



2004 ANNUAL REPORT

Financial Statements

*Declaraciones Financieras*



MIAMI-DADE EXPRESSWAY AUTHORITY

3790 NW 21st Street, Miami, Florida 33142

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D/B/A MIAMI-DADE EXPRESSWAY AUTHORITY AND MDX

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June 30, 2004 and 2003

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## Independent Auditor's Report

Members of the Board  
Miami-Dade County Expressway Authority  
d/b/a Miami-Dade Expressway Authority and MDX:

We have audited the accompanying basic financial statements of the Miami-Dade County Expressway Authority d/b/a Miami-Dade Expressway Authority and MDX (the Authority), as of and for the years ended June 30, 2004 and 2003, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2004 and 2003, and the changes in financial position and cash flows, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2004 on our consideration of the Authority'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 on pages 3 through 9 is not a required part of the basic 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.

Our audits were conducted for the purpose of forming an opinion on the Authority's basic financial statements. The information included in the Schedule of Calculation of Net Revenue and Financial Ratios as Defined and Required by the Trust Indenture, the Schedule of Toll Revenue and Expense Summary, and the Schedule of Historical Toll Rates by Vehicle Class on Pages 30 through 32 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly we express no opinion on it.

KPMG LLP

December 6, 2004

**MIAMI-DADE COUNTY EXPRESSWAY AUTHORITY  
D/B/A MIAMI-DADE EXPRESSWAY AUTHORITY AND MDX**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEARS ENDED JUNE 30, 2004 AND 2003**

The following narrative provides an overview of Miami-Dade County Expressway Authority's (Authority) financial activities for the fiscal years ended June 30, 2004 and 2003.

**FINANCIAL HIGHLIGHTS**

- The Authority's toll revenues increased approximately \$5.2 million or 11.6% in fiscal year 2004, compared to a decrease of approximately \$1.4 million or 3.0% in fiscal year 2003
- The Authority's operating income increased approximately \$4.9 million or 21.5% in fiscal year 2004, compared to an increase of approximately \$430,000 or 1.9% in fiscal year 2003
- The Authority's net assets of approximately \$99.0 million increased approximately \$22.4 million or 29.3% in fiscal year 2004 and increased approximately \$22.9 million or 42.7%, including an extraordinary gain of approximately \$4.3 million, in fiscal year 2003
- The Authority's total assets of approximately \$475.6 million increased approximately \$130.2 million or 37.7% and \$27.7 million or 8.7% in fiscal years 2004 and 2003, respectively
- The Authority's total capital assets, net of accumulated depreciation, of approximately \$290.3 million increased approximately \$129.4 million or 80.5% and \$58.9 million or 57.8% in fiscal years 2004 and 2003, respectively

**USING THIS ANNUAL REPORT**

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements, notes to the financial statements and supplemental schedules. The financial statements of the Authority report information using accounting methods similar to those used by private sector companies.

*Statements of Net Assets* - This statement presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets are useful indicators of whether the Authority's financial position is improving or deteriorating.

*Statements of Revenue, Expenses and Changes in Net Assets* - This statement presents information showing how the Authority's net assets changed during the fiscal year.

*Statements of Cash Flows* - This statement presents information about the Authority's cash receipts and cash payments, or, in other words, the sources and uses of the Authority's cash and the change in balance during the fiscal year.

*Notes to the Financial Statements* - The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

*Other* - Certain supplementary information is presented to report compliance with financial ratio requirements as well as historical schedules of toll revenues and expenses and toll rates by vehicle class.

**Financial Analysis**

Net Assets	June 30,		
	2004	2003	2002
Current and other assets	\$ 185,366,443	184,595,315	215,839,404
Capital assets	290,269,834	160,838,443	101,934,987
<b>Total assets</b>	<b>475,636,277</b>	<b>345,433,758</b>	<b>317,774,391</b>
Current liabilities	31,967,262	21,862,247	21,117,819
Revenue bonds payable, net of current portion, bond discount/ premium and deferred cost	225,796,226	231,510,212	233,924,199
Other long-term liabilities	118,879,753	15,506,738	9,091,357
<b>Total liabilities</b>	<b>376,643,241</b>	<b>268,879,197</b>	<b>264,133,375</b>
Net assets			
Invested in capital assets, net of related debt	35,832,291	39,613,514	29,185,314
Restricted	15,438,545	15,277,641	15,001,165
Unrestricted	47,722,200	21,663,406	9,454,537
<b>Total net assets</b>	<b>\$ 98,993,036</b>	<b>76,554,561</b>	<b>53,641,016</b>

**Toll Revenue**

Toll revenues increased approximately \$5.2 million in fiscal year 2004 primarily due to an adjustment to the toll rates effective March 7, 2004.

In fiscal year 2003, toll revenues decreased approximately \$1.4 million, primarily during the final six months of the fiscal year due to the following:

- Airport traffic, which affects two of the Authority's expressways and was negatively impacted due to weakness in the economy, was reduced further due to security concerns surrounding the war against Iraq.
- Construction activity and the integration of the new toll collection system (MTS) had a major impact on the East-West mainline plaza and the South Dade Expressway. Significant aversion to these areas was observed with customers seeking alternative routes during this activity.

- New tolling patterns and the implementation of SunPass-Only lanes brought about an increase in toll violations from cash customers going through SunPass-Only lanes.
- The integration of a violation enforcement system (VES) was not scheduled for implementation until all lanes were upgraded to MTS which did not occur until November 2003. Due to the lack of a VES, toll violations increased as customers became aware that enforcement was not occurring.

#### Changes in Net Assets

	Years Ended June 30,		
	2004	2003	2002
Operating revenues	\$ 49,491,239	44,307,970	45,659,364
Operating expenses	21,824,271	21,531,960	23,312,368
Operating income	27,666,968	22,776,010	22,346,996
Non-operating revenues (expenses)			
Interest, dividend and investment income	2,102,519	4,415,568	9,306,802
Interest expense	(7,331,012)	(8,563,169)	(11,725,955)
Total non-operating revenues (expenses)	(5,228,493)	(4,147,601)	(2,419,153)
Income before extraordinary item	22,438,475	18,628,409	19,927,843
Extraordinary item:			
Gain on escrow restructuring	-	4,285,136	-
Change in net assets	22,438,475	22,913,545	19,927,843
Net assets, beginning of year	76,554,561	53,641,016	33,713,173
Net assets, end of year	\$ 98,993,036	76,554,561	53,641,016

#### Operating Expenses

In fiscal year 2004, operating expenses increased approximately \$300,000 or 1.4% due to an increase in salaries, benefits and general expenses of approximately \$1.8 million primarily due to an increase in SunPass transponder subsidies and an increase in depreciation and amortization of approximately \$1.2 million related to capital projects placed in service during the year. These increases were partially offset by decreases in toll and roadway operations and maintenance expenses due to the conclusion of the \$1 million annual commitment to the Advanced Traveler Information System (ATIS), an increase in the capitalization of operating expenses incurred in the acquisition, design and construction of capital assets of approximately \$700,000 and a full year's effect of the assumption of the toll operations function from FDOT which took effect in January 2003 and provided increased efficiency in the use of toll plaza personnel.

In fiscal year 2003, operating expenses decreased approximately \$1.8 million primarily due to the capitalization of approximately \$2.7 million in operating expenses incurred in the acquisition, design and construction of capital assets. No such costs were capitalized in fiscal year 2002. Without this effect, operating expenses increased by approximately \$900,000 or 3.9% over fiscal year 2002. The increase was primarily attributable to roadway maintenance expenses which increased approximately \$1.7 million due to an increase in the Authority's contribution to the Advanced Traveler Information System (ATIS), increased costs of expanded service patrols and costs associated with the Authority's roadway lighting joint participation agreement (JPA) with Miami-Dade County which had previously been handled by the Florida Department of Transportation

(FDOT). The increase was partially offset by a decrease in toll operations of approximately \$650,000 due to more efficient use of toll plaza personnel beginning January 2003, when staffing activities were assumed by the Authority.

#### Non-operating Revenue

In fiscal year 2004, non-operating revenue decreased approximately \$2.3 million or 52.4% due to a continued reduction in interest rates, less construction fund monies and the maturity of a guaranteed investment contract (GIC) related to the Series 2000 Construction Fund on December 31, 2002 which was yielding 6.81%.

In fiscal year 2003, non-operating revenue decreased approximately \$4.9 million or 52.6% primarily due to an overall reduction in interest rates, less construction fund monies and the maturity of the guaranteed investment contract (GIC) discussed above.

#### Non-operating Expenses

In fiscal year 2004, interest expense decreased approximately \$1.2 million or 14.4% due to an increase in capitalized interest on construction projects of approximately \$1.5 million, partially offset by an increase in interest due to the implementation of the Authority's commercial paper program as well as reflecting the amortization of the losses on refundings as non-operating expense.

In fiscal year 2003, interest expense decreased approximately \$3.2 million or 27.0% due to interest savings related to the issuance of the Series 2002 Refunding Revenue Bonds which refunded certain portions of the Series 2000 Bonds as well as an increase in capitalized interest.

