

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

FINANCIAL STATEMENTS
September 30, 2012

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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, 2012, 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, 2012, 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, 2012, and the changes in financial position and cash flows thereof 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 our report dated April 8, 2013 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.

(Continued)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress on pages 3 through 10 and page 40, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Crowe Horwath LLP

Fort Lauderdale, Florida
April 8, 2013

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2012
(Unaudited)

Overview

Miami-Dade 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, 2012. 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.

(Continued)

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September 30, 2012
(Unaudited)

Financial Highlights

Net Assets

A summary of MDT's net assets at September 30, 2012 and 2011 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, 2012 were approximately \$758.8 million. During fiscal year 2012, MDT's net assets decreased by approximately \$48.7 million or 6%. Total liabilities increased by \$307.1 million primarily due to the issuance of the Series 2012 Transit System Sales Surtax Revenue Bonds to funds MDT's capital projects, including the Airport Link construction project.

Table 1
Summary of Net Assets

	September 30,	
	2012	2011
	(Dollars In Thousands)	
Assets		
Total current assets	\$ 195,692	\$ 193,327
Noncurrent assets		
Restricted assets and other assets	580,656	288,614
Total capital assets	1,712,786	1,748,879
Total noncurrent assets	2,293,442	2,037,493
Total assets	\$ 2,489,134	\$ 2,230,820
Liabilities		
Total current liabilities	\$ 329,354	\$ 325,430
Total long-term liabilities	1,400,953	1,097,815
Total liabilities	1,730,307	1,423,245
Net Assets		
Invested in capital assets, net of related debt	847,530	999,799
Restricted	420,983	112,554
Unrestricted deficit	(509,686)	(304,778)
Total net assets	758,827	807,575
Total liabilities and net assets	\$ 2,489,134	\$ 2,230,820

Cash Deficits

MDT's operating fund ended the 2012 fiscal year with an \$9.7 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 \$8.8 million, current accounts receivable of \$3.8 million, which includes fuel tax refunds, pass sales, corporate sales and other miscellaneous revenues; and \$1.7 million will be funded from MDT's disposal of real property, such as sales of land, resulting in \$4.6 million of savings for future years. This year, MDT's operating cash deficit was \$9.7 million as compared to \$21.6 million last year, representing an improvement of \$11.9 million in the current year over the prior year.

The County has provided funding to MDT for various construction projects. As of September 30, 2012 MDT owes the County \$131 million, which is classified as "due to other County funds" in the

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Financial Highlights (Continued)

accompanying statement of net assets. This cash deficit will be reimbursed from federal and state grantor agencies in the amount of \$100.8 million, and the remaining \$30.2 million will be reimbursed from operational savings to be realized in future years. This year, MDT's capital funds' cash deficit was \$131 million compared to \$129.6 million last year, representing an increase of \$1.4 million in the current year over the prior year.

The total cash deficit at September 30, 2012 was \$140.7 million as compared to \$151.2 million as of September 30, 2011. This deficit excludes a cash balance of \$426.3 million, which mainly represents the unspent proceeds of surtax bonds, which was issued to fund Peoples' Transportation Plan (PTP) projects and to fund the debt service reserve account. The portion of these deficits expected to be repaid within one year is shown on the financial statements as a current liability and netted against "due to other County funds" balance in the amount of \$131.5 million. The remaining portion is reflected as a non-current liability and netted in the "due to other County funds" balance in the amount of \$9.2 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

	Years Ended September 30,	
	2012	2011
	(Dollars In Thousands)	
Operating revenues	\$ 115,466	\$ 110,818
Operating expenses excluding depreciation	(460,550)	(458,796)
Depreciation	(74,456)	(77,184)
Operating loss	(419,540)	(425,162)
Non-operating revenues (expenses)		
Governmental subsidies	108,471	121,248
Interest expense, net of capitalization	(33,591)	(31,130)
Investment income (loss)	598	(714)
Other non-operating, net	(26,511)	(2,974)
Total non-operating revenues, net	48,967	86,430
Loss before contributions and transfers	(370,573)	(338,732)
Build America Bonds Subsidy	6,983	6,299
Capital contributions from CITT	39,510	27,536
Capital contributions from federal and state sources	17,418	28,105
Transfers from Miami-Dade County	156,707	152,916
Transfers from CITT	101,207	103,013
Total capital contributions and transfers	321,825	317,869
Change in net assets	(48,748)	(20,863)
Net assets, beginning of the year	807,575	828,438
Net assets, end of the year	<u>\$ 758,827</u>	<u>\$ 807,575</u>

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Financial Highlights (Continued)

Changes in Net Assets

Total operating revenues increased by \$4.6 million or 4.2%, and operating expenses, excluding depreciation, increased by \$1.8 million or 0.4%, which resulted in an overall increase in the operating loss before depreciation of \$2.8 million. The increase in operating revenues is mainly due to passenger fare revenue.

MDT's total operating expenses, excluding depreciation, were \$460.6 million for fiscal year 2012 as compared to \$458.8 million for fiscal year 2011. The increase during the fiscal year 2012 was mainly due to an increase in salaries for a total of approximately \$4.1 million.

