

## MIAMI-DADE COUNTY, FLORIDA

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The following narrative provides an overview of Miami-Dade County's (the "County") financial activities for the fiscal year ended September 30, 2005. 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.

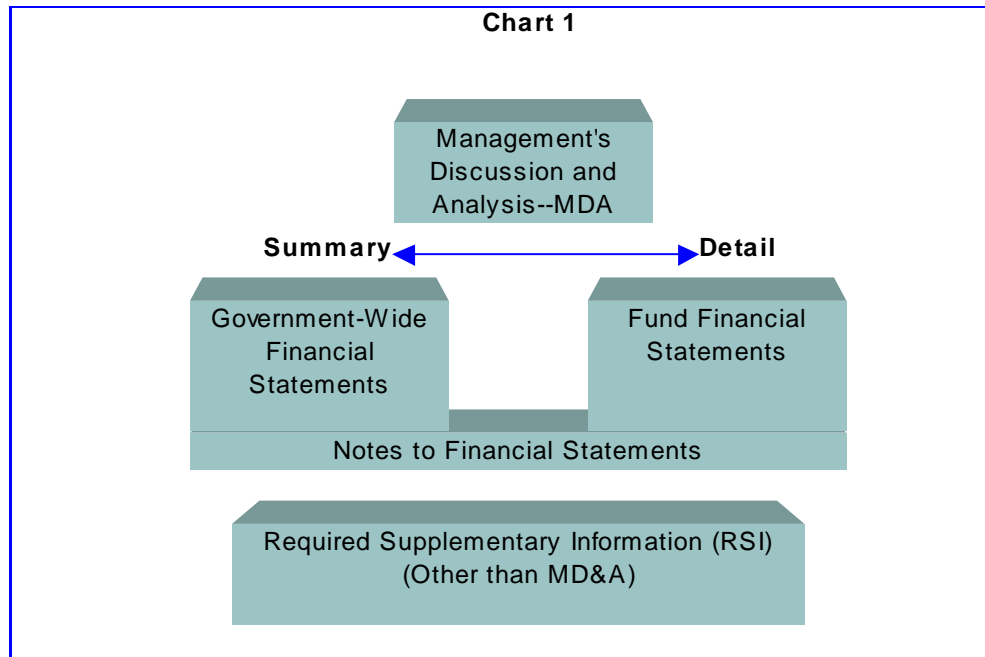
#### **Financial Highlights for Fiscal Year 2005**

- ❑ At September 30, 2005, the County's assets exceeded its liabilities by \$7.1 billion (net assets). Of this amount, \$6.0 billion was invested in capital assets, net of related debt. Additionally, \$1.2 billion was restricted by law, agreements, debt covenants or for capital projects. The County had unrestricted net deficit of \$151.2 million at September 30, 2005.
- ❑ During the fiscal year 2005, net assets increased by \$45.9 million. Of this increase, \$28.8 million was in business-type activities and the remaining increase of \$17.1 million in governmental activities.
- ❑ Total long-term liabilities, excluding commercial paper, had a net increase of \$832.9 million during the fiscal year. This was due to the issuance of \$668.7 million of Revenue Bonds; \$305.7 million of General Obligation Bonds; \$259.3 million of Special Obligation Bonds; \$217.1 million of loans; interest accretions and premiums on bonds of \$61.6 million; offset by reductions to principal and other liabilities of \$1.086 billion.
- ❑ At September 30, 2005, the County's governmental funds had fund balances totaling \$1.690 billion. This is an increase of \$600.7 million when compared to the prior year. Of the total fund approximately \$1.059 billion or 63% was unreserved.
- ❑ At September 30, 2005, the General Fund had a fund balance of \$274.7 million, representing an increase of approximately 49% from the previous year. Of the total fund balance, approximately \$126.5 million was unreserved.

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### Overview of the Financial Statements

This is the fourth 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.

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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.

