MIAMI-DADE TRANSIT

(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)

FINANCIAL STATEMENTS

September 30, 2011

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REPORT OF INDEPENDENT AUDITORS

The Honorable Mayor and Board of County Commissioners Miami-Dade County, Florida

We have audited the accompanying financial statements of Miami-Dade Transit (MDT), an enterprise fund of Miami-Dade County, Florida (the County), as of and for the year ended September 30, 2011, as listed in the table of contents. These financial statements are the responsibility of MDT's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in note 1, the financial statements present only MDT and do not purport to, and do not, present fairly the financial position of the County as of September 30, 2011, the changes in its financial position, or, where applicable, its cash flows 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 previously present fairly, in all material respects, the financial position of MDT as of September 30, 2011, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 14 to the financial statements, net assets as of the beginning of 2011 have been restated to correct errors in accounting for certain capital lease leaseback obligations and related collateral.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2012 on our consideration of MDT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 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.

The management's discussion and analysis and schedule of funding progress on pages 3-12 and 40, respectively, are not a required part of the basic financial statements but are 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Crowe Horwath LLP

Fort Lauderdale, Florida February 16, 2012

(Unaudited)

Overview

Miami-Dade County Transit (MDT or the Department) is a department of Miami-Dade County, Florida (the County). MDT's management's discussion and analysis (MD&A) is designed to (i) assist the reader in focusing on significant financial issues, (ii) provide an overview of MDT's financial activity, and (iii) identify changes in MDT's financial position. It serves as an introduction to the financial statements of MDT for the fiscal year ended September 30, 2011. The MD&A represents management's analysis of MDT's financial condition and performance. The MD&A should be read in conjunction with MDT's financial statements. The financial statements include a statement of net assets; a statement of revenues, expenses, and changes in fund net assets; a statement of cash flows; and notes to the financial statements.

The statement of net assets presents the financial position of MDT 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 MDT is improving or deteriorating.

The statement of revenues, expenses, and changes in fund net assets presents information showing how MDT'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 may not coincide with the timing of the related cash flows.

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

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

September 30, 2011 (Dollars in Thousands)

Financial Highlights

Net Assets

A summary of MDT's net assets at September 30, 2011 and 2010 is shown below as Table 1. Net assets may serve, over time, as a useful indicator of MDT's financial position. MDT's total net assets as of September 30, 2011 were approximately \$808 million. During fiscal year 2011, MDT's net assets decreased by approximately \$20.9 million or 2.5%. Total liabilities increased by \$72.3 million primarily due to the issuance of the 2010D Capital Asset Bonds and 2011 Bond Anticipation Notes to fund MDT capital projects, including the AirportLink construction project.

Table 1 Summary of Net Assets

	September 30,		
	2011	2010	
	(Dollars In	Thousands)	
Assets			
Total current assets	\$ 193,327	\$ 171,335	
Noncurrent assets			
Restricted assets and other assets	288,614	362,888	
Total capital assets	1,748,879	1,645,172	
Total noncurrent assets	2,037,493	2,008,060	
Total assets	2,230,820	2,179,395	
Liabilities			
Total current liabilities	325,430	296,186	
Total long-term liabilities	1,097,815	1,054,771	
Total liabilities	1,423,245	1,350,957	
Net Assets			
Invested in capital assets, net of related debt	999,799	791,065	
Restricted net assets	112,554	194,980	
Unrestricted deficit	(304,778)	(157,607)	
Total net assets	\$ 807,575	\$ 828,438	

Cash Deficits

MDT's operating fund ended the 2011 fiscal year with a \$21.6 million cash deficit, which is classified as "due to other County funds" in the accompanying statement of net assets. This cash deficit will be funded by the State Block Grant receivable of \$9.1 million, current accounts receivable of \$3.6 million, which includes fuel tax refunds, pass sales, corporate sales and other miscellaneous revenues; and the remaining \$8.9 million will be funded from MDT's disposal of real property, such as sales of land, and operational savings to be realized in future years. This year, MDT's operating cash deficit was \$21.6 million as compared to \$39.3 million last year, representing an improvement of \$17.7 million in the current year over the prior year.

September 30, 2011 (Dollars in Thousands)

Financial Highlights (Continued)

The County has provided funding to MDT for various construction projects. As of September 30, 2011, MDT owes the County \$129.6 million, which is classified as "due to other County funds" in the accompanying statement of net assets. This cash deficit will be reimbursed from federal and state grantor agencies in the amount of \$96.2 million, and the remaining \$33.4 million will be reimbursed from operational savings to be realized in future years. This year, MDT's capital funds' cash deficit was \$129.6 million compared to \$112.8 million last year, representing an increase of \$16.8 million in the current year over the prior year.

The total cash deficit at September 30, 2011 was \$151.2 million as compared to \$152.2 million at September 30, 2010. This deficit excludes a cash balance of \$100.4 million, which represents the unspent proceeds of surtax bonds, which were issued to fund Peoples' Transportation Plan projects and to fund debt service reserve accounts. The portion of these deficits expected to be repaid within one year are shown in the financial statements as current liabilities and netted in the balance due to other County funds in the amount of \$138.1 million. The remaining portion is reflected as long-term liability and netted in the balance due to other County funds in the amount of \$13.1 million. MDT continues to be dependent on funding from the County and various other governmental entities.

A summary of changes in net assets is presented below as Table 2.

Table 2
Changes in Net Assets

	Yea	Years Ended September 30,		
		2011 2010		
		(Dollars In	Thou	isands)
Operating revenues	\$	110,818	\$	105,819
Operating expenses exluding depreciation		458,796		453,658
Depreciation		77,184		74,376
Operating loss		(425,162)		(422,215)
Non-operating revenues (expenses)				
Governmental subsidies		121,248		44,969
Interest expense, net of capitalization		(31,130)		(39,846)
Investment income (loss)		(714)		4,071
Other non-operating, net		(2,974)		9,286
Total non-operating revenues (expenses), net		86,430		18,480
Loss before contributions and transfers		(338,732)		(403,735)
Build America Bonds Subsidy		6,299		2,787
Capital contributions from CITT		27,536		25,418
Capital contributions from federal and state sources		28,105		172,062
Transfers from Miami-Dade County		152,916		148,071
Transfers from CITT		103,013		121,761
Total capital contributions and transfers		317,869		470,099
Change in net assets		(20,863)		66,364
Net assets, beginning of the year		828,438		762,074
Net assets, end of the year	\$	807,575	\$	828,438

September 30, 2011 (Dollars in Thousands)

Financial Highlights (Continued)

Changes in Net Assets

Total operating revenues increased by \$5 million or 4.7%, and operating expenses increased by \$7.9 million or 1.5%, resulting in a net increase in the operating loss of \$2.9 million. The increase in operating revenues is mainly due to passenger fare revenue.

MDT's total operating expenses, excluding depreciation, were \$458.8 million for fiscal year 2011 as compared to \$453.7 million for fiscal year 2010. Components that significantly increased during the fiscal year included charges for salaries and utilities for a total of approximately \$14.1 million.

Total governmental subsidies and contributions from the County and other governmental entities for fiscal year 2011 was approximately \$432.8 million, a decrease of \$79.5 million or 15.5% from the prior year. The reason for the decrease in fiscal year 2011 was primarily due to approximately \$90 million of revenue received in fiscal year 2011 from the State of Florida for the construction of the AirportLink project. Additional funds were transferred from CITT for operation and capital projects due to the system unification.

Subsidies for Operating Assistance

MDT cannot generate sufficient revenues from operations to meet its operating expenses. Consequently, MDT is dependent on continued funding from the County and the various other governmental entities that provide financial assistance to MDT, to continue its operations. Subsidies for capital and operating assistance for the years ended September 30, 2011 and 2010 were as follows:

Table 3
Schedule of Capital and Operating Assistance

	Years Ended September 30,			
	2011		2010	
		(Dollars In	Thou	sands)
Federal				
FTA assistance	\$	98,768	\$	76,827
State				
FDOT assistance		33,127		123,004
Local:				
Option gas tax		17,458		17,200
Total governmental subsidies		149,353		217,031
Total contributions and transfers from Miami-Dade County		152,916		148,071
Total contributions and transfers from CITT		130,549		147,179
Total governmental subsidies and contributions	\$	432,818	\$	512,281

September 30, 2011 (Dollars in Thousands)

Financial Highlights (Continued)

Capital Assets

At the end of fiscal year 2011, MDT had approximately \$1.7 billion invested in a broad range of capital assets. During fiscal year 2011, MDT operated a total active fleet of approximately 822 buses, 126 rail cars and 29 metro movers. MDT's construction in progress consists of costs related to various ongoing projects.

The following table summarizes the composition of MDT's capital assets, net of accumulated depreciation, as of September 30, 2011 and 2010. A more detailed presentation can be found at note 4 to the financial statements.

