

**MIAMI-DADE TRANSIT**  
**(AN ENTERPRISE FUND OF**  
**MIAMI-DADE COUNTY, FLORIDA)**  
**FINANCIAL STATEMENTS**  
September 30, 2013

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

FINANCIAL STATEMENTS  
September 30, 2013

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and  
Board of County Commissioners  
Miami-Dade County, 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, 2013, 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, 2013, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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(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, 2013, 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.

As discussed in Note 2, during the year ended September 30, 2013, MDT adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. This Statement also supersedes GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. Our opinion is not modified with respect to this matter.

As discussed in Note 2, during the year ended September 30, 2013, MDT adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This Statement also amends the net asset reporting requirements in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. 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 and the schedule of funding progress on pages 3–9 and 37, 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.

### **Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2014, 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

Fort Lauderdale, Florida  
April 7, 2014

MIAMI-DADE TRANSIT  
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2013  
(Unaudited)

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**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, 2013. 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.

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(Continued)

MIAMI-DADE TRANSIT  
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 September 30, 2013  
 (Unaudited)

**Financial Highlights**

**Net Position**

A summary of MDT's net position at September 30, 2013 and 2012 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, 2013 was approximately \$702.7 million. During fiscal year 2013, MDT's net position decreased by approximately \$56.1 million or 7.4%. Total liabilities decreased by \$84.6 million primarily due to a decrease in bonds and loans obligations of \$30.7 million, lease-leaseback obligation of \$28 million and due to other County funds of \$14.3 million.

**Table 1**  
 Summary of Net Position

	<b>September 30,</b>	
	<b>2013</b>	<b>2012</b>
	(Dollars In Thousands)	
<b>Assets</b>		
Total current assets	\$ 200,634	\$ 195,692
Noncurrent assets		
Restricted assets and other assets	480,670	580,656
Total capital assets	1,667,083	1,712,786
Total noncurrent assets	2,147,753	2,293,442
Total assets	\$ 2,348,387	\$ 2,489,134
<b>Liabilities</b>		
Total current liabilities	\$ 288,047	\$ 329,354
Total long-term liabilities	1,357,631	1,400,953
Total liabilities	1,645,678	1,730,307
<b>Net Position</b>		
Net Investment in capital assets	770,395	847,530
Restricted	80,504	103,973
Unrestricted deficit	(148,190)	(192,676)
Total net position	702,709	758,827
Total liabilities and net position	\$ 2,348,387	\$ 2,489,134

**Cash Deficits**

The total cash deficit at September 30, 2013 was \$116.8 million as compared to \$140.7 million as of September 30, 2012. This deficit excludes a cash balance of \$367.7 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 \$116.8 million. MDT continues to be dependent on funding from the County and various other governmental entities.

(Continued)

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 (Unaudited)

**Financial Highlights** (Continued)

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

**Table 2**

Changes in Net Position

	<b>Years Ended September 30,</b>	
	<b>2013</b>	<b>2012</b>
	(Dollars In Thousands)	
Operating revenues	\$ 120,512	\$ 115,466
Operating expenses excluding depreciation	(489,772)	(485,491)
Depreciation	<u>(78,868)</u>	<u>(74,456)</u>
Operating loss	<u>(448,128)</u>	<u>(444,481)</u>
Non-operating revenues (expenses)		
Governmental subsidies	112,515	108,471
Interest expense, net of capitalization	(59,938)	(33,591)
Investment income (loss)	(2,704)	598
Other non-operating, net	<u>(2,954)</u>	<u>(1,570)</u>
Total non-operating (expenses) revenues, net	<u>46,919</u>	<u>73,908</u>
Loss before contributions and transfers	<u>(401,209)</u>	<u>(370,573)</u>
Build America Bonds Subsidy	6,679	6,983
Capital contributions from CITT	45,671	39,510
Capital contributions from federal and state sources	24,441	17,418
Transfers from Miami-Dade County	162,191	156,707
Transfers from CITT	<u>106,109</u>	<u>101,207</u>
Total capital contributions and transfers	<u>345,091</u>	<u>321,825</u>
Change in net position	(56,118)	(48,748)
Net position, beginning of the year	<u>758,827</u>	<u>807,575</u>
Net position, end of the year	<u><u>\$ 702,709</u></u>	<u><u>\$ 758,827</u></u>

***Changes in Net Position***

Total operating revenues increased by approximately \$5 million or 4.2%, and operating expenses, excluding depreciation, increased by approximately \$4.3 million or 0.9%, which resulted in an overall increase in the operating loss before depreciation, of approximately \$765 thousand. The increase in operating revenues is mainly due to passenger fare revenue.

MDT's total operating expenses, excluding depreciation, were approximately \$489.8 million for fiscal year 2013 as compared to \$485.5 million for fiscal year 2012. The increase in operating expense is mainly due to increase in impairment loss.

