

MIAMI-DADE COUNTY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (UNAUDITED)

The following narrative provides an overview of Miami-Dade County's (the "County") financial activities for the fiscal year ended September 30, 2009. Comparative information is provided in this year's report. This narrative should be read in conjunction with the letter of transmittal at the front of this report and the financial statements and accompanying notes, which follow this section. Additional information is provided in this narrative and the accompanying notes to the financial statements.

The County's financial statements reflect the restatement of beginning balances as a result of the Miami-Dade Public Housing Agency (MDPHA) audit. Refer to Note 11 for the detail of the adjustments.

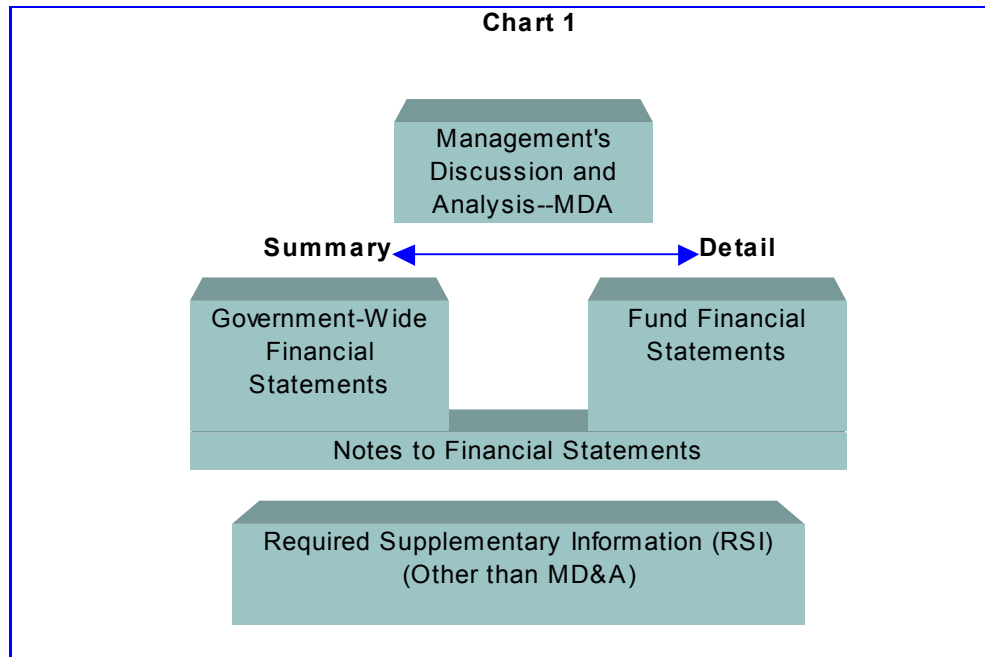
Financial Highlights for Fiscal Year 2009

- ❑ At September 30, 2009, the County's assets exceeded its liabilities by \$7.1 billion (net assets). Of this amount, \$5.2 billion was invested in capital assets, net of related debt. Additionally, \$1.9 billion was restricted by law, agreements, debt covenants or for capital projects. The County had unrestricted net assets of \$30 million at September 30, 2009.
- ❑ During the fiscal year 2009, net assets decreased by \$553 million. Of this decrease, \$286 million was in business-type activities and the remaining decrease of \$267 million was in governmental activities.
- ❑ Total long-term liabilities had a net increase of \$1.7 billion during the fiscal year. This was due to the issuance of \$1.2 billion of Revenue Bonds; \$350 million of General Obligation Bonds; \$720 million of Special Obligation Bonds; \$21 million of loans; offset by a net reduction of principal and other liabilities of \$571 million.
- ❑ At September 30, 2009, the County's governmental funds had fund balances totaling \$2.3 billion. Of the total fund balance, approximately \$1.5 billion or 63% was unreserved. The net change in governmental fund balances during the year was an increase of \$443 million.
- ❑ At September 30, 2009, the General Fund had a fund balance of \$296.3 million, representing a decrease of approximately 18.9% from the previous year. Of the total fund balance, \$90.8 million was unreserved.

MIAMI-DADE COUNTY, FLORIDA

Overview of the Financial Statements

This report has been prepared in accordance with Governmental Accounting Standard Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. The Statement requires that the basic financial statements include: 1) *government-wide* statements, 2) *fund* financial statements, and 3) notes to the financial statements. Other supplementary information and statistical data is also included in the report. A graphical illustration is presented below—Chart 1.



The GASB Statement No. 34 reporting model focuses attention on the County as a whole (government-wide) and on the major individual funds. Both perspectives allow the user to address relevant questions, broaden the basis for comparison and enhance the County's accountability.

Government-wide statements. Two government-wide statements are presented: the *statement of net assets* and the *statement of activities*. These statements provide information on the County as a whole using the accrual basis of accounting similar to those of private-sector companies. The accrual basis of accounting recognizes increases or decreases in economic resources as soon as the underlying transaction takes place. Therefore, all of the current year's revenues and expenses are reported regardless of when cash is received or paid. The economic resources measurement focus is applied to all long-term and short-term *financial* assets and liabilities, as well as all *capital* assets. These statements include the County and its component units, except for funds that are fiduciary in nature.

The *Statement of Net Assets* presents information for all of the County's governmental and business-type activities. Increases or decreases in net assets may be useful in assessing the County's financial position.

MIAMI-DADE COUNTY, FLORIDA

The *Statement of Activities* presents the change in net assets over the fiscal year being reported. The format for this statement reports the *net (expense) revenue* of each of the County's functions (groups of related activities which provide a major service). It identifies the extent to which each function is either self-supporting or relies on general revenues of the County. The County's *general revenues*, such as taxes, shared revenues from the State of Florida, investment earnings, and transfers, are reported after the total net expense of the County functions.

In the government-wide statements, financial information is provided separately for:

- ❑ **Governmental activities.** Policy Formulation and General Government, Protection of People and Property, Culture and Recreation, and Physical Environment are examples of governmental activities. These activities are principally supported by general revenues, grants or contributions.
- ❑ **Business-type activities.** The operations of the Airport, the Seaport, the Water and Sewer Department, the Solid Waste Department, the Transit Department and the Public Health Trust are the County's major business-type activities. These activities are financed in whole or in part by fees charged to external users for goods and services.
- ❑ **Component units.** Component units are legally separate entities for which the County is financially accountable. The Miami-Dade Housing Finance Authority and the Jackson Memorial Foundation are the County's component units.

