Note 1 – Summary of Significant Accounting Policies

1-A. Reporting Entity

Miami-Dade County, Florida (the “County”) is an instrumentality of the State of Florida established by an amendment to the Florida State Constitution adopted May 21, 1957 as the Dade County Home Rule Charter, to carry on a centralized government.

On January 23, 2007, the electors of Miami-Dade approved an amendment to the Home Rule Charter which established a Strong Mayor form of government. This amendment expands the Mayor’s powers over administrative matters. The County Manager who previously was chief administrator now reports directly to the Mayor who has the authority to hire, fire and set the salary of the County Manager. Under this new system, the Mayor also appoints all department heads.

The Board of County Commissioners (the “BCC”) is the legislative body, consisting of 13 members elected from single-member districts. Members are elected to serve four-year terms, and elections of members are staggered. The Board chooses a Chairperson, who presides over the Commission, as well as appoints the members of its legislative committees. The Board has a wide array of powers to enact legislation, create departments, and regulate business operating within the County. It also has the power to override the Mayor’s veto with a two-thirds vote.

On January 29, 2008, a charter amendment was approved to make the Property Appraiser an elected position. November 4, 2008 was the first election for a Property Appraiser in Miami-Dade County.

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

The financial position and result of operations of the following entities are blended with the primary government in the accompanying financial statements.

- ***Clerk of the Circuit and County Courts (the “Clerk”)***

  The Clerk is an elected official pursuant to Article V of the Florida Constitution. The Clerk serves two capacities: Clerk of the Circuit and County Courts and Clerk, Ex-Officio of the Board of County Commissioners. Under the first function, the Clerk provides support to the Courts (Civil, Family, Criminal and Traffic). His ex-officio functions include Clerk of the Board of County Commissioners, County Auditor, Custodian of Public Funds and County Recorder.

  In November 1998, voters approved Constitutional Revision 7 of Article V of the Florida Constitution. Effective July 1, 2004, this revision allocated state court system funding among state, counties and users of courts. Funding responsibilities were defined as pertaining to the State court system when the Clerk served in his capacity as Clerk of the Circuit and County Courts and to the Board of County Commissioners (the Board) when serving as ex-officio of the Board. Consequently, the Clerk prepares a budget in two parts.

  Effective July 1, 2009, the manner in which the Clerk’s court operations are funded changed at the direction of Senate Bills 1718 and 2108. New legislation provided that all of the Clerks’ Offices be funded from state appropriations rather than from filing fees, services charges, court costs and fines. Funding is enacted pursuant to the General Appropriations Act where the State’s Legislation appropriates for the budgets. Accordingly, the Clerk prepares budget requests and submits them to the Clerk of Courts Operations Corporation (CCOC) with a copy to the Supreme Court.

The budget for the ex-officio capacity is funded by the Board of County Commissioners as part of the County's annual budget whereby the Clerk remits all fees and other monies earned throughout the agency funds to the County for appropriation by the Board. As a result of the budgetary control by the County and its financial dependency on the County, financial information for the Clerk is presented as a special revenue fund and has been blended with the Miami-Dade primary government.

- ***Naranja Lakes Community Redevelopment Agency (the "NLCRA")***
  The NLCRA trust fund was created by the Miami-Dade County Board of County Commissioners on May 6, 2003 as a redevelopment trust fund to be funded with ad valorem tax increment revenues to finance or refinance proposed community redevelopment in the NLCRA area. Financial information for the NLCRA for the fiscal year ended September 30, 2009 has been blended with the Miami-Dade County primary government in this CAFR. Trust fund revenues and expenditures during the period were $2.5 million and $3.4 million, respectively, with an ending fund balance of $4.0 million.

- ***7th Avenue Community Redevelopment Agency (the "7th Avenue CRA")***
  The 7th Avenue CRA trust fund was created by the BCC on June 22, 2004 as a redevelopment trust fund to be funded with ad valorem tax increment revenues to finance or refinance proposed community redevelopment in the 7th Avenue CRA area. Financial information for the 7th Avenue CRA for the fiscal year ended September 30, 2009 has been blended with the Miami-Dade County primary government in this CAFR. Trust fund revenues and expenditures during the period were $0.5 million, and $0, respectively, with an ending fund balance of $1.7 million.

- ***West Perrine Community Redevelopment Agency (the "WPCRA")***
  The WPCRA was created by the BCC on June 5, 2007 as a redevelopment trust fund to be funded with ad valorem tax increment revenues to finance or refinance proposed community redevelopment in the CRA area. Financial information for the WPCRA for the fiscal year ended September 30, 2009 has been blended with the Miami-Dade County primary government in this CAFR. Trust fund revenues and expenditures during the period were $0.9 million and $0.4 million, respectively, with an ending fund balance of $1.1 million.

- ***Educational Facilities Authority (the "EFA")***
  The Miami-Dade Educational Facilities Authority was created by the BCC on October 22, 1969, pursuant to Chapter 69-345, Florida Statutes, empowering it to issue tax-exempt bonds for the purpose of enabling institutions of higher education to provide facilities and structures, including the refinancing of the same, pursuant to Chapter 243, Part II, Florida Statutes. Neither the notes, bonds nor any other obligation incurred by the EFA shall be deemed a pledge of the faith or credit of Miami-Dade County. Any expenditures incurred by the EFA shall be payable solely from funds provided under the authority of Chapter 69-345. The EFA had $0 (zero) revenues and $0 (zero) expenditures for the fiscal year ended September 30, 2009 and no fund balance at September 30, 2009.

- ***Health Facilities Authority***
  The Miami-Dade County Health Facilities Authority was created by the BCC on October 16, 1979 pursuant to Section 154.207, Florida Statutes, empowering it to issue tax-exempt bonds for the purpose of assisting in the development and maintenance of the health facilities of Miami-Dade County. All bonds issued by the Health Facilities Authority shall not be deemed to constitute debt, liability or obligation of Miami-Dade County or a pledge of the faith and credit of Miami-Dade County. The Health Facilities Authority had $0 (zero) revenues and $0 (zero) expenditures for the year ended September 30, 2009, and no fund balance as of September 30, 2009.

The financial position and result of operations of the following entities are discretely presented in the accompanying financial statements:

- ***Housing Finance Authority (the "HFA")***
  The HFA was created by the Miami-Dade County Board of County Commissioners (the "BCC") on December 12, 1978. The HFA provides financing for residential housing to persons or families of moderate, middle or lesser income. The HFA is a component unit of the County since the BCC appoints the thirteen members of its governing board and has the ability to impose their will on the board. Financial information for the HFA is presented in a separate column in the County's government-wide financial statements.

  Complete financial statements of the HFA may be obtained directly from their administrative offices at: Housing Finance Authority of Miami-Dade County, 7300 NW 19th Street, Suite 501, Miami, Florida 33126. Telephone (305) 594-2518

- ***Jackson Memorial Foundation, Inc. (the "Foundation")***
  The Foundation is a legally separate, tax-exempt component unit of the County. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the County in support of its programs. The board of the Foundation is self-perpetuating and consists of community members. Although the County does not control the timing or amount of the receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the County by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the County the Foundation is considered a component unit of the County. Financial information for the Foundation is presented in a separate column in the County's government-wide financial statements.

  Complete financial statements for the Foundation can be obtained at: Jackson Memorial Foundation, Inc., Plaza Park East, 901 NW 17th Street, Suite G, Miami, Florida 33136. Telephone (305) 355-4999.

Related Organizations:

- ***Industrial Development Authority (the "IDA")***
  The Miami-Dade IDA was created by the BCC on March 21, 1978, pursuant to Chapter 159, Sections 159.44 through 159.53, Florida Statutes. The IDA develops and manages the Tax-Exempt Industrial Development Revenue Bond Program that serves as a financial incentive to support private sector business and industry expansion and location in Miami-Dade County. The Commission appoints the members of IDA's governing board. However, the County is not financially accountable for IDA because it cannot impose its will on the organization. IDA bonds are not obligations of the County. Its operations neither provide a financial benefit to nor impose a financial burden on the County and are not included in the financial statements of Miami-Dade County.

  Financial statements for the IDA may be obtained directly from their administrative offices at: Miami-Dade Industrial Development Authority, 80 SW 8th Street, Suite 2801, Miami, Florida 33130. Telephone (305) 579-0070

- ***Miami-Dade Expressway Authority (the "MDXA")***
  The MDXA is an agency of the State of Florida. It constructs, maintains and operates the expressway system located in Miami-Dade County. The Commission appoints a voting majority of the MDXA governing board. However, the County is not financially accountable for the MDXA, and the MDXA is therefore not included in the accompanying financial statements.

Financial statements for the MDXA may be obtained directly from their administrative offices at: Miami-Dade Expressway Authority, 3790 NW 21st Street, Miami, Florida 33142.
Telephone (305) 637-3277

- ***MDHA Development Corporation (the "MDHADC")***
  The MDHADC was created by the Board of County Commissioners in July 2000, pursuant to Resolution R-903-00, as a Florida non-profit corporation to promote development of low- to moderate-income housing facilities for residents of Miami-Dade County. Currently, there are no County employees serving in the MDHADC's Board of Directors. The MDHADC is financially independent, and the County is not financially accountable for the MDHADC. The MDHADC is not included in the accompanying financial statements. Financial statements for the MDHADC are not readily available.

- ***Performing Arts Center Trust (the "PACT")***
  The PACT, a non-profit corporation, was created by the Board of County Commissioners in 1991 to oversee the planning, design, construction and operation of the Performing Arts Center. The Mayor of Miami-Dade County appoints the 32 trustees of the PACT, a majority of which is predetermined by ordinance or selected by others outside the County government; hence the Mayor's appointment authority is not substantive. The PACT is financially independent from the County, and Miami-Dade County is not entitled to, nor has the ability to otherwise access, the economic resources of the PACT. Therefore, the PACT is not included in the accompanying financial statements.

  Financial statements for the PACT may be obtained directly from their administrative offices at: Performing Arts Center Trust, 1300 Biscayne Blvd, Miami, Florida 33132.
  Telephone (786) 468-2210

1-B. Measurement Focus, Basis of Accounting, Basis of Presentation

In addition to the government-wide statements, separate financial statements are presented for governmental funds, proprietary funds, and fiduciary funds. The financial statements may differ in terms of the measurement focus and basis of accounting used to prepare them, as discussed below.

The government-wide statements, proprietary fund and fiduciary fund financial statements are prepared using the economic resources measurement focus and the full accrual basis of accounting. (Agency funds, however, report only assets and liabilities. Since an operating statement is not presented, agency funds have no measurement focus). Revenues are generally recorded when earned and expenses are recorded when a liability is incurred, regardless of when the related cash flow occurs. Property taxes are recorded as revenues in the year for which they are levied, and grants and other similar non-exchange transactions are recorded as revenue as soon as all eligibility requirements have been met.

The governmental fund financial statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. For the purpose of revenue recognition, "available" means that the revenues are collectible within the current period or soon thereafter to pay liabilities of the current period. Major revenue sources that are susceptible to accrual under the above criteria include intergovernmental revenues and certain taxes. The County considers the availability for revenues susceptible to accrual to be ninety days, with the exception of expenditure driven (reimbursement) grants, for which the availability period is one year, and property taxes, which are not accrued. When the primary eligibility requirement under a grant is incurring an eligible expenditure, the County recognizes revenue at the time the expenditure is incurred. Prior year property taxes billed but uncollected as of the end of the fiscal year are reflected as delinquent taxes receivable with an offsetting allowance account. Other revenues that are not considered measurable or available are recognized when received by the County. Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt, expenditures related to compensated absences, claims and judgments, and other long-term obligations, which are recorded only when payment is due.

The above differences in measurement focus and basis of accounting result in differences in the amounts reported as net assets and changes in net assets in the government-wide statements from the amounts shown in the governmental fund statements. Those differences are briefly explained in the reconciliation statements included in the governmental fund statements.

Government-wide financial statements:

The accompanying financial statements include a government-wide statement of activities and a government-wide statement of net assets. These statements report information on the County as a whole and its component units. They do not include the fiduciary activities of the County.

In the government-wide statements, the primary government (the County) is reported separately from its component units (the Housing Finance Authority and the Jackson Memorial Foundation). Governmental activities and business-type activities of the County are presented separately. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities rely mostly on charges for services for support.

The statement of activities shows the extent to which the direct expenses of a given function or segment are offset by its program revenues. The direct expenses of a function are clearly identifiable with that function. The program revenues of a function include: (1) amounts charged to those who purchase, use, or directly benefit from goods or services provided by the function, (2) grants and contributions that are restricted to operational uses by the function, and (3) grants and contributions that are restricted to capital uses by the function. All revenues other than program revenues are considered to be general revenues and are shown in the bottom section of the statement of activities. They include all taxes (even those levied for a particular function), unrestricted intergovernmental revenues, unrestricted investment earnings and other miscellaneous non-program revenues.

The government-wide statement of net assets reports all financial and capital resources of the County, as well as its liabilities. The difference between assets and liabilities are reported as net assets. Net assets are displayed in three components:

Invested in capital assets, net of related debt: Capital assets, net of depreciation and reduced by the outstanding balance of debt that is attributable to the acquisition or construction of those assets.

Restricted net assets: Net assets where constraints on their use are: (1) externally imposed by creditors, grantors, contributors or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets (deficit): All other assets and liabilities not part of the above categories. This amount represents the accumulated results of all past years' operations. The deficit in net assets of governmental activities is due to long-term liabilities, including compensated absences.

Fund financial statements:

The accompanying financial report includes separate financial statements for governmental funds, proprietary funds and fiduciary funds (though fiduciary funds are excluded from the government-wide statements). The fund financial statements present major individual funds in separate columns. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Major Governmental Funds

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

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

Major Proprietary Funds

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

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

Solid Waste Management Department: Provides solid waste collection and recycling services to the unincorporated area of Miami-Dade County and to some municipalities and also provides solid waste disposal services to 17 municipalities and operates a variety of facilities, including landfills, transfer stations and neighborhood trash and recycling centers.

Miami-Dade Seaport Department: Operates the Dante B. Fascell Port of Miami-Dade County.

Miami-Dade Aviation Department: Operates and develops the activities of the Miami International Airport, three other general aviation airports, and one training airport.

Miami-Dade Water and Sewer Department: Maintains and operates the County's water distribution system and wastewater collection and treatment system.

Public Health Trust (PHT): The PHT was created by a County ordinance in 1973 to provide for an independent governing body responsible for the operation, governance and maintenance of designated health facilities. These facilities include Jackson Memorial Hospital, a teaching hospital operating in association with the University of Miami School of Medicine, Jackson North (formerly Parkway Regional Medical Center), Jackson South (formerly Deering Hospital), and several primary care centers and clinics throughout Miami-Dade County.

Internal Service Fund

The following internal service fund is included in the County's financial statements:

Self-Insurance Fund: Accounts for the County's insurance programs covering property, automobile, general liability, professional and workers' compensation. Also accounts for medical, dental, life, and disability insurance for County employees.

Fiduciary Funds

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

Agency Funds:

Clerk of Circuit and County Courts Funds: Accounts for funds received, maintained and distributed by the Clerk of the Circuit and County Courts in his capacity as custodian to the State and County judicial systems.

Tax Collector Fund: Accounts for the collection and distribution of ad-valorem taxes and personal property taxes to the appropriate taxing districts. Also accounts for the collection of motor vehicle registration fees and sales of other State of Florida licenses, the proceeds of which are remitted to the State.

Other Agency Funds: Accounts for various funds placed in escrow pending timed distributions.

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

Application of FASB Standards
Governmental Accounting Standards Board ("GASB") Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting,* offers the option of following all Financial Accounting Standards Board ("FASB") standards issued after November 30, 1989, unless the latter conflict with or contradict GASB pronouncements, or not following FASB standards issued after such date. The County and its enterprise funds elected the option not to follow the FASB standards issued after November 30, 1989.

Proprietary Funds Operating vs. Nonoperating Items
The County's proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items in their statements of revenues, expenses and changes in fund net assets. In general, operating revenues result from charges to customers for the purchase or use of the proprietary fund's principal product or service. Operating expenses relate to the cost of providing those services or producing and delivering those goods, and also include administrative expenses, depreciation of capital assets, and closure and postclosure care costs for active and inactive landfills.

All other revenues and expenses that do not result from the fund's principal ongoing operations are considered to be *nonoperating.* Examples of other nonoperating items include investment earnings, interest expense, grants and contributions, and passenger facility charges.

Grants from Government Agencies
Certain operating grants under various federal and state programs are included in the Special Revenue Funds. Grant monies received are disbursed by these funds for goods and services as prescribed under the respective grant program or are transferred to other County funds for ultimate distribution under the terms of the grants. These programs are dependent on the continued financial assistance of the state or federal government.

Grants designated as operating subsidies to enterprise funds are recorded as nonoperating revenues upon compliance with the grant's eligibility requirements. Grant monies designated for use in acquiring property or equipment are recorded as capital contributions. Grant monies received but not earned are recorded as unearned revenues.

Interfund Activity
As a general rule the effect of interfund activity has been eliminated from the government-wide statements. An exception to this rule is that charges for services provided by the Water and Sewer Department and the Solid Waste Department have not been eliminated from the statement of activities. Elimination of these charges would understate the expenses of the user function and the program revenues of the function providing the services. Also, the General Fund charges certain funds an administrative cost overhead charge based on a cost allocation plan. An adjustment has been made to the government-wide statements to eliminate the revenue and expense reported in the General Fund so that the administrative expense is shown only by the funds/activities that were charged.

Flow Assumption for Restricted Assets
If both restricted and unrestricted assets are available for use for a certain purpose, it is the County's policy to use restricted assets first, and then use unrestricted assets as needed.

Use of Estimates
The preparation of financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of

assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

1-C. Assets, Liabilities, and Net Assets or Fund Balances

Cash, Cash Equivalents and Investments

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

The County adopted the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, which established accounting and financial reporting standards for all investments, including fair value standards. Non-participating investments, such as nonnegotiable certificates of deposit with redemption values that do not consider market rates, are reported at amortized cost. Participating investments are carried at fair value, and unrealized gains and losses due to variations in fair value are recognized for the year.

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

Inventories

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

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

Mortgage and Notes Receivable

Mortgages and notes receivable arise from the County's housing development programs that provide low-income housing assistance to eligible applicants and developers. These receivables are collateralized by the property for which the mortgage has been issued. Mortgages and notes receivable total $593,468,000 and have an estimated allowance for uncollectible accounts of $425,532,000.

