McGladrey & Pullen
Certified Public Accountants

Miami-Dade County Transit Department
Miami-Dade County, Florida
(An Enterprise Fund of Miami-Dade County, Florida)

Financial Statements
September 30, 2009

MIAMI-DADE TRANSIT DEPARTMENT
MIAMI-DADE COUNTY, FLORIDA

(An Enterprise Fund of Miami-Dade County, Florida)

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McGladrey & Pullen
Certified Public Accountants

Independent Auditors' Report

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

We have audited the accompanying financial statements of the Miami-Dade County Transit Department (MDT), an enterprise fund of Miami-Dade County, Florida, as of and for the year ended September 30, 2009 as listed in the table of contents. These financial statements are the responsibility of MDT's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only MDT, an enterprise fund of Miami-Dade County, Florida. These financial statements do not purport to, and do not, present fairly the financial position of Miami-Dade County, Florida, as of September 30, 2009, and the changes in its financial position and where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Miami-Dade County Transit Department, an enterprise fund of Miami-Dade County, Florida, as of September 30, 2009, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued under separate cover our report dated February 12, 2010 on our consideration of MDT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, as listed in the table of contents, is not a required part of the fund financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

McGladrey & Pullen, LLP

Miami-Dade County, Florida
February 12, 2010

MIAMI-DADE TRANSIT DEPARTMENT
MIAMI-DADE COUNTY, FLORIDA

(An Enterprise Fund of Miami-Dade County, Florida)

Management's Discussion and Analysis

September 30, 2009

(Unaudited)

Overview

Miami-Dade County Transit Department's (MDT) management's discussion and analysis (MD&A) is designed to (i) assist the reader in focusing on significant financial issues, (ii) provide an overview of MDT's financial activity, and (iii) identify changes in MDT's financial position. It serves as an introduction to the financial statements of MDT for the fiscal year ended September 30, 2009. The MD&A represents management's analysis of MDT's financial condition and performance. Since the MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with MDT's financial statements. The financial statements include a statement of net assets; a statement of revenue, expenses, and changes in net assets; a statement of cash flows; and notes to the financial statements.

The statement of net assets presents the financial position of MDT as of a specific date. It provides information about the nature and amount of resources (assets) and obligations (liabilities), with net assets being the difference between assets and liabilities. Increases or decreases in net assets may serve as a useful indicator of changes in the financial position of MDT.

The statement of revenue, expenses, and changes in net assets presents information showing how MDT's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs which might not coincide with the timing of the related cash flows.

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

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

Financial Highlights

Net Assets

A summary of MDT's net assets at September 30, 2009 and 2008 is shown below, as Table 1. Net assets may serve over time as a useful indicator of MDT's financial position. MDT's total net assets as of September 30, 2009 were approximately $749 million. During fiscal year 2009, MDT's net assets decreased by approximately $77 million (or 9%). Total liabilities increased by $172 million as a result of additional borrowings from Citizens' Independent Transportation Trust (CITT) and issuance of the Series 2009 A & B Surtax Revenue bonds to support MDT capital projects and the Earlington Heights (EH-MIC) construction project.

Table 1

Summary of Net Assets

Assets		September 30, 2009	2008
		(In thousands)	
Total current assets	$	384,777	98,739
Noncurrent assets:			
Restricted assets and other assets		161,658	381,715
Total capital assets		1,480,949	1,451,635
Total noncurrent assets		1,642,607	1,833,350
Total assets		2,027,384	1,932,089
Liabilities			
Total current liabilities		495,679	187,648
Total long-term liabilities		782,613	918,370
Total liabilities		1,278,292	1,106,018
Net Assets			
Invested in capital assets, net of related debt		901,304	997,859
Unrestricted deficit		(152,212)	(171,788)
Total net assets	$	749,092	826,071

Cash Deficits

MDT's operating fund ended the 2009 fiscal year with a $55.6 million cash deficit, which is classified as Due to Other County Funds in the accompanying Statement of Net Assets. $1 million will be funded by current accounts receivables that included: fuel tax refunds, pass sales corporate sales and other miscellaneous revenues; $8.9 million will be reimbursed from the block grant; and the remaining $45.7 million will be reimbursed from MDT's disposal of real property assets, such as sales of land and operational savings to be obtained starting in fiscal year 2010. Last year, MDT's operating cash deficit was $74.8 million compared to $55.6 million, an improvement of $19.2 million.

MDT's projects funds ended 2009 with a $91.02 million cash deficit, which is classified as Due to Other County Funds in the accompanying Statement of Net Assets. $46.17 million will be reimbursed from Federal and State grantor agencies and the remaining $44.85 million will be reimbursed from MDT's disposal of real property assets, operational savings to be obtained starting in fiscal year 2010. Last year, MDT's project funds cash deficit was $53.60 million compared to $91.02 million, an increase of $37.42 million.

The total cash deficit at September 30, 2009 was $146.6 million as compared to $128.4 million at September 30, 2008. This deficit excludes cash balance of $143.56 million which represents the unspent proceeds of the series 2009 bonds, which was issued to fund Peoples' Transportation Plan (PTP) projects and the payment of debt service. The portion of these deficits expected to be repaid within one year are shown on the financial statements as current liabilities and netted in the due to other Miami-Dade County funds in the amount of $104.23 million. The remaining portion is reflected as a long-term advance from Miami-Dade County in the amount of $42.38 million. MDT continues to be dependent on funding from the County and various governmental entities.

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

Table 2

Changes in Net Assets

	Fiscal years ended September 30, 2009	2008
	(In thousands)	
Operating revenue	$ 103,594	97,560
Operating expenses	484,782	510,249
Depreciation	70,737	71,940
Operating loss	(451,925)	(484,629)
Nonoperating revenue (expenses):		
Governmental subsidies	43,382	40,411
Interest expense	(17,679)	(13,272)
Interest income	1,069	1,427
Other nonoperating, net	7,023	8,169
Total nonoperating revenue (expenses), net	33,795	36,735
Loss before contributions and transfers	(418,130)	(447,894)
Capital contributions from CITT	25,355	15,898
Capital contributions from Federal and State of Florida	70,410	95,118
Transfers from OCED	—	1,078
Transfers from Miami-Dade County	145,576	140,964
Transfers from CITT	99,810	105,159
Total capital contributions and transfers	341,151	358,217
Change in net assets	(76,979)	(89,677)
Net assets, beginning of the year	826,071	915,748
Net assets, end of the year	$ 749,092	826,071

Changes in Net Assets

Total operating revenue increased by $6.0 million (or 6%), and operating expenses decreased by 25.5 million (or 5%), which resulted in an overall decrease in the operating loss of $32.7 million. The increase in operating revenue is mainly due to passenger fare revenue. Total ridership increased at the beginning of fiscal year 2009 which is attributed to the increase price of gasoline.

MDT's total operating expenses decreased from the prior year. The total operating expenses were $484.7 million for fiscal year 2009 as compared to $510.2 million for fiscal year 2008, not including depreciation expense. Other components that significantly decreased during the fiscal year, included charges for salaries, fuel, and casualty and liability for a total of approximately $26.37 million. The operating loss improved from that of the prior year by $32.7 million (or 7%) due primarily to decreased cost of service.

Total governmental subsidies, and contributions from Miami-Dade County (the County), decreased compared to the prior year. The total for fiscal year 2009 was approximately $384.5 million as compared to approximately $397.5 million for fiscal year 2008 ($13.0 million or 3% change). The reason for the decrease in fiscal year 2009 was primarily due to approximately $17 million reductions of revenue from Federal Transit Administration. In 2008, MDT was awarded additional funds to be used for construction costs on the South Miami-Dade Busway.

Subsidies for Operating Assistance

MDT is unable to generate sufficient revenue from operations to meet its operating expenses. Consequently, MDT is dependent on continued funding from the County and the various other governmental entities, which provide financial assistance to continue its operations. The subsidies assistance for the years ended September 30, 2009 and 2008 are summarized in table 3 below.

