MIAMI-DADE

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FINANCE DEPARTMENT
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March 31, 1998

Honorable Alex Penelas, Mayor

Honorable Gwen Margolis, Chairperson and
Members Board of County Commissioners

Honorable Harvey Ruvin, Clerk
Board of County Commissioners

Mr. Merrett R. Stierheim, County Manager
Miami-Dade County, Florida

LADIES and GENTLEMEN:

The Miami-Dade County, Florida (the "County") Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended September 30, 1997 is hereby submitted. Responsibility for the accuracy and fairness of the presentation, including all disclosures, rests with management of the County. We believe the data as presented is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds and account groups, and that all disclosures necessary to enable the reader to gain an understanding of the County's financial activity have been included. The accompanying report consists of three parts:

- ***Introductory section,*** including the letter of transmittal from the Finance Director.
- ***Financial section,*** including financial statements, supplemental data and other schedules of the County, accompanied by our independent auditors' opinion. Other schedules include General Obligation Bonds; Special Obligation Bonds; Revenue Bonds of Seaport, Aviation, Public Health Trust, Water and Sewer Utility, Solid Waste, Rickenbacker Causeway and the Miami-Dade County Housing Agency.
- ***Statistical section,*** including a number of tables of unaudited data depicting the financial history of the County over the past ten years, demographics, and other miscellaneous information.

The County provides a full range of services. These services include, but are not limited to, police and fire protection; health services; mass transportation including the operation of a full scale international airport and seaport; sanitation; water and sewer; the construction and maintenance of highways, streets and infrastructure; libraries; health, recreational activities, cultural events, etc.

An amendment to the County Charter was approved by the electorate, whereby a strong mayor-commission form of government was adopted. The Mayor was elected in October 1996, for a term of four years in a County-wide election. Thirteen (13) Commissioners are elected from single member districts, for four year scattered terms, to a Board that serves as the legislative and governing body of the County and is responsible for the formation of all policies. The Mayor is not a member of the Board, has veto authority over legislative acts, and has the power to appoint the Chairperson of the Board; and the County Manager, subject to ratification by the Board of County Commissioners.

The Financial Reporting Entity, under which the financial statements are prepared, includes all the organizations, activities, and functions for which the County as the primary government is financially accountable.

ECONOMIC CONDITION AND OUTLOOK

In 1996, the Miami-Dade economy was reported as stable thus forecasting modest expansion for fiscal year 1997. However, fiscal year 1997 proved to be a very good year in virtually all aspects. The two engines powering our economy, (trade and tourism), were positively active.

Total business establishments increased by 1.3 %, slightly lower than 1996's 2.6 % growth; but nonagricultural wage and salary employment (annual average) expanded by 2.2 %, a gain of more than 20,000 jobs to put total employment at 961,500. This contrasts with the previous year's gain of 14,000 jobs. More importantly, the unemployment rate edged down from 7.3 % to 7.0 % during the year. Employment in the Services sector experienced the highest growth. Transportation and Public Utilities registered a 3.8 % increase, Retail Trade was up by 1.5 %, and Finance, Insurance and Real Estate added 1,600 jobs. The only declining industry was construction, losing 1,700 workers, a 1.5 % decline. Fiscal years 1996 and 1997 experienced back-to-back decreases in construction employment.

When examined in detail, the construction employment performance did have some positive indicators. For instance, construction of new housing units was up by 7.4 %, or 10,000 units for fiscal 1997 compared to 9,400 units in 1996. Similarly, units authorized increased by more than 64 %, almost doubling the level attained in the prior year. New single-family home sales increased by 6.1%, in contrast, used home sales, and both new and used condominium sales declined slightly. Positive performance in new home sales can be attributed somewhat to the stable, or slightly falling mortgage rates. The decline in used home sales can be attributed to a slow down in population growth, or perhaps normal fluctuation in new household formation. The average housing price increased from last year, surpassing Miami-Dade area CPI, of 3.6 %. Condominium prices alone increased by 18.5 %, making the average price of a new condominium approach $200,000.

Activity in the commercial real estate market was relatively quiet with existing space up 3.5 % and a slight drop in the vacancy rate. New telephone line connections for businesses went up 4.1 %. In the banking and finance arena, for fiscal year 1997, the number of banks remained the same at 411. Only two thrift institutions were added. Total deposits in both areas remained stable.

Consumer confidence levels rose throughout fiscal 1997, although not at the same pace as in fiscal 1996. The statistical measures of consumer activity were all a bit lower with the exception of tourism and recreation. Total taxable sales and retail sales increased by 4.0 % and 3.3 %, respectively. Sales of automobiles and related parts and accessories actually declined by 2.3 % while consumer durable goods gained 2.6 %. The best performer was consumer nondurables, up by 6.2 %. As was true in fiscal year 1996, these indicators in Miami-Dade all came in below the statewide averages.

Fiscal year 1997 proved to be a record breaking year for trade and tourism. For the third consecutive year, an increase in tourism was reported, with a visitor growth of 2.8 % to the Miami-Dade area. This gain was reported in both international and domestic visitors categories, increasing by 3.2 % and 2.3 %, respectively. Another year of growth, in the 3 % range, would push total visitors to the magic 10 million mark. Associated with the visitor expansion was a move from 71.2 % to 73.1 % hotel occupancy rate. The Miami International Airport (MIA) passenger levels increased to 34.4 million. The Port of Miami also experienced a good year, reporting an increase of 4.6 % in number of cruise passengers, bringing the total number of embarking and disembarking cruise passengers close to 3.2 million.

