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

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MIAMI INTERNATIONAL AIRPORT

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Finance Division
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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

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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

Jean Monestime, District 2

Audrey M. Edmonson, District 3

Sally A. Heyman, District 4

Eileen Higgins, District 5

Rebeca Sosa, District 6

Xavier L. Suarez, District 7

Daniella Levine Cava, District 8

Dennis C. Moss, District 9

Javier D. Souto, District 10

Joe A. Martinez, District 11

José "Pepe" Diaz, District 12

Esteban L. Bovo, Jr., District 13

Harvey Ruvin
Clerk of the Circuit and County Courts

Pedro J. Garcia
Property Appraiser

Abigail Price-Williams
County Attorney

www.miamidade.gov

Miami-Dade Aviation Department
Senior Staff

Lester Sola
Aviation Director
& Chief Executive Officer

Ken Pyatt
Deputy Director

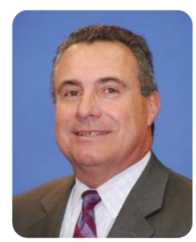
Arlyn Rull
Chief of Staff &
Senior Policy Advisor

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

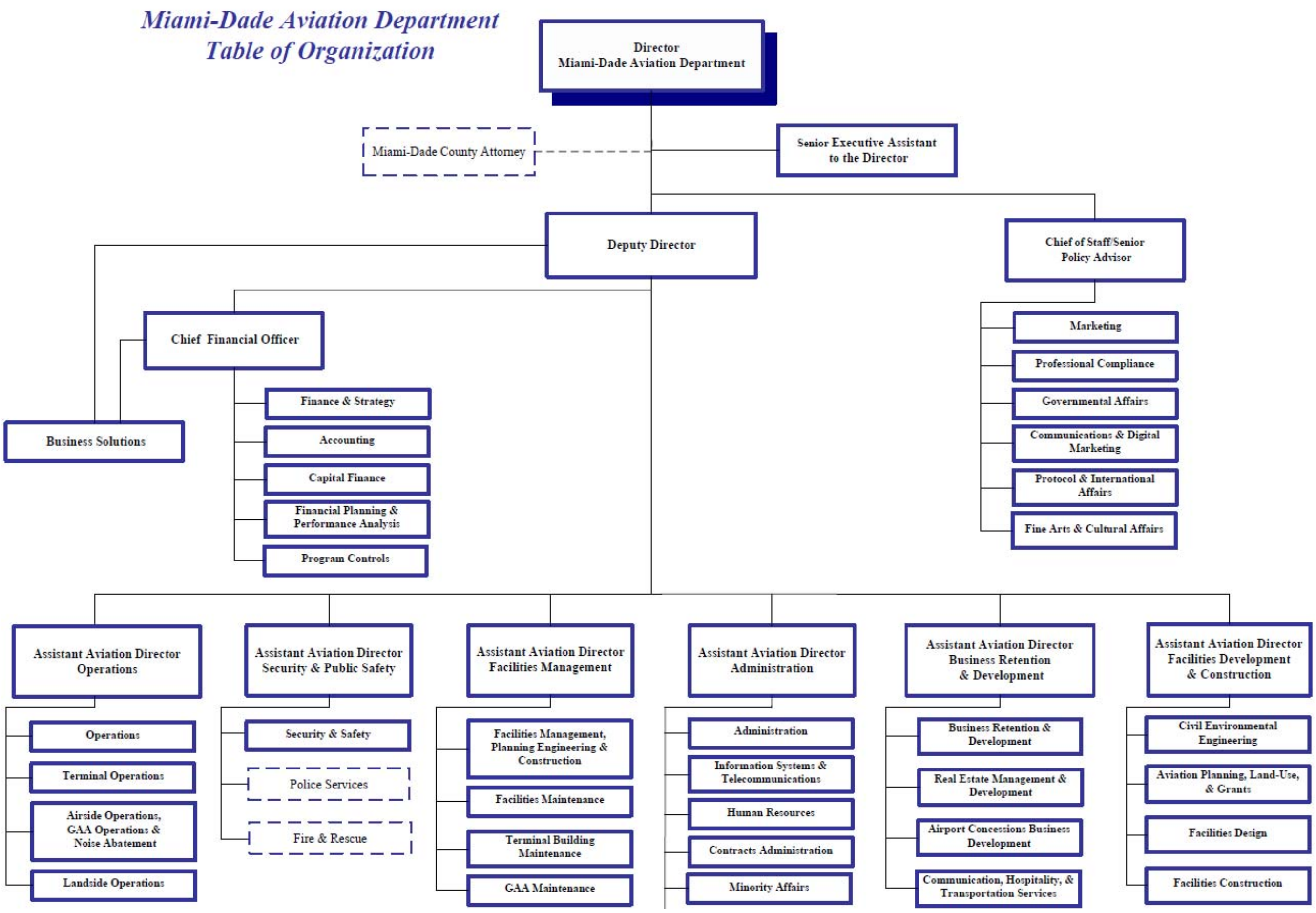
Robert Warren
Assistant Director,
Concession Business Development

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



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. Morrill

Executive Director/CEO

Financial Section

Independent Auditors' Report

Management Discussion & Analysis

Financial Statements

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

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Cherry Bekaert LLP
CPAs & Advisors

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.

