

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, 2004. 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.

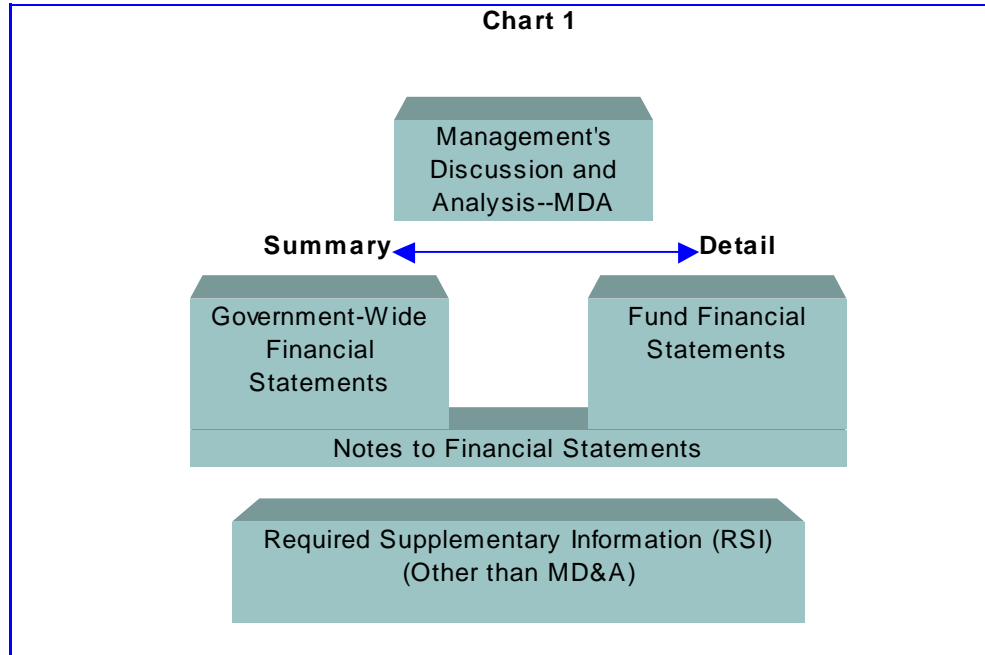
Financial Highlights for FY 2004

- ❑ At September 30, 2004, the County's assets exceeded its liabilities by \$7.091 billion (net assets). Of this amount, \$5.733 billion was invested in capital assets, net of related debt. Additionally, \$1.637 billion was restricted by law, agreements, debt covenants or for capital projects. The County had deficit unrestricted net assets of \$278.5 million at September 30, 2004.
- ❑ During the fiscal year 2004, net assets decreased by \$174.2 million. Of this decrease, \$197.6 million was in business-type activities, which was partially offset by an increase of \$23.4 million in governmental activities.
- ❑ Total long-term liabilities had a net increase of \$388.9 million during the fiscal year. This was due to the issuance of \$648.9 million of Revenue Bonds; \$122.7 million of Special Obligation Bonds; \$141.3 million of loans; \$171.9 million of commercial paper; interest accretions and premiums on bonds of \$26 million; offset by net reductions to principal and deferred amounts of \$801.5 million. Other long-term liabilities had a net increase of \$82.3 million.
- ❑ At September 30, 2004, the County's governmental funds had fund balances totaling \$1.089 billion. This is a decrease of \$9 million or less than 1% when compared to the prior year. Of the fund balance amount, \$466.2 million or approximately 43% was unreserved.
- ❑ At September 30, 2004, the General Fund had a fund balance of \$184 million, representing a decrease of approximately 5.8% from the previous year. Of the total fund balance, approximately \$66.6 million was unreserved.

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Overview of the Financial Statements

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



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

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

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

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

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

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

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 (major fund) and other nonmajor governmental funds in the aggregate. 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 of the Self-Insurance Fund are included within the governmental activities in the statement of net assets.

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- ❑ **Fiduciary funds.** Fiduciary funds are used to report assets held in a trustee or agency capacity for others. The County currently has funds held in an agency capacity for the Clerk of the Circuit and County Court and the Tax Collector, as well as other funds placed in escrow pending distributions. The County also has a Pension Trust Fund that accounts for the Public Health Trust Defined Benefit Retirement Plan. 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 additional disclosures for the Public Health Trust Pension Fund. Combining and individual fund statements and budget comparisons for nonmajor funds are located in the pages following the notes to the financial statements.