Table 3

Subsidies for capital and operating assistance for the years ended September 30, 2009 and 2008, were as follows (in thousands):

		2009	2008
Federal:			
FTA assistance	$	63,857	83,481
State:			
FDOT assistance		32,982	35,346
Local:			
Option gas tax		16,953	16,702
Total governmental subsidies		113,792	135,529
Total capital contributions and transfers from Miami-Dade County		145,576	140,964
Total capital contributions and transfers from CITT		125,165	121,057
Total governmental subsidies and contributions	$	384,533	397,550

Capital Assets

At the end of fiscal year 2009, MDT had approximately $1.4 billion invested in a broad range of capital assets. During fiscal year 2009, MDT placed into service a total fleet of approximately 863 vehicles. MDT's construction in progress consists of costs related to various ongoing projects.

The following table summarizes the composition of MDT's capital assets, net of accumulated depreciation, as of September 30, 2009 and 2008. A more detailed presentation can be found at note 4 to the financial statements.

Table 4

Capital Assets

		2009	2008
		(In thousands)	
Land	$	241,195	226,349
Buildings and guideway structures		1,404,510	1,404,510
Transportation and other equipment		711,997	624,471
		2,357,702	2,255,330
Construction in progress		141,546	173,749
Total capital assets		2,499,248	2,429,079
Accumulated depreciation		(1,018,299)	(977,444)
Total capital assets, net	$	1,480,949	1,451,635

Debt

The following table summarizes the composition of MDT's debt as of September 30, 2009 and 2008. A more detailed presentation can be found at notes 5 and 6 to the financial statements.

Table 5

Summary of Debt Obligation

	2009	2008	Rates
Surtax Revenue Bonds	$ 553,699	$ 363,260	4.0 – 6.9%
Sunshine State Loans	11,809	15,414	VarMax 5.0%
GE Penske Loan	14,807	16,545	4.8%
County Special Obligation Bonds	18,100	22,277	4.0 – 5.0%
	$ 598,415	$ 417,496	

MDT has increased its debt by approximately $180.9 million in 2009. Debt includes a $196 million series 2009 bonds, which was borrowed to begin construction on the many large capital projects that will be undertaken through the People's Transportation Plan. This debt will be repaid through funding generated by the half penny sales tax.

Debt Administration

MDT had total outstanding debt of approximately $598.4 million as of September 30, 2009 as compared to $417.5 million as of September 30, 2008. More detailed information about MDT's long-term debt is presented in note 6 to the financial statements.

Economic Factors and Next Year's Budget

On November 5, 2002, the voters of Miami-Dade County approved the half penny (½%) sales surtax, proceeds from which will be used to construct rapid transit lines and provide funds for acquisition of additional buses and partially cover MDT's operating and maintenance costs.

The one-half cent sales surtax provides a dedicated funding source for transportation improvements. When combined with federal, state, and other local funding, it will enable the largest expansion of transit services and transportation-related infrastructure in the County's history. The PTP calls for doubling the Metrorail line over the next decade, expanding bus service where needed, replacing and overhauling the Metromover and Metrorail fleets, pursuing transportation-related technological improvements and significant roadway improvement projects including at least two new major arterial flyovers. The PTP also supports operations for expanded transit services. The first series of surtax-backed bonds used to finance PTP projects were issued in April 2006. In addition, new surtax bonds were issued in fiscal year 2008 and 2009.

In 2009, The County held a PTP Summit to communicate to the public the challenges MDT is facing in the implementation of the PTP. A number of alternatives were discussed, seeking partnerships with other agencies to help fund transit expansion. As a result, Resolution 08-079 was amended creating a unified system for capital expansion reserve fund and allowing for greater flexibility in the use of Surtax funds for the operation and maintenance of the Transit system.

Metrobus Improvements – MDT has continued the constant monitoring and analysis of bus service to improve efficiency by optimizing and restructuring routes. MDT recently implemented a successful preventive maintenance program to quickly identify and address mechanical problems in both bus and rail services before they result in costly breakdowns. In FY 2009-10, the Department will continue its preventive maintenance program in Metrobus to ensure reliability of the bus fleet, including process mapping to realize new efficiencies in maintenance control, maintenance, inventory parts and warranty systems. The FY 2009-10 Proposed Resource Allocation Plan for the Metrobus fleet includes a 3,000 mile inspection covering oil/filter replacement and safety checks for brakes, tires, wheel lug nuts, and electrical systems; continue a 6,000 mile inspection focused on mechanical/safety diagnostic and corrective actions to ensure vehicles meet technical specifications including oil pressure, fluid analysis, alternator performance, and brake. The Preventive Maintenance Program will further improve efficiency and the quality of service, while the adoption of the Easy Card automated fare collection system will increase passenger payment convenience and fare recovery.

In FY 2009-10, the Department recommends a restructuring of the routes that maximize efficiency and eliminates duplicate routes, resulting in 50 bus operations positions eliminated (representing $12.3 million in savings). The FY 2009-10 Proposed Allocation Plan reduces revenue miles to 28.5 million from 30.5 million revenue miles that translates into approximately 2.5 million revenue miles of new service that has been added since November 2002. MDT has launched a Service Efficiency and Restructuring Initiative (SERI) to improve bus system efficiency such as reducing route duplication and low ridership service. Data from the new Automated Fare Collection System is being used for this project. Implementation of the SERI first phase is scheduled for December 2009

With the December line-up, eight Metrobus routes now provide overnight service and six of these routes operate 24-hours a day. Since the PTP began in 2002, 29 new routes were added and over 300 improvements have been made, which the FY 2009-10 Proposed Resource Allocation Plan continues these enhancements. The overall bus fleet has growth from 705 buses in 2002 to 863 buses in December 2009. MDT continues running Kendall Area Transit (KAT) route buses on the shoulders of the Don Shula and Snapper Creek expressways to bypass congestion improve on-time performance and encourage more commuters to use transit. Other bus-related improvements include the replacement of hydraulic and piston lifts at bus maintenance shops ($2 million) completed in April 2009.

Busway Extension – In FY 2009-10, the Department will begin construction on a bus plaza at the MIC-EH connector station programmed at $7.34 million, funded by Federal Transit Administration ($5.68 million), Florida Department of Transportation (FDOT) ($0.83 million), and Capital Improvement Local Option Gas Tax (CILOGT) ($0.83 million).

As part of Miami-Dade County's efforts to fight global warming, MDT will be converting its bus fleet from conventional diesel to cleaner-burning, more fuel-efficient buses. On April 7, 2009, the Miami-Dade County Commission approved the $7.49 million purchase of 13 NABI 40-foot low-floor hybrid buses, plus twenty-five 60-foot articulated hybrid buses. The first "pilot" bus is expected to be received by the end of January 2010, with the remaining dozen anticipated by March 2010. Buses will continue to be replaced through the County's procurement plan on a yearly basis. Full conversion to hybrid-electric is expected within 12 years. MDT plans to run nine 60-foot hybrid buses on a planned Bus Rapid Transit corridor along Kendal Drive.

Bus Stop Signs and Shelters – As of November 2009, more than 8,940 bus stops feature new bus stop signs, which primarily replaced previous signs containing limited route information. The new signs have information panels that offer maps and up-to-date information on each route serving a particular bus stop. MDT is working with Cemusa Inc. to install new, modern bus-stop shelters, a non-PTP funded project, throughout Unincorporated Miami-Dade County. The vendor works separately with the municipalities to provide shelters with municipal boundaries. As of November 2009, more than 1,160 bus shelters have been installed. All the shelters, which utilize solar energy, including large sandblasted-glass panels that shield passengers from outside elements such as rain. Each shelter contains a large transit map that outlines all MDT bus routes and the Metrorail alignment, and provides transit riders with customer-service telephone numbers as well as the department's website address to obtain trip-planning and other transit related information. MDT is currently working with the vendor to install slimline shelters in a number of locations that cannot accommodate full-size shelters.

