

MIAMI-DADE COUNTY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following narrative provides an overview of Miami-Dade County's (the "County") financial activities for the fiscal year ended September 30, 2003. Comparative information is provided in this year's report. This narrative should be read in conjunction with the letter of transmittal at the front of this report and the financial statements and accompanying notes, which follow this section. Additional information is provided in this narrative and the accompanying notes to the financial statements regarding the GASB Statement No. 34 reporting model.

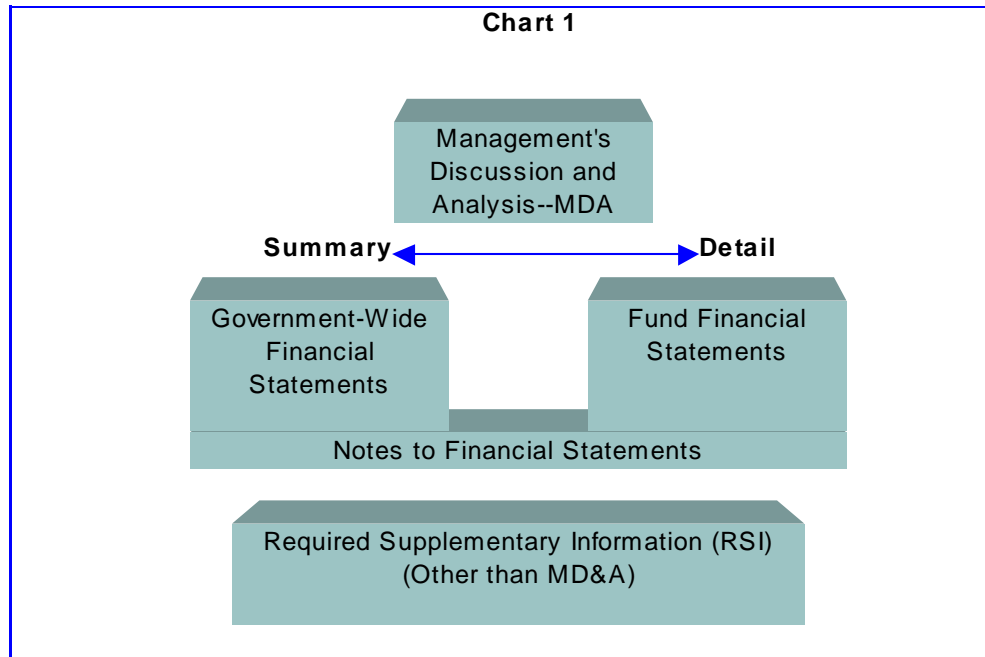
Financial Highlights for FY 2003

- ❑ At September 30, 2003, the County's assets exceeded its liabilities by \$7.315 billion (net assets). Of this amount, \$6.166 billion was invested in capital assets, net of related debt. Additionally, \$1.187 billion was restricted by law, agreements, debt covenants or for capital projects. The County had deficit unrestricted, net assets of \$37 million at September 30, 2003.
- ❑ During the fiscal year 2003, net assets decreased by \$149 million. Of this decrease, \$82 million was in governmental activities and the remaining decrease of \$67 million was in business-type activities.
- ❑ Total long-term liabilities had a net increase of \$822 million during the fiscal year. This was due to the issuance of \$1.2 billion of Revenue Bonds; \$242.5 million of Commercial Paper; \$90.5 million of Special Obligation Bonds; \$11.4 million of General Obligation Bonds; \$10.0 million of loans; interest accretions and premiums on bonds of \$26 million; offset by net reductions to principal and deferred amounts of \$790 million. This amount includes an increase to the business type activities and a decrease to governmental activities of \$14 million to record the transfer of Special Obligation Bonds to Miami-Dade Transit. Other long-term liabilities had a net increase of \$31.9 million or 2.38%.
- ❑ At September 30, 2003, the County's governmental funds had fund balances totaling \$1.098 billion. This is a decrease of \$170.3 million or 13.5% when compared to the prior year. Of the fund balance amount, \$449.2 million was unreserved.
- ❑ At September 30, 2003, the General Fund had a fund balance of \$195 million, representing a decrease of approximately 18.8% from the previous year. Of the total fund balance, approximately \$63.7 million was unreserved. The Community and Social Development Fund, the County's other major fund, had a fund balance of \$22.9 million, representing a decrease of approximately 25.1% from the previous year.

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Overview of the Financial Statements

This is the second year that the report has been prepared in accordance with Governmental Accounting Standard Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. The Statement requires that the basic financial statements include: 1) *government-wide* statements, 2) *fund* financial statements, and 3) notes to the financial statements. Other supplementary information and statistical data is also included in the report. A graphical illustration is presented below—Chart 1.



The GASB Statement No 34 reporting model focuses attention on the County as a whole (government-wide), and on the major individual funds. Both perspectives allow the user to address relevant questions, broaden the basis for comparison and enhance the County's accountability.

