establishes accounting and financial reporting requirements for intangible assets, including easements, to minimize inconsistencies among governments. The statement was effective for fiscal year 2010.

Starting on October 1, 2009, intangible assets received in a non-exchange transaction are recorded at their estimated fair value at the time of the acquisition. Therefore, donated/granted easements are recorded at their fair value at the time of transfer. In addition, when purchasing or developing computer software, licenses or similar assets, threshold determinations are based on the aggregate cost. Only those intangible assets valued at more than \$100,000 are recorded as an asset. For fiscal year 2012, no intangible assets met the threshold for recording.

## Notes to Financial Statements

### *CASH, CASH EQUIVALENTS AND INVESTMENTS*

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.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the Department has opted to report money market and non-participating investments, with remaining maturities of one year or less at the time of purchase, at amortized cost, which approximates fair value.

Investments are carried at fair value. The net increase or decrease in the fair value of investments is included as part of investment income in the accompanying statements of revenues, expenses and changes in net assets.

For purposes of the statements of cash flows, the Department considers all highly liquid pooled investments with a maturity of three months or less, when purchased, to be cash equivalents.

### *INVENTORY*

Materials and supplies inventories are stated at lower of weighted average cost or market.

### *INTEREST ON INDEBTEDNESS*

Interest is charged to expense, as incurred, except for interest related to borrowings used for construction projects which is capitalized, net of interest earned on construction funds borrowed. Interest incurred during the fiscal years ended September 30, 2012 and 2011 was \$92.6 million and \$93.5 million, respectively. Interest in the amount of, \$7.1 million and \$8.0 million was capitalized in fiscal years 2012 and 2011, respectively, net of interest earned on construction funds from tax-exempt borrowing of \$0.6 million and \$1.1 million in fiscal years 2012 and 2011, respectively.

For interest rate swap agreements, the amounts recorded in the financial statements are the net interest expense along with amortization of fees paid or received resulting from these agreements. The Department recorded a liability for the swap option that was terminated during FY 2009 and is amortizing the up-front-payment shown as net of interest expense in the financial statements.

Effective October 1, 2011, the Department adopted GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*, which requires recognition, measurement and disclosure of information regarding derivative instruments entered into by the Department and reported at fair value. GASB Statement 64 amends GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.

### *BOND DISCOUNT, PREMIUM AND ISSUANCE COSTS*

Discounts and premiums on bonds and notes payable are amortized using the straight-line method over the life of the related bond issuances or term of the notes. Bond issuance costs, an asset, are capitalized and amortized over the life of the bonds in a manner similar to discounts and premiums. Discounts and premiums are presented Net of the Related Debt.

### *CAPITAL CONTRIBUTIONS*

The Department records external capital contributions as revenues to the proprietary funds.

### *GRANTS FROM GOVERNMENT AGENCIES*

The Department records grants when all applicable eligibility requirements have been met. This normally occurs as amounts are expended and become reimbursable from the granting agency.

### *COMPENSATED ABSENCES*

The Department accounts for compensated absences by accruing a liability for employees' compensation for future absences according to the guidelines of GASB Statement No. 16, *Accounting for Compensated Absences*.

### *COST ALLOCATION*

Certain engineering overhead and other costs are generally allocated to capital projects and operating expenses using standard rates developed by independent consultants. The rate is based on various allocation bases which bear reasonable relation with the type of allocable expenditure.

### *USE OF ESTIMATES*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expense during the reporting period. Actual results could differ from those estimates.

# Notes to Financial Statements

## 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

The County is authorized through the Florida Statutes §218.415, Ordinance No. 84-47, Resolution R-31-09 and its Investment Policy to make certain investments. The County's Investment Policy (Policy) was updated and adopted on January 22, 2009 in response to current and possible uncertainties in the domestic and international financial markets. The County's overall investment objectives are, in order of priority, the safety of principal, liquidity of funds and maximizing investment income.

The Department pools all cash, cash equivalents and investments, with the exception of certain amounts which are required to be held in trust and escrow accounts under the terms of bond ordinances and loan agreements. Various self-balancing account groups are participants in such pooling, sharing on a pro-rata basis in the pooled earnings, according to their respective average monthly balances.

### DEPOSITS

The carrying amounts of the Department's local deposits were \$314.4 million and \$320.5 million as of September 30, 2012 and 2011, respectively. The bank balances at local depositories were \$328.2 million and \$329.3 million as of September 30, 2012 and 2011, respectively, consisting of demand deposit accounts only. All deposits are fully insured by Federal Depository Insurance and a multiple financial institution collateral pool required by Chapter 280 Florida Statutes, "Florida Security for Public Deposits Act". Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits, times the depository's collateral pledging level. The pledging level may range from 50% to 125% depending upon the depository's financial condition and establishment period. All collateral must be deposited with a State-approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

As a rule, the County intends to hold all purchased securities until their final maturity date. There may be occasional exceptions, including, but not limited to the need to sell securities to meet unexpected liquidity needs.

Cash on hand and cash held by other parties as of September 30, 2012 was approximately \$322.2 million.

### INVESTMENTS

The Department's investments at September 30, 2012 and 2011, are shown in the following table (in thousands).

	Fair Value	
	2012	2011
Federal Home Loan Mortgage Corporation	\$ 66,637	\$ 93,605
Federal Home Loan Bank	65,247	104,698
Federal Farm Credit Bank	49,333	70,511
Federal National Mortgage Association	65,602	61,740
Treasury Notes	22,232	16,244
Interest Bearing	7,425	12,844
Total Investments	<u>\$ 276,476</u>	<u>\$ 359,642</u>

### CREDIT RISK

The Policy, minimizes credit risk by restricting authorized investments to: Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act; Securities and Exchange Commission (SEC) registered money market funds with the highest credit rating from a nationally recognized rating agency; interest-bearing time deposits or saving accounts in qualified public depositories, pursuant to Florida Statutes §280.02, which are defined as banks, savings banks, or savings associations organized under the laws of the United States with an office in this state that is authorized to receive deposits, and has deposit insurance under the provisions of the Federal Deposit Insurance Act; direct obligations of the United States Treasury; federal agencies and instrumentalities; securities of, or other interests in, and open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, provided that the portfolio is limited to the obligations of the United States government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian; commercial paper of prime quality with a stated maturity of 270 days or less from the date of its issuance, which has the highest letter and numerical rating as provided for by at least two nationally recognized rating services; banker acceptances which have a stated maturity of 180 days or less from the date of issuance, and have the highest letter and numerical rating as provided for by at least two nationally recognized rating services, and are drawn on and accepted by commercial banks and which are eligible for purchase by the Federal

## Notes to Financial Statements

Reserve Bank, investments in repurchase agreements (“Repos”) collateralized by securities authorized by this policy. All Repos shall be governed by a standard SIFMA Master Repurchase Agreement; municipal securities issued by U.S., state or local governments, having at time of purchase, a stand-alone credit rating of AA or better assigned by two or more recognized credit rating agencies or a short-term rating of A1/P1 or equivalent from one or more recognized credit rating agencies. Securities lending, securities or investments purchased or held under the provisions of this section, may be loaned to securities dealers or financial institutions provided the loan is collateralized by cash or securities having a market value of at least 102 percent of the market value of the securities loan upon ignition of the transaction.

The following table summarizes the investments by type and credit ratings at September 30, 2012 and 2011.

	Credit Ratings	
	(S&P/Moody's/Fitch)	
	2012	2011
Federal Home Loan Mortgage Corporation	AA+/A-1+	AA+/Aaa/AAA
Federal Home Loan Bank	AA+/A-1+	AA+/Aaa/AAA
Federal Farm Credit Bank	AA+/A-1+	AA+/Aaa/AAA
Federal National Mortgage Association	AA+/A-1+	AA+/Aaa/AAA
Time Deposits	N/A	N/A
Treasury Notes	AA+/A-1+	AA+
Commercial Paper	A1/P1	A1/P1

Guaranteed investment contracts (GIC) are not subject to credit rating because they are direct contractual investments and are not securities. These GIC provide for a guaranteed return on investments over a specified period of time.

### *CUSTODIAL CREDIT RISK*

The Policy requires that bank deposits be secured per Chapter 280, Florida Statutes. This requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2012 all the County's bank deposits were in qualified public depositories.

The Policy requires the execution of a Custodial Safekeeping Agreement (CSA) for all purchased securities which shall be held for credit of the County in an account separate and apart from the assets of the financial institution.

### *CONCENTRATION OF CREDIT RISK*

The Policy establishes limitations on portfolio composition by investment type and by issuer to limit its exposure to concentration of credit risk. The Policy provides that a maximum of 50% of the portfolio may be invested in the State of Florida Local Government Surplus Funds Trust Fund (the “Pool”); however, the bond proceeds may be temporarily deposited in the Pool until alternative investments have been purchased. Prior to any investment in the Pool, approval must be received from the Board of County Commissioners. A maximum of 30% of the portfolio may be invested in SEC registered money market funds with no more than 10% to any single money market fund; a maximum of 20% of the portfolio may be invested in non-negotiable interest bearing time certificates of deposit and savings account with no more than 5% deposited with any one insurer. There is no limit on the percent of the total portfolio that may be invested in direct obligations of the U.S. Treasury or federal agencies and instrumentalities; with no limits on individual issuers (investment in agencies containing call options shall be limited to a maximum of 25% of total portfolio). A maximum of 5% of the portfolio may be invested in open-end or closed-end funds; a maximum of 50% of the portfolio may be invested in prime commercial paper with a maximum of 5% with any one issuer; a maximum of 25% of the portfolio may be invested in bankers acceptances with a maximum of 10% with any one issuer, but a maximum of 60% of the portfolio may be invested in both commercial paper and bankers acceptances. A maximum of 20% of the portfolio may be invested in repurchase agreements with the exception of one (1) business day agreements, with a maximum of 10% of the portfolio with any one institution or dealer with the exception of one (1) business day agreements. Investments in derivative products is prohibited by Miami-Dade County. A maximum of 25% of the portfolio may be directly invested in municipal obligations, up to 5% with any one municipal issuer.

# Notes to Financial Statements

As of September 30, 2012 and 2011, the following issuers held 5% or more of the investment portfolio:

	% of Portfolio	
	2012	2011
Federal Home Loan Mortgage Corporation	24.10	26.03
Federal Home Loan Bank	23.60	29.11
Federal Farm Credit Bank	17.84	19.61
Federal National Mortgage Association	23.73	17.17
Treasury Notes	8.04	-
Interest Bearing	2.69	8.17

The schedule excludes investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds and external investments pools.

## INTEREST RATE RISK

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

As of September 30, 2012 and 2011 the County had the following investments with the respective weighted average maturity in years.

	Weighted Average in Years	
	2012	2011
Federal Home Loan Mortgage Corporation	1.06	0.42
Federal Home Loan Bank	0.38	0.39
Federal Farm Credit Bank	1.28	-
Federal National Mortgage Association	1.16	0.88
Treasury Notes	0.38	0.34

## FOREIGN CURRENCY RISK

The Policy limits the County's foreign currency risk by excluding foreign investments as an investments option.

## 3. RECEIVABLES

Receivables at September 30, 2012 and 2011 were as follows (in thousands):

	2012	2011
Trade Accounts	\$ 111,588	\$ 115,753
Non-retail accounts	9,286	10,384
Other County funds	25,014	92
Gross receivables	145,888	126,229
Less: allowance for doubtful accounts	(17,606)	(19,251)
Net receivables	<u>\$ 128,282</u>	<u>\$ 106,978</u>

On September 22, 2011, the Department signed a Memorandum of Understanding (MOU) establishing a \$25 million loan to the County's General Fund as adopted in the fiscal year 2011-2012 Budget Ordinance.

The Department transferred \$25 million cash to the General Fund and booked a receivable from the County. The term of this loan will be five years, no interest, with repayments of \$5 million per year to begin at the end of fiscal year 2013-2014.

## 4. OTHER CURRENT ASSETS

Other current assets at September 30, 2012 and 2011 were as follows (in thousands):

	2012	2011
Beginning Balance	\$ 3,526	\$ 9,503
Prepaid Expenses	7	2
Advance to City of Hialeah	19,535	9,538
Grant Receipts	1,117	1,880
Construction in Progress	(21,075)	(17,397)
Ending Balance	<u>\$ 3,110</u>	<u>\$ 3,526</u>

The County entered into an agreement with the City of Hialeah (the City) to construct a 10 MGD, expandable to 17.5 MGD, reverse osmosis water treatment plant. The City and the County shall have equal 50% ownership of a reverse osmosis water treatment plant (WTP), exclusive of land but inclusive of structures, facilities and appurtenances to be situated in the Annexation Area of the City. The WTP is expected to be permitted and operational in 2013. The County shall contribute and pay for 50% of the planning, design, construction and construction management (design and construction) cost for the WTP, in an amount not less than \$80 million, and the City shall contribute 50% of the design and construction cost for the WTP, in an amount not less than \$80 million based on an estimate. In fiscal year 2012, an additional \$19.5 million was contributed to the City of Hialeah. As of September 30, 2012, the Department has contributed \$38.6 million towards the construction of the WTP.