MDT Bus Tracker System – MDT is developing alternatives for a state-of-the-art real-time Bus Tracking System. The system will be accessible via the internet, cell phone, PDA and Electronic Signs at select bus stops. The MDT Bus Tracker System project will provide a migration of both hardware and software to the current technology for easier and more cost-efficient maintenance and support. Project is expected to be completed by 2012.

MetroRail Service Improvements – Metrorail offers more frequent midday and weekend service. Metrorail on-time performance has improved to 97% from 85% and a more aggressive schedule of inspections, cleaning and repairs has greatly improved the environment for passengers. The centerpiece of the PTP is the Orange Line, which calls for adding between 22 and 25 miles of rail to the existing Metrorail system. The most recent schedule for the development of three phases of the project – which will extend Metrorail to the Broward County line as well as to the Miami Intermodal Center (MIC) and Florida International University's University Park Campus.

Metrorail and Rapid Transit Expansion Projects: MDT broke ground on May 1, 2009 on the MIC-Earlington Heights Connector, a 2.4 mile extension of elevated heavy rail from the existing Earlington Heights Metrorail station to the future Miami Central Station at the Miami Intermodal Center (MIC), the county's future central transportation hub under construction nest to Miami International Airport (MIA). This new Metrorail line is scheduled to open in 2012 at an estimated project cost of $526 million in year-of-expenditure ($100 million from state commitment). The notice-to-proceed to the construction contractor occurred on April 30, 2009.

Replacement of Existing Rail Cars – Within the next five years, the existing 136 Metrorail vehicles will be replaced. The Adopted Capital Improvement Plan assumes 136 rail vehicle replacements at a cost of $401.4 million that would procure vehicles with useful life of 30 years. Recent analysis of the refurbishment program and its impact on overall Metrorail vehicle requirements for the operation of the existing system plus the Metrorail expansion (requiring an additional 8 rail vehicles for the MIC) indicates that on a lifecycle basis, it is less expensive to replace the existing vehicles in lieu of rehabilitation.

In FY 2009-10, the Department will begin the procurement process for 144 MetroRail vehicles of which 136 are replacements for existing vehicles and 8 are for the MIC/EH ($37.26 million programmed in FY 2009-10 from a total project cost of $421 million); delivery will commence on the 72 new vehicles by FY 2013 with all vehicles delivered by December 2015.

Test Track for Metrorail – a 2,500-foot test track is planned for the William Lehman Center Maintenance Facility to allow for the testing of the automatic train operation, program station stops, door operations, propulsion, electric brake faults and safe brake testing. Most importantly, the test track will make it possible for equipment and vehicles to be tested without affecting the normal operation of rail service. The estimated project cost is $18.1 million, and completion is projected in 2012.

Automated Fare Collection System (AFCS) – The Automated Fare Collection System will meet MDT's needs for present and future fare collection on Metrobus and Metrorail. The scope of this project is to procure service proven state-of-the-art fare collection equipment that meet specific requirements. The AFCS is to support a smart card-based system for seamless fare integration for transit and potentially, other local transportation agencies within South Florida. Cash, credit and debit cards will be used to purchase a variety of tickets from ticket vending machines, ticket office machines and point of sale locations. The AFCS was fully implemented in October 1, 2009. The new Easy Card will also significantly reduce fare evasion, which is expected to increase Transit bus fare box and rail fare gate revenue.

Other Projects

Golden Passport – On October 5, 1999, the Golden Passport program was implemented to provide free transit service for low-income seniors. The PTP extended the program to all Miami-Dade seniors and Social Security recipients. Today nearly 165,000 seniors and Social Security beneficiaries participated in this Program. MDT is the only transit system in the country that provides free round-the-clock transit to seniors, and enrollment is expected to continue to increase.

Patriot Passport – In June 2004, the Golden Passport program was expanded to include the Patriot Passport program. The program allows all honorary discharged veterans who are permanent Miami-Dade County residents and whose annual income is less than $22,000, to ride transit free with the Patriot Passport. The Patriot Passport expires annually; today over 6,000 Patriot Passports have been issued.

College Discount Program – Miami-Dade Transit's College/Adult Education Metropass program affords students with the opportunity to purchase a monthly Metropass at reduced fare ($50). The program is aggressively marketed to students through local partnership that allow MDT staff to conduct on-campus outreach and sign ups, distribute MDT literature from information desks, announce the program during student orientation, and posting signs at point-of-sale. MDT also promotes the program through radio ads, the university website, e-mail communications with students, publicity in the student newspapers and other special promotions.

Additional Projects – Since the passage of the PTP, system boarding increased by 29% for the period from FY 2001-02 to the end of FY 2008-009, and is now nearly 107 million. As a result of the American Recovery and Reinvestment Act (ARRA) of 2009, MDT has allocated approximately $70 million in grant funding. However, the Metropolitan Planning Organization (MPO) Board approved 20% of the MDT share for use by the municipalities in Miami-Dade County, totaling $13.9 million. The allocation was based on population. MDT specifically will receive $55.8 million in ARRA funds over the course of three years.

Projects to be funded with the $55.8 million include: The Palmetto Metrorail Station Traction Power Sub-Station Upgrade & Repair, the Kendall Drive Enhanced Bus Service project including the purchase of hybrid buses and construction of new bus stations along both sides of Kendal Drive, Metromover Escalator Replacement and Canopies, Metrorail Graphics and Signage Upgrades, Metromover Video Safety & Security Enhancements providing CTTV surveillance of the Metromover platform and station areas to Central Control, and Metromover Fiber Replacement to improve the availability and reliability of the Metromover Data Transmission System, ADA, TOS hybrid support vehicles, Wi-Fi, Metromover Bicentennial.

The Adopted Budget for fiscal year 2010 – The adopted budget totals $447.129 million consisting of net expenditure authority in the operating fund ($403.450 million), net non-capital grant fund expenditures ($9.029 million) and debt services fund expenditures ($34.650 million); the FY 2009-10 operating plan continues to responsibly target resources focused on higher quality service (particularly in Metrobus) and on vehicle reliability, passenger comfort, and a meaningful and affordable route structure as well as moving towards completing of the programmed capital projects committed to our residents in the PTP.

The Countywide General Fund Maintenance of Effort (MOE) is expected to be $148.1 million, a 3.5% increase above fiscal year 2009 MOE as adopted in the PTP amendment in May of fiscal year 2005. As a result of the County's MOE, state operating support for MDT is programmed at $18.732 million in the FY 2009-10 Proposed Resource Allocation Plan, which is consistent with the Florida Department of Transportation (FDOT) Five Year Work Plan; $666,000 will be received from the South Florida Regional Transportation Authority for Tri-Rail feeder support; other state support includes Transportation Disadvantaged funding ($9.029 million) including issuance of TD Passes, ($2.529 million) and Urban Corridor funding ($1.1 million); MDT will utilize $63.038 million of federal Section 5307 Formula grant funds and federal Section 5309 Fixed Guideway Modernization grant funds, and $13.809 million of Capital Improvement Local Option Gas Tax to support the capitalization of major preventive maintenance expenses in the operating budget.

The annual increase of 3.5% in the Countywide General Fund is one of the amendments to PTP to comply with the requirements of the line of credit from CITT for up to $150 million in surtax funds to support MDT's services in existence as of November 5, 2002. Amendments to the PTP were approved by the Board of County Commissioners through the Resolution R-120-05 adopted on June 28, 2005.

During fiscal year 2010, programmed surtax support for MDT is expected to be $146.389 million and includes $111.739 million for operations, $22.913 for PTP pledged debt service, and $11.737 million for pre-existing debt service.

In FY 2009-10, the Countywide General Fund support to MDT includes $10.298 million towards repayment of the loan for existing services; total borrowing remains at $150 million; final installment payment will occur by FY 2017-18.