#### Extraordinary Gain

In fiscal year 2003, a restructuring of the escrow related to the Series 1996 Bonds was completed during the fiscal year. An escrow substitution was executed with the sale of the existing securities in the Series 1996 Bonds escrow account yielding approximately \$75.3 million. The cost of the "replacement" securities was approximately \$70.2 million, creating gross proceeds from the escrow substitution of approximately \$5.2 million. The termination of the forward delivery agreement related to the investment of the proceeds of the original escrow was executed at a cost of approximately \$800,000. The net gain, after additional costs related to the restructuring, was approximately \$4.3 million.

#### Capital Assets and Debt Administration

##### Capital Assets

The Authority's investment in capital assets was approximately \$290.3 million and \$160.8 million, net of accumulated depreciation, as of June 30, 2004 and 2003, respectively, an increase of approximately \$129.5 million (80.5%) and \$58.9 million

(57.8%) in fiscal years 2004 and 2003, respectively. Capital assets include right-of-way, roadway infrastructure, expressways, bridges, buildings, equipment and furniture. Major capital asset events during fiscal year 2004 included the following:

- Construction was completed on the SR 836 eastbound toll plaza.
- Construction was completed on the SR 874 SunPass dual-dedicated lanes project.
- Construction was completed on the Authority's headquarters building expansion.
- Construction was completed on the resurfacing of SR 836 from NW 87<sup>th</sup> Avenue to NW 45<sup>th</sup> Street.
- Construction was completed on the Phase 1 of bridge joint repairs to bridges on SR 836, SR 874 and SR 924.
- Construction continued on the SR 836 westbound to southbound Homestead Extension of Florida's Turnpike (HEFT) connection. The Authority anticipates completion of this project in July 2005.
- Construction continued on the SR 112 westbound off-ramp to Okeechobee Road and was completed in July 2004.
- Construction continued on the toll operations transition project and was completed in November 2004.
- Construction began on the SR 836 extension from NW 137<sup>th</sup> Avenue to NW 107<sup>th</sup> Avenue. The Authority anticipates completion of this project in June 2007.
- Construction began on the SR 836 Communications and Incident Management and Surveillance project. The Authority anticipates completion of this project in February 2005.

Major capital asset events during fiscal year 2003 included the following:

- Continued construction on the SR 836 eastbound toll plaza.
- Continued construction on the SR 112 westbound off-ramp to Okeechobee Road.
- Continued construction on the SR 836 westbound to southbound Homestead Extension of Florida's Turnpike (HEFT) connection.
- Continued construction on the SR 874 SunPass dual-dedicated lanes project.
- Continued construction on the Authority's headquarters building expansion.
- Continued construction on the toll operations transition project.

### Long-Term Debt

As of June 30, 2004, the Authority had outstanding revenue bonds payable of approximately \$232.0 million (net of unamortized bond discounts/premiums and deferred losses on refunding), a decrease of approximately \$2.7 million as compared to fiscal year 2003. All of the Authority's toll revenue is pledged to repay these bonds. The decrease was due primarily to principal repayments of approximately \$3.2 million during the fiscal year, partially offset by amortization related to bond discounts and deferred losses of approximately \$600,000. The Authority also implemented a commercial paper program in fiscal year 2004, with an outstanding balance of \$80 million as of June 30, 2004.

As of June 30, 2003, the Authority had outstanding revenue bonds payable of approximately \$234.7 million (net of unamortized bond discounts/premiums and deferred losses on refunding), a decrease of approximately \$2.1 million from the prior fiscal year. The decrease was due primarily to the deferred loss of approximately \$3.5 million on the refunding of a portion of the \$150,000,000 Toll System Revenue Bonds, Series 2000 discussed below and principal repayments of approximately \$2.9 million during the fiscal year. This decrease was partially offset by the increased principal amount related to the refunding of approximately \$4.2 million and amortization related to bond discounts and deferred losses of approximately \$700,000.

The following change to the debt structure occurred in fiscal year 2004:

On March 23, 2004, the Board authorized the issuance of \$105,000,000 in Toll System Commercial Paper Notes (the "Notes") with maturities not to exceed 270 days from the date of issuance. The proceeds of the Notes will provide short-term funding of the Authority's capital improvement program. The Notes and accrued interest are payable solely from future bond issuances. On March 25, 2004, the Authority issued \$40,000,000 in Notes at an interest rate of 0.95%. An additional \$40,000,000 in Notes was issued on June 22, 2004 at an interest rate of 1.11%. At June 30, 2004, the Authority had outstanding \$80,000,000 in Notes plus accrued interest of \$110,415. In connection with the Notes, on March 25, 2004, the Authority executed a Letter of Credit and Reimbursement Agreement securing the principal of and interest on the Notes. At June 30, 2004, the amount of the outstanding letter of credit was \$85,917,810.

The following change occurred to the debt structure during fiscal year 2003:

On August 22, 2002, the Authority issued \$34,650,000 Toll System Refunding Revenue Bonds, Series 2002 (Series 2002 Bonds). The bonds were issued for the purpose of providing funds to refund \$30,485,000 in principal of the Refunded Series 2000 Bonds; and pay the costs and expenses relating to the issuance of the Series 2002 Bonds and the refunding of the Refunded Series 2000 Bonds.

The transaction resulted in a deferred charge of approximately \$3.5 million to be amortized over the life of the new debt. The refunding resulted in an economic gain of approximately \$1.1 million. The difference between the cash flows received to service the old debt and the cash flows required to service the new debt is approximately \$2.2 million.

### Debt Ratios

The Authority's debt service ratio for all bonds outstanding was 2.71 in fiscal year 2004, 2.14 in fiscal year 2003 and 2.10 for fiscal year 2002. The Authority's ratio of net revenue to debt service and fund payments was 2.44 in fiscal year 2004, 1.91 in fiscal year 2003 and 1.87 in fiscal year 2002.

The ratios in fiscal year 2004 were positively affected by an increase in operating revenue of \$5.2 million and the utilization of \$16 million in rate stabilization funds for short-term

funding of the capital program. Partially offsetting these positive effects were the decrease in non-operating revenue of approximately \$2.3 million and an increase of debt service requirements of \$2.4 million. Without considering the utilization of rate stabilization funds, the debt service ratio and ratio of net revenue to certain debt service and fund payments would have been 1.84 and 1.66, respectively.

The ratios in fiscal year 2003 were positively affected by the extraordinary gain on the escrow restructuring of approximately \$4.3 million and the capitalization of approximately \$2.7 million in operating expenses. Partially offsetting these positive effects were the decrease in non-operating revenue of approximately \$4.9 million and the decrease in operating revenue of approximately \$1.3 million. In addition, debt service requirements decreased by approximately \$400,000 due to the issuance of the Series 2002 Bonds discussed above.

### Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Miami-Dade Expressway Authority, 3790 N. W. 21<sup>st</sup> Street, Miami, FL 33142.

**MIAMI-DADE COUNTY EXPRESSWAY AUTHORITY  
D/B/A MIAMI-DADE EXPRESSWAY AUTHORITY AND MDX**

Statements of Net Assets

June 30, 2004 and 2003

Assets	2004	2003
Current assets:		
Cash and cash equivalents	\$ 1,574,438	2,346,952
Cash and cash equivalents held by trustee	24,979,944	14,119,995
Investments	8,021,400	8,011,162
Accounts receivable, net	547,288	250,613
Accrued interest receivable	145,252	153,792
Prepaid operating and maintenance cost	772,103	437,934
Total current assets	<u>36,040,425</u>	<u>25,320,448</u>
Non-current assets:		
Restricted cash and cash equivalents held by trustee	73,000,966	81,414,072
Restricted investments held by trustee	10,515,000	10,515,000
Total restricted assets	<u>83,515,966</u>	<u>91,929,072</u>
Capital assets:		
Non-depreciable capital assets:		
Land	31,280,915	7,734,974
Construction in progress	190,029,969	138,129,454
Total non-depreciable capital assets	<u>221,310,884</u>	<u>145,864,428</u>
Depreciable capital assets, net	<u>68,958,950</u>	<u>14,974,015</u>
Other assets:		
Rights to operate the Miami-Dade County Expressway System, net	62,169,167	64,085,306
Unamortized bond issue costs, net	3,640,885	3,260,489
Total other assets	<u>65,810,052</u>	<u>67,345,795</u>
Total non-current assets	<u>439,595,852</u>	<u>320,113,310</u>
Total assets	<u>475,636,277</u>	<u>345,433,758</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts and contracts payable	14,743,793	10,566,254
Accrued expenses	5,109,445	4,934,506
Current portion of revenue bonds payable	6,216,667	3,166,667
Current portion of loans due to other governments	5,897,357	3,194,820
Total current liabilities	<u>31,967,262</u>	<u>21,862,247</u>
Non-current liabilities:		
Revenue bonds payable, net of current portion, bond discount/premium and deferred cost	225,796,226	231,510,212
Commercial paper	80,000,000	—
Loans due to other governments, net of current portion	38,404,475	14,560,649
Arbitrage rebates payable	475,278	946,089
Total liabilities	<u>376,643,241</u>	<u>268,879,197</u>
Net assets:		
Invested in capital assets, net of related debt	35,832,291	39,613,514
Restricted for debt service	10,164,308	9,263,960
Restricted for renewal and replacement	5,274,237	6,013,681
Unrestricted	47,722,200	21,663,406
Total net assets	<u>\$ 98,993,036</u>	<u>76,554,561</u>

See accompanying notes to financial statements.

