



## **MIAMI-DADE EXPRESSWAY AUTHORITY BUDGET POLICY**

### **PURPOSE**

It is the policy of the Miami-Dade Expressway Authority (MDX) to use a budget as a financial operation plan embodying an estimate of proposed expenditures for a specified period and the proposed means of financing those expenditures.

The budget serves as the primary tool in allocating financial resources to programs and services thereby serving as a policy making tool, a management tool, a financial tool, and a communication tool. The budget development process aids the Governing Board in making informed choices about the provision of services and the development and preservation of capital assets.

The Authority's budgeting process is an integrated effort between management staff, the Authority's Consulting Engineer, and the Board that emphasizes sound financial management, cost-containment opportunities and expansion and improvement of the Authority's system and services.

### **SPECIFIC REQUIREMENTS**

#### **1. Senior Debt Coverage Ratio**

To aid the Authority in continuing to maintain an investment grade credit rating, the Annual Operating Budget shall provide for a Senior Debt Service Coverage Ratio of 1.5x or greater.

#### **2. Total Debt and Fund Payments Coverage (Balanced Budget)**

The annual budget Total Debt and Funding Requirements Coverage Ratio shall not be less than 1.0.

#### **3. Basis of Budgeting**

The Authority shall adopt budgets in conformity with GAAP for all budgeted funds. The Authority shall use the accrual basis of accounting for budgeting purposes.

The Work Program budget shall consist of capital expenditures consistent with GAAP.



#### **4. Operating and Capital (non-Work Program) Budget Contingency Reserve Resources**

The Authority shall establish a Contingency Reserve account. The purpose of the Contingency Reserve account is to cover the cost of unforeseen emergencies and shortfalls caused by revenue declines. The account shall accumulate and maintain at an amount that represents no less than three (3) months of the current operating expense budget.

#### **5. Operating and Capital (non-Work Program) Budget Development**

On or before the 20<sup>th</sup> day of April of each year, the Executive Director shall cause to be delivered to each member of the Governing Board a preliminary Operating and Capital (non-Work Program) budget of the Authority for the next fiscal year. The preliminary budget shall include all expenditures expected to be made by the Authority in the ensuing fiscal year, and shall be divided into the following four categories: Operations; Maintenance; Administration; and Capital (non-Work Program expenses). The preliminary budget shall also set forth the amounts, if any, required to be deposited in funds and accounts in order to satisfy financial covenants made to creditors and to be deposited to the credit of the Renewal and Replacement Fund with respect to the System for the ensuing fiscal year. On or before the 20<sup>th</sup> day of April of each year, copies of each such preliminary budget shall be filed with the Trustee and mailed to the Consulting Engineer. The Executive Director shall cause the preliminary budget to be presented by category and shall cause each category to be divided into such further classifications as the Executive Director shall determine to be necessary or appropriate in order to inform the Governing Board as to the nature of anticipated expenditures. On or before the 20<sup>th</sup> day of June in such Fiscal Year, copies of the approved Operating and Capital (non-Work Program) budget shall be filed with the Trustee and mailed by the Authority to the Consulting Engineer.

#### **6. Operating and Capital (non-Work Program) Approval Procedure**

On or before the 15<sup>th</sup> day of June of each year, the Finance, Policy and Planning Committee shall hold a workshop to consider the Operating and Capital (non-Work Program) Budget and the Board shall meet to consider and adopt via Board action such budget for the ensuing fiscal year.

- a. The proposed budget will be posted on the Authority's website two days prior to the budget workshop.



- b. The final approved budget will be posted on the Authority's website no more than 30 days from the date of adoption.

## **7. Operating and Capital (non-Work Program) Category Allocation**

When in the course of a fiscal year, the Executive Director shall deem it advisable for the Authority to make an expenditure within a category that would cause the amount budgeted for such category (including allocable budgeted contingency amounts from any legally available source in an amount per category not to exceed ten percent (10%) of the amount budgeted for such category) to be exceeded, the Executive Director and Director of Finance may approve in writing a budget allocation between categories that would cause an increase of up to ten (10%) percent in a category's budget.

## **8. Five-Year Work Program Budget Development Protocol**

No later than April 30<sup>th</sup> of each year, the Operations, External Communications, and Inter-Governmental Committee shall meet to consider the preliminary Five Year Work Program ("Work Program Budget") and accompanying financing plan as a discussion item and recommend revisions. The preliminary Work Program Budget shall include expenditures through the prior fiscal year, projected actual expenditures for the current fiscal year, estimated expenditures for each of the next five years and the Total Project Budget per project for all projects.

## **9. Five-Year Work Program Budget Approval Procedure**

No later than May 31<sup>st</sup> of each year, the Committees shall meet to endorse the proposed Work Program Budget and accompanying financing plan. The Governing Board shall approve the revised Work Program Budget via Board action. With the exception of contingency release applied to the total project cost, under no circumstance shall the approved Total Project Cost for any project be exceeded without the approval of the Governing Board.

## **10. Budget Amendments**

During the fiscal year, if the Executive Director shall deem it advisable to propose any amendment to the adopted Operating Budget or the Work Program Budget, the Executive Director shall cause such amendment to be considered by the Committee with jurisdiction over the particular Budget, which in turn may recommend such amendment to the Governing Board for adoption. The Executive Director shall cause an amendment so



presented to the applicable Committee or to the Governing Board to set forth such level of detail as shall be necessary in order to inform the Governing Board as to the nature of the proposed amendment.

- a. At least thirty (30) days prior to the adoption of any amended Operating and Capital (Non-Work Program) Budget, the Authority shall cause a notice of the proposed amended budget to be filed with the Trustee and mailed to the Consulting Engineer and all Bondholders who shall have filed their names and addresses with the Secretary of the Authority for such purpose.
- b. The final approved amended budget will be posted on the Authority's website no more than 5 days from the date of adoption.

Budget policies contained in previous Resolutions and Bylaws provisions are hereby incorporated and fully expressed in this Budget Policy and are expressly supplanted by this Policy. Any amendment to this Policy after its adoption will be deemed to supplant any previous expression of budget policy, regardless of the form in which it was recorded, save for any covenants of the Authority's Trust Indenture, which must be specifically and expressly amended.

Adopted by the Governing Board on May 19, 2015 edited on December 11, 2018.