Total governmental subsidies and contributions from the County and other governmental entities for fiscal year 2012 was approximately \$424.5 million, a decrease of \$8.4 million or 1.9% from the prior year. The decrease in fiscal year 2012 was primarily due to federal revenues recorded for the FY10 Formula Grant of approximately \$19.2 million in fiscal year 2011. This decrease in federal revenues was offset by an increase in CITT capital contributions and transfers in of approximately \$10.2 million in fiscal year 2012, mainly due to an increase in Series 2009 Transit Surtax System Revenue Bonds debt service payments. Additional funds were transferred in from CITT for operations 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 various other governmental entities, which provide financial assistance to continue its operations. Subsidies for capital and operating assistance for the years ended September 30, 2012 and 2011 were as follows:

Table 3

Schedule of Capital and Operating Assistance

	Years Ended September 30,	
	2012	2011
	(Dollars In Thousands)	
Federal		
FTA assistance	\$ 73,026	\$ 98,768
State		
FDOT assistance	35,143	33,127
Local		
Option gas tax	17,720	17,458
Total governmental subsidies	125,889	149,353
Total transfers from the County	156,707	152,916
Total contributions and transfers from CITT	140,717	130,549
Total governmental subsidies and contributions	<u>\$ 423,313</u>	<u>\$ 432,818</u>

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Financial Highlights (Continued)

Capital Assets

At the end of fiscal year 2012, MDT had approximately \$2.9 billion invested in a broad range of capital assets. During fiscal year 2012, MDT operated a total fleet of approximately 822 buses, 136 rail cars and 39 metromovers. 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, 2012 and 2011. A more detailed presentation can be found at Note 4 to the financial statements.

Table 4

Capital Assets Summary

	September 30,	
	2012	2011
	(Dollars In Thousands)	
Land	\$ 253,098	\$ 252,801
Buildings and guideway structures	1,871,375	1,404,649
Transportation and other equipment	728,550	744,322
	<u>2,853,023</u>	<u>2,401,772</u>
Construction in progress	54,984	488,348
Total capital assets	<u>2,908,007</u>	<u>2,890,120</u>
Accumulated depreciation	<u>(1,195,221)</u>	<u>(1,141,241)</u>
Total capital assets, net	<u>\$ 1,712,786</u>	<u>\$ 1,748,879</u>

Debt Administration

The following table summarizes the composition of MDT's debt as of September 30, 2012 and 2011. A more detailed presentation can be found at Notes 6 to the financial statements.

Table 5

Summary of Debt Obligations

	September 30,		Rates
	2012	2011	
	(Dollars In Thousands)		
Sunshine State Loan	\$ -	\$ 4,087	2.0 - 5.0%
GE Penske Loan	8,891	11,070	4.8%
Bond Anticipation Notes 2011	-	100,000	.8%
Surtax Revenue Bonds	1,161,102	706,139	3.0 - 6.9%
Special Obligation Bonds	4,770	9,371	4.0 - 5.0%
Capital Assets Acquisition Bonds	18,827	18,819	7.5%
Total debt obligations	<u>\$ 1,193,590</u>	<u>\$ 849,486</u>	

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Financial Highlights (Continued)

MDT has increased its debt by approximately \$344.1 million in fiscal year 2012. This was primarily due to the issuance of the Series 2012 Transit System Surtax Revenue Bonds, which were issued to continue funding construction on various large capital projects and to repay Bond Anticipation Notes' (BAN) principal and interest. This debt will be repaid through funding generated by the half penny sales tax.

MDT had total outstanding debt of approximately \$1.2 billion as of September 30, 2012 as compared to \$849.5 million as of September 30, 2011. 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 2013 with slow but positive growth. This is based on expected strong performance in the transportation and merchandise trade sectors, its strength in the tourism industry, and its large and growing population base. The growth experienced in fiscal year 2012 is expected to continue and possibly improve upon the progress made during fiscal year 2012 into fiscal year 2013.

MDT, the fourteenth largest public transit system in the country (based on passenger trips) and the largest transit agency in Florida, plans, markets, and provides regional public transportation services in Miami-Dade County. MDT also implements all of the County's transit-related capital projects in the People's Transportation Plan (PTP), including the expansion of the Metrorail and Metrobus systems.

As part of the Transportation strategic area, MDT provides 29.2 million miles of Metrobus revenue service along 93 routes with a fleet of 722 full-sized buses, 25 articulated buses, and 75 minibuses, 2 contracted routes, a 25 mile dual track elevated Metrorail system, a 20 mile Bus Rapid Transit (BRT) line that is the largest in the United States, and a 4.4 mile dual lane elevated people mover system. MDT also provides Special Transportation Services (STS) to eligible participants.

MDT works closely with the Federal Transit Administration (FTA), the Florida Department of Transportation (FDOT), the Metropolitan Planning Organization of the Miami Urbanized Area (MPO), the Citizens' Independent Transportation Trust (CITT), the South Florida Regional Transportation Authority (SFRTA), the Public Works and Waste Management Department (PWWM), citizen advocacy groups, and other transportation stakeholders.

In FY 2011-12, the Department opened the first segment of the orange line, which consists of a 2.4 mile AirportLink (\$506.5 million); the project funding is comprised of Florida Department of Transportation (FDOT) proceeds (\$101.3 million) and PTP bond proceeds (\$405.2 million).

In FY 2012-13, the Department will begin construction of a corridor expansion program to include the North and East West corridors, funded within the Capital Expansion Reserve (\$47.2 million programmed in capital plan), which will progress from enhanced bus service to a Bus Rapid Transit (BRT) system in the future

In FY 2012-13, the Department will begin construction of a park and ride facility at Kendall Drive and SW 127 Avenue (\$2.8 million); continue construction of a park and ride lot located at SW 344 Street and the South Miami-Dade Busway (\$10.8 million); begin construction for a pedestrian overpass at University Station (\$6.6 million); and continue planning and design for a park and ride facility at Quail Roost Drive (\$3.9 million) with construction to be completed by FY 2014-15.

