

## MIAMI-DADE COUNTY, FLORIDA

### **Note 1 – Summary of Significant Accounting Policies**

#### ***1-A. Reporting Entity***

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

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

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

- ▶ The Public Health Trust (the “PHT”) provides countywide healthcare services and is responsible for the operation, governance and maintenance of County health facilities. The PHT has its own governing board, which is appointed by the Commission. However, it is not considered to be legally separate from the County and is reported as an enterprise fund of the County.
- ▶ The Clerk of the Circuit and County Courts (the “Clerk”) is an elected official whose principal function is to provide support to the Courts (Civil, Criminal and Traffic) and perform the ex-officio duties of the County Auditor, Custodian of Public Funds and County Recorder. As a result of the budgetary control by the County and its financial dependency on the County, the Clerk’s activities are included as part of the primary government in the accompanying financial statements.

#### ***Component Units:***

##### ***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 at: Housing Finance Authority of Miami-Dade County, 25 West Flagler Street, Suite 950, Miami, Florida 33130. Telephone (305) 372-7990

##### ***Jackson Memorial Foundation, Inc.***

Jackson Memorial Foundation, Inc. (the Foundation) is a legally separate, tax-exempt component unit of the Public Health Trust (PHT). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the PHT in support of its programs. The board of the Foundation is self-perpetuating and consists of community members. Although the PHT does not control the timing or amount of the receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the PHT by the donors. Because these restricted resources held by the Foundation can only be used by, or for the

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benefit of, the PHT, the Foundation is considered a component unit of the PHT and is discretely presented in the County's financial statements.

Complete financial statements for the Foundation can be obtained at: Jackson Memorial Foundation, Inc., 901 NW 17th Street, Plaza Park East, Suite G, Miami, Florida 33136.

### ***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 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 full 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 recognizes property tax revenues in the period they are collected. When the primary eligibility requirement under a grant is incurring an eligible expenditure, the County recognizes revenue at the time the expenditure is incurred. The County considers the availability period for revenues susceptible to accrual to be a year. 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. Other revenues that are not considered measurable or available are recognized when 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.

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Effective October 1, 2003, the Public Health Trust adopted GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units an Amendment of GASB Statement 14*. The adoption of the standard required the inclusion of the Foundation as a component unit of the County. Since the Foundation is included as a discretely presented component unit, the adoption of this standard had no effect on the current or previously reported operating results of the County.

### ***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 units. They do not include the fiduciary activities of the County and its component units. 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 units (the Housing Finance Authority and the Jackson Memorial Foundation). 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 Fund***

The following major governmental fund is 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.

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### ***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.

#### **Pension Trust Fund:**

The Pension Trust Fund accounts for assets held by Northern Trust Bank for the benefit of employees of the Public Health Trust who participate in the Public Health Trust Defined Benefit Retirement Plan.

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### ***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.

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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 \$63,866,000 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, 2004 are net of an allowance for uncollectible accounts of \$295,418,000.

### ***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

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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 2004 amounted to \$86,899,461. 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 of \$1,000 or more 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 \$131,705,000 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. Assets held in trust in the Special Revenue Funds, primarily represents an offset to cash and mortgage receivables—assets for a revolving mortgage / loan program funded primarily from grant funds. To ensure that the funds are reinvested into the mortgage / loan program the assets held in trust is established.

### ***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 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 \$128,000 and \$7,000 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***

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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, 2004 includes a liability for accumulated vacation and sick pay of \$460,785,000. Of this amount an estimated \$181,900,000 is payable within a year and the remaining balance of \$278,885,000 is payable after one year.

### ***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, 2004, the Self-Insurance Internal Service Fund had a deficit in net assets of \$114,355,000. 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. The County has implemented the rate for health and workers' compensation coverage to offset rising costs.

As required by generally accepted accounting principles (GASB Codification C50.128), the County has implemented an action plan to eliminate the accumulated deficit over a reasonable period of time. Approximately 40% of the premiums for the self-insurance fund are allocated to the General Fund.

### ***Public Health Trust Operations***

The Public Health Trust incurred an operating loss of approximately \$397,744,000 and a decrease in fund net assets before cumulative effect of accounting changes of approximately \$82,423,000 for the year ended September 30, 2004 and was not in compliance with certain of its debt covenants at September 30, 2004. The Trust's ability to continue as a going concern is dependent upon continued support from the County and reducing losses from operations sufficient to maintain adequate working capital. These financial statements have been prepared assuming the Trust will continue as a going concern. Until the Trust has sufficient profitable operations or other revenue generating activities to be self sufficient, the Trust will remain dependent on other sources of funding. Currently, such funding has been provided by the County.



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Management's plans for dealing with the adverse effects of these conditions include reducing operating losses through the implementation of revenue enhancing and cost saving initiatives, as well as continued reliance on funding from the County. The Trust has hired a health care consultant to provide recommendations regarding rates, fees and charges of the Trust and its methods of operations. In addition, subsequent to September 30, 2004, the Trust received agreements from its bond insurers which stipulate that they will forbear from the consenting to the acceleration of the Trust's bonds by reason of the covenant violations through October 15, 2005 (see Note 8, Long-Term Debt), secured an additional funding commitment from the County, and implemented a voluntary retirement incentive program. However, there can be no assurance that the Trust will be successful in achieving positive financial results or additional funding.

### **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 in the accompanying financial statements under the caption "Cash and cash equivalents" and "Investments."

At September 30, 2004, the total primary government, discretely presented component units and fiduciary funds' cash and cash equivalents and investments included the following (in thousands):

Cash	\$ 350,956
Certificates of deposit	50
Total cash and interest bearing deposits	<u>351,006</u>
Investments (including cash equivalents)-Non-Pension	3,558,218
Investments (including cash equivalents)-Pension Plan	<u>73,757</u>
Total cash and cash equivalents and investments	<u><u>\$ 3,982,981</u></u>

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

### ***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."

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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 custodial risk assumed at September 30, 2004 (in thousands):

	Category			
	1	2	3	Fair Value
US Government and Agency Securities	\$ 1,108,393	\$ 804,930	\$ 427,299	\$ 2,340,622
Repurchase Agreements	2,765			2,765
Commercial Paper	194,279	127,445		321,724
	<u>\$ 1,305,437</u>	<u>\$ 932,375</u>	<u>\$ 427,299</u>	<u>\$ 2,665,111</u>
Money Market				5,117
SBA Pool				727,602
Guaranteed Investment Contracts				<u>160,388</u>
Total Investments (including cash equivalents)				<u>\$ 3,558,218</u>

The following is a summary of the fair value (based on quoted market prices) of investments held in the Public Health Trust Defined Benefit Retirement Plan on September 30, 2004 (in thousands). All of the Plan's investments are in Category 2, described above.

Domestic Equities	\$ 59,615
International Equities	1,879
Government Bonds	3,524
Corporate Bonds	8,739
Total investments	<u>\$ 73,757</u>

The following represents individual investments whose fair value (based on quoted market prices) exceeded 5% of the Plan's net assets on September 30, 2004 (in thousands):

ING Mayflower TR – International Value Fund Class A	\$ 5,951
TCW – Galileo Funds, Inc. – Select Equity Class I	10,570
Julius Baer International Equity Fund – Class I	4,853
	<u>\$ 21,374</u>

### *Swaps*

SWAPS are made in accordance with the provisions of County Resolution R-311-05, "Master SWAP Policy." The Board must authorize the swap agreement and its provisions. Generally, the County will enter into transactions only with counterparties whose obligations are rated in the double-A category or better from at least one nationally recognized rating agency. In instances when the credit rating is lowered below the double-A rating the County requires the counterparty to collateralize its exposures or the County will exercise its right to terminate. The County Swap policy seeks to mitigate, counterparty risk, termination risk, interest rate risk, basis risk, amortization risk, liquidity risk and pricing risk. To ensure compliance with the Master Swap Policy and compliance with external financial reporting requirements, annual reports will be prepared for the Board of County Commissioners.

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**Note 4 - Capital Assets**

Capital asset activity for the year ended September 30, 2004, was as follows (in thousands):

	<b>Balance</b>			<b>Balance</b>
	<b>September 30, 2003</b>	<b>Additions</b>	<b>Adjustments/ Deletions</b>	<b>September 30, 2004</b>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 511,150	\$ 12,433	\$ (1,329)	\$ 522,254
Construction in progress	407,475	208,539	(83,632)	532,382
Total capital assets, not being depreciated	<u>918,625</u>	<u>220,972</u>	<u>(84,961)</u>	<u>1,054,636</u>
Capital assets, being depreciated:				
Building and building improvements	1,670,132	79,159	-	1,749,291
Infrastructure	2,047,058	35,442		2,082,500
Machinery and equipment	279,607	24,737	(11,719)	292,625
Total capital assets, being depreciated	<u>3,996,797</u>	<u>139,338</u>	<u>(11,719)</u>	<u>4,124,416</u>
Less accumulated depreciation for:				
Building and building improvements	(670,114)	(44,158)	-	(714,272)
Infrastructure	(1,139,838)	(43,914)		(1,183,752)
Machinery and equipment	(147,679)	(33,833)	10,008	(171,504)
Total accumulated depreciation	<u>(1,957,631)</u>	<u>(121,905)</u>	<u>10,008</u>	<u>(2,069,528)</u>
Total capital assets, being depreciated, net	<u>2,039,166</u>	<u>17,433</u>	<u>(1,711)</u>	<u>2,054,888</u>
Total governmental capital assets, net	<u>\$ 2,957,791</u>	<u>\$ 238,405</u>	<u>\$ (86,672)</u>	<u>\$ 3,109,524</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 542,151	\$ 481	\$ (1,509)	\$ 541,123
Construction in progress	1,460,698	768,101	(453,468)	1,775,331
Total non-depreciable assets	<u>2,002,849</u>	<u>768,582</u>	<u>(454,977)</u>	<u>2,316,454</u>
Capital assets, being depreciated:				
Building and building improvements	4,662,371	203,927	(1,607)	4,864,691
Infrastructure	4,313,433	181,002	(5,674)	4,488,761
Machinery and equipment	1,802,351	132,787	(89,525)	1,845,613
Total capital assets, being depreciated	<u>10,778,155</u>	<u>517,716</u>	<u>(96,806)</u>	<u>11,199,065</u>
Less accumulated depreciation for:				
Building and building improvements	(1,702,484)	(96,648)	1,607	(1,797,525)
Infrastructure	(1,272,313)	(125,080)	5,675	(1,391,718)
Machinery, and equipment	(1,019,219)	(146,246)	58,306	(1,107,159)
Total accumulated depreciation	<u>(3,994,016)</u>	<u>(367,974)</u>	<u>65,588</u>	<u>(4,296,402)</u>
Total capital assets, being depreciated, net	<u>6,784,139</u>	<u>149,742</u>	<u>(31,218)</u>	<u>6,902,663</u>
Total business-type capital assets, net	<u>\$ 8,786,988</u>	<u>\$ 918,324</u>	<u>\$ (486,195)</u>	<u>\$ 9,219,117</u>