Request for Information

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

MIAMI-DADE TRANSIT DEPARTMENT
MIAMI-DADE COUNTY, FLORIDA
(An Enterprise Fund of Miami-Dade County, Florida)

Statement of Net Assets

September 30, 2009

(In thousands)

Assets

Current assets:		
Cash and cash equivalents	$	317
Governmental assistance receivables:		
Federal government		43,942
State government		11,379
Local governments		69
Other receivables		373
Materials and supplies inventories		33,976
Prepaid expenses and deposits		2,396
Total current unrestricted assets		92,452
Restricted assets:		
Investments		292,325
Total current restricted assets		292,325
Total current assets		384,777
Noncurrent restricted assets:		
Cash and cash equivalents		152,781
Total non-current restricted assets		152,781
Capital assets:		
Land		241,195
Construction in progress		141,546
Buildings and guideway structures		1,404,510
Transportation and other equipment		711,997
Accumulated depreciation		(1,018,299)
Total capital assets		1,480,949
Other assets		8,877
Total assets		2,027,384

(Continued)

MIAMI-DADE TRANSIT DEPARTMENT
MIAMI-DADE COUNTY, FLORIDA
(An Enterprise Fund of Miami-Dade County, Florida)

Statement of Net Assets

September 30, 2009

(In thousands)

Liabilities and Net Assets

Current liabilities:		
Accounts payable	$	33,010
Accrued expenses		7,111
Accrued vacation and sick pay		13,080
Due to other County Funds		113,466
Loans payable to CITT		7,376
Deferred benefit		8,047
Deferred revenues		962
Loans payable		5,588
Bonds payable		9,667
Accrued interest payable		4,826
Total payable from unrestricted assets		203,133
Current liabilities payable from restricted assets:		
Deposits Payable		221
Capital lease/leaseback liabilities		292,325
Total payable from restricted assets		292,546
Total current liabilities		495,679
Long-term liabilities:		
Accrued vacation and sick pay		23,755
OPEB obligation		2,633
Bonds payable, net		562,131
Loans payable		21,028
Due to other County Funds		42,380
Loans payable to CITT		130,686
Total long-term liabilities		782,613
Total liabilities		1,278,292
Net assets:		
Invested in capital assets, net of related debt		901,304
Unrestricted deficit		(152,212)
Total net assets	$	749,092

See accompanying notes to financial statements.

MIAMI-DADE TRANSIT DEPARTMENT
MIAMI-DADE COUNTY, FLORIDA
(An Enterprise Fund of Miami-Dade County, Florida)

Statement of Revenue, Expenses, and Changes in Net Assets

Year ended September 30, 2009

(In thousands)

Operating revenue:		
Passenger fares	$	96,108
Advertising		3,528
Special Transportation - (Co-payment)		3,958
Total operating revenue		103,594
Operating expenses:		
Labor		216,354
Fringe benefits		75,207
Purchased transportation		47,313
Services		64,193
Fuel and traction power		23,389
Materials and supplies		36,104
Utilities		13,085
Casualty and liability		5,270
Depreciation expense		70,737
Leases and rentals		3,867
Total operating expenses		555,519
Operating loss		(451,925)
Nonoperating revenue (expenses):		
Governmental grants & subsidies:		
Federal		260
State of Florida		26,169
Local Option Gas Tax		16,953
Interest income		1,069
Rental income		1,496
Interest expense		(17,679)
Other, net		5,527
Total nonoperating revenue (expense), net		33,795
Loss before contributions and transfers		(418,130)
Capital contributions from CITT		25,355
Capital contributions from Federal and State of Florida		70,410
Transfers from CITT		99,810
Transfers from Miami-Dade County		145,576
Total capital contributions and transfers		341,151
Change in net assets		(76,979)
Net assets, beginning of year		826,071
Net assets, end of year	$	749,092

See accompanying notes to financial statements.

MIAMI-DADE TRANSIT DEPARTMENT
MIAMI-DADE COUNTY, FLORIDA
(An Enterprise Fund of Miami-Dade County, Florida)

Statement of Cash Flows

Year ended September 30, 2009

(In thousands)

Cash flows from operating activities:		
Cash received from customers	$	103,526
Cash paid to suppliers		(185,042)
Cash paid to employees for services		(290,026)
Net cash used in operating activities		(371,542)
Cash flows from noncapital financing activities:		
Governmental grants and subsidies received		51,591
Cash received from Miami-Dade County and other funds for transfers		245,386
Cash received from Miami-Dade County and other funds for advances and loans		42,007
Net cash provided by noncapital financing activities		338,984
Cash flows from capital and related financing activities:		
Acquisition and Construction of Capital Assets		(100,051)
Proceeds from sale of capital assets		68
Proceeds from bonds & loans, net of issuance costs		193,807
Principal paid on bonds/loans		(15,145)
Interest paid on bonds/loans		(18,053)
Cash paid for leases and rentals		(41,361)
Cash received for leases		44,466
Cash received from CITT for capital contributions		25,355
Cash received from Federal and State of Florida for capital contributions		30,214
Net cash provided by capital and related financing activities		119,300
Cash flows from investing activities:		
Interest received on investments		1,069
Net cash provided by investing activities		1,069
Net Increase in cash and cash equivalents		87,811
Cash and cash equivalents at beginning of year		65,287
Cash and cash equivalents at end of year	$	153,098
Classified as:		
Current assets	$	317
Restricted assets		152,781
Total cash and cash equivalents	$	153,098

(Continued)

MIAMI-DADE TRANSIT DEPARTMENT
MIAMI-DADE COUNTY, FLORIDA
(An Enterprise Fund of Miami-Dade County, Florida)

Statement of Cash Flows

Year ended September 30, 2009

(In thousands)

Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$	(451,925)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense		70,737
(Increase) decrease in operating assets:		
Increase in other receivables		(28)
Decrease in materials and supplies inventories		5,351
Increase in prepaid expenses and deposits		(376)
Increase (decrease) in operating liabilities:		
Increase in accounts payable		2,877
Increase in accrued vacation & sick pay, accrued expenses and OPEB obligation		1,862
Decrease in other liabilities		(40)
Net cash used in operating activities	$	(371,542)
Supplemental disclosures of noncash Capital & related Financing Activities:		
Amortization of deferred issuance cost	$	258

See accompanying notes to financial statements.

(1) Organization

Miami-Dade County Transit (MDT) is a department of Miami-Dade County, Florida (the County), charged with the operation of a unified public transit system. MDT was created on October 28, 1986, as a result of the restructuring of the former Miami-Dade County Transportation Administration. MDT is managed by a director appointed by and directly responsible to the county manager and is 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 County ordinance proposed by the Board of County Commissioners to levy and impose a one half of one percent Charter County Transit System Surtax (the Surtax) for the purpose of funding transit and roadway improvements in the County. The Peoples Transportation Plan (PTP) identified specific projects and roadway improvements that are supported by the proposed half-cent Surtax. The Charter County Transit System Surtax may be used for both transit and roadway improvements as well as to meet capital and operating needs of MDT.

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

MDT is unable to generate sufficient revenue from operations to meet its operating expenses. Consequently, MDT is dependent on continued funding from the County and the various governmental entities, which provide financial assistance to continue its operations (see Note 12).

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting and Financial Reporting

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

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

(b) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

(c) Cash and Cash Equivalents

Cash includes, cash on hand, amounts in demand deposits, and positions in investment pools that can be deposited or withdrawn without notice or penalty. For purposes of the statement of cash flows, MDT considers amounts in demand deposits, as well as short-term investments (including restricted assets), with an original maturity of three months or less from the date acquired to be cash equivalents.

(d) Investments and Investment Income

Restricted investments held by fiscal agent consist of Guaranteed Investment Contracts (GICs) which are non-participating contracts and are reported at cost which does not significantly differ from the fair value as affected by the impairment of the credit standing of the issuer or by any other factors. Investment income is reported as nonoperating revenue when earned.

(e) Restricted Assets

Assets designated by grant terms for capital acquisitions and assets held to pay capital leases are classified in the accompanying financial statements as restricted assets.

(f) Application of Restricted and Unrestricted Resources

MDT's policy when both restricted and unrestricted resources are available to be used for a certain purpose is to use restricted resources first, then use unrestricted assets as needed.

(g) Materials and Supplies Inventories

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

(h) 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 over $1,000.