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Financial Analysis of the County as a Whole

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

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

	Governmental activities		Business-type activities		Total primary government		Total percentage change
	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003-2004</u>
Current and other assets	\$ 1,795	\$ 1,870	\$ 3,461	\$ 3,180	\$ 5,256	\$ 5,050	-3.9%
Capital assets	2,958	3,110	8,767	9,219	11,725	12,329	5.2%
Total assets	<u>4,753</u>	<u>4,980</u>	<u>12,228</u>	<u>12,399</u>	<u>16,981</u>	<u>17,379</u>	2.3%
Long-term debt obligations	1,940	2,067	6,609	6,869	8,549	8,936	4.5%
Other liabilities	605	682	561	670	1,166	1,352	16.0%
Total liabilities	<u>2,545</u>	<u>2,749</u>	<u>7,170</u>	<u>7,539</u>	<u>9,715</u>	<u>10,288</u>	5.9%
Net assets:							
Invested in capital assets, net of related debt	1,920	1,910	4,246	3,823	6,166	5,733	-7.0%
Restricted	560	565	626	1,072	1,186	1,637	38.0%
Unrestricted	(272)	(244)	186	(35)	(86)	(279)	224.4%
Total net assets	<u>\$ 2,208</u>	<u>\$ 2,231</u>	<u>\$ 5,058</u>	<u>\$ 4,860</u>	<u>\$ 7,266</u>	<u>\$ 7,091</u>	-2.4%

The fiscal year 2003 business-type activities column was restated to reflect the correction of errors and the cumulative effect of accounting changes. Please reference notes 11 and 12 for additional information and a detailed discussion on the errors and the change, respectively.

Net assets may be used to assess the financial position of the County. The County's combined net assets as of September 30, 2004 were \$7.091 billion. Approximately 80.9%, or \$5,733 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, \$1.637 billion are restricted net assets and are subject to external restrictions on how they may be spent. At September 30, 2004, the County's unrestricted net assets were a negative \$279 million. The governmental activities unrestricted deficit of \$244 million is primarily due to the liability for County employees' compensated absences, which will be funded in future years, and the Self-Insurance Fund's deficit of \$114 million. The unrestricted deficit is not a reflection of the County's lack of resources to meet its ongoing obligations to citizens and creditors. The decrease in net assets of business-type activities is attributed to reductions in Transit, Water and Sewer and the Public Health Trust, partially offset by increases in Seaport and Aviation. More detailed information on these changes may be found in the Financial Analysis of the County's Funds section of the MD & A.