Overall, international trade registered a very good performance in fiscal year 1997. Exports through Customs District 52 were up by 19.1 % in contrast with the 7.0 % gain in 1996. Imports had an even more impressive year with an increase of almost 27 %, more than double the 10.5 % a year earlier. The Port of Miami profited from this high level of activity, as cargo tonnage handled at the Seaport increased by just under 15 %. The Port's experience was not shared at MIA, where freight tonnage gained 4.0 %, well below 1996's figure of near 9.0 %. This was probably due to the fact that in a good trade year, the major export commodity group, electrical and non-electrical machinery, will lead the way and this type of product moves mostly by sea. To some extent, this is also true for the major import group, apparel and accessories.

Most economic forecasters foresaw 1997 as a good year, and as events transpired, it exceeded expectations in most respects. In fiscal year 1997, the Miami-Dade County area compared quite well to the state as a whole, and other metropolitan areas, such as Tampa and Orlando. This had not been true for the past several years. The consensus among analysts is for continued moderate, non-inflationary growth at the national and state levels. These forecasts are not usually that indicative of the Miami-Dade situation, since ties to these larger economies are less important than in most large urban areas.

Again, we depend on the activity levels achieved in the visitor industry and international trade and commerce. For the former, members of the tourist industry and knowledgeable observers are predicting another excellent year, but with growth rates perhaps stable or up only slightly. There is a substantial amount of new hotel construction and renovation occurring and advance bookings seem to be on a pace with last year. The area seems to have momentum at the present time, in part due to more aggressive marketing. Tourists however, can be an unpredictable group, and unexpected events can impact the industry very quickly, such as a currency devaluation against a strong dollar. For now, at least, no one sees any major problems on the horizon and 1998 should please the Convention and Visitors Bureau personnel and others associated with this vital sector.

Predicting performance of international trade has its own unique challenges. The key is accurately predicting the economic health of major trading partners such as Brazil, Venezuela, Colombia, Argentina, Central America and the Caribbean. Venezuela, Colombia and Chile may face lower raw materials prices (oil and copper) thereby inhibiting import capability. All things considered, trade experts foresee a year that could possibly equal 1997. Ripple effect from the Asian difficulties has impacted South America to some extent already and could lead to further currency declines, which ultimately will impact the Miami-Dade area economy, not just in trade but retail sales and some types of investment.

Although fiscal year 1998 is gearing up to be another strong year, close attention to recurring problems affecting the Miami-Dade economy, such as high unemployment rate, slow growth in personal income, and a loss in white collar and higher paying technical jobs need to be addressed. Local leaders, principally Mayor Alex Penelas and the Greater Miami Chamber of Commerce, are attempting to address these problems through "The One Community One Goal" initiative, aimed at reshaping the economy as the area moves into the 21st Century.

INTERNAL CONTROL

County administration is responsible for establishing and maintaining internal control designed to ensure that the assets of the County are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgements by management.

All internal control evaluations occur within the above framework. We believe that the County's internal control adequately safeguards assets and provides reasonable assurance of the proper recording of financial information for both internal and external reporting purposes.

BUDGETARY CONTROL

State of Florida statutes require 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. In compliance with this, the budgets adopted by the County are either appropriated or non-appropriated in nature. Funds that have appropriated budgets cannot legally exceed their appropriations. The budgetary controls over funds that have non-appropriated budget are set by enabling ordinances, such as Bond Ordinances, in which the expenditure authority extends many 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 require County Commission approval. Beginning fund balance available for financing current appropriations are considered in the budgetary process, but are not included in the financial statements of the Governmental Fund Types as budgeted revenue. All appropriations within the Governmental Fund Types lapse at year end.

As an additional control, the County employs an encumbrance system which reduces available appropriations in governmental funds upon the issuance of purchase orders, contracts, or other forms of legal commitments. Encumbrances at year end do not constitute expenditures or liabilities. They are accounted for as a reservation of fund balance in the year the commitment is made. While appropriations lapse at the end of the fiscal year, the succeeding year's budget ordinance provides for the reappropriation of the year end encumbrances.

YEAR 2000 PREPARATION

The Year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. Computer systems that require the recognition of dates may recognize a date using "00" as the year 1900 rather than the year 2000. The County has been assessing the impact that the Year 2000 issue will have on the County's computer systems. In response to these assessments, which are ongoing, it has developed a plan to inventory all computer systems that are critical to the proper functioning of the County's operations, including financial applications and applications supporting services to the public. Plans have been established for the repair or replacement of those systems that are found to have date related deficiencies. Due to the decentralized nature of the County's computer environment, we have established a Countywide coordinated effort to identify, monitor and report on the progress of the project. In addition, the County is reviewing all building equipment and coordinating with vendors to help mitigate adverse impact on the County's operations.

The cost of the project and the date on which the County believes it will complete the Year 2000 modifications are based on management's best estimates, which were derived utilizing numerous assumptions of future events, including the continued availability of certain resources, third party modification plans and other factors. The County believes the costs associated with the Year 2000 modifications will not have a material impact on the result of operations. Vast modifications are anticipated to be completed using "in-house" system staff. Additional funding requirements are being defined and addressed as part of the budget preparation process for the upcoming fiscal years.

County departments have been directed to make the Year 2000-related issues a priority. All other information technology projects that are not of a critical nature are being deferred until the Year 2000 preparation efforts are complete.

