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May 18, 2010

Honorable Carlos Alvarez, Mayor

Honorable Dennis C. Moss, Chairman and
Members of the Board of County Commissioners

Honorable Harvey Ruvin, Clerk

Mr. George M. Burgess, County Manager

Citizens of Miami-Dade County

Ladies and Gentlemen:

We are pleased to present the Miami-Dade County, Florida (the "County") Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended September 30, 2009, pursuant to Florida State law. The financial statements were prepared in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board ("GASB") and audited by a firm of independent certified public accountants retained by the County and paid from its public funds. For the fiscal year ended September 30, 2009, the County received an unqualified opinion from its independent auditor.

This report may also be accessed via the internet at <http://www.miamidade.gov/finance/>.

Responsibility for the accuracy and fairness of the presentation, including disclosures, rests with management of the County. We believe the data, as presented, is accurate in all material respects, is presented in a manner designed to fairly set forth the financial position and results of operations of the County, and that all disclosures necessary to enable the reader to gain an understanding of the County's financial activity have been included. Miami-Dade County has established comprehensive internal controls designed to ensure that the County's assets are protected from loss, theft or misuse and adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles ("GAAP"). Because the cost of internal control should not exceed the benefits likely to be derived, the County's internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met.

Profile of the Government

Miami-Dade County is located along the southeast tip of the Florida peninsula, bounded by Biscayne Bay and the Atlantic Ocean to the east, Everglades National Park to the west, the Florida Keys to the south, and Broward County to the north. It occupies an

area of more than 2,000 square miles, one-third of which is located in the Everglades National Park. The total population served by the County is more than 2.3 million, including approximately one million in its 35 municipalities and the rest in the unincorporated area. Due to its proximity and high volume of travel and trade within the region, Miami-Dade County is often referred to as the “Gateway to Latin America and the Caribbean.”

Government Structure and Services Provided



The State Legislature in 1955 approved and submitted to a general election a constitutional amendment designed to give a new form of government to the County. The amendment was approved in a statewide general election in November 1956. A Dade County Charter Board was constituted and, in April 1957, it completed a draft of a charter for the County. The proposed charter was adopted in a County-wide election in May 1957 and became effective on July 20, 1957 (the “Charter”). The electors of the County are granted power to revise and amend the Charter from time to time by County-wide vote. The County has home-rule powers, subject only to the limitations of the Constitution and general laws of the State. The County has, in effect, a county government with certain powers effective throughout the entire County, including 35 municipalities located within the County, and a municipal government for the unincorporated area of the County. The County has not displaced or replaced the cities, but supplements them.

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. The Mayor 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.

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 Clerk of the Board is a separate, duly elected constitutional officer as mandated by Article V, Section 16 of the Constitution of the State of Florida. The Clerk is elected to a four-year term by the electorate of Miami-Dade County. In this capacity, the Clerk serves as the Clerk of the Board of County Commissioners, County Recorder, County Auditor, custodian of all County funds, and custodian of all records filed with the Court.

The Board of County Commissioners 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.

Miami-Dade County provides a full range of services, including, but not limited to, police and fire protection; health services, to include the operation of a major hospital and various neighborhood health clinics; mass transportation; sanitation; water and sewer services; the construction and maintenance of highways, streets and other infrastructure; libraries; correctional facilities; parks, recreational and cultural facilities and events; the operation of an airport system, including an international airport, three general aviation airports and a training airport; and a full service seaport.

The financial reporting entity under which the financial statements are prepared includes all the organizations, activities and functions for which the County as the primary government is financially accountable.

Budgetary Process and Control

State of Florida statutes require that all county governments prepare, approve, adopt and execute an annual budget for such funds as may be required by law or by sound financial practices. In compliance with this, the budgets adopted by the County are either appropriated or non-appropriated in nature. Funds that have legally appropriated budgets cannot legally exceed their appropriations. The budgetary controls over funds that have non-appropriated budgets are set by enabling ordinances, such as Bond Ordinances, in which the expenditure authority extends many years into the future.

Budgets are monitored at varying levels of classification detail; however, expenditures cannot legally exceed total appropriations at the individual fund/department level. Amendments and supplements to the budget require BCC approval. Estimated beginning fund balances available for financing current appropriations are considered in the budgetary process. Budget and actual comparison for the General Fund is presented in the Required Supplementary Information (RSI) section of the CAFR. Budget and actual comparisons for other governmental funds, except Capital Projects Funds, are presented as supplementary information in the financial section of the report. Capital Projects Funds are budgeted on a multi-year basis.