# Notes to Financial Statements

## 5. RESTRICTED ASSETS

Certain bond ordinances and loan agreements require the Department to establish accounts to be used in accounting for proceeds and collateral pledged as a result of the various issues of debt. In many cases, the applicable ordinances refer to the restricted accounts as “funds”. Such accounts are not “funds” as defined by the National Council of Governmental Accounting (*NCGA Statement No. 1: Governmental Accounting and Financial Reporting Principles*) and, therefore, are not funds for financial reporting purposes, but are maintained as separate ac-

counts. Restricted assets at September 30, 2012 and 2011 are represented in the following table (in thousands):

	2012	2011
Debt Service	\$ 160,554	\$ 156,886
Construction	146,529	215,077
Renewal and Replacement	68,464	75,257
Plant Expansion	79,068	87,263
Self-Insurance	5,144	4,715
Other	135,093	63,706
Total Restricted Assets	<u>\$ 594,852</u>	<u>\$ 602,904</u>

## 6. CAPITAL ASSETS

Capital asset activity during fiscal years 2012 and 2011 was as follows (in thousands):

	Balance 09/30/10	2011		Balance 09/30/11	2012		Balance 09/30/12
		Additions	Deletions		Additions	Deletions	
Capital Assets, not being depreciated:							
Land	\$ 44,650	\$ 2,870	\$ -	\$ 47,520	\$ 2,853	\$ -	\$ 50,373
Construction work in progress	643,309	307,439	(106,474)	844,274	188,696	(142,912)	890,058
Total capital assets, not being depreciated	687,959	310,309	(106,474)	891,794	191,549	(142,912)	940,431
Capital Assets, being depreciated							
Structures and improvements	3,844,833	60,056	(9,001)	3,895,888	121,728	(5,130)	4,012,486
Equipment	883,520	47,303	(5,850)	924,973	35,343	(10,302)	950,014
Total capital assets, being depreciated	4,728,353	107,359	(14,851)	4,820,861	157,071	(15,432)	4,962,500
Less accumulated depreciation:							
Structures and improvements	(1,459,895)	(121,644)	6,459	(1,575,080)	(126,458)	3,569	(1,697,969)
Equipment	(670,309)	(37,515)	4,374	(703,450)	(36,855)	9,297	(731,008)
Total accumulated depreciation	(2,130,204)	(159,159)	10,833	(2,278,530)	(163,313)	12,866	(2,428,977)
Total capital assets, being depreciated, net	2,598,149	(51,800)	(4,018)	2,542,331	(6,242)	(2,566)	2,533,523
Total capital assets, net	<u>\$ 3,286,108</u>	<u>\$ 258,509</u>	<u>\$ (110,492)</u>	<u>\$ 3,434,125</u>	<u>\$ 185,307</u>	<u>\$ (145,478)</u>	<u>\$ 3,473,954</u>

## 7. LONG-TERM DEBT

Long-term debt includes various bonds and loans which have been issued or approved by the County for the improvement of the Department’s water and wastewater infrastructure, and defeasance of outstanding debt. General covenants, along with debt service requirements, are disclosed on page 46. See Note 5, Restricted Assets, for a discussion of the accounts used in accounting for proceeds and collateral pledged as a result of the issuance of the various forms of debt.

The Department’s debt instruments contain various covenants and restrictions, which among other things, (1) prohibit the Department from taking any action that could jeopardize its tax-exempt status, and (2) require the Department to meet certain financial tests. Management believes that the Department was in compliance with all such covenants and restrictions at September 30, 2012.

### DADE COUNTY REVENUE BONDS, SERIES 1995

On October 19, 1995, \$346.8 million of Dade County Water and Sewer System Revenue Bonds, Series 1995 were issued to finance capital improvements to the water and wastewater systems. On September 29, 2006, \$295.2 million of Dade County Water and Sewer System Revenue Refunding Variable Rate Demand Bonds, Series 2005 were issued to refund the Series 1995 Bonds maturing after October 1, 2011.

The Series 1995 Revenue Bonds are collateralized by the net operating revenues of the Department and are due serially on October 1 through the year 2011 with semi-annual interest due on April 1 and October 1 of each year. Net revenue requirements of at least 1.10 times the current year’s debt service requirements were met in fiscal year 2012.

# Notes to Financial Statements

## *MIAMI-DADE COUNTY REVENUE BONDS, SERIES 1999A*

On May 5, 1999, \$150 million of Dade County Water and Sewer System Revenue Bonds, Series 1999A were issued to finance capital improvements to the water and wastewater systems.

The Series 1999A Revenue Bonds are collateralized by net operating revenues of the Department and are due serially on October 1 through the year 2029 with semi-annual interest due on April 1 and October 1 of each year. Net revenue requirements of at least 1.10 times the current year's debt service requirements were met in fiscal year 2012.

## *MIAMI-DADE COUNTY REVENUE BONDS, SERIES 2003*

On October 9, 2003, \$248.9 million of Miami-Dade County Water and Sewer System Revenue Refunding Bonds, Series 2003 were issued to refund the County's Water and Sewer System Revenue Refunding Bonds, Series 1993, and to pay issue costs.

The Series 2003 Refunding Bonds are collateralized by net operating revenues of the Department and are due serially on October 1 through the year 2013 with semi-annual interest due on April 1 and October 1 of each year. Net revenue requirements of at least 1.10 times the current year's debt service requirements were met in fiscal year 2012.

## *MIAMI-DADE COUNTY REVENUE BONDS, SERIES 2007*

On September 29, 2007, \$344.7 million of Miami-Dade County Water and Sewer System Revenue Refunding Bonds, Series 2007 were issued to refund the Miami-Dade County Water and Sewer System Revenue Bonds, Series 1997 maturing after October 1, 2009, and to pay issue costs.

The Series 2007 Refunding Bonds are collateralized by the net operating revenues of the Department and are due serially on October 1 starting in 2008 through the year 2026 with semi-annual interest due on April 1 and October 1 of each year. Net revenue requirements of at least 1.10 times the current year's debt service requirements were met in fiscal year 2012.

## *MIAMI-DADE COUNTY WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2008A*

On July 15, 2008, the County issued \$68.3 million of Miami-Dade County Water and Sewer System Revenue

Bonds, Series 2008A to pay the costs of terminating the AIG Financial Products Corporation interest rate swap associated with the variable rate Dade County Water and Sewer System Revenue Bonds, Series 1994 and to pay issuance costs.

The Series 2008A Revenue Bonds are collateralized by the net operating revenues of the Department and are due serially October 1 starting in 2009 through the year 2022 with semi-annual interest due on April 1 and October 1 of each year. Net revenue requirements of at least 1.10 times the current year's debt service requirements were met in fiscal year 2012.

## *MIAMI-DADE COUNTY WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2008B*

On July 15, 2008, \$374.6 million of Miami-Dade County Water and Sewer System Revenue Refunding Bonds, Series 2008B were issued to redeem all of the County's Water and Sewer System Revenue Bonds, Series 1994 and to pay issuance and surety costs.

The Series 2008B Refunding Bonds are collateralized by the net operating revenues of the Department and are due serially on October 1 starting in 2009 through the year 2022 with semi-annual interest due on April 1 and October 1 of each year. Net revenue requirements of at least 1.10 times the current year's debt service requirements were met in fiscal year 2012.

## *MIAMI-DADE COUNTY WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2008C*

On December 18, 2008, \$306.8 million of Miami-Dade County Water and Sewer System Revenue Refunding Bonds, Series 2008C were issued to redeem all of the County's Dade County Water and Sewer System Revenue Refunding Variable Rate Demand Bonds, Series 2005 and to pay issuance and surety costs. The refunding resulted in a gain of \$13.8 million.

The Series 2008C Refunding Bonds are collateralized by the net operating revenues of the Department and are due serially on October 1 starting in 2009 through the year 2026 with semi-annual interest due on April 1 and October 1 of each year. Net revenue requirements of at least 1.10 times the current year's debt service requirements were met in fiscal year 2012.

# Notes to Financial Statements

## CHANGES IN LONG-TERM LIABILITIES

A summary of long-term liability activity during fiscal years 2011 and 2012 is presented in the following table (in thousands):

Description	Outstanding Rate	Balance 09/30/2010	<u>2011</u>		Balance 09/30/2011	<u>2012</u>		Balance 09/30/2012	Due in 2013
			Additions	Deletions		Additions	Deletions		
<i>Dade County Revenue Bonds</i>									
Series 1995	4.10%-6.25%	\$ 9,975	\$ -	\$ 4,835	\$ 5,140	\$ -	\$ 5,140	\$ -	\$ -
Series 1999A	5.00%-5.00%	150,000	-	-	150,000	-	-	150,000	-
Series 2003	2.00%-5.00%	115,450	-	28,540	86,910	-	29,725	57,185	31,065
Series 2007	4.00%-5.00%	344,120	-	10,715	333,405	-	11,200	322,205	11,695
Series 2008A & B	3.25%-5.25%	440,040	-	2,945	437,095	-	3,110	433,985	3,270
Series 2008C	4.00%-6.00%	306,415	-	1,000	305,415	-	1,000	304,415	5,985
Series 2010	2.00%-5.00%	594,330	-	-	594,330	-	100	594,230	2,635
Less: Unamortized Discount		(4,470)	-	(345)	(4,125)	-	(251)	(3,874)	-
Deferred amounts on refunding		(23,590)	-	(4,496)	(19,094)	-	(3,325)	(15,769)	-
Plus: Unamortized Premium		48,574	-	5,039	43,535	-	5,040	38,495	-
Total revenue bonds		\$ 1,980,844	\$ -	\$ 48,233	\$ 1,932,611	\$ -	\$ 51,739	\$ 1,880,872	\$ 54,650
<i>State Loan Obligations</i>									
State Revolving Fund	2.56%-4.17%	119,255	15,781	10,873	124,163	30,909	11,229	143,843	9,478
Total long-term debt		\$ 2,100,099	\$ 15,781	\$ 59,106	\$ 2,056,774	\$ 30,909	\$ 62,968	\$ 2,024,715	\$ 64,128
<i>Other liabilities</i>									
Compensated Absences		38,213	5,878	5,842	38,249	11,355	10,252	39,352	9,542
Self-Insurance		2,715	4,903	4,408	3,210	4,903	4,561	3,552	1,582
Other post-employment benefits		2,557	743	-	3,300	704	-	4,004	-
Deferred revenues		12,090	-	776	11,314	-	776	10,538	-
Total long-term liabilities		\$ 2,155,674	\$ 27,305	\$ 70,132	\$ 2,112,847	\$ 47,871	\$ 78,557	\$ 2,082,161	\$ 75,252

## DEBT SERVICE REQUIREMENTS

As of September 30, 2012, the Department's debt service requirements to maturity for their term were as follows (in thousands):

Maturing in Fiscal Year	Revenue Bonds		State Loans		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Debt
2013	\$ 54,650	\$ 91,561	\$ 9,478	\$ 1,911	\$ 64,128	\$ 93,472	\$ 157,600
2014	57,115	89,096	11,391	2,362	68,506	91,458	159,964
2015	59,745	86,453	12,098	2,759	71,843	89,212	161,055
2016	62,640	83,572	11,145	2,448	73,785	86,020	159,805
2017	65,735	80,501	10,017	2,154	75,752	82,655	158,407
2018-2022	382,305	348,966	39,993	7,464	422,298	356,430	778,728
2023-2027	485,655	237,218	20,937	3,822	506,592	241,040	747,632
2028-2032	320,085	126,625	21,823	1,819	341,908	128,444	470,352
2033-2037	216,470	67,519	6,961	133	223,431	67,652	291,083
2038-2040	157,620	12,078	-	-	157,620	12,078	169,698
	\$ 1,862,020	\$ 1,223,589	\$ 143,843	\$ 24,872	\$ 2,005,863	\$ 1,248,461	\$ 3,254,324
Unamortized Discount, Deferred & Premium Amounts	18,852	-	-	-	18,852	-	18,852
Total	\$ 1,880,872	\$ 1,223,589	\$ 143,843	\$ 24,872	\$ 2,024,715	\$ 1,248,461	\$ 3,273,176

# Notes to Financial Statements

## MIAMI-DADE COUNTY WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2010

On March 10, 2010, \$594.3 million of Miami-Dade County Water and Sewer System Revenue Bonds, Series 2010 were issued to finance capital improvements under the Department's Multi-Year Capital plan, repay the Regions Bank Line of Credit and to pay issue costs.

The Series 2010 Revenue Bonds are collateralized by the net operating revenues of the Department and are due serially on October 1 starting in 2010 through the year 2040 with semi-annual interest due on April 1 and October 1 of each year. Net revenue requirements of at least 1.10 times the current year's debt service requirements were met in fiscal year 2012.

## STATE REVOLVING FUND

Under the State Revolving Fund program, the Department has received various loan commitments for the construction of water and wastewater treatment facilities. Draws to date against committed loans as of September 30, 2012 are detailed in the following table (in thousands). Related payments of principal and interest are due through the year 2034.

<u>Loan #</u>	<u>Draws</u>	<u>Closed Out Date</u>
375310	\$ 45,906	06/07/99
377400	36,402	06/07/99
377450	27,831	05/18/01
377470	11,959	08/21/00
377490	3,098	05/02/01
377500	25,874	12/01/03
377650	2,618	08/08/03
377670	3,604	10/27/03
377860	4,253	09/20/06
377870	4,979	09/20/06
37788P	3,252	09/27/04
37789A	845	08/01/07
37789L	2,891	09/26/06
300010	39,534	08/04/08
300080	4,691	04/28/03
377900	75,000	Active
130200	1,255	Active
130201	137	Active
	<u>\$ 294,129</u>	

No further draws will be made against closed loans.

The Department has agreed to maintain rates, together with other pledged revenues, sufficient to provide "net revenues" equal to at least 1.15 times the annual loan

payments after meeting the primary debt service requirements. Reserve and debt service funding requirements, as required by the agreements, were met in fiscal year 2012.

## INTEREST RATE SWAP AGREEMENTS

The Department is currently a party to two interest rate swap agreements related to the various revenue bonds issued by the Department. The fair value of a swap is determined at September 30, 2012 based on an estimated mark-to-mid market assessment.