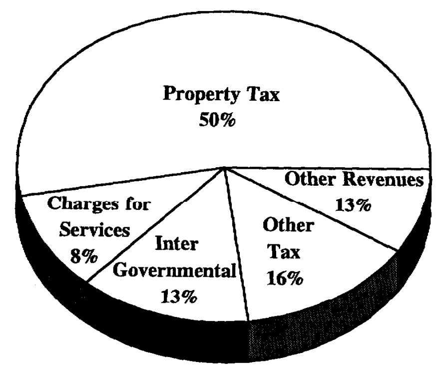
GENERAL FUND SUMMARY

The following is a summary of the County's General Fund operations for the years ended September 30, 1997, and September 30, 1996 (in thousands):

	1997	1996	Percentage Increase (Decrease)
Revenue Sources			
General Property Taxes	$ 570,639	$ 579,300	(1.50)
Other Taxes	174,535	165,687	5.34
Licenses and Permits	61,362	56,982	7.69
Intergovernmental Revenues	149,036	151,307	(1.50)
Charges for Services	93,322	92,485	(.90)
Fines and Forfeitures	21,645	19,608	10.39
Interest Income	19,220	18,653	.30
Other	45,197	63,058	(28.32)
Total	$1,134,956	$1,147,080	
Expenditures and Transfers			
Policy Formulation and General Government	$ 249,856	$ 242,538	3.01
Protection of People and Property	529,835	498,940	6.19
Physical Environment	31,094	38,325	(18.87)
Transportation	27,522	30,411	(9.50)
Health, Welfare and Social Services	83,046	65,030	27.70
Culture and Recreation	59,432	58,003	2.46
Transfers Out (In):			
Transit Agency	$ 102,149	$ 102,648	(0.48)
For Capital Projects	6,740	2,518	167.67
Debt Service	5,110	3,336	53.18
Health Program	86,157	100,572	(14.33)
Social Programs	41,927	27,681	51.46
Water & Sewer	(18,319)		100.00
Self Insurance	(74,330)	(50,140)	48.24
Other, Net	19,267	15,333	25.65
Total	$1,149,486	$1,135,195	

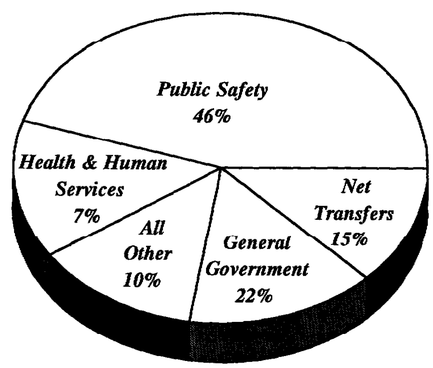
GENERAL FUNDS REVENUES

Fiscal Year 1997



EXPENDITURES AND TRANSFERS

Fiscal Year 1997



	1997	1996	Actual Change
Net Assessed Property Value (in thousands):			
Countywide	$77,539,689	$74,538,561	$ 3,001,128
Unincorporated Area	38,470,356	39,571,696	(1,101,340)
Ad Valorem Tax Rate (in mills):			
Countywide	6.469	6.828	(.359)
Unincorporated Area	2.277	2.227	.050

The following summarizes significant changes in the General Fund's revenues and expenditures for fiscal 1997 as it compares to fiscal year 1996.

General Property Taxes **-** general property taxes decreased by $8.6 million. For the fourth consecutive year, the Countywide millage rate was reduced, from 6.828 mills in 1996 to 6.469 mills in 1997 a 5.26% reduction, although the assessed value of Countywide property increased by 4%. The unincorporated area millage increased by .05 mills, and the assessed value of the unincorporated area reflected a 2.78% reduction in value, which may be attributed to the incorporation of some areas.

Other taxes **-** consisting of utility taxes, local option gas taxes and franchise taxes increased by 5.34%.

Licenses and Permits and ***Fines and Forfeitures*** **-** also increased by 7.69% and 10.39%, respectively.

Protection of People and Property **-** expenditures increased by $30.9 million or 6 %. This increase is attributed to Police and Crime Control increase of $10.6 million, $18.4 million for Corrections and Rehabilitation and $1.8 million in Protective Services and Inspections.

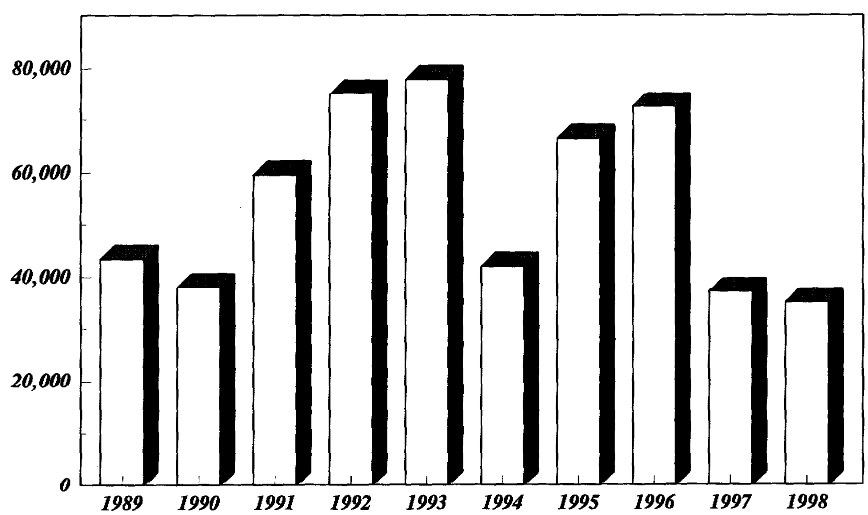
Health, Welfare and Social Services **-** The 27.7% increase in health related expenditures is attributed to Medicaid billings from the State.

