WE WELCOME CHANGE

NTTA®
NORTH TEXAS TOLLWAY AUTHORITY

2005 COMPREHENSIVE ANNUAL FINANCIAL REPORT

There is change in the air—change from drivers across North Texas who are using the toll facilities of the North Texas Tollway Authority in ever-increasing numbers, saving valuable time and enjoying the convenience of strategically placed roadways.

There is also change in the way that toll roads throughout the area are being planned, constructed, and operated. With an in-depth understanding of the needs of the people throughout the region and a long-standing commitment to improve the mobility as well as the quality of life for the entire North Texas area, the NTTA is proactively facilitating these changes.

There is change in the way we conduct our business, bringing beneficial innovation and enhanced communication with our customers, partners, and communities.

And, of course, there is the change that comes with every new road and enhanced facility that we provide, paving the way for people to reach their destinations, improving personal and business productivity, and driving growth in the local economy.

At the NTTA, we welcome change.

The North Texas Tollway Authority

provides a fiscally sound system of innovative toll

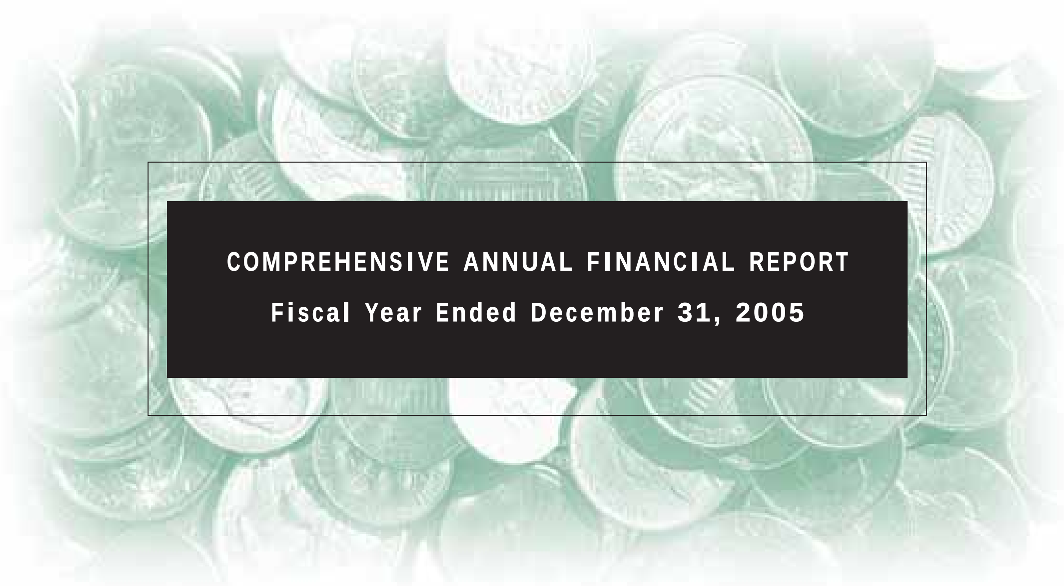
facilities, services and solutions that improves mobility,

the quality of life and the economy

of the North Texas region.

DALLAS NORTH TOLLWAY SYSTEM

AN ENTERPRISE FUND OF THE NORTH TEXAS TOLLWAY AUTHORITY



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended December 31, 2005

PREPARED BY NORTH TEXAS TOLLWAY AUTHORITY'S FINANCE DEPARTMENT

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(UNAUDITED)

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(UNAUDITED)

INTRODUCTORY SECTION

NTTA®
NORTH TEXAS TOLLWAY AUTHORITY

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April 19, 2006

Chairman David D. Blair, Jr., and
Board of Directors
North Texas Tollway Authority

The Finance Department of the North Texas Tollway Authority (the Authority) is pleased to submit the Fiscal Year (FY) 2005 Comprehensive Annual Financial Report (CAFR) for the Dallas North Tollway System (the System). The purpose of this report is to provide bondholders, board of directors, management, staff, the public and other interested parties with detailed information reflecting the System's financial condition at December 31, 2005.

FY 2005 saw the System's continued change and growth along with the North Texas region. With the completion of the President George Bush Turnpike Segment IV (Super Connector) and continued growth in traffic, revenues exceeded $172 million. This increased revenue allows the System to preserve current assets, fund an aggressive capital improvement program and invest in safety and technology to provide our patrons world-class service. The System's strong financial position allows it to grow by issuing bonds for new construction, such as the Dallas North Tollway Extension Phase 3.

