

GENERAL INFORMATION RELATING TO MIAMI-DADE COUNTY, FLORIDA

Set forth below is certain general information concerning the County government and certain governmental services provided by the County.

History

Miami-Dade County, Florida (the "County") is the largest county in the southeastern United States in terms of land area and population. The County currently covers 2,209 square miles located in the southeastern corner of the State of Florida (the "State"), and includes, among other municipalities, the cities of Miami, Miami Beach, Coral Gables and Hialeah. In 2003, the population of the County was estimated to have been 2,346,000.

The County was created on January 18, 1836 under the Territorial Act of the United States. It included the land area now contained in Palm Beach County and Broward County, together with the land area of the present County. In 1909, Palm Beach County was formed from the northern portion of what was then the County, and in 1915, Palm Beach County and the County contributed nearly equal portions of land to create what is now Broward County. There have been no significant boundary changes to the County since 1915.

County Government

The State Legislature in 1955 approved and submitted to a general election a constitutional amendment designed to give a new form of government to the County. The amendment was approved in a statewide general election in November, 1956. A Dade County Charter Board was constituted and, in April, 1957, it completed a draft of a charter for the County. The proposed charter was adopted in a County-wide election in May, 1957 and became effective on July 20, 1957 (the "Charter"). The electors of the County are granted power to revise and amend the Charter from time to time by County-wide vote. The most recent amendment was in March 2004. The County has home-rule powers, subject only to the limitations of the Constitution and general laws of the State. The County has, in effect, a county government with certain powers effective throughout the entire County, including 34 municipalities located within the County, and a municipal government for the unincorporated area of the County. The County has not displaced or replaced the cities, but supplements them. The County can take over particular activities of a city's operations if the services fall below minimum standards set by the Board of County Commissioners of Miami-Dade County (the "Board"), or with the consent of the governing body of a particular city.

The County has a commission-executive mayor form of government. The Board, which consists of thirteen members elected from single member districts, is the legislative and governing body of the County and is responsible for the formation of all policies. The executive mayor, who is not a member of the Board, has veto authority over legislative acts, and has the power to appoint the County Manager. The executive mayor, first elected in October of 1996, is elected every four years in a County-wide election.

The County has assumed responsibility on a County-wide basis for an increasing number of functions and services, including the following:

- (a) County-wide police services, complementing the municipal police services within the municipalities and providing full-service police protection for the unincorporated areas of the County, with direct access to the National Crime Information Center in Washington, D.C. and the Florida Crime Information Center;

(b) Uniform system of fire protection, complementing the municipal fire protection services within five municipalities and providing full-service fire protection for the Miami-Dade Fire and Rescue Service District, which includes the unincorporated area of the County and the 29 municipalities which have consolidated their fire departments within the Miami-Dade Fire and Rescue Department. The Miami-Dade Fire and Rescue Department also provides emergency medical services to respond to and provide on-site treatment to the seriously sick and injured;

(c) Consolidated two-tier court system, consisting of the higher Circuit Court that handles domestic relations, felonies, probate, civil cases where the amount in dispute is \$15,000 or more, juvenile cases, and appeals from the lower, County Court. The County Court handles violations of municipal ordinances, misdemeanors and civil cases where the amount in dispute is less than \$15,000;

(d) County-wide water and sewer system, is operated by the Water and Sewer Department;

(e) Jackson Memorial Hospital which is operated, maintained and governed by an independent governing body called the Public Health Trust (the "Trust"). The Board appoints members of the Board of Trustees for the Trust and also approves the budget of the Trust. The County continues to subsidize indigent patients on a contractual basis with the Trust;

(f) Unified transit system, consisting of various surface public transportation systems. In May, 1985, the 20.5 miles Phase I of the County's rapid rail transit system was completed and placed into operation. An extension was opened on May 30, 2003, extending the service along the north section another 1.4 miles from Okeechobee to the Palmetto station. In April, 1986, the light rail component of the rapid rail transit system commenced operation, and two extensions have been constructed extending the service 1.4 miles south to the Brickell Avenue area and 1.1 miles north to the area known as Omni. These extensions were placed in service on May 26, 1994;

(g) Combined public library system, established by the County and 20 municipalities and consisting of the main library and 34 branches. Live programs are offered in education, information and entertainment throughout the system. Library members are encouraged to fulfill their "at home" needs with such material as books, articles, videotapes, audiotapes, and CD's;

(h) Property appraisal and tax collection, performed by the County Tax Collector, with all collected taxes distributed directly to the respective governmental entity, according to its respective tax levy and the amount of such taxes collected. The municipalities, Board of Public Instruction and several State agencies use data furnished to them by the County for the purpose of budget preparation and for their respective governmental operations;

(i) Minimum standards, enforceable throughout the County, in areas such as environmental resources management, building and zoning, consumer protection, health, housing and welfare;

(j) Garbage and trash collection and disposal services, consisting of garbage and trash collection services to approximately 300,000 households during 2003 within the unincorporated area and disposal services to public and private haulers County-wide;

(k) The Dante B. Fascell Port of Miami (the "Port") is owned and operated by the County through the Seaport Department. The Port is the world's largest cruise port in terms of cruise passengers, handling 3,960,614 passengers in Fiscal Year 2003. As of September 2003, the Port had the largest container cargo port in the State and, is within the top ten in the United States in total number of containers held;

(l) The County owns and operates, through the Miami-Dade County Aviation Department, the following facilities: (i) the Miami International Airport (the "Airport"), the principal commercial airport serving South Florida; (ii) the Opa-locka Airport, a 1,810-acre facility, (iii) the Opa-locka West Airport, a 420-acre facility, (iv) the Kendall-Tamiami Executive Airport, a 1,380-acre facility, (iv) the Homestead Airport, a 960-acre facility and (v) the Training and Transition Airport, a facility of approximately 24,300 acres located in Collier and Miami-Dade Counties; and

(m) Several miscellaneous services, including mosquito and animal control.

Economy

The County's economy has been transitioning from mixed service and industrial in the 1970's to one dominated by services in the late 1990's. The shift to services is led by expansion within international trade, the tourism industry, and health services. Wholesale trade and retail trade have, and are projected to, become stronger economic forces in the local economy. This reflects the County's position as a wholesale center in Southeast Florida, which is serving a large international market. The tourism industry remains one of the largest sectors in the local economy.

In an effort to further strengthen and diversify the County's economic base, the County in 1984 commissioned a private consulting firm to identify goals and objectives for various public and private entities. The Beacon Council is a public private partnership established to promote these goals and objectives.

International Commerce

The Greater Miami area is the center for international commerce in the southeastern United States. Its proximity to the Caribbean, Mexico, Central America and South America makes it a natural center of trade to and from North America. In addition, the international background of many of its residents is an essential labor force characteristic for multinational companies which must operate across language and cultural differences.

Trade with Latin America, Europe and countries in the Caribbean, during the past several years, has caused substantial growth in the number of financial institutions conducting business in the County. The large Spanish-speaking labor force, as well as the State's proximity to Latin America, have also contributed to the growth of the banking industry in the County. As of September 2003, there were 24 Edge Act Banks throughout the United States; 8 of those institutions were located in the County with \$5.6 billion on deposit as of September 30, 2003, according to the Federal Reserve Bank of Atlanta. Edge Act Banks are federally chartered organizations offering a wide range of banking services, but limited to foreign or international transactions only. Among these banking institutions are: Bank of Boston International; HSBC Republic International Bank of Miami; Citibank International and Banco Santander International.

The County had the highest concentration of foreign bank agencies on the east coast south of New York City with a total of 31 foreign chartered banks and over \$13.2 billion on deposit as of September 30, 2003 according to the Florida Division of Banking.

Corporate Expansion

The favorable geographic location of the County, the trained commercial labor force and the favorable transportation facilities have caused the economic base of the County to expand by attracting many national and international firms doing business in Latin America. Among these

corporations are: BF Goodrich Aerospace, General Electric Company, Federal Express Corporation, Panasonic and IBM Corporation.

Significant strides have been made in the location of non-manufacturing firms in the County. Other national firms which established international operations or office locations in the County are: Ryder Systems, Burger King, The Gap, Ericsson, 3M, Black & Decker (US), Inc., Caterpillar, Inc., Oracle Corporation and Lennar.

Industrial Development

The role of the Miami-Dade County Industrial Development Authority (the "IDA") is the development and management of economic development financing programs which serve as an incentive for private sector business and industry expansion and location in the County. Programs developed are consistent with the IDA's legal status and compatible with the economic development goals established by the Board and other economic development organizations operating in the County.

In addition, between 1979 and the creation of the Beacon Council in 1986, the IDA has also provided expansion and location assistance to 195 private sector businesses, accounting for a capital investment of \$695 million and the creation of over 11,286 new jobs.

IDA's principal program, tax-exempt industrial development revenue bonds, has generated 409 applications through May 2004. Bonds for 199 companies have already closed for a total aggregate volume in excess of \$1.2 billion. New jobs generated by these projects total 9,158.

Other Developmental Activities

In October, 1979, the Miami-Dade County Health Facilities Authority (the "Health Authority") was formed to assist not-for-profit health care corporations through the issuance of tax-exempt bonds or notes to acquire, construct, improve or refinance health care projects located in the County. Since its inception, the Health Authority has issued 23 series of revenue bonds for 16 projects and 16 advance refundings. As of May 2004, the total amount of revenue bonds issued by the Health Authority was \$1,220,180,000.

In October, 1969, the Board created the Miami-Dade County Educational Facilities Authority (the "EFA") for the purpose of assisting institutions of higher learning within the County with an additional means to provide facilities and structures needed to maintain and expand learning opportunities and intellectual development. As of May 2004, the EFA has issued 37 series of revenue bonds for 25 projects and 22 advance refundings, totaling \$967,985,000.

Since the inception of the Housing Finance Authority of Miami-Dade County (Florida) (the "HFA") in December 1978 and through May 2004, the HFA has generated \$1,092,421,000 of mortgage funds through the issuance of revenue bonds under the Single Family Mortgage Revenue Bond Program benefitting approximately 12,000 families in the County. The purpose of issuing these bonds is to provide the HFA with moneys to purchase mortgage loans secured by mortgages on single family residential real property owned by low and moderate income persons residing in the County.

Under the HFA's Multi-Family Mortgage Revenue Bond Program, as of May 2004 revenue bonds aggregating \$911,780,385 have been issued for new construction or rehabilitation of 16,752 units.

The bonds issued by the foregoing authorities and the IDA are not debts or obligations of the County or the State or any political subdivision thereof, but are payable solely from the revenues provided by the respective private activity borrower as security therefor.

Film Industry

The County's film and entertainment industry continues as the third largest production center in the U.S., lagging only behind Los Angeles and New York City. The County hosted over 3,000 film, television and commercial advertising shoots in 2003, which contributed more than \$185,000,000 in direct expenditures to the local economy. Such high profile television shows as CBS' CSI: Miami, Karen Sisco from ABC, and cable channel FX's highly rated Nip/Tuck joined feature films "Stuck On You" with Matt Damon and the America Idol feature "From Justin to Kelly" in local production work during the year. The County is also the headquarters for the U.S. based Spanish language television industry, with Univision and Telemundo and dozens of cable networks such as Discovery Channel Latin America, MTV Latino, HBO Latin, and many others.

Surface Transportation

The County owns and operates through its Transit Agency (a County department) a unified multi-modal public transportation system. Operating in a fully integrated configuration, the County's Transit Agency provides public transportation services through: (i) Metrorail - a 22.4-mile, 22-station elevated electric rail line connecting South Miami-Dade and the City of Hialeah with the Downtown and Civic Center areas providing 14.3 million passenger trips annually; (ii) Metromover - a fully automated, driverless 4.25-mile elevated electric double-loop people-mover system interfaced with Metrorail and completing approximately 6.8 million passenger trips annually throughout 22 stations in the central business district and south to the Brickell International banking area and north to the Omni shopping area; and (iii) Metrobus - including both directly operated and contracted conventional urban bus service, operating over 29 million miles per year, interconnecting with all Metrorail stations and key Metromover stations, and providing over 86 million passenger trips annually.

Additionally, the County provides paratransit service to qualified elderly and handicapped riders through its Special Transportation Service which supplies over 1,000,000 passenger trips per year in a demand-response environment.

Airport

The County owns and operates the Airport, the principal commercial airport serving Southeast Florida. The Airport is currently handling approximately 29,532,547 passengers and 1,775,087 tons of air freight annually and is classified by the Federal Aviation Administration as a large hub airport, the highest classification given by that organization. The Airport is also one of the principal maintenance and overhaul bases, as well as a principal training center for the airline industry in the United States, Central and South America and the Caribbean.

A five year summary of the passengers served and cargo handled by the Airport is shown below:

**Passengers and Cargo Handled by
Miami International Airport
1999-2003**

| Fiscal Year Ended September 30, | Passengers | Cargo (in tons) |
|--|-------------------|----------------------------|
| 1999 | 34,004,000 | 1,859,443 |
| 2000 | 33,743,000 | 1,799,225 |
| 2001 | 33,048,741 | 1,840,936 |
| 2002 | 29,349,913 | 1,763,292 |
| 2003 | 29,532,547 | 1,775,087 |

Source: Miami-Dade County Aviation Department

Seaport

The Port, which covers 525 acres, is owned by the County and operated by the Seaport Department. It is the world's largest passenger port. Embarkations and debarkations on cruise ships totaled 3,960,614 for the Fiscal Year ended September 30, 2003. With the increase in activity from the recovering economies of the Caribbean Basin Nations and of South and Central America, cargo tonnage amounted to 9,002,359 tons at the Port for the Fiscal Year ended September 30, 2003.

The following table sets forth a five-year summary of both cruise passengers served and cargo handled:

**Passengers and Cargo Handled by Port
1999-2003**

| Fiscal Year Ended September 30, | Cruise Passengers | Cargo (in tons) |
|--|------------------------------|----------------------------|
| 1999 | 3,112,355 | 6,930,372 |
| 2000 | 3,364,643 | 7,804,946 |
| 2001 | 3,391,091 | 8,247,004 |
| 2002 | 3,642,990 | 8,681,735 |
| 2003 | 3,960,614 | 9,002,359 |

Source: Miami-Dade County Seaport Department

Tourism

The Greater Miami area is a leading center for tourism in the State. Miami was the primary destination for more nonresidential air travelers behind Orlando according to the Florida Division of Tourism of the Department of Commerce. It is also the principal port of entry in the State for international air travelers. During 2003, 88.6% of international air travelers (excluding travelers from Canada and Mexico) entering the State arrived through the Airport, according to statistics compiled by the U.S. Department of Transportation.

It is reported that the visitors market in the County is shifting away from the traditional tourist market to a "convention group market." This is reflected in the expansion and renovation of lodging facilities as well as in the marketing efforts of South Florida hoteliers, including the expansion and remodeling by the City of Miami Beach, with the assistance of the County, of the Miami Beach Convention Center, the largest existing convention center in the County, from 250,000 to 500,000

square feet of exhibition space. The convention group market is generally less sensitive to fluctuations in disposable personal income.

The following is a five-year schedule of domestic and international visitors and the estimated economic impact produced by those visitors:

| | Tourism Statistics | | | | | |
|------|----------------------------|--------------|--------------|---|--------------|--------------|
| | 1999-2003 | | | 1999-2003 | | |
| | Visitors (in thousands) | | | Estimated Economic Impact (in thousands) | | |
| | <u>Domestic</u> | <u>Int'l</u> | <u>Total</u> | <u>Domestic</u> | <u>Int'l</u> | <u>Total</u> |
| 1999 | 4,426 | 5,470 | 9,896 | 4,700,000 | 8,000,000 | 12,700,000 |
| 2000 | 4,462 | 5,639 | 10,101 | 4,800,000 | 8,600,000 | 13,400,000 |
| 2001 | 5,264 | 5,246 | 10,510 | 7,159,000 | 6,840,000 | 13,999,000 |
| 2002 | 5,316 | 4,915 | 10,231 | 6,196,000 | 5,614,000 | 11,810,000 |
| 2003 | 5,640 | 4,805 | 10,445 | 5,740,000 | 4,117,000 | 9,857,000 |

| | International Visitors by Region | | | | |
|------|---|------------------|-----------------------|---------------------------|--------------|
| | 1999-2003 | | | | |
| | (in thousands) | | | | |
| | <u>European</u> | <u>Caribbean</u> | <u>Latin American</u> | <u>Canada Japan/Other</u> | <u>Total</u> |
| 1999 | 1,401 | 744 | 2,557 | 768 | 5,470 |
| 2000 | 1,444 | 763 | 2,627 | 805 | 5,639 |
| 2001 | 1,221 | 701 | 2,581 | 743 | 5,246 |
| 2002 | 1,124 | 684 | 2,424 | 683 | 4,915 |
| 2003 | 1,097 | 639 | 2,401 | 668 | 4,805 |

Source: Greater Miami Convention and Visitors Bureau.

Employment

The following table demonstrates the economic diversity of the County's employment base. No single industry clearly dominates the County's employment market, and there have not been any significant decreases within the industry classifications displayed for the latest years for which information is available.

ESTIMATED EMPLOYMENT IN NON-AGRICULTURAL ESTABLISHMENTS

| | 2001-2003 | | | | | |
|------------------------------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|
| | <u>Sept. 2001</u> | <u>Percent</u> | <u>Sept. 2002</u> | <u>Percent</u> | <u>Sept. 2003</u> | <u>Percent</u> |
| Goods Producing Sector | | | | | | |
| Contract Construction | 39,000 | 3.81% | 40,900 | 4.01% | 41,800 | 4.08% |
| Manufacturing | 59,500 | 5.82% | 58,000 | 5.68% | 56,300 | 5.49% |
| Mining | 500 | 0.05% | 500 | 0.05% | 500 | 0.05% |
| Total Goods-Producing | <u>99,000</u> | <u>9.68%</u> | <u>99,400</u> | <u>9.73%</u> | <u>98,600</u> | <u>9.62%</u> |
| Service Producing Sector | | | | | | |
| Transportation & PU | 69,600 | 6.81% | 66,600 | 6.52% | 63,800 | 6.22% |
| Wholesale Trade | 70,700 | 6.92% | 70,400 | 6.89% | 71,200 | 6.94% |
| Retail Trade | 124,500 | 12.18% | 119,600 | 11.71% | 119,500 | 11.65% |
| Information | 33,000 | 3.23% | 30,200 | 2.96% | 29,600 | 2.89% |
| Finance Activities | 66,600 | 6.51% | 65,400 | 6.40% | 65,800 | 6.42% |
| Professional and Business Services | 152,900 | 14.96% | 159,500 | 15.62% | 163,900 | 15.98% |
| Education and Health Services | 123,700 | 12.10% | 127,000 | 12.44% | 129,500 | 12.63% |
| Leisure and Hospitality | 93,400 | 9.14% | 90,100 | 8.82% | 91,200 | 8.89% |
| Other Services | 40,800 | 3.99% | 41,300 | 4.04% | 38,500 | 3.75% |
| Government | <u>148,100</u> | <u>14.49%</u> | <u>151,600</u> | <u>14.85%</u> | <u>153,800</u> | <u>15.00%</u> |
| Total Services | <u>923,300</u> | <u>90.32%</u> | <u>921,700</u> | <u>90.27%</u> | <u>926,800</u> | <u>90.38%</u> |
| Total | <u>1,022,300</u> | <u>100.00%</u> | <u>1,021,100</u> | <u>100.00%</u> | <u>1,025,400</u> | <u>100.00%</u> |

Source: State of Florida Department of Labor and Employment Security. Miami-Dade County, Department of Planning and Zoning, Research Section, October 2003.

County Demographics

Estimates of Population by Age Miami-Dade County 1980 to 2020

| <u>Year</u> | <u>Under 16</u> | <u>16-64</u> | <u>65+</u> | <u>16+ Total</u> | <u>Total</u> |
|-------------|-----------------|--------------|------------|------------------|--------------|
| 1980 | 335,053 | 1,035,442 | 255,286 | 1,290,728 | 1,625,781 |
| 1990 | 427,719 | 1,266,715 | 272,566 | 1,539,281 | 1,967,000 |
| 2000 | 495,375 | 1,457,435 | 300,675 | 1,758,110 | 2,253,485 |
| 2005 | 518,846 | 1,561,307 | 321,952 | 1,883,259 | 2,402,105 |
| 2010 | 541,836 | 1,662,375 | 347,073 | 2,009,448 | 2,551,284 |
| 2015 | 576,543 | 1,740,415 | 386,155 | 2,126,571 | 2,703,114 |
| 2020 | 604,318 | 1,816,340 | 437,527 | 2,253,867 | 2,858,185 |

Note: Projections are figures developed by Miami-Dade County Department of Planning and Zoning, Research Section. The 1990 census figures were adjusted for census undercount.

Source: U.S. Bureau of the Census. Decennial Census Reports for 1980, 1990 and 2000. Miami-Dade Department of Planning and Zoning, Research Section.

**Trends and Forecasts, Population in
Incorporated and Unincorporated Areas
1960 - 2010**

| <u>Year</u> | <u>Population in Incorporated Areas</u> | <u>Population in Unincorporated Areas</u> | <u>Total</u> | <u>Percentage Growth in Population</u> |
|-------------------------|---|---|--------------|--|
| <u>Trends:</u> | | | | |
| 1960 | 582,713 | 352,334 | 935,047 | N/A |
| 1970 | 730,425 | 537,367 | 1,267,792 | 36.5% |
| 1980 | 829,881 | 795,900 | 1,625,781 | 28.2 |
| 1990 | 909,371 | 1,027,723 | 1,937,094 | 19.1 |
| 1995 | 973,912 | 1,110,293 | 2,084,205 | 7.6 |
| 2000 | 1,049,074 | 1,204,288 | 2,253,362 | 8.1 |
| 2001 | 1,078,455 | 1,204,864 | 2,283,319 | 1.3 |
| 2002 | 1,080,909 | 1,222,138 | 2,303,047 | 1.3 |
| 2003 | 1,100,442 | 1,242,297 | 2,342,739 | 1.3 |
| <u>Forecast:</u> | | | | |
| 2005 | 1,276,571 | 1,125,534 | 2,402,105 | 2.5 |
| 2010 | 1,331,318 | 1,219,966 | 2,551,284 | 6.2 |

Source: 1960 to 1990, and 2000 figures from U.S. Census Bureau, decennial census reports. Figures for 1995 and post - 2000 estimates by Miami-Dade County, Department of Planning and Zoning, December 2003.

Population By Race and Ethnic Group ⁽¹⁾
Miami-Dade County
1970 - 2020
(in thousands)

| <u>Year</u> | <u>Total</u> | <u>Hispanic⁽¹⁾</u> | <u>Blacks⁽¹⁾</u> | <u>Non-Hispanic Whites and Others</u> |
|---------------------|--------------|-------------------------------|-----------------------------|---|
| 1970 | 1,268 | 299 | 190 | 782 |
| 1975 | 1,462 | 467 | 237 | 765 |
| 1980 | 1,626 | 581 | 284 | 773 |
| 1985 | 1,771 | 768 | 367 | 656 |
| 1990 | 1,967 | 968 | 409 | 618 |
| 1995 | 2,084 | 1,155 | 446 | 519 |
| 2000 | 2,253 | 1,292 | 457 | 534 |
| 2005 ⁽²⁾ | 2,402 | 1,455 | 497 | 483 |
| 2010 ⁽²⁾ | 2,551 | 1,621 | 526 | 442 |
| 2015 ⁽²⁾ | 2,703 | 1,794 | 554 | 395 |
| 2020 ⁽²⁾ | 2,858 | 1,972 | 583 | 347 |
| (In Percentages) | | | | |
| 1970 | 100% | 24% | 15% | 62% |
| 1975 | 100% | 32% | 16% | 52% |
| 1980 | 100% | 36% | 17% | 48% |
| 1985 | 100% | 43% | 21% | 37% |
| 1990 | 100% | 49% | 21% | 31% |
| 1995 | 100% | 55% | 21% | 25% |
| 2000 | 100% | 57% | 20% | 24% |
| 2005 ⁽²⁾ | 100% | 61% | 21% | 20% |
| 2010 ⁽²⁾ | 100% | 64% | 21% | 17% |
| 2015 ⁽²⁾ | 100% | 66% | 21% | 15% |
| 2020 ⁽²⁾ | 100% | 69% | 20% | 12% |

Note: ⁽¹⁾ Persons of Hispanic origin may be of any race. Hispanic Blacks are counted as both Hispanic and as Black. Other Non-Hispanics are grouped with Non-Hispanic White category. Sum of components exceeds total.

⁽²⁾ Projections

Source: U.S. Bureau of the Census, Census of population, 1950-2000. Miami-Dade County Department of Planning and Zoning, Research Section, 2003.

The following tables set forth the leading twenty County employers:

**Twenty Largest Public and Private
Employers**

| <u>Employers' Name</u> | <u>Number of Employees</u> |
|---|--------------------------------|
| Miami-Dade County Public Schools | 45,886 |
| Miami-Dade County | 32,000 |
| Federal Government | 20,100 |
| State of Florida | 18,900 |
| Jackson Memorial Hospital Public Health Trust | 11,700 |
| University of Miami | 9,079 |
| American Airlines | 9,000 |
| Miami - Dade Community College | 7,500 |
| Baptist Health Systems of South | 7,000 |
| Precision Response Corporation | 6,000 |
| United Parcel Service | 5,000 |
| Bell South | 4,700 |
| Carnival Cruise Lines | 4,000 |
| Publix Super Markets | 4,000 |
| Florida Power & Light Company | 3,665 |
| Florida International University | 3,500 |
| City of Miami | 3,400 |
| Mount Sinai Medical Center of Greater Miami | 3,000 |
| Burdines Department Store | 2,982 |
| Cedars Medical Center | 2,684 |

Source: The Beacon Council/Miami-Dade County, Florida,
Miami Business Profile 2003/2004

The following table sets forth the unemployment rates within the County:

**UNEMPLOYMENT RATES
1999-2003**

| <u>Area</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> |
|-------------------|-------------|-------------|-------------|-------------|-------------|
| USA | 4.2% | 4.0% | 4.8% | 5.7% | 6.0% * |
| Florida | 3.9 | 3.6 | 4.8 | 5.4 | 5.3 * |
| Miami-Dade County | 5.8 | 5.3 | 6.9 | 7.5 | 7.5 * |

*Annual Avg. through September, 2003

Source: Florida Agency for Workplace Innovation, Office of Workforce Information Services, Labor Market Statistics and Miami-Dade County, Department of Planning and Zoning, Research Section.

**PER CAPITA INCOME
1996 - 2001**

| <u>Year</u> | <u>USA</u> | <u>Southeastern</u> | <u>Florida</u> | <u>Miami-Dade</u> |
|-------------|------------|---------------------|----------------|-------------------|
| 1996 | \$24,651 | \$22,477 | \$24,616 | \$22,270 |
| 1997 | 25,874 | 23,517 | 25,721 | 23,020 |
| 1998 | 27,321 | 24,783 | 26,931 | 23,972 |
| 1999 | 28,546 | 25,743 | 27,781 | 24,733 |
| 2000 | 29,469 | 26,194 | 27,764 | 25,320 |
| 2001 | 30,413 | 27,169 | 29,048 | 26,594 |

Source: U.S. Department of Commerce, Economic and Statistic Administration Bureau of Economic Analysis/Regional Economic Information System. Miami-Dade County Department of Planning and Zoning, Research Section.