# MIAMI-DADE COUNTY, FLORIDA

Capital asset activity for the year ended September 30, 2004, for the County's major enterprise funds was as follows (in thousands):

MDT	Balance September 30, 2003	Additions	Deletions	Balance September 30, 2004
Capital assets, not being depreciated:				
Land	\$ 173,482			\$ 173,482
Construction in progress	24,561	\$ 32,359	\$ (7,568)	49,352
Total capital assets, not being depreciated	198,043	32,359	(7,568)	222,834
Capital assets, being depreciated:				
Buildings and building improvements	1,403,775	570		1,404,345
Machinery and equipment	435,533	36,587	(7,410)	464,710
Total capital assets, being depreciated	1,839,308	37,157	(7,410)	1,869,055
Less accumulated depreciation for:				
Buildings and building improvements	(458,765)	(15)		(458,780)
Machinery and equipment	(240,909)	(59,983)	6,918	(293,974)
Total accumulated depreciation	(699,674)	(59,998)	6,918	(752,754)
Total capital assets, being depreciated, net	1,139,634	(22,841)	(492)	1,116,301
Total MDT capital assets, net	\$ 1,337,677	\$ 9,518	\$ (8,060)	\$ 1,339,135
<b>SOLID WASTE</b>				
Capital assets, not being depreciated:				
Land	\$ 57,544			\$ 57,544
Construction in progress	18,756	\$ 7,669	\$ (5,302)	21,123
Total capital assets, not being depreciated	76,300	7,669	(5,302)	78,667
Capital assets, being depreciated:				
Buildings and building improvements	306,698	1,589		308,287
Infrastructure	126,455			126,455
Machinery and equipment	85,665	5,303	(4,659)	86,309
Total capital assets, being depreciated	518,818	6,892	(4,659)	521,051
Less accumulated depreciation for:				
Buildings and building improvements	(200,457)	(12,281)		(212,738)
Infrastructure	(75,491)	(9,888)		(85,379)
Machinery and equipment	(45,466)	(5,744)	2,650	(48,560)
Total accumulated depreciation	(321,414)	(27,913)	2,650	(346,677)
Total capital assets, being depreciated, net	197,404	(21,021)	(2,009)	174,374
Total Solid Waste capital assets, net	\$ 273,704	\$ (13,352)	\$ (7,311)	\$ 253,041

**MIAMI-DADE COUNTY, FLORIDA**

<b>SEAPORT</b>	<b>Balance September 30, 2003</b>		<b>Additions</b>	<b>Deletions</b>	<b>Balance September 30, 2004</b>	
Capital assets, not being depreciated:						
Land	\$	151,813	\$	170	\$	151,983
Construction in progress		53,175	60,507	\$	(30,130)	83,552
Total capital assets, not being depreciated		204,988	60,677	(30,130)		235,535
Capital assets, being depreciated:						
Buildings and building improvements		321,399	11,252			332,651
Infrastructure		157,454	18,417			175,871
Machinery and equipment		15,014	979	(7)		15,986
Total capital assets, being depreciated		493,867	30,648	(7)		524,508
Less accumulated depreciation for:						
Buildings and building improvements		(101,223)	(9,506)			(110,729)
Infrastructure		(45,079)	(3,820)			(48,899)
Machinery and equipment		(8,969)	(1,863)	7		(10,825)
Total accumulated depreciation		(155,271)	(15,189)	7		(170,453)
Total capital assets, being depreciated, net		338,596	15,459			354,055
Total Seaport capital assets, net	\$	543,584	\$	76,136	\$	589,590

**AVIATION**

Capital assets, not being depreciated:						
Land	\$	90,600		(1,100)	\$	89,500
Construction in progress		978,834	\$	514,979	\$	(285,038)
Total capital assets, not being depreciated		1,069,434	514,979	(286,138)		1,298,275
Capital assets, being depreciated:						
Buildings and building improvements		2,161,630	180,593	(1,607)		2,340,616
Infrastructure		931,117	102,083			1,033,200
Machinery and equipment		216,172	16,177	(2,554)		229,795
Total capital assets, being depreciated		3,308,919	298,853	(4,161)		3,603,611
Less accumulated depreciation for:						
Buildings and building improvements		(724,763)	(56,786)	1,607		(779,942)
Infrastructure		(342,184)	(32,292)			(374,476)
Machinery and equipment		(125,174)	(14,893)	2,360		(137,707)
Total accumulated depreciation		(1,192,121)	(103,971)	3,967		(1,292,125)
Total capital assets, being depreciated, net		2,116,798	194,882	(194)		2,311,486
Total Aviation capital assets, net	\$	3,186,232	\$	709,861	\$	(286,332)
					\$	3,609,761

**MIAMI-DADE COUNTY, FLORIDA**

<b>WATER &amp; SEWER</b>	<b>Balance September 30, 2003</b>		<b>Additions</b>	<b>Deletions</b>	<b>Balance September 30, 2004</b>	
Capital assets, not being depreciated:						
Land	\$	34,519	\$	255	\$	34,774
Construction in progress		340,335	128,244	\$	(112,897)	355,682
Total capital assets, not being depreciated		374,854	128,499	(112,897)		390,456
Capital assets, being depreciated:						
Infrastructure		3,038,441	59,271	(5,674)		3,092,038
Machinery and equipment		710,751	53,626	(8,475)		755,902
Total capital assets, being depreciated		3,749,192	112,897	(14,149)		3,847,940
Less accumulated depreciation for:						
Infrastructure		(779,384)	(77,296)	5,675		(851,005)
Machinery and equipment		(384,193)	(45,504)	7,402		(422,295)
Total accumulated depreciation		(1,163,577)	(122,800)	13,077		(1,273,300)
Total capital assets, being depreciated, net		2,585,615	(9,903)	(1,072)		2,574,640
Total Water and Sewer capital assets, net	\$	2,960,469	\$	118,596	\$	(113,969) \$ 2,965,096
<b>PHT</b>						
Capital assets, not being depreciated:						
Land	\$	30,750		(409)	\$	30,341
Construction in progress		36,665	\$	22,343	\$	(12,533) 46,475
Total capital assets, not being depreciated		67,415	22,343	(12,942)		76,816
Capital assets, being depreciated:						
Buildings and building improvements		426,947	9,851			436,798
Infrastructure		25,774	1,231			27,005
Machinery and equipment		331,813	19,335	(66,402)		284,746
Total capital assets, being depreciated		784,534	30,417	(66,402)		748,549
Less accumulated depreciation for:						
Buildings and building improvements		(202,592)	(17,142)			(219,734)
Infrastructure		(13,920)	(1,229)			(15,149)
Machinery and equipment		(211,893)	(17,889)	38,951		(190,831)
Total accumulated depreciation		(428,405)	(36,260)	38,951		(425,714)
Total capital assets, being depreciated, net		356,129	(5,843)	(27,451)		322,835
Total PHT capital assets, net	\$	423,544	\$	16,500	\$	(40,393) \$ 399,651

## MIAMI-DADE COUNTY, FLORIDA

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

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

Function	Amount
Policy formulation and general government	\$ 25,116
Protection of people and properties	20,780
Physical environment	537
Transportation	45,401
Human Services	1,121
Socio-economic environment	18,019
Culture and recreation	10,931
Total depreciation expense - governmental activities	<u>\$ 121,905</u>

### Note 5 - Leases

#### 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. All leases are classified as operating leases. The Aviation Department recognized \$91,167,000 of rental income for the year ended September 30, 2004.

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. The agreements generated revenues of \$73,174,000 during the year ended September 30, 2004.

At September 30, 2004 minimum rentals under such lease agreements are as follows (in thousands):

Year Ending September 30,	
2005	\$ 45,773
2006	30,788
2007	24,767
2008	18,481
2009	11,991
2010-2014	43,039
2015-2019	25,214
2020-2024	20,964
2025-2029	9,985
2030-2034	659
2035-2039	416
2040-2044	416
2045-2049	416
2050-2054	222
	<u>\$ 233,131</u>

## MIAMI-DADE COUNTY, FLORIDA

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

At closing, the County received a total of \$79 million, of which \$3.7 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,	
2005	\$ 8,250
2006	3,777
2007	4,656
2008	4,772
2009	4,896
2010-2014	23,761
2015-2019	62,102
	<u>\$ 112,214</u>

**Public Health Trust** – The Public Health Trust leases various equipment and facilities under operating leases. Rent expense for all operating leases was approximately \$8,486,000 in 2004. At September 30, 2004, future minimum lease payments by year under non-cancelable operating leases are as follows (in thousands):

Year Ending September 30,	
2005	\$ 1,700
2006	1,075
2007	768
2008	745
2009	505
2010-2014	110
	<u>\$ 4,903</u>



## MIAMI-DADE COUNTY, FLORIDA

**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,	
2005	\$ 28,896
2006	28,295
2007	25,317
2008	26,900
2009	26,351
2010-2014	176,793
2015-2019	353,826
	<u>666,378</u>
Less amount representing interest	<u>(258,768)</u>
Present value of minimum sublease payments	<u>\$ 407,610</u>

# **MIAMI-DADE COUNTY, FLORIDA**

## **Capital Leases**

**General Services Administration** – During Fiscal Year 2004, the County entered into a capital lease with BAC Funding Corp. for the MLK Office Building. The total minimum lease payments of approximately \$11.9 million will be amortized on a straight-line mid-year convention basis over the life of the lease term.