Unreserved Fund Balance **-** The Countywide Unreserved Fund Balance ended 1997 at $37 million, a reduction of $35.5 million from the 1996 level of $72.5 million. The reduction is attributed to a net reduction of revenues over expenditures and transfers of $14.5 million, and an increased reservation of fund balance for interfund receivables and the Housing Finance Authority ("HFA") of $21 million. As noted in note 3 of the accompanying financial statement "Cash Deficit", the County has two enterprise operations that have operating deficits that continue to require General Fund advances. These two enterprise operations have identified deficit reduction programs, which management of the respective departments anticipate will, over time, reduce their dependence on the County's General Fund for support.

General Fund
Unreserved Fund Balance
For the Fiscal Year Ending September 30,
(in thousands)

1989	$43,419
1990	38,014
1991	59,550
1992	75,014
1993	77,900
1994	41,958
1995	66,373
1996	72,519
1997	37,001
1998 (estimated)	35,000

GENERAL FUND UNRESERVED FUND BALANCE
FOR THE FISCAL YEAR ENDING SEPTEMBER 30,
(in thousands)



ENTERPRISE OPERATIONS

Enterprise Funds are established to finance and account for the acquisition, operation and maintenance of facilities and services which are intended to be entirely or predominantly self-supporting through the collection of charges from users, or for which the periodic determination of revenues earned, expenses incurred, or net income is appropriated for capital maintenance, public policy or other purposes.

The County maintains the following Enterprise funds: the Transit Agency, the Department of Solid Waste Management, the Seaport Department, the Aviation Department, the Water and Sewer Department, the Public

Health Trust (PHT), the Rickenbacker Causeway, the Vizcaya Art Museum and certain enterprise operations of the Housing Agency. A summary of their operations is presented on the following page (in thousands):

Enterprise Operations
Fiscal Year Ending September 30, 1997
(in thousands)

	Operating Revenues	***Operating Expenses***	***Net Operating Income (Loss)***	***Non-Operating Revenues (Expenses)***	***Operating Transfers In (Out)***	***Net Income (Loss)***
Transit Agency	$77,980	$282,105	($204,125)	$38,048	$102,149	($63,928)
Solid Waste	170,032	177,750	(7,718)	1,187	(1,336)	(7,867)
Seaport	60,630	43,966	16,664	(20,827)		(4,163)
Aviation	434,299	429,563	4,736	(37,688)		(32,952)
Water & Sewer	382,605	299,616	82,989	(13,200)	(18,319)	51,470
Public Health Trust	616,508	772,304	(155,796)	21,480	190,751 *	56,435
Rickenbacker	5,070	3,453	1,617	(230)		1,387
Vizcaya	2,495	2,007	488	72	100	660
Housing Agency	3,341	5,353	(2,012)	3,280		1,268
Total	$1,752,960	$2,016,117	($263,157)	($7,878)	$273,345	$2,310

* Includes $113 million of Indigent Sales Tax Revenue.

The net income increase is very modest, primarily due to the net losses at Transit Agency, Solid Waste, Seaport, and Aviation departments. The following is a brief discussion of the operating results of some of the Enterprise funds:

Transit Agency

The Transit Agency reported a net loss of $63.9 million. $50 million of the net loss is attributed to depreciation. The Agency experienced revenue short falls of $4.8 million, coupled with corresponding increase of operating expenses of $7.6 million.

The Transit Agency has a cumulative cash deficit from operations of $24.6 million, which was covered by advances from the County's General Fund. Management is developing a plan to eliminate the cash deficit over the next three to five years.

The 8.3 mile South Dade Busway was inaugurated to serve the citizens at the Southend of the County. Ridership is still being developed, but is exceeding all expectations.

Solid Waste

The loss for the Solid Waste Department decreased from ($81.2 million) in 1996 to ($7.9 million) in 1997. The Department in 1996 had $68.1 million of closure and postclosure costs for a newly acquired landfill and for another landfill it agreed to enhance. The Department recorded an additional $22.1 million of closure and post closure care costs for inactive landfills this year.

Solid Waste has entered into long-term agreements with nineteen municipalities and three private haulers, including the two largest private haulers in Miami-Dade County, for delivery of waste to the Department for a period of twenty years. This public-private partnership has resulted in a continuing return of revenue waste tons to the Department's facilities.

Seaport

The Seaport Department's Director resigned in July 1997. Thereafter, certain allegations of mismanagement have come to light. There are ongoing internal and external reviews of various financial transactions, some have been concluded, while others are still pending. A Transition Committee consisting of County representatives from various departments was appointed to manage the Seaport on an interim basis. The Committee made an assessment of the Seaport's functions and made recommendations for improvements to be implemented by the new Director. The Port has a cumulative cash deficit from operations of $24.1 million, which was advanced by the County's General Fund. Management is developing a plan to eliminate the cash deficit within the next five to seven years. A new Director appointed in January 1998, is overseeing the operations of the Port and will implement corrective actions.

The Seaport's revenue from operations increased by $7.5 million or 14.1% from the 1996 levels. The net loss for 1997 was $4.1 million as compared to a loss of $16.1 in 1996. The Seaport Department, which oversees the Dante B. Fascell Port of Miami as Gateway of the America and Cruise Capital of the World contributes more than $8.2 billion a year to the South Florida economy. During the past year the Port experienced passenger growth over fiscal year 1996 of 4.6 % and an increase in cargo tonnage handled of 15 %. Vital to its position as foremost hemispheric cargo hub and the world's premier cruise home port, is the Port's construction program of over $300 million. To insure cost effective operations, the Port actively pursues available grant funding and to date has obtained $45 million in matching Ports Council funding. The Port's program is key in looking to the future to meet the needs of the larger mega ships under construction for the cruise industry.