General Financial Statements
of
Miami-Dade County, Florida

for period ending

September 30, 2003

Report of Independent Certified Public Accountants

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Miami-Dade County, Florida (the County) as of and for the year ended September 30, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of (1) Miami-Dade Housing Agency Public Housing Division; (2) Miami-Dade County Transit Agency; (3) Miami-Dade County Aviation Department; (4) Miami-Dade County Water and Sewer Department, (5) Miami-Dade County Public Health Trust; and (6) Miami-Dade County Clerk of Circuit and County Courts Agency Fund which represent the percentage of assets and revenues of the opinion units listed below.

| | Percentage of Opinion Unit | |
|--|-----------------------------------|-----------------------|
| | Total Assets | Total Revenues |
| Governmental activities: | | |
| Housing Agency | 5.50 | 9.26 |
| Business-type activities: | | |
| Aviation Department | 34.96 | 19.64 |
| Transit Agency | 14.80 | 9.09 |
| Water and Sewer | 32.28 | 14.85 |
| Public Health Trust | 8.20 | 40.19 |
| Housing Agency Public Housing Division | .28 | .29 |
| | 90.52 | 84.06 |
| Major funds: | | |
| Aviation Department | 100.00 | 100.00 |
| Transit Agency | 100.00 | 100.00 |
| Water and Sewer | 100.00 | 100.00 |
| Public Health Trust | 100.00 | 100.00 |
| Aggregate Remaining Fund Information: | | |
| Housing Agency-Special Revenue Fund | 16.14 | 9.39 |
| Housing Agency Public Housing Division | 2.18 | .30 |
| Clerk of Circuit and County Courts-Agency Fund | 4.81 | N/A |
| | 23.13 | 9.69 |

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Miami-Dade County, Florida, as of September 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States.

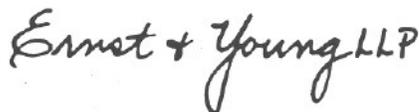
As explained in note 12 to the financial statements, effective October 1, 2002, the Public Health Trust – Enterprise Fund changed its method of accounting for inventory.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 13, 2004 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 18 and the budgetary comparison information on pages 95 through 99 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

February 13, 2004



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.

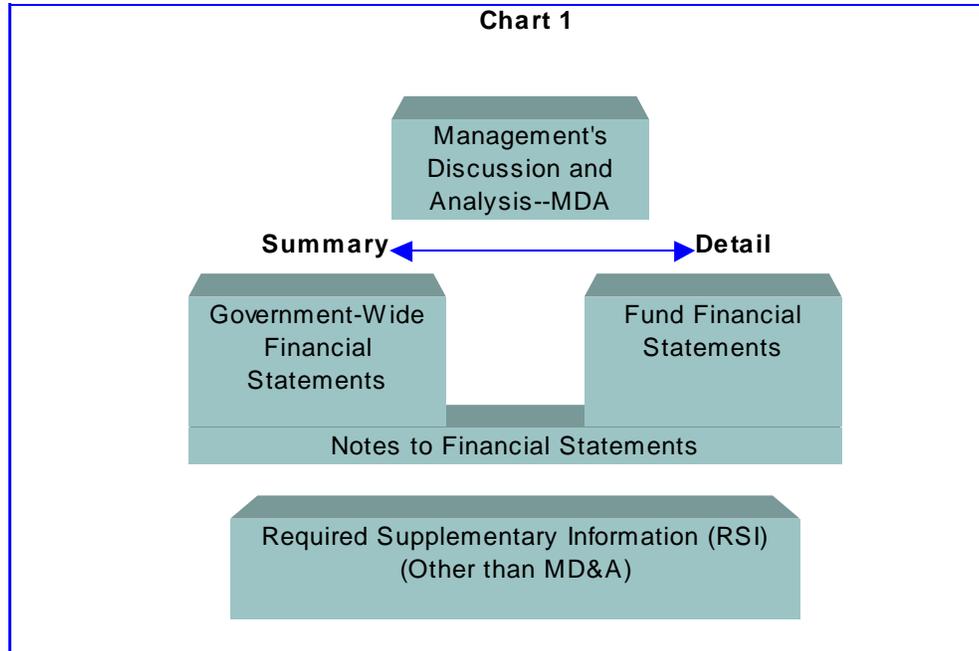
Financial Highlights for FY 2003

- ❑ 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.

MIAMI-DADE COUNTY, FLORIDA

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.

MIAMI-DADE COUNTY, FLORIDA

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.

MIAMI-DADE COUNTY, FLORIDA

- ***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.

MIAMI-DADE COUNTY, FLORIDA

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.

MIAMI-DADE COUNTY, FLORIDA

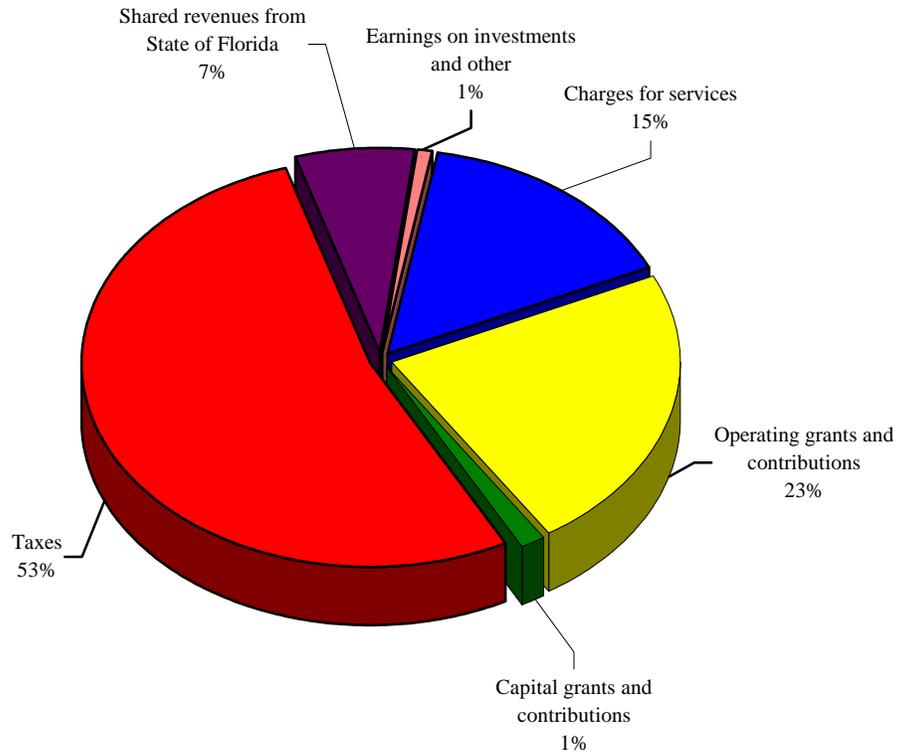
Table 2
Miami-Dade County, Florida
Changes in Net Assets
(in millions)

| | Governmental activities | | Business-type activities | | Total primary government | | Total % change |
|---|-------------------------|-----------------|--------------------------|-----------------|--------------------------|-----------------|----------------|
| | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 | 2002-2003 |
| 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 | 2,726 | 2,981 | 2,491 | 2,591 | 5,218 | 5,572 | 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 | 2,286 | 2,662 | 2,798 | 3,059 | 5,085 | 5,721 | 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 | \$ 2,290 | \$ 2,208 | \$ 5,174 | \$ 5,107 | \$ 7,464 | \$ 7,315 | -2.0% |

MIAMI-DADE COUNTY, FLORIDA

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%.

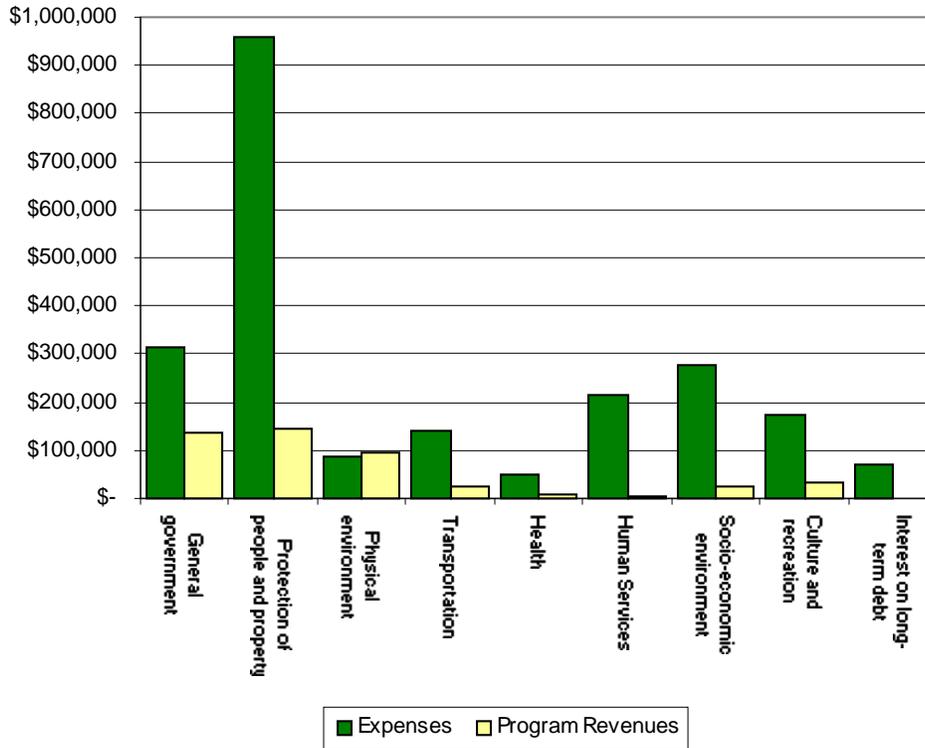
Revenues by Source--Governmental Activities



MIAMI-DADE COUNTY, FLORIDA

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)**



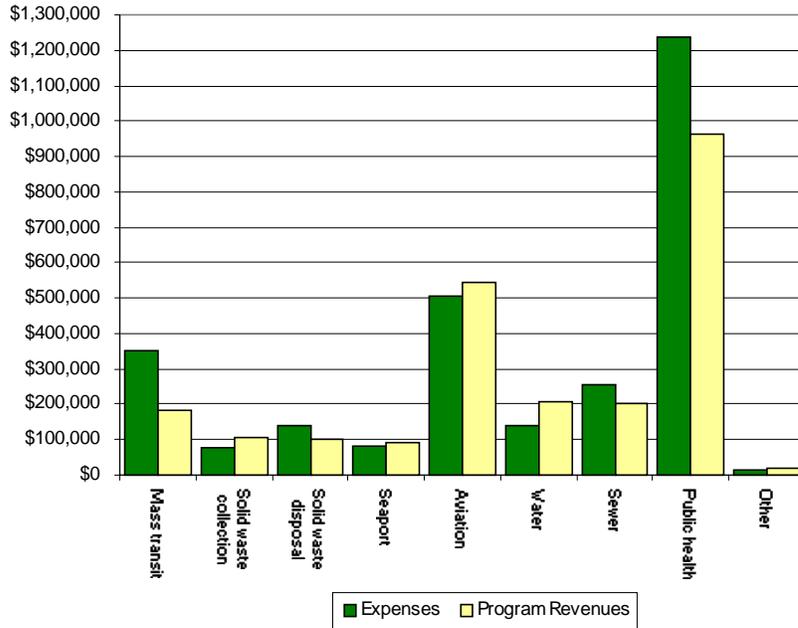
Business-type activities. The County’s major business-type activities include the following enterprise funds:

- 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.

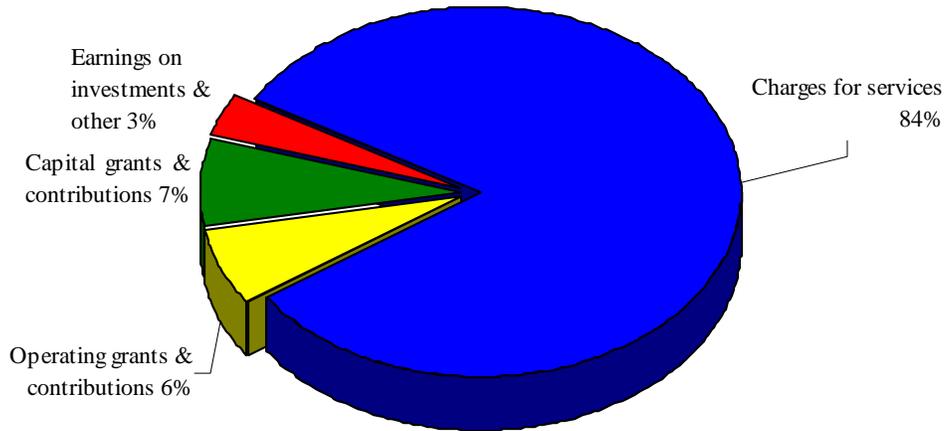
MIAMI-DADE COUNTY, FLORIDA

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



MIAMI-DADE COUNTY, FLORIDA

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%.

MIAMI-DADE COUNTY, FLORIDA

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%

MIAMI-DADE COUNTY, FLORIDA

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.

MIAMI-DADE COUNTY, FLORIDA

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;

MIAMI-DADE COUNTY, FLORIDA

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 | |
|---|-------------------------|---------------------|--------------------------|---------------------|--------------------------|---------------------|
| | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 |
| 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 | \$ 1,928,593 | \$ 1,940,126 | \$ 5,768,433 | \$ 6,578,040 | \$ 7,697,026 | \$ 8,518,166 |

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) | | | | | \$1,336,311 |

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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

BASIC FINANCIAL STATEMENTS

MIAMI-DADE COUNTY, FLORIDA
STATEMENT OF NET ASSETS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003
(in thousands)

| | Governmental Activities | Business-type Activities | Total | Component Unit Housing Finance Authority |
|--|----------------------------|-----------------------------|---------------------|---|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 172,432 | \$ 1,038,918 | \$ 1,211,350 | \$ 11,044 |
| Investments | 901,094 | 1,892,301 | 2,793,395 | 9,513 |
| Receivables, net | 57,274 | 335,423 | 392,697 | 302 |
| Internal balances | 94,522 | (94,522) | | |
| Due from primary government | | | | 7,000 |
| Due from other governments | 219,431 | 117,322 | 336,753 | |
| Mortgages receivable, net | 294,957 | | 294,957 | 1,843 |
| Inventories | 18,307 | 65,733 | 84,040 | |
| Other assets | 32,695 | 32,220 | 64,915 | 374 |
| Capital assets (Note 4): | | | | |
| Land | 511,150 | 542,151 | 1,053,301 | |
| Buildings and building improvements, net of depreciation | 1,000,018 | 2,877,749 | 3,877,767 | |
| Machinery and equipment, net of depreciation | 131,928 | 783,132 | 915,060 | 5 |
| Infrastructure, net of depreciation | 907,220 | 3,123,258 | 4,030,478 | |
| Construction in progress | 407,475 | 1,460,698 | 1,868,173 | |
| Total capital assets | <u>2,957,791</u> | <u>8,786,988</u> | <u>11,744,779</u> | <u>5</u> |
| Deferred charges | 4,752 | 78,090 | 82,842 | |
| Total assets | <u>4,753,255</u> | <u>12,252,473</u> | <u>17,005,728</u> | <u>30,081</u> |
| LIABILITIES | | | | |
| Accounts payable and accrued liabilities | 174,183 | 386,472 | 560,655 | 126 |
| Accrued interest payable | 33,883 | 121,267 | 155,150 | |
| Due to other governments | 17,649 | 187 | 17,836 | |
| Due to component unit | 7,000 | | 7,000 | |
| Deferred revenues | 34,763 | 59,128 | 93,891 | 5,675 |
| Assets held in trust | 337,653 | | 337,653 | |
| Long-term liabilities (Note 8): | | | | |
| Due within one year | 199,447 | 289,158 | 488,605 | 58 |
| Due in more than one year | 1,740,679 | 6,288,882 | 8,029,561 | 131 |
| Total liabilities | <u>2,545,257</u> | <u>7,145,094</u> | <u>9,690,351</u> | <u>5,990</u> |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 1,920,019 | 4,245,740 | 6,165,759 | 5 |
| Restricted for: | | | | |
| Capital projects | 48,759 | 236,340 | 285,099 | |
| Bond covenants | | 14,649 | 14,649 | |
| Debt service | 39,010 | 298,751 | 337,761 | |
| Other purposes (expendable) | 469,326 | 76,807 | 546,133 | 1,715 |
| Other purposes (nonexpendable) | 3,260 | | 3,260 | |
| Unrestricted | (272,376) | 235,092 | (37,284) | 22,371 |
| Total net assets | <u>\$ 2,207,998</u> | <u>\$ 5,107,379</u> | <u>\$ 7,315,377</u> | <u>\$ 24,091</u> |

The notes to the financial statement are an integral part of this statement.

MIAMI-DADE COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003
(in thousands)

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue |
|---|--------------|-------------------------|--|--|--------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Primary government: | | | | | |
| Governmental activities: | | | | | |
| Policy formulation and general government | \$ 385,888 | \$ 130,240 | \$ 6,027 | \$ 2,502 | \$ (247,119) |
| Protection of people and property | 1,006,193 | 147,772 | 58,219 | 4,849 | (795,353) |
| Physical environment | 141,536 | 83,856 | 55,310 | 6,027 | 3,657 |
| Transportation (streets and roads) | 206,197 | 13,719 | 54,779 | 17,820 | (119,879) |
| Health | 33,250 | 6,997 | 3,668 | | (22,585) |
| Human Services | 224,021 | 6,325 | 201,036 | | (16,660) |
| Socio-economic environment | 359,002 | 29,136 | 297,652 | | (32,214) |
| Culture and recreation | 220,623 | 34,093 | 3,868 | 10,397 | (172,265) |
| Interest on long-term debt | 85,708 | | | | (85,708) |
| Total governmental activities | 2,662,418 | 452,138 | 680,559 | 41,595 | (1,488,126) |
| Business-type activities: | | | | | |
| Mass transit | 426,198 | 77,552 | 109,406 | | (239,240) |
| Solid waste collection | 81,187 | 108,867 | | | 27,680 |
| Solid waste disposal | 140,880 | 95,734 | 429 | 973 | (43,744) |
| Seaport | 89,531 | 83,153 | 1,554 | 14,603 | 9,779 |
| Aviation | 567,351 | 451,246 | 4,566 | 114,502 | 2,963 |
| Water | 150,291 | 157,007 | 79 | 47,500 | 54,295 |
| Sewer | 267,258 | 207,346 | | | (59,912) |
| Public health | 1,319,108 | 1,004,205 | 25,238 | | (289,665) |
| Other | 17,949 | 13,741 | 3,530 | | (678) |
| Total business-type activities | 3,059,753 | 2,198,851 | 144,802 | 177,578 | (538,522) |
| Total primary government | \$ 5,722,171 | \$ 2,650,989 | \$ 825,361 | \$ 219,173 | \$ (2,026,648) |
| Component unit: | | | | | |
| Housing Finance Authority | \$ 5,821 | \$ 4,329 | \$ 2,789 | | \$ 1,297 |

The notes to the financial statements are an integral part of this statement.

MIAMI-DADE COUNTY, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

(in thousands)

| | Primary Government | | | Component Unit - Housing Finance Authority |
|--|----------------------------|-----------------------------|----------------|--|
| | Governmental Activities | Business-type Activities | Total | |
| Change in net assets: | | | | |
| Net (expense) revenue (from previous page) | \$ (1,488,126) | \$ (538,522) | \$ (2,026,648) | \$ 1,297 |
| General revenues: | | | | |
| Taxes: | | | | |
| Property taxes, general | 764,558 | | 764,558 | |
| Property taxes, for debt service | 50,167 | | 50,167 | |
| Property taxes, for fire protection | 177,154 | | 177,154 | |
| Property taxes, for libraries | 48,149 | | 48,149 | |
| County hospital 1/2% sales surtax | 146,268 | | 146,268 | |
| Transportation 1/2% sales surtax | 105,274 | | 105,274 | |
| Utility taxes | 71,795 | | 71,795 | |
| Local option gas taxes | 60,408 | | 60,408 | |
| Franchise taxes | 34,397 | | 34,397 | |
| Communication tax | 53,489 | | 53,489 | |
| Other taxes | 73,300 | | 73,300 | |
| Shared revenues from State of Florida | 198,098 | | 198,098 | |
| Earnings on investments | 22,879 | 69,955 | 92,834 | 1,070 |
| Miscellaneous | 1,780 | | 1,780 | |
| Transfers--internal activities | (401,462) | 401,462 | | |
| Total general revenues and transfers | 1,406,254 | 471,417 | 1,877,671 | 1,070 |
| Change in net assets | (81,872) | (67,105) | (148,977) | 2,367 |
| Net assets--beginning | 2,289,870 | 5,174,484 | 7,464,354 | 21,724 |
| Net assets--ending | \$ 2,207,998 | \$ 5,107,379 | \$ 7,315,377 | \$ 24,091 |

The notes to the financial statements are an integral part of this statement.

MIAMI-DADE COUNTY, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2003

(in thousands)

| | General Fund | Community and Social Development Fund | Other Governmental Funds | Total Governmental Funds |
|---|-------------------------|--|---|---|
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 9,161 | \$ 4,462 | \$ 153,235 | \$ 166,858 |
| Investments | 60,775 | 7,945 | 789,385 | 858,105 |
| Receivables, net | 5,836 | 1,698 | 14,115 | 21,649 |
| Delinquent taxes receivable | 18,671 | | 7,006 | 25,677 |
| Allowance for uncollected delinquent taxes | (18,671) | | (7,006) | (25,677) |
| Due from other funds | 116,528 | 80 | 9,412 | 126,020 |
| Due from other governments | 60,767 | 31,206 | 118,542 | 210,515 |
| Mortgages and loans receivable, net | | 121,107 | 173,850 | 294,957 |
| Inventories | 17,513 | | 794 | 18,307 |
| Other assets | | 10 | 32,684 | 32,694 |
| Total assets | \$ 270,580 | \$ 166,508 | \$ 1,292,017 | \$ 1,729,105 |
| LIABILITIES AND FUND BALANCES: | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ 71,618 | \$ 16,288 | \$ 66,267 | \$ 154,173 |
| Retainage payable | | 8 | 18,078 | 18,086 |
| Due to other funds | | 236 | 68,405 | 68,641 |
| Due to other governments | 2,319 | | 15,330 | 17,649 |
| Deferred revenues | 1,663 | 5,629 | 27,471 | 34,763 |
| Assets held in trust | | 121,414 | 216,239 | 337,653 |
| Total liabilities | 75,600 | 143,575 | 411,790 | 630,965 |
| Fund balances: | | | | |
| Reserved for encumbrances | 22,234 | 3,827 | 252,184 | 278,245 |
| Reserved for inventories | 17,513 | | 794 | 18,307 |
| Reserved for receivables | 5,000 | | 1,069 | 6,069 |
| Reserved for mortgages receivable | | 9,825 | 173,850 | 183,675 |
| Reserved for debt service | | | 72,893 | 72,893 |
| Reserved for permanent endowments | | | 3,260 | 3,260 |
| Reserved for environmentally endangered lands | 68,357 | | | 68,357 |
| Reserved for stormwater utility | 18,146 | | | 18,146 |
| Unreserved, reported in major funds | 63,730 | 9,281 | | 73,011 |
| Unreserved, reported in nonmajor: | | | | |
| Special revenue funds | | | 176,276 | 176,276 |
| Capital project funds | | | 199,668 | 199,668 |
| Permanent funds | | | 233 | 233 |
| Total fund balances | 194,980 | 22,933 | 880,227 | 1,098,140 |
| Total liabilities and fund balances | \$ 270,580 | \$ 166,508 | \$ 1,292,017 | \$ 1,729,105 |

The notes to the financial statements are an integral part of this statement.

MIAMI-DADE COUNTY, FLORIDA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS**

SEPTEMBER 30, 2003

(in thousands)

Total fund balances--governmental funds \$ 1,098,140

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

| | | | |
|-------------------------------------|----|--------------------|-----------|
| Land | \$ | 511,150 | |
| Buildings and building improvements | | 1,670,132 | |
| Machinery and equipment | | 279,607 | |
| Infrastructure | | 2,047,058 | |
| Construction in progress | | 407,475 | |
| Accumulated depreciation | | <u>(1,957,631)</u> | |
| Total capital assets | | | 2,957,791 |

The Internal Service Fund is used to charge the cost of self-insurance to individual funds.

The assets and liabilities (including \$164,510,000 of estimated claims payable) of the Internal Service Fund are included in the governmental activities section of the Statement of Net Assets. (95,346)

The Statement of Net Assets includes an adjustment to reflect an allocation of the internal service fund loss to business-type activities. This adjustment increases the Internal Balances account of governmental activities. 23,699

Some liabilities are not due and payable in the current period and therefore are not reported in the fund statements. Those liabilities consist of:

| | | | |
|---|----|-----------------|-------------|
| Bonds, loans, and notes payable | \$ | (1,485,814) | |
| Accrued interest payable | | (33,883) | |
| Compensated absences | | (267,881) | |
| Accrued post-retirement health insurance benefits | | (5,421) | |
| Arbitrage rebate liability | | (52) | |
| Due to Housing Finance Authority | | (7,000) | |
| Other liabilities | | <u>(16,448)</u> | |
| Total long-term liabilities | | | (1,816,499) |

The Statement of Net Assets includes certain assets that are not available to pay for the current period's expenditures, but the fund statements exclude those assets.

Accounts receivable for revenues "not available" 35,461

Bond issuance costs are treated as expenditures in the governmental funds, but are deferred to future periods in the Statement of Net Assets (amortized over the life of the bonds). 4,752

Net assets of governmental activities \$ 2,207,998

The notes to the financial statements are an integral part of this statement.

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MIAMI-DADE COUNTY, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

(in thousands)

| | General Fund | Community and Social Development Fund | Other Governmental Funds | Total Governmental Funds |
|--|-----------------|--|--------------------------------|--------------------------------|
| Revenues: | | | | |
| Taxes | \$ 976,575 | \$ 1,979 | \$ 592,094 | \$ 1,570,648 |
| Special tax assessments | | | 55,461 | 55,461 |
| Licenses and permits | 78,246 | 25 | 4,412 | 82,683 |
| Intergovernmental revenues | 192,237 | 129,764 | 449,408 | 771,409 |
| Charges for services | 168,331 | 2,365 | 73,854 | 244,550 |
| Fines and forfeitures | 33,401 | | 15,353 | 48,754 |
| Investment income | 6,949 | 453 | 25,972 | 33,374 |
| Other | 43,392 | 82,851 | 48,405 | 174,648 |
| Total revenues | 1,499,131 | 217,437 | 1,264,959 | 2,981,527 |
| Expenditures: | | | | |
| Current: | | | | |
| Policy formulation and general government | 310,698 | | 85,983 | 396,681 |
| Protection of people and property | 667,135 | | 280,758 | 947,893 |
| Physical environment | 55,450 | | 85,088 | 140,538 |
| Transportation | 23,751 | | 145,972 | 169,723 |
| Health | 13,706 | | 19,435 | 33,141 |
| Human services | | 216,928 | 2,105 | 219,033 |
| Socio-economic environment | 11,246 | 63,430 | 276,550 | 351,226 |
| Culture and recreation | 77,183 | | 125,494 | 202,677 |
| Debt service: | | | | |
| Principal retirement | | | 93,089 | 93,089 |
| Interest | | | 50,157 | 50,157 |
| Other | | | 393 | 393 |
| Capital outlay | 24,959 | 85 | 223,510 | 248,554 |
| Total expenditures | 1,184,128 | 280,443 | 1,388,534 | 2,853,105 |
| Excess (deficiency) of revenues over expenditures | 315,003 | (63,006) | (123,575) | 128,422 |
| Other financing sources (uses): | | | | |
| Long-term debt issued | | | 101,810 | 101,810 |
| Premium (discount) on long-term debt | | | 514 | 514 |
| Transfers in | 47,422 | 57,427 | 190,856 | 295,705 |
| Transfers out | (407,850) | (2,122) | (287,195) | (697,167) |
| Total other financing sources (uses) | (360,428) | 55,305 | 5,985 | (299,138) |
| Net change in fund balances | (45,425) | (7,701) | (117,590) | (170,716) |
| Fund balances--beginning | 239,997 | 30,634 | 997,817 | 1,268,448 |
| Increase (decrease) in reserve for inventory | 408 | | | 408 |
| Fund balances--ending | \$ 194,980 | \$ 22,933 | \$ 880,227 | \$ 1,098,140 |

The notes to the financial statements are an integral part of this statement.