Government-wide statements. Two government-wide statements are presented: the *statement of net assets* and the *statement of activities*. These statements provide information on the County as a whole using the accrual basis of accounting similar to those of private-sector companies. The accrual basis of accounting recognizes increases or decreases in economic resources as soon as the underlying transaction takes place. Therefore, all of the current year's revenues and expenses are reported regardless of when cash is received or paid. The economic resources measurement focus is applied to all long-term and short-term *financial* assets and liabilities, as well as all *capital* assets. These statements include the County and its component unit, except for funds that are fiduciary in nature.

The *Statement of Net Assets* presents information for all of the County's governmental and business-type activities. Increases or decreases in net assets may be useful in assessing the County's financial position.

The *Statement of Activities* presents the change in net assets over the fiscal year being reported. The format for this statement reports the *net (expense) revenue* of each of the County's functions (groups of related activities which provide a major service). It identifies the extent to which each function is either self-supporting or relies on general revenues of the County. The County's *general revenues*, such as taxes, shared revenues from the State of Florida, investment earnings, and transfers, are reported after the total net expense of the County functions.

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In the government-wide statements, financial information is provided separately for:

- ❑ *Governmental activities.* Policy Formulation and General Government, Protection of People and Property, Culture and Recreation, and Physical Environment are examples of governmental activities. These activities are principally supported by general revenues, grants or contributions.
- ❑ *Business-type activities.* The operations of the Airport, the Seaport, the Water and Sewer Department, the Solid Waste Department, the Transit Agency and the Public Health Trust are the County's major business-type activities. These activities are financed in whole or in part by fees charged to external users for goods and services.
- ❑ *Component units.* Component units are legally separate entities for which the County is financially accountable. The Miami-Dade Housing Finance Authority is the County's only component unit.

Fund financial statements. Fund financial statements have traditionally been presented in the Comprehensive Annual Financial Report (the "CAFR"). A *fund* is a set of self-balancing accounts that are segregated for the purpose of carrying on specific activities or attaining certain objectives, as required by special regulations, restrictions or limitations. The Miami-Dade County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- ❑ *Governmental funds.* Governmental funds account for most of the County's basic services, which are reported as governmental activities in the government-wide statements. Fund statements, however, use the modified accrual basis of accounting and current financial resources measurement focus. The aim of the statements is to report the near-term (current) inflows and outflows, and the balances of spendable financial resources at the end of the fiscal year. The statements provide a short-term view of the County's ability to finance its programs in the near future, in contrast to the long-term view provided by the government-wide statements. To facilitate comparison, the governmental funds' balance sheet and statements of revenues, expenditures and changes in fund balance provide a reconciliation between each of these statements and the government-wide statements.

The governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance include separate columns for the General Fund and the Community and Social Development Fund, both major funds. The other governmental funds are aggregated in the nonmajor funds column. Individual fund statements for the nonmajor funds can be found in the combining statements in the supplementary information section of this CAFR.

- ❑ *Proprietary funds.* Proprietary funds are those funds where the County charges a user fee in order to recover costs. The County's proprietary funds are enterprise funds and internal service funds.
 1. *Enterprise funds* are used to finance and account for the acquisition, operation and maintenance of facilities and services that are intended to be entirely or predominantly self-supporting through the collection of charges from external customers. Enterprise funds are used to report the same activities as the business-type activities in the government-wide financial statements. The County has six major enterprise funds.
 2. *Internal service funds* are used to report any activity that provides goods and services to other funds, departments, or agencies of the County, on a reimbursement basis. The County's Self-Insurance Fund is an internal service fund. In the statement of activities, any profit or loss in the Self-Insurance Fund is allocated back to the different functions that participated in the fund. Because the Self-Insurance Fund predominantly serves the government, assets and liabilities in the Self-Insurance Fund are included within the governmental activities in the statement of net assets.

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- ❑ **Fiduciary funds.** Fiduciary funds are used to report assets held in a trustee or agency capacity for others. The County currently has funds held in an agency capacity for the Clerk of the Circuit and County Court and the Tax Collector, as well as other funds placed in escrow pending distributions. These funds cannot be used to support the County's own programs, and therefore, are *not* reflected in the government-wide financial statements.

Notes to the financial statements. The notes include various disclosures to ensure a complete picture is presented in the financial statements. They provide information useful in understanding the data presented in the government-wide and fund financial statements.

Other information. This report also includes, as required supplementary information, schedules of revenues, expenditures and changes in fund balances – budget and actual, for the General Fund and the Community and Social Development Funds (major funds). Combining and individual fund statements and budget comparisons for nonmajor funds are located in the pages following the notes to the financial statements.

