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 County. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the County in support of its programs. The board of the Foundation is self-perpetuating and consists of community members. Although the County 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 County by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the County, the Foundation is considered a component unit of the County 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.

- The Performing Arts Center Trust (PACT), a non-profit corporation, was created by the Board of County Commissioners in 1991 to oversee the planning, design, construction and operation of the Performing Arts Center (PAC). The Mayor of Miami-Dade County appoints the 32 trustees of the PAC, a majority of which are predetermined by ordinance or are selected by others outside the County government, hence the Mayor's appointment authority is not substantive. The PAC is financially independent from the County, and Miami-Dade County is not entitled to, or has the ability to otherwise access, a majority of the economic resources of the PAC. Therefore, the PAC 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. Major revenue sources that are susceptible to accrual under the above criteria include intergovernmental revenues and certain taxes. The County considers the availability for revenues susceptible to accruals to be ninety days, with the exception of expenditure driven (reimbursement) grants, for which the availability period is one year. When the primary eligibility requirement under a grant is incurring an eligible expenditure, the County recognizes revenue at the time the expenditure is incurred. 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. 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.

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. 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 Funds

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

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

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

Major Proprietary Funds

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

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

Miami-Dade Solid Waste Department: Provides solid waste collection and recycling services to the unincorporated area of Miami-Dade County and to some municipalities and 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 the County's insurance programs covering property, automobile, general liability, professional and workers' compensation. Also accounts for medical, dental, life, and disability insurance for County employees.

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.

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

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

Cash, Cash Equivalents and Investments

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

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

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

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

Inventories

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

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

Mortgage 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 $185,600,000 is recorded in the Community and Social Development Fund, and $311,000 was recorded in the Housing Special Revenue Fund.

Accounts Receivables

Accounts receivable reported by the enterprise funds as of September 30, 2005 are net of an allowance for uncollectible accounts of $279,168,000. .

Property Taxes

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

Capital Assets

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

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

Interest expense related to borrowings used for construction projects of business-type activities is capitalized, net of interest earned on the same funds. Interest capitalization ceases when the construction project is substantially complete. Net interest capitalized during fiscal year 2005 amounted to $72,003,732. 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.

Other Liabilities

Other liabilities primarily include impact fees collected from developers for public infrastructure and/or capital improvements; the remaining balance of cash and investments related to the lease \ leaseback transaction of the general segment and the unspent proceeds of the energy conservation loan. Regarding impact fees, if the funds are not expended or encumbered within a specific time period, they may be refunded upon request.

Restricted Net Assets

Certain net assets have been identified as “restricted”. These net assets have constraints as to their use externally imposed by creditors, through debt covenants, by grantors, or by law. Restricted net assets are being reported for: capital projects; debt service; other purposes (expendable); and other purposes (nonexpendable). Net assets restricted for “other purposes (expendable)” include the net assets in the Community and Social Development

Funds, Fire and Rescue Special Revenue Fund, Public Library Special Revenue Fund, Housing Special Revenue Fund, and most of the other special revenue funds. They also include net assets restricted for environmentally endangered lands and stormwater utilities in the General Fund. Net assets restricted for "other purposes (nonexpendable)" include permanent endowments for the Metrozoo and public libraries, and are reported in the permanent funds.

Reservations of Fund Balances
Reservations of fund balances in governmental fund statements represent amounts that are not available for appropriation or are 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 $170,000 and $15,000 respectively. Under the terms of the endowments and consistent with State statutes, the County is authorized based on a total-return policy to spend the net appreciation on those programs. Any amounts not spent during a particular fiscal year may be carried forward to be spent in future years.

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

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

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

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

The government-wide statement of net assets for September 30, 2005 includes a liability for accumulated vacation and sick pay of $488,478,000. Of this amount an estimated $191,180,000 is payable within a year and the remaining balance of $297,298,000 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. The deferred compensation plan is not included in the County's financial statements.

Note 2 - Stewardship, Compliance and Accountability

Self-Insurance Net Assets Deficit

As of September 30, 2005, the Self-Insurance Internal Service Fund had a deficit in net assets of $78,523,000. 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 premium rates charged to County departments for health insurance, workers compensation and general liability have been adjusted to reflect rising costs of insurance. 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.

Legally Adopted Budgets

The County's General Fund, Debt Service Funds, Permanent Funds, and Special Revenue Funds, with the exception of the Clerk of Courts Operations Special Revenue Fund, have legally adopted annual budgets approved by the Board of County Commissioners. As dictated by Article V of the Florida Constitution, the Clerk of the Courts Operations Special Revenue Fund's budget is submitted to the State's Clerk of Court (COC) Operations Conference for their review and approval. The Clerk of the Court is accountable to the COC Operations Conference for court-related expenditures funded by the State. The General Fund and the Community and Social Development Fund budget-to-actual comparisons are presented in the Required Supplementary Information section. The remaining funds' budget-to-actual comparisons are presented in the Supplementary Information section of this report.

Note 3 - Cash, Cash Equivalents and Investments

Deposits and Investments:

Miami-Dade County ("the County") is authorized through Florida Statutes §218.415, Ordinance No. 84-47, Resolution R-1074-04 and its Investment Policy to make certain 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."

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.

As a rule, the County intends to hold all purchased securities until their final maturity date. There may be occasional exceptions, including, but not limited to the need to sell securities to meet unexpected liquidity needs as well as sales relating to swap transactions. The County does not purchase any security at a lower price with the intent to sell the security later to generate a capital gain.

At September 30, 2005, the carrying value of cash equivalents and investments of the primary government and fiduciary funds other than that of the Pension Trust Funds included the following (in thousands):

Investment Type		Fair Value
Federal Home Loan Mortgage Corporation	$	486,020
Federal Home Loan Bank		609,126
Federal Farm Credit Bank		245,595
Fannie Mae		591,849
Federal Agricultural Mortgage Corporation		11,336
Freddie Mac		47,131
SBA		227,437
Time Deposits		48
Treasury Notes		89,860
Commercial Paper		1,189,573
Municipal Bonds		89,835
Repurchase Agreements		361
Guaranteed Investment Contracts		551,117
	$	4,139,289

Credit Risk

The County's Investment Policy (the Policy), minimizes credit risk by restricting authorized investments to: Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act; Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits or savings accounts in qualified public depositories, pursuant to Florida Statutes §280.02, which are defined as banks, savings bank, or savings association organized under the laws of the United States with an office in this state that is authorized to receive deposits, and has deposit insurance under the provisions of the Federal Deposit Insurance Act; direct obligations of the United States Treasury; federal agencies and instrumentalities; securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, provided that the portfolio is limited to the obligations of the United States government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian; Commercial paper of prime quality with a stated maturity of 270 days or less from the date of its issuance, which has the highest letter and numerical rating as provided for by at least one nationally recognized rating service; Bankers Acceptances which have a stated maturity of 180 days or less from the date of its issuance, and have the highest letter and numerical rating as provided for by at least one nationally recognized rating service, and are drawn on and accepted by commercial banks and which are eligible for purchase by the Federal Reserve Bank; Investments in Repurchase Agreements ("Repos") collateralized by securities authorized by this policy. Securities Lending - Securities or investments purchased or held under the provisions of this section may be loaned to securities dealers or financial institutions provided the loan is collateralized by cash or securities having a market value of at least 102% of the market value of the securities loaned upon initiation of the transaction. The credit ratings below were consistent among the three major rating agencies (Moody's, Standard and Poor's, and Fitch).

The table below summarizes the investments by credit rating at 09/30/2005.

Investment Type	Credit Rating
Federal Home Loan Mortgage Corporation	AAA
Federal Home Loan Bank	AAA
Federal Farm Credit Bank	AAA
Fannie Mae	AAA
Freddie Mac	AAA
SBA	N/A
Time Deposits	N/A
Treasury Notes	N/A
Commercial Paper	A1/P1
Municipal Bonds	AAA
Repurchase Agreements	N/A
Guaranteed Investment Contracts	N/A

Custodial Credit Risk

The Policy requires that bank deposits be secured per Chapter 280, Florida Statutes. This requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2005 all of the County's bank deposits were in qualified public depositories and as such the deposits are not exposed to custodial credit risks.

The Policy requires the execution of a Custodial Safekeeping Agreement (CSA) for all purchased securities and shall be held for the credit of the County in an account separate and apart from the assets of the financial institution.

Concentration of Credit Risk

The Policy establishes limitations on portfolio composition by investment type and by issuer to limit its exposure to concentration of credit risk. The Policy provides that a maximum of 30% of the portfolio may be invested in SEC registered money market funds with no more than 10% to any single money market fund; a maximum of 20% of the portfolio may be invested in non-negotiable interest bearing time certificates of deposit savings accounts with no more than 5% deposited with any one issuer; a maximum 75% of the total portfolio may be invested in federal agencies and instrumentalities; a maximum of 5% of the portfolio may be invested in open-end or closed-end funds; a maximum of 50% of the portfolio may be invested in prime commercial paper with a maximum of 5% to with any one issuer; a maximum of 25% of the portfolio may be invested in bankers acceptance with a maximum of 10% with any one issuer; a maximum of 60% of the portfolio may be invested in both commercial paper and bankers acceptance; a maximum of 10% of the portfolio may be invested with any one institution.

As of September 30, 2005 the following issuers held 5% or more of the investment portfolio:

Issuer	% of Portfolio
Federal Farm Credit Bank	7.14%
Federal Home Loan Bank	17.72%
Federal Home Loan Mortgage Corporation	14.29%
Fannie Mae	17.50%

The above excludes investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds and external investments pools.

Interest Rate Risk

The Policy limits interest rate risk by requiring the matching of known cash needs and anticipated net cash outflow requirements; following historical spread relationships between different security types and issuers; evaluating both interest rate forecasts and maturity dates to consider short-term market expectations. The Policy requires that investments made with current operating funds shall maintain a weighted average of no longer than 1 year. Investments for bond reserves, construction funds and other non-operating fund shall have a term appropriate to the need for funds and in accordance with debt covenants. The Policy limits the maturity of an investment to a maximum of 5 years.