Cherry Bekaert LLP

Tampa, Florida
February 19, 2019

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.

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:

	2018	**2017**
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.

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	$ 7,461,905	$ 7,485,894
Deferred Outflows of Resources:		
Deferred outflow - pension	$ 30,706	$ 33,835
Deferred loss on refunding	150,009	125,275
Total Deferred Outflows	$ 180,715	$ 159,110
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	$ 6,405,165	$ 6,686,305
Deferred Inflows of Resources:		
Deferred inflow - pension	$ 7,648	$ 5,250
Deferred inflow - other post-employment benefit	1,241	-
Total Deferred Inflows	$ 8,889	$ 5,250
Net Position:		
Net investment in capital assets	$ 327,993	$ 65,879
Restricted	719,116	683,147
Unrestricted	181,457	204,423
Total Net Position	$ 1,228,566	$ 953,449

(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.

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:

	2018	2017 (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	920,968	901,923
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	259,857	268,118
Total Expenses	997,026	964,756
Loss before capital contributions	(76,058)	(62,833)
Capital contributions	48,552	48,525
Change in accounting estimate	324,270	-
Change in net position	296,764	(14,308)
Net position at beginning of year, as restated (note 2t)	931,802	967,757
Net position at end of year	$ 1,228,566	$ 953,449

(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.

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
	5,883,701	6,096,124
Construction in progress	178,306	82,144
Total capital assets, net	$ 6,062,007	$ 6,178,268

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.

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

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.

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.

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		1,666
Total Current Unrestricted Assets		395,993
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		7,785
Total Current Restricted Assets		305,818
Total Current Assets		701,811
Noncurrent Assets:		
Restricted Assets:		
Cash and cash equivalents		597,827
Investments, including interest receivable		95,568
Total Noncurrent Restricted Assets		693,395
Capital assets, net		6,062,007
Other noncurrent assets		1,791
Due from County Agencies		2,901
Total Noncurrent Assets		6,760,094
Total Assets	$	7,461,905
Deferred Outflows of Resources:		
Deferred outflows pension	$	30,706
Deferred loss on refundings		150,009
Total Deferred Outflows of Resources	$	180,715

See accompanying notes to the financial statements.

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
Total Current Liabilities Payable from Unrestricted Assets		85,073
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
Total Current Liabilities Payable from Restricted Assets		271,612
Total Current Liabilities Payable		356,685
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
Total Noncurrent Liabilities		6,048,480
Total Liabilities	$	6,405,165
Deferred Inflows of Resources:		
Deferred inflows pension	$	7,648
Deferred inflows other post-employment benefit		1,241
Total Deferred Inflows of Resources	$	8,889
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
Total Net Position	$	1,228,566

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
Total Operating Revenue	821,509
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
Total Operating Expenses Before Depreciation and Amortization	474,348
Operating income before depreciation and amortization	347,161
Depreciation and amortization	262,821
Operating Income	84,340
Nonoperating Revenues (Expenses):	
Environmental cost recovery	21
Passenger facility charges	82,242
Interest expense	(259,857)
Investment income	14,261
Other revenue	2,935
Total Nonoperating Expenses	(160,398)
Loss before capital contributions	(76,058)
Capital contributions	48,552
Change in accounting estimate (Note 2k)	324,270
Change in Net Position	296,764
Net position, beginning of year, as restated (Note 2t)	931,802
Net position, end of year	$ 1,228,566

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)
Net cash from operating activities		352,210
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
Net cash from capital and related financing activities		(291,677)
Cash flows from noncapital financing activity:		
Other reimbursements received		2,935
Net cash from noncapital financing activity		2,935
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
Net cash from investing activities		112,965
Net change in cash and cash equivalents		176,433
Cash and cash equivalents, beginning of year		710,263
Cash and cash equivalents, end of year	$	886,696
Cash and cash equivalents reconciliation:		
Unrestricted assets	$	272,104
Restricted assets		614,592
Cash and cash equivalents	$	886,696

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		267,870
Net cash from operating activities	$	352,210
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)

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.

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.

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:

	Years
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.

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.

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."

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.

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.

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
	$	1,309,702

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	1,270,307
Total cash, cash equivalents, and investments	$ 1,309,702

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

Investment Type	Fair Value
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
	$ 1,270,307

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:

	Credit Rating		
Investment Type	**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

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:

Issuer	
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

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.

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):

Investments at Fair Value	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
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	1,219,347	$ -	$ 1,219,347	$ -
Money market at amortized cost	50,960			
Total Investments and Cash Equivalents	$ 1,270,307			

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.

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):

	Balance at September 30, 2017	Additions/ Transfers	Deletions/ Transfers and Retirements	Balance at September 30, 2018
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	209,170	131,927	(35,765)	305,332
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	9,567,897	51,487	(4,966)	9,614,418
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	(3,598,799)	(262,821)	3,877	(3,857,743)
Depreciable capital assets, net	5,969,098	(211,334)	(1,089)	5,756,675
Net capital assets	$ 6,178,268	$ (79,407)	$ (36,854)	$ 6,062,007

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
				413,955
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
				401,320

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

Note 6—Debt (continued)

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

Years Ending September 30,	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
	5,309,125	$ 3,615,592
Plus unamortized premium	275,732	
	$ 5,584,857	

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

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.

