MIAMI INTERNATIONAL AIRPORT

2006

Comprehensive Annual Financial Report

For fiscal year ended September 30, 2006

Miami-Dade Aviation Department
Miami, Florida

MIAMI-DADE COUNTY

MIAMI INTERNATIONAL AIRPORT

Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2006

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

Prepared by:
Finance & Strategy Division

MIAMI-DADE COUNTY

2006

Comprehensive Annual Financial Report

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Miami-Dade Aviation Department
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2006

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MIAMI INTERNATIONAL AIRPORT

Commercial Airport:
Miami International Airport

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

April 30, 2007

Honorable Mayor Carlos Alvarez

Honorable Chairman Bruno A. Barreiro

Honorable Members of the Board of County Commissioners

George M. Burgess
County Manager

Mr. 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, 2006, 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 Report is comprised of three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, which includes a profile of the organization and its operating environment, a list of principal officials and the Aviation Department's organizational chart. The financial section includes Management's Discussion and Analysis (MD&A) of the financial condition of the Aviation Department, followed by the Department's Financial Statements and Notes to the Financial Statements. The statistical section discloses selected financial trends and operational information of the Aviation Department, and the social and economic data relating to the community.

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.

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") and three general aviation airports, and two training airports ("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. The Airport System previously included two separate main funding sources – Port Authority Properties ("PAP") and Aviation Development Facilities ("ADF"). Pap includes all properties financed or refinanced with bonds issued under the Amended and Restated Trust Agreement. ADF includes all properties financed or refinanced with bonds issued under a Master Resolution adopted by the Board in December 1984, as amended and supplemented (the "Master Resolution") and other properties. As of June 1, 2003, Port Authority Properties acquired Aviation Development Facilities and , upon the acquisition of ADF by PAP, the Aviation Department now operating the Airport System as a single financial enterprise, and all revenues derived from the use and occupancy of the Airport System as a single financial enterprise, and all revenues derived from the use and occupancy of the Airport System are Revenues of the Port Authority Properties.

Economic Conditions and Outlook

Miami International Airport (MIA) continues to be an economic engine for Miami-Dade County and the State of Florida. An economic impact study released in 2005 reports that MIA has an annual impact on local tourism, cruise, international banking, trade and commerce of $19.1 billion. MIA and related aviation industries contribute 242,387 jobs directly and indirectly to the South Florida economy, and are responsible for one out of every 4.3 jobs.

The Airport is the major trans-shipment point between the Americas, Caribbean and Europe, with an extensive route structure that serves approximately 135 cities on four continents. MIA has substantial market share of the Latin American and Caribbean passenger traffic, handling 51 percent of the South American market, 31 percent of Central America and 21 percent of the Caribbean market as of the fourth quarter of CY 2006. With 45 percent of total passenger traffic being international, MIA is among one of two airports in the U.S. with the highest international-to-domestic passenger ratios.

MIA's total air trade is valued at nearly $27.6 billion annually, or 95 percent of the dollar value of Florida's total air imports and exports, and 30 percent of the State's total (air and sea) trade with the world. As the center for hemispheric air trade, MIA now handles 80 percent of all air imports and 77 percent of all air exports between the United States and the Latin American/Caribbean region. MIA is the USA's leading airport in the handling of perishable products, handling 69 percent of all perishable products, 86 percent of all cut-flower imports, 66 percent of all fish imports, and 60 percent of all fruit and vegetable imports.

Passenger Activity

During Fiscal Year 2006, 32,094,712 passengers transited through MIA, up 3.8 percent compared to Fiscal Year 2005. Domestic traffic increased by 5.5 percent to 17,550,232, or 55 percent of the total. International traffic accounted for 45 percent or 14,544,480 passengers, which was up 1.9 percent. MIA is ranked third in the U.S. for international passengers.

A diverse group of airlines provides passenger service at the Airport including 31 U.S. airlines and 41 foreign-flag carriers in Fiscal Year 2006.

Freight Activity

Freight tonnage totaled 1,929,840 tons in Fiscal Year 2006, resulting in an increase of 0.3 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 been 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-10F's.

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 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 airlines. Under these agreements airlines have no obligations to make real property investments in terminal facilities or equipment, although most airlines make relatively modest investments in tenant improvements to their premises and in personal property to support their operations.

Cost Per Enplaned Passenger

Airline charges from landing fees and for terminal rents and user fees at MIA in Fiscal year 2006 were $15.28 per enplaned passenger.

Passenger Facility Charges (PFC)

The FAA authorized the Aviation Department to impose a 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 the 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, 2006 was $500.1 million and with interest was $547.9 million. Of this amount, the Aviation Department has expended $307.4 million. As of September 30, 2006, the Aviation department had a cash balance of $240.0 million in the PFC account.

Capital Improvement Program (CIP)

In 2002, the Board of County Commissioners approved a 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 March 2007. The increases are primarily due to schedule delays and increased const estimates. The Master Plan calls for the Aviation Department to undertake additional capital improvements when traffic exceeds 39 MAP, but funding does not presently exist for those improvements.

The Board has by three separate ordinances authorized MDAD 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, MDAD 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 $3.5 billion has been spent to date. About $2 billion worth of projects has been completed and is in use, including nine gates in the Concourse D extension of the North Terminal. Construction is progressing on $3.8 billion worth of contracts, and $460 million worth of projects are in planning, design, bid and award phases.

Since the redevelopment of MIA began more than 10 years ago, the Terminal building has gone from 3.5 million square feet to the current 4.7 million square feet, including a new Concourse A and a completely rebuilt Concourse H. Upon completion of the CIP, the Terminal building, including the brand new South Terminal facility, will total 7.4 million square feet.

The South Terminal Development reached 90 percent completion in 2006 and is scheduled to open to air traffic by the end of 2007. The project will provide approximately 1.5 million square feet of new terminal space that includes: 1,000 feet of new landside curb space; 300,000 square feet of new space in Concourse J with 15 international/domestic swing gates; conversion of Concourse H to an international-capable concourse with 8 swing gates; 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 South Terminal including the Concourse H renovations will cost approximately $1.1 billion.

The North Terminal Development (NTD) Program continues towards an early 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 Miami-Dade Aviation Department (MDAD) to assume jurisdictional oversight of the NTD from American Airlines, and also authorized MDAD to negotiate a contract with Parsons Oderbrecht Joint Venture (POJV) to complete the project. Approximately $40 million worth of work is currently in construction, and a substantial portion of the remaining work is expected to be awarded to POJV in 2007-2008. The North Terminal Development 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 include 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 Capital Improvement Program 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 Aviation 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 coverages 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 2006 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 standards applicable to financial audits contained in governmental auditing standards, issued by the Controller General of 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 Aviation Department for its Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2005. 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 Aviation 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 accounting principles generally accepted in the United States and applicable legal requirements.

A certificate of Achievement is valid for one year only. The Aviation Department has received a Certificate of Achievement for the last fourteen consecutive years (fiscal 1992-2005). We believe that our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

Organizational Chart

In March 2006, Anne S. Lee was appointed Interim Chief Financial Officer. In January 2007, she received her permanent appointment to Chief Financial Officer.

Acknowledgements

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

Respectfully submitted,

José Abreu, P.E.
Aviation Director

Anne Syrcle Lee
Chief Financial Officer

2006 Comprehensive Annual Financial Report

MIAMI-DADE COUNTY

Carlos Alvarez
Mayor

BOARD OF COUNTY COMMISSIONERS

Bruno A. Barreiro
Chairman

Barbara J. Jordan
Vice-Chairman

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

Senator Javier D. Souto
District 10

Joe A. Martinez
District 11

José "Pepe" Diaz
District 12

Natacha Seijas
District 13

For the Fiscal Year Ended September 30, 2006
Prepared by: Finance & Strategy Group

Harvey Ruvin
Clerk of Courts

George M. Burgess
County Manager

Murray Greenberg
County Attorney

MIAMI-DADE AVIATION DEPARTMENT
SENIOR STAFF

José Abreu
Aviation Director

Bruce Drum
Deputy Director

John Cosper
Deputy Director

Anne Syrcle Lee
Chief Financial Officer

Narinder Jolly
Assistant Director
for Facilities Management
Capital Facilities
Development

Bobbie Jones-Wilfork
Assistant Director
for Administration

Maximo Fajardo
Assistant Director
for Facilities Management

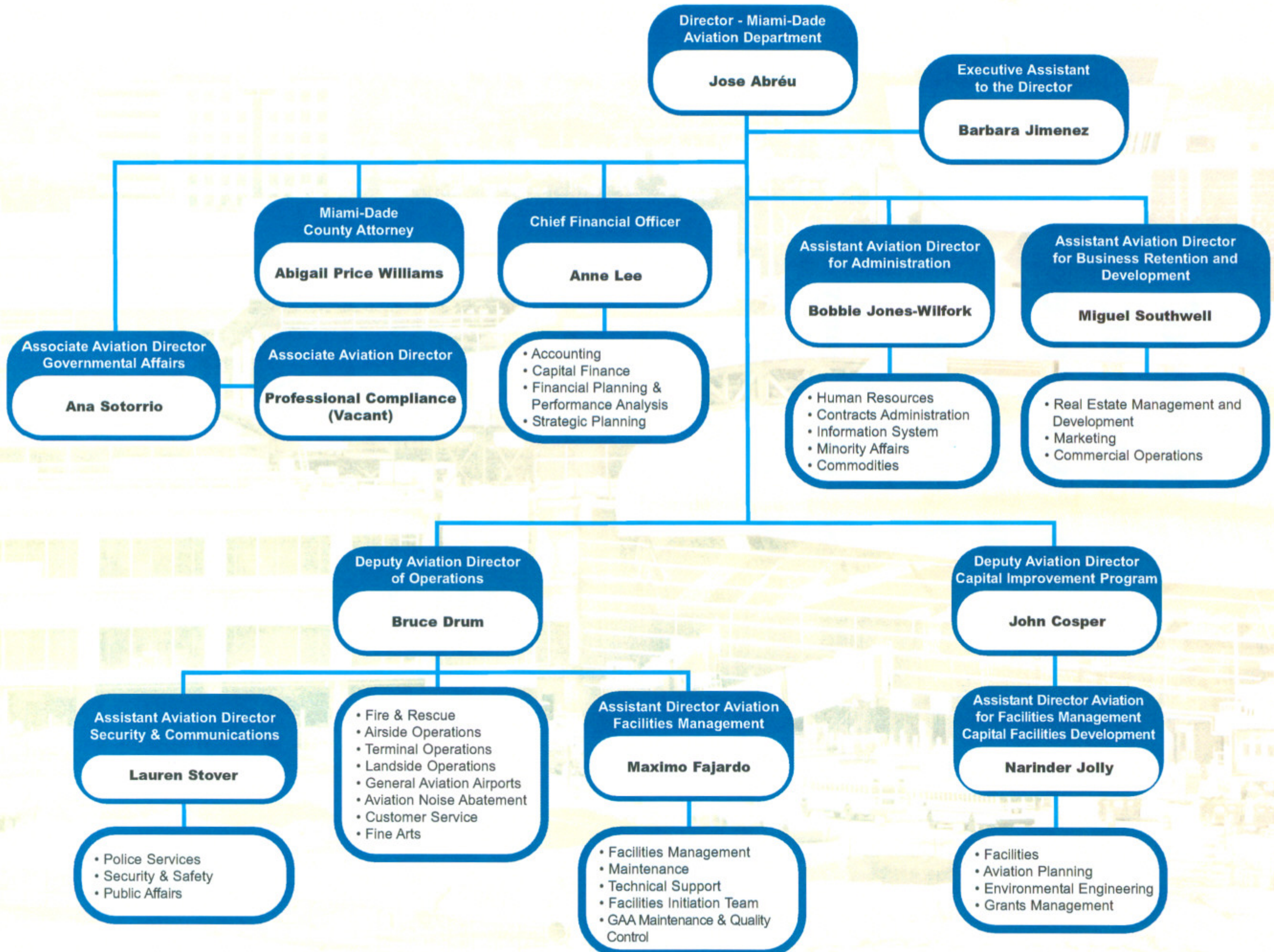
Lauren Stover
Assistant Director
for Communications &
Security Initiatives