MIAMI-DADE COUNTY EXPRESSWAY AUTHORITY  
D/B/A MIAMI-DADE EXPRESSWAY AUTHORITY AND MDX

Statements of Revenue, Expenses and Changes in Net Assets

Years ended June 30, 2004 and 2003

	2004	2003
Operating revenue:		
Tolls	\$ 49,410,538	44,259,305
Other	80,701	48,665
Total operating revenue	<u>49,491,239</u>	<u>44,307,970</u>
Operating expenses:		
Roadway maintenance, toll operation and maintenance expenses	12,587,259	15,401,004
General engineering, public communication, legal, and other contracted services	1,522,610	1,375,076
Salaries, benefits, and general expenses	3,547,467	1,788,908
Depreciation and amortization	4,166,935	2,966,972
Total operating expenses	<u>21,824,271</u>	<u>21,531,960</u>
Operating income	<u>27,666,968</u>	<u>22,776,010</u>
Nonoperating revenue (expenses):		
Interest and dividend income	2,102,519	4,415,568
Interest expense	(7,331,012)	(8,563,169)
Total nonoperating expenses, net	<u>(5,228,493)</u>	<u>(4,147,601)</u>
Income before extraordinary item	<u>22,438,475</u>	<u>18,628,409</u>
Extraordinary item:		
Gain on escrow restructuring	—	4,285,136
Change in net assets	<u>22,438,475</u>	<u>22,913,545</u>
Net assets, beginning of year	<u>76,554,561</u>	<u>53,641,016</u>
Net assets, end of year	<u>\$ 98,993,036</u>	<u>76,554,561</u>

See accompanying notes to financial statements.

MIAMI-DADE COUNTY EXPRESSWAY AUTHORITY  
D/B/A MIAMI-DADE EXPRESSWAY AUTHORITY AND MDX

Statements of Cash Flow

Years ended June 30, 2004 and 2003

	2004	2003
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 49,113,863	44,400,945
Payments to suppliers	(13,908,741)	(17,717,594)
Payments to employees	(4,710,842)	(785,774)
Other operating revenues	82,421	51,959
Net cash flows from operating activities	<u>30,576,701</u>	<u>25,949,536</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(96,288,359)	(58,699,491)
Acquisition of Land	(21,690,273)	—
Proceeds from government advances	26,900,000	9,900,000
Payment of principal on government advances	(353,637)	(1,762,237)
Proceeds from sale of refunding bonds	—	34,034,412
Payment of bond issue cost	(451,732)	(221,090)
Payment of commercial paper cost	(175,972)	—
Payment of bond insurance	—	(152,684)
Proceeds from commercial paper	80,000,000	—
Payment of principal on revenue bonds	(3,166,667)	(2,866,667)
Payment for refunding bonds	—	(34,076,013)
Proceeds from escrow restructuring	—	5,154,136
Payments for escrow restructuring	—	(869,000)
Interest paid on revenue bonds	(15,223,056)	(8,163,385)
Net cash flows used in capital and related financing activities	<u>(30,449,696)</u>	<u>(57,722,019)</u>
<b>Cash flows from investing activities:</b>		
Purchase of investments	(8,135,673)	(22,952,408)
Proceeds from investments	8,000,000	14,941,246
Interest & dividends received	1,682,997	3,348,975
Net cash from (used in) investing activities	<u>1,547,324</u>	<u>(4,662,187)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>1,674,329</u>	<u>(36,434,670)</u>
Cash and cash equivalents at beginning of year	<u>97,881,019</u>	<u>134,315,689</u>
Cash and cash equivalents at end of year:	<u>\$ 99,555,348</u>	<u>97,881,019</u>
Unrestricted	<u>26,554,382</u>	<u>16,466,947</u>
Restricted	<u>73,000,966</u>	<u>81,414,072</u>
	<u>\$ 99,555,348</u>	<u>97,881,019</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 27,666,968	22,776,010
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	4,166,935	2,966,972
Loss on sale of equipment	1,720	—
Changes in assets and liabilities:		
Accounts receivable	(296,675)	144,934
Prepaid operating and maintenance cost	(334,169)	401,923
Accounts/contracts payable and accrued expenses	(628,078)	(340,303)
<b>Net cash provided by operating activities</b>	<u>\$ 30,576,701</u>	<u>25,949,536</u>

See accompanying notes to financial statements.

**MIAMI-DADE COUNTY EXPRESSWAY AUTHORITY  
D/B/A MIAMI-DADE EXPRESSWAY AUTHORITY AND MDX**

**Notes to the Financial Statements**

Years Ended June 30, 2004 and 2003

**(1) Summary of Organizations and Significant Accounting Policies**

**(a) Organization and Purpose**

The Miami-Dade County Expressway Authority d/b/a Miami-Dade Expressway Authority and MDX (the Authority) is an agency of the State of Florida, a body politic and corporate and a public instrumentality, and was created on December 13, 1994 pursuant to Chapter 348, Part I, Florida Statutes, as amended, for the purposes and having the powers, among others, to (1) acquire, hold, construct, improve, maintain, operate, own and lease an expressway system located in Miami-Dade County, Florida (the County) and (2) to fix, alter, change, establish and collect tolls, rates, fees, rentals, and other charges for the services and facilities of such system. The governing body of the Authority consists of thirteen (13) members. All members of the Authority are voting members. Seven members are appointed by the governing body of the County. At the County's discretion, up to two of the members appointed by the governing body of the County may be elected officials residing in the County. Five members are appointed by the Governor of the State of Florida. One member is the District Secretary of the State of Florida Department of Transportation – District VI. This member is an ex officio voting member of the Authority. Except for the District Secretary of the State of Florida Department of Transportation – District VI, all members must be residents of the County. Members of the Authority are entitled to receive from the Authority their travel and other necessary expenses incurred in connection with the business of the Authority as provided by law, but they may not draw salaries or other compensation.

The State of Florida's expressway system located in the boundaries of the County (the expressway system), was operated by the State of Florida, Department of Transportation (FDOT) through December 9, 1996. Effective December 10, 1996 and pursuant to a Transfer Agreement (the Transfer Agreement) entered into between the Authority and the FDOT, the Authority assumed the rights and the responsibilities for operating the expressway system and obtained certain identifiable fixed assets (excluding the expressway system's infrastructure) and cash reserves from the FDOT. In exchange, the Authority made a payment to the FDOT which was sufficient to defease certain bonded indebtedness of the State of Florida. This transaction was consummated through the Authority's issuance of \$80,000,000 in aggregate principal amount of its Toll System Revenue Bonds, Series 1996 (Taxable) (the Series 1996 Bonds). In addition, the Authority assumed a liability from the State of Florida in the amount of \$11,843,000.

The Transfer Agreement gives the Authority the right, in perpetuity, to the toll revenue generated by the expressway system and grants the Authority the right to operate and maintain such expressway system.

**(b) Reporting Entity**

As a special purpose government engaged solely in business-type activities, the Authority's financial statements are prepared similarly to those of an enterprise fund. Enterprise funds are used to account for operations of governmental entities that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

**(c) Basis of Accounting**

The Authority is accounted for on the flow of economic resources measurement focus and therefore prepares its financial statements on the accrual basis of accounting in accordance with accounting

principles generally accepted in the United States of America. The accounting for propriety funds is similar to those for private business enterprises. Accordingly, revenue is recorded when earned and expenses are recorded when incurred.

The assets, liabilities and net assets of the Authority are reported in a self-balancing set of accounts which include restricted and unrestricted resources, representing funds available for support of the Authority's operations.

Equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt – capital assets, including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net assets – net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. This includes net assets restricted for debt service and renewal and replacement.

Unrestricted net assets – all other net assets that do not meet the definition of "invested in capital assets, net of related debt" and "restricted".

It is the Authority's policy to first use restricted net assets when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The Authority defines operating revenue as revenues earned from the expressway system operations and charged to customers. Non-operating revenue includes interest and dividend earnings.

Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, offers the option of following all Financial Accounting Standards Board (FASB) standards issued after November 30, 1989, unless they conflict with or contradict GASB pronouncements, or not following FASB standards issued after such date. The Authority elected the option not to follow FASB standards issued after November 30, 1989.

**(d) Restricted Assets**

Restricted assets of the Authority represent bond proceeds and revenue to be set aside per the Trust Indenture which requires the following funds: Revenue Fund, Sinking Fund, General Fund (Partially Restricted), Debt Service Reserve Fund, Renewal and Replacement Fund, Cost of Issuance Fund, Construction Fund, and Rebate Fund.

**(e) Capital Assets**

The Authority does not have title to the expressway system's infrastructure and therefore, it is not reflected in these financial statements. Capital assets acquired through the Transfer Agreement as well as capital assets acquired or constructed since the transfers are recorded at historical cost. Expenses incurred to acquire additional capital assets which replace existing assets or otherwise prolong their useful lives are capitalized.

Costs related to right-of-way acquisition as well as costs related to construction of highways and bridges substructure (road sub base, grading, land clearing, embankments, and other related costs), when incurred, are considered nondepreciable costs.

Interest costs incurred during construction are capitalized on assets acquired with debt. Amounts capitalized represent interest expense incurred from the borrowing date to completion of the project, offset with interest earned on invested proceeds over the same period. Depreciation of property and

equipment is computed using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and fixtures	7 years
Equipment and improvements	7- 15 years
Asphalt	15 years
Buildings, toll facilities and leasehold improvements	30 years
Bridges and other roadway	50 years
Vehicles	5 years
Software	3 years

In fiscal year ended June 30, 2003, the Authority began allocating certain costs incurred in the acquisition, design and construction of capital assets such as salaries, benefits, general expenses and contracted services to the related capital asset. For the fiscal year ended June 30, 2004 and 2003, the Authority capitalized \$994,146 and \$1,528,192 respectively in contracted services expenses and \$1,150,019 and \$1,212,114 respectively in salaries, benefits, and general expenses.

