MIAMI-DADE TRANSIT

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

FINANCIAL STATEMENTS

September 30, 2015

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2015, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MDT as of September 30, 2015, and the changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

Emphasis of Matters

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, 2015, 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. Our opinion is not modified with respect to this matter.

In June 2012 the GASB issued GASB Statement No. 68, "Accounting and Financial Reporting for Pensions." Also, in November 2013 the GASB issued GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date." As disclosed in Note 2, Statements 68 and 71 are effective for the City's fiscal year ending September 30, 2015. These Statements replace the requirements of Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers" and Statement No. 50, "Pension Disclosures." Statements 68 and 71 establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses as well as identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. Note disclosures and required supplementary information requirements about pensions are also addressed. Our opinion is not modified with respect to this matter.

Other Matter

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress, schedules of the proportionate share of the net pension liability, and schedules of contributions on pages 3 through 9 and 47 through 51, respectively, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2016 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* in considering MDT's internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

Miami, Florida
May 31, 2016

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, 2015. 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 position; a statement of revenues, expenses, and changes in net position; a statement of cash flows; and notes to the financial statements.

The statement of net position presents the financial position of MDT as of a specific date. It provides information about the nature and amount of all assets, deferred outflows of resources, liabilities, deferred inflows of resources, with net position being the difference. Increases or decreases in net position 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 net position presents information showing how MDT's net position changed during the fiscal year. All changes in net position 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)

Financial Highlights

Net Position

A summary of MDT's net position at September 30, 2015 and 2014 is shown below as Table 1. Net position may serve over time as a useful indicator of MDT's financial position. MDT's total net position as of September 30, 2015 was approximately $524.4 million. During fiscal year 2015, MDT's net position increased by approximately $1.7 million or 0.3%. Total liabilities decreased by $77.1 million.

Table 1

Summary of Net Position

	September 30, 2015	September 30, 2014
	(Dollars In Thousands)	
Assets		
Total current assets	$ 193,787	$ 244,706
Noncurrent assets		
Restricted assets and other assets	227,788	410,015
Total capital assets	1,664,357	1,645,647
Total noncurrent assets	1,892,145	2,055,662
Total assets	2,085,932	2,300,368
Deferred Outflows of Resources		
Total deferred outflows of resources	28,281	7,704
Liabilities		
Total current liabilities	252,398	335,449
Total long-term liabilities	1,310,388	1,384,103
Total liabilities	1,562,786	1,719,552
Deferred Inflows of Resources		
Total deferred outflows of resources	27,051	65,805
Net Position		
Net Invesment in capital assets	714,658	727,687
Restricted	62,447	67,302
Unrestricted deficit	(252,729)	(272,274)
Total net position	$ 524,376	$ 522,715

Cash Deficits

As of September 30, 2015 MDT's cash deficit was $130.4 million, which is classified as due to other County Funds in the accompanying statement of net position. This deficit will be reimbursed from federal and state grantor agencies in the amount of $140.7. This year, MDT's capital funds' cash deficit was $140.7 million which will be reimbursed from federal and state grantor agencies compared to $146.2 million last year, representing a decrease of $5.5 million in the current year compared to the prior year.

Financial Highlights (Continued)

The total cash deficit at September 30, 2015 was $130.4 million as compared to $158.9 million as of September 30, 2014. This deficit excludes a cash balance of $272 million, which mainly represents the unspent proceeds of surtax bonds, which was issued to fund the Peoples' Transportation Plan (PTP) projects and debt service reserve account. The entire portion of these deficits expected to be repaid within one year is shown on the financial statements as a current liability and included as a part of "due to other County funds" balance in the amount of $140.7 million. MDT continues to be dependent on funding from the County and various other governmental entities.

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

Table 2

Changes in Net Position

	Years Ended September 30, 2015	2014
	(Dollars In Thousands)	
Operating revenues	$ 126,455	$ 125,961
Operating expenses exluding depreciation	(515,454)	(546,692)
Depreciation	(68,128)	(69,516)
Operating loss	(457,127)	(490,247)
Non-operating revenues (expenses)		
Governmental subsidies	113,648	111,089
Interest expense, net of capitalization	(56,248)	(57,623)
Investment income (loss)	1,792	(303)
Loss on lease-leaseback termination	(7,222)	-
Other non-operating, net	20,538	12,604
Total non-operating (expenses) revenues, net	72,508	65,767
Loss before contributions and transfers	(384,619)	(424,480)
Build America Bonds Subsidy	6,473	6,480
Capital contributions from CITT	72,081	52,920
Capital contributions from federal and state sources	35,321	11,425
Transfers from Miami-Dade County	167,869	167,869
Transfers from CITT	104,536	97,782
Total capital contributions and transfers	386,280	336,476
Change in net position	1,661	(88,004)
Net position, beginning of the year, restated (Note 14)	522,715	610,719
Net position, end of the year	$ 524,376	$ 522,715

Changes in Net Position

Total operating revenues increased by approximately $.5 million or 0.4%, and operating expenses, excluding depreciation, decreased by approximately $31.2 million or 5.7%, which resulted in an overall decrease in the operating loss before depreciation, of approximately $30.7 million.

MDT's total operating expenses, excluding depreciation, were approximately $515.5 million for fiscal year 2015 as compared to $546.7 million for fiscal year 2014.

Financial Highlights (Continued)

Total governmental subsidies and contributions from the County and other governmental entities for fiscal year 2015 was approximately $493.4 million, an increase of $52 million or 11.9% from the prior year. The increase in fiscal year 2015 was primarily due to an increase in federal revenues of approximately $25 million, increase in contributions and transfers from CITT of $25.9 million. 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, 2015 and 2014 were as follows:

Table 3

Schedule of Capital and Operating Assistance

	Years Ended September 30,	
	2015	**2014**
	(Dollars In Thousands)	
Federal		
FTA assistance	$ 90,476	$ 65,166
State		
FDOT assistance	40,350	39,092
Local		
Option gas tax	18,143	18,256
Total governmental subsidies	148,969	122,514
Total transfers from the County	167,869	167,869
Total contributions and transfers from CITT	176,617	150,702
Total governmental subsidies and contributions	$ 493,455	$ 441,085

Capital Assets

At the end of fiscal year 2015, MDT had approximately $3 billion invested in a broad range of capital assets. During fiscal year 2015, MDT operated a total fleet of approximately 819 buses, 136 rail cars and 39 metromovers. MDT's construction in progress consists of costs related to various ongoing projects.