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

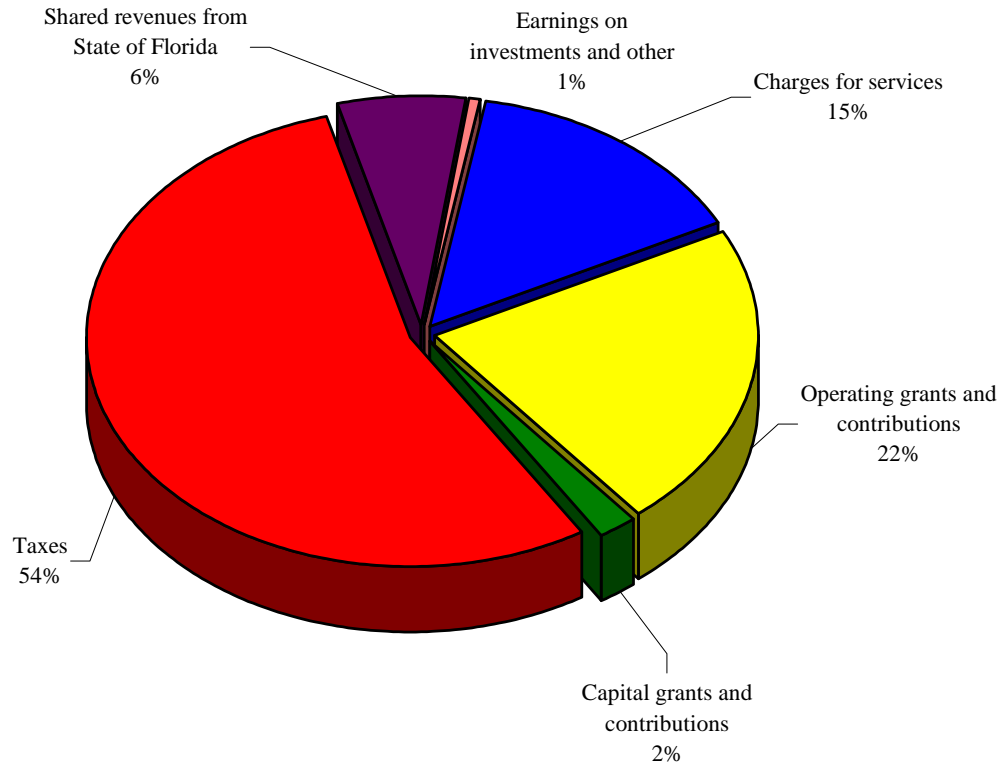
	Governmental activities		Business-type activities		Total primary government		Total % change
	2003	2004	2003	2004	2003	2004	2003-2004
Revenues:							
Program revenues:							
Charges for services	\$ 452	\$ 482	\$ 2,195	\$ 2,206	\$ 2,647	\$ 2,688	1.5%
Operating grants and contributions	681	703	145	137	826	840	1.7%
Capital grants and contributions	42	69	178	163	220	232	5.5%
General revenues:							
Property taxes	1,040	1,152			1,040	1,152	10.8%
County hospital 1/2% sales surtax	146	162			146	162	11.0%
Transportation 1/2% sales surtax	105	161			105	161	53.3%
Utility taxes	72	73			72	73	1.4%
Local option gas taxes	60	61			60	61	1.7%
Franchise taxes	34	38			34	38	11.8%
Communication tax	53	50			53	50	-5.7%
Other taxes	73	83			73	83	13.7%
Shared revenues from St.of Fl.	198	206			198	206	4.0%
Earnings on investments	23	18	70	21	93	39	-58.1%
Miscellaneous	2	2			2	2	0.0%
Total revenues	2,981	3,260	2,588	2,527	5,569	5,787	3.9%
Expenses:							
Policy formulation and gen'l gov.	385	400			385	400	3.9%
Protection of people and property	1,006	1,069			1,006	1,069	6.3%
Physical environment	142	137			142	137	-3.5%
Transportation	206	238			206	238	15.5%
Health	33	52			33	52	57.6%
Human services	224	257			224	257	14.7%
Socio-economic environment	359	372			359	372	3.6%
Culture and recreation	221	245			221	245	10.9%
Interest on long-term debt	86	77			86	77	-10.5%
Mass transit			426	460	426	460	8.0%
Solid waste collection			81	76	81	76	-6.2%
Solid waste disposal			141	152	141	152	7.8%
Seaport			90	89	90	89	-1.1%
Aviation			567	541	567	541	-4.6%
Water			150	157	150	157	4.7%
Sewer			267	274	267	274	2.6%
Public health			1,365	1,350	1,365	1,350	-1.1%
Other			18	16	18	16	-11.1%
Total expenses	2,662	2,847	3,105	3,115	5,767	5,962	3.4%
Increase in net assets before transfers	319	413	(517)	(588)	(198)	(175)	11.6%
Transfers	(401)	(390)	401	390			
Increase (decrease) in net assets	(82)	23	(116)	(198)	(198)	(175)	11.6%
Net assets, 9/30/2003	2,290	2,208	5,174	5,058	7,464	7,266	-2.7%
Net assets, 9/30/2004	\$ 2,208	\$ 2,231	\$ 5,058	\$ 4,860	\$ 7,266	\$ 7,091	-2.4%

The fiscal year 2003 business-type activities charges for services and public health expenses were restated to reflect the correction of errors and the cumulative affect of accounting changes. Please reference notes 11 and 12 for additional information and a detailed discussion on the errors and the change, respectively.

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Governmental activities. Net assets of governmental activities increased by \$23.4 million in fiscal year 2004. Total revenues for the governmental activities were \$3.260 billion. The largest source of revenue is taxes (54%), followed by operating grants and contributions (22%) and charges for services (15%). The County experienced an increase in property tax revenues of \$112 million or 10.8% in fiscal year 2004, due to an increase in net assessed property values for the year of 11.6%.