Aviation

The Aviation Department's revenue from operations increased by $23.4 million or 5.7 % from 1996 levels, while the operating expenditures increased by $8 million or 2.4 %. The net loss for the year was $32.9 million as compared to a loss of $8.6 in 1996. The $24.3 million that contributed to the increase in net loss consists primarily of additional depreciation and amortization costs of $19.3 million.

The Aviation Department's projections indicate that the Airport will handle 40 million passengers by the year 2000 and nearly 3 million cargo tons. Half of the passenger traffic and 80% of the cargo will be generated from international flights, turning the Airport into an international mega-hub. Forecasts by the U.S. Department of Transportation indicate the Airport is projected to grow 97% in enplanements, compared to the national average 78%. The Airport is projected to grow 39.4% in operations, compared to 29% for the projected national average. This forecast, along with information on capacity issues, has been utilized to better phase and fine-tune the Airport's overall development program.

Aviation is undergoing a $4 billion redevelopment and expansion program which continues to move forward. Status figures for calendar year 1997 indicate that there were 145 projects in construction, totalling $747 million; 126 projects in Design and Bidding totalling $1.725 billion, and 103 projects in the planning stage totalling $1.05 billion. Since 1993, capital improvements totalling $1.2 billion have been completed, including the addition of 800,000 square feet to the main terminal.

The second phase of the $45.6 million terminal expansion between Concourse D opened in April 1996, adding 380,000 square feet to one of the busiest areas of the Airport Terminal. The new wing added 44 ticket agent stations, a corridor for international passengers, and a new security checkpoint for Concourse D. Further, the Department began construction of its new $44 million Terminal Expansion North Phase III Project. This project includes a 500-foot-long extension of the existing terminal, east of baggage claim, curbside access, immigration and customs services, and concessions. It will also provide tenant offices, ramp support areas and a bus station for cruise line passengers.

As cargo continues a high and consistent growth pattern, the Aviation Department is striving to meet the near and long term demand of this thriving industry. The Department has planned guidelines for new and modern cargo buildings for third party developers to finance, design, build, operate and maintain in exchange for longer term land leases. The new facilities when constructed will provide 2.3 million square feet of cargo handling and storage capacity in the west side cargo area. Some of the new facilities will be for bulk "belly" cargo operations, while others will support approximately 4.8 million square feet of cargo apron areas to serve freighter aircraft. This strategy of public private partnership will attain MIA's maintenance, support and cargo facility requirements.

The increasing volume of international cargo traffic through the Miami International Airport reflects the ongoing "internationalization" of South Florida. In the past, Miami-Dade has been described as the United States' outpost in the Caribbean and Latin America. Now, the community is more appropriately known as the "Trade Capital of the Americas."

As the nation's busiest Airport in international freight, and the second busiest international passenger traffic, the Airport stimulates a host of other industries as well, such as tourism, the cruise industry and international banking and commerce. The Airport is the port of the entry for 75% of all foreign tourists arriving by air to the State of Florida. In dollar value, the Airport handles 97% of Florida's total air imports and exports.

As for its economic impact in the community, the Airport is considered a major catalyst, benefitting the County and the entire South Florida region. The local economic impact from aviation is estimated at over $13 billion annually, while direct and indirect regional employment generation from aviation is over 190,000 jobs.

Water and Sewer

Operating revenues for the fiscal year ended September 30, 1997 were $382.6 million, an increase of $31.5 million (9%) when compared to $351 million in revenues recorded in the fiscal year 1996. The increase in revenues was attributed to an increase in rates for retail water and wastewater, wholesale wastewater and growth in retail customers. The number of retail water and wastewater customers increased by 6,033 and 6,990, respectively, during fiscal year 1997.

The operating and maintenance expenses for the fiscal year ended September 30, 1997 were $233.9 million, a decrease of $2.3 million (1%) below the previous year. The decrease is primarily due to the classification of certain payments to the County as operating transfers, ($18.3 million) partially offset by increases in restoration costs and costs associated with the Department's preventive maintenance programs.

The Water and Sewer Department continued successful implementation of a $1 billion program to upgrade its wastewater system. The program was developed to comply with four enforcement actions levied by the State of Florida and the United States Department of Justice on behalf of the United States Environmental Protection Agency. The Department completed more than 70 % of the program improvements. With these improvements, there has been a reduction of 76 % in capacity related sanitary sewer overflows since the inception of the program. The reduction of overflows is the primary goal of the program, and provides a safer environment for Miami-Dade County residents.

Public Health Trust

Operating revenues for the fiscal year ended September 30, 1997 were $616.5 million, an increase of $23.3 million (3.9%) when compared to $593.2 million in revenues recorded in the fiscal year ended 1996. Operating expenses increased $12.9 million (1.7%). Operating Transfers In, consisting of Indigent Sales Tax and General Fund Subsidies, decreased by $4.3 million (2.2%). Net Income increased from $41.1 million in 1996 to $56.4 million for fiscal year ending September 30, 1997.

DEBT MANAGEMENT

The County has continued to obtain, in an efficient and innovative manner, long-term financing for the construction or acquisition of various long-term assets. It is management's objective to adequately plan and meet the County's comprehensive construction demands for essential capital improvements and equipment, and, at the same time, ensure that the residents of the community are not overburdened with general obligation long-term debt payable from ad valorem taxes.

The County's debt service millage for 1997 was .832 mills. Since 1986, this millage experienced minor fluctuations. Of the total millage; .567 mills or 68% is dedicated to the $553 million Decade of Progress Program, .207 mills or 25% is earmarked for the $200 million Criminal Justice Facilities Bond Program, and .058 mills or 7% is attributed to the Fire and Rescue Service District Bonds.

The following chart indicates the principal amortization of the County's general obligation debt in five year increments. As can be seen, approximately 78% of the debt will be retired in the next ten years.