Governmental Activities:

Summary of Assets Under Capital Lease:

Asset:	
Buildings	\$ 11,888
Less: Accumulated depreciation	<u>(198)</u>
Assets under capital lease, net	<u><u>\$ 11,690</u></u>

At September 30, 2004 minimum lease payments under such lease agreement are as follows (in thousands):

Year Ending September 30,	
2005	\$ 1,236
2006	1,191
2007	1,144
2008	1,099
2009	1,056
2010-2014	4,666
2015-2019	3,748
2020-2024	2,966
2025-2029	2,302
2030-2034	<u>2,971</u>
Total minimum lease payments	22,379
Less: amount representing interest	<u>10,491</u>
Present value of minimum lease payments	<u><u>\$ 11,888</u></u>

**MIAMI-DADE COUNTY. FLORIDA**

**Note 6 – Disaggregation of Receivable and Payable Balances**

**Receivables**

Receivables are comprised of amounts owed to the County by customers, tenants, patients, carriers, and others that conduct business with the County, and are expected to be collected within a year. Receivables in the Fire and Rescue Fund of \$65,419,000 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, 2004, were as follows (in thousands):

	<b>Allowance for uncollectible</b>		
	<b>Accounts</b>	<b>accounts</b>	<b>Total</b>
Governmental activities:			
General	\$ 4,811		\$ 4,811
Fire and rescue	65,419	\$ (61,295)	4,124
Housing	22,812	(663)	22,149
Internal Service Fund	383		383
Other governmental	6,872		6,872
Subtotal - fund statements	100,297	(61,958)	38,339
Reconciliation of balances in fund statements to government-wide financial statements	37,490		37,490
Total - governmental activities	\$ 137,787	\$ (61,958)	\$ 75,829
Business-type activities:			
Public health	\$ 452,745	\$ (258,000)	\$ 194,745
Water and sewer	95,467	(23,127)	72,340
Aviation	45,379	(6,540)	38,839
Transit	4,802	(2,268)	2,534
Seaport	11,872	(4,874)	6,998
Solid waste	13,808	(555)	13,253
Other proprietary	684	(54)	630
Total - business-type activities	\$ 624,757	\$ (295,418)	\$ 329,339

**MIAMI-DADE COUNTY. FLORIDA**

**Payables**

Accounts payable and accrued expenses at September 30, 2004, were as follows (in thousands):

	<b>Salaries and</b>		
	<b>Vendors</b>	<b>Benefits</b>	<b>Total</b>
Governmental activities:			
General	\$ 36,883	\$ 45,203	\$ 82,086
Fire and rescue	2,771	8,617	11,388
Housing	24,646		24,646
Capital projects	35,537	131	35,668
Other governmental	43,430	7,393	50,823
Total - governmental activities	\$ 143,267	\$ 61,344	\$ 204,611
Business-type activities:			
Transit	\$ 16,633	\$ 10,834	\$ 27,467
Solid waste collection and disposal	7,512	3,518	11,030
Seaport	12,540	1,803	14,343
Aviation	157,486	5,105	162,591
Water and sewer	37,850	9,035	46,885
Public health	165,042	40,277	205,319
Other proprietary	1,357	233	1,590
Total - business-type activities	\$ 398,420	\$ 70,805	\$ 469,225

## MIAMI-DADE COUNTY, FLORIDA

### **Note 7 - Self-Insurance Program**

The County's Risk Management Division (RMD) 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 County's master self-insurance program covers the first \$5 million of property losses for most perils. A \$200 million self insured retention per occurrence applies to named windstorm losses. Named windstorm coverage is limited to \$725 million per occurrence. Insurance coverage is maintained with independent carriers for property losses in excess of self-insured retentions.

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 various County departments 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 2004, there were no significant changes in insurance coverage.

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

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 Public Health Trust (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 \$519,000 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.

The County's Self-Insurance Internal Service Fund has an accumulated deficit of approximately \$114 million for various self-insurance programs administered by the County. The County has implemented an action plan in an effort to reduce the accumulated deficit. County management believes that the deficit will be made up over a reasonable period of time in accordance with the provisions of GASB Codification C50.128.

# MIAMI-DADE COUNTY, FLORIDA

Changes in the Internal Service Fund estimated liability amount for fiscal years 2003 and 2004 are as follows (in thousands):

	<b>Workers Compensation</b>	<b>General, Auto, and Police Liability</b>	<b>Group Health</b>	<b>Other</b>	<b>Total</b>
Balance as of October 1, 2002	\$ 92,237	\$ 35,082	\$ 14,089		\$ 141,408
Claims paid	(39,695)	(44,036)	(80,200)	\$ (1,874)	(165,805)
Claims and changes in estimates	66,054	35,612	85,367	1,874	188,907
Liabilities as of September 30, 2003	<u>\$ 118,596</u>	<u>\$ 26,658</u>	<u>\$ 19,256</u>		<u>\$ 164,510</u>
Balance as of October 1, 2003	\$ 118,596	\$ 26,658	\$ 19,256		\$ 164,510
Claims paid	(51,987)	(33,662)	(114,977)	\$ (2,383)	(203,009)
Claims and changes in estimates	62,321	31,109	116,401	2,383	212,214
Liabilities as of September 30, 2004	<u>\$ 128,930</u>	<u>\$ 24,105</u>	<u>\$ 20,680</u>		<u>\$ 173,715</u>

Changes in estimated liabilities for the Water and Sewer Department and the Public Health Trust for fiscal years 2003 and 2004 are as follows (in thousands):

	<b>Water &amp; Sewer Department</b>	<b>Public Health Trust</b>	<b>Total</b>
Balance as of October 1, 2002	\$ 13,521	\$ 44,560	\$ 58,081
Claims paid	(897)	(5,545)	(6,442)
Claims and changes in estimates	2,129	5,531	7,660
Liabilities as of September 30, 2003	<u>\$ 14,753</u>	<u>\$ 44,546</u>	<u>\$ 59,299</u>
Balance as of October 1, 2003	\$ 14,753	\$ 44,546	\$ 59,299
Claims paid	(3,960)	(14,949)	(18,909)
Claims and changes in estimates	(860)	9,338	8,478
Liabilities as of September 30, 2004	<u>\$ 9,933</u>	<u>\$ 38,935</u>	<u>\$ 48,868</u>

Approximately \$431 of the Water and Sewer Department's September 30, 2004 liability is reported as due to other funds in the accompanying statements.

**MIAMI-DADE COUNTY, FLORIDA**

**Note 8 – Long-Term Debt**

**LONG-TERM LIABILITY ACTIVITY**

Changes in long-term liabilities for the year ended September 30, 2004, are as follows (amounts in thousands):

	Beginning Balance September 30, 2003	Additions	Reductions	Ending Balance September 30, 2004	Due Within One Year
<b>Governmental Activities</b>					
Bonds, loans and notes payable:					
General obligation bonds	\$ 247,541		\$ (21,960)	\$ 225,581	\$ 12,155
Special obligation bonds	1,108,396	\$ 119,780	(46,665)	1,181,511	32,925
Current year accretions of interest		24,403		24,403	
Housing Agency bonds and notes payable	72,894		(3,810)	69,084	4,942
Loans and notes payable	52,513	11,300	(2,435)	61,378	2,648
Add deferred amounts:					
For bond issuance premiums/discounts	4,470	2,200	(831)	5,839	
Total bonds, loans and notes payable	1,485,814	157,683	(75,701)	1,567,796	52,670
Other liabilities:					
Compensated absences	267,881	134,346	(110,007)	292,220	79,250
Estimated insurance claims payable	164,510	212,214	(203,009)	173,715	53,611
Accrued post-retirement health insurance benefits	5,421		(1,078)	4,343	1,043
Arbitrage rebate liability	52			52	
Capital Lease		11,888		11,888	
Other	16,448	4,669	(4,175)	16,942	
Total governmental activity long-term liabilities	\$ 1,940,126	\$ 520,800	\$ (393,970)	\$ 2,066,956	\$ 186,574
<b>Business-type Activities</b>					
Bonds, loans, and notes payable:					
Revenue bonds	\$ 4,926,115	\$ 648,890	\$ (400,315)	\$ 5,174,690	\$ 112,135
General obligation bonds	149,925		(915)	149,010	3,300
Special obligation bonds	60,045	2,945	(4,930)	58,060	5,120
Loans and notes payable	468,139	129,957	(18,580)	579,516	23,905
Less deferred amounts:					
For issuance discounts	(98,070)	375	9,074	(88,621)	
On refunding	(29,175)	(21,028)	13,050	(37,153)	
Add deferred bond premium	5,691	17,422	(2,730)	20,383	
Commercial paper notes	178,694	171,876	(320,459)	30,111	
Total bonds, loans and notes payable	5,661,364	950,437	(725,805)	5,885,996	144,460
Other liabilities:					
Estimated insurance claims payable	57,631	9,150	(18,344)	48,437	9,802
Compensated absences	150,129	50,839	(32,403)	168,565	102,650
Environmental remediation liability	175,580	29,456	(12,462)	192,574	29,773
Liability for landfill closure/post closure care costs	82,647	2,015	(883)	83,779	
Lease agreements	432,063	15,602	(14,024)	433,641	34,853
Other	49,448	27,232	(20,338)	56,342	2,623
Total business-type activities long-term liabilities	\$ 6,608,862	\$ 1,084,731	\$ (824,259)	\$ 6,869,334	\$ 324,161

# **MIAMI-DADE COUNTY, FLORIDA**

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

	<b>Beginning Balance September 30, 2003</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance September 30, 2004</b>	<b>Due Within One Year</b>
<b>Miami-Dade Transit Agency (MDTA)</b>					
Bonds and loans payable:					
Special obligation bonds	\$ 39,000		\$ (3,240)	\$ 35,760	\$ 3,365
Loans payable	31,232	\$ 122,707	(2,890)	151,049	9,607
Add deferred bond premium	2,383		(473)	1,910	
Total bonds and loans payable	<u>72,615</u>	<u>122,707</u>	<u>(6,603)</u>	<u>188,719</u>	<u>12,972</u>
Other liabilities:					
Compensated absences	20,985	19,370	\$ (14,548)	25,807	9,555
Lease agreements	415,388		(7,778)	407,610	28,896
Other	23,920	131	(1,572)	22,479	1,702
Total long-term liabilities - MDTA	<u>\$ 532,908</u>	<u>\$ 142,208</u>	<u>\$ (30,501)</u>	<u>\$ 644,615</u>	<u>\$ 53,125</u>
<b>Solid Waste Department</b>					
Bonds and loans payable:					
Revenue bonds	\$ 164,405		\$ (9,630)	\$ 154,775	\$ 10,115
Special obligation bonds	21,045	\$ 2,945	(1,690)	22,300	1,755
Less deferred amounts:					
For issuance discounts	(807)		53	(754)	
On refunding	(3,525)		514	(3,011)	
Add deferred bond premium	3,049	101	(499)	2,651	
Total bonds and loans payable	<u>184,167</u>	<u>3046</u>	<u>(11,252)</u>	<u>175,961</u>	<u>11,870</u>
Other liabilities:					
Compensated absences	10,900	1,441		12,341	3,337
Liability for landfill closure/postclosure care costs	82,647	2,015	(883)	83,779	
Other	1,931		(164)	1,767	
Total long-term liabilities - Solid Waste	<u>\$ 279,645</u>	<u>\$ 6,502</u>	<u>\$ (12,299)</u>	<u>\$ 273,848</u>	<u>\$ 15,207</u>