The operations of the System are accounted for as an enterprise fund. Management takes responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. Management confirms that the financial statements present fairly, in all material respects, the financial position of the System as of December 31, 2005.

The CAFR is presented in three separate sections: the introductory section, the financial section and statistical section. The Introductory Section provides general information about the Authority and an overview of the System's operations for the year. The Financial Section begins with the Independent Auditors' report. To facilitate understanding of the operations and financial position, this section also contains the management discussion and analysis (MD&A), the basic financial statements and other required supplementary information. The Statistical Section includes additional financial and statistical information.

We wish to thank all members of the Finance Department and other NTTA staff that assisted with the production of this report. We are thankful for the support of our Board of Directors and assure them that through the changing times and growth our commitment to provide fiscally sound toll facilities remains constant and unchanged.

Respectfully submitted,

Allan Rutter,
Executive Director

Susan A. Buse,
Director of Finance

NTTA BOARD OF DIRECTORS

From left to right, Board Members:
Paul N. Wageman, David R. Denison, Alan E. Sims, Chairman David D. Blair, Jr., Kay Walls, Vice Chairman Jack Miller and William W. Meadows.

In North Texas, it seems that nothing stands still. The Dallas/Fort Worth area has long been known as a place of constant motion, forward thinking, rapid growth, and wide-open possibilities.

The vital, vibrant roadways of the North Texas Tollway Authority have come to symbolize those characteristics.

In 2005, the NTTA once again made dynamic progress in every aspect of our operations. Most visibly, we completed the much-anticipated Segment IV of the President George Bush Turnpike (the "Super Connector" between IH-35E and IH-635) four months ahead of schedule and significantly below cost estimates. We also broke ground for the Dallas North Tollway Extension Phase 3 from Gaylord Parkway in Frisco north to US 380 in Collin County.

The NTTA continued to enhance safety and convenience on our roads: adding median barriers to the President George Bush Turnpike; introducing the industry's first automated incident detection system to monitor real-time traffic conditions; and joining with the Texas Department of Transportation and Dallas County to provide a Courtesy Patrol service. Motorists also benefited from our implementation of a nationally recognized world-class customer service model, including Customer Experience Management surveys and focus groups.

With initiatives from every department, we achieved greater operating efficiencies and significant cost savings even as we continued to generate revenues that surpassed projections. This, coupled with advantageous bond issuances and refinancings, further solidified our strong financial position.

In our management ranks, Allan Rutter was promoted to Executive Director. Mr. Rutter joined the NTTA in July 2004 as Deputy Executive Director after serving as the Chief Executive Officer of the Federal Railroad Administration for the U.S. Department of Transportation. Matt Dominy filled the Deputy Executive Director position in November 2005, having previously served as the Deputy Executive Director/Chief Engineer for the Jacksonville Transportation Authority. The NTTA Board of Directors welcomed David R. Denison as the new Denton County appointee.

As the transportation needs of the North Texas region have grown more complex, our collaborative partnerships with local governments and agencies throughout North Texas assure that the most effective solutions are developed and implemented.

The NTTA has a 50-year tradition of serving the people of North Texas—our families, friends, neighbors, and fellow motorists. We welcome change that will help us provide exemplary roadways and facilities to better serve our customers and their communities. That has always been our commitment—and that will never change.

CHANGING LANDSCAPE

Where the toll roads go, businesses take root and communities flourish. For more than 50 years, NTTA tollways and turnpikes have helped shape the map and define the spirit of North Texas. Now, with projects spanning from Fort Worth to Garland, from Downtown Dallas through Collin County, the NTTA—together with municipal, regional, and state governments and transportation authorities—is planning, designing, constructing, and operating the transportation arteries that will shape the future of our region for years to come.