Financial Highlights *(Continued)*

The following table summarizes the composition of MDT's capital assets, net of accumulated depreciation, as of September 30, 2015 and 2014. A more detailed presentation can be found at Note 4 to the financial statements.

Table 4

Capital Assets Summary

	September 30, 2015	September 30, 2014
	(Dollars In Thousands)	
Land	$ 254,345	$ 254,345
Buildings and guideway structures	1,876,222	1,876,222
Transportation and other equipment	726,883	710,986
	2,857,450	2,841,553
Construction in progress	190,942	128,332
Total capital assets	3,048,392	2,969,885
Accumulated depreciation	(1,384,035)	(1,324,238)
Total capital assets, net	$ 1,664,357	$ 1,645,647

Debt Administration

The following table summarizes the composition of MDT's debt as of September 30, 2015 and 2014. A more detailed presentation can be found at Note 6 to the financial statements.

Table 5

Summary of Debt Obligations

	September 30, 2015	September 30, 2014	Rates
	(Dollars In Thousands)		
GE Penske Loan	$ 2,431	$ 4,748	4.8%
Surtax Revenue Bonds	1,122,719	1,136,753	3.0 - 6.9%
Capital Assets Acquisition Bonds	18,850	18,842	7.5%
Total debt obligations	$ 1,144,000	$ 1,160,343	

MDT has decreased its debt by approximately $16.3 million in fiscal year 2015. The decrease is primarily due to principal payment.

MDT had total outstanding debt of approximately $1.1 billion as of September 30, 2015, which is comparable to last fiscal year.

Economic Factors and Next Year's Budget

One year ago, in the year-end outlook for the local economy it was anticipated that Miami-Dade's economy would continue to grow in FY 2015 at a similar pace as in FY 2014. The reasoning behind this outlook was an expected strong performance of the national economy and the positive impact of sharply lower oil prices on the economy of the state and the county.

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 including those in the People's Transportation Plan (PTP), like the expansion of the Metrorail and Metrobus systems.

As part of the Transportation strategic area, MDT provides approximately 29 million miles of Metrobus revenue service along 93 routes with a fleet of 713 full-sized buses, 25 articulated buses, and 77 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), Miami-Dade's Public Works and Waste Management Department (PWWM), citizen advocacy groups, and other transportation stakeholders.

The FY 2015-16 Adopted Budget includes continued funding for the replacement of 136 Metrorail vehicles ($44.76 million programmed in FY 2015-16) for a total project cost of $377 million. The Department will also continue with Metromover improvements to include: Metromover Input Output Systems Replacement ($4.8 million); Metromover Data Transmission System Replacement ($5.4 million); and the Replacement of Mover Platform LCD Signs Control Unit ($2.4 million).

In FY 2014-15, the Countywide General Fund Maintenance of Effort (MOE) is $167.8 million, the same as FY 2013-2014 which was adopted by the Board of County Commissioners with a one year waiver to the 3.5 percent increase above the previous year's MOE, as adopted in the People's Transportation Plan and as amended in May of 2005.

In FY 2015-16, the Countywide General Fund Maintenance of Effort (MOE) is $173.7 million, a increase to the FY 2014-15.

The FY 2015-16 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 2015-16, the Department will continue a Metrobus preventive maintenance program 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, safety checks for brakes, tires, wheel lug nuts, electrical systems. It will also include: 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.

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 POSITION
September 30, 2015
(Dollars in Thousands)

Assets	
Current assets	
Cash and cash equivalents	$ 317
Governmental assistance receivables	
Federal	79,785
State of Florida	29,103
Local governments	110
Other receivables	3,375
Material and supplies inventories	35,601
Prepaid expenses	1,143
Total current unrestricted assets	149,434
Restricted assets	
Investments	44,353
Total current assets	193,787
Non-current assets	
Restricted assets	
Cash and cash equivalents	23,234
Investments	204,554
Total non-current restricted assets	227,788
Capital assets	
Land	254,345
Construction in progress	190,942
Buildings and guideway structures	1,876,222
Transportation and other equipment	726,883
Accumulated depreciation	(1,384,035)
Total capital assets	1,664,357
Total non-current assets	1,892,145
Total assets	2,085,932
Deferred Outflows of Resources	
Deferred charge on refunding	7,723
Pensions (Note 11)	20,558
Total deferred outflows of resources	28,281

(Continued)

(Dollars in Thousands)

Liabilities	
Current liabilities	
Accounts payable	$ 18,086
Accrued expenses	12,644
Compensated absences	11,498
Unearned revenues	2,946
Due to other County funds	138,300
Loans payable to CITT	24,934
Loans payable	2,431
Total current liabilities payable from unrestricted assets	210,839
Current liabilities payable from restricted assets	
Accounts payable	6,461
Deposits payable	718
Accrued interest on loans and bonds	14,676
Bonds payable	19,704
Total current liabilities payable from restricted assets	41,559
Total current liabilities	252,398
Non-current liabilities	
Compensated absences	24,707
OPEB obligation	7,117
Loans payable to CITT	33,199
Bonds payable	1,121,865
Net pension liability	122,500
Other	1,000
Total non-current liabilities	1,310,388
Total liabilities	1,562,786
Deferred Inflows of Resources	
Pensions (Note 11)	27,051
Total deferred inflows of resources	27,051
Net Position	
Net investment in capital assets	714,658
Restricted for	
Debt service	62,447
Unrestricted deficit	(252,729)
Total net position	$ 524,376

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 POSITION
Year Ended September 30, 2015
(Dollars in Thousands)