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

Buildings and guideway structures	40 – 50 years
Transportation and other equipment	3 – 30 years

(i) Deferred Benefit

Deferred benefit represents the initial benefit received as a result of MDT's three capital lease/lease back transactions. The deferred benefits are amortized over the life of each of the respective leases.

(j) Pension Plan

MDT, through the County contributes to the Florida Retirement System, a cost-sharing multi-employer plan. Under GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers* (GASB No. 27), employers that participate in multi-employer defined benefit plans are required to measure and disclose an amount for annual pension costs on the accrual basis of accounting. In fiscal year 2005, MDT has adopted the provisions pertaining to pension transactions, of GASB Technical Bulletin No. 2004-2, *Recognition of Pension Benefit Expenditures/Expenses and Liabilities by Cost Sharing Employers* (the Bulletin). The adoption of the Bulletin did not have an impact on the financial statements of MDT.

(k) Postemployment Benefits Other Than Pensions

The Governmental Accounting Standards Board issued Statement 45 (GASB 45) for other post-employment benefits (OPEB) which, requires that the County accrue the cost of the County's retired health subsidy and OPEB during the period of employees' active employment as the benefits are being earned. MDT contributes on behalf of its employees to the plan to provide postretirement medical and dental coverage to retirees as well as their eligible spouses and dependents. To be eligible to receive retiree medical and dental benefits, participants must be eligible for retirement benefits under the Florida System (FRS) and pay required contributions.

***Funding Policy* –** The County contributes to both the pre-65 and post-65 retiree medical coverage. Retirees pay the full cost of dental coverage. Medical contributions vary based on plan and tier. For pre-65 retirees, the County explicitly contributed an average of 21% of the cost for the AvMed POS plan, 41% for the AvMed HMO High and AvMed HMO Low plans in fiscal year 2009. The JMH HMO plans receive no explicit contribution. However, it is the County's policy that after fiscal year 2009 its per capita contribution for retiree health care benefits will remain at the 2009 dollar level.

The pre-65 retirees also receive an implicit subsidy from the County since they are underwritten with the active employees. The implicit contribution is approximately 5% of the cost.

The postretirement medical and dental benefits are currently funded on a pay-as-you go basis (i.e., the County funds on a cash basis as benefits are paid). No assets have been segregated and restricted to provide postretirement benefits.

Annual OPEB Cost and Net OPEB Obligation - MDT's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

MDT's annual OPEB cost for the fiscal year 2009, the second year of implementation of GASB Statement 45, and the related information for each plan are as follows (dollars in thousands):

Annual required contribution	$ 3,066
Interest on net OPEB obligation	-
Adjustment of annual required contribution	-
Annual OPEB cost	3,066
Contributions made	(2,303)
Increase in net OPEB obligation	763
Net OPEB obligation-beginning of year	1,870
Net OPEB obligation-end of year	$ 2,633

MDT's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2009 were as follows (dollar amounts in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
09/30/2009	$3,066	75.2%	$2,633
09/30/2008	2,892	35.3%	1,870

Funded Status and Funding Progress – The schedule below shows the balance of the County's actuarial accrued liability (AAL), all of which was unfunded as of September 30, 2009 (dollar amounts in thousands).

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAA (UAAL) (b-a)	Funded Ratio (a/b)	Estimated Covered Payroll (c)	UALL as % of Covered Payroll ([b-a]/c)
10/01/2008	$0	$ 255,259	$ 255,259	0%	$ 1,527,564	17%

The Transit percentage of the County's AAL is 16% which is approximately $40,840.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions by the County are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions – Projections of benefits are based on the substantive plan (the Plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between MDT and the plan members to that point. Actuarial calculations reflect a long-term prospective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The actuarial cost method used in the valuation to determine the Actuarial Accrued Liability (AAL) and the Actuarial Required Contribution (ARC) was the Projected Unit Credit Method with service prorated. Under this method, the total present value of benefits is determined by projecting the benefit to be paid after the expected retirement date (or other event) and discounting those amounts to the valuation date. The normal cost is computed by dividing the total present value of benefits by the participant's total service (actual plus expected service) at retirement. The AAL under this method represents the total present value of benefits multiplied by the ratio of the participant's actual service to date and divided by expected service at retirement. The AAL for participants currently receiving payments and deferred vested participants is calculated as the actuarial present value of future benefits expected to be paid. No normal cost for these participants is payable. The AAL and normal costs were calculated at the measurement date, which is the beginning of the applicable fiscal year using standard actuarial techniques.

The following summarizes other significant methods and assumptions used in valuing the AAL and benefits under the plan.

Actuarial valuation date 01/01/2007

Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years

Actuarial assumptions:	
Discount rate	4.75%
Payroll growth assumption	3.00%
Health care cost trend rates	10% initial to 5.25% ultimate
Mortality table	RP 2000

Further, the valuation assumes that the County will continue to fund the liability on a pay-as-you-go basis and that the County's policy is that its per-capita contributions for retiree benefits will remain as the 2009 level. As a result, the retiree contributions will be increased to the extent necessary so that they are sufficient to provide for the difference between the gross costs and the fixed County contributions.

(l) Compensated Absences

MDT accounts for compensated absences by accruing a liability for employees' compensation of future absences according to the guidelines set by GASB Statement No. 16, *Accounting for Compensated Absences*. MDT policy permits employees to accumulate unused vacation and sick pay benefits that will be paid to them upon separation from service. MDT recognizes a liability and expense in the period vacation and sick pay benefits are earned. As of September 30, 2009, compensated absences were approximately $36.8 million.

(m) Subsidies and Grants

Subsidies and grants for operating assistance are recorded as nonoperating revenue in the statement of revenue, expenses, and changes in net assets in the accounting period in which all eligibility requirements are met.

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

(n) Other Assets

Other assets consist of bond issuance costs which are deferred and amortized over the life of the bonds using the straight-line method.

(o) Unearned Revenue

Unearned revenue is consist of grants received, but for which MDT has not met all eligibility requirements imposed by grantors: and sale of passes in advance for which the service is to be rendered in the next fiscal year.

(p) Operating and nonoperating items

MDT defines operating revenue as those revenue and expenses that arise from transportation operations such as passenger fares and special transportation fees and other charges such as advertising. Operating expenses includes salaries and benefits, purchased transportation, fuel, materials and supplies and depreciation. Operating revenues are recorded as earned while operating expenses are recorded as incurred. Nonoperating revenue includes government grants and subsidies from the County, and interest income and expense.

(3) Cash, Cash Equivalents, and Investments

The County pools substantially all cash and investments, except for separate cash and investment accounts which are maintained under legal restrictions. MDT's equity share of the total pooled cash and investments is included in the accompanying Statement of Net Assets under the restricted caption "Cash and cash equivalents." The carrying amounts of MDT's cash on hand were $317 thousand, non-pooled cash held the County in an escrow account in the amount of $9 million, and restricted pooled cash, cash equivalents and investments with the County was approximately $143.8 million, which represents less than 1% of the County's pooled cash, cash equivalent and investments as of September 30, 2009. (See the County's Comprehensive Annual Financial Report for disclosures relating to its interest rate risk, credit risk, custodial credit risk and concentration of credit risk).

MDT's Guaranteed Investment Contracts (GICs) are not subject to custodial credit risk and interest rate risk. The GICs are all with one issuer and are not rated by a nationally recognized rating agency. The net present value of the GICs as of September 30, 2009 was $292.3 million and represents restricted investments that are held for the satisfaction of MDT's capital lease/leaseback obligations (see Note 5).

