



Miami-Dade Water and Sewer Department

A Department of Miami-Dade County, Florida
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2009
Prepared by: Controller Division and Public Affairs Section



Cover: South District Wastewater Treatment Plant.

From left to right:

WASD staff is installing a watermain along the Rickenbacker Intracoastal Waterway Bridge.

Construction of a clarifier tank for the High Level Disinfection project (HLD) that is expected to go into service in Fall 2010.

Contractors completing the installation of an 84-inch pipe that carries treated wastewater to the chlorine contact tanks.

The in-progress construction of the transfer pump station and electrical building for the HLD project.

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VISION STATEMENT

The continuous delivery of excellent, cost-effective water supply and wastewater services in compliance with all regulatory requirements.

MISSION STATEMENT

The Miami-Dade Water and Sewer Department is committed to serving the needs of Miami-Dade County residents, businesses, and visitors by providing high-quality drinking water and wastewater disposal services while providing for future economic growth via progressive planning; implementing water conservation measures; safeguarding public health and the environment; and providing for continuous process improvements and cost efficiencies.



Delivering Excellence Every Day

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MIAMI-DADE COUNTY

Carlos Alvarez
Mayor



BOARD OF COUNTY COMMISSIONERS

Dennis C. Moss
Chairman

José "Pepe" Díaz
Vice Chairman

Barbara J. Jordan
District 1

Katy Sorenson
District 8

Dorrin D. Rolle
District 2

Dennis C. Moss
District 9

Audrey M. Edmonson
District 3

Senator Javier D. Souto
District 10

Sally A. Heyman
District 4

Joe A. Martínez
District 11

Bruno A. Barreiro
District 5

José "Pepe" Díaz
District 12

Rebeca Sosa
District 6

Natacha Seijas
District 13

Carlos A. Giménez
District 7

Harvey Ruvin
Clerk of Courts

Pedro J. Garcia
Property Appraiser

George M. Burgess
County Manager

Robert A. Cuevas, Jr.
County Attorney

Miami-Dade County provides equal access and equal opportunity in employment and services and does not discriminate on the basis of disability.

It is the policy of Miami-Dade County to comply with all of the requirements of the Americans with Disabilities Act.



Carlos Alvarez, Mayor

Water and Sewer
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March 31, 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
Miami-Dade County, Florida

Ladies and Gentlemen:

The Comprehensive Annual Financial Report of the Miami-Dade Water and Sewer Department (the Department) for the fiscal year ended September 30, 2009 (FY 09) is submitted herewith. Management is responsible, in all material respects, both for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. The data is reported in a manner designed to present fairly the financial position and the results of operations of the Department. All disclosures necessary to enable the reader to gain an understanding of the Department's financial and operational activities are included. This report may also be accessed via the Internet at http://www.miamidade.gov/wasd/reports_financial.asp.

PROFILE OF GOVERNMENT

In December 1972, the Board of County Commissioners (the Board) of Miami-Dade County, Florida (the County) created the Miami-Dade Water and Sewer Authority (the Authority) for the purpose of establishing an agency responsible for providing water and wastewater services throughout the County. In 1973, all properties of the water and wastewater systems of the City of Miami and of the County were put under the control of the Authority. The Board changed the status of the Authority to that of a County department effective November 1, 1983, under the provisions of Miami-Dade County Ordinance 83-92, establishing the "Miami-Dade Water and Sewer Authority Department." On October 19, 1993, the Department changed its name to the Miami-Dade Water and Sewer Department. The Department's water system, considered the largest water utility in the Southeast United States, serves approximately 418,000 retail customers and 14 municipal wholesale customers within the County. Water is drawn primarily from the surficial Biscayne Aquifer, a non-artesian (or near surface) aquifer which underlies an area of about 3,200 square miles in Miami-Dade, Broward and Palm Beach counties. The water system consists of three regional water treatment plants and five small auxiliary treatment facilities that service the southernmost area of the County. There are fifteen wellfields comprised of 94 production wells and five aquifer storage and recovery wells, which supply untreated water to the treatment facilities. Distribution throughout the service area of more than 400 square miles is performed via seven remote finished water storage and pumping facilities through 7,559 miles of water mains ranging in size from 2 inches to 96 inches in diameter. The service area is subject to wide fluctuations in rainfall, not only in total annual amount, but also month-to-month. An extended dry period usually results in substantial water usage for residential irrigation and corresponding peak demands on the utility. In response, the Department encourages water conservation through water use restrictions, rates and other methods.

Delivering Excellence Every Day

**MIAMI-DADE
COUNTY**

The conservation program includes: leak detection and repair; recycling the water used to backwash filters and treatment plants; reduction of transmission main pressure during periods of critical water shortage; new ordinances establishing water use efficiency standards for new construction and permanent two days a week irrigation restrictions; brochures and public information mailed with bills giving advice on water conservation; rebate programs designed to improve the efficient use of water by retrofitting older fixtures; and using treated wastewater effluent for process water, cleanup and landscape irrigation.

The wastewater system serves approximately 336,000 retail customers and 12 wholesale customers, consisting of 11 municipal customers and the Homestead Air Force Base. It consists of three regional wastewater treatment plants, and 1,035 sewage pump stations and nearly 6,200 miles of collection and transmission pipelines.

The disposal of the by-products of the treatment process (sludge and effluent or treated wastewater) is an important part of the Department's plan to improve and expand its sewer system. Disposal of treated wastewater at the North District Plant and the Central District Plant is accomplished by discharge into the Atlantic Ocean. While environmental studies conducted by the Environmental Protection Agency (EPA) and examinations by the State and the Department conducted in 1994 have shown "no irreparable harm" and "no unreasonable degradation" to the environment as a result of the discharge of effluent from the North District Plant and the Central District Plant into the Atlantic Ocean, this position has since been revised by the State where, during 2008, legislation was passed mandating a phase out of all ocean

outfall flows in an effort to terminate this process. The South District Plant disposes of its effluent through deep injection wells to the lower Floridan Aquifer at a depth below 2,400 feet. During the past 10 years, the Department constructed five additional deep injection wells as part of its 112 million gallons per day (MGD) plant expansion project, but only one of these wells has received an operational permit.

The Department continues to plan and design reclaimed water facilities. Currently, the Department reuses 13 million gallons per day (MGD) of treated wastewater, which includes 120,000 gallons per day for irrigation of the Florida International University Bay Vista Campus. As part of the 20-Year Water Use Permit, the Department is committed to produce about 170 MGD of reclaimed water for aquifer recharge, irrigation, and coastal wetlands re-hydration. The Department is also addressing the feasibility of using up to 90 MGD of reclaimed water for power plant cooling water.

LOCAL ECONOMY

One year ago, in the report on fiscal year 2008, it was anticipated that fiscal year 2009 would be a year of low expectations for the Miami-Dade economy with prospects of poor and appreciably lower level performances than in the previous year. It was recognized that the slump-like economic conditions of the time might be affecting Miami-Dade, mainly due to the national recession that began in December 2007. There were different opinions of economists on the depth of the recession and the assumed pace and extent of the recovery. The latter half of the fiscal year showed signs of recovery although signals were somewhat mixed. Data from key measures on employment, such as job growth and unemployment, suggest that the economy did not rebound as expected. Job losses from the recession soared to record levels throughout the year negatively impacting consumer spending and greatly decelerating the economic recovery. At the same time, unemployment rates reached double digits and put additional braces on the recovery. Over the last fiscal year, the nation's growth in real gross domestic product (GDP) contracted at an estimated annual rate of minus 2.6 percent, in contrast to a final estimate of leveled growth in the previous year. The effects of the recession were felt throughout Miami-Dade's economy as most of the leading economic indicators closed with poor performances with the exception of home sales. Total payroll employment declined throughout the state and in Miami-Dade County, though relatively more in the former than the latter, while the unemployment rate climbed significantly higher. On the bright side, inflation was tame in 2009. Yet workers felt squeezed as their spending power sank in the face of falling wages and job losses.

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 year 2009, partly due to the slowdown in the U.S. economy. Consequently, activity levels were constrained by the ongoing national recession, displaying mostly negative results. 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. As will be discussed below, throughout the past year the decline in the activities tied to the area's key economic drivers was an important factor in the steep job losses.

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 percent. Tight credit and lack of financing for new ventures, as well as the fact that in an economic downturn, recession-era businesses have a tough time to survive, might explain the lower number of business establishments. At the same time, the median family income was reported at \$50,800, representing an increase of \$1,600 or 3.3 percent from prior year.

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. All things considered, full recovery to the levels of pre-recession is probably several years away. In conclusion, fiscal 2010 in Miami-Dade will most likely be a close replica of the previous year but the economy should begin to show more signs of recovery.

LONG-TERM FINANCIAL PLANNING

As part of the FY 10 adopted budget, a retail water and wastewater rate adjustment was approved utilizing a Maintenance Index of 6 percent based on a 20-year historical average of the United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index (CPI), All Urban Consumers, Water and Sewer Maintenance, U.S. City Average. This Maintenance Index will be evaluated annually and applied in the proposed retail rate adjustment for FY 2010-11 through FY 2012-13. The BCC approved an additional rate increase to retail water and wastewater customers of 6 percent effective on April 1, 2010. This increase recognizes the ongoing need for additional staffing for renewal, replacement and maintenance needs to meet the regulatory requirements of local, state, and federal agencies. These increases are required to cover the current operating and maintenance cost and the current level of capital expenditures. The County Budget Ordinance increased the per thousand gallons rate to water and wastewater wholesale customers and other miscellaneous fees and charges effective October 1, 2009. The Department's current five year capital improvement plan is projected to be \$6.4 billion. Of this amount, the Department expects to finance \$4.7 billion through future bond issues.

Major Initiatives

WATER SYSTEM

20-Year Water Use Permit (WUP)

Perhaps one of the biggest accomplishments ever in the Department's history came about during FY 08. On November 15, 2007, the Governing Board of the South Florida Water Management District (SFWMD) approved the Department's consolidated application for a 20-year Water Use Permit. The Permit allows the Department to draw an allocation of 347 million gallons per day (MGD) of drinking water from the Biscayne Aquifer, the County's primary source, through 2027.

Prior to this approval, permits from SFWMD had been issued for five years. The new Permit allows the Department to plan for water needs over a longer horizon.

The Permit does come with several conditions, chief among them is the requirement that the Department develop alternative water supply sources in addition to the Biscayne Aquifer to cover the County's future water demands above the 347 MGD allocation. To that end, the Department has already begun design of a number of alternative water supply sources.

Water-Use Efficiency Program

The Water Use Efficiency Program (Program) is in its third year of implementation as required by the Water Use Permit and approved by the Board of County Commissioners. The Program implements water conservation best management practices and measures through a quantifiable process that provides for accountability of the water saved through the program. The Program's goal of saving 1.5 MGD has been exceeded every year for the last three years. This effort has allowed the Department to capitalize on the additional measures implemented such as: permanent irrigation restrictions, aggressive public

information campaigns and additional requirements for efficient fixtures. The combination of these initiatives has provided for an unprecedented consumption reduction in excess of 30 MGD below proposed demands through FY 2009. The Department's conservation efforts will allow some deferral of expensive infrastructure water supply projects, making conservation the least expensive form of alternative water supply. The Program covers a period of 20 years.

The Department's Water-Use Efficiency Plan was the first in the state developed using the Florida Department of Environmental Protection's (FDEP) Conserve Florida "GUIDE," a web-based application that facilitates the development of goal-based water conservation planning. The Plan's objectives include improving water-use efficiency, reducing the loss and waste of water, and complying with the State's legislative criteria and water conservation initiatives. The following best management practices are currently being implemented:

- ◆ Landscape irrigation
- ◆ Evaluations and rebates
- ◆ High Efficiency Toilet (HET) Rebate Program
- ◆ Full retrofit project for senior citizens
- ◆ Enhancement of the public education and outreach campaign
- ◆ Audits and retrofits of County facilities
- ◆ Showerhead exchange project
- ◆ Rebate program for purchase of high-efficiency clothes washers
- ◆ A "Green Lodging and Restaurant" program

The Department has completed an Automated Meter Reading (AMR) pilot test project. AMR involves the use of electronic devices that read

water and other meters several times a day automatically, thereby providing early warning of possible water leaks. The Department's AMR pilot system, which was installed in 1,000 homes shortly after the end of FY 08—includes transmitters to convey data from individual meters to a central database housed by WASD.

The data collected during the pilot test is currently being analyzed to determine the functionality and benefits of such a system to the Department.

Water Reclamation

Reclaimed water is highly treated, filtered and disinfected wastewater that is reused for a variety of purposes. Reclaimed water can replace or supplement groundwater supplies.

Currently, the Department has been able to replace potable water used for process water at its wastewater treatment plants with reclaimed water. Valuable drinking water is thus conserved by using reclaimed water in several wastewater treatment plant processes, as well as the landscape irrigation system at two of the Department's wastewater treatment plants and at Florida International University's Biscayne Bay Campus.

Moving forward, the Department has made an unprecedented commitment to reclaim approximately 170 million MGD of wastewater over the next 20 years, through a number of projects. These projects include:

- Construction of the South District Water Reclamation Plant which will recharge the Biscayne Aquifer and the regional water system in the vicinity of the Miami MetroZoo. This facility is currently under design.
- Providing public access quality reclaimed water for irrigation projects;
- Testing the feasibility of providing highly reclaimed water for the rehydration

of Biscayne Bay Coastal Wetlands;

- Recharging the Biscayne Aquifer and the regional water system through a new West District Water Reclamation Plant in western Miami-Dade.

The Department is also nearing an agreement to provide reclaimed water for cooling at Florida Power and Light's Turkey Point power plant in south Miami-Dade.

Floridan Aquifer

The Department, in cooperation with the City of Hialeah, is working on the design and construction of a new 10 MGD reverse-osmosis (RO) Water Treatment Plant in Hialeah. The plant will be supplied solely with water from the Floridan Aquifer, a source that is deeper than the Biscayne Aquifer and is brackish. The RO plant is expected to produce 10 MGD of drinking water by 2012.

Aquifer Storage and Recovery (ASR)

Although not now specified as an allocation in the WUP, the WUP does allow for use of ASR. The Department has used ASR successfully in the past. ASR involves pumping water from the Biscayne Aquifer, when rainfall and groundwater are plentiful, into the deeper Upper Floridan Aquifer for the purpose of storing the water for later use. Although, as noted in the previous sub-section, Floridan Aquifer water is brackish, the fresher Biscayne Aquifer water forms a freshwater "bubble" underground as it is pumped into the Floridan Aquifer for replenishment, augmentation or storing water for later recovery. The Department was able to recover one billion gallons of freshwater during the drought of 2000-2001. To ensure compliance with regulatory requirements of the ASR wells, located at the Southwest and West Wellfields, the Department has completed construction

of an ultraviolet (UV) treatment facility to disinfect Biscayne Aquifer water before it is stored at each of the subject wellfields.

Water Facilities Master Planning

The Department retained a consultant to update the Water Facilities Master Plan. As mentioned previously in this section, the first phase of this Plan was to obtain a 20-year WUP to establish the water supply source for the planning period. The next phase is to develop the treatment and transmission system requirements to meet projected demands.

South Miami Heights

Water Treatment Plant

The first stages of construction began in FY 04 with the completion of the perimeter wall and other sections of the exterior and the surroundings of the Department's newest water treatment plant. Installation of traffic lights and turn lanes comprising the entranceway into the facility began in FY 05. The raw water transmission mains that will serve the plant from its future well fields were completed early during FY 08.

A parking lot and finished water mains were constructed in FY08. The parking lot is to serve the Roberta Hunter Linear Park, where the primary wellfield will be located. The finished water mains will be the means of delivering the water and will create redundancies to the distribution system. Currently, the Department will be issuing Notices to Proceed (NTP) for the High Service Pump Station and Reservoir. This pumping station will serve the southern portion of the County and together with the five million gallon reservoir, will assure delivery of water that meets and exceeds regulatory standards.

This project's completion is scheduled for FY11. Other portions of this substantial project

include the combined wellfield construction and additional park improvements and the water treatment plant facility scheduled to start construction in FY10. These projects are in the permitting and procurement stage.

The facility, which will replace three of the five small treatment plants currently being operated in South Miami-Dade, will use the latest in membrane softening technology and will commence production with an initial treatment capacity of 20 MGD. Plans call for recharging the groundwater outside of the wellfield protection area, with highly treated reclaimed water, thereby mitigating any impacts on regional water supplies. The plant is expected to begin operation in 2014.

Northwest Wellfield Land Acquisition

The Department has been working diligently to acquire lands surrounding its Northwest Wellfield to serve as a buffer zone around the wells, which supply water to the Department's Hialeah and John E. Preston Water Treatment Plants. During the past year, the Department successfully obtained approximately 273.5 acres of land surrounding the wellfields' cone of influence and is continuing to pursue the acquisition of more property in the area. The land purchase will increase the protection area around the wellfield to the current 60-day line.

Regulatory Compliance/Water Groundwater Under the Direct Influence of Surface Water

On January 5, 2006, the EPA published the Final Long Term Enhanced Surface Water Rule (the "Surface Water Rule"), which does not apply to the Department because the Department does not use surface water and the groundwater used by the Department has not been determined

to be under the direct influence of surface water. However, the Northwest Wellfield is located in an area designated by the Florida Legislature as the Miami-Dade County Lake Belt Area. In order to maximize the efficient recovery of limestone in such area, the Florida Legislature has approved a plan that will allow rock mining in the vicinity of the Northwest Wellfield. As excavations get closer to the Northwest Wellfield, there is an increased risk of the wells coming under the influence of surface water, which would result in the Surface Water Rule applying to such wells.

In January 2006, the Florida Legislature recognized the risk to the Northwest Wellfield and imposed a “water treatment plant upgrade fee” equal to \$0.15 per ton of lime rock and sand sold within the Miami-Dade County Lake Belt Area. The fee became effective January 1, 2007 and will remain in effect until the total proceeds collected reach the actual amount necessary to design and construct the necessary water treatment plant upgrades; receipts for FY 09 exceeded \$2.8 million. The water treatment plant upgrade will consist of upgrading the filtration and disinfection processes to meet the requirements of the Surface Water Rule.

Wastewater System

Pump Station Optimization Program (PSOP)

This is an operational mode under which wastewater pump stations’ operating levels are controlled to maximize the storage capacity available in the collection system and to limit infiltration increases during wet weather. Operating data was obtained from an ongoing pilot program of 15 stations which indicated flow reductions of more than 20%. Projecting these reductions system-wide will result in substantial savings while

complying with the peak flow requirements of the EPA SFPD. Work continued in obtaining additional information for pump stations to be included in the program and on upgrades to the associated pump station controls needed for system-wide deployment of the system.

Florida Ocean Outfall Legislation

In 2008, the Legislature passed and the Governor signed Senate Bill 1302, which requires that the six ocean outfalls used to dispose of treated wastewater along the southeast coast of Florida be abandoned by 2025 and that at least 60% of the water formerly being discharged be further treated and reused. The Department operates two of these ocean outfalls.

The legislation requires the Department to submit a plan to the FDEP by July 2013, describing how the outfalls will be removed from use for wastewater disposal. The areas served by the North and Central District Wastewater Plants that utilize these outfalls are highly developed, and the collection system has been designed to move wastewater from the west to the east towards these very large plants.

This legislation may require a complete change in the Department’s wastewater collection system, which has approximately 6,200 miles of pipe and 1,035 pump stations. It will also require substantial changes in the treatment process to make the reclaimed water suitable for irrigation, power plant cooling, ground water replenishment or other reuse to enhance the regional water system.

The capital costs associated with all of these changes could exceed \$4 billion, including planning, design, land acquisition, and construction. Some of this work has already been envisioned as part of the 20 year Water Use Permit. Removing the outfalls

from service was not contemplated when the Permit Plan was prepared and must be re-evaluated to consolidate regulatory regulations cost effectively. The legislation also commits the State to authorizing financial assistance to this program.

Injection Wells Consent Order and High-Level Disinfection

On April 29, 2004 Consent Order (CO) OGC File No. 03-1376 was entered into between the FDEP and Miami-Dade County to address various issues, including the allegation of fluid movement associated with Class I injection wells at the County's SDWWTP.

Under the CO, the Department is to treat wastewater at the SDWWTP to a higher level than the current secondary treatment. Wastewater at the SDWWTP will undergo an additional treatment process, known as High Level Disinfection (HLD). This process will add filtration and disinfection with chlorine to wastewater before it is disposed of via the SDWWTP's deep injection wells. Ultimately, the HLD facility will be part of a larger system that will enable the Department to reclaim all of the average daily wastewater flows to the SDWWTP.

Construction began on the new HLD facility during FY 08. In addition to the aforementioned HLD treatment process, the construction program at SDWWTP, which is broken down into 14 separate projects, will also expand the plant's peak flow treatment capacity to 285 MGD from 225 MGD.

The HLD project is the largest, most ambitious capital project ever done by the Department. The project is expected to cost approximately \$600 million and take five and a half years to complete. Thus far, the Department's progress has been excellent on the HLD projects and it is currently ahead of

the contract schedule and under budget.

The Department remains in compliance with all of the requirements of the consent order, and an amendment has been negotiated that will extend the compliance targets to be consistent with the current construction schedule.

Consent Decrees and Settlement Agreements

To date, the Department has successfully completed 92 percent of the mandated sanitary sewer collection and transmission system improvements under the first phase of its Consent Decrees and Settlement Agreement (CD/SA) program with the EPA and the FDEP.

The Department continues to be in compliance with all the provisions of the CD/SA and through FY 08 has not incurred any penalties for not completing tasks within deadlines. More than 1,589 milestones have been completed satisfactorily as prescribed by these enforcement actions on or ahead of schedule. In February 2008, the Department completed the Rainfall Dependent Peak Flow Management Study. A report of the results was submitted in May 2008, in compliance with the Second and Final Partial Consent Order (SFPCO).

The CD/SA program is divided into three major subprograms: the Wastewater Treatment Plant Expansion Program, the Pump Station Improvement Program and the Infiltration and Inflow Reduction Program.