# **MIAMI-DADE COUNTY, FLORIDA**

	<b>Beginning Balance</b>			<b>Ending Balance</b>	<b>Due Within</b>
	<b>September 30, 2003</b>	<b>Additions</b>	<b>Reductions</b>	<b>September 30, 2004</b>	<b>One Year</b>
<b>Seaport</b>					
Bonds and loans payable:					
Revenue bonds	\$ 75,510		\$ (2,495)	\$ 73,015	\$ 2,640
General obligation bonds	149,925		(915)	149,010	3,300
Loans payable	289,455		(6,145)	283,310	3,515
Less deferred amounts:					
For issuance discounts (need breakdown)					
On refunding	(12,238)		697	(11,541)	
Add deferred bond premium					
Total bonds and loans payable	502,652		(8,858)	493,794	9,455
Other liabilities:					
Compensated absences	2,970	\$ 1,806	(1,342)	3,434	1,042
Environmental remediation liability	2,500			2,500	
Lease agreements	10,200		(940)	9,260	1,040
Other	4,090	690	(756)	4,024	33
Total long-term liabilities - Seaport	\$ 522,412	2,496	\$ (11,896)	\$ 513,012	\$ 11,570
<b>Aviation</b>					
Bonds, loans, and notes payable:					
Revenue bonds	\$ 2,915,315	\$ 400,000	\$ (90,960)	\$ 3,224,355	\$ 66,610
Less deferred amounts:					
For issuance discounts and deferred losses	(66,062)	375	5,288	(60,399)	
Add deferred bond premium					
Commercial paper notes	178,694	171,876	(320,459)	30,111	
Estimated insurance claims payable					
Total bonds, loans and notes payable	3,027,947	572,251	(406,131)	3,194,067	66,610
Other liabilities:					
Compensated absences	24,923	10,546	(8,930)	26,539	6,698
Environmental remediation liability	173,080	29,456	(12,462)	190,074	29,773
Lease agreements	6,475	15,602	(5,306)	16,771	4,917
Total long-term liabilities - Aviation	\$ 3,232,425	\$ 627,855	\$ (432,829)	\$ 3,427,451	\$ 107,998

# MIAMI-DADE COUNTY, FLORIDA

	Beginning Balance September 30, 2003			Additions	Reductions	Ending Balance September 30, 2004		Due Within One Year
<b>Water and Sewer Department</b>								
Bonds and loans payable:								
Revenue bonds	\$	1,590,610	\$	248,890	\$	(288,350)	\$	1,551,150 \$ 23,715
Loans payable		147,452		7,250		(9,545)		145,157 10,783
Less deferred amounts:								
For issuance discounts		(25,542)				3,460		(22,082)
On refunding		(11,775)		(21,393)		11,775		(21,393)
Add deferred bond premium				17,580		(1,758)		15,822
Total bonds and loans payable		1,700,745		252,327		(284,418)		1,668,654 34,498
Other liabilities:								
Estimated insurance claims payable		18,281		3,731		(12,510)		9,502 4,407
Compensated absences		23,129		10,104		(7,402)		25,831 8,279
Other				26,012		(565)		25,447 888
Total long-term liabilities - Water and Sewer Dept.	\$	1,742,155	\$	292,174	\$	(304,895)	\$	1,729,434 \$ 48,072
<b>Public Health Trust (PHT)</b>								
Bonds and loans payable:								
Revenue bonds	\$	173,550			\$	(8,045)	\$	165,505 \$ 8,430
Less deferred amounts:								
For issuance discounts		(5,659)				273		(5,386)
On refunding		(1,272)				64		(1,208)
Total bonds and loans payable		166,619				(7,708)		158,911 8,430
Other liabilities:								
Estimated insurance claims payable		39,350	\$	5,419		(5,834)		38,935 5,395
Compensated absences		66,421		7,113				73,534 73,534
Other		19,507				(17,281)		2,226
Total long-term liabilities - Public Health Trust	\$	291,897	\$	12,532	\$	(30,823)	\$	273,606 \$ 87,359

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. When an internal service fund predominantly serves governmental funds the residual balances of the internal service fund should be reported as part of governmental activities. Therefore, the long-term liabilities of the fund are included in the above totals for governmental activities.

## **Demand Bonds**

At September 30, 2004, 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 a 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, 2004.

# MIAMI-DADE COUNTY, FLORIDA

## Long-Term Debt -- Governmental Activities

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

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

Maturing in Fiscal Year	General Obligation Bonds		Special Obligation Bonds		Loans and Notes Payable		Housing Agency Public Housing Division	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal (1)	Interest
2005	\$ 12,155	\$ 13,449	\$ 32,925	\$ 43,602	\$ 2,648	\$ 3,199	\$ 4,942	\$ 4,042
2006	11,810	12,631	41,525	46,137	2,963	3,079	5,153	3,780
2007	12,530	11,724	43,435	46,294	3,382	2,970	4,762	4,241
2008	13,255	10,713	43,402	44,129	3,703	2,836	4,977	3,419
2009	10,240	9,904	58,339	41,704	4,078	2,681	14,967	3,374
2010-2014	59,155	39,810	268,761	212,576	23,320	10,257	24,887	8,226
2015-2019	63,541	20,370	237,319	208,751	17,335	4,599	9,249	4,171
2020-2024	35,645	6,377	231,304	181,932	3,949	619	147	1,210
2025-2029	7,250	471	253,035	215,653				47
2030-2034			308,028	276,777				
2035-2039			274,105	86,257				
2040-2044			20,315	725				
	225,581	125,449	1,812,493	1,404,537	61,378	30,240	69,084	32,510
Less:								
Unaccreted value			(606,579)					
Accretions to date				(164,536)				
Add:								
Unamortized premium			5,839					
Total	\$ 225,581	\$ 125,449	\$ 1,211,753	\$ 1,240,001	\$ 61,378	\$ 30,240	\$ 69,084	\$ 32,510

(1) Includes bonds payable of \$15,188 and notes payable of \$ 53,896.

# MIAMI-DADE COUNTY, FLORIDA

## Long-Term Debt – Business-type Activities

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

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

Maturing in Fiscal Year	Revenue Bonds		General Obligation Bonds		Special Obligation Bonds		Loans and Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 112,135	\$ 247,473	\$ 3,300	\$ 7,883	\$ 5,120	\$ 2,603	\$ 23,905	\$ 11,147
2006	106,590	244,846	3,495	7,678	5,630	2,400	25,158	10,601
2007	117,890	239,449	3,705	7,453	5,850	2,175	25,758	9,985
2008	125,540	233,502	3,940	7,209	6,045	1,973	25,864	9,373
2009	134,435	227,063	4,200	6,945	6,305	1,707	27,794	8,735
2010-2014	644,580	1,038,650	25,225	30,449	28,600	3,792	194,881	31,588
2015-2019	779,795	874,348	32,620	22,931	510	39	133,331	12,446
2020-2024	953,830	680,226	41,885	13,433			71,000	5,298
2025-2029	937,895	433,493	30,640	2,407			51,825	1,280
2030-2034	732,910	222,047						
2035-2039	529,090	44,631						
	5,174,690	4,485,728	149,010	106,388	58,060	14,689	579,516	100,453
Less:								
Unamortized discount and deferred amounts	(116,192)		(9,582)					
Add:								
Unamortized bond premium	17,036				3,347			
Total	\$ 5,075,534	\$ 4,485,728	\$ 139,428	\$ 106,388	\$ 61,407	\$ 14,689	\$ 579,516	\$ 100,453

## Public Health Trust Bonds Payable

The Public Health Trust (the Trust) series 1993, 1993A and 1998 Bonds (the Bonds) are secured by the gross revenues of the Trust. The Bonds are subject to certain covenants included in the Ordinance No. 83-31, as amended, restated and supplemented (the Ordinance), together with certain ordinances and Series resolutions, which authorize and issue the Bonds by and between the Trust and the County. In addition, the Trust must comply with certain additional covenants included in the Bond insurance agreements.

The Ordinance contains significant restrictive covenants including, among other items, the requirement to maintain a minimum long-term debt service coverage ratio, to make scheduled monthly deposits to the debt service fund, maintenance of insurance on the Trust's facilities and limitations on the incurrence of additional debt.

In general, the bond insurance agreements contain the same covenants as the Ordinance. However, the long-term debt service ratio is more restrictive than that required under the Ordinance. Also, the insurance agreements include certain reporting deadlines with respect to the Trust's annual financial statements and budget.

The Trust did not comply with the debt service coverage ratio (the Rate Covenant) or the reporting requirements, for its fiscal year ended September 30, 2004. As a result of these covenant violations, the Ordinance requires that the Trust retain a consultant to make recommendations to improve operations and increase these ratios to the required levels. Despite the fact that the Trust has made all required monthly principal and interest payments related to the Bonds, noncompliance with the Rate Covenant and the reporting period covenant both constitute an event of default (the Defaults) which permit the acceleration of the repayment of the Bonds outstanding.

## MIAMI-DADE COUNTY, FLORIDA

In anticipation of the failure to meet the Rate Covenant, the Trust preemptively hired a health care consultant to provide recommendations regarding rates, fees and charges of the Trust and its method of operations. These recommendations are currently in the process of being implemented by Trust management.

On August 17, 2005, the Trust received agreements from the insurers of the Bonds which stipulate that they will forbear from consenting to the acceleration of the Bonds by reason of the Defaults until October 15, 2005. As a result, the Bonds are classified in the accompanying Statement of Net Assets according to the contractual maturity dates.

