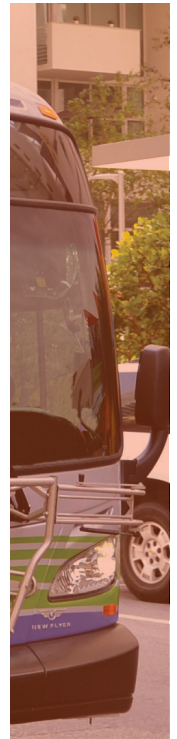
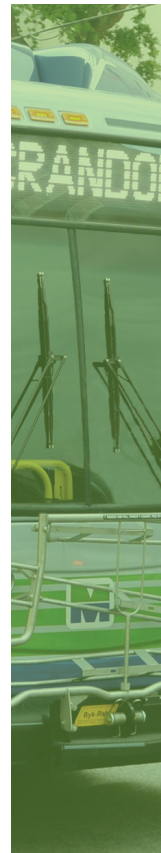
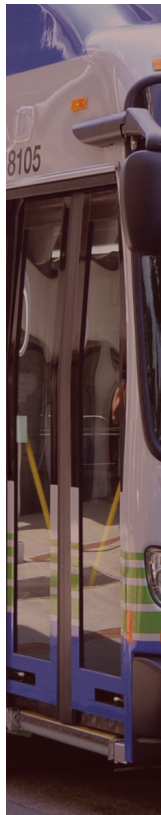
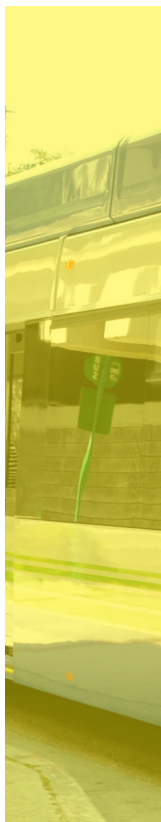




COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR
ENDED SEPTEMBER 30, 2018

TRANSIT ENTERPRISE FUND

AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA



MIAMI-DADE COUNTY, FLORIDA
TRANSIT ENTERPRISE FUND
AN ENTERPRISE FUND OF MIAMI-DADE COUNTY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2018

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Prepared by the Accounting Division

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For the Fiscal Year Ended September 30, 2018

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Government Finance Officers Association

Certificate of
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in Financial
Reporting

Presented to

**Miami Dade Department
of Transportation and Public Works
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO



MIAMI-DADE COUNTY

Carlos A. Gimenez
Mayor

BOARD OF COUNTY COMMISSIONERS

Audrey M. Edmonson
Chairwoman

Rebeca Sosa
Vice-Chairwoman

Barbara J. Jordan
District 1

Jean Monestime
District 2

Audrey M. Edmonson
District 3

Sally A. Heyman
District 4

Eileen Higgins
District 5

Rebeca Sosa
District 6

Xavier L. Suarez
District 7

Daniella Levine Cava
District 8

Dennis C. Moss
District 9

Senator Javier D. Souto
District 10

Joe A. Martinez
District 11

José "Pepe" Diaz
District 12

Esteban L. Bovo, Jr.
District 13

Harvey Ruvin
Clerk of the Circuit and County Courts

Pedro J. Garcia
Property Appraiser

Abigail Price-Williams
County Attorney



March 22, 2019

Honorable Carlos A. Gimenez, Mayor

Honorable Esteban L. Bovo, Jr., Chairman and
Members of the Board of County Commissioners

Honorable Harvey Ruvin
Clerk of the Circuit and County Courts

Glenn J. Downing, CFP®, Chairperson and
Members of the Citizens' Independent Transportation Trust

Citizens of Miami-Dade County

Ladies and Gentlemen:

We are pleased to present the Department of Transportation & Public Works (DTPW) Transit Enterprise Fund, an enterprise fund of Miami Dade County, Florida ("County") Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended September 30, 2018, pursuant to Florida State law. The financial statements were prepared in accordance with U.S. generally accepted accounting principles ("GAAP") as promulgated by the Governmental Accounting Standards Board ("GASB") and audited by a firm of independent certified public accountants retained by the County and paid from its public funds. For the fiscal year ended September 30, 2018, the Transit Enterprise Fund received an unmodified opinion from its independent auditor.

This report may also be accessed via the internet at:

<https://www.miamidade.gov/transit/annual-financial-reports.asp>.

Responsibility for the accuracy and fairness of the presentation, including disclosures, rests with management of DTPW. We believe the data is accurate in all material respects, is presented in a manner designed to fairly set forth the financial position and results of operations of the Transit Enterprise Fund, and has all disclosures necessary to enable the reader to gain an understanding of the Transit Enterprise Fund's financial activity. DTPW and the County have established comprehensive internal controls designed to protect the County's assets from loss, theft or misuse and provide accounting data for preparation of the financial statements in conformity with GAAP. Because the cost of internal control should not exceed the benefits likely to be derived, the internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met.

The management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic

financial statements. MD&A complements this Letter of Transmittal and should be read in conjunction with it.

Profile of the Government

Miami-Dade County is located along the southeast tip of the Florida peninsula, bounded by Biscayne Bay and the Atlantic Ocean to the east, Everglades National Park to the west, the Florida Keys to the south, and Broward County to the north. It occupies an area of more than 2,000 square miles. The total population served by the County is more than 2.7 million, over 1 million that live in the Unincorporated Municipal Services Area (UMSA). Due to its proximity and high volume of travel and trade within the region, Miami-Dade County is often referred to as the "Gateway to Latin America and the Caribbean."

Government Structure and Services Provided

The State Legislature in 1955 approved and submitted to a general election a constitutional amendment designed to give a new form of government to the County. The amendment was approved in a statewide general election in November 1956. A Dade County Charter Board was constituted and, in April 1957, it completed a draft of a charter for the County. The proposed charter was adopted in a countywide election in May 1957 and became effective on July 20, 1957 (Charter). The electors of the County are granted power to revise and amend the Charter from time to time by countywide vote. The County has home-rule powers, subject only to the limitations of the Constitution and general laws of the State. The County has, in effect, a county government with certain powers effective throughout the entire County, including 34 municipalities located within the County, and a municipal government for the unincorporated area of the County. The County does not displace or replace the cities, but supplements them.

In 1960, the County Commission passed an ordinance to create the Metropolitan Transit Authority (MTA). Over the years and under various administrations, MTA evolved into the Metro-Dade Transportation Administration, the Metro-Dade Transit Agency, the Miami-Dade Transit Agency, most recently the Agency was merged with functions from the Public Works Department and Passenger Transportation and Regulatory Department and is now known as Miami-Dade Department of Transportation & Public Works (DTPW). Though DTPW is the current department name, Miami-Dade Transit (MDT) is still recognized as the Transit function covered in this CAFR.

The Board of County Commissioners (BCC) is the legislative body, consisting of 13 members elected from single-member districts. Members are elected to serve four-year terms, not to exceed two consecutive four-year terms effective November 6, 2012. Elections of members are staggered. The BCC chooses a Chairperson, who presides over the Commission, as well as appoints the members of its legislative committees. The BCC has a wide array of powers to enact legislation and regulate businesses operating within the County. It also has the power to override the Mayor's veto with a two-thirds vote.

On January 23, 2007, the electors of Miami-Dade approved an amendment to the Home Rule Charter which established a Strong Mayor form of government. This amendment expands the

Mayor's powers over administrative matters. Under this new system, the Mayor appoints all department heads.

On January 29, 2008, a charter amendment was approved to make the Property Appraiser an elected position. The Property Appraiser is elected to a four-year term, with no term limits.

The Clerk of the Board is a separate, duly elected constitutional officer as mandated by Article V, Section 16 of the Constitution of the State of Florida. The Clerk is elected to a four-year term by the electorate of Miami-Dade County. In this capacity, the Clerk serves as the Clerk of the Board of County Commissioners, County Recorder, County Auditor, custodian of all County funds, and custodian of all records filed with the Court.

Miami-Dade County provides a full range of services, including, but not limited to, police and fire protection; health services, which includes the operation of a major hospital and various neighborhood health clinics; mass transportation; sanitation; water and sewer services; the construction and maintenance of highways, streets and other infrastructure; libraries; correctional facilities; parks, recreational and cultural facilities and events; the operation of an airport system, including an international airport, three general aviation airports and a training airport; and a full service seaport.

Transportation & Public Works

As part of the Transportation and the Neighborhood and Infrastructure strategic areas, DTPW operates Miami-Dade Transit (MDT or "Transit") the 15th largest public transit system in the country (based on annual vehicle revenue miles) and the largest transit agency in the state of Florida. DTPW provides approximately 27.1 million miles of Metrobus annual revenue service along 96 routes, of which 22 are operated with contracted services, with a fleet of 670 full-sized buses, 89 articulated buses, three minibuses, and 47 contract operated buses. DTPW's system also includes a 25-mile dual elevated Metrorail track, a 20-mile dedicated Transitway line that is among the longest in the United States, and a 4.4-mile dual elevated Metromover track. In addition, DTPW provides Special Transportation Services (STS) to eligible participants.

On November 5, 2002, Miami-Dade County voters approved a half of one percent Charter County Transit System Surtax (Surtax) that has since been providing a dedicated funding source for transportation improvements, operations and maintenance and roadway improvements in the County.

Miami-Dade County also approved the Peoples Transportation Plan or (PTP) which outlined specific transit and roadway improvements to be supported by the Surtax. Eligible applications include bus service improvements, fixed guideways, rapid transit improvements, major highway and road improvements, and neighborhood improvements. Changes to County projects detailed in the PTP must first go through the Citizens' Independent Transportation Trust (Transportation Trust) and are ultimately approved by the County Commission. Additionally, as per the Ordinance 02-116, 20 percent of the sales tax proceeds shall be distributed annually to municipalities in Miami-Dade County in existence at the time the tax was adopted, based upon a pro-rata share determined by population, for transportation and

transit improvements. The County has agreed to allocate annually approximately three percent of the annual surtax proceeds from its 80 percent share to three new municipalities that have been formed after the surtax was approved in 2002, as approved by the Board of County Commissioners.

Budgetary Process and Control

State of Florida statutes require that all county governments prepare, approve, adopt and execute an annual budget for such funds as may be required by law or by sound financial practices. In compliance with this, the budgets adopted by the County are either appropriated or non-appropriated in nature. Funds that have legally appropriated budgets cannot legally exceed their appropriations. The budgetary controls over funds that have non-appropriated budgets are set by enabling ordinances, such as Bond Ordinances, in which the expenditure authority extends many years into the future.

Budgets are monitored at varying levels of classification detail; however, expenditures cannot legally exceed total appropriations at the individual fund/department level. Amendments and supplements to the budget require BCC approval. Estimated beginning fund balances available for financing current appropriations are considered in the budgetary process. Capital Projects Funds are budgeted on a multi-year basis.

The Transportation Trust is the 15-member body created to oversee the People's Transportation Plan (PTP) funded with the half-penny sales surtax. The Transportation Trust approves all use of PTP Surtax and other Transit expenditures over one million dollars.

As an additional control, the County employs an encumbrance system that reduces available appropriations in governmental funds upon issuance of purchase orders, contracts or other forms of legal commitments. Encumbrances at year-end do not constitute expenditures or liabilities.

Service Delivery

Metrobus - The Metrobus system provides service throughout Miami-Dade County 365 days a year. Service is available from Miami Beach and Key Biscayne to West Miami-Dade, as far north as Broward County and as far south as Homestead, Florida City and the Middle Keys. Designed to intersect with Metrorail and Metromover, MDT's bus system serves all major shopping, entertainment and cultural centers, as well as major hospitals and schools. DTPW provides approximately 27.1 million miles of Metrobus annual revenue service along 96 routes, of which 22 are operated with contracted services, with a fleet of 670 full-sized buses, 89 articulated buses, three minibuses, and 47 contract operated buses.

Metrorail - The Metrorail system is a 25-mile dual track, elevated rapid transit system that provides service to Miami International Airport (MIA) and runs from Kendall through South Miami, Coral Gables, and downtown Miami; to the Civic Center/Jackson Memorial Hospital area; and to Brownsville, Liberty City, Hialeah, and Medley in northwest Miami-Dade, with connections to Broward and Palm Beach counties at the Tri-Rail/Metrorail transfer station. The system currently uses 136 train cars.

The 23 accessible Metrorail stations are about one mile apart, providing easy access for bus riders, pedestrians, and passengers who are dropped off and picked up.

Metromover - Everyone rides free on Metromover. This 4.4-mile electrically-powered, fully automated people mover system connects with Metrorail at Government Center and Brickell stations and with Metrobus at various locations throughout downtown. Major destinations of the Metromover system include the American Airlines Arena, Bayside Market Place, Miami-Dade College and the Miami-Dade County School Board.

Special Transportation Service (STS) - STS is available for people with physical, mental or intellectual disabilities who cannot ride Metrobus, Metrorail or Metromover. Any resident whose disability prevents them from riding regular transit vehicles qualifies for STS. Residents with temporary disabilities may also be eligible for this service.

Factors Affecting Financial Condition

The information presented in the financial statements primarily focuses on the Transit Enterprise Fund's financial position, as measured by its existing resources and claims on those resources. However, the financial condition is best understood when the focus is on both existing and future resources and potential claims on those resources. This broader concept is used to assess its financial condition, which reflects the current financial position as well as the prospects that today's financial position will improve or deteriorate.

Economic Condition and Outlook

This economic condition and outlook report outlines the level of economic activity throughout Fiscal Year (FY) 2018 and forecasts the area's economic outlook for next fiscal year.

One year ago, in the year-end outlook for the local economy it was anticipated that the level of economic activity in Miami-Dade would continue to grow in FY 2018 at least at the levels achieved in FY 2017. The reasoning behind this outlook was that FY 2017 was negatively affected by Hurricane Irma and that the recently passed tax overhaul would boost economic activity.

Prospects for growth of the United States' economy were thought to accelerate to 2.5 percent as reported by the Organization for Economic Co-operation and Development (OECD) due to the structuring of the 2017 passed tax overhaul, investment spending would see a measurable increase, as well as more personal consumption derived from increased disposable income.

Economic growth in the emerging markets and more importantly Latin America was expected to improve as the world entered the first worldwide concerted bout of growth since 2010. Forecasts for Brazil, Mexico, Argentina, Chile and Colombia, all pointed to stronger growth in 2018. The recent pullback of the US dollar, the continued strengthening of Latin American economies, coupled with the increase in investments and consumer spending in the United States were expected to increase trade in the Miami Customs District. And, depending on

which of these forces enacted a stronger influence, the District's trade surplus would have expanded or contracted.

Real estate and construction activity in FY 2018 were expected to continue to benefit from foreign buyers returning while at the same time suffer from the effects of years of real estate appreciation affecting affordability for residents.

Miami-Dade's employment would continue to grow given the health of the overall economy, but at a slower pace given that both idle workers and economic resources would be harder to come by. The higher utilization rate of economic inputs coupled with a more restrictive immigration approach by the administration, and a deficit financed tax overhaul would lead to higher wages and ultimately exert upward pressure on prices.

This forecast of FY 2017 turned out to be a fair assessment of what actually took place at the international, national and local levels.

At the national level FY 2017 saw an upswing in economic activity, with real gross domestic product (GDP) increasing at an annual rate of 2.7 percent, compared to an increase of 2.1 percent in the prior year. The acceleration in GDP growth was brought about by a level of investment that went from 3.8 percent in FY 2017 to 5.4 percent in FY 2018 and by a more favorable Net Exports component going from negative 9.9 percent in FY 2017 to negative 6.5 percent in FY 2018. Alongside the increased economic activity, and due in part to energy prices rebounding somewhat, inflation increased from FY 2017 2.1 percent to 2.4 percent. This uptick in the level of inflation came on the heels of a decrease of the headline unemployment rate of 50 basis points to 4.0 percent, the lowest level in at least 15 years.

At the County level the signs of an economy functioning at or near the mature stage of the cycle were clearly visible. FY 2018 closed with the lowest unemployment rate since FY 2007 and after adding a smaller number of workers to payrolls, FY 2018 ended with the highest number of employed persons ever. The residential real estate market continued to moderate with permits for new residential construction remaining flat over the previous year and with single-family home sales declining for the third year in a row.

Several indicators rebounded from the effects of Hurricane Irma that negatively affected their values in FY2017. Of note are taxable sales, number of visitors to Miami and passenger traffic moving through Miami International Airport, all of which expanded in FY 2018 compared to FY 2017.

What follows is an overview of the economic conditions throughout the past year and a brief discussion about the trends associated with the area's key economic drivers.

Employment

During FY 2018 nonagricultural wage and salary employment (annual average) recorded an overall gain of approximately 18,000 jobs. This was an increase of 1.5 percent, to put total employment at a record high of 1,189,200 according to non-seasonally adjusted data from the Bureau of Labor Statistics. This gain in employment represented a slowdown from the prior

fiscal year. It also represents the third consecutive year of deceleration, signaling a maturing labor market characterized by less slack. At the same time, slower expansion of the labor force compared to the expansion of employment resulted in a decrease in the unemployment rate. The average annual unemployment rate for the year stood at 4.6 percent, compared to 5.0 percent a year earlier. Moreover, the unemployment rate for the month of September 2018 stood at 4.0 percent, 0.7 points lower than in September 2017 when it stood at 4.7 percent.

In contrast to a year prior when the growth of employment was experienced by government and most private industrial sectors, the current year saw a modest drop in half of the private industrial sectors as well as in government. Strong showing in the other half of private industrial sectors resulted in a net overall gain of 18,000 jobs for the county. All three goods producing sectors experienced employment growth in excess of 10 percent with *manufacturing* adding 4,800 jobs, *construction*, 4,700 and *mining and logging* 100 jobs. Among service-producing sectors, growth was in *transportation, warehousing and utilities* (+5,800), *education and health services* (+4,900), and *professional and business services* (+2,100).

Real Estate Market

Traditionally, the real estate sector in Miami-Dade County is viewed as one of the most important measures of the County's economic health. In FY 2018, as prices continued to rise, single family home sales contracted for the third year in a row, while condominium sales increased, reversing a four-year decline, closing at just over 13,600 units. This is well below the peak of 17,221 in FY 2013. At the same time distressed market activity continued to decrease, as new foreclosure filings fell by more than 24 percent, continuing a downward trend now in its sixth year.

During FY 2018 sales of existing single-family homes decreased slightly compared to the prior fiscal year with just over 12,800 homes sold. Sales of condominiums increased 4.7 percent over the prior year with just over 13,600 units sold. Cash sales accounted for 52.3 percent of all condo sales in FY 2018 down from 56.4 percent in FY 2017. Much of this investor-cash activity can be attributed to the foreign-based demand for housing, especially from South America.

In terms of valuation, housing prices continued their upward trend in FY 2018. The end of the fiscal year, September of 2018, saw the median sales price of an existing single-family home in Miami-Dade reach \$360,000, up over 7.4 percent from September of last year. Existing condominiums median sales price remained mostly flat, closing the fiscal year at \$237,500 in September of 2018.

Data from the County Clerk shows new foreclosure filings continued to drop, to levels below those of 2005 and 2006, prior to the housing bubble collapse. FY 2018 saw 4,802 new filings.

Mortgage rates on thirty-year fixed rate mortgages in the Miami metropolitan area averaged 4.42 percent in FY 2018, up 40 basis points from the previous year.

Following a 9 percent drop for residential units permitted in FY 2016, FY 2018 marked the second year in a row that saw permitting activity remain essentially flat. Over the year, permits were issued for the construction of 10,366 residential units.

The commercial/industrial components of the real estate market showed little change in FY 2018 compared to the previous year with the exception of retail rental rates. Office vacancy held steady at 8.1 percent, average rent rate per square foot inched higher, up 1.6 percent. The retail vacancy rate held steady at 3.6 percent. Average lease rates for retail stand-alone space were up 9.2 percent year over year to \$39.27 per square foot while average lease rates in shopping centers increased 8.3 percent from FY 2017 to \$32.78 per square foot. The industrial market saw an increase in vacancy rate from 3.6 percent in FY 2017 to 3.9 percent in FY 2018. Average lease rates for industrial space were up 6.1 percent in FY 2018 compared to FY 2017 to settle at \$12.19 per square foot.

Sales Indicators

Taxable sales in FY 2018 reached \$55.2 billion dollars after increasing an inflation adjusted 4.6 percent from FY 2017. Part of this increase derives from sales in FY 2017 being negatively affected by Hurricane Irma.

After suffering losses in every category with the exception of *business* in FY 2017, taxable sales increased across the board in FY 2018, led by *business* with an increase of \$875 million or 8.4 percent, followed by *tourism* (+\$568 million, +4.6%) and *consumer nondurables* (+\$352 million, +2.2%). In percentage terms, the strongest performing sectors were *business* (+8.4%), *construction* (+6.3%) and *consumer durables* (+6.2%). Given the distorting effect of Hurricane Irma on the FY 2017 values and these values being almost across the board lower than those of FY 2016, it is worth comparing FY 2018 to FY 2016, and in this sense, the only category that remained below its FY 2016 level in FY 2018 was *automobile* by 4 percent. The strengthening of taxable sales was reflected in an Index of Retail Activity that increased by 3.6 percent in FY 2018 after staying flat between FY 2016 and FY 2017.

International Trade and Commerce

International trade and commerce is a key component of Miami-Dade's economy. Since achieving its highest level ever measured by value (\$135.3 billion 2018 inflation adjusted dollars) in FY 2013, merchandise trade passing through the Miami Customs District (that includes an area broader than Miami-Dade) has fallen 13.8 percent to \$116.6 billion in FY 2018.

In contrast to the recurring merchandise trade deficits that the United States maintains year after year, the Miami Customs District exports more than it imports resulting in a trade surplus. The surplus had been broadening in the two years leading up to FY 2018. This trend can be seen in FY 2018 when exports registered an increase of 6.2 percent compared to an increase of 0.2 percent during the prior year. Imports decreased by 13.9 percent following a decrease of 8.5 percent in the prior year. Most of the Miami Customs District export markets are in South

America, Central America, and Europe accounting for nearly 90 percent of the total. In addition, the majority of all U.S. imported perishables from South America, Central America, and the Caribbean are passing through the Miami District.

