Miami-Dade Water and Sewer Department — Comprehensive Annual Financial Report — September 30, 2015

Miami-Dade Water and Sewer Department

A DEPARTMENT OF MIAMI-DADE COUNTY, FL

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

PREPARED BY: CONTROLLER DIVISION AND PUBLIC AFFAIRS SECTION

Miami-Dade Water and Sewer Department

A DEPARTMENT OF MIAMI-DADE COUNTY, FL

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FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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VISION STATEMENT

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

MISSION STATEMENT

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

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MIAMI-DADE COUNTY

Carlos A. Gimenez
Mayor

BOARD OF COUNTY COMMISSIONERS

Jean Monestime
Chairman

Esteban Bovo, Jr.
Vice Chairman

Barbara J. Jordan
District 1

Jean Monestime
District 2

Audrey M. Edmonson
District 3

Sally A. Heyman
District 4

Bruno A. Barreiro
District 5

Rebeca Sosa
District 6

Xavier L. Suarez
District 7

Daniella Levine Cava
District 8

Dennis C. Moss
District 9

Senator Javier D. Souto
District 10

Juan C. Zapata
District 11

José "Pepe" Díaz
District 12

Esteban Bovo, Jr.
District 13

Harvey Ruvin
Clerk of the Circuit and County Courts

Pedro J. Garcia
Property Appraiser

Abigail Price-Williams
County Attorney

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

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

Water and Sewer
P.O. Box 330316
3071 SW 38th Avenue
Miami, Florida 33233-0316
T 305-665-7471

miamidade.gov

May 25, 2016

Honorable Carlos A. Gimenez, Mayor
Honorable Jean Monestime, Chairman and Members of the Board of County Commissioners
Honorable Harvey Ruvin, Clerk of the Circuit and County Courts
Pedro J. Garcia, Property Appraiser
Abigail Price-Williams, County Attorney
Miami-Dade County, Florida

Ladies and Gentlemen:

The Comprehensive Annual Financial Report (CAFR) of the Miami-Dade Water and Sewer Department (Department, a.k.a. WASD) for the fiscal year ended September 30, 2015 (FY2015) is submitted herewith. The financial statements were prepared in accordance with U.S. generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB) and audited by a firm of independent certified public accountants retained by the Department. Management has established a comprehensive framework of internal controls to provide a reasonable basis for asserting the financial statements are fairly presented. For the fiscal year ended September 30, 2015, the Department received an unmodified opinion from its independent auditor.

This report may be accessed via the Internet at http://www.miami-dade.gov/wasd/reports_financial.asp.

While the independent auditor has expressed an opinion on the financial statements contained in this report, management is responsible, in all material respects, for both the completeness and reliability of the information contained in this report. The financial statements comprise the Management's Discussion and Analysis (MD&A), financial statements, notes to the financial statements, and Required Supplementary Information (RSI). Immediately following the independent auditors' report is the MD&A, which provides a narrative introduction, detail overview and analysis of the Department's financial activities for FY2015. MD&A complements this Letter of Transmittal and should be read in conjunction with it.

PROFILE OF GOVERNMENT

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

The Department's water system, considered the largest water utility in the Southeast United States, serving approximately 437,000 retail customers and 15 municipal wholesale customers within Miami-Dade County. Water is drawn primarily from the surficial Biscayne Aquifer, a non-artesian (or near

surface) aquifer, which underlies an area of about 3,200 square miles in Miami-Dade, Broward and Palm Beach counties.

The water system consists of three regional water treatment plants and five small auxiliary treatment facilities that service the southernmost area of the County. There are fifteen wellfields comprised of 94 production wells and five aquifer storage and recovery wells. These wells supply untreated water to the treatment plants. Water distribution throughout the 400 square miles service area is performed via seven remote finished water storage and pumping facilities and more than 8,200 miles of water mains ranging in size from 2 inches to 96 inches in diameter. The service area is subject to wide fluctuations in rainfall, not only in total annual amount, but also month-to-month. An extended dry period usually results in substantial water usage for residential irrigation and corresponding peak demands on the utility. In response, the Department encourages water conservation through water use restrictions, rates and other methods. The conservation program includes: leak detection and repair of the water mains; recycling the water used to backwash filters and treatment plants; reduction of transmission main pressure during periods of critical water shortage; new ordinances establishing water use efficiency standards for new construction and permanent two days a week irrigation restrictions; brochures and public information mailed with bills giving advice on water conservation; rebate programs designed to improve the efficient use of water by retrofitting older fixtures; and using treated wastewater effluent for process water, cleanup and landscape irrigation.

The wastewater system serves approximately 354,000 retail customers and 13 wholesale customers, consisting of 12 municipal customers and the Homestead Air Reserve Base. It consists of three regional wastewater treatment plants, over 1,000 sewage pump stations and nearly 6,300 miles of collection and transmission pipelines. The disposal of the by-products of the treatment process (sludge and effluent or treated wastewater) is an important part of the Department's plan to improve and expand its sewer system.

Disposal of treated wastewater at the North District Plant and the Central District Plant is accomplished by discharge into the Atlantic Ocean. A portion of the treated effluent at the North District Plant is also disposed via deep injection wells. Environmental studies conducted by the Environmental Protection Agency (EPA) and examinations by the State and the Department conducted in 1994 have shown "no irreparable harm" and "no unreasonable degradation" to the environment as a result of the discharge of effluent from the North District Plant and the Central District Plant into the Atlantic Ocean. This position has since been revised by the State where, during 2008, legislation was passed mandating a phase out of all ocean outfall flows in an effort to terminate this process.

The South District Plant disposes of its effluent through deep injection wells to the lower Floridan Aquifer at a depth below 2,400 feet. In 1995, the Department completed construction of five additional deep injection wells as part of its 112.5 million gallons per day (MGD) plant expansion project. In FY2014, the Department finalized operational permit for all of the South District's 17 injection wells, which are now fully operational.
The Department continues to plan and design reclaimed water facilities. Currently, the Department

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

ECONOMIC CONDITION AND OUTLOOK

This economic condition and outlook report outlines the level of economic activity throughout Fiscal Year (FY) 2015 and forecasts the area's economic outlook for next fiscal year.

One year ago, in the year-end outlook for the local economy it was anticipated that Miami-Dade's economy would continue to grow in FY2015 at a similar pace as in FY2014. The reasoning behind this outlook was an expected strong performance of the national economy and the positive impact of sharply lower oil prices on the economy of the state and the county.

Economic growth in the emerging markets and more importantly Latin America was expected to continue to be tepid in FY2015. The combination of a more robust US economy and a slower Latin American expansion was expected to prolong the strengthening of imports and weakening of exports in the Miami Customs District. The same phenomenon was seen as likely to extend the rebalancing of the tourist mix away from international and towards domestic visitors in FY2015.

Miami-Dade's employment would strengthen as a result of more activity in the real estate arena and stable to positive growth in all other sectors. Local government employment was anticipated to turn the corner and stop shedding jobs. While the unemployment rate was expected to experience a smaller decline than it had in FY2014.

This forecast of FY2015 turned out to be a fair, yet conservative, assessment of what actually took place. With the exception of local government employment, which accelerated the pace of job losses in FY2015, the economic performance of the county was much more vigorous than anticipated.

At the national level FY2015 saw an acceleration of economic activity, with real gross domestic product (GDP) increasing at an annual rate of 2.6 percent, the strongest showing in a decade. Fueled by an also ten-year high 3.2 percent growth in personal consumption and the first positive contribution to GDP growth from its Government component in five years. Stronger growth was accompanied by very low inflationary pressure. Inflation stood at 0.3 percent, with the exception of FY 2009, the lowest level in six decades. This historically low inflation level came on the heels of a decrease of 18.4 percent in energy prices and despite the fastest decrease of the headline unemployment rate in at least a decade, to 5.4 percent from 6.5 percent.

At the County level the positive outcomes were numerous. FY2015 closed with the strongest employment gains in a decade. The strongest showing for taxable sales, residential building permits, MIA passenger traffic, PortMiami freight tonnage and hotel room inventories in five years, and significant growth in home sales, home prices and hotel room rates.

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

EMPLOYMENT

During FY2015 nonagricultural wage and salary employment (annual average) recorded an overall gain of approximately 28,200 jobs. This was an increase of 3 percent, to put total employment at a record high of 1,110,100 according to non-seasonally adjusted data from the Bureau of Labor Statistics. This gain in employment was 40 basis points higher than in the prior two fiscal years and considerably higher than the growth in the preceding five years. At the same time, a limited gain in the size of the labor force (+0.6 percent) resulted in a noticeable decrease in the unemployment rate. The average annual unemployment rate for the year stood at 6.1 percent, compared to 7.0 percent a year earlier. Moreover, unemployment rates have steadily decreased over the year from 6.4 percent in October of 2014 to 5.8 percent in September 2015.

All private economic sectors were contributors to employment growth, while government continued to contract with employment down 1 percent. The top two sectors that gained jobs were education and health services and leisure and hospitality, registering gains of 5,540 and 5,300 jobs respectively. Significant job gains also occurred in professional and business services adding 5,150 positions and financial activities up 3,620 positions.

REAL ESTATE MARKET

Traditionally, the real estate sector in Miami-Dade County is viewed as one of the most important measures of the County's economic health. In FY2015, single family home sales extended the positive trend which began in FY2010 while condominium sales hit a second year of decline after five years of growth, approaching 16,250 units. At the same time distressed market activity appears to be winding down as new foreclosure filings continue to decline to pre-housing bubble levels.

During FY2015 sales of existing single-family homes increased 7.2 percent over the prior fiscal year with 14,224 homes sold. This was fueled, in part, by mortgage rates remaining at historic lows, and cash sales which remained at a third of market sales in September, though this share fell steadily over the course of the fiscal year. Sales of condominiums dipped 2.1 percent over the prior year with 16,249 units sold. Cash sales accounted for 62 percent of all condo sales in September, and like the single family market, this share was down over the year, from 67 percent. Much of this investor-cash activity can be attributed to the foreign-based demand for housing, especially from South America. The economic slowdown in the South American region might have contributed to both the slowdown in condominium sales and the decline in the share of all cash sales.

In terms of valuation, housing prices continued their upward trend in FY2015. The end of the fiscal year, September, saw the median sales price of an existing single-family home in Miami-Dade reach $285,000, up over 14 percent from September of last year. The greatest appreciation was experienced by the lowest third, by value, of homes sold, up 12.1 percent year over year. The highest third saw price

appreciation year over year of 5.8 percent, while the middle third was up 8.6 percent. Despite the modest slump in sales activity, existing condominiums exhibited growth in the median sales price of 2.8 percent from September, 2014 to $200,500.

Data from the County Clerk shows new foreclosure filings are continuing to trend downward, approaching levels not seen since 2005 and 2006 prior to the housing bubble collapse. FY2015 saw 7,327 new filings. REO's, the final step of the foreclosure process when a property is sold by the bank, typically lag the initial filing by as much as a year or more. Therefore a similar drop in foreclosure sales has not yet occurred. There were 7,112 REO sales in FY2015, far above the 1,200-1,300 per year experienced prior to the bubble collapse and roughly the same as in FY2014. Looking ahead, as this distressed market clears, it bears watching what impact it will have on the overall housing market. Eliminating the backlog may improve banker's ability to write new mortgages on the one hand, allowing more local buyers to effectively compete with cash buyers. But on the other hand, it eliminates the downward pressure on prices possibly leading to increasing issues of affordability.

Mortgage rates on thirty year fixed rate mortgages in the Miami metropolitan area averaged 3.97 percent in FY2015, down 63 basis points from the previous year. This level remains only slightly above the all-time low rate of 3.6 percent set in June of 2012, and far below the housing bubble high of 7.6 percent reached in August of 2008.

Following a breakout year for residential construction in FY2013 and a slightly lower level in FY2014, FY2015 saw permitting activity increase yet again. Over the year permits were issued for the construction of 11,552 residential units, up a third with respect to the prior year. This increase came from permits of single-family units, up 30.8 percent to 2,496 units, and from permits for building with 5 or more units, up 31.4 percent to 8,841 units. The total value of all units permitted in the past year increased as well, but by a lesser 20 percent, still surpassing the $2 billion mark at $2.352 billion. Buildings with 5 or more units accounted for over $1.6 billion of the total, single family, $677 million and 2-4 unit structures, $54 million.

The commercial/industrial components of the real estate market continued to improve on the gains from the previous year. Office space under construction grew to nearly 1.14 million square feet in the last quarter of FY2015, an increase of 76 percent over the last quarter of the prior fiscal year. This total still remains far below the 4.2 million square feet under construction on average in the 2006-2008 period. Office vacancy declined 6.4 million square feet (-12 percent) from a year earlier, prompting the average rate per square foot to increase by 3 percent. The retail vacancy rate dropped slightly from the end of FY2014 to the end of FY2015 from 4.2 percent to 3.6 percent, with a reduction of 349,520 square feet of vacant retail space. The last quarter of FY2015 saw 1.9 million square feet under construction, 734,000 square feet in shopping centers and 1.2 million square feet in stand-alone space. Average lease rates for stand-alone space were up 11 percent year over year to $38.11 per square foot while average lease rates in shopping centers increased 4 percent from FY2014 to $27.50 per square foot. The industrial market may be the strongest segment with 1.7 million new square feet of space delivered during the

past fiscal year while gross absorption of available space reached 2.7 million square feet. This led to a drop in the vacancy rate from 5.7 percent in FY2014 Q4 to 4.7 percent at the end of FY2015. Average lease rates for Industrial space were up 10 percent year over year to $9.34 per square foot.

SALES INDICATORS

Taxable sales rose an inflation adjusted 6.3 percent from FY2014 to FY2015 to $49.4 billion dollars. FY2015 saw increases across-the-board for all major categories from the previous year.

Auto and Accessories showed the fastest rate of growth, posting a 16.3 percent gain to $7.5 billion. Building investment had an increase of 6.7 percent to $1.9 billion and all consumer goods were up 3.1 percent to $19.7 billion. This performance was reflected in Miami-Dade's broad taxable sales market indicator, the Index of Retail Activity, which increased by 6.4 percent over the course of the fiscal year.

INTERNATIONAL TRADE AND COMMERCE

International trade and commerce is a key component of Miami-Dade's economy. Since achieving its highest level ever measured by value (127.9 billion 2015 inflation adjusted dollars) in FY2013, merchandise trade passing through the Miami Customs District (that includes an area broader than Miami-Dade) has fallen 11.5 percent to $113.2 billion in FY2015.

In contrast to the recurring merchandise trade deficits that the United States maintains year after year, the Miami Customs District contributes with a large trade surplus. Although the surplus is still present it has been narrowing in the last four years. Exports registered a decrease of 6.4 percent compared to a decrease of 5.9 percent during the prior year. Imports decreased by 4 percent following a decrease of 3.5 percent in the prior year. Most of the Miami Customs District export markets are in South America, Central America, and the Caribbean accounting for 77 percent of the total. In addition, the majority of all U.S. imported perishables from these same regions are passing through the Miami District. The decrease in trade flows reflects the slowdown in the economies of most of the countries in these regions.

Two of Miami-Dade County's barometers of trade activity are the freight tonnage moving through Miami International Airport ("MIA") and PortMiami ("the Seaport").

At the former, overall air freight tonnage went down 1.4 percent, the same rate as a year earlier. At the Seaport, cargo tonnage figures were up by 14 percent, after three years of declines. PortMiami accounts for 87 percent of total County trade measured by weight.

TOURISM

The state of Florida played host to more than 100 million overnight visitors for the first time in 2015. Miami-Dade contributed to this feat by posting its highest gain in the number of visitors in five years in FY2015. The increase in the number of visitors was reflected in the region's high occupancy and room rates.

Visitors to the Miami area increased about 6.4 percent in FY2015, around three times the 1.9 percent increase in the previous year and the highest annual rate achieved since FY 2011. In total, there were 15.2 million overnight visitors over this past year up from 14.3 million recorded in FY2014. The growth in visitors came from both the domestic and international markets, with 8.4 percent growth in domestic visitors and 4.3 percent growth in international visitors.

In conjunction with the increase in visitors, the Miami International Airport passenger levels reached 43.3 million in FY2015, representing a gain of 6.1 percent compared to a gain of 2.4 percent in the prior year. Passenger traffic at PortMiami leveled off at 4.9 million passengers in FY2015 after increasing by an impressive 21 percent in FY2014.

The higher number of visitors were accommodated by an increased hotel room inventory, leaving hotel occupancy rates unchanged with respect to a year ago. In FY2015, hotel occupancy rate stood at 78.6 percent. The historically high occupancy rate supported an increase of 6.5 percent in the average hotel room rate, surpassing 190 dollars for the first time.

FUTURE OUTLOOK

After a year of overall strong growth and continued realignment of the different sectors of the local economy, conditions would appear to support a level of economic activity in FY 2016 comparable to that of FY2015.

Because of its location and economic trade and tourism ties, Miami-Dade's economy is influenced by developments in both the broader US and Latin American economies.

Prospects for growth of the United States' economy, although recently revised downward, are still thought to hold at a healthy 3 percent by the Organization for Economic Co-operation and Development (OECD).

Within the United States, Florida is particularly well suited to continue to benefit from an expansion of the nation's economy and lower oil prices due to its positive effect on transportation and tourism and to the fact that there is virtually no oil production in the state.

By contrast, economic growth in Latin America is expected to be negative in FY 2016 due primarily to a continued recession in Brazil and economic instability in most of the region. The combination of a strong US dollar and a contraction in Latin American economies is expected to prolong the strengthening of imports and weakening of exports in the Miami Customs District. Looking beyond FY 2016, the changing relationship with Cuba remains a very big unknown on both the upside and downside.

Real estate and construction activity in FY 2016 is expected to be moderate as foreign buyers retreat and the effects of years of real estate appreciation affect affordability for residents.
Employment should continue to grow as a result of continued strength in the tourism sector and stable to positive growth in all other sectors, albeit at a slower rate.

Evaluating all the likely developments in major areas of the economy leads to a forecast that the Miami-Dade economy appears poised to continue growing through FY 2016, similar to the previous fiscal year. There is expected to be continued improvements on the local economic front with somewhat slower growth rates. The degree of expansion will depend upon the stability in government employment, moderate growth in the tourism, real estate and construction sectors and growth rates in Central and South America and the Caribbean. A smaller drop in the unemployment rate than that experienced this year is likely to occur in FY 2016.

Major Initiatives

Water-Use Efficiency Plan

The Water Use Efficiency Plan (Plan) is in its ninth year of implementation as required by the 20-year Water Use Permit (WUP) and approved by the Board of County Commissioners. The Plan implements water conservation best management practices and measures through a quantifiable process that provides for accountability of the water saved through the Plan. The Plan's goals of saving water have been exceeded every year since implementation. This effort has allowed the Department to capitalize on the additional policy measures implemented, such as: permanent irrigation restrictions, aggressive public information campaigns, construction requirements for water efficient fixtures, and water loss reduction programs. The combination of these initiatives has provided for an unprecedented consumption reduction of about 40 MGD below the actual demands prior to implementation of the Program. The Department's conservation efforts have resulted in the extension of the County's Water Use Permit, cancellation of two alternative water supply projections and deferral of several other expensive infrastructure water supply projects, making conservation the least expensive form of an alternative water supply.

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

The following best management practices are currently being implemented:

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

Water Reclamation

Reclaimed water is highly treated, filtered and disinfected wastewater that is reused for a variety of purposes. Reclaimed water can replace or supplement groundwater supplies. Currently, the Department has been able to replace potable water used for process water at its wastewater treatment plants with reclaimed water. Valuable drinking water is thus conserved by using reclaimed water in several wastewater treatment plant processes, as well as the landscape irrigation system at two of the Department's wastewater treatment plants and at Florida International University's Biscayne Bay Campus.