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

On September 30, 2004, the County had outstanding \$30,000,000 of Aviation Commercial Paper Notes, plus accrued interest of \$110,913. The effective interest rate paid on the Notes outstanding ranged from 1.20% to 1.62%. 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, 2004, the amount of the outstanding Letter of Credit was \$31,043,000. The outstanding commercial paper notes and accrued interest, totaling \$30,111,000, 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, 2003	\$ 178,694
Additions	171,876
Deductions	(320,459)
Balance on September 30, 2004	<u>\$ 30,111</u>

# MIAMI-DADE COUNTY, FLORIDA

## Long-Term Debt Issued During the Year

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

### **BONDS AND LOANS ISSUED DURING THE YEAR**

(in thousands)

Date Issued	Description	Purpose	Interest Rate Range	Final Maturity Date	Amount Issued
<b>BONDS:</b>					
10/9/2003	Water and Sewer System Revenue Refunding Bonds, Series 2003	Refund the County's Water and Sewer System Revenue Refunding Bonds, Series 1993 and pay issuance costs.	2.00%-5.00%	2013	\$ 248,890
4/14/04	Aviation Revenue Bonds, Series 2004A (AMT)	Finance certain airport improvements associated with the Airport's Capital Improvement Plan previously approved by the Board	4.75% - 5.00%	10/1/36	211,850
4/14/04	Aviation Revenue Bonds, Series 2004B (Non-AMT)	Finance certain airport improvements associated with the Airport's Capital Improvement Plan previously approved by the Board	4.625% - 5.00%	10/1/37	156,365
4/14/2004	Aviation Revenue Bonds, Series 2004C (Non-AMT)	Refund Airport Revenue Bonds Series Y.	2.100%-5.00%	2011	31,785
4/27/04	Special Obligation Bonds Capital Acquisition Series 2004A	To finance the acquisition of capital assets, improvements, renovations and enhancements to County facilities.	Variable	4/01/14	50,000
9/29/04	Special Obligation Bonds Capital Acquisition Series 2004B	To finance the acquisition of capital assets, improvements, renovations and enhancements to County facilities.	2.25% to 5.00%	4/01/14	72,725
<b>LOANS:</b>					
6/30/04	Section 108 Loan from the U.S. Department of Housing and Urban Development-HUD 2004-A-EDI Loan	Miami-Dade Community Development Revolving Loan Fund Program to assist small businesses to provide economic growth in targeted urban areas.	3.66% to 6.67%	8/01/24	6,300
8/13/04	Sunshine State Governmental Financing Commission Commercial Paper Revenue Notes, Series G 2004 (Naranja Lakes Projects)	To finance cost of certain infrastructure development to Naranja Lakes Community Redevelopment District.	Variable	7/1/16	5,000
8/26/2004	Miami Dade Transit Penske Loan	To acquire 110 buses	4.80%	9/1/2016	22,707
9/1/2004	Miami Dade Transit PTP Loan-Resolution R-846-04	Capital for PTP projects.	Variable	2019	100,000
9/30/2004	State Revolving Fund (Miami-Dade Water and Sewer Dept.)	To finance construction of water and wastewater treatment facilities	2.56% to 4.17%	2024	7,250

Total long-term debt issued during the year

\$912,872

# MIAMI-DADE COUNTY, FLORIDA

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
10/9/03	Water and Sewer System Revenue Refunding Bonds, Series 2003	\$ 248,890	\$ 257,075	\$ 23,679	\$ 19,475	\$ 18,583
4/14/2004	Aviation Revenue Bonds, Series 2004C (Non-AMT)	31,785	31,880	1,040	2,394	1,884

## 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, 2004
<b>Special Obligation Bonds:</b>						
Guaranteed Entitlement	A	12/27/85	02/01/08	02/01/08	\$ 65,000	\$ 19,910
Guaranteed Entitlement	1990	06/06/95	02/01/06	08/01/14	49,749	44,985
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	30,048
Special Obligation (CDT)	1996B	12/18/97	10/01/08	10/01/33	75,120	71,414
Special Obligation (Courthouse Center)	1995	12/17/98	04/01/05	04/01/20	13,830	13,830
Total Special Obligation Bonds Defeased					<u>\$ 293,470</u>	<u>\$ 239,796</u>
<b>Revenue Bonds and Loans:</b>						
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	127,475
Rickenbacker Causeway	1983	08/29/85	10/01/08	10/01/08	5,225	5,225
Total Revenue Bonds and Loans Defeased					<u>\$ 215,635</u>	<u>\$ 212,700</u>

## MIAMI-DADE COUNTY, FLORIDA

### Interest Rate Swap Agreements

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

### Water and Sewer

#### Objective

To obtain a lower fixed rate than what was available in the Bond Market, or to obtain the lower cost of borrowing. No cash was exchanged at the time the swaps became effective.

	Date of Execution	Notional Amount	Termination Date	Associated Bonds	County Payment	Counter-party Payment	Counter-party Credit Rating	Fair Value at 9/30/04 <sup>(1)</sup>
<b>1</b>	2/4/94	\$418,540,000 amortizing in step with the Bonds.	10/5/22	W&S Series 94	Fixed – 5.28%	Variable – Bond Rate	AAA	(\$100,900,899)

- <sup>(1)</sup> **Fair Value of Swap:** As of September 30, 2004 based on an estimated mark-to-mid-market assessment, the fair market value of the swap was a negative \$100,900,899. 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 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, 2004 debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows <sup>(1)</sup>.

Fiscal Year Ending 9/30	Variable Rate Bonds		Interest Rate Swap	
	Principal	Interest <sup>(2)</sup>	Net Payments <sup>(3) (4)</sup>	Total
2005	\$780	\$6,948	\$15,151	\$22,879
2006	820	6,935	15,123	22,878
2007	865	6,921	15,093	22,879
2008	915	6,907	15,062	22,884
2009	970	6,892	15,029	22,891
2010-2020	<u>414,190</u>	<u>69,997</u>	<u>152,646</u>	<u>636,833</u>
Total	<u>\$418,540</u>	<u>\$104,600</u>	<u>\$228,104</u>	<u>\$751,244</u>

<sup>(1)</sup> In thousands.

<sup>(2)</sup> Interest rate on the Bonds on September 30, 2004 was 1.66%.

<sup>(3)</sup> The rate is calculated as the difference between the variable rate paid by the counterparty to the County (1.66%) and the fixed rate paid by County to the counterparty (5.28%) as of September 30, 2004 (1.66% - 5.28% = -3.66%).

<sup>(4)</sup> The total net payments of \$228.104 million have a negative fair market value of \$100,900,899.



**MIAMI-DADE COUNTY, FLORIDA**

	Execution Date	Notional Amount	Termination Date	Associated Bonds	County Payment	Counter-party Payment	Counter-party Credit Rating	Fair Value at 9/30/04 <sup>(1)</sup>
<b>2</b>	12/15/93  Amended 2/26/01	\$215,000,000 amortizing in step with the Bonds commencing 9/25/15.	6/15/20 with option to terminate 6/15/08 <sup>(2)</sup>	W&S Series 95	Fixed – 4.40% until 6/15/08, then variable to 6/15/20	Fixed – 5.225%	AA	\$4,519,039

- (1) **Fair Value of Swap:** At September 30, 2004, based on an estimated mark-to-mid-market assessment, the fair market value of the swap was a positive \$4,519,039. 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 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, 2004, 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 <sup>(1)</sup>.

Fiscal Year Ending 9/30	Fixed Rate Bonds		Interest Rate Swap	
	Principal	Interest <sup>(2)</sup>	Net Receipts <sup>(3) (4)</sup>	Total
2005	\$3,455	\$18,245	\$1,774	\$19,926
2006	3,625	18,077	1,773	19,929
2007	3,795	17,871	1,774	19,892
2008	4,030	17,627	1,300	20,357
2009	4,285	17,367	7,987	13,665
2010-2020	<u>309,770</u>	<u>226,220</u>	<u>87,860</u>	<u>448,130</u>
Total	<u>\$328,960</u>	<u>\$315,407</u>	<u>\$102,468</u>	<u>\$541,899</u>

<sup>(1)</sup> In thousands.

<sup>(2)</sup> Interest rate on the Bonds is the actual fixed rate on the Bonds.

<sup>(3)</sup> 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, 2004 ((5.225% - 4.40%) until June 15, 2008 + (5.225% - 1.51%) from June 15, 2008 until the termination of the swap on June 15, 2020 = -3.715%).

<sup>(4)</sup> The total net receipts of \$102.468 million have a positive fair market value of \$4,519,039.

**MIAMI-DADE COUNTY, FLORIDA**

	Execution Date	Notional Amount	Termination Date	Associated Bonds	County Payment	Counter-party Payment	Counter-party Credit Rating	Fair Value at 9/30/04 <sup>(1)</sup>
<b>3</b>	8/27/98	\$200,000,000 amortizing in step with the Bonds commencing 9/1/21.	10/1/26	W&S Series 97	Variable BMA plus an Adjustment Factor equal to (BMA divided by 0.604) minus (USD-LIBOR-BBA plus 1.455%)	BMA	AAA <sup>(2)</sup>	(\$5,654,620)

- <sup>(1)</sup> **Fair Value of Swap:** As of September 30, 2004 based on an estimated mark-to-mid-market assessment, the fair market value of the swap was a negative \$5,654,620. 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.

- <sup>(2)</sup> 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, 2004, 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 <sup>(1)</sup>. 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 <sup>(2)</sup>	Net Receipts <sup>(3) (4)</sup>	Total
2005	\$7,435	\$21,322	\$2,162	\$26,595
2006	7,785	20,903	2,161	26,527
2007	8,275	20,402	2,162	26,515
2008	8,790	19,868	2,161	26,497
2009	9,335	19,356	2,162	26,529
2010-2026	<u>363,140</u>	<u>227,938</u>	<u>35,985</u>	<u>555,093</u>
Total	<u>\$404,760</u>	<u>\$329,789</u>	<u>\$46,793</u>	<u>\$687,756</u>

- <sup>(1)</sup> In thousands.

- <sup>(2)</sup> Interest rate on the Bonds is the actual fixed rate on the Bonds.

- <sup>(3)</sup> The rate is calculated as the difference between the taxable variable rate paid by the Counterparty to the County (1.6000% + 1.455% = 3.055%) and the tax-exempt variable rate paid by County to the Counterparty (1.19239%/0.604 = 1.97416%) as of September 30, 2004 ((3.055% - 1.97416% = 1.08084%).

- <sup>(4)</sup> The total net receipts of \$46.793 million have a negative fair market value of \$5,654,620.

# MIAMI-DADE COUNTY, FLORIDA

## Special Obligation Bonds (Convention Development Tax)

### Objective

To lower the County's overall cost of borrowing. No cash was exchanged at the time the swaps became effective.

	Execution Date	Notional Amount	Termination Date	Associated Bonds	County Payment	Counter-party Payment	Counter-party Credit Rating	Fair Value at 9/30/04 <sup>(1)</sup>
1	5/12/00	\$86,611,998 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 <sup>(2)</sup>	\$420,654

<sup>(1)</sup> **Fair Value of Swap:** As of September 30, 2004 based on an estimated mark-to-mid-market assessment, the fair market value of the swap was a positive \$420,654. 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.

<sup>(2)</sup> 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. A portion swapped to basis swap.

#### Swap Payments and Associated Debt for Payment: Variable Receiver, Variable Rate Swap.

Using rates as of September 30, 2004, 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 <sup>(1)</sup>. 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 <sup>(2)</sup>	Net Receipts <sup>(3) (4)</sup>	Total
2005		\$3,096	\$936	\$2,160
2006	\$2,710	4,536	936	6,310
2007	3,123	5,062	907	7,278
2008	3,765	5,871	873	8,763
2009	2,064	4,862	832	6,094
2010-2022	74,950	96,737	9,074	162,613
Accretion	19,852			19,852
Total	<u>\$106,464</u>	<u>\$120,164</u>	<u>\$13,558</u>	<u>\$213,070</u>

<sup>(1)</sup> In thousands.