As of September 30, 2005 the County had the following investments with the respective weighted average maturity in years.

Investment Type	Weighted Average in Years
Federal Home Loan Mortgage Corporation	0.74
Federal Home Loan Bank	1.01
Federal Farm Credit Bank	0.70
Fannie Mae	0.76
Freddie Mac	0.37
SBA	0.00
Time Deposits	0.68
Treasury Notes	0.75
Commercial Paper	0.14

Foreign Currency Risk

The Policy limits the County's foreign currency risk by excluding foreign investments as an investment option.

Cash Deficits

As of September 30, 2005, the Transit Agency and the Hurricane Funds have cash deficit balances of approximately $109.2 million and $41.9 million, respectively. 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.

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's swap policy seeks to mitigate counterparty risk, termination risk, interest rate risk, basis risk, amortization risk, liquidity risk and pricing risk.

Securities Lending

Miami-Dade County ("the County") is authorized through Florida Statutes §218.415, Ordinance No. 84-47, Resolution R-1074-04 and its Investment Policy to lend its investment securities on a fully collateralized, temporary basis to approved broker-dealers and other counterparties ("Borrowers") pursuant to a Securities Lending Agreement ("Agreement") that provides for the return of identical securities in the future. The County has executed an Agreement with a bank acting as the County's securities lending agent ("Agent") in these transactions. There were no violations of legal or contractual provisions during the year.

While the County's investment policy does not restrict the types of securities on loan, during the year, the County made only specific portfolios available for loan consisting of US Government securities. The Agent lends securities of the type on loan at year-end in exchange for collateral in the form of U.S. securities issued or guaranteed by the

U.S. Government at 102% margin or cash at minimum of 100% margin, plus accrued interest, at the initiation of the transaction. Loan transactions are marked to market daily to ensure that adequate collateral is held at all times.

At September 30, 2005, the County had no credit risk exposure to borrowers because the value of the collateral held by the County's Agent exceed the value of the securities on loan. In the event of a borrower default, the Agent has the authority to seize collateral on the County's behalf. The Agreement with the Agent requires it to indemnify the County against losses caused by the insolvency of a borrower. No losses were recognized because of default by counterparties. The County was not exposed to custodial credit risk since cash collateral was fully invested at all times. There was no interest rate risk involved in the securities lending transactions since the maturity of loans and investments made with cash collateral had identical maturities and repricing characteristics. There was no foreign currency risk involved in the County's securities lending activities as all transactions were negotiated in US dollars.

All securities loans can be terminated on demand by either the County or the borrower. The average term of the loans is 1 day. Cash collateral is reported as an asset of the County in the accompanying basic financial statements with an offsetting liability. Under the terms of the Agreement with borrowers, the County cannot pledge or sell securities that it receives as collateral unless the borrower defaults on its obligations. During the period, all loans were collateralized by cash. The Agreement authorizes the Agent to invest cash collateral in instruments approved by the County. During the period, cash collateral was invested in repurchase agreements and an SEC registered money market fund rated AAA by S&P. The Agent indemnifies the County against losses associated with investing cash collateral in repurchase agreements.

As of September 30, 2005, the market value of securities on loan was $524,334,919.

Note 4 - Capital Assets

Capital asset activity for the year ended September 30, 2005, was as follows (in thousands):

Governmental activities:	Balance September 30, 2004	Additions	Adjustments/ Deletions	Balance September 30, 2005
Capital assets, not being depreciated:				
Land	$ 522,254	$ 5,496	$ (3,075)	$ 524,675
Construction in progress	532,382	152,465	(77,188)	607,659
Total capital assets, not being depreciated	1,054,636	157,961	(80,263)	1,132,334
Capital assets, being depreciated:				
Building and building improvements	1,749,291	43,422	(3,130)	1,789,583
Infrastructure	2,082,500	47,492		2,129,992
Machinery and equipment	292,625	43,710	(13,906)	322,429
Total capital assets, being depreciated	4,124,416	134,624	(17,036)	4,242,004
Less accumulated depreciation for:				
Building and building improvements	(714,272)	(46,269)	131	(760,410)
Infrastructure	(1,183,752)	(44,422)		(1,228,174)
Machinery and equipment	(171,504)	(32,445)	11,657	(192,292)
Total accumulated depreciation	(2,069,528)	(123,136)	11,788	(2,180,876)
Total capital assets, being depreciated, net	2,054,888	11,488	(5,248)	2,061,128
Total governmental capital assets, net	$ 3,109,524	$ 169,449	$ (85,511)	$ 3,193,462
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 559,003	$ 6,850		$ 565,853
Construction in progress	1,757,451	703,255	$ (380,698)	2,080,008
Total non-depreciable assets	2,316,454	710,105	(380,698)	2,645,861
Capital assets, being depreciated:				
Building and building improvements	4,864,691	161,404	(2,719)	5,023,376
Infrastructure	4,488,761	166,273	(6,269)	4,648,765
Machinery and equipment	1,845,613	177,413	(48,391)	1,974,635
Total capital assets, being depreciated	11,199,065	505,090	(57,379)	11,646,776
Less accumulated depreciation for:				
Building and building improvements	(1,797,525)	(138,126)	1,262	(1,934,389)
Infrastructure	(1,391,718)	(118,426)	3,407	(1,506,737)
Machinery, and equipment	(1,107,159)	(117,861)	33,857	(1,191,163)
Total accumulated depreciation	(4,296,402)	(374,413)	38,526	(4,632,289)
Total capital assets, being depreciated, net	6,902,663	130,677	(18,853)	7,014,487
Total business-type capital assets, net	$ 9,219,117	$ 840,782	$ (399,551)	$ 9,660,348

MDT	Balance September 30, 2004	Additions	Deletions	Balance September 30, 2005
Capital assets, not being depreciated:				
Land	$ 191,362	$ 5,780		$ 197,142
Construction in progress	31,472	15,532		47,004
Total capital assets, not being depreciated	222,834	21,312		244,146
Capital assets, being depreciated:				
Buildings and building improvements	1,404,345	46		1,404,391
Machinery and equipment	464,710	57,662	$ (14,129)	508,243
Total capital assets, being depreciated	1,869,055	57,708	(14,129)	1,912,634
Less accumulated depreciation for:				
Buildings and building improvements	(458,780)	(41,850)		(500,630)
Machinery and equipment	(293,974)	(20,626)	14,129	(300,471)
Total accumulated depreciation	(752,754)	(62,476)	14,129	(801,101)
Total capital assets, being depreciated, net	1,116,301	(4,768)		1,111,533
Total MDT capital assets, net	$ 1,339,135	$ 16,544		$ 1,355,679
SOLID WASTE				
Capital assets, not being depreciated:				
Land	$ 57,544			$ 57,544
Construction in progress	21,123	$ 3,993	$ (3,540)	21,576
Total capital assets, not being depreciated	78,667	3,993	(3,540)	79,120
Capital assets, being depreciated:				
Buildings and building improvements	308,287			308,287
Infrastructure	126,455	7,184	(3,644)	129,995
Machinery and equipment	86,309	20,879	(2,264)	104,924
Total capital assets, being depreciated	521,051	28,063	(5,908)	543,206
Less accumulated depreciation for:				
Buildings and building improvements	(212,738)	(11,806)		(224,544)
Infrastructure	(85,379)	(11,875)		(97,254)
Machinery and equipment	(48,560)	(6,329)	2,156	(52,733)
Total accumulated depreciation	(346,677)	(30,010)	2,156	(374,531)
Total capital assets, being depreciated, net	174,374	(1,947)	(3,752)	168,675
Total Solid Waste capital assets, net	$ 253,041	$ 2,046	$ (7,292)	$ 247,795

SEAPORT	Balance September 30, 2004	Additions	Deletions	Balance September 30, 2005
Capital assets, not being depreciated:				
Land	$ 151,983	$ 311		$ 152,294
Construction in progress	83,552	95,513	$ (26,265)	152,800
Total capital assets, not being depreciated	235,535	95,824	(26,265)	305,094
Capital assets, being depreciated:				
Buildings and building improvements	332,651	14,930		347,581
Infrastructure	175,871	11,206		187,077
Machinery and equipment	15,986	1,184	(3,268)	13,902
Total capital assets, being depreciated	524,508	27,320	(3,268)	548,560
Less accumulated depreciation for:				
Buildings and building improvements	(110,729)	(9,754)		(120,483)
Infrastructure	(48,899)	(4,134)		(53,033)
Machinery and equipment	(10,825)	(983)	2,547	(9,261)
Total accumulated depreciation	(170,453)	(14,871)	2,547	(182,777)
Total capital assets, being depreciated, net	354,055	12,449	(721)	365,783
Total Seaport capital assets, net	$ 589,590	$ 108,273	$ (26,986)	$ 670,877

AVIATION				
Capital assets, not being depreciated:				
Land	$ 89,500			$ 89,500
Construction in progress	1,208,775	$ 464,459	$ (199,150)	1,474,084
Total capital assets, not being depreciated	1,298,275	464,459	(199,150)	1,563,584
Capital assets, being depreciated:				
Buildings and building improvements	2,340,616	132,478	(1,107)	2,471,987
Infrastructure	1,033,200	36,503		1,069,703
Machinery and equipment	229,795	44,296	(6,116)	267,975
Total capital assets, being depreciated	3,603,611	213,277	(7,223)	3,809,665
Less accumulated depreciation for:				
Buildings and building improvements	(779,942)	(56,266)	722	(835,486)
Infrastructure	(374,476)	(29,656)		(404,132)
Machinery and equipment	(137,707)	(23,247)	6,100	(154,854)
Total accumulated depreciation	(1,292,125)	(109,169)	6,822	(1,394,472)
Total capital assets, being depreciated, net	2,311,486	104,108	(401)	2,415,193
Total Aviation capital assets, net	$ 3,609,761	$ 568,567	$ (199,551)	$ 3,978,777