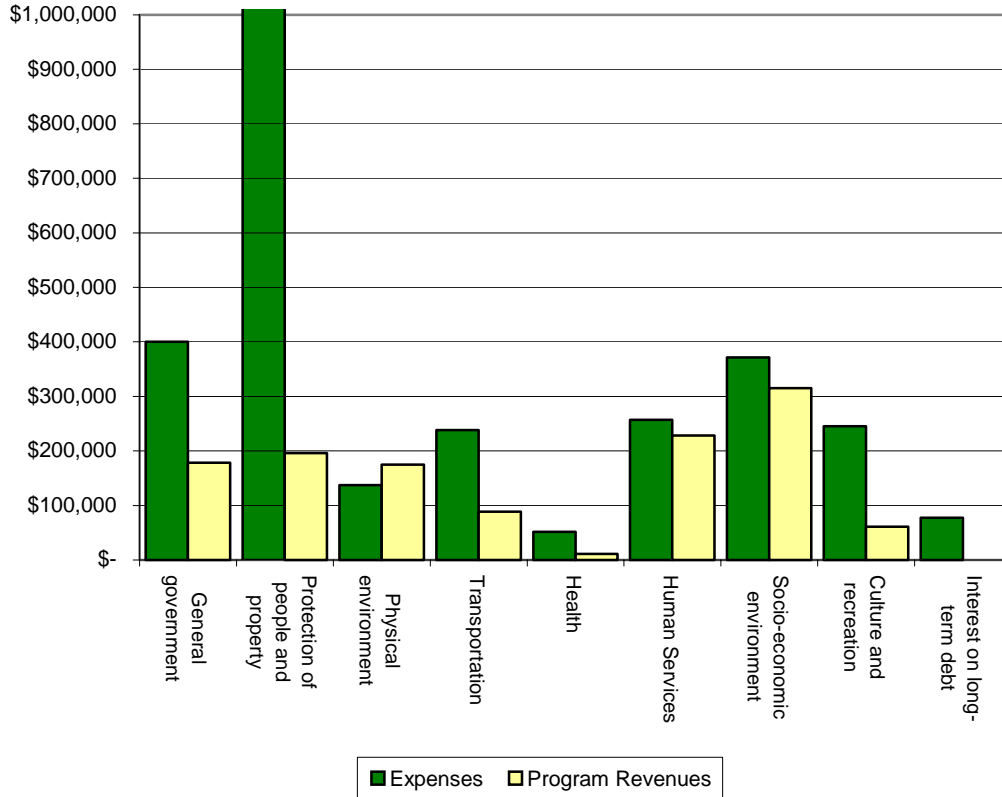
Revenues by Source--Governmental Activities



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Total expenses for governmental activities were \$2.8 billion. As can be seen in the chart below, the majority of these expenses were for Protection of People and Property. Net transfers to business-type activities were \$390 million, including: \$146 million to the Transit Agency, of which approximately \$28 million was from the half-penny sales tax for transit related costs; \$161.8 million of the half-penny County hospital tax to the Public Health Trust; \$119.1 million from the General Fund to the Public Health Trust; and \$37.9 million transferred from the Miami-Dade Water and Sewer Department to the General Fund.

Expenses and Program Revenues - Governmental Activities
(in thousands)



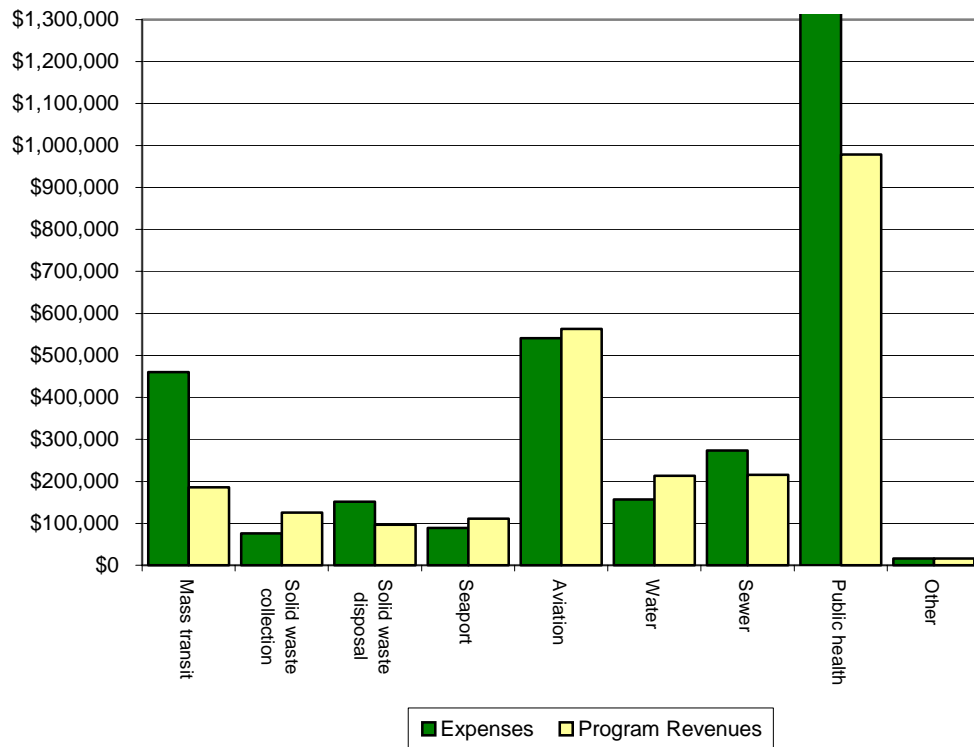
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Business-type activities. The County's major business-type activities include the following enterprise funds:

- 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.

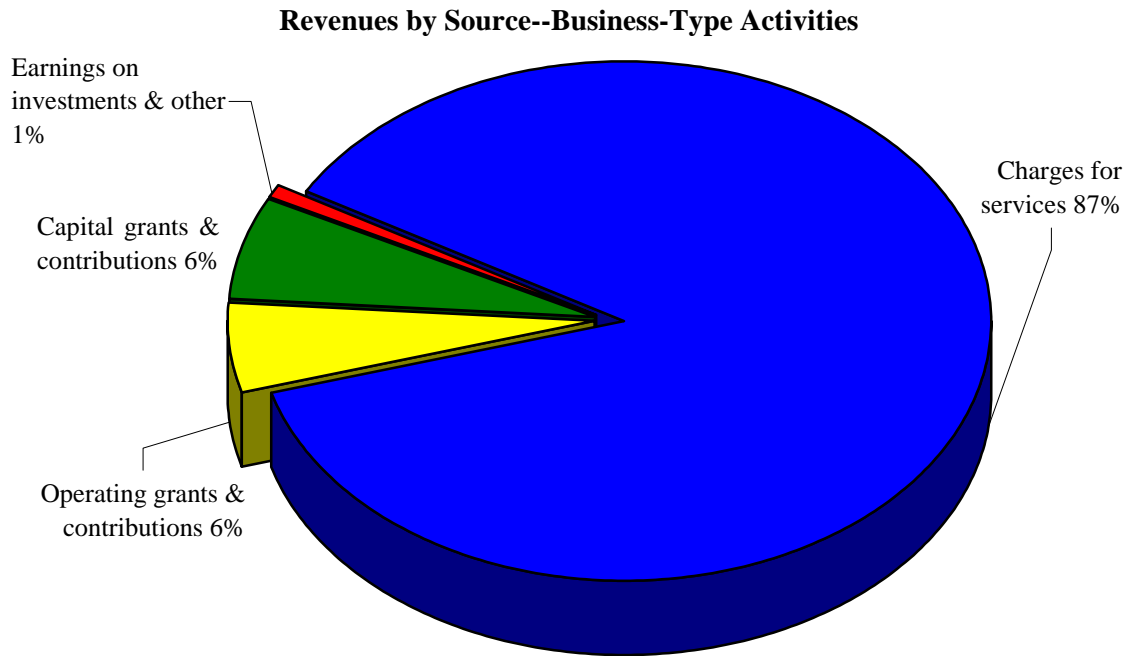
Net assets of business-type activities decreased by \$197.6 million. The bar graph below summarizes the expenses and program revenues of the business-type activities.

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



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The pie chart below summarizes the revenues by source of the business-type activities.



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Financial Analysis of the County's Funds

Governmental Funds. The General Fund is the County's chief operating fund and is used to account for most of its governmental activities. The General Fund had a fund balance of \$184.4 million on September 30, 2004. Of this amount \$66.6 million, or approximately 36.0%, is unreserved. The unreserved fund balance represents 5.3% of the total General Fund's expenditures. The General Fund's fund balance decreased by \$10.6 million from the previous year. This decrease can be attributed to a decrease in the storm water utility fund balance as a result of an increase in the local match of the storm drainage FEMA mitigation grant.