**(f) Bond Discounts, Bond Premiums and Issuance Costs**

Bond discounts, premiums and issuance costs associated with the issuance of bonds are amortized either on a straight-line basis or the interest method over the life of the bonds. Bond discounts and premiums are presented as an addition and a reduction of the face amount of revenue bonds payable whereas issuance costs are recorded as other assets.

**(g) Compensated Absences**

The Authority accounts for compensated absences by accruing a liability for employees' compensation for future absences according to the guidelines of Governmental Accounting Standards Board (GASB) Statement No. 16. *Accounting for Compensated Absences*. The Authority's vacation and sick leave accrual policies grant a specific number of days of vacation and sick leave with pay. In addition, these policies provide for paying a regular employee their accumulated unused vacation upon termination which is limited to a maximum of 480 hours. These policies also provide for accumulated sick leave hours to be paid upon retirement which is limited to a maximum of one-quarter of the amounts accumulated, up to 480 hours. These hours are payable at the employee's current rate and are accounted for in accrued expenses.

**(h) Employee Benefits**

As an agency of the State of Florida, the Authority's employees are allowed to participate in the State's group health insurance plan under the same program and group rates available to State employees. In addition, in accordance with an interlocal agreement between the Authority and the County, the Authority's employees are allowed to participate in the County's group dental and life insurance providers under the same programs and group rates available to County employees. Any full-time regular or part-time employees, working at least 60 hours biweekly, are eligible for group insurance coverage on the first day of the month following or coincident to 90 days of continuous active service.

**(i) Risk Management**

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions and natural disasters for which the Authority carries commercial insurance. Settled claims have not exceeded the Authority's coverage in any of the past three fiscal years.

**(j) Use of Estimates**

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

**(k) Cash and Cash Equivalents and Investments**

The carrying amount of the Authority's cash deposits was \$99,555,348 and \$97,881,019, and the bank balance was \$99,580,324 and \$97,911,958 at June 30, 2004 and 2003, respectively. The difference between these two balances is created by timing differences due to the float on disbursements and deposits which have not yet cleared the bank and cash held at the toll plazas.

Under Chapter 280 Florida Statutes, as amended, "Florida Security for Public Deposits Act," all qualified public depositories 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.

Exempt from Chapter 280 are public deposits deposited in a bank or savings association by a trust department or trust company which are fully secured through the trust business laws, public deposits held outside the United States, wire transfers and transfers of funds for periods less than seven days for the purpose of paying registers and paying agents. Investments, including State Board of Administration accounts and repurchase agreements, are not public deposits.

The Authority considers all highly liquid debt instruments (including restricted assets) with an original maturity of three months or less to be cash equivalents.

The investments of the Authority are stated at fair value, which is either a quoted market price or the best available estimate. Unrealized gains or losses due to variations in fair value are recorded as income for the applicable year.

**(l) Reclassifications**

Certain prior year amounts have been reclassified to conform to the current year's presentation.

**(m) Adoption of New Accounting Pronouncements**

GASB Statement No. 40, *Deposit and Risk Disclosures* has been issued. The Authority has not elected early implementation of GASB 40 and therefore, has not determined the financial statement impact of this new pronouncement.

**(2) Cash and Cash Equivalents**

At June 30, 2004 and 2003, total unrestricted and restricted cash and cash equivalents and investments were composed of the following:

	<u>2004</u>	<u>2003</u>
Cash and cash equivalents	\$ 99,555,348	97,881,019
Investments, including interest receivable	18,681,652	18,679,954
	<u>\$ 118,237,000</u>	<u>116,560,973</u>

Investments – The Authority’s investments are made in accordance with Chapter 125.31(1) Florida Statutes.

As required by GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*, the Authority’s investments are categorized to provide an indication of the level of custodial credit risk assumed by the Authority at year end. Category 1 includes investments that are insured or registered, or for which the securities are held by the Authority or its agent in the Authority’s name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty’s trust department or agent in the Authority’s name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty’s trust department or agent but not in the Authority’s name. All of the investments of the Miami-Dade Expressway Authority are classified in Category 2 at June 30, 2004 and 2003.

Investments at June 30 are summarized as follows:

	2004	2003
	(Fair Value)	
Unrestricted:		
U.S. Government securities	\$ 8,021,400	8,011,162
Restricted:		
Guaranteed Investment Contract	10,515,000	10,515,000
Total Investments	<u>\$ 18,536,400</u>	<u>18,526,162</u>

Investments, as detailed above, are classified by financial statement line item based on maturity when purchased at June 30 as follows:

	2004	2003
Investments classified as cash equivalents	\$ -	14,917,313
Investments	<u>18,536,400</u>	<u>18,526,162</u>
	<u>\$ 18,536,400</u>	<u>33,443,475</u>

### (3) Disaggregation of Receivables and Payables

#### Receivables

As of June 30, 2004 and 2003 accounts receivable totaled \$547,288 and \$250,613, respectively, in the following categories:

	2004	2003
Toll revenue receivables	\$ 522,038	246,132
Other revenue receivables	25,250	4,481
	<u>\$ 547,288</u>	<u>250,613</u>

There are no receivables expected to take longer than one year to collect.

#### Payables

As of June 30, 2004 and 2003 accounts and contracts payable totaled \$14,743,793 and \$10,566,254, respectively, in the following categories:

	2004	2003
Due to vendors	\$ 14,689,412	10,508,122
Due to employees	54,381	58,132
	<u>\$ 14,743,793</u>	<u>10,566,254</u>

### (4) Capital Assets

A summary of capital asset activity and changes in accumulated depreciation for the years ended June 30, 2004 and 2003 follows:

	Balance at June 30, 2003	Additions	Deletions/ Transfers	Balance at June 30, 2004
Capital assets not being depreciated:				
Land	\$ 7,734,974	21,690,273	1,855,668	31,280,915
Construction in progress	138,129,454	131,401,786	(79,501,271)	190,029,969
Total capital assets, not being depreciated	<u>145,864,428</u>	<u>153,092,059</u>	<u>(77,645,603)</u>	<u>221,310,884</u>
Capital assets being depreciated:				
Furniture & fixtures	972,489	103,351	(1,899)	1,073,941
Equipment and improvements	8,615,745	146,385	(2,888,732)	5,873,398
Buildings, toll facilities, and leasehold improvements	9,309,924	20,607,214	(6,029,672)	23,887,466
Asphalt	-	3,359,541	2,795,172	6,154,713
Bridges	-	9,082,642	1,005,499	10,088,141
Other roadway assets	-	24,562,385	3,249,440	27,811,825
Vehicles	115,815	113,560	(43,854)	185,521
Total capital assets being depreciated	<u>19,013,973</u>	<u>57,975,078</u>	<u>(1,914,046)</u>	<u>75,075,005</u>
Less accumulated depreciation for:				
Furniture and fixtures	(226,374)	(146,186)	-	(372,560)
Equipment and improvements	(3,352,024)	(596,479)	288,873	(3,659,630)
Buildings, toll facilities, and leasehold improvements	(412,864)	(665,498)	200,568	(877,794)
Asphalt	-	(372,698)	(186,345)	(559,043)
Bridges	-	(128,407)	(20,110)	(148,517)
Other roadway assets	-	(387,638)	(64,989)	(452,627)
Vehicles	(48,696)	(26,822)	29,634	(45,884)
Total accumulated depreciation	<u>(4,039,958)</u>	<u>(2,323,728)</u>	<u>247,631</u>	<u>(6,116,055)</u>
Net depreciable capital assets	<u>14,974,015</u>	<u>55,651,350</u>	<u>(1,666,415)</u>	<u>68,958,950</u>
Net capital assets	<u>\$ 160,838,443</u>	<u>208,743,409</u>	<u>(79,312,018)</u>	<u>290,269,834</u>

	Balance at June 30, 2002	Additions	Deletions/ Transfers	Balance at June 30, 2003
Capital assets not being depreciated:				
Land	\$ 3,492,690	4,242,284	-	7,734,974
Construction in progress	82,489,919	55,639,535	-	138,129,454
Total capital assets, not being depreciated	<u>85,982,609</u>	<u>59,881,819</u>	-	<u>145,864,428</u>
Capital assets being depreciated:				
Furniture and fixtures	731,184	241,305	-	972,489
Equipment and improvements	8,578,702	37,043	-	8,615,745
Buildings, toll facilities, and leasehold improvements	9,204,305	105,619	-	9,309,924
Vehicles	115,815	-	-	115,815
Total capital assets being depreciated	<u>18,630,006</u>	<u>383,967</u>	-	<u>19,013,973</u>
Less accumulated depreciation for:				
Furniture and fixtures	(100,448)	(125,926)	-	(226,374)
Equipment and improvements	(2,448,853)	(903,171)	-	(3,352,024)
Buildings, toll facilities, and leasehold improvements	(100,057)	(312,807)	-	(412,864)
Vehicles	(28,270)	(20,426)	-	(48,696)
Total accumulated depreciation	<u>(2,677,628)</u>	<u>(1,362,330)</u>	-	<u>(4,039,958)</u>
Net depreciable capital assets	<u>15,952,378</u>	<u>(978,363)</u>	-	<u>14,974,015</u>
Net capital assets	<u>\$ 101,934,987</u>	<u>58,903,456</u>	-	<u>160,838,443</u>

Depreciation expense was \$2,105,731 in fiscal year 2004 and \$1,362,330 in fiscal year 2003.

