KPMG

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

A Department of Miami-Dade County

Financial Statements, Supplementary Information and Schedules

September 30, 2012 and 2011

(With Independent Auditor's Report Thereon)

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County

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KPMG LLP
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Independent Auditor's Report

The Financial Recovery Board of the
Public Health Trust of
Miami-Dade County, Florida:

We have audited the accompanying financial statements of the business-type activities, the discretely presented component unit, and the pension trust fund of the Public Health Trust of Miami-Dade County, Florida (the Trust), a department of Miami-Dade County, as of and for the years ended September 30, 2012 and 2011, which collectively comprise the Trust's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Trust's management. Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the consolidated financial statements of Jackson Memorial Foundation, Inc. and subsidiary (the Foundation), a discretely presented component unit of the Trust, which represents 100% of the assets and public support and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based on the report of the other auditor.

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

As discussed in note 1 to the financial statements, the accompanying financial statements present only the Trust and are not intended to present fairly the financial position of Miami-Dade County, Florida, as of September 30, 2012 and 2011, and the changes in its financial position for the years then ended, in conformity with U.S. generally accepted accounting principles.

In our opinion, based on our audits and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component unit, and the pension trust fund of the Public Health Trust of Miami-Dade County, Florida as of September 30, 2012 and 2011, and the respective changes in its financial position and where applicable, its cash flows thereof for the years then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2013 on our consideration of the Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require that the management's discussion and analysis and the required supplementary information – defined benefit retirement plan schedule of employer contributions and schedule of funding progress and postemployment benefits other than pensions schedule of funding progress on pages 3- 21, and 73 – 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Trust's basic financial statements. The other financial information – schedules of assets and liabilities and schedules of revenues and expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other financial information – schedules of assets and liabilities and schedules of revenues and expenses have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic 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 other financial information – schedules of assets and liabilities and schedules of revenues and expenses are fairly stated in all material respects in relation to the basic financial statements as a whole.

KPMG LLP

February 25, 2013
Certified Public Accountants

Financial and Operating Performance

This section of the Public Health Trust of Miami-Dade County, Florida (the Trust) annual financial report presents management's discussion and analysis of the financial position and performance of the Trust for the years ended September 30, 2012 and 2011. This discussion has been prepared along with the basic financial statements, and related footnote disclosures, and should be read in conjunction therewith. The purpose of this section is to provide an objective analysis of the financial and operating activities of the Trust based on currently known facts, decisions, and conditions. Financial and operating data have been prepared on the same basis as the audited financial statements.

Effective October 1, 1973, the Trust was created by county ordinance to provide for an independent governing body (the board of trustees or Board) responsible for the operation, governance, and maintenance of "designated facilities." Currently, the Trust operates six hospitals: Jackson Memorial Hospital, Holtz Children's Hospital, Jackson South Community Hospital, Jackson North Medical Center, Jackson Rehabilitation Hospital, and Jackson Mental Health Hospital; two skilled nursing facilities, Jackson Memorial Long-Term Care Center and Jackson Memorial Perdue Medical Center; several primary care centers, Jefferson Reaves Senior Health Center, North Dade Health Center, Rosie Lee Wesley Health Center; as well as multiple specialty care centers, school-based care programs, and the corrections health services for Miami-Dade County and one insurance organization, JMH Health Plan. At September 30, 2012, the Trust operates a total of 2,106 licensed hospital beds and 343 licensed nursing home beds.

The Jackson Memorial Hospital is a teaching hospital operating in association with the University of Miami School of Medicine, which provides staff and services under an annual operating agreement. Jackson North Medical Center is a teaching hospital operating in association with Florida International University College of Medicine.

The Trust is a department of Miami-Dade County. It is the intent of the Miami-Dade Board of County Commissioners (the Commission) to promote, protect, maintain, and improve the health and safety of all residents and visitors of Miami-Dade County through a fully functioning and sustainable public health trust. The Commission finds that it is in the best interest of the public it serves to take action to preserve the Trust and to ensure its financial sustainability by requiring the Trust to notify the Commission, the Mayor, and the Commission Auditor when certain financial conditions as outlined in Chapter 25A of Miami-Dade County Code of Ordinances occur. Some of these financial conditions occurred, and the Commission established a Financial Recovery Board of the Public Health Trust of Miami-Dade County, Florida (the Financial Recovery Board), which requires the preparation of a recovery plan. During the tenure of the Financial Recovery Board, the governance powers of the currently sitting board of trustees were dissolved and no longer serves as the governing body of the Trust.

The Financial Recovery Board exercises supervisory control over the operation, maintenance, and governance of all designated facilities and of all functions and activities taking place in connection with the operation of designated facilities and is authorized to exercise such powers as provided for in Section 25A-4 (powers and duties of the Trust). The Financial Recovery Board is composed of seven (7) voting members, none of whom are an employee of the Trust.

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The accompanying financial statements are not intended to be a complete presentation of the financial position of the Miami-Dade County, Florida (the County) and the results of its operations and cash flows of its proprietary fund types, in conformity with accounting principles generally accepted in the United States. Transactions between entities that make up the Trust are eliminated in the accompanying financial statements.

Condensed Balance Sheets – Trust

September 30, 2012 and 2011

	2012	2011	2012 v 2011	
Assets:				
Current assets	$ 450,224,221	428,231,778	21,992,443	5%
Capital assets, net	462,236,836	501,647,293	(39,410,457)	(8)
Other assets	97,585,023	129,332,057	(31,747,034)	(25)
Total assets	$ 1,010,046,080	1,059,211,128	(49,165,048)	(5)
Liabilities:				
Current liabilities	$ 495,357,929	540,495,057	(45,137,128)	(8)
Long-term debt	350,425,464	357,405,168	(6,979,704)	(2)
Other liabilities	76,203,207	81,451,181	(5,247,974)	(6)
Total liabilities	921,986,600	979,351,406	(57,364,806)	(6)
Fund net assets (deficit):				
Invested in capital assets, net	173,751,263	227,126,649	(53,375,386)	(24)
Restricted	14,621,511	16,216,575	(1,595,064)	(10)
Unrestricted deficit	(100,313,294)	(163,483,502)	63,170,208	(39)
Total fund net assets	88,059,480	79,859,722	8,199,758	10
Total liabilities and fund net assets	$ 1,010,046,080	1,059,211,128	(49,165,048)	(5)

Total assets decreased by $49.2 million. This decrease is primarily attributed to reductions in net capital assets of $39.4 that is a result of greater depreciation taken over assets added. Other assets also decreased $31.7 million primarily attributed to the use of proceeds to fund capital projects throughout the Trust.

Current assets increased by $22.0 million. Estimated third-party receivables increased by $19.7 million for Medicare and $58.8 million for Medicaid over prior year. Decline in days unrestricted cash on hand was at approximately 13 days at September 30, 2012 and 18 days at September 30, 2011. Days net in accounts receivable at September 30, 2012 and 2011 were 68.3 days and 75.8 days, respectively. These declines and other reductions offset the positive impact of the increase in estimated third-party receivables.

Total liabilities decreased by $57.4 million. Current liabilities decreased by approximately $45.1 million primarily due to decreases in accounts payable of $62.3 million offset by an increase of $17.2 million in other current liabilities. Other long-term debt decreased by approximately $7.0 million and other liabilities decreased

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by approximately $5.2 million of which University of Miami accounts for $5 million represent the remaining decrease in total liabilities.

The Series 2005 Bonds and Series 2009 Bonds (collectively, the Bonds) are secured by the gross revenues of the Trust. The Bonds are subject to certain covenants included in Ordinance No. 05-49 (the Ordinance) together with certain ordinances and board resolutions, which authorize and issue the Bonds by and between the Trust and the County. In addition, the Trust must comply with certain covenants included in the related insurance agreements.

The Ordinance contains restrictive covenants that must be met by the Trust, including, among other items, the requirement to maintain a minimum long-term debt service coverage ratio, the requirement to make scheduled monthly deposits to the debt service fund, maintenance of insurance on the Trust's facilities, and limitations on the incurrence of additional debt. In general, the bond insurance agreement contains the same covenants as the Ordinance.

At September 30, 2012, the Trust was in compliance with the debt service coverage ratio covenant contained in the Ordinance.

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The Trust reported an increase in fund net assets of $8.2 million for the year ended September 30, 2012 and a decrease in fund net assets of $81.4 million for the prior year ended September 30, 2011. The increase for the current fiscal year consisted of $338.5 million from operating loss offset by $346.7 million from nonoperating revenues, net.

Summary of Revenues, Expenses, and Changes in Fund Net Assets – Trust

Years ended September 30, 2012 and 2011

	2012	2011	2012 v 2011	
Operating revenues:				
Net patient service revenue	$ 797,723,708	862,279,163	(64,555,455)	(7)%
Managed care revenue	105,304,844	172,695,372	(67,390,528)	(39)
Other revenue	287,140,647	288,715,076	(1,574,429)	(1)
Grants and other	22,100,647	23,387,077	(1,286,430)	(6)
Total operating revenues	1,212,269,846	1,347,076,688	(134,806,842)	(10)
Operating expenses:				
Salaries and related costs	828,206,429	871,313,352	(43,106,923)	(5)
Contractual and purchased services	451,579,759	613,911,789	(162,332,030)	(26)
Supplies and other	189,110,377	208,391,186	(19,280,809)	(9)
PMATF[1]	15,561,608	15,396,384	165,224	1
Depreciation and amortization	66,315,860	63,753,347	2,562,513	4
Total operating expenses	1,550,774,033	1,772,766,058	(221,992,025)	(13)
Operating loss	(338,504,187)	(425,689,370)	87,185,183	(20)
Nonoperating revenues (expenses):				
Miami-Dade County funding	$ 133,361,996	137,952,000	(4,590,004)	(3)
Sales tax revenue	202,479,726	189,323,942	13,155,784	7
Investment income	472,573	1,141,941	(669,368)	(59)
Interest expense	(17,925,030)	(14,996,942)	(2,928,088)	20
Other income	28,314,680	30,849,266	(2,534,586)	(8)
Total nonoperating revenues, net	346,703,945	344,270,207	2,433,738	1
Increase (decrease) in fund net assets	8,199,758	(81,419,163)	89,618,921	(110)
Fund net assets, beginning of year	79,859,722	161,278,885	(81,419,163)	(50)
Fund net assets, end of year	$ 88,059,480	79,859,722	8,199,758	10

[1] Public Medical Assistance Trust Fund Assessment

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Net Patient Revenue

Net patient revenue for the fiscal year ended September 30, 2012 was approximately $797.7 million, a decline of $64.6 million or 7% from the prior fiscal year. Patient utilization declined contributing to a decline in revenue. The Trust's adjusted admissions for the current fiscal year were at 85,820 or 6,798 (7%) fewer adjusted admissions than the prior year.

The Trust's patient volumes, net patient revenue, and overall financial results are highly dependent upon the state and federal governments. Over the past several years, the Medicare rate increases have not kept pace with the overall medical expense increases. The Trust is also highly dependent upon patients who are covered by health insurance, which to a large extent is dependent on the employment status of individuals treated at the Trust. A continuation or worsening of economic conditions may result in a continued increase in unemployment rate, which will likely increase the number of patients without health insurance. Deterioration of payor mix will have an adverse impact on the Trust's financial performance.

The payor mix below is based on patient days:

	2012	2011
Medicare	16.9%	16.8%
Medicaid	16.1	15.5
Medicaid pending	17.8	15.8
Commercial insurance	1.8	2.5
Managed care	26.5	27.5
Self-pay and other	20.9	21.9
	100.0%	100.0%

Revenue for the Trust includes payments from government programs such as Medicare and Medicaid, from managed care companies under negotiated contracts, from commercial insurance companies with no negotiated contract, and directly from patients.

Medicare

Medicare is a federal program that provides certain hospital and medical insurance benefits to persons age 65 and over, some disabled persons, and persons with end-stage renal disease and is provided without regard to income or assets. Medicare revenue in federal fiscal year 2012 for inpatient hospital services was slightly lower than payments for the same services in federal fiscal year 2011, because of the decrease in Medicare discharges.

Inpatient

Disproportionate share hospital (DSH) payments are determined annually based on certain statistical information and are calculated as a percentage addition to Medical/Surgical-Diagnosis Related Groups (MS-DRG) payments. The primary method used by a hospital to qualify for Medicare DSH payments is a complex statutory formula that results in a DSH percentage that is applied to payments on MS-DRGs.

Outpatient

Hospital outpatient services paid under prospective payment system (PPS) are classified into groups called ambulatory payment classifications (APCs). Services for each APC are similar clinically and in terms of the resources they require. A payment rate is established for each APC. Depending on the services provided, a hospital may be paid for more than one APC for a patient visit.

Rehabilitation

CMS reimburses inpatient rehabilitation facilities (IRFs) on a PPS basis. Under IRF PPS, patients are classified into case mix groups based upon impairment, age, comorbidities (additional diseases or disorders from which the patient suffers), and functional capability. IRFs are paid a predetermined amount per discharge that reflects the patient's case mix group and is adjusted for area wage levels, low-income patients, rural areas, and high-cost outliers.

Psychiatric

Inpatient hospital services furnished in psychiatric hospitals and psychiatric units of general, acute care hospitals are reimbursed under inpatient psychiatric facility prospective payment system (IPF PPS), a per diem payment, with adjustments to account for certain patient and facility characteristics. IPF PPS contains an "outlier" policy for extraordinarily costly cases and an adjustment to a facility's base payment if it maintains a full-service emergency department.

Physician Services

Physician services are reimbursed under the physician fee schedule (PFS) system, under which CMS has assigned a national relative value unit (RVU) to most medical procedures and services that reflects the various resources required by a physician to provide the services relative to all other services. Each RVU is calculated based on a combination of work required in terms of time and intensity of effort for the service, practice expense (overhead) attributable to the service, and malpractice insurance expense attributable to the service. These three elements are each modified by a geographic adjustment factor to account for local practice costs then aggregated. The aggregated amount is multiplied by a conversion factor that accounts for inflation and targeted growth in Medicare expenditures (as calculated by the sustainable growth rate (SGR) to arrive at the payment amount for each service.

Other

Under PPS, the payment rates are adjusted for the area differences in wage levels by a factor (wage index) reflecting the relative wage level in the geographic area compared to the national average wage level.

Medicaid

Medicaid is a federal-state program, administered by the State of Florida, which provides hospital and medical benefits to qualifying individuals who are unable to afford healthcare. The federal government and the State of Florida are currently considering significantly reducing Medicaid funding, by moving from a per diem based payment to a fixed DRG payment per case.

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Hospitals that provide care to a disproportionately high number of low-income patients may receive Medicaid DSH payments. The federal government distributes federal Medicaid DSH funds to each state based on a statutory formula. Florida utilizes a supplemental reimbursement program for the purpose of providing reimbursement to providers to offset a portion of the cost of providing care to Medicaid and indigent patients.

Medicaid Pending

Medicaid pending represents patients that have applied for state funding and are waiting for approval by the state. Once approved, the patients are reclassified to Medicaid. As of September 30, 2012, Medicaid Pending represents 17.8% of the overall payor mix compared to 15.8% for prior year. While challenging economic conditions continue in the market, the Trust enhanced its Medicaid eligibility process in order to seek funding sources for patients.

Commercial Insurance

Private insurance carriers pay the Trust based upon the hospital's established charges and the coverage provided in the insurance policy. Commercial insurers try to limit the costs of hospital services by negotiating discounts.

Managed Care and Other Discounted Plans

The Trust's managed care agreements offer discounts from established charges to health maintenance organizations, preferred provider organizations, and other managed care plans.

Self-Pay and Other

The unemployment rate for Miami-Dade County was approximately 8.8% compared to 13.0% in prior year. The primary collection risks of our accounts receivable relate to the uninsured patient accounts and patient accounts for which the primary insurance carrier has paid the amounts covered by the applicable agreement, but patient responsibility amounts (deductibles and copayments) remain outstanding. The provision for doubtful accounts relates primarily to amounts due directly from patients.

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Utilization

The County, like the United States, has experienced a significantly depressed economy. During economic downturns, the population covered under managed care agreements declines, which results in patients postponing or canceling elective and nonemergent procedures. The Trust has experienced a decline in inpatient utilization. However, the number of patients categorized as short-stay observation cases partially accounts for the drop in inpatient admissions.

