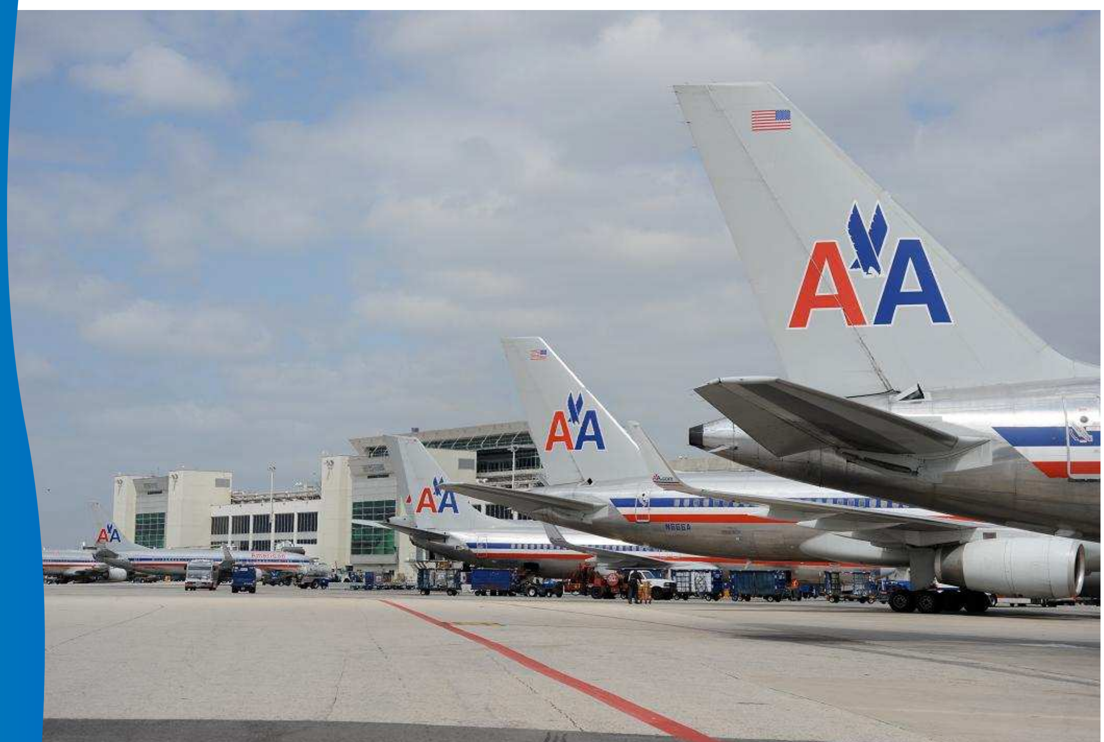
MIAMI INTERNATIONAL AIRPORT



Comprehensive Annual Financial Report

For fiscal year ended September 30, 2007

Miami-Dade Aviation Department

Miami, Florida

MIAMI-DADE COUNTY

Airfield Photos: Anne S. Lee

Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2007

Miami-Dade County Aviation Department
A Department of Miami-Dade County, Florida

Prepared by:

Finance & Strategy Division

2007
Comprehensive Annual Financial Report

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Miami-Dade Aviation Department
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2007

INDEX

Introductory Section

Financial Section

Statistical Section

Introductory Section

Letter of Transmittal

Miami-Dade County Elected Officials & Commissioners

Miami-Dade Aviation Department Senior Staff

Miami-Dade Aviation Department Organization Chart

GFOA Certificate of Achievement

2007

Comprehensive Annual Financial Report

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Commercial Airport:
Miami International Airport

General Aviation Airports:
Dade-Collier Training & Transition
Homestead General
Kendall-Tamiami Executive
Opa-locka Executive

March 24, 2008

Honorable Mayor Carlos Alvarez

Honorable Chairman Bruno A. Barriero

Honorable Members of the Board of County Commissioners

George Burgess, County Manager

Harvey Ruvin, Clerk of Courts

Gentlemen:

The Comprehensive Annual Financial Report of the Miami-Dade Aviation Department ("the Aviation Department" or "MDAD") for the Fiscal Year ended September 30, 2007, is hereby submitted. Responsibility for both the accuracy and completeness and fairness of presentation, including all disclosures, rests with the Aviation Department. This report presents fairly, and discloses fully, in all material respects, the financial position and results of operations of the Aviation Department.

The Aviation Department is also required to be audited in accordance with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments and Non-Profit Organizations, and the Florida Single Audit. Information related to the single audit, including the schedule of expenditures of Federal Awards and State Financial Assistance, schedule of findings and questioned costs, and the Certified Public Accountants' reports on the internal control structure and compliance with applicable laws and regulations, are reported under a separate cover.

GAAP requires that management provide a narrative overview and analysis to accompany the financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal should be read in conjunction with the MD&A, which can be found immediately following the report of the independent auditors in the Financial Section of this report.

Profile Overview

The Aviation Department operates as an enterprise fund of Miami-Dade County ("the County"). An enterprise fund is used to account for the financing of services to the general public on a continuing basis with costs recovered primarily through use charges. The County owns Miami International Airport ("MIA") three general aviation airports, and one training airport ("the Airport System"), all of which are operated by the Aviation Department.

The County operates the Airport System through the Aviation Department with policy guidance from the mayor, the Board of County Commissioners of Miami-Dade County, Florida (the "Board"), and the County manager. The Aviation Department is an enterprise fund of the County.

Economic Conditions and Outlook

MIA continues to be an economic engine for Miami-Dade County and the State of Florida. An economic impact study released in 2007 reports that MIA has an annual impact on local tourism, cruise, international banking, trade and commerce of $25.6 billion. MIA and related aviation industries contribute 272,376 jobs directly and indirectly to the South Florida economy, and are responsible for one out of every 4 jobs.

The Airport offers an extensive air service network, enhanced by multiple daily scheduled and non-scheduled flight frequencies covering nearly 150 cities on four continents. MIA's stronghold market, the Latin America/Caribbean region, was served by more passenger flights from the airport than from any other U.S. airport. MIA is a major transshipment point by air for the Americas. During 2006, the most recent year for which such information is available, the Airport handled 80% of all air imports and 78% of all air exports between the USA and the Latin American/Caribbean region. In calendar year 2006, the Airport was the nation's number one airport in international freight* (excluding mail) and third in international passenger traffic.

The Airport stimulates a host of industries such as tourism, the cruise industry and international banking and commerce. The Airport's activities have resounding effects throughout the State as well. For the Year-Ending 1st quarter 2007, the most recent year for which such information is available, the Airport was the port of entry for 70% of all international passenger traffic arriving by air to the State. In terms of trade, Department of Commerce data for 2006 showed that the Airport handled 95% of the dollar value of the State's total air imports and exports, and 29% of the State's total trade volume.

Passenger Activity

During Fiscal Year 2007, 33,277,778 passengers transited through MIA, up 3.7 percent compared to Fiscal Year 2006. Domestic traffic increased by 2.9 percent to 18,055,127, or 54.3 percent of the total. International traffic accounted for 45.7 percent or 15,222,651

* Airports Council International ("ACI") includes Anchorage International Airport ("ANC") in its rankings. MIA excludes ANC from its rankings because of ANC's particular methodology of accounting for freight. MIA's total freight only reflects enplaned and deplaned freight, while ANC chooses to include a large amount of transit (same aircraft) freight. Source: Miami-Dade County Aviation Department.

passengers, which was up 4.7 percent. MIA is ranked third in the U.S. for international passengers.

The Airport is American Airline's largest international hub operation, both for international passengers and international cargo. American Airlines accounted for approximately 64.1% of the enplaned passengers at the Airport during Fiscal Year 2007, and together with its affiliate, American Eagle, approximately 68.6% of all enplaned passengers during such period.

Freight Activity

Freight tonnage totaled 2,056,402 tons in Fiscal Year 2007, resulting in an increase of 6.6 percent. MIA remains the number one airport in the U.S. for international freight. MIA's cargo facility development program that began in 1992 was completed in 2004, providing the Airport with over 2.7 million square feet of space in 17 new cargo buildings. Apron space has grown to over 3.8 million square feet, capable of handling 17 B747s or 38 DC-10Fs.

Airline Agreements

The County has entered into separate but identical Airline Use Agreements with the Airlines using MIA. The Airline Use Agreement, which is a 15-year agreement expiring in 2017, provides that the County, acting through its Board of County Commissioners, has the right to calculate landing fees using an airport system residual cost methodology for the Port Authority Properties (PAP) so that the revenues from landing fees, together with revenues from other sources, will be sufficient to meet the requirements of the rate covenant and other requirements.

The County has entered into separate, but substantially similar Terminal Building Lease Agreements with the airlines. Under these agreements airlines have no obligations to make real property investments in tenant improvements to their premises and in personal property to support their operations.

Passenger Facility Charges (PFC)

The Federal Aviation Administration (FAA) authorized the Aviation Department to impose a Passenger Facility Charge (PFC) of $3 per passenger commencing November 1, 1994. Subsequently on October 21, 2001, the FAA approved a revised PFC collection level of $4.50 with an effective date of January 1, 2002. In December 2002, the FAA approved a PFC application that enables the Aviation Department to use PFC revenues to pay debt service for the approved projects, all of which are included in Phase 1 of aviation Department's Capital Improvement Program.

Per FAA PFC regulations, net receipts from PFCs are restricted to be only used on these FAA approved capital projects and related financing costs. The Aviation Department has been authorized to collect PFCs in the estimated amount of $2.757 billion including interest. The authorization is expected to expire October 1, 2037. The amount of PFC collections from inception through September 30, 2007 was $559.3 million and with interest was $616.9 million. Of this amount, the Aviation Department has expended $381.0 million. As of

September 30, 2007, the Aviation Department had a cash balance of $235.9 million in the PFC account.

Capital Improvement Program

In 2002, the Board of County Commissioners approved a Capital Improvement Program (CIP), with estimated expenditures of $4.8 billion through 2015, which enplanement levels were projected to reach 39 million annual passengers. The Board approved an increase in the cost of the CIP to $5.237 billion in June 2005 and a further increase to $6.2 billion in March 2007. The increases are primarily due to schedule delays and increased construction estimates. The Master Plan calls for the Aviation Department to undertake additional capital improvements when traffic exceeds 39 million air passengers, but funding does not presently exist for those improvements.

The Board has by three separate ordinances authorized the Department to issue up to $4.8 billion of bonds under the Trust Agreement to finance the costs of certain projects. These bonds, however, may not be issued without approval of specific bond series resolutions by the Board. Future authorizations will be required to issue bonds for projects that are not yet covered by existing ordinances.

Tenant Financed Facilities

Because of the significant size of the CIP, the Department has decided, as a matter of policy, to permit tenants of airside facilities to construct desired buildings with their own financing. Accordingly, certain hangars and cargo facilities (including those for Federal Express, UPS, LAN Airlines, and United) have been constructed with private financing. Such improvements do not constitute County-owned properties until the financing of such improvements has been paid. Such payment may be either through buy-out or terms long enough to accommodate amortization.

Major Initiatives & Long-Term Financial Planning

Of the $6.2 billion total CIP, approximately $3.9 billion has been spent as of December 31, 2007. About $3.3 billion worth of projects have been completed and are in use with the remaining $2.9 billion under construction or in design as of December 31, 2007.

The Terminal Building is divided into three areas, North, Central and South. Roughly 64% of the CIP is allocated to reconstructing and expanding the North and South Terminals. The CIP will increase the building's area from 4.8 million to approximately 7.4 million square feet.

The South Terminal Development Program includes the terminal expansion from Concourse H to Concourse J, construction of a new concourse J, internationalization of four gates at Concourse H, apron construction between Concourses H and J and related utilities infrastructure. It provides approximately 1.5 million square feet of new and 0.2 million square feet of renovated terminal and concourse space. The South Terminal has 28 gates of which 19 are international/domestic and one designated for Airport A-380 operations. In addition the South Terminal includes a new Federal Inspection Services Facility; a cruise and tour bus station; 50,000 square feet of new concession space; and a gate control tower for aircraft traffic at Concourses H and J. The first domestic flight from the South Terminal occurred on August 29, 2007 and the first international flight occurred on September 14, 2007.

The North Terminal Development (NTD) Program continues towards a 2011 completion. Encompassing more than 3.2 million square feet of new and renovated space, the NTD is a complex, multi-phased airside construction program that has been carefully planned to be built without disruption of the ongoing airport operations. In June 2005, the Miami-Dade Board of County Commissioners approved legislation that allowed the Department to assume jurisdictional oversight of the NTD from American Airlines, and also authorized the Department to negotiate a contract with Parsons Oderbrecht Joint Venture (POJV) to complete the project. Approximately $1,560.7 million worth of work was in construction as of June 30, 2007. The NTD is currently budgeted at $2.85 billion.

Other major projects, which were recently completed, include the new fourth runway, the Midfield project which provided new taxiway lanes and high-speed exits, the Runway 9/27 pavement rehabilitation project, and the Central Chiller Plant Expansion to meet the rising cooling loads resulting from the expansion program. The balance of the CIP in progress or in development includes a new telecommunication and data support network to provide efficient ticketing, flight information displays, baggage information displays, access control, closed circuit TV systems, gate and ticket counter management, paging, signage, shared tenant services and building management systems; and numerous utilities, drainage and environmental projects. Also in progress is an expanded and upgraded airport security system to meet the new TSA mandates and a central security operations control center.

The CIP is the critical path to success for MIA, as its completion will allow existing and prospective carriers to maintain and expand their domestic and international operations out of this major and preferred hub in South Florida.

Risk Management

The Department participates in both insured and self-insured programs administered by the County. Worker's Compensation is completely self-insured. Property, tort liability, and automobile liability coverage are a combination of self-insured retentions and insurance through independent insurance carriers. Group health and life insurance programs are a combination of insured and self insured programs. The self-insured portion is administered by an independent administrator.

Independent Audit

The financial statements for Fiscal Year 2007 were audited by KPMG LLP, and their opinion resulting from their examination is included in this Comprehensive Annual Financial report. Their audit was made in accordance with auditing standards generally accepted in the United States, and included other procedures as required by the State of Florida. The scope of the audit was sufficient to satisfy the Federal, State and County requirements.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Department for its Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2006. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, the Department had to publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. This Comprehensive Annual Financial Report must satisfy both account principles generally accepted in the United States and applicable legal requirements.

A Certificate of Achievement is valid for one year only. The Department has received a Certificate of Achievement for the last sixteen consecutive years (fiscal 1992-2006). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

Acknowledgements

This report could not have been presented on a timely basis without the dedicated services of the Finance & Strategy Group. We sincerely appreciate their time and thank them for their valuable contributions. The Department also thanks the County Mayor, the Board of County Commissioners and the County Manager for providing their continued support to the Department and enabling us to successfully operate the Airport System.

Respectfully submitted,

José Abreu, P.E.
Aviation Director

Anne Syrcle Lee
Chief Financial Officer

Miami-Dade County Elected Officials & Commissioners

Carlos Alvarez
Mayor

Board of County Commissioners

Bruno A. Barreiro, *Chairman*
Barbara J. Jordan, *Vice Chairwoman*

Barbara J. Jordan, District 1

Dorrin D. Rolle, District 2

Audrey M. Edmonson, District 3

Sally A. Heyman, District 4

Bruno A. Barreiro, District 5

Rebeca Sosa, District 6

Carlos A. Gimenez, District 7

Katy Sorenson, District 8

Dennis C. Moss, District 9

Sen. Javier D. Souto, District 10

Joe A. Martinez, District 11

José "Pepe" Diaz, District 12

Natacha Seijas, District 13

Harvey Ruvin
Clerk of the Circuit and County Courts

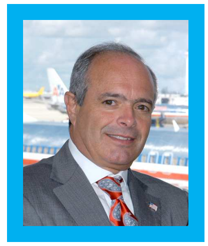
George M. Burgess
County Manager

Robert A. Cuevas Jr.
County Attorney

Jennifer Glazer-Moon
Director Office of Strategic Business Management

www.miamidade.gov

Miami-Dade Aviation Department Senior Staff



José Abreu
Aviation Director

John Cosper
Deputy Aviation Director
Capital Improvement Program

Anne Syrcle Lee
Chief Financial Officer

Maximo Fajardo
Deputy Aviation Director

Bobbie Jones-Wilfork
Assistant Director for
Administration

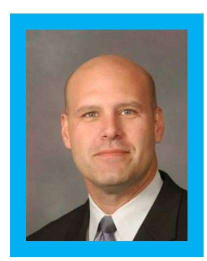
Lauren Stover
Assistant Director for
Communications &
Security Initiatives

Miguel Southwell
Assistant Director for
Business Retention &
Development

Narinder Jolly
Assistant Director for
Facilities Management
Capital Facilities
Development