Miguel Southwell
Assistant Director
for Business Retention &
Development

Ana Sotorrio
Associate Director
for Governmental Affairs

VACANT
Associate Director for
Professional Compliance

MIAMI-DADE AVIATION DEPARTMENT
TABLE OF ORGANIZATION



Certificate of Achievement for Excellence in Financial Reporting

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Miami-Dade County

Aviation Department

Florida

For its Comprehensive Annual

Financial Report

for the Fiscal Year Ended

September 30, 2005

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

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MIAMI-DADE COUNTY AVIATION DEPARTMENT

Financial Statements

September 30, 2006 and 2005

(With Independent Auditors' Report Thereon)

2006

Comprehensive Annual Financial Report

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MIAMI-DADE COUNTY AVIATION DEPARTMENT

Financial Statements and Other Supplementary Information

September 30, 2006 and 2005

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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, 2006 and 2005, which collectively comprise the Aviation Department's basic financial statements, 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 for 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, 2006 and 2005, and the changes in its financial position and 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, 2006 and 2005, 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 April 25, 2007, 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, 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

April 25, 2007
Certified Public Accountants

MIAMI-DADE COUNTY AVIATION DEPARTMENT

Management's Discussion and Analysis

September 30, 2006 and 2005

(Unaudited)

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, 2006 and 2005. 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 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 at MIA in fiscal year 2006 after being flat in previous years and experiencing a significant decline in fiscal year 2002 primarily due to the effect of the September 11th terrorist attack. Cargo tonnage continued to increase in fiscal year 2006 as the cargo market rebounded over prior years. Below is a comparison of these activities for fiscal years 2006, 2005, and 2004.

	2006	2005	2004
Enplanements	16,055,040	15,443,300	15,117,600
Landed weight (1,000 pounds)	30,735,112	31,148,500	31,899,500
Enplaned cargo (in tons)	885,513	847,200	813,700

Financial Highlights

- Net assets increased by $125 million, or 13%, during fiscal year 2006. This was primarily due to increases in revenues from Aviation fees, capital contributions, commercial operations, investment income and Passenger facility charges. This increase also included a reduction of liabilities, specifically in environmental remediation liability.
- Total bonded debt increased by $307 million during fiscal year 2006, due primarily to the issuance of bonds to replace the outstanding commercial paper.
- During fiscal year 2006, operating revenues were $525.2 million, an increase of $29.7 million or 6%, as compared to fiscal year 2005. During fiscal year 2005, operating revenues were $495.5 million, an increase of $23.5 million or 5%, as compared to fiscal year 2004.
- 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. During fiscal year 2005, operating expenses, excluding depreciation and amortization, were $343.6 million, a decrease of $5.1 million or 1%, as compared to fiscal year 2004.

(Continued)

The table below shows the composition of assets, liabilities and net assets as of September 30, 2006, 2005 and 2004.

		2006	2005 (In thousands)	2004
Current assets:	$	556,999	467,748	495,380
Noncurrent assets				
Restricted assets		376,423	316,142	436,806
Capital assets, net		4,335,934	3,978,777	3,609,761
Other assets		45,905	41,489	45,087
Total assets		5,315,261	4,804,156	4,587,034
Current liabilities		142,484	88,412	88,858
Current liabilities payable from restricted assets		285,719	261,853	286,558
Noncurrent liabilities		3,825,574	3,517,412	3,319,453
Total liabilities		4,253,777	3,867,677	3,694,869
Net assets:				
Invested in capital assets, net of debt		468,375	476,523	416,312
Restricted		528,312	452,140	584,512
Unrestricted net assets (deficit)		64,797	7,816	(108,659)
Total net assets	$	1,061,484	936,479	892,165

Capital assets, net, as of September 30, 2006, were $4.3 billion, $357 million higher than at September 30, 2005. As of September 30, 2005, capital assets, net, were $4.0 billion, $369 million higher than at September 30, 2004. These increases were primarily in the category of construction in progress due to the ongoing Capital Improvement Program.

Total net assets as of September 30, 2006 were $1,061.5 billion, an increase of $125 million as compared to fiscal year 2005. This was primarily due to increases in capital contributions of 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 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. Total net assets as of September 30, 2005 were $936.5 million, an increase of $44.3 million as compared to fiscal year 2004. This was primarily due to a reduction in the environmental remediation liability of $39.8 million based upon the 2005 Opinion of Cost Study. The reduction in cost is primarily due to a change in the regulation requirements resulting in a reduction in cost for specific projects.

In fiscal year 2004, unrestricted net assets reflected deficits that resulted in part from the effects of noncash accruals for unfunded environmental remediation liabilities. These accruals were reduced in fiscal years 2005 and 2006.

(Continued)

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, 2006, 2005, and 2004.

		2006	2005	2004
			(In thousands)	
Operating revenue:				
Aviation fees	$	249,867	213,481	208,026
Rentals		93,077	89,255	91,167
Commercial Operations		148,670	139,623	171,545
Other operating		18,967	13,364	1,279
Other – environmental remediation		14,619	39,758	—
Nonoperating revenues:				
Investment income		31,336	11,616	6,218
Passenger facility charges		65,149	59,571	58,472
Other		20,548	18,420	1,284
Total revenues		642,233	585,088	537,991
Operating expenses:				
Operating expenses		221,049	220,412	196,925
Operating expenses – environmental remediation		3,381	4,893	24,659
Operating expenses – commercial operations		58,604	53,353	79,259
General and administrative expenses		65,102	64,895	47,819
Depreciation and amortization		111,811	109,169	103,971
Non-operating expenses:				
Interest expense		113,274	113,535	87,762
Total expenses		573,221	566,257	540,395
Income (loss) before capital contributions		69,012	18,831	(2,404)
Capital contributions		55,993	25,483	31,532
Change in net assets		125,005	44,314	29,128
Net assets at beginning of year		936,479	892,165	863,037
Net assets at end of year	$	1,061,484	936,479	892,165

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%, as compared to fiscal year 2005. The increase is due primarily to a 31.9% increase in the landing fee charged to MIA air carriers in fiscal year 2006. The increase in nonoperating revenue is primarily due to $19.7 million increase in investment income. Total revenues for the fiscal year 2005, were $585.1 million, an increase of $47.1 million or 9%, as compared to fiscal year 2004. Operating revenues for fiscal year 2005 were $495.5 million, an increase of $23.5 million or 5%, as compared to fiscal year 2004. The increase is due primarily to a reduction in the environmental remediation liability of $39.8 million. The increases are offset by a reduction in commercial operations—management revenue in the amount of approximately $31.9 million resulting from the nonrenewal of several retail contracts. The increase in other nonoperating revenue is primarily due to $12.0 million resulting from the Department of Transportation, Office of Inspector General (OIG) revenue diversion audit, whereby the County is to reimburse the Aviation Department.

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. Total expenses, including depreciation and amortization, for the fiscal year 2005 were $566.3 million, an increase of $25.9 million or 5%, as compared to fiscal year 2004. This resulted primarily from a reduction in interest expense in 2004, which included a $15.8 million one-time, nonrecurring adjustment relating to the capitalization of interest debt. Operating expenses for fiscal year 2005 were $343.6 million, a decrease of $5.1 million or 1%, as compared to fiscal year 2004.

The Aviation Department uses a residual cost recovery methodology to set rates and charges 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, 2006, 2005 and 2004, the Aviation Department had $4.3 billion, $4 billion and $3.6 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, 2006, 2005 and 2004.

		2006	2005	2004
			(In thousands)	
Land	$	88,836	89,500	89,500
Buildings and improvements		1,497,719	1,523,753	1,455,828
Utility plants and systems		109,328	112,748	104,846
Roads, bridges, and other improvements		646,683	665,571	658,724
Furniture, fixtures, and machinery and equipment		112,559	113,121	92,088
		2,455,125	2,504,693	2,400,986
Construction in progress		1,880,809	1,474,084	1,208,775
Total capital assets, net	$	4,335,934	3,978,777	3,609,761

Construction in Progress increased by a net $406.7 million or 28% during 2006, due to the ongoing Capital Improvement Program.

(Continued)

The CIP consists of 316 projects with a budgeted cost of approximately $5.2 billion for construction through fiscal year 2015. As of September 30, 2006, the status of these projects can be described as follows:

- 219 projects completed $1.8 billion

  The completed projects include the new 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.

- 59 projects under construction $2.9 billion

  The North Terminal and the South Terminal projects will add approximately 3 million square feet of terminal, concourse, administrative and concessions space to MIA.

- 38 projects in design and planning $0.5 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, 2006 and 2005, the Aviation Department had a total of $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 2041, and the interest rates range from 3.1% to 8.8%. 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 $65 million of PFC revenue to pay principal and interest due in fiscal year 2006.

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, 2006, 2005 and 2004, the Aviation Department had $365.3 million, $313.6 million, and $30.1 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, 2006, the public underlying ratings for the Aviation Department's outstanding General Aviation Revenue Bonds were A- with negative outlook, A1 with negative outlook and A with stable outlook per Standard and Poor's, Moody's Investors Service, Inc and Fitch Ratings, respectively. In November 2006, Moody's subsequently revised its rating to A2 with a stable outlook.

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

Economic Factors and Outlook

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. Under the current airline rate structure, the Aviation Department calculates the airline rates and charges on a residual cost recovery basis and therefore is able to pass along these increases in costs to the MIA air carriers. 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. The landing fee rate for fiscal year 2006 is $2.77 as compared to $2.10 for fiscal year 2005.

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, 2006 and 2005

(In thousands)

Assets		2006	2005
Current assets:			
Cash and cash equivalents (including restricted assets of $126,011 in 2006 and $17,998 in 2005)	$	266,688	86,955
Investments, including interest receivable (including restricted assets of $159,708 in 2006 and $243,855 in 2005)		227,248	329,349
Accounts receivable, net of allowance for doubtful accounts of $11,323 in 2006 and $10,692 in 2005		31,364	31,804
Inventories, prepaid expenses and deferred charges		2,716	5,875
Due from County Agencies		28,983	13,765
Total current assets		556,999	467,748
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents		361,397	302,623
Government grants receivable		7,295	8,281
Passenger facility charges receivable		7,731	5,238
Total noncurrent restricted assets		376,423	316,142
Capital assets:			
Land		88,836	89,500
Construction in progress		1,880,809	1,474,084
Buildings, improvement, and systems		2,459,798	2,471,986
Infrastructure		1,090,633	1,069,702
Furniture, equipment, and machinery		277,271	267,974
Less accumulated depreciation		(1,461,413)	(1,394,469)
Capital assets, net		4,335,934	3,978,777
Other noncurrent assets		45,905	41,489
Total noncurrent assets		4,758,262	4,336,408
Total assets	$	5,315,261	4,804,156

(Continued)

MIAMI-DADE COUNTY AVIATION DEPARTMENT

Statements of Net Assets

September 30, 2006 and 2005

(In thousands)

Liabilities and Net Assets		2006	2005
Current liabilities payable from unrestricted assets:			
Accounts payable and accrued expenses	$	44,665	26,109
Security deposits		9,774	9,081
Environmental remediation liability		54,281	31,317
Compensated absences		6,381	7,123
Deferred revenues		3,017	3,583
Due to County Agencies		24,366	11,199
Total current liabilities payable from unrestricted assets		142,484	88,412
Current liabilities payable from restricted assets:			
Accounts and contracts payable and other liabilities		133,830	125,855
Bonds payable within one year:			
Trust Agreement Aviation Revenue Bonds		66,596	57,245
Interest payable		85,293	78,753
Total current liabilities payable from restricted assets		285,719	261,853
Total current liabilities payable		428,203	350,265
Noncurrent liabilities:			
Trust Agreement Aviation Revenue Bonds payable after one year		3,350,328	3,052,629
Commercial paper notes		365,342	313,626
Deferred rental credits		10,405	11,075
Compensated absences, net of current portion		18,083	21,082
Environmental remediation liability, net of current portion		81,416	119,000
Total noncurrent liabilities		3,825,574	3,517,412
Total liabilities		4,253,777	3,867,677
Net assets:			
Invested in capital assets, net of related debt		468,375	476,523
Restricted		528,312	452,140
Unrestricted		64,797	7,816
Total net assets	$	1,061,484	936,479

See accompanying notes to financial statements.