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Financial Analysis of the County as a Whole

The difference between a government's assets and its liabilities is its *net assets*. The County's net assets are summarized below:

Table 1
Miami-Dade County
Summary of Net Assets
(in millions)

	Governmental activities		Business-type activities		Total primary government		Total percentage change
	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002-2003</u>
Current and other assets	\$ 1,915	\$ 1,795	\$ 3,088	\$ 3,464	\$ 5,003	\$ 5,259	5.1%
Capital assets	2,838	2,958	8,305	8,787	11,143	11,745	5.4%
Total assets	<u>4,753</u>	<u>4,753</u>	<u>11,393</u>	<u>12,251</u>	<u>16,146</u>	<u>17,004</u>	5.3%
Long-term debt obligations	1,928	1,940	5,768	6,578	7,696	8,518	10.7%
Other liabilities	535	605	451	566	986	1,171	18.8%
Total liabilities	<u>2,463</u>	<u>2,545</u>	<u>6,219</u>	<u>7,144</u>	<u>8,682</u>	<u>9,689</u>	11.6%
Net assets:							
Invested in capital assets, net of related debt	1,830	1,920	4,247	4,246	6,077	6,166	1.5%
Restricted	670	560	608	626	1,278	1,186	-7.2%
Unrestricted	(210)	(272)	319	235	109	(37)	-133.9%
Total net assets	<u>\$ 2,290</u>	<u>\$ 2,208</u>	<u>\$ 5,174</u>	<u>\$ 5,107</u>	<u>\$ 7,464</u>	<u>\$ 7,315</u>	-2.0%

Net assets may be used to assess the financial position of the County. The County's combined net assets as of September 30, 2003 were \$7.315 billion. Approximately 84.3% or \$6.166 billion, of the County's net assets represents its investment in capital assets, net of outstanding related debt. These assets include land, buildings, machinery and equipment, and infrastructure, and are not available for future spending. Additionally, \$1.186 billion are restricted net assets and are subject to external restrictions on how they may be spent. At September 30, 2003, the County's unrestricted net assets were negative \$37 million. The unrestricted deficit of \$272 million, under governmental activities, is primarily due to the liability for County employees' compensated absences, which will be funded in future years, and is not a reflection of the County's lack of resources to meet its ongoing obligations to citizens and creditors.

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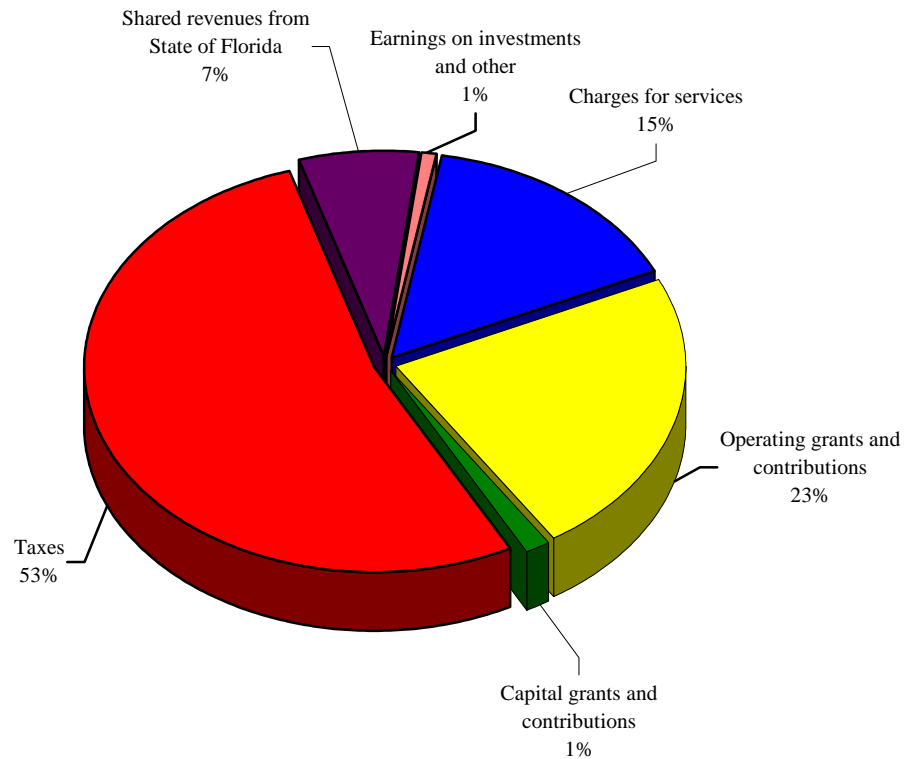
Table 2
Miami-Dade County, Florida
Changes in Net Assets
(in millions)