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, reconciliations are provided between 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

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for the County's two major funds General Fund and the Community and Social Development Fund and Other nonmajor Governmental Funds in the aggregate. Individual fund statements for the nonmajor funds are included 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.
- **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 the for the Community and Social Development 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
	2004	2005	2004	2005	2004	2005	2004-2005
Current and other assets	\$ 1,870	\$ 2,856	\$ 3,180	\$ 3,240	\$ 5,050	\$ 6,096	20.7%
Capital assets	3,110	3,193	9,219	9,660	12,329	12,853	4.3%
<b>Total assets</b>	<b>4,980</b>	<b>6,049</b>	<b>12,399</b>	<b>12,900</b>	<b>17,379</b>	<b>18,949</b>	<b>9.0%</b>
Long-term debt obligations	2,067	2,769	6,869	7,283	8,936	10,052	12.5%
Other liabilities	682	1,031	670	729	1,352	1,760	30.2%
<b>Total liabilities</b>	<b>2,749</b>	<b>3,800</b>	<b>7,539</b>	<b>8,012</b>	<b>10,288</b>	<b>11,812</b>	<b>14.8%</b>
Net assets:							
Invested in capital assets, net of related debt	1,910	1,883	3,823	4,158	5,733	6,041	5.4%
Restricted	565	672	1,072	576	1,637	1,248	-23.8%
Unrestricted	(244)	(306)	(35)	154	(279)	(152)	45.5%
<b>Total net assets</b>	<b>\$ 2,231</b>	<b>\$ 2,249</b>	<b>\$ 4,860</b>	<b>\$ 4,888</b>	<b>\$ 7,091</b>	<b>\$ 7,137</b>	<b>0.6%</b>

Net assets may be used to assess the financial position of the County. The County's combined net assets as of September 30, 2005 were \$7.137 billion. Approximately 85%, or \$6.0 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, \$1.248 billion are restricted net assets and are subject to external restrictions on how they may be spent. At September 30, 2005, the County had unrestricted net deficit of \$152 million. The governmental activities unrestricted deficit of \$306 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 \$78.5 million. The change in rate structure of the Self Insurance Fund and a reduction of the short-term actuarial values contributed towards reducing the deficit by approximately \$36 million during the 2005 fiscal year. The increase in net assets of business-type activities of \$28.8 million is attributed to increases in Seaport, Aviation and the Public Health Trust, partially offset by decreases in Transit, Solid Waste, Water and Sewer, and the non-major enterprise funds. 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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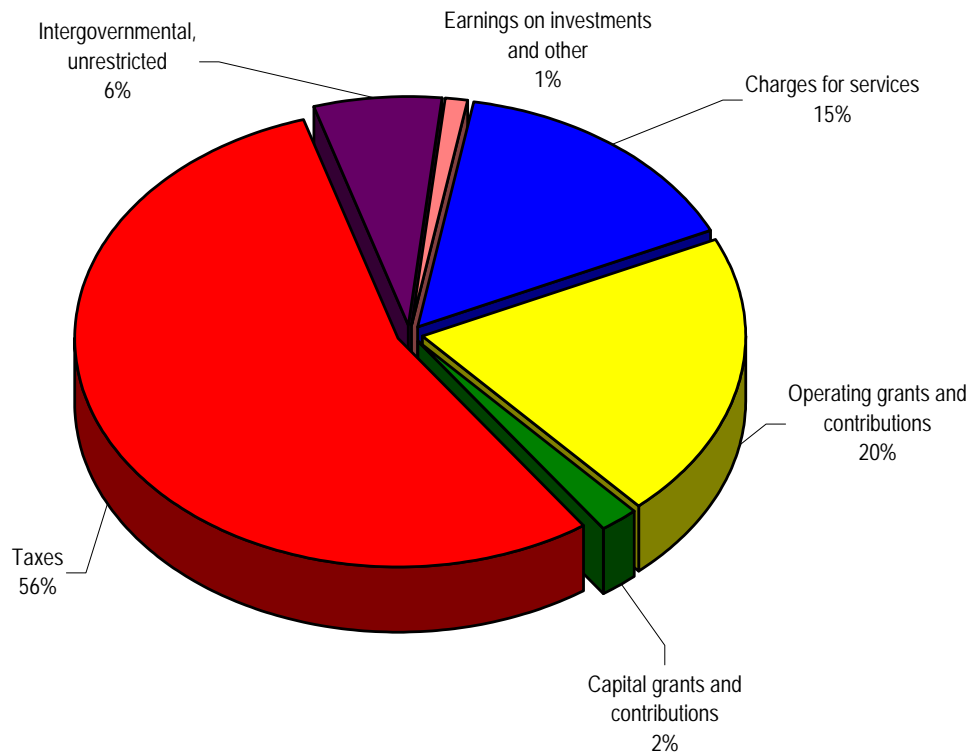
**Table 2**  
**Miami-Dade County, Florida**  
**Changes in Net Assets**  
**(in millions)**