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

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

Note 6—Debt (continued)

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

Years Ending September 30,	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):

Years Ending September 30,	Principal	Interest
2019	$ -	$ -
2020	5,274	105
	$ 5,274	$ 105

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.

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	$ 6,509,930	$ 1,440,205	$ (1,747,634)	$ 6,202,501	$ 154,021

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	$	140,168

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.

	Defeasance Date	Maturity		2018
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
			$	754,585

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
	$	999,213

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.

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 noncancellable 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 noncancellable 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
	$	513,911

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 noncancellable agreements and permit the Aviation Department to periodically adjust rents and maximize operational flexibility. Minimum future rentals under such noncancellable 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
	$	103,396

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

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.

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:

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement 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
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement 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
Elected County Officers	
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
Senior Management Service Class	2.00
Special Risk Regular	
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.

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:

	Percent of Gross Salary	
Class	**Employee**	**Employer (1)**
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:

	Percent of Gross Salary	
Class	**Employee**	**Employer (2)**
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.

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

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):

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

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.

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.

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.

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

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):

Fiscal Year Ending September 30,	Deferred Outflows (Inflows), Net
2019	$ 275
2020	274
2021	223
2022	89
2023	(207)
Thereafter	(14)
Total	$ 640

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.

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

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.

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.

Note 11—Commitments and contingencies (continued)

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

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

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.

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	28,088

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.

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.

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

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	$ 23,917

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):

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions / inputs	$ -	$ 1,241
Total	$ -	$ 1,241

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):

Fiscal Year Ending September 30,	Deferred Inflows
2019	$ 120
2020	120
2021	120
2022	120
2023	120
Thereafter	641
Total	$ 1,241

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)

	2018	2017	2016	2015	2014
Contractually required FRS contribution	$ 6,363	$ 5,846	$ 5,609	$ 5,229	$ 4,759
FRS contribution in relation to the contractually required contribution	6,363	5,846	5,609	5,229	4,759
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
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)

	2018	2017	2016	2015	2014
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)	$ -	$ -	$ -	$ -	$ -
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)

	2018	2017	2016	2015	2014
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	$	23,917
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

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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

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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)

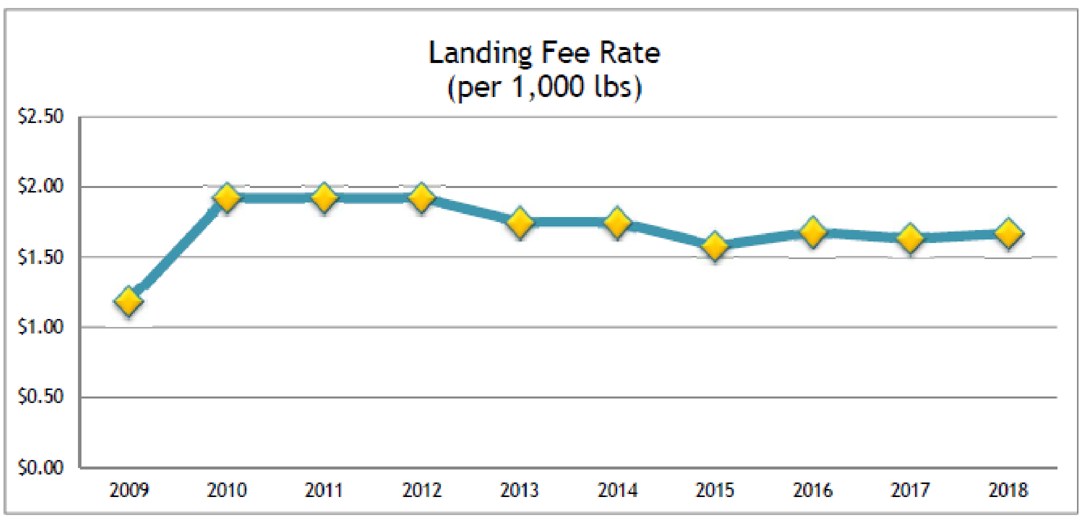
Ranking 2018	Firm	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
1	American Airlines Inc.	$ 311,998,697	$ 306,455,379	$ 316,764,220	$ 301,972,927	$ 303,256,539	$ 299,240,490	$ 286,571,670	$ 262,398,752	$ 231,767,763	$ 211,982,688
2	Airport Parking Associates	46,146,465	47,382,080	50,777,712	49,926,040	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)	Percent Change	Concourse Use Fee	Percent Change	Int'l Facilities Fee	Percent Change	Domestic Baggage Claim Charge	Percent Change	Outbound Baggage Makeup Charge	Percent Change	Security Screening Fee	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%