Operating revenues	
Passenger fares	$ 115,505
Advertising	5,118
Special transportation (co-payment)	5,832
Total operating revenues	126,455
Operating expenses	
Labor	235,361
Fringe benefits	61,870
Purchased transportation	51,540
Services	71,394
Fuel and traction power	33,566
Materials and supplies	46,486
Utilities	4,676
Casualty and liability	6,575
Leases and rentals	3,986
Depreciation expense	68,128
Total operating expenses	583,582
Operating loss	(457,127)
Non-operating revenues (expenses)	
Governmental grants and subsidies	
Federal	60,128
State of Florida	35,377
Local option gas tax	18,143
Investment loss	1,792
Rental income	1,783
Interest expense	(56,248)
Loss on lease-leaseback termination	(7,222)
Other income	18,755
Net non-operating revenues	72,508
Loss before capital contributions and transfers	(384,619)

(Continued)

(Dollars in Thousands)

Capital contributions and transfers	
Build America Bonds Subsidy	$ 6,473
Capital contributions	
Federal	30,348
State of Florida	4,973
CITT	72,081
Transfers from CITT	104,536
Transfers from County	167,869
Total capital contributions and transfers	386,280
Change in net position	1,661
Net position, beginning of year, restated, (Note 14)	522,715
Net position, end of year	$ 524,376

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, 2015
(Dollars in Thousands)

Cash flows from operating activities	
Cash received from customers	$ 127,094
Cash paid to suppliers	(207,960)
Cash paid to employees for services	(310,362)
Other cash received	21,286
Net cash used in operating activities	(369,942)
Cash flows from non-capital financing activities	
Governmental grants and subsidies received	143,462
Cash received from County and CITT for transfers	272,385
Cash received from Miami-Dade County for advances	(27,859)
Cash received from Miami-Dade County for LOGT	18,143
Cash paid to County and CITT for advances and loans	(21,219)
Net cash provided by non-capital financing activities	384,912
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(84,429)
Proceeds from disposition of capital assets	72
Principal paid on bonds and loans	(37,146)
Interest paid on bonds and loans	(62,047)
Cash received from CITT for capital contributions	72,081
Cash received from federal and state sources for capital contributions	41,794
Net cash used in capital and related financing activities	(69,675)
Cash flows from investing activities	
Sales of investment securities, net	62,950
Interest received on investments	3,793
Net cash provided by investing activities	66,743
Change in cash and cash equivalents	12,038
Cash and cash equivalents, beginning of year	11,513
Cash and cash equivalents, end of year	$ 23,551

(Continued)

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
STATEMENT OF CASH FLOWS
Year Ended September 30, 2015
(Dollars in Thousands)
(Continued)

Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$	(457,127)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation expense		68,128
Other non-operating revenues (expenses)		24,082
(Increase) decrease in operating assets		
Other receivables		(159)
Materials and supplies inventories		723
Prepaid expenses		181
Increase (decrease) in operating liabilities		
Accounts payable		(666)
Compensated absences, accrued expenses and OPEB obligation		2,902
Other liabilities		(8,006)
Net cash used in operating activities	$	(369,942)
Supplemental disclosures of non-cash capital and related financing activities		
Repayment of capital lease leaseback obligations by collateral agents	$	131,551
2015 Series Bond Refunding		146,997
Amortization of bond premiums, discounts and issuance costs		13,080
Reconciliation of cash and cash equivalents, end of year		
Unrestricted current cash and cash equivalents	$	317
Restricted non-current cash and cash equivalents		23,234
Total cash and cash equivalents, end of year	$	23,551

See accompanying notes to financial statements.

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 People's 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

<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.

In June, 2012, GASB issued Statement No. 68," Accounting for Public Pension Plan Obligations for participating employers: An Amendment of GASB Statement No. 27 ("GASB 68'). The new GASB statement requires a liability for pension obligations, known as the net pension liability (NPL), to be recognized on the balance sheet of the plan and participating employers. Similarly, a pension expense (PE) will be recognized on the income statement. This statement is effective for the period beginning June 15, 2014. MDT adopted GASB 68 in the fiscal year 2015 and the results are reflected in the statement of net position, in Note 11 to the Financial Statements, as well as in the Required Supplementary Information Section. The adoption of this statement resulted in the restatement of MDT's net position at October 1, 2014 as noted in Note 14.

In January 2013, the GASB issued Statement No. 69, "Government Combinations and Disposals of Government Operations". MDT adopted GASB 69 in fiscal year 2015 financial statements. The adoption of GASB 69 did not impact MDT's financial position or results of operations.

In November 2013, the GASB issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date: An amendment of GASB Statement No. 68". ("GASB 71"). MDT adopted GASB 71 in the fiscal year 2015 financial statements. The effect of implementation of GASB 71 is reflected in the statement of net position, in Note 11, in the Notes to the Financial Statements, as well as in the Required Supplementary Information Section. The adoption of

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

this statement resulted in the restatement of MDT's net position at October 1, 2014 as noted above in Note 14.

In February 2015, the GASB issued Statement No. 72, "Fair Value Measurement and Application". This statement is effective for fiscal years beginning after June 15, 2015.

In June 2015, the GASB issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". This Statement is effective for fiscal years beginning after June 15, 2015, except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68. The impact on MDT's financial position or results of operations has not yet been determined for this standard.

In June 2015, GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, will be effective for MDT beginning with its year ending September 30, 2017. This Statement will establish rules on reporting by OPEB plans that administer benefits on behalf of governments.

In June 2015, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, will be effective for MDT beginning with its year ending September 30, 2018. This Statement outlines reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. The impact on MDT's financial position or results of operations has not yet been determined for this standard.

In June 2015, GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, will be effective for MDT beginning with its year ending September 30, 2016. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the AICPA that is cleared by the GASB. The Statement also addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

In June 2015, GASB Statement No. 77, Tax Abatement Disclosures, will be effective for MDT beginning with its year ending September 30, 2017. This Statement requires state and local governments for the first time to disclose information about tax abatement agreements. It requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues.

MDT is still in the process of determining what effect, if any, the above Statements with an implementation date greater than June 2015, will have on the basic financial statements and related disclosures.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, deferred outflows, liabilities and deferred inflows, disclosures of contingent amounts 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.