MIAMI-DADE COUNTY AVIATION DEPARTMENT

Statements of Revenues, Expenses, and Changes in Net Assets

Years ended September 30, 2006 and 2005

(In thousands)

		2006	2005
Operating revenue:			
Aviation fees	$	249,867	213,481
Rentals		93,077	89,255
Commercial operations:			
Management agreements		68,499	62,103
Concessions		80,171	77,520
Other		18,967	13,364
Other – environmental remediation		14,619	39,758
Total operating revenue		525,200	495,481
Operating expenses:			
Operating expenses		221,049	220,412
Operating expenses – environmental remediation		3,381	4,893
Operating expenses under management agreements		27,040	22,132
Operating expenses under operating agreements		31,564	31,221
General and administrative expenses		65,102	64,895
Total operating expenses before depreciation and amortization		348,136	343,553
Operating income before depreciation and amortization		177,064	151,928
Depreciation and amortization		111,811	109,169
Operating income		65,253	42,759
Nonoperating revenue (expenses):			
Environmental cost recovery		4,448	1,793
Passenger facility charges		65,149	59,571
Interest expense		(113,274)	(113,535)
Investment income		31,336	11,616
Other revenue		16,100	16,627
Total nonoperating expenses		3,759	(23,928)
Gain before capital contributions		69,012	18,831
Capital contributions		55,993	25,483
Change in net assets		125,005	44,314
Net assets, beginning of year		936,479	892,165
Net assets, end of year	$	1,061,484	936,479

See accompanying notes to financial statements.

MIAMI-DADE COUNTY AVIATION DEPARTMENT

Statements of Cash Flows

Years ended September 30, 2006 and 2005

(In thousands)

		2006	2005
Cash flows from operating activities:			
Cash received from customers and tenants	$	494,923	455,396
Cash paid to suppliers for goods and services		(162,898)	(181,016)
Cash paid to employees for services		(159,394)	(202,308)
Net cash provided by operating activities		172,631	72,072
Cash flows from capital and related financing activities:			
Proceeds from sale of revenue bonds and commercial paper		963,715	560,361
Principal paid on revenue bonds and commercial paper		(604,949)	(330,927)
Interest paid on revenue bonds		(181,807)	(175,505)
Payment of bond issue costs		(4,416)	3,598
Purchase and construction of capital assets, net		(381,287)	(399,948)
Proceeds from sale of land		1,000	—
Capital contributed by federal and state governments		56,979	38,546
Passenger facility charges		62,656	59,135
Proceeds from environmental reimbursements		4,448	1,793
Net cash used in capital and related financing activities		(83,661)	(242,947)
Cash flows from noncapital financing activities:			
Operating reimbursements received		16,100	16,627
Net cash provided by noncapital financing activities		16,100	16,627
Cash flows from investing activities:			
Purchase of investments		(493,839)	(292,518)
Proceeds from sales and maturities of investments		595,940	347,495
Interest and dividends on investments		31,336	11,616
Net cash provided by investing activities		133,437	66,593
Net increase (decrease) in cash and cash equivalents		238,507	(87,655)
Cash and cash equivalents, beginning of year		389,578	477,233
Cash and cash equivalents, end of year	$	628,085	389,578
Cash and cash equivalents reconciliation:			
Unrestricted assets	$	140,677	68,957
Restricted assets		487,408	320,621
Cash and cash equivalents	$	628,085	389,578

(Continued)

MIAMI-DADE COUNTY AVIATION DEPARTMENT

Statements of Cash Flows

Years ended September 30, 2006 and 2005

(In thousands)

		2006	2005
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$	65,253	42,759
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization		111,811	109,169
Provision for uncollectible accounts		854	6,564
Gain on sale of land		(336)	—
Changes in operating assets and liabilities:			
Accounts receivable		(414)	471
Inventories, prepaid expenses, and deferred charges		3,159	(2,312)
Due from County Agencies		(15,218)	(11,686)
Accounts payable and accrued expenses		13,259	(29,238)
Security deposits		693	69
Due to County Agencies		13,167	(3,520)
Deferred revenues		(1,236)	(2,113)
Other liabilities		(18,361)	(38,091)
Total adjustments		107,378	29,313
Net cash provided by operating activities	$	172,631	72,072
Noncash investing, capital, and financing activities:			
Decrease in fair value of investments	$	(8,506)	(935)
Decrease in construction in progress accrual		(13,272)	(18,611)
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, 2006 and 2005, 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

(Continued)

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, 2006 and 2005, these excess deposits, which are transferred to the Revenue Account annually during the following January, were approximately $42,946,000 and $45,105,000 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, 2006 and 2005, the Aviation Department recorded an expense in the amount of $10,699,000 and $9,587,584, respectively, for the indirect administrative services cost reimbursement in accordance with the formula developed as a result of the study.

As of September 30, 2006 and 2005, the Aviation Department owes the County approximately $24,366,000 and $11,199,000, respectively, for various services. For these same periods, the

Aviation Department has receivables due from the County in the amount of $28,983,000 and $13,765,000, 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 $66,670,000 and $70,925,000 for the years ended September 30, 2006 and 2005, respectively.

(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

The Aviation Department considers all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased, to be cash equivalents.

(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

(Continued)

(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.

(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, 2006 and 2005, compensated absences were approximately $24,464,000 and $28,205,000, 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 and Issuance Costs

Discount 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. In fiscal year 2006, the Aviation Department has adopted the provisions, pertaining to pension transactions, of GASB Technical Bulletin No. 2004-2 *Recognition of Pension Benefit Expenditures/Expenses and Liabilities by Cost Sharing Employers* (the Bulletin). The adoption of the Bulletin did not have an impact on the financial statements of the Aviation Department. The provisions of the Bulletin pertaining to other post employment benefits (OPEB) transactions will be applied simultaneously with the adoption of GASB No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The impact of the adoption has not been estimated.

(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 restricted 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 2006 and 2005, the Aviation Department recorded approximately $55,993,000 and $25,483,000, 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 $554,346,000 has been earned through September 30, 2006.

(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; environmental liabilities; and assets and obligations related to employee benefits. Actual results could differ from those estimates.

(s) ***Implementation of New Accounting Standards***

During fiscal year 2005, the Aviation Department adopted the provisions of GASB No. 40, *Deposit and Investment Risk Disclosures, an Amendment of GASB Statement No. 3.* This statement addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. The statement requires certain disclosures of investment that have fair values highly sensitive to changes in interest rates. It also requires disclosure of deposit and investment policies related to the risks identified in the statement.

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 Statement No. 44, *Economic Condition Reporting: The Statistical Section* (GASB 44). GASB 44 amends the portions of NCGA Statement 1, *Government Accounting and Financial Reporting Principles*, that guide the preparation of the statistical section. The information contained in the statistical section should assist the user of the financial statements assess the economic condition 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.

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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.

(t) ***Reclassification***

Certain amounts in the 2005 financial statements have been reclassified to conform to the 2006 presentation.

(3) Cash and Cash Equivalents and Investments

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

		2006	2005
		(In thousands)	
Cash and cash equivalents	$	628,085	389,578
Investments, including interest receivable		227,248	329,349
	$	855,333	718,927

The carrying amounts of the Aviation Department's local deposits were $10.6 million and $2.38 million as of September 30, 2006 and 2005, respectively. All deposits are fully insured by Federal Depository Insurance and are held in qualified public depositories pursuant to State of Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*. Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The pledging level may range from 50% to 125% depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

As a rule, the 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 as well as sales relating to swap transactions. The Aviation Department does not purchase any security at a lower price with the intent to sell the security later to generate a special gain.

(Continued)

Cash, cash equivalents, and investments as of September 30, 2006 and 2005 are summarized as follows:

		2006	2005
		(In thousands)	
Cash deposits	$	10,610	2,383
U.S. Government securities		452,736	451,012
SBA		31,500	27,000
Commercial paper		360,487	238,532
Total cash equivalents and investments		844,723	716,544
	$	855,333	718,927

At September 30, 2006 and 2005, the carrying value of cash equivalents and investments included the following (in thousands):

Investment type		2006 Fair value	2005 Fair value
Federal Home Loan Mortgage Company	$	155,673	104,667
Federal Home Loan Bank		84,702	125,728
Federal Farm Credit Bank		21,847	47,594
Fannie Mae		182,791	141,031
Freddie Mac		5,741	31,992
Treasury Notes		1,982	—
SBA		31,500	27,000
Commercial paper		360,487	238,532
	$	844,723	716,544

(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, 2006 and 2005.

Investment type	Credit rating
Federal Home Loan Mortgage Corporation	AAA
Federal Home Loan Bank	AAA
Federal Farm Credit Banks	AAA
Fannie Mae	AAA
Freddie Mac	AAA
SBA	N/A
Time Deposits	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, 2006 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 non-negotiable interest bearing time certificates of deposit savings accounts with no more than 5% deposited with any one issuer; a maximum 75% of the total portfolio may be invested in federal agencies and instrumentalities; a maximum of 5% of the portfolio may be invested in open-end or closed-end funds; a maximum of 50% of the portfolio may be invested in prime commercial paper with a maximum of 5% to with any one issuer; a maximum of 25% of the portfolio may be invested in bankers acceptance with a maximum of 25% with any one issuer; a maximum of 60% of the portfolio may be invested in both commercial paper and bankers acceptance; a maximum of 10% of the portfolio may be invested with any one institution.

As of September 30, 2006 and 2005 the following issuers held 5% or more of the investment portfolio:

Issuer	2006	2005
Federal Farm Credit Bank	2.59%	5.33%
Federal Home Loan Bank	10.03%	16.07%
Federal Home Loan Mortage Corporation	18.43%	13.30%
Fannie Mae	21.64%	17.23%

(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; evaluating both interest rate forecasts and maturity dates to consider short-term market expectations. The Policy requires that investments made with current operating funds shall maintain a weighted average of no longer than 1 year. Investments for bond reserves, construction funds and other non-operating fund shall have a term appropriate to the need for funds and in accordance with debt covenants. The Policy limits the maturity of an investment to a maximum of 5 years.

As of September 30, 2006 and 2005, the County had the following investments with the respective weighted average maturity in years.

Investment type	2006	2005
Federal Home Loan Mortgage Corporation	0.42	0.83
Federal Home Loan Bank	0.30	1.07
Federal Farm Credit Banks	0.33	0.88
Fannie Mae	0.22	0.83
Freddie Mac	0.03	0.97
SBA	N/A	N/A
Time Deposits	N/A	0.68
Treasury Notes	1.00	0.08
Commercial Paper	0.04	0.14

(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, 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%. As of September 30, 2005, accounts receivable, net of the allowance for doubtful accounts, in the amount of $31,804,000 are comprised of accounts from customers representing 95% and government agencies representing 5%.