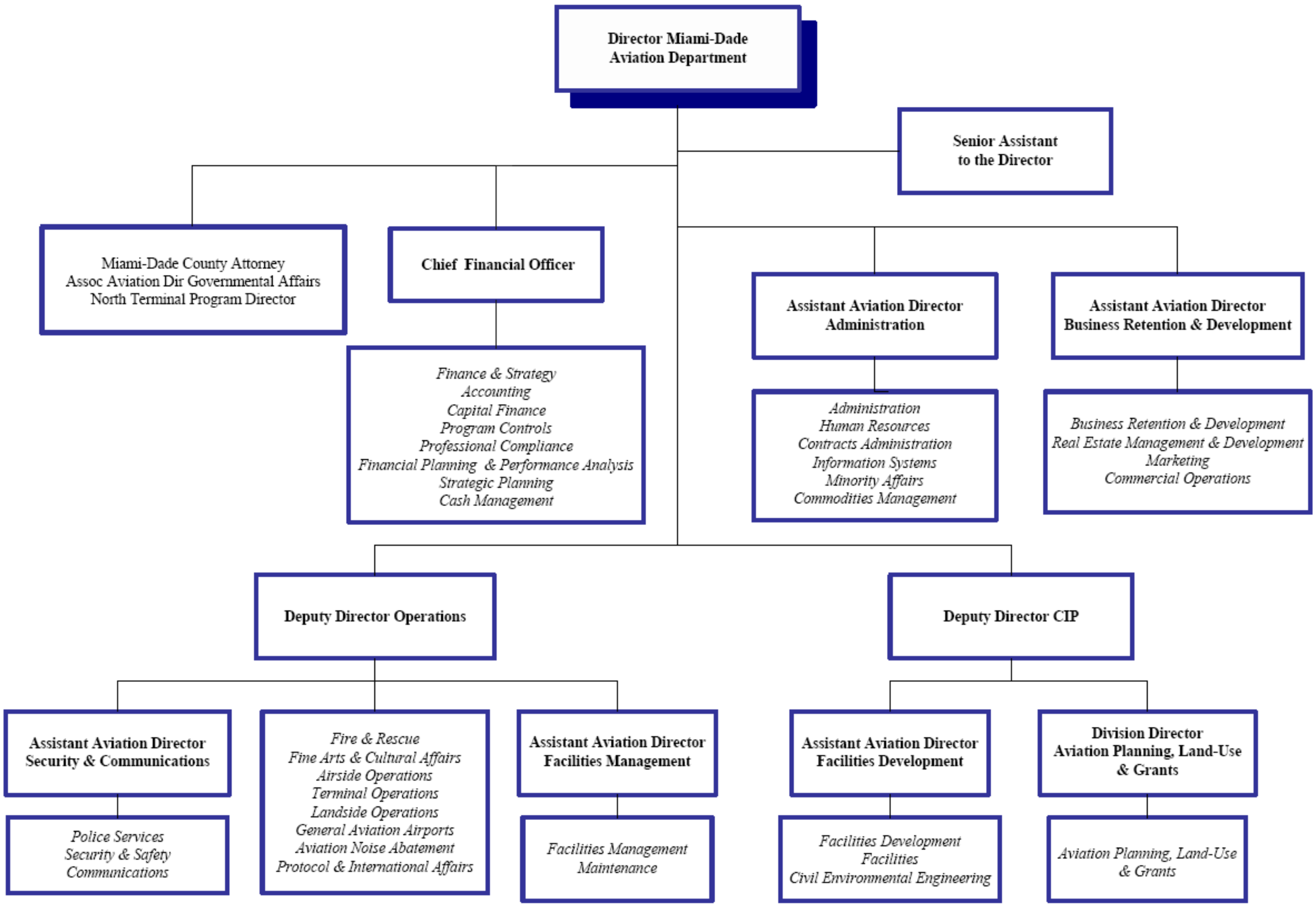
Juan Carlos Arteaga
North Terminal
Program Director

Ana Sotorrio
Associate Director for
Governmental Affairs



Carlos Jose
Assistant Director for
Facilities Maintenance

Miami-Dade Aviation Department Organization Chart



GFOA Certificate of Achievement

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Miami-Dade County

Aviation Department

Florida

For its Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

Financial Section

Independent Auditor's Report

Management Discussion & Analysis

Financial Statements

2007

Comprehensive Annual Financial Report

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KPMG LLP
Suite 2800
One Biscayne Tower
Two South Biscayne Boulevard
Miami, FL 33131

Independent Auditors' Report

The Honorable Mayor and Members of the Board of County Commissioners
Miami-Dade County
Miami, Florida:

We have audited the accompanying financial statements of the Miami-Dade County Aviation Department (the Aviation Department), an enterprise fund of Miami-Dade County, as of and for the years ended September 30, 2007 and 2006, as listed in the table of contents. These financial statements are the responsibility of the Aviation Department's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Aviation Department's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in note 1(a), the financial statements present only the Aviation Department and do not purport to, and do not, present fairly the financial position of Miami-Dade County, Florida (the County), as of September 30, 2007 and 2006, and the changes in its financial position or, where applicable, its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Aviation Department, an enterprise fund of Miami-Dade County, as of September 30, 2007 and 2006, and the changes in financial position and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2008, on our consideration of the Aviation Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The accompanying introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

March 13, 2008
Certified Public Accountants

Introduction

The following discussion and analysis of the financial performance and activity of the Aviation Department is to provide an introduction and understanding of the financial statements of the Aviation Department for the years ended September 30, 2007 and 2006. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The Aviation Department operates an Airport System consisting of Miami International Airport (MIA), three general aviation airports, Opa locka Airport, Homestead General Airport, Kendall Tamiami Executive Airport and two training airports.

The Aviation Department operates as an enterprise fund of Miami Dade County, Florida (the County). The Department is self supporting, using aircraft landing fees, fees from terminal and other rentals, and revenues from concessions to fund operating expenses. The Capital Improvement Program (CIP) is primarily funded by bonds, federal and state grants, and Passenger Facility Charges (PFCs).

Required Financial Statements

The Aviation Department's financial report includes three financial statements: the statements of net assets, the statements of revenues, expenses and changes in net assets and the statements of cash flows. The financial statements are prepared in accordance with U.S. generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). The Aviation Department is structured as a single enterprise fund with revenues recognized when earned and expenses recognized when incurred. Capital asset costs, with the exception of land and construction in progress, are capitalized and depreciated over their estimated useful lives. Certain net asset balances are restricted for debt service, construction activities and major maintenance type activities.

The statements of net assets include all of the Aviation Department's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) as well as obligations to creditors and investors (liabilities). They also provide the basis for evaluating the capital structure of the Aviation Department and assessing liquidity and financial flexibility.

The statements of revenues, expenses, and changes in net assets report the operating revenues and expenses and nonoperating revenues and expenses of the Aviation Department for the fiscal year with the difference, net income or loss being combined with any capital contributions to arrive at the change in net assets for the fiscal year. These statements measure the success of the Aviation Department's operations over the past year and can be used to determine whether the Aviation Department has successfully recovered all its costs through its users' fees and other charges.

The statements of cash flows provide information about the Aviation Department's cash receipts and payments during the reporting period. The statements report cash receipts, cash payments and net changes in cash resulting from operating, investing, and capital and noncapital financing activities and provide an insight regarding sources providing cash and activities using cash.

Activity Highlights

Passenger traffic grew for the second year in a row at MIA in fiscal year 2007 after being flat in previous years. Cargo tonnage continued to increase in fiscal year 2007 as the cargo market rebounded over prior years. Below is a comparison of these activities for fiscal years 2007, 2006, and 2005.

	2007	2006	2005
Enplanements	16,615,415	16,055,040	15,443,300
Landed weight (1,000 pounds)	31,419,877	30,735,112	31,148,500
Enplaned cargo (in tons)	961,260	885,513	847,200

Financial Highlights

- Net assets increased by $96.9 million, or 9.1%, during fiscal year 2007. The increase represents significant contributions from commercial operations. In addition, the lessening of the environmental remediation liability resulted in additional revenue to add to the net assets amount.
- Total bonded debt increased by $605.9 million during fiscal year 2007, due primarily to the issuance of new bonds during the fiscal year to replace the outstanding commercial paper.
- During fiscal year 2007, operating revenues were $555.0 million, an increase of $29.8 million or 5.7%, as compared to fiscal year 2006. During fiscal year 2006, operating revenues were $525.2 million, an increase of $29.7 million or 6.0%, as compared to fiscal year 2005.
- During fiscal year 2007, operating expenses, excluding depreciation and amortization, were $357.4 million, an increase of $9.2 million or 2.7%, as compared to fiscal year 2006. During fiscal year 2006, operating expenses, excluding depreciation and amortization, were $348.1 million, an increase of $4.6 million or 1.3%, as compared to fiscal year 2005.

(Continued)

The table below shows the composition of assets, liabilities and net assets as of September 30, 2007, 2006, and 2005.

		2007	2006	2005
			(In thousands)	
Current assets	$	570,335	556,999	467,748
Noncurrent assets:				
Restricted assets		407,889	376,423	316,142
Capital assets, net		4,634,971	4,335,934	3,978,777
Other assets		53,199	45,905	41,489
Total assets		5,666,394	5,315,261	4,804,156
Current liabilities		80,841	142,484	88,412
Current liabilities payable from restricted assets		285,499	285,719	261,853
Noncurrent liabilities		4,141,708	3,825,574	3,517,412
Total liabilities		4,508,048	4,253,777	3,867,677
Net assets:				
Invested in capital assets, net of debt		448,243	468,375	476,523
Restricted		570,219	528,312	452,140
Unrestricted		139,884	64,797	7,816
Total net assets	$	1,158,346	1,061,484	936,479

Capital assets, net, as of September 30, 2007, were $4.6 billion, $299.0 million higher than at September 30, 2006. As of September 30, 2006, capital assets, net, were $4.3 billion, $357.2 million higher than at September 30, 2005. These increases were primarily in buildings and improvements due to the ongoing Capital Improvement Program.

Total net assets as of September 30, 2007 were $1.2 billion, an increase of $96.9 million as compared to fiscal year 2006. This was primarily due to increases in commercial operations (16%) and PFCs (2%). In addition, the other – environmental remediation revenue amount increased 107% over the prior year due to the reduction of the short-term environmental remediation liability. Total net assets as of September 30, 2006 were $1.1 billion, an increase of $125.0 million as compared to fiscal year 2005. This was primarily due to increases in capital contributions (120%), revenues from investment income (170%), aviation fees (17%), commercial operations (6%) and passenger facility charges (9%). The net asset increase also included a significant reduction of liabilities, specifically in the environmental remediation liability based upon the 2006 Opinion of Cost Study. The reduction in cost is primarily due to a change in the regulatory requirements resulting in a reduction in cost for specific projects.

Changes in net assets can be determined by reviewing the following summary of revenue, expenses, and changes in net assets for the years ended September 30, 2007, 2006, and 2005.

		2007	2006	2005
			(In thousands)	
Operating revenue:				
Aviation fees	$	239,565	249,867	213,481
Rentals		101,331	93,077	89,255
Commercial operations		173,074	148,670	139,623
Other operating		10,717	18,967	13,364
Other – environmental remediation		30,296	14,619	39,758
Nonoperating revenues:				
Investment income		28,903	31,336	11,616
Passenger facility charges		66,341	65,149	59,571
Other		23,027	20,548	18,420
Total revenues		673,254	642,233	585,088
Operating expenses:				
Operating expenses		238,691	221,049	220,412
Operating expenses – environmental remediation		2,107	3,381	4,893
Operating expenses – commercial operations		64,848	58,604	53,353
General and administrative expenses		51,732	65,102	64,895
Depreciation and amortization		122,596	111,811	109,169
Nonoperating expenses:				
Interest expense		123,401	113,274	113,535
Total expenses		603,375	573,221	566,257
Income before capital contributions		69,879	69,012	18,831
Capital contributions		26,983	55,993	25,483
Change in net assets		96,862	125,005	44,314
Net assets at beginning of year		1,061,484	936,479	892,165
Net assets at end of year	$	1,158,346	1,061,484	936,479

Total revenues for the fiscal year 2007, were $673.3 million, an increase of $31.0 million or 4.8%, as compared to fiscal year 2006. Operating revenues for fiscal year 2007 were $555.0 million, an increase of $29.8 million or 5.7%, as compared to fiscal year 2006. The increase is due primarily to a 16.4% increase in the commercial operations at MIA including parking and rental car revenues. The landing fee rate decreased in fiscal year 2007 due to decrease in rate per thousand pound unit offset by an increase in tonnage. Total revenues for the fiscal year 2006, were $642.2 million, an increase of $57.1 million or 9.8%, as compared to fiscal year 2005. Operating revenues for fiscal year 2006 were $525.2 million, an increase of $29.7 million or 6.0%, as compared to fiscal year 2005. The increase is due primarily to an increase in the landing fee rate charged to MIA air carriers in fiscal year 2006 as compared to fiscal year 2005. The increase in nonoperating revenue in fiscal year 2006 is primarily due to a $19.7 million increase in investment income.

Total expenses, including depreciation and amortization, for the fiscal year 2007 were $603.4 million, an increase of $30.2 million or 5.3%, as compared to fiscal year 2006. Operating expenses for fiscal year 2007 were $238.7 million, an increase of $17.6 million or 8.0%, as compared to fiscal year 2006. This was primarily due to increases in salaries and fringes. General and administrative expenses decreased from $65.1 million in 2006 to $51.7 million in 2007 due to a reduction in outside maintenance and engineering services. Total expenses, including depreciation and amortization, for the fiscal year 2006 were $573.2 million, an increase of $7.0 million or 1.2%, as compared to fiscal year 2005. Operating expenses for fiscal year 2006 were $221.0 million, a slight increase of $0.6 million or 0.3%, as compared to fiscal year 2005.

The Aviation Department uses an airport system residual cost recovery methodology to set its landing fee rate and is required to maintain, charge and collect rates and charges for the use of and for the services and facilities provided, which will provide revenues sufficient to pay current expenses, as defined in the Trust Agreement, make the required Reserve Maintenance Fund (the Reserve Maintenance Account) deposits recommended by the Consulting Engineers; and make deposits to the Interest and Sinking Fund (the Sinking Fund Account) comprised of the Bond Service Account, the Reserve Account and the Redemption Account of not less than 120% of the Principal and Interest requirements of the Trust Agreement Aviation Revenue Bonds, as defined in the Trust Agreement.

Capital Assets and Debt Administration

Capital Assets

As of September 30, 2007, 2006, and 2005, the Aviation Department had $4.6 billion, $4.3 billion, and $4 billion, respectively, invested in capital assets, net of accumulated depreciation.

The following table summarizes the composition of capital assets, net of accumulated depreciation as of September 30, 2007, 2006, and 2005.

		2007	2006	2005
			(In thousands)	
Land	$	88,836	88,836	89,500
Buildings, improvements, and systems		2,563,536	1,575,500	1,636,501
Infrastructure		677,539	678,772	665,571
Furniture, machinery, and equipment		101,471	112,017	113,121
		3,431,382	2,455,125	2,504,693
Construction in progress		1,203,589	1,880,809	1,474,084
Total capital assets, net	$	4,634,971	4,335,934	3,978,777

Construction in Progress decreased by a net $677.2 million or 36.0% during 2007, due to the partial completion of the South Terminal.

The CIP consists of 326 projects with a budgeted cost of approximately $6.2 billion for construction through fiscal year 2015. As of September 30, 2007, the status of these projects can be described as follows:

- 240 projects completed $3.3 billion

  The completed projects include most of the South Terminal, the Northside Runway (9/27), Concourse A Terminal Expansion, the Central Collection Plaza, the Park 7 Garage, the Central Chiller Plant, Mid-field and Runway 9/27 rehabilitation, security projects and the entire Westside Cargo Development Program.

- 58 projects under construction $2.2 billion

  Primarily consists of the North Terminal which will add terminal, concourse, administrative and concessions space to MIA. A few remaining projects related to the South Terminal, which opened for passenger operations in August 2007, are still under construction.

- 28 projects in design and planning $0.7 billion

  The MIA Mover, the rehabilitation of several existing runways at MIA, life safety, roof repairs and signage projects in the Terminal building and drainage improvement projects on the north side of MIA.

Additional information on the Aviation's Department's capital assets can be found in note 5 of this report.

Debt Administration

As of September 30, 2007, 2006 and 2005, the Aviation Department had a total of $4.0 billion, $3.4 billion and $3.1 billion, respectively, in long term revenue bonds outstanding. The long term debt consists of Aviation Revenue Bonds issued under a Trust Agreement. Maturity dates range from 2007 to 2040, and the interest rates range from 3.1% to 6%. Both principal and interest are payable solely from net revenues generated from the airport facilities constructed under the provisions of the Trust Agreement. The Revenue Bonds do not constitute debt of the County or a pledge of the full faith and credit of the County. In addition to net revenues, the Aviation Department used $73.6 million of PFC revenue to pay principal and interest due in fiscal year 2007.

The Aviation Department initiated a Commercial Paper program in July 2000, with the authorization by the Board of County Commissioners (the Board), of $400,000,000 Aviation Commercial Paper Notes with maturities not to exceed 270 days. As of September 30, 2007, 2006, and 2005, the Aviation Department had $70.3 million, $365.3 million, and $313.6 million plus accrued interest outstanding of Aviation Commercial Paper Notes. The outstanding commercial paper notes have been excluded from current liabilities because the Aviation Department intends to finance the Commercial paper with long-term revenue bonds.

The outstanding General Aviation Revenue Bonds are rated AAA, Aaa, AAA by Standard and Poor's, Moody's Investor Service, and Fitch Ratings, respectively based on the claims paying ability of the various monoline bond insurance companies which have insured the debt.

As of September 30, 2007, the public underlying ratings for the Aviation Department's outstanding General Aviation Revenue Bonds were A- with a stable outlook, A2 with a stable outlook and A with stable outlook per Standard and Poor's, Moody's Investors Service, Inc and Fitch Ratings, respectively.

Additional information of the Aviation Department's debt administration can be found in note 6 of this report.

Economic Factors and Outlook

Most of the airline rates and charges at MIA continue to increase due to the issuance of additional debt required for the Department's on-going Capital Improvement Program and due to increases in operating expenses. As previously stated, the Aviation Department calculates the landing fee rate on an airport system residual cost recovery basis and therefore is able to pass along these increases in costs to the MIA air carriers either through the terminal rental rate or the landing fee. This trend is expected to continue until the Aviation Department completes its terminal projects as well as the MIA Mover, a train connecting to a multimodal transportation area just outside the Airport premises, under the Capital Improvement Program.

Request for Information

This financial report is designed to provide customers, creditors and other interested parties with a general overview of the Aviation Department's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed in writing to the Finance Manager, Miami Dade Aviation Department, 4200 N.W. 36th Street, Suite 300, Miami, Florida 33122.