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 \$80.5 million in operating revenues in fiscal year 2004, and reported a decrease in net assets of \$125 million. Net assets for MDT totaled \$1.073 billion as of September 30, 2004, including \$1.175 billion invested in capital assets, \$11.3 million restricted assets, and a \$113.7 million deficit in unrestricted net assets.

As of September 30, 2004, the Transit Agency has a cash deficit balance of approximately \$84.9 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.

On June 8, 2005 the Regional Committee (RTC) recommended a revision to the People's Transportation Plan (PTP). The revision to the PTP restores the General Fund support to MDT, also referred to as the Maintenance of Effort (MOE), to the pre-tax level of \$123.7 million and annually increases it by 3.5%. The revision includes a Line of Obligation Letter, which outlines a loan approved by the Citizen's Independent Transportation Trust (CITT) for up to \$150 million. A shortfall of \$23.9 that existed prior to passage of the surtax will be covered by the General Fund and will be repaid by MDT over a term of ten years.

Solid Waste Department ("SWD") The SWD had a decrease in net assets of \$3.4 million during fiscal year 2004. The decrease is primarily attributed to an increase in depreciation of \$2.6 million. Operating revenues were \$221.9 million, representing an increase of approximately 8.7%.

Seaport Department The Seaport Department's operating revenues for the 2004 fiscal year were \$79.3 million, a decrease of approximately 4.7%. This decrease is primarily attributed to a decrease in cruise activity of 11.6%, partially offset by an increase in cargo activity of 2.5%. The Seaport's net assets increased by \$24.7 million from the prior year, by recognizing \$30.4 million of external capital contributions in its operating statement and a reduction in interest expense of \$4.3 million. The decrease in interest expense is attributed to a decrease in the arbitrage rebate liability.

Aviation Department The Aviation Department had operating revenues of \$472 million in fiscal year 2004, an increase of approximately 4.6% from the prior year. This can be attributed to an increase in aviation fees due to an increase in the landing fee rate; an increase in rental revenue due primarily to the implementation of the Common Use Terminal Equipment (CUTE); an increase in commercial operations primarily due to rate increases for parking, and higher commercial sales. Net assets for the Airport increased \$29.1 million from prior year. This is primarily attributed to the recognition of external capital contributions of \$31.5 million in its operating statement.

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In August 1993, the Aviation Department entered into an agreement with the County's Department of Environmental Resources Management. Every year since, the Aviation Department has an independent engineering firm evaluate and update environmental violations. As a result of the updated study and costs incurred, the Aviation Department has an environmental remediation liability of \$190.0 million as of September 30, 2004.

Water and Sewer Department ("WASD") Total net assets as of September 30, 2004 were \$2.1 billion. The Department's net assets decreased by \$29.6 million, or 1.4%, primarily due to a decrease in interest income and increased expenses. Interest income decreased \$17.4 million due to a decrease in the fair value of the investments. Operating expenses, including employee compensation, outside services, chemicals, utilities, communications, vehicle and fuel expenses, increased by \$14.5 million, or 6.6%, from last year. Depreciation expense also increased by \$5 million.

Public Health Trust ("PHT") Net assets as of September 30, 2003 were restated to give effect to the financial impact of the following prior period errors:

• Overstatement of net patient accounts receivable	\$ 20,600,000
• Understatement of estimated payables due to other third parties	24,561,000
• Understatement of accrued sick pay	1,644,810

During fiscal year 2004, PHT's net assets decreased by \$82.4 million. Operating revenues were \$978.5 million, a slight decrease of \$25.7 million from prior year. Operating expenses, including depreciation, increased by \$25.6 million from last year. The increase in expenses is attributed to an increase in personnel and related costs due to wage adjustments.

As of September 30, 2004, the PHT was not in compliance with certain of its debt covenants and received waivers of these covenants from its bond insurers. Accordingly, the portion of PHT's outstanding debt with scheduled maturities subsequent to September 30, 2005 is included in non-current liabilities.

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General Fund Budgetary Highlights

During fiscal year 2004, 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 Corrections Department required an amendment of \$8.9 million to cover overtime costs in jail operations, increased expenditures associated with hospital assignments for inmate medical care and due to a higher than expected inmate population and board approved wage adjustments.
- ❑ The Elections Department required an amendment of \$5.0 million to cover higher than budgeted overtime expenditure in order to meet state mandated deadlines, increased warehouse and polling place security and technological support.
- ❑ The Judicial Administration Department required an amendment of \$3.5 million to account for new recording fees and traffic surcharges enacted by the Board following the implementation of Article V mandates.
- ❑ The Team Metro Department required a supplemental budget of \$2.1 million to cover the cost of negotiated wage adjustments, additional personnel costs associated with weekend and after hour code enforcement activities.