(4) Capital Assets

Capital asset activity and changes in accumulated depreciation for the year ended September 30, 2009 were as follows:

	September 30, 2008	Additions and transfers	Retirements and transfers	September 30, 2009
		(In thousands)		
Capital assets, not being depreciated:				
Land	$ 226,349	14,956	110	241,195
Construction in progress	173,749	52,027	84,230	141,546
Total capital assets, not being depreciated	400,098	66,983	84,340	382,741
Capital assets, being depreciated:				
Buildings and guideway	1,404,510	—	—	1,404,510
Transportation and other equipment	624,471	118,110	30,584	711,997
Total capital assets, being depreciated	2,028,981	118,110	30,584	2,116,507
Less accumulated depreciation for:				
Buildings and guideway structures	(615,415)	(35,113)	—	(650,528)
Transportation and other equipment	(362,029)	(35,624)	29,882	(367,771)
Total accumulated depreciation	(977,444)	(70,737)	29,882	(1,018,299)
Total capital assets, being depreciated, net	1,051,537	47,373	60,466	1,098,208
Total capital assets	$ 1,451,635	114,356	144,806	1,480,949

(5) Finance Obligations Under Capital Lease/Leaseback (dollars in thousands)

	Total at September 30, 2008	Reductions/ adjustments	Total at September 30, 2009	Due within one year
Capital lease/leaseback	$ 336,791	(44,466)	292,325	292,325
Total capital Lease/leaseback	$ 336,791	(44,466)	292,325	292,325

MDT has entered into lease transactions in which assets are leased to investors (headlease) and simultaneously leased back (sublease). At inception of the lease the investors prepaid the headlease obligation and MDT invested amounts necessary to satisfy its sublease payment obligations. Under these transactions, MDT maintains the right to continued use and control of the assets through the end of the leases and is required to insure and maintain the assets. The following table summarizes MDT capital lease/leaseback transactions as of the respective transaction date (dollars in thousands):

Lease date	Property	Prepayment received on head lease	Amount invested to satisfy sublease obligation	MDT's Initial cash benefit
12/23/98	Maintenance facilities	$133,120	120,935	12,185
8/14/02	Qualified technical equipment	$238,640	228,605	10,035

The net present value of the future sublease payments has been recorded as a current liability in the accompanying statement of net assets. Investments held in escrow and structured to meet future obligations under the lease have been recorded in restricted investments on the accompanying statement of net assets. The benefits from these transactions net of transaction costs have been recorded as deferred revenue in the statement of net assets and are amortized over the lease term. The unamortized portion of the initial benefit (deferred benefit) at September 30, 2009 was $8.0 million. The acquisition costs and accumulated depreciation on the capital lease/leaseback at September 30, 2009 were $198 million and $129 million, respectively.

On April 20, 2009, the County authorizes and directs the Sublessee Trustees, on behalf of the Sublessee Trust to execute and deliver the Termination Agreement for the Northeast Division Facility and the William Lehman Center Facility.

As defined by the Maintenance Facilities and the Qualified Technical Equipment ("QTE") lease agreements, MDT is in technical default of the remaining four facilities and two of the seven QTE leases. The remaining five QTE leases are guaranteed by Financial Security Assurance and are not in technical default. According to the lease agreements, in the event the Equity Payment Undertaker ("AIG") ceases to be rated at least AA- by S&P and Aa3 by Moody's, the agreement shall be terminated for failure of the Equity Payment Undertaker to comply with its obligations in Article IV of the Equity Payment Undertaking Agreement. In order to cure the default, MDT and the County has thirty days to:

a. Require AIG to post collateral equal to 104% of the accreted value of Equity Payment Undertaking Agreement ("EPUA"). The EPUA is comprised of a guaranteed investment contract ("GIC") that will grow at a rate contractually agreed upon that will eventually make the value of the GIC equal to the remaining value of the lease. Once the GIC equals the remaining value of the lease, the County has the option to terminate the lease. The date that this occurs is considered to be the Early-Buy-Out ("EBO") date; and
b. Replace AIG as the guarantor of the County.

The County, on behalf of MDT, has been in negotiations with the Equity Investor to provide additional security collateral that will be acceptable to the Equity Investor in order to guarantee that the future value of the GIC will be equal to the necessary GIC value on the EBO date and to eliminate or reduce any and all "potential" liability to an AIG insolvency. The Equity Investor has extended the thirty day cure period through these negotiations. The extension period is through February 26, 2010. If an agreement has not been reached by this date, the County intends to request for an additional extension.

If the County does not exercise the EBO Purchase Option, all amounts payable under the EQUA shall be paid by the Trust, the Equity Payment Undertaker or the County. The County also has the option to provide an acceptable letter of credit or other collateral acceptable to the Equity Investor. In addition, if the EBO Purchase Option is not exercised, no later than the day that is 12 months after the EBO date, the County shall have arranged for a guarantee for the benefit of the lessor and the Equity Investor in an amount equal to the Value Guarantee Amount.

If the County was to post collateral based on what the Equity Investors are expecting, the additional collateral required to secure all the transactions in technical default would be about $14 million. If the County has to post collateral equal to the early buy out amount, the amount of additional collateral would be about $43 million.

As a result of the technical default, the investors of the lease transactions have the right to terminate the lease and require full satisfaction of the lease obligation. Accordingly, the lease obligation and the corresponding restricted asset have been classified as current in the accompanying statement of net assets. As of February 12, 2010, the investors have not exercised their option to terminate the lease.

The following schedule shows MDT's future minimum payments, assuming there is no acceleration of payment under the technical default as disclosed above, under sublease as of September 30, 2009 (dollars in thousands):

		Minimum sublease payments
Year ending September 30:		
2010	$	21,396
2011		21,419
2012		21,484
2013		57,087
2014		29,985
2015 – 2018		227,541
Total minimum sublease payments		378,912
Amount representing interest		(86,587)
Present value of minimum sublease payments	$	292,325

(6) Long-Term Debt

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

		Total at September 30, 2008	Additions	Reductions	Total at September 30, 2009	Due within one year
Loans payable	$	31,959	—	(5,343)	26,616	5,588
Bonds payable		385,537	196,063	(9,801)	571,799	9,667
Total long-term debt	$	417,496	196,063	(15,144)	598,415	15,255

General covenants, along with debt service requirements, are as follows:

Miami-Dade County Revenue Bonds Series 2009 – On September 17, 2009, the County issued $321.7 million of Miami-Dade County Transit System Sales Surtax Revenue Bonds, Series 2009A (the "Series 2009A Bonds") and the Transit System Sales Surtax Revenue Bonds, Series 2009B (Federally Taxable – Build America Bonds – Direct Payment) (the "Series 2009B Bonds," together with the Series 2009A Bonds are collectively referred to as the "Series 2009 Bonds"), of which approximately $196.1 million of the debt was allocated to MDT. The Series 2009 Bonds are being issued to (1) pay a portion of the cost of certain transportation and transit projects, and (2) make a deposit to the Reserve Account, and (3) pay the cost of issuance of the Series 2009 Bonds, including the premium for a financial guaranty insurance policy securing the Insured Bonds and pay capitalized interest on the Series 2009 Bonds.

Miami-Dade County Revenue Bonds Series 2008– On June 24, 2008, the County issued $224.1 million of Miami-Dade County Transit System Sales Surtax Revenue Bonds Series 2009 (the Series 2008 Revenue Bonds). The proceeds of $227 million, including the bond premium, are for the purpose of (1) paying all or a portion of the cost of certain transportation and transit projects, and (2) currently refund the outstanding 2004 Sunshine State Loan of $82.9 million, and (3) pay the cost of issuance of the Series 2008 bonds including the payment of the premiums for a bond insurance policy and a municipal bond debt service reserve insurance policy.

Miami-Dade County Revenue Bonds Series 2006 – On April 27, 2006, the County issued $140.5 million of Miami-Dade County Transit System Sales Surtax Revenue Bonds Series 2007 (the Series 2006 Revenue Bonds). The proceeds of $140.5 million, including the bond premium, are for the purpose of (1) paying all or a portion of the cost of certain transportation and transit projects, and (2) fund the Reserve Account in an amount equal to the Reserve Account Requirement, and (3) pay the cost of issuance of the Series 2006 bonds including the payment of the premium for a municipal bond insurance policy.

Sunshine State Governmental Financing Commission Loan (2001) – In August 2001, the County obtained a loan in the amount of $49.0 million, of which $34.0 million was allocated to MDT for the purchase of approximately 75 full-size buses and 85 small-size buses.