Table 4

Capital Assets Summary

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	Septem	September 30,		
	2011	2010		
	(Dollars In	Thousands)		
Land	\$ 252,801	\$ 246,465		
Buildings and guideway structures	1,404,649	1,404,599		
Transportation and other equipment	744,322_	756,798		
	2,401,772	2,407,862		
Construction in progress	488,348_	327,603		
Total capital assets	2,890,120	2,735,465		
Accumulated depreciation	(1,141,241)	(1,090,293)		
Total capital assets, net	\$ 1,748,879	\$ 1,645,172		

Debt Administration

The following table summarizes the composition of MDT's debt as of September 30, 2011 and 2010. A more detailed presentation can be found at notes 6 to the financial statements.

Table 5
Summary of Debt Obligations

	Septem		
	2011	2010	Rates
	(Dollars In	Thousands)	
Sunshine State Loan	\$ 4,087	\$ 8,046	2.0 - 5.0%
GE Penske Loan	11,070	12,983	4.8%
Bond Anticipation Notes 2011	100,000	-	.8%
Surtax Revenue Bonds	706,139	712,723	4.0 - 6.9%
Special Obligation Bonds	9,371	13,812	4.0 - 5.0%
Capital Assets Acqusition Bonds	18,819		4.3%
Total debt obligations	\$ 849,486	\$747,564	

(Dollars in Thousands)

Financial Highlights (Continued)

MDT has increased its debt by approximately \$101.9 million in fiscal year 2011. This was primarily due to the issuance of the Series 2011 Bond Anticipation Notes (BAN), which were issued to continue funding construction on various large capital projects. It is anticipated that a portion of new money bonds that will be issued in early spring will be used to pay off the BAN and provide additional funding to complete certain projects and start the construction of certain capital projects. This debt will be repaid through funding generated by the half-cent sales tax.

MDT had total outstanding debt of approximately \$849.5 million as of September 30, 2011 as compared to \$747.6 million as of September 30, 2010. More detailed information about MDT's long-term debt is presented in note 6 to the financial statements.

Economic Factors and Next Year's Budget

Miami-Dade's economy appears poised to continue its recovery through 2012 with slow but positive growth. Underpinned by its strong transportation and merchandise trade sectors, its strength in the tourism industry, and, uppermost, its large population base, Miami-Dade's economy should continue to improve and carry over the progress made during 2011 into fiscal year 2012.

MDT is an integrated transportation system consisting of four major components: the Metrobus fleet, connecting most areas of Miami-Dade County; Metrorail, a traction powered, elevated, rapid transit system stretching 24.6 miles, from Kendall to Medley; Metromover, a 4.4 mile elevated people mover that serves the downtown central business district of Miami, including Omni and Brickell; and Special Transportation Service (STS), designed to meet the needs of people with disabilities unable to use regular transit services.

A one-half cent sales surtax has been providing a dedicated funding source for transportation improvements, operation and maintenance expenses since November 2002. The combination of federal, state, and other local funding enables the continued expansion of transit services and transportation-related infrastructure proposed by the People's Transportation Plan (PTP).

The PTP calls for increasing Metrorail service, expanding bus service, replacing and overhauling the Metromover and Metrorail fleets, pursuing transportation-related technological improvements and significant roadway improvement projects. The PTP also supports operations and maintenance of transit services. The first series of surtax-backed bonds used to finance PTP projects were issued in April 2006. Additional surtax bonds were issued in fiscal years 2008, 2009 and 2010. Also, the Board of County Commissioners adopted Resolution 08-079 allowing for greater flexibility in the use of surtax funds for the operation and maintenance of the transit system.

Metrobus Improvements – MDT has continued the constant monitoring and analysis of bus service to improve efficiency by optimizing and restructuring routes. MDT will continue a preventive maintenance program to ensure reliability of the bus fleet, including process mapping to realize new efficiencies in maintenance control, inventory parts and warranty systems. The FY 2011-12 Proposed Resource Allocation Plan for the Metrobus fleet program includes a 3,000 mile inspection covering oil/filter replacement and safety checks for brakes, tires, wheel lug nuts, and electrical system, as well as the continuation of a 6,000 mile inspection focused on mechanical/safety diagnostic and corrective actions to ensure vehicles meet technical specifications.

September 30, 2011 (Dollars in Thousands)

Economic Factors and Next Year's Budget (Continued)

In FY 2009-10, the Department restructured certain routes to maximize efficiency and eliminate duplicate routes, resulting in 50 bus operations positions being eliminated. During fiscal year 2011, the department continued the restructuring of routes to maximize efficiency and eliminate route segments where other public transportation alternatives were available. The FY 2011-12 Proposed Allocation Plan budgets 29.2 million miles of bus revenue service.

Since the inception of the PTP, service miles increased from 27 million to a peak of 44 million; currently, MDT is operating 29.2 million service miles. The MDT bus fleet increased from 700 to the current bus fleet of 822. The department will continue to replace aging buses in accordance with MDT's bus replacement plan.

Florida Department of Transportation, Miami Intermodal Center Components (FDOT MIC) – In FY 2010-11, the Department began the construction of FDOT's four MIC Components including the Bus Plaza and the Bus Plaza Roadway, as part of the Airport Link Project programmed at \$30.69 million. This project is being funded by FDOT, FTA, and Capital Improvement Local Option Gas Tax (CILOGT).

Park and Ride Facilities - In FY 2010-11, the Department began the design of a park and ride facility at Kendall Drive and SW 127 Avenue; continued land acquisition and design of a park and ride lot located at SW 344 Street and the South Miami-Dade Busway; finalized planning for the construction of a park and ride facility at Quail Roost Drive; and purchased an existing park and ride facility at SW 168 Street and Busway.

Bus Stop Signs and Shelters – As of November 2010, 8,821 bus stops featured new bus stop signs. The new signs have information panels that offer maps and up-to-date information on each route serving a particular bus stop. Since 2002, 1,030 bus passenger shelters have been installed at the 4,018 bus stops located in unincorporated Miami-Dade County. These advertising bus shelters, which utilize solar energy to illuminate the majority of the shelters at night, include large sandblasted-design glass panels that shield passengers from the outside elements. Each shelter also contains a large transit map that outlines all MDT bus routes and the Metrorail alignment. Additionally, they provide transit riders with customer-service telephone numbers, as well as the department's website address to obtain trip-planning and other transit related information.

In FY 2010-11, the Department continued to design and build a signage system that will unify the new AirportLink with the existing Metrorail system at a programmed cost of \$2.970 million in FY 2010-11.

MDT Bus Tracker System – MDT is developing a state-of-the-art real-time Bus Tracking System. The system will be accessible via the internet, cell phone, PDA and electronic signs at select bus stops. The MDT Bus Tracker System project will provide a migration of both hardware and software to the current technology for easier and more cost-efficient maintenance and support. The project is expected to be completed by 2013.

Metrorail Service Improvements – Metrorail now offers more frequent midday and weekend service. Its on-time performance has improved to 97% from 85% and a more aggressive schedule of inspections, cleaning and repairs has greatly improved the environment for passengers. The centerpiece of the PTP is the AirportLink project.

September 30, 2011 (Dollars in Thousands)

Economic Factors and Next Year's Budget (Continued)

Metrorail and Rapid Transit Expansion Projects – MDT broke ground on May 1, 2010 on the AirportLink project, a 2.4 mile extension of elevated heavy rail from the existing Earlington Heights Metrorail station to the Miami Central Station at the Miami Intermodal Center (MIC), the County's new central transportation hub at the Miami International Airport (MIA). This new Metrorail line is scheduled to open for service in the summer of 2012 at an estimated project cost of \$506 million. The state is contributing \$100 million to the extension.

In FY 2010-11, the Department continued renovations of the Metrorail bike path (M-Path) from the Brickell Station to the South Miami Station. Total funds programmed for this project totaled \$1.7 million, which included \$1.4 million of Building Better Communities General Obligation Bond (BBC GOB) proceeds. It should be noted that since bond proceeds were used, these allocations may change upon final bond sale.

Replacement of Existing Rail Cars – The Department is continuing with the replacement of 136 Metrorail vehicles. The Adopted Capital Improvement Plan assumes 136 rail vehicle replacements at a cost of \$407.2 million. These cars have a useful life of 30 years. Notice to proceed is scheduled for March 2012 with delivery of pilot vehicles in November 2014 and the remaining fleet to be delivered by May 2017.

In FY 2010-11, the Department completed the replacement of Phase I Metromover cars that have been in service since 1986 with the last cars delivered in August 2011. MDT is currently accepting delivery of 17 Phase II Metromover cars. Complete delivery is scheduled for March 2012.

Rail Infrastructure Projects - The Department will begin construction of a test track for Metrorail with a projected completion date of December 2013. Most importantly, the test track will make it possible for equipment and vehicles to be tested without affecting the normal operation of rail service. The estimated project cost is \$16.8 million. The Department will continue to rehabilitate existing track and guideway equipment and fixtures. MDT will begin construction of the new central control room system for Metrorail, a new traction power station at the Palmetto Station and additional storage tracks at Lehman Yard.