Two of Miami-Dade County's barometers of trade activity are the freight tonnage moving through Miami International Airport ("MIA") and PortMiami ("the Seaport"). At the former, overall air freight tonnage increased 5.2 percent, after a nearly flat growth the preceding year. At the Seaport, cargo tonnage figures were up by 3.3 percent after decreasing 2.7 percent the year before. PortMiami accounts for 87 percent of total County trade measured by weight.

Tourism

The state of Florida played host to more than 124 million overnight visitors for the first time in FY 2018. Miami-Dade accounted for just over 13 percent of all visitors to the state.

Visitors to the Miami area increased by 3.8 percent in FY 2018, after falling by 0.7 percent the previous year, mainly thanks to Hurricane Irma. In total, there were 16.3 million overnight visitors, up from 15.7 million recorded in FY 2017. The increase in visitors came from an increase in domestic and international visitors, both up by roughly 3.8 percent.

In conjunction with the increase in visitors, the Miami International Airport passenger levels stood at 44.9 million in FY 2018, representing an annual increase of 2.7 percent reversing a fall of 2.5 percent in the prior year. Passenger traffic at PortMiami increased by 4.7 percent to 5.59 million passengers in FY 2018 after a 7.2 percent increase in FY 2017.

After a lower number of visitors coupled with an increased hotel room inventory in FY 2017 led to a reduction in hotel occupancy rates to 75.2 percent, there was a recovery in FY 2018 reaching 77.7 surpassing the 77.3 percent level of FY 2016. The average hotel room rate increased 12 dollars between FY 2017 and FY 2018 to 196 dollars.

Future Outlook

As mentioned in the introductory section, since FY 2016 the Miami-Dade economy has displayed signs of a mature phase of the economic cycle, in such a phase employment is high and grows at a slow pace, the unemployment rate is low and if it drops, it does so, modestly, and prices tend to start rising. Going forward, FY 2019 will continue to operate under these same dynamics. This time, however, there is a diminished likelihood of improvement and a higher likelihood of softening given that FY 2018 did not suffer from a negative shock as FY 2017 did with Hurricane Irma, and given that the economic news is not a recently passed stimulative tax code overhaul but a government shutdown, uncertain international trade outlook and a possible hard Brexit on the horizon.

Because of its location and economic trade and tourism ties, Miami-Dade's economy is influenced by developments in both the broader US and Latin American economies.

On the domestic front, the stimulative effect of the 2017 deficit financed tax overhaul is likely to start waning. This, coupled with government gridlock at the federal level due to the post-2018-elections-divided government and continued trade dispute-imposed tariffs, will pose significant headwinds to economic activity resulting in a slowdown of economic growth. These

headwinds will likely give pause to the Federal Reserve resulting in little to no further interest rate hikes providing a backstop to the expected slowdown.

Prospects for growth of the United States' economy are thought to decelerate to 2.3 percent in calendar year 2019 from 3.1 percent in calendar year 2018 according to the Congressional Budget Office and by a slightly lesser degree by the International Monetary Fund (IMF) and the Organization for Economic Co-operation and Development (OECD).

Economic conditions in Latin America, after underperforming expectations in 2018, should improve in 2019. Forecasts for Brazil, Chile and Colombia point to stronger growth in 2019, while Argentina, Mexico and Venezuela are expected to perform worse than in 2018.

The slowing growth in the US economy coupled with the sluggish recovery of the Latin American region is likely to result in little change in trade in the Miami Customs District.

Real estate and construction activity in FY 2019 is expected to continue at FY 2018 levels with price appreciation softening after years of brisk increases that have affected affordability for residents.

Employment should continue to grow, but at a slower pace given that both idle workers and economic resources are harder to come by. The higher utilization rate of economic inputs coupled with a more restrictive immigration approach by the administration, should lead to higher wages and ultimately exert upward pressure on prices.

Evaluating all the likely developments in major areas of the economy leads to a forecast that the Miami-Dade economy appears poised to continue growing through FY 2019, at a somewhat slower rate than during the previous fiscal year. The degree of expansion will depend upon the stability in government employment, the level of growth in investments by firms, the level of growth in tourism and growth rates in Central and South America and the Caribbean.

The SMART Plan

The FY 2018-19 Adopted Budget and Multi-Year Capital Plan includes the project development and planning for the five rapid transit corridors in the Strategic Miami Area Rapid Transit (SMART) Plan; the Department expects that the project development and planning consultants will complete their reports by the end of December 2018 for all five corridors and submit their findings to the FTA for review to produce a record of decision within a year; when fully implemented, this plan will increase operating and capital maintenance costs (total project cost \$25.2 million; \$14.847 million in FY 2018-19).

The FY 2018-19 Adopted Budget and Multi-Year Capital Plan includes the South Dade Transit Way Corridor, a premium transit service in the southern part of the county; the South Corridor is one of six rapid transit corridors in the SMART Plan; the South Corridor runs along the existing South Dade Transit Way for approximately 20 miles from SW 344th Street/West Palm Drive in Florida City to the Dadeland South Metrorail station to connect the communities along the corridor to the existing rapid transit system and downtown Miami; Bus Rapid Transit (BRT)

was adopted as the locally preferred alternative for South Corridor; the Project will include several improvements to the corridor to provide passengers with a reliable and comfortable travel option with rail-like travel times, iconic stations and enhanced safety features (total project cost \$303.572 million; \$26 million in FY 2018-19).

Certificate of Achievement

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the DTPW Transit Enterprise Fund, an enterprise fund of Miami Dade County, Florida for its CAFR for the fiscal year ended September 30, 2017.

The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.


Acknowledgements

The preparation and completion of this CAFR represents the culmination of numerous processes performed by many staff members of the DTPW and the continued excellent cooperation and assistance of our external auditors. We would like to thank the Research Section of the Regulator and Economic Resources Department for providing the information regarding our economy. In particular, we wish to express our appreciation to the staff of the DTPW Financial Services Section which was responsible for the preparation of this report.

Respectfully submitted,



Alice N. Bravo, P.E.
Director



Alberto Parjus
Deputy Director, Administration



Robert Villar
Assistant Director, Financial Services

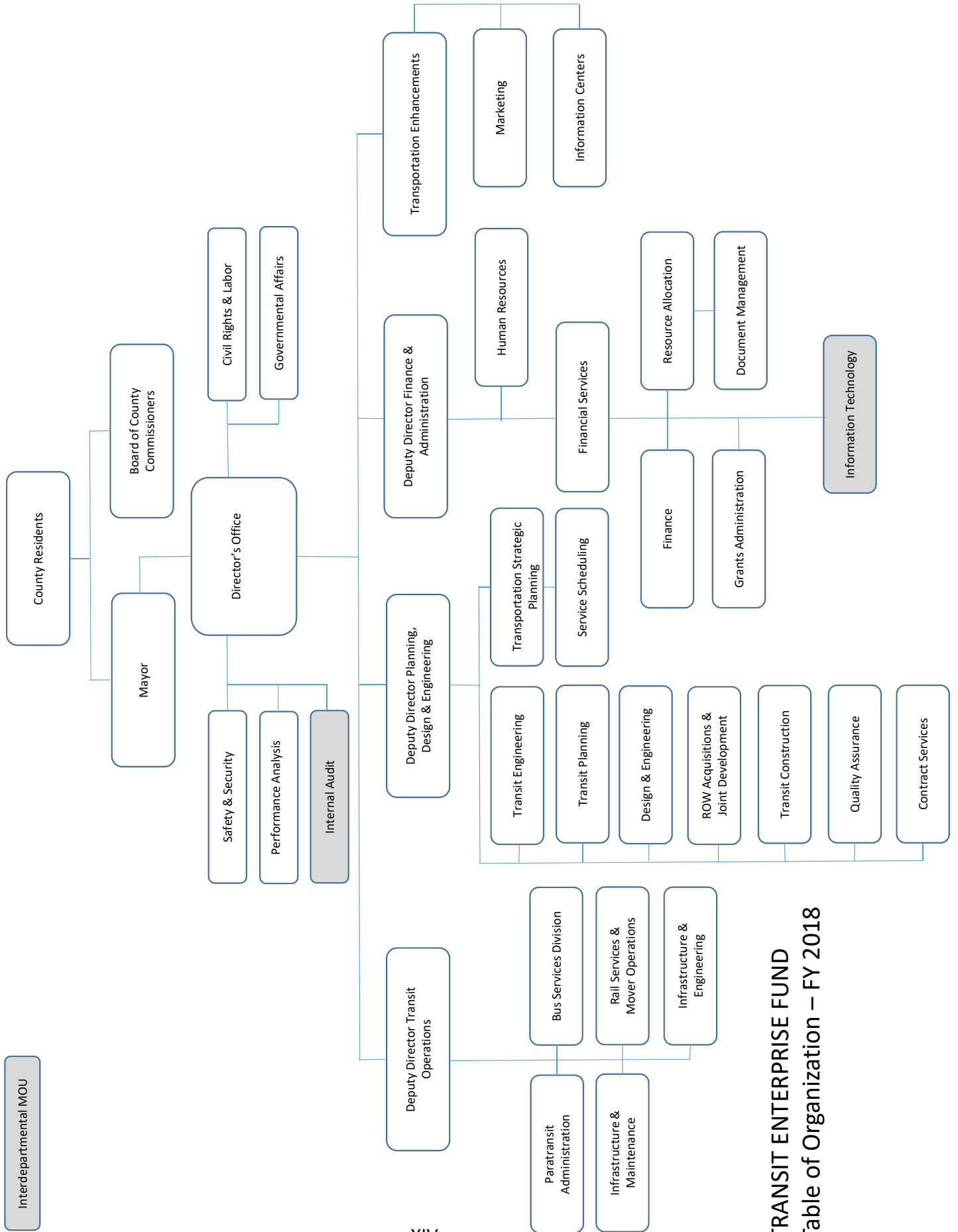


Duane Mathis, C.P.A.
Controller



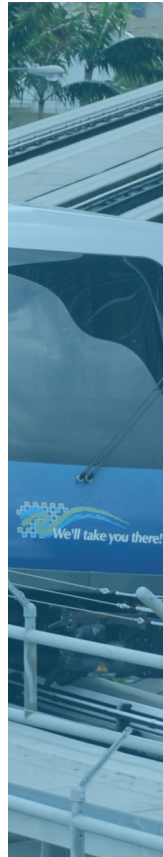
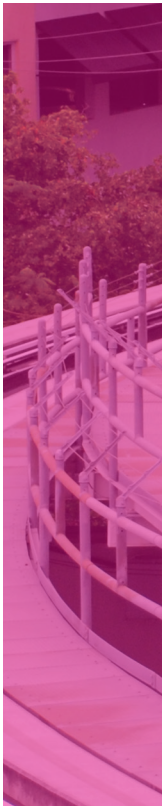
Joelle Janvier, C.P.A.
Assistant Controller

TRANSIT ENTERPRISE FUND ♦ AN ENTERPRISE FUND OF MIAMI-DADE COUNTY ♦
 2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT ♦ INTRODUCTORY SECTION





FINANCIAL SECTION



FISCAL YEAR ENDED
SEPTEMBER 30, 2018

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Transit Enterprise Fund ("Transit"), an enterprise fund of Miami-Dade County, Florida (the "County"), as of and for the year ended September 30, 2018, 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 Transit as of September 30, 2018, and the changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, the financial statements present only Transit and do not purport to, and do not, present fairly the financial position of the County as of September 30, 2018, 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 1 to the financial statements, Transit implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses as well as identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about OPEB are also addressed and beginning net position was restated by (\$46.25) million as part of the implementation. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of Transit's proportionate share of the County's total postemployment benefits other than pension liability, schedules of the Transit's proportionate share of the County's net pension liability, and schedules of Transit's contributions on pages 4 through 11 and 50 through 54, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Transit's financial statements as a whole. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2019 on our consideration of Transit'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 Transit's internal control over financial reporting and compliance.



Crowe LLP

Miami, Florida
March 22, 2019

TRANSIT ENTERPRISE FUND
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2018
(Unaudited)

Overview

The Transit Enterprise Fund is an enterprise fund of Miami-Dade County, Florida (the County) and operates within the Department of Transportation and Public Works (DTPW). References herein to Transit represent the activities of the Transit Enterprise Fund only. Transit'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 Transit's financial activity, and (iii) identify changes in Transit's financial position. It serves as an introduction to the financial statements of the Transit Enterprise Fund for the fiscal year ended September 30, 2018. The MD&A represents management's analysis of the Transit Enterprise Fund financial condition and performance. The MD&A should be read in conjunction with the Transit Enterprise Fund financial statements. The financial statements include a statement of net position; a statement of revenues, expenses, and changes in net fund position; a statement of cash flows; and notes to the financial statements.

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

The statement of revenues, expenses, and changes in net fund position presents information showing how Transit'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 Transit 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 Transit.

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.

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 September 30, 2018
 (Unaudited)

Financial Highlights

Net Position

A summary of Transit's net position at September 30, 2018 and 2017 is shown below as Table 1. Net position may serve over time as a useful indicator of the Transit's financial position. Transit's total net position as of September 30, 2018 was approximately \$457.6 million. During fiscal year 2018, Transit's net position decreased by approximately \$62.8 million or 12.1%. Total liabilities increased by approximately \$236.6 million.

Table 1
 Summary of Net Position

| | September 30, | |
|---------------------------------------|------------------------|-------------|
| | 2018 | 2017 |
| | (Dollars in Thousands) | |
| Assets | | |
| Total current assets | \$ 128,306 | \$ 126,791 |
| Noncurrent assets | | |
| Restricted assets and other assets | 307,609 | 146,981 |
| Total capital assets | 1,792,823 | 1,712,991 |
| Total noncurrent assets | 2,100,432 | 1,859,972 |
| Total assets | 2,228,738 | 1,986,763 |
| Deferred Outflows of Resources | | |
| Total deferred outflows of resources | 92,030 | 100,159 |
| Liabilities | | |
| Total current liabilities | 201,931 | 178,838 |
| Total long-term liabilities | 1,587,788 | 1,327,972 |
| Total liabilities | 1,789,719 | 1,506,810 |
| Deferred Inflows of Resources | | |
| Total deferred outflows of resources | 22,311 | 13,364 |
| Net Position | | |
| Net Investment in capital assets | 665,678 | 700,036 |
| Restricted | 69,451 | 58,176 |
| Unrestricted deficit | (226,391) | (191,464) |
| Total net position | \$ 508,738 | \$ 566,748 |

Cash Deficits

As of September 30, 2018 Transit's cash deficit was \$81.2 million as compared to \$85.9 million as of September 30, 2017. This deficit will be reimbursed from federal and state grantor agencies in the amount of \$81.2 million. This year, Transit's grant project funds' cash deficit was \$76.8 million which will be reimbursed from federal and state grantor agencies compared to \$77.1 million last year, representing an increase of \$.30 million in the current year compared to the prior year.

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 September 30, 2018
 (Unaudited)

Financial Highlights (Continued)

The total cash deficit excludes a cash balance of \$277.9 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 in the accompanying statement of net position as a current liability and included as a part of "due to other County funds" balance in the amount of \$81.2 million. Transit continues to be dependent on funding from the County and various other governmental entities.

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

Table 2
 Changes in Net Position

| | Years Ended September 30, | |
|--|----------------------------------|-------------------|
| | 2018 | 2017 |
| | (Dollars In Thousands) | |
| Operating revenues | | |
| Passenger Fares | \$ 78,874 | \$ 88,773 |
| Advertising | 5,348 | 5,574 |
| Special Transportation | 7,106 | 6,012 |
| Total operating revenues | <u>91,328</u> | <u>100,359</u> |
| Operating expenses excluding depreciation | | |
| Labor | 236,178 | 246,653 |
| Fringe benefits | 91,411 | 87,521 |
| Purchased transportation | 56,711 | 51,436 |
| Services | 82,818 | 80,314 |
| Fuel and traction power | 27,051 | 24,871 |
| Materials and supplies | 50,503 | 51,008 |
| Utilities | 3,921 | 4,803 |
| Casualty and liability | 4,760 | 4,615 |
| Leases and rentals | 4,734 | 4,641 |
| Total Operating expenses excluding depreciation | <u>558,087</u> | <u>555,862</u> |
| Depreciation | <u>67,021</u> | <u>69,482</u> |
| Operating loss | <u>(533,780)</u> | <u>(524,985)</u> |
| Non-operating revenues (expenses) | | |
| Governmental subsidies | 171,019 | 155,657 |
| Interest expense, net of capitalization | (41,064) | (37,306) |
| Investment income | 1,832 | 1,398 |
| Other non-operating, net | 14,172 | 6,215 |
| Total non-operating revenues (expenses), net | <u>145,959</u> | <u>125,964</u> |
| Loss before contributions and transfers | <u>(387,821)</u> | <u>(399,021)</u> |
| Build America Bonds Subsidy | 6,522 | 6,528 |
| Capital contributions from CITT | 71,729 | 68,500 |
| Capital contributions from federal and state sources | 8,737 | 28,342 |
| Transfers from Miami-Dade County | 190,265 | 183,831 |
| Transfers for CITT | 98,808 | 131,297 |
| Total capital contributions and transfers | <u>376,061</u> | <u>418,498</u> |
| Changes in Net Position | <u>(11,760)</u> | <u>19,477</u> |
| Net Position, beginning of the year | 566,748 | 547,271 |
| Prior period adjustment | (46,250) | - |
| Net Position, end of the year | <u>\$ 508,738</u> | <u>\$ 566,748</u> |

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 September 30, 2018
 (Unaudited)

Financial Highlights (Continued)

Changes in Net Position

Total operating revenues decreased by approximately \$9.0 million or 9%, and operating expenses, excluding depreciation, increased by approximately \$2.2 million which resulted in an overall increase in the operating loss before depreciation, of approximately \$11.2 million. Transit's total operating expenses, excluding depreciation, were approximately \$558 million for fiscal year 2018 as compared to \$555.9 million for fiscal year 2017.

Total governmental subsidies and contributions from the County and other governmental entities for fiscal year 2018 was approximately \$540.6 million, a decrease of \$27 million or 4.8% from the prior year. The decrease in fiscal year 2018 was primarily a decrease in transfers from the County of \$22.8 million.

Subsidies for Operating Assistance

Transit cannot generate sufficient revenues from operations to meet its operating expenses. Consequently, Transit 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, 2018 and 2017 were as follows:

Table 3

Schedule of Capital and Operating Assistance

| | Years Ended September 30, | |
|--|----------------------------------|--------------------------|
| | 2018 | 2017 |
| | (Dollars In Thousands) | |
| Federal | | |
| FTA assistance | \$ 129,397 | \$ 114,206 |
| State | | |
| FDOT assistance | 31,269 | 50,417 |
| Local | | |
| Option gas tax | 19,090 | 19,376 |
| Total governmental subsidies | <u>179,756</u> | <u>183,999</u> |
| Total transfers from the County | 190,265 | 183,831 |
| Total contributions and transfers from CITT | <u>170,537</u> | <u>199,797</u> |
| Total governmental subsidies and contributions | <u><u>\$ 540,558</u></u> | <u><u>\$ 567,627</u></u> |

Capital Assets

At the end of fiscal year 2018, Transit had approximately \$3.3 billion invested in a broad range of capital assets. During fiscal year 2018, Transit operated a total fleet of approximately 806 buses, 136 rail cars and 29 metromovers. Transit's construction in progress consists of costs related to various ongoing projects.

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 September 30, 2018
 (Unaudited)

Financial Highlights (Continued)

The following table summarizes the composition of Transit's capital assets, net of accumulated depreciation, as of September 30, 2018 and 2017. A more detailed presentation can be found at Note 3 to the financial statements.

Table 4

Capital Assets Summary

| | September 30, | |
|------------------------------------|------------------------|--------------|
| | 2018 | 2017 |
| | (Dollars In Thousands) | |
| Land | \$ 260,394 | \$ 254,544 |
| Buildings and guideway structures | 1,910,795 | 1,910,111 |
| Transportation and other equipment | 792,460 | 788,501 |
| | 2,963,649 | 2,953,156 |
| Construction in progress | 339,877 | 259,158 |
| Total capital assets | 3,303,526 | 3,212,314 |
| Accumulated depreciation | (1,510,703) | (1,499,323) |
| Total capital assets, net | \$ 1,792,823 | \$ 1,712,991 |

Debt Administration

The following table summarizes the composition of Transit's debt as of September 30, 2018 and 2017. A more detailed presentation can be found at Note 4 to the financial statements.

Table 5

Summary of Debt Obligations

| | September 30, | | Rates |
|----------------------------------|------------------------|--------------|--------------|
| | 2018 | 2017 | |
| | (Dollars In Thousands) | | |
| Surtax Revenue Bonds | \$ 1,270,967 | \$ 1,082,657 | 3.0 - 6.9% |
| Capital Assets Acquisition Bonds | 18,872 | 18,865 | 7.5% |
| Total debt obligations | \$ 1,289,839 | \$ 1,101,522 | |

Transit has increased its debt by approximately \$188.3 million in fiscal year 2018. The increase is primarily due to issuance of series 2018 bonds.

Transit had total outstanding debt of approximately \$1.3 billion as of September 30, 2018.

TRANSIT ENTERPRISE FUND
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2018
(Unaudited)

Economic Factors and Next Year's Budget

One year ago, in the year-end outlook for the local economy it was anticipated that the level of economic activity in Miami-Dade would continue to grow in FY 2018 at least at the levels achieved in FY 2017. The reasoning behind this outlook was that FY 2017 was negatively affected by Hurricane Irma and that the recently passed tax overhaul would boost economic activity. At the County level the signs of an economy functioning at or near the mature stage of the cycle were clearly visible. FY 2018 closed with the lowest unemployment rate since FY 2007.