Accounts Receivables

Accounts receivable reported by the enterprise funds as of September 30, 2009 are net of an allowance for uncollectible accounts of $494,029,000.

Property Taxes

Property values are assessed as of January 1 of each year, at which time, according to the Florida Statute 197.122, taxes become an enforceable lien on property until discharged by payment or until barred under Chapter 95. Tax bills are mailed in October and are payable upon receipt with discounts at the rate of 4% if paid in November, decreasing by 1% per month with no discount available if paid in the month of March. Taxes become delinquent on April 1 of the year following the year of assessment and State law provides for enforcement of collection of property taxes by the sale of interest-bearing tax certificates and the seizure of personal property to satisfy unpaid property taxes. The procedures result in the collection of essentially all taxes prior to June 30 of the year following the year of assessment.

Capital Assets

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

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

Interest expense related to borrowings used for construction projects of business-type activities is capitalized, net of interest earned on the same funds. Interest capitalization ceases when the construction project is substantially complete. Net interest capitalized during fiscal year 2009 amounted to $106.0 million comprised of $93.9 million for Aviation, $7.0 million for Water and Sewer Department, $4.9 million for MDT, and $0.2 million for Solid Waste Management. Interest is not capitalized for construction projects of governmental funds.

Capital assets are depreciated over their useful lives unless they are inexhaustible (e.g., land, certain individual items or collections with historical or artistic value). Pursuant to Florida Statute, the County inventories all assets with a historical cost of $1,000 or more and a useful life of one year or greater. However, for financial reporting purposes, the County has established a capitalization threshold of $5,000 for its governmental activities and from $1,000 to $5,000 for its business-type activities. The County uses the straight-line method of depreciation to depreciate assets over their estimated useful lives, which range as follows:

Buildings and building improvements	5-50 years
Utility plant and systems	5-100 years
Infrastructure	10-50 years
Furniture, fixtures, machinery and equipment	3-30 years

The Solid Waste Management enterprise fund records depletion on landfill sites and the estimated cost of permanently capping and maintaining such landfills on the basis of capacity used.

Restricted Net Assets

Certain net assets have been identified as “restricted”. These net assets have constraints as to their use externally imposed by creditors, through debt covenants, by grantors, or by enabling legislation. Restricted net assets are being reported for: Capital Projects, Debt Service, Housing Programs, Fire and Rescue, Transportation, Public Library, Community and Social Development, Environmentally Endangered Lands, Stormwater Utility, other purposes (expendable); and other purposes (nonexpendable).

Net assets restricted for “other purposes (expendable)” include the net assets of most of the other special revenue funds, including amounts for: Special Assessments; Wetlands Mitigation; Tourist and Convention Development taxes to be used for facilities such as convention centers, sports stadiums and arenas; and amounts from grants from the federal and state government. Net assets restricted for “other purposes (nonexpendable)” include permanent endowments for the Metrozoo and public libraries, and are reported in the permanent funds.

As of September 30, 2009, Miami-Dade County had $1.889 billion of restricted net assets, of which $780.7 million was restricted by enabling legislation.

Reservations of Fund Balances

Reservations of fund balances in governmental fund statements represent amounts that are not available for appropriation or are restricted by outside parties for use for a specific purpose.

Donor-restricted endowments

The permanent funds for the Metrozoo and public libraries report nonexpendable restricted assets of $2,781,000 and $479,000, respectively, and net appreciation of $453,000 and $10,000 respectively. Under the terms of the endowments and consistent with State statutes, the County is authorized based on a total-return policy to spend the net appreciation on those programs. Any amounts not spent during a particular fiscal year may be carried forward to be spent in future years.

Long-term Obligations

In the government-wide and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts and deferral amounts on refunding are deferred and amortized over the life of the bonds using the effective interest method or the straight-line method if it does not differ materially from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferral amounts on refunding. Bond issuance costs are reported as deferred charges and amortized using the straight-line method over the life of the bonds.

In the fund financial statements, governmental fund types recognize bond premiums and discounts and bond issuance costs during the current period. The face amount of the debt issues are reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences

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

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

The government-wide statement of net assets for September 30, 2009 includes a liability for accumulated vacation and sick pay of $630,282,000. Of this amount an estimated $254,450,000 is payable within a year and the remaining balance of $375,832,000 is payable after one year.

Deferred Compensation Plan

The County offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to all County employees, allows them to defer a portion of their salary to future years. The County's direct involvement in the Plan is limited to remitting the amounts withheld from employees to the Plan's administrator. The deferred compensation plan is not available to employees until termination, retirement, death or an unforeseeable emergency. The deferred compensation plan is not included in the County's financial statements.

Note 2 - Stewardship, Compliance and Accountability

Miami-Dade Public Housing Agency

On January 8, 2009, US HUD returned control of the Miami-Dade Public Housing Agency (MDPHA) to the County after 15 months in its possession. US HUD will continue to monitor progress as outlined in a Memorandum of Understanding (MOU), which has a term of two years. In the MOU, the MDPHA will accomplish specific tasks and objectives with US HUD providing oversight. In addition, the Miami-Dade Housing Agency changed its name to Miami-Dade Public Housing Agency.

Self-Insurance Net Assets Deficit

As of September 30, 2009, the Self-Insurance Internal Service Fund had a deficit in net assets of $19.429 million. The deficit is the result of estimated losses incurred but not reported (IBNR). The County currently partially funds the IBNR liability and has steadily increased such coverage in recent years. The premium rates charged to County departments for health insurance, workers compensation and general liability have been adjusted to reflect rising costs of insurance. As required by generally accepted accounting principles (GASB Codification C50.128), the County has implemented an action plan to eliminate the accumulated deficit over a reasonable period of time.

Legally Adopted Budgets

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

Public Health Trust - Liquidity Risk

Liquidity risk is the risk that the County would not have sufficient liquid financial resources to meet its obligations when they fall due. This may occur as a result of excessive cash outflows or reduction in revenues. During fiscal year 2009, the Public Health Trust ("PHT" or "Trust"), an enterprise fund of the County, reported a decrease in net assets of $244.6 million. As a result, PHT management together with County management is actively implementing a financial stability plan ("Plan") to address the Trust's financial condition. The Plan includes expected savings in operations, strategic sourcing and increased revenues by implementing efficiencies in billings and patient management.

The County is obligated to make certain payments to the operation or capital needs of the designated facilities operated by the PHT. The County has levied a half-cent county public hospital sales surtax utilized for the operation, maintenance and administration of the Trust. As a result of the tax levy, the County is required to contribute each year a maintenance of effort (MOE) amount no less than 80% of the general fund support at the time of the tax levy. 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 by multiplying 11.873% on general fund non-ad valorem revenues with the exception of local and state gas taxes. During fiscal year 2009 the PHT received $177.4 million of MOE from the County and $172.8 million of sales surtax funds. In fiscal year 2010, the County budgeted $158.4 million of MOE and $169.7 million of sales surtax funds. During fiscal year 2010 the County assisted PHT by advancing a portion of the health surtax ($61 million), net of debt service for PHT bonds, and provided an advance of the budgeted maintenance of effort ($6 million) for the fiscal year.

County management is closely monitoring the progress of the PHT's Plan. The County has placed PHT under "management watch" and has named a leadership team to work on site with Trust management. The team will provide an additional level of due diligence for the County and provide a fresh perspective on operations. On a weekly basis the County Manager and a team of senior financial, budgetary, procurement and human resources professionals meet with the PHT management team to discuss the progress of the Plan and address any changes or additional initiatives in order to stabilize the PHT financial condition. 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 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 revenue and billing areas, including seeking additional Medicaid funding from the State.

Note 3 - Cash, Cash Equivalents and Investments

Deposits and Investments:

Miami-Dade County ("the County") is authorized through Florida Statutes §218.415, Ordinance No. 84-47, Resolution R-31-09 and its Investment Policy to make certain investments. The Investment Policy was updated and adopted on January 22, 2009 in response to current and possible uncertainties in the domestic and international financial markets. The County's overall investment objectives are, in order of priority, the safety of principal, liquidity of funds and maximizing investment income.

The County pools substantially all cash, cash equivalents and investments, except for separate cash and investment accounts that are maintained in accordance with legal restrictions. Each fund's equity share of the total pooled cash, cash equivalents and investments is included in the accompanying financial statements under the caption "Cash and cash equivalents" and "Investments."

All cash deposits are held in qualified public depositories pursuant to State of Florida Statutes Chapter 280, "Florida Security for Public Deposits Act" (the Act). Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The pledging level may range from 50% to 125% depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

As a rule, the County intends to hold all purchased securities until their final maturity date. There may be occasional exceptions, including, but not limited to the need to sell securities to meet unexpected liquidity needs.

At September 30, 2009, the cash on hand of the primary government and fiduciary funds totaled $612,485,000 exclusive of cash in PHT's Pension Trust Fund (Note 9). The carrying value of cash equivalents and investments of the primary Government and fiduciary funds, other than PHT's Pension Trust Fund, include the following (in thousands):

Investment Type	Fair Value
Federal Home Loan Mortgage Corporation	$ 719,341
Federal Home Loan Bank	809,193
Federal Farm Credit Bank	724,938
Fannie Mae	801,095
Time Deposits	81,367
Treasury Notes	312,763
Interest Bearing Accounts	440,948
Money Market	160,779
Municipal Bonds	79,428
Guaranteed Investment Contracts	361,525
	$ 4,491,377

Credit Risk

The County's Investment Policy (the Policy), minimizes credit risk by restricting authorized investments to: Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act; Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits or savings accounts in qualified public depositories, pursuant to Florida Statutes §280.02, which are defined as banks, savings bank, or savings association organized under the laws of the United States with an office in the State of Florida that is authorized to receive deposits, and has deposit insurance under the provisions of the Federal Deposit Insurance Act; direct obligations of the United States Treasury; federal agencies and instrumentalities; securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, provided that the portfolio is limited to the obligations of the United States government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian; commercial paper of prime quality with a stated maturity of 270 days or less from the date of its issuance, which has the highest letter and numerical rating from at least two rating agencies which are Standard & Poor's (A1), Moody's (P1), or Fitch (F1); bankers acceptances which have a stated maturity of 180 days or less from the date of its issuance, and have the highest letter and numerical rating from at least two rating agencies (as noted for commercial paper above) and are drawn 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 within this policy. All Repos shall be governed by a standard SIFMA Master Repurchase Agreement; municipal securities issued by U.S. state or local governments, having at time of purchase, a stand-alone credit rating of AA or better assigned by two or more recognized credit rating agencies or a short-term credit rating of A1/P1 or equivalent from one or more recognized credit rating agencies.

Securities Lending - Securities or investments purchased or held under the provisions of this section may be loaned to securities dealers or financial institutions provided the loan is collateralized by cash or securities having a market value of at least 102% of the market value of the securities loaned upon initiation of the transaction. As of October 2008, the County discontinued securities lending transactions. No losses were incurred as a result of these transactions.

The table below summarizes the investments by credit rating at September 30, 2009.

Investment Type	Credit Rating (N/A = not rated)
Federal Home Loan Mortgage Corporation	AAA
Federal Home Loan Bank	AAA
Federal Farm Credit Bank	AAA
Federal National Mortgage Association	AAA
Time Deposits	N/A
Treasury Notes	N/A
Municipal Bonds	AA
Guaranteed Investment Contracts	N/A
Interest Bearing Accounts	N/A

Custodial Credit Risk

The Policy requires that time deposits made in banks and savings and loan associations must be made with qualified public depositories in accordance with Chapter 280, Florida Statutes. The County deposits funds only in qualified public depositories, pursuant to Florida Statutes 280.02, which are defined as banks, savings banks, or savings associations organized under the laws of the United States with an office in the State of Florida that is authorized to receive deposits, and has deposit insurance under the provisions of the FDIC. At September 30, 2009 all of the County's bank deposits were in qualified public depositories and as such the deposits are not exposed to custodial credit risks.

Securities may be purchased only through financial institutions that are state-certified public depositories. For third-party custodial agreements, the County will execute a Custodial Safekeeping Agreement with a commercial bank. All securities purchased and/or collateral obtained by the County shall be the property of the County and be held apart from the assets of the financial institution.

Concentration of Credit Risk

The Policy establishes limitations on portfolio composition by investment type and by issuer to limit its exposure to concentration of credit risk. The Policy provides that a maximum of 50% of the portfolio may be invested in the State of Florida Local Government Surplus Trust Fund (the "Pool"); however, bond proceeds may be temporarily deposited in the Pool until alternative investments have been purchased. Prior to any investment in the Pool, approval must be received from the Board of County Commissioners. 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 interest bearing time deposits or demand accounts with no more than 5% deposited with any one issuer. There is no limit on the percent of the total portfolio that may be invested in direct obligations of the U.S. Treasury or federal agencies and instrumentalities; with no limits on individual issuers (investment in agencies containing call options shall be limited to a maximum of 25% of the total portfolio). A maximum of 5% of the portfolio may be invested in open-end or closed-end funds. A maximum of 50% of the portfolio may be invested in prime commercial paper with a maximum of 5% with any one issuer. A maximum of 25% of the portfolio may be invested in bankers acceptances with a maximum of 10% with any one issuer, but a maximum of 60% of the portfolio may be invested in both commercial paper and bankers acceptances. A maximum of 20% of the portfolio may be invested in repurchase agreements with the exception of one (1) business day agreements, with a maximum of 10% of the portfolio in any one institution or dealer with the exception of one (1) business day agreements. Investments in derivative products shall be prohibited by Miami-Dade County. A maximum of 25% of the portfolio may be directly invested in municipal obligations, up to 5% with any one municipal issuer.

As of September 30, 2009 the following issuers held 5% or more of the investment portfolio:

Issuer	% of Portfolio
Federal Farm Credit Bank	17.52%
Federal Home Loan Bank	19.58%
Federal Home Loan Mortgage Corporation	17.43%
Fannie Mae	19.39%

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

Interest Rate Risk

The Policy limits interest rate risk by requiring the matching of known cash needs and anticipated net cash outflow requirements; following historical spread relationships between different security types and issuers; evaluating both interest rate forecasts and maturity dates to consider short-term market expectations. The Policy requires that investments made with current operating funds shall maintain a weighted average of no longer than twelve (12) months. Investments for bond reserves, construction funds and other non-operating funds shall have a term appropriate to the need for funds and in accordance with debt covenants. The Policy limits the maturity of a single investment in the portfolio to a maximum of five (5) years.

As of September 30, 2009 the County had the following investments with the respective weighted average maturity.

Investment Type	Weighted Average in Years
Federal Home Loan Mortgage Corporation	0.95
Federal Home Loan Bank	0.65
Federal Farm Credit Bank	1.71
Fannie Mae	0.58
Time Deposits	0.42
Treasury Notes	0.49
Municipal Bonds	0.75

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

Cash Deficits
As of September 30, 2009, the Transit Agency, the Hurricane Funds and the Community and Social Development Funds had cash deficit balances of approximately $146.6 million, $7.2 million and $2.2 million, respectively. It is the County's practice to reclassify cash deficits with a corresponding interfund receivable/payable in the appropriate fund. These cash deficits are funded with cash advances from the County's General Fund.

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

Note 4 - Capital Assets

Capital asset activity for the year ended September 30, 2009 for the governmental activities, business-type activities and major proprietary funds was as follows (in thousands)

Governmental activities:	Beginning Balance As Previously Reported September 30, 2008	Prior Period Adjustment (Restated - Note 11)	Beginning Balance Restated September 30, 2008	Additions	Deletions	Ending Balance September 30, 2009
Capital assets, not being depreciated:						
Land	$ 633,979	$ (19,606)	$ 614,373	$ 32,942	$ (347)	$ 646,968
Construction in progress	336,094		336,094	221,446	(54,366)	503,174
Total capital assets, not being depreciated	970,073	(19,606)	950,467	254,388	(54,713)	1,150,142
Capital assets, being depreciated:						
Building and building improvements	2,205,104	19,643	2,224,747	13,630		2,238,377
Infrastructure	2,375,192		2,375,192	39,758		2,414,950
Machinery and equipment	432,752		432,752	31,130	(38,760)	425,122
Total capital assets, being depreciated	5,013,048	19,643	5,032,691	84,518	(38,760)	5,078,449
Less accumulated depreciation for:						
Building and building improvements	(701,436)	162	(701,274)	(47,710)		(748,984)
Infrastructure	(1,370,764)		(1,370,764)	(50,816)		(1,421,580)
Machinery and equipment	(229,162)		(229,162)	(40,919)	32,723	(237,358)
Total accumulated depreciation	(2,301,362)	162	(2,301,200)	(139,445)	32,723	(2,407,922)
Total capital assets, being depreciated, net	2,711,686	19,805	2,731,491	(54,927)	(6,037)	2,670,527
Total governmental capital assets, net	$ 3,681,759	$ 199	$ 3,681,958	$ 199,461	$ (60,750)	$ 3,820,669
Business-type activities:						
Capital assets, not being depreciated:						
Land	$ 650,014		$ 650,014	$ 22,681	$ (1,060)	$ 671,635
Construction in progress	2,493,006		2,493,006	1,244,397	(407,316)	3,330,087
Total non-depreciable assets	3,143,020		3,143,020	1,267,078	(408,376)	4,001,722
Capital assets, being depreciated:						
Building and building improvements	6,246,312		6,246,312	141,671	(9,125)	6,378,858
Infrastructure	5,108,776		5,108,776	156,704	(17,824)	5,247,656
Machinery and equipment	2,393,741		2,393,741	305,165	(183,976)	2,514,930
Total capital assets, being depreciated	13,748,829		13,748,829	603,540	(210,925)	14,141,444
Less accumulated depreciation for:						
Building and building improvements	(2,420,096)		(2,420,096)	(191,313)	759	(2,610,650)
Infrastructure	(1,908,792)		(1,908,792)	(138,456)	16,946	(2,030,302)
Machinery, and equipment	(1,499,293)		(1,499,293)	(144,917)	82,791	(1,561,419)
Total accumulated depreciation	(5,828,181)		(5,828,181)	(474,686)	100,496	(6,202,371)
Total capital assets, being depreciated, net	7,920,648		7,920,648	128,854	(110,429)	7,939,073
Total business-type capital assets, net	$ 11,063,668		$ 11,063,668	$ 1,395,932	$ (518,805)	$ 11,940,795