Wastewater Treatment Plant Expansion Program

The Department has completed the requirements for wastewater treatment plant expansion and reuse included in the FDEP Settlement Agreement and the EPA First Partial Consent Decree (FPCD).

Pump Station Improvement Program

The Pump Station Improvement Program (PSIP) was created to evaluate and improve the operation and transmission capacity of the 1,035 wastewater pump stations the Miami-Dade Water and Sewer Department owns and/or operates. Projects include sewer pump station refurbishing, installation of new pumps, electrical upgrades and the installation of new force mains. To date, 597 pump station projects and 210 force main projects have been completed.

Infiltration and Inflow (I & I) Reduction Program

The Department continues to perform sanitary sewer evaluation surveys on nearly 33 million feet (6,230 miles) of sewage collection mains and laterals. As part of the Department's various sewage collection system inspection and maintenance activities during FY 09, more than 1.5 million feet of sewer lines were evaluated.

Additionally, 2,371,726 feet of sewer lines were cleaned as part of regular maintenance. Other repairs, maintenance and inspections of the sewage collection system during FY 09 include the replacement of 692 laterals; 159 gravity and force main repairs; 2,997 manhole repairs; 57 valve repairs; smoke testing of 613,286 feet of gravity mains; evaluation of 920,558 feet of sanitary sewer lines and inspection of 4,158 manholes. Of the repair total, 8,261 were made within a well field cone of influence area, as required by the County's Wellfield Protection Program.

In addition to repairs and inspections, the Department is in the process of completing a comprehensive lateral investigation program (CLIP) to evaluate reducing I & I in service laterals. The CLIP was submitted to the EPA in February 2007. The results obtained so far were

used to develop the final Peak Flow Management Study Report, which was submitted by May 8, 2008 in accordance with the Second Final and Partial Consent Decree (SFPCD).

OTHER DEPARTMENTAL FUNCTIONS

Water and Wastewater Transmission System Computer Models

The Department retained a consultant to upgrade its Water and Wastewater Transmission System Computer Models to operate with the Geographic Information System (GIS) data on the respective systems. These models are critical for planning and evaluating the availability of system capacity for new developments and system upgrades. The wastewater model was used to develop the Peak Flow Management Study Report submitted to the EPA.

Management & Performance Improvement

The Department has been a leader and a model for implementing innovative employee ideas resulting in significant cost savings to the Department and, in turn, the customers. POWER (Partnership Optimizing WASD's Efficiency and Reengineering), the Department's efficiency program, has completed the eleventh (11th) year of operations. The POWER program began in 1998 when the Department's management and employee unions joined forces to empower employees to innovate and implement efficiency initiatives. An estimated total of \$34 million in savings has been achieved over the span of the program. During FY 09, Department employees implemented eleven (11) efficiency projects, resulting in approximately

\$1.863 million in estimated savings.

POWER has been recognized as a model program by Miami-Dade County and several organizations, including the National Association of Counties; the Association of Metropolitan Water Agencies (AMWA); the AFL-CIO Working for America Institute; and Harvard University's John F. Kennedy School of Government, which highlighted the POWER program in its "Working Better Together" book. In addition, in 2009, the Department won the Platinum Award for Sustainability Competitiveness Achievement from AMWA.

The Department was also actively involved in several Sterling Performance Excellence initiatives during FY 09, including cascading the Department's performance measurement system to division and section levels in the County's Active Strategy Enterprise strategic planning and management system, and development of an Employee Satisfaction Survey. The Employee Satisfaction Survey, which was deployed to all employees, showed an overall 89% satisfaction level which is higher than most other benchmarked organizations. The feedback was also useful in developing action plans to continue to improve the organization.

Facilities Security

The Department has implemented a number of proactive measures to enhance the security of its water facilities as well as its response capabilities. Staff members have been licensed in the Risk Assessment Methodology Method for Water (RAM-W) for conducting vulnerability assessments. The vulnerability assessment of the water system was completed in March 2003 and submitted to the EPA as mandated. The Department has prepared its Emergency Response Plan (ERP) in accordance with EPA regulations. This was submitted to the EPA

prior to September 30, 2003. In accordance with federal requirements, the Department continues to assess, identify and implement feasible opportunities to minimize the vulnerability of the Department's facilities. This program is anticipated to cost in excess of \$60 million when fully implemented. All major water plants are completed. While the EPA has not yet mandated performing vulnerability assessments of wastewater systems, the Department has decided to perform a vulnerability assessment of its sewer system. This will encompass an assessment of its wastewater treatment facilities, the collection system, and the pumping and transmission system. However, the Department is addressing security of all facilities until the assessment is completed.

The Department has hired appropriate staff dedicated to security at the Department's facilities. Security screening procedures have been established for Water and Sewer employees and contractors who require access to designated restricted areas. Criminal history checks are conducted by the Miami Dade Water and Sewer Security Section, Inspector General's Office and the Miami-Dade Police Department.

Rate Increase

On September 18, 2009, the Board of County Commissioners approved the County Budget Ordinance, which included the adoption of the FY 2009-10 Resource Allocation Plan, to become effective October 1, 2009. The Resource Allocation Plan was based on a Maintenance Index of six percent rate increase to the average water and sewer residential customer effective October 1, 2009. An additional six percent increase to the average water and sewer retail customer was adopted to become effective April 1, 2010. A SFWMD water restriction surcharge for retail water customers

with consumption in the fourth tier of the usage structures continues to be in effect to encourage water conservation. In addition, the County Budget Ordinance increased the per thousand gallons rate to water and wastewater wholesale customers and other miscellaneous fees and charges effective October 1, 2009.

Building Better Communities General Obligation Bonds (GOB)

In November 2004, Miami-Dade County voters approved a \$2.9 billion bond program which allows the County to issue long-term bonds to fund numerous neighborhood and regional capital projects to be completed over the next 15 years. The General Obligation Bonds are legally backed by the full faith and credit of the County which has committed future taxes over the next 40 years to repay the bonds. General Obligation bonds typically are the least expensive type of debt available to government.

Among the capital projects are several created to address current and future water and wastewater needs. Future projects include water and wastewater main installations; pump station rehabilitation projects; reclaimed water facilities and infrastructure; and partial funding for a reverse osmosis water treatment plant in Hialeah.

Growing with Information Technology

The Department is committed to using the latest and best-available information technology in order to carry out operations and serve the expanding needs of customers. For functions from researching client records to managing assets, the Department has sought to create or purchase computer software that will significantly raise efficiency levels.

The Customer Information System

A number of customer service improvements were made during FY 09.

The Department's Interactive Voice Response (IVR) unit was upgraded to better serve customers without having to transfer them to a representative. For example, customers have been able to request a two-week automated payment extension through the IVR for over a year and now they are able to obtain a confirmation number.

Additional convenience was added where customers can request forms to apply for concealed leak and pool credits without having to speak to a representative; a confirmation number is also provided. Related to the IVR upgrade, the Symposium Call Center Management System (CCMS) was also upgraded in order to create an Agent Helpline and Supervisor Helpline.

Another addition to our payment options this year was adding the ability to pay with a credit card over the phone in an automated fashion by calling a toll free number. Customers can also be transferred automatically to the toll free number when calling the IVR.

The Enterprise Asset Management System (EAMS)

During FY 08, the Department initiated implementation of the Infor EAMS software to track maintenance on the Department's assets.

The Department's implementation of EAMS is a multi-year project, spanning 34 months and divided into three tracks or phases. In FY 08 the system standards and asset hierarchies were developed, and a change management program was defined. During FY 09, business process design, and system configuration were completed for Track 1 which enabled Procurement/Stores, Emergency

Communications, and Fleet Management to go live with EAMS during the 4th Quarter. The Pump Station Maintenance Division should be “live” with EAMS in the early part of FY 10. EAMS is expected to help the Department meet a specific County goal, to “provide timely and reliable public infrastructure services including road maintenance, stormwater, solid waste and wastewater management, and a safe and clean water delivery system.”

Automation of Plant Monthly Operating Reports (MORS)

The Department implemented an automated Plant Monthly Operating Reports (MORS) system for water production at the Alexander Orr, Jr. Water Treatment Plant during FY 08. MORS offers streamlined data collection and it automates water plant readings required for monthly reporting to regulatory agencies, including Laboratory Information System readings. The process was being done manually at the Department’s two other water treatment plants. However, during FY 09 the MORS system has been put into service for the Hialeah and Preston Water Treatment Plants.

The MORS system has been implemented at all three of the Department’s water treatment plants during early FY 2008- 2009. The MORS system is currently being expanded to include the Alex Orr Jr. and Hialeah Lime Plants, Alex Orr Diesel Operations, and South Dade Utilities. To further enhance efficiency and data collection, handheld data entry devices will be put into service at all the water plants for FY10. The water treatment personnel are being trained on a regular basis to maximize the usage of the system and its benefits of enhance reporting and data collection. The water plants, lime plants and diesel operations are expected to save WASD approximately \$413,000 annually.

Geographic Information System (GIS)

The Department’s GIS and its related applications are used Department-wide in a variety of ways. During FY 09 continued progress with the GIS Migration Project included completion of the Business Process Review (BPR), Geodatabase Design, Pilot and Maintenance Application training. The first phase included the delivery of six county areas from the vendor. IT started a separate and equally critical GIS initiative to complete a backlog of approximately 2,800 donations and system betterment projects missing from the existing GIS. Over 50,000 new assets and more than 1.4 million linear feet have been added under this initiative. GIS and PCTS integration was started which will improve reporting, mapping and reporting associated with capital projects. GIS layers and a maintenance application were developed and implemented to assist New Business improve Agreements, Verification Forms, and the Ordinance Letter process. These layers are also key components to effectively monitor water allocation as required by WUP.

In-House Custom Applications

The Spill Reporting System was developed for the Communications Center which automates notifications to regulatory agencies of sewage spills and monitoring. Deployment of Monthly Operating Reports System (MORS) for all water plants was completed, as well as several enhancements; development is nearly complete for the MORS mobile component.

WASD released an RFP to purchase a new locations Ticket Management System to manage all scheduled dig activity in Miami-Dade County, avoid underground facility damages, receive positive responses from Sunshine State One Call of Florida (SSoCoF) and collect damages

from at fault contractors. Development of the Front Desk System for New Business is nearly complete. This system will log and auto assign new business representatives for all walk-ins, drop-offs, and phone calls at the LeJeune and MDPIC offices. The Backflow Prevention application was developed to speed up CIS data entry associated with backflow prevention assembly testing reports which are set to increase in numbers due to law changes.

Supervisory Control and Data Acquisition System (SCADA)

Essential to the Miami-Dade Water and Sewer Department's daily operations is the ability to monitor and control its water and wastewater functions from a remote location. The Department's SCADA system is at the heart of this capability and is one of the largest of its kind in the country.

The SCADA system, which is particularly important in cases of emergency operations and as a tool in meeting requirements of the CD/SA program, has allowed workers in the Department's 24-hour emergency call center to continuously oversee the operations at its pump stations. It has also allowed water and wastewater treatment plant operators to manage plant functions from remote control panels, providing an increased level of efficiency.

Of the 1,035 wastewater pump stations the Department owns and/or operates, 1,000 have SCADA installed. The Department's three regional water and three regional wastewater treatment plants have SCADA installed and operational. All water well fields are monitored and controlled by SCADA, and all 94 production wells have flow meters installed with SCADA monitoring for compliance with SFWMD regulations.

Voice Over Internet Protocol (VoIP) Telecommunications Technology

Voiceover Internet Protocol (VoIP) is the routing of voice communications over the Internet or computer networks that use Internet protocols, rather than through standard phone lines or over the air (like cellular phones). There are a number of advantages to using VoIP, including lower costs and as a back-up should regular or cellular telephone systems fail (such as could happen during or immediately after a hurricane).

During FY 08, the Department expanded its implementation of VoIP to include the LeJeune and South Miami Heights facilities.

This adds to the Hialeah and John E. Preston Water Treatment Plants; the Westwood Lakes Maintenance Facility; the 36th Street Maintenance Facility; the Medley Yard; and the NDWWTP; which had VoIP installed in prior years. During FY 09, Water Distribution and Virginia Key sites were completed. In 2010, Black Point will be completed and the Douglas Building will be initiated. There will be a migration to an upgraded switch architecture of all sites when the VoIP is completed.

Enterprise Resource Planning and Web Technologies

In August 2009, the Department launched the Enterprise Asset Management System. A key aspect of this system was full integration with the existing ERP Financial system. More than 20 touch points between the two systems ensure validation of accounting transactional data, collective management of inventory and purchasing to support operational staff and accounting needs, and provide for better costing of field work orders. The Project Control and Tracking System, initially deployed in 2008, was expanded both in terms of users

and functionality. Workflow was used to notify and transfer responsibility of projects as work progressed, status reports and logs were developed to allow for both high-level and detailed views of projects, and interfaces to ERP enabled the automation of progress payments for construction projects. The Electronic Document Management System was extended to maintain security background information for both internal and external staff that has been issued ID badges. A process to certify this records management system is underway. The certification will confirm the electronic system (rather than the original papers) as the official records.

Project Control & Tracking System (PCTS)

The Department began work on a Project Control & Tracking System (PCTS) several years ago. The purpose of the PCTS is to standardize tracking of capital projects across the Department's various divisions involved in these projects. After undertaking an extensive review, the Department selected Meridian Proliance to track, monitor and control its CIP.

To better serve the needs of users, some key interfaces to ERP were developed into the PCTS. All detailed cost transactions, contractor payment information and vendor contact info are supplied from ERP to PCTS.

PCTS was put to use on the HLD construction project. Modules include meeting minutes, daily work journals and requests for information.

Community Outreach

The Department's Public Affairs Office sponsors and participates in several programs aimed at educating the public on the quality of its drinking water, its

operations, under-utilized customer services and water conservation and reclamation.

This fiscal year saw the continued effort to provide public outreach on the 20-year Water Use Permit granted by SFWMD to the Department. The Water Use Permit Communications plan implemented by the Department included radio and newspaper advertising; presentations before various audiences (including community councils, homeowners associations and business groups); outreach to media via news releases and story ideas; articles written by Department staff and published in local newspapers; and articles in the Department's own newsletters.

In FY 09, Public Affairs also implemented the Model Water Tower Competition in an effort to dialogue with an underserved demographic – teens. The competition engaged students by having them apply scientific theory learned in the classroom and apply it in real life situations by building a working model water tower. By initiating this communication with high school students, they were introduced to government services, as well as future career opportunities in the water profession.

The Department continued its growing outreach efforts to Miami-Dade County's sizable Hispanic community during FY 09. The Department conducted appearances on a number of Spanish-language radio shows, advocating for water reclamation and other important issues, as well as advertising in small community newspapers.

The CCR for this fiscal year was printed in the form of a newspaper, incorporating information in both English and Spanish. The CCR was a self-mailer, allowing it to include more important information than past issues which were limited in order to fit into the Department's billing envelopes.

Customer Service

A number of customer service improvements were made during FY 09. The Department's Interactive Voice Response (IVR) unit was upgraded to better serve customers without having to transfer them to a representative. For example, customers can request a two-week payment extension through the IVR, without having to wait for a representative.

Related to the IVR upgrade, the Symposium Call Center Management System (CCMS) was also upgraded. The upgrade permits the Department to better route and manage customer calls, resulting in shorter call waiting times for customers.

The Department also implemented an automated outbound call pilot project to remind customers automatically to pay their late water bills before service is disconnected for nonpayment. Preliminary data analysis revealed that 36% of those customers contacted avoided the severance process. Based on the result of the pilot, The Department plans to implement the system fully.

Wholesale Agreements

As one of the 20-year Water Use Permit conditions, the Department sought 20-year wholesale contracts with its 14 municipal water customers. By the end of FY 09, 13 of the Department's wholesale customers had indeed signed 20-year contracts for water service.

Finance

The credit and liquidity crisis in the financial markets continues to impact local governments. During this past fiscal year the Department refunded its remaining variable rate demand bond series, terminated the final variable to fixed rate swap agreement related to that series, and worked with another swap provider

to replace the counterparty. At this time, the Department – through various refunding in the past two years – augmented by use of the low cost State of Florida State Revolving Loan Program, has been able to reduce its cost of capital. WASD is well positioned, despite the economy, to move forward with its large regulatory driven capital improvement program.

Refunding of Dade County, Florida Water and Sewer System Variable Rate Demand Bonds, Series 2005

As a result of the lack of liquidity in the financial markets, the Department refunded the Series 2005 bonds, which had been sold as variable rate demand bonds, and terminated the related variable to fixed rate swap which had produced a synthetic fixed rate of 5.27% on the Series 2005 bonds. The effect of this refunding was to permanently eliminate variable rate exposure. Payment of a swap termination payment was necessary and funded through legally available Department funds. The Series 2008C bonds were issued to refund the Series 2005 at an average fixed rate 5.72%. In all, the financial impact of this refunding and swap termination was to remove any further interest rate risk from the bonds with a net increase in debt service costs of approximately \$1 up to \$2 million annually.

Issuance of Line of Credit with Regions Bank

To provide low cost interim financing until such time as the Department enters the bond market, a Line of Credit in the amount of \$100 million was established with Regions Bank. The cost of this program is well below 2% for the drawn amount with a nominal fee for the unused portion. This provides capital program interim funds through the Department's fiscal year

end and it is anticipated that new money bonds will be sold during fiscal 2010 to reimburse this Line, which may then be redrawn on with a final program date of August 3, 2011 at which time, unless it is reimbursed, it converts to a loan.

Imposed water restrictions continued to impact consumption and did impact the Department's revenues somewhat. The Department, through prudent cost savings combined with a water conservation surcharge, was able to maintain its bond ratings from all three rating agencies for the refunding and swap counterparty replacement transactions.

Financial Information

This portion of the letter of transmittal is further discussed in the Management's Discussion and Analysis, found in the financial section of this report, and should be read in conjunction with it.

ENTERPRISE FUND

The Department operates as an enterprise fund of Miami-Dade County. As such, the Department funds its expenditures through its rates and charges and received no income from ad valorem taxes levied by the County. The Department recommends rates annually to provide for anticipated cash outlays for operating expenses, as well as capital improvement requirements, debt service payments, and operating transfers to the County's General Fund.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

As specified in Miami-Dade County Ordinance 93-134, the Department's financial accounting system is based upon accounting principles generally accepted in the United States of America – Generally Accepted Accounting Principles (GAAP). Internal accounting controls are an integral part of the Department's management systems and are designed to provide reasonable assurance that assets are safeguarded from unauthorized use or disposition, and that records used for preparing financial statements and maintaining asset accountability are reliable.

To aid in carrying out this responsibility, management strives to maintain a system of internal accounting controls, which is established after weighing the cost of such controls against the benefits derived. Due to the inherent limitations of the effectiveness of any system of internal accounting controls, management cannot provide absolute assurance that the objectives of

internal accounting controls will be met.

As part of the County's ongoing efforts to employ comprehensive and cost-effective internal accounting controls, Miami-Dade County's internal auditing staff reviews the Department's controls and procedures on a continuing basis. The County's Director of Audit and Management Services reports to the County Manager, providing the independence necessary for objective auditing and reporting on Department affairs.

The Board of County Commissioners approves the Department's annual budget for its recommended rates, expenses and capital outlays. An analysis of revenue and operating expenses for FY 09 is provided in the financial section of this report.

The Department controls current expenses at both the functional and operating division levels. Through the Department's management reporting system, which includes responsibility centers, division managers are responsible for budgetary items that are controllable at their organizational levels. Since all expenses are controllable at some level, this dual monitoring of expenses serves to strengthen overall budgetary and management controls.

OPERATING REVENUES AND EXPENSES

Operating revenues and expenses for the last three fiscal years are shown in the following schedule (dollars in thousands):

	2009	2008	2007
Operating Revenues	\$478,736	\$437,476	\$428,620
Operating Expenses	328,929	321,964	310,627

CAPITAL IMPROVEMENTS

The following schedule presents a summary of capital improvements for the last three fiscal years (dollars in thousands):

	2009	2008	2007
Water	\$69,659	\$50,575	\$57,470
Wastewater	\$198,194	\$111,324	\$53,102

CASH MANAGEMENT

The Department pools all cash and investments, with the exception of certain investments which are required to be held in trust and escrow accounts under the terms of bond ordinances and loan agreements.

Pooled investments are made pursuant to Florida Statutes and resolutions of the Board of County Commissioners and consist of U.S. government and agency securities, commercial paper, bankers' acceptances and repurchase agreements which are collateralized by U.S. government and agency securities. Investments are competitively bid among banks and investment brokers enabling the Department to obtain the best interest rates available in the market. A summary and comparison of cash management activity for the last three fiscal years is as follows (dollars in thousands):

	2009	2008	2007
Average portfolio balance	\$380,269	\$629,934	\$689,202
Average investment yield	2.2%	3.8%	5.2%
Interest earned on investments	\$8,196	\$24,264	\$35,860

RISK MANAGEMENT

The Department maintains a self-insurance program for general liability and automobile liability exposures. Funding for this program is based on an actuarial study performed by consultants. The Department also participates in the County's self-insurance programs for workers' compensation and health and life insurance. Insurance is maintained with independent carriers for all other risks of loss.

Other Information

INDEPENDENT AUDIT

The accompanying financial statements have been audited by the Department's independent auditors and their report on the financial statements resulting from their audit is included in the financial section of this report.

AWARDS

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Department for its Comprehensive Annual Financial Report For the Fiscal Year Ended September 30, 2008. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such 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. The Department has received a Certificate of Achievement for the past 27 fiscal years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and are submitting it to GFOA.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Miami-Dade Water and Sewer
Department, Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

WASD received Platinum Award for Utility Excellence

The Miami-Dade Water and Sewer Department (WASD) has been recognized nationally as a utility service provider of excellence by the Association of Metropolitan Water Agencies (AMWA). WASD was one of six public drinking water systems to earn AMWA's top management award – the Platinum Award for Utility Excellence.