Several indicators rebounded from the effects of Hurricane Irma that negatively affected their values in FY2017. Of note are taxable sales, number of visitors to Miami and passenger traffic moving through Miami International Airport, all of which expanded in FY 2018 compared to FY 2017.

DTPW develops, coordinates, and operates the County's transportation networks with a goal of improving mobility to create a resilient and sustainable community for our residents, businesses, and visitors.

As part of the Transportation and the Neighborhood and Infrastructure strategic areas, DTPW operates Miami-Dade Transit (MDT or "Transit") the 15th largest public transit system in the country (based on annual vehicle revenue miles) and the largest transit agency in the state of Florida.

DTPW provides approximately 27.1 million miles of Metrobus annual revenue service along 96 routes, of which 22 are operated with contracted services, with a fleet of 670 full-sized buses, 89 articulated buses, three minibuses, and 47 contract operated buses. DTPW's system also includes a 25-mile dual elevated Metrorail track, a 20-mile dedicated Transit line that is among the longest in the United States, and a 4.4-mile dual elevated Metromover track. In addition, DTPW provides Special Transportation Services (STS) to eligible participants.

DTPW works closely with the Federal Transit Administration (FTA), the Florida Department of Transportation (FDOT), the Transportation Planning Organization (TPO), the Citizens' Independent Transportation Trust (CITT), the Miami-Dade Expressway Authority (MDX), the South Florida Regional Transportation Authority (SFRTA), citizen advocacy groups, and other transportation stakeholders. DTPW also partners with local, state, and federal agencies to ensure regulatory compliance and cooperation on large scale infrastructure initiatives.

In FY 2018-19, the Countywide General Fund Maintenance of Effort (MOE) for transit services will increase to \$200.638 million, a 5.5 percent increase above the FY 2017-18 MOE of \$190.265 million to offset lower farebox revenue and PTP support that has been reallocated for additional transit debt service payments; the General Fund will fully repay in FY 2018-19 the remaining balance of the \$5.876 million deferred in the FY 2014-15 agreement and that was required to be repaid by FY 2019-20, as adopted in the People's Transportation Plan (PTP) and as amended in January 2015.

The FY 2018-19 Adopted Budget funds the South Florida Regional Transportation Authority (SFRTA) at the statutory minimum of \$4.235 million; this amount reflects the required minimum for operating needs of \$1.565 million (Section 343.58(2) Florida Statutes) and for capital needs of \$2.67 million (Section 343.58(1) Florida Statutes).

In FY 2018-19, the PTP surtax contribution to support DTPW operations is \$196.501 million and includes \$95.126 million for transit operation and support services (a \$4.46 million reduction from the FY 2017-18 Adopted Budget); \$73.631 million for PTP surtax debt service payments for extension of Metrorail to Miami Intermodal Center (MIC), replacement of Metromover and Metrorail vehicles, and on-going replacement and rehabilitation of existing transit system assets and equipment.

TRANSIT ENTERPRISE FUND
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2018
(Unaudited)

Economic Factors and Next Year's Budget (Continued)

The FY 2018-19 Adopted Budget will continue to provide fare-free service through the Golden Passport (\$16.685 million) and Patriot Passport (\$1.237 million) programs and support fare-free Metromover maintenance and operation (\$8.6 million).

The FY 2018-19 Adopted Budget includes the addition of one Property Manager position and the operation and maintenance of the MIC funded by rental and transit development fees (\$1.131 million) and reimbursable FDOT support (in FY 2018-19 \$514,000, total \$2.805 million over five years to cover operating shortfalls) after the property was transferred from the State.

Due to a continuing decrease in full-fare ridership, the FY 2018-19 Adopted Budget includes savings from the bus route adjustments implemented in March 2018 and November 2018 additional service reductions are not recommended for FY 2018-19.

The FY 2018-19 Adopted Budget and Multi-Year Capital Plan includes the project development and planning for the five rapid transit corridors in the Strategic Miami Area Rapid Transit (SMART) Plan; DTPW expects that the project development and planning consultants will complete their reports by the end of December 2019 for all five corridors and submit their findings to the FTA for review to produce a record of decision within a year; when fully implemented, this plan will increase operating and capital maintenance costs (total project cost \$25.2 million; \$14.847 million in FY 2018-19).

The FY 2018-19 Adopted Budget and Multi-Year Capital Plan includes the South Dade Transit Way Corridor, a premium transit service in the southern part of the county; the South Corridor is one of six rapid transit corridors in the SMART Plan; the South Corridor runs along the existing South Dade Transit Way for approximately 20 miles from SW 344th Street/West Palm Drive in Florida City to the Dadeland South Metrorail station to connect the communities along the corridor to the existing rapid transit system and downtown Miami; Bus Rapid Transit (BRT) was adopted as the locally preferred alternative for South Corridor; the Project will include several improvements to the corridor to provide passengers with a reliable and comfortable travel option with rail-like travel times, iconic stations and enhanced safety features (total project cost \$303.572 million; \$26 million in FY 2018-19).

The FY 2018-19 Adopted Budget and Multi-Year Capital Plan continues funding for replacement of 136 Metrorail vehicles; the Department anticipates 104 Metrorail vehicles will be replaced and in service by the end of FY 2018-19; the replacement of the Department's aging Metrorail fleet will improve service performance and reliability, which will decrease unplanned overtime expenditures and the need for replacement parts (total project cost \$380.904 million; \$90.886 million in FY 2018-19).

The FY 2018-19 Adopted Budget and Multi-Year Capital Plan contains several bus related projects including a fleet replacement program and build out of Compressed Natural Gas (CNG) facilities; it is expected that the final 200 of the 300 CNG buses will be delivered by the end of FY 2018-19 and the CNG facility at the Central Garage will be completed by the end of September 2019 and the Coral Way Garage will be in service by the beginning of December 2019; replacement of the Department's aging bus fleet will improve bus service performance and reliability, which will lead to increased rider satisfaction and a decrease in unplanned overtime and vehicle parts expenditures (total project cost \$525.065 million; \$149.604 million in FY 2018-19).

TRANSIT ENTERPRISE FUND
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2018
(Unaudited)

Economic Factors and Next Year's Budget (Continued)

The FY 2018-19 Adopted Budget and Multi-Year Capital Plan includes Metrorail station and system improvements that will refurbish the 23 stations; complete a condition assessment of Metrorail Station elevators and escalators to create a prioritized implementation schedule to overhaul, replace or refurbish the existing equipment inventory; and upgrade the Tri-Rail Station power sub-station (total project cost \$138.941 million; \$38.083 million in FY 2018-19); these improvements and upgrades will enhance the current Metrorail stations, improve system reliability and safety, and reduce maintenance costs.

The FY 2018-19 Adopted Budget and Multi-Year Capital Plan includes the design and development of the ten-mile Underline corridor running below the Metrorail guideway from the Miami River to Dadeland South Station, a linear park that will enhance connectivity, mobility, and biking safety for Miami-Dade County residents and visitors; Phase One extends from SW 7th Street to SW 13th Street; Phase Two extends from SW 13th Street to SW 19th Avenue (total project cost \$36.851 million; \$10.295 million in FY 2018-19).

Request for Information

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

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 STATEMENT OF NET POSITION
 September 30, 2018
 (Dollars in Thousands)

Assets

Current assets

| | |
|--|---------|
| Cash and cash equivalents | \$ 318 |
| Governmental assistance receivables | |
| Federal | 59,240 |
| State of Florida | 23,774 |
| Local governments | 54 |
| Other receivables, net of allowance of \$235 | 5,215 |
| Material and supplies inventories | 38,675 |
| Prepaid expenses | 1,030 |
| Total current unrestricted assets | 128,306 |

Non-current assets

Restricted assets

| | |
|-------------------------------------|---------|
| Cash and cash equivalents | 88,480 |
| Investments | 219,129 |
| Total non-current restricted assets | 307,609 |

Capital assets

| | |
|------------------------------------|-------------|
| Land | 260,394 |
| Construction in progress | 339,877 |
| Buildings and guideway structures | 1,910,795 |
| Transportation and other equipment | 792,460 |
| Accumulated depreciation | (1,510,703) |
| Total capital assets | 1,792,823 |

| | |
|--------------------------|-----------|
| Total non-current assets | 2,100,432 |
| Total assets | 2,228,738 |

Deferred Outflows of Resources

| | |
|--------------------------------------|--------|
| Deferred charge on refunding | 13,308 |
| Pensions (Note 9) | 78,722 |
| Total deferred outflows of resources | 92,030 |

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 STATEMENT OF NET POSITION
 September 30, 2018
 (Dollars in Thousands)
 (Continued)

Liabilities

| | |
|--|-----------|
| Current liabilities | |
| Accounts payable | \$ 47,937 |
| Accrued expenses | 5,838 |
| Compensated absences | 12,240 |
| Unearned revenues | 4,682 |
| Due to other County funds | 88,185 |
| Total current liabilities payable from unrestricted assets | 158,882 |
| | |
| Current liabilities payable from restricted assets | |
| Accounts payable | 2,273 |
| Deposits payable | 307 |
| Accrued interest on loans and bonds | 13,340 |
| Capital lease obligations | 3,428 |
| Bonds payable | 23,701 |
| Total current liabilities payable from restricted assets | 43,049 |
| Total current liabilities | 201,931 |
| | |
| Non-current liabilities | |
| Compensated absences | 26,970 |
| Total OPEB liability | 52,082 |
| Capital lease obligations | 41,572 |
| Bonds payable | 1,266,138 |
| Net pension liability | 200,868 |
| Other | 158 |
| Total non-current liabilities | 1,587,788 |
| Total liabilities | 1,789,719 |

Deferred Inflows of Resources

| | |
|-------------------------------------|--------|
| Pensions (Note 9) | 19,607 |
| OPEB (Note 10) | 2,704 |
| Total deferred inflows of resources | 22,311 |

Net Position

| | |
|----------------------------------|------------|
| Net investment in capital assets | 665,678 |
| Restricted for | |
| Debt service | 69,451 |
| Unrestricted deficit | (226,391) |
| Total net position | \$ 508,738 |

See accompanying notes to financial statements.

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 Year Ended September 30, 2018
 (Dollars in Thousands)

Operating revenues

| | |
|-------------------------------------|-----------|
| Passenger fares | \$ 78,874 |
| Advertising | 5,348 |
| Special transportation (co-payment) | 7,106 |
| Total operating revenues | 91,328 |

Operating expenses

| | |
|--------------------------|-----------|
| Labor | 236,178 |
| Fringe benefits | 91,411 |
| Purchased transportation | 56,711 |
| Services | 82,818 |
| Fuel and traction power | 27,051 |
| Materials and supplies | 50,503 |
| Utilities | 3,921 |
| Casualty and liability | 4,760 |
| Leases and rentals | 4,734 |
| Depreciation expense | 67,021 |
| Total operating expenses | 625,108 |
| Operating loss | (533,780) |

Non-operating revenues (expenses)

| | |
|---|-----------|
| Governmental grants and subsidies | |
| Federal | 124,634 |
| State of Florida | 27,295 |
| Local option gas tax | 19,090 |
| Investment income | 1,832 |
| Rental income | 3,442 |
| Interest expense | (41,064) |
| Other income | 10,730 |
| Net non-operating revenues | 145,959 |
| Loss before capital contributions and transfers | (387,821) |

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 Year Ended September 30, 2018
 (Dollars in Thousands)
 (Continued)

Capital contributions and transfers

| | |
|--|------------|
| Build America Bonds Subsidy | \$ 6,522 |
| Capital contributions | |
| Federal | 4,763 |
| State of Florida | 3,974 |
| CITT | 71,729 |
| Transfers from CITT | 98,808 |
| Transfers from County | 190,265 |
| Total capital contributions and transfers | 376,061 |
| Change in net position | (11,760) |
| Net position, beginning of year, restated, (Note 13) | 520,498 |
| Net position, end of year | \$ 508,738 |

See accompanying notes to financial statements.

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 STATEMENT OF CASH FLOWS
 Year Ended September 30, 2018
 (Dollars in Thousands)

| | |
|--|------------------|
| Cash flows from operating activities | |
| Cash received from customers | \$ 90,864 |
| Cash paid to suppliers | (205,478) |
| Cash paid to employees for services | (325,948) |
| Other cash received | 14,172 |
| Net cash used in operating activities | <u>(426,390)</u> |
| Cash flows from non-capital financing activities | |
| Governmental grants and subsidies received | 149,110 |
| Cash received from County and CITT for transfers | 289,085 |
| Cash paid to Miami-Dade County for advances | (4,942) |
| Cash received from Miami-Dade County for LOGT | 19,090 |
| Net cash provided by non-capital financing activities | <u>452,343</u> |
| Cash flows from capital and related financing activities | |
| Acquisition and construction of capital assets | (135,325) |
| Proceeds from borrowing | 255,917 |
| Proceeds from disposition of capital assets | 1,280 |
| Principal paid on bonds and other obligations | (22,357) |
| Interest paid on bonds and loans | (53,659) |
| Cash received from CITT for capital contributions | 71,729 |
| Cash received from federal and state sources for capital contributions | 15,259 |
| Net cash provided by capital and related financing activities | <u>132,844</u> |
| Cash flows from investing activities | |
| Purchase of investment securities, net | (90,371) |
| Interest received on investments | 1,832 |
| Net cash used in investing activities | <u>(88,539)</u> |
| Change in cash and cash equivalents | 70,258 |
| Cash and cash equivalents, beginning of year | <u>18,540</u> |
| Cash and cash equivalents, end of year | <u>\$ 88,798</u> |

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 STATEMENT OF CASH FLOWS
 Year Ended September 30, 2018
 (Dollars in Thousands)
 (Continued)

| | |
|--|--------------|
| Reconciliation of operating loss to net cash used in operating activities | |
| Operating loss | \$ (533,780) |
| Adjustments to reconcile operating loss to net cash used in operating activities | |
| Depreciation expense | 67,021 |
| Other non-operating revenues (expenses) | 14,280 |
| (Increase) decrease in operating assets | |
| Other receivables | (1,413) |
| Materials and supplies inventories | 2,751 |
| Prepaid expenses | (45) |
| Deferred outflows related to pension | 7,406 |
| Increase (decrease) in operating liabilities | |
| Accounts payable | 22,206 |
| Compensated absences, accrued expenses | (2,047) |
| Deferred inflows related to OPEB | 2,704 |
| Deferred inflows related to pension | 6,243 |
| Pension liability | (12,665) |
| Other liabilities | 949 |
| | 949 |
| Net cash used in operating activities | \$ (426,390) |
| Supplemental disclosures of non-cash capital and related financing activities | |
| Amortization of bond premiums and discounts | \$ 3,749 |
| Reconciliation of cash and cash equivalents, end of year | |
| Unrestricted current cash and cash equivalents | \$ 318 |
| Restricted non-current cash and cash equivalents | 88,480 |
| Total cash and cash equivalents, end of year | \$ 88,798 |

See accompanying notes to financial statements.

TRANSIT ENTERPRISE FUND
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: On January 20, 2016 the Miami-Dade Board of County Commissioners approved the proposal to merge the Miami-Dade Transit (MDT) and Miami-Dade Public Works Departments to form the new Department of Transportation and Public Works (DTPW) effective October 1, 2015. In this report, references to Transit represent the activities of the Transit Enterprise Fund only. The Transit Enterprise Fund is considered an enterprise fund of the County.

DTPW 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. DTPW 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 DTPW.

The accompanying financial statements present only the financial position, results of operations and the cash flows of the Transit Enterprise Fund, in conformity with accounting principles generally accepted in the United States of America, and are not intended to present fairly the financial position, results of operations and the cash flows of the DTPW, as a whole, or of the County.

Transit does not generate sufficient revenues from operations to meet its operating expenses. Consequently, Transit is dependent on continued funding from the County and the various other governmental entities, which provide financial assistance to continue its operations (see Notes 7 and 11).

Basis of Accounting and Financial Reporting: Transit 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, Transit's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

In June 2015, GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement is effective for fiscal years beginning after June 15, 2017. This Statement outlines reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. Effective October 1, 2017, Transit implemented the provisions of GASB Statement No. 75, which resulted in the restatement of opening net position in the amount of (\$46.25) million (see Note 13).

In March 2016, GASB issued Statement No. 82, Pension Issues (an amendment of GASB Statements No. 67, No. 68, and No. 73). This statement addresses issues regarding the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviation from the guidance and Actuarial Standards of Practice for financial reporting purposes and the classification of payments made by employers to satisfy employee contribution requirements. The Transit Enterprise fund adopted GASB 82 in the current year financial statement. The adoption of GASB 82 is reflected in the required Supplementary Information.

TRANSIT ENTERPRISE FUND
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In March 2016, the GASB issued Statement No. 81, "Irrevocable Split-Interest Agreements". The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The provisions of this Statement are effective for financial statements for Transit's financial year ending September 30, 2018. GASB 81 did not have an impact on the Transit's financial position or results of operations.

In March 2017, the GASB issued Statement No. 85, "Omnibus 2017". The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
- Reporting amounts previously reported as goodwill and "negative" goodwill
- Classifying real estate held by insurance entities
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
- Classifying employer-paid member contributions for OPEB
- Simplifying certain aspects of the alternative measurement method for OPEB
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The provisions of this Statement are effective for Transit's financial year ending September 30, 2018. GASB 85 did not have an impact on the Transit's financial position or results of operations.

In May 2017, the GASB issued Statement No. 86, "Certain Debt Extinguishment Issues". The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The provisions of this Statement are effective for Transit's financial year ending September 30, 2018. GASB 86 did not have an impact on the Transit's financial position or results of operations.

TRANSIT ENTERPRISE FUND
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 1 - 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, Transit 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: Transit'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, consisting primarily of parts and materials for maintenance and improvement activities for rolling stock and other transportation equipment, are valued at cost using the weighted average method.

Capital Assets: Capital assets are recorded at cost. Expenses for maintenance, repairs and minor renewals and betterments are expensed as incurred. Capital assets are defined as those assets with an initial, individual cost of \$5,000 or more and a useful life of more than one year.

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

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

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

TRANSIT ENTERPRISE FUND
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Other Postemployment Benefits (OPEB): For purpose of measuring the total OPEB liability, deferred outflow of resources and deferred inflow of resources related to OPEB and OPEB expense, benefit payments are recognized when due and payable in accordance with the benefit terms. Additional information can be found in Note 10.

Compensated Absences: Transit 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*. Transit policy permits employees to accumulate unused vacation and sick pay benefits that will be paid to them upon separation from service. Transit recognizes a liability and expense in the period vacation and sick benefits are earned. As of September 30, 2018, compensated absences were approximately \$39 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, 2018, Transit incurred interest costs of approximately \$53.3 million, which includes capitalized interest costs of approximately \$12.3 million.

Bond Premiums/Discounts: Bond premiums/discounts are amortized using the effective interest method over the life of the related bonds. Bonds payable are presented net of unamortized premiums/discounts.

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

Grants received as reimbursements for specific purposes are recognized when eligible expenditures are incurred. Grants earned but not received are recorded as governmental assistance receivables in the accompanying financial statements. Grants received but not earned are recorded as unearned revenues in the accompanying financial statements.

TRANSIT ENTERPRISE FUND
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned Revenues: Unearned revenues consist of grants received, but for which Transit has not met all eligibility requirements imposed by grantors and sale of passes in advance for which services are to be rendered in the subsequent fiscal years.

Operating and Non-Operating Items: Transit defines operating revenues as those revenues that arise from charges to customers and users for services provided by Transit. 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 the Transit's operations.

NOTE 2 - 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. Transit's equity in pooled cash and investments is allocated between "cash and cash equivalents" and "investments" pro rata based on the carrying amount of each component relative to the total cash and investment pool.

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

The County is authorized to invest in the following instruments: (1) the Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act; (2) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized statistical rating organization; (3) interest-bearing time deposits or savings accounts with qualified public depositories; (4) direct obligations of the United States Treasury; (5) federal agencies and instrumentalities; (6) securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, provided that the portfolio is limited to the obligations of the United States government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian; (7) commercial paper of prime quality with a stated maturity of 270 days or less from the date of its issuance, which has the highest letter and numerical rating from at least two rating agencies; (8) bankers' acceptances that have a stated maturity of 180 days or less from the date of their issuance, have the highest letter and numerical rating from at least two rating agencies, are drawn on and accepted by commercial banks and which are eligible for purchase by the Federal Reserve Bank; (9) investments in repurchase agreements collateralized by authorized securities described in this paragraph and governed by a standard SIFMA Master Repurchase Agreement; (10) securities lending agreements in which authorized securities or investments described in this paragraph are loaned to securities dealers or financial institutions, provided the loan is collateralized by cash or securities having a market value of at least 102% of the market value of the securities loaned upon initiation of the transaction; and (11) municipal securities issued by United States, state or local governments, having at time of purchase, a stand-alone credit rating of AA or better assigned by two or more nationally recognized statistical rating organizations or a short-term credit rating of A1 / P1 or equivalent from one or more such organizations.

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 NOTES TO FINANCIAL STATEMENTS
 Year Ended September 30, 2018

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Following is a summary of Transit's cash, cash equivalents and investments as of September 30, 2018 (dollars in thousands):

| | Carrying Value |
|--|-----------------------|
| Cash and cash equivalents | |
| Cash on hand | \$ 318 |
| Equity in pooled cash and cash equivalents | 88,480 |
| Total cash and cash equivalents | 88,798 |
| Investments | |
| Equity in pooled investments | 219,129 |
| Total investments | 219,129 |
| Total cash, cash equivalents and investments | \$ 307,927 |

As of September 30, 2018, total cash, cash equivalents and investments were restricted as follows (dollars in thousands):

| | |
|------------------------------|------------|
| Restricted for | |
| Capital projects | \$ 208,820 |
| Refundable security deposits | 307 |
| Debt service | 98,482 |
| Total restricted assets | \$ 307,609 |

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, 2018.

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 NOTES TO FINANCIAL STATEMENTS
 Year Ended September 30, 2018

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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.