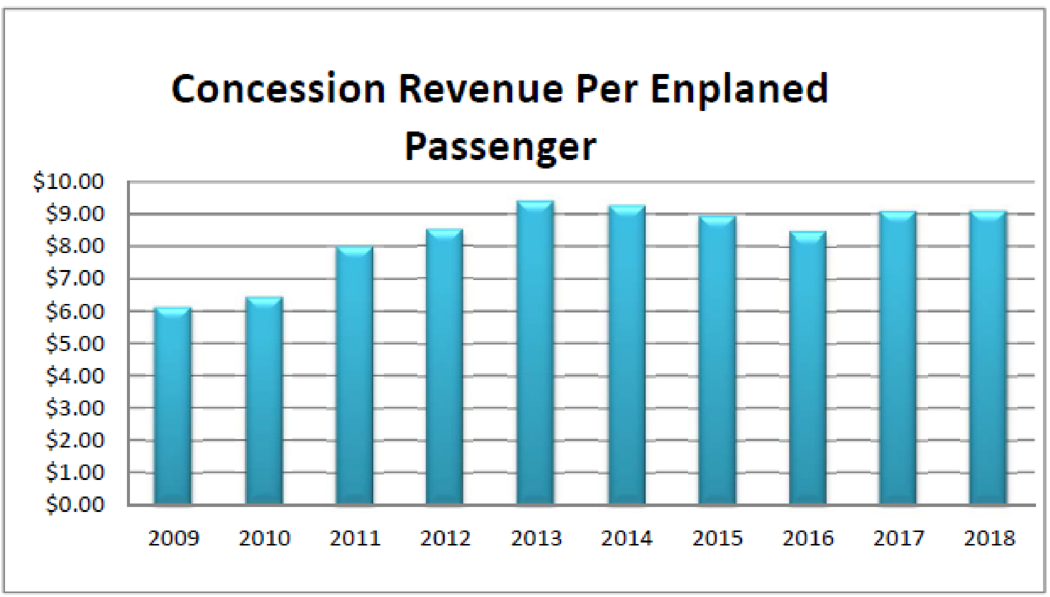


Concession Revenue Per Enplaned Passenger

Fiscal Years Ended September 30, 2009 to 2018

(Unaudited)

Fiscal	Concession Revenue		Enplaned Passengers		Revenue Per Enplaned Passenger	
Year	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%

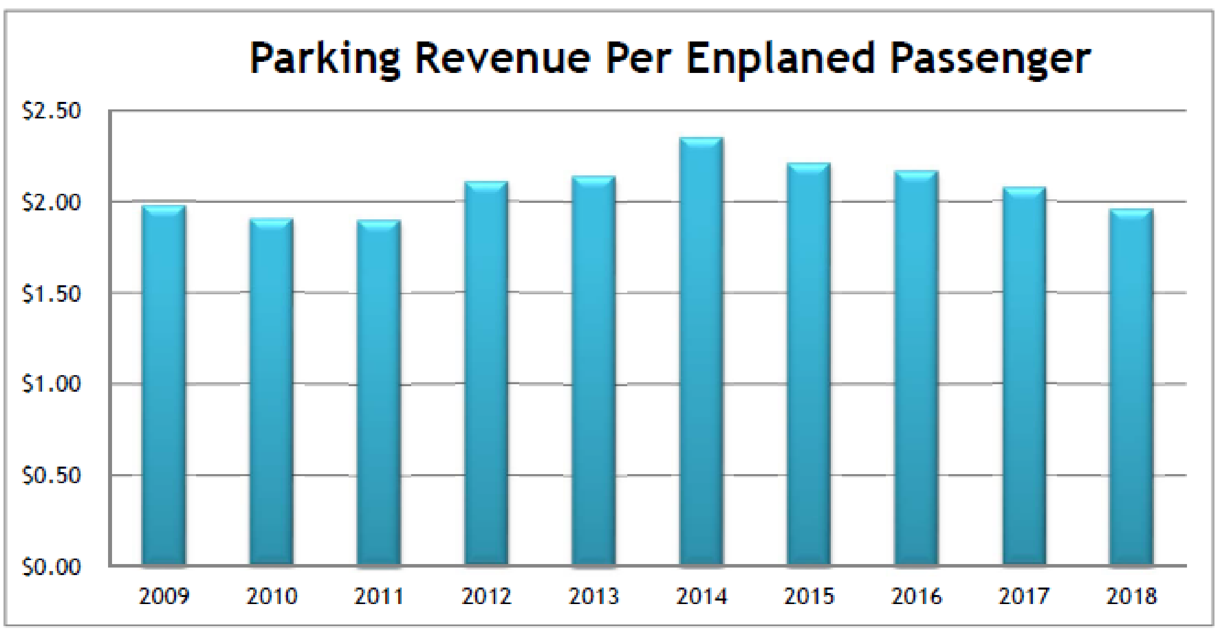


Parking Revenue Per Enplaned Passenger

Fiscal Years Ended September 30, 2009 to 2018

(Unaudited)

Fiscal	Parking Revenue		Enplaned Passengers		Revenue per Enplaned Passenger	
Year	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%

