

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, 2008. Comparative information is provided in this year's report. This narrative should be read in conjunction with the letter of transmittal at the front of this report and the financial statements and accompanying notes, which follow this section. Additional information is provided in this narrative and the accompanying notes to the financial statements.

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

On October 26, 2007, the United States Department of Housing and Urban Development (US HUD) took possession of the MDHA. On January 8, 2009, US HUD returned control of the MDHA 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 MDHA will accomplish specific tasks and objectives with US HUD providing oversight. Refer to Note 2 for additional details related to the US HUD takeover.

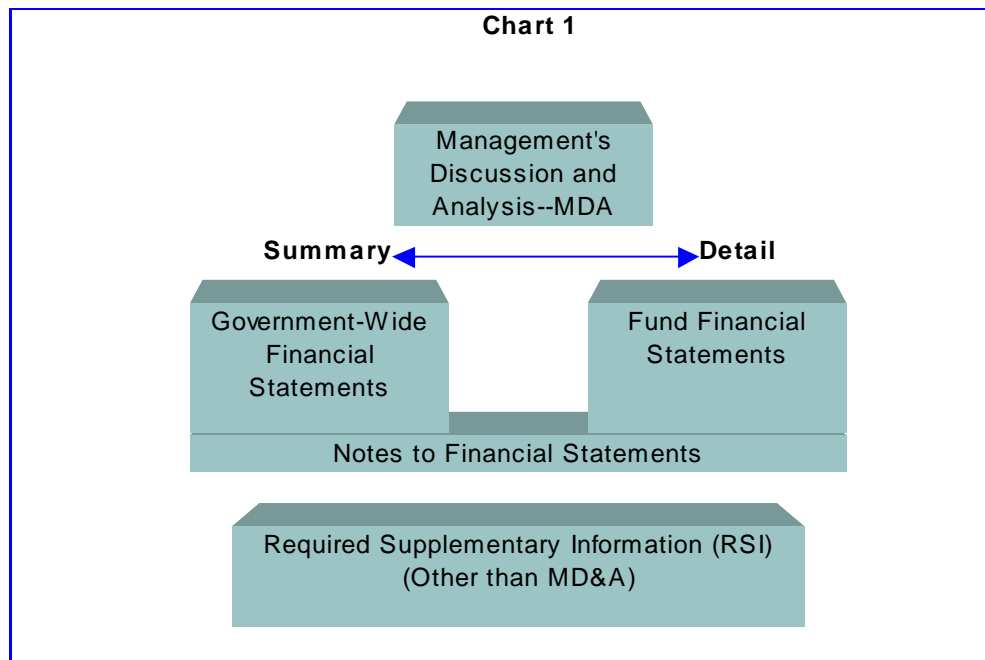
Financial Highlights for Fiscal Year 2008

- ❑ At September 30, 2008, the County's assets exceeded its liabilities by \$7.7 billion (net assets). Of this amount, \$5.3 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 of \$277 million at September 30, 2008.
- ❑ During the fiscal year 2008, net assets decreased by \$190 million. Of this decrease, \$39 million was in business-type activities and the remaining decrease of \$151 million was in governmental activities.
- ❑ Total long-term liabilities had a net increase of \$712 million during the fiscal year. This was due to the issuance of \$1.678 billion of Revenue Bonds; \$99.6 million of General Obligation Bonds; \$50.4 million of Special Obligation Bonds; \$52 million of loans; offset by a net reduction of principal and other liabilities of \$1.593 billion.
- ❑ At September 30, 2008, the County's governmental funds had fund balances totaling \$1.892 billion. Of the total fund balance, approximately \$1.043 billion or 55% was unreserved. The net change in governmental fund balances during the year was a decrease of \$132 million.
- ❑ At September 30, 2008, the General Fund had a fund balance of \$365.2 million, representing a decrease of approximately 10% from the previous year. Of the total fund balance, \$124.7 million was unreserved.

MIAMI-DADE COUNTY, FLORIDA

Overview of the Financial Statements

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



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

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

MIAMI-DADE COUNTY, FLORIDA

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.

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 sheets and statements of revenues, expenditures and changes in fund balance to the government-wide statements.

MIAMI-DADE COUNTY, FLORIDA

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.

- **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. Combining and individual fund statements and budget comparisons for nonmajor funds are located in the pages following the notes to the financial statements. This decrease was mainly due to a decrease of \$36 million in sheriff and police services revenue as a result of the termination of contracts for police services to certain municipalities.