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Economic Factors and Next Year's Budget (Continued)

The FY 2012-13 Adopted Budget includes funding for the replacement of 136 Metrorail vehicles (\$25.9 million programmed in FY 2012-13) for a total project cost of \$375.8 million

The FY 2012-13 Adopted Budget includes funding for the construction of a test track for Metrorail (\$18.3 million); continued construction of the Lehman Yard Expansion Phase 1 (\$6.5 million programmed in FY 2012-13); and completion of the Palmetto Station traction power substation (\$16.8 million), and the new central control room system for Metrorail (\$26.3 million) FY 2012-13, the Department will continue construction of a signage system that will unify the new AirportLink with the existing Metrorail system (\$7.5 million).

In FY 2012-13, the Department will continue the renovation of the Metrorail bike path (M-Path) from the Brickell Station to the South Miami Station, funded by Building Better Communities General Obligation Bond (BBC GOB) proceeds (\$1.4 million).

In FY 2012-13, the Countywide General Fund Maintenance of Effort (MOE) is \$162.2 million, a 3.5 percent increase above the FY 2011-12 MOE of \$156.7 million, as adopted in the People's Transportation Plan and as amended in May of 2005.

The FY 2012-13 Adopted Budget funds the South Florida Regional Transportation Authority (SFRTA) at the statutory minimum of \$4.2 million; this amount reflects the required minimum for operating needs of \$1.6 million (Section 343.58(2) Florida Statutes) and for capital needs of \$2.7 million (Section 343.58(1) Florida Statutes).

In FY 2012-13, the Department will continue a preventive maintenance program in Metrobus to ensure reliability of the bus fleet, including process mapping to realize new efficiencies in maintenance control, maintenance, inventory parts and warranty systems; the program includes a 3,000 mile inspection covering oil/filter replacement and safety checks for brakes, tires, wheel lug nuts, and electrical systems, and a 6,000 mile inspection focused on mechanical/safety diagnostic and corrective actions to ensure vehicles meet technical specifications including oil pressure, fluid analysis, alternator performance, and brake and bellows (ride height) performance.

In FY 2012-13, the Department will add \$6.4 million towards operational support of the AirportLink that opened in FY 2011-12; anticipated peak-time headways are projected at five minutes to Earlington Heights Station from Dadeland South and ten minutes from Earlington Heights Station to Palmetto Station.

In FY 2012-13, the Department will freeze 52 operational support positions (\$6 million) for a period of one year as a result of the Countywide reorganization study that was conducted in FY 2011-12.

Projects funded by federal stimulus revenues in FY 2012-13 include graphics and signage upgrades (\$7.5 million), Palmetto Station Traction Power Substation (\$16 million), Kendall enhanced bus service (\$4.4 million), Kendall Drive signalization (\$2.4 million), Metromover station canopies and escalators (\$7.2 million), Transit Operations System (\$6.2 million), replacement of hybrid vehicles (\$400,000), Mover fiber replacement (\$3.2 million), Metrorail WIFI implementation (\$2.4 million), Mover video project (\$698,000), track and guideway improvements (\$1.1 million), Metromover Bicentennial Park Station refurbishment (\$1.3 million), and a one-time reimbursement of operating expenses (\$6.3 million); and stimulus funds will also be distributed to the municipalities (\$12.6 million).

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MIAMI-DADE TRANSIT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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Economic Factors and Next Year's Budget (Continued)

In FY 2012-13, the Department will continue to provide Paratransit functions to include Special Transportation Services (STS) programming (1.7 million trips).

Request for Information

This financial report is designed to provide customers, creditors and other interested parties with a general overview of the MDT'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, 2012
(Dollars in Thousands)

Assets

Current assets

Cash and cash equivalents	\$ 268
Governmental assistance receivables	
Federal	87,432
State of Florida	23,160
Local governments	83
Other receivables	2,993
Inventories	29,675
Prepaid expenses	1,298
Total current unrestricted assets	<u>144,909</u>
Restricted assets	
Investments	<u>50,783</u>
Total current assets	<u>195,692</u>

Non-current assets

Restricted assets	
Cash and cash equivalents	4,153
Investments	<u>563,630</u>
Total non-current restricted assets	<u>567,783</u>

Capital assets

Land	253,098
Construction in progress	54,984
Buildings and guideway structures	1,871,375
Transportation and other equipment	728,550
Accumulated depreciation	<u>(1,195,221)</u>
Total capital assets	<u>1,712,786</u>

Other assets

	<u>12,873</u>
Total non-current assets	<u>2,293,442</u>
Total assets	<u>2,489,134</u>

(Continued)

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
STATEMENT OF NET ASSETS
September 30, 2012
(Dollars in Thousands)
(Continued)

Liabilities

Current liabilities	
Accounts payable	\$ 22,968
Accrued expenses	9,691
Compensated absences	12,125
Unearned revenues	86
Deferred benefit	1,750
Due to other County funds	139,736
Loans payable to CITT	14,530
Loans payable	1,570
Total current liabilities payable from unrestricted assets	<u>202,456</u>
Current liabilities payable from restricted assets	
Accounts payable	11,325
Deposits payable	1,959
Accrued interest on loans and bonds	14,285
Accrued interest on capital lease leaseback obligations	6,978
Capital lease leaseback obligations	74,756
Loans payable	364
Bonds payable	17,231
Total current liabilities payable from restricted assets	<u>126,898</u>
Total current liabilities	<u>329,354</u>
Non-current liabilities	
Compensated absences	24,145
OPEB obligation	5,311
Due to other County funds	9,200
Loans payable to CITT	97,107
Capital lease leaseback obligations	88,279
Deferred benefit	1,486
Loans payable	6,957
Bonds payable	1,167,468
Other	1,000
Total non-current liabilities	<u>1,400,953</u>
Total liabilities	<u>1,730,307</u>

Net Assets

Invested in capital assets, net of related debt	847,530
Restricted for	
Capital projects	317,010
Capital lease leaseback obligations	13,164
Debt service	90,809
Unrestricted deficit	<u>(509,686)</u>
Total net assets	<u>\$ 758,827</u>

See accompanying notes to financial statements.