(Continued)

MIAMI-DADE TRANSIT  
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**Financial Highlights (Continued)**

Total governmental subsidies and contributions from the County and other governmental entities for fiscal year 2013 was approximately \$450.9 million, an increase of \$27.6 million or 6.5% from the prior year. The increase in fiscal year 2013 was primarily due to an increase in federal revenues of approximately \$17.6 million, increase in contributions and transfers from CITT of \$11.1 million and increase in transfers from the County of \$5.5 million. These increases in revenues were offset by the decrease in state subsidies of \$6.8 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, 2013 and 2012 were as follows:

**Table 3**

Schedule of Capital and Operating Assistance

	<b>Years Ended September 30,</b>	
	<b>2013</b>	<b>2012</b>
	(Dollars In Thousands)	
Federal		
FTA assistance	\$ 90,606	\$ 73,026
State		
FDOT assistance	28,364	35,143
Local		
Option gas tax	17,986	17,720
Total governmental subsidies	136,956	125,889
Total transfers from the County	162,191	156,707
Total contributions and transfers from CITT	151,780	140,717
Total governmental subsidies and contributions	<u>\$ 450,927</u>	<u>\$ 423,313</u>

**Capital Assets**

At the end of fiscal year 2013, MDT had approximately \$2.9 billion invested in a broad range of capital assets. During fiscal year 2013, MDT operated a total fleet of approximately 822 buses, 136 rail cars and 39 metromovers. MDT's construction in progress consists of costs related to various ongoing projects.

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(Continued)

MIAMI-DADE TRANSIT  
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 (Unaudited)

**Financial Highlights** (Continued)

The following table summarizes the composition of MDT's capital assets, net of accumulated depreciation, as of September 30, 2013 and 2012. A more detailed presentation can be found at Note 4 to the financial statements.

**Table 4**

Capital Assets Summary

	<b>September 30,</b>	
	<b>2013</b>	<b>2012</b>
	(Dollars In Thousands)	
Land	\$ 254,345	\$ 253,098
Buildings and guideway structures	1,874,031	1,871,375
Transportation and other equipment	717,374	728,550
	2,845,750	2,853,023
Construction in progress	81,080	54,984
Total capital assets	2,926,830	2,908,007
Accumulated depreciation	(1,259,747)	(1,195,221)
Total capital assets, net	\$ 1,667,083	\$ 1,712,786

**Debt Administration**

The following table summarizes the composition of MDT's debt as of September 30, 2013 and 2012. A more detailed presentation can be found at Note 6 to the financial statements.

**Table 5**

Summary of Debt Obligations

	<b>September 30,</b>		<b>Rates</b>
	<b>2013</b>	<b>2012</b>	
	(Dollars In Thousands)		
GE Penske Loan	\$ 6,957	\$ 8,891	4.8%
Surtax Revenue Bonds	1,151,294	1,161,102	3.0 - 6.9%
Special Obligation Bonds	-	4,770	4.0 - 5.0%
Capital Assets Acquisition Bonds	18,835	18,827	7.5%
Total debt obligations	\$ 1,177,086	\$ 1,193,590	

MDT has decreased its debt by approximately \$16.5 million in fiscal year 2013. The decrease is primarily due to principal payment and no new bond or loan issuance.

MDT had total outstanding debt of approximately \$1.2 billion as of September 30, 2013, which is comparable to last fiscal year.

(Continued)

MIAMI-DADE TRANSIT  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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(Unaudited)

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### **Economic Factors and Next Year's Budget**

A year ago, in the year-end outlook for the local economy, it was anticipated that FY 2013 would be one of slow recovery as had been the case since the end of the recession in 2009. Miami-Dade County would experience moderate growth in employment and a modest reduction in its unemployment rate. The improvements in the local economy would rest on an expansion of trade and tourism brought about by strong growth in Latin America and a strengthening of the United States economy.

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 29.2 million miles of Metrobus revenue service along 93 routes with a fleet of 714 full-sized buses, 25 articulated buses, and 78 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.

In FY 2013-14, the Department will continue the design and construction of a corridor expansion program to include the North and East West corridors, funded within the Capital Expansion Reserve and FDOT grant funding, which will progress from enhanced bus service to a Bus Rapid Transit (BRT) system in the future.

In FY 2013-14, the Department will continue: the construction of a park and ride facility at Kendall Drive and SW 127 Avenue (\$2.8 million); continue construction of a park and ride lot located at SW 344 Street and the South Miami-Dade Busway (\$10.8 million); begin construction for a pedestrian overpass at University Station (\$6.6 million); and continue the planning and design for a park and ride facility at Quail Roost Drive (\$3.9 million) with construction to be completed by FY 2014-15.

The FY 2013-14 Adopted Budget includes continued funding for the replacement of 136 Metrorail vehicles (\$31.1 million programmed in FY 2013-14) for a total project cost of \$376.9 million.

The FY 2013-14 Adopted Budget includes continued funding for the construction of a test track for Metrorail (\$8.3 million) and continued construction of the Lehman Yard Expansion Phase 1 (\$2.2 million programmed in FY 2013-14)

In FY 2013-14, the Department will continue the renovation of the Metrorail bike path (M-Path) from the Brickell Station to the South Miami Station, funded by Building Better Communities General Obligation Bond (BBC GOB) proceeds (\$1.4 million).