MIAMI-DADE COUNTY, FLORIDA

**RECONCILIATION OF THE CHANGE IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2003**

(in thousands)

Net change in fund balances - total governmental funds **\$ (170,716)**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

In the current period, these amounts are:

| | | |
|--|------------|---------|
| Capital outlay | \$ 248,554 | |
| Depreciation expense | (113,520) | |
| | | |
| Excess of capital outlay over depreciation expense | | 135,034 |

The issuance of long-term debt provides a source of current financial resources to governmental funds. However, issuing debt increases long-term liabilities in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, but these amounts are deferred and amortized in the statement of activities. In the current year, these amounts consist of:

| | | |
|--|--------------|----------|
| Bonds and notes issued, including premium of \$514,000 | \$ (102,543) | |
| Bond issuance costs paid during the current year | 2,850 | |
| Amortization/reduction of bond premium | 2,161 | |
| Amortization/reduction of bond issuance costs | (398) | |
| | | |
| Total bond proceeds and related transactions | | (97,930) |

The repayment of long-term debt is reported as a use of financial resources in governmental funds, but reduces long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

| | | |
|--|--|---------|
| Bond, loans and notes principal retirement | | 139,195 |
|--|--|---------|

Some revenues in the statement of activities do not provide current financial resources are not reported as revenues in the funds. 35,461

Some revenues reported in the fund statements are revenues of prior periods and are not reported as revenues in the statement of activities. (34,570)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

| | | |
|--|-------------|----------|
| Interest accreted on capital appreciation debt | \$ (24,028) | |
| Increase in compensated absences | (4,005) | |
| Net increase in inventories | 408 | |
| Net decrease in other long-term liabilities | 789 | |
| | | |
| Total additional expenditures | | (26,836) |

(continued)

MIAMI-DADE COUNTY, FLORIDA

RECONCILIATION OF THE CHANGE IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2003

(in thousands)

Interest expense in the statement of activities includes additional accrued interest calculated for bonds and notes payable. The fund statements report payments of interest expense related to prior periods, which has been eliminated in the statement of activities.

| | | |
|-------------------------------------|---------------|-------------|
| Additional accrued interest expense | \$ (33,883) | |
| Interest expense, prior period | <u>21,444</u> | \$ (12,439) |

The Internal Service Fund is used by management to charge the costs of self-insurance to individual funds. The change in net assets of the fund was reported with the governmental activities in the statement of activities. (47,906)

The amount of the Internal Service Fund's loss on transactions with business-type activities was eliminated from the governmental activities in the Statement of Activities. 14,006

Loss on the sale or disposal of capital assets is reported in the Statement of Activities, but is not reported in the fund financial statements. (14,172)

Proceeds on the sale of capital assets are reported in the fund statements, but not reported in the Statement of Activities. (999)

Change in net assets of governmental activities

\$ (81,872)

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

MIAMI-DADE COUNTY, FLORIDA

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2003
(in thousands)

| | Business-type Activities - Enterprise Funds | | | |
|--|---|---------------------------|------------|------------------------|
| | Transit Agency | Solid Waste Management | Seaport | Aviation Department |
| Assets: | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 317 | \$ 3,759 | \$ 1,162 | \$ 317,539 |
| Investments | | 30,037 | 9,167 | 90,024 |
| Accounts receivable, net | 2,549 | 12,185 | 6,870 | 36,826 |
| Due from other funds | 14,745 | 835 | | 857 |
| Due from other governments | 2,877 | 283 | | |
| Inventories | 20,493 | | 1,906 | 1,830 |
| Other current assets | 315 | 497 | 1,045 | 7,410 |
| Total unrestricted assets | 41,296 | 47,596 | 20,150 | 454,486 |
| Restricted assets: | | | | |
| Cash and cash equivalents | 813 | 9,362 | 18,635 | 232,277 |
| Investments | 411,188 | 74,452 | 104,444 | 383,434 |
| Due from other governments | 42,709 | | 15,131 | 36,502 |
| Other restricted assets | 525 | 6,700 | 1,933 | 3,937 |
| Total restricted assets | 455,235 | 90,514 | 140,143 | 656,150 |
| Total current assets | 496,531 | 138,110 | 160,293 | 1,110,636 |
| Non current assets: | | | | |
| Capital assets: | | | | |
| Land | 173,482 | 57,544 | 151,813 | 90,600 |
| Buildings and building improvements, net | 945,010 | 106,241 | 220,176 | 1,354,729 |
| Machinery and equipment, net | 194,624 | 40,199 | 6,045 | 90,998 |
| Infrastructure, net | | 50,964 | 112,375 | 671,071 |
| Construction in progress | 24,561 | 18,756 | 53,175 | 978,834 |
| Total capital assets, net | 1,337,677 | 273,704 | 543,584 | 3,186,232 |
| Other assets: | | | | |
| Deferred charges | | 10,915 | 4,508 | 37,234 |
| Total assets | 1,834,208 | 422,729 | 708,385 | 4,334,102 |
| Liabilities: | | | | |
| Current liabilities payable from current assets: | | | | |
| Accounts payable and accrued liabilities | 38,942 | 11,469 | 3,411 | 28,576 |
| Current portion of bonds, loans and notes payable | | | 3,445 | |
| Accrued interest payable | | | 294 | |
| Compensated absences | 8,129 | 3,020 | 901 | 6,323 |
| Estimated claims payable | | | | |
| Environmental remediation liability | | | | 43,039 |
| Due to other funds | 45,573 | 2,427 | 87 | 8,395 |
| Due to other governments | | 37 | | |
| Deferred revenues and other current liabilities | 924 | 1,231 | 1,213 | 12,958 |
| Total current liabilities payable from current assets | 93,568 | 18,184 | 9,351 | 99,291 |
| Current liabilities payable from restricted assets: | | | | |
| Accounts payable, accrued expenses and deferred credits | 4,195 | 443 | 11,270 | 123,354 |
| Current portion of bonds, loans and notes payable | 6,130 | 11,320 | 3,410 | 59,080 |
| Accrued interest payable | 1,202 | 4,711 | 6,237 | 70,663 |
| Estimated claims payable | | | | |
| Due to other funds | 36,709 | | 33 | |
| Deferred revenues | 15,775 | | 1,723 | |
| Total current liabilities payable from restricted assets | 64,011 | 16,474 | 22,673 | 253,097 |
| Total current liabilities | 157,579 | 34,658 | 32,024 | 352,388 |
| Long-term liabilities: | | | | |
| Bonds, loans and notes payable, net | 66,485 | 172,847 | 495,797 | 2,790,173 |
| Commercial paper | | | | 178,694 |
| Estimated claims payable | | | | |
| Compensated absences | 12,856 | 7,880 | 2,068 | 18,600 |
| Environmental remediation liability | | | | 130,041 |
| Liability for closure and postclosure care costs | | 82,647 | | |
| Lease agreements | 399,613 | | 9,260 | 1,169 |
| Other long-term liabilities | | 1,931 | 5,834 | |
| Total long-term liabilities | 478,954 | 265,305 | 512,959 | 3,118,677 |
| Total liabilities | 636,533 | 299,963 | 544,983 | 3,471,065 |
| Net Assets: | | | | |
| Invested in capital assets, net of related debt | 1,267,445 | 107,846 | 131,032 | 790,564 |
| Restricted for: | | | | |
| Bond covenants | | | | |
| Debt service | | 14,341 | 24,456 | 82,951 |
| Capital projects | | | | |
| Grants and other purposes | | 55,802 | | |
| Unrestricted (deficit) | (69,770) | (55,223) | 7,914 | (10,478) |
| Total net assets | \$ 1,197,675 | \$ 122,766 | \$ 163,402 | \$ 863,037 |

The notes to the financial statements are an integral part of this statement.

MIAMI-DADE COUNTY, FLORIDA

| Business-type Activities - Enterprise Funds | | | | Governmental |
|---|---------------------|-----------------------------------|------------------------|---|
| Water and Sewer | Public Health Trust | Other (Nonmajor) Enterprise Funds | Total Enterprise Funds | Activities-Self-Insurance Internal Service Fund |
| \$ 44,581 | \$ 56,486 | \$ 1,773 | \$ 425,617 | \$ 5,574 |
| 115,660 | 175,177 | 10,869 | 430,934 | 42,989 |
| 69,098 | 207,715 | 180 | 335,423 | 165 |
| 5,145 | 35,264 | | 56,846 | 13,445 |
| | 19,688 | 132 | 22,980 | 8,915 |
| 20,078 | 21,387 | 39 | 65,733 | |
| | 3,324 | 14 | 12,605 | |
| <u>254,562</u> | <u>519,041</u> | <u>13,007</u> | <u>1,350,138</u> | <u>71,088</u> |
| 338,511 | 9,906 | 3,797 | 613,301 | |
| 429,483 | 58,366 | | 1,461,367 | |
| | | | 94,342 | |
| 294 | 6,226 | | 19,615 | |
| <u>768,288</u> | <u>74,498</u> | <u>3,797</u> | <u>2,188,625</u> | |
| <u>1,022,850</u> | <u>593,539</u> | <u>16,804</u> | <u>3,538,763</u> | <u>71,088</u> |
| 34,519 | 30,750 | 3,443 | 542,151 | |
| | 224,355 | 27,238 | 2,877,749 | |
| 326,558 | 119,920 | 4,788 | 783,132 | |
| 2,259,057 | 11,854 | 17,937 | 3,123,258 | |
| 340,335 | 36,665 | 8,372 | 1,460,698 | |
| <u>2,960,469</u> | <u>423,544</u> | <u>61,778</u> | <u>8,786,988</u> | |
| 18,963 | 6,287 | 183 | 78,090 | |
| <u>4,002,282</u> | <u>1,023,370</u> | <u>78,765</u> | <u>12,403,841</u> | <u>71,088</u> |
| 28,549 | 119,905 | 1,929 | 232,781 | 1,924 |
| 7,695 | 8,045 | 595 | 19,780 | |
| 561 | 2,890 | | 3,745 | |
| 7,402 | 66,421 | 440 | 92,636 | |
| | | | 43,039 | 51,224 |
| 13,304 | 15,830 | | 85,616 | |
| | | 150 | 187 | |
| 20,047 | 20,860 | 1,868 | 59,101 | |
| <u>77,558</u> | <u>233,951</u> | <u>4,982</u> | <u>536,885</u> | <u>53,148</u> |
| 14,429 | | | 153,691 | |
| 33,743 | | | 113,683 | |
| 34,709 | | | 117,522 | |
| 2,549 | | | 2,549 | |
| 2,684 | 2,627 | | 42,053 | |
| | | | 17,498 | |
| <u>88,114</u> | <u>2,627</u> | | <u>446,996</u> | |
| <u>165,672</u> | <u>236,578</u> | <u>4,982</u> | <u>983,881</u> | <u>53,148</u> |
| 1,659,307 | 158,574 | 6,024 | 5,349,207 | |
| | | | 178,694 | |
| 15,782 | 39,350 | | 55,132 | 113,286 |
| 15,727 | | 361 | 57,492 | |
| | | | 130,041 | |
| | | | 82,647 | |
| | | | 410,042 | |
| | 17,862 | | 25,627 | |
| <u>1,690,816</u> | <u>215,786</u> | <u>6,385</u> | <u>6,288,882</u> | <u>113,286</u> |
| <u>1,856,488</u> | <u>452,364</u> | <u>11,367</u> | <u>7,272,763</u> | <u>166,434</u> |
| 1,585,586 | 308,234 | 55,033 | 4,245,740 | |
| | 14,649 | | 14,649 | |
| 167,931 | 5,574 | 3,498 | 298,751 | |
| 205,697 | 30,643 | | 236,340 | |
| | 21,005 | | 76,807 | |
| 186,580 | 190,901 | 8,867 | 258,791 | (95,346) |
| <u>\$ 2,145,794</u> | <u>\$ 571,006</u> | <u>\$ 67,398</u> | <u>5,131,078</u> | <u>\$ (95,346)</u> |

Adjustment to reflect the allocation of internal service fund net revenue (expense) to business-type activities

(23,699)

Net assets of business-type activities

\$ 5,107,379

MIAMI-DADE COUNTY, FLORIDA

PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET ASSETS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003
 (in thousands)

| | Business-type Activities - Enterprise Funds | | | |
|--|--|-----------------------------------|----------------|--------------------------------|
| | Transit Agency | Solid Waste Management | Seaport | Aviation Department |
| Operating revenues: | | | | |
| Charges for services | \$ 77,552 | \$ 204,142 | \$ 83,153 | \$ 451,246 |
| Operating expenses: | | | | |
| Personnel costs | 199,569 | 58,351 | 16,201 | 154,652 |
| Contractual services | 107,242 | 92,090 | 12,229 | 152,657 |
| Material and supplies | 33,396 | 2,214 | 3,990 | 32,979 |
| Claims and policy payments | | | | |
| Other | 11,515 | 32,136 | 16,650 | 472 |
| Operating expenses before depreciation and assumption of closure and postclosure care costs for inactive landfills | 351,722 | 184,791 | 49,070 | 340,760 |
| Depreciation and amortization | (56,799) | (25,356) | (15,974) | (104,101) |
| Assumption of closure and postclosure care costs for inactive landfills | | (798) | | |
| Operating income (loss) | (330,969) | (6,803) | 18,109 | 6,385 |
| Non-operating revenues (expenses): | | | | |
| Investment income | 24,412 | 1,958 | 2,463 | 7,950 |
| Interest expense | (2,862) | (9,623) | (22,770) | (120,555) |
| Intergovernmental subsidies | 109,406 | 429 | 1,554 | |
| Other, net | (11,639) | 259 | (1,659) | 56,223 |
| Total non-operating revenues (expenses) | 119,317 | (6,977) | (20,412) | (56,382) |
| Income (loss) before transfers and contributions | (211,652) | (13,780) | (2,303) | (49,997) |
| Transfers in | 189,524 | | | |
| Transfers out | | | (1,624) | |
| Capital contributions | | 973 | 14,603 | 62,845 |
| Decrease in fund net assets before cumulative effect of accounting change | | | | |
| Cumulative effect of accounting change | | | | |
| Change in net assets | (22,128) | (12,807) | 10,676 | 12,848 |
| Total net assets (deficit) -- beginning | 1,219,803 | 135,573 | 152,726 | 850,189 |
| Total net assets (deficit) -- ending | \$ 1,197,675 | \$ 122,766 | \$ 163,402 | \$ 863,037 |

The notes to the financial statements are an integral part of this statement.

MIAMI-DADE COUNTY, FLORIDA

| Business-type Activities - Enterprise Funds | | | | Governmental Activities- Self-Insurance Internal Service Fund |
|--|------------------------------------|--|---------------------------------------|--|
| Water and Sewer | Public Health Trust | Other (Nonmajor) Enterprise Funds | Total Enterprise Funds | |
| \$ 362,102 | \$ 1,004,205 | \$ 13,741 | \$ 2,196,141 | \$ 280,781 |
| 122,250 | 690,257 | 6,101 | 1,247,381 | |
| 33,754 | 274,490 | 2,618 | 675,080 | |
| 31,604 | 193,672 | 3,082 | 300,937 | 329,735 |
| 30,783 | 124,696 | 2,820 | 219,072 | |
| 218,391 | 1,283,115 | 14,621 | 2,442,470 | 329,735 |
| (117,780) | (43,054) | (1,744) | (364,808) | |
| | | | (798) | |
| 25,931 | (321,964) | (2,624) | (611,935) | (48,954) |
| 26,153 | 6,792 | 227 | 69,955 | 1,048 |
| (75,473) | (8,871) | (681) | (240,835) | |
| 79 | 25,238 | 3,530 | 140,236 | |
| 1,375 | 12,409 | (897) | 56,071 | |
| (47,866) | 35,568 | 2,179 | 25,427 | 1,048 |
| (21,935) | (286,396) | (445) | (586,508) | (47,906) |
| | 253,558 | | 443,082 | |
| (39,996) | | | (41,620) | |
| 47,500 | | | 125,921 | |
| | (32,838) | | (32,838) | |
| | 6,026 | | 6,026 | |
| (14,431) | (26,812) | (445) | (53,099) | (47,906) |
| 2,160,225 | 597,818 | 67,843 | | (47,440) |
| <u>\$ 2,145,794</u> | <u>\$ 571,006</u> | <u>\$ 67,398</u> | | <u>\$ (95,346)</u> |

Adjustment to reflect the allocation of internal service
fund net revenue (expense) to business-type activities

(14,006)

Change in net assets of business-type activities

\$ (67,105)

MIAMI-DADE COUNTY, FLORIDA

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2003
(in thousands)

| | Business-type Activities - Enterprise Funds | | | |
|--|--|-------------------------------|----------------|----------------------------|
| | Transit Agency | Solid Waste Management | Seaport | Aviation Department |
| Cash flows from operating activities: | | | | |
| Cash received from customers and tenants | \$ 75,107 | \$ 204,219 | \$ 84,776 | \$ 450,718 |
| Cash received for premiums | | | | |
| Cash paid to suppliers | (136,515) | (133,433) | (29,639) | (97,084) |
| Cash paid to employees for services | (199,640) | (58,199) | (16,292) | (185,905) |
| Cash paid for claims | | | | |
| Cash paid for policies | | | | |
| Net cash provided (used) by operating activities | (261,048) | 12,587 | 38,845 | 167,729 |
| Cash flows from non-capital financing activities: | | | | |
| Operating grants received | 284,738 | 359 | 2,165 | 3,309 |
| Transfers in from other funds | 22,127 | | | |
| Transfers out to other funds | | | (2,397) | |
| Receipts from (Payments to) outside organizations | 361 | | (998) | |
| Net cash provided (used) by non-capital financing activities | 307,226 | 359 | (1,230) | 3,309 |
| Cash flows from capital and related financing activities: | | | | |
| Issuance of long-term debt (face amount) and commercial paper notes | 13,970 | | | 1,421,504 |
| Principal payments - bonds, loans, notes and advances payable | (2,768) | (9,190) | (7,160) | (599,184) |
| Bond premium/(discount) | 1,245 | | | |
| Interest paid | (3,371) | (9,263) | (18,137) | (49,281) |
| Proceeds from sale of assets | | 626 | | |
| Proceeds from environmental reimbursements | | | | 6,588 |
| Purchase of capital and intangible assets | (263) | | (45,413) | (515,231) |
| Payments related to lease agreements | (23,310) | | | |
| Acquisition and construction (including capitalized interest) | (56,167) | (11,331) | (23,640) | |
| Capital contributed by federal, state and local governments | | | 16,147 | 42,296 |
| Passenger facility charges | | | | 53,912 |
| Net cash provided (used) by capital and related financing activities | (70,664) | (29,158) | (78,203) | 360,604 |
| Cash flows from investing activities: | | | | |
| Purchase of investments securities | | (104,489) | (113,419) | (896,641) |
| Proceeds from sale and maturities of investment securities | | 63,508 | 85,534 | 644,666 |
| Interest and dividends on investments | 24,412 | 1,958 | 2,455 | 7,837 |
| Loans to other funds | | 1,159 | | |
| Net cash provided (used) by investing activities | 24,412 | (37,864) | (25,430) | (244,138) |
| Net increase (decrease) in cash and cash equivalents | (74) | (54,076) | (66,018) | 287,504 |
| Cash and cash equivalents at beginning of year | 1,204 | 67,197 | 85,815 | 262,312 |
| Cash and cash equivalents at end of year | \$ 1,130 | \$ 13,121 | \$ 19,797 | \$ 549,816 |

(Continued)

The notes to the financial statements are an integral part of this statement.

MIAMI-DADE COUNTY, FLORIDA

| Business-type Activities - Enterprise Funds | | | | Governmental |
|---|---------------------|-----------------------------------|------------------------|---|
| Water and Sewer | Public Health Trust | Other (Nonmajor) Enterprise Funds | Total Enterprise Funds | Activities-Self-Insurance Internal Service Fund |
| \$ 360,888 | \$ 906,372 | \$ 14,684 | \$ 2,096,764 | \$ 274,592 |
| (101,101) | (523,466) | (9,526) | (1,030,764) | (165,805) |
| (110,169) | (680,555) | (5,451) | (1,256,211) | (139,696) |
| 149,618 | (297,649) | (293) | (190,211) | (30,909) |
| 1,311 | | 3,530 | 295,412 | |
| | | | 22,127 | |
| (39,996) | | | (42,393) | |
| 2,251 | | 704 | 2,318 | |
| (36,434) | | 4,234 | 277,464 | |
| 9,959 | | | 1,445,433 | |
| (40,333) | (7,665) | (570) | (666,870) | |
| | | | 1,245 | |
| (95,771) | (9,272) | (681) | (185,776) | |
| 14 | | | 640 | |
| | (58,786) | (100) | 6,588 | |
| | | | (619,793) | |
| | | | (23,310) | |
| (123,599) | | (3,257) | (217,994) | |
| 31,332 | 296,963 | | 386,738 | |
| | | | 53,912 | |
| (218,398) | 221,240 | (4,608) | 180,813 | |
| (737,705) | (152,412) | (10,868) | (2,015,534) | (42,989) |
| 965,776 | 212,252 | 3,863 | 1,975,599 | 40,863 |
| 25,426 | 6,792 | 192 | 69,072 | 1,048 |
| | | | 1,159 | |
| 253,497 | 66,632 | (6,813) | 30,296 | (1,078) |
| 148,283 | (9,777) | (7,480) | 298,362 | (31,987) |
| 234,809 | 76,169 | 13,050 | 740,556 | 37,561 |
| \$ 383,092 | \$ 66,392 | \$ 5,570 | \$ 1,038,918 | \$ 5,574 |

(Continued)

MIAMI-DADE COUNTY, FLORIDA

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2003
(in thousands)

| | Business-type Activities - Enterprise Funds | | | |
|---|--|-----------------------------------|------------------|--------------------------------|
| | Transit Agency | Solid Waste Management | Seaport | Aviation Department |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Operating income (loss) | \$ (330,969) | \$ (6,803) | \$ 18,109 | \$ 6,385 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Depreciation and amortization expense | 56,799 | 25,356 | 15,974 | 104,101 |
| Provision for uncollectible accounts | | | 1,102 | 4,447 |
| Other - net | | 245 | | |
| (Increase) decrease in assets: | | | | |
| Accounts receivable, net | (2,445) | 77 | 2,299 | (2,956) |
| Inventories | (4,538) | | 225 | |
| Other current assets | 2,136 | 7 | (590) | |
| Deferred charges and other assets | | 495 | | (32) |
| Due from other funds | | | | |
| Due from other governments | | 25 | | (1,987) |
| Increase (decrease) in liabilities: | | | | |
| Accounts payable and accrued expenses | 18,744 | (1,605) | 1,528 | 44,687 |
| Due to other funds | | 119 | | |
| Due to other governments | | (16) | | 5,941 |
| Deferred revenue and other current liabilities | | (1,470) | | 1,124 |
| Compensated absences | (25) | 2,455 | 132 | |
| Estimated claims payable | | | | 203 |
| Liability for closure and postclosure care costs | | (3,996) | | |
| Other long-term liabilities | (750) | (2,302) | 66 | 5,816 |
| Net cash provided (used) by operating activities | <u>\$ (261,048)</u> | <u>\$ 12,587</u> | <u>\$ 38,845</u> | <u>\$ 167,729</u> |
| Noncash Investing, Capital and Financing Activities: | | | | |
| Property, plant and equipment contributions | | \$ 973 | | |
| Increase(decrease) in the fair value of investments | | 161 | \$ 360 | \$ (768) |

(Continued)

The notes to the financial statements are an integral part of this statement.

MIAMI-DADE COUNTY, FLORIDA

| Business-type Activities - Enterprise Funds | | | | Governmental Activities- Self-Insurance Internal Service Fund |
|--|------------------------------------|--|---------------------------------------|--|
| Water and Sewer | Public Health Trust | Other (Nonmajor) Enterprise Funds | Total Enterprise Funds | |
| \$ 25,931 | \$ (321,964) | \$ (2,624) | \$ (611,935) | \$ (48,954) |
| 117,780 | 43,054 | 1,744 | 364,808 | |
| 30 | 69,322 | | 74,901 | |
| 296 | | | 541 | |
| (3,664) | (95,908) | 635 | (101,962) | 988 |
| 514 | (7,736) | | (11,535) | |
| | (71) | | 1,482 | |
| 382 | | | 845 | |
| 776 | | | 776 | (6,433) |
| | | 233 | (1,729) | |
| (3,300) | 19,050 | (210) | 78,894 | (744) |
| 7,860 | | | 7,979 | 1,132 |
| | | | 5,925 | |
| (229) | (9,336) | (71) | (9,982) | |
| 2,224 | 5,368 | | 10,154 | |
| 1,018 | 208 | | 1,429 | 23,102 |
| | | | (3,996) | |
| | 364 | | 3,194 | |
| <u>\$ 149,618</u> | <u>\$ (297,649)</u> | <u>\$ (293)</u> | <u>\$ (190,211)</u> | <u>\$ (30,909)</u> |

\$ 16,400
4,300

(Concluded)

MIAMI-DADE COUNTY, FLORIDA

AGENCY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
SEPTEMBER 30, 2003
(in thousands)

| | Total Agency Funds |
|--|-----------------------------------|
| Assets: | |
| Cash and cash equivalents | \$ 84,436 |
| Investments | 67,561 |
| Delinquent taxes receivable | 43,654 |
| Allowance for uncollected delinquent taxes | (43,654) |
| Performance bonds | 26,732 |
| Other current assets | 351 |
| Total assets | <u>\$ 179,080</u> |
| Liabilities: | |
| Due to other governments | \$ 43,381 |
| Assets held in trust | 135,699 |
| Total liabilities | <u>\$ 179,080</u> |

The notes to the financial statement are an integral part of this statement.

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MIAMI-DADE COUNTY, FLORIDA

Note 1 – Summary of Significant Accounting Policies

1-A. Reporting Entity

Miami-Dade County, Florida (the “County”) is an instrumentality of the State of Florida established by an amendment to the Florida State Constitution adopted May 21, 1957 as the Dade County Home Rule Charter, to carry on a centralized government. The Board of County Commissioners (the “Commission”), comprised of thirteen elected members, have the authority for the legislative and fiscal affairs of the County. The County Manager is responsible for the administrative and fiscal control of all County departments through the administration of directives and policies established by the Commission. The Mayor has the authority to appoint and remove the County Manager subject to Commission approval. The Mayor has veto authority over any legislative, quasi-judicial, zoning master plan or land use decision of the Commission, including the budget or any particular component contained therein which is approved by the Commission. The Commission may override a veto with a two-thirds vote of the Commissioners present.

The financial reporting entity for which the accompanying financial statements are prepared includes the County (primary government) and its component units. Component units are legally separate organizations for which the County is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit’s board and either 1) the County’s ability to impose its will on the component unit’s board, or 2) the possibility that the component unit will provide a financial benefit to or impose a financial burden to the County.

The financial position and result of operations of the following entities are reported as part of the primary government in the accompanying financial statements. They are not component units because they do not hold sufficient corporate powers of their own to be considered legally separate from the County for financial reporting purposes:

- ▶ The Public Health Trust (the “PHT”) provides countywide healthcare services and is responsible for the operation, governance and maintenance of County health facilities. The PHT has its own governing board, which is appointed by the Commission. However, it is not considered to be legally separate from the County and is reported as an enterprise fund of the County.

- ▶ The Clerk of the Circuit and County Courts (the “Clerk”) is an elected official whose principal function is to provide support to the Courts (Civil, Criminal and Traffic) and perform the ex-officio duties of the County Auditor, Custodian of Public Funds and County Recorder. As a result of the budgetary control by the County and its financial dependency on the County, the Clerk’s activities are included as part of the primary government in the accompanying financial statements.

Component Unit:

Housing Finance Authority (HFA)

The HFA provides financing for residential housing to persons or families of moderate, middle or lesser income. The HFA is a component unit of the County since the Commission appoints the thirteen members of its governing board and has the ability to impose their will on the board. It qualifies for discrete presentation in the County’s financial statements, and is therefore reported in a separate column in the County’s government-wide financial statements.