	September 30	
	2012	**2011**
Inpatient services:		
Number of beds – licensed:		
Jackson Memorial Hospital	1,498	1,558
Jackson South Community Hospital	226	199
Jackson North Medical Center	382	382
Nursing Homes	343	343
Total	2,449	2,482
Hospital admissions (excluding newborn):		
Jackson Memorial Hospital	41,220	44,391
Jackson South Community Hospital	9,394	10,417
Jackson North Medical Center	9,589	9,995
Total	60,203	64,803
Average daily census (excluding newborn):		
Jackson Memorial Hospital	797	904
Jackson South Community Hospital	102	115
Jackson North Medical Center	144	136
Total	1,043	1,155

	September 30	
	2012	**2011**
Total surgical cases:		
Jackson Memorial Hospital	14,258	15,767
Jackson South Community Hospital	3,416	3,612
Jackson North Medical Center	2,660	3,033
Total	20,334	22,412
Organ transplants (includes kidney, liver, heart, lung, pancreas, and multiorgan)	416	511
Outpatient services:		
Visits to emergency services (adults and pediatric):		
Jackson Memorial Hospital	126,329	130,057
Jackson Memorial Hospital Trauma	3,433	3,688
Jackson South Community Hospital	42,439	38,428
Jackson North Medical Center	45,878	46,940
Total	218,079	219,113
Observations:		
Jackson Memorial Hospital	6,391	2,730
Jackson South Community Hospital	2,252	1,379
Jackson North Medical Center	3,187	3,153
Total	11,830	7,262

In an effort to increase patient volumes, the Trust continues to focus on physician alignment and satisfaction, targeting our capital spending on critical growth opportunities for our hospitals, and improving the quality metrics of our hospitals.

Managed Care Revenue

Managed care revenue was down sharply from 2011. The JMH Health Plan's premium revenue for the fiscal years ended September 30, 2012 and 2011 was $105 million and $173 million, respectively, a decrease of approximately $68 million. The decrease was a result of the termination of the Commercial and Medicaid lines of business to mitigate financial losses in the JMH Health Plan.

Other Revenue

Other revenue decreased by $1.6 million for the fiscal years ended September 30, 2012 and 2011; the other revenue was $287.1 million and $288.7 million, respectively.

Disproportionate Share revenue, which is revenue that the Trust receives from the state government that provides financial assistance to hospitals that serve a large number of low-income patients, decreased by approximately $3.6 million and $2.5 million for the fiscal years ended September 30, 2012 and 2011, which revenue was $5.8 million and $9.4 million, respectively.

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Lower Income Pool revenue, which is revenue that the Trust receives from the state and federal governments that provides financial assistance to hospitals that serve a large number of low-income patients, decreased by approximately $12.8 million in 2012 and increased by $25.7 million in 2011, which revenue was $212.1 million and $224.9 million for the fiscal years ended September 30, 2012 and 2011, respectively.

Total Operating Expenses

For the fiscal year ended September 30, 2012, total operating expenses decreased by $222 million or 13% from 2011. Operating costs as a percentage of operating revenue for the fiscal years ended September 30, 2012 and 2011:

	Year ended September 30	
	2012	**2011**
Operating expenses:		
Salaries and related costs	68.3%	64.7%
Contractual and purchased services	37.3	45.6
Supplies and other	15.6	15.5
PMATF(1)	1.3	1.1
Depreciation and amortization	5.5	4.7
	128.0%	131.6%

For the fiscal year ended September 30, 2012, total operating expense excluding revenue and operations-related expenses from the Health Plan (i.e., Medical claims, Salaries, etc.) decreased by $127 million or 9% from the prior year. Operating costs as a percentage of operating revenue (excluding the Health Plan) for the fiscal years ended September 30, 2012 and 2011 are as follows:

	Year ended September 30	
	2012	**2011**
Operating expenses:		
Salaries and related costs	75.6%	78.0%
Contractual and purchased services	31.9	31.0
Supplies and other	16.9	17.3
PMATF(1)	1.4	1.3
Depreciation and amortization	5.9	5.3
	131.7%	132.9%

(1) Public Medical Assistance Trust Fund Assessment

Salaries and Related Costs

The Trust employed 10,057 full-time equivalents (FTE) at September 30, 2012, an 9.5% decrease from the prior year, which relates to several key operating initiatives to align the staffing needs of the organization to volume. Salaries and related costs were $828.2 million and $871.3 million for the fiscal years ended September 30, 2012 and 2011, respectively. For the year ended September 30, 2012, FTE per adjusted occupied bed was 6.76 compared to 6.82 for prior year.

During fiscal year 2012, new labor agreements were effectuated with SEIU, GSAF and AFSCME. Under the terms of the new labor agreements, the employees provided material concessions related to salary and benefits contributing partially to the decrease in salary and related cost when compared to prior year.

Approximately 89% of the Trust's workforce is represented by SEIU, GSAF, or AFSCME unions at September 30, 2012. The Trust, like the healthcare industry as a whole, has experienced a rate of labor inflation that is higher than general inflation. The Trust augments staff with temporary or contract personnel due to labor shortages.

Contractual and Purchased Services

Contractual and purchased services for the year ended September 30, 2012 was $452 million, a decrease of $162 million (26%) over the same period in the prior year. Medical claims related to the JMH Health Plan are included in contractual and purchased services. Effective January 1, 2012, the JMH Health Plan transitioned out of the Medicaid line of business. In addition, the Trust employees and dependents were transitioned to the County's self-insured health insurance plan at the same time. The termination of these two lines of business resulted in a decline in medical claims expense of approximately $140 million dollars from prior year.

Transplant surgical cases for the fiscal years ended September 30, 2012, and 2011 were 416 and 511, respectively. Transplant services such as costs for organ procurement and other professional services decreased by approximately $1.1 million as a result of a decrease in the number of transplant cases.

Supplies

The Trust experienced favorable supply expense management performance during the current fiscal year.

	Fiscal year ended September 30		
	2012	**2011**	**Variance**
Supplies per adjusted patient day	$ 343	352	(9.00)
Supplies as percentage of net patient service revenue	23.4%	24.3%	(0.9)%

The Trust has standardized and centralized the procurement operations to reduce total supply expense across our operations with a comprehensive contract portfolio, featuring solutions for medical/surgical, pharmacy, laboratory, capital equipment, radiology, facilities and construction, food and nutrition, and purchased services. The Trust has an agreement with MedAssets, a group purchasing organization, or GPO. The Trust believes that its agreement with MedAssets will continue to improve our purchasing efficiency with a complete contract portfolio of quality, cost-effective products from the nation's leading manufacturers and distributors and create an opportunity to forecast price changes.

Risk Management

The Trust provides for self-insured funding related to medical professional and general liability claims, as well as, workers' compensation claims, which are included in supplies and other operating expenses. The establishment of a self-insurance funding vehicle does not result in any transfer of risk similar to that which occurs when commercial insurance is purchased. The Trust does not carry any commercial excess insurance. Based on the results of our actuarially determined reserve analysis, the Trust reduced the liability for medical professional and general liability claims by approximately $4.5 million during the fiscal year ended September 30, 2012.

Total Nonoperating Revenue

Total nonoperating revenue increased by $2.4 million. Sales tax increased by $13.1 million that was offset by decreased in Miami-Dade County funding from ad valorem and nonad-valorem taxes of $4.6 million. The remaining decrease of $6.1 million is a result of decline in investment income, interest expenses, and other income.

Condensed Balance Sheets – Trust

September 30, 2011 and 2010

	2011	2010	2011 v 2010	
Assets:				
Current assets	$ 428,231,778	434,609,081	(6,377,303)	(1)%
Capital assets, net	501,647,293	497,539,493	4,107,800	1
Other assets	129,332,057	177,667,599	(48,335,542)	(27)
Total assets	$ 1,059,211,128	1,109,816,173	(50,605,045)	(5)
Liabilities:				
Current liabilities	$ 540,495,057	481,495,450	58,999,607	12
Long-term debt	357,405,168	364,988,045	(7,582,877)	(2)
Other liabilities	81,451,181	102,053,793	(20,602,612)	(20)
Total liabilities	979,351,406	948,537,288	30,814,118	3
Fund net assets (deficit):				
Invested in capital assets, net	227,126,649	253,265,347	(26,138,698)	(10)
Restricted	16,216,575	18,452,595	(2,236,020)	(12)
Unrestricted deficit	(163,483,502)	(110,439,057)	(53,044,445)	48
Total fund net assets	79,859,722	161,278,885	(81,419,163)	(50)
Total liabilities and fund net assets	$ 1,059,211,128	1,109,816,173	(50,605,045)	(5)

Total assets decreased by $50.6 million. This decrease is primarily attributed to the use of proceeds to fund capital projects throughout the Trust, primarily the expansion of Jackson South Community Hospital, which decreased by approximately $37.7 million as reflected in other assets.

Current assets decreased by $6.4 million. Days unrestricted cash on hand remained the same at approximately 18 days at September 30, 2011 and 2010. Days in accounts receivable at September 30, 2011 and 2010 were 75.8 days and 88.2 days, respectively. As a result, patients' account receivable declined by $46.7 million. The decline in patient accounts receivable was offset by an increase in statutorily required capital funding for the JMH Health Plan of $18.9 million and third parties of $20.0 million.

Total liabilities increased by $30.8 million. Current liabilities increased by approximately $59.0 million primarily due to increases in accounts payable of $42.6 million and estimated payables due to other third-party payors, which is predominately composed of an intragovernmental liability to Miami-Dade County for disproportionate share funds, of $32.5 million. These increases were offset by decreases in refunds due for patient services of $13.9 million and due to Miami-Dade County of $9.4 million.

The Series 2005 Bonds and Series 2009 Bonds (collectively, the Bonds) are secured by the gross revenues of the Trust. The Bonds are subject to certain covenants included in Ordinance No. 05-49 (the Ordinance) together with certain ordinances and board resolutions, which authorize and issue the Bonds by and between the Trust and the County. In addition, the Trust must comply with certain covenants included in the related insurance agreements.

The Ordinance contains restrictive covenants that must be met by the Trust, including, among other items, the requirement to maintain a minimum long-term debt service coverage ratio, the requirement to make scheduled monthly deposits to the debt service fund, maintenance of insurance on the Trust's facilities, and limitations on the incurrence of additional debt. In general, the bond insurance agreement contains the same covenants as the Ordinance.

At September 30, 2011, the Trust was in violation of the debt service coverage ratio covenant contained in the Ordinance. In accordance with the provisions of the Ordinance, the Trust can remedy this covenant violation without a technical default by employing an independent consultant to make recommendations as to a revision of the rates, fees, and charges of the Trust or the method of operation of the Trust, which shall result in the production of the net revenues required to be in compliance with the debt service coverage ratio covenant. In accordance with the provisions of Ordinance No: 05-49, Section 8.18, paragraph B, the Trust engaged an independent consultant who specializes in healthcare and has begun to implement the reasonable and material recommendations of the consultant, subject to any government restrictions, as defined in the Ordinance. Therefore, at this point in time, management believes that the requirement to employ an independent consultant has been satisfied. Failure of the debt service coverage ratio covenant does not result in acceleration of debt service.

The Trust reported a decrease in fund net assets of $81.4 million for the year ended September 30, 2011 and a decrease in fund assets of $93.0 million for the prior year ended September 30, 2010. The decrease for the current fiscal year consisted of $425.7 million from operating loss offset by $344.3 million from nonoperating revenues, net.

JMH Health Plan sustained substantial losses during the current fiscal year of $25.9 million as compared to the prior fiscal year loss of $2.3 million. These losses prompted the Trust to move away from the commercial and Medicaid lines of business.

Summary of Revenues, Expenses, and Changes in Fund Net Assets – Trust

Years ended September 30, 2011 and 2010

	2011	2010	2011 v 2010	
Operating revenues:				
Net patient service revenue	$ 862,279,163	898,656,481	(36,377,318)	(4)%
Managed care revenue	172,695,372	128,962,013	43,733,359	34
Other revenue	288,715,076	277,412,711	11,302,365	4
Grants and other	23,387,077	23,909,946	(522,869)	(2)
Total operating revenues	1,347,076,688	1,328,941,151	18,135,537	1
Operating expenses:				
Salaries and related costs	871,313,352	939,792,381	(68,479,029)	(7)
Contractual and purchased services	613,911,789	529,172,108	84,739,681	16
Supplies and other	208,391,186	209,354,967	(963,781)	—
PMATF[1]	15,396,384	19,467,380	(4,070,996)	(21)
Depreciation and amortization	63,753,347	67,318,596	(3,565,249)	(5)
Total operating expenses	1,772,766,058	1,765,105,432	7,660,626	—
Operating loss	(425,689,370)	(436,164,281)	10,474,911	(2)
Nonoperating revenues (expenses):				
Miami-Dade County funding	137,952,000	158,478,000	(20,526,000)	(13)
Sales tax revenue	189,323,942	176,751,978	12,571,964	7
Investment income	1,141,941	2,265,989	(1,124,048)	(50)
Interest expense	(14,996,942)	(16,946,202)	1,949,260	(12)
Other income	30,849,266	22,652,257	8,197,009	36
Total nonoperating revenues, net	344,270,207	343,202,022	1,068,185	—
Decrease in fund net assets	(81,419,163)	(92,962,259)	11,543,096	(12)
Fund net assets, beginning of year	161,278,885	254,241,144	(92,962,259)	(37)
Fund net assets, end of year	$ 79,859,722	161,278,885	(81,419,163)	(50)

[1] Public Medical Assistance Trust Fund Assessment

Net Patient Revenue

Net patient revenue for the fiscal year ended September 30, 2011 was approximately $0.9 billion, a decline of $36.4 million or 4% from the prior fiscal year. Patient utilization declined contributing to a decline in revenue. The Trust's adjusted admissions for the current fiscal year were at 92,618 or 4,010 (4%) fewer admissions than the prior year. The decline in patient utilization was partially offset by a one-time receipt of approximately $35 million of Federal Medical Assistance Percentages (FMAP) payments received during the current fiscal year.

The Trust's patient volumes, net patient revenue, and overall financial results are highly dependent upon the state and federal governments. Over the past several years, the Medicare rate increases have not kept pace with the overall medical expense increases. The Trust is also highly dependent upon patients who are covered by health insurance, which to a large extent is dependent on the employment status of individuals treated at the Trust. A continuation or worsening of economic conditions may result in a continued increase in unemployment rate, which will likely increase the number of patients without health insurance. Deterioration of payor mix will have an adverse impact on the Trust's financial performance.

The payor mix below is based on patient days:

	2011	2010
Medicare	16.8%	17.3%
Medicaid	15.5	16.7
Medicaid pending	15.8	16.0
Commercial insurance	2.5	3.3
Managed care	27.5	27.4
Self-pay and other	21.9	19.3
	100.0%	100.0%

Revenue for the Trust includes payments from government programs such as Medicare and Medicaid, from managed care companies under negotiated contracts, from commercial insurance companies with no negotiated contract, and directly from patients.

(Continued)

Utilization

The County, like the United States, has experienced a significantly depressed economy. During economic downturns, the population covered under managed care agreements declines that result in patients postponing or canceling elective and nonemergent procedures. The Trust has experienced a decline in utilization.

	September 30	
	2011	**2010**
Inpatient services:		
Number of beds – licensed:		
Jackson Memorial Hospital	1,558	1,558
Jackson South Community Hospital	199	199
Jackson North Medical Center	382	382
Nursing Homes	343	343
Total	2,482	2,482
Hospital admissions (excluding newborn):		
Jackson Memorial Hospital	44,391	45,630
Jackson South Community Hospital	10,417	10,662
Jackson North Medical Center	9,995	10,886
Total	64,803	67,178
Average daily census (excluding newborn):		
Jackson Memorial Hospital	904	922
Jackson South Community Hospital	115	114
Jackson North Medical Center	136	144
Total	1,155	1,180
Total surgical cases:		
Jackson Memorial Hospital	15,767	16,491
Jackson South Community Hospital	3,612	3,344
Jackson North Medical Center	3,033	3,306
Total	22,412	23,141
Organ transplants (include kidney, liver, heart, lung, pancreas, and multiorgan)	511	502
Outpatient services:		
Visits to emergency services (adults and pediatric):		
Jackson Memorial Hospital	130,057	129,726
Jackson Memorial Hospital Trauma	3,688	3,519
Jackson South Community Hospital	38,428	34,035
Jackson North Medical Center	46,940	49,091
Total	219,113	216,371

(Continued)

In an effort to increase patient volumes, the Trust continues to focus on physician alignment and satisfaction, targeting our capital spending on critical growth opportunities for our hospitals, and improving the quality metrics of our hospitals.

Other Revenue

Other revenue was up sharply compared to the prior year. The JMH Health Plan's premium revenue increased by $43.7 million; for the fiscal years ended September 30, 2011 and 2010, the premium revenue was $172.7 million and $129.0 million, respectively. The increase was a result of increasing the commercial product line. All Trust employees were added to the health plan effective January 1, 2011.

Disproportionate Share and Lower Income Pool revenue, which is revenue that the Trust receives from the state and federal governments that provide financial assistance to hospitals that serve a large number of low-income patients, increased by approximately $23.2 million for the fiscal years ended September 30, 2011 and 2010, which revenue was $234.3 million and $211.1 million, respectively. During the current fiscal year, the Trust received a one-time Federal Medical Assistance Percentages, which is a temporary fiscal relief from the federal government to states to protect Medicaid programs during a period of economic downturns, of approximately $35.0 million.