General Obligation Debt
Principal Amortization
For The Five Year Period Ending September 30,
(in thousands)

2002	$203,340
2007	69,330
2012	31,770
2017	39,391
2019	7,950

During fiscal 1997 and subsequently thereafter, the County accessed the municipal bond market via negotiated and competitive issuances, and entered into loan agreements with the State of Florida and other governmental bodies, to permanently finance, or in some instances to refinance, the following:

$29,270,000 Dade County, Florida Seaport Revenue Bonds, Series 1996. The proceeds of the Series 1996 Bonds, along with other available moneys of the Seaport Department were used to pay the costs of capital improvements to certain of the Seaport Department's passenger terminal facilities. A portion of the Series 1996 Bonds were issued as Term Bonds with yields to maturity ranging from 5.45% in 2016 to 5.5% in the final maturity of 2026. The balance of the Series 1996 Bonds were issued as Serial Bonds from 1998 to 2008 at interest rates ranging from 4% to 5.15%.

$109,550,000 Dade County, Florida Solid Waste System Revenue Refunding Bonds, Series 1996. The proceeds of the Series 1996 Bonds, together with certain other moneys of the Department of Solid Waste Management, were used to pay or defease all of the Refunded Obligations. Refunding the bonds provided the County with a total savings of $18 million which equates to $8 million in present value savings or 7.37% of the issue. The Series 1996 Bonds were at interest rates ranging from 4% to 6% with a final maturity in fiscal year 2011.

$437,195,000 Dade County, Florida Water and Sewer System Revenue Bonds, Series 1997. The proceeds of the Series 1997 Bonds were used to finance the cost of capital improvements to the Water and Sewer System. The Series 1997 Bonds were issued as Serial Bonds from 1999 to 2012 at interest rates ranging from 4.5% to 6.25% and three Term Bonds maturing in 2016, 2021, and 2026 with interest rates ranging from 5.25% to 5.375%.

$130,385,000 Dade County, Florida Aviation Revenue Refunding Bonds, Series 1997A. The proceeds of the Series 1997A Bonds together with certain other monies of the Aviation Department, were used to advance refund all of the outstanding Dade County, Florida Aviation Revenue Bonds, Series S dated November 1, 1989 and Series T dated July 1, 1990. The advance refunding resulted in the County reducing its future debt service payments by $872,000 over the next 11 years, and obtaining an economic gain of $5.8 million on a present value basis. The Series 1997A Bonds were issued at interest rates ranging from 4.6% to 6% and have a final maturity of October 2010.

$46,500,000 Florida Ports Financing Commission Loan. This loan is intended to finance marine structures, cargo and cruise terminals and related infrastructure improvements, and intermodal container facilities. Under the loan agreement, the County shall provide a 50-50 match in order to draw on the loan. Debt payments on the 50% State portion is paid from the State of Florida, Transportation Trust Fund.

$129,716,000 Dade County, Florida Remarketing Program of Public Improvement General Obligation Bonds, Series H, I, CC, and DD. The County has waived its option to call the Bonds, prior to their respective maturities and has remarked the Bonds as non-callable bonds, in order to achieve on upfront savings without reissuing refunding bonds. The County generated a net savings of $17.5 million while maintaining the same maturities, mandatory redemptions and interest rates as the previously issued Bonds.

$50,000,000 Dade County Solid Waste System Bond Anticipation Notes, Series 1997. The proceeds of the Series 1997 BANS are to be used to finance the closure of landfills/cells, construction of new landfill/cells, construction of landfill monitoring wells, constructions of leachate collection and treatment system, and construction of transfer station improvements. The 1997 BANS were issued at an interest rate of 4.75% and are due on September 1, 1998. It is anticipated that the 1997 BANS will be redeemed with the issuance of notes in anticipation of the sale and delivery of long term bonds.

$200,000,000 Dade County Aviation Revenue Bonds, Series 1997B and C. The proceeds of the Series 1997B and C Bonds, together with certain other moneys of the Aviation Department will be used to provide funds to pay a portion of the cost of certain airport improvements as part of the approved Capital Improvement Program, making deposits to the Reserve Account, and paying certain costs of issuance of the Series 1997B and C Bonds. The Series 1997B Bonds were issued at interest rates ranging from 4.875% to 5.125% with a final maturity in fiscal year 2022. The Series 1997C Bonds were issued as Term Bonds with an interest rate of 5.125% and maturity in fiscal year 2027.

$50,000,000 Dade County General Obligation Bonds (Park Program), Series 1997. The proceeds of the Series 1997 Bonds will be used to provide funds for parks programs for regional parks, beaches, unincorporated areas, and grants to municipalities. The Series 1997 Bonds were issued as Serial Bonds from 1998 to 2017 at interest rates ranging from 5% to 6.5%, and a Term Bond maturing in November 2022 at an interest rate of 5.125%.

$298,540,673 Dade County Subordinate Special Obligation & Refunding Bonds, Series 1997A, B, and C. The proceeds of the Series 1997A Bonds were used to purchase non-callable direct government obligations to refund a portion of the Series 1996 Bonds. Refunding the bonds provided the County with a total savings of $57.4 million in debt service which equated to $4.7 million in present value savings or 6.272% of the refunded issue. The proceeds of the Series 1997B Bonds will be used to provide additional funds for the Downtown PAC, certain cultural facilities located in the northern and southern part of the County and to provide funding for improvements to various existing cultural facilities throughout the County. The Series 1997C Bonds were issued to provide funds for the acquisition of real property for a new multi-purpose professional sports facility and pedestrian bridge. The Series 1997 Bond were issued at interest rates ranging from 4% to 5.68% with a final maturity in fiscal 2036.