As an additional control, the County employs an encumbrance system that reduces available appropriations in governmental funds upon issuance of purchase orders, contracts or other forms of legal commitments. Encumbrances at year-end do not constitute expenditures or liabilities, but are accounted for as a reservation of fund balance.

Long-Term Debt Management

The County continues to obtain, in an efficient and innovative manner, long-term financing for the construction or acquisition of various long-term assets. It is management's objective to adequately plan and meet the County's comprehensive construction demands for essential capital improvements and equipment, and, at the same time, ensure that the residents of the community are not overburdened with general obligation long-term debt payable from ad valorem taxes.



Enterprise Operations

The County operates the following enterprise funds: the Transit Agency, Solid Waste Department, the Seaport Department, the Aviation Department, the Water and Sewer Department, the Public Health Trust, the Rickenbacker Causeway, the Vizcaya Art Museum, the Section 8 Allocation Properties and Mixed Income Properties funds. Following is a brief introduction to the County's major enterprise departments.

Transit Agency

Miami-Dade Transit ("MDT") is the 14th largest public transit system in the nation and the largest in Florida. MDT operates a unified public transit system consisting of buses, a 22.4-mile above ground heavy rail system and a 4.4 mile automated guide-way system. As one of the largest transit systems, MDT carries approximately 45% of all transit trips in the State of Florida. Today's MDT has a viable four-mode system—Metrobus, Metrorail, Metromover, and Special Transportation System—used by over 360,800 passengers daily.



On November 5, 2002, the voters of Miami-Dade County approved a County ordinance proposed by the Board of County Commissioners to levy and impose a one-half percent Charter County Transit System Surtax (the Transit Surtax) for the purpose of funding transit and roadway improvements in Miami-Dade County and partially cover MDT's operating and maintenance costs. The Peoples Transportation Plan (PTP) listed specific transit and roadway improvements to be supported by the proposed one-half percent Transit Surtax.

The Transit Surtax proceeds may be used to meet both capital and operating needs. Eligible application includes bus service improvements, fixed guideway, rapid transit improvements, major highway and road improvements, and neighborhood improvements. Changes to County projects detailed in the PTP must go through the Citizens' Independent Transportation Trust and ultimately be approved by the County Commission. Additionally, 20% of the sales tax proceeds shall be distributed annually to municipalities in Miami-Dade County in existence at the time the tax was adopted, based upon a pro-rata share determined by population, for transportation and transit improvements.

Solid Waste

The Department of Solid Waste Management's principal responsibilities may be categorized as the collection, transfer, disposal, and recycling of municipal solid waste. The Department primarily provides solid waste services to single-family residential units (including certain multi-family units such as duplexes) and a small number of commercial and multi-family accounts in the unincorporated portions of the County. The Department

has entered into long-term interlocal agreements with 18 municipalities to provide solid waste disposal services and 11 municipalities for curbside recycling. It also provides solid waste collection services to the City of Aventura, the City of Doral, the City of Miami Gardens, the City of Sunny Isles Beach, the City of Sweet Water, the Town of Cutler Bay, the Town of Miami Lakes, the Village of Palmetto Bay and the Village of Pinecrest.

The Department is responsible for the operation of a variety of facilities, including Resources Recovery (waste-to-energy facility), landfills, transfer stations and neighborhood Trash and Recycling Centers. The Department is also responsible for meeting the State's countywide environmental compliance objectives, such as the State's 30% waste reduction goal, which is achieved primarily through recycling.

Seaport Department



The Seaport Department operates the Dante B. Fascell Port of Miami-Dade ("Port"). The Port is the largest cruise home port in the world and is among the top 12 container ports in the U.S. The Port is an island port and, as such, occupies approximately 640 acres of land. For fiscal year 2009 the Seaport handled approximately 4.1 million passengers. During the same period, approximately 6.8 million tons of

cargo and close to .8 million twenty-foot equivalent units (TEU's) were processed through the Seaport.

Aviation Department

The Miami-Dade County Aviation Department ("MDAD") operates the Miami International Airport ("MIA"), as well as three general aviation airports and a training airport. The general aviation airports provide a significant role as they serve to alleviate traffic at MIA. MIA is currently ranked number one in the U.S. for international freight and third for international passengers. MIA and related aviation industries contribute over 242,000 jobs directly and indirectly to the South Florida economy.