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, 2012
(Dollars in Thousands)

Operating revenues

Passenger fares	\$ 107,120
Advertising	4,067
Special transportation (co-payment)	4,279
Total operating revenues	<u>115,466</u>

Operating expenses

Labor	212,885
Fringe benefits	55,927
Purchased transportation	48,054
Services	55,891
Fuel and traction power	43,673
Materials and supplies	30,758
Utilities	4,544
Casualty and liability	4,839
Leases and rentals	3,979
Depreciation expense	74,456
Total operating expenses	<u>535,006</u>
Operating loss	<u>(419,540)</u>

Non-operating revenues (expenses)

Governmental grants and subsidies	
Federal	61,931
State of Florida	28,820
Local option gas tax	17,720
Investment income	598
Rental income	1,458
Interest expense	(33,591)
Lease leaseback revenue	870
Impairment loss	(24,941)
Other expenses	(3,898)
Net non-operating revenues	<u>48,967</u>
Loss before capital contributions and transfers	<u>(370,573)</u>

(Continued)

MIAMI-DADE TRANSIT
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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Year Ended September 30, 2012
(Dollars in Thousands)
(Continued)

Capital contributions and transfers

Build America Bonds Subsidy	\$ 6,983
Capital contributions	
Federal	11,095
State of Florida	6,323
CITT	39,510
Transfers from CITT	101,207
Transfers from County	<u>156,707</u>
Total capital contributions and transfers	<u>321,825</u>
Change in net assets	(48,748)
Net assets, beginning of year	<u>807,575</u>
 Net assets, end of year	 <u><u>\$ 758,827</u></u>

See accompanying notes to financial statements.

MIAMI-DADE TRANSIT
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 STATEMENT OF CASH FLOWS
 Year Ended September 30, 2012
 (Dollars in Thousands)

Cash flows from operating activities

Cash received from customers	\$ 113,326
Cash paid to suppliers	(190,139)
Cash paid to employees for services	<u>(265,929)</u>
Net cash used in operating activities	<u>(342,742)</u>

Cash flows from non-capital financing activities

Governmental grants and subsidies received	95,558
Cash received from Miami-Dade County and CITT for transfers	275,672
Cash paid to Miami-Dade County and CITT for advances and loans	<u>(22,505)</u>
Net cash provided by non-capital financing activities	<u>348,725</u>

Cash flows from capital and related financing activities

Acquisition and construction of capital assets	(71,583)
Proceeds from bonds and loans	465,278
Principal paid on bonds and loans	(120,350)
Interest paid on bonds and loans	(44,676)
Cash received from CITT for capital contributions	39,510
Cash received from Federal and State sources for capital contributions	15,974
Other non-operating items	<u>1,566</u>
Net cash provided by capital and related financing activities	<u>285,719</u>

Cash flows from investing activities

Purchase of investment securities	(301,831)
Interest received on investments	<u>970</u>
Net cash used in investing activities	<u>(300,861)</u>
Change in cash and cash equivalents	(9,159)
Cash and cash equivalents, beginning of year	<u>13,580</u>
Cash and cash equivalents, end of year	<u><u>\$ 4,421</u></u>

(Continued)

MIAMI-DADE TRANSIT
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 STATEMENT OF CASH FLOWS
 Year Ended September 30, 2012
 (Dollars in Thousands)
 (Continued)

Reconciliation of operating loss to net cash used in operating activities

Operating loss	\$ (419,540)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation expense	74,456
(Increase) decrease in operating assets	
Other receivables	(336)
Inventories	(378)
Prepaid expenses	52
Increase (decrease) in operating liabilities	
Accounts payable	1,390
Compensated absences, accrued expenses and OPEB obligation	2,883
Other liabilities	<u>(1,269)</u>
Net cash used in operating activities	<u><u>\$ (342,742)</u></u>

Supplemental disclosures of non-cash capital and related financing activities

Repayment of capital lease leaseback obligations by collateral agents	\$ 4,812
Amortization of bond premiums, discounts and issuance costs	\$ 394

Reconciliation of cash and cash equivalents, end of year

Unrestricted current cash and cash equivalents	\$ 268
Restricted non-current cash and cash equivalents	<u>4,153</u>
Total cash and cash equivalents, end of year	<u><u>\$ 4,421</u></u>

See accompanying notes to financial statements.

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

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 Notes 9 and 12).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Financial Reporting: 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.

Use of Estimates: 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.

Cash and Cash Equivalents: 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.

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and Investment Income: 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.

Restricted Assets: 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.

Application of Restricted and Unrestricted Resources: 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.

Materials and Supplies Inventories: 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.

Capital Assets: 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 \$5,000 or more and a useful life of more than one year.

