

MIAMI-DADE COUNTY, FLORIDA

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

The following narrative provides an overview of Miami-Dade County's (the "County") financial activities for the fiscal year ended September 30, 2010. Comparative information is provided in this year's report. This narrative should be read in conjunction with the letter of transmittal at the front of this report and the financial statements and accompanying notes, which follow this section. Additional information is provided in this narrative and the accompanying notes to the financial statements.

The County's beginning fund balances and beginning net assets in the accompanying statements were restated as a result of the Miami-Dade Public Housing Agency (MDPHA) audit and the implementation of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.

The beginning net assets of the Jackson Memorial Foundation (the "JMH Foundation", a component unit) were also restated due to the addition of the Foundation Health Services, Inc.'s net assets to the JMH Foundation effective October 1, 2009.

A discussion of these adjustments is included in Notes 3 and 11.

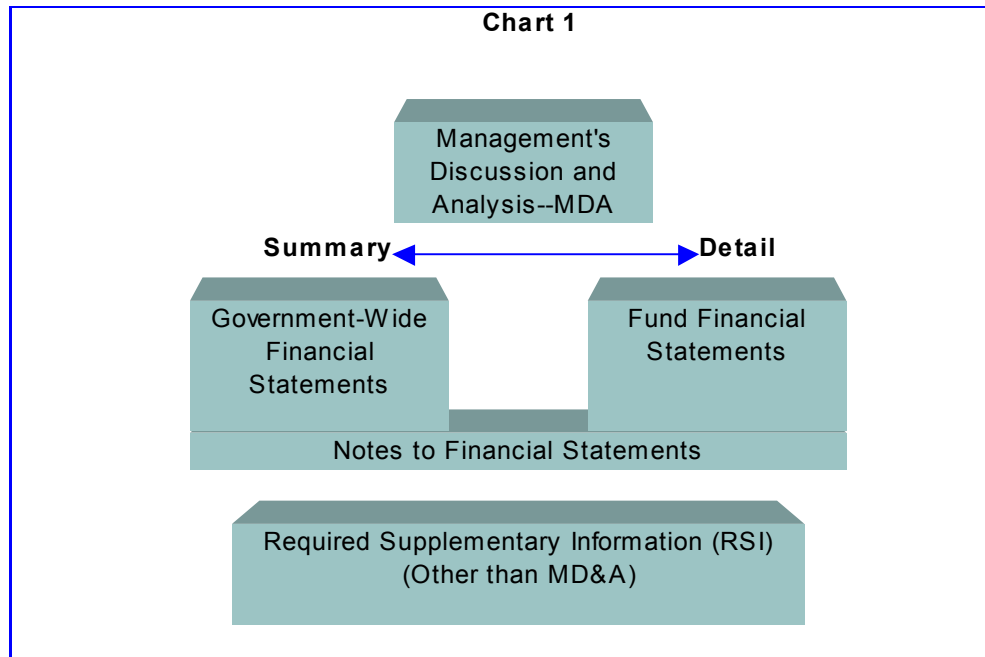
Financial Highlights for Fiscal Year 2010

- ❑ At September 30, 2010, the County's assets exceeded its liabilities by \$6.8 billion (net assets). Of this amount, \$4.8 billion was invested in capital assets, net of related debt. Additionally, \$2.1 billion was restricted by law, agreements, debt covenants or for capital projects. The County had unrestricted net assets deficit of \$73 million at September 30, 2010.
- ❑ During the fiscal year 2010, net assets decreased by \$300 million. This was due to an increase in net assets of \$10 million in business-type activities and a decrease of \$310 million in governmental activities.
- ❑ Total long-term liabilities had a net increase of \$1.9 billion during the fiscal year. This was due to the issuance of \$1.9 billion of Revenue Bonds; \$291 million of General Obligation Bonds; \$155 million of Special Obligation Bonds; \$11 million of loans; offset by a net reduction of principal and other liabilities of \$400 million.
- ❑ At September 30, 2010, the County's governmental funds had fund balances totaling \$1.91 billion. Of the total fund balance, approximately \$904 million or 47% was unreserved. The net change in governmental fund balances during the year was a decrease of \$426 million.
- ❑ At September 30, 2010, the General Fund had a fund balance of \$296.5 million, representing an increase of less than 1% from the previous year. Of the total fund balance, \$76.4 million was unreserved.

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Overview of the Financial Statements

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



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

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

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

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

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

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

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

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

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

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- **Proprietary funds.** Proprietary funds are those funds where the County charges a user fee in order to recover costs. The County's proprietary funds are enterprise funds and internal service funds.
 1. *Enterprise funds* are used to finance and account for the acquisition, operation and maintenance of facilities and services that are intended to be entirely or predominantly self-supporting through the collection of charges from external customers. Enterprise funds are used to report the same activities as the business-type activities in the government-wide financial statements. The County has six major enterprise funds.
 2. *Internal service funds* are used to report any activity that provides goods and services to other funds, departments, or agencies of the County, on a reimbursement basis. The County's Self-Insurance Fund is an internal service fund. In the statement of activities, any profit or loss in the Self-Insurance Fund is allocated back to the different functions that participated in the fund. Because the Self-Insurance Fund predominantly serves the government, assets and liabilities of the Self-Insurance Fund are included within the governmental activities in the statement of net assets.
- **Fiduciary funds.** Fiduciary funds are used to report assets held in a trustee or agency capacity for others. The County currently has funds held in an agency capacity for the Clerk of the Circuit and County Court and the Tax Collector, as well as other funds placed in escrow pending distributions. The County also has a Pension Trust Fund that accounts for the Public Health Trust Defined Benefit Retirement Plan. These funds cannot be used to support the County's own programs, and therefore, are *not* reflected in the government-wide financial statements.