The loan is secured by the County's covenant to budget and appropriate in the annual budget sufficient funds from legally available non-ad valorem revenues to satisfy the debt service requirements on the loan. The loan is structured at an initial true interest cost not to exceed 5% with a ten year maturity schedule, which coincides with the estimated life of the assets being financed.

Sunshine State Governmental Financing Commission Loan (2004) – In September 2004, the County obtained a loan in the amount of $100 million, all of which was allocated to MDT for the purchase of 167 full-size buses and 34 small-size buses.

Miami-Dade County Capital Asset Acquisition Bond Series 2002A – In September 2002, the County issued Special Obligation Bonds, series 2002A, of which $25 million was allocated to MDT for the purchase of additional full-size buses and small-size buses.

Miami-Dade County Capital Asset Acquisition Bond Series 2002A – In September 2002, the County also issued Special Obligation Bonds, Series 2002, of which approximately $14.0 million was allocated to MDT for various capital improvement projects.

Under the Bond Ordinance, the County has covenanted and agreed to annually budget and appropriate in its annual budget, by amendment, if required and to the extent permitted and in accordance with budgetary procedures provided by the laws of the State of Florida, and to pay when due directly into the appropriate fund or account created in the Bond Ordinance or to the Bond Insurer, as the case may be, sufficient amounts of legally available non-ad valorem revenues or other legally available funds sufficient to satisfy the debt service requirements on the bonds as the same become due and payable.

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

The following table summarizes MDT's debt outstanding as of September 30, 2009 (dollars in thousands):

Bond payable on - Series 2002A				8,915
Special Obligation Bonds-Capital Asset Bonds, Series 02A				
Transit equipment	4.0 – 5.0%	13,970	4/1/2013	6,360
Plus unamortized premium				235
Less current portion				(1,475)
Bond payable on - Series 2002A				5,120
Transit System Sales Surtax Revenue Bonds, Series 2006	4.0 – 5.0%	134,233	7/1/2036	127,800
Plus unamortized premium				5,260
Less current portion				(2,362)
Bonds payable on Series 2006				130,698
Transit System Sales Surtax Revenue Bonds, Series 2008	5.0%	224,131	7/1/2038	221,253
Plus unamortized premium				3,322
Less current portion				(3,240)
Bonds payable on Series 2008				221,335
Transit System Sales Surtax Revenue Bonds, Series 2009	4.0-6.9%	193,044	7/1/2039	193,044
Plus unamortized premium				3,019
Bonds payable on Series 2009				196,063
Sunshine State Governmental Financing Commission Loan	4.5%	34,000	10/1/2011	11,810
Less current portion				(3,764)
Sunshine State Loan Payable				8,046
Penske/GE Equipment Loan	4.8%	22,707	9/1/2016	14,807
Less current portion				(1,824)
GE Penske Loan payable				12,983
Total long-term portion of debt and loans outstanding at September 30, 2009				$ 583,160

Debt Service Requirements – MDT's debt service requirements to maturity for the loan and bonds, at September 30, 2009 are as follows (dollars in thousands):

Special Obligation Bonds-Series 2002 Capital Asset Bond Series 02A $25 million

Maturing in fiscal year		Principal	Interest	Total
2010	$	2,590	559	3,149
2011		2,720	429	3,149
2012		2,860	293	3,153
2013		3,000	150	3,150
Total		11,170	1,431	12,601
Unamortized bond premium		335	—	335
Total	$	11,505	1,431	12,936

Special Obligation Bonds-Series 2002 Capital Asset Bond Series 02A $14.0 million

Maturing in fiscal year		Principal	Interest	Total
2010	$	1,475	318	1,793
2011		1,550	244	1,794
2012		1,625	167	1,792
2013		1,710	85	1,795
Total		6,360	814	7,174
Unamortized bond premium		235	—	235
Total	$	6,595	814	7,409

Transit System Sales Surtax Revenue Bonds, Series 2006 $140.5 million

Maturing in fiscal year		Principal	Interest	Total
2010	$	2,362	6,309	8,671
2011		2,480	6,191	8,671
2012		2,603	6,067	8,670
2013		2,736	5,937	8,673
2014		2,873	5,800	8,673
2015-2019		16,585	26,766	43,351
2020-2024		21,053	22,299	43,352
2025-2029		26,813	16,538	43,351
2030-2034		34,135	9,222	43,357
2035-2039		16,160	1,181	17,341
Total		127,800	106,310	234,110
Unamortized premium/discount, net		5,260	—	5,260
Total	$	133,060	106,310	239,370

Transit System Sales Surtax Revenue Bonds, Series 2008 $227.6 million

Maturing in fiscal year		Principal	Interest	Total
2010	$	3,241	11,004	14,245
2011		3,400	10,842	14,242
2012		3,571	10,672	14,243
2013		3,747	10,494	14,241
2014		3,935	10,306	14,241
2015-2019		22,841	48,375	71,216
2020-2024		29,151	42,065	71,216
2025-2029		37,146	34,069	71,215
2030-2034		47,134	24,072	71,206
2035-2038		67,088	9,549	76,637
Total		221,254	211,448	432,702
Unamortized premium/discount, net		3,322	—	3,322
Total	$	224,576	211,448	436,024

Transit System Sales Surtax Revenue Bonds, Series 2009 $196 million

Maturing in fiscal year		Principal	Interest	Total
2010	$	—	9,418	9,418
2011		—	12,239	12,239
2012		3,425	12,239	15,664
2013		3,560	12,102	15,662
2014		3,700	11,960	15,660
2015-2019		21,190	57,126	78,316
2020-2024		26,630	51,304	77,934
2025-2029		32,965	41,913	74,878
2030-2034		40,925	29,681	70,606
2035-2039		60,640	14,216	74,856
Total		193,035	252,198	445,233
Unamortized premium/discount, net		3,019	—	3,019
Total	$	196,054	252,198	448,252

Sunshine State Governmental Financing Commission Loan $34 million

Maturing in fiscal year		Principal	Interest	Total
2010	$	3,764	531	4,295
2011		3,934	362	4,296
2012		4,111	185	4,296
Total	$	11,809	1,078	12,887

Penske/GE Equipment Loan $22.7 million

Maturing in fiscal year		Principal	Interest	Total
2010	$	1,824	671	2,495
2011		1,913	581	2,494
2012		2,007	488	2,495
2013		2,106	389	2,495
2014		2,209	286	2,495
2015-2016		4,748	241	4,989
Total	$	14,807	2,656	17,463

(7) Other Long-Term Liabilities

Other long-term liability activity for the year ended September 30, 2009, was as follows (in thousands):

		September 30, 2009	Additions	Reductions	September 30, 2009	Amounts due within one year
Accrued vacations and sick pay	$	36,063	19,974	(19,202)	36,835	13,080
Net OPEB Obligation		1,870	763	—	2,633	—
Total other long-term liabilities	$	37,933	20,737	(19,202)	39,468	13,080

(8) Risk Management

The County's Risk Management Division (RMD) of the General Services Department administers property, workers' compensation, and general and automobile liability self-insurance programs in accordance with Florida Statutes 440 and 768.28. These statutes limit claims to $100,000 per person and $200,000 per occurrence without specific act of the Florida Legislature in the form of a claim bill.

MDT, along with other County departments, are charged an insurance premium by RMD which covers MDT for workers compensation and automobile liability and its Metrobus, Metrorail, and Metromover systems. MDT also pays premiums to independent insurance carriers for insurance as discussed below. Under *Florida Statutes*, liability may be limited to $200,000 per occurrence in certain instances. The amount of annual premium charged to MDT by RMD represents the maximum liability of MDT for any losses incurred for the year ended September 30, 2009.

MDT also maintains a Commercial General Liability policy as required under a sublease agreement for five specific properties (i.e. Dadeland North Parking facility, Central Division, Coral Way Division, Northeast Division and Medley Division). The policy is an Owner, Landlords & Tenants (OL&T) policy with limits of $1 million per occurrence $2 million aggregate.