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 the time of purchase of one year or less. These investments 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 depreciable capital assets in service and their estimated useful lives are as follows:

Buildings and guideway structures	50 years
Transportation and other equipment	3 – 30 years

Deferred Outflow/Inflows of Resources: The Statement of Net Position includes a separate section for deferred outflows of resources. This represents a consumption of net position applicable to future periods and will not be recognized as an expense/expenditure until the future period to which it applies. Currently, MDT is reporting in this category the deferred charge on refunding and deferred outflows related to pensions. A deferred charge on refunding is the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or the refunding debt.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Net Position also includes a separate section, listed below total liabilities, for deferred inflows of resources. This represents the acquisition of net position applicable to future periods and will not be recognized as revenue until the future period to which it applies. Currently, the only item in this category is deferred inflows related to pensions.

Capital Lease Leaseback Benefit: The Capital Lease Leaseback Benefit represents the unamortized balance of the initial benefits received as a result of MDT's capital lease leaseback transactions. The Capital Lease Leaseback Benefits are amortized using the straight-line method over the life of the respective leases. The Capital Lease Leaseback was fully paid in the current fiscal year. See Note 5.

Pension Plan: In the Statement of Net Position, pension liabilities are recognized for MDT's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan (Pension Plan) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan, and additions to and deductions from the Pension Plan's and the HIS's fiduciary net position, have been determined on the same basis as they are reported by the Pension Plan and HIS plans. Changes in the net pension liability during the period are recorded as pension expense, deferred outflows of resources, or deferred inflows of resources depending on the nature of the change. Those changes in the net pension liability that are recorded as deferred outflows of resources or deferred inflows of resources that arise from changes in actuarial assumptions or other inputs, changes in the proportionate share of the net pension liability, and differences between expected or actual experience, are amortized over the average expected remaining service lives of all employees that are provided with pensions through the pension plans, and recorded as a component of pension expense beginning with the period in which they arose. Differences between projected and actual investment earnings are reported as deferred outflows of resources or deferred inflows of resources, and are amortized as a component of pension expense using a systematic and rational method over a five year period.

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. Benefits are established and may be amended by the Miami-Dade County Board of County Commissioners ("the BCC"), whose powers derive from F.S. 125.01(3) (a). The OPEB Plan does not issue a publicly available financial report.

Benefits - The medical plans provide hospital, medical and pharmacy coverage. As of September 30, 2015, the pre-65 retirees were able to select from of one of these medical plans:

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

As of September 30, 2015, 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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2015, the County contributed $25.6 million to the 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 postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation - MDT's annual OPEB cost is calculated based on the employers annual required contribution, an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* 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.

The following table presents the changes in MDT's net OPEB obligation during the year ended September 30, 2015 (dollars in thousands):

Annual required contribution	$ 3,265
Interest on net OPEB obligation	300
Adjustment to annual required contribution	(275)
Annual OPEB cost	3,290
Contributions made	(2,997)
Change in net OPEB obligation	293
Net OPEB obligation, beginning of year	6,824
Net OPEB obligation, end of year	$ 7,117

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MDT's net OPEB obligation as of September 30, 2015, 2014 and 2013, 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
2015	$ 3,290	91.1%	$ 7,117
2014	$ 3,115	89.8%	$ 6,824
2013	$ 3,581	66.6%	$ 6,507

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, 2014	$ -	$ 332,637	$ 332,637	0%	$ 1,430,604	23.3%

MDT's portion of the County's AAL was approximately $40.2 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 the 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.

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, 2015 and the information about the Plan's funded status presented above:

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Actuarial cost method	Projected unit credit
Amortization method	Level percent of payroll, closed
Remaining amortization period	23 years
Discount rate	4.4%
Payroll growth rate	3.0%
Health care cost trend rate	
Medical	Medical/Rx 8.0% initial to 5.0% ultimate
Mortality table	RP 2014 applied on a gender-specific basis

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, 2015, compensated absences were approximately $36 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, 2015, MDT incurred interest costs of approximately $62 million, which includes capitalized interest costs of approximately $5.8 million.

Bond Premiums/Discounts and Issuance Costs: Bond premiums/discounts 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.

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 position in the accounting period in which all eligibility requirements are met.

Grants received as reimbursements for specific purposes are recognized when eligible expenditures are 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 unearned 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 service are to be rendered in the subsequent fiscal years.

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.

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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 FS 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 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.

(Continued)

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

Following is a summary of MDT's cash, cash equivalents and investments as of September 30, 2015 (dollars in thousands):

	Carrying Value
Cash and cash equivalents	
Cash on hand	$ 317
Deposits with financial institutions	274
Equity in pooled cash and investments	22,960
Total cash and cash equivalents	23,551
Investments	
Equity in pooled cash and investments	248,907
Total investments	248,907
Total cash, cash equivalents and investments	$ 272,458

As of September 30, 2015, total cash, cash equivalents and investments were restricted as follows (dollars in thousands):

Restricted for	
Capital projects	$ 194,300
Refundable security deposits	718
Debt service	77,123
Total restricted assets	$ 272,141

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 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, 2015.

(Continued)

NOTE 4 - CAPITAL ASSETS

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.

Capital asset activity and changes in accumulated depreciation for the year ended September 30, 2015 were as follows (dollars in thousands):

	Balance at September 30, 2014	Additions	Deletions	Balance at September 30, 2015
Capital assets not being depreciated				
Land	$ 254,345	$ -	$ -	$ 254,345
Construction in progress	128,332	65,166	(2,556)	190,942
Total capital assets not being depreciated	382,677	65,166	(2,556)	445,287
Capital assets being depreciated				
Buildings and guideway structures	1,876,222	-	-	1,876,222
Transportation and other equipment	710,986	25,048	(9,151)	726,883
Total capital assets being depreciated	2,587,208	25,048	(9,151)	2,603,105
Less accumulated depreciation for				
Buildings and guideway structures	(838,415)	(38,330)	-	(876,745)
Transportation and other equipment	(485,823)	(30,312)	8,845	(507,290)
Total accumulated depreciation	(1,324,238)	(68,642)	8,845	(1,384,035)
Total capital assets being depreciated, net	1,262,970	(43,594)	(306)	1,219,070
Total capital assets, net	$ 1,645,647	$ 21,572	$ (2,862)	$ 1,664,357

(Continued)

NOTE 5 - CAPITAL LEASE LEASEBACK OBLIGATIONS

The County, on behalf of MDT, leased certain assets to third parties (the Sublessors) and simultaneously leased those assets back (leases). 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 investments to equal early buy-out options in the leases on the early buy-out dates. The amount of the upfront payments received, less the amounts invested and related expenses of entering into the leases, is amortized over the lives of the leases.

