

CRUISE CAPITAL OF THE WORLD™

Always was. Always will be.

PORTMIAMI™

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

2014 Comprehensive Annual Financial Report

For the fiscal years ended September 30, 2014 and 2013

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

Comprehensive Annual Financial Reports

For the fiscal years ended September 30, 2014 and 2013

Prepared by the Miami-Dade Seaport Department

Juan Kuryla,
Port Director

Kevin T. Lynskey,
Deputy Port Director

Miriam N. Abreu, CPA
Chief Financial Officer

Juan Lopez, CPA
Port Controller



Delivering Excellence Every Day

MIAMI-DADE COUNTY, FLORIDA SEAPORT DEPARTMENT
A Department of Miami-Dade County, Florida
Comprehensive Annual Financial Reports
For the Fiscal Years Ended September 30, 2014 and 2013

Table of Contents

Description	Page
 Introductory Section (Unaudited)	
Elected and appointed officials.....	5
Letter of Transmittal.....	6
Certificate of Achievement for Excellence in Financial Reporting	13
Organizational Chart.....	14
 Financial Section	
Report of Independent Auditors.....	16
Management's Discussion and Analysis (Unaudited)	18
Statements of Net Position	26
Statements of Revenues, Expenses and Changes in Net Position	28
Statements of Cash Flows.....	29
Notes to Financial Statements.....	32
 Required Supplementary Information (Unaudited)	
Schedule of Funding Progress For the Retiree Health Plan	62
 Statistical Section (Unaudited)	
Statistical Section Narrative.....	64
Schedule of Changes in Net Position (Last ten fiscal years)	65
Schedule of Revenues and Expenses (Last ten fiscal years)	66
Schedule of Revenue per Ton (Last ten fiscal years)	67
Schedule of Revenue per Passenger (Last ten fiscal years)	67
Schedule of Revenue Bonds Debt Service Coverage (Last ten fiscal years)	68
Schedule of General Obligation Bonds Debt Service Coverage (Last ten fiscal years)	69
Schedule of Combined Debt Service Coverage (Last ten fiscal years)	70
Schedule of Ratios of Outstanding Debt by Type (Last ten fiscal years)	71
Schedule of Annual Total Tonnage (Last ten fiscal years).....	72
Schedule of Annual Total TEUs (Twenty Foot Equivalent Units) (Last ten fiscal years).....	72
Schedule of Historical Tonnage Analysis (Last ten fiscal years).....	72
Schedule of Annual Total Passengers (Last ten fiscal years)	72
Schedule of Miami-Dade County Population.....	73
Schedule of Principal Employers (Current fiscal year and Nine years ago).....	74
Schedule of Demographic and Economic Statistics (Last ten fiscal years).....	74
Schedule of Insurance in Force.....	75
Schedule of Full-Time Seaport Employees by Function (Last ten fiscal years).....	76
Schedule of Capital Asset Indicators (Last ten fiscal years)	77



Delivering Excellence Every Day

INTRODUCTORY SECTION



Delivering Excellence Every Day

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

CARLOS A. GIMENEZ, MAYOR

BOARD OF COUNTY COMMISSIONERS

**JEAN MONESTIME, CHAIRMAN
ESTEBAN BOVO, JR., VICE-CHAIR**

**BARBARA J. JORDAN
DISTRICT 1**

**JEAN MONESTIME
DISTRICT 2**

**AUDREY M. EDMONSON
DISTRICT 3**

**SALLY A. HEYMAN
DISTRICT 4**

**BRUNO A. BARREIRO
DISTRICT 5**

**REBECA SOSA
DISTRICT 6**

**XAVIER L. SUAREZ
DISTRICT 7**

**DANIELLA LEVINE CAVA
DISTRICT 8**

**DENNIS C. MOSS
DISTRICT 9**

**SENATOR JAVIER D. SOUTO
DISTRICT 10**

**JUAN C. ZAPATA
DISTRICT 11**

**JOSÉ "PEPE" DIAZ
DISTRICT 12**

**ESTEBAN BOVO, JR.
DISTRICT 13**

**HARVEY RUVIN
CLERK OF COURTS**

**PEDRO J. GARCIA
PROPERTY APPRAISER**

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



Port of Miami
1015 North America Way, 2nd Floor
Miami, Florida 33132-2081
T 305-371-7678 F 305-347-4843
www.miamidade.gov/portofmiami

miamidade.gov

March 31, 2015

Honorable Carlos A. Gimenez, Mayor
Honorable Chairman Jean Monestime, and
Members of the Board of County Commissioners

Honorable Harvey Ruvin, Clerk of the Courts

Honorable Pedro J. Garcia, Property Appraiser

Ladies and Gentlemen:

We are pleased to present the Miami-Dade County, Florida Seaport Department's (the "Seaport") Comprehensive Annual Financial Reports ("CAFR") for the fiscal years ended September 30, 2014 and 2013. The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB") and audited by a firm of independent certified public accountants retained by Miami-Dade County, Florida (the County) and paid from its public funds. This report may also be accessed via the internet at <http://www.miamidade.gov/portofmiami>.

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

Independent Audit

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

Profile of the Government and Government Structure

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

The Port is the largest cruise home port in the world and is among the top 12 for international waterborne container ports in the United States. The Port is an island port and occupies approximately 522 acres of land. For fiscal year 2014, the Seaport handled approximately 4.9 million passengers. During this same period, approximately 7.7 million tons of cargo and close to 0.88 million TEUs (twenty-foot equivalent units) were processed through the Seaport.

Budgetary Process and Control

Annually, as part of the budget process, the Seaport recommends rates to provide for anticipated operating expenses, capital improvement, and debt service requirements. By October 1st, the beginning of the new fiscal year, the Board of County Commissioners adopts an annual budget for the Seaport's recommended rates, operating expenses, capital outlays, and debt service payments. An analysis of revenue and operating expenses for the fiscal years ended September 30, 2014 and 2013 can be found in the MD&A section of this report. Capital Projects are budgeted in the year anticipated to be obligated and in the subsequent years the unused budget is re-appropriated until the project is complete, consequently an annual comparison of these expenses is not included in this report.

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

Factors Affecting Financial Conditions

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

Economic Condition and Outlook

This economic condition and outlook report outlines the level of economic activity throughout FY 2014 and forecasts the area's economic outlook for next fiscal year.

One year ago, in the year-end outlook for the local economy, it was anticipated that FY 2014 would enjoy a modest acceleration in growth derived from an expected strong performance in the real estate and construction sectors and continued strength in the tourism industry. Slowing growth in the emerging markets, and more importantly Latin America, was expected to be a drag on international trade activity. Private sector employment would increase due to more activity in real estate and stable to positive growth in all other sectors.

This forecast for FY 2014 turned out to be a fair assessment of what actually took place. At the national level, FY 2014 saw an acceleration of economic activity with real gross domestic product (GDP) increasing at an annual rate of 2.6 percent, a considerably stronger showing than the 1.8 percent growth in the preceding year. Stronger growth was accompanied by very low inflationary pressure. Prices increased by only 1.6 percent, a level not seen since FY 2010 despite the fastest decrease of the headline unemployment rate in at least a decade to 6.5 percent from 7.6 percent.

For Miami-Dade's main economic engines FY 2014 saw a continuation of FY 2013 with positive trends in real estate and tourism. The trade sector continued to produce a surplus (exports minus imports) though over the course of the year there was a larger slowdown in exports than imports.

What follows is an overview of the economic conditions throughout the past year and a brief discussion about the trends associated with the areas key economic drivers.

■ International Trade and Commerce

At the Port, cargo activity, measured in TEUs, decreased by approximately 2.7% and 0.9% for fiscal years 2014 and 2013, respectively. The Seaport expects cargo activity to increase slightly in Fiscal Year 2015. The Seaport is optimistic regarding international commerce in Miami-Dade and anticipates higher volume levels in cargo activity movement through the Port. The optimism is based on the assumption that the cruise and cargo coupled with the Port's incentivized agreements, improving economy, and the addition of new cargo services will increase activity. Looking beyond the fiscal year 2015, the dredging activities underway to accommodate larger vessels in the Post Panamax period, augurs well for the future of the Seaport.

The Americas continue to represent a major share of the Seaport's total cargo. For fiscal year 2014, the Americas accounted for approximately 52% (Caribbean—13% South America—17%, Central America and Mexico—22%) of total cargo. This was followed by The Far East, Asia and the Pacific with 39%. The balance of approximately 9% consisted of Europe, North America, Middle East, Southwest Asia, and Africa.

■ Competition

The Seaport's cargo related revenues had a slight increase of 1.64% from fiscal year 2013. The Seaport's commitment to expanding its cargo business, coupled with incentivized cargo contracts will contribute to an overall cargo activity increase. The Seaport is encouraged and anticipates continued cargo activity growth in fiscal year 2015.

International trade and commerce is a key component of Miami-Dade's economy. After achieving its highest level ever (\$125.7 billion) in FY 2013, merchandise trade passing through the Miami Customs District (that includes an area broader than Miami-Dade) fell by 4.9 percent in FY 2014 to \$119.6 billion. In contrast to the recurring merchandise trade deficits that the United States maintains year after year, the

Miami Customs District enjoys a large trade surplus, though it has been narrowing over the last four years. Exports registered a decrease of 5.9 percent compared to a decrease of 4.5 percent during the prior year. Conversely, imports decreased by 3.6 percent after increasing 16.0 percent in the prior year.

■ *Tourism*

Tourism in Miami-Dade recovered fairly quickly from the effects of the recession and posted significant gains in FY 2011 and FY 2012. Despite growth slowing down in FY 2013 and FY 2014, the industry has continued to reach new heights in terms of number of visitors, occupancy rates and room rates.

Visitors to the Miami area increased about 2.4 percent in FY 2014, around twice the 1.2 percent increase in the previous year but slower than the average annual rate achieved since FY 2010. In total, there were 14.4 million overnight visitors during the past year, up from 14.0 million recorded in FY 2013. After a FY 2013 in which for the first time the number of international visitors surpassed the number of domestic visitors, FY 2014 saw a return to the historic pattern of more domestic than international visitors, 51.2 to 49.8 percent respectively, thanks to a growth in domestic visitors of 3.3 percent that was more than twice the growth of 1.6 percent in international visitors.

In conjunction with the increase in visitors, the Miami International Airport passenger levels reached 40.8 million in FY 2014, representing a gain of 2.4 percent compared to a gain of 0.8 percent in the prior year. MIA international passenger activity increased by 0.5 percent to 20.1 million, while domestic passenger activity increased by 3.0 percent to 20.7 million. MIA aviation officials are projecting that passenger traffic in 2015 will be even higher with the continued improvement and expansion of facilities allowing for more flights, more frequent flights, and more destinations. Passenger traffic at the Port Miami increased by 21.1 percent in FY 2014 after a strong 8.1 percent increase in FY2013, bringing the total number of passengers to 4.9 million.

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 FY 2014, hotel occupancy rate increased from 77.7 percent to 78.6 percent. The increase in demand came along with an increase of 4 percent in the average hotel room rate, surpassing 180 dollars for the first time.

■ *Future Outlook*

Overall, the Seaport is encouraged with the results during Fiscal Year 2014 of its cruise activity which increased 19% during the fiscal year. During Fiscal Year 2013, the Board of County Commissioners approved contracts with three of the new cruise lines. Under the terms of the contracts, one of the cruise partners guarantees homeporting new ships in Fiscal Year 2014. The Seaport anticipates that these amendments, along with other cruise agreement approved by the Board of County Commissioners will benefit the Port in the future.

After a year of overall strong growth and continued realignment of the different sectors of the local economy, conditions are set for a level of economic activity in 2015 comparable to that of 2014. The US economy seems poised for another strong year. The stock market, a forward looking indicator of investor confidence in future economic growth, recorded double digit growth in calendar year 2014. Oil prices have fallen and are expected to remain low over the next year. Measures of consumer confidence stand at their highest levels in years. This optimism leads economists to project continued growth as reflected in a recent poll of economists that forecasts a U.S. GDP growth rate of 3.1 percent in 2015 compared to a 2.4 percent rate for the past year. By contrast, economic growth in the emerging markets, and especially Latin America, is expected to continue to be sluggish in FY 2015. This combination of a growing US economy and slower growth in Latin American would be expected to have countervailing impacts in the Miami-Dade economy. In net, however, the momentum in real estate and construction activity and fundamental strength in trade and tourism should continue in 2015 lead to further strong employment growth.

There could be head winds. As the distressed housing market clears it bears watching what impact it will have on the overall housing market. Eliminating the foreclosure backlog may improve banker's ability to write new mortgages on the one hand, but on the other, it may also eliminate the downward pressure on prices and lead to issues of affordability. Also over the year ahead most experts predict interest rates to rise as the economy continues to heat up and the Federal Reserve begins to tighten short-term rates possibly hampering the home sales market.

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 international trade and commerce. For the year ahead, the outlook for the commercial/industrial market is one of optimism for continued improvements in both demand and value terms.

Weighing all the likely developments in major areas of the economy leads to a forecast for FY 2015 that is likely to be similar to the previous fiscal year. The degree of improvement will be a function of the stability in government employment, growth in the real estate and construction sectors, and performance of the Latin American economies.

Long Term Financial Planning

MAJOR INITIATIVES

■ Construction Management

The Seaport's proposed Capital Improvement Program for the period October 1, 2014 through September 30, 2019 is budgeted at \$270.5 million. Of this amount, approximately \$248.9 million, \$19.6 million and \$2.0 million will be funded by debt proceeds, state grants, and tenant financing, respectively. Of the \$335.9 million in construction in progress expenditures (CIP), approximately \$201.0 million, \$85.0 million and \$49.9 million will fund the Seaport facility improvements, dredging and cargo facilities improvements, respectively. The difference of \$65.4 million will be funded by a prior year carryover.

The Seaport secured Congressional approval in the fall of 2007 for the Miami Harbor Project. The next phase of the project calls for deepening the Seaport's south channel to a depth of 50 feet from the existing—42 feet. The 50—foot depth harbor will make the Seaport one of a few port's along the U.S. east coast capable of accommodating mega container vessels. The estimated completion date for the Miami Harbor Project is projected to be August 2015. Additionally, redevelopment of 80 acres of cargo terminal area will enhance cargo terminal operations and efficiencies will be achieved.

Additional information regarding the Seaport's capital improvement program can be found in the Management's Discussion and Analysis ("MD&A") section and the Notes to the Financial Statements section of this report. CHART I on the next page summarizes the funding sources for the Seaport's capital improvement program for the next fiscal year and fiscal years 2016-2019.

CHART 1
CIP FUNDING SOURCES
(\$ IN THOUSANDS)

Revenue	Fiscal Year 2015	Fiscal Year 2016 - Future	Total
Debt Proceeds	\$ 68,474	\$ 180,443	\$ 248,917
State Grants	19,600	-	19,600
Tenant Financing	1,000	1,000	2,000
Total	\$ 89,074	\$ 181,443	\$ 270,517

CIP PROJECT SUMMARY
(\$ IN THOUSANDS)

Expenditures	Fiscal Year 2015	Fiscal Year 2016 - Future	Total
Cargo facilities; Improvements	\$ 27,699	\$ 22,200	\$ 49,899
Port facilities; Improvements	41,775	159,243	201,018
Dredging	85,000	-	85,000
Total	\$ 154,474	\$ 181,443	\$ 335,917

Security

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

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

Awards

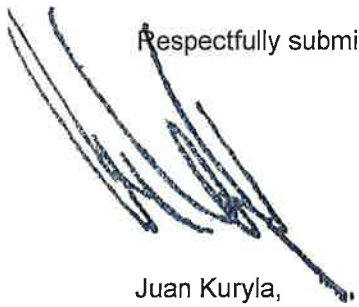
The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Seaport for its comprehensive annual financial report for the fiscal year ended September 30, 2013. This was the fifteenth consecutive year that the Seaport received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

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

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Juan Kuryla', written over a series of horizontal lines.

Juan Kuryla,
Port Director

A handwritten signature in blue ink, appearing to read 'Kevin T. Lynskey', written in a cursive style.

Kevin T. Lynskey,
Deputy Port Director

A handwritten signature in blue ink, appearing to read 'Miriam N. Abreu', written in a cursive style.