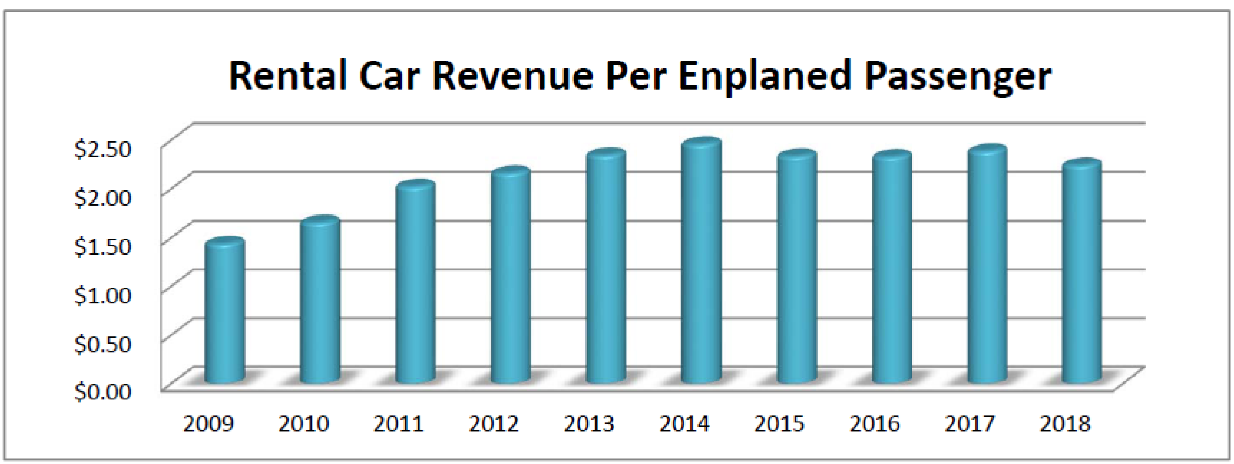


Rental Car Revenue Per Enplaned Passenger

Fiscal Years Ended September 30, 2009 to 2018

(Unaudited)

Fiscal	Rental Car Revenue		Enplaned Passengers		Revenue per Enplaned Passenger	
Year	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%

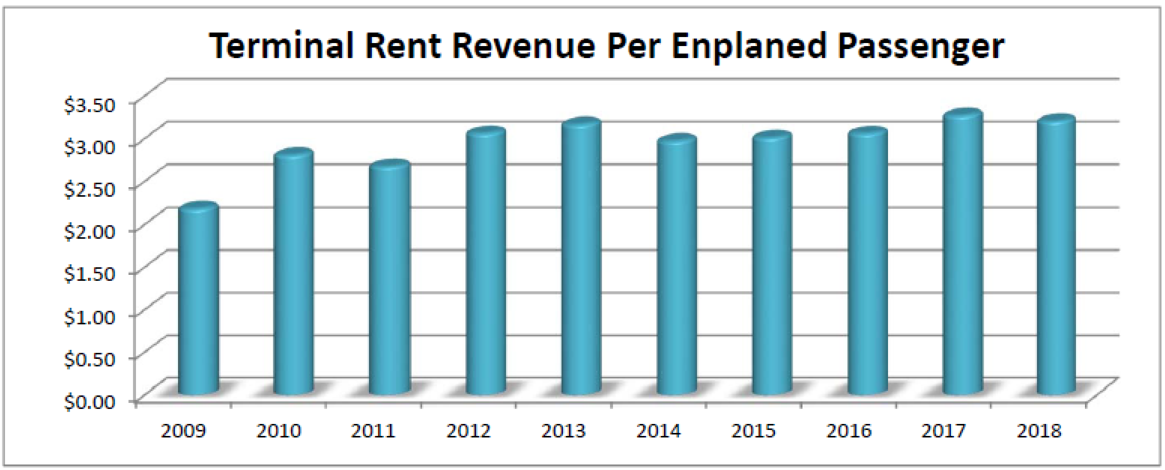


Terminal Rent Revenue Per Enplaned Passenger

Fiscal Years Ended September 30, 2009 to 2018

(Unaudited)

Fiscal	Terminal Rent Revenue		Enplaned Passengers		Revenue per Enplaned Passenger	
Year	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%