As of September 30, 2015, the US lease (Maintenance Facilities) and QTE lease (Qualified Technical Equipment) were fully terminated as the County exercised the early buyout option to terminate the leases. The termination of the leases resulted in a unrealized loss of $7.2 million. The Loans were paid in full. The lease hold interest in the assets was returned to the County.

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, 2015 were as follows (dollars in thousands):

	Balance at September 30, 2014	Additions	Reductions	Balance at September 30, 2015	Due within One Year
Loans payable	$ 4,748	$ -	$ (2,317)	$ 2,431	$ 2,431
Bonds payable	1,094,299	146,997	(174,103)	1,067,193	19,704
Plus: Unamortized premium	61,456	20,273	(7,201)	74,528	-
Less: Unamortized discount	(160)	-	8	(152)	-
Total bonds payable	1,155,595	167,270	(181,296)	1,141,569	19,704
Total long-term debt	$ 1,160,343	$ 167,270	$(183,613)	$ 1,144,000	$ 22,135

Miami-Dade County, Florida Transit System Sales Surtax Revenue Refunding Bonds, Series 2015 - On May 14, 2015, the County issued $197,475,000 of Miami-Dade County, Florida Transit System Sales Surtax Revenue Bonds, Series 2015 (the Series 2015 Bonds), of which approximately $147 million was allocated to MDT. The Series 2015 Bonds were issued for the purpose of (1) refunding the Miami-Dade County, Florida Transit System Sales Surtax Revenue Bonds, Series 2006 and partially refunding the Miami-Dade County, Florida Transit System Sales Surtax Revenue Bonds, Series 2008; and (2) paying the cost of issuance of the Series 2015 Bonds. The gross savings of the refunding was approximately $14.6 million, with a net present value savings of approximately $10.9 million. The refinancing reduced the average interest rate from 5% to 4%.

(Continued)

NOTE 6 - LONG-TERM DEBT (Continued)

Miami-Dade County, Florida Transit System Sales Surtax Revenue Bonds, 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 Miami-Dade County, Florida Transit System Bond Anticipation Notes, Series 2011; (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.

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. During fiscal year ended September 30, 2015 the Series 2008 bonds were partially refunded by the Series 2015 bonds.

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

(Continued)

NOTE 6 - LONG-TERM DEBT (Continued)

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. During fiscal year ended September 30, 2015 the Series 2006 bonds were fully refunded by the Series 2015 bonds.

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.

The following table summarizes MDT's debt outstanding as of September 30, 2015 (dollars in thousands):

Description	Rate	Amount Allocated to MDT	Maturity Date	Principal Outstanding
Transit System Sales Surtax Revenue Bonds, Series 2008	5%	$ 224,131	7/1/2038	$ 156,275
Plus unamortized premium				1,271
Less current portion				(4,339)
Long-term portion				153,207
Transit System Sales Surtax Revenue Bonds, Series 2009	4.0 - 6.9%	$ 193,044	7/1/2039	178,509
Plus unamortized premium				5,195
Less current portion				(4,045)
Long-term portion				179,659
Transit System Sales Surtax Revenue Bonds, Series 2010	3.0 - 5.6%	$ 162,945	7/1/2040	155,441
Plus unamortized premium				3,466
Less current portion				(2,723)
Long-term portion				156,184
Capital Asset Acquisition Bonds, Series 2010D	7.5%	$ 19,003	4/1/2040	19,003
Less unamortized discount				(153)
Long-term portion				18,850
Transit System Sales Surtax Revenue Bonds, Series 2012	3.1-5.0%	$ 416,798	7/1/2042	410,968
Plus unamortized premium				44,323
Less current portion				(6,025)
Long-term portion				449,266
Transit System Sales Surtax Revenue Bonds, Series 2015	2.5-5.0%	$ 146,998	7/1/2036	146,998
Plus unamortized premium				20,273
Less current portion				(2,572)
Long-term portion				164,699
Penske/GE Equipment Loan	4.8%	$ 22,707	9/1/2016	2,431
Less current portion				(2,431)
Long-term portion				-
Total long-term portion of bonds and loans outstanding at September 30, 2015				$ 1,121,865

NOTE 6 - LONG-TERM DEBT (Continued)

Debt Service Requirements - MDT's debt service requirements to maturity for loans and bonds outstanding at September 30, 2015 were as follows (dollars in thousands):

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

Maturing in Fiscal Year	Principal	Interest	Total
2016	$ 4,339	$ 7,755	$ 12,094
2017	4,559	7,538	12,097
2018	4,784	7,310	12,094
2019	5,024	7,071	12,095
2020	-	6,820	6,820
2021-2025	-	34,100	34,100
2026-2030	31,877	31,919	63,796
2031-2035	49,493	21,715	71,208
2036-2038	56,199	6,194	62,393
Total debt service	$ 156,275	$ 130,422	$ 286,697

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

Maturing in Fiscal Year	Principal	Interest	Total
2016	$ 4,045	$ 11,620	$ 15,665
2017	4,245	11,418	15,663
2018	4,415	11,248	15,663
2019	4,635	11,027	15,662
2020	4,870	10,795	15,665
2021-2025	27,805	49,738	77,543
2026-2030	34,400	39,703	74,103
2031-2035	42,765	26,855	69,620
2036-2039	51,329	10,026	61,355
Total debt service	$ 178,509	$ 182,430	$ 360,939

(Continued)

NOTE 6 - LONG-TERM DEBT (Continued)

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

Maturing in Fiscal Year	Principal	Interest	Total
2016	$ 2,723	$ 8,360	$ 11,083
2017	2,831	8,251	11,082
2018	2,917	8,166	11,083
2019	3,064	8,021	11,085
2020	3,214	7,867	11,081
2021-2025	17,610	37,234	54,844
2026-2030	20,853	32,248	53,101
2031-2035	24,889	26,035	50,924
2036-2040	77,340	17,955	95,295
Total debt service	$ 155,441	$ 154,137	$ 309,578