MIAMI-DADE COUNTY, FLORIDA

Financial Analysis of the County as a Whole

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

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

	Governmental activities		Business-type activities		Total primary government		Total percentage change
	2007 (Restated)	2008	2007 (Restated)	2008	2007 (Restated)	2008	2007-2008
Current and other assets	\$ 3,843	\$ 2,934	\$ 3,311	\$ 3,358	\$ 7,154	\$ 6,292	-12.0%
Capital assets	3,569	3,682	10,462	11,064	14,031	14,746	5.1%
Total assets	7,412	6,616	13,773	14,422	21,185	21,038	-0.7%
Long-term debt obligations	3,134	3,285	7,905	8,466	11,039	11,751	6.4%
Other liabilities	1,555	759	734	861	2,289	1,620	-29.2%
Total liabilities	4,689	4,044	8,639	9,327	13,328	13,371	0.3%
Net assets:							
Invested in capital assets, net of related debt	1,775	1,687	3,105	3,591	4,880	5,278	8.2%
Restricted	1,181	1,160	1,214	952	2,395	2,112	-11.8%
Unrestricted	(233)	(275)	815	552	582	277	-52.4%
Total net assets	\$ 2,723	\$ 2,572	\$ 5,134	\$ 5,095	\$ 7,857	\$ 7,667	-2.4%

Net assets may be used to assess the financial position of the County. The County's combined net assets as of September 30, 2008 were \$7.667 billion. Approximately 69%, or \$5.278 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, \$2.112 billion are restricted net assets and are subject to external restrictions on how they may be spent.

At September 30, 2008, the County had unrestricted net assets of \$277 million. The governmental activities unrestricted deficit of \$275 million is primarily due to the liability for County employees' compensated absences of \$384 million and the Self-Insurance Fund's deficit of \$23 million.

The decrease in net assets of business-type activities of \$39 million is attributed to decreases in net assets of the Transit fund, Solid Waste and Water and Sewer, and offset by increases in net assets of the Seaport, Aviation, and the Public Health Trust. More detailed information on these changes may be found in the Financial Analysis of the County's Funds section of the MD&A.

Net assets reflect prior period adjustments that restate previous year balances of governmental activities by \$27.715 million, related to the Housing programs, and previous year balances of business-type activities by \$4.267 million, related to the Mixed Income Properties (Non Major Enterprise Fund). See Note 11 for details of adjustments.

MIAMI-DADE COUNTY, FLORIDA

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

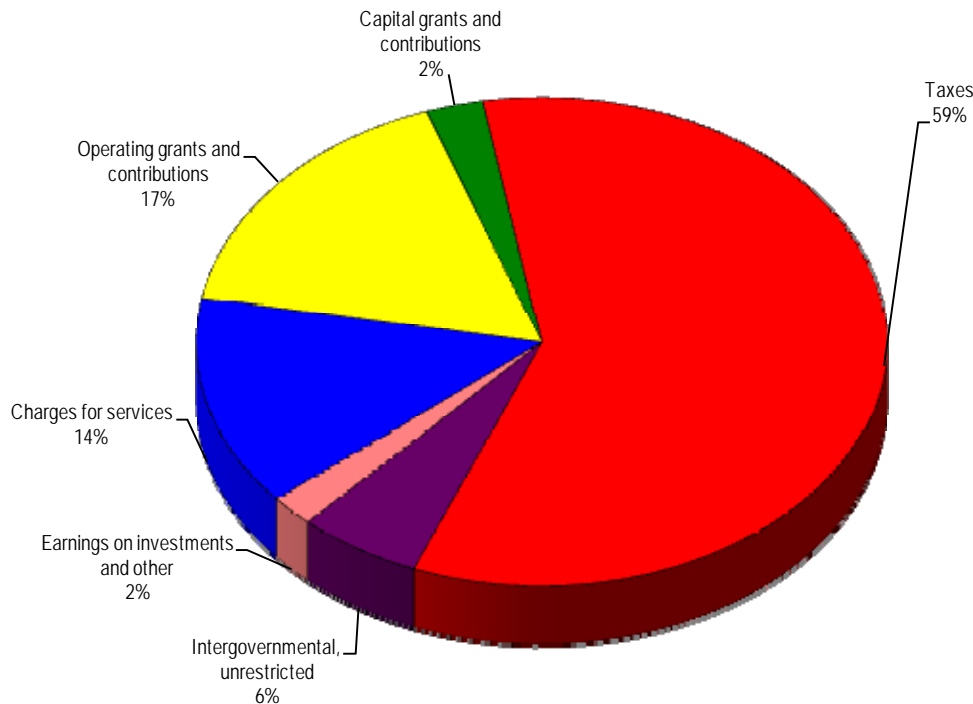
	Governmental activities		Business-type activities		Total primary government		Total %change
	2007	2008	2007	2008	2007	2008	2007-2008
Revenues:							
Program revenues:							
Charges for services	\$ 612	\$ 571	\$ 2,749	\$ 2,920	\$ 3,361	\$ 3,491	3.9%
Operating grants and contributions	709	680	164	98	873	778	-10.9%
Capital grants and contributions	108	109	200	278	308	387	25.6%
General revenues:							
Property taxes	1,759	1,700			1,759	1,700	-3.4%
County hospital 1/2% sales surtax	191	187			191	187	-2.1%
Transportation 1/2% sales surtax	191	187			191	187	-2.1%
Utility taxes	70	73			70	73	4.3%
Local option gas taxes	61	62			61	62	1.6%
Communication tax	53	51			53	51	-3.8%
Other taxes	136	131			136	131	-3.7%
Intergovernmental revenues, unrestricted	235	236			235	236	0.4%
Franchise fees	52	49			52	49	-5.8%
Earnings on investments	48	33	113	71	161	104	-35.4%
Miscellaneous	40	3	5	16	45	19	-57.8%
Total revenues	4,265	4,072	3,231	3,383	7,496	7,455	-0.5%
Expenses:							
Policy formulation and general government	561	540			561	540	-3.7%
Protection of people and property	1,363	1,402			1,363	1,402	2.9%
Physical environment	127	160			127	160	26.0%
Transportation	229	210			229	210	-8.3%
Health	60	72			60	72	20.0%
Human services	335	326			335	326	-2.7%
Socio-economic environment	365	378			365	378	3.6%
Culture and recreation	324	343			324	343	5.9%
Interest on long-term debt	114	116			114	116	1.8%
Mass transit			568	595	568	595	4.8%
Solid waste collection			71	108	71	108	52.1%
Solid waste disposal			169	183	169	183	8.3%
Seaport			120	101	120	101	-15.8%
Aviation			604	675	604	675	11.8%
Water			203	228	203	228	12.3%
Sewer			313	317	313	317	1.3%
Public health			1,698	1,869	1,698	1,869	10.1%
Other			22	22	22	22	0.0%
Total expenses	3,478	3,547	3,768	4,098	7,246	7,645	5.5%
Increase (decrease) in net assets before transfers	787	525	(537)	(715)	250	(190)	-176.0%
Transfers	(644)	(676)	644	676			
Increase (decrease) in net assets	143	(151)	107	(39)	250	(190)	-176.0%
Beginning net assets (Restated-Note 11) *	2,580	2,723	5,027	5,134	7,607	7,857	3.3%
Ending net assets	\$ 2,723	\$ 2,572	\$ 5,134	\$ 5,095	\$ 7,857	\$ 7,667	-2.4%