<sup>(2)</sup> Interest rate on the Bonds is the actual fixed rate on the Bonds.

<sup>(3)</sup> The rate is calculated as the difference between the taxable variable rate paid by the Counterparty to the County (1.6000% + 1.65343% = 3.25343%) and the tax-exempt variable rate paid by County to the Counterparty (1.19239%/0.604 = 1.9742%) as of September 30, 2004 ((3.24343% - 1.9742% = 1.279274%).

<sup>(4)</sup> The total net receipts of \$13.558 million have a positive fair market value of \$420,654.

**MIAMI-DADE COUNTY, FLORIDA**

	<b>Execution Date</b>	<b>Notional Amount</b>	<b>Termination Date</b>	<b>Associated Bonds</b>	<b>County Payment</b>	<b>Counter-party Payment</b>	<b>Counter-party Credit Rating</b>	<b>Fair Value at 9/30/04 <sup>(1)</sup></b>
<b>2</b>	5/12/00	\$276,618,571 amortizing in step with the Bonds commencing 10/1/00.	10/1/22	Subordinate SOB Series 1997A, B & C (Convention Development Tax)	BMA divided by 0.604	Libor plus a constant of 1.65343%	AAA <sup>(2)</sup>	\$96,208

- (1) **Fair Value of Swap:** As of September 30, 2004 based on an estimated mark-to-mid-market assessment, the fair market value of the swap was a positive \$96,208. 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 Payment: Variable Receiver, Variable Rate Swap.**

Using rates as of September 30, 2004, 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 <sup>(1)</sup>. As rates vary, fixed-rate bond interest payments remain the same and net swap payments may vary.

<u>Fiscal Year Ending 9/30</u>	<u>Fixed Rate Bonds</u>		<u>Interest Rate Swap</u>	
	<u>Principal</u>	<u>Interest <sup>(2)</sup></u>	<u>Net Receipts <sup>(3) (4)</sup></u>	<u>Total</u>
2005	\$527	\$6,036	\$2,990	\$3,573
2006	451	6,042	2,984	3,509
2007	343	6,020	2,979	3,384
2008		5,843	2,976	2,867
2009	222	6,001	2,976	3,247
2010-2022	275,076	754,067	36,098	993,045
Accretion	72,283			72,283
Total	<u>\$348,902</u>	<u>\$784,009</u>	<u>\$51,003</u>	<u>\$1,081,908</u>

(1) In thousands.

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

(3) The rate is calculated as the difference between the taxable variable rate paid by the Counterparty to the County (1.6000% + 1.65343% = 3.25343%) and the tax-exempt variable rate paid by County to the Counterparty (1.19239%/0.604 = 1.9742%) as of September 30, 2004 ((3.24343% - 1.9742% = 1.279274%).

(4) The total net receipts of \$51.003 million have a positive fair market value of \$96,208.

**MIAMI-DADE COUNTY, FLORIDA**

	<b>Execution Date</b>	<b>Notional Amount</b>	<b>Termination Date</b>	<b>Associated Bonds</b>	<b>County Payment</b>	<b>Counter-party Payment</b>	<b>Counter-party Credit Rating</b>	<b>Fair Value at 9/30/04 <sup>(1)</sup></b>
<b>3</b>	7/21/04	\$19,627,539 amortizing in step with the Bonds commencing 10/1/04.	10/1/10	Subordinate SOB Series 1996B (Convention Development Tax)	BMA divided by 0.604	Libor plus a constant of 1.770%	AAA <sup>(2)</sup>	\$531,287

- (1) **Fair Value of Swap:** As of September 30, 2004 based on an estimated mark-to-mid-market assessment, the fair market value of the swap was a positive \$531,287. 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 Payment: Variable Receiver, Variable Rate Swap.**

Using rates as of September 30, 2004, 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 <sup>(1)</sup>. As rates vary, fixed-rate bond interest payments remain the same and net swap payments may vary.

<u>Fiscal Year</u> <u>Ending 9/30</u>	<u>Fixed Rate Bonds</u>		<u>Interest Rate Swap</u>	
	<u>Principal</u>	<u>Interest <sup>(2)</sup></u>	<u>Net Receipts <sup>(3) (4)</sup></u>	<u>Total</u>
2005		\$3,096	\$179	\$2,917
2006	\$2,710	4,536	170	7,076
2007	3,123	5,062	158	8,027
2008	3,765	5,871	125	9,511
2009	2,064	4,862	68	6,858
2010-2022	74,950	96,737	9	171,678
Accretion	<u>19,852</u>			<u>19,852</u>
Total	<u>\$106,464</u>	<u>\$120,163</u>	<u>\$709</u>	<u>\$225,919</u>

- (1) In thousands.

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

- (3) The rate is calculated as the difference between the taxable variable rate paid by the Counterparty to the County (1.6000% + 1.7700% = 3.3700%) and the tax-exempt variable rate paid by County to the Counterparty (1.19239%/0.604 = 1.9742%) as of September 30, 2004 ((3.3700% - 1.9742% = 1.395844%).

- (4) The total net receipts of \$709,000 have a positive fair market value of \$531,287.

**MIAMI-DADE COUNTY, FLORIDA**

	<b>Execution Date</b>	<b>Notional Amount</b>	<b>Termination Date</b>	<b>Associated Bonds</b>	<b>County Payment</b>	<b>Counter-party Payment</b>	<b>Counter-party Credit Rating</b>	<b>Fair Value at 9/30/04 <sup>(1)</sup></b>
<b>4</b>	7/21/04	\$77,853,923 amortizing in step with the Bonds commencing 10/1/04.	10/1/22	Subordinate SOB Series 1996A,B & C (Convention Development Tax)	BMA divided by 0.604	Libor plus a constant of 1.7700%	AAA <sup>(2)</sup>	(\$844,935)

- <sup>(1)</sup> **Fair Value of Swap:** As of September 30, 2004 based on an estimated mark-to-mid-market assessment, the fair market value of the swap was a negative \$844,935. 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.

- <sup>(2)</sup> 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 Payment: Variable Receiver, Variable Rate Swap.**

Using rates as of September 30, 2004, 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 <sup>(1)</sup>. As rates vary, fixed-rate bond interest payments remain the same and net swap payments may vary.

<u>Fiscal Year</u> <u>Ending 9/30</u>	<u>Fixed Rate Bonds</u>		<u>Interest Rate Swap</u>	
	<u>Principal</u>	<u>Interest <sup>(2)</sup></u>	<u>Net Receipts <sup>(3) (4)</sup></u>	<u>Total</u>
2005	\$527	\$6,036	\$984	\$5,579
2006	451	6,042	1,067	5,426
2007	343	6,020	1,223	5,140
2008		5,843	1,297	4,546
2009	222	6,001	1,378	4,845
2010-2022	275,076	754,067	23,561	1,005,582
Accretion	<u>72,283</u>			<u>72,283</u>
Total	<u>\$348,902</u>	<u>\$784,009</u>	<u>\$29,510</u>	<u>\$1,103,401</u>

- <sup>(1)</sup> In thousands.

- <sup>(2)</sup> Interest rate on the Bonds is the actual fixed rate on the Bonds.

- <sup>(3)</sup> The rate is calculated as the difference between the taxable variable rate paid by the Counterparty to the County (1.6000% + 1.7700% = 3.3700%) and the tax-exempt variable rate paid by County to the Counterparty (1.19239%/0.604 = 1.9742%) as of September 30, 2004 ((3.3700% - 1.9742% = 1.395844%).

- <sup>(4)</sup> The total net receipts of \$29.510 million have a negative fair market value of \$844,935.

**MIAMI-DADE COUNTY, FLORIDA**

**Special Obligation Bonds (Capital Asset Acquisition Floating Rate (CPI-MUNI))**

**Objective**

To lower the County's overall cost of borrowing. No cash was exchanged at the time the swaps became effective.

	<b>Execution Date</b>	<b>Notional Amount</b>	<b>Termination Date</b>	<b>Associated Bonds</b>	<b>County Payment</b>	<b>Counter-party Payment</b>	<b>Counter-party Credit Rating</b>	<b>Fair Value at 9/30/04 <sup>(1)</sup></b>
<b>1</b>	4/16/04 – Effective 4/27/04	\$50,000,000 amortizing in step with the Bonds commencing 4/1/05.	4/1/14	SOB Series 2004A (Capital Assets Acquisition n MUNI-CPI))	BMA plus 0.235%	CPI plus premium <sup>(2)</sup>	AA	\$456,435

- (1) **Fair Value of Swap:** As of September 30, 2004 based on an estimated mark-to-mid-market assessment, the fair market value of the swap was a positive \$456,435. 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 premium is on maturity 4/1/09, \$15 million, 0.20%; on maturity 4/1/12, \$10 million; 0.50% and on the maturity 4/1/14, \$25 million, 0.70%

**Additional Disclosure: Bonds issued as fixed rate and swapped to a floating rate.**

**Swap Payments and Associated Debt for Payment: - Fixed Receiver - Variable Interest Rate Swap.**

Using rates as of September 30, 2004, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows <sup>(1)</sup>. As rates vary, variable-rate bond interest payments will vary and net swap payments may vary.

<b>Fiscal Year</b>	<b>Fixed Rate Bonds</b>		<b>Interest Rate Swap</b>	
	<b>Ending 9/30</b>	<b>Principal</b>	<b>Interest <sup>(2)</sup></b>	<b>Net Receipts <sup>(3) (4)</sup></b>
2005			\$2,537	\$1,849
2006			2,536	1,849
2007			2,537	1,849
2008			2,536	1,849
2009		\$15,000	2,537	1,849
2010-2014		<u>35,000</u>	<u>7,356</u>	<u>5,362</u>
Total		<u>\$50,000</u>	<u>\$20,039</u>	<u>\$14,607</u>
				<u>\$55,432</u>

- (1) In thousands.

- (2) Interest rate on the Bonds is the CPI Index plus 20 basis points of interest (bpi) on the Bonds maturing on 4/1/09, 50 bpi on the bonds maturing on 4/1/11 and 70 bpi on the Bonds maturing on 4/1/14.

- (3) The rate is calculated as the difference between the variable rate (CPI plus premium) paid by the Counterparty to the County (4.563% + 0.51% = 5.073%) and the variable rate (BMA) plus premium paid by County to the Counterparty (1.14019% + 0.235% = 1.3752%) as of September 30, 2004 ((5.073% - 1.3752% = 3.69781%).

- (4) The total net receipts of \$14,607 million have a positive fair market value of \$456,435.