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

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

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Financial Analysis of the County as a Whole

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

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

	Governmental activities		Business-type activities		Total primary government		Total percentage change
	2009	2010	2009	2010	2009	2010	2009-2010
	(Restated)		(Restated)		(Restated)		
Current and other assets	\$ 3,073	\$ 2,612	\$ 3,224	\$ 4,120	\$ 6,297	\$ 6,732	6.9%
Capital assets	3,821	4,119	11,941	12,788	15,762	16,907	7.3%
Total assets	6,894	6,731	15,165	16,908	22,059	23,639	7.2%
Long-term debt obligations	4,132	4,318	9,323	11,113	13,455	15,431	14.7%
Other liabilities	446	406	1,015	958	1,461	1,364	-6.6%
Total liabilities	4,578	4,724	10,338	12,071	14,916	16,795	12.6%
Net assets:							
Invested in capital assets, net of related debt	1,560	1,284	3,631	3,490	5,191	4,774	-8.0%
Restricted	1,110	1,082	779	1,061	1,889	2,143	13.4%
Unrestricted (deficit)	(354)	(359)	417	286	63	(73)	-215.9%
Total net assets	\$ 2,316	\$ 2,007	\$ 4,827	\$ 4,837	\$ 7,143	\$ 6,844	-4.2%

Net assets of governmental activities for 2009 were restated to reflect prior period adjustments to various accounts by \$245 thousand, related to the Housing programs. Net assets of governmental activities and business-type activities for 2009 were additionally restated (increased) by approximately \$15 million and \$18 million, respectively, as a result of the implementation of GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments. See Note 11 for details of adjustments.

Net assets may be used to assess the financial position of the County. The County's combined net assets as of September 30, 2010 were \$6.8 billion. Approximately 70%, or \$4.8 billion, of the County's net assets represent investment in capital assets, net of outstanding related debt. These assets include land, buildings, machinery and equipment, and infrastructure, and are not available for future spending. Additionally, \$2.1 billion are restricted net assets and are subject to external restrictions on how they may be spent.

At September 30, 2010, the County had unrestricted net assets deficit of \$73 million. The governmental activities unrestricted deficit of \$359 million is primarily due to the liability for County employees' compensated absences of \$405 million.

The increase in net assets of business-type activities of \$10 million is attributed to increases in net assets of the Transit, Aviation, Solid Waste, Seaport, and Water and Sewer, and offset by a decrease in net assets of the Public Health Trust. More detailed

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information on these changes may be found in the Financial Analysis of the County's Funds section of the MD&A.

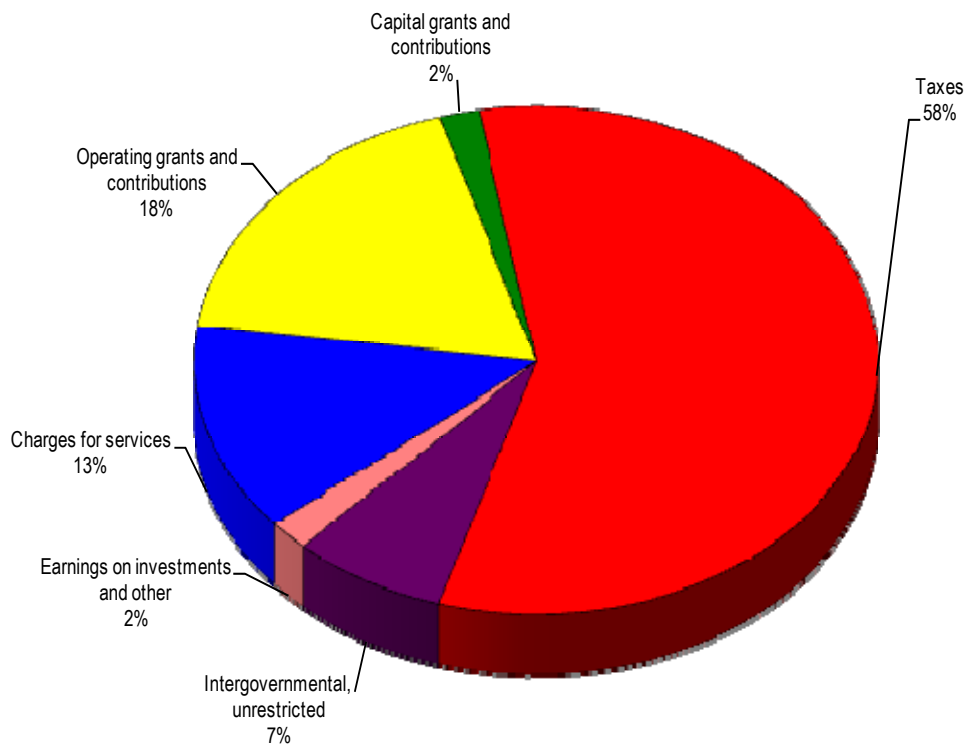
Table 2
Miami-Dade County, Florida
Changes in Net Assets
(in millions)