EXACT
75¢


NTTA
DRIVING
FORWARD
A MONTHLY NEWSLETTER FROM THE NTTA
President George Bush Turnpike Eastern Extension
The President George Bush Turnpike Eastern Extension is a proposed segment from SH 78 east to IH 30. The proposed toll road would pass through Garland, Sachse and Rowlett and would include a one-mile bridge over Dallas' Lake Ray Hubbard.
Read more
PGBT
Eastern
Extension
Item 1
The President George Bush Turnpike
Item 2
The President George Bush
DELL

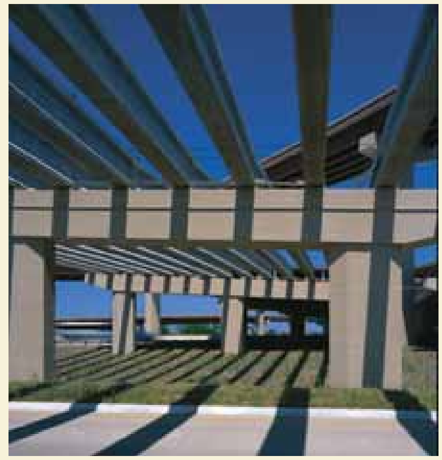
CHANGING COMMUNICATIONS

The NTTA uses sophisticated technology to communicate with thousands of customers via e-mail, through real-time messages on electronic roadway signs to alert motorists on the road of traffic conditions ahead, through timely newsletters to keep in touch with local, state, and federal officials. But there is no technology that can replace a smile and friendly greeting from a toll booth attendant. So we make sure we have plenty of those, too.

CHANGING PERSPECTIVE

As the North Texas region has grown and its transportation needs have become more complex, the NTTA has worked with numerous local governments and state agencies to develop a variety of innovative transportation solutions. The NTTA's strategic, region-wide approach requires a big-picture view. That is something we can provide because we live here and we work here. We understand who our customers are and what they need.


WATCH
FOR ICE ON
ROAD



CHANGING LANDSCAPE
Paving the Way to the Future

In the 1950s, a North Texas landmark was constructed: the Dallas-Fort Worth Turnpike. That impressive highway, now known as IH-30, introduced high-speed travel between two cities that had once been on distant horizons from each other. For the first time, Dallas/Fort Worth could be thought of as one region. And the landscape of North Texas was forever changed.

Now, the toll roads and facilities of the North Texas Tollway Authority benefit millions of motorists and dozens of communities. In 2005, the NTTA continued reaching farther into new areas, serving an ever-greater number of customers, saving travelers more time, bringing more economic growth to the region—and shaping the changing landscape of North Texas.

By the end of 2005, the Dallas North Tollway (DNT) System encompassed 54 miles of high-quality, well-maintained roadways, with strategic new routes in various stages of planning and construction.

President George Bush Turnpike—Connecting East and West

In September, the eagerly awaited Segment IV of the President George Bush Turnpike (PGBT) opened amid much fanfare. This Super Connector between IH-35E and IH-635 completed a 30.5-mile connection between SH 78 in Garland and SH 183 in Irving, passing through the Cities of Richardson, Plano, Carrollton, Dallas, and Farmers Branch, providing motorists a time-saving alternative to the heavy traffic of the North Dallas area as well as a significantly faster route to the DFW Airport. The first full day of operation, 50,000 cars traversed Segment IV, demonstrating the pent-up need for this segment. Projected daily volume is more than 80,000 vehicles per day.

The Super Connector was completed four months ahead of schedule. With the help of Carrollton, Farmers Branch, Irving, Dallas County, the Texas Department of Transportation (TxDOT), and the Valwood Improvement Authority, the right-of-way was secured in record time, and the NTTA negotiated incentives with contractors to expedite construction. The project cost for the Super Connector, $338 million, was substantially less than the estimates prepared at the start of construction.

At the opposite end of the PGBT, we also made significant progress on the proposed Eastern Extension that is planned to pass through the Cities of Dallas, Garland, Rowlett, and Sachse and cross over Dallas' Lake Ray Hubbard. Following environmental clearance in January, we started the right-of-way acquisition and design phases.

A national real estate developer selected the location for its Firewheel Town Center, a major retail/entertainment project, based on the route of the PGBT. Working in concert with the City of Garland and the private sector, we advanced the construction of the frontage roads between SH 78 and Firewheel Parkway to allow thousands of shoppers convenient access in time for the Center's October Grand Opening.

Furthering Safety

While the PGBT already met applicable safety requirements, we took steps to further improve the safety of our customers. We installed median barriers the entire length of the Turnpike to prevent cross-over accidents, and we textured areas of the roadway to improve traction in all conditions.

". . . the toll roads and facilities of the North Texas Tollway Authority benefit millions of motorists and dozens of communities."

Dallas North Tollway—Far-Reaching Plans

In March, a groundbreaking ceremony at Frisco Square launched the Dallas North Tollway (DNT) Extension Phase 3, a project that will extend the DNT 9.6 miles from Gaylord Parkway in Frisco north to US 380 in Collin County. Phase 3 will serve commuters and businesses in one of the fastest growing regions of the state and has been made possible by the close and efficient cooperation of the NTTA, the City of Frisco, Collin County, and the Texas Department of Transportation.