	Governmental activities		Business-type activities		Total primary government		Total % change
	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002-2003</u>
Revenues:							
Program revenues:							
Charges for services	\$ 471	\$ 452	\$ 2,137	\$ 2,198	\$ 2,608	\$ 2,650	1.6%
Operating grants and contributions	539	681	94	145	633	826	30.5%
Capital grants and contributions	56	42	184	178	240	220	-8.3%
General revenues:							
Property taxes	954	1,040			954	1,040	9.0%
County hospital 1/2% sales surtax	147	146			147	146	-0.7%
Transportation 1/2% sales surtax		105				105	100.0%
Utility taxes	70	72			70	72	2.9%
Local option gas taxes	69	60			69	60	-13.0%
Franchise taxes	32	34			32	34	6.3%
Communication tax	62	53			62	53	-14.5%
Other taxes	70	73			70	73	4.3%
Shared revenues from State of Florida	200	198			200	198	-1.0%
Earnings on investments	37	23	76	70	113	93	-17.7%
Miscellaneous	19	2			20	2	-90.0%
Total revenues	<u>2,726</u>	<u>2,981</u>	<u>2,491</u>	<u>2,591</u>	<u>5,218</u>	<u>5,572</u>	6.8%
Expenses:							
Policy formulation and general government	315	385			315	385	22.2%
Protection of people and property	956	1,006			957	1,006	5.1%
Physical environment	89	142			89	142	59.6%
Transportation	139	206			139	206	48.2%
Health	48	33			48	33	-31.3%
Human services	214	224			214	224	4.7%
Socio-economic environment	278	359			278	359	29.1%
Culture and recreation	175	221			175	221	26.3%
Interest on long-term debt	72	86			72	86	19.4%
Mass transit			349	426	349	426	22.1%
Solid waste collection			77	81	77	81	5.2%
Solid waste disposal			138	141	138	141	2.2%
Seaport			83	90	83	90	8.4%
Aviation			507	567	507	567	11.8%
Water			138	150	138	150	8.7%
Sewer			254	267	254	267	5.1%
Public health			1,236	1,319	1,236	1,319	6.7%
Other			16	18	16	18	12.5%
Total expenses	<u>2,286</u>	<u>2,662</u>	<u>2,798</u>	<u>3,059</u>	<u>5,085</u>	<u>5,721</u>	12.5%
Increase in net assets before transfers	440	319	(307)	(468)	133	(149)	-212.0%
Transfers	(325)	(401)	325	401			
Increase (decrease) in net assets	115	(82)	18	(67)	133	(149)	-212.0%
Net assets, 9/30/2002	2,175	2,290	5,156	5,174	7,331	7,464	1.8%
Net assets, 9/30/2003	<u>\$ 2,290</u>	<u>\$ 2,208</u>	<u>\$ 5,174</u>	<u>\$ 5,107</u>	<u>\$ 7,464</u>	<u>\$ 7,315</u>	-2.0%

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Governmental activities. Net assets of governmental activities decreased by \$82 million in fiscal year 2003. This decrease represents approximately 55% of the County's total net asset decrease of \$149 million. Total revenues for the governmental activities were \$2.98 billion. The largest source of revenue is taxes (53%), followed by operating grants and contributions (23%) and charges for services (15%). The County experienced an increase in property tax revenues of \$86 million or 9.0% in fiscal year 2003, due to an increase in net assessed property values for the year (including new construction) of 9.7%.

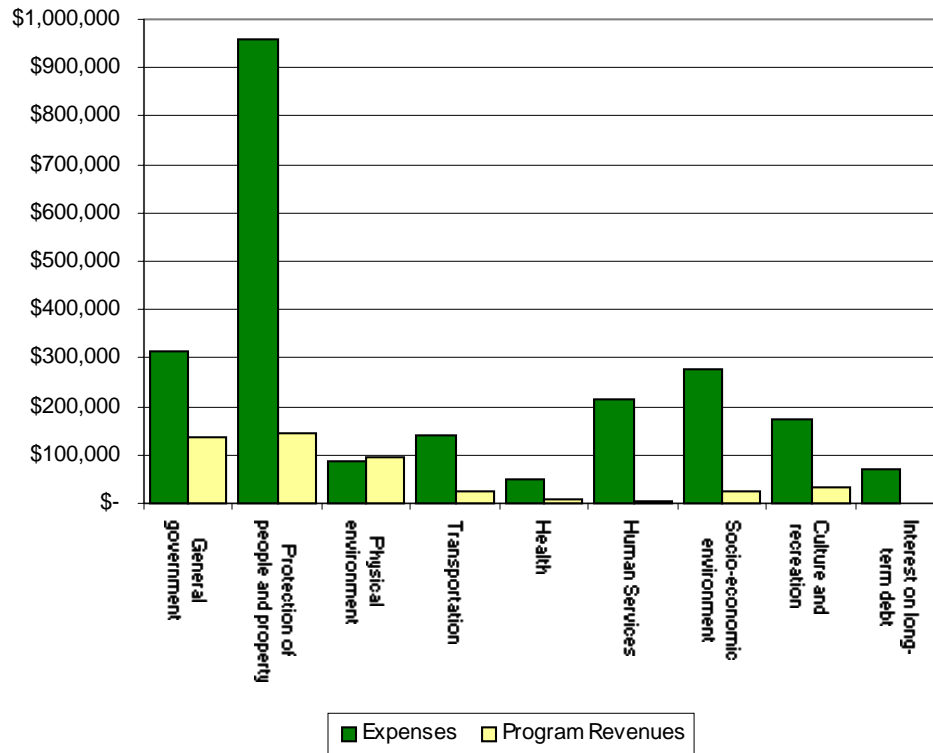
Revenues by Source--Governmental Activities



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Total expenses for governmental activities were \$2.6 billion. As can be seen in the chart below, the majority of these expenses were spent on Protection of People and Property. Net transfers to business-type activities were \$401.5 million, including \$189 million to the Transit Agency, of which approximately \$70 million was from the half-penny sales tax for transit improvements, \$146.3 million for the half-penny County hospital tax to the Public Health Trust, \$107.2 million from the General Fund to the Public Health Trust, and \$40 million received from the Miami-Dade Water and Sewer Department.