*Beginning 2007 net assets were adjusted since the prior period adjustments were not identifiable to any specific activity in FY 2007.

MIAMI-DADE COUNTY, FLORIDA

Governmental activities. Net assets of governmental activities decreased by \$151 million in fiscal year 2008. Total revenues for the governmental activities were \$4.072 billion. The largest source of revenue is taxes (59%), followed by operating grants and contributions (17%) and charges for services (14%). The County experienced a decrease in property tax revenues of \$59 million or 3% in fiscal year 2008, as compared to fiscal year 2007. This decline is primarily due to a proprietary legislation implemented by the State. The County's millage rate of 7.1705 was lower than the 8.7100 rate adopted the previous year, and is below the 10 mill rate limit established by the State.

Revenues by Source--Governmental Activities



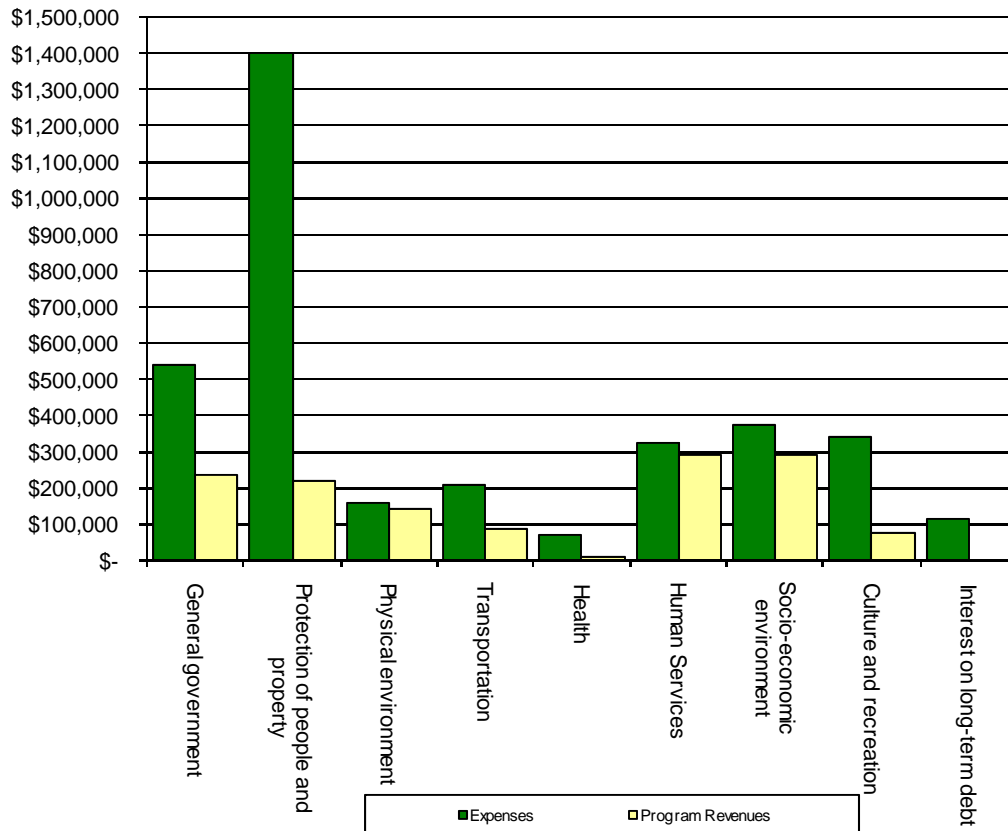
In addition, charges for services revenue decreased by \$41 million or 7% over fiscal year 2007. This decrease was mainly due to a decrease of \$20 million in sheriff and police services revenue in protection of people and property, as a result of the termination of contracts for police services to certain municipalities. Another \$14 million was due to a decrease of recording fees under policy and formulation due to the continued decline in home sales.