	Governmental activities		Business-type activities		Total primary government		Total % change
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004-2005</u>
<b>Revenues:</b>							
Program revenues:							
Charges for services	\$ 482	\$ 539	\$ 2,206	\$ 2,414	\$ 2,688	\$ 2,953	9.9%
Operating grants and contributions	703	709	137	198	840	907	8.0%
Capital grants and contributions	69	75	163	155	232	230	-0.9%
General revenues:							
Property taxes	1,152	1,283			1,152	1,283	11.4%
County hospital 1/2% sales surtax	162	171			162	171	5.6%
Transportation 1/2% sales surtax	161	170			161	170	5.6%
Utility taxes	73	67			73	67	-8.2%
Local option gas taxes	61	62			61	62	1.6%
Franchise taxes	38	39			38	39	2.6%
Communication tax	50	49			50	49	-2.0%
Other taxes	83	92			83	92	10.8%
Intergovernmental revenues, unrestricted	206	221			206	221	7.3%
Earnings on investments	18	32	21	46	39	78	100.0%
Miscellaneous	2	10			2	10	400.0%
<b>Total revenues</b>	<u>3,260</u>	<u>3,519</u>	<u>2,527</u>	<u>2,813</u>	<u>5,787</u>	<u>6,332</u>	9.4%
<b>Expenses:</b>							
Policy formulation and general government	400	467			400	467	16.8%
Protection of people and property	1,069	1,113			1,069	1,113	4.1%
Physical environment	137	161			137	161	17.5%
Transportation	238	206			238	206	-13.4%
Health	52	56			52	56	7.7%
Human services	257	283			257	283	10.1%
Socio-economic environment	372	381			372	381	2.4%
Culture and recreation	245	239			245	239	-2.4%
Interest on long-term debt	77	84			77	84	9.1%
Mass transit			460	495	460	495	7.6%
Solid waste collection			76	87	76	87	14.5%
Solid waste disposal			152	168	152	168	10.5%
Seaport			89	93	89	93	4.5%
Aviation			541	565	541	565	4.4%
Water			157	172	157	172	9.6%
Sewer			274	274	274	274	0.0%
Public health			1,350	1,424	1,350	1,424	5.5%
Other			16	18	16	18	12.5%
<b>Total expenses</b>	<u>2,847</u>	<u>2,990</u>	<u>3,115</u>	<u>3,296</u>	<u>5,962</u>	<u>6,286</u>	5.4%
Increase in net assets before transfers	413	529	(588)	(483)	(175)	46	126.3%
Transfers	(390)	(512)	390	512			
<b>Increase (decrease) in net assets</b>	<u>23</u>	<u>17</u>	<u>(198)</u>	<u>29</u>	<u>(175)</u>	<u>46</u>	126.3%
Net assets, 9/30/2004	2,208	2,231	5,058	4,860	7,266	7,091	-2.4%
<b>Net assets, 9/30/2005</b>	<u>\$ 2,231</u>	<u>\$ 2,248</u>	<u>\$ 4,860</u>	<u>\$ 4,889</u>	<u>\$ 7,091</u>	<u>\$ 7,137</u>	0.6%

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**Governmental activities.** Net assets of governmental activities increased by \$17.1 million in fiscal year 2005. Total revenues for the governmental activities were \$3.519 billion. The largest source of revenue is taxes (55%), followed by operating grants and contributions (20%) and charges for services (15%). The County experienced an increase in property tax revenues of \$130.1 million or 11.3% in fiscal year 2005, due to an increase in net assessed property values for the year of 13.7%.