South Miami Heights Water Treatment Plant

This plant will serve the southern portion of the County and together with a five million gallon reservoir, will assure delivery of water that meets and exceeds regulatory standards. The facility, which will replace three of the five small treatment plants currently being operated in South Miami-Dade, will use the latest in membrane softening and Reverse Osmosis (RO) technologies with a total design capacity of 20 million gallons per day (MGD). The first stages of construction began in FY2004 with the completion of the perimeter wall and other sections of the exterior and the surroundings of the Department's newest water treatment plant. Installation of traffic lights and turn lanes comprising the entranceway into the facility began in FY2005. Part of the raw water transmission mains, that will serve the plant from its future well fields, were completed early during FY2008. A parking lot and finished water mains were constructed during FY2008 through FY2011. The parking lot is to serve the Roberta Hunter Linear Park, where the primary wellfield will be located. The High Service Pump Station and Reservoir was completed in FY2012.

In July 2012, the South Florida Water Management District (SFWMD) issued a modified 20-Year Water Use permit to the Department authorizing an allocation of 3 MGD withdrawal rate from the Biscayne Aquifer and 23.27 MGD from the Floridan Aquifer from the proposed wellfields to supply the water treatment plant. The Department is in the process of procuring the implementation of the hydrogeologic test plan, which includes drilling and testing of test production wells. In addition, the Department is in the process of drafting a Request for Qualifications for the "Design-Build-Finance- Operate-Maintain Services for South Miami Heights Water Treatment Plant Program." It is anticipated that the Water Treatment Plant will be in service by December 2018.

GWUDI Water Treatment Plant Design

The Department's Hialeah and Preston Water Treatment Plants (WTPs) treat raw water from a combination of four groundwater wellfields, including the Northwest Wellfield (NWWF). Nearby mining activities may trigger the reclassification of the NWWF from groundwater to groundwater under the direct influence of surface water (GWUDI). This potential reclassification has significant implications for the Preston and Hialeah WTPs by requiring the existing facilities to operate under more stringent standards than were intended in their original designs. Improvements to meet the treatment requirements of a reclassification of the NWWF are collectively identified as the GWUDI Upgrades Project. Separating the NWWF raw water and its treatment from the other wellfields that supply the Preston and Hialeah WTPs dramatically reduces the costs of the GWUDI Upgrades Project. This requires the

construction of a GWUDI treatment facility. Constructing significant portions of the GWUDI treatment facility on a previously identified and mitigated Department property near the NWWF (known as the NWWF site) has a lower cost of construction and reduces impact on the community compared to constructing all the GWUDI upgrades at the Preston and Hialeah WTPs sites. As a result, the Department was authorized to design the GWUDI Upgrades facility at the NWWF site. This facility was to convert the NWWF raw water to process water, with a majority of this process water being conveyed to the Preston WTP through the existing 96-inch diameter raw water main. The main was to be converted to a dedicated GWUDI Upgrades process water main as part of the project.

A portion of the GWUDI Upgrades process water was to provide finished water for local distribution. In March 2010, a scope of services was approved, including the Basis of Design Report (BODR), Schematic Design, and 50 Percent Design. This work was completed; however, the project was put on hold based on lower water demand projections and the construction of the new Hialeah Reverse Osmosis Water Treatment Plant. Currently, the Department is reevaluating this project.

As of June 2015 the department has revaluated the need and design criteria for the NWWF water treatment plant. The department also considered the aging infrastructure issues at the existing Hialeah water treatment plant. As a result of those evaluations, the plan for the NWWF WTP has been modified while still providing for a GWUDI declaration in the wellfield. The current approach envisions a new 50 MGD water treatment plant located adjacent to the NWWF. The process will include 25 MGD of lime softening and 25 MGD of nanofiltration followed by UV. This approach was selected to take advantage of the most efficient treatment process and provide for flexibility to address future regulatory and wellfield issues. The finished water shall be delivered in part to the existing distribution system in the northwest portion of the County. The remainder will be diverted to existing facilities at the Hialeah/Preston complex.

Infrastructure Assessment and Replacement Program (IAARP)

In order to best allocate limited capital replacement and rehabilitation funding, which costs significantly less than emergency mobilization repairs, the Department has established an Infrastructure Assessment and Replacement Program (IAARP).

In March 2010, the Department had a catastrophic event wherein a 54-inch Pre-Stressed Concrete Cylinder Pipe (PCCP) ruptured causing the washout of an intersection and the flooding of several homes. The Department is the largest user of PCCP in the nation. The IAARP uses electromagnetic (EM) and acoustic technologies to evaluate distressed pipe and leak detection. Engineers at the Department have collected quantitative information for individual pipe sections in an effort to effectively manage and make the best-informed decisions regarding capital planning and the sustainable operation of all pipeline infrastructures. Over the course of two years, the Department has assessed more than 109 miles of the existing 124 miles of PCCP mains. Results show pipelines with distress levels ranging from 0 to almost 20 percent. The question faced by Department engineers now is how to maintain pipeline reliability over the remaining life of the pipeline at an acceptable level of risk and most cost effective.

The Department has installed two Fiber Optics Cable (FOC), inside of the pipe (5 miles each) in the worst condition pipe, to detect wire break events as they occur without the need to remove from service. The assessment technologies used by the Department assist in 1) identifying, localizing, and quantifying the presence of broken pre-stressed wires and leaks in individual segments of pipe along the pipeline and 2) providing risk analysis and repair prioritization for pipes identified with broken pre-stressed wires and leakage. As such, the Department has been able to categorize the structural damage found, allowing it to prioritize its rehabilitation program and allocate funds accordingly in an emergency and/ or annual basis. The program demonstrates that by using quantitative data from EM and acoustic assessments, a customized pipe rehabilitation solution can be built. That saves significant amounts of money for infrastructure renewal while minimizing service disruptions.

Wastewater System

Consent Decree Program

The County negotiated a Consent Decree with EPA and FDEP, which was lodged with the US District Court on June 6, 2013 and entered on April 9, 2014. This Consent Decree is designed to build on the successes achieved by the Department under previous Consent Decree programs. The overarching goal of the Consent Decree is to reduce sanitary sewer overflows from the wastewater system.

The Consent Decree requires the County to implement a Capacity, Management, Operations and Maintenance (CMOM) Program to document and enhance many of its existing programs over the next 13 years. It also requires the Department to upgrade its collection, transmission, and treatment facilities by completing over 80 individual capital improvement projects throughout the wastewater system. These projects will occur throughout Miami-Dade County.

Implementation of the Consent Decree is underway, and the County is in full compliance with all Consent Decree requirements. The current estimated cost for completing the Consent Decree program is approximately $1.6 billion.

Ocean Outfall Legislation Program (OOL)

In 2008, the Florida Legislature approved and the Governor signed, a law requiring all wastewater utilities in southeast Florida utilizing ocean outfalls (OOL) for disposal of treated wastewater to reduce nutrient discharges, by implementing advanced wastewater treatment by 2018 or equivalent, cease using the outfalls by 2025, and reuse 60 percent of the wastewater flows by 2025. As a result of this law, the Department has analyzed several compliance options. Each option includes additional system capacity to meet average daily and peak flow demands anticipated in 2035. After considering several options, the Department's recommended option includes a new West District plant with an average daily flow of 102 million gallons per day (MGD), reduced daily flows to North District of 85 MGD and to Central District of 83 MGD, and flows to South District of 131 MGD. The estimated cost of system-wide OOL Plan upgrades is $5.2 billion. This cost includes $3.3 billion that is specifically required for OOL compliance and $1.9 billion required to correct OOL system deficiencies and to meet the demands to 2035.

The nutrient reduction by 2018 can be met by reducing the outfall baseline loadings of total nitrogen and total phosphorus, which would be equivalent to that which would be achieved by the AWT if the requirements were fully implemented beginning December 31, 2018, and continued through December 31, 2025. Since 2008, the Department has been using the existing deep injection wells at the North District Wastewater Plant to reduce flow going out the outfall. In addition, the Department is constructing two (2) industrial deep injection wells at the Central District Wastewater Treatment Plant, which will be able to reduce nutrient loading to meet the criteria by removing the industrial waste stream from the centrate process, the gas scrubbers, and the treated effluent and injecting this industrial waste into a deep injection well. The first injection well was initially permitted as a Underground Injection Control (UIC) Class V Exploratory Well on October 30, 2013 to evaluate the Oldsmar Formation Boulder Zone for wastewater disposal, and the Upper Cretaceous formations to identify additional potentially suitable wastewater disposal zones below the Floridan Aquifer System. On July 28, 2015, the Department submitted a permit application to convert the Class V well to a Class I and to include a second injection well, CDIIW-2. Construction on the wells was started in FY2014, and will be completed by FY2016.

The Pump Station Improvement Program (PSIP)

The Pump Station Improvement Program was created to evaluate and improve the operation and transmission capacity for the more than 1,000 wastewater pump stations that Miami-Dade Water and Sewer Department owns and/or operates. Projects include sewer pump station refurbishing, installation of new pumps, electrical upgrades, reduction of infiltration/inflow, and the installation of new force mains.

Currently, the Department is working in 112 geographic areas, known as sewer basins. This includes projects at 111 pumping stations and 25 force mains. Current estimated construction costs for this work is approximately $212 million.

The PSIP Program Manager has validated all 112 Remedial Action Plans (RAPs) and developed a comprehensive master schedule for the entire program. This validation took into consideration several factors, including required regulatory milestones, development industry needs, sanitary sewer overflow locations, absolute moratorium stations, reserved capacity, roadway moratoria, and stations within drinking water wellfield protection areas.

Infiltration and Inflow (I & I) Reduction Program

The Department continues to perform sanitary sewer evaluation surveys on approximately 33.1 million feet (6,300 miles) of sewage collection mains and laterals. During FY2014, more than 4,800 repairs were performed to the gravity system; 965,750 feet of gravity sewers and 4,640 manholes were inspected with closed circuit television. These activities help reduce the amount of miscellaneous water that enters the wastewater collection system through defects in existing pipe systems. This in return reduces the cost associated with the wastewater treatment and disposal.

Supervisory Control and Data Acquisition System (SCADA)

Essential to the Department's daily operations is the ability to monitor and control its water and wastewater functions from a remote location. The Department's SCADA system is at the heart of this

capability and is one of the largest of its kind in the country. The SCADA system, which is particularly important in cases of emergency operations and as a tool in meeting requirements of the CD/SA program, has allowed workers in the Department's 24-hour emergency call center to continuously oversee the operations at its pump stations. It has also allowed water and wastewater treatment plant operators to manage plant functions from remote control panels, providing an increased level of efficiency. To-date, all pump stations owned and operated by the Department have SCADA installed.

The Department's three regional water and three regional wastewater treatment plants have SCADA installed and operational. All water wellfields are monitored and controlled by SCADA, and all 94 production wells have flow meters installed with SCADA monitoring for compliance with SFWMD regulations.

Water and Wastewater Transmission System Computer Models

The Department maintains Water and Wastewater Transmission System Computer Models, which operate with the Geographic Information System (GIS) data on the respective systems. These models are critical for planning and evaluating the availability of system capacity for new developments and system upgrades. The models will also be used for the identification of long range transmission system facilities, including pumping stations and pipelines as part of the Integrated Water, Wastewater, and Reclaimed Water Master Plan. This plan will include upgrades needed to comply with the State of Florida Ocean Outfall Legislation which requires closing of the outfalls at the North and Central District Wastewater treatment plants by 2025. Water and wastewater flow projections needed for the model for this work were developed.

Performance Improvement

The Miami Dade Water and Sewer Department is a leader and a model for implementing innovative employee ideas resulting in significant cost savings to the Department and, in turn, its customers. During FY2015, Department employees implemented 6 efficiency projects, resulting in approximately $190,000 in estimated savings.

The Utility Signage for Sub-aqueous Pipeline Crossings PIT ensures that standard procedures for installing and maintaining signage or markings for all sub-aqueous pipeline crossings are established to prevent damage from dredging, clean up and anchorage operations in accordance with federal and state regulations. The benefits include avoidance of disruption of service, protection of infrastructure, public health and welfare, and avoidance of costs associated with pipeline ruptures or sewage discharge. Over 177 pipeline crossing locations have been identified as requiring signage. Signs have already been installed at seventeen locations and installation is ongoing until all the locations have the signs. The Pebble Program was reestablished on April 1, 2014, to recognize employees who provide exceptional and outstanding customer service to WASD's internal and external customers. Nominations are submitted and ranked by a Pebble Review Committee based on the information provided and the Pebble Program criteria. Quarterly and annual winners are rewarded for exceptional customer service work.

In 2014, the Department won the distinguished Utilities Management Committee Award for Operational

Performance Excellence, being evaluated on the following seven categories: (1) Organization Description; (2) Strategic Goal Setting; (3) Performance Improvement; (4) Communication and Employee Involvement; (5) Customer Satisfaction; (6) Employee Development and Recognition; (7) Awards. In 2015, the Department received the 2015 Sustainable Water Utility Management Award evidenced by the Department's significant contribution to the drinking water industry. Also in 2015, the National Association of Counties (NACo) recognized the Department for innovative, effective county government programs that enhance services to residents for the following programs:

- The Naming of the Norris Cut Tunnel Boring Machine in the category of Civic Education and Public Information
- Water and Energy – Learning and Behavior Program (WE-LAB) in the category of County Resiliency: Infrastructure, Energy and Sustainability
- Water Loss Management and Accountability in the category of County Resiliency: Infrastructure, Energy and Sustainability
- Water Supply Certification Program in the category of Planning

The Department continues to participate in national and state benchmarking surveys. The Department participated in the Florida Benchmarking Consortium Benchmarking Survey for FY2014 and the American Water Works Association Survey for FY2013. Participation in these surveys assists the Department in reviewing internal performance of key indicators in comparison to other like agencies in the State and across the country. The Association of Metropolitan Water Agencies (AMWA) honored the Department with its top utility management award in 2015. The Sustainable Water Utility Management Award recognizes water utilities that have made a commitment to management that achieves a balance of innovative and successful efforts in areas of economic, social and environmental endeavors.

WASD is at the forefront of industry conservation efforts and has been nationally recognized for implementing alternative efficiency programs. The Department's Water Use Efficiency Program (a.k.a. Water Conservation Program) improves traditional water supplies management, encourages development of alternative water supplies and expands water use efficiency. Additionally, the Department has an aggressive supply-side management water loss reduction program, including improvements to the distribution system, a vigorous leak detection program and advanced meter infrastructure technology. Furthermore, WASD's methane sequestration project increases self-generated electricity for internal use at the Department's Waste Water Treatment Plants. The total life cycle costs of capital assets are decreased by an asset management system which provides long-term funding under the Capital Improvement Plan to complete timely upgrades.

The Department continues to prepare its business plan using the County's process. The plan will identify the most important objectives while outlining a way to achieve safeguarding public health and the environment. Performance measures and scorecard goals are aligned with key priorities and the budget to allow the Department to meet the defined objectives by capitalizing on regularly monitoring progress.

New objectives have been defined in the scorecard that meets the requirements of the Consent Decree related to wastewater transmission and treatment, as well as, the requirements of the outfall legislation.

This information is available on the Miami-Dade web page which provides information to the public.

Rate Increase

On September 18, 2014, the Board of County Commissioners adopted a County Budget Ordinance authorizing a six percent water and wastewater retail rate increase, effective October 1, 2014. The monthly bill of the average residential water and wastewater customer using 6,750 gallons was increased by approximately $2.72, or from $45.39 to $48.11. The retail rate also increases the Miami-Dade County Water Conservation Surcharge for retail water customers with consumption in the fourth tier of the usage. In addition, the County Budget Ordinance authorized an increase to the per thousand gallon water wholesale rate of $0.0674 per thousand gallons; from $1.7142 to $1.7816, and an increase to the per thousand gallon wastewater wholesale rate of $0.1077 per thousand gallons; from $2.4524 to $2.56 based on a cost recovery. Various Miscellaneous Fees and Charges were increased within the County Budget Ordinance.

Building Better Communities General Obligation Bonds (GOB)

In November 2004, Miami-Dade County voters approved a $2.9 billion bond program which allows the County to issue long-term bonds to fund numerous neighborhood and regional capital projects to be completed over the next 12 years. The General Obligation Bonds are legally backed by the full faith and credit of the County which has committed future taxes over the next 40 years to repay the bonds. General Obligation Bonds typically are the least expensive type of debt available to government. Among the GOB funded capital projects are several addressing current and future water and wastewater infrastructure needs. Resolution R-537-14 adopted by the Board of County Commissioners on June 3, 2014 allocated funding for "Extension of Sewer System to Developed Commercial and Industrial Corridors of the County," a.k.a commercial corridor project. Commercial corridor projects will be the largest single GOB project in Miami Dade Water and Sewer Department. The commercial corridor on Bird Road and the Industrial Park Area will be addressed by two Low Pressure Sewer System projects. Also, Basis of Design Report for ten (10) areas within the commercial corridor will begin in FY2016. Other planned projects include countywide water and wastewater main installations; pump station rehabilitation projects; reclaimed water facilities and infrastructure. GOB funding continues to be used to mediate the risk associated with Dieldrin contamination of private wells in the Falls area at Caribbean Estates and currently an extensive area at Continental Park. In FY2016, the Department will have access to $10 million dollars of funding for GOB projects.

GROWING WITH INFORMATION TECHNOLOGY

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

The WASD Information Technology Division is responsible for supporting the Department's IT needs. This includes support of all systems supporting both administrative business; operations and maintenance functions; and construction initiatives of the utility. To this end there is close collaboration

with business units, the Information Technology Department, other County departments and various vendors, consultants and other providers to ensure the core competencies of the Department are supported with the needed and desired technology.

The meter-to-cash functions are responsible for the processes and systems to ensure the revenue stream is collected (ITRON meter reading) and billed (Customer Care and Billing, CCB). The operations and maintenance functions produce ad hoc systems as needed and support complex production systems to manage the operations and maintenance of both plant and linear assets. The business functions are supported by the Enterprise Resource Planning (ERP), Oracle databases, Microsoft SQL databases, Geographic Information System (GIS). Both GIS and Project Control and Tracking System (PCTS) assist in the management and reporting of construction projects. Underpinning the entire applications systems portfolio is the infrastructure which provides all data and telecommunications hardware, software and desktop services which are consumed by WASD staff, consultants and customers.

Meter to Cash

The Mobile Workforce Management System was upgraded. This release provides the capability to apply future updates to the 106 hand-held devices used by field staff without the need to take the devices to a centralized location. Such feature reduces the downtime required to maintain the system up to date, and maximizes efficiencies.

The meter reading system, Field Collection System (FCS) was upgraded. This version puts the Department in a position to take advantage of automated meter reading (AMR), which can reduce the process time for reading meters.

Asset Management

The upgrade of the Enterprise Asset Management System (EAMS), which has been completed, provides new query functionality and ensuring full support of the product by the vendor. Deployed a Storeroom Mobile handheld solution for inventory based on an Android operating system.

Operations Applications

Commenced a $9.9 million GIS Backlog project which, when completed in June 2017, will provide the department nearly survey grade GIS data representing all water and sewer infrastructure; provide WASD staff tools to quickly retrieve engineering and other types of documents; perform complex spatial analysis; simplify GIS data maintenance (cutting time by half); implement electronic asbuilt submissions; and automate many GIS integrations, including Enterprise Asset Management System (EAMS), Customer Care & Billing (CC&B), and others.