## MIAMI-DADE COUNTY, FLORIDA

### **Risk Disclosure:**

**Credit Risk.** Because all of the County's Swaps rely upon the performance of the third parties who serve as swap counterparties, the County is exposed to credit risk, or the risk that the 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 at least 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, 2004, the BMA rate was 1.19239%.

**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 the full fixed rate on the underlying bonds if no new hedge is put in place.

**Swap Option Exercise Risk.** The County has entered into an option whereby the counterparty can require the County to issue Bonds to refund a currently outstanding series of Bonds and enter into a swap with the counterparty. The fixed payments on the swap shall equal the fixed payments on the refunded Bonds. The variable rate receipts would be equal to the variable rate on the refunding Bonds. The counterparty will not exercise the option if variable rates increase significantly. The County believes the option will be exercised.

### **Water and Sewer Revenue Bonds, Series 1995 Swap Option Agreement**

**Terms of the Agreement.** On March 12, 2004, the Water and Sewer Department (the Department) entered into a swap option transaction that locked in the current interest rate savings associated with the Water and Sewer Revenue Bonds, Series 1995. The Department sold an option to a counterparty, Banc of America Securities, to cause the Department to issue variable rate bonds and then to swap the variable rate bonds to a fixed rate of 5.27%. In exchange for the option, the Department received approximately \$26 million and if the counterparty exercises the option on August 15, 2005, the Department will receive an additional \$10.9 million at the time of issuance of the variable rate bonds and variable to fixed rate swap.

**Fair Value.** As of September 30, 2004, based on an estimated mark-to-mid market assessment, the fair value of the swap option was a negative \$26.9 million.



## MIAMI-DADE COUNTY, FLORIDA

**Interest Rate Risk.** If interest rates on August 15, 2005 are lower than the interest rates on March 12, 2004, the date of execution, the counterparty can exercise the option and the Department will issue the variable rate bonds and variable to fixed rate swap on October 1, 2005.

**Credit Risk.** If the counterparty fails to fulfill its contractual obligations, the Department will be exposed to this risk. To mitigate this risk, the County maintains strict credit standards for the counterparty. The County requires all counterparties for longer term swaps to be rated in the double-A category by both Moody's and Standard & Poor's. In addition, the County's swap documents require counterparties to post collateral for the Department's benefit if they are downgraded below a designated threshold.

**Basis Risk.** The Department would be exposed to basis risk if the variable rate on the new variable rate bonds do not match the variable rate received on the swap. Should the variable rate the Department receives on the swap fall short of the variable rate on the new variable rate bonds, the expected savings will not be realized.

### **Debt Authorized, but Unissued**

As of September 30, 2004, 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) \$1,216,385,000 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) \$367,889,087 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;

(continued)

**MIAMI-DADE COUNTY, FLORIDA**

**Debt Authorized, but Unissued (continued)**

- 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;
- 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.
- x) \$77,275,000 Special Obligation Bonds (Capital Asset Acquisition) to fund the acquisition, renovation, improvement, construction or purchase of capital assets.
- y) \$75,000,000 Stormwater Utility Revenue Bonds, to pay the cost of certain additions, extensions, renovations and improvements to the Stormwater Management System of the County.

## MIAMI-DADE COUNTY, FLORIDA

### Note 9 - Pension Plans

#### **Florida Retirement System**

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 for the  
County  
(in thousands)**

	<b>2004</b>	<b>2003</b>	<b>2002</b>
Covered Payroll	\$2,042,167	\$1,807,153	\$1,747,000
Contributions	206,273	156,684	170,000
% of Covered Payroll	10.1%	8.7%	9.7%

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 2004. For the fiscal years ended September 30, 2004, 2003 and 2002, the County contributed 100% of the required contributions.

A copy of the System's June 30, 2004 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.

## MIAMI-DADE COUNTY, FLORIDA

### Public Health Trust of Miami-Dade County, Florida, Defined Benefit Retirement Plan

The Public Health Trust of Miami-Dade County, Florida, Defined Benefit Retirement Plan (the Plan) was created in 1996 and is an employee-noncontributory plan administered by the Public Health Trust (PHT). The Plan does not issue stand-alone financial statements. This report includes a Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets for the Plan for the year ended September 30, 2004. Summary information on the Plan investments may also be found in Note 3.

All PHT employees working in a full-time or part-time regularly established position who were hired after January 1, 1996, are covered by the Plan. Benefits under the Plan vest after six years of service. Employees who retire at or after age 62 with six years credited service are entitled to an annual retirement benefit payable monthly for life. The Plan also provides for early retirement at reduced benefits, and death and disability benefits. These benefit provisions and all other requirements are set forth in the Plan document. Benefits increase by approximately 3% per year for cost of living adjustments. The Board of Trustees of the PHT reserves the right to modify, alter or amend the Plan subject to certain limitations.

Membership of the Plan consisted of the following at January 1, 2004, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	12
Terminated plan members entitled to but not yet receiving benefits	123
Active plan members	<u>5,146</u>
Total	5,281
 Number of participating employers	 1

The contribution rate for normal cost is determined using the aggregate actuarial cost method. Under this method, the excess of the present value of projected benefits over the actuarial value of assets is spread evenly over the expected future salaries of the active participants presently under Normal Retirement Age. This method does not identify or separately amortize unfunded actuarial liabilities. Gains and losses resulting from fluctuations in Plan experience are similarly amortized as part of normal cost. The significant assumptions used to compute the annual required contribution include an 8% rate of return on investment, projected salary increase of 6% in the first 10 years of service and 5% after 10 years of service. The rate of return on investments and the projected salary increase rate include projected inflation of 2.5%.

The PHT's funding policy provides for actuarially determined rates deemed sufficient to pay benefits as due. The assumptions used to compute the contribution requirement are the same as those used to compute pension benefits earned as previously described under funding status and progress. The PHT's funding policy is to make contributions based on a percentage of payroll.

Contributions to the Plan for 2004 were approximately \$23,925,000. The PHT's most recent actuarial report as of January 1, 2004 determined the annual pension cost to be approximately \$19,154,000, \$17,094,000 and \$7,313,000 for the Plan years ended December 31, 2004, 2003, and 2002, respectively. The PHT has contributed 100% of the annual cost for all of the years.

## **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 liability 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.

As a result of the updated study and costs incurred in fiscal year 2003, the mid-range estimate to correct such violations was \$306 million. This estimate allows for uncertainties as to the nature and extent of environmental reparations and the methods, which must be employed for the remediation. The remediation costs in the 2003 Opinion of Cost include the Feasibility Study (FS) for the West Side of Miami International Airport dated June 2003, prepared by EA Engineering and Science and Technology (EA) which recommended Risk Based Corrective Action remedial costs for the clean up of contamination in the West Side of Miami Airport. This FS was reviewed and approved by FDEP and DERM.

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. Because the State will be required to pay for remediation of sites filed in the Protective Filing and because the contamination at the sites is unknown, an accrual amount is not reflected in the Opinion of Cost report.

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. As of September 30, 2004, the Aviation Department spent \$54 million and has received approximately \$37 million of cost reimbursement from the State and insurance companies.

Currently, the County has several pending lawsuits in State Court against the Potentially Responsible Parties (“PRPs”) and insurers to address recovery of past and future damages associated with the County’s liability under the FDEP Consent Order.

The Aviation Department has recorded a liability of \$190 million at September 30, 2004, representing the unexpended environmental remediation costs based on the Opinion of Cost. Management has allocated a portion of bond proceeds to fund this obligation and believes that the remaining amount can be funded from recoveries and the operations of the Aviation Department. 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. Management is not aware of any such liabilities and the occurrence of any would not be material to the financial statements.

## MIAMI-DADE COUNTY, FLORIDA

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's management to make certain modifications to the buildings, which would require the Aviation Department to correct such matters. As such, no liability was recorded at September 30, 2004.

### ***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. On April 29, 2004, the Consent Order, OGC File No. 03-1376, was entered into between the State of Florida Department of Environment Protection and Miami-Dade County. It 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, 2023, as amended August 2, 2004. The agreement can be automatically extended for up to four additional five-year renewal terms that would expire on October 31, 2043. 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 50% 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

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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, 2004 is \$97.2 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, 2004, 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 2004, the County recorded expenses of \$53.8 million in tipping fees to the Company. The rates charged for tipping fees as of September 30, 2004 were \$30.95 per ton for on-site waste processing other than tires, and \$69.39 per ton for shredded tires. These rates are adjusted annually for the consumer price index. The tipping fee for recyclable trash processed tons was \$26.60 per ton. Fuel and other by-products not returned to County facilities from recyclable trash received a credit of \$1.60 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. This Agreement, which is also part of the Trust Estate, has no effect on the County's obligation under the Trust Indenture to pay the principal and interest on the Series 1996 Bonds. It provides for the Trustee to pay interest calculated at a variable rate to the counterparty in the swap. The counterparty, in turn, is required to pay the Trustee interest at a fixed rate. Should interest rates increase significantly or there be a significant reduction in marginal income tax rates, 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 a fixed rate to the counterparty in the swap. The counterparty, in turn, pays the Trustee interest at a *taxable* variable rate. If the counterparty defaults or if the swap is terminated, the County will be exposed to the rates established in the Series 1996 Bonds. Termination may result in the Trustee making or receiving a termination payment. From inception through September 30, 2004, this swap has yielded total savings of approximately \$7.3 million, including negative savings during fiscal year 2004 of approximately \$276,000.

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.

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The aggregate amounts of estimated tipping fees to be paid under the Amended Agreement for future fiscal years are as follows (in thousands):

<u>Fiscal Year</u>	
2005	\$ 54,416
2006	54,187
2007	53,905
2008	53,665
2009	53,427
Thereafter	<u>211,209</u>
Total	<u>\$ 480,809</u>

The above amounts represent the County's share, net of the Company's contract obligations and the effect of the fixed to variable rate swap arrangements generating positive cash flows. The amounts are based on 936,000 tons of on-site waste plus 270,000 tons of recycled trash to be processed in 2005 and annually thereafter. The amounts were computed using rates effective October 1, 2004.

### ***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 in fiscal year 2004 was \$27.27. As of September 30, 2004, 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.

### ***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, 2004.

At September 30, 2004, the County's total liability for landfill closure and postclosure care costs was approximately \$83.8 million. Of this amount, \$52.1 million relates to active landfills and approximately \$31.7 million relates to inactive landfills.