Miriam N. Abreu, CPA
Assistant Director for Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Miami-Dade County
Seaport Department, Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

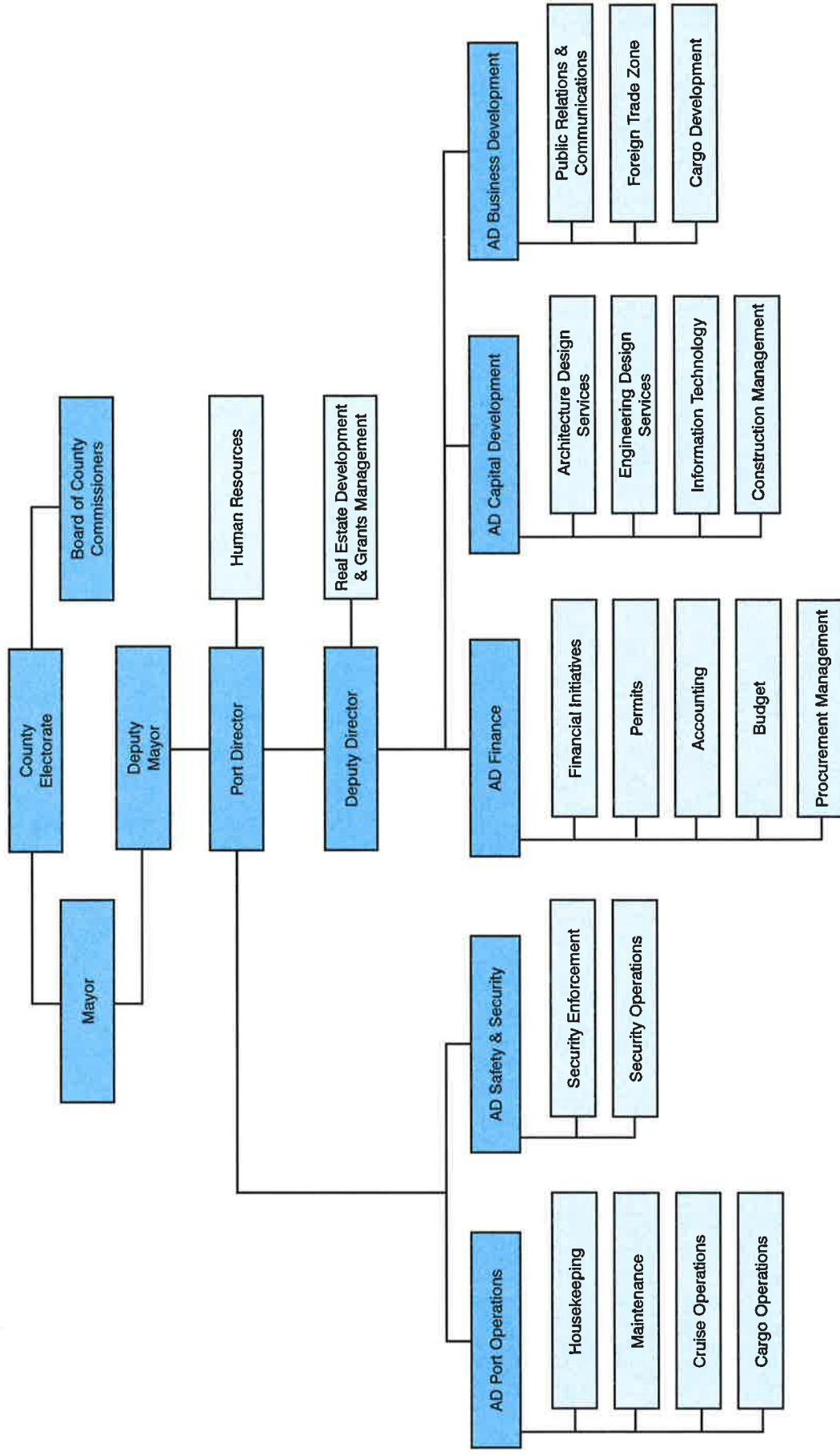
September 30, 2013

Executive Director/CEO

Miami-Dade County Seaport Department

Organizational Chart

2013-2014



FINANCIAL SECTION



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Miami-Dade County Seaport Department (the "Department"), an enterprise fund of Miami-Dade County, Florida (the County), as of and for the years ended September 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Miami-Dade County Seaport Department, an enterprise fund of Miami-Dade County, Florida, as of September 30, 2014 and 2013, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Department and do not purport to, and do not, present fairly the financial position of Miami-Dade County, Florida, as of September 30, 2014 and 2013, and the changes in its financial position, or where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 3 to the financial statements, the Department adopted the recognition and disclosure requirements of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective October 1, 2012. The net position balance of the Department as of October 1, 2012 has been restated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Department's basic financial statements. The introductory and statistical sections are presented for 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 audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated March 31, 2015 and April 1, 2014 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 those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

McGladrey LLP

Miami, Florida
March 31, 2015

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

The following narrative provides an overview of the Miami-Dade County, Florida Seaport Department's (the "Seaport") financial activities and net position as of and for the fiscal years ended September 30, 2014 and 2013. The MD&A represents management's analysis of the Seaport's financial condition, performance, long-term debt, and economic factors. The MD&A should be read in conjunction with the financial information of the transmittal letter in the introductory section, the financial statements, the accompanying notes, and the statistical section. The financial statements consist of the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; the Statements of Cash Flows; and the Notes to the Financial Statements.

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

The Statements of Revenues, Expenses, and Changes in Net Position present information showing how the Seaport's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs which might coincide with the timing of the related cash flows.

The Statements of Cash Flows present the cash activities of the Seaport segregated in the following major categories: operating, non-capital financing activities, capital and related financing activities, and investing. These statements also present the changes in cash and cash equivalents of the Seaport.

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

Financial analysis of the Seaport Department

Governmental Accounting Standards require that the Seaport prepare an analysis of the Seaport's overall financial position and results of its operations to assist readers in assessing whether the Seaport's financial position has improved or deteriorated when compared to the prior year.

The Seaport's net position is summarized in **Table I**. Net position may be used to assess the financial position of the Seaport. Total Seaport net position as of September 30, 2014 was \$123.8 million, comprising of approximately \$272.8 million in net investment in capital assets; approximately \$22.6 million in restricted for debt service and construction and unrestricted deficit of approximately \$171.6 million. Total Seaport net position as of September 30, 2013 was \$215.0 million, comprising of approximately \$204.7 million in net investment in capital assets; approximately \$14.2 million in restricted for debt service and construction and unrestricted deficit of approximately \$3.9 million. Total Seaport net position as of September 30, 2012 was \$233.7 million, comprising of approximately \$217.5 million in net investment in capital assets; approximately \$17.9 million in restricted for debt service and construction and unrestricted deficit of approximately \$1.7 million.

Table I

**SUMMARY STATEMENTS OF NET POSITION
AS OF SEPTEMBER 30,
(IN MILLIONS)**

	Fiscal Year	Change from Fiscal	Fiscal Year	Change from Fiscal	Fiscal Year
	2014	Year 2013	2013	Year 2012	2012
Capital assets, net	\$ 992.0	\$ 128.9	\$ 863.1	\$ 59.9	\$ 803.2
Current and other assets	351.1	17.4	333.7	260.2	73.5
Total assets	1,343.1	146.3	1,196.8	320.1	876.7
Deferred outflows of resources	8.0	(2.0)	10.0		
Long-term liabilities outstanding	1,159.0	218.3	940.7	353.5	587.2
Other liabilities	68.3	17.2	51.1	(0.2)	51.3
Total liabilities	1,227.3	235.5	991.8	353.3	638.5
Net position:					
Net investment in capital assets	272.8	68.1	204.7	(12.8)	217.5
Restricted	22.6	8.4	14.2	(3.7)	17.9
Unrestricted:					
Contribution to FDOT Port Tunnel	(203.1)	(173.2)	(29.9)	(29.9)	-
Other	31.5	5.5	26.0	27.7	(1.7)
Total unrestricted	(171.6)	(167.7)	(3.9)	(2.2)	(1.7)
Total net position	\$ 123.8	\$ (91.2)	\$ 215.0	\$ (18.7)	\$ 233.7

The increase in net investment in capital assets from fiscal year 2013 to 2014 can mostly be attributed to new construction projects and the acquisition of certain assets. The increase in restricted category from fiscal year 2013 to 2014 is mostly related to partially recognizing the issuance of Variable Rate Bonds Series 2014 A and Series 2014 B and fully recognizing Revenue Bond Series 2013 A, Series 2013 B, Series 2013 C and Series 2013 D Bonds. The decrease in unrestricted category is mostly attributed to additional funding for the Port Tunnel. The decrease in net investment in capital assets from fiscal year 2012 to 2013 can mostly be attributed to depreciation on capital assets, offsetting the capital related debt. The decrease in the restricted category from fiscal year 2012 to 2013 can be attributed to debt payments in accordance with amortization schedules. The decrease in the unrestricted category from fiscal year 2012 to 2013 can be mostly attributed to the funding for the Port Tunnel, offsetting an increase in operating income.

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

Table II summarizes the change in the Seaport's net position. Total net position, as of September 30, 2014, was approximately \$123.8 million, representing a decrease of approximately \$91.2 million from prior year. Total net position, as of September 30, 2013, was approximately \$215.0 million, representing a decrease of approximately \$18.7 million from prior year. The decreases in fiscal year 2014 and 2013 can be mostly attributed to the Seaport's additional funding towards the Port Tunnel project of \$173.2 and \$29.9 million, respectively, coupled with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities* as explained further in Note 2 Summary of Significant Accounting Policies and Note 3 Restatement of Prior Year Balances related to the expensing of \$4.5 million of debt issuance costs.

The negative unrestricted net position balance resulted from Seaport's \$173.2 million contribution to the Florida Department of Transportation (FDOT) for the Port Tunnel Project. The "Tunnel" or "Port of Miami Tunnel", located beneath the Governmental Cut connects the Port directly with the interstate highway system. The Tunnel improves access to and from the Port, making trucking and passenger vehicle connections from the Port to the rest of the region and the country substantially easier and eliminates the Port's dependence on the current Port Boulevard Bridge. It will also reduce traffic congestion in the downtown area of Miami. The Tunnel is owned by the State of Florida and as such is not recorded as a capital asset of the Port.

In March 2015 FDOT and the County entered into an agreement that would allow the Seaport to receive State Comprehensive Transportation System Tax (SCETS) revenues from FDOT in the amount of \$8 million in fiscal year 2018 and \$17 million annually for fiscal year 2019 through 2042. Payment of the SCETS tax to the Seaport is not guaranteed on an annual basis since such payments are contingent on an annual appropriation by the State of Florida.

Because the SCETS funds are subject to annual appropriation by FDOT, Government Accounting Standards do not allow a receivable to be reported until the funds are appropriated by the State to be paid to the County. Therefore revenue will only be reported for the annual amount appropriated each year. If a receivable for the full amount expected to be appropriated by FDOT was reported it would have offset the negative unrestricted net asset position balance reported.

Table II
Change in Net Position
For the Fiscal Years Ended September 30,
(in millions)

	Fiscal Year 2014	Change from Fiscal Year 2013	Fiscal Year 2013	Change from Fiscal Year 2012	Fiscal Year 2012
Operating revenues					
Cruise wharfage/dockage	\$ 60.3	\$ 9.8	\$ 50.5	\$ 5.3	\$ 45.2
Cargo wharfage/dockage	24.8	0.9	23.9	0.8	23.1
Container crane user fees	6.2	(0.4)	6.6	(1.0)	7.6
Rentals	14.8	1.4	13.4	-	13.4
Ground transportation	2.1	0.2	1.9	0.1	1.8
Parking	15.0	5.6	9.4	1.1	8.3
Misc. charges and fees	2.9	(0.6)	3.5	(0.7)	4.2
Total operating revenues	126.1	16.9	109.2	5.6	103.6
Investment earnings	0.5	0.4	0.1	(0.3)	0.4
Other nonoperating	0.7	-	0.7	-	0.7
Total revenues	127.3	17.3	110.0	5.3	104.7
Operating expenses	64.3	(1.7)	66.0	6.4	59.6
Depreciation	27.4	1.5	25.9	1.0	24.9
Interest expense, net	35.5	17.3	18.2	(0.5)	18.7
Other nonoperating expenses	5.3	(25.8)	31.1	25.0	6.1
Total Expenses	132.5	(8.7)	141.2	31.9	109.3
Net Income (loss) before contributions	(5.2)	26.0	(31.2)	(26.6)	(4.6)
Net contributions	(86.0)	(98.5)	12.5	(0.2)	12.7
Change in net position	(91.2)	(72.5)	(18.7)	(26.8)	8.1
Net position at beginning of year, as restated	215.0	(18.7)	233.7	8.1	225.6
Net position at end of year	\$ 123.8	\$ (91.2)	\$ 215.0	\$ (18.7)	\$ 233.7

Operating revenues for fiscal year 2014 were approximately \$126.1 million or \$16.9 million higher than fiscal year 2013. The increase can be attributed to increases in tariff rates, cruise passengers and related activities such as parking. Operating revenues for fiscal year 2013 were approximately \$109.2 million or \$5.6 million higher than the prior fiscal year. The increase can be attributed to increases in cruise and related revenues, cargo and related revenues, ground transportation, parking and miscellaneous charges. The increases in cruise and related revenues, ground transportation and parking are related to increases in passenger cruise activity and tariff rate. The increase in cargo and related revenue and decrease in container crane user fees are mostly attributed to increase in tariff rate, offsetting a decrease in cargo activity.

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

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

	Fiscal Year 2014	Change from Fiscal Year 2013	Fiscal Year 2013	Change from Fiscal Year 2012	Fiscal Year 2012
Operating Revenues:					
Cruise wharfage/dockage	\$ 60.3	\$ 9.8	\$ 50.5	\$ 5.3	\$ 45.2
Cargo wharfage/dockage	24.8	0.9	23.9	0.8	23.1
Container crane user fees	6.2	(0.4)	6.6	(1.0)	7.6
Rentals	14.8	1.4	13.4	-	13.4
Ground transportation	2.1	0.2	1.9	0.1	1.8
Parking	15.0	5.6	9.4	1.1	8.3
Miscellaneous fees and charges	2.9	(0.6)	3.5	(0.7)	4.2
Total revenues	<u>\$ 126.1</u>	<u>\$ 16.9</u>	<u>\$ 109.2</u>	<u>\$ 5.6</u>	<u>\$ 103.6</u>

Operating expenses for fiscal year 2014 decreased approximately \$1.7 million from the prior year. The major decrease in the general and administration category is mostly attributed to a \$1.3 million marketing incentive payments incurred in fiscal year 2013 and not incurred in fiscal year 2014. The increases in cruise operations, utilities and security are mostly attributed to an increase in cruise activity. Operating expenses for fiscal year 2013 increased approximately \$6.4 million from the prior year. The major factor attributed to the increase in expenses from fiscal year 2012 to 2013 was the marketing incentive payments made to a cruise line for home porting a new vessel and an anticipated net increase in passenger activity. As a continuation from fiscal year 2011, the Port continued to streamline processes and increase efficiencies to reduce costs. Additionally, employee contributions and concessions, which became effective during fiscal year 2010, carried over to fiscal year 2011 through fiscal year 2014, and have yielded savings for the Seaport.

Table IV below summarizes the Seaport's operating expenses.

Table IV

**Summary of Operating Expenses (Exclusive of Depreciation)
For the Fiscal Years Ended September 30,
(in millions)**

	Fiscal Year 2014	Change from Fiscal Year 2013	Fiscal Year 2013	Change from Fiscal Year 2012	Fiscal Year 2012
Operating Expenses:					
Cruise Operations	\$ 7.5	\$ 1.2	\$ 6.3	\$ 0.3	\$ 6.0
Cargo Operations	1.2	(0.1)	1.3	0.1	1.2
Maintenance	6.3	(0.3)	6.6	0.5	6.1
Utilities	2.9	1.1	1.8	(0.4)	2.2
Marketing and Advertising	1.8	(0.1)	1.9	0.8	1.1
Gantry Crane Operations	7.5	-	7.5	1.1	6.4
Security	16.8	1.6	15.2	(0.3)	15.5
General and Administration	20.3	(5.1)	25.4	4.3	21.1
Total Operating Expenses	<u>\$ 64.3</u>	<u>\$ (1.7)</u>	<u>\$ 66.0</u>	<u>\$ 6.4</u>	<u>\$ 59.6</u>

Capital assets and debt administration

Capital assets

The Seaport's total net investment in capital assets at September 30, 2014, September 30, 2013 and September 30, 2012 was \$992.0 million, \$863.2 million and \$803.2 million, respectively. This represents an increase of \$128.8 million, from fiscal year 2013 to 2014 and an increase of \$60.0 million, from fiscal year 2012 to 2013. The increases for both fiscal years 2013 to 2014 and from 2012 to 2013 can be mostly attributed to costs incurred for various capital construction projects in accordance with the Seaport's Master Plan and Multi-year Capital Budget. Additional information in changes in capital assets can be found in Note 5 of the Financial Statements and in the Construction Management Section in the transmittal letter. **Table V** below summarizes the components of the Seaport's investment in capital assets.