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(Continued)

MIAMI-DADE TRANSIT  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2013  
(Unaudited)

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**Economic Factors and Next Year's Budget (Continued)**

In FY 2013-14, the Countywide General Fund Maintenance of Effort (MOE) is \$167.8 million, a 3.5 percent increase above the FY 2012-13 MOE of \$162.2 million, as adopted in the People's Transportation Plan and as amended in May of 2005.

The FY 2013-14 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 2013-14, 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.

Projects funded by federal stimulus revenues in FY 2013-14 include Graphics and Signage Upgrades (\$7.5 million), Palmetto Station Traction Power Substation (\$16 million), Kendall Drive Signalization (\$2.3 million), Transit Operations System (\$4 million) Mainline Video Upgrade (\$2 million) and Mover Fiber Replacement (\$3.2 million).

In FY 2013-14, the Department will continue to provide Paratransit functions to including Special Transportation Services (STS) programming (\$43 million).

**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 1<sup>st</sup> Court, 13<sup>th</sup> Floor, Miami, Florida 33136.

MIAMI-DADE TRANSIT  
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)  
 STATEMENT OF NET POSITION  
 September 30, 2013  
 (Dollars in Thousands)

**Assets**

Current assets	
Cash and cash equivalents	\$ 268
Governmental assistance receivables	
Federal	96,976
State of Florida	16,439
Local governments	673
Other receivables	4,041
Material and supplies inventories	32,011
Prepaid expenses	1,491
Total current unrestricted assets	<u>151,899</u>
Restricted assets	
Investments	<u>48,735</u>
Total current assets	<u>200,634</u>
Non-current assets	
Restricted assets	
Cash and cash equivalents	384
Investments	467,998
Total non-current restricted assets	<u>468,382</u>
Capital assets	
Land	254,345
Construction in progress	81,080
Buildings and guideway structures	1,874,031
Transportation and other equipment	717,374
Accumulated depreciation	<u>(1,259,747)</u>
Total capital assets	<u>1,667,083</u>
Other assets	
Total non-current assets	<u>2,147,753</u>
Total assets	<u>2,348,387</u>

(Continued)

MIAMI-DADE TRANSIT  
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)  
 STATEMENT OF NET POSITION  
 September 30, 2013  
 (Dollars in Thousands)  
 (Continued)

**Liabilities**

Current liabilities	
Accounts payable	\$ 23,008
Accrued expenses	10,590
Compensated absences	11,785
Unearned revenues	70
Capital lease leaseback benefit	708
Due to other County funds	125,431
Loans payable to CITT	17,755
Loans payable	2,209
Total current liabilities payable from unrestricted assets	<u>191,556</u>
Current liabilities payable from restricted assets	
Accounts payable	8,796
Deposits payable	680
Accrued interest on loans and bonds	14,863
Accrued interest on capital lease leaseback obligations	5,676
Capital lease leaseback obligations	53,475
Bonds payable	13,001
Total current liabilities payable from restricted assets	<u>96,491</u>
Total current liabilities	<u>288,047</u>
Non-current liabilities	
Compensated absences	24,337
OPEB obligation	6,507
Loans payable to CITT	79,352
Capital lease leaseback obligations	81,521
Capital lease leaseback benefit	3,038
Loans payable	4,748
Bonds payable	1,157,128
Other	1,000
Total non-current liabilities	<u>1,357,631</u>
Total liabilities	<u>1,645,678</u>

**Net Position**

Net investment in capital assets	770,395
Restricted for	
Capital lease leaseback obligations	9,224
Debt service	71,280
Unrestricted deficit	<u>(148,190)</u>
Total net position	<u>\$ 702,709</u>

See accompanying notes to financial statements.

MIAMI-DADE TRANSIT  
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 Year Ended September 30, 2013  
 (Dollars in Thousands)

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**Operating revenues**

Passenger fares	\$ 110,172
Advertising	5,066
Special transportation (co-payment)	5,274
Total operating revenues	120,512

**Operating expenses**

Labor	211,719
Fringe benefits	56,186
Purchased transportation	47,684
Services	54,375
Fuel and traction power	41,263
Materials and supplies	32,716
Utilities	5,981
Casualty and liability	4,375
Leases and rentals	4,299
Impairment Loss	31,174
Depreciation expense	78,868
Total operating expenses	568,640
Operating loss	(448,128)

**Non-operating revenues (expenses)**

Governmental grants and subsidies	
Federal	68,637
State of Florida	25,892
Local option gas tax	17,986
Investment loss	(2,704)
Rental income	1,558
Interest expense	(59,938)
Other expenses	(4,512)
Net non-operating revenues	46,919
Loss before capital contributions and transfers	(401,209)

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(Continued)

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, 2013  
(Dollars in Thousands)  
(Continued)

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**Capital contributions and transfers**