Actual General Fund revenues were \$14.7 million higher than the budgeted amount. The increase is primarily due to 1) an increase in building permits of \$13.6 million resulting from an increase in construction and related activities; 2) an increase in intergovernmental revenue of \$15.0 million resulting from increased activity; 3) an increase of \$6.7 million in charges for services as a result of increased activity in recording fees and an increase in activity and rate for storm water fees. These increases were partially offset by lower than budgeted communication taxes as a result of a decrease in the tax base.

The General Fund expenditures were \$1.259 billion, or \$72.0 million less than budgeted. This positive variance is primarily attributed to lower than anticipated expenditures in Policy Formulation, Protection of People and Property, and Physical Environment of \$33.8 million, \$20.5 million, and \$15.5 million, respectively.

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Capital Asset and Debt Administration

Capital Assets. At September 30, 2004, the County's total investment in capital assets, net of accumulated depreciation, was \$12.3 billion. This represents an increase of approximately 5.0% 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, 2004
(net of depreciation, in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2003	2004	2003	2004	2003	2004
Land	\$ 511,150	\$ 522,254	\$ 542,151	\$ 541,123	\$ 1,053,301	\$ 1,063,377
Construction in progress	407,475	532,382	1,460,698	1,775,331	1,868,173	2,307,713
Building and building improvements	1,000,018	1,035,019	2,877,749	3,067,166	3,877,767	4,102,185
Infrastructure	907,220	898,748	3,123,258	3,097,043	4,030,478	3,995,791
Machinery and equipment	131,928	121,121	783,132	738,454	915,060	859,575
Totals	\$ 2,957,791	\$ 3,109,524	\$ 8,786,988	\$ 9,219,117	\$ 11,744,779	\$ 12,328,641

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

- ❑ \$115.5 million expended for construction projects related to the Performing Arts Center and the South Miami-Dade Cultural Center,
- ❑ \$7.9 million for the improvements and renovations at the Turner Guilford Knight Correctional Center,
- ❑ \$8.2 million for the leasehold improvement at the Martin Luther King Office Building,
- ❑ \$5.4 million for the acquisition of library resources,
- ❑ \$4.9 million expended for the upgrade of a 450 MHZ UHF Radio System, and
- ❑ \$4.7 million expended for the development of a Dispatch System.

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

Aviation Department:

- ❑ \$229.9 million expended for various projects, due to the Aviation Department's ongoing Capital Improvement Program (CIP). The CIP consists of 302 projects with a budgeted cost of approximately \$4.8 million for construction through fiscal year 2015.

Water and Sewer Department:

- ❑ \$57.5 million expended for various water projects, including treatment facilities, and
- ❑ \$42.7 million expended for various wastewater projects, including infiltration and inflow reduction program and gravity mains and services.

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Solid Waste Department

- ❑ \$2 million expended for closure projects of active and inactive landfills.

Transit Agency

- ❑ \$36.6 million was expended on 109 new buses that were placed in service during the 2004 fiscal year.

Public Health Trust

- ❑ The Trust continues to expand and improve its facilities. Approximately \$36.1 million was spent in fiscal year 2004 to expand and improve the Trust's facilities.

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

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Long-Term Liabilities. At September 30, 2004, the County had \$8.936 billion in long-term liabilities, which are summarized in the schedule below. Additional information regarding long-term debt can be obtained in Note 8.