Table V

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

	Fiscal Year 2014	Change from Fiscal Year 2013	Fiscal Year 2013	Change from Fiscal Year 2012	Fiscal Year 2012
Land and related costs	\$ 210.6	\$ -	\$ 210.6	\$ -	\$ 210.6
Buildings, transit sheds and terminals	281.7	22.3	259.4	(13.6)	273.0
Machinery and equipment	52.6	4.5	48.1	(1.7)	49.8
Improvements other than buildings	218.9	19.7	199.2	(6.3)	205.5
Construction in progress	228.2	82.3	145.9	81.6	64.3
Totals	<u>\$ 992.0</u>	<u>\$ 128.8</u>	<u>\$ 863.2</u>	<u>\$ 60.0</u>	<u>\$ 803.2</u>

During fiscal year 2014, several construction projects were completed and certain assets acquired. The major projects completed were wharf strengthening for dredging; the acquisition, construction, and implementation of cruise terminal and gateway security enhancements and certain cruise terminal improvements. The Seaport acquired four

gantry cranes to accommodate Post Panamax cargo ships coming to the Port after opening of the Panama Canal. Additional construction in progress information can be found in Note 5 to the financial statements. The significant projects under construction in accordance with the Seaport's Master Development program are as follows:

Projects underway

- Cruise terminal improvements
- Cargo yard related improvements
- Security enhancements
- Dredging to accommodate larger cargo vessels

Debt administration

At September 30, 2014, 2013 and 2012, the Seaport had \$1,105.6 million, \$932.8 million and \$600 million, respectively, in bonds and loans outstanding. The net increase from fiscal year 2013 to 2014 can be mostly attributed to issuance of the Revenue Bond Series 2014 A and 2014 B, the conversions of variable rate Multimodal Revenue Bonds Series 2010A, 2010B, 2011B and 2011C to fixed rate Multimodal Revenue Bonds Series 2010A-1, 2010B-1, 2011B-1 and 2011C-1 and offset by annual scheduled principal payments. The net increase from fiscal year 2012 to 2013 can be mostly attributed to issuance of the Revenue Bond Series 2013 A and 2013 B, offsetting the refunding of Series 1995 and 1996 Bonds Series with the issuance of Revenue Refunding Series 2013 C and 2013 D Bonds and scheduled annual principal payments. Additional long-term debt detail can be found in Notes 6 and 9 to the financial statements.

Table VI

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

	Fiscal Year 2014	Change from Fiscal Year 2013	Fiscal Year 2013	Change from Fiscal Year 2012	Fiscal Year 2012
Seaport general obligation bonds	\$ 95.2	\$ (5.4)	\$ 100.6	\$ (5.1)	\$ 105.7
Seaport revenue bonds	584.1	195.0	389.1	346.0	43.1
Sunshine state loans	308.5	(12.8)	321.3	(4.2)	325.5
Capital acquisition bonds	117.8	(4.0)	121.8	(3.9)	125.7
Totals	<u>\$ 1,105.6</u>	<u>\$ 172.8</u>	<u>\$ 932.8</u>	<u>\$ 332.8</u>	<u>\$ 600.0</u>

In May 2014 (most recent rating available) Moody's Investor Service and Fitch Ratings Inc. provided ratings. Fitch Ratings assigned an 'A' rating with a stable outlook to Miami-Dade County Seaport Variable rate Demand Revenue Bonds Series 2014 A & B and outstanding revenue bonds and Moody's assigned an underlying Baa1 rating to the Miami-Dade County Seaport Variable rate Demand Revenue Bonds Series 2014 A & B and downgraded the port's outstanding seaport revenue bonds to Baa1 from A3 with a stable outlook. The Baa1 rating incorporates the strength of the port's market position as the world's largest cruise port and the improvement and expansion of key revenue-generating port facilities that we expect will continue to solidify that market position. Fitch ratings reflect the Port's stable revenue streams and importance as the largest port for cruise in the world and among the largest in Florida in terms of TEUs throughput. Its location near the Caribbean Sea and the Panama Canal, access to several modes of transportation, and extensive growing infrastructure are also key stabilizing features.

Other Obligations. The Seaport participates in the County's self-insurance program for workers' compensation, general liability and automotive liability insurance. Certain group health insurance programs are also self insured, subject to certain stop loss provisions. Detailed information about the Seaport's liability from reported and unreported claims is included in Note 12. Other obligations include accrued vacation pay and sick leave, other post employment benefits for retirees, arbitrage liability, and other contingent liabilities.

Economic factors and next year's budget and rates

For fiscal years 2014 and 2013, cargo activity, measured in Twenty Foot Equivalent Units (TEUS) decreased approximately 2.7% and 0.9%, respectively. The Seaport anticipates cargo activity will increase after opening of the Panama Canal. Most of the cargo is exported to Latin America (South America, Central America, and the Caribbean), followed by the Far East, Asia, the Pacific, Europe and the Middle East. The majority of the imports are located in Latin America followed by the Far East, Asia and the Pacific, and Europe.

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

For 2015, as long as the U.S. or global economy remains free of shocks, it is expected that the numbers of visitors to Miami-Dade will increase. Passenger levels at Miami International Airport (MIA) increased approximately 2.4% from prior year, compared to an increase of approximately 0.8% in Fiscal Year 2013. During Fiscal Year 2014, approximately 4.9 million passengers came through the Port of Miami. This represents an increase, from Fiscal Year 2013. The Seaport is extremely optimistic and encouraged with the future of the Port. The Seaport completed the Tunnel Project and is currently underway with two other key projects—the reengineering of the port railroad and Deep Dredge. Collectively, these projects will allow the Seaport to increase throughput, become more efficient and position itself as a key player in the global marketplace. These major enhancements to the region's transportation infrastructure will provide new efficiencies with the goal of doubling cargo traffic over the next decade. Additionally, the Port's re-engineered rail line will be able to reach key distribution centers throughout the U.S. quickly and efficiently. The Deep Dredge will allow access to Post Panamax cargo ships and will position the Port of Miami as a key Port in the global market place. Scheduled for completion to synchronize with the opening of the expanded Panama Canal in 2016, deepening the Port of Miami's waters to -50 feet will allow the largest cargo ships to call the Seaport home. In all, it's predicted that our trio of port enhancements will create thousands of new jobs; making South Florida a true powerhouse in international trade and commerce.

Annually the Seaport scrutinizes Terminal Tariff No. 010 to ensure the Seaport's ability to meet its budgetary obligations through Tariff revenues. The adopted budget for fiscal year 2015 includes the necessary increases in order for the Seaport to meet its budgetary obligations. The Seaport continually reviews the Tariff and its rate structure to ensure that it remains competitive, attracts new business, and maintains its existing customer base.

Request for Information

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

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

(This page left blank intentionally)

MIAMI-DADE COUNTY, FLORIDA
SEAPORT DEPARTMENT
Statements of Net Position
As of September 30, 2014 and September 30, 2013

Assets	<u>2014</u>	<u>2013</u>
Current assets:		
Pooled cash and cash equivalents	\$ 1,288,135	\$ 64,566
Pooled investments	34,385,602	25,898,911
Accounts receivable, less allowance for doubtful accounts of \$955,306 and \$1,067,510 at September 30, 2014 and 2013, respectively	10,667,608	12,297,478
Prepaid expenses and other current assets	6,861,160	3,784,414
Total current unrestricted assets	<u>53,202,505</u>	<u>42,045,369</u>
Restricted assets:		
Current restricted assets:		
Pooled cash and cash equivalents	6,546,518	1,412,620
Pooled investments	26,301,226	27,916,585
Due from other governments	10,066,794	2,348,867
Total current restricted assets	<u>42,914,538</u>	<u>31,678,072</u>
Total current assets	<u>96,117,043</u>	<u>73,723,441</u>
Noncurrent assets:		
Noncurrent restricted assets		
Pooled investments	136,633,715	132,058,258
Advance to other governments	118,361,688	127,875,519
Total noncurrent restricted assets	<u>254,995,403</u>	<u>259,933,777</u>
Capital Assets:		
Land and related costs	210,572,566	210,572,566
Buildings, transit sheds, and terminals	501,659,536	464,488,120
Improvements other than buildings	330,713,944	303,610,352
Machinery and equipment	88,921,348	79,203,752
Construction in progress	228,215,052	145,927,287
Capital assets, gross	1,360,082,446	1,203,802,077
Less accumulated depreciation	(368,067,282)	(340,644,185)
Capital assets, net	<u>992,015,164</u>	<u>863,157,892</u>
Total noncurrent assets	<u>1,247,010,567</u>	<u>1,123,091,669</u>
Total assets	<u>1,343,127,609</u>	<u>1,196,815,110</u>
Deferred outflows of resources:		
Deferred charge on refunding debt	7,967,315	10,005,656
Total assets and deferred outflows of resources	<u>1,351,094,924</u>	<u>1,206,820,766</u>

(Continued)

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

MIAMI-DADE COUNTY, FLORIDA
SEAPORT DEPARTMENT
Statements of Net Position (continued)
As of September 30, 2014 and September 30, 2013

Liabilities and Net Position	2014	2013
Current liabilities payable from unrestricted assets:		
Accounts payable and accrued expenses	\$ 10,713,059	\$ 6,913,195
Accrued payroll and related expenses	1,020,542	917,582
Compensated absences	1,562,021	1,657,649
Current portion of loans payable	5,360,000	5,370,000
Current portion of capital acquisition bonds payable	4,025,000	3,965,000
Unearned revenue	94,421	55,493
Settlement liability	1,964,874	—
Due to other Miami-Dade County funds	718,031	602,027
Total current liabilities payable from unrestricted assets	<u>25,457,948</u>	<u>19,480,946</u>
Current liabilities payable from restricted assets:		
Current portion of revenue and general obligation bonds payable	12,485,000	11,860,000
Accrued interest payable	16,847,727	6,943,256
Accounts payable and accrued expenses	4,056,998	9,514,403
Contracts and retainage payable	8,839,158	2,039,891
Due to other Miami-Dade County funds	—	565,522
Other liabilities	685,655	755,000
Total current liabilities payable from restricted assets	<u>42,914,538</u>	<u>31,678,072</u>
Total current liabilities payable from unrestricted and restricted assets	<u>68,372,486</u>	<u>51,159,018</u>
Long-term liabilities:		
Bonds payable, plus unamortized premium of \$19,517,275 at September 30, 2014 and \$20,609,184 September 30, 2013	686,357,275	498,464,184
Loans payable, plus unamortized premium of \$12,088,297 at September 30, 2014 and \$1,377,575 September 30, 2013	315,193,297	317,332,575
Capital acquisition bonds payable, plus unamortized premium of \$502,046 at September 30, 2014 and \$532,504 September 30, 2013	114,289,129	118,344,587
Compensated absences	4,769,850	4,899,248
Other post - employment benefit	826,000	791,000
Unearned revenues - advance grants other governments	37,217,507	—
Other liabilities	327,500	855,000
Total long-term liabilities	<u>1,158,980,558</u>	<u>940,686,594</u>
Total liabilities	<u>1,227,353,044</u>	<u>991,845,612</u>
Net Position		
Net investment in capital assets	272,815,306	204,721,907
Restricted for debt service and reserve	12,485,000	11,860,000
Restricted for construction	10,066,794	2,348,867
Unrestricted	(171,625,220)	(3,955,620)
Total Net Position	<u>\$ 123,741,880</u>	<u>\$ 214,975,154</u>

(Concluded)

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

MIAMI-DADE COUNTY, FLORIDA
SEAPORT DEPARTMENT
Statements of Revenues, Expenses and Changes in Net Position
Years ended September 30, 2014 and September 30, 2013

	<u>2014</u>	<u>2013</u>
Operating revenues:		
Cruise wharfage/dockage	\$ 60,294,845	\$ 50,528,544
Cargo wharfage/dockage	24,809,506	23,931,442
Container crane user fees	6,243,268	6,618,876
Rentals	14,828,710	13,365,430
Ground transportation	2,099,758	1,860,916
Parking	14,963,603	9,374,200
Miscellaneous charges and fees	2,904,795	3,498,086
Total operating revenues	<u>126,144,485</u>	<u>109,177,494</u>
Operating expenses:		
Cruise operations	7,523,348	6,293,032
Cargo operations	1,234,870	1,314,494
Maintenance	6,328,582	6,589,777
Utilities	2,880,642	1,814,096
Marketing and advertising	1,746,899	1,847,836
Gantry crane operations	7,543,122	7,532,497
Security	16,782,563	15,210,156
General and administrative	20,301,154	25,409,110
Total operating expenses before depreciation	<u>64,341,180</u>	<u>66,010,998</u>
Operating income before depreciation	<u>61,803,305</u>	<u>43,166,496</u>
Depreciation expense	<u>27,423,097</u>	<u>25,957,641</u>
Operating income	<u>34,380,208</u>	<u>17,208,855</u>
Nonoperating revenues (expenses):		
Investment earnings	509,723	152,465
Interest expense, net of capitalized interest	(35,496,260)	(18,167,056)
Interest subsidy	666,398	687,064
Other, net	(5,349,456)	(1,861,021)
Total nonoperating revenues (expenses)	<u>(39,669,595)</u>	<u>(19,188,548)</u>
Loss before capital contributions and special item	(5,289,387)	(1,979,693)
Capital contributions	18,476,047	12,469,116
Capital contributions - specific to port dredging	68,774,198	—
Special item - Contribution to Port Tunnel Project (Note 6)	<u>(173,194,132)</u>	<u>(29,250,000)</u>
Change in net position	(91,233,274)	(18,760,577)
Total net position - Beginning, as restated (Note 3)	<u>214,975,154</u>	<u>233,735,731</u>
Total net position - Ending	<u>\$ 123,741,880</u>	<u>\$ 214,975,154</u>

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

MIAMI-DADE COUNTY, FLORIDA
SEAPORT DEPARTMENT
Statements of Cash Flows
Years ended September 30, 2014 and September 30, 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Cash received from customers and tenants	\$ 127,813,283	\$ 105,080,297
Cash paid to suppliers	(37,417,315)	(42,255,678)
Cash paid to employees for services	(26,851,808)	(25,568,875)
Net cash provided by operating activities	<u>63,544,160</u>	<u>37,255,744</u>
Cash flows from noncapital financing activities:		
Contribution to fund Port Tunnel project	(172,448,082)	(29,250,000)
Proceeds from issuing bonds	181,320,000	30,245,818
Issuance costs for issuing bonds	(321,993)	(281,023)
Interest paid	(620,555)	(714,795)
Net cash provided by noncapital financing activities	<u>7,929,370</u>	<u>—</u>
Cash flows from capital and related financing activities:		
Advance payment to other government for dredging project	(80,650,829)	(130,525,421)
Capital grants received	9,230,510	15,183,622
Grant for Dredging project	107,519,315	—
Principal payments:		
Bonds	(11,860,000)	(11,255,000)
Notes and loans	(1,097,878)	(4,235,000)
Capital Acquisition Bonds	(3,965,000)	(3,900,000)
Interest paid	(30,958,223)	(20,623,364)
Interest subsidy received	666,398	687,064
Purchase of capital assets	(60,739,653)	(78,980,794)
Proceeds from issuing loans and bonds	298,390,000	352,404,182
Premiums from issuing loans and bonds	12,971,317	13,200,029
Payments to refund loans and bonds	(290,002,122)	(30,714,577)
Issuance costs for issuing loans and bonds	(3,062,589)	(2,064,585)
Net cash (used in) provided by capital and related financing activities	<u>(53,558,754)</u>	<u>99,176,156</u>
Cash flows from investing activities:		
Investments purchased	(198,140,612)	(185,873,755)
Proceeds from sale and maturities of investments	185,873,755	48,955,388
Interest and dividends from investments	709,548	152,465
Net cash used for investing activities	<u>(11,557,309)</u>	<u>(136,765,902)</u>
Net increase (decrease) in cash and cash equivalents	<u>6,357,467</u>	<u>(334,002)</u>
Pooled cash and cash equivalents (including restricted assets) at beginning of year	<u>1,477,186</u>	<u>1,811,188</u>
Pooled cash and cash equivalents (including restricted assets) at end of year	<u>\$ 7,834,653</u>	<u>\$ 1,477,186</u>

(Continued)

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

MIAMI-DADE COUNTY, FLORIDA
SEAPORT DEPARTMENT
Statements of Cash Flows (continued)
Years ended September 30, 2014 and September 30, 2013

	<u>2014</u>	<u>2013</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 34,380,208	\$ 17,208,855
Adjustments to reconcile operating income to net cash		
Depreciation	27,423,097	25,957,641
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable, net	1,629,870	(4,117,122)
(Increase) decrease in prepaid expenses and other current assets	(3,076,746)	1,236,419
Increase (decrease) in accounts payable, accrued expenses and due to other Miami-Dade County Funds	3,915,869	174,026
Increase (decrease) in accrued payroll and related expenses and compensated absences	7,332	145,535
Increase (decrease) in unearned revenue and other liabilities	(641,072)	(3,884,276)
Increase (decrease) in compensated absences and post - employment benefit	(94,398)	534,666
Net cash provided by operating activities	<u>\$ 63,544,160</u>	<u>\$ 37,255,744</u>

Supplemental disclosure for cash investing, capital and financing activities:

Seaport exercised the conversion option included in its Sunshine State Governmental Financing Commission Multimodal Revenue Bonds trust indenture and converted its bonds from a variable to fixed rate debt. The cash flows associated with exercising this conversion option is reflected in the cash flow statement for the fiscal year ending September 30, 2014. See Note 6 for additional disclosures related to this transaction.