MDT	Balance September 30, 2008	Additions	Deletions	Balance September 30, 2009
Capital assets, not being depreciated:				
Land	$ 226,349	$ 14,956	$ (110)	$ 241,195
Construction in progress	173,749	52,027	(84,230)	141,546
Total capital assets, not being depreciated	400,098	66,983	(84,340)	382,741
Capital assets, being depreciated:				
Buildings and building improvements	1,404,510			1,404,510
Machinery and equipment	624,471	118,110	(30,584)	711,997
Total capital assets, being depreciated	2,028,981	118,110	(30,584)	2,116,507
Less accumulated depreciation for:				
Buildings and building improvements	(615,415)	(35,113)		(650,528)
Machinery and equipment	(362,029)	(35,624)	29,882	(367,771)
Total accumulated depreciation	(977,444)	(70,737)	29,882	(1,018,299)
Total capital assets, being depreciated, net	1,051,537	47,373	(702)	1,098,208
Total MDT capital assets, net	$ 1,451,635	$ 114,356	$ (85,042)	$ 1,480,949

SOLID WASTE	Balance September 30, 2008	Additions	Deletions	Balance September 30, 2009
Capital assets, not being depreciated:				
Land	$ 57,586		$ (58)	$ 57,528
Construction in progress	10,387	$ 11,793	(5,857)	16,323
Total capital assets, not being depreciated	67,973	11,793	(5,915)	73,851
Capital assets, being depreciated:				
Buildings and building improvements	310,529			310,529
Infrastructure	134,201			134,201
Machinery and equipment	160,286	10,492	(7,865)	162,913
Total capital assets, being depreciated	605,016	10,492	(7,865)	607,643
Less accumulated depreciation for:				
Buildings and building improvements	(258,257)	(8,640)		(266,897)
Infrastructure	(125,202)	(7,806)		(133,008)
Machinery and equipment	(68,797)	(16,041)	7,542	(77,296)
Total accumulated depreciation	(452,256)	(32,487)	7,542	(477,201)
Total capital assets, being depreciated, net	152,760	(21,995)	(323)	130,442
Total Solid Waste capital assets, net	$ 220,733	$ (10,202)	$ (6,238)	$ 204,293

SEAPORT	Balance September 30, 2008	Additions	Deletions	Balance September 30, 2009
Capital assets, not being depreciated:				
Land	$ 198,659	$ 911	$ (974)	$ 198,596
Construction in progress	15,185	32,095	(1,354)	45,926
Total capital assets, not being depreciated	213,844	33,006	(2,328)	244,522
Capital assets, being depreciated:				
Buildings and building improvements	423,546	575	(2,086)	422,035
Infrastructure	279,485	956	(794)	279,647
Machinery and equipment	38,924	4,945		43,869
Total capital assets, being depreciated	741,955	6,476	(2,880)	745,551
Less accumulated depreciation for:				
Buildings and building improvements	(138,396)	(11,576)		(149,972)
Infrastructure	(70,222)	(6,680)		(76,902)
Machinery and equipment	(13,789)	(2,534)		(16,323)
Total accumulated depreciation	(222,407)	(20,790)		(243,197)
Total capital assets, being depreciated, net	519,548	(14,314)	(2,880)	502,354
Total Seaport capital assets, net	$ 733,392	$ 18,692	$ (5,208)	$ 746,876

AVIATION	Balance September 30, 2008	Additions	Deletions	Balance September 30, 2009
Capital assets, not being depreciated:				
Land	$ 88,836			$ 88,836
Construction in progress	1,783,441	$ 790,246	$ (129,928)	2,443,759
Total capital assets, not being depreciated	1,872,277	790,246	(129,928)	2,532,595
Capital assets, being depreciated:				
Buildings and building improvements	3,553,164	75,366	(172)	3,628,358
Infrastructure	1,097,364	49,025		1,146,389
Machinery and equipment	341,120	10,813	(4,739)	347,194
Total capital assets, being depreciated	4,991,648	135,204	(4,911)	5,121,941
Less accumulated depreciation for:				
Buildings and building improvements	(1,094,338)	(114,529)	172	(1,208,695)
Infrastructure	(427,476)	(7,708)		(435,184)
Machinery and equipment	(193,942)	(16,731)	4,590	(206,083)
Total accumulated depreciation	(1,715,756)	(138,968)	4,762	(1,849,962)
Total capital assets, being depreciated, net	3,275,892	(3,764)	(149)	3,271,979
Total Aviation capital assets, net	$ 5,148,169	$ 786,482	$ (130,077)	$ 5,804,574

WATER & SEWER	Balance September 30, 2008	Additions	Deletions	Balance September 30, 2009
Capital assets, not being depreciated:				
Land	$ 37,671	$ 6,814		$ 44,485
Construction in progress	426,471	282,874	$ (88,759)	620,586
Total capital assets, not being depreciated	464,142	289,688	(88,759)	665,071
Capital assets, being depreciated:				
Buildings and building improvements				
Infrastructure	3,523,644	98,222	(16,946)	3,604,920
Machinery and equipment	836,258	29,864	(9,100)	857,022
Total capital assets, being depreciated	4,359,902	128,086	(26,046)	4,461,942
Less accumulated depreciation for:				
Buildings and building improvements				
Infrastructure	(1,243,120)	(113,057)	16,946	(1,339,231)
Machinery and equipment	(606,321)	(39,508)	9,100	(636,729)
Total accumulated depreciation	(1,849,441)	(152,565)	26,046	(1,975,960)
Total capital assets, being depreciated, net	2,510,461	(24,479)		2,485,982
Total Water and Sewer capital assets, net	$ 2,974,603	$ 265,209	$ (88,759)	$ 3,151,053

PHT	Balance September 30, 2008	Additions	Deletions	Balance September 30, 2009
Capital assets, not being depreciated:				
Land	$ 36,635			$ 36,635
Construction in progress	81,592	$ 67,361	$ (94,735)	54,218
Total capital assets, not being depreciated	118,227	67,361	(94,735)	90,853
Capital assets, being depreciated:				
Buildings and building improvements	505,751	65,670	(5,736)	565,685
Infrastructure	29,900	596	(84)	30,412
Machinery and equipment	386,571	130,600	(133,802)	383,369
Total capital assets, being depreciated	922,222	196,866	(139,622)	979,466
Less accumulated depreciation for:				
Buildings and building improvements	(296,013)	(20,385)	(38)	(316,436)
Infrastructure	(20,037)	(1,138)		(21,175)
Machinery and equipment	(252,619)	(33,966)	33,692	(252,893)
Total accumulated depreciation	(568,669)	(55,489)	33,654	(590,504)
Total capital assets, being depreciated, net	353,553	141,377	(105,968)	388,962
Total PHT capital assets, net	$ 471,780	$ 208,738	$ (200,703)	$ 479,815

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

Governmental Activities
Depreciation Expense by Function
(in thousands)

Function	Amount
Policy formulation and general government	$ 35,996
Protection of people and properties	23,525
Physical environment	1,343
Transportation	48,810
Health	801
Socio-economic environment	6,557
Culture and recreation	22,413
Total depreciation expense - governmental activities	$ 139,445

Depreciation expense was charged to the different functions of business-type activities as follows (in thousands):

Business-type Activities
Depreciation Expense by Function
(in thousands)

Function	Amount
Mass transit	$ 70,737
Solid waste collection	9,777
Solid waste disposal	22,710
Seaport	20,790
Aviation	138,968
Water	59,028
Sewer	93,400
Public health	55,489
Other	3,650
Total depreciation expense - business-type activities	$ 474,549

Note 5 – Leases

Lease Leaseback Transactions

General Segment - During fiscal year 1998, the County entered into a three party Lease/Sublease agreement with Dana Commercial Credit Corporation ("Dana") regarding the leasing rights of the Stephen P. Clark Center (the "Metro Center"). The terms of the Lease/Sublease agreement provide for the leasing of the County's leasing rights of the Metro Center to a third party, Wilmington Savings as trustee for Redade, a subsidiary of Dana, which in turn subleased the asset back to the County for a period of 29 years, commencing June 1, 1998. In April 2002, Dana sold its equity in the lease to Rabo Bank. During the lease period, the County retains title and control of the facility. The building facility is included in the capital assets of the County in the government-wide Statement of Net Assets.

At closing, the County received a total of $79 million, of which $3.7 million was considered an up-front payment and was recognized as revenue in fiscal year 1998. $57 million of the remaining $75.3 million was deposited with a financial institution and the proceeds will be used to meet the payment obligations by the County under the sublease agreement. The remaining $18 million will mature to an amount sufficient, approximately $49 million, to fully defease its sublease obligations and buy-out option, 17.5 years subsequent to the commencing date. There is a purchase option allowed under the agreement in the year 2015.

The total original minimum lease payments of approximately $125 million will be amortized on a straight-line basis over the life of the lease term. This Lease/Sublease agreement has been accounted for as a non-cancelable operating lease as part of the other nonmajor governmental funds. Refer to Note 14 – Subsequent Events, concerning this lease / leaseback agreement.

The future minimum lease payments are as follows (in thousands):

Year Ending September 30,	
2010	$ 5,029
2011	5,171
2012	5,324
2013	5,488
2014	2,748
2015-2019	62,103
	$ 85,863

Transit Agency - During fiscal year 1997, the County entered into a three party lease-in/lease-out arrangement ("Lease 1") with the Bank of New York Leasing Corporation for a total of 134 commuter rail cars. The agreements provide for the lease of the equipment owned by the County to a financial party lessee and the lessee, in turn, subleases such equipment back to the County for a period ranging from 22 to 24 years commencing May 1997. At the time of the transaction, the County received from the financial party lessee the total minimum rental payments required under the lease of approximately $95 million.

The County deposited $70,350,000 with a financial institution sufficient to meet all of its payment obligations under the terms of the sublease and acquired $17,583,000 in United States Treasury Strips that will mature to an amount sufficient to satisfy each agreement's purchase of the Head Lease Rights option. The funds on deposit and the United States Treasury Strips have been included as restricted assets in the accompanying financial statements.

In December 1998, the County entered into a second lease-in/lease-out arrangement (“Lease 2"). The agreement which was entered into with NationsBanc Leasing and Finance, provided for the lease of six different facilities owned by the County to a financial party lessee and the lessee, in turn, subleased the facilities back to the County for a period of 35 years. At the time of commencement, the County received from the financial party approximately $133 million.

The County deposited approximately $120.9 million with a financial institution sufficient to meet all its payment obligations under the terms of the sublease agreement and buy-out options, ranging from 19 to 20 years subsequent to the commencing date.

On August 14, 2002, a portion of the third lease-in/lease-out arrangement (QTE Lease) commenced. This agreement which was entered into with the Bank of America Leasing & Capital Group, provided for the lease of certain Qualified Technological Equipment owned by the County and consisted of the MDT control system. The agreement provided for the lease of the equipment to a financial party lessee and the sublease of such equipment back to the County for a period of 16 years.

At the time of commencement, the County received from the financial party a total of approximately $239 million. The County deposited approximately $229 million with a financial institution sufficient to meet all its payment obligations.

On April 7, 2008, MDT and Equity Trust entered into an early buyout and amendment agreement on the 134 rail cars lease agreement whereby the County and MDT exercised its purchase option and paid the purchase option price. In the purchase option, the County and MDT assumed all of the obligations of Lessor and headlessee thereby terminating the 1997 agreement. Upon the execution of the early buyout, all equity collateral was automatically released from the lien of the pledge and security agreement and the obligations of the Custodian (MDT) under the custody agreement were automatically terminated.

The balance in the Investment and the Capital lease payable of $36,521,000 were closed and the remaining unamortized upfront benefit of $4,592,000 was fully amortized to income. In addition, the purchase option provided for the County to receive $200,000 as termination fee.

Refer to Note 14 – Subsequent Events, concerning these lease / leaseback agreements. Future minimum lease payments are as follows (in thousands):

Year Ending September 30,	
2010	$ 21,396
2011	21,419
2012	21,484
2013	57,087
2014	29,985
2015-2019	227,541
	378,912
Less amount representing interest	(86,587)
Present value of minumum sublease payments	$ 292,325

Operating Leases

General Segment – The County leases various facilities under noncancelable operating leases. Total cost for the leases was $17.5 million for the year ended September 30, 2009. The future minimum lease payments for these leases are as follows (in thousands):

Year Ending September 30,	
2010	$ 13,349
2011	10,188
2012	4,161
2013	2,071
2014	1,264
2015-2019	3,813
2020-2024	3,795
2025-2029	3,780
2030-2034	3,654
2035-2039	379
	$ 46,454

Seaport – The Seaport has several operating leases consisting principally of the leasing of land, office space and warehouses to several tenants. The lease agreements consist of both cancelable and non-cancelable agreements. The agreements expire over the next 15 years. Future minimum lease income under the non-cancelable operating leases (with initial remaining lease terms in excess of one year) as of September 30, 2009 are summarized in the table below (in thousands):

Year Ending September 30,	
2010	$ 11,504
2011	9,837
2012	8,536
2013	8,151
2014	7,707
2015-2019	37,723
2020-2024	30,490
	$ 113,948

Public Health Trust – The Public Health Trust leases various equipment and facilities under operating leases. Rent expense for all operating leases was approximately $12.519 million in 2009. At September 30, 2009, future minimum lease payments by year under non-cancelable operating leases are as follows (in thousands):

Year Ending September 30,		
2010	$	7,224
2011		5,198
2012		4,342
2013		3,786
2014		2,784
	$	23,334

Aviation - The major portion of the Aviation Department's property, plant and equipment is held for lease. Substantial portions of the leases are cancelable and provide for periodic adjustment to rental rates to maximize operational flexibility. The non-cancelable lease agreements also provide for periodic adjustments to the rental rates. All leases are classified as operating leases. The Aviation Department recognized $104.008 million of rental income for the year ended September 30, 2009.

In addition, the Aviation Department leases certain properties under management and concession agreements. Certain of these leases provide for minimum rentals plus a specified percentage of the tenants' gross revenues. The agreements generated revenues of $103.500 million during the year ended September 30, 2009. At September 30, 2009 minimum rentals under such lease agreements are as follows (in thousands):

Year Ending September 30,	
2010	$ 61,954
2011	59,165
2012	52,532
2013	43,123
2014	40,859
2015-2019	42,608
2020-2024	32,028
2025-2029	17,332
2030-2034	6,467
2035-2039	5,834
2040-2044	2,535
2045-2049	1,977
2050-2054	659
	$ 367,073

Note 6 – Disaggregation of Accounts Receivable and Accounts Payable Balances

Accounts Receivable

Receivables are comprised of amounts owed to the County by customers, patients, carriers and others that conduct business with the County and are expected to be collected within a year. Receivables in the General Fund are 33% customer receivables, 45% utilities taxes for the month of September, and the remaining amount due from other entities. Receivables in the Other Governmental Funds are 86% from Fire Department transport fees, 6% from Miami Dade Housing Department's tenants and others, and 8% from miscellaneous charges. Net receivables in the Business-type Activities are 62% due from patients and carriers, 23% due from water and sewer customers, 9% due from airlines and concessionaires, 3% from solid waste disposal and collection customers, 2% from water ports and terminal charges, and the remaining 1% from transit fees and rental facility fees.

	Accounts	Allowance for uncollectible accounts	Total Net Receivables
Governmental activities:			
General Fund	$ 12,723	$ (896)	$ 11,827
Internal Service Fund	1,193		1,193
Other Governmental Funds	91,040	(64,883)	26,156
Total - governmental activities	$ 104,956	$ (65,779)	$ 39,176
Business-type activities:			
Public Health Trust	$ 692,161	$ (447,346)	$ 244,815
Water and Sewer Department	115,656	(24,843)	90,813
Aviation Department	52,864	(15,541)	37,323
Miami-Dade Transit	2,490	(2,117)	373
Seaport Department	12,253	(3,758)	8,495
Solid Waste Department	10,586	(424)	10,162
Other Non-major proprietary	372		372
Total - business-type activities	$ 886,382	$ (494,029)	$ 392,353

Accounts Payable

Accounts payable and accrued expenses at September 30, 2009, were as follows (in thousands):

	Vendors	Salaries and Benefits	Total
Governmental activities:			
General	$ 65,290	$ 33,384	$ 98,674
Other non-major governmental	94,422	5,512	99,934
Internal Service Fund	1,067		1,067
Total - governmental activities	$ 160,779	$ 38,896	$ 199,675
Business-type activities:			
Miami-Dade Transit	$ 33,231	$ 7,111	$ 40,342
Solid Waste Department	16,821	1,612	18,433
Seaport Department	12,576	739	13,315
Aviation Department	236,603	4,829	241,432
Water and Sewer Department	39,352	7,445	46,797
Public Health Trust	227,673	30,724	258,397
Other Non-major proprietary	1,184	200	1,384
Total - business-type activities	$ 567,440	$ 52,660	$ 620,100

Note 7 - Self-Insurance Program

The County's Risk Management Division (RMD) administers workers' compensation and general liability self-insurance programs. No excess coverage is purchased for these programs. A large portion of the group medical insurance program is also self-insured and is managed by an independent third party administrator. The County continues to offer one fully insured HMO program. Premiums are charged to the various County departments based on amounts necessary to provide funding for current losses and to meet the required annual payments during the fiscal year. The County purchases commercial property insurance for County-owned properties and also in certain instances due to exposure to loss and/or contractual obligations.

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

The Risk Management Division also administers the self-insurance program for the Enterprise Funds. Water and Sewer only participates in the workers' compensation and certain group health self-insurance programs. Water and Sewer has established a self-insurance program for general and automobile liability exposures. RMD administers the claims on their behalf. The Public Health Trust (the Trust) maintains its own self-insurance programs for general and professional liability claims. Until January 1, 2008, the County acted as the servicing agent for the Trust's self-insurance worker's compensation program. Currently, the Trust uses a Third Party Administrator to administer their workers compensation coverage. The Trust participates in the County's benefit programs, including the self-insured medical plan and the fully insured dental and life insurance programs. The RMD places and administers a commercial property insurance program for Trust properties.

The Aviation Department pays premiums to commercial insurance carriers for airport liability insurance, construction wrap-up insurance and participates in the County's property insurance program. The airport liability coverage provides comprehensive general liability, contractual liability, personal injury and on-site automobile liability at all airports.

The County's Self-Insurance Internal Service Fund has an accumulated deficit of approximately $19.4 million for various self-insurance programs administered by the County. The County has implemented an action plan in an effort to reduce the accumulated deficit. County management believes that the deficit will be made up over a reasonable period of time.