New Business IS2 replacement

The New Business Section invoicing function was integrated into WASD's ERP Accounts Receivable. This eliminated the need of tracking invoices in multiple systems and thus significantly reduced the wait time for developers to pay for connection fees and certifications. The change also allowed the staff to discontinue the use of an old computer system and take advantage of newer technologies.

PCTS Upgrade

The Proliance system used by WASD to provide detailed information of capital construction projects was upgraded. In the process of separating Proliance from SharePoint 2007 and implementing Catalog Cards which will better handle the Capital and Consent Decree Projects.

Systems Infrastructure

The department will be migrating to Windows 2010 and Office 2016. The migration is currently in the planning and testing phases.

Retail Customer Service Division- Meter Reading Section

Smart Metering Technology

The Department is reviewing the use of smart metering technology and developing a roadmap for the deployment and the selection of meters, technology and systems. The goal is to maximize the use of smart meter technology by integrating its use into the department and make the data available to internal users and customers. The underlying smart meter technology is a communication network that potentially can be used for field automation, leak detection, and other valued added benefits.

Community Outreach

The Department's Public Affairs Office sponsors and participates in several programs aimed at educating the public on the quality of its drinking water, its operations, under-utilized customer services and water conservation and the Department's Multi-Year Capital Improvement Plan.

WASD provides direct customer outreach and advertising via radio, television, print, transit bus benches, movie theatres, publications, the internet about water quality, conservation programs, and customer service programs and services. A greater emphasis is placed on promoting the use of online services. Customers can pay their bill online, request paperless billing, check their usage, and request new service and disconnection, all with the click of the mouse. Advertising these services continues to be a top priority of the department in an effort to facilitate the customer service experience. The Department participates in numerous outreach events such as workshops, showerhead exchanges, targeted group and school meetings, and various commissioner-sponsored events. In addition to traditional forms of media such as newspapers, television and radio talk shows, Public Affairs also has utilized Facebook, Twitter, YouTube and movie theaters to capture a wider and more diverse audience.

The Office also revamped and revised its internal and external websites making them more user-friendly and more transaction-oriented for customers to conduct their business 24-hours-a-day. The website has become a central point for customers to conduct business with the department. The website was redesigned to improve customer contact and transactions. When a customer submits the request via e-mail, there is an immediate auto response that replies that the request has been received. Furthermore, informational videos (currently posted on the Miami-Dade County portal and YouTube) promote tap water, the proper disposal of grease, how to read your meter, and how to check for leaks.

To promote the department's Multi-Year Capital Improvement Program and Consent Decree, an advertising campaign has been developed to educate the community of the need for upgrades throughout the system as well as the need for funding.

The CIP was kicked off to local South Florida business professionals at the Port of Miami in November 2015. More than 500 business representatives learned about the upcoming programs and the procurement and bidding processes required in order to solicit work from Miami-Dade County.

Public Affairs staff also conducted three regional CIP informational meetings, as well as numerous community meetings logistically planned throughout the 13 County Commission districts educating residents as to the benefit of these planned upgrades.

During FY2015, Public Affairs developed a new department identifier with the tagline "Quality. Value. Economic growth." The identifier is clean, crisp, and presents a natural association with the department which will quickly become synonymous with the great work WASD is doing not only in its daily business, but also the impact our future projects will make within the community for decades to come.

It's an important message that will reinforce to the public the need for an upgraded water and sewer infrastructure that will not only improve service delivery and reliability, but also provide economic, environmental and business development benefits, as well.

A series of print and radio ads have been developed to promote the need for these very important improvement projects.

In FY2015, the Office planned the Seventh Annual Model Water Tower Competition in an effort to dialogue with an underserved demographic – teens. The competition engages students by having them apply scientific theory learned in the classroom and apply it in real life situations by building a working model water tower. By initiating this communication with high school students, they were introduced to government services, as well as future career opportunities in the water profession.

Public Affairs also reached out to high school students in an effort to teach them about the CIP projects that we are undertaking by asking them to "name" the Tunnel Boring Machine that was used to connect sewer lines from the Central District Wastewater Treatment Plant to the existing sewer mains at Fisher Island. Students at MAST Academy provided the winning name of Dorsey along with a historical tie as the justification for the name. Born to former slaves, D.A. Dorsey moved to Miami in the 1890s. He worked for Henry Flagler and his Florida East Coast Rail Road company, where he became interested in providing rental housing for black laborers. Despite only attaining a fourth-grade education, Dorsey was self-taught and developed expert skills for negotiating, buying, selling, and managing real estate. He owned what is now known as Fisher Island and sold it to Carl G. Fisher.

Other Information

INDEPENDENT AUDIT

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

AWARDS

Certificate of Achievement for Excellence in Financial Reporting The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Department for its Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2014. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The Department has received a Certificate of Achievement for the past 32 fiscal years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and are submitting it to the GFOA.

ACKNOWLEDGEMENTS

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

Lester Sola
Director

Frances G. Morris
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Miami-Dade Water and Sewer Department, Florida

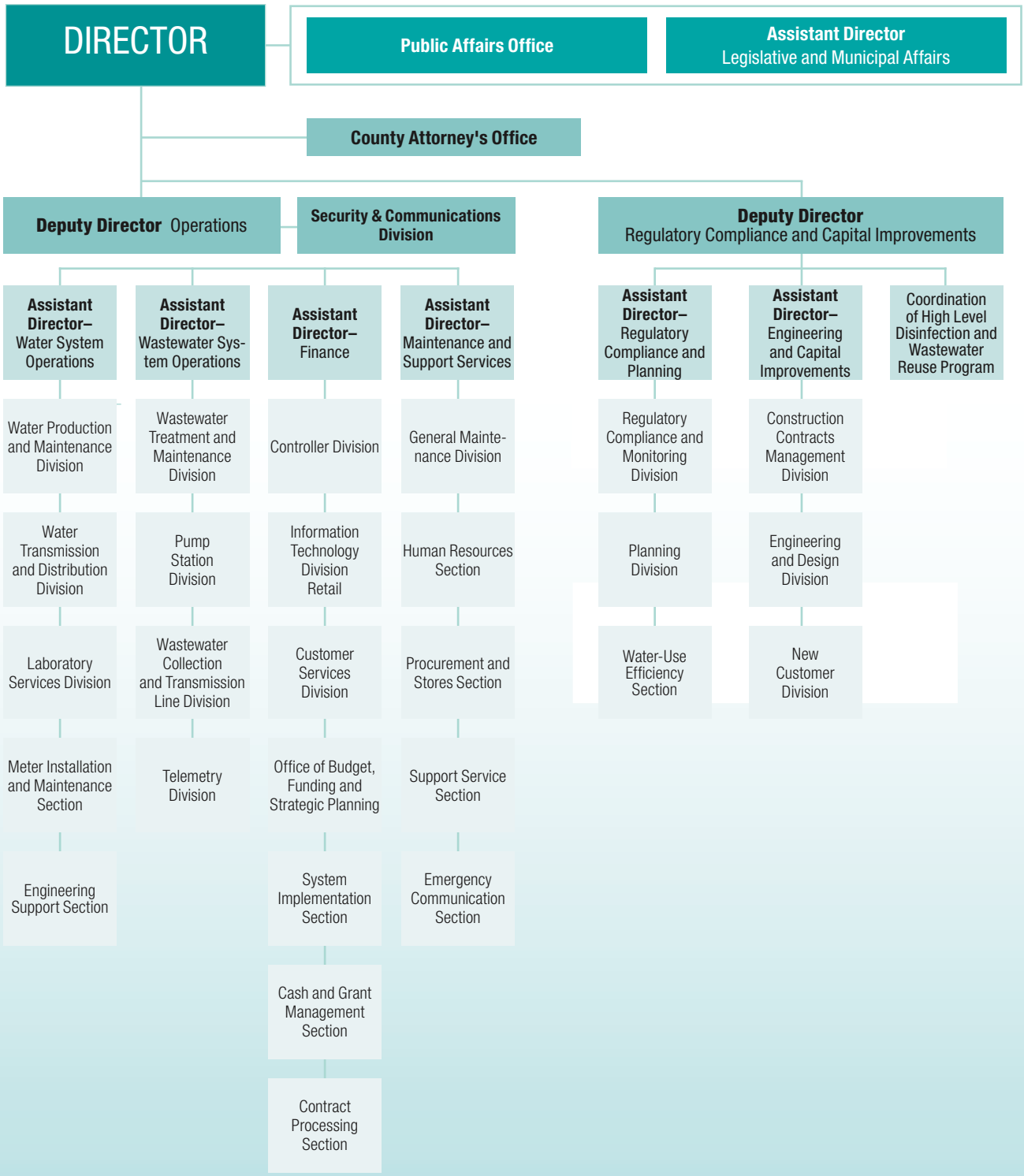
For its Comprehensive Annual Financial Report for the Fiscal Year Ended

September 30, 2014

[redacted]

Executive Director/CEO

Organizational Chart



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Financial Section

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Miami-Dade Water and Sewer Department, a department of Miami-Dade County, Florida (the Department), which comprise the statement of net position as of September 30, 2015 and the statements of revenues, expenses and changes in net position, and cash flows for the fiscal year then ended, and the related notes to the financial statements.

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.

Auditors' 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 auditors' 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.

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MEMBER
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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 Department as of September 30, 2015, and the changes in financial position and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As described in Note 1 to the financial statements, the Department changed its method of accounting and financial reporting for pensions as a result of the adoption of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Reporting for Pensions – an amendment of GASB Statement No. 27*, effective October 1, 2014, which resulted in the Department restating net position for recognition of the Department's pension related activity prior to October 1, 2014. Our opinion is not modified with respect to this matter.

As described in Note 1, the financial statements present only the Department and do not purport to, and do not, present fairly the financial position of Miami-Dade County as of September 30, 2015, the changes in its financial position, or, where applicable, its cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. 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, the schedule of funding progress - OPEB, the schedule of the Department's proportionate share of the net pension liability and the schedule of Department contributions on pages 31-34 and 64-66 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. 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 financial statements, and other knowledge we obtained during our audit of the 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 financial statements that collectively comprise the Department's financial statements. The information identified in the table of contents as supplementary financial data is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary financial data is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary financial data is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2016 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

Miami, FL
May 25, 2016

Management's Discussion & Analysis

OVERVIEW

The following Management's Discussion and Analysis (MD&A) serves as an introduction to the financial statements of the Miami-Dade Water and Sewer Department (Department) for the fiscal year ended September 30, 2015. The MD&A presents management's examination and analysis of the Department's financial condition and performance. It should be read in conjunction with the financial information of the transmittal letter in the introductory section and the financial statements in the financial section of this report. The financial statements include the statement of net position; statement of revenues, expenses and changes in net position; statement of cash flows; notes to the financial statements; and required supplementary information.

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

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

The statement of cash flows presents the cash activities of the Department segregated in the following four major categories: operating, non-capital financing, capital and related financing, and investing. This statement also presents the changes in cash and cash equivalents of the Department. The notes to the financial statements provide required disclosures and other information that are essential to the full understanding of data provided in the statements.

FINANCIAL POSITION

A summary of the Department's net position and related changes for the fiscal years ended September 30, 2015 and 2014 is shown on the following page. The unrestricted portion of net position (available to meet ongoing and future obligations of the Department) decreased by $105.0 million, or 29.5% in 2015.

Total expenses increased by $20.3 million, or by 3.2%, in 2015. The 2015 increase is primarily due to a higher level of depreciation, electrical services, chemicals and administrative support charges.

Total net position as of September 30, 2015, was approximately $2.2 billion. The Department's total net position decreased by $22.6 million, or by 1.0%, from prior year which is primarily due to an increase in operating expenses and restatement to comply with GASB No. 68.

Management's Discussion & Analysis

SUMMARY OF NET POSITION	(In thousands) 2015	2014
Current and Other Assets	$ 1,001,506	$ 1,191,273
Capital Assets, net	3,698,845	3,523,709
Total Assets	4,700,351	4,714,982
Deferred Outflows of Resources	115,112	14,170
Total Assets & Deferred Outflows of Resources	4,815,463	4,729,152
Long-term Liabilities	2,345,369	2,273,111
Current liabilities	252,053	227,367
Total Liabilities	2,597,422	2,500,478
Deferred Inflows of Resources	20,725	8,987
Total Liabilities & Deferred Inflows of Resources	2,618,147	2,509,465
Net Position		
Net Investment in Capital Assets	1,606,443	1,542,930
Restricted	340,066	321,122
Unrestricted	250,807	355,635
Total Net Position	$ 2,197,316	$ 2,219,687

SUMMARY OF CHANGES IN NET POSITION		
Water operating revenues	$ 285,438	$ 263,612
Wastewater operating revenues	327,878	315,238
Interest Income	20,557	3,933
Other nonoperating revenues	51,904	48,758
Total revenues	685,777	631,541
Water source of supply	10,931	10,788
Water power and pumping	2,054	1,911
Water purification	63,921	58,741
Water transmission and distribution	30,892	28,844
Wastewater collection system	27,634	22,500
Wastewater pumping	37,330	35,444
Wastewater treatment	92,308	86,772
Customer accounting	6,355	5,654
Customer service	21,713	17,526
General and Administrative	75,769	81,662
Depreciation	188,909	183,557
Interest expense	75,728	89,678
Other nonoperating expenses	15,718	6,088
Total expenses	649,262	629,165
Income before contributions	36,515	2,376
Capital contributions	46,692	35,810
Increase in net position	83,207	38,186
Net position at beginning of year	2,219,687	2,197,335
GASB 68 Restatement[1]	(105,578)	-
Net position at end of year	$ 2,197,316	$ 2,219,687

[1] The Department implemented GASB Statement No. 68 in fiscal year 2015. As a result, the Department's beginning net position in fiscal year 2015 was restated to account for the effects of disclosing pension costs.

CAPITAL ASSETS

The following table summarizes the Department's capital assets, net of accumulated depreciation, for the fiscal years ended September 30, 2015 and 2014 (in thousands). Total capital assets increased by $175.1 million, or 5.0%, in 2015. This increase is due to capital additions, net of plant retirements of $532.9 million, offset by $164.3 million net increase in accumulated depreciation. Additional information on changes in capital assets can be found in Note 6 to the financial statements on page 46.

	(In thousands)	
	2015	**2014**
Land	$ 58,654	$ 53,082
Structures and improvements	2,744,578	2,354,327
Equipment	299,499	302,179
Construction work in progess	596,114	814,121
Total capital assets	$ 3,698,845	$ 3,523,709

This year's major expenditures in capital assets included:

Water projects:

- Transmission mains, meters and services ($48.3 million)
- Treatment facilities and equipment ($11.6 million)
- Wells ($3.4 million)
- Transportation Equipment ($2.1 million)
- Construction Equipment ($2.0 million)

Wastewater Projects

- Treatment facilities ($72.6 million)
- Gravity mains and services ($38.1 million)
- Force mains ($36.0 million)
- Pump stations ($17.7 million)
- Infiltration and Inflow ($6.5 million)

Budgeted capital expenditures for fiscal year 2016 amount to $562.7 million and include $167.7 million in water projects and $395.0 million in wastewater projects.

LONG-TERM DEBT

Long-term debt outstanding (including current portion) at September 30, 2015 and 2014 is presented in the following table (in thousands). FY2015 shows a decrease of $20.0 million from FY2014.

	(In thousands)	
	2015	**2014**
Revenue Bonds	$ 2,124,019	$ 2,132,906
State Loan Obligations	164,698	175,796
Total long-term debt	$ 2,288,717	$ 2,308,702

During FY2015, draws made on state revolving loan commitments, recorded as debt, including capitalized interest, totaled $3.3 million. Current long-term debt maturities were met in the amount of $76.1 million. Additional long-term debt details can be found in Note 7 on page 46 of this report.

In June 2015, the County refunded part of Miami-Dade County Revenue Bonds, Series 2007 and Miami-Dade County Water and Sewer System Revenue Refunding Bonds, Series 2008C by issuing Miami-Dade County

Water and Sewer System Revenue Refunding Bonds, Series 2015. By issuing this bond, the Department saved approximately $29.5 million in net present value saving in interest costs.

The Department is required to maintain rates and charges sufficient to meet two tiers of debt service coverage requirements. First, adjusted annual net operating revenues must equal or exceed 1.25 percent of the debt service on senior lien revenue bonds. The Department met the primary debt coverage for the year with a ratio of 4.66 percent. Second, adjusted net operating revenues, after payment of revenue bond debt service, must be at least equal to 1.15 percent of the debt service for the subordinate state loan obligations. The Department met the secondary debt service coverage with a ratio of 2.98 percent.

REQUEST FOR INFORMATION

Questions concerning this report or request for additional information should be directed to Frances G. Morris, Chief Financial Officer at 786-552-8104 or, at her office address at 3071 SW 38th Avenue, Miami, Florida 33146.

Statement of Net Position

	September 30, 2015 (In thousands)
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	$ 31,481
Investments	64,069
Accounts Receivable	
(net of allowance for uncollectible accounts of $21.3 million)	117,075
Inventory of materials and supplies	38,421
Other current assets	2,909
Restricted cash and cash equivalents	162,426
Total current assets	416,381
NONCURRENT RESTRICTED ASSETS:	
Cash and cash equivalents	70,760
Investment derivative instrument	51,984
Investments	404,432
Long-tern receivable - General Fund	15,000
Contracts receivable	35
Total restricted assets	542,211
OTHER ASSETS:	
Other charges, net	42,914
Total other assets	42,914
CAPITAL ASSETS:	
Land	58,654
Structures and Improvements	4,845,954
Equipment	1,138,066
Utility plant in service before depreciation	6,042,674
Less accumulated depreciation	(2,939,943)
Net utility plant in service	3,102,731
Construction work in progress	596,114
Total capital assets	3,698,845
Total noncurrent assets	4,283,970
Total Assets	4,700,351
DEFERRED OUTFLOWS OF RESOURCES:	
Loss on refundings	93,964
Bond Insurance	5,397
Outflow related to pension	15,751
Total deferred outflows of resources	115,112
Total Assets and Deferred Outflows of Resources	$ 4,815,463

(Continued)

Statement of Net Position

(Continued)	September 30, 2015 (In thousands)
LIABILITIES	
CURRENT LIABILITIES (PAYABLE FROM UNRESTRICTED CURRENT ASSETS):	
Accounts payable and accrued expenses	$ 54,337
Customer and developer deposits	16,787
Current portion of long-term debt	8,407
Liability for compensated absences	9,712
Other liabilities	384
Total Current Liabilities (payable from unrestricted current assets)	89,627
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED CURRENT ASSETS):	
Accounts payable and accrued expenses	39,403
Retainage payable	8,057
Current portion of long-term debt	67,694
Accrued interest payable	46,677
Liability for self insurance	595
Total current liabilities (payable from restricted current assets)	162,426
Total current liabilities	252,053
NONCURRENT LIABILITIES:	
Revenue bonds payable, net	2,061,379
State loan obligations, net	151,237
Liability for self-insurance	1,384
Liability for compensated absences	32,024
Liability for post-employment benefits	5,492
Net pension liability	93,853
Total noncurrent liabilities	2,345,369
Total liabilities	2,597,422
DEFERRED INFLOWS OF RESOURCES:	
Inflow related to pension	20,725
Total deferred inflows of resources	20,725
Total Liabiliries and Deferred Inflows of Resources	2,618,147
NET POSITION	
Net investment in capital assets	1,606,443
Restricted for:	
Capital projects	203,320
Debt service	136,746
Unrestricted	250,807
Total net position	2,197,316
Total liabilities, deferred inflows of resources and net position	$ 4,815,463

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

Statement of Revenues, Expenses, and Changes in Net Position

For the fiscal year ended September 30,	2015
	(In thousands)
OPERATING REVENUES:	
Water	$ 285,438
Wastewater	327,878
Total operating revenues	613,316
OPERATING AND MAINTENANCE EXPENSES:	
Water source of supply	10,931
Water power and pumping	2,054
Water purification	63,921
Water transmission and distribution	30,892
Wastewater collection system	27,634
Wastewater pumping	37,330
Wastewater treatment	92,308
Customer accounting	6,355
Customer service	21,713
General and administrative	75,769
Total operating and maintenance expenses	368,907
Operating income before depreciation	244,409
DEPRECIATION	188,909
Operating income	55,500
NON-OPERATING REVENUES (EXPENSES):	
Interest income	20,557
Interest expense	(75,728)
Amortization of insurance costs	(13,426)
Customer connection fees	42,707
Other revenues	9,197
Other expenses	(2,292)
Income before contributions	36,515
Capital contributions	46,692
Increase in net position	83,207
Net position at beginning of year, as previously reported	2,219,687
GASB No. 68 Restatement[1]	(105,578)
Net position at beginning of year, restated	2,114,109
Net position at end of year	$ 2,197,316

[1] The Department implemented GASB Statement No. 68 in fiscal year 2015. As a result, the Department's beginning net position in fiscal year 2015 was restated to account for the effects of disclosing pension costs.