	Governmental activities		Business-type activities		Total primary government		Total % change
	2009	2010	2009	2010	2009	2010	2009-2010
Revenues:							
Program revenues:							
Charges for services	\$ 535	\$ 506	\$ 2,743	\$ 2,923	\$ 3,278	\$ 3,429	4.6%
Operating grants and contributions	635	698	91	87	726	785	8.1%
Capital grants and contributions	60	72	306	380	366	452	23.5%
General revenues:							
Property taxes	1,732	1,550			1,732	1,550	-10.5%
County hospital 1/2% sales surtax	173	177			173	177	2.3%
Transportation 1/2% sales surtax	173	177			173	177	2.3%
Utility taxes	68	73			68	73	7.4%
Local option gas taxes	55	53			55	53	-3.6%
Communication tax	44	41			44	41	-6.8%
Other taxes	105	117			105	117	11.4%
Intergovernmental revenues, unrestricted	228	280			228	280	22.8%
Franchise fees	44	45			44	45	2.3%
Earnings on investments	22	22	29	29	51	51	0.0%
Miscellaneous	8	7	14	14	22	21	-4.5%
Total revenues	3,882	3,818	3,183	3,433	7,065	7,251	2.6%
Expenses:							
Policy formulation and general government	490	404			490	404	-17.6%
Protection of people and property	1,386	1,355			1,386	1,355	-2.2%
Physical environment	102	110			102	110	7.8%
Transportation	163	276			163	276	69.3%
Health	69	50			69	50	-27.5%
Human services	334	343			334	343	2.7%
Socio-economic environment	494	456			494	456	-7.7%
Culture and recreation	351	331			351	331	-5.7%
Interest on long-term debt	136	172			136	172	26.5%
Mass transit			574	572	574	572	-0.3%
Solid waste collection			98	96	98	96	-2.0%
Solid waste disposal			174	158	174	158	-9.2%
Seaport			109	111	109	111	1.8%
Aviation			680	706	680	706	3.8%
Water			233	244	233	244	4.7%
Sewer			316	345	316	345	9.2%
Public health			1,886	1,797	1,886	1,797	-4.7%
Other			23	24	23	24	4.3%
Total expenses	3,525	3,497	4,093	4,053	7,618	7,550	-0.9%
Increase (decrease) in net assets before transfers	357	321	(910)	(620)	(553)	(299)	45.9%
Transfers	(624)	(630)	624	630			
Increase (decrease) in net assets	(267)	(309)	(286)	10	(553)	(299)	45.9%
Beginning net assets (Restated-Note 11)	2,583	2,316	5,113	4,827	7,696	7,143	-7.2%
Ending net assets	\$ 2,316	\$ 2,007	\$ 4,827	\$ 4,837	\$ 7,143	\$ 6,844	-4.2%

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Governmental activities. Net assets of governmental activities decreased by \$309 million in fiscal year 2010. Total revenues for the governmental activities were \$3.8 billion, a decrease of 1.6% from the prior year. The largest source of revenue is taxes (57.3%), followed by operating grants and contributions (18.3%) and charges for services (13.3%). The County experienced a decrease in property tax revenues of \$182 million or 10.5% in fiscal year 2010, as compared to fiscal year 2009. This decrease is primarily due to a decrease in the assessed value of taxable property of \$47 billion or 13% from the prior year.