Expenses and Program Revenues - Governmental Activities
(in thousands)



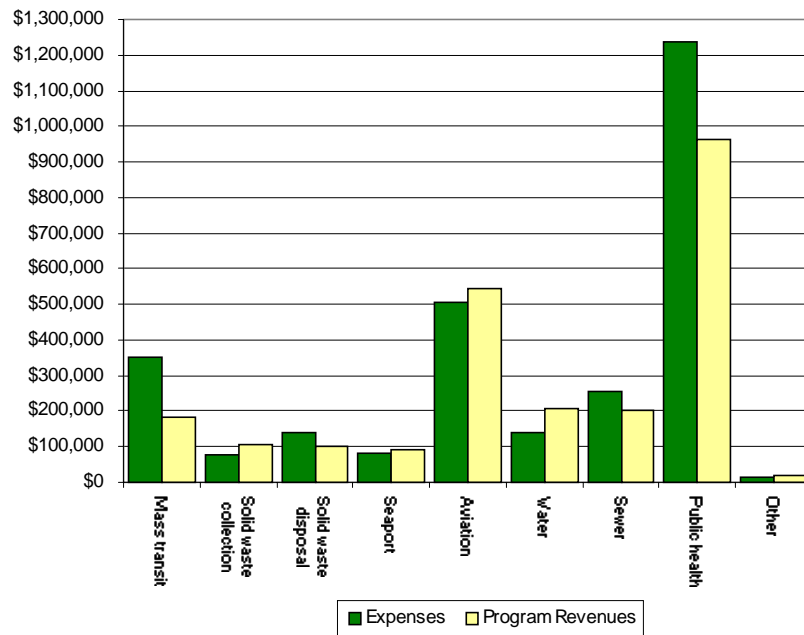
Business-type activities. The County's major business-type activities include the following enterprise funds:

- Miami-Dade Transit Agency
- Solid Waste Collection and Disposal Department
- Seaport Department
- Miami-Dade Aviation Department
- Miami-Dade Water and Sewer Department, and
- Public Health Trust.

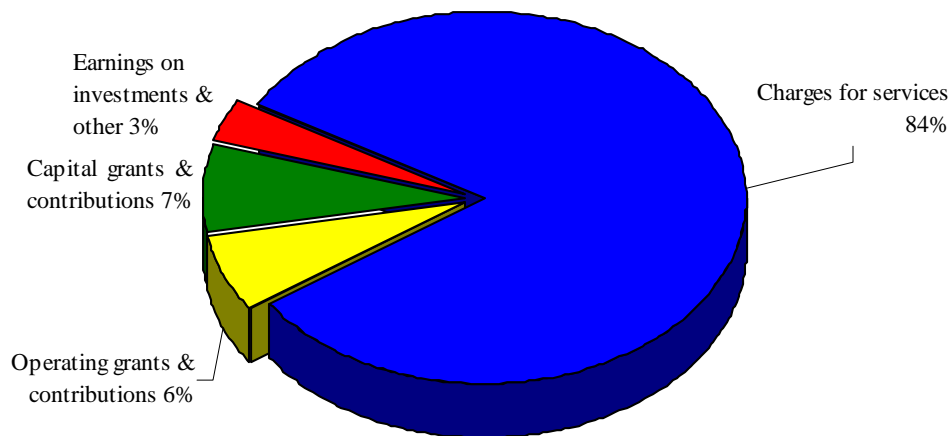
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Net assets of business-type activities decreased by \$67.1 million, representing approximately 45% of the total net asset decrease of \$149 million. The bar graph below summarizes the expenses and program revenues of the business-type activities. The pie chart summarizes the revenues by source of the business-type activities.

Expenses and Program Revenues - Business-Type Activities
(in thousands)



Revenues by Source--Business-Type Activities



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Financial Analysis of the County's Funds

Governmental Funds. The General Fund is the County's chief operating fund and is used to account for most of its governmental activities. The General Fund had a fund balance of \$194.9 million on September 30, 2003. Of this amount \$63.7 million, or 32.7%, is unreserved. The unreserved fund balance represents 5.4% of the total General Fund's expenditures. The General Fund's fund balance decreased by \$45.4 million from the previous year. This decrease can be attributed to:

- ❑ An increase in expenditures for Protection of People of approximately \$33.1 million;
- ❑ An increase in net transfers out of \$38.5 million;
- ❑ An increase in revenues, which partially offset the increase in expenditures, as a result of increases in total property taxes, other taxes, charges for services and intergovernmental revenues.

The Community and Social Development ("CSD") Fund had a fund balance of \$22.9 million on September 30, 2003. The fund balance includes \$9.8 million reserved for mortgages receivable, \$3.8 million reserved for encumbrances, and a \$9.2 million in unreserved fund balance. The CSD Fund had a decrease in fund balance of \$7.7 million in fiscal year 2003, due to an increase in Human Services and Social and Economic expenditures for related programs and activities.

Enterprise Funds. The proprietary funds provide the same type of information found in the government-wide statements, but in more detail.