MIAMI-DADE COUNTY AVIATION DEPARTMENT

Statements of Net Assets

September 30, 2007 and 2006

(In thousands)

Assets		2007	2006
Current assets:			
Cash and cash equivalents (including restricted assets of $155,547 in 2007 and $126,011 in 2006)	$	333,098	266,688
Investments, including interest receivable (including restricted assets of $129,952 in 2007 and $159,708 in 2006)		160,523	227,248
Accounts receivable, net of allowance for doubtful accounts of $14,033 in 2007 and $11,323 in 2006		39,945	31,364
Inventories, prepaid expenses, and deferred charges		6,478	2,716
Due from County Agencies		30,291	28,983
Total current assets		570,335	556,999
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents		350,861	361,397
Cash held in escrow by agent		50,000	—
Government grants receivable		2,142	7,295
Passenger facility charges receivable		4,886	7,731
Total noncurrent restricted assets		407,889	376,423
Capital assets:			
Land		88,836	88,836
Construction in progress		1,203,589	1,880,809
Buildings, improvement, and systems		3,546,231	2,459,798
Infrastructure		1,097,202	1,090,633
Furniture, equipment, and machinery		279,821	277,271
Less accumulated depreciation		(1,580,708)	(1,461,413)
Capital assets, net		4,634,971	4,335,934
Other noncurrent assets		53,199	45,905
Total noncurrent assets		5,096,059	4,758,262
Total assets	$	5,666,394	5,315,261

MIAMI-DADE COUNTY AVIATION DEPARTMENT

Statements of Net Assets

September 30, 2007 and 2006

(In thousands)

Liabilities and Net Assets		2007	2006
Current liabilities payable from unrestricted assets:			
Accounts payable and accrued expenses	$	26,211	44,665
Security deposits		10,868	9,774
Environmental remediation liability		16,015	54,281
Compensated absences		6,590	6,381
Deferred revenues		3,056	3,017
Due to County Agencies		18,101	24,366
Total current liabilities payable from unrestricted assets		80,841	142,484
Current liabilities payable from restricted assets:			
Accounts and contracts payable and other liabilities		123,169	133,830
Bonds payable within one year:			
Trust Agreement Aviation Revenue Bonds		68,755	66,596
Interest payable		93,575	85,293
Total current liabilities payable from restricted assets		285,499	285,719
Total current liabilities payable		366,340	428,203
Noncurrent liabilities:			
Trust Agreement Aviation Revenue Bonds payable after one year		3,954,103	3,350,328
Commercial paper notes		70,295	365,342
Deferred rental credits		9,711	10,405
Compensated absences, net of current portion		18,213	18,083
Environmental remediation liability, net of current portion		89,386	81,416
Total noncurrent liabilities		4,141,708	3,825,574
Total liabilities		4,508,048	4,253,777
Net assets:			
Invested in capital assets, net of related debt		448,243	468,375
Restricted		570,219	528,312
Unrestricted		139,884	64,797
Total net assets	$	1,158,346	1,061,484

See accompanying notes to financial statements.

MIAMI-DADE COUNTY AVIATION DEPARTMENT

Statements of Revenues, Expenses, and Changes in Net Assets

Years ended September 30, 2007 and 2006

(In thousands)

		2007	2006
Operating revenue:			
Aviation fees	$	239,565	249,867
Rentals		101,331	93,077
Commercial operations:			
Management agreements		78,974	68,499
Concessions		94,100	80,171
Other		10,717	18,967
Other – environmental remediation		30,296	14,619
Total operating revenue		554,983	525,200
Operating expenses:			
Operating expenses		238,691	221,049
Operating expenses – environmental remediation		2,107	3,381
Operating expenses under management agreements		32,197	27,040
Operating expenses under operating agreements		32,651	31,564
General and administrative expenses		51,732	65,102
Total operating expenses before depreciation and amortization		357,378	348,136
Operating income before depreciation and amortization		197,605	177,064
Depreciation and amortization		122,596	111,811
Operating income		75,009	65,253
Nonoperating revenue (expenses):			
Environmental cost recovery		6,586	4,448
Passenger facility charges		66,341	65,149
Interest expense		(123,401)	(113,274)
Investment income		28,903	31,336
Other revenue		16,441	16,100
Total nonoperating expenses		(5,130)	3,759
Income before capital contributions		69,879	69,012
Capital contributions		26,983	55,993
Change in net assets		96,862	125,005
Net assets, beginning of year		1,061,484	936,479
Net assets, end of year	$	1,158,346	1,061,484

See accompanying notes to financial statements.

MIAMI-DADE COUNTY AVIATION DEPARTMENT

Statements of Cash Flows

Years ended September 30, 2007 and 2006

(In thousands)

		2007	2006
Cash flows from operating activities:			
Cash received from customers and tenants	$	515,276	494,923
Cash paid to suppliers for goods and services		(259,488)	(162,898)
Cash paid to employees for services		(164,347)	(159,394)
Net cash provided by operating activities		91,441	172,631
Cash flows from capital and related financing activities:			
Proceeds from sale of revenue bonds and commercial paper		732,400	963,715
Principal paid on revenue bonds and commercial paper		(471,513)	(604,949)
Interest paid on revenue bonds		(191,814)	(181,807)
Payment of bond issue costs		(7,294)	(4,416)
Purchase and construction of capital assets, net		(317,323)	(381,287)
Proceeds from sale of land		—	1,000
Capital contributed by federal and state governments		32,136	56,979
Passenger facility charges		69,186	62,656
Proceeds from environmental reimbursements		6,586	4,448
Net cash used in capital and related financing activities		(147,636)	(83,661)
Cash flows from noncapital financing activities:			
Operating reimbursements received		16,441	16,100
Net cash provided by noncapital financing activities		16,441	16,100
Cash flows from investing activities:			
Purchase of investments		(513,953)	(493,839)
Proceeds from sales and maturities of investments		580,678	595,940
Interest and dividends on investments		28,903	31,336
Net cash provided by investing activities		95,628	133,437
Net increase in cash and cash equivalents		55,874	238,507
Cash and cash equivalents, beginning of year		628,085	389,578
Cash and cash equivalents, end of year	$	683,959	628,085
Cash and cash equivalents reconciliation:			
Unrestricted assets	$	177,551	140,677
Restricted assets		506,408	487,408
Cash and cash equivalents	$	683,959	628,085

MIAMI-DADE COUNTY AVIATION DEPARTMENT

Statements of Cash Flows

Years ended September 30, 2007 and 2006

(In thousands)

	2007	2006
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 75,009	65,253
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	122,596	111,811
Provision for uncollectible accounts	2,710	854
Gain on sale of land	—	(336)
Loss on building demolition	39	—
Changes in operating assets and liabilities:		
Accounts receivable	(11,291)	(414)
Inventories, prepaid expenses, and deferred charges	(3,762)	3,159
Due from County Agencies	(1,308)	(15,218)
Accounts payable and accrued expenses	(56,769)	13,259
Security deposits	1,094	693
Due to County Agencies	(6,265)	13,167
Deferred revenues	(655)	(1,236)
Other liabilities	(29,957)	(18,361)
Total adjustments	16,432	107,378
Net cash provided by operating activities	$ 91,441	172,631
Noncash investing, capital, and financing activities:		
Increase in fair value of investments	$ 2,158	8,506
Increase (decrease) in construction in progress accrual	27,654	(13,272)
Increase in cash held in escrow by agent	50,000	—
Deferred refunding loss	—	(11,159)

See accompanying notes to financial statements.

(1) General

(a) Description

Miami-Dade County, Florida (the County) is a chartered political subdivision of the State of Florida and is granted home rule county powers by the Constitution of the State of Florida and Florida Statutes. The Board of County Commissioners (the Board) is the legislative and governing body of the County. The Miami-Dade County Aviation Department (the Aviation Department), established on February 6, 1973, is included as an enterprise fund in the County's comprehensive annual financial report as part of the County's reporting entity.

These statements present only the Aviation Department and do not purport to, and do not present fairly the financial position of Miami-Dade County, Florida, as of September 30, 2007 and 2006, and the changes in its financial position and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Pursuant to the general laws of Florida, the County owns Miami International Airport (MIA), three general aviation airports, and two training airports (collectively, the Airports), all of which are operated by the Aviation Department.

(b) Basis of Presentation

The Aviation Department operates as an enterprise fund of the County. An enterprise fund is used to account for the financing of services to the general public, since substantially all of the costs involved are paid in the form of charges by users of such services. Accordingly, the Aviation Department's financial statements have been prepared using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

(c) Authority to Fix Rates

Under the provisions of the Trust Agreement, amended and restated dated December 15, 2002 by the County, The Bank of New York, successor in interest to JP Morgan Chase Bank, New York, New York, as trustee (the Trustee) and U.S. Bank National Association (successor in interest to Wachovia Bank, National Association, Miami, Florida) as co-trustee (the Co-Trustee), (the Trust Agreement), which amended and restated the Trust Agreement dated as of October 1, 1954 with the Chase Manhattan Bank (predecessor-in-interest to the Trustee) and First Union National Bank of Miami (predecessor-in-interest to the Co-Trustee), as amended and supplemented (the Original Trust Agreement), the Aviation Department is required to maintain, charge and collect rates and charges for the use and services provided, which will provide revenues sufficient to:

- pay current expenses, as defined in the Trust Agreement;
- make the Reserve Maintenance Fund (the Reserve Maintenance Account) deposits recommended by the Consulting Engineers; and

- make deposits to the Interest and Sinking Fund (the Sinking Fund Account) comprised of the Bond Service Account, the Reserve Account and the Redemption Account of not less than 120% of the Principal and Interest requirements of the Trust Agreement Aviation Revenue Bonds, as defined in the Trust Agreement.

Any remaining balance in the Revenue Fund, after meeting the requirements noted above, is deposited to the Improvement Fund (the Improvement Account), as defined in the Trust Agreement.

(d) Agreements with Airlines

The County has entered into agreements (the Airline Agreements) with various airlines 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 limited 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 Agreement, 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, can be used for any airport-related purpose. The deposits are to be transferred to 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. As of September 30, 2007 and 2006, these excess deposits, which are transferred to the Revenue Account annually during the following January, were approximately $63,606,000 and $42,946,000, respectively.

(e) Relationship with County Departments

The Aviation Department reimburses the General Fund of the County for its portion of the direct administrative service cost, such as Audit and Management Services, the Board, Clerk of the Courts, Computer Services and Information Systems, County Manager, Fire, Police, Personnel, and others. In 1996, an internal study was conducted by the County to determine the appropriate method as a basis to establish the indirect administrative services cost reimbursement for the year ended September 30, 1996 and subsequent years. This study was updated in 2003, which has recommended a cost allocation basis in accordance with OMB A-87. For the years ended September 30, 2007 and 2006, the Aviation Department recorded an expense in the amount of $8,537,000 and $10,699,000, respectively, for the indirect administrative services cost reimbursement in accordance with the formula developed as a result of the study.

As of September 30, 2007 and 2006, the Aviation Department owes the County approximately $18,101,000 and $24,366,000, respectively, for various services. For these same periods, the Aviation Department has receivables due from the County in the amount of $30,291,000 and $28,983,000, respectively.

In addition, the Aviation Department pays other County departments directly for most services provided such as Fire, Police, Legal, and General Services Administration. The total cost to the Aviation Department for these services was approximately $66,750,000 and $66,670,000 for the years ended September 30, 2007 and 2006, respectively.

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 the County by the Aviation Department. The OIG reported that the County diverted Aviation Department revenues of approximately $38 million from 1995 to 2000. On August 9, 2005, upon receiving additional information from the Aviation Department, the OIG agreed to adjust the finding to $8.1 million, plus interest. The Oversight of Airport Revenue report was updated to include the years 2001 through 2005, and the total diversion of revenues was increased to $12 million, plus interest of $2.3 million for a total of $14.3 million. The County repaid the Aviation Department $1 million annually during fiscal year 2004 to fiscal year 2006. In fiscal year 2007 the County repaid the Aviation Department $2,257,005, leaving an unpaid balance of $9,028,021 as of September 30, 2007 which is included in Due from County Agencies in the accompanying statement of net assets. The $9,028,021 unpaid balance will be repaid by the County in quarterly installments of $564,251 over the next four fiscal years.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements are presented on the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded when incurred.

(b) Cash and Cash Equivalents

Cash includes cash on hand, amounts in demand deposits, and positions in investment pools that can be deposited or withdrawn without notice or penalty. Cash equivalents are short-term, highly liquid securities with known market values and maturities, when acquired, of less than three months.

(c) Investments

Investments consist primarily of U.S. government securities and are carried at fair value based on quoted market prices.

(d) Inventories

Inventories consisting of building materials/supplies and spare parts, are valued at cost using the first-in/first-out (FIFO) method.

(e) Capital Assets and Depreciation

Capital assets are recorded at cost, except for contributions by third parties, which are recorded at fair value at the date of contribution. Expenditures for maintenance, repairs, minor renewals, and betterments are expensed as incurred. When property is disposed of, the cost and related accumulated depreciation is eliminated from the accounts and any gain or loss is reflected in the statements of revenue, expenses, and changes in net assets.

The Aviation Department depreciates assets using the straight-line method of depreciation over the assets estimated useful lives as follows:

	Years
Hangars and buildings	40
Runways, aprons and taxiways, and field improvements	30
Paved roads and parking areas	20
Automotive, field and building equipment, and furniture and fixtures	5 – 16
Utility plant and systems	40

(f) Interest on Indebtedness

Interest is charged to expense as incurred, except for interest related to borrowings used for construction projects. The Aviation Department capitalizes interest costs as part of the cost of constructing specified qualifying assets. In situations involving qualifying assets financed with the proceeds of tax-exempt debt, the amount of interest capitalized is reduced by any interest income earned on the temporary investment of such monies. Interest is capitalized throughout the construction period.

(g) Restricted Assets

Assets required to be reserved for airport maintenance and debt service pursuant to the Trust Agreement are classified as restricted assets and are not available for payment of current expenses. In accordance with the terms of the Trust Agreement, assets of the Reserve Maintenance Account are restricted for unusual or extraordinary maintenance or repairs, renewals and replacements, the cost of replacing equipment, and premiums on insurance required to be carried under the provisions of the Trust Agreement and are not available for the payment of current expenses.

Unexpended Passenger Facility Charges (PFC) revenue and accumulated interest earnings are restricted to be used on Federal Aviation Administration (FAA) approved capital projects and are classified as restricted assets.

When both restricted and unrestricted resources are available for use, it is the Aviation Department's policy to use restricted resources first, then unrestricted resources as needed.

(Continued)

(h) Compensated Absences

The Aviation Department accounts for compensated absences by accruing a liability for employees' compensation of future absences in accordance with GASB No. 16, *Accounting for Compensated Absences*. The Aviation Department's policy permits employees to accumulate unused vacation and sick pay benefits that will be paid to them upon separation from service. The Aviation Department recognizes a liability and expense in the period vacation and sick pay benefits are earned. As of September 30, 2007 and 2006, liabilities related to compensated absences were approximately $24,803,000 and $24,464,000, respectively.

(i) Environmental Remediation

Environmental remediation expenses that relate to current operations are expensed. Assets acquired for environmental remediation are capitalized as appropriate. Environmental remediation expenses that relate to an existing condition caused by past operations, and which do not contribute to current or future revenue generation, are expensed. Liabilities are recorded when environmental assessments or remedial efforts are probable, and the Aviation Department's share of the amount can be reasonably estimated.

(j) Refundings Resulting in the Defeasance 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 weighted average method since the results are not significantly different from 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.

(k) Bond Discount/Premium and Issuance Costs

Discount/premium on bonds and bond issuance costs are amortized using the straight-line method over the life of the related bond issue since the results are not significantly different from the interest method of amortization.

(l) Pension Plan

The Aviation Department contributes to the Florida Retirement System, a cost-sharing multi-employer plan. Under GASB No. 27, *Accounting for Pensions by State and Local Government Employers*, employers that participate in multi-employer defined benefit plans are required to measure and disclose an amount for annual pension costs on the accrual basis of accounting.

(m) Net Asset Classifications

Net assets are classified and displayed in three components:

Invested in capital assets, net of related debt – Consists of capital assets including capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

(n) Revenue Classifications

The Aviation Department defines operating revenue as those revenues earned from aviation operations and charged to customers and tenants. Nonoperating revenues include interest earnings, certain grants and PFC collections.

The components of the major revenue captions are:

Aviation Fees – landing fees, concourse use charges, loading bridge use charges, baggage claim use charges, screening fees, airplane parking fees, and other similar facilities and service use fees and charges.

Rentals – rentals of land, buildings, and machinery and equipment.

Management Agreements – revenues from the sale of publications, automotive parking fees, pharmacy facilities, baggage services, special services lounges, the Airport Hotel, Fuel Farm, and the Top of the Port Restaurant.

Concessions – revenues from the sale of duty-free merchandise, rent-a-car companies, and various services provided by terminal complex concessionaires.

(o) Grants from Government Agencies

Grants received for the acquisition or construction of capital assets are recorded as capital contributions, when earned. Grants are earned when costs relating to such capital assets, which are reimbursable under the terms of the grants, have been incurred. During fiscal years 2007 and 2006, the Aviation Department recorded approximately $26,983,000 and $55,993,000, respectively, in contributions consisting of federal and state grants in aid of construction.

(p) Passenger Facility Charges

The FAA authorized the Aviation Department to impose PFC of $3.00 per passenger commencing November 1, 1994. In October 2001, with an effective date of January 1, 2002, the FAA approved an increase in the PFC at MIA to $4.50. The net receipts from PFCs are restricted to be used for funding FAA approved capital projects and debt service attributable to such approved capital projects.

PFC revenue is reported as nonoperating revenue. The Aviation Department has been authorized to collect PFCs on eligible enplaning revenue generating passengers in the aggregate amount not to exceed $2,757,441,000 including interest, of which $620,687,000 has been earned through September 30, 2007.

(q) Application of FASB Pronouncements to Proprietary Funds

GASB No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, gave the option of adopting Financial Accounting Standards Board (FASB) standards issued after November 30, 1989, unless the latter contradict GASB pronouncements, or not following FASB standards issued after such date. The Aviation Department elected not to apply FASB statements and interpretations issued subsequent to November 30, 1989.

(r) Use of Estimates

The preparation of the financial statements requires management of the Aviation Department to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include the valuation allowances for receivables; and environmental liabilities. Actual results could differ from those estimates.

(s) Implementation of New Accounting Standards

In April 2004, the Governmental Accounting Standards Board issued Statement 43 (GASB 43) for financial reporting for post-employment benefit (OPEB) plans other than pension plans. GASB 43 applies to state and local governmental employers that have plans to fund OPEB costs such as health care and life insurance. The County does not have OPEB plans and is not affected by GASB 43.

In June 2004, the Governmental Accounting Standards Board issued Statement 45 (GASB 45) for other post-employment benefits (OPEB), which is effective for the County beginning with the fiscal year ended September 30, 2008. This statement requires that the County accrue the cost of the County's retiree health subsidy and OPEB during the period of employees' active employment as the benefits are being earned. It requires the unfunded actuarial accrued liability be disclosed in order to accurately account for the total future cost of OPEB and the financial impact on the County. The County has contracted for an actuarial study to estimate its OPEB liability, but as of the date of these financial statements the amount of liability has not been determined.

During fiscal year 2006, the Aviation Department adopted the provisions of GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* (GASB 42). GASB 42 establishes accounting and financial reporting standards for impairment of capital assets. Additionally, it clarifies and establishes accounting requirements for insurance recoveries. The adoption of this statement did not have an impact on the financial statements, including required disclosures, of the Aviation Department.