Other Projects

Golden Passport – On October 5, 1999, the Golden Passport program was implemented to provide free transit service for low-income seniors. The PTP extended the program to all Miami-Dade seniors and Social Security recipients. Today, nearly 187,000 seniors and Social Security beneficiaries participate in this program. MDT is the only transit system in the country that provides free around-the-clock transit to seniors, and enrollment is expected to continue to increase.

Patriot Passport – In June 2004, the Golden Passport program was expanded to include the Patriot Passport program. The program allows all honorary discharged veterans who are permanent Miami-Dade County residents and whose annual income is less than \$22,000, to ride transit free with the Patriot Passport. The Patriot Passport expires annually. Today, over 7,300 Patriot Passports have been issued.

College Discount Program – Miami-Dade Transit's College/Adult Education Metropass program affords students with the opportunity to purchase a monthly Metropass at reduced fare. The program is aggressively marketed to students through local partnership including colleges and university staff. MDT also promotes the program through radio ads, the university website, e-mail communications with students, publicity in the student newspapers and other special promotions.

September 30, 2011 (Dollars in Thousands)

Economic Factors and Next Year's Budget (Continued)

The American Recovery and Reinvestment Act (ARRA) of 2009 – MDT was allocated \$72.6 million in grant funding over the next three years. The allocation was based on population. The Metropolitan Planning Organization (MPO) Board voted to share \$13.9 million of the allocation, representing 20%, with local municipalities. This was codified by the Board of County Commissioners in Resolution R-603-09. Projects to be funded with the \$72.6 million include:

MDT projects to be funded with its \$55.8 million include: the Palmetto Metrorail Station Traction Power Sub-Station, which provides for the implementation of a new Traction Power Sub-Station at the existing Palmetto Metrorail Station; the Kendall Drive Enhanced Bus Service project, which includes the purchase of hybrid buses and construction of new bus stations along both sides of Kendall Drive; Metromover Inner Loop Stations Escalator Replacement and New Canopies; Existing Metrorail Stations (Phase 1) Graphics and Signage Retrofit, including a complete way-finding signage and graphics system for the existing Metrorail stations; Metromover Video Safety & Security Enhancements providing CCTV surveillance of the Metromover platform and station areas to Central Control, and Metromover Fiber Replacement to improve the availability and reliability of the Metromover Data Transmission System; new hybrid support vehicles; Wi-Fi connectivity at Metrorail stations; and Metromover Bicentennial Park Station Rehabilitation to facilitate the reopening of the station for service.

Municipal projects to be funded with the \$13.9 million include: the purchase and installation of new bus shelters; purchase and installation of bicycle racks; the purchase of trolleys and buses; and miscellaneous transit improvements.

Adopted Budget

The adopted operating budget for fiscal year 2012 is \$459.8 million. The Countywide General Fund Maintenance of Effort (MOE) is expected to be \$156.7 million, a 3.5% increase above fiscal year 2011 MOE as adopted in the PTP amendment in May of 2005.

Request for Information

This financial report is designed to provide customers, creditors and other interested parties with a general overview of the Miami-Dade Transit Department's finances. Questions concerning this report or requests for additional information should be directed to the MDT Controller, Miami-Dade Transit, 701 NW 1st Court, 13th Floor, Miami, Florida 33136.

MIAMI-DADE TRANSIT (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA) STATEMENT OF NET ASSETS September 30, 2011

(Dollars in Thousands)

Current assets		
Cash and cash equivalents	\$	317
Governmental assistance receivables	•	
Federal		84,931
State of Florida		22,531
Local governments		121
Other receivables		2,122
Inventories		29,297
Prepaid expenses and deposits		1,350
Total current unrestricted assets		140,669
Restricted assets		
Investments		52,658
Total current assets		193,327
Non-current assets		
Restricted assets		
Cash and cash equivalents		13,263
Investments		265,108
Total non-current restricted assets		278,371
Capital assets		
Land		252,801
Construction in progress		488,348
Buildings and guideway structures	1	,404,649
Transportation equipment and other		744,322
Accumulated depreciation	(1	,141,241)
Total capital assets	1	,748,879
Other assets		10,243
Total non-current assets	2	2,037,493
Total assets	2	2,230,820

MIAMI-DADE TRANSIT (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA) STATEMENT OF NET ASSETS September 30, 2011

September 30, 2011 (Dollars in Thousands) (Continued)

Liabilities Current liabilities	
Accounts payable	\$ 17,382
Accrued expenses	7,824
Compensated absences	12,247
Unearned revenues	1,355
Deferred benefit	4,121
Due to other County funds	146,771
Loans payable to CITT	11,528
Loans payable	6,012
Total current liabilities payable from unrestricted assets	207,240
Current liabilities payable from restricted assets	
Accounts payable	31,166
Deposits payable	1,632
Accrued interest on loans and bonds	10,419
Accrued interest on capital lease leaseback obligations	7,194
Capital lease leaseback obligations	53,221
Loans payable	82
Bonds payable	14,084
Other	392
Total current liabilities payable from restricted assets	118,190
Total current liabilities	325,430
Non-current liabilities	
Compensated absences	23,850
OPEB obligation	4,468
Due to other County funds	13,142
Loans payable to CITT	111,637
Capital lease leaseback obligations	114,410
Loans payable	109,063
Bonds payable, net	720,245
Other	1,000
Total non-current liabilities	1,097,815
Total liabilities	1,423,245_
Net Assets	
Invested in capital assets, net of related debt	999,799
Restricted for	
Capital projects	68,848
Capital lease leaseback obligations	13,537
Debt service	30,169
Unrestricted deficit	(304,778)
Total net assets	\$ 807,575

MIAMI-DADE TRANSIT (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA) STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS Year ended September 30, 2011 (Dollars in Thousands)

Operating revenues	
Passenger fares	\$ 103,531
Advertising	3,212
Special transportation (co-payment)	4,075_
Total operating revenues	110,818
Operating expenses	
Labor	208,754
Fringe benefits	66,678
Purchased transportation	44,922
Services	56,286
Fuel and traction power	42,873
Materials and supplies	27,459
Utilities	4,288
Casualty and liability	4,015
Leases and rentals	3,521
Depreciation expense	77,184_
Total operating expenses	535,980_
Operating loss	(425,162)
Non-operating revenues (expenses)	
Governmental grants and subsidies	
Federal	83,308
State of Florida	20,482
Local Option Gas Tax	17,458
Investment loss	(714)
Rental income	1,491
Interest expense	(31,130)
Lease-leaseback revenue	870
Other	(5,335)
Net non-operating revenues (expenses)	86,430
Loss before capital contributions and transfers	(338,732)

MIAMI-DADE TRANSIT (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA) STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS Year ended September 30, 2011 (Dollars in Thousands) (Continued)

Capital contributions and transfers		
Build America Bonds Subsidy	\$	6,299
Capital contributions		
Federal		15,460
State of Florida		12,645
CITT		27,536
Transfers from CITT		103,013
Transfers from County		152,916
Total capital contributions and transfers		317,869
Change in net assets	•	(20,863)
Net assets, beginning of year, as restated		828,438
Net assets, end of year	\$	807,575

MIAMI-DADE TRANSIT (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA) STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS Year ended September 30, 2011 (Dollars in Thousands)

Cash flows from operating activities	
Cash received from customers	\$ 110,045
Cash paid to suppliers	(179,525)
Cash paid to employees for services	(273,852)
Net cash used in operating activities	(343,332)
Cash flows from non-capital financing activities	
Governmental grants and subsidies received	78,779
Cash received from Miami-Dade County and CITT for transfers	273,344
Cash paid to Miami-Dade County and CITT for advances and loans	(8,606)
Net cash provided by non-capital financing activities	343,517
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(185,416)
Proceeds from bonds and loans	127,059
Principal paid on bonds and loans	(24,077)
Interest paid on bonds and loans	(42,000)
Cash received from CITT for capital contributions	27,536
Cash received from federal and state sources for capital contributions	26,984
Rental income and other non-operating items	8,110
Net cash used in capital and related financing activities	(61,804)
Cash flows from investing activities	
Purchase of investment securities	(129,403)
Interest received on investments	1,598
Net cash used in investing activities	(127,805)
Change in cash and cash equivalents	(189,424)
Cash and cash equivalents, beginning of year	203,004
Cash and cash equivalents, end of year	\$ 13,580
Statement of net assets presentation	
Current assets	\$ 317
Non-current restricted assets	13,263
Cash and cash equivalents, end of year	\$ 13,580

MIAMI-DADE TRANSIT (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA) STATEMENT OF CASH FLOWS Year ended September 30, 2011

ear ended September 30, 2 (Dollars in Thousands) (Continued)

Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$	(425, 162)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation expense		77,184
(Increase) decrease in operating assets		
Other receivables		(1,665)
Materials and supplies inventories		3,740
Pepaid expenses and deposits		382
Increase (decrease) in operating liabilities		
Accounts payable		412
Compensated absences, accrued expenses and OPEB obligation		1,908
Other liabilities		(131)
Net cash used in operating activities	_\$_	(343,332)
Supplemental disclosure of non-cash capital and related financing activities Repayment of capital lease leaseback obligations by collateral agents	\$	17,532
Amortization of bond premiums, discounts and issuance costs	Ψ	460
Total non-cash capital and related financing activities	\$	17,992

NOTE 1 - ORGANIZATION

Miami-Dade Transit (MDT) is a department of Miami-Dade County, Florida (the County), charged with the operation of a unified public transit system. MDT was created on October 28, 1986, as a result of the restructuring of the former Miami-Dade County Transportation Administration. MDT is managed by a director appointed by and directly responsible to the County Mayor, responsible for the management, construction and operation of Metrorail, Metrobus, Metromover, and Special Transportation Systems. The accompanying financial statements reflect the combined operations of such systems.