WATER & SEWER	Balance September 30, 2004	Additions	Deletions	Balance September 30, 2005
Capital assets, not being depreciated:				
Land	$ 34,774	$ 246		$ 35,020
Construction in progress	355,682	111,489	$ (135,767)	331,404
Total capital assets, not being depreciated	390,456	111,735	(135,767)	366,424
Capital assets, being depreciated:				
Infrastructure	3,092,038	110,268	(2,461)	3,199,845
Machinery and equipment	755,902	25,253	(11,498)	769,657
Total capital assets, being depreciated	3,847,940	135,521	(13,959)	3,969,502
Less accumulated depreciation for:				
Infrastructure	(851,005)	(70,934)	2,457	(919,482)
Machinery and equipment	(422,295)	(47,328)	11,199	(458,424)
Total accumulated depreciation	(1,273,300)	(118,262)	13,656	(1,377,906)
Total capital assets, being depreciated, net	2,574,640	17,259	(303)	2,591,596
Total Water and Sewer capital assets, net	$ 2,965,096	$ 128,994	$ (136,070)	$ 2,958,020

PHT	Balance September 30, 2004	Additions	Deletions	Balance September 30, 2005
Capital assets, not being depreciated:				
Land	$ 30,341	$ 404		$ 30,745
Construction in progress	46,475	11,073	$ (15,976)	41,572
Total capital assets, not being depreciated	76,816	11,477	(15,976)	72,317
Capital assets, being depreciated:				
Buildings and building improvements	436,798	13,524	(1,612)	448,710
Infrastructure	27,005	1,112	(164)	27,953
Machinery and equipment	284,746	27,772	(11,026)	301,492
Total capital assets, being depreciated	748,549	42,408	(12,802)	778,155
Less accumulated depreciation for:				
Buildings and building improvements	(219,734)	(17,574)	540	(236,768)
Infrastructure	(15,149)	(1,272)	950	(15,471)
Machinery and equipment	(190,831)	(18,916)	(2,364)	(212,111)
Total accumulated depreciation	(425,714)	(37,762)	(874)	(464,350)
Total capital assets, being depreciated, net	322,835	4,646	(13,676)	313,805
Total PHT capital assets, net	$ 399,651	$ 16,123	$ (29,652)	$ 386,122

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	$ 26,983
Protection of people and properties	19,901
Physical environment	532
Transportation	45,147
Health	984
Socio-economic environment	18,071
Culture and recreation	11,518
Total depreciation expense - governmental activities	$ 123,136

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 $95,819,000 of rental income for the year ended September 30, 2005.

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 $77,520,000 during the year ended September 30, 2005.

At September 30, 2005 minimum rentals under such lease agreements are as follows (in thousands):

Year Ending September 30,	
2006	$ 40,109
2007	35,684
2008	26,474
2009	20,140
2010	18,556
2011-2015	51,274
2016-2020	25,332
2021-2025	24,228
2026-2030	10,622
2031-2035	4,950
2036-2040	4,104
2041-2045	1,637
2046-2050	1,637
2050-2054	218
	$ 264,965

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,	
2006	3,777
2007	4,656
2008	4,772
2009	4,896
2010	5,029
2011-2015	80,834
	$ 103,964

Public Health Trust – The Public Health Trust leases various equipment and facilities under operating leases. Rent expense for all operating leases was approximately $8,538,000 in 2005. At September 30, 2005, future minimum lease payments by year under non-cancelable operating leases are as follows (in thousands):

September 30,	
2006	$ 1,345
2007	1,073
2008	1,065
2009	842
2010	396
	$ 4,721

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 $239 million. The County deposited approximately $229 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,	
2006	$ 28,295
2007	25,317
2008	26,900
2009	26,351
2010	35,359
2011-2015	212,199
2016-2020	283,061
	637,482
Less amount representing interest	(241,499)
Present value of minumum sublease payments	$ 395,983

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 basis over the life of the lease term.

Governmental Activities:

Summary of Assets Under Capital Lease:

Asset:	
Buildings	$ 11,888
Less: Accumulated depreciation	(594)
Assets under capital lease, net	$ 11,294

At September 30, 2005 minimum lease payments under such lease agreement are as follows (in thousands):

Year Ending September 30,	
2006	1,191
2007	1,144
2008	1,099
2009	1,056
2010	1,012
2011-2015	4,470
2016-2020	3,582
2021-2025	2,825
2026-2030	2,184
2031-2034	2,580
Total minimum lease payments	21,143
Less:amount representing interest	9,474
Present value of minimum lease payments	$ 11,669

Note 6 – Disaggregation of Accounts Receivable and Accounts Payable Balances

Accounts Receivable

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 $76,446,000 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, 2005, were as follows (in thousands):

	Accounts	Allowance for uncollectible accounts	Total
Governmental activities:			
General	$ 7,040		$ 7,040
Community and social development	2,429		2,429
Internal Service Fund	377		377
Other governmental	102,115	(70,880)	31,235
Total - governmental activities	$ 111,961	$ (70,880)	$ 41,081
Business-type activities:			
Public Health Trust	$ 408,000	$ (215,000)	$ 193,000
Water and Sewer Department	96,198	(24,459)	71,739
Aviation Department	63,607	(31,804)	31,803
Miami-Dade Transit	10,168	(2,162)	8,006
Seaport Department	12,840	(4,600)	8,240
Solid Waste Department	16,132	(1,078)	15,054
Other Non-major proprietary	593	(65)	528
Total - business-type activities	$ 607,538	$ (279,168)	$ 328,370

Accounts Payable

Accounts payable and accrued expenses at September 30, 2005, were as follows (in thousands):

	Vendors	Salaries and Benefits	Total
Governmental activities:			
General	$ 50,623	$ 14,451	$ 65,074
Community and social development	18,046	1,219	19,265
Other non-major governmental	73,469	5,406	78,875
Internal Service Fund	4,426		4,426
Total - governmental activities	$ 146,564	$ 21,076	$ 167,640
Business-type activities:			
Miami-Dade Transit	$ 15,907	$ 6,835	$ 22,742
Solid Waste Department	45,658	986	46,644
Seaport Department	21,459	1,369	22,828
Aviation Department	145,884	6,078	151,962
Water and Sewer Department	39,151	6,737	45,888
Public Health Trust	110,719	14,894	125,613
Other Non-major proprietary	1,043	76	1,119
Total - business-type activities	$ 379,821	$ 36,975	$ 416,796

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 2005, 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 is 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 $437,000 in Due to Other Funds as an estimate for claims not covered by the policies due to self-insured retention limits.

The County's Self-Insurance Internal Service Fund has an accumulated deficit of approximately $78.5 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.

Changes in the Internal Service Fund estimated liability amount for fiscal years 2004 and 2005 are as follows (in thousands):

	Workers Compensation	General, Auto, and Police Liability	Group Health	Other	Total
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	$ 128,930	$ 24,105	$ 20,680		$ 173,715
Balance as of October 1, 2004	$ 128,930	$ 24,105	$ 20,680		$ 173,715
Claims paid	(53,451)	(37,247)	(116,099)	$ (2,907)	(209,704)
Claims and changes in estimates	42,954	38,008	118,516	2,907	202,385
Liabilities as of September 30, 2005	$ 118,433	$ 24,866	$ 23,097		$ 166,396

Changes in estimated liabilities for the Water and Sewer Department and the Public Health Trust for fiscal years 2004 and 2005 are as follows (in thousands):

These amounts are included in accounts payable and accrued expenses and estimated claims payable in the accompanying financial statements.

	Water & Sewer Department	Public Health Trust	Total
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	$ 9,933	$ 38,935	$ 48,868
Balance as of October 1, 2004	$ 9,933	$ 38,935	$ 48,868
Claims paid	(784)	(4,416)	(5,200)
Claims and changes in estimates	(6,052)	3,854	(2,198)
Liabilities as of September 30, 2005	$ 3,097	$ 38,373	$ 41,470

Approximately $503 of the Water and Sewer Department's September 30, 2005 liability is reported as due to other funds in the accompanying statements.

Note 8 – Long-Term Debt

LONG-TERM LIABILITY ACTIVITY

Changes in long-term liabilities for the year ended September 30, 2005 are as follows (amounts in thousands):

	Beginning Balance September 30, 2004	Additions	Reductions	Ending Balance September 30, 2005	Due Within One Year
Governmental Activities					
Bonds, loans and notes payable:					
General obligation bonds	$ 225,581	$ 305,700	$ (12,155)	$ 519,126	$ 11,810
Special obligation bonds	1,181,511	259,313	(34,760)	1,406,064	45,359
Current year accretions of interest	24,403	26,471		50,874	
Housing Agency bonds and notes payable	69,084		(3,684)	65,400	3,918
Loans and notes payable	61,378	119,930	(2,648)	178,660	9,417
Add deferred amounts:					
For bond issuance premiums/discounts	5,839	20,058	(1,059)	24,838	
Total bonds, loans and notes payable	1,567,796	731,472	(54,306)	2,244,962	70,504
Other liabilities:					
Compensated absences	292,220	132,620	(113,987)	310,853	84,578
Estimated insurance claims payable	173,715	202,385	(209,704)	166,396	48,167
Accrued post-retirement health insurance benefits	4,343	102		4,445	781
Arbitrage rebate liability	52			52	
Capital Lease	11,888		(219)	11,669	249
Other	16,942	15,490	(1,322)	31,110	1,778
Total governmental activity long-term liabilities	$ 2,066,956	$ 1,082,069	$ (379,538)	$ 2,769,487	$ 206,057

