Note 1 – Summary of Significant Accounting Policies

1-A. Reporting Entity

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

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

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

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

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

Component Unit:
Housing Finance Authority (HFA)

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

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

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

Related Organizations:

- The Miami-Dade Expressway Authority (the "MDXA") is an agency of the State of Florida. It constructs, maintains and operates the expressway system located in Miami-Dade County. The Commission appoints a voting majority of the MDXA governing board. However, the County is not financially accountable for the MDXA, and the MDXA is therefore not included in the accompanying financial statements.

- The MDHA Development Corp. develops and manages low-income and housing facilities for qualifying individuals. The directors are elected and dismissed only by existing board of director members. The MDHA Development Corp. is financially independent. The County is not financially accountable for the MDHA Development Corp. because it cannot impose its will on the organization.

- The Miami-Dade Industrial Development Authority (the "IDA") develops and manages the Tax-Exempt Industrial Development Revenue Bond Program that serves as a financial incentive to support private sector business and industry expansion and location in Miami-Dade County. The Commission appoints the members of IDA's governing board. However, the County is not financially accountable for IDA because it cannot impose its will on the organization. IDA bonds are not obligations of the County, and IDA's operations neither provide a financial benefit to nor impose a financial burden on the County. Therefore, the IDA is not included in the accompanying financial statements.

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

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

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

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

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

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

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

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

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

Government-wide financial statements:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Agency Funds:

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

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

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

Application of FASB Standards
Governmental Accounting Standards Board ("GASB") Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting,* offers the option of following all Financial Accounting Standards Board ("FASB") standards issued after November 30, 1989, unless the latter conflict with or contradict GASB pronouncements, or not following FASB standards issued after such date. The County and its enterprise funds elected the option not to follow the FASB standards issued after November 30, 1989.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Refunding of Debt
For current and advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense using the effective interest method over the remaining life of the old debt or the life of the new debt, whichever is shorter. The difference in these amounts, to the extent unamortized, is accounted for as an element of the carrying cost of the related debt.

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

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

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

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

Note 2 - Stewardship, Compliance and Accountability

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

Note 3 - Cash, Cash Equivalents and Investments

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

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

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

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

All cash deposits are held in qualified public depositories pursuant to State of Florida Statutes Chapter 280, "Florida Security for Public Deposits Act." Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The pledging level may range from 50% to 125% depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

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

Cash Deficits

As of September 30, 2003, the Transit Agency has a cash deficit balance of approximately $75.7 million. It is the County's practice to reclassify cash deficits with a corresponding interfund receivable/payable in the appropriate fund. These cash deficits are funded with cash advances from the County's General Fund. As of September 30, 2003, the Transit Agency has requested reimbursement of $18.9 million from grantor agencies, which has yet to be appropriated by the grantor agencies. Management believes that this appropriation will be approved by Congress. The remaining cash deficit of $56.8 million is attributable to operating expenditures in excess of cash receipts. Management is in the process of eliminating the cash deficit through timely collection of grants receivables and other one-time funding sources.

Investments

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

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

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

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

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

Note 4 - Capital Assets

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

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

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

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

SEAPORT	Balance September 30, 2002	Additions	Deletions	Balance September 30, 2003
Capital assets, not being depreciated:				
Land	$ 151,227	$ 586		$ 151,813
Construction in progress	36,811	59,625	$ (43,261)	53,175
Total capital assets, not being depreciated	188,038	60,211	(43,261)	204,988
Capital assets, being depreciated:				
Buildings and building improvements	295,720	33,708	(8,029)	321,399
Infrastructure	147,718	9,736		157,454
Machinery and equipment	26,131	824	(11,941)	15,014
Total capital assets, being depreciated	469,569	44,268	(19,970)	493,867
Less accumulated depreciation for:				
Buildings and building improvements	(100,884)	(7,944)	7,605	(101,223)
Infrastructure	(38,887)	(6,192)		(45,079)
Machinery and equipment	(19,072)	(1,838)	11,941	(8,969)
Total accumulated depreciation	(158,843)	(15,974)	19,546	(155,271)
Total capital assets, being depreciated, net	310,726	28,294	(424)	338,596
Total Seaport capital assets, net	$ 498,764	$ 88,505	(43,685)	$ 543,584