The Attributes of Effectively Managed Utilities were developed by a panel of respected water and wastewater utility executives, commissioned by the U.S. Environmental Protection Agency, AMWA and other water industry associations.

WASD Water Conservation Program honored with five awards in Fall 2009

At the Fall 2009 Conference of the Florida Section of the American Water Works Association, Miami-Dade Water and Sewer's Water Conservation Program was once again recognized; this year with five awards:

In the *Demand Management Research Category*:

- ◆ **Best In Class for:** Landscape Irrigation Campaign
- ◆ **Show of Excellence for:** High Efficiency Toilet Rebate Project
- ◆ **Show of Excellence for:** Senior Retrofit Project

In the *Demand Management Category*:

- ◆ **Best In Class for:** Standards Manual

In the *Public Information Category*:

- ◆ **Meritorious for:** "Every Drop Counts" Poster Contest

ACKNOWLEDGEMENTS

We wish to thank all of the Department's employees for their hard work and dedication during the past fiscal year. We would also like to thank the Department's Controller Division and the Public Affairs Section, and the County's General Services Administration's Printing and Graphics Section, for their tireless efforts and professionalism in preparing this report, as well as our external auditors for their invaluable assistance. Finally, a special acknowledgement is extended to the Mayor, Board of County Commissioners and County Manager for their continued leadership in enabling the Department to fulfill its role.



John W. Renfrow, P.E.
Director

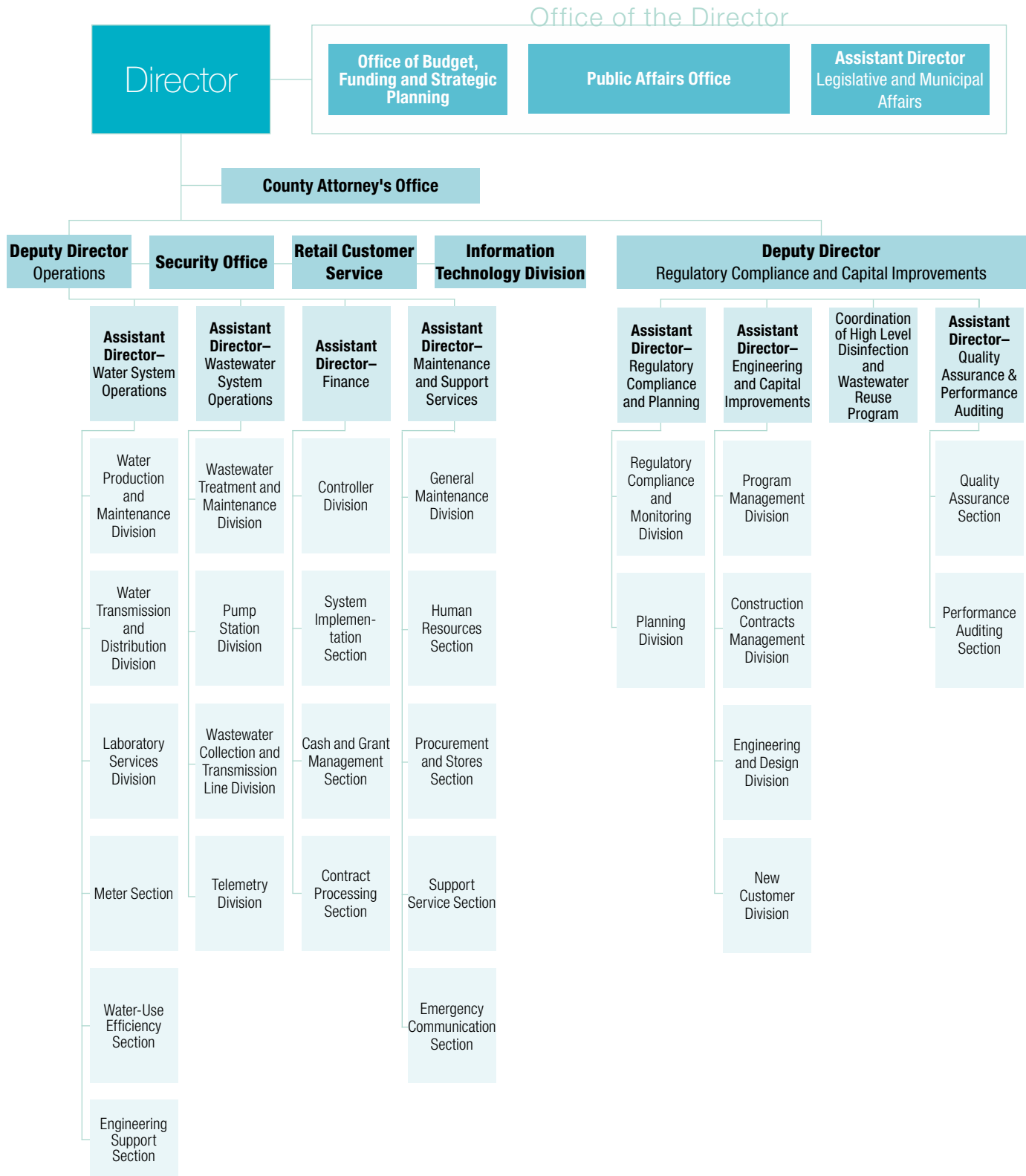


Joe Ruiz
Deputy Director - Operations



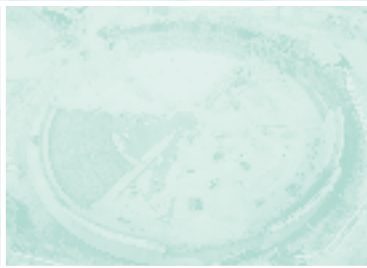
Diane A. Camacho, C.P.A.
Assistant Director - Finance

Organizational Chart





Financial Section





INDEPENDENT AUDITORS' REPORT

Honorable Carlos Alvarez, Mayor, and
Honorable Chairperson and Members
Board of County Commissioners
Miami-Dade County, Florida

We have audited the accompanying financial statements of the business-type activities and the major fund of the Miami-Dade Water and Sewer Department (the Department), a department of Miami-Dade County, Florida (the County) as of and for the year ended September 30, 2009 as listed in the table of contents. These financial statements are the responsibility of the Department's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Department as of September 30, 2008 were audited by Rachlin LLP, who merged and became MarcumRachlin, a division of Marcum LLP as of June 1, 2009 and whose report dated March 5, 2009 expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinions.

As discussed in Note 1, the financial statements referred to above are intended to present the financial position, and changes in financial position, and cash flows of only that portion of the business-type activities and each major fund of the County that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of Miami-Dade County, Florida as of September 30, 2009, the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Department as of September 30, 2009, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



In accordance with *Government Auditing Standards*, we have also issued a report dated February 18, 2010, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 30 through 33, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The introductory, supplemental financial data and statistical tables are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The supplemental financial data has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

a division of Marcum LLP
Miami, Florida
February 18, 2010



MarcumRachlin a Division of Marcum LLP • marcumrachlin.com

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Management's Discussion & Analysis

OVERVIEW

The following Management's Discussion and Analysis (MD&A) serves as an introduction to the financial statements of the Miami-Dade Water and Sewer Department (the Department) for the fiscal year ended September 30, 2009. The MD&A presents management's examination and analysis of the Department's financial condition and performance. It should be read in conjunction with the financial information of the transmittal letter in the introductory section and the financial statements in the financial section of this report. The financial statements include balance sheets; statements of revenues, expenses and changes in net assets; statements of cash flows; and notes to the financial statements.

The balance sheets present the financial position of the Department as of a specific date. It provides information about the nature and amount of resources (assets) and obligations (liabilities), with net assets being the difference between assets and liabilities. Increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Department is improving or deteriorating.

The statements of revenues, expenses, and changes in net assets present information showing how the Department's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs which might not coincide with the timing of the related cash flows.

The statements of cash flows present the cash activities of the Department segregated in the following four major categories: operating, non-capital financing, capital and related financing, and investing. This statement also presents the changes in cash and cash equivalents of the Department.

The notes to the financial statements provide required disclosures and other information that are essential to the full understanding of data provided in the statements.

FINANCIAL POSITION

A summary of the Department's net assets and related changes for the fiscal years ended September 30, 2009, 2008 and 2007 is shown on the following page. Total net assets as of September 30, 2009, were approximately \$2.2 billion. The Department's total net assets increased by \$37.3 million, or by 1.7%, from prior year. The increase is primarily due to an increase in operating revenues as a result of rate increases. In 2008, net assets decreased by \$13.9 million, or by 0.6% from the prior year. The decrease is primarily due to a decrease in interest income. The unrestricted portion of net assets (available to meet ongoing and future obligations of the Department) increased by \$91 million, or 4.3% in 2009. In 2008, unrestricted net assets had an increase of \$63.1 million, or 2.2%.

Operating and maintenance expenses increased by \$7.0 million, or by 2.2%, in 2009, and increased by \$11.3 million or by 3.6% in 2008. The 2009 increase is due primarily to increased level of employee compensation, increase in the use of outside consultants and an increase in electrical expense. The 2008 increase is due to increased level of employee compensation with related fringe benefits and security service.

Management's Discussion & Analysis

	(in thousands)		
SUMMARY OF NET ASSETS	2009	2008	2007
Current and Other Assets	\$ 811,123	\$ 931,644	\$ 975,807
Capital Assets, net	3,151,053	2,974,603	2,918,944
Total Assets	<u>3,962,176</u>	<u>3,906,247</u>	<u>3,894,751</u>
Long-term Liabilities	1,537,506	1,567,009	1,556,720
Other liabilities	247,867	199,739	184,610
Total Liabilities	<u>1,785,373</u>	<u>1,766,748</u>	<u>1,741,330</u>
Net Assets:			
Invested in capital assets, net of debt	1,590,038	1,396,153	1,402,138
Restricted	150,107	397,803	468,819
Unrestricted	436,658	345,543	282,464
Total Net Assets	<u>\$ 2,176,803</u>	<u>\$ 2,139,499</u>	<u>\$ 2,153,421</u>
SUMMARY OF CHANGES IN NET ASSETS			
Water operating revenues	\$ 225,711	\$ 190,544	\$ 190,710
Wastewater operating revenues	253,025	246,932	237,910
Interest Income	13,440	28,489	43,347
Other nonoperating revenues	38,257	40,406	57,984
Total revenues	<u>530,433</u>	<u>506,371</u>	<u>529,951</u>
Water source of supply	14,208	12,006	6,710
Water power and pumping	2,407	2,134	2,593
Water purification	64,457	61,317	55,925
Water transmission and distribution	25,428	26,528	25,747
Wastewater collection system	15,987	19,293	19,965
Wastewater pumping	30,204	30,656	32,054
Wastewater treatment	69,997	67,902	66,006
Customer accounting	7,970	7,026	8,724
Customer service	19,602	18,880	18,875
General and Administrative	78,669	76,222	74,028
Depreciation	152,428	154,881	158,691
Interest expense	63,787	66,320	63,507
Other nonoperating expenses	4,400	3,889	1,370
Total expenses	<u>549,544</u>	<u>547,054</u>	<u>534,195</u>
Loss before contributions	(19,111)	(40,683)	(4,244)
Capital contributions	56,415	26,761	40,430
Increase (Decrease) in net assets	37,304	(13,922)	36,186
Net assets at beginning of year	2,139,499	2,153,421	2,117,235
Net assets at end of year	<u>\$ 2,176,803</u>	<u>\$ 2,139,499</u>	<u>\$ 2,153,421</u>

CAPITAL ASSETS

The following table summarizes the Department's capital assets, net of accumulated depreciation, for the fiscal years ended September 30, 2009, 2008 and 2007 (in thousands). Total capital assets increased by \$176.5 million, or 5.9%, in 2009. This increase is due to capital additions, net of plant retirements of \$114.8 million, offset by \$126.5 million net increase in accumulated depreciation. Total capital assets increased by \$55.7 million, or 1.9%, in 2008. This increase was due to capital additions, net of plant retirements of \$198.5 million, offset by \$142.9 million net increase in accumulated depreciation. Additional information on changes in capital assets can be found in Note 6 to the financial statements on page 44.

Management's Discussion & Analysis

	(in thousands)		
	2009	2008	2007
Land	\$ 44,485	\$ 37,671	\$ 38,274
Structures and improvements	2,265,689	2,280,525	2,225,144
Equipment	220,293	229,936	251,517
Construction work in progress	620,586	426,471	404,010
Total capital assets, net	<u>\$ 3,151,053</u>	<u>\$ 2,974,603</u>	<u>\$ 2,918,944</u>

This year's major expenditures in capital assets included:

Water projects:

- Transmission mains, meters and services (\$30.0 million)
- Treatment facilities (\$11.6 million)
- Wellfields (\$7.2 million)
- System wide improvements (\$2.5 million)

Wastewater projects:

- Pump stations (\$10.9 million)
- Force mains (\$11.4 million)
- Treatment facilities (\$7.7 million)
- Infiltration and inflow reduction program (\$5.1 million)
- Gravity mains and services (\$4.1 million)
- System wide improvements (\$4.1 million)

Budgeted capital expenditures for fiscal year 2010 amount to \$489.4 million and include \$151.9 million in water projects and \$337.5 million in wastewater projects.

LONG-TERM DEBT

Long-term debt outstanding (including current portion) at September 30, 2009, 2008 and 2007 is presented in the following table (in thousands). The year 2009 shows a decrease of \$8.9 million from the previous year, and 2008 shows an increase of \$10.7 million from 2007.

	(in thousands)		
	2009	2008	2007
Revenue Bonds	\$ 1,432,011	\$ 1,452,127	\$ 1,431,595
State Loan Obligations	119,092	107,943	117,776
Total long-term debt	<u>\$ 1,551,103</u>	<u>\$ 1,560,070</u>	<u>\$ 1,549,371</u>

During 2009, draws made on state revolving loan commitments and recorded as debt, including capitalized interest, totaled \$21.3 million. Current long-term debt maturities were net in the amount of \$50.4 million. Additional long-term debt details can be found in Note 8 on pages 45-49 of this report.

On December 18, 2008, \$306.8 million of Miami-Dade County Water and Sewer System Revenue Refunding Bonds, Series 2008C were issued to redeem all of the Dade County Water and Sewer System Revenue Refunding Variable Rate Demand Bonds, Series 2005.

Management's Discussion & Analysis

The Department is required to maintain rates and charges sufficient to meet two tiers of debt service coverage requirements. First, adjusted annual net operating revenues must equal or exceed 110 percent of the debt service on senior lien revenue bonds. The Department met the primary debt coverage for the year with a ratio of 1.41 percent. Second, adjusted net operating revenues, after payment of revenue bond debt service, must be at least equal to 115 percent of the debt service for the subordinate state loan obligations. The Department met the secondary debt service coverage with a ratio of 2.43 percent.

REQUEST FOR INFORMATION

Questions concerning this report or request for additional information should be directed to, Assistant Director – Finance at 786-552-8104 or at the administrative offices at 3071 SW 38th Avenue, Miami, Florida 33146.

Balance Sheets

	September 30,	(in thousands)	
	<u>2009</u>		<u>2008</u>
ASSETS			
<i>CURRENT ASSETS:</i>			
Cash and cash equivalents	\$ 389		\$ 24,487
Investments	87,464		55,327
Accounts Receivable (net of allowance for uncollectible accounts of \$24.8 million in 2009 and \$24.4 million in 2008)	91,229		89,176
Inventory of materials and supplies	30,415		29,433
Other current assets	9,501		-
Restricted cash and cash equivalents	<u>130,009</u>		<u>109,633</u>
Total current assets	<u>349,007</u>		<u>308,056</u>
<i>NONCURRENT RESTRICTED ASSETS:</i>			
Cash and cash equivalents	-		9,926
Investments	289,536		514,561
Contracts receivable	-		25
Grants receivable	<u>41</u>		<u>-</u>
Total restricted assets	<u>289,577</u>		<u>524,512</u>
<i>OTHER ASSETS:</i>			
Deferred debt issue costs, net	23,250		19,844
Other deferred charges, net	<u>149,289</u>		<u>79,232</u>
Total other assets	<u>172,539</u>		<u>99,076</u>
<i>CAPITAL ASSETS:</i>			
Land	44,485		37,671
Structures and Improvements	3,604,921		3,523,644
Equipment	<u>857,022</u>		<u>836,258</u>
Utility plant in service before depreciation	4,506,428		4,397,573
Less accumulated depreciation	<u>(1,975,961)</u>		<u>(1,849,441)</u>
Net utility plant in service	2,530,467		2,548,132
Construction work in progress	<u>620,586</u>		<u>426,471</u>
Total capital assets	<u>3,151,053</u>		<u>2,974,603</u>
Total noncurrent assets	<u>3,613,169</u>		<u>3,598,191</u>
Total assets	<u>\$ 3,962,176</u>		<u>\$ 3,906,247</u>

(Continued)

Balance Sheets

(Continued)	September 30,	(in thousands)	
		2009	2008
LIABILITIES			
<i>CURRENT LIABILITIES (PAYABLE FROM UNRESTRICTED CURRENT ASSETS):</i>			
Accounts payable and accrued expenses		\$ 36,303	\$ 41,265
Customer and developer deposits		18,321	20,834
Current portion of long-term debt		7,176	6,955
Rebatable arbitrage earnings		2,190	1,505
Liability for compensated absences		11,719	11,688
Other liabilities		2,149	7,860
Total Current Liabilities (payable from unrestricted current assets)		77,858	90,107
<i>CURRENT LIABILITIES (PAYABLE FROM RESTRICTED CURRENT ASSETS):</i>			
Accounts payable and accrued expenses		32,769	27,274
Retainage payable		11,420	5,401
Current portion of long-term debt		48,724	43,468
Accrued interest payable		36,192	30,277
Liability for self insurance		904	3,212
Line of Credit		40,000	-
Total current liabilities (payable from restricted current assets)		170,009	109,632
Total current liabilities		247,867	199,739
<i>NONCURRENT LIABILITIES:</i>			
Revenue bonds payable, net		1,386,626	1,411,891
State loan obligations, net		108,577	97,756
Liability for self-insurance		1,290	2,185
Liability for compensated absences		25,882	23,919
Liability for post-employment benefits		1,845	1,098
Deferred revenues		13,286	30,160
Total noncurrent liabilities		1,537,506	1,567,009
Total liabilities		1,785,373	1,766,748
NET ASSETS			
Invested in capital assets, net of related debt		1,590,038	1,396,153
Restricted for:			
Capital projects		32,656	286,036
Debt service		117,458	111,767
Unrestricted		436,651	345,543
Total net assets		2,176,803	2,139,499
Total liabilities and net assets		\$ 3,962,176	\$ 3,906,247

The accompanying notes to financial statements are an integral part of these statements.

Statements of Revenues, Expenses, and Changes in Net Assets

	(in thousands)	
	For the years ended September 30,	
	<u>2009</u>	<u>2008</u>
<i>OPERATING REVENUES:</i>		
Water	\$ 225,711	\$ 190,544
Wastewater	<u>253,025</u>	<u>246,932</u>
Total operating revenues	<u>478,736</u>	<u>437,476</u>
 <i>OPERATING AND MAINTENANCE EXPENSES:</i>		
Water source of supply	14,208	12,006
Water power and pumping	2,407	2,134
Water purification	64,457	61,317
Water transmission and distribution	25,428	26,528
Wastewater collection system	15,987	19,293
Wastewater pumping	30,204	30,656
Wastewater treatment	69,997	67,902
Customer accounting	7,970	7,026
Customer service	19,602	18,880
General and administrative	<u>78,669</u>	<u>76,222</u>
Total operating and maintenance expenses	<u>328,929</u>	<u>321,964</u>
 Operating income before depreciation	149,807	115,512
 <i>DEPRECIATION</i>	<u>152,428</u>	<u>154,881</u>
 Operating loss	(2,621)	(39,369)
 <i>NON-OPERATING REVENUES (EXPENSES):</i>		
Interest income	13,440	28,489
Interest expense	(63,787)	(66,320)
Amortization of debt issue costs	(2,932)	(2,278)
Operating grants	509	103
Customer connection fees	30,573	32,327
Other revenues	7,175	7,976
Other expenses	<u>(1,468)</u>	<u>(1,611)</u>
 Loss before contributions	(19,111)	(40,683)
 Capital contributions	<u>56,415</u>	<u>26,761</u>
 Increase (Decrease) in net assets	37,304	(13,922)
 Net assets at beginning of year	<u>2,139,499</u>	<u>2,153,421</u>
 Net assets at end of year	<u>\$ 2,176,803</u>	<u>\$ 2,139,499</u>

The accompanying notes to financial statements are an integral part of these statements.

Statements of Cash Flows

	(in thousands)	
For the years ended September 30,	2009	2008
<i>CASH FLOWS FROM OPERATING ACTIVITIES:</i>		
Cash received from customers	\$ 510,479	\$ 482,456
Cash paid to suppliers for goods and services	(205,937)	(137,682)
Cash paid to employees for services	(179,498)	(180,582)
Net cash provided by operating activities	125,044	164,192
<i>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</i>		
Operating grants received	509	103
Net cash provided by non-capital financing activities	509	103
<i>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</i>		
Proceeds from bond issues, loan agreements and notes	382,065	442,855
Principal payments - bond, loans and notes	(345,661)	(464,228)
Swap termination payment	(69,100)	(73,600)
Proceeds from swap agreements	970	24,464
Interest paid	(53,539)	(76,781)
Proceeds from sale of capital assets	23	347
Acquisition and construction of capital assets	(260,972)	(162,104)
Net cash used in capital and related financing activities	(346,214)	(309,047)
<i>CASH FLOWS FROM INVESTING ACTIVITIES:</i>		
Purchase of investment securities	(524,954)	(1,006,987)
Proceeds from sale and maturity of investment securities	719,532	1,065,697
Interest on investments	12,435	34,173
Net cash provided by investing activities	207,013	92,883
Net decrease in cash and cash equivalents	(13,648)	(51,869)
Cash and cash equivalents at beginning of year	144,046	195,915
Cash and cash equivalents at end of year	\$ 130,398	\$ 144,046

(Continued)

Statements of Cash Flows

(Continued)	For the years ended September 30,	(in thousands)
	2009	2008
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	\$ (2,621)	\$ (39,369)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	152,428	154,881
Provision for uncollectible accounts	1,905	1,458
Amortization of deferred charges	10,796	1,878
Amortization of deferred revenues	(11,748)	(1,775)
Non-operating other, net	36,279	38,692
(Increase) decrease in assets:		
Accounts Receivable	(3,955)	7,962
Inventory of materials and supplies	(981)	(2,713)
Other current assets	(9,494)	10
Contracts receivable	25	-
Other deferred charges	(73,933)	329
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(4,965)	(2,539)
Customer and developer deposits	(2,512)	(1,469)
Liability for compensated absences	1,994	2,568
Other liabilities	34,283	3,602
Liability for other post-employment benefits	747	1,098
Liability for self-insurance	(3,204)	(421)
Net cash provided by operating activities	\$ 125,044	\$ 64,192

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

Property, plant and equipment contributions were received in amounts of \$56.4 million and \$26.7 million in fiscal years 2009 and 2008, respectively.