Operating grants and contributions decreased by \$29 million, mainly due to completion of some major grant-funded projects.

MIAMI-DADE COUNTY, FLORIDA

Total expenses for governmental activities were \$3.547 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 \$676 million, including: \$263 million to the Transit Agency, of which approximately \$122.1 million was from the half-penny sales tax for transit related costs; \$232.4 million of the half-penny Indigent Care sales tax to the Public Health Trust; and \$178 million from the General Fund to the Public Health Trust.

Expenses and Program Revenues - Governmental Activities
(in thousands)

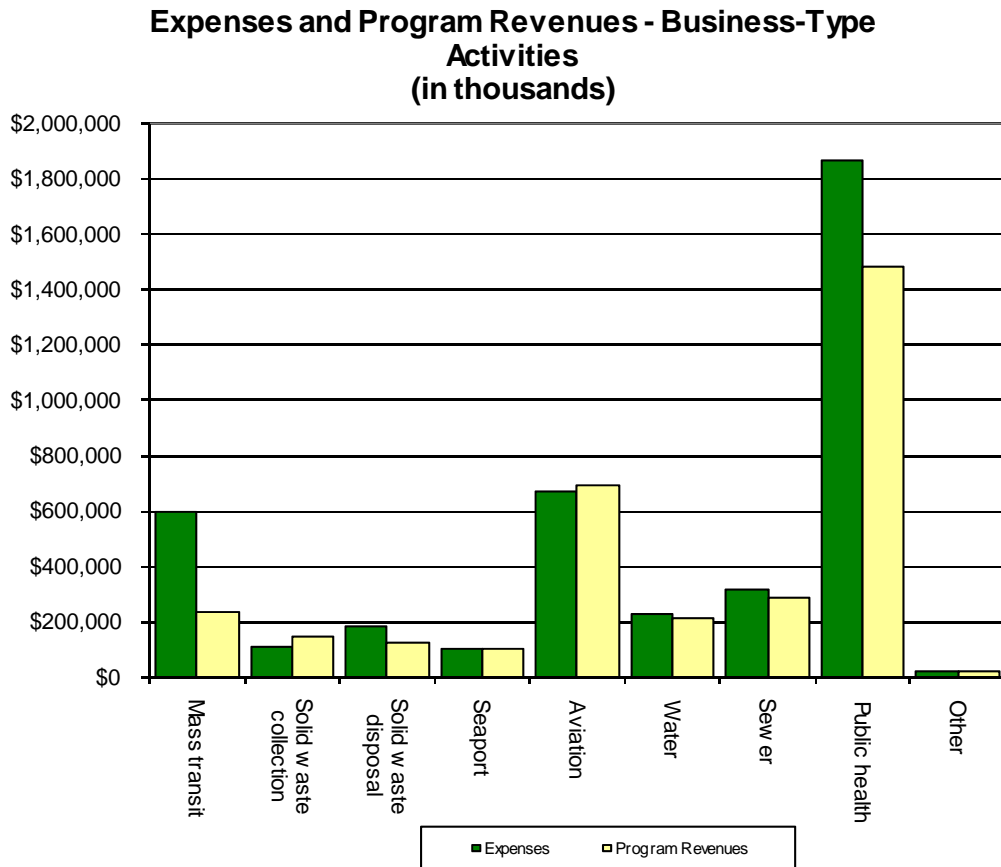


MIAMI-DADE COUNTY, FLORIDA

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

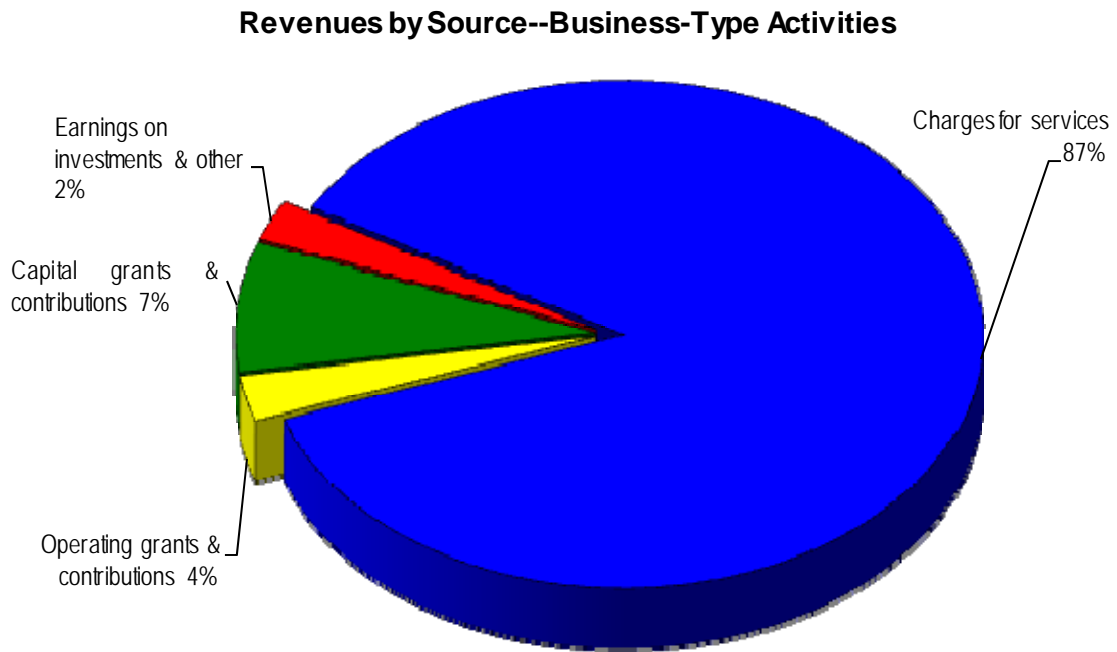
- Miami-Dade Transit Agency
- Solid Waste Collection and Disposal Department
- Seaport Department
- Miami-Dade Aviation Department
- Miami-Dade Water and Sewer Department, and
- Public Health Trust

Net assets of business-type activities decreased by \$39 million. The bar graph below summarizes the expenses and program revenues of the business-type activities.



MIAMI-DADE COUNTY, FLORIDA

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



MIAMI-DADE COUNTY, FLORIDA

Financial Analysis of the County's Funds

Governmental Funds. The General Fund is the County's chief operating fund and is used to account for most of its governmental activities. The General Fund's fund balance at September 30, 2008, was \$365.2 million. Of this amount \$124.7 million, or approximately 34.1%, is unreserved. The remainder of fund balance has been reserved to pay for additional endangered land (\$66 million), to pay for the enhancement of the stormwater drainage system (\$59 million), to liquidate contracts and purchase orders outstanding at the end of fiscal year (\$23 million) for inventories (\$20 million) and for long-term advances receivables (\$72 million). The unreserved fund balance represents approximately 7.6% of the total General Fund's expenditures. The General Fund's fund balance decreased by \$39.7 million from the previous year.