Total Operating Expenses

For the fiscal year ended September 30, 2011, total operating expense increased by $7.7 million or 0.4% over the prior year. Operating costs as a percentage of operating revenue for the fiscal years ended September 30, 2011 and 2010 are as follows:

	Year ended September 30	
	2011	**2010**
Operating expenses:		
Salaries and related costs	64.7%	70.7%
Contractual and purchased services	45.6	39.8
Supplies and other	15.5	15.8
PMATF(1)	1.1	1.5
Depreciation and amortization	4.7	5.1
	131.6%	132.9%

Salaries and Related Costs

The Trust employed 11,108 full-time equivalents (FTE) at September 30, 2011, a 6% decrease from the prior year, which directly relates to the decrease in man-hours necessary to service the declining patient utilization. Salaries and related costs were $871.3 million and $939.8 million for the fiscal years ended September 30, 2011 and 2011, respectively. The $68.5 million (7%) decrease reflects management's efforts to align labor productivity to volumes, which is reflected in the FTE per adjusted occupied bed of 6.82 for the current fiscal year down from 7.04 in the prior fiscal year.

As part of the Trust’s Sustainable Jackson plan to operate more efficiently by managing the costs of salaries and overtime, the Trust is implementing a labor productivity system that will align our business performance to best practice workforce categories such as overtime, absences, and scheduling allowing us to adapt to changes in our staffing levels to the changes in our patient volume.

Approximately 90% of the Trust’s workforce is represented by SEIU, GSAF, or AFSCME unions at September 30, 2011. The Trust, like the healthcare industry as a whole, has experienced a rate of labor inflation that is higher than general inflation. The Trust augments staff with temporary or contract personnel due to labor shortages.

Contractual and Purchased Services

Contractual and purchased services for the year ended September 30, 2011 was $613.9 million, an increase of $84.7 million (16%) over the same period in the prior year. Medical claims related to the JMH Health Plan are included in contractual and purchased services. The Trust’s eligible and enrolled employees were insured by JMH Health Plan during the current fiscal year, and none were insured by JMH Health Plan during the prior fiscal year. This shift in coverage accounts for approximately $74 million of the increase in contractual and purchased services.

Transplant surgical cases for the fiscal years ended September 30, 2011 and 2010 were 511 and 502, respectively. Transplant services such as costs for organ procurement and other professional services increased by approximately $4.5 million as a result of the increase in transplant surgical cases.

Supplies

The Trust experienced unfavorable supply expense management performance during the current fiscal year.

	Fiscal year ended September 30		
	2011	**2010**	**Variance**
Supplies per adjusted patient day	352	340	12
Supplies as percentage of net patient service revenue	24.3%	23.1%	1.2%

The Trust has standardized and centralized the procurement operations to reduce total supply expense across our operations with a comprehensive contract portfolio, featuring solutions for medical/surgical, pharmacy, laboratory, capital equipment, radiology, facilities and construction, food and nutrition, and purchased services. The Trust has an agreement with MedAssets, a group purchasing organization, or GPO. The Trust believes that its agreement with MedAssets will improve our purchasing efficiency with a complete contract portfolio of quality, cost-effective products from the nation’s leading manufacturers and distributors and create an opportunity to forecast price changes.

As part of the Sustainable Jackson plan, the Trust is also standardizing vendor management procedures; streamlining invoice processing by utilizing electronic invoicing; enhancing compliance with invoice approval and authorization; and invoice matching processes to reduce overpayments, and eliminate duplicate payments.

Risk Management

The Trust provides for self-insured funding related to medical professional and general liability claims, as well as workers' compensation claims, which are included in supplies and other expenses. The establishment of a self-insurance funding vehicle does not result in any transfer of risk similar to that which occurs when commercial insurance is purchased. The Trust does not carry any commercial excess insurance. Based on the results of our actuarially determined reserve analysis, the Trust reduced the liability for medical professional and general liability claims by approximately $9.3 million during the fiscal year ended September 30, 2011.

Total Nonoperating Revenue

Total nonoperating revenues, net increased by $1.1 million. Sales tax revenue increased by $12.6 million.

These increases were offset by a decrease in County Tax support that consists of Miami-Dade County funding from ad valorem taxes, which decreased by $20.5 million. The depreciation of Florida Home Prices relative to the other 50 states over the 5 years ended with the 1st Quarter of 2011 is 49th nationally with a total depreciation of 37.6%. The Miami Real Estate Market was ranked 348th out of 381 metropolitan areas for Real Estate Appreciation over the 5 years ended with the 1st Quarter of 2011. On a year-to-year basis, homes sales increased 28.1% and condo sales increased 57.3%. However, the average home sales price declined 9.7% and the average condo sales price declined 20.9% on a year-to-year basis. The depreciation of home and condo prices has a direct negative impact on ad valorem taxes.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County

Balance Sheets – Trust

September 30, 2012 and 2011

		2012	2011
Current assets:			
Cash and cash equivalents	$	51,147,552	68,796,227
Restricted cash and cash equivalents		9,887,981	15,864,373
Restricted short-term investments – pooled at Miami-Dade County		8,316,452	9,316,246
Assets limited as to use – cash and investments		12,088,227	40,269,472
Patients' accounts receivable, less allowances for doubtful accounts and contractual adjustments of approximately $525,109,000 and $721,877,000, respectively		150,019,262	155,811,150
Estimated receivables due from other third-party payors		141,424,878	62,800,418
Due from Miami-Dade County		33,247,148	31,689,076
Other receivables – unrestricted		11,299,338	12,022,021
Other receivables – restricted		3,861,200	4,495,419
Supplies		23,853,612	24,392,016
Prepaid expenses and other current assets		5,078,571	2,775,360
Total current assets		450,224,221	428,231,778
Assets limited as to use – cash and investments		24,085,059	34,381,969
Restricted long-term investments – pooled at Miami-Dade County		66,575,045	87,329,943
Capital assets, net		462,236,836	501,647,293
Other assets:			
Unamortized bond costs		5,494,062	5,745,584
Other		1,430,857	1,874,561
Total noncurrent assets		559,821,859	630,979,350
Total assets	$	1,010,046,080	1,059,211,128

See accompanying notes to financial statements.

(Continued)

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County

Balance Sheets – Trust

September 30, 2012 and 2011

		2012	2011
Current liabilities:			
Accounts payable and accrued expenses	$	118,356,815	180,666,009
Accrued interest payable		5,857,910	5,961,076
Accrued salaries and payroll taxes withheld		50,707,773	48,557,623
Accrued vacation and sick pay benefits		82,126,980	90,293,968
Refunds due for patient services		14,216,464	19,680,976
Current portion of estimated self-insured liability		7,067,980	9,927,825
Estimated payables due to other third-party payors		156,820,727	118,350,431
Due to Miami-Dade County		23,791,442	16,133,539
Due to University of Miami		18,189,243	18,390,152
Other – unrestricted		4,201,106	13,285,994
Other – restricted		6,696,489	12,227,464
Current portion of long-term debt		7,325,000	7,020,000
Total current liabilities		495,357,929	540,495,057
Long-term debt, excluding current portion		350,425,464	357,405,168
Estimated self-insured liability, excluding current portion		38,598,541	38,333,631
Due to University of Miami, excluding current portion		36,086,264	41,241,344
Other		1,518,402	1,876,206
Total noncurrent liabilities		426,628,671	438,856,349
Total liabilities		921,986,600	979,351,406
Fund net assets (deficit):			
Invested in capital assets, net of related debt		173,751,263	227,126,649
Restricted for:			
Debt service		8,316,452	9,316,246
Capital projects		2,804,216	3,171,004
Federal and donor programs		3,500,843	3,729,325
Unrestricted (deficit)		(100,313,294)	(163,483,502)
Total fund net assets		88,059,480	79,859,722
Total liabilities and fund net assets	$	1,010,046,080	1,059,211,128

See accompanying notes to financial statements.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County

Statements of Revenues, Expenses, and Changes in Fund Net Assets – Trust

Years ended September 30, 2012 and 2011

		2012	2011
Operating revenues:			
Net patient service revenue	$	797,723,708	862,279,163
Managed care revenue		105,304,844	172,695,372
Other revenue		287,140,647	288,715,076
Grants and other		22,100,647	23,387,077
Total operating revenues		1,212,269,846	1,347,076,688
Operating expenses:			
Salaries and related costs		828,206,429	871,313,352
Contractual and purchased services		451,579,759	613,911,789
Supplies and other operating expenses		189,110,377	208,391,186
Public Medical Assistance Trust Fund assessment		15,561,608	15,396,384
Depreciation and amortization		66,315,860	63,753,347
Total operating expenses		1,550,774,033	1,772,766,058
Operating loss		(338,504,187)	(425,689,370)
Nonoperating revenues (expenses):			
Miami-Dade County funding		133,361,996	137,952,000
Sales tax revenue		202,479,726	189,323,942
Investment income		472,573	1,141,941
Interest expense		(17,925,030)	(14,996,942)
Other income		28,314,680	30,849,266
Total nonoperating revenues, net		346,703,945	344,270,207
Increase (decrease) in fund net assets		8,199,758	(81,419,163)
Fund net assets, beginning of year		79,859,722	161,278,885
Fund net assets, end of year	$	88,059,480	79,859,722

See accompanying notes to financial statements.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County

Statements of Cash Flows – Trust

Years ended September 30, 2012 and 2011

		2012	2011
Operating activities:			
Cash received from patients, tenants, and third-party payors	$	1,207,650,963	1,420,291,524
Cash payments for interfund services used		(35,113,846)	(57,554,421)
Cash paid to suppliers		(731,445,872)	(796,408,240)
Cash paid to employees for services		(836,663,281)	(859,186,312)
Net cash used in operating activities		(395,572,036)	(292,857,449)
Noncapital financing activities:			
Funds contributed by Miami-Dade County		133,361,996	137,952,000
Funds contributed from sales tax revenue		200,921,654	187,325,267
Funds contributed by federal, state, and miscellaneous sources		28,314,680	30,849,266
Net cash provided by noncapital financing activities		362,598,330	356,126,533
Capital and related financing activities:			
Principal payments on long-term debt		(7,020,000)	(6,715,000)
Interest paid		(17,431,378)	(15,264,001)
Purchases of capital assets, net		(26,905,403)	(67,861,147)
Net cash used in capital and related financing activities		(51,356,781)	(89,840,148)
Investing activities:			
Proceeds from sales and maturities of investments		60,488,170	29,117,235
Realized gains on investments, interest, and dividends.		217,250	822,460
Net cash provided by investing activities		60,705,420	29,939,695
Net (decrease) increase in cash and cash equivalents		(23,625,067)	3,368,631
Cash and equivalents, beginning of year		84,660,600	81,291,969
Cash and equivalents, end of year	$	61,035,533	84,660,600
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	$	(338,504,187)	(425,689,370)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation and amortization		66,315,860	63,753,347
Provision for doubtful accounts		493,985,307	636,466,558
(Increase) decrease in assets:			
Patients – accounts receivables and other receivables		(565,460,977)	(609,521,962)
Supplies		538,404	5,289,718
Prepaid expenses and other assets		(1,859,507)	(1,348,975)
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses		(73,790,544)	35,630,819
Due to Miami-Dade County		7,657,903	(9,442,750)
Due to other third-party payors		38,470,296	32,544,224
Other current liabilities		(14,816,772)	(950,605)
Estimated self-insurance liability		(2,594,935)	(7,365,458)
Other long-term liabilities		(5,512,884)	(12,222,995)
Total adjustments		(57,067,849)	132,831,921
Net cash used in operating activities	$	(395,572,036)	(292,857,449)
Noncash investing activity:			
Net increase in the fair value of investments	$	255,323	319,481

See accompanying notes to financial statements.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County

Consolidated Statements of Financial Position – Foundation

September 30, 2012 and 2011

Assets		**2012**	**2011**
Current assets:			
Cash and cash equivalents	$	4,613,814	2,668,252
Pledges receivable – current portion, net		2,008,760	3,670,434
Other current assets		35,096	79,136
Total current assets		6,657,670	6,417,822
Investments		4,029,926	4,901,630
Trust agreement receivable – charitable remainder trust		130,000	482,325
Pledges receivable less current portion, net		3,502,456	1,866,791
Property and equipment, net		61,641	92,245
Total assets	$	14,381,693	13,760,813
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued expenses	$	398,101	1,223,195
Due to Jackson Health System		145,697	—
Total current liabilities		543,798	1,223,195
Commitments and contingencies			
Net assets (deficit):			
Unrestricted (deficit)		1,652,122	(152,528)
Temporarily restricted		12,185,773	12,690,146
Total net assets		13,837,895	12,537,618
Total liabilities and net assets	$	14,381,693	13,760,813

See accompanying notes to financial statements.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County

Consolidated Statements of Activities – Foundation

Years ended September 30, 2012

	Unrestricted	Temporarily restricted	Total
Public support and revenues:			
Donations for International Kids Fund program	$ —	1,692,455	1,692,455
General gifts revenues	919,133	2,711,370	3,630,503
Change in present value discount of pledges receivable	205	1,165	1,370
Bad debt expense	(8)	(755,945)	(755,953)
Special events, net of direct costs	—	1,227,551	1,227,551
Net public support	919,330	4,876,596	5,795,926
Interest income and dividends, net of investment fee	45,398	10,840	56,238
Net realized losses on investments	141,176	97,426	238,602
Net unrealized gains on investments	251,131	179,655	430,786
Total public support and revenues before net assets released from restrictions	1,357,035	5,164,517	6,521,552
Net assets released from restrictions:			
Satisfaction of program restrictions	5,668,890	(5,668,890)	—
Total public support and revenues	7,025,925	(504,373)	6,521,552
Expenses including direct support payments:			
Program services:			
Jackson Health System	1,639,140		1,639,140
International Kids Fund	1,405,082	—	1,405,082
Other Programs	182,167	—	182,167
Total program services	3,226,389	—	3,226,389
Management and general	617,450	—	617,450
Fund-raising	1,377,436	—	1,377,436
Total expenses including direct support payments	5,221,275	—	5,221,275
Change in net assets	1,804,650	(504,373)	1,300,277
Net (deficit) assets at beginning of year	(152,528)	12,690,146	12,537,618
Net assets at end of year	$ 1,652,122	12,185,773	13,837,895

See accompanying notes to financial statements.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County

Consolidated Statements of Activities – Foundation

Years ended September 30, 2011

	Unrestricted	Temporarily restricted	Total
Public support and revenues:			
Donations for International Kids Fund program	$ 51	1,245,622	1,245,673
General gifts revenues	782,330	3,139,908	3,922,238
Contributions from Public Health Trust of Miami-Dade County, Florida to Foundation Health Services, Inc.	13,924	—	13,924
Grant awards revenue	—	456,307	456,307
Change in present value discount of pledges receivable	24,143	145,037	169,180
Bad debt expense	(93,729)	(367,225)	(460,954)
Special events, net of direct costs	—	1,484,256	1,484,256
Other	13,474	—	13,474
Net public support	740,193	6,103,905	6,844,098
Interest income and dividends, net of investment fee	65,248	27,540	92,788
Net realized losses on investments	200,547	159,303	359,850
Net unrealized gains on investments	(225,663)	(183,452)	(409,115)
Total public support and revenues before net assets released from restrictions	780,325	6,107,296	6,887,621
Net assets released from restrictions:			
Satisfaction of program restrictions	8,313,344	(8,313,344)	—
Total public support and revenues	9,093,669	(2,206,048)	6,887,621
Expenses including direct support payments:			
Program services:			
International Kids Fund	1,671,086	—	1,671,086
University of Miami/Jackson Memorial Medical Center	5,120,384	—	5,120,384
Jackson Memorial Hospital International	3,886,316	—	3,886,316
Foundation hospitality and concierge services	876,240	—	876,240
Grant award expenses – other programs	271,408	—	271,408
Total program services	11,825,434	—	11,825,434
Management and general	1,335,626	—	1,335,626
Fund-raising	2,150,879	—	2,150,879
Total expenses including direct support payments	15,311,939	—	15,311,939
Change in net assets	(6,218,270)	(2,206,048)	(8,424,318)
Net assets at beginning of year	6,065,742	14,896,194	20,961,936
Net (deficit) assets at end of year	$ (152,528)	12,690,146	12,537,618

See accompanying notes to financial statements.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County

Statements of Fiduciary Net Assets – Pension Trust Fund

September 30, 2012 and 2011

		2012	2011
Assets:			
Cash	$	12,931,820	10,972,168
Investments:			
Domestic:			
Mutual funds		48,952,150	40,914,192
Equities		216,882,846	155,790,782
Corporate debt securities		97,925,539	83,681,783
U.S. government securities		29,301,356	27,855,812
Total domestic		393,061,891	308,242,569
International:			
Mutual funds		37,492,554	31,848,724
Equities		6,113,862	6,072,686
Corporate debt securities		11,742,420	8,908,235
International government and agency		1,275,247	1,185,823
Total international		56,624,083	48,015,468
Total assets		462,617,794	367,230,205
Net assets reserved for employees’ pension benefits	$	462,617,794	367,230,205

See accompanying notes to financial statements.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County

Statements of Changes in Fiduciary Net Assets – Pension Trust Fund

Years ended September 30, 2012 and 2011

		2012	2011
Net assets reserved for employees' pension benefits:			
Additions:			
Employer contributions	$	27,956,031	41,553,829
Employee contributions		6,014,905	—
Total contributions made		33,970,936	41,553,829
Investment income (loss):			
Interest income		6,451,365	541,732
Dividends		3,925,340	437,888
Net realized and unrealized gains (losses) on pension trust fund investments		54,444,902	(8,463,363)
Total investment income (loss)		64,821,607	(7,483,743)
Other		—	4,873,530
Total additions		98,792,543	38,943,616
Deductions:			
Participants benefit expense		3,404,954	2,483,325
		3,404,954	2,483,325
Net increase in net assets reserved for employees' pension benefits		95,387,589	36,460,291
Net assets at beginning of year		367,230,205	330,769,914
Net assets at end of year	$	462,617,794	367,230,205

See accompanying notes to financial statements.