The amount of capitalized interest was \$6,515,147 in 2004 and \$4,973,350 in 2003.

#### (5) Rights to Operate the Miami-Dade County Expressway System

As discussed in Note 1, the Authority obtained the rights to operate the state of Florida's expressway system located within the boundaries of the County.

The difference between the net book value of tangible assets received less the net book value of liabilities assumed and consideration paid, amounting to approximately \$76,646,000 is reflected in these financial statements, net of amortization, as an intangible asset (Rights to Operate the Miami-Dade County Expressway System) and is being amortized on the straight-line method over a period of 40 years.

The present value of the future income stream, net of expenses, to be generated by the operation of the expressway system in Miami-Dade County, Florida is expected to equal or exceed \$76,646,000; the intangible asset described above.

The cost to obtain such right and its accumulated amortization are as follows:

	2004	2003
Original cost	\$ 76,645,605	76,645,605
Less accumulated amortization	<u>(14,476,438)</u>	<u>(12,560,299)</u>
	<u>\$ 62,169,167</u>	<u>64,085,306</u>

#### (6) Unamortized Bond Issue Costs

Unamortized bond issue costs and its accumulated amortization are as follows:

	2004	2003
Original cost	\$ 4,474,495	3,846,791
Less accumulated amortization	<u>(833,610)</u>	<u>(586,302)</u>
	<u>\$ 3,640,885</u>	<u>3,260,489</u>

#### (7) Long-Term Liabilities

##### (a) Revenue Bonds Payable

##### (1) \$80,000,000 Toll System Revenue Bonds, Series 1996

On December 10, 1996, the Authority issued \$80,000,000 Series 1996 Bonds (the Series 1996 Bonds). The bonds were issued for the purpose of providing funds to pay all or a portion of the cost of (a) the acquisition by the Authority of the operational and financial control of the Miami-Dade County Expressway System (the System) per the Transfer Agreement between the Authority and the FDOT, dated as of December 10, 1996, in perpetuity by, among other things, defeasing all of the outstanding 1993 Series State Bonds issued by the State of Florida for the Authority expressway system; (b) funding a portion of the Debt Service Reserve Fund Requirement in respect of the Series 1996 Bonds; and (c) paying certain costs associated with the issuance of the Series 1996 Bonds. The Series 1996 Bonds are due in annual principal installments which began on July 1, 1999 through July 1, 2019 of \$1,000,000 to \$10,500,000 bearing interest at the weekly rate as determined by the remarketing Agent. Interest may be converted from one variable rate to another at the option of the Authority and upon delivery of an opinion of bond counsel to the trustee and the Authority or may be converted to fixed rate upon the request of the Authority. The bonds are secured by the revenue generated by the Authority's existing expressway system subject to the terms and limitations set forth in the indenture, excluding amounts deposited in the Rebate Fund, if any.

##### (a) Interest Rate Swap with Citigroup Related to the Series 1996 Bonds

Objective of the Interest Rate Swap:

As a means to lower borrowing costs, when compared to interest rate costs related fixed rate bonds at the time of issuance, the Authority entered into an interest rate swap in connection with its variable rate (Taxable) Series 1996 Bonds. On February 1, 1999, the Authority entered into a swap agreement with Salomon Brothers Holding Company, Inc. (nka Citigroup) scheduled to terminate on July 1, 2004. On April 12, 2002, the Authority executed an amendment to the swap agreement whereby the swap termination date was extended to July 1, 2019. On June 30, 2004, the Authority executed an additional amendment to the swap agreement effective July 29, 2004.

The intent of the swap was to effectively change the taxable variable interest rate on the Series 1996 Bonds into a synthetic fixed rate of 5.325% on the initial swap through initially until July 1, 2004 and, as amended on April 12, 2002, into a synthetic fixed rate of 6.265% beginning May 1, 2002 and terminating on July 1, 2019. The amendment on June 30, 2004 effectively reduced the synthetic fixed rate to 5.352% by replacing the payment received from Citigroup from a taxable-based rate to a tax-exempt-based rate in anticipation of the tax-exempt issuance of the Series 2004A Toll System Refunding Revenue Bonds which refunded the (Taxable) Series 1996 Bonds in their entirety on July 29, 2004.

Terms:

Based on the initial swap agreement, the Authority owed interest calculated at a fixed rate of 5.325% to the counterparty of the swap. In return, the counterparty owed the Authority interest based on a variable rate that matched the rate required by the Series 1996 Bonds. The rate required by the bonds is derived from the monthly reoffering of the Series 1996 Bonds. Only the net difference in interest payments was actually exchanged with the counterparty. The Series 1996 Bond principal was not exchanged; it was only the basis on which the interest payments were calculated. The Authority continued to pay interest to the bondholders at the variable rate provided by the Series 1996 Bonds. However, during the term of the swap agreement, the Authority effectively paid a fixed rate on the Series 1996 Bonds.

Based on the first amendment to the swap agreement on April 12, 2002, the Authority owed interest at a fixed rate of 6.265% to the counterparty of the swap beginning May 1, 2002. In return, until July 1, 2004, the counterparty owed the Authority interest based on a variable rate that matched the rate required by the Series 1996 Bonds. The rate required by the Series 1996 Bonds was derived from the monthly reoffering of the Series 1996 Bonds. Effective July 1, 2004, the counterparty paid the Authority interest based on the variable London Interbank Offered Rate (LIBOR). The Series 1996 Bond principal was not exchanged; it was only the basis on which the interest payments were calculated. The Authority continued to pay interest to the bondholders at the variable rate provided by the bonds. However, during the term of the swap agreement, the Authority effectively paid a fixed rate on the debt.

Based on the second amendment to the swap agreement on June 30, 2004, the Authority owes interest at a fixed rate of 5.352% to the counterparty of the swap beginning July 29, 2004. In return, the counterparty owes the Authority interest based on the variable Bond Market Association Municipal Swap Index (BMA) rate that approximates the tax-exempt variable rate anticipated on the Series 2004A Bonds which were issued on July 29, 2004 to refund the (Taxable) Series 1996 Bonds in their entirety. The rate required by the Series 2004A Bonds is derived from the periodic auction of the Series 2004A Bonds. The Series 2004A Bond principal is not exchanged; it is only the basis on which the interest payments are calculated. The Authority continues to pay interest to the bondholders at the variable rate provided by the Series 2004A Bonds. However, during the term of the swap agreement, the Authority effectively pays a fixed rate on the debt. The debt service requirements to maturity for these bonds are based on that fixed rate.

The swap's notional amount matches the outstanding amount of the bonds. As the principal amount of the bonds declines, the notional amount of the swaps also declines by the same amount.

Fair Value:

Because interest rates have declined since execution of the swap, the swap had a negative fair market value of \$6,844,181 as of June 30, 2004. Swaps are not normally valued through exchange-type markets with easily accessible quotation systems and procedures. The fair market value was calculated using information obtained from generally recognized sources with respect to quotations, reporting of specific transactions and market conditions and based on accepted industry standards and methodologies.

Credit Risk:

As of June 30, 2004, the Authority was not exposed to credit risk because the swap had a negative fair value. The counterparty was rated Aa1, AA- and AA+ by Moody's Investors Service, Standard & Poor's and Fitch Ratings, respectively. In addition, all swap payments and termination amounts are insured by Financial Guaranty Insurance Corporation (FGIC).

Basis Risk:

The swap exposes the Authority to basis risk should the variable taxable rate paid on the Series 1996 Bonds differ from the variable LIBOR rate received from the swap. The maximum exposure for terminating the swap is its fair market value. Effective July 29, 2004, the swap will expose the Authority to basis risk should the variable tax-exempt rate paid on the Series 2004A Bonds differ from the variable BMA rate received from the swap. The maximum exposure for terminating the swap is its fair market value.

**(b) Interest Rate Swap with Rice Financial Products Related to the Series 1996 Bonds**

Objective of the Interest Rate Swap:

As an additional means to lower borrowing costs, on August 9, 2002, the Authority entered into a swap agreement with Rice Financial Products Company in connection with its variable rate (Taxable) Series 1996 Bonds until July 1, 2019.

Terms:

Based on the swap agreement, the Authority paid interest at a variable rate based on the Bond Market Association Municipal Swap Index (BMA) divided by .604. In return, the Authority received interest at a variable rate based on the LIBOR (reset January 1 and July 1) plus a "constant" of 47 basis points (0.47%) from the counterparty. The Authority had the option to terminate the swap annually, at no cost to the Authority, on any bond payment date commencing July 1, 2004 and ending July 1, 2019. On August 1, 2003, the Authority entered into an amendment to the swap agreement effective July 1, 2004 until July 1, 2019. Under this amendment, the Authority received a payment of \$150,687; the Authority's payments to the counterparty are capped at zero; the "constant" paid by the counterparty is reduced to 20 basis points (0.20%); and the counterparty, as well as the Authority, has the option to terminate the swap annually, at no cost to either party, on any bond payment date commencing July 1, 2004 and ending July 1, 2019.