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

Statement of Cash Flows

For the fiscal year ended September 30,	2015
	(In thousands)
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	**$ 661,285**
Cash paid to suppliers for goods and services	**(156,411)**
Cash paid to employees for services	**(210,226)**
Net cash provided by operating activities	**294,648**
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Loan to County's General Fund	**5,000**
Net cash provided by non-capital financing activities	**5,000**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from bond issues, loan agreements and notes	**484,471**
Principal payments - bond, loans and notes	**(574,225)**
Bond premium	**(88,801)**
Interest paid	**(15,351)**
Acquisition and construction of capital assets	**(268,457)**
Net cash (used) by capital and related financing activities	**(462,363)**
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investment securities	**(777,191)**
Proceeds from sale and maturity of investment securities	**890,458**
Interest on investments	**12,380**
Net cash provided by investing activities	**125,647**
Net (decrease) in cash and cash equivalents	**(37,068)**
Cash and cash equivalents at beginning of year	**301,735**
Cash and cash equivalents at end of year	**$ 264,667**

(Continued)

Statement of Cash Flows

(Continued) For the fiscal year ended September 30,	2015
	(In thousands)
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	$ 55,500
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	188,910
Provision for uncollectible accounts	683
Other revenue	(8,987)
Non-operating other, net	49,612
(Increase) decrease in assets and deferred outflows:	
Accounts Receivable	(7,358)
Inventory of materials and supplies	(127)
Other current assets	(187)
Contracts receivable	67
Other charges	15,553
Deferred outflows related to pension	(7,080)
Increase (decrease) in liabilities and deferred inflows:	
Accounts payable and accrued expenses	10,746
Customer and developer deposits	3,292
Accrued interest payable	(6,503)
Liability for compensated absences	342
Other liabilities	(149)
Liability for other post-employment benefits	234
Liability for self-insurance	(230)
Net pension liability	32,788
Deferred Inflows	(32,458)
Net cash provided by operating activities	$ 294,648

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

Property, plant and equipment contributions were received in amounts of $46.7 million in fiscal year 2015.

The change in the fair value of investments was a $0.5 million increase in fiscal year 2015.

The change in the fair value of swaps was an $18.4 million increase in fiscal year 2015.

RECONCILIATION OF CASH AND CASH EQUIVALENTS AT END OF YEAR	
Unrestricted Current Cash and Cash Equivalents	$ 31,481
Restricted Current Cash and Cash Equivalents	162,426
Restricted Noncurrent Cash and Cash Equivalents	70,760
	$ 264,667

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

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

BASIS OF ACCOUNTING
The financial statements are prepared in conformity with generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB). The Department implemented and follows the guidance of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* for the proprietary fund financial statements.

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

REVENUE RECOGNITION
All water and wastewater revenues are recognized when the related services are provided. Unbilled receivables have been estimated and accrued as revenue from the date of last reading of the meters based on the billing cycle. Unbilled accounts receivable was approximately $41.5 million as of September 30, 2015.

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

Only those intangible assets valued at more than $100,000 are recorded as an asset (threshold determinations are based on aggregate cost). For fiscal year 2015, no separately identifiable intangible assets met the threshold for recording.

Annualized depreciation expense, expressed as a percent of depreciable capital assets, was 3.2% for fiscal year ended September 30, 2015. The Department utilizes the single-unit straight-line depreciation method with normal retirements charged to accumulated depreciation, and gain or loss is recognized on retirements. Assets with a change in estimated life are depreciated based on net book value over the remaining life of the asset. Estimated useful lives of capital assets in service are as follows:

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

Total depreciation expense for the fiscal year ended September 30, 2015 was $188.9 million.

Notes to Financial Statements

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

The Department has opted to report money market and non-participating investments, with remaining maturities of one year or less at the time of purchase, at amortized cost, which approximates fair value.

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

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

INTEREST ON INDEBTEDNESS
Interest is charged to expense, as incurred, except for interest related to borrowings used for construction projects which is capitalized, net of interest earned on construction funds borrowed. Interest incurred during the fiscal year ended September 30, 2015 was $109.3 million. Interest in the amount of $33.6 million was capitalized in fiscal year 2015, net of interest earned on construction funds from tax-exempt borrowing of $7.6 million.

For interest rate swap agreements, the amounts recorded in the financial statements are the net interest expense along with amortization of fees paid or received resulting from these agreements. The Department recorded an upfront payment for the swap option that was terminated during FY2009 and is amortizing the payment, net of interest expense, in the financial statements.

BOND DISCOUNT AND PREMIUM
Discounts and premiums on bonds and notes payable are amortized using the straight-line method over the life of the related bond issuances or term of the notes. Discounts and premiums are presented Net of the Related Debt.

CAPITAL CONTRIBUTIONS
The Department records external capital contributions as revenues in the proprietary funds.

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

COMPENSATED ABSENCES
The Department accounts for compensated absences by accruing a liability for employees' compensation for future absences.

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

PENSION
In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, an amendment of GASB No. 27. This Statement improves accounting and financial reporting by state and local governments for pensions. It establishes a definition of a pension plan that reflects the primary activities associated with the pension arrangement; determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. It also establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements. The Department adopted this standard for fiscal year 2015.

Notes to Financial Statements

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

2. CASH, CASH EQUIVALENTS AND INVESTMENTS
The County is authorized through the Florida Statutes §218.415, Ordinance No. 84-47, Resolution R-31-09 and its Investment Policy to make certain investments. The County's Investment Policy objectives are, in order of priority, the safety of principal, liquidity of funds and maximizing investment income.

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

DEPOSITS
The carrying amounts of the Department's local deposits were $238.6 million as of September 30, 2015. The bank balances at local depositories were $245.3 million as of September 30, 2015, consisting of demand deposit accounts only. All deposits are fully insured by Federal Depository Insurance and a multiple financial institution collateral pool required by Chapter 280 Florida Statutes, "Florida Security for Public Deposits Act". Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits, times the depository's collateral pledging level. The pledging level may range from 50% to 125% depending upon the depository's financial condition and establishment period. All collateral must be deposited with a State-approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

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

Cash on hand and cash held by other parties as of September 30, 2015 was approximately $238.8 million.

INVESTMENTS
The Department's fixed income investments at September 30, 2015 are shown in the following table (in thousands).

	Fair Value 2015
Federal Home Loan Bank	$ 155,402
Federal National Mortgage Association	127,522
Federal Home Loan Mortgage Corporation	109,502
Federal Farm Credit Bank	87,394
Interest Bearing	5,573
Treasury Notes	4,847
Commercial Paper	4,102
Total Investments	$ 494,342

CREDIT RISK
The Policy, minimizes credit risk by restricting authorized investments to: Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act; Securities and Exchange Commission (SEC) registered money market funds with the highest credit rating from a nationally recognized rating agency; interest bearing time deposits or saving accounts in qualified public depositories, pursuant to Florida Statutes §280.02, which are defined as banks, savings banks, or savings associations organized under the laws of the United States with an office in this state that is authorized to receive deposits, and has deposit insurance under the provisions of the Federal Deposit Insurance Act; direct obligations of

the United States Treasury; federal agencies and instrumentalities; securities of, or other interests in, and open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, provided that the portfolio is limited to the obligations of the United States government or any agency or instrumentality thereof and fully collateralized by such United States government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian; commercial paper of prime quality with a stated maturity of 270 days or less from the date of its issuance, which has the highest letter and numerical rating as provided for by at least two nationally recognized rating services; banker acceptances which have a stated maturity of 180 days or less from the date of issuance, and have the highest letter and numerical rating as provided for by at least two nationally recognized rating services, and are drawn on and accepted by commercial banks and which are eligible for purchase by the Federal Reserve Bank, investments in repurchase agreements ("Repos") collateralized by securities authorized by this policy. All Repos shall be governed by a standard SIFMA Master Repurchase Agreement; municipal securities issued by U.S., state or local governments, having at time of purchase, a stand-alone credit rating of AA or better assigned by two or more recognized credit rating agencies or a short-term rating of A1/P1 or equivalent from one or more recognized credit rating agencies. Securities lending, securities or investments purchased or held under the provisions of this section, may be loaned to securities dealers or financial institutions provided the loan is collateralized by cash or securities having a market value of at least 102 percent of the market value of the securities loan upon initiation of the transaction.

The following table summarizes the investments by type and credit ratings at September 30, 2015.

	Credit 2015
Federal Home Loan Mortgage Corporation	AA+/A-1+
Federal Home Loan Bank	AA+/A-1+
Federal Farm Credit Bank	AA+/A-1+
Federal National Mortgage Association	AA+/A-1+
Treasury Notes	AA+/A-1+

CUSTODIAL CREDIT RISK

The Policy requires that bank deposits be secured per Chapter 280, Florida Statutes. This requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2015 all of the County's bank deposits were in qualified public depositories.

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

CONCENTRATION OF CREDIT RISK

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

acceptances. A maximum of 20% of the portfolio may be invested in repurchase agreements with the exception of one (1) business day agreements, with a maximum of 10% of the portfolio with any one institution or dealer with the exception of one (1) business day agreements. 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, 2015, the following issuers held 5% or more of the investment portfolio:

	% of Portfolio 2015
Federal Home Loan Bank	31.44
Federal National Mortgage Association	25.80
Federal Home Loan Mortgage Corporation	22.15
Federal Farm Credit Bank	17.68

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

INTEREST RATE RISK

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

As of September 30, 2015, the County had the following investments with the respective weighted average maturity in years.

	Weighted Average in Years 2015
Federal Farm Credit Bank	0.78
Treasury Notes	0.65
Federal Home Loan Mortgage Corporation	0.57
Federal National Mortgage Association	0.46
Federal Home Loan Bank	0.39
Commerical Paper	0.03

FOREIGN CURRENCY RISK

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

Notes to Financial Statements

3. RECEIVABLES

Receivables at September 30, 2015 were as follows (in thousands):

	2015
Trade Accounts	$ 124,793
Non-retail accounts	10,511
Grants & Contracts	35
Other County funds	18,071
Gross receivables	153,410
Less: allowance for doubtful accounts	(21,300)
Net receivables	$ 132,110

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

The Department transferred $25 million cash to the General Fund and booked a receivable from the County. The term of this loan will be five years, no interest, with repayments of $5 million per year to begin at the end of fiscal year 2014. As of September 30, 2015, the Department received $10 million with a current balance due of $15 million.

4. OTHER CURRENT ASSETS

Other current assets at September 30, 2015 were as follows (in thousands):

	2015
Beginning Balance	$ 2,722
Prepaid Expenses	(45)
Advance to City of Hialeah	748
Construction in Progress	(516)
Ending Balance	$ 2,909

The County entered into an agreement with the City of Hialeah (City) to construct a 10 MGD reverse osmosis water treatment plant. The City and the County shall have equal 50% ownership of a reverse osmosis water treatment plant (WTP), inclusive of land, structures, facilities and appurtenances to be situated in the Annexation Area of the City. The County shall contribute and pay for 50% of the planning, design, construction and construction management (design and construction) cost for the WTP and the City shall contribute 50% of the design and construction cost for the WTP. In Fall of 2013, the Plant began production capable of 7.5 MGD, with County and City each receiving 50% of the production. In fiscal year 2015, an additional $0.7 million was contributed to the City of Hialeah. As of September 30, 2015, the Department has contributed approximately $46.8 million towards the construction of the WTP.

Notes to Financial Statements

5. RESTRICTED ASSETS

Certain bond ordinances and loan agreements require the Department to establish accounts to be used in accounting for proceeds and collateral pledged as a result of the various issues of debt. In many cases, the applicable ordinances refer to the restricted accounts as "funds". Such accounts are not "funds" as defined by the National Council of Governmental Accounting (*NCGA) Statement No. 1: Governmental Accounting and Financial Reporting Principles* and, therefore, are not funds for financial reporting purposes, but are maintained as separate accounts. Restricted assets at September 30, 2015 are represented in the following table (in thousands):

	2015
Debt Service	$ 183,902
Construction	167,947
Renewal and Replacement	79,901
Plant Expansion	132,936
Self-Insurance	3,368
Other	136,583
Total Restricted Assets	$ 704,637

6. CAPITAL ASSETS

Capital asset activity during fiscal year 2015 was as follows (in thousands):

	Balance 9/30/2014	2015 Additions	2015 Deletions	Balance 9/30/2015
Capital Assets, not being depreciated:				
Land	$ 53,082	$ 5,571	$ -	$ 58,653
Construction work in progress	814,121	283,087	(501,093)	596,115
Total capital assets, not being depreciated	867,203	288,658	(501,093)	654,768
Capital Assets, being depreciated:				
Structures and improvements	4,323,979	546,627	(24,652)	4,845,954
Equipment	1,108,190	37,018	(7,142)	1,138,066
Total capital assets, being depreciated	5,432,169	583,645	(31,794)	5,984,020
Less accumulated depreciation:				
Structures and improvements	(1,969,652)	(150,552)	18,829	(2,101,375)
Equipment	(806,011)	(38,357)	5,801	(838,567)
Total accumulated depreciation	(2,775,663)	(188,909)	24,630	(2,939,942)
Total capital assets, being depreciated, net	2,656,506	394,736	(7,164)	3,044,078
Total capital assets, net	$ 3,523,709	$ 683,394	$ (508,257)	$ 3,698,846

7. LONG-TERM DEBT

Long-term debt includes various bonds and loans which have been issued or approved by the County for the improvement of the Department's water and wastewater infrastructure, and defeasance of outstanding debt. General covenants, along with debt service requirements, are disclosed on page 47. See Note 5, Restricted Assets, for a discussion of the accounts used in accounting for proceeds and collateral pledged as a result of the issuance of the various forms of debt.

The Department's debt instruments contain various covenants and restrictions, which among other things, (1) prohibit the Department from taking any action that could jeopardize its tax-exempt status, and (2) require the Department to meet certain financial tests. Management believes that the Department was in compliance with all such covenants and restrictions at September 30, 2015.

Notes to Financial Statements

CHANGES IN LONG-TERM LIABILITIES

A summary of long-term liability activity during fiscal year 2015 is presented in the following table (in thousands):

Description	Outstanding Rate	Balance 9/30/2014	2015 Additions	2015 Deletions	Balance 9/30/2015	Due in 2016
Dade County Revenue Bonds						
Series 2007	4.00%-5.00%	$ 298,350	$ -	$ 257,045	$ 41,305	$ 13,210
Series 2008A & B	3.25%-5.25%	420,835	-	37,745	383,090	39,675
Series 2008C	4.00%-6.00%	292,165	-	262,285	29,880	6,900
Series 2010	2.00%-5.00%	588,905	-	2,755	586,150	2,855
Series 2013A	5.00%	340,265	-	-	340,265	-
Series 2013B	5.00%	152,400	-	-	152,400	-
Series 2015	4.00%-5.00%	-	481,175	-	481,175	-
Less: Unamortized Discount		(1,807)		(1,558)	(249)	-
Plus: Unamortized Premium		41,793	80,663	12,453	110,003	-
Total revenue bonds		$ 2,132,906	$ 561,838	$ 570,725	$ 2,124,019	$ 62,640
State Loan Obligations						
State Revolving Fund	2.56%-4.17%	175,796	3,296	14,394	164,698	13,461
Total long-term debt		$ 2,308,702	$ 565,134	$ 585,119	$ 2,288,717	$ 76,101
Other liabilties						
Compensated Absences		41,393	6,262	5,919	41,736	9,712
Self-Insurance		2,209	373	603	1,979	595
Other post-employment benefits		5,258	234	-	5,492	-
Net pension liability (restated)		61,064	118,650	85,861	93,853	-
Total long-term liabilities		$ 2,418,626	$ 690,653	$ 677,502	$ 2,431,777	$ 86,408

DEBT SERVICE REQUIREMENTS

As of September 30, 2015, the Department's debt service requirements to maturity for their term were as follows (in thousands):

Maturing in Fiscal Year	Revenue Bonds Principal	Revenue Bonds Interest	State Loans Principal	State Loans Interest	Total Principal	Total Interest	Total Debt
2016	$ 62,640	$ 94,076	$ 13,461	$ 3,359	$ 76,101	$ 97,435	$ 173,536
2017	65,735	95,459	12,827	3,155	78,562	98,614	177,176
2018	68,990	92,205	11,991	3,154	80,981	95,359	176,340
2019	71,055	88,758	11,768	2,565	82,823	91,323	174,146
2020	74,720	85,112	11,141	2,316	85,861	87,428	173,289
2021-2025	432,255	363,582	41,216	8,305	473,471	371,887	845,358
2026-2030	451,545	249,582	35,474	4,637	487,019	254,219	741,238
2031-2035	245,700	167,236	26,820	1,135	272,520	168,371	440,891
2036-2040	313,415	97,757	-	-	313,415	97,757	411,172
2041-2045	228,210	17,487	-	-	228,210	17,487	245,697
	2,014,265	1,351,254	164,698	28,626	2,178,963	1,379,880	3,558,843
Unamortized Discount & Premium Amounts	109,754	-	-	-	109,754	-	109,754
Total	$ 2,124,019	$ 1,351,254	$ 164,698	$ 28,626	$ 2,288,717	$ 1,379,880	$ 3,668,597

Notes to Financial Statements

MIAMI-DADE COUNTY REVENUE BONDS, SERIES 2007
On September 29, 2007, $344.7 million of Miami-Dade County Water and Sewer System Revenue Refunding Bonds, Series 2007 were issued to refund the Miami- Dade County Water and Sewer System Revenue Bonds, Series 1997 maturing after October 1, 2009, and to pay issue costs. On June 3, 2015, $481.2 million of Miami-Dade County Water and Sewer System Revenue Refunding Bonds, Series 2015 were issued to advance refund $244.4 aggregate principal of Series 2007. Cash held with escrow agent at September 30, 2015 was $14.1 million.

The Series 2007 Refunding Bonds are collateralized by the net operating revenues of the Department and are due serially on October 1 starting in 2008 through the year 2026 with semi-annual interest due on April 1 and October 1 of each year. Net revenue requirements of at least 1.10 times the current year's debt service requirements were met in fiscal year 2015.