During fiscal year 2006, the Aviation Department adopted the provisions of GASB Technical Bulletin No. 2004-2, *Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-sharing Employers*, with regards to pension transactions. GASB Technical Bulletin 2004-2 clarifies the requirements of GASB No. 27, *Accounting for Pensions by State and Local Government Employers*. The requirements of GASB Technical Bulletin 2004-2 as they relate to other postemployment benefits will be adopted simultaneously with the requirements of GASB No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, when it is adopted at a future date.

During fiscal year 2006, the Aviation Department adopted the provisions of GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation, an amendment of GASB Statement No. 34* (GASB 46). GASB 46 clarifies a legally enforceable enabling legislation restriction. Additionally, GASB 46 establishes the accounting and financial reporting requirements if new enabling legislation replaces existing enabling legislation or if legal enforceability is reevaluated. GASB 46 also requires the disclosure of the portion of total net assets that is restricted by enabling legislation. The adoption of this statement did not have an impact on the financial statements, including required disclosures, of the Aviation Department.

During fiscal year 2006, the Aviation Department adopted the provisions of GASB Statement No. 47, *Accounting for Termination Benefits* (GASB 47). GASB 47 establishes accounting standards for termination benefits. The adoption of this statement did not have an impact on the financial statements, including required disclosures, of the Aviation Department.

(3) Cash and Cash Equivalents and Investments

As of September 30, 2007 and 2006 total unrestricted and restricted cash and cash equivalents and investments were comprised of the following:

	2007	2006
	(In thousands)	
Cash and cash equivalents	$ 683,959	628,085
Investments, including interest receivable	160,523	227,248
	$ 844,482	855,333

The carrying amounts of the Aviation Department's local deposits were $72.5 million and $10.6 million as of September 30, 2007 and 2006, respectively. All deposits are fully insured by Federal Depository Insurance and are held in qualified public depositories pursuant to *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 Aviation Department 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.

Cash held in escrow by agent of $50 million represents the proceeds held by the FDOT State Infrastructure Bank to fund construction projects. See Note 6.

Cash, cash equivalents, and investments as of September 30, 2007 and 2006 are summarized as follows:

		2007	2006
		(In thousands)	
Cash deposits	$	72,494	10,610
U.S. government securities		400,785	452,736
SBA		26,500	31,500
Commercial paper		344,703	360,487
Total cash equivalents and investments		771,988	844,723
	$	844,482	855,333

At September 30, 2007 and 2006, the carrying value of cash equivalents and investments included the following (in thousands):

Investment type		2007 fair value	2006 fair value
Federal Home Loan Mortgage Company	$	157,237	155,673
Federal Home Loan Bank		73,323	84,702
Federal Farm Credit Bank		29,354	21,847
Fannie Mae		128,882	182,791
Freddie Mac		9,989	5,741
Treasury notes		2,000	1,982
SBA		26,500	31,500
Commercial paper		344,703	360,487
	$	771,988	844,723

(a) Credit Risk

The Aviation Department's Investment Policy (the Policy), minimizes credit risk by restricting authorized investments to: Local Government Surplus Funds Trust Fund (SBA) 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 interest 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; Banker 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.

The Local Government Surplus Funds Trust Fund Investment Pool (the Pool) is a "2a-7 like" pool, and the Pool account balance is stated at fair value. 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.

The table below summarizes the investments by type and credit ratings as of September 30, 2007 and 2006.

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
Treasury Notes	N/A
Commercial Paper	A1/P1

(b) 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. As of September 30, 2007 all of the County's bank deposits were in qualified public depositories.

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.

(c) 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 nonnegotiable interest bearing time certificates and 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% with any one issuer; a maximum of 25% of the portfolio may be invested in bankers acceptances with a maximum of 25% with any one issuer; a maximum of 60% of the portfolio may be invested in both commercial paper and bankers acceptances; a maximum of 10% of the portfolio may be invested with any one institution.

As of September 30, 2007 and 2006 the following issuers held 5% or more of the investment portfolio:

Issuer	2007	2006
Federal Home Loan Bank	9.50%	10.03%
Federal Home Loan Mortage Corporation	20.37%	18.43%
Fannie Mae	16.69%	21.64%
Commercial paper	44.65%	42.68%

(d) 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; and 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 nonoperating funds 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, 2007 and 2006, the County had the following investments with the respective weighted average maturity in years.

Investment type	2007	2006
Federal Home Loan Mortgage Corporation	0.23	0.42
Federal Home Loan Bank	0.33	0.30
Federal Farm Credit Bank	0.16	0.33
Fannie Mae	0.30	0.22
Freddie Mac	0.03	0.03
SBA	N/A	N/A
Treasury notes	N/A	1.00
Commercial paper	0.03	0.04

(e) Foreign Currency Risk

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

(4) Disaggregation of Receivables and Payables

(a) Receivables

As of September 30, 2007, accounts receivable, net of the allowance for doubtful accounts, in the amount of $39,945,000 are comprised of accounts from customers (tenants, carriers, business partners) representing 97% and government agencies representing 3%. As of September 30, 2006, accounts receivable, net of the allowance for doubtful accounts, in the amount of $31,364,000 are comprised of accounts from customers (tenants, carriers, business partners) representing 99% and government agencies representing 1%.

(b) Payables

As of September 30, 2007, accounts payable and accrued expenses and contracts payables totaled $149,380,000. This amount was comprised of 97% for amounts payable to vendors, 2% due to employees, and 1% due to government agencies. As of September 30, 2006, accounts payable and accrued expenses and contracts payables totaled $178,495,000. This amount was comprised of 97% for amounts payable to vendors, 2% due to employees, and 1% due to government agencies.

(Continued)

(5) Capital Assets and Depreciation

A summary of capital asset activity and changes in accumulated depreciation for the years ended September 30, 2007 and 2006 follows:

		Balance at September 30, 2006	Additions	Deletions retirements	Balance at September 30, 2007
			(In thousands)		
Capital assets not being depreciated:					
Land	$	88,836	—	—	88,836
Construction in progress		1,880,809	411,271	(1,088,491)	1,203,589
Total capital assets not being depreciated		1,969,645	411,271	(1,088,491)	1,292,425
Capital assets being depreciated:					
Buildings, improvements, and systems		2,459,798	1,087,569	(1,136)	3,546,231
Infrastructure		1,090,633	6,569	—	1,097,202
Furniture, machinery, and equipment		277,271	5,281	(2,731)	279,821
Total capital assets being depreciated		3,827,702	1,099,419	(3,867)	4,923,254
Less accumulated depreciation for:					
Buildings, improvements, and systems		(884,298)	(99,493)	1,096	(982,695)
Infrastructure		(411,861)	(7,802)	—	(419,663)
Furniture, machinery, and equipment		(165,254)	(15,301)	2,205	(178,350)
Total accumulated depreciation		(1,461,413)	(122,596)	3,301	(1,580,708)
Net capital assets	$	4,335,934	1,388,094	(1,089,057)	4,634,971

	Balance at September 30, 2005	Additions	Deletions retirements	Balance at September 30, 2006
		(In thousands)		
Capital assets not being depreciated:				
Land	$ 89,500	—	(664)	88,836
Construction in progress	1,474,084	468,144	(61,419)	1,880,809
Total capital assets not being depreciated	1,563,584	468,144	(62,083)	1,969,645
Capital assets being depreciated:				
Buildings, improvements, and systems	2,471,986	29,297	(41,485)	2,459,798
Infrastructure	1,069,702	20,931	—	1,090,633
Furniture, machinery, and equipment	267,974	13,362	(4,065)	277,271
Total capital assets being depreciated	3,809,662	63,590	(45,550)	3,827,702
Less accumulated depreciation for:				
Buildings, improvements, and systems	(835,485)	(90,397)	41,584	(884,298)
Infrastructure	(404,131)	(7,730)	—	(411,861)
Furniture, machinery, and equipment	(154,853)	(13,684)	3,283	(165,254)
Total accumulated depreciation	(1,394,469)	(111,811)	44,867	(1,461,413)
Net capital assets	$ 3,978,777	419,923	(62,766)	4,335,934

Total interest costs incurred during the years ended September 30, 2007 and 2006, amounted to approximately $200,096,000 and $188,347,000, respectively. Of this amount, approximately $76,695,000 and $75,073,000 were capitalized during 2007 and 2006, respectively.

(6) Debt

(a) Aviation Revenue Bonds

Revenue Bonds are issued to finance the construction of facilities at the Airports pursuant to the Trust Agreement and are payable solely from and are collateralized by a pledge of net revenues, as defined in the Trust Agreement. The Revenue Bonds do not constitute a debt of the County or a pledge of the full faith and credit of the County.

In May 2007, the County issued $551,080,000 of Series 2007A all of which remains outstanding at September 30, 2007 and $48,920,000 of Series 2007B all of which remains outstanding at September 30, 2007. The Series 2007A and 2007B were issued to refund outstanding Commercial Paper Notes and to provide funds for the payment of costs of certain airport improvements. The Series 2007A bonds bear stated interest in the amount of 5.00%, with $322,195,000 term bonds due October 1, 2040 and $228,885,000 serial bonds due on October 1, 2040. The Series 2007B bonds bear stated interest rates ranging from 4.50% to 5.00%, with $16,070,000 term bonds due on October 1, 2029 and $32,850,000 serial bonds due October 1, 2025 to 2029.

In November 2005, the County issued $357,900,000 of Series 2005A, $180,345,000 of Series 2005B and $61,755,000 of Series 2005C. The Series 2005A bonds were issued to refund outstanding Commercial Paper Notes and to provide funds for the payment of costs of certain airport improvements. The Series 2005B bonds were issued to refund Airport Revenue Bonds Series 1995B and Series 1995D. The Series 2005C bonds were issued to refund Series 1995A, 1995C and 1995E. The Series 2005A bonds bear stated interest rates ranging from 4.875% to 5.00%, with $18,400,000 from bonds due October 1, 2030 and $17,000,000 term bonds due October 1, 2035 and $322,500,000 serial bonds due from October 1, 2036 to October 1, 2038. The Series 2005B bonds bear stated interest rates ranging from 3.5% to 5.0%, with $180,345,000 serial bonds due on October 1, 2006 to October 1, 2021. The Series 2005C bonds bear interest rates ranging from 3.5% to 5.0%, with $34,915,000 serial bonds due from October 1, 2006 to October 1, 2011 together with $9,120,000 MBIA insured term bonds due October 1, 2025 and $17,720,000 XL Assurance insured term bonds due October 1, 2025.

Miami-Dade County Aviation Department Debt Reconciliation September 30, 2007

Revenue bonds	Issue date	Rate	Maturity	2007	2006
2007A	May 2007	5.000%	2040	$ 228,885	—
2007B	May 2007	4.500% – 5.000%	2025 – 2029	32,850	—
2005A	November 2005	4.875% – 5.000%	2036 – 2038	322,500	322,500
2004A	March 2004	4.750% – 5.000%	2029	1,020	1,020
2004B	March 2004	4.625% – 5.000%	2029	2,670	2,670
2004C	March 2004	2.000% – 5.000%	2011	19,140	23,540
2003A	May 2003	4.750% – 5.000%	2027	26,490	26,490
2002A	December 2002	5.000% – 5.125%	2029 – 2036	600,000	600,000
2002	May 17,2002	4.000% – 5.750%	2011 – 2025	162,340	162,340
2000A	March 1,2000	5.400% – 5.875%	2011 – 2020	30,690	30,690
2000B	March 1,2000	5.250% – 5.750%	2011 – 2020	24,610	24,610
1998C	October 1997	4.400% – 5.250%	2009 – 2018	56,655	56,655
1997B	October 1997	5.000% – 5.125%	2006 – 2015	53,715	58,365
1996A	March 1996	5.750%	2011 – 2012	21,880	21,880
				1,583,445	1,330,760
Term bonds					
2007A	May 2007	5.000%	2040	322,195	—
2007B	May 2007	4.500% – 5.000%	2025-2029	16,070	—
2005A	November 2005	5.000%	2030-2035	35,400	35,400
2004A	March 2004	4.750% – 5.000%	2030-2036	210,830	210,830
2004B	March 2004	4.625% – 5.000%	2030-2037	153,695	153,695
2003A	May 2003	4.750% – 5.000%	2033-2035	264,910	264,910
2002	May 2002	5.375%	2027-2032	136,660	136,660
2000A	March 2000	6.000%	2024-2029	47,420	47,420
2000B	March 2000	5.750%	2024-2029	37,280	37,280
1998C	October 1998	5.000%	2023-2028	93,345	93,345
1997C	October 1997	5.125%	2027	63,170	63,170
1997B	October 1997	5.125%	2017-2022	58,345	58,345
1996A	March 1996	5.750%	2015-2026	245,535	245,535
1996B	March 1996	5.600%	2026	27,585	27,585
				1,712,440	1,374,175

	Issue date	Rate	Maturity	2007	2006
Refunding bonds					
2005B	November, 2005	3.500% – 5.000%	2006 – 2021	$ 177,890	180,345
2005C	November, 2005	3.500% – 5.000%	2006 – 2011	33,920	34,915
2003B	May, 2003	3.000% – 5.250%	2006 – 2022	33,060	53,560
2003C	May, 2003	2.000% – 5.250%	2006 – 2024	10,265	14,100
2003D	May, 2003	2.000% – 5.250%	2006 – 2024	80,165	81,665
1998A	July, 1998	5.000% – 5.250%	2006 – 2024	58,880	66,300
1998B	July, 1998	5.000% – 5.250%	2006 – 2008	—	11,795
1997A	June, 1997	5.375% – 6.000%	2006 – 2010	29,150	29,150
1996C	July, 1996	5.200% – 5.500%	2006 – 2009	10,755	11,370
1995E	August, 1995	6.000%	2009	6,370	6,370
1995A	January, 1995	—	2006	—	2,670
1994C	November, 1994	—	2006	—	755
1994B	November, 1994	—	2006	—	3,540
				440,455	496,535
Term bonds					
2005C	November, 2005	3.500% – 5.000%	2025	26,840	26,840
2003E	May, 2003	4.880%	2024	139,700	139,700
1998A	May, 2002	5.000% – 5.250%	2018 – 2024	85,675	85,675
1996C	March, 2000	5.300% – 5.500%	2011	9,005	9,005
				261,220	261,220
		Grand total		$ 3,997,560	3,462,690

(b) Maturities of Bonds Payable

The annual debt service requirements are as follows:

		Aviation revenue bonds principal		Interest
		(In thousands)		
Year ending September 30:				
2008	$	67,275		200,406
2009		60,950		197,312
2010		55,445		194,569
2011		59,910		191,632
2012		58,640		188,703
2013 – 2017		339,905		892,218
2018 – 2022		443,115		786,225
2023 – 2027		533,765		654,980
2028 – 2032		670,030		497,690
2033 – 2037		856,330		302,564
2038 – 2040		852,195		66,511
		3,997,560	$	4,172,810
Less:				
Unamortized discount		(6,697)		
Deferred loss on defeased debt		(22,715)		
	$	3,968,148		

Bond discounts and deferred loss on defeased debt are deducted from the face amount of bonds payable and are amortized as additional interest expense on the bonds outstanding method, which approximates the interest method. Amortization of bond discount and deferred loss on defeased debt was approximately $4,849,000 and $5,786,000 as of September 30, 2007 and 2006, respectively, and is included in interest expense in the accompanying statements of revenues, expenses, and changes in net assets.

Amortization of bond issuance cost was approximately $2,614,000 and $2,564,000 as of September 30, 2007 and 2006, respectively, and is included in interest expense in the accompanying statements of revenues, expenses, and changes in net assets.

(c) Sunshine State Governmental Financing Commission Commercial Paper Revenue Note

On August 16, 2005, the County closed on the $71,000,000 Sunshine State Governmental Financing Commission Commercial Paper Revenue Note (Miami-Dade County Program), Series I 2005. The Aviation Department's pro-rata share (12%) of the principal is $8,074,304, with interest at 5%, payable over 5 years. The proceeds provide funding for various County projects, including $7.9 million for the Aviation Department's Enterprise Resource Planning (ERP) Implementation.

The outstanding balance at September 30, 2007 and 2006 has $4,710,000 and $6,311,000, respectively.

(d) State Infrastructure Bank Note

On February 6, 2007, the Board approved the construction of the N.W. 25th Street Viaduct Project (Viaduct Project) by the Florida Department of Transportation (FDOT) and approved a County loan in the amount of $50 million from the FDOT State Infrastructure Bank to fund the County's share of the total cost of the Viaduct Project. FDOT and the County subsequently entered into a joint participation agreement on March 12, 2007 whereby FDOT will construct the Viaduct Project and closed on the loan on March 21, 2007. The loan is secured by a County covenant to annually budget and appropriate from County legally available non-ad valorem revenue funds sufficient to pay debt service costs. The debt service costs will be reimbursed to the County by the Aviation Department.

The funds are held in escrow by the FDOT State Infrastructure Bank for the construction of the project. As of September 30, 2007 cash held in escrow by agent totaled $50 million. As of September 30, 2007 the outstanding loan balance was $50 million. The loan bears interest at 2.0% per annum. The maturity date of the loan is October 1, 2019 and the first scheduled payment of $5 million is due on October 1, 2009.