Fund financial statements. Fund financial statements have traditionally been presented in the Comprehensive Annual Financial Report (the "CAFR"). A *fund* is a set of self-balancing accounts that are segregated for the purpose of carrying on specific activities or attaining certain objectives, as required by special regulations, restrictions or limitations. The Miami-Dade County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- ❑ **Governmental funds.** Governmental funds account for most of the County's basic services, which are reported as governmental activities in the government-wide statements. Fund statements, however, use the modified accrual basis of accounting and current financial resources measurement focus. The aim of the statements is to report the near-term (current) inflows and outflows, and the balances of spendable financial resources at the end of the fiscal year. The statements provide a short-term view of the County's ability to finance its programs in the near future, in contrast to the long-term view provided by the government-wide statements. To facilitate comparison, reconciliations are presented for the governmental funds' balance sheet and statement of revenues, expenditures and changes in fund balance to the government-wide statements.

The governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance include separate columns for the County's major fund, the General Fund, and Other Governmental Funds in the aggregate. Individual fund statements for the Other Governmental Funds

MIAMI-DADE COUNTY, FLORIDA

are included in the combining statements in the supplementary information section of the CAFR.

- **Proprietary funds.** Proprietary funds are those funds where the County charges a user fee in order to recover costs. The County's proprietary funds are enterprise funds and internal service funds.

1. *Enterprise funds* are used to finance and account for the acquisition, operation and maintenance of facilities and services that are intended to be entirely or predominantly self-supporting through the collection of charges from external customers. Enterprise funds are used to report the same activities as the business-type activities in the government-wide financial statements. The County has six major enterprise funds.
2. *Internal service funds* are used to report any activity that provides goods and services to other funds, departments, or agencies of the County, on a reimbursement basis. The County's Self-Insurance Fund is an internal service fund. In the statement of activities, any profit or loss in the Self-Insurance Fund is allocated back to the different functions that participated in the fund. Because the Self-Insurance Fund predominantly serves the government, assets and liabilities of the Self-Insurance Fund are included within the governmental activities in the statement of net assets.

- **Fiduciary funds.** Fiduciary funds are used to report assets held in a trustee or agency capacity for others. The County currently has funds held in an agency capacity for the Clerk of the Circuit and County Court and the Tax Collector, as well as other funds placed in escrow pending distributions. The County also has a Pension Trust Fund that accounts for the Public Health Trust Defined Benefit Retirement Plan. These funds cannot be used to support the County's own programs, and therefore, are *not* reflected in the government-wide financial statements.

Notes to the financial statements. The notes include various disclosures to ensure a complete picture is presented in the financial statements. They provide information useful in understanding the data presented in the government-wide and fund financial statements.

Other information. This report also includes as required supplementary information a schedule of revenues, expenditures and changes in fund balances – budget and actual, for the General Fund and additional disclosures for the Public Health Trust Pension Fund and the Miami-Dade County Retiree Health Plan. Combining and individual fund statements and budget comparisons for nonmajor funds are located in the pages following the notes to the financial statements.

MIAMI-DADE COUNTY, FLORIDA

Financial Analysis of the County as a Whole

The difference between a government's assets and its liabilities is its *net assets*. The County's net assets are summarized below:

Table 1
Miami-Dade County
Summary of Net Assets
(in millions)

	Governmental activities		Business-type activities		Total primary government		Total percentage change
	2008	2009	2008	2009	2008	2009	2008-2009
	(Restated)				(Restated)		
Current and other assets	\$ 2,930	\$ 3,058	\$ 3,357	\$ 3,206	\$ 6,287	\$ 6,264	-0.4%
Capital assets	3,682	3,821	11,064	11,941	14,746	15,762	6.9%
Total assets	6,612	6,879	14,421	15,147	21,033	22,026	4.7%
Long-term debt obligations	3,285	4,132	8,466	9,323	11,751	13,455	14.5%
Other liabilities	759	446	860	1,015	1,619	1,461	-9.8%
Total liabilities	4,044	4,578	9,326	10,338	13,370	14,916	11.6%
Net assets:							
Invested in capital assets, net of related debt	1,687	1,560	3,564	3,631	5,251	5,191	-1.1%
Restricted	1,156	1,110	984	779	2,140	1,889	-11.7%
Unrestricted	(275)	(369)	547	399	272	30	-89.0%
Total net assets	\$ 2,568	\$ 2,301	\$ 5,095	\$ 4,809	\$ 7,663	\$ 7,110	-7.2%

Net assets may be used to assess the financial position of the County. The County's combined net assets as of September 30, 2009 were \$7.1 billion. Approximately 73%, or \$5.2 billion, of the County's net assets represent investment in capital assets, net of outstanding related debt. These assets include land, buildings, machinery and equipment, and infrastructure, and are not available for future spending. Additionally, \$1.9 billion are restricted net assets and are subject to external restrictions on how they may be spent.

At September 30, 2009, the County had unrestricted net assets of \$30 million. The governmental activities unrestricted deficit of \$369 million is primarily due to the liability for County employees' compensated absences of \$397 million.

The decrease in net assets of business-type activities of \$286 million is attributed to decreases in net assets of the Transit fund, Aviation, and Public Health Trust, and offset by increases in net assets of the Solid Waste, Seaport, and Water and Sewer. More detailed information on these changes may be found in the Financial Analysis of the County's Funds section of the MD&A.

Net assets reflect prior period adjustments that restate previous year balances of governmental activities by \$3.623 million, related to the Housing programs. See Note 11 for details of adjustments.

MIAMI-DADE COUNTY, FLORIDA

Table 2
Miami-Dade County, Florida
Changes in Net Assets
(in millions)