Major renewals and betterments are treated as capital additions. Depreciation is provided using 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	50 years
Transportation and other equipment	3 – 30 years

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

Pension Plan: MDT, through the County contributes to the Florida Retirement System, a cost-sharing multiple 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 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. Benefits and contributions are established and may be amended by the Miami-Dade County Board of County Commissioners (the BCC), whose powers derive from Florida Statute (FS) 125.01(3)(a). The Plan does not issue a publicly available financial report.

(Continued)

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Benefits - The medical plans provide hospital, medical and pharmacy coverage. As of September 30, 2012, the pre-65 retirees were able to select from one of these medical plans:

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

As of September 30, 2012, post-65 retirees (Medicare age) were able to select from one of these medical plans:

- AvMed Medicare Supplement Low Option with Rx
- AvMed Medicare Supplement High Option with Rx
- AvMed Medicare Supplement High Option without Rx

The County only contributes to post-65 retirees electing one of the above Medicare Supplement plans.

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 plan and tier. For pre-65 retirees, the County explicitly contributes 15% of the cost for the AvMed POS plan, and 33% for the AvMed HMO High and AvMed HMO Low plans. The post-65 retiree contributions also vary by plan and tier with the County contributing an average of 33% of the entire plan cost. 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. 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.

For the year ended September 30, 2012, the County contributed \$26 million to the plan. The postretirement medical and dental benefits are currently funded on a pay-as-you go basis (i.e., Miami-Dade 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.

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

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, 2012 (dollars in thousands):

Annual required contribution	\$ 3,439
Interest on net OPEB obligation	197
Adjustment to annual required contribution	<u>(201)</u>
Annual OPEB cost	3,435
Contributions made	<u>(2,592)</u>
Change in net OPEB obligation	843
Net OPEB obligation, beginning of year	<u>4,468</u>
Net OPEB obligation, end of year	<u><u>\$ 5,311</u></u>

MDT's net OPEB obligation as of September 30, 2012, 2011 and 2010, 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,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 3,435	75.5%	\$ 5,311
2011	\$ 2,993	68.7%	\$ 4,468
2010	\$ 2,803	67.9%	\$ 3,531

Funded Status - The schedule of funding progress below presents information about the 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)	UAAL as % of Covered Payroll ([b-a]/c)
October 1, 2011	\$ -	\$ 357,006	\$ 357,006	0%	\$ 1,661,941	21.5%

MDT's portion of the County's AAL was approximately \$43.1 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.

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

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, 2012 and the information about the Plan's funded status presented above:

Actuarial cost method	Projected unit credit
Amortization method	Level percent of payroll, closed
Remaining amortization period	26 years
Discount rate	4.40%
Payroll growth rate	3.00%
Health care cost trend rate	
Medical	8.00% select, 5.00% ultimate
Mortality table	RP 2000 Projected to 2015

Furthermore, the valuation assumes that the County will continue to fund the liability on a pay-as-you-go basis.

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 benefits are earned. As of September 30, 2012, compensated absences were approximately \$36.3 million.

Interest on Indebtedness: 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, 2012, MDT incurred interest expense of approximately \$33.6 million, net of capitalized interest costs of \$14.5 million.

Bond Premiums/Discounts and Issuance Costs: Bond premiums/discounts and issuance costs are amortized using the effective interest method and straight line method respectively, 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.

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

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

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 revenues in the accompanying financial statements.

Unearned Revenues: 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.

Operating and Non-Operating Items: 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, have the highest letter and numerical rating from at least two rating agencies, 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

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

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, 2012 (dollars in thousands):

	Carrying Value	Credit Rating	Weighted Average Maturity (In Years)
Cash and cash equivalents			
Cash on hand	\$ 268		
Deposits with financial institutions	273		
Equity in pooled cash and investments	<u>3,880</u>		
Total cash and cash equivalents	<u>4,421</u>		
Investments			
Equity in pooled cash and investments	422,562		
U.S. Treasury STRIPS	53,528	AAA	4.42
Guaranteed investment contract ¹	8,674	AA	
Other ²	<u>129,649</u>	A or above	
Total investments	<u>614,413</u>		
Total cash, cash equivalents and investments	<u>\$ 618,834</u>		

(1) The guaranteed investment contract is a non-participating interest-earning investment contract valued at amortized cost.

(2) Other investments consist of investment contracts pledged as collateral to sublessors under the County's capital lease leaseback arrangements. The contracts are valued at the carrying value of the corresponding liabilities, which approximates fair value.

(Continued)

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

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

As of September 30, 2012, total cash, cash equivalents, and investments were restricted as follows (dollars in thousands):

Restricted for	
Capital projects	\$ 328,335
Refundable security deposits	1,959
Repayment of capital lease leaseback obligations	183,177
Debt service	<u>105,095</u>
Total restricted assets	<u>\$ 618,566</u>

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

Interest Rate Risk: 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.

Credit Risk: 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 or more nationally recognized statistical rating organization.

Custodial Credit Risk: 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, 2012.

Concentration of Credit Risk: 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.