On June 15, 2008, Merrill Lynch Capital Services, Inc. exercised their option to terminate a fixed to variable rate swap option with a notional amount of \$215 million with respect to the Series 2007 Bonds at no cost to either party.

On July 15, 2008, the Department issued fixed rate bonds refunding the Water and Sewer System Revenue Bonds, Series 1994, which were issued as variable rate bonds. The Series 1994 Bonds were associated with a variable to fixed rate swap agreement with AIG Financial Products Corporation, which effectively fixed the rate on the variable rate bonds at 5.28% plus liquidity and remarketing costs. With the refunding of all outstanding obligations of the Series 1994 Bonds by the issuance of the fixed rate debt, the Series 2008B Bonds, the Department terminated the AIG swap agreement at a termination value of \$76.4 million (including accrued interest of \$2.8 million). The Department issued \$68.3 million of Water and Sewer System Revenue Bonds, Series 2008A to pay a portion of the termination value. The balance was paid from the revenues of the Department.

On November 19, 2008, the County terminated the \$295.2 million notional amount, variable to fixed rate swap with Bank of America N.A. related to the Series 2005 Bonds. The termination was a result of the County's inability to secure a substitute standby bond purchase agreement that was scheduled to expire in December 2008. The termination value of the Bank of America Swap was \$67.2 million, with accrued interest of \$1.9 million, making the total termination amount of \$69.1 million, which the County paid from legally available funds of the Department. The County does not believe that such payment had an adverse effect on the operation of the Utility.

During fiscal year 2010, Statement No. 53 of the Governmental Accounting Standards Board, Accounting and Financial Reporting for Derivative Instruments, (GASB

# Notes to Financial Statements

## INTEREST RATE SWAP AGREEMENTS

Below is a recap of each of the interest rate swap agreements that the Department has entered into:

Associated Series of Bonds	Notional Amount as of 09/28/12	Counterparty <sup>(3)</sup>	Counterparty Ratings as of 09/28/12 <sup>(1)</sup>	Start Date	Termination Date	Counterparty Payment	County Payment	Fair Value at 09/28/12
Series 2007	\$ 200,000,000	Bank of New York Mellon <sup>(2)</sup>	Guarantor-Aa1, AA-, AA-	07/18/02	10/01/26	Variable-USD -Libor-BBA+1.465%	Variable - (USD - SIFMA Municipal Swap Index/.0604)	\$ 14,370,402
Series 1999A	\$ 205,070,000	Bank of New York Mellon <sup>(2)</sup>	Guarantor-Aa1, AA-, AA-	03/06/06	10/01/29	Variable-(USD-ISDA-Swap Rate) x 90.15% + 1.58%	Variable <sup>(4)</sup> - (USD-SIFMA Municipal Swap Index/.0604)	\$ 36,727,225

<sup>(1)</sup> Moody's, S&P, Fitch.

<sup>(2)</sup> Bank of New York Mellon replaced Rice Financial Products Co.

<sup>(3)</sup> The counterparty was replaced by Bank of New York Mellon on 10/02/2009. The counterparty associated with the series 1999A Bonds was also replaced by the Bank of New York Mellon under the same ISDA on 10/02/2009.

<sup>(4)</sup> (i) From July 5, 2007 to, but excluding January 1, 2009 (A), if the difference obtained by subtracting USD-LIBOR-BBA from the product of 90.15% multiplied by USD-ISDA-Swap Rate is greater than 0.4% USD-LIBOR-BBA, plus 1.58%, otherwise, (B) USD-ISDA-Swap Rate multiplied by 90.15%, plus 1.58%; and (ii) from January 1, 2009 and thereafter, USD-ISDA-Swap Rate multiplied by 90.15% plus 1.58%.

53) became effective. This statement refers to the recognition, measurement and disclosure of information regarding derivative instruments entered into by the Department and reported at fair value. In accordance with GASB 53, Swap Financial Group, LLC evaluated the Department's swaps to determine whether they are effective hedging derivative instruments. It was determined that both swaps are basis swaps. Given that there is no identified financial risk being hedged by the swaps that can be expressed in terms of exposure to adverse changes in cash flows or fair values, the swaps are treated as investment derivative instruments, and not hedging derivative instruments. Accordingly, the change in fair value at September 30, 2012 was \$21.5 million. This change in fair value is reflected in the investment income line item of the statement of revenues expenses and changes in net assets. This increase brings the total fair value to \$51.1 million which is reflected in the Investment Derivative Instrument line item of the noncurrent asset section of the balance sheet.

## Risk Disclosure

**Credit Risk.** Because all of the swaps rely upon the performance of the third parties who serve as swap counterparties, the Department is exposed to credit risk or the risk that the counterparty fails to perform according to its contractual obligations. The appropriate measurement of this risk at the reporting date is the fair value of the swaps, as shown and labeled fair value on the Interest Rate Swap Agreements chart above. All fair values have been calculated using the mark-to-mid-market method. To mitigate credit risk, the County maintains strict credit standards for swap counterparties. All swap counterparties for longer term swaps are rated at least in the double-A category by both Moody's and Standard & Poor's. To further mitigate credit risk, the Department swap documents require counterparties to post collateral for the Department's benefit if they are downgraded below a designated threshold.

# Notes to Financial Statements

*Basis Risk.* The Department's swap agreements expose the County to basis risk. Should the relationship between the variable rate the Department receives on the swap fall short of the variable rate on the associated bonds, the expected savings may not be realized. As of September 30, 2012, the Department had no variable rate debt outstanding.

*Tax Risk.* For basis swaps, the interplay between the taxable index and the tax exempt index may be affected by changes to the marginal tax rates, the elimination of tax preferences or a flat tax. The Department considers these risks to be remote.

*Termination Risk.* The Department swap agreements do not contain any out-of-ordinary terminating events that would expose it to significant termination risk. In keeping with the market standards the Department or the counterparty may terminate each swap if the other party fails to perform under the terms of the contract. In addition, the swap documents allow either party to terminate in the event of a significant loss of creditworthiness. If at the time of the termination, a swap has a negative value, the Department would be liable to the counterparty for a payment equal to the fair value of such swap unless the counterparty is the defaulting party. The Department is subject to Bank of New York Mellon's 10 year call provision, whereby Bank of New York Mellon has a one time termination option.

## 8. PAYABLES

Payables at September 30, 2012 and 2011 were as follows (in thousands):

	2012	2011
Other County funds	\$ 5,911	\$ 6,197
Vendors	20,553	25,549
Other governments	16,841	16,196
Salaries and benefits	9,645	8,239
Contractors	5,597	15,811
Other	238	262
Total payables	<u>\$ 58,785</u>	<u>\$ 72,254</u>

## 9. PENSION PLAN

The Department, as an agency of the County, participates in the Florida Retirement System (the FRS), a cost-sharing multi-employer public employment retirement system, which covers substantially all of the Department's full-time and part-time employees.

The FRS was created in 1970 by consolidating several employee retirement systems and is administered by the

State of Florida. All eligible employees as defined by the State of Florida who were hired after 1970, and those employed prior to 1970 who elected to be enrolled, are covered by the FRS.

The legislature created a new defined contribution program that was added to the menu of choices available to FRS members beginning June 2002. Formally created as the Public Employee Optional Retirement Program, the "FRS Investment Plan" is available as an option for all current and future 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. Participant contributions are not allowed. 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 2011 Florida Legislative session passed Senate Bill 2100, making substantive changes to the FRS. The bill was signed into law effective July 1, 2011. The bill requires all FRS Investment and Pension Plan members to make 3% employee contributions on a pretax basis. Employees who are in the Deferred Retirement Option Program (DROP) are not required to pay employee contributions. The bill changes the annual interest rate of the DROP from 6.5% to 1.3% per year. Furthermore, the bill eliminates the cost-of-living adjustment (COLA) on FRS services earned on or after July 1, 2011. However, a reduced COLA will be calculated if a member's retirement or DROP participation date is effective on or after August 1, 2011.

Under the new bill, the Pension Plan's vesting requirement changes from 6 years to 8 years. For new employees initially enrolled in the Pension Plan on or after July 1, 2011, those members will be vested upon completion of 8 years of creditable services. For existing employees, vesting will remain at 6 years of creditable service.

The bill also changes the Pension Plan's normal retirement date. For Special Risk Class, the age increases from 55 to 60 years of age, and the years of creditable service increases from 25 to 30 years. For all other classes, the age increases from 62 to 65 years of age, and the years of creditable service increases from 30 to 33 years. Upon vesting, those members are entitled to an annual retire-

## Notes to Financial Statements

ment 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 covered payroll for Department employees in the FRS for the years ended September 30, 2012 and 2011 was \$153.2 million and \$153.1 million, respectively, while the Department's total payroll was \$158.5 million and \$153.5 million for fiscal 2012 and 2011, respectively. Pension costs of the Department, as required and defined by Florida statute, ranged between 5.18% and 14.90% of gross salaries during fiscal years 2012 and 2011. For the years ended September 30, 2012, 2011, and 2010, the Department's actual contributions met all required contributions. These contributions aggregated \$7.7 million, \$14.4 million and \$16.6 million, respectively, which represented 5.0%, 9.4% and 10.0% of covered payroll, respectively, and 0.4%, 0.7% and 0.8% of the total contributions required of all participating agencies, respectively, for fiscal years 2012, 2011 and 2010.

The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due based upon plan assumptions. Employer contribution rates are established by state law as a level percentage of payroll (Chapter 121.70 Florida Statutes). Employer contribution rates are determined using the entry-age actuarial cost method. The consulting actuary recommends rates based on the annual valuation, but actual contribution rates are established by the Florida Legislature.

Ten-year historical trend information is presented in the FRS' June 30, 2011 annual report. This information is useful in assessing the FRS' accumulation of sufficient assets to pay pension benefits as they become due. A copy of the Florida Retirement System's annual report can be obtained by writing to the Department of Management Services, Division of Retirement, P.O. Box 9000, Tallahassee, FL 32315-9000, by calling (877) 377-1737 or by visiting their website at <http://FRS.myFlorida.com>.

### 10. RISK MANAGEMENT

The Department is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; job-related injuries or illnesses to employees; natural disasters and employee health and

accident. In the year ended September 30, 1987, the Department established a self-insurance program for general and automobile liability exposures as provided by Section 706 of County Ordinance 78-82, as amended. Ordinance 78-82 was amended and restated by Ordinance 93-134 and Section 609 continues to provide for such self-insurance program.

Claims are administered by the County's Risk Management Division, and the program is based upon an actuarial study performed annually by consulting actuaries. Liabilities are reported when it is possible that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities also include an amount for claims that have been incurred but not reported (IBNR). Because actual claims liability depend on such complex factors as inflation, change in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors.

Changes in the balance of claim liabilities for the general and automobile self-insurance program during fiscal years 2012 and 2011 were as follows (in thousands):

	2012	2011
Balance at beginning of year	\$ 3,210	\$ 2,715
Claims and changes in estimates	859	1,417
Less: Payments	(517)	(922)
Balance at end of year	<u>\$ 3,552</u>	<u>\$ 3,210</u>

The Department participates in the workers' compensation self-insurance program of the County, administered by the Risk Management Division. Risk Management charges a "premium" to each County department based on amounts necessary to provide funding for expected payments during the fiscal year. The estimate of IBNR losses is performed by an independent actuary. The Department maintains a liability in the amount of \$1.7 million and \$1.6 million at September 30, 2012 and September 30, 2011, respectively, for possible funding of these IBNR losses. The County maintains no excess coverage with independent carriers for workers' compensation. The Department's total self-insurance liability was \$5.2 million and \$4.8 million as of September 30, 2012 and 2011, respectively.

# Notes to Financial Statements

The Department also participates in the County's group health and life self-insurance program, administered by an independent administrator. The County charges a uniform "premium" per employee to each County department based on recent trends in actual claims experience and makes provisions for catastrophic losses. Current year premiums are adjusted for County-wide prior year actual claims experience.

The Department purchases a master property insurance policy covering most properties. For windstorm losses, the policy carries a deductible of 5% of the total insured value of the damaged building(s), including contents, subject to a minimum of \$250,000 and a maximum of \$30,000,000 per occurrence. A \$1,000,000 deductible applies to most other perils. The current limit of the policy is \$200,000,000 per occurrence.

The Department continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

## 11. CONTRIBUTIONS

Contributions during fiscal years 2012 and 2011 are presented as follows (in thousands):

	2012	2011
Contributed Facilities		
Developers	\$ 28,157	\$ 33,556

## 12. RELATED PARTY TRANSACTIONS

The Department provides water and wastewater services to other County departments as part of the normal course of business, based on regular retail rates. The Department also provides billing services to other County departments. The County provides various services to the Department which are charged using direct and indirect cost allocation methods. The Department reimburses the County (General Fund) for certain administrative services. The following table presents a list of providers of services and respective payments for the years ended September 30, 2012 and 2011 (in thousands):

	2012	2011
Internal Services	\$ 16,496	\$ 12,618
General Fund	12,346	21,578
Finance	9,718	77
Information Technology	9,231	10,272
Public Works and Waste Mgmt	3,353	2,795
Permitting and Inspection Center	1,422	-
Other County Departments	5,420	8,048

In addition to the payments, the Department had related payables of \$5.9 million and \$6.2 million at September 30, 2012 and 2011, respectively. The Department also has receivables from other County departments amounting to \$25.1 million and \$0.1 million at September 30, 2012 and 2011, respectively. The Department has every intention of paying the outstanding payables on a timely basis, and is confident it will collect the outstanding receivables.

The Department has also entered into other transactions with various County entities. These transactions arise from the normal course of business and in connection with the management of ongoing projects.