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

Effective October 1, 1973, the Public Health Trust of Miami-Dade County, Florida (the Trust) was created by county ordinance to provide for an independent governing body (the board of trustees or Board) responsible for the operation, governance, and maintenance of "designated facilities." Currently, the Trust operates six hospitals: Jackson Memorial Hospital, Holtz Children's Hospital, Jackson South Community Hospital, Jackson North Medical Center, Jackson Rehabilitation Hospital, and Jackson Mental Health Hospital; two skilled nursing facilities, Jackson Memorial Long-Term Care Center and Jackson Memorial Perdue Medical Center; several primary care centers, Jefferson Reaves Senior Health Center, North Dade Health Center, Rosie Lee Wesley Health Center; one insurance organization, JMH Health Plan (the Health Plan), as well as multiple specialty care centers, school-based care programs, and the corrections health services for Miami-Dade County. At September 30, 2012, the Trust operates a total of 2,106 licensed hospital beds and 343 licensed nursing home beds.

Jackson Memorial Hospital is a teaching hospital operating in association with the University of Miami School of Medicine, which provides staff and services under an annual operating agreement. Jackson North Medical Center is a teaching hospital operating in association with Florida International University College of Medicine.

The Trust is a department of Miami Dade County. It is the intent of the Miami-Dade Board of County Commissioners (the Commission) to promote, protect, maintain, and improve the health and safety of all residents and visitors of Miami-Dade County through a fully functioning and sustainable Public Health Trust. The Commission finds that it is in the best interest of the public it serves to take action to preserve the Trust and to ensure its financial sustainability by requiring the Trust to notify the Commission, the Mayor, and the Commission Auditor when certain financial conditions as outlined in Chapter 25A of Miami-Dade County Code of Ordinances occur. Some of these financial conditions occurred, and the Commission established a Financial Recovery Board, which requires the preparation and oversight of a recovery plan.

The Financial Recovery Board exercises supervisory control over the operation, maintenance, and governance of all designated facilities and of all functions and activities taking place in connection with the operation of designated facilities and is authorized to exercise such powers as provided for in Section 25A-4 (powers and duties of the Trust). The Financial Recovery Board is composed of seven (7) voting members, none of whom are an employee of the Trust.

The accompanying financial statements are not intended to be a complete presentation of the financial position of the County and the results of its operations and cash flows of its proprietary fund types, in conformity with accounting principles generally accepted in the United States. Transactions between entities that make up the Trust are eliminated in the accompanying financial statements.

(b) Basis of Accounting and Presentation

The accounting policies of the Trust conform to U.S. generally accepted accounting principles (GAAP) as applicable to governmental agencies. The accounts are used to account for the Trust's activities that are financed and operated in a manner similar to a private business enterprise. Accordingly, the Trust maintains its records on the accrual basis of accounting. Revenues from operations, investments, and other sources are recorded when earned. Expenses (including depreciation and amortization) of providing services to the public are accrued when incurred.

Nonexchange transactions, in which the Trust receives value without directly giving equal value in return, include grants from federal, state, and local governments. On an accrual basis, revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, and expenditure requirements, in which the resources are provided to the Trust on a reimbursement basis.

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, offers the option of following all Financial Accounting Standards Board (FASB) standards issued after November 30, 1989, unless the latter conflict with or contradict GASB pronouncements, or not following FASB standards issued after such date. The Trust elected the option not to follow FASB pronouncements issued after November 30, 1989.

Jackson Memorial Foundation, Inc. (the Foundation) is a legally separate, tax-exempt component unit of the Trust governed by a separate independent board of directors. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the Trust in support of its programs. The board of the Foundation is self-perpetuating and consists of community members. Although the Trust does not control the timing or amount of receipts from the Foundation, the majority of resources or income that the Foundation holds and invests are restricted to the activities of the Trust by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the Trust, the Foundation is considered a component unit of the Trust and is discretely presented in the Trust's financial statements.

During the years ended September 30, 2012 and 2011, the Foundation distributed approximately $200,000 and $1,907,000, respectively, to the Trust. Complete financial statements of the Foundation can be obtained from the Foundation at 901 N.W. 17th Street, Plaza Park East – Suite G, Miami, FL 33136.

The Pension Trust Fund is a fiduciary fund used to account for assets held by Northern Trust Bank for the benefits of employees of the Trust who participate in the Public Health Trust Defined Benefit Retirement Plan (the Plan). The financial statements of the pension trust fund use the full-accrual basis of accounting, whereby employer and employee contributions to the Plan are recognized when due, and benefits are recognized when due and payable to the plan participants in accordance with the terms of the Plan.

(c) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

The Trust considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. The Trust routinely invests its surplus operating funds in money market mutual funds and overnight repurchase agreements. These funds generally invest in highly liquid U.S. government and agency obligations.

(e) Investments

Investments that include U.S. government securities, U.S. government agency securities, commercial paper, and U.S. Treasury bills are reported at fair value based upon quoted market prices.

(f) Assets Limited as to Use – Cash and Investments

Assets limited as to use include self-insurance trust arrangements; designated assets set aside by the Board or the County for future capital improvements over which the Board retains control and may, at its discretion, subsequently use for other purposes; and assets set aside in accordance with agreements with third-party payors, the County, and the Florida Department of Financial Services Office of Insurance Regulation. Amounts required to meet current liabilities have been classified as current assets in the accompanying balance sheets – Trust.

(g) Supplies

Supplies, consisting primarily of pharmaceutical and medical-surgical supplies, are principally determined using average cost or market.

(h) Capital Assets

The Trust capitalizes all items with an initial cost of $5,000 or greater and an expected useful life of two years or more. The Trust’s capital assets are stated at cost to the Trust or to the County or if donated property, at fair market value at the date of donation. Assets under capital leases are stated at the present value of future minimum lease payments at the inception of the lease and are amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Leasehold improvements are amortized on a straight-line basis over the shorter of the term of the respective lease or the life of the related asset. Such amortization is included in depreciation and amortization in the financial statements. Routine maintenance and repairs that do not extend the life of the assets are charged to expense as incurred and major renovations or improvements are capitalized.

Commencing in 2012, depreciation is provided using the half-year convention for the first and final year with a straight-line method over the estimated useful lives of the related assets based on the American Hospital Association guidelines as summarized below:

	Useful life
Land improvements	2 – 25 years
Buildings	5 – 40 years
Fixed equipment	5 – 20 years
Movable equipment	3 – 20 years

Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets. Interest costs associated with that portion of the Trust's revenue bonds used to construct qualifying assets, less interest earned on temporary investment of the unexpended proceeds of those borrowings, are also capitalized as a component of the cost of acquiring the qualifying assets. The amount of interest cost capitalized during the years ended September 30, 2012 and 2011 approximated $1,022,000 and $3,200,000, respectively.

(i) Costs of Borrowing

Bond issuance costs are amortized over the life of the debt using the straight-line method, which approximates the effective-interest method.

(j) Bonds Payable

The Trust is not empowered to borrow funds. Long-term financing is generally accomplished by the issuance of bonds or other debt by the County, which is reflected as long-term debt in the accompanying financial statements.

(k) Bond Premium, Discounts, and Refundings of Debt

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Current and advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense using the straight-line method over the remaining life of the old debt or the life of the new debt, whichever is shorter. The difference in these amounts, to the extent unamortized, is accounted for as an element of the carrying cost of the related debt.

(l) Self-Insurance Programs

The provision for estimated self-insured programs – general professional liability claims and workers' compensation – includes estimates of the ultimate costs for both reported claims and claims incurred but not reported. The estimates for self-insured claims are continually reviewed and adjusted as necessary as experience develops or new information becomes known.

(m) Net Asset Classification

Net assets are classified and displayed in three components:

- Invested in capital assets, net of related debt – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net assets – consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation. The Trust first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.
- Unrestricted net assets – consist of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

(n) Classification of Revenues and Expenses

All transactions deemed by management to be ongoing, major, or central to the provision of healthcare services are considered to be operating activities and are reported as operating revenue and operating expenses. Investment income, interest expense, sales tax revenue, funding from the County, and peripheral or incidental transactions are reported as nonoperating revenue and expenses.

(o) Net Patient Service Revenue

The Trust has agreements with third-party payors that provide for payments to the Trust at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments.

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in the year of final settlement as an adjustment to net patient service revenue in that year's statement of revenues, expenses, and changes in net assets. Final settlements under these programs are subject to administrative review and audit by third-party payors. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Adjustments to revenues, related to prior periods increased net patient service revenue by approximately $5,448,000 and $30,927,000 for the years ended September 30, 2012 and 2011, respectively. In the opinion of management, adequate provision has been made in the accompanying financial statements for adjustments that may result from such reviews and audits.

(p) Charitable Services

In pursuing its mission, the Trust provides services to financially disadvantaged individuals in the community in which it operates, despite the lack or adequacy of reimbursement for those services.

The Trust maintains records to identify and monitor the level of such services as follows:

The Trust provides care to patients regardless of their ability to pay. All, or a portion, of the charges incurred at established rates are classified as charity by reference to the Trust's established policies. Essentially, these policies define charitable services as those for which no payment is anticipated. In assessing a patient's ability to pay, the Trust uses generally recognized poverty income levels for the community but also includes certain cases where incurred charges are considered to be beyond the patient's ability to pay. Because the Trust does not pursue the collection of amounts determined to meet the criteria under its charity care policy, such amounts are not reported as revenue.

The Trust provides services to other indigent patients under various State of Florida programs that pay healthcare providers amounts that are less than the cost of the services provided to the recipients. The difference between the cost of services provided to these indigent persons and the expected reimbursement is also considered to be charitable service.

In addition to the services that are provided to financially disadvantaged individuals, the Trust provides certain community health services at no charge to the public, including various educational programs. Costs related to these services are included in operating expenses.

(q) Other Revenue

Other revenue primarily consists of premium revenue, which is recognized by the Health Plan during the period in which the Health Plan is obligated to provide services to its members. In addition to the premium revenue, also included as other revenue are parking, rent, and miscellaneous billings.

(r) Unpaid Medical Claims

The unpaid medical claims related to the Health Plan are included in other liabilities. The unpaid medical claims include accruals for hospital and other medical claims incurred as well as those incurred but not reported. The accrual is based on a per diem rate for outstanding bed days for inpatient claims and on experience trends for inpatient, outpatient, and other medical claims.

(s) Income Taxes

The Trust is an integral part of Miami-Dade County, Florida, and as such, is not subject to income tax. The Foundation is exempt from income taxes under Internal Revenue Code (IRC) Section 501(a) as an entity described in IRC Section 501(c)(3).

(t) Significant Accounting Policies – Foundation

The Foundation is a private, nonprofit organization that reports under the standards of the FASB, including the Accounting Standards Codification 958-605. As such, certain revenue recognition criteria and presentation features are different from, *Not-for-profit Entities-Revenue Recognition* GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the Trust's financial reporting entity for these differences.

Contributions

In accordance with an accounting standard issued by the FASB, contributions received or made, including promises to give or pledges, are recognized at fair value in the period in which they are received or made.

Contributions received, including unconditional promises, are recognized as revenues when the donor's commitment is received. Conditional promises are recorded when donor stipulations are substantially met. Unconditional promises are recognized at the estimated present value of the future cash flows using a risk-free rate. Promises and contributions of noncash assets are recorded at their fair value.

Donated Services

Board members and volunteers have donated significant time to the Foundation's activities. However, the value of these services is not reflected in the accompanying financial statements, since such services are not the type that would qualify for recognition.

Cash and Cash Equivalents

Cash and cash equivalents include money market funds at various financial institutions. The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

The Foundation reports its investments under an accounting standard issued by the FASB on accounting for certain investments held by not-for-profit organizations. Under the standard, a not-for-profit organization is required to report investments in equity securities with readily determinable fair values and all investments in debt securities at fair value.

Purchased securities are stated at fair market value based on the most recently traded price of the security at the financial statement date. Donated securities are recorded at fair value and sold immediately. Realized and unrealized gains and losses are recorded in the statement of activities.

Pledges Receivable

Pledges receivable, less an estimate for uncollectible amounts, represent uncollected promises and are stated at the estimated present value of the future cash flows using a rate of return appropriate for the expected term of the promise to give at the time initially recognized. The majority of pledges are designated by the donors for distribution to Jackson Health System (JHS). Such amounts subject to collection and fund-raising costs and administration fees, when applicable, are distributed to JHS as designated by the donor. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Property and Equipment

Property and equipment are stated at cost or, if donated, at fair value at the date of donation. Additions and major improvements are capitalized, and repairs and maintenance costs are expensed. Upon retirement or sale, any resulting gain or loss is recognized in the appropriate period. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

(u) New Accounting Pronouncements

The GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This Statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of GASB Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. GASB No. 68 is effective for years beginning after June 15, 2013 and will not have a significant impact on the Trust.

The GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of this Statement will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting GASB No. 65 is effective for periods beginning after December 15, 2012.

(2) Financial Condition

The Trust's fund net assets increased approximately $8,200,000 during 2012, and at September 30, 2012, the Trust has a working capital deficit of approximately $45,134,000. Days cash on hand was approximately 13 days and 18 days at September 30, 2012 and 2011, respectively. As of September 30, 2012, the Trust was in compliance with the required debt service coverage ratio covenant related to the outstanding long-term debt. See note 10 for discussion.

Historically, the Trust has relied on funding from the County and sales tax revenue to defray the costs of its general operations. The amount of future funding from the County is dependent, in part, on the availability of ad valorem and non ad valorem taxes to do so, while the level of sales tax revenue is dependent on general economic conditions.

In April 2011, the JMH Health Plan was placed on a Corrective Action Plan (CAP) by the Florida Office of Insurance Regulation (OIR) due to operational losses resulting in the inability to meeting the statutory surplus requirements. During 2011, the Trust was required to recapitalize the Health Plan as part of the CAP from the OIR. Additionally, the JMH Health Plan was prohibited from writing new policies in the Medicare and Medicaid lines of business while under the CAP. In October 2011, the JMH Health Plan announced that it was transitioning out of the commercial and managed Medicaid lines of business effective January 1, 2012. The Trust entered into a Consent Order with the OIR in October 2011. Pursuant to the Consent Order, the Trust agreed, among other things that: (i) if JMH Health Plan does not report year-to-date profitability by December 31, 2012, JMH Health Plan will wind down its operations and voluntarily surrender its Certificate of Authority; (ii) file monthly financial statements and other requested reports until the OIR provides written documentation indicating monthly reports are no longer required; and (iii) provide necessary capital infusion should the JMH Health Plan experience impaired statutory surplus as evidenced by the monthly required reporting. The Consent Order permits the JMH Health Plan to resume writing new policies for the Medicare line of business assuming all criteria are in compliance.

As of September 30, 2012, the JMH Health Plan was in compliance with the Consent Order and was permitted to actively write policies for the Medicare line of business.

The Trust has implemented and continues to evaluate cost reduction initiatives directed at reducing operating expenses. These initiatives have included reductions in workforce due to operational efficiencies and partnership with a group purchasing organization to reduce supply expense and assist with standardization of medical supplies across the organization.

(3) Cash, Cash Equivalents, and Investments

At September 30, 2012 and 2011, cash, cash equivalents, and investments, including assets limited as to use, at fair value included the following:

		2012	2011
Fixed investments – federal treasuries and federal agency securities	$	70,884,801	87,232,850
Money market accounts		4,006,695	9,413,339
Total investments		74,891,496	96,646,189
Deposits		97,208,820	159,312,041
Total cash, cash equivalents, and investments	$	172,100,316	255,958,230

The Trust and the County pooled cash and investment accounts are required to be maintained in accordance with legal restrictions. The Trust's equity share of the total pooled cash and investments is included in short-term and long-term investments in accompanying balance sheets.