NOTE 3 - CAPITAL ASSETS

Capital asset activity and changes in accumulated depreciation for the year ended September 30, 2018 were as follows (dollars in thousands):

| | Balance at September 30, | | Balance at September 30, | |
|---|-----------------------------|----------------------|-----------------------------|-------------------------|
| | 2017 | Additions | Deletions | 2018 |
| Capital assets not being depreciated | | | | |
| Land | \$ 254,544 | \$ 5,850 | \$ - | \$ 260,394 |
| Construction in progress | 259,158 | 83,405 | (2,686) | 339,877 |
| Total capital assets not being depreciated | <u>513,702</u> | <u>89,255</u> | <u>(2,686)</u> | <u>600,271</u> |
| Capital assets being depreciated | | | | |
| Buildings and guideway structures | 1,910,111 | 684 | - | 1,910,795 |
| Transportation and other equipment | 788,501 | 60,880 | (56,921) | 792,460 |
| Total capital assets being depreciated | <u>2,698,612</u> | <u>61,564</u> | <u>(56,921)</u> | <u>2,703,255</u> |
| Less accumulated depreciation for | | | | |
| Buildings and guideway structures | (968,418) | (41,914) | - | (1,010,332) |
| Transportation and other equipment | (530,905) | (26,077) | 56,611 | (500,371) |
| Total accumulated depreciation | <u>(1,499,323)</u> | <u>(67,991)</u> | <u>56,611</u> | <u>(1,510,703)</u> |
| Total capital assets being depreciated, net | <u>1,199,289</u> | <u>(6,427)</u> | <u>(310)</u> | <u>1,192,552</u> |
| Total capital assets, net | <u>\$ 1,712,991</u> | <u>\$ 82,828</u> | <u>\$ (2,996)</u> | <u>\$ 1,792,823</u> |

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 NOTES TO FINANCIAL STATEMENTS
 Year Ended September 30, 2018

NOTE 4 - LONG-TERM DEBT

Long-term debt includes 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, 2018 were as follows (dollars in thousands):

| | Balance at September 30, | | | Balance at September 30, Due within | |
|----------------------------|-----------------------------|-------------------|--------------------|--|------------------|
| | 2017 | Additions | Reductions | 2018 | One Year |
| Bonds payable | \$ 1,029,213 | \$ 210,921 | \$ (22,123) | \$ 1,218,011 | \$ 23,701 |
| Plus: Unamortized premium | 72,447 | 3,269 | (3,757) | 71,959 | - |
| Less: Unamortized discount | (138) | - | 7 | (131) | - |
| Total bonds payable | <u>1,101,522</u> | <u>214,190</u> | <u>(25,873)</u> | <u>1,289,839</u> | <u>23,701</u> |
| Total long-term debt | <u>\$ 1,101,522</u> | <u>\$ 214,190</u> | <u>\$ (25,873)</u> | <u>\$ 1,289,839</u> | <u>\$ 23,701</u> |

Miami-Dade County, Florida Transit System Sales Surtax Revenue Bonds, Series 2018 - On September 26, 2018, the County issued \$233,240,000 of Miami-Dade County, Florida Transit System Sales Surtax Revenue Bonds, Series 2018 (the Series 2018 Bonds), of which approximately \$211 million was allocated to Transit. The Series 2018 Bonds will be used to (1) pay all or portion of the cost of the Series 2018 Transit System Sales Surtax projects; (2) make a deposit to the Reserve Account; (3) paying the cost of issuance of the Series 2018 Bonds; and (4) pay capitalized interest on the Series 2018 Bonds through July 1, 2020.

Miami-Dade County, Florida Transit System Sales Surtax Revenue Refunding Bonds, Series 2017 - On February 23, 2017, the County issued \$178,280,000 of Miami-Dade County, Florida Transit System Sales Surtax Revenue Bonds, Series 2017 (the Series 2017 Bonds), of which approximately \$146 million was allocated to Transit. The Series 2017 Bonds were issued for the purpose of (1) partially refunding the Miami-Dade County, Florida Transit System Sales Surtax Revenue Bonds, Series 2008; and (2) paying the cost of issuance of the Series 2017 Bonds. The gross savings of the refunding was approximately \$18.3 million, with a net present value savings of approximately \$14.9 million. The refinancing reduced the average interest rate from 5% to 4%.

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

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 Transit. 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.

TRANSIT ENTERPRISE FUND
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 4 - 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 Transit. 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 Transit. 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 Transit. The Series 2009 Bonds were issued for the purpose of (1) paying a portion of the cost of certain transportation and transit projects; (2) funding a reserve account; (3) paying the cost of issuance of the Series 2009 Bonds, including the premium for a financial guaranty insurance policy securing certain bonds; and (4) paying capitalized interest on the Series 2009 Bonds.

Miami-Dade County, Florida Transit System Sales Surtax Revenue Bonds, Series 2008 - On June 24, 2009, the County issued \$274,565,000 of Miami-Dade County, Florida Transit System Sales Surtax Revenue Bonds, Series 2008 (the Series 2008 Bonds). The Series 2008 Bonds were issued for the purpose of (1) paying all or a portion of the cost of certain transportation and transit projects; (2) current refunding certain loans then outstanding; and (3) paying the cost of issuance of the Series 2008 Bonds, including the payment of the premiums for a bond insurance policy and a municipal bond debt service reserve insurance policy. During fiscal year ended September 30, 2015, the Series 2008 bonds were partially refunded by the Series 2015 bonds. Also, in fiscal year ended September 30, 2017, the Series 2008 bonds were partially refunded by the Series 2017 bonds.

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 NOTES TO FINANCIAL STATEMENTS
 Year Ended September 30, 2018

NOTE 4 - LONG-TERM DEBT (Continued)

The following table summarizes Transit's debt outstanding as of September 30, 2018 (dollars in thousands):

| Description | Rate | Amount Allocated to MDT | Maturity Date | Principal Outstanding |
|--|------------|-------------------------------|------------------|--------------------------|
| Transit System Sales Surtax Revenue Bonds, Series 2008 | 5% | \$ 224,131 | 7/1/2038 | \$ 4 |
| Plus unamortized premium | | | | - |
| Less current portion | | | | - |
| Long-term portion | | | | <u>4</u> |
| Transit System Sales Surtax Revenue Bonds, Series 2009 | 4.0 - 6.9% | \$ 193,044 | 7/1/2039 | 165,804 |
| Plus unamortized premium | | | | 5,467 |
| Less current portion | | | | (4,635) |
| Long-term portion | | | | <u>166,636</u> |
| Transit System Sales Surtax Revenue Bonds, Series 2010 | 3.0 - 5.6% | \$ 162,945 | 7/1/2040 | 146,970 |
| Plus unamortized premium | | | | 3,613 |
| Less current portion | | | | (3,064) |
| Long-term portion | | | | <u>147,519</u> |
| Capital Asset Acquisition Bonds, Series 2010D | 7.5% | \$ 19,003 | 4/1/2040 | 19,003 |
| Less unamortized discount | | | | (131) |
| Long-term portion | | | | <u>18,872</u> |
| Transit System Sales Surtax Revenue Bonds, Series 2012 | 3.1-5.0% | \$ 416,798 | 7/1/2042 | 392,083 |
| Plus unamortized premium | | | | 39,287 |
| Less current portion | | | | (6,878) |
| Long-term portion | | | | <u>424,492</u> |
| Transit System Sales Surtax Revenue Bonds, Series 2015 | 2.5-5.0% | \$ 146,998 | 7/1/2036 | 137,697 |
| Plus unamortized premium | | | | 15,017 |
| Less current portion | | | | (3,525) |
| Long-term portion | | | | <u>149,189</u> |
| Transit System Sales Surtax Revenue Bonds, Series 2017 | 2.5-5.0% | \$ 145,532 | 7/1/2038 | 145,532 |
| Plus unamortized premium | | | | 5,308 |
| Less current portion | | | | (5,600) |
| Long-term portion | | | | <u>145,240</u> |
| Transit System Sales Surtax Revenue Bonds, Series 2018 | 3.6-4.0% | \$ 210,923 | 7/1/2048 | 210,917 |
| Plus unamortized premium | | | | 3,269 |
| Less current portion | | | | - |
| Long-term portion | | | | <u>214,186</u> |
| Total long-term portion of bonds outstanding at September 30, 2018 | | | | <u>\$ 1,266,138</u> |

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 NOTES TO FINANCIAL STATEMENTS
 Year Ended September 30, 2018

NOTE 4 - LONG-TERM DEBT (Continued)

Debt Service Requirements - Transit's debt service requirements to maturity for bonds outstanding at September 30, 2018 were as follows (dollars in thousands):

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

| Maturing in Fiscal Year | Principal | Interest | Total |
|--------------------------------|------------------|-----------------|---------------|
| 2038 | \$ 4 | \$ 102 | \$ 106 |
| Total debt service | <u>\$ 4</u> | <u>\$ 102</u> | <u>\$ 106</u> |

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

| Maturing in Fiscal Year | Principal | Interest | Total |
|--------------------------------|-------------------|-------------------|-------------------|
| 2019 | \$ 4,635 | \$ 11,027 | \$ 15,662 |
| 2020 | 4,870 | 10,795 | 15,665 |
| 2021 | 5,110 | 10,552 | 15,662 |
| 2022 | 5,315 | 10,347 | 15,662 |
| 2023 | 5,550 | 9,991 | 15,541 |
| 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>\$ 165,804</u> | <u>\$ 148,144</u> | <u>\$ 313,948</u> |

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 NOTES TO FINANCIAL STATEMENTS
 Year Ended September 30, 2018

NOTE 4 - LONG-TERM DEBT (Continued)

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

| Maturing in Fiscal Year | Principal | Interest | Total |
|-------------------------|-------------------|-------------------|-------------------|
| 2019 | \$ 3,064 | \$ 8,021 | \$ 11,085 |
| 2020 | 3,214 | 7,867 | 11,081 |
| 2021 | 3,311 | 7,771 | 11,082 |
| 2022 | 3,409 | 7,619 | 11,028 |
| 2023 | 3,514 | 7,457 | 10,971 |
| 2024-2028 | 19,444 | 34,420 | 53,864 |
| 2029-2033 | 23,182 | 28,660 | 51,842 |
| 2034-2038 | 27,712 | 21,693 | 49,405 |
| 2039-2040 | 60,120 | 5,852 | 65,972 |
| Total debt service | <u>\$ 146,970</u> | <u>\$ 129,360</u> | <u>\$ 276,330</u> |

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

| Maturing in Fiscal Year | Principal | Interest | Total |
|-------------------------|------------------|------------------|------------------|
| 2019 | \$ - | \$ 1,425 | \$ 1,425 |
| 2020 | - | 1,425 | 1,425 |
| 2021 | - | 1,425 | 1,425 |
| 2022 | - | 1,425 | 1,425 |
| 2023 | - | 1,425 | 1,425 |
| 2024-2028 | - | 7,126 | 7,126 |
| 2029-2033 | 5,319 | 6,456 | 11,775 |
| 2034-2038 | 9,372 | 3,432 | 12,804 |
| 2039-2040 | 4,312 | 327 | 4,639 |
| Total debt service | <u>\$ 19,003</u> | <u>\$ 24,466</u> | <u>\$ 43,469</u> |

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 NOTES TO FINANCIAL STATEMENTS
 Year Ended September 30, 2018

NOTE 4 - LONG-TERM DEBT (Continued)

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

| Maturing in Fiscal Year | Principal | Interest | Total |
|-------------------------|-------------------|-------------------|-------------------|
| 2019 | \$ 6,878 | \$ 18,898 | \$ 25,776 |
| 2020 | 7,223 | 18,554 | 25,777 |
| 2021 | 7,580 | 18,196 | 25,776 |
| 2022 | 7,929 | 17,847 | 25,776 |
| 2023 | 8,317 | 17,459 | 25,776 |
| 2024-2028 | 48,072 | 80,801 | 128,873 |
| 2029-2033 | 59,407 | 69,468 | 128,875 |
| 2034-2038 | 75,344 | 53,532 | 128,876 |
| 2039-2042 | 171,333 | 25,977 | 197,310 |
| Total debt service | <u>\$ 392,083</u> | <u>\$ 320,732</u> | <u>\$ 712,815</u> |

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

| Maturing in Fiscal Year | Principal | Interest | Total |
|-------------------------|-------------------|------------------|-------------------|
| 2019 | \$ 3,525 | \$ 6,766 | \$ 10,291 |
| 2020 | 8,512 | 6,590 | 15,102 |
| 2021 | 8,929 | 6,171 | 15,100 |
| 2022 | 9,361 | 5,744 | 15,105 |
| 2023 | 9,826 | 5,276 | 15,102 |
| 2024-2028 | 43,133 | 18,837 | 61,970 |
| 2029-2033 | 31,502 | 10,165 | 41,667 |
| 2034-2037 | 22,909 | 2,087 | 24,996 |
| Total debt service | <u>\$ 137,697</u> | <u>\$ 61,636</u> | <u>\$ 199,333</u> |

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 NOTES TO FINANCIAL STATEMENTS
 Year Ended September 30, 2018

NOTE 4 - LONG-TERM DEBT (Continued)

Transit System Sales Surtax Revenue Bonds, Series 2017 \$146 million

| Maturing in Fiscal Year | Principal | Interest | Total |
|--------------------------------|-------------------|------------------|-------------------|
| 2019 | \$ 5,600 | \$ 5,797 | \$ 11,397 |
| 2020 | - | 5,517 | 5,517 |
| 2021 | - | 5,517 | 5,517 |
| 2022 | - | 5,517 | 5,517 |
| 2023 | - | 5,517 | 5,517 |
| 2024-2028 | 16,457 | 27,185 | 43,642 |
| 2029-2033 | 46,697 | 21,024 | 67,721 |
| 2034-2038 | 76,778 | 10,603 | 87,381 |
| Total debt service | <u>\$ 145,532</u> | <u>\$ 86,677</u> | <u>\$ 232,209</u> |

Transit System Sales Surtax Revenue Bonds, Series 2018 \$211 million

| Maturing in Fiscal Year | Principal | Interest | Total |
|--------------------------------|-------------------|-------------------|-------------------|
| 2019 | \$ - | \$ 6,686 | \$ 6,686 |
| 2020 | - | 8,752 | 8,752 |
| 2021 | - | 8,752 | 8,752 |
| 2022 | - | 8,752 | 8,752 |
| 2023 | - | 8,752 | 8,752 |
| 2024-2028 | - | 43,762 | 43,762 |
| 2029-2033 | - | 43,762 | 43,762 |
| 2034-2038 | - | 43,762 | 43,762 |
| 2039-2043 | 31,543 | 43,762 | 75,305 |
| 2044-2048 | 179,374 | 22,088 | 201,462 |
| Total debt service | <u>\$ 210,917</u> | <u>\$ 238,830</u> | <u>\$ 449,747</u> |

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 NOTES TO FINANCIAL STATEMENTS
 Year Ended September 30, 2018

NOTE 5 - OTHER LONG-TERM LIABILITIES

Master Bus Lease Letter of Credit – On September 5, 2018, the Board of County Commissioners adopted Resolution R-872-18 approving the Series 2018 Master Equipment Lease (Buses) (Series 2018 Lease” or the “Lease”) with J.P. Morgan Chase Bank, N.A. to provide capital in an amount not to exceed \$155,000,000. The Lease was issued for the purpose to: (1) purchase related financing costs of Compressed Natural Gas (CNG) buses and (2) reimburse operating funds that were used to purchase CNG buses.

The Lease will allow for upfront-funded escrow draws upon requisition of DTPW and delivery of the CNG buses and optional components. As of September 30, 2018, the outstanding loan balance was \$45 million. The loan bears interest at 3.26% per annum. The maturity date of the loan is July 1, 2030. The pledged revenue to fund the Lease payments will come from available Transit Surtax Revenues.

Other long-term liability activity for the year ended September 30, 2018 was as follows (dollars in thousands):

| | Balance at September 30, 2017 (Restated) | | | Balance at September 30, Due within 2018 One Year | |
|--|---|-------------------|--------------------|--|------------------|
| | Additions | Reductions | | | |
| Compensated absences | \$ 38,183 | \$ 1,027 | \$ - | \$ 39,210 | \$ 12,240 |
| Total OPEB liability | 55,050 | 5,832 | (8,800) | 52,082 | - |
| Net pension liability | 213,533 | 52 | (12,717) | 200,868 | - |
| Capital Lease Obligations | - | 45,000 | - | 45,000 | 3,428 |
| Other | 50 | 158 | (50) | 158 | - |
| Total other long-term liabilities | \$ 306,816 | \$ 52,069 | \$ (21,567) | \$ 337,318 | \$ 15,668 |

NOTE 6 - 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. Transit may be subject to claims that do not fall within the parameters of FS 768.28.

Transit, along with other County departments, contributes an annual insurance allocation for workers’ compensation. The annual allocation charged to Transit represents the maximum liability for any losses incurred for the year ended September 30, 2018 for workers’ compensation. The RMD also administers the general liability and automobile liability self-insurance programs for Transit operations including Metrobus, Metrorail, and Metromover systems. Transit pays the value of the claim in accordance with FS 768.28.

Property insurance coverage is provided for real and personal property of Transit 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.

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 NOTES TO FINANCIAL STATEMENTS
 Year Ended September 30, 2018

NOTE 6 - RISK MANAGEMENT (Continued)

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, 2018, the total premiums charged by RMD to Transit were approximately \$6.9 million. This is included in the amount due to other County funds in the accompanying statement of net position. Settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

NOTE 7 - 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 ensures that the federal government, through the Federal Transportation Administration (FTA), will provide transit agencies with operating assistance through federal operating subsidies. Transit also receives operating assistance from the Florida Department of Transportation (FDOT) and the County.

Subsidies for capital and operating assistance for the year ended September 30, 2018, were as follows (dollars in thousands):

| | | |
|--|----|---------|
| Federal | | |
| FTA assistance | \$ | 129,397 |
| State | | |
| FDOT assistance | | 31,269 |
| Local | | |
| Option gas tax | | 19,090 |
| Total governmental subsidies | | 179,756 |
| Total transfers from the County | | 190,265 |
| Total contributions and transfers from CITT | | 170,537 |
| Total governmental subsidies and contributions | \$ | 540,558 |

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 Transit 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.

TRANSIT ENTERPRISE FUND
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 8 - PURCHASED TRANSPORTATION SERVICES

Transit 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, Transit 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 \$56.7 million for the year ended September 30, 2018.

NOTE 9 - PENSION PLANS AND DEFERRED COMPENSATION PLAN

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

Florida Retirement System:

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

Essentially all regular employees of the County are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature.

The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website:

(http://www.dms.myflorida.com/workforce_operations/retirement/publications).

FRS Pension Plan

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

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
 - *Elected County Officers Class* – Members who hold specified elective offices in local government.
 - *Senior Management Service Class (SMSC)* – Members in senior management level positions.
 - *Special Risk Class* – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.
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TRANSIT ENTERPRISE FUND
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 9 - PENSION PLANS AND DEFERRED COMPENSATION PLAN (Continued)

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service (except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service). All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service (except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service). Members of the Plan may include up to 4 years of credit for military service toward creditable service.

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

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

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

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 NOTES TO FINANCIAL STATEMENTS
 Year Ended September 30, 2018

NOTE 9 - PENSION PLANS AND DEFERRED COMPENSATION PLAN (Continued)

| <u>Class, Initial Enrollment, and Retirement Age/Years of Service</u> | <u>% Value</u> |
|---|----------------|
| Regular Class members initially enrolled before July 1, 2011 | |
| Retirement up to age 62 or up to 30 years of service | 1.60 |
| Retirement at age 63 or with 31 years of service | 1.63 |
| Retirement at age 64 or with 32 years of service | 1.65 |
| Retirement at age 65 or with 33 or more years of service | 1.68 |
| Regular Class members initially enrolled on or after July 1, 2011 | |
| Retirement up to age 65 or up to 33 years of service | 1.60 |
| Retirement at age 66 or with 34 years of service | 1.63 |
| Retirement at age 67 or with 35 years of service | 1.65 |
| Retirement at age 68 or with 36 or more years of service | 1.68 |
| Special Risk Regular | |
| Service from December 1, 1970 through September 30, 1974 | 2.00 |
| Service on or after October 1, 1974 | 3.00 |
| Elected County Officers | |
| Service as Supreme Court Justice, district court of appeal judge, circuit court judge, or county court judge | 3.33 |
| Service as Governor, Lt. Governor, Cabinet Officer, Legislator, state attorney, public defender, elected county official, or elected official of a city or special district that chose EOC membership for its elected officials | 3.00 |
| Senior Management Service Class | 2.00 |

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

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 NOTES TO FINANCIAL STATEMENTS
 Year Ended September 30, 2018

NOTE 9 - PENSION PLANS AND DEFERRED COMPENSATION PLAN (Continued)

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates in effect from July 1, 2017 through June 30, 2018 were as follows:

| Class | <u>Percent of Gross Salary</u> | |
|---|--------------------------------|---------------------|
| | <u>Employee</u> | <u>Employer (1)</u> |
| FRS, Regular | 3.00 | 7.92 |
| FRS, Elected County Officers | 3.00 | 45.50 |
| FRS, Senior Management Service | 3.00 | 22.71 |
| FRS, Special Risk Regular | 3.00 | 23.27 |
| DROP - Applicable to Members from All of the Above Classes | - | 13.26 |

Notes:

- (1) Employer rates include 1.66 percent for the postemployment health insurance subsidy.
 Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

Transit's contributions, for FRS totaled \$15.9 million and employee contributions totaled \$5.1 million for the fiscal year ended September 30, 2018.

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

At September 30, 2018, Transit reported a liability of approximately \$156.6 million for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The County's proportionate share of the net pension liability was based on the County's 2017-18 fiscal year contributions relative to the 2017-18 fiscal year contributions of all participating members. At June 30, 2018, Transit's share of the County's proportionate share was 6.64 percent, which decreased from its proportionate share of 7.21 percent measured at June 30, 2017.