## 13. COMMITMENTS AND CONTINGENCIES

### CONSTRUCTION

The Department had contractual commitments of \$237.3 million for plant and infrastructure construction at September 30, 2012.

### LEGAL CONTINGENCIES

The County is a defendant in various actions brought by parties in the normal course of business of the Department. Based on consultation with the County Attorney's Office, it is the opinion of management that the ultimate resolution of these suits would not materially affect the financial position of the Department or its ability to conduct its business.

### FEDERAL GRANTS

Federal grant awards are audited under the provisions of the Single Audit Act and Office of Management and Budget Circular A-133 to determine that the Department has complied with the terms and conditions of the grant awards. Federal grants received are also subject to audit by the federal grantor agency. It is management's opinion that no material liabilities will result from any such audits.

### REBATABLE ARBITRAGE EARNINGS

Federal tax law requires that arbitrage interest earnings be remitted to the federal government, unless the local government qualifies for an exemption. As of September 30, 2012 and 2011, the Department recorded obligations to rebate approximately \$1.9 million, respectively, of interest earned on bond proceeds invested in taxable securities in excess of interest costs. These arbitrage rebates are payable five years from the date of bond issuance and each five years thereafter. The amount of the obligation, if any, will be determined based on actual interest earned.

# Notes to Financial Statements

## SETTLEMENT AGREEMENTS

In 1993, the Department entered into a settlement agreement with the Florida Department of Environmental Protection (FDEP) resulting in very limited restriction on new sewer construction in certain areas of the County until adequate capacity becomes available in the wastewater system. Subsequently, in 1994 and 1995, two consent decrees were entered into with the U.S. Environmental Protection Agency (EPA) whereby the Department accelerated its improvement program of the wastewater system, subject to a schedule of stipulated penalties if certain established completion dates are not met. All requirements of the Settlement Agreement have been satisfied and the Agreement closed by FDEP on September 1, 2011. The Department continues to be in compliance with all provisions of the two EPA Consent Decrees, and through fiscal year 2012 has not incurred any penalties.

On April 29, 2004, the Consent Order, (CO) OGC File No. 03-1376, was entered into between the State of Florida Department of Environment Protection and Miami-Dade County. It requires the County to provide high level disinfection for the effluent prior to injection. The CO was recently superseded by The Amended Consent Order (ACO), OGC File No. 03-1376(A), which became effective on April 14, 2010. The total project cost of the CO and ACO improvements is approximately \$600 million and project completion is anticipated prior to the ACO 2014 compliance date. The Department continues to be in compliance with all provisions of the ACO, and through fiscal year 2012 has not incurred any penalties for not completing tasks within deadlines.

## 14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

### PLAN DESCRIPTION

Miami-Dade County administers a single-employer defined benefit healthcare plan (the Plan) that provides postemployment 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.

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. Refer to note 9, Pension Plan, for a description of eligibility requirements.

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

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

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

- AvMed Medicare Supplement Low Option with prescription drug coverage
- AvMed Medicare Supplement High Option with prescription drug coverage
- AvMed Medicare Supplement High Option without prescription drug coverage

### FUNDING POLICY

The County contributes to both the pre-65 and post-65 retiree medical coverage. Retirees pay the full cost of dental coverage. Medical contributions vary based on the plan and tier. For pre-65 retirees, the County explicitly contributed an average of 15% of the cost for the AvMed POS plan and 33% for the AvMed HMO High and AvMed HMO Low plans. The post-65 retiree contributions also vary by plan and tier with the County contributing an average of 33% of the entire plan cost. However, it is the County's policy that after fiscal year 2008, its per capita contribution for retiree health care benefits will remain at the 2008 dollar level.

The postretirement medical and dental benefits are currently funded on a pay-as-you-go basis. No assets have been segregated and restricted to provide postretirement benefits. For fiscal years 2012 and 2011, the Department contributed \$2.2 and \$1.6 million, respectively, to the plan.

### ANNUAL OPEB COST AND NET OPEB OBLIGATION

The Department's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any un-

## Notes to Financial Statements

funded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The Department's annual OPEB cost for fiscal years 2012 and 2011 is as follows (dollar amounts in thousands):

	2012	2011
Annual required contribution	\$ 2,868	\$ 2,372
Interest on OPEB obligation	145	121
Adjustment of annual required contribution	148	121
Annual OPEB Cost	2,865	2,372
Contributions made	2,161	1,629
Increase in net OPEB obligation	704	743
Net OPEB obligation – beginning of year	3,300	2,557
Net OPEB obligation – end of year	\$ 4,004	\$ 3,300

The Department's annual OPEB cost, the percentage of annual cost contributed to the plan, and the net OPEB obligation for fiscal years 2012, 2011 and 2010 were as follows (dollars in thousands):

	2012	2011	2010
Annual OPEB cost	\$ 2,865	\$ 2,372	\$ 2,222
Percentage of Annual OPEB Cost Contributed	75.4%	68.7%	68.0%
Net OPEB Obligation	\$ 4,004	\$ 3,300	\$ 2,557

### FUNDED STATUS AND FUNDING PROGRESS

The schedule below shows the balance of the County's actuarial accrued liability (AAL), all of which was unfunded as of September 30, 2012 and 2011. An estimated 9% of this liability can be attributed to the Department (dollar amounts in thousands).

	2012	2011
Actuarial Valuation Date	10/01/2011	10/01/2010
Actuarial Value of Assets (a)	0	0
Actuarial Accrued Liability (AAL) (b)	\$ 362,669	\$ 297,218
Unfunded AAL (UAAL) (b-a)	\$ 362,669	\$ 297,218
Funded Ratio (a/b)	0%	0%
Estimated Covered Payroll (c)	\$1,661,941	\$1,620,593
UAAL as % of Covered Payroll ((b-a)/c)	22%	18%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the

funded status of the plan and the annual required contributions by the County are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress, presented as required supplementary information, provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

### ACTUARIAL METHODS AND ASSUMPTION

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 member to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

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

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

## Notes to Financial Statements

Actual valuation date	10/1/2011
Amortization method	Level percentage of payroll, closed
Remaining amortization period	26 years
Actuarial Assumptions:	
Discount rate	4.40%
Payroll growth assumption	3.00%
Inflation rate	3.00%
Health care trend rates	8% initial to 5% ultimate
Mortality table	RP 2000*

\*Prepared by the Department of Treasury under the Retirement Protection Act of 1994.

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 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 at the 2008 level. As a result, the retiree contributions will be increased to the extent necessary so that they are sufficient to provide for the difference between gross costs and the fixed County contributions.

### 15. SUBSEQUENT EVENTS

On September 20, 2012, the Board of County Commissioners adopted a County Budget Ordinance that maintains the average water and sewer retail customer rates unchanged effective October 1, 2012. The Miami-Dade County Water Conservation Surcharge for retail water customers with consumption on the fourth tier of the usage structure continues to be in effect to encourage water conservation. In addition, the County Ordinance maintained the per thousand gallons water and sewer wholesale rate flat per cost of service agreement. The City of Hialeah water wholesale rate per thousand gallons increased to account for the fifth year of the five-year phase-out of the transmission credit. Other miscellaneous fees and charges increased effective October 1, 2012.

# Required Supplementary Information

## Schedule of Funding Progress Postemployment Healthcare Plan Miami-Dade County\* (dollar amount in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Estimated Covered Payroll (c)	UAAL as % of Covered Payroll ([b-a]/c)
10/1/2011	\$ 0	\$ 362,669	\$ 362,669	0%	\$ 1,661,941	22%
10/1/2010	0	297,218	297,218	0%	1,620,593	18%
10/1/2009	0	281,470	281,470	0%	1,573,391	18%
10/1/2008	0	255,259	255,259	0%	1,527,564	17%
10/1/2007	0	242,331	242,331	0%	1,483,072	16%

\* This schedule shows the balance of the County's actuarial accrued liability (AAL). An estimated 9% of this liability can be attributed to the Department.

## Supplementary Financial Data

Bond Ordinance 93-134 requires the Department to establish restricted accounts to be used in accounting for proceeds and collateral pledged as a result of the debt. In many cases, the bond ordinance refers to the restricted accounts as “funds”. Such accounts are not “funds” as defined by *NCGA Statement 1: Governmental Accounting and Financial Reporting Principles* and, therefore, are not funds for financial reporting purposes.

Similarly, the Water and Wastewater Systems do not meet the above-referenced definition and, therefore, combining statements are not presented. The following system schedules are furnished solely as supplementary information and are not required by GAAP.

# Water System

## BALANCE SHEETS

	September 30,	(In thousands)	
	<u>2012</u>	<u>2011</u>	
<b>ASSETS</b>			
<i>CURRENT ASSETS:</i>			
Cash and cash equivalents	\$ 24,306	\$ 28,237	
Investments	13,739	18,534	
Accounts Receivable (net of allowance for uncollectible accounts of \$8.0 million in 2012 and \$8.8 million in 2011)	49,652	51,156	
Inventory of materials and supplies	19,150	18,898	
Other current assets	3,110	3,526	
Restricted cash and cash equivalents	47,033	48,125	
Total current assets	<u>156,990</u>	<u>168,476</u>	
<i>NON-CURRENT RESTRICTED ASSETS:</i>			
Cash and cash equivalents	118,292	77,346	
Investment derivative instrument	25,549	14,795	
Investments	61,510	134,922	
Long-term receivable - General Fund	25,000		
Grants Receivable	52	25	
Total restricted assets	<u>230,403</u>	<u>227,088</u>	
<i>OTHER ASSETS:</i>			
Deferred debt issue costs, net	5,257	5,764	
Other deferred charges, net	23,975	28,332	
Total other assets	<u>29,232</u>	<u>34,096</u>	
<i>CAPITAL ASSETS:</i>			
Land	17,671	17,671	
Structures and Improvements	1,586,313	1,543,943	
Equipment	305,205	291,607	
Utility plant in service before depreciation	1,909,189	1,853,221	
Less accumulated depreciation	(770,466)	(715,607)	
Net utility plant in service	1,138,723	1,137,614	
Construction work in progress	222,581	218,575	
Total capital assets	<u>1,361,304</u>	<u>1,356,189</u>	
Total non-current assets	<u>1,620,939</u>	<u>1,617,373</u>	
Total assets	<u>\$ 1,777,929</u>	<u>\$ 1,785,849</u>	

(Continued)

# Water System

## BALANCE SHEETS

(Continued)	September 30,	(In thousands)	
		2012	2011
<b>LIABILITIES</b>			
<i>CURRENT LIABILITIES (PAYABLE FROM UNRESTRICTED CURRENT ASSETS):</i>			
Accounts payable and accrued expenses		\$ 13,681	\$ 15,129
Customer and developer deposits		6,744	6,723
Current portion of long-term debt		1,778	1,717
Rebatable arbitrage earnings		1,262	1,296
Liability for compensated absences		2,623	3,015
Other liabilities		206	170
Total Current Liabilities (payable from unrestricted current assets)		26,294	28,050
<i>CURRENT LIABILITIES (PAYABLE FROM RESTRICTED CURRENT ASSETS):</i>			
Accounts payable and accrued expenses		7,850	9,416
Retainage payable		1,444	2,045
Current portion of long-term debt		25,570	24,016
Accrued interest payable		10,586	11,108
Liability for self-insurance		1,582	1,373
Total current liabilities (payable from restricted current assets)		47,032	47,958
Total current liabilities		73,326	76,008
<i>NON-CURRENT LIABILITIES:</i>			
Revenue bonds payable, net		392,680	417,617
State loan obligations, net		24,593	26,974
Liability for self-insurance		1,970	1,837
Liability for compensated absences		11,857	11,047
Liability for post-employment benefits		4,004	3,300
Deferred revenues		1,672	1,795
Total non-current liabilities		436,776	462,570
Total liabilities		510,102	538,578
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt		971,727	947,539
Restricted for:			
Capital projects		33,749	46,053
Debt service		40,073	38,940
Unrestricted		222,278	214,739
Total net assets		1,267,827	1,247,271
Total liabilities and net assets		\$ 1,777,929	\$ 1,785,849

# Water System

## SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	(In thousands)	
For the years ended September 30,	2012	2011
<i>OPERATING REVENUES:</i>		
Retail	\$ 202,633	\$ 202,189
Wholesale	35,330	37,990
Other revenues	13,167	13,517
Total operating revenues	<u>251,130</u>	<u>253,696</u>
<i>OPERATING AND MAINTENANCE EXPENSES:</i>		
Source of supply	10,705	13,558
Power and pumping	1,798	1,942
Treatment	59,811	62,138
Transmission and distribution	27,423	27,929
Customer accounting	3,727	3,905
Customer service	9,114	9,420
General and administrative	32,936	35,644
Total operating and maintenance expenses	<u>145,514</u>	<u>154,536</u>
Operating income before depreciation	105,616	99,160
<i>DEPRECIATION</i>	<u>61,158</u>	<u>61,122</u>
Operating income	44,458	38,038
<i>NON-OPERATING REVENUES (EXPENSES):</i>		
Investment income	10,980	3,061
Interest expense	(17,437)	(18,932)
Amortization of debt issue costs	(694)	(638)
Operating grants	621	597
Customer connection fees	6,166	3,980
Other revenues	4,749	5,404
Other expenses	<u>(818)</u>	<u>(741)</u>
Income before contributions and transfers	48,025	30,769
Capital contributions	15,749	24,108
Transfers to County's General Fund	-	(14,499)
Transfer to Wasterwater System	<u>(43,218)</u>	<u>(33,677)</u>
Increase in net assets	20,556	6,701
Net assets at beginning of year	<u>1,247,271</u>	<u>1,240,570</u>
Net assets at end of year	<u>\$ 1,267,827</u>	<u>\$ 1,247,271</u>