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

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE 4 - CAPITAL ASSETS

Capital asset activity and changes in accumulated depreciation for the year ended September 30, 2012 were as follows (dollars in thousands):

	Balance at September 30, 2011	Additions	Deletions	Balance at September 30, 2012
Capital assets not being depreciated				
Land	\$ 252,801	\$ 1,884	\$ (1,587)	\$ 253,098
Construction in progress	488,348	59,756	(493,120)	54,984
Total capital assets not being depreciated	741,149	61,640	(494,707)	308,082
Capital assets being depreciated				
Buildings and guideway structures	1,404,649	466,726	-	1,871,375
Transportation and other equipment	744,322	9,336	(25,108)	728,550
Total capital assets being depreciated	2,148,971	476,062	(25,108)	2,599,925
Less accumulated depreciation for				
Buildings and guideway structures	(720,781)	(35,116)	-	(755,897)
Transportation and other equipment	(420,460)	(39,340)	20,476	(439,324)
Total accumulated depreciation	(1,141,241)	(74,456)	20,476	(1,195,221)
Total capital assets being depreciated, net	1,007,730	401,606	(4,632)	1,404,704
Total capital assets, net	\$ 1,748,879	\$ 463,246	\$ (499,339)	\$ 1,712,786

(Continued)

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

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 those 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, through various early buyout dates. As of September 30, 2012, the fair value of the collateral was approximately \$183.2 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 require 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, 2012 (dollars in thousands):

Description of Assets	Lease Inception Date	Prepayment Received at Inception	Amount Invested to Satisfy Sublease Obligation	Initial Cash Benefit	Balance at September 30, 2012
Maintenance facilities	September 23, 1998	\$ 64,451	\$ 57,713	\$6,738	\$ 48,625
Qualified technical equipment	August 14, 2002	135,760	129,623	6,137	<u>114,410</u>
					<u>\$ 163,035</u>

A summary of changes in MDT's sublease obligations for the year ended September 30, 2012 is presented below (dollars in thousands):

Balance at September 30, 2011	Additions	Reductions	Balance at September 30, 2012	Due within One Year
\$ 167,631	\$ -	\$ (4,596)	\$ 163,035	\$ 74,756

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 in 2008 of a collateral issuer. As of September 30, 2012, 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.

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE 5 - CAPITAL LEASE LEASEBACK OBLIGATIONS (Continued)

The following schedule presents MDT's future minimum sublease payments (assuming no defaults) as of September 30, 2012 (dollars in thousands):

Year Ending September 30,	Minimum Sublease Payments
2013	\$ 37,439
2014	16,434
2015	17,107
2016	16,076
2017	16,076
2018-2019	103,230
Total future minimum sublease payments	206,362
Less amount representing interest	(43,327)
Present value of future minimum sublease payments	<u>\$ 163,035</u>

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, 2012 were as follows (dollars in thousands):

	Balance at September 30, 2011	Additions	Reductions	Balance at September 30, 2012	Due within One Year
Loans payable	\$ 115,157	\$ -	\$(106,266)	\$ 8,891	\$ 1,934
Bonds payable	721,757	416,798	(14,084)	1,124,471	17,231
Plus: Unamortized premium	12,756	48,480	(832)	60,404	-
Less: Unamortized discount	(184)	-	8	(176)	-
Total bonds payable	734,329	465,278	(14,908)	1,184,699	17,231
Total long-term debt	<u>\$ 849,486</u>	<u>\$ 465,278</u>	<u>\$ (121,174)</u>	<u>\$ 1,193,590</u>	<u>\$ 19,165</u>

Miami-Dade County, Florida Transit System Sales Surtax Revenue Bond Series 2012 - On August 1, 2012, the County issued \$537,210,000 of Miami-Dade County, Florida Transit System Sales Surtax Revenue Bonds, Series 2012 (the Series 2012 Bonds), of which approximately \$465 million was allocated to MDT. The Series 2012 Bonds were issued for the purpose of (1) refunding and redeeming the Series 2011 Transit System Bond Anticipation Notes; (2) paying a portion of the cost of certain transportation and transit projects; (3) funding a reserve account; (4) paying the cost of issuance of the Series 2012 Bonds; and (5) paying capitalized interest on the Series 2012 Bonds through July 1, 2014.

(Continued)

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE 6 - LONG-TERM DEBT (Continued)

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 loan was fully repaid during fiscal year 2012.

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. The Series 2011 Notes were fully repaid during fiscal year 2012.

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 TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE 6 - LONG-TERM DEBT (Continued)

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.

Penske/GE Equipment Loan - 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.

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE 6 - LONG-TERM DEBT (Continued)

The following table summarizes MDT's debt outstanding as of September 30, 2012 (dollars in thousands):

Description	Rate	Amount Allocated to MDT	Maturity Date	Principal Outstanding
Special Obligation Capital Asset Bonds, Transit Buses, Series 2002A	5.0%	\$ 25,030	4/1/2013	\$ 3,000
Plus unamortized premium				35
Less current portion				(3,035)
Long-term portion				-
Special Obligation Capital Asset Bonds, Capital Improvement Projects, Series 2002A	4.0 - 5.0%	\$ 13,970	4/1/2013	1,710
Plus unamortized premium				25
Less current portion				(1,735)
Long-term portion				-
Transit System Sales Surtax Revenue Bonds, Series 2006	4.0 - 5.0%	\$ 134,233	7/1/2036	120,355
Plus unamortized premium				4,341
Less current portion				(2,736)
Long-term portion				121,960
Transit System Sales Surtax Revenue Bonds, Series 2008	5%	\$ 224,131	7/1/2038	211,041
Plus unamortized premium				2,812
Less current portion				(3,747)
Long-term portion				210,106
Transit System Sales Surtax Revenue Bonds, Series 2009	4.0 - 6.9%	\$ 193,044	7/1/2039	189,619
Plus unamortized premium				2,613
Less current portion				(3,560)
Long-term portion				188,672
Transit System Sales Surtax Revenue Bonds, Series 2010	3.0 - 5.6%	\$ 162,945	7/1/2040	162,945
Plus unamortized premium				2,098
Less current portion				(2,418)
Long-term portion				162,625
Transit System Sales Surtax Revenue Bonds, Series 2012	3.1-5.0%	\$ 416,798	7/1/2042	416,798
Plus unamortized premium				48,480
Less current portion				-
Long-term portion				465,278
Capital Asset Acquisition Bonds, Series 2010D	7.5%	\$ 19,003	4/1/2040	19,003
Less unamortized discount				(176)
Less current portion				-
Long-term portion				18,827
Penske/GE Equipment Loan	4.8%	\$ 22,707	9/1/2016	8,891
Less current portion				(1,934)
Long-term portion				6,957
Total long-term portion of bonds and loans outstanding at September 30, 2012				<u>\$ 1,174,425</u>