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 NOTES TO FINANCIAL STATEMENTS
 Year Ended September 30, 2018

NOTE 9 - PENSION PLANS AND DEFERRED COMPENSATION PLAN (Continued)

For the fiscal year ended September 30, 2018, Transit recognized pension expense of \$3.4 million related to the Plan. In addition, Transit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

| <u>Description</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 13,268 | \$ 482 |
| Change in assumptions | 51,176 | |
| Net difference between projected and actual earnings on FRS pension plan investments | - | 12,101 |
| Changes in proportion and differences between Transit FRS contributions and proportionate share of contributions | 2,733 | 1,995 |
| Transit FRS contributions subsequent to the measurement date | <u>4,253</u> | <u>-</u> |
| Total | <u>\$ 71,429</u> | <u>\$ 14,577</u> |

The deferred outflows of resources related to pensions, totaling \$4.3 million, resulting from Transit's contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

| <u>Fiscal Year Ending September 30</u> | <u>Deferred Outflows/ (Inflows), net</u> |
|--|--|
| 2019 | \$ 19,356 |
| 2020 | 13,857 |
| 2021 | 2,543 |
| 2022 | 9,590 |
| 2023 | 6,300 |
| Thereafter | 953 |
| | <u>\$ 52,598</u> |

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 NOTES TO FINANCIAL STATEMENTS
 Year Ended September 30, 2018

NOTE 9 - PENSION PLANS AND DEFERRED COMPENSATION PLAN (Continued)

Actuarial Assumptions. The FRS pension actuarial valuation was determined using the following actuarial assumptions, as of July 1, 2018, applied to all periods included in the measurement:

| | | |
|---------------------------|------|--|
| Inflation | 2.60 | percent |
| Salary Increases | 3.25 | percent, average, including inflation |
| Investment rate of return | 7.00 | percent, net of pension plan investment expense, including inflation |

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

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

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

| <u>Asset Class</u> | <u>Target Allocation (1)</u> | <u>Annual Arithmetic Return</u> | <u>Compound Annual (Geometric) Return</u> | <u>Standard Deviation</u> |
|--------------------------|------------------------------|---------------------------------|---|---------------------------|
| Cash | 1.00% | 2.90% | 2.90% | 1.80% |
| Fixed income | 18.00% | 4.40% | 4.30% | 4.00% |
| Global equity | 54.00% | 7.60% | 6.30% | 17.00% |
| Real Estate (Property) | 11.00% | 6.60% | 6.00% | 11.30% |
| Private Equity | 10.00% | 10.70% | 7.80% | 26.50% |
| Strategic investments | <u>6.00%</u> | 6.00% | 5.70% | 8.60% |
| Total | <u>100.00%</u> | | | |
| Assumed inflation - Mean | | 2.60% | | 1.90% |

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

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 NOTES TO FINANCIAL STATEMENTS
 Year Ended September 30, 2018

NOTE 9 - PENSION PLANS AND DEFERRED COMPENSATION PLAN (Continued)

Discount Rate. The discount rate used to measure the total pension liability was 7.00 percent compared to 7.10 percent used in the prior year. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions will be made at the statutorily required rates. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Department's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents Transit's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what Transit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate (in thousands):

| | 1% Decrease <u>(6.00%)</u> | Current Discount Rate <u>(7.00%)</u> | 1% Increase <u>(8.00%)</u> |
|---|----------------------------------|--|----------------------------------|
| Transit's proportionate share of the net pension liability | \$ 285,832 | \$ 156,616 | \$ 49,296 |

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

The Retiree Health Insurance Subsidy Program (HIS)

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

Benefits Provided. For the fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2018, the HIS rate was 1.66 percent. The County contributed 100 percent of its statutorily required contributions for the current and preceding three years. The HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

Transit's contributions to the HIS Plan totaled \$2.3 million for the fiscal year ended September 30, 2018.

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 NOTES TO FINANCIAL STATEMENTS
 Year Ended September 30, 2018

NOTE 9 - PENSION PLANS AND DEFERRED COMPENSATION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2018, Transit reported a net pension liability of approximately \$44.2 million for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. Transit's proportionate share of the net pension liability was based on Transit's 2017-18 fiscal year contributions relative to the total 2017-18 fiscal year contributions of all participating members. At June 30, 2018, Transit's share of the County's proportionate share was 6.64 percent, which decreased from its proportionate share of 7.21 percent measured at June 30, 2017.

For the fiscal year ended September 30, 2018, Transit recognized pension expense of \$2.4 million related to the HIS Plan. In addition, Transit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

| <u>Description</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 677 | \$ 75 |
| Change in assumptions | 4,921 | 4,679 |
| Net difference between projected and actual earnings on HIS pension plan investments | 27 | - |
| Changes in proportion and differences between Transit HIS contributions and proportionate share of contributions | 1,045 | 276 |
| Transit HIS contributions subsequent to the measurement date | 622 | - |
| | <hr/> | <hr/> |
| Total | \$ 7,293 | \$ 5,030 |
| | <hr/> | <hr/> |

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 NOTES TO FINANCIAL STATEMENTS
 Year Ended September 30, 2018

NOTE 9 - PENSION PLANS AND DEFERRED COMPENSATION PLAN (Continued)

The deferred outflows of resources related to pensions, totaling \$.6 million, resulting from Transit's contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

| Fiscal Year Ending September 30 | Deferred Outflows/ (Inflows), net |
|--|--|
| 2019 | \$ 706 |
| 2020 | 704 |
| 2021 | 571 |
| 2022 | 229 |
| 2023 | (532) |
| Thereafter | (36) |
| | \$ 1,641 |

Actuarial Assumptions. The HIS pension as of July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | | |
|---------------------|------|---------------------------------------|
| Inflation | 2.60 | percent |
| Salary Increases | 3.25 | percent, average, including inflation |
| Municipal Bond Rate | 3.87 | percent |

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

Discount Rate. The discount rate used to measure the total pension liability was 3.87 percent compared to 3.58 percent used in the prior year. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 NOTES TO FINANCIAL STATEMENTS
 Year Ended September 30, 2018

NOTE 9 - PENSION PLANS AND DEFERRED COMPENSATION PLAN (Continued)

Sensitivity of Transit's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.

The following presents Transit's proportionate share of the net pension liability calculated using the discount rate of 3.87 percent, as well as what the Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.87 percent) or one percentage point higher (4.87 percent) than the current rate (in thousands):

| | 1% Decrease (2.87%) | Current Discount Rate (3.87%) | 1% Increase (4.87%) |
|--|------------------------------------|--|------------------------------------|
| Transit's proportionate share of the net pension liability | \$ 50,400 | \$ 44,252 | \$ 39,127 |

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

FRS – Defined Contribution Pension Plan

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

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

| <u>Membership Class</u> | <u>Percent of Gross Compensation</u> |
|--------------------------------|---|
| FRS, Regular | 6.30 |
| FRS, Elected County Officers | 11.34 |
| FRS, Senior Management Service | 7.67 |
| FRS, Special Risk Regular | 14.00 |

TRANSIT ENTERPRISE FUND
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 9 - PENSION PLANS AND DEFERRED COMPENSATION PLAN (Continued)

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to Miami-Dade County.

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

Transit's Investment Plan employee pension contributions totaled approximately \$1.3 million for the fiscal year ended September 30, 2018.

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 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

The County administers a single-employer defined benefit healthcare plan (the OPEB Plan) that provides postretirement medical, hospital, pharmacy 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 separate financial report.

Transit is considered a separate employer in the County's OPEB Plan and therefore reports as a Cost Sharing Plan.

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 NOTES TO FINANCIAL STATEMENTS
 Year Ended September 30, 2018

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Participation in the Health Plan consisted of the following at September 30, 2018:

| | Total |
|---|--------------|
| Inactive employees currently receiving benefit payments | 3,732 |
| Active employees | 35,965 |
| Total | 39,697 |

Benefits - The medical plans provide hospital, medical and pharmacy coverage. As of September 30, 2018, the pre-65 retirees were able to select from one of these medical plans:

- AvMed POS
- AvMed HMO High Option
- AvMed Select HMO Select
- AvMed Jackson First HMO

As of September 30, 2018, 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. Medical contributions vary based on plan and tier. Retirees pay the full cost of dental coverage. The postretirement medical is currently funded on a pay-as-you-go basis (i.e., Miami-Dade County funds on a cash basis as benefits are paid). The County's contribution is the actual pay-as-you-go postretirement benefit payments less participant contributions for the period October 1, 2017 to September 30, 2018. No assets have been segregated and restricted to provide postemployment benefits. Contributions are required for both retiree and dependent coverage. Retirees contribute a portion of the full active premium equivalent rates for health coverage. The County subsidy is assumed to remain flat. The contribution amount paid by Transit is \$2.8 million.

Total OPEB Liability - Transit's total OPEB liability of \$52 million was measured as of September 30, 2018, and was determined by an actuarial valuation as of that date.

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 NOTES TO FINANCIAL STATEMENTS
 Year Ended September 30, 2018

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Actuarial assumptions and other inputs - The total OPEB liability in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

| | |
|------------------------------------|---|
| Valuation Date | September 30, 2018 |
| Discount Rate | 3.63% per annum - 10/1/2017 4.24% per annum - 9/30/2018 (Municipal Bond Rate) |
| Salary Increases Rate | 3.5% per annum |
| Medical Consumer Price Index Trend | 2.0% per annum |
| Inflation rate | 3.0% per annum |
| Actuarial Cost Method | Entry Age Normal based on percentage of projected salary. |
| Amortization Method | Amortization/Assumptions gains and losses are amortized over a closed period of 11.4 years starting October 1, 2017 equal to the average remaining service of active and inactive plan members. |
| Healthcare cost trend period | Medical/Rx 7.0% initial to 4.5% ultimate |
| Mortality Tables | RP-2014 generational table scaled using MP-18 and applied on a gender-specific basis |

The discount rate was based on the Bond Buyer 20-Bond GO index.

The assumptions used in the September 30, 2018 valuation were based on the Florida Retirement System's valuation assumptions and Miami Dade County's claims experience through September 30, 2018.

Change in Proportionate Share of Total OPEB Liability - Transit's proportion of the total OPEB liability is based on the number of its employees participating in the OPEB Plan relative to the total employer participants in the OPEB Plan. The following presents the summary of changes in Transit's proportionate share of the total OPEB liability (in thousands):

| | <u>September 30, 2018</u> | <u>September 30, 2017</u> | <u>Change</u> |
|-------------------------|---------------------------|---------------------------|---------------|
| Proportionate Share | \$52,082 | \$55,050 | (\$2,968) |
| Proportionate Share (%) | 10.32% | 10.32% | 0% |

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 NOTES TO FINANCIAL STATEMENTS
 Year Ended September 30, 2018

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total Transit's OPEB liability using a discount rate that 1-percentage-point lower or 1-percentage-point higher than the current discount rate (in thousands):

| | 1% Decrease (3.24%) | Current Discount Rate (4.24%) | 1% Increase (5.24%) |
|----------------------|--------------------------------------|--|--------------------------------------|
| Total OPEB Liability | \$ 57,072 | \$ 52,082 | \$ 47,713 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend - The following presents the total of Transit's OPEB liability using healthcare cost trend rates of 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates (in thousands):

| | 1% Decrease | Current Trend | 1% Increase |
|----------------------|--------------------|----------------------|--------------------|
| Total OPEB Liability | \$ 47,401 | \$ 52,082 | \$ 57,834 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2018, Transit recognized OPEB expense of \$2.5 million. At September 30, 2018, Transit reported deferred inflows of resources related to OPEB from the following sources (in thousands):

| | Deferred Inflows of Resources |
|-------------------------------|--|
| Changes in assumptions/inputs | \$ 2,704 |
| Total | \$ 2,704 |

Amount reported as Deferred Inflows of Resources related to OPEB will be recognized in OPEB Expense as follows (in thousands):

| Fiscal Year Ended September 30, | Amount |
|--|---------------|
| 2019 | \$ 260 |
| 2020 | 260 |
| 2021 | 260 |
| 2022 | 260 |
| 2023 | 260 |
| Thereafter | 1,402 |
| Total | \$ 2,704 |

TRANSIT ENTERPRISE FUND
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 11 - 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 Transit 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 \$20 million for the year ended September 30, 2018.

The following schedule shows the breakdown of County charges to Transit for the year ended September 30, 2018 (dollars in thousands):

| <u>Department Name</u> | |
|-----------------------------------|------------------|
| Internal Services Department | \$ 2,149 |
| Information Technology Department | 14,335 |
| Other departments | <u>3,367</u> |
| Total charges for County services | <u>\$ 19,851</u> |

The County has committed to provide funding to Transit to meet its operating obligations. As of September 30, 2018, the due to other County funds balance of \$88.1 million consists of Transit's negative portion of the County's unrestricted pooled cash, cash equivalents, and investments of \$81.2 million and insurance premiums payable to the Risk Management Division of \$6.9 million.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Federal Awards and State Grants: Federal grant awards are subject to audit in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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: Transit, 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 the Department, believes that while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or threatened against the County or its officials in such capacity, are adequately covered by the County's self-insurance programs or will not have a material adverse effect on the financial statements. The County is currently involved in one labor arbitration case with TWU Local 291 for violation of the collective bargaining agreement. The estimated potential exposure is approximately \$5.4 million dollars. No liability has been recorded as of September 30, 2018.

Contracts and Commitments: Contracts and commitments relating to bus maintenance and construction projects approximated \$4.7 million as of September 30, 2018. Funding will be provided by federal, state and local sources.

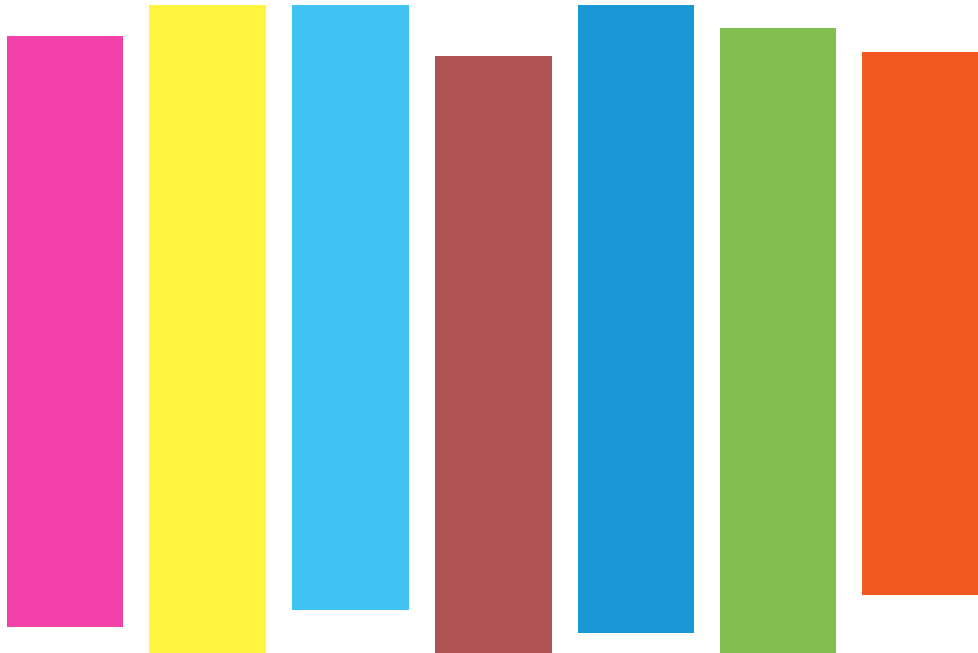
TRANSIT ENTERPRISE FUND
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 13 – RESTATEMENT OF BEGINNING NET POSITION

In the current year, Transit adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The implementation of this statement resulted in the restatement which is described below (dollars in thousands):

| | |
|--|-------------------|
| Net Position, beginning of year | \$ 566,748 |
| Prior period adjustment to reflect effect of the implementation of GASB 75 | (46,250) |
| Net Position, beginning of year - restated | <u>\$ 520,498</u> |

REQUIRED
SUPPLEMENTARY
INFORMATION



TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 SCHEDULE OF TRANSIT'S PROPORTIONATE SHARE OF THE COUNTY'S TOTAL
 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION LIABILITY
 September 30, 2018
 (Dollars in Thousands)

| | <u>2018</u> |
|--|--------------------|
| Transit's share of the County's proportion of the total OPEB liability | 10.32% |
| Transit's proportion share of the total OPEB liability | \$ 52,082 |
| Transit's annual covered employee payroll | \$ 162,458 |
| Total OPEB liability as a percentage of covered employee payroll | 32.06% |

Schedule of Proportionate Share of Total OPEB Liability – OPEB Plan

The data reported in the Schedule of Proportionate Share of the Total OPEB Liability for the Transit OPEB Plan for fiscal year ending September 30, 2018 is based upon the measurement dates for October 1, 2017 to September 30, 2018. The changes in the assumptions during the fiscal year ended September 30, 2018 reflect the changes in the discount rate that is based on the municipal bond rate, which was increased from 3.63% to 4.24%.

This schedule is intended to show information for ten (10) years. The changes in the total OPEB liability for years prior to the fiscal year ending September 30, 2018 were not available and accordingly, were not included in the schedule. Additional years will be displayed as they become available.

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 SCHEDULE OF TRANSIT'S PROPORTIONATE SHARE
 OF THE COUNTY'S NET PENSION LIABILITY -
 FLORIDA RETIREMENT SYSTEM PENSION PLAN
 September 30, 2018
 (Dollars in Thousands)

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|-------------|-------------|-------------|
| Transit's share of the County's proportion of the FRS net pension liability | 6.6400% | 7.2128% | 7.4900% | 7.7400% | 7.7400% |
| Transit's proportionate share of the FRS net pension liability | \$ 156,616 | \$ 165,737 | \$ 146,985 | \$ 73,940 | \$ 35,378 |
| Transit's covered payroll per GASB 82 | \$ 230,671 | \$ 233,866 | \$ 227,001 | \$ 220,889 | \$ 210,468 |
| Transit's proportionate share of the FRS net pension liability as a percentage of its covered payroll per GASB 82 | 67.90% | 70.87% | 64.75% | 33.47% | 16.81% |
| FRS Plan fiduciary net position as a percentage of the total pension liability | 84.26% | 83.89% | 84.88% | 92.00% | 96.09% |

Note: The amounts presented for each fiscal year were determined as of June 30th. The covered payroll includes the payroll for Investment Plan members. Currently, only data for fiscal years ending September 30, 2014, 2015, 2016, 2017, and 2018 are available. Covered employee payroll for 2014 through 2016 was restated due to the implementation of GASB Statement No. 82.

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 SCHEDULE OF TRANSIT'S CONTRIBUTIONS -
 FLORIDA RETIREMENT SYSTEM PENSION PLAN
 September 30, 2018
 (Dollars in Thousands)

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|---------------|---------------|---------------|---------------|---------------|
| Contractually required FRS contribution | \$ 14,819 | \$ 14,581 | \$ 14,761 | \$ 14,019 | \$ 12,700 |
| FRS contributions in relation to the contractually required contribution | <u>14,819</u> | <u>14,581</u> | <u>14,761</u> | <u>14,019</u> | <u>12,700</u> |
| FRS contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Transit's covered payroll | \$ 222,544 | \$ 234,530 | \$ 236,900 | \$ 223,392 | \$ 194,655 |
| FRS contributions as a percentage of covered payroll | 6.66% | 6.22% | 6.23% | 6.28% | 6.5% |

Note: The covered payroll includes the payroll for Investment Plan members. Currently, only data for fiscal years ending September 30, 2014, 2015, 2016, 2017, and 2018 are available. Covered employee payroll for 2014 through 2016 was restated due to the implementation of GASB Statement No. 82.

TRANSIT ENTERPRISE FUND
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
SCHEDULE OF TRANSIT'S PROPORTIONATE SHARE
OF THE COUNTY'S NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY PENSION PLAN
 September 30, 2018
 (Dollars in Thousands)

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|-------------|-------------|-------------|
| Transit's share of the County's proportion of the HIS net pension liability | 6.6400% | 7.2128% | 7.4900% | 7.7400% | 7.7400% |
| Transit's proportionate share of the HIS net pension liability | \$ 44,252 | \$ 47,796 | \$ 54,930 | \$ 48,560 | \$ 44,325 |
| Transit's covered payroll per GASB 82 | \$ 187,070 | \$ 188,856 | \$ 184,175 | \$ 180,004 | \$ 171,800 |
| Transit's proportionate share of the HIS net pension liability as a percentage of its covered payroll | 23.66% | 25.31% | 29.83% | 26.98% | 25.80% |
| HIS Plan fiduciary net position as a percentage of the total pension liability | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% |

Note: The amounts presented for each fiscal year were determined as of June 30th. The covered payroll includes the payroll for Investment Plan members. Currently, only data for fiscal years ending September 30, 2014, 2015, 2016, 2017, and 2018 are available. Covered employee payroll for 2014 through 2016 was restated due to the implementation of GASB Statement No. 82.

TRANSIT ENTERPRISE FUND
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
SCHEDULE OF TRANSIT'S CONTRIBUTIONS-
HEALTH INSURANCE SUBSIDY PENSION PLAN
 September 30, 2018
 (Dollars in Thousands)

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|--------------|--------------|--------------|--------------|--------------|
| Contractually required HIS contribution | \$ 2,267 | \$ 2,365 | \$ 2,445 | \$ 1,960 | \$ 1,624 |
| HIS contributions in relation to the contractually required contribution | <u>2,267</u> | <u>2,365</u> | <u>2,445</u> | <u>1,960</u> | <u>1,624</u> |
| HIS contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Transit's covered payroll per GASB 82 | \$ 180,239 | \$ 190,578 | \$ 186,448 | \$ 180,004 | \$ 171,800 |
| HIS contributions as a percentage of covered payroll per GASB 82 | 1.26% | 1.24% | 1.31% | 1.09% | 0.95% |

Note: The covered payroll includes the payroll for Investment Plan members. Currently, only data for fiscal years ending September 30, 2014, 2015, 2016, 2017, and 2018 are available. Covered employee payroll for 2014 through 2016 was restated due to the implementation of GASB Statement No. 82.