# Water System

## SCHEDULES OF CASH FLOWS

	(In thousands)	
For the years ended September 30,	<u>2012</u>	<u>2011</u>
<i>CASH FLOWS FROM OPERATING ACTIVITIES:</i>		
Cash received from customers	\$ 262,671	\$ 258,658
Cash paid to suppliers for goods and services	(65,595)	(65,325)
Cash paid to employees for services	(77,002)	(79,081)
Transfer to Wastewater System	(43,218)	(33,677)
Net cash provided by operating activities	<u>76,856</u>	<u>80,575</u>
<i>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</i>		
Operating grants received	621	597
Transfers to County's General Fund	-	(14,499)
Loan to County's General Fund	(25,000)	-
Net cash used in non-capital financing activities	<u>(24,379)</u>	<u>(13,902)</u>
<i>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</i>		
Proceeds from bond issues, loan agreements and notes	-	140
Principal payments - bond, loans and notes	(25,747)	(24,694)
Bond issue costs	(165)	(83)
Interest paid	(18,735)	(17,755)
Acquisition and construction of capital assets	(50,306)	(85,149)
Net cash used in capital and related financing activities	<u>(94,953)</u>	<u>(127,541)</u>
<i>CASH FLOWS FROM INVESTING ACTIVITIES:</i>		
Purchase of investment securities	(84,508)	(2,791,957)
Proceeds from sale and maturity of investment securities	231,667	3,006,180
Interest on investments	(68,760)	(131,337)
Net cash provided by investing activities	<u>78,399</u>	<u>82,886</u>
Net increase in cash and cash equivalents	35,923	22,018
Cash and cash equivalents at beginning of year	<u>153,708</u>	<u>131,690</u>
Cash and cash equivalents at end of year	<u>\$ 189,631</u>	<u>\$ 153,708</u>

(Continued)

# Water System

## SCHEDULES OF CASH FLOWS

(Continued)	For the years ended September 30,	(In thousands)	
		2012	2011
<i>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</i>			
Operating income		\$ 44,458	\$ 38,038
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation		61,158	61,122
Provision for uncollectible accounts		870	974
Amortization of deferred charges		-	-
Amortization of deferred revenues		(123)	(123)
Non-operating other, net		10,096	8,641
Transfer to Wastewater System		(43,218)	(33,677)
Increase (decrease) in assets:			
Accounts Receivable		633	(1,302)
Inventory of materials and supplies		(251)	(1,306)
Other current assets		416	5,977
Contracts receivable		(27)	404
Other deferred charges		2,770	3,571
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses		(1,448)	1,683
Customer and developer deposits		20	(3,524)
Liability for compensated absences		419	14
Other liabilities		37	(1,155)
Liability for other post-employment benefits		704	743
Liability for self-insurance		342	495
Net cash provided by operating activities		\$ 76,856	\$ 80,575

### *NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES*

Property, plant and equipment contributions were received in amounts of \$15.7 million and \$24.1 million in fiscal years 2012 and 2011, respectively.

The change in the fair value of investments was a \$0.6 million decrease and a \$0.3 million decrease in fiscal year 2012 and 2011, respectively.

The change in the fair value of swaps was a \$10.8 million increase and a \$1.9 million increase in fiscal year 2012 and 2011, respectively.

	(In thousands)	
	2012	2011
<i>RECONCILIATION OF CASH AND CASH EQUIVALENTS AT END OF YEAR</i>		
Unrestricted Current Cash and Cash Equivalents	\$ 24,306	\$ 28,237
Restricted Current Cash and Cash Equivalents	47,033	48,125
Restricted Noncurrent Cash and Cash Equivalents	118,292	77,346
Total cash and cash equivalents at end of year	<u>\$189,631</u>	<u>\$ 153,708</u>

# Water System

## SCHEDULE OF OPERATING AND MAINTENANCE EXPENSES

Budget and Actual

For the year ended September 30, 2012

(In thousands)

	<u>Budget</u>	<u>Actuals</u>	<u>Variance under</u>
Source of supply	\$ 14,464	\$ 10,705	\$ 3,759
Power and pumping	2,875	1,798	1,077
Treatment	64,354	59,811	4,543
Transmission and distribution	26,721	27,423	(702)
Customer accounting	3,798	3,727	71
Customer service	9,387	9,114	273
General and administrative	<u>34,782</u>	<u>32,936</u>	<u>1,846</u>
Totals	<u>\$ 156,381</u>	<u>\$ 145,514</u>	<u>\$ 10,867</u>

# Wastewater System

## BALANCE SHEETS

	September 30,	(In thousands)	
	<u>2012</u>	<u>2011</u>	
<b>ASSETS</b>			
<i>CURRENT ASSETS:</i>			
Cash and cash equivalents	\$ 36,981	\$ 21,546	
Investments	5,145	17,344	
Accounts receivable			
(net of allowance for uncollectible accounts of			
\$9.6 million in 2012 and \$10.5 million in 2011)	53,630	55,822	
Inventory of materials and supplies	17,569	15,740	
Restricted cash and cash equivalents	<u>85,873</u>	<u>105,916</u>	
Total current assets	<u>199,198</u>	<u>216,368</u>	
<i>NON-CURRENT RESTRICTED ASSETS:</i>			
Cash and cash equivalents	80,747	54,882	
Investment derivative instrument	25,549	14,795	
Investments	125,095	181,588	
Grants receivable	<u>152</u>	<u>100</u>	
Total restricted assets	<u>231,543</u>	<u>251,365</u>	
<i>OTHER ASSETS:</i>			
Deferred debt issue costs, net	19,829	21,303	
Other deferred charges, net	<u>92,398</u>	<u>99,554</u>	
Total other assets	<u>112,227</u>	<u>120,857</u>	
<i>CAPITAL ASSETS:</i>			
Land	32,702	29,849	
Structures and Improvements	2,426,173	2,351,945	
Equipment	<u>644,809</u>	<u>633,366</u>	
Utility plant in service before depreciation	3,103,684	3,015,160	
Less accumulated depreciation	<u>(1,658,511)</u>	<u>(1,562,923)</u>	
Net utility plant in service	1,445,173	1,452,237	
Construction work in progress	<u>667,477</u>	<u>625,699</u>	
Total capital assets	<u>2,112,650</u>	<u>2,077,936</u>	
Total non-current assets	<u>2,456,420</u>	<u>2,450,158</u>	
Total assets	<u>\$ 2,655,618</u>	<u>\$ 2,666,526</u>	

(Continued)

# Wastewater System

## BALANCE SHEETS

		(In thousands)	
(Continued)		September 30,	
		<u>2012</u>	<u>2011</u>
<b>LIABILITIES</b>			
<i>CURRENT LIABILITIES (PAYABLE FROM UNRESTRICTED CURRENT ASSETS):</i>			
Accounts payable and accrued expenses		\$ 27,100	\$ 25,819
Customer and developer deposits		4,431	4,406
Current portion of long-term debt		5,070	5,935
Rebatable arbitrage earnings		637	653
Liability for compensated absences		6,919	7,265
Other liabilities		<u>6</u>	<u>52</u>
Total Current Liabilities (payable from unrestricted current assets)		<u>44,163</u>	<u>44,130</u>
<i>CURRENT LIABILITIES (PAYABLE FROM RESTRICTED CURRENT ASSETS):</i>			
Accounts payable and accrued expenses		10,154	21,890
Retainage payable		7,405	16,977
Current portion of long-term debt		31,710	29,825
Accrued interest payable		<u>36,605</u>	<u>37,224</u>
Total current liabilities (payable from restricted current assets)		<u>85,874</u>	<u>105,916</u>
Total current liabilities		<u>130,037</u>	<u>150,046</u>
<i>NON-CURRENT LIABILITIES:</i>			
Revenue bonds payable, net		1,433,542	1,464,719
State loan obligations, net		109,772	85,970
Liability for compensated absences		17,953	16,922
Deferred revenues		<u>8,866</u>	<u>9,519</u>
Total non-current liabilities		<u>1,570,133</u>	<u>1,577,130</u>
Total liabilities		<u>1,700,170</u>	<u>1,727,176</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt		595,728	582,557
Restricted for:			
Capital projects		75,779	86,652
Debt service		74,286	71,647
Unrestricted		<u>209,655</u>	<u>198,494</u>
Total net assets		<u>955,448</u>	<u>939,350</u>
Total liabilities and net assets		<u>\$ 2,655,618</u>	<u>\$ 2,666,526</u>

# Wastewater System

## SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	(In thousands)	
For the years ended September 30,	<u>2012</u>	<u>2011</u>
<i>OPERATING REVENUES:</i>		
Retail	\$ 226,370	\$ 226,643
Wholesale	47,380	52,681
Other revenues	11,422	12,640
Total operating revenues	<u>285,172</u>	<u>291,964</u>
<i>OPERATING AND MAINTENANCE EXPENSES:</i>		
Collection system	20,150	20,385
Pumping	34,085	30,950
Treatment	74,367	72,512
Customer accounting	3,572	3,505
Customer service	7,161	7,401
General and administrative	40,228	43,521
Total operating and maintenance expenses	<u>179,563</u>	<u>178,274</u>
Operating income before depreciation	105,609	113,690
DEPRECIATION	<u>102,157</u>	<u>98,036</u>
Operating income (loss)	3,452	15,654
<i>NON-OPERATING REVENUES (EXPENSES):</i>		
Investment income	10,817	3,132
Interest expense	(68,041)	(66,579)
Amortization of debt issue costs	(2,276)	(1,980)
Operating Grants	1,920	1,209
Customer connection fees	14,343	9,953
Other revenues	576	(1,817)
Other expenses	(318)	(70)
Loss before contributions and transfers	(39,527)	(40,498)
Capital contributions	12,407	9,448
Transfers to County's General Fund	-	(17,721)
Transfer from Water System	<u>43,218</u>	<u>33,677</u>
Increase (Decrease) in net assets	16,098	(15,094)
Net assets at beginning of year	<u>939,350</u>	<u>954,444</u>
Net assets at end of year	<u>\$ 955,448</u>	<u>\$ 939,350</u>

# Wastewater System

## SCHEDULES OF CASH FLOWS

	(In thousands)	
For the years ended September 30,	<u>2012</u>	<u>2011</u>
<i>CASH FLOWS FROM OPERATING ACTIVITIES:</i>		
Cash received from customers	\$ 300,929	\$ 294,703
Cash paid to suppliers for goods and services	(75,961)	(76,592)
Cash paid to employees for services	(102,428)	(102,391)
Transfer from Water System	<u>43,218</u>	<u>33,677</u>
Net cash provided by operating activities	<u>165,758</u>	<u>149,397</u>
<i>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</i>		
Operating grants received	1,920	1,209
Transfers to County's General Fund	<u>-</u>	<u>(17,721)</u>
Net cash provided by (used in) non-capital financing activities	<u>1,920</u>	<u>(16,512)</u>
<i>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</i>		
Proceeds from bond issues, loan agreements and notes	30,910	15,641
Principal payments - bond, loans and notes	(35,757)	(34,214)
Bond issue costs	(801)	(1,095)
Interest paid	(68,423)	(61,895)
Acquisition and construction of capital assets	<u>(141,089)</u>	<u>(192,554)</u>
Net cash used in capital and related financing activities	<u>(215,161)</u>	<u>(274,117)</u>
<i>CASH FLOWS FROM INVESTING ACTIVITIES:</i>		
Purchase of investment securities	(187,838)	2,399,674
Proceeds from sale and maturity of investment securities	185,959	(2,398,829)
Interest on investments	<u>70,619</u>	<u>134,658</u>
Net cash provided by investing activities	<u>68,740</u>	<u>135,503</u>
Net increase (decrease) in cash and cash equivalents	21,257	(5,729)
Cash and cash equivalents at beginning of year	<u>182,344</u>	<u>188,073</u>
Cash and cash equivalents at end of year	<u>\$ 203,601</u>	<u>\$ 182,344</u>

(Continued)

# Wastewater System

## SCHEDULES OF CASH FLOWS

(Continued)	For the years ended September 30,	(In thousands)	
		<u>2012</u>	<u>2011</u>
<i>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</i>			
Operating income		\$ 3,452	\$ 15,654
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation		102,157	98,036
Provision for uncollectible accounts		1,328	1,201
Amortization of deferred charges		77	-
Amortization of deferred revenues		(653)	653
Non-operating other, net		14,600	8,067
Transfer from Water System		43,218	33,677
Increase (decrease) in assets:			
Accounts Receivable		865	(5,338)
Inventory of materials and supplies		(1,830)	(2,509)
Other current assets		-	-
Other deferred charges		600	(677)
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses		1,281	1,445
Customer and developer deposits		26	41
Liability for compensated absences		684	21
Other liabilities		(47)	(874)
Net cash provided by operating activities		\$ 165,758	\$ 149,397

### *NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES*

Property, plant and equipment contributions were received in amounts of \$12.4 million and \$9.4 million in fiscal years 2012 and 2011, respectively.

The change in the fair value of investments was a \$0.8 million decrease and a \$0.3 million decrease in fiscal year 2012 and 2011, respectively.

The change in the fair value of swaps was a \$10.8 million increase and a \$1.9 million increase in fiscal year 2012 and 2011, respectively.