Comparing Miami-Dade County's debt statistics to those of other counties is often times misleading in that Miami-Dade, by virtue of its Home Rule Charter, serves as the municipal government for over half of the population and land mass of the County, is fairly unique. The chart below utilizes information from Moody's Investors Service, Inc.'s 1997 Medians-Selected Indicators of Municipal Performance. It attempts to compare Miami-Dade County's Direct Net Debt (the County's gross net debt less bonds supported by enterprise operations) and its Overall Net Debt (the County's Direct Net Debt plus the net debt of its overlapping and/or underlying units of governments such as the other municipalities located in Miami-Dade County and the School Board) to composite data generated by Moody's for large cities and counties.

Miami - Dade County

Direct Net Debt on a Per Capita Basis	$455.38
Overall Net Debt on a Per Capita Basis	$1,320.33
Direct Net Debt as a Percentage of Taxable Property Valuation	1.16%
Overall Net Debt as a Percentage of Taxable Property Valuation	3.38%

Net Debt Per Capita	**Direct Net Debt Median**	**Overall Net Debt Low**	**Overall Net Debt Median**	**Overall Net Debt High**
Cities with populations of over 1,000,000	$880	$743	$1,531	$2,419
Counties with populations of over 1,000,000	$520	$1,168	$1,733	$3,000
Ratio of Net Debt to Value of Taxable Property				
Cities with populations of over 500,000	2.5%	2.0%	4.7%	13.1%
Counties with populations of over 1,000,000	1.0%	2.3%	3.0%	6.1%

By analyzing the above data and considering that Miami-Dade County is unique in providing substantial municipal services, one can ascertain that the County's relative debt position is in between the low and median category for its Overall Net Debt and lies below the median for large cities and counties as it relates to its Direct Net Debt Per Capita.

The County's financial management team has consistently demonstrated its ability to responsibly manage the fiscal affairs of the government. The nationally recognized ratings on County bonds have reflected these strengths through current high investment grade ratings of A1 and A+ from Moody's Investors Service and Standard & Poor's Corporation, respectively.

CONSTRUCTION MANAGEMENT

The County's current Six Year Capital Improvement Plan covering the period from October 1, 1997 through September 30, 2003 highlights 457 construction projects with an estimated cost of $8.980 billion. Of this amount, 63% represents the transportation area, with Aviation improvements comprising 50% of the total multi-year transportation program costs. Physical environment comprises 22% of the total spending with 18% attributable to the Water and Sewer Department.

Major capital projects for fiscal year 1998, other than Aviation, and Water and Sewer Capital Improvements include: construction of the Carol City District Police Station; improvements to the Courthouse Center and the Dade County Courthouse; improvements to the Women's Detention Center, and other correction facilities; construction of the fire stations located in Westchester, Perrine, Honey Hill, Fountainbleau, East Kendall, and West Sunset; the replacement of 104 regular buses and purchase of a bus monitoring system; construction of the Palmetto Metrorail Extension; implementation of the Safe Neighborhood Parks bond program with initial development of new parks and improvements to existing parks; renovating older branch libraries; architectural design for the Performing Arts Center; and solid waste landfill closures in compliance with environmental regulation.

The Three Cent Capital Improvement Local Option Gas Tax Program (LOGT) for fiscal year 1998 continues to be allocated for debt service on bonds for Metromover and Metrorail, construction and bus infrastructure maintenance, as well as road projects and to leverage $24.3 million federal and state funds for transit projects.

In addition to the LOGT, $14.3 million of Secondary Road Program and $15.3 million of Roadway Impact Fee Program revenues are programmed in fiscal year 1998. In total, revenues of $33.8 million are budgeted for roadway and traffic system improvements.

Funding sources for future capital improvement expenditures can be broken down as follows (in thousands):

	Fiscal Year 1998		Fiscal Years 1998-2003	
	Amount	**%**	**Amount**	**%**
Debt Proceeds	$ 780,972	56.51	$6,080,133	67.71
County Proprietary Operations	186,900	13.52	854,986	9.52
Federal	167,731	12.14	841,185	9.37
State	71,968	5.21	385,738	4.30
Impact Fees and Contributions	82,786	5.99	283,230	3.15
Gas Taxes	33,875	2.45	237,252	2.64
Other	57,823	4.18	297,196	3.31
Total	$ 1,382,055	100.00%	$8,979,720	100.00%

Future capital improvement expenditures, by program area, can be broken down as follows (in thousands):

	Fiscal Year 1998		Fiscal Years 1998-2003	
	Amount	**%**	**Amount**	**%**
Transportation	$711,322	51.47	$5,677,988	63.23
Physical Environment	385,294	27.88	1,995,825	22.23
Health and Human Services	171,585	12.42	575,834	6.41
Protection of People and Property	58,068	4.20	206,741	2.30
Cultural and Recreation	38,252	2.77	453,095	5.05
Internal Support and General Government	17,534	1.27	70,237	0.78
Total	$1,382,055	100.00%	$8,979,720	100.00%

CASH MANAGEMENT

In order to achieve maximum financial return on all available funds, the Finance Department pursues an aggressive cash management and investment program within the constraints imposed by Florida Statutes and Resolutions by the Board of County Commissioners. Commencing with fiscal year 1995, the County adopted a formal investment policy which applies to all investment of public funds. Idle cash balances are invested on a daily basis at the best interest rates available in the money markets. Investments consist primarily of time deposits in banks which have been approved by the State Treasurer to act as a qualified public depository, direct United States government treasury, government agencies securities, commercial paper, bankers' acceptances and repurchase agreements. For purposes of maximizing the interest earning yield on short-term investments, cash balances of all funds are pooled, except where separate cash and investment accounts are maintained in accordance with legal requirements. It is the County's policy not to invest in leveraged derivatives. The primary objective of the County's policy is preservation of capital.