TRANSIT ENTERPRISE FUND
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2018

NOTES:

1. Pension

The discount rate used to measure the pension liability of the Pension Plan at June 30, 2018 was decreased from 7.10% to 7.00%. The FRS Actuarial Assumption Conference is responsible for setting the assumptions used in the valuations of the defined benefit pension plans pursuant to Section 216.136(10), Florida Statutes. The rate of return assumption is a prescribed assumption as defined by the Actuarial Standards of Practice No. 27 (ASOP 27) and the 7.00% assumption was adopted by the 2018 FRS Actuarial Assumption Conference. The discount rate used to measure the pension liability of the HIS plan at June 30, 2018 was increased from 3.58% to 3.87%, reflecting the change in the Bond Buyer General Obligation 20-Bond Municipal Bond Index as of June 30, 2018.

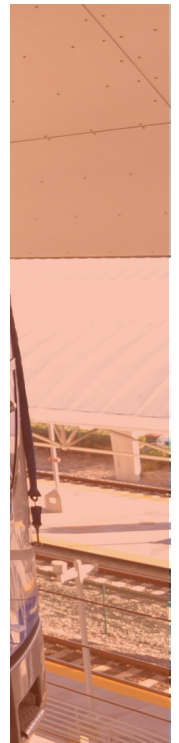
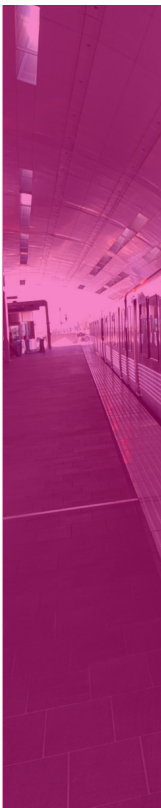
2. Postemployment Benefits Other Than Pension

As of the OPEB measurement date, the County did not have any assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 that was dedicated to providing benefits to the Plan members.

FISCAL YEAR ENDED
SEPTEMBER 30, 2018



STATISTICAL SECTION



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

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

| Contents | Page |
|--|-------------|
| Financial Trends These schedules contain trend information to help the reader understand how Transit's financial performance and financial condition have changed over time..... | 57-61 |
| Revenue Capacity These schedules contain information to help the reader assess the factors affecting Transit's ability to generate its most significant revenue type and source..... | 62-64 |
| Debt Capacity These schedules present information to help the reader assess Transit's current debt burden and Transit's ability to issue additional debt..... | 65-66 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the socioeconomic environment within which Transit operates..... | 67-68 |
| Operating Information These schedules contain information about Transit's operations and resources to help the reader understand how Transit's financial information relates to the services it provides and the activities it performs..... | 69-74 |
| Miscellaneous Information These schedules provide supplemental data and statistics to readers of the these financial statements..... | 75 |

FINANCIAL TRENDS



TRANSIT ENTERPRISE FUND
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
CHANGES IN NET POSITION (Unaudited)
LAST TEN FISCAL YEARS (in thousands)

| | 2009 | 2010 | 2011 | 2012 |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| OPERATING REVENUES | | | | |
| Passenger fares | \$ 96,108 | \$ 97,807 | \$ 103,531 | \$ 107,120 |
| Advertising | 3,528 | 4,022 | 3,212 | 4,067 |
| Special Transportation (co-payment) | 3,958 | 3,990 | 4,075 | 4,279 |
| Total Operating Revenues | <u>103,594</u> | <u>105,819</u> | <u>110,818</u> | <u>115,466</u> |
| OPERATING EXPENSES | | | | |
| Labor | 216,354 | 206,045 | 208,754 | 212,885 |
| Fringe benefits | 75,207 | 68,667 | 66,678 | 55,927 |
| Purchased transportation | 47,313 | 45,000 | 44,922 | 48,054 |
| Services | 64,193 | 57,393 | 56,286 | 55,891 |
| Fuel and traction power | 23,389 | 24,115 | 42,873 | 43,673 |
| Material and supplies | 36,104 | 30,199 | 27,459 | 30,758 |
| Utilities | 13,085 | 11,501 | 4,288 | 4,544 |
| Casualty and liability | 5,270 | 7,017 | 4,015 | 4,839 |
| Leases and rentals | 3,867 | 3,721 | 3,521 | 3,979 |
| Depreciation expense | 70,737 | 74,376 | 77,184 | 74,456 |
| Total operating expenses | <u>555,519</u> | <u>528,034</u> | <u>535,980</u> | <u>535,006</u> |
| Operating loss | <u>(451,925)</u> | <u>(422,215)</u> | <u>(425,162)</u> | <u>(419,540)</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| Governmental grants and subsidies | | | | |
| Federal | 260 | 128 | 83,308 | 61,931 |
| State of Florida | 26,169 | 27,641 | 20,482 | 28,820 |
| Local option gas tax | 16,953 | 17,200 | 17,458 | 17,720 |
| Investment income (loss) | 1,069 | 1,204 | (714) | 598 |
| Rental income | 1,496 | 1,471 | 1,491 | 1,458 |
| Interest expense | (17,679) | (39,846) | (31,130) | (33,591) |
| Lease- Leaseback revenue | - | 3,072 | 870 | 870 |
| Loss on lease-leaseback termination | - | - | - | - |
| Impairment loss | - | - | - | (24,941) |
| Other income (expenses) | 5,527 | 4743 | (5,335) | (3,898) |
| Net non-operating revenues | <u>33,795</u> | <u>15,613</u> | <u>86,430</u> | <u>48,967</u> |
| Loss before capital contributions and transfers | <u>(418,130)</u> | <u>(406,602)</u> | <u>(338,732)</u> | <u>(370,573)</u> |
| CAPITAL CONTRIBUTIONS AND TRANSFERS | | | | |
| Build America Bonds Subsidy | - | 2,787 | 6,299 | 6,983 |
| Capital contributions from CITT | 25,355 | 25,418 | 27,536 | 39,510 |
| Capital contributions from Federal and State of Florida | 70,410 | 172,062 | 28,105 | 17,418 |
| Transfers from CITT | 99,810 | 121,761 | 103,013 | 101,207 |
| Transfers from Miami-Dade County | 145,576 | 148,071 | 152,916 | 156,707 |
| Total Capital Contributions and Transfers | <u>341,151</u> | <u>470,099</u> | <u>317,869</u> | <u>321,825</u> |
| Change in Net Position | <u>(76,979)</u> | <u>63,497</u> | <u>(20,863)</u> | <u>(48,748)</u> |
| Net Position, beginning of year * | <u>826,071</u> | <u>749,092</u> | <u>828,438</u> | <u>807,575</u> |
| Net Position, end of year | <u>\$ 749,092</u> | <u>\$ 812,589</u> | <u>\$ 807,575</u> | <u>\$ 758,827</u> |

Source: Annual Financial Statements

* In Fiscal Year 2018, the beginning balance of net position was adjusted by approximately \$46 million to reflect a prior period adjustment restatement due to GASB 75.

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|----|----------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ | 110,172 | \$ 115,494 | \$ 115,505 | \$ 107,270 | \$ 88,773 | \$ 78,874 |
| | 5,066 | 4,444 | 5,118 | 5,101 | 5,574 | 5,348 |
| | 5,274 | 6,023 | 5,832 | 5,773 | 6,012 | 7,106 |
| | 120,512 | 125,961 | 126,455 | 118,144 | 100,359 | 91,328 |
| | 211,719 | 215,093 | 235,361 | 243,422 | 246,653 | 236,178 |
| | 56,186 | 65,570 | 61,870 | 79,243 | 87,521 | 91,411 |
| | 47,684 | 47,615 | 51,540 | 52,061 | 51,436 | 56,711 |
| | 54,375 | 67,304 | 71,394 | 71,417 | 80,314 | 82,818 |
| | 41,263 | 45,315 | 33,566 | 21,962 | 24,871 | 27,051 |
| | 32,716 | 33,845 | 46,486 | 49,926 | 51,008 | 50,503 |
| | 5,981 | 5,286 | 4,676 | 5,577 | 4,803 | 3,921 |
| | 4,375 | 4,374 | 6,575 | 5,577 | 4,615 | 4,760 |
| | 4,299 | 4,189 | 3,986 | 4,034 | 4,641 | 4,734 |
| | 78,868 | 69,516 | 68,128 | 66,586 | 69,482 | 67,021 |
| | 537,466 | 558,107 | 583,582 | 599,805 | 625,344 | 625,108 |
| | (416,954) | (432,146) | (457,127) | (481,661) | (524,985) | (533,780) |
| | 68,637 | 54,684 | 60,128 | 76,153 | 106,812 | 124,634 |
| | 25,892 | 38,149 | 35,377 | 32,868 | 29,469 | 27,295 |
| | 17,986 | 18,256 | 18,143 | 19,210 | 19,376 | 19,090 |
| | (2,704) | (303) | 1,792 | 1,241 | 1,398 | 1,832 |
| | 1,558 | 2,476 | 1,783 | 3,274 | 3,588 | 3,442 |
| | (59,938) | (57,623) | (56,248) | (50,741) | (37,306) | (41,064) |
| | - | - | - | - | - | - |
| | - | - | (7,222) | - | - | - |
| | (31,174) | - | - | - | - | - |
| | (4,512) | 10,128 | 18,755 | 11,790 | 2,627 | 10,730 |
| | 15,745 | 65,767 | 72,508 | 93,795 | 125,964 | 145,959 |
| | (401,209) | (366,379) | (384,619) | (387,866) | (399,021) | (387,821) |
| | 6,679 | 6,480 | 6,473 | 6,517 | 6,528 | 6,522 |
| | 45,671 | 52,920 | 72,081 | 70,896 | 68,500 | 71,729 |
| | 24,441 | 11,425 | 35,321 | 27,145 | 28,342 | 8,737 |
| | 106,109 | 97,782 | 104,536 | 132,458 | 131,297 | 98,808 |
| | 162,191 | 167,869 | 167,869 | 173,745 | 183,831 | 190,265 |
| | 345,091 | 336,476 | 386,280 | 410,761 | 418,498 | 376,061 |
| | (56,118) | (29,903) | 1,661 | 22,895 | 19,477 | (11,760) |
| | 758,827 | 690,422 | 522,715 | 524,376 | 547,271 | 520,498 |
| \$ | 702,709 | \$ 660,519 | \$ 524,376 | \$ 547,271 | \$ 566,748 | \$ 508,738 |

TRANSIT ENTERPRISE FUND
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NET POSITION BY COMPONENT (Unaudited)
LAST TEN FISCAL YEARS (in thousands)

| Component of Net Position: | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Net Investment in Capital Assets | \$ 901,304 | \$ 775,216 | \$ 999,799 | \$ 847,530 | \$ 770,395 | \$ 727,687 | \$ 714,658 | \$ 718,571 | \$ 700,036 | \$ 665,678 |
| Restricted | - | 194,980 | 112,554 | 420,983 | 80,504 | 67,302 | 62,447 | 63,500 | 58,176 | 69,451 |
| Unrestricted Deficit | (152,212) | (157,607) | (304,778) | (509,686) | (148,190) | (134,470) | (252,729) | (234,800) | (191,464) | (226,391) |
| Total Net Position | \$ 749,092 | \$ 812,589 | \$ 807,575 | \$ 758,827 | \$ 702,709 | \$ 660,519 | \$ 524,376 | \$ 547,271 | \$ 566,748 | \$ 508,738 |
| Component of Net Position by Percentage: | | | | | | | | | | |
| Net Investment in Capital Assets | 120.32% | 95.40% | 123.80% | 111.69% | 109.63% | 110.17% | 136.29% | 131.30% | 123.52% | 130.85% |
| Restricted | 0.00% | 23.99% | 13.94% | 55.48% | 11.46% | 10.19% | 11.91% | 11.60% | 10.26% | 13.65% |
| Unrestricted | -20.32% | -19.40% | -37.74% | -67.17% | -21.09% | -20.36% | -48.20% | -42.90% | -33.78% | -44.50% |
| Total Net Position by Percentage | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

Source : Annual Financial Statements

TRANSIT ENTERPRISE FUND
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
REVENUES BY SOURCES (Unaudited)
LAST TEN FISCAL YEARS (in thousands)

| Revenue Sources: | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Passenger fares | \$ 96,108 | \$ 97,807 | \$ 103,531 | \$ 107,120 | \$ 110,172 | \$ 115,494 | \$ 115,505 | \$ 107,270 | \$ 88,773 | \$ 78,874 |
| Advertising | 3,528 | 4,022 | 3,212 | 4,067 | 5,066 | 4,444 | 5,118 | 5,101 | 5,574 | 5,348 |
| Special Transportation (Co-payment) | 3,958 | 3,990 | 4,075 | 4,279 | 5,274 | 6,023 | 5,832 | 5,773 | 6,012 | 7,106 |
| Federal Grant | 260 | 128 | 83,308 | 61,931 | 68,637 | 54,684 | 60,128 | 76,153 | 106,812 | 124,634 |
| State Grant | 26,169 | 27,641 | 20,482 | 28,820 | 25,892 | 38,149 | 35,377 | 32,868 | 29,469 | 27,295 |
| Local option gas tax | 16,953 | 17,200 | 17,458 | 17,720 | 17,986 | 18,256 | 18,143 | 19,210 | 19,376 | 19,090 |
| Investment income | 1,069 | 1,204 | - | 598 | - | - | 1,792 | 1,241 | 1,398 | 1,832 |
| Rental income | 1,496 | 1,471 | 1,491 | 1,458 | 1,558 | 2,476 | 1,783 | 3,274 | 3,588 | 3,442 |
| Lease/Leaseback revenue | - | 3,072 | 870 | 870 | - | - | - | - | - | - |
| Other non-operating revenues | 5,527 | 4,743 | - | - | - | 10,128 | 18,755 | 11,790 | 2,627 | 10,730 |
| | 155,068 | 161,278 | 234,427 | 226,863 | 234,585 | 249,654 | 262,433 | 262,680 | 263,629 | 278,351 |
| Capital Contributions and Transfers: | | | | | | | | | | |
| Build America Bond's Subsidy | - | 2,787 | 6,299 | 6,983 | 6,679 | 6,480 | 6,473 | 6,517 | 6,528 | 6,522 |
| Capital contributions from CITT | 25,355 | 25,418 | 27,536 | 39,510 | 45,671 | 52,920 | 72,081 | 70,896 | 68,500 | 71,729 |
| Capital contributions from Federal and State of Florida | 70,410 | 172,062 | 28,105 | 17,418 | 24,441 | 11,425 | 35,321 | 27,145 | 28,342 | 8,737 |
| Transfers from CITT | 99,810 | 121,761 | 103,013 | 101,207 | 106,109 | 97,782 | 104,536 | 132,458 | 131,297 | 98,808 |
| Transfers from Miami-Dade County | 145,576 | 148,071 | 152,916 | 156,707 | 162,191 | 167,869 | 167,869 | 173,745 | 183,831 | 190,265 |
| | 341,151 | 470,099 | 317,869 | 321,825 | 345,091 | 336,476 | 386,280 | 410,761 | 418,498 | 376,061 |
| Total Revenues | \$ 496,219 | \$ 631,377 | \$ 552,296 | \$ 548,688 | \$ 579,676 | \$ 586,130 | \$ 648,713 | \$ 673,441 | \$ 682,127 | \$ 654,412 |

Source: Annual Financial Statements

TRANSIT ENTERPRISE FUND
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
Operating and Non-Operating Expenses (Unaudited)
LAST TEN FISCAL YEARS (in thousands)

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Operating Expenses: | | | | | | | | | | |
| Labor | \$ 216,354 | \$ 206,045 | \$ 208,754 | \$ 212,885 | \$ 211,719 | \$ 215,093 | \$ 235,361 | \$ 243,422 | \$ 246,653 | \$ 236,178 |
| Fringe benefits | 75,207 | 68,667 | 66,678 | 55,927 | 56,186 | 65,570 | 61,870 | 79,243 | 87,521 | 91,411 |
| Purchased transportation | 47,313 | 45,000 | 44,922 | 48,054 | 47,684 | 47,615 | 51,540 | 52,061 | 51,436 | 56,711 |
| Services | 64,193 | 57,393 | 56,286 | 55,891 | 54,375 | 67,304 | 71,394 | 71,417 | 80,314 | 82,818 |
| Fuel and traction power | 23,389 | 24,115 | 42,873 | 43,673 | 41,263 | 45,315 | 33,566 | 21,962 | 24,871 | 27,051 |
| Material and supplies | 36,104 | 30,199 | 27,459 | 30,758 | 32,716 | 33,845 | 46,486 | 49,926 | 51,008 | 50,503 |
| Utilities | 13,085 | 11,501 | 4,288 | 4,544 | 5,981 | 5,286 | 4,676 | 5,577 | 4,803 | 3,921 |
| Casualty and liability | 5,270 | 7,017 | 4,015 | 4,839 | 4,375 | 4,374 | 6,575 | 5,577 | 4,615 | 4,760 |
| Leases and rentals | 3,867 | 3,721 | 3,521 | 3,979 | 4,299 | 4,189 | 3,986 | 4,034 | 4,641 | 4,734 |
| Depreciation expense | 70,737 | 74,376 | 77,184 | 74,456 | 78,868 | 69,516 | 68,128 | 66,586 | 69,482 | 67,021 |
| Total operating expenses | 555,519 | 528,034 | 535,980 | 535,006 | 537,466 | 558,107 | 583,582 | 599,805 | 625,344 | 625,108 |
| Non-Operating Expenses: | | | | | | | | | | |
| Interest expense | 17,679 | 39,846 | 31,130 | 33,591 | 59,938 | 57,623 | 56,248 | 50,741 | 37,306 | 41,064 |
| Other expenses | - | - | 5,335 | 3,898 | 4,512 | - | - | - | - | - |
| Loss on lease-leaseback termination | - | - | - | - | - | - | 7,222 | - | - | - |
| Investment loss | - | - | 714 | - | 2,704 | 303 | - | - | - | - |
| Impairment loss | - | - | - | 24,941 | 31,174 | - | - | - | - | - |
| Total non-operating expenses | 17,679 | 39,846 | 37,179 | 62,430 | 98,328 | 57,926 | 63,470 | 50,741 | 37,306 | 41,064 |
| Total Expenses | \$ 573,198 | \$ 567,880 | \$ 573,159 | \$ 597,436 | \$ 635,794 | \$ 616,033 | \$ 647,052 | \$ 650,546 | \$ 662,650 | \$ 666,172 |

Source: Annual Financial Statements

REVENUE CAPACITY



TRANSIT ENTERPRISE FUND
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
PASSENGER FARE REVENUES AND RIDERSHIP (Unaudited)
LAST TEN FISCAL YEARS (in thousands)

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|
| Passenger Fare Revenues¹ | | | | | | | | | | |
| Bus* | \$ 78,650,396 | \$ 78,687,636 | \$ 82,454,846 | \$ 84,407,206 | \$ 87,082,827 | \$ 88,856,359 | \$ 86,791,729 | \$ 85,770,902 | \$ 70,367,510 | \$ 62,575,035 |
| Rail | 15,725,268 | 17,827,407 | 18,690,279 | 21,194,397 | 22,845,276 | 25,654,430 | 26,730,861 | 19,160,013 | 16,120,089 | 15,124,286 |
| Mover | - | - | - | - | - | - | - | - | - | - |
| STS | 4,004,568 | 3,990,359 | 4,075,348 | 4,278,474 | 4,696,661 | 6,023,107 | 5,732,402 | 5,653,540 | 5,877,894 | 5,920,565 |
| Total | \$ 98,380,232 | \$ 100,505,402 | \$ 105,220,473 | \$ 109,880,077 | \$ 114,624,764 | \$ 120,533,896 | \$ 119,254,992 | \$ 110,584,455 | \$ 92,365,493 | \$ 83,619,888 |
| Ridership² | | | | | | | | | | |
| Bus* | 75,608,566 | 70,459,772 | 75,723,805 | 77,828,274 | 78,383,965 | 76,842,660 | 72,386,524 | 65,150,553 | 58,000,998 | 51,759,916 |
| Rail | 18,244,477 | 17,371,553 | 18,134,784 | 18,706,102 | 21,038,404 | 21,592,663 | 21,910,609 | 21,461,039 | 19,984,735 | 19,150,308 |
| Mover | 8,100,144 | 8,090,456 | 9,167,109 | 9,102,431 | 9,571,411 | 9,913,083 | 9,937,592 | 10,318,149 | 9,463,403 | 8,802,523 |
| STS | 1,551,988 | 1,553,539 | 1,593,215 | 1,672,361 | 1,708,221 | 1,676,323 | 1,650,969 | 1,643,345 | 1,633,236 | 1,743,023 |
| Total | 103,505,175 | 97,475,320 | 104,618,913 | 107,309,168 | 110,702,001 | 110,024,729 | 105,885,694 | 98,573,086 | 89,082,372 | 81,455,770 |
| Average fare per passenger³ | 0.95 | 1.03 | 1.01 | 1.02 | 1.04 | 1.10 | 1.13 | 1.12 | 1.04 | 1.03 |

Sources:

¹ National Transit Database (NTD) and internal financial reports.

² National Transit Database (NTD) and internal ridership records

³ Calculated by dividing total passenger revenues by total ridership

* Bus Fare Revenues & Ridership include contracted routes.