Water and Sewer Department



The Miami-Dade County Water and Sewer Department ("WASD") operates the County's water and wastewater systems. The WASD's water system, considered the largest water utility in the Southeast United States, serves approximately 418,000 retail customers and 15 wholesale customers within the County. The wastewater system serves approximately 336,000 retail customers and 13 wholesale customers.

Public Health Trust

The Public Health Trust (the Trust) was created in October 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.

On September 3, 1991, the voters of the County approved the imposition of a one-half percent health care surtax (the Surtax) on sales transactions occurring in Miami-Dade County. The Surtax proceeds are considered unrestricted tax revenue of the Trust and shall be used only for the operation, maintenance and administration of Jackson Memorial Hospital. Additionally, the County is required to provide the Trust with a Maintenance of Effort (MOE) payment 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).

Factors Affecting Financial Condition

The information presented in the financial statements primarily focuses on the County's financial position, as measured by its existing resources and claims on those resources. However, the County's financial condition is best understood when the focus is on both existing and future resources and potential claims on those resources. This broader concept is used to assess its financial condition, which reflects the current financial position as well as the prospects that today's financial position will improve or deteriorate.

ECONOMIC CONDITION AND OUTLOOK

The Miami-Dade economy experienced a downturn following the effects of the same recessionary conditions driving the national economy. It was recognized that the economic conditions of the time might be affecting Miami-Dade, mainly due to the national recession that began in December 2007.

A major part of Miami-Dade's economic strength comes from the two engines powering its economy, the visitor industry and national and international trade and commerce. The year-over-year increases in these two sectors were not replicated in fiscal 2009, partly due to the slowdown in the U.S. economy. Along with the domestic economy, there was also a significant contraction in the global economy, particularly in Europe and South America, which faced similar situations to those in the U.S. These conditions had a negative impact on the number of visitors and the volume of exports.

EMPLOYMENT

In fiscal year 2009, nonagricultural wage and salary employment (annual average) declined for the second year in a row, recording an overall loss of around 35,900 jobs. In tandem with the employment losses, the unemployment rate continued its upward

trend of the past year and rose by more than 3.5%, averaging 8.9% for the year compared to 5.3% in 2008.

In conjunction with the losses in total employment, the number of businesses fell off from the 2008 level, as they recorded a loss of almost 2,550 establishments during the 2009 fiscal year, down by 2.9%.

REAL ESTATE MARKET



Traditionally, the real estate sector in Miami-Dade County is closely monitored and is viewed as one of the critical measures of the County's economic health. In fiscal year 2009, the residential portion of the market picked up an active sales pace and closed with an upward trend in sales activity, as the housing industry is showing early signs toward recovery. The commercial real estate market, however, closed with sharp declines in sales activity.

During fiscal year 2009, sales of existing single-family homes increased 53.5% and existing condominium sales increased 36.6%. This positive performance in home sales can be attributed to the stable or slightly falling mortgage rates. Part of this was also the result of a higher demand for housing fueled by federal tax credits and other incentives for homebuyers.

The number of building permits for residential units was significantly down by 57.3% to about 1,547 units for fiscal year 2009 compared with about 3,619 units in fiscal year 2008.

Miami-Dade's commercial real estate market continues to remain well-positioned for long term growth. However, the near-term future remains bleak as an oversupply of office and industrial space exists in the market, and it will take some time for demand to catch up.

SALES INDICATORS

Economic activity, as measured by taxable sales, was on the minus-side throughout fiscal year 2009, probably reflecting lack of confidence and uncertainty in how consumers feel about the economy. Total taxable sales were down 9.2%, with retail sales alone declining by 8.0% compared to the previous year. Atypically, as was the case in the past three fiscal years, Miami-Dade County fared somewhat better than the State in relative taxable sales.

INTERNATIONAL TRADE AND COMMERCE

One of the best indicators of the Miami-Dade's economic performance during the fiscal year was in the area of international trade and commerce. International trade activity, which in previous years had been a major driving force for growth in the local economy, slowed down considerably in 2009, posting sizable declines in both exports and imports. While these trends in trade are not welcomed, Miami-Dade has outperformed most of the country, where the declines in import-export marks have been steeper. This latter fact demonstrates the area's strategic position to produce higher volumes of trade-

related services relative to most trading hubs and the ability to remain competitive, even amid the country's economic recession. Traditionally, most U.S. goods are exported from the Miami Customs District to South America, Central America, and the Caribbean. With the economies of the countries in these regions suffering from the throes of the global recession in 2009, there were reductions in purchases and less demand for shipping supplies of essential goods, such as industrial machinery, and high-tech products and parts. This contributed to a decrease of exports.

