



2018

Comprehensive Annual Financial Report

For fiscal year ended September 30, 2018



Miami-Dade Aviation Department
An Enterprise Fund of Miami-Dade County, Florida



Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2018

Prepared by: Finance & Strategy Division



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

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Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2018

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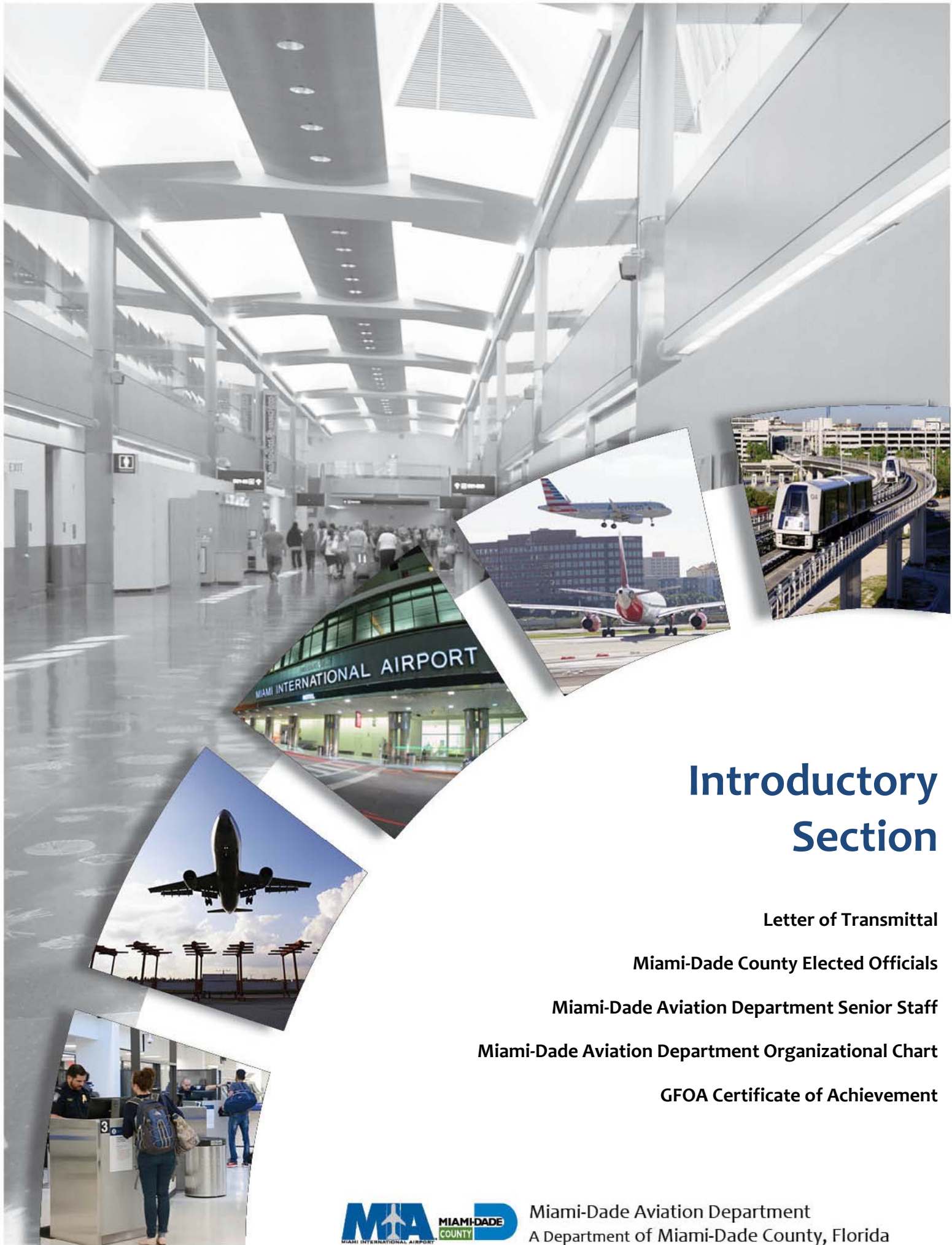
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Introductory Section

Letter of Transmittal

Miami-Dade County Elected Officials

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

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Commercial Airport:

Miami International Airport

General Aviation Airports:

Dade-Collier Training & Transition Airport

Homestead General Aviation Airport

Miami Executive Airport

Miami-Opa Locka Executive Airport

February 19, 2019

Honorable Chairwoman Audrey M. Edmonson
Honorable Members of the Board of County Commissioners
Carlos A. Gimenez, Mayor
Harvey Ruvin, Clerk of Courts

Ladies and Gentlemen:

The Comprehensive Annual Financial Report of the Miami-Dade Aviation Department (the Aviation Department or MDAD) for the fiscal year ended September 30, 2018, is hereby submitted. Responsibility for both the accuracy and completeness and fairness of presentation, including all disclosures, rests with the Aviation Department. This report presents fairly, and discloses fully, in all material respects, the financial position and results of operations of the Aviation Department.

The Aviation Department is also required to be audited in accordance with the provisions of the Single Audit Act of 1984 and the Title 2 U.S. Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments and Non-Profit Organizations, and the Florida single audit act requirement. Information related to the single audit, including the schedule of expenditures of federal awards and state financial assistance, schedule of findings and questioned costs, and the reports of independent auditor, are reported under a separate cover.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative overview and analysis to accompany the financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal should be read in conjunction with the MD&A, which can be found immediately following the report of the independent auditor in the Financial Section of this report.

Profile Overview

The Aviation Department operates as an enterprise fund of Miami-Dade County (the County). An enterprise fund is used to account for the financing of services to the general public on a continuing basis with costs recovered primarily through user charges. The County owns Miami International Airport (MIA or the Airport), three general aviation airports, and one training airport (collectively - "the Airport System"), all of which are operated by the Aviation Department.

The County operates the Airport System through the Aviation Department with policy guidance from the Mayor, and the Board of County Commissioners of Miami-Dade County, Florida (the Board).



Economic Conditions and Outlook

MIA continues to be an economic engine for Miami-Dade County and the State of Florida. The most recent economic impact study indicated that MIA has an annual financial impact on local tourism, cruise operations, international banking, trade and commerce of \$30.9 billion. MIA and aviation-related industries contribute 270,681 jobs directly and indirectly to the South Florida economy, and are responsible for one out of every five jobs.

The Airport offers an extensive air service network, enhanced by multiple daily scheduled and non-scheduled flights covering over 160 cities on five continents. MIA's stronghold market, the Latin America/Caribbean region, was served by more passenger flights from the airport than from any other U.S. airport. MIA is Florida's busiest airport, and the premier international gateway to Florida, handling nearly 60% of Florida's total international passenger traffic.

MIA is a major transshipment point by air for the Americas. During calendar year 2017, the most recent year for which such information is available, the Airport handled 81% of all air imports and 78% of all air exports between the USA and the Latin American/Caribbean region. The Airport was also the nation's number one airport in international freight (excluding mail) and third in international passenger traffic during calendar year 2017 (most recent data available). In 2015, the International Air Transport Association (IATA) designated MIA as the first pharmaceuticals (pharma) freight hub in the U.S. and only the second in the world at that time. This certification brands the airport to pharmaceutical manufacturers as a trusted industry leader that transports their products in accordance with global best practices.

The Airport stimulates a host of industries such as tourism, the cruise industry, and international banking and commerce. In terms of trade, the most recent Department of Commerce data showed that the Airport handled 94% of the dollar value of the State's total air imports and exports, and 40% of the State's total air and sea trade with the world. In 2018, MDAD gained final approval from the U.S. Department of Commerce to designate MIA as a Foreign Trade Zone (FTZ) magnet site. This will assist MIA to attract new types of business, increase trade, enhance air service development, and diversify the airport's revenue stream.

Passenger Activity

During fiscal year 2018, 44,938,486 passengers travelled through MIA, a 2.7% increase compared to fiscal year 2017. Domestic traffic increased by 3.8% to 23,167,948, or 51.6% of the total. International traffic accounted for 48.4% of the traffic or 21,770,538 passengers, an increase of 1.6% over the prior fiscal year. In calendar year 2017, MIA was ranked third in the U.S. behind New York's John F. Kennedy Airport and Los Angeles International Airport for international passengers.

The Airport is American Airline's largest international hub operation, both for international passengers and international cargo. American Airlines accounted for approximately 60% of the enplaned passengers at the Airport during fiscal year 2018, and together with its affiliate, Envoy (previously known as American Eagle), approximately 67% of all enplaned passengers during such period. American combined with Envoy increased 0.75% fiscal year over fiscal year. Envoy became the second largest carrier at MIA in fiscal year 2018, surpassing Delta Air Lines. Delta Air Lines continues to represent approximately 6.0% of the enplaned passenger traffic.

Cargo Activity

Cargo (mail and freight) tonnage totaled 2,368,616 tons in fiscal year 2018, resulting in an increase of 5.4%. MIA remains the number one airport in the U.S. for international freight. Cargo activity generates different types of revenues for the Aviation Department including landing fees, cargo warehouse rentals, aircraft apron rentals, and

ground rentals. Cargo carriers represented 22.7% of the landed weight in fiscal year 2018, which is an increase from the 21.3% in the prior fiscal year.

Airline Agreements

In August 2018, the County entered into separate but identical Airline Use Agreements (AUA) with the airlines using MIA. The Airline Use Agreement, which is a 15-year agreement expiring in 2033, provides that the County, acting through its Board of County Commissioners, has the right to calculate landing fees using an airport system residual cost methodology so that the revenues from landing fees, together with revenues from other sources, will be sufficient to meet the rate covenant and other requirements.

Under the new 2018 AUA, there are two significant changes: (i) all fees associated with international arriving passengers will be charged under an International Facility Fee and will no longer be recovered through the base Concourse Use Fee, and (ii) preferential gate assignment and usage will be allowed for airlines that meet certain operational qualifications and all non-preferentially use gates will continue to be common use gates. The International Facility Fee and Preferential Gate Use Fee will take effect on October 1, 2019 and October 1, 2020, respectively.

The County has entered into separate but substantially similar Terminal Building Lease Agreements with its airlines tenants. Under these agreements airlines have no obligations to make real property investments in tenant improvements to their premises and in personal property to support their operations.

Passenger Facility Charges (PFC)

The Federal Aviation Administration (FAA) authorized the Aviation Department to impose a Passenger Facility Charge (PFC) of \$3 per passenger commencing November 1, 1994. Subsequently, on October 21, 2001, the FAA approved a revised PFC collection level of \$4.50 with an effective date of January 1, 2002. In December 2002, the FAA approved a PFC application that enables the Aviation Department to use PFC revenues to pay debt service related to the bonds that were issued to finance the construction of the North and South Terminals at MIA.

Per FAA regulations, net receipts from PFCs are restricted to use only on these FAA approved capital projects and related financing costs. The Aviation Department has been authorized to collect PFCs in the estimated aggregate amount of approximately \$2.6 billion including interest. The authorization is expected to expire October 1, 2037. The amount of PFC collections from inception through September 30, 2018 was approximately \$1.35 billion and with interest was approximately \$1.42 billion. Of this amount, the Aviation Department has expended \$1.17 billion. As of September 30, 2018, the Aviation Department had a cash balance of \$253.6 million in the PFC account.

Capital Projects

In fiscal year 2015, the Aviation Department created a near to mid-term capital program that addressed facilities and equipment in need of refurbishment or replacement. This program is referred to as the Terminal Optimization Program (TOP). The TOP started with an approved budget of \$651 million in July 2015 through a Majority In Interest (MII) #1 review process. As a result of the Airport's changing needs, MDAD decided to increase the TOP to \$1.4 billion in September 2017 through a MII #2 review process. Today the capital program has grown to a long-term and bigger Capital Improvement Program (CIP) with an approved budget of \$1.9 billion. Concurrent with the development of the CIP, MDAD is in the process of creating a new master plan that addresses the Airport's current demands. The CIP includes projects and funding sources from fiscal year 2015 through fiscal year 2023, however, the Aviation Department is in the process of defining new projects and new funding sources in order to grow the program.

The CIP now consists of 52 capital projects grouped in seven subprograms; MIA Central Base Apron and Utilities, Concourse E, South Terminal, Miscellaneous Projects, Passenger Boarding Bridges, Improvement Projects, and Support Projects; plus the Reserve Maintenance Projects subprogram for miscellaneous environmental and maintenance projects under the Reserve Maintenance Division for a total of 8 subprograms. The CIP intends to modernize the terminal facilities to accommodate larger aircraft and to provide capacity for increased passenger traffic. The terminal facilities renovation upgrades will improve aesthetics, meet current life-safety and security requirements, and meet maintenance needs. The CIP also includes apron improvements in the Central Base area that will improve drainage and add additional hardstands; a revamped Automated People Mover (APM) connecting Lower Concourse E with Satellite E that will facilitate passenger flow; a new Concourse E to F connector that will improve passenger connection times and provide airport operations with needed flexibility; the renovation of Concourse E Federal Inspection Services (FIS) that improves vertical circulation and provides additional international passenger traffic processing capacity; the rehabilitation of Taxiways R, S, & T that will provide needed upgrades and act as an enabling project for the future Cargo Optimization Redevelopment and Expansion (CORE) Program. A major component for this program is the Baggage Handling System (BHS) Improvements which has a new automated Checked Baggage Inspection System (CBIS). The Concourse H Headhouse Project will make modifications to accommodate international traffic by converting domestic gates to international gates including one A380 capable gate; the MIA Employee Parking Garage project includes scope for a multi-level parking garage structure that will mostly benefit airline and other terminal employees; the replacing of 34 passenger boarding bridges (PBBs) throughout the concourses; the renovation of Concourse H restrooms; and the maintenance of all airport facilities. The CIP also includes work on general aviation airports; construction of an interior service road at Opa-Locka Airport; the replacement of Miami Executive Airport buildings 102 and 109 and the Miami Executive Airport Runway Incursion Mitigation (RIM).

In June 2015, the Aviation Department issued \$75.0 million in Aviation Revenue Bonds under the Trust Agreement to begin the bond financing portion (including financing costs) of the Capital Improvement Program (CIP), which is currently estimated to be \$1.9 Billion. In March 2016, the Aviation Department issued \$200 million in Aviation Commercial Paper Notes for the purpose of providing temporary funding for the CIP. The remaining Bond authorized amount requires the approval by the Board in the form of specific bond series resolutions. Future authorizations will be required to issue bonds for capital projects not authorized by existing ordinances.

Tenant Financed Facilities

The Aviation Department has decided, as a matter of policy, to permit tenants of airside facilities to construct some buildings with private financing or private funding. Accordingly, certain hangars and cargo facilities (including those for Federal Express, UPS, LAN Airlines, and Centurion Air Cargo) have been constructed with private financing. Ownership to improvements constructed by a tenant is typically retained in the tenant's name for a stated period of time or until expiration of the lease agreement. If the tenant remains in possession following either of these dates, the tenant is obligated to pay building rent in addition to ground rent or depending on the condition of the improvements, MDAD reserves the right to require the tenant to demolish the improvement(s).

Major Initiatives and Long-Term Financial Planning

As part of its ongoing review of the Airport's master plan, the Aviation Department is defining a path to optimize and expand the functionality of existing terminal building assets. Most of the terminal building (the North and South Terminals) was renovated and expanded as part of a Capital Improvement Program (CIP) that began in 1994 and was substantially complete in 2014. Those portions of the CIP that were not completed by 2014 were carved out from the CIP and are referred to as the CIP Carryover Projects.

The Central Terminal was largely untouched by the CIP, so the Aviation Department created the Terminal Optimization Program (TOP), a ten year capital program to modernize older terminal facilities so they can be used for the next 20 to 30 years. In fiscal year 2018, the Aviation Department changed the name of its capital program from TOP to Capital Improvement Program (CIP). This was warranted as additional projects were added to the TOP, most of which were not terminal related. The Aviation Department continues to identify mid to long-term needs that would expand capacity to passenger and cargo facilities.

Independent Audit

The financial statements for fiscal year 2018 were audited by Cherry Bekaert LLP, and the opinion resulting from their examination is included in this Comprehensive Annual Financial Report. Their audit was made 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.

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 Department for its Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2017. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, the Department was required to publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. This Comprehensive Annual Financial Report must satisfy both accounting principles generally accepted in the United States and applicable legal requirements.

A Certificate of Achievement is valid for one year only. The Department has received a Certificate of Achievement for the last 26 consecutive fiscal years (1992-2017). It believes the current report continues to conform to the Certificate of Achievement program requirements, and as such it is being submitted to GFOA.

Acknowledgements

This report could not have been presented without the efforts of the Finance and Strategy Division staff. We sincerely appreciate their time and thank them for their valuable contributions. The Department also thanks the County Mayor and the Board of County Commissioners for providing continued support to the Department, enabling the successful operation of the Airport System.

Respectfully submitted,



Lester Sola
Aviation Director & CEO



Sergio San Miguel, CPA
Chief Financial Officer

2018
Comprehensive Annual Financial Report

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Miami-Dade County

Carlos A. Gimenez
Mayor

Board of County Commissioners

Audrey M. Edmonson, Chairwoman

Rebeca Sosa, Vice Chairwoman

Barbara J. Jordan, District 1

Daniella Levine Cava, District 8

Jean Monestime, District 2

Dennis C. Moss, District 9

Audrey M. Edmonson, District 3

Javier D. Souto, District 10

Sally A. Heyman, District 4

Joe A. Martinez, District 11

Eileen Higgins, District 5

José “Pepe” Diaz, District 12

Rebeca Sosa, District 6

Esteban L. Bovo, Jr., District 13

Xavier L. Suarez, District 7

Harvey Ruvin

Clerk of the Circuit and County Courts

Pedro J. Garcia

Property Appraiser

Abigail Price-Williams

County Attorney

www.miamidade.gov

A banner image for the Miami-Dade Aviation Department Senior Staff. The top left shows an airplane in flight against a blue sky. The middle left shows an airport terminal with people walking. The right side shows a night view of an airport with lights and a control tower.

Miami-Dade Aviation Department Senior Staff



Lester Sola
Aviation Director
& Chief Executive Officer



Ken Pyatt
Deputy Director



Arlyn Rull
Chief of Staff &
Senior Policy Advisor



Sergio San Miguel
Chief Financial Officer



Barbara S. Jimenez
Assistant Director,
Administration



Ralph Cutié
Assistant Director,
Facilities Management &
Engineering



Pedro Hernandez
Assistant Director,
Facilities Development



Daniel J. Agostino
Assistant Director,
Operations



Robert Warren
Assistant Director,
Concession Business Development



Mark O. Hatfield, Jr.
Assistant Director,
Public Safety & Security



Milton Collins
Associate Director,
Minority Affairs

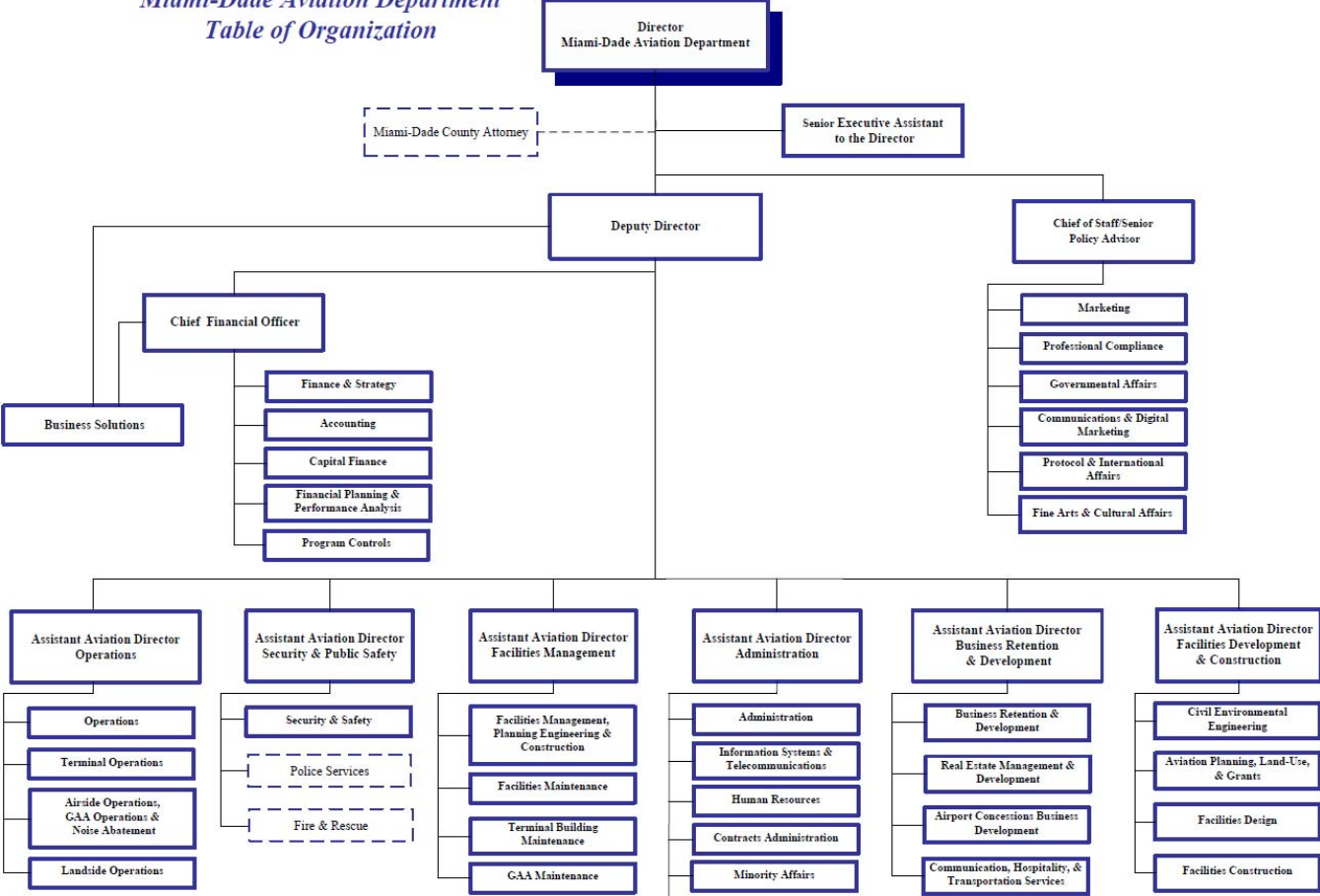


Tony Quintero
Associate Director,
Governmental Affairs



Miami-Dade Aviation Department Organizational Chart

*Miami-Dade Aviation Department
Table of Organization*





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

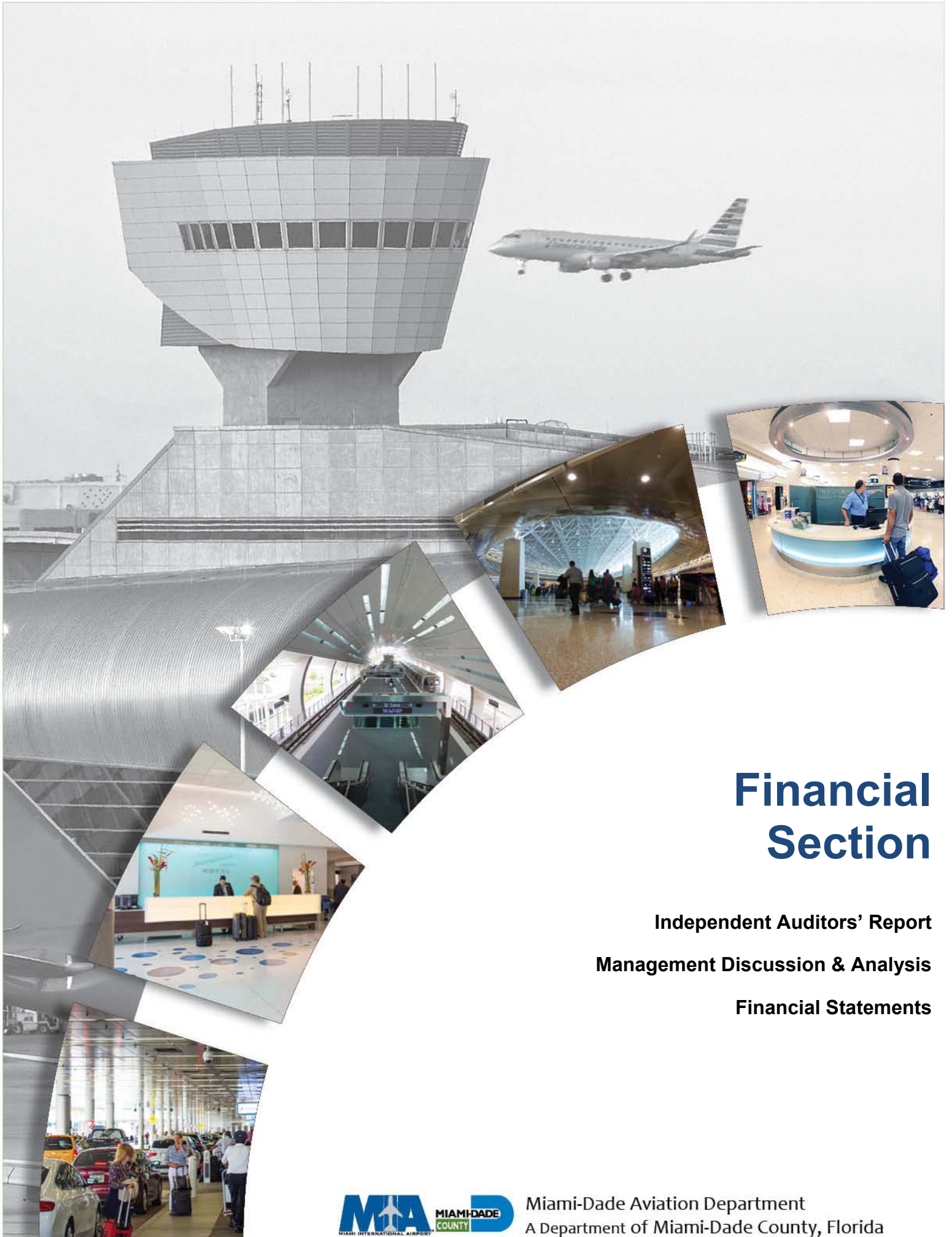
**Miami-Dade County
Aviation Department, Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO



Financial Section

**Independent Auditors' Report
Management Discussion & Analysis
Financial Statements**



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

2018
Comprehensive Annual Financial Report

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Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Miami-Dade County Aviation Department (Aviation Department), an enterprise fund of Miami-Dade County, Florida, as of and for the year ended September 30, 2018, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 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 Aviation Department, an enterprise fund of Miami-Dade County, Florida, as of September 30, 2018, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1(a), the financial statements present only the Aviation Department and do not purport to, and do not present fairly the financial position of Miami-Dade County, Florida, as of September 30, 2018, the changes in its financial position or, where applicable, its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in note 2(t), the Aviation Department adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* effective October 1, 2017. Adoption of the new accounting guidance resulted in a restatement of beginning net position. Our opinion is not modified with respect to this matter.

As discussed in note 2(k), the Aviation Department implemented a change in accounting estimate. The change resulted in the recognition of a previously deferred contribution in the amount of approximately \$324,270,000. 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 and the required supplementary information as listed in the table of contents, 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 audit was conducted for the purpose of forming an opinion on the Aviation 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2019 on our consideration of the Aviation Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Aviation Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Aviation Department's internal control over financial reporting and compliance.



Tampa, Florida
February 19, 2019

**MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

SEPTEMBER 30, 2018 (UNAUDITED)

Introduction

The following discussion and analysis of the financial performance and activity of the Miami-Dade County Aviation Department (the Aviation Department) is to provide an introduction and understanding of the financial statements of the Aviation Department for the year ended September 30, 2018. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The Aviation Department's beginning net position was restated by \$21.7 million (a net decrease) due to the recognition of a liability for other post-employment benefits, known as the total other post-employment benefit liability. This adjustment was required by the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). See Note 2(t) of the accompanying financial statements.

The Aviation Department operates an airport system consisting of Miami International Airport (MIA), four general aviation airports; Miami-Opa Locka Executive Airport, Miami Homestead General Aviation Airport, Miami Executive Airport; and the Dade-Collier Training and Transition Airport.