(b) *Payables*

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. As of September 30, 2005, accounts payable and accrued expenses and contracts payable totaled $151,964,000. This amount was comprised of 95% for amounts payable to vendors, 4% 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, 2006 and 2005 follows:

		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

		Balance at September 30, 2004	Additions	Deletions retirements	Balance at September 30, 2005
			(In thousands)		
Capital assets not being depreciated:					
Land	$	89,500	—	—	89,500
Construction in progress		1,208,775	464,459	(199,150)	1,474,084
Total capital assets not being depreciated		1,298,275	464,459	(199,150)	1,563,584
Capital assets being depreciated:					
Buildings, improvements, and systems		2,340,616	132,477	(1,107)	2,471,986
Infrastructure		1,033,200	36,502	—	1,069,702
Furniture, machinery, and equipment		229,795	44,295	(6,116)	267,974
Total capital assets being depreciated		3,603,611	213,274	(7,223)	3,809,662
Less accumulated depreciation for:					
Buildings, improvements, and systems		(779,942)	(56,265)	722	(835,485)
Infrastructure		(374,476)	(29,655)	—	(404,131)
Furniture, machinery, and equipment		(137,707)	(23,249)	6,103	(154,853)
Total accumulated depreciation		(1,292,125)	(109,169)	6,825	(1,394,469)
Net capital assets	$	3,609,761	568,564	(199,548)	3,978,777

Total interest costs incurred during the years ended September 30, 2006 and 2005, amounted to approximately $188,347,000 and $173,161,000, respectively. Of this amount, approximately $75,073,000 and $59,626,000 were capitalized during 2006 and 2005, 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 November 2005, the County issued $357,900,000 of Series 2005A, $180,345,000 of Series 2005B and $61,755,000 of Series 2005C all of which remain outstanding at September 30, 2006. 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, 2036 and $17,000,000 term bonds due October 1, 2037 and $322,500,000 serial bonds due from October 1, 2037 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 3.0% 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.

The advance refunding of Series 1995B and D resulted in a deferred accounting loss of approximately $8,514,000 for the fiscal year ended September 30, 2006. As a result of this transaction, the Aviation Department decreased its aggregate debt service payments by approximately $15,156,156 over the next 15 years and realized an economic gain of approximately $13,050,000. the advance refunding of Series 1995A, C and E resulted in a deferred accounting loss of approximately $2,645,000 for the fiscal year ended September 30, 2006. As a result of this transaction, the Aviation Department decreased its aggregate debt service payments by approximately $ 3,859,000 over the next 19 years and realized an economic gain of approximately $3,259,000.

In March 2004, the County issued $211,850,000 of Series 2004 A Aviation Revenue Bonds all of which remains outstanding at September 30, 2006 and 2005; $156,365,000 of Series 2004 B all of which remains outstanding at September 30, 2006 and 2005; $31,785,000 of Series 2004 C of which $23,540,000 and $27,850,000 remains outstanding at September 30, 2006 and 2005. The Series 2004A and B bonds were issued to provide funds for the payment of costs of certain airport improvements and the Series 2004C bonds were issued to refund Airport Revenue Bonds Series Y. The Series 2004A Bonds bear stated interest rates ranging from 4.75% to 5.00%, with $1,020,000 serial bonds due October 2029 and $210,830,000 term bonds due on October 1, 2030 to 2036. The Series 2004B bonds bear stated interest rates ranging from 4.625% to 5.00%, with $2,670,000 serial bonds due on October 1, 2029 and $153,695,000 due on October 1, 2030 to 2037. The Series 2004C bonds bear stated interest rates ranging from 2.00% to 5.00%, with $23,540,000 serial bonds due from October 2005 to October 2011.

In May 2003, the County issued $291,400,000 of Series 2003A Aviation Revenue Bonds all of which remain outstanding at September 30, 2006 and 2005; and $308,600,000 of Series 2003 B, C, D, and E, of which $289,025,000 and $297,925,000 are outstanding at September 30, 2006 and 2005, respectively. The Series 2003A Bonds were issued to provide funds for the payment of certain airport improvements, and the Series 2003B, C, D and E Bonds, were issued to refund Series W Airport Revenue Bonds, the ADF Aviation Facilities Variable Rate Demand Bonds, 1984 Series A, and the ADF Aviation Facilities Revenue Bonds, 1992 Series B bonds and 1994 Series C bonds and defeased the Master Resolution. The Series 2003A Bonds bear stated interest rates from 4.75% to 5.00%, with $26,490,000 due serially on October 1, 2027 and $264,910,000 term bonds due on October 1, in years 2033 to 2035. The Series 2003 B, C, D, and E bonds bear stated interest rates ranging from 2.00% to 5.25%, with $165,430,000 due serially on October 1, 2005 to 2024 and $139,700,000 term bonds due on October 1, 2024.

In December 2002, the County issued $600,000,000 of Series 2002A Aviation Revenue Bonds of which the entire amount remains outstanding at September 30, 2006 and 2005. From this Series 2002A, $269,894,433 was used to refinance a portion of Commercial Paper and $330,105,567 was used to provide funds for the payment of costs of certain airport improvements. The Series 2002A

(Continued)

Bonds bear stated interest rates ranging from 5.00% to 5.125%, with $600,000,000 due on October 1, from 2029 to 2036.

The County has outstanding Aviation Revenue Bonds, issued prior to September 30, 2002, to provide funds for the payment of costs for certain airport improvements and to refinance a portion of Commercial Paper. The County has outstanding Revenue Refunding Bonds, issued prior to September 30, 2002, to defease debt in order to take advantage of lower interest rates.

The following tables summarize the bonds outstanding at September 30, 2006 and 2005:

Miami-Dade County Aviation Department Debt Reconciliation September 30, 2006

Revenue bonds	Issue date	Rate	Maturity		2006	2005
2005A	November 2005	4.875%-5.00%	2036-2038	$	322,500	—
2004A	March 2004	4.75%-5.00%	2029		1,020	1,020
2004B	March 2004	4.625%-5.00%	2029		2,670	2,670
2004C	March 2004	2.00%-5.00%	2011		23,540	27,850
2003A	May 2003	4.75%-5.00%	2027		26,490	26,490
2002A	December 2002	5.00%-5.125%	2029-2036		600,000	600,000
2002	May 17,2002	4.00%-5.75%	2011-2025		162,340	162,340
2000A	March 1,2000	5.40%-5.875%	2011-2020		30,690	30,690
2000B	March 1,2000	5.25%-5.75%	2011-2020		24,610	24,610
1998C	October 1997	4.40%-5.250%	2009-2018		56,655	56,655
1997B	October 1997	5.00%-5.125%	2006-2015		58,365	62,790
1996A	March 1996	5.750%	2011-2012		21,880	21,880
1995B	March 1995	0.000%	Defeased FY2006		—	23,720
				$	1,330,760	1,040,715
Term bonds						
2005A	November 2005	5.000%	2030-2035		35,400	—
2004A	March 2004	4.75%-5.00%	2030-2036		210,830	210,830
2004B	March 2004	4.625%-5.00%	2030-2037		153,695	153,695
2003A	May 2003	4.75%-5.00%	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
1995B	March 1995	0.000%	Defeased FY2006		—	112,200
1995C	March 1995	0.000%	Defeased FY2006		—	24,080
				$	1,374,175	1,475,055

Refunding bonds Serial bonds	Issue date	Rate	Maturity	2006	2005
2005B	November, 2005	3.50% – 5.0%	2006 – 2021	$ 180,345	—
2005C	November, 2005	3.50% – 5.0%	2006 – 2011	34,915	—
2003D	May, 2003	3.0% – 5.25%	2006 – 2022	81,665	81,665
2003C	May, 2003	2.0% – 5.25%	2006 – 2024	14,100	16,100
2003B	May, 2003	2.0% – 5.25%	2006 – 2024	53,560	60,460
1998B	July, 1998	4.30%	2006	11,795	16,410
1998A	July, 1998	5.0% – 5.25%	2006 – 2008	66,300	79,635
1997A	June, 1997	5.375% – 6.0%	2006 – 2010	29,150	40,090
1996C	July, 1996	5.20% – 5.50%	2006 – 2009	11,370	11,960
1995E	August, 1995	6.0%	2009	6,370	24,905
1995D	August, 1995	0.0%	Defease FY 2006	—	44,385
1995A	January, 1995	5.70%	2006	2,670	21,705
1994C	November, 1994	8.80%	2006	755	3,390
1994B	November, 1994	6.40%	2006	3,540	6,880
				496,535	407,585
Term bonds					
2005C	November, 2005	4.60%	2025	26,840	—
2003E	May, 2003	5.0%	2024	139,700	139,705
1998A	May, 2002	5.0%	2018 – 2024	85,675	85,675
1996C	March, 2000	5.50%	2011	9,005	9,005
				261,220	234,385
Grand Total				$ 3,462,690	3,157,740

(b) Maturities of Bonds Payable

The annual debt service requirements are as follows:

		Revenue bonds principal		Interest
		(In thousands)		
Year ending September 30:				
2007	$	65,130		174,144
2008		67,275		173,639
2009		60,950		170,559
2010		55,445		167,465
2011		59,910		164,721
2012-2016		323,060		777,587
2017-2021		420,490		682,664
2022-2026		511,465		560,964
2027-2031		602,145		419,694
2032-2036		766,605		250,768
2037-2038		530,215		52,737
		3,462,690	$	3,594,942
Less:				
Unamortized discount		(24,640)		
Deferred loss on defeased debt		(27,437)		
	$	3,410,613		

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 $5,786,000 and $4,458,000 as of September 30, 2006 and 2005, 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 $2,564,000 and $4,184,000 as of September 30, 2006 and 2005, 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, 2006 and 2005 has $6,311,000 and $8,074,304, respectively.

(d) *Long-term Liabilities*

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

	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	14,658	—	(1,236)	13,422	3,017
Total long-term liabilities	$ 3,303,054	603,537	(316,084)	3,590,507	130,275

	Balance at September 30, 2004	Additions	Reductions	Total at September 30, 2005	Due within one year
			(In thousands)		
Revenue bonds	$ 3,224,355	—	(66,615)	3,157,740	55,630
Less deferred amounts:					
For issuance discount and refunding losses	(60,399)	—	4,458	(55,941)	—
Sunshine State loan	—	8,075	—	8,075	1,615
Total bonds payable, net	3,163,956	8,075	(62,157)	3,109,874	57,245
Other liabilities:					
Compensated absences	26,539	12,293	(10,627)	28,205	7,123
Environmental remediation	190,074	—	(39,757)	150,317	31,317
Deferred revenues	16,771	—	(2,113)	14,658	3,583
Total long-term liabilities	$ 3,397,340	20,368	(114,654)	3,303,054	99,268

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(e) *Commercial Paper Notes*

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%. At September 30, 2005, the County had outstanding $312,294,000 of Aviation Commercial Paper Notes (Notes) plus accrued interest of $1,332,000. The effective interest rate paid on the Notes outstanding at September 30, 2005 ranges from 2.00% to 2.60%.

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, 2006 and 2005, there was $374,000,000 and $319,984,000, 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.