	Beginning Balance September 30, 2004	Additions	Reductions	Ending Balance September 30, 2005	Due Within One Year
Business-type Activities					
Bonds, loans, and notes payable:					
Revenue bonds	$ 5,174,690	$ 668,746	$ (564,430)	$ 5,279,006	$ 101,225
General obligation bonds	149,010		(3,300)	145,710	3,495
Special obligation bonds	58,060		(5,120)	52,940	5,630
Loans and notes payable	579,516	97,205	(26,547)	650,174	27,536
Less deferred amounts:					
For issuance discounts	(88,621)		17,447	(71,174)	
On refunding	(37,153)	(25,831)	4,562	(58,422)	
Add deferred bond premium	20,383	15,076	(2,650)	32,809	
Commercial paper notes	30,111	555,799	(272,284)	313,626	
Total bonds, loans and notes payable	5,885,996	1,310,995	(852,322)	6,344,669	137,886
Other liabilities:					
Estimated insurance claims payable	48,437	8,941	(16,411)	40,967	7,368
Compensated absences	168,565	36,083	(27,023)	177,625	106,602
Environmental remediation liability	192,574		(39,781)	152,793	31,317
Liability for landfill closure/post closure care costs	83,779	9,737	(294)	93,222	
Lease agreements	433,641		(14,781)	418,860	33,029
Other	56,342	27,356	(28,628)	55,070	4,567
Total business-type activities long-term liabilities	$ 6,869,334	$ 1,393,112	$ (979,240)	$ 7,283,206	$ 320,769

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

	Beginning Balance September 30, 2004	Additions	Reductions	Ending Balance September 30, 2005	Due Within One Year
Miami-Dade Transit Agency (MDTA)					
Bonds and loans payable:					
Revenue bonds					
General obligation bonds					
Special obligation bonds	$ 35,760		$ (3,365)	$ 32,395	$ 3,530
Loans payable	151,049		(9,731)	141,318	10,509
Less deferred amounts:					
For issuance discounts (need breakdown)					
On refunding (need breakdown)					
Add deferred bond premium	1,910		(384)	1,526	
Total bonds and loans payable	188,719		(13,480)	175,239	14,039
Other liabilities:					
Compensated absences	25,807	$ 19,543	(16,580)	28,770	11,124
Environmental remediation liability					
Liability for landfill closure/postclosure care costs					
Lease agreements	407,610		(11,627)	395,983	28,295
Other	22,479		(1,704)	20,775	1,572
Total long-term liabilities - MDTA	$ 644,615	$ 19,543	$ (43,391)	$ 620,767	$ 55,030
Solid Waste Department					
Bonds and loans payable:					
Revenue bonds	$ 154,775	$ 73,506	$ (10,115)	$ 218,166	$ 10,665
Special obligation bonds	22,300		(1,755)	20,545	2,100
Loans and notes payable		10,289		10,289	1,029
Less deferred amounts:					
For issuance discounts	(754)		54	(700)	
On refunding	(3,011)		515	(2,496)	
Add deferred bond premium	2,651	2,535	(508)	4,678	
Total bonds and loans payable	175,961	86,330	(11,809)	250,482	13,794
Other liabilities:					
Compensated absences	12,341	743		13,084	3,469
Liability for landfill closure/postclosure care costs	83,779	9,737	(294)	93,222	
Other	1,767		(286)	1,481	
Total long-term liabilities - Solid Waste	$ 273,848	$ 96,810	$ (12,389)	$ 358,269	$ 17,263

	Beginning Balance September 30, 2004	Additions	Reductions	Ending Balance September 30, 2005	Due Within One Year
Seaport					
Bonds and loans payable:					
Revenue bonds	$ 73,015		$ (2,640)	$ 70,375	$ 2,820
General obligation bonds	149,010		(3,300)	145,710	3,495
Special obligation bonds					
Loans payable	283,310	$ 75,000	(6,015)	352,295	3,585
Less deferred amounts:					
For issuance discounts (need breakdown)					
On refunding	(11,541)		472	(11,069)	
Add deferred bond premium					
Total bonds and loans payable	493,794	75,000	(11,483)	557,311	9,900
Other liabilities:					
Estimated insurance claims payable					
Compensated absences	3,434	1,831	(1,813)	3,452	1,096
Environmental remediation liability	2,500		(24)	2,476	
Liability for landfill closure/postclosure care costs					
Lease agreements	9,260		(1,041)	8,219	1,151
Other	4,024	1,785	(580)	5,229	2,995
Total long-term liabilities - Seaport	$ 513,012	$ 78,616	$ (14,941)	$ 576,687	$ 15,142

	Beginning Balance September 30, 2004	Additions	Reductions	Ending Balance September 30, 2005	Due Within One Year
Aviation					
Bonds, loans, and notes payable:					
Revenue bonds	$ 3,224,355		$ (66,615)	$ 3,157,740	$ 55,630
General obligation bonds					
Special obligation bonds					
Loans payable		$ 8,074		8,074	1,615
Less deferred amounts:					
For issuance discounts and deferred losses	(60,399)		4,459	(55,940)	
Add deferred bond premium					
Commercial paper notes	30,111	555,799	(272,284)	313,626	
Estimated insurance claims payable					
Total bonds, loans and notes payable	3,194,067	563,873	(334,440)	3,423,500	57,245
Other liabilities:					
Compensated absences	26,539	1,666		28,205	7,123
Environmental remediation liability	190,074		(39,757)	150,317	31,317
Liability for landfill closure/postclosure care costs					
Lease agreements	16,771		(2,113)	14,658	3,583
Other					
Total long-term liabilities - Aviation	$ 3,427,451	$ 565,539	$ (376,310)	$ 3,616,680	$ 99,268

	Beginning Balance September 30, 2004	Additions	Reductions	Ending Balance September 30, 2005	Due Within One Year
Water and Sewer Department					
Bonds and loans payable:					
Revenue bonds	$ 1,551,150	$ 295,240	$ (318,955)	$ 1,527,435	$ 31,510
General obligation bonds					
Special obligation bonds					
Loans payable	145,157	3,842	(10,801)	138,198	10,798
Less deferred amounts:					
For issuance discounts	(22,082)		7,548	(14,534)	
On refunding	(21,393)	(14,350)	2,367	(33,376)	
Add deferred bond premium	15,822		(1,758)	14,064	
Total bonds and loans payable	1,668,654	284,732	(321,599)	1,631,787	42,308
Other liabilities:					
Estimated insurance claims payable	9,502	5,087	(11,995)	2,594	923
Compensated absences	25,831	10,642	(8,279)	28,194	8,947
Environmental remediation liability					
Liability for landfill closure/postclosure care costs					
Lease agreements					
Other	25,447	24,559	(25,447)	24,559	
Total long-term liabilities - Water and Sewer Dept.	$ 1,729,434	$ 325,020	$ (367,320)	$ 1,687,134	$ 52,178
Public Health Trust (PHT)					
Bonds and loans payable:					
Revenue bonds	$ 165,505	$ 300,000	$ (165,505)	$ 300,000	
General obligation bonds					
Special obligation bonds					
Loans payable					
Less deferred amounts:					
For issuance discounts	(5,386)		5,386		
On refunding	(1,208)	(11,481)	1,208	(11,481)	
Add deferred bond premium		12,541		12,541	
Total bonds and loans payable	158,911	301060	(158,911)	301,060	
Other liabilities:					
Estimated insurance claims payable	38,935	$ 3,854	(4,416)	38,373	$ 6,445
Compensated absences	73,534	1,083		74,617	74,617
Environmental remediation liability					
Liability for landfill closure/postclosure care costs					
Lease agreements					
Other	2,226	1,012	(379)	2,859	
Total long-term liabilities - Public Health Trust	$ 273,606	$ 307,009	$ (163,706)	$ 416,909	$ 81,062

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, 2005, the County had $2,000,000 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, 2004 and have been extended to November 1, 2011. There were no amounts outstanding under the Agreement or letter of credit at September 30, 2005.

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	General Obligation Bonds		Special Obligation Bonds		Loans and Notes Payable		Housing Agency Public Housing Division	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal (1)	Interest
2006	$ 11,810	$ 26,491	$ 45,359	$ 50,157	$ 9,417	$ 6,926	$ 3,918	$ 2,022
2007	12,530	26,533	53,406	50,268	13,636	6,609	6,064	3,050
2008	13,255	25,522	53,809	48,055	13,957	6,159	4,828	3,511
2009	10,240	24,713	69,196	45,581	14,432	5,687	4,856	2,690
2010	10,790	24,118	56,830	47,326	15,456	5,187	14,589	2,644
2011-2015	61,695	110,286	326,099	257,260	66,453	18,097	25,131	8,977
2016-2020	65,176	90,721	274,259	260,502	36,860	6,161	5,895	4,923
2021-2025	86,545	72,547	298,872	248,481	8,449	1,242	119	1,961
2026-2030	109,155	49,945	373,397	278,234				47
2031-2035	137,930	21,165	420,472	328,289				
2036-2040			276,684	166,974				
2041-2045			23,016	30,638				
	519,126	472,041	2,271,399	1,811,765	178,660	56,068	65,400	29,825
Less:								
Unaccreted value			(814,461)					
Accretions to date				(180,961)				
Add:								
Unamortized premium			24,838					
Total	$ 519,126	$ 472,041	$ 1,481,776	$ 1,630,804	$ 178,660	$ 56,068	$ 65,400	$ 29,825

(1) Includes bonds payable of $13,007 and notes payable of $ 52,393.

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	Revenue Bonds		General Obligation Bonds		Special Obligation Bonds		Loans and Notes Payable	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	$ 101,225	$ 190,846	$ 3,495	$ 7,678	$ 5,630	$ 2,400	$ 27,536	$ 19,121
2007	112,345	270,984	3,705	7,453	5,850	2,175	28,709	15,693
2008	124,485	263,670	3,940	7,209	6,045	1,974	28,540	14,952
2009	133,270	253,451	4,200	6,945	6,305	1,707	30,472	14,179
2,010	123,945	246,703	4,470	6,663	6,560	1,440	31,442	13,386
2011-2015	675,934	1,169,122	26,645	29,024	22,550	2,382	202,933	51,609
2016-2020	820,067	995,991	34,290	21,216			119,911	32,129
2021-2025	995,510	738,685	44,035	11,231			84,631	18,765
2026-2030	993,695	437,759	20,930	1,086			60,000	8,857
2031-2035	790,890	221,661					36,000	3,089
2036-2040	407,640	33,278						
	5,279,006	4,822,150	145,710	98,505	52,940	12,078	650,174	191,780
Less:								
Unamortized discount and deferred amounts	(129,596)							
Add:								
Unamortized bond premium	30,171				2,638			
Total	$ 5,179,581	$ 4,822,150	$ 145,710	$ 98,505	$ 55,578	$ 12,078	$ 650,174	$ 191,780

Public Health Trust Bonds Payable

The Series 2005 Bonds (the Bonds) are secured by the gross revenues of the Public Health Trust (the Trust). The Bonds are subject to certain covenants included in Ordinance No. 05-49 (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 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. Should there be a draw on the Debt Service Reserve Fund, the County has covenanted to budget and appropriate from time to time and if necessary, in its annual budget from Legally Available Non Ad Valorem Revenues sufficient funds to replenish any deficiency in the Debt Service Reserve Fund. In general, the bond insurance agreement contains the same covenants as the Ordinance.