The Aviation Department operates as an enterprise fund of Miami-Dade County, Florida (the County). The Aviation Department is self-supporting, using aircraft landing fees, fees from terminal and other rentals, and revenue from concessions to fund operating expenses. The Aviation Department merged the two capital project programs, the CIP Carryover Projects and the Terminal Optimization Program (TOP) into a single long-term capital project program, the Capital Improvement Program (CIP). The CIP, which is scheduled to be completed in fiscal year 2023, is primarily funded by bonds, federal and state grants, Passenger Facility Charges (PFCs), and monies set aside from the Reserve Maintenance Fund and Improvement Fund.

Required Financial Statements

The Aviation Department's financial report includes three financial statements: the statement of net position, statement of revenue, expenses, and changes in net position, and statement of cash flows. The financial statements are prepared in accordance with U.S. generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). The Aviation Department is structured as a single enterprise fund with revenue recognized when earned and expenses recognized when incurred. Capital asset costs, with the exception of land and construction in progress, are capitalized and depreciated over their estimated useful lives. Certain net position balances are restricted for debt service, construction activities, and major maintenance-type activities.

The statement of net position includes all of the Aviation Department's assets, deferred outflows of resources, liabilities, and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) as well as obligations to creditors and investors (liabilities). This statement also provides the basis for evaluating the capital structure of the Aviation Department and assessing liquidity and financial flexibility.

**MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS**

SEPTEMBER 30, 2018 (UNAUDITED)

The statement of revenue, expenses, and changes in net position report the operating revenue and expenses and nonoperating revenue and expenses of the Aviation Department for the fiscal year with the difference, net income or loss, being combined with any capital contributions to arrive at the change in net position for the fiscal year. This statement captures the amount of operating revenue that the Aviation Department earned for the fiscal year along with the amount of operating expenses that were incurred during the same period, thus determining whether the Aviation Department was able to cover its operating obligations with its operating income.

The statement of cash flows provides information about the Aviation Department’s cash receipts and payments during the reporting period. These statements report cash receipts, cash payments, and net changes in cash resulting from operating, investing, and capital and noncapital financing activities and provide an insight regarding sources providing cash and activities using cash.

Activity Highlights

MIA experienced a 2.9% increase in enplaned passenger traffic in fiscal year 2018, as compared to fiscal year 2017. MIA total passenger growth was 2.7% when compared to fiscal year 2017. Landed weight, which represents the total weight of the commercial aircraft that landed at MIA, increased by 1.3% in fiscal year 2018 reflecting the increase in heavier aircraft being used at MIA over the prior fiscal year. Enplaned cargo increased by 4.9% in fiscal year 2018, as compared to fiscal year 2017. Below is a comparison of these activities at MIA by fiscal year:

| | <u>2018</u> | <u>2017</u> |
|------------------------------|-------------|-------------|
| Enplanements | 22,220,423 | 21,602,794 |
| Landed weight (1,000 pounds) | 37,457,108 | 36,989,510 |
| Enplaned cargo (in tons) | 999,894 | 952,769 |

Financial Highlights

- During fiscal year 2018, operating revenue was \$821.5 million, an increase of \$16.8 million, or 2.1%, as compared to fiscal year 2017. The increase in operating revenue is primarily attributable to the increase in revenue from landing fees, concourse use charges, aircraft parking charges, land rent, food and beverage charges, and aeronautical services charges.
- During fiscal year 2018, operating expenses before depreciation and amortization were \$474.3 million, an increase of \$37.0 million, or 8.5%, as compared to fiscal year 2017. The increase in operating expenses is primarily attributed to an increase in expenses for outside contracts, repairs and maintenance, general administrative expenses, and services provided by other County departments.

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2018 (UNAUDITED)

The table below shows the composition of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of September 30, 2018 and 2017:

| | 2018 | 2017 ⁽¹⁾ |
|------------------------------------------------------|---------------------|----------------------------|
| | (In thousands) | (In thousands) |
| Current Assets: | | |
| Unrestricted assets | \$ 395,993 | \$ 382,687 |
| Restricted assets | 305,818 | 285,166 |
| Total Current Assets | 701,811 | 667,853 |
| Noncurrent Assets: | | |
| Restricted assets | 693,395 | 632,401 |
| Capital assets, net | 6,062,007 | 6,178,268 |
| Other assets | 4,692 | 7,372 |
| Total Assets | <u>\$ 7,461,905</u> | <u>\$ 7,485,894</u> |
| Deferred Outflows of Resources: | | |
| Deferred outflow - pension | \$ 30,706 | \$ 33,835 |
| Deferred loss on refunding | 150,009 | 125,275 |
| Total Deferred Outflows | <u>\$ 180,715</u> | <u>\$ 159,110</u> |
| Current Liabilities: | | |
| Current liabilities payable from unrestricted assets | \$ 85,073 | \$ 88,462 |
| Current liabilities payable from restricted assets | 271,612 | 265,193 |
| Total Current Liabilities | 356,685 | 353,655 |
| Noncurrent liabilities | 6,048,480 | 6,332,650 |
| Total Liabilities | <u>\$ 6,405,165</u> | <u>\$ 6,686,305</u> |
| Deferred Inflows of Resources: | | |
| Deferred inflow - pension | \$ 7,648 | \$ 5,250 |
| Deferred inflow - other post-employment benefit | 1,241 | - |
| Total Deferred Inflows | <u>\$ 8,889</u> | <u>\$ 5,250</u> |
| Net Position: | | |
| Net investment in capital assets | \$ 327,993 | \$ 65,879 |
| Restricted | 719,116 | 683,147 |
| Unrestricted | 181,457 | 204,423 |
| Total Net Position | <u>\$ 1,228,566</u> | <u>\$ 953,449</u> |

(1) Amounts for fiscal year 2017 have not been restated for the adoption of GASB No. 75

Capital assets, net as of September 30, 2018 were \$6.1 billion, \$116.3 million lower than at September 30, 2017. The decreases were due primarily to current year depreciation expense exceeding capital asset additions.

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2018 (UNAUDITED)

As of September 30, 2018, the assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$1.2 billion, an increase of approximately \$275.1 million as compared to fiscal year 2017, prior to the adoption of GASB 75.

Changes in net position can be determined by reviewing the following summary of revenue, expenses, and changes in net position for the years ended September 30, 2018 and 2017:

| | <u>2018</u> | <u>2017</u> ⁽¹⁾ |
|----------------------------------------------------------|---------------------|----------------------------|
| | (In thousands) | (In thousands) |
| Operating revenues: | | |
| Aviation fees | \$ 384,989 | \$ 372,977 |
| Rentals | 149,111 | 144,046 |
| Commercial operations | 276,150 | 270,322 |
| Other operating | 11,259 | 12,229 |
| Other – environmental remediation | - | 5,150 |
| Nonoperating revenues: | | |
| Passenger facility charges | 82,242 | 88,914 |
| Investment income | 14,261 | 5,796 |
| Other | 2,956 | 2,489 |
| Total Revenues | <u>920,968</u> | <u>901,923</u> |
| Operating expenses: | | |
| Operating expenses | 318,363 | 292,639 |
| Operating expenses – environmental remediation | 2,621 | 368 |
| Operating expenses – commercial operations | 59,977 | 56,578 |
| General and administrative expenses | 93,387 | 87,773 |
| Depreciation and amortization | 262,821 | 259,280 |
| Nonoperating expenses: | | |
| Interest expense | <u>259,857</u> | <u>268,118</u> |
| Total Expenses | <u>997,026</u> | <u>964,756</u> |
| Loss before capital contributions | (76,058) | (62,833) |
| Capital contributions | 48,552 | 48,525 |
| Change in accounting estimate | <u>324,270</u> | <u>-</u> |
| Change in net position | 296,764 | (14,308) |
| Net position at beginning of year, as restated (note 2t) | <u>931,802</u> | <u>967,757</u> |
| Net position at end of year | <u>\$ 1,228,566</u> | <u>\$ 953,449</u> |

(1) Amounts for fiscal year 2017 have not been restated for the adoption of GASB No. 75

Total revenue for fiscal year 2018 was \$921.0 million, an increase of \$19.0 million, or 2.1%, as compared to fiscal year 2017. Operating revenue in fiscal year 2018 was \$821.5 million, an increase of \$16.8 million, or 2.1%, as compared to fiscal year 2017. The increase in operating revenue is primarily attributable to the increase in revenue from landing fees, concourse use charges, aircraft parking charges, land rent, food and beverage charges, and aeronautical services charges.

**MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS**

SEPTEMBER 30, 2018 (UNAUDITED)

Total expenses, including depreciation and amortization, for fiscal year 2018 were \$997.0 million, an increase of \$32.2 million, or 3.3%, as compared to fiscal year 2017. Operating expenses, excluding depreciation and amortization, were \$474.3 million, an increase of \$37.0 million, or 8.5%, as compared to fiscal year 2017. The increase in operating expenses is primarily attributed to an increase in expenses for outside contracts, repairs and maintenance, general administrative expenses, and services provided by other County departments.

In accordance with the amended and restated Trust Agreement (the Trust Agreement), the Aviation Department is required to meet its rate covenant, which means the Aviation Department is required to maintain, charge, and collect rates and charges for the use of and for the services and facilities provided to all users of these facilities. In addition, these rates and charges are to provide revenue sufficient to pay current expenses: to make the required Reserve Maintenance Fund annual deposits as recommended by the Consulting Engineers and to make deposits to the Sinking Fund, which comprises the Bond Service Account, the Reserve Account, and the Redemption Account, of not less than 120% of the Principal and Interest Requirements of the Outstanding bonds, as defined in the Trust Agreement (all capitalized terms referenced in the last few sentences are defined terms in the Trust Agreement). The Aviation Department uses an airport system residual cost recovery methodology to set its landing fee rate. The manner in which the residual landing fee is calculated enables the Aviation Department to establish rates to meet its rate covenant.

Capital Assets and Debt Administration

Capital Assets

As of September 30, 2018 and 2017, the Aviation Department had \$6.1 billion and \$6.2 billion, respectively, invested in capital assets, net of accumulated depreciation.

The following table summarizes the composition of capital assets, net of accumulated depreciation, as of September 30, 2018 and 2017:

| | 2018 | 2017 |
|--------------------------------------|---------------------|---------------------|
| | (In thousands) | (In thousands) |
| Land | \$ 127,026 | \$ 127,026 |
| Buildings, improvements, and systems | 4,741,652 | 4,888,922 |
| Infrastructure | 585,418 | 627,074 |
| Furniture, machinery, and equipment | 429,605 | 453,102 |
| | <u>5,883,701</u> | <u>6,096,124</u> |
| Construction in progress | 178,306 | 82,144 |
| | <u>178,306</u> | <u>82,144</u> |
| Total capital assets, net | <u>\$ 6,062,007</u> | <u>\$ 6,178,268</u> |

**MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

SEPTEMBER 30, 2018 (UNAUDITED)

The Aviation Department has grown its capital program to a long term and bigger Capital Improvement Program (CIP) with an approved budget of \$1.52 billion. The CIP includes projects and funding sources from fiscal year 2015 thru 2023. The program consists of 52 capital projects grouped in seven subprograms; *MIA Central Base Apron and Utilities, Concourse E, South Terminal, Miscellaneous Projects, Passenger Boarding Bridges, Improvement Projects, and Support Projects*; plus the *Reserve Maintenance Projects* subprogram for miscellaneous environmental and maintenance projects under the Reserve Maintenance Division for a total of 8 subprograms. As of September 30, 2018, the status of the CIP can be described as follows:

- 17 projects in planning and design: \$312.4 Million

These projects include: MIA Satellite E New Chiller Plan, MIA Satellite E Ramp Level Bus Hold room, MIA Concourse E to F Connector, MIA Concourse H Headhouse, MIA Parking Garage Structural Repairs, MIA Airport Operations Center (AOC), MIA Fuel Tender Facility, MIA Taxi and Transportation Network Company (TNC) Parking Lot and Facilities, MIA Employee Parking Garage, MIA Fuel Storage Facility Expansion - Design phase, MIA South Terminal Smoke Evacuation, MIA Central Terminal Fire Protection Notice of Violation, TMB New Bldgs. 102 &109, MIA Bldg. 845 Parking Lot Improvements, MIA CC J Gates Safegate, MIA Public Address System Renovation and MIA Multilateral Surveillance System (MLAT).

- 11 projects in Bid & Award: \$163.3 Million

These projects include: MIA Central Base Apron and Utilities Modifications and Expansion, MIA Lower Cc E Third Level Sterile Corridor, MIA Partial Demo Bldg. 704, FPL Vault Relocation & Wash Rack Relocation, MIA Bldg. 704 Tenants Relocation and Finish Out Bldg. 701, MIA Fumigation Facility Temporary Relocation, MIA RCF D60 New Swing Doors, MIA CC G Preconditioned Air Equipment, MIA Parking Guidance System, MIA Central Terminal CCTV and Access Control, OPF Interior Service Road (Phase 2) and MIA Credentialing and Identity Management System – COTS.

- 12 projects under Construction: \$924.6 Million

These Capital projects primarily consist of: MIA Lower Concourse E Renovations, MIA Lower Cc E Passenger Loading Bridges, MIA Lower Cc E Roofing, Mechanical, and Electrical Equipment Replacement, MIA Satellite E Renovation, MIA Satellite E Ramp Level Demolition and Additional Work, MIA Satellite E Passenger Loading Bridges, MIA Satellite E Roofing, Mechanical, and Electrical Equipment Replacement, MIA Concourse H Roof Replacement, MIA South and Central Terminal BHS Improvements, MIA Rehabilitation of Taxiways R, S, T; Extend Taxiway R, Reconfigure Connector Taxiway M5, MIA Central Terminal E-H Ticket Counters and MIA North and Central Terminal Passenger Boarding Bridges (PBBs) - Phase 1, and also include in this group is the Program Contingency for \$91.8 Million.

- 12 projects in Close Out: \$118.5 Million

These projects include: MIA Cc E Satellite Automated People Mover Replacement, MIA Lower Cc E Admirals Club Elevators, MIA Lower Cc E APM Station 4th Level, MIA Lower Cc E FIS Area Renovations - Phase I, MIA Satellite E New Generator, MIA Satellite E ICE Detention Center, MIA Satellite E 4th Level Demolition Work, MIA Satellite E Fire Pump Room, MIA Satellite E Pavement Rehabilitation, MIA FOD Detection System, MIA ID Section Relocation and MIA - Concourse J-J3 EDS Room.

Additional information on the Aviation Department's capital assets can be found in Note 5 to the financial statements of this report.

**MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

SEPTEMBER 30, 2018 (UNAUDITED)

Debt Administration

As of September 30, 2018 and 2017, the Aviation Department had a total of \$5.8 billion in long-term debt outstanding. The long-term debt consists of Aviation Revenue Bonds issued under the Trust Agreement, Double-Barreled Aviation Bonds issued by the County, Commercial Paper Notes and the State Infrastructure Bank Loan. Maturity dates range from 2019 to 2046, and the interest rates range from 1.183% to 5.750%.

Both principal and interest for the Aviation Revenue Bonds are payable solely from net revenue generated from the airport facilities constructed under the provisions of the Trust Agreement. These Aviation Revenue Bonds do not constitute debt of the County or a pledge of the full faith and credit of the County. In addition to net revenue, the Aviation Department used \$58.0 million of PFC revenue to pay principal and interest due in fiscal year 2018.

On August 30, 2018, the Aviation Department issued 19,745,000 of Refunding Bonds at a premium of approximately \$1,359,000, Series 2018A with an interest rate of 4.00% to 5.00%. The proceeds were used as follows:

- partially refund \$10,100,000 of principal amount outstanding for the Revenue Bond Series 2003E
- partially refund \$10,820,000 of principal amount outstanding for the Revenue Bond Series 2008A

The net proceeds were placed in an irrevocable trust account to refund the 2003E and 2008A Bonds which matured on October 1, 2018. Payments were scheduled to be made accordingly by the Trustees. As of September 30, 2018, the Irrevocable Escrow Account for the advanced refunding had approximately \$21,426,000.

On August 30, 2018, the Aviation Department issued 4,185,000 of Refunding Bonds at a premium of approximately \$255,000, Series 2018B with an interest rate of 4.00% to 5.00%. The proceeds were used as follows:

- partially refund \$4,405,000 of principal amount outstanding for the Revenue Bond Series 2008B

The net proceeds were placed in an irrevocable trust account to refund the 2008B Bonds which matured on October 1, 2018. Payments were scheduled to be made accordingly by the Trustees. As of September 30, 2018, the Irrevocable Escrow Account for the advanced refunding had approximately \$4,494,000.

On August 30, 2018, the Aviation Department issued 766,815,000 of Refunding Bonds at par, Series 2018C with an interest rate of 2.76% to 4.28%. The proceeds were used as follows:

- partially advanced refund \$316,025,000 of principal amount outstanding for the Revenue Bond Series 2009A
- partially advanced refund \$49,300,000 of principal amount outstanding for the Revenue Bond Series 2009B
- partially advanced refund \$363,935,000 of principal amount outstanding for the Revenue Bond Series 2010A

**MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

SEPTEMBER 30, 2018 (UNAUDITED)

The net proceeds were placed in an irrevocable trust account to refund the 2009A Bonds which will mature on October 1, 2019, 2009B Bonds which will mature on October 1, 2019, and the 2010A Bonds which will mature on October 1, 2020. Payments were scheduled to be made accordingly by the Trustees. As of September 30, 2018, the Irrevocable Escrow Account for the advanced refunding had approximately \$777,528,000.

As a result, the refunded principal portion of the Revenue Bond Series 2003E, 2008A, 2008B, 2009A, 2009B, and 2010A are considered defeased and the liability for these bonds were removed from long-term debt. Accordingly, the assets and liabilities for the portion of the refunded Series are not included in the Aviation Department's financial statements.

Prior to refunding, the net cash flow needed was approximately \$1,455,347,000. The new refunding debt service is approximately \$1,343,102,000. As a result of the refunding, the Aviation Department had a net present value savings of approximately \$71,379,000.

Some issues of General Aviation Revenue Bonds are insured by various original monoline insurance companies whose credit ratings reflect the financial capacity of these companies. The purchase of insurance at the time the debt was issued elevated bond ratings by Standard and Poor's, Moody's Investor Service, and Fitch Ratings, respectively, to AAA, Aaa, and AAA and lowered the interest rate on the related debt. The Trust Agreement requires that insurers have certain minimum ratings in order to insure County bonds. The policies provide that insurers will make debt service payments in the unlikely event that the County is unable to do so. Since the insured bonds were issued, the ratings of the various monoline insurers have been lowered or withdrawn by the rating agencies. The rating downgrades do not necessarily affect the insurance companies' ability to pay claims, and the various insurance policies remain in effect. However, the Reserve Account was affected by the rating downgrades of the Surety policies that were purchased in lieu of cash funding the Debt Service Reserve Requirement. The Aviation Department funded the reserve requirement shortfall by funding the difference over a specified time period. As a result, the Aviation Department has a fully funded cash reserve along with potentially viable but unusable Surety policies unless the ratings of the Reserve Surety Providers are upgraded to "AA/Aa" or higher. The County's cash flow and its ability to pay its debt service obligation have not been affected.

As of September 30, 2018, the public underlying ratings for the Aviation Department's outstanding General Aviation Revenue Bonds were A with a stable outlook, AA- with a stable outlook, and A with a stable outlook per Standard and Poor's, Kroll Bond Rating Agency, and Fitch Ratings, respectively.

Additional information on the Aviation Department's debt administration can be found in Note 6 of this report.

Economic Factors and Outlook

In previous years, airline rates and charges at MIA had significantly increased primarily due to the large amount of new money Aviation Revenue Bonds that was issued between 1994 and 2010. All of this additional debt translated into higher annual debt service costs and resulted in MIA becoming one of the more expensive U.S. airports from an airline rates and charges perspective. Under the Aviation Department's airline rates structure, these debt service costs are passed along to the MIA air carriers, mostly through aviation fees and terminal rental rates. The increase in the airline costs due to the higher annual debt service has been mitigated for the reasons noted below:

- 1) The higher than anticipated surplus revenue (i.e., realizing higher than budgeted revenue and spending less than budgeted expenses), which is used to offset the residual landing fee related costs in the subsequent fiscal year. In fact, the landing fee rate has stayed below fiscal year 2014 landing fee rate for the last five years; \$1.75 in fiscal year 2014 with the subsequent fiscal years being no higher than \$1.68 and the current fiscal year (2019) being \$1.62.

**MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS**

SEPTEMBER 30, 2018 (UNAUDITED)

- 2) The refunding of the Aviation Revenue Bonds that were issued between 1994 and 2010. These refunding transactions have resulted in a net present value savings of \$569.8 million based on a par amount of \$4.9 billion for the refunded bonds; an overall net present value savings of 11.6%.
- 3) The Aviation Department has controlled its budgeted (and thereby the actual) operating expenses as shown by a moderate increase in operating expenses (excluding depreciation and amortization) over the last few years. The higher than anticipated nonairline revenue in various years has also offset the airline costs under the residual rate methodology.

MIA principally serves the metropolitan area of Miami-Dade County. The local residents in Miami-Dade County serve as a portion of the MIA passenger traffic, which means that the local economy affects the Airport’s revenue. During fiscal year 2018, Miami-Dade County has continued to show signs of improvement economically. The not seasonally adjusted unemployment rate decreased from 4.8% to 3.6% (or 25%) from September 2017 to September 2018. Home prices increased 5.3% from September 2017 to September 2018 according to the S&P/Case-Shiller Home Price Index. The Greater Miami Convention & Visitors Bureau reported in May 2018 the following information.

- a) A record-breaking \$26 billion in expenditures was made by overnight visitors to Greater Miami in 2017, representing a 2.1% increase over the previous year.
- b) Employment in the leisure and hospitality industry grew by 2.4% reaching a record 144,800 jobs in Miami-Dade for 2017.
- c) Greater Miami continued the growth trend in the first quarter of 2018 compared to the same time period the previous year, increasing hotel occupancy by 4.3%, hotel room rate by 11.8% and revenue per available hotel room (RevPar) by 16.6%, as reported by Smith Travel Research.

In terms of passenger growth at MIA, the numbers are noted in the following table.

| Fiscal Year | Total Passengers | Percentage Change |
|--------------------|-------------------------|--------------------------|
| 2009 | 33,875,470 | -0.6% |
| 2010 | 35,029,106 | 3.4% |
| 2011 | 37,633,119 | 7.4% |
| 2012 | 39,564,476 | 5.1% |
| 2013 | 40,115,305 | 1.4% |
| 2014 | 40,844,964 | 1.8% |
| 2015 | 43,347,129 | 6.1% |
| 2016 | 44,901,753 | 3.6% |
| 2017 | 43,758,409 | -2.5% |
| 2018 | 44,938,486 | 2.7% |

The drop in passengers in FY2017 is due to Hurricane Irma in September 2017 in which MIA was closed for a number of days. This closure resulted in a significant number of cancelled flights during the Airport closure as well as the days prior to and just after the closure.

Since Concourse D was completed in 2010, American Airlines has been able to grow its hub operation at MIA. American Airlines along with its regional airline, Envoy, has significantly increased service to MIA, which is represented by its 20.3% enplaned passenger growth rate from fiscal years 2009 to 2018.

**MIAMI-DADE COUNTY AVIATION DEPARTMENT
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SEPTEMBER 30, 2018 (UNAUDITED)

The financial strength and stability of the airlines serving MIA may affect future airline traffic. While passenger demand at the Airport is expected to increase in the future, there can be no assurance given as to the levels of aviation activity that will be achieved at the Airport in the future. Any financial or operational difficulties incurred by American Airlines or any other major air carriers at the Airport could have a material adverse effect on the Airport as well as any natural disasters such as hurricanes, although the Aviation Department would take measures to mitigate these potential effects.

Air cargo tonnage at MIA has grown at a healthy rate for the past fiscal year as noted by the 5.4% increase in cargo tonnage for fiscal year 2018, as compared to fiscal year 2017. MIA benefits from its geographic location because MIA acts as a transshipment location with a major portion of the goods being shipped beyond MIA. During 2017, the Airport handled 83% of all air imports and 79% of all air exports between the United States and the Latin American/Caribbean region.

Request for Information

This financial report is designed to provide customers, creditors, and other interested parties with a general overview of the Aviation Department's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed in writing to the Chief Financial Officer, Miami-Dade County Aviation Department, 4200 N.W. 36th Street, Suite 300, Miami, Florida 33122.

**MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
STATEMENT OF NET POSITION**

SEPTEMBER 30, 2018 (IN THOUSANDS)

ASSETS

Current Assets:

| | |
|---------------------------------------------------------------------------|----------------|
| Cash and cash equivalents | \$ 272,104 |
| Investments, including interest receivable | 69,982 |
| Accounts receivable, net of allowance for doubtful accounts of \$5,466 | 44,351 |
| Inventories, prepaid expenses, and other current assets | 7,890 |
| Due from County Agencies | <u>1,666</u> |
| Total Current Unrestricted Assets | <u>395,993</u> |

Restricted Assets:

Current Restricted Assets:

| | |
|--------------------------------------------|----------------|
| Cash and cash equivalents | 16,765 |
| Investments, including interest receivable | 257,456 |
| Government grants receivable | 23,812 |
| Passenger facility charges receivable | <u>7,785</u> |
| Total Current Restricted Assets | <u>305,818</u> |

| | |
|----------------------|----------------|
| Total Current Assets | <u>701,811</u> |
|----------------------|----------------|

Noncurrent Assets:

Restricted Assets:

| | |
|--------------------------------------------|---------------|
| Cash and cash equivalents | 597,827 |
| Investments, including interest receivable | <u>95,568</u> |
| Total Noncurrent Restricted Assets | 693,395 |

| | |
|--------------------------|------------------|
| Capital assets, net | 6,062,007 |
| Other noncurrent assets | 1,791 |
| Due from County Agencies | <u>2,901</u> |
| Total Noncurrent Assets | <u>6,760,094</u> |

| | |
|---------------------|----------------------------|
| Total Assets | <u>\$ 7,461,905</u> |
|---------------------|----------------------------|

Deferred Outflows of Resources:

| | |
|---------------------------------------------|--------------------------|
| Deferred outflows pension | \$ 30,706 |
| Deferred loss on refundings | <u>150,009</u> |
| Total Deferred Outflows of Resources | <u>\$ 180,715</u> |

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
STATEMENT OF NET POSITION (CONTINUED)

SEPTEMBER 30, 2018 (IN THOUSANDS)

LIABILITIES AND NET POSITION

Current Liabilities Payable from Unrestricted Assets:

| | |
|------------------------------------------------------------|---------------|
| Accounts payable and accrued expenses | \$ 35,920 |
| Security deposits | 17,325 |
| Environmental remediation liability | 4,175 |
| Compensated absences | 7,042 |
| Rent advances | 7,992 |
| Capital lease liability | 3,447 |
| Due to County Agencies | 9,172 |
| | <u>85,073</u> |
| Total Current Liabilities Payable from Unrestricted Assets | <u>85,073</u> |

Current Liabilities Payable from Restricted Assets:

| | |
|----------------------------------------------------------|----------------|
| Accounts and contracts payable and other liabilities | 29,880 |
| Bonds payable within one year: | |
| Bonds payable | 131,365 |
| Interest payable | 110,367 |
| | <u>271,612</u> |
| Total Current Liabilities Payable from Restricted Assets | <u>271,612</u> |
| Total Current Liabilities Payable | <u>356,685</u> |

Noncurrent Liabilities:

| | |
|-------------------------------------------------------------|----------------------------|
| Bonds and loans payable after one year | 5,671,657 |
| Commercial paper notes | 140,168 |
| Environmental remediation liability, net of current portion | 34,180 |
| Compensated absences, net of current portion | 17,735 |
| Rent advances | 5,236 |
| Capital lease liability, net of current portion | 77,236 |
| Total other post-employment benefit liability | 23,917 |
| Net pension liability | 78,351 |
| | <u>6,048,480</u> |
| Total Noncurrent Liabilities | <u>6,048,480</u> |
| Total Liabilities | <u><u>\$ 6,405,165</u></u> |

Deferred Inflows of Resources:

| | |
|------------------------------------------------|------------------------|
| Deferred inflows pension | \$ 7,648 |
| Deferred inflows other post-employment benefit | 1,241 |
| | <u>8,889</u> |
| Total Deferred Inflows of Resources | <u><u>\$ 8,889</u></u> |

Net Position:

| | |
|------------------------------------|----------------------------|
| Net investment in capital assets | \$ 327,993 |
| Restricted: | |
| Restricted for debt service | 323,913 |
| Restricted for reserve maintenance | 71,526 |
| Restricted for construction | 323,677 |
| Unrestricted | 181,457 |
| | <u>1,228,566</u> |
| Total Net Position | <u><u>\$ 1,228,566</u></u> |

See accompanying notes to the financial statements.