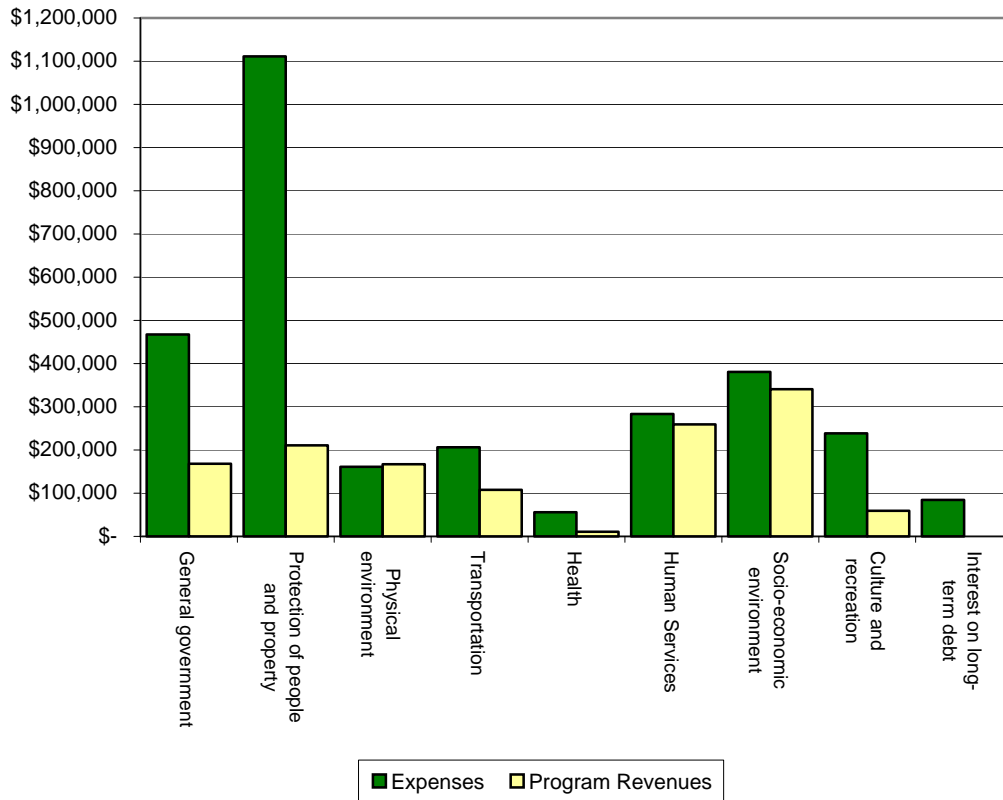
### Revenues by Source--Governmental Activities



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Total expenses for governmental activities were \$2.989 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 \$539 million, including: \$246 million to the Transit Agency, of which approximately \$118.2 million was from the half-penny sales tax for transit related costs; \$170 million of the half-penny Indigent Care sales tax to the Public Health Trust; \$123 million from the General Fund to the Public Health Trust; partially offset by \$27 million transferred from the Miami-Dade Water and Sewer Department to the General Fund.

**Expenses and Program Revenues - Governmental Activities**  
(in thousands)



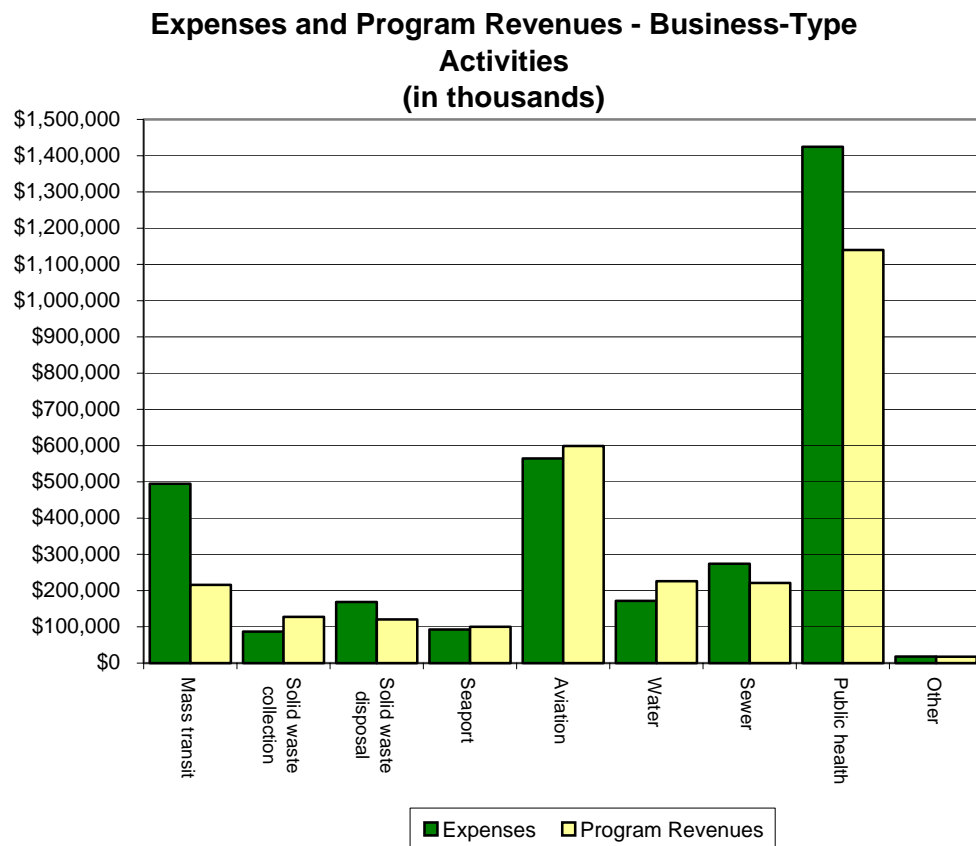


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**Business-type activities.** The County's major business-type activities include the following enterprise funds:

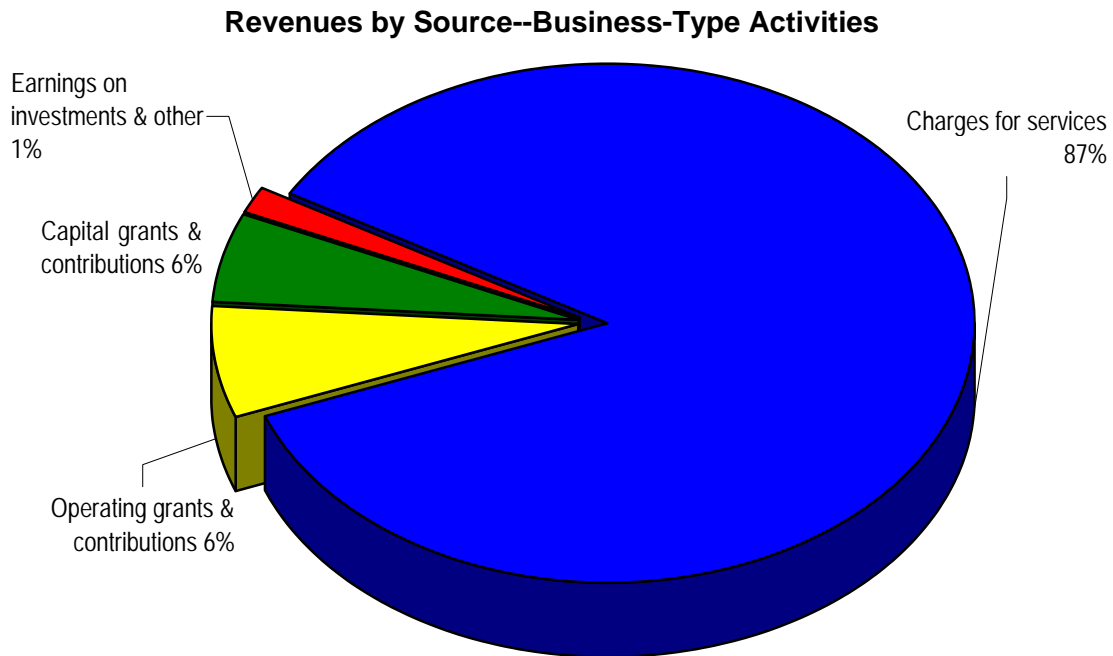
- Miami-Dade Transit Agency
- Solid Waste Collection and Disposal Department
- Seaport Department
- Miami-Dade Aviation Department
- Miami-Dade Water and Sewer Department, and
- Public Health Trust.

Net assets of business-type activities increased by \$28.8 million. The bar graph below summarizes the expenses and program revenues of the business-type activities.



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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's fund balance at September 30, 2005, was \$274.7 million. Of this amount \$126.5 million, or approximately 46%, is unreserved. The unreserved fund balance represents approximately 9% of the total General Fund's expenditures. The General Fund's fund balance increased by \$90.4 million from the previous year. This increase is attributed to higher than anticipated revenues in many areas resulting from higher than anticipated activity, coupled with lower than anticipated expenditures as a result of cost control measures and the acquisition of capital assets being deferred or as a result of timing differences resulting in costs not occurring until the next fiscal year.

**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 \$94.7 million in operating revenues in fiscal year 2005, and reported a decrease in net assets of \$37.7 million. Net assets for MDT totaled \$1.035 billion at September 30, 2005, including \$1.181 billion invested in capital assets, \$25 million in restricted net assets, and a \$171.4 million deficit in unrestricted net assets.

As of September 30, 2005, the Transit Agency had a cash deficit balance of approximately \$109 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.

During the 2005 fiscal year the Board of County Commissioners, revised the People's Transportation Plan (PTP). The revision to the PTP restored 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 implemented annual increases of 3.5% to the MOE. 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. At September 30, 2005, of the \$150 million referenced above, the MDT had borrowed approximately \$22.9 million from the CITT.