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

On September 30, 2005, the County had outstanding $312,284,000 of Aviation Commercial Paper Notes (the Notes), plus accrued interest of $1,342,000. The effective interest rate paid on the Notes outstanding ranged from 2.00% to 2.60%. 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. The Notes are secured by an irrevocable stand-by letter of credit. The letter of credit, in the amount of $400,000,000, was approved for the purpose of making funds readily available for the payment of principal and interest on the Notes. As of September 30, 2005, there was $319,984,000 outstanding on the letter of credit. The outstanding Notes and accrued interest, totaling $313,626,000, have been included in long-term liabilities, rather than in current liabilities, because the County 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, 2004	$	30,111
Additions		555,799
Deductions		(272,284)
Balance on September 30, 2005	$	313,626

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	Original Amount Issued
BONDS:					
11/23/04	Stormwater Utility Revenue Bonds, Series 2004	To pay the cost of certain additions, extensions, renovations and improvements to the stormwater management system.	3.00% - 5.00%	4/1/29	$ 75,000,000
4/21/05	Solid Waste System Revenue Bonds, Series 2005	To pay or reimburse the County for a portion of the cost of closures of landfills/cells and construction of a groundwater remediation.	4.04% - 5.25%	10/1/30	73,506,583
6/9/05	General Obligation Bonds, Series 2005 (Parks Program)	To pay for the balance of the cost of a capital improvement program for improvements to and acquisition of parks and recreation facilities.	4.25% - 5.00%	11/1/30	55,700,000
6/16/05	Subordinate Special Obligation Bonds, Series 2005A & B	To provide funds for the costs to acquire, construct, expand, complete and equip various culture and recreation facilities.	3.92% - 5.26%	10/1/40	184,312,248
7/21/05	General Obligation Bonds, Series 2005 (Building Better Communities Program)	To pay for a portion of the cost to construct and improve various County facilities, water, sewer and flood control systems and public infrastructure.	4.00% - 5.00%	7/1/35	250,000,000
9/27/05	Public Facilities Revenue and Revenue Refunding Bonds (Jackson Health System) Series 2005A &B.	To provide funds to pay or reimburse PHT for the cost of certain additions to Trust facilities, and refund all outstanding bonds.	3.5% - 5.0%	6/1/37	300,000,000
9/29/05	Water and Sewer System Revenue Refunding Variable Rate Demand Bonds, Series 2005	To refund the County's Water and Sewer System Revenue Bonds, Series 1995 maturing after October 1, 2011.	Variable	10/1/25	295,240,000
LOANS:					
9/30/05	Section 108 Loan from the U.S. Department of Housing and Urban Development-HUD EDI Loan	Miami-Dade Community Development Revolving Loan Fund Program to assist small businesses to provide economic growth in targeted urban areas.	Variable	8/01/25	11,094,000
8/16/05	Sunshine State Governmental Financing Commission, Series 2005 (General Segment portion)	To pay or reimburse the County for the cost of acquiring certain capital equipment and/or constructing certain capital improvements.	Variable	9/1/17	52,636,290
8/16/05	Sunshine State Governmental Financing Commission, Series 2005 (Solid Waste portion)	To pay or reimburse the County for the cost of acquiring certain capital equipment and/or constructing certain capital improvements.	Variable	9/1/17	10,289,405
8/16/05	Sunshine State Governmental Financing Commission, Series 2005 (Aviation portion)	To pay or reimburse the County for the cost of acquiring certain capital equipment and/or constructing certain capital improvements.	Variable	9/1/17	8,074,305
8/16/05	Sunshine State Governmental Financing Commission, Series 2005 (PHT Project)	To pay or reimburse the County for the cost of acquiring certain capital equipment and/or constructing certain capital improvements for the Miami-Dade County Public Health Trust.	Variable	9/1/17	56,200,000
9/30/05	Sunshine State Governmental Financing Commission, Series 2005 (Seaport)	To pay the cost of capital improvements at the Port of Miami and providing for the payment of loan expenses.	Variable	9/1/35	75,000,000
9/30/05	State Revolving Fund (Miami-Dade Water and Sewer Dept.)	To finance construction of water and wastewater treatment facilities	2.56% to 4.17%	10/1/24	3,842,000
Total long-term debt issued during the year					$1,450,894,831

Refunding Debt Issued During the Year

On September 27, 2005, the County issued Public Facilities Revenue Bonds and Public Facilities Revenue Refunding Bonds in the original combined amount of $300,000,000. A portion of the 2005 Bonds were used to refund all of the County's outstanding Public Facilities Revenue Bonds (Jackson Memorial Hospital), Series 1993, Public Facilities Revenue Refunding Bonds (Jackson Memorial Hospital), Series 1993A and Public Facilities Revenue Bonds (Jackson Memorial Hospital), Series 1998.

The current refunding of the Series 1993, 1993A and 1998 Bonds resulted in a loss on defeasance of approximately $11,481,000 which is recorded in the accompanying financial statements as a deduction from long-term debt. This deferred amount is being expensed through 2025 using an effective-interest amortization method. The refunding produced an aggregate present value savings of approximately $7,000,000. The Series 2005 Bonds bear interest ranging between 3.5% and 5% and mature serially through 2033, with term bonds maturing in 2028, 2035 and 2037.

On September 29, 2005, Miami-Dade County Water and Sewer System Revenue Refunding Variable Rate Demand Bonds, Series 2005 in the amount of $295,240,000 were issued to refund the County's Water and Sewer System Revenue Bonds, Series 1995 maturing after October 1, 2011. These along with other funds were used to purchase $301.6 million in U.S. treasury securities. Those securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded obligations. Although the refunding resulted in a deferred charge of $14,300,000 the Water and Sewer Department reduced its aggregate debt service payments by $31,100,000 and received an economic gain of $31,800,000. On October 31, 2005 the Water and Sewer Department redeemed the outstanding principal amount of the defeased $295,240,000 of the County's Water and Sewer System Revenue Bonds, Series 1995.

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, 2005
Special Obligation Bonds:						
Guaranteed Entitlement	A	12/27/85	02/01/08	02/01/08	$ 65,000	$ 18,155
Guaranteed Entitlement	1990	06/06/95	02/01/06	08/01/14	49,749	43,893
Sports Franchise Facilities Tax	1992B	07/09/98	10/01/11	10/01/22	59,609	12,225
Sports Franchise Facilities Tax	1995	07/09/98	10/01/30	10/01/30	30,162	29,889
Special Obligation (CDT)	1996B	12/18/97	10/01/08	10/01/33	75,120	70,381
Total Special Obligation Bonds Defeased					$ 279,640	$ 174,543
Revenue Bonds and Loans:						
Aviation Department	1995B	07/29/98	10/01/05	10/01/24	$ 80,000	$ 80,000
Public Facilities (Jackson Memorial)	1993	09/27/05	10/28/05	06/01/23	61,445	61,445
Public Facilities (Jackson Memorial)	1993A	09/27/05	10/28/05	06/01/15	36,650	36,650
Public Facilities (Jackson Memorial)	1998	09/27/05	06/01/08	06/01/18	58,980	58,980
Rickenbacker Causeway	1983	08/29/85	10/01/08	10/01/08	5,225	5,225
Water & Sewer	1995	09/29/05	10/31/05	10/01/25	295,240	295,240
Total Revenue Bonds and Loans Defeased					$ 537,540	$ 537,540

Interest Rate Swap Agreements

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

The Fair Value of Swap is determined at September 30, 2005 based on an estimated mark-to mid-market assessment. 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.

Below is a recap in chart form of each swap that the County has entered into:

Water and Sewer Revenue Bonds

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 Executior	**Notional Amount**	**Termination Date**	**Associated Bonds**	**County Payment**	**Counter-party Payment**	**Counter-party Credit Rating**	**Fair Value at 9/30/05**
1	2/4/94	$417,760,000 amortizing in step with the bonds	10/5/22	W&S Series 94 Bonds issued as variable rate bonds	Fixed – 5.28%	Variable – bond rate	AAA	($69,342,981)

Using rates as of September 30, 2005 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 [(1)].

Fiscal Year Ending 9/30	Variable Rate Bonds		Interest Rate Swap	
	Principal	Interest [(2)]	Net Payments [(3) (4)]	Total
2006	$820	$11,405	$10,653	$22,878
2007	865	11,383	10,632	22,880
2008	915	11,359	10,610	22,884
2009	970	11,334	10,586	22,890
2010	1,020	11,307	10,562	22,889
2011-2020	413,170	103,809	96,965	613,944
Total	$417,760	$160,597	$150,008	$728,365

(1) In thousands.
(2) Interest rate on the Bonds on September 30, 2005 was 2.73%.
(3) The rate is calculated as the difference between the variable rate paid by the Counterparty to the County (2.73%) and the fixed rate paid by County to the counterparty (5.28%) as of September 30, 2005 (2.73% - 5.28% = -2.55%).
(4) The total net payments of $150.008 million have a negative fair market value of $69,342,981.

	Execution Date	Notional Amount	Termination Date	Associated Bonds	County Payment	Counter-party Payment	Counter -party Credit Rating	Fair Value at 9/30/05
2	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 [(1)]	W&S Series 97 Bonds issued as fixed rate bonds	Fixed – 4.40% until 6/15/08, then variable to 6/15/20	Fixed – 5.225%	AA	$6,706,809

(1) 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 0.323% until June 15, 2020.