(a) Deposits

The Trust's investment authority is derived from Florida Statutes, Chapter 218.415, and by county ordinance. Time deposits made in banks and savings and loans associations must be made with qualified public depositories in accordance with Chapter 280, Florida Statutes. All qualified public depositories, as defined under Florida Statutes, are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The pledging level may range from 50% to 125% depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral, and, if necessary, assessments against other qualified public depositories of the same type as the depository in default. At September 30, 2012 and 2011, the Trust's deposits were entirely covered by federal depository insurance or by collateral pledged with the State Treasurer pursuant to Chapter 280, Florida Statutes.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. 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. The Policy requires the execution of a Custodial Safekeeping Agreement (CSA) for all purchased securities and shall be held for the credit of the Trust in an account separate and apart from the assets of the financial institution.

The carrying value of the Trust's bank deposit accounts was approximately $97,209,000 and $159,312,000 at September 30, 2012 and 2011, respectively.

At September 30, 2012 and 2011, approximately $74,891,000 and $96,646,000, respectively, of the Trust's deposits and investments were held in a pooled account at the County. Earnings generated by the investment pool are allocated based on each investing organization's balance as a percentage of total investments held in the pool.

(b) Restricted Investments

The Trust's share in the County's investments included the following at September 30, 2012 and 2011:

Investment type		Fair value 2012	Fair value 2011
U.S. Treasury bills	$	9,054,381	4,672,555
Federal Farm Credit Banks		14,648,777	19,144,740
Federal Home Loan Banks		14,513,972	22,594,721
Federal National Mortgage Association		16,903,011	22,385,074
Federal Home Loan Mortgage Corporation		15,764,660	18,435,760
Money market accounts		4,006,695	9,413,339
Total restricted investments	$	74,891,496	96,646,189

Assets Limited as to Use – Cash and Investments

Assets limited as to use – cash and investments that are required for obligations classified as current liabilities are reported in current assets. The composition of assets limited as to use at September 30, 2012 and 2011 is set forth in the following table. Investments are stated at fair value based on quoted market prices.

		2012	2011
By board for self-insurance program:			
Cash	$	20,264,470	16,837,638
By board for capital project funds:			
Cash		—	1,314,710
By board for other needs:			
Cash		573,894	844,193
By board and/or regulators for the health plan:			
Cash		15,334,922	55,654,900
Total assets limited as to use		36,173,286	74,651,441
Less current portion		(12,088,227)	(40,269,472)
	$	24,085,059	34,381,969

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Trust's Investment Policy (the Policy) minimizes credit risk by restricting authorized investments to: Local Government Surplus Funds Trust Fund (the Pool) or any intergovernmental investment pool authorized pursuant to the Florida Inter-local Cooperation Act; money market funds registered with the Securities and Exchange Commission (SEC) that have the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits or savings accounts in qualified public depositories, pursuant to Florida Statutes, Chapter 280.02, which are defined as banks, savings banks, or savings associations organized under the laws of the United States with an office in Florida 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, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, provided that the portfolio is limited to the obligations of the U.S. government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such U.S. government obligations and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian; commercial paper of prime quality with a stated maturity of 270 days or less from the date of its issuance, which has the highest letter and numerical rating as provided for by at least one nationally recognized rating service; bankers' acceptances that have a stated maturity of 180 days or less from the date of their issuance, have the highest letter and numerical rating as provided for by at least one nationally recognized rating service, and are drawn on and accepted by commercial banks and that are eligible for purchase by the Federal Reserve Bank; and investments in repurchase agreements collateralized by securities authorized by the Policy.

At September 30, 2012, the Trust's restricted investment securities had the following credit ratings:

		Fair value	Credit rating (S&P*/ Moody's/Fitch) (N/A = not rated)
Money market accounts	$	4,006,695	N/A
U.S. government agency securities, by issuer:			
Federal Farm Credit Banks		14,648,777	AA+/A-1+
Federal Home Loan Banks		14,513,972	AA+/A-1+
Federal National Mortgage Association		16,903,011	AA+/A-1+
Federal Home Loan Mortgage Corporation		15,764,660	AA+/A-1+
U.S. Treasury bills		9,054,381	AA+/A-1+
	$	74,891,496	

* Standard and Poor's

At September 30, 2011, the Trust's restricted investment securities had the following credit ratings:

		Fair value	Credit rating (S&P*/ Moody's/Fitch) (N/A = not rated)
Money market accounts	$	9,413,339	N/A
U.S. government agency securities, by issuer:			
Federal Farm Credit Banks		19,144,740	AA+/Aaa/AAA
Federal Home Loan Banks		22,594,721	AA+/Aaa/AAA
Federal National Mortgage Association		22,385,074	AA+/Aaa/AAA
Federal Home Loan Mortgage Corporation		18,435,760	AA+/Aaa/AAA
U.S. Treasury bills		4,672,555	AAA
	$	96,646,189	

* Standard and Poor's

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of investments in a single issuer. 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 Pool; however, bond proceeds may be temporarily deposited in the Pool until other investments have been purchased. Prior to any investment in the Pool, approval must be received by the Board; a maximum of 30% of the portfolio may be invested in SEC-registered money market funds with no more than 10% to any single money market fund; a maximum of 20% of the portfolio may be invested in nonnegotiable, interest-bearing time certificates of deposit savings accounts with no more than 5% deposited with any one issuer, with no limits on individual issuers (investment in agencies containing call options shall be limited to a maximum of 25% of the total portfolio). There is no limit on the percentage of the total portfolio that may be invested in direct obligations of the U.S. Treasury or federal agencies, and instrumentalities; 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 20% of the portfolio may be invested in bankers' acceptances with a maximum of 25% with any one issuer; a maximum of 60% of the portfolio may be invested in both commercial paper and bankers' acceptances; and a maximum of 10% of the portfolio may be invested with any one institution.

At September 30, 2012 and 2011, the composition of the Trust's restricted investments by investment type that represent greater than 5% of total investments was as follows:

	Percentage of portfolio	
	2012	**2011**
U.S. government agency securities, by issuer:		
Federal Farm Credit Banks	19.6%	19.8%
Federal Home Loan Banks	19.4	23.4
Federal National Mortgage Association	22.6	23.2
Federal Home Loan Mortgage Corporation	21.0	19.1
U.S. Treasury bills	12.1	4.8
Money market accounts	5.3	9.7

Interest Rate Risk

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

As of September 30, 2012 and 2011, the Trust had the following restricted investments with the respective weighted average maturity in years:

	Weighted average maturity	
	2012	**2011**
U.S. government agency securities, by issuer:		
Federal Farm Credit Banks	1.37	1.02
Federal Home Loan Banks	0.78	0.55
Federal National Mortgage Association	1.21	0.98
Federal Home Loan Mortgage Corporation	0.48	0.42
U.S. Treasury bills	0.48	0.25

(4) Net Patient Service Revenue

The Trust has agreements with third-party payors that provide for payments to the Trust at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the Trust's established rates for services and amounts reimbursed by third-party payors. A summary of the payment arrangements with major third-party payors is as follows:

Medicare – Approximately 20% and 22% of the Trust's patient revenue was derived from services rendered to patients under the Medicare program during fiscal years 2012 and 2011, respectively. Medicare inpatient services for acute and rehabilitation services are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system based on clinical, diagnostic, and treatment factors. Psychiatric services are reimbursed based on the lower of cost or a fixed amount per discharge. Outpatient services are reimbursed on a prospectively determined fee schedule with final settlement determined after audit of the annual cost report submitted by the Trust.

The Trust's annual Medicare cost reports are subject to audit and approval of the Medicare program authorities. In connection with this audit and approval process, the Trust may be required to revise its previous estimate of amounts due to or from the Medicare program. Differences between the Trust's original estimate and estimates based on subsequent determinations, resulting from the audit and approval process mentioned above, are recorded in operations by the Trust in the period the determination is made. The Trust's Medicare cost reports have been audited and settled by the Medicare fiscal intermediary through September 30, 2010. The Trust has filed Medicare cost reports through September 30, 2011. Estimated provisions, if any, have been made for years through September 30, 2012 and have been reflected in the accompanying financial statements.

Medicaid – Approximately 23% of the Trust's patient revenue was derived from services rendered to patients under the Medicaid program for both fiscal years 2012 and 2011. Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed prospectively for covered services on the basis of historical cost as determined under regulations of the Medicaid program. The Trust is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Trust and audits thereof by the Medicaid fiscal intermediary. The Trust's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through September 30, 2006. The Trust has filed Medicaid cost reports through September 30, 2011. Estimated provisions, if any, have been made for years through September 30, 2012 and have been reflected in the accompanying financial statements.

Other – Approximately 38% and 41% of the Trust's patient revenue was derived from services rendered under various other provider agreements during fiscal years 2012 and 2011. The Trust has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payments to the Trust under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates. The remaining 18% and 14% for fiscal years ended 2012 and 2011 represents revenue derived from self-pay and patients that may qualify for the state assistance on the condition that state funding is available.

Net patient service revenue consisted of the following for the years ended September 30, 2012 and 2011:

	2012	2011
Patient service revenue:		
Inpatient service	$ 2,774,639,384	2,927,550,169
Ambulatory services	1,180,632,648	1,164,675,199
Total gross patient charges	3,955,272,032	4,092,225,368
Charity care	(392,534,945)	(476,035,792)
Provision for doubtful accounts	(493,985,307)	(636,466,558)
Contractual adjustments	(2,271,028,072)	(2,117,443,855)
Total deductions from gross charges	(3,157,548,324)	(3,229,946,205)
Net patient service revenue	$ 797,723,708	862,279,163

(5) Concentration of Credit Risk

Patients’ accounts receivable consist primarily of receivables from patients and third-party payors. In the course of providing healthcare services, the Trust grants credit to patients, substantially all of whom are residents of the County. The Trust generally does not require collateral or other security in extending credit to patients; however, it routinely obtains assignments of (or is otherwise entitled to receive) patients’ benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, health maintenance organizations, preferred provider organizations, and commercial insurance policies).

The mix of receivables from patients and third-party payors based on gross patient charges at September 30, 2012 and 2011 is as follows:

	2012	2011
Medicaid	40%	39%
Medicare	9	12
Patients	25	23
Managed care	20	19
Commercial	6	7
	100%	100%

The allowance for doubtful accounts represents amounts, which, in the Trust’s judgment, will be adequate to absorb write-offs of existing patient receivable balances, which may become uncollectible. Estimation of the allowance for doubtful accounts is based on several factors, which include, but are not limited to, analytical review of loss experience of the various payor classes in relation to outstanding receivables and judgment with respect to the impact of current economic conditions. The Trust believes that the allowance for doubtful accounts is adequate.

(6) Transactions with the County

Under the terms of the 2012 and 2011 operating agreement (the Agreement) between the County and the Trust, the County funded the Trust approximately $133,362,000 and $137,952,000, respectively, from ad valorem and nonad valorem taxes to defray the costs of its general operations. Such amounts have been included in Nonoperating revenue in the accompanying statements of revenues, expenses, and changes in fund net assets. The amounts of future funding from the County are dependent, in part, on the availability of ad valorem and nonad valorem taxes to do so.

The County provided various services to the Trust under the terms of the Agreement, such as legal, direct, and indirect costs, which for 2012 and 2011 amounted to approximately $2,532,000 and $4,501,000, respectively. Such supplies and services are billed at cost. At September 30, 2012 and 2011, the Trust's accumulated payables to the County for these and other services were approximately $154,000 and $1,434,000, respectively, which is included in due to Miami-Dade County in the accompanying balance sheets.

The Trust participated in the County's partially self-insured employee health insurance program starting January 1, 2012. The risk-sharing assessment from the County resulted in a liability of approximately $8,637,000 for the year ended September 30, 2012, which is included in due to Miami-Dade County in the accompanying balance sheets. Prior to January 1, 2012, the Trust's employees were insured through the JMH Health Plan.

In addition to the above matters, at September 30, 2012 and 2011, due to Miami-Dade County in the accompanying balance sheets included $15,000,000 and $14,700,000, respectively, due from the Trust to the County under the Agreement to partially fund the County's obligation to the State of Florida under the Medicaid program.

At September 30, 2012 and 2011, the Trust recorded a receivable from the County of approximately $33,247,000 and $31,689,000, respectively, in due from Miami-Dade County in the accompanying balance sheets for sales taxes receivable.

(7) Sales Tax Revenue

On September 3, 1991, the voters of the County approved a half-cent sales tax to support the operations of the Trust, effective January 1, 1992. During the years ended September 30, 2012 and 2011, the Trust recognized approximately $202,480,000 and $189,324,000, respectively, of sales tax revenue, which is included in nonoperating revenues in the accompanying statements of revenues, expenses, and changes in net assets.

(8) Capital Assets

A summary of the activity in the capital assets and the related accumulated depreciation account for the years ended September 30, 2012 and 2011 is as follows:

	Balance at September 30, 2011	Additions	Transfers	Sales, retirement, and adjustments	Balance at September 30, 2012
Land improvements	$ 30,737,338	—	1,252,188	—	31,989,526
Buildings	659,791,540	—	11,551,236	(55,423)	671,287,353
Fixed equipment	96,909,667	55,236	1,082,767	—	98,047,670
Movable equipment	360,802,270	3,057,927	6,466,458	(4,595,109)	365,731,546
Depreciable assets	1,148,240,815	3,113,163	20,352,649	(4,650,532)	1,167,056,095
Accumulated depreciation	(720,252,985)	(66,315,860)	—	3,500,181	(783,068,664)
Net depreciable assets	427,987,830	(63,202,697)	20,352,649	(1,150,351)	383,987,431
Land	36,634,927	—	—	—	36,634,927
Construction in progress	29,039,508	21,336,087	(19,739,153)	(47,528)	30,588,914
Projects in progress	7,985,028	3,654,032	(613,496)	—	11,025,564
Capital assets, net	$ 501,647,293	(38,212,578)	—	(1,197,879)	462,236,836

	Balance at September 30, 2010	Additions	Transfers	Sales, retirement, and adjustments	Balance at September 30, 2011
Land improvements	$ 30,411,955	—	330,857	(5,474)	30,737,338
Buildings	565,423,929	699,565	95,225,786	(1,557,740)	659,791,540
Fixed equipment	92,612,883	375,682	3,892,791	28,311	96,909,667
Movable equipment	329,133,674	10,885,082	22,151,580	(1,368,066)	360,802,270
Depreciable assets	1,017,582,441	11,960,329	121,601,014	(2,902,969)	1,148,240,815
Accumulated depreciation	(657,254,399)	(63,753,347)	—	754,761	(720,252,985)
Net depreciable assets	360,328,042	(51,793,018)	121,601,014	(2,148,208)	427,987,830
Land	36,634,927	—	—	—	36,634,927
Construction in progress	97,788,858	49,786,970	(117,489,681)	(1,046,639)	29,039,508
Projects in progress	2,787,666	10,689,856	(4,111,333)	(1,381,161)	7,985,028
Capital assets, net	$ 497,539,493	8,683,808	—	(4,576,008)	501,647,293

(9) Long-Term Obligations

Activity with respect to long-term debt and other liabilities for the years ended September 30, 2012 and 2011 was as follows:

	Balance at September 30, 2011	Additions	Reductions	Balance at September 30, 2012	Amount due within one year
Bonds payable	$ 361,715,000	—	(7,020,000)	354,695,000	7,325,000
Less deferred amounts:					
For issuance discount and refunding losses	(6,788,196)	—	852,539	(5,935,657)	—
Add deferred amounts:					
For issuance premium	9,498,364	—	(507,243)	8,991,121	—
Total bonds payable, net	364,425,168	—	(6,674,704)	357,750,464	7,325,000
Estimated self-insurance	48,261,456	4,467,376	(7,062,311)	45,666,521	7,067,980
Other liabilities	1,876,206	129,028	(486,832)	1,518,402	—
Total	$ 414,562,830	4,596,404	(14,223,847)	404,935,387	14,392,980

	Balance at September 30, 2010	Additions	Reductions	Balance at September 30, 2011	Amount due within one year
Bonds payable	$ 368,430,000	—	(6,715,000)	361,715,000	7,020,000
Less deferred amounts:					
For issuance discount and refunding losses	(7,309,117)	—	520,921	(6,788,196)	—
Add deferred amounts:					
For issuance premium	10,582,162	—	(1,083,798)	9,498,364	—
Total bonds payable, net	371,703,045	—	(7,277,877)	364,425,168	7,020,000
Estimated self-insurance	55,626,914	15,770,155	(23,135,613)	48,261,456	9,927,825
Other liabilities	1,447,312	528,984	(100,090)	1,876,206	—
Total	$ 428,777,271	16,299,139	(30,513,580)	414,562,830	16,947,825

(10) Long-Term Debt and Interest Expense

The composition of long-term debt at September 30, 2012 and 2011 is set forth in the following table:

	September 30	
	2012	**2011**
Public Facilities Revenue Bonds (Series 2005A), net of unamortized bond premium of approximately $2,431,000 and $2,529,000 at September 30, 2012 and 2011, respectively. Interest rate from 4.38% to 5.00%	$ 150,966,202	151,063,449
Public Facilities Revenue Refunding Bonds (Series 2005B), net of unamortized bond premium of approximately $6,560,000 and $6,969,000 and deferred loss on refunding of approximately $5,601,000 and $6,440,000 at September 30, 2012 and 2011, respectively. Interest rate from 3.50% to 5.00%	126,719,312	131,874,215
Public Facilities Revenue Bonds (Series 2009), net of unamortized bond discount of approximately $335,000 and $347,000 at September 30, 2012 and 2011, respectively. Interest rate from 4.00% to 5.25%	80,064,950	81,487,504
Total long-term debt	357,750,464	364,425,168
Less current portion	(7,325,000)	(7,020,000)
	$ 350,425,464	357,405,168

On September 27, 2005, the County issued Public Facilities Revenue Bonds and Public Facilities Revenue Refunding Bonds in the original combined amount of $300,000,000 (Series 2005 Bonds) to (i) pay or reimburse the Trust for the cost of certain additions to the Trust's healthcare facilities; (ii) fund a Debt Service Reserve Fund; (iii) refund all of the County's outstanding Public Facilities Revenue Bonds (Jackson Memorial Hospital), Series 1993 Public Facilities Revenue Refunding Bonds (Jackson Memorial Hospital), Series 1993A and Series 1998 Public Facilities Revenue Bonds (Jackson Memorial Hospital); and (iv) pay certain costs incurred in connection with the issuance of the Series 2005 Bonds, including the premium for a municipal bond insurance policy.