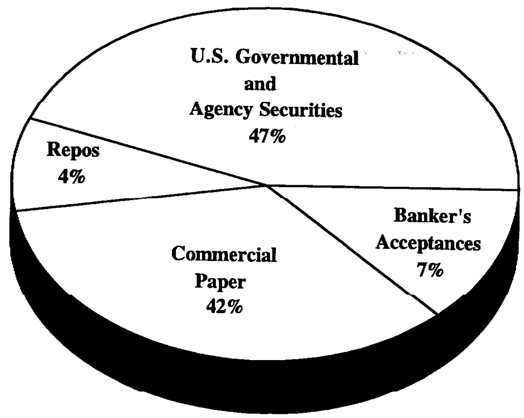
During fiscal year 1997, the average investment yield realized by the County was 5.66%. As in the past, Treasury activities have realized forecasted returns and have been a significant contributor in the attainment of revenues to meet the many service demand levels identified by the administration and management.

A summary and comparison of Treasury activity for the last three fiscal years is as follows (in thousands):

	1997	**1996**	**1995**
Average Portfolio Balance	$1,878,916	$1,880,583	$1,540,440
Average Investment Yield	5.66%	5.58%	5.91%
Interest Earned on Investments Managed by the Finance Department	$106,316	$105,288	$91,039

The following chart summarizes the County's investments, including cash equivalents, at September 30, 1997:

Cash Equivalents and Investment Types



The County participates in the United States Treasury Department Minority Bank Deposit Program. This program, which has been in effect for the past thirteen fiscal years, requires the County to deposit Federal initiated grants and entitlement and certain State originated moneys with local minority owed banks for a period of three working days. The banks in turn, have free use of the funds to make investments or take advantage of the Fed Funds Market and keep all interest earned thereon. However, in all instances, the County's moneys are fully collateralized as required by Florida Statutes.

The following recaps the County's deposits in participating minority owned banks in the past three fiscal years:

1997	$174,851,524
1996	273,102,000
1995	280,102,000

RISK MANAGEMENT

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. The health and life insurance programs are administered by an independent administrator. The County funds the program on an annual payout basis. Insurance coverage is maintained with independent carriers for property damage to County facilities. The County maintains no excess coverage with independent carriers for workers' compensation and general liability.

At September 30, 1997, the estimated liability for insurance claims which are expected to be paid with available financial resources was $45,323,000. The estimated liability for insurance claims which are not expected to be paid with available financial resources at September 30, 1997 was $73,005,000.

In December 1995 the County entered into a loan agreement with the Florida Sunshine State Commission. The purpose of the loan is to provide additional cash reserves in the event of a cataclysmic occurrence. The $41,200,000 loan is on deposit with a fiscal agent. The carrying costs of the loan are offset by interest earnings. In the event of a drawdown, the debt service payments will be generated by increasing the annual premiums charged to participants of the self-insurance fund. This loan arrangement enables the County to cover its potential liability at a nominal cost without adversely impacting the County's fiscal operations.

INDEPENDENT AUDIT

The general purpose financial statements for 1997 were audited by KPMG Peat Marwick LLP, and their opinion resulting from their audit, is included in this Comprehensive Annual Financial Report. Their audit was performed in accordance with generally accepted auditing standards, Government Auditing Standards and the Rules of the Auditor General State of Florida. The scope of the audit was sufficient to satisfy State, Federal and County Charter requirements.

CERTIFICATE OF ACHIEVEMENT

For the seventeenth consecutive year, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Metropolitan Dade County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 1996. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. The attainment of this award represents a significant accomplishment by a government and its financial management.

In order to be awarded a Certificate of Achievement, the County had to publish an easily readable and efficiently organized CAFR, whose contents conform to established program standards. Such comprehensive reports must satisfy both generally accepted accounting principles and applicable legal requirements. To earn a Certificate of Achievement, a government must demonstrate constructive spirit of full disclosure to clearly communicate its financial story while enhancing the understanding of the logic underlying the traditional governmental financial reporting model.

The County's 1996 Comprehensive Annual Financial Report has been evaluated by an impartial Special Review Committee composed of other government officers, independent certified public accountants, educators and others with particular expertise in government accounting and financial reporting. We believe that the 1997 Comprehensive Annual Financial Report continues to conform to the high standards of the Certificate of Achievement Program and we are submitting it to the GFOA.

ACKNOWLEDGEMENTS

The preparation and completion of this Comprehensive Annual Financial Report represents the culmination of numerous processes performed by many of the accountants throughout the County departments, and of the continued excellent cooperation and assistance of all of the accounting firms associated with the audit of the County's operations. We would like to thank the chief financial officers of the County's enterprise operations for coordinating their reporting deadlines with that of the combined entity in order for this Comprehensive Annual Financial Report to be issued on a timely basis; and the Research Division of the Department of Planning, Development and Regulation for providing the information regarding our economy. In particular, we wish to express our appreciation to the staff of the Finance Department who were responsible for compiling and collating

the data comprising this report, for developing our underlying financial accounting theory and for achieving the highly respected Certificate of Achievement Award.

Finally, your guidance and cooperation in planning and conducting the financial affairs of the County in a responsible and progressive manner is greatly appreciated.

Respectfully submitted,

Rachel Baum

RACHEL BAUM
Finance Director

Graciela Cespedes

GRACIELA CESPEDES
Deputy Finance Director