	(In thousands)	
	<u>2012</u>	<u>2011</u>
<i>RECONCILIATION OF CASH AND CASH EQUIVALENTS AT END OF YEAR</i>		
Unrestricted Current Cash and Cash Equivalents	\$ 36,981	\$ 21,546
Restricted Current Cash and Cash Equivalents	85,873	105,916
Restricted Noncurrent Cash and Cash Equivalents	<u>80,747</u>	<u>54,882</u>
Total cash and cash equivalents at end of year	<u>\$ 203,601</u>	<u>\$ 182,344</u>

# Wastewater System

## SCHEDULE OF OPERATING AND MAINTENANCE EXPENSES

Budget and Actual

For the year ended September 30, 2012

(In thousands)

	<u>Budget</u>	<u>Actuals</u>	<u>Variance under (over)</u>
Collection system	\$ 22,319	\$ 20,150	\$ 2,169
Pumping	31,268	34,085	(2,817)
Treatment	71,266	74,367	(3,101)
Customer accounting	3,198	3,572	(374)
Customer service	7,082	7,161	(79)
General and administrative	<u>42,467</u>	<u>40,228</u>	<u>2,239</u>
Totals	<u>\$ 177,600</u>	<u>\$ 179,563</u>	<u>\$ (1,963)</u>

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# Statistical Section

## Statistical Section

This part of the Department's comprehensive annual report details information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Department's overall financial health.

### **Contents**

#### ***Financial Trends***

These schedules, found on pages 73-76, contain trend information to help the reader understand how the Department's financial performance and well-being have changed over time.

#### ***Revenue Capacity***

These schedules, found on pages 77-79, contain information to help the reader assess the factors affecting the Department's ability to generate revenue.

#### ***Debt Capacity***

These schedules, found on pages 80-81 present information to help the reader assess the affordability of the Department's current levels of outstanding debt and the Department's ability to issue additional debt in the future.

#### ***Demographic and Economic Information***

These schedules, found on pages 82-88, offer demographic and economic indicators to help the reader understand the environment within which the Department's financial activities take place.

#### ***Operating and Capital Information***

These schedules, found on pages 89-91, contain service and infrastructure data to help the reader understand how the information in the Department's financial report related to the services the Department provides and the activities it performs.

# Net Assets

**BY COMPONENT** LAST TEN FISCAL YEARS

(in thousands)	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<i>COMBINED WATER AND WASTEWATER SYSTEMS:</i>										
Invested in capital assets, net of related debt	\$ 1,567,455	\$ 1,530,096	\$ 1,535,755	\$ 1,590,038	\$ 1,396,153	\$ 1,402,138	\$ 1,438,567	\$ 1,670,373	\$ 1,640,651	\$ 1,585,586
Restricted	223,887	243,292	279,576	150,114	397,803	468,819	384,233	247,947	306,469	373,628
Unrestricted	431,933	413,233	379,683	436,651	345,543	282,464	294,435	190,364	169,030	186,580
Total net assets	<u>\$ 2,223,275</u>	<u>\$ 2,186,621</u>	<u>\$ 2,195,014</u>	<u>\$ 2,176,803</u>	<u>\$ 2,139,499</u>	<u>\$ 2,153,421</u>	<u>\$ 2,117,235</u>	<u>\$ 2,108,684</u>	<u>\$ 2,116,150</u>	<u>\$ 2,145,794</u>
<i>WATER SYSTEM</i>										
Invested in capital assets, net of related debt	\$ 971,727	\$ 947,539	\$ 936,355	\$ 911,206	\$ 830,671	\$ 832,337	\$ 807,171	\$ 908,612	\$ 915,479	\$ 844,753
Restricted	73,822	84,993	110,491	50,571	140,103	146,483	117,705	78,232	96,186	148,120
Unrestricted	222,278	214,739	193,724	233,984	191,960	172,356	187,205	147,984	120,605	151,171
Total net assets	<u>\$ 1,267,827</u>	<u>\$ 1,247,271</u>	<u>\$ 1,240,570</u>	<u>\$ 1,195,761</u>	<u>\$ 1,162,734</u>	<u>\$ 1,151,176</u>	<u>\$ 1,112,081</u>	<u>\$ 1,134,828</u>	<u>\$ 1,132,270</u>	<u>\$ 1,144,044</u>
<i>WASTEWATER SYSTEM</i>										
Invested in capital assets, net of related debt	\$ 595,728	\$ 582,557	\$ 599,400	\$ 678,832	\$ 565,482	\$ 569,801	\$ 628,396	\$ 761,761	\$ 725,172	\$ 740,833
Restricted	150,065	158,298	169,086	99,543	257,700	322,336	266,527	169,715	210,283	225,508
Unrestricted	209,655	198,495	185,958	202,667	153,583	110,108	110,231	42,380	48,425	35,409
Total net assets	<u>\$ 955,448</u>	<u>\$ 939,350</u>	<u>\$ 954,444</u>	<u>\$ 981,042</u>	<u>\$ 976,765</u>	<u>\$ 1,002,245</u>	<u>\$ 1,005,154</u>	<u>\$ 973,856</u>	<u>\$ 983,880</u>	<u>\$ 1,001,750</u>

# Combined Water and Wastewater Systems

## SCHEDULE OF REVENUES AND EXPENSES – LAST TEN FISCAL YEARS

(in thousands)	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<i>OPERATING REVENUES:</i>										
Retail	\$ 429,003	\$ 428,832	\$ 393,420	\$ 372,265	\$ 342,303	\$ 330,475	\$ 341,555	\$ 297,374	\$ 295,176	\$ 273,710
Wholesale	82,710	90,671	84,489	68,178	72,246	75,690	78,310	75,013	71,501	69,565
Other	24,589	26,157	40,486	38,293	22,927	22,455	20,450	19,573	18,896	18,827
Total operating revenues	536,302	545,660	518,395	478,736	437,476	428,620	440,315	391,960	385,573	362,102
<i>OPERATING AND MAINTENANCE EXPENSES:</i>										
Source of supply	10,705	13,558	12,354	14,208	12,006	6,710	5,381	5,710	5,110	5,248
Collection system	20,150	20,385	21,523	15,987	19,293	19,965	18,111	15,582	14,534	13,193
Pumping	35,883	32,892	31,919	32,611	32,790	34,647	33,605	27,800	26,095	25,785
Treatment	134,178	134,650	130,010	134,454	129,219	121,931	118,524	105,427	89,511	86,991
Transmission and distribution	27,423	27,929	28,459	25,428	26,528	25,747	23,081	21,900	21,452	21,086
Customer accounting and service	23,574	24,231	28,003	27,572	25,906	27,599	22,974	22,704	22,505	19,915
General and administrative	73,164	79,165	97,364	78,669	76,222	74,028	71,210	59,256	53,706	46,173
Total operating and maintenance expense	325,077	332,810	349,632	328,929	321,964	310,627	292,886	258,379	232,913	218,391
Operating income before depreciation	211,225	212,850	168,763	149,807	115,512	117,993	147,429	133,581	152,660	143,711
DEPRECIATION	163,315	159,158	160,469	152,428	154,881	158,691	184,820	118,261	122,800	117,780
Operating income (loss)	47,910	53,692	8,294	(2,621)	(39,369)	(40,698)	(37,391)	15,320	29,860	25,931
<i>NON-OPERATING REVENUES(EXPENSES):</i>										
Investment income	21,797	6,193	18,160	13,440	28,489	43,347	48,892	22,487	8,785	26,153
Interest expense	(85,478)	(85,511)	(71,229)	(63,787)	(66,320)	(63,507)	(68,905)	(73,276)	(76,349)	(76,349)
Other (loss) income	24,269	15,897	18,588	33,857	36,517	56,614	1,116	806	326	2,330
(Loss) income before contributions and transfers	8,498	(9,729)	(26,187)	(19,111)	(40,683)	(4,244)	(56,288)	(34,663)	(37,378)	(21,935)
Capital contributions	28,156	33,556	30,487	56,415	26,761	40,430	87,707	54,898	42,936	47,500
Transfers to County's General Fund	-	(32,220)	-	-	-	-	(22,868)	(27,701)	(37,899)	(39,996)
Increase (decrease) in net assets	\$ 36,654	\$ (8,393)	\$ 4,300	\$ 37,304	\$ (13,922)	\$ 36,186	\$ 8,551	\$ (7,466)	\$ (32,341)	\$ (14,431)

# Water System

## SCHEDULE OF REVENUES AND EXPENSES – LAST TEN FISCAL YEARS

(in thousands)	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<i>OPERATING REVENUES:</i>										
Retail	\$ 202,633	\$ 202,189	\$ 193,632	\$ 169,568	\$ 154,796	\$ 151,034	\$ 157,827	\$ 138,297	\$ 137,739	\$ 124,409
Wholesale	35,330	37,990	38,554	29,041	22,909	27,045	29,193	21,962	22,122	20,045
Other	13,167	13,517	12,936	27,102	12,839	12,631	11,142	10,646	10,230	10,302
Total operating revenues	251,130	253,696	245,122	225,711	190,544	190,710	198,162	170,905	170,091	154,756
<i>OPERATING AND MAINTENANCE EXPENSES:</i>										
Source of supply	10,705	13,558	12,354	14,208	12,006	6,710	5,381	5,710	5,110	5,248
Pumping	1,798	1,942	2,003	2,407	2,134	2,593	3,274	1,604	2,257	2,670
Treatment	59,811	62,138	61,967	64,457	61,317	55,925	56,164	50,221	40,660	38,412
Transmission and distribution	27,423	27,929	28,459	25,428	26,528	25,747	23,081	21,900	21,452	21,086
Customer accounting and service	12,841	13,325	15,602	15,325	14,337	15,308	13,144	13,915	12,546	12,135
General and administrative	32,936	35,644	43,860	35,380	34,864	33,299	31,967	25,776	20,349	15,183
Total operating and maintenance expenses	145,514	154,536	164,245	157,205	151,186	139,582	133,011	119,126	102,374	94,734
Operating income before depreciation	105,616	99,160	80,877	68,506	39,358	51,128	65,151	51,779	67,717	60,022
DEPRECIATION	61,158	61,122	62,604	59,028	60,859	61,349	79,708	35,488	34,251	32,371
Operating income (loss)	44,458	38,038	18,273	9,478	(21,501)	(10,221)	(14,557)	16,291	33,466	27,651
<i>NON-OPERATING REVENUES(EXPENSES):</i>										
Investment income	10,980	3,061	8,383	6,713	12,273	17,489	21,841	10,060	4,016	13,027
Interest expense	(17,437)	(18,932)	(14,088)	(15,313)	(15,035)	(15,090)	(9,324)	(18,862)	(19,657)	(21,039)
Other income (loss)	10,024	8,602	8,374	19,491	12,997	27,800	(1,599)	460	326	2,330
Income before contributions and transfers	48,025	30,769	20,942	20,369	(11,266)	19,978	(3,639)	(7,949)	18,151	21,969
Capital contributions	15,749	24,108	18,245	28,896	14,518	23,701	31,788	16,251	14,245	17,726
Transfers to County's General Fund	-	(14,499)	-	-	-	-	(10,176)	(12,188)	(11,865)	(13,146)
Transfer (to) from Wastewater System	(43,218)	(33,677)	(1,333)	(16,238)	8,306	(4,584)	(40,720)	(9,454)	(32,305)	(40,272)
Increase (decrease) in net assets	\$ 20,556	\$ 6,701	\$ 37,854	\$ 33,027	\$ 11,558	\$ 39,095	\$ (22,747)	\$ 2,558	\$ (11,774)	\$ (13,723)

# Wastewater System

## SCHEDULE OF REVENUES AND EXPENSES – LAST TEN FISCAL YEARS

(in thousands)	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>OPERATING REVENUES:</b>										
Retail	\$ 226,370	\$ 226,643	\$ 215,945	\$ 202,697	\$ 187,507	\$ 179,441	\$ 183,728	\$ 159,077	\$ 157,437	\$ 149,301
Wholesale	47,380	52,681	45,936	39,137	49,337	48,645	49,117	53,051	49,379	49,520
Other	11,422	12,640	11,392	11,191	10,088	9,824	9,308	8,927	8,666	8,525
Total operating revenues	285,172	291,964	273,273	253,025	246,932	237,910	242,153	221,055	215,482	207,346
<b>OPERATING AND MAINTENANCE EXPENSES:</b>										
Collection system	20,150	20,385	21,523	15,987	19,293	19,965	18,111	15,582	14,534	13,193
Pumping	34,085	30,950	29,916	30,204	30,656	32,054	30,331	26,196	23,838	23,115
Treatment	74,367	72,512	68,043	69,997	67,902	66,006	62,360	55,206	48,851	48,579
Customer accounting and service	10,733	10,906	12,401	12,247	11,569	12,291	9,830	8,789	9,959	7,780
General and administrative	40,228	43,521	53,504	43,289	41,358	40,729	39,243	33,480	33,357	30,990
Total operating and maintenance expenses	179,563	178,274	185,387	171,724	170,778	171,045	159,875	139,253	130,539	123,657
Operating income before depreciation	105,609	113,690	87,886	81,301	76,154	66,865	82,278	81,802	84,943	83,689
DEPRECIATION	102,157	98,036	97,865	93,400	94,022	97,342	105,112	82,773	88,549	85,409
Operating (loss) income	3,452	15,654	(9,979)	(12,099)	(17,868)	(30,477)	(22,834)	(971)	(3,606)	(1,720)
<b>NON-OPERATING REVENUES(EXPENSES)</b>										
Investment income	10,817	3,132	9,777	6,727	16,216	25,858	27,051	12,427	4,769	13,126
Interest expense	(68,041)	(66,579)	(57,141)	(48,474)	(51,285)	(48,417)	(59,581)	(54,414)	(53,995)	(55,310)
Other income	14,245	7,295	10,214	14,366	23,520	28,814	2,715	346	-	-
Loss before contributions and transfers	(39,527)	(40,498)	(40,129)	(39,480)	(29,417)	(24,222)	(52,649)	(42,612)	(52,832)	(43,904)
Capital contributions	12,407	9,448	12,242	27,519	12,243	16,729	55,919	38,647	28,691	29,774
Transfers to County's General Fund	-	(17,721)	-	-	-	-	(12,692)	(15,513)	(26,034)	(26,850)
Transfer (to) from Water System	43,218	33,677	1,333	16,238	(8,306)	4,584	40,720	9,454	32,305	40,272
Increase (decrease) in net assets	\$ 16,098	\$ (15,094)	\$ (33,554)	\$ 4,277	\$ (25,480)	\$ (2,909)	\$ 31,298	\$ (10,024)	\$ (17,870)	\$ (708)