On November 5, 2002, the voters of the County approved a half of one percent Charter County Transit System Surtax (the Surtax) for the purpose of funding transit and roadway improvements in the County. The Peoples Transportation Plan (PTP) identified specific projects and roadway improvements that can be supported by the proposed Surtax. The Surtax may be used for transportation and roadway improvements as well as to meet capital and operating needs of MDT.

The accompanying financial statements present MDT and are not intended to present fairly the financial position of the County and the results of its operations and where applicable, cash flows thereof, in conformity with accounting principles generally accepted in the United States of America.

MDT does not generate sufficient revenues from operations to meet its operating expenses. Consequently, MDT is dependent on continued funding from the County and the various other governmental entities, which provide financial assistance to continue its operations (see Note 12).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

<u>Basis of Accounting and Financial Reporting</u>: MDT operates as an enterprise fund of the County. An enterprise fund is used to account for the financing of services to the public on a continuing basis with costs recovered primarily through user charges. Accordingly, MDT's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, gave the option of following Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989 that do not conflict with or contradict GASB pronouncements or not following FASB pronouncements issued after such date. MDT elected not to apply FASB pronouncements issued after such date.

<u>Use of Estimates</u>: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent 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.

<u>Cash and Cash Equivalents</u>: For purposes of the statement of cash flows, MDT considers short-term investments (including restricted assets), with an original maturity of three months or less from the date acquired to be cash equivalents.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

<u>Investments and Investment Income</u>: Investments are reported at fair value, except for interest-earning investment contracts that are non-participating contracts, and participating interest-earning investment contracts and money market investments that have a remaining maturity at time of purchase of one year or less, which are reported at amortized cost provided that their fair values are not significantly affected by the impairment of the credit standing of the issuers or other factors. Participating interest-earning investment contracts are those contracts whose values are affected by market (interest rate) changes. Investment income is reported as non-operating revenue when earned.

<u>Restricted Assets</u>: Assets designated by grant terms for capital acquisitions, held to pay capital leases and restricted by specific bond covenants and other legal restrictions are classified in the accompanying financial statements as restricted assets.

<u>Application of Restricted and Unrestricted Resources</u>: MDT's policy when both restricted and unrestricted resources are available to be used for a certain purpose is to use restricted resources first, and then use unrestricted resources as needed.

<u>Materials and Supplies Inventories</u>: Inventories are valued at the lower of cost, determined using an average cost method, or market. Inventories consist primarily of maintenance materials and supplies for rolling stock and other transportation equipment.

<u>Capital Assets</u>: Capital assets are recorded at cost. Expenses for maintenance, repairs and minor renewals and betterments are expensed as incurred. Capital assets are defined as those assets with an initial, individual cost of \$1,000 or more and a useful life of more than one year.

Major renewals and betterments are treated as capital additions. Depreciation is provided on the straight-line method over the estimated useful life of the respective assets. The major categories of transportation property in service and their estimated useful lives are as follows:

Buildings and guideway structures 40 - 50 years Transportation, equipment and other 5 - 30 years

<u>Deferred Benefit</u>: Deferred benefit represents the unamortized balance of the initial benefits received as a result of MDT's capital lease leaseback transactions. The deferred benefits are amortized using the straight-line method over the life of each of the respective leases.

<u>Pension Plan</u>: MDT, through the County contributes to the Florida Retirement System, a cost-sharing multi-employer plan. In accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, MDT recognizes pension expense equal to its required contributions and a liability for any unpaid contributions.

Postemployment Benefits Other Than Pensions (OPEB): The County administers a single-employer defined benefit healthcare plan (the OPEB Plan) that provides postretirement medical and dental coverage to retirees as well as their eligible spouses and dependents. Benefits are provided through the County's group health insurance plan, which covers both active and retired members. Benefit provisions and all other requirements are established and may be amended by the Miami-Dade County Board of County Commissioners. The Plan does not issue a stand-alone financial report. To be eligible to receive retiree medical and dental benefits, participants must be eligible for retirement benefits under the Florida Retirement System and pay required contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Benefits - Retirees under the age of 65 are able to select one of five available medical plans as follows:

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

Retirees age 65 and older may select one of five available medical plans as follows:

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

Retirees may also select one of three available dental plans as follows:

- American Dental Plans
- Oral Health Services
- MetLife Dental Plans

Funding Policy - The County contributes to medical coverage for both retiree age groups; however, retirees pay the full cost of dental coverage. Medical contributions vary based on plan and tier. For retirees under the age of 65, the County explicitly contributes an average of 19% of the cost of the AvMed POS plan, and 40% of the costs of the AvMed HMO High and AvMed HMO Low plans. For retirees age 65 and older, the County contributes an average of 30% of the costs of the AvMed Medicare Supplement Low Option, AvMed Medicare Supplement High Option with RX and AvMed Medicare Supplement High Option without RX plans. The County does not explicitly contribute to the costs of the JMH HMO High Option and JMH HMO Low Option plans.

Retirees under the age of 65 also receive an implicit subsidy from the County since they are underwritten with the active employees. The implicit contribution is approximately 3% of the cost. The pre-65 cost is approximately 42% greater than the combined pre-65 and active cost.

For the year ended September 30, 2011, the County contributed \$22 million to the OPEB Plan. The postretirement medical and dental benefits are currently funded on a pay-as-you go basis (i.e., the County funds on a cash basis as benefits are paid). No assets have been segregated and restricted to provide postretirement benefits.

Annual OPEB Cost and Net OPEB Obligation - MDT's annual OPEB cost is calculated based on the employer's annual required contribution, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The annual required contribution 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following table presents the changes in MDT's net OPEB obligation during the year ended September 30, 2011 (dollars in thousands):

Annual required contribution	\$ 2,993
Interest on net OPEB obligation	168
Adjustment to annual required contribution	 (168)
Annual OPEB cost	2,993
Contributions made	(2,056)
Change in net OPEB obligation	937
Net OPEB obligation, beginning of year	3,531
Net OPEB obligation, end of year	\$ 4,468

MDT's net OPEB obligation as of September 30, 2011, 2010 and 2009, and its annual OPEB cost and percentage of annual OPEB cost contributed for the years then ended were as follows (dollars in thousands):

Fiscal Year Ended September 30,	 nnual B Cost	Percentage of Annual OPEB Cost Contributed	 t OPEB igation
2011	\$ 2,993	68.7%	\$ 4,468
2010	\$ 2,803	67.9%	\$ 3,531
2009	\$ 3,066	75.2%	\$ 2,633

Funded Status - The County's schedule of funding progress below presents information about the OPEB Plan's funded status as of the date of its most recent actuarial valuation (dollars in thousands):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	WAAL as % of Covered Payroll ([b-a]/c)
October 1, 2010	\$ -	\$ 356,283	\$ 356,283	0%	\$ 2,256,842	15.8%

The Transit percentage of the County's AAL was approximately \$32.8 million.

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions - Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term prospective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The following actuarial methods and significant assumptions were used in determining the annual required contribution for the year ended September 30, 2011 and the information about the OPEB Plan's funded status presented above:

Actuarial cost method Projected unit credit
Amortization method Level percent of payroll, closed

Remaining amortization period 27 years
Discount rate 4.75%
Payroll growth rate 3.00%

Health care cost trend period Grades down over 7 years Health care cost trend rate

Medical 9.00% - 11.00% initial, 5.25% ultimate

Dental 5.70% initial, 5.00% ultimate

Mortality table RP 2000 Projected to 2010

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

Compensated Absences: MDT accounts for compensated absences by accruing a liability for employees' compensation for future absences according to the guidelines established by GASB Statement No. 16, Accounting for Compensated Absences. MDT policy permits employees to accumulate unused vacation and sick pay benefits that will be paid to them upon separation from service. MDT recognizes a liability and expense in the period vacation and sick pay benefits are earned. As of September 30, 2011, compensated absences were approximately \$36.1 million.