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED SEPTEMBER 30, 2018 (IN THOUSANDS)

| | |
|---------------------------------------------------------------|---------------------|
| Operating Revenue: | |
| Aviation fees | \$ 384,989 |
| Rentals | 149,111 |
| Commercial operations: | |
| Management agreements | 73,595 |
| Concessions | 202,555 |
| Other | 11,259 |
| | <u>821,509</u> |
| Total Operating Revenue | |
| | <u>821,509</u> |
| Operating Expenses: | |
| Operating expenses | 318,363 |
| Operating expenses – environmental remediation | 2,621 |
| Operating expenses under management agreements | 18,041 |
| Operating expenses under operating agreements | 41,936 |
| General and administrative expenses | 93,387 |
| | <u>474,348</u> |
| Total Operating Expenses Before Depreciation and Amortization | |
| | <u>474,348</u> |
| Operating income before depreciation and amortization | 347,161 |
| Depreciation and amortization | 262,821 |
| | <u>84,340</u> |
| Operating Income | |
| | <u>84,340</u> |
| Nonoperating Revenues (Expenses): | |
| Environmental cost recovery | 21 |
| Passenger facility charges | 82,242 |
| Interest expense | (259,857) |
| Investment income | 14,261 |
| Other revenue | 2,935 |
| | <u>(160,398)</u> |
| Total Nonoperating Expenses | |
| | <u>(160,398)</u> |
| Loss before capital contributions | (76,058) |
| Capital contributions | 48,552 |
| Change in accounting estimate (Note 2k) | 324,270 |
| | <u>296,764</u> |
| Change in Net Position | |
| | <u>296,764</u> |
| Net position, beginning of year, as restated (Note 2t) | 931,802 |
| Net position, end of year | <u>\$ 1,228,566</u> |

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2018 (IN THOUSANDS)

Cash flows from operating activities:

| | |
|-----------------------------------------------|----------------|
| Cash received from customers and tenants | \$ 814,284 |
| Cash paid to suppliers for goods and services | (332,063) |
| Cash paid to employees for services | (130,011) |
| | <u>352,210</u> |
| Net cash from operating activities | <u>352,210</u> |

Cash flows from capital and related financing activities:

| | |
|--------------------------------------------------------|------------------|
| Proceeds from bonds issues and commercial paper | 1,368,311 |
| Principal paid on bonds, loans, and commercial paper | (1,372,429) |
| Interest paid on bonds, loans, and commercial paper | (315,369) |
| Purchase and construction of capital assets | (141,693) |
| Proceeds from sale of property | 1,099 |
| Capital contributed by federal and state governments | 35,408 |
| Passenger facility charges | 85,373 |
| Proceeds from environmental reimbursements | 21 |
| Capital lease proceeds | 47,602 |
| | <u>(291,677)</u> |
| Net cash from capital and related financing activities | <u>(291,677)</u> |

Cash flows from noncapital financing activity:

| | |
|---------------------------------------------|--------------|
| Other reimbursements received | <u>2,935</u> |
| Net cash from noncapital financing activity | <u>2,935</u> |

Cash flows from investing activities:

| | |
|---------------------------------------------------|----------------|
| Purchase of investments | (1,152,098) |
| Proceeds from sales and maturities of investments | 1,252,064 |
| Interest and dividends on investments | 12,999 |
| | <u>112,965</u> |
| Net cash from investing activities | <u>112,965</u> |

| | |
|----------------------------------------------|-------------------|
| Net change in cash and cash equivalents | 176,433 |
| Cash and cash equivalents, beginning of year | <u>710,263</u> |
| Cash and cash equivalents, end of year | <u>\$ 886,696</u> |

Cash and cash equivalents reconciliation:

| | |
|---------------------------|-------------------|
| Unrestricted assets | \$ 272,104 |
| Restricted assets | <u>614,592</u> |
| Cash and cash equivalents | <u>\$ 886,696</u> |

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
STATEMENT OF CASH FLOWS (CONTINUED)

YEAR ENDED SEPTEMBER 30, 2018 (IN THOUSANDS)

Reconciliation of operating income to net cash from operating activities:

| | |
|----------------------------------------------------------------------------------|-------------------|
| Operating income | \$ 84,340 |
| Adjustments to reconcile operating income to net cash from operating activities: | |
| Depreciation and amortization | 262,821 |
| Provision for uncollectible accounts | 4,775 |
| Loss (gain) on sale of property | (10) |
| Changes in operating assets and liabilities: | |
| Accounts receivable | (12,512) |
| Inventories, prepaid expenses, and other assets | 550 |
| Due from County Agencies | 1,428 |
| Deferred outflows related to pensions | 3,129 |
| Accounts and contracts payable and accrued expenses | 4,979 |
| Security deposits | 948 |
| Due to County Agencies | 3,446 |
| Rent and contribution advances | (1,854) |
| Liability for compensated absences | 993 |
| Liability for other post-employment benefits | (1,363) |
| Net pension liability | (5,534) |
| Other liabilities | 2,435 |
| Deferred inflows related to pensions | 2,398 |
| Deferred inflows related to other post-employment benefits | 1,241 |
| Total adjustments | <u>267,870</u> |
| Net cash from operating activities | <u>\$ 352,210</u> |

Noncash investing, capital, and financing activities:

| | |
|----------------------------------------------|-----------|
| Decrease in fair value of investments | \$ (857) |
| Increase in construction in progress accrual | 3,453 |
| Decrease in contribution advances | (324,270) |
| Capital contribution from State | 324,270 |
| Capitalized interest | 2,503 |
| Decrease in premium from bonds | (21,422) |

**MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2018

Note 1—General

a. Description – Miami-Dade County, Florida (the County) is a chartered political subdivision of the State of Florida and is granted home rule county powers by the Constitution of the State of Florida and Florida Statutes. The Board of County Commissioners (the Board or the BCC) is the legislative and governing body of the County. The Miami-Dade County Aviation Department (the Aviation Department), established on February 6, 1973, is included as an enterprise fund in the County's comprehensive annual financial report as part of the County's reporting entity.

These financial statements present only the Aviation Department and do not purport to, and do not, present fairly the financial position of the County as of September 30, 2018, and the changes in its financial position and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles (GAAP).

Pursuant to the general laws of Florida, the County owns Miami International Airport (MIA), three general aviation airports, and two training airports, one of which has been closed (collectively the airports), all of which are operated by the Aviation Department.

b. Basis of Presentation – The Aviation Department operates as an enterprise fund of the County. An enterprise fund is used to account for the financing of services to the general public, since substantially all of the costs involved are paid in the form of charges by users of such services. Accordingly, the Aviation Department's financial statements have been prepared using the economic resources measurement focus and accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

c. Authority to Fix Rates – Under the provisions of the Trust Agreement, amended and restated dated December 15, 2002 by the County, The Bank of New York, successor in interest to JP Morgan Chase Bank, New York, New York, as trustee (the Trustee), and U.S. Bank National Association (successor in interest to Wachovia Bank, National Association, Miami, Florida) as cotrustee (the CoTrustee) (the Trust Agreement), which amended and restated the Trust Agreement dated as of October 1, 1954 with the Chase Manhattan Bank (predecessor-in-interest to the Trustee) and First Union National Bank of Miami (predecessor-in-interest to the CoTrustee), as amended and supplemented (the Original Trust Agreement), the Aviation Department is required to maintain, charge, and collect rates and charges for the use and services provided, which will provide revenue sufficient to:

- Pay current expenses, as defined in the Trust Agreement.
- Make the Reserve Maintenance Fund (the Reserve Maintenance Account) deposits recommended by the Consulting Engineers.
- Make deposits to the Interest and Sinking Fund (the Sinking Fund Account) comprising the Bond Service Account, the Reserve Account, and the Redemption Account of not less than 120% of the principal and interest requirements of the Trust Agreement Aviation Revenue Bonds, as defined in the Trust Agreement.

Any remaining balance in the Revenue Fund, after meeting the requirements noted above, is deposited to the Improvement Fund (the Improvement Account), as defined in the Trust Agreement.

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Note 1—General (continued)

d. Agreements with Airlines – The Airline Use Agreement (AUA) which was in effect since May 2002 was replaced with a new AUA, which became effective in August 2018. The AUA establishes an airport system residual landing fee such that all costs not recovered through other revenue will be recovered from the landing fee revenue. Pursuant to the requirements of the AUA, remaining money residing in the Improvement Fund at the end of the fiscal year in excess of \$7.6 million, adjusted annually by the Consumer Price Index (CPI), is to be transferred to the Revenue Fund in the subsequent fiscal year, thus reducing the amounts otherwise to be paid by the MIA air carriers in that fiscal year. The \$7.6 million annual contribution is deposited into a separate account that has a cumulative cap of \$22.8 million also subject to a CPI adjustment and can be used for any discretionary airport-related purpose. As of September 30, 2018, the excess deposit, which was transferred to the Revenue Fund annually by March, was approximately \$97,710,000.

e. Relationship with County Departments – The Aviation Department reimburses the County's General Fund for its portion of the direct administrative service cost, such as audit and management services, the Board, Clerk of the Courts, computer services and information systems, fire, police, personnel, and others. In 1996, an internal study was conducted by the County to determine the appropriate method as a basis to establish the indirect administrative services cost reimbursement for the year ended September 30, 1996 and subsequent years. This study was updated in 2003. The General Fund Cost Allocation Study is performed by a consultant, every two years, to establish the appropriate allocation to the General Fund. The study accords all administrative costs consistent treatment through the application of GAAP appropriate to the circumstances, and conforms to the accounting principles and standards prescribed by the Office of Management and Budget (OMB) Circular A-87, and Cost Principles for State, Local and Indian Tribal Governments (2 CFR Part 225). The latest cost allocation study that is currently in use was completed in fiscal year 2017, using administrative costs for fiscal year 2015. For the year ended September 30, 2018, the Aviation Department recorded an expense in the amount of approximately \$4,273,000, for the indirect administrative services cost reimbursement in accordance with the formula developed as a result of the study.

As of September 30, 2018, the Aviation Department owes the County approximately \$9,172,000, for various services. For this same period, the Aviation Department has receivables due from the County in the amount of approximately \$4,567,000.

On March 20, 2003, the U.S. Department of Transportation and Office of the Inspector General (OIG) issued Report No. AV-2003-030 entitled Oversight of Airport Revenue in connection with their audit of amounts paid to the County by the Aviation Department. The OIG reported that the County diverted Aviation Department revenue of approximately \$38 million from 1995 to 2000. On August 9, 2005, upon receiving additional information from the Aviation Department, the OIG agreed to adjust the finding to \$8.1 million, plus interest. The Oversight of Airport Revenue report was updated to include the years 2001 through 2005, and the total diversion of revenue was increased to \$12 million, plus interest of \$2.3 million for a total of \$14.3 million. The County repaid the Aviation Department \$1,450,728 in fiscal years 2018. The amount due from the County was approximately \$4,352,000 at September 30, 2018.

In addition, the Aviation Department pays other County departments directly for most services provided such as fire, police, legal, and general services administration. The total cost to the Aviation Department for these services was approximately \$76,399,000 for the year ended September 30, 2018.

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Note 2—Summary of significant accounting policies

a. *Basis of Accounting* – The financial statements are presented on the accrual basis of accounting. Under this method, revenue is recorded when earned and expenses are recorded when incurred.

b. *Cash and Cash Equivalents* – Cash includes cash on hand, amounts in demand deposits, and positions in investment pools that can be deposited or withdrawn without notice or penalty. Cash equivalents are short-term highly liquid securities with known market values and maturities, when acquired, of less than three months.

c. *Investments* – Investments consist primarily of U.S. government securities and are carried at fair value based on quoted market prices.

d. *Inventories* – Inventories, consisting of building materials/supplies and spare parts, are valued at cost using the first-in, first-out method.

e. *Capital Assets and Depreciation* – Property acquired with an initial individual cost of \$1,000 or more and an estimated useful life in excess of one year is capitalized at cost. Capital assets are recorded at cost, except for contributions by third parties, which are recorded at acquisition value at the date of contribution. Expenditures for maintenance, repairs, minor renewals, and betterments are expensed as incurred. When property is disposed of, the cost and related accumulated depreciation is eliminated from the accounts, and any gain or loss is reflected in the statements of revenue, expenses, and changes in net position.

The Aviation Department depreciates assets using the straight-line method of depreciation over the assets' estimated useful lives as follows:

| | <u>Years</u> |
|--------------------------------------|--------------|
| Buildings, improvements, and systems | 40 |
| Infrastructure | 20-30 |
| Furniture, machinery, and equipment | 5-16 |

Management evaluates whether there has been a significant unexpected decline in the utility of a capital asset that could indicate an impairment in the capital asset. If there is an indication that an asset may be impaired, the Aviation Department follows Governmental Accounting Standards Board (GASB) Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, to determine whether an impairment should be recognized. The Aviation Department concluded that no impairment exists as of September 30, 2018.

f. *Interest on Indebtedness* – Interest is charged to expense as incurred, except for interest related to borrowings used for construction projects. The Aviation Department capitalizes interest costs as part of the cost of constructing specified qualifying assets. In situations involving qualifying assets financed with the proceeds of tax-exempt debt, the amount of interest capitalized is reduced by any interest income earned on the temporary investment of such moneys. Interest is capitalized throughout the construction period. Total interest costs incurred during the year ended September 30, 2018 amounted to approximately \$262,360,000. Of this amount, approximately \$2,503,000 was capitalized during fiscal year 2018.

**MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2018

Note 2—Summary of significant accounting policies (continued)

g. Restricted Assets – Assets required to be reserved for airport maintenance and debt service pursuant to the Trust Agreement are classified as restricted assets and are not available for payment of current expenses. In accordance with the terms of the Trust Agreement, assets of the Reserve Maintenance Account are restricted for unusual or extraordinary maintenance or repairs, renewals, and replacements, the cost of replacing equipment, and premiums on insurance required to be carried under the provisions of the Trust Agreement and are not available for the payment of current expenses.

Unexpended Passenger Facility Charges (PFC) revenue and accumulated interest earnings are restricted to be used on Federal Aviation Administration (FAA) approved capital projects and are classified as restricted assets.

When both restricted and unrestricted resources are available for use, it is the Aviation Department's policy to use restricted resources first, then unrestricted resources as needed.

h. Compensated Absences – The Aviation Department accounts for compensated absences by accruing a liability for employees' compensation of future absences in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. The Aviation Department's policy permits employees to accumulate unused vacation and sick pay benefits that will be paid to them upon separation from service. The Aviation Department recognizes a liability and expense in the period vacation and sick pay benefits are earned. As of September 30, 2018, liabilities related to compensated absences were approximately \$24,777,000.

i. Environmental Remediation – Both environmental remediation expenses that relate to current operations and environmental remediation expenses that relate to an existing condition caused by past operations, and which do not contribute to current or future revenue generation are expensed. Assets acquired for environmental remediation are capitalized as appropriate.

j. Deferred Outflows/Inflows of Resources – The statement of net position reports a separate section for deferred outflows of resources in addition to assets. Deferred outflows of resources represent the consumption of net position that is applicable to a future reporting period. As of September 30, 2018, the Aviation Department reported deferred outflows of resources for pension related items as discussed in Note 10 and for deferred losses on refundings. The deferred loss on refundings results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or the refunding debt as a component of interest expense using the weighted-average method, since the results are not significantly different from the effective-interest method, over the remaining life of the old debt or the life of the new debt, whichever is shorter.

The statement of net position reports a separate section for deferred inflows of resources in addition to liabilities. Deferred inflows of resources represent an acquisition of net position that is applicable to a future reporting period. As of September 30, 2018, the Aviation Department reported deferred inflows of resources for pension related items as discussed in Note 10 and for other postemployment benefits (OPEB) related items as discussed in Note 12.

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Note 2—Summary of significant accounting policies (continued)

k. Change In Accounting Estimate – The Aviation Department had deferred a capital contribution received on December 20, 2011 related to the conveyance of the rental car center over the period in which the Transportation Infrastructure Financing Innovation Act (TIFIA) loan (see Note 11(b)) remained outstanding as denoted in the reverter clause in the quitclaim deed. Although the TIFIA loan does not represent a liability of the Aviation Department, it was determined that if the Customer Facility Charges and contingent rent related to the rental car center were not sufficient to pay the required debt service of the TIFIA loan, then the Aviation Department may be required to cover the shortfall in order to retain the rental car center. During the year ending September 30, 2018, management obtained additional information which demonstrated that the Customer Facility Charges related to the rental car center has been sufficient to pay down the TIFIA loan in a shorter time frame than is required. Based on this additional information, management determined that it is no longer necessary to defer this capital contribution. The remaining capital contribution of approximately \$324,270,000 was recognized during the year ending September 30, 2018 and is included as a change in accounting estimate in the accompanying statement of revenue, expenses, and changes in net position.

l. Bond Discount/Premium and Issuance Costs – Discount/premium on bonds are amortized using the straight-line method over the life of the related bond issue since the results are not significantly different from the effective interest method of amortization. Bond issuance costs are expensed as incurred, except any portion related to prepaid insurance costs, which are amortized.

m. Pension Plan – The Aviation Department contributes to FRS, a cost-sharing multiemployer plan. The Aviation Department follows GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment to GASB No. 27*, GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* and GASB Statement No. 82, *Pension Issues – an amendment to GASB Statements No. 67, 68, and 73*. For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of FRS and HIS and additions to/deductions from FRS and HIS's fiduciary net position have been determined on the same basis as they are reported by FRS and HIS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

n. Other Postemployment Benefits (OPEB) – The Aviation Department contributes to a single-employer defined-benefit healthcare plan administered by the County. The postretirement health benefits are funded on a pay-as-you go basis (i.e. the County funds on a cash basis as benefits are paid). The Aviation Department follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

o. Net Position Classifications – Net position is classified and displayed in three components:

Net Investment In Capital Assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings and deferred outflows of resources that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position – Consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Note 2—Summary of significant accounting policies (continued)

p. Revenue Classifications – The Aviation Department defines operating revenue as revenue earned from aviation operations and charged to customers and tenants. Nonoperating revenue includes interest earnings, certain grants, and PFC collections.

The components of the major revenue captions are as follows:

Aviation Fees – landing fees, concourse use charges, loading bridge use charges, baggage claim use charges, screening fees, airplane parking fees, and other similar facilities and service use fees and charges.

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

Management Agreements – revenue from the sale of publications, automotive parking fees, pharmacy facilities, baggage services, special services lounges, the Airport Hotel, and the Fuel Farm.

Concessions – revenue from the sale of duty-free merchandise, rental car companies, and various services provided by terminal complex concessionaires.

q. Grants from Government Agencies – Grants received for the acquisition or construction of capital assets are recorded as capital contributions, when earned. Grants are earned when costs relating to such capital assets, which are reimbursable under the terms of the grants, have been incurred. During fiscal year 2018, the Aviation Department recorded approximately \$48,552,000 in grants relating to contributions consisting of federal and state grants in aid of construction. Grants receivables relating to the contributions as of September 30, 2018 were approximately \$23,812,000.

r. Passenger Facility Charges – The FAA authorized the Aviation Department to impose a PFC of \$3.00 per passenger commencing November 1, 1994. In October 2001, with an effective date of January 1, 2002, the FAA approved an increase in the PFC at MIA to \$4.50. The net receipts from PFCs are restricted to be used for funding FAA-approved capital projects and debt service attributable to such approved capital projects.

PFC revenue is reported as nonoperating revenue. The Aviation Department has been authorized to collect PFCs on eligible enplaning revenue-generating passengers in the aggregate amount not to exceed \$2,597,103,503 including interest, of which \$1,430,038,000 has been earned through September 30, 2018.

s. Use of Estimates – The preparation of the financial statements requires management of the Aviation Department to make a number of estimates and assumptions relating to the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Note 2—Summary of significant accounting policies (continued)

t. Implementation of New Accounting Standards – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is effective for fiscal years beginning after June 15, 2017. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The Aviation Department adopted GASB 75 in the fiscal year 2018 and the results are reflected in the financial statements, in Note 12. The adoption of this statement resulted in a \$21.7 million reduction of beginning net position from \$953.5 million to \$931.8, due to the addition of a total other post-employment benefit liability.

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreement*, which is effective for periods beginning after December 15, 2016. This statement makes certain requirements for governments that receive resources pursuant to an irrevocable split-interest agreement. The adoption of GASB 81 in fiscal year 2018 did not impact the Aviation Department's basic financial statements and related disclosures.

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*, which is effective for reporting periods beginning after June 15, 2017. This statement addressed a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The Aviation Department adopted GASB 85 in fiscal year 2018 and the results are reflected in the financial statements, in Note 12 and the OPEB related Required Supplementary Information to the financial statements.

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, which is effective for reporting periods beginning after June 15, 2017. This statement establishes the requirements for when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish debt. The adoption of GASB 86 in fiscal year 2018 did not impact the Aviation Department's basic financial statements and related disclosures.

u. Future Accounting Standards - In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, which is effective for reporting periods beginning after June 15, 2018. This statement addresses accounting and financial reporting for certain asset retirement obligation (AROs). The Aviation Department is still in the process of determining what effect, if any, the above statement will have on the basic financial statements and related disclosures.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*, which is effective for reporting periods beginning after December 15, 2018. This statement establishes the criteria for identifying fiduciary activities of all state and local governments. The Aviation Department is still in the process of determining what effect, if any, the above statement will have on the basic financial statements and related disclosures.

In June 2017, GASB issued Statement No. 87, *Leases*, which is effective for reporting periods beginning after December 15, 2019. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Aviation Department is still in the process of determining what effect, if any, the above statement will have on the basic financial statements and related disclosures.

**MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2018

Note 2—Summary of significant accounting policies (continued)

In April 2018, GASB issued Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, which is effective for reporting periods beginning after June 15, 2018. This statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings. The Aviation Department is still in the process of determining what effect, if any, the above statement will have on the basic financial statements and related disclosures.

In June 2018, GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, which is effective for reporting periods beginning after December 15, 2019. This statement establishes accounting requirements for interest cost incurred before the end of a construction period. This statement requires that interest cost before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The Aviation Department is still in the process of determining what effect, if any, the above statement will have on the basic financial statements and related disclosures.

In August 2018, GASB issued Statement No. 90, Majority Equity Interests, which is effective for reporting periods beginning after December 15, 2018. This statement modifies previous guidance for reporting a government's majority equity interest in a legally separate organization and guidance for reporting a component unit if a government acquires 100% equity in that component unit. The Aviation Department is still in the process of determining what effect, if any, the above statement will have on the basic financial statements and related disclosures.

Note 3—Cash and cash equivalents and investments

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

As of September 30, 2018, total unrestricted and restricted cash and cash equivalents and investments comprise the following (in thousands):

| | |
|--------------------------------------------|---------------------|
| Cash and cash equivalents | \$ 886,696 |
| Investments, including interest receivable | 423,006 |
| | <u>\$ 1,309,702</u> |

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Note 3—Cash and cash equivalents and investments (continued)

The carrying amounts of the Aviation Department's local deposits were approximately \$39,395,000 as of September 30, 2018. All deposits are fully insured by Federal Depository Insurance and are held in qualified public depositories pursuant to *Florida Statutes Chapter 280, Florida Security for Public Deposits Act* (the Act). Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The pledging level may range from 50% to 125% depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral, and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

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

Cash, cash equivalents, and investments as of September 30, 2018 are summarized as follows (in thousands):

| | |
|-----------------------------------------------|---------------------|
| Cash deposits | \$ 39,395 |
| U.S. government securities | 701,585 |
| Treasury bills | 143,408 |
| Treasury notes | 31,110 |
| Commercial paper | 343,244 |
| Money market | 50,960 |
| Total cash equivalents and investments | <u>1,270,307</u> |
| Total cash, cash equivalents, and investments | <u>\$ 1,309,702</u> |

At September 30, 2018, the carrying value of cash equivalents and investments included the following (in thousands):

| <u>Investment Type</u> | <u>Fair Value</u> |
|----------------------------------------|---------------------|
| Federal Home Loan Mortgage Corporation | \$ 162,910 |
| Federal Home Loan Bank | 221,512 |
| Federal Farm Credit Bank | 116,155 |
| Federal National Mortgage Association | 201,008 |
| Treasury bills | 143,408 |
| Treasury notes | 31,110 |
| Commercial paper | 343,244 |
| Money market | 50,960 |
| | <u>\$ 1,270,307</u> |

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Note 3—Cash and cash equivalents and investments (continued)

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

All Repos shall be governed by a standard SIFMA Master Repurchase Agreement; municipal securities issued by U.S. state or local governments, having at time of purchase, a stand-alone credit rating of AA or better assigned by two or more recognized credit rating agencies or a short-term credit rating of A1/P1 or equivalent from one or more recognized credit rating agencies.

The table below summarizes the investments by type and credit ratings as of September 30, 2018:

| Investment Type | Credit Rating | | |
|----------------------------------------|----------------------|----------------|--------------|
| | S&P | Moody’s | Fitch |
| Federal Home Loan Mortgage Corporation | AA+/A-1+ | Aaa/ P-1 | AAA/F1+ |
| Federal Home Loan Bank | AA+/A-1+ | Aaa/P-1 | N/A |
| Federal Farm Credit Bank | AA+/A-1+ | Aaa /P-1 | AAA /F1+ |
| Federal National Mortgage Association | AA+/A-1+ | Aaa /P-1 | AAA /F1+ |
| Treasury bills | AA+/A-1+ | Aaa /P-1 | AAA /F1+ |
| Treasury notes | AA+/A-1+ | Aaa /P-1 | AAA /F1+ |
| Commercial paper | NA/A1 | NA/P-1 | NA/F1 |
| Money market | AAAM | Aaa-mf | AAA mmf |

**MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2018

Note 3—Cash and cash equivalents and investments (continued)

b. Custodial Credit Risk – The Policy requires that bank deposits be secured per Chapter 280, *Florida Statutes*. This requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. As of September 30, 2018, all of the County’s bank deposits were in qualified public depositories.

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

c. Concentration of Credit Risk – The Policy establishes limitations on portfolio composition by investment type and by issuer to limit its exposure to concentration of credit risk. The Policy provides that a maximum of 50% of the portfolio may be invested in the State of Florida Local Government Surplus Trust Fund (the Pool); however, bond proceeds may be temporarily deposited in the Pool until other investments have been purchased. Prior to any investment in the Pool, approval must be received from the Board. A maximum of 30% of the portfolio may be invested in SEC-registered money market funds with no more than 10% to any single money market fund. A maximum of 20% of the portfolio may be invested in interest-bearing time deposits or demand accounts with no more than 5% deposited with any one issuer.

There is no limit on the percentage of the total portfolio that may be invested in direct obligations of the U.S. Treasury or federal agencies and instrumentalities, with no limits on individual issuers (investment in agencies containing call options shall be limited to a maximum of 25% of the total portfolio). A maximum of 5% of the portfolio may be invested in open-end or closed-end funds. A maximum of 50% of the portfolio may be in prime commercial paper with a maximum of 5% with any one issuer. A maximum of 25% of the portfolio may be invested in bankers’ acceptances with a maximum of 10% with any one issuer, but a maximum of 60% of the portfolio may be invested in both commercial paper and bankers’ acceptances. A maximum of 20% of the portfolio may be invested in repurchase agreements with the exception of one (1) business day agreement, with a maximum of 10% of the portfolio in any one institution or dealer with the exception of one (1) business day agreement. Investments in derivative products shall be prohibited by the County. A maximum of 25% of the portfolio may be directly invested in municipal obligations, up to 5% with any one municipal issuer.