MIAMI-DADE COUNTY WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2008A
On July 15, 2008, the County issued $68.3 million of Miami-Dade County Water and Sewer System Revenue Bonds, Series 2008A to pay the costs of terminating the AIG Financial Products Corporation interest rate swap associated with the variable rate Dade County Water and Sewer System Revenue Bonds, Series 1994 and to pay issuance costs.

The Series 2008A Revenue Bonds are collateralized by the net operating revenues of the Department and are due serially October 1 starting in 2009 through the year 2022 with semi-annual interest due on April 1 and October 1 of each year. Net revenue requirements of at least 1.10 times the current year's debt service requirements were met in fiscal year 2015.

MIAMI-DADE COUNTY WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2008B
On July 15, 2008, $374.6 million of Miami-Dade County Water and Sewer System Revenue Refunding Bonds, Series 2008B were issued to redeem all of the County's Water and Sewer System Revenue Bonds, Series 1994 and to pay issuance and surety costs. Cash held with escrow agent at September 30, 2015 was $49.5 million.

The Series 2008B Refunding Bonds are collateralized by the net operating revenues of the Department and are due serially on October 1 starting in 2009 through the year 2022 with semi-annual interest due on April 1 and October 1 of each year. Net revenue requirements of at least 1.10 times the current year's debt service requirements were met in fiscal year 2015.

MIAMI-DADE COUNTY WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2008C
On December 18, 2008, $306.8 million of Miami-Dade County Water and Sewer System Revenue Refunding Bonds, Series 2008C were issued to redeem all of the County's Dade County Water and Sewer System Revenue Refunding Variable Rate Demand Bonds, Series 2005 and to pay issuance and surety costs. The aggregate difference between the refunding and refunded debt resulted in a gain of $13.8 million. On June 3, 2015, $481.2 million of Miami-Dade County Water and Sewer System Revenue Refunding Bonds, Series 2015 were issued to advance refund $255.7 aggregate principal of Series 2008C. Cash held with escrow agent at September 30, 2015 was $7.7 million.

The Series 2008C Refunding Bonds are collateralized by the net operating revenues of the Department and are due serially on October 1 starting in 2009 through the year 2026 with semi-annual interest due on April 1 and October 1 of each year. Net revenue requirements of at least 1.10 times the current year's debt service requirements were met in fiscal year 2015.

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

The Series 2010 Revenue Bonds are collateralized by the net operating revenues of the Department and are due serially on October 1 starting in 2010 through the year 2040 with semi-annual interest due on April 1 and October 1

of each year. Net revenue requirements of at least 1.10 times the current year's debt service requirements were met in fiscal year 2015.

MIAMI-DADE COUNTY WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2013A
On August 2, 2013, the County issued $340.3 million of Miami-Dade County Water and Sewer System Revenue Bonds, Series 2013A to pay cost of constructing and acquiring certain improvements under the Department's Multi-Year Capital Plan, pay capitalized interest on the bonds, make a deposit to the Reserve Account and to pay issue costs.

The Series 2013A Revenue Bonds are collateralized by the net operating revenues of the Department and are due serially on October 1 through the year 2043 with semi-annual interest due on April 1 and October 1 of each year. Net revenue requirements of at least 1.10 times the current year's debt service requirements were met in fiscal year 2015.

MIAMI-DADE COUNTY WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2013B
On August 2, 2013, the County issued $152.4 million of Miami-Dade County Water and Sewer System Revenue Refunding Bonds, Series 2013B to refund all the County's outstanding Water and Sewer System Revenue Bonds, Series 1999A, to make a deposit to the Reserve Account and pay issue costs. The aggregate difference between the refunding and the refunded debt resulted in a loss of $2.8 million. Cash held with escrow agent at September 30, 2015 was $3.7 million.

The Series 2013B Revenue Bonds are collateralized by the net operating revenues of the Department and are due serially on October 1 through the year 2030 with semi-annual interest due on April 1 and October 1 of each year. Net revenue requirements of at least 1.10 times the current year's debt service requirements were met in fiscal year 2015.

MIAMI-DADE COUNTY WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2015
On June 3, 2015, the County issued $481.2 million of Miami-Dade County Water and Sewer System Revenue Refunding Bonds, Series 2015 to advance refund the $244.4 million aggregate principal of the Miami-Dade County Revenue Bonds, Series 2007, $255.7 million aggregate principal of Miami-Dade County Water and Sewer System Revenue Refunding Bonds, Series 2008C and pay the costs of issuance. The aggregate difference between the refunding and the refunded debt resulted in a gain of $29.5 million with a cash flow difference of $35.2 million. Cash held with escrow agent at September 30, 2015 was $7.9 million.

The Series 2015 Bonds are collateralized by the net operating revenues of the Department and are due serially on October 1 through the year 2026 with semi-annual interest due on April 1 and October 1 of each year. Net revenue requirements of at least 1.10 times the current year's debt service requirements were met in fiscal year 2015.

Notes to Financial Statements

STATE REVOLVING FUND

Under the State Revolving Fund program, the Department has received various loan commitments for the construction of water and wastewater treatment facilities. Draws to date against committed loans as of September 30, 2015 are detailed in the following table (in thousands). Related payments of principal and interest are due through the year 2034. No further draws will be made against closed loans.

Loan #	Draws	Closed Out Date
375310	$45,906	6/7/1999
377400	36,402	6/7/1999
377450	27,831	5/18/2001
377470	11,959	8/21/2000
377490	3,098	5/2/2001
377500	25,874	12/1/2003
377650	2,618	8/8/2003
377670	3,604	10/27/2003
377860	4,253	9/20/2006
377870	4,979	9/20/2006
37788P	3,252	9/27/2004
37789A	845	8/1/2007
37789L	2,891	9/26/2006
300010	39,534	8/4/2008
300080	4,691	4/28/2003
377900	126,000	Active
130200	1,416	Active
130201	137	Active
130240	3,216	Active
	$348,506	

The Department has agreed to maintain rates, together with other pledged revenues, sufficient to provide "net revenues" equal to at least 1.15 times the annual loan payments after meeting the primary debt service requirements. Reserve and debt service funding requirements, as required by the agreements, were met in fiscal year 2015.

INTEREST RATE SWAP AGREEMENTS

The Department is currently a party to two interest rate swap agreements related to the various revenue bonds issued by the Department. The fair value of a swap is determined at September 30, 2015 based on an estimated mark-to-mid market assessment.

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

On August 2, 2013, the Department issued fixed rate bonds refunding the Miami-Dade County Revenue Bonds, Series 1999A. With the refunding of all outstanding obligations of the Series 1999A Bonds by the issuance of the fixed rate debt, the Series 2013B Bonds, the Department recognizes the swap association with the 2013B Bonds.

During fiscal year 2010, Statement No. 53 of the Governmental Accounting Standards Board, Accounting and Financial Reporting for Derivative Instruments, (GASB 53) became effective. This statement refers to the recognition, measurement and disclosure of information regarding derivative instruments entered into by the Department and reported at fair value. In accordance with GASB 53, Swap Financial Group, LLC evaluated the Department's swaps to determine whether they are effective hedging derivative instruments. It was determined that both swaps are basis swaps. Given that there is no identified financial risk being hedged by the swaps that can be expressed in terms of exposure to adverse changes in cash flows or fair values, the swaps are treated as investment derivative instruments, and not hedging derivative instruments. Accordingly, the change in fair value at September 30, 2015 was an increase of $18.4 million. This change in fair value is reflected in the investment income line item of the statement of revenues expenses and changes in net position. This increase brings the total fair value to $52.0 million which is reflected in the Investment Derivative Instrument line item of the noncurrent asset section of the balance sheet.

Notes to Financial Statements

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

Associated Series of Bonds	Notional Amount as of 09/30/15	Counterparty	Counterparty Ratings as of 09/30/15[2]	Start Date	Termination Date	Counterparty Payment	County Payment	Fair Value at 09/30/15
Series 2007	$200,000,000	Bank of New York Mellon	Guarantor-Aa1, AA-, AA-	7/18/2002	10/1/2026	Variable-USD-Libor-BBA+1.465%	Variable-(USD-SIFMA Municipal Swap Index/.0604)	$19,080,988
Series 2013B[1]	$205,070,000	Bank of New York Mellon	Guarantor- Aa1, AA-, AA-	3/6/2006	10/1/2029	Variable-(USD-ISDA-Swap Rate) x 90.15% + 1.58%	Variable - (USD-SIFMA Municipal Swap Index/.0604)	$32,902,616

[1] The underlying debt for the swap has been replaced with the Series 2013B Bonds.
[2] Moody's, S&P, Fitch.

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

Basis Risk. The Department's swap agreements expose the County to basis risk. Should the relationship between the variable rates the Department receives on the swap fall short of the variable rate on the associated bonds, the expected savings may not be realized. As of September 30, 2015, the Department had no variable rate debt outstanding.

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

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

8. PAYABLES

Payables and accrued expenses at September 30, 2015 were as follows (in thousands):

	2015
Other County funds	$ 9,164
Vendors	20,562
Other governments	22,260
Salaries and benefits	13,938
Contractors	27,557
Other	259
Total payables	$ 93,740

9. PENSION PLAN

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

Essentially all regular employees of the Department 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 Description

The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees.

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

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

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

Benefits Provided

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

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

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Employees are required to contribute 3% of gross salary. Employer contribution is based on class. The contribution rate for FRS Regular and Drop is 7.37% and 12.28% respectively. The Department's contributions for FRS totaled $13.2 million and employee contributions totaled $4.5 million for the fiscal year ended September 30, 2015.

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

At September 30, 2015, the Department's reported a liability of $56.7 million for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015.

For the fiscal year ended September 30, 2015, the Department recognized pension expense of $2.8 million related to the Plan. In addition, the Department reported, deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 5,980	$ 1,344
Change of assumptions	3,760	
Net difference between projected and actual earnings on FRS pension plan investments		13,527
Changes in proportion and differences between Department's FRS contributions and proportionate share of contributions		5,571
Department's contributions subsequent to measurement date	2,516	
Total	$ 12,256	$ 20,441

The deferred outflows of resources related to pensions, totaling $2.5 million, resulting from the Department's contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. 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
2016	$ (5,744)
2017	(5,744)
2018	(5,744)
2019	5,416
2020	820
Thereafter	297

Actuarial Assumptions

The FRS pension actuarial valuation was determined using the following actuarial assumptions, as of July 1, 2015, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	7.65%, 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, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Long-Term Expected Rate of Return

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

Asset Class	Target Allocation [1]	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	3.2%	3.1%	1.7%
Fixed income	18%	4.8%	4.7%	4.7%
Global equity	53%	8.5%	7.2%	17.7%
Real estate (property)	10%	6.8%	6.2%	12.0%
Private equity	6%	11.9%	8.2%	30.0%
Strategic investments	12%	6.7%	6.1%	11.4%
	100%			
Assumed inflation-Mean		2.6%		1.9%

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

Discount Rate
The discount rate used to measure the net pension liability of the Plan was 7.65 percent. The 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.

Sensitivity of the Department's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following represents the Department's proportionate share of the net pension liability calculated using the discount rate of 7.65 percent, as well as what the Department's proportionate share of the net pension liability would be if it is calculated using a discount rate that is one percentage point lower (6.65 percent) or one percentage point higher (8.65 percent) than the current rate (in thousands):

	1% Decrease 6.65%	Current Discount Rate 7.65%	1% Increase 8.65%
WASD's proportionate share of the net pension liability	$ 146,790	$ 56,648	$ (18,363)

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.

Department's Allocation
The Department's proportionate share of the Plan's net pension liability, deferred outflow of resources and deferred inflow of resources as of September 30, 2015, and pension expense / adjustment for the fiscal year ended September 30, 2015 is as follows (in thousands):

	FRS PENSION				
	Percent Allocation	Net Pension Liability	Deferred Outflow of Resources	Deferred Inflow of Resources	Pension Expense/Adjustment
Water and Sewer	5.93%	$ (56,648)	$ 12,256	$ (20,441)	$ (7,987)

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

Benefits Provided
For the fiscal year ended September 30, 2015 eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions
The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2015, the HIS contribution for the period July 1, 2014 through June 30, 2015 and

from July 1, 2015 through September 30, 2015 was 1.20 percent and 1.26 percent, respectively. The County contributed 100 percent of its statutorily required contributions for the current year and preceding three years. The HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Department's contributions to the HIS Plan totaled $1.4 million for the fiscal year ended September 30, 2015.

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

At September 30, 2015, the Department reported a net pension liability of $37.2 million for its proportionate share of the HIS Plan's net pension liability. The total pension liability was determined by an actuarial valuation date as of July 1, 2014, and was recalculated and projected to the measurement date of June 30, 2015 using a standard actuarial roll-forward technique.

For the fiscal year ended September 30, 2015, the Department recognized pension expense of $2.7 million related to the HIS Plan. In addition, the Department reported, deferred outflows or resources and deferred inflows of resources related to the HIS Plan from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	$ 2,927	
Net difference between projected and actual earnings on HIS pension plan investments	20	
Changes in proportion and differences between Department's HIS contributions and proportionate share of contributions	125	284
Department's contributions subsequent to measurement date	423	
Total	$ 3,495	$ 284

The deferred outflows of resources related to pensions, totaling $0.4 million, resulting from the 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, 2016. 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
2016	$ 475
2017	475
2018	475
2019	471
2020	469
Thereafter	422

Actuarial Assumptions

The HIS pension as of July 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25% average, including inflation
Municipal Bond Rates	3.80%

The actuarial assumptions used in the July 1, 2014 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 for the HIS Plan was 3.80 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Department's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following presents the Department's proportionate share of the net pension liability calculated using a discount rate of 3.80 percent, as well as what the Department's proportionate share of the net pension liability would be if it were calculated using a discount rate is one percentage point lower (2.80 percent) or one percentage point higher (4.80 percent) than the current rate (in thousands):

	1% Decrease 2.80%	Current Discount Rate 3.80%	1% Increase 4.80%
WASD's proportionate share of the net pension liability	$ 42,392	$ 37,205	$ 32,878

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

Department's Allocation
The Department's proportionate share of the HIS Plan's net pension liability, deferred outflow of resources and deferred inflow of resources as of September 30, 2015, and pension expense / adjustment for the fiscal year ended September 30, 2015 was allocated as follows (in thousands):

	HIS PLAN				
	Percent Allocation	Net Pension Liability	Deferred Outflow of Resources	Deferred Inflow of Resources	Pension Expense/Adjustment
Water and Sewer	5.93%	$ (37,205)	$ 3,495	$ (284)	$ 1,236

FRS – Defined Contribution Pension Plan
The Department 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. Miami-Dade 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 Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the

investment member's accounts, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class.

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 0.04 percent of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to Miami Dade 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 Department's Investment Plan pension contributions totaled $1.0 million for the fiscal year ended September 30, 2015.

10. RISK MANAGEMENT

The Department is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; job-related injuries or illnesses to employees; natural disasters and employee health and accident. In the year ended September 30, 1987, the Department established a self-insurance program for general and automobile liability exposures as provided by Section 706 of County Ordinance 78-82, as amended. Ordinance 78-82 was amended and restated by Ordinance 93-134 and Section 609 continues to provide for such self-insurance program.

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

Changes in the balance of claim liabilities for the general and automobile self-insurance program during fiscal years 2015 and 2014 were as follows (in thousands):

	2015	2014
Balance at beginning of year	$ 2,209	$ 2,738
Claims and changes in estimates	373	241
Less: Payments	(603)	(770)
Balance at end of year	$ 1,979	$ 2,209

The Department participates in the workers' compensation self-insurance program of the County, administered by the Risk Management Division. Risk Management charges a "premium" to each County department based on

amounts necessary to provide funding for expected payments during the fiscal year. The estimate of IBNR losses is performed by an independent actuary. The Department maintains a liability in the amount of $1.9 million at September 30, 2015, for possible funding of these IBNR losses. The County maintains no excess coverage with independent carriers for workers' compensation. The Department's total self-insurance liability was $3.6 million as of September 30, 2015.

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

The Department purchases a master property insurance policy covering most properties. For windstorm losses the policy carries a deductible of 5% of the total insured value of the damaged building(s), including contents, subject to a minimum of $250,000 and a maximum of $40,000,000 per occurrence. A $1,000,000 deductible applies to most other perils. The current limit of the policy is $200,000,000 per occurrence.

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

11. CONTRIBUTIONS

Contributions during fiscal year 2015 are presented as follows (in thousands):

	2015
Contributed Facilities:	
Developers	$46,692

12. RELATED PARTY TRANSACTIONS

The Department provides water and wastewater services to other County departments as part of the normal course of business, based on regular retail rates. The Department also provides billing services to other County departments. The County provides various services to the Department which are charged using direct and indirect cost allocation methods. The Department reimburses the County (General Fund) for certain administrative services. The following table presents a list of providers of services and respective payments for the fiscal year ended September 30, 2015 (in thousands):

	2015
Public Works	$ 26,399
General Fund	20,997
Information Technology	15,103
Internal Services	12,130
Office of Procurement Mgmt	3,325
Other County Departments	8,047

In addition to the payments, the Department had related payables of $9.1 million at September 30, 2015. The Department also has receivables from other County departments amounting to $18.0 million at September 30, 2015. The Department has every intention of paying the outstanding payables on a timely basis, and is confident it will collect the outstanding receivables.

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

13. COMMITMENTS AND CONTINGENCIES

CONSTRUCTION

The Department had contractual commitments of $361.9 million for plant and infrastructure construction at September 30, 2015.

LEGAL CONTINGENCIES

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

FEDERAL GRANTS

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

REBATABLE ARBITRAGE EARNINGS

Federal tax law requires that arbitrage interest earnings be remitted to the federal government, unless the local government qualifies for an exemption. As of September 30, 2015 the Department had no obligation to rebate and in 2015, the Department did not record any obligation of interest earned on bond proceeds invested in taxable securities in excess of interest costs. These arbitrage rebates are payable five years from the date of bond issuance and each five years thereafter. The amount of the obligation, if any, will be determined based on actual interest earned.

SETTLEMENT AGREEMENTS AND CONSENT DECREES

In 1993, the Department entered into a settlement agreement with the Florida Department of Environmental Protection (FDEP) resulting in very limited restriction on new sewer construction in certain areas of the County until adequate capacity became available in the wastewater system. Subsequently, in 1994 and 1995, two consent decrees, the First Partial Consent Decree (FPCD) and the Second and Final Partial Consent Decree (SFPCD), were entered into with the United States of America whereby the Department accelerated its improvement program of the wastewater system, subject to a schedule of stipulated penalties if certain established completion dates are not met. All requirements of the Settlement Agreement were satisfied and the Agreement closed by FDEP on September 1, 2011.

On May 21, 2013, the Board of County Commissioners approved a Resolution authorizing execution of a new Consent Decree between Miami-Dade County, the United States of America, the State of Florida and Florida Department of Environmental Protection (FDEP). It was lodged with the Clerk of the Court for the U.S. District Court for the Southern District of Florida on June 6, 2013, and became effective on December 6, 2013. The new Consent Decree was subsequently approved by The Court; the date of entry is recorded as April 9, 2014. Upon the Date of Entry, the FPCD and SFPCD were terminated with the Department having maintained compliance with all the provision, incurring no penalties. The terms and conditions of the new Consent Decree are intended to replace and supersede the terms and provisions of the FPCD and SFPCD, and recognize that appropriate modifications and updates are warranted due to the fact that conditions within and circumstances surrounding the Miami-Dade's Wastewater Collection and Transmission System (WCTS) have changed since entry of the FPCD and SFPCD in mid 1990s. The Department is in compliance with the provisions of the new Consent Decree.