The change in the fair value of investments were \$5.1 million increase and \$0.5 million decrease in fiscal year 2009 and 2008, respectively.

\$306.8 million of Miami-Dade County Water and Sewer System Revenue Refunding Bonds, Series 2008C were issued to redeem all of the Dade County Water and Sewer System Revenue Refunding Variable Demand Bonds, Series 2005.

	(in thousands)	
	<u>2009</u>	<u>2008</u>
<i>RECONCILIATION OF CASH AND CASH EQUIVALENTS AT END OF YEAR</i>		
Unrestricted Current Cash and Cash Equivalents	\$ 389	\$ 24,487
Restricted Current Cash and Cash Equivalents	130,009	109,633
Restricted Noncurrent Cash and Cash Equivalents	-	9,926
Total cash and cash equivalents at end of year	<u>\$ 130,398</u>	<u>\$ 144,046</u>

The accompanying notes to financial statements are an integral part of these statements.

Notes to Financial Statements

SEPTEMBER 30, 2009 AND 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The Miami-Dade Water and Sewer Department (the Department) functions as a self-supporting governmental enterprise fund of Miami-Dade County, Florida (the County). An enterprise fund is used to account for the financing of services to the general public on a continuing basis with costs recovered primarily through user charges. Accordingly, its financial statements have been prepared on the accrual basis of accounting. The Department issues a separate comprehensive annual financial report and its financial statements are combined in the County's comprehensive annual financial report.

The accompanying financial statements combine the accounts of both the Water and Wastewater Systems to provide meaningful information with respect to the Department, with all transaction of the Department accounted for as one enterprise fund. All significant inter-system accounts and transactions have been eliminated.

BASIS OF ACCOUNTING

During fiscal year 2002, the Department adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statements: No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and No. 34*; and No. 38, *Certain Financial Statement Note Disclosures*.

These GASB statements require the presentation of a Management's Discussion and Analysis which precedes the financial statements, in addition to several changes to the financial statement such as: (1) the classification of the Equity section of the balance sheet into Net Assets with categories of Invested in Capital Assets, Net of Related Debt, Restricted and Unrestricted; (2) the statement of revenues, expenses and changes in net assets formatted to report changes in net assets in place of changes in retained earnings; and (3) additional note disclosures to the financial statements.

APPLICATION OF FASB STANDARDS

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

OPERATING/NONOPERATING REVENUES AND EXPENSES

Operating revenues and expenses are those that result from providing water and wastewater services. Nonoperating revenues and expenses include capital, financing, investing and other activities not related to the provision of water and wastewater services.

REVENUE RECOGNITION

All water and wastewater revenues are recognized when the related services are provided. Unbilled receivables have been estimated and accrued as revenue from the date of last reading of the meters based on the billing cycle. Unbilled accounts receivable were approximately \$32.2 million and \$29.5 million as of September 30, 2009 and 2008, respectively.

CAPITAL ASSETS

Property acquired with an initial individual cost of \$1,000 or more and an estimated useful life in excess of one year is capitalized at cost. Major outlays for construction of capital assets and improvements are capitalized at cost. Expenditures for maintenance and repairs are expensed as incurred. Property contributions received from municipalities are recorded as capital assets by the Department at the acquisition cost to the municipality. Property contributed in aid of construction is capitalized at its estimated fair market value on the date received.

Annualized depreciation expense, expressed as a percent of depreciable capital assets, was 3.4% and 3.6% for the fiscal years ended September 30, 2009 and 2008, respectively. The Department utilizes the single-unit straight-line depreciation method and gains or losses are recognized on retirements. Assets with a change in estimated life are depreciated based on net book value over the remaining life of the asset. Estimated useful lives of capital assets in service are as follows:

Notes to Financial Statements

	Water System	Wastewater System
	(years)	
Structures and improvements	25-45	25-45
Equipment	3-20	3-20
Transmission mains and accessories	25-45	30-40

Total depreciation expense for the fiscal years ended September 30, 2009 and 2008 was approximately \$152 million and \$155 million, respectively.

CASH, CASH EQUIVALENTS AND INVESTMENTS

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

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the Department has opted to report money market and non-participating investments, with remaining maturities of one year or less at the time of purchase, at amortized cost which approximates market.

Investments are carried at fair value. The net increase or decrease in the fair value of investments is included as part of interest income in the accompanying statements of revenues, expenses and changes in net assets.

For purposes of the statements of cash flows, the Department considers all highly liquid pooled investments with a maturity of three months or less when purchased to be cash equivalents.

INVENTORY

Materials and supplies inventories are stated at lower of weighted average cost or market.

INTEREST ON INDEBTEDNESS

Interest is charged to expense, as incurred, except for interest related to borrowings used for construction projects which is capitalized, net of interest earned on construction funds borrowed. Interest incurred during the fiscal years ended September 30, 2009 and 2008 was \$70.0 million and \$76.0 million, respectively. Of these amounts, \$7.0 million and \$9.6 million were capitalized in fiscal years 2009 and 2008, respectively, net of interest

earned on construction funds from tax-exempt borrowing of \$2.0 million and \$2.9 million in fiscal years 2009 and 2008, respectively.

For interest rate swap agreements, the amounts recorded in the financial statements are the net interest expense along with amortization of fees paid or received resulting from these agreements. The Department recorded a liability for the swap option and will amortize the up-front payment shown as net of interest expense in the financial statements.

During fiscal year 2003 the Department adopted the provisions of GASB Technical Bulletin No. 2003-1 (T.B. 2003-1), *Disclosure Requirements for Derivatives Not Reported at Fair Value on the Statement of Net Assets*, which requires new disclosure requirements related to derivatives such as interest rate swap agreements and swap options.

BOND DISCOUNT, PREMIUM AND ISSUANCE COSTS

Discounts and premiums on bonds and notes payable are amortized using the straight-line method over the life of the related bond issuances or term of the notes. Bond issuance costs are capitalized and amortized over the life of the bonds in a manner similar to discounts and premiums.

CAPITAL CONTRIBUTIONS

Effective October 1, 2000, the Department adopted GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, which requires recognition of external capital contributions to proprietary funds as revenues.

GRANTS FROM GOVERNMENT AGENCIES

The Department records grants when all applicable eligibility requirements have been met. This normally occurs as amounts are expended and become reimbursable from the granting agency.

PENSION PLAN

The Department has adopted the provisions, pertaining to pension transactions, of GASB Technical Bulletin No. 2004-2, *Recognition of Pension Benefit Expenditures/ Expenses and Liabilities by Cost Sharing Employers* ("the Bulletin"). The adoption of the Bulletin did not have an impact on the financial statements of the Department. The provisions of the Bulletin pertaining to OPEB transactions has been applied simultaneously with the adoption

Notes to Financial Statements

of GASB Statement 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

COMPENSATED ABSENCES

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

COST ALLOCATION

Certain engineering overhead and other costs are generally allocated to capital projects and operating expenses using standard rates developed by independent consultants. The rate is based on various allocation bases which bear reasonable relation with the type of allocable expenditures.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

The Department pools all cash, cash equivalents and investments, with the exception of certain amounts which are required to be held in trust and escrow accounts under the terms of bond ordinances and loan agreements. Various self-balancing account groups are participants in such pooling, sharing on a pro-rata basis in the pooled earnings, according to their respective average monthly balances.

DEPOSITS

The carrying amounts of the Department's local deposits were \$95.1 million and \$7.4 million as of September 30,

2009 and 2008, respectively. The bank balances at local depositories were \$108.7 million and \$23.3 million as of September 30, 2009 and 2008, respectively, consisting of demand deposit accounts only. All deposits are fully insured by Federal Depository Insurance and a multiple financial institution collateral pool required by Chapter 280 Florida Statutes, "Florida Security for Public Deposits Act". Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits, times the depository's collateral pledging level. The pledging level may range from 50% to 125% depending upon the depository's financial condition and establishment period. All collateral must be deposited with a State-approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

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

Cash on hand and cash held by other parties as of September 30, 2009 was \$103,410,037.

INVESTMENTS

The Department's investments at September 30, 2009, are shown in the following table (in thousands).

	Fair Value
Federal Home Loan Mortgage Corporation	\$ 53,407
Federal Home Loan Bank	63,255
Federal Farm Credit Bank	108,492
Federal National Mortgage Association	86,068
Time Deposits	283
Treasury Notes	44,601
Interest Bearing	47,881
Total Investments	<u>\$ 403,987</u>

CREDIT RISK

The Policy, minimizes credit risk by restricting authorized investments to: Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act; Securities and Exchange Commission (SEC) registered money market funds with the highest credit rating

Notes to Financial Statements

from a nationally recognized rating agency; interest bearing time deposits or saving accounts in qualified public depositories, pursuant to Florida Statutes §280.02, which are defined as banks, savings banks, or savings associations organized under the laws of the United States with an office in this state that is authorized to receive deposits, and has deposit insurance under the provisions of the Federal Deposit Insurance Act; direct obligations of the United States Treasury; federal agencies and instrumentalities; securities of, or other interests in, and open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, provided that the portfolio is limited to the obligations of the United States government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian; commercial paper of prime quality with a stated maturity of 270 days or less from the date of its issuance, which has the highest letter and numerical rating as provided for by at least two nationally recognized rating service; banker acceptances which have a stated maturity of 180 days or less from the date of issuance, and have the highest letter and numerical rating as provided for by at least two nationally recognized rating service, and are drawn on and accepted by commercial banks and which are eligible for purchase by the Federal Reserve Bank, investments in repurchase agreements (“Repos”) collateralized by securities authorized by this policy. All Repos shall be governed by a standard SIFMA Master Repurchase Agreement; municipal securities issued by U.S. state or local governments, having at time of purchase, a stand-alone credit rating of AA or better assigned by two or more recognized credit rating agencies or a short-term rating of A1/P1 or equivalent from one or more recognized credit rating agencies. Securities lending, securities or investments purchased or held under the provisions of this section, may be loaned to securities dealers or financial institutions provided the loan is collateralized by cash or securities having a market value of at least 102 percent of the market value of the securities loan upon ignition of the transaction.

The following table summarizes the investments by type and credit ratings at September 30, 2009.

	Credit Ratings
Federal Home Loan Mortgage Corporation	AAA
Federal Home Loan Bank	AAA
Federal Farm Credit Bank	AAA
Federal National Mortgage Association	AAA
Time Deposits	N/A
Treasury Notes	N/A
Commercial Paper	A1/P1

Guaranteed investment contracts (GIC) are not subject to credit rating because they are direct contractual investments and are not securities. These GIC provide for a guaranteed return on investments over a specified period of time.

CUSTODIAL CREDIT RISK

The Policy requires that bank deposits be secured per Chapter 280, Florida Statutes. This requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2009 all the County’s bank deposits were in qualified public depositories.

The Policy requires the execution of a Custodial Safekeeping Agreement (CSA) for all purchased securities which shall be held for credit of the County in an account separate and apart from the assets of the financial institution.

CONCENTRATION OF CREDIT RISK

The Policy establishes limitations on portfolio composition by investment type and by issuer to limit its exposure to concentration of credit risk. The Policy provides that a maximum of 50% of the portfolio may be invested in the State of Florida Local Government Surplus Trust Fund (the “Pool”); however, the bond proceeds may be temporarily deposited in the Pool until alternative investments have been purchased. Prior to any investment in the Pool, approval must be received from the Board of County Commissioners. A maximum of 30% of the portfolio may be invested in SEC registered money market funds with no more than 10% to any single money market fund; a maximum of 20% of the portfolio may be invested in non-negotiable interest bearing time certificates of deposit

Notes to Financial Statements

and savings account with no more than 5% deposited with any one insurer. There is no limit on the percent of the total portfolio that may be invested in direct obligations of the U.S. Treasury or federal agencies and instrumentalities; with no limits on individual issuers (investment in agencies containing call options shall be limited to a maximum of 25% of total portfolio). A maximum of 5% of the portfolio may be invested in open-end or closed-end funds; a maximum of 50% of the portfolio may be invested in prime commercial paper with a maximum of 5% with any one issuer; a maximum of 25% of the portfolio may be invested in bankers acceptances with a maximum of 10% with any one issuer, but a maximum of 60% of the portfolio may be invested in both commercial paper and bankers acceptances. A maximum of 20% of the portfolio may be invested in repurchase agreements with the exception of one (1) business day agreements, with a maximum of 10% of the portfolio with any one institution or dealer with the exception of one (1) business day agreements. Investments in derivative products shall be prohibited by Miami-Dade County. A maximum of 25% of the portfolio may be directly invested in municipal obligations, up to 5% with any one municipal issuer.

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

	% of Portfolio
Federal Home Loan Mortgage Corporation	13.22
Federal Home Loan Bank	15.66
Federal Farm Credit Bank	26.86
Federal National Mortgage Association	21.30
Treasury Notes	11.04
Interest Bearing	6.23

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

INTEREST RATE RISK

The Policy limits interest rate risk by requiring the matching of known cash needs and anticipated net cash outflow requirements; following historical spread relationships between different security types and issuers; evaluating both interest rate forecasts and maturity dates to consider short-term market expectations. The Policy requires that investments made with current operating funds shall maintain a weighted average of no longer than one year. Investments for bond reserves, construction funds and

other non-operating funds shall have a term appropriate to the need for funds and in accordance with debt covenants. The Policy limits the maturity of an investment to a maximum of five years.

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

	Weighted Average in Years
Federal Home Loan Mortgage Corporation	0.86
Federal Home Loan Bank	0.84
Federal Farm Credit Bank	1.58
Federal National Mortgage Association	0.81
Time Deposits	0.42
Treasury Notes	0.51
Interest Bearing	0.17

FOREIGN CURRENCY RISK

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

3. RECEIVABLES

Receivables at September 30, 2009 and 2008 were as follows (in thousands):

	2009	2008
Trade Accounts	\$ 101,769	\$ 97,318
Non-retail accounts	13,887	10,911
Other County funds	416	5,353
Other governments	-	5
Gross receivables	116,072	113,587
Less: allowance for doubtful accounts	(24,843)	(24,411)
Net receivables	\$ 91,229	\$ 89,176

4. OTHER CURRENT ASSETS

Other current assets at September 30, 2009 were as follows (in thousands):

	2009
Prepaid Expenses	\$ 1
Advances	9,500
Total	\$ 9,501

The County has entered into an agreement with the City of Hialeah (the City) to construct a 4.2 MGD reverse osmosis water treatment plant. The City and the County shall have equal 50% ownership of a reverse osmosis

Notes to Financial Statements

water treatment plant (WTP), exclusive of land but inclusive of structures, facilities and appurtenances to be situated in the Annexation Area of the City. The WTP shall be permitted and operational by February 1, 2011, with an option to extend for an additional year, with the consent of the South Florida Water Management District. The County shall contribute and pay for 50% of the planning, design, construction and construction management (design and construction) cost for the WTP, in an amount not less than \$80 million, and the City shall contribute 50% of the design and construction cost for the WTP, in an amount not less than \$80 million based on an estimate. As of September 30, 2009, the Department has contributed \$9.5 million towards the construction of the WTP.

Council of Governmental Accounting (*NCGA*) *Statement No. 1: Governmental Accounting and Financial Reporting Principles* and, therefore, are not funds for financial reporting purposes, but are maintained as separate accounts. Restricted assets at September 30, 2009 and 2008 are represented in the following table (in thousands):

	2009	2008
Debt Service	\$ 105,799	\$ 146,163
Construction	71,258	116,709
Renewal and Replacement	72,603	94,019
Plant Expansion	95,411	177,284
Self-Insurance	3,485	5,397
Other	71,030	94,573
Total Assets	<u>\$ 419,586</u>	<u>\$ 634,145</u>

5. RESTRICTED ASSETS

Certain bond ordinances and loan agreements require the Department to establish accounts to be used in accounting for proceeds and collateral pledged as a result of the various issues of debt. In many cases, the applicable ordinances refer to the restricted accounts as “funds”. Such accounts are not “funds” as defined by the National

6. CAPITAL ASSETS

Capital asset activity during fiscal years 2009 and 2008 was as follows (in thousands):

	2008			2009			
	Balance 09/30/07	Additions	Deletions	Balance 09/30/08	Additions	Deletions	Balance 09/30/09
Land	\$ 38,274	\$ 136	\$ (739)	\$ 37,671	\$ 6,814	\$ -	\$ 44,485
Construction work in progress	404,010	183,860	(161,399)	426,471	282,874	(88,759)	620,586
Total capital assets, not being depreciated	442,284	183,996	(162,138)	464,142	289,688	(88,759)	665,071
Capital Assets, being depreciated							
Structures and improvements	3,360,231	165,751	(2,338)	3,523,644	98,222	(16,946)	3,604,920
Equipment	823,017	23,010	(9,769)	836,258	29,864	(9,100)	857,022
Total capital assets, being depreciated	4,183,248	188,761	(12,107)	4,359,902	128,086	(26,046)	4,461,942
Less accumulated depreciation:							
Structures and improvements	(1,135,086)	(110,371)	2,337	(1,243,120)	(113,057)	16,946	(1,339,231)
Equipment	(571,502)	(44,712)	9,893	(606,321)	(39,508)	9,100	(636,729)
Total accumulated depreciation	(1,706,588)	(155,083)	12,230	(1,849,441)	(152,565)	26,046	(1,975,960)
Total capital assets, being depreciated, net	2,476,660	33,678	123	2,510,461	(24,479)	-	2,485,982
Total capital assets, net	<u>\$ 2,918,944</u>	<u>\$ 217,674</u>	<u>\$ (162,015)</u>	<u>\$ 2,974,603</u>	<u>\$ 265,209</u>	<u>\$ (88,759)</u>	<u>\$ 3,151,053</u>

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7. LINE OF CREDIT

On July 31, 2009, the Department entered into a Loan Agreement, in the form of a line of credit, with Regions Bank for the purpose of providing short term interim financing for multiple capital improvements projects pursuant to Miami-Dade County Ordinance 08-126, as amended and restated by Ordinance 09-67, and Resolution R-1040-09. The Agreement is for a short-term line of credit of up to \$100 million, which may be renewed, and requires the Department to maintain a depository account balance of no less than \$25 million with Regions Bank. As of September 30, 2009, draws against the line of credit total \$40 million.

The schedule below shows the Department's Line of Credit balance as of September 30, 2009.

	2009
Balance at beginning of year	\$ -
Draws against Line of Credit	40,000
Balance at end of year	<u>\$ 40,000</u>

The Department has plans to issue revenue bonds in fiscal year 2010 and a portion of the proceeds will be used to repay the line of credit.

The line of credit is collateralized by the net operating revenues of the Department. Interest is payable monthly. Should the principal not be repaid by August 3, 2011, the agreement will convert to a term loan with a three year amortization period. The Department anticipates any principal balance will be reimbursed in full from revenue bonds or other proceeds before August 2011. Interest is being paid from proceeds as capitalized interest.

8. LONG-TERM DEBT

Long-term debt includes various bonds and loans which have been issued or approved by the County for the improvement of the Department's water and wastewater infrastructure, and defeasance of outstanding debt. General covenants, along with debt service requirements, are disclosed below. See Note 5, Restricted Assets, for a discussion of the accounts used in accounting for proceeds and collateral pledged as a result of the issuance of the various forms of debt.

The Department's debt instruments contain various covenants and restrictions, which among other things, (1) prohibit the Department from taking any action that could jeopardize its tax-exempt status, and (2) require the Department to meet certain financial tests. Management believes that the Department was in compliance with all such covenants and restrictions at September 30, 2009.

DADE COUNTY REVENUE BONDS, SERIES 1994

On February 4, 1994, \$431.7 million of Dade County Water and Sewer System Revenue Bonds, Series 1994, with variable interest rates, were issued to finance capital improvements to the water and wastewater systems. The variable rate is set by the Remarketing Agent (Smith Barney Shearson Inc.) based on the weekly rate the bond is sold for in that time period. On July 15, 2008, \$374.6 million of Miami-Dade County, Florida Water and Sewer System Revenue Refunding Bonds, Series 2008B were issued to refund all of the remaining Series 1994 Bonds.

DADE COUNTY REVENUE BONDS, SERIES 1995

On October 19, 1995, \$346.8 million of Dade County Water and Sewer System Revenue Bonds, Series 1995 were issued to finance capital improvements to the water and wastewater systems. On September 29, 2006, \$295.2 million of Dade County Water and Sewer System Revenue Refunding Variable Rate Demand Bonds, Series 2005 were issued to refund the Series 1995 Bonds maturing after October 1, 2011.

The Series 1995 Revenue Bonds are collateralized by the net operating revenues of the Department and are due serially on October 1 through the year 2011 with semi-annual interest due on April 1 and October 1 of each year. Net revenue requirements of at least 1.10 times the current year's debt service requirements were met in fiscal year 2009.