Build America Bonds Subsidy	\$ 6,679
Capital contributions	
Federal	21,969
State of Florida	2,472
CITT	45,671
Transfers from CITT	106,109
Transfers from County	162,191
Total capital contributions and transfers	<u>345,091</u>
Change in net position	(56,118)
Net position, beginning of year	<u>758,827</u>
Net position, end of year	<u><u>\$ 702,709</u></u>

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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, 2013  
 (Dollars in Thousands)

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<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 119,448
Cash paid to suppliers	(191,858)
Cash paid to employees for services	<u>(265,958)</u>
Net cash used in operating activities	<u>(338,368)</u>
<b>Cash flows from non-capital financing activities</b>	
Governmental grants and subsidies received	102,276
Cash received from County and CITT for transfers	285,696
Cash paid to County and CITT for advances and loans	<u>(38,035)</u>
Net cash provided by non-capital financing activities	<u>349,937</u>
<b>Cash flows from capital and related financing activities</b>	
Acquisition and construction of capital assets	(68,335)
Principal paid on bonds and loans	(19,105)
Interest paid on bonds and loans	(60,758)
Cash received from CITT for capital contributions	45,671
Cash received from federal and state sources for capital contributions	20,347
Other non-operating items	<u>1,207</u>
Net cash used in capital and related financing activities	<u>(80,973)</u>
<b>Cash flows from investing activities</b>	
Sales of investment securities, net	64,400
Interest received on investments	<u>1,235</u>
Net cash provided by investing activities	<u>65,635</u>
Change in cash and cash equivalents	(3,769)
Cash and cash equivalents, beginning of year	<u>4,421</u>
Cash and cash equivalents, end of year	<u>\$ 652</u>

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(Continued)

MIAMI-DADE TRANSIT  
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)  
 STATEMENT OF CASH FLOWS  
 Year Ended September 30, 2013  
 (Dollars in Thousands)  
 (Continued)

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<b>Reconciliation of operating loss to net cash used in operating activities</b>	
Operating loss	\$ (448,128)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation expense	78,868
Impairment loss	31,174
(Increase) decrease in operating assets	
Other receivables	(845)
Materials and supplies inventories	(2,336)
Prepaid expenses	(193)
Increase (decrease) in operating liabilities	
Accounts payable	1,161
Compensated absences, accrued expenses and OPEB obligation	1,947
Other liabilities	<u>(16)</u>
Net cash used in operating activities	<u>\$ (338,368)</u>
<b>Supplemental disclosures of non-cash capital and related financing activities</b>	
Repayment of capital lease leaseback obligations by collateral agents	\$ 29,341
Amortization of bond premiums, discounts and issuance costs	\$ 2,015
<b>Reconciliation of cash and cash equivalents, end of year</b>	
Unrestricted current cash and cash equivalents	\$ 268
Restricted non-current cash and cash equivalents	<u>384</u>
Total cash and cash equivalents, end of year	<u>\$ 652</u>

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See accompanying notes to financial statements.

MIAMI-DADE TRANSIT  
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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**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**

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

In December 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Statement incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with GASB pronouncements: (1) Financial Accounting Standards Board (FASB) Statements and Interpretations; (2) Accounting Principles Board Opinions; and (3) Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This Statement is effective for fiscal years beginning after December 15, 2011. The implementation of this Statement did not have a material impact on the MDT.

In June 2011, the GASB issued GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the net residual amount of the other elements). This Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets. This Statement is effective for fiscal years beginning after December 15, 2011. The implementation on this Statement did not have a material impact on MDT.

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(Continued)

MIAMI-DADE TRANSIT  
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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**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

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.

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(Continued)

MIAMI-DADE TRANSIT  
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

**Postemployment Benefits Other Than Pensions (OPEB):** The County administers a single-employer defined benefit healthcare plan (the 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, 2013, the pre-65 retirees were able to select from one of these medical plans:

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

As of September 30, 2013, post-65 retirees (Medicare age) were able to select from one of these medical plans:

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

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

*Funding Policy* - The County contributes to both the pre-65 and post-65 retiree medical coverage. Retirees pay the full cost of dental coverage. Medical contributions vary based on plan and tier. For pre-65 retirees, the County explicitly contributes 15% of the cost for the AvMed POS plan, and 33% for the AvMed HMO High and AvMed HMO Low plans. The post-65 retiree contributions also vary by plan and tier with the County contributing an average of 33% of the entire plan cost. However, it is the County's policy that after fiscal year 2008, its per capita contribution for retiree health care benefits will remain at the 2008 dollar level. As a result, the retiree contributions will be increased to the extent necessary so that they are sufficient to provide for the difference between the gross costs and the fixed County contributions.

For the year ended September 30, 2013, the County contributed \$20 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.