Changes in the Internal Service Fund estimated liability amount for fiscal years 2008 and 2009 are as follows (in thousands):

	Workers Compensation	General, Auto, and Police Liability	Group Health	Other	Total
Balance as of October 1, 2007	$ 163,570	$ 23,660	$ 20,782		$ 208,012
Claims paid	(69,145)	(40,749)	(119,197)	$ (4,321)	(233,412)
Claims and changes in estimates	60,369	45,206	122,251	4,321	232,147
Liabilities as of September 30, 2008	$ 154,794	$ 28,117	$ 23,836		$ 206,747
Claims paid	(49,346)	(38,562)	(111,434)	$ (5,337)	(204,679)
Claims and changes in estimates	54,251	36,753	112,188	5,337	208,529
Liabilities as of September 30, 2009	$ 159,699	$ 26,308	$ 24,590		$ 210,597

Changes in estimated liabilities for the Water and Sewer Department and the Public Health Trust for fiscal years 2008 and 2009 are as follows (in thousands):

	Water & Sewer Department	Public Health Trust	Total
Balance as of October 1, 2007	$ 4,103	$ 36,229	$ 40,332
Claims paid	(484)	(13,535)	(14,019)
Claims and changes in estimates	40	8,423	8,463
Liabilities as of September 30, 2008	$ 3,659	$ 31,117	$ 34,776
Balance as of October 1, 2008	$ 3,659	$ 31,117	$ 34,776
Claims paid	(538)	(10,566)	(11,104)
Claims and changes in estimates	(927)	7,922	6,995
Liabilities as of September 30, 2009	$ 2,194	$ 28,473	$ 30,667

Note 8 – Long-Term Debt

LONG-TERM LIABILITY ACTIVITY

Changes in long-term liabilities for the year ended September 30, 2009 are as follows (amounts in thousands):

	Beginning Balance September 30, 2008	Additions	Reductions	Ending Balance September 30, 2009	Due Within One Year
Governmental Activities					
Bonds, loans and notes payable:					
General obligation bonds	$ 523,596	$ 350,000	$ (29,635)	$ 843,961	$ 13,260
Special obligation bonds	1,793,217	652,096	(153,647)	2,291,666	53,914
Current year accretions of interest		29,885		29,885	
Loans and notes payable	277,930		(22,233)	255,697	23,585
Add/subtract deferred amounts:					
For bond issuance premiums/discounts/refundings	32,841	67	(3,080)	29,828	
Total bonds, loans and notes payable	2,627,584	1,032,048	(208,595)	3,451,037	90,759
Other liabilities:					
Compensated absences	384,155	155,632	(142,884)	396,903	108,101
Estimated insurance claims payable	206,747	208,529	(204,679)	210,597	64,445
Other postemployment benefits	10,168	16,222	(12,344)	14,046	
Departure Incentive Plan	2,774		(635)	2,139	555
Arbitrage rebate liability	2,890		(880)	2,010	
Capital Lease Agreements	10,858		(310)	10,548	325
Other	40,089	7,981	(3,017)	45,053	6,280
Total governmental activity long-term liabilities	$ 3,285,265	$ 1,420,412	$ (573,344)	$ 4,132,333	$ 270,465
Business-type Activities					
Bonds, loans, and notes payable:					
Revenue bonds	$ 6,860,647	$ 1,183,204	$ (425,372)	$ 7,618,479	$ 131,059
General obligation bonds	134,570		(4,200)	130,370	4,470
Special obligation bonds	35,415	68,630	(6,305)	97,740	6,860
Current year accretions of interest	5,690	1,819		7,509	
Loans and notes payable	549,731	21,335	(22,066)	549,000	26,719
Add/subtract deferred amounts:					
For bond issuance premiums/discounts/refundings	(9,565)	6,744	(1,040)	(3,861)	
Commercial paper notes		498,171	(388,030)	110,141	
Total bonds, loans and notes payable	7,576,488	1,779,903	(847,013)	8,509,378	169,108
Other liabilities:					
Estimated insurance claims payable	34,776	7,922	(12,031)	30,667	7,047
Compensated absences	222,936	48,666	(38,223)	233,379	146,349
Other postemployment benefits	5,485	3,091		8,576	
Environmental remediation liability	95,366	401	(5,771)	89,996	10,016
Liability for landfill closure/post closure care costs	113,503	1,974	(15,241)	100,236	7,216
Lease agreements	354,466		(47,733)	306,733	297,389
Other	62,827	16,332	(34,939)	44,220	8,047
Total business-type activities long-term liabilities	$ 8,465,847	$ 1,858,289	$ (1,000,951)	$ 9,323,185	$ 645,172

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

	Beginning Balance September 30, 2008	Additions	Reductions	Ending Balance September 30, 2009	Due Within One Year
Miami-Dade Transit Agency (MDTA)					
Bonds and loans payable:					
Revenue bonds	$ 354,180	$ 193,044	$ (5,127)	$ 542,097	$ 5,602
Special obligation bonds	21,445		(3,915)	17,530	4,065
Loans payable	31,959		(5,343)	26,616	5,588
Add/subtract deferred amounts:					
For bond issuance premiums/discounts/refundings	9,912	3,019	(760)	12,171	
Total bonds and loans payable	417,496	196,063	(15,145)	598,414	15,255
Other liabilities:					
Compensated absences	36,063	19,974	(19,202)	36,835	13,080
Other postemployment benefits	1,870	763		2,633	
Lease agreements	336,791		(44,466)	292,325	292,325
Other	11,802		(3,755)	8,047	8,047
Total long-term liabilities - MDTA	$ 804,022	$ 216,800	$ (82,568)	$ 938,254	$ 328,707
Solid Waste Department					
Bonds and loans payable:					
Revenue bonds	$ 184,307		$ (12,565)	$ 171,742	$ 15,107
Special obligation bonds	13,970		(2,390)	11,580	2,495
Current year accretions of interest	5,690	$ 1,819		7,509	
Loans and notes payable	8911		(1,213)	7,698	1,221
Add/subtract deferred amounts:					
For bond issuance premiums/discounts/refundings	1,775	179		1,954	
Total bonds and loans payable	214,653	1,998	(16,168)	200,483	18,823
Other liabilities:					
Compensated absences	14,923	5,358	(5,115)	15,166	3,922
Other postemployment benefits	501	204		705	
Liability for landfill closure/postclosure care costs	113,503	1,974	(15,241)	100,236	7,216
Other	1,103	785		1,888	
Total long-term liabilities - Solid Waste	$ 344,683	10,319	$ (36,524)	$ 318,478	29,961

	Beginning Balance September 30, 2008	Additions	Reductions	Ending Balance September 30, 2009	Due Within One Year
Seaport					
Bonds and loans payable:					
Revenue bonds	$ 61,395		$ (3,395)	$ 58,000	$ 3,620
General obligation bonds	134,570		(4,200)	130,370	4,470
Special obligation bonds		$ 68,630		68,630	300
Loans payable	341,805		(3,500)	338,305	3,500
Add/subtract deferred amounts:					
For bond issuance premiums/discounts/refundings	(10,806)	1,181		(9,625)	
Total bonds and loans payable	526,964	69,811	(11,095)	585,680	11,890
Other liabilities:					
Compensated absences	5,835	2,649	(2,117)	6,367	1,620
Other postemployment benefits	215	87		302	
Environmental remediation liability	3,146	401	(3,146)	401	401
Lease agreements	4,383		(1,562)	2,821	1,729
Other	420		(31)	389	
Total long-term liabilities - Seaport	$ 540,963	$ 72,948	$ (17,951)	$ 595,960	$ 15,640
Aviation					
Bonds, loans, and notes payable:					
Revenue bonds	$ 4,522,365	$ 600,000	$ (63,250)	$ 5,059,115	$ 55,370
Loans payable	53,095		(1,615)	51,480	5,679
Add/subtract deferred amounts:					
For bond issuance premiums/discounts/refundings	(25,162)	4,861	(11,432)	(31,733)	
Commercial paper notes		498,171	(388,030)	110,141	
Total bonds, loans and notes payable	4,550,298	1,103,032	(464,327)	5,189,003	61,049
Other liabilities:					
Compensated absences	27,199	758		27,957	7,555
Other postemployment benefits	679	277		956	
Environmental remediation liability	92,220		(2,625)	89,595	9,615
Lease agreements	13,292		(1,705)	11,587	3,335
Other	4,018		(523)	3,495	
Total long-term liabilities - Aviation	$ 4,687,706	$ 1,104,067	$ (469,180)	$ 5,322,593	$ 81,554

	Beginning Balance September 30, 2008	Additions	Reductions	Ending Balance September 30, 2009	Due Within One Year
Water and Sewer Department					
Bonds and loans payable:					
Revenue bonds	$ 1,440,015	$ 306,845	$ (335,475)	$ 1,411,385	$ 45,385
Loans payable	107,943	21,335	(10,186)	119,092	10,515
Add/subtract deferred amounts:					
For bond issuance premiums/discounts/refundings	12,112	(2,638)	11,152	20,626	
Total bonds and loans payable	1,560,070	325,542	(334,509)	1,551,103	55,900
Other liabilities:					
Estimated insurance claims payable	3,659		(1,465)	2,194	904
Compensated absences	35,607	13,682	(11,688)	37,601	11,719
Other postemployment benefits	1,098	747		1,845	
Other	30,160	13,755	(30,630)	13,285	
Total long-term liabilities - Water and Sewer Dept.	$ 1,630,594	$ 353,726	$ (378,292)	$ 1,606,028	$ 68,523
Public Health Trust (PHT)					
Bonds and loans payable:					
Revenue bonds	$ 295,255	$ 83,315	$ (4,910)	$ 373,660	$ 5,230
Add/subtract deferred amounts:					
For bond issuance premiums/discounts/refundings	2,604	142		2,746	
Total bonds and loans payable	297,859	83,457	(4,910)	376,406	5,230
Other liabilities:					
Estimated insurance claims payable	31,117	7,922	(10,566)	28,473	6,143
Compensated absences	101,920	6,148		108,068	108,068
Other postemployment benefits	1,122	1,013		2,135	
Other	15,324	1,792		17,116	
Total long-term liabilities - Public Health Trust	$ 447,342	$ 100,332	$ (15,476)	$ 532,198	$ 119,441

Compensated absences have typically been liquidated in the General Fund, other governmental funds and enterprise funds. Liabilities for landfill and postclosure care costs have been liquidated in the Solid Waste enterprise fund. Legal contingencies have typically been liquidated in the General Fund. Insurance claims liabilities have typically been liquidated in the Self-Insurance Internal Service Fund and in the enterprise funds. The Self-Insurance Internal Service Fund predominantly serves the governmental funds. When an internal service fund predominantly serves governmental funds the residual balances of the internal service fund should be reported as part of governmental activities. Therefore, the long-term liabilities of the fund are included in the above totals for governmental activities.

Demand Bonds

At September 30, 2009, the County had $800 thousand of Capital Asset Acquisition Floating / Fixed Rate Special Obligation Bonds, Series 1990 (the “Bonds”) that were due within seven days of demand by the holder at a price equal to principal plus accrued interest. The County’s remarketing agent is authorized to use its best efforts to sell the repurchased bonds at par by adjusting the interest rate.

Under a standby bond purchase agreement (the “Agreement”) issued by a bank, the fiscal agent can draw amounts sufficient to repurchase the Bonds if they cannot be resold by the remarketing agent. In the absence of monies available under the Agreement, the monies will be drawn under an irrevocable letter of credit. The letter of credit has a stated termination date of November 1, 2012. There were no amounts outstanding under the letter of credit at September 30, 2009.

Long-Term Debt -- Governmental Activities

Long-term debt of the County's governmental activities include general and special obligation bonds, installment purchase contracts and loan agreements that are payable from property tax levies and specific revenue sources. General obligation bonds are payable from unlimited ad valorem taxes on all taxable real and tangible personal property of the County, and are backed by the full faith, credit and taxing power of the County. Special obligation bonds are limited obligations of the County, payable solely from and secured by pledged non-ad valorem revenues of the County. Neither the full faith and credit nor the taxing power of the County is pledged to the payment of the special obligation bonds. Interest on variable-rate bonds, currently in an auction rate mode, is based on the BMA index and is currently reset every 28 days. Debt service requirements for interest on variable-rate debt was calculated using the rates in effect as of September 30, 2009.

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

Long-Term Bonded Debt, Governmental Activities
(amounts in thousands)

Maturing in	General Obligation Bonds		Special Obligation Bonds		Loans and Notes Payable	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest
2010	$ 13,260	$ 25,065	$ 53,914	$ 81,549	$ 23,585	$ 11,398
2011	13,930	24,607	74,554	87,631	23,882	10,389
2012	14,630	24,117	66,928	86,376	24,531	9,364
2013	15,025	23,601	69,154	85,233	23,246	8,308
2014	15,445	23,060	93,941	88,523	21,312	7,297
2015-2019	84,961	106,329	366,368	442,382	83,051	22,596
2020-2024	123,785	91,683	396,796	442,190	39,872	8,754
2025-2029	185,260	68,941	512,208	442,095	16,218	1,055
2030-2034	238,295	36,645	557,996	565,791		
2035-2039	139,370	4,394	611,763	489,497		
2040-2044			99,820	656,375		
2045-2049			34,247			
	843,961	428,442	2,937,689	3,467,642	255,697	79,161
Less:						
Unaccreted value			(616,138)			
Accretions to date				(171,230)		
Add:						
Unamortized premium / discount and deferred charges on bond refundings			29,828			
Total	$ 843,961	$ 428,442	$ 2,351,379	$ 3,296,412	$ 255,697	$ 79,161

Long-Term Debt – Business-type Activities

Long-term debt of business-type activities includes revenue bonds, special obligation bonds and loans payable from specified revenues of the County's enterprise funds. Also included are general obligation bonds issued on behalf of the Seaport Department, which will be paid from Seaport revenues and, to the extent those revenues are insufficient, from ad valorem taxes. Interest on variable-rate bonds, currently in an auction rate mode, is based on the BMA index and is currently reset every 28 days. Debt service requirements for interest on variable-rate debt was calculated using the rates in effect as of September 30, 2009.

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

Maturing in	Revenue Bonds		General Obligation Bonds		Special Obligation Bonds		Loans and Notes Payable	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	$ 131,059	$ 363,089	$ 4,470	$ 6,663	$ 6,860	$ 3,327	$ 26,719	$ 10,465
2011	142,415	380,191	4,755	6,363	7,185	4,374	26,313	9,727
2012	145,904	375,335	5,070	6,079	7,575	4,022	26,967	8,989
2013	151,173	369,017	5,330	5,812	10,110	3,647	21,805	8,147
2,014	156,899	362,394	5,600	5,532	2,815	3,164	44,734	10,476
2015-2019	899,020	1,691,386	32,620	22,931	13,060	14,006	111,199	29,252
2020-2024	1,141,984	1,423,868	41,885	13,433	12,550	11,220	83,543	19,172
2025-2029	1,366,679	1,102,736	30,640	2,407	12,535	8,286	104,754	12,660
2030-2034	1,167,314	782,567			12,525	5,135	94,966	3,648
2035-2039	1,436,562	453,478			12,525	1,926	8,000	78
2040-2044	889,925	93,172						
	7,628,934	7,397,233	130,370	69,220	97,740	59,107	549,000	112,614
Less:								
Unaccreted value	(2,946)							
Accretions to date		(7,509)						
Unamortized discount and deferred amounts	(70,448)		(7,303)				(2,053)	
Add:								
Unamortized bond premium	75,050				893			
Total	$ 7,630,590	$ 7,389,724	$ 123,067	$ 69,220	$ 98,633	$ 59,107	$ 546,947	$ 112,614

Public Health Trust Bonds Payable

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 (PHT or the 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. Please refer to Note 14 – Subsequent Events, for additional information.

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

At September 30, 2009, the County had $110,141,000 outstanding of Aviation Commercial Paper Notes. 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, 2009, there was no amount outstanding on the letter of credit. The letter of credit expires on August 1, 2010,

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

Following is a schedule of commercial paper notes (in thousands):

Balance on September 30, 2008	$ -
Additions	498,171
Deductions	(388,030)
Balance on September 30, 2009	$ 110,141

State Infrastructure Bank Note

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

The funds are held in escrow by the FDOT State Infrastructure Bank for the construction of the project. As of September 30, 2009, cash held in escrow by agent totaled $21.5 million (included in "Other Restricted Assets"). During fiscal year 2009 there were drawdowns totaling $8.3 million. As of September 30, 2009, the outstanding loan balance was $50 million. The loan bears interest at 2% per annum. The maturity date of the loan is October 1, 2019 and the first scheduled payment of $5 million is due on October 1, 2009.

Long-Term Debt Issued During the Year

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

BONDS AND LOANS ISSUED DURING THE YEAR

(in thousands)

Date Issued	Description	Purpose	Interest Rate Range	Final Maturity Date	Original Amount Issued
BONDS:					
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
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

Current and Advanced Refundings in Fiscal Year 2009 (in thousands)

Issue Date	Description	Amount Issued	Amount Defeased	Cash Flow Difference	Economic Loss
12/18/08	Water and Sewer System Revenue Refunding Bonds, Series 2008C (current refunding)	$306,845	$295,240	($20,824)	($12,706)
7/14/09	Professional Sports Franchise Facilities Tax Revenue Refunding Bonds, Series 2009A (advance refunding)	$85,701	$80,800	($409,662)	($32,704)
7/14/09	Professional Sports Franchise Facilities Tax Revenue Refunding Bonds, Series 2009B (advance refunding)	$5,220	$6,944	$4,501	($2,894)

On December 18, 2008, $306.8 million of Miami-Dade County Water and Sewer System Revenue Refunding Bonds, Series 2008C were issued to redeem all of the Dade County Water and Sewer System Revenue Refunding Variable Rate Demand Bonds, Series 2005. The refunding was necessary after the required Series 2005 Liquidity Facility expired and the County was unable to obtain a Substitute Series 2005 Liquidity Facility due to the credit crisis and uncertainty in the markets at the time. The refunding of the Series 2005 bonds resulted in an economic loss of $12.7 million and an increase in future debt service payments of $20.8 million.