Supplemental disclosure for noncash investing, capital and financing activities:

During fiscal year 2013, the Seaport partially refunded the Series 1995 Bonds and Series 1996 Bonds with the issuance of the Series 2013C Bonds and 2013D Bonds and recorded a \$1.15 million deferred loss on refunding related to this transaction.

During fiscal year 2014, the Seaport partially converted the Sunshine Loans Series 2010A, 2010B, 2011B and 2011C with the issuance of the Series 2010A-1, 2010B-1, 2011B-1 and 2011C-1 loans and recorded \$230,453 deferred loss on refunding related to this transaction.

Construction and related liabilities were \$12,896,156 and \$12,119,816 for fiscal years ended 2014 and 2013, respectively. Additionally, the Seaport capitalized \$5,345,757 and \$2,785,560 of interest expense during the same years.

As of September 30, 2014, the Seaport had a balance of \$37,217,507 in Unearned revenues - advance from other governments for the Dredging project.

For fiscal year 2014, the Seaport recorded \$68,774,198 in noncash contributions work completed for the Dredging project. Capital grants receivable related to the Dredging project were \$71,733 and \$1,599,343 for fiscal year 2014 and 2013, respectively.

For fiscal year 2014 and 2013, the Seaport recorded \$21,389,962 and \$2,649,902, respectively in noncash construction in progress amounts for work completed against the Advance to other governments related to the Seaport's phase III dredging project. Such amounts were recorded as part of construction in progress.

For fiscal year 2013, the Seaport did not record or receive any noncash capital contributions. Capital grants receivable were \$9,995,061 and \$749,524 at fiscal year 2014 and 2013, respectively.

For fiscal year 2014, the Seaport recorded \$199,825 of unrealized losses in changes in fair value of investments.
For fiscal year 2013, the Seaport did not record any changes in fair value of investments due to amounts being immaterial.

(Concluded)

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

(This page left blank intentionally)

**Miami-Dade County, Florida Seaport Department
Fiscal 2014 and 2013 Comprehensive Annual Financial Reports
Notes to the Financial Statements**

(1) General Description

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

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

(2) Summary of significant accounting policies

(a) Basis of Accounting and Reporting Entity

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

(b) Cash and Cash Equivalents and Investments

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

Non-participating investments, such as nonnegotiable certificates of deposit with redemption values that do not consider market rates, are reported at amortized cost. Participating investments are carried at fair value, and unrealized gains and losses due to variations in fair value are recognized for the year. In fiscal year 2014, the Seaport recorded unrealized losses of \$199,825 in the Statements of Revenues, Expenses and Changes in Net Position as part of investment earnings.

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

(c) Accounts Receivable and Allowance for Doubtful Accounts

Receivables include amounts due from customers for services provided by Seaport and are recorded when the related revenue is earned. Allowances for uncollectible receivables are based

Miami-Dade County, Florida Seaport Department
Fiscal 2014 and 2013 Comprehensive Annual Financial Reports
Notes to the Financial Statements

upon specifically identifying uncollectible accounts, historical trends, and periodic aging of receivables. The allowance balance was \$0.95 million and \$1.07 million for fiscal years 2014 and 2013, respectively. The Seaport records adjustments to the allowance with an offset to revenue in the Statements of Revenues, Expenses and Changes in Net Position.

(d) Restricted Assets

The use of certain assets is restricted by debt indentures and other agreements. Assets so designated are identified as restricted assets on the statements of net position.

(e) Application of Restricted and Unrestricted Resources

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

(f) Capital Assets and Depreciation

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

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

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

(g) Interest on Indebtedness

Interest is charged to expense as incurred, except for the amount of interest that is capitalized which is determined by applying the Seaport's weighted average interest rate to the average amount of accumulated expenditures for capital construction during the period and for interest related to tax-exempt borrowings used for construction projects, net of interest earned on those construction funds borrowed, which are capitalized. In fiscal years 2014 and 2013, the Seaport incurred interest expense of approximately \$35.5 million and \$18.2 million, net of capitalized interest of approximately \$5.3 million and \$2.8 million, respectively.

(h) Deferred outflows/inflows of resources

The Statements of Net Position include a separate section for Deferred Outflows of Resources. This category represents the net position that will be recognized as expenses in the future period to which it applies. For the Seaport, the only item in this category is Deferred Charge on Refunding. This charge represents the current and advance refunding resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized over the shorter remaining life of the old debt or the life of the new debt using the straight-line method, which does not result in a material difference from the effective interest method.

Miami-Dade County, Florida Seaport Department
Fiscal 2014 and 2013 Comprehensive Annual Financial Reports
Notes to the Financial Statements

(i) Debt Premiums and Discounts

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

(j) Compensated Absences

Seaport accounts for compensated absences by accruing a liability for employees' compensation for future absences according to the guidelines of GASB Statement No. 16, Accounting for Compensated Absences. As of September 30, 2014 and 2013, long-term liabilities for compensated absences were \$4.8 million and \$4.9 million, respectively. As of September 30, 2014 and 2013, short-term liabilities for compensated absences were \$1.6 million and \$1.7 million, respectively.

(k) Deferred Compensation Plan

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

(l) Revenue and Expense Classifications

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

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

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

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

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

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

Container crane user fees — revenue from charges assessed to cargo operators for crane usage.

Miami-Dade County, Florida Seaport Department
Fiscal 2014 and 2013 Comprehensive Annual Financial Reports
Notes to the Financial Statements

For fiscal years 2014 and 2013, approximately 71% and 79% of the Port's operating revenues and corresponding receivables are generated from five operators. The following tables summarize the balances for cruise and cargo operators. Amounts are in thousands.

Fiscal year 2014:

<u>Cruise Operator</u>	<u>Revenue</u>	<u>Receivable</u>	<u>Cargo Operator</u>	<u>Revenue</u>	<u>Receivable</u>
Company A	\$ 33,122	\$ 602	Company D	\$ 13,255	\$ 1,231
Company B	13,687	304	Company E	9,836	244
Company C	19,507	1,920	Total	** \$ 23,091	\$ 1,475
Total	* \$ 66,316	\$ 2,826			

Fiscal year 2013:

<u>Cruise Operator</u>	<u>Revenue</u>	<u>Receivable</u>	<u>Cargo Operator</u>	<u>Revenue</u>	<u>Receivable</u>
Company A	\$ 29,608	\$ 1,220	Company D	\$ 17,334	\$ 1,182
Company B	12,570	1,525	Company E	13,257	1,476
Company C	14,113	1,310	Total	** \$ 30,591	\$ 2,658
Total	* \$ 56,291	\$ 4,055			

* Includes cruise wharfage/dockage and parking revenues.

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

(m) Rates, Fees, Rentals and Other Charges

If not specified by contract, the Seaport's rates, fees, rentals and other charges are published in Terminal Tariff No.010 and are subject to the rate covenant provisions of County Ordinance 88-66 ("Master Bond Ordinance") governing senior lien bonds (see Note 6). Pursuant to this covenant, the Seaport agrees that it will maintain the present level of rates, fees, rentals and other charges unless the Seaport Director requests and concurs with recommendations by the Seaport's consulting engineers for revisions. The consulting engineers review the rates and issues recommendations to meet the Master Bond Ordinance's provisions. The Seaport reviews its tariffs annually during the budget process for any necessary revisions.

(n) Pension Plan and Postemployment Benefits

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

(o) Grants

Grants received for the acquisition or construction of capital assets are recorded as capital contributions in the Statements of Revenues, Expenses and Changes in Net Position when eligibility requirements are met, which is when qualifying eligible cost are incurred.

(p) Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets/deferred outflows of resources and liabilities/deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Miami-Dade County, Florida Seaport Department
Fiscal 2014 and 2013 Comprehensive Annual Financial Reports
Notes to the Financial Statements**

(q) Reclassification

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

(r) Net position

The Seaport's Statement of Net Position is displayed in three categories: 1) net investment in capital assets, (2) restricted for debt service and reserve, (3) restricted for construction and (4) unrestricted. Net investment in capital assets consists of capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct or improve those assets, excluding unexpended proceeds and related deferred inflow/outflows of resources. The restricted component of net position is reported as restricted when there are third party limitations (statutory, contractual or bond covenant) on their use. The unrestricted component of net position consists of all the other components that do not meet the definition of either of the other two components. For additional information on Unrestricted Net Position see note 16.

(s) Unearned revenues

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

(t) Advance to other governments

Advance to other governments are upfront payments made to other governments to fund certain capital improvements projects for the Port. For the fiscal years ending 2014 and 2013, upfront payments were made to the United States Department of the Army Core of Engineers (USCOE) for the dredging of the Port.

(u) Unearned revenues – advance grants from other governments

Advance grants from other governments are grants received to fund certain capital improvements projects for the Port. For the fiscal year ending 2014, the Seaport received grants from the Florida Department of Transportation to be used for the dredging of the Port.

(v) Accounting Standards Adopted

In fiscal year 2014, the Seaport adopted one new statement of financial accounting standards issued by the GASB:

Statement No. 65 (GASB 65), *Items Previously Reported as Assets and Liabilities* provides additional guidance for items listed in GASB 63 and provides additional guidance in accounting and financial reporting for deferred outflows of resources or deferred inflows of resources, certain items previously reported as assets or liabilities, the calculation of deferred outflow or inflow for the refunding of debt and debt issuance costs to be expensed in the period the debt was issued, unless the issuance costs are related to insurance, which can then be deferred and amortized. Changes to the Port's statements can be found in the Statements of Net Position and Note 3.

(3) Restatement of Prior Year Net Position Balances

During the fiscal year ended September 30, 2014, the Seaport implemented GASB 65. This accounting change required the Seaport to expense unamortized debt issuance costs previously recorded as an asset. Accordingly, beginning net position in the Statements of Revenues, Expenses and Changes in Net Position has been restated for the earliest period presented (fiscal year 2013) in accordance with the requirements of GASB 65.

Miami-Dade County, Florida Seaport Department
Fiscal 2014 and 2013 Comprehensive Annual Financial Reports
Notes to the Financial Statements

The impact of this accounting change is as follows:

<u>Net Position</u>	<u>Fiscal Year 2013</u>
Net Position: October 1, 2012	\$ 238,230,315
Adjustment to write-off debt issuance costs	<u>(4,494,584)</u>
Net Position: October 1, 2012, as restated	<u>\$ 233,735,731</u>

<u>Change in Net Position</u>	<u>Fiscal Year 2013</u>
Change in Net Position: September 30, 2013	\$ (17,115,526)
Adjustment to expense debt issuance costs	<u>(1,645,051)</u>
Change in Net Position: September 30, 2013, as restated	<u>\$ (18,760,577)</u>

The restatement of GASB 65 also required the reclassification of deferred charge on refunding of debt from long-term debt to deferred outflows of resources. The deferred outflow of resources balance as of September 30, 2014 and 2013 was \$7,967,315 and \$10,005,656, respectively.

(4) Cash, Cash Equivalents, and Investments

The County is responsible for all treasury functions, and pools all cash and investments, except separate cash and investment accounts required by debt indentures and other agreements which are maintained under legal restrictions. Seaport's equity share of the total pooled cash and investments is included in the accompanying Statement of Net Position under the current and restricted captions "Pooled cash and cash equivalents" or "Pooled investments". The carrying amounts of Seaport's pooled cash is \$7.8 million, pooled current and noncurrent investments held by the County are \$60.7 million and \$136.6 million, respectively, which represents less than 10% of the County's pooled cash, cash equivalent, and investments as of September 30, 2014. (See the County's Comprehensive Annual Financial Report for disclosures relating to its interest rate risk, credit risk, custodial credit risk, and concentration of credit risk).

During fiscal year 2014, Seaport maintained the cash and investment reserves required by the Master Bond Ordinance (see note 6) and made all transfers and deposits required by the Master Bond Ordinance and other subordinated debt agreements from available operating and nonoperating revenue.

(intentionally left blank)

Miami-Dade County, Florida Seaport Department
Fiscal 2014 and 2013 Comprehensive Annual Financial Reports
Notes to the Financial Statements

(5) Capital assets

Capital asset activity for the years ended September 30, 2014 and 2013, are as follows (in thousands):

	Balance at 9/30/12	Additions/ Transfers	Deletions/ Transfers	Balance at 9/30/13	Additions/ Transfers	Deletions/ Transfers	Balance at 9/30/14
Capital assets not being depreciated:							
Land and related costs	\$ 210,573	\$ -	\$ -	\$ 210,573	\$ -	\$ -	\$ 210,573
Construction in progress	64,291	82,689	(1,053)	145,927	148,383	(66,095)	228,215
Total capital assets not being depreciated	274,864	82,689	(1,053)	356,500	148,383	(66,095)	438,788
Capital assets being depreciated:							
Buildings, transit sheds and terminals	464,133	355	-	464,488	37,172	-	501,660
Improvements other than buildings	302,749	861	-	303,610	27,104	-	330,714
Machinery and equipment	76,144	3,060	-	79,204	9,717	-	88,921
Total capital assets being depreciated	843,026	4,276	-	847,302	73,993	-	921,295
Less accumulated depreciation for:							
Buildings, transit sheds and terminals	(191,075)	(14,036)	-	(205,111)	(14,832)	-	(219,943)
Improvements other than buildings	(97,259)	(7,158)	-	(104,417)	(7,429)	-	(111,846)
Machinery and equipment	(26,353)	(4,763)	-	(31,116)	(5,163)	-	(36,279)
Total accumulated depreciation	(314,687)	(25,957)	-	(340,644)	(27,424)	-	(368,068)
Total capital assets being depreciated, net	528,339	(21,681)	-	506,658	46,569	-	553,227
Total capital assets, net	\$ 803,203	\$ 61,008	\$ (1,053)	\$ 863,158	\$ 194,952	\$ (66,095)	\$ 992,015

The following table summarizes the major construction in progress projects for the Port as of September 30, 2014 (dollars in thousands).

Project Description	Amount
Dredging to accommodate larger cargo vessels	\$ 149,734
Cargo yard related improvements	39,505
Security enhancements	4,225
Cruise terminal improvements	27,520
Total	\$ 220,985

(6) Long-term Debt

(a) Bond Covenant

Under the provisions of Master Ordinance 88-66, as amended, (the "Ordinance") authorizing the issuance of senior lien bonds, the County issued Seaport Revenue Bonds and Seaport General Obligation Bonds on a parity basis. Principal is paid annually on October 1 for all Revenue and General Obligation Bonds; interest is paid semiannually on October 1 and April 1 every year. The revenue bonds are payable solely from the revenue of the Seaport and are not general obligations of the County. The general obligation bonds are payable primarily from the revenue of

**Miami-Dade County, Florida Seaport Department
Fiscal 2014 and 2013 Comprehensive Annual Financial Reports
Notes to the Financial Statements**

the Seaport, and, to the extent that the revenue of the Seaport is insufficient, are payable from ad valorem taxes levied on property in Miami-Dade County without limit as to rate or amount.

The Ordinance requires the County to maintain and revise the schedule of rates and fees at the Seaport such that operating revenue shall be sufficient to provide an amount at least equal to the total of 100 percent of operating expenses (seaport operations, as defined), as computed from the annual budget. Operating income, defined as revenue less operating expenses before depreciation must be at least 125 percent of the maximum principal and interest requirements on all revenue bonds for any future fiscal year plus 110 percent of the maximum principal and interest requirements on general obligation bonds for any future fiscal year. The Seaport must have debt service reserves at least equal to 100 percent of the amount required to pay maturing principal and interest semiannually.

In May 2014, via Ordinance 14-34, the Board approved an amendment to the Master Bond Ordinance 88-66, which provided additional security to the Bondholders, by adding certain revenues that may be received by the Seaport Department, to the definition of Revenue including without limitations, funds remitted to the County from the State Comprehensive Enhanced Transportation System Tax (SCETS). Payment of the SCETS tax to the Seaport is not guaranteed on an annual basis since such payments are contingent on the annual appropriation by the State of Florida. The SCETS tax is expected to be received from the Florida Department of Transportation for fiscal years 2018 thru 2042 as a reimbursement to the Seaport for its portion of the cash contribution made towards construction of the FDOT owned Port Tunnel.