AVIATION	Balance September 30, 2002	Additions	Deletions	Balance September 30, 2003
Capital assets, not being depreciated:				
Land	$ 90,600			$ 90,600
Construction in progress	773,679	$ 534,460	$ (329,305)	978,834
Total capital assets, not being depreciated	864,279	534,460	(329,305)	1,069,434
Capital assets, being depreciated:				
Buildings and building improvements	2,023,272	69,867	(27,039)	2,066,100
Infrastructure	805,011	221,636		1,026,647
Machinery and equipment	204,329	17,136	(5,293)	216,172
Total capital assets, being depreciated	3,032,612	308,639	(32,332)	3,308,919
Less accumulated depreciation for:				
Buildings and building improvements	(675,683)	(56,340)	20,652	(711,371)
Infrastructure	(326,625)	(28,951)		(355,576)
Machinery and equipment	(117,999)	(12,611)	5,436	(125,174)
Total accumulated depreciation	(1,120,307)	(97,902)	26,088	(1,192,121)
Total capital assets, being depreciated, net	1,912,305	210,737	(6,244)	2,116,798
Total Aviation capital assets, net	$ 2,776,584	$ 745,197	$ (335,549)	$ 3,186,232

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

PHT	Balance September 30, 2002	Additions	Deletions	Balance September 30, 2003
Capital assets, not being depreciated:				
Land	$ 30,750			$ 30,750
Construction in progress	48,592	$ 19,250	$ (31,177)	36,665
Total capital assets, not being depreciated	79,342	19,250	(31,177)	67,415
Capital assets, being depreciated:				
Buildings and building improvements	398,652	28,320	(25)	426,947
Infrastructure	23,152	2,622		25,774
Machinery and equipment	298,698	44,571	(11,456)	331,813
Total capital assets, being depreciated	720,502	75,513	(11,481)	784,534
Less accumulated depreciation for:				
Buildings and building improvements	(186,127)	(17,095)	630	(202,592)
Infrastructure	(13,088)	(1,162)	330	(13,920)
Machinery and equipment	(192,817)	(24,797)	5,721	(211,893)
Total accumulated depreciation	(392,032)	(43,054)	6,681	(428,405)
Total capital assets, being depreciated, net	328,470	32,459	(4,800)	356,129
Total PHT capital assets, net	$ 407,812	$ 51,709	$ (35,977)	$ 423,544

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

Governmental Activities
Depreciation Expense by Function
(in thousands)

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

Note 5 - Operating Leases

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 6 – Disaggregation of Receivable and Payable Balances

Receivables

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

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

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

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

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

Note 7 - Self-Insurance Program

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

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

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

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

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

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

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

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

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

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

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

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

Note 8 – Long-Term Debt

LONG-TERM LIABILITY ACTIVITY

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

	Beginning Balance September 30, 2002	Additions	Reductions	Ending Balance September 30, 2003	Due Within One Year
Governmental Activities					
Bonds, loans and notes payable:					
General obligation bonds	$ 270,986	$ 11,355	$ (34,800)	$ 247,541	$ 21,960
Special obligation bonds *	1,060,558	90,455	(66,645)	1,084,368	45,616
Current year accretions of interest		24,028		24,028	
Housing Agency bonds and notes payable	108,545	219	(35,870)	72,894	3,722
Loans and notes payable	54,393		(1,880)	52,513	2,435
Add deferred amounts:					
For bond issuance premiums/discounts *	6,117	514	(2,161)	4,470	
Total bonds, loans and notes payable	1,500,599	126,571	(141,356)	1,485,814	73,733
Other liabilities:					
Compensated absences	263,876	110,143	(106,138)	267,881	73,198
Estimated insurance claims payable	141,408	23,102		164,510	51,224
Accrued post-retirement health insurance benefits	7,063		(1,642)	5,421	1,292
Arbitrage rebate liability	1,914		(1,862)	52	
Other	13,733	4,079	(1,364)	16,448	
Total governmental activity long-term liabilities	$ 1,928,593	$ 263,895	$ (252,362)	$ 1,940,126	$ 199,447

* The reduction in special obligation bonds includes the transfer of the liability for bonds payable of $13,970,000 and $1,245,000 bond premium to the Miami-Dade Transit Agency.