As of September 30, 2018, the following issuers held 5% or more of the investment portfolio:

| <u>Issuer</u> | |
|----------------------------------------|--------|
| Federal Home Loan Mortgage Corporation | 12.82% |
| Federal Home Loan Bank | 17.44 |
| Federal Farm Credit Bank | 9.14 |
| Federal National Mortgage Association | 15.82 |
| Treasury bills | 11.29 |
| Commercial paper | 27.02 |

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Note 3—Cash and cash equivalents and investments (continued)

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

As of September 30, 2018, the County had the following investments with the respective weighted average maturity in years:

Investment Type

| | |
|----------------------------------------|-------|
| Federal Home Loan Mortgage Corporation | 0.508 |
| Federal Home Loan Bank | 2.180 |
| Federal Farm Credit Bank | 0.362 |
| Federal National Mortgage Association | 1.709 |
| Treasury bills | 0.182 |
| Treasury notes | 0.900 |
| Commercial paper | 0.088 |
| Money market | 0.003 |

e. Foreign Currency Risk – The Policy limits the Aviation Department’s foreign currency risk by excluding foreign investments as an investment option.

f. Fair Value Measurement – The Aviation Department follows GASB Statement No. 72 *Fair Value Measurement and Application*, issued in February 2015, by categorizing its investments according to the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Level 1 assets are valued using quoted prices in an active market for identical assets that can be readily obtained, and Level 2 assets are valued using a matrix pricing technique of quoted prices for similar assets or liabilities in active markets. Money market funds are reported at amortized cost which approximates fair value.

**MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2018

Note 3—Cash and cash equivalents and investments (continued)

At September 30, 2018, the carrying value of cash equivalents and investments included the following (in thousands):

| <u>Investments at Fair Value</u> | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|-----------------------------------------------|---------------------|----------------|---------------------|----------------|
| Federal Home Loan Mortgage Corporation | \$ 162,910 | \$ - | \$ 162,910 | \$ - |
| Federal Home Loan Bank | 221,512 | - | 221,512 | - |
| Federal Farm Credit Bank | 116,155 | - | 116,155 | - |
| Federal National Mortgage Association | 201,008 | - | 201,008 | - |
| Treasury bills | 143,408 | - | 143,408 | - |
| Treasury notes | 31,110 | - | 31,110 | - |
| Commercial paper | 343,244 | - | 343,244 | - |
| Total Investments at Fair Value | <u>1,219,347</u> | <u>\$ -</u> | <u>\$ 1,219,347</u> | <u>\$ -</u> |
| Money market at amortized cost | <u>50,960</u> | | | |
| Total Investments and Cash Equivalents | <u>\$ 1,270,307</u> | | | |

Note 4—Disaggregation of receivables and payables

a. *Receivables* – As of September 30, 2018, accounts receivable, net of the allowance for doubtful accounts, in the amount of \$44,351,000 comprise accounts from customers (tenants, carriers, and business partners) representing 97.1%, and government agencies representing 2.9%. American Airlines represents \$20,460,000 or 46.1% of accounts receivable, net of the allowance for doubtful accounts. American Airlines also represents approximately \$260,127,000 or 31.7% of total operating revenue for the year ended September 30, 2018.

b. *Payables* – As of September 30, 2018, accounts payable and accrued expenses and contracts payables totaled \$65,800,000. This amount comprised 95% for amounts payable to vendors, 4% due to employees, and 1% due to government agencies.

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Note 5—Capital assets and depreciation

A summary of capital asset activity and changes in accumulated depreciation for the year ended September 30, 2018 is as follows (in thousands):

| | <u>Balance at September 30, 2017</u> | <u>Additions/ Transfers</u> | <u>Deletions/ Transfers and Retirements</u> | <u>Balance at September 30, 2018</u> |
|-----------------------------------------------|----------------------------------------------|---------------------------------|-----------------------------------------------------|----------------------------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 127,026 | \$ - | \$ - | \$ 127,026 |
| Construction in progress | 82,144 | 131,927 | (35,765) | 178,306 |
| Total capital assets not being depreciated | <u>209,170</u> | <u>131,927</u> | <u>(35,765)</u> | <u>305,332</u> |
| Capital assets being depreciated: | | | | |
| Buildings, improvements, and systems | 7,203,928 | 27,645 | (136) | 7,231,437 |
| Infrastructure | 1,510,558 | 1,209 | - | 1,511,767 |
| Furniture, machinery, and equipment | 853,411 | 22,633 | (4,830) | 871,214 |
| Total capital assets being depreciated | <u>9,567,897</u> | <u>51,487</u> | <u>(4,966)</u> | <u>9,614,418</u> |
| Less accumulated depreciation for: | | | | |
| Buildings, improvements, and systems | (2,315,006) | (174,915) | 136 | (2,489,785) |
| Infrastructure | (883,484) | (42,865) | - | (926,349) |
| Furniture, machinery, and equipment | (400,309) | (45,041) | 3,741 | (441,609) |
| Total accumulated depreciation | <u>(3,598,799)</u> | <u>(262,821)</u> | <u>3,877</u> | <u>(3,857,743)</u> |
| Depreciable capital assets, net | <u>5,969,098</u> | <u>(211,334)</u> | <u>(1,089)</u> | <u>5,756,675</u> |
| Net capital assets | <u>\$ 6,178,268</u> | <u>\$ (79,407)</u> | <u>\$ (36,854)</u> | <u>\$ 6,062,007</u> |

**MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2018

Note 6—Debt

a. *Aviation Revenue Bonds* – Aviation Revenue Bonds are issued to finance the construction of facilities at the airports pursuant to the Trust Agreement and are payable solely from and are collateralized by a pledge of net revenue, as defined in the Trust Agreement. The Aviation Revenue Bonds do not constitute a debt of the County or a pledge of the full faith and credit of the County (in thousands):

Miami-Dade County Aviation Department Debt Outstanding, September 30, 2018

| Revenue Bonds | Issue date | Rate | Maturity | Amount |
|----------------------|-------------------|---------------|-----------------|----------------|
| Serial bonds: | | | | |
| 2015A | July 2015 | 5.000% | 2022-2034 | \$ 27,690 |
| 2010B | August 2010 | 3.625%-5.000% | 2019-2031 | 193,585 |
| 2010A | January 2010 | 4.250%-5.250% | 2019-2031 | 127,445 |
| 2009B | May 2009 | 4.125%-4.625% | 2019-2023 | 19,345 |
| 2009A | May 2009 | 5.500%-5.750% | 2019-2023 | 44,510 |
| 2008B | June 2008 | 4.125% | 2019 | 1,365 |
| 2002A | December 2002 | 5.050% | 2037 | 15 |
| | | | | <u>413,955</u> |
| Term bonds: | | | | |
| 2015A | July 2015 | 4.250%–5.000% | 2037–2046 | 45,595 |
| 2010B | August 2010 | 5.000% | 2036–2042 | 274,225 |
| 2010A | January 2010 | 5.470% | 2035 | 81,485 |
| 2008A | June 2008 | 5.500% | 2042 | 15 |
| | | | | <u>401,320</u> |

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Note 6—Debt (continued)

Miami-Dade County Aviation Department Debt Outstanding, September 30, 2018

| Revenue Bonds | Issue date | Rate | Maturity | Amount |
|----------------------|-------------------|-----------------|-----------------|---------------|
| Refunding bonds: | | | | |
| 2018C | August 2018 | 2.760%-4.162% | 2020–2034 | \$ 286,475 |
| 2018B | August 2018 | 4.000%-5.000% | 2020–2042 | 4,185 |
| 2018A | August 2018 | 4.000%-5.000% | 2020–2042 | 19,745 |
| 2017D | August 2017 | 1.580%-3.554% | 2019–2033 | 134,015 |
| 2017B | August 2017 | 2.750%-5.000% | 2019–2038 | 76,385 |
| 2016B | August 2016 | 1.183% - 3.756% | 2019–2037 | 370,620 |
| 2016A | August 2016 | 5.000% | 2023–2037 | 179,540 |
| 2015B | July 2015 | 5.000% | 2026–2028 | 38,500 |
| 2015A | July 2015 | 5.000% | 2019–2034 | 73,000 |
| 2014B | December 2014 | 5.000% | 2019–2035 | 76,485 |
| 2014A | December 2014 | 4.000% – 5.000% | 2019–2037 | 589,680 |
| 2014 | March 2014 | 4.000% – 5.000% | 2019–2035 | 309,110 |
| 2012B | December 2012 | 3.000% – 5.000% | 2019–2030 | 85,305 |
| 2012A | December 2012 | 5.000% | 2019–2033 | 536,070 |
| 2003E | March 2008 | 5.375% | 2019 | 9,575 |
| | | | | 2,788,690 |
| Term bonds: | | | | |
| 2018C | August 2018 | 4.280% | 2042 | 480,340 |
| 2017D | August 2017 | 3.732%-3.982% | 2038-2042 | 180,550 |
| 2017B | August 2017 | 5.000% | 2041 | 302,485 |
| 2017A | March 2017 | 4.000% | 2041 | 145,800 |
| 2016B | August 2016 | 3.856% | 2042 | 52,560 |
| 2016A | August 2016 | 5.000% | 2042 | 136,190 |
| 2015A | July 2015 | 4.250%-5.000% | 2035–2039 | 324,985 |
| 2014B | December 2014 | 5.000% | 2038 | 82,250 |
| | | | | 1,705,160 |
| | | | Grand total | \$ 5,309,125 |

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Note 6—Debt (continued)

b. *Maturities of Bonds Payable* – The annual debt service requirements are as follows (in thousands):

| <u>Years Ending September 30,</u> | Aviation Revenue Bonds Principal | Interest |
|-----------------------------------|-----------------------------------------------------|---------------------|
| 2019 | \$ 126,190 | \$ 233,136 |
| 2020 | 135,145 | 236,665 |
| 2021 | 141,500 | 230,502 |
| 2022 | 143,925 | 224,135 |
| 2023 | 147,630 | 218,360 |
| 2024-2028 | 820,735 | 995,484 |
| 2029-2033 | 1,032,090 | 793,809 |
| 2034-2038 | 1,378,525 | 518,900 |
| 2039-2043 | 1,369,610 | 163,343 |
| 2044-2046 | 13,775 | 1,258 |
| | <u>5,309,125</u> | <u>\$ 3,615,592</u> |
| Plus unamortized premium | 275,732 | |
| | <u><u>\$ 5,584,857</u></u> | |

On August 30, 2018, the Aviation Department issued 19,745,000 of Refunding Bonds at a premium of approximately \$1,359,000, Series 2018A with an interest rate of 4.00% to 5.00%. The proceeds were used as follows:

- partially refund \$10,100,000 of principal amount outstanding for the Revenue Bond Series 2003E
- partially refund \$10,820,000 of principal amount outstanding for the Revenue Bond Series 2008A

The net proceeds were placed in an irrevocable trust account to refund the 2003E Bonds which will mature on October 1, 2018 and the 2008A Bonds which will mature on October 1, 2018. Payments were scheduled to be made accordingly by the Trustees. As of September 30, 2018, the Irrevocable Escrow Account for the advanced refunding had approximately \$21,426,000.

On August 30, 2018, the Aviation Department issued 4,185,000 of Refunding Bonds at a premium of approximately \$255,000, Series 2018B with an interest rate of 4.00% to 5.00%. The proceeds were used as follows:

- partially refund \$4,405,000 of principal amount outstanding for the Revenue Bond Series 2008B

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Note 6—Debt (continued)

The net proceeds were placed in an irrevocable trust account to refund the 2008B Bonds which will mature on October 1, 2018. Payments were scheduled to be made accordingly by the Trustees. As of September 30, 2018, the Irrevocable Escrow Account for the advanced refunding had approximately \$4,494,000.

On August 30, 2018, the Aviation Department issued 766,815,000 of Refunding Bonds at par, Series 2018C with an interest rate of 2.76% to 4.28%. The proceeds were used as follows:

- partially advanced refund \$316,025,000 of principal amount outstanding for the Revenue Bond Series 2009A
- partially advanced refund \$49,300,000 of principal amount outstanding for the Revenue Bond Series 2009B
- partially advanced refund \$363,935,000 of principal amount outstanding for the Revenue Bond Series 2010A

The net proceeds were placed in an irrevocable trust account to refund the 2009A Bonds which will mature on October 1, 2019, 2009B Bonds which will mature on October 1, 2019, and the 2010A Bonds which will mature on October 1, 2020. Payments were scheduled to be made accordingly by the Trustees. As of September 30, 2018, the Irrevocable Escrow Account for the advanced refunding had approximately \$777,528,000.

As a result, the refunded principal portion of the Revenue Bond Series 2003E, 2008A, 2008B, 2009A, 2009B, and 2010A are considered defeased and the liability for these bonds were removed from long-term debt. Accordingly, the assets and liabilities for the portion of the refunded Series are not included in the Aviation Department's financial statements.

Prior to refunding, the net cash flow needed was approximately \$1,455,347,000. The new refunding debt service is approximately \$1,343,102,000. As a result of the refunding, the Aviation Department had a net present value savings of approximately \$71,379,000.

On August 29, 2017, the Aviation Department issued \$314,565,000 of Refunding Bonds, Series 2017D with an interest rate of 1.580% to 3.982%. The net proceeds were placed in an irrevocable trust account to refund the 2003E Bonds which matured on April 1, 2018, 2008A Bonds which will mature on October 1, 2018, and 2009A Bonds which will mature on October 1, 2019. Payments were scheduled to be made accordingly by the Trustees. As of September 30, 2018, the Irrevocable Escrow Account for the advanced refunding had approximately \$271,917,000.

On August 25, 2016, the Aviation Department issued \$315,730,000 of Refunding Bonds, Series 2016A with an interest rate of 5.00%. The net proceeds were placed in an irrevocable trust account to refund the 2007B Bonds which matured on October 1, 2017, 2008B Bonds which will mature on October 1, 2018, 2009B Bonds which will mature on October 1, 2019, and the 2010A Bonds which will mature on October 1, 2020. Payments were scheduled to be made accordingly by the Trustees. As of September 30, 2018, the Irrevocable Escrow Account for the advanced refunding had approximately \$330,619,000.

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Note 6—Debt (continued)

On August 25, 2016, the Aviation Department issued \$428,645,000 of Refunding Bonds, Series 2016B with an interest rate of 0.950% to 3.856%. The net proceeds were placed in an irrevocable trust account to refund the 2003E Bonds which matured on April 1, 2018, 2007A Bonds which matured on October 1, 2017, 2007C Bonds which matured on October 1, 2017, 2008A Bonds which will mature on October 1, 2018, and the 2009A Bonds which will mature on October 1, 2019. Payments were scheduled to be made accordingly by the Trustees. As of September 30, 2018, the Irrevocable Escrow Account for the advanced refunding had approximately \$183,253,000.

Bond premium is added, and bond discount is deducted from the face amount of bonds payable. Deferred loss on defeased debt is shown separately as a deferred outflow in the statements of net position in accordance with GASB Statement No. 65. Bond premium and discount are amortized as additional interest expense using the straight-line method, which approximates the effective-interest method. Amortization of bond discount or premium for Aviation Revenue Bonds and Double-Barreled Aviation Bonds was approximately \$21,422,000 for year ended September 30, 2018, and is included in interest expense in the accompanying statement of revenue, expenses, and changes in net position.

c. Double-Barreled Aviation Bond – On March 4, 2010, the County issued its Double-Barreled Aviation Bond (General Obligation), Series 2010, in the aggregate principal amount of \$239,775,000. The Series 2010 Bonds are a General Obligation of the County, secured by the full faith, credit and taxing power of the County. The Series 2010 Bonds are payable from ad valorem taxes levied on all taxable property in the County, without limitation as to rate or amount, to the extent that Net Available Airport Revenues are insufficient to pay debt services on the Series 2010 Bonds. “Net Available Airport Revenues” is defined to mean any unencumbered funds held for the credit of the Improvement Fund created under the Trust Agreement after the payment of all obligations of the County pertaining to the County airports which are payable pursuant to, and subject to the restrictions of (i) the Trust Agreement, (ii) any Airline Use Agreement then in effect or (iii) any other indenture, trust agreement, or contract.

Series 2010 was issued to provide long-term financing for certain capital improvement comprising a part of the Capital Improvement Program for the Aviation Department. Proceeds of the Series 2010 Bonds will be used for financing or reimbursing the County for costs of the acquisition, construction, improvement and/or installation by the Aviation Department of its MIA Mover Program and a portion of its North Terminal Program. The Series 2010 bonds bear stated interest ranging from 2.00% to 5.00%, with \$129,995,000 serial bonds due July 1, 2012 to 2032 and \$109,760,000 term bonds due July 1, 2033 to 2041.

Miami-Dade County Aviation Department Debt Outstanding (In Thousands)
September 30, 2018

| | <u>Issue Date</u> | <u>Rate</u> | <u>Maturity</u> | <u>Amount</u> |
|-----------------|-------------------|---------------|-----------------|-------------------|
| Revenue serial: | | | | |
| 2010 | March 2010 | 3.500%-5.000% | 2019-2032 | \$ 99,250 |
| | | | | <u>99,250</u> |
| Revenue term: | | | | |
| 2010 | March 2010 | 4.750%–5.000% | 2033–2041 | 109,760 |
| | | | | <u>109,760</u> |
| Total | | | | <u>\$ 209,010</u> |

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Note 6—Debt (continued)

d. *Maturities of Double-Barreled Aviation Bonds Payable* – The annual debt service requirements are as follows (in thousands):

| <u>Years Ending September 30,</u> | General Obligation Bonds | |
|-----------------------------------|-----------------------------------------|-----------------|
| | Principal | Interest |
| 2019 | \$ 5,175 | \$ 10,256 |
| 2020 | 5,375 | 10,059 |
| 2021 | 5,590 | 9,843 |
| 2022 | 5,870 | 9,564 |
| 2023 | 6,160 | 9,271 |
| 2024-2028 | 35,635 | 41,525 |
| 2029-2033 | 45,440 | 31,719 |
| 2034-2038 | 57,740 | 19,420 |
| 2039-2041 | 42,025 | 4,271 |
| | 209,010 | \$ 145,928 |
| Plus unamortized premium | 3,881 | |
| | \$ 212,891 | |

e. *State Infrastructure Bank Note* – On February 6, 2007, the Board approved the construction of the N.W. 25th Street Viaduct Project (Viaduct Project) by the Florida Department of Transportation (FDOT) and approved a County loan in the amount of \$50 million from the FDOT State Infrastructure Bank to fund the County's share of the total cost of the Viaduct Project. FDOT and the County subsequently entered into a joint participation agreement on March 12, 2007 whereby FDOT will construct the Viaduct Project. The loan, which closed on March 21, 2007, is secured by a County covenant to annually budget and appropriate from the County legally available non-ad valorem revenue funds sufficient to pay debt service costs. The debt service costs will be reimbursed to the County by the Aviation Department.

The funds were held in escrow by the FDOT State Infrastructure Bank for the construction of the project. As of September 30, 2018, there was no cash held in escrow by agent. As of September 30, 2018, the outstanding loan balance was approximately \$5,274,000. The loan bears interest at 2% per annum. The maturity date of the loan is October 1, 2019.

The annual debt service requirements are as follows (in thousands):

| <u>Years Ending September 30,</u> | Principal | Interest |
|-----------------------------------|------------------|-----------------|
| 2019 | \$ - | \$ - |
| 2020 | 5,274 | 105 |
| | \$ 5,274 | \$ 105 |

**MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2018

Note 6—Debt (continued)

f. Capital Leases – The Aviation Department has entered into various agreements with banks to provide capital to finance the lease/purchase of certain energy improvement equipment. During fiscal year 2018, the Aviation Department entered into a new capital lease financing agreement totaling \$47.6 million. The future minimum payments for principal and interest under these agreements are as follows (in thousands):

| Years Ending September 30, | Principal | Interest |
|----------------------------|-----------|-----------|
| 2019 | \$ 3,447 | \$ 2,405 |
| 2020 | 8,295 | 3,094 |
| 2021 | 4,994 | 2,022 |
| 2022 | 4,379 | 1,863 |
| 2023 | 4,690 | 1,734 |
| 2024-2028 | 27,817 | 6,431 |
| 2029-2033 | 24,734 | 2,288 |
| 2034 | 2,327 | 68 |
| | \$ 80,683 | \$ 19,905 |

The capitalized cost related to the capital leases is \$56.8 million, which has a carrying value, net of accumulated depreciation of \$8.7 million, of \$48.1 million.

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Note 6—Debt (continued)

g. *Long-Term Liabilities* – Changes in long-term liabilities are as follows (in thousands):

| | September 30, 2017 (as restated) | Additions | Reductions | Total at September 30, 2018 | Due Within One Year |
|------------------------------------------|-------------------------------------------------|---------------------|-----------------------|--------------------------------------------|--------------------------------|
| Revenue bonds | \$ 5,391,080 | \$ 790,745 | \$ (872,700) | \$ 5,309,125 | \$ 126,190 |
| Add amounts: | | | | | |
| For issuance premiums/ discounts, net | 289,306 | 7,566 | (21,140) | 275,732 | - |
| General obligation bonds | 213,940 | - | (4,930) | 209,010 | 5,175 |
| Add amounts: | | | | | |
| For issuance premium | 4,163 | - | (282) | 3,881 | - |
| State Infrastructure Bank loan | 10,073 | - | (4,799) | 5,274 | - |
| Total bonds and loans payable, net | 5,908,562 | 798,311 | (903,851) | 5,803,022 | 131,365 |
| Other liabilities: | | | | | |
| Commercial paper notes | 60,066 | 571,417 | (491,315) | 140,168 | - |
| Environmental remediation | 35,920 | 3,545 | (1,110) | 38,355 | 4,175 |
| Compensated absences | 23,784 | 11,297 | (10,304) | 24,777 | 7,042 |
| Rent and contribution advances | 339,352 | 7,992 | (334,116) | 13,228 | 7,992 |
| Capital lease payable | 33,081 | 47,643 | (41) | 80,683 | 3,447 |
| Postemployment benefits | 25,280 | - | (1,363) | 23,917 | - |
| Net pension liability: | | | | | |
| FRS | 65,109 | - | (4,019) | 61,090 | - |
| HIS | 18,776 | - | (1,515) | 17,261 | - |
| Total long-term liabilities | <u>\$ 6,509,930</u> | <u>\$ 1,440,205</u> | <u>\$ (1,747,634)</u> | <u>\$ 6,202,501</u> | <u>\$ 154,021</u> |

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Note 6—Debt (continued)

h. Commercial Paper Notes – At September 30, 2018, the County had \$140,000,000 outstanding of Commercial Paper Notes (Notes) plus accrued interest of \$168,329.

The proceeds of the Notes were used to finance certain airport and airport related improvements. The Notes and accrued interest are payable solely from proceeds of future Revenue Bonds and any unencumbered monies in the Improvement Fund. The Notes are secured and payable under an irrevocable transferrable direct-pay letter of credit. The letter of credit, in the amount of \$200,000,000, was approved for the purpose of making funds readily available for the payment of principal and interest on the Notes. As of September 30, 2018, there was \$60,000,000 available on the letter of credit. The letter of credit expires on March 2, 2019, subject to earlier termination as provided therein and to extension or renewal as provided therein. On February 6, 2019, an amendment to the letter of credit agreement was executed, extending the expiration date to March 2, 2021.

The outstanding Notes and accrued interest have been excluded from current liabilities because the Aviation Department intends to refinance the Notes with long-term revenue bonds.

Following is a schedule of changes in Notes (in thousands):

| | |
|----------------------------------|-------------------|
| Balance as of October 1, 2017 | \$ 60,066 |
| Additions | 571,417 |
| Deductions | (491,315) |
| Balance as of September 30, 2018 | <u>\$ 140,168</u> |

i. Defeased Debt – The County defeased certain series of Revenue Bonds by placing the proceeds of the new bond issues in irrevocable trusts. Such proceeds are invested in direct obligations of the U.S. government and will provide for all future debt service payments on the old bonds. The related assets and liabilities are not included in the financial statements of the Aviation Department.

| | <u>Defeasance Date</u> | <u>Maturity</u> | <u>2018</u> |
|----------------|------------------------|-----------------|-------------------|
| Revenue bonds: | | | |
| 2003E | August 2018 | 2020 | \$ 10,100 |
| 2008A | August 2018 | 2039 - 2042 | 10,820 |
| 2008B | August 2018 | 2020 - 2022 | 4,405 |
| 2009A | August 2018 | 2024 - 2042 | 316,025 |
| 2009B | August 2018 | 2038 - 2042 | 49,300 |
| 2010A | August 2018 | 2027 - 2042 | 363,935 |
| | | | <u>\$ 754,585</u> |

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Note 7—Restricted assets

A summary of restricted assets at September 30, 2018 is as follows (in thousands):

| | |
|----------------------------------|------------|
| Construction account | \$ 485,324 |
| Bond service and reserve account | 434,280 |
| Reserve maintenance | 79,609 |
| | <hr/> |
| | \$ 999,213 |
| | <hr/> |

Note 8—Management, operating, concession, and lease agreements

a. Management Agreements – Certain properties are provided under management agreements with nationally recognized firms or local firms with expertise in their areas of service. Among these properties are public parking, special service lounges, Fuel Farm, and the Airport Hotel. The Aviation Department receives all revenue. These agreements provide for reimbursement of approved budgeted operating expenses and a fixed management fee or fees based on percentages of revenue or operating profits of the facilities. While the Aviation Department generally looks toward the management companies for recommendations relative to operation of the facilities, the Aviation Department does exercise complete budgetary control and establishes standards, guidelines, and goals for growth and performance. Such actions are taken within the rights reserved to the Aviation Department under these agreements to control all aspects of the businesses. These include such matters as pricing, staffing, employee benefits, operating hours, facilities maintenance requirements, service levels, market selections, personnel policies, and marketing strategies. In the event the management firm is not performing in accordance with the standards established by the Aviation Department, the Aviation Department has the authority to cancel such agreements.

b. Operating Agreements – Certain other services are provided under operating agreements with nationally recognized firms or local firms with expertise in their areas of service. These agreements provide necessary services of employee shuttle transportation and janitorial services to the Aviation Department. These agreements provide for reimbursement of approved budgeted operating expenses and a fixed management fee. While the Aviation Department generally looks toward the operating companies for recommendations relative to these operations, the Aviation Department does exercise complete budgetary control and establishes standards, guidelines, and goals for service and performance. Such actions are taken within the rights reserved to the Aviation Department under these agreements to control all aspects of the businesses. These include such matters as personnel policies, staffing, employee benefits, facilities maintenance requirements, and service levels. In the event the operating firm is not performing in accordance with the standards established by the Aviation Department, the Aviation Department has the authority to cancel such operating agreements. The operating firms do not act as general agents on behalf of the County and, therefore, cannot obligate or commit the Aviation Department beyond the scope of what is required to run the day-to-day operations of managed properties as established by the budget approved by the Aviation Department. The expenses associated with the operation of these facilities and services are recorded as operating expenses under operating agreements in the accompanying statement of revenue, expenses, and changes in net position.

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Note 8—Management, operating, concession, and lease agreements (continued)

c. Concession Agreements – The Aviation Department has entered into concession agreements with retail stores and newsstands, duty-free merchandise shops, food and beverage facilities, various rent-a-car companies, aeronautical service companies, and other passenger services through 2023. The agreements consist of both cancelable and noncancelable agreements and provide for a minimum annual rental and a franchise fee based on a percentage of the gross revenue, whichever is greater. These agreements generated revenue of approximately \$202,555,000 during fiscal year 2018. Minimum future fees under such noncancelable concession agreements as of September 30, 2018 are as follows (in thousands):

Years Ending September 30,

| | |
|------|-------------------|
| 2019 | \$ 114,706 |
| 2020 | 112,355 |
| 2021 | 110,620 |
| 2022 | 102,538 |
| 2023 | 73,692 |
| | <u>\$ 513,911</u> |

d. Lease Agreements – The leasing operations of the Aviation Department consist principally of the leasing of land, buildings, and office space. The lease agreements consist of both cancelable and noncancelable agreements and permit the Aviation Department to periodically adjust rents and maximize operational flexibility. Minimum future rentals under such noncancelable lease agreements as of September 30, 2018 are as follows (in thousands):

Years Ending September 30,

| | |
|-----------|-------------------|
| 2019 | \$ 10,585 |
| 2020 | 9,929 |
| 2021 | 8,744 |
| 2022 | 8,457 |
| 2023 | 8,222 |
| 2024-2028 | 28,945 |
| 2029-2033 | 10,146 |
| 2034-2038 | 8,395 |
| 2039-2043 | 5,031 |
| 2044-2048 | 3,094 |
| 2049-2051 | 1,848 |
| | <u>\$ 103,396</u> |

The Aviation Department recognized approximately \$149,111,000 of rental income for the year ended September 30, 2018.