TRANSIT ENTERPRISE FUND
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
FARE STRUCTURE (Unaudited)
LAST TEN FISCAL YEARS (in thousands)

| | | Fiscal Years 2009 -2014 Effective 10/01/2008 | | | | Fiscal Years 2015-2018 Effective 10/01/2014 | | | |
|---|---|---|--------------|----------------------------------|-----------|--|----------------------------|--|--------|
| | | Base Fare | Reduced Fare | Miami-Dade County Senior Citizen | Tokens | Base Fare | Discount Fare ¹ | Miami-Dade County Golden/Patriot Pass ² | Tokens |
| Cash Fares | | | | | | | | | |
| A | Metrobus or Metro Rail | 2.00 | 1.00 | Free | One | 2.25 | 1.10 | Free | N/A |
| B | Metromover | Free | Free | Free | N/A | Free | Free | Free | N/A |
| C | Transfer from bus to bus, bus to rail, or rail to bus | 0.50 | 0.25 | N/A | N/A | 0.60 | 0.30 | Free | N/A |
| D | Transfer from bus to mover | Free | Free | Free | N/A | Free | Free | Free | N/A |
| E | Transfer from mover to bus | 2.00 | 1.00 | Free | One | 2.25 | 1.10 | Free | N/A |
| F | Transfer from Metrorail to Metromover | Free | Free | Free | N/A | Free | Free | Free | N/A |
| G | Transfer from Metromover to Metrorail | 2.00 | 1.00 | Free | One | 2.25 | 1.10 | Free | N/A |
| H | Metrobus Express/Special | 2.35 | 1.15 | Free | One+ 0.25 | 2.65 | 1.30 | Free | N/A |
| I | Metrobus Shuttle | 0.25 | 0.10 | Free | N/A | 0.25 | 0.10 | 4.50 | N/A |
| J | Parking fee-daily maximum* | 4.00 | 4.00 | 4.00 | Two+ 1.00 | 4.50 | 4.50 | Free | N/A |
| K | Parking fee-special events and non-transit patron daily maximum | 10.00 | N/A | N/A | N/A | 10.00 | N/A | Free | N/A |
| L | Juror Parking ³ | N/A | N/A | N/A | N/A | Free | Free | Free | N/A |
| M | Full Fare Transfer Bus/Rail to Express Bus Transfer** | N/A | N/A | N/A | N/A | 0.95 | 0.45 | Free | N/A |
| Special Transportation Services Fare Rates | | | | | | | | | |
| | Minimum per trip | | | \$3.00 | | | | \$3.50 | |
| Tokens | | | | | | | | | |
| | Package of 10 tokens | | | \$19.50 | | | | N/A | |
| Prepaid Passes⁴ | | | | | | | | | |
| A | Monthly Transit Pass ⁵ | | | \$100.00 | | | | \$112.50 | |
| B | Discount Transit Passes ⁶ | | | \$50.00 | | | | \$56.25 | |
| C | Monthly Group Discount - 1 to 4 Passes | | | \$95.00 | | | | N/A | |
| D | Monthly Group Discount - 5 to 99 Passes | | | \$90.00 | | | | N/A | |
| E | Monthly Group Discount 100 or More Passes | | | \$85.00 | | | | N/A | |
| F | Monthly Group Discount - 10% Corporate Discount ⁷ | | | N/A | | | | \$101.25 | |
| G | Monthly Group Discount - 15% Corporate Discount ⁷ | | | N/A | | | | \$95.65 | |
| H | Monthly College/Adult Education Pass ⁸ | | | \$42.50 | | | | \$56.25 | |
| I | Monthly Parking Permit ⁹ | | | \$6.25 | | | | \$11.25 | |
| J | Weekly Transit Pass ¹⁰ | | | \$26.00 | | | | \$29.25 | |
| K | Discount Weekly Transit Pass | | | \$13.00 | | | | \$14.60 | |
| L | Daily Passes | | | N/A | | | | \$5.65 | |
| M | Daily Discount ¹¹ | | | N/A | | | | \$2.80 | |

TRANSIT ENTERPRISE FUND
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
FARE STRUCTURE (Unaudited)
LAST TEN FISCAL YEARS (in thousands)

| | Fiscal Years 2009 -2014 Effective 10/01/2008 | | | | Fiscal Years 2015-2018 Effective 10/01/2014 | | | |
|--|---|--------------|----------------------------------|--------|--|----------------------------|--|--------|
| | Base Fare | Reduced Fare | Miami-Dade County Senior Citizen | Tokens | Base Fare | Discount Fare ¹ | Miami-Dade County Golden/Patriot Pass ² | Tokens |
| Permits | | | | | | | | |
| Monthly Discount Fare Permits | | | \$0.65 | | | | N/A | |
| Easy Card | | | N/A | | | | \$2.00 | |
| Special Fares-round trip | | | | | | | | |
| A Park and Ride | | | | | | | | |
| 1 0 to 4 miles | | | \$5.00 | | | | N/A | |
| 2 4.1 to more miles | | | \$8.75 | | | | N/A | |
| 3 Sleep and Ride Service | | | \$18.75 | | | | N/A | |
| B Special Event Shuttle -- Round Trip | | | \$1.25 | | | | N/A | |
| Charter Fares | | | | | | | | |
| A Non-Holiday Rate | | | | | | | | |
| 1 First four hours | | | \$340.00 | | | | N/A | |
| 2 Hourly Rate for each additional hour | | | \$56.00 | | | | N/A | |
| B Holiday Rate | | | | | | | | |
| 1 First four hours | | | \$500.00 | | | | N/A | |
| 2 Hourly Rate for each additional hour | | | \$87.50 | | | | N/A | |
| C Special Event Rate | | | | | | | | |
| 1 First eight hours | | | \$1,125.00 | | | | N/A | |
| 2 Hourly Rate for each additional hour | | | \$87.50 | | | | N/A | |

* The Golden Passport and Patriot Passport holders are entitled to purchase a monthly parking permit. The discounted fare patrons must purchase a discount monthly pass in order for them to buy a monthly parking permit.
** Transfers are only available with Easy Card. Free bus to bus transfer when using Easy Card

Notes
DTPW may establish other rates based on costs; promotional discounts may be authorized by the Department of Transportation and Public Works Director as limited by section 2-150 (c) of the Miami-Dade County Code.

Footnotes
¹ Applicable at all times on Metrobus and Metrorail when using the Monthly Discount Fare Permit. Those patrons entitled to reduced fares are: 1) youths through grade 12 with proper student identification b) persons with disabilities defined by DTPW rules and have a DTPW Reduced Fare Permit, c) seniors 65 and above who do not have Golden Passport, but have a Medicare card (not Medicaid) or DTPW Reduced Fare Permit or government-issued identification d) employed individuals earning between 150% and 200% of the federal poverty level as defined by the United States Department of Health and Human Services for a period of 2 years from the date of issuance.
² Applicable at all times to permanent Miami-Dade County citizens who qualify for a Golden Passport or Patriot Passport who display a valid Pass. Replacement of a Pass cost \$5 for the first replacement, \$20 for the second replacement, \$50 for the third or more replacement. Fees are waived when a police report listing the Pass as stolen is submitted. Misuse of a Golden Passport or Patriot Pass will result in forfeiture of its use for one year.
³ As per Resolution No. R-365-13
⁴ DTPW may issue other prepaid media with price and rules determined from other portions of the rate schedule.
⁵ Promotional discounts may be authorized by the Transit Agency Director as limited by Section 2-150(c) of the Miami-Dade County Code
⁶ Available to any Medicare recipient (must show Medicare card at time of purchase), qualified people with disabilities and Miami-Dade youth in grades 1-12 (with a valid permit/ID) and employed individuals earnings between 150% ; 200% of the federal poverty level as defined by the United States Department of Health and Human Services for a period of 2 years from the date of issuance.
⁷ As restricted by Ordinance 86-45
⁸ May be sold in bulk quantities to participating colleges, universities, or vocational/technical education centers within Miami-Dade County for individual sale to full-time students only, as restricted by Ordinance 88-83.
⁹ Available only when purchased in combination with a monthly pass except for a Patriot Pass, Golden Passport and DTPW employees who may purchase monthly parking permits without purchase of monthly pass.
¹⁰ When weekly passes sold to hotels as part of a promotional effort, hotels will be allowed to retain \$3 per weekly pass sold and \$1.50 per discount weekly pass sold.
¹¹ Employed individuals earning between 150% and 200% of the federal poverty level as defined by the United States Department of Health and Human Services for a period of 2 years from the date of issuance.

Sources: Miami-Dade County Board Adopted Resolution.

DEBT CAPACITY



TRANSIT ENTERPRISE FUND
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
RATIO OF OUTSTANDING DEBT BY TYPE (Unaudited)
LAST TEN FISCAL YEARS (in thousands)

| OUTSTANDING DEBT RATIO: | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
| Total outstanding debt (in thousands)¹ | | | | | | | | | | |
| Sunshine State Loan | \$ 11,809 | \$ 8,046 | \$ 4,087 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| GE Penske Loan | 14,807 | 12,983 | 11,070 | 8,891 | 6,957 | 4,748 | 2,431 | - | - | - |
| Bond Anticipation Notes 2011 | - | - | 100,000 | - | - | - | - | - | - | - |
| Surtax Revenue Bonds | 553,699 | 712,723 | 706,139 | 1,161,102 | 1,151,294 | 1,136,753 | 1,122,719 | 1,099,811 | 1,082,657 | - |
| Special Obligation Bonds | 18,100 | 13,812 | 9,371 | 4,770 | - | - | - | - | - | - |
| Master Equipment Lease (Buses) | - | - | - | - | - | - | - | - | - | 1,270,967 |
| Capital Assets Acquisition Bonds | - | - | 18,819 | 18,827 | 18,835 | 18,842 | 18,850 | 18,857 | 18,865 | - |
| | \$ 598,415 | \$ 747,564 | \$ 849,486 | \$ 1,193,590 | \$ 1,177,086 | \$ 1,160,343 | \$ 1,144,000 | \$ 1,118,668 | \$ 1,101,522 | \$ 1,270,967 |
| Total Personal Income (in thousands)² | \$ 90,915,774 | \$ 92,227,399 | \$ 97,815,794 | \$ 100,688,604 | \$ 104,373,301 | \$ 111,528,866 | \$ 116,553,169 | \$ 123,276,064 | \$ 126,715,595 | ⁽⁴⁾ |
| Outstanding debt ratio | 0.007 | 0.008 | 0.009 | 0.012 | 0.011 | 0.010 | 0.010 | 0.009 | 0.009 | - |

| OUTSTANDING DEBT PER CAPITA: | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total outstanding debt (in thousands) as shown above | \$ 598,415 | \$ 747,564 | \$ 849,486 | \$ 1,193,590 | \$ 1,177,086 | \$ 1,160,343 | \$ 1,144,000 | \$ 1,118,668 | \$ 1,101,522 | \$ 1,270,967 |
| Service area population³ | 2,398,245 | 2,563,885 | 2,516,515 | 2,551,255 | 2,565,685 | 2,586,290 | 2,653,934 | 2,696,353 | 2,743,095 | 2,779,322 |
| Outstanding debt per capita | \$ 250 | \$ 292 | \$ 338 | \$ 468 | \$ 459 | \$ 449 | \$ 431 | \$ 415 | \$ 402 | \$ 457 |

Sources

- (1) Outstanding debt information is obtained from annual financial reports and internal financial records.
- (2) & (3) Total Personal Income and Service Area information are obtained from the U.S Department of Commerce, Economics and Statistics Administration, Bureau of Economic Analysis/Regional Economic Innovation, Information System, Florida Agency for Workforce Labor Market Statistics, Miami-Dade County Department of Regulatory and Economic Resources, Research Section University of Florida, Bureau of Economic and Business Research.
- (4) The personal income data for 2018 is unavailable from the U.S. Department of Commerce as of this report date.

TRANSIT ENTERPRISE FUND
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
PLEDGED-REVENUE COVERAGE (Unaudited)
LAST TEN FISCAL YEARS (in thousands)

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Pledged Revenues¹ | | | | | | | | | | |
| Pledged Transit System Sales Surtax Revenues | \$ 138,165 | \$ 141,333 | \$ 151,438 | \$ 161,982 | \$ 172,906 | \$ 182,413 | \$ 193,664 | \$ 201,354 | \$ 204,729 | \$ 219,984 |
| Federal Direct Payments ² | - | 4,644 | 8,927 | 9,663 | 9,242 | 8,966 | 8,957 | 9,021 | 8,985 | 8,985 |
| Total Pledged Revenues³ | 138,165 | 145,977 | 160,365 | 171,645 | 182,148 | 191,379 | 202,621 | 210,375 | 213,714 | 228,969 |
| Principal and Interest Requirements ⁴ | 29,491 | 45,190 | 59,099 | 67,145 | 93,939 | 96,083 | 103,598 | 105,375 | 95,886 | 95,034 |
| Debt Service Coverage⁵ | \$ 4.68 | \$ 3.23 | \$ 2.71 | \$ 2.56 | \$ 1.94 | \$ 1.99 | \$ 1.96 | \$ 2.00 | \$ 2.23 | \$ 2.41 |

¹ Represents Revenues net of the Department's 3% administrative fee and net of Cities' 20% Distribution

² Represents actual interest rate subsidies payable from the United States Treasury for Build America Bonds. The FY2018 Federal Direct Payment is projected based on FY2017 data.

³ Excludes Interest Earnings on Funds and Accounts. There are no Hedge Receipts.

⁴ Includes actual Principal and Interest requirements on all Outstanding Bonds.

⁵ Shows coverage of Maximum Principal and Interest requirements on all Outstanding Bonds.

DEMOGRAPHIC AND ECONOMIC INFORMATION



TRANSIT ENTERPRISE FUND
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
DEMOGRAPHIC AND ECONOMIC STATISTICS (Unaudited)
LAST TEN FISCAL YEARS

| Year | Population | Total Personal Income (in thousands) | Per Capita Personal Income | Unemployment Rate | Civilian Labor Force | Median Age |
|-------------|-------------------|---|---------------------------------------|------------------------------|---------------------------------|-------------------|
| 2009 | 2,398,245 | 90,915,774 | 37,909 | 8.9% | 1,218,871 | 39 |
| 2010 | 2,563,885 | 92,227,399 | 35,972 | 12.0% | 1,257,324 | 38 |
| 2011 | 2,516,515 | 97,815,794 | 38,870 | 12.7% | 1,300,030 | 38 |
| 2012 | 2,551,255 | 100,688,604 | 39,466 | 9.7% | 1,290,751 | 39 |
| 2013 | 2,565,685 | 104,373,301 | 40,680 | 8.9% | 1,289,617 | 39 |
| 2014 | 2,586,290 | 111,528,866 | 43,123 | 7.2% | 1,282,854 | 39 |
| 2015 | 2,653,934 | 116,553,169 | 43,278 | 6.2% | 1,321,033 | 40 |
| 2016 | 2,696,353 | 123,276,064 | 45,440 | 5.8% | 1,334,404 | 40 |
| 2017 | 2,743,095 | 126,715,595 | 46,048 | 5.0% | 1,375,376 | 40 |
| 2018 | 2,779,322 | (1) | (1) | 3.6% | 1,363,766 | (1) |

Source: U.S Department of Commerce, Economics and Statistics Administration, Bureau of Economic Analysis/Regional Economic Information System, Florida Agency for Workforce Innovation, Labor Market Statistics, Miami-Dade County Department of Regulatory and Economic Resources, Research Section University of Florida, Bureau of Economic and Business Research.

Legend: (1) Information unavailable as of the date of this report

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 PRINCIPAL EMPLOYERS (Unaudited)
 LAST TEN FISCAL YEARS

| Employers | 2016* | | | 2009 | | |
|--|----------------|------|---------------------------------------|----------------|------|---------------------------------------|
| | Employees | Rank | Percentage of Total County Employment | Employees | Rank | Percentage of Total County Employment |
| Miami-Dade County Public Schools | 31,000 | 1 | 2.32% | 38,819 | 1 | 3.18% |
| Miami-Dade County | 24,692 | 2 | 1.85% | 29,000 | 2 | 2.38% |
| U.S. Federal Government | 19,300 | 3 | 1.45% | 19,900 | 3 | 1.63% |
| Florida State Government | 19,200 | 4 | 1.44% | 16,100 | 4 | 1.32% |
| University of Miami | 13,864 | 5 | 1.04% | 12,000 | 6 | 0.98% |
| Baptist Health System of South Florida | 13,369 | 6 | 1.00% | 12,000 | 7 | 0.98% |
| American Airlines | 11,773 | 7 | 0.88% | 9,000 | 9 | 0.74% |
| Jackson Health System | 8,163 | 8 | 0.61% | 12,468 | 5 | 1.02% |
| Florida International University | 4,951 | 9 | 0.37% | 8,000 | 10 | 0.66% |
| City of Miami | 3,820 | 10 | 0.29% | 4,400 | 14 | 0.36% |
| Mount Sinai Medical Center | 3,402 | 11 | 0.25% | | | |
| Florida Power and Light Company | 3,011 | 12 | 0.23% | | | |
| Miami Children Hospital | 2,991 | 13 | 0.22% | | | |
| Homestead AFB | 2,810 | 14 | 0.21% | | | |
| Miami-Dade College | 2,572 | 15 | 0.19% | 5,798 | 12 | 0.48% |
| UM Health | | | | 7,025 | 11 | 0.58% |
| Publix Super Markets | - | | | 11,625 | 8 | 0.95% |
| United Parcel Service | | | | 4,982 | 13 | 0.41% |
| Bellsouth/ATT | - | | | 4,100 | 15 | 0.34% |
| | <u>164,918</u> | | <u>12.35%</u> | <u>195,217</u> | | <u>16.01%</u> |

Source: The Beacon Council, Miami, Florida, Miami Business Profile
 Miami-Dade County, Florida 2009 and 2016 Comprehensive Annual Financial Report.

* The Principal Employers data for 2017 and 2018 are unavailable as of the date of this report.

OPERATING INFORMATION



TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 FULL TIME EMPLOYEES BY FUNCTION (Unaudited)
 LAST TEN FISCAL YEARS

| FUNCTION: | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Metrobus Operations and Maintenance | 2,055 | 1,995 | 2,019 | 2,017 | 2,013 | 2,038 | 2,030 | 2,156 | 2,148 | 2,149 |
| Rail Operations and Maintenance | 432 | 427 | 426 | 472 | 468 | 473 | 470 | 471 | 471 | 469 |
| Metromover Operations and Administration | 70 | 70 | 69 | 69 | 72 | 73 | 73 | 72 | 72 | 104 |
| STS Administration | 32 | 31 | 30 | 34 | 39 | 33 | 33 | 33 | 31 | 31 |
| Total Operations and Maintenance | 2,589 | 2,523 | 2,544 | 2,592 | 2,592 | 2,617 | 2,606 | 2,732 | 2,722 | 2,753 |
| General Administration | 712 | 678 | 655 | 643 | 643 | 618 | 641 | 607 | 620 | 618 |
| Total | 3,301 | 3,201 | 3,199 | 3,235 | 3,235 | 3,235 | 3,247 | 3,339 | 3,342 | 3,371 |

Source: Miami-Dade County Office of Strategic Business Management

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 CAPITAL ASSET INDICATORS (Unaudited)
 LAST TEN FISCAL YEARS

| Capital Asset Indicators | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Miles of rail | 22 | 23 | 23 | 25 | 25 | 25 | 25 | 25 | 25 | 25 |
| Number of Metro Rail Stations | 22 | 22 | 22 | 22 | 23 | 23 | 23 | 23 | 23 | 23 |
| Number of Buses | 816 | 817 | 828 | 823 | 824 | 822 | 813 | 847 | 815 | 806 |

Source: Internal Capital Assets reports

TRANSIT ENTERPRISE FUND
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
COST OF CAPITAL ASSETS (Unaudited)
LAST TEN FISCAL YEARS (in thousands)

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Capital assets not being depreciated: | | | | | | | | | | |
| Land | \$ 241,195 | \$ 246,465 | \$ 252,801 | \$ 253,098 | \$ 254,345 | \$ 254,345 | \$ 254,345 | \$ 254,345 | \$ 254,544 | \$ 260,394 |
| Construction in progress | 141,546 | 327,603 | 488,348 | 54,984 | 81,080 | 128,332 | 190,942 | 215,916 | 259,158 | 339,877 |
| Total capital assets not being depreciated | 382,741 | 574,068 | 741,149 | 308,082 | 335,425 | 382,677 | 445,287 | 470,261 | 513,702 | 600,271 |
| Capital assets being depreciated: | | | | | | | | | | |
| Buildings and guideway structures | 1,404,510 | 1,404,599 | 1,404,649 | 1,871,375 | 1,874,031 | 1,876,222 | 1,876,222 | 1,892,265 | 1,910,111 | 1,910,795 |
| Transportation and other equipment | 711,997 | 756,798 | 744,322 | 728,550 | 717,374 | 710,986 | 726,883 | 757,945 | 788,501 | 792,460 |
| Total capital asset being depreciated | 2,116,507 | 2,161,397 | 2,148,971 | 2,599,925 | 2,591,405 | 2,587,208 | 2,603,105 | 2,650,210 | 2,698,612 | 2,703,255 |
| Less accumulated depreciation for: | | | | | | | | | | |
| Buildings and guideway structures | (650,528) | (685,641) | (720,781) | (755,897) | (801,768) | (838,415) | (876,745) | (924,140) | (968,418) | (1,010,332) |
| Transportation and other equipment | (367,771) | (404,652) | (420,460) | (439,324) | (457,979) | (485,823) | (507,290) | (516,061) | (530,905) | (500,371) |
| Total accumulated depreciation | (1,018,299) | (1,090,293) | (1,141,241) | (1,195,221) | (1,259,747) | (1,324,238) | (1,384,035) | (1,440,201) | (1,499,323) | (1,510,703) |
| Total capital assets being depreciated, net | 1,098,208 | 1,071,104 | 1,007,730 | 1,404,704 | 1,331,658 | 1,262,970 | 1,219,070 | 1,210,009 | 1,199,289 | 1,192,552 |
| Total capital assets, net | \$ 1,480,949 | \$ 1,645,172 | \$ 1,748,879 | \$ 1,712,786 | \$ 1,667,083 | \$ 1,645,647 | \$ 1,664,357 | \$ 1,680,270 | \$ 1,712,991 | \$ 1,792,823 |