	Governmental activities		Business-type activities		Total primary government		Total %change
	2008	2009	2008 **	2009	2008	2009	2008-2009
Revenues:							
Program revenues:							
Charges for services	\$ 571	\$ 535	\$ 2,865	\$ 2,743	\$ 3,436	\$ 3,278	-4.6%
Operating grants and contributions	680	635	98	91	778	726	-6.7%
Capital grants and contributions	109	60	278	306	387	366	-5.4%
General revenues:							
Property taxes	1,700	1,732			1,700	1,732	1.9%
County hospital 1/2% sales surtax	187	173			187	173	-7.5%
Transportation 1/2% sales surtax	187	173			187	173	-7.5%
Utility taxes	73	68			73	68	-6.8%
Local option gas taxes	62	55			62	55	-11.3%
Communication tax	51	44			51	44	-13.7%
Other taxes	131	105			131	105	-19.8%
Intergovernmental revenues, unrestricted	236	228			236	228	-3.4%
Franchise fees	49	44			49	44	-10.2%
Earnings on investments	33	22	71	29	104	51	-51.0%
Miscellaneous	3	8	16	14	19	22	15.8%
Total revenues	4,072	3,882	3,328	3,183	7,400	7,065	-4.5%
Expenses:							
Policy formulation and general government	540	490			540	490	-9.3%
Protection of people and property	1,402	1,386			1,402	1,386	-1.1%
Physical environment	160	102			160	102	-36.3%
Transportation	210	163			210	163	-22.4%
Health	72	69			72	69	-4.2%
Human services	326	334			326	334	2.5%
Socio-economic environment	378	494			378	494	30.7%
Culture and recreation	343	351			343	351	2.3%
Interest on long-term debt	116	136			116	136	17.2%
Mass transit			595	574	595	574	-3.5%
Solid waste collection			108	98	108	98	-9.3%
Solid waste disposal			183	174	183	174	-4.9%
Seaport			101	109	101	109	7.9%
Aviation			675	680	675	680	0.7%
Water			228	233	228	233	2.2%
Sewer			317	316	317	316	-0.3%
Public health			1,814	1,886	1,814	1,886	4.0%
Other			22	23	22	23	4.5%
Total expenses	3,547	3,525	4,043	4,093	7,590	7,618	0.4%
Increase (decrease) in net assets before transfers	525	357	(715)	(910)	(190)	(553)	-191.1%
Transfers	(676)	(624)	676	624			
Increase (decrease) in net assets	(151)	(267)	(39)	(286)	(190)	(553)	-191.1%
Beginning net assets (Restated-Note 11) *	2,719	2,568	5,134	5,095	7,853	7,663	-2.4%
Ending net assets	\$ 2,568	\$ 2,301	\$ 5,095	\$ 4,809	\$ 7,663	\$ 7,110	-7.2%

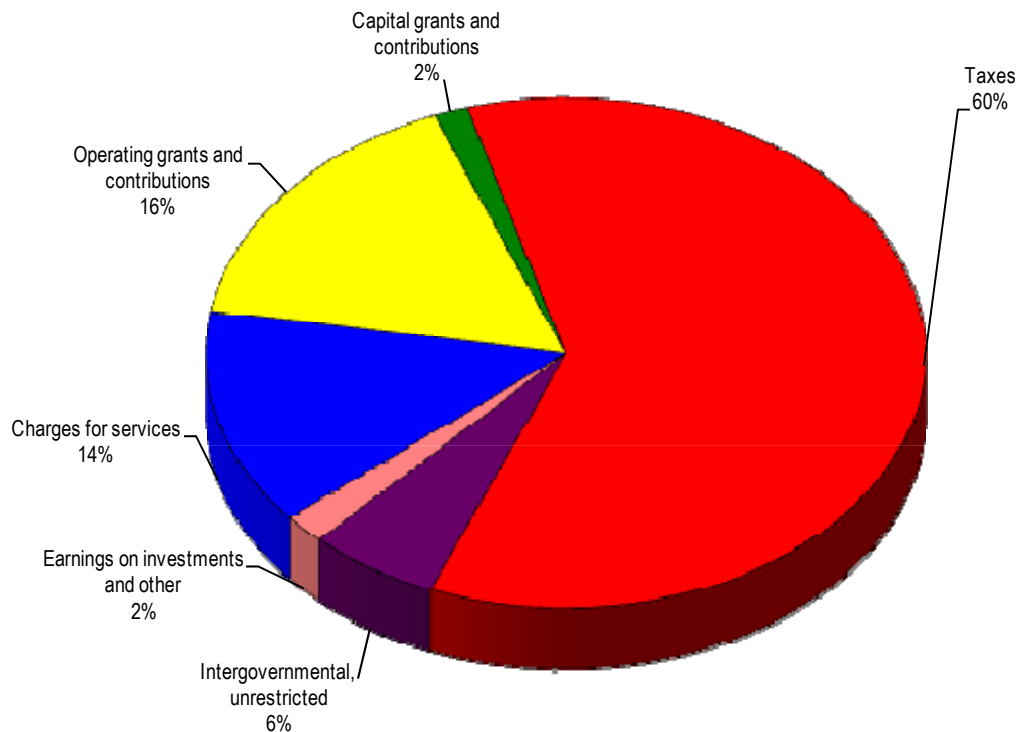
*Beginning 2008 net assets were adjusted since the prior period adjustments were not identifiable to any specific activity in FY 2008.

**Fiscal Year 2008 Business-type activities were adjusted to reflect reclassifications for the Public Health Trust.

MIAMI-DADE COUNTY, FLORIDA

Governmental activities. Net assets of governmental activities decreased by \$267 million in fiscal year 2009. Total revenues for the governmental activities were \$3.9 billion. The largest source of revenue is taxes (60.5%), followed by operating grants and contributions (16.4%) and charges for services (13.8%). The County experienced an increase in property tax revenues of \$32 million or 1.9% in fiscal year 2009, as compared to fiscal year 2008. This increase is primarily due to a slight increase in millage rate. The County's millage rate of 7.4052 is higher than the 7.1705 rate adopted the previous year, and is below the 10 mill rate limit established by the State.

Revenues by Source--Governmental Activities



Revenue from charges for services decreased by \$36 million, or 6.3%, over fiscal year 2008. This decrease was mainly due to \$11.7 million of anticipated incorporation mitigation payments from municipalities recognized in fiscal year 2008, which were phased out in fiscal year 2009. Another \$7.2 million was due to a decrease of recording fees due to the decline in home sales in fiscal year 2009. Clerk of Court revenues decreased by \$12.1 million, due to the implementation of Senate Bills 1718 and 2108 which changed the manner in which the Clerk of Court operations were funded. Only nine months of revenues for filing fees, service charges, court costs and fines are