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Note 9—Insurance

The Aviation Department, along with most other County departments, participates in the self-insurance program of the County for workers' compensation, automobile and general liability insurance covering employees and officials of the County. The program is administered by the Risk Management Division of the Internal Services Department. Allocations of the self-insurance programs are based on the Aviation Department's claims history and administrative costs to adjudicate the claims. The long-term estimated liability for claims payable, including incurred but not reported, is recorded and retained at the County level. Therefore, such long-term liability is not included in the accompanying financial statements. The Aviation Department's long-term liability for workers' compensation and general liability is estimated to be approximately \$3,493,000 as of September 30, 2018, based on an independent actuarial valuation. The short-term liability for claims payable in the amount of approximately \$559,000 is included in due to County Agencies in the accompanying statement of net position as of September 30, 2018.

The Aviation Department also pays premiums to commercial insurance carriers for airport liability insurance and property insurance. The airport liability coverage provides comprehensive general liability, contractual liability, and personal injury liability at all airports. The limit of liability is \$1 billion with a self-insured retention of \$50,000 per occurrence and an annual aggregate retention of \$500,000. The limit for personal injury is \$50 million per occurrence.

The property of the Aviation Department is insured under a countywide master program that covers most County properties. The Aviation Department allocation is based on the value of the property of the Aviation Department as a percentage of the total value of the property insured. The limit is \$350 million countywide with a \$5 million deductible per occurrence for most perils and a \$200 million deductible for Named Storms. The sublimit for flood is \$50 million. Terrorism is included in the program with a limit of \$200 million. The Business Interruption limit for the Aviation Department is \$17.9 million.

There were no significant reductions in coverage in 2018. The amounts of insurance settlements during the past three fiscal years have not exceeded the Aviation Department's insurance coverage.

Note 10—Retirement benefits

Miami Dade County provides retirement benefits to its employees through the FRS and a Deferred Retirement Option Program (DROP), as well as state approved OPEB in the form of subsidized health insurance premiums.

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

**MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2018

Note 10—Retirement benefits (continued)

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

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

FRS Pension Plan

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

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

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

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

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

**MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2018

Note 10—Retirement benefits (continued)

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

| <u>Class, Initial Enrollment, and Retirement Age/Years of Service</u> | <u>% Value</u> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| <i>Regular Class members initially enrolled before July 1, 2011</i> | |
| Retirement up to age 62 or up to 30 years of service | 1.60 |
| Retirement at age 63 or with 31 years of service | 1.63 |
| Retirement at age 64 or with 32 years of service | 1.65 |
| Retirement at age 65 or with 33 or more years of service | 1.68 |
| <i>Regular Class members initially enrolled on or after July 1, 2011</i> | |
| Retirement up to age 65 or up to 33 years of service | 1.60 |
| Retirement at age 66 or with 34 years of service | 1.63 |
| Retirement at age 67 or with 35 years of service | 1.65 |
| Retirement at age 68 or with 36 or more years of service | 1.68 |
| <i>Elected County Officers</i> | |
| Service as Supreme Court Justice, district court of appeal judge, Circuit court judge, or county judge | 3.33 |
| Service as Governor, Lt Governor, Cabinet Officer, Legislator, state attorney, public defender, elected county official, or elected official of a city or special district that chose EOC membership for its elected officials | 3.00 |
| <i>Senior Management Service Class</i> | 2.00 |
| <i>Special Risk Regular</i> | |
| Service from December 1, 1970 through September 30, 1974 | 2.00 |
| Service on and after October 1, 1974 | 3.00 |

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

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Note 10—Retirement benefits (continued)

Miami-Dade County Allocation – The County allocated the FRS Plan amounts to the different departments based on their proportionate share of contributions to total contributions made by the County to the FRS during fiscal year 2018, (October 2017 through September 2018). The Aviation Department’s proportionate share of the contributions was 2.59% of the total contributions made by the County to the FRS during fiscal year 2018.

Contributions – The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates in effect from July 1, 2017 through June 30, 2018 were as follows:

| <u>Class</u> | <u>Percent of Gross Salary</u> | |
|----------------------------------------------------------------|--------------------------------|---------------------|
| | <u>Employee</u> | <u>Employer (1)</u> |
| FRS, Regular | 3.00 | 7.92 |
| FRS, Elected County Officers | 3.00 | 45.50 |
| FRS, Senior Management Service | 3.00 | 22.71 |
| FRS, Special Risk Regular | 3.00 | 23.27 |
| DROP – Applicable to: Members from All of the Above Classes | 0.00 | 13.26 |

Contribution rates in effect from July 1, 2018 through September 30, 2018 were as follows:

| <u>Class</u> | <u>Percent of Gross Salary</u> | |
|----------------------------------------------------------------|--------------------------------|---------------------|
| | <u>Employee</u> | <u>Employer (2)</u> |
| FRS, Regular | 3.00 | 8.26 |
| FRS, Elected County Officers | 3.00 | 48.70 |
| FRS, Senior Management Service | 3.00 | 24.06 |
| FRS, Special Risk Regular | 3.00 | 24.50 |
| DROP – Applicable to: Members from All of the Above Classes | 0.00 | 14.03 |

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

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Note 10—Retirement benefits (continued)

The Aviation Department’s contributions for FRS totaled \$6.4 million and employee contributions totaled \$1.9 million for the fiscal year ended September 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2018, the Aviation Department reported a liability of \$61.1 million for its proportionate share of the FRS Plan’s net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The Aviation Department’s proportionate share of the net pension liability was based on the Aviation Department’s 2017-2018 fiscal year contributions relative to the 2017-2018 fiscal year contributions of all participating members of the FRS Plan. At June 30, 2018, the Aviation Department’s proportionate share was 0.2028%, which was an increase from its proportionate share of 0.2201% measured at June 30, 2017.

For the fiscal year ended September 30, 2018, the Aviation Department recognized pension expense of \$10.2 million related to the FRS Plan. In addition, for the year ended September 30, 2018, the Aviation Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|
| Differences between expected and actual experience | \$ 5,175 | \$ 188 |
| Change of assumptions | 19,961 | - |
| Net difference between projected and actual earnings on FRS pension plan investments | - | 4,720 |
| Changes in proportion and differences between Aviation Department FRS contributions and proportionate share of contributions | 1,066 | 778 |
| Aviation Department FRS contributions subsequent to the measurement date | 1,659 | - |
| Total | \$ 27,861 | \$ 5,686 |

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AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
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SEPTEMBER 30, 2018

Note 10—Retirement benefits (continued)

The deferred outflows of resources related to pensions, totaling \$1.7 million, resulting from Aviation Department’s contributions to the FRS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

| <u>Fiscal Year Ending September 30,</u> | <u>Deferred Outflows (Inflows), Net</u> |
|-----------------------------------------|-------------------------------------------------|
| 2019 | \$ 7,550 |
| 2020 | 5,405 |
| 2021 | 992 |
| 2022 | 3,740 |
| 2023 | 2,457 |
| Thereafter | 372 |
| Total | <u>\$ 20,516</u> |

Actuarial Assumptions – The FRS pension actuarial valuation was determined using the following actuarial assumptions, as of July 1, 2018, applied to all periods included in the measurement:

| | |
|---------------------------|---------------------------------------------------------------------------|
| Inflation | 2.60 percent |
| Salary Increases | 3.25 percent, average, including inflation |
| Investment rate of return | 7.00 percent, net of pension plan investment expense, including inflation |

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

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Note 10—Retirement benefits (continued)

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

| Asset Class | Target Allocation (1) | Annual Arithmetic Return | Compound Annual (Geometric) Return | Standard Deviation |
|--------------------------|------------------------------|---------------------------------|-------------------------------------------|---------------------------|
| Cash | 1.00% | 2.90% | 2.90% | 1.80% |
| Fixed income | 18.00% | 4.40% | 4.30% | 4.00% |
| Global equity | 54.00% | 7.60% | 6.30% | 17.00% |
| Real estate (property) | 11.00% | 6.60% | 6.00% | 11.30% |
| Private equity | 10.00% | 10.70% | 7.80% | 26.50% |
| Strategic investments | 6.00% | 6.00% | 5.70% | 8.60% |
| Total | 100.00% | | | |
| Assumed inflation - Mean | | 2.60% | | 1.90% |

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

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions will be made at the statutorily required rates. The FRS Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The FRS Actuarial Assumption Conference is responsible for setting the assumptions used in the valuations of the defined benefit pension plans pursuant to Section 216.136(10), Florida Statutes. The 7.00% rate of return assumption used in the June 30, 2018 calculations was determined by the FRS Plan’s consulting actuary to be reasonable and appropriate per Actuarial Standard of Practice No. 27 (ASOP 27) for accounting purposes which differs from the rate used for funding purposes which is used to establish the contribution rates for the FRS Plan.

**MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2018

Note 10—Retirement benefits (continued)

Sensitivity of the Aviation Department's Proportionate Share of the Net Position Liability to Changes in the Discount Rate – The following presents the Aviation Department's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Aviation Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate (in thousands):

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|------------------------------------------------------------------------|------------------------------------|----------------------------------------------|------------------------------------|
| Aviation Department's proportionate share of the net pension liability | \$ 111,492 | \$ 61,090 | \$ 19,228 |

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

The Retiree HIS Program

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

Benefits Provided – For the fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, *Florida Statutes*. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Miami-Dade County Allocation – The County allocated the HIS Plan amounts to the different departments based on their proportionate share of contributions to total contributions made by the County to the FRS during fiscal year 2018, (October 2017 through September 2018). The Aviation Department's proportionate share of the contributions was 2.59% of the total contributions made by the County to the FRS during fiscal year 2018.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2018, the HIS contribution for the period July 1, 2017 through June 30, 2018 and from July 1, 2018 through September 30, 2018 was 1.66%. The Aviation Department contributed 100% of its statutorily required contributions for the current fiscal year. The HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. The HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

**MIAMI-DADE COUNTY AVIATION DEPARTMENT
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NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2018

Note 10—Retirement benefits (continued)

The Aviation Department's contributions to the HIS Plan totaled \$0.9 million for the fiscal year ended September 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2018, the Aviation Department reported a net pension liability of \$17.3 million for its proportionate share of the HIS Plan's net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The Aviation Department's proportionate share of the net pension liability was based on the Aviation Department's 2017-2018 fiscal year contributions relative to the total 2017-2018 fiscal year contributions of all participating members of the HIS Plan. At June 30, 2018, the Aviation Department's proportionate share was 0.1631%, which was a decrease from its proportionate share of 0.1756% measured as of June 30, 2017.

For the fiscal year ended September 30, 2018, the Aviation Department recognized pension expense of \$1.3 million related to the HIS Plan. In addition, for the year ended September 30, 2018, the Aviation Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|----------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 264 | \$ 29 |
| Change of assumptions | 1,920 | 1,825 |
| Net difference between projected and actual earnings on HIS pension plan investments | 10 | - |
| Changes in proportion and differences between Aviation Department HIS contributions and proportionate share of HIS contributions | 408 | 108 |
| Aviation Department contributions subsequent to the measurement date | 243 | - |
| Total | \$ 2,845 | \$ 1,962 |

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Note 10—Retirement benefits (continued)

The deferred outflows of resources related to pensions, totaling \$0.2 million, resulting from the Aviation Department's contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

| <u>Fiscal Year Ending September 30,</u> | Deferred Outflows (Inflows), Net |
|-----------------------------------------|-------------------------------------------------|
| 2019 | \$ 275 |
| 2020 | 274 |
| 2021 | 223 |
| 2022 | 89 |
| 2023 | (207) |
| Thereafter | (14) |
| Total | <u>\$ 640</u> |

Actuarial Assumptions – The HIS pension as of July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------|--------------------------------------------|
| Inflation | 2.60 percent |
| Salary Increases | 3.25 percent, average, including inflation |
| Municipal Bond Rate | 3.87 percent |

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate – The discount rate used to measure the total pension liability was 3.87%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
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SEPTEMBER 30, 2018

Note 10—Retirement benefits (continued)

Sensitivity of the Aviation Department's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Aviation Department's proportionate share of the net pension liability calculated using the discount rate of 3.87%, as well as what the Aviation Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current rate (in thousands):

| | 1% Decrease (2.87%) | Current Discount Rate (3.87%) | 1% Increase (4.87%) |
|------------------------------------------------------------------------|------------------------------------|----------------------------------------------|------------------------------------|
| Aviation Department's proportionate share of the net pension liability | \$ 19,697 | \$ 17,261 | \$ 15,232 |

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

FRS – Defined Contribution Pension Plan

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

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

Allocations to the investment members' accounts, as established by Section 121.72, *Florida Statutes*, during the 2017-2018 fiscal year were as follows:

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

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Note 10—Retirement benefits (continued)

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% from July 1, 2017 through September 30, 2018 and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the County.

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

The Aviation Department's Investment Plan pension contributions totaled approximately \$630,500 and employee contributions totaled approximately \$561,200 for the fiscal year ended September 30, 2018.

Note 11—Commitments and contingencies

a. Environmental Matters – In August 1993, the Aviation Department and the Dade County Department of Environmental Resources Management (DERM) entered into a Consent Order. Under the Consent Order, the Aviation Department was required to correct environmental violations resulting from various tenants' failure to comply with their environmental obligations at the airport including those facilities previously occupied by Eastern Airlines (Eastern) and Pan Am Airlines (Pan Am). In addition, the Aviation Department had a preliminary study performed by an independent engineering firm to estimate the cost to correct the environmental violations noted in the Consent Order. This study was used as a basis to record the environmental remediation liability as of September 30, 1993.

In each subsequent year, the Aviation Department has received an updated study performed by an independent engineering firm to further update the estimated costs to correct the environmental violations noted in the Consent Order based on additional information and further refinement of estimated costs to be incurred.

As a result of the updated study and costs incurred in fiscal year 2018, the total cumulative estimate to correct such violations was approximately \$188.4 million. This estimate allows for uncertainties as to the nature and extent of environmental reparations and the methods, which must be employed for the remediation. The cumulative amount of environmental expenditures spent through September 30, 2018 approximated \$150.0 million. The Aviation Department has also spent approximately \$56.3 million in other environmental-related projects not part of any Consent Order.

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Note 11—Commitments and contingencies (continued)

During fiscal year 1998, a Consent Order (FDEP Consent Order) was signed with the State of Florida Department of Environmental Protection (FDEP). The FDEP Consent Order encompasses and replaces the DERM agreement and includes additional locations. The FDEP Consent Order includes all locations at MIA that are contaminated as well as additional sites where contamination is suspected. The Aviation Department included other sites where contamination is suspected in the FDEP Consent Order under a Protective Filing. If contamination is documented at these sites, the State would be required to incur the costs of remediation. Because the State will be required to pay for remediation of sites filed in the Protective Filing and because the contamination at the sites is unknown, an accrual amount is not reflected in the Opinion of Cost report or in the accompanying financial statements.

Currently, the County has several pending lawsuits in State Court against the Potentially Responsible Parties (PRPs) and insurers to address recovery of past and future damages associated with the County's liability under the FDEP Consent Order. As of September 30, 2018, the Aviation Department has received approximately \$60,331,000 from the State, insurance companies, and PRPs.

The outstanding liability amount at September 30, 2018 was \$38,355,000 representing the unexpended environmental remediation costs based on the Opinion of Cost performed by an independent engineering firm. At September 30, 2018, the long-term liability was \$34,180,000 and the short-term liability was \$4,175,000. Management has allocated a portion of bond proceeds to fund this obligation and believes that the remaining amount can be funded from recoveries and the operations of the Aviation Department. The liability recorded by the Aviation Department does not include an estimate of any environmental violations at the three general aviation airports or at the two training airports. Management is not aware of any such liabilities, and the occurrence of any would not be material to the financial statements.

In addition to the studies conducted to determine the environmental damage to the sites occupied by Eastern and Pan Am, the Aviation Department caused studies to be performed to determine the amount required to remove or otherwise contain the asbestos in certain buildings occupied by the airlines. The Aviation Department has also estimated the amount required to remove or otherwise contain the asbestos in buildings other than those formerly occupied by Eastern and Pan Am. The studies that estimate the cost to correct such damage related to all buildings were assessed at approximately \$4.5 million. The Aviation Department has no intention of correcting all assessed damage related to asbestos in the near future as they pose no imminent danger to the public. Specific issues will be addressed when and if the Aviation Department decides to renovate or demolish related buildings. At such time, the Aviation Department will obligate itself to the cleanup or asbestos abatement. As emergencies or containment issues may arise from this condition, they will be isolated and handled on a case-by-case basis as repair and maintenance. Such amounts do not represent a liability of the Aviation Department until such time as a decision is made by the Aviation Department's management to make certain modifications to the buildings, which would require the Aviation Department to correct such matters. As such, no amounts are recorded as of September 30, 2018.

The nature of ground and groundwater contamination at MIA can be divided into two categories: petroleum-related contamination and hazardous/nonhazardous contamination. The Opinion of Cost is divided in three large areas: the Inland Protection Trust Fund (IPTF), which was created by the State of Florida to deal with contamination related to petroleum products in sites that qualified for that program; the non-IPTF contamination relates to other sites that might include petroleum as well as hazardous/nonhazardous-related contamination; and the nonconsent items, which can be either of the two above but were not specifically listed in the Consent Order.

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Note 11—Commitments and contingencies (continued)

The table below summarizes the remediation liability by nature of contaminant as of September 30, 2018:

| <u>Nature of Contamination</u> | <u>IPTF</u> | <u>Non-IPTF</u> | <u>Nonconsent</u> | <u>Totals</u> |
|--------------------------------|---------------------|----------------------|---------------------|----------------------|
| Petroleum | \$ 4,435,000 | \$ - | \$ - | \$ 4,435,000 |
| Hazardous/nonhazardous | - | 29,475,000 | 4,445,000 | 33,920,000 |
| Total | <u>\$ 4,435,000</u> | <u>\$ 29,475,000</u> | <u>\$ 4,445,000</u> | <u>\$ 38,355,000</u> |

b. Other Commitments and Contingencies – As of September 30, 2018, the Aviation Department had approximately \$192.9 million of construction commitments outstanding.

American International Group (AIG), through various subsidiaries provided insurance for the North Terminal Development Program at MIA, for the period of December 31, 2007 to December 31, 2014. Based on an audit performed by AIG after the completion of construction, AIG asserted that the Aviation Department owed an additional \$9,235,449 plus interest, under the insurance policies. On July 29, 2016, the Aviation Department paid AIG \$4,000,000 and disputed the legitimacy of the remaining \$5,235,449 plus interest that AIG claimed was still owed. As a result, AIG brought an action in the South District of New York to either force arbitration pursuant to the payment agreement under the insurance policies or in the alternate, for breach of contract for nonpayment. The County counterclaimed for breach of contract. During this time, the County and AIG discussed settlement and agreed on the sum of \$3,300,000 to be paid from the County to AIG, rather than the \$5,235,449, in exchange for AIG's waiver of interest, release of claims by both parties, and dismissal of the lawsuit with prejudice. This settlement agreement has not yet been approved by the Board. As of September 30, 2018, the Aviation Department recorded a liability of \$3,300,000.

A number of claims and lawsuits are pending against the County relating to the Aviation Department resulting from the normal course of conducting its operations. However, in the opinion of management and the County Attorney, the ultimate outcome of such actions will not have a material adverse effect on the financial position of the Aviation Department.

The Aviation Department receives grants from federal and state financial assistance programs, which are subject to audit and adjustment by the grantor agencies. It is the opinion of management that no material liabilities will result to the Aviation Department from any such audit.

In a quitclaim deed dated December 20, 2011, the Rental Car Facility (RCF) at the Miami Intermodal Center (MIC) adjacent to the airport was conveyed to the County through its Aviation Department by FDOT. The conveyance was recorded in the amount of approximately \$393,327,000 (\$42,000,000 for the land and \$351,327,000 for the building and improvements), which represented the acquisition value at the date of the conveyance. The quitclaim deed requires that the RCF be used as a rental car facility. In the event that it ceases to be used as such, all property rights in it revert to FDOT.

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Note 11—Commitments and contingencies (continued)

The RCF was designed and constructed by FDOT, which borrowed \$270 million from the United States Department of Transportation (USDOT) under the TIFIA loan program. The loan will be repaid through the collection of Customer Facility Charges (CFCs) and contingent rent, if needed, from car rental company customers using the RCF. The car rental companies remit these funds directly to the Fiscal Agent servicing the loan; the CFCs are not revenue of the Aviation Department. The County and the Aviation Department do not own nor do they have access to accounts held by the Fiscal Agent. The repayment of the TIFIA loan is not secured by any Aviation Department revenue and in no event will the Aviation Department be required to use any airport revenue for the payment of debt service on the RCF portion of the TIFIA loan or any additional RCF financing.

Note 12—Postemployment benefits other than pensions

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

Participation in the Plan consisted of the following at September 30, 2018:

| | |
|----------------------------------|----------------------|
| Actives | 23,882 |
| Retirees under age 65 | 2,465 |
| Eligible spouses under age 65 | 733 |
| Retirees age 65 and over | 663 |
| Eligible spouses age 65 and over | 345 |
| Total | <u><u>28,088</u></u> |

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

- Regular Class Employees (all employees not identified as members of the Special Risk Class) hired prior to July 1, 2011 are eligible for postemployment benefits at age 62 with six years of service, or with 30 years of service at any age. Eligibility for reduced retirement is six years of service at any age. Those hired after July 1, 2011 are eligible at age 65 with eight years of service, or 33 years of service at any age.
- Special Risk Employees (Police Officers, Firefighters, and Corrections Officers) that were hired prior to July 1, 2011 are eligible for postemployment benefits at age 55 with six years of service, or with 25 years of service at any age. Eligibility for reduced retirement is six years of service at any age. Those hired after July 1, 2011 are eligible at age 60 with eight years of service, or 30 years of service at any age.

Benefits: A number of plan changes to the pre-Medicare retiree plans were made effective January 1, 2017. The valuation reflects the impact of these changes.

**MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2018

Note 12—Postemployment benefits other than pensions (continued)

Eligible pre-Medicare retirees receive health care coverage through one of the four self-funded medical plans:

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

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

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

b. 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 is 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, 2017 to September 30, 2018. 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, 2018 through December 31, 2018 are provided in the tables below. The County subsidy is assumed to remain flat.

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NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Note 12—Postemployment benefits other than pensions (continued)

| PRE MEDICARE PREMIUM EQUIVALENT RATES | | | |
|---------------------------------------|--------------|----------------|----------------------|
| AvMed HMO High | Full Premium | County Subsidy | Retiree Contribution |
| Retiree Only | \$774.24 | \$204.36 | \$569.88 |
| Retiree + Spouse | \$1,625.02 | \$360.38 | \$1,264.64 |
| Retiree + Child(ren) | \$1,505.18 | \$339.47 | \$1,165.71 |
| Retiree + Family | \$1,981.83 | \$418.43 | \$1,563.40 |
| AvMed POS | Full Premium | County Subsidy | Retiree Contribution |
| Retiree Only | \$1,496.89 | \$177.80 | \$1,319.09 |
| Retiree + Spouse | \$2,849.77 | \$302.75 | \$2,547.02 |
| Retiree + Child(ren) | \$2,611.66 | \$175.12 | \$2,436.54 |
| Retiree + Family | \$3,868.19 | \$711.37 | \$3,156.82 |
| AvMed Select | Full Premium | County Subsidy | Retiree Contribution |
| Retiree Only | \$720.05 | \$204.36 | \$515.69 |
| Retiree + Spouse | \$1,511.29 | \$360.38 | \$1,150.91 |
| Retiree + Child(ren) | \$1,399.80 | \$339.47 | \$1,060.33 |
| Retiree + Family | \$1,843.10 | \$418.43 | \$1,424.67 |
| Jackson First HMO | Full Premium | County Subsidy | Retiree Contribution |
| Retiree Only | \$684.04 | \$204.36 | \$479.68 |
| Retiree + Spouse | \$1,435.74 | \$360.38 | \$1,075.36 |
| Retiree + Child(ren) | \$1,329.81 | \$339.47 | \$990.34 |
| Retiree + Family | \$1,750.93 | \$418.43 | \$1,332.50 |

| MEDICARE RETIREE PREMIUM EQUIVALENT RATES | | | |
|-------------------------------------------|--------------|----------------|----------------------|
| Med Supp High | Full Premium | County Subsidy | Retiree Contribution |
| Retiree Only | \$990.03 | \$233.58 | \$756.45 |
| Retiree + Spouse 65+ | \$1,696.09 | \$260.15 | \$1,435.94 |
| Med Supp Low | Full Premium | County Subsidy | Retiree Contribution |
| Retiree Only | \$884.11 | \$208.59 | \$675.52 |
| Retiree + Spouse 65+ | \$1,514.70 | \$232.33 | \$1,282.37 |
| Med Supp High No Rx | Full Premium | County Subsidy | Retiree Contribution |
| Retiree Only | \$430.33 | \$101.53 | \$328.80 |
| Retiree + Spouse 65+ | \$737.25 | \$113.08 | \$624.17 |

**MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2018

Note 12—Postemployment benefits other than pensions (continued)

c. *Total OPEB Liability* – The Aviation Department’s total OPEB liability of \$23,917,000 was measured as of September 30, 2018, and was determined by an actuarial valuation as of that date.

d. *Actuarial Assumptions and Other Inputs* – The total OPEB liability in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

| | |
|------------------------------------------|-----------------------------------------------------------------------------------------|
| Valuation date | September 30, 2018 |
| Discount rate | 3.63% per annum (beginning of year) 4.24% per annum (end of year) |
| Salary increases rate | 3.5% per annum |
| Medical consumer price index trend | 2.0% per annum |
| Inflation rate | 3.0% per annum |
| Actuarial cost method | Entry age normal based on level percentage of projected salary. |
| Amortization method | 11.4 years |
| Healthcare cost trend rates | Medical/Rx 7.0% initial to 4.5% ultimate |
| Retirees' share of benefit-related costs | 43.1% |
| Mortality tables | RP-2014 generational table scaled using MP-18 and applied on a gender-specific basis |

The discount rate was based on the Bond Buyer 20-Bond GO index.