Complete financial statements of the HFA may be obtained directly from their administrative offices:

Housing Finance Authority of Miami-Dade County
25 West Flagler Street, Suite 950
Miami, Florida 33130
(305) 372-7990

MIAMI-DADE COUNTY, FLORIDA

Related Organizations:

- ▶ The Miami-Dade Expressway Authority (the “MDXA”) is an agency of the State of Florida. It constructs, maintains and operates the expressway system located in Miami-Dade County. The Commission appoints a voting majority of the MDXA governing board. However, the County is not financially accountable for the MDXA, and the MDXA is therefore not included in the accompanying financial statements.
- ▶ The MDHA Development Corp. develops and manages low-income and housing facilities for qualifying individuals. The directors are elected and dismissed only by existing board of director members. The MDHA Development Corp. is financially independent. The County is not financially accountable for the MDHA Development Corp. because it cannot impose its will on the organization.
- ▶ The Miami-Dade Industrial Development Authority (the “IDA”) develops and manages the Tax-Exempt Industrial Development Revenue Bond Program that serves as a financial incentive to support private sector business and industry expansion and location in Miami-Dade County. The Commission appoints the members of IDA’s governing board. However, the County is not financially accountable for IDA because it cannot impose its will on the organization. IDA bonds are not obligations of the County, and IDA’s operations neither provide a financial benefit to nor impose a financial burden on the County. Therefore, the IDA is not included in the accompanying financial statements.

1-B. Measurement Focus, Basis of Accounting, Basis of Presentation

In fiscal year 2003 the County implemented the following statements as required by the Governmental Accounting Standards Board (GASB):

- Statement No. 38, *Certain Financial Statement Note Disclosures*
- Statement No. 41, *Budgetary Comparison Schedules—Perspective Differences*
- GASB Technical Bulletin No. 2003-1, *Disclosure Requirements for Derivatives Not Reported at Fair Value on the Statement of Net Assets*

Implementation of Statement No. 38 resulted in certain disclosures including the disaggregation of receivable and payable balances, and details about interfund balances and interfund transfers.

Implementation of Technical Bulletin No. 2003-1 resulted in additional disclosures for swap agreements included in the notes for long-term debt.

In addition to the government-wide statements, separate financial statements are presented for governmental funds, proprietary funds, and fiduciary funds.

The government-wide statements, proprietary fund and fiduciary fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are generally recorded when earned and expenses are recorded when a liability is incurred, regardless of when the related cash flow occurs. Property taxes are recorded as revenues in the year for which they are levied, and grants and other similar non-exchange transactions are recorded as revenue as soon as all eligibility requirements have been met.

MIAMI-DADE COUNTY, FLORIDA

The governmental fund financial statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. For the purpose of revenue recognition, "available" means that the revenues are collectible within the current period or soon thereafter to pay liabilities of the current period. The County considers property tax revenues to be available if they are collected within 30 days after the end of the fiscal period. The availability period for other revenues is 60 days. Major revenue sources that are susceptible to accrual under the above criteria include property taxes, intergovernmental revenues and investment earnings. Current and prior year property taxes billed but uncollected as of the end of the fiscal year are reflected as delinquent taxes receivable with an offsetting allowance account, as these amounts are not considered to be available to finance current operations. Delinquent taxes are recognized as revenue during the fiscal year in which they are collected. Other revenues that are not considered measurable or available are recognized when cash is received by the County. Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and expenses related to compensated absences and claims and judgments, which are recorded only when payment is due.

The above differences in measurement focus and basis of accounting result in differences in the amounts reported as net assets and changes in net assets in the government-wide statements from the amounts shown in the governmental and proprietary fund statements. Those differences are briefly explained in the reconciliation statements included in the governmental and proprietary fund statements.

Government-wide financial statements:

The accompanying financial statements include a government-wide statement of activities and a government-wide statement of net assets. These statements report information on the County as a whole and its component unit. They do not include the fiduciary activities of the County and its component unit. For the most part, interfund activity has been eliminated from these statements with the result that the statements mainly present transactions with parties outside the reporting entity.

In the government-wide statements, the primary government (the County) is reported separately from its component unit (the HFA). Governmental activities and business-type activities of the County are presented separately. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities rely mostly on charges for services for support.

The statement of activities shows the extent to which the direct expenses of a given function or segment are offset by its program revenues. The direct expenses of a function are clearly identifiable with that function. The program revenues of a function include: (1) amounts charged to those who purchase, use, or directly benefit from goods or services provided by the function, (2) grants and contributions that are restricted to operational uses by the function, and (3) grants and contributions that are restricted to capital uses by the function. All revenues other than program revenues are considered to be general revenues and are shown in the bottom section of the statement of activities. They include all taxes (even those levied for a particular function), unrestricted intergovernmental revenues, unrestricted investment earnings and other miscellaneous non-program revenues.

The government-wide statement of net assets reports all financial and capital resources of the County, as well as its liabilities. The difference between assets and liabilities are reported as net assets. Net assets are displayed in three components:

Invested in capital assets, net of related debt: Capital assets, net of depreciation and reduced by the outstanding balance of debt that is attributable to the acquisition or construction of those assets.

Restricted net assets: Assets when constraints on their use are: (1) externally imposed by creditors, grantors, contributors or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets (deficit): All other assets and liabilities not part of the above categories. This amount may be a deficit to the extent that the County has elected to fund certain long-term liabilities as they come due rather than as incurred, e.g. compensated absences.

MIAMI-DADE COUNTY, FLORIDA

Fund financial statements:

The accompanying financial report includes separate financial statements for governmental funds, proprietary funds and fiduciary funds (though fiduciary funds are excluded from the government-wide statements). The fund financial statements present major individual funds in separate columns. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Major Governmental Funds

The following major governmental funds are included in the County's financial statements:

General Fund: The County's primary operating fund; also accounts for the financial resources of the general government, except those required to be accounted for in another fund.

Community and Social Development Funds: These funds account for revenues received from Federal and State grants for the operation of the Community Development Block Grants and low-income housing assistance and acquisition program, health and human services programs, and economic revitalization in empowerment zone areas.

Major Proprietary Funds

The following major enterprise funds are included in the County's financial statements:

Miami-Dade Transit Agency: Operates the County's mass transit rail system, bus system, downtown metro-mover loop, and special transportation services.

Miami-Dade Solid Waste Department: Provides solid waste collection and recycling services to the unincorporated area of Miami-Dade County and to some municipalities. Also provides solid waste disposal services to 17 municipalities and operates a variety of facilities, including landfills, transfer stations and neighborhood trash and recycling centers.

Miami-Dade Seaport Department: Operates the Dante B. Fascell Port of Miami-Dade, which is home to nearly 20 cruise ships and serves numerous other cruise vessels. The Port also has a large container facility from which over 35 cargo shipping lines operate.

Miami-Dade Aviation Department: Operates and develops the activities of the Miami International Airport, four other general aviation airports, and one training airport.

Miami-Dade Water and Sewer Department: Maintains and operates the County's water distribution system and wastewater collection and treatment system.

Public Health Trust (PHT): The PHT was created by a County ordinance in 1973 that provided for an independent governing body responsible for the operation, governance and maintenance of certain designated health facilities. The PHT operates the Jackson Memorial Hospital and Medical Towers, the North Dade Primary Health Care Facility, the Corrections Health Services Facility, the Liberty City Medical Facility, and other health facilities.

Internal Service Fund

The following internal service fund is included in the County's financial statements:

Self-Insurance Fund: Accounts for premium payments received from participating municipalities and County departments for payment of claims under the Workers' Compensation, General Auto Liability and Property Damage Insurance Plan administered by the County. Also accounts for medical, life and disability insurance for County employees and their families.

MIAMI-DADE COUNTY, FLORIDA

Fiduciary Funds

The following fiduciary funds are included in the County's financial statements:

Agency Funds:

Clerk of Circuit and County Court Funds: Accounts for funds received, maintained and distributed by the Clerk of the Circuit and County Courts in his capacity as custodian to the State and County judicial systems.

Tax Collector Fund: Accounts for the collection and distribution of ad-valorem taxes and personal property taxes to the appropriate taxing districts. Also accounts for the collection of motor vehicle registration fees and sales of other State of Florida licenses, the proceeds of which are remitted to the State.

Other Agency Funds: Accounts for various funds placed in escrow pending timed distributions.

Application of FASB Standards

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 County and its enterprise funds elected the option not to follow the FASB standards issued after November 30, 1989.

Proprietary Funds Operating vs. Nonoperating Items

The County's proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items in their statements of revenues, expenses and changes in fund net assets. In general, operating revenues result from charges to customers for the purchase or use of the proprietary fund's principal product or service. Operating expenses relate to the cost of providing those services or producing and delivering those goods, and also include administrative expenses, depreciation of capital assets, and closure and postclosure care costs for inactive landfills.

All other revenues and expenses that do not result from the fund's principal ongoing operations are considered to be *nonoperating*. Examples of other nonoperating items include investment earnings, interest expense, grants and contributions, and passenger facility charges.

Grants from Government Agencies

Certain operating grants under various federal and state programs are included in the Special Revenue Funds. Grant monies received are disbursed by these funds for goods and services as prescribed under the respective grant program or are transferred to other County funds for ultimate distribution under the terms of the grants. These programs are dependent on the continued financial assistance of the state or federal governments.

Grants designated as operating subsidies to enterprise funds are recorded as nonoperating revenues upon compliance with the grant's eligibility requirements. Grants designated for use in acquiring property or equipment are recorded as capital contributions. Grant monies received but not earned are recorded as deferred revenues.

Interfund Activity

As a general rule the effect of interfund activity has been eliminated from the government-wide statements. An exception to this rule is that charges for services provided by the Water and Sewer Department and the Solid Waste Department have not been eliminated from the statement of activities. Elimination of these charges would understate the expenses of the user function and the program revenues of the function providing the services. Also, the General Fund charges certain funds an administrative cost overhead charge based on a cost allocation plan. An adjustment has been made to the government-wide statements to eliminate the revenue and expense reported in the General Fund so that the administrative expense is shown only by the funds/activities that were charged.

MIAMI-DADE COUNTY, FLORIDA

Flow Assumption for Restricted Assets

If both restricted and unrestricted assets are available for use for a certain purpose, it is the County's policy to use restricted assets first, then use unrestricted assets as needed.

Use of Estimates

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

1-C. Assets, Liabilities, and Net Assets or Equity

Cash, Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, amounts in demand deposits, and short-term investments with maturity dates within three months of the date acquired by the County.

The County adopted the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, which established accounting and financial reporting standards for all investments, including fair value standards. As the statement permits, non-participating investments are reported at amortized cost, which approximates market. All participating investments are carried at fair value and unrealized gains and losses due to variations in fair value are recognized for the year.

The provisions of GASB No. 31 also specify that the investment income of each fund be reported in the fund that is associated with the assets. If the investment income is assigned to another fund for other than legal or contractual reasons, the income has to be recognized in the fund that reports the investment, with an operating transfer to the recipient fund. The County has made the needed adjustments to the accompanying financial statements to ensure compliance with this provision.

The Local Government Surplus Funds Trust Fund Investment Pool (the "Pool") is a "2a-7 like" pool, and the Pool account balance (amortized cost) can be used as fair value for financial reporting. The Pool is governed by Chapter 19-7 of the Florida Administrative Code, which identified the rules of the State Board of Administration (SBA) for the administration of the Pool. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the SBA.

Inventories

Inventories, consisting principally of materials and supplies held for use or consumption, are recorded at cost or weighted average for governmental funds and lower of cost (first-in, first-out method) or market for enterprise funds, except for the Transit Agency, Water and Sewer and Public Health Trust. These enterprise funds use the average cost method.

The purchases method of inventory accounting is used to report inventories in the governmental funds. Under this method, inventories are reported as expenditures when purchased. However, significant amounts of inventories are reported as assets and are offset by a reservation of fund balance to indicate they do not constitute resources available for appropriation. In the Statement of Net Assets, inventories are accounted for using the consumption method characteristic of full accrual accounting. Under this method, the recognition of an expense is deferred until such time when the inventories are actually consumed.

Receivables

Mortgages receivable in special revenue funds arise from the County's housing development programs that provide low-income housing assistance to eligible applicants. An allowance for uncollectible mortgages receivable of \$64,751,000 has been recorded in the Community and Social Development Fund, and \$311,000 was recorded in the Housing Special Revenue Fund. Accounts receivable reported by the enterprise funds as of September 30, 2003 are net of an allowance for uncollectible accounts of \$161,127,000.

MIAMI-DADE COUNTY, FLORIDA

Property Taxes

Property values are assessed as of January 1 of each year, at which time taxes become an enforceable lien on property. Tax bills are mailed in October and are payable upon receipt with discounts at the rate of 4% if paid in November, decreasing by 1% per month with no discount available if paid in the month of March. Taxes become delinquent on April 1 of the year following the year of assessment and State law provides for enforcement of collection of property taxes by the sale of interest-bearing tax certificates and the seizure of personal property to satisfy unpaid property taxes. The procedures result in the collection of essentially all taxes prior to June 30 of the year following the year of assessment.

Capital Assets

Capital assets include land, buildings, furniture, fixtures, equipment, machinery, utility plant and systems, infrastructure (e.g., roads, bridges, sidewalks, and similar items) and construction work in progress with an estimated useful life in excess of two years. Capital assets used in the operation of governmental funds and those used in business-type activities are reported in the applicable columns in the government-wide financial statements.

Capital assets are recorded at cost if purchased or constructed. Contributed capital assets are recorded at estimated fair value at the date of contribution. The cost of maintenance, repairs and minor renewals and betterments are expensed as incurred, rather than capitalized (added to the cost of the asset). Major renewals and betterments are treated as capital asset additions.

Interest expense related to borrowings used for construction projects of business-type activities is capitalized, net of interest earned on the same funds. Interest capitalization ceases when the construction project is substantially complete. Net interest capitalized during fiscal year 2003 amounted to \$41,111,000. Interest is not capitalized for construction projects of governmental funds.

Capital assets are depreciated over their useful lives unless they are inexhaustible (e.g., land, certain individual items or collections with historical or artistic value). Pursuant to Florida Statute, the County inventories all assets with a historical cost and a useful life of two years or greater. However, for financial reporting purposes, the County has established a capitalization threshold of \$5,000 for its governmental activities. The County uses the straight-line method of depreciation to depreciate assets over their estimated useful lives, which range as follows:

| | |
|--|-------------|
| Buildings and building improvements | 5-50 years |
| Utility plant and systems | 5-100 years |
| Infrastructure | 10-50 years |
| Furniture, fixtures, machinery and equipment | 3-30 years |

The Solid Waste Management enterprise fund records depletion on landfill sites and the estimated cost of permanently capping and maintaining such landfills on the basis of capacity used.

Assets Held in Trust / Impact Fees

Assets held in trust in the Capital Project Funds include \$122,998,000 of impact fees collected from developers for public infrastructure and/or capital improvements. If the funds are not expended or encumbered within a specific time period, they may be refunded upon request.

Restricted Net Assets

Certain net assets have been identified as "restricted". These net assets have constraints as to their use externally imposed by creditors, through debt covenants, by grantors, or by law. Restricted net assets are being reported for: capital projects; debt service; other purposes (expendable); and other purposes (nonexpendable). Net assets restricted for "other purposes (expendable)" include the net assets in the Community and Social Development Funds, Fire and Rescue Special Revenue Fund, Public Library Special Revenue Fund, Housing Special Revenue Fund, and most of the other special revenue funds. They also include net assets restricted for environmentally endangered lands and stormwater utilities in the General Fund. Net assets restricted for "other purposes (nonexpendable)" include permanent endowments for the Metrozoo and public libraries, and are reported in the permanent funds.

MIAMI-DADE COUNTY, FLORIDA

Reservations of Fund Balances

Reservations of fund balances in governmental fund statements represent amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Donor-restricted endowments

The permanent funds for the Metrozoo and public libraries report nonexpendable restricted assets of \$2,781,000 and \$479,000, respectively, and net appreciation of \$228,000 and \$6,000, respectively. Under the terms of the endowments and consistent with State statutes, the County is authorized based on a total-return policy to spend the net appreciation on those programs. Any amounts not spent during a particular fiscal year may be carried forward to be spent in future years.

Bond Premium (Discount) and Issuance Costs

Bond premiums or discounts are amortized over the life of the related bond issues, using the interest method or the straight-line method if it does not differ materially from the interest method. Bond issuance costs are capitalized and amortized using the straight-line method over the life of the bonds.

Refunding of Debt

For 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 effective interest 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.

Compensated Absences

The County accounts for compensated absences by recording a liability for employees' compensation of future absences according to the guidelines set by GASB Statement No. 16, *Accounting for Compensated Absences*.

County policy permits employees to accumulate unused vacation and sick pay benefits that will be paid to them upon separation from service. In the governmental funds, the cost of vacation and sick pay benefits is recognized when payments are made to employees. The government-wide statements and proprietary funds recognize a liability and expense in the period vacation and sick pay benefits are earned.

The government-wide statement of net assets for September 30, 2003 includes a total current liability for accumulated vacation and sick pay of \$73,198,000 and a long-term liability of \$194,683,000.

Deferred Compensation Plan

The County offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to all County employees, allows them to defer a portion of their salary to future years. The County's direct involvement in the Plan is limited to remitting the amounts withheld from employees to the Plan's administrator. The deferred compensation plan is not available to employees until termination, retirement, death or an unforeseeable emergency.

Note 2 - Stewardship, Compliance and Accountability

Self-Insurance Net Assets Deficit

As of September 30, 2003, the Self-Insurance Internal Service Fund had a deficit in net assets of \$95,346,000. The deficit is the result of estimated losses incurred but not reported (IBNR). The County currently partially funds IBNR liability and has steadily increased such coverage in recent years. It is the County's intent to continue increasing its coverage of IBNR in future years as funding flexibility permits.

MIAMI-DADE COUNTY, FLORIDA

Note 3 - Cash, Cash Equivalents and Investments

The County pools substantially all cash, cash equivalents and investments, except for separate cash and investment accounts that are maintained in accordance with legal restrictions.

Each fund's equity share of the total pooled cash, cash equivalents and investments is included on the accompanying financial statements under the caption "Cash and cash equivalents" and "Investments."

At September 30, 2003, the total primary government, discretely presented component unit and fiduciary funds' cash and cash equivalents and investments included the following (in thousands):

| | | |
|---|----|-----------|
| Cash | \$ | 218,439 |
| Certificates of deposit | | 1,054 |
| Total cash and interest bearing deposits | | 219,493 |
| Investments (including cash equivalents) | | 3,957,806 |
| Total cash and cash equivalents and investments | \$ | 4,177,299 |

All cash deposits are held in qualified public depositories pursuant to State of Florida Statutes Chapter 280, "Florida Security for Public Deposits Act." Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The pledging level may range from 50% to 125% depending upon the depository's financial condition and establishment period. All collateral must be deposited with 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.

Guaranteed investment contracts ("GIC's") are not subject to credit risk classification because they are direct contractual investments and are not securities. These GIC's provide for a guaranteed return on investments over a specified period of time. Also, the Local Government Surplus Funds Trust Fund Investment Pool and the Money Market are not subject to credit risk classification because the three categories of credit risk for investments apply only to the custody of investment securities.

Cash Deficits

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 reclassify 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 has requested reimbursement of \$18.9 million from grantor agencies, which has yet to be appropriated by the grantor agencies. Management believes that this appropriation will be approved by Congress. The remaining cash deficit of \$56.8 million is attributable to operating expenditures in excess of cash receipts. Management is in the process of eliminating the cash deficit through timely collection of grants receivables and other one-time funding sources.

Investments

Investments are made in accordance with the provisions of Chapter 125.31 (1) Florida Statutes, and County Ordinance 84-47, "Investment and Reinvestment of Surplus Funds."

The County is authorized to invest in obligations of the U.S. Government, its agencies and instrumentalities, commercial paper, banker's acceptances, repurchase agreements, certificates of deposit, and the Local Government Surplus Funds Trust Fund.

MIAMI-DADE COUNTY, FLORIDA

The County's investments are categorized to provide an indication of the level of custodial risk assumed by the County at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the County's name.

The tabular presentation below presents the County's investments (including cash equivalents) in terms of risk assumed at September 30, 2003 (in thousands):

| | Category | | | |
|--|--------------|------------|------------|--------------|
| | 1 | 2 | 3 | Fair Value |
| US Government and Agency Securities | \$ 1,355,107 | \$ 664,888 | \$ 411,806 | \$ 2,431,801 |
| Repurchase Agreements | 132 | | 48,262 | 48,394 |
| Commercial Paper | 274,588 | 240,551 | | 515,139 |
| | \$ 1,629,827 | \$ 905,439 | \$ 460,068 | \$ 2,995,334 |
| Money Market | | | | 5,125 |
| SBA Pool | | | | 795,165 |
| Guaranteed Investment Contracts | | | | 162,182 |
| Total Investments (including cash equivalents) | | | | \$ 3,957,806 |

MIAMI-DADE COUNTY, FLORIDA

Note 4 - Capital Assets

Capital asset activity for the year ended September 30, 2003, was as follows (in thousands):

| | Balance September 30, 2002 | Additions | Adjustments/ Deletions | Balance September 30, 2003 |
|--|---|---------------------|-----------------------------------|---|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 505,163 | \$ 7,581 | \$ (1,594) | \$ 511,150 |
| Construction in progress | 284,408 | 176,133 | (53,066) | 407,475 |
| Total capital assets, not being depreciated | <u>789,571</u> | <u>183,714</u> | <u>(54,660)</u> | <u>918,625</u> |
| Capital assets, being depreciated: | | | | |
| Building and building improvements | 1,621,793 | 46,012 | 2,327 | 1,670,132 |
| Infrastructure | 2,023,456 | 23,602 | | 2,047,058 |
| Machinery and equipment | 251,028 | 40,172 | (11,593) | 279,607 |
| Total capital assets, being depreciated | <u>3,896,277</u> | <u>109,786</u> | <u>(9,266)</u> | <u>3,996,797</u> |
| Less accumulated depreciation for: | | | | |
| Building and building improvements | (627,505) | (35,711) | (6,898) | (670,114) |
| Infrastructure | (1,096,005) | (43,833) | | (1,139,838) |
| Machinery and equipment | (124,410) | (33,976) | 10,707 | (147,679) |
| Total accumulated depreciation | <u>(1,847,920)</u> | <u>(113,520)</u> | <u>3,809</u> | <u>(1,957,631)</u> |
| Total capital assets, being depreciated, net | <u>2,048,357</u> | <u>(3,734)</u> | <u>(5,457)</u> | <u>2,039,166</u> |
| Total governmental capital assets, net | <u>\$ 2,837,928</u> | <u>\$ 179,980</u> | <u>\$ (60,117)</u> | <u>\$ 2,957,791</u> |
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 537,339 | \$ 4,812 | | \$ 542,151 |
| Construction in progress | 1,313,855 | 812,872 | \$ (666,029) | 1,460,698 |
| Total non-depreciable assets | <u>1,851,194</u> | <u>817,684</u> | <u>(666,029)</u> | <u>2,002,849</u> |
| Capital assets, being depreciated: | | | | |
| Building and building improvements | 4,379,212 | 233,352 | (45,723) | 4,566,841 |
| Infrastructure | 4,076,562 | 339,751 | (7,350) | 4,408,963 |
| Machinery and equipment | 1,717,741 | 140,382 | (55,772) | 1,802,351 |
| Total capital assets, being depreciated | <u>10,173,515</u> | <u>713,485</u> | <u>(108,845)</u> | <u>10,778,155</u> |
| Less accumulated depreciation for: | | | | |
| Building and building improvements | (1,595,951) | (125,043) | 31,902 | (1,689,092) |
| Infrastructure | (1,173,430) | (119,954) | 7,679 | (1,285,705) |
| Machinery, and equipment | (950,791) | (113,612) | 45,184 | (1,019,219) |
| Total accumulated depreciation | <u>(3,720,172)</u> | <u>(358,609)</u> | <u>84,765</u> | <u>(3,994,016)</u> |
| Total capital assets, being depreciated, net | <u>6,453,343</u> | <u>354,876</u> | <u>(24,080)</u> | <u>6,784,139</u> |
| Total business-type capital assets, net | <u>\$ 8,304,537</u> | <u>\$ 1,172,560</u> | <u>\$ (690,109)</u> | <u>\$ 8,786,988</u> |

MIAMI-DADE COUNTY, FLORIDA

Capital asset activity for the year ended September 30, 2003, for the County's major enterprise funds was as follows (in thousands):

| MDT | Balance | | Balance | |
|--|----------------------|-------------------|----------------------|---------------------|
| | September 30, | | September 30, | |
| | 2002 | Additions | Deletions | 2003 |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 173,482 | | | \$ 173,482 |
| Construction in progress | 81,488 | \$ 56,167 | \$ (113,094) | 24,561 |
| Total capital assets, not being depreciated | <u>254,970</u> | <u>56,167</u> | <u>(113,094)</u> | <u>198,043</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and building improvements | 1,313,660 | 90,115 | | 1,403,775 |
| Machinery and equipment | 422,248 | 23,242 | (9,957) | 435,533 |
| Total capital assets, being depreciated | <u>1,735,908</u> | <u>113,357</u> | <u>(9,957)</u> | <u>1,839,308</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and building improvements | (428,381) | (30,384) | | (458,765) |
| Machinery and equipment | (219,940) | (26,415) | 5,446 | (240,909) |
| Total accumulated depreciation | <u>(648,321)</u> | <u>(56,799)</u> | <u>5,446</u> | <u>(699,674)</u> |
| Total capital assets, being depreciated, net | <u>1,087,587</u> | <u>56,558</u> | <u>(4,511)</u> | <u>1,139,634</u> |
| Total MDT capital assets, net | <u>\$ 1,342,557</u> | <u>\$ 112,725</u> | <u>\$ (117,605)</u> | <u>\$ 1,337,677</u> |
| SOLID WASTE | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 57,544 | | | \$ 57,544 |
| Construction in progress | 21,397 | \$ 4,820 | \$ (7,461) | 18,756 |
| Total capital assets, not being depreciated | <u>78,941</u> | <u>4,820</u> | <u>(7,461)</u> | <u>76,300</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and building improvements | 306,246 | 11,082 | (10,630) | 306,698 |
| Infrastructure | 125,482 | 973 | | 126,455 |
| Machinery and equipment | 80,868 | 11,883 | (7,086) | 85,665 |
| Total capital assets, being depreciated | <u>512,596</u> | <u>23,938</u> | <u>(17,716)</u> | <u>518,818</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and building improvements | (191,125) | (12,347) | 3,015 | (200,457) |
| Infrastructure | (68,161) | (7,330) | | (75,491) |
| Machinery and equipment | (46,788) | (5,679) | 7,001 | (45,466) |
| Total accumulated depreciation | <u>(306,074)</u> | <u>(25,356)</u> | <u>10,016</u> | <u>(321,414)</u> |
| Total capital assets, being depreciated, net | <u>206,522</u> | <u>(1,418)</u> | <u>(7,700)</u> | <u>197,404</u> |
| Total Solid Waste capital assets, net | <u>\$ 285,463</u> | <u>\$ 3,402</u> | <u>\$ (15,161)</u> | <u>\$ 273,704</u> |