***Solid Waste Department ("SWD")*** The SWD had a decrease in net assets of \$6.8 million during fiscal year 2005. The decrease is primarily attributed to an increase in other expenses of \$10.4 million. This increase was partially offset by an increase in operating revenues and increases in depreciation. Operating revenues were \$247.7 million, representing an increase of approximately 11.6%.

***Seaport Department*** The Seaport Department's operating revenues for the 2005 fiscal year were \$85 million, an increase of approximately 7%. This increase is primarily attributed to an increase in cruise and cargo activity of 7% and 9%, respectively. The Seaport's net assets increased by \$9.4 million from the prior year, by recognizing \$15.3 million of external capital contributions in its operating statement, higher operating revenues, partially offset by increases in other expenses, and interest expense. The increase in operating expenses is attributed to increased security services and the increase in interest is attributed to higher interest rates.

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**Aviation Department** The Aviation Department had operating revenues of \$494.5 million in fiscal year 2005, an increase of approximately 6% from the prior year. This increase is attributed to the reduction of approximately \$39.8 million of environmental remediation liability based upon the 2005 opinion of cost study. Net assets of the Airport increased \$44.3 million from prior year. This is primarily attributed to the reduction of the environmental remediation liability, discussed previously and the reduction of operating expenses, resulting from the FAA, Department of Transportation OIG revenue diversion audit, which required the County to reimburse the Airport approximately \$12.1 million.

**Water and Sewer Department (“WASD”)** Total net assets as of September 30, 2005 were \$2.1 billion. The Department’s net assets decreased by \$7.5 million, or .35%, primarily due to an increase in personnel costs due to wage adjustments and related fringes, utilities and fuel costs, partially offset by an increase in investment income non-operating revenue. Interest income increased \$13.7 million due to an increase in the fair value of the investments and a higher investment yield.

**Public Health Trust (“PHT”)** During fiscal year 2005, PHT’s net assets increased by \$10.9 million. Operating revenues were \$1.084 billion, an increase of \$131.1 million from prior year. The increase is attributed to the effect of an average strategic price increase of 11% that became effective October 1, 2004. Operating expenses, including depreciation, increased by \$66.7 million from last year. The increase in expenses is attributed to an increase in personnel and related costs due to wage adjustments, staffing and separation costs; an increase contractual services attributed to physician contracts relating to an operating agreement; and an increase in other operating expenses attributed to increases in professional liability expense and AIDs program related expenses. Additionally, transfers to the PHT increased as a result of the indigent health care discretionary transfer, from an increase in activity, and an increase in the assessed property value, which increased the maintenance of effort transfer.

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### **General Fund Budgetary Highlights**

During fiscal year 2005, 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 2004 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 \$6.3 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 \$7.5 million to cover the higher than budgeted expenditures of the November 4, 2004 presidential election, including seasonal staffing, employee overtime in order to meet State mandated deadlines, poll workers, increased warehouse and polling place security, technological support for the voting machines, and printing of the four page ballots and also covers the costs of the unbudgeted March 8, 2005 special election. .
- ❑ The Judicial Administration Department required an amendment of \$4.9 million to account for new recording fees and traffic surcharges enacted by the Board following the implementation of Article V mandates.
- ❑ The Enterprise Technology Services Department required a supplemental budget of \$3.4 million to cover the cost of negotiated wage adjustments, additional personnel and equipment costs associated with increased services to user departments.

Actual General Fund revenues were \$55 million higher than the budgeted amount. The increase is primarily due to 1) an increase in Taxes of \$16.9 million resulting from an increase in property taxes due to higher assessed values, and increases in utility, communication, local option gas tax and franchise taxes as a result of increased activity in each of these categories; 2) an increase in Building Permits revenues of \$12.1 million resulting from an increase in construction and related activities; 3) an increase in Intergovernmental revenue of \$20.4 million resulting from increased Sales tax collections and State revenue sharing; 4) an increase of \$11.9 million in Other, under Charges for Services as a result of increased rate and activity in storm-water. These increases were slightly offset by decreases in the remaining revenue categories.

The General Fund's expenditures were \$1.331 billion or \$96.5 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 \$43.6 million, \$26.2 million, and \$17.0 million, respectively. The decrease in policy formulation is attributed to vehicle purchases anticipated in 2005 being delayed and lower than anticipated acquisition of services and other commodities. The decrease in Protection of People and Property is attributed to a decrease in Police resulting from budgeted purchases not materializing. The decrease in Physical Environment is attributed to budgeted expenditures related to the environmentally endangered lands not materializing as expected.