The swap's notional amount matches the outstanding amount of the Series 1996 Bonds; as the principal amount of the Series 1996 Bonds declines, the notional amount of the swap also declines by the same amount.

Fair Value:

Because the Authority's payments under the swap are capped at zero and has the right to terminate the agreement annually on July 1, the fair market value of the swap equals the accrued interest due as of the termination date. On June 30, 2004, the swap had a negative fair market value of \$98,489, representing accrued interest due from the Authority.

Credit Risk:

The counterparty is not rated by any established rating service. However, all swap payments and termination amounts are insured by American Municipal Bond Assurance Corporation (AMBAC). Although the Authority's payments are capped at zero, the swap is only cancelable annually on each July 1. Therefore, the swap exposes the Authority to credit risk should the Authority terminate or be forced to terminate the swap on any day other than July 1 of each year.

The maximum exposure for terminating the swap is accrued interest, if any, owed by the Authority on the termination date.

**Basis Risk:**

Although the Authority's payments are capped at zero, the swap is only cancelable annually on each July 1. Therefore, the swap exposes the Authority to basis risk should the relationship of LIBOR and BMA converge. This risk would be realized only if the Authority terminated or was forced to terminate the swap on any day other than July 1 of each year. At June 30, 2004, the BMA rate divided by .604 was 1.73% (paid by the Authority) and the LIBOR rate (as of January 1, 2004) plus 20 basis points (0.20%) was 1.42% (received by the Authority). The maximum exposure for terminating the swap is accrued interest, if any, owed by the Authority on the termination date.

**(c) Restructuring of Escrow Related to the Series 1996 Bonds**

On June 17, 2003, a restructuring of the escrow related to the Series 1996 Bonds was completed. The escrow substitution was executed with the sale of the existing securities in the escrow account yielding \$75,314,382. The cost of the "replacement" securities was \$70,160,246, creating gross proceeds from the escrow substitution of \$5,154,136. The termination of the forward delivery agreement related to the investment of the proceeds of the original escrow was executed at a cost of \$847,000. The net gain, after additional costs related to the restructuring, was \$4,285,136 and is reported as an extraordinary gain in the financial statements for the year ended June 30, 2003.

**(2) \$10,000,000 Toll System Revenue Bond, Series 1999**

On November 1, 1999, the Authority issued \$10,000,000 Toll System Revenue Bond, Series 1999 (Non-Taxable) (the Series 1999 Bond). The Series 1999 Bond was issued for the purpose of providing funds to (a) pay a portion of the cost of certain improvements to the system included within the current five-year work program; (b) fund a portion of the Debt Service Fund Requirement in respect of the Series 1999 Bond; and (c) pay certain costs associated with the issuance of the Series 1999 Bond. The bond matures on January 1, 2015 with annual principal installments beginning January 1, 2001 through January 1, 2015 of \$666,667, with semiannual interest payments at 4.94% per annum, due each January 1 and July 1. The Series 1999 Bond is secured by the revenue generated by the Authority's existing expressway system subject to the term and limitations set forth in the Indenture on a parity with the Series 1996 Bonds, excluding amounts deposited in the Rebate Fund, if any.

**(3) \$150,000,000 Toll System Revenue Bonds, Series 2000**

On January 1, 2000, the Authority issued \$150,000,000 Toll System Revenue Bonds, Series 2000 (Non-Taxable) (the Series 2000 Bonds). The bonds were issued for the purpose of providing funds to pay (a) a portion of the cost of certain improvements to the system included in the five year work program of the Authority in effect from time to time; (b) fund a deposit to the Debt Service Reserve Fund in an amount equal to the increase in the Debt Service Reserve Fund Requirement resulting from the issuance of the Series 2000 Bonds; and (c) pay costs and expenses relating to the issuance of the Series 2000 Bonds. The Series 2000 Bonds, net of unamortized net premium totaling \$2,809,283, consist of (a) \$40,070,000 serial bonds maturing between July 1, 2004 and July 1, 2014, bearing interest between 4.8% and 6%; (b) \$30,485,000 fixed term bonds at 6%; and (c) \$79,445,000 fixed term bonds at 6.375%, with semiannual interest payments each January 1, and July 1. The Series 2000 Bonds are secured by the revenue generated by the Authority's existing expressway system subject to the terms and limitations set forth in the indenture on a parity which the Series 1996 Bonds, excluding amounts deposited in the Rebate Fund, if any.

**(4) \$89,345,000 Toll System Refunding Revenue Bonds, Series 2001A**

On July 11, 2001, the Authority issued \$89,345,000 Toll System Refunding Revenue Bonds, Series 2001A (Non-Taxable) (the Series 2001A Bonds). The Series 2001A Bonds were issued and placed

in an irrevocable trust for the purpose of providing funds to (a) refund \$79,445,000 principal amount of the Series 2000 Bonds; and (2) pay costs and expenses relating to the issuance of the Series 2001A Bonds and the refunding of the Refunded Series 2000 Bonds. The Series 2001A Bonds consist of (1) \$13,000,000 serial bonds maturing between July 1, 2012 and July 1, 2021, bearing interest between 4.5% and 5%; (b) \$34,370,000 fixed term bonds at 5.125%; and (c) \$41,975,000 fixed term bonds at 5.125%. The Series 2001A Bonds are secured under the Indenture on a parity with the Series 1996 Bonds, the Series 1999 Bond, the Series 2000 Bonds outstanding after issuance of the Series 2001A Bonds and any other Bonds hereafter issued under the Indenture.

The transaction resulted in a \$6,130,809 deferred charge to be amortized over the life of the new debt. This refunding has resulted in an economic gain of \$3,781,501. The difference between the cash flows received to service the old debt and the cash flows require to service the new debt is \$4,788,116.

**(5) \$34,650,000 Toll System Refunding Revenue Bonds, Series 2002**

On August 22, 2002, the Authority issued \$34,650,000 Toll System Refunding Revenue Bonds, Series 2002 (Non-Taxable) (the Series 2002 Bonds). The Series 2002 Bonds were issued for the purpose of providing funds to (a) refund \$30,485,000 principal amount of the Refunded Series 2000 Bonds and (2) pay costs and expenses relating to the issuance of the Series 2002 Bonds and the refunding of the Refunded Series 2000 Bonds. The Series 2002 Bonds consist of \$34,650,000 Serial Bonds maturing between July 1, 2003 and July 1, 2020, bearing interest between 1.35% and 4.625%. The Series 2002 Bonds are secured under the Indenture on a parity with the Series 1996 Bonds, the Series 1999 Bond, the Series 2000 Bonds outstanding after issuance of the Series 2001A and Series 2002 Bonds, the Series 2001A Bonds and any other Bonds hereafter issued under the Indenture.

The transaction resulted in a \$3,502,380 deferred charge to be amortized over the life of the new debt. This refunding has resulted in an economic gain of \$1,100,672. The difference between the cash flows received to service the old debt and the cash flows require to service the new debt is \$2,243,369.

The annual revenue bonds payable debt service requirements of June 30, 2004 are summarized as follows:

	Revenue Bonds Principal	Revenue Bonds Interest
Year ending June 30		
2005	\$ 6,216,667	12,866,695
2006	6,456,667	12,520,805
2007	6,806,667	12,144,382
2008	7,161,667	11,751,865
2009	7,536,667	11,317,667
2010-14	45,058,335	49,092,194
2015-19	58,101,662	33,838,113
2020-24	44,540,000	19,409,806
2025-29	48,725,000	8,137,475
2030	11,295,000	-
	241,898,332	171,079,002
Plus premium, net	588,786	-
Less bond discount, net	(2,065,011)	-
Less deferred refunding loss	(8,409,214)	-
	\$ 232,012,893	171,079,002

Swap Payments and Associated Debt:

Debt service requirements of the variable rate debt and net swap payments, assuming interest rates as of June 30, 2004 remain the same for their term, are as follows. As rates vary, variable rate debt interest payments will vary. These amounts are included in the annual debt service requirements schedule above.

Fiscal Year Ending June 30,	Variable-Rate Bonds		Interest Rate	Total
	Principal	Interest	Swaps, Net	
2005	\$ 2,500,000	790,030	3,476,815	6,766,845
2006	2,600,000	760,960	3,348,880	6,709,840
2007	2,800,000	728,480	3,205,940	6,734,420
2008	3,000,000	694,635	3,056,995	6,751,630
2009	3,200,000	655,656	2,885,450	6,741,106
2010-2014	19,400,000	2,636,746	11,603,953	33,640,699
2015-2019	26,700,000	1,269,126	5,585,250	33,554,376
2020	10,500,000	-	-	10,500,000
	<u>\$ 70,700,000</u>	<u>7,535,633</u>	<u>33,163,283</u>	<u>111,398,916</u>

**(b) Commercial Paper Notes**

On March 23, 2004, the Board authorized the issuance of \$105,000,000 in Toll System Commercial Paper Notes (the "Notes") with maturities not to exceed 270 days from the date of issuance. The proceeds of the Notes will provide short-term funding of the Authority's capital improvement program. The Notes and accrued interest are payable solely from future bond issuances. The Notes are classified a long-term because the Authority intends to pay off the Notes with the proceeds of long-term revenue bonds. On March 25, 2004, the Authority issued \$40,000,000 in Notes at an interest rate of 0.95%. An additional \$40,000,000 in Notes was issued on June 22, 2004 at an interest rate of 1.11%. At June 30, 2004, the Authority had outstanding \$80,000,000 in Notes plus accrued interest of \$110,415. The \$80,000,000 in outstanding Notes, plus accrued interest was repaid on August 2, 2004.