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(Continued)

MIAMI-DADE TRANSIT  
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2013

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

*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, 2013 (dollars in thousands):

Annual required contribution	\$	3,596
Interest on net OPEB obligation		234
Adjustment to annual required contribution		<u>(249)</u>
Annual OPEB cost		3,581
Contributions made		<u>(2,385)</u>
Change in net OPEB obligation		1,196
Net OPEB obligation, beginning of year		<u>5,311</u>
Net OPEB obligation, end of year	\$	<u><u>6,507</u></u>

MDT's net OPEB obligation as of September 30, 2013, 2012 and 2011, 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
2013	\$ 3,581	66.6%	\$ 6,507
2012	\$ 3,435	75.5%	\$ 5,311
2011	\$ 2,993	68.7%	\$ 4,468

*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, 2012	\$ -	\$ 362,669	\$ 362,669	0%	\$ 1,651,799	22.0%

MDT's portion of the County's AAL was approximately \$43.8 million.

(Continued)

MIAMI-DADE TRANSIT  
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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, 2013 and the information about the Plan's funded status presented above:

Actuarial cost method	Projected unit credit
Amortization method	Level percent of payroll, closed
Remaining amortization period	25 years
Discount rate	4.4%
Payroll growth rate	3.0%
Health care cost trend rate	
Medical	8.0% select, 5.0% ultimate
Mortality table	RP 2000 Projected to 2015

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

Compensated Absences: MDT accounts for compensated absences by accruing a liability for employees' compensation for future absences according to the guidelines established by GASB Statement No. 16, *Accounting for Compensated Absences*. MDT policy permits employees to accumulate unused vacation and sick pay benefits that will be paid to them upon separation from service. MDT recognizes a liability and expense in the period vacation and sick benefits are earned. As of September 30, 2013, compensated absences were approximately \$36.1 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, 2013, MDT incurred interest costs of approximately \$61.3 million, which includes capitalized interest costs of approximately \$1.4 million.

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

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(Continued)

MIAMI-DADE TRANSIT  
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 year.

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

**NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

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

All public deposits are required to be maintained with qualified public depositories pursuant to 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,

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(Continued)

MIAMI-DADE TRANSIT  
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2013

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

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.

Following is a summary of MDT's cash, cash equivalents and investments as of September 30, 2013 (dollars in thousands):

	<b>Carrying Value</b>	<b>Credit Rating</b>	<b>Weighted Average Maturity (In Years)</b>
Cash and cash equivalents			
Cash on hand	\$ 268		
Deposits with financial institutions	273		
Equity in pooled cash and investments	<u>111</u>		
Total cash and cash equivalents	<u>652</u>		
Investments			
Equity in pooled cash and investments	366,836		
U.S. Treasury STRIPS	49,436	AAA	3.72
Other <sup>1</sup>	<u>100,461</u>	A or above	
Total investments	<u>516,733</u>		
Total cash, cash equivalents and investments	<u>\$ 517,385</u>		

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

(Continued)

MIAMI-DADE TRANSIT  
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

As of September 30, 2013, total cash, cash equivalents and investments were restricted as follows (dollars in thousands):

Restricted for		
Capital projects	\$	280,398
Refundable security deposits		680
Repayment of capital lease leaseback obligations		149,896
Debt service		<u>86,143</u>
Total restricted assets	\$	<u>517,117</u>

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

Interest Rate Risk: The County limits its exposure to interest rate risk by (1) matching investment maturities with known cash needs and anticipated cash flow requirements; (2) requiring operating funds to maintain a weighted-average maturity of no longer than twelve months; (3) requiring investments for bond reserves, construction funds, and other non-operating funds to have 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, 2013.

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.

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(Continued)

MIAMI-DADE TRANSIT  
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2013

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity and changes in accumulated depreciation for the year ended September 30, 2013 were as follows (dollars in thousands):

	<b>Balance at September 30, 2012</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at September 30, 2013</b>
<b>Capital assets not being depreciated</b>				
Land	\$ 253,098	\$ 1,247	\$ -	\$ 254,345
Construction in progress	54,984	61,922	(35,826)	81,080
Total capital assets not being depreciated	<u>308,082</u>	<u>63,169</u>	<u>(35,826)</u>	<u>335,425</u>
<b>Capital assets being depreciated</b>				
Buildings and guideway structures	1,871,375	2,656	-	1,874,031
Transportation and other equipment	728,550	3,803	(14,979)	717,374
Total capital assets being depreciated	<u>2,599,925</u>	<u>6,459</u>	<u>(14,979)</u>	<u>2,591,405</u>
<b>Less accumulated depreciation for</b>				
Buildings and guideway structures	(755,897)	(45,871)	-	(801,768)
Transportation and other equipment	(439,324)	(32,996)	14,341	(457,979)
Total accumulated depreciation	<u>(1,195,221)</u>	<u>(78,867)</u>	<u>14,341</u>	<u>(1,259,747)</u>
Total capital assets being depreciated, net	<u>1,404,704</u>	<u>(72,408)</u>	<u>(638)</u>	<u>1,331,658</u>
Total capital assets, net	<u>\$ 1,712,786</u>	<u>\$ (9,239)</u>	<u>\$ (36,464)</u>	<u>\$ 1,667,083</u>

MDT recognized an impairment loss of \$31.2 million on the North Corridor Rail project due to lack of funding. The impairment loss has been recognized as a operating expense on the Statement of Revenues, Expenses and Changes in Fund Net Position.