Capital Asset Acquisition Bonds, Series 2010D $19 million

Maturing in Fiscal Year	Principal	Interest	Total
2016	$ -	$ 1,425	$ 1,425
2017	-	1,425	1,425
2018	-	1,425	1,425
2019	-	1,425	1,425
2020	-	1,425	1,425
2021-2025	-	7,126	7,126
2026-2030	540	7,126	7,666
2031-2035	8,303	5,729	14,032
2036-2040	10,160	2,347	12,507
Total debt service	$ 19,003	$ 29,453	$ 48,456

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(Continued)

NOTE 6 - LONG-TERM DEBT (Continued)

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

Maturing in Fiscal Year	Principal	Interest	Total
2016	$ 6,024	$ 19,751	$ 25,775
2017	6,284	19,489	25,773
2018	6,575	19,199	25,774
2019	6,878	18,898	25,776
2020	7,223	18,554	25,777
2021-2025	41,725	87,152	128,877
2026-2030	52,335	76,533	128,868
2031-2035	65,199	63,683	128,882
2036-2040	83,013	45,863	128,876
2041-2042	135,712	10,048	145,760
Total debt service	$ 410,968	$ 379,170	$ 790,138

Transit System Sales Surtax Revenue Bonds, Series 2015 $147 million

Maturing in Fiscal Year	Principal	Interest	Total
2016	$ 2,572	$ 7,717	$ 10,289
2017	3,298	6,992	10,290
2018	3,432	6,860	10,292
2019	3,525	6,766	10,291
2020	8,512	6,590	15,102
2021-2025	49,267	26,245	75,512
2026-2030	33,679	14,754	48,433
2031-2035	34,703	6,962	41,665
2036	8,010	320	8,330
Total debt service	$ 146,998	$ 83,206	$ 230,204

(Continued)

NOTE 7 - OTHER LONG-TERM LIABILITIES

Other long-term liability activity for the year ended September 30, 2015 was as follows (dollars in thousands):

	Balance at September 30, 2014	Additions	Reductions	Balance at September 30, 2015	Due within One Year
Compensated absences	$ 35,059	$ 1,436	$ (290)	$ 36,205	$ 11,498
OPEB obligation	6,824	3,290	(2,997)	7,117	-
Net pension liability	137,804	22,171	(37,475)	122,500	-
Other	1,000	-	-	1,000	-
Total other long-term liabilities	$ 180,687	$ 26,897	$ (40,762)	$ 166,822	$ 11,498

NOTE 8 - RISK MANAGEMENT

The County's Risk Management Division (RMD) of the Internal Services Department administers the workers' compensation self-insurance program in accordance with FS 440, general and automobile liability self-insurance programs in accordance with FS 768.28 and the County's master property insurance program. FS 768.28 limits claims to $200,000 per person and $300,000 per occurrence without a 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, 2015 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. Property insurance coverage is purchased 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, 2015, the total premiums charged by RMD to MDT were approximately $7.9 million. This is included in the amount due to other County funds in the accompanying statement of net position. Settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

(Continued)

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, 2015, were as follows (dollars in thousands):

Federal	
FTA assistance	$ 90,476
State	
FDOT assistance	40,350
Local	
Option gas tax	18,143
Total governmental subsidies	148,969
Total transfers from the County	167,869
Total contributions and transfers from CITT	176,617
Total governmental subsidies and contributions	$ 493,455

The continued funding of such subsidies is controlled by: federal, state and local laws, 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. The contract with Transportation America, a local taxi company, provides 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 $51.5 million for the year ended September 30, 2015.

(Continued)

NOTE 11 - PENSION PLANS AND DEFERRED COMPENSATION PLAN

The County provides retirement benefits to its employees through the Florida Retirement System (FRS and HIS), the Supplemental Early Retirement Plan (SERP), and a Deferred Retirement Option Program (DROP), as well as state approved Other Post-Employment Benefits (OPEB) in the form of subsidized health insurance premiums. The disclosures for the FRS and HIS pensions were provide by the FRS and relates to the County's participation. MDT's allocation of the net pension liability is disclosed separately.

Florida Retirement System:

The County participates in the Florida Retirement System (FRS). The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective October 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the County are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

FRS Pension Plan

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service (except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service). All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any

(Continued)

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

time after 33 years of creditable service (except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service). Members of the Plan may include up to 4 years of credit for military service toward creditable service.

The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
Elected County Officers	3.00
Senior Management Service Class	2.00
Special Risk Regular	
Service from December 1, 1970 through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

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

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before October 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates in effect from July 1, 2014 through June 30, 2015 were as follows:

	Percent of Gross Salary	
Class	**Employee**	**Employer (1)**
FRS, Regular	3.00	7.37
FRS, Elected County Officers	3.00	43.24
FRS, Senior Management Service	3.00	21.14
FRS, Special Risk Regular	3.00	19.82
FRS, Special Risk Administrative	3.00	42.07
DROP - Applicable to Members from All of the Above Classes	-	12.28

Notes:
(1) Employer rates include 1.26 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.04 percent for administrative costs of the Investment Plan.

MDT's contributions, for FRS totaled $13.9 million and employee contributions totaled $6.2 million for the fiscal year ended September 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2015, MDT reported a liability of appropriately $74 million for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The County's proportionate share of the net pension liability was based on the County's 2014-15 fiscal year contributions relative to the 2014-15 fiscal year contributions of all participating members. At June 30, 2015, MDT's share of the County's proportionate share was 7.74 percent, which remained the same as its proportionate share measured at June 30, 2014.

(Continued)

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

For the fiscal year ended September 30, 2015, MDT recognized pension expense of $4 million related to the Plan. In addition, MDT reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 7,806	$ 1,754
Change in assumptions	4,908	-
Net difference between projected and actual earnings on FRS pension plan investments	-	17,655
Changes in proportion and differences between MDT FRS contributions and proportionate share of contributions	-	7,271
MDT FRS contributions subsequent to the measurement date	3,283	-
Total	$ 15,997	$ 26,680

The deferred outflows of resources related to pensions, totaling $3.2 million, resulting from MDT's contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Fiscal Year Ending September 30	Deferred Outflows/ (Inflows), net
2016	$ (7,498)
2017	(7,498)
2018	(7,498)
2019	7,069
2020	1,071
Thereafter	387
	$ (13,967)

Actuarial Assumptions. The FRS pension actuarial valuation was determined using the following actuarial assumptions, as of July 1, 2015, applied to all periods included in the measurement:

Inflation	2.60	percent
Salary Increases	3.25	percent, average, including inflation
Investment rate of return	7.65	percent, net of pension plan investment expense, including inflation

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

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013. The assumptions used in this valuation were unchanged from those used in the prior valuation as of July 1, 2014.