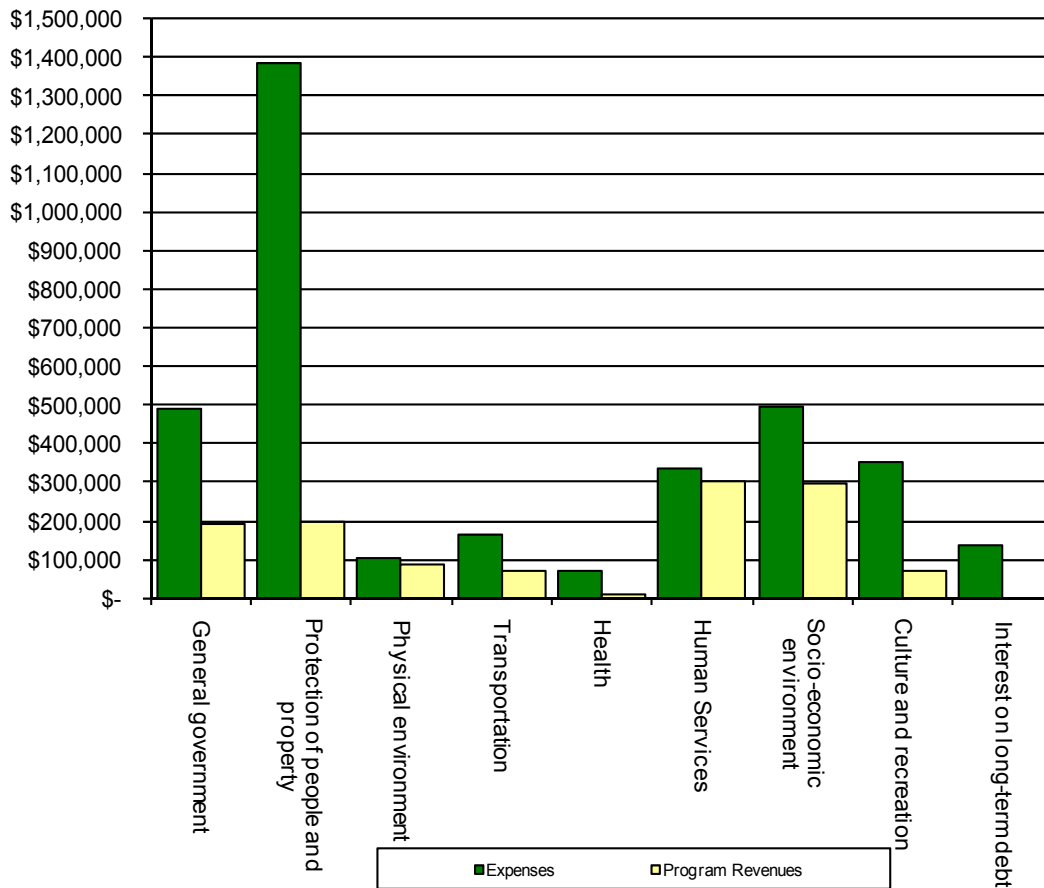
MIAMI-DADE COUNTY, FLORIDA

reflected in fiscal year 2009. Effective July 1, 2009, the Clerk of Courts is funded from State appropriations. Other charges for services decreased in the Building Department, Building Code Compliance, and Planning and Zoning due to the decrease in permits requested as a result in the decline in the construction industry.

Operating grants and contributions decreased by \$45 million, mainly due to completion of some major grant-funded programs.

Total expenses for governmental activities were \$3.5 billion. As can be seen in the chart below, the majority of these expenses were for Protection of People and Property. Net transfers to business-type activities were \$624 million, including: \$270 million to the Transit Agency, of which approximately \$125.1 million was from the half-penny sales tax for transit related costs and \$145.6 million was from the General Fund; \$172.8 million of the half-penny Indigent Care sales tax to the Public Health Trust; and \$177.9 million from the General Fund to the Public Health Trust.

Expenses and Program Revenues - Governmental Activities
(in thousands)

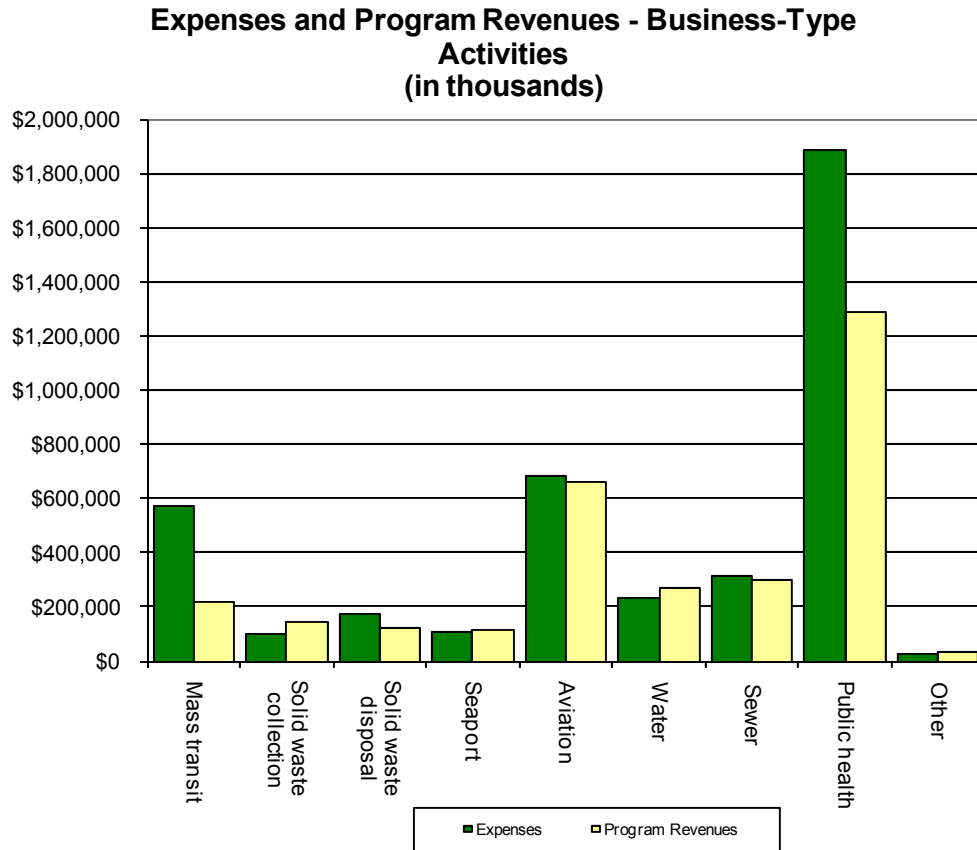


MIAMI-DADE COUNTY, FLORIDA

Business-type activities. The County's major business-type activities include the following enterprise funds:

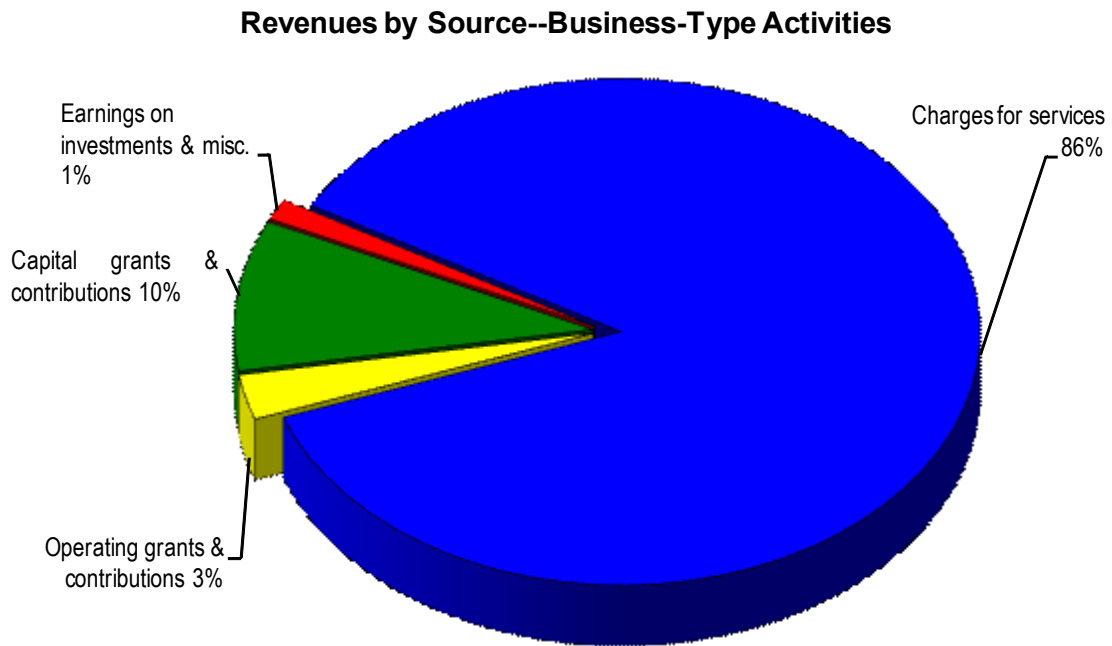
- Miami-Dade Transit Agency
- Solid Waste Collection and Disposal Department
- Seaport Department
- Miami-Dade Aviation Department
- Miami-Dade Water and Sewer Department, and
- Public Health Trust

Net assets of business-type activities decreased by \$286 million. The bar graph below summarizes the expenses and program revenues of the business-type activities.



MIAMI-DADE COUNTY, FLORIDA

The pie chart below summarizes the revenues by source of the business-type activities.



MIAMI-DADE COUNTY, FLORIDA

Financial Analysis of the County's Funds

Governmental Funds. The General Fund is the County's chief operating fund and is used to account for most of its governmental activities. The General Fund's fund balance at September 30, 2009, was \$296.3 million. Of this amount \$90.7 million, or approximately 30.6%, is unreserved. The remainder of fund balance has been reserved to pay for additional endangered land (\$61.4 million), to pay for the enhancement of the stormwater drainage system (\$57.1 million), to liquidate contracts and purchase orders outstanding at the end of fiscal year (\$22.9 million) for inventories (\$21.8 million) and for long-term advances receivables (\$42.4 million). The unreserved fund balance represents approximately 5.5% of the total General Fund's expenditures. The General Fund's fund balance decreased by \$68.9 million from the previous year.

Enterprise Funds. The proprietary funds provide the same type of information found in the government-wide statements, but in more detail.

Miami-Dade Transit ("MDT") The MDT generated \$103.6 million in operating revenues in fiscal year 2009, and reported a decrease in net assets of \$77 million. Net assets for MDT totaled \$749 million at September 30, 2009, including \$901.3 million invested in capital assets, and a \$152.2 million deficit in unrestricted net assets.

As of September 30, 2009, the Transit Agency had a cash deficit balance of approximately \$146.6 million. These cash deficits are funded with cash advances from the General Fund. It is the County's practice to cover cash deficits with corresponding interfund receivables/payables in the appropriate fund. MDT reported the portion expected to be repaid within one year as current liabilities in Due to Other Funds in the amount of \$104.2 million. The remaining portion is reflected as Long-Term Advances Due to Other Funds in the amount of \$42.4 million. The General Fund recorded a reservation of fund balance of \$42.4 million for the Long-term Advances Receivable.

In 2005 MDT borrowed \$23.9 million (\$6.8 million for operating expenses, \$17.1 million for project funds) from the General Fund to cover the fiscal year 2001-02 existing shortfall. In fiscal year 2009, MDT reimbursed the General Fund the remaining balance of \$18.2 million.

MDT has borrowed \$150 million from the Citizen's Independent Transportation Trust (CITT), of which \$12 million has been repaid, leaving a balance due to CITT of \$138 million. The long-term portion of \$130.6 million is reported under Long-term Advances Due to Other Funds and the current portion of \$7.4 million is recorded as Due to Other Funds.

Solid Waste Department ("SWD") The SWD net assets increased by \$148 thousand reflecting revenues in excess of expenses for the fiscal year ended September 30, 2009. Operating revenues decreased 2% from \$270.3 million in fiscal year 2008 to \$265.1 million in fiscal year 2009. This decrease primarily resulted from a decrease in Disposal Services Revenue as a result of lower equivalent revenue tons partially offset by higher disposal fees.

Seaport Department The Seaport Department's operating revenues for the 2009 fiscal year were \$100.1 million, an increase of approximately 5.7% from the prior year. The Seaport's net assets increased by \$4.2 million from the prior year.

MIAMI-DADE COUNTY, FLORIDA

Aviation Department The Aviation Department had operating revenues of \$521.6 million in fiscal year 2009, a decrease of \$40.3 million or 7.2% from the prior year. This decrease is due to significant reduction on landing fee revenue, parking revenue and rental car revenue. The parking revenue reduction is due to the temporary closing of Airport Concourse A. In addition, investment income was significantly reduced due to lower yields. Net assets decreased \$12.0 million or 1.0%. This was primarily due to lower passenger facility charges, a decrease of 4.5% in commercial landings, and a decrease of 20.1% in enplaned cargo in fiscal year 2009.

Water and Sewer Department (“WASD”) Total net assets as of September 30, 2009 were \$2.2 billion. The Department’s net assets increased by \$37.3 million from the prior year. The increase was primarily due to an increase in operating revenues as a result of rate increases. Operating and maintenance expenses increased by \$7.0 million, or by 2.2%, in 2009. The increase is due primarily to increased level of employee compensation and increased consultant and electrical expense.

Public Health Trust (“PHT” or “Trust”) During fiscal year 2009, PHT’s net assets decreased by \$244.6 million. (Please note that certain PHT revenues and expenditures were reclassified from last year’s CAFR). Operating revenues were \$1.252 billion, a decrease of \$128.4 million from the prior year. Net patient services revenue decreased by 10.6% or \$124.7 million due mainly to an accounting adjustment (change in estimate) of approximately \$50 million to reflect the shortfall in cash collections pertaining to legacy billing systems. The remainder of the decrease resulted from a 6% increase in nonpaying patients. Grants and other of \$28.3 million for the fiscal year ended September 30, 2009, decreased \$3.3 million or 10.4% from that reported in 2008 and was attributed to a \$2 million reduction in revenues related to FEMA for the cost of hurricane shutters for building facilities. Operating expenses, including depreciation, were \$1.870 billion, an increase of \$62.8 million from the prior year. The increase in expenses is mainly attributed to an increase in personnel and related costs, contractual and purchased services, and depreciation expense.