# Water and Wastewater System Rates

LAST TEN FISCAL YEARS

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<i>WATER RATES:</i>										
Lifeline (first 3,750 gallons)			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Meter Size Rate										
5/8"	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.00
1"	9.41	9.41	8.96	8.00	8.61	8.22	7.87	7.15	7.15	6.75
1.5"	18.82	18.82	17.92	16.00	13.43	12.82	12.27	11.15	11.15	10.50
2"	30.10	30.10	28.67	25.60	28.73	27.42	26.24	23.85	23.85	22.50
3"	60.21	60.21	57.34	51.20	61.32	58.51	55.99	50.90	50.90	48.00
4"	94.08	94.08	89.60	80.00	95.77	91.39	87.45	79.50	79.50	75.00
6"	188.16	188.16	179.20	160.00	153.22	146.22	139.92	127.20	127.20	120.00
8"	301.06	301.06	286.72	256.00	268.16	255.88	244.86	222.60	222.60	210.00
10"	432.77	432.77	412.16	368.00	574.63	548.31	524.70	447.00	447.00	450.00
12"	809.09	809.09	770.56	688.00	1,085.41	1,035.70	991.10	901.10	901.00	850.00
14"	1,505.28	1,505.28	1,433.60	1,280.00	2,043.13	1,949.55	1,865.60	1,696.00	1,696.00	1,600.00
16"	2,069.76	2,069.76	1,971.20	1,760.00	3,830.87	3,655.41	3,498.00	3,180.00	3,180.00	3,000.00
Composite rate (revenues/flows)	2.93	2.95	2.75	2.57	2.38	2.24	2.20	1.97	1.97	1.73
<i>WASTEWATER RATES:</i>										
Base rate (per 1,000 gallons)	N/A	N/A	N/A	N/A	3.25	3.25	3.25	3.25	3.25	3.00
Meter Size Rate										
5/8"	3.25	3.25	3.25	3.25						
1"	9.56	9.56	9.10	8.13						
1.5"	19.11	19.11	18.20	16.25						
2"	30.58	30.58	29.12	26.00						
3"	61.15	61.15	58.24	52.00						
4"	95.55	95.55	91.00	81.25						
6"	191.10	191.10	182.00	162.50						
8"	305.76	305.76	291.20	260.00						
10"	439.53	439.53	418.60	373.75						
12"	821.73	821.73	782.60	698.75						
14"	1,528.80	1,528.80	1,456.00	1,300.00						
16"	2,102.10	2,102.10	2,002.00	1,787.50						
Composite rate (revenues/flows)	4.64	4.67	4.38	4.08	3.78	3.54	3.47	3.04	3.05	2.83

Increases in water and wastewater rates must be approved by the Board of County Commissioners.

Base rate, for Water, not used in fiscal years 2000-2002.

Beginning fiscal year 2009, base rate is no longer used for Wastewater; Meter size rate is now used for the two systems.

# Water Usage

LAST TEN FISCAL YEARS

(millions of gallons)	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<i>WATER PUMPED:</i>										
Water treatment plants:										
Alexander Orr, Jr.	59,805	60,191	59,969	57,025	57,257	61,118	64,242	63,929	64,546	61,774
John E. Preston	27,232	26,555	27,632	30,638	29,468	29,456	32,602	31,367	29,715	28,453
Hialeah	22,688	23,685	24,335	23,880	22,794	25,573	25,926	26,154	27,555	30,204
South Dade Water System	2,658	2,580	2,274	2,502	2,384	2,407	2,380	2,580	2,433	2,483
Purchase water	152	179	145	386	676	538	493	1,767	2,000	2,340
Total water pumped	112,535	113,190	114,355	114,431	112,579	119,092	125,643	125,797	126,249	125,254
<i>WATER SOLD:</i>										
Wholesale:										
Hialeah	9,121	9,598	9,103	8,110	8,081	8,228	8,616	8,685	7,730	8,454
Miami Beach	7,918	8,410	6,952	6,489	6,848	7,931	8,107	7,898	7,994	7,802
North Miami	1,374	1,331	1,175	1,502	2,123	1,827	1,775	1,534	1,602	1,536
Opa-Locka	876	887	788	845	909	946	1,031	994	960	954
Hialeah Gardens	591	693	654	695	694	703	716	713	655	619
Medley	479	328	400	393	398	433	496	488	577	506
Bal Harbor	430	486	455	466	447	462	476	526	552	564
North Bay Village	391	387	395	365	343	322	360	359	375	356
Surfside	312	317	328	343	327	371	395	385	369	349
Bay Harbor Islands	310	302	317	329	358	366	394	418	435	415
West Miami	292	275	293	290	266	267	300	284	283	286
Indian Creek Village	122	133	121	140	133	146	165	143	156	138
Virginia Gardens	93	91	98	100	63	60	77	44	10	14
Homestead <sup>(1)</sup>	40	-	-	-	-	-	-	-	-	-
North Miami Beach <sup>(2)</sup>	-	-	100	107	1,013	2,588	3,888	4,633	4,652	4,450
Miami Springs <sup>(3)</sup>	-	-	-	-	771	870	704	758	1,016	906
Total wholesale	22,349	23,238	21,179	20,174	22,774	25,520	27,500	27,862	27,366	27,349
Retail	63,169	62,937	64,430	66,086	65,147	67,302	71,674	70,114	70,033	71,891
Total water sold	85,518	86,175	85,609	86,260	87,921	92,822	99,174	97,976	97,399	99,240
Non-account water	27,017	27,015	28,746	28,171	24,658	26,270	26,469	27,821	28,850	26,014
Non-account water as a percentage of total water pumped	24.01%	23.87%	25.14%	24.62%	21.90%	22.06%	21.07%	22.12%	22.85%	20.77%
Unaccounted for water as a percentage of total water pumped	3.02%	10.46%	8.27%	9.90%	3.70%	6.20%	6.21%	10.56%	8.34%	6.45%

<sup>(1)</sup> Homestead usage of water is limited to an as needed basis. Their usage is not consistent to that of a wholesale customer.

<sup>(2)</sup> North Miami Beach constructed their own water plant and beginning fiscal year 2009, has not had the need to purchase water.

<sup>(3)</sup> Miami Springs water system was purchased by the Department and beginning fiscal year 2009, is no longer a wholesale customer.

# Wastewater Treatment

LAST TEN FISCAL YEARS

(millions of gallons)	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<i>WASTEWATER PLANT FLOWS:</i>										
North District Plant	35,141	27,403	31,810	31,984	34,047	34,200	33,969	33,113	31,105	33,679
Central District Plant	45,014	37,653	41,654	45,095	41,987	40,469	40,866	44,705	41,968	39,847
South District Plant	41,472	33,036	33,997	32,241	33,163	33,257	33,214	34,491	30,409	34,446
Total wastewater plant flows	121,627	98,092	107,461	109,320	109,197	107,926	108,049	112,309	103,482	107,972
<i>WASTEWATER TREATED:</i>										
Wholesale:										
Miami Beach	7,452	6,983	7,870	8,733	8,764	8,611	8,653	8,721	7,862	8,906
Hialeah	7,002	6,084	6,903	7,373	8,109	7,699	8,770	10,955	10,342	9,247
North Miami	3,699	3,418	3,523	3,533	3,923	3,764	3,963	4,080	3,885	4,025
Coral Gables	1,144	987	1,060	1,114	1,196	1,199	1,334	1,956	2,503	2,724
Homestead	946	879	419	529	383	502	193	162	17	39
Hialeah Gardens	940	817	801	618	607	612	596	542	144	443
North Miami Beach	727	718	859	940	853	799	806	812	888	994
Medley	708	628	504	619	834	601	689	667	862	742
Opa-Locka	684	653	492	627	714	1,389	1,121	783	711	706
Florida City	494	412	404	412	431	462	457	420	416	376
North Bay Village <sup>(1)</sup>	316	39	-	-	-	-	-	-	-	-
West Miami	202	163	144	128	131	130	174	177	138	177
Homestead Air Force Base	65	47	98	185	196	168	114	236	357	209
Miami Springs <sup>(2)</sup>	-	-	-	-	1,237	1,272	1,210	1,422	1,010	998
Total wholesale	24,379	21,828	23,077	24,811	27,378	27,208	28,080	30,933	29,135	29,586
Retail	48,752	48,547	49,315	49,671	49,646	50,609	53,020	52,261	51,682	52,757
Unaccounted for wastewater	48,496	27,717	35,069	34,838	32,173	30,109	26,949	29,115	22,665	25,629
Total wastewater treated	121,627	98,092	107,461	109,320	109,197	107,926	108,049	112,309	103,482	107,972
Unaccounted for wastewater as a percentage of total wastewater treated	39.87%	28.26%	32.63%	31.87%	29.46%	27.90%	24.94%	25.92%	21.90%	23.74%
<i>ANNUAL RAINFALL (inches):<sup>(3)</sup></i>	97.9	58.7	68.6	51.3	63.6	58.4	67.0	65.4	60.0	68.1

<sup>(1)</sup> North Bay Village was added as a new wholesale customer beginning in fiscal year 2011.

<sup>(2)</sup> Miami Springs was purchased by WASD and beginning fiscal year 2009 is no longer a wholesale customer.

<sup>(3)</sup> Source: National Weather Service Forecast Office in Miami for rainfall recorded in inches at Miami International Airport.

# Debt Service Coverage

LAST TEN FISCAL YEARS

(in thousands)	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<i>PRIMARY DEBT SERVICE COVERAGE</i>										
Net operating revenues	\$ 211,225	\$ 212,850	\$ 168,763	\$ 149,807	\$ 115,513	\$ 117,993	\$ 147,429	\$ 133,581	\$ 152,660	\$ 143,711
Investment earnings <sup>(1)</sup>	1,336	2,111	2,550	12,596	29,390	32,170	19,324	13,781	3,489	18,923
Net transfers from (to) Rate Stabilization Fund	-	-	-	-	-	-	-	11,238	23,136	48,941
Net revenues available for debt service	\$ 212,561	\$ 214,961	\$ 171,313	\$ 162,403	\$ 144,903	\$ 150,163	\$ 166,753	\$ 158,600	\$ 179,285	\$ 211,575
Debt service requirements <sup>(2)</sup>	\$ 137,625	\$ 115,198	\$ 114,653	\$ 103,627	\$ 113,758	\$ 113,291	\$ 110,848	\$ 104,123	\$ 114,196	\$ 115,629
Actual coverage	1.54	1.87	1.49	1.57	1.27	1.33	1.50	1.52	1.57	1.83
Required coverage	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
<i>SUBORDINATE DEBT SERVICE COVERAGE</i>										
Net revenues available for debt service	\$ 212,561	\$ 214,961	\$ 171,313	\$ 162,403	\$ 144,903	\$ 150,163	\$ 166,753	\$ 158,600	\$ 179,285	\$ 211,575
Less: Maximum principal and interest <sup>(3)</sup>	146,270	146,270	146,270	115,198	114,030	113,142	113,291	115,032	115,272	115,629
Adjusted net revenues	\$ 66,291	\$ 68,691	\$ 25,043	\$ 47,205	\$ 30,873	\$ 37,021	\$ 53,462	\$ 43,568	\$ 64,013	\$ 95,946
<i>STATE REVOLVING FUND LOANS DEBT SERVICE COVERAGE</i>										
Net revenues available for debt service	\$ 212,561	\$ 214,961	\$ 171,313	\$ 162,403	\$ 144,903	\$ 150,163	\$ 166,753	\$ 158,600	\$ 179,285	\$ 211,575
Less: revenue required for primary debt service coverage <sup>(4)</sup>	151,388	126,718	126,119	113,989	125,133	124,620	121,933	114,536	125,615	127,192
Adjusted net revenues	\$ 61,173	\$ 88,243	\$ 45,194	\$ 48,414	\$ 19,770	\$ 25,543	\$ 44,820	\$ 44,064	\$ 53,670	\$ 84,383
Debt service requirements <sup>(5)</sup>	\$ 13,501	\$ 13,501	\$ 13,479	\$ 13,470	\$ 13,434	\$ 11,563	\$ 15,328	\$ 15,205	\$ 13,966	\$ 14,870
Actual coverage	4.53	6.54	3.35	3.59	1.47	2.21	2.92	2.90	3.84	5.67
Required coverage	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15

<sup>(1)</sup> Excludes interest income from Construction Fund

<sup>(2)</sup> Represents debt service requirements on outstanding Bonds for such fiscal year.

<sup>(3)</sup> Maximum principal and interest requirements on the Bonds for such fiscal year

<sup>(4)</sup> Represents 110% of primary debt service requirements.

<sup>(5)</sup> Represents debt service requirements on outstanding State Revolving Fund Loans for such fiscal year.