(intentionally left blank)

Miami-Dade County, Florida Seaport Department
Fiscal 2014 and 2013 Comprehensive Annual Financial Reports
Notes to the Financial Statements

A summary of the Seaport's long-term debt outstanding as of September 30, 2014 and 2013 is presented in the following table (dollars in thousands):

Description	Year Issued	Interest Rate	Amount Issued	Year of Maturity	Outstanding Balance 2014	Outstanding Balance 2013
Revenue Bonds:						
Series 1995 (Refunding Bonds)	1995	4.60%-6.20%	\$ 44,950	2014	\$ -	\$ 5,530
Series 1996	1996	4.00%-5.50%	29,270	2014	-	960
Series 2013 A (fixed rate)	2013	4.00%-6.00%	244,140	2043	244,140	244,140
Series 2013 B (fixed rate)	2013	5.00%-6.25%	109,220	2043	109,220	109,220
Series 2013 C (Refunding Bonds)	2013	2.00%-3.00%	11,825	2016	11,825	11,825
Series 2013 D (Refunding Bonds)	2013	2.00%-6.00%	17,465	2027	17,465	17,465
Series 2014 A (variable rate)	2014	0.70%	181,320	2051	181,320	-
Series 2014 B (variable rate)	2014	0.72%	20,150	2051	20,150	-
Unamortized net deferred amounts					12,677	13,200
Less: Current portion					(6,875)	(6,490)
Total Long-term Revenue Bonds					589,922	395,850
General Obligation Bonds:						
Series 2011C (Refunding Bonds)	2011	2.00%-5.00%	111,375	2026	95,205	100,575
Unamortized premium amount					6,840	7,409
Less: Current portion					(5,610)	(5,370)
Total Long-term General Obligation Bonds					96,435	102,614
Sunshine State Loans:						
Series 2010A (variable rate)	2014	0.55%	47,620	2035	46,205	47,620
Series 2010A-1 (fixed rate)	2014	4.00%-5.00%	65,330	2028	65,330	65,330
Series 2010B (variable rate)	2014	0.54%	47,620	2035	46,205	47,620
Series 2010B-1 (fixed rate)	2014	4.00%-5.00%	60,670	2028	60,670	65,330
Series 2011A (fixed rate)	2011	5.00%	50,105	2021	33,055	38,425
Series 2011B-1 (fixed rate)	2014	3.75%-5.50%	28,500	2032	28,500	28,500
Series 2011C-1 (fixed rate)	2014	4.00%-5.50%	28,500	2032	28,500	28,500
Unamortized premium amounts					12,088	1,377
Less: Current portion					(5,360)	(5,370)
Total Long-term Sunshine State Loans					315,193	317,332
Capital Asset Acquisition Bonds:						
Series 2009A	2009	3.00%-5.13%	68,630	2039	62,685	65,195
Series 2010D	2010	7.50%	21,277	2040	21,277	21,277
Series 2010E	2010	3.50%-5.00%	38,050	2030	33,850	35,305
Unamortized premium amounts					502	533
Less: Current portion					(4,025)	(3,965)
Total Capital Asset Acquisition Bonds					114,289	118,345
Total long-term debt, net					\$ 1,115,839	\$ 934,141

(b) Seaport Revenue Bonds

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

Miami-Dade County, Florida Seaport Department
Fiscal 2014 and 2013 Comprehensive Annual Financial Reports
Notes to the Financial Statements

Series 1988B; (3) prepay \$15.6 million of the then outstanding \$27.3 million Seaport Revenue Refunding Bonds Series 1990E; and (4) to pay issuance costs. On September 20, 2013, an outstanding principal amount of \$12.035 million of the Series 1995 Bonds were refunded with the proceeds from the Seaport Revenue Refunding Bonds Series 2013C. The Series 1995 Bonds fully matured and was paid off in 2014.

Seaport Revenue Bonds, Series 1996 —On November 21, 1996, the County issued \$29.3 million of Seaport Revenue Bonds, Series 1996 (Series 1996 Bonds). The net proceeds of \$28.8 million were used to: (1) pay certain capital improvements costs for the Seaport's passenger terminal facilities; (2) pay issuance costs; (3) and to fund a portion of the Reserve Account Requirement for the Series 1996 Revenue Bonds. On September 20, 2013, an outstanding principal amount of \$18.425 million of the Series 1996 Bonds were refunded with proceeds from the Seaport Revenue Refunding Bonds Series 2013D. The Series 1996 Bonds fully matured and was paid off in 2014.

Seaport Revenue Bonds, Series 2013A —On September 20, 2013, the County issued \$244.14 million of Seaport Revenue Bonds, Series 2013A (Series 2013A Bonds). The proceeds of \$251.8 million were used to: (1) pay costs of certain improvements and capital expenditures for various Seaport facilities; (2) pay issuance costs; (3) pay certain capitalized interest on the Series 2013A Bonds; (4) and fund the Reserve Account Requirement for the Series 2013A Bonds. The Series 2013A Bonds are scheduled for payment through 2043.

Seaport Revenue Bonds, Series 2013B —On September 20, 2013, the County issued \$109.22 million of Seaport Revenue Bonds, Series 2013B (Series 2013B Bonds). The proceeds of \$113.1 million were used to: (1) pay costs of certain improvements and capital expenditures for various Seaport facilities; (2) pay issuance costs; (3) pay certain capitalized interest on the Series 2013B Bonds; (4) and fund the Reserve Account Requirement for the Series 2013B Bonds. The Series 2013B Bonds are scheduled for payment through 2043.

Seaport Revenue Refunding Bonds, Series 2013C —On September 20, 2013, the County issued \$11.8 million of Seaport Revenue Refunding Bonds, Series 2013C (Series 2013C Bonds). The proceeds of \$12.48 million were used to: (1) Refund substantially all of Series 1995 Bonds; (2) and pay issuance costs. The Series 2013C Bonds are scheduled for payment through 2016.

Seaport Revenue Refunding Bonds, Series 2013D —On September 20, 2013, the County issued \$17.5 million of Seaport Revenue Refunding Bonds, Series 2013D (Series 2013D Bonds). The proceeds of \$19.0 million were used to: (1) Refund substantially all of Series 1996 Bonds; (2) and pay issuance costs. The Series 2013D Bonds are scheduled for payment through 2027.

Seaport Variable Rate Demand Revenue Bonds, Series 2014A —On May 8, 2014, the County issued \$181.3 million of Seaport Variable Rate Demand Revenue Bonds, Series 2014A (Series 2014A Variable Rate Bonds). The proceeds of \$181.3 million were used to: (1) pay additional contribution to FDOT for Port Tunnel Project; (2) fund the Reserve Account Requirement for the Series 2014A Bonds; (3) and pay issuance costs. The Series 2014A Bonds are scheduled for payment through 2051.

Seaport Variable Rate Demand Revenue Bonds, Series 2014B —On May 8, 2014, the County issued \$20.15 million of Seaport Variable Rate Demand Revenue Bonds, Series 2014B (Series 2014B Variable Rate Bonds). The proceeds of \$20.15 million were used to: (1) pay costs of certain improvements and capital expenditures for various Seaport facilities; (2) fund the Reserve Account Requirement for the Series 2014B Bonds; (3) and pay issuance costs. The Series 2014B Bonds are scheduled for payment through 2051.

**Miami-Dade County, Florida Seaport Department
Fiscal 2014 and 2013 Comprehensive Annual Financial Reports
Notes to the Financial Statements**

Series 2014A and 2014B Variable Rate Bonds (2014 Bonds)

The 2014 Bonds are being secured by an irrevocable, direct-pay letter of credit ("LOC's") issued by a Credit Facility Provider ("The Bank"). Under the LOC's, the agent is permitted to draw thereon to pay (i) principal when due whether at stated maturity or sinking fund redemption (ii) portion of the purchase price equal to the principal amount tendered for optional or mandatory purchase and (iii) up to 56 days' interest accrued calculated at a rate of 12% per annum. The LOC's will serve as a Liquidity Facility for the 2014 Bonds in the Weekly Mode and will expire on May 7, 2019. Upon expiration or earlier termination of the Series 2014 Bonds LOC's, the 2014 Bonds shall be subject to mandatory tender for purchase in the amount of \$201.5 million.

(c) Seaport General Obligation Bonds

Seaport General Obligation, Refunding Bonds, Series 2011C — On May 26, 2011, the County issued \$111.4 million of Seaport General Obligation Refunding Bonds, Series 2011C (Series 2011C Bonds) for the primary purpose of refunding, defeasing and redeeming together with other available funds, all of the County issued \$149.9 million Seaport General Obligation Refunding Bonds, Series 1996. The net proceeds of \$119.6 million together with \$3.5 million of other funds from the County totaling \$123.1 million of which \$122.6 million was deposited by the County with the escrow agent and \$458,644 was used for the Series 2011C issuance costs. The series 2011C G.O. Refunding Bonds are scheduled for payment through 2026.

(d) Loans Payable and Sunshine State Governmental Finance Commission

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

(e) Sunshine State Loans

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

Series 2010A and 2010B Bonds (variable rate)

On December 19, 2013, the Commission entered into a Letter of Credit Reimbursement Agreement with the Bank of New York Mellon to secure the Series 2010A Bonds & Series 2010B Bonds in the original amount of \$95.2 million for a term of 3 years expiring in December 2016. In fiscal year 2014, part of the proceeds for the Series 2010A-1 and 2010B-1 Bonds were used to redeem amounts originally scheduled to mature in 2035 for \$2.8 million, leaving a balance of \$92.4 million. As of September 30, 2014, no draw had been made against the LOC.

In the event that the LOC is not renewed and a replacement LOC is not provided, the Seaport shall prepay the loan in full by paying the then applicable prepayment price in the amount of approximately \$92.4 million.

Series 2010A-1, 2010B-1 (fixed rate)

On December 19, 2013, Seaport exercised the conversion option included in its Sunshine State Governmental Financing Commission Multimodal Revenue Bonds trust indenture and converted its Series 2010A and 2010B variable rate bonds to Series 2010A-1 and 2010B-1 fixed rate bonds. The conversion resulted in the principal amounts of Series 2010A and Series 2010B bonds being converted from a weekly rate reset period (variable rate) to a long term interest rate period (fixed rate). The proceeds of \$134.4 million from the conversion were used to: (a) Redeem the Series 2010A and 2010B Bonds in the amount of \$126 million under the conversion option; (b) Reimburse the Letter of Credit (LOC) draw of \$4.6 million with regards to the Multimodal Revenue

Miami-Dade County, Florida Seaport Department
Fiscal 2014 and 2013 Comprehensive Annual Financial Reports
Notes to the Financial Statements

Bonds Series 2010B maturing 2025; (c) Redeem the Series 2010A Bonds and Series 2010B Bonds maturing 2035 for \$2.8 million; and (e) pay issuance costs related to the conversion of \$852 thousand.

2011B-1 and 2011C-1 Bonds (fixed rate)

On February 27, 2014, the Seaport exercised the conversion option included in its Sunshine State Governmental Financing Commission Multimodal Revenue Bonds trust indenture and converted its Series 2011B and 2011C variable rate bonds to Series 2011B-1 and 2011C-1 fixed rate bonds. The conversion resulted in the principal amounts of Series 2011B and Series 2011C bonds being converted from a weekly rate reset period (variable rate) to a long term interest rate period (fixed rate). The proceeds of \$61 million (which included a premium of \$4 million) from the conversion were used to: (a) Redeem the Series 2011B Bonds maturing from 2022 through 2032 for \$28.5 million; (b) Redeem the Series 2011C Bonds maturing from 2022 through 2032 for \$28.5 million; (c) pay issuance costs related to the conversion of \$188 thousand; and (d) Deposit \$4.3 million to the Redemption Account to partially redeem the Series 2011A Bonds maturing on September 1, 2014.

Exercising the conversion option included in the Sunshine State Governmental Financing Commission Multimodal Revenue Bonds trust indentures for the Series 2010A, 2010B, 2011B, and 2011C bonds allowed the Port to lock in rates in a low interest rate environment.

Series 2011A Bonds (fixed rate)

On March 30, 2011, the Commission issued \$248 million (the "Series 2011A Bonds") under the Multimodal Program. The Series 2011A Bonds are fixed rate bonds with a final maturity on September 1, 2021. The proceeds of \$248 million and the original issue premium in the amount of approximately \$8.2 million were lent to the County pursuant to a loan agreement (the "Series 2011A Loan Agreement") on April 14, 2011 and was used to replace \$227 million of the then outstanding County's Series L Loans and \$28 million of the outstanding County's 1986 Loans. Seaport's share of the original issued amount was \$50.1 million which is included herein in Seaport's financial statements as the "Series 2011 A Bonds".

(f) Capital Asset Acquisition Bonds

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

Capital Asset Acquisition Taxable Special Obligation Bonds, Series 2010D - On December 15, 2010, the County, on behalf of the Seaport issued \$40.3 million of Capital Asset Acquisition Taxable Special Obligation Bonds, Series 2010D ("Series 2010D Bonds"). The 2010 D bonds were issued as part of a program under the American Recovery and Reinvestment Act (ARRA) as Recovery Zone Economic Development bonds (RZED). These RZED bonds are a special class of Build America Bonds (BABs) and may be issued by state and local governments for qualified purposes as of December 31, 2010. With RZEDs, the County was able to issue taxable bonds and receive a subsidy from the U.S. Treasury to offset interest payments. Under existing federal legislation, the County would receive a 45 percent interest rate subsidy for direct-pay RZEDs. Such interest subsidy is subject to annual federal appropriation. Of the \$40.3 million proceeds, \$21.3 million was allocated to the Seaport. The purposes for issuing the Series 2010D Bonds were to (1) pay the costs of construction, improvement and renovation of certain capital assets of the Seaport; (2) fund the Reserve Account for the Series 2010D Bonds; and (3) pay the

Miami-Dade County, Florida Seaport Department
Fiscal 2014 and 2013 Comprehensive Annual Financial Reports
Notes to the Financial Statements

costs of issuance relating to the Series 2010D Bonds, including paying the premium for a municipal bond insurance policy securing the Series 2010D Bonds. The Series 2010D Bonds are scheduled for payment through the year 2040.

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

(g) Letter of Credit and Special Item

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

On September 25, 2009, the County entered into a LOC Reimbursement Agreement with Wells Fargo Bank, National Association (the Bank) in the amount of \$75 million to fund the County's (Seaport) share of the Geotechnical and Relief Contingency Reserve if needed. The LOC automatically extended for an additional one year effective September 25, 2010 and each September 25th thereafter unless the Bank shall have notified the County in writing at least 120 days prior to such date and the beneficiary in writing at least 30 days prior to such date that the Bank will not extend such applicable expiration date. The LOC expired on December 23, 2014.

In fiscal year 2013, in connection with FDOT administered Port Tunnel Project, and under the terms of the Concessionaire's (contractor) construction agreement with FDOT, FDOT and the Tunnel Concessionaire came to an agreement that required FDOT to make additional contributions totaling \$58.5 million toward construction of the Port Tunnel from the Geotechnical and Contingency Reserve. The additional contributions paid costs associated in addressing unforeseeable subsurface geologic conditions encountered by the Concessionaire in the project area that were materially different from the subsurface conditions previously disclosed or described by FDOT.

Seaport's share of the additional contributions of \$29.25 million (50% of the \$58.5 million additional contributions) was paid in fiscal year 2013, in accordance with the terms of the Port Tunnel Master Agreement. The Seaport recorded this payment as a Special Item – Contribution to Port Tunnel Project, in the Statements of Revenues, Expenses and Changes in Net Position.

On September 20, 2013, the Seaport used a portion of the Series 2013A bonds proceeds to pay off the then outstanding LOC balance in the amount of \$29.25 million plus interest of approximately \$714,795.

In fiscal year 2014 as part of the Seaport's funding commitment to the Port Tunnel Project, the Seaport made contributions of \$173.1 million to FDOT and this is presented as a Special Item – Contribution to Port Tunnel Project, in the Statements of Revenues, Expenses and Changes in Net Position. The Seaport used the Series 2014A bonds to fund this additional contribution for the Port Tunnel Project.

**Miami-Dade County, Florida Seaport Department
Fiscal 2014 and 2013 Comprehensive Annual Financial Reports
Notes to the Financial Statements**

In March 2015 FDOT and the County entered into an agreement that would allow the Seaport to receive State Comprehensive Transportation System Tax (SCETS) revenues from FDOT in the amount of \$8 million in fiscal year 2018 and \$17 million annually for fiscal year 2019 through 2042. Payment of the SCETS tax to the County is not guaranteed on an annual basis since such payments are contingent on an annual appropriation by the State of Florida.