(Continued)

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE 6 - LONG-TERM DEBT (Continued)

Debt Service Requirements - MDT's debt service requirements to maturity for loans and bonds outstanding at September 30, 2012 were as follows (dollars in thousands):

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

Maturing in Fiscal Year	Principal	Interest	Total
2013	\$ 3,000	\$ 150	\$ 3,150
Total debt service	<u>\$ 3,000</u>	<u>\$ 150</u>	<u>\$ 3,150</u>

Special Obligation Capital Asset Bonds, Series 2002A \$14 million

Maturing in Fiscal Year	Principal	Interest	Total
2013	\$ 1,710	\$ 86	\$ 1,796
Total debt service	<u>\$ 1,710</u>	<u>\$ 86</u>	<u>\$ 1,796</u>

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

Maturing in Fiscal Year	Principal	Interest	Total
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	3,323	5,348	8,671
2018-2022	19,094	24,258	43,352
2023-2027	24,372	18,982	43,354
2028-2032	30,960	12,397	43,357
2033-2036	<u>30,820</u>	<u>3,864</u>	<u>34,684</u>
Total debt service	<u>\$ 120,355</u>	<u>\$ 87,749</u>	<u>\$ 208,104</u>

(Continued)

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE 6 - LONG-TERM DEBT (Continued)

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

Maturing in Fiscal Year	Principal	Interest	Total
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	4,559	9,686	14,245
2018-2022	26,440	44,775	71,215
2023-2027	33,742	37,470	71,212
2028-2032	42,811	28,398	71,209
2033-2037	64,407	16,642	81,049
2038	22,926	1,146	24,072
Total debt service	<u>\$ 211,041</u>	<u>\$ 178,930</u>	<u>\$ 389,971</u>

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

Maturing in Fiscal Year	Principal	Interest	Total
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	4,245	11,418	15,663
2018-2022	24,345	53,969	78,314
2023-2027	30,265	46,065	76,330
2028-2032	37,505	34,939	72,444
2033-2037	46,685	20,813	67,498
2038-2039	31,419	3,606	35,025
Total debt service	<u>\$ 189,619</u>	<u>\$ 218,305</u>	<u>\$ 407,924</u>

(Continued)

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE 6 - LONG-TERM DEBT (Continued)

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

Maturing in Fiscal Year	Principal	Interest	Total
2013	\$ 2,418	\$ 8,662	\$ 11,080
2014	2,494	8,589	11,083
2015	2,591	8,490	11,081
2016	2,723	8,360	11,083
2017	2,831	8,251	11,082
2018-2022	15,915	39,444	55,359
2023-2027	18,791	35,419	54,210
2028-2032	22,380	29,899	52,279
2033-2037	26,734	23,197	49,931
2038-2040	66,068	9,567	75,635
Total debt service	<u>\$ 162,945</u>	<u>\$ 179,878</u>	<u>\$ 342,823</u>

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

Maturing in Fiscal Year	Principal	Interest	Total
2013	\$ -	\$ 1,425	\$ 1,425
2014	-	1,425	1,425
2015	-	1,425	1,425
2016	-	1,425	1,425
2017	-	1,425	1,425
2018-2022	-	7,126	7,126
2023-2027	-	7,126	7,126
2028-2032	3,661	6,930	10,591
2033-2037	9,001	4,457	13,458
2038-2040	6,341	964	7,305
Total debt service	<u>\$ 19,003</u>	<u>\$ 33,728</u>	<u>\$ 52,731</u>

(Continued)

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE 6 - LONG-TERM DEBT (Continued)

Transit System Sales Surtax Revenue Bonds, Series 2012 \$417 million

Maturing in Fiscal Year	Principal	Interest	Total
2013	\$ -	\$ 18,285	\$ 18,285
2014	-	19,947	19,947
2015	5,830	19,947	25,777
2016	6,024	19,751	25,775
2017	6,284	19,489	25,773
2018-2022	36,186	92,694	128,880
2023-2027	45,869	83,010	128,879
2028-2032	56,940	71,929	128,869
2033-2037	71,758	57,120	128,878
2038-2042	187,907	35,177	223,084
Total debt service	<u>\$ 416,798</u>	<u>\$ 437,349</u>	<u>\$ 854,147</u>

Penske/GE Equipment Loan \$23 million

Maturing in Fiscal Year	Principal	Interest	Total
2013	\$ 1,934	353	2,287
2014	2,209	286	2,495
2015	2,317	177	2,494
2016	2,431	64	2,495
Total debt service	<u>\$ 8,891</u>	<u>\$ 880</u>	<u>\$ 9,771</u>

(Continued)

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE 7 - OTHER LONG-TERM LIABILITIES