The annual debt service requirements are as follows:

		Principal	Interest
		(In thousands)	
Year ending September 30:			
2008	$	—	—
2009		—	—
2010		2,973	2,027
2011		4,059	940
2012		4,141	859
2013 – 2017		21,979	3,021
2018 – 2020		16,848	729
	$	50,000	7,576

(e) Long-Term Liabilities

Changes in long-term liabilities, other than commercial paper, are as follows:

	Balance at September 30, 2006	Additions	Reductions	Total at September 30, 2007	Due within one year
			(In thousands)		
Revenue bonds	$ 3,462,690	600,000	(65,130)	3,997,560	67,275
Less deferred amounts:					
For issuance discount and refunding losses	(52,077)	17,816	4,849	(29,412)	—
State Infrastructure Bank Loan	—	50,000	—	50,000	—
Sunshine state loan	6,311	—	(1,601)	4,710	1,480
Total bonds payable, net	3,416,924	667,816	(61,882)	4,022,858	68,755
Other liabilities:					
Compensated absences	24,464	10,474	(10,135)	24,803	6,590
Environmental remediation	135,697	—	(30,296)	105,401	16,015
Deferred revenues and rental credits	13,422	—	(655)	12,767	3,056
Total long-term liabilities	$ 3,590,507	678,290	(102,968)	4,165,829	94,416

	Balance at September 30, 2005	Additions	Reductions	Total at September 30, 2006	Due within one year
			(In thousands)		
Revenue bonds	$ 3,157,740	600,000	(295,050)	3,462,690	65,130
Less deferred amounts:					
For issuance discount and refunding losses	(55,941)	(1,922)	5,786	(52,077)	—
Sunshine state loan	8,075	—	(1,764)	6,311	1,466
Total bonds payable, net	3,109,874	598,078	(291,028)	3,416,924	66,596
Other liabilities:					
Compensated absences	28,205	5,459	(9,200)	24,464	6,381
Environmental remediation	150,317	—	(14,620)	135,697	54,281
Deferred revenues and rental credits	14,658	—	(1,236)	13,422	3,017
Total long-term liabilities	$ 3,303,054	603,537	(316,084)	3,590,507	130,275

(f) Commercial Paper Notes

At September 30, 2007, the County had outstanding $70,006,000 of Aviation Commercial Paper Notes (Notes) plus accrued interest of $288,477. The effective interest rate paid on the Notes outstanding at September 30, 2007 ranges from 3.6% to 3.78%. At September 30, 2006, the County had outstanding $364,894,000 of Aviation Commercial Paper Notes (Notes) plus accrued interest of $448,840. The effective interest rate paid on the Notes outstanding at September 30, 2006 ranges from 3.53% to 3.75%.

The proceeds of such Notes were 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, 2007 and 2006, there was $71,735,000 and $374,000,000, respectively, outstanding on the letter of credit. The letter of credit expires on August 1, 2010.

The outstanding Notes and accrued interest have been excluded from current liabilities because the Aviation Department intends to refinance the commercial paper with long-term revenue bonds.

Following is a schedule of changes in commercial paper notes:

		(In thousands)
Balance as of September 30, 2005	$	313,626
Additions		366,194
Deductions		(314,478)
Balance as of September 30, 2006		365,342
Additions		109,735
Deductions		(404,782)
Balance as of September 30, 2007	$	70,295

(g) Defeased Debt

The County has not defeased any debt during fiscal year 2007.

Revenue bonds	Date of defeasance	Maturity date		Amount defeased		2007
Series C	August 1985	October 1, 2007	$	35,705,000		—
					$	—

(7) Restricted Assets

A summary of restricted assets at September 30, 2007 and 2006 is as follows:

		2007	2006
		(In thousands)	
Construction account	$	422,689	400,865
Bond service and reserve account		241,348	227,050
Reserve maintenance		29,351	34,227
	$	693,388	662,142

(8) Management, Operating, Concession, and Lease Agreements

(a) Management Agreements

Certain properties are provided under management agreements with nationally recognized firms or local firms with expertise in their areas of service. Among these properties are public parking, newsstand facilities, gift shop facilities, pharmacy, sundries, special service lounges, fuel farm, the Airport hotel and the Top of the Port restaurant. The Aviation Department receives all revenues. These agreements provide for reimbursement of approved budgeted operating expenses and a fixed management fee or fees based on percentages of revenues or operating profits of the facilities. While the Aviation Department generally looks toward the management companies for recommendations relative to operation of the facilities, the Aviation Department does exercise complete budgetary control and establishes standards, guidelines and goals for growth and performance. Such actions are taken within the rights reserved to the Aviation Department under these agreements to control all aspects of the businesses. These include such matters as pricing, staffing, employee benefits, operating hours, facilities maintenance requirements, service levels, market selections, personnel policies and marketing strategies. In the event the management firm is not performing in accordance with the standards established by the Aviation Department, the Aviation Department has the authority to cancel such agreements. The management firms do not act as general agents on behalf of the County and, therefore, cannot obligate or commit the Aviation Department, without prior approval, beyond the scope of what is required to run the day-to-day operations of the managed properties as established by the budget approved by the Aviation Department. The revenues and expenses generated from the operations of these facilities are recorded as revenues from management agreements and operating expenses under management agreements, respectively, in the accompanying statements of revenues, expenses and changes in net assets.

(b) Operating Agreements

Certain other services are provided under operating agreements with nationally recognized firms or local firms with expertise in their areas of service. These agreements provide necessary services of employee shuttle transportation, janitorial services and porter services to the Aviation Department. These agreements provide for reimbursement of approved budgeted operating expenses and a fixed management fee. While the Aviation Department generally looks toward the operating companies for recommendations relative to these operations, the Aviation Department does exercise complete budgetary control and establishes standards, guidelines and goals for service and performance. Such actions are taken within the rights reserved to the Aviation Department under these agreements to control all aspects of the businesses. These include such matters as personnel policies, staffing, employee benefits, facilities maintenance requirements, and service levels. In the event the operating firm is not performing in accordance with the standards established by the Aviation Department, the Aviation Department has the authority to cancel such operating agreements. The operating firms do not act as general agents on behalf of the County and, therefore, cannot obligate or commit the Aviation Department beyond the scope of what is required to run the day-to-day operations of managed properties as established by the budget approved by the Aviation Department. The expenses associated with the operation of these facilities and services are recorded as operating expenses under operating agreements, in the accompanying statements of revenue, expenses, and changes in net assets.

(c) Concession Agreements

The Aviation Department has entered into concession agreements with retail stores and newsstands, duty-free merchandise shops, food and beverage facilities, various rent-a-car companies, aeronautical service companies, and other passenger services through 2012. The agreements consist of both cancelable and noncancelable agreements and provide for a minimum annual rental and a franchise fee based on a percentage of the gross revenue, whichever is greater. These agreements generated revenues of approximately $94,100,000 and $80,171,000 during fiscal year 2007 and 2006, respectively. Minimum future fees under such noncancelable concession agreements as of September 30, 2007 are as follows:

		(In thousands)
Year ending September 30:		
2008	$	21,522
2009		20,444
2010		19,370
2011		13,887
2012		10,715
	$	85,938

(d) Lease Agreements

The leasing operations of the Aviation Department consist principally of the leasing of land, buildings and office space. The lease agreements consist of both cancelable and noncancelable agreements and permit the Aviation Department to periodically adjust rents and maximize operational flexibility. Minimum future rentals under such noncancelable lease agreements as of September 30, 2007, are as follows:

		(In thousands)
Year ending September 30:		
2008	$	34,969
2009		31,003
2010		28,202
2011		24,561
2012		20,782
2013 – 2017		73,195
2017 – 2022		30,750
2023 – 2027		24,278
2028 – 2032		8,249
2033 – 2037		5,517
2038 – 2042		3,826
2043 – 2047		1,804
2048 – 2052		1,323
	$	288,459

The Aviation Department recognized approximately $101,331,000 and $93,077,000 of rental income for the years ended September 30, 2007 and 2006, respectively.

(9) Insurance

The Aviation Department, along with most other County departments, participates in the self-insurance program of the County for workers' compensation insurance. The program is administered by the Risk Management Division of the General Services Administration Department of the County (Risk Management). Premiums on the self-insurance programs are based on historical loss experiences. The long-term estimated liability for claims payable, including incurred but not reported (IBNR), is recorded and retained at the County level. Therefore, such liability is not included in the accompanying financial statements. The Aviation Department's liability is estimated to be approximately $3,584,000 and $4,869,000 as of September 30, 2007 and 2006, respectively, based on an independent actuarial valuation. The short-term liability for claims payable in the amount of approximately $921,000 and $1,341,000 is included in Due to County Agencies in the accompanying statements of net assets as of September 30, 2007 and 2006, respectively.

The Aviation Department also pays premiums to commercial insurance carriers for airport liability insurance, construction wrap-up insurance and property insurance. The Airport liability coverage provides comprehensive general liability, contractual liability and personal injury liability at all Airports. Coverage under the policy is limited to $500 million with a self-insured retention of $50,000 per occurrence for a total annual aggregate retention of $500,000. Coverage under the policy for personal injury is limited to $25 million per occurrence.

The construction wrap-up insurance program provides comprehensive general liability including contractual liability and personal injury liability. The limit of liability is $150 million with a $15,000 property damage deductible per occurrence. Coverage is also provided for on-site automobile liability in excess of $1 million. This program covers the County contractors and other parties for occurrences arising out of designated construction projects at the airport.

The property of the Aviation Department is insured under a County-wide master program which covers most County properties subject to policy terms and conditions. The Aviation Department has been allocated a portion of the premium by the Risk Management Division based on the value of the property of the Aviation Department as a percentage of the total value of the property insured. The limit is $375 million countywide with a $5 million deductible per occurrence for most perils and a $200 million deductible for named windstorm. The sub-limit for flood is $50 million. Terrorism is included in the program with a limit of $200 million. The Business Interruption limit for the Aviation Department is $192 million.

The amounts of insurance settlements during the past three fiscal years have not exceeded the Aviation Department's insurance coverage.

(10) Pension Plan

The Aviation Department, as a department of the County, participates in the Florida Retirement System (FRS or the System), a cost-sharing, multi-employer retirement plan, which covers substantially all of the Aviation Department's 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. The System is administered by the Florida State Board of Administration, under the guidelines and rules of the Florida Legislature.

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, 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.

Benefits under the plan vest after six years of service. Employees who retire at or after age 62, with six years of credited service, are entitled to an annual retirement benefit, payable monthly for life. The FRS also provides for early retirement at reduced benefits and death and disability benefits. These benefit provisions and all other requirements are established by State of Florida statutes.

Pension costs for the Aviation Department as required and defined by the FRS ranged between 9.85% to 20.92%, 9.85% to 20.92%, and 7.83% to 18.53%, of gross salaries for fiscal years 2007, 2006 and 2005, respectively. For the fiscal years ended September 30, 2007, 2006 and 2005, the County contributed 100%

of the annual required contributions. These contributions aggregated $272 million, $227 million, and $230 million, respectively, which represents 12.96%, 11.25%, and 10.2% of covered payroll, respectively, and 11.08%, 10.3%, and 10.7% of the total contributions required of all participating agencies for fiscal years 2007, 2006, and 2005.

Pension costs of the Aviation Department for the years ended September 30, 2007, 2006 and 2005, as required and defined by the System were $10,716,000, $9,366,000, and $9,700,000 respectively. These amounts are included in salaries, wages and employee benefits expense in the accompanying statements of revenue and expenses and changes in fund net assets.

The complete financial report of the FRS may be obtained by writing Division of Retirement, P.O. Box 9000, Tallahassee, Florida, 32315-9000; or by contacting Research & Education by e-mail at rep@dms.myflorida.com or by phone toll-free at 877-FRS-1FRS (877-377-1737), at 850-488-5706 in the Tallahassee local calling area, or at SUNCOM 278-5706.

(11) North Terminal Development Program (NTD)

In 1989, the Aviation Department agreed to allow a major carrier (collectively, the parties) to create an international passenger hub at MIA. The North Terminal Development Project (NTD or the Project) evolved out of this plan and commitment to improve the level and quality of services to passengers. The carrier worked with the Aviation Department to develop the concept plan for NTD and in October 1995, the parties entered into a Lease, Construction and Financing Agreement (the LCF Agreement), which authorized the carrier to design and construct the Project.

The LCF Agreement was approved by the Board in 1995 and provided for costs up to $974,900,000. In July 1999, the parties agreed to the First Amendment which increased the scope of work and the costs to $1,304,900,000. In January 2002, the parties agreed to the Second Amendment which eliminated the 250 flights per day requirement in the LCF Agreement. In April 2002, the parties entered into the Third Amendment which increased the costs to $1,515,900,000.

Due to the complexity of the project, coordination and construction problems, along with insufficient project management and controls, the project encountered substantial delays, and significant cost overruns resulting in a series of unprocessed and unpaid claims from subcontractors and suppliers related to change orders and cost overruns. As a result of the aforementioned delays and issues, the Aviation Department assumed responsibility for the management and completion of the Project with the assistance of consultants.

A Fourth Amendment was entered into between the parties, which was approved by the Board on June 21, 2005. The Fourth Amendment primarily terminated the carrier’s management of the Project and attempted to resolve the unprocessed and unpaid claims. Under the Fourth Amendment, the carrier has agreed to contribute to the Project $105 million, payable in installments over a period of ten years beginning in fiscal year 2005. The contribution shall be maintained in a claims reserve fund to pay such claims. Once all claims have been settled, any excess funds available are retained by the Aviation Department to be applied to construction of the Project. The first installment in the amount of $15 million was received during fiscal year 2005, the second installment in the amount of $15 million was received in July 2006 and the third installment in the amount of $10 million was received in July 2007. They were recognized as other revenue in the accompanying statement of revenues, expenses, and changes in net assets. The Aviation Department's best estimate is an allowance for uncollectible amounts equal to 100% of the unpaid balance.

Although it is probable that the Aviation Department will have to pay claims associated with the NTD Project; the total amount to be paid or accrued can not be reasonably estimated. As of September 30, 2007 $54,830,000 of claims had been paid and none had been accrued and included in accounts payable and accrued expenses in the accompanying statement of net assets. As of September 30, 2006 $28,800,000 claims had been paid and $4,800,000 had been accrued and included in accounts payable and accrued expenses in the accompanying statement of net assets.

(12) Commitments and Contingencies

(a) Environmental Matters

In August 1993, the 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 (Eastern) and Pan Am Airlines (Pan Am). 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 (MACTEC), 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 2007, the total cumulative estimate to correct such violations was $236.2 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, 2007 approximated $130.8 million. The Aviation Department has also spent $54.8 million in other environmental related projects not part of any consent order.

During fiscal year 1998, a Consent Order (FDEP Consent Order) was signed with the State of Florida Department of Environmental Protection (FDEP). The FDEP Consent Order encompasses and replaces the DERM agreement and includes additional locations. The FDEP Consent Order includes all locations at 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.

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. As of September 30, 2007, the Aviation Department has received approximately $49 million from the State, insurance companies and PRP's.

The outstanding liability amount at September 30, 2007 and 2006 was $105,401,000 and $135,697,000, respectively, representing the unexpended environmental remediation costs based on the Opinion of Cost performed by MACTEC. 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 formerly 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 amounts are recorded as of September 30, 2007 and 2006.

(b) Other Commitments and Contingencies

As of September 30, 2007, the Aviation Department had approximately $1.6 billion of construction commitments outstanding.

A number of claims and lawsuits are pending against the County relating to the Aviation Department resulting from the normal course of conducting its operations. However, in the opinion of management and the County Attorney, the ultimate outcome of such actions will not have a material adverse effect on the financial position of the Aviation Department.

The Aviation Department receives grants from federal and state financial assistance programs, which are subject to audit and adjustment by the grantor agencies. It is the opinion of management that no material liabilities will result to the Aviation Department from any such audit.

The Florida Department of Transportation (FDOT), in cooperation with the County, has borrowed $433 million from the United States Department of Transportation (USDOT) under the Transportation Infrastructure Financing Innovation Act (TIFIA) loan program. Approximately $269 million of the loan proceeds will be used to construct the Miami Intermodal Center and approximately $164 million for a consolidated rental car facility (RCF) adjacent to the Airport. The $164 million is to be used by FDOT to purchase the land needed for the RCF and then design and construct the facility. The portion of the loan relating the RCF will be repaid through the collection of the Customer Facility Charges (CFCs) from car rental company customers at the Airport. The remainder of the loan will be repaid by the State. The repayment of the TIFIA loan is not secured by revenues or any other revenues of the Aviation Department. On December 7, 1999 the County

(Continued)

entered into a Memorandum of Understanding (MOU) with FDOT. The MOU provides that FDOT's portion of the TIFIA loan is $269 million and that MDAD's portion of the TIFIA loan is approximately $164 million. This funding of $164 million is expressly for the purpose of paying FDOT for the cost of the land underlying the RCF and the construction of the RCF. MDAD has agreed to purchase from FDOT all land acquired by FDOT for use in connection with the RCF site as part of the capital cost for the RCF. As of September 30, 2007 the purchase by MDAD from FDOT has not taken place, the purchase cannot occur until FDOT completes the construction of the RCF. The negotiation and purchase of the land and the RCF is estimated to take place shortly after the RCF's current estimated completion date of January 2010. As such, as of September 30, 2007 MDAD has not recorded the loan payable in its accounting records.

On April 1, 2005, a security agreement was entered into among USDOT, FDOT, and the County regarding FDOT's loan agreement for the TIFIA loan in an amount up to $170 million. Under the security agreement the USDOT requires as a condition to loaning the TIFIA funds to FDOT that FDOT and the County pledge and assign to a fiscal agent a security interest in the Pledged Revenues, which includes the CFC's collected by MDAD and any contingent rent that is imposed by the County on participating car rental companies in the event CFCs are not sufficient to meet the debt service requirements. As to the nature of the payment by MDAD to FDOT, MDAD is under no obligation to expend its own funds for the purchase. All payments to FDOT for the purchase of the land and the RCF will come exclusively from a pool of funds made of Customer Facility Charge proceeds (as well as any contingent rents that are imposed on the rental car companies).

On July 19, 2007 the Board of County Commissioners approved the First Amendment to the Rental Car Concession Agreement and Facility Lease Agreement (the RCCA). The RCCA was one of the contractual documents all rental car companies desiring to participate in the RCF were required to sign. Resolution No. R-910-07 approving the First Amendment also accepted FDOT's new estimate of $370 million for the design and construction costs of the RCF, and approved an increase in MDAD portion of the TIFIA loan from $164 million to $270 million, with the balance of the costs to be paid by the CFCs already collected from rental car company customers. The RCCA as amended confirmed that the debt service of the RCF portion of the TIFIA loan and additional RCF financing shall be paid solely from CFCs and contingent rent, if any. In no event shall MDAD be required use general airport revenues for the payment of debt service on the RCF portion of the TIFIA loan or any additional RCF financing.

(13) Subsequent Events

(a) Bond Issuance

In December 2007, the County issued $367,700,000 of Series 2007C and $43,650,000 of Series 2007 D. The Series 2007C was issued to refund outstanding Aviation Revenue Bonds, Series 1996A and Series 1997B. The Series 2007D was issued to refund outstanding Aviation Revenue Bonds Series 1996B and Series 1996C. The Series 2007C bonds bear stated interest rates ranging from 5.00% to 5.25%, with $367,700,000 serial bonds due on October 1, 2008 to 2026. The Series 2007D bonds bear stated interest rates ranging from 4.00% to 5.25%, with $43,650,000 serial bonds due from October 1, 2008 to 2026.