Revenues by Source--Governmental Activities

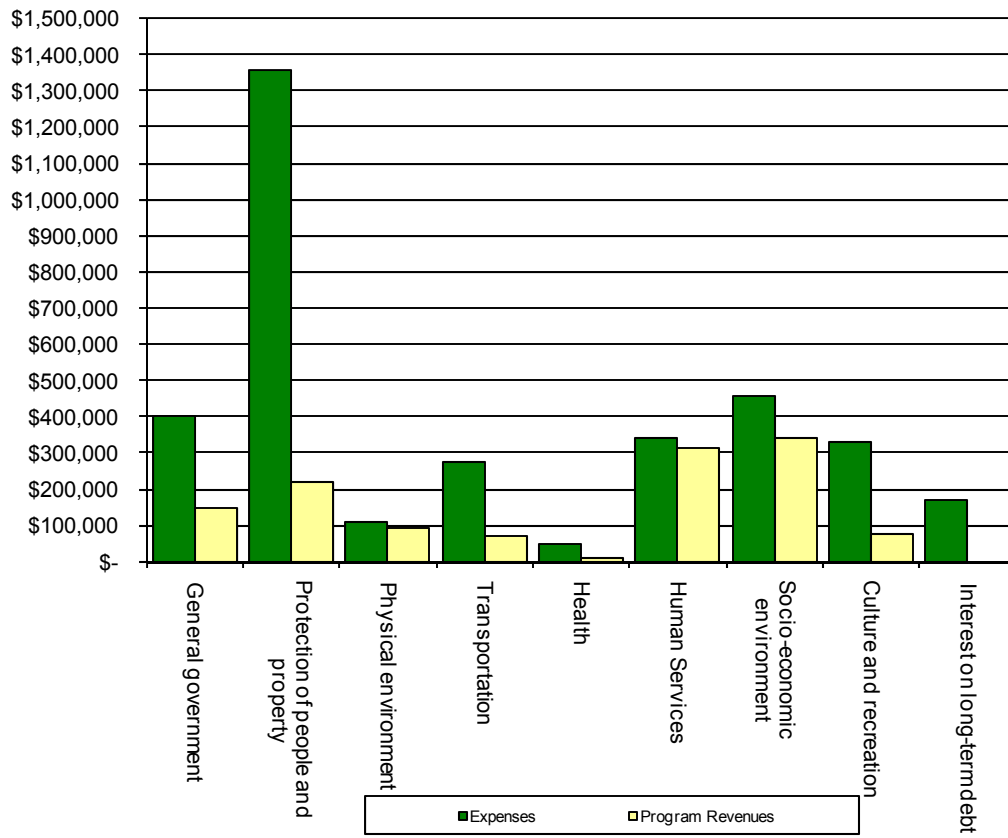


Operating grants and contributions increased by \$63 million, mainly due to completion of some major grant-funded programs.

Total expenses for governmental activities were \$3.5 billion. As can be seen in the chart below, the majority of these expenses were for Protection of People and Property. Net transfers to business-type activities were \$630 million, including: \$295.3 million to the Transit Agency, of which approximately \$147.2 million was from the half-penny sales tax for transit related costs and \$148.1 million was from the General Fund; \$176.8 million of the half-penny Indigent Care sales tax to the Public Health Trust; and \$158.5 million from the General Fund to the Public Health Trust.

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Expenses and Program Revenues - Governmental Activities (in thousands)

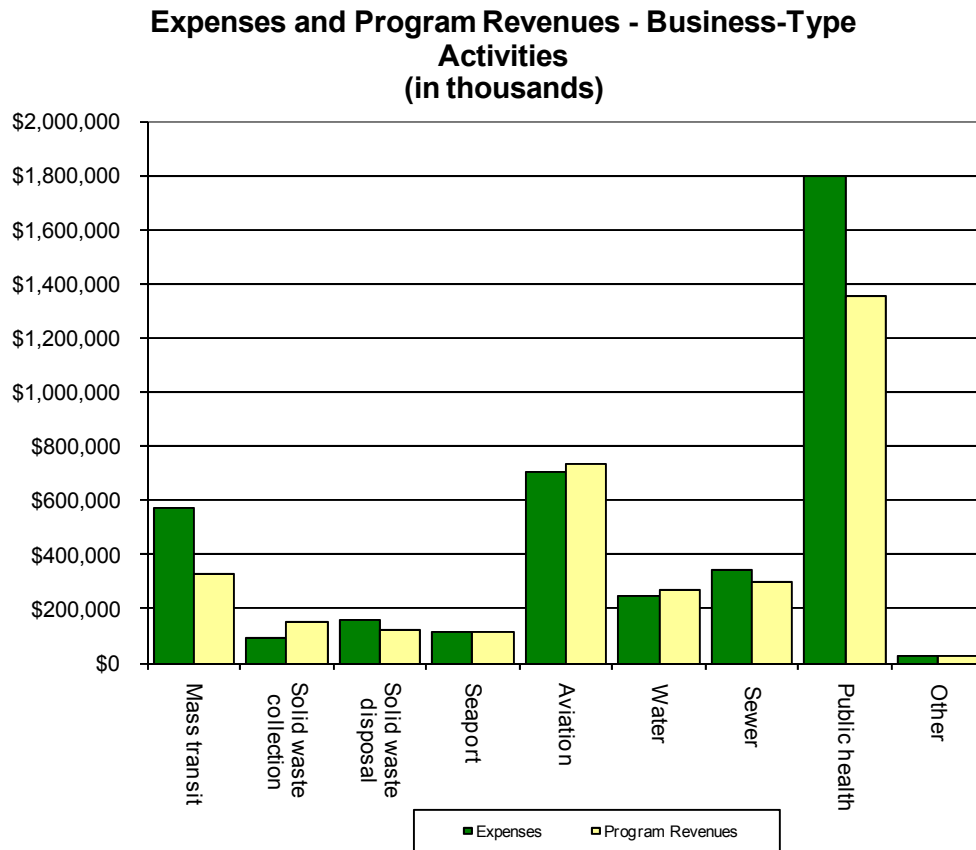


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Business-type activities. The County's major business-type activities include the following enterprise funds:

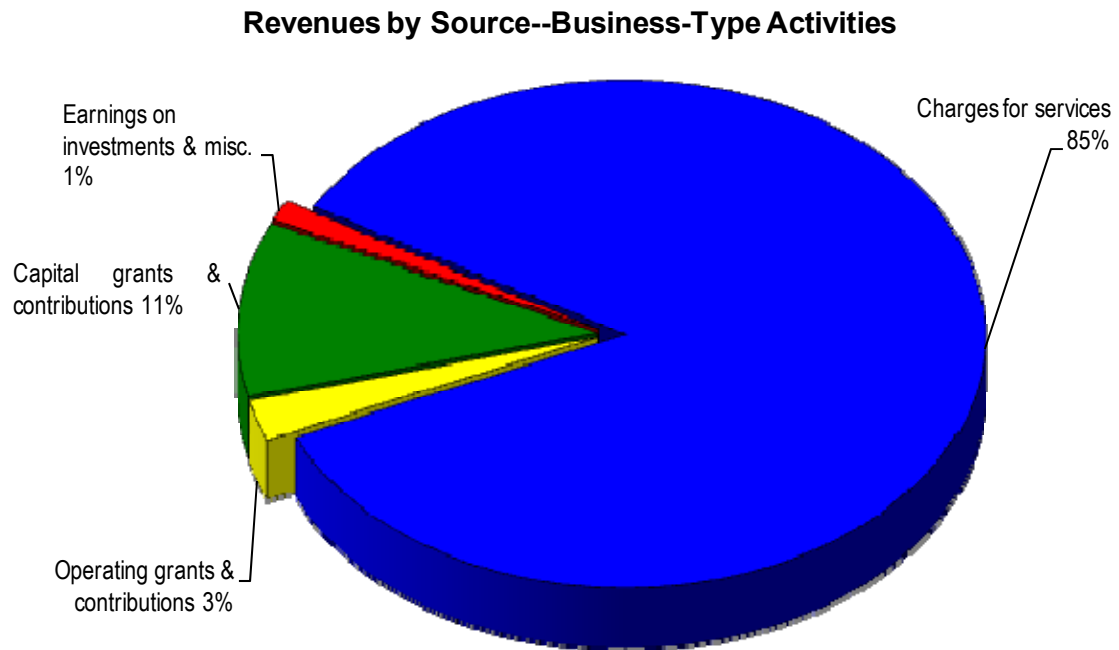
- Miami-Dade Transit Agency
- Solid Waste Collection and Disposal Department
- Seaport Department
- Miami-Dade Aviation Department
- Miami-Dade Water and Sewer Department, and
- Public Health Trust

Net assets of business-type activities increased by \$10 million. The bar graph below summarizes the expenses and program revenues of the business-type activities.



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



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Financial Analysis of the County's Funds

Governmental Funds. The General Fund is the County's chief operating fund and is used to account for most of its governmental activities. The General Fund's fund balance at September 30, 2010, was \$296.5 million. Of this amount \$76.4 million, or approximately 25.8%, is unreserved. The remainder of fund balance has been reserved to pay for additional endangered land (\$56.7 million), to pay for the enhancement of the stormwater drainage system (\$50.1 million), to liquidate contracts and purchase orders outstanding at the end of fiscal year (\$26.9 million) for inventories (\$21.9 million), for long-term advances receivables (\$55.1 million) and for restricted investments (\$9.4 million). The unreserved fund balance represents approximately 5.1% of the total General Fund's expenditures. The General Fund's fund balance increased by \$163 thousand from the previous year as a result of an across the board savings plan that was implemented. Measures included holding positions vacant and curtailing all operating expenses to the extent possible.

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

Miami-Dade Transit ("MDT") The MDT generated \$105.8 million in operating revenues in fiscal year 2010, and reported an increase in net assets of \$63 million. Net assets for MDT totaled \$813 million at September 30, 2010, including \$775 million invested in capital assets, \$195 million restricted for debt service and a \$157.6 million deficit in unrestricted net assets.

As of September 30, 2010, the Transit Agency had a cash deficit balance of approximately \$152.2 million. These cash deficits are funded with cash advances from the General Fund. It is the County's practice to cover cash deficits with corresponding interfund receivables/payables in the appropriate fund. MDT reported the portion expected to be repaid within one year as current liabilities in Due to Other Funds in the amount of \$97.1 million. The remaining portion is reflected as Long-Term Advances Due to Other Funds in the amount of \$55.1 million. The General Fund recorded a reservation of fund balance of \$55.1 million for the Long-term Advances Receivable.

MDT has borrowed \$150 million from the Citizen's Independent Transportation Trust (CITT), of which \$18 million has been repaid, leaving a balance due to CITT of \$132 million. The long-term portion of \$123.3 million is reported under Long-term Advances Due to Other Funds and the current portion of \$8.7 million is recorded as Due to Other Funds.

Solid Waste Department ("SWD") The SWD net assets increased by \$18 million reflecting revenues in excess of expenses for the fiscal year ended September 30, 2010. Operating revenues increased 1.5% from \$265.1 million in fiscal year 2009 to \$269.1 million in fiscal year 2010. This increase resulted primarily from an increase in Collection Services Revenue as a result of higher collections of waste fees on property tax bills by the Tax Collector combined with a minor increase in the waste collections units served in fiscal year 2010.

Seaport Department The Seaport Department's operating revenues for the 2010 fiscal year were \$104.1 million, an increase of approximately 4.0 million from the prior year. The Seaport's net assets increased by \$5.8 million from the prior year.

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Aviation Department The Aviation Department had operating revenues of \$573.3 million in fiscal year 2010, an increase of \$51.9 million or 10.0% from the prior year. This increase is due to the increase in the airlines rates and charges and concession revenues, which increased mostly due to increase in rental car revenue. Net assets increased \$36.3 million or 3.0%.