	Beginning Balance September 30, 2002	Additions	Reductions	Ending Balance September 30, 2003	Due Within One Year
Business-type Activities					
Bonds, loans, and notes payable:					
Revenue bonds	$ 4,082,945	$ 1,200,000	$ (356,830)	$ 4,926,115	$ 111,120
General obligation bonds	151,170		(1,245)	149,925	915
Special obligation bonds	46,075	13,970		60,045	4,930
Loans and notes payable	474,891	9,959	(16,711)	468,139	16,498
Less deferred amounts:					
For issuance discounts	(77,455)	(22,189)	1,574	(98,070)	
On refunding	(31,837)		2,662	(29,175)	
Add deferred bond premium	5,474	1,245	(1,028)	5,691	
Commercial paper notes	206,056	242,533	(269,895)	178,694	
Total bonds, loans and notes payable	4,857,319	1,445,518	(641,473)	5,661,364	133,463
Other liabilities:					
Estimated insurance claims payable	62,381	8,116	(12,816)	57,681	2,549
Compensated absences	140,546	19,191	(9,609)	150,128	92,636
Environmental remediation liability	173,000	80		173,080	43,039
Liability for landfill closure/post closure care costs	86,398	245	(3,996)	82,647	
Lease agreements	430,200	1,124	(4,567)	426,757	16,715
Other	18,589	8,544	(750)	26,383	756
Total business-type activities long-term liabilities	$ 5,768,433	$ 1,482,818	$ (673,211)	$ 6,578,040	$ 289,158

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

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

	Beginning Balance September 30, 2002	Additions	Reductions	Ending Balance September 30, 2003	Due Within One Year
Seaport					
Bonds and loans payable:					
Revenue bonds	$ 77,895		$ (2,385)	$ 75,510	$ 2,495
General obligation bonds	151,170		(1,245)	149,925	915
Loans payable	292,985		(3,530)	289,455	3,445
Less deferred amounts:					
On refunding	(13,545)		1,307	(12,238)	
Total bonds and loans payable	508,505		(5,853)	502,652	6,855
Other liabilities:					
Compensated absences	2,218	751		2,969	901
Lease agreements	11,049		(849)	10,200	940
Other		6,590		6,590	756
Total long-term liabilities - Seaport	$ 521,772	7,341	$ (6,702)	$ 522,411	$ 9,452
Aviation					
Bonds, loans, and notes payable:					
Revenue bonds	$ 2,022,415	$ 1,200,000	$ (307,100)	$ 2,915,315	$ 59,080
Less deferred amounts:					
For issuance discounts and deferred losses	(43,873)	(22,189)		(66,062)	
Commercial paper notes	206,056	242,533	(269,895)	178,694	
Total bonds, loans and notes payable	2,184,598	1,420,344	(576,995)	3,027,947	59,080
Other liabilities:					
Compensated absences	24,493	430		24,923	6,323
Environmental remediation liability	173,000	80		173,080	43,039
Lease agreements	45	1,124		1,169	
Total long-term liabilities - Aviation	$ 2,382,136	$ 1,421,978	$ (576,995)	$ 3,227,119	$ 108,442

	Beginning Balance September 30, 2002	Additions	Reductions	Ending Balance September 30, 2003	Due Within One Year
Water and Sewer Department					
Bonds and loans payable:					
Revenue bonds	$ 1,620,530		$ (29,920)	$ 1,590,610	$ 31,275
Loans payable	147,906	$ 9,959	(10,413)	147,452	10,163
Less deferred amounts:					
For issuance discounts	(26,796)		1,254	(25,542)	
On refunding	(12,552)		777	(11,775)	
Total bonds and loans payable	1,729,088	9,959	(38,302)	1,700,745	41,438
Other liabilities:					
Estimated insurance claims payable	17,821	2,584	(2,074)	18,331	2,549
Compensated absences	20,905	9,066	(6,842)	23,129	7,402
Total long-term liabilities - Water and Sewer Dept.	$ 1,767,814	$ 21,609	$ (47,218)	$ 1,742,205	$ 51,389

Public Health Trust (PHT)					
Bonds and loans payable:					
Revenue bonds	$ 181,215		$ (7,665)	$ 173,550	$ 8,045
Less deferred amounts:					
For issuance discounts	(5,925)		266	(5,659)	
On refunding	(1,336)		64	(1,272)	
Total bonds and loans payable	173,954		(7,335)	166,619	8,045
Other liabilities:					
Estimated insurance claims payable	44,560	$ 5,532	(10,742)	39,350	
Compensated absences	61,052	5,369		66,421	66,421
Other	17,497	365		17,862	
Total long-term liabilities - Public Health Trust	$ 297,063	$ 11,266	$ (18,077)	$ 290,252	$ 74,466