During the year, we executed construction contracts for the extension and completed design of the toll plazas. Scheduled to open to traffic in September 2007, the $264 million project will add 50 percent to the length of the DNT for a total of 31 miles.

We also continued to invest in our existing roadways. At the high-volume interchange of the DNT and IH-635, we added a southbound lane and made other improvements to enhance the flow of traffic.

Near downtown Dallas, we completed design and bid the reconstruction of the Main Lane Toll Plaza and received authorization from the Federal Highway Administration (FHWA) to proceed with construction of a new interchange on the DNT at Oak Lawn Avenue. Planned improvements include widening Oak Lawn Avenue from IH-35E to Maple Avenue from four lanes to six lanes, replacing the DNT bridge over Oak Lawn Avenue, and widening and improving the DNT between Maple Avenue and Harry Hines Boulevard. This large-scale project was made possible by the joint efforts of the Dallas District of TxDOT, the City of Dallas, Dallas County, and the NTTA and is scheduled to be completed in 2008.

Building Bridges

Other projects in various stages of development include the Lewisville Lake Toll Bridge, with a signature tied-arch bridge design and roadway linking the DNT with IH-35E; Southwest Parkway in Tarrant County, with the NTTA not only securing environmental clearance and design contracts but also serving in a leadership role in the development of the Southwest Parkway Corridor Master Plan; and Trinity Parkway west of downtown Dallas along the Trinity River levees, with priority status for environmental clearance by the Federal Highway Administration.

The NTTA has gained the experience, gathered the resources, cultivated the relationships, and demonstrated the ability to handle numerous complex projects concurrently, effectively, and responsibly.

Changing the Landscape—Literally

In 2005, the NTTA completed an extensive landscaping project along the PGBT to beautify the surroundings for the benefit of adjacent communities as well as our customers. In the case of the Super Connector, however, our efforts concerned much more than attractive appearances.

In the Super Connector project, the NTTA committed to environmental stewardship of the highest order. Most of the right-of-way was located in the Trinity River floodplain with its sensitive wetlands; there were three landfills to cross; and the area included the habitat of an endangered bird.

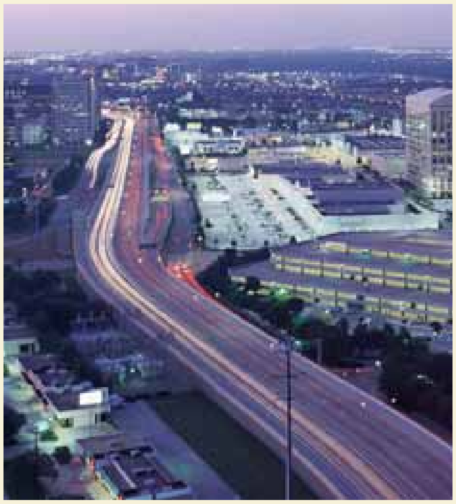
In order to address environmental commitments and meet the aggressive construction schedule, the NTTA developed an unprecedented team of environmental specialists and consultants referred to as the Environmental Excellence Team (EET). It included experts from multiple private industries and government entities including Carter & Burgess, the U.S. Fish and Wildlife Service, U.S. Army Corps of Engineers, and the Dallas Zoo.

Planners and engineers made every effort to mitigate the Super Connector's environmental impact. The NTTA constructed more than 40 acres of wetlands and open water, planted over 30,000 new trees and shrubs along the river banks, and planted approximately 1.5 million square yards of turf to further enhance water quality protection. When the project was completed, these efforts had actually improved the integrity of the Trinity River ecosystem, providing valuable habitat to local and migrating wildlife in addition to downstream flood protection.

Bringing Growth and Prosperity

In the Dallas/Fort Worth area, one fact has been evident for years: the Tollway brings growth. All along the length of the Dallas North Tollway, businesses are thriving and communities are growing. When the Tollway has been extended into sparsely developed areas, they were soon developed into desirable communities and popular business environments. In 2004, 126 of the top 200 corporations in the Dallas/Fort Worth area were located within a six-mile corridor centered on the DNT System.