On September 2, 2009, the County issued Public Facilities Revenue Bonds in the original amount of $83,315,000 (Series 2009 Bonds) to provide funds to (i) pay or reimburse the Trust for the cost of certain additions to the Trust's healthcare facilities, including infrastructure; (ii) fund a deposit to the Debt Service Reserve Fund established under Master Ordinance; and (iii) pay certain costs incurred in connection with the issuance of the Series 2009 Bonds, including the premium for a financial guaranty insurance policy.

The Series 2005 Bonds and Series 2009 Bonds (collectively, the Bonds) are secured by the gross revenues of the Trust. The Bonds are subject to certain covenants included in Ordinance No. 05-49 (the Ordinance), together with certain ordinances and board resolutions, which authorize and issue the Bonds by and between the Trust and the County. In addition, the Trust must comply with certain covenants included in the related insurance agreements.

The Ordinance contains restrictive covenants that must be met by the Trust, including, among other items, the requirement to maintain a minimum long-term debt service coverage ratio, the requirement to make scheduled monthly deposits to the debt service fund, maintenance of insurance on the Trust's facilities, and limitations on the incurrence of additional debt. In general, the bond insurance agreement contains the same covenants as the Ordinance.

At September 30, 2012, the Trust was in compliance of the debt service coverage ratio covenant contained in the Ordinance No. 05-49, Section 8.18, paragraph B. The Trust had previously engaged an independent consultant who specializes in healthcare and has implemented the reasonable and material recommendations of the consultant, subject to any government restrictions, as defined in the Ordinance.

The approximate maturities of long-term debt for the next five years and thereafter are as follows:

	Principal payments	Estimated interest payments	Estimated total debt service
Year(s) ending September 30:			
2013	$ 7,325,000	17,573,731	24,898,731
2014	7,645,000	17,252,756	24,897,756
2015	8,005,000	16,895,794	24,900,794
2016	8,385,000	16,513,694	24,898,694
2017	8,790,000	16,111,194	24,901,194
2018 – 2022	50,905,000	73,589,194	124,494,194
2023 – 2027	64,620,000	59,885,281	124,505,281
2028 – 2032	82,690,000	41,785,088	124,475,088
2033 – 2037	105,655,000	18,820,077	124,475,077
2038 – 2040	10,675,000	929,200	11,604,200
	$ 354,695,000	279,356,009	634,051,009

Interest expense for the years ended September 30, 2012 and 2011 is summarized as follows:

	2012	2011
Interest on bonds	$ 17,355,334	14,689,000
Other interest	569,696	307,942
	$ 17,925,030	14,996,942

The Trust did not have any outstanding amount previously defeased held in escrow during fiscal year 2012.

(11) Risk Management

The Trust is exposed to various risks of loss related to professional liability; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Trust manages its risks for professional and general liability internally and sets aside assets for claims settlement. The Trust also participates in the County's master property insurance program, which provides coverage for most other risks.

(a) Professional and General Liability

The Trust established a self-insurance program for professional and general liability claims beginning in 1975. As an agency of a political subdivision of the State of Florida, the Trust has sovereign immunity from such claims, except for the waiver of such immunity, to the extent of $200,000 per claimant or $300,000 per incident. The maximum limitation has been considered in estimating the reserve for self-insured claims. The Board, at its discretion, has funded approximately $20,265,000 and $16,838,000 at September 30, 2012 and 2011, respectively, of its estimated liability. Such amounts are reflected in the accompanying balance sheets – Trust in assets limited as to use.

Incidents that might result in claims are required to be reported to the risk management department of the Trust for investigation. At any one time, claims are in various stages of processing, including being handled by counsel. In addition, claims may not have been presented for all reported incidents. Management of the Trust, based on advice of counsel and its consulting actuaries and determinations made by the risk management department, estimates the reserve necessary to provide for claims based on incidents that have occurred based on the appropriate sovereign immunity limitation. Accrued professional and general liabilities losses have been discounted using a rate of 3% at both September 30, 2012 and 2011. The total liability as of September 30, 2012 and 2011 approximated $20,338,000 and $21,830,000, respectively.

As a result of favorable claims experience, during 2012 and 2011, the Trust reduced the liability for professional and general claims by approximately $4,525,000 and $9,184,000, respectively. This change in estimate reduced other operating expenses in the accompanying statements of revenues, expenses, and changes in fund net assets – Trust.

(b) Workers' Compensation

The Trust participated in the County's self-insured workers' compensation program until the first quarter of fiscal year 2008, at which time PMA Group, Inc., a third-party administrator, began processing claims, and the Trust established its own self-insurance program for workers' compensation. The workers' compensation assessment resulted in a liability at September 30, 2012 and 2011, of approximately $25,329,000 and $26,431,000, respectively, of which approximately $21,218,000 and $22,071,000, respectively, is included in long-term other liabilities, and approximately $4,111,000 and $4,360,000, respectively, is included in current liabilities other – unrestricted in the accompanying balance sheets – Trust. The Trust's workers' compensation expense under this program for the years ended September 30, 2012 and 2011 was approximately

$3,615,000 and $(2,112,000), respectively. No stop-loss insurance policy has been purchased for claims exceeding a certain dollar amount.

The changes in the self-insurance programs for the years ended September 30, 2012 and 2011 are as follows:

		Workers' compensation	Professional liability	Total
Balance at September 30, 2010	$	33,054,335	22,572,579	55,626,914
Claims paid		(14,062,601)	(9,073,012)	(23,135,613)
Claims and changes in estimates		7,438,973	8,331,182	15,770,155
Balance at September 30, 2011		26,430,707	21,830,749	48,261,456
Claims paid		(4,717,005)	(2,345,306)	(7,062,311)
Claims and changes in estimates		3,615,044	852,332	4,467,376
Balance at September 30, 2012	$	25,328,746	20,337,775	45,666,521

(12) Leases

The Trust leases various equipment and facilities under operating leases. Rent expense for all operating leases was approximately $14,804,000 and $19,856,000 in 2012 and 2011, respectively, and is included in contractual and purchased services in the accompanying financial statements. At September 30, 2012, future minimum lease payments by year under Noncancelable operating leases are as follows:

Year ending September 30:		
2013	$	7,149,200
2014		6,447,019
2015		5,339,859
2016		3,566,759
2017		1,152,115

(13) Public Medical Assistance Trust Fund Assessment

The State of Florida's Health Care Consumer Protection Awareness Act (the Act) calls for an assessment equal to 1.5% of hospital net patient revenue, as defined, to be provided for care of indigents in the State of Florida. The Florida Legislative session of 2000 passed the Patient Protection Act of 2000, which provided that the assessment be lowered to 1% for certain services. The assessments are paid to the State of Florida in quarterly increments with the first installment due no more than six months after the Trust's fiscal year-end. The assessment was approximately $15,562,000 and $15,396,000 in 2012 and 2011, respectively.

(14) Pension Plans

(a) Florida Retirement System

The Trust participates in the Florida Retirement System (System), a multiple-employer, cost-sharing, public-employee retirement plan that covers certain of the Trust's full-time and part-time employees. Through the year ended September 30, 2010, the System was noncontributory and is administered by the State of Florida. Effective July 1, 2011, all System investment plan and pension plan members, except those in the Deferred Retirement Option Program, were required to make a 3% pretax employee contribution. The System was created in 1970 by consolidating several employee retirement systems. All eligible employees (as defined by the State of Florida) who were hired after 1970, and those employed prior to 1970 who elect to be enrolled, are covered by the System. Benefits under the plan vest after 10 years of service. Employees who retire at or after age 62 with six years of credited service are entitled to an annual retirement benefit payable monthly for life. The System also provides for early retirement at reduced benefits and death and disability benefits. These benefit provisions and all other requirements are established by state statute.

During the fiscal year ended September 30, 2012, the Trust employees contributed 3% of their salaries toward their pension contributions. For the years ended September 30, 2012, 2011, and 2010, the Trust contributed (including portion paid by employee), 100.0%, 93.4%, and 100.0%, respectively, of the required contributions. These contributions totaled $14,318,728, $20,102,837 and $23,447,692, respectively, which represent 7.5%, 9.4%, and 10.9% of gross salaries for fiscal years ended September 30, 2012, 2011, and 2010, respectively.

A copy of the System's latest available annual report can be obtained by writing to the Division of Retirement, Cedars Executive Center, P.O. Box 9000, Tallahassee, FL 32315-9000 or by calling 877-FRS-1FRS (877-377-1377).

(b) Public Health Trust of Miami-Dade County, Florida, Defined Benefit Retirement Plan

The Public Health Trust of Miami-Dade County, Florida, Defined Benefit Retirement Plan (the Plan) was created in 1996. The Plan does not issue stand-alone financial statements.

Eligibility

All employees working in a full-time or part-time regularly established position who were hired after January 1, 1996 are covered by the Plan.

Contributions

PHT intends to make contributions to fund the Plan at such times and in such amounts as certified by an independent actuary as being no less than amounts required to be contributed under Section 112, Florida Statutes; any actuarial gain arising under the Plan shall be used to reduce future PHT contributors to the plan and shall not be applied to increase retirement benefits to participants. Effective April 1, 2012, all plan members were required to make a 3% pretax employee contribution.

Benefits

Benefits under the plan vest after six years of service. Employees who retire at or after age 62 with six years of credited service are entitled to an annual retirement benefit payable monthly for life. The plan also provides for early retirement at reduced benefits and death and disability benefits. A participant whose employment is terminated after July 1, 2001 for any reason, other than death or retirement prior to the completion of six years of continuous service shall have no entitlements under the Plan.

Payment of Expenses

Expenses associated with administering the Plan will be paid out of the Plan unless, at the discretion of PHT, paid by PHT.

Plan Termination

PHT has the right to terminate this Plan at anytime. In the event of such termination, all affected participants shall be 100% vested.

Membership of the Plan consisted of the following at January 1, 2012 and 2011, the dates of the latest actuarial valuations:

	2012	2011
Retirees and beneficiaries currently receiving benefits	306	234
Terminated plan members entitled to but not yet receiving benefits	1,159	985
Active plan members	6,720	6,665
Total	8,185	7,884
Number of participating employers	1	1

Funded Status and Funding Progress (Unaudited)

The funded status of the Plan as of January 1, 2012, the date of the latest actuarial valuation, was as follows (dollar amounts in thousands) (unaudited):

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) (b)	(Funded) unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Estimated covered payroll (c)	UAAL as percentage of covered payroll ([b-a]/c)
January 1, 2012	$ 426,182	411,464	(14,718)	103.58%	$ 439,993	(3.35)%

The required schedule of funding progress presented as required supplementary information (immediately following the notes to the financial statements) provides multiyear 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.

The contribution rate for normal cost is determined using the aggregate actuarial cost method. Under this method, the excess of the present value of projected benefits over the actuarial value of assets is spread evenly over the expected future salaries of the active participants presently under normal retirement age. This method does not identify or separately amortize unfunded actuarial liabilities. Gains and losses resulting from fluctuations in plan experience are similarly amortized as part of normal cost. The significant assumptions used to compute the annual required contribution include a 7.5% rate of return on investments, salary increases 2% per year for employees with less than 10 years of service and 1% per year for employees with more than 10 years of service for the 3-year period coincident with the effective collective bargaining agreement. After 3 years, salaries are assumed to increase at 4% per year and 3% per year for employees with less than 10 years or more than 10 years, respectively.

The Plan uses the aggregate actuarial cost method, which cannot be used to prepare a schedule of funding progress because it does not separately determine actuarial accrued liabilities. In order to provide information that serves as a surrogate for the funding progress of the plan per GASB Statement No. 50, the entry age normal cost method has been used to calculate the funded status. The information has been calculated using the entry age normal cost method, which calculates the funding progress by a ratio of the actuarial value of assets to the Actuarial Accrued Liability (AAL). The aggregate actuarial cost method used does not identify or separately amortize unfunded actuarial liabilities.

Funding Policy

The Trust’s funding policy provides for actuarially determined rates deemed sufficient to pay benefits as due; the rate was 6.2% effective April 1, 2012 (after the plan was revalued) and 9.51% at January 1, 2011 of covered payroll. Effective April 1, 2012, employees were required to contribute 3.0% of the 6.2% required contribution, thus the employer contribution rate was 3.2%. The assumptions used to compute the contribution requirements are the same as those used to compute pension benefits earned. The Trust has traditionally contributed the annual required contribution; however, during fiscal year 2012, the Trust did not contribute the annual required contribution resulting in a net pension obligation (NPO) of $613,374 as of September 30, 2012.

Annual Pension Cost and Net Pension Obligation

The Trust’s annual pension cost is calculated based upon the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with accounting standards for governmental entities. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities (or funding excess) over a period not to exceed 30 years.

The Trust's annual pension cost and net pension obligation for the years ended September 30, 2012 and 2011 are as follows:

Pension obligation, September 30, 2010	$	—
Annual required contribution		41,610,435
Contributions made		(41,553,829)
Change in net pension obligation		56,606
Net pension obligation, September 30, 2011		56,606
Annual required contribution		34,527,704
Contributions made		(33,970,936)
Change in net pension obligation		556,768
Net pension obligation, September 30, 2012	$	613,374

Three-year trend information for the Plan is presented below:

Year ended		Annual pension cost (APC)	Amount contributed	Percentage of APC contributed		NPO
September 30, 2010	$	42,820,095	42,820,095	100%	$	—
September 30, 2011		41,610,435	41,553,829	100		56,606
September 30, 2012		34,527,704	33,970,936	100		613,374

Deposits and Investments

The Plan's investment authority is derived from the authorization of the Board and is in accordance with the Florida Statute 215.47 (the Statute) and the Employment Retirement Income Security Act of 1974, as amended.

The following is a summary of the fair value (based on quoted market prices) of assets held in the pension trust fund at September 30, 2012 and 2011:

		2012	2011
Cash and short-term investments	$	12,931,820	10,972,168
Investments, at fair value:			
Domestic investments:			
Mutual funds		48,952,150	40,914,192
Equities		216,882,846	155,790,782
Corporate debt securities		97,925,539	83,681,783
U.S. government and agency obligations		29,301,356	27,855,812
Total domestic investments		393,061,891	308,242,569
International investments:			
Mutual funds		37,492,554	31,848,724
Equities		6,113,862	6,072,686
Corporate debt securities		11,742,420	8,908,235
International government and agency		1,275,247	1,185,823
Total international investments		56,624,083	48,015,468
Total	$	462,617,794	367,230,205

Credit Risk

The Plan’s investment policy (the Investment Policy) is designed to minimize credit risk by restricting authorized investments to only those investments permitted by the Statute, subject to certain additional limitations. These additional limitations consist of prohibitions against investments in derivative securities, options, futures, or short positions; however, the Investment Policy allows for investments in mortgage pass-through securities. Generally, the Statute permits investments in the Florida State Board of Administration Pooled Investment account (the SBA Pool), U.S. government and agency securities, common and preferred stock of domestic and foreign corporations, repurchase agreements, commercial paper and other corporate obligations, bankers acceptances, state or local government taxable or tax-exempt debt, real estate and real estate securities, and money market funds. With the exception of obligations directly issued or guaranteed by the U.S. government, investments in the SBA Pool, and certain state or local government debt instruments, the Statute provides limits as to the maximum portion of the Plan’s portfolio that can be invested in any one investment category or issuer.