Water and Sewer Department (“WASD”) Total net assets as of September 30, 2010 were \$2.2 billion. The Department’s net assets increased by \$18.2 million from the prior year. The increase was primarily due to an increase in operating revenues as a result of rate increases. Operating and maintenance expenses increased by \$20.7 million, or by 5.9%, in 2010. The increase is due primarily to increased level of administrative reimbursement charges, security services and general liability insurance.

Public Health Trust (“PHT” or “Trust”) During fiscal year 2010, PHT’s net assets decreased by \$93.0 million. Operating revenues were \$1.328 billion, an increase of \$76.0 million from the prior year. Net patient services revenue increased by 6.0% or \$62.0 million. This increase is due to one-time favorable cost report settlements of approximately \$39.4 million and improved collection rates. This offset a decrease of approximately 6,800 or 8.2% in patient admissions. Grants and other of \$23.9 million for the fiscal year ended September 30, 2010, decreased \$4.4 million or 15.5% from that reported in 2009 and was attributed to a \$1.2 million reduction in existing and \$2.5 million in grants that expired and were not renewed in 2010.

The PHT management is actively implementing an operational improvement plan to address the Trust’s financial condition. On March 18, 2010, the Board of County Commissioners held a special meeting and placed the PHT on management watch. The PHT management, together with its business partners, developed a cash stabilization plan to insure the PHT is solvent through the remainder of the fiscal year 2010. The plan included an advance from the County of \$61 million from the budgeted Surtax for fiscal year 2010 of \$176.8 million. In addition, the County advanced \$6 million of the budgeted Maintenance of Effort (MOE) of \$158.4 million. The County is required to provide PHT with a MOE payment that is no less than 80% of the general fund support provided for the operation of PHT at the time the surtax was levied. The MOE is calculated as 11.873% times the millage rate levied for countywide purposes in fiscal year 2007 times 95% of the preliminary tax roll for the upcoming fiscal year and multiplying 11.873% of general fund non-ad valorem revenues, with the exception of local and state gas taxes. In addition, the County remitted \$13.1 million to the State Agency for Health Care Administration (AHCA) which the County had previously agreed in the PHT MOE for fiscal year 2010.

PHT management’s cash stabilization plan for fiscal year 2011 forecasts that the Trust will be solvent for the remainder of the fiscal year 2011 and anticipates an advance from the budgeted surtax by the end of the third quarter. 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 revenues and billing areas, including seeking additional Medicaid funding from the State.

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

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

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

At September 30, 2010, the Trust failed to meet the rate covenant under the Bond Ordinance. PHT's failure to meet the rate covenant does not constitute a default under the Bond Ordinance, if PHT promptly hires an independent consultant to make recommendations as to a revision of the rates, fees, and charges of the Trust or the method of operation of the Trust, which shall result in producing the net revenues used in the covenant computation, and the PHT commences action to conform in all material respects with the recommendations of the independent consultant. The Trust has employed a consultant to make recommendations as to revision of rates, fees, and charges, and is in the process of implementing their recommendations. Therefore, PHT management believes that the covenant requirement has been satisfied. Failure to meet the rate covenant does not result in acceleration of Bonds.

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

General Fund Budgetary Highlights

During fiscal year 2010, the General Fund's budget was amended twice. These budget amendments or supplemental appropriations reflect the change in projected expenditures that occurred since the budget hearings were held in September 2009 and distribute allocated funds among various County agencies from appropriate reserves and from appropriate sources. Some of the major amendments include a supplemental appropriation to the Human Services Department of \$1.234 million due to the reversal of an uncollectable receivable booked in prior years; to Park and Recreation Department of \$3.500 million as a result of underperforming revenues and higher than anticipated personnel expenditures associated with termination and layoff payouts; to the General Government reserve section of \$10.053 million to cover increases in the Florida Retirement System contribution rates and for separation costs.

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General Fund Budgeted Revenues Compared to Actual Revenues

During the year budgetary revenue estimates exceeded actual revenues by \$21.3 million. The most significant changes occurred in the following:

- ❑ **Taxes** were \$14 million under budget due to continued decline in property taxes primarily as a result of declining property values and an increase in Value Adjustment Board appeals.
- ❑ **Licenses and Permits** were \$11 million under budget due to the continued decline in the housing industry, resulting in lower than anticipated permitting activity.
- ❑ **Intergovernmental Revenues** were \$3 million over budget due to higher than anticipated state revenue sharing.

General Fund Budgeted Expenditures Compared to Actual Expenditures

The General Fund's expenditures were \$1,494.8 million, \$240.7 million less than budgeted. This variance is primarily attributed to the implementation of a saving plan mid-year to ensure departmental budgets could absorb the impact associated with the delayed implementation of the various collective bargaining agreements and capital expenditures that did not occur during the year and were reestablished in the following year's budget.

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

- ❑ **Policy Formulation and General Government** had lower than anticipated expenditures of \$175.9 million. The majority of the savings were due to postponement of capital expenditures and professional contract services, and lower than anticipated services and other commodities across various departments.
- ❑ **Protection of People and Property** expenditures were \$29.1 million under budget. The Building Department, Building Code Compliance and Planning and Zoning Departments account for \$8.1 million of these savings. These departments continued to reduce staffing and operating expenditures due to the continued weakening of the housing market and reduced construction activity. The remaining variance is due to the reduced police and correction department services as a result of certain municipalities ceasing contracts for local police services with Miami-Dade County coming in \$18.9 million under budget.