On July 14, 2009, $85.7 million of Miami-Dade County Professional Sports Franchise Facilities Tax Revenue Refunding Bonds, Series 2009A and $5.2 million of Professional Sports Franchise Facilities Bonds, Series 2009B were issued to redeem all of the Miami-Dade County Professional Sports Franchise Facilities Tax Revenue Refunding Bonds, Series 1998 Bonds. The refunding of the Series 1998 Bonds was necessary to release the liens created under those bonds on the professional sports franchise tax receipts (PST) and the tourist development tax receipts (TDT). By releasing those liens, the PST and CDT could be pledged toward the issuance of other bonds to fund a baseball stadium. The issuance of the Series 2009A and Series 2009B for the refunding resulted in an economic loss of $32.7 million and $2.9 million, respectively. The Series 2009A Bonds will have debt service payments of $409.7 million higher than the Series 1998 Bonds it refunded. The Series 2009B Bonds will have debt service payments $4.5 million lower than the Series 1998 Bonds it refunded.

Defeased Debt

The County has defeased certain debt as listed in the table below (in thousands), by placing the proceeds of new bond issues in an irrevocable trust to provide for all future debt service payments of the defeased debt. Such proceeds are invested in direct obligations of the U.S. government, and in the opinion of the County and its Bond Counsel, will provide for all future debt service payments on the defeased debt. Accordingly, the trust account's assets and the liability for the defeased debt are not included in the accompanying financial statements. Following is a schedule of defeased debt (in thousands):

Type	Series	Date of Defeasance	Call Date	Final Maturity Defeased	Principal Amount Defeased	Principal Outstanding, September 30, 2009
Special Obligation Bonds:						
Professional Sports Franchise Facilities Tax	1992B	7/9/98	10/01/11	10/1/22	$ 59,609	$ 5,775
Professional Sports Franchise Facilities Tax	1995	7/9/98	10/01/30	10/1/30	30,162	28,844
Professional Sports Franchise Facilities Tax	1998	7/14/09	10/1/09	10/1/30	6,944	17,195
Professional Sports Franchise Facilities Tax	1998	7/14/09	10/1/09	10/1/18	80,800	80,800
Total Special Obligation Bonds Defeased					$ 177,515	$ 132,614

Interest Rate Swap Agreements

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

The Fair Value of Swap is determined at September 30, 2009 based on the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipates future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swap.

Below is a recap in chart form of the swaps in effect as of September 30, 2009.

Water and Sewer

Objective
To obtain a lower fixed rate than what was available in the Bond Market and to obtain the lower cost of borrowing.

	Date of Execution	Notional Amount	Termination Date (1)	Associated Bonds	County Payment	Counter-party Payment	Counter-party Credit Rating	Paid Termination Value at 11/19/08
1	10/1/05	$295,240,000 amortizing in step with the Bonds.	10/1/25	W&S Series 2005	Fixed – 5.27%	SIFMA	Aaa, AA+, AA	($69,100,000)

(1) The swap was terminated on November 19, 2008.

In December 2008, $306,845,000 of the Miami-Dade County, Florida Water and Sewer System Revenue Refunding Bonds, Series 2008C were issued to redeem all the Miami-Dade County, Florida Water and Sewer System Revenue Refunding Bonds, Series 2005, and to pay issuance and insurance and surety costs. In conjunction with the refunding of the Miami-Dade County, Florida Water and Sewer System Revenue Refunding Bonds, Series 2005, the swap associated with these bonds was terminated. The $69,100,000 termination value was paid using cash on hand at the Water and Sewer Department and the cash reserve associated with the Miami-Dade County, Florida Water and Sewer System Revenue Refunding Bonds, Series 2005.

	Execution Date	Notional Amount	Termination Date	Associated Bonds	County Payment	Counter-party Payment	Counter-party Credit Rating	Fair Value at 9/30/09
2	8/27/98	$200,000,000 amortizing in step with the Bonds commencing 9/1/21.	10/1/26	W&S Series 2007	SIFMA	Variable SIFMA plus (USD-LIBOR-BBA plus 1.455%)minus (SIFMA divided by 0.604)	Caa2, CC, Rating Withdrawn [1]	$186,057

(1) The Counterparty is not rated by the rating agencies and was backed by an "AAA" guarantor at the time the swap was entered. The swap's rating is based on the rating of the guarantor. The guarantor was downgraded from "Aaa" to "Aa3" on 6/19/08, again on 11/5/08 to "Baa1" and then again on 7/21/09 to "Caa2" by Moody's; downgraded from "AAA" to "AA" on 6/5/08, again on 11/19/08 to "A", and finally to "CC" on 7/25/09 by S&P, and had its "AAA" rating withdrawn on 6/26/08 by Fitch. The downgrade below "A3"/"A-," gave the County the right to terminate the swap. The swap was novated and assigned on October 2, 2009 to a new counterparty rated "Aaa", "AA" and "AA-" by Moody's, S&P and Fitch, respectively.

Using rates as of September 30, 2009, and assuming the rates remain the same for the term of the bonds, debt service requirements of the fixed-rate debt and net swap payments are as follows. [1] As rates vary, fixed-rate bond interest payments remain the same and net swap payments may vary.

Fiscal Year Ending 09/30	Variable Rate Bonds Principal	Interest [2]	Interest Rate Swap Net Receipts [3]	Total
2010	$380	$16,406	$2,942	$13,844
2011	10,715	16,151	2,942	23,924
2012	11,200	15,657	2,942	23,915
2013	11,695	15,176	2,942	23,929
2014	12,160	14,680	2,942	23,898
2015 - 2019	68,930	65,121	14,712	119,339
2020 - 2024	86,600	46,787	14,025	119,362
2025 - 2027	142,820	14,805	5,532	152,093
Total	$344,500	$204,783	$48,979	$500,304

(1) In thousands.
(2) Interest rate on the Bonds is the actual fixed rate on the Bonds.
(3) The rate is calculated as the difference between the taxable variable rate plus a constant paid by the Counterparty to the County (0.5969% + 1.4550% = 2.0519%) and the tax-exempt variable rate divided by the divisor paid by County to the Counterparty (0.3508%/.604 = 0.5808%) as of September 30, 2009 (2.0519% - 0.5808% = 1.4711%).

	Execution Date	Notional Amount	Termination Date	Associated Bonds	County Payment	Counter-party Payment	Counter-party Credit Rating	Fair Value at 9/30/09
3	3/6/06	$205,070,000 amortizing in step with the Bonds commencing 10/1/22.	10/1/29	W&S Series 1999A	SIFMA	Variable SIFMA plus (90.15% of USD-ISDA-Swap Rate plus 1.580%) minus (SIFMA divided by 0.604)	Aaa, AA, AA- (1)	$13,725,327

(1) The Counterparty is not rated by the rating agencies and is backed by an "Aaa" guarantor. The swap's rating is based on the rating of the guarantor whose ratings are "Aaa," "AA" and "AA–".

Using rates as of September 30, 2009, and assuming the rates remain the same for the term of the bonds, debt service requirements of the fixed-rate debt and net swap payments are as follows. (1) As rates vary, fixed-rate bond interest payments remain the same and net swap payments may vary.

Fiscal Year	Variable Rate Bonds		Interest Rate Swap	
Ending 09/30	Principal	Interest (2)	Net Receipts (3)	Total
2010	$380	$16,406	$8,904	$7,882
2011	10,715	16,151	8,904	17,962
2012	11,200	15,657	8,904	17,953
2013	11,695	15,176	8,904	17,967
2014	12,160	14,680	8,904	17,936
2015 - 2019	68,930	65,121	44,521	89,530
2020 - 2024	86,600	46,787	42,130	91,257
2025 - 2029	240,360	24,987	30,499	234,848
2030	52,460	1,312	2,278	51,494
Total	$494,500	$216,277	$163,948	$546,829

(1) In thousands.
(2) Interest rate on the Series 1999A Bonds is the actual fixed rate on the Bonds.
(3) The net swap rate is calculated as the difference between the 90.15% of taxable variable rate plus a constant paid by the Counterparty to the County ((90.15%*3.708% + 1.5800%) = 4.9228%) and the tax-exempt variable rate divided by a divisor paid by County to the Counterparty (0.3508%/.604 = 0.5807%) as of September 30, 2009 (4.9228% - 0.5807%= 4.3421%).

Special Obligation Bonds and Subordinate Special Obligation Bonds

Objective
To lower the County's overall cost of borrowing.

	Execution Date	Notional Amount	Termination Date	Associated Bonds	County Payment	Counter-party Payment	Counter-party Credit Rating	Fair Value at 9/30/09
1	5/12/00	$74,950,346 amortizing in step with the Bonds commencing 10/1/00.	10/1/22	SOB Series 1996B	SIFMA divided by 0.604	Libor plus a constant of 1.6534%	Caa2, CC, Rating Withdrawn (1)	$1,672,288
2	7/21/04	$ 822,436 amortizing in step with the Bonds commencing 10/1/04.	10/1/10	SOB Series 1996B	SIFMA divided by 0.604	Libor plus a constant of 1.770%	Caa2, CC, Rating Withdrawn (1)	$39,368

(1) The Counterparty is not rated by the rating agencies and was backed by an "AAA" guarantor at the time the swap was entered. The swap's rating is based on the rating of the guarantor. The guarantor was downgraded from "Aaa" to "Aa3" on 6/19/08, again on 11/5/08 to "Baa1" and then again on 7/21/09 to "Caa2" by Moody's; downgraded from "AAA" to "AA" on 6/5/08, again on 11/19/08 to "A", and finally to "CC" on 7/25/09 by S&P, and had its "AAA" rating withdrawn on 6/26/08 by Fitch. The downgrade below "A3"/"A-" gave the County the right to terminate the swap. The swap was novated on November 19, 2009 to a new counterparty rated "Aa1", "A+" and "AA-" by Moody's, S&P and Fitch, respectively.

Using rates as of September 30, 2009, and assuming the rates remain the same for the term of the bonds, debt service requirements of the fixed-rate debt and net swap payments are as follows. (1) As rates vary, fixed-rate bond interest payments remain the same and net swap payments may vary.

Fiscal Year	Variable Rate Bonds		Interest Rate Swap Net Receipts		
Ending 09/30	Principal	Interest (2)	Swap 1 (3)	Swap 2 (4)	Total
2010	$2,135	$5,201	$1,114	$15	$6,207
2011	3,696	7,270	1,082	0	9,884
2012	3,669	7,821	1,027	0	10,463
2013	3,541	8,275	973	0	10,843
2014	0	3,096	920	0	2,176
2015 - 2019	0	15,478	4,600	0	10,878
2020 - 2024	0	15,478	2,760	0	12,718
2025 - 2029	0	15,478	0	0	15,478
2030 - 2034	0	15,478	0	0	15,478
2035 - 2036	61,910	3,165	0	0	65,075
Total	$74,951	$96,740	$12,476	$15	$159,200

(1) In thousands.
(2) Interest rate on the Bonds is the actual fixed rate on the Bonds.
(3) The net swap rate is calculated as the difference between the taxable variable rate paid by the Counterparty to the County (0.4135% + 1.6534% = 2.0669%) and the tax-exempt variable rate paid by County to the Counterparty (0.3508/.604 = 0.5808%) as of September 30, 2009 (2.0669% - 0.5807%= 1.4862%).

(4) The net swap rate is calculated as the difference between the taxable variable rate paid by the Counterparty to the County (0.5969% + 1.7700% = 2.3669%) and the tax-exempt variable rate paid by County to the Counterparty (0.3508%/.604 = 0.5808%) as of September 30, 2009 (2.3669% - 0.5807%= 1.7862%).

	Execution Date	Notional Amount	Termination Date	Associated Bonds	County Payment	Counter-party Payment	Counter-party Credit Rating	Fair Value at 9/30/09
3	5/12/00	$275,075,853 amortizing in step with the Bonds commencing 10/1/00.	10/1/22	Subordinate SOB Series 1997A, B & C	SIFMA divided by 0.604	Libor plus a constant of1.6534%	Caa2, CC, Rating Withdrawn (1)	$6,726,152
4	7/21/04	$135,315,527 amortizing in step with the Bonds commencing 10/1/04.	10/1/22	Subordinate SOB Series 1997A,B & C	SIFMA divided by 0.604	Libor plus a constant of 1.7700%	Caa2,CC, Rating Withdrawn (1)	$4,615,685

(1) The Counterparty is not rated by the rating agencies and was backed by an “AAA” guarantor at the time the swap was entered. The swap’s rating is based on the rating of the guarantor. The guarantor was downgraded from “Aaa” to “Aa3” on 6/19/08, again on 11/5/08 to “Baa1” and then again on 7/21/09 to “Caa2” by Moody’s; downgraded from “AAA” to “AA” on 6/5/08, again on 11/19/08 to “A”, and finally to “CC” on 7/25/09 by S&P, and had its “AAA” rating withdrawn on 6/26/08 by Fitch. The downgrade below “A3”/”A-,“ gave the County the right to terminate the swap. The swap was novated and assigned on November 19, 2009 to a new counterparty rated “Aa1”, “A+“ and “AA-“ by Moody’s, S&P and Fitch, respectively.

Using rates as of September 30, 2009, and assuming the rates remain the same for the term of the bonds, debt service requirements of the fixed-rate debt and net swap payments are as follows. (1) As rates vary, fixed-rate bond interest payments remain the same and net swap payments may vary.

Fiscal Year	Variable Rate Bonds		Interest Rate Swap Net Receipts		
Ending 09/30	Principal	Interest (2)	Swap 1 (3)	Swap 2 (4)	Total
2010	$209	$6,014	$4,088	$2,417	($282)
2011	745	6,543	4,085	2,511	692
2012	965	6,863	4,074	2,594	1,160
2013	1,152	7,206	4,060	2,678	1,620
2014	5,338	12,880	4,042	2,773	11,403
2015 - 2019	29,085	81,004	18,968	15,402	75,719
2020 - 2024	34,932	124,637	10,318	10,562	138,689
2025 - 2029	37,155	173,642	0	0	210,797
2030 - 2034	39,844	251,880	0	0	291,724
2035 - 2036	125,651	83,400	0	0	209,051
Total	$275,076	$754,069	$49,635	$38,937	$940,573

(1) In thousands.

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

(3) The rate is calculated as the difference between the taxable variable rate paid by the Counterparty to the County (0.4135% + 1.6534% = 2.0669%) and the tax-exempt variable rate paid by the County to the Counterparty (0.3508%/.604 = 0.5808%) as of September 30, 2009 (2.0669% - 0.5807%= 1.4862%).

(4) The rate is calculated as the difference between the taxable variable rate paid by the Counterparty to the County (0.5969% + 1.7700% = 2.3669%) and the tax-exempt variable rate paid by County to the Counterparty (0.3508%/.604 = 0.5808%) as of September 30, 2009 (2.3669% - 0.5807%= 1.7862%).

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

Objective
To lower the County's overall cost of borrowing.

	Execution Date	Notional Amount	Termination Date	Associated Bonds	County Payment	Counter-party Payment	Counter-party Credit Rating	Fair Value at 9/30/09
1	4/16/04 – Effective 4/27/04	$35,000,000 amortizing in step with the Bonds commencing 4/1/05.	4/1/14	SOB Series 2004A Capital Asset Acquisition (MUNI-CPI)	SIFMA plus 0.235%	CPI plus premium[1]	Aa1, AA-, AA-	$1,995,479

(1) The premium on the $10 million, 4/1/11 maturity is 0.50% and on the $25 million, 4/1/14 maturity is 0.70%

Using rates as of September 30, 2009, and assuming the rates remain the same for the term of the bonds, debt service requirements of the fixed-rate debt and net swap payments are as follows. [1] As rates vary, fixed-rate bond interest payments remain the same and net swap payments may vary.

Fiscal Year	Variable Rate Bonds		Interest Rate Swap	
Ending 09/30	Principal	Interest [2]	Net Receipts [3]	Total
2010	$0	$1,616	$1,311	$305
2011	10,000	1,616	1,311	10,305
2012	0	1,154	937	217
2013	0	1,154	937	217
2014	25,000	1,154	937	25,217
Total	$35,000	$6,694	$5,433	$36,261

(1) In thousands.
(2) Interest rate on the Bonds is the CPI Index plus 50 bpi on the bonds maturing on 4/1/11 and 70 bpi on the Bonds maturing on 4/1/14.
(3) The rate is calculated as the difference between the variable rate (CPI plus premium) paid by the Counterparty to the County (3.9750% + 0.6429% = 4.6179%) and the variable rate (SIFMA) plus premium paid by County to the Counterparty (0.6362% + 0.235% = 0.8712%) as of September 30, 2009 (4.6179% - 0.8712%= 3.7467%).

Risk Disclosure:

***Credit Risk*.** As of September 30, 2009, all of the County's swaps have a positive termination value. Because all of the County's swaps rely upon the performance of the third parties who serve as swap counterparties, the County is exposed to credit risk, or the risk that the counterparty fails to perform according to its contractual obligations. The appropriate measurement of this risk at the reporting date is the Fair Value of the swaps, as shown in the columns labeled Fair Value in the tables above. All Fair Values have been calculated using the Zero Coupon Method. To mitigate credit risk, the County maintains strict credit standards for swap counterparties. All swap counterparties for longer term swaps are to be rated at least in the double-A category by both Moody's and Standard & Poor's. To further mitigate credit risk, the County's swap documents require counterparties to post collateral for the County's benefit if they are downgraded below a designated threshold. Since September 30, 2009, AMBAC, the guarantor for five of the County's swaps, has been downgraded below the County's acceptable threshold. The County has replaced AMBAC on all five of the County swaps for which Ambac was the guarantor with new counterparties rated above the thresholds and within the County's Swap Policy for acceptable counterparties.

***Basis Risk*.** Many of the County's swaps expose the County to basis risk. Should the relationship between the variable rate the County receives on the swap fall short of the variable rate on the associated bonds, the expected savings may not be realized. As of September 30, 2009, the SIFMA rate was 0.3508% and the LIBOR rate was 0.4135%. A form of Basis Risk is tax risk. The swaps on the Special Obligation Bonds and the Subordinate Special Obligation Bonds have a high degree of tax risk. If the tax laws change the personal income tax rates, the relationship between taxable rates (LIBOR) and tax exempt rates (SIFMA) will change. The swaps on the Special Obligation Bonds and the Subordinate Special Obligation Bonds are solely dependent on the relationship between Libor and SIFMA.

Termination Risk. The County's swap agreements do not contain any out-of-the-ordinary termination events that would expose it to significant termination risk. In keeping with market standards the County or the counterparty may terminate each swap if the other party fails to perform under the terms of the contract. In addition, the swap documents allow either party to terminate in the event of a significant loss of creditworthiness. If at the time of the termination a swap has a negative value, the County would be liable to the counterparty for a payment equal to the Fair Value of such swap unless the counterparty is the defaulting party.