Other long-term liability activity for the year ended September 30, 2012 was as follows (dollars in thousands):

	Balance at September 30,			Balance at September 30, Due within	
	2011	Additions	Reductions	2012	One Year
Compensated absences	\$ 36,097	\$ 498	\$ (325)	\$ 36,270	\$ 12,125
OPEB obligation	4,468	3,435	(2,592)	5,311	-
Other	1,000	-	-	1,000	-
Total other long-term liabilities	<u>\$ 41,565</u>	<u>\$ 3,933</u>	<u>\$ (2,917)</u>	<u>\$ 42,581</u>	<u>\$ 12,125</u>

NOTE 8 - RISK MANAGEMENT

The County's Risk Management Division (RMD) of the Internal Services Department administers the County's property insurance program, the workers' compensation self-insurance program in accordance with FS 440, and general and automobile liability self-insurance programs in accordance with FS 768.28. As of September 30, 2012, FS 768.28 limited claims to \$200,000 per person and \$300,000 per occurrence without specific act of the Florida Legislature in the form of a claims bill. MDT may be subject to claims that do not fall within the parameters of FS 768.28.

MDT, along with other County departments, contributes an annual insurance allocation for workers' compensation. The annual allocation charged to MDT represents the maximum liability for any losses incurred for the year ended September 30, 2012 for workers' compensation. The RMD also administers the general liability and automobile liability self-insurance programs for MDT operations including Metrobus, Metrorail, and Metromover systems. MDT pays the value of the claim in accordance with FS 768.28.

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 \$335 million (inclusive of deductibles). This program contains an all other perils (AOP) deductible of \$5 million per occurrence and a named windstorm deductible of \$200 million per occurrence countywide.

The estimated liability for reported and unreported claims of the self-insurance programs administered by the RMD is determined annually based on an actuarial cost of settling claims, past experience adjusted for current trends, and other factors that would modify 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, 2012, the total premiums charged by RMD to MDT were approximately \$6.8 million. This is included in the amount due to other County funds in the accompanying statement of net assets. Settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

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, 2012, were as follows (dollars in thousands):

Federal	
FTA assistance	\$ 73,026
State	
FDOT assistance	35,143
Local	
Option gas tax	17,720
Total governmental subsidies	<u>125,889</u>
Total transfers from the County	156,707
Total contributions and transfers from CITT	<u>140,717</u>
Total governmental subsidies and contributions	<u><u>\$ 423,313</u></u>

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 2012. 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 \$48 million for the year ended September 30, 2012.

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE 11 - PENSION PLANS AND DEFERRED COMPENSATION PLAN

Florida Retirement System: 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, 2012 was approximately \$205.2 million.

The FRS funding policy and required contribution rates are established by Florida Statutes. The policy provides for monthly employer contributions ranging from 5.18% to 14.9% 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, 2012, 2011 and 2010 were approximately \$10.3 million, \$18.5 million and \$20.6 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 \$5.6 million for the year ended September 30, 2012.

A copy of the FRS' latest annual report can be obtained by contacting the Division of Retirement, Research and Education Section toll-free (877) 738-2366, or by visiting their website at:

http://www.dms.myflorida.com/human_resource_support/retirement/publications/system_information/annual_reports

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

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

Deferred Compensation Plan: 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

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 \$10.8 million for the year ended September 30, 2012.

The following schedule shows the breakdown of County charges to MDT for the year ended September 30, 2012 (dollars in thousands):

<u>Department Name</u>	
Internal Service Department	\$ 8,078
Other departments	<u>2,676</u>
Total charges for County services	<u>\$ 10,754</u>

The County has committed to provide funding to MDT to meet its operating obligations. As of September 30, 2012, the due to other County funds balance of \$148.9 million consists of MDT's negative position in the County's unrestricted pooled cash, cash equivalents, and investments of \$140.6 million, insurance premiums payable to the Risk Management Division of \$6.8 million, deposit payable to Public Housing and Community Development of \$1.2 million and vanpool portion of the block grant due to Metropolitan Planning Organization of \$0.3 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.

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE 12 - RELATED-PARTY TRANSACTIONS (Continued)

As of September 30, 2012, the outstanding balance of the loan payable to CITT was approximately \$111.6 million. Changes in the loan balance during the year then ended were as follows (dollars in thousands):

Balance at September 30, 2011	Additions	Reductions	Balance at September 30, 2012	Due within One Year
\$ 123,165	\$ -	\$ (11,528)	\$ 111,637	\$ 14,530

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

Maturing in Fiscal Year	Principal	Interest	Total
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	<u>\$ 111,637</u>	<u>\$ 11,383</u>	<u>\$ 123,020</u>

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Federal Awards and State Grants: 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.

Litigation: 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.

Contracts and Commitments: Contracts and commitments relating to bus maintenance and construction projects approximated \$44.2 million as of September 30, 2012. Funding will be provided by federal, state and local sources.

REQUIRED SUPPLEMENTARY INFORMATION

MIAMI-DADE TRANSIT
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 SCHEDULE OF FUNDING PROGRESS
 OTHER POSTEMPLOYMENT BENEFITS
 September 30, 2012
 (Dollars in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability at Entry Age (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ([b-a]/c)
October 1, 2011	\$ -	\$ 357,006	\$ 357,006	0%	\$ 1,661,941	21.5%
October 1, 2010	\$ -	\$ 356,283	\$ 356,283	0%	\$ 2,256,842	15.8%
October 1, 2009	\$ -	\$ 336,700	\$ 336,700	0%	\$ 2,191,109	15.4%