<u>Interest on Indebtedness</u>: Interest costs are 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. During the year ended September 30, 2011, MDT incurred interest expense of approximately \$31.1 million, net of capitalized interest costs of \$13.6 million.

<u>Bond Premiums/Discounts and Issuance Costs</u>: Bond premiums/discounts and issuance costs are amortized using the effective interest method over the life of the related bonds. Bonds payable are presented net of unamortized premiums/discounts. Unamortized bond issuance costs are included in other assets.

<u>Subsidies and Grants</u>: Subsidies and grants for operating assistance are recorded as non-operating revenue in the statement of revenues, expenses, and changes in net assets in the accounting period in which all eligibility requirements are met.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants received as reimbursements for specific purposes are recognized when the expenditure is incurred. Grants earned but not received are recorded as governmental assistance receivables in the accompanying financial statements. Grants received but not earned are recorded as deferred revenue in the accompanying financial statements.

<u>Unearned Revenues</u>: Unearned revenues consist of grants received, but for which MDT has not met all eligibility requirements imposed by grantors and sale of passes in advance for which the service is to be rendered in the subsequent fiscal year.

<u>Operating and Non-Operating Items</u>: MDT defines operating revenues as those revenues that arise from charges to customers and users for services provided by MDT. Operating expenses are those expenses incurred in connection with providing such services. Operating revenues are recorded as earned while operating expenses are recorded as incurred. Non-operating revenues and expenses include revenues and expenses derived from activities that are incidental to MDT's operations.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

The County pools substantially all cash and investments, except for separate cash and investment accounts that are maintained to comply with legal or contractual requirements. All such separate accounts are also managed by the County. MDT's equity in pooled cash and investments is allocated between "cash and cash equivalents" and "investments" pro rata based on the carrying amount of each component relative to the total cash and investment pool.

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

The County is authorized to invest in the following instruments: (1) the Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act; (2) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized statistical rating organization; (3) interest-bearing time deposits or savings accounts with qualified public depositories; (4) direct obligations of the United States Treasury; (5) federal agencies and instrumentalities; (6) securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, provided that the portfolio is limited to the obligations of the United States government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian; (7) commercial paper of prime quality with a stated maturity of 270 days or less from the date of its issuance, which has the highest letter and numerical rating from at least two rating agencies; (8) bankers' acceptances that have a stated maturity of 180 days or less from the date of their issuance, and have the highest letter and numerical rating from at least two rating agencies, and are drawn on and accepted by commercial banks and which are eligible for purchase by the Federal Reserve Bank; (9) investments in repurchase agreements collateralized by authorized securities described in this paragraph and governed by a standard SIFMA Master Repurchase Agreement; (10) securities lending agreements in which

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

authorized securities or investments described in this paragraph are loaned to securities dealers or financial institutions, provided the loan is collateralized by cash or securities having a market value of at least 102% of the market value of the securities loaned upon initiation of the transaction; and (11) municipal securities issued by United States state or local governments, having at time of purchase, a stand-alone credit rating of AA or better assigned by two or more nationally recognized statistical rating organizations or a short-term credit rating of A1 / P1 or equivalent from one or more such organizations.

Following is a summary of MDT's cash, cash equivalents and investments as of September 30, 2011 (dollars in thousands):

		rrying /alue	Credit Rating	Weighted Average Maturity (In Years)
Cash and cash equivalents				
Cash on hand	\$	317		
Deposits with financial institutions		274		
Equity in pooled cash and investments ¹		12,989	_	
Total cash and cash equivalents		13,580	-	
Investments				
Equity in pooled cash and investments ¹	•	120,730		
U.S. Treasury STRIPS		53,893	AAA	5.16
Guaranteed investment contract ²		8,674	AA	
Other ³		134,469	Α	
Total investments		317,766	-	
Total cash, cash equivalents and investments	\$ 3	331,346	=	

- (1) Refer to the County's 2011 Comprehensive Annual Financial Report for risk disclosures pertaining to cash and investment pool holdings.
- (2) The guaranteed investment contract is a non-participating interest-earning investment contract valued at amortized cost.
- (3) Other investments consist of payment guarantee contracts pledged as collateral to sublessors pursuant to lease leaseback agreements entered into by the County. The contracts are valued at the carrying value of the corresponding liabilities, which approximates fair value.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

As of September 30, 2011, total cash, cash equivalents and investments were restricted as follows (dollars in thousands):

Restricted for	
Capital projects	\$ 100,406
Refundable security deposits	1,632
Repayment of capital lease leaseback obligations	188,362
Debt service	40,629
Total restricted assets	\$ 331,029

The County's policies for managing its exposure to various risks relating to its deposits and investments are summarized as follows:

<u>Interest Rate Risk</u>: The County limits its exposure to interest rate risk by (1) matching investment maturities with known cash needs and anticipated cash flow requirements; (2) requiring operating funds to maintain a weighted-average maturity of no longer than twelve months, (3) requiring investments for bond reserves, construction funds, and other non-operating funds to have a terms appropriate for the need for funds and in accordance with debt covenants, and (4) limiting the maturity of individual investments to five years or less.

<u>Credit Risk</u>: The County limits its exposure to credit risk by limiting its investment in debt securities to those having the highest letter or numerical ratings from one more nationally recognized statistical rating organizations.

<u>Custodial Credit Risk</u>: The County limits its exposure to custodial credit risk by requiring deposits to be maintained with qualified public depositories. Additionally, all securities purchased and/or collateral obtained by the County must be designated as assets of the County and held in safekeeping by a qualified public depository in accounts separate and apart from the assets of the financial institution. Accordingly, the County's deposits and investments were not exposed to custodial credit risk as of September 30, 2011.

<u>Concentration of Credit Risk</u>: The County limits its exposure to credit risk by limiting investments issued by any one issuer to 10% of the total investment portfolio for eligible bankers' acceptances and repurchase agreements, and 5% for most other investments. Direct obligations of the U.S. Treasury, and federal agencies and instrumentalities are excluded from these limitations.

<u>Foreign Currency Risk</u>: The County limits its exposure to foreign currency risk by excluding foreign investments as an investment option.

NOTE 4 - CAPITAL ASSETS

Capital asset activity and changes in accumulated depreciation for the year ended September 30, 2011 were as follows (dollars in thousands):

	В	alance at			Ba	alance at
	Sep	tember 30,			Sep	tember 30,
		2010	Additions	Deletions		2011
Capital assets not being depreciated						
Land	\$	246,465	\$ 6,336	\$ -	\$	252,801
Construction in progress		327,603	165,892	(5,147)		488,348
Total capital assets not being depreciated		574,068	172,228	(5,147)		741,149
Capital assets being depreciated						
Buildings and guideway structures		1,404,599	50	-		1,404,649
Transportation and other equipment		756,798	19,543	(32,019)		744,322
Total capital assets being depreciated		2,161,397	19,593	(32,019)		2,148,971
Less accumulated depreciation for						
Buildings and guideway structures		(685,641)	(35,140)	-		(720,781)
Transportation and other equipment		(404,652)	(42,044)	26,236		(420,460)
Total accumulated depreciation		(1,090,293)	(77,184)	26,236		(1,141,241)
Total capital assets being depreciated, net		1,071,104	(57,591)	(5,783)		1,007,730
Total capital assets, net	\$	1,645,172	\$114,637	\$ (10,930)	\$	1,748,879

NOTE 5 - CAPITAL LEASE LEASEBACK OBLIGATIONS

The County, on behalf of MDT, leases certain assets to third parties and simultaneously leases those assets back from the third parties (the Sublessors). The Sublessors, upon execution of the leases, fully prepaid their lease obligations to the County. The County simultaneously invested a portion of the upfront payments in amounts necessary to fully satisfy its sublease obligations, including early buyout payments, up until various early buyout dates. As of September 30, 2011, the fair value of the collateral was approximately \$188.4 million. The amount of the upfront payments received, less the amounts invested and related expenses, is deferred and amortized over the lives of the leases. Certain subleases allow the Sublessors to cause the County to extend the subleases for additional terms if certain early buyout options are not exercised, while others require residual value guarantee payments from the County if the subleases continue through the end of their original terms.

The following table summarizes MDT's capital lease leaseback transactions outstanding as of September 30, 2011 (dollars in thousands):

Description of Assets	Lease Inception Date	Re	repayment eceived at nception		Amount nvested to Satisfy Sublease Obligation		Initial Cash Senefit	Se	alance at eptember 80, 2011
Maintenance facilities Qualified technical equipment	September 23, 1998 August 14, 2002	\$ \$	64,451 135,760	\$ \$	57,713 129,623	\$ \$	6,738 6,137	\$	50,409 117,222
								\$	167,631

A summary of changes in MDT's sublease obligations for the year ended September 30, 2011 is presented below (dollars in thousands):

Balance at						Ba	lance at			
September					Se	ptember	Du	e within		
3	30, 2010		Additions		Reductions		0, 2011	One Year		
\$	180,719	\$	-	\$	(13,088)	\$	167,631	\$	53,221	

The underlying agreements contain certain collateral requirements. The County did not comply with one such requirement of the maintenance facilities subleases as a result of the credit downgrade of a collateral issuer in 2008. As of September 30, 2011, the County had not cured the violation within the permitted grace period. Accordingly, the maintenance facilities subleases were in default as of that date, and the related obligations are classified as current liabilities in the accompanying statement of net assets. Under the maintenance facilities subleases, the Sublessors may, among other remedies available to them upon the occurrence of an event of default, demand immediate payment from the County of up to the sublease termination values. Management has evaluated the potential losses in the event of a demand of the sublease termination values by the Sublessors and has determined that any resulting losses would not be material to the financial statements of MDT.