(f) *Short-Term Debt to Be Refinanced on a Long-term Basis*

Following is a schedule of changes in commercial paper notes:

		(In thousands)
Balance as of September 30, 2004	$	30,111
Additions		555,799
Deductions		(272,284)
Balance as of September 30, 2005		313,626
Additions		366,194
Deductions		(314,478)
Balance as of September 30, 2006	$	365,342

(g) Defeased Debt

The County defeased certain series of Revenue Bonds by placing the proceeds of the new bond issues in irrevocable trusts. Such proceeds are invested in direct obligations of the U.S. Government and will provide for all future debt service payments on the old bonds. The related assets and liabilities are not included in the financial statements of the Aviation Department. Approximately, $805,000 of bonds outstanding is considered defeased at September 30, 2006:

Revenue bonds	Date of defeasance	Maturity date	Amount defeased	2006
Series C	August 1985	October 1, 2007	$ 35,705,000	805,000
				$ 805,000

At September 30, 2006, the Aviation Department is in compliance with its debt covenants.

(7) Restricted Assets

A summary of restricted assets at September 30, 2006 and 2005 is as follows:

	2006	2005
	(In thousands)	
Construction account	$ 400,865	339,560
Bond service and reserve account	227,050	211,219
Reserve maintenance	34,227	27,216
	$ 662,142	577,995

(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

(Continued)

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.

(Continued)

(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 2011. 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 $80,171,000 and $77,520,000 during fiscal year 2006 and 2005, respectively. Minimum future fees under such noncancelable concession agreements as of September 30, 2006 are as follows:

		(In thousands)
Year ending September 30:		
2007	$	12,760
2008		12,234
2009		9,388
2010		8,644
2011		7,499
	$	50,525

(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, 2006, are as follows:

		(In thousands)
Year ending September 30:		
2007	$	29,958
2008		22,719
2009		19,034
2010		17,276
2011		14,233
2012-2016		60,732
2017-2021		32,386
2022-2026		30,140
2027-2031		11,827
2032-2036		8,656
2037-2041		6,907
2042-2046		1,804
2047-2051		1,682
	$	257,354

The Aviation Department recognized approximately $93,077,000 and $89,255,000 of rental income for the years ended September 30, 2006 and 2005, 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 $4,869,000 and $3,913,000 as of September 30, 2006 and 2005, respectively, based on an independent actuarial valuation. The short-term liability for claims payable in the amount of approximately $1,341,000 and $1,004,000 is included in Due to County Agencies in the accompanying statements of net assets as of September 30, 2006 and 2005, 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 for most perils is $600 million with a $5 million deductible per occurrence. Windstorm and flood coverage is provided with a limit of $400 million County-wide, with a deductible for named windstorm of $200 million. Terrorism coverage is provided for MIA with a limit of $300 million.

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

(10) Pension Plan and other Benefits

(a) 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%, 7.83% to 18.53%, and 7.39% to 18.53%, of gross salaries for fiscal years 2006, 2005 and 2004, respectively. For the fiscal years ended September 30, 2006, 2005 and 2004, the County contributed 100% of the annual required contributions. These contributions aggregated \$227 million, \$230 million, and \$206 million, respectively, which represents 11.25%, 10.2%, and 10.1% of covered payroll, respectively, and 10.3%, 10.7% and 10.1% of the total contributions required of all participating agencies for fiscal years 2006, 2005, and 2004.

Pension costs of the Aviation Department for the years ended September 30, 2006, 2005 and 2004, as required and defined by the System were \$9,366,000, \$9,700,000, and \$9,272,000 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 email 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 projected 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 2006. 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 and the second installment in the amount of $15 million was received in July 2006 were recognized as other revenue in the accompanying statement of revenues, expenses and changes in net assets.

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, 2006 $28,800,000 claims had been paid and $4,800,000 accrued and included in accounts payable and accrued expenses in the accompanying statement of net assets. As of September 30, 2005 no claims had been paid or accrued.

(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, f/k/a LAW Engineering and Environmental Services, Inc. (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 2006, the total cumulative estimate to correct such violations was $256 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, 2006 approximated $120.5 million.

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.

In February 1999, the Aviation Department settled its Inland Protection Trust Fund (IPTF) case with FDEP concerning the cleanup of the sites formerly occupied by Eastern Airlines, which are petroleum contaminated and are eligible for reimbursement. The settlement allocates $1.7 million per year for a period of five years, to clean up those sites that impact the current Capital Improvement Program. As of September 30, 2006, the Aviation Department has spent approximately $54 million and has received approximately $42 million of cost reimbursement from the State and insurance companies.

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

The outstanding amount at September 30, 2006 and 2005 was $135,697,000 and $150,317,000, 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, 2006 and 2005.

(b) Airline Industry Factors

The Aviation Department management recognizes and continuously monitors those domestic and international factors affecting the airline industry, as a whole, and is of the opinion that the nature of its various contracts, agreements and methods of operation related to its revenue sources and expenses provide flexibility in adapting to uncertainties as they specifically affect the Aviation Department.

(c) Other Commitments and Contingencies

As of September 30, 2006, the Aviation Department had approximately $1.1 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.

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, leaving an unpaid balance of $11.3 million as of September 30, 2006 which is included in Due from County Agencies in the accompanying statement of net assets. The $11.3 million unpaid balance will be repaid by the County in quarterly installments of $564,251 over the next five fiscal years beginning October 1, 2006.

2006
Comprehensive Annual Financial Report

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Statistical Section

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Statistical Section

2006
Comprehensive Annual Financial Report

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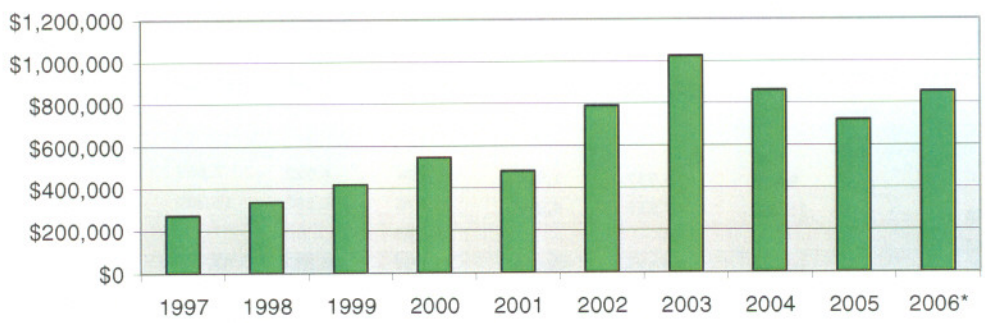
Schedule of Revenues and Expenses
Last Ten Fiscal Years

(In Thousands)	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	1999-2000	1998-1999	1997-1998	1996-1997
OPERATING REVENUES:									
Aviation Fees	$249,867	$213,481	$208,026	$197,084	$171,960	$184,289	$171,935	$165,986	$153,102
Rentals	93,077	89,255	91,167	88,609	100,458	100,100	101,968	103,235	90,987
Commercial Operations:									
Management Agreements	68,499	62,103	98,371	91,188	95,785	115,637	112,686	127,029	133,548
Concessions	80,171	77,520	73,174	74,057	75,287	72,140	63,612	56,222	54,431
Other	18,967	13,364	1,279	308	2,944	7,446	1,682	573	2,231
Other Environmental Remediation	14,619	39,758	-	-	-	-	-	-	-
Total Operating Revenue	**$525,200**	**$495,481**	**$472,017**	**$451,246**	**$446,434**	**$479,612**	**$451,883**	**$453,045**	**$434,299**
OPERATING EXPENSES:									
Operating Expenses	$221,049	$220,412	$196,925	$212,708	$190,754	$189,745	$182,330	$185,729	$185,913
Operating Expenses for Environmental Remediation	3,381	4,893	24,659	8,980	7,118	-	9,981	9,915	25,710
Operating Expenses Under Management Agreements	27,040	22,132	48,824	49,520	49,780	64,882	60,342	71,370	80,295
Operating Expenses Under Operating Agreements	31,564	31,221	30,435	28,560	26,658	23,792	21,278	19,148	20,011
General and Administrative Expenses	65,102	64,895	47,819	40,992	37,802	38,002	31,929	31,425	28,231
Depreciation and Amortization	111,811	109,169	103,971	97,902	101,586	103,332	105,165	97,829	89,403
Total Operating Expenses	**$459,947**	**$452,722**	**$452,633**	**$438,662**	**$413,698**	**$419,753**	**$411,025**	**$415,416**	**$429,563**
Operating Income (loss)	$65,253	$42,759	$19,384	$12,584	$32,736	$59,859	$40,858	$37,629	$4,736
NONOPERATING REVENUE (EXPENSE):									
Interest Expense (net)	(113,274)	(113,535)	(87,762)	(126,754)	(92,689)	(97,503)	(93,278)	(88,836)	(76,949)
Interest Income:									
Current Investments	9,456	3,957	1,928	174	4,922	7,862	6,968	3,812	5,314
Restricted Investments	21,880	7,659	4,290	7,776	5,692	16,396	16,299	20,648	19,837
Loss on Disposition of Assets		-	-	5,973	-	-	-	-	-
Passenger Facility Charges	65,149	59,571	58,472	51,657	46,982	43,309	-	-	-
Other Nonoperating Revenue	20,548	18,420	1,284	10,539	5,560	5,893	20,543	30,119	14,110
Total Nonoperating Expense	**$3,759**	**($23,928)**	**($21,788)**	**($62,581)**	**($29,533)**	**($24,043)**	**($49,468)**	**($34,257)**	**($37,688)**
(Loss) Income before Capital Contribution	**69,012**	**18,831**	**(2,404)**	**(49,997)**	**3,203**	**35,816**	**(8,610)**	**3,372**	**(32,952)**
Capital Contributions	55,993	25,483	31,532	62,845	44,968	-	-	-	-
Change in Net Assets before cummulative effect of change in Accounting Principle	$125,005	$44,314	$29,128	$12,848	$48,171	$35,816	($8,610)	$3,372	($32,952)
Depreciation on Fixed Assets funded by Grants from Government Agencies for the year ended 9-30-00, 99 & 98				-	-	10,876	11,073	8,805	-
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	**$125,005**	**$44,314**	**$29,128**	**$12,848**	**$48,171**	**$46,692**	**$2,463**	**$74,467**	**($32,952)** 1

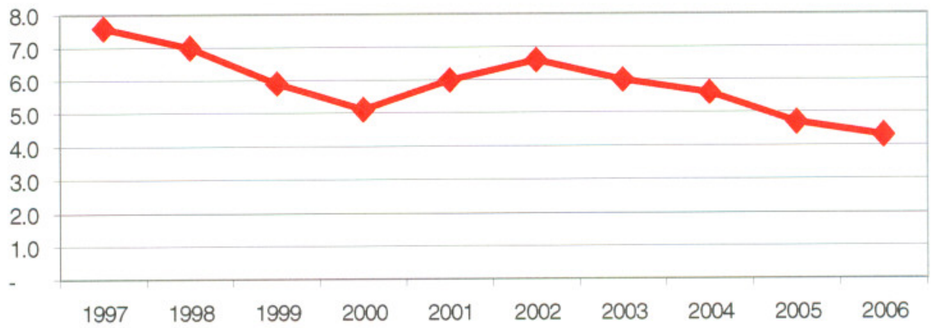
Cash/Investments and Yields

Year	Interest Income	Cash & Investment	Yield %
1997	$25,151	$271,910	7.6
1998	$24,460	$335,840	7.0
1999	$23,267	$416,422	5.9
2000	$24,258	$545,930	5.1
2001	$24,773	$481,057	6.0
2002	$10,614	$788,173	6.6
2003	$7,950	$1,023,274	6.0
2004	$6,218	$861,559	5.6
2005	$11,616	$718,927	4.7
2006	$25,848	$855,333	4.3