At September 30, 2012, the Plan’s investment securities had the following credit ratings:

Investment type		Fair value	Credit rating*
Domestic investments:			
Mutual funds	$	48,952,150	
U.S. government agency securities, by issuer:			
Federal National Mortgage Association		6,631,673	AAA/AA+
Federal National Mortgage Association		3,685,412	NR
Federal Home Loan Mortgage Corporation		2,553,431	AA+
Government National Mortgage Association		467,099	AA+
U.S. Treasury bills		15,457,478	AA+/AAA
Muncipal/Privincial		506,263	AA+
Total U.S. government and agency obligations		29,301,356	
Equities – common stock		216,882,846	
Corporate debt securities:			
Corporate bonds		3,782,104	AAA
Corporate bonds		1,598,503	AA+
Corporate bonds		2,208,827	AA
Corporate bonds		1,233,379	AA-
Corporate bonds		2,529,902	A+
Corporate bonds		8,333,429	A
Corporate bonds		7,688,603	A-
Corporate bonds		246,198	A3**
Corporate bonds		8,265,464	BBB+
Corporate bonds		11,564,517	BBB
Corporate bonds		8,158,508	BBB-
Corporate bonds		1,517,537	BB+
Corporate bonds		1,818,656	BB
Corporate bonds		452,729	BB-
Corporate bonds		1,352,834	B+
Corporate bonds		539,537	B
Corporate bonds		796,720	B-
Corporate bonds		226,721	CCC+
Corporate bonds		127,153	CCC
Corporate bonds		1,402	NR
Convertible bonds		1,953,331	AAA
Convertible bonds		4,273,309	A+
Convertible bonds		7,481,471	A-
Convertible bonds		3,132,506	A

Investment type		Fair value	Credit rating*
Convertible bonds	$	2,616,535	BBB+
Convertible bonds		4,716,301	BBB
Convertible bonds		9,343,371	BBB-
Convertible bonds		859,232	BB+
Convertible bonds		694,710	BB-
Convertible bonds		412,050	N/A
Total corporate debt securities		97,925,539	
International investments:			
Mutual funds		37,492,554	Not rated
Equities – common stock		6,113,862	Not rated
International government and agency		1,275,247	A-/A+/BBB
Corporate debt securities:			
International bonds		505,774	AA-
International bonds		402,680	AAA
International bonds		701,812	A+
International bonds		2,157,843	A
International bonds		1,349,227	A-
International bonds		322,655	BBB+
International bonds		2,627,201	BBB
International bonds		1,560,603	BBB-
International bonds		603,053	BB+/BB-
International bonds		185,667	B
International bonds		1,025,805	Baa3**
International bonds		89,550	CCC+
International bonds		210,550	NR
Total corporate debt securities		11,742,420	
Cash		12,931,820	Not rated
Total	$	462,617,794	

* Standards and poor's ratings
** Moody’s investor services ratings

At September 30, 2011, the Plan's investment securities had the following credit ratings:

Investment type		Fair value	Credit rating*
Domestic investments:			
Mutual funds	$	40,914,192	
U.S. Government Agency Securities, by issuer:			
Federal National Mortgage Association		9,649,412	AA+
Federal Home Loan Mortgage Corporation		3,345,616	AA+
U.S. Treasury bills		14,584,459	AA+
Municipal/Provincial		276,325	AA+
Total U.S. government and agency obligations		27,855,812	
Equities – common stock		155,790,782	
Corporate debt securities:			
Corporate bonds		4,244,502	AAA
Corporate bonds		2,351,112	AA+
Corporate bonds		1,600,148	AA
Corporate bonds		964,571	AA-
Corporate bonds		3,330,630	A+
Corporate bonds		7,242,816	A
Corporate bonds		5,943,671	A-
Corporate bonds		7,363,958	BBB+
Corporate bonds		9,237,032	BBB
Corporate bonds		6,434,519	BBB-
Corporate bonds		830,592	BB+
Corporate bonds		563,329	BB
Corporate bonds		869,959	BB-
Corporate bonds		621,613	B+
Corporate bonds		784,344	B
Corporate bonds		952,449	B-
Corporate bonds		700,926	CCC+
Corporate bonds		158,298	CCC+
Corporate bonds		88,127	CCC-
Corporate bonds		339,645	NR
Corporate bonds		1,505,914	Not rated
Convertible bonds – victory		1,205,973	AAA
Convertible bonds – victory		2,685,895	AA-
Convertible bonds – victory		7,436,248	A+
Convertible bonds – victory		1,714,894	A-

Investment type		Fair value	Credit rating*
Convertible bonds – victory	$	5,711,329	BBB+
Convertible bonds – victory		6,119,268	BBB
Convertible bonds – victory		1,732,774	BBB-
Convertible bonds – victory		267,590	BB+
Convertible bonds – victory		424,579	BB
Convertible bonds – victory		255,078	B
Total corporate debt securities		83,681,783	
International investments:			
Mutual funds		31,848,724	Not rated
Equities – common stock		6,072,686	Not rated
International government and agency		1,185,823	A+/A/BBB+
Corporate debt securities:			
International bonds		195,002	AAA
International bonds		351,206	AA
International bonds		780,916	AA-
International bonds		538,997	A+
International bonds		803,766	A
International bonds		1,631,090	A-
International bonds		1,473,387	BBB+
International bonds		971,321	BBB+
International bonds		1,276,224	BBB-
International bonds		61,138	BB-
International bonds		217,407	B
Convertible bonds – victory		607,781	BBB+
Total corporate debt securities		8,908,235	
Cash and short-term investments		10,972,168	Not rated
Total	$	367,230,205	

* Standards and poor's ratings
** Moody's investor services ratings

Custodial Credit Risk

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires governments to disclose deposits and investments exposed to custodial credit risk. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government may not be able to recover the value of investment or collateral securities that are in the possession of an outside party. As of September 30, 2012 and 2011, the Plan's investment portfolio was held with a single third-party custodian.

Concentration of Credit Risk

The Investment Policy establishes limitations on portfolio composition by investment type and by issuer to limit its exposure to concentration of credit risk. The Investment Policy in place at September 30, 2012 was:

Asset class/style	Policy target	Allowable range
US equity:	50%	+/-5%
Large cap total:		80% of U.S. equity +/-5%
Passive/index management		20% of U.S. equity +/-5%
Growth		30% of U.S. equity +/-5%
Value		30% of U.S. equity +/-5%
Small cap total		20% of U.S. equity +/-5%
Non-U.S. equity	20	+/-5%
Fixed income	30	+/-5%

At September 30, 2012 and 2011, the composition of the Plan's investments by investment type as a percentage of total investments was as follows:

	Percentage of Portfolio	
	2012	2011
Domestic investments:		
Mutual funds	10.6%	11.1%
Equities	46.9	42.4
Corporate debt securities	21.2	22.8
U.S. government and agency obligations	6.2	7.6
International investments:		
Mutual funds	8.1%	8.7%
Equities	1.3	1.7
Corporate debt securities	2.6	2.4
International government and agency	—	0.3
Other:		
Cash and short-term investments	2.8%	3.0%

There were no individual investments in excess of 5%.

Interest Rate Risk

The Plan manages its exposure to rising interest rate risk in fair value by forecasting cash outflows and inflows. To the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash flow requirements.

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

	2012	**2011**
Domestic investments:		
Corporate debt securities:		
Corporate bonds	10.93	10.83
U.S. government and Agency Obligations:		
Federal National Mortgage Association	26.87	26.00
Federal Home Loan Mortgage Corporation	23.52	24.68
Government National Mortgage Association	24.99	
U.S. Treasury bills	6.95	6.91
Municipal/Provincial	2.75	34.48
International investments:		
Corporate debt securities	11.16	11.21
International government and agency	24.10	6.70

Foreign Currency Risk

GASB Statement No. 40 requires governments to disclose deposits or investments exposed to foreign currency risk, the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

The Plan's exposure to foreign currency risk at September 30, 2012 and 2011 is as follows (in U.S. dollars) (unaudited):

		Fair value	
	Currency	**2012**	**2011**
International equities:			
Common stock	Canadian dollar	$ 3,733,052	2,535,840
Common stock	Australian dollar	—	255,794
Common stock	British pounds	—	390,750
Common stock	Chinese yuan renminbi	—	594,295
Common stock	Indian rupee	—	271,128
Common stock	Euros	970,356	—
Common stock	Mexican peso	—	529,595
Common stock	Bermudian dollar	1,410,454	842,545
Common stock	Hong Kong dollar	—	652,739
		$ 6,113,862	6,072,686
International corporate debt securities:			
Corporate bonds	Canadian dollar	$ 3,630,423	1,295,265
Corporate bonds	Euro	1,825,997	338,871
Corporate bonds	Japanese yen	—	394,694
Corporate bonds	Netherlands A. Guilder	907,173	229,157
Corporate bonds	Hong Kong dollar	94,839	—
Corporate bonds	Korean won	573,615	—
Corporate bonds	Swiss franc	—	178,928
Corporate bonds	Colombian peso	506,424	—
Corporate bonds	Caymanian dollar	599,196	532,416
Corporate bonds	Brazilian real	1,207,486	755,629
Corporate bonds	Bermudian dollar	—	607,781
Corporate bonds	Mexican peso	—	454,772
Corporate bonds	British pounds	1,595,043	3,084,994
Corporate bonds	Australian dollar	802,224	934,785
Corporate bonds	Chilean peso	—	100,943
		$ 11,742,420	8,908,235

	Currency		Fair value 2012	Fair value 2011
International governmental and agency:				
Governmental and agency	Chilean peso	$	—	244,134
Governmental and agency	Euro		290,278	—
Governmental and agency	Mexican peso		223,107	—
Governmental and agency	South African rand		—	383,989
Governmental and agency	Korean won		761,862	353,741
Governmental and agency	Venezuelan bolivar		—	203,959
		$	1,275,247	1,185,823

In addition, at September 30, 2012 and 2011, the Plan's investments include approximately $48,952,000 and $31,849,000, respectively, in mutual funds that principally invest in international stocks and other international securities. Although these mutual funds are U.S. dollar-denominated and U.S. exchange-traded, the underlying investments expose the Plan to an additional degree of foreign currency risk.

(15) Postemployment Benefits Other Than Pensions

(a) Plan Description

The Trust administers a single-employer defined-benefit healthcare plan (the Benefit Plan) that provides postretirement medical and dental coverage to retirees as well as their eligible spouses and dependents. Benefits are provided through the Trust's group health insurance plan, which covers both active and retired members. The Benefit Plan does not issue a publicly available financial report.

Eligibility – To be eligible to receive retiree medical and dental benefits, participants must be eligible for retirement benefits under the System or the Benefit Plan and pay required contributions.

Regular class (all employees not identified as members of the special risk class)

- Eligibility for unreduced pension benefits
  - Age 62 with 6 years of service if eligible prior to April 2012
  - Age 65 with 6 years of service if eligible following April 2012
  - 30 years of service (no age requirement)
- Eligibility for reduced pension benefits
  - 6 years of service

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

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

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

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

Participation in the Benefit Plan consisted of the following at October 1, 2011, the date of the latest actuarial valuation:

Actives	7,673
Retirees under age 65	504
Eligible spouses under age 65	78
Retirees age 65 and over	93
Eligible spouses age 65 and over	10
Total covered participants	8,358

(b) Funding Policy

The Trust contributes to both the pre-65 and post-65 retiree medical coverage. Retirees pay the full cost of dental coverage. Medical contributions vary based on plan and tier. For pre-65 retirees, the Trust explicitly contributed an average of 15% of the cost for the AvMed POS plan and 33% for the AvMed HMO High and AvMed HMO Low plans. The JMH HMO plans receive no explicit contribution. However, it is the Trust's policy that after fiscal year 2008 its per capita contribution for retiree healthcare benefits will remain at the 2008 dollar level.

The pre-65 retirees also receive an implicit subsidy from the Trust since they are underwritten with the active employees. The implicit contribution is approximately 3% of the cost. The pre-65 cost is approximately 37% greater than the combined pre-65 and active cost. The post-65 retiree contributions also vary by plan and tier, with the Trust contributing an average of 30% of the entire plan cost.

For years ended September 30, 2012, 2011, and 2010, the Trust contributed approximately $4,244,000, $3,383,000, and $3,327,000, respectively, to the Benefit Plan.

The postretirement medical and dental benefits are currently funded on a pay-as-you-go basis (i.e., the Trust funds on a cash basis as benefits are paid). No assets have been segregated and restricted to provide postretirement benefits.

(c) Annual OPEB Cost and Net OPEB Obligation

The Trust's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

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

		2012	**2011**
Annual required contribution	$	5,372	5,940
Interest on net OPEB obligation		304	175
Amortization of net OPEB obligation		(313)	(190)
Annual OPEB cost		5,363	5,925
Contributions made		4,244	3,383
Increase in net OPEB obligation		1,119	2,542
Net OPEB obligation – beginning of year		6,914	4,372
Net OPEB obligation – end of year	$	8,033	6,914

The Trust's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal years 2012, 2011, and 2010 are as follows (dollar amounts in thousands):

Fiscal year ended		**Annual OPEB cost**	**Percentage of annual OPEB cost contributed**		**Net OPEB obligation**
September 30, 2012	$	5,363	79.13%	$	8,033
September 30, 2011		5,925	57.00		6,914
September 30, 2010		5,564	60.00		4,372

(d) Funded Status and Funding Progress

The table below shows the balance of the AAL, all of which was unfunded as of September 30, 2011 (dollar amounts in thousands) (unaudited):

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Estimated annual covered payroll (c)	UAAL as percentage of covered payroll ([b-a]/c)
October 1, 2011	$ —	61,575	61,575	—%	$ 493,981	12%

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 Trust 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 multiyear 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.

(e) Actuarial Methods and Assumptions

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

The actuarial cost method used in the valuation to determine the AAL and the 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 costs were calculated at the measurement date, which is the beginning of the applicable fiscal year using standard actuarial techniques.

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

Actuarial valuation date	October 1, 2011
Amortization method	Level percentage of payroll, closed
Remaining amortization period	26 years
Actuarial assumptions:	
Discount rate	4.4%
Payroll growth assumption	3%
Healthcare cost trend rates	8% initial to 5% ultimate
Mortality table	RP 2000 projected to 2015

Furthermore, the valuation assumes that the Trust will continue to fund the liability on a pay-as-you-go basis and that the Trust's policy is that its per capita contribution for retiree benefits will remain at the 2008 level. As a result, the retiree contributions will be increased to the extent necessary so that they are sufficient to provide for the difference between the gross costs and the fixed trust contributions.

(16) Commitments and Contingencies

(a) Construction and Equipment

The Trust has several construction projects currently in progress at September 30, 2012. The estimated total cost to date and cost to complete such projects, exclusive of capitalized interest, is approximately $29,568,000 and $72,750,000, respectively.

(b) Annual Operating Agreement

In accordance with the annual operating agreement between the Trust and the University of Miami (the University), the Trust pays certain amounts for staff and services provided by the University to the Trust. Under the annual operating agreement, costs incurred by the Trust for the years ended September 30, 2012 and 2011 were approximately $125,741,000 and $126,795,000, respectively, and are included in contractual and purchased services in the accompanying statements of revenues, expenses, and changes in fund net assets. At September 30, 2012, the Trust had a liability to the University of approximately $54,276,000. At September 30, 2011, the Trust had a liability to the University of approximately $59,631,000.

(c) Litigation

The Trust is involved in litigation and regulatory investigations arising in the ordinary course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Trust's financial position, results from operations, or liquidity.

(d) Healthcare Industry

The healthcare industry is highly regulated, and there can be no assurance that the regulatory environment in which the Trust operates will not change significantly and adversely in the future. In general, regulation of healthcare providers and companies is increasing.

Federal and state laws regulate the healthcare industry, the relationship between hospitals and physicians, and the relationship among physicians and other providers of healthcare services.

Several laws, including fee-splitting, antikickbacks laws, and prohibition of the corporate practice of medicine, have civil and criminal penalties and have been subject to limited judicial and regulatory interpretation. They are enforced by regulatory agencies vested with broad discretion in interpreting them. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Although the Trust believes that its operations are conducted so as to comply with all of the applicable laws, there can be no assurance such operations will not be challenged to be in violation of one or more of such laws.

There have been numerous initiatives at the federal and state levels for comprehensive reforms affecting the availability of, and payment for, healthcare. The Trust believes that such initiatives will continue during the foreseeable future. Certain proposed reforms could, if adopted, have a material effect on the Trust.