Using rates as of September 30, 2005, debt service requirements of the fixed-rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows [(1)].

Fiscal Year Ending 9/30	Fixed Rate Bonds Principal	Fixed Rate Bonds Interest [(2)]	Interest Rate Swap Net Receipts [(3) (4)]	Total
2006	$3,625	$18,077	$(1,774)	$19,928
2007	3,795	17,871	(1,774)	19,892
2008	4,030	17,626	1,323	22,979
2009	4,285	17,367	(5,364)	16,288
2010	4,555	17,091	(5,364)	16,282
2011-2020	305,215	209,130	(53,643)	460,702
Total	$325,505	$297,162	$(66,596)	$556,071

(1) In thousands.
(2) Interest rate on the Bonds is the actual fixed rate on the Bonds.
(3) The rate is calculated as the difference between the fixed rate paid by the Counterparty to the County (5.225%) and the fixed rate paid by County to the counterparty (4.40%) as of September 30, 2005 (5.225% - 4.40%) until June 15, 2008 + (5.225% - 2.73%) from June 15, 2008 until the termination of the swap on June 15, 2020 = 2.495%).
(4) The total net receipts of $66.596 million have a positive fair market value of $6,706,809.

	Execution Date	Notional Amount	Termination Date	Associated Bonds	County Payment	Counter-party Payment	Counter-party Credit Rating	Fair Value at 9/30/05
3	8/27/98	$200,000,000 amortizing in step with the Bonds commencing 9/1/21	10/1/26	W&S Series 97 Bonds issued as fixed rate bonds	Variable BMA plus (BMA divided by 0.604) minus (USD-LIBOR-BBA plus 1.455%)	BMA	AAA [(1)]	($7,542,873)

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

Using rates as of September 30, 2005, debt service requirements of the fixed-rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows [(1)].

Fiscal Year Ending 9/30	Fixed Rate Bonds Principal	Fixed Rate Bonds Interest [(2)]	Interest Rate Swap Net Receipts [(3) (4)]	Total
2006	$7,785	$20,904	$(1,983)	$26,706
2007	8,275	20,402	(1,982)	26,695
2008	8,790	19,868	(1,983)	26,675
2009	9,335	19,356	(1,982)	26,709
2010	9,810	18,867	(1,983)	26,694
2011-2026	353,330	209,071	(31,020)	531,381
Total	$397,325	$308,468	$(40,933)	$664,860

(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 tax-exempt variable rate paid by the Counterparty to the County 2.39674% and the tax-exempt variable rate plus the adjustment factor of (BMA/.604 – (Libor + Constant (where the Constant is 1.455%) paid by County to the Counterparty 2.396674% + (2.39674%/.604) - (3.50438% + 1.455%) = 1.405297% as of September 30, 2005 (2.39674% - 1.405297%= 0.9912674%).
(4) The total net receipts of $40.933 million have a negative fair market value of $7,542,873.

Special Obligation Bonds and Subordinate Special Obligation Bonds

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 9/30/05
1	5/12/00	$86,611,990 amortizing in step with the Bonds commencing 10/1/00	10/1/22	SOB Series 1996B Bonds issued as fixed rate bonds	BMA divided by 0.604	Libor plus a constant of 1.65343%	AAA [1]	($408,599)
2	7/21/04	$16,612,344 amortizing in step with the Bonds commencing 10/1/04	10/1/10	SOB Series 1996B Bonds issued as fixed rate bonds	BMA divided by .0604	Libor plus a constant of 1.770%	AAA[1]	$328,742

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

Using rates as of September 30, 2005, debt service requirements of the fixed-rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows [1].

Fiscal Year	Fixed Rate Bonds		Interest Rate Swap Net Receipts		
Ending 9/30	Principal	Interest [2]	Swap 1 [3] [5]	Swap 2 [4] [6]	Total
2006	$2,710	$4,536	$(859)	$(156)	$6,231
2007	3,123	5,062	(832)	(145)	7,208
2008	3,765	5,871	(801)	(114)	8,721
2009	2,064	4,862	(763)	(63)	6,100
2010	2,135	5,201	(743)	(8)	6,585
2011-2022	72,815	91,536	(7,578)		156,773
Accretion	21,669				21,669
Total	$108,281	$117,068	$(11,576)	$(486)	$213,287

(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 (3.504380% + 1.65343% = 5.15781%) and the tax-exempt variable rate paid by the County to the Counterparty (2.39674%/.604 = 3.9681%) as of September 30, 2005 (5.15781% - 3.9681%= 1.189697%).
(4) The rate is calculated as the difference between the taxable variable rate paid by the Counterparty to the County (3.50438% + 1.7700% = 5.27438%) and the tax-exempt variable rate paid by the County to the Counterparty (2.39674%/.604 = 3.9681%) as of September 30, 2005 (5.27438% - 3.9681%= 1.30628%).
(5) The total net receipts of $11.576 million have a negative fair market value of $408,599.
(6) The total net receipts of $486,000 have a positive fair market value of $328,742.

	Execution Date	Notional Amount	Termination Date	Associated Bonds	County Payment	Counter-party Payment	Counter-party Credit Rating	Fair Value at 9/30/05
3	5/12/00	$276,091,519 amortizing in step with the Bonds commencing 10/1/00	10/1/22	Subordi-nate SOB Series 1997A, B & C Bonds issued as fixed rate bonds	BMA divided by 0.604	Libor plus a constant of 1.65343%	AAA [1]	($2,476,282)
4	7/21/04	$91,014,009 amortizing in step with the Bonds commencing 10/1/04	10/1/22	Subordi-nate SOB Series 1997A,B & C bonds issued as fixed rate bonds	BMA divided by 0.604	Libor plus a constant of 1.7700%	AAA [1]	($1,642,751)

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

Using rates as of September 30, 2005, debt service requirements of the fixed-rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows [1].

Fiscal Year	Fixed Rate Bonds		Interest Rate Swap Net Receipts		
Ending 9/30	Principal	Interest [2]	Swap 3 [3] [5]	Swap 4 [4] [6]	Total
2006	$451	$6,042	$(2,737)	$(979)	$2,777
2007	343	6,020	(2,732)	(1,121)	2,510
2008		5,843	(2,729)	(1,189)	1,925
2009	222	6,001	(2,729)	(1,263)	2,231
2010	209	6,014	(2,727)	(1,341)	2,155
2011-2022	274,867	748,053	(30,380)	(20,268)	972,272
Accretion	85,161				85,161
Total	$361,253	$777,973	$(44,034)	$(26,162)	$1,069,030

(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 (3.50438% + 1.65343% = 5.15781%) and the tax-exempt variable rate paid by the County to the Counterparty (2.39674%/.604 = 3.9681%) as of September 30, 2005 (5.15781% - 3.9681%= 1.189697%).
(4) The rate is calculated as the difference between the taxable variable rate paid by the Counterparty to the County (3.50438% + 1.7700% = 5.27438%) and the tax-exempt variable rate paid by the County to the Counterparty (2.39674%/.604 = 3.9681%) as of September 30, 2005 (5.27438 – 3.9681%= 1.30628%).
(5) The total net receipts of $44.034 million have a negative fair market value of $2,476,282.
(6) The total net receipts of $26.162 million have a negative fair market value of $1,642,751.

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.

	Execution Date	Notional Amount	Termination Date	Associated Bonds	County Payment	Counter-party Payment	Counter-party Credit Rating	Fair Value at 9/30/05
1	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 MUNI-CPI))	BMA plus 0.235%	CPI plus premium (1)	AA	$478,682

(1) The premium on the $15 million, 4/1/09 maturity is 0.20%; on the $10 million, 4/1/12 maturity is 0.50%; and on the $25 million, 4/1/14 maturity is 0.70%

Using rates as of September 30, 2005, 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 [1].

Fiscal Year Ending 9/30	Fixed Rate Bonds Principal	Interest [2]	Interest Rate Swap Net Receipts [3] [4]	Total
2006		$2,713	$(1,218)	$1,495
2007		2,713	(1,218)	1,495
2008		2,713	(1,218)	1,495
2009	$15,000	2,713	(1,218)	16,495
2010		1,899	(853)	1,046
2011-2014	35,000	5,969	(2,680)	38,289
Total	$50,000	$18,720	$(8,405)	$60,315

(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 (4.9160% + 0.51% = 5.4260%) and the variable rate (BMA) plus premium paid by the County to the Counterparty (2.75484% + 0.235% = 2.9898%) as of September 30, 2005 (5.4260% - 2.9898%= 2.4362%).
(4) The total net receipts of $8.405 million have a positive fair market value of $478,682.

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, 2005, the BMA rate was 2.75484%.

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 Swaption Agreement

Terms of the Agreement. On March 12, 2004, the Water and Sewer Department (the Department) entered into a swaption 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 the 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 the Counterparty exercised the option to effectuate the swap on August 15, 2005. The Department received an additional exercise premium of $10.9 million. at the time of execution of the variable to fixed rate swap on October 3, 2005.

Fair Value. As of September 30, 2005, based on an estimated mark-to-mid market assessment, the fair value of the swap option was a negative $32.3 million.

Interest Rate Risk. The counterparty exercised their option and the Department has issued the variable rate bonds and variable to fixed rate swap.

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.

Contingent Liability / Loan Guarantee

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

Series	Department	Original Amount	Principal Outstanding at 9/30/2005	Final Maturity
Sunshine State Governmental Financing Commission, Series 1986 Program	Seaport	$50,000,000	$41,650,000	July 1, 2012
Sunshine State Governmental Financing Commission, Series 1986 Program	Parks	$2,000,000	$1,544,369	October 1, 2004
Sunshine State Governmental Financing Commission, Series 1986 Program	Naranja Lakes CRA	$5,000,000	$5,000,000	July 1, 2016
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	$17,675,000	October 1, 2023
Sunshine State Governmental Financing Commission, Series 1999	Seaport	$36,000,000	$31,580,000	October 1, 2024
Sunshine State Governmental Financing Commission, Series 2001	Seaport	$150,000,000	$145,000,000	October 1, 2028
Sunshine State Governmental Financing Commission, Series 2001	Various	$49,000,000	$36,490,000	August 1, 2011
Sunshine State Governmental Financing Commission, Series 2005	Seaport	$75,000,000	$75,000,000	September 1, 2035

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.