Cash & Investment



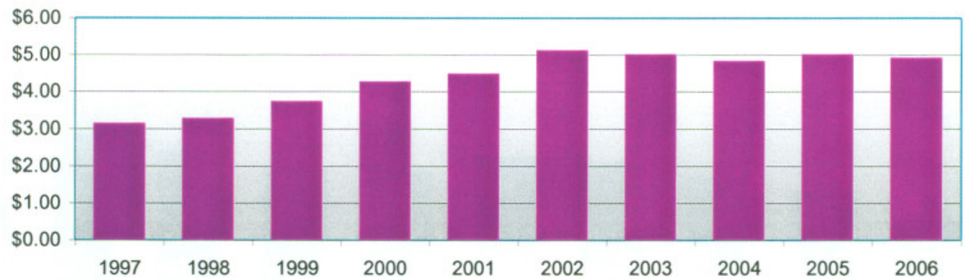
Yield



Concession Revenue
Fiscal Years Ended September 30, 1997 to 2006

Fiscal Year	Concession Revenue		Enplaned Passengers		Revenue per Enplaned Passenger	
	Amount	% Change	Number	% Change	Amount	% Change
1997	$54,431,000	13.7%	17,203,728	2.8%	$3.16	10.7%
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%

Concession Revenue per Enplaned Passenger



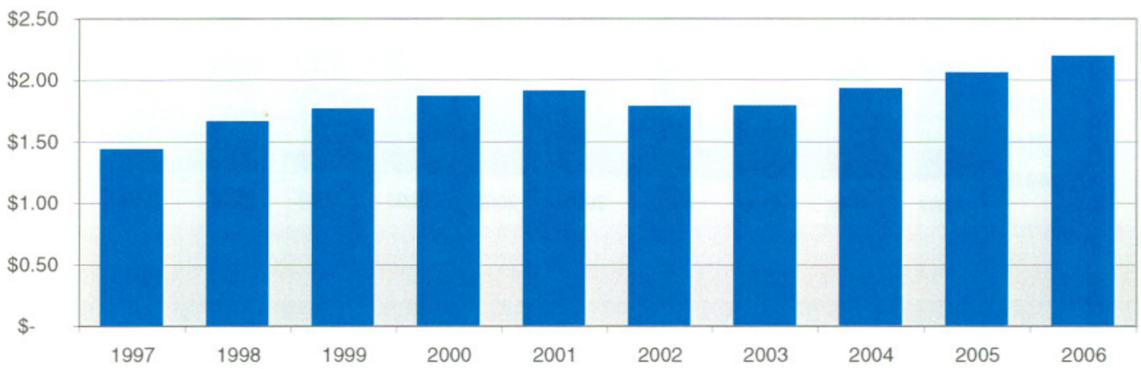
Concession revenues are generated from concessionaires and permittees in the business of merchandise sales, services or other commodities.

Parking Revenue

Fiscal Years Ended September 30, 1997 to 2006

Fiscal	Parking Revenue		Enplaned Passengers		Revenue per Enplaned Passenger	
Year	Amount	% Change	Number	% Change	Amount	% Change
1997	$24,839,853	3.8%	17,203,728	2.8%	$1.44	1.0%
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%

Parking Revenue per Enplaned Passenger



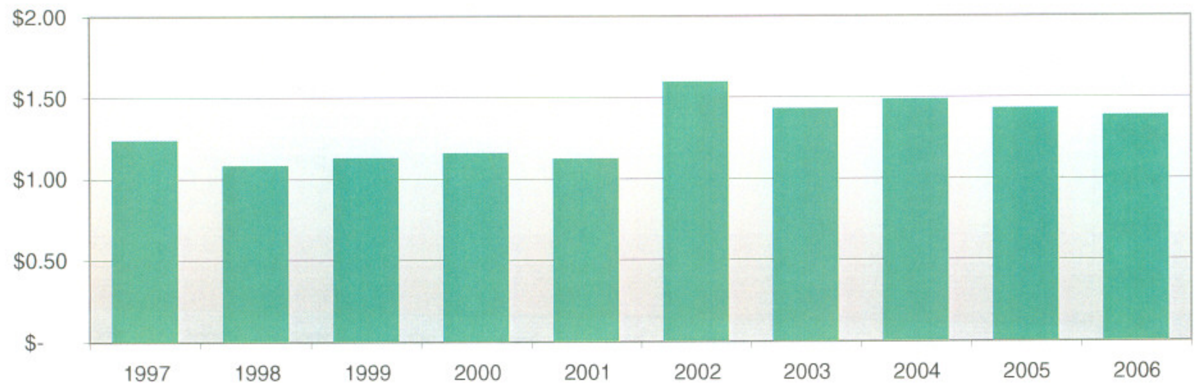
Parking revenues consist of net revenues received from the airport's automobile parking facilities.

Rental Car Revenue

Fiscal Years Ended September 30, 1997 to 2006

Fiscal Year	Rental Car Revenue		Enplaned Passengers		Revenue per Enplaned Passenger	
	Amount	% Change	Number	% Change	Amount	% Change
1997	$21,298,530	25.1%	17,203,728	2.8%	$1.24	21.7%
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%

Rental Car Revenues per Enplaned Passenger



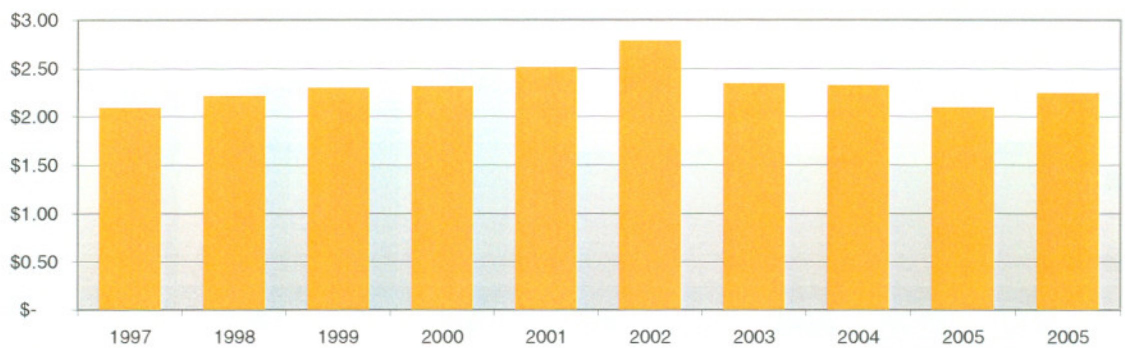
Rental car revenues consist of money received from car rental concessions operating on the airport.

Terminal Rent Revenue

Fiscal Years Ended September 30, 1997 to 2006

Fiscal Year	Terminal Rent Revenue		Enplaned Passengers		Revenue per Enplaned Passenger	
	Amount	% Change	Number	% Change	Amount	% Change
1997	$35,993,936	14.8%	17,203,728	2.8%	$2.09	11.7%
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%

Terminal Rent Revenue per Enplaned Passenger



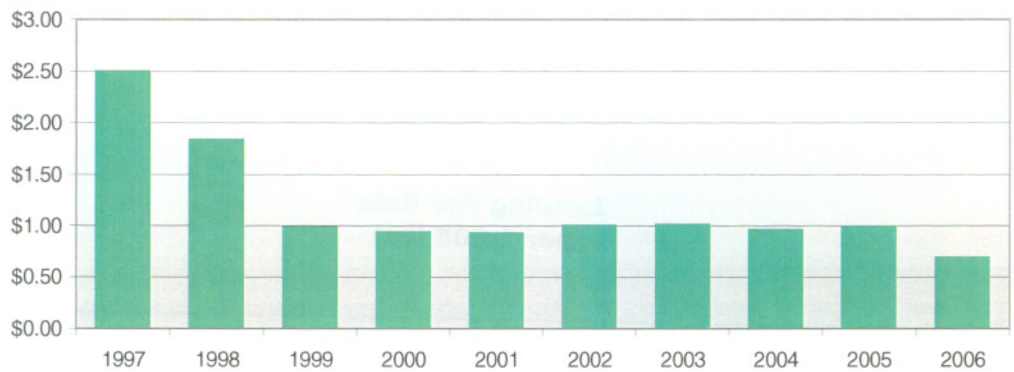
Terminal revenues consist of revenues received by the airport from airlines for ticket counter spaces, offices and common use of technical equipment in the terminal.

Food & Beverage Revenue

Fiscal Years Ended September 30, 1997 to 2006

Fiscal Year	Food & Beverage Revenues Amount	Food & Beverage Revenues % Change	Enplaned Passengers Number	Enplaned Passengers % Change	Revenue per Enplaned Passenger Amount	Revenue per Enplaned Passenger % Change
1997	$43,162,043	8.0%	17,203,728	2.8%	$2.51	5.1%
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%

Food & Beverage Revenue per Enplaned Passenger



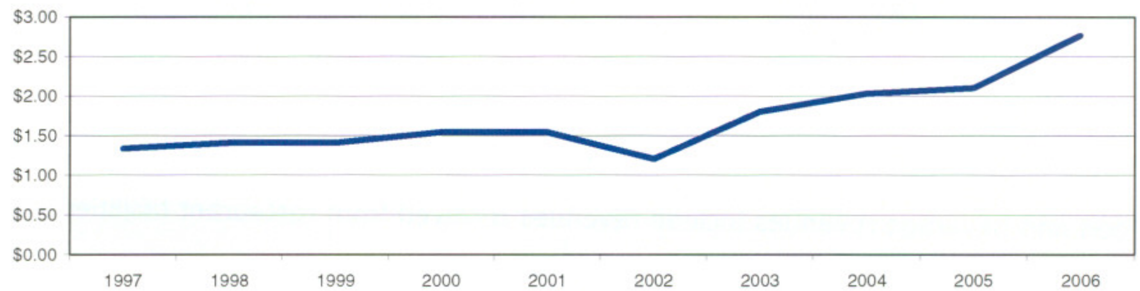
Food and Beverage revenues include revenues received from restaurant facilities at MIA.