MIAMI-DADE COUNTY, FLORIDA

| SEAPORT | Balance | | Balance | |
|--|----------------------|------------------|------------------|----------------------|
| | September 30, | Additions | Deletions | September 30, |
| | 2002 | | | 2003 |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 151,227 | \$ 586 | | \$ 151,813 |
| Construction in progress | 36,811 | 59,625 | \$ (43,261) | 53,175 |
| Total capital assets, not being depreciated | 188,038 | 60,211 | (43,261) | 204,988 |
| Capital assets, being depreciated: | | | | |
| Buildings and building improvements | 295,720 | 33,708 | (8,029) | 321,399 |
| Infrastructure | 147,718 | 9,736 | | 157,454 |
| Machinery and equipment | 26,131 | 824 | (11,941) | 15,014 |
| Total capital assets, being depreciated | 469,569 | 44,268 | (19,970) | 493,867 |
| Less accumulated depreciation for: | | | | |
| Buildings and building improvements | (100,884) | (7,944) | 7,605 | (101,223) |
| Infrastructure | (38,887) | (6,192) | | (45,079) |
| Machinery and equipment | (19,072) | (1,838) | 11,941 | (8,969) |
| Total accumulated depreciation | (158,843) | (15,974) | 19,546 | (155,271) |
| Total capital assets, being depreciated, net | 310,726 | 28,294 | (424) | 338,596 |
| Total Seaport capital assets, net | \$ 498,764 | \$ 88,505 | (43,685) | \$ 543,584 |
| AVIATION | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 90,600 | | | \$ 90,600 |
| Construction in progress | 773,679 | \$ 534,460 | \$ (329,305) | 978,834 |
| Total capital assets, not being depreciated | 864,279 | 534,460 | (329,305) | 1,069,434 |
| Capital assets, being depreciated: | | | | |
| Buildings and building improvements | 2,023,272 | 69,867 | (27,039) | 2,066,100 |
| Infrastructure | 805,011 | 221,636 | | 1,026,647 |
| Machinery and equipment | 204,329 | 17,136 | (5,293) | 216,172 |
| Total capital assets, being depreciated | 3,032,612 | 308,639 | (32,332) | 3,308,919 |
| Less accumulated depreciation for: | | | | |
| Buildings and building improvements | (675,683) | (56,340) | 20,652 | (711,371) |
| Infrastructure | (326,625) | (28,951) | | (355,576) |
| Machinery and equipment | (117,999) | (12,611) | 5,436 | (125,174) |
| Total accumulated depreciation | (1,120,307) | (97,902) | 26,088 | (1,192,121) |
| Total capital assets, being depreciated, net | 1,912,305 | 210,737 | (6,244) | 2,116,798 |
| Total Aviation capital assets, net | \$ 2,776,584 | \$ 745,197 | \$ (335,549) | \$ 3,186,232 |

MIAMI-DADE COUNTY, FLORIDA

| WATER & SEWER | Balance | | Balance | |
|--|----------------------|-------------------|---------------------|----------------------|
| | September 30, | Additions | Deletions | September 30, |
| | 2002 | | | 2003 |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 30,390 | \$ 4,129 | | \$ 34,519 |
| Construction in progress | 345,600 | 136,318 | \$ (141,583) | 340,335 |
| Total capital assets, not being depreciated | <u>375,990</u> | <u>140,447</u> | <u>(141,583)</u> | <u>374,854</u> |
| Capital assets, being depreciated: | | | | |
| Infrastructure | 2,941,007 | 104,784 | (7,350) | 3,038,441 |
| Machinery and equipment | 678,474 | 42,218 | (9,941) | 710,751 |
| Total capital assets, being depreciated | <u>3,619,481</u> | <u>147,002</u> | <u>(17,291)</u> | <u>3,749,192</u> |
| Less accumulated depreciation for: | | | | |
| Infrastructure | (710,970) | (75,763) | 7,349 | (779,384) |
| Machinery and equipment | (351,717) | (42,017) | 9,541 | (384,193) |
| Total accumulated depreciation | <u>(1,062,687)</u> | <u>(117,780)</u> | <u>16,890</u> | <u>(1,163,577)</u> |
| Total capital assets, being depreciated, net | <u>2,556,794</u> | <u>29,222</u> | <u>(401)</u> | <u>2,585,615</u> |
| Total Water and Sewer capital assets, net | <u>\$ 2,932,784</u> | <u>\$ 169,669</u> | <u>\$ (141,984)</u> | <u>\$ 2,960,469</u> |

PHT

| | | | | |
|--|-------------------|------------------|--------------------|-------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 30,750 | | | \$ 30,750 |
| Construction in progress | 48,592 | \$ 19,250 | \$ (31,177) | 36,665 |
| Total capital assets, not being depreciated | <u>79,342</u> | <u>19,250</u> | <u>(31,177)</u> | <u>67,415</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and building improvements | 398,652 | 28,320 | (25) | 426,947 |
| Infrastructure | 23,152 | 2,622 | | 25,774 |
| Machinery and equipment | 298,698 | 44,571 | (11,456) | 331,813 |
| Total capital assets, being depreciated | <u>720,502</u> | <u>75,513</u> | <u>(11,481)</u> | <u>784,534</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and building improvements | (186,127) | (17,095) | 630 | (202,592) |
| Infrastructure | (13,088) | (1,162) | 330 | (13,920) |
| Machinery and equipment | (192,817) | (24,797) | 5,721 | (211,893) |
| Total accumulated depreciation | <u>(392,032)</u> | <u>(43,054)</u> | <u>6,681</u> | <u>(428,405)</u> |
| Total capital assets, being depreciated, net | <u>328,470</u> | <u>32,459</u> | <u>(4,800)</u> | <u>356,129</u> |
| Total PHT capital assets, net | <u>\$ 407,812</u> | <u>\$ 51,709</u> | <u>\$ (35,977)</u> | <u>\$ 423,544</u> |

MIAMI-DADE COUNTY, FLORIDA

Depreciation expense was charged to the different functions of the primary government as follows (in thousands):

**Governmental Activities
Depreciation Expense by Function
(in thousands)**

| Function | Amount |
|--|-------------------|
| Policy formulation and general government | \$ 23,078 |
| Protection of people and properties | 21,351 |
| Physical environment | 492 |
| Transportation | 45,767 |
| Human Services | 1,188 |
| Socio-economic environment | 11,303 |
| Culture and recreation | 10,341 |
| Total depreciation expense - governmental activities | <u>\$ 113,520</u> |

Note 5 - Operating Leases

Aviation - The major portion of the Aviation Department's property, plant and equipment is held for lease. Substantial portions of the leases are cancelable and provide for periodic adjustment to rental rates to maximize operational flexibility. The non-cancelable lease agreements also provide for periodic adjustments to the rental rates. In addition, the Aviation Department leases certain properties under management and concession agreements. Certain of these leases provide for minimum rentals plus a specified percentage of the tenants' gross revenues. All leases are classified as operating leases.

At September 30, 2003 minimum rentals under such lease agreements are as follows (in thousands):

| Year Ending September 30, | |
|------------------------------|-------------------|
| 2004 | \$ 36,995 |
| 2005 | 30,796 |
| 2006 | 15,415 |
| 2007 | 10,921 |
| 2008 | 7,589 |
| 2009-2013 | 21,009 |
| 2014-2018 | 19,061 |
| 2019-2023 | 18,953 |
| 2024-2028 | 10,518 |
| 2029-2033 | 773 |
| | <u>\$ 172,030</u> |

MIAMI-DADE COUNTY, FLORIDA

General Segment - During fiscal year 1998, the County entered into a three party Lease/Sublease agreement with Dana Commercial Credit Corporation (“Dana”) regarding the leasing rights of the Stephen P. Clark Center (the “Metro Center”). The terms of the Lease/Sublease agreement provide for the leasing of the County’s leasing rights of the Metro Center to a third party, Wilmington Savings as trustee for Redade, a subsidiary of Dana, which in turn subleases the asset back to the County for a period of 29 years, commencing June 1, 1998. During this time period, the County retains title and control of the facility.

At closing, the County received a total of \$79 million. \$3.7 million of the \$79 million was considered an up-front payment and was recognized as revenue in fiscal year 1998. \$57 million of the remaining \$75.3 million was deposited with a financial institution and the proceeds will be used to meet the payment obligations by the County under the sublease agreement and the remaining \$18 million will mature to an amount sufficient, approximately \$49 million, to fully defease its sublease obligations and buy-out option, 17.5 years subsequent to the commencing date. There is a purchase option allowed under the agreement in the year 2015. The total minimum lease payments of approximately \$125 million will be amortized on a straight-line basis over the life of the lease term. This Lease/Sublease agreement has been accounted for as a non-cancelable operating lease as part of the Special Revenue Funds. The future minimum lease payments, amortized on a straight-line basis to include the buy-out option, are as follows (in thousands):

| Year Ending September 30, | |
|------------------------------|-------------------|
| 2004 | \$ 3,165 |
| 2005 | 8,250 |
| 2006 | 3,777 |
| 2007 | 4,656 |
| 2008 | 4,772 |
| 2009-2013 | 25,908 |
| 2014-2018 | 64,851 |
| | <u>\$ 115,379</u> |

Transit Agency - During fiscal year 1997, the County entered into a three party lease-in/lease-out arrangement (“Lease 1”) with the Bank of New York Leasing Corporation for a total of 134 commuter rail cars. The agreements provide for the lease of the equipment owned by the County to a financial party lessee and the lessee, in turn, subleases such equipment back to the County for a period ranging from 22 to 24 years commencing May 1997. At the time of the transaction, the County received from the financial party lessee the total minimum rental payments required under the lease of approximately \$95 million. The minimum rental payments received are amortized on a straight-line basis over the life of the lease terms.

The County deposited \$70,350,000 with a financial institution sufficient to meet all of its payment obligations under the terms of the sublease and acquired \$17,583,000 in United States Treasury Strips that will mature to an amount sufficient to satisfy each agreement’s purchase of the Head Lease Rights option. The funds on deposit and the United States Treasury Strips have been included as restricted assets in the accompanying financial statements.

In December 1998, the County entered into a second lease-in/lease-out arrangement (“Lease 2”). The agreement which was entered into with NationsBanc Leasing and Finance, provided for the lease of six different facilities owned by the County to a financial party lessee and the lessee, in turn, subleased the facilities back to the County for a period of 35 years. At the time of commencement, the County received from the financial party approximately \$133 million.

MIAMI-DADE COUNTY, FLORIDA

The County deposited approximately \$120.9 million with a financial institution sufficient to meet all its payment obligations under the terms of the sublease agreement and buy-out options, ranging 19 to 20 years subsequent to the commencing date. The funds are reported in the same manner as Lease 1. The subleases have been accounted for as non-cancelable operating leases.

On August 14, 2002, a portion of the third lease-in/lease-out arrangement (QTE Lease) commenced. This agreement which was entered into with the Bank of America Leasing & Capital Group, provided for the lease of certain Qualified Technological Equipment owned by the County and consisted of the MDT control system. The agreement provided for the lease of the equipment to a financial party lessee and the sublease of such equipment back to the County for a period of 16 years.

At the time of commencement, the County received from the financial party a total of approximately \$238 million. The County deposited approximately \$228 million with a financial institution sufficient to meet all its payment obligations.

Future minimum lease payments are amortized on a straight-line basis over the lease term as follows (in thousands):

| Year Ending September 30, | Lease 1 | Lease 2 | QTE Lease | Total |
|------------------------------|------------------|------------------|-------------------|-------------------|
| 2004 | \$ 13,623 | \$ 8,035 | \$ 13,069 | \$ 34,727 |
| 2005 | | 12,283 | \$ 16,613 | 28,896 |
| 2006 | | 8,089 | 19,366 | 27,455 |
| 2007 | | 12,927 | 14,812 | 27,739 |
| 2008 | | 9,448 | 15,858 | 25,306 |
| 2009-2013 | | 39,384 | 142,012 | 181,396 |
| 2014-2018 | | | 167,064 | 167,064 |
| 2019-2023 | 80,796 | | 12,677 | 93,473 |
| | <u>\$ 94,419</u> | <u>\$ 90,166</u> | <u>\$ 401,471</u> | <u>\$ 586,056</u> |

MIAMI-DADE COUNTY. FLORIDA

Note 6 – Disaggregation of Receivable and Payable Balances

Receivables

Receivables are comprised of amounts owed to the County by customers, tenants, patients, carriers, and others that conduct business with the County, and are expected to be collected within a year. Receivables in the Fire and Rescue Fund of \$57,534,000 are comprised of emergency transport fees. The County is aggressively trying to collect these fees, but an allowance for uncollectible accounts has been made for accounts older than 120 days.

Receivable balances at September 30, 2003, were as follows (in thousands):

| | Accounts | Allowance for uncollectible accounts | Total |
|--|-------------------|---|-------------------|
| Governmental activities: | | | |
| General | \$ 5,836 | | \$ 5,836 |
| Community and social development | 1,698 | | 1,698 |
| Fire and rescue | 57,534 | \$ (53,799) | 3,735 |
| Housing | 5,353 | | 5,353 |
| Internal Service Fund | 165 | | 165 |
| Other governmental | 5,027 | | 5,027 |
| Subtotal - fund statements | 75,613 | (53,799) | 21,814 |
| Reconciliation of balances in fund statements to government-wide financial statements | 35,460 | | 35,460 |
| Total - governmental activities | \$ 111,073 | \$ (53,799) | \$ 57,274 |
| Business-type activities: | | | |
| Public health | \$ 334,715 | \$ (127,000) | \$ 207,715 |
| Water and sewer | 89,895 | (20,797) | 69,098 |
| Aviation | 43,001 | (6,175) | 36,826 |
| Other proprietary | 28,939 | (7,155) | 21,784 |
| Total - business-type activities | \$ 496,550 | \$ (161,127) | \$ 335,423 |

MIAMI-DADE COUNTY. FLORIDA

Payables

Accounts payable and accrued expenses at September 30, 2003, were as follows (in thousands):

| | Salaries and | | |
|-------------------------------------|---------------------|------------------|-------------------|
| | Vendors | Benefits | Total |
| Governmental activities: | | | |
| General | \$ 32,347 | \$ 39,271 | \$ 71,618 |
| Community and social development | 13,257 | 3,039 | 16,296 |
| Fire and rescue | 2,263 | 7,838 | 10,101 |
| Housing | 22,586 | | 22,586 |
| Capital projects | 29,172 | 59 | 29,231 |
| Other governmental | 21,350 | 3,001 | 24,351 |
| Total - governmental activities | <u>\$ 120,975</u> | <u>\$ 53,208</u> | <u>\$ 174,183</u> |
| Business-type activities: | | | |
| Transit | \$ 35,122 | \$ 8,015 | \$ 43,137 |
| Solid waste collection and disposal | 9,658 | 2,254 | 11,912 |
| Seaport | 13,214 | 1,467 | 14,681 |
| Aviation | 122,255 | 29,675 | 151,930 |
| Water and sewer | 34,569 | 8,409 | 42,978 |
| Public health | 85,536 | 34,369 | 119,905 |
| Other proprietary | 1,732 | 197 | 1,929 |
| Total - business-type activities | <u>\$ 302,086</u> | <u>\$ 84,386</u> | <u>\$ 386,472</u> |

MIAMI-DADE COUNTY, FLORIDA

Note 7 - Self-Insurance Program

The County's Risk Management Division administers property, workers' compensation and liability self-insurance programs. Certain group health insurance programs are also self-insured, subject to certain stop-loss provisions. An independent administrator administers these programs.

The master property insurance program (which covers most County properties) contains a \$1 million per occurrence deductible for most perils. Insurance coverage is maintained with independent carriers for property losses in excess of self-insured retentions up to \$2.5 billion countywide. Named windstorm coverage is limited to \$475 million per occurrence countywide with a 2% deductible (minimum \$1 million per location) with a minimum \$5 million per occurrence and maximum \$50 million per occurrence. There is no significant reduction in insurance coverage from the previous year. Settled claims have not exceeded coverage in the past three years.

The County maintains no excess coverage with independent insurance carriers for the workers' compensation and general liability self-insurance programs. Premiums are charged to the respective funds and determined based on amounts necessary to provide funding for current losses and to meet the required annual payments during the fiscal year. However, various liability and property programs are purchased from independent carriers due to exposure to loss and/or contractual obligations. During fiscal year 2003, there were no significant changes in insurance coverage other than the property insurance program, which contains changes related to limits and deductibles from the previous program. Settlements did not exceed coverage for any of the three past years.

The Risk Management Division also administers the self-insurance program for the Enterprise Funds. Water and Sewer only participates in the workers' compensation and certain group health self-insurance programs. Water and Sewer has established a self-insurance program for general and automobile liability exposures. The Trust maintains its own self-insurance programs for general and professional liability claims. The Trust also participates in the County's self-insurance worker's compensation program and certain health self-insurance programs.

The Aviation Department pays premiums to commercial insurance carriers for airport liability insurance, construction wrap-up and property insurance. The airport liability coverage provides comprehensive general liability, contractual liability, personal injury and on-site automobile liability at all airports. The Aviation Department has a recorded liability of \$977,000 in Due to Other Funds as an estimate for claims not covered by the policies due to self-insured retention limits.

The estimated liability for reported and unreported insurance claims of the self-insurance programs administered by the Risk Management Division (the "Division") is determined annually based on the estimated ultimate cost of settling claims, using past experience adjusted for current trends, and any other factors that would modify past experience. Outstanding claims are evaluated through a combination of case-by-case reviews and the application of historical experience. The estimate of incurred but not reported (IBNR) losses is based on historical experience and is determined by an independent actuary.

At September 30, 2003, the short and long-term estimated liabilities for reported and IBNR claims are \$51.2 million and \$113.3 million, respectively, net of a discount of \$26,230,000 computed based on a projected rate of 4%. These amounts are in the Statement of Net Assets for Proprietary Funds, under the column labeled "Self Insurance Internal Service Fund".

The County's Self-Insurance Internal Service Fund has an accumulated deficit of approximately \$95 million for various self-insurance programs administered by the County. The County has implemented an action plan in an effort to reduce the accumulated deficit. County management believes that the deficit will be made up over a reasonable period of time in accordance with the provisions of GASB Codification C50.128.

MIAMI-DADE COUNTY, FLORIDA

Changes in the Internal Service Fund estimated liability amount for fiscal years 2002 and 2003 are as follows (in thousands):

| | General, Auto, and | | | | Total |
|--------------------------------------|---------------------------------|-----------------------------|-------------------------|--------------|-------------------|
| | Workers Compensation | Police Liability | Group Health | Other | |
| Balance as of October 1, 2001 | \$ 69,363 | \$ 44,802 | \$ 12,155 | | \$ 126,320 |
| Claims paid | (35,020) | (21,797) | (85,092) | \$ (2,444) | (144,353) |
| Claims and changes in estimates | 57,894 | 12,077 | 87,026 | 2,444 | 159,441 |
| Liabilities as of September 30, 2002 | <u>\$ 92,237</u> | <u>\$ 35,802</u> | <u>\$ 14,089</u> | | <u>\$ 141,408</u> |
| Balance as of October 1, 2002 | \$ 92,237 | \$ 35,802 | \$ 14,089 | | \$ 141,408 |
| Claims paid | (39,695) | (44,036) | (80,200) | \$ (1,874) | \$ (165,805) |
| Claims and changes in estimates | 66,054 | 35,612 | 85,367 | 1,874 | \$ 188,907 |
| Liabilities as of September 30, 2003 | <u>\$ 118,596</u> | <u>\$ 26,658</u> | <u>\$ 19,256</u> | | <u>\$ 164,510</u> |

Changes in estimated liabilities for the Water and Sewer Department and the Public Health Trust for fiscal years 2002 and 2003 are as follows (in thousands):

| | Water & Sewer | | Public Health Trust | Total |
|--------------------------------------|------------------------------|------------------|--------------------------------|--------------|
| | Department | | | |
| Balance as of October 1, 2001 | \$ 12,743 | \$ 42,183 | \$ 59,800 | |
| Claims paid | (478) | (4,025) | (5,077) | |
| Claims and changes in estimates | 1,256 | 6,402 | 7,658 | |
| Liabilities as of September 30, 2002 | <u>\$ 13,521</u> | <u>\$ 44,560</u> | <u>\$ 62,381</u> | |
| Balance as of October 1, 2002 | \$ 13,521 | \$ 44,560 | \$ 62,381 | |
| Claims paid | (897) | (5,545) | (6,442) | |
| Claims and changes in estimates | 2,129 | 5,531 | 7,660 | |
| Liabilities as of September 30, 2003 | <u>\$ 14,753</u> | <u>\$ 44,546</u> | <u>\$ 63,599</u> | |

MIAMI-DADE COUNTY, FLORIDA

Note 8 – Long-Term Debt

LONG-TERM LIABILITY ACTIVITY

Changes in long-term liabilities for the year ended September 30, 2003, are as follows (amounts in thousands):

| | Beginning Balance | | | | Ending Balance | Due Within |
|---|---------------------------|------------------|-------------------|--|---------------------------|-------------------|
| | September 30, 2002 | Additions | Reductions | | September 30, 2003 | One Year |
| Governmental Activities | | | | | | |
| Bonds, loans and notes payable: | | | | | | |
| General obligation bonds | \$ 270,986 | \$ 11,355 | \$ (34,800) | | \$ 247,541 | \$ 21,960 |
| Special obligation bonds * | 1,060,558 | 90,455 | (66,645) | | 1,084,368 | 45,616 |
| Current year accretions of interest | | 24,028 | | | 24,028 | |
| Housing Agency bonds and notes payable | 108,545 | 219 | (35,870) | | 72,894 | 3,722 |
| Loans and notes payable | 54,393 | | (1,880) | | 52,513 | 2,435 |
| Add deferred amounts: | | | | | | |
| For bond issuance premiums/discounts * | 6,117 | 514 | (2,161) | | 4,470 | |
| Total bonds, loans and notes payable | 1,500,599 | 126,571 | (141,356) | | 1,485,814 | 73,733 |
| Other liabilities: | | | | | | |
| Compensated absences | 263,876 | 110,143 | (106,138) | | 267,881 | 73,198 |
| Estimated insurance claims payable | 141,408 | 23,102 | | | 164,510 | 51,224 |
| Accrued post-retirement health insurance benefits | 7,063 | | (1,642) | | 5,421 | 1,292 |
| Arbitrage rebate liability | 1,914 | | (1,862) | | 52 | |
| Other | 13,733 | 4,079 | (1,364) | | 16,448 | |
| Total governmental activity long-term liabilities | \$ 1,928,593 | \$ 263,895 | \$ (252,362) | | \$ 1,940,126 | \$ 199,447 |
| * The reduction in special obligation bonds includes the transfer of the liability for bonds payable of \$13,970,000 and \$1,245,000 bond premium to the Miami-Dade Transit Agency. | | | | | | |
| Business-type Activities | | | | | | |
| Bonds, loans, and notes payable: | | | | | | |
| Revenue bonds | \$ 4,082,945 | \$ 1,200,000 | \$ (356,830) | | \$ 4,926,115 | \$ 111,120 |
| General obligation bonds | 151,170 | | (1,245) | | 149,925 | 915 |
| Special obligation bonds | 46,075 | 13,970 | | | 60,045 | 4,930 |
| Loans and notes payable | 474,891 | 9,959 | (16,711) | | 468,139 | 16,498 |
| Less deferred amounts: | | | | | | |
| For issuance discounts | (77,455) | (22,189) | 1,574 | | (98,070) | |
| On refunding | (31,837) | | 2,662 | | (29,175) | |
| Add deferred bond premium | 5,474 | 1,245 | (1,028) | | 5,691 | |
| Commercial paper notes | 206,056 | 242,533 | (269,895) | | 178,694 | |
| Total bonds, loans and notes payable | 4,857,319 | 1,445,518 | (641,473) | | 5,661,364 | 133,463 |
| Other liabilities: | | | | | | |
| Estimated insurance claims payable | 62,381 | 8,116 | (12,816) | | 57,681 | 2,549 |
| Compensated absences | 140,546 | 19,191 | (9,609) | | 150,128 | 92,636 |
| Environmental remediation liability | 173,000 | 80 | | | 173,080 | 43,039 |
| Liability for landfill closure/post closure care costs | 86,398 | 245 | (3,996) | | 82,647 | |
| Lease agreements | 430,200 | 1,124 | (4,567) | | 426,757 | 16,715 |
| Other | 18,589 | 8,544 | (750) | | 26,383 | 756 |
| Total business-type activities long-term liabilities | \$ 5,768,433 | \$ 1,482,818 | \$ (673,211) | | \$ 6,578,040 | \$ 289,158 |

MIAMI-DADE COUNTY, FLORIDA

Changes in long-term liabilities for the County's major enterprise funds are as follows (in thousands):

| | Beginning Balance | | | Ending Balance | Due Within |
|---|---------------------------|------------------|--------------------|---------------------------|-------------------|
| | September 30, 2002 | Additions | Reductions | September 30, 2003 | One Year |
| Miami-Dade Transit Agency (MDTA) | | | | | |
| Bonds and loans payable: | | | | | |
| Special obligation bonds | \$ 25,030 | \$ 13,970 | | \$ 39,000 | \$ 3,240 |
| Loans payable | 34,000 | | (2,768) | 31,232 | 2,890 |
| Add deferred bond premium | 1,646 | 1,245 | (508) | 2,383 | |
| Total bonds and loans payable | <u>60,676</u> | <u>15,215</u> | <u>(3,276)</u> | <u>72,615</u> | <u>6,130</u> |
| Other liabilities: | | | | | |
| Compensated absences | 21,010 | | \$ (25) | 20,985 | 8,129 |
| Lease agreements | 419,106 | | (3,718) | 415,388 | 15,775 |
| Other | 750 | | (750) | | |
| Total long-term liabilities - MDTA | <u>\$ 501,542</u> | <u>\$ 15,215</u> | <u>\$ (7,769)</u> | <u>\$ 508,988</u> | <u>\$ 30,034</u> |
| | | | | | |
| Solid Waste Department | | | | | |
| Bonds and loans payable: | | | | | |
| Revenue bonds | \$ 173,595 | | \$ (9,190) | \$ 164,405 | \$ 9,630 |
| Special obligation bonds | 21,045 | | | 21,045 | 1,690 |
| Less deferred amounts: | | | | | |
| For issuance discounts | (861) | | 54 | (807) | |
| On refunding | (4,039) | | 514 | (3,525) | |
| Add deferred bond premium | 3,569 | | (520) | 3,049 | |
| Total bonds and loans payable | <u>193,309</u> | | <u>(9,142)</u> | <u>184,167</u> | <u>11,320</u> |
| Other liabilities: | | | | | |
| Compensated absences | 10,182 | \$ 3,020 | (2,302) | 10,900 | 3,020 |
| Liability for landfill closure/postclosure care costs | 86,398 | 245 | (3,996) | 82,647 | |
| Other | 342 | 1,589 | | 1,931 | |
| Total long-term liabilities - Solid Waste | <u>\$ 290,231</u> | <u>\$ 4,854</u> | <u>\$ (15,440)</u> | <u>\$ 279,645</u> | <u>\$ 14,340</u> |

MIAMI-DADE COUNTY, FLORIDA

| | Beginning Balance September 30, 2002 | Additions | Reductions | Ending Balance September 30, 2003 | Due Within One Year |
|---------------------------------------|---|------------------|-------------------|--|--------------------------------|
| Seaport | | | | | |
| Bonds and loans payable: | | | | | |
| Revenue bonds | \$ 77,895 | | \$ (2,385) | \$ 75,510 | \$ 2,495 |
| General obligation bonds | 151,170 | | (1,245) | 149,925 | 915 |
| Loans payable | 292,985 | | (3,530) | 289,455 | 3,445 |
| Less deferred amounts: | | | | | |
| On refunding | (13,545) | | 1,307 | (12,238) | |
| Total bonds and loans payable | 508,505 | | (5,853) | 502,652 | 6,855 |
| Other liabilities: | | | | | |
| Compensated absences | 2,218 | 751 | | 2,969 | 901 |
| Lease agreements | 11,049 | | (849) | 10,200 | 940 |
| Other | | 6,590 | | 6,590 | 756 |
| Total long-term liabilities - Seaport | \$ 521,772 | \$ 7,341 | \$ (6,702) | \$ 522,411 | \$ 9,452 |

| | | | | | |
|--|--------------|--------------|--------------|--------------|------------|
| Aviation | | | | | |
| Bonds, loans, and notes payable: | | | | | |
| Revenue bonds | \$ 2,022,415 | \$ 1,200,000 | \$ (307,100) | \$ 2,915,315 | \$ 59,080 |
| Less deferred amounts: | | | | | |
| For issuance discounts and deferred losses | (43,873) | (22,189) | | (66,062) | |
| Commercial paper notes | 206,056 | 242,533 | (269,895) | 178,694 | |
| Total bonds, loans and notes payable | 2,184,598 | 1,420,344 | (576,995) | 3,027,947 | 59,080 |
| Other liabilities: | | | | | |
| Compensated absences | 24,493 | 430 | | 24,923 | 6,323 |
| Environmental remediation liability | 173,000 | 80 | | 173,080 | 43,039 |
| Lease agreements | 45 | 1,124 | | 1,169 | |
| Total long-term liabilities - Aviation | \$ 2,382,136 | \$ 1,421,978 | \$ (576,995) | \$ 3,227,119 | \$ 108,442 |

MIAMI-DADE COUNTY, FLORIDA

| | Beginning Balance September 30, 2002 | Additions | Reductions | Ending Balance September 30, 2003 | Due Within One Year |
|--|---|------------------|--------------------|--|--------------------------------|
| Water and Sewer Department | | | | | |
| Bonds and loans payable: | | | | | |
| Revenue bonds | \$ 1,620,530 | | \$ (29,920) | \$ 1,590,610 | \$ 31,275 |
| Loans payable | 147,906 | \$ 9,959 | (10,413) | 147,452 | 10,163 |
| Less deferred amounts: | | | | | |
| For issuance discounts | (26,796) | | 1,254 | (25,542) | |
| On refunding | (12,552) | | 777 | (11,775) | |
| Total bonds and loans payable | 1,729,088 | 9,959 | (38,302) | 1,700,745 | 41,438 |
| Other liabilities: | | | | | |
| Estimated insurance claims payable | 17,821 | 2,584 | (2,074) | 18,331 | 2,549 |
| Compensated absences | 20,905 | 9,066 | (6,842) | 23,129 | 7,402 |
| Total long-term liabilities - Water and Sewer Dept. | \$ 1,767,814 | \$ 21,609 | \$ (47,218) | \$ 1,742,205 | \$ 51,389 |
| | | | | | |
| Public Health Trust (PHT) | | | | | |
| Bonds and loans payable: | | | | | |
| Revenue bonds | \$ 181,215 | | \$ (7,665) | \$ 173,550 | \$ 8,045 |
| Less deferred amounts: | | | | | |
| For issuance discounts | (5,925) | | 266 | (5,659) | |
| On refunding | (1,336) | | 64 | (1,272) | |
| Total bonds and loans payable | 173,954 | | (7,335) | 166,619 | 8,045 |
| Other liabilities: | | | | | |
| Estimated insurance claims payable | 44,560 | \$ 5,532 | (10,742) | 39,350 | |
| Compensated absences | 61,052 | 5,369 | | 66,421 | 66,421 |
| Other | 17,497 | 365 | | 17,862 | |
| Total long-term liabilities - Public Health Trust | \$ 297,063 | \$ 11,266 | \$ (18,077) | \$ 290,252 | \$ 74,466 |

Compensated absences have typically been liquidated in the general fund, other governmental funds and enterprise funds. Liabilities for landfill and postclosure care costs have been liquidated in the Solid Waste enterprise fund. Legal contingencies have typically been liquidated in the General Fund. Insurance claims liabilities have typically been liquidated in the Self-Insurance Internal Service Fund and in the enterprise funds. The Self-Insurance Internal Service Fund predominantly serves the governmental funds. Therefore, the long-term liabilities of the fund are included in the above totals for governmental activities.