NOTE 5 - CAPITAL LEASE LEASEBACK OBLIGATIONS (Continued)

The following schedule presents MDT's future minimum sublease payments (assuming no defaults) as of September 30, 2011 (dollars in thousands):

Year ending September 30,		S	linimum ublease ayments
2012		\$	14,288
2012		Ψ	37,439
2014			16,434
2015			17,107
2016			16,076
2017 - 2019			119,306
	Total future minimum sublease payments		220,650
Less amount re	epresenting interest		(53,019)
		-	
	Present value of future minimum sublease payments	\$	167.631

NOTE 6 - LONG-TERM DEBT

Long-term debt includes loans and bonds payable, which have been issued or approved by the County for the acquisition of transit buses and construction of facilities. Changes in long-term debt during the year ended September 30, 2011 were as follows (dollars in thousands):

	 alance at tember 30,			_	alance at otember 30,	Due within
	 2010	Additions	Reductions		2011	One Year
Loans payable Bonds payable	\$ 21,028 726,536	\$108,056 18,813	\$ (13,927) (11,020)	\$	115,157 734,329	\$ 6,094 14,084
Total long-term debt	\$ 747,564	\$126,869	\$ (24,947)	\$	849,486	\$ 20,178

2011 Sunshine State Governmental Financing Commission Loan - In April 2011, the County obtained a \$247.6 million loan to provide funds to refinance certain prior indebtedness, of which approximately \$8.1 million was used to refund MDT's 2001 Sunshine State Government Financing Commission Loan. The difference between the cash flows required to service the old debt and the cash flows required to service the new debt and complete the refunding was approximately \$196,000. The economic gain approximates that amount due the short-term nature of the new debt.

Miami-Dade County, Florida Transit System Bond Anticipation Notes, Series 2011 - On September 21, 2011, the County issued \$100 million of Miami-Dade County, Florida Transit System Bond Anticipation Notes, Series 2011 (the Series 2011 Notes). The Series 2011 Notes were issued for the purpose of (1) paying and reimbursing certain construction costs, and (2) paying the costs and expenses incurred in connection with issuance of the Series 2011 Notes.

NOTE 6 - LONG-TERM DEBT (Continued)

Miami-Dade County, Florida Capital Asset Acquisition Taxable Special Obligation Bonds, Series 2010D - On December 15, 2010, the County issued \$40,280,000 of Miami-Dade County, Florida Capital Asset Acquisition Taxable Special Obligation Bonds, Series 2010D (the Series 2010D Bonds), of which approximately \$19 million was allocated to MDT. The Series 2010D Bonds were issued for the purpose of (1) paying the costs of acquisition, construction, improvement and/or renovation of a portion of certain capital assets of the County, (2) funding a reserve account, and (3) paying a portion of the cost of issuance, including paying the premium for a municipal bond insurance policy.

Miami-Dade County, Florida Transit System Sales Surtax Revenue Bonds, Series 2010 - On August 25, 2010, the County issued \$29,670,000 Miami-Dade County, Florida Transit System Sales Surtax Revenue Bonds, Series 2010A (the Series 2010A Bonds) and \$187,590,000 of Miami-Dade County, Florida Transit System Sales Surtax Revenue Bonds, Series 2010B (Federally Taxable - Build America Bonds - Direct Payment) (the Series 2010B Bonds, or together with the Series 2010A Bonds, the Series 2010 Bonds), of which approximately \$162.9 million was allocated to MDT. The Series 2010 Bonds were issued for the purpose of (1) paying a portion of the cost of certain transportation and transit projects, (2) funding a reserve account, (3) paying the cost of issuance of the Series 2010 Bonds, and (4) paying capitalized interest on the Series 2010 Bonds through July 1, 2012.

Miami-Dade County, Florida Transit System Sales Surtax Revenue Bonds, Series 2009 - On September 17, 2009, the County issued \$69,765,000 of Miami-Dade County, Florida Transit System Sales Surtax Revenue Bonds, Series 2009A (the Series 2009A Bonds) and \$251,975,000 of Miami-Dade County, Florida Transit System Sales Surtax Revenue Bonds, Series 2009B (Federally Taxable - Build America Bonds - Direct Payment) (the Series 2009B Bonds, or together with the Series 2009A Bonds, the Series 2009 Bonds), of which approximately \$193 million was allocated to MDT. The Series 2009 Bonds were issued for the purpose of (1) paying a portion of the cost of certain transportation and transit projects, (2) funding a reserve account, (3) paying the cost of issuance of the Series 2009 Bonds, including the premium for a financial guaranty insurance policy securing certain bonds, and (4) paying capitalized interest on the Series 2009 Bonds.

Miami-Dade County, Florida Transit System Sales Surtax Revenue Bonds, Series 2008 - On June 24, 2009, the County issued \$274,565,000 of Miami-Dade County, Florida Transit System Sales Surtax Revenue Bonds, Series 2008 (the Series 2008 Bonds). The Series 2008 Bonds were issued for the purpose of (1) paying all or a portion of the cost of certain transportation and transit projects, (2) current refunding certain loans then outstanding, and (3) paying the cost of issuance of the Series 2008 Bonds, including the payment of the premiums for a bond insurance policy and a municipal bond debt service reserve insurance policy.

Miami-Dade County, Florida Transit System Sales Surtax Revenue Bonds, Series 2006 - On April 27, 2006, the County issued \$186,435,000 of Miami-Dade County, Florida Transit System Sales Surtax Revenue Bonds, Series 2006 (the Series 2006 Bonds). The Series 2006 Bonds were issued for the purpose of (1) paying all or a portion of the cost of certain transportation and transit projects, (2) funding a reserve account, and (3) paying the cost of issuance of the Series 2006 Bonds, including the payment of the premium for a municipal bond insurance policy.

Miami-Dade County, Florida Capital Asset Acquisition Bonds, Series 2002A - In September 2002, the County issued Miami-Dade County, Florida Capital Asset Acquisition Bonds, Series 2002A, of which \$25 million was allocated to MDT for the purchase of additional full-size buses and small-size buses. An additional \$14 million was also allocated to MDT for various capital improvement projects.

NOTE 6 - LONG-TERM DEBT (Continued)

<u>Penske/GE Equipment Loan</u> - On August 26, 2004, MDT entered into an agreement with Penske Truck Leasing for the purchase of buses in the amount of \$22.7 million.

The following table summarizes MDT's debt outstanding as of September 30, 2011 (dollars in thousands):

			Amount		
Description	Rate	All	ocated to MDT	Maturity Date	ncipal tanding
Special Obligation Capital Asset Bonds, Transit Buses, Series 2002A Plus unamortized premium Less current portion Long-term portion	5.0%	\$	25,030	4/1/2013	\$ 5,860 103 (2,860) 3,103
Special Obligation Capital Asset Bonds, Capital Improvement Projects, Series 2002A Plus unamortized premium Less current portion Long-term portion	4.0 – 5.0%	\$	13,970	4/1/2013	3,335 73 (1,625) 1,783
Transit System Sales Surtax Revenue Bonds, Series 2006 Plus unamortized premium Less current portion Long-term portion	4.0 – 5.0%	\$	134,233	7/1/2036	122,958 4,642 (2,603) 124,997
Transit System Sales Surtax Revenue Bonds, Series 2008 Plus unamortized premium Less current portion Long-term portion	5%	\$	224,131	7/1/2038	214,613 2,978 (3,571) 214,020
Transit System Sales Surtax Revenue Bonds, Series 2009 Plus unamortized premium Less current portion Long-term portion	4.0 - 6.9%	\$	193,044	7/1/2039	193,045 2,759 (3,425) 192,379
Transit System Sales Surtax Revenue Bonds, Series 2010 Plus unamortized premium Less current portion Long-term portion	0.9 - 5.6%	\$	162,945	7/1/2040	162,946 2,198 - 165,144
Capital Asset Acquisition Bonds, Series 2010D Less unamortized discount Less current portion Long-term portion	0.8%	\$	19,003	4/1/2040	19,003 (184) - 18,819
Sunshine State Governmental Financing Commission Loan, Series 2011A Less current portion Long-term portion	2 - 5%	\$	34,000	10/1/2012	4,087 (4,087)
Penske/GE Equipment Loan Less current portion Long-term portion	4.8%	\$	22,707	9/1/2016	11,070 (2,007) 9,063
Bond Anticipation Note 2011 Less current portion Long-term portion	0.8%	\$	100,000	11/21/2012	100,000
Total long-term portion of bonds and loans outstanding at September 30, 2011					\$ 829,308