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### Capital Asset and Debt Administration

**Capital Assets.** At September 30, 2005, the County's total investment in capital assets, net of accumulated depreciation, were \$12.9 billion. This represents an increase of approximately 4.3% 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, 2005 and 2004  
(net of depreciation, in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2004	2005	2004	2005	2004	2005
Land	\$ 522,254	\$ 524,675	\$ 541,123	\$ 565,853	\$ 1,063,377	\$ 1,090,528
Construction in progress	532,382	607,659	1,775,331	2,080,008	2,307,713	2,687,667
Building and building improvements	1,035,019	1,029,173	3,067,166	3,088,987	4,102,185	4,118,160
Infrastructure	898,748	901,818	3,097,043	3,142,028	3,995,791	4,043,846
Machinery and equipment	121,121	130,137	738,454	783,472	859,575	913,609
Totals	\$ 3,109,524	\$ 3,193,462	\$ 9,219,117	\$ 9,660,348	\$ 12,328,641	\$ 12,853,810

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

- ❑ \$83.8 million expended for construction projects related to the Performing Arts Center and the South Miami-Dade Cultural Center,
- ❑ \$5.9 million for the construction of the 97<sup>th</sup> Avenue flyover,
- ❑ \$5.5 million for the acquisition of library resources,
- ❑ \$3.1 million expended for the upgrade of a 450 MHZ UHF Radio System, and
- ❑ \$6.4 million for the acquisition of a helicopter for the Fire Department

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

**Aviation Department:**

- ❑ \$ 265.3million expended for various projects, due to the Aviation Department's ongoing Capital Improvement Program (CIP). The CIP consists of 311 projects with a budgeted cost of approximately \$5.2 billion for construction through fiscal year 2015.

**Water and Sewer Department:**

- ❑ \$8.2 million expended for various water projects, including treatment facilities, and
- ❑ \$47.3 million expended for various wastewater projects

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### **Solid Waste Department**

- ❑ \$3.9 million expended for closure projects of active and inactive landfills.
- ❑ \$3.1 million for collection facility improvements.

### **Transit Agency**

- ❑ During fiscal year 2005 MDT placed 110 new full size buses into service, for a total fleet of 994 vehicles.

### **Public Health Trust**

- ❑ The Trust continues to expand and improve its facilities. Approximately \$26.4 million was spent in fiscal year 2005 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, 2005, the County had \$10.052 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, 2005 and 2004 (in thousands)

	Governmental activities		Business-type activities		Total Primary Government	
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
General obligation bonds	\$ 225,581	\$ 519,126	\$ 149,010	\$ 145,710	\$ 374,591	\$ 664,836
Special obligation bonds	1,181,511	1,406,064	58,060	52,940	1,239,571	1,459,004
Revenue bonds			5,174,690	5,279,006	5,174,690	5,279,006
Housing Agency bonds and notes	69,084	65,400			69,084	65,400
Loans and notes payable	61,378	178,660	579,516	650,174	640,894	828,834
Other (i.e. unamortized premiums and discounts and accretions of interest)	30,242	75,712	(105,391)	(96,787)	(75,149)	(21,075)
Commercial paper notes			30,111	313,626	30,111	313,626
Sub-total Bonds, Notes and Loans	1,567,796	2,244,962	5,885,996	6,344,669	7,453,792	8,589,631
Compensated absences	292,220	310,853	168,565	177,625	460,785	488,478
Estimated insurance claims payable	173,715	166,396	48,437	40,967	222,152	207,363
Environmental remediation			192,574	152,793	192,574	152,793
Landfill closure/postclosure care costs			83,779	93,222	83,779	93,222
Lease agreements	11,888	11,669	433,641	418,860	445,529	430,529
Other	21,337	35,607	56,342	55,070	77,679	90,677
<b>Totals</b>	<u>\$ 2,066,956</u>	<u>\$ 2,769,487</u>	<u>\$ 6,869,334</u>	<u>\$ 7,283,206</u>	<u>\$ 8,936,290</u>	<u>\$ 10,052,693</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
AA-	Fitch IBCA, Inc.