Capital Asset and Debt Administration

Capital Assets. At September 30, 2010, the County's total investment in capital assets, net of accumulated depreciation, was \$16.9 billion. This represents an increase of approximately 7.3% over the previous year. The following table summarizes the components of the County's investments in capital assets.

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Miami-Dade County, Florida Capital Assets as of September 30, 2009 and 2010 (net of depreciation, in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2009	2010	2009	2010	2009	2010
Land	\$ 666,574	\$ 671,292	\$ 636,954	\$ 652,306	\$ 1,303,528	\$ 1,323,598
Construction in progress	503,174	765,186	3,330,087	1,995,160	3,833,261	2,760,346
Building and building improvements	1,469,787	1,556,599	3,768,208	5,782,080	5,237,995	7,338,679
Infrastructure	993,370	943,932	3,252,035	3,427,368	4,245,405	4,371,300
Machinery and equipment	187,764	182,063	953,511	930,923	1,141,275	1,112,986
Totals	\$ 3,820,669	\$ 4,119,072	\$ 11,940,795	\$ 12,787,837	\$ 15,761,464	\$ 16,906,909

Capital assets of governmental activities and business-type activities for 2009 reflect the reclassification of \$19.6 million and \$34.7 million, respectively, between asset classes.

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

- ❑ \$151.2 million for the construction of the Marlins Ball Park Stadium
- ❑ \$16.5 million for the construction of the MFD Training Facility
- ❑ \$6.3 million for the construction of the General Services Trade Shop Facilities
- ❑ \$3.2 million for the construction of the New Children's Courthouse
- ❑ \$2.8 million for the construction of the South Dade Cultural Center
- ❑ \$2.4 million for shoreline stabilization and construction of the Bike Path-American Airlines Arena
- ❑ \$2.3 million for the enhancement of the Chiller Thermal Plant Building
- ❑ \$2.0 million for the construction of the new Arcola Lakes Library Branch
- ❑ \$1.9 million for the upgrade and renovation of Crandon Park Marina
- ❑ \$69 million for the acquisition of the Overtown Tower II office building
- ❑ \$4.8 million for the acquisition of two new IBM 9119 servers for the Enterprise Technology Services Department
- ❑ \$3.0 million for the purchase of a new Eurocopter for the Miami-Dade Police Special Patrol Bureau
- ❑ \$2.6 million for the acquisition of library resources

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- ❑ \$1.6 million for the acquisition of a radio system for the Miami-Dade Police Department

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

Aviation Department:

- ❑ Building increased by a net \$2.1 billion, or 85% during fiscal year 2010. The increase primarily represents North Terminal being completed and transferred from Construction in Progress to Buildings.

Water and Sewer Department:

- ❑ \$46.3 million expended for various water projects, including treatment facilities
- ❑ \$184.7 million expended for various wastewater projects

Solid Waste Department

- ❑ During fiscal year 2010, projects continued in connection with the Collection Facility Improvements, T&R Centers Improvements, West and Southwest T&R Center, Truck wash facility, Central Transfer Station Compactor-Phase II, Environmental Improvements, Disposal Scalehouse Expansion Project and other miscellaneous projects.

Transit Agency

- ❑ During fiscal year 2010 MDT placed into service a total fleet of approximately 849 vehicles.

Public Health Trust

- ❑ The Trust continues to expand and improve its facilities. Approximately \$88.3 million was spent in fiscal year 2010 to expand and improve the Health facilities.

Seaport

- ❑ During fiscal year 2010 investment in capital assets increased \$14.3 million and is attributed to projects in the Seaport Master Plan and acquisitions of other capital assets necessary for the ongoing operations.

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

Long-Term Liabilities. At September 30, 2010, the County had \$15.4 billion in long-term liabilities, which are summarized in the schedule below. Additional information regarding long-term debt can be obtained in Note 8.

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Miami-Dade County, Florida Outstanding Long-term Liabilities as of September 30, 2009 and 2010 (in thousands)

	Governmental activities		Business-type activities		Total Primary Government		Total % Change
	2009	2010	2009	2010	2009	2010	2009-2010
General obligation bonds	\$ 843,961	\$ 881,276	\$ 130,370	\$ 365,655	\$ 974,331	\$ 1,246,931	28.0%
Special obligation bonds	2,291,666	2,418,435	97,740	102,156	2,389,406	2,520,591	5.5%
Current year accretion of interest	29,885	43,468			29,885	43,468	45.5%
Revenue bonds			7,618,479	9,349,617	7,618,479	9,349,617	22.7%
Loans and notes payable	255,697	232,112	549,000	532,959	804,697	765,071	-4.9%
Other (i.e. unamortized premiums, discounts)	29,828	28,221	3,648	13,055	33,476	41,276	23.3%
Commercial paper notes			110,141		110,141		-100.0%
Sub-total Bonds, Notes and Loans	3,451,037	3,603,512	8,509,378	10,363,442	11,960,415	13,966,954	16.8%
Compensated absences	396,903	404,845	233,379	220,105	630,282	624,950	-0.8%
Estimated insurance claims payable	210,597	231,792	30,667	25,288	241,264	257,080	6.6%
Other postemployment benefits	14,046	19,788	8,576	13,227	22,622	33,015	45.9%
Environmental remediation			89,996	88,845	89,996	88,845	-1.3%
Landfill closure/postclosure care costs			100,236	96,096	100,236	96,096	-4.1%
Lease agreements	10,548	10,223	306,733	204,575	317,281	214,798	-32.3%
Other	49,202	47,548	44,220	101,727	93,422	149,275	59.8%
Totals	\$ 4,132,333	\$ 4,317,708	\$ 9,323,185	\$ 11,113,305	\$ 13,455,518	\$ 15,431,013	14.7%