NOTE 6 - LONG-TERM DEBT (Continued)

Debt Service Requirements - MDT's debt service requirements to maturity for loans and bonds outstanding at September 30, 2011 were as follows (dollars in thousands):

Special Obligation Capital Asset Bonds, Series 2002A \$25 million

Maturing in Fiscal Year	r Principal		Interest		Total	
2012 2013	\$	2,860 3,000	\$	293 150	\$	3,153 3,150
Total debt service	\$	5,860	\$	443	\$	6,303

Special Obligation Capital Asset Bonds, Series 2002A \$25 million

Maturing in Fiscal Year	Principal		Interest		Total	
2012 2013	\$	1,625 1,710	\$	167 85	\$	1,792 1,795
Total debt service	\$	3,335	\$	252	\$	3,587

Transit System Sales Surtax Revenue Bonds, Series 2006 \$134 million

Maturing in Fiscal Year	Principal		Interest		Total	
2012	\$	2,603	\$	6,067	\$	8,670
2013		2,736		5,937		8,673
2014		2,873		5,800		8,673
2015		3,013		5,657		8,670
2016		3,164		5,506		8,670
2017-2021		18,216		25,135		43,351
2022-2026		23,213		20,142		43,355
2027-2031		29,509		13,846		43,355
2032-2036		37,631		5,724		43,355
Total debt service	\$	122,958	\$	93,814	\$	216,772

NOTE 6 - LONG-TERM DEBT (Continued)

Transit System Sales Surtax Revenue Bonds, Series 2008 \$224 million

Maturing in Fiscal Year	Principal		Interest		Total	
2012	\$	3,571	\$	10,672	\$	14,243
2013		3,747		10,494		14,241
2014		3,935		10,306		14,241
2015		4,135		10,110		14,245
2016		4,339		9,903		14,242
2017-2021		25,183		46,034		71,217
2022-2026		32,134		39,077		71,211
2027-2031		40,832		30,381		71,213
2032-2036		51,975		19,241		71,216
2037-2038		44,762		3,384		48,146
			•		•	
Total debt service	\$	214,613	\$	189,602	\$	404,215

Transit System Sales Surtax Revenue Bonds, Series 2009 \$193 million

Maturing in Fiscal Year	Principal		Interest		Total	
	•				•	
2012	\$	3,425	\$	12,240	\$	15,665
2013		3,560		12,103		15,663
2014		3,700		11,960		15,660
2015		3,850		11,812		15,662
2016		4,045		11,620		15,665
2017-2021		23,275		55,039		78,314
2022-2026		29,000		48,011		77,011
2027-2031		35,915		37,380		73,295
2032-2036		44,680		23,900		68,580
2037-2039		41,595		6,480		48,075
Total debt service	\$	193,045	\$	230,545	\$	423,590

NOTE 6 - LONG-TERM DEBT (Continued)

Transit System Sales Surtax Revenue Bonds, Series 2010 \$163 million

Maturing in Fiscal Year	Principal		I	Interest		Total
						_
2012	\$	-	\$	8,662	\$	8,662
2013		2,419		8,662		11,081
2014		2,494	2,494 8,589			11,083
2015		2,591	8,490			11,081
2016		2,723		8,360		11,083
2017-2021		15,338		40,077		55,415
2022-2026		18,180		36,359		54,539
2027-2031		21,604		31,094		52,698
2032-2036		25,793		24,643		50,436
2037-2040		71,804		13,605		85,409
Total debt service	\$	162,946	\$	188,541	\$	351,487

Capital Asset Acquisition Bonds, Series 2010D \$19 million

Maturing in Fiscal Year	Principal		l:	Interest		Total	
2012	\$	-	\$	1,425	\$	1,425	
2013		-		1,425		1,425	
2014		-		1,425		1,425	
2015		-		1,425		1,425	
2016		-		1,425		1,425	
2017-2021		-		7,126		7,126	
2022-2026		-		7,126		7,126	
2027-2031		2,069		7,086		9,155	
2032-2036		8,645		5,106		13,751	
2037-2040		8,289		1,586		9,875	
Total debt service	\$	19,003	\$	35,155	\$	54,158	

NOTE 6 - LONG-TERM DEBT (Continued)

Sunshine State Governmental Financing Commission Loan, Series 2011A \$34 million

Maturing in Fiscal Year	Principal		Interest		Total	
2012	\$	4,087	\$	201	\$	4,288
Total debt service	\$	4,087	\$	201	\$	4,288

Penske/GE Equipment Loan \$23 million

Maturing in Fiscal Year	Principal		Interest		Total	
2012	\$	2,007	\$	488	\$	2,495
2013		2,106		389		2,495
2014		2,209		286		2,495
2015		2,317		177		2,494
2016		2,431		64		2,495
Total debt service	\$	11,070	\$	1,404	\$	12,474

Bond Anticipation Note 2011 \$100 million

Maturing in Fiscal Year	Principal		Interest		Total	
2012	\$	-	\$	756 479	\$	756
2013		100,000		178		100,178
Total debt service	\$	100,000	\$	934	\$	100,934

NOTE 7 - OTHER LONG-TERM LIABILITIES

Other long-term liability activity for the year ended September 30, 2011 was as follows (dollars in thousands):

	alance at stember 30, 2010	Additions	Red	ductions	 alance at otember 30, 2011	Due within One Year
Compensated absences OPEB obligation Other	\$ 35,454 3,531 1,000	\$19,007 2,993	\$	(18,364) (2,056)	\$ 36,097 4,468 1,000	\$ 12,247 - -
Total other long-term liabilities	\$ 39,985	\$22,000	\$	(20,420)	\$ 41,565	\$ 12,247

NOTE 8 - RISK MANAGEMENT

The County's Risk Management Division (RMD) of the Internal Services Department administers the County's property self-insurance program, the workers' compensation self-insurance program in accordance with Florida Statutes §440, and the general and automobile liability self-insurance programs in accordance with Florida Statutes §768. As of September 30, 2011, Florida Statutes §768 limited claims to \$100,000 per person and \$200,000 per occurrence (\$200,000 and \$300,000, respectively, effective October 1, 2011), without specific act of the Florida Legislature in the form of a claim bill.

MDT, along with other County departments, pays annual insurance premiums for workers' compensation and automobile liability. The amount of annual premium charged to MDT represents the actuarial liability of MDT for any losses incurred but not paid for the year ended September 30, 2011 for workers' compensation and automobile liability claims. RMD also administers the general liability self-insurance program for MDT operations, including Metrobus, Metrorail, and Metromover systems. MDT pays the value of any claims in accordance with Florida Statutes §768.

Property insurance coverage is provided for real and personal property of MDT under the County's Master Property Insurance Program. The County purchases coverage through commercial carriers. The limit of coverage under the program is \$350 million (inclusive of deductibles). The All Other Perils (AOP) deductible is \$5 million per occurrence and the named windstorm deductible is \$200 million per occurrence countywide. Claim settlements did not exceed applicable insurance coverage in the current year or in any of the preceding two years.

The estimated liability for reported and unreported claims of the self-insurance programs administered by RMD is determined annually based on the estimated ultimate cost of settling claims, past experience adjusted for current trends, and other factors that would affect past experience. Outstanding claims are evaluated through a combination of case-by-case reviews and the application of historical experience. The estimate of incurred, but not reported, losses is based on historical experience and is performed by an independent actuary. For the year ended September 30, 2011, the total premiums charged by RMD to MDT were approximately \$6.3 million. This is included in the amount due to other County funds in the accompanying statement of net assets.

NOTE 9 - GOVERNMENTAL SUBSIDIES AND CONTRIBUTIONS

Section 9 of the Surface Transportation Assistance Act of 1982 (Section 9) created a program to assist urban mass transportation systems in meeting their operating expenses as well as the cost of maintaining and improving their mass transportation service. The Section 9 program provides that the federal government, through the Federal Transportation Administration (FTA), will provide transit agencies with operating assistance through Federal operating subsidies. MDT also receives operating assistance from the State of Florida Department of Transportation (FDOT) and the County.

Subsidies for capital and operating assistance for the year ended September 30, 2011, were as follows (dollars in thousands):

Federal	
FTA assistance	\$ 98,768
State	
FDOT assistance	33,127
Local	
Option gas tax	 17,458
Total governmental subsidies	149,353
Total contributions and transfers from Miami-Dade County	152,916
Total contributions and transfers from CITT	 130,549
Total governmental subsidies and contributions	\$ 432,818

The continued funding of such subsidies is controlled by federal, state and local laws, the provisions of various grant contracts, regulatory approvals and subject to the availability of grant funds.