(b) Local Government Surplus and Investment Pool

At September 30, 2007, Miami-Dade County had $512,212,420 invested in the State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool (the Pool). During the month of November 2007, the County began making withdrawals from the Pool until all funds were withdrawn by November 27, 2007.

On November 29, 2007, the State Board of Administration implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Fund coupled with the absence of market liquidity for certain securities within the Pool.

The significant amount of withdrawals followed reports that the Pool held asset-backed commercial paper that was subject to sub prime mortgage risk. On December 4, 2007, based on recommendations from an outside financial advisor, the State Board of Administration restructured the Pool into two separate pools. Pool A consisted of all money market appropriate assets, which was approximately $12 billion or 86% of Pool assets. Pool B consisted of assets that either defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk. These assets had an approximate value of $2 billion or 14% of Pool assets. At the time of the restructuring, all current pool participants had their existing balances proportionately allocated into Pool A and Pool B.

Currently, Pool A participants may withdraw 15% of their balance or $2 million, whichever is greater, without penalty. Withdrawals from Pool A in excess of the above limit are subject to a 2%

redemption fee. New investments in Pool A are not subject to the redemption fee or withdrawal restrictions. Future withdrawal provisions from Pool A will be subject to further evaluation based on the maturities of existing investments and the liquidity requirements of the Pool. On December 21, 2007, Standard and Poor's Ratings Services assigned its "AAAM" principal stability fund rating to Pool A.

Currently, Pool B participants are prohibited from withdrawing any amount from the Pool and a formal withdrawal policy has not yet been developed. Market valuations of the assets held in Pool B are not readily available. In addition, full realization of the principal value of Pool B assets is not readily determinable.

As of March 13, 2008, Miami-Dade County does not have investments in Pool A or B. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration.

(c) Auction Rate Bonds and Sunshine State Governmental Financing Commission Loans

Subsequent to year end, several of the bond insurers have been place on ratings watch and some have been downgraded from AAA to AA or A by rating agencies due to their exposure to asset-backed securities. Auction rate securities and other variable rate debt obligations trade based on the insurance ratings. Since the bond insurers have been placed on ratings watch, the financial markets have experienced significant turmoil and the auction rate bonds have traded at much higher rates than normal. Additionally, the County has loans outstanding from the Sunshine State Governmental Financing Commission which are commercial paper obligations backed by insurance and a line of credit. These loans are also experiencing significant trading problems.

As of September 30, 2007, the Aviation Auction Rate Series 2003E in the amount of $139.7 million and the Sunshine State Governmental Financing Commission Commercial Paper Program were outstanding.

The County is looking at various options to reduce the risk of paying higher interest rates due to the continued instability in the variable rate market. These options include:

- The conversion of Auction Rate Bonds to a fixed rate mode
- The conversion of Auction Rate Bonds to a variable rate mode supported by a letter of credit from a financial institution
- The refunding of Auction Rate Bonds or Sunshine Loans through a private placement or loan from a qualified banking institution
- Obtaining alternate bond insurance from an insurer that has stronger credit and is not on credit watch

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Statistical Section

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Overview

The Statistical Section is divided into five areas: financial trend data; revenue capacity data; debt capacity data; demographic and economic information and operating information.

Financial Trend data shows changes in the Department's financial position:

Department operating revenues and expenses
Department change in net assets
Department largest sources of revenue

Revenue Capacity data shows MIA's major revenue sources and changes in key rates and charges:

Key airport usage fees and charges
Concession revenue
Parking revenue
Rental car revenue
Terminal rent revenue
Food & beverage revenue

Operating Information shows how the airport has performing on an annual basis and within the airport market sector:

Department employee strength
Aircraft operations
Aircraft landed weights
Passenger enplanements
Enplanement market share by airline by fiscal year

Economic Information shows the major drivers of usage and how the airport service area is performing compared to the region and the nation:

Miami-Dade County Population
Principal employers in Miami-Dade County
Miami-Dade County unemployment statistics
Miami-Dade County Per Capita Personal Income

Debt information shows how the Airport is performing meeting its debt obligations and the relative level of debt:

Revenue bond debt service coverage
Outstanding debt
Long term debt per enplaned passenger
Capital Assets

2007
Comprehensive Annual Financial Report

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Department Operating Revenues and Expenses

Schedule of Revenues and Expenses

Last Ten Fiscal Years

(In Thousands)	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
OPERATING REVENUES:										
Aviation Fees	$165,986	$171,935	$184,289	$185,718	$171,960	$197,084	$208,026	$213,481	$249,867	$239,565
Rentals	103,235	101,968	100,100	93,492	100,458	88,609	91,167	89,255	93,077	101,331
Commercial Operations:										
Management Agreements	127,029	112,686	115,637	112,141	95,785	91,188	98,371	62,103	68,499	78,974
Concessions	56,222	63,612	72,140	74,338	75,287	74,057	73,174	77,520	80,171	94,100
Other	573	1,682	7,446	3,431	2,944	308	1,279	13,364	18,967	10,717
Other Environmental Remediation	-	-	-	-	-	-	-	39,758	14,619	30,296
Total Operating Revenue	**$453,045**	**$451,883**	**$479,612**	**$469,120**	**$446,434**	**$451,246**	**$472,017**	**$495,481**	**$525,200**	**$554,983**
OPERATING EXPENSES:										
Operating Expenses	$185,729	$182,330	$189,745	$188,212	$190,754	$212,708	$196,925	$220,412	$221,049	$238,691
Operating Expenses for Environmental Remediation	9,915	9,981	-	68,661	7,118	8,980	24,659	4,893	3,381	2,107
Operating Expenses Under Management Agreements	71,370	60,342	64,882	61,826	49,780	49,520	48,824	22,132	27,040	32,197
Operating Expenses Under Operating Agreements	19,148	21,278	23,792	30,066	26,658	28,560	30,435	31,221	31,564	32,651
General and Administrative Expenses	31,425	31,929	38,002	37,907	37,802	40,992	47,819	64,895	65,102	51,732
Depreciation and Amortization	97,829	105,165	103,332	102,557	101,586	97,902	103,971	109,169	111,811	122,596
Total Operating Expenses	**$415,416**	**$411,025**	**$419,753**	**$489,229**	**$413,698**	**$438,662**	**$452,633**	**$452,722**	**$459,947**	**$479,974**
Operating Income (loss)	$37,629	$40,858	$59,859	($20,109)	$32,736	$12,584	$19,384	$42,759	$65,253	$75,009
NONOPERATING REVENUE (EXPENSE):										
Interest Expense (net)	(88,836)	(93,278)	(97,503)	(90,434)	(92,689)	(126,754)	(87,762)	(113,535)	(113,274)	(123,401)
Investment Income:										
Current Investments	3,812	6,968	7,862	8,923	4,922	174	1,928	3,957	9,456	10,519
Restricted Investments	20,648	16,299	16,396	15,850	5,692	7,776	4,290	7,659	21,880	18,384
Loss on Disposition of Assets/Project Costs	-	(45,383)	-	(3,823)	-	(5,973)	-	-		
Passenger Facility Charges	24,603	-	43,309	45,754	46,982	51,657	58,472	59,571	65,149	66,341
Other Nonoperating Revenue	5,516	20,543	5,893	7,702	5,728	10,539	1,284	18,420	20,548	23,027
Total Nonoperating Expense	**($34,257)**	**($94,851)**	**($24,043)**	**($16,028)**	**($29,365)**	**($62,581)**	**($21,788)**	**($23,928)**	**$3,759**	**($5,130)**
(Loss) Income before Capital Contribution	**3,372**	**(53,993)**	**35,816**	**(36,137)**	**3,371**	**(49,997)**	**(2,404)**	**18,831**	**69,012**	**69,879**
Capital Contributions	-	-	-	24,891	44,968	62,845	31,532	25,483	55,993	26,983
Change in Net Assets before cummulative effect of change in Accounting Principle	$3,372	($53,993)	$35,816	($11,246)	$48,339	$12,848	$29,128	$44,314	$125,005	$96,862
Depreciation on Fixed Assets funded by Grants from Government Agencies for the year ended 9-30-00, 99 & 98	8,805	11,073	10,876	-	-	-	-	-	-	-
Cumulative Effect of Change in Accounting Principle	-	-	-	-	-	-	-	-	-	-
Cummulative Effect of change in Accounting Principle										
Cummulative Effect of change in accounting for depreciation on fixed assets funded by Grants from Government Agencies	62,290	-	-	-	-	-	-	-	-	-
Change in Net Assets	**$74,467**	**($42,920)**	**$46,692**	**($11,246)**	**$48,339**	**$12,848**	**$29,128**	**$44,314**	**$125,005**	**$96,862**

Department Change in Net Assets

Department Change in Net Assets ($000)
Fiscal Years Ended September 30

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Current Assets:	$ 98,661	$ 130,661	$ 149,651	$ 164,530	$ 166,707	$ 454,486	$ 495,380	$ 467,748	$ 556,999	$ 570,335
Noncurrent assets										
Restricted assets	276,552	328,649	437,768	376,125	390,006	656,150	436,806	316,142	376,423	407,889
Capital assets, net	2,182,689	2,217,735	2,279,714	2,434,970	2,776,584	3,186,232	3,609,761	3,978,777	4,335,934	4,634,971
Other essets	16,514	15,852	15,938	14,284	16,205	37,234	45,087	41,489	45,905	53,199
Total assets	2,574,416	2,692,897	2,883,071	2,989,909	3,349,502	4,334,102	4,587,034	4,804,156	5,315,261	5,096,059
Current liabilities	76,490	101,064	91,041	102,082	81,944	99,291	88,858	88,412	142,484	80,841
Current liabilities payable from restricted assets	85,885	93,078	87,266	105,431	147,937	253,097	286,558	261,853	285,719	285,499
Noncurrent liabilities	1,705,838	1,840,178	1,040,132	1,677,093	2,269,432	3,118,677	3,319,453	3,517,412	3,825,574	4,141,708
Total liabilities	1,868,213	2,034,320	1,218,439	1,884,606	2,499,313	3,471,065	3,694,869	3,867,677	4,253,777	4,508,048
Net assets:										
Invested in capital assets, net of debt	N/A	N/A	N/A	$ 743,620	$ 793,370	$ 790,564	416,312	476,523	468,375	$ 448,243
Restricted	N/A	N/A	N/A	131,854	104,505	82,951	584,512	452,140	528,312	570,219
Unrestricted net assets (deficit)	N/A	N/A	N/A	(73,456)	(47,686)	(10,478)	(108,659)	7,816	64,797	139,884
Total net assets	**N/A**	**N/A**	**N/A**	**$ 802,018**	**$ 850,189**	**$ 863,037**	**$ 892,165**	**$ 936,479**	**$ 1,061,484**	**$ 1,158,346**

Department Largest Sources of Revenue

Ten Largest Revenue Sources (FY ended September 30th)

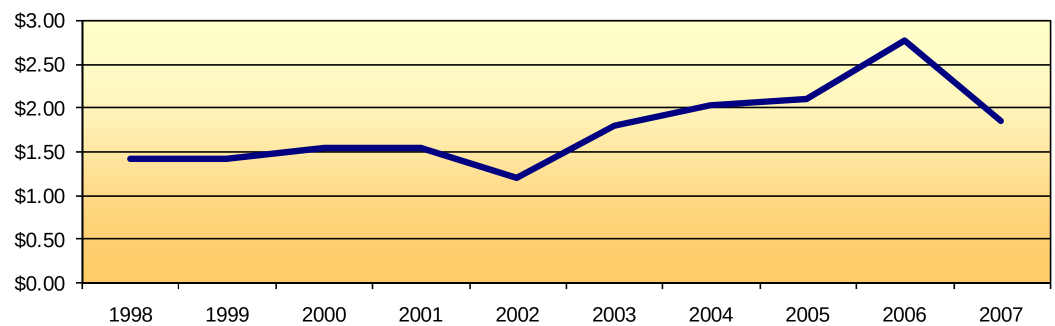
Company	Revenue Ranking FY 2007	Revenues	Company	Revenue Ranking FY 1998	Revenues
American Airlines Inc	1	$ 199,554,639	American Airlines Inc	1	$ 108,809,246
Airport Parking Associates	2	41,846,246	SIRGANY/CENTURY	2	30,989,502
Allied Aviation Services	3	16,445,584	Airport Parking Associates	3	30,295,727
Duty Free Americas Miami,LLC	4	14,467,149	Miami Airport Duty Free Joint	4	20,781,821
Delta Air Lines Inc	5	11,339,539	Host Marriott	5	20,741,155
Executive Airlines dba American Eagle Airlines Inc	6	9,392,626	United Airlines	6	17,880,540
H I Development Corp - Hotel - MIA	7	8,570,793	Miami International Airport Ph	7	13,458,448
Continental Airlines	8	8,398,282	H I Development Corp - Hotel	8	13,220,494
US Airways Inc.	9	7,674,477	Aircraft Service International	9	10,274,691
Westfield Concession Management Inc	10	7,638,771	Delta Air Lines Inc	10	9,344,892
Host International Inc	11	7,215,406	Sirgany International Inc	11	8,773,016
LAN Airlines f/k/a LAN Chile SA	12	7,185,466	US Airways, Inc.	12	7,654,506
The Hertz Corporation	13	6,873,492	Executive Airlines dba America	13	6,289,742
Miami International Airport Pharmacy Inc	14	6,777,440	H I Development Corp - Top of the Po	14	6,097,158
British Airways	15	6,164,537	Continental Airlines	15	6,091,529

Key Usage Fees and Charges

Key Usage Fees and Charges
Fiscal Years Ended September 30, 1998 to 2007

Fiscal Year	Landing Fees per 1,000 lbs.	% Change	Terminal Rental Rates (average cost per sq. foot (Class III)	% Change	Concourse Use Fee	% Change	International Facilities Fee	% Change	Domestic Baggage Claim Charge	% Change	Outbound Baggage Makeup Charge	% Change	Security Screening Fee	% Change
1998	$1.41	5.2%	$46.02	8.5%	$1.28	10.3%	$1.67	11.3%	$0.35	12.9%	$0.42	35.5%	$0.17	30.8%
1999	$1.41	0.0%	$48.13	4.6%	$1.35	5.5%	$1.87	12.0%	$0.36	2.9%	$0.46	9.5%	$0.20	17.6%
2000	$1.54	9.2%	$47.23	-1.9%	$1.52	12.6%	$2.01	7.5%	$0.38	5.6%	$0.45	-2.2%	$0.20	0.0%
2001	$1.54	0.0%	$50.55	7.0%	$1.64	7.9%	$1.86	-7.5%	$0.40	5.3%	$0.29	-35.6%	$0.22	10.0%
2002	$1.20	-22.1%	$50.31	-0.5%	$1.79	9.1%	$2.10	12.9%	$0.40	0.0%	$0.37	27.6%	$0.22	0.0%
2003	$1.80	50.0%	$47.18	-6.2%	$1.91	6.7%	$2.05	-2.4%	$0.45	12.5%	$0.65	75.7%	$0.24	9.1%
2004	$2.03	12.8%	$51.39	8.9%	$1.80	-5.8%	$2.17	5.9%	$0.62	37.8%	$0.59	-9.2%	$0.29	20.8%
2005	$2.10	3.4%	$56.49	9.9%	$2.12	17.8%	$2.24	3.2%	$0.69	11.3%	$0.60	1.7%	$0.32	10.3%
2006	$2.77	31.9%	$59.77	5.8%	$2.42	14.2%	$2.43	8.5%	$0.83	20.3%	$0.76	26.7%	$0.33	3.1%
2007	$1.85	-33.2%	$61.90	3.6%	$2.74	13.2%	$2.49	2.5%	$1.08	30.1%	$0.78	2.6%	$0.33	0.0%

Landing Fee Rate (per 1,000 lbs)



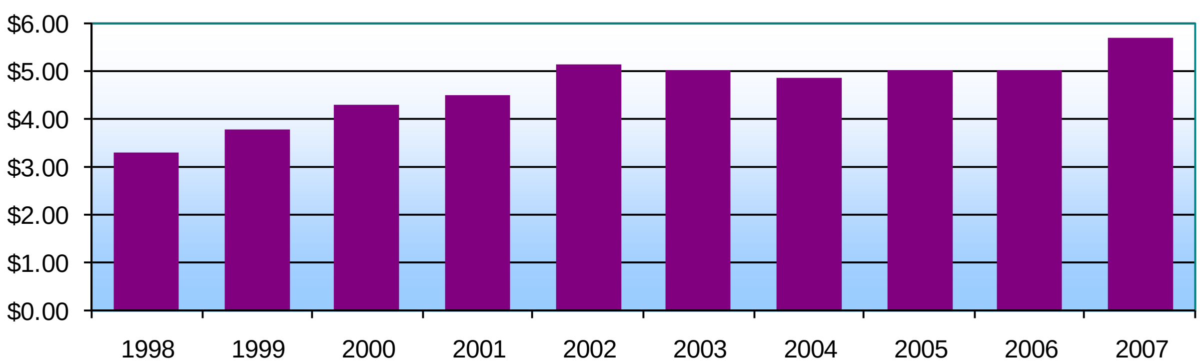
Concession Revenue Per Enplaned Passenger

Concession Revenue

Fiscal Years Ended September 30, 1998 to 2007

Fiscal	Concession Revenue		Enplaned Passengers		Revenue per Enplaned Passenger	
Year	Amount	% Change	Number	% Change	Amount	% Change
1998	$56,222,000	3.3%	17,020,909	-1.1%	$3.30	4.4%
1999	$63,612,000	13.1%	16,922,877	-0.6%	$3.76	13.8%
2000	$72,140,000	13.4%	16,832,142	-0.5%	$4.29	14.0%
2001	$74,338,000	3.0%	16,523,588	-1.8%	$4.50	5.0%
2002	$75,287,000	1.3%	14,674,174	-11.2%	$5.13	14.0%
2003	$74,057,000	-1.6%	14,739,909	0.4%	$5.02	-2.1%
2004	$73,174,000	-1.2%	15,117,556	2.6%	$4.84	-3.7%
2005	$77,520,000	5.9%	15,443,258	2.2%	$5.02	3.7%
2006	$80,171,000	3.4%	16,055,040	4.0%	$4.99	-0.5%
2007	$94,099,786	17.4%	16,615,415	3.5%	$5.66	13.4%