(intentionally left blank)

Miami-Dade County, Florida Seaport Department
Fiscal 2014 and 2013 Comprehensive Annual Financial Reports
Notes to the Financial Statements

(h) Debt Service Requirements

The Seaport's debt service requirements to maturity by type, assuming the bonds are remarketed and the LOC is renewed and is extended through fiscal year 2052, including the current portion, at September 30, 2014, are as follows (in thousands):

Year Ending September 30,	Revenue Bonds	Sunshine **	G.O. Bonds	State Loans	Cap. Acq. Bonds	Total
Principal						
2015	\$ 6,875		5,610	\$ 5,360	4,025	\$ 21,870
2016	7,050		5,830	15,015	4,085	31,980
2017	1,095		6,070	11,055	4,150	22,370
2018	6,840		6,320	12,085	4,215	29,460
2019	7,130		6,585	12,120	4,300	30,135
2020-2024	41,150		37,675	63,870	22,935	165,630
2025-2029	53,280		27,115	93,260	25,830	199,485
2030-2034	70,105		-	90,530	22,359	182,994
2035-2039	92,925	-	-	5,170	23,451	121,546
2040-2044	121,310		-	-	2,462	123,772
2045-2049	125,870		-	-	-	125,870
2050-2052	50,490		-	-	-	50,490
Total	584,120		95,205	308,465	117,812	1,105,602
Interest						
2015	22,439		4,133	10,655	6,284	43,511
2016	22,270		3,904	10,387	6,117	42,678
2017	22,147		3,658	9,708	5,947	41,460
2018	21,979		3,395	9,268	5,767	40,409
2019	21,673		3,121	8,711	5,570	39,075
2020-2024	102,630		10,724	34,695	24,778	172,827
2025-2029	90,002		1,776	18,672	18,934	129,384
2030-2034	72,754		-	3,093	12,243	88,090
2035-2039	49,060		-	28	5,374	54,462
2040-2044	18,256		-	-	185	18,441
2045-2049	3,997		-	-	-	3,997
2050-2052	356		-	-	-	356
Total	447,563		30,711	105,217	91,199	674,690
Principal and Interest						
2015	29,314		9,743	16,015	10,309	65,381
2016	29,320		9,734	25,402	10,202	74,658
2017	23,242		9,728	20,763	10,097	63,830
2018	28,819		9,715	21,353	9,982	69,869
2019	28,803		9,706	20,831	9,870	69,210
2020-2024	143,780		48,399	98,565	47,713	338,457
2025-2029	143,282		28,891	111,932	44,764	328,869
2030-2034	142,859		-	93,623	34,602	271,084
2035-2039	141,985		-	5,198	28,825	176,008
2040-2044	139,566		-	-	2,647	142,213
2045-2049	129,867		-	-	-	129,867
2050-2052	50,846		-	-	-	50,846
Total	\$ 1,031,683		\$ 125,916	\$ 413,682	\$ 209,011	\$ 1,780,292

**Miami-Dade County, Florida Seaport Department
Fiscal 2014 and 2013 Comprehensive Annual Financial Reports
Notes to the Financial Statements**

****** Series 2010A & B loans and 2014 Bonds in the amount of \$92.4 million and \$201.5 million are variable rate debt with interest calculated on the basis of the interest paid at the end of the fiscal year. The table of debt service requirements to maturity above is prepared using designated maturities reflecting the Seaport's intended amortization to maturity. At each stated maturity the Seaport can retire the maturing amount in whole or in part, or refund the maturing bonds and loans as a part of its annual capital borrowing into another stated maturity, variable rate debt, or fixed rate debt amortized to maturity as determined by then market conditions. The table does not reflect any accelerated amortizations that may result under the term out provisions as discussed in Note 6(e) for the Sunshine State Loans and 2014 Bonds. The average interest rate at year end on the variable rate State Loans was 0.55% and for 2014 Bonds was 0.71%.

On December 19, 2013, the Commission and the Bank of New York Mellon entered into new Letter of Credit Reimbursement Agreements to provide LOC's to secure the principal amounts (variable rate bonds) for Series 2010 A&B bonds of approximately \$92.4 million for a term of 3 years and expiring in December 2016. In the event that the LOCs for the variable rate Series 2010A&B Bonds are not renewed and replacement LOCs are not provided by the expiration date of December 2016, Seaport shall prepay the loans in full by paying the then applicable prepayment price in the amounts of approximately \$92.4 million.

(7) Defeasance of Debt

At September 30, 2014 and 2013, there were no defeased bonds outstanding.

(8) Operating Lease Agreements

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

The Seaport also has several other operating leases (as lessor) consisting principally of the leasing of land, office space, and warehouses to several tenants. The lease agreements consist of both cancelable and noncancelable agreements. The agreements expire over the next 18 years.

Future minimum lease income under the operating leases (with initial or remaining lease terms in excess of one year) as of September 30, 2014 are summarized in the table below (in thousands):

Year ending September 30,	Annual Operating Lease Income
2015	\$ 18,512
2016	17,966
2017	17,822
2018	17,347
2019	16,594
2020-2024	76,021
2025-2029	48,411
2030-2033	2,410
Total rental income	\$ 215,083

**Miami-Dade County, Florida Seaport Department
Fiscal 2014 and 2013 Comprehensive Annual Financial Reports
Notes to the Financial Statements**

Rental income was \$14.8 million and \$13.4 million for fiscal years 2014 and 2013, respectively. At September 30, 2014, the net book values of assets being leased by Seaport as lessor are as follows:

<u>Asset</u>	<u>Asset Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land	\$ 85,305,431	\$ -	\$ 85,305,431
Buildings	38,476,416	36,052,208	\$ 2,424,208
Total	<u>\$ 123,781,847</u>	<u>\$ 36,052,208</u>	<u>\$ 87,729,639</u>

(intentionally left blank)

Miami-Dade County, Florida Seaport Department
Fiscal 2014 and 2013 Comprehensive Annual Financial Reports
Notes to the Financial Statements

(9) Long-term Obligation Activity

Changes in long-term obligations for the year ending September 30, 2014 are as follows (in thousands):

	Balance at 9/30/13	Increase	Decrease	Balance at 9/30/14	Due within One year
Bonds and loans payable:					
Revenue bonds	\$ 389,140	\$ 201,470	\$ 6,490	\$ 584,120	\$ 6,875
General obligation bonds	100,575	-	5,370	95,205	5,610
Sunshine State loans	321,325	-	12,860	308,465	5,360
Capital acquisition bonds	121,777	-	3,965	117,812	4,025
Unamortized discount and premiums, net	22,520	12,971	3,384	32,107	
Total	955,337	214,441	32,069	1,137,709	21,870
Other liabilities:					
Compensated absences	6,557	1,894	2,119	6,332	1,562
Other Post-employment benefits	791	35	-	826	-
Other liabilities	1,610	83	680	1,013	685
Total	8,958	2,012	2,799	8,171	2,247
Total long-term liabilities	\$ 964,295	\$ 216,453	\$ 34,868	\$ 1,145,880	\$ 24,117

Changes in long-term obligations for the year ending September 30, 2013 are as follows (in thousands):

	Balance at 9/30/12	Increase	Decrease	Balance at 9/30/13	Due within One year
Bonds and loans payable:					
Revenue bonds	\$ 43,090	\$ 382,650	\$ 36,600	\$ 389,140	\$ 6,490
General obligation bonds	105,690	-	5,115	100,575	5,370
Sunshine State loans	325,560	-	4,235	321,325	5,370
Capital acquisition bond	125,677	-	3,900	121,777	3,965
Unamortized discount and premiums, net	66	22,469	15	22,520	-
Total	600,083	405,119	49,865	955,337	21,195
Other liabilities:					
Compensated absences	6,081	2,470	1,994	6,557	1,658
Other Post-employment benefits	659	132	-	791	-
Other liabilities	1,330	300	20	1,610	755
Total	8,070	2,902	2,014	8,958	2,413
Total long-term liabilities	\$ 608,153	\$ 408,021	\$ 51,879	\$ 964,295	\$ 23,608

(10) Restricted Assets

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

**Miami-Dade County, Florida Seaport Department
Fiscal 2014 and 2013 Comprehensive Annual Financial Reports
Notes to the Financial Statements**

payment of bond principal and interest. Assets restricted for reserve maintenance are for the payment of unusual or extraordinary maintenance or repairs of Seaport properties that are intended to extend the life of the asset. Under the terms of outstanding bonds and other contractual agreements, assets were restricted for the following purposes (in thousands):

	Year	
	2014	2013
Debt service and reserve	\$ 116,352	\$ 117,720
Capital grants receivable	10,067	2,349
Improvement and construction	171,491	171,543
Total	\$ 297,910	\$ 291,612

(11) Employment Benefits

(a) Pension Plan

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

The Florida Legislature created a new defined contribution program that was added to the menu of choices available to FRS members beginning in June 2002. Formally created as the Public Employee Optional Retirement Program (PEORP), the FRS Investment Plan is available as an option for all current and future FRS members, including renewed members (FRS retirees who have returned to FRS employment). The FRS Investment Plan is a defined contribution plan, in which the monthly contribution rate is fixed, the final benefit will be the total account value (contributions plus investment earnings less expenses and losses) distributed during retirement. Benefits under the plan vest after six years of service. Employees who retire at or after age 62, with six years of credited service, are entitled to an annual retirement benefit, payable monthly. The FRS also provides for early retirement at reduced benefits and death and disability benefits. These benefit provisions and all other requirements are established by State of Florida statutes.

Pension costs for the County (including Seaport) as required and defined by the FRS ranged between 7.37% to 21.14%, 6.95% to 19.06%, and 5.18% to 14.90% of gross salaries for fiscal years 2014, 2013 and 2012, respectively. For the fiscal years ended September 30, 2014, 2013 and 2012, the County contributed 100 percent of the annual required contributions. These contributions aggregated \$222 million, \$171 million, and \$152 million, respectively, which represents 11.24%, 8.71% and 7.6% of covered payroll, respectively, and 8.17% and 7.7% of the total contributions required of all participating agencies for fiscal years 2013 and 2012. Total contribution from all participating agencies was not available for fiscal year 2014. The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due based upon plan assumptions. Employer contributions rates are established by state law as a level percentage of payroll (Chapter 121.70 Florida Statutes).

Employer contribution rates are determined using the entry-age actuarial cost method. The consulting actuary recommends rates based on the annual valuation, but actual contribution rates are established by the Florida Legislature. Pension costs of the Seaport for the years ended September 30, 2014, 2013, and 2012, as required and defined by the FRS were \$1.7 million, \$1.3 million, and \$1.1 million, respectively. These amounts are included in operating expenses in the accompanying Statements of Revenues, Expenses and Changes in Net Position.

**Miami-Dade County, Florida Seaport Department
Fiscal 2014 and 2013 Comprehensive Annual Financial Reports
Notes to the Financial Statements**

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

(b) Postemployment Benefits Other than Pensions

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

Plan Description. The County, for which the Seaport participates, administers a single-employer defined benefit healthcare plan ("the Plan") that provides postretirement medical and dental coverage to retirees as well as their eligible spouses and dependents. Benefits are provided through the County's group health insurance plan, which covers both active and retired members. Benefits are established and may be amended by the Miami-Dade County Board of County Commissioners ("the BCC"), whose powers derive from F.S. 125.01(3) (a). The Plan does not issue a publicly available financial report.

Eligibility: To be eligible to receive retiree medical and dental benefits, participants must be eligible for retirement benefits under the FRS and pay required contributions.

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

Eligibility for Unreduced Pension Benefits under FRS

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

Eligibility for Reduced Pension Benefits under FRS

- 6 years of service (no age requirement)

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

Eligibility for Unreduced Pension Benefits under FRS

- Age 55 with 6 years of special risk service
- 25 years of special risk service (no age requirement)
- Age 52 and 25 years of creditable service, including special risk service and up to maximum of 4 years of active duty wartime military service credit
- Regular Class criteria

Eligibility for Reduced Pension Benefits under FRS

- 6 years of service (no age requirement)

Benefits:

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

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

- JMH HMO High Option
- JMH HMO Low Option

**Miami-Dade County, Florida Seaport Department
Fiscal 2014 and 2013 Comprehensive Annual Financial Reports
Notes to the Financial Statements**

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

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

Number of Covered Participants for the overall County:

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

Funding Policy. The County contributes to both the pre-65 and post-65 retiree medical coverage. Medical contributions vary based on plan and tier. Retirees pay the full cost of dental coverage. The postretirement medical and dental benefits are currently funded on a pay-as-you-go basis (i.e., Miami-Dade County funds on a cash basis as benefits are paid). The County's contribution is the actual pay-as-you-go postemployment benefit payments less participant contributions for the period October 1, 2013 to September 30, 2014. No assets have been segregated and restricted to provide postretirement benefits.

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

Annual OPEB Cost and Net OPEB Obligation. The County's annual other postemployment benefit (OPEB) cost is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The methodology used to determine the Seaport's Annual OPEB cost and Net OPEB Obligation was based on the Seaport number of employees proportionate to the County's total eligible employees. Seaport's proportionate share of the total County's Annual OPEB cost and Net OPEB Obligation was approximately 1.5% for both fiscal years 2014 and 2013, respectively.

The Seaport's annual OPEB costs for the fiscal years 2014 and 2013 on the next page, and the related information for the plan are as follows (dollar amounts in thousands):

Miami-Dade County, Florida Seaport Department
Fiscal 2014 and 2013 Comprehensive Annual Financial Reports
Notes to the Financial Statements

	Fiscal year 2014	Fiscal year 2013
Annual required contribution	\$ 350	\$ 398
Interest on net OPEB obligation	35	29
Adjustment to annual required contribution	(39)	(31)
Annual OPEB cost	346	396
Contributions made	(311)	(264)
Increase in net OPEB obligation	35	132
Net OPEB obligation-beginning of year	791	659
Net OPEB obligation-end of year	\$ 826	\$ 791

The Seaport's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2014 and two preceding years are as follows (dollar amounts in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2014	\$ 350	89.9%	\$ 826
9/30/2013	\$ 398	66.6%	\$ 791
9/30/2012	\$ 381	75.5%	\$ 659

Funded Status and Funding Progress. The schedule below shows the County's balance of the OPEB actuarial accrued liability (AAL) as of October 1, 2013, the most recent actuarial valuation date. The funding status and funding progress was not determined separately for Seaport. The AAL was unfunded as of September 30, 2014 (dollar amounts in thousands).

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Estimated Covered Payroll (c)	UAAL as % of Covered Payroll ([b-a]/c)
10/1/2013	\$ -	\$ 400,103	\$ 400,103	0%	\$ 1,919,888	21%

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

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

The actuarial cost method used in the valuation to determine the Actuarial Accrued Liability (AAL) and the Actuarial Required Contribution (ARC) was the Projected Unit Credit Method with service prorated. Under this method, the total present value of benefits is determined by projecting the

**Miami-Dade County, Florida Seaport Department
Fiscal 2014 and 2013 Comprehensive Annual Financial Reports
Notes to the Financial Statements**

benefit to be paid after the expected retirement date (or other event) and discounting those amounts to the valuation date. The normal cost is computed by dividing the total present value of benefits by the participant's total service (actual plus expected service) at retirement. The AAL under this method represents the total present value of benefits multiplied by the ratio of the participant's actual service to date and divided by expected service at retirement. The AAL for participants currently receiving payments and deferred vested participants is calculated as the actuarial present value of future benefits expected to be paid. No normal cost for these participants is payable. The AAL and normal costs were calculated at the measurement date, which is the beginning of the applicable fiscal year using standard actuarial techniques.

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

Actuarial valuation date	10/01/2013
Amortization method	Level percentage of payroll, closed, over 30 years
Actuarial cost method	Projected unit credit, benefits attributed from date of hire to expected retirement age
Remaining amortization periods	24 years

Actuarial assumptions:

Discount rate	4.4%
Inflation rate	3.5%
Payroll growth assumption	3.0%
Health CPI	3.0%
Health care cost trend period	Grades down over six years by 0.5% per year
Health care cost trend rates	Medical/Rx 8.0% initial to 5.0% ultimate
Mortality table	RP 2014 applied on a gender-specific basis

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 per-capita contribution for retiree benefits will remain flat. As a result, the retiree contributions will be increased to the extent necessary so that they are sufficient to provide for the difference between the gross costs and the fixed County contributions.

The Seaport recorded \$311,000 and \$264,000 of contributions for fiscal years 2014 and 2013, respectively, in operating expenses of the Statements of Revenues, Expenses and Changes in Net Position. Additionally, the Seaport recorded \$826,000 and \$791,000 as a Net OPEB liability as of fiscal years end 2014 and 2013, respectively, in the Statements of Net position, under "Other long-term liabilities".

(12) Risk Management

The County's Risk Management Division (the "RMD") administers workers' compensation and general and automobile liability self-insurance programs. The Seaport, along with other County departments, participates in the County's self-insurance programs. Certain group health insurance programs are also self-insured. An independent administrator administers the programs. There has been no significant reduction in coverage for the last 3 years. Seaport properties are covered under the County's Master Property Insurance Program. The County purchases coverage through commercial carriers. The insurance program contains a \$5 million deductible per occurrence for most perils. A \$200 million deductible per occurrence applies to

Miami-Dade County, Florida Seaport Department
Fiscal 2014 and 2013 Comprehensive Annual Financial Reports
Notes to the Financial Statements

named windstorm losses. The current County wide limit per occurrence provided by this program is \$350 million (inclusive of deductibles). Property coverage for the Seaport's gantry cranes are provided through a combination of the County's program and a policy purchased by the crane management company. There were no property damage claims at the Seaport that exceeded the commercial coverage for the last three fiscal years.