Miami-Dade Transit ("MDT") The MDT generated \$77.6 million in operating revenues in fiscal year 2003, but reported a decrease in net assets of \$22.1 million. Net assets for MDT totaled \$1.2 billion as of September 30, 2003, including \$1.30 billion invested in capital assets, and a \$69.8 million deficit in unrestricted net assets.

As of September 30, 2003, the Transit Agency has a cash deficit balance of approximately \$75.7 million. It is the County's practice to report cash deficits with a corresponding interfund receivable/payable in the appropriate fund. These cash deficits are funded with cash advances from the County's General Fund. As of September 30, 2003, the Transit Agency reflects a cash deficit of \$18.9 million which will be reimbursed from grantor agencies. The remaining cash deficit of \$56.8 million will be provided by funds received from the Peoples Transportation Plan relating to the surtax.

Solid Waste Department ("SWD") The SWD had a decrease in net assets of \$12.8 million during fiscal year 2003. The decrease is attributed to an increase of \$3.2 million in assumption for closure and post closure care costs and a reduction in capital contributions of \$9.0 million. Operating revenues were \$204.1 million, representing an increase of approximately 3.8%.

Seaport Department The Seaport Department's operating revenues for the 2003 fiscal year were \$83.1 million, an increase of approximately 3.2%. This increase is attributed to growth in cargo and cruise activity. The Seaport recorded an increase in net assets of \$10.7 million for the year as a result of recognizing \$14.6 million of external capital contributions in its operating statement, partially offset by a slight increase in operating expenses, including depreciation, and interest expense.

Aviation Department The Aviation Department had operating revenues of \$451.2 million in fiscal year 2003, an increase of approximately 1.1% from the prior year. This can be attributed to an increase in domestic activity. Net assets for the Airport increased \$12.9 million from prior year. This is primarily attributed to the recognition of external capital contributions of \$62.8 million in its operating statement, partially offset by an increase in expenses, including depreciation and interest expense of \$59.0 million or 11.7%.

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In August 1993, the Aviation Department entered into an agreement with the County's Department of Environmental Resources Management. Every year since, the Aviation Department has an independent engineering firm evaluate and update environmental violations. As a result of the updated study and costs incurred, the Aviation Department has a liability of \$173 million as of September 30, 2003.

Water and Sewer Department ("WASD") Total net assets as of September 30, 2003 were \$2.1 billion. The Department's net assets decreased from last year by \$14.4 million, or by 0.7%, primarily due to an increase in expenses of \$20.3 million, or by 5.2% from the previous year. Operating and maintenance expenses increased by \$21.5 million, or by 10.9% from the previous year. Operating revenues for fiscal year 2003 were \$362.1 million, an increase of approximately 2.2% from prior year.

Public Health Trust ("PHT") Operating revenues for fiscal year ended September 30, 2003 were \$1,004.2 million, an increase of 8% from prior year, as result of higher patient service revenue of 6.7% and other revenue of 12.9% over prior year. Despite the increase in revenue, the PHT had a decrease in net assets of \$26.8 million. The decrease in net assets is attributed to an increase in operating expenses, including depreciation, of approximately 8.3%

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General Fund Budgetary Highlights

During fiscal year 2003, the General Fund's budget was amended two times. These budget amendments or supplemental appropriations reflect the change in projected expenditures that occurred since the budget hearings were held in September 2003, and distribute allocated funds among various County agencies from appropriate reserves and from appropriate sources. The major amendments and supplemental appropriations are discussed in greater detail below.

- ❑ The Miami-Dade Police Department required an amendment of \$16.3 million to cover the costs of higher than budgeted personnel expenditures, including board approved wage adjustments, additional overtime and the early recruitment and hiring of police officers to mitigate the effect of the retirement of sworn personnel during the 2002-03 fiscal year.
- ❑ The Corrections Department required an amendment of \$11.5 million to cover overtime costs due to a higher than expected inmate population and board approved wage adjustments.
- ❑ The Elections Department required an amendment of \$6.0 million to cover additional costs related to the November 5, 2003 General Election, wage adjustments and other operating expenditures.
- ❑ The General Services Administration Department required an amendment of \$3.5 million to cover additional costs related to fuel costs as a result of increased energy prices and to fund the purchase of additional vehicles.
- ❑ The Enterprise Technology Services Department required a supplemental budget of \$2.4 million to authorize higher than budgeted telephone services related expenditures and the purchase and installation of data networks expenditures associated with heavy fleet purchases.
- ❑ The Property Appraiser Department required a supplemental budget of \$2.0 million to authorize higher than budgeted personnel expenditures related to approved wage adjustments.
- ❑ Actual General Fund revenues were \$14.4 million higher than the budgeted amount. The increase is primarily due to 1) an increase in taxes collected of \$3.9 million, including \$5.7 million in franchise fee taxes, \$3.2 million in local option taxes and \$1.8 in property taxes, which were partially offset by a decrease in communication taxes of \$7.7 million; 2) an increase in licenses and permits of \$6.8 million, primarily from the Building Department; and 3) an increase in charges for services of \$9.1 million, primarily due to an increase in recording fees and in user fees for the Parks Department of \$7.9 million.
- ❑ The General Fund expenditures were \$1.184 billion. This is \$119.7 million less than budgeted. This positive variance is primarily attributed to lower than anticipated expenditures in Physical Environment, Policy Formulation and General Government and Protection of People and Property of \$90.9 million, \$18.5 million, and \$12.7 million, respectively.