**NOTE 5 - CAPITAL LEASE LEASEBACK OBLIGATIONS**

The County, on behalf of MDT, leases certain assets to third parties (the Sublessors) and simultaneously leases 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. As of September 30, 2013, the fair value of the investments was approximately \$149.9 million. The amount of the upfront payments received, less the amounts invested and related expenses of entering into the Leases, is deferred and amortized over the lives of the Leases. If the County does not exercise the early buy-out options the County will be required to make Lease payments through the end of the Leases' original terms.

(Continued)

MIAMI-DADE TRANSIT  
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2013

**NOTE 5 - CAPITAL LEASE LEASEBACK OBLIGATIONS** (Continued)

The following table summarizes MDT's capital lease leaseback transactions outstanding as of September 30, 2013 (dollars in thousands):

Description of Assets	Lease Inception Date	Prepayment Received at Inception	Amount Invested to Satisfy Sublease Obligation	Initial Cash Benefit	Balance at September 30, 2013
Maintenance facilities	September 23, 1998	\$ 64,451	\$ 57,713	\$ 6,738	\$ 46,718
Qualified technical equipment	August 14, 2002	\$ 135,760	\$ 129,623	\$ 6,137	<u>88,278</u>
					<u>\$ 134,996</u>

A summary of changes in MDT's sublease obligations for the year ended September 30, 2013 is presented below (dollars in thousands):

Balance at September 30, 2012	Additions	Reductions	Balance at September 30, 2013	Due within One Year
\$ 163,035	-	\$ (28,039)	\$ 134,996	\$ 53,475

The underlying agreements contain certain guarantor rating requirements. The guarantor ratings fell below the minimum standard in 2008. The Sublessor requested the County to have the guarantor post collateral equal to 104% of the difference between the market value of the securities and the accreted value of the investment and then to replace the guarantor with a AAA/Aaa guarantor. The guarantor posted collateral and has continued to post collateral equal to posting requirement. The replacement of the guarantor was not possible as there are no guarantors with a rating of AAA/Aaa. In January 2009, the Sublessor provided the County with notice that they were extending the cure period for two months. Since that time the Sublessor has been extending the cure period every two months for another two month period and waives any default that may have occurred solely as a result of the County's failure to comply with this requirement. The current cure period will expire April 30, 2014. Management has evaluated the potential losses in the event of a demand of the sublease termination values by the Sublessors and has determined that any resulting losses would not be material to the financial statements of MDT.

(Continued)

MIAMI-DADE TRANSIT  
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2013

**NOTE 5 - CAPITAL LEASE LEASEBACK OBLIGATIONS** (Continued)

The following schedule presents MDT's future minimum sublease payments (assuming no defaults) as of September 30, 2013 (dollars in thousands):

Year Ending September 30,	Minimum Sublease Payments
2014	\$ 16,434
2015	17,107
2016	16,076
2017	16,076
2018	86,623
2019	16,607
Total future minimum sublease payments	168,923
Less amount representing interest	(33,927)
Present value of future minimum sublease payments	\$ 134,996

**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, 2013 were as follows (dollars in thousands):

	Balance at September 30, 2012	Additions	Reductions	Balance at September 30, 2013	Due within One Year
Loans payable	\$ 8,891	\$ -	\$ (1,934)	\$ 6,957	\$ 2,209
Bonds payable	1,124,471	-	(17,171)	1,107,300	13,001
Plus: Unamortized premium	60,404	-	2,593	62,997	-
Less: Unamortized discount	(176)	-	8	(168)	-
Total bonds payable	1,184,699	-	(14,570)	1,170,129	13,001
Total long-term debt	\$ 1,193,590	\$ -	\$ (16,504)	\$ 1,177,086	\$ 15,210

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.

(Continued)

MIAMI-DADE TRANSIT  
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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**NOTE 6 - LONG-TERM DEBT** (Continued)

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

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

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

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

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

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.

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(Continued)

MIAMI-DADE TRANSIT  
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2013

**NOTE 6 - LONG-TERM DEBT** (Continued)

The following table summarizes MDT's debt outstanding as of September 30, 2013 (dollars in thousands):