The County maintains no excess coverage with independent insurance carriers for the workers' compensation and general liability self-insurance programs. Premiums are charged to the various County departments based on amounts necessary to provide funding for current and anticipated losses. For the years ended September 30, 2014 and 2013, the Seaport incurred approximately \$2.1 million in insurance premium costs in each fiscal year.

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

(13) Due from other governments

The Seaport has received state and federal grants to fund for various cruise and cargo improvement projects including a harbor-dredging project. As of September 30, 2014 and 2013, total receivables for reimbursement of grant expenditures incurred as of fiscal year end were \$10.1 million and \$2.3 million, respectively. State grant receivables as of September 30, 2014 and 2013, totaled \$1.7 million and \$2.0 million, respectively, and are invoiced to the granting agency upon the incurrence and payment for eligible expense for goods/services received from contractor.

(14) Related-party transactions

(a) County Services Received

Various departments within the County provide goods, administration, public safety, maintenance and various other services to other operating departments. Charges for these services are determined using direct and indirect cost allocation methods or amounts determined based upon direct negotiations between the related parties. Charges for services provided to the Seaport by other County departments included as operating expenses in the accompanying Statements of Revenues, Expenses and Changes in Net Position amounted to approximately \$21.8 million and \$19.8 million for the fiscal years ended September 30, 2014 and 2013, respectively.

The table on the next page presents a list of providers of services and respective charges for the fiscal years ended September 30, 2014 and 2013 (in thousands):

Miami-Dade County, Florida Seaport Department
Fiscal 2014 and 2013 Comprehensive Annual Financial Reports
Notes to the Financial Statements

	2014	2013
Audit and Management Services	\$ -	\$ 330
Fire Services	2,518	2,684
Fleet Management	744	754
Administrative Service Charges	2,100	2,280
Information Technology	1,908	1,705
Police Services	8,708	7,713
Public Works Services	52	50
Miami-Dade Water and Sewer	2,513	2,080
Other	3,265	2,212
Total	<u>\$ 21,808</u>	<u>\$ 19,810</u>

(b) Due to County

Amounts due to the County for the fiscal years ended September 30, 2014 and 2013 were \$0.7 million and \$0.6 million, respectively. Administrative Service Charges above represent the Seaport's pro-rata share of expenses incurred by certain General Fund departments (i.e. Internal Services Department, County Attorney's Office, Office of Management and Budget, Finance Department), on behalf of the Seaport.

(15) Commitments, Contingencies and Guarantees

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

The Board approved various resolutions authorizing the County Manager to execute terminal usage agreements with the Port's major cruise lines (the "Lines") and cargo terminal operators. These agreements provide certain wharfage and dockage incentive discounts from the published Tariff in return for minimum annual revenue guarantees and preferential berthing arrangements at certain terminal facilities. The operating agreements also provides for container yard improvements, reduced reefer rates and other commitments to incur expense and make certain incentive payments which are not reflected in the table of total gross minimum annual revenue guarantees below.

The following table provides total gross minimum annual revenue guarantees due the Port for the following years (in thousands):

Year Ending September 30,	Cruise Operators	Cargo Operators
2015	\$ 56,321	\$ 44,788
2016	58,591	46,551
2017	58,792	48,401
2018	60,353	50,341
2019	36,027	52,327
2020-2024	88,871	295,657
2025-2029	-	363,862
2030-2031	-	82,502
Totals	<u>\$ 358,954</u>	<u>\$ 984,430</u>

Seaport entered into a terminal usage agreement with a cruise line operator which commits the Seaport to make certain terminal improvements in order to accommodate the cruise operator's passenger and vessel operations. The cost for such terminal improvements is estimated to be approximately \$10 million and will be advanced by the operator to the Seaport. In consideration for advancing the terminal improvement construction costs, the operator will be eligible to obtain dollar for dollar credit offsets against future port dockage and passenger wharfage fees (up to \$10

**Miami-Dade County, Florida Seaport Department
Fiscal 2014 and 2013 Comprehensive Annual Financial Reports
Notes to the Financial Statements**

million), plus additional credits equal to the operator's advanced payments for tenant relocation costs, not to exceed \$1 million. Any incurred construction costs above \$10 million, but not more than \$11 million, will also be advanced by the operator with the operator receiving offsets for half of such additional amount from the Seaport. The costs paid by the Seaport for construction design services will be paid by the operator with a cap of not to exceed \$1.5 million. The operator shall not be entitled to offsets or credits for any costs associated with design services. For the year ending September 30, 2014, the operator has not made any advance payments to Seaport which would require the commencement of terminal improvements and no credit offsets against future port dockage and passenger wharfage fees were required to be provided to the operator in connection with terms of this agreement.

(b) Litigation

The Seaport as a department of the County is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. The County, after reviewing the current status of all pending and threatened litigation with respect to the operations of the Seaport, believes that while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or threatened against the County or its officials in such capacity, are adequately covered by the County's self-insurance program or will not have a material adverse effect upon the financial position of the Seaport. During fiscal year 2010, the Port accrued a litigation settlement claim of \$3,984,199 and included such liability in the Statements of Net Position and as nonoperating expenses, in the Statements of Revenues, Expenses and Changes in Net Position. In fiscal year 2013, the Seaport paid the settlement claim to the Plaintiff in the amount of \$3,984,199 plus interest of approximately \$28 thousand. In December 2013, the Plaintiff filed for approximately \$3 million in attorney's fees and \$70,000 in court costs. The County opposed both applications as being unreasonably excessive as to the amounts sought, which the Plaintiff is entitled to reasonable and necessary fees and costs. On September 8, 2014, the United States District Court determined the reasonable amount for attorney's fees and court costs to be \$1,964,874. The Seaport accrued \$1,964,874 and included such liability in the Statements of Net Position and recorded this as nonoperating expenses, in the Statements of Revenues, Expenses and Changes in Net Position.

(d) Federal and State Grants

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

(e) Construction

Seaport had contractual commitments of \$32.8 million for the construction of cruise and cargo improvements, other port-wide infrastructure improvements, and certain other asset acquisitions at September 30, 2014.

(f) Phase III Dredging

In July 2012, the Board approved a resolution authorizing a Project Partnership Agreement between Miami-Dade County ("County") and the United States Department of the Army ("Army") for the construction of the -50 feet Miami Harbor Federal Navigation Project Phase III at the Port. The total cost of the project, including the cost of construction, Army procurement and administration, environmental mitigation and monitoring, and an Army required contingency, is estimated to be in the range of \$180 to \$220 million. In fiscal year 2014 and 2013, the Seaport made advance payments to the Army of approximately \$80.7 million and \$130.5 million using bond proceeds. As of September 30, 2014 and 2013, work completed against the advance was \$92.9 million and \$2.6 million, leaving an unspent balance of approximately \$118.4 million and \$127.9 million. The unspent balance of \$118.4 million and \$127.9 million is recorded as an advance to other government on the Statement of Net Position as of September 30, 2014 and 2013, respectively. In connection with the project, the County also entered into grant agreements

**Miami-Dade County, Florida Seaport Department
Fiscal 2014 and 2013 Comprehensive Annual Financial Reports
Notes to the Financial Statements**

with the Florida Department of Transportation (FDOT) to receive approximately \$108.7 million of funding from FDOT to reimburse the County for certain specific costs incurred to complete the project. In fiscal year 2014, FDOT advance funded approximately \$107.5 million of the awarded grant amount to Seaport. Of this amount, approximately \$68.8 million was used to fund for Phase III Dredging project costs for the fiscal year ending September 30, 2014.

The total project cost is being funded by the County and FDOT in the following amounts (in millions), as of September 30, 2014:

<u>Contributors</u>	<u>Amounts</u>
County	\$ 102.5
FDOT	108.7
Total	<u>\$ 211.2</u>

Any cost incurred in excess of the amounts listed in the table above is expected to be funded by Seaport debt proceeds.

In fiscal year 2014, the USCOE advised Seaport that it expects to incur \$5.8 million of additional costs related to the Dredging Project. The final outcome of this claim could not be determined as of fiscal year end 2014. However, if such costs are determined to be the responsibility of the Seaport, they will be applied against the advance paid to the USCOE.

(16) Unrestricted Net Position

As mentioned in the MD&A section, the negative unrestricted net position is due to the Seaport's contribution to the Florida Department of Transportation (FDOT) for the Port Tunnel Project. The "Tunnel" or "Port of Miami Tunnel", located beneath the Governmental Cut connects the Port directly with the interstate highway system. The Tunnel improves access to and from the Port, making trucking and passenger vehicle connections from the Port to the rest of the region and country substantially easier and eliminates the Port's dependence on the current Port Boulevard Bridge. It will also reduce traffic congestion in the downtown area of Miami. The Tunnel is owned by the State of Florida and as such not recorded as a Port asset.

In return for the County providing a portion of the funds for the Tunnel Project, in March 2015 FDOT presented the County a Joint Participating Agreement (JPA) agreeing to pay the County from annually appropriated State Comprehensive Enhance Transportation System Tax (SCETS) the amount of \$8 million in the State's fiscal year 2018 and \$17 million annually in each of the State's fiscal years 2019 through 2042.

Because the SCETS funds are subject to annual appropriation by FDOT, Government Accounting Standards do not allow a receivable to be reported until the funds are appropriated and therefore a receivable will only be reported for the annual amount appropriated each year in the year of appropriation. If a receivable for the full amount expected to be appropriated by FDOT was reported it would offset the negative unrestricted net position.

(17) Subsequent Event

On December 23, 2014, the LOC agreement between the County and Wells Fargo expired. On December 18, 2014, the Seaport advanced \$500,000, in exchange of the LOC, to FDOT to cover any additional unforeseen geotechnical costs associated with the digging of the Port Tunnel. FDOT will return any unused portion of the advance to the Seaport.

**Miami-Dade County, Florida Seaport Department
Fiscal 2014 and 2013 Comprehensive Annual Financial Reports
Notes to the Financial Statements**

On February 3, 2015, the County amended an agreement with one its cruise operator to extend the term of the contract to an additional ten years through year 2028, with the cruise operator having one to seven year option to renew the contract and certain cruise terminal improvements to be paid for by the County for an estimated \$10 million.

(This page left blank intentionally)

***REQUIRED SUPPLEMENTARY
INFORMATION***

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Estimated Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
10/1/2013	\$ -	\$ 400,103	\$ 400,103	0%	\$ 1,919,888	21%
10/1/2012	\$ -	\$ 424,244	\$ 424,244	0%	\$ 2,145,780	20%
10/1/2011	\$ -	\$ 418,581	\$ 418,581	0%	\$ 2,155,921	19%

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

(2) The schedule of funding progress above presents balances for the overall County, which includes the Seaport Department.

STATISTICAL SECTION

Statistical Section

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

Contents

Financial Trends

These schedules contain information to assist readers assess how the Department's financial position has changed over time. (Pages 65-66)

Revenue Capacity

These schedules contain information to assist readers assess the variables affecting the Department's revenue capabilities. (Page 67)

Debt Capacity

These schedules contain information to assist readers assess the Department's debt burden and its ability to issue new debt. (Pages 68-71)

Demographic and Economic Information

These schedules contain demographic and economic information to assist readers understands the environment within which the Department's financial activities take place. (Pages 72-75)

Operating Information

These schedules contain service and infrastructure data to assist readers understand how the information in the Department's financial report relates to the services the Department provides and activities it performs. (Pages 76-77)

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

Miami-Dade County, Florida Seaport Department
Schedule of Changes in Net Position (Unaudited)
Last ten fiscal years (in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Operating revenues	\$ 80,360	\$ 82,113	\$ 84,568	\$ 94,698	\$ 100,057	\$ 104,085	\$ 109,146	\$ 103,578	\$ 109,177	\$ 126,144
Investment earnings	2,350	3,815	3,100	960	247	414	512	359	153	510
Other nonoperating	-	21,350	-	2,734	-	-	810	718	687	666
Total revenues	82,710	107,278	87,668	98,392	100,304	104,499	110,468	104,655	110,017	127,320
Operating expenses	53,180	61,210	64,021	61,579	68,999	66,335	65,836	59,550	66,011	64,341
Depreciation	14,872	16,132	17,927	19,863	20,790	22,995	23,548	24,947	25,958	27,423
Interest expense	19,113	23,938	25,280	22,409	19,448	16,961	18,901	18,668	18,167	35,496
Other nonoperating expenses	1,474	289	12,359	-	166	4,193	1,072	6,118	1,861	5,349
Total expenses	88,639	101,569	119,587	103,851	109,403	110,484	109,357	109,283	111,997	132,609
Net income (loss) before contributions	(5,929)	5,709	(31,919)	(5,459)	(9,099)	(5,985)	1,111	(4,628)	(1,980)	(5,289)
Net contributions	15,315	7,343	27,730	7,212	13,315	11,796	6,331	12,789	(16,781)	(85,944)
Change in net position	9,386	13,052	(4,189)	1,753	4,216	5,811	7,442	8,161	(18,761)	(91,233)
Net position at beginning of year	188,105	197,491	210,542	206,353	208,106	212,322	218,133	225,575	233,736	214,975
Net position at end of year	197,491	210,543	206,353	208,106	212,322	218,133	225,575	233,736	214,975	123,742
Net position, end of year classified as:										
Invested in capital assets, net of related debt	163,676	183,185	191,448	204,261	185,871	194,133	201,468	217,486	204,722	272,815
Restricted for debt service	29,720	23,901	21,257	19,078	19,125	13,259	13,228	12,647	11,860	12,485
Restricted for construction and other	-	-	-	-	-	1,914	-	5,310	2,349	10,067
Unrestricted and other	4,095	3,456	(6,352)	(15,233)	7,326	8,827	10,879	(1,707)	(3,956)	(171,625)
Net position at end of year	\$ 197,491	\$ 210,542	\$ 206,353	\$ 208,106	\$ 212,322	\$ 218,133	\$ 225,575	\$ 233,736	\$ 214,975	\$ 123,742

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

Description	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
OPERATING REVENUES:										
Cruise Wharfage/Dockage	\$ 30,251	\$ 32,067	\$ 33,094	\$ 39,492	\$ 40,195	\$ 41,963	\$ 46,424	\$ 45,192	\$ 50,528	\$ 60,295
Cargo Wharfage/Dockage	22,859	22,355	20,499	19,082	19,176	21,958	23,752	23,089	23,932	24,809
Container Crane Fees	11,068	10,299	8,525	7,922	8,180	8,471	9,910	7,607	6,619	6,243
Rentals	6,628	6,884	7,213	9,106	14,856	14,826	13,906	13,428	13,365	14,829
Ground Transportation	611	783	1,012	1,267	1,425	1,464	1,880	1,763	1,861	2,100
Parking	5,252	6,123	7,778	9,792	10,686	10,042	9,184	8,305	9,374	14,963
Miscellaneous	3,691	3,602	6,447	8,037	5,539	5,361	4,090	4,194	3,498	2,905
	<u>80,360</u>	<u>82,113</u>	<u>84,568</u>	<u>94,698</u>	<u>100,057</u>	<u>104,085</u>	<u>109,146</u>	<u>103,578</u>	<u>109,177</u>	<u>126,144</u>
OPERATING EXPENSES:										
Cruise Operations	3,600	4,138	4,766	5,799	6,502	7,047	6,590	6,002	6,293	7,523
Cargo Operations	1,840	1,806	1,618	1,409	1,389	1,087	1,338	1,180	1,314	1,235
Maintenance	7,711	5,949	6,954	6,304	6,269	6,453	6,731	6,083	6,590	6,329
Utilities	1,482	3,274	2,791	2,110	5,102	2,950	3,256	2,225	1,814	2,881
Marketing & Advertising	1,762	1,824	1,307	1,293	1,680	1,321	1,015	1,105	1,848	1,747
Gantry Cranes Operations	9,535	10,533	10,018	7,641	8,042	6,811	6,926	6,357	7,533	7,543
Security	15,152	18,408	20,345	20,975	21,096	19,636	18,510	15,488	15,210	16,782
General & Administration	12,098	15,278	16,222	16,048	18,919	21,030	21,470	21,110	25,409	20,301
Total Operating Expenses	<u>53,180</u>	<u>61,210</u>	<u>64,021</u>	<u>61,579</u>	<u>68,999</u>	<u>66,335</u>	<u>65,636</u>	<u>59,550</u>	<u>66,011</u>	<u>64,341</u>
Operating income before depreciation	27,180	20,903	20,547	33,119	31,058	37,750	43,310	44,028	43,166	61,803
DEPRECIATION	14,872	16,132	17,927	19,863	20,790	22,995	23,548	24,947	25,958	27,423
Operating Income	<u>12,308</u>	<u>4,771</u>	<u>2,620</u>	<u>13,256</u>	<u>10,268</u>	<u>14,755</u>	<u>19,762</u>	<u>19,081</u>	<u>17,208</u>	<u>34,380</u>
NON-OPERATING REVENUES (EXPENSES):										
Interest Income, net	2,350	3,815	3,100	960	247	414	512	359	153	510
Interest expense, net	(19,113)	(23,936)	(25,260)	(22,409)	(19,448)	(16,961)	(18,901)	(18,666)	(18,167)	(35,496)
Operating grants	-	-	-	-	-	-	-	-	-	-
Operating transfers	(222)	(289)	-	-	-	-	(1,072)	-	-	-
Transfer in	-	-	-	-	-	-	-	-	-	-
Other income (expense)	<u>(1,252)</u>	<u>21,350</u>	<u>(12,359)</u>	<u>2,734</u>	<u>(166)</u>	<u>(4,193)</u>	<u>810</u>	<u>(5,400)</u>	<u>(1,174)</u>	<u>(4,683)</u>
Income (loss) before Contributions	(5,929)	5,709	(31,919)	(5,459)	(9,099)	(5,985)	1,111	(4,628)	(1,980)	(5,289)
Net Contributions	<u>15,315</u>	<u>7,343</u>	<u>27,730</u>	<u>7,212</u>	<u>13,315</u>	<u>11,796</u>	<u>6,331</u>	<u>12,789</u>	<u>(16,781)</u>	<u>(85,944)</u>
Net income (loss)	<u>\$ 9,386</u>	<u>\$ 13,052</u>	<u>\$ (4,189)</u>	<u>\$ 1,753</u>	<u>\$ 4,216</u>	<u>\$ 5,811</u>	<u>\$ 7,442</u>	<u>\$ 8,161</u>	<u>\$ (18,761)</u>	<u>\$ (91,233)</u>