Demand Bonds

At September 30, 2003, the County had \$2,400,000 of Capital Asset Acquisition Floating / Fixed Rate Special Obligation Bonds, Series 1990 (the "Bonds") that were due within seven days of demand by the holder at a price equal to principal plus accrued interest. The County's remarketing agent is authorized to use its best efforts to sell the repurchased bonds at par by adjusting the interest rate.

Under standby bond purchase agreement (the "Agreement") issued by a bank, the fiscal agent can draw amounts sufficient to repurchase the Bonds if they cannot be resold by the remarketing agent. In the absence of monies available under the Agreement, the monies will be drawn under an irrevocable letter of credit. The Agreement and letter of credit, with a stated termination date of November 1, 2009 expired on November 1, 2003 and have been extended to November 1, 2010. There were no amounts outstanding under the Agreement or letter of credit at September 30, 2003.

MIAMI-DADE COUNTY, FLORIDA

Long-Term Debt -- Governmental Activities

Long-term debt of the County's governmental activities include general and special obligation bonds, installment purchase contracts and loan agreements that are payable from property tax levies and specific revenue sources. General obligation bonds are payable from unlimited ad valorem taxes on all taxable real and tangible personal property of the County, and are backed by the full faith, credit and taxing power of the County. Special obligation bonds are limited obligations of the County, payable solely from and secured by pledged non-ad valorem revenues of the County. Neither the full faith and credit nor the taxing power of the County is pledged to the payment of the special revenue bonds. The Miami-Dade Housing Agency's Public Housing Division debt is included as part of the County's governmental activities debt. This debt is composed of New Housing Authority Debentures (special revenue bonds), Project Loan Notes and U.S. HUD Permanent Financing Notes. A description of each outstanding debt issue is located at the end of this note. Interest on variable-rate bonds, currently in an auction rate mode, is based on the BMA index and is currently reset every 28 days.

Annual debt service requirements to maturity are as follows (in thousands):

| Maturing in Fiscal Year | General Obligation Bonds | | Special Obligation Bonds | | Loans and Notes Payable | | Housing Agency Public Housing Division | |
|----------------------------|--------------------------|------------|--------------------------|--------------|-------------------------|-----------|---|-----------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal (1) | Interest |
| 2004 | \$ 21,960 | \$ 14,952 | \$ 45,616 | \$ 41,800 | \$ 2,435 | \$ 2,794 | \$ 3,722 | \$ 3,701 |
| 2005 | 12,155 | 13,449 | 32,925 | 39,674 | 2,648 | 2,721 | 4,942 | 3,462 |
| 2006 | 11,810 | 12,631 | 36,976 | 40,827 | 2,963 | 2,634 | 5,152 | 3,884 |
| 2007 | 12,530 | 11,724 | 38,875 | 40,987 | 3,282 | 2,526 | 4,762 | 3,132 |
| 2008 | 13,255 | 10,713 | 38,842 | 39,039 | 3,603 | 2,398 | 4,898 | 3,090 |
| 2009-2013 | 56,740 | 43,177 | 211,355 | 190,964 | 20,335 | 9,334 | 26,035 | 7,534 |
| 2014-2018 | 65,361 | 24,349 | 227,591 | 212,153 | 13,559 | 4,326 | 20,552 | 3,821 |
| 2019-2023 | 41,405 | 8,421 | 208,354 | 174,500 | 3,688 | 363 | 2,712 | 1,108 |
| 2024-2028 | 12,325 | 985 | 211,029 | 206,355 | | | 119 | 42 |
| 2029-2033 | | | 329,617 | 261,644 | | | | |
| 2034-2038 | | | 332,240 | 144,801 | | | | |
| 2039-2043 | | | 24,910 | 706 | | | | |
| | 247,541 | 140,401 | 1,738,330 | 1,393,450 | 52,513 | 27,096 | 72,894 | 29,774 |
| Less: | | | | | | | | |
| Unaccreted value | | | (629,934) | | | | | |
| Accretions to date | | | | (151,444) | | | | |
| Add: | | | | | | | | |
| Unamortized premium | | | 4,470 | | | | | |
| Total | \$ 247,541 | \$ 140,401 | \$ 1,112,866 | \$ 1,242,006 | \$ 52,513 | \$ 27,096 | \$ 72,894 | \$ 29,774 |

(1) Includes bonds payable of \$17,400 and notes payable of \$55,494.

MIAMI-DADE COUNTY, FLORIDA

Long-Term Debt – Business-type Activities

Long-term debt of business-type activities include revenue bonds, special obligation bonds and loans payable from specified revenues of the County’s enterprise funds. Also included are general obligation bonds issued on behalf of the Seaport Department, which will be paid from Seaport revenues and, to the extent those revenues are insufficient, from ad valorem taxes. A description of each outstanding debt issue is located at the end of this note. Interest on variable-rate bonds, currently in an auction rate mode, is based on the BMA index and is currently reset every 28 days.

Annual debt service requirements to maturity for revenue bonds and loans payable are as follows (in thousands):

| Maturing in Fiscal Year | Revenue Bonds | | General Obligation Bonds | | Special Obligation Bonds | | Loans and Notes Payable | |
|--|---------------------|---------------------|--------------------------|-------------------|--------------------------|------------------|-------------------------|------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2004 | \$ 111,120 | \$ 230,463 | \$ 915 | \$ 8,003 | \$ 4,930 | \$ 2,739 | \$ 16,498 | \$ 7,335 |
| 2005 | 120,485 | 230,504 | 3,300 | 7,883 | 5,120 | 2,549 | \$ 23,383 | 7,245 |
| 2006 | 108,500 | 226,548 | 3,495 | 7,678 | 5,375 | 2,294 | 24,441 | 6,689 |
| 2007 | 117,445 | 220,692 | 3,705 | 7,453 | 5,595 | 2,074 | 24,706 | 6,181 |
| 2008 | 123,625 | 214,437 | 3,940 | 7,209 | 5,790 | 1,879 | 23,463 | 5,694 |
| 2009-2013 | 644,565 | 970,651 | 23,825 | 31,862 | 33,235 | 5,098 | 127,406 | 21,023 |
| 2014-2018 | 744,065 | 806,913 | 31,030 | 24,562 | | | 93,606 | 10,419 |
| 2019-2023 | 934,415 | 627,482 | 39,840 | 15,527 | | | 72,691 | 4,537 |
| 2024-2028 | 927,885 | 395,875 | 39,875 | 4,214 | | | 51,945 | 1,380 |
| 2029-2033 | 619,085 | 195,159 | | | | | 10,000 | |
| 2034-2038 | 474,925 | 46,193 | | | | | | |
| | <u>4,926,115</u> | <u>4,164,917</u> | <u>149,925</u> | <u>114,391</u> | <u>60,045</u> | <u>16,633</u> | <u>468,139</u> | <u>70,503</u> |
| Less: | | | | | | | | |
| Unamortized discount and deferred amounts | (117,271) | | (9,974) | | | | | |
| Add: | | | | | | | | |
| Unamortized bond premium | 1,105 | | | | 4,586 | | | |
| Total | <u>\$ 4,809,949</u> | <u>\$ 4,164,917</u> | <u>\$ 139,951</u> | <u>\$ 114,391</u> | <u>\$ 64,631</u> | <u>\$ 16,633</u> | <u>\$ 468,139</u> | <u>\$ 70,503</u> |

Commercial Paper Notes (Short-term Debt to be Refinanced on a Long-Term Basis)

On September 30, 2003, the County had outstanding \$178,660,000 of Aviation Commercial Paper Notes, plus accrued interest of \$34,000. The effective interest rate paid on the Notes outstanding ranged from 5.25% to 5.75%. The proceeds of such Notes are being used to finance certain airport and airport related improvements. The Notes and accrued interest are payable solely from proceeds of future Revenue Bonds and any unencumbered monies in the Improvement Fund. In addition, an irrevocable letter of credit in the amount of \$400,000,000 was entered into for the purpose of making funds readily available for the payment of principal and interest on the Notes. As of September 30, 2003, the amount of the outstanding Letter of Credit was \$184,852,000. The outstanding commercial paper notes and accrued interest, totaling \$178,694,000, have been included in long-term liabilities, rather than in current liabilities, because the Aviation Department intends to refinance the commercial paper with long-term revenue bonds.

Following is a schedule of changes in commercial paper notes (in thousands):

| | |
|-------------------------------|-------------------|
| Balance on September 30, 2002 | \$ 206,056 |
| Additions | 242,533 |
| Deductions | (269,895) |
| Balance on September 30, 2003 | <u>\$ 178,694</u> |

MIAMI-DADE COUNTY, FLORIDA

Long-Term Debt Issued During the Year

The table below describes bonds and loans that were issued during the year (other than commercial paper) for governmental and business-type activities (in thousands):

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 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) | | | | | \$1,336,311 |

MIAMI-DADE COUNTY, FLORIDA

The following table details the refunding debt issued during the year (in thousands):

| Date | Description | Amount Issued | Amount Defeased | Deferred Charge | Cash Flow Difference | Economic Gain |
|---------|--|---------------|-----------------|-----------------|----------------------|---------------|
| 5/29/03 | Miami-Dade County, Florida, Aviation Revenue Bonds, Series 2003B, C, D and E | \$ 308,600 | \$ 307,100 | \$ 19,825 | \$ 12,742 | \$ 20,963 |

Defeased Debt – Advance Refundings

In prior years, the County defeased certain debt as listed in the table below (in thousands), by placing the proceeds of new bond issues in an irrevocable trust to provide for all future debt service payments of the defeased debt. Such proceeds are invested in direct obligations of the U.S. government, and in the opinion of the County and its Bond Counsel, will provide for all future debt service payments on the defeased debt. Accordingly, the trust account’s assets and the liability for the defeased debt are not included in the accompanying financial statements.

| Type | Series | Date of Defeasance | Call Date | Final Maturity Defeased | Principal Amount Defeased | Principal Outstanding, September 30, 2003 |
|---|--------|--------------------|-----------|-------------------------|---------------------------|---|
| Special Obligation Bonds: | | | | | | |
| Guaranteed Entitlement | A | 12/27/85 | 02/01/08 | 02/01/08 | \$ 65,000 | \$ 21,565 |
| Guaranteed Entitlement | 1990 | 06/06/95 | 02/01/06 | 08/01/14 | 49,749 | 46,197 |
| Sports Franchise Facilities Tax | 1992B | 07/09/98 | 10/01/11 | 10/01/22 | 59,609 | 59,609 |
| Sports Franchise Facilities Tax | 1995 | 07/09/98 | 10/01/30 | 10/01/30 | 30,162 | 30,162 |
| Special Obligation (CDT) | 1996B | 12/18/97 | 10/01/08 | 10/01/33 | 75,120 | 75,120 |
| Special Obligation (Courthouse Center) | 1994 | 12/17/98 | 04/01/04 | 04/01/19 | 19,795 | 19,795 |
| Special Obligation (Courthouse Center) | 1995 | 12/17/98 | 04/01/05 | 04/01/20 | 13,830 | 13,830 |
| Total Special Obligation Bonds Defeased | | | | | <u>\$ 313,265</u> | <u>\$ 266,278</u> |
| Revenue Bonds and Loans: | | | | | | |
| Aviation Department | 1995B | 07/29/98 | 10/01/05 | 10/01/24 | 80,000 | 80,000 |
| Aviation Facilities | 1994C | 05/28/03 | 10/01/04 | 10/01/26 | 130,410 | 130,410 |
| Rickenbacker Causeway | 1983 | 08/29/85 | 10/01/08 | 10/01/08 | 5,225 | 5,225 |
| Seaport | 1979 | 10/25/88 | 04/01/04 | 10/01/09 | 17,265 | 8,520 |
| Total Revenue Bonds and Loans Defeased | | | | | <u>\$ 232,900</u> | <u>\$ 224,155</u> |

MIAMI-DADE COUNTY, FLORIDA

Interest Rate Swap Agreements

As a debt management tool, the County has entered into several swap transactions as listed below.

Water and Sewer

Objective

To obtain a lower fixed rate than what was available in the Bond Market, or to obtain the lower cost of borrowing.

| | Date of Execution | Notional Amount | Termination Date | Associated Bonds | County Payment | Counter-party Payment | Counter-party Credit Rating | Fair Value at 9/30/03 ⁽¹⁾ |
|----------|--------------------------|--|-------------------------|-------------------------|-----------------------|------------------------------|------------------------------------|---|
| 1 | 2/4/94 | \$419,275,000 amortizing in step with the Bonds. | 10/5/22 | W&S Series 94 | Fixed – 5.28% | Variable – Bond Rate | AAA | (\$89,970,262) |

⁽¹⁾ **Fair Value of Swap:** As of September 30, 2003 based on an estimated mark-to-mid-market assessment, the fair market value of the swap was a negative \$89,970,262. The fair value was developed by using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipates future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swap.

Additional 2003, Debt Disclosure: Bonds issued as variable rate and swapped at issuance to fixed rate.

Swap Payments and Associated Debt for Pay - Fixed, Receive – Variable Interest Rate Swap

Using rates as of September 30, service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows ⁽¹⁾.

| Fiscal Year Ending 9/30 | Variable Rate Bonds | | Interest Rate Swap | |
|----------------------------|---------------------|--------------------------------|--|------------------|
| | <u>Principal</u> | <u>Interest ⁽²⁾</u> | <u>Net Payments ^{(3) (4)}</u> | <u>Total</u> |
| 2004 | \$735 | \$4,612 | \$17,526 | \$22,873 |
| 2005 | 780 | 4,604 | 17,495 | 22,879 |
| 2006 | 820 | 4,595 | 17,462 | 22,877 |
| 2007 | 865 | 4,586 | 17,428 | 22,879 |
| 2008 | 915 | 4,577 | 17,392 | 22,884 |
| 2009-2022 | <u>415,160</u> | <u>50,951</u> | <u>193,613</u> | <u>659,724</u> |
| Total | <u>\$419,275</u> | <u>\$73,925</u> | <u>\$280,916</u> | <u>\$774,116</u> |

⁽¹⁾ In thousands.

⁽²⁾ Interest rate on the Bonds is 1.10%.

⁽³⁾ The rate is calculated as the difference between the variable rate paid by the counterparty to the County (1.10%) and the fixed rate paid by County to the counterparty (5.28%) as of September 30, 2003 (1.10% - 5.28% = -4.18%).

⁽⁴⁾ The total net payments of \$280.916 million have a negative fair market value of \$89,970,262.

MIAMI-DADE COUNTY, FLORIDA

| | Execution Date | Notional Amount | Termination Date | Associated Bonds | County Payment | Counter-party Payment | Counter-party Credit Rating | Fair Value at 9/30/03 ⁽¹⁾ |
|----------|-----------------------|---|---|-------------------------|---|------------------------------|------------------------------------|---|
| 2 | 12/15/93 | \$215,000,000 amortizing in step with the Bonds commencing 9/25/15. | 6/15/20 with option to terminate 6/15/08 ⁽²⁾ | W&S Series 95 | Fixed – 4.40% until 6/15/08, then variable to 6/15/20 | Fixed – 5.225% | AA | \$2,752,475 |

(1) **Fair Value of Swap :** At September 30, 2003, based on an estimated mark-to-mid-market assessment, the fair market value of the swap was a positive \$2,752,475. The fair value was developed by using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipates future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swap.

(2) The counterparty has a one day option to terminate the swap on June 15, 2008. If the counterparty exercises their option, they would pay the County 5.225% until June 15, 2008 and then 0.323% until the June 15, 2020. The County would pay the counterparty 4.40% until June 15, 2008.

Additional Disclosure: Bonds issued as fixed rate and swapped a portion to variable initially and swapped back to fixed for a portion of the swap term.

Swap Payments and Associated Debt for Pay - Variable, Receive – Fixed Interest Rate Swap

Using rates as of September 30, 2003, debt service requirements of the fixed-rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows ⁽¹⁾.

| Fiscal Year <u>Ending 9/30</u> | Fixed Rate Bonds | | Interest Rate Swap | |
|-----------------------------------|------------------|--------------------------------|--|------------------|
| | <u>Principal</u> | <u>Interest ⁽²⁾</u> | <u>Net Receipts ^{(3) (4)}</u> | <u>Total</u> |
| 2004 | \$3,305 | \$18,402 | \$1,827 | \$19,880 |
| 2005 | 3,455 | 18,245 | 1,828 | 19,872 |
| 2006 | 3,625 | 18,077 | 1,828 | 19,874 |
| 2007 | 3,795 | 17,871 | 1,827 | 19,839 |
| 2008 | 4,030 | 17,627 | 2,236 | 19,421 |
| 2009-2020 | <u>314,055</u> | <u>243,587</u> | <u>107,070</u> | <u>450,572</u> |
| Total | <u>\$332,265</u> | <u>\$333,809</u> | <u>\$116,616</u> | <u>\$549,458</u> |

(1) In thousands.

(2) Interest rate on the Bonds is the actual fixed rate on the Bonds.

(3) The rate is calculated as the difference between the fixed rate paid by the counterparty to the County (5.225%) and the fixed rate paid by County to the counterparty (4.40%) as of September 30, 2003 ((5.225% - 4.40%) until June 15, 2008 + (5.225% - 1.10%) from June 15, 2008 until the termination of the swap on June 15, 2020 = -4.18%).

(4) The total net receipts of \$116.616 million have a positive fair market value of \$2,752,475.

MIAMI-DADE COUNTY, FLORIDA

| | Execution Date | Notional Amount | Termination Date | Associated Bonds | County Payment | Counter-party Payment | Counter-party Credit Rating | Fair Value at 9/30/03 ⁽¹⁾ |
|----------|-----------------------|--|-------------------------|-------------------------|--|------------------------------|------------------------------------|---|
| 3 | 8/27/98 | \$200,000,000 amortizing in step with the Bonds commencing 9/1/21. | 10/1/26 | W&S Series 97 | Variable BMA plus an Adjustment Factor equal to (BMA divided by 0.604) minus (USD-LIBOR-BBA plus 1.455%) | BMA | AAA ⁽²⁾ | (\$6,495,785) |

- (1) **Fair Value of Swap:** As of September 30, 2003 based on an estimated mark-to-mid-market assessment, the fair market value of the swap was a negative \$6,495,785. The fair value was developed by using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipates future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swap.
- (2) The Counterparty is backed by a “AAA” guarantor. The swap’s rating is based on the rating of the guarantor.

Additional Disclosure Bonds issued as fixed rate and swapped a portion to basis swap. Swap Payments and Associated Debt for Pay Variable, Receive Variable Rate Swap.

Using rates as of September 30, 2003, debt service requirements of the fixed-rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows ⁽¹⁾. As rates vary, fixed-rate bond interest payments remain the same and net swap payments may vary.

| <u>Fiscal Year Ending 9/30</u> | <u>Fixed Rate Bonds</u> | | <u>Interest Rate Swap</u> | <u>Total</u> |
|--------------------------------|-------------------------|--------------------------------|--|------------------|
| | <u>Principal</u> | <u>Interest ⁽²⁾</u> | <u>Net Receipts ^{(3) (4)}</u> | |
| 2004 | \$7,110 | \$21,660 | \$2,422 | \$26,348 |
| 2005 | 7,435 | 21,322 | 2,422 | 26,335 |
| 2006 | 7,785 | 20,903 | 2,422 | 26,266 |
| 2007 | 8,275 | 20,402 | 2,422 | 26,255 |
| 2008 | 8,790 | 19,868 | 2,422 | 26,236 |
| 2009-2026 | <u>372,475</u> | <u>247,294</u> | <u>42,742</u> | <u>577,027</u> |
| Total | <u>\$411,870</u> | <u>\$351,449</u> | <u>\$54,852</u> | <u>\$708,467</u> |

- (1) In thousands.
- (2) Interest rate on the Bonds is the actual fixed rate on the Bonds.
- (3) The rate is calculated as the difference between the taxable variable rate paid by the Counterparty to the County (1.11375% + 1.455% = 2.56875%) and the tax-exempt variable rate paid by County to the Counterparty (.82006%/0.604 = 1.35772%) as of September 30, 2003 ((2.56875% - 1.35772%).
- (4) The total net receipts of \$54.852 million have a negative fair market value of \$6,495,785.

MIAMI-DADE COUNTY, FLORIDA

Special Obligation Bonds (Convention Development Tax)

Objective

To lower the County's overall cost of borrowing.

| | Execution Date | Notional Amount | Termination Date | Associated Bonds | County Payment | Counter-party Payment | Counter-party Credit Rating | Fair Value at 9/30/03 ⁽¹⁾ |
|----------|-----------------------|--|-------------------------|---|-----------------------|-----------------------------------|------------------------------------|---|
| 1 | 5/12/00 | \$90,161,557 amortizing in step with the Bonds commencing 10/1/00. | 10/1/22 | SOB Series 1996B (Convention Development Tax) | BMA divided by 0.604 | Libor plus a constant of 1.65343% | AAA ⁽²⁾ | (\$1,207,289) |

- ⁽¹⁾ **Fair Value of Swap:** As of September 30, 2003 based on an estimated mark-to-mid-market assessment, the fair market value of the swap was a negative \$1,207,289. The fair value was developed by using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipates future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swap.
- ⁽²⁾ The Counterparty is backed by a "AAA" guarantor. The swap's rating is based on the rating of the guarantor.

Additional Disclosure Bonds issued as fixed rate and swapped a portion to basis swap. Swap Payments and Associated Debt for Pay Variable, Receive Variable Rate Swap.

Using rates as of September 30, 2003, debt service requirements of the fixed-rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows ⁽¹⁾. As rates vary, fixed-rate bond interest payments remain the same and net swap payments may vary.

| Fiscal Year <u>Ending 9/30</u> | Fixed Rate Bonds | | Interest Rate Swap | |
|-----------------------------------|------------------|--------------------------------|---------------------------------------|------------------|
| | <u>Principal</u> | <u>Interest ⁽²⁾</u> | <u>Net Receipts ⁽³⁾⁽⁴⁾</u> | <u>Total</u> |
| 2004 | \$3,550 | \$4,376 | \$1,092 | \$6,834 |
| 2005 | | 3,096 | 1,049 | 2,047 |
| 2006 | 2,710 | 4,536 | 1,049 | 6,197 |
| 2007 | 3,123 | 5,062 | 1,016 | 7,169 |
| 2008 | 3,765 | 5,871 | 978 | 8,657 |
| 2009-2022 | <u>77,014</u> | <u>101,599</u> | <u>11,100</u> | <u>167,514</u> |
| Total | <u>\$90,162</u> | <u>\$124,540</u> | <u>\$16,284</u> | <u>\$198,418</u> |

- ⁽¹⁾ In thousands.
- ⁽²⁾ Interest rate on the Bonds is the actual fixed rate on the Bonds.
- ⁽³⁾ The rate is calculated as the difference between the taxable variable rate paid by the Counterparty to the County (1.11375% + 1.455% = 2.56875%) and the tax-exempt variable rate paid by County to the Counterparty (.82006%/0.604 = 1.35772%) as of September 30, 2003 ((2.56875% - 1.35772%).
- ⁽⁴⁾ The total net receipts of \$16.284 million have a negative fair market value of \$1,207,289.

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| | Execution Date | Notional Amount | Termination Date | Associated Bonds | County Payment | Counter-party Payment | Counter-party Credit Rating | Fair Value at 9/30/03 ⁽¹⁾ |
|----------|-----------------------|---|-------------------------|--|-----------------------|-----------------------------------|------------------------------------|---|
| 2 | 5/12/00 | \$276,618,573 amortizing in step with the Bonds commencing 10/1/00. | 10/1/22 | Subordinate SOB Series 1996A, B & C (Convention Development Tax) | BMA divided by 0.604 | Libor plus a constant of 1.65343% | AAA ⁽²⁾ | (\$2,960,314) |

- (1) **Fair Value of Swap:** As of September 30, 2003 based on an estimated mark-to-market assessment, the fair market value of the swap was a negative \$2,960,314. The fair value was developed by using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipates future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swap.
- (2) The Counterparty is backed by a "AAA" guarantor. The swap's rating is based on the rating of the guarantor.

Additional Disclosure Bonds issued as fixed rate and swapped a portion to basis swap. Swap Payments and Associated Debt for Pay Variable, Receive Variable Rate Swap.