## MIAMI-DADE COUNTY, FLORIDA

At September 30, 2005, the County had \$8.276 billion in bonds and loan agreements outstanding, other than commercial paper notes. This is a net increase (new debt issued less principal reductions) of \$852.3 million or 11.5% from the previous year. During the year, the County issued approximately \$1.451 billion of 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	Original Amount Issued
<b>BONDS:</b>					
11/23/04	Stormwater Utility Revenue Bonds, Series 2004	To pay the cost of certain additions, extensions, renovations and improvements to the stormwater management system.	3.00% - 5.00%	4/1/29	\$ 75,000,000
4/21/05	Solid Waste System Revenue Bonds, Series 2005	To pay or reimburse the County for a portion of the cost of closures of landfills/cells and construction of a groundwater remediation.	4.04% - 5.25%	10/1/30	73,506,583
6/9/05	General Obligation Bonds, Series 2005 (Parks Program)	To pay for the balance of the cost of a capital improvement program for improvements to and acquisition of parks and recreation facilities.	4.25% - 5.00%	11/1/30	55,700,000
6/16/05	Subordinate Special Obligation Bonds, Series 2005A & B	To provide funds for the costs to acquire, construct, expand, complete and equip various culture and recreation facilities.	3.92% - 5.26%	10/1/40	184,312,248
7/21/05	General Obligation Bonds, Series 2005 (Building Better Communities Program)	To pay for a portion of the cost to construct and improve various County facilities, water, sewer and flood control systems and public infrastructure.	4.00% - 5.00%	7/1/35	250,000,000
9/27/05	Public Facilities Revenue and Revenue Refunding Bonds (Jackson Health System) Series 2005A & B.	To provide funds to pay or reimburse PHT for the cost of certain additions to Trust facilities, and refund all outstanding bonds.	3.5% - 5.0%	6/1/37	300,000,000
9/29/05	Water and Sewer System Revenue Refunding Variable Rate Demand Bonds, Series 2005	To refund the County's Water and Sewer System Revenue Bonds, Series 1995 maturing after October 1, 2011.	Variable	10/1/25	295,240,000

# MIAMI-DADE COUNTY, FLORIDA

## BONDS AND LOANS ISSUED DURING THE YEAR

(in thousands)

Date Issued	Description	Purpose	Interest Rate Range	Final Maturity Date	Original Amount Issued
<b>LOANS:</b>					
9/30/05	Section 108 Loan from the U.S. Department of Housing and Urban Development-HUD EDI Loan	Miami-Dade Community Development Revolving Loan Fund Program to assist small businesses to provide economic growth in targeted urban areas.	Variable	8/01/25	11,094,000
8/16/05	Sunshine State Governmental Financing Commission, Series 2005 (General Segment portion)	To pay or reimburse the County for the cost of acquiring certain capital equipment and/or constructing certain capital improvements.	Variable	9/1/17	52,636,290
8/16/05	Sunshine State Governmental Financing Commission, Series 2005 (Solid Waste portion)	To pay or reimburse the County for the cost of acquiring certain capital equipment and/or constructing certain capital improvements.	Variable	9/1/17	10,289,405
8/16/05	Sunshine State Governmental Financing Commission, Series 2005 (Aviation portion)	To pay or reimburse the County for the cost of acquiring certain capital equipment and/or constructing certain capital improvements.	Variable	9/1/17	8,074,305
8/16/05	Sunshine State Governmental Financing Commission, Series 2005 (PHT Project)	To pay or reimburse the County for the cost of acquiring certain capital equipment and/or constructing certain capital improvements for the Miami-Dade County Public Health Trust.	Variable	9/1/17	56,200,000
9/30/05	Sunshine State Governmental Financing Commission, Series 2005 (Seaport)	To pay the cost of capital improvements at the Port of Miami and providing for the payment of loan expenses.	Variable	9/1/35	75,000,000
9/30/05	State Revolving Fund (Miami-Dade Water and Sewer Dept.)	To finance construction of water and wastewater treatment facilities	2.56% to 4.17%	10/1/24	3,842,000

Total long-term debt issued during the year

\$1,450,894,831

## 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 4.9% from 5.7%, a decrease of approximately 14% 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 87.5%, an increase of approximately 4% from the previous year. (Source: Greater Miami Convention and Visitors Bureau)
- The number of visitors to Miami-Dade County was approximately 11.3 million. This represents an increase of approximately 3%. The total visitors in FY 2005 exceeded the 11.1 million of FY 2000 (Source: Greater Miami Convention and Visitors Bureau)
- The average sales price for existing single family homes increased to \$329,008. This represents more than 6 times higher than the CPI for the period. The price fluctuations for multi-family units, such as condos, are often difficult to explain as it may be driven by the large foreign buyer segment. However, the consensus among real estate analyst is that the market pricing changes for condos followed a pattern similar to single-family homes, but at a slightly lower appreciation rate. (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 1<sup>st</sup> Street, Suite 2620  
Miami, Florida 33128-1980