Debt Authorized, but Unissued

As of September 30, 2005, the County has authorized but not issued the following:

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

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

c) $156,300,000 Equipment Floating/Fixed Rates Special Obligation Bond to finance cost of capital equipment for various County departments.

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

e) $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;

f) $2,301,608 Professional Sports Franchise Facilities Tax Revenue Bonds;

g) $1,216,385,000 Aviation Revenue Bonds for improvements to airport facilities (the "1996 Authorization");

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

i) $86,373,975 Aviation Bond Anticipation Notes to pay costs for improvements to airport facilities;

j) $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;

k) $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;

l) $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;

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

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

o) $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;

p) $77,275,000 Special Obligation Bonds (Capital Asset Acquisition) to fund the acquisition, renovation, improvement, construction or purchase of capital assets;

q) $16,493,417 Solid Waste System Revenue Bonds to pay the cost of improvements to, and new capital projects for, the County's Solid Waste System;

r) $25,687,752 Special Obligation Bonds (Convention Development Tax) to pay the cost of various visitor related capital facilities; and

s) $2,675,750,000 General Obligation Bonds to fund the projects under the "Building Better Communities" Bond Program.

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)

	2005	2004	2003
Covered Payroll	$2,255,437	$2,042,167	$1,807,153
Contributions	$ 229,988	$ 206,273	$ 156,684
% of Covered Payroll	10.2%	10.1%	8.7%

Pension costs for the County, as required and defined by State Statute, ranged from 7.83% to 18.53% of gross salaries for fiscal year 2005. For the fiscal years ended September 30, 2005, 2004 and 2003, the County contributed 100% of the required contributions.

A copy of the System's June 30, 2005 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.

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. The Plan is a single-employer, defined benefit pension plan 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, 2005.

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 (the Board) 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, 2005, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	15
Terminated plan members entitled to but not yet receiving benefits	192
Active plan members	5,020
Total	5,227
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 2005 were approximately $25,197,000. The PHT's most recent actuarial report as of January 1, 2005 determined the annual pension cost to be approximately $26,652,000, $25,470,000 and $17,740,000 for the Plan years ended December 31, 2005, 2004, and 2003, respectively. The PHT has contributed 100% of the annual cost for all of the years.

Deposits and Investments

The Plan's investment authority is derived from the authorization of the Board and is in accordance with the Florida Statute 215.47 (the Statute) and the Employment Retirement Income Security Act of 1974 (ERISA).

The following is a summary of the fair value (based on quoted market prices) of assets held in the pension trust fund at September 30, 2005: (in thousands)

Cash and short-term investments	$ 23,757
Investments, at fair value	
Domestic investments:	
Equities	54,729
Corporate debt securities	11,851
Government and agency obligations	10,881
Total domestic investments	77,461
International investments:	
Mutual funds	19,565
Equities	3,076
Corporate debt securities	904
Total international investments	23,545
Total	$ 124,763

Custodial Credit Risk

GASB 40 requires governments to disclose deposits and investments exposed to custodial credit risk. The custodial credit risk for investments is the risk that, in the event of the failure of the counter-party to a transaction, a government may not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

As of September 30, 2005, the Plan's investment portfolio was held with a single third-party custodian.

Credit Risk

The Plan's investment policy (the Investment Policy) is designed to minimize credit risk by restricting authorized investments to only those investments permitted by the Statute, subject to certain additional limitations. These additional limitations consist of prohibitions against investments in derivative securities, options, futures or short positions, however the Investment Policy allows for investments in mortgage pass-through securities. Generally, the Statute permits investments in the Florida State Board of Administration Pooled Investment account (the SBA Pool), U.S. Government and agency securities, common and preferred stock of domestic and foreign corporations, repurchase agreements, commercial paper and other corporate obligations, bankers acceptances, state or local government taxable or tax exempt debt, real estate and real estate securities, and money market funds. With the exception of obligations directly issued or guaranteed by the U.S. Government, investments in the SBA Pool, and certain state and local government debt instruments, the Statute provides limits as to the maximum portion of the Plan's portfolio which can be invested in any one investment category or issuer.

At September 30, 2005, the Plan's investment securities had the following credit ratings: (in thousands)

	Fair Value	Credit Rating	
Money market accounts	$ 23,757	Not rated	
Domestic investments:			
U.S. Government agency securities, by issuer			
Federal National Mortgage Association	4,058	AAA	*
Federal Home Loan Mortgage Corporation	509	AAA	*
U.S. Treasury bills	6,314	AAA	*
Equities	54,729	Not rated	
Corporate debt securities:			
Collateralized mortgage obligations	1,465	AAA	*
Corporate bonds	1,401	A1-A3	**
Corporate bonds	1,601	Aa2-Aa3/Aaa	**
Corporate bonds	1,093	B/B1-B3	**
Corporate bonds	1,224	Ba1-Ba3	**
Corporate bonds	1,747	Baa1-Baa3	**
Corporate bonds	65	BB/BB+	*
Corporate bonds	411	CCC	*
Corporate bonds mutual funds	2,844	Not rated	
International investments:			
Mutual funds	19,565	Not rated	
Equities	3,076	Not rated	
Corporate debt securities	904	A2-Aa2/ B1-Baaa3	**
Total	$ 124,763		

* Standards & Poor's ratings
** Moody's Investor Services ratings

Concentration of Credit Risk

The Investment Policy establishes limitations on portfolio composition by investment type and by issuer to limit its exposure to concentration of credit risk. The Investment Policy provides that a maximum of 25% be invested in bonds, notes, or obligations of any municipality or political subdivision or any agency or authority of the State of Florida; a maximum of 80% be invested in common stock, preferred stock, and interest-bearing obligations of a corporation having an option to convert into common stock; a maximum of 75% be invested in internally managed common stock; a maximum of 80% be invested in interest-bearing obligations with a fixed maturity of any corporation or commercial entity within the United States; a maximum of 20% be invested in corporate obligations and securities of any kind of a foreign corporation or a foreign commercial entity having its principal office located in any country other than the United States of America or its possessions or territories, not including United States dollar-denominated securities listed and traded on a United States exchange; a maximum of 5% be invested in private equity through participation in limited partnerships and limited liability companies.

At September 30, 2005, the composition of the Plan's investments by investment type as a percentage of total investments was as follows:

	Percentage of Portfolio
Cash and short-term investments	19.0%
Domestic investments:	
Equities	43.9%
Corporate debt securities	9.5%
Government and agency obligations	8.7%
International investments:	
Mutual funds	15.7%
Equities	2.5%
Corporate debt securities	0.7%

The following represents individual investments whose fair value (based on quoted market prices) exceeded 5% of the Plan's net assets at September 30, 2005.

ING Mayflower TR – International Value Fund Class A	$ 9,878
MFB Northern FDS U.S. Government Select Money Market	6,771
MFB Northern FDS Money Market	14,513
TCW – Galileo Funds, Inc. – Select Equity Class I	16,211
Julius Baer International Equity Fund – Class I	9,687
Total	$ 57,060

Interest Rate Risk

The Plan manages its exposure to rising interest rate risk in fair value by forecasting cash outflows and inflows. To the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash flow requirements.
As of September 30, 2005 the Plan had the following investments with the respective weighted average maturity in years.

	Weighted Average Maturity
Cash and short-term investments	N/A
Domestic investments:	
Equities	N/A
Corporate debt securities	
Corporate bonds	11.47
Corporate bond mutual funds	N/A
Government and agency obligations	
Federal National Mortgage Association	29.39
Federal Home Loan Mortgage Corporation	20.27
U.S. Treasury bills	6.88
International investments:	
Mutual funds	N/A
Equities	N/A
Corporate debt securities	8.82

Foreign Currency Risk

The Plan's exposure to foreign currency risk is as follows: (in thousands)

	Currency	Fair Value (in U.S. dollars)
International equities:		
Common stock	Canadian Dollars	$ 1,584
Common stock	Euros	461
Common stock	Bermuda Dollars	393
Common stock	Chinese Yuan Renminbi	264
Common stock	Hong Kong Dollars	178
Common stock	Korean Won	196
		$ 3,076
International corporate debt securities:		
Corporate bonds	Bermuda Dollars	$ 160
Corporate bonds	Canadian Dollars	387
Corporate bonds	Euros	237
Corporate bonds	British Pounds	120
		$ 904

In addition, at September 30, 2005, the Plan's investments include approximately $19,565,000 in mutual funds which principally invest in international stocks and other international securities. Although these mutual funds are United States dollar-denominated and United States exchange traded, the underlying investments expose the Plan to an additional degree of foreign currency risk.

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 2005, the total cumulative estimate to correct such violations was $269 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 cumulative amount of environmental expenditures spent through September 30, 2005 approximated $119 million.

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, 2005, the Aviation Department spent $54 million and has received approximately $38 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 $150 million at September 30, 2005, 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.

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, 2005.

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 $250 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 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, 2005 is $86.4 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, 2005, 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 2005, the County recorded expenses of $52.6 million in tipping fees to the Company. The rates charged for tipping fees as of September 30, 2005 were $31.95 per ton for on-site waste processing other than tires, and $71.62 per ton for shredded tires. These rates are adjusted annually for the consumer price index. The tipping fee for recyclable trash processed tons was $27.46 per ton. Fuel and other by-products not returned to County facilities from recyclable trash received a credit of $1.65 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, 2005, this swap has yielded total savings of approximately $7.2 million, including negative savings during fiscal year 2005 of approximately $498,000.

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.

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

Fiscal Year		
2006	$	47,259
2007		46,977
2008		46,739
2009		46,500
2010		46,249
Thereafter		137,251
Total	$	370,975

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 2006 and annually thereafter. The amounts were computed using rates effective October 1, 2005.