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Capital Asset and Debt Administration

Capital Assets. At September 30, 2003, the County's total investment in capital assets, net of accumulated depreciation, was \$11.7 billion. This represents an increase of approximately 5.4% over the previous year. The following table summarizes the components of the County's investments in capital assets.

Miami-Dade County Capital Assets as of September 30, 2003 (net of depreciation, in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2002	2003	2002	2003	2002	2003
Land	\$ 505,163	\$ 511,150	\$ 537,339	\$ 542,151	\$ 1,042,502	\$ 1,053,301
Construction in progress	284,408	407,475	1,313,855	1,460,698	1,598,263	1,868,173
Building and building improvements	994,288	1,000,018	2,783,261	2,877,749	3,777,549	3,877,767
Infrastructure	927,451	907,220	2,903,132	3,123,258	3,830,583	4,030,478
Machinery and equipment	126,618	131,928	766,950	783,132	893,568	915,060
Totals	<u>\$ 2,837,928</u>	<u>\$ 2,957,791</u>	<u>\$ 8,304,537</u>	<u>\$ 8,786,988</u>	<u>\$ 11,142,465</u>	<u>\$ 11,744,779</u>

Governmental activities' major capital assets additions during the year included:

- ❑ \$69.3 million expended for construction projects related to the Performing Arts Center and the South Miami-Dade Cultural Center;
- ❑ \$2.6 million for the acquisition of Camp Matecumbe;
- ❑ \$8.4 million for the acquisition of an office building; and
- ❑ \$4.9 million for the acquisition of library resources.
- ❑ \$5.1 million expended for the construction of a new Metrozoo aviary.

Business-type activities' major capital assets additions during the year included:

Aviation Department:

- ❑ \$205.2 million expended for various projects, due to the Aviation Department's ongoing \$7.2 billion Capital Improvement Program is divided into two phases:
 - Phase I – Consists of projects with a cost of \$4.8 billion for construction through Fiscal Year 2015 based on a passenger forecast of 39 million passengers.
 - Phase II – the remainder of the projects that will be deferred until the increase in passengers above the 39 million forecast.

Water and Sewer Department:

- ❑ \$60.9 million expended for various water projects, including treatment facilities;
- ❑ \$51.8 million expended for various wastewater projects, including infiltration and inflow reduction program and gravity mains and services;

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Solid Waste Department

- ❑ \$1 million expended for closure projects of active and inactive landfills;

Transit Agency

- ❑ \$38 million expended for the acquisition of 100 full-sized buses and 34 mini-buses; and

Additional information on the County's capital assets can be found in Note 4.

Long-Term Liabilities. At September 30, 2003, the County had \$8.518 billion in long-term liabilities. Of this amount, \$7.147 billion are bonds, loans and notes payable, net of deferred credits, consisting of \$4.926 billion in revenue bonds, \$0.398 billion in General Obligation Bonds, \$1,168 billion in Special Obligation Bonds, \$0.73 million in Housing Agency Debt, \$.521 billion in loans payable and \$0.179 billion in Commercial Paper. The chart below summarizes the County's long-term liabilities at September 30, 2003. Additional information regarding long-term debt can be obtained in Note 8.

Miami-Dade County
Outstanding Long-term Liabilities as of September 30, 2003
(in thousands)

	Governmental activities		Business-type activities		Total Primary Government	
	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>
General obligation bonds	\$ 270,986	\$ 247,541	\$ 151,170	\$ 149,925	\$ 422,156	\$ 397,466
Special obligation bonds	1,060,558	1,108,396	46,075	60,045	1,106,633	1,168,441
Revenue bonds			4,082,945	4,926,115	4,082,945	4,926,115
Housing Agency bonds and notes	108,545	72,894			108,545	72,894
Loans and notes payable	54,393	52,513	474,891	468,139	529,284	520,652
Other (i.e. unamortized premiums and discounts)	6,117	4,470	(103,818)	(121,554)	(97,701)	(117,084)
Commercial paper notes			206,056	178,694	206,056	178,694
Sub-total Bonds, Notes and Loans	1,500,599	1,485,814	4,857,319	5,661,364	6,357,918	7,147,178
Compensated absences	263,876	267,881	140,546	150,128	404,422	418,009
Estimated insurance claims payable	141,408	164,510	62,381	57,681	203,789	222,191
Environmental remediation			173,000	173,080	173,000	173,080
Landfill closure/postclosure care costs			86,398	82,647	86,398	82,647
Deferred revenues			430,200	426,757	430,200	426,757
Other	22,710	21,921	18,589	26,383	41,299	48,304
Totals	<u>\$ 1,928,593</u>	<u>\$ 1,940,126</u>	<u>\$ 5,768,433</u>	<u>\$ 6,578,040</u>	<u>\$ 7,697,026</u>	<u>\$ 8,518,166</u>

Bond Ratings

Miami-Dade County continues to meet its financial needs through prudent use of its revenues and effective debt financing programs. The County's financial strength and sound financial management practices are reflected in its general obligation bond investment ratings, which are among the highest levels attained by Florida counties. Following are the credit ratings assigned by the three primary credit rating agencies in the financial market:

Aa3	Moody's Investor Services
AA-	Standard & Poor's Corporation
A+	Fitch IBCA, Inc.