***Rollover Risk*.** With the exception of the swaps on the Special Obligation Bonds and the Subordinate Special Obligation Bonds, the County is not exposed to rollover risk. Because the swaps for the Special Obligation Bonds and the Subordinate Special Obligation Bonds terminate prior to the maturity of such bonds, the County is exposed to rollover risk. Upon the termination of the swap, the County will no longer realize the synthetic rate on the bonds and will be exposed to the full fixed rate on the underlying bonds if no new swap is put in place.

Contingent Liability / Loan Guarantee

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

Series	Department	Original Amount	Principal Outstanding at 9/30/2009	Final Maturity
Sunshine State Governmental Financing Commission, Series 1987 Program	Seaport	$50,000,000	$31,245,000	June 30, 2016
Sunshine State Governmental Financing Commission, Series 1986 Program	Parks	$2,000,000	$1,004,134	October 1, 2014
Sunshine State Governmental Financing Commission, Series 1986 Program, Issued 2004	Naranja Lakes CRA	$5,000,000	$5,000,000	July 1, 2016
Sunshine State Governmental Financing Commission, Series 1986 Program, Issued 2006	Naranja Lakes CRA	$5,000,000	$3,500,000	July 1, 2016
Sunshine State Governmental Financing Commission, Series 2005	Seaport	$75,000,000	$75,000,000	September 1, 2035
Sunshine State Governmental Financing Commission, Series 2006	Seaport	$232,060,000	$232,060,000	September 30, 2032
Sunshine State Governmental Financing Commission, Series 2008	Various	$223,578,000	$182,831,000	September 1,2026
Industrial Development Revenue Bonds-BAC Funding Project Series 2000A and 2000B	Various	$21,775,000	$18,495,000	October 1, 2030

Miami-Dade County entered into a lease agreement whereby the developer of an office-building complex pursuant to an installment sales agreement. Miami-Dade County will lease the entire building and the lease payments are pledged to the bondholders. Additionally, the County has unconditionally guaranteed to budget and appropriate any shortfalls in pledged revenues from non ad valorem taxes.

Debt Authorized, but Unissued

As of September 30, 2009, the County has authorized but not issued the following:

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

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

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

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

e) $131,474,000 of general obligation bonds for capital improvements to the County's water and sewer system, to be paid by Water and Sewer net revenues, if issued;

f) $60,958,622 Professional Sports Franchise Facilities Tax Revenue Bonds for use of construction, equipping and maintaining any Professional Sports Franchise venue;

g) $290,000,000 Aviation Bond Anticipation Notes for improvements to airport facilities (the "1997 Authorization");

h) $1,458,485,000 Aviation Bond Anticipation Notes to pay costs for improvements to airport facilities;

i) $815,985,000 Water and Sewer System Revenue Bonds to finance the cost of capital improvements to the water and sewer systems of the County;

j) $50,000,000 Solid Waste System Bond Anticipation Notes to pay the costs of improvements to, and new capital project for, the Solid Waste System of the County;

k) $49,605,000 Solid Waste System Revenue Bonds to pay the outstanding Solid Waste System Bond Anticipation Notes and any additional improvements to, and new capital project for, the Solid Waste System of the County;

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

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

n) $6,000,000 Special Obligation Bonds (Correction Facility Project) to fund a portion of the cost of acquisition, construction and equipping of a new holding facility;

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

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

q) $65,939,865 Special Obligation Bonds (Convention Development Tax) to pay the cost of various visitor related capital facilities;

r) $2,226,150,000 General Obligation Bonds to fund the projects under the "Building Better Communities" Bond Program;

s) $217,260,000 Transit System Sales Surtax Bonds to fund the projects of the People's Transportation Plan;

t) $4,215,000 Special Obligation Bonds to fund UMSA Public Improvements; and

u) $159,480,000 Special Obligation Bonds (Capital Acquisition) to acquire, construct, improve or renovate certain capital assets.

v) $21,320,000 Special Obligation Bonds (Capital Acquisition) to acquire, construct, improve or renovate certain capital assets.

Note 9 - Pension Plans and Other Postemployment Benefits

Florida Retirement System

The County participates in the Florida Retirement System (the “System”), a cost-sharing, multiple-employer, public employee retirement plan, which covers substantially all of its full-time and part-time employees. The System was created in 1970 by consolidating several employee retirement systems. All eligible employees (as defined by the State) that were hired after 1970 and those employed prior to 1970 that elect to be enrolled, are covered by the System. Benefits under the plan vest after six years of service. Benefit provisions are established under Chapter 121, Florida Statutes, which may be amended by the Florida Legislature.

The System is a defined benefit plan, qualified under section 401(a) of the Internal Revenue Code, with defined contribution options. Under the defined benefit option, employees who retire at or after age 62 with six years of credited service (vesting period), are entitled to an annual retirement benefit payable monthly for life. The System also provides for early retirement at reduced benefits and death and disability benefits. These benefit provisions and all other requirements are established by State statute.

The Florida Legislature created a new defined contribution program that was added to the menu of choices available to FRS members beginning in June 2002. Formally created as the Public Employee Optional Retirement Program (PEORP), the FRS Investment Plan is available as an option for all current and future FRS members, including renewed members (FRS retirees who have returned to FRS employment). The FRS Investment Plan is a defined contribution plan where the contribution amount is fixed by a set percentage determined by law and the contribution is made to an individual account in each participant's name. With a defined contribution plan, in which the monthly contribution rate is fixed, the final benefit will be the total account value (contributions plus investment earnings less expenses and losses) distributed during retirement.

Summary of Florida Retirement System ("FRS") Contributions, Covered Payroll and Percentage of Covered Payroll for the (in thousands)

	2009	2008	2007
Covered Payroll	$ 2,197,064	$ 2,145,709	$ 2,099,613
Contributions	$ 284,429	$ 281,048	$ 272,101
% of Covered Payroll	12.9%	13.1%	13.0%

The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due based upon plan assumptions. Employer contributions rates are established by state law as a level percentage of payroll (Chapter 121.70 Florida Statutes). Employer contribution rates are determined using the entry-age actuarial cost method. The consulting actuary recommends rates based on the annual valuation, but actual contribution rates are established by the Florida Legislature. Pension costs for the County ranged from 9.85% to 20.92% of gross salaries for fiscal year 2009. For the fiscal years ended September 30, 2009, 2008 and 2007, the County contributed 100% of the required contributions.

A copy of the System’s annual report for the year ended June 30, 2009 can be obtained by writing to the Division of Retirement, Research and Education Section, P.O. Box 9000, Tallahassee, FL 32315-9000, by calling toll-free (877) 377-1737, or by visiting their website at http://FRS.myFlorida.com.

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

The Public Health Trust of Miami-Dade County, Florida, Defined Benefit Retirement Plan (the Plan) was created in 1996. The Plan is a single-employer, defined benefit pension plan and is an employee-noncontributory plan administered by the Public Health Trust (PHT). The Plan does not issue stand-alone financial statements. This report includes a Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets for the Plan for the year ended September 30, 2009.

All PHT employees working in a full-time or part-time regularly established position who were hired after January 1, 1996 are covered by the Plan. Benefits under the Plan vest after six years of service. Employees who retire at or after age 62 with six years credited service are entitled to an annual retirement benefit payable monthly for life. The Plan also provides for early retirement at reduced benefits, and death and disability benefits. These benefit provisions and all other requirements are set forth in the Plan document. Benefits increase by approximately 2.5% per year for cost-of-living adjustments. The Board of Trustees of the PHT (the Board) reserves the right to modify, alter or amend the Plan subject to certain limitations.

Membership of the Plan consisted of the following at January 1, 2009, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	**118**
Terminated plan members entitled to but not yet receiving benefits	**686**
Active plan members	**7,585**
Total	**8,389**
Number of participating employers	**1**

Funded Status and Funding Progress (Unaudited)

The funded status of the Plan as of January 1, 2009, the date of the latest actuarial valuation, was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Estimated Covered Payroll (c)	UAAL as % of Covered Payroll ([b-a]/c)
1/1/2008	$228,617	$233,618	$5,001	98%	$413,953	1%
1/1/2009	$244,340	$301,791	$57,451	81%	$489,730	12%

The required schedule of funding progress presented as required supplementary information (immediately following the notes to the financial statements) provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The contribution rate for normal cost is determined using the aggregate actuarial cost method. Under this method, the excess of the present value of projected benefits over the actuarial value of assets is spread evenly over the expected future salaries of the active participants presently under Normal Retirement

Age. This method does not identify or separately amortize unfunded actuarial liabilities. Gains and losses resulting from fluctuations in Plan experience are similarly amortized as part of normal cost. The significant assumptions used to compute the annual required contribution include an 8% rate of return on investment, projected salary increase of 7% in the first 10 years of service and 6% after 10 years of service. The rate of return on investments and the projected salary increase rate include projected inflation of 2.5%.

This plan uses the Aggregate Actuarial Cost Method which cannot be used to prepare a schedule of funding progress because it does not separately determine actuarial accrued liabilities. In order to provide information that serves as a surrogate for the funding progress of the plan per GASB Statement No. 50, the Entry Age Normal Cost method has been used to calculate the funded status. The current year information has been restated and calculated using the Entry Age Normal Cost Method which calculates the funding progress by a ratio of the Actuarial Value of assets to the Actuarial Accrued Liability (AAL). The aggregate actuarial cost method used does not identify or separately amortize unfunded actuarial liabilities.

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

The Trust's funding policy provides for actuarially determined rates deemed sufficient to pay benefits as due. The assumptions used to compute the contribution requirement are the same as those used to compute pension benefits earned. Contributions to the Plan for the fiscal year ended September 30, 2009, 2008 and 2007 were approximately $40,532,000, $38,068,000 and $33,432,000 respectively. The PHT's most recent actuarial report as of January 1, 2009 determined the annual pension cost to be approximately $56,048,000, $42,996,000 and $24,137,000 which represent 9.92%, 8.62% and 8.79% of payroll for the Plan years ended December 31, 2009, 2008, and 2007, respectively. The PHT has contributed 100% of the annual cost for all of the years.

Deposits and Investments

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

The following is a summary of the fair value (based on quoted market prices) of assets held in the pension trust fund at September 30, 2009: (in thousands)

Cash and cash equivalents	$ 13,087
Investments, at fair value	
Domestic investments:	
Equities	103,685
Corporate debt securities	88,557
Government and agency obligations	21,748
Total domestic investments	213,990
International investments:	
Mutual funds	28,663
Equities	7,568
Corporate debt securities	7,414
Total international investments	43,645
Total	$ 270,722

Custodial Credit Risk

GASB Statement No. 40, Deposit and Investment Risk Disclosures, requires governments to disclose deposits and investments exposed to custodial credit risk. The custodial credit risk for investments is the risk that, in the event of the failure of the counter-party to a transaction, a government may not be able to recover the value of investment or collateral securities that are in the possession of an outside party. As of September 30, 2009, the Plan's investment portfolio was held with a single third-party custodian.

Credit Risk

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

At September 30, 2009, the Plan's investment securities had the following credit ratings: (in thousands)

Investment Type	Fair Market Value	Credit Rating	
Domestic investments			
U.S. Government agency securities, by issuer			
Federal Home Loan Mortgage Association	$ 10,329	AAA	*
Federal Home Loan Mortgage Corporation	2,896	AAA	*
U.S. Treasury Bills	8,522	AAA	*
Equities - common stock	103,685	Not Rated	
Corporate debt securities			
Corporate bonds	181	A	
Corporate bonds	11,937	A1-A3	**
Corporate bonds	747	AAA	*
Corporate bonds	2,916	Aa1-Aa3/Aaa	**
Corporate bonds	652	B1-B3	**
Corporate bonds	399	BBB	*
Corporate bonds	578	Ba2-Ba3	**
Corporate bonds	16,099	Baa1-Baa3	**
Corporate bonds	210	Caa1	**
Corporate bonds	29,002	Not rated	
Corporate bonds	2,271	Not rated	
Corporate bonds	521	A-	*
Convertible bonds - Victory	757	BB+/BB	*
Convertible bonds - Victory	1,478	BBB+/BBB	*
Convertible bonds - Victory	478	AAA	*
Convertible bonds - Victory	281	A1-A3	**
Convertible bonds - Victory	6,516	A/A+/A-	*
Convertible bonds - Victory	1,735	AA/AA-	*
Convertible bonds - Victory	698	BB+	**
Convertible bonds - Victory	9,882	BBB/BBB+/BBB-	*
Convertible bonds - Victory	1,221	Not Rated	
International investments:			
Mutual funds	28,663	Not Rated	
Equities-Common stock	7,568	Not Rated	
Corporate debt securities:			
International Bonds	328	A1-A3	**
International Bonds	205	Aa1-Aa3/Aaa	**
International Bonds	113	B2	**
International Bonds	161	Ba1	**
International Bonds	4,950	Baa1-Baa3	**
Convertible bonds - Victory	557	A+	*
Convertible bonds - Victory	1,099	BBB	*
Cash and cash equivalents	13,087	Not Rated	
Total	$ 270,722		

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

Concentration of Credit Risk

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

At September 30, 2009, the composition of the Plan's investments by investment type as a percentage of total investments was as follows:

	Percentage of Portfolio
Domestic investments:	
Equities	38.3%
Corporate debt securities	32.7%
Government and agency obligations	8.0%
International investments:	
Mutual funds	10.6%
Equities	2.8%
Corporate debt securities	2.7%
Other:	
Cash and cash equivalents	4.9%

The following represents individual investments whose fair value (based on quoted market prices) exceeded 5% of the Plan's net assets at September 30, 2009 (in thousands):

MFO PIMCO/FDS PAC Invt. Mgmt.	$ 29,001
MFC Ishares TR Russell 1000 Value Index Fund	15,334
Brandes/ING	14,635
Julius Baer International Equity Fund – Class I	14,029
Total	$ 72,999

Interest Rate Risk

The Plan manages its exposure to rising interest rate risk in fair value by forecasting cash outflows and inflows. To the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash flow requirements.

As of September 30, 2009 the Plan had the following investments with the respective weighted average maturity in years.

	Weighted Average Maturity
Domestic investments:	
Equities	N/A
Corporate debt securities:	
Corporate bonds	9.39
Corporate bonds	N/A
Government and agency obligations:	
Federal Home Loan Bank	N/A
Federal National Mortgage Association	25.38
Federal Home Loan Mortgage Corporation	26.64
U.S. Treasury bills	8.77
International investments:	
Mutual funds	N/A
Equities	N/A
Corporate debt securities	12.12
Other:	
Cash and cash equivalents	N/A

Foreign Currency Risk

GASB 40 requires governments to disclose deposits or investments exposed to foreign currency risk, the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Plan’s exposure to foreign currency risk at September 30, 2009 was as follows: (in thousands)

	Currency	Fair Market Value (in U.S. dollars)
International equities:		
Common stock	Canadian Dollars	$ 2,735
Common stock	Swiss Franc	344
Common stock	Japanese Yen	349
Common stock	British Pounds	909
Common stock	Chinese Yuan Renminbi	1,702
Common stock	Indian Rupee	346
Common stock	Russian Rouble	277
Common stock	Euros	237
Common stock	Hong Kong Dollars	208
Common stock	Korean Won	461
		$ 7,568
International corporate debt securities		
Corporate bonds	Canadian Dollars	$ 2,262
Corporate bonds	Euro	1,697
Corporate bonds	Israeli New Shekel	380
Corporate bonds	Caymanian Dollar	429
Corporate bonds	Brazillian Real	411
Corporate bonds	Bermudian Dollar	943
Corporate bonds	Mexican Peso	54
Corporate bonds	British Pounds	1,110
Corporate bonds	Australian Dollars	128
		$ 7,414

In addition, at September 30, 2009, the Plan's investments include approximately $28,663,000 in mutual funds which principally invest in international stocks and other international securities. Although these mutual funds are United States dollar-denominated and United States exchange-traded, the underlying investments expose the Plan to an additional degree of foreign currency risk.

Postemployment Benefits Other Than Pensions

Plan Description. Miami-Dade County ("the County") administers a single-employer defined benefit healthcare plan ("the Plan") that provides postretirement medical and dental coverage to retirees as well as their eligible spouses and dependents. Benefits are provided through the County's group health insurance plan, which covers both active and retired members. Benefits are established and may be amended by the Miami-Dade County Board of County Commissioners ("the BCC"), whose powers derive from F.S. 125.01(3)(a). The Plan does not issue a publicly available financial report.

Eligibility: To be eligible to receive retiree medical and dental benefits, participants must be eligible for retirement benefits under the Florida Retirement System (FRS) or the Public Health Trust of Miami-Dade County, Florida, Defined Benefit Retirement Plan and pay required contributions.

- Regular Class (All employees not identified as members of the Special Risk Class)
    - Eligibility for Unreduced Pension Benefits under FRS
        - Age 62 with 6 years of service
        - 30 years of service (no age requirement)
    - Eligibility for Reduced Pension Benefits under FRS
        - 6 years of service (no age requirement)
- Special Risk Class (Police Officers, Firefighters and Corrections Officers)
    - Eligibility for Unreduced Pension Benefits under FRS
        - Age 55 with 6 years of special risk service
        - 25 years of special risk service (no age requirement)
        - Age 52 and 25 years of creditable service, including special risk service and up to maximum of 4 years of active duty wartime military service credit,
        - Regular Class criteria

Benefits: The medical plans offered provide hospital, medical and pharmacy coverage. Pre-65 retirees are able to select from five medical plans as follows.

- AvMed POS
- AvMed HMO High Option
- AvMed HMO Low Option
- JMH HMO High Option
- JMH HMO Low Option

Post-65 retirees are able to select from five medical plans as follows. The County only contributes to post-65 retirees electing an AvMed Medicare Supplement Plan.

- AvMed Medicare Supplement Low Option
- AvMed Medicare Supplement High Option with RX
- AvMed Medicare Supplement High Option without RX
- JMH HMO High Option
- JMH HMO Low Option

Participation in the Health Plan consisted of the following at October 1, 2009:

Actives	37,121
Retirees under age 65	1,640
Eligible spouses under age 65	808
Retirees age 65 and over	1,873
Eligible spouses age 65 and over	379
Total	41,821

Funding Policy. The County contributes to both the pre-65 and post-65 retiree medical coverage. Retirees pay the full cost of dental coverage. Medical contributions vary based on plan and tier. For pre-65 retirees, the County explicitly contributes an average of 21% of the cost for the AvMed POS plan, 41% for the AvMed HMO High and AvMed HMO Low plans. The JMH HMO plans receive no explicit contribution. However, it is the County's policy that after fiscal year 2008 its per capita contribution for retiree health care benefits will remain at the 2008 dollar level. As a result, the retiree contributions will be increased to the extent necessary so that they are sufficient to provide for the difference between the gross costs and the fixed County contributions.