In connection with the Notes, on March 25, 2004, the Authority executed a Letter of Credit and Reimbursement Agreement securing the principal of and interest on the Notes. At June 30, 2004, the amount of the outstanding letter of credit was \$85,917,810.

**(c) Loans Due to Other Governments**

**(1) Toll Facilities Revolving Trust Fund Loan**

On May 26, 1998, MDX entered into an unsecured, non-interest bearing Toll Facilities Revolving Trust Fund loan payable under an agreement authorizing the Authority to borrow up to \$1,000,000 to conduct preliminary engineering studies, traffic and revenue studies, environmental impact studies, financial advisory services, engineering design, right-of-way map preparation, project-related professional services, and advanced right-of-way requisition activities. Principal balance outstanding is due from future bond proceeds, if elected by the Authority, or on the basis of repayment schedules. Repayment of principal and investment interest earnings shall begin no later than 7 years

after the date of the advance, provided repayment is completed no later than 12 years after the date of the advance.

On December 31, 2003, the Florida Department of Transportation approved the Authority's application for an additional non-interest bearing Toll Facilities Revolving Trust Fund loan in the amount of \$1,500,000 under substantially the same terms as the above Toll Facilities Revolving Trust Fund loan.

**(2) State of Florida, Department of Transportation Loan**

On December 10, 1996, the State of Florida, Department of Transportation (FDOT) transferred operational and financial control of the roadways and certain physical assets detailed in the MDX/FDOT Transfer Agreement to MDX. The system includes State Roads 112, 836, 874, 878 and 924 and certain other physical assets. Under the provisions of the Transfer Agreement, MDX agreed to pay to FDOT certain financial obligations in connections with the transfer of operational and financial control of the system in the amount of approximately \$11.8 million. As of June 30, 2004 MDX owes FDOT approximately \$4.9 million, which includes the outstanding balance of the net liabilities, costs related to the acquisition, installation and initial deployment of the Sunpass<sup>TM</sup> facilities and system operating costs related to the Sunpass<sup>TM</sup> facilities paid by FDOT on behalf of MDX through July 31, 2002. MDX has recorded an unsecured, non-interest bearing loan payable to the State of Florida, Department of Transportation, payable in annual installments of \$2,000,000 until such amounts are paid in full.

**(3) State Infrastructure Bank Loans**

On April 30, 2002, MDX entered into an unsecured, non-interest bearing State Infrastructure Bank (SIB) loan payable to the State of Florida, Department of Transportation (SIB Loan No. 1). Under the loan agreement, three installments will be made: \$700,000 no earlier than April 2002, \$900,000 no earlier than April 2003 and \$10,400,000 no earlier than April 2004. SIB Loan No. 1 requires annual principal payments beginning June 30, 2005 and ending June 30, 2008 of \$1,000,000, \$3,000,000, \$6,000,000 and \$2,000,000, respectively. As of June 30, 2004, MDX has received installments totaling \$12,000,000.

On February 14, 2003, MDX entered into an unsecured, non-interest bearing State Infrastructure Bank loan payable to the State of Florida, Department of Transportation (SIB Loan No. 2). Under the loan agreement, three installments will be made: \$9,000,000 no earlier than April 2003, \$4,000,000 no earlier than April 2004 and \$5,000,000 no earlier than April 2006. SIB Loan No. 2 requires annual principal payments beginning June 30, 2007 and ending June 30, 2009 of \$5,500,000, \$6,500,000 and \$6,000,000, respectively. As of June 30, 2004, MDX had received installments totaling \$13,000,000.

On August 4, 2003, the Authority entered into an unsecured State Infrastructure Bank loan agreement with the State of Florida Department of Transportation in the amount of \$20,000,000 (SIB Loan No. 3). The loan will be made in two installments of \$12,500,000 no earlier than April 2004 and \$7,500,000 no earlier than April 2005. SIB Loan No. 3 requires annual principal payments beginning June 30, 2010 and ending June 30, 2011 of \$7,000,000 and \$5,500,000, respectively. As of June 30, 2004, MDX had received installment totaling \$12,500,000.

On November 19, 2003, the Florida Department of Transportation approved the Authority's application for an additional State Infrastructure Bank loan in the amount of \$11,613,000 at an interest rate of 2.5%. The loan will be made in installments based on the reimbursement construction expenditures made by the Authority on the project specific to the loan agreement. The loan was executed on November 2, 2004. As of June 30, 2004, MDX has received no installments.

The annual debt service requirements for outstanding loans due to other governments as of June 30, 2004 are summarized as follows:

		Principal	Interest
2005	\$	5,897,357	174
2006		4,118,151	1,489
2007		11,666,594	1,489
2008		8,666,594	1,489
2009		1,166,594	1,489
2010-13		12,786,542	2,802
	\$	<u>44,301,832</u>	<u>8,932</u>

**(d) Arbitrage Rebates Payable**

The Authority has reported in the accompanying financial statements obligations to rebate arbitrage interest earnings on certain toll revenue bonds. The proceeds of the bonds were used to finance a portion of the cost of certain improvements to the Miami-Dade County Expressway System included within the current five-year work program.

The rebate to the federal government at June 30, 2004 required to be paid within five years from the date of issuance and each five years thereafter, is estimated to be \$475,278. The ultimate amount of the Authority's liability will be determined based on actual interest earned.

**(e) Defeased Debt**

In July 2001, the Authority defeased \$79,445,000 of its Series 2000 Bonds scheduled to mature on July 1, 2029 by placing the proceeds of the Series 2001A Bonds in an irrevocable trust. Such proceeds are invested in open market securities and will provide for all future debt service payments on the defeased bonds.

In August 2002, the Authority defeased \$30,485,000 of its Series 2000 Bonds scheduled to mature on July 1, 2020 by placing the proceeds of the Series 2002 Bonds (plus other monies) in an irrevocable trust. Such proceeds are invested in State and Local Government securities (SLGS) and will provide for all future debt service payments on the defeased bonds.

At June 30, 2004, all defeased bonds remain outstanding.

Changes in liabilities are as follows:

	Balance at June 30, 2003	Additions	Reductions	Total at June 30, 2004	Due Within One Year
Revenue bonds	\$ 245,064,999	-	(3,166,667)	241,898,332	6,216,667
Premiums, net of amortization Less deferred/discount amounts:	691,030	-	(102,244)	588,786	-
Discount, net of amortization	(2,177,706)	-	112,695	(2,065,011)	-
Refunding losses	(8,901,444)	-	492,230	(8,409,214)	-
Total bonds payable, net	234,676,879	-	(2,663,986)	232,012,893	6,216,667

	Balance at June 30, 2003	Additions	Reductions	Total at June 30, 2004	Due Within One Year
Commercial paper	-	80,000,000	-	80,000,000	-
Loans due to other governments	17,755,469	26,900,000	(353,637)	44,301,832	5,897,357
Arbitrage rebates payable	946,089	-	(470,811)	475,278	-
Total long-term liabilities	\$ 253,378,437	106,900,000	(3,488,434)	356,790,003	12,114,024

	Balance at June 30, 2002	Additions	Reductions	Total at June 30, 2003	Due Within One Year
Revenue bonds	243,766,667	34,650,000	(33,351,668)	245,064,999	3,166,667
Premiums, net of amortization Less deferred/discount amounts:	1,054,091	-	(363,061)	691,030	-
Discount, net of amortization	(1,899,083)	(407,688)	129,065	(2,177,706)	-
Refunding losses	(6,130,809)	(3,502,380)	731,745	(8,901,444)	-
Total bonds payable, net	236,790,866	30,739,932	(32,853,919)	234,676,879	3,166,667
Commercial paper	-	-	-	-	-
Loans due to other governments	9,617,706	9,900,000	(1,762,237)	17,755,469	3,194,820
Arbitrage rebates payable	2,430,708	-	(1,484,619)	946,089	-
Total long-term liabilities	248,839,280	40,639,932	(36,100,775)	253,378,437	6,361,487

**(8) Defined-Benefit Pension Plan**

The Authority participates in the Florida Retirement System (the Retirement System), a cost-sharing multiple-employer, public employee retirement plan, which covers substantially all of the full-time and part-time employees. The Retirement System was created in 1970 by consolidating several employee retirement systems. All eligible employees as defined by the State of Florida who were hired after 1970, and those employed prior to 1970, who elected to be enrolled, are covered by the Retirement System. Benefits under the plan vest after 6 years of service. Employees who retired at or after age 62, with 6 years of credited service, are entitled to an annual retirement benefit, payable monthly for life. The Retirement System also provides for early retirement at reduced benefits and death and disability benefits. These benefit provisions and all other requirements are established by State of Florida statute.

Pension costs for the Authority as required and defined by the State of Florida statute range between 7.39% and 9.37% of gross salaries for fiscal year 2004. For fiscal year ended June 30, 2004, 2003, and 2002, the Authority contributed 100% of the required contributions. These contributions aggregated \$133,443, \$65,069, and \$76,323, respectively, which represents 8.1%, 5.9%, and 9.3% of covered payroll, respectively.

A copy of the Retirement System's June 30, 2003 annual report can be obtained by writing to the Division of Retirement, Cedars Executive Center, 2639-C North Monroe Street, Tallahassee, FL 32399-1560 or by calling (850) 488-5706.