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

Demand Bonds

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

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

Long-Term Debt -- Governmental Activities

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

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

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

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

Long-Term Debt – Business-type Activities

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

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

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

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

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

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

Balance on September 30, 2002	$ 206,056
Additions	242,533
Deductions	(269,895)
Balance on September 30, 2003	$ 178,694

Long-Term Debt Issued During the Year

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

BONDS AND LOANS ISSUED DURING THE YEAR
(in thousands)

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

Total long-term debt issued during the year	1,311,769
Add: Interest accretions	24,028
Premiums on issuance of bonds	514
Total additions to bonds, loans and notes payable (governmental and business-type activities)	$1,336,311

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

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

Defeased Debt – Advance Refundings

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

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

Interest Rate Swap Agreements

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

Water and Sewer

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

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

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

Additional 2003, Debt Disclosure: Bonds issued as variable rate and swapped at issuance to fixed rate.
Swap Payments and Associated Debt for Pay - Fixed, Receive – Variable Interest Rate Swap

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

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

[1] In thousands.
[2] Interest rate on the Bonds is 1.10%.
[3] The rate is calculated as the difference between the variable rate paid by the counterparty to the County (1.10%) and the fixed rate paid by County to the counterparty (5.28%) as of September 30, 2003 (1.10% - 5.28% = -4.18%).
[4] The total net payments of $280.916 million have a negative fair market value of $89,970,262**.**

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

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

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

Additional Disclosure: Bonds issued as fixed rate and swapped a portion to variable initially and swapped back to fixed for a portion of the swap term.
Swap Payments and Associated Debt for Pay - Variable, Receive – Fixed Interest Rate Swap

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

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

(1) In thousands.
(2) Interest rate on the Bonds is the actual fixed rate on the Bonds.
(3) The rate is calculated as the difference between the fixed rate paid by the counterparty to the County (5.225%) and the fixed rate paid by County to the counterparty (4.40%) as of September 30, 2003 ((5.225% - 4.40%) until June 15, 2008 + (5.225% - 1.10%) from June 15, 2008 until the termination of the swap on June 15, 2020 = -4.18%).
(4) The total net receipts of $116.616 million have a positive fair market value of $2,752,475.

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

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

(2) The Counterparty is backed by a "AAA" guarantor. The swap's rating is based on the rating of the guarantor.

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

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

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

(1) In thousands.

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

(3) The rate is calculated as the difference between the taxable variable rate paid by the Counterparty to the County (1.11375% + 1.455% = 2.56875%) and the tax-exempt variable rate paid by County to the Counterparty (.82006%/.604 = 1.35772%) as of September 30, 2003 ((2.56875% - 1.35772%).

(4) The total net receipts of $54.852 million have a negative fair market value of $6,495,785.

Special Obligation Bonds (Convention Development Tax)

Objective
To lower the County's overall cost of borrowing.

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

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

(2) The Counterparty is backed by a "AAA" guarantor. The swap's rating is based on the rating of the guarantor.

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

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

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

(1) In thousands.

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

(3) The rate is calculated as the difference between the taxable variable rate paid by the Counterparty to the County (1.11375% + 1.455% = 2.56875%) and the tax-exempt variable rate paid by County to the Counterparty (.82006%/.604 = 1.35772%) as of September 30, 2003 ((2.56875% - 1.35772%).

(4) The total net receipts of $16.284 million have a negative fair market value of $1,207,289.

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

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

[2] The Counterparty is backed by a "AAA" guarantor. The swap's rating is based on the rating of the guarantor.

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

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

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

[1] In thousands.

[2] Interest rate on the Bonds is the actual fixed rate on the Bonds.

[3] The rate is calculated as the difference between the taxable variable rate paid by the Counterparty to the County (1.11375% + 1.455% = 2.56875%) and the tax-exempt variable rate paid by County to the Counterparty (.82006%/.604 = 1.35772%) as of September 30, 2003 ((2.56875% - 1.35772%).

[4] The total net receipts of $60.52 million have a negative fair market value of $2,960,314.

Risk Disclosure:

Credit Risk

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

Basis Risk

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

Tax Risk

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

Termination Risk

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

Rollover Risk

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

(This page left blank intentionally.)