Property insurance coverage is provided for real and personal property of MDT under the County's Master Property Insurance Program. The limit of coverage under the program is $350 million (inclusive of deductibles/Self Insured Retention). The All Other Perils (AOP) deductible is $5 million. For named windstorm peril the Self Insured Retention (SIR) is $200 million per occurrence Countywide.

The estimated liability for reported and unreported claims of the self-insurance programs administered by the RMD is determined annually based on the estimated ultimate 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 years ended September 30, 2009 and 2008, the total premiums charged by RMD to MDT were approximately $6.8 million and $6.8 million, respectively. This is included in the due to other Miami-Dade County funds.

(9) Governmental Operating Subsidies and Contributions

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

Subsidies for capital and operating assistance for the year ended September 30, 2009, were as follows (in thousands):

Federal:		
FTA assistance	$	63,857
State:		
FDOT assistance		32,982
Local:		
Option gas tax		16,953
Total governmental subsidies		113,792
Total capital contributions and transfers from Miami-Dade County		140,964
Total capital contributions and transfers from CITT		121,057
Total governmental subsidies and contributions	$	375,813

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

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

(10) Purchased Transportation Services

MDT has contracts with private carriers for various transit services through 2009. Two contracts with a consortium of local taxi companies provided ambulatory and nonambulatory demand response service for elderly and handicapped persons. In addition, MDT has other contracts with local and national bus carriers to provide fixed route bus services. The total gross expense under these contracts amounted to approximately $47.3 million in fiscal 2009.

(11) Pension Costs

Defined Benefit Pension Plan

MDT, as a County department, participates in the Florida Retirement System (FRS or the System), a cost-sharing, multi-employer public employees retirement system, which covers substantially all of the County's full-time and part-time employees. The System was created in 1970 by consolidating several employee retirement systems. All eligible employees, as defined by the State, who were hired after 1970 and those employed prior to 1970 who elect to be enrolled are covered by the System. The System is administered by the Florida State Board of Administration, under the guidelines and rules of the Florida Legislature.

Most employees are vested with 6 years of service and upon reaching age 62, or with completion of 30 years of service. Employees who meet these requirements are entitled to a retirement benefit payable monthly for life equal to 1.6% – 3.0%, depending on their service class, of their average final compensation for each year of credited service. Final average compensation is the employee's average of the five highest fiscal years of salary earned during credited service. Vested employees may retire before age 62 and receive benefits that are reduced 5% for each year prior to normal retirement age or date. The System also provides death and disability benefits. Benefits are established by Chapter 121, *Florida Statutes*, and Chapter 60S, *Florida Administrative Code*.

The Florida Legislature created a new defined contribution program that was added to the menu of choices available to FRS members beginning in June 2002. Formally created as the Public Employee Optional Retirement Program (PEORP), the FRS Investment Plan is available as an option for all current and future FRS members, including renewed members (FRS retirees who have returned to FRS employment). The FRS Investment Plan is a defined contribution plan where the contribution amount is fixed by a set percentage determined by law and the contribution is made to an individual account in each participant's name. With a defined contribution plan, in which the monthly contribution rate is fixed, the final benefit will be the total account value (contributions plus investment earning less expenses and losses) distributed during retirement.

The payroll for MDT employees covered by the System for the year ended September 30, 2009 was approximately $216 million.

Pension costs made, required and defined by the System, ranged between 9.85% and 20.92% of gross salaries for the year ended September 30, 2009. Pension costs for MDT for the years ended September 30, 2009, 2008, and 2007, as required and defined by the System, were approximately $21.1 million, $21.2 million, and $21.2 million, respectively, equal to the required contributions for each year. MDT's actuarially determined contribution requirements for fiscal year 2009, 2008, and 2005 represented less than 1% of the total contributions required of all of the System's participating agencies.

The complete financial report of the FRS may be obtained by writing Division of Retirement, P.O. Box 9000, Tallahassee, Florida, 32315-9000; or by contacting Research & Education by e-mail at rep@dms.myflorida.com, or by phone toll free at 877-FRS-1FRS (877-377-1737), at 850-488-5706 in the Tallahassee local calling area, or at SUNCOM 278-5706.

Deferred Compensation Plan

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

In accordance with the provisions of Section 457, the assets and income of the Plan are held in trust for the exclusive benefit of the participants and their beneficiaries. The County has given fiduciary responsibility to an external third party, and as such, the assets and income of the Plan are not reported in the County's Comprehensive Annual Financial Report nor the accompanying financial statements.

(12) Related-Party Transactions

Various departments within the County provide goods, administrative services, public safety, maintenance and various other services to other operating departments. Charges for these services are determined using direct and indirect cost allocation methods or amounts determined based upon direct negotiations between the related parties. Charges for services provided to MDT by other County departments, which are included in services expense in the accompanying statement of revenue and expenses and changes in net assets, amounted to approximately $10.3 million for the year ended September 30, 2009.

The County has committed to provide funding to MDT to meet its operating obligations. As of September 30, 2009, Due to Other County Fund balance of $155.8 million consists of MDT's negative position in the County's unrestricted pooled cash, cash equivalents and investments of $146.6 million, insurance premium payable to Risk Management Division of $6.8 million and deposit payable to Office Community Economic Development of $ 2.4 million. Of the balance of $155.8 million, MDT expects to repay $113.46 million to the County within one year which is presented as a current liability in the Statement of Net Assets as Due to Other County Funds. The remaining amount of $42.38 million is presented as a long-term liability in the Statement of Net Assets as Due to Other County Funds.

As a component of the County, the Citizens' Independent Transportation Trust (CITT) is the 15-member independent body created to oversee the People's Transportation Plan (PTP) funded with the half-percent sales surtax (Surtax). The Miami-Dade County Board of County Commissioners approved a general fund support to MDT at the pre-Surtax level of $123.7 million and an annual increase of 3.5%. Additionally, the CITT approved a loan for up to $150 million in Surtax funds to support MDT services in existence as of November 5, 2005. The current repayment schedule only envisions the need to use the entire line of credit of $150 million as a result of the exclusion of $23.9 million of FY 2001 – 2002 shortfall existing prior to the passage of the Surtax. This shortfall will be covered by the Miami-Dade County General Fund and is recorded as a long-term advance.

As of September 30, 2009, the outstanding loan balance due to CITT was approximately $138.06 million. The long-term portion of $130.6 million is included in the Statement of Net Assets long-term liabilities as a Due to CITT – loans payable. The current portion of the advance in the amount of $7.4 million is included in the Statement of Net Assets Current liabilities as a Due to CITT- loans payable.

Changes in Due to CITT are as follows:

	September 30, 2009	Additions	Reductions	September 30, 2009	Due within one year
Due to CITT	$ 102,355	40,654	(4,947)	138,062	7,376
Total Due to CITT	$ 102,355	40,654	(4,947)	138,062	7,376

MDT's debt service requirements to maturity for the Due to CITT are as follows:

Maturing in fiscal year	Principal	Interest	Total
2010	$ 7,376	4,142	11,518
2011	8,741	3,957	12,698
2012	11,528	3,695	15,223
2013	14,530	3,349	17,879
2014	17,755	2,913	20,668
2015 – 2017	78,132	5,121	83,253
	$ 138,062	23,177	161,239

(13) Commitments and Contingencies

(a) Federal Awards and State Grants

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

(b) Litigation

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

(c) Contracts and Commitments

Contracts and commitments relating to bus maintenance projects and other construction projects approximated $422.8 million at September 30, 2009. Funding will be provided by Federal, State and local sources.

MIAMI-DADE TRANSIT DEPARTMENT
MIAMI-DADE COUNTY, FLORIDA

(An Enterprise Fund of Miami-Dade County, Florida)

Required Supplementary Information

September 30, 2009

Schedule of Funding Progress
Other Post Employment Benefits
(Unaudited)
(Required Supplementary Information)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability at Entry Age	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
10/01/08	$ -	$ 255,259	$ 255,259	0.0%	$ 1,527,564	17%
10/01/07	-	242,331	242,331	0.0%	1,483,072	16%