Miami-Dade County Outstanding Long-term Liabilities as of September 30, 2004 (in thousands)

	Governmental activities		Business-type activities		Total Primary Government	
	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>
General obligation bonds	\$ 247,541	\$ 225,581	\$ 149,925	\$ 149,010	\$ 397,466	\$ 374,591
Special obligation bonds	1,108,396	1,181,511	60,045	58,060	1,168,441	1,239,571
Revenue bonds			4,926,115	5,174,690	4,926,115	5,174,690
Housing Agency bonds and notes	72,894	69,084			72,894	69,084
Loans and notes payable	52,513	61,378	468,139	579,516	520,652	640,894
Other (I.e. unamortized premiums and discounts and accretions of interest)	4,470	30,242	(121,554)	(105,391)	(117,084)	(75,149)
Commercial paper notes			178,694	30,111	178,694	30,111
Sub-total Bonds, Notes and Loans	1,485,814	1,567,796	5,661,364	5,885,996	7,147,178	7,453,792
Compensated absences	267,881	292,220	150,129	168,565	418,010	460,785
Estimated insurance claims payable	164,510	173,715	57,631	48,437	222,141	222,152
Environmental remediation			175,580	192,574	175,580	192,574
Landfill closure/postclosure care costs			82,647	83,779	82,647	83,779
Lease agreements		11,888	432,063	433,641	432,063	445,529
Other	21,921	21,337	49,448	56,342	71,369	77,679
Totals	<u>\$ 1,940,126</u>	<u>\$ 2,066,956</u>	<u>\$ 6,608,862</u>	<u>\$ 6,869,334</u>	<u>\$ 8,548,988</u>	<u>\$ 8,936,290</u>

Bond Ratings

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

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

MIAMI-DADE COUNTY, FLORIDA

At September 30, 2004, the County had \$7.424 billion in bonds and loan agreements outstanding, other than commercial paper notes. This is a net increase (new debt issued less principal reductions) of \$455 million or 6.5% from the previous year. During the year, the County issued approximately \$913 million 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:					
10/9/2003	Water and Sewer System Revenue Refunding Bonds, Series 2003	Refund the County's Water and Sewer System Revenue Refunding Bonds, Series 1993 and pay issuance costs.	2.00%-5.00%	2013	\$ 248,890
4/14/04	Aviation Revenue Bonds, Series 2004A (AMT)	Finance certain airport improvements associated with the Airport's Capital Improvement Plan previously approved by the Board	4.75% - 5.00%	10/1/36	211,850
4/14/04	Aviation Revenue Bonds, Series 2004B (Non-AMT)	Finance certain airport improvements associated with the Airport's Capital Improvement Plan previously approved by the Board	4.625% - 5.00%	10/1/37	156,365
4/14/2004	Aviation Revenue Bonds, Series 2004C (Non-AMT)	Refund Airport Revenue Bonds Series Y.	2.100%-5.00%	2011	31,785
4/27/04	Special Obligation Bonds Capital Acquisition Series 2004A	To finance the acquisition of capital assets, improvements, renovations and enhancements to County facilities.	Variable	4/01/14	50,000
9/29/04	Special Obligation Bonds Capital Acquisition Series 2004B	To finance the acquisition of capital assets, improvements, renovations and enhancements to County facilities.	2.25% to 5.00%	4/01/14	72,725
LOANS:					
6/30/04	Section 108 Loan from the U.S. Department of Housing and Urban Development-HUD 2004-A-EDI Loan	Miami-Dade Community Development Revolving Loan Fund Program to assist small businesses to provide economic growth in targeted urban areas.	3.66% to 6.67%	8/01/24	6,300
8/13/04	Sunshine State Governmental Financing Commission Commercial Paper Revenue Notes, Series G 2004 (Naranja Lakes Projects)	To finance cost of certain infrastructure development to Naranja Lakes Community Redevelopment District.	Variable	7/1/16	5,000
8/26/2004	Miami Dade Transit Penske Loan	To acquire 110 buses	4.80%	9/1/2016	22,707
9/1/2004	Miami Dade Transit PTP Loan-Resolution R-846-04	Capital for PTP projects.	Variable	2019	100,000
9/30/2004	State Revolving Fund (Miami-Dade Water and Sewer Dept.)	To finance construction of water and wastewater treatment facilities	2.56% to 4.17%	2024	7,250

Total long-term debt issued during the year

\$912,872

MIAMI-DADE COUNTY, FLORIDA

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

Economic Factors and Other Significant Matters

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

- The unemployment rate for Miami-Dade County declined to 6.5% from 7.2%, a decrease of approximately 9.3% from prior year. (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 approximately eleven million. This represents a decrease of approximately 5%. (Source: Greater Miami Convention and Visitors Bureau)
- The average sales price for new and used single family homes and used condos increased to \$258,643, \$266,301 and \$217,337, respectively. Conversely, the average sales price for new condos decreased to \$275,682. (Source: The Beacon Council / Miami-Dade County Florida)

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