Long-Term Expected Rate of Return. The long-term expected rate of return on the Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.20%	3.10%	1.70%
Fixed income	18.00%	4.80%	4.70%	4.70%
Global equity	53.00%	8.50%	7.20%	17.70%
Real Estate (Property)	10.00%	6.80%	6.20%	12.00%
Private Equity	6.00%	11.90%	8.20%	30.00%
Strategic investments	12.00%	6.70%	6.10%	11.40%
Total	100.00%			
Assumed inflation - Mean		2.60%		1.90%

Note: (1) As outlined in the Plan's investment policy

Discount Rate. The discount rate used to measure the total pension liability was 7.65 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions will be made at the statutorily required rates. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

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

Sensitivity of MDT's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents MDT's proportionate share of the net pension liability calculated using the discount rate of 7.65 percent, as well as what MDT's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.65 percent) or one percentage point higher (8.65 percent) than the current rate (in thousands):

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
MDT's proportionate share of the net pension liability	$ 191,594	$ 73,939	$ (23,968)

Pension Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

The Retiree Health Insurance Subsidy Program (HIS)

Plan Description. The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of the State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services, Division of Retirement.

Benefits Provided. For the fiscal year ended September 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2015, the HIS contribution for the period July 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015 was 1.20 percent and 1.26 percent, respectively. The County contributed 100 percent of its statutorily required contributions for the current and preceding three years. The HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The MDT's contributions to the HIS Plan totaled $1.8 million for the fiscal year ended September 30, 2015

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2015, MDT reported a net pension liability of approximately $49 million for its proportionate share of the HIS Plan's net pension liability. The total

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

pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and updated procedures were used to roll-forward that liability to June 30, 2015. The net pension liability was measured as of June 30, 2015. MDT's proportionate share of the net pension liability was based on MDT's 2014-15 fiscal year contributions relative to the total 2014-15 fiscal year contributions of all participating members. At June 30, 2015, MDT's share of the County's proportionate share was 7.74 percent, which remained the same as its proportionate share measured at June 30, 2014.

For the fiscal year ended September 30, 2015, MDT recognized pension expense of $4 million related to the HIS Plan. In addition, MDT reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	$ 3,820	$ -
Net difference between projected and actual earnings on HIS pension plan investments	26	-
Changes in proportion and differences between MDT HIS contributions and proportionate share of contributions	163	371
MDT HIS contributions subsequent to the measurement date	552	-
Total	$ 4,561	$ 371

The deferred outflows of resources related to pensions, totaling $.5 million, resulting from MDT's contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Fiscal Year Ending September 30	Deferred Outflows/ (Inflows), net
2016	$ 620
2017	620
2018	620
2019	615
2020	612
Thereafter	550
	$ 3,638

(Continued)

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

Actuarial Assumptions. The HIS pension as of July 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60	percent
Salary Increases	3.25	percent, average, including inflation
Municipal Bond Rate	3.80	percent

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013. The municipal bond rate used to determine total pension liability was decreased from 4.29 percent to 3.80 percent in fiscal year 2015

Discount Rate. The discount rate used to measure the total pension liability was 3.80 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of MDT's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents MDT's proportionate share of the net pension liability calculated using the discount rate of 3.80 percent, as well as what MDT's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.80 percent) or one percentage point higher (4.80 percent) than the current rate (in thousands):

	1% Decrease (2.80%)	**Current Discount Rate (3.80%)**	**1% Increase (4.80%)**
MDT's proportionate share of the net pension liability	$ 55,331	$ 48,560	$ 42,913

Pension Plan Fiduciary Net Position. Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

FRS – Defined Contribution Pension Plan

Miami-Dade County contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the State Board of Administration (SBA), and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Miami-Dade County employees participating in the DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment member's, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows:

Membership Class	Percent of Gross Compensation
FRS, Regular	6.30
FRS, Elected County Officers	11.34
FRS, Senior Management Service	7.67
FRS, Special Risk Regular	14.00

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to Miami-Dade County.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

MDT's Investment Plan pension contributions totaled approximately $3.4 million for the fiscal year ended September 30, 2015.

Deferred Compensation Plan: The County offers its employees a deferred compensation plan, created in accordance with Internal Revenue Code Section 457. The deferred compensation 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.

(Continued)

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

In accordance with the provisions of Section 457, the assets and income of the deferred compensation 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 deferred compensation 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 other services to different 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 position, amounted to approximately $11 million for the year ended September 30, 2015.

The following schedule shows the breakdown of County charges to MDT for the year ended September 30, 2015 (dollars in thousands):

Department Name	
Internal Services Department	$ 2,057
Information Technology Department	6,953
Other departments	2,318
Total charges for County services	$ 11,328

The County has committed to provide funding to MDT to meet its operating obligations. As of September 30, 2015, the due to other County funds balance of $138.3 million consists of MDT's negative position in the County's unrestricted pooled cash, cash equivalents, and investments of $130.4 million and insurance premiums payable to the Risk Management Division of $7.9 million.

As a component of the County, the Citizens' Independent Transportation Trust (CITT) is the 15-member independent body created to oversee the PTP funded with 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.

As of September 30, 2015, the outstanding balance of the loan payable to CITT was approximately $58.1 million. Changes in the loan balance during the year then ended were as follows (dollars in thousands):

Balance at September 30, 2014	Additions	Reductions	Balance at September 30, 2015	Due within One Year
$ 79,352	$ -	$ (21,219)	$ 58,133	$ 24,934

(Continued)

NOTE 12 - RELATED-PARTY TRANSACTIONS (Continued)

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
2016	$ 24,934	$ 1,744	$ 26,678
2017	33,199	996	34,195
Total debt service	$ 58,133	$ 2,740	$ 60,873

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. The County is currently involved in two labor arbitration cases with TWU Local 291 for possible violation of the collective bargaining agreement. The estimated potential exposure is approximately $5.5 million dollars. No liability has been recorded as of September 30, 2015.