14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

PLAN DESCRIPTION

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

To be eligible to receive retiree medical and dental benefits, participants must be eligible for retirement benefits under the Florida Retirement System (FRS) or the Public Health Trust of Miami-Dade County, Florida, Defined Benefit Retirement Plan and pay required contributions. Refer to note 9, Pension Plan, for a description of eligibility requirements.

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

- AvMed POS
- AvMed HMO High
- AvMed HMO Select

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

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

FUNDING POLICY

The County contributes to both the pre-65 and post-65 retiree medical coverage. Medical contributions vary based on plan and tier. Retirees pay the full cost of dental coverage. The postretirement medical and dental benefits are currently funded on a pay-as-you go basis. Contributions are required for both retiree and dependent coverage. Retirees contribute a portion of the full active premium equivalent rates for health coverage. The County subsidy is assumed to remain flat.

The County's contribution is the actual pay-as-you-go postemployment benefit payments less participant contributions. No assets have been segregated and restricted to provide postretirement benefits. For fiscal year 2015, the Department contributed $2.4 million, to the plan.

ANNUAL OPEB COST AND NET OPEB OBLIGATION

The Department's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The Department's annual OPEB cost for fiscal year 2015 is as follows (dollar amounts in thousands):

	2015
Annual required contribution	$2,619
Interest on OPEB obligation	231
Adjustment of annual required contribution	212
Annual OPEB Cost	2,638
Contributions made	2,404
Increase in net OPEB obligation	234
Net OPEB obligation – beginning of year	5,258
Net OPEB obligation – end of year	$5,492

The Department's annual OPEB cost, the percentage of annual cost contributed to the plan, and the net OPEB obligation for fiscal years 2015 and 2014 were as follows (dollars in thousands):

	2015	2014
Annual OPEB cost	$2,638	$2,497
Percentage of Annual OPEB Cost Contributed	91.1%	89.8%
Net OPEB Obligation	$5,492	$5,258

FUNDED STATUS AND FUNDING PROGRESS

The schedule below shows the balance of the County's actuarial accrued liability (AAL), all of which was unfunded as of September 30, 2015. An estimated 9% of this liability can be attributed to the Department (dollar amounts in thousands).

	2015
Actuarial Valuation Date	10/1/2013
Actuarial Value of Assets (a)	-
Actuarial Accrued Liability (AAL) (b)	$332,637
Unfunded AAL (UAAL) (b-a)	$332,637
Funded Ratio (a/b)	0%
Estimated Covered Payroll (c)	$1,430,604
UAAL as % of Covered Payroll ([b-a]/c)	23%

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

ACTUARIAL METHODS AND ASSUMPTION

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

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

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

Actual valuation date	10/1/2013
Amortization method	Level percentage of payroll, closed
Remaining amortization period	23 years
Actuarial Assumptions:	
Discount rate	4.40%
Payroll growth assumption	3.00%
Inflation rate	3.50%
Health care trend rates	8% initial to 5% ultimate
Mortality table	RP 2014

Further, the participation assumption used in the valuation (the assumed percentage of future retirees that participate and enroll in the health plan) is 20% for those prior to age 55 (50 if special risk) and 60% until age 65. Once reaching Medicare eligibility, the participation rate is assumed to be 20%.

The valuation assumes that the County will continue to fund the liability on a pay-as-you-go basis and that the County's per-capita contribution for retiree benefits will remain flat. As a result, the retiree contributions will be increased to the extent necessary so that they are sufficient to provide for the difference between the gross costs and the fixed County contributions.

15. SUBSEQUENT EVENTS

On September 17, 2015, the Board of County Commissioners adopted a County Budget Ordinance that includes a six percent increase to the monthly water and wastewater retail customer bill using an average of 6,750 gallons, effective October 1, 2015. In addition, the County Ordinance authorized rate increases to both water and wastewater wholesale rates per thousand gallons based on the cost of service study. Other miscellaneous fees and charges increased effective October 1, 2015.

Required Supplementary Information

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Estimated Covered Payroll (c)	UAAL as % of Covered Payroll ([b-a]/c)
10/1/2015	$0	$332,637	$332,637	0%	$1,430,604	23%
10/1/2014	0	330,042	330,042	0%	1,430,604	23%
10/1/2013	0	362,669	362,669	0%	1,447,127	25%
10/1/2011	0	357,006	357,006	0%	1,661,941	21%
10/1/2010	0	297,218	297,218	0%	1,620,593	18%
10/1/2009	0	281,470	281,470	0%	1,573,391	18%

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

Required Supplementary Information

MIAMI-DADE WATER & SEWER DEPARTMENT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DEPARTMENT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM PENSION PLAN
SEPTEMBER 30, 2015
(dollars in thousands)

	2015	2014
Department's proportion of the County's FRS net pension liability	5.93%	5.93%
Department's proportionate share of the County's FRS net pension liability	$ 56,649	$ 27,104
Department's covered employee payroll	$ 131,903	$ 126,610
Department's proportionate share of the County's FRS net pension liability as a percentage of its covered employee payroll	42.95%	21.41%
FRS Plan fiduciary net position as a percentage of the total pension liability	92%	92%

MIAMI-DADE WATER & SEWER DEPARTMENT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DEPARTMENT'S CONTRIBUTIONS-
FLORIDA RETIREMENT SYSTEM PENSION PLAN
SEPTEMBER 30, 2015
(dollars in thousands)

	2015	2014
Contractually required FRS contribution	$ 10,693	$ 9,730
FRS contribution in relation to the contractually required contribution	10,693	9,730
FRS contribution deficiency (excess)	$ -	$ -
Department's covered payroll	$ 131,903	$ 126,610
FRS contribution as a percentage of covered employee payroll	8.11%	7.69%

Note: The amounts presented for each fiscal year were determined as of June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for fiscal years ending June 30, 2014 and 2015 are available.

Required Supplementary Information

MIAMI-DADE WATER & SEWER DEPARTMENT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DEPARTMENT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY PENSION PLAN
SEPTEMBER 30, 2015
(dollars in thousands)

	2015	2014
Department's proportion of the County's HIS net pension liability	5.93%	5.93%
Department's proportionate share of the County's HIS net pension liability	$ 37,205	$ 33,960
Department's covered employee payroll	$ 164,213	$ 156,448
Department's proportionate share of the County's HIS net pension liability as a percentage of its covered employee payroll	22.66%	21.71%
HIS Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.50%

MIAMI-DADE WATER & SEWER DEPARTMENT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DEPARTMENT'S CONTRIBUTIONS-
HEALTH INSURANCE SUBSIDY PENSION PLAN
SEPTEMBER 30, 2015
(dollars in thousands)

	2015	2014
Contractually required HIS contribution	$ 1,394	$ 1,244
HIS contribution in relation to the contractually required contribution	1,394	1,244
HIS contribution deficiency (excess)	$ -	$ -
Department's covered payroll	$ 164,213	$ 156,448
HIS contribution as a percentage of covered employee payroll	0.85%	0.80%

Note: The amounts presented for each fiscal year were determined as of June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for fiscal years ending June 30, 2014 and 2015 are available.

Supplementary Financial Data

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

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

Water System

STATEMENT OF NET POSITION

	September 30, 2015
	(In thousands)
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	$ 361
Investments	45,276
Accounts Receivable	
(net of allowance for uncollectible accounts of $11.5 million)	52,902
Inventory of materials and supplies	17,631
Other current assets	2,909
Restricted cash and cash equivalents	38,156
Total current assets	157,235
NONCURRENT RESTRICTED ASSETS:	
Cash and cash equivalents	69,384
Investment derivative instrument	25,992
Investments	178,392
Long-tern receivable - General Fund	15,000
Grants receivable	-
Total restricted assets	288,768
OTHER ASSETS:	
Other charges, net	7,845
Total other assets	7,845
CAPITAL ASSETS:	
Land	20,452
Structures and Improvements	1,839,803
Equipment	337,117
Utility plant in service before depreciation	2,197,372
Less accumulated depreciation	(960,073)
Net utility plant in service	1,237,299
Construction work in progress	195,532
Total capital assets	1,432,831
Total noncurrent assets	1,729,444
Total Assets	1,886,679
DEFERRED OUTFLOWS OF RESOURCES:	
Loss on refundings	16,911
Bond Insurance	1,066
Outflow related to pension	7,876
Total deferred outflows of resources	25,853
Total Assets and Deferred Outflows of Resources	$ 1,912,532

(Continued)

Water System

SCHEDULE OF NET POSITION

(Continued)	September 30, 2015
	(In thousands)
LIABILITIES	
CURRENT LIABILITIES (PAYABLE FROM UNRESTRICTED CURRENT ASSETS):	
Accounts payable and accrued expenses	$ 20,947
Customer and developer deposits	10,436
Current portion of long-term debt	1,944
Liability for compensated absences	2,555
Other liabilities	350
Total Current Liabilities (payable from unrestricted current assets)	36,232
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED CURRENT ASSETS):	
Accounts payable and accrued expenses	12,344
Retainage payable	1,114
Current portion of long-term debt	12,256
Accrued interest payable	11,846
Liability for self insurance	595
Total current liabilities (payable from restricted current assets)	38,155
Total current liabilities	74,387
NONCURRENT LIABILITIES:	
Revenue bonds payable, net	503,597
State loan obligations, net	17,078
Liability for self-insurance	1,384
Liability for compensated absences	12,831
Liability for post-employment benefits	5,492
Net pension liability	46,927
Total noncurrent liabilities	587,309
Total liabilities	661,696
DEFERRED INFLOWS OF RESOURCES:	
Gain on refundings	-
Inflow related to pension	10,363
Total deferred inflows of resources	10,363
Total Liabiliries and Deferred Inflows of Resources	672,059
NET POSITION	
Net investment in capital assets	1,018,012
Restricted for:	
Capital projects	48,603
Debt service	32,238
Unrestricted	141,620
Total net position	1,240,473
Total liabilities, deferred inflows of resources and net position	$ 1,912,532

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

Water System

STATEMENT OF REVENEUS, EXPENSES AND CHANGES IN NET POSITION

For the fiscal year ended September 30,	2015
	(In thousands)
OPERATING REVENUES:	
Retail	$ 233,464
Wholesale	37,008
Other Revenues	14,966
Total operating revenues	285,438
OPERATING AND MAINTENANCE EXPENSES:	
Source of supply	10,931
Power and pumping	2,054
Treatment	63,921
Transmission and distribution	30,892
Customer accounting	3,492
Customer service	12,159
General and administrative	34,078
Total operating and maintenance expenses	157,527
Operating income before depreciation	127,911
DEPRECIATION	66,642
Operating income	61,269
NON-OPERATING REVENUES (EXPENSES):	
Interest income	10,127
Interest expense	(19,169)
Amortization of insurance costs	274
Customer connection fees	8,353
Other revenues	2,953
Other expenses	(1,768)
Income before contributions	62,039
Capital contributions	27,918
Transfer (to) Wastewater System	(67,666)
Increase in net position	22,291
Net position at beginning of year, as previously reported	1,270,971
GASB No. 68 Restatement[1]	(52,789)
Net position at beginning of year, restated	1,218,182
Net position at end of year	$ 1,240,473

[1] The Department implemented GASB Statement No. 68 in fiscal year 2015. As a result, the Department's beginning net position in fiscal year 2015 was restated to account for the effects of disclosing pension costs.

Water System

SCHEDULE OF CASH FLOWS

For the fiscal year ended September 30,	2015
	(In thousands)
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	$ 297,426
Cash paid to suppliers for goods and services	(66,728)
Cash paid to employees for services	(89,396)
Transfer from Wastewater System	(67,666)
Net cash provided by operating activities	73,636
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Loan to County's General Fund	5,000
Net cash provided by non-capital financing activities	5,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from bond issues, loan agreements and notes	83,532
Principal payments - bond, loans and notes	(100,257)
Bond premium	(12,677)
Interest paid	(13,032)
Acquisition and construction of capital assets	(65,897)
Net cash (used) by capital and related financing activities	(108,331)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investment securities	(161,643)
Proceeds from sale and maturity of investment securities	270,527
Interest on investments	(129,051)
Net cash (used) provided by investing activities	(20,167)
Net decrease in cash and cash equivalents	(49,862)
Cash and cash equivalents at beginning of year	157,763
Cash and cash equivalents at end of year	$ 107,901

(Continued)

Water System

SCHEDULE OF CASH FLOWS

(Continued) For the fiscal year ended September 30,	2015
	(In thousands)
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	$ 61,269
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	66,643
Provision for uncollectible accounts	316
Other revenues	(1,426)
Non-operating other, net	9,538
Transfer to/from reserves	(67,666)
(Increase) decrease in assets and deferred outflows:	
Accounts Receivable	(1,702)
Inventory of materials and supplies	972
Other current assets	(187)
Contracts receivable	(29)
Other charges	2,626
Deferred outflows related to pension	(3,540)
Increase (decrease) in liabilities and deferred inflows:	
Accounts payable and accrued expenses	5,494
Customer and developer deposits	2,343
Accrued interest payable	(1,131)
Liability for compensated absences	130
Other liabilities	(183)
Liability for other post-employment benefits	234
Liability for self-insurance	(230)
Net pension liability	16,394
Deferred inflows related to pension	(16,229)
Net cash provided by operating activities	$ 73,636

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

Property, plant and equipment contributions were received in amounts of $27.9 million in fiscal year 2015.

The change in the fair value of investments was a $0.2 million increase in fiscal year 2015.

The change in the fair value of swaps was a $9.2 million increase in fiscal year 2015.

RECONCILIATION OF CASH AND CASH EQUIVALENTS AT END OF YEAR	
Unrestricted Current Cash and Cash Equivalents	$ 361
Restricted Current Cash and Cash Equivalents	38,156
Restricted Noncurrent Cash and Cash Equivalents	69,384
Total cash and cash equivalents at end of year	$ 107,901

Water System

SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES

Budget and Actual
For the year ended September 30, 2015
(In thousands)

	Budget	Actuals	Variance under (over)
Source of Supply	$ 19,220	$ 10,931	$ 8,289
Power and pumping	1,643	2,054	(411)
Treatment	64,486	63,921	565
Transmission and distribution	28,818	30,892	(2,074)
Customer accounting	4,544	3,492	1,052
Customer service	12,693	12,159	534
General and administrative	43,492	34,078	9,414
Totals	$ 174,896	$ 157,527	$ 17,369

Wastewater System

SCHEDULE OF NET POSITION

September 30,	2015
	(In thousands)
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	$ 31,120
Investments	18,793
Accounts Receivable	
(net of allowance for uncollectible accounts of $9.8 million)	64,173
Inventory of materials and supplies	20,790
Restricted cash and cash equivalents	124,270
Total current assets	259,146
NONCURRENT RESTRICTED ASSETS:	
Cash and cash equivalents	1,376
Investment derivative instrument	25,992
Investments	226,040
Contracts receivable	35
Total restricted assets	253,443
OTHER ASSETS:	
Other charges, net	35,069
Total other assets	35,069
CAPITAL ASSETS:	
Land	38,202
Structures and Improvements	3,006,151
Equipment	800,949
Utility plant in service before depreciation	3,845,302
Less accumulated depreciation	(1,979,870)
Net utility plant in service	1,865,432
Construction work in progress	400,582
Total capital assets	2,266,014
Total noncurrent assets	2,554,526
Total Assets	2,813,672
DEFERRED OUTFLOWS OF RESOURCES:	
Loss on refundings	77,053
Bond Insurance	4,331
Outflow related to pension	7,875
Total deferred outflows of resources	89,259
Total Assets and Deferred Outflows of Resources	$ 2,902,931

(Continued)

Wastewater System

SCHEDULE OF NET POSITION

(Continued)	September 30, 2015 (In thousands)
LIABILITIES	
CURRENT LIABILITIES (PAYABLE FROM UNRESTRICTED CURRENT ASSETS):	
Accounts payable and accrued expenses	$ 33,390
Customer and developer deposits	6,351
Current portion of long-term debt	6,463
Liability for compensated absences	7,157
Other liabilities	34
Total Current Liabilities (payable from unrestricted current assets)	53,395
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED CURRENT ASSETS):	
Accounts payable and accrued expenses	27,059
Retainage payable	6,943
Current portion of long-term debt	55,438
Accrued interest payable	34,831
Total current liabilities (payable from restricted current assets)	124,271
Total current liabilities	177,666
NONCURRENT LIABILITIES:	
Revenue bonds payable, net	1,557,782
State loan obligations, net	134,159
Liability for compensated absences	19,193
Net pension liability	46,926
Total noncurrent liabilities	1,758,060
Total liabilities	1,935,726
DEFERRED INFLOWS OF RESOURCES:	
Inflow related to pension	10,362
Total deferred inflows of resources	10,362
Total Liabiliries and Deferred Inflows of Resources	1,946,088
NET POSITION	
Net investment in capital assets	588,431
Restricted for:	
Capital projects	154,717
Debt service	104,508
Unrestricted	109,187
Total net position	956,843
Total liabilities, deferred inflows of resources and net position	$ 2,902,931

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

Wastewater System

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the fiscal year ended September 30,	2015
	(In thousands)
OPERATING REVENUES:	
Retail	$ 252,737
Wholesale	61,802
Other Revenues	13,339
Total operating revenues	327,878
OPERATING AND MAINTENANCE EXPENSES:	
Collection system	27,634
Pumping	37,330
Treatment	92,308
Customer accounting	2,863
Customer service	9,554
General and administrative	41,691
Total operating and maintenance expenses	211,380
Operating income before depreciation	116,498
DEPRECIATION	122,267
Operating loss	(5,769)
NON-OPERATING REVENUES (EXPENSES):	
Interest income	10,430
Interest expense	(56,559)
Amortization of insurance costs	(13,700)
Customer connection fees	34,354
Other revenues	6,244
Other expenses	(524)
Loss before contributions	(25,524)
Capital contributions	18,774
Transfer from Water System	67,666
Increase in net position	60,916
Net position at beginning of year, as previously reported	948,716
GASB No. 68 Restatement[1]	(52,789)
Net position at beginning of year, restated	895,927
Net position at end of year	$ 956,843

[1] The Department implemented GASB Statement No. 68 in fiscal year 2015. As a result, the Department's beginning net position in fiscal year 2015 was restated to account for the effects of disclosing pension costs.

Wastewater System

SCHEDULE OF CASH FLOWS

For the fiscal year ended September 30,	2015
	(In thousands)
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	$ 363,859
Cash paid to suppliers for goods and services	(89,684)
Cash paid to employees for services	(120,829)
Transfer to Wastewater System	67,666
Net cash provided by operating activities	221,012
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from bond issues, loan agreements and notes	400,939
Principal payments - bond, loans and notes	(473,968)
Bond premium	(76,124)
Interest paid	(2,318)
Acquisition and construction of capital assets	(202,560)
Net cash (used) by capital and related financing activities	(354,031)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investment securities	(615,548)
Proceeds from sale and maturity of investment securities	619,931
Interest on investments	141,430
Net cash provided by investing activities	145,813
Net (decrease) in cash and cash equivalents	12,794
Cash and cash equivalents at beginning of year	143,972
Cash and cash equivalents at end of year	$ 156,766

(Continued)

Wastewater System

SCHEDULE OF CASH FLOWS

(Continued) For the fiscal year ended September 30,	2015
	(In thousands)
RECONCILIATION OF OPERATING LOSS/INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	$ (5,769)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	122,267
Provision for uncollectible accounts	367
Other revenues	(7,561)
Non-operating other, net	40,074
Trasnfer to/from reserves	67,666
(Increase) decrease in assets and deferred outflows:	
Accounts Receivable	(5,656)
Inventory of materials and supplies	(1,099)
Contracts receivable	96
Other charges	12,927
Deferred outflows related to pension	(3,540)
Increase (decrease) in liabilities and deferred inflows:	
Accounts payable and accrued expenses	5,252
Customer and developer deposits	949
Accrued interest payable	(5,372)
Liability for compensated absences	212
Other liabilities	34
Net pension liability	16,394
Deferred Inflows related to pension	(16,229)
Net cash provided by operating activities	$ 221,012

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

Property, plant and equipment contributions were received in amounts of $18.8 million in fiscal year 2015.