The actuarial assumptions used in the September 30, 2018 valuation were based on FRS’s valuation assumptions and the County’s claim experience for the period of October 1, 2017 to September 30, 2018.

e. *Changes in Total OPEB Liability* – Changes in the Aviation Department’s total OPEB liability for the year ended September 30, 2018 are as follows (in thousands):

| | | |
|---------------------------------------|----|---------------|
| Balance at September 30, 2017 | \$ | 25,280 |
| Charges for the year: | | |
| Service cost | | 454 |
| Interest | | 909 |
| Change in assumptions or other inputs | | (1,361) |
| Benefits payments | | (1,365) |
| Balance at September 30, 2018 | \$ | <u>23,917</u> |

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Note 12—Postemployment benefits other than pensions (continued)

The decrease in the total OPEB liability is mostly due to: (1) a change in the actuarial cost method from Projected Unit Credit to Entry Age Normal, (2) a change to the chained CPI, which is used to calculate the excise tax, and (3) resetting the base trend.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Aviation Department, as well as what the Aviation Department’s total OPEB liability would be if it were calculated using a discount rate that are 1-percentage-point lower or 1-percentage-point higher than the current discount rate (in thousands):

| | 1% Decrease (3.24%) | Current Discount Rate (4.24%) | 1% Increase (5.24%) |
|----------------------|--------------------------------------|----------------------------------------------------------|--------------------------------------|
| Total OPEB Liability | \$ 26,209 | \$ 23,917 | \$ 21,910 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend – The following presents the total OPEB liability of the Aviation Department, as well as what the Aviation Department’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates (in thousands):

| | 1% Decrease (6.0% initial to 3.5%) | Current Trend (7.0% initial to 4.5%) | 1% Increase (8.0% initial to 5.5%) |
|----------------------|-----------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------|
| Total OPEB Liability | \$ 21,768 | \$ 23,917 | \$ 26,558 |

f. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources – For the year ended September 30, 2018, the Aviation Department recognized OPEB expense of \$1,159,000. At September 30, 2018, the Aviation Department reported deferred inflows of resources related to OPEB from the following sources (in thousands):

| <u>Description</u> | <u>Deferred</u> <u>Outflows</u> <u>of Resources</u> | <u>Deferred</u> <u>Inflows</u> <u>of Resources</u> |
|---------------------------------|-----------------------------------------------------------|----------------------------------------------------------|
| Changes in assumptions / inputs | \$ - | \$ 1,241 |
| Total | \$ - | \$ 1,241 |

**MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2018

Note 12—Postemployment benefits other than pensions (continued)

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB will be recognized in OPEB Expense as follows (in thousands):

| <u>Fiscal Year Ending September 30,</u> | <u>Deferred Inflows</u> |
|-----------------------------------------|-----------------------------|
| 2019 | \$ 120 |
| 2020 | 120 |
| 2021 | 120 |
| 2022 | 120 |
| 2023 | 120 |
| Thereafter | 641 |
| Total | <u>\$ 1,241</u> |

REQUIRED SUPPLEMENTARY INFORMATION

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
FLORIDA RETIREMENT SYSTEM – SCHEDULE OF EMPLOYER CONTRIBUTIONS
(UNAUDITED)

SEPTEMBER 30, 2018 (IN THOUSANDS)

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|-------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Contractually required FRS contribution | \$ 6,363 | \$ 5,846 | \$ 5,609 | \$ 5,229 | \$ 4,759 |
| FRS contribution in relation to the contractually required contribution | <u>6,363</u> | <u>5,846</u> | <u>5,609</u> | <u>5,229</u> | <u>4,759</u> |
| FRS contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| | | | | | |
| Miami-Dade County Aviation Department's covered payroll | \$ 90,624 | \$ 89,272 | \$ 87,034 | \$ 81,844 | \$ 78,639 |
| FRS contribution as a percentage of covered payroll | 7.02% | 6.55% | 6.44% | 6.39% | 6.05% |

Note: The amounts presented for each fiscal year were determined as of the fiscal year-end date, September 30th.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Unaudited - see accompanying report of independent auditor

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
FLORIDA RETIREMENT SYSTEM – SCHEDULE OF EMPLOYER PROPORTIONATE SHARE OF
NET PENSION LIABILITY AND RELATED RATIOS (UNAUDITED)

SEPTEMBER 30, 2018 (IN THOUSANDS)

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Miami-Dade County Aviation Department's proportion of the FRS net pension liability | 0.2028% | 0.2201% | 0.2198% | 0.2145% | 0.2172% |
| Miami-Dade County Aviation Department's proportionate share of the FRS net pension liability | \$ 61,090 | \$ 65,109 | \$ 55,498 | \$ 27,704 | \$ 13,255 |
| Miami-Dade County Aviation Department's covered payroll | \$ 90,784 | \$ 86,951 | \$ 83,925 | \$ 81,195 | \$ 77,815 |
| Miami-Dade County Aviation Department's proportionate share of the net pension liability as a percentage of its covered payroll | 67.29% | 74.88% | 66.13% | 34.12% | 17.03% |
| FRS Plan fiduciary net position as a percentage of the total pension liability | 84.26% | 83.89% | 84.88% | 92.00% | 96.09% |

Note: The amounts presented for each fiscal year were determined as of the measurement date, June 30th.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Unaudited - see accompanying report of independent auditor

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
SUPPLEMENTAL HEALTH INSURANCE SUBSIDY PENSION INFORMATION – SCHEDULE OF
EMPLOYER CONTRIBUTIONS (UNAUDITED)

SEPTEMBER 30, 2018 (IN THOUSANDS)

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|-------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required HIS contribution | \$ 891 | \$ 948 | \$ 928 | \$ 682 | \$ 608 |
| HIS contribution in relation to the contractually required contribution | 891 | 948 | 928 | 682 | 608 |
| HIS contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Miami-Dade County Aviation Department's covered payroll | \$ 71,907 | \$ 70,477 | \$ 68,821 | \$ 65,131 | \$ 63,806 |
| HIS contribution as a percentage of covered payroll | 1.24% | 1.35% | 1.35% | 1.05% | 0.95% |

Note: The amounts presented for each fiscal year were determined as of the fiscal year-end date, September 30th.
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Unaudited - see accompanying report of independent auditor

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
 SUPPLEMENTAL HEALTH INSURANCE SUBSIDY PENSION INFORMATION – SCHEDULE OF
 EMPLOYER PROPORTIONATE SHARE OF NET PENSION LIABILITY AND RELATED RATIOS
 (UNAUDITED)

SEPTEMBER 30, 2018 (IN THOUSANDS)

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Miami-Dade County Aviation Department proportion of the HIS net pension liability | 0.1631% | 0.1756% | 0.1769% | 0.1784% | 0.1776% |
| Miami-Dade County Aviation Department's proportionate share of the HIS net pension liability | \$ 17,261 | \$ 18,776 | \$ 20,618 | \$ 18,194 | \$ 16,608 |
| Miami-Dade County Aviation Department's covered payroll | \$ 72,088 | \$ 68,481 | \$ 66,497 | \$ 64,806 | \$ 63,306 |
| Miami-Dade County Aviation Department's proportionate share of the net pension liability as a percentage of its covered payroll | 23.94% | 27.42% | 31.01% | 28.07% | 26.23% |
| HIS Plan fiduciary net position as a percentage of the total pension liability | 2.15% | 1.64% | 0.97% | 0.50% | 0.99% |

Note: The amounts presented for each fiscal year were determined as of the measurement date, June 30th.
 Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Unaudited - see accompanying report of independent auditor

MIAMI-DADE COUNTY AVIATION DEPARTMENT
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA
POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – SCHEDULE OF CHANGES IN
TOTAL LIABILITY AND RELATED RATIOS (UNAUDITED)

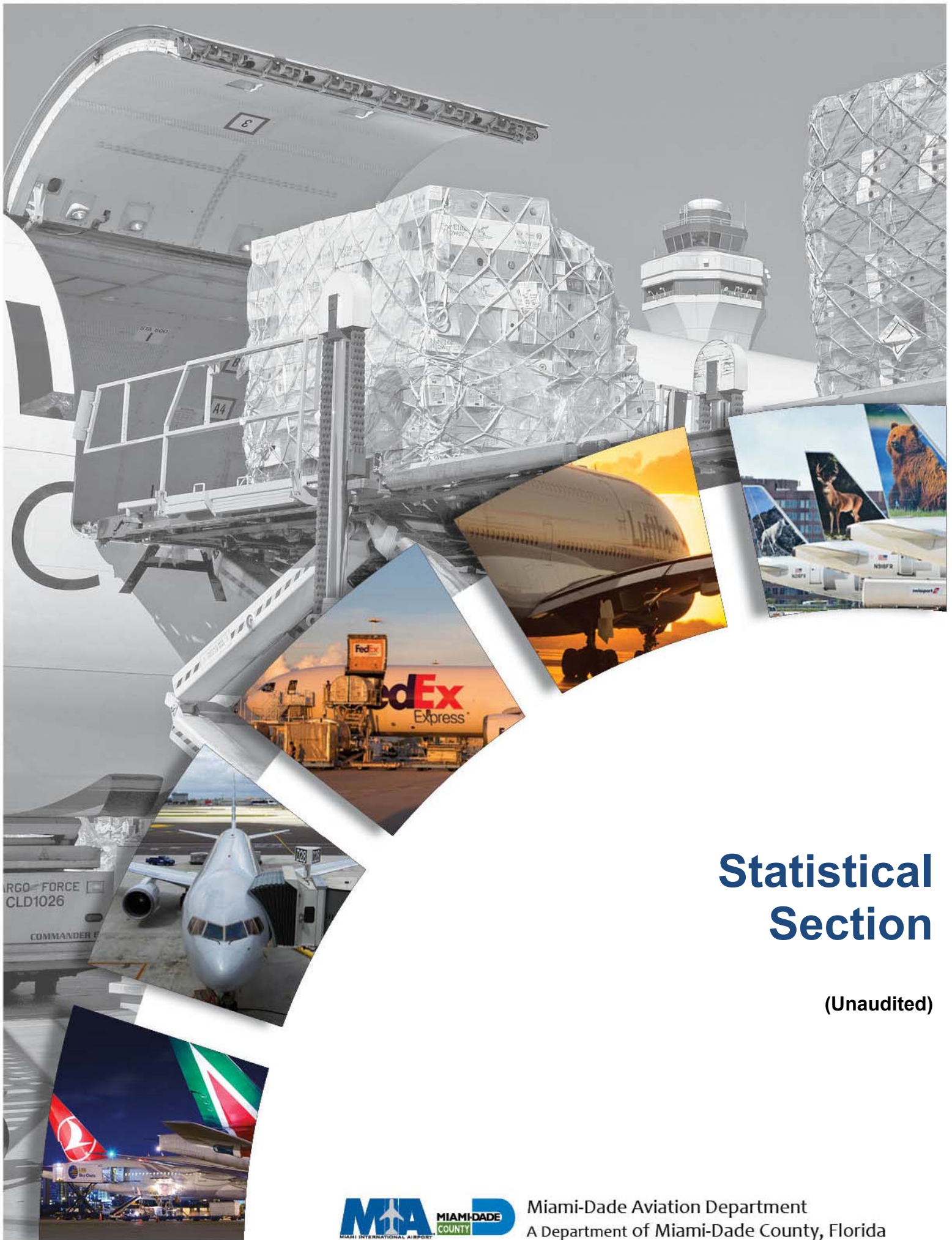
SEPTEMBER 30, 2018 (IN THOUSANDS)

| | |
|----------------------------------------------------------------|------------------|
| Total OPEB liability | |
| Service cost | \$ 454 |
| Interest | 909 |
| Change of assumptions or other inputs | (1,361) |
| Benefit payments | (1,365) |
| Net change in total OPEB liability | (1,363) |
| Total OPEB liability - beginning | 25,280 |
| Total OPEB liability - ending | <u>\$ 23,917</u> |
| Covered payroll | \$ 85,430 |
| Total OPEB liability as a percentage of covered payroll | 28.00% |

There are no assets accumulated in a trust to pay related benefits

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

Unaudited - see accompanying report of independent auditor



Statistical Section

(Unaudited)



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

2018
Comprehensive Annual Financial Report

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Overview

The Statistical Section is divided into five areas: financial trend data; revenue capacity data; operating information; demographic and economic information; and debt capacity data. The source of all non-accounting data presented in the statistical section is Miami-Dade Aviation (Department) unless otherwise stated.

Financial Trend data shows changes in the Department's financial position:

- Department Schedules of Revenues and Expenses
- Department Statements of Net Position
- Department Changes in Cash and Cash Equivalents
- Department's Largest Sources of Revenue

Revenue Capacity data shows MIA's major revenue sources and changes in key rates and charges:

- Key Usage Fees and Charges
- Concession Revenue per Enplaned Passenger
- Parking Revenue per Enplaned Passenger
- Rental Car Revenue per Enplaned Passenger
- Terminal Rent Revenue per Enplaned Passenger
- Food and Beverage Revenues per Enplaned Passenger

Operating Information shows how the Airport has performed on an annual basis and within the airport market sector:

- Department Employee Strength
- Aircraft Operations
- Aircraft Landed Weight
- Passenger Enplanements
- Passenger Deplanements
- Enplanement Market Share by Airline by Fiscal Year
- Air Cargo Activity

Demographic and Economic Information shows the major drivers of usage and how the Airport service area is performing compared to the region and the nation:

- Miami-Dade County Population and Per Capita Personal Income
- Principal Employers in Miami-Dade County

Debt Capacity Information shows how the Airport is meeting its debt obligations and the relative level of debt:

- Revenue Bond Debt Service Coverage
- Outstanding Debt
- Long Term Debt per Enplaned Passenger
- Capital Assets

2018
Comprehensive Annual Financial Report

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Department Schedules of Revenues and Expenses

Fiscal Years Ended September 30, 2009 to 2018

(In Thousands)
(Unaudited)

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 (1) | 2016 | 2017 | 2018 (2) |
|--------------------------------------------------|-------------------|-----------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|-------------------|------------------|
| OPERATING REVENUES: | | | | | | | | | | |
| Aviation Fees | \$238,938 | \$280,872 | \$320,790 | \$345,491 | \$357,116 | \$374,929 | \$381,872 | \$395,586 | \$372,977 | \$384,989 |
| Rentals | 104,008 | 107,450 | 111,156 | 126,351 | 127,817 | 130,597 | 133,394 | 140,482 | 144,046 | 149,111 |
| Commercial Operations: | | | | | | | | | | |
| Management Agreements | 66,970 | 67,433 | 72,717 | 82,692 | 81,481 | 80,325 | 79,925 | 78,010 | 73,624 | 73,595 |
| Concessions | 103,500 | 112,170 | 149,817 | 167,596 | 187,223 | 187,635 | 191,236 | 187,187 | 196,698 | 202,555 |
| Other | 5,559 | 4,829 | 4,378 | 5,642 | 8,562 | 5,003 | 4,850 | 16,128 | 12,229 | 11,259 |
| Other Environmental Remediation | 2,625 | 750 | 2,758 | 8,946 | 2,259 | 17,397 | 3,106 | 13,310 | 5,150 | - |
| Total Operating Revenue | 521,600 | 573,504 | 661,616 | 736,718 | 764,458 | 795,886 | 794,383 | 830,703 | 804,724 | 821,509 |
| OPERATING EXPENSES: | | | | | | | | | | |
| Operating Expenses | 258,037 | 237,718 | 269,047 | 254,066 | 255,153 | 265,449 | 281,029 | 273,180 | 292,639 | 318,363 |
| Operating Expenses for | | | | | | | | | | |
| Environmental Remediation | 457 | 8,091 | 3,090 | 6,130 | 3,155 | 993 | 504 | 889 | 368 | 2,621 |
| Operating Expenses Under | | | | | | | | | | |
| Management Agreements | 24,755 | 24,930 | 35,223 | 22,200 | 20,655 | 19,691 | 18,547 | 16,753 | 15,964 | 18,041 |
| Operating Expenses Under | | | | | | | | | | |
| Operating Agreements | 39,678 | 39,099 | 33,287 | 36,166 | 36,684 | 37,488 | 37,756 | 39,205 | 40,614 | 41,936 |
| General and Administrative Expenses | 62,011 | 64,867 | 63,496 | 57,924 | 69,027 | 83,693 | 88,143 | 82,769 | 87,773 | 93,387 |
| Depreciation and Amortization | 138,968 | 167,693 | 206,907 | 220,180 | 263,724 | 245,619 | 261,801 | 259,523 | 259,280 | 262,821 |
| Total Operating Expenses | 523,906 | 542,398 | 611,050 | 596,666 | 648,398 | 652,933 | 687,780 | 672,319 | 696,638 | 737,169 |
| Operating Income (Loss) | (2,306) | 31,106 | 50,566 | 140,052 | 116,060 | 142,953 | 106,603 | 158,384 | 108,086 | 84,340 |
| NON-OPERATING REVENUES (EXPENSES): | | | | | | | | | | |
| Interest Expense | (156,382) | (161,542) | (276,585) | (289,012) | (307,177) | (299,252) | (302,642) | (279,178) | (268,118) | (259,857) |
| Investment Income: | | | | | | | | | | |
| Current Investments | 1,744 | 620 | 614 | 1,393 | 918 | 1,701 | 1,936 | 2,213 | 2,318 | 5,735 |
| Restricted Investments | 4,237 | 5,058 | 2,996 | 3,430 | (909) | 3,784 | 3,807 | 3,684 | 3,478 | 8,526 |
| Passenger Facility Charges | 61,756 | 60,214 | 71,483 | 70,729 | 72,650 | 72,630 | 79,799 | 77,431 | 88,914 | 82,242 |
| Environmental Cost Recovery | - | - | - | - | - | - | - | - | 175 | 21 |
| Other Non-operating Revenue | 14,163 | 17,271 | 25,361 | 17,541 | 25,708 | 10,366 | 3,180 | 7,556 | 2,314 | 2,935 |
| Total Non-operating (Expenses) Revenues | (74,482) | (78,379) | (176,131) | (195,919) | (208,810) | (210,771) | (213,920) | (188,294) | (170,919) | (160,398) |
| (Loss) Income before Capital Contribution | (76,788) | (47,273) | (125,565) | (55,867) | (92,750) | (67,818) | (107,317) | (29,910) | (62,833) | (76,058) |
| Capital Contributions | 64,789 | 83,594 | 58,697 | 27,665 | 42,272 | 34,716 | 91,444 | 44,022 | 48,525 | 372,822 |
| Change in Net Position | (\$11,999) | \$36,321 | (\$66,868) | (\$28,202) | (\$50,478) | (\$33,102) | (\$15,873) | \$14,112 | (\$14,308) | \$296,764 |

(1) Amounts prior to fiscal year 2015 do not reflect the adoption of GASB Statement No. 68 and 71.

(2) Amounts prior to fiscal year 2018 do not reflect the adoption of GASB Statement No. 75.



Department Statements of Net Position

Fiscal Years Ended September 30, 2009 to 2018

(In Thousands)

(Unaudited)

| | 2009 | 2010 | 2011 | 2012 (1) | 2013 (1) | 2014 | 2015 (2) | 2016 | 2017 | 2018 (3) |
|-----------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|------------------|------------------|--------------------|
| Current Assets | \$676,925 | \$644,664 | \$601,213 | \$562,988 | \$591,056 | \$626,584 | \$641,876 | \$653,195 | \$667,853 | \$701,811 |
| Noncurrent assets: | | | | | | | | | | |
| Restricted assets | 335,958 | 997,742 | 683,738 | 573,576 | 559,958 | 533,576 | 629,950 | 602,259 | 632,401 | 693,395 |
| Capital assets, net | 5,804,574 | 6,337,922 | 6,508,844 | 6,901,704 | 6,715,326 | 6,548,281 | 6,420,564 | 6,327,890 | 6,178,268 | 6,062,007 |
| Other assets | 72,370 | 75,857 | 71,571 | 62,727 | 58,659 | 53,663 | 34,567 | 19,466 | 7,372 | 4,692 |
| Total assets | 6,889,827 | 8,056,185 | 7,865,366 | 8,100,995 | 7,924,999 | 7,762,104 | 7,726,957 | 7,602,810 | 7,485,894 | 7,461,905 |
| Deferred outflows of resources: | | | | | | | | | | |
| Deferred outflows pension | - | - | - | - | - | - | 7,703 | 27,710 | 33,835 | 30,706 |
| Deferred loss on refundings | - | - | - | 21,670 | 31,258 | 28,624 | 45,860 | 119,042 | 125,275 | 150,009 |
| Total deferred outflows of resources | - | - | - | 21,670 | 31,258 | 28,624 | 53,563 | 146,752 | 159,110 | 180,715 |
| Current liabilities | 70,603 | 59,316 | 62,706 | 83,818 | 81,976 | 77,882 | 89,178 | 80,850 | 88,462 | 85,073 |
| Current liabilities payable from restricted assets | 398,204 | 367,001 | 313,667 | 265,498 | 251,651 | 255,285 | 249,627 | 248,820 | 265,193 | 271,612 |
| Noncurrent liabilities | 5,241,039 | 6,413,566 | 6,339,559 | 6,668,619 | 6,568,378 | 6,436,411 | 6,477,934 | 6,449,246 | 6,332,650 | 6,048,480 |
| Total liabilities | 5,709,846 | 6,839,883 | 6,715,932 | 7,017,935 | 6,902,005 | 6,769,578 | 6,816,739 | 6,778,916 | 6,686,305 | 6,405,165 |
| Deferred inflows of resources: | | | | | | | | | | |
| Deferred inflows pension | - | - | - | - | - | - | 10,136 | 2,889 | 5,250 | 7,648 |
| Deferred inflows other post-employment benefit | - | - | - | - | - | - | - | - | - | 1,241 |
| Total deferred inflows of resources | - | - | - | - | - | - | 10,136 | 2,889 | 5,250 | 8,889 |
| Net Position: | | | | | | | | | | |
| Net investment in capital assets | 755,324 | 670,302 | 561,163 | 478,803 | 365,060 | 257,124 | 181,930 | 32,462 | 65,879 | 327,993 |
| Restricted | 285,614 | 383,999 | 418,747 | 460,530 | 479,191 | 507,721 | 614,006 | 750,114 | 683,147 | 719,116 |
| Unrestricted net Position | 139,043 | 162,001 | 169,524 | 165,397 | 210,001 | 256,305 | 157,709 | 185,181 | 204,423 | 181,457 |
| Total net Position | \$1,179,981 | \$1,216,302 | \$1,149,434 | \$1,104,730 | \$1,054,252 | \$1,021,150 | \$953,645 | \$967,757 | \$953,449 | \$1,228,566 |

(1) Amounts for fiscal years 2012 and 2013 have been restated for the adoption of GASB Statement No. 65.

(2) Amounts prior to fiscal year 2015 do not reflect the adoption of GASB Statement No. 68 and 71.

(3) Amounts prior to fiscal year 2018 do not reflect the adoption of GASB Statement No. 75.



Department Changes in Cash and Cash Equivalents

Fiscal Years Ended September 30, 2009 to 2018

(In Thousands)

(Unaudited)

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Cash flows from operating activities: | | | | | | | | | | |
| Cash received from customers and tenants | \$520,018 | \$576,198 | \$669,930 | \$735,272 | \$768,338 | \$786,730 | \$825,000 | \$819,150 | \$805,628 | \$814,284 |
| Cash paid to suppliers for goods and services | (241,492) | (252,056) | (326,362) | (303,037) | (309,274) | (311,578) | (301,459) | (289,935) | (301,698) | (332,063) |
| Cash paid to employees for services | (139,974) | (132,951) | (106,170) | (97,304) | (96,197) | (102,465) | (113,317) | (119,920) | (125,350) | (130,011) |
| Net cash provided by operating activities | 138,552 | 191,191 | 237,398 | 334,931 | 362,867 | 372,687 | 410,224 | 409,295 | 378,580 | 352,210 |
| Cash flows from capital and related financing activities: | | | | | | | | | | |
| Proceeds from bonds issues and commercial paper | 1,091,599 | 1,521,669 | - | - | 901,110 | 347,070 | 1,424,188 | 849,023 | 1,097,858 | 1,368,311 |
| Principal paid on bonds, loans, and commercial paper | (452,895) | (346,508) | (68,587) | (67,803) | (975,284) | (432,668) | (1,417,092) | (864,907) | (1,157,755) | (1,372,429) |
| Interest paid on bonds, loans, and commercial paper | (230,976) | (267,970) | (320,783) | (322,073) | (322,661) | (308,048) | (328,150) | (371,986) | (297,890) | (315,369) |
| Payment of bond issue costs | (692) | - | - | - | - | - | - | - | - | - |
| Purchase and construction of capital assets, net | (666,386) | (623,933) | (343,740) | (205,918) | (82,604) | (74,324) | (98,453) | (156,494) | (98,040) | (141,693) |
| Proceeds from sale of property | - | - | - | - | 3,810 | (458) | - | 3,400 | 72 | 1,099 |
| Capital contributed by federal and state governments | 55,728 | 90,433 | 60,327 | 27,184 | 25,737 | 21,911 | 40,914 | 20,438 | 40,448 | 35,408 |
| Passenger facility charges | 61,225 | 62,496 | 67,653 | 71,255 | 75,345 | 69,482 | 82,593 | 82,353 | 81,145 | 85,373 |
| Proceeds from environmental reimbursements | 1,077 | 1,003 | 3,406 | 22 | 3 | 6 | - | - | 175 | 21 |
| Proceeds from North Terminal Program Claims | 10,000 | 10,000 | 10,000 | 10,000 | 7,500 | 7,500 | - | - | - | - |
| Capital lease (payments) proceeds | - | - | - | - | (2,409) | (2,284) | (2,199) | (1,535) | (5,882) | 47,602 |
| Net cash (used in) provided by capital and related financing activities | (131,320) | 447,190 | (591,724) | (487,333) | (369,453) | (371,813) | (298,199) | (439,708) | (339,869) | (291,677) |
| Cash flows from non capital financing activities: | | | | | | | | | | |
| Other reimbursements received | 3,086 | 6,268 | 11,955 | 7,519 | 18,205 | 2,860 | 3,180 | 1,317 | 2,314 | 2,935 |
| Net cash provided by non capital financing activities | 3,086 | 6,268 | 11,955 | 7,519 | 18,205 | 2,860 | 3,180 | 1,317 | 2,314 | 2,935 |
| Cash flows from investing activities: | | | | | | | | | | |
| Purchase of investments | (1,128,540) | (890,227) | (1,466,359) | (1,053,297) | (1,061,649) | (1,231,766) | (1,492,564) | (1,596,087) | (1,419,627) | (1,152,098) |
| Proceeds from sales and maturities of investments | 1,041,811 | 943,438 | 1,421,312 | 1,056,038 | 1,015,801 | 1,153,302 | 1,495,548 | 1,494,721 | 1,436,653 | 1,252,064 |
| Interest and dividends on investments | 5,981 | 5,678 | 3,610 | 4,823 | 9 | 5,485 | 5,743 | 4,605 | 6,872 | 12,999 |
| Net cash provided by (used in) investing activities | (80,748) | 58,889 | (41,437) | 7,564 | (45,839) | (72,979) | 8,727 | (96,761) | 23,898 | 112,965 |
| Net increase (decrease) in cash and cash equivalents | (70,430) | 703,538 | (383,808) | (137,319) | (34,220) | (69,245) | 123,932 | (125,857) | 64,923 | 176,433 |
| Cash and cash equivalents, beginning of year | 638,749 | 568,319 | 1,271,857 | 888,049 | 750,730 | 716,510 | 647,265 | 771,197 | 645,340 | 710,263 |
| Cash and cash equivalents, end of year | \$568,319 | \$1,271,857 | \$888,049 | \$750,730 | \$716,510 | \$647,265 | \$771,197 | \$645,340 | \$710,263 | \$886,696 |



Department's Largest Sources of Revenue

Ten Largest Sources of Revenue
 Fiscal Years Ended September 30, 2009 to 2018
 Ranked by the Last Fiscal Year
 (Unaudited)