A similar pattern is projected for the corridors along the President George Bush Turnpike and the Dallas North Tollway Extension Phase 3. For example, Collin County is served by both of these roadways. From 1990 to 2000, Collin County experienced 10 percent of the job growth in the entire North Texas region; in the period from 2000 to 2030, it is projected to add over 300,000 new jobs, representing 13.8% of the region's total job growth. An employment increase of 309,954 new jobs is projected for the PGBT corridor. Over the next 25 years, the corridor centered on the ten-mile-long DNT Extension Phase 3 is projected to have an 11.1 percent increase in population—196,521 residents—and an 8.9 percent increase in employment—43,721 new jobs. (Information drawn from research by Insight Research Corporation, commissioned by the North Central Texas Council of Governments.)



An Agent of Change; an Unwavering Commitment

The NTTA has changed and grown along with the North Texas region, yet our total commitment to customers and communities remains unchanged.

Our network of roads now includes over 50 miles of roads with more than 125 bridges and overpasses. The NTTA Board has established a minimal internal asset condition of 8.0 on a 10.0 scale developed by the Government Accounting Standards Board. In 2005, our asset rating for roadways was 8.8, and our rating for bridges was 8.9. This simply means that our roads and bridges are among the highest quality, best-maintained to be found anywhere.

Our offices, maintenance, storage and other facilities have grown to more than 550,000 square feet. In 2005 our staff grew from 655 employees to 725. We made the decision to purchase the building already occupied by the NTTA headquarters. While it was a prudent business decision, it also makes a statement: for the hundreds of people who work at the NTTA—your friends and neighbors—not only are our roots here, but our future is too.

"In the Dallas/Fort Worth area, one fact has been evident for years: The Tollway brings growth."

CHANGING COMMUNICATIONS
Improving the Flow of Information

In 2005, the NTTA continued to exemplify the leading edge of technology in the toll road industry, applying innovative solutions throughout our system.

Enhancing Customer Service and Satisfaction

Last year, we initiated our Customer Experience Management (CEM) program to better understand our customers' needs and opinions. In focus groups and surveys, customers gave the NTTA notably high marks for service—including phone, e-mail, customer center, and toll booth contacts. The average number of customer contacts per day increased more than 20 percent over 2004. More than 900,000 calls were handled with our automated voice recognition system. We increased our first call resolution rate to 92 percent, the industry-leading performance as measured by the Benchmark Portal Certification process at Purdue University.

We also joined TxDOT and Dallas County to provide a Courtesy Patrol service during peak hours of operation, assisting an average of 190 customers per week on NTTA roadways.

When introduced in 1989, our TollTag system was the first electronic toll collection application on a toll road in the United States. In November 2005, we reached the milestone of one million active TollTags. More than 80 percent of our toll transactions are now electronic during peak hours, which enhances the operation of our facilities and the service we provide our customers.

We expanded our agreements that let customers use their TollTags at facilities other than NTTA roads, and these interoperability transactions increased by 40 percent from 2004. We launched a joint marketing campaign with the City of Dallas to introduce interoperability for Love Field parking, and over 232,000 transactions were posted the first year. By adding service to the new international terminal at Dallas/Fort Worth International Airport, DFW transactions increased to nearly 5.5 million. We also initiated TollTag service at other business parking facilities, and developed the requirements for managed lanes on IH-30 in conjunction with TxDOT, Dallas Area Rapid Transit (DART) and the North Central Texas Council of Governments (NCTCOG).

TollTag patrons using the facilities of the Harris County Toll Road Authority (HCTRA) in Houston posted more than 1.5 million transactions, and in turn the HCTRA's EZTags posted almost 700,000 transactions on the DNT system.

Increasing Awareness

In our constant quest to optimize motorists' experiences with our system, we apply innovative technology on our roadways to provide real-time benefits. We installed an automated incident detection system that uses closed-circuit video cameras to continually monitor the flow of traffic and alert our Command Center of accidents or unusual traffic patterns. The NTTA was the first to use this sophisticated software technology, adapted from the airline security industry, in a traffic management system. It has helped reduce our traffic incident assistance response time by 28 percent.

When incidents do occur, we can communicate traffic or roadway information to motorists immediately with dynamic message signs installed along our roads. These signs can also display the approximate travel time to various toll plazas and key locations based on current traffic conditions. In addition, we have integrated these technologies so that real-time traffic conditions can be displayed on our web site.

Community Leadership

Our partnerships—that is, the NTTA's working relationships with various local governments and agencies—are strengthened by effective communication. In 2005, we conducted a survey of elected officials, coordinated Town Hall meetings to discuss important issues, and implemented a newsletter tailored for the concerns of community leaders. The NTTA Board also receives weekly Legislative Updates.