Debt Authorized, but Unissued

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

a) $1,280,000 of general obligation bonds for general public improvements;

b) $25,655,000 of general obligation refunding bonds to advance refund all or portion of certain criminal justice general obligation bonds;

c) $705,000 Causeway Revenue Bonds;

d) $34,020,000 of Guaranteed Entitlement Refunding Revenue Bonds;

e) $247,500,000 of general obligation bonds for capital improvements for County airports to be paid by Aviation net revenues, if issued;

f) $35,700,000 Equipment Floating/Fixed Rate Special Obligation Bonds;

g) $131,474,000 of general obligation bonds for capital improvements to the County's water and sewer system, to be paid by Water and Sewer net revenues, if issued;

h) $8,026,000 Professional Sports Franchise Facilities Tax Revenue Bonds;

i) $1,584,600,000 Aviation Revenue Bonds for improvements to airport facilities (the "1996 Authorization");

j) $500,000,000 Aviation Revenue Bonds for improvements to airport facilities (the "1997 Authorization");

k) $215,147,099 Aviation Bond Anticipation Notes to pay costs for improvements to airport facilities;

l) $730,000 Seaport Revenue Bonds to pay the cost of capital improvements to certain Seaport Department passenger terminal facilities;

m) $84,285,000 Water and Sewer System Revenue Bonds to finance the cost of capital improvements to the water and sewer systems of the County;

n) $50,000,000 Solid Waste System Bond Anticipation Notes to pay the costs of improvements to, and new capital project for, the Solid Waste System of the County;

o) $49,605,000 Solid Waste System Revenue Bonds to pay the outstanding Solid Waste System Bond Anticipation Notes and any additional improvements to, and new capital project for, the Solid Waste System of the County;

p) $58,530,000 General Obligation Bonds to provide funds for parks programs for regional parks, beaches, unincorporated areas and grants to municipalities;

q) $7,360,000 Public Service Tax Revenue Bonds to finance part of the cost of the Quality Neighborhoods Initiative Program;

r) $3,420,000 Stormwater Utility Revenue Bonds to finance part of the cost of the Quality Neighborhoods Initiative Program;

(continued)

Debt Authorized, but Unissued (continued)

s) $18,880,000 Capital Acquisition Special Obligation Bonds;

t) $4,725,000 Public Service Tax Revenue Bonds to finance part of the cost of the Quality Neighborhoods Initiative Program;

u) $29,545,000 Special Obligation Bonds (Juvenile Courthouse Project) to fund the acquisition, construction and equipping of the Juvenile Courthouse Project;

v) $6,000,000 Special Obligation Bonds (Correction Facility Project) to fund a portion of the cost of acquisition, construction and equipping of a new holding facility; and

w) $275,000,000 Water & Sewer Refunding Bonds to refund a portion of the Water & Sewer System Revenue Refunding Bonds, Series 1993.

Note 9 - Pension Plan

The County participates in the Florida Retirement System (the “System”), a cost-sharing, multiple-employer, public employee retirement plan, which covers substantially all of its full-time and part-time employees. The System was created in 1970 by consolidating several employee retirement systems. All eligible employees as defined by the State who were hired after 1970, and those employed prior to 1970 who elect to be enrolled, are covered by the System. Benefits under the plan vest after six years of service.

The System is a defined benefit plan, qualified under section 401(a) of the Internal Revenue Code, with defined contribution options. Under the defined benefit option, employees who retire at or after age 62, with six years of credited service (vesting period), are entitled to an annual retirement benefit, payable monthly for life. The System also provides for early retirement at reduced benefits and death and disability benefits. These benefit provisions and all other requirements are established by State statute.

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

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

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

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

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

Note 10 - Contingencies and Commitments

Environmental Matters

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fiscal Year	
2004	$ 52,460
2005	52,234
2006	52,005
2007	51,723
2008	51,484
Thereafter	253,727
Total	$ 513,633

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

Disposal Contracts

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

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

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

Closure and Postclosure Care Costs

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

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

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

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

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

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

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

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

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

Construction Commitments

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

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

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

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

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

Gantry Cranes Operating Agreement

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

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

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

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

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

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

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

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

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

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

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

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

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

Interlocal Agreement

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

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

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

Other Commitments

Social Security Administration

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

Legal Contingencies

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

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

Departure Incentive Program

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

Arbitrage Rebates

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

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

Federal and State Grants

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

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

Contingent Liability / Loan Guarantee

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

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

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

Note 11 – Subsequent Events

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

Note 12 – Change in Accounting Policies

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

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

Note 13 - Interfund Transfers and Balances

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

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

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

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

(Continued)

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

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

(Concluded)