Management of MDT and the County anticipate that subsidies for operating assistance will continue to be provided during the forthcoming fiscal year. The FTA operating and maintenance assistance will be provided from the Section 5307 Urbanized Area Formula funds of the Department of Transportation and Related Agencies Appropriations Act of 1998 as well as the Surface Transportation Extension Act of 1997. The FDOT operating assistance will be provided from the Block Grant Program.

NOTE 10 - PURCHASED TRANSPORTATION SERVICES

MDT has contracts with private carriers for various transit services through 2011. Two contracts with a consortium of local taxi companies provided ambulatory and non-ambulatory demand response service for elderly and handicapped persons. In addition, MDT has other contracts with local and national bus carriers to provide fixed route bus services. The total gross expense under these contracts amounted to approximately \$44.9 million for the year ended September 30, 2011.

NOTE 11 - PENSION PLANS AND DEFERRED COMPENSATION PLAN

<u>Florida Retirement System</u>: The County participates in the Florida Retirement System (FRS) Pension Plan (the Pension Plan) and Investment Plan (the Investment Plan, or together with the Pension Plan, the Plans). The Plans are cost-sharing, multiple-employer, public employee retirement plans, which cover substantially all of the County's full-time and part-time employees. FRS was created in 1970 by consolidating several employee retirement systems. All eligible employees that were hired after 1970 and those employed prior to 1970 that elect to be enrolled, are covered by the Plans. Benefit provisions and contribution and all other requirements are established by Florida Statutes, which may be amended by the Florida Legislature.

The Pension Plan is a defined benefit plan. Benefits are determined by a formula based on earnings, length of service, and membership class, and increase by a 3% cost-of-living adjustment annually for FRS service earned prior to July 1, 2011. Participants become vested upon completion of six years of service for those who enrolled in FRS prior to July 1, 2011, or eight years of service for those who enrolled in FRS on or after that date; however, benefits are subject to early retirement reductions for participants who elect to receive benefits before attaining normal retirement, which varies by employee class. Benefits are paid in accordance with one of four payment options elected by the participant.

Pension Plan participants are also eligible to participate in the Deferred Retirement Option Program (DROP), which allows participants to retire without terminating employment for up to five years while their retirement benefits accumulate and earn interest compounded monthly at an effective annual rate of 6.5% for participants who elected DROP participation prior to July 1, 2011 or 1.3% for participants who elected DROP participation on or after that date.

The Investment Plan is a defined contribution plan. The benefit to which a participant is entitled is the amount of his or her vested account balance at retirement, which consists of the cumulative amount of vested contributions made to his or her account, adjusted for earnings thereon and expenses. Participants are immediately vested in their own contributions and become vested in employer contributions upon completing one year of service. Benefits are paid as a lump sum, in periodic withdrawals on demand or by a predetermined payout schedule, as elected by the participant.

The payroll for MDT employees covered by FRS for the year ended September 30, 2011 was approximately \$201.8 million.

The FRS funding policy and required contribution rates are established by Florida Statues. The policy provides for monthly employer contributions ranging from 4.91% to 14.1% of gross salary. In addition, effective July 1, 2011, the policy provides for employee contributions of 3% of gross salary. MDT's actual contributions for the years ended September 30, 2011, 2010 and 2009 were approximately \$18.5 million, \$20.6 million and \$21.1 million, respectively. MDT contributed 100% of the required employer contributions in each of those years. Actual contributions made to the Investment Plan by employees were approximately \$1.3 million for the year ended September 30, 2011.

A copy of the FRS' latest annual report can be obtained by contacting the Division of Retirement, Research and Education Section toll-free (877) 377-1737, or by visiting their website at:

http://www.dms.myflorida.com/human resource support/retirement/publications/system information/annual_reports

NOTE 11 - PENSION PLANS AND DEFERRED COMPENSATION PLAN (Continued)

<u>Deferred Compensation Plan</u>: The County offers its employees a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code Section 457. The Plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

In accordance with the provisions of Section 457, the assets and income of the Plan are held in trust for the exclusive benefit of the participants and their beneficiaries. The County has given fiduciary responsibility to an external third party, and as such, the assets and income of the Plan are not reported in the County's Comprehensive Annual Financial Report or the accompanying financial statements.

NOTE 12 - RELATED-PARTY TRANSACTIONS

Department Name

Various departments within the County provide goods, administrative services, public safety, maintenance and various other services to other operating departments. Charges for these services are determined using direct and indirect cost allocation methods or amounts determined based upon direct negotiations between the parties involved. Charges for services provided to MDT by other County departments, which are included in services expense in the accompanying statement of revenues, expenses and changes in fund net assets, amounted to approximately \$10.9 million for the year ended September 30, 2011.

Following schedule shows the breakdown of county charges to MDT for the year ended September 30, 2011 (dollars in thousands):

20 partinont riamo	_	
Enterprise technology service department General service administration Other departments	\$	5,502 3,376 2,017
Total charges for County services	\$	10,895

The County has committed to provide funding to MDT to meet its operating obligations. As of September 30, 2011, the due to other County funds balance of \$159.9 million consists of MDT's negative position in the County's unrestricted pooled cash, cash equivalents and investments of \$151.2 million, insurance premiums payable to the Risk Management Division of \$6.3 million and deposit payable to Public Housing and Community Development of \$2.4 million.

As a component of the County, the Citizens' Independent Transportation Trust (CITT) is the 15-member independent body created to oversee the People's Transportation Plan (PTP) funded with the half-percent sales surtax (the Surtax). The Miami-Dade County Board of County Commissioners approved general fund support to MDT at the pre-Surtax level of \$123.7 million with an annual increase of 3.5%. Additionally, the CITT approved a loan for up to \$150 million in Surtax funds to support MDT on November 5, 2005. The loan has a stated rate of 3% and matures in fiscal year 2017.

NOTE 12 - RELATED-PARTY TRANSACTIONS (Continued)

As of September 30, 2011, the outstanding balance of the loan payable to CITT was approximately \$123.2 million. Changes in the loan balance during the year then ended were as follows (dollars in thousands):

Ва	Balance at					Balance at			
September 30,			September 30, Due with						
2010		Additions		Reductions		2011	One Year		
							_		
\$	131.906	\$	-	\$	(8.741) \$	123,165	\$ 11.528		

MDT's debt service requirements to maturity for the loan payable to CITT are as follows (dollars in thousands):

Maturing in Fiscal Year	Р	rincipal	Interest		Total	
2012	\$	11,528	\$	3,695	\$ 15,223	
2013		14,530		3,349	17,879	
2014		17,755		2,913	20,668	
2015		21,219		2,381	23,600	
2016		24,934		1,744	26,678	
2017		33,199		996	34,195	
Total debt service	\$	123,165	\$	15,078	\$ 138,243	

NOTE 13 - COMMITMENTS AND CONTINGENCIES

<u>Federal Awards and State Grants</u>: Federal grant awards are subject to audit in accordance with OMB Circular A-133 to determine compliance with the terms and conditions of the grant awards. State of Florida grant awards are subject to audit by the respective Florida grantor agencies. It is management's opinion that no material liabilities will result from any such audits.

<u>Litigation</u>: MDT, as a department of the County, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. The County, after reviewing the current status of all pending and threatened litigation with respect to the operations of MDT, believes that while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or threatened against the County or its officials in such capacity, are adequately covered by the County's self-insurance programs or will not have a material adverse effect on the financial statements.

<u>Contracts and Commitments</u>: Contracts and commitments relating to bus maintenance and construction projects approximated \$44.5 million as of September 30, 2011. Funding will be provided by federal, state and local sources.

NOTE 14 - RESTATEMENT OF BEGINNING NET ASSETS

Beginning net assets have been restated to correct certain errors in previously issued financial statements, which are described below (dollars in thousands):

Net assets, beginning of year, as originally reported	\$ 812,589
Prior period adjustments	
(1) To adjust U.S. Treasury STRIPS originally reported at	
cost to fair value	24,161
(2) To adjust sublease obligations collaterized by U.S.	
Treasury STRIPS to net present value and to record	
related accrued interest	 (8,312)
Net assets, beginning of year, as restated	\$ 828,438

The change in net assets of the prior year was understated by approximately \$2.9 million as a result of these errors.



MIAMI-DADE TRANSIT (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA) SCHEDULE OF FUNDING PROGRESS OTHER POSTEMPLOYMENT BENEFITS

September 30, 2011 (Dollars in Thousands)

Actuarial Valuation Date	Va	tuarial lue of ssets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)		Annual Covered Payroll (c)	UAAL as % of Covered Payroll ([b-a]/c)
October 1, 2010 October 1, 2009	\$	-	\$ 336,700	\$ 356,283 \$ 336,700	0% 0%		2,191,109	15.8% 15.4%
October 1, 2008 October 1, 2007	\$ \$	-	\$ 300,847 \$ 284,024	\$ 300,847 \$ 284,024	0% 0%	\$ \$	2,109,822 2,048,371	14.3% 13.9%