The PHT management is actively implementing an operational improvement plan to address the Trust’s financial condition. On March 18, 2010, the Board of County Commissioners held a special meeting and placed the PHT on management watch. The PHT management, together with its business partners, developed a cash stabilization plan to insure the PHT is solvent through the remainder of the fiscal year 2010. The plan included an advance from the County of \$61 million from the budgeted Surtax for fiscal year 2010 of \$169.7 million. In addition, the County advanced \$6 million of the budgeted Maintenance of Effort (MOE) of \$158.4 million. The County is required to provide PHT with a MOE payment that is no less than 80% of the general fund support provided for the operation of PHT at the time the surtax was levied. The MOE is calculated as 11.873% times the millage rate levied for countywide purposes in fiscal year 2007 times 95% of the preliminary tax roll for the upcoming fiscal year and multiplying 11.873% of general fund non-ad valorem revenues, with the exception of local and state gas taxes. In addition, the County remitted \$13.1 million to the State Agency for Health Care Administration (AHCA) which the County had previously agreed in the PHT MOE for fiscal year 2010.

At this time the County does not anticipate any additional funding will be required to assist PHT. The County does have the ability to advance budgeted surtax and MOE

MIAMI-DADE COUNTY, FLORIDA

funds to the Trust, if such circumstances are warranted. In the event PHT's financial condition falls short of the sustainability goals forecasted, the County would evaluate available options including reducing costs and pursuing opportunities to redesign and optimize the operations and revenues and billing areas, including seeking additional Medicaid funding from the State.

On September 27, 2005, the County issued Public Facilities Revenue Bonds and Public Facilities Revenue Refunding Bonds in the original combined amount of \$300,000,000 (Series 2005 Bonds). On September 2, 2009, the County issued Public Facilities Revenue Bonds in the original amount of \$83,315,000 (Series 2009 Bonds).

The Series 2005 Bonds and Series 2009 Bonds (the Bonds) are secured by the gross revenues of the Public Health Trust. The Bonds are subject to certain covenants included in Ordinance No. 05-49 (the Bond Ordinance), together with certain ordinances and Board resolutions, which authorize and issue the Bonds by and between the Trust and the County. In addition, the Trust must comply with certain covenants included in the Bond insurance agreements.

The Bond Ordinance contains significant restrictive covenants that must be met by the Trust including, among other items, the requirement to maintain a rate covenant, to make scheduled monthly deposits to the debt service fund, maintenance of insurance on the Trust's facilities and limitations on the incurrence of additional debt. In general, the bond insurance agreement contains the same covenants as the Bond Ordinance.

At September 30, 2009, the Trust failed to meet rate covenant under the Bond Ordinance. PHT's failure to meet the rate covenant does not constitute a default under the Bond Ordinance, if PHT promptly hires an independent consultant to make recommendations as to a revision of the rates, fees, and charges of the Trust or the method of operation of the Trust, which shall result in producing the net revenues used in the covenant computation, and the PHT commences action to conform in all material respects with the recommendations of the independent consultant. The Trust has employed a consultant to make recommendations as to revision of rates, fees, and charges, and is in the process of implementing their recommendations. Therefore, PHT management believes that the covenant requirement has been satisfied. Failure to meet the rate covenant does not result in acceleration of Bonds.

In April, 2010 PHT received a subpoena from the US Securities and Exchange Commission, Miami Regional Office (SEC). The subpoena requests PHT to provide documentation related with the Jackson Health System Bond Offering for Public Facilities Revenue Bonds, Jackson Health System Series 2009, as part of a formal investigation of the PHT's financial condition and projections.

General Fund Budgetary Highlights

During fiscal year 2009, the General Fund's budget was amended once. These budget amendments or supplemental appropriations reflect the change in projected expenditures that occurred since the budget hearings were held in September 2008 and distribute allocated funds among various County agencies from appropriate reserves and from appropriate sources. Some of the major amendments include a supplemental appropriation to the Clerk of Courts of \$4.195 million to cover underperforming recording fee revenues resulting from the continued slowdown of the real estate market; to

MIAMI-DADE COUNTY, FLORIDA

Elections of \$6.061 million to cover additional costs related to the run-off election for the Office of Property Appraiser, the mail ballot election for the municipal charter amendments and the Presidential election held in November 2008; to Neighborhood Compliance of \$3.831 million to cover revenue shortfall associated with lien collection resulting from the economic downturn in the housing market.

General Fund Budgeted Revenues Compared to Actual Revenues

During the year budgetary revenue estimates exceeded actual revenues by \$63.6 million. The most significant changes occurred in the following:

- ❑ **Taxes** were \$15 million under budget due to continued decline in property taxes primarily as a result of declining property values and an increase in Value Adjustment Board appeals.
- ❑ **Licenses and Permits** were \$16.8 million under budget due to the continued decline in the housing industry, resulting in lower than anticipated permitting activity.
- ❑ **Intergovernmental Revenues** were \$11.7 million under budget due to continued decline in the housing industry and weak economy resulting in lower than anticipated sales tax collection.
- ❑ **Investment Income** was \$13.7 million under the budgeted amount as a result of lower than expected interest returns.

General Fund Budgeted Expenditures Compared to Actual Expenditures

The General Fund's expenditures were \$1.64 billion, \$197.2 million less than budgeted. This variance is primarily attributed to cost containment measures put in place to deal with lower charges for services revenue, and capital expenditures that did not occur during the year and were reestablished in the following year's budget.

The following are the functional areas that recognized the largest variations from the final budget:

- ❑ **Policy Formulation and General Government** had lower than anticipated expenditures of \$132 million. The majority of the savings were due to postponement of capital expenditures and professional contract services, and lower than anticipated services and other commodities across various departments.
- ❑ **Protection of People and Property** expenditures were \$32.1 million under budget. The Building Department, Building Code Compliance and Planning and Zoning Departments account for \$8 million of these savings. These departments continued to reduce staffing and operating expenditures due to the continued weakening of the housing market and reduced construction activity. The remaining variance is due to the reduced police and correction department services as a result of certain municipalities ceasing contracts for local police services with Miami-Dade County coming in \$19 million under budget.

MIAMI-DADE COUNTY, FLORIDA

Capital Asset and Debt Administration

Capital Assets. At September 30, 2009, the County's total investment in capital assets, net of accumulated depreciation, was \$15.7 billion. This represents an increase of approximately 6.9% over the previous year. The following table summarizes the components of the County's investments in capital assets.