The pre-65 retirees also receive an implicit subsidy from the County since they are underwritten with the active employees. The implicit contribution is approximately 5% of the cost. The pre-65 cost is approximately 57% greater than the combined pre-65 and active cost. The post-65 retiree contributions also vary by plan and tier with the County contributing an average of 28% of the entire plan cost.

For fiscal year 2009, the County contributed $21,841,000 to the plan. The postretirement medical and dental benefits are currently funded on a pay-as-you go basis (i.e., Miami-Dade County funds on a cash basis as benefits are paid). No assets have been segregated and restricted to provide postretirement benefits.

Annual OPEB Cost and Net OPEB Obligation. The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the County's annual OPEB cost for fiscal year 2009, the amount actually contributed, and changes in the County's net OPEB obligation (dollar amounts in thousands):

Annual required contribution	$ 28,778
Interest on net OPEB obligation	690
Adjustment to annual required contribution	(658)
Annual OPEB cost	28,810
Contributions made	(21,841)
Increase in net OPEB obligation	6,969
Net OPEB obligation—beginning of year	15,653
Net OPEB obligation—end of year	$ 22,622

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2008 and 2009 were as follows (dollar amounts in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
09/30/2008	$ 26,997	42.0%	$15,653
09/30/2009	$ 28,810	75.8%	$22,622

Funded Status and Funding Progress (Unaudited). The schedule below shows the balance of the actuarial accrued liability (AAL), all of which was unfunded as of September 30, 2009 (dollar amounts in thousands).

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Estimated Covered Payroll (c)	UAAL as % of Covered Payroll ([b-a]/c)
10/1/2007	$0	$284,024	$284,024	0%	$2,048,371	14%
10/1/2008	$0	$300,847	$300,847	0%	$2,109,822	14%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions by the County are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions. Projections of benefits are based on the substantive plan (the Plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The actuarial cost method used in the valuation to determine the Actuarial Accrued Liability (AAL) and the Actuarial Required Contribution (ARC) was the Projected Unit Credit Method with service prorated. Under this method, the total present value of benefits is determined by projecting the benefit to be paid after the expected retirement date (or other event) and discounting those amounts to the valuation date. The normal cost is computed by dividing the total present value of benefits by the participant's total service (actual plus expected service) at retirement. The AAL under this method represents the total present value of benefits multiplied by the ratio of the participant's actual service to date and divided by expected service at retirement. The AAL for participants currently receiving payments and deferred vested participants is calculated as the actuarial present value of future benefits expected to be paid. No normal cost for these participants is payable. The AAL and normal cost were calculated at the measurement date, which is the beginning of the applicable fiscal year using standard actuarial techniques.

The following summarizes other significant methods and assumptions used in valuing the AAL and benefits under the plan.

Actuarial valuation date	10/1/2008
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Actuarial assumptions:	
Discount rate	4.75%
Payroll growth assumption	3.00%
Health care cost trend rates	10% initial to 5.25% ultimate
Mortality table	RP 2000

Further, the valuation assumes that the County will continue to fund the liability on a pay-as-you-go basis and that the County's per-capita contribution for retiree benefits will remain at the 2008 level. As a result, the retiree contributions will be increased to the extent necessary so that they are sufficient to provide for the difference between the gross costs and the fixed County contributions.

The Actuarial Accrued Liability (AAL) for Other Postemployment Benefits, Annual Required Contribution (ARC) and contributions made during Fiscal Year 2009 were allocated as follows:

	AAL	ARC	Contribution	OPEB liability @ 9/30/09
General Government	$ 170,480	$ 15,962	$ 12,006	13,660
Miami-Dade Public Housing Agency	4,795	449	338	386
Solid Waste Department	8,747	819	616	705
Aviation Department	11,876	1,112	836	956
Seaport Department	3,749	351	264	302
Miami-Dade Transit Agency	32,703	3,062	2,303	2,633
Water and Sewer Department	22,909	2,145	1,613	1,845
Public Health Trust	45,588	4,878	3,865	2,135
Total	$ 300,847	$ 28,778	$ 21,841	$ 22,622

Note 10 - Contingencies and Commitments

Pollution Remediation Obligations

During the fiscal year ended September 30, 2009, the County adopted GASB Statement 49 (GASB 49), *Accounting and Financial Reporting for Pollution Remediation Obligations.* GASB 49 establishes accounting and financial reporting standards for pollution remediation obligations. As of September 30, 2009, the County has identified a number of sites that are undergoing pollution remediation activities or have violations of pollution related permits and licenses that must be cured. Pollution at most sites is due to contamination from petroleum, ammonia, and metals in soil and in groundwater. In addition, certain sites must continue to be monitored for a number of years due to methane gas emission. As of September 30, 2009, the County has recorded a pollution remediation liability of $7.8 million in governmental activities.

Aviation Department Environmental Matters

In August 1993, the Miami-Dade County Aviation Department (“MDAD” or “Aviation Department”) and the Dade County Department of Environmental Resources Management (DERM) entered into a Consent Order. Under the Consent Order, the Aviation Department was required to correct environmental violations resulting from various tenants’ failure to comply with their environmental obligations at the Airport including those facilities previously occupied by Eastern Airlines and Pan Am Airlines. In addition, the Aviation Department had a preliminary study performed by an independent engineering firm to estimate the cost to correct the environmental violations noted in the Consent Order. This study was used as a basis to record the environmental remediation liability as of September 30, 1993. In each subsequent year, the Aviation Department has received an updated study performed by MACTEC Engineering and Consulting (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 2009, the total cumulative estimate to correct such violations was $223.2 million. This estimate allows for uncertainties as to the nature and extent of environmental reparations and the methods, which must be employed for the remediation. The cumulative amount of environmental expenditures spent through September 30, 2009 approximated $133.6 million. The Aviation Department has also spent $55.5 million in other environmental related projects not part of any consent order.

During fiscal year 1998, a Consent Order (“FDEP Consent Order”) was signed with the State of Florida Department of Environmental Protection (“FDEP”). The new FDEP Consent Order encompasses and replaces the DERM agreement and includes additional locations. The FDEP Consent Order includes all locations at the Miami International Airport (MIA) that are contaminated as well as additional sites where contamination is suspected. The Aviation Department included other sites where contamination is suspected in the FDEP Consent Order under a “Protective Filing”. If contamination is documented at these sites, the State would be required to incur the costs of remediation. Because the State will be required to pay for remediation of sites filed in the Protective Filing and because the contamination at the sites is unknown, an accrual amount is not reflected in the Opinion of Cost report or in the accompanying financial statements.

Currently, the County has several pending lawsuits in State Court against the Potentially Responsible Parties (“PRPs”) and insurers to address recovery of past and future damages associated with the County’s liability under the FDEP Consent Order. As of September 30, 2009, the Aviation Department has received approximately $51.6 million from the State, insurance companies and PRP’s.

The Aviation Department has recorded a liability of $89.6 million at September 30, 2009, 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 were assessed at approximately $4.5 million. The Aviation Department has no intention of correcting all assessed damage related to asbestos in the near future as they pose no imminent danger to the public. Specifics issues will be addressed when and if the department decides to renovate or demolish related buildings. At such time, the department will obligate itself to the clean-up or asbestos abatement. As emergencies or containment issues may arise from this condition, they will be isolated and handled on a case-by-case basis as repair and maintenance. Such amounts do not represent a liability of the Aviation Department until such time as a decision is made by the Aviation Department’s management to make certain modifications to the buildings, which would require the Aviation Department to correct such matters. As such, no liability was recorded at September 30, 2009.

Water and Sewer Department Settlement Agreement

In 1993, the County entered into a settlement agreement with the State of Florida Department of Environmental Protection (“FDEP”) resulting in very limited restrictions on new sewer construction in certain areas of the County until adequate capacity becomes available in the wastewater system. Subsequently, in 1994 and 1995, two consent decrees were entered into with the U.S. Environmental Protection Agency (“EPA”) whereby the County accelerated its improvement program of the wastewater system, subject to a schedule of stipulated penalties if certain established completion dates are not met. The County continues to be in compliance with all provisions and through fiscal year 2009 has not incurred any penalties for not completing tasks within deadlines.

On April 29, 2004, the Consent Order, OGC File No. 03-1376, was entered into between the FDEP and Miami-Dade County. It requires the County to provide high level disinfection for the effluent prior to injection. The total project cost of these improvements is approximately $600 million and completion is anticipated in 2014.

On November 15, 2007, the South Florida Water Management District (the District) issued a consolidated 20-year Water Use Permit, which sets limits on the use of the Biscayne Aquifer and the Floridian Aquifer. In addition, the permit includes a schedule for the construction of the alternative water supply projects needed to meet demand. The plan developed by the County and submitted to the District includes the use of the Biscayne Aquifer to meet current demand and also for future growth, but also provides that additional amounts will be offset by providing ground water replenishment with highly treated reclaimed water.

Seaport Department Consent Order

During fiscal year 2002, the Miami-Dade County Board of County Commissioners authorized the County Manager to execute a Consent Order between the State of Florida Department of Environmental Protection ("FDEP") and Miami-Dade County for settlement of Miami Harbor dredging permit violations committed by the Seaport's former dredging contractor. Accordingly, the County recognized an expense and related liability for the fiscal year 2002 in the amount of $2.5 million, which was the amount estimated to satisfy the Consent Order. In fiscal year 2009, the County paid $2.3 million to partially satisfy the Consent Order. The remaining balance to satisfy the Consent Order of $0.4 million is recorded as a current liability as of September 30, 2009.

Solid Waste Department Closure and Postclosure Care Costs
Current laws and regulations require the County to place final covers on landfill cells as they are closed and perform certain maintenance and monitoring functions at the landfill cell sites for thirty years after closure. These laws and regulations also require the County, on an annual basis, to disclose the extent of its financial responsibility for the costs involved, which are referred to as "closure and postclosure care" costs. The County was in compliance with these requirements as of September 30, 2009.

At September 30, 2009, the County's total liability for landfill closure and postclosure care costs was approximately $100.2 million. Of this amount, $74.1 million relates to active landfills and approximately $26.2 million relates to inactive landfills.

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

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

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

The liability balance of $74.1 million as of September 30, 2009 represents a decrease of approximately $5.2 million when compared to the preceding year. This decrease resulted from the combined effects of (1) a credit (instead of amortization expense) of $45 thousand in the current period to adjust the recorded liability to the amount required to be recognized based on the current estimates for closure and postclosure care costs and the use of approximately 87.4% of the existing landfill capacity, and (2) reductions of approximately $5.2 million for amounts paid or due to vendors actually performing closure or postclosure work during the current period on closed "cells" of active landfills.

There were no unrecognized costs as of September 30, 2009. Unrecognized costs are recognized on a current basis as the existing estimated capacity of approximately $4.5 million tons at September 30, 2009 is used. This estimated capacity is expected to last until 2016 based on current waste flows.

Inactive Landfills - Inactive landfills consist of the Main Landfill at 58th Street, the Ojus Landfill, and the Old South Dade Landfill.

The liability balance of the inactive landfills as of September 30, 2009 is approximately $26.2 million. When compared to the preceding year, the liability balance decreased approximately $8.0 million reflecting the effects of (1) the reduction to expense (credit) recognized in the current period of approximately $7.2 million to adjust the recorded liability to the amount required to be recognized based on the current estimates for postclosure care costs, and (2) reductions of approximately $.8 million for amounts paid or due to vendors actually performing closure and postclosure work during the current period.

Construction Commitments
As of September 30, 2009, the County's enterprise funds had contracts and commitments totaling $3.468 billion, as follows:

- Miami-Dade Transit, $422.8 million;
- Miami-Dade Water and Sewer Department, $330.4 million;
- Public Health Trust, $75.3 million;
- Aviation Department, $2.6 billion;
- Solid Waste Department, $8.6 million; and
- Miami-Dade Seaport Department, $31.0 million.

The Reserve for Encumbrances at September 30, 2009, for the Capital Project Funds reflect construction commitments entered into by the County. The following table sets forth these commitments by program classification (in thousands):

Street and Safety Improvements	$	83,201
Recreational Facilities and Cultural Improvements		36,484
Public Safety Facilities		14,666
Judicial and Correctional Facilities		552
Physical Environment		25,451
Health		26,088
General Governmental Facilities		29,093
Total	$	215,535

Aviation Department North Terminal Development Program (NTD)
In 1989, the County agreed to allow a major carrier (collectively, the parties) to create an international passenger hub at Miami International Airport. 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 County 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 $974.9 million. In July 1999, the parties agreed to the First Amendment which increased the scope of work and the costs to $1.3 billion. 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 $1.5 billion.

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

A Fourth Amendment was entered into between the parties, which was approved by the Board on June 21, 2005. The Fourth Amendment primarily terminated the carrier's management of the Project and attempted to resolve the unprocessed and unpaid claims. Under the Fourth Amendment, the carrier has agreed to contribute to the Project $105 million, payable in installments over a period of ten years beginning in fiscal year 2005. The contribution shall be maintained in a claims reserve fund to pay such claims. Once all claims have been settled, any excess funds available are retained by the Aviation Department to be applied to construction of the Project. Payments in the amount of $10 million were received in fiscal years 2009 and 2008. The County's best estimate is an allowance for uncollectible amounts equal to 100% of the unpaid balance of $45 million.

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 cannot be reasonably estimated. As of September 30, 2009, $62.5 million of claims had been paid and none had been accrued.

Seaport Department Gantry Cranes Operating Agreement

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

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

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

The Operating Company has filed a counterclaim against the County alleging that Seaport officials required them to pay for expenses that were not related to gantry crane activities; therefore, creating deficits that could have been used to reduce amounts owed to the County. Management does not believe this will have an adverse effect on the financial statements.

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

On June 6, 1999, the Board of County Commissioners adopted Resolution R-671-99 adopting in principle the Crane Maintenance Company Business Plan proposed by the Seaport and recommended by the County Manager. This plan provided for the creation of a not-for-profit company, Port of Miami Crane Management, Inc. ("Crane Management"), to replace the Interim Operator. On August 5, 2002, the County and Crane Management entered into an Agreement for maintenance and management of the container handling cranes and cargo handling equipment at the Port. The term of the Agreement is for a period of five years with a renewal option for another five years at the County's sole discretion. Crane Management became fully operational in October 2002 and took over the maintenance of the Port's gantry cranes. Crane Management is responsible to a board of directors appointed by the Board of County Commissioners, the County Manager, the Port Director, and Port users. Container crane user revenues for fiscal year 2009 were $8.2 million. Container crane user expenses for fiscal year 2009 were $8.0 million.

Seaport Department Building Lease/Terminal Usage Agreements

The County entered into an office building lease agreement (the “Agreement”) with one of its cruise line customers (the “Lessee”) to finance and construct an office building and related improvements (the “Building”) at the Seaport. The Building was to be occupied and used by the Lessee. The County would assume any financing, up to a maximum of $16.6 million, enter into an agreement for the Lessee to finance the construction of the Building and would possess fee simple title to the Building. Under terms of the Agreement, the Lessee is to pay base rent of an amount per year equal to the debt service payments on the financing assumed by the County.

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

Seaport Department – Port Tunnel Letter of Credit

On July 24, 2007, the Board of County Commissioners adopted Resolution R-889-07 approving the Master Agreement which requires the County to participate in the development of the Port Tunnel. One of the County’s commitments towards the tunnel project was to provide an irrevocable letter of credit (LOC) to fund its share of a $150 million Geotechnical and Relief Contingency Reserve (GRCR). The County’s share of the GRCR is $75 million. The GRCR is to be used first to pay any unforeseen geotechnical costs associated with the digging of the tunnel and with respect to the County, certain other relief events. The Master Agreement provides that the County shall deliver the LOC at the time Florida Department of Transportation (FDOT) and the concessionaire enter into a concession agreement.

On September 25, 2009, the County entered into a Reimbursement Agreement (LOC) with Wachovia Bank, National Association (the Bank) in the amount of $75 million for the County’s share of the GRCR. The LOC will automatically extend for an additional one year effective September 25, 2010 and each September 25 thereafter unless the Bank shall have notified the County in writing at least 120 days prior to such date and the Beneficiary in writing at least 30 days prior to such date. The amount drawn under the LOC shall be converted to an interest-only Line of Credit (the Credit Line) on the date of the draw.

On September 25, 2014, the outstanding amount of the Credit Line shall be converted to a term loan. The principal and interest on the Term Loan shall be payable on September 25, 2015 and annually thereafter on each September 25 through September 25, 2019.

The County anticipates and has programmed into its capital development plan issuing bonds to pay the LOC. As of September 30, 2009, the County had not drawn down on the letter of credit.

Aviation Department Agreement with Florida Department of Transportation

The Florida Department of Transportation (FDOT), in cooperation with the County, has borrowed $433 million from the United States Department of Transportation (USDOT) under the Transportation Infrastructure Financing Innovation Act (TIFIA) loan program. Approximately $269 million of the loan proceeds will be used to construct the Miami Intermodal Center and approximately $164 million for a consolidated rental car facility (RCF) adjacent to the Airport. The $164 million was to be used by FDOT to purchase the land needed for the RCF and then design and construct the facility. The portion of the loan relating to the RCF will be repaid through the collection of the Customer Facility Charges (CFCs) from car rental company customers at the Airport. The remainder of the loan will be repaid by the State. The repayment of the TIFIA loan is not secured by revenues or any other revenues of the Aviation Department. On December 7, 1999 the County entered into a Memorandum of Understanding (MOU) with FDOT. The MOU provides that FDOT’s portion of the TIFIA loan is $269 million and that County’s portion of the TIFIA loan is approximately $164 million. This funding of $164 million is expressly for the purpose of paying FDOT for the cost of the land underlying the RCF and the construction of the RCF. The County has agreed to purchase from FDOT all land acquired by FDOT for use in connection with the RCF site as part of the capital cost for the RCF. As of September 30, 2009 the purchase by the County from FDOT has not taken place, the purchase cannot occur until FDOT completes the construction of the RCF. The negotiation and purchase of the land and the RCF are estimated to take place shortly after the RCF's current estimated completion date of April 2010. As such, as of September 30, 2009, the County has not recorded the loan payable.