DADE COUNTY REVENUE BONDS, SERIES 1997

On January 30, 1997, \$437.2 million of Dade County Water and Sewer System Revenue Bonds, Series 1997 were issued to finance capital improvements to the water and wastewater systems. On September 27, 2007, \$344.7 million of Dade County Water and Sewer System Revenue Refunding Bonds, Series 2007 were issued to refund the Series 1997 Bonds maturing after October 1, 2009.

MIAMI-DADE COUNTY REVENUE BONDS, SERIES 1999A

On May 5, 1999, \$150 million of Dade County Water and Sewer System Revenue Bonds, Series 1999A were issued to finance capital improvements to the water and wastewater systems.

The Series 1999A Revenue Bonds are collateralized by net operating revenues of the Department and are due serially on October 1 through the year 2029 with semi-annual interest due on April 1 and October 1 of each year. Net revenue requirements of at least 1.10 times the current year's debt service requirements were met in fiscal year 2009.

Notes to Financial Statements

CHANGES IN LONG-TERM LIABILITIES

A summary of the long-term liability activity during fiscal years 2008 and 2009 is presented in the following table (in thousands):

Description	Outstanding Rate	Balance 09/30/2007	<u>2008</u>		Balance 09/30/2008	<u>2009</u>		Balance 09/30/2009	Due in 2010
			Additions	Deletions		Additions	Deletions		
<i>Dade County Revenue Bonds</i>									
Series 1994	Variable	\$ 416,075	\$ -	\$ 416,075	\$ -	\$ -	\$ -	\$ -	\$ -
Series 1995	4.10%-6.25%	22,845	-	4,030	18,815	-	4,285	14,530	4,555
Series 1997	4.50%-6.25%	27,935	-	8,790	19,145	-	9,335	9,810	9,810
Series 1999A	5.00%	150,000	-	-	150,000	-	-	150,000	-
Series 2003	2.00%-5.00%	194,770	-	25,500	169,270	-	26,425	142,845	27,395
Series 2005	Variable	295,240	-	-	295,240	-	295,240	-	-
Series 2007	4.00%-5.00%	344,690	-	-	344,690	-	190	344,500	380
Series 2008A & B	3.25%-5.25%	-	442,855	-	442,855	-	-	442,855	2,815
Series 2008C	4.00%-6.00%	-	-	-	-	306,845	-	306,845	430
Less: Unamortized Discount		(3,462)	-	(749)	(2,713)	(2,638)	(532)	(4,819)	-
Deferred amounts on refunding		(45,325)	(1,395)	(4,068)	(42,652)	-	(15,622)	(27,030)	-
Plus: Unamortized Premium		28,827	31,940	3,290	57,477	-	5,002	52,475	-
Total revenue bonds		\$ 1,431,595	\$ 473,400	\$ 452,868	\$ 1,452,127	\$ 304,207	\$ 324,323	\$ 1,432,011	\$ 45,385
<i>State Loan Obligations</i>									
State Revolving Fund	2.56%-4.17%	117,776	-	9,833	107,943	21,335	10,185	119,093	10,515
Total long-term debt		\$ 1,549,371	\$ 473,400	\$ 462,701	\$ 1,560,070	\$ 325,542	\$ 334,508	\$ 1,551,104	\$ 55,900
<i>Other liabilities</i>									
Compensated Absences		33,039	12,909	10,341	35,607	13,682	11,688	37,601	11,719
Self-Insurance		5,820	3,555	3,978	5,397	-	3,203	2,194	904
Other post-employment benefits		-	1,098	-	1,098	747	-	1,845	-
Deferred revenues		31,935	-	1,775	30,160	13,755	30,630	13,286	-
Total long-term liabilities		\$ 1,620,165	\$ 490,962	\$ 478,795	\$ 1,632,332	\$ 353,727	\$ 380,029	\$ 1,606,030	\$ 68,523

DEBT SERVICE REQUIREMENTS

As of September 30, 2009, the Department's debt service requirements to maturity for their term were as follows (in thousands):

Maturing in Fiscal Year	Revenue Bonds		State Loans		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Debt
2010	\$ 45,385	\$ 69,268	\$ 10,515	\$ 2,955	\$ 55,900	\$ 72,223	\$ 128,123
2011	48,035	67,163	10,855	2,616	58,890	69,779	128,669
2012	50,175	64,982	11,205	2,265	61,380	67,247	128,627
2013	52,015	62,651	9,455	1,903	61,470	64,554	126,024
2014	54,425	60,245	10,175	1,843	64,600	62,088	126,688
2015-2019	314,855	258,662	37,693	6,410	352,548	265,072	617,620
2020-2024	403,935	167,994	17,914	2,284	421,849	170,278	592,127
2025-2029	390,100	55,403	5,649	952	395,749	56,355	452,104
2030-2034	52,460	1,311	5,632	310	58,092	1,621	59,713
	\$ 1,411,385	\$ 807,679	\$ 119,093	\$ 21,538	\$ 1,530,478	\$ 829,217	\$ 2,359,695
Unamortized Discount, Deferred & Premium Amounts	20,626	-	-	-	20,626	-	20,626
Total	\$ 1,432,011	\$ 807,679	\$ 119,093	\$ 21,538	\$ 1,551,104	\$ 829,217	\$ 2,380,321

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MIAMI-DADE COUNTY REVENUE BONDS, SERIES 2003

On October 9, 2003, \$248.9 million of Miami-Dade County Water and Sewer System Revenue Refunding Bonds, Series 2003 were issued to refund the County's Water and Sewer System Revenue Refunding Bonds, Series 1993, and to pay issue costs.

The Series 2003 Refunding Bonds are collateralized by net operating revenues of the Department and are due serially on October 1 through the year 2013 with semi-annual interest due on April 1 and October 1 of each year. Net revenue requirements of at least 1.10 times the current year's debt service requirements were met in fiscal year 2009.

MIAMI-DADE COUNTY REVENUE BONDS, SERIES 2005

On September 29, 2005, \$295.2 million of Miami-Dade County Water and Sewer System Revenue Refunding Variable Rate Demand Bonds, Series 2005 were issued to refund the County's Water and Sewer System Revenue Refunding Bonds, Series 1995 maturing after October 1, 2011, and to pay issue costs. On December 19, 2008, the Department issued \$306.8 million Miami-Dade County, Florida Water and Sewer System Revenue Refunding Bond, Series 2008C to refund all of the remaining Series 2005 Bonds.

MIAMI-DADE COUNTY REVENUE BONDS, SERIES 2007

On September 29, 2007, \$344.7 million of Miami-Dade County Water and Sewer System Revenue Refunding Bonds, Series 2007 were issued to refund the Miami-Dade County Water and Sewer System Revenue Bonds, Series 1997 maturing after October 1, 2009, and to pay issue costs.

The Series 2007 Refunding Bonds are collateralized by the net operating revenues of the Department and are due serially on October 1 starting in 2008 through the year 2026 with semi-annual interest due on April 1 and October 1 of each year. Net revenue requirements of at least 1.10 times the current year's debt service requirements were met in fiscal year 2009.

MIAMI-DADE COUNTY WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2008A

On July 15, 2008, the County issued \$68.3 million of Miami-Dade County Water and Sewer System Revenue Bonds, Series 2008A to pay the costs of terminating the AIG Financial Products Corporation interest rate swap associated with the variable rate Dade County Water and Sewer System Revenue Bonds, Series 1994 and to pay issuance costs.

The Series 2008A Revenue Bonds are collateralized by the net operating revenues of the Department and are due serially October 1 starting in 2009 through the year 2022 with semi-annual interest due on April 1 and October 1 of each year. Net revenue requirements of at least 1.10 times the current year's debt service requirements were met in fiscal year 2009.

MIAMI-DADE COUNTY WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2008B

On July 15, 2008, \$374.6 million of Miami-Dade County Water and Sewer System Revenue Refunding Bonds, Series 2008B were issued to redeem all of the County's Water and Sewer System Revenue Bonds, Series 1994 and to pay issuance and surety costs.

The Series 2008B Refunding Bonds are collateralized by the net operating revenues of the Department and are due serially on October 1 starting in 2009 through the year 2022 with semi-annual interest due on April 1 and October 1 of each year. Net revenue requirements of at least 1.10 times the current year's debt service requirements were met in fiscal year 2009.

MIAMI-DADE COUNTY WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2008C

On December 18, 2008, \$306.8 million of Miami-Dade County Water and Sewer System Revenue Refunding Bonds, Series 2008C were issued to redeem all of the Dade County Water and Sewer System Revenue Refunding Variable Rate Demand Bonds, Series 2005 and to pay issuance and surety costs. The refunding resulted in a gain of \$13.8 million.

The Series 2008C Refunding Bonds are collateralized by the net operating revenues of the Department and are due serially on October 1 starting in 2009 through the year 2026 with semi-annual interest due on April 1 and October 1 of each year. Net revenue requirements of at least 1.10 times the current year's debt service requirements were met in fiscal year 2009.

STATE REVOLVING FUND

Under the State Revolving Fund program, the Department has received various loan commitments for the construction of water and wastewater treatment facilities. Draws to date against committed loans as of September 30, 2009 are detailed in the following table (in thousands). Related payments of principal and interest are due through the year 2034.

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<u>Loan #</u>	<u>Draws</u>	<u>Closed Out Date</u>
375310	\$ 45,906	06/07/99
377400	36,402	06/07/99
377450	27,831	05/18/01
377470	11,959	08/21/00
377490	3,098	05/02/01
377500	25,874	12/01/03
377650	2,618	08/08/03
377670	3,604	10/27/03
377860	4,253	09/20/06
377870	4,979	09/20/06
37788P	3,252	09/27/04
37789A	845	08/01/07
07789L	2,891	09/26/06
300010	39,534	08/04/08
300080	4,691	04/28/03
377900	21,336	Active
	<u>\$ 239,073</u>	

No further draws will be made against closed loans.

The Department has agreed to maintain rates, together with other pledged revenues, sufficient to provide “net revenues” equal to at least 1.15 times the annual loan payments after meeting the primary debt service requirements. Reserve and debt service funding requirements, as required by the agreements, were met in fiscal year 2009.

INTEREST RATE SWAP AGREEMENTS

The Department is currently a party to two interest rate swap agreements related to the Series 1999A and Series 2007 revenue bonds issued by the Department.

The objective of the swap agreements is to lower the variable rate debt service on these bonds. The fair value of a swap is determined at September 30, 2009 based on an estimated mark-to-mid market assessment. The fair value was developed by using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swap.

On June 15, 2008, Merrill Lynch Capital Services, Inc. exercised their option to terminate a fixed to variable rate swap option with a notional amount of \$215 million with respect to the Series 2007 Bonds at no cost to either party.

On July 15, 2008, the Department issued fixed rate bonds refunding the Water and Sewer System Revenue Bonds, Series 1994, which were issued as variable rate bonds. The Series 1994 Bonds were associated with a variable to fixed rate swap agreement with AIG Financial Products Corporation, which effectively fixed the rate on the variable rate bonds at 5.28% plus liquidity and remarketing costs. With the refunding of all outstanding obligations of the Series 1994 Bonds by the issuance of the fixed rate debt, the Series 2008B Bonds, the Department terminated

INTEREST RATE SWAP AGREEMENTS

Below is a recap of the interest rate swap agreements that the Department has entered into:

Associated Series of Bonds	Notional Amount as of 09/30/09	Counterparty ⁽³⁾	Counterparty Ratings as of 09/30/09 ⁽¹⁾	Start Date	Termination Date	Counterparty Payment	County Payment	Fair Value at 09/30/09
Series 2007	\$ 200,000,000	RFPC, Ltd ⁽²⁾ -Guarantor-AMBAC	Guarantor-Caa2, CC, No rating	07/18/02	10/01/26	Variable - USD - Libor - BBA + 1.465%	Variable - (USD-SIFMA Municipal Swap Index/.0604)	\$ 186,057
Series 1999A	\$ 205,070,000	RFPC, Capital Services, LLC ⁽²⁾ -Guarantor-BNY	Guarantor-Aaa, AA-, AA	03/06/06	10/01/29	Variable - (USD - ISD - Swap Rate) x 90.15% + 1.58%	Variable ⁽⁴⁾ - (USD -SIFMA Municipal Swap Index/.0604)	\$ 13,725,327

⁽¹⁾ Moody's, S&P, Fitch

⁽²⁾ A subsidiary of Rice Financial Products Co., New York, New York.

⁽³⁾ Moody's recent downgrade of AMBAC requires certain action by the Counterparty under the swap. The counterparty was replaced by Bank of New York Mellon on 10/02/2009. The counterparty associated with the series 1999A Bonds was also replaced by the Bank of New York Mellon under the same ISDA on 10/2/2009.

⁽⁴⁾ (i) From July 5, 2007 to, but excluding January 1, 2009 (A) if the difference obtained by subtracting USD-LIBOR-BBA from the product of 90.15% multiplied by USD-ISDA-Swap Rate is greater than 0.4% USD-LIBOR-BBA, plus 1.58%, otherwise, (B) USD-ISDA-Swap Rate multiplied by 90.15%, plus 1.58%; and (ii) from January 1, 2009 and thereafter, USD-ISDA-Swap Rate multiplied by 90.15% plus 1.58%.

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the AIG swap agreement at a termination value of \$76.4 million (including accrued interest of \$2.8 million). The Department issued \$68.3 million of Water and Sewer System Revenue Bonds, Series 2008A to pay a portion of the termination value. The balance was paid from the revenues of the Department.

On November 19, 2008, the County terminated the \$295.2 million notional amount, variable to fixed rate swap with Bank of America N.A. related to the Series 2005 Bonds. The termination was a result of the County's inability to secure a substitute standby bond purchase agreement that was scheduled to expire in December 2008. The termination value of the Bank of America Swap was \$67.2 million, with accrued interest of \$1.9 million, making the total termination amount of \$69.1 million which the County paid from legally available funds of the Department. The County does not believe that such payment will have an adverse effect on the operation of the Utility.

Risk Disclosure

Credit Risk. Because all of the swaps rely upon the performance of the third parties who serve as swap counterparties, the Department is exposed to credit risk or the risk that the counterparty fails to perform according to its contractual obligations. The appropriate measurement of this risk at the reporting date is the fair value of the swaps, as shown and labeled fair value on the *Interest Rate Swap Agreements* chart found on the previous page. All fair values have been calculated using the mark-to-mid-market method. To mitigate credit risk, the County maintains strict credit standards for swap counterparties. All swap counterparties for longer term swaps are rated at least in the double-A category by both Moody's and Standard & Poor's. To further mitigate credit risk, the Department swap documents require counterparties to post collateral for the Department's benefit if they are downgraded below a designated threshold.

Basis Risk. The Department's swap agreements expose the County to basis risk. Should the relationship between the variable rate the Department receives on the swap fall short of the variable rate on the associated bonds, the expected savings may not be realized. As of September 30, 2009, the Department had no variable rate debt outstanding.

Tax Risk. For the basis swaps, the interplay between the taxable index and the tax exempt index may be affected by changes to the marginal tax rates, the elimination of

tax preferences or a flat tax. The Department considers these risks to be remote.

Termination Risk. The Department's swap agreements do not contain any out-of-ordinary terminating events that would expose it to significant termination risk. In keeping with the market standards the Department or the counterparty may terminate each swap if the other party fails to perform under the terms of the contract. In addition, the swap documents allow either party to terminate in the event of a significant loss of creditworthiness. If at the time of the termination, a swap has a negative value, the Department would be liable to the counterparty for a payment equal to the fair value of such swap unless the counterparty is the defaulting party. The Department is subject to Bank of New York Mellon's 10 year call provision, whereby Bank of New York Mellon has a one time termination option.

9. PAYABLES

Payables at September 30, 2009 and 2008 were as follows (in thousands):

	2009	2008
Other County funds	\$ 6,697	\$ 8,010
Vendors	15,856	22,771
Other governments	15,578	13,429
Salaries and benefits	7,445	5,601
Contractors	23,165	16,711
Other	331	2,017
Total payables	<u>\$ 69,072</u>	<u>\$ 68,539</u>

10. PENSION PLAN

The Department, as an agency of the County, participates in the Florida Retirement System (the FRS), a cost-sharing multi-employer public employment retirement system, which covers substantially all of the Department's full-time and part-time employees.

The FRS was created in 1970 by consolidating several employee retirement systems and is administered by the State of Florida. All eligible employees, as defined by the State of Florida, who were hired after 1970 and those employed prior to 1970 who elected to be enrolled, are covered by the FRS.

Benefits under the "FRS Pension Plan", a defined benefit program, vest after six years of service. Employees who retire at or after age 62, with six years of credited service, or have 30 years of credited service (no age requirement), are entitled to an annual retirement benefit, payable

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monthly for life. The FRS also provides for early retirement at reduced benefits and death and disability benefits. These benefit provisions and all other requirements are established by State of Florida statutes. Retirement benefits are pre-funded by employer contributions and participant contributions are not allowed.

The legislature created a new defined contribution program that was added to the menu of choices available to FRS members beginning June 2002. Formally created as the Public Employee Optional Retirement Program, the “FRS Investment Plan” is available as an option for all current and future members, including renewed members (FRS retirees who have returned to FRS employment). The FRS Investment Plan is a defined contribution plan where the contribution amount is fixed by a set percentage determined by law and the contribution is made to an individual account in each participant’s name. Participant contributions are not allowed. With a defined contribution plan, in which the monthly contribution rate is fixed, the final benefit will be the total account value (contributions plus investment earnings less expenses and losses) distributed during retirement.

The covered payroll for Department employees in the FRS for the years ended September 30, 2009 and 2008 was \$157.6 million and \$146.9 million, respectively, while the Department’s total payroll was \$162.2 million and \$152.0 million for fiscal years 2009 and 2008, respectively. Pension costs of the Department, as required and defined by Florida statute, ranged between 9.9% and 20.9% of gross salaries during fiscal years 2009 and 2008. For the years ended September 30, 2009, 2008, and 2007, the Department’s actual contributions met all required contributions. These contributions aggregated \$15.5 million, \$14.5 million and \$13.6 million, respectively, which represented 9.9%, 9.9% and 9.9% of covered payroll, respectively, and 0.7%, 0.7% and 0.7% of the total contributions required of all participating agencies, respectively, for fiscal years 2009, 2008 and 2007.

The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due based upon plan assumptions. Employer contribution rates are established by state law as a level percentage of payroll (Chapter 121.70 Florida Statutes). Employer contribution rates are determined using the entry-age actuarial cost method. The consulting actuary recommends rates based on the annual valuation, but actual

contribution rates are established by the Florida Legislature.

Ten-year historical trend information is presented in the FRS’ June 30, 2009 annual report. This information is useful in assessing the FRS’ accumulation of sufficient assets to pay pension benefits as they become due. A copy of the Florida Retirement System’s annual report can be obtained by writing to the Department of Management Services, Division of Retirement, P.O. Box 9000, Tallahassee, FL 32315-9000, by calling (877) 377-1737 or by visiting their website at <http://FRS.myFlorida.com>.

11. RISK MANAGEMENT

The Department is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; job-related injuries or illnesses to employees; natural disasters and employee health and accident. In the year ended September 30, 1987, the Department established a self-insurance program for general and automobile liability exposures as provided by Section 706 of County Ordinance 78-82, as amended. Ordinance 78-82 was amended and restated by Ordinance 93-134 and Section 609 continues to provide for such self-insurance program.

Claims are administered by the County’s Risk Management Division, and the program is based upon an actuarial study performed annually by consulting actuaries. Liabilities are reported when it is possible that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities also include an amount for claims that have been incurred but not reported (IBNR). Because actual claims liability depend on such complex factors as inflation, change in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors.

Changes in the balance of claim liabilities for the general and automobile self-insurance program during fiscal years 2009 and 2008 were as follows (in thousands):

	2009	2008
Balance at beginning of year	\$3,659	\$4,103
Claims and changes in estimates	(927)	40
Less: Payments	<u>(538)</u>	<u>(484)</u>
Balance at end of year	<u>\$2,194</u>	<u>\$3,659</u>

Notes to Financial Statements

The Department participates in the workers' compensation self-insurance program of the County, administered by the Risk Management Division. Risk Management charges a "premium" to each County department based on amounts necessary to provide funding for expected payments during the fiscal year. The estimate of IBNR losses is performed by an independent actuary. The Department maintains a liability in the amount of \$1.4 million and \$1.7 million at September 30, 2009 and September 30, 2008, respectively, for possible funding of these IBNR losses. The County maintains no excess coverage with independent carriers for workers' compensation. The Department's total self-insurance liability was \$3.6 million and \$5.4 million as of September 30, 2009 and 2008, respectively.

The Department also participates in the County's group health and life self-insurance program, administered by an independent administrator. The County charges a uniform "premium" per employee to each County department based on recent trends in actual claims experience and makes provisions for catastrophic losses. Current year premiums are adjusted for County-wide prior year actual claims experience.

The Department purchases a master property insurance covering most properties. For windstorm losses, the policy carries a deductible of 5% of the total insured value of the damaged building(s), including contents, subject to a minimum of \$250,000 and a maximum of \$30,000,000 per occurrence. A \$1,000,000 deductible applies to most other perils. The current limit of the policy is \$200,000,000 per occurrence.

The Department continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

12. CONTRIBUTIONS

Contributions during fiscal years 2009 and 2008 are presented below (in thousands):

	2009	2008
Contributed Facilities		
Developers	\$56,415	\$26,761

13. RELATED PARTY TRANSACTIONS

The Department provides water and wastewater services to other County departments as part of the normal course of business, based on regular retail rates. The Department

also provides billing services to other County departments. The County provides various services to the Department which are charged using direct and indirect cost allocation methods. The Department reimburses the County (General Fund) for certain administrative services. The following table presents a list of providers of services and respective payments for the years ended September 30, 2009 and 2008 (in thousands):

	2009	2008
General Services Administration	\$18,707	\$21,858
General Fund	14,880	14,984
Information Technology	9,301	12,662
Public Works	5,066	1,876
Solid Waste	1,436	1,759
Other County Departments	5,456	2,949

In addition to the above payments, the Department had related payables of \$6.7 million and \$8.0 million at September 30, 2009 and 2008, respectively.