**(9) Commitments and Contingencies**

At June 30, 2004, the Authority had in process various uncompleted construction projects with remaining balances totaling \$148,670,970.

In addition, the Authority is obligated under a real estate lease expiring in the year 2047 to make annual payments of \$300.

As of June 30, 2004, there were a number of claims and lawsuits pending against the Authority. In the opinion of management and legal counsel, the ultimate outcome of such actions will not have a material effect on the financial condition of the Authority.

**(10) Subsequent Events**

On July 29, 2004, the Authority issued \$68,200,000 Toll System Refunding Revenue Bonds, Series 2004A (Non-Taxable) (the Series 2004A Bonds). The bonds were issued for the purpose of providing funds to refund the total outstanding principal amount of the (Taxable) Series 1996 Bonds. The Series 2004A Bonds consist of \$68,200,000 Serial Bonds maturing between July 1, 2005 and July 1, 2019, bearing interest at a tax-exempt variable rate. The Series 2004A Bonds are secured under the Indenture on a parity with the Series 1999 Bond, the Series 2000 Bonds outstanding after issuance of the Series 2001A and Series 2002 Bonds, the Series 2001A Bonds, the Series 2002 Bonds and any other Bonds hereafter issued under the Indenture.

On July 29, 2004, the Authority issued \$175,000,000 Toll System Revenue Bonds, Series 2004B (Non-Taxable) (the Series 2004B Bonds). The bonds were issued for the purpose of providing funds to pay (a) a portion of the cost of certain improvements to the system included in the five year work program of the Authority in effect from time to time; (b) pay at maturity the Authority's outstanding Toll System Commercial Paper Notes; (c) pay the cost of a debt service reserve facility; and (d) pay costs and expenses relating to the issuance of the bonds. The bonds, net of unamortized net premium totaling \$2,809,283, consist of (a) \$103,445,000 Serial Bonds maturing between July 1, 2014 and July 1, 2027, bearing interest between 3.85% and 5.25%; and (b) \$71,555,000 fixed term bonds at 5%, with semiannual interest payments each January 1, and July 1. The Series 2004B Bonds are secured under the Indenture on a parity with the Series 1999 Bond, the Series 2000 Bonds outstanding after issuance of the Series 2001A and Series 2002 Bonds, the Series 2001A Bonds, the Series 2002 Bonds and any other Bonds hereafter issued under the Indenture.

On October 28, 2004, the Authority entered into three "forward starting" interest rate swaps totaling \$241,390,000. Under the swap agreements, the Authority will owe interest at a fixed rate of 4.313% to the counterparties of the swaps beginning March 1, 2005, the anticipated issuance date of the Authority's Series 2005 Bonds. In return, the counterparties will owe the Authority interest based on the variable Bond Market Association Municipal Swap Index (BMA) rate that approximates the tax-exempt variable rate anticipated on the Series 2005 Bonds. The bond principal will not be exchanged; it is only the basis on which the interest payments were calculated. The Authority will continue to pay interest to the bondholders at the variable rate provided by the bonds. However, during the term of the swap agreement, the Authority will effectively pay a fixed rate on the debt. The swaps' total notional amount is anticipated to match the outstanding principal amount of the Series 2005 Bonds. As the principal amount of the bonds declines, the total notional amount of the swaps will also decline by the same amount.

**SUPPLEMENTAL SCHEDULES  
(UNAUDITED)**

MIAMI-DADE COUNTY EXPRESSWAY AUTHORITY  
D/B/A MIAMI-DADE EXPRESSWAY AUTHORITY AND MDX

Schedule of Calculation of Net Revenue and Financial Ratios  
as Defined and Required by the Trust Indenture  
(Unaudited)

Year ended June 30, 2004

<b>Revenue:</b>	
Tolls	\$ 49,410,538
Interest and dividends	2,102,519
Transfer from Rate Stabilization	16,000,000
Other	80,701
	<u>67,593,758</u>
<b>Expenses:</b>	
Operating, general, and administrative	<u>17,657,336</u>
Net revenue	<u>\$ 49,936,422</u>
Actual debt service for all bonds outstanding	<u>\$ 18,430,868</u>
Actual debt service and fund payments as specified by trust indenture	<u>\$ 20,430,868</u>
Ratio of net revenue to debt service for all bonds outstanding (minimum ratio requirement per trust indenture is 1.20)	2.71
Ratio of net revenue (excluding Rate Stabilization transfer) to debt service for all bonds outstanding (minimum ratio requirement per trust indenture is 1.00)	1.84
Ratio of net revenue to certain debt service and fund payments (minimum ratio requirement per trust indenture is 1.00)	2.44

MIAMI-DADE COUNTY EXPRESSWAY AUTHORITY  
D/B/A MIAMI-DADE EXPRESSWAY AUTHORITY AND MDX

Schedule of Toll Revenue and Expense Summary (\$000's)  
(Unaudited)

Years ended June 30,

	1997 (1)	1998	1999	2000	2001	2002	2003	2004
<b>Revenues:</b>								
Toll revenues	\$ 11,009	20,051	20,317	34,315	35,697	45,611	44,259	49,411
Interest and miscellaneous income	297	910	977	6,246	10,613	9,355	4,464	2,183
Total revenues	<u>11,306</u>	<u>20,961</u>	<u>21,294</u>	<u>40,561</u>	<u>46,310</u>	<u>54,966</u>	<u>48,723</u>	<u>51,594</u>
<b>Operating and maintenance expenses:</b>								
Operations	2,753	5,786	6,974	9,285	8,772	9,478	8,836	7,844
Maintenance	1,180	3,331	2,680	4,178	3,806	4,836	6,565	4,743
Administrative	796	1,507	3,039	3,068	4,805	6,070	3,164	5,070
Total operation and maintenance expenses	<u>4,729</u>	<u>10,624</u>	<u>12,693</u>	<u>16,531</u>	<u>17,383</u>	<u>20,384</u>	<u>18,565</u>	<u>17,657</u>
Net revenues	<u>\$ 6,577</u>	<u>10,337</u>	<u>8,601</u>	<u>24,030</u>	<u>28,927</u>	<u>34,582</u>	<u>30,158</u>	<u>33,937</u>

(1) Beginning December 10, 1996 (Commencement of Planned Principal Operations)

**MIAMI-DADE COUNTY EXPRESSWAY AUTHORITY  
D/B/A MIAMI-DADE EXPRESSWAY AUTHORITY AND MDX**

**Schedule of Historical Toll Rates by Vehicle Class  
(Unaudited)**

Year ended June 30, 2004

	<u>1961 – 1983 (1)</u>	<u>1983 – 1989 (2)</u>	<u>1989 – 1999 (3)</u>	<u>1999 – 2001 (4)</u>	<u>2001- 2003 (5)</u>	<u>2003- 2004 (6)</u>
Motor Vehicles with two axes	\$ 0.10	0.25	0.25	0.50	0.75	1.00
Motor Vehicles with three axes	0.15	0.35	0.50	0.75	1.00	2.00
Motor Vehicles with four axes	0.20	0.50	0.75	1.00	1.25	3.00
Motor Vehicles with five axes	0.25	0.60	1.00	1.25	1.50	4.00
Each additional axle	0.05	0.10	0.25	0.25	0.25	1.00

(1) Effective December 22, 1961 with the opening of the Airport Expressway, September 16, 1965 with the opening of the East-West (Dolphin) Expressway and July 8, 1974 with the opening of the South Dade (Don Shula) Expressway.

(2) Effective March 1, 1983 for the Airport Expressway and the East-West (Dolphin) Expressway. Tolls were also changed from two directional (eastbound and westbound) to one directional (eastbound).

(3) Effective May 1, 1989 for the Airport Expressway, the East-West (Dolphin) Expressway, the South Dade (Don Shula) Expressway and January 6, 1992 with the opening of the Grattigny Parkway.

(4) Effective July 11, 1999 for the System. SunPass users receive a 10% discount from the Toll rates provided.

(5) Effective July 1, 2001 for the East-West (Dolphin) Expressway, the South Dade (Don Shula) Expressway and the Grattigny Parkway. The Toll rates on the Airport Expressway were not affected. SunPass users receive a 10% discount from the Toll rates provided.

(6) Effective March 7, 2004 for the East-West (Dolphin) Expressway, the South Dade (Don Shula) Expressway and the Grattigny Parkway. The Toll rates determine by N-1 tolling rates. Airport Expressway increase .25 per motor vehicle axes.

**REPORT AS REQUIRED BY GOVERNMENT AUDITING STANDARDS**



KPMG LLP  
Suite 2800  
One Biscayne Tower  
Two South Biscayne Boulevard  
Miami, FL 33131

**Report on Internal Control over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

Members of the Board  
Miami-Dade County Expressway Authority  
d/b/a Miami-Dade Expressway Authority and MDX:

We have audited the financial statements of the Miami-Dade County Expressway Authority d/b/a Miami-Dade Expressway Authority and MDX (the Authority) as of and for the years ended June 30, 2004 and 2003, and have issued our report thereon dated December 6, 2004. We conducted our audits 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.

**Internal Cover over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

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

We noted certain matters that we reported to management of the Authority in a separate letter dated December 6, 2004.

This report is intended solely for the information and use of the Authority members, management, and Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

**KPMG LLP**

December 6, 2004