Using rates as of September 30, 2003, debt service requirements of the fixed-rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows ⁽¹⁾. As rates vary, fixed-rate bond interest payments remain the same and net swap payments may vary.

| Fiscal Year Ending 9/30 | Fixed Rate Bonds | | Interest Rate Swap | |
|----------------------------|------------------|-------------------------|--------------------------------|--------------------|
| | Principal | Interest ⁽²⁾ | Net Receipts ⁽³⁾⁽⁴⁾ | Total |
| 2004 | \$1,977 | \$6,431 | \$3,374 | \$5,034 |
| 2005 | 527 | 6,036 | 3,350 | 3,213 |
| 2006 | 451 | 6,042 | 3,344 | 3,149 |
| 2007 | 343 | 6,020 | 3,338 | 3,025 |
| 2008 | | 5,843 | 3,334 | 2,509 |
| 2009-2022 | <u>275,298</u> | <u>760,068</u> | <u>43,780</u> | <u>991,586</u> |
| Total | <u>\$278,596</u> | <u>\$790,440</u> | <u>\$60,520</u> | <u>\$1,008,516</u> |

- (1) In thousands.
- (2) Interest rate on the Bonds is the actual fixed rate on the Bonds.
- (3) The rate is calculated as the difference between the taxable variable rate paid by the Counterparty to the County (1.11375% + 1.455% = 2.56875%) and the tax-exempt variable rate paid by County to the Counterparty (.82006%/0.604 = 1.35772%) as of September 30, 2003 ((2.56875% - 1.35772%).
- (4) The total net receipts of \$60.52 million have a negative fair market value of \$2,960,314.

MIAMI-DADE COUNTY, FLORIDA

Risk Disclosure:

Credit Risk

Because all of the County's Swaps rely upon the performance of the third parties who serve as swap counterparties, the County is exposed to credit risk, or the risk that a swap counterparty fails to perform according to its contractual obligations. The appropriate measurement of this risk at the reporting date is the fair value of the swaps, as shown in the columns labeled Fair Value in the tables above. All Fair Values have been calculated using the Mark to Mid-Market Method. To mitigate credit risk, the County maintains strict credit standards for swap counterparties. All swap counterparties for longer term swaps are rated in the double-A category by both Moody's and Standard & Poor's. To further mitigate credit risk, the County's swap documents require counterparties to post collateral for the County's benefit if they are downgraded below a designated threshold.

Basis Risk

Many of the County's swaps expose the County to basis risk. Should the relationship between the variable rate the County receives on the swap fall short of the variable rate on the associated bonds, the expected savings may not be realized. As of September 30, 2003, the BMA rate was 1.10%.

Tax Risk

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

Termination Risk

The County's swap agreements do not contain any out-of-the-ordinary termination events that would expose it to significant termination risk. In keeping with market standards the County or the counterparty may terminate each swap if the other party fails to perform under the terms of the contract. In addition, the swap documents allow either party to terminate in the event of a significant loss of creditworthiness. The County views such events to be remote at this time. If at the time of the termination a swap has a negative value, the County would be liable to the counterparty for a payment equal to the fair value of such swap unless the counterparty is the defaulting party.

Rollover Risk

With the exception of the swaps on the Water and Sewer System Bonds, Series 1995, the Special Obligation Bonds and the Subordinate Special Obligation Bonds, the County is not exposed to rollover risk. Because the swaps for the Water and Sewer System Bonds, Series 1995, the Special Obligation Bonds and the Subordinate Special Obligation Bonds terminate prior to the maturity of such bonds, the County is exposed to rollover risk. Upon the termination of the swap, the County will no longer realize the synthetic rate on the bonds and will be exposed to full fixed rate on the underlying bonds if no new hedge is put in place.

MIAMI-DADE COUNTY, FLORIDA

Debt Authorized, but Unissued

As of September 30, 2003, the County has authorized but not issued the following:

- a) \$1,280,000 of general obligation bonds for general public improvements;
- b) \$25,655,000 of general obligation refunding bonds to advance refund all or portion of certain criminal justice general obligation bonds;
- c) \$705,000 Causeway Revenue Bonds;
- d) \$34,020,000 of Guaranteed Entitlement Refunding Revenue Bonds;
- e) \$247,500,000 of general obligation bonds for capital improvements for County airports to be paid by Aviation net revenues, if issued;
- f) \$35,700,000 Equipment Floating/Fixed Rate Special Obligation Bonds;
- g) \$131,474,000 of general obligation bonds for capital improvements to the County's water and sewer system, to be paid by Water and Sewer net revenues, if issued;
- h) \$8,026,000 Professional Sports Franchise Facilities Tax Revenue Bonds;
- i) \$1,584,600,000 Aviation Revenue Bonds for improvements to airport facilities (the "1996 Authorization");
- j) \$500,000,000 Aviation Revenue Bonds for improvements to airport facilities (the "1997 Authorization");
- k) \$215,147,099 Aviation Bond Anticipation Notes to pay costs for improvements to airport facilities;
- l) \$730,000 Seaport Revenue Bonds to pay the cost of capital improvements to certain Seaport Department passenger terminal facilities;
- m) \$84,285,000 Water and Sewer System Revenue Bonds to finance the cost of capital improvements to the water and sewer systems of the County;
- n) \$50,000,000 Solid Waste System Bond Anticipation Notes to pay the costs of improvements to, and new capital project for, the Solid Waste System of the County;
- o) \$49,605,000 Solid Waste System Revenue Bonds to pay the outstanding Solid Waste System Bond Anticipation Notes and any additional improvements to, and new capital project for, the Solid Waste System of the County;
- p) \$58,530,000 General Obligation Bonds to provide funds for parks programs for regional parks, beaches, unincorporated areas and grants to municipalities;
- q) \$7,360,000 Public Service Tax Revenue Bonds to finance part of the cost of the Quality Neighborhoods Initiative Program;
- r) \$3,420,000 Stormwater Utility Revenue Bonds to finance part of the cost of the Quality Neighborhoods Initiative Program;

(continued)

MIAMI-DADE COUNTY, FLORIDA

Debt Authorized, but Unissued (continued)

- s) \$18,880,000 Capital Acquisition Special Obligation Bonds;
- t) \$4,725,000 Public Service Tax Revenue Bonds to finance part of the cost of the Quality Neighborhoods Initiative Program;
- u) \$29,545,000 Special Obligation Bonds (Juvenile Courthouse Project) to fund the acquisition, construction and equipping of the Juvenile Courthouse Project;
- v) \$6,000,000 Special Obligation Bonds (Correction Facility Project) to fund a portion of the cost of acquisition, construction and equipping of a new holding facility; and
- w) \$275,000,000 Water & Sewer Refunding Bonds to refund a portion of the Water & Sewer System Revenue Refunding Bonds, Series 1993.

MIAMI-DADE COUNTY, FLORIDA

Note 9 - Pension Plan

The County participates in the Florida Retirement System (the "System"), a cost-sharing, multiple-employer, public employee retirement plan, which covers substantially all of its full-time and part-time employees. The System was created in 1970 by consolidating several employee retirement systems. All eligible employees as defined by the State 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 six years of service.

The System is a defined benefit plan, qualified under section 401(a) of the Internal Revenue Code, with defined contribution options. Under the defined benefit option, employees who retire at or after age 62, with six years of credited service (vesting period), 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.

The Florida Legislature created a new defined contribution program that was added to the menu of choices available to FRS members beginning in June 2002. Formally created as the Public Employee Optional Retirement Program (PEORP), the FRS Investment Plan is available as an option for all current and future FRS members, including renewed members (FRS retirees who have returned to FRS employment). The FRS Investment Plan is a defined contribution plan where the contribution amount is fixed by a set percentage determined by law and the contribution is made to an individual account in each participant's name. With a defined contribution plan, in which the monthly contribution rate is fixed, the final benefit will be the total account value (contributions plus investment earnings less expenses and losses) distributed during retirement.

**Summary of Florida Retirement System ("FRS") Contributions,
Covered Payroll and Percentage of Covered Payroll
(in thousands)**

| | 2003 | 2002 | 2001 |
|----------------------|-------------|-------------|-------------|
| Covered Payroll | \$1,807,153 | \$1,747,000 | \$1,587,000 |
| Contributions | 156,684 | 170,000 | 176,000 |
| % of Covered Payroll | 8.7% | 9.7% | 11.1% |

Pension costs for the County, as required and defined by State Statute, ranged from 7.39% to 18.53% of gross salaries for fiscal year 2003. For the fiscal years ended September 30, 2003, 2002 and 2001, the County contributed 100% of the required contributions.

A copy of the System's June 30, 2003 annual report can be obtained by writing to the Division of Retirement, Cedars Executive Center, 2639 - C North Monroe Street, Tallahassee, FL 32399-1560 or by calling (850) 488-5706.

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Note 10 - Contingencies and Commitments

Environmental Matters

In August 1993, the Miami-Dade County Aviation Department (“MDAD” or “Aviation Department”) and the Dade County Department of Environmental Resources Management (“DERM”) entered into a Consent Order. Under the Consent Order, the Aviation Department was required to correct environmental violations resulting from various tenants’ failure to comply with their environmental obligations at the Airport including those facilities previously occupied by Eastern Airlines and Pan Am Airlines. In addition, the Aviation Department had a preliminary study performed by an independent engineering firm to estimate the cost to correct the environmental violations noted in the Consent Order. This study was used as a basis to record the environmental remediation as of September 30, 1993. In each subsequent year, the Aviation Department has received an updated study performed by MACTEC Engineering and Consulting, f/k/a LAW Engineering and Environmental Services, Inc. (LAW), an independent engineering firm to further update the estimated costs to correct the environmental violations noted in the Consent Order based on additional information and further refinement of estimated costs to be incurred

For 2003, the Aviation Department requested that MACTEC issue a comfort letter in lieu of the Final Opinion of Cost 2003, while the Department awaits final approval from the regulatory agencies for the Feasibility Study for the West Side of Miami International Airport. MACTEC initiated preparation of the Opinion of Cost 2003 by reviewing the 2003 expenditures and interviewing MDAD personnel. Based on their review and interviews, it is their opinion that the projected environmental costs at MIA have not changed substantially since the Opinion of Cost was issued in 2002. The Final Opinion of Cost 2003 will be issued upon the final approval of the study and will incorporate the proposed changes from the regulatory agencies.

As a result of the updated study and costs incurred in fiscal year 2002, the estimated range of the costs to correct such violations at September 30, 2002 was from \$173 million to \$404 million. The wide range of cost estimates for cleanup is due largely to uncertainties as to the nature and extent of environmental reparations and the methods which must be employed for the remediation. Such amounts are expected to be paid by the Aviation Department over 13 years. Management believes that no specific amount in the range represents a better estimate of the ultimate liability. As a result, the Aviation Department recorded a liability of \$173 million at September 30, 2003 and will be adjusting the amount of the liability upon the issuance of the Final Opinion of Cost 2003. Management has allocated a portion of bond proceeds to fund this obligation and believes that the remaining amount can be funded from the operations of the Aviation Department.

During fiscal year 1998, a new Consent Order (“FDEP Consent Order”) was signed with the State of Florida Department of Environmental Protection (“FDEP”). The new FDEP Consent Order encompasses and replaces the DERM agreement and includes additional locations. The FDEP Consent Order includes all locations at the Miami International Airport (MIA) that are contaminated, as well as additional sites where contamination is suspected. The Aviation Department included other sites where contamination is suspected in the FDEP Consent Order under a “Protective Filing”. If contamination is documented at these sites, the State would be required to incur the costs of remediation after the first \$200,000 of costs incurred by MDAD. (See discussion of the second State program below). Because the State will be required to pay for remediation of sites filled in the Protective Filing and because the contamination at the sites are unknown, these sites appear in the Opinion of Cost report with no dollar amounts.

In February 1999, the Aviation Department settled its Inland Protection Trust Fund (“IPTF”) case with FDEP concerning the cleanup of the sites formerly occupied by Eastern Airlines that are petroleum contaminated and are eligible for reimbursement. The settlement allocates \$1.7 million per year for a period of five years to clean up those sites that impact the current Capital Improvement Program. The Aviation Department has also applied for \$40 million of reimbursable costs from the State IPTF for eligible petroleum cleanup costs. As of September 30, 2003, the Aviation Department has received approximately \$33 million in reimbursements, which are being audited by the State. The Aviation Department has submitted additional supporting documentation to the State in appealing denials and requesting variances toward an additional \$11 million.

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A large portion of the land at the Airport is a former military base that was originally proposed to be included on the National Priorities List. This site is now part of the Defense Environmental Restoration Project - Formerly Used Defense Sites (“DERP – FUDS”) program. Currently, the County has several pending lawsuits in State and Federal Court against the U.S., PRPs, and insurers to address recovery of past and future damages associated with this site, under Federal, State and Local environmental laws.

The Aviation Department will also incur remediation costs to meet clean soil requirements as a result of future development. Such amounts are not considered an expense until such time when the Aviation Department commits to future development. It is estimated that these remediation activities will be in excess of \$38 million over the next 8 years.

The liability recorded by the Aviation Department does not include an estimate of any environmental violations at the three general aviation airports or at the two training airports.

In addition to the studies conducted to determine the environmental damage to the sites occupied by Eastern and Pan Am, the Aviation Department caused studies to be performed to determine the amount required to remove or otherwise contain the asbestos in certain buildings occupied by the airlines. The Aviation Department has also estimated the amount required to remove or otherwise contain the asbestos in buildings other than those occupied by Eastern and Pan Am. The studies estimate the cost to correct such damage related to all buildings to be approximately \$4.5 million. Such amounts do not represent a liability of the Aviation Department until such time as a decision is made by the Aviation Department management to make certain modifications to the buildings, which would require the Aviation Department to correct such matters.

Settlement Agreement

In 1993, the County entered into a settlement agreement with the Florida Department of Environmental Protection (“FDEP”) resulting in very limited restrictions on new sewer construction in certain areas of the County until adequate capacity becomes available in the wastewater system. Subsequently, in 1994 and 1995, two consent decrees were entered into with the U.S. Environmental Protection Agency (“EPA”) whereby the County accelerated its improvement program of the wastewater system, subject to a schedule of stipulated penalties if certain established completion dates are not met.

In December 1997, an Administrative Order on Consent (“AOC”) with the EPA became effective, which addressed alleged violations of federal and state law regarding underground injection of treated wastewater. On April 16, 2002, the EPA notified the County that it was terminating the existing AOC effective August 1, 2002, based on the EPA’s determination that the purpose of the decree had been fulfilled. The EPA further directed the County to negotiate a new consent order with the FDEP to address the continued use of the injection wells.

The County negotiated a new consent order with the FDEP and on July 22, 2003, the Board of County Commissioners approved the draft consent order. It is anticipated that the new consent order will become effective at the end of February 2004. The new consent order requires the County to conduct hydrogeologic studies to determine the cause of any movement of fluid containing contaminants into the Upper Floridian aquifer, a portion of which is an underground source of drinking water. The consent order will require the County to expend approximately \$200 million related to the construction of treatment upgrades in the near future.

Tonnage Guarantee: Conduit Debt

Montenay-Dade, Ltd. (the “Company”) operates a resource recovery facility (the “Facility”) for the County, pursuant to the Third Amended and Restated Operations and Maintenance Agreement (the “Amended Agreement”) that expires on October 31, 2013. Solid waste is delivered to the Facility from the County’s transfer stations, and directly from municipal customers and private haulers. The garbage and trash are processed into refuse-derived fuel and then burned in four boilers that produce steam to turn two turbine generators.

MIAMI-DADE COUNTY, FLORIDA

Payments made to the Company under the Amended Agreement are primarily for tipping fees on the waste processed through the facility, subject to certain delivery and processing guarantees. The Company is also paid a share of the revenues from the sale of electricity generated by the plant and purchased by Florida Power Corporation, under a power purchase agreement. Accordingly, these payments are treated as an operations and maintenance expense.

In order to finance ongoing plant enhancements over the years, the County issued various prior debt instruments on behalf of the Company, which were refunded from the proceeds of the \$182.7 million Dade County, Florida Resource Recovery Facility Refunding Revenue Bonds issued in 1996 (the "Series 1996 Bonds").

The County's obligation for the Series 1996 Bonds is limited to stipulations in the Amended Agreement, which guarantee a minimum amount of annual tipping fees. The Series 1996 Bonds are payable solely from and secured only by an irrevocable pledge of a lien on the Trust Estate created pursuant to the Trust Indenture. The County has not pledged any revenues or property (including the Facility) as security for the Series 1996 Bonds. The Series 1996 Bonds are conduit debt obligations and are, therefore, not reflected in the accompanying financial statements. The principal balance of the bonds outstanding at September 30, 2003 is \$107.9 million.

The Bond proceeds were loaned to the Company pursuant to a September 1, 1996 Loan Agreement. This Loan Agreement requires the Company to assign all tipping fees and other operating revenues directly to the Trust Estate in an amount that, at a minimum, will equal the debt service requirements on the Series 1996 Bonds.

The County has guaranteed to deliver, for processing at the Facility, 936,000 tons per year of on-site waste unless garbage is unavailable for delivery due to circumstances beyond the County's control. In that event, the County has guaranteed to deliver not less than 702,000 tons per year of on-site waste and at least 270,000 tons per year in recyclable trash. If the County fails to meet these guarantees, the County will be required to pay the agreed tipping fees as if it had in fact delivered the guaranteed tonnage. As of September 30, 2003 the County was in compliance with the tonnage guarantees.

In addition to the tonnage guarantees, the County has also covenanted to establish rates at a level that will provide receipts in an amount sufficient to meet its obligation for minimum tipping fees under the Amended Agreement. In the event such receipts are insufficient, the County has covenanted that for so long as the Series 1996 Bonds are outstanding, it will appropriate in its annual budget, to the extent permitted, available non-ad valorem revenues in an amount sufficient to meet its obligation for minimum tipping fees. This appropriation must be in accordance with the budgetary procedures provided by the laws of the State of Florida.

For fiscal year 2003, the County paid \$51.6 million in tipping fees to the Company. The rates charged for tipping fees as of September 30, 2003 were \$30.30 per ton for on-site waste processing other than tires, and \$67.94 per ton for shredded tires. These rates are adjusted annually for the consumer price index. The tipping fee for RTI processed tons was \$26.05 per ton. Fuel and other by-products not returned to County facilities from RTI received a credit of \$1.57 per ton as a recycle credit fee. In addition, the County also paid a Capital Improvements Project tipping fee of \$2.67 per ton.

Concurrent with the issuance of the Series 1996 Bonds, the County entered into an interest rate swap agreement for purposes of converting the fixed interest payments on the Series 1996 Bonds into variable rate payments. Based on this agreement, which is also part of the Trust Estate, the Trustee pays amounts based on interest calculated at a variable rate to the counterparty to the swap, while the counterparty pays to the Trustee amounts based on interest at a fixed rate. The agreement by the counterparty to make payments to the County under the swap agreement does not affect the County's obligation under the Trust Indenture to pay the principal of and interest on the Series 1996 Bonds. Should interest rates increase significantly, the County could be exposed to increased payment obligations through increased tipping fees.

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On October 23, 1997, the County entered into a second swap agreement to take advantage of the interest rate savings between the variable taxable and tax-exempt rates. This Agreement provides for the Trustee to pay interest at BMA/.604 of the outstanding notional amount of \$140.2 million to the counterparty in the swap with such notional amount to be reduced each October 1, commencing on October 1, 1998 as set forth in the schedules attached to the confirmation. The counterparty, in turn, pays the Trustee interest at a *taxable* variable rate of LIBOR + constant. The swap terminates on October 1, 2013. Termination may result in the Trustee making or receiving a termination payment.

In the event of termination of the operator, the County must find a successor operator. This operator will be required to assume the Company's obligations under the Amended Agreement and Trust Indenture, or pay the Trustee an amount equal to the higher of (1) the unamortized capital cost or (2) the minimum tipping fee amounts due under Section 7.1.9 of the Amended Agreement. The aggregate amounts of estimated tipping fees to be paid under the Amended Agreement for future fiscal years are as follows (in thousands):

| <u>Fiscal Year</u> | |
|--------------------|-------------------|
| 2004 | \$ 52,460 |
| 2005 | 52,234 |
| 2006 | 52,005 |
| 2007 | 51,723 |
| 2008 | 51,484 |
| Thereafter | <u>253,727</u> |
| Total | <u>\$ 513,633</u> |

The above amounts represent the County's share, net of the Company's contract obligations and the effect of the fixed to variable rate swap arrangements generating positive cash flows. The amounts are based on 936,000 tons of on-site waste plus 270,000 tons of RTI processed in 2003 and annually thereafter. The amounts were computed using rates effective October 1, 2003.

Disposal Contracts

The County, as part of its Strategic Plan, entered into long-term waste disposal contracts with two private regional disposal facility providers, Waste Management of Florida, Inc. ("Waste Management") and Wheelabrator South Broward, Inc. ("Wheelabrator").

The Waste Management contract is effective until September 30, 2015, with two additional five-year renewal options. Under the terms of the contract, the County must deliver, or direct to be delivered, a minimum of 100,000 tons per year to a landfill located in the Town of Medley, Florida. The County may dispose of a combined total of up to 500,000 tons per year at that site or the Central Sanitary Landfill located in Pompano Beach, Florida. This contract fixed the disposal fees at \$24.50 per ton until October 1, 1999, and provided for annual adjustments thereafter based on increases in the consumer price index ("CPI"). The disposal fee paid by the County for the first 100,000 tons for fiscal 2003 was \$26.50 per ton. As of September 30, 2003, the County was in compliance with this contract.

The Wheelabrator contract term was for one year with six annual renewal options and a mutual renewal option for an additional three years. During fiscal year 2003, the Department exercised its option not to renew the contract. Under the contract the disposal fees paid by the County were fixed at \$26.50 per ton until January 1, 1999. Disposal fees were adjusted at that date for increases in the consumer price index (CPI) and were adjusted annually thereafter. The disposal fee paid by the County for fiscal 2003 was \$28.79 per ton.

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Closure and Postclosure Care Costs

Current laws and regulations require the County to place final covers on landfill cells as they are closed and perform certain maintenance and monitoring functions at the landfill cell sites for thirty years after closure. These laws and regulations also require the County, on an annual basis, to disclose the extent of its financial responsibility for the costs involved, which are referred to as “closure and postclosure care” costs. The County was in compliance with these requirements as of September 30, 2003.

At September 30, 2003, the County’s total liability for landfill closure and postclosure care costs was approximately \$82.6 million. Of this amount, \$51.5 million relates to active landfills and approximately \$31.1 million relates to inactive landfills.

The County accounts for and discloses closure and postclosure care costs in accordance with GASB Statement No. 18 *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs* (the “Statement”). The Statement requires, among other matters: (1) that the liability for closure and postclosure care costs be estimated based on applicable federal, state or local regulations that were in existence as of the balance sheet date, (2) that the cost estimates be reevaluated and adjusted on an annual basis for changes due to inflation or deflation, or for changes due to advancements in technology, (3) that a portion of these estimated closure and postclosure costs be recognized in each operating period that the landfill is active, based on the amount of waste received during the period, even though the majority of the costs will not be disbursed until the landfill cells are closed, and (4) that changes in the estimated costs for closure and postclosure care which occur after the landfill stops accepting waste are recognized entirely in the period of the change.

Expenses for closure and postclosure care are funded from bond proceeds, of which the principal and interest are subsequently repaid from Utility Service Fees assessed on all countywide water and wastewater users, in accordance with Chapter 24 of the Dade County Code (the “Code”). Under the Code, funds collected from this fee can be used for solid waste landfill closure and postclosure care costs that are the financial responsibility of the County, for environmental remediation at landfill sites, and for land acquired to protect groundwater.

Active Landfills - Active landfills consist of the North Dade Landfill, the South Dade Landfill, and the Resources Recovery Ashfill.

The liability balance of \$51.5 million as of September 30, 2003, represents a decrease of approximately \$3.8 million when compared to the preceding year. This decrease resulted from the combined effects of (1) a net amortization credit of approximately \$500,000 in the current period adjusting the recorded liability to the amount required to be recognized based on the current estimates for closure and postclosure care costs and the use of approximately 77.8% of the existing landfill capacity, and (2) reductions of approximately \$3.3 million for amounts paid or due to vendors actually performing closure or postclosure work during the current period on closed “cells” of active landfills.

Unrecognized costs of approximately \$30.5 million as of September 30, 2003 will be amortized on a current basis as the existing estimated capacity of approximately 7.0 million tons at September 30, 2003 is used. This estimated capacity is expected to last until 2011 based on current waste flows.

Inactive Landfills - Inactive landfills consist of the Main Landfill at 58th Street, the Ojus Landfill, and the old South Dade Landfill.

The liability balance of the inactive landfills as of September 30, 2003 is approximately \$ 31.1 million. When compared to the preceding year, the liability balance remained the same reflecting the offsetting effects of (1) a net expense of approximately \$800,000, and (2) reductions of approximately \$800,000 for amounts paid or due to vendors actually performing closure and postclosure work during the current period.

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Construction Commitments

Contracts and commitments relating to the Metrorail project and other transportation construction projects approximated \$7.0 million at September 30, 2003. Funding for approximately 90% of the 2003 commitment is anticipated to be provided by federal and state sources. The remainder will be funded by local sources.

As of September 30, 2003, Water and Sewer, Public Health Trust, Aviation, and Solid Waste Enterprise Funds had major construction commitments totaling \$54.1 million, \$137.5 million, \$1.9 billion and \$1.9 million, respectively.

The Reserve for Encumbrances at September 30, 2003, for the Capital Project Funds reflect construction commitments entered into by the County.

The following table sets forth these commitments by program classification (in thousands):

| | | |
|---|----|----------------|
| Street and Safety Improvements | \$ | 50,115 |
| Recreational Facilities and Cultural Improvements | | 161,416 |
| Public Safety Facilities | | 5,637 |
| Judicial and Correctional Facilities | | 921 |
| Physical Environment | | 10,943 |
| General Governmental Facilities | | 9,819 |
| Total | \$ | <u>238,851</u> |

Gantry Cranes Operating Agreement

The Seaport's gantry crane operation had been maintained by a private company (the "Operating Company") under a restated and amended operating agreement dated November 1, 1988. During 1997, certain activities of the Operating Company came under investigation by local, state and federal authorities to determine whether user fees belonging to the County were spent by the Operating Company for improper or illegal purposes. In addition, County investigation indicates that shipping companies may not have been billed or were underbilled for gantry crane services. This contract was terminated by the County on May 19, 1998.

During the term of the Restated and Amended Agreement, the County received approximately \$3.9 million (cumulatively) from the Operating Company for user fees in excess of the amounts retained. In addition, the County believes the Operating Company has an obligation to repay certain operating advances and ground lease rentals of approximately \$11.5 million that carried forward from the previous agreement, plus accrued interest thereon. This obligation has not been reflected in the accompanying financial statements. Such balances accrue simple interest at an annual rate of 7.8% and are reduced by excess usage fees paid by the Operating Company. The Seaport has received approximately \$500,000 (cumulatively) from the Operating Company for excess usage fees. The County believes that the collection of any amounts owed by the Operating Company pursuant to the Agreement is doubtful due to the negative net worth of the Operating Company.

The County has filed a claim against the Operating Company for breach of contract, breach of fiduciary duty, civil theft, and declaratory relief, among others. The County believes it has a claim against the Operating Company for recovery of improper expenditures. The full amount has not been determined. The County has concluded at this time that it is not possible to determine the amount, if any, that may be collectible from the Operating Company, if it is determined that amounts were spent improperly; therefore, no amounts have been recorded in the accompanying financial statements.

The Operating Company has filed a counterclaim against the County alleging that Seaport officials required them to pay for expenses that were not related to gantry crane activities; therefore, creating deficits that could have been used to reduce amounts owed to the Seaport. The outcome of these matters cannot presently be determined.