Key Usage Fees and Charges

Fiscal Years Ended September 30, 1997 to 2006

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
1997	$1.34	-	$42.40	-	$1.16	-	$1.50	-	$0.31	-	$0.31	-
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%
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%
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%
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%
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%
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%
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%
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%
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%

Landing Fee Rate (per 1,000 lbs)



Ten Largest Sources of Revenue

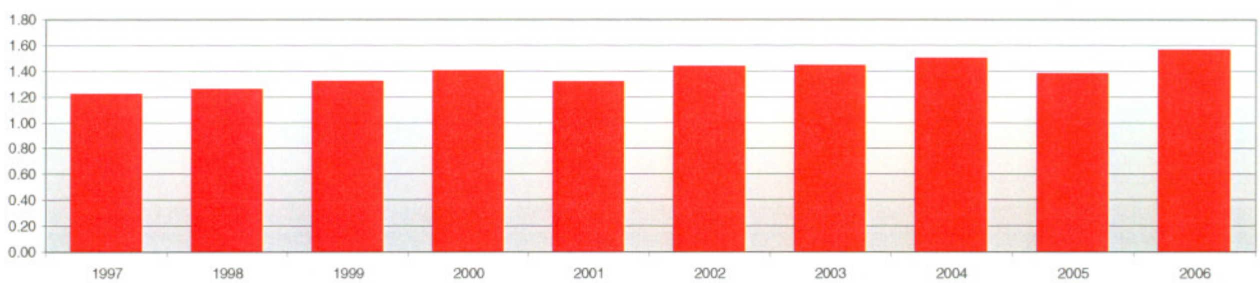
Fiscal Year Ended September 30, 2006

Number	Firm	Revenues
1	American Airlines Inc.	$ 204,353,720
2	Airport Parking Associates	37,838,044
3	Allied Aviation Services	15,343,313
4	Delta Air Lines Inc.	10,659,273
5	Duty Free Americas Miami, LLC	9,129,470
6	Executive Airlines dba American Eagle Airlines	8,676,293
7	Continental Airlines	8,222,803
8	LAN Airlines	7,643,194
9	Host International Inc.	7,450,333
10	US Airways, Inc.	7,413,919

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Pledged Revenues	$ 409,184	$ 432,481	$ 426,856	$ 460,632	$ 465,256	$ 466,146	$ 491,745	$ 550,255	$ 539,397	$ 550,336
Expenses	270,516	279,734	257,546	271,791	286,501	270,198	289,956	314,958	329,030	299,675
Net Revenues	138,668	152,747	169,310	188,841	178,755	195,948	201,789	235,297	210,367	250,661
Reserve Maintenance Fund Deposit	6,000	8,675	7,992	7,000	8,000	4,000	7,000	24,500	15,000	7,500
Net Revenues after Deposits	132,668	144,072	161,318	181,841	170,755	191,948	194,789	210,797	195,367	243,161
Principal	36,660	45,221	45,770	48,065	50,615	53,335	59,080	66,610	55,630	65,130
Interest	72,071	69,403	76,229	81,531	78,984	80,439	75,818	73,861	85,980	90,448
Principal & Interest Requirement	108,731	114,624	121,999	129,596	129,599	133,774	134,898	140,471	141,610	155,578
Debt Service Coverage Ratio (x)	1.22	1.26	1.32	1.40	1.32	1.43	1.44	1.50	1.38	1.56

Debt Service Coverage Ratio (x)



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
1996	$1,260,215	$277,980	$0	$1,538,195
1997	$1,227,685	$274,965	$0	$1,502,650
1998	$1,384,895	$271,770	$0	$1,656,665
1999	$1,489,125	$266,090	$0	$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	$0	$178,694	$3,094,009
2004	$3,224,355	$0	$30,111	$3,254,466
2005	$3,157,740	$0	$313,626	$3,471,366
2006	$3,462,690	$0	$365,342	$3,828,032

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.

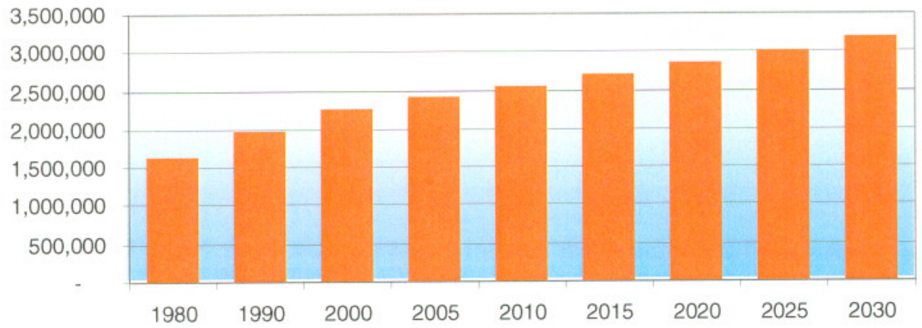
c) The Commercial Paper Notes are payable solely from proceeds of future Revenue Bonds and any unencumbered monies in the Improvement Fund. An irrevocable letter of credit in the amount of $400 million dollars, was approved for the purpose of making funds readily available for the payment of principal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

Estimates of Miami-Dade County Population

1980 to 2030

Year	Total Population
1980	1,625,781
1990	1,967,000
2000	2,253,362
2005	2,403,766
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



Note: Projections are figures developed by Miami-Dade County Department of Planning and Zoning, Research Section.
The 1990 census figures were adjusted for census undercount.
Source: U.S. Bureau of the Census. Decennial Census Reports for 1980, 1990 and 2000.
Miami-Dade County Department of Planning and Zoning, Research Section, 2006.

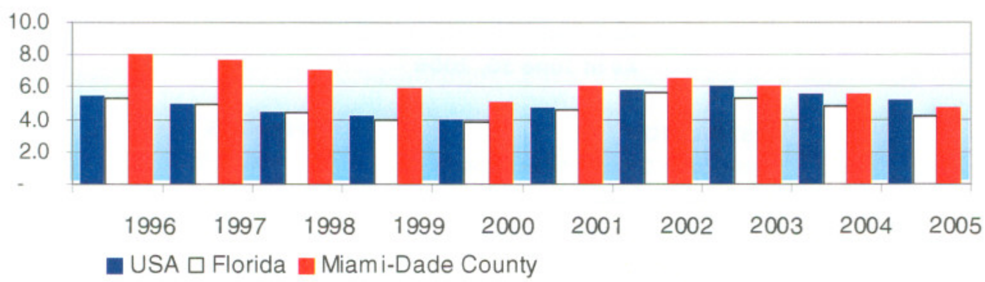
Unemployment Rates

Percent

Year	USA	Florida	Miami-Dade County
1996	5.4	5.3	8.0
1997	4.9	5.0	7.6
1998	4.5	4.5	7.0
1999	4.2	4.0	5.9
2000	4.0	3.8	5.1
2001	4.7	4.6	6.0
2002	5.8	5.7	6.6
2003	6.0	5.3	6.0
2004	5.5	4.8	5.6
2005	5.2	4.2	4.7
2006*			

* Data for 2006 is not available at the present time.

Unemployment Rates (%)



Source: Florida Agency for Workplace Innovation, Office of Workforce Information Services, Labor Market Statistics (in cooperation with U.S. Department of Labor, bureau of Labor Statistics).
Miami-Dade County Department of Planning and Zoning, Research Section, 2006.

MAJOR PRIVATE EMPLOYERS
As of June 30, 2006

	INSTITUTION	EMPLOYEES
1	Publix Super Markets	11,000
2	Baptist Health South Florida	10,826
3	University of Miami	9,874
4	American Airlines	9,000
5	Precision Response Corporation	6,000
6	Bellsouth	5,500
7	Winn-Dixie Stores	4,833
8	Florida Power & Light Company	3,900
9	Carnival Cruise Lines	3,500
10	Burdines/Macy	3,368
11	Mount Sinai Medical Center	3,264
12	Miami Children's Hospital	2,600
13	Mercy Hospital	2,412
14	Wachovia, N.A.	2,229
15	Cordis (a Johnson & Johnson Company)	2,100

MAJOR PUBLIC EMPLOYERS
As of June 30, 2006

	INSTITUTION	EMPLOYEES
1	Miami-Dade County Public Schools	50,000
2	Miami-Dade County	32,000
3	Federal Government	20,400
4	Florida State Government	17,000
5	Jackson Health System	10,500
6	Miami-Dade College	6,500
7	City of Miami	4,034
8	Florida International University	3,132
9	V A Medical Center	2,300
10	City of Miami Beach	1,979
11	City of Hialeah	1,800
12	U.S. Coast Guard	1,220
13	U.S. Southern Command	1,200
14	City of Coral Gables	895
15	City of North Miami Beach	738

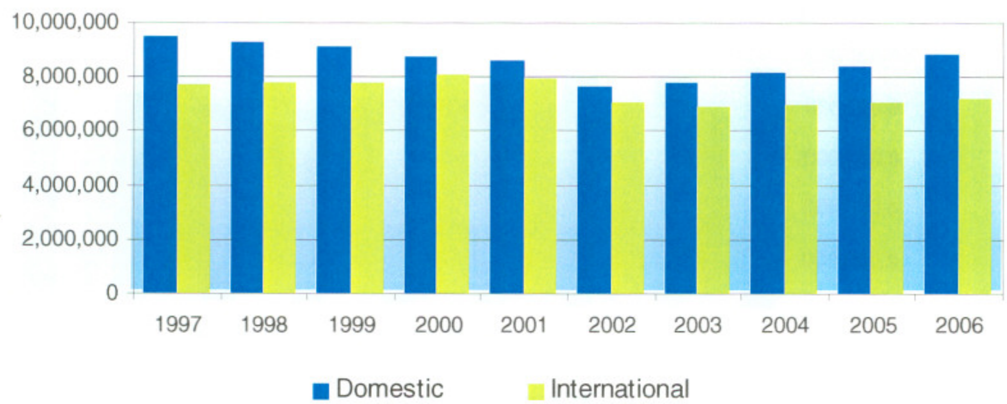
13	U.S. Southern Command	1,200
14	City of Coral Gables	895
15	City of North Miami Beach	738

Annual Enplaned Passengers

Fiscal Years Ended September 30, 1997 to 2006

Year	Domestic		International		Total	
	Passengers	% Change	Passengers	% Change	Passengers	% Change
1997	9,488,808	1.4%	7,714,920	4.5%	17,203,728	2.8%
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%

Annual Enplaned Passengers



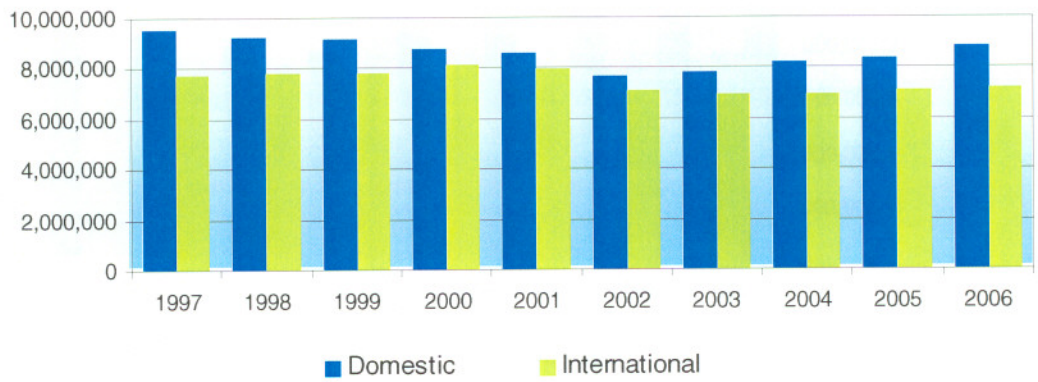
Enplaned Passenger is any revenue passenger boarding at the Airport, including any passenger that previously disembarked from another aircraft (i.e. connecting passenger).

Annual Deplaned Passengers

Fiscal Years Ended September 30, 1997 to 2006

Year	Domestic		International		Total	
	Passengers	% Change	Passengers	% Change	Passengers	% Change
1997	9,488,741	1.6%	7,682,708	3.5%	17,171,449	2.5%
1998	9,268,744	-2.3%	7,742,305	0.8%	17,011,049	-0.9%
1999	9,227,295	-0.4%	7,853,320	1.4%	17,080,615	0.4%
2000	8,823,031	-4.4%	8,088,111	3.0%	16,911,142	-1.0%
2001	8,611,134	-2.4%	7,914,019	-2.2%	16,525,153	-2.3%
2002	7,704,786	-10.5%	6,970,953	-11.9%	14,675,739	-11.2%
2003	7,847,037	1.8%	6,945,601	-0.4%	14,792,638	0.8%
2004	8,093,276	3.1%	7,033,287	1.3%	15,126,563	2.3%
2005	8,263,987	2.1%	7,204,846	2.4%	15,468,833	2.3%
2006	8,696,147	5.2%	7,343,525	1.9%	16,039,672	3.7%

Annual Deplaned Passengers



Deplaned Passenger is any revenue passenger disembarking a plane at the Airport, including any passenger that is changing planes (i.e. connecting passenger).