(e) Securities and Exchange Commission Investigation

In April 2010, the SEC began an investigation into the issuance of the Series 2009 Bonds (note 9). Management is cooperating fully with the SEC’s investigation and at this time cannot determine what effect the results of the investigation will have on the Trust’s financial position, results from operations, or liquidity.

(17) Subsequent Events

(a) Financial Recovery Board

In December 2012, the Board of County Commissioners of Miami-Dade County approved the dissolution of the current Financial Recovery Board effective April 2013. At such time, a new 7-member Public Health Trust Board will be established to serve as the governing body of the Trust. Existing Financial Recovery Board members will be able to become members of the new PHT board.

(b) Line of Credit

In December 2012, Miami-Dade County closed a $75 million revolving line of credit on behalf of the Public Health Trust. The line-of-credit facility was requested by the Trust to (a) assist with cash flow needs in anticipation of reimbursements from the State of Florida, (b) pay any cost of issuance, finance charges, late charges, collection costs, or other amounts due under the line of credit, and (c) pay other short-term working capital needs. The facility is secured by the County covenant to annually budget and appropriate from all legally available nonad valorem revenues. Pursuant to the Memorandum of Understanding between the County and the PHT, the PHT shall (1) pay all principal and interest and all costs associated with the line of credit within the timelines set forth in the terms of the line of credit, (2) pay all outstanding principal and interest by August 1, 2013 and have no outstanding balance for a period of 60 days, and (3) pay all outstanding principal and interest 15 days prior to the expiration of the line of credit, which is December 15, 2013.

In the event the Trust fails to pay the principal and interest and/or issuance costs, the County has the right (i) to pay such principal and interest and issuance costs from the (a) one-half cent (0.05%) discretionary sales surtax imposed pursuant to Chapter 212, Florida Statutes collected by the County before it is remitted to the Trust and/or (b) County funds and such amounts shall be deducted from the County funds to be remitted to the Trust pursuant to the maintenance-of-effort requirement imposed pursuant to Chapter 212, Florida Statutes; and (ii) not to approve additional draw requests.

(c) JMH Health Plan

In November 2012, the Centers for Medicare and Medicaid Services (CMS) conducted an audit of the Medicare Advantage program provided by the JMH Health Plan (the Plan), an HMO operating under a certificate of authority by the Florida Office of Insurance Regulation. CMS communicated to the JMH Health Plan that numerous deficiencies were found to be present during the audit and required the Plan to submit an immediate corrective action plan. A corrective action plan was submitted to CMS on December 3, 2012. CMS subsequently communicated that the corrective action plan submitted by the Plan was insufficient to mitigate the audit findings. On December 24, 2012, the Plan refiled the corrective action plan addressing the concerns arising from the audit. CMS subsequently communicated acceptance of the refiled corrective action plan in January 2013. The Plan has engaged industry leaders to assist in the implementation of the corrective action plan and remains in communication with CMS regarding the Medicare Advantage line of business.

REQUIRED SUPPLEMENTARY INFORMATION

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

A Department of Miami-Dade County

Required Supplementary Information

Defined Benefit Retirement Plan

Schedule of Employer Contributions (Unaudited)

September 30, 2012

(Dollars in thousands)

Year ended December 31	Annual required contribution (a)	Percentage contributed
2006	$ 27,174	100%
2007	34,956	100
2008	39,038	100
2009	42,000	100
2010	43,649	100
2011	40,363	100

(a) The actuarially determined contribution requirements for the Trust's fiscal year ended September 30, 2011 are based on actuarial valuations as of January 1, 2011.

See accompanying report of independent certified public accountants.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County

Required Supplementary Information

Defined Benefit Retirement Plan

Schedule of Funding Progress (Unaudited)

September 30, 2012

(Dollars in thousands)

Actuarial valuation date		Actuarial value of assets (a)	Actuarial accrued liability (AAL) (b)	(Funded) unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)		Estimated covered payroll (c)	UAAL as percentage of covered payroll ([b-a]/c)
January 1, 2010	$	317,499	366,833	49,334	86.55%	$	507,365	9.72%
January 1, 2011		375,610	434,326	58,716	86.48		451,944	12.99
January 1, 2012		426,182	411,464	(14,718)	103.58		439,993	(3.35)

The Public Health Trust of Miami-Dade County, Florida, Defined Benefit Retirement Plan (the Plan) uses the aggregate actuarial cost method, which cannot be used to prepare a schedule of funding progress because it does not separately determine actuarial liabilities. In order to provide information that serves as a surrogate for the funding progress of the Plan per Governmental Accounting Standards Board (GASB) Statement No. 50, *Pension Disclosures* , the entry age normal cost method has been used to calculate the funded status. This method calculates the funding progress by a ratio of the actuarial value of assets to the actuarial accrued liability (AAL).

See accompanying report of independent certified public accountants.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County

Required Supplementary Information

Postemployment Benefits Other Than Pensions

Schedule of Funding Progress (Unaudited)

September 30, 2012

(Dollars 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 percentage of covered payroll ([b-a]/c)
October 1, 2008	$ —	45,558	45,558	—%	$ 582,258	7.82%
October 1, 2009	—	55,230	55,230	—	617,718	8.94
October 1, 2010	—	59,065	59,065	—	636,249	9.28
October 1, 2011	—	61,575	61,575	—	493,981	12.47

See accompanying report of independent certified public accountants.

OTHER FINANCIAL INFORMATION

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County

Schedule by Account
Schedule of Assets and Liabilities

September 30, 2012

(Dollars in thousands)

Assets		(1) Hospitals	(2) Primary care centers	(3) Skilled nursing facilities	Jackson Medical Towers	Eliminations	Total
Current assets:							
Cash and cash equivalents	$	50,757	229	158	4	—	51,148
Restricted cash and cash equivalents		9,888	—	—	—	—	9,888
Restricted short-term investments		8,316	—	—	—	—	8,316
Assets limited as to use		12,088	—	—	—	—	12,088
Patients' accounts receivable, less allowance for doubtful accounts of approximately $721,877		144,522	1,120	4,377	—	—	150,019
Estimated receivables due from other third-party payors		141,425	—	—	—	—	141,425
Due from Miami-Dade County		33,247	—	—	—	—	33,247
Other receivables – unrestricted		10,243	—	(1)	1,057	—	11,299
Other receivables – restricted		3,861	—	—	—	—	3,861
Due from restricted funds		407,201	89	54	—	(407,344)	—
Supplies		23,433	276	144	—	—	23,853
Prepaid expenses and other current assets		5,079	—	—	—	—	5,079
Total current assets		850,060	1,714	4,732	1,061	(407,344)	450,223
Assets limited as to use		24,085	—	—	—	—	24,085
Restricted long-term investments		66,575	—	—	—	—	66,575
Capital assets, net		455,320	549	4,694	1,674	—	462,237
Other assets:							
Unamortized bond costs		5,494	—	—	—	—	5,494
Other		951	—	—	480	—	1,431
Total noncurrent assets		552,425	549	4,694	2,154	—	559,822
Total assets	$	1,402,485	2,263	9,426	3,215	(407,344)	1,010,045

(1) Includes Jackson Memorial Hospital, JMH Health Plan, Jackson South, Jackson North, and Community Medical Practices

(2) Includes North Dade Primary Health Care Facility, Infant Shelter, Home Health Care, Liberty City Medical Center, Downtown Family Medical Center, North Miami Center, Southeast Dental Medical Center, Corrections Health Services, and Juanita Mann Center

(3) Includes Perdue Medical Center and Human Resource Health Center

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County

Schedule by Account
Schedule of Assets and Liabilities

September 30, 2012

(Dollars in thousands)

Liabilities and Fund Net Assets (Deficit)		(1) Hospitals	(2) Primary care centers	(3) Skilled nursing facilities	Jackson Medical Towers	Eliminations	Total
Current liabilities:							
Current portion of long-term debt	$	7,325	—	—	—	—	7,325
Accounts payable and accrued expenses		118,252	111	(6)	—	—	118,357
Accrued interest payable		5,858	—	—	—	—	5,858
Accrued salaries and payroll taxes withheld		50,708	—	—	—	—	50,708
Accrued vacation and sick pay benefits		82,127	—	—	—	—	82,127
Refunds due for patient services		14,214	3	—	—	—	14,217
Current portion of estimated self-insured liability		7,068	—	—	—	—	7,068
Estimated payables due to other third-party payors		156,821	—	—	—	—	156,821
Due to Miami-Dade County		23,791	—	—	—	—	23,791
Due to University of Miami		18,189	—	—	—	—	18,189
Other – unrestricted		197,117	172,499	43,822	(1,893)	(407,344)	4,201
Other – restricted		6,696	—	—	—	—	6,696
Total current liabilities		688,166	172,613	43,816	(1,893)	(407,344)	495,358
Long-term debt, excluding current portion		350,425	—	—	—	—	350,425
Estimated self-insured liability, excluding current portion		38,599	—	—	—	—	38,599
Due to University of Miami, excluding current portion		36,086	—	—	—	—	36,086
Other		1,518	—	—	—	—	1,518
Total noncurrent liabilities		426,628	—	—	—	—	426,628
Total liabilities		1,114,794	172,613	43,816	(1,893)	(407,344)	921,986
Total fund net assets (deficit)		287,691	(170,350)	(34,390)	5,108	—	88,059
Total liabilities and fund net assets (deficit)	$	1,402,485	2,263	9,426	3,215	(407,344)	1,010,045

See accompanying report of independent certified public accountants.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County

Schedule by Account
Schedule of Assets and Liabilities

September 30, 2011

(Dollars in thousands)

Assets		(1) Hospitals	(2) Primary care centers	(3) Skilled nursing facilities	Jackson Medical Towers	Eliminations	Total
Current assets:							
Cash and cash equivalents	$	68,557	80	108	51	—	68,796
Restricted cash and cash equivalents		15,864	—	—	—	—	15,864
Restricted short-term investments		9,316	—	—	—	—	9,316
Assets limited as to use		40,270	—	—	—	—	40,270
Patients' accounts receivable, less allowance for doubtful accounts of approximately $526,778		154,707	3	2,636	—	(1,535)	155,811
Estimated receivables due from other third-party payors		62,378	—	422	—	—	62,800
Due from Miami-Dade County		31,689	—	—	—	—	31,689
Other receivables – unrestricted		16,438	—	12	588	(5,016)	12,022
Other receivables – restricted		4,495	—	—	—	—	4,495
Due from restricted funds		386,821	47	—	—	(386,868)	—
Supplies		24,170	86	136	—	—	24,392
Prepaid expenses and other current assets		2,775	—	—	—	—	2,775
Total current assets		817,480	216	3,314	639	(393,419)	428,230
Assets limited as to use		34,382	—	—	—	—	34,382
Restricted long-term investments		87,330	—	—	—	—	87,330
Capital assets, net		494,254	418	5,265	1,710	—	501,647
Other assets:							
Unamortized bond costs		5,746	—	—	—	—	5,746
Other		1,368	—	—	507	—	1,875
Total noncurrent assets		623,080	418	5,265	2,217	—	630,980
Total assets	$	1,440,560	634	8,579	2,856	(393,419)	1,059,210

(1) Includes Jackson Memorial Hospital, JMH Health Plan, Jackson South, Jackson North, and Community Medical Practices

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(3) Includes Perdue Medical Center and Human Resource Health Center

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County

Schedule by Account
Schedule of Assets and Liabilities

September 30, 2011

(Dollars in thousands)

Liabilities and Fund Net Assets (Deficit)		(1) Hospitals	(2) Primary care centers	(3) Skilled nursing facilities	Jackson Medical Towers	Eliminations	Total
Current liabilities:							
Current portion of long-term debt	$	7,020	—	—	—	—	7,020
Accounts payable and accrued expenses		181,977	224	—	—	(1,535)	180,666
Accrued interest payable		5,961	—	—	—	—	5,961
Accrued salaries and payroll taxes withheld		53,574	—	—	—	(5,016)	48,558
Accrued vacation and sick pay benefits		90,294	—	—	—	—	90,294
Refunds due for patient services		19,680	1	—	—	—	19,681
Current portion of estimated self-insured liability		9,928	—	—	—	—	9,928
Estimated payables due to other third-party payors		113,637	—	4,712	—	—	118,349
Due to Miami-Dade County		16,134	—	—	—	—	16,134
Due to University of Miami		18,390	—	—	—	—	18,390
Other – unrestricted		228,712	139,941	31,298	203	(386,868)	13,286
Other – restricted		12,227	—	—	—	—	12,227
Total current liabilities		757,534	140,166	36,010	203	(393,419)	540,494
Long-term debt, excluding current portion		357,405	—	—	—	—	357,405
Estimated self-insured liability, excluding current portion		38,334	—	—	—	—	38,334
Due to University of Miami, excluding current portion		41,241	—	—	—	—	41,241
Other		1,876	—	—	—	—	1,876
Total noncurrent liabilities		438,856	—	—	—	—	438,856
Total liabilities		1,196,390	140,166	36,010	203	(393,419)	979,350
Total fund net assets (deficit)		244,170	(139,532)	(27,431)	2,653	—	79,860
Total liabilities and fund net assets (deficit)	$	1,440,560	634	8,579	2,856	(393,419)	1,059,210

See accompanying report of independent certified public accountants.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County

Schedule by Account
Schedule of Revenues and Expenses

Year ended September 30, 2012

(Dollars in thousands)

		(1) Hospitals	(2) Primary care centers	(3) Skilled nursing facilities	Jackson Medical Towers	Eliminations	Total
Operating revenues:							
Net patient service revenue	$	785,872	3,299	22,454	—	(13,901)	797,724
Other revenue		406,121	173	3,421	4,888	(22,158)	392,445
Grants and other		22,101	—	—	—	—	22,101
Total operating revenues		1,214,094	3,472	25,875	4,888	(36,059)	1,212,270
Operating expenses:							
Salaries and related costs		791,778	32,545	25,300	742	(22,158)	828,207
Contractual and purchased services		451,431	9,037	4,008	1,005	(13,901)	451,580
Supplies		184,272	1,819	2,918	101	—	189,110
Public Medical Assistance Trust Fund assessment		15,562	—	—	—	—	15,562
Depreciation and amortization		65,334	154	607	220	—	66,315
Total operating expenses		1,508,377	43,555	32,833	2,068	(36,059)	1,550,774
Operating (loss) income		(294,283)	(40,083)	(6,958)	2,820	—	(338,504)
Nonoperating revenues (expenses):							
Miami-Dade County funding		133,362	—	—	—	—	133,362
Sales tax revenue		202,480	—	—	—	—	202,480
Investment income:		472	—	—	—	—	472
Interest expense		(17,560)	—	—	(365)	—	(17,925)
Other income		28,315	—	—	—	—	28,315
Total nonoperating revenues (expenses), net		347,069	—	—	(365)	—	346,704
Increase (decrease) in fund net assets	$	52,786	(40,083)	(6,958)	2,455	—	8,200

(1) Includes Jackson Memorial Hospital, JMH Health Plan, Jackson South, Jackson North, and Community Medical Practices

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PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County

Schedule by Account
Schedule of Revenues and Expenses

Year ended September 30, 2011

(Dollars in thousands)

		(1) Hospitals	(2) Primary care centers	(3) Skilled nursing facilities	Jackson Medical Towers	Eliminations	Total
Operating revenues:							
Net patient service revenue	$	867,361	5,447	17,631	—	(28,160)	862,279
Other revenue		532,306	474	868	4,839	(77,076)	461,411
Grants and other		23,387	—	—	—	—	23,387
Total operating revenues		1,423,054	5,921	18,499	4,839	(105,236)	1,347,077
Operating expenses:							
Salaries and related costs		892,724	28,704	26,286	676	(77,076)	871,314
Contractual and purchased services		627,747	9,245	3,772	1,308	(28,160)	613,912
Supplies		203,092	2,205	2,953	141	—	208,391
Public Medical Assistance Trust Fund assessment		15,396	—	—	—	—	15,396
Depreciation and amortization		62,768	162	624	199	—	63,753
Total operating expenses		1,801,727	40,316	33,635	2,324	(105,236)	1,772,766
Operating (loss) income		(378,673)	(34,395)	(15,136)	2,515	—	(425,689)
Nonoperating revenues (expenses):							
Miami-Dade County funding		137,952	—	—	—	—	137,952
Sales tax revenue		189,324	—	—	—	—	189,324
Investment income:		1,140	—	2	—	—	1,142
Interest expense		(14,617)	—	—	(380)	—	(14,997)
Other income		30,983	(214)	80	—	—	30,849
Total nonoperating revenues (expenses), net		344,782	(214)	82	(380)	—	344,270
(Decrease) increase in fund net assets	$	(33,891)	(34,609)	(15,054)	2,135	—	(81,419)

(1) Includes Jackson Memorial Hospital, JMH Health Plan, Jackson South, Jackson North, and Community Medical Practices

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