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 2005 was $28.15. As of September 30, 2005, 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, 2005.

At September 30, 2005, the County's total liability for landfill closure and postclosure care costs was approximately $93.2 million. Of this amount, $60.9 million relates to active landfills and approximately $32.3 million relates to inactive landfills.

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

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

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

The liability balance of $60.9 million as of September 30, 2005, represents an increase of approximately $8.8 million when compared to the preceding year. This resulted from the combined effects of (1) a net amortization credit of approximately $9.0 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 80.7% of the existing landfill capacity, and (2) reductions of approximately $200,000 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 $28.5 million as of September 30, 2005 will be amortized on a current basis as the existing estimated capacity of approximately 6.4 million tons at September 30, 2005 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, 2005 is approximately $32.3 million. When compared to the preceding year, the liability balance increased approximately $600,000 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 $81 million at September 30, 2005. Funding for approximately 90% of the 2005 commitment is anticipated to be provided by federal and state sources. The remainder will be funded by local sources.

As of September 30, 2005, Water and Sewer, Public Health Trust, Aviation, and Solid Waste Enterprise Funds had major construction commitments totaling $26.8 million, $154.1 million, $1.3 billion and $.9 million, respectively.

The Reserve for Encumbrances at September 30, 2005, for the Capital Project Funds reflect construction commitments entered into by the County.

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

Street and Safety Improvements	$	41,839
Recreational Facilities and Cultural Improvements		67,440
Public Safety Facilities		10,631
Judicial and Correctional Facilities		514
Physical Environment		4,305
Health		2,759
General Governmental Facilities		29,141
Total	$	156,629

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 due to uncertainty of receipt. 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 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 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. On August 5, 2002, the County and Crane Management entered into an Agreement for maintenance and management of the container handling cranes and cargo handling equipment at the Port. The term of the Agreement is for a period of five years with a renewal option for another five years at the County's sole discretion. Crane Management became fully operational in October 2002 and took over the maintenance of the Port's gantry cranes. 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. Container crane user revenues for fiscal year 2005 totaled $11.1 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 $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. Subsequently, the replacement contractor abandoned the project leaving a significant amount of dredging work pending. The County sought to recover the overpayment made by filing a proof of claim in the dredging company's bankruptcy proceeding, as well as initiated a civil suit against the bond company. The bond company in turn 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. On January 6, 2006, the County and bond company reached a settlement whereby the bonding company waived all rights to counterclaims and will pay $20 million to the Seaport Department by February 24, 2006 with payments totaling $2.5 million to follow over the next 24 months.

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 is to pay base rent of an amount per year equal to the debt service payments on the financing assumed by the Seaport. The financing is subject to the approval of the County.

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

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

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

Interlocal Agreement

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

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

In 2001, the City and the County amended the Interlocal Agreement to provide, among other matters, for an increase in the Operating Subsidy to $3 million for April 1, 2002 and to $4.5 million on each April 1 thereafter until the end of the term of the Agreement. It also provided that the County and the City would share in any Tax proceeds that exceed a certain growth factor for each year commencing in 2004. Moreover, the County agreed to fund $15 million of capital improvements for the Complex from the next bond transaction in which the Tax is pledged and to pay an additional $50 million in available tax proceeds to the City if the Tax is not pledged to a new baseball stadium by December 2003. The County Commission prior to 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, 2005 there were excess deposits of approximately $42,946,000, which were transferred to the Revenue Account during the following January.

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 $4,445,000 and is recorded in long-term debt.

Arbitrage Rebates

At September 30, 2005, 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 $3.2 million as of September 30, 2005. The liability related to governmental activities, not expected to be paid with available financial resources, is $.05 million and is recorded in long-term debt. The liability related to the enterprise funds at September 30, 2005 amounted to $3.1 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.

On March 20, 2003, the U.S. Department of Transportation, Office of the Inspector General (OIG) issued Report No. AV-2003-030 entitled "Oversight of Airport Revenue" in connection with their audit of amounts paid to Miami-Dade County by the Miami-Dade Aviation Department (MDAD). The OIG reported Miami-Dade County diverted MDAD revenues of approximately $38 million from 1995 to 2000. On August 9, 2005, upon receiving additional information from MDAD, the OIG agreed to adjust the finding to $8.13 million, plus interest. The "Oversight of Airport Revenue" report was then updated to include the years 2001 through 2005, and the total diversion of revenues was found to be $11.958 million, plus interest of $2.327 million ($14.285 million total). Miami-Dade County repaid MDAD one million dollars ($1 million) in fiscal year 2004 and one million dollars ($1 million) in fiscal year 2005, making the unpaid balance $12.285 million at September 30, 2005. The $12.285 million will be repaid by Miami-Dade County with a payment of one million dollars ($1 million) in fiscal year 2006 and quarterly installments of $564,251 over the next five fiscal years beginning October 1, 2006. Of the $12.285 million unpaid balance, the General Fund owes $12.092 million and the Fire and Rescue Special Revenue Fund owes $.193 million. These amounts are reflected in the Due to Other Funds line in the governmental funds Balance Sheet and in the Due from Other Funds line for Aviation in the Proprietary Funds Statement of Net Assets.

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, the Trust incurred approximately $89,071,000 of costs in 2005. At September 30, 2005, the Trust had a liability to the University of approximately $8,940,000.

Note 11 - Adoption of New Accounting Pronouncements

The County has adopted the provisions pertaining to pension transactions of GASB Technical Bulletin No. 2004-2, *Recognition of Pension Benefit Expenditures / Expenses and Liabilities by Cost Sharing Employers* ("the Bulletin"). The adoption of the Bulletin did not have an impact on the financial statements of the County. The provisions of the Bulletin pertaining to OPEB transactions will be applied simultaneously with the adoption of GASB Statement 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.

Starting with the current report, the County has also adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, an amendment to GASB Statement No.3. GASB Statement No. 40 is designed to inform financial users about deposit and investment risks that could affect a government's ability to provide services and meet its obligations as they become due. The disclosures can be found in Note 3 – Cash, Cash Equivalents and Investments.

Note 12 – Subsequent Events

On October, 21, 2005, Hurricane Wilma hit South Florida and caused considerable damage to property, infrastructure, and vegetation. The Governor of the State of Florida declared a state of emergency in Miami-Dade County, as well as other areas of the State. The President of the United States authorized a major disaster declaration for the State. This declaration made the County eligible for federal funds for disaster relief activities and emergency protective measures Generally, federal assistance disaster relief activities for all categories other than debris removal is provided at 75% of the total eligible costs, with a State and local match of 12.5% each. However, for a period of up to 72 hours selected by the County between October 19 and October 31, 2005, federal assistance will be provided at 100% of total eligible costs for debris removal and emergency protective measures. The most recent estimate of costs for which the County will seek reimbursement from the Federal Emergency Management Agency and from the State is $266,000,000.

On February 8, 2006, the County issued $28,000,000 of Miami-Dade County Public Service Tax Revenue Bonds (UMSA Public Improvements), Series 2006, to pay or reimburse the County for the costs of the Series 2006 Project and pay the costs of issuance of the Series 2006 Bonds, including without limitation, the premium for a Reserve Fund Facility. The bonds pay interest ranging from 4.125%-6.250%, with final maturity in 2030.

On November 2, 2005, the County issued the Miami-Dade County Aviation Revenue and Revenue Refunding Bonds, Series 2005A, B and C in the aggregate principal amount of $600,000,000. The Series 2005A Bonds were issued to provide long-term financing for projects comprising portions of the Aviation Department's CIP. The bonds pay interest ranging from 3.50%-5.00%, with final maturity in 2038.

Note 13 - Interfund Transfers and Balances

(in thousands)

		TRANSFER FROM				
		General Fund	**Community and Social Development**	**Nonmajor Governmental**	**Miami-Dade Transit**	**Solid Waste Department**
T	General Fund			$ 52,305		
R	Community Development	$ 67,452		128		
A	Nonmajor Governmental	110,309	$ 2,368	73,009		
N.	Miami-Dade Transit Department	128,046		118,151		
	Public Health Trust	122,984		170,539		
T						
O	Total Transfer Out	$ 428,791	$ 2,368	$ 414,132		

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

		DUE FROM				
		General Fund	**Community and Social Development**	**Nonmajor Governmental**	**Miami-Dade Transit**	**Solid Waste Department**
D	General Fund		$ 60	$ 50,538	$ 109,244	$ 1,937
U	Nonmajor Governmental	$ 790		763	22,900	
E	Internal Service Fund			212	5,091	1,651
	Miami-Dade Transit Department			2,516		
	Solid Waste Department			49,909		
T	Aviation Department	12,092		1,674		
O	Water and Sewer Department			3,359		
	Public Health Trust	2,450		44,175		
	Total Due to Other Funds	$ 15,332	$ 60	$ 153,146	$ 137,235	$ 3,588

The balance of $22.9 million due to nonmajor governmental funds from Miami-Dade Transit results from a loan made to Miami-Dade Transit from the People's Transportation Plan fund. Of the $22.9 million, $21.739 million is not scheduled to be collected in the subsequent year. All remaining balances are the 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) consistent with County policy cover cash deficits at year end. Specific information regarding cash deficits can be found in Note 3.

(Continued)

TRANSFER FROM

Seaport Department	Aviation Department	Water and Sewer Department	Public Health Trust	All Others	Internal Service Fund	Total Transfer In
		$ 27,701				$ 80,006
						67,580
$ 222				$ 45	$ 325	186,278
						246,197
						293,523
$ 222		$ 27,701		$ 45	$ 325	$ 873,584

DUE FROM

Seaport Department	Aviation Department	Water and Sewer Department	Public Health Trust	All Others	Internal Service Fund	Total Due to Other Funds
$ 183	$ 6,372	$ 7,248	$ 15,899			$ 191,481
	2,874	3,872	1,863			33,062
124	1,954	1,851	30,082			40,965
						2,516
						49,909
						13,766
						3,359
						46,625
$ 307	$ 11,200	$ 12,971	$ 47,844			$ 381,683