Miami-Dade Aviation Department

Summary of Total Passengers

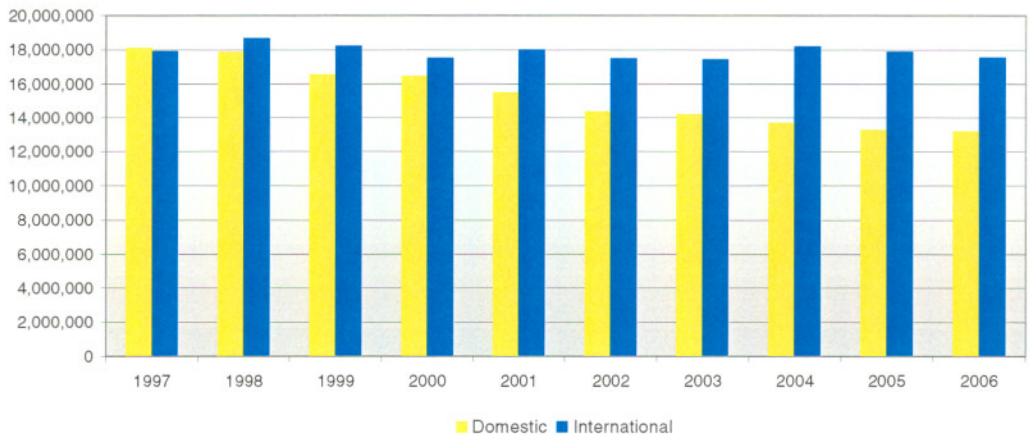
Fiscal Years Ended September 30, 1997 to 2006

Fiscal Year	Total Enplaned Passengers	Total Deplaned Passengers	Total Passengers
1997	17,203,728	17,171,449	34,375,177
1998	17,020,909	17,011,949	34,031,958
1999	16,922,877	17,080,615	34,003,492
2000	16,832,142	16,911,142	33,743,284
2001	16,523,588	16,525,153	33,048,741
2002	14,674,174	14,675,739	29,349,913
2003	14,739,909	14,792,638	29,532,547
2004	15,117,556	15,126,563	30,244,119
2005	15,443,258	15,468,833	30,912,091
2006	16,055,040	16,039,672	32,094,712

Landed Weights
Fiscal Years Ended September 30, 1997 to 2006

Fiscal	Domestic		International		Total	
Year	1,000 lbs	% Change	1,000 lbs	% Change	1,000 lbs	% Chang
1997	18,085,584	-3.1%	17,899,049	-0.1%	35,984,633	-1.6%
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	-1.1%	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%

Landed Weights



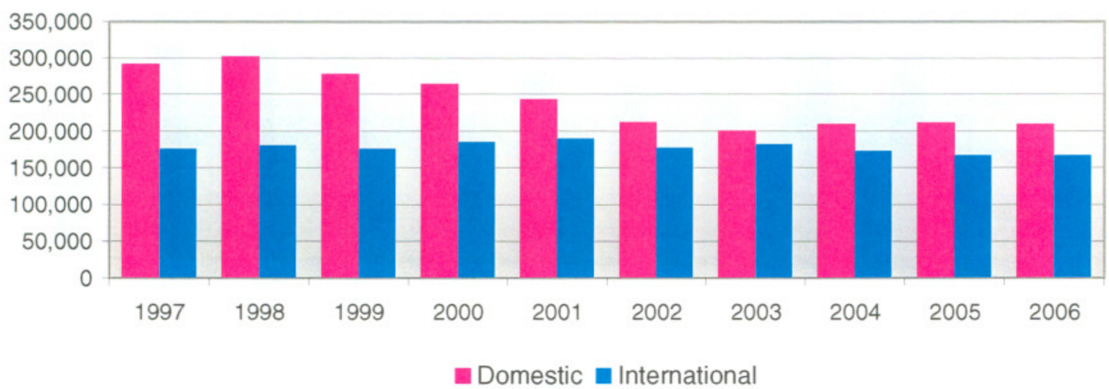
Landed Weight refers to the maximum gross certificated landed weight in one thousand pound units, as stated in the airlines' flight operations manual. Landed weight is used to calculate landing fees for airlines operated at the airport.

Flight Operations

Fiscal Years Ended September 30, 1997 to 2006

Fiscal	Domestic		International		Total	
Year	Operations	% Change	Operations	% Change	Operations	% Change
1997	291,019	-5.2%	175,558	-4.3%	466,577	-4.9%
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%

Flight Operations



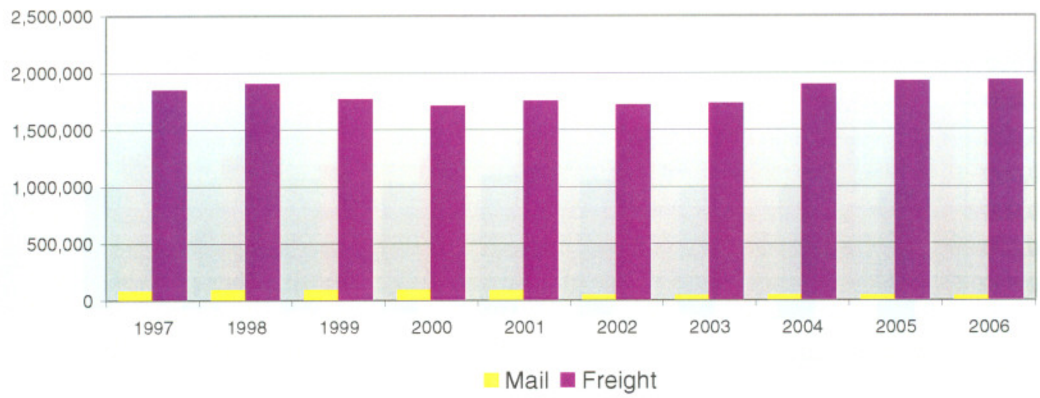
Flight operations are take offs and landings.

Air Cargo Activity

Fiscal Years Ended September 30, 1997 to 2006

Fiscal Year	Mail	Freight	Total	% Change
1997	88,639	1,845,494	1,934,133	4.7%
1998	92,219	1,899,433	1,991,652	3.0%
1999	91,413	1,768,030	1,859,443	-6.6%
2000	94,619	1,704,607	1,799,226	-3.2%
2001	90,409	1,750,526	1,840,935	2.3%
2002	46,847	1,716,445	1,763,292	-4.2%
2003	45,456	1,729,631	1,775,087	0.7%
2004	49,496	1,892,623	1,942,119	9.4%
2005	43,524	1,921,977	1,965,501	1.2%
2006	41,088	1,929,840	1,970,928	0.3%

Air Cargo (tons)



TOP TEN PASSENGER CARRIERS
Fiscal Year ended September 30, 2006

American Airlines	20,321,587
American Eagle	1,404,393
Delta	1,071,743
Continental	786,296
US Airways	784,869
United Airlines	537,561
Avianca	491,039
British Airways	470,045
Northwest	415,105
TACA	376,791

AIRLINES SERVING MIAMI INTERNATIONAL AIRPORT
SEPTEMBER 2006
72 SCHEDULED CARRIERS

17 US SCHEDULED PASSENGER/CARGO CARRIERS INCLUDING COMMUTERS

AIR SOLUTIONS	FREEDOM AIRLINES (Delta Connection)
AIR TRAN	GULFSTREAM INTERNATIONAL (Continental Connection)
ALASKA AIRLINES	LYNX AIR INTERNATIONAL
AMERICAN AIRLINES	NORTHWEST AIRLINES
AMERICAN EAGLE (Executive Airlines)	**REPUBLIC AIRWAYS (Delta Connection)***
CHAUTAUQUA AIRLINES (Delta Connection)	SUN COUNTRY (Seasonal)
COMAIR (Delta Connection)	TED/UNITED AIRLINES
CONTINENTAL AIRLINES	US AIRWAYS
DELTA AIR LINES	

14 US SCHEDULED ALL-CARGO CARRIERS

ABX AIR	MERLIN AIRWAYS (FedEx Feeder)
AIR TAHOMA (FedEx Feeder)	MOUNTAIN AIR CARGO (FedEx Feeder)
AMERIJET	POLAR AIR CARGO
ARROW CARGO	TRADEWINDS AIRLINES
ASTAR AIR CARGO	UNITED PARCEL SERVICE (UPS)
FEDEX EXPRESS	
FLORIDA WEST INTERNATIONAL	
KITTY HAWK AIR CARGO	
IBC AIRWAYS	

32 FOREIGN SCHEDULED PASSENGER/CARGO CARRIERS

AEROLINEAS ARGENTINAS	(ARGENTINA)	LAB - LLOYD AEREO BOLIVIANO	(BOLIVIA)
AEROMEXICO	(MEXICO)	LACSA	(COSTA RICA)
AEROPOSTAL	(VENEZUELA)	LAN ARGENTINA	(ARGENTINA)
AEROSUR	(BOLIVIA)	LAN ECUADOR	(ECUADOR)
AIR CANADA	(CANADA)	LAN	(CHILE)
AIR FRANCE	(FRANCE)	LAN PERU	(PERU)
AIR JAMAICA	(JAMAICA)	LTU	(GERMANY)
ALITALIA	(ITALY)	LUFTHANSA	(GERMANY)
AVIANCA	(COLOMBIA)	MARTINAIR	(HOLLAND)
BAHAMASAIR	(BAHAMAS)	MEXICANA	(MEXICO)
BRITISH AIRWAYS	(U.K)	SANTA BARBARA AIRLINES	(VENEZUELA)
BWIA	(TRINIDAD & TOBAGO)	SWISS INT'L AIRLINES	(SWITZERLAND)
CAYMAN AIRWAYS	(CAYMAN ISLANDS)	TACA	(EL SALVADOR)
COPA	(PANAMA)	TAM	(BRAZIL)
EL AL	(ISRAEL)	VIRGIN ATLANTIC	(U.K)
FINNAIR	(FINLAND (Seasonal))		
IBERIA	(SPAIN)		

9 FOREIGN SCHEDULED ALL-CARGO CARRIERS

ABSA	(BRAZIL)	KOREAN AIR	(KOREA)
CHINA AIRLINES	(TAIWAN)	MAS AIR	(MEXICO)
CIELOS DEL PERU	(PERU)	TAMPA CARGO	(COLOMBIA)
DHL AEROEXPRESO	(PANAMA)	VARIGLOG	(BRAZIL)
ESTAFETA	(MEXICO)		

Miami-Dade Aviation Department
Full-Time Equivalent Employees (FTE)
Fiscal Years 1997 to 2006

Year	FTEs as of September 30	% Change	Enplaned Passengers	FTE per Enplaned Passenger
1997	1,707	N/A	17,203,728	10,078
1998	1,667	-2%	17,020,909	10,211
1999	1,718	3%	16,922,877	9,850
2000	1,775	3%	16,832,142	9,483
2001	1,811	2%	16,523,588	9,124
2002	1,921	6%	14,674,174	7,639
2003	1,892	-2%	14,739,909	7,791
2004	1,859	-2%	15,117,556	8,132
2005	1,875	1%	15,443,258	8,236
2006	1,642	-12%	16,055,040	9,778

CAPITAL ASSET INDICATORS
Last Ten Fiscal Years

Miami-Dade Aviation Department	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Number of airports	6	6	6	6	6	6	6	6	6	5
Number of runways										
Miami International	4	4	4	4	4	4	4	4	4	4
Opa-Locka	3	3	3	3	3	3	3	3	3	3
Kendall-Tamiami Executive	3	3	3	3	3	3	3	3	3	3
Homestead General	2	2	2	2	2	2	2	2	2	2
Dade-Collier Training & Transition	1	1	1	1	1	1	1	1	1	1
Opa-Locka West	2	2	2	2	2	2	2	2	2	closed

Miami-Dade Aviation Department
Finance & Strategy Division
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