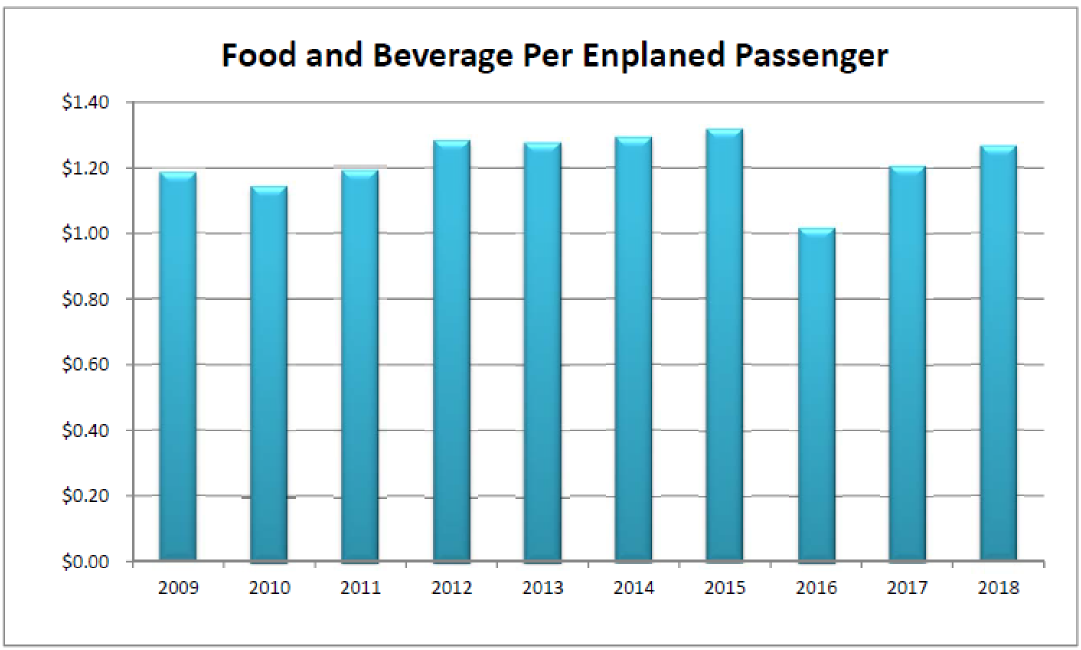


Food and Beverage Revenues Per Enplaned Passenger

Fiscal Years Ended September 30, 2009 to 2018

(Unaudited)

	Food & Beverage Revenues		Enplaned Passengers		Revenue per Enplaned Passenger	
Fiscal Year	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

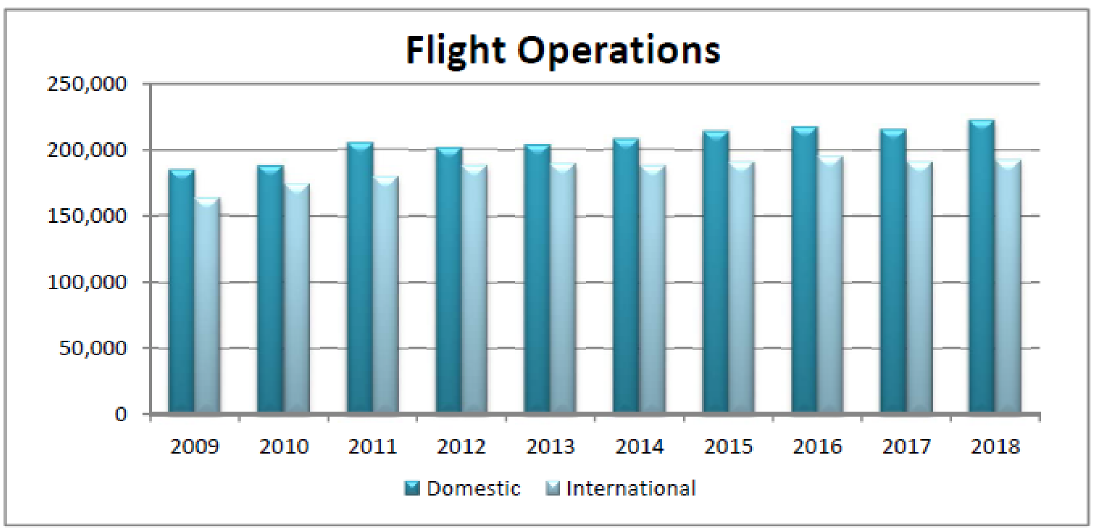
Aircraft Operations

Flight Operations

Fiscal Years Ended September 30, 2009 to 2018

(Unaudited)

Fiscal	Domestic		International		Total	
Year	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%