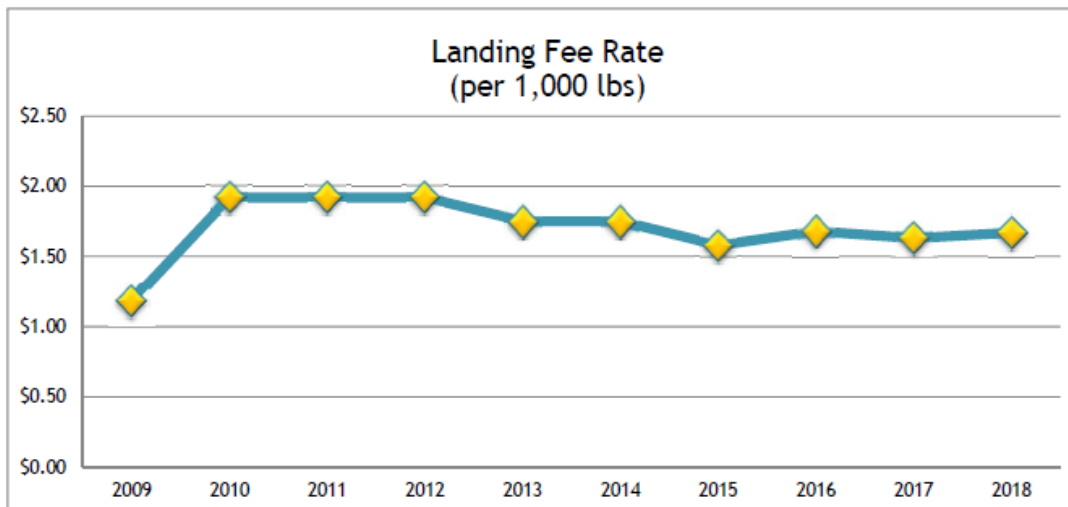
| Ranking 2018 | Firm | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|-----------------|------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 1 | American Airlines Inc. | \$ 311,998,697 | \$ 306,455,379 | \$ 316,764,220 | \$ 301,972,927 | \$ 303,256,539 | \$ 299,240,490 | \$ 286,571,670 | \$ 262,398,752 | \$ 231,767,763 | \$ 211,982,688 |
| 2 | Airport Parking Associates | 46,146,465 | 47,382,080 | 50,777,712 | 49,926,040 | 50,199,714 | 47,957,157 | 46,879,842 | 40,537,230 | 37,701,231 | 37,535,392 |
| 3 | Duty Free Americas Miami, LLC | 32,057,358 | 32,441,717 | 33,038,604 | 31,500,414 | 35,772,074 | 35,534,211 | 33,984,998 | 27,758,075 | 17,743,699 | 17,730,545 |
| 4 | Delta Air Lines Inc. | 31,118,057 | 29,977,612 | 29,769,670 | 27,558,470 | 26,612,576 | 24,931,875 | 26,828,302 | 27,089,403 | 19,510,771 | 13,033,455 |
| 5 | Envoy (Previously Executive Airlines dba American Eagle Airlines Inc.) | 24,875,529 | 22,579,157 | 20,400,396 | 17,909,684 | 16,030,840 | 16,003,062 | 17,429,275 | 17,357,757 | 12,484,302 | 9,639,269 |
| 6 | Allied Aviation Services | 17,681,060 | 16,631,524 | 15,147,553 | 19,614,717 | 18,261,890 | 21,524,823 | 19,904,939 | 18,441,995 | 17,096,716 | 14,185,967 |
| 7 | United Airlines | 14,568,967 | 14,210,867 | 12,887,864 | 10,637,751 | 10,547,045 | 5,133,236 | 4,293,806 | 2,759,978 | 2,042,227 | 3,548,075 |
| 8 | Alamo Rental (US) Inc. | 14,534,589 | 14,852,315 | 14,953,223 | 14,711,937 | 14,305,499 | 12,077,404 | 10,970,125 | 9,015,838 | 2,261,469 | 2,844,854 |
| 9 | LATAM Airlines Group SA | 12,724,536 | 12,778,914 | 12,423,763 | 11,904,002 | 11,900,581 | 11,588,203 | 8,051,294 | 8,760,945 | 6,807,562 | 6,006,553 |
| 10 | H I Development Corp | 10,879,452 | 13,835,393 | 15,380,569 | 14,794,403 | 13,121,202 | 13,358,348 | 13,450,704 | 12,809,147 | 11,636,562 | 9,651,656 |



Key Usage Fees and Charges

Fiscal Years Ended September 30, 2009 to 2018
(Unaudited)

| Fiscal Year | Landing Fees/ 1,000 lbs. | Percent Change | Terminal Rental Rates (average cost per sq. foot) (Class III) | | Concourse Use Fee | Percent Change | Int'l Facilities Fee | | Domestic Baggage Claim Charge | | Outbound Baggage Makeup Charge | | Security Screening Fee | |
|-------------|--------------------------|----------------|---------------------------------------------------------------|----------------|-------------------|----------------|----------------------|----------------|-------------------------------|----------------|--------------------------------|----------------|------------------------|-------|
| | | | Percent Change | Percent Change | | | Percent Change | Percent Change | Percent Change | Percent Change | Percent Change | Percent Change | | |
| 2009 | \$1.18 | -39.2% | \$65.69 | -0.7% | \$2.95 | 5.0% | \$2.65 | -4.7% | \$1.65 | -1.2% | \$1.09 | 4.8% | \$0.36 | 0.0% |
| 2010 | \$1.92 | 62.7% | \$71.08 | 8.2% | \$3.24 | 9.8% | \$2.58 | -2.6% | \$1.56 | -5.5% | \$1.00 | -8.3% | \$0.35 | -2.8% |
| 2011 | \$1.92 | 0.0% | \$67.26 | -5.4% | \$3.97 | 22.5% | \$1.38 | -46.5% | \$2.16 | 38.5% | \$1.09 | 9.0% | \$0.35 | 0.0% |
| 2012 | \$1.92 | 0.0% | \$73.68 | 9.5% | \$4.09 | 3.0% | \$1.51 | 9.4% | \$2.14 | -0.9% | \$0.99 | -9.2% | \$0.47 | 34.3% |
| 2013 | \$1.75 | -8.9% | \$76.77 | 4.2% | \$4.15 | 1.5% | \$1.62 | 7.3% | \$1.49 | -30.4% | \$1.25 | 26.3% | \$0.50 | 6.4% |
| 2014 | \$1.75 | 0.0% | \$79.92 | 4.1% | \$4.32 | 4.1% | \$1.90 | 17.3% | \$1.47 | -1.3% | \$1.13 | -9.6% | \$0.49 | -2.0% |
| 2015 | \$1.58 | -9.7% | \$83.05 | 3.9% | \$4.32 | 0.0% | \$1.87 | -1.6% | \$1.47 | 0.0% | \$1.13 | 0.0% | \$0.46 | -6.1% |
| 2016 | \$1.68 | 6.3% | \$84.90 | 2.2% | \$4.27 | -1.2% | \$2.20 | 17.6% | \$1.49 | 1.4% | \$1.06 | -6.2% | \$0.43 | -6.5% |
| 2017 | \$1.63 | -3.0% | \$86.94 | 2.4% | \$4.09 | -4.2% | \$2.16 | -1.8% | \$1.42 | -4.7% | \$1.13 | 6.6% | \$0.43 | 0.0% |
| 2018 | \$1.67 | 2.5% | \$88.18 | 1.4% | \$4.18 | 2.2% | \$2.16 | 0.0% | \$1.53 | 7.7% | \$1.18 | 4.4% | \$0.47 | 9.3% |

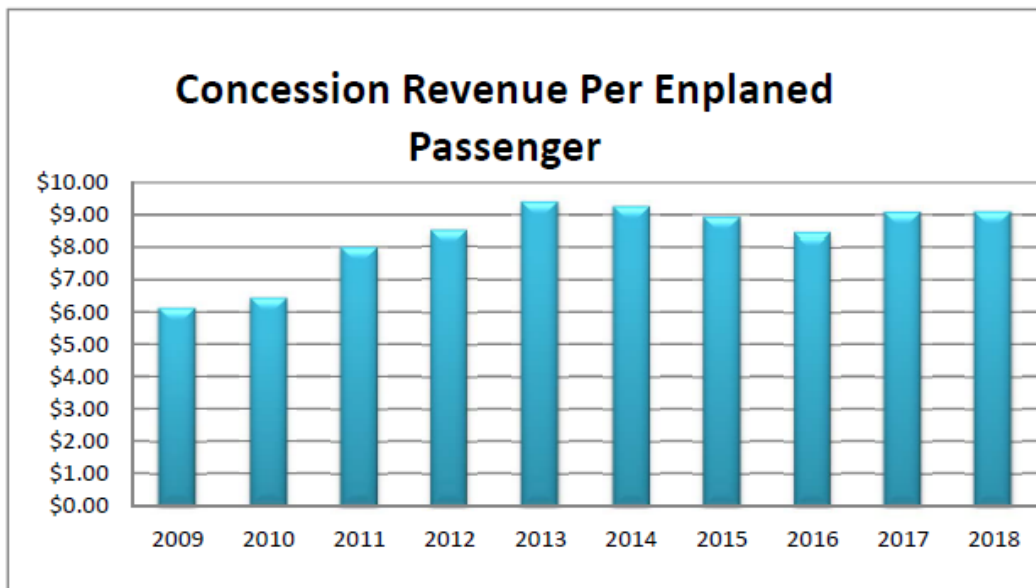




Concession Revenue Per Enplaned Passenger

Fiscal Years Ended September 30, 2009 to 2018
(Unaudited)

| Fiscal Year | Concession Revenue | | Enplaned Passengers | | Revenue Per Enplaned Passenger | |
|-------------|--------------------|----------|---------------------|----------|--------------------------------|----------|
| | Amount | % Change | Number | % Change | Amount | % Change |
| 2009 | \$103,500,056 | -0.5% | 16,884,099 | -0.9% | \$6.13 | 0.4% |
| 2010 | \$112,169,979 | 8.4% | 17,405,330 | 3.1% | \$6.44 | 5.1% |
| 2011 | \$149,817,278 | 33.6% | 18,701,120 | 7.4% | \$8.01 | 24.3% |
| 2012 | \$167,596,507 | 11.9% | 19,683,678 | 5.3% | \$8.51 | 6.2% |
| 2013 | \$187,223,261 | 11.7% | 19,877,691 | 1.0% | \$9.42 | 10.7% |
| 2014 | \$187,635,428 | 0.2% | 20,219,931 | 1.7% | \$9.28 | -1.5% |
| 2015 | \$191,235,889 | 1.9% | 21,375,095 | 5.7% | \$8.95 | -3.6% |
| 2016 | \$187,186,622 | -2.1% | 22,154,289 | 3.6% | \$8.45 | -5.6% |
| 2017 | \$196,698,037 | 5.1% | 21,602,794 | -2.5% | \$9.11 | 7.8% |
| 2018 | \$202,555,196 | 3.0% | 22,220,423 | 2.9% | \$9.12 | 0.1% |



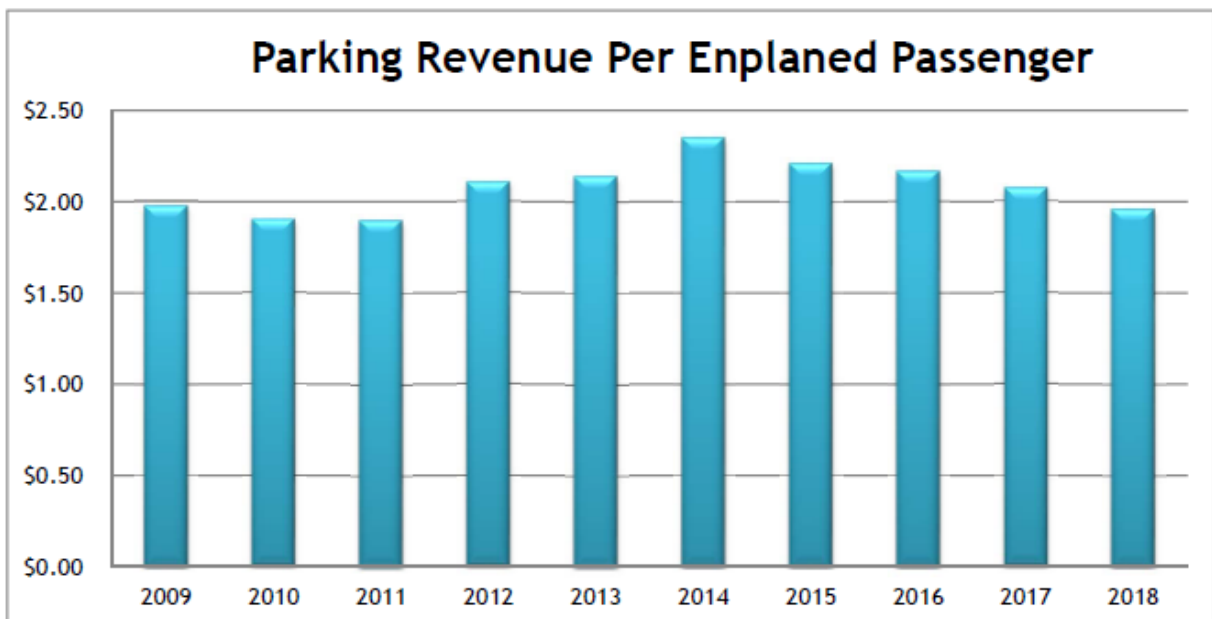


Parking Revenue Per Enplaned Passenger

Fiscal Years Ended September 30, 2009 to 2018

(Unaudited)

| Fiscal Year | Parking Revenue | | Enplaned Passengers | | Revenue per Enplaned Passenger | |
|-------------|-----------------|----------|---------------------|----------|--------------------------------|----------|
| | Amount | % Change | Number | % Change | Amount | % Change |
| 2009 | \$33,403,192 | -10.7% | 16,884,099 | -0.9% | \$1.98 | -9.9% |
| 2010 | \$33,157,031 | -0.7% | 17,405,330 | 3.1% | \$1.90 | -3.7% |
| 2011 | \$35,542,294 | 7.2% | 18,701,120 | 7.4% | \$1.90 | 0.0% |
| 2012 | \$41,474,741 | 16.7% | 19,683,678 | 5.3% | \$2.11 | 11.0% |
| 2013 | \$42,571,213 | 2.6% | 19,877,691 | 1.0% | \$2.14 | 1.4% |
| 2014 | \$47,563,451 | 11.7% | 20,219,931 | 1.7% | \$2.35 | 9.8% |
| 2015 | \$47,263,378 | -0.6% | 21,375,095 | 5.7% | \$2.21 | -6.0% |
| 2016 | \$48,024,900 | 1.6% | 22,154,289 | 3.6% | \$2.17 | -1.8% |
| 2017 | \$44,783,394 | -6.7% | 21,602,794 | -2.5% | \$2.07 | -4.6% |
| 2018 | \$43,607,001 | -2.6% | 22,220,423 | 2.9% | \$1.96 | -5.3% |



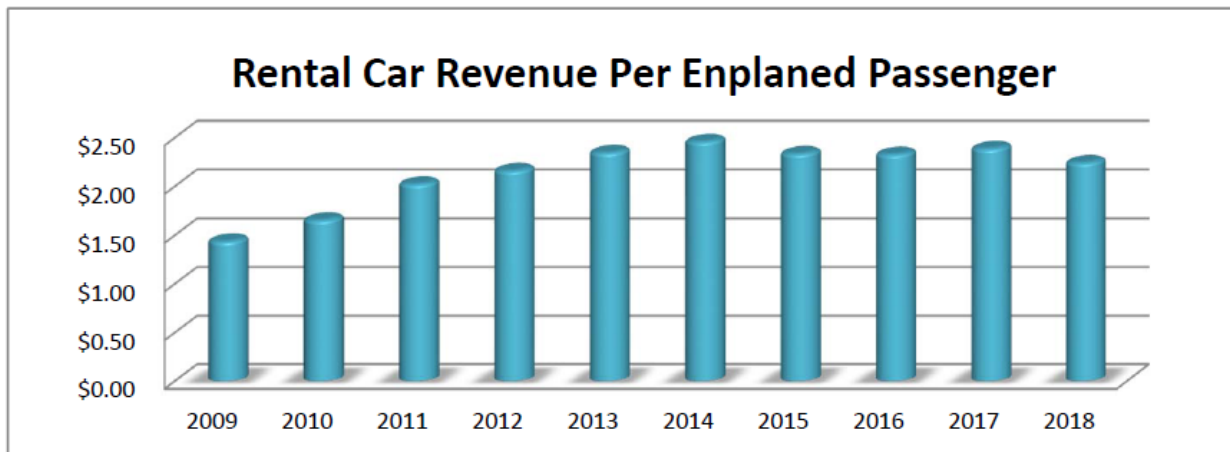


Rental Car Revenue Per Enplaned Passenger

Fiscal Years Ended September 30, 2009 to 2018

(Unaudited)

| Fiscal Year | Rental Car Revenue | | Enplaned Passengers | | Revenue per Enplaned Passenger | |
|-------------|--------------------|----------|---------------------|----------|--------------------------------|----------|
| | Amount | % Change | Number | % Change | Amount | % Change |
| 2009 | \$24,337,791 | -7.2% | 16,884,099 | -0.9% | \$1.44 | -6.4% |
| 2010 | \$28,867,490 | 18.6% | 17,405,330 | 3.1% | \$1.66 | 15.1% |
| 2011 | \$37,878,579 | 31.2% | 18,701,120 | 7.4% | \$2.03 | 22.1% |
| 2012 | \$42,581,841 | 12.4% | 19,683,678 | 5.3% | \$2.16 | 6.4% |
| 2013 | \$46,692,386 | 9.7% | 19,877,691 | 1.0% | \$2.35 | 8.8% |
| 2014 | \$49,790,648 | 6.6% | 20,219,931 | 1.7% | \$2.46 | 4.7% |
| 2015 | \$49,978,275 | 0.4% | 21,375,095 | 5.7% | \$2.34 | -4.9% |
| 2016 | \$51,642,482 | 3.3% | 22,154,289 | 3.6% | \$2.33 | -0.4% |
| 2017 | \$51,630,646 | 0.0% | 21,602,794 | -2.5% | \$2.39 | 2.6% |
| 2018 | \$49,883,484 | -3.4% | 22,220,423 | 2.9% | \$2.24 | -6.3% |



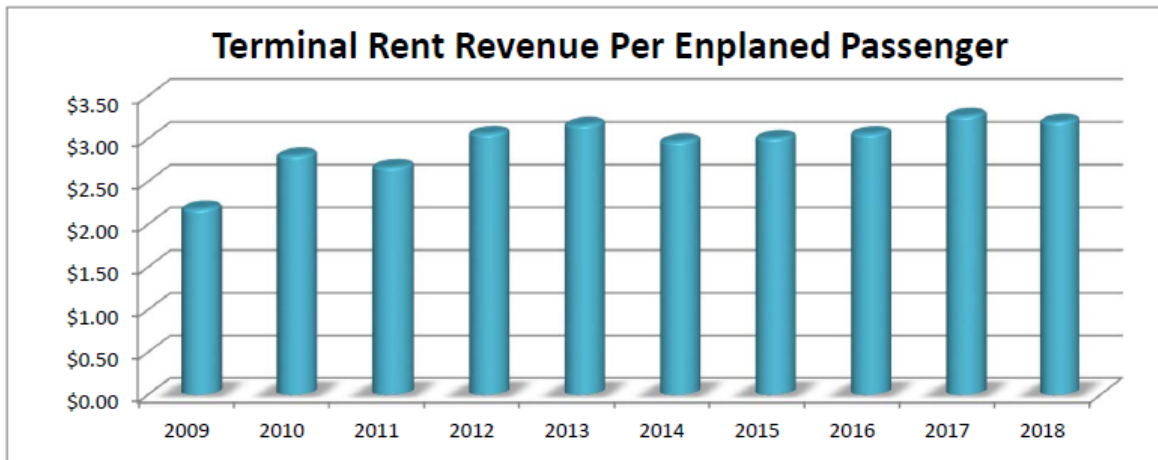


Terminal Rent Revenue Per Enplaned Passenger

Fiscal Years Ended September 30, 2009 to 2018

(Unaudited)

| Fiscal Year | Terminal Rent Revenue | | Enplaned Passengers | | Revenue per Enplaned Passenger | |
|-------------|-----------------------|----------|---------------------|----------|--------------------------------|----------|
| | Amount | % Change | Number | % Change | Amount | % Change |
| 2009 | \$36,921,714 | -3.3% | 16,884,099 | -0.9% | \$2.19 | -2.4% |
| 2010 | \$48,900,317 | 32.4% | 17,405,330 | 3.1% | \$2.81 | 28.5% |
| 2011 | \$50,053,445 | 2.4% | 18,701,120 | 7.4% | \$2.68 | -4.7% |
| 2012 | \$60,315,364 | 20.5% | 19,683,678 | 5.3% | \$3.06 | 14.2% |
| 2013 | \$62,986,765 | 4.4% | 19,877,691 | 1.0% | \$3.17 | 3.6% |
| 2014 | \$60,137,518 | -4.5% | 20,219,931 | 1.7% | \$2.97 | -6.3% |
| 2015 | \$64,398,023 | 7.1% | 21,375,095 | 5.7% | \$3.01 | 1.3% |
| 2016 | \$67,843,941 | 5.3% | 22,154,289 | 3.6% | \$3.06 | 1.6% |
| 2017 | \$70,705,323 | 4.2% | 21,602,794 | -2.5% | \$3.27 | 6.9% |
| 2018 | \$71,249,445 | 0.8% | 22,220,423 | 2.9% | \$3.21 | -1.8% |

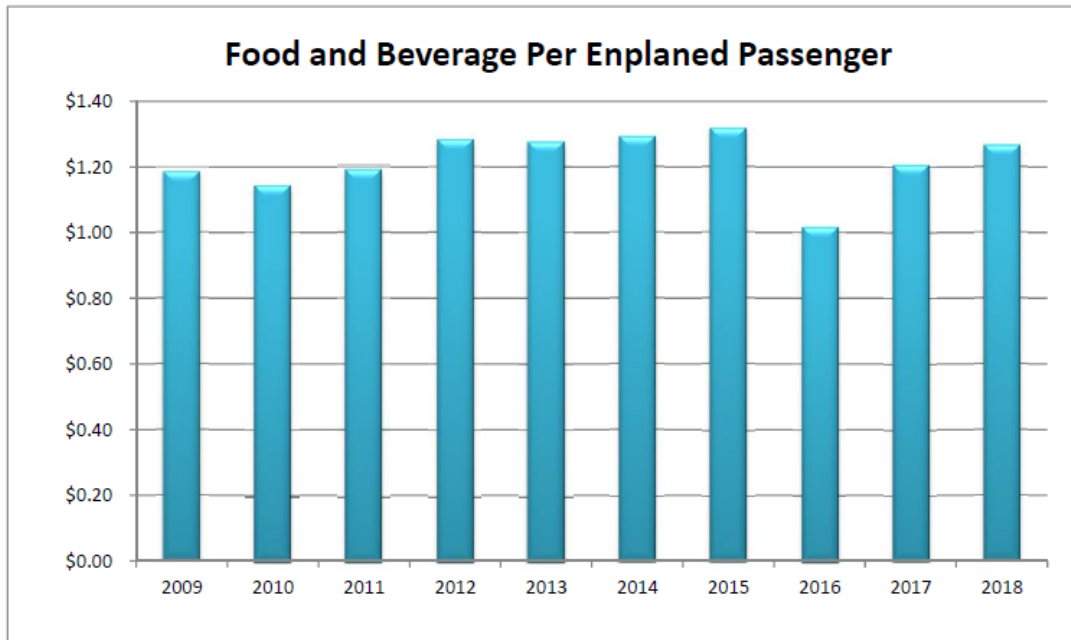




Food and Beverage Revenues Per Enplaned Passenger

Fiscal Years Ended September 30, 2009 to 2018
(Unaudited)

| Fiscal Year | Food & Beverage Revenues | | Enplaned Passengers | | Revenue per Enplaned Passenger | |
|-------------|--------------------------|----------|---------------------|----------|--------------------------------|----------|
| | Amount | % Change | Number | % Change | Amount | % Change |
| 2009 | \$20,027,083 | -0.3% | 16,884,099 | -0.9% | \$1.19 | 0.6% |
| 2010 | \$19,916,085 | -0.6% | 17,405,330 | 3.1% | \$1.14 | -3.5% |
| 2011 | \$22,297,623 | 12.0% | 18,701,120 | 7.4% | \$1.19 | 4.2% |
| 2012 | \$25,276,206 | 13.3% | 19,683,678 | 5.3% | \$1.28 | 7.5% |
| 2013 | \$25,394,843 | 0.5% | 19,877,691 | 1.0% | \$1.28 | 0.0% |
| 2014 | \$26,156,735 | 3.0% | 20,219,931 | 1.7% | \$1.29 | 0.8% |
| 2015 | \$28,181,765 | 7.7% | 21,375,095 | 5.7% | \$1.32 | 2.3% |
| 2016 | \$22,551,928 | -19.9% | 22,154,289 | 3.6% | \$1.02 | -22.7% |
| 2017 | \$26,090,995 | 15.6% | 21,602,794 | -2.5% | \$1.21 | 18.6% |
| 2018 | \$28,156,534 | 7.9% | 22,220,423 | 2.9% | \$1.27 | 4.9% |





Department Employee Strength

Full-Time Equivalent Employees (FTE)

Fiscal Years 2009 to 2018

(Unaudited)

| Year | FTEs as of September 30 | % Change | Enplaned Passengers | Enplaned Passengers per FTEs |
|------|----------------------------|----------|------------------------|------------------------------------|
| 2009 | 1,402 | -1.8% | 16,884,099 | 12,043 |
| 2010 | 1,435 | 2.4% | 17,405,330 | 12,129 |
| 2011 | 1,255 | -12.5% | 18,701,120 | 14,901 |
| 2012 | 1,206 | -3.9% | 19,683,678 | 16,321 |
| 2013 | 1,175 | -2.6% | 19,877,691 | 16,917 |
| 2014 | 1,184 | 0.8% | 20,219,931 | 17,078 |
| 2015 | 1,192 | 0.7% | 21,375,095 | 17,932 |
| 2016 | 1,196 | 0.3% | 22,154,289 | 18,524 |
| 2017 | 1,255 | 4.9% | 21,602,794 | 17,213 |
| 2018 | 1,285 | 2.4% | 22,220,423 | 17,292 |



Aircraft Operations

Flight Operations

Fiscal Years Ended September 30, 2009 to 2018
(Unaudited)

| Fiscal Year | Domestic | | International | | Total | |
|-------------|------------|----------|---------------|----------|------------|----------|
| | Operations | % Change | Operations | % Change | Operations | % Change |
| 2009 | 184,827 | -11.1% | 163,660 | -3.6% | 348,487 | -7.7% |
| 2010 | 188,590 | 2.0% | 174,732 | 6.8% | 363,322 | 4.3% |
| 2011 | 205,462 | 8.9% | 180,771 | 3.5% | 386,233 | 6.3% |
| 2012 | 201,638 | -1.8% | 188,281 | 4.1% | 389,919 | 0.9% |
| 2013 | 203,797 | 1.1% | 189,558 | 0.7% | 393,355 | 0.9% |
| 2014 | 207,967 | 2.0% | 189,294 | -0.1% | 397,261 | 1.0% |
| 2015 | 214,609 | 3.2% | 191,287 | 1.1% | 405,896 | 2.2% |
| 2016 | 217,950 | 1.5% | 195,451 | 2.1% | 413,401 | 1.8% |
| 2017 | 215,928 | -0.9% | 191,232 | -2.1% | 407,160 | -1.5% |
| 2018 | 223,070 | 3.3% | 192,711 | 0.8% | 415,781 | 2.1% |

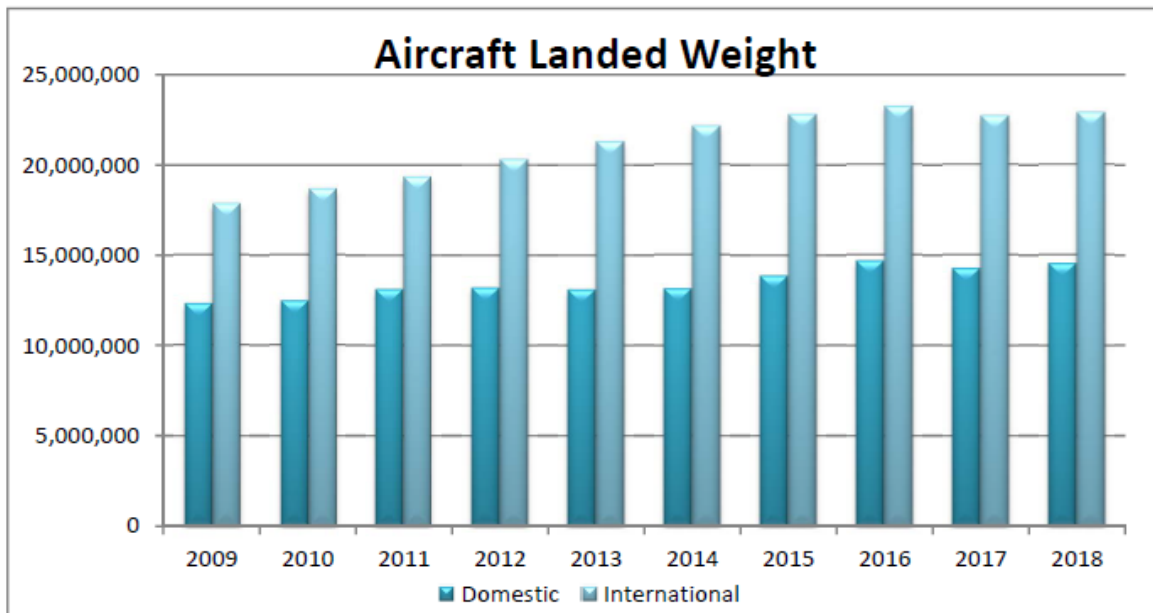




Aircraft Landed Weight

Fiscal Years Ended September 30, 2009 to 2018
(Unaudited)

| Fiscal Year | Domestic | | International | | Total | |
|-------------|------------|----------|---------------|----------|------------|----------|
| | 1,000 lbs | % Change | 1,000 lbs | % Change | 1,000 lbs | % Change |
| 2009 | 12,315,080 | -6.1% | 17,856,602 | -3.3% | 30,171,682 | -4.5% |
| 2010 | 12,472,867 | 1.3% | 18,674,893 | 4.6% | 31,147,760 | 3.2% |
| 2011 | 13,137,884 | 5.3% | 19,378,648 | 3.8% | 32,516,532 | 4.4% |
| 2012 | 13,213,922 | 0.5% | 20,334,264 | 4.9% | 33,548,186 | 3.2% |
| 2013 | 13,115,308 | -0.7% | 21,323,070 | 4.9% | 34,438,378 | 2.7% |
| 2014 | 13,141,290 | 0.2% | 22,157,206 | 3.9% | 35,298,496 | 2.5% |
| 2015 | 13,886,215 | 5.7% | 22,835,492 | 3.1% | 36,721,707 | 4.0% |
| 2016 | 14,683,385 | 5.7% | 23,243,509 | 1.7% | 37,926,894 | 3.2% |
| 2017 | 14,266,146 | -2.8% | 22,723,364 | -2.2% | 36,989,510 | -2.5% |
| 2018 | 14,549,871 | 2.0% | 22,907,237 | 0.8% | 37,457,108 | 1.3% |