Miami-Dade Housing Agency

The financial reporting entity for Miami-Dade County includes, among other programs, the combined operations of the Miami-Dade Housing Agency (MDHA), a department of Miami-Dade County. The MDHA activities are summarized in the County's CAFR in the Other Housing Programs Special Revenue Fund and are included in the County's governmental activities

US HUD Takeover of MDHA

On October 26, 2007, the United States Department of Housing and Urban Development (US HUD) took possession of the Miami-Dade Housing Agency (MDHA). On January 8, 2009, US HUD returned control of the MDHA 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 MDHA will accomplish specific tasks and objectives with US HUD providing oversight. Refer to Note 2 for additional details related to the US HUD takeover.

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 \$97.5 million in operating revenues in fiscal year 2008, and reported a decrease in net assets of \$89.7 million. Net assets for MDT totaled \$826 million at September 30, 2008, including \$997.9 million invested in capital assets, and a \$171.8 million deficit in unrestricted net assets.

As of September 30, 2008, the Transit Agency had a cash deficit balance of approximately \$128.4 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 \$74.6 million. The remaining portion is reflected as Long-Term Advances Due to Other Funds in the amount of \$53.8 million.

In 2005 MDT borrowed \$23.9 million (\$6.8 million for operating expenses, \$17.1 million for project funds) from the General Fund to cover the fiscal year 2001-02 existing shortfall. As of September 30, 2008, the outstanding balance of \$18.2 million is recorded as a Long-term Advance Due to the General Fund. The General Fund

MIAMI-DADE COUNTY, FLORIDA

recorded a reservation of fund balance of \$72 million for the Long-term Advances Receivable.