Two of Miami-Dade County's barometers of trade activity are the freight tonnage moving through MIA and the Seaport. Overall air freight tonnage was down by 18.5%, following the same trend as in the previous year. At the Seaport, cargo tonnage figures were down by 8.8%, moving in the same direction as in the prior year. There are expectations that economic conditions in this area's major trading partners, particularly in the South America region, will improve and that the dollar will further weaken. As a result, most trade experts are in close agreement regarding international commerce in Miami-Dade, and predict higher volume levels in freight and cargo tonnage moving through its ports in the coming year.

TOURISM



Following several years of record visitations, the tourism sector showed total visitors down by 1.6% in 2009. In total, 11.9 million people visited Miami-Dade County during the year. Miami-Dade County has a visitor market mix of 52.3% domestic and 47.7% international. Despite these declines, visitor satisfaction with their stay continued at high levels as travelers are noting the increase in improved attractions,

upgraded and expanded hotels, and great beaches.

In 2009, visitors spent \$16.6 billion, about half a billion less than the \$17.1 billion of total expenditures in 2008. This decline is more likely due to lower lodging rates among travelers. As in the past, the major portion of total expenditures can be attributed to international visitor spending.

Along with the lower number of visitors, hotel booking activity recorded some significant declines in fiscal year 2009. Hotel occupancy rate had dropped from 72.5% to 65.7% on a year-round basis, moving in the same direction as the 1% decline in the previous year. Given the current economic situation and with many additional rooms entering the market, the industry could face a fairly lengthy period of stable or even lower occupancy levels.

FUTURE OUTLOOK

After a year of a significant deceleration in economic growth, fiscal year 2010 is on track as another year of constrained expectations for Miami-Dade County with prospects similar, but somewhat better, than the previous year. As the U.S. economy continues to struggle to emerge from the recession, a generally ambivalent macro-based view can be drawn about the performance of Miami-Dade's economy from the leading indicators measured by job losses, high unemployment, and weak consumer spending. Most of the unfavorable conditions center on the area's job and real estate markets. These are the markets that will, by and large, define the local economy in the coming year.

While no significant decline appears likely, there is still a bit of optimism due in part to the return of discretionary travelers and improvements in corporate bookings in 2010. Another reason for optimism is the hosting of major events like the Super Bowl and the Miami International Boat Show.

For the tourism, merchandise trade, transportation, and real estate segments of our economy, forecasts call for a mixture of gainers and losers. In terms of job growth in the various sectors, there may be small gains in the education and health services sector and perhaps the wholesale trade sector in the coming year. At the same time, the real estate sector is a big question mark hanging over the economy, as housing remains one of the weakest links for economic recovery. The residential component is still undergoing a price correction with the problem of a large inventory, especially that of condos, and high foreclosure rates. This may result in negative contributions to economic growth and cut short the economic recovery.

In general, the Miami-Dade economy is not strongly influenced by national conditions. Yet, volatile market trends at the national level coupled with unexpected situations at the international level, could influence the growth of the area's key economic sectors.

In summary, fiscal year 2010 is foreseen as a year of hope amid signs of recovery for the Miami-Dade County economy and its most vital industries, including trade, transportation, tourism, and real estate. While an improvement is taking place in some of the economic indicators, many others, including job restoration, will still lag behind. Given their uncertainty about the future, employers are likely to remain cautious about hiring, and that may be a key determinant on the pace of recovery.

Construction Management



The County's Adopted Capital Budget and Multi-Year Capital Plan, covering the period October 1, 2009 through September 30, 2015 and future years, includes 787 capital projects with programmed expenditures across all Strategic Areas that total \$21.35 billion. Of this total, 4.6% represents the Public Safety Strategic Area including animal services, corrections, fire rescue, court facilities, and police; 47.6% comprises the Transportation Strategic Area with aviation improvements comprising 63.5%, public transit improvements comprising 22.5%, roadway improvements comprising 8.3% and seaport improvements comprising 5.7%. Capital projects in the Recreation and Culture Strategic Area comprise 7.4% of the total, and Neighborhood and Unincorporated Municipal Services comprises 33.7%, with 88.6% of that figure relating to water and wastewater improvements. The remaining 6.7% of the Multi-Year Capital Improvement Plan includes the Strategic Areas of Health and Human Services, Economic Development and Enabling Strategies (internal service functions).