# Ratio of Outstanding Debt by Type

LAST TEN FISCAL YEARS

(in thousands)

Fiscal Year	Revenue Bonds	Loans	Notes	Line of Credit <sup>(1)</sup>	Total Outstanding Debt	Total Per Customer
2012	1,880,872	143,843	-	-	2,024,715	2.64
2011	1,932,611	124,162	-	-	2,056,773	2.70
2010	1,980,844	119,255	-	-	2,100,099	2.77
2009	1,432,012	119,093	-	40,000	1,591,105	2.11
2008	1,452,127	107,943	-	-	1,560,070	2.07
2007	1,431,595	117,776	-	-	1,549,371	2.06
2006	1,464,162	124,940	140	-	1,589,242	2.14
2005	1,493,589	137,853	345	-	1,631,787	2.24
2004	1,523,497	144,618	539	-	1,668,654	2.34
2003	1,553,293	146,699	754	-	1,700,746	2.43

<sup>(1)</sup> Financing from Regions Bank to fund multiple Capital Improvement Projects as per County Ordinance 08-126. Entered upon on April 27, 2009.

# Customer Statistics

## Largest System Customers Current Year and Nine Years Ago October 2011 - September 2012

<u>Name</u>	<u>Dollar Amount<sup>(1)</sup> (in thousands)</u>	<u>Percent of System Gross Revenues</u>
<i>WATER SYSTEM:</i>		
City of Hialeah	\$ 15,404	6.1
City of Miami Beach	13,573	5.4
Dade County Aviation	4,539	1.8
City of North Miami	2,355	0.9
City of Opa Locka	1,502	0.6
Florida Power & Light Company	1,318	0.5
Hialeah Gardens	1,013	0.4
Medley	821	0.3
Bal Harbour	738	0.3
North Bay Village	669	0.3
<i>WASTEWATER SYSTEM:</i>		
City of Miami Beach	\$ 16,129	5.7
City of Hialeah	15,197	5.3
City of North Miami	8,017	2.8
Dade County Aviation	2,697	1.0
City of Coral Gables	2,489	0.9
City of Homestead	2,031	0.7
Hialeah Gardens	2,018	0.7
City of North Miami Beach	1,579	0.6
Medley	1,523	0.5
City of Opa-Locka	1,485	0.5

## October 2002 - September 2003

<u>Name</u>	<u>Dollar Amount (in thousands)</u>	<u>Percent of System Gross Revenues</u>
<i>WATER SYSTEM:</i>		
City of Miami Beach	\$ 6,002	3.9
City of Hialeah	5,605	3.6
City of North Miami Beach	3,423	2.2
Dade County Aviation	1,695	1.1
City of North Miami	1,182	0.8
City of Opa Locka	734	0.5
Florida Power & Light	690	0.4
City of Miami Springs	601	0.4
Hialeah Gardens	476	0.3
Bal Harbour	441	0.3
<i>WASTEWATER SYSTEM:</i>		
City of Hialeah	\$ 15,477	7.5
City of Miami Beach	14,834	7.2
City of North Miami	6,684	3.2
City of Coral Gables	4,535	2.2
City of Miami Springs	1,672	0.8
City of North Miami Beach	1,634	0.8
Dade County Aviation	1,402	0.7
City of Medley	1,239	0.6
City of Opa-Locka	1,177	0.6
City of Florida City	633	0.3

<sup>(1)</sup> Using billed flows in place of net amount

# Customer Statistics

## Number of Retail Customers at Fiscal Year-End Last Ten Fiscal Years

Year	<u>Number of Customers</u>		Ratio of Wastewater Customers to Water Customers
	Water	Wastewater	
2012	424,764	342,539	80.6%
2011	422,016	339,927	80.6%
2010	420,367	338,368	80.5%
2009	417,983	336,272	80.5%
2008	418,258	336,290	80.4%
2007	416,620	334,426	80.3%
2006	412,121	329,615	80.0%
2005	406,059	323,615	79.7%
2004	398,318	316,257	79.4%
2003	391,227	309,480	79.1%

# Population

## Miami-Dade County, Florida Selected Years 2012-2002

Year	Annual Resident Population	Increase (Decrease)	Percent Change
2012	2,551,255	(44,759)	(1.7%)
2011	2,596,014	32,129	1.3%
2010	2,563,885	31,885	1.3%
2009	2,532,000	40,604	1.3%
2008	2,491,396	29,819	1.2%
2007	2,461,577	29,758	1.2%
2006	2,431,819	29,714	1.2%
2005	2,402,105	29,687	1.3%
2004	2,372,418	29,679	1.3%
2003	2,342,739	29,692	1.3%
2002	2,313,047	-	-

Source: U.S. Bureau of the Census figures 2010; Planning Research Section, Miami-Dade County Department of Planning and Zoning estimates for other years.

# Building Permits

## Number of Buildings Permits Issued for Housekeeping Units and Value of Permits for Housekeeping and Total Units Miami-Dade County, Florida 2011-2002

Calendar Year	<u>Number of Permits Issued</u>		Value of Permits Issued Residential Construction (in thousands)
	Single Family Houses	Multi-family Buildings	
2011	(1)	(1)	(1)
2010	941	2,262	395,139
2009	624	771	252,407
2008	1,086	2,388	477,424
2007	3,246	4,836	1,210,618
2006	6,548	13,469	3,323,113
2005	9,918	16,198	3,750,203
2004	9,499	13,251	2,565,383
2003	8,740	6,793	1,697,337
2002	6,374	8,219	1,313,869

Source: University of Florida, Bureau of Economic and Business  
Research, Building Permit Activity in Florida

(1) Information Unavailable

# Construction Activity

## Construction Activity Miami-Dade County, Florida 2012-2003

Fiscal Year	Commercial Construction		Residential Construction	
	Number of Buildings	Value (in thousands)	Number of Units	Value (in thousands)
2012	95	130,148	1,535	187,533
2011	120	54,001	1,963	182,480
2010	231	184,566	1,453	129,129
2009	202	263,754	556	55,417
2008	274	477,442	1,262	159,407
2007	288	295,413	2,404	315,586
2006	394	327,729	8,001	899,980
2005	914	273,735	8,893	1,031,757
2004	794	359,033	9,603	982,420
2003	397	697,100	9,373	819,753

Source: Miami-Dade County Building Department. Includes only Unincorporated Area.

# Principal Employers

## Principal Employers Miami-Dade County, Florida Current Year and Nine Years Ago

2011<sup>(1)</sup>

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Miami-Dade County Public Schools	44,132	1	3.39
U.S. Federal Government	28,700	2	2.21
Miami-Dade County	26,351	3	2.03
Florida State Government	19,400	4	1.49
Florida International University	14,999	5	1.15
Baptist Health South Florida	14,864	6	1.14
University of Miami	13,233	7	1.02
Miami-Dade College	12,500	8	0.96
Jackson Health System	10,809	9	0.83
Publix SuperMarkets	10,800	10	0.83
Homestead AFB	10,100	11	0.78
American Airlines	9,000	12	0.69
U.S. Southern Command	6,200	13	0.48
Precision Response Corporation	5,000	14	0.38
City of Miami	4,055	15	0.31
Total	230,143		17.70

2002

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Miami-Dade County Public Schools	37,500	1	3.47
Miami-Dade County	30,000	2	2.78
Florida State Government	19,958	3	1.85
U.S. Federal Government	18,416	4	1.71
Jackson Health Systems	10,000	5	0.93
American Airlines	9,000	6	0.83
University of Miami	8,000	7	0.74
Baptist Health South Florida	7,500	8	0.69
Precision Response Corporation	4,346	9	0.40
Publix SuperMarkets	4,000	10	0.37
Total	148,720		13.77

Source: The Beacon Council, Miami, Florida, Miami Business Profile

(1) Fiscal year 2012 information unavailable

# Economic Statistics

*Last 10 fiscal years*

<u>Year</u>	<u>Total Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>	<u>Labor Force</u>
2012	(1)	(1)	9.7%	1,290,751
2011	96,657,710	37,834	12.7%	1,300,030
2010	92,227,399	36,846	12.0%	1,257,324
2009	90,915,774	37,909	8.9%	1,218,871
2008	88,954,732	37,264	5.3%	1,205,913
2007	85,978,571	35,791	3.6%	1,192,231
2006	82,481,222	34,709	3.8%	1,158,801
2005	75,090,488	31,867	4.3%	1,113,560
2004	69,724,010	29,817	5.4%	1,097,454
2003	64,764,869	27,891	5.9%	1,083,357

Source: U.S. Department of Commerce, Economics and Statistics Administration, Bureau of Economic Analysis/ Regional Economic Information System.

Legend: (1) Information Unavailable

# Employees by Identifiable Activity

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<i>WATER:</i>										
Water Distribution	206	210	206	214	210	202	205	214	220	212
Water Production and Maintenance <sup>(1)</sup>	226	240	232	240	239	98	89	92	95	91
Laboratory Services	55	49	51	47	50	-	-	-	-	-
<i>SEWER:</i>										
Sewer Collection	187	175	189	188	180	182	184	184	185	185
Plant Maintenance <sup>(1)</sup>	-	-	-	-	-	315	323	320	329	328
Wastewater Treatment and Maintenance <sup>(1)</sup>	337	341	329	331	324	161	158	155	160	165
Pump Station Maintenance	192	193	187	192	206	196	192	194	200	202
<i>ENGINEERING:</i>										
Engineering & Design	75	75	75	77	82	148	152	149	150	152
New Customer	73	74	89	87	107	95	101	97	101	91
Program Management	-	-	15	15	15	8	-	-	-	-
Construction Contracts	71	71	77	81	62	-	-	-	-	-
<i>ADMINISTRATION:</i>										
Office of Director	30	30	33	31	36	32	29	28	21	15
Office of Deputy Director of Regulatory Compliance and Capital Improvements	6	8	13	16	15	-	-	-	-	-
Office of Deputy Director of Operations	13	12	11	10	8	12	11	10	9	-
Office of Assistant Director of Engineering	1	1	1	1	2	2	3	2	2	34
Office of Assistant Director of Finance	36	37	38	35	33	26	27	14	15	27
Office of Assistant Director of Maintenance and Support Services	143	136	155	156	157	158	158	155	149	121
Office of Assistant Director of Water	109	109	111	113	117	151	147	147	156	174
Office of Assistant Director of Wastewater	48	47	38	36	31	3	2	1	-	2
Office of Assistant Director of Regulatory Compliance and Planning	5	5	5	3	3	43	52	51	47	-
Attorney's Office	4	4	4	4	4	3	3	4	4	4
Controller	114	114	134	135	125	125	127	128	132	132
Information Technology	68	69	70	70	71	69	62	62	62	65
Retail Customer Service	224	216	253	268	266	258	261	271	275	237
Regulatory Compliance and Monitoring	15	16	18	17	16	-	-	-	-	-
General Maintenance	116	113	120	127	122	140	133	138	124	131
Planning	17	17	22	24	23	-	-	-	-	-
<b>Total</b>	<b>2,371</b>	<b>2,362</b>	<b>2,476</b>	<b>2,518</b>	<b>2,504</b>	<b>2,427</b>	<b>2,419</b>	<b>2,416</b>	<b>2,436</b>	<b>2,368</b>

<sup>(1)</sup> The Plant Maintenance Division was eliminated as of October 1, 2007 and the employees were assigned to the Water Production and Maintenance Division and the Wastewater Treatment and Maintenance Division.

# Capital Indicators

LAST 10 FISCAL YEARS

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<i>WATER:</i>										
Water mains <sup>(1)</sup> (miles)	5,983	5,922 <sup>(2)</sup>	5,907	5,747	5,641	5,624	5,575	5,519	5,426	5,421
Water treatment plants	8	8	8	8	8	8	8	8	8	8
Permitted water treatment capacity (million gallons per day)	454	452 <sup>(3)</sup>	452	452	452	452	452	452	452	452
Water supply wells	100	100	100	100	100	100	97	92	92	
<i>WASTEWATER:</i>										
Sanitary sewers <sup>(1)</sup> (miles)	4,036	3,995 <sup>(2)</sup>	3,975	3,981	3,948	3,919	3,858	3,803	3,724	3,722
Wastewater treatment plants	3	3	3	3	3	3	3	3	3	3
Permitted wastewater treatment capacity (million gallons per day)	376	368	368	368	368	368	341	353	353	353
Wastewater pump stations	1,039	1,039	1,039	1,035	1,035	992	986	976	967	956

<sup>(1)</sup> Does not include laterals.

<sup>(2)</sup> In fiscal year 2010 & 2011, the measurements for water mains and sanitary sewers do not include miscellaneous and private pipes.

<sup>(3)</sup> Total water supply allocation as per Water Use Permit is 357 mgd.

## Insurance in Force

Type of Coverage and Insurance Company	Policy Period	Details of Coverage	Limits of Liability
Crime Policy: Fidelity & Deposit Co. of Maryland	08/19/12 - 08/19/13	Employee Dishonesty	\$1,000,000
Money and Securities: Fidelity & Deposit Co. of Maryland	11/25/11 - 11/25/12	Theft of money and securities	Values scheduled per location
Accidental Death: Hartford Life Insurance Co.	08/29/12 - 08/29/13	Accidental death and dismemberment	\$25,000
Property Insurance: Lexington, Ace American, National Union	10/31/11– 01/31/13	"All risk" coverage on real and personal property and outfalls	\$200,000,000
Automobile Liability:	Continuous	Self-Insured	\$200,000 per person/ \$300,000 per occurrence pursuant to F.S. 768.28
General Liability:	Continuous	Self-Insured	\$200,000 per person/ \$300,000 per occurrence pursuant to F.S. 768.28
Workers' Compensation:	N/A / Continuous	Self-Insured	Statutory coverage pursuant to F.S. 440

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## Miami-Dade Water and Sewer Department

A Department of Miami-Dade County, Florida

3071 S.W. 38 Avenue

Miami, Florida 33146

305-665-7471



*Delivering Excellence Every Day*

Miami-Dade County provides equal access and equal opportunity in employment and services and does not discriminate on the basis of disability. It is the policy of Miami-Dade County to comply with all the requirements of the Americans with Disabilities Act.