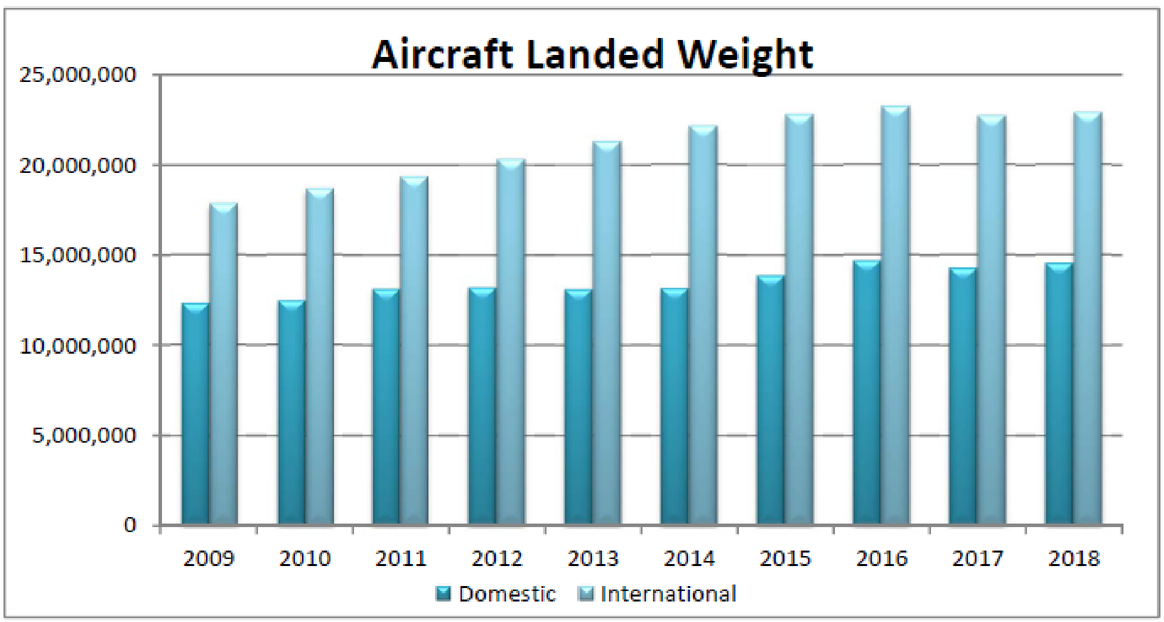


Aircraft Landed Weight

Fiscal Years Ended September 30, 2009 to 2018

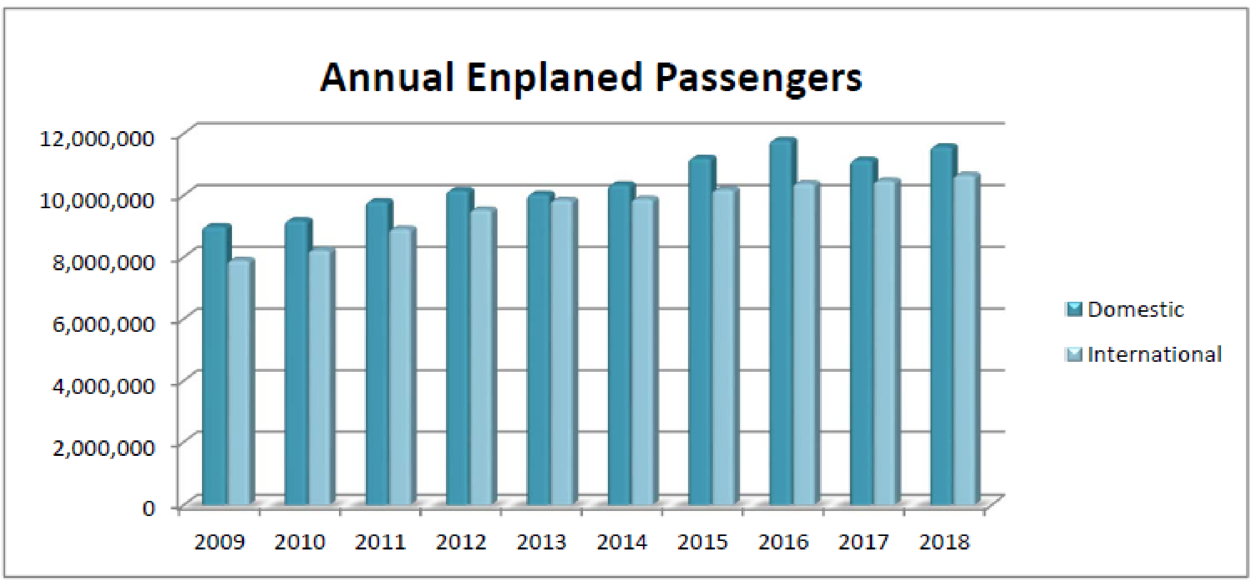
(Unaudited)

Fiscal	Domestic		International		Total	
Year	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)

	Domestic		International		Total	
Year	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%

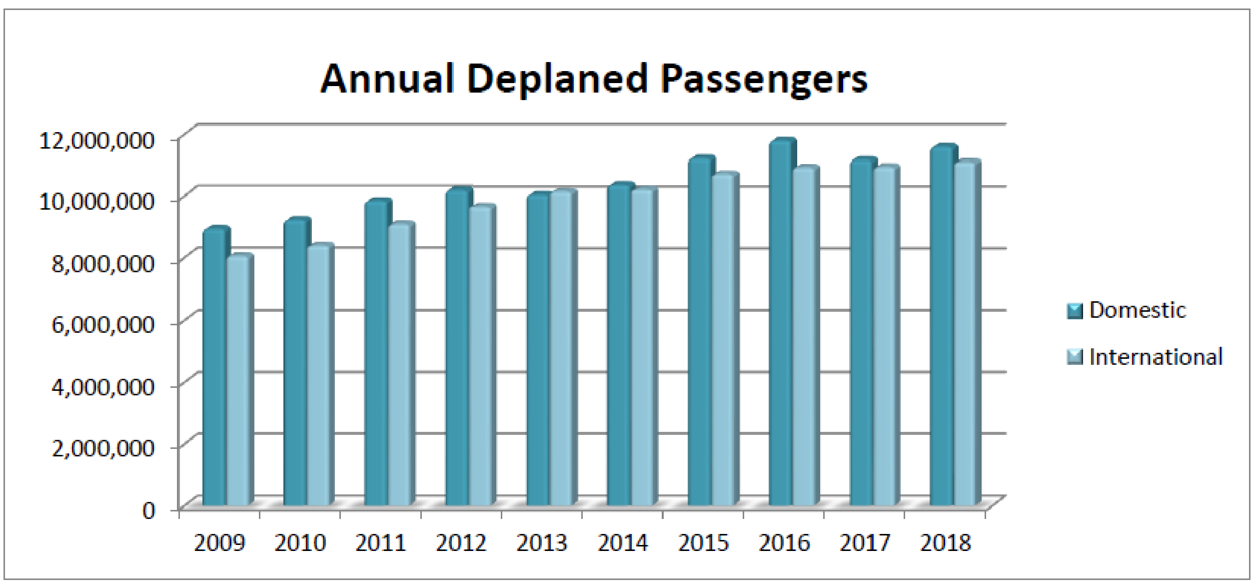


Passenger Deplanements

Fiscal Years Ended September 30, 2009 to 2018

(Unaudited)