The Department also has receivables from other County departments amounting to \$0.4 million and \$5.4 million at September 30, 2009 and 2008, respectively. The Department has every intention of paying the outstanding payables on a timely basis, and is confident it will collect the outstanding receivables.

The Department has also entered into other transactions with various County entities. These transactions arise from the normal course of business and in connection with the management of ongoing projects.

14. COMMITMENTS AND CONTINGENCIES

CONSTRUCTION

The Department had contractual commitments of \$330.4 million for plant and infrastructure construction at September 30, 2009.

LEGAL CONTINGENCIES

The County is a defendant in various actions brought by parties in the normal course of business of the Department. Based on consultation with the County Attorney's Office, it is the opinion of management that the ultimate resolution of these suits would not materially affect the financial position of the Department or its ability to conduct its business.

FEDERAL GRANTS

Federal grant awards are audited under the provisions of the Single Audit Act and Office of Management and

Notes to Financial Statements

Budget Circular A-133 to determine that the Department has complied with the terms and conditions of the grant awards. Federal grants received are also subject to audit by the federal grantor agency. It is management's opinion that no material liabilities will result from any such audits.

REBATABLE ARBITRAGE EARNINGS

Federal tax law requires that arbitrage interest earnings be remitted to the federal government, unless the local government qualifies for an exemption. As of September 30, 2009 and 2008, the Department recorded obligations to rebate approximately \$2.2 million and \$1.5 million, respectively, of interest earned on bond proceeds invested in taxable securities in excess of interest costs. These arbitrage rebates are payable five years from the date of bond issuance and each five years thereafter. The amount of the obligation, if any, will be determined based on actual interest earned.

SETTLEMENT AGREEMENTS

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

On April 29, 2004, the Consent Order, CO, OGC File No. 03-1376, was entered into between the State of Florida Department of Environment Protection and Miami-Dade County. It requires the County to provide high level disinfection for the effluent prior to injection. The CO is currently being amended and it is anticipated that a final amended CO will be approved in March 2010. The total project cost of these improvements is approximately \$600 million and completion is anticipated in 2014.

On November 15, 2007, the South Florida Water Management District (the District) issued a consolidated 20-year Water Use Permit, which sets limits on the use of the Biscayne Aquifer and the Floridian Aquifer. In addition, the permit includes a schedule for the construction of the

alternative water supply projects needed to meet demand. The plan developed by the Department and submitted to the District includes the use of the Biscayne Aquifer to meet current demand and also for future growth, but also provides that additional amounts will be offset by providing ground water replenishment with high treated reclaimed water.

15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

PLAN DESCRIPTION

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

To be eligible to receive retiree medical and dental benefits, participants must be eligible for retirement benefits under the Florida Retirement System (FRS) and pay required contributions. Refer to note 10, Pension Plan, for a description of eligibility requirements. The total covered participants in the Plan is 42,427.

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

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

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

- AvMed Medicare Supplement Low Option
- AvMed Medicare Supplement High Option with prescription drug coverage
- AvMed Medicare Supplement High Option without prescription drug coverage
- JMH HMO High Option
- JMH HMO Low Option

Notes to Financial Statements

FUNDING POLICY

The County contributes to both the pre-65 and post-65 retiree medical coverage. Retirees pay the full cost of dental coverage. Medical contributions vary based on the plan and tier. For pre-65 retirees, the County explicitly contributed an average of 21% of the cost for the AvMed POS plan, 41% total for the AvMed HMO High and AvMed HMO Low plans in fiscal year 2008. The JMH HMO plans receive no explicit contribution. However, it is the County's policy that after fiscal year 2008, its per capita contribution for retiree health care benefits will remain at the 2008 dollar level.

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

The postretirement medical and dental benefits are currently funded on a pay-as-you-go basis. No assets have been segregated and restricted to provide postretirement benefits. For fiscal year 2009, the Department contributed \$1.6 million to the plan.

ANNUAL OPEB COST AND NET OPEB OBLIGATION

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

The Department's annual OPEB cost for the fiscal year 2009 is as follows (in thousands):

Annual required contribution	\$ 2,145
Interest on OPEB obligation	62
Adjustment of annual required contribution	(59)
Annual OPEB Cost	<u>2,148</u>
Contributions made	<u>(1,613)</u>
Increase in net OPEB obligation	535
Net OPEB obligation – beginning of year	<u>1,310</u>
Net OPEB obligation – end of year	<u>\$ 1,845</u>

The Department's annual OPEB cost, the percentage of annual cost contributed to the plan, and the net OPEB obligation for fiscal year 2009 were as follows (in thousands):

Annual OPEB cost	\$ 2,148
Percentage of Annual OPEB Cost Contributed	75.1%
Net OPEB Obligation	\$ 1,845

FUNDED STATUS AND FUNDING PROGRESS

The schedule below shows the balance of the County's actuarial accrued liability (AAL), all of which was unfunded as of September 30, 2009. An estimated 9% of this liability can be attributed to the Department (in thousands):

Actuarial Valuation Date	10/1/2008
Actuarial Value of Assets (a)	0
Actuarial Accrued Liability (AAL) (b)	\$ 255,259
Unfunded AAL (UAAL) (b-a)	\$ 255,259
Funded Ratio (a/b)	0%
Estimated Covered Payroll (c)	\$1,527,564
UAAL as % of Covered Payroll [(b-a)/c]	17%

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

ACTUARIAL METHODS AND ASSUMPTION

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

The actuarial cost method used in the valuation to determine the Actuarial Accrued Liability (AAL) and the Actuarial Required Contribution (ARC) was the Projected Unit Credit Method with service prorated. Under this method, the total present value of benefits is determined by projecting the benefit to be paid after the expected

Notes to Financial Statements

retirement date (or other event) and discounting those amounts to the valuation date. The normal cost is computed by dividing the total present value of benefits by the participant's total service (actual plus expected service) at retirement. The AAL under this method represents the total present value of benefits multiplied by the ratio of the participant's actual service to date and divided by expected service at retirement. The AAL for participants currently receiving payments and deferred vested participants is calculated as the actuarial present value of future benefits expected to be paid. No normal cost for these participants is payable. The AAL and normal cost were calculated at the measurement date, which is the beginning of the applicable fiscal year using standard actuarial techniques.

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

Actuarial valuation date	10/01/2008
Amortization method	Level percentage of payroll, closed
Remaining amortization period	29 years
Actuarial Assumptions:	
Discount rate	4.75%
Payroll growth assumption	3.00%
Health care trend rates	10% initial to 5.25% ultimate
Mortality table	RP 2000*

*Prepared by the Department of Treasury under the Retirement Protection Act of 1994.

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

16. SUBSEQUENT EVENTS

On September 18, 2009, the Board of County Commissioners adopted a County Budget Ordinance that includes a six percent maintenance index rate increase to the average water and sewer retail customer effective, October 1, 2009. An additional six percent increase to the average water and sewer retail customer was adopted to become

effective April 1, 2010. The South Florida Water Management Restriction Surcharge for retail water customers with consumption on the fourth tier of the usage structure continues to be in effect to encourage water conservation. In addition, the County Budget Ordinance increased the per thousand gallons rate to water and wastewater wholesale customers and other miscellaneous fees and charges effective October 1, 2009.

Swaps formerly held by Rice Financial Products Company Capital Services, LLC and Rice Financial Products Company, LLC, respectively, subsidiaries of Rice Financial Products Company, New York, New York are now held by The Bank of New York Mellon pursuant to an International Swap Dealers Association, Inc. Master Agreement dated October 2, 2009.

Required Supplementary Information

Schedule of Funding Progress
Postemployment Healthcare Plan
Miami-Dade County*
(in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Estimated Covered Payroll (c)	UAAL as % of Covered Payroll ([b-a]/c)
10/1/2008	\$0	\$255,259	\$255,259	0%	\$1,527,564	17%
10/1/2007	\$0	\$242,331	\$242,331	0%	\$1,483,072	16%

* This schedule shows the balance of the County's actuarial accrued liability (AAL). An estimated 9% of this liability can be attributed to the Department.

Supplementary Financial Data

Bond Ordinance 93-134 requires the Department to establish restricted accounts to be used in accounting for proceeds and collateral pledged as a result of the debt. In many cases, the bond ordinance refers to the restricted accounts as “funds”. Such accounts are not “funds” as defined by *NCGA Statement 1: Governmental Accounting and Financial Reporting Principles* and, therefore, are not funds for financial reporting purposes.

Similarly, the Water and Wastewater Systems do not meet the above-referenced definition and, therefore, combining statements are not presented. The following system schedules are furnished solely as supplementary information and are not required by GAAP.

Water System

BALANCE SHEETS

	September 30,	(in thousands)	2008
	<u>2009</u>		
ASSETS			
<i>CURRENT ASSETS:</i>			
Cash and cash equivalents	\$ 389		\$ 13,359
Investments	37,606		31,899
Accounts Receivable (net of allowance for uncollectible accounts of \$13.0 million in 2009 and \$12.8 million in 2008)	44,827		43,982
Inventory of materials and supplies	16,741		16,117
Other current assets	9,501		-
Restricted cash and cash equivalents	56,904		38,709
Total current assets	<u>165,968</u>		<u>144,066</u>
 <i>NONCURRENT RESTRICTED ASSETS:</i>			
Cash and cash equivalents	-		8,173
Investments	170,030		237,455
Contracts receivable	-		25
Grants Receivable	41		-
Total restricted assets	<u>170,071</u>		<u>245,653</u>
 <i>OTHER ASSETS:</i>			
Deferred debt issue costs, net	5,127		4,729
Other deferred charges, net	35,133		16,820
Total other assets	<u>40,260</u>		<u>21,549</u>
 <i>CAPITAL ASSETS:</i>			
Land	15,267		15,229
Structures and Improvements	1,408,090		1,372,661
Equipment	272,861		268,018
Utility plant in service before depreciation	1,696,218		1,655,908
Less accumulated depreciation	(598,232)		(556,245)
Net utility plant in service	1,097,986		1,099,663
Construction work in progress	193,224		137,894
Total capital assets	<u>1,291,210</u>		<u>1,237,557</u>
Total noncurrent assets	<u>1,501,541</u>		<u>1,504,759</u>
Total Assets	<u>\$ 1,667,509</u>		<u>\$ 1,648,825</u>

(Continued)

Water System

BALANCE SHEETS

(Continued)	September 30,	(in thousands)	
	<u>2009</u>	<u>2008</u>	
LIABILITIES			
<i>CURRENT LIABILITIES (PAYABLE FROM UNRESTRICTED CURRENT ASSETS):</i>			
Accounts payable and accrued expenses	\$ 12,824	\$ 15,165	
Customer and developer deposits	13,994	17,059	
Current portion of long-term debt	1,606	1,559	
Rebatable arbitrage earnings	1,456	1,000	
Liability for compensated absences	3,687	3,792	
Other liabilities	1,357	4,169	
Total Current Liabilities (payable from unrestricted current assets)	<u>34,924</u>	<u>42,744</u>	
 <i>CURRENT LIABILITIES (PAYABLE FROM RESTRICTED CURRENT ASSETS):</i>			
Accounts payable and accrued expenses	7,286	5,845	
Retainage payable	1,745	1,193	
Current portion of long-term debt	21,984	20,561	
Accrued interest payable	8,826	7,898	
Liability for self insurance	904	3,212	
Line of Credit	13,500	-	
Total current liabilities (payable from restricted current assets)	<u>54,245</u>	<u>38,709</u>	
 Total current liabilities	<u>89,169</u>	<u>81,453</u>	
 <i>NONCURRENT LIABILITIES:</i>			
Revenue bonds payable, net	336,047	354,002	
State loan obligations, net	31,160	33,302	
Liability for self-insurance	1,290	2,185	
Liability for compensated absences	10,128	9,265	
Liability for post-employment benefits	1,845	1,098	
Deferred revenues	2,109	4,786	
Total noncurrent liabilities	<u>382,579</u>	<u>404,638</u>	
 Total liabilities	<u>471,748</u>	<u>486,091</u>	
 NET ASSETS			
Invested in capital assets, net of related debt	911,206	830,671	
Restricted for:			
Capital projects	2,218	99,013	
Debt service	48,353	41,090	
Unrestricted	233,984	191,960	
Total net assets	<u>1,195,761</u>	<u>1,162,734</u>	
 Total liabilities and net assets	<u>\$ 1,667,509</u>	<u>\$ 1,648,825</u>	

Water System

SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NEW ASSETS

	(in thousands)	
For the years ended September 30,	2009	2008
<i>OPERATING REVENUES:</i>		
Retail	\$ 169,568	\$ 154,796
Wholesale	29,041	22,909
Other revenues	27,102	12,839
Total operating revenues	<u>225,711</u>	<u>190,544</u>
<i>OPERATING AND MAINTENANCE EXPENSES:</i>		
Source of supply	14,208	12,006
Power and pumping	2,407	2,134
Purification	64,457	61,317
Transmission and distribution	25,428	26,528
Customer accounting	4,348	3,764
Customer service	10,977	10,573
General and administrative	35,380	34,864
Total operating and maintenance expenses	<u>157,205</u>	<u>151,186</u>
Operating income before depreciation	68,506	39,358
DEPRECIATION	<u>59,028</u>	<u>60,859</u>
Operating income (loss)	9,478	(21,501)
<i>NON-OPERATING REVENUES (EXPENSES):</i>		
Interest income	6,713	12,273
Interest expense	(15,313)	(15,032)
Amortization of debt issue costs	(683)	(565)
Operating grants	509	103
Customer connection fees	14,738	6,514
Other revenues	5,764	8,146
Other expenses	(837)	(1,201)
Income (loss) before contributions and transfers	20,369	(11,264)
Capital contributions	28,896	14,518
Transfer from reserves	<u>(16,238)</u>	<u>8,306</u>
Increase in net assets	33,027	11,558
Net assets at beginning of year	<u>1,162,734</u>	<u>1,151,176</u>
Net assets at end of year	<u>\$ 1,195,761</u>	<u>\$ 1,162,734</u>

Water System

SCHEDULES OF CASH FLOWS

	(in thousands)	
For the years ended September 30,	<u>2009</u>	<u>2008</u>
<i>CASH FLOWS FROM OPERATING ACTIVITIES:</i>		
Cash received from customers	\$ 241,814	\$ 209,565
Cash paid to suppliers for goods and services	(107,219)	(70,997)
Cash paid to employees for services	(79,673)	(79,199)
Transfer to/from reserves	<u>(16,238)</u>	<u>8,306</u>
Net cash provided by operating activities	<u>38,684</u>	<u>67,675</u>
<i>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</i>		
Operating grants received	<u>509</u>	<u>103</u>
Net cash provided by non-capital financing activities	<u>509</u>	<u>103</u>
<i>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</i>		
Proceeds from bond issues, loan agreements and notes	64,400	82,725
Principal payments - bond, loans and notes	(68,961)	(98,951)
Proceeds from swap agreements	243	4,570
Swap termination payment	(10,966)	(13,772)
Interest paid	(13,952)	(19,375)
Proceeds from sale of property, plant and equipment	-	248
Acquisition and construction of capital assets	<u>(81,791)</u>	<u>(47,077)</u>
Net cash used in capital and related financing activities	<u>(111,027)</u>	<u>(91,632)</u>
<i>CASH FLOWS FROM INVESTING ACTIVITIES:</i>		
Purchase of investment securities	(265,194)	(526,950)
Proceeds from sale and maturity of investment securities	327,939	529,945
Interest on investments	<u>6,141</u>	<u>14,640</u>
Net cash provided by investing activities	<u>68,886</u>	<u>17,635</u>
Net decrease in cash and cash equivalents	(2,948)	(6,219)
Cash and cash equivalents at beginning of year	<u>60,241</u>	<u>66,460</u>
Cash and cash equivalents at end of year	<u>\$ 57,293</u>	<u>\$ 60,241</u>

(Continued)

Water System

SCHEDULES OF CASH FLOWS

(Continued)	For the years ended September 30,	(in thousands)	
	<u>2009</u>	<u>2008</u>	
<i>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY</i>			
<i>OPERATING ACTIVITIES:</i>			
Operating income (loss)	\$ 9,478	\$ (21,501)	
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	59,028	60,859	
Provision for uncollectible accounts	953	649	
Amortization of deferred charges	4,406	1,606	
Amortization of deferred revenues	(5,359)	(282)	
Non-operating other, net	19,664	13,459	
Transfer to/from reserves	(16,238)	8,306	
(Increase) decrease in assets:			
Accounts Receivable	(1,795)	5,675	
Inventory of materials and supplies	(624)	(1,648)	
Other current assets	(9,501)	4	
Contracts receivable	25	-	
Other deferred charges	(24,938)	277	
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	(2,342)	(908)	
Customer and developer deposits	(3,065)	(1,033)	
Liability for compensated absences	758	976	
Other liabilities	10,691	559	
Liability for other post-employment benefits	747	1,098	
Liability for self-insurance	(3,204)	(421)	
Net cash provided by operating activities	<u>\$ 38,684</u>	<u>\$ 67,675</u>	

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

Property, plant and equipment contributions were received in amounts of \$56.4 million and \$26.7 million in fiscal years 2009 and 2008, respectively.

The change in the fair value of investments were \$5.1 million increase and \$0.5 million decrease in fiscal year 2009 and 2008, respectively.

\$306.8 million of Miami-Dade County Water and Sewer System Revenue Refunding Bonds, Series 2008C were issued to redeem all of the Dade County Water and Sewer System Revenue Refunding Variable Demand Bonds, Series 2005.

	(in thousands)	
	<u>2009</u>	<u>2008</u>
<i>RECONCILIATION OF CASH AND CASH EQUIVALENTS AT END OF YEAR</i>		
Unrestricted Current Cash and Cash Equivalents	\$ 389	\$ 13,359
Restricted Current Cash and Cash Equivalents	56,904	38,709
Restricted Noncurrent Cash and Cash Equivalents	<u>-</u>	<u>8,173</u>
Total cash and cash equivalents at end of year	<u>\$ 57,293</u>	<u>\$ 60,241</u>

Water System

SCHEDULE OF OPERATING AND MAINTENANCE EXPENSES

Budget and Actual

For the year ended September 30, 2009

(in thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance under</u>
Source of supply	\$ 16,715	\$ 14,208	\$ 2,507
Power and pumping	5,592	2,407	3,185
Purification	68,732	64,457	4,275
Transmission and distribution	26,199	25,428	771
Customer accounting	4,281	4,348	(67)
Customer service	11,367	10,977	390
General and administrative	<u>36,504</u>	<u>35,380</u>	<u>1,124</u>
Totals	<u>\$ 169,390</u>	<u>\$ 157,205</u>	<u>\$ 12,185</u>

Wastewater System

BALANCE SHEETS

	September 30,	(in thousands)	
	2009		2008
ASSETS			
<i>CURRENT ASSETS:</i>			
Cash and cash equivalents	\$ -		\$ 11,128
Investments	49,858		23,428
Accounts Receivable (net of allowance for uncollectible accounts of \$11.8 million in 2009 and \$11.6 million in 2008)	46,402		45,194
Inventory of materials and supplies	13,674		13,316
Restricted cash and cash equivalents	73,105		70,924
Total current assets	183,039		163,990
<i>NONCURRENT RESTRICTED ASSETS:</i>			
Cash and cash equivalents	-		1,753
Investments	119,506		277,106
Total restricted assets	119,506		278,859
<i>OTHER ASSETS:</i>			
Deferred debt issue costs, net	18,123		15,115
Other deferred charges, net	114,156		62,412
Total other assets	132,279		77,527
<i>CAPITAL ASSETS:</i>			
Land	29,217		22,442
Structures and Improvements	2,196,831		2,150,983
Equipment	584,162		568,240
Utility plant in service before depreciation	2,810,210		2,741,665
Less accumulated depreciation	(1,377,729)		(1,293,196)
Net utility plant in service	1,432,481		1,448,469
Construction work in progress	427,362		288,577
Total capital assets	1,859,843		1,737,046
Total noncurrent assets	2,111,628		2,093,432
Total Assets	\$ 2,294,667		\$ 2,257,422

(Continued)

Wastewater System

BALANCE SHEETS

(Continued)	September 30,	(in thousands)	
		2009	2008
LIABILITIES			
<i>CURRENT LIABILITIES (PAYABLE FROM UNRESTRICTED CURRENT ASSETS):</i>			
Accounts payable and accrued expenses		\$ 23,479	\$ 26,100
Customer and developer deposits		4,327	3,775
Current portion of long-term debt		5,570	5,396
Rebatable arbitrage earnings		734	505
Liability for compensated absences		8,033	7,896
Other liabilities		791	3,691
Total Current Liabilities (payable from unrestricted current assets)		42,934	47,363
<i>CURRENT LIABILITIES (PAYABLE FROM RESTRICTED CURRENT ASSETS):</i>			
Accounts payable and accrued expenses		25,483	21,429
Retainage payable		9,675	4,208
Current portion of long-term debt		26,740	22,907
Accrued interest payable		27,366	22,379
Line of Credit		26,500	-
Total current liabilities (payable from restricted current assets)		115,764	70,923
Total current liabilities		158,698	118,286
<i>NONCURRENT LIABILITIES:</i>			
Revenue bonds payable, net		1,050,580	1,057,889
State loan obligations, net		77,417	64,454
Liability for compensated absences		15,754	14,654
Deferred revenues		11,176	25,374
Total noncurrent liabilities		1,154,927	1,162,371
Total liabilities		1,313,625	1,280,657
NET ASSETS			
Invested in capital assets, net of related debt		678,832	565,482
Restricted for:			
Capital projects		30,438	187,023
Debt service		69,105	70,677
Unrestricted		202,667	153,583
Total net assets		981,042	976,765
Total liabilities and net assets		\$ 2,294,667	\$ 2,257,422