Description	Rate	Amount Allocated to MDT	Maturity Date	Principal Outstanding
Transit System Sales Surtax Revenue Bonds, Series 2006	4.0 - 5.0%	\$ 134,233	7/1/2036	\$ 117,618
Plus unamortized premium				4,594
Less current portion				<u>(2,872)</u>
Long-term portion				<u>119,340</u>
Transit System Sales Surtax Revenue Bonds, Series 2008	5%	\$ 224,131	7/1/2038	207,295
Plus unamortized premium				2,992
Less current portion				<u>(3,935)</u>
Long-term portion				<u>206,352</u>
Transit System Sales Surtax Revenue Bonds, Series 2009	4.0 - 6.9%	\$ 193,044	7/1/2039	186,059
Plus unamortized premium				4,747
Less current portion				<u>(3,700)</u>
Long-term portion				<u>187,106</u>
Transit System Sales Surtax Revenue Bonds, Series 2010	3.0 - 5.6%	\$ 162,945	7/1/2040	160,527
Plus unamortized premium				3,258
Less current portion				<u>(2,494)</u>
Long-term portion				<u>161,291</u>
Capital Asset Acquisition Bonds, Series 2010D	7.5%	\$ 19,003	4/1/2040	19,003
Less unamortized discount				<u>(168)</u>
Long-term portion				<u>18,835</u>
Transit System Sales Surtax Revenue Bonds, Series 2012	3.1-5.0%	\$ 416,798	7/1/2042	416,798
Plus unamortized premium				47,406
Long-term portion				<u>464,204</u>
Penske/GE Equipment Loan	4.8%	\$ 22,707	9/1/2016	6,957
Less current portion				<u>(2,209)</u>
Long-term portion				<u>4,748</u>
Total long-term portion of bonds and loans outstanding at September 30, 2013				<u>\$ 1,161,876</u>

(Continued)

MIAMI-DADE TRANSIT  
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2013

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**NOTE 6 - LONG-TERM DEBT** (Continued)

*Debt Service Requirements* - MDT's debt service requirements to maturity for loans and bonds outstanding at September 30, 2013 were as follows (dollars in thousands):

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

Maturing in Fiscal Year	Principal	Interest	Total
2014	\$ 2,872	\$ 5,800	\$ 8,672
2015	3,013	5,657	8,670
2016	3,164	5,506	8,670
2017	3,323	5,348	8,671
2018	3,456	5,215	8,671
2019-2023	20,048	23,303	43,351
2024-2028	25,564	17,791	43,355
2029-2033	32,508	10,848	43,356
2034-2036	23,670	2,344	26,014
Total debt service	<u>\$ 117,618</u>	<u>\$ 81,812</u>	<u>\$ 199,430</u>

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

Maturing in Fiscal Year	Principal	Interest	Total
2014	\$ 3,935	\$ 10,306	\$ 14,241
2015	4,135	10,110	14,245
2016	4,339	9,903	14,242
2017	4,559	9,686	14,245
2018	4,784	9,458	14,242
2019-2023	27,763	43,453	71,216
2024-2028	35,410	35,802	71,212
2029-2033	44,913	26,297	71,210
2034-2038	77,457	13,421	90,878
Total debt service	<u>\$ 207,295</u>	<u>\$ 168,436</u>	<u>\$ 375,731</u>

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(Continued)

MIAMI-DADE TRANSIT  
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2013

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**NOTE 6 - LONG-TERM DEBT (Continued)**

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

<b>Maturing in Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 3,700	\$ 11,960	\$ 15,660
2015	3,850	11,812	15,662
2016	4,045	11,620	15,665
2017	4,245	11,418	15,663
2018	4,415	11,248	15,663
2019-2023	25,480	52,712	78,192
2024-2028	31,585	44,034	75,619
2029-2033	39,170	32,375	71,545
2034-2038	48,780	17,587	66,367
2039	20,789	1,436	22,225
Total debt service	<u>\$ 186,059</u>	<u>\$ 206,202</u>	<u>\$ 392,261</u>

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

<b>Maturing in Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 2,494	\$ 8,589	\$ 11,083
2015	2,591	8,490	11,081
2016	2,723	8,360	11,083
2017	2,831	8,251	11,082
2018	2,917	8,166	11,083
2019-2023	16,512	38,735	55,247
2024-2028	19,443	34,420	53,863
2029-2033	23,182	28,660	51,842
2034-2038	27,713	21,694	49,407
2039-2040	60,121	5,851	65,972
Total debt service	<u>\$ 160,527</u>	<u>\$ 171,216</u>	<u>\$ 331,743</u>

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(Continued)

MIAMI-DADE TRANSIT  
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2013

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**NOTE 6 - LONG-TERM DEBT (Continued)**

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

<b>Maturing in Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ -	\$ 1,425	\$ 1,425
2015	-	1,425	1,425
2016	-	1,425	1,425
2017	-	1,425	1,425
2018	-	1,425	1,425
2019-2023	-	7,126	7,126
2024-2028	-	7,126	7,126
2029-2033	5,319	6,656	11,975
2034-2038	9,372	3,782	13,154
2039-2040	4,312	488	4,800
Total debt service	<u>\$ 19,003</u>	<u>\$ 32,303</u>	<u>\$ 51,306</u>

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

<b>Maturing in Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ -	\$ 19,947	\$ 19,947
2015	5,831	19,947	25,778
2016	6,024	19,751	25,775
2017	6,284	19,489	25,773
2018	6,575	19,199	25,774
2019-2023	37,927	90,954	128,881
2024-2028	48,072	80,801	128,873
2029-2033	59,407	69,467	128,874
2034-2038	75,343	53,532	128,875
2039-2042	171,335	25,977	197,312
Total debt service	<u>\$ 416,798</u>	<u>\$ 419,064</u>	<u>\$ 835,862</u>

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(Continued)