Bond Ratings

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

Aa2	Moody's Investor Services
AA-	Standard & Poor's
	Corporation
AA	Fitch IBCA, Inc.

At September 30, 2010, the County had \$13.9 billion in bonds and loan agreements outstanding. This is a net increase (new debt issued less principal reductions) of \$2.0 billion or 16.8% from the previous year. During the year, the County issued approximately \$2.3 billion of new debt, which is detailed in the chart below. Additional information on the County's debt can be obtained in Note 8.

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BONDS AND LOANS ISSUED DURING THE YEAR

(in thousands)

Date Issued	Description	Purpose	Interest Rate Range	Final Maturity Date	Original Amount Issued
BONDS:					
1/14/10	Aviation revenue Bonds, Series 2010A	To finance certain airport improvements associated with the Airport's capital Improvement Plan previously approved by the Board.	3.00-5.50%	10/1/41	\$ 600,000,000
3/4/10	Aviation Double Barrel (General Obligation) Bonds Series 2010	Financing or reimbursing the county for costs of the acquisition, construction, improvement and/or installation by the Aviation Department of its MIA Mover Program and a portion of its North Terminal Program.	2.00-5.00%	7/1/41	\$ 239,755,000
2/4/10	Miami-Dade County General Obligaion Bonds, (Building Better Communities Program), Series 2010A	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 facilities, emergency and healthcare facilities.	2.25-4.75%	7/1/39	\$ 50,980,000
3/1/10	Water and Sewer Revenue bonds, Series 2010	To pay the cost of constructing or acquiring certain improvements under the Water and Sewer Department's Multi-Year Capital Plan.	2.00-5.00%	10/1/39	\$ 594,330,000
7/5/10	Aviation Revenue Bonds, Series 2010B	To finance certain airport improvements associated with the Airport's capital Improvement Plan previously approved by the Board.	2.25-5.00%	10/1/41	\$ 503,020,000
8/31/10	Miami-Dade County Capital Acquisition Special Obligation Bonds, Series 2010A	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.	3.00-4.00%	4/1/19	\$ 15,925,000
8/31/10	Miami-Dade County Capital Acquisition Taxable Special Obligation Bonds, Series 2010B (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.	5.069-6.743%	4/1/40	\$ 71,115,000

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8/31/10	Miami-Dade County Capital Asset Acquisition Taxable Special Obligation Bonds, Series 2010C (Scott Carver/Hope VI Project)	To provide a developer loan in connection with the acquisition, construction, improvement or renovation of the Scott Carver/Hope VI Project.	2.91%	10/1/13	\$ 13,805,000
9/14/10	Miami-Dade County, Florida Transit System Sales Surtax Revenue Bonds, Series 2010A	To pay all or a portion of the cost of certain transportation and transit projects.	3.00-5.00%	7/1/20	\$ 29,670,000
9/14/10	Miami-Dade County, Florida Transit System Sales Surtax Revenue Bonds, Series 2010B (Federally Taxable-Build America Bonds-Direct Payment	To pay all or a portion of the cost of certain transportation and transit projects.	4.593-5.624%	7/1/40	\$ 187,590,000
LOANS:					
9/30/09	Water and Sewer Revolving Line of Credit	To pay costs of constructing or acquiring certain improvements under the Water and Sewer Department's Multi-Year Capital Plan.	2.56-4.17%	9/30/34	\$ 10,668,000
Total long-term debt issued during the year					<u>\$ 2,316,858,000</u>

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

Economic Factors and Other Significant Matters

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

- The unemployment rate for Miami-Dade County increased to approximately 12.1% from 8.9% in fiscal year 2009, an increase of 3.2%. (Source: Florida Agency for Workplace Innovation, Office of Workforce Information Services, Labor Market Statistics, Miami-Dade County Department of Planning and Zoning, Research Section).
- The occupancy rate for commercial real estate office market was 82%, a slight decrease of less than 1% from the previous year. (Source: Miami-Dade Department of Planning and Zoning)
- The number of visitors to Miami-Dade County was approximately 12.6 million. This represents an increase of approximately 5.6%. (Source: Greater Miami Convention and Visitors Bureau).

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- The average sales price for existing single family homes decreased to \$191,817, down by 6.3% from 2009 prices. Similarly, condominium prices decreased 15.4% from fiscal year 2009, with average prices being \$128,483. (Source: Miami-Dade Department of Planning and Zoning).

Requests for information

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

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