Miami-Dade County Capital Assets as of September 30, 2009 and 2008 (net of depreciation, in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2008	2009	2008	2009	2008	2009
	(Restated)				(Restated)	
Land	\$ 614,373	\$ 646,968	\$ 650,014	\$ 671,635	\$ 1,264,387	\$ 1,318,603
Construction in progress	336,094	503,174	2,493,006	3,330,087	2,829,100	3,833,261
Building and building improvements	1,523,473	1,489,393	3,826,216	3,768,208	5,349,689	5,257,601
Infrastructure	1,004,428	993,370	3,199,984	3,217,354	4,204,412	4,210,724
Machinery and equipment	203,590	187,764	894,448	953,511	1,098,038	1,141,275
Totals	<u>\$ 3,681,958</u>	<u>\$ 3,820,669</u>	<u>\$ 11,063,668</u>	<u>\$ 11,940,795</u>	<u>\$ 14,745,626</u>	<u>\$ 15,761,464</u>

Capital assets of governmental activities reflect a restatement of beginning balances of \$0.2 million. Refer to Notes 4 and 11 for details.

Governmental activities' major capital assets additions during the year included:

- ❑ \$32.0 million expended in the improvement, widening and renovation of roads
- ❑ \$18.7 million for the construction of Marlins Ball Park Stadium
- ❑ \$14.4 million invested for Traffic Signal improvements and Signalization
- ❑ \$12.0 million expended in Park's construction and improvements, major projects are: Kendall Lakes Soccer Park, Haulover Marina Expansion II, Westwind Lakes Park and Metrozoo - Amazon PH IV
- ❑ \$9.9 million for the construction of the General Services Trade Shop Facilities
- ❑ \$8.6 million in local drainage and clean up of County areas and Miami River
- ❑ \$7.8 million invested in the commencement construction of MDFD Training Facility
- ❑ \$5.8 million in construction, renovation and equipment installation of Chiller Thermal Plant
- ❑ \$2.8 million construction on New Children's' Courthouse

MIAMI-DADE COUNTY, FLORIDA

- ❑ \$14.0 million acquisition of land for roads expansion and the Endangered Land Conservation Program
- ❑ \$4.9 million acquisition of land and building for the Fire Rescue Vehicle Maintenance Facility
- ❑ \$3.0 million purchase of a new helicopter for Miami Dade Police Patrol Bureau
- ❑ \$5.0 million for the acquisition of library resources

Business-type activities' major capital assets additions during the year included:

Aviation Department:

- ❑ \$660.3 million increase in construction in progress due to the ongoing construction of the North Terminal.

Water and Sewer Department:

- ❑ \$51.3 million expended for various water projects, including treatment facilities
- ❑ \$43.3 million expended for various wastewater projects

Solid Waste Department

- ❑ During fiscal year 2009, projects continued in connection with the Collection Facility Improvements, T&R Centers Improvements, West and Southwest T&R Center, Truck wash facility, Central Transfer Station Compactor-Phase II, Environmental Improvements, Disposal Scalehouse Expansion Project and other miscellaneous projects.

Transit Agency

- ❑ During fiscal year 2009 MDT placed into service a total fleet of approximately 863 vehicles.

Public Health Trust

- ❑ The Trust continues to expand and improve its facilities. Approximately \$116 million was spent in fiscal year 2009 to expand and improve the Health facilities.

Seaport

- ❑ During fiscal year 2009 investment in capital assets increased \$13.5 million and is attributed to projects in the Seaport Master Plan and acquisitions of other capital assets necessary for the ongoing operations.

Additional information on the County's capital assets can be found in Note 4.

MIAMI-DADE COUNTY, FLORIDA

Long-Term Liabilities. At September 30, 2009, the County had \$13.5 billion in long-term liabilities, which are summarized in the schedule below. Additional information regarding long-term debt can be obtained in Note 8.

Miami-Dade County Outstanding Long-term Liabilities as of September 30, 2009 and 2008 (in thousands)

	Governmental activities		Business-type activities		Total Primary Government	
	2008	2009	2008	2009	2008	2009
General obligation bonds	\$ 523,596	\$ 843,961	\$ 134,570	\$ 130,370	\$ 658,166	\$ 974,331
Special obligation bonds	1,766,873	2,291,666	35,415	97,740	1,802,288	2,389,406
Current year accretion of interest	26,344	29,885			26,344	29,885
Revenue bonds			6,860,647	7,618,479	6,860,647	7,618,479
Loans and notes payable	277,930	255,697	549,731	549,000	827,661	804,697
Other (i.e. unamortized premiums, discounts)	32,841	29,828	(3,875)	3,648	28,966	33,476
Commercial paper notes				110,141		110,141
Sub-total Bonds, Notes and Loans	2,627,584	3,451,037	7,576,488	8,509,378	10,204,072	11,960,415
Compensated absences	384,155	396,903	222,936	233,379	607,091	630,282
Estimated insurance claims payable	206,747	210,597	34,776	30,667	241,523	241,264
Other postemployment benefits	10,168	14,046	5,485	8,576	15,653	22,622
Environmental remediation			95,366	89,996	95,366	89,996
Landfill closure/postclosure care costs			113,503	100,236	113,503	100,236
Lease agreements	10,858	10,548	354,466	306,733	365,324	317,281
Other	45,753	49,202	62,827	44,220	108,580	93,422
Totals	\$ 3,285,265	\$ 4,132,333	\$ 8,465,847	\$ 9,323,185	\$ 11,751,112	\$ 13,455,518

MIAMI-DADE COUNTY, FLORIDA

Bond Ratings

Miami-Dade County continues to meet its financial needs through prudent use of its revenues and effective debt financing programs. The County's financial strength and sound financial management practices are reflected in its general obligation bond (uninsured) investment ratings, which are among the highest levels attained by Florida counties. Following are the credit ratings assigned by the three primary credit rating agencies in the financial market, each carrying a "stable outlook":

Aa3	Moody's Investor Services
AA-	Standard & Poor's
	Corporation
AA-	Fitch IBCA, Inc.

At September 30, 2009, the County had \$11.8 billion in bonds and loan agreements outstanding, other than commercial paper notes. This is a net increase (new debt issued less principal reductions) of \$1.6 billion or 16.1% from the previous year. During the year, the County issued approximately \$2.2 billion of new debt, which is detailed in the chart below. Additional information on the County's debt can be obtained in Note 8.