MDT has borrowed \$109.3 million from the Citizen's Independent Transportation Trust (CITT), of which \$7 million has been repaid, leaving a balance due to CITT of \$102.3 million. The long-term portion of \$97.4 million is reported under Long-term Advances Due to Other Funds and the current portion of \$4.9 million is recorded as Due to Other Funds.

Solid Waste Department ("SWD") The SWD had a decrease in net assets of \$8.8 million, reflecting expenses in excess of revenues for the fiscal year ended September 30, 2008. Operating revenues decreased 2% from \$274.4 million in fiscal year 2007 to \$270.3 million in fiscal year 2008. This decrease primarily resulted from a decrease in Disposal Services Revenue as a result of lower equivalent revenue tons partially offset by higher disposal fees.

Seaport Department The Seaport Department's operating revenues for the 2008 fiscal year were \$94.7 million, an increase of approximately 11.8% from the prior year. The increase in cruise wharfage and cruise dockage can be attributed to the increase of approximately 9.2% in cruise passengers and 10.7% in passenger ships over the prior year and increases in the corresponding tariff rates. The Seaport's net assets increased by \$1.8 million from the prior year.

Aviation Department The Aviation Department had operating revenues of \$561.9 million in fiscal year 2008, an increase of \$7 million or 1.3% from the prior year. This increase is due primarily to additional activities in the commercial operations, particularly aviation fees through concourse user fees and baggage claim charges. Net assets of the Airport increased \$33.6 million or 2.9%. This was primarily due to increases in capital contributions and passenger facility charges.

Water and Sewer Department ("WASD") Total net assets as of September 30, 2008 were \$2.1 billion. The Department's net assets decreased by \$13.9 million from the prior year. The decrease was primarily due to a decrease in interest income. Operating and maintenance expenses increased by \$11.3 million, or by 3.6%, in 2008. The increase is due to increased level of employee compensation with related fringe benefits, and increased security services.

Public Health Trust ("PHT") During fiscal year 2008, PHT's net assets increased by \$25.7 million. Operating revenues were \$1.435 billion, an increase of \$153 million from the prior year. Net patient services revenue increased by 11.1% or \$118.2 million due mainly to the effects of a 7.39% rate increase. In addition, \$31.4 million, or 16.9%, mainly reflects the additional JMH Health Plan revenue as a result of increased membership in the Plan. Grants increased \$3.7 million or 13.3% due primarily to a \$3.2 million grant from FEMA to cover the cost of hurricane shutters for numerous buildings. Operating expenses, including depreciation, were \$1.862 billion, an increase of \$155.0 million from prior year. The increase in expenses is mainly attributed to an increase in personnel and related costs, contractual and purchased services, and supplies expense.

MIAMI-DADE COUNTY, FLORIDA

General Fund Budgetary Highlights

During fiscal year 2008, 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 2007 and distribute allocated funds among various County agencies from appropriate reserves and from appropriate sources. One of the major amendments was a supplemental appropriation to the General Services Department of \$17.337 million to cover additional costs for fuel, construction and building lease pass-through changes.

General Fund Budgeted Revenues Compared to Actual Revenues

During the year budgetary revenue estimates exceeded actual revenues by \$29.5 million. The most significant changes occurred in the following:

- ❑ **Licenses and Permits** were \$13.5 million under budget due to the continued decline in the housing industry, resulting in lower than anticipated permitting activity.
- ❑ **Charges for Services** were \$29.1 million under budget. This decrease was mainly due to a decrease of \$36 million in sheriff and police services revenue as a result of the termination of contracts for police services to certain municipalities. These decreases were offset by an increase of \$10.3 million from tax collector fees of which \$6.5 million was due to increased tax sales commission fees.
- ❑ **Investment Income** was \$5.4 million under the budgeted amount as a result of lower than expected interest returns.

General Fund Budgeted Expenditures Compared to Actual Expenditures

The General Fund's expenditures were \$1.645 billion, \$220.3 million less than budgeted. This variance is primarily attributed to cost containment measures put in place to deal with lower charges for services revenue, and capital expenditures that did not occur during the year and were reestablished in the following year's budget.

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

- ❑ **Policy Formulation and General Government** had lower than anticipated expenditures of \$146 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 \$53.5 million under budget. The Building Department, Building Code Compliance and Planning and Zoning Departments account for \$19 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, reporting a 24% reduction in building permits in fiscal year 2008 as compared to 2007 and 54% as compared to 2006. The remaining variance is due to the reduced police services as a result of certain municipalities ceasing contracts for local police services with Miami-Dade County.

MIAMI-DADE COUNTY, FLORIDA

Capital Asset and Debt Administration

Capital Assets. At September 30, 2008, the County's total investment in capital assets, net of accumulated depreciation, was \$14.8 billion. This represents an increase of approximately 5.1% over the previous year. The following table summarizes the components of the County's investments in capital assets.