The change in the fair value of investments was a $0.3 million increase in fiscal year 2015.

The change in the fair value of swaps was a $9.2 million increase in fiscal year 2015.

RECONCILIATION OF CASH AND CASH EQUIVALENTS AT END OF YEAR	
Unrestricted Current Cash and Cash Equivalents	$ 31,120
Restricted Current Cash and Cash Equivalents	124,270
Restricted Noncurrent Cash and Cash Equivalents	1,376
	$ 156,766

Wastewater System

SCHEDULE OF OPERATING AND MAINTENANCE EXPENSES

Budget and Actual
For the year ended September 30, 2015
(In thousands)

	Budget	Actuals	Variance under (over)
Collection system	$ 21,834	$ 27,634	$ (5,800)
Pumping	36,593	37,330	(737)
Treatment	83,104	92,308	(9,204)
Customer accounting	3,817	2,863	954
Customer service	9,575	9,554	21
General and administrative	53,187	41,691	11,496
Totals	$ 208,110	$ 211,380	$ (3,270)

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Statistical Section

Statistical Section

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

Contents

Financial Trends
These schedules, found on pages 83-86, contain trend information to help the reader understand how the Department's financial performance and well-being have changed over time.

Revenue Capacity
These schedules, found on pages 87-89, contain information to help the reader asses the factors affecting the Department's ability to generate revenue.

Debt Capacity
These schedules, found on pages 90-91, present information to help the reader assess the affordability of the Department's current levels of outstanding debt and the Department's ability to issue additional debt in the future.

Demographic and Economic Information
These schedules, found on pages 92-98, offer demographic and economic indicators to help the reader understand the environment within which the Department's financial activities take place.

Operating and Capital Information
These schedules, found on pages 99-101, contain service and infrastructure data to help the reader understand how the information in the Department's financial report related to the services the Department provides and the activities it performs.

Net Position

BY COMPONENTS - LAST TEN FISCAL YEARS

(in thousands)	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
COMBINED WATER AND WASTEWATER SYSTEMS:										
Net investment in capital assets	$1,606,443	$1,542,930	$1,474,197	$1,567,455	$1,530,096	$1,535,755	$1,590,038	$1,396,153	$1,402,138	$1,438,567
Restricted	340,066	321,122	273,623	223,887	243,292	279,576	150,114	397,803	468,819	384,233
Unrestricted	250,807	355,635	449,515	431,933	413,233	379,683	436,651	345,543	282,464	294,435
Total net position	$2,197,316	$2,219,687	$2,197,335	$2,223,275	$2,186,621	$2,195,014	$2,176,803	$2,139,499	$2,153,421	$2,117,235
WATER SYSTEM										
Net investment in capital assets	$1,018,012	$988,585	$943,883	$971,727	$947,539	$936,355	$911,206	$830,671	$832,337	$807,171
Restricted	80,841	93,302	96,841	73,822	84,993	110,491	50,571	140,103	146,483	117,705
Unrestricted	141,620	189,084	252,612	222,278	214,739	193,724	233,984	191,960	172,356	187,205
Total net position	$1,240,473	$1,270,971	$1,293,336	$1,267,827	$1,247,271	$1,240,570	$1,195,761	$1,162,734	$1,151,176	$1,112,081
WASTEWATER SYSTEM										
Net investment in capital assets	$588,431	$554,345	$530,314	$595,728	$582,557	$599,400	$678,832	$565,482	$569,801	$628,396
Restricted	259,225	227,820	176,782	150,065	158,298	169,086	99,543	257,700	322,336	266,527
Unrestricted	109,187	166,551	196,903	209,655	198,495	185,958	202,667	153,583	110,108	110,231
Total net position	$956,843	$948,716	$903,999	$955,448	$939,350	$954,444	$981,042	$976,765	$1,002,245	$1,005,154

Combined Water and Wastewater System

SCHEDULE OF REVENUES AND EXPENSES - LAST TEN FISCAL YEARS

(in thousands)	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
OPERATING REVENUES:										
Retail	$ 486,201	$ 465,057	$ 437,778	$ 429,003	$428,832	$ 393,420	$ 372,265	$ 342,303	$ 330,475	$341,555
Wholesale	98,810	85,771	88,754	82,710	90,671	84,489	68,178	72,246	75,690	78,310
Other	28,305	28,022	21,876	24,589	26,157	40,486	38,293	22,927	22,455	20,450
Total operating revenues	613,316	578,850	548,408	536,302	545,660	518,395	478,736	437,476	428,620	440,315
OPERATING AND MAINTENANCE EXPENSES:										
Source of supply	10,931	10,788	10,874	10,705	13,558	12,354	14,208	12,006	6,710	5,381
Collection system	27,634	22,500	21,638	20,150	20,385	21,523	15,987	19,293	19,965	18,111
Pumping	39,384	37,355	36,508	35,883	32,892	31,919	32,611	32,790	34,647	33,605
Treatment	156,229	145,513	139,555	134,178	134,650	130,010	134,454	129,219	121,931	118,524
Transmission and distribution	30,892	28,844	27,882	27,423	27,929	28,459	25,428	26,528	25,747	23,081
Customer accounting and service	28,068	23,180	25,155	23,574	24,231	28,003	27,572	25,906	27,599	22,974
General and administrative	75,769	81,662	78,552	73,164	79,165	97,364	78,669	76,222	74,028	71,210
Total operating and maintenance expense	368,907	349,842	340,164	325,077	332,810	349,632	328,929	321,964	310,627	292,886
Operating income before depreciation	244,409	229,008	208,244	211,225	212,850	168,763	149,807	115,512	117,993	147,429
DEPRECIATION	188,909	183,557	177,570	163,315	159,158	160,469	152,428	154,881	158,691	184,820
Operating income (loss)	55,500	45,451	30,674	47,910	53,692	8,294	(2,621)	(39,369)	(40,698)	(37,391)
NON-OPERATING REVENUES(EXPENSES):										
Investment income (loss)	20,557	3,933	(18,351)	21,797	6,193	18,160	13,440	28,489	43,347	48,892
Interest expense	(75,728)	(89,678)	(78,538)	(85,478)	(85,511)	(71,229)	(63,787)	(66,320)	(63,507)	(68,905)
Other income	36,186	42,670	28,572	24,269	15,897	18,588	33,857	36,517	56,614	1,116
Income (loss) before contributions and transfers	36,515	2,376	(37,643)	8,498	(9,729)	(26,187)	(19,111)	(40,683)	(4,244)	(56,288)
Capital contributions	46,692	35,810	19,459	28,156	33,556	30,487	56,415	26,761	40,430	87,707
Transfers to County's General Fund	-	-	-	-	(32,220)	-	-	-	-	(22,868)
Increase (decrease) in net position	$ 83,207	$ 38,186	$ (18,184)	$ 36,654	$ (8,393)	$ 4,300	$ 37,304	$ (13,922)	$ 36,186	$ 8,551

Water System

SCHEDULE OF REVENUES AND EXPENSES - LAST TEN FISCAL YEARS

(in thousands)	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
OPERATING REVENUES:										
Retail	$ 233,464	$ 219,880	$ 207,117	$ 202,633	$202,189	$ 193,632	$ 169,568	$ 154,796	$ 151,034	$157,827
Wholesale	37,008	28,815	29,210	35,330	37,990	38,554	29,041	22,909	27,045	29,193
Other	14,966	14,908	11,985	13,167	13,517	12,936	27,102	12,839	12,631	11,142
Total operating revenues	285,438	263,603	248,312	251,130	253,696	245,122	225,711	190,544	190,710	198,162
OPERATING AND MAINTENANCE EXPENSES:										
Source of supply	10,931	10,788	10,874	10,705	13,558	12,354	14,208	12,006	6,710	5,381
Pumping	2,054	1,911	1,816	1,798	1,942	2,003	2,407	2,134	2,593	3,274
Treatment	63,921	58,741	60,188	59,811	62,138	61,967	64,457	61,317	55,925	56,164
Transmission and distribution	30,892	28,844	27,882	27,423	27,929	28,459	25,428	26,528	25,747	23,081
Customer accounting and service	15,651	13,025	13,908	12,841	13,325	15,602	15,325	14,337	15,308	13,144
General and administrative	34,078	36,711	35,292	32,936	35,644	43,860	35,380	34,864	33,299	31,967
Total operating and maintenance expenses	157,527	150,020	149,960	145,514	154,536	164,245	157,205	151,186	139,582	133,011
Operating income before depreciation	127,911	113,583	98,352	105,616	99,160	80,877	68,506	39,358	51,128	65,151
DEPRECIATION	66,642	65,456	69,581	61,158	61,122	62,604	59,028	60,859	61,349	79,708
Operating income (loss)	61,269	48,127	28,771	44,458	38,038	18,273	9,478	(21,501)	(10,221)	(14,557)
NON-OPERATING REVENUES(EXPENSES):										
Investment income (loss)	10,127	1,769	(8,574)	10,980	3,061	8,383	6,713	12,273	17,489	21,841
Interest expense	(19,169)	(21,731)	(14,203)	(17,437)	(18,932)	(14,088)	(15,313)	(15,035)	(15,090)	(9,324)
Other income (loss)	9,812	13,090	6,461	10,024	8,602	8,374	19,491	12,997	27,800	(1,599)
Income (loss) before contributions and transfers	62,039	41,255	12,455	48,025	30,769	20,942	20,369	(11,266)	19,978	(3,639)
Capital contributions	27,918	21,370	11,490	15,749	24,108	18,245	28,896	14,518	23,701	31,788
Transfers to County's General Fund	-	-	-	-	(14,499)	-	-	-	-	(10,176)
Transfer (to) from Wastewater System	(67,666)	(80,939)	1,564	(43,218)	(33,677)	(1,333)	(16,238)	8,306	(4,584)	(40,720)
Increase (decrease) in net position	$ 22,291	$ (18,314)	$ 25,509	$ 20,556	$ 6,701	$ 37,854	$ 33,027	$ 11,558	$ 39,095	$ (22,747)

Wastewater System

SCHEDULE OF REVENUES AND EXPENSES - LAST TEN FISCAL YEARS

(in thousands)	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
OPERATING REVENUES:										
Retail	$ 252,737	$ 245,167	$ 230,661	$ 226,370	$226,643	$215,945	$202,697	$187,507	$179,441	$183,728
Wholesale	61,802	56,956	59,544	47,380	52,681	45,936	39,137	49,337	48,645	49,117
Other	13,339	13,114	9,891	11,422	12,640	11,392	11,191	10,088	9,824	9,308
Total operating revenues	327,878	315,237	300,096	285,172	291,964	273,273	253,025	246,932	237,910	242,153
OPERATINING AND MAINTENANCE EXPENSES:										
Collection system	27,634	22,500	21,638	20,150	20,385	21,523	15,987	19,293	19,965	18,111
Pumping	37,330	35,444	34,692	34,085	30,950	29,916	30,204	30,656	32,054	30,331
Treatment	92,308	86,772	79,367	74,367	72,512	68,043	69,997	67,902	66,006	62,360
Customer accounting and service	12,417	10,155	11,247	10,733	10,906	12,401	12,247	11,569	12,291	9,830
General and administrative	41,691	44,951	43,260	40,228	43,521	53,504	43,289	41,358	40,729	39,243
Total operating and maintenance expenses	211,380	199,822	190,204	179,563	178,274	185,387	171,724	170,778	171,045	159,875
Operating income before depreciation	116,498	115,415	109,892	105,609	113,690	87,886	81,301	76,154	66,865	82,278
DEPRECIATION	122,267	118,101	107,989	102,157	98,036	97,865	93,400	94,022	97,342	105,112
Operating (loss) income	(5,769)	(2,686)	1,903	3,452	15,654	(9,979)	(12,099)	(17,868)	(30,477)	(22,834)
NON-OPERATING REVENUES(EXPENSES)										
Investment income (loss)	10,430	2,164	(9,777)	10,817	3,132	9,777	6,727	16,216	25,858	27,051
Interest expense	(56,559)	(67,947)	(64,335)	(68,041)	(66,579)	(57,141)	(48,474)	(51,285)	(48,417)	(59,581)
Other income	26,374	29,580	22,111	14,245	7,295	10,214	14,366	23,520	28,814	2,715
Loss before contributions and transfers	(25,524)	(38,889)	(50,098)	(39,527)	(40,498)	(40,129)	(39,480)	(29,417)	(24,222)	(52,649)
Capital contributions	18,774	14,440	7,969	12,407	9,448	12,242	27,519	12,243	16,729	55,919
Transfers to County's General Fund	-	-	-	-	(17,721)	-	-	-	-	(12,692)
Transfer from (to) Water System	67,666	80,939	(1,564)	43,218	33,677	1,333	16,238	(8,306)	4,584	40,720
Increase (decrease) in net position	$ 60,916	$ 56,490	$ (43,693)	$ 16,098	$ (15,094)	$ (26,554)	$ 4,277	$ (25,480)	$ (2,909)	$ 31,298

Water and Wastewater System Rates

LAST TEN FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
WATER RATES:										
Meter Size Rate										
5/8"	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20
1"	10.77	10.16	9.41	9.41	9.41	8.96	8.00	8.61	8.22	7.87
1.5"	21.55	20.33	18.82	18.82	18.82	17.92	16.00	13.43	12.82	12.27
2"	34.46	32.51	30.10	30.10	30.10	28.67	25.60	28.73	27.42	26.24
3"	68.93	65.03	60.21	60.21	60.21	57.34	51.20	61.32	58.51	55.99
4"	107.71	101.61	94.08	94.08	94.08	89.60	80.00	95.77	91.39	87.45
6"	215.40	203.21	188.16	188.16	188.16	179.20	160.00	153.22	146.22	139.92
8"	344.65	325.14	301.06	301.06	301.06	286.72	256.00	268.16	255.88	244.86
10"	495.43	467.39	432.77	432.77	432.77	412.16	368.00	574.63	548.31	524.70
12"	926.25	873.82	809.09	809.09	809.09	770.56	688.00	1,085.41	1,035.70	991.10
14"	1,723.24	1,625.70	1,505.28	1,505.28	1,505.28	1,433.60	1,280.00	2,043.13	1,949.55	1,865.60
16"	2,369.46	2,235.34	2,069.76	2,069.76	2,069.76	1,971.20	1,760.00	3,830.87	3,655.41	3,498.00
Composite rate (revenues/flows)	3.66	3.46	2.99	2.93	2.95	2.75	2.57	2.38	2.24	2.20
WASTEWATER RATES:										
Base rate (per 1,000 gallons)	N/A	N/A	N/A	N/A	N/A	N/A	3.25	3.25	3.25	3.25
Meter Size Rate										
5/8"	3.25	3.25	3.25	3.25	3.25	3.25	3.25	-	-	-
1"	10.94	10.32	9.56	9.56	9.56	9.10	8.13	-	-	-
1.5"	21.88	20.64	19.11	19.11	19.11	18.20	16.25	-	-	-
2"	35.01	33.03	30.58	30.58	30.58	29.12	26.00	-	-	-
3"	70.00	66.04	61.15	61.15	61.15	58.24	52.00	-	-	-
4"	109.38	103.19	95.55	95.55	95.55	91.00	81.25	-	-	-
6"	218.77	206.39	191.10	191.10	191.10	182.00	162.50	-	-	-
8"	350.03	330.22	305.76	305.76	305.76	291.20	260.00	-	-	-
10"	503.17	474.69	439.53	439.53	439.53	418.60	373.75	-	-	-
12"	940.72	887.47	821.73	821.73	821.73	782.60	698.75	-	-	-
14"	1,750.17	1,651.10	1,528.80	1,528.80	1,528.80	1,456.00	1,300.00	-	-	-
16"	2,406.49	2,270.27	2,102.10	2,102.10	2,102.10	2,002.00	1,787.50	-	-	-
Composite rate (revenues/flows)	5.16	4.98	4.69	4.64	4.67	4.38	4.08	3.78	3.54	3.47

Increases in Water and Wastewater rates must be approved by the Board of County Commissioners.

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

Water Treatment

LAST TEN FISCAL YEARS

(millions of gallons)	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
WATER PUMPED:										
Water treatment plants:										
Alexander Orr, Jr.	62,566	60,183	58,666	59,805	60,191	59,969	57,025	57,257	61,118	64,242
John E. Preston	27,044	26,942	30,586	27,232	26,555	27,632	30,638	29,468	29,456	32,602
Hialeah	19,488	19,248	21,241	22,688	23,685	24,335	23,880	22,794	25,573	25,926
South Dade Water System	3,570	2,607	2,670	2,658	2,580	2,274	2,502	2,384	2,407	2,380
Purchase water	164	124	178	152	179	145	386	676	538	493
Total water pumped	112,832	109,104	113,341	112,535	113,190	114,355	114,431	112,579	119,092	125,643
WATER SOLD:										
Wholesale:										
Miami Beach	8,346	7,615	7,903	7,918	8,410	6,952	6,489	6,848	7,931	8,107
Hialeah	6,623	7,285	9,429	9,121	9,598	9,103	8,110	8,081	8,228	8,616
North Miami	2,096	1,693	1,655	1,374	1,331	1,175	1,502	2,123	1,827	1,775
Opa-Locka	950	895	876	876	887	788	845	909	946	1,031
Hialeah Gardens	694	638	576	591	693	654	695	694	703	716
Homestead[1]	520	188	151	40	-	-	-	-	-	-
Bal Harbor	503	407	494	430	486	455	466	447	462	476
North Bay Village	430	405	415	391	387	395	365	343	322	360
Medley	365	470	516	479	328	400	393	398	433	496
Bay Harbor Islands	328	318	309	310	302	317	329	358	366	394
Surfside	326	303	299	312	317	328	343	327	371	395
West Miami	251	278	236	292	275	293	290	266	267	300
Indian Creek Village	134	117	120	122	133	121	140	133	146	165
Virginia Gardens	82	91	95	93	91	98	100	63	60	77
North Miami Beach[2]	3	-	-	-	-	100	107	1,013	2,588	3,888
Miami Springs[3]	-	-	-	-	-	-	-	771	870	704
Total wholesale	21,651	20,703	23,074	22,349	23,238	21,179	20,174	22,774	25,520	27,500
Retail	63,783	63,539	63,386	63,169	62,937	64,430	66,086	65,147	67,302	71,674
Total water sold	85,434	84,242	86,460	85,518	86,175	85,609	86,260	87,921	92,822	99,174
Non-account water	27,398	24,862	26,881	27,017	27,015	28,746	28,171	24,658	26,270	26,469
Non-account water as a percentage of total water pumped	24.28%	22.79%	23.72%	24.01%	23.87%	25.14%	24.62%	21.90%	22.06%	21.07%
Unaccounted for water as a percentage of total water pumped	8.37%	5.67%	8.88%	3.02%	10.46%	8.27%	9.90%	3.70%	6.20%	6.21%

[1] Homestead usage of water is limited to an as needed basis. Their usage is not consistent to that of a wholesale customer.