MIAMI-DADE TRANSIT  
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2013

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**NOTE 7 - OTHER LONG-TERM LIABILITIES**

Other long-term liability activity for the year ended September 30, 2013 was as follows (dollars in thousands):

	Balance at September 30,			Balance at September 30, Due within	
	2012	Additions	Reductions	2013	One Year
Compensated absences	\$ 36,270	\$ 393	\$ (541)	\$ 36,122	\$ 11,785
OPEB obligation	5,311	3,581	(2,385)	6,507	-
Other	1,000	-	-	1,000	-
Total other long-term liabilities	<u>\$ 42,581</u>	<u>\$ 3,974</u>	<u>\$ (2,926)</u>	<u>\$ 43,629</u>	<u>\$ 11,785</u>

**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, 2013 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, 2013, the total premiums charged by RMD to MDT were approximately \$6.8 million. This is included in the amount due to other County funds in the accompanying statement of net position. Settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

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(Continued)

MIAMI-DADE TRANSIT  
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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**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, 2013, were as follows (dollars in thousands):

Federal		
FTA assistance	\$	90,606
State		
FDOT assistance		28,364
Local		
Option gas tax		17,986
Total governmental subsidies		<u>136,956</u>
Total transfers from the County		162,191
Total contributions and transfers from CITT		<u>151,780</u>
Total governmental subsidies and contributions	\$	<u><u>450,927</u></u>

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 \$47.7 million for the year ended September 30, 2013.

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(Continued)

MIAMI-DADE TRANSIT  
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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**NOTE 11 - PENSION PLANS AND DEFERRED COMPENSATION PLAN**

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

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

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

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

The payroll for MDT employees covered by FRS for the year ended September 30, 2013 was approximately \$207.5 million.

The FRS funding policy and required contribution rates are established by Florida Statutes. The policy provides for monthly employer contributions ranging from 6.95% to 19.6% of gross salary. In addition, effective July 1, 2011, the policy provides for employee contributions of 3% of gross salary. MDT's actual contributions for the years ended September 30, 2013, 2011 and 2010 were approximately \$12.3 million, \$10.3 million and \$18.5 million, respectively. MDT contributed 100% of the required employer contributions in each of those years. Actual contributions made to the Investment Plan by employees were approximately \$5.7 million for the year ended September 30, 2013.

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

[http://www.dms.myflorida.com/workforce\\_operations/retirement/publications/annual\\_reports](http://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports)

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(Continued)

MIAMI-DADE TRANSIT  
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

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.

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 \$10 million for the year ended September 30, 2013.

The following schedule shows the breakdown of County charges to MDT for the year ended September 30, 2013 (dollars in thousands):

<u>Department Name</u>	
Internal Services Department	\$ 2,053
Information Technology Department	5,919
Other departments	<u>2,048</u>
Total charges for County services	<u>\$ 10,020</u>

The County has committed to provide funding to MDT to meet its operating obligations. As of September 30, 2013, the due to other County funds balance of \$125 million consists of MDT's negative position in the County's unrestricted pooled cash, cash equivalents, and investments of \$116.8 million, insurance premiums payable to the Risk Management Division of \$6.8 million and MPO transfers of \$1.8 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.

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(Continued)

MIAMI-DADE TRANSIT  
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2013

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**NOTE 12 - RELATED-PARTY TRANSACTIONS** (Continued)

As of September 30, 2013, the outstanding balance of the loan payable to CITT was approximately \$97.1 million. Changes in the loan balance during the year then ended were as follows (dollars in thousands):

Balance at September 30, 2012	Additions	Reductions	Balance at September 30, 2013	Due within One Year
\$ 111,637	\$ -	\$ (14,530)	\$ 97,107	\$ 17,755

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
2014	\$ 17,755	\$ 2,913	\$ 20,668
2015	21,219	2,381	23,600
2016	24,934	1,744	26,678
2017	33,199	996	34,195
Total debt service	\$ 97,107	\$ 8,034	\$ 105,141

**NOTE 13 - COMMITMENTS AND CONTINGENCIES**

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

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

Contracts and Commitments: Contracts and commitments relating to bus maintenance and construction projects approximated \$32 million as of September 30, 2013. Funding will be provided by federal, state and local sources.

**REQUIRED SUPPLEMENTARY INFORMATION**

MIAMI-DADE TRANSIT  
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)  
 SCHEDULE OF FUNDING PROGRESS -  
 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION  
 September 30, 2013  
 (Dollars in Thousands)

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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, 2012	\$ -	\$ 362,669	\$ 362,669	0%	\$ 1,651,799	22.0%
October 1, 2011	\$ -	\$ 357,006	\$ 357,006	0%	\$ 1,661,941	21.5%
October 1, 2010	\$ -	\$ 356,283	\$ 356,283	0%	\$ 2,256,842	15.8%

## **OTHER REPORTING**

**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, 2013, and the related notes to the financial statements, and have issued our report thereon dated April 7, 2014. 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.

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(Continued)

## **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

Fort Lauderdale, Florida  
April 7, 2014