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

Description	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Cargo revenue	\$ 33,927	\$ 32,654	\$ 29,024	\$ 27,004	\$ 27,356	\$ 30,429	\$ 33,662	\$ 30,696	\$ 30,551	\$ 31,052
Tonnage	9,474	8,654	7,835	7,430	6,831	7,389	8,222	8,108	7,981	7,700
Revenue per ton	\$ 3.58	\$ 3.77	\$ 3.70	\$ 3.63	\$ 4.00	\$ 4.12	\$ 4.09	\$ 3.79	\$ 3.83	\$ 4.03
TEU	1,054	977	885	828	807	847	907	909	901	877
Revenue per TEU	\$ 32.19	\$ 33.42	\$ 32.80	\$ 32.61	\$ 33.90	\$ 35.93	\$ 37.11	\$ 33.77	\$ 33.91	\$ 35.41

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

Description	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Cruise Revenue	\$ 30,251	\$ 32,067	\$ 33,094	\$ 39,492	\$ 40,195	\$ 41,963	\$ 46,424	\$ 45,192	\$ 50,528	\$ 60,295
Passengers	3,605	3,731	3,787	4,138	4,110	4,145	4,018	3,774	4,079	4,939
Revenue per passenger	\$ 8.39	\$ 8.59	\$ 8.74	\$ 9.54	\$ 9.78	\$ 10.12	\$ 11.55	\$ 11.97	\$ 12.39	\$ 12.21

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

Description	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Primary Debt Coverage										
Net Operating Revenues	\$ 27,180	\$ 20,903	\$ 20,547	\$ 33,119	\$ 31,058	\$ 37,750	\$ 43,310	\$ 44,028	\$ 43,166	\$ 61,803
Coverage Adjustments										
Pledged Rent Revenue	(1,937)	(1,937)	(1,937)	(1,937)	(1,937)	(1,937)	(1,130)	-	-	-
Other Income (loss)		22,500	2,696	-	-	-	-	-	-	-
Non-Cash Items	19	787	4,269	2,786	1,661	1,238	(293)	165	475	46
Unrestricted Interest	120	101	968	175	40	11	4	8	-	-
Revenues Available	<u>\$ 25,382</u>	<u>\$ 42,354</u>	<u>\$ 26,543</u>	<u>\$ 34,143</u>	<u>\$ 30,822</u>	<u>\$ 37,062</u>	<u>\$ 41,891</u>	<u>\$ 44,201</u>	<u>\$ 43,641</u>	<u>\$ 61,849</u>
Revenue Bonds Maximum Debt Service Required	8,399	8,399	8,399	8,399	8,399	8,399	8,399	8,399	27,547	27,671
Coverage Required 125%	10,499	10,499	10,499	10,499	10,499	10,499	10,499	10,499	34,434	34,589
Net Revenue Coverage	242%	403%	253%	325%	294%	353%	399%	421%	127%	179%

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

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

Description	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Primary Debt Coverage										
Net Operating Revenues	\$ 27,180	\$ 20,903	\$ 20,547	\$ 33,119	\$ 31,058	\$ 37,750	\$ 43,310	\$ 44,028	\$ 43,166	\$ 61,803
Coverage Adjustments										
Pledged Rent Revenue	(1,937)	(1,937)	(1,937)	(1,937)	(1,937)	(1,937)	(1,130)	-	-	-
Other Income (loss)		22,500	2,696	-	-	-	-	-	-	-
Non-Cash Items	19	787	4,269	2,786	1,661	1,238	(293)	165	475	46
Unrestricted Interest	120	101	968	175	40	11	4	8	-	-
Revenues Available	<u>\$ 25,382</u>	<u>\$ 42,354</u>	<u>\$ 26,543</u>	<u>\$ 34,143</u>	<u>\$ 30,822</u>	<u>\$ 37,062</u>	<u>\$ 41,891</u>	<u>\$ 44,201</u>	<u>\$ 43,641</u>	<u>\$ 61,849</u>
G O Bonds Maximum										
Debt Service Required	11,149	11,149	11,149	11,149	11,149	11,149	9,884	9,884	9,863	9,863
Coverage Required 110%	12,264	12,264	12,264	12,264	12,264	12,264	10,872	10,872	10,849	10,849
Net Revenue Coverage	207%	345%	216%	278%	251%	302%	385%	407%	402%	570%

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

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

Description	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Primary Debt Coverage										
Net Operating Revenues	\$ 27,180	\$ 20,903	\$ 20,547	\$ 33,119	\$ 31,058	\$ 37,750	\$ 43,310	\$ 44,028	\$ 43,166	\$ 61,803
Coverage Adjustments										
Pledged Rent Revenue	(1,937)	(1,937)	(1,937)	(1,937)	(1,937)	(1,937)	(1,130)	-	-	-
Other Income (loss)		22,500	2,696	-	-	-	-	-	-	-
Non-Cash Items	19	787	4,269	2,786	1,661	1,238	(293)	165	475	46
Unrestricted Interest	120	101	968	175	40	11	4	8	-	-
Revenues Available	<u>\$ 25,382</u>	<u>\$ 42,354</u>	<u>\$ 26,543</u>	<u>\$ 34,143</u>	<u>\$ 30,822</u>	<u>\$ 37,062</u>	<u>\$ 41,891</u>	<u>\$ 44,201</u>	<u>\$ 43,641</u>	<u>\$ 61,849</u>
Revenue Bonds Maximum Debt Service Required	8,399	8,399	8,399	8,399	8,399	8,399	8,399	8,399	27,547	27,671
Coverage Required 125%	10,499	10,499	10,499	10,499	10,499	10,499	10,499	10,499	34,434	34,589
G O Bonds Maximum Debt Service Required	11,149	11,149	11,149	11,149	11,149	11,149	9,884	9,884	9,863	9,863
Coverage Required 110%	12,264	12,264	12,264	12,264	12,264	12,264	10,872	10,872	10,849	10,849
Excess coverage required greater (less) than maximum coverage	3,215	3,215	3,215	3,215	3,215	3,215	3,088	3,088	7,873	7,904
Needed to Meet Coverage	22,763	22,763	22,763	22,763	22,763	22,763	21,371	21,371	45,283	45,438
Net Revenues Coverage	112%	186%	117%	150%	135%	163%	196%	207%	96%	136%

Note: Coverage requirement under master bond ordinance is 125% and 110% of maximum principal and interest for revenue bonds and GO bonds, respectively. In fiscal year 2013, the Seaport did not meet its combined debt service coverage of 100%, as required by the debt covenants. Refer to Note 6 (a) of the Notes to Financial Statements for further information.

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

Fiscal year	G.O. Bonds	Revenue Bonds	Loans	Capital Acquisition Bond	Total Debt	Ratio of Debt to TEUs	Ratio of Debt to Cruise Passengers
2005	136,563	68,453	352,295	-	557,311	529	155
2006	133,575	65,968	348,710	-	548,253	561	147
2007	130,315	63,320	345,305	-	538,940	609	142
2008	126,821	60,472	339,671	-	526,964	636	127
2009	123,067	57,408	336,252	68,953	585,680	726	143
2010	119,043	53,849	332,832	68,642	574,366	678	139
2011	111,559	48,435	328,981	127,941	616,916	680	154
2012	105,862	42,681	325,300	126,240	600,083	660	159
2013	107,984	402,340	322,702	122,310	955,336	1,060	234
2014	102,045	596,797	320,553	118,314	1,137,709	1,297	230

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

Year	Total	Difference	% Change
2005	9,474	-	0.0%
2006	8,654	(820)	-8.7%
2007	7,835	(819)	-9.5%
2008	7,430	(405)	-5.2%
2009	6,831	(599)	-8.1%
2010	7,389	558	8.2%
2011	8,222	833	11.3%
2012	8,108	(114)	-1.4%
2013	7,981	(127)	-1.6%
2014	7,700	(281)	-3.5%

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

Year	TEU's	Difference	% Change
2005	1,054	-	0.0%
2006	977	(77)	-7.3%
2007	885	(92)	-9.4%
2008	828	(57)	-6.4%
2009	807	(21)	-2.5%
2010	847	40	5.0%
2011	907	60	7.1%
2012	909	2	0.2%
2013	901	(8)	-0.9%
2014	877	(24)	-2.7%

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

Year	Export Tons	% of Total	Import Tons	% of Total	Total
2005	3,701	39%	5,773	61%	9,474
2006	3,352	39%	5,302	61%	8,654
2007	3,462	44%	4,373	56%	7,835
2008	3,655	49%	3,775	51%	7,430
2009	3,500	51%	3,331	49%	6,831
2010	3,865	52%	3,524	48%	7,389
2011	4,376	53%	3,846	47%	8,222
2012	4,222	52%	3,886	48%	8,108
2013	4,020	50%	3,961	50%	7,981
2014	3,828	50%	3,872	50%	7,700

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

Year	Total	Difference	% Change
2005	3,605	-	0.0%
2006	3,731	126	3.5%
2007	3,787	56	1.5%
2008	4,138	351	9.3%
2009	4,110	(28)	-0.7%
2010	4,145	35	0.8%
2011	4,018	(127)	-3.1%
2012	3,774	(244)	-5.9%
2013	4,079	305	8.1%
2014	4,939	860	21.1%

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

Years	Resident Population	Change
1900	4,955	-
1910	11,933	6,978
1920	42,752	30,819
1930	142,955	100,203
1940	267,739	124,784
1950	495,084	227,345
1960	935,047	439,963
1970	1,267,792	332,745
1980	1,625,781	357,989
1990	1,937,000	311,219
1991	1,968,000	31,000
1992	1,986,000	18,000
1993	1,943,000	-43,000
1994	2,010,000	67,000
1995	2,056,588	46,588
1996	2,087,000	30,412
1997	2,117,000	30,000
1998	2,140,000	23,000
1999	2,179,000	39,000
2000	2,253,362	74,362
2001	2,284,000	30,638
2002	2,313,000	29,000
2003	2,343,000	30,000
2004	2,372,000	29,000
2005	2,422,000	50,000
2006	2,437,000	15,000
2007	2,402,208	-34,792
2008	2,387,170	-15,038
2009	2,398,245	11,075
2010	2,563,885	165,640
2011	2,516,515	-47,370
2012	2,551,255	34,740
2013	2,565,685	14,430
2014	2,586,290	20,605

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

**PRINCIPAL EMPLOYERS (Unaudited)
CURRENT YEAR AND NINE YEARS AGO**

2014				2006			
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment	
Miami-Dade County Public Schools	33,477	1	2.60%	50,000	1	4.62%	
Miami-Dade County	25,502	2	1.98%	30,000	2	2.77%	
U.S. Federal Government	19,200	3	1.49%	20,300	3	1.87%	
Florida State Government	17,100	4	1.33%	18,300	4	1.69%	
University of Miami	12,818	5	0.99%	9,367	7	0.86%	
Baptist Health South Florida	11,353	6	0.88%	10,683	5	0.99%	
American Airlines	11,031	7	0.86%	9,000	8	0.83%	
Jackson Health System	9,797	8	0.78%	10,453	6	0.96%	
Publix Super Markets	-	0	-	4,000	14	0.37%	
City of Miami	3,997	9	0.31%	3,954	15	-	
Mount Sinai Medical Center	3,321	11	0.26%	-	-	-	
Homestead AFB	3,250	12	0.25%	-	-	-	
Miami Children's Hospital	3,500	10	0.27%	-	-	-	
Florida Power & Light Company	3,011	13	0.23%	-	-	-	
Royal Caribbean International/Celebrit	2,989	14	0.23%	-	-	-	
Miami-Dade College	2,390	15	0.19%	5,400	9	0.50%	
United Parcel Service	-	-	-	5,000	10	0.46%	
Bell South Corporation - Florida	-	-	-	4,800	11	0.44%	
Winn Dixie Stores	-	-	-	4,616	12	0.43%	
Precision Response Corporation	-	-	-	4,196	13	0.39%	
	162,736		12.63%	190,069		17.18%	

Source: The Beacon Council, Miami, Florida, Miami Business Profile
Miami-Dade County, Florida 2004 Comprehensive Annual Financial Report

**DEMOGRAPHIC AND ECONOMIC STATISTICS
(Unaudited)
LAST TEN FISCAL YEARS**

Year	Population	Total Personal (in thousands of dollars)	Per Capita Personal Income	Unemployment Rate	Civilian Labor Force	Median Age
2005	2,356,378	75,090,488	31,867	4.3%	1,113,560	37
2006	2,376,343	82,481,222	34,709	3.8%	1,158,801	37
2007	2,402,208	85,978,571	35,791	3.6%	1,192,231	38
2008	2,387,170	88,954,732	37,264	5.3%	1,205,913	39
2009	2,398,245	87,049,840	36,297	8.9%	1,218,871	39
2010	2,563,885	91,657,923	35,750	12.0%	1,257,324	38
2011	2,516,515	98,156,665	39,005	12.7%	1,300,030	39
2012	2,551,255	102,327,313	40,109	9.7%	1,290,751	39
2013	2,565,685	104,373,301	40,680	8.9%	1,289,617	39
2014	2,586,290	(1)	(1)	7.2%	1,282,854	(1)

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

Legend: (1) Information unavailable.

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

Coverage/Insurance Company	Insurance Company	Policy Period	Details of Coverage	Limits of Coverage
Crime Policy	Fidelity & Deposit Co. of Maryland	08/19/14 - 08/19/15	Employee Theft Theft of Money and Securities	\$1,000,000 \$500,000
Accidental Death:	Hartford Life Insurance Co.	08/29/14 - 08/29/15	Accidental death and dismemberment	\$25,000
Property Insurance:	Various companies	04/15/14 - 04/15/15	Real & Personal Property	Various
Automobile Liability		Continuous	Self-insured	\$100,000 per/person \$200,000 per occurrence pursuant to F.S. 768.28
General Liability		Continuous	Self-insured	\$100,000 per/person \$200,000 per occurrence pursuant to F.S. 768.28
Workers' Compensation		Continuous	Self-insured	Statutory coverage

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

Function/program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Cruise & Housekeeping	62	67	67	69	64	63	62	58	54	54
Cargo Operations	20	26	26	18	15	15	15	13	12	12
Port Security	94	108	112	126	135	135	142	130	104	104
Maintenance	75	96	97	116	84	77	78	69	63	63
Marketing & Advertising	14	15	14	11	10	10	7	8	7	7
Administration & Engineering	73	72	71	71	102	110	113	99	109	109
Total	338	384	387	411	410	410	417	377	349	349

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

Description	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014*
Number of gantry cranes	12	12	9	9	9	9	9	9	9	13
Number of passenger terminals	10	10	12	12	12	12	12	12	12	12

* In fiscal year 2014, the Seaport acquired 4 Post Panamax cranes.

PORTMIAMI



Miami-Dade County Seaport Department

A Department of Miami-Dade County, Florida

1015 North America Way, 2nd Floor

Miami, FL 33132

Phone: 305-347-4800

Fax: 305-329-4055

Email: PortMiami@miamidade.gov

Website: www.miamidade.gov/portmiami