BONDS AND LOANS ISSUED DURING THE YEAR (in thousands)

Date Issued	Description	Purpose	Interest Rate Range	Final Maturity Date	Original Amount Issued
BONDS:					
12/18/08	Miami-Dade County, Florida General Obligation Bonds, Series 2008B	To pay for a portion of the cost to construct and improve water, sewer and flood control systems, park and recreational facilities, bridges, public infrastructure and neighborhood improvements, public safety, emergency and healthcare facilities.	5.00-6.375%	7/1/28	\$ 146,200,000
12/19/08	Water and Sewer system Revenue Refunding Bonds, Series 2008C	To refund the outstanding Water and Sewer System Revenue Refunding Bonds, Series 2005 which refunded the Water and Sewer System Revenue Bonds, Series 1995.	1.65-5.92%	10/1/25	\$ 306,845,000
3/19/09	Miami-Dade County, Florida General Obligation Bonds, Series 2008B-1	To pay for a portion of the cost to construct and improve water, sewer and flood control systems, park and recreational facilities, bridges, public infrastructure and neighborhood improvements, public safety, emergency and healthcare facilities.	2.50-6.00%	7/1/38	\$ 203,800,000
5/7/09	Miami-Dade County, Florida Aviation Revenue Bonds, Series 2009A	To finance certain airport improvements associated with the Airport's Capital Improvement Plan previously approved by the Board.	3.00-6.00%	10/1/36	\$ 388,440,000
5/7/09	Miami-Dade County, Florida Aviation Revenue Bonds, Series 2009A	To finance certain airport improvements associated with the Airport's Capital Improvement Plan previously approved by the Board.	3.00-5.75%	10/1/41	\$ 211,560,000
7/14/09	Miami-Dade County, Florida Professional Sports Franchise Facilities Tax Revenue Refunding Bonds, Series 2009A	To refund the Professional Sports Franchise Facilities Tax Revenue Refunding Bonds, Series 1998 which refunded the Professional Sports Franchise Facilities Tax Revenue Refunding Bonds, Series 1992A, 1992B, 1992B-1 and 1995.	3.25-7.50%	4/1/49	\$ 85,701,273

MIAMI-DADE COUNTY, FLORIDA

7/14/09	Miami-Dade County, Florida Professional Sports Franchise Facilities Tax Revenue Refunding Bonds, Taxable Series 2009B	To refund the Professional Sports Franchise Facilities Tax Revenue Refunding Bonds, Series 1998 which refunded the Professional Sports Franchise Facilities Tax Revenue Refunding Bonds, Series 1992A, 1992B, 1992B-1 and 1995.	7.08%	10/1/29	\$ 5,220,000
7/14/09	Miami-Dade County, Florida Professional Sports Franchise Facilities Tax Revenue Bonds, Series 2009C	To pay a portion of the County's cost of the development and construction of the Marlins Baseball Stadium.	3.59-7.50%	10/1/48	\$ 123,421,712
7/14/09	Miami-Dade County, Florida Professional Sports Franchise Facilities Tax Revenue Bonds, Series 2009D	To pay a portion of the County's cost of the development and construction of the Marlins Baseball Stadium.	7.08%	10/1/29	\$ 5,000,000
7/14/09	Miami-Dade County, Florida Professional Sports Franchise Facilities Tax Revenue Bonds, Series 2009E	To pay a portion of the County's cost of the development and construction of the Marlins Baseball Stadium.	Variable (Weekly Mode)	10/1/48	\$ 100,000,000
7/14/09	Miami-Dade County, Florida Subordinate Special Obligation Bonds, Series 2009	To pay a portion of the County's cost of the development and construction of the Marlins Baseball Stadium.	7.24-8.27%	10/1/47	\$ 91,207,214
9/2/09	Miami-Dade County, Florida Public Facilities Revenue Bond (Jackson Health Systems), Series 2009	To provide funds, together with other available funds of the County to pay or reimburse the Public Health Trust for the acquisition, construction and equipping of certain capital improvements to the Public Health Trust Facilities.	4.00-5.75%	6/1/39	\$ 83,315,000
9/3/09	Miami-Dade County, Florida Capital Asset Acquisition Special Obligation Bonds, Series 2009A	To provide funds, together with other funds of the County to pay the costs of acquisition, construction, improvement or renovation of certain capital assets, including buildings occupied or to be occupied by County departments and agencies.	3.00-5.125%	4/1/39	\$ 136,320,000
9/3/09	Miami-Dade County, Florida Capital Asset Acquisition Special Obligation Bonds, Series 2009B (Build America Bonds-Direct payment to issuer)	To provide funds, together with other funds of the County to pay the costs of acquisition, construction, improvement or renovation of certain capital assets, including buildings occupied or to be occupied by County departments and agencies.	3.05-6.97%	4/1/39	\$ 45,160,000
9/24/09	Miami-Dade County, Florida Transit System Sales Surtax Revenue Bonds, Series 2009A	To pay all or a portion of the cost of certain transportation and transit projects.	4.00-5.00%	7/1/21	\$ 69,765,000
9/24/09	Miami-Dade County, Florida Transit System Sales Surtax Revenue Bonds, Series 2009B (Federally Taxable-Build America Bonds-Direct payment to issuer)	To pay all or a portion of the cost of certain transportation and transit projects.	6.71-6.91%	7/1/39	\$ 251,975,000

LOANS:

8/3/09	Water & Sewer Regions Revolving Line of Credit	To pay costs of constructing or acquiring certain improvements under the Water & Sewer Department's Multi-Year Capital Plan.	Variable	8/3/11	21,335,000
--------	--	--	----------	--------	------------

Total long-term debt issued during the year

\$ 2,275,265,199

MIAMI-DADE COUNTY, FLORIDA

Other Obligations. The County administers a self-insurance program for workers' compensation, tort liability, property, and group health and life insurance programs, subject to certain stop-loss provisions. Detailed information about the County's liability related to the self-insurance program is included in Note 7. Other obligations include compensated absences, post-retirement health insurance benefits, arbitrage liability and other contingencies.

Economic Factors and Other Significant Matters

The County's revenues and expenses and expenditures are affected by changes in international, national and local economic factors. Economic growth can be measured by various factors. Highlights of the economic factors that affected Miami-Dade County during the last fiscal year are depicted below.

- The unemployment rate for Miami-Dade County increased to approximately 8.9% from 5.3%, an increase of approximately 67.9% from prior year. (Source: Florida Agency for Workplace Innovation, Office of Workforce Information Services, Labor Market Statistics, Miami-Dade County Department of Planning and Zoning, Research Section).
- The occupancy rate for commercial real estate office market was 83%, an increase of approximately 2.6% from the previous year. (Source: Miami-Dade Department of Planning and Zoning)
- The number of visitors to Miami-Dade County was approximately \$11.9 million. This represents a decrease of approximately 1.6%. (Source: Greater Miami Convention and Visitors Bureau).
- The average sales price for existing single family homes decreased to \$204,808, down by 35.9% from 2008 prices. Similarly, condominium prices decreased 41.6% from fiscal year 2008, with average prices being \$151,900. (Source: Miami-Dade Department of Planning and Zoning).

Requests for information

This financial report is designed to provide a general overview of Miami-Dade County's finances to our citizens, taxpayers, customers, investors, creditors, and others with an interest in the County's finances. Questions concerning this report or requests for additional financial information should be addressed to:

Miami-Dade County, Florida
Finance Department
Office of the Controller
111 NW 1st Street, Suite 2620
Miami, Florida 33128-1980