Source: Annual Financial Statements

TRANSIT ENTERPRISE FUND
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
LEVEL OF SERVICE - Annual (Unaudited)
LAST TEN FISCAL YEARS

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-----------------------------------|--------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|-------------------|-------------------|
| Ridership* | | | | | | | | | | |
| Bus | 75,608,566 | 70,459,772 | 75,723,805 | 77,828,274 | 78,383,965 | 76,842,660 | 72,386,524 | 65,150,553 | 58,000,998 | 51,759,916 |
| Rail | 18,244,477 | 17,371,553 | 18,134,784 | 18,706,102 | 21,038,404 | 21,592,663 | 21,910,609 | 21,461,039 | 19,984,735 | 19,150,308 |
| Mover | 8,100,144 | 8,090,456 | 9,167,109 | 9,102,431 | 9,571,411 | 9,913,083 | 9,937,592 | 10,318,149 | 9,463,403 | 8,802,523 |
| STS | 1,551,988 | 1,553,539 | 1,593,215 | 1,672,361 | 1,708,221 | 1,676,323 | 1,650,969 | 1,643,345 | 1,633,236 | 1,743,023 |
| Total | 103,505,175 | 97,475,320 | 104,618,913 | 107,309,168 | 110,702,001 | 110,024,729 | 105,885,694 | 98,573,086 | 89,082,372 | 81,455,770 |
| Revenue Miles** | | | | | | | | | | |
| Bus | 31,547,096 | 29,177,775 | 28,860,941 | 28,746,788 | 28,936,033 | 28,953,282 | 28,750,157 | 28,242,594 | 28,344,092 | 23,503,382 |
| Rail | 6,691,511 | 6,709,459 | 6,366,821 | 6,819,311 | 7,884,786 | 7,976,759 | 7,974,156 | 8,189,085 | 7,857,582 | 7,384,249 |
| Mover | 1,073,135 | 1,055,673 | 1,073,494 | 1,075,378 | 1,222,385 | 1,321,864 | 1,134,945 | 1,189,377 | 1,122,585 | 1,180,490 |
| STS | 13,084,419 | 13,260,276 | 13,232,539 | 13,585,622 | 14,680,035 | 12,940,349 | 14,159,764 | 13,339,934 | 13,120,487 | 12,509,097 |
| | 52,396,161 | 50,203,183 | 49,533,795 | 50,227,099 | 52,723,239 | 51,192,254 | 52,019,022 | 50,960,990 | 50,444,746 | 44,577,218 |
| Revenue Hours** | | | | | | | | | | |
| Bus | 2,629,625 | 2,444,526 | 2,424,028 | 2,409,415 | 2,426,669 | 2,430,170 | 2,418,530 | 2,438,266 | 2,471,312 | 2,337,271 |
| Rail | 294,140 | 295,254 | 294,533 | 288,095 | 356,046 | 361,509 | 361,130 | 367,915 | 360,670 | 339,929 |
| Mover | 105,517 | 103,447 | 105,245 | 105,711 | 121,239 | 132,917 | 119,288 | 116,604 | 110,057 | 108,676 |
| STS | 949,173 | 973,028 | 978,336 | 993,257 | 1,067,817 | 942,636 | 1,067,809 | 1,093,260 | 1,113,022 | 1,070,714 |
| | 3,978,455 | 3,816,255 | 3,802,142 | 3,796,478 | 3,971,771 | 3,867,232 | 3,966,757 | 4,016,045 | 4,055,061 | 3,856,590 |
| Passenger per Revenue Mile | | | | | | | | | | |
| Bus | 2.40 | 2.41 | 2.62 | 2.71 | 2.71 | 2.65 | 2.52 | 2.31 | 2.05 | 2.20 |
| Rail | 2.73 | 2.59 | 2.85 | 2.74 | 2.67 | 2.71 | 2.75 | 2.62 | 2.54 | 2.59 |
| Mover | 7.55 | 7.66 | 8.54 | 8.46 | 7.83 | 7.50 | 8.76 | 8.68 | 8.43 | 7.46 |
| STS | 0.12 | 0.12 | 0.12 | 0.12 | 0.12 | 0.13 | 0.12 | 0.12 | 0.12 | 0.14 |
| | 1.98 | 1.94 | 2.11 | 2.14 | 2.10 | 2.15 | 2.04 | 1.93 | 1.77 | 1.83 |
| Passenger per Revenue Hour | | | | | | | | | | |
| Bus | 28.75 | 28.82 | 31.24 | 32.30 | 32.30 | 31.62 | 29.93 | 26.72 | 23.47 | 22.15 |
| Rail | 62.03 | 58.84 | 61.57 | 64.93 | 59.09 | 59.73 | 60.67 | 58.33 | 55.41 | 56.34 |
| Mover | 76.77 | 78.21 | 87.10 | 86.11 | 78.95 | 74.58 | 83.31 | 88.49 | 85.99 | 81.00 |
| STS | 1.64 | 1.60 | 1.63 | 1.68 | 1.60 | 1.78 | 1.55 | 1.50 | 1.47 | 1.63 |
| | 26.02 | 25.54 | 27.52 | 28.27 | 27.87 | 28.45 | 26.69 | 24.54 | 21.97 | 21.12 |
| Operating Expenses*** | | | | | | | | | | |
| Cost per Revenue Mile | \$ 9.18 | \$ 8.96 | \$ 9.18 | \$ 9.08 | \$ 8.54 | \$ 9.49 | \$ 9.96 | \$ 10.08 | \$ 11.02 | \$ 12.52 |
| Cost Per Hour | \$ 111.41 | \$ 108.35 | \$ 109.36 | \$ 110.62 | \$ 104.56 | \$ 115.10 | \$ 119.19 | \$ 118.31 | \$ 137.08 | \$ 144.71 |
| Cost per Boarding | \$ 4.65 | \$ 4.63 | \$ 4.35 | \$ 4.25 | \$ 4.04 | \$ 4.39 | \$ 4.86 | \$ 5.15 | \$ 6.24 | \$ 6.85 |
| Fare Revenue per Passenger | \$ 0.95 | \$ 1.03 | \$ 1.01 | \$ 1.02 | \$ 1.04 | \$ 1.10 | \$ 1.10 | \$ 1.10 | \$ 1.04 | \$ 1.03 |

*Ridership data is based on internal ridership records

**Revenue Miles and Revenue Hours totals are reported in the National Transit Database (NTD)

*** Operating Expense does not include depreciation and amortization, interest expense and non-operating expenses

Source: Internal Ridership Records, National Transit Database (NTD), and Annual Financial Statements.

TRANSIT ENTERPRISE FUND
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
LEVEL OF SERVICE - Weekly (Unaudited)
LAST TEN FISCAL YEARS

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Weekly Average Passenger (Ridership)¹ | | | | | | | | | | |
| Bus | 1,454,010.88 | 1,354,995.62 | 1,456,227.02 | 1,496,697.58 | 1,507,383.94 | 1,477,743.46 | 1,392,048.54 | 1,252,895.25 | 1,115,403.81 | 995,383.00 |
| Rail | 350,855.33 | 334,068.33 | 348,745.85 | 359,732.73 | 404,584.69 | 415,243.52 | 421,357.87 | 412,712.29 | 384,321.83 | 368,275.15 |
| Mover | 155,772.00 | 155,585.69 | 176,290.56 | 175,046.75 | 184,065.60 | 190,636.21 | 191,107.54 | 198,425.94 | 181,988.52 | 169,279.29 |
| STS | 29,845.92 | 29,875.75 | 30,638.75 | 32,160.79 | 32,850.40 | 32,236.98 | 31,749.40 | 31,602.79 | 31,408.38 | 33,519.67 |
| Total² | 1,990,484.13 | 1,874,525.38 | 2,011,902.17 | 2,063,637.85 | 2,128,884.63 | 2,115,860.17 | 2,036,263.35 | 1,895,636.27 | 1,713,122.54 | 1,566,457.12 |
| Weekly Average Revenue Miles | | | | | | | | | | |
| Bus | 606,675 | 561,111 | 555,018 | 552,823 | 556,462 | 556,794 | 552,888 | 543,127 | 545,079 | 451,988 |
| Rail | 128,683 | 129,028 | 122,439 | 131,141 | 151,631 | 153,399 | 153,349 | 157,482 | 151,107 | 142,005 |
| Mover | 20,637 | 20,301 | 20,644 | 20,680 | 23,507 | 25,420 | 21,826 | 22,873 | 21,588 | 22,702 |
| STS | 251,623 | 255,005 | 254,472 | 261,262 | 282,308 | 248,853 | 272,303 | 256,537 | 252,317 | 240,560 |
| | 1,007,618 | 965,446 | 952,573 | 965,906 | 1,013,908 | 984,466 | 1,000,366 | 980,019 | 970,091 | 857,254 |
| Weekly Average Revenue Hours | | | | | | | | | | |
| Bus | 50,575.48 | 47,010.12 | 46,615.92 | 46,334.90 | 46,666.71 | 46,734.04 | 46,510.19 | 47,351.04 | 47,525.23 | 44,947.52 |
| Rail | 5,656.54 | 5,677.96 | 5,664.10 | 5,540.29 | 6,847.04 | 6,952.10 | 6,944.81 | 6,944.81 | 6,935.96 | 6,537.10 |
| Mover | 2,029.17 | 1,989.37 | 2,023.94 | 2,027.48 | 2,304.65 | 2,492.21 | 2,180.58 | 2,180.58 | 2,116.48 | 2,089.92 |
| STS | 18,253.33 | 18,712.08 | 18,814.15 | 19,101.10 | 20,534.94 | 18,127.62 | 20,534.79 | 20,534.79 | 21,404.27 | 20,590.65 |
| | 76,515 | 73,390 | 73,118 | 73,004 | 76,353 | 74,306 | 76,170 | 77,011 | 77,982 | 74,165 |
| Weekly Average Passenger per Revenue Mile | | | | | | | | | | |
| Bus | 2.40 | 2.41 | 2.62 | 2.71 | 2.71 | 2.65 | 2.52 | 2.31 | 2.05 | 2.20 |
| Rail | 2.73 | 2.59 | 2.85 | 2.74 | 2.67 | 2.71 | 2.75 | 2.62 | 2.54 | 2.59 |
| Mover | 7.55 | 7.66 | 8.54 | 8.46 | 7.83 | 7.50 | 8.76 | 8.68 | 8.43 | 7.46 |
| STS | 0.12 | 0.12 | 0.12 | 0.12 | 0.12 | 0.13 | 0.12 | 0.12 | 0.12 | 0.14 |
| | 102.72 | 100.96 | 109.83 | 111.10 | 109.18 | 111.76 | 105.85 | 100.58 | 91.83 | 95.02 |
| Weekly Average Passenger per Revenue Hour | | | | | | | | | | |
| Bus | 28.75 | 28.82 | 31.24 | 32.30 | 32.30 | 31.62 | 29.93 | 26.46 | 23.47 | 22.15 |
| Rail | 62.03 | 58.84 | 61.57 | 64.93 | 59.09 | 59.73 | 60.67 | 59.43 | 55.41 | 56.34 |
| Mover | 76.77 | 78.21 | 87.10 | 86.34 | 79.87 | 76.49 | 87.64 | 91.00 | 85.99 | 81.00 |
| STS | 1.64 | 1.60 | 1.63 | 1.68 | 1.60 | 1.78 | 1.55 | 1.54 | 1.47 | 1.63 |
| | 1,352.75 | 1,328.19 | 1,430.82 | 1,469.91 | 1,449.86 | 1,480.70 | 1,390.12 | 1,279.98 | 1,142.35 | 1,098.30 |

¹ Weekly Average Passenger (Ridership), Revenue Miles and Revenue Hours data were obtained by dividing their respective annual total amounts by 52 weeks.

² Totals and components averages are rounded to the nearest 100 boardings

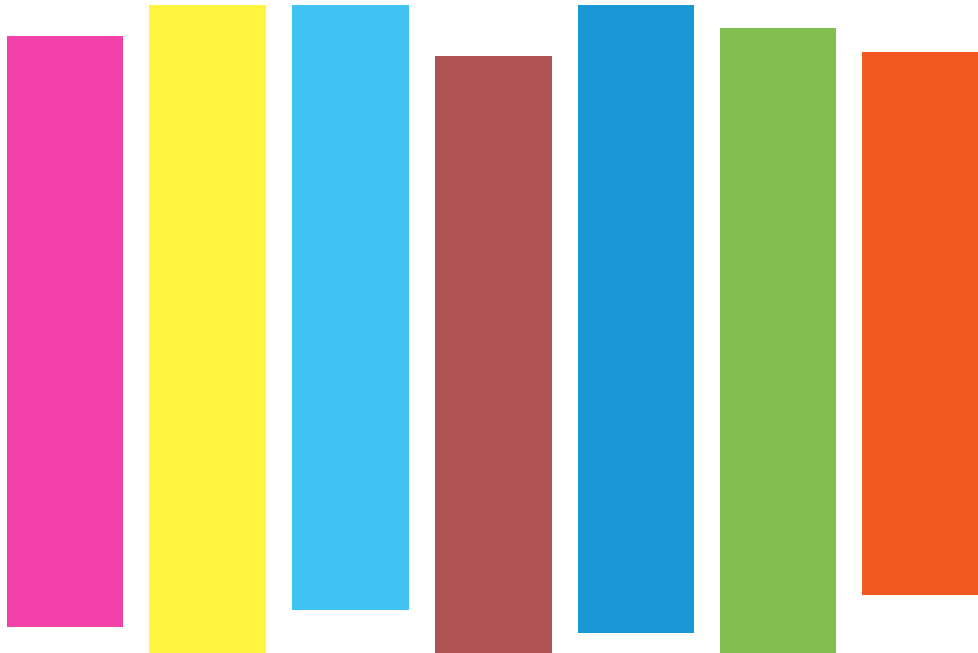
Source: National Transit Database and internal records

TRANSIT ENTERPRISE FUND
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 NUMBER OF VEHICLES AND OPERATING FACILITIES (Unaudited)
 LAST TEN FISCAL YEARS

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
| Number of vehicles available for services: | | | | | | | | | | | |
| Bus | 893 | 816 | 817 | 828 | 823 | 824 | 822 | 813 | 847 | 815 | 806 |
| Rail | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 |
| Mover | 32 | 29 | 29 | 35 | 45 | 46 | 29 | 29 | 29 | 26 | 26 |
| STS | 359 | 355 | 360 | 365 | 380 | 380 | 381 | 372 | 376 | 385 | 389 |
| Total | 1,388 | 1,307 | 1,313 | 1,329 | 1,339 | 1,340 | 1,339 | 1,321 | 1,359 | 1,336 | 1331 |
| Number of vehicles operated during weekday: | | | | | | | | | | | |
| Bus | 744 | 680 | 691 | 690 | 692 | 692 | 672 | 668 | 709 | 709 | 691 |
| Rail | 84 | 84 | 84 | 66 | 76 | 78 | 80 | 80 | 84 | 84 | 76 |
| Mover | 18 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 |
| STS | 276 | 276 | 360 | 360 | 333 | 336 | 328 | 331 | 358 | 372 | 375 |
| Total | 1,122 | 1,061 | 1,156 | 1,137 | 1,122 | 1,127 | 1,101 | 1,100 | 1,172 | 1,186 | 1163 |
| Operating Facilities: | | | | | | | | | | | |
| Bus: | | | | | | | | | | | |
| Number of Operating Garages | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Number of bus stops | 8,947 | 8,943 | 8,943 | 8,943 | 8,828 | 8,828 | 8,828 | 8,828 | 8,828 | 8,319 | 7,633 |
| Rail: | | | | | | | | | | | |
| Miles of tracks | 22 | 22 | 22 | 22 | 25 | 25 | 25 | 25 | 25 | 25 | 25 |
| Number of operating garages | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of stations | 22 | 22 | 22 | 22 | 23 | 23 | 23 | 23 | 23 | 23 | 23 |
| Mover: | | | | | | | | | | | |
| Miles of tracks | 4.4 | 4.4 | 4.4 | 4.4 | 4.4 | 4.4 | 4.4 | 4.4 | 4.4 | 4.4 | 4.4 |
| Number of operating garages | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of stations | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 |

Source : National Transit Database (NTD) and internal reports

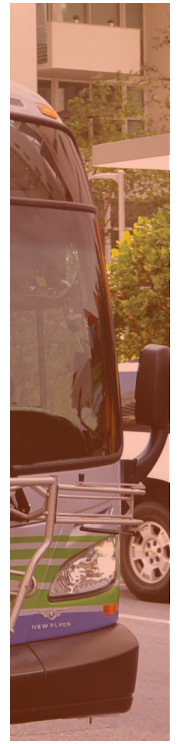
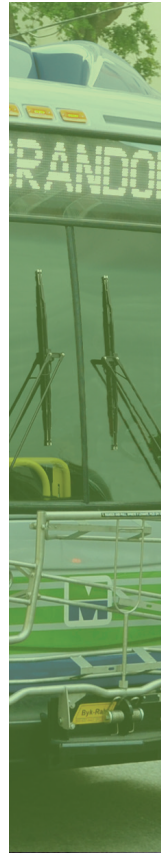
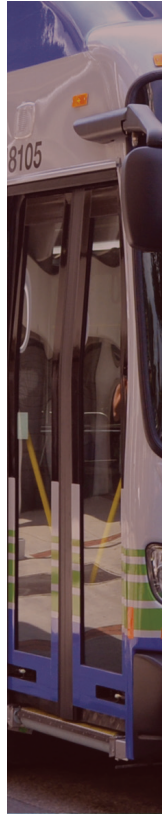
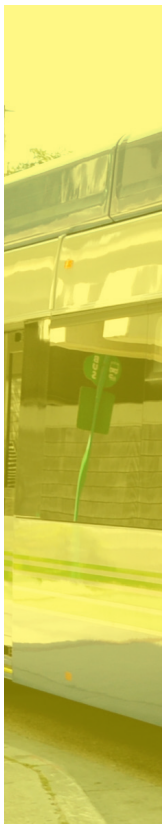
MISCELLANEOUS INFORMATION



TRANSIT ENTERPRISE FUND
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
INSURANCE IN FORCE (Unaudited)
AS OF SEPTEMBER 2018

| Type of Coverage | Insurer | Policy Period | Premium |
|--|---|-----------------------|------------|
| <u>ART INSURANCE:</u> | Lloyds of London | 04/17/18- 04/17/19 | \$ 3,020 |
| <u>AUTOMOBILE LIABILITY:</u> | | | |
| Executive Vehicles | National Indemnity Company of the South | 01/18/18- 01/18/19 | 54,840 |
| <u>AVIATION:</u> | | | |
| Airport Liability | National Union Fire Insurance Company of Pittsburgh | 10/01/18 - 10/01/19 | 505,246 |
| Aircraft Hull and Liability | Global Aerospace | 01/08/18- 01/08/19 | 312,656 |
| Unmanned Aircraft (Drone) | Global Aerospace | 01/10/18-01/10/19 | 742 |
| <u>BONDS:</u> | | | |
| Customs Bond | Fidelity & Deposit Co. | 03/18/18- 3/18/19 | 850 |
| Crime Policy | Fidelity & Deposit Co. | 08/19/18- 8/19/19 | 114,293 |
| Crime Policy/WASAD | Fidelity & Deposit Co. | 11/25/17- 11/25/18 | 2,041 |
| <u>FLOOD COVERAGE:</u> | | | |
| Various County locations | | | |
| <u>HEALTH/LIFE COVERAGES:</u> | | | |
| Accidental Death Insurance | Hartford Life Insurance Co | 01/01/18 - 12/31/18 | 165,668 |
| Older Americans Volunteer Program | Various Companies | 07/01/18 -07/01/19 | 4,374 |
| PBA Survivors Benefit Trust | Hartford Life Insurance Co | 01/01/2018 - 12/31/19 | 151,800 |
| <u>MARINE COVERAGE:</u> | | | |
| Hull Insurance | Great American Insurance Company of New York | 02/10/17 - 02/10/18 | 25,102 |
| TULIP | Atlantic Specialty Insurance Company | 04/22/17 - 04/22/18 | Varies |
| <u>PROPERTY INSURANCE:</u> | | | |
| Countywide Program | Various Companies | 04/15/17 - 04/15/18 | 10,766,707 |
| Boiler & Machinery | Federal Insurance Co. | 04/15/17 - 04/15/18 | 149,406 |
| Water and Sewer Department | Various Companies | 03/02/18 - 03/02/19 | 2,166,300 |
| Public Housing/Community Development | Axis | 07/01/18 - 07/01/19 | 439,500 |
| Public Works Solid Waste Department | Various Companies | 04/15/17 - 04/15/18 | 1,643,697 |
| South Terminal - MIA | | | |
| Runways- MDAD | | | |
| Busses- MDT | | | |
| Fine Arts- Vizcaya | Lloyds of London | 04/15/17 - 04/15/18 | 28,905 |
| Terrorism | Lloyds of London | 04/15/17 - 04/15/18 | 180,000 |
| Verde Gardens | Various Companies | 06/01/18 - 06/01/19 | 90,511 |
| Flood | NFIP | Various | 1,084,545 |
| Forced Placed- PHCD | Lloyds of London | Various | 21,869 |
| Forced Placed- NSP | Lloyds of London | Various | 1,553 |
| <u>SELF INSURANCE FUND:</u> | | | |
| Automobile Liability | Self Insurance Fund | Continuous | |
| Police Professional Liability | Self Insurance Fund | Continuous | |
| Public Liability | Self Insurance Fund | Continuous | |
| Workers Compensation | Self Insurance Fund | Continuous | |
| <u>SOUTH MIAMI-DADE CULTURAL CENTER</u> | | | |
| Professional Liability | Self Insurance Fund | | |
| <u>SPECIAL EVENTS:</u> | | | |
| Dade County Auditorium | Self Insurance Fund | | |

Source: Miami-Dade County General Services Administration, Risk Management Division, ISD.



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