Wastewater System

SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	(in thousands)	
For the years ended September 30,	2009	2008
<i>OPERATING REVENUES:</i>		
Retail	\$ 202,697	\$ 187,507
Wholesale	39,137	49,337
Other revenues	11,191	10,088
Total operating revenues	<u>253,025</u>	<u>246,932</u>
<i>OPERATING AND MAINTENANCE EXPENSES:</i>		
Collection system	15,987	19,293
Pumping	30,204	30,656
Treatment	69,997	67,902
Customer accounting	3,622	3,262
Customer service	8,625	8,307
General and administrative	43,289	41,358
Total operating and maintenance expenses	<u>171,724</u>	<u>170,778</u>
Operating income before depreciation	81,301	76,154
<i>DEPRECIATION</i>	<u>93,400</u>	<u>94,022</u>
Operating loss	(12,099)	(17,868)
<i>NON-OPERATING REVENUES (EXPENSES):</i>		
Interest income	6,727	16,216
Interest expense	(48,474)	(51,285)
Amortization of debt issue costs	(2,249)	(1,713)
Customer connection fees	15,837	25,812
Other revenues	1,410	(169)
Other expenses	(632)	(410)
Loss before contributions and transfers	(39,480)	(29,417)
Capital contributions	27,519	12,243
Transfer from reserves	<u>16,238</u>	<u>(8,306)</u>
Increase (Decrease) in net assets	4,277	(25,480)
Net assets at beginning of year	<u>976,765</u>	<u>1,002,245</u>
Net assets at end of year	<u>\$ 981,042</u>	<u>\$ 976,765</u>

Wastewater System

SCHEDULES OF CASH FLOWS

	(in thousands)	
For the years ended September 30,	<u>2009</u>	<u>2008</u>
<i>CASH FLOWS FROM OPERATING ACTIVITIES:</i>		
Cash received from customers	\$ 268,665	\$ 272,891
Cash paid to suppliers for goods and services	(98,718)	(66,685)
Cash paid to employees for services	(99,825)	(101,383)
Transfer to/from reserves	<u>16,238</u>	<u>(8,306)</u>
Net cash provided by operating activities	<u>86,360</u>	<u>96,517</u>
<i>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</i>		
Proceeds from bond issues, loan agreements and notes	317,665	360,130
Principal payments - bond, loans and notes	(276,700)	(365,277)
Proceeds from swap agreements	727	19,894
Swap termination payment	(58,134)	(59,828)
Interest paid	(39,587)	(57,406)
Proceeds from sale of property, plant and equipment	23	99
Acquisition and construction of capital assets	<u>(179,181)</u>	<u>(115,027)</u>
Net cash used in capital and related financing activities	<u>(235,187)</u>	<u>(217,415)</u>
<i>CASH FLOWS FROM INVESTING ACTIVITIES:</i>		
Purchase of investment securities	(259,760)	(480,037)
Proceeds from sale and maturity of investment securities	391,593	535,752
Interest on investments	<u>6,294</u>	<u>19,533</u>
Net cash provided by investing activities	<u>138,127</u>	<u>75,248</u>
Net decrease in cash and cash equivalents	(10,700)	(45,650)
Cash and cash equivalents at beginning of year	<u>83,805</u>	<u>129,455</u>
Cash and cash equivalents at end of year	<u>\$ 73,105</u>	<u>\$ 83,805</u>

(Continued)

Wastewater System

SCHEDULES OF CASH FLOWS

(Continued)	For the years ended September 30,	(in thousands)
	<u>2009</u>	<u>2008</u>
<i>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY</i>		
<i>OPERATING ACTIVITIES:</i>		
Operating loss	\$ (12,099)	\$ (17,868)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	93,400	94,022
Provision for uncollectible accounts	953	809
Amortization of deferred charges	6,390	272
Amortization of deferred revenues	(6,390)	(1,493)
Non-operating other, net	16,615	25,233
Transfer to/from reserves	16,238	(8,306)
(Increase) decrease in assets:		
Accounts Receivable	(2,160)	2,287
Inventory of materials and supplies	(357)	(1,065)
Other current assets	7	6
Other deferred charges	(48,995)	52
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(2,623)	(1,631)
Customer and developer deposits	553	(436)
Liability for compensated absences	1,236	1,592
Other liabilities	23,592	3,043
Net cash provided by operating activities	<u>\$ 86,360</u>	<u>\$ 96,517</u>

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

Property, plant and equipment contributions were received in amounts of \$56.4 million and \$26.7 million in fiscal years 2009 and 2008, respectively.

The change in the fair value of investments were \$5.1 million increase and \$0.5 million decrease in fiscal year 2009 and 2008, respectively.

\$306.8 million of Miami-Dade County Water and Sewer System Revenue Refunding Bonds, Series 2008C were issued to redeem all of the Dade County Water and Sewer System Revenue Refunding Variable Demand Bonds, Series 2005.

	(in thousands)	
	<u>2009</u>	<u>2008</u>
<i>RECONCILIATION OF CASH AND CASH EQUIVALENTS AT END OF YEAR</i>		
Unrestricted Current Cash and Cash Equivalents	\$ -	\$ 11,128
Restricted Current Cash and Cash Equivalents	73,105	70,924
Restricted Noncurrent Cash and Cash Equivalents	-	1,753
Total cash and cash equivalents at end of year	<u>\$ 73,105</u>	<u>\$ 83,805</u>

Wastewater System

SCHEDULE OF OPERATING AND MAINTENANCE EXPENSES

Budget and Actual

For the year ended September 30, 2009

(in thousands)

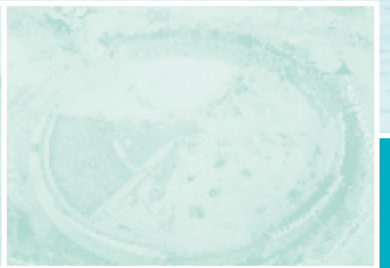
	<u>Budget</u>	<u>Actual</u>	<u>Variance under (over)</u>
Collection system	\$ 21,210	\$ 15,987	\$ 5,224
Pumping	34,202	30,204	3,998
Treatment	71,158	69,997	1,160
Customer accounting	3,498	3,622	(124)
Customer service	8,931	8,625	306
General and administrative	<u>44,615</u>	<u>43,289</u>	<u>1,326</u>
Totals	<u>\$ 183,614</u>	<u>\$ 171,724</u>	<u>\$ 11,890</u>

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Statistical Section



Statistical Section

This part of the Department's comprehensive annual report details information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Department's overall financial health.

Contents

Financial Trends

These schedules, found on pages 73-76, contain trend information to help the reader understand how the Department's financial performance and well-being have changed over time.

Revenue Capacity

These schedules, found on pages 77-79, contain information to help the reader assess the factors affecting the Department's ability to generate revenue.

Debt Capacity

These schedules, found on pages 80-81, present information to help the reader assess the affordability of the Department's current levels of outstanding debt and the Department's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules, found on pages 82-88, offer demographic and economic indicators to help the reader understand the environment within which the Department's financial activities take place.

Operating and Capital Information

These schedules, found on pages 89-91, contain service and infrastructure data to help the reader understand how the information in the Department's financial report related to the services the Department provides and the activities it performs.

Net Assets

BY COMPONENT LAST TEN FISCAL YEARS

(in thousands)	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
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COMBINED WATER AND WASTEWATER SYSTEMS:

Invested in capital assets, net of related debt	\$1,590,038	\$1,396,153	\$1,402,138	\$1,438,567	\$1,670,373	\$1,640,651	\$1,585,586	\$1,586,602	\$1,562,617	\$ 963,108
Restricted	150,114	397,803	468,819	384,233	247,947	306,469	373,628	337,273	298,345	391,816
Unrestricted	436,651	345,543	282,464	294,435	190,364	169,030	186,580	236,350	278,950	713,248
Total net assets	\$2,176,803	\$2,139,499	\$2,153,421	\$2,117,235	\$2,108,684	\$2,116,150	\$2,145,794	\$2,160,225	\$2,139,912	\$2,068,172

WATER SYSTEM

Invested in capital assets, net of related debt	\$ 911,206	\$ 830,671	\$ 832,337	\$ 807,171	\$ 908,612	\$ 915,479	\$ 844,753	\$ 830,706	\$ 793,636	\$ 362,465
Restricted	50,571	140,103	146,483	117,705	78,232	96,186	148,120	129,278	108,362	209,625
Unrestricted	233,984	191,960	172,356	187,205	147,984	120,605	151,171	197,783	232,473	514,280
Total net assets	\$1,195,761	\$1,162,734	\$1,151,176	\$1,112,081	\$1,134,828	\$1,132,270	\$1,144,044	\$1,157,767	\$1,134,471	\$1,086,370

WASTEWATER SYSTEM

Invested in capital assets, net of related debt	\$ 678,832	\$ 565,482	\$ 569,801	\$ 628,396	\$ 761,761	\$ 725,172	\$ 740,833	\$ 755,896	\$ 768,981	\$ 600,643
Restricted	99,543	257,700	322,336	266,527	169,715	210,283	225,508	207,995	189,983	182,191
Unrestricted	202,667	153,583	110,108	110,231	42,380	48,425	35,409	38,567	46,477	198,968
Total net assets	\$ 981,042	\$ 976,765	\$1,002,245	\$1,005,154	\$ 973,856	\$ 983,880	\$1,001,750	\$1,002,458	\$1,005,441	\$ 981,802

Combined Water and Wastewater Systems

SCHEDULE OF REVENUES AND EXPENSES – LAST TEN FISCAL YEARS

(in thousands)	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<i>OPERATING REVENUES:</i>										
Retail	\$ 372,265	\$ 342,303	\$ 330,475	\$ 341,555	\$ 297,374	\$ 295,176	\$ 273,710	\$ 263,966	\$ 269,274	\$ 285,791
Wholesale	68,178	72,246	75,690	78,310	75,013	71,501	69,565	73,145	74,386	75,523
Other	38,293	22,927	22,455	20,450	19,573	18,896	18,827	16,996	16,963	18,078
Total operating revenues	478,736	437,476	428,620	440,315	391,960	385,573	362,102	354,107	360,623	379,392
<i>OPERATING AND MAINTENANCE EXPENSES:</i>										
Source of supply	14,208	12,006	6,710	5,381	5,710	5,110	5,248	4,728	4,771	5,015
Collection system	15,987	19,293	19,965	18,111	15,582	14,534	13,193	12,793	12,935	11,075
Pumping	32,611	32,790	34,647	33,605	27,800	26,095	25,785	24,631	22,267	21,680
Treatment	134,454	129,219	121,931	118,524	105,427	89,511	86,991	77,552	73,347	69,169
Transmission and distribution	25,428	26,528	25,747	23,081	21,900	21,452	21,086	19,357	18,229	17,419
Customer accounting and service	27,572	25,906	27,599	22,974	22,704	22,505	19,915	22,083	21,197	17,619
General and administrative	78,669	76,222	74,028	71,210	59,256	53,706	46,173	35,728	27,473	26,914
Total operating and maintenance expense	328,929	321,964	310,627	292,886	258,379	232,913	218,391	196,872	180,219	168,891
Operating income before depreciation	149,807	115,512	117,993	147,429	133,581	152,660	143,711	157,235	180,404	210,501
DEPRECIATION	152,428	154,881	158,691	184,820	118,261	122,800	117,780	114,642	109,270	94,489
Operating income	(2,621)	(39,369)	(40,698)	(37,391)	15,320	29,860	25,931	42,593	71,134	116,012
<i>NON-OPERATING REVENUES (EXPENSES):</i>										
Interest income	13,440	28,489	43,347	48,892	22,487	8,785	26,153	32,820	60,233	57,917
Interest expense	(63,787)	(66,320)	(63,507)	(68,905)	(73,276)	(76,349)	(76,349)	(80,722)	(83,165)	(83,151)
Other income	33,857	36,517	56,614	1,116	806	326	2,330	1,480	1,511	1,120
Transfers to County's General Fund	-	-	-	(22,868)	(27,701)	(37,899)	(39,996)	(33,035)	(25,547)	(24,788)
Income (loss) before contributions	(19,111)	(40,683)	(4,244)	(79,156)	(62,364)	(75,277)	(61,931)	(36,864)	24,166	67,110
Capital contribution	56,415	26,761	40,430	87,707	54,898	42,936	47,500	57,177	47,574	-
Increase (decrease) in net assets	\$ 37,304	\$ (13,922)	\$ 36,186	\$ 8,551	\$ (7,466)	\$ (32,341)	\$ (14,431)	\$ 20,313	\$ 71,740	\$ 67,110

Water System

SCHEDULE OF REVENUES AND EXPENSES – LAST TEN FISCAL YEARS

(in thousands)	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<i>OPERATING REVENUES:</i>										
Retail	\$ 169,568	\$ 154,796	\$ 151,034	\$ 157,827	\$ 138,297	\$ 137,739	\$ 124,409	\$ 121,632	\$ 124,473	\$ 133,775
Wholesale	29,041	22,909	27,045	29,193	21,962	22,122	20,045	20,236	20,311	23,012
Other	27,102	12,839	12,631	11,142	10,646	10,230	10,302	9,227	9,525	10,068
Total operating revenues	225,711	190,544	190,710	198,162	170,905	170,091	154,756	151,095	154,309	166,855
<i>OPERATING AND MAINTENANCE EXPENSES:</i>										
Source of supply	14,208	12,006	6,710	5,381	5,710	5,110	5,248	4,728	4,771	5,015
Pumping	2,407	2,134	2,593	3,274	1,604	2,257	2,670	1,803	1,558	1,532
Treatment	64,457	61,317	55,925	56,164	50,221	40,660	38,412	34,466	32,640	29,700
Transmission and distribution	25,428	26,528	25,747	23,081	21,900	21,452	21,086	19,357	18,229	17,419
Customer accounting and service	15,325	14,337	15,308	13,144	13,915	12,546	12,135	12,578	12,431	10,024
General and administrative	35,380	34,864	33,299	31,967	25,776	20,349	15,183	11,412	9,430	10,227
Total operating and maintenance expenses	157,205	151,186	139,582	133,011	119,126	102,374	94,734	84,344	79,059	73,917
Operating income before depreciation	68,506	39,358	51,128	65,151	51,779	67,717	60,022	66,751	75,250	92,929
DEPRECIATION	59,028	60,859	61,349	79,708	35,488	34,251	32,371	32,347	30,916	21,851
Operating income (loss)	9,478	(21,501)	(10,221)	(14,557)	16,291	33,466	27,651	34,404	44,334	71,078
<i>NON-OPERATING REVENUES (EXPENSES):</i>										
Interest income	6,713	12,273	17,489	21,841	10,060	4,016	13,027	16,943	32,560	28,965
Interest expense	(15,313)	(15,035)	(15,090)	(9,324)	(18,862)	(19,657)	(21,039)	(21,397)	(21,240)	(22,869)
Other income (loss)	19,491	12,997	27,800	(1,599)	460	326	2,330	1,447	916	710
Transfers to County's General Fund	-	-	-	(10,176)	(12,188)	(11,865)	(13,146)	(10,855)	(8,235)	(9,419)
Income (loss) before contributions and transfers	20,369	(11,266)	19,978	(13,815)	(4,239)	6,286	8,823	20,542	48,335	68,465
Capital contributions	28,896	14,518	23,701	31,788	16,251	14,245	17,726	21,168	15,199	-
Transfer (from) to reserves	(16,238)	8,306	(4,584)	(40,720)	(9,454)	(32,305)	(40,272)	(18,414)	(15,432)	6,134
Increase (decrease) in net assets	\$ 33,027	\$ 11,558	\$ 39,095	\$ (22,747)	\$ 2,558	\$ (11,774)	\$ (13,723)	\$ 23,296	\$ 48,102	\$ 74,599

Wastewater System

SCHEDULE OF REVENUES AND EXPENSES – LAST TEN FISCAL YEARS

(in thousands)	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<i>OPERATING REVENUES:</i>										
Retail	\$ 202,697	\$ 187,507	\$ 179,441	\$ 183,728	\$ 159,077	\$ 157,437	\$ 149,301	\$ 142,334	\$ 144,801	\$ 152,025
Wholesale	39,137	49,337	48,645	49,117	53,051	49,379	49,520	52,909	54,075	52,511
Other	11,191	10,088	9,824	9,308	8,927	8,666	8,525	7,769	7,438	8,010
Total operating revenues	253,025	246,932	237,910	242,153	221,055	215,482	207,346	203,012	206,314	212,546
<i>OPERATING AND MAINTENANCE EXPENSES:</i>										
Collection system	15,987	19,293	19,965	18,111	15,582	14,534	13,193	12,793	12,935	11,075
Pumping	30,204	30,656	32,054	30,331	26,196	23,838	23,115	22,828	20,709	20,148
Treatment	69,997	67,902	66,006	62,360	55,206	48,851	48,579	43,086	40,707	39,469
Customer accounting and service	12,247	11,569	12,291	9,830	8,789	9,959	7,780	9,505	8,766	7,595
General and administrative	43,289	41,358	40,729	39,243	33,480	33,357	30,990	24,316	18,043	16,687
Total operating and maintenance expenses	171,724	170,778	171,045	159,875	139,253	130,539	123,657	112,528	101,160	94,974
Operating income before depreciation	81,301	76,154	66,865	82,278	81,802	84,943	83,689	90,484	105,154	117,572
<i>DEPRECIATION</i>	93,400	94,022	97,342	105,112	82,773	88,549	85,409	82,295	78,354	72,638
Operating income (loss)	(12,099)	(17,868)	(30,477)	(22,834)	(971)	(3,606)	(1,720)	8,189	26,800	44,934
<i>NON-OPERATING REVENUES (EXPENSES)</i>										
Interest income	6,727	16,216	25,858	27,051	12,427	4,769	13,126	15,877	27,673	28,952
Interest expense	(48,474)	(51,285)	(48,417)	(59,581)	(54,414)	(53,995)	(55,310)	(59,325)	(61,925)	(60,282)
Other income	14,366	23,520	28,814	2,715	346	-	-	33	595	410
Transfers to County's General Fund	-	-	-	(12,692)	(15,513)	(26,034)	(26,850)	(22,180)	(17,312)	(15,369)
Loss before contributions and transfers	(39,480)	(29,417)	(24,222)	(65,341)	(58,125)	(78,866)	(70,754)	(57,406)	(24,169)	(1,355)
Capital contributions	27,519	12,243	16,729	55,919	38,647	28,691	29,774	36,009	32,375	-
Transfer (from) to reserves	16,238	(8,306)	4,584	40,720	9,454	32,305	40,272	18,414	15,432	(6,134)
Increase (decrease) in net assets	\$ 4,277	\$ (25,480)	\$ (2,909)	\$ 31,298	\$ (10,024)	\$ (17,870)	\$ (708)	\$ (2,983)	\$ 23,638	\$ (7,489)

Water and Wastewater System Rates

LAST TEN FISCAL YEARS

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<i>WATER RATES:</i>										
Lifeline (first 3,750 Meter Size Rate	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5.02	5.02	5.02
5/8"	3.20	3.20	3.20	3.20	3.20	3.20	3.00			
1"	8.00	8.61	8.22	7.87	7.15	7.15	6.75			
1.5"	16.00	13.43	12.82	12.27	11.15	11.15	10.50			
2"	25.60	28.73	27.42	26.24	23.85	23.85	22.50			
3"	51.20	61.32	58.51	55.99	50.90	50.90	48.00			
4"	80.00	95.77	91.39	87.45	79.50	79.50	75.00			
6"	160.00	153.22	146.22	139.92	127.20	127.20	120.00			
8"	256.00	268.16	255.88	244.86	222.60	222.60	210.00			
10"	368.00	574.63	548.31	524.70	447.00	447.00	450.00			
12"	688.00	1,085.41	1,035.70	991.10	901.10	901.00	850.00			
14"	1,280.00	2,043.13	1,949.55	1,865.60	1,696.00	1,696.00	1,600.00			
16"	1,760.00	3,830.87	3,655.41	3,498.00	3,180.00	3,180.00	3,000.00			
Composite rate	2.57	2.38	2.24	2.20	1.97	1.97	1.73	1.77	1.93	1.95
<i>WASTEWATER RATES:</i>										
Base rate (per 1,000 Meter Size Rate	N/A	3.25	3.25	3.25	3.25	3.25	3.00	4.04	4.04	4.04
5/8"	3.25									
1"	8.13									
1.5"	16.25									
2"	26.00									
3"	52.00									
4"	81.25									
6"	162.50									
8"	260.00									
10"	373.75									
12"	698.75									
14"	1,300.00									
16"	1,787.50									
Composite rate	4.08	3.78	3.54	3.47	3.04	3.05	2.83	2.81	3.16	3.18

Increases in water and wastewater rates must be approved by the Board of County Commissioners.

Base rate, for Water, not used in fiscal years 2000-2002.

Beginning fiscal year 2009, base rate is no longer used for Wastewater; Meter size rate is now used for the two systems.