Miami-Dade County Capital Assets as of September 30, 2008 and 2007 (net of depreciation, in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2007		2007		2007	
	(Restated)	2008	(Restated)	2008	(Restated)	2008
Land	\$ 623,107	\$ 633,979	\$ 627,220	\$ 650,014	\$ 1,250,327	\$ 1,283,993
Construction in progress	269,469	336,094	1,852,255	2,493,006	2,121,724	2,829,100
Building and building improvements	1,527,657	1,503,668	3,975,476	3,826,216	5,503,133	5,329,884
Infrastructure	971,227	1,004,428	3,151,015	3,199,984	4,122,242	4,204,412
Machinery and equipment	177,969	203,590	856,413	894,448	1,034,382	1,098,038
Totals	<u>\$ 3,569,429</u>	<u>\$ 3,681,759</u>	<u>\$ 10,462,379</u>	<u>\$ 11,063,668</u>	<u>\$ 14,031,808</u>	<u>\$ 14,745,427</u>

Capital assets of governmental activities and business-type activities reflect a restatement of beginning balances of \$(22.526) million and \$4.267 million. Refer to Note 11 for details.

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

- ❑ \$17.8 million expended in the construction of Metrozoo-Amazon PH IV Australia
- ❑ \$11.7 million for the construction of the South Dade Performance Center
- ❑ \$17.0 million expended in the improvement, widening and renovation of roads
- ❑ \$5.2 million for the acquisition of land and building for the Department of Human Services
- ❑ \$9.8 million invested to refurbish the bascule bridge of the Miami River
- ❑ \$9.0 million expended for the construction of four new library branches located at Carfour/Villa Aurora, International Mall, Kendall Lakes, and Naranja Lakes
- ❑ \$3.7 million expended in the improvement and installation of the Traffic Management System
- ❑ \$6.9 million in the acquisition of 31 fire rescue ambulances for the Fire Department
- ❑ \$9.5 million in the acquisition of new voting equipment for the Elections Department

MIAMI-DADE COUNTY, FLORIDA

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

Aviation Department:

- ❑ \$579.9 million increase in construction in progress due to the ongoing construction of the North Terminal.

Water and Sewer Department:

- ❑ \$37.6 million expended for various water projects, including treatment facilities
- ❑ \$92.3 million expended for various wastewater projects

Solid Waste Department

- ❑ \$2.3 million expended for facility improvements
- ❑ \$94.4 thousand expended for the completion of Truck Wash Facilities, South Dade Landfill Home-Chemical Collection Center, North Dade Landfill Guardhouse Ramp, at the Resources Recovery Facility-Fire Safety and Waste Water Plant.

Transit Agency

- ❑ During fiscal year 2008 MDT placed 35 new full-size buses into service, for a total fleet of approximately 1000 vehicles.

Public Health Trust

- ❑ The Trust continues to expand and improve its facilities. Approximately \$61.3 million was spent in fiscal year 2008 to expand and improve the Health facilities and internal software.

Seaport

- ❑ During fiscal year 2008 investment in capital assets increased \$3.7 million and is attributed to projects in the Seaport Master Plan and acquisitions of other capital assets necessary for the ongoing operations.

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

MIAMI-DADE COUNTY, FLORIDA

Long-Term Liabilities. At September 30, 2008, the County had \$11.8 billion in long-term liabilities, which are summarized in the schedule below. Additional information regarding long-term debt can be obtained in Note 8.

Miami-Dade County Outstanding Long-term Liabilities as of September 30, 2008 and 2007 (in thousands)

	Governmental activities		Business-type activities		Total Primary Government	
	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>
General obligation bonds	\$ 472,236	\$ 523,596	\$ 138,510	\$ 134,570	\$ 610,746	\$ 658,166
Special obligation bonds	1,761,161	1,766,873	41,460	35,415	1,802,621	1,802,288
Current year accretion of interest		26,344				26,344
Revenue bonds			6,146,050	6,860,647	6,146,050	6,860,647
Loans and notes payable	253,591	277,930	647,889	549,732	901,480	827,662
Other (i.e. unamortized premiums, discounts)	32,554	32,841	(44,700)	(3,875)	(12,146)	28,966
Commercial paper notes			70,295		70,295	
Sub-total Bonds, Notes and Loans	2,519,542	2,627,584	6,999,504	7,576,489	9,519,046	10,204,073
Compensated absences	360,774	384,155	201,181	222,936	561,955	607,091
Estimated insurance claims payable	208,012	206,747	40,332	34,776	248,344	241,523
Other postemployment benefits		10,168		5,485		15,653
Environmental remediation			107,839	95,366	107,839	95,366
Landfill closure/postclosure care costs			108,718	113,503	108,718	113,503
Lease agreements	11,149	10,858	393,887	354,466	405,036	365,324
Other	34,832	45,753	53,841	62,827	88,673	108,580
Totals	\$ 3,134,309	\$ 3,285,265	\$ 7,905,302	\$ 8,465,848	\$ 11,039,611	\$ 11,751,113

Bond Ratings

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

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

MIAMI-DADE COUNTY, FLORIDA

At September 30, 2008, the County had \$10.204 billion in bonds and loan agreements outstanding, other than commercial paper notes. This is a net increase (new debt issued less principal reductions) of \$755 million or 8.0% from the previous year. During the year, the County issued approximately \$1.880 billion of new debt, which is detailed in the chart below. Additional information on the County's debt can be obtained in Note 8.