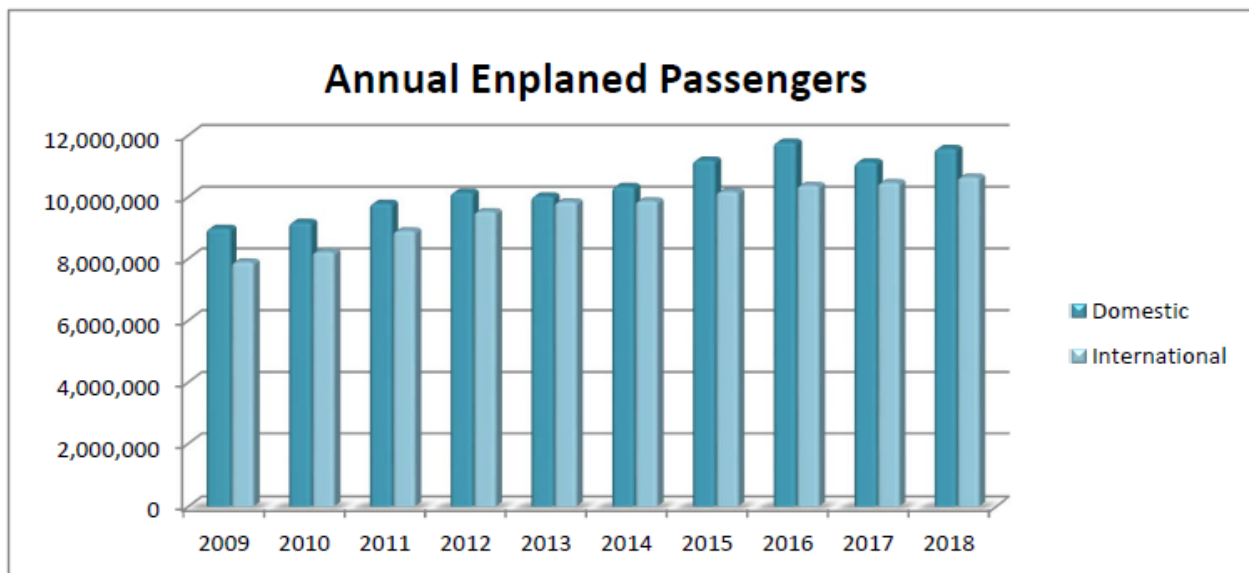




Passenger Enplanements

Fiscal Years Ended September 30, 2009 to 2018
(Unaudited)

| Year | Domestic | | International | | Total | |
|------|------------|----------|---------------|----------|------------|----------|
| | Passengers | % Change | Passengers | % Change | Passengers | % Change |
| 2009 | 8,987,096 | -0.9% | 7,897,003 | -0.9% | 16,884,099 | -0.9% |
| 2010 | 9,179,436 | 2.1% | 8,225,894 | 4.2% | 17,405,330 | 3.1% |
| 2011 | 9,796,191 | 6.7% | 8,904,929 | 8.3% | 18,701,120 | 7.4% |
| 2012 | 10,155,305 | 3.7% | 9,528,373 | 7.0% | 19,683,678 | 5.3% |
| 2013 | 10,033,126 | -1.2% | 9,844,565 | 3.3% | 19,877,691 | 1.0% |
| 2014 | 10,342,784 | 3.1% | 9,877,147 | 0.3% | 20,219,931 | 1.7% |
| 2015 | 11,197,406 | 8.3% | 10,177,689 | 3.0% | 21,375,095 | 5.7% |
| 2016 | 11,774,663 | 5.1% | 10,379,626 | 1.9% | 22,154,289 | 3.6% |
| 2017 | 11,132,819 | -5.4% | 10,469,975 | 0.8% | 21,602,794 | -2.5% |
| 2018 | 11,571,473 | 3.9% | 10,648,950 | 1.7% | 22,220,423 | 2.9% |



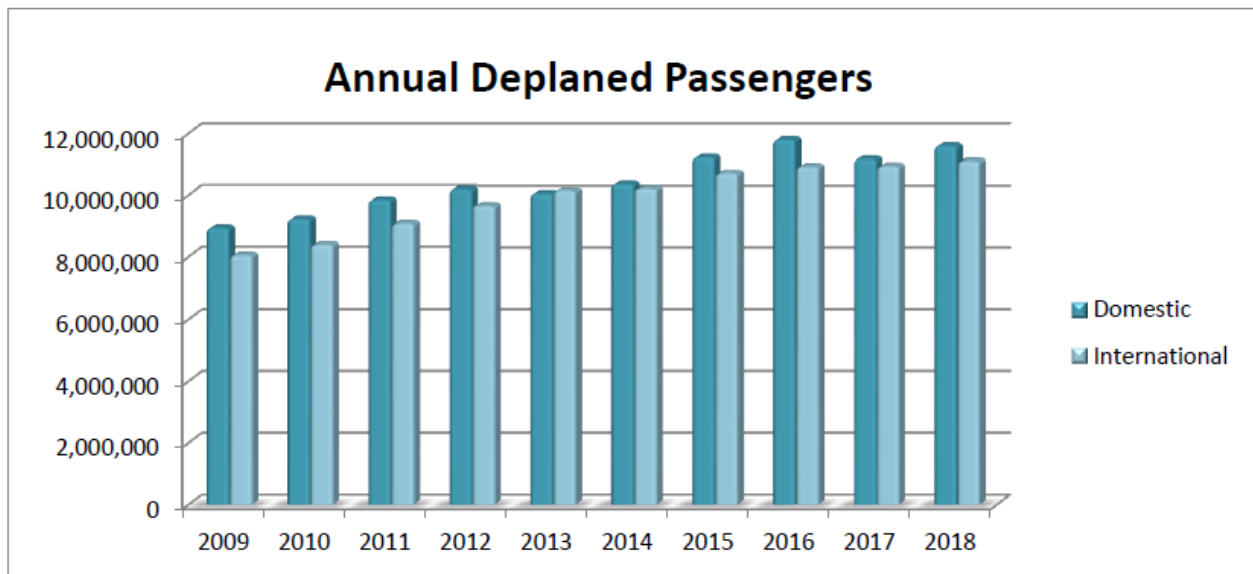


Passenger Deplanements

Fiscal Years Ended September 30, 2009 to 2018

(Unaudited)

| Year | Domestic | | International | | Total | |
|------|------------|----------|---------------|----------|------------|----------|
| | Passengers | % Change | Passengers | % Change | Passengers | % Change |
| 2009 | 8,939,655 | 0.2% | 8,051,716 | -0.7% | 16,991,371 | -0.2% |
| 2010 | 9,224,485 | 3.2% | 8,399,291 | 4.3% | 17,623,776 | 3.7% |
| 2011 | 9,847,044 | 6.7% | 9,084,955 | 8.2% | 18,931,999 | 7.4% |
| 2012 | 10,195,289 | 3.5% | 9,685,509 | 6.6% | 19,880,798 | 5.0% |
| 2013 | 10,066,662 | -1.3% | 10,170,952 | 5.0% | 20,237,614 | 1.8% |
| 2014 | 10,386,247 | 3.2% | 10,238,786 | 0.7% | 20,625,033 | 1.9% |
| 2015 | 11,234,660 | 8.2% | 10,737,374 | 4.9% | 21,972,034 | 6.5% |
| 2016 | 11,802,705 | 5.0% | 10,944,759 | 1.9% | 22,747,464 | 3.5% |
| 2017 | 11,190,241 | -5.1% | 10,965,374 | 0.1% | 22,155,615 | -2.6% |
| 2018 | 11,596,475 | 3.6% | 11,121,588 | 1.4% | 22,718,063 | 2.5% |





Enplanement Market Share by Airline by Fiscal Year

Fiscal Years Ended September 30, 2009 to 2018

(In Thousands)

(Unaudited)

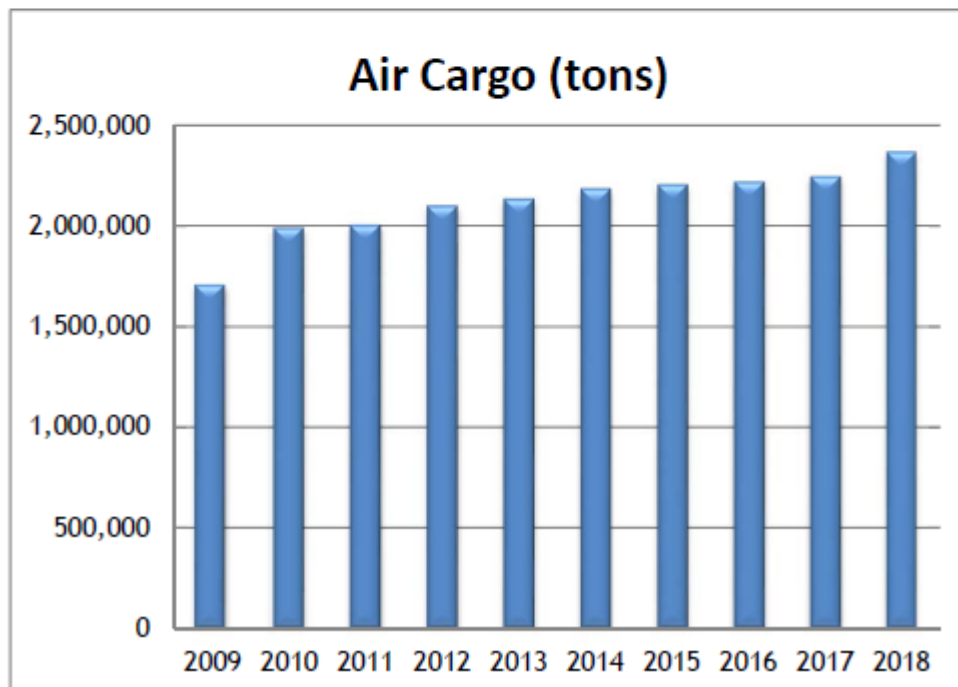
| Airline | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-----------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| American | 11,002.7 | 11,144.3 | 11,797.7 | 12,478.4 | 12,526.5 | 12,520.8 | 12,951.4 | 13,433.0 | 12,902.7 | 13,254.5 |
| Envoy (Previously American Eagle) | 684.8 | 792.3 | 936.8 | 941.1 | 926.9 | 945.9 | 1,113.4 | 1,239.3 | 1,349.0 | 1,570.2 |
| Delta | 645.3 | 927.8 | 1,123.0 | 1,139.2 | 1,098.5 | 1,158.3 | 1,238.8 | 1,341.9 | 1,360.9 | 1,333.5 |
| United | 154.9 | 40.3 | 78.8 | 162.1 | 341.0 | 459.8 | 451.4 | 561.0 | 672.5 | 679.7 |
| Frontier | - | - | - | - | - | - | 245.2 | 301.1 | 232.1 | 361.9 |
| TAM | 223.3 | 262.0 | 327.9 | 343.7 | 412.4 | 464.2 | 448.9 | 414.4 | 313.7 | 341.0 |
| Swift | - | - | - | - | - | 32.8 | 65.1 | 68.5 | 70.9 | 302.5 |
| Avianca | 276.7 | 273.5 | 290.3 | 286.8 | 317.6 | 314.7 | 328.3 | 329.9 | 338.9 | 294.1 |
| COPA Airlines | 120.5 | 127.1 | 143.6 | 196.5 | 225.2 | 248.9 | 245.3 | 243.9 | 259.3 | 279.8 |
| British Airways | 222.4 | 215.7 | 224.2 | 242.6 | 267.1 | 237.4 | 236.3 | 247.7 | 238.8 | 245.0 |
| All Others | 3,553.5 | 3,622.3 | 3,779.8 | 3,893.3 | 3,762.5 | 3,837.1 | 4,051.0 | 3,973.6 | 3,864.0 | 3,558.2 |
| | 16,884.1 | 17,405.3 | 18,702.1 | 19,683.7 | 19,877.7 | 20,219.9 | 21,375.1 | 22,154.3 | 21,602.8 | 22,220.4 |



Air Cargo Activity

Fiscal Years Ended September 30, 2009 to 2018
(Unaudited)

| <u>Fiscal Year</u> | <u>Mail</u> | <u>Freight</u> | <u>Total</u> | <u>% Change</u> |
|--------------------|-------------|----------------|--------------|-----------------|
| 2009 | 43,550 | 1,666,204 | 1,709,754 | -17.8% |
| 2010 | 33,458 | 1,958,009 | 1,991,467 | 16.5% |
| 2011 | 31,244 | 1,975,477 | 2,006,721 | 0.8% |
| 2012 | 33,076 | 2,068,485 | 2,101,561 | 4.7% |
| 2013 | 38,915 | 2,096,028 | 2,134,943 | 1.6% |
| 2014 | 32,014 | 2,155,460 | 2,187,474 | 2.5% |
| 2015 | 35,482 | 2,170,825 | 2,206,307 | 0.9% |
| 2016 | 41,005 | 2,178,601 | 2,219,606 | 0.6% |
| 2017 | 37,928 | 2,209,986 | 2,247,914 | 1.2% |
| 2018 | 42,717 | 2,325,899 | 2,368,616 | 5.4% |





Miami-Dade County Population and Per Capita Personal Income

Last Ten Years
(Unaudited)

| Year | Population | Total Personal Income (In Thousands) | Per Capita Personal Income | Unemployment Rate | Civilian Labor Force | Median Age |
|------|------------|-----------------------------------------|----------------------------|-------------------|----------------------|------------|
| 2009 | 2,398,245 | \$90,915,774 | \$37,909 | 8.9% | 1,218,871 | 39 |
| 2010 | 2,563,885 | \$92,227,399 | \$35,972 | 12.0% | 1,257,324 | 38 |
| 2011 | 2,516,515 | \$97,815,794 | \$38,870 | 12.7% | 1,300,030 | 38 |
| 2012 | 2,551,255 | \$100,688,604 | \$39,466 | 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 | \$111,528,866 | \$41,883 | 7.2% | 1,282,854 | 39 |
| 2015 | 2,629,877 | \$119,599,683 | \$44,550 | 5.9% | 1,317,469 | 40 |
| 2016 | 2,674,278 | \$123,276,064 | \$45,440 | 5.4% | 1,341,500 | 40 |
| 2017 | 2,702,695 | \$126,715,595 | \$46,048 | 4.7% | 1,386,660 | 40 |
| 2018 | 2,732,727 | (2) | (2) | 3.6% (1) | 1,357,854 (1) | (2) |

Source: U.S Bureau of Economic Analysis, Local Area Personal Income
 U.S. Census Bureau, American Community Survey 2017 1-Year Estimate
 U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics
 Miami-Dade County, Department of Regulatory and Economic Resources
 Planning Research and Economic Analysis Section

Legend: (1) Preliminary estimate.
 (2) Information unavailable as of the date of this report.



Principal Employers in Miami-Dade County

Latest Available Year and Nine Years Previous

(Unaudited)

| Employer | 2007 | | | 2018 ¹ | | |
|----------------------------------|----------------|------|---------------------------------------|-------------------|------|---------------------------------------|
| | Employees | Rank | Percentage of Total County Employment | Employees | Rank | Percentage of Total County Employment |
| Miami-Dade County Public Schools | 50,000 | 1 | 4.19% | 31,000 | 1 | 2.32% |
| Miami-Dade County | 32,000 | 2 | 2.68% | 24,692 | 2 | 1.85% |
| U.S. Federal Government | 19,800 | 3 | 1.66% | 19,300 | 3 | 1.45% |
| Florida State Government | 16,200 | 4 | 1.36% | 19,200 | 4 | 1.44% |
| University of Miami | 10,170 | 7 | 0.85% | 13,864 | 5 | 1.04% |
| Baptist Health South Florida | 11,257 | 5 | 0.94% | 13,369 | 6 | 1.00% |
| American Airlines | 9,000 | 9 | 0.75% | 11,773 | 7 | 0.88% |
| Jackson Health System | 10,000 | 8 | 0.84% | 8,163 | 8 | 0.61% |
| Florida International University | - | - | - | 4,951 | 9 | 0.37% |
| City of Miami | 4,297 | 15 | 0.36% | 3,820 | 10 | 0.29% |
| Mount Sinai Medical Center | - | - | - | 3,402 | 11 | 0.25% |
| Florida Power & Light Company | - | - | - | 3,011 | 12 | 0.23% |
| Miami Children's Hospital | - | - | - | 2,991 | 13 | 0.22% |
| Homestead AFB | - | - | - | 2,810 | 14 | 0.21% |
| Miami-Dade College | 6,004 | 11 | 0.50% | 2,572 | 15 | 0.19% |
| Precision Response Corporation | 6,000 | 12 | 0.50% | - | - | - |
| United Parcel Service | 6,123 | 10 | 0.51% | - | - | - |
| Bell South Corporation - Florida | 5,500 | 13 | 0.46% | - | - | - |
| Winn Dixie Stores | 4,833 | 14 | 0.41% | - | - | - |
| Publix Super Markets | 11,000 | 6 | 0.92% | - | - | - |
| | <u>202,184</u> | | <u>16.93%</u> | <u>164,918</u> | | <u>12.35%</u> |

Source:

The Beacon Council, Miami, Florida, Miami Business Profile

¹ Information is based on data from year 2016. The data for year 2018 was not available as of the date of this report.



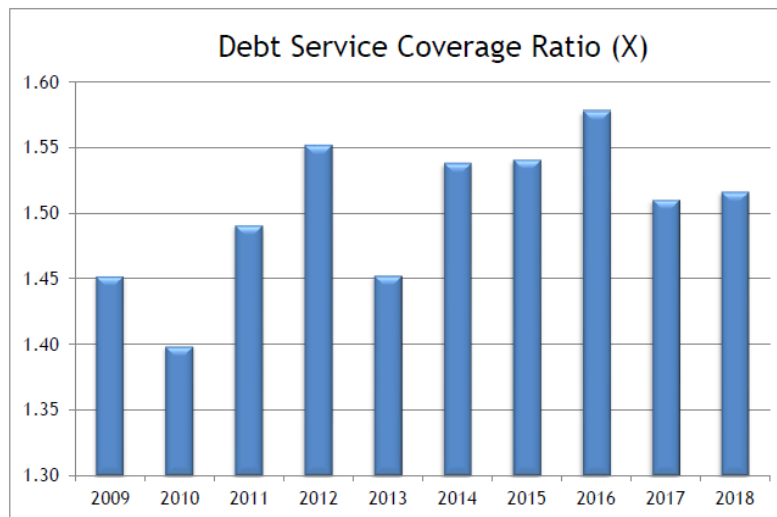
Revenue Bond Debt Service Coverage

Fiscal Years Ended September 30, 2009 to 2018

(In Thousands)

(Unaudited)

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Pledged Revenues | \$601,881 | \$638,347 | \$739,996 | \$824,886 | \$868,802 | \$894,079 | \$892,846 | \$925,548 | \$913,151 | \$931,800 |
| Expenses | 367,514 | 361,633 | 373,538 | 370,290 | 384,004 | 387,135 | 402,831 | 415,554 | 429,974 | 454,871 |
| Net Revenues | 234,367 | 276,714 | 366,458 | 454,596 | 484,798 | 506,944 | 490,015 | 509,994 | 483,177 | 476,929 |
| Reserve Maintenance Fund Deposit | 15,000 | 19,250 | 25,000 | 12,000 | 17,000 | 15,000 | 17,000 | 25,000 | 30,000 | 20,000 |
| Net Revenues after Deposits | 219,367 | 257,464 | 341,458 | 442,596 | 467,798 | 491,944 | 473,015 | 484,994 | 453,177 | 456,929 |
| Principal & Interest Requirement | 151,049 | 184,044 | 229,035 | 285,208 | 322,029 | 319,802 | 307,028 | 307,386 | 300,068 | 301,326 |
| Debt Service Coverage Ratio (x) | 1.45 | 1.40 | 1.49 | 1.55 | 1.45 | 1.54 | 1.54 | 1.58 | 1.51 | 1.52 |





Outstanding Debt

Last Ten Fiscal Years

(In Thousands)

(Unaudited)

| <u>Fiscal Year Ended September 30,</u> | <u>Trust Agreement Revenue Bonds (a)</u> | <u>Double-Barreled Aviation Bonds (General Obligation) (c)</u> | <u>Commercial Paper Notes (b)</u> | <u>State Infrastructure Bank (SIB) Loan (d)</u> | <u>Total</u> |
|------------------------------------------------|--------------------------------------------------|------------------------------------------------------------------------|---------------------------------------|---------------------------------------------------------|--------------|
| 2009 | \$5,059,115 | - | \$110,142 | \$50,000 | \$5,219,257 |
| 2010 | \$6,106,765 | \$239,755 | - | \$45,801 | \$6,392,321 |
| 2011 | \$6,046,950 | \$239,755 | - | \$37,029 | \$6,323,734 |
| 2012 | \$5,987,430 | \$235,810 | - | \$32,691 | \$6,255,931 |
| 2013 | \$5,822,665 | \$231,785 | - | \$28,345 | \$6,082,795 |
| 2014 | \$5,726,745 | \$227,600 | - | \$23,912 | \$5,978,257 |
| 2015 | \$5,616,550 | \$223,205 | - | \$19,390 | \$5,859,145 |
| 2016 | \$5,791,531 | \$223,086 | \$20,012 | \$14,778 | \$6,049,407 |
| 2017 | \$5,680,386 | \$218,103 | \$60,066 | \$10,074 | \$5,968,629 |
| 2018 | \$5,584,857 | \$212,891 | \$140,168 | \$5,274 | \$5,943,190 |

- a) Revenue Bonds issued under the Trust Agreement are payable solely by a pledge of net revenues, as defined in the Trust Agreement. The Revenue Bonds are being paid by the Aviation Department's Net Revenues.
- b) The Commercial Paper Notes are payable solely from proceeds of future Revenue Bonds and any unencumbered monies in the Improvement Fund. An irrevocable letter of credit in the amount of \$400 million dollars was approved for the purpose of making funds readily available for the payment of principal and interest on the Notes. The use of the initial Commercial Paper was discontinued in August of 2010 and a new Commercial Paper Note Program was started in March 2016. The new program is secured with an irrevocable letter of credit in the amount of \$200 million.
- c) In FY 2010 the County issued its Series 2010 Double-Barreled Aviation Bond (General Obligation), in the aggregate principal amount of \$239,775,000. The Series 2010 Bonds are a general obligation of the County, secured by the full faith, credit and taxing power of the County. The Series 2010 Bonds are payable from ad valorem taxes levied on all taxable property in the County, without limitations as to rate or amount, to the extent that Net Available Airport Revenues are insufficient to pay debt service on the Series 2010 Bonds.
- d) A County loan in the amount of \$50 million from the FDOT State Infrastructure Bank to fund the County's share of the cost of the Viaduct Project. The loan is secured by a County covenant to annually budget and appropriate from the County legally available non-ad valorem revenue sufficient to pay debt service costs. The debt service costs will be reimbursed to the County by the Aviation Department.



Long Term Debt Per Enplaned Passenger

Last Ten Fiscal Years

(In Thousands Except Enplaned Passengers)
(Unaudited)

| Fiscal Year Ended September 30 | Trust Agreement Revenue Bonds (a) | Double-Barreled Aviation Bonds (General Obligation) (c) | Commercial Paper Notes (b) | State Infrastructure Bank (SIB) Loan (d) | Total | Enplaned Passenger | Long Term Debt Per Enplaned Passenger |
|-----------------------------------|-----------------------------------|---------------------------------------------------------|----------------------------|------------------------------------------|-------------|--------------------|---------------------------------------|
| 2009 | \$5,059,115 | - | \$110,142 | \$50,000 | \$5,219,257 | 16,884,009 | \$309.12 |
| 2010 | \$6,106,765 | \$239,755 | - | \$45,801 | \$6,392,321 | 17,405,330 | \$367.26 |
| 2011 | \$6,046,950 | \$239,755 | - | \$37,029 | \$6,323,734 | 18,701,120 | \$338.15 |
| 2012 | \$5,987,430 | \$235,810 | - | \$32,691 | \$6,255,931 | 19,683,678 | \$317.82 |
| 2013 | \$5,822,665 | \$231,785 | - | \$28,345 | \$6,082,795 | 19,877,691 | \$306.01 |
| 2014 | \$5,726,745 | \$227,600 | - | \$23,912 | \$5,978,257 | 20,219,931 | \$295.66 |
| 2015 | \$5,616,550 | \$223,205 | - | \$19,390 | \$5,859,145 | 21,375,095 | \$274.11 |
| 2016 | \$5,791,531 | \$223,086 | \$20,012 | \$14,778 | \$6,049,407 | 22,154,289 | \$273.06 |
| 2017 | \$5,680,386 | \$218,103 | \$60,066 | \$10,074 | \$5,968,629 | 21,602,794 | \$276.29 |
| 2018 | \$5,584,857 | \$212,891 | \$140,168 | \$5,274 | \$5,943,190 | 22,220,423 | \$267.47 |

- a) Revenue Bonds issued under the Trust Agreement are payable solely by a pledge of net revenues, as defined in the Trust Agreement. The Revenue Bonds are being paid by the Aviation Department's net Revenue.
- b) The Commercial Paper Notes are payable solely from proceeds of future Revenue Bonds and any unencumbered monies in the Improvement Fund. An irrevocable letter of credit in the amount of \$400 million dollars was approved for the purpose of making funds readily available for the payment of principal and interest on the Notes. The use of the initial Commercial Paper was discontinued in August of 2010 and a new Commercial Paper Note Program was started in March 2016. The new program is secured with an irrevocable letter of credit in the amount of \$200 million.
- c) In FY 2010 the County issued its Series 2010 Double-Barreled Aviation Bond (General Obligation), in the aggregate principal amount of \$239,775,000. The Series 2010 Bonds are a general obligation of the County, secured by the full faith, credit and taxing power of the County. The Series 2010 Bonds are payable from ad valorem taxes levied on all taxable property in the County, without limitations as to rate or amount, to the extent that Net Available Airport Revenues are insufficient to pay debt service on the Series 2010 Bonds.
- d) A County loan in the amount of \$50 million from the FDOT State Infrastructure Bank to fund the County's share of the cost of the Viaduct Project. The loan is secured by a County covenant to annually budget and appropriate from the County legally available non-ad valorem revenue sufficient to pay debt service costs. The debt service costs will be reimbursed to the County by the Aviation Department.



Capital Assets

Fiscal Years Ended September 30, 2009 to 2018

(Unaudited)

| Miami-Dade Aviation Department | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Number of airports | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Number of runways | | | | | | | | | | |
| Miami International | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Opa-Locka | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Tamiami | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Homestead | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Training & Transition Airport | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Opa-Locka West | closed | closed | closed | closed | closed | closed | closed | closed | closed | closed |

2018
Comprehensive Annual Financial Report

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Miami-Dade Aviation Department

Finance & Strategy Division

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A Department of Miami-Dade County, Florida