Contracts and Commitments: Contracts and commitments relating to bus maintenance and construction projects approximated $15.6 million as of September 30, 2015. Funding will be provided by federal, state and local sources.

NOTE 14 – RESTATEMENT OF BEGINNING NET POSITION

The beginning balance of net position was adjusted to reflect a prior period adjustment to restate amounts in previous year's statements

Net Position, beginning	$ 660,519
Prior period adjustment to reflect effect of the implementation of GASB 68	(137,804)
Net Position, beginning - restated	$ 522,715

The prior period restatement includes deferred outflows of contributions made subsequent to the measurement date.

(Continued)

NOTE 15 – SUBSEQUENT EVENT

On January 20, 2016 the Board of County Commissioners approved the proposal to merge the Miami-Dade Transit and Miami-Dade Public Works Departments to form the new Department of Transportation and Public Works (DTPW) effective February 1, 2016.

The DTPW will include the functions of Miami-Dade Transit, along with the County Engineer, Traffic Operations (to include Traffic Engineering and Traffic Signals and Signs), Construction and Maintenance (to include Road, Bridge and Canal Maintenance), and Highway Planning (to include Roadway Engineering and the Right of Way Division), as well as the Passenger Transportation Regulation function from the Regulatory and Economic Resources Department.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS -
POSTEMPLOYMENT BENEFITS OTHER THAN PENSION
September 30, 2015
(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, 2014	$ -	$ 332,637	$ 332,637	0%	$ 1,430,604	23.3%
October 1, 2013	$ -	$ 330,042	$ 330,042	0%	$ 1,430,604	23.1%
October 1, 2012	$ -	$ 362,669	$ 362,669	0%	$ 1,651,799	22.0%

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
SCHEDULE OF MDT'S PROPORTATIONATE SHARE
OF THE NET PENSION LIABILITY -
FLORIDA RETIREMENT SYSTEM PENSION PLAN
September 30, 2015
(Dollars in Thousands)

		2015	**2014**
MDT's share of the County's proportion of the FRS net pension liability		7.7400%	7.7400%
MDT's proportionate share of the FRS net pension liability		$ 73,940	$ 35,378
MDT's covered-employee payroll	*	$180,004	$171,800
MDT's proportionate share of the FRS net pension liability as a percentage of its covered-employee payroll		41.08%	20.59%
FRS Plan fiduciary net position as a percentage of the total pension liability		92.00%	92.00%

*Covered-employee payroll includes only pensionable wages.

Note: The amounts presented for each fiscal year were determined as June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Information for fiscal years prior to September 30, 2014 is unavailable. This is a 10-year schedule. Years will be added to this schedule in future years until 10 years of information is available.

SCHEDULE OF MDT'S CONTRIBUTIONS -
FLORIDA RETIREMENT SYSTEM PENSION PLAN
September 30, 2015
(Dollars in Thousands)

		2015	2014
Contractually required FRS contribution		$ 13,957	$ 12,700
FRS contributions in relation to the contractually required contribution		13,957	12,700
FRS contribution deficiency (excess)		$ -	$ -
MDT's covered-employee payroll	*	$180,004	$171,800
FRS contributions as a percentage of covered-employee payroll		7.75%	7.4%

*Covered-employee payroll includes only pensionable wages.

Note: The amounts presented for each fiscal year were determined as June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Information for fiscal years prior to September 30, 2014 is unavailable. This is a 10-year schedule. Years will be added to this schedule in future years until 10 years of information is available.

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
SCHEDULE OF MDT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY PENSION PLAN
September 30, 2015
(Dollars in Thousands)

	2015	**2014**
MDT's share of the County's proportion of the HIS net pension liability	7.7400%	7.7400%
MDT's proportionate share of the HIS net pension liability	$ 48,560	$ 44,325
MDT's covered-employee payroll	$ 220,889	$ 210,468
MDT's proportionate share of the HIS net pension liability as a percentage of its covered-employee payroll	21.98%	21.06%
HIS Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.50%

Note: The amounts presented for each fiscal year were determined as June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Information for fiscal years prior to September 30, 2014 is unavailable. This is a 10-year schedule. Years will be added to this schedule in future years until 10 years of information is available.

The discount rate used to measure the pension liability at June 30, 2015 was decreased from 4.29% to 3.80%, reflecting the change in the Bond Buyer General Obligation 20-Bond Municipal Index as of June 30, 2015.

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
SCHEDULE OF MDT'S CONTRIBUTIONS-
HEALTH INSURANCE SUBSIDY PENSION PLAN
September 30, 2015
(Dollars in Thousands)

	2015	2014
Contractually required HIS contribution	$ 1,820	$ 1,624
HIS contributions in relation to the contractually required contribution	1,820	1,624
HIS contribution deficiency (excess)	$ -	$ -
MDT's covered-employee payroll	$220,889	$210,468
HIS contributions as a percentage of covered-employee payroll	0.82%	0.77%

Note: The amounts presented for each fiscal year were determined as June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Information for fiscal years prior to September 30, 2014 is unavailable. This is a 10-year schedule. Years will be added to this schedule in future years until 10 years of information is available.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, 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, the 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, 2015, and the related notes to the financial statements, and have issued our report thereon dated May 31, 2016. 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, the changes in its financial position, or, where applicable, its cash flows in conformity with accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MDT's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MDT's internal control. Accordingly, we do not express an opinion on the effectiveness of MDT's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MDT's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe Horwath LLP

Crowe Horwath LLP

Miami, Florida
May 31, 2016

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, *FLORIDA STATUTES*

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

We have examined the Miami Dade Transit's (the "MDT") compliance with Section 218.415, *Florida Statutes*, concerning the investment of public funds during the year ended September 30, 2015. Management is responsible for MDT's compliance with those requirements. Our responsibility is to express an opinion on MDT's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about MDT's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on MDT's compliance with specified requirements.

In our opinion, MDT complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

Crowe Horwath LLP

Crowe Horwath LLP

Miami, Florida
May 31, 2016