BONDS AND LOANS ISSUED DURING THE YEAR (in thousands)

Date Issued	Description	Purpose	Interest Rate Range	Final Maturity Date	Original Amount Issued
BONDS:					
12/20/07	Miami-Dade County, Florida Aviation Revenue Refunding Bonds, Series 2007C (AMT)	To refund Series 1996A, 1996B, 1996C, and 1997B bonds.	5.00-5.25%	10/1/26	\$ 367,700,000
12/20/07	Miami-Dade County, Florida Aviation Revenue Refunding Bonds, Series 2007D (NON-AMT)	To refund Series 1996A, 1996B, 1996C, and 1997B bonds.	4.00-5.25%	10/1/26	\$ 43,650,000
4/30/08	Miami-Dade County, Florida General Obligation Bonds (Building Better Communities Program) Series 2008A	To finance partial contribution of the County's obligation to pay a portion of the cost of the Port Tunnel Project or to pay a portion of the cost of other bridges, public infrastructure and neighborhood improvements approved in the Infrastructure Authorizing Resolution	4.00-5.00%	7/1/38	\$ 99,600,000
6/24/08	Miami-Dade County, Florida Transit System Sales Surtax Revenue Bonds, Series 2008	To pay all or a portion of the cost of certain transportation and transit projects, refund the outstanding Sunshine State Loan and pay the cost of issuance	4.75-5.00%	7/1/38	274,565,000
6/26/08	Miami-Dade County, Florida Aviation Revenue Bonds, Series 2008A (AMT)	Finance certain airport improvements associated with the Airport's Capital Improvement Plan previously approved by the Board	5.25-5.50%	10/1/41	433,565,000
6/26/08	Miami-Dade County, Florida Aviation Revenue Bonds, Series 2008B (NON-AMT)	Finance certain airport improvements associated with the Airport's Capital Improvement Plan previously approved by the Board	4.00-5.00%	10/1/41	166,435,000
7/15/08	Miami-Dade County, Florida Water and Sewer System Revenue Bonds, Series 2008A	To pay the termination payment due in connection with the termination of the Interest Rate Swap Agreement associated with the Series 1994 Bonds	3.25-5.00%	10/1/22	68,300,000
7/15/08	Miami-Dade County, Florida Water and Sewer System Revenue Bonds, Series 2008B	To redeem all of the County's Water and Sewer System Revenue Bonds, Series 1994 and to pay issuance and surety costs	3.25-5.00%	10/1/22	374,555,000
LOANS:					
6/24/08	Sunshine State Governmental Financing Commission, Series L (Various Projects) - Loan #18	To pay or reimburse the County for the cost of acquiring certain capital equipment and/or constructing certain improvements for various County departments and to fund the required reserve funds	Variable	9/1/27	45,780,000
6/24/08	Sunshine State Governmental Financing Commission, Series L (Rickenbacker Causeway Projects)- Loan #18	To pay or reimburse the County for the cost of acquiring certain capital equipment and/or constructing certain improvements for various County departments and to fund the required reserve funds	Variable	9/1/27	6,220,000

Total long-term debt issued during the year

\$ 1,880,370,000

MIAMI-DADE COUNTY, FLORIDA

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

Economic Factors and Other Significant Matters

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

- The unemployment rate for Miami-Dade County increased to approximately 5.3% from 3.6%, an increase of approximately 47.2% from prior year. (Source: Florida Agency for Workplace Innovation, Office of Workforce Information Services, Labor Market Statistics, Miami-Dade County Department of Planning and Zoning, Research Section).
- The occupancy rate for commercial real estate office market was 90%, a decrease of approximately 2.3% from the previous year. (Source: Beacon Council, Miami-Dade County, Florida)
- The number of visitors to Miami-Dade County was approximately 12.1 million. This represents an increase of approximately 1.4%. (Source: Greater Miami Convention and Visitors Bureau).
- The average sales price for existing single family homes decreased to \$319,725, down by 16% from 2007 prices. Similarly, condominium prices decreased 4.6% from fiscal year 2007, with average prices being \$260,025. (Source: Miami-Dade Department of Planning and Zoning).
- In 2008 tax roll increases were approximately 4.7% and a minus 0.09% to adjust for the impact of the January 29, 2008 constitutional property tax reform amendment. For year 2010 and 2011, the property tax roll growth is assumed to remain flat and grow 3% thereafter.

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