Water Usage

LAST TEN FISCAL YEARS

(millions of gallons)	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<i>WATER PUMPED:</i>										
Water treatment plants:										
Alexander Orr, Jr.	57,025	57,257	61,118	64,242	63,929	64,546	61,774	59,953	60,187	61,603
John E. Preston	30,638	29,468	29,456	32,602	31,367	29,715	28,453	29,631	27,939	33,207
Hialeah	23,880	22,794	25,573	25,926	26,154	27,555	30,204	27,238	26,317	26,016
Interim plants	2,502	2,384	2,407	2,380	2,580	2,433	2,483	2,484	2,406	2,439
Purchase water	386	676	538	493	1,767	2,000	2,340	2,026	2,136	2,233
Total water pumped	114,431	112,579	119,092	125,643	125,797	126,249	125,254	121,332	118,985	125,498
<i>WATER SOLD:</i>										
Wholesale:										
Hialeah	8,110	8,081	8,228	8,616	8,685	7,730	8,454	8,742	8,384	8,950
Miami Beach	6,489	6,848	7,931	8,107	7,898	7,994	7,802	7,456	7,853	8,714
North Miami	1,502	2,123	1,827	1,775	1,534	1,602	1,536	1,612	1,862	1,917
Opa-Locka	845	909	946	1,031	994	960	954	1,001	1,030	1,206
Hialeah Gardens	695	694	703	716	713	655	619	687	741	669
Bal Harbor	466	447	462	476	526	552	564	542	522	596
Medley	393	398	433	496	488	577	506	434	441	528
North Bay Village	365	343	322	360	359	375	356	452	450	471
Surfside	343	327	371	395	385	369	349	336	328	341
Bay Harbor Islands	329	358	366	394	418	435	415	405	351	382
West Miami	290	266	267	300	284	283	286	292	280	285
Indian Creek Village	140	133	146	165	143	156	138	138	131	156
North Miami Beach	107	1,013	2,588	3,888	4,633	4,652	4,450	4,411	4,350	5,368
Virginia Gardens	100	63	60	77	44	10	14	8	10	11
Miami Springs ⁽¹⁾	-	771	870	704	758	1,016	906	918	852	918
Total wholesale	20,174	22,774	25,520	27,500	27,862	27,366	27,349	27,434	27,585	30,512
Retail	66,086	65,147	67,302	71,674	70,114	70,033	71,891	68,679	64,383	67,454
Total water sold	86,260	87,921	92,822	99,174	97,976	97,399	99,240	96,113	91,968	97,966
Non-account water	28,171	24,658	26,270	26,469	27,821	28,850	26,014	25,219	27,017	26,445
Non-account water as a percentage of total water pumped										
	24.62%	21.90%	22.06%	21.07%	22.12%	22.85%	20.77%	20.79%	22.71%	21.07%
Unaccounted for water as a percentage of total water pumped										
	9.90%	3.70%	6.20%	6.21%	10.56%	8.34%	6.45%	5.10%	6.23%	6.41%

⁽¹⁾ Miami Springs water system was purchased by WASD and beginning fiscal year 2009, is no longer a wholesale customer.

Wastewater Treatment

LAST TEN FISCAL YEARS

(millions of gallons)	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<i>WASTEWATER PLANT FLOWS:</i>										
North District Plant	31,984	34,047	34,200	33,969	33,113	31,105	33,679	35,970	36,463	34,988
Central District Plant	45,095	41,987	40,469	40,866	44,705	41,968	39,847	44,581	44,061	44,858
South District Plant	32,241	33,163	33,257	33,214	34,491	30,409	34,446	35,149	33,479	32,398
Total wastewater plant flows	109,320	109,197	107,926	108,049	112,309	103,482	107,972	115,700	114,003	112,244
<i>WASTEWATER TREATED:</i>										
Wholesale:										
Miami Beach	8,733	8,764	8,611	8,653	8,721	7,862	8,906	9,301	8,942	9,361
Hialeah	7,373	8,109	7,699	8,770	10,955	10,342	9,247	10,328	10,825	11,074
North Miami	3,533	3,923	3,764	3,963	4,080	3,885	4,025	4,116	4,032	4,071
Coral Gables	1,114	1,196	1,199	1,334	1,956	2,503	2,724	2,537	2,031	1,844
North Miami Beach	940	853	799	806	812	888	994	1,125	1,141	1,208
Opa-Locka	627	714	1,389	1,121	783	711	706	1,101	2,287	1,135
Medley	619	834	601	689	667	862	742	628	469	514
Hialeah Gardens	618	607	612	596	542	144	443	197	94	137
Homestead	529	383	502	193	162	17	39	97	5	1
Florida City	412	431	462	457	420	416	376	367	317	255
Homestead Air Force Base	185	196	168	114	236	357	209	197	280	241
West Miami	128	131	130	174	177	138	177	188	198	187
Miami Springs ⁽¹⁾	-	1,237	1,272	1,210	1,422	1,010	998	1,205	1,477	1,328
Total wholesale	24,811	27,378	27,208	28,080	30,933	29,135	29,586	31,387	32,098	31,356
Retail	49,671	49,646	50,609	53,020	52,261	51,682	52,757	50,619	45,862	47,862
Unaccounted for wastewater	34,838	32,173	30,109	26,949	29,115	22,665	25,629	33,694	36,043	33,026
Total wastewater treated	109,320	109,197	107,926	108,049	112,309	103,482	107,972	115,700	114,003	112,244
Unaccounted for wastewater as a percentage of total wastewater treated	31.87%	29.46%	27.90%	24.94%	25.92%	21.90%	23.74%	29.12%	31.62%	29.42%
<i>ANNUAL RAINFALL (inches):⁽²⁾</i>	51.3	63.6	58.4	67.0	65.4	60.0	68.1	73.1	79.7	54.4

⁽¹⁾ Miami Springs wastewater was purchased by WASD and beginning fiscal year 2009 is no longer a wholesale customer.

⁽²⁾ Source: National Weather Service Forecast Office in Miami for rainfall recorded in inches at Miami International Airport.

Debt Service Coverage

LAST TEN FISCAL YEARS

(in thousands)	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<i>PRIMARY DEBT SERVICE COVERAGE</i>										
Net operating revenues	\$ 149,807	\$ 115,513	\$ 117,993	\$ 147,429	\$ 133,581	\$ 152,660	\$ 143,711	\$ 157,235	\$ 180,404	\$ 210,501
Investment earnings ⁽¹⁾	12,596	29,390	32,170	19,324	13,781	3,489	18,923	19,337	38,989	31,489
Net transfers from (to) Rate Stabilization Fund	-	-	-	-	11,238	23,136	48,941	22,640	(16,000)	(12,000)
Net revenues available for debt service	\$ 162,403	\$ 144,903	\$ 150,163	\$ 166,753	\$ 158,600	\$ 179,285	\$ 211,575	\$ 199,212	\$ 203,393	\$ 229,990
Debt service requirements ⁽²⁾	\$ 103,627	\$ 113,758	\$ 113,291	\$ 110,848	\$ 104,123	\$ 114,196	\$ 115,629	\$ 115,654	\$ 115,632	\$ 114,976
Actual coverage	1.57	1.27	1.33	1.50	1.52	1.57	1.83	1.72	1.76	2.00
Required coverage	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10

SUBORDINATE DEBT SERVICE COVERAGE

Net revenues available for debt service	\$ 162,403	\$ 144,903	\$ 150,163	\$ 166,753	\$ 158,600	\$ 179,285	\$ 211,575	\$ 199,212	\$ 203,393	\$ 229,990
Less: Maximum principal and interest ⁽³⁾	115,198	114,030	113,142	113,291	115,032	115,272	115,629	115,654	115,653	115,654
Adjusted net revenues	\$ 47,205	\$ 30,873	\$ 37,021	\$ 53,462	\$ 43,568	\$ 64,013	\$ 95,946	\$ 83,558	\$ 87,740	\$ 114,336
Additional reserve funding required	-	-	-	-	-	-	-	-	-	-

STATE REVOLVING FUND LOANS DEBT SERVICE COVERAGE

Net revenues available for debt service	\$ 162,403	\$ 144,903	\$ 150,163	\$ 166,753	\$ 158,600	\$ 179,285	\$ 211,575	\$ 199,212	\$ 203,393	\$ 229,990
Less: revenue required for primary debt service coverage ⁽⁴⁾	113,989	125,133	124,620	121,933	114,536	125,615	127,192	127,219	127,195	126,473
Adjusted net revenues	\$ 48,413	\$ 19,770	\$ 25,543	\$ 44,820	\$ 44,064	\$ 53,670	\$ 84,383	\$ 71,993	\$ 76,198	\$ 103,517
Debt service requirements ⁽⁵⁾	\$ 13,470	\$ 13,434	\$ 11,563	\$ 15,328	\$ 15,205	\$ 13,966	\$ 14,870	\$ 12,417	\$ 10,782	\$ 10,252
Actual coverage	3.59	1.47	2.21	2.92	2.90	3.84	5.67	5.80	7.07	10.10
Required coverage	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15

⁽¹⁾ Excludes interest income from Construction Fund

⁽²⁾ Represents debt service requirements on outstanding Bonds for such fiscal year.

⁽³⁾ Maximum principal and interest requirements on the Bonds.

⁽⁴⁾ Represent 110% of primary debt service requirements.

⁽⁵⁾ Represents debt service requirements on outstanding State Revolving Fund Loans for such fiscal year.

Ratio of Outstanding Debt by Type

LAST TEN FISCAL YEARS

(in thousands)

Fiscal Year	Revenue Bonds	Loans	Notes	Line of Credit ⁽¹⁾	Total Outstanding Debt	Total Per Customer
2000	\$ 1,633,001	\$ 120,105	\$ 1,284	\$ -	\$ 1,754,390	\$ 2.67
2001	1,607,766	133,130	1,118	-	1,742,014	2.57
2002	1,581,183	146,965	941	-	1,729,089	2.51
2003	1,553,293	146,699	754	-	1,700,746	2.43
2004	1,523,497	144,618	539	-	1,668,654	2.34
2005	1,493,589	137,853	345	-	1,631,787	2.24
2006	1,464,162	124,940	140	-	1,589,242	2.14
2007	1,431,595	117,776	-	-	1,549,371	2.06
2008	1,452,127	107,943	-	-	1,560,070	2.07
2009	1,432,012	119,093	-	40,000	1,591,105	2.11

⁽¹⁾ Financing from Regions Bank to fund multiple Capital Improvement Projects as per County Ordinance 08-126. Entered on April 27, 2009.

Customer Statistics

Largest System Customers Current Year and Nine Years Ago October 2008 - September 2009

<u>Name</u>	<u>Dollar Amount⁽¹⁾ (in thousands)</u>	<u>Percent of System Gross Revenues</u>
<i>WATER SYSTEM:</i>		
City of Hialeah	\$ 11,058	5.6
City of Miami Beach	9,506	4.8
Dade County Aviation	3,684	1.9
City of North Miami	2,200	1.1
Florida Power & Light Company	1,391	0.7
City of Opa Locka	1,238	0.6
Hialeah Gardens	1,019	0.5
Bal Harbour	683	0.3
Medley	575	0.3
North Bay Village	534	0.3
<i>WASTEWATER SYSTEM:</i>		
City of Miami Beach	\$ 14,894	6.2
City of Hialeah	12,643	5.2
City of North Miami	5,991	2.5
City of Homestead	2,614	1.1
Dade County Aviation	1,994	0.8
City of Coral Gables	1,924	0.8
City of North Miami Beach	1,584	0.7
City of Opa Locka	1,064	0.4
Hialeah Gardens	1,042	0.4
Medley	1,034	0.4

October 1999 - September 2000

<u>Name</u>	<u>Dollar Amount (in thousands)</u>	<u>Percent of System Gross Revenues</u>
<i>WATER SYSTEM:</i>		
City of Miami Beach	\$ 6,704	4.0
City of Hialeah	5,935	3.6
City of North Miami Beach	4,563	2.7
Dade County Aviation	1,715	1.0
City of North Miami	1,630	1.0
City of Opa Locka	1,206	0.7
Florida Power & Light	694	0.4
City of Miami Springs	609	0.4
Hialeah Gardens	514	0.3
Bal Harbour	469	0.3
<i>WASTEWATER SYSTEM:</i>		
City of Hialeah	\$ 18,562	8.7
City of Miami Beach	15,452	7.3
City of North Miami	6,802	3.2
City of Coral Gables	3,050	1.4
City of Miami Springs	2,274	1.1
City of North Miami Beach	2,046	1.0
City of Opa Locka	1,934	0.9
Dade County Aviation	1,377	0.6
City of Medley	855	0.4
City of Florida City	430	0.2

⁽¹⁾ Using billed flows in place of net amount

Customer Statistics

Number of Customers at Fiscal Year-End Last Ten Fiscal Years

Year	Number of Customers		Ratio of Wastewater Customers
	Water	Wastewater	
2000	372,973	283,656	76.1%
2001	379,144	298,226	78.7%
2002	385,441	304,104	78.9%
2003	391,227	309,480	79.1%
2004	398,318	316,257	79.4%
2005	406,059	323,615	79.7%
2006	412,121	329,615	80.0%
2007	416,620	334,426	80.3%
2008	418,258	336,290	80.4%
2009	417,983	336,272	80.5%

Population

Population Miami-Dade County, Florida Selected Years 1900-2009

Year	Annual Resident Population	Increase (Decrease)	Percent Change
1900	4,955	-	-
1910	11,933	6,978	9.2%
1920	42,752	30,819	13.6
1930	142,955	100,203	12.8
1940	267,739	124,784	6.5
1950	495,084	227,345	6.3
1960	935,047	439,963	6.5
1970	1,267,792	332,745	3.1
1980	1,625,781	357,989	2.5
1990	1,967,000	341,219	1.9
2000	2,253,485	286,485	1.4
2001	2,283,319	29,834	1.3
2002	2,313,047	29,728	1.3
2003	2,342,739	29,692	1.3
2004	2,372,418	29,679	1.3
2005	2,402,105	29,687	1.3
2006	2,431,819	29,714	1.2
2007	2,461,577	29,758	1.2
2008	2,491,396	29,819	1.2
2009	2,532,000	40,604	1.3

Source: U.S. Bureau of the Census figures 1900-2000; Planning Research Section, Miami-Dade County Department of Planning and Zoning estimates for other years.

Building Permits

**Number of Buildings Permits Issued for Housekeeping Units
and Value of Permits for Housekeeping and Total Units
Miami-Dade County, Florida
1999-2008**

Calendar Year	<u>Number of Permits Issued</u>		Value of Permits Issued Residential Construction (in thousands)
	Single Family Houses	Multi-family Buildings	
1999	6,669	7,018	\$ 1,064,119
2000	5,988	6,477	1,198,164
2001	6,829	7,168	1,291,357
2002	6,374	8,219	1,313,869
2003	8,740	6,793	1,697,337
2004	9,499	13,251	2,565,383
2005	9,918	16,198	3,750,203
2006	6,548	13,469	3,323,113
2007	3,246	4,836	1,210,618
2008	1,086	2,388	477,424

Source: University of Florida, Bureau of Economic and Business
Research, Building Permit Activity in Florida

Construction Activity

Construction Activity Miami-Dade County, Florida 1999-2009

Fiscal Year	Commercial Construction		Residential Construction	
	Number of Buildings	Value (in thousands)	Number of Units	Value (in thousands)
2000	601	\$ 513,457	8,360	\$ 687,205
2001	525	616,442	9,882	845,123
2002	498	722,077	8,805	751,960
2003	397	697,100	9,373	819,753
2004	794	359,033	9,603	982,420
2005	914	273,735	8,893	1,031,757
2006	394	327,729	8,001	899,980
2007	288	295,413	2,404	315,586
2008	274	477,442	1,262	159,407
2009	202	263,754	556	55,417

Source: Miami-Dade County Building Department. Includes only Unincorporated Area.

Principal Employers

Principal Employers Miami-Dade County, Florida Current Year and Nine Years Ago

2009

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Miami-Dade County Public Schools	38,819	1	3.18
Miami-Dade County	29,000	2	2.38
U.S. Federal Government	19,900	3	1.63
Florida State Government	16,100	4	1.32
Jackson Health System	12,468	5	1.02
University of Miami	12,000	6	0.98
Baptist Health South Florida	12,000	7	0.98
Publix Supermarkets	11,625	8	0.95
American Airlines	9,000	9	0.74
Florida International University	8,000	10	0.66
UM Health	7,025	11	0.58
Miami Dade College	5,798	12	0.48
United Parcel Services	4,982	13	0.41
City of Miami	4,400	14	0.36
Bellsouth/ATT	4,100	15	0.34
Total	<u>195,217</u>		<u>16.01</u>

2000

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Miami-Dade County Public Schools	35,469	1	3.21
Miami-Dade County	30,000	2	2.72
U.S. Federal Government	18,276	3	1.66
Florida State Government	18,100	4	1.64
American Airlines	9,000	5	0.82
Jackson Health Systems	8,191	6	0.74
University of Miami	7,800	7	0.71
Baptist Health South Florida	7,500	8	0.68
Bellsouth/ATT	4,240	9	0.38
Publix Supermarkets	4,000	10	0.36
City of Miami	3,400	11	0.31
Florida International University	2,591	12	0.23
Miami-Dade College	2,345	13	0.21
Total	<u>150,912</u>		<u>13.67</u>

Source: The Beacon Council, Miami, Florida, Miami Business Profile

Economic Statistics

Last 10 fiscal years

<u>Year</u>	<u>Total Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>	<u>Labor Force</u>
2000	\$ 57,922,341	\$ 25,631	5.1%	1,103,485
2001	60,401,717	26,445	6.1%	1,098,226
2002	62,664,565	27,147	6.6%	1,079,850
2003	64,764,869	27,891	5.9%	1,083,357
2004	69,724,010	29,817	5.4%	1,097,454
2005	75,090,488	31,867	4.3%	1,113,560
2006	82,481,222	34,709	3.8%	1,158,801
2007	85,978,571	35,791	3.6%	1,192,231
2008	(1)	(1)	5.3%	1,205,913
2009	(1)	(1)	8.9%	1,218,871

Source: U.S. Department of Commerce, Economics and Statistics Administration, Bureau of Economic Analysis/ Regional Economic Information System.

Legend: (1) Information Unavailable

Employees by Identifiable Activity

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<i>WATER:</i>										
Water Distribution	214	210	202	205	214	220	212	213	205	196
Water Production and Maintenance ⁽¹⁾	240	239	98	89	92	95	91	95	93	90
Laboratory Services	47	50	-	-	-	-	-	-	-	-
<i>SEWER:</i>										
Sewer Collection	188	180	182	184	184	185	185	179	185	184
Plant Maintenance ⁽¹⁾	0	-	315	323	320	329	328	325	318	330
Wastewater Treatment and Maintenance ⁽¹⁾	331	324	161	158	155	160	165	160	140	141
Pump Station Maintenance	192	206	196	192	194	200	202	206	197	205
<i>ENGINEERING:</i>										
Engineering	77	82	148	152	149	150	152	154	139	141
New Customer	87	107	95	101	97	101	91	90	91	93
Program Management	15	15	8	-	-	-	-	-	-	-
Construction Contracts	81	62	-	-	-	-	-	-	-	-
<i>ADMINISTRATION:</i>										
Office of Director	31	36	32	29	28	21	15	15	16	17
Office of Deputy Director of Regulatory Compliance and Capital Improvements	16	15	-	-	-	-	-	-	-	-
Office of Deputy Director of Operations	10	8	12	11	10	9	-	-	-	-
Office of Assistant Director of Engineering	1	2	2	3	2	2	34	32	29	32
Office of Assistant Director of Finance	35	33	26	27	14	15	27	27	21	22
Office of Assistant Director of Administration	156	157	158	158	155	149	121	116	113	115
Office of Assistant Director of Water	113	117	151	147	147	156	174	169	163	147
Office of Assistant Director of Wastewater	36	31	3	2	1	-	2	2	2	-
Office of Assistant Director of Regulatory Planning and Compliance	3	3	43	52	51	47	-	-	-	-
Attorney's Office	4	4	3	3	4	4	4	4	4	4
Controller	135	125	125	127	128	132	132	128	122	111
Data Processing	70	71	69	62	62	62	65	63	64	57
Customer Service	268	266	258	261	271	275	237	236	238	227
Regulatory Compliance and Monitoring	17	16	-	-	-	-	-	-	-	-
General Maintenance	127	122	140	133	138	124	131	129	123	117
Planning	24	23	-	-	-	-	-	-	-	-
Total	2,518	2,504	2,427	2,419	2,416	2,436	2,368	2,343	2,263	2,229

⁽¹⁾ The Plant Maintenance Division was eliminated as of October 1, 2007 and the employees were assigned to the Water Production and Maintenance Division and the Wastewater Treatment and Maintenance Division.

Capital Indicators

LAST 10 FISCAL YEARS

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<i>WATER:</i>										
Water mains ⁽¹⁾ (miles)	5,747	5,641	5,624	5,575	5,519	5,426	5,421			
Water treatment plants	8	8	8	8	8	8	8	8	8	8
Permitted water treatment capacity (million gallons per day)	452	452	452	452	452	452	452	452	452	452
Water supply wells	100	100	100	97	92	92				
<i>WASTEWATER:</i>										
Sanitary sewers ⁽¹⁾ (miles)	3,981	3,948	3,919	3,858	3,803	3,724	3,722			
Wastewater treatment plants	3	3	3	3	3	3	3	3	3	3
Permitted wastewater treatment capacity (million gallons per day)	368	368	368	341	353	353	353	353	353	368
Wastewater pump stations	1,035	1,035	992	986	976	967	956	947	935	930

⁽¹⁾ Does not include laterals

Insurance in Force

Type of Coverage and Insurance Company	Policy Period	Details of Coverage	Limits of Liability
Crime Policy: Fidelity & Deposit Co. of Maryland	08/19/09 - 08/19/10	Employee Dishonesty	\$1,000,000
Money and Securities: Fidelity & Deposit Co. of Maryland	11/25/08 - 11/25/09	Theft of money and securities	Various
Accidental Death: Hartford Life Insurance Co.	08/29/09 - 08/29/10	Accidental death and dismemberment	\$25,000
Property Insurance: Various	Various 10/31/08 - 10/31/09	"All risk" coverage on real and personal property and outfalls	Various
Automobile Liability:	N/A / Continuous	Self-Insured	\$100,000 per person/ \$200,000 per occurrence pursuant to F.S. 768.28
General Liability:	N/A / Continuous	Self-Insured	\$100,000 per person/ \$200,000 per occurrence pursuant to F.S. 768.28
Workers' Compensation: Miami-Dade County Self-Insurance Fund	N/A / Continuous	Self-Insured	Statutory coverage pursuant to F.S. 440

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Miami-Dade Water and Sewer Department
A Department of Miami-Dade County, Florida

3071 S.W. 38 Avenue
Miami, Florida 33146
305-665-7471



Delivering Excellence Every Day

Miami-Dade County provides equal access and equal opportunity in employment and services and does not discriminate on the basis of disability. It is the policy of Miami-Dade County to comply with all the requirements of the Americans with Disabilities Act.