Major capital projects programmed to commence or continue in FY 2009-10 include:

- Construction of a new Children's Courthouse downtown and renovation of an existing facility to provide mental health services for individuals in the criminal justice system
- Continued construction of the Earlington Heights – Miami Intermodal Center segment of the Orange Line connecting to the existing Metrorail, funded through the People's Transportation Plan
- Completion of a new fire rescue training facility in Doral and construction of a new ocean rescue facility at Haulover Park
- Ongoing construction of a new library, police station, and regional Head Start center complex in the north central portion of the County
- Construction close out of the new South Terminal and ongoing new construction of the North Terminal at Miami International Airport
- Ongoing restoration of the exterior façade of the historic Dade County Courthouse

The Building Better Communities General Obligation Bond Program, approved by the electorate in 2004, continues with at least two bond series during 2010, one up to \$51 million for a ballpark stadium project at the old Orange Bowl site, and one up to \$280 million for new and ongoing project funding, based on the approved debt service millage of 0.285.

The Capital Improvement Plan includes continuing the Quality Neighborhoods Improvement Bond Program (QNIP), with QNIP IV continuing from the prior year made up of \$8 million of prior years' earned interest and a programmed \$22 million new issuance. QNIP addresses infrastructure needs including sidewalks, local road paving and drainage, and local park improvements. Bond proceeds and interest are distributed by commission district based on unincorporated population and unincorporated square miles in each commission district.

Fuel tax collections include a programmed \$15.1 million of Constitutional and \$19.1 million of Capital Improvements Local Option Fuel Tax to be allocated for transportation projects benefitting both unincorporated and countywide projects in public works and transit.

Funding sources for programmed capital improvement expenditures in the Adopted Capital Budget and Multi-Year Capital Plan are allocated as follows:

(\$ in 000's) Sources of Funds	Adopted FY 2010		Multi-Year Capital Plan	
	Amount	Percent	Amount	Percent
Debt Proceeds	\$ 1,771,497	57.74%	\$ 16,910,154	79.20%
County Proprietary Operations	143,934	4.69%	1,013,803	4.75%
Federal	229,290	7.47%	1,450,570	6.79%
State	150,229	4.90%	724,195	3.39%
Impact Fees and Contributions	35,105	1.14%	390,082	1.83%
Fuel Taxes	34,150	1.11%	271,642	1.27%
Other	115,200	3.76%	590,161	2.76%
Carryover (All Sources)	588,493	19.18%		0.00%
Total	<u>\$ 3,067,898</u>	100.00%	<u>\$ 21,350,607</u>	100.00%

(\$ in 000's) Uses of Funds	Adopted FY 2010		Multi-Year Capital Plan	
	Amount	Percent	Amount	Percent
Public Safety	165,895	5.41%	\$ 979,269	4.59%
Transportation	1,412,635	46.05%	10,157,160	47.57%
Recreation and Culture	387,113	12.62%	1,573,999	7.37%
Neighborhood and UMSA	591,887	19.29%	7,194,020	33.69%
Health and Human Services	266,794	8.70%	726,522	3.40%
Economic Development	56,970	1.86%	287,661	1.35%
Enabling Strategies	186,604	6.08%	431,976	2.02%
Total	<u>\$ 3,067,898</u>	100.00%	<u>\$ 21,350,607</u>	100.00%

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a certificate of Achievement for Excellence in Financial Reporting to Miami-Dade County for its comprehensive annual financial report for the fiscal year ended September 30, 2008. This is the 28th occasion the County has received this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

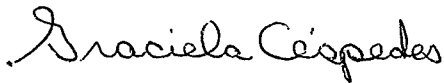
The preparation and completion of this CAFR represents the culmination of numerous processes performed by many of the accountants throughout the County departments, and of the continued excellent cooperation and assistance of all of the accounting firms associated with the audit of the County's operations. We would like to thank the Research Section of the Department of Planning and Zoning for providing the information regarding our economy. In particular, we wish to express our appreciation to the staff of the Finance Department who were responsible for compiling and collating the data comprising this report, and for developing our underlying financial accounting theory.

Finally, your guidance and cooperation in planning and conducting the financial affairs of the County in a responsible and progressive manner is greatly appreciated.

Respectfully submitted,



CARTER HAMMER
Finance Director



GRACIELA CESPEDES
Deputy Finance Director