Concession Revenue per Enplaned Passenger

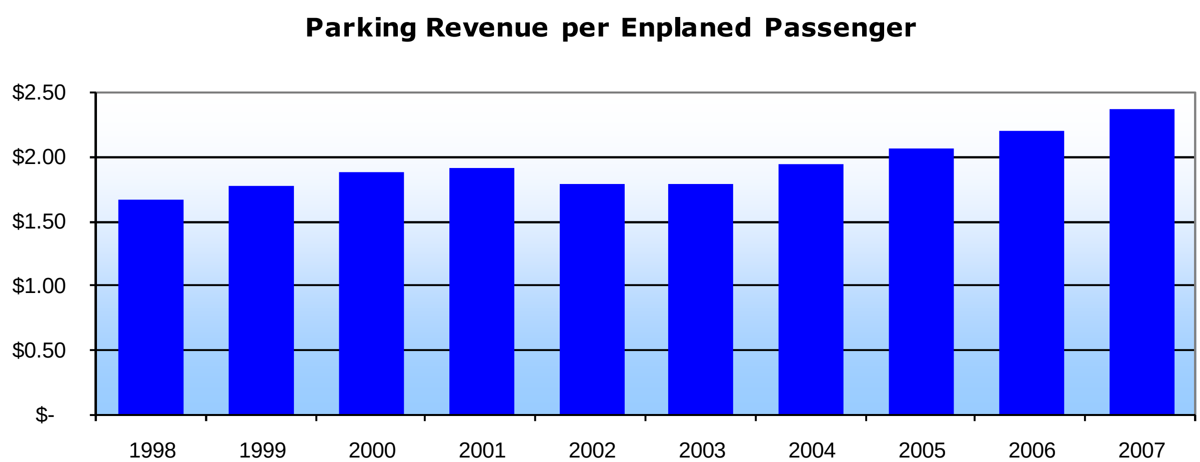


Parking Revenue Per Enplaned Passenger

Parking Revenue

Fiscal Years Ended September 30, 1998 to 2007

Fiscal	Parking Revenue		Enplaned Passengers		Revenue per Enplaned Passenger	
Year	Amount	% Change	Number	% Change	Amount	% Change
1998	$28,395,067	14.3%	17,020,909	-1.1%	$1.67	15.5%
1999	$29,947,674	5.5%	16,922,877	-0.6%	$1.77	6.1%
2000	$31,450,549	5.0%	16,832,142	-0.5%	$1.87	5.6%
2001	$31,589,597	0.4%	16,523,588	-1.8%	$1.91	2.3%
2002	$26,215,802	-17.0%	14,674,174	-11.2%	$1.79	-6.6%
2003	$26,388,268	0.7%	14,739,909	0.4%	$1.79	0.2%
2004	$29,189,658	10.6%	15,117,556	2.6%	$1.93	7.9%
2005	$31,804,432	9.0%	15,443,258	2.2%	$2.06	6.7%
2006	$35,261,450	10.9%	16,055,040	4.0%	$2.20	6.6%
2007	$39,199,550	11.2%	16,615,415	3.5%	$2.36	7.4%



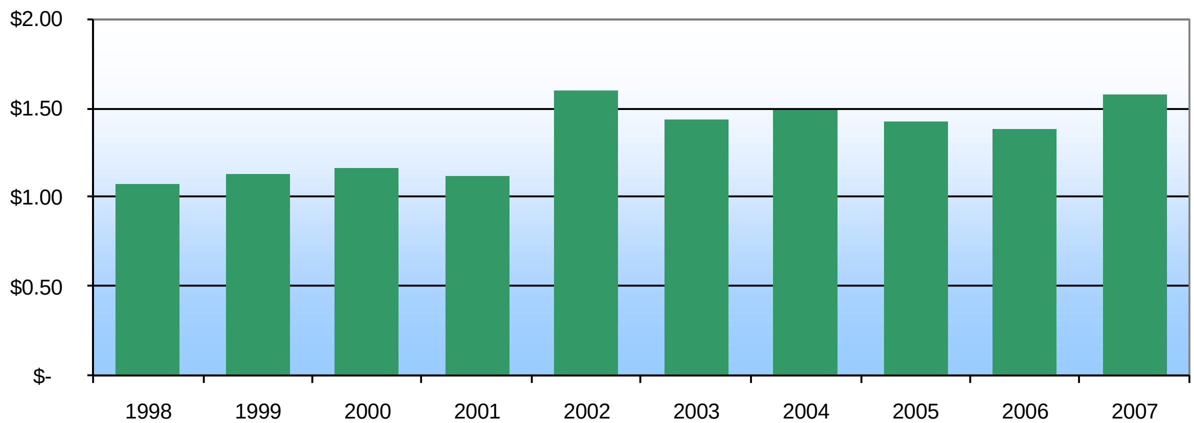
Rental Car Revenue Per Enplaned Passenger

Rental Car Revenue

Fiscal Years Ended September 30, 1998 to 2007

Fiscal Year	Rental Car Revenue Amount	Rental Car Revenue % Change	Enplaned Passengers Number	Enplaned Passengers % Change	Revenue per Enplaned Passenger Amount	Revenue per Enplaned Passenger % Change
1998	$18,420,074	-13.5%	17,020,909	-1.1%	$1.08	-12.6%
1999	$19,083,019	3.6%	16,922,877	-0.6%	$1.13	4.2%
2000	$19,518,891	2.3%	16,832,142	-0.5%	$1.16	2.8%
2001	$18,584,881	-4.8%	16,523,588	-1.8%	$1.12	-3.0%
2002	$23,404,000	25.9%	14,674,174	-11.2%	$1.59	41.8%
2003	$21,093,813	-9.9%	14,739,909	0.4%	$1.43	-10.3%
2004	$22,465,183	6.5%	15,117,556	2.6%	$1.49	3.8%
2005	$22,047,393	-1.9%	15,443,258	2.2%	$1.43	-3.9%
2006	$22,239,100	0.9%	16,055,040	4.0%	$1.39	-3.0%
2007	$26,227,564	17.9%	16,615,415	3.5%	$1.58	14.0%

Rental Car Revenue per Enplaned Passenger

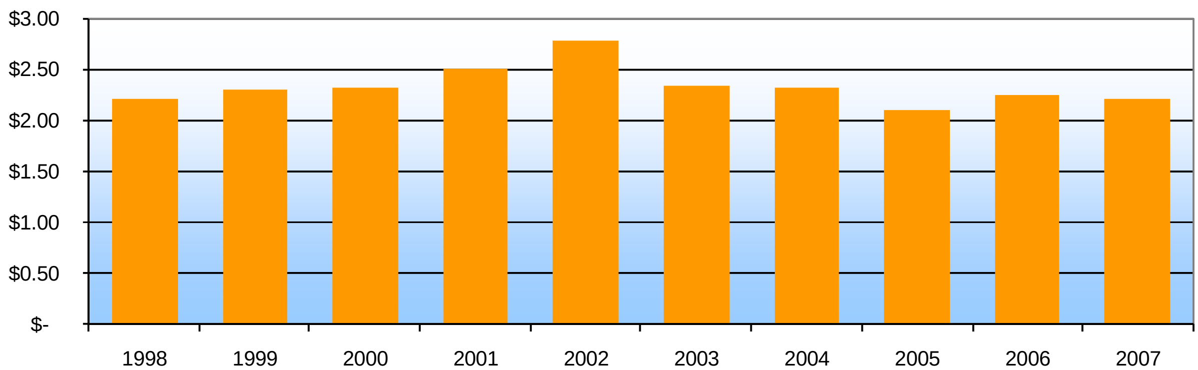


Terminal Rent Per Enplaned Passenger

Terminal Rent Revenue
Fiscal Years Ended September 30, 1998 to 2007

Fiscal	Terminal Rent Revenue		Enplaned Passengers		Revenue per Enplaned Passenger	
Year	Amount	% Change	Number	% Change	Amount	% Change
1998	$37,697,494	4.7%	17,020,909	-1.1%	$2.21	5.9%
1999	$38,901,222	3.2%	16,922,877	-0.6%	$2.30	3.8%
2000	$38,910,426	0.0%	16,832,142	-0.5%	$2.31	0.6%
2001	$41,503,279	6.7%	16,523,588	-1.8%	$2.51	8.7%
2002	$40,820,093	-1.6%	14,674,174	-11.2%	$2.78	10.7%
2003	$34,561,447	-15.3%	14,739,909	0.4%	$2.34	-15.7%
2004	$35,103,016	1.6%	15,117,556	2.6%	$2.32	-1.0%
2005	$32,349,432	-7.8%	15,443,258	2.2%	$2.09	-9.8%
2006	$36,017,147	11.3%	16,055,040	4.0%	$2.24	7.1%
2007	$36,810,779	2.2%	16,615,415	3.5%	$2.22	-1.2%

Terminal Rent per Enplaned Passenger



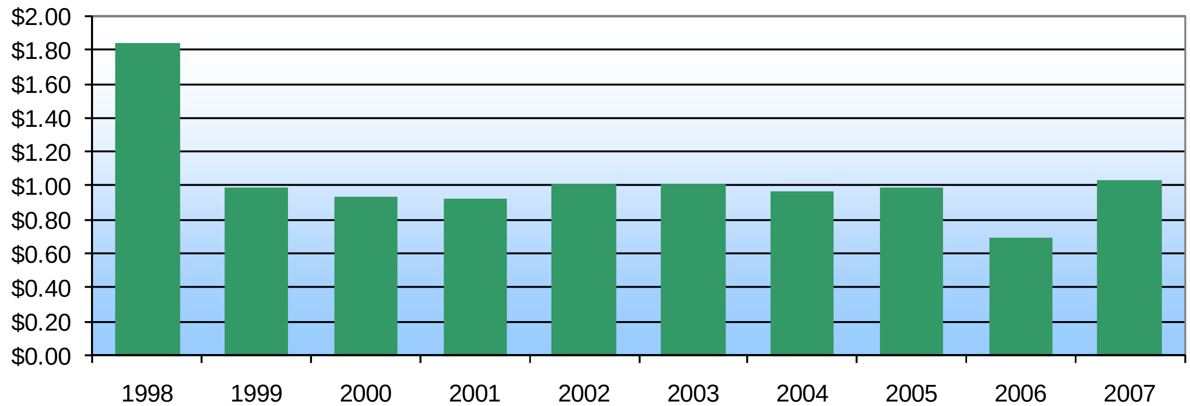
Food & Beverage Revenue Per Enplaned Passenger

Food & Beverage Revenue

Fiscal Years Ended September 30, 1998 to 2007

Fiscal	Food & Beverage Revenues		Enplaned Passengers		Revenue per Enplaned Passenger	
Year	Amount	% Change	Number	% Change	Amount	% Change
1998	$31,362,430	-27.3%	17,020,909	-1.1%	$1.84	-26.6%
1999	$16,883,343	-46.2%	16,922,877	-0.6%	$1.00	-45.9%
2000	$15,880,167	-5.9%	16,832,142	-0.5%	$0.94	-5.4%
2001	$15,407,164	-3.0%	16,523,588	-1.8%	$0.93	-1.2%
2002	$14,840,977	-3.7%	14,674,174	-11.2%	$1.01	8.5%
2003	$15,026,517	1.3%	14,739,909	0.4%	$1.02	0.8%
2004	$14,652,311	-2.5%	15,117,556	2.6%	$0.97	-4.9%
2005	$15,423,261	5.3%	15,443,258	2.2%	$1.00	3.0%
2006	$11,228,494	-27.2%	16,055,040	4.0%	$0.70	-30.0%
2007	$17,226,724	53.4%	16,615,415	3.5%	$1.04	48.2%

Food & Beverage Revenue per Enplaned Passenger



Department Employee Strength

Miami-Dade Aviation Department
Full-Time Equivalent Employees (FTE)
Fiscal Years 1998 to 2007

Year	FTEs as of September 30	% Change	Enplaned Passengers	Enplaned Passengers per FTEs
1998	1,667	-2.3%	17,020,909	10,211
1999	1,718	3.1%	16,922,877	9,850
2000	1,775	3.3%	16,832,142	9,483
2001	1,811	2.0%	16,523,588	9,124
2002	1,704	-5.9%	14,674,174	8,612
2003	1,674	-1.8%	14,739,909	8,805
2004	1,692	1.1%	15,117,556	8,935
2005	1,686	-0.4%	15,443,258	9,160
2006	1,504	-10.8%	16,055,040	10,675
2007	1,404	-6.6%	16,615,415	11,834

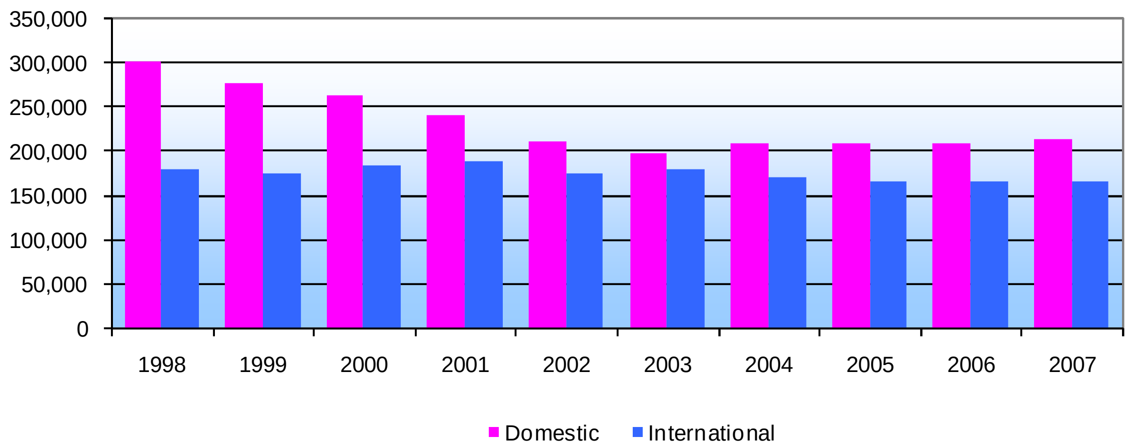
Aircraft Operations

Flight Operations

Fiscal Years Ended September 30, 1998 to 2007

Fiscal	Domestic		International		Total	
Year	Operations	% Change	Operations	% Change	Operations	% Change
1998	301,856	3.7%	180,225	2.7%	482,081	3.3%
1999	277,233	-8.2%	175,742	-2.5%	452,975	-6.0%
2000	263,850	-4.8%	185,034	5.3%	448,884	-0.9%
2001	242,701	-8.0%	189,218	2.3%	431,919	-3.8%
2002	211,502	-12.9%	177,236	-6.3%	388,738	-10.0%
2003	199,725	-5.6%	181,523	2.4%	381,248	-1.9%
2004	209,331	4.8%	172,339	-5.1%	381,670	0.1%
2005	210,960	0.8%	166,670	-3.3%	377,630	-1.1%
2006	209,357	-0.8%	166,650	0.0%	376,007	-0.4%
2007	214,668	2.5%	168,046	0.8%	382,714	1.8%

Flight Operations

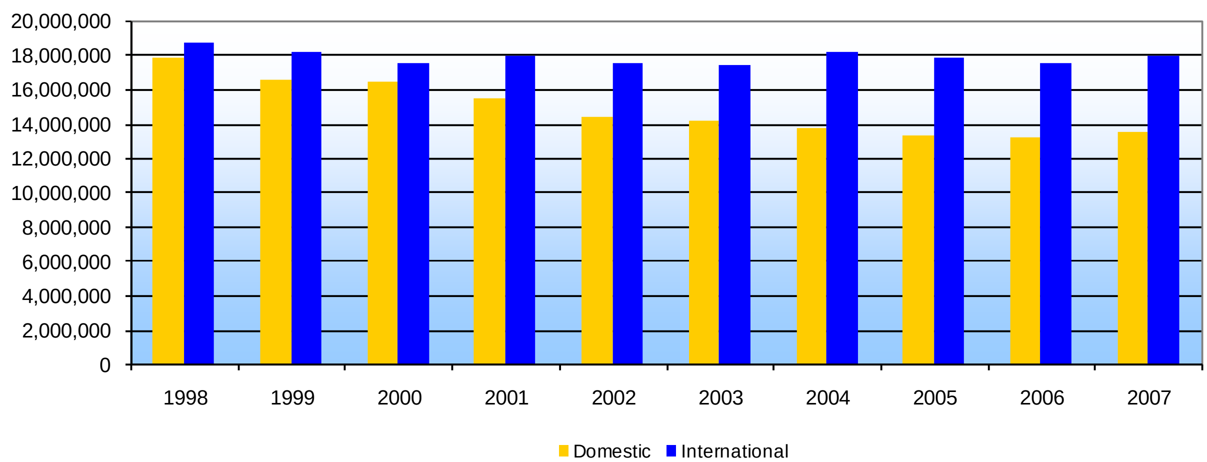


Aircraft Landed Weights

Landed Weights
Fiscal Years Ended September 30, 1998 to 2007

Fiscal	Domestic		International		Total	
Year	1,000 lbs	% Change	1,000 lbs	% Change	1,000 lbs	% Change
1998	17,867,655	-1.2%	18,651,656	4.2%	36,519,311	1.5%
1999	16,554,067	-7.4%	18,195,858	-2.4%	34,749,925	-4.8%
2000	16,463,643	-0.5%	17,521,641	-3.7%	33,985,284	-2.2%
2001	15,482,267	-6.0%	17,994,033	2.7%	33,476,300	-1.5%
2002	14,369,643	-7.2%	17,481,027	-2.9%	31,850,670	-4.9%
2003	14,204,601	-1.2%	17,405,321	-0.4%	31,609,922	-0.8%
2004	13,716,597	-3.4%	18,182,948	4.5%	31,899,545	0.9%
2005	13,288,101	-3.1%	17,860,411	-1.8%	31,148,512	-2.4%
2006	13,197,980	-0.7%	17,537,132	-1.8%	30,735,112	-1.3%
2007	13,498,940	2.3%	17,920,937	2.2%	31,419,877	2.2%