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

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

Public Health Trust Annual Operating Agreement

In accordance with the annual operating agreement between the Public Health Trust (the "Trust") and the University of Miami (the "University"), the Trust pays certain amounts for staff and services to be provided by the University. Under the annual operating agreement, costs incurred by the Trust for the year ended September 30, 2009 were approximately $124.4 million. At September 30, 2009 the Trust had a liability to the University of approximately $51.4 million.

Interlocal Agreement with the City of Miami Beach

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

During fiscal year 1998, the County issued three series of bonds (the "1997 Subordinate Bonds") at one time. The 1997 Subordinate Bonds were comprised of the Subordinate Special Obligation Refunding Series 1997A, in the amount of $86.6 million, Subordinate Special Obligation Bonds, Series 1997B, in the amount of $170.0 million and Subordinate Special Obligation Bonds, Series 1997C in the amount of $42.0 million. The 1997 bond proceeds were used to refund a portion of the 1996 Senior Lien Bonds, to provide additional funds for the construction of the Performing Arts Center (the "Downtown PAC"), to renovate and construct other cultural facilities and to acquire real property for the construction of a new multi-purpose professional sports facility in the City of Miami (the "Arena Project"). The 1996 Senior Lien

Bonds and the Operating Subsidy have a first lien on the Tax that is superior to the lien on the Tax in favor of the 1997 Subordinate Bonds.

In 2001, the City and the County amended the Interlocal Agreement to provide, among other matters, for an increase in the Operating Subsidy to $3 million for April 1, 2002 and to $4.5 million on each April 1 thereafter until the end of the term of the Agreement. It also provided that the County and the City would share in any Tax proceeds that exceed a certain growth factor for each year commencing in 2004. Moreover, the County agreed to fund $15 million of capital improvements for the Complex from the next bond transaction in which the Tax is pledged and to pay an additional $50 million in available tax proceeds to the City if the Tax is not pledged to a new baseball stadium by December 2003. The County Commission prior to the December 2003 deadline pledged the revenues for a new baseball stadium. The additional payments to the City agreed to in the amendment to the Interlocal Agreement are payable from Tax proceeds only and are subordinate to the lien on the Tax in favor of the 1996 Senior Bonds, the original $1.5 million Operating Subsidy and the 1997 Subordinate Bonds.

Other Commitments

Legal Contingencies

The County is a defendant to other legal proceedings that occur in the normal course of operations. In the opinion of the County Attorney, the ultimate resolution of these legal proceedings are not likely to have a material, adverse impact on the financial position of the County or the affected funds.

Departure Incentive Program

The County offered a Departure Incentive Program (the “Program”) to employees with ten years of continuous service who were eligible for an unreduced Florida Retirement System benefit on or before January 31, 1996, and to employees who completed 20 years or more of continuous service, regardless of age, on or before January 31, 1996. The Program offered single health insurance coverage in a County approved group health plan or a $300 a month cash payment for a minimum of eight years or until the employee becomes eligible for Medicare. The total estimated cost of the Program, discounted at 5%, is approximately $2.1 million as of September 30, 2009 and is recorded in long-term debt.

Arbitrage Rebates

At September 30, 2009, the County recorded obligations to rebate arbitrage interest earnings on certain General Obligation and Special Obligation Refunding and Equipment Floating Bonds (the “Bonds”) issued after the passage of the Tax Reform Act of 1986. The proceeds of the bonds were used to refund existing debt and to finance certain capital projects and acquisitions accounted for within the governmental and proprietary fund types of the County.

The rebate to the Federal Government, required to be paid within five years from the date of issuance and each five years thereafter, is estimated to be approximately $4.2 million as of September 30, 2009. The liability related to governmental activities, not expected to be paid with available financial resources, is $2.0 million and is recorded in long-term debt. The liability related to the enterprise funds at September 30, 2009 amounted to $2.2 million, and is also included in long-term debt. The ultimate amount of the County’s obligation will be determined based on actual interest earned.

Federal and State Grants

Federal grant awards are audited in accordance with OMB Circular A-133 and state grants are audited in accordance with Florida Rules of the Auditor General, Section 10.550 and the State of Florida Single Audit Act to determine that the terms and conditions of the grant awards have been complied with. Amounts received or receivable from grantor agencies are subject to audit adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. It is the County management’s opinion that no material liabilities will result from any such audits.

On March 20, 2003, the U.S. Department of Transportation, Office of the Inspector General (OIG) issued Report No. AV-2003-030 entitled Oversight of Airport Revenue in connection with their audit of amounts paid to Miami-Dade County by the Miami-Dade Aviation Department (MDAD). The OIG reported Miami-Dade County diverted MDAD revenues of approximately $38 million from 1995 to 2000. On August 9, 2005, upon receiving additional information from MDAD, the OIG agreed to adjust the finding to $8.1 million, plus interest. The Oversight of Airport Revenue report was then updated to include the years 2001 through 2005, and the total diversion of revenues was increased to $12 million, plus interest of $2.3 million for a total of $14.3 million. As of September 30, 2009, the unpaid balance is $4.5 million, which will be repaid by the County in quarterly installments of $564.3 thousand over the next two fiscal years.

Note 11 – Restatements - Prior Period Adjustments

Fund statements

Beginning fund balance reflects a prior period adjustment to restate amounts in previous year statements. The prior period adjustment took place in the Other Housing Programs Special Revenue Fund. The effect of restatement of fund balance in the fund statements is as follows (in thousands):

	Other Governmental Funds
At September 30, 2008:	
Fund Balance - as previously reported	$ 1,526,925
Prior period adjustment:	
(1) To adjust various accounts of the Other Housing Programs Special Revenue Fund	(3,822)
Fund Balance - restated	$ 1,523,103

Government-wide statements

Beginning net assets reflect prior period adjustments to restate amounts in previous year statements. The prior period adjustments took place in the Other Housing Programs Special Revenue Fund and in the Miami Dade Public Housing Agency. The effect in the government-wide statements is as follows (in thousands):

	Governmental Activities
At September 30, 2008:	
Net Assets - as previously reported	$ 2,571,767
Prior period adjustments:	
(1) To adjust various accounts of the Other Housing Programs Special Revenue Fund	(3,822)
(2) To adjust capital assets of the Miami-Dade Public Housing Agency	199
Total prior period adjustments	(3,623)
Net Assets - restated	$ 2,568,144

The above adjustments were not identifiable to any specific activity in FY 2008.

Note 12 - Interfund Transfers and Balances

(in thousands)

		TRANSFER FROM			
		General Fund	Nonmajor Governmental	Miami-Dade Transit	Solid Waste Management
T	General Fund		$ 17,693		
R	Nonmajor Governmental	$ 217,000	114,770		
A	Miami-Dade Transit Department	145,576	125,165		
N.	Public Health Trust	177,870	172,816		
	Solid Waste Management	1,071	1,168		
	All Others	282			
T					
O	Total Transfers Out	$ 541,799	$ 431,612		

The General Fund transfer out of $541.8 million includes: $145.6 million to the Miami-Dade Transit Department (MDT) to support its operations in accordance with the Maintenance of Effort Agreement (MOE); $177.9 million to Public Health Trust from ad valorem taxes to support its operations; $31.9 million to the Debt Service Fund to make debt service payments as they become due; $66.2 million to the Capital Projects Fund to fund capital projects as per the approved budget; $54.5 million to the Community and Social Development Fund to finance its programs in accordance with the approved budget; $24 million to Fire Rescue to support different activities of the department; and $39 million to Other Special Revenues Funds.

The Nonmajor Governmental transfer out of $431.6 million includes $125.1 million to Miami-Dade Transit from the People's Transportation Plan (half penny transit system sales surtax), and $172.8 million to the Public Health Trust from the Health Development Fund (half penny indigent sales surtax).

		DUE FROM/ADVANCES			
		General Fund	Nonmajor Governmental	Miami-Dade Transit	Solid Waste Management
D	General Fund		$ 16,232	$ 146,614	
U	Nonmajor Governmental		15,602	140,442	
E	Internal Service Fund		333	6,852	$ 1,323
	Miami-Dade Transit Department		69		
	Solid Waste Management		2,517		
T	Aviation Department	$ 20,143	5,151		
O	Water and Sewer Management		416		
	Public Health Trust		27,953		
	Total Due to Other Funds	$ 20,143	$ 68,273	$ 293,908	$ 1,323

The General Fund balance of $146.6 million due from Miami-DadeTransit includes a Long-term Advance Receivable of $42.4 million not scheduled to be collected in the subsequent year (a decrease of $29.6 million from fiscal year 2008), and $104.2 million recorded as Due from Other Funds. The Nonmajor Governmental Funds balance of $140.4 million due from Miami-Dade Transit includes a Long-term Advance Receivable of $131 million not scheduled to be collected in the subsequent year and a Short-term Advance Receivable of $7 million due to the People's Transportation Fund (PTP) ($138 million total due to PTP), and $2.4 million due to other nonmajor governmental funds. During fiscal year 2009, Solid Waste paid off existing equipment loan from GSA in the amount of $4.2 million.

(Continued)

TRANSFER FROM					
Seaport Department	Aviation Department	Water and Sewer Department	Public Health Trust	Internal Service Fund	Total Transfer In
					$ 17,693
					331,770
					270,741
					350,686
					2,239
					282
					$ 973,411

DUE FROM/ADVANCES					
Seaport Department	Aviation Department	Water and Sewer Department	Public Health Trust	Internal Service Fund	Total Due from Other Funds
$ 2,344	$ 4,677	$ 2,944	$ 31,057		$ 203,868
	2,239	1,941	544		160,768
390	1,477	1,812	8,207		20,394
					69
					2,517
					25,294
					416
					27,953
$ 2,734	$ 8,393	$ 6,697	$ 39,808		$ 441,279

Note 13 – New Accounting Pronouncements

In June 2007, the Governmental Accounting Standards Board issued Statement No. 51, *"Accounting and Financial Reporting for Intangible Assets"* (GASB 51) which is effective for fiscal periods beginning after June 15, 2009. GASB 51 establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The County will implement the requirements of GASB 51 beginning with fiscal year 2010.

In June 2008, the Governmental Accounting Standards Board issued Statement No. 53, *"Accounting and Financial Reporting for Derivative Instruments"* (GASB 53) which is effective for fiscal periods beginning after June 15, 2009. A key provision of GASB 53 is that derivative instruments covered in its scope, with the exception of synthetic guaranteed investment contracts (SGICs) that are fully benefit-responsive, be reported at fair value. The County will implement the requirements of GASB 53 beginning with fiscal year 2010.

In March 2009, the Governmental Accounting Standards Board issued Statement No. 54, *"Fund Balance Reporting and Governmental Fund Type Definitions"* (GASB 54) which is effective for fiscal periods beginning after June 15, 2010. GASB 54 provides new fund balance classifications and clarifies the existing governmental fund type definitions. The County will implement the requirements of GASB 54 beginning with fiscal year 2011.

Note 14 – Subsequent Events

On October 20, 2009 and through December 16, 2009, the Aviation Department issued an additional $175,300,000 in commercial paper to fund construction of capital projects. The commercial paper is secured by an Irrevocable Stand-by letter of Credit in the amount of $400 million.

On January 28, 2010, the Aviation Department issued $600,000,000 in General Aviation Revenue Bonds as part of its ongoing CIP. The proceeds are to be used to pay off the outstanding Commercial Paper and fund future CIP cost.

On January 28, 2010, the Letter Agreement to assign the Third Amended and Restated Operations and Management Agreement between Miami-Dade County and Montenay-Dade Ltd., to Covanta Southeastern Florida Renewable Energy LLC was executed. Among the terms of the agreement, Montenay and Covanta agree to expunge the County's Recyclable Trash shortfalls for fiscal year 2008 and 2009. In addition, the County agrees to expunge any and all Montenay and Covanta potential penalties for fiscal year 2008 and 2009. As a result, the Department of Solid Waste recognized a $5,700,000 expense for the Recyclable Trash shortfalls as of September 30, 2009.

On February 4, 2010, the County issued $50,980,000 Miami Dade County General Obligation Bonds (Building Better Communities Programs (BBC) Series 2010A. Proceeds of the Series 2010A will be used to pay a portion of the costs of the Baseball Stadium. The bonds pay interest ranging from 2.25%-4.50%.

On March 4, 2010, the County issued $239,755,000 of Double-Barreled Aviation Bonds (General Obligation) Series 2010. The proceeds from the Series 2010 Bonds will be used to provide long-term financing for certain capital improvements comprising a part of the Capital Improvement Program (CIP) for the County's Aviation Department.

On March 11, 2010, the County issued $594,330,000 of Water and Sewer System Revenue Bonds Series 2010. The proceeds from the Series 2010 Bonds will be used to pay costs of construction or acquiring certain improvements under the Miami-Dade Water and Sewer Department's Multi-Year Capital Plan (MYCP). The bonds pay interest ranging from 2.00%-4.63%.

Lease / Leaseback Transactions

Over a six-year period (1997-2002), Miami-Dade County participated in four Lease Leaseback Transactions, commonly known as LILO (lease-in lease-out) transactions, with fifteen tranches. Fourteen tranches involved assets of the Miami-Dade Transit Agency, including Metro Rail Cars, Transit Maintenance and Parking Facilities, and Qualified Technological Equipment (QTEs). The other tranche involved the Stephen P. Clark Center, an administrative office building for various County departments. These transactions are summarized below and are further explained in Note 5 – Leases.

Lease #	Asset	Equity	Guarantor	Equity Payment Undertaking	Equity Payment Undertaking Provider	Early Buy-Out Date
1	Metro Rail Cars	Bank of NY	AMBAC	Strips	AMBAC	Mutually terminated Apri 2008
2	Stephen P. Clark Center	Mirasol Business Trust - Rabo Bank	AMBAC	GIC	AMBAC	January 2015
3	Transit Maintenance and Parking Facilities	Bank of America Leasing (4 tranches); Norlease Leasing (2 tranches)	AIG	GIC	AIG	Bank of America tranches - January 2018; Norlease tranches - terminated March 31, 2009
4	Qualified Technological Equipment (QTEs)	PNC Leasing (1 tranche); Bank of Hawaii (1 tranche); Bank of America Leasing (5 tranches)	AIG	GIC	AIG	January 2018 (all tranches)

At the time of closing of these transactions, part of the funds received by the County (Equity Payment Undertaking) were deposited with a “AAA” rated Guarantor, who in turn purchased a Guaranteed Investment Contract (GIC) made up of securities that would grow to equal the lease value at the expected Early Buy-Out dates from 2015-2018. The value of the securities would fluctuate with the market. The Guarantor deposited the GIC with a Trustee that would hold the GIC until directed by the County to sell and disburse the maturity amount in payment of lease on the Early Buy-Out date. The GIC would be used to pay a portion of the termination value if the County were to default. The Guarantor has guaranteed that the GIC will equal the lease value at the Early Buy-Out date. If the Guarantor was downgraded below AA-/AA3, the County, upon request by the counterparty (Equity), would be required to direct the Guarantor to post additional collateral equal to the difference between the market value of the securities and the carrying value of the GIC. Upon the downgrade below AA-/AA3, the County may also be required to terminate the Guarantor’s guarantee and procure another guarantee from a “AAA” guarantor. The County’s failure to direct the Guarantor to post collateral, or the Guarantor’s failure to post collateral, or the County’s failure to replace the Guarantor is an event of default.

In September 2008, AIG, the Guarantor on thirteen of the County’s existing (Transit) tranches was downgraded below A-/A3. In October 2008, AMBAC, the Guarantor on the other County tranche, was also downgraded below A-/A3. In October 2008, Bank of America, Bank of Hawaii, and PNC Leasing requested that AIG be asked to collateralize the Equity Payment Undertaking and the County replace them as the guarantor. In November 2008, Rabo Bank asked the County to have AMBAC collateralize the Equity Payment Undertaking and be replaced.

On March 31, 2009, the County terminated the two leases with Norlease Leasing. Norlease Leasing was willing to accept the liquidated GIC value as of March 31, 2009 as termination payment.

On February 12, 2010, Rabo Bank accepted a posting of $7.1 million with a bank as collateral by the County equal to the present value of the difference between the lease value of the GIC on the Early Buy-out date and the current projected value of the GIC as a waiver of default caused by the downgrade of Ambac. The County must maintain the value of the difference in additional collateral, Ambac must continue to post collateral equal to the carrying value of the GIC, and Ambac must continue to be solvent, in order for the waiver to remain in effect.

The County continues to negotiate with Bank of America, PNC and Bank of Hawaii to find an acceptable alternative to replacing AIG as the Guarantor.

Public Health Trust Financial Position

During fiscal year 2009 the Public Health Trust net assets decreased approximately $244.6 million and reported unrestricted fund net assets of approximately $44.7 million. The net patient revenue decreased by $124.7 million for fiscal year 2009. This decrease was partially due to an accounting adjustment (change in estimate) of $50 million, to reflect the shortfall in cash collections pertaining to legacy system billings. The conversion of the patient accounting system, the deterioration in economic conditions, and increase in nonpaying patients contributed to increases in bad debts resulting in a decrease of net patient receivables from $268.4 million in fiscal year 2008 to $231.7 million in 2009, a $36.7 million decrease or 13.7%.

At September 30, 2009, the Trust was in violation of the debt service coverage ratio covenant under its debt agreements with the County. In accordance with the provisions of the agreements, the PHT can remedy this covenant without a technical default by employing an independent consultant to make recommendations as to revision of rates, fees, and charges. The Trust has employed a consultant to address the revenue shortfalls, therefore, has satisfied the requirement. It should be noted that on March 1, 2005, the BCC approved a Memorandum of Understanding between the County and PHT, prior to the issuance of the revenue bonds, requiring the County to withhold debt service requirements on bonds from the Public Hospital Healthcare Surtax (Surtax) before it is remitted to the PHT. The arrangement guarantees the payment of debt service on the bonds from the healthcare revenues, so that no draw will be necessary from the debt service reserve fund, which would trigger the County covenant to replenish the fund in the event of a deficiency.

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 of the budgeted Surtax for fiscal year 2010 of $169.7 million. In addition, the County advanced $6 million from 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 by 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.

The other initiatives include union contract revisions, cash acceleration of accounts receivables, including Medicare and Medicaid settlements with the State, deferred capital expenditures, work efficiencies, vendor contract renegotiations and terminations, and various other operational consolidations. The County will meet weekly with PHT management to review operational, budgetary and financial matters and monitor the progress of the Financial Stabilization Plan.

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 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 revenue and billing areas, including seeking additional Medicaid funding from the State.

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 to 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.