[2] North Miami Beach constructed their own water plant and beginning fiscal year 2009, has not had the need to purchase water.

[3] Miami Springs water system was purchased by the Department and beginning fiscal year 2009, is no longer a wholesale customer.

Wastewater Treatment

LAST TEN FISCAL YEARS

(millions of gallons)	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
WASTEWATER PLANT FLOWS:										
North District Plant	32,745	34,296	32,000	35,141	27,403	31,810	31,984	34,047	34,200	33,969
Central District Plant	40,662	44,044	43,696	45,014	37,653	41,654	45,095	41,987	40,469	40,866
South District Plant	33,413	37,382	36,274	41,472	33,036	33,997	32,241	33,163	33,257	33,214
Total wastewater plant flows	106,820	115,722	111,970	121,627	98,092	107,461	109,320	109,197	107,926	108,049
WASTEWATER TREATED:										
Wholesale:										
Miami Beach	8,399	8,312	8,141	7,452	6,983	7,870	8,733	8,764	8,611	8,653
Hialeah	7,169	7,102	7,050	7,002	6,084	6,903	7,373	8,109	7,699	8,770
North Miami	3,722	3,619	3,745	3,699	3,418	3,523	3,533	3,923	3,764	3,963
Coral Gables	1,231	1,041	1,088	1,144	987	1,060	1,114	1,196	1,199	1,334
Homestead	938	1,374	736	946	879	419	529	383	502	193
Opa-Locka	861	1,174	733	684	653	492	627	714	1,389	1,121
Hialeah Gardens	757	877	865	940	817	801	618	607	612	596
North Miami Beach	505	499	622	727	718	859	940	853	799	806
Medley	477	644	544	708	628	504	619	834	601	689
Florida City	464	420	457	494	412	404	412	431	462	457
North Bay Village[1]	433	418	408	316	39	-	-	-	-	-
West Miami	147	147	162	202	163	144	128	131	130	174
Homestead Air Force Base	78	79	69	65	47	98	185	196	168	114
Miami Springs[2]	-	-	-	-	-	-	-	1,237	1,272	1,210
Total wholesale	25,181	25,706	24,620	24,379	21,828	23,077	24,811	27,378	27,208	28,080
Retail	48,998	49,247	49,345	48,752	48,547	49,315	49,671	49,646	50,609	53,020
Unaccounted for wastewater	32,641	40,769	38,005	48,496	27,717	35,069	34,838	32,173	30,109	26,949
Total wastewater treated	106,820	115,722	111,970	121,627	98,092	107,461	109,320	109,197	107,926	108,049
Unaccounted for wastewater as a percentage of total wastewater treated	30.56%	35.23%	33.94%	39.87%	28.26%	32.63%	31.87%	29.46%	27.90%	24.94%
ANNUAL RAINFALL (inches): [3]	47.22	73.70	60.60	97.90	58.70	68.60	51.30	63.60	58.40	67.00

[1] North Bay Village was added as a new wholesale customer beginning in fiscal year 2011.

[2] Miami Springs was purchased by WASD and beginning fiscal year 2009 is no longer a wholesale customer.

[3] Source: National Weather Service Forecast Office in Miami for rainfall recorded in inches at Miami International Airport.

Debt Service Coverage

LAST TEN FISCAL YEARS

(in thousands)	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
PRIMARY DEBT SERVICE COVERAGE										
Net operating revenues	$244,409	$229,007	$208,432	$211,225	$212,850	$168,763	$149,807	$115,513	$117,993	$147,429
Investment earnings[1]	1,198	1,166	1,479	1,336	2,111	2,550	12,596	29,390	32,170	19,324
Net transfers from (to) Rate Stabilization Fund	-	-	-	-	-	-	-	-	-	-
Net revenues available for debt service	$245,607	$230,173	$209,911	$212,561	$214,961	$171,313	$162,403	$144,903	$150,163	$166,753
Debt service requirements[2]	$153,211	$143,622	$138,711	$137,625	$115,198	$114,653	$103,627	$113,758	$113,291	$110,848
Actual coverage	1.60	1.60	1.51	1.54	1.87	1.49	1.57	1.27	1.33	1.50
Required coverage	1.25	1.25	1.25	1.10	1.10	1.10	1.10	1.10	1.10	1.10
SUBORDINATE DEBT SERVICE COVERAGE										
Net revenues available for debt service	$245,607	$230,173	$209,911	$212,561	$214,961	$171,313	$162,403	$144,903	$150,163	$166,753
Less: Maximum principal and interest[3]	161,195	163,181	161,340	146,270	146,270	146,270	115,198	114,030	113,142	113,291
Adjusted net revenues	$84,412	$66,992	$48,571	$66,291	$68,691	$25,043	$47,205	$30,873	$37,021	$53,462
STATE REVOLVING FUND LOANS DEBT SERVICE COVERAGE										
Net revenues available for debt service	$245,607	$230,173	$209,911	$212,561	$214,961	$171,313	$162,403	$144,903	$150,163	$166,753
Less: revenue required for primary debt service coverage[4]	191,514	179,528	173,389	151,388	126,718	126,119	113,989	125,133	124,620	121,933
Adjusted net revenues	$54,093	$50,646	$36,522	$61,173	$88,243	$45,194	$48,414	$19,770	$25,543	$44,820
Debt service requirements[5]	18,081	15,369	$11,386	$13,501	$13,501	$13,479	$13,470	$13,434	$11,563	$15,328
Actual coverage	2.99	3.30	3.21	4.53	6.54	3.35	3.59	1.47	2.21	2.92
Required coverage	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15

(1) Excludes interest income from Construction Fund

(2) Represents debt service requirements on outstanding Bonds for such fiscal year.

(3) Maximum principal and interest requirements on the Bonds for such fiscal year

(4) Represents 110% of primary debt service requirements.

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

Ratio of Outstanding Debt by Type

LAST TEN FISCAL YEARS

(In thousands)

Fiscal Year	Revenue Bonds	Loans	Notes	Line of Credit [1]	Total Outstanding Debt	Total Per Customer
2015	$ 2,124,019	$ 164,698	$ -	$ -	$ 2,288,717	$ 2.89
2014	2,132,906	175,796	-	-	2,308,702	2.95
2013	2,193,562	154,873	-	-	2,348,435	3.03
2012	1,896,641	143,843	-	-	2,040,484	2.66
2011	1,932,611	124,162	-	-	2,056,773	2.70
2010	1,980,844	119,255	-	-	2,100,099	2.77
2009	1,432,012	119,093	-	40,000	1,551,105	2.06
2008	1,452,127	107,943	-	-	1,560,070	2.07
2007	1,431,595	117,776	-	-	1,549,371	2.06
2006	1,464,162	124,940	140	-	1,589,102	2.14

[1] Financing from Regions Bank to fund multiple Capital Improvement Projects as per County Ordinance 08-126. Entered on April 27, 2009.

Customer Statistics

LARGEST SYSTEM CUSTOMERS

CURRENT YEAR AND NINE YEARS AGO

Name	Dollar Amount[1] (in thousands)	Percent of System Gross Revenues
WATER SYSTEM:		
City of Miami Beach	$ 14,869	5.2%
City of Hialeah	11,799	4.1%
Dade County Aviation	5,862	2.1%
City of North Miami	2,096	0.7%
Florida Power & Light Company	1,767	0.6%
Hialeah Gardens	1,237	0.4%
City of Opa-Locka	950	0.3%
Bal Harbour	896	0.3%
North Bay Village	765	0.3%
Medley	650	0.2%
WASTEWATER SYSTEM:		
City of Miami Beach	$ 21,510	6.6%
City of Hialeah	18,413	5.6%
City of North Miami	9,544	2.9%
Dade County Aviation	3,378	1.0%
City of Coral Gables	3,184	1.0%
City of Homestead	2,532	0.8%
City of Opa-Locka	2,249	0.7%
Hialeah Gardens	1,930	0.6%
City of North Miami Beach	1,302	0.4%
Medley	1,249	0.4%

October 2005 - September 2006

Name	Dollar Amount (in thousands)	Percent of System Gross Revenues
WATER SYSTEM:		
City of Miami Beach	$ 8,918	4.5%
City of Hialeah	8,358	4.2%
City of North Miami Beach	4,276	2.2%
Dade County Aviation	2,063	1.0%
City of North Miami	1,952	1.0%
Florida Power & Light	1,422	0.7%
City of Opa-Locka	1,134	0.6%
Hialeah Gardens	788	0.4%
City of Miami Springs	683	0.3%
Bal Harbour	524	0.3%
WASTEWATER SYSTEM:		
City of Hialeah	$ 15,275	6.3%
City of Miami Beach	15,117	6.2%
City of North Miami	6,924	2.9%
City of Coral Gables	2,339	1.0%
City of Miami Springs	2,125	0.9%
City of Opa-Locka	2,010	0.8%
City of North Miami Beach	1,428	0.6%
City of Medley	1,196	0.5%
Dade County Aviation	1,049	0.4%
Hialeah Gardens	1,030	0.4%

[1] Using billed flows in place of net amount

Customer Statistics

NUMBER OF CUSTOMERS AT FISCAL YEAR-END

LAST TEN FISCAL YEARS

	Number of Customers		Ratio of Wastewater
Year	Water	Wastewater	Customers to Water
2015	436,862	354,006	81.0%
2014	432,315	349,778	80.9%
2013	428,631	346,285	80.8%
2012	424,764	342,539	80.6%
2011	422,016	339,927	80.5%
2010	420,367	338,368	80.5%
2009	417,983	336,272	80.5%
2008	418,258	336,290	80.4%
2007	416,620	334,426	80.3%
2006	412,121	329,615	80.0%

Building Permits

Number of Buildings Permits Issued for Housekeeping Units
and Value of Permits for Housekeeping and Total Units
Miami-Dade County, Florida
Last Ten Fiscal Years

Calendar Year	Number of Permits Issued: Single Family Houses	Number of Permits Issued: Multi-family Buildings	Value of Permits Issued Residential Construction (in thousands)
2014	2,077	(1)	(1)
2013	2,266	8,050	(1)
2012	1,819	3,250	(1)
2011	962	1,656	(1)
2010	941	2,262	395,139
2009	624	771	252,407
2008	1,086	2,388	477,424
2007	3,246	4,836	1,210,618
2006	6,548	13,469	3,323,113
2005	9,918	16,198	3,750,203

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

(1) Information Unavailable

Population

MIAMI-DADE COUNTY, FLORIDA

LAST TEN FISCAL YEARS

Year	Annual Resident Population	Increase (Decrease)	Percent Change
2015	2,653,934	67,644	2.5%
2014	2,586,290	20,605	0.8%
2013	2,565,685	14,430	0.6%
2012	2,551,255	(44,759)	-1.8%
2011	2,596,014	32,129	1.2%
2010	2,563,885	31,885	1.2%
2009	2,532,000	40,604	1.6%
2008	2,491,396	29,819	1.2%
2007	2,461,577	29,758	1.2%
2006	2,431,819	-	-

Source: U.S. Bureau of the Census figures 2010; Miami-Dade County Department of Regulatory and Economic Resources, Research Section.

Construction Activity

MIAMI-DADE COUNTY, FLORIDA

LAST TEN FISCAL YEARS

	Commercial Construction		Residential Construction	
Fiscal Year	Number of Buildings	Value (in thousands)	Number of Units	Value (in thousands)
2015	94	$74,157	8,001	$899,980
2014	137	242,138	1,863	250,210
2013	105	81,734	2,387	309,243
2012	95	130,148	1,535	187,533
2011	120	54,001	1,963	182,480
2010	231	184,566	1,453	129,129
2009	202	263,754	556	55,417
2008	274	477,442	1,262	159,407
2007	288	295,413	2,404	315,586
2006	394	327,729	8,001	899,980

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

Principal Employers

MIAMI-DADE COUNTY, FLORIDA

CURRENT YEAR AND NINE YEARS AGO

2015

Employer	Employees	Rank	Percentage of Total County Employment
Miami-Dade County Public Schools	31,000	1	2.35%
Miami-Dade County	24,692	2	1.87%
U.S. Federal Government	19,300	3	1.46%
Florida State Government	19,200	4	1.45%
University of Miami	13,864	5	1.05%
Baptist Health South Florida	13,369	6	1.01%
American Airlines	11,773	7	0.89%
Jackson Health System	8,163	8	0.62%
Florida International University	4,951	9	0.37%
City of Miami	3,820	10	0.29%
Mount Sinai Medical Center	3,402	11	0.26%
Florida Power & Light Company	3,011	12	0.23%
Miami Children's Hospital	2,991	13	0.23%
Homestead AFB	2,810	14	0.21%
Miami-Dade College	2,572	15	0.19%
Total	164,918		12.48%

2006

Employer	Employees	Rank	Percentage of Total County Employment
Miami-Dade County Public Schools	50,000	1	4.31%
Miami-Dade County	32,000	2	2.76%
U.S. Federal Government	20,400	3	1.76%
Florida State Government	17,000	4	1.47%
Baptist Health South Florida	10,826	5	0.93%
Jackson Health System	10,500	6	0.91%
University of Miami	9,874	7	0.85%
American Airlines	9,000	8	0.78%
Miami-Dade College	6,500	9	0.56%
Precision Response Corporation	6,000	10	0.52%
Total	172,100		16.47

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

Economic Statistics

U.S. UNEMPLOYMENT RATE AND LABOR FORCE

LAST 10 FISCAL YEARS

Year	Total Personal Income	Per Capita Personal Income	Unemployment Rate	Labor Force
2015	(1)	(1)	6.2%	1,321,033
2014	111,528,866	43,123	7.2%	1,282,854
2013	104,373,301	40,680	8.9%	1,289,617
2012	100,688,604	39,466	9.7%	1,290,751
2011	96,657,710	37,834	12.7%	1,300,030
2010	92,227,399	36,846	12.0%	1,257,324
2009	90,915,774	37,909	8.9%	1,218,871
2008	88,954,732	37,264	5.3%	1,205,913
2007	85,978,571	35,791	3.6%	1,192,231
2006	82,481,222	34,709	3.8%	1,158,801

Source: U.S. Department of Commerce, Economics and Statistics Administration, Economic Analysis/Regional Economic Information System, Florida Agency for Workforce Innovation, Labor Market Statistics, Miami-Dade County Department of Regulatory and Economic Resources, Research Section University of Florida, Bureau of Economic and Business Research

Legend: (1) Information Unavailable

Employees by Identifiable Activity

LAST 10 FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
WATER:										
Water Distribution	221	220	205	206	210	206	214	210	202	205
Water Production and Maintenance[1]	240	241	231	226	240	232	240	239	98	89
Laboratory Services	59	59	56	55	49	51	47	50	-	-
SEWER:										
Sewer Collection	194	194	183	187	175	189	188	180	182	184
Plant Maintenance[1]	-	-	-	-	-	-	-	-	315	323
Wastewater Treatment and Maintenance[1]	358	358	340	337	341	329	331	324	161	158
Pump Station Maintenance	195	197	193	192	193	187	192	206	196	192
ENGINEERING:										
Engineering & Design	71	71	70	75	75	75	77	82	148	152
New Customer	104	94	73	73	74	89	87	107	95	101
Program Management	-	-	-	-	-	15	15	15	8	-
Construction Contracts	50	69	65	71	71	77	81	62	-	-
ADMINISTRATION:										
Office of Director	17	32	15	30	30	33	31	36	32	29
Office of Deputy Director of Regulatory Compliance and Capital Improvements	9	6	5	6	8	13	16	15	-	-
Office of Deputy Director of Operations	47	45	43	13	12	11	10	8	12	11
Office of Assistant Director of Engineering	1	1	1	1	1	1	1	2	2	3
Office of Assistant Director of Finance	66	38	53	36	37	38	35	33	26	27
Office of Assistant Director of Maintenance and Support Services	114	114	112	143	136	155	156	157	158	158
Office of Assistant Director of Water	108	110	106	109	109	111	113	117	151	147
Office of Assistant Director of Wastewater	46	48	46	48	47	38	36	31	3	2
Office of Assistant Director of Regulatory Compliance and Planning	5	5	5	5	5	5	3	3	43	52
Attorney's Office	4	4	4	4	4	4	4	4	3	3
Controller	106	112	110	114	114	134	135	125	125	127
Information Technology	71	69	65	68	69	70	70	71	69	62
Retail Customer Service	255	243	227	224	216	253	268	266	258	261
Regulatory Compliance and Monitoring	17	16	14	15	16	18	17	16	-	-
General Maintenance	114	114	110	116	113	120	127	122	140	133
Planning	19	19	17	17	17	22	24	23	-	-
Total	2,491	2,479	2,349	2,371	2,362	2,476	2,518	2,504	2,427	2,419

[1] The Plant Maintenance Division was eliminated as of October 1, 2007 and the employees were assigned to the Water Production and Maintenance Division and the Wastewater Treatment and Maintenance Division.

Capital Indicators

LAST 10 FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
WATER:										
Water mains[1] (miles)	6,035	6,004	5,988	5,969	5,922[2]	5,907	5,747	5,641	5,624	5,575
Water treatment plants	9	9	9	8	8	8	8	8	8	8
Permitted water treatment capacity (million gallons per day)	464	464	454	454	452[3]	452	452	452	452	452
Water supply wells	100	100	100	100	100	100	100	100	100	97
WASTEWATER:										
Sanitary sewers[1] (miles)	4,110	4,072	4,048	4,027	3,995[2]	3,975	3,981	3,948	3,919	3,858
Wastewater treatment plants	3	3	3	3	3	3	3	3	3	3
Permitted wastewater treatment capacity (million gallons per day)	376	376	376	376	368	368	368	368	368	341
Wastewater pump stations	1,047	1,047	1,042	1,039	1,039	1,039	1,035	1,035	992	986

(1) Does not include laterals.

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

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

Insurance in Force

Type of Coverage and Insurance	Policy Period	Details of Coverage	Limits of Liability
Crime Policy: Fidelity & Deposit Co. of Maryland	08/19/15 - 08/19/16	Employee Dishonesty	$1,000,000
Money and Securities: Fidelity & Deposit Co. of Maryland	11/25/14 - 11/25/15	Theft of money and securities	Values scheduled per location
Accidental Death: Hartford Life Insurance Co.	01/01/15 - 01/01/16	Accidental death and dismemberment	$25,000
Property Insurance: Ace American Ins. Co. Aspen Specialty Ins. Co. Liberty International Undwtrs Arch Specialty Ins. Co Colony Ins. Co. Landmark American Ins. Co. Liberty Surplus Ins. Co Steadfast Ins. Co. Alterra E & S Ins. Co. Aspen Specialty Ins. Co. Lloyds of London Chubb Custom Ins. Co. Hiscox, Inc.	03/02/15 – 03/02/16	"All risk" coverage on real and personal property and outfalls	$200,000,000
Automobile Liability:	Continous	Self-Insured	$200,000 per person/$300,000 per occurrence pursuant to F.S. 768.28 (certain claims may not fall with the parrameters of FS)
General Liability:	Continous	Self-Insured	$200,000 per person/$300,000 per occurrence pursuant to F.S. 768.28 (certain claims may not fall with the parrameters of FS)
Workers' Compensation:	Continous	Self-Insured	Statutory coverage pursuant to F.S. 440

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QUALITY. VALUE. ECONOMIC GROWTH.

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Miami-Dade Water and Sewer Department
A Department of Miami-Dade County, Florida
3071 S.W. 38 Avenue
Miami, Florida 33146
305-665-7471

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