MIAMI-DADE COUNTY, FLORIDA

At September 30, 2003, the County had \$6.9 billion in bonds and loan agreements outstanding, other than commercial paper notes. This is a net increase (new debt issued less principal reductions) of \$.817 billion or 13.3% from the previous year. During the year, the County issued approximately \$1.3 billion in new debt, which is detailed in the chart below. Additional information on the County's debt can be obtained in Note 8.

BONDS AND LOANS ISSUED DURING THE YEAR

(in thousands)

Date Issued	Description	Purpose	Interest Rate Range	Final Maturity Date	Amount Issued
BONDS:					
12/11/02	Miami-Dade County, Florida, General Obligation Bonds (Parks Program), Series 2002	To finance capital improvements and acquisition of neighborhood and regional parks and recreational facilities.	3.00% to 3.75%	11/1/13	\$ 11,355
12/11/02	Miami-Dade County, Florida, Aviation Revenue Bonds, Series 2002A	To refinance a portion of Commercial Paper outstanding and for the payment of certain airport improvements	5.00% to 5.125%	10/1/37	600,000
3/19/03	Miami-Dade County, Florida, Fixed Rate Special Obligation Bonds, Series 2003A	To finance the Juvenile Courthouse Project	4.625% to 5.00%	4/1/35	44,605
3/19/03	Miami-Dade County, Florida, Special Obligation Bonds, Series 2003B	To finance the Juvenile Courthouse Project	Variable	4/1/25	45,850
5/29/03	Miami-Dade County, Florida, Aviation Revenue Bonds Series 2003A	To refinance Commercial Paper Notes issued to finance certain airport and airport related improvements	4.75% to 5.00%	10/1/35	291,400
5/29/03	Miami-Dade County, Florida, Aviation Revenue Bonds Series 2003B, C, D and E	To refund the Series W Airport Revenue Bonds, the ADF Aviation Facilities Variable Rate Bonds, 1984 Series A, and the ADF Aviation Facilities Bonds, 1992 Series B and 1994 Series C, and to defease the Master Resolution (see below table)	2.00% to 5.25%	10/1/2024	308,600
LOANS:					
9/30/03	State Revolving Fund (Miami-Dade Water and Sewer Dept.)	To finance construction of water and wastewater treatment facilities	2.56% to 4.17%	2021	9,959
Total long-term debt issued during the year					1,311,769
Add: Interest accretions					24,028
Premiums on issuance of bonds					514
Total additions to bonds, loans and notes payable (governmental and business-type activities)					<u>\$1,336,311</u>

MIAMI-DADE COUNTY, FLORIDA

Other Obligations. The County administers a self-insurance program for workers' compensation, tort liability, property, and group health and life insurance programs, subject to certain stop-loss provisions. Detailed information about the County's liability related to the self-insurance program is included in Note 7. Other obligations include compensated absences, post-retirement health insurance benefits, arbitrage liability and other contingencies.

Economic Factors and Other Significant Matters

The County's revenues and expenses and expenditures are affected by changes in international, national and local economic factors. Economic growth can be measured by various factors. Highlights of the economic factors that affected Miami-Dade County during the last fiscal year are depicted below.

- The unemployment rate for Miami-Dade County was 7.4% from 7.7%, a decrease of 73.4% from prior year. This compares to the State of Florida's annual average unemployment rate of 5.3%. (Source: Florida Agency for Workplace Innovation, Office of Workforce Information Services, Labor Market Statistics, Miami-Dade County Department of Planning and Zoning, Research Section)
- The occupancy rate for commercial real estate was 82.7, a decrease of approximately 2.6% from the previous year. (Source: Greater Miami Convention and Visitors Bureau)
- The number of visitors to Miami-Dade County was 10.4 million. This represents a decrease of approximately 2.1%. (Source: Greater Miami Convention and Visitors Bureau)
- The average sales price for new and used condominiums increased to \$311,405 and \$180,561, respectively. Conversely, the average sales price for a single-family home was \$220,424, representing a drop, from the previous year. (Source: The Beacon Council / Miami-Dade County Florida)

On November 5, 2002, the voters of Miami-Dade County, Florida, approved a half-cent sales tax to support an increase in transportation services. The tax became effective, January 1, 2004. It is expected that this tax will generate approximately \$154 in revenue for transit related services and projects.

Requests for information

This financial report is designed to provide a general overview of Miami-Dade County's finances to our citizens, taxpayers, customers, investors, creditors, and others with an interest in the County's finances. Questions concerning this report or requests for additional financial information should be addressed to:

Miami-Dade County, Florida
Finance Department
Office of the Controller
111 NW 1st Street, Suite 2620
Miami, Florida 33128-1980