	Domestic		International		Total	
Year	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)

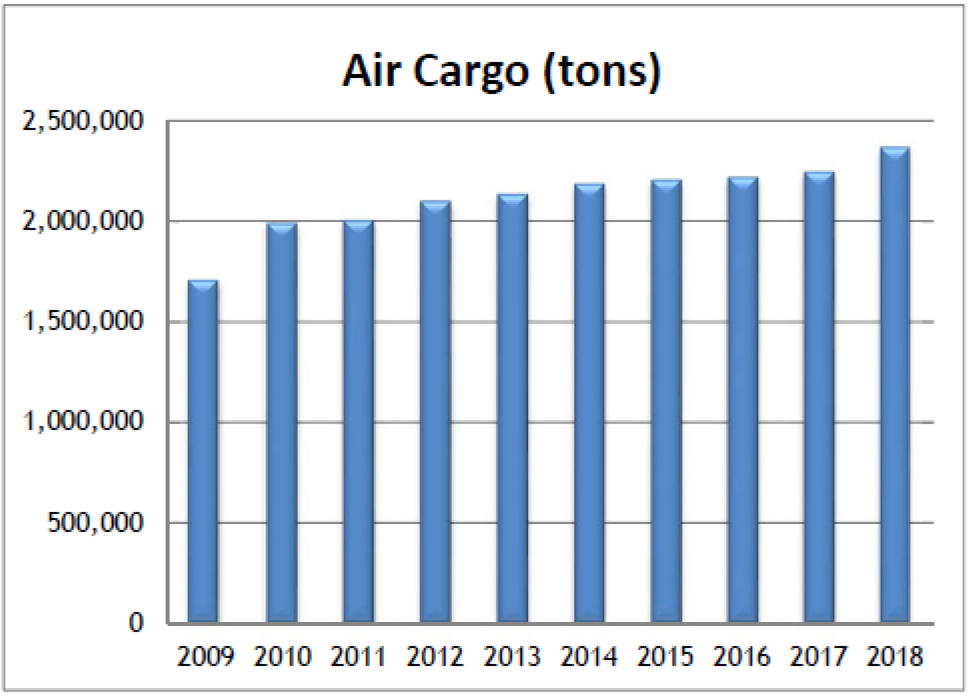
Airline	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
American	11,002.7	11,144.3	11,797.7	12,478.4	12,526.5	12,520.8	12,951.4	13,433.0	12,902.7	13,254.5
Envoy (Previously American Eagle)	684.8	792.3	936.8	941.1	926.9	945.9	1,113.4	1,239.3	1,349.0	1,570.2
Delta	645.3	927.8	1,123.0	1,139.2	1,098.5	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)

Fiscal Year	Mail	Freight	Total	% Change
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)

	2007			2018 [1]		
Employer	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%	-	-	-
	202,184		16.93%	164,918		12.35%

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.

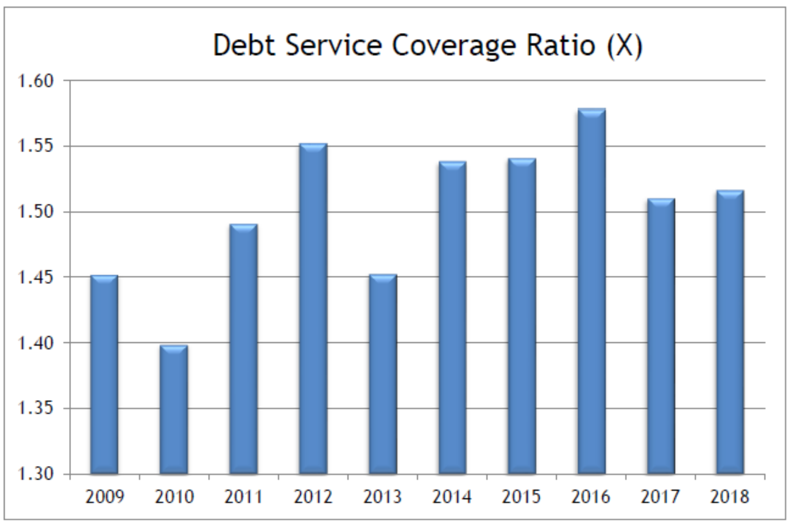
Revenue Bond Debt Service Coverage

Fiscal Years Ended September 30, 2009 to 2018

(In Thousands)

(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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)

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
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.

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Capital Assets

Fiscal Years Ended September 30, 2009 to 2018

(Unaudited)

Miami-Dade Aviation Department	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
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

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