Landed Weights

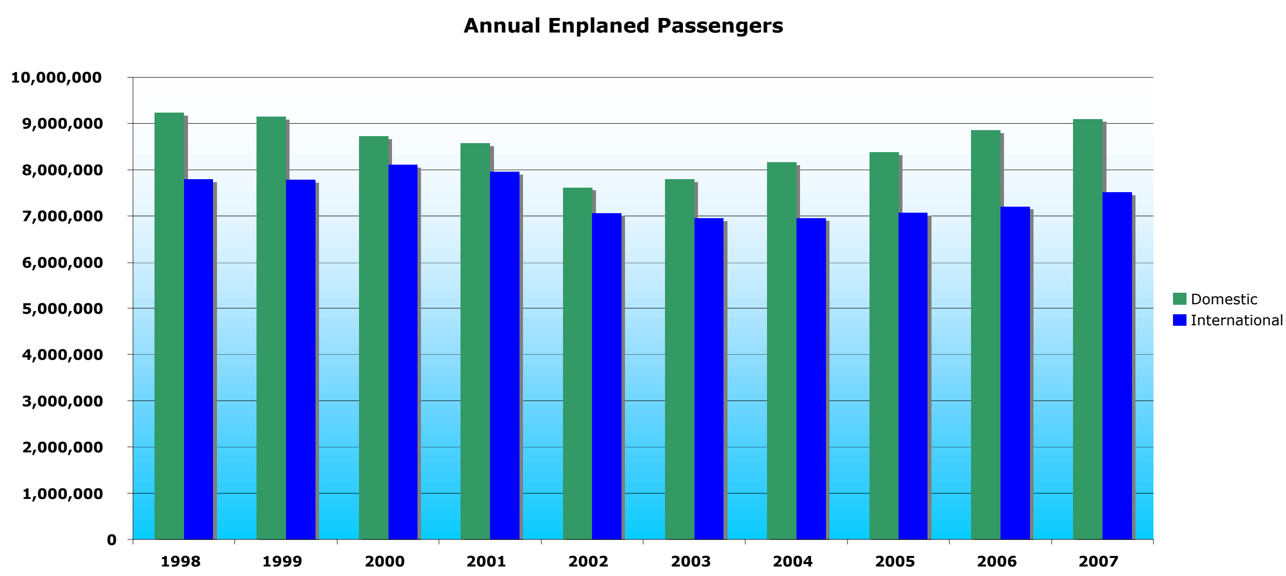


Passenger Enplanements

Annual Enplaned Passengers

Fiscal Years Ended September 30, 1998 to 2007

	Domestic		International		Total	
Year	Passengers	% Change	Passengers	% Change	Passengers	% Change
1998	9,231,701	-2.7%	7,789,208	1.0%	17,020,909	-1.1%
1999	9,144,269	-0.9%	7,778,608	-0.1%	16,922,877	-0.6%
2000	8,724,546	-4.6%	8,107,596	4.2%	16,832,142	-0.5%
2001	8,568,487	-1.8%	7,955,101	-1.9%	16,523,588	-1.8%
2002	7,615,860	-11.1%	7,058,314	-11.3%	14,674,174	-11.2%
2003	7,792,381	2.3%	6,947,528	-1.6%	14,739,909	0.4%
2004	8,162,901	4.8%	6,954,655	0.1%	15,117,556	2.6%
2005	8,373,079	2.6%	7,070,179	1.7%	15,443,258	2.2%
2006	8,854,085	5.7%	7,200,955	1.8%	16,055,040	4.0%
2007	9,102,351	2.8%	7,513,064	4.3%	16,615,415	3.5%



Enplanement Market Share by Airline by Fiscal Year

Enplaned Passengers by Airline
Fiscal Year ending September 30th (000)

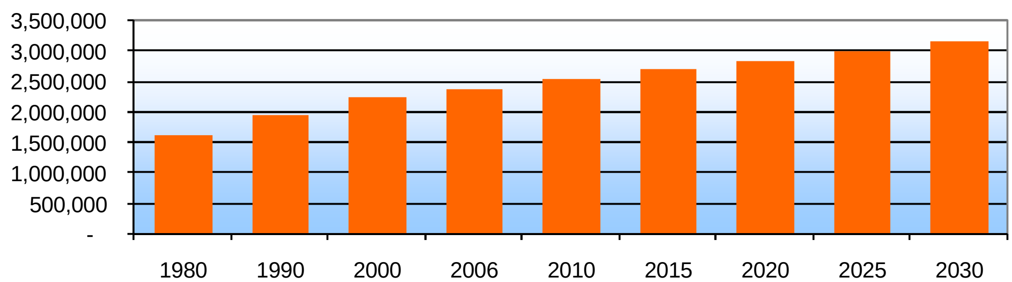
Airline	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
American	8,035.4	7,956.7	8,024.5	8,085.3	7,489.8	7,977.2	8,739.1	9,558.5	10,170.8	10,655.0
United	1,116.1	1,108.2	1,057.3	994.7	844.1	659.5	448.6	242.8	266.0	193.5
Delta	704.6	783.4	785.8	745.0	615.4	634.8	651.5	595.3	530.2	527.6
US Airways	672.5	668.3	715.6	684.8	591.9	410.1	355.3	345.0	385.3	441.6
American Eagle	1,017.2	909.5	880.9	776.0	580.4	516.5	534.3	586.3	693.5	749.3
Continental	425.9	457.1	458.9	484.9	495.0	492.3	456.1	385.6	390.8	402.9
Northwest	396.7	384.2	386.0	380.7	325.1	254.4	248.2	250.8	212.2	193.9
TACA Group	260.5	240.9	220.2	240.2	232.3	179.1	188.5	283.9	186.7	198.6
Iberia	110.0	143.7	177.8	202.6	227.2	148.5	155.2	125.6	114.5	111.7
British Airways	247.8	254.4	241.9	243.8	217.8	231.5	231.0	239.4	239.1	219.7
Avianca	130.5	121.3	126.3	145.7	127.8	100.6	192.4	213.8	247.3	278.9
All Others	4,034.1	4,016.6	3,883.2	3,685.6	3,055.1	3,135.4	2,917.3	2,616.2	2,618.6	2,642.7
Total	17,151.4	17,044.2	16,958.4	16,669.3	14,802.0	14,739.9	15,117.5	15,443.2	16,055.0	16,615.4

Miami-Dade County Population Estimates

Estimates of Miami-Dade County Population
1980 to 2030

Year	Total Population
1980	1,625,781
1990	1,967,000
2000	2,253,362
2006	2,402,208
2010	2,551,289
2015	2,703,122
2020	2,858,189
2025	3,019,800
2030	3,187,792

Estimates of Miami-Dade County Population



Principal Employers in Miami-Dade County

Principal Employers
Latest Available Year and Nine Years Previous

	1997			2006		
Employer	**Employees**	**Rank**	**% of Total County Employment**	**Employees**	**Rank**	**% of Total County Employment**
Miami-Dade County Public Schools	33,658	1	3.1%	50,000	1	4.2%
Miami-Dade County	28,000	2	2.6%	32,000	2	2.7%
U.S. Federal Government	17,600	4	1.6%	20,400	3	1.7%
Florida State Government	17,700	3	1.6%	17,000	4	1.4%
Publix Super Markets	-	-	-	11,000	5	0.9%
Baptist Health Systems of South Florida	-	-	-	10,826	6	0.9%
Jackson Health System	7,216	7	0.7%	10,500	7	0.9%
University of Miami	7,574	6	0.7%	9,874	8	0.8%
American Airlines	9,000	5	0.8%	9,000	9	0.8%
Miami-Dade College	-	-	-	6,500	10	0.5%
Precision Response Corporation	-	-	-	6,000	11	0.5%
Bellsouth Corporation - Florida	5,000	8	0.5%	5,500	12	0.5%
Florida Power & Light Company	3,400	9	0.3%	3,900	15	0.3%
Burdines Department Stores	3,400	10	0.3%	-	-	-
Winn-Dixie Stores	-	-	-	4,833	13	0.4%
City of Miami	-	-	-	4,034	14	0.3%
	132,548		**12.1%**	**201,367**		**16.8%**

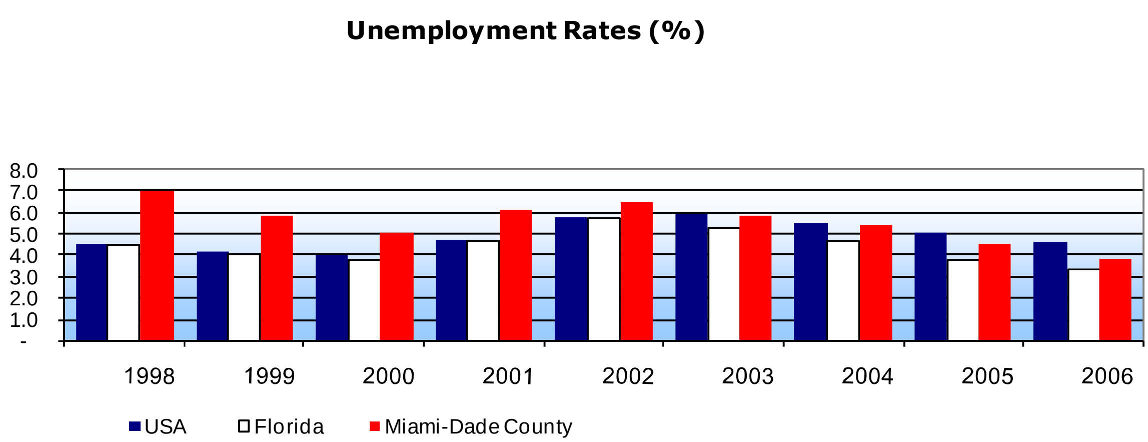
Source: The Beacon Council, Miami, Florida, Miami Business Profile

Miami-Dade County Unemployment Statistics

Unemployment Rates
Percent

Year	USA	Florida	Miami-Dade County
1998	4.5	4.5	7.0
1999	4.2	4.0	5.9
2000	4.0	3.8	5.1
2001	4.7	4.7	6.1
2002	5.8	5.7	6.5
2003	6.0	5.3	5.9
2004	5.5	4.7	5.4
2005	5.1	3.8	4.5
2006	4.6	3.4	3.8

Source: US Bureau of Labor Statistics, Local Area Unemployment Statistics



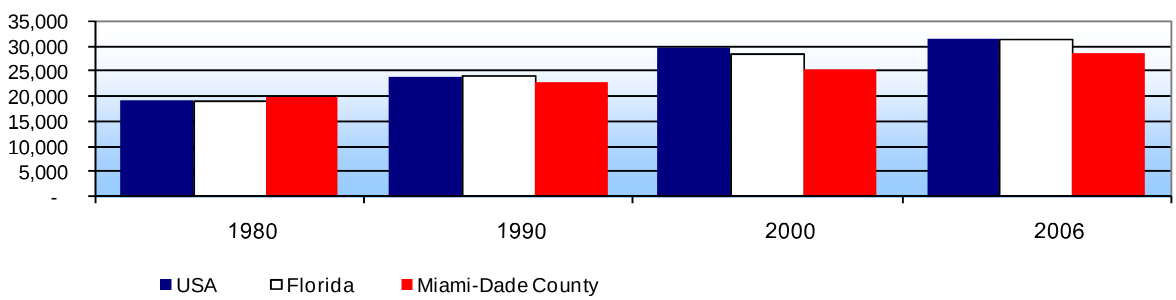
Miami-Dade County Per Capital Personal Income

Per Capital Personal Income
Percent

Year	USA	Florida	Miami-Dade County
1980	$ 19,399	$ 18,985	$ 20,043
1990	24,156	24,223	22,825
2000	29,832	28,505	25,627
2006	31,700	31,428	28,853

Source: US Bureau of Labor Statistics

Per Capital Personal Income (2000 dollars)

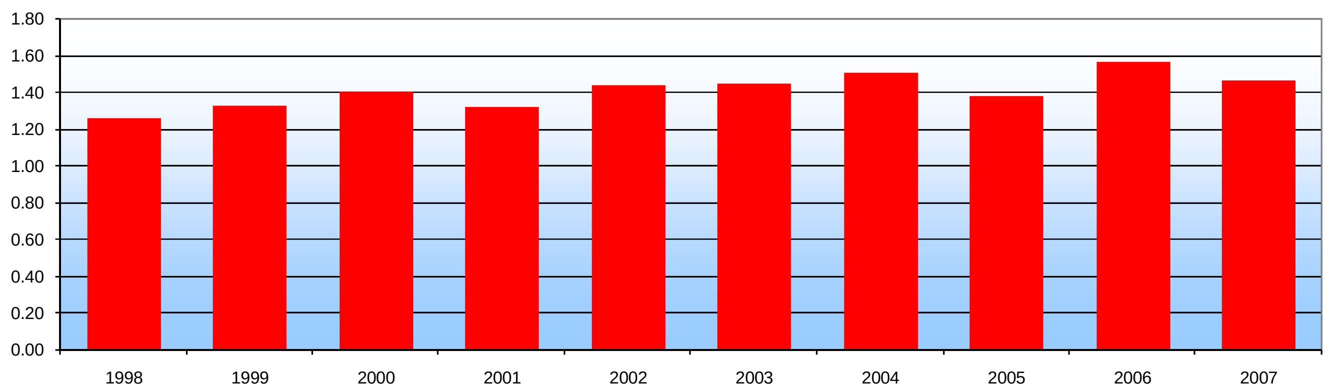


Revenue Bond Debt Service Coverage

Debt Service Coverage - Port Authority Properties
Fiscal Years Ended September 30, 1997 to 2006

	1998	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
Pledged Revenues	$ 432,481	$ 426,856	$ 460,632	$ 465,256	$ 466,146	$ 491,745	$ 550,255	$ 539,397	$ 549,887	$ 591,769
Expenses	279,734	257,546	271,791	286,501	270,198	289,956	314,958	329,030	299,675	345,833
Net Revenues	152,747	169,310	188,841	178,755	195,948	201,789	235,297	210,367	250,212	245,936
Reserve Maintenance Fund Deposit	8,675	7,992	7,000	8,000	4,000	7,000	24,500	15,000	7,500	17,000
Net Revenues after Deposits	144,072	161,318	181,841	170,755	191,948	194,789	210,797	195,367	242,712	228,936
Principal & Interest Requirement	114,624	121,999	129,596	129,599	133,774	134,898	140,471	141,610	155,578	156,853
Debt Service Coverage Ratio (x)	1.26	1.32	1.40	1.32	1.43	1.44	1.50	1.38	1.56	1.46

Debt Service Coverage Ratio (x)



Outstanding Debt

Miami Dade Aviation Department
Outstanding Debt
Last Ten Fiscal Years

Fiscal Year Ended September 30	Trust Agreement Revenue Bonds (a)	Aviation Facilities Revenue Bonds (b)	Commercial Paper Notes (c)	Total
1998	$ 1,384,895	$ 271,770	$ -	$ 1,656,665
1999	1,489,125	266,090	-	1,755,215
2000	1,581,060	259,985	75,000	1,916,045
2001	1,530,445	253,425	168,339	1,952,209
2002	1,776,110	246,305	206,056	2,228,471
2003	2,915,315	-	178,694	3,094,009
2004	3,224,355	-	30,111	3,254,466
2005	3,157,740	-	313,626	3,471,366
2006	3,462,690	-	365,342	3,828,032
2007	3,997,560	-	70,295	4,067,855

a) Revenue Bonds issued under the Trust Agreement are payable solely by a pledge of net revenues, as defined in the Trust Agreement. The Revenue Bonds are being paid by the Aviation Department's net Revenues.

b) In Fiscal Year 2003, the County issued Series 2003. A portion of Series 2003 was used to refund the Aviation Facilities Bonds. Revenue Bonds were issued under the Aviation Facilities Master Bond Resolution and Series Resolution. The Aviation Facilities Bonds are collateralized by the Net Revenues of Specific Aviation Facilities, as defined in the Master Resolution, not financed under the provision of Trust Agreement. Aviation Facilities bonds are paid solely from the net Revenues of the Aviation Facilities.

c) The Commercial Paper Notes are payable solely from proceeds of future Revenue Bonds and any unencumbered monies in the Improvement Fund. An irrevocable letter of credit in the amount of $400 million dollars, was approved for the purpose of making funds readily available for the payment of principal and interest on the Notes.

Long Term Debt Per Enplaned Passenger

Miami Dade Aviation Department
Outstanding Debt
Last Ten Fiscal Years

Fiscal Year Ended September 30	Trust Agreement Revenue Bonds (a)	Aviation Facilities Revenue Bonds (b)	Total	Enplaned Passengers	Long Term Debt Per Enplaned Passenger
1998	$1,384,895	$271,770	$1,656,665	$17,020,909	$97.33
1999	1,489,125	266,090	1,755,215	16,922,877	103.72
2000	1,581,060	259,985	1,841,045	16,832,142	109.38
2001	1,530,445	253,425	1,783,870	16,523,588	107.96
2002	1,776,110	246,305	2,022,415	14,674,174	137.82
2003	2,915,315	-	2,915,315	14,739,909	197.78
2004	3,224,355	-	3,224,355	15,117,556	213.29
2005	3,157,740	-	3,157,740	15,443,258	204.47
2006	3,462,690	-	3,462,690	16,055,040	215.68
2007	3,997,560	-	3,997,560	16,615,415	240.59

a) Revenue Bonds issued under the Trust Agreement are payable solely by a pledge of net revenues, as defined in the Trust Agreement. The Revenue Bonds are being paid by the Aviation Department's net Revenues.

b) In Fiscal Year 2003, the County issued Series 2003. A portion of Series 2003 was used to refund the Aviation Facilities Bonds. Revenue Bonds were issued under the Aviation Facilities Master Bond Resolution and Series Resolution. The Aviation Facilities Bonds are collateralized by the Net Revenues of Specific Aviation Facilities, as defined in the Master Resolution, not financed under the provision of Trust Agreement. Aviation Facilities bonds are paid solely from the net Revenues of the Aviation Facilities.

Capital Assets

CAPITAL ASSET INDICATORS
Fiscal Years 1998 to 2007

Miami-Dade Aviation Department	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Number of airports	6	6	6	6	6	6	6	6	5	5
Number of runways										
Miami International	3	3	3	3	3	4	4	4	4	4
Opa-Locka	4	4	4	4	4	4	4	3	3	3
Tamiami	3	3	3	3	3	3	3	3	3	3
Homestead	2	2	2	2	2	2	2	2	2	2
Training & Transition Airport	1	1	1	1	1	1	1	1	1	1
Opa-Locka West	2	2	2	2	2	2	2	2	closed	closed

MIAMI INTERNATIONAL AIRPORT

Miami-Dade Aviation Department

Finance & Strategy Division

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