On May 19, 1998, pursuant to Resolutions R-456-98 and R-514-98, the County terminated the Agreement with the Operating Company and entered into an Interim Gantry Crane Management Agreement (the "Interim Agreement") with a company (the "Interim Operator") to take over the maintenance of the gantry cranes. On June 6, 1999, the

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Board of County Commissioners adopted Resolution R-671-99 adopting in principle the Crane Maintenance Company Business Plan proposed by the Seaport and recommended by the County Manager. This plan provided for the creation of a not-for-profit company, Port of Miami Crane Management, Inc. ("Crane Management"), to replace the Interim Operator. Crane Management is responsible to a board of directors appointed by the Board of County Commissioners, the County Manager, the Port Director, and Port users. Crane Management became fully operational in October 2002 after the Interim Agreement was terminated in September 2002. Container crane user revenues for fiscal year 2003 totaled \$9.3 million.

Dredging Project

The Seaport Department entered into a contract in 1994 with a dredging company for the dredging of the Port of Miami's south channel. The total cost of the project, including two approved change orders, was approximately \$40.5 million. The performance of the contractual obligation was backed by a performance bond. In January 1997, the dredging company filed for Chapter 11 bankruptcy protection and shortly thereafter demobilized its equipment and abandoned the project. In March 1998, the dredging company rejected the contract and prompted the County to make formal demand on the performance bond company ("bond company"). When the bond company neither tendered the amount of the bond to the County, nor promptly started the project, the County filed suit against the bond company.

Also, during fiscal year 1998, the County discovered that the dredging company had billed the County approximately \$29.3 million. However, they had only completed \$19.4 million worth of dredging project, therefore over-billing the Seaport for approximately \$9.9 million. The Seaport has recorded the amount of the overpayment as a construction advance.

During 1999, the bond company brought in a replacement contractor to complete the unfinished work. The replacement contractor abandoned the project leaving a significant amount of dredging work pending. This matter is currently under litigation. The County has sought to recover the overpayment made by filing a proof of claim in the dredging company's bankruptcy proceeding, as well as initiate a civil suit against the bond company. The bond company in turn has filed a counterclaim against the County, seeking approximately \$29 million in alleged damages. Additional portions of the project have been completed, thereby reducing the estimated advance to approximately \$8.9 million. The Seaport is currently holding approximately \$2 million in retainage and has reported a loss reserve of approximately \$7 million.

Building Lease/Terminal Usage Agreements

The Seaport entered into an office building lease agreement (the "Agreement") with one of its cruise line customers (the "Lessee") to finance and construct an office building and related improvements (the "Building") at the Seaport. The Building was to be occupied and used by the Lessee. The Seaport would assume any financing, up to a maximum of \$16.6 million, enter into an agreement for the Lessee to finance the construction of the Building and would possess fee simple title to the Building. Under terms of the Agreement, the Lessee was to pay base rent of an amount per year equal to the debt service payments on the financing assumed by the Seaport. The financing is subject to the approval of the County.

The construction of the Building has been completed; however, the Seaport and the Lessee are currently in dispute over certain terms and conditions of the Agreement. As a result, the Seaport has neither assumed any financing which may have been entered into by the Lessee to finance the construction of the Building nor possesses fee simple title to the Building. Until the Seaport obtains title to the building and assumes any debt and any other uncertainties regarding the contract are resolved, the County does not plan to include such asset and related liability, if any, in its financial statements to reflect the effects of the items described herein.

During fiscal years 1998 and 1999, the County approved various resolutions authorizing the County Manager to execute terminal usage agreements with two major cruise lines (the "Lines") and a terminal operating agreement with one of the cargo terminal operators. These agreements provide certain wharfage and dockage incentive discounts from the published Tariff in return for annual revenue guarantees and preferential berthing arrangements at certain terminal facilities. The cargo terminal operator agreement also provides for container yard improvements and reduced reefer rates.

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The terminal usage agreements are 15 year contracts with five-year renewal options wherein each line guarantees to pay minimum annual revenues of not less than \$6.5 million in the first year and increasing annually thereafter during the initial term of the agreements. The lines receive incentive discounts ranging from 27% to a maximum of 33% from the published wharfage and dockage rates. Annual dockage and wharfage increases are capped, with only one increase per annum.

Interlocal Agreement

The County entered into an interlocal agreement (the "Interlocal Agreement") with the City of Miami Beach, Florida (the "City") in 1996 regarding the use and disposition of the two-thirds (2/3) portion of the Convention Development Tax (the "Tax"). The Tax is imposed by the County, pursuant to Section 212.0305(4)(b) of the Florida Statutes, on the leasing or letting of transient rental accommodations. Prior to this agreement, the Tax proceeds were collected by the County and remitted to the City of Miami Beach as security for the payment of debt service on any bonds secured by the Tax. The Interlocal Agreement provides that the tax proceeds be held by the County for projects permitted by State law and distributed after debt service is paid on the Miami-Dade County Special Obligation and Refunding Bonds Taxable Series 1996A and Series 1996B (the "1996 Senior Lien Bonds") and an annual operating subsidy payment of \$1.5 million (the "Operating Subsidy") is remitted to the City for the Miami Beach Convention Center Complex (the "Complex").

During fiscal year 1998, the County issued three series of bonds (the "1997 Subordinate Bonds") at one time. The 1997 Subordinate Bonds were comprised of the Subordinate Special Obligation Refunding Series 1997A, in the amount of \$86,570,856, Subordinate Special Obligation Bonds, Series 1997B, in the amount of \$170,008,377 and Subordinate Special Obligation Bonds, Series 1997C in the amount of \$41,961,440. The 1997 bond proceeds were used to refund a portion of the 1996 Senior Lien Bonds, to provide additional funds for the construction of the performing arts center (the "Downtown PAC"), to renovate and construct other cultural facilities and to acquire real property for the construction of a new multi-purpose professional sports facility in the City of Miami (the "Arena Project"). The 1996 Senior Lien Bonds and the Operating Subsidy have a first lien on the Tax that is superior to the lien on the Tax in favor of the 1997 Subordinate Bonds.

In 2001, the City and the County amended the Interlocal Agreement to provide, among other matters, for an increase in the Operating Subsidy to \$3 million for April 1, 2002 and to \$4.5 million on each April 1 thereafter until the end of the term of the Agreement. It also provided that the County and the City would share in any Tax proceeds that exceed a certain growth factor for each year commencing in 2004. Moreover, the County agreed to fund \$15 million of capital improvements for the Complex from the next bond transaction in which the Tax is pledged and to pay an additional \$50 million in available tax proceeds to the City if the Tax is not pledged to a new baseball stadium by December 2003. The County Commission prior to December 2003 deadline pledged the revenues for a new baseball stadium. The additional payments to the City agreed to in the amendment to the Interlocal Agreement are payable from Tax proceeds only and are subordinate to the lien on the Tax in favor of the 1996 Senior Bonds, the original \$1.5 million Operating Subsidy and the 1997 Subordinate Bonds.

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Other Commitments

Social Security Administration

The Social Security Administration (“SSA”) contended that house staff of Jackson Memorial Hospital are considered employees of the Public Health Trust (“PHT”), and that their wages, therefore, should be subject to FICA taxation retroactive to January 1, 1980. In September 1995, the PHT, the State of Florida, the SSA and the Internal Revenue Service signed an agreement to settle this matter. The final payment to the agreement was made during the 2003 fiscal year.

Legal Contingencies

The County is a defendant to other legal proceedings that occur in the normal course of operations. In the opinion of the County Attorney, the ultimate resolution of these legal proceedings are not likely to have a material, adverse impact on the financial position of the County or the affected funds.

Church and Tower is a contractor which performed paving work for the Water and Sewer Department under Contract # W-755 (“W-755”). The Water and Sewer Department incurred expenses in the amount of \$19 million in fiscal year 1997 and \$18.2 million in fiscal year 1996 under W-755. The County and the State Attorney’s Office conducted investigations of all payments and outstanding invoices under W-755 due to detected discrepancies. As a result of these investigations and a non-binding mediation process, a settlement was approved in January 2003. Under the approved settlement, the Department received a net payment from Church and Tower in the amount of \$2.3 million and Church and Tower dismissed all claims, including \$2.5 million relating to invoices which were frozen and unpaid.

Departure Incentive Program

The County offered a Departure Incentive Program (the “Program”) to employees with ten years of continuous service who were eligible for an unreduced Florida Retirement System benefit on or before January 31, 1996, and to employees who completed 20 years or more of continuous service, regardless of age, on or before January 31, 1996. The Program offered single health insurance coverage in a County approved group health plan or a \$300 a month cash payment for a minimum of eight years or until the employee becomes eligible for Medicare. The total estimated cost of the Program, discounted at 5%, is approximately \$5,421,000 and is recorded in long-term debt.

Arbitrage Rebates

At September 30, 2003, the County recorded obligations to rebate arbitrage interest earnings on certain General Obligation and Special Obligation Refunding and Equipment Floating Bonds (the “Bonds”) issued after the passage of the Tax Reform Act of 1986. The proceeds of the bonds were used to refund existing debt and to finance certain capital projects and acquisitions accounted for within the governmental and proprietary fund types of the County.

The rebate to the Federal Government, required to be paid within five years from the date of issuance and each five years thereafter, is estimated to be approximately \$7.198 million as of September 30, 2003. The liability related to governmental activities, not expected to be paid with available financial resources, is \$.052 million and is recorded in long-term debt. The liability related to the enterprise funds at September 30, 2003 amounted to \$7.146 million, and is also included in long-term debt. The ultimate amount of the County’s obligation will be determined based on actual interest earned.

Federal and State Grants

Federal grant awards are audited in accordance with OMB Circular A-133 to determine that the terms and conditions of the grant awards have been complied with. Federal and State of Florida grant awards are subject to audit by the respective grantor agencies.

Florida Rules of the Auditor General, Section 10.550, specifies the requirements for entities that receive state financial assistance. Among these requirements is that an audit must be performed in compliance with the State of Florida Single Audit Act. It is the County management’s opinion that no material liabilities will result from any such audits.

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Contingent Liability / Loan Guarantee

The County’s General Fund is contingently liable for the payment of certain obligations from available non ad valorem taxes, and has pledged to budget and appropriate annually for the debt service payments in the event revenues from the benefiting enterprise operations are not sufficient to meet the debt service requirements. These instances are delineated below.

| Series | Department | Original Amount | Principal Outstanding at 9/30/2003 | Final Maturity |
|---|-------------------|------------------------|---|-----------------------|
| Sunshine State Governmental Financing Commission, Series 1987 | Seaport | \$50,000,000 | \$46,850,000 | July 1, 2012 |
| Sunshine State Governmental Financing Commission, Series 1986 | Parks | \$2,000,000 | \$1,781,879 | October 1, 2004 |
| Sunshine State Governmental Financing Commission, Series 1995 | Seaport | \$41,390,000 | \$41,390,000 | December 1, 2020 |
| Sunshine State Governmental Financing Commission, Series 1998 | Seaport | \$20,605,000 | \$18,750,000 | October 1, 2023 |
| Sunshine State Governmental Financing Commission, Series 1999 | Seaport | \$36,000,000 | \$33,465,000 | October 1, 2024 |
| Sunshine State Governmental Financing Commission, Series 2001 | Seaport | \$150,000,000 | \$149,000,000 | October 1, 2028 |
| Sunshine State Governmental Financing Commission, Series 2001 | Various | \$49,000,000 | \$45,010,000 | August 1, 2011 |
| Industrial Development Revenue Bonds-BAC Funding Project Series 2000A and 2000B | Various | \$21,795,000 | \$21,490,000 | October 1, 2030 |

Miami-Dade County entered into a lease agreement whereby BAC is the developer of an office-building complex pursuant to an installment sales agreement. Miami-Dade County will lease the entire building and the lease payments are pledged to the bondholders. Additionally, the County has unconditionally guaranteed to budget and appropriate any shortfalls in pledged revenues from non ad valorem taxes.

Note 11 – Subsequent Events

On October 9, 2003, the County issued \$248,900,000 of Miami-Dade County Water and Sewer System Revenue Refunding Bonds, Series 2003, to refund the Dade County, Florida, Water and Sewer System Revenue Refunding Bonds, Series 1993 maturing after October 1, 2003. The new bonds pay interest ranging from 2% to 5%, with final maturity in 2013.

Note 12 – Change in Accounting Policies

On October 1, 2002, the Public Health Trust (the “Trust”) changed its policy to account for supplies inventory. In an effort to provide increased focus on its supplies inventory, the Trust changed its policy to include all supplies in its inventory. Previously, certain operating room supplies were expensed in the period incurred and included in supplies in the statement of revenues, expenses and changes in fund net assets.

MIAMI-DADE COUNTY, FLORIDA

The net benefit of the change in accounting for inventory of \$6,026,279 was presented as a cumulative effect of an accounting change in the statement of revenues, expenses and changes in fund net assets. The pro forma effect on fund net assets in the fiscal year 2002 statement of revenues, expenses and changes in net fund assets would have been \$3,970,958 for the retroactive application of the change in accounting for supplies inventory.

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Note 13 - Interfund Transfers and Balances

| | | TRANSFER FROM | | | |
|-----------|-----------------------|-------------------------|----------------------------------|----------------------------------|---------------------------|
| | | General Fund | Community Development | Nonmajor Governmental | Transit Agency |
| T | General Fund | | \$ 15 | \$ 8,037 | |
| R | Community Development | \$ 57,405 | | 22 | |
| A | Nonmajor Governmental | 128,204 | 2,107 | 58,295 | |
| N. | Transit Agency | 114,951 | | 74,573 | |
| | Public Health Trust | 107,290 | | 146,268 | |
| T | | | | | |
| O | Total Transfer Out | \$ 407,850 | \$ 2,122 | \$ 287,195 | |

Transfers are used to (1) move revenues between funds because legislation or budget requirements exists that require the funds to be collected in a fund different from the one in which the funds will be expended, (2) move receipts from funds collecting receipts, to the debt service fund as debt service payments become due (3) move unrestricted funds collected in the general fund to other funds to finance programs accounted for in the other funds in accordance with budgetary authorizations (4) move receipts from the general fund to subsidies programs and services in other funds

| | | DUE FROM | | | |
|----------|------------------------|-------------------------|----------------------------------|----------------------------------|---------------------------|
| | | General Fund | Community Development | Nonmajor Governmental | Transit Agency |
| | General Fund | | \$ 60 | \$ 9,926 | \$ 75,747 |
| D | Community Development | | | 80 | |
| U | Nonmajor Governmental | | | 1,730 | |
| E | Internal Service | | | | 6,535 |
| | Transit Agency | | | 14,745 | |
| T | Solid Waste Management | | | 834 | |
| O | Aviation Department | | | 857 | |
| | Water and Sewer | | 176 | 4,969 | |
| | Public Health Trust | | | 35,264 | |
| | Total Due To | | \$ 236 | \$ 68,405 | \$ 82,282 |

These balances are a result of a timing difference between the date(s) the (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between the funds are made.

(Continued)

MIAMI-DADE COUNTY, FLORIDA

| TRANSFER FROM | | | | | |
|-------------------------------|----------------|----------------------------|------------------------|----------------------------|--------------------------|
| Solid Waste Management | Seaport | Aviation Department | Water and Sewer | Public Health Trust | Total Transfer In |
| | \$ 1,624 | | \$ 37,746 | | \$ 47,422 |
| | | | | | 57,427 |
| | | | 2,250 | | 190,856 |
| | | | | | 189,524 |
| | | | | | 253,558 |
| | \$ 1,624 | | \$ 39,996 | | \$ 738,787 |

| DUE FROM | | | | | | |
|-------------------------------|----------------|----------------------------|------------------------|----------------------------|-----------------------|--------|
| Solid Waste Management | Seaport | Aviation Department | Water and Sewer | Public Health Trust | Total Due From | |
| \$ 136 | \$ 33 | \$ 6,245 | \$ 8,621 | \$ 15,760 | \$ 116,528 | |
| | | | | | | 80 |
| | | 1,084 | 5,683 | 915 | | 9,412 |
| 2,291 | 87 | 1,066 | 1,684 | 1,782 | | 13,445 |
| | | | | | | 14,745 |
| | | | | | | 834 |
| | | | | | | 857 |
| | | | | | | 5,145 |
| | | | | | | 35,264 |
| \$ 2,427 | \$ 120 | \$ 8,395 | \$ 15,988 | \$ 18,457 | \$ 196,310 | |

(Concluded)

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**REQUIRED SUPPLEMENTARY
INFORMATION**

MIAMI-DADE COUNTY, FLORIDA

GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

(in thousands)

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|--------------------|-----------------|------------|---|
| Revenues: | | | | |
| Taxes | | | | |
| General property taxes | \$ 762,802 | \$ 762,802 | \$ 764,558 | \$ 1,756 |
| Utility taxes | 70,941 | 70,941 | 71,849 | 908 |
| Communication taxes | 58,857 | 59,160 | 51,489 | (7,671) |
| Local option gas tax | 52,063 | 52,063 | 55,282 | 3,219 |
| Franchise taxes | 27,705 | 27,705 | 33,397 | 5,692 |
| Total | 972,368 | 972,671 | 976,575 | 3,904 |
| Licenses and permits | | | | |
| Building | 47,731 | 47,731 | 53,943 | 6,212 |
| Occupational | 9,894 | 9,894 | 9,518 | (376) |
| Other licenses | 13,766 | 13,766 | 14,785 | 1,019 |
| Total | 71,391 | 71,391 | 78,246 | 6,855 |
| Intergovernmental revenues | | | | |
| State sales tax | 110,832 | 110,832 | 111,386 | 554 |
| State revenue sharing | 65,191 | 65,191 | 66,252 | 1,061 |
| Gasoline and motor fuel tax | 12,268 | 12,268 | 12,707 | 439 |
| Alcoholic beverages license | 939 | 939 | 920 | (19) |
| Other | 1,785 | 1,785 | 972 | (813) |
| Total | 191,015 | 191,015 | 192,237 | 1,222 |
| Charges for services | | | | |
| Clerk of Circuit and County Court | 17,876 | 17,876 | 19,821 | 1,945 |
| Tax Collector fees | 20,750 | 20,750 | 20,840 | 90 |
| Merchandise sales & recreational fees | 24,223 | 24,223 | 23,905 | (318) |
| Sheriff and police services | 8,251 | 9,035 | 8,568 | (467) |
| Other | 85,983 | 87,288 | 95,197 | 7,909 |
| Total | 157,083 | 159,172 | 168,331 | 9,159 |
| Fines and forfeitures | | | | |
| Clerk of Circuit and County Court | 28,543 | 28,762 | 33,401 | 4,639 |
| Investment income | 11,621 | 11,621 | 6,949 | (4,672) |
| Other | 81,815 | 50,113 | 43,392 | (6,721) |
| Total revenues | 1,513,836 | 1,484,745 | 1,499,131 | 14,386 |
| Expenditures: | | | | |
| Policy formulation and general government | | | | |
| Office of the Mayor | 1,997 | 2,053 | 1,921 | 132 |
| County Commission | 10,910 | 12,647 | 10,460 | 2,187 |
| County Manager | 2,778 | 3,038 | 3,038 | |
| Office of Management and Budget | 3,036 | 3,489 | 3,489 | |

The notes to the required supplementary information are an integral part of this statement.

(Continued)

MIAMI-DADE COUNTY, FLORIDA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

(in thousands)

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|----------------------------|-------------------------|----------------|---|
| Policy formulation and general government (continued) | | | | |
| Personnel | 8,227 | 8,511 | 8,467 | 44 |
| Finance | 20,440 | 20,310 | 17,383 | 2,927 |
| Audit and Management Services | 4,151 | 4,324 | 4,073 | 251 |
| Property Appraiser | 13,173 | 15,266 | 15,265 | 1 |
| Clerk of Circuit and County Court | 67,815 | 68,491 | 68,307 | 184 |
| Procurement Management | 6,507 | 7,132 | 7,040 | 92 |
| Office of Computer Services | 29,254 | 31,685 | 31,322 | 363 |
| Elections | 7,284 | 13,374 | 13,374 | |
| Fair Employment Practices | 530 | 591 | 591 | |
| Law | 11,258 | 11,258 | 11,258 | |
| Planning and zoning | 3,172 | 3,172 | 3,126 | 46 |
| Judicial Administration | 55,032 | 52,368 | 51,980 | 388 |
| Agenda Coordination | 965 | 1,079 | 1,078 | 1 |
| Office of Performance Improvement | 1,319 | 1,249 | 1,154 | 95 |
| General Service Administration | 6,567 | 10,079 | 7,045 | 3,034 |
| General government costs | 95,134 | 51,413 | 50,327 | 1,086 |
| Total | 349,549 | 321,529 | 310,698 | 10,831 |
| Protection of people and property | | | | |
| Police | 384,087 | 399,881 | 398,918 | 963 |
| Corrections and rehabilitation | 178,852 | 190,305 | 190,288 | 17 |
| Building code compliance | 12,756 | 12,756 | 7,137 | 5,619 |
| Consumer services | 7,718 | 7,378 | 7,378 | |
| Building | 31,471 | 31,471 | 31,034 | 437 |
| Planning and zoning | 12,847 | 12,847 | 8,008 | 4,839 |
| Team Metro | 14,447 | 14,447 | 14,275 | 172 |
| Juvenile assessment | 2,928 | 2,928 | 2,928 | |
| Homeland Security | 360 | 360 | 125 | 235 |
| Non-departmental | 5,262 | 3,339 | 3,339 | |
| General government costs | 4,200 | 4,200 | 3,705 | 495 |
| Total | 654,928 | 679,912 | 667,135 | 12,777 |
| Physical environment | | | | |
| Environmentally Endangered Lands | 72,222 | 72,222 | 3,049 | 69,173 |
| Public Works | 9,959 | 9,959 | 8,174 | 1,785 |
| Environmental Resources | 44,056 | 43,461 | 39,228 | 4,233 |
| Non-departmental | 18,572 | 18,572 | 2,902 | 15,670 |
| General government costs | 2,111 | 2,111 | 2,097 | 14 |
| Total | 146,920 | 146,325 | 55,450 | 90,875 |
| Transportation | | | | |
| Public Works | 23,822 | 23,822 | 22,719 | 1,103 |
| General Service Administration | 1,466 | 1,032 | 1,032 | |
| Total | 25,288 | 24,854 | 23,751 | 1,103 |

The notes to the required supplementary information are an integral part of this statement.

(Continued)

MIAMI-DADE COUNTY, FLORIDA

GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

(in thousands)

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|-----------------|------------|---|
| Health | | | | |
| Public Works | 1,842 | 1,842 | 1,755 | 87 |
| Police | 4,357 | 4,912 | 4,909 | 3 |
| General government costs | 9,585 | 9,585 | 7,042 | 2,543 |
| Total | 15,784 | 16,339 | 13,706 | 2,633 |
| Socio-economic environment | | | | |
| General Service Administration | 857 | 857 | 550 | 307 |
| Welfare | 8,536 | 8,536 | 8,199 | 337 |
| Metro Miami Action Plan | 1,692 | 1,639 | 1,391 | 248 |
| General government costs | 1,106 | 1,106 | 1,106 | |
| Total | 12,191 | 12,138 | 11,246 | 892 |
| Culture and Recreation | | | | |
| Cultural Affairs Coordination | 4,120 | 4,120 | 3,665 | 455 |
| Park and Recreation | 72,517 | 73,608 | 73,518 | 90 |
| Total | 76,637 | 77,728 | 77,183 | 545 |
| Capital outlay | 24,959 | 24,959 | 24,959 | |
| Total expenditures | 1,306,256 | 1,303,784 | 1,184,128 | 119,656 |
| Excess of revenues over expenditures | 207,580 | 180,961 | 315,003 | 134,042 |
| Other financing sources (uses): | | | | |
| Transfers in | 156,898 | 51,017 | 47,422 | (3,595) |
| Transfers out | (541,592) | (409,476) | (407,850) | 1,626 |
| Total other financing sources (uses) | (384,694) | (358,459) | (360,428) | (1,969) |
| Net change in fund balances | (177,114) | (177,498) | (45,425) | 132,073 |
| Fund balances - beginning | 177,114 | 177,498 | 239,997 | 62,499 |
| Increase in reserve for inventories | | | 408 | 408 |
| Fund balances - ending | | | \$ 194,980 | \$ 194,980 |

MIAMI-DADE COUNTY, FLORIDA

COMMUNITY AND SOCIAL DEVELOPMENT
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003
 (in thousands)

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|-----------------|-----------|---|
| Revenues: | | | | |
| Taxes | \$ 17,400 | \$ 17,400 | \$ 1,979 | \$ (15,421) |
| Licenses and permits | | | 25 | 25 |
| Intergovernmental revenues | 198,593 | 198,593 | 129,764 | (68,829) |
| Charges for services | 5,860 | 5,860 | 2,365 | (3,495) |
| Investment income | 2,717 | 2,717 | 453 | (2,264) |
| Other | 5,901 | 5,901 | 82,851 | 76,950 |
| Total revenues | 230,471 | 230,471 | 217,437 | (13,034) |
| Expenditures: | | | | |
| Human services | 217,646 | 217,646 | 216,928 | 718 |
| Socio-economic environment | 214,413 | 214,413 | 63,430 | 150,983 |
| Capital outlay | 85 | 85 | 85 | |
| Total expenditures | 432,144 | 432,144 | 280,443 | 151,701 |
| Excess (deficiency) of revenues over expenditures | (201,673) | (201,673) | (63,006) | 138,667 |
| Other financing sources (uses): | | | | |
| Transfers in | 58,444 | 58,444 | 57,427 | (1,017) |
| Transfers out | (3,186) | (3,186) | (2,122) | 1,064 |
| Reserve for future expenditures | (3,776) | (3,776) | | 3,776 |
| Total other financing sources (uses) | 51,482 | 51,482 | 55,305 | 3,823 |
| Net change in fund balances | (150,191) | (150,191) | (7,701) | 142,490 |
| Fund balances - beginning | 150,191 | 150,191 | 30,634 | (119,557) |
| Fund balances - ending | | | \$ 22,933 | \$ 22,933 |

MIAMI-DADE COUNTY, FLORIDA

Notes to the Required Supplementary Information

Chapter 129, Florida Statutes, requires that all county governments prepare, approve, adopt and execute an annual budget for such funds as may be required by law or by sound financial practices and generally accepted accounting principles. The budgets control the levy of taxes and the expenditure of money for County purposes for the ensuing fiscal year. The budgeting process is based on estimates of revenues and expenditures. The County budgets are prepared on a modified-accrual basis or accrual basis of accounting in accordance with generally accepted accounting principles.

The County's budgets have to be approved by the Board of County Commissioners. Every September the County holds two public hearings and adopts the annual budgets for substantially all County funds through the enactment of budget ordinances. Most funds have annually appropriated budgets, meaning that their budgets are established annually. Capital project funds and certain grant funds, however, have budgets that extend over the duration of the project or grant, which may be several years. At the end of the fiscal year, the appropriations of annually adopted budgets lapse, but the appropriations of project-length budgets continue until the end of the capital project or grant.

The adopted budgets are either appropriated or non-appropriated in nature. Funds that have appropriated budgets cannot legally exceed their appropriations. The budgetary control over funds that have non-appropriated budgets are dependent on other enabling ordinances, such as bond ordinances, in which expenditure authority extends over several years into the future.

Budgets are monitored at varying levels of classification detail. However, expenditures cannot legally exceed total appropriations at the individual fund/department level. Amendments and supplements to the budget at fund/department level require County Commissioners' approval. Department directors are authorized to make transfers of appropriations within their fund/department. Transfers of appropriations between fund/departments require County Commissioners' approval as well. Estimated fund balances are considered in the budgetary process.

Encumbrance accounting is used in the County's governmental funds. Encumbrances are commitments for future expenditures, based on purchase orders or contracts issued, where the goods or services have been ordered but have not been received. Encumbrances do not constitute expenditures or liabilities to the County since no resources are expended until the goods or services are received. They are used to help ensure that actual expenditures and commitments for future expenditures do not exceed authorized appropriations. Encumbrances outstanding at year-end are reported as reservations of fund balance in the balance sheets of the governmental funds since they will be carried over and reappropriated in the following year.

Budget and actual comparisons for the General Fund and the Community and Social Development Special Revenue Fund are presented in the Required Supplementary Information section of this report. Budget and actual comparisons for other funds are reflected in the Other Supplementary section.

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