## MIAMI-DADE COUNTY, FLORIDA

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 \$52.0 million as of September 30, 2004, represents an increase of approximately \$600,000 when compared to the preceding year. This resulted from the combined effects of (1) a net amortization credit of approximately \$1.5 million 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 78.6% of the existing landfill capacity, and (2) reductions of approximately \$900,000 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 \$34.9 million as of September 30, 2004 will be amortized on a current basis as the existing estimated capacity of approximately 6.9 million tons at September 30, 2004 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, 2004 is approximately \$31.7 million. When compared to the preceding year, the liability balance increased approximately reflecting the offsetting effects of (1) expenses recognized in the current period of approximately \$700,000 and (2) reductions of approximately \$100,000 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 \$11 million at September 30, 2004. Funding for approximately 90% of the 2004 commitment is anticipated to be provided by federal and state sources. The remainder will be funded by local sources.

As of September 30, 2004, Water and Sewer, Public Health Trust, Aviation, and Solid Waste Enterprise Funds had major construction commitments totaling \$31.6 million, \$125.3 million, \$1.0 billion and \$1.0 million, respectively.

The Reserve for Encumbrances at September 30, 2004, for the Capital Project Funds reflect construction commitments entered into by the County.

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

Street and Safety Improvements	\$	74,373
Recreational Facilities and Cultural Improvements		130,610
Public Safety Facilities		6,726
Judicial and Correctional Facilities		1,864
Physical Environment		6,944
General Governmental Facilities		11,725
Total	\$	<u>232,242</u>

### ***Gantry Cranes Operating Agreement***

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

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

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

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

On May 19, 1998, pursuant to Resolutions R-456-98 and R-514-98, the County terminated the Agreement with the Operating Company and entered into an Interim Gantry Crane Management Agreement (the "Interim Agreement") with a company (the "Interim Operator") to take over the maintenance of the gantry cranes. On June 6, 1999, the 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 2004 totaled \$10.1 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

## MIAMI-DADE COUNTY, FLORIDA

\$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

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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 the 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.

### ***Agreements with Airlines***

The County has entered into agreements (the Airline Agreements) with various airlines using the Miami International Airport (MIA) which, among other things, provide for the establishment and adjustment of certain landing fees for aircraft landing at MIA. The original Airline Agreements entered into prior to the date of the Trust Agreement had significantly restricted the County in its imposition of landing charges payable by such airlines. As a result of these restrictions and in order to provide sufficient revenues to the County as required by the Trust Agreement, the original Airline Agreements were amended in 1974 to provide for a Supplemental Landing Charge which may be adjusted by the County when needed to assure that sufficient revenues are generated to meet the rate covenant requirements of the Trust Agreement and the earnings requirements for the issuance of additional bonds to fund airports’ improvements. All provisions of the Airline Agreements which restricted the County in its imposition of basic landing charges expired on April 30, 1987. The County now has the right to increase or decrease basic landing charges to meet the Trust Agreement requirements and other funding requirements of the airport system. A new Airline Use Agreement was adopted during fiscal year 2001 – 2002.

Pursuant to the requirements of the Airline Use Agreements, deposits in the Improvement Account in excess of \$5 million, in any fiscal year, adjusted annually by the Consumer Price Index (CPI) with a cumulative cap of \$15 million (which can be used for any airport-related purpose) are to be transferred to the Revenue Fund (the Revenue Account) and to be taken into consideration in determining landing fees for the next fiscal year, unless otherwise agreed to by the airlines. At September 30, 2004 there was approximately \$53,106,000 of excess deposits, which was transferred to the Revenue Account during the following January.

## MIAMI-DADE COUNTY, FLORIDA

### ***Other Commitments***

#### ***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.

#### ***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, 2004, 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 \$4.178 million as of September 30, 2004. 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, 2004 amounted to \$4.126 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 and state grants are audited in accordance with Florida Rules of the Auditor General, Section 10.550 and the State of Florida Single Audit Act to determine that the terms and conditions of the grant awards have been complied with. Amounts received or receivable from grantor agencies are subject to audit adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. It is the County management's opinion that no material liabilities will result from any such audits.

#### ***Annual Operating Agreement***

In accordance with the annual operating agreement between the Public Health Trust (the Trust) and the University of Miami (the University), the Trust pays certain amounts for staff and services to be provided by the University to the Trust. Under the annual operating agreement, approximately \$79,371,000 of cost was incurred by the Trust in 2004. At September 30, 2004, the Trust had a liability to the University of approximately \$11,598,000.

## MIAMI-DADE COUNTY, FLORIDA

### *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.

<b>Series</b>	<b>Department</b>	<b>Original Amount</b>	<b>Principal Outstanding at 9/30/2004</b>	<b>Final Maturity</b>
Sunshine State Governmental Financing Commission, Series 1987	Seaport	\$50,000,000	\$44,150,000	July 1, 2012
Sunshine State Governmental Financing Commission, Series 1986	Parks	\$2,000,000	\$1,665,652	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	\$18,225,000	October 1, 2023
Sunshine State Governmental Financing Commission, Series 1999	Seaport	\$36,000,000	\$32,545,000	October 1, 2024
Sunshine State Governmental Financing Commission, Series 2001	Seaport	\$150,000,000	\$147,000,000	October 1, 2028
Sunshine State Governmental Financing Commission, Series 2001	Various	\$49,000,000	\$40,845,000	August 1, 2011
Industrial Development Revenue Bonds-BAC Funding Project Series 2000A and 2000B	Various	\$21,795,000	\$20,725,000	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 – Correction of Errors in Prior Year Financial Statements (Prior Period Adjustments)**

The Public Health Trust's (PHT) patient accounts receivable as of September 30, 2003 were reduced by \$20,600,000. This reduction was the result of an increase in the allowance for doubtful accounts due to an error in the application of the methodology for determining allowance for doubtful accounts at September 30, 2003, which was identified during the current year. The correction of this error in PHT's financial statements decreased unrestricted fund net assets at September 30, 2003 by \$20,600,000.

The PHT's estimated payables due to other third-party payors as of September 30, 2003 were increased by \$24,561,000 as a result of an increase in amounts due from PHT to the State of Florida Agency for Health Care Administration (AHCA) under the Medicaid program. Under the Medicaid program, the PHT is reimbursed on the basis of historical cost as determined under the regulations of the Medicaid program. During the period from 1989 through June 30, 2000, the PHT was overpaid by approximately \$32,500,000 under the Medicaid program as a result of an erroneous calculation by AHCA. Since the PHT had only recognized \$8,000,000 of this overpayment, the

## MIAMI-DADE COUNTY, FLORIDA

correction of this error in the PHT's financial statements decreased unrestricted fund net assets at September 30, 2003 by \$24,561,000.

The PHT's accrued vacation and sick pay benefits as of September 30, 2003 were increased by approximately \$1,645,000 due to the identification of an error in the computation of accrued sick pay benefits. The correction of this error in PHT's financial statements decreased unrestricted fund net assets at September 30, 2003 by approximately \$1,645,000.

### **Note 12 - Adoption of and Changes in Accounting Policies**

Effective October 1, 2003, the PHT revised its capitalization policy for capital assets to a more acceptable method that is consistent with the County's policy. Under the PHT's revised capitalization policy, items with a cost of \$5,000 or greater and a useful life of two years or more are capitalized. Prior to October 1, 2003, the PHT capitalized all items with a cost of \$500 or greater and a useful life of one year or more. The effect of this change, which is presented as a cumulative effect of an accounting change in the statement of revenue, expenses and changes in net assets, was to decrease unrestricted fund net assets by approximately \$19,793,000. The effect of this change reduced the PHT's operating loss for the year ended September 30, 2004 by approximately \$156,000.

Effective October 1, 2003, the PHT changed its method of accounting for the State of Florida's Public Medical Assistance Trust Fund assessments to a more acceptable method. The effect of this change, which is presented as a cumulative effect of an accounting change in the statement of revenue, expenses and changes in net assets, was to increase unrestricted fund net assets by approximately \$17,057,000. The effect of this change reduced the PHT's operating loss for the year ended September 30, 2004 by approximately \$1,764,000.

### **Note 13 – Subsequent Events**

On July 7, 2005, the Board of County Commissioners adopted Ordinance # 05-148 (the Ordinance) amending the People's Transportation Plan (PTP) to restore the general fund support to Miami-Dade Transit (MDT), also referred to as the maintenance of effort (MOE), to the pre-tax level of \$123.171 million and annually increase the MOE by 3.5%. The Ordinance also included compliance with terms of a line of credit obligation letter which outlined a loan approved by the Citizens' Independent Transportation Trust (CITT) for up to \$150 million in Charter County Transit System Surtax (surtax) funds to support MDT services in existence as of November 5, 2002. The proposed repayment schedule only envisions the need to access \$118.9 million as a result of excluding the approximately \$23.9 million FY 2001-02 shortfall existing prior the passage of the surtax.

## **Note 14 - Interfund Transfers and Balances**

		<b>TRANSFER FROM</b>			
		<b>General Fund</b>	<b>Nonmajor Governmental</b>	<b>Transit Agency</b>	<b>Solid Waste Management</b>
<b>T</b>	General Fund		\$ 8,720		
<b>R</b>	Nonmajor Governmental	\$ 185,710	58,705		
<b>A</b>	Transit Agency	118,620	28,295		
<b>N.</b>	Public Health Trust	119,110	161,812		
<b>T</b>	Total Transfer Out	\$ 423,440	\$ 257,532		
<b>O</b>					

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

		<b>DUE FROM</b>			
		<b>General Fund</b>	<b>Nonmajor Governmental</b>	<b>Transit Agency</b>	<b>Solid Waste Management</b>
	General Fund		\$ 38,400	\$ 84,960	
<b>D</b>	Nonmajor Governmental		1,489		
<b>U</b>	Internal Service Fund		286	7,271	\$ 2,303
<b>E</b>	Solid Waste Management		2,753		
	Aviation Department	\$ 36	2,043		
<b>T</b>	Water and Sewer		2,673		
<b>O</b>	Public Health Trust	3,675	39,094		
	Total Due to Other Funds	\$ 3,711	\$ 86,738	\$ 92,231	\$ 2,303

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, (3) payments between the funds are made and (4) to cover the cash deficits.

(Continued)



TRANSFER FROM					
Seaport	Aviation Department	Water and Sewer	Public Health Trust	All Others	Total Transfer In
		\$ 37,899			\$ 46,619
\$ 219				\$ 24	244,658
					146,915
					280,922
\$ 219		\$ 37,899		\$ 24	\$ 719,114

DUE FROM					
Seaport	Aviation Department	Water and Sewer	Public Health Trust	All Others	Total Due to Other Funds
\$ 574	\$ 5,329	\$ 6,388	\$ 16,346		\$ 151,997
	1,181	5,384	1,825		9,879
156	8,209	1,734	29,348		49,307
					2,753
					2,079
					2,673
					42,769
\$ 730	\$ 14,719	\$ 13,506	\$ 47,519		\$ 261,457