CHANGING PERSPECTIVE
A New Point of View

The North Texas area has been renowned for its phenomenal growth in recent years, and that trend is expected to continue. Over the next 25 years, the Dallas/Fort Worth area's population is projected to grow by 44 percent, with employment projected to increase 42 percent. In fact, the four-county area served by the NTTA is expected to add more population and jobs than the entire rest of Texas.

As the Metroplex area continues to grow, its need for transportation infrastructure increases. And at the same time, providing those roads becomes more challenging.

The NTTA is positioned uniquely to consider the needs of the entire North Texas region. Our seven-member Board of Directors includes representatives from Dallas, Tarrant, Collin, and Denton Counties, and one representative from an adjacent county appointed by the Governor of Texas. Across a wide portfolio of projects, we have partnered with dozens of city, county, and state governments and transportation agencies at every stage: from planning and design, to financing and right-of-way acquisition, to construction and maintenance.

Drawing on this experience, the NTTA was able to quickly develop a comprehensive proposal for building the Collin County portion of SH 121 as part of the DNT System.

"As the Metroplex area continues to spread, its need for transportation infrastructure increases. And at the same time, providing those roads becomes more challenging."

Regional Mobility Partnership Plan

In 2004, the North Central Texas Council of Governments updated the Metropolitan Transportation Plan, Mobility 2025: 2005 Update, which reflected an expected $55 billion shortfall of the $101 billion transportation funding needed for North Texas through 2025. The NTTA is committed to helping reduce this shortfall through the strategic planning, construction, and operation of fiscally sound toll roads.

In 2005, the NTTA proactively developed the Regional Mobility Partnership Plan (RMPP) as a way to finance multiple projects throughout the region based on an equitable tolling plan. After considering several approaches, the NTTA Board established a philosophy that provides partial system support for new projects while maintaining a uniform toll rate across the entire NTTA toll road system. Under this plan, communities which choose to include project features (such as design elements, landscaping, and other amenities) which exceed the NTTA's established project standards will be required to offset the additional costs by providing increased financial contributions or the NTTA will implement a corresponding higher toll rate for that project.

The RMPP also recommended regular, incremental toll increases—less than the historical rate of NTTA toll increases—that will fund operations and expand future financing for additional construction.

In the Market for Change

In 2005, the NTTA once again generated increased revenue from operations with a strong cash flow and debt coverage. We capitalized on favorable market conditions and low interest rates as we issued $300 million in bonds to finance the construction of the DNT Extension Phase 3 and also restructured $341 million of previous debt that will result in projected savings of $41.8 million.

The long-term benefits of these lower rates, coupled with a new strategic plan that includes scheduled toll increases and predictable revenue, will increase our capacity for debt to fund future projects.

Managing Change

The NTTA has a history of providing exemplary roads and extraordinary service while charging some of the lowest tolls in the industry.

We practice conservative management with strong internal controls and careful oversight. We have implemented technology that allows our people to work more efficiently. Every department has developed effective cost-saving initiatives.

During 2005, through a competitive Request for Proposal process, we re-selected our major consultants—Bond Counsel, Financial Advisor, General Engineering Consultant, Maintenance Management Consultant, and Traffic & Revenue Engineer—for an additional five years.

NTTA ACCOMPLISHMENTS 2005

PRESIDENT GEORGE BUSH TURNPIKE

- Completed construction of PGBT Segment IV (Super Connector) which opened to traffic four months early
- Installed the United States toll industry's only operating pneumatic coin retrieval system at Main Lane Plaza 9 in Segment IV
- Completed construction of a median barrier from SH 183 in Irving to SH 78 in Garland
- Bid and constructed for on-time opening to traffic the PGBT Eastern Extension frontage road between SH 78 and Firewheel Parkway
- Completed the Environmental Impact Statement for the PGBT Eastern Extension with receipt of the Record of Decision in January
- Executed four final design contracts and General Engineering Consultant program management agreement for the PGBT Eastern Extension
- Executed contract for the Right-of-Way Acquisition Team for the PGBT Eastern Extension

DALLAS NORTH TOLLWAY

- Completed construction of the Gaylord ramp plazas in Frisco
- Executed roadway construction contracts for the DNT Extension Phase 3 northern and southern sections
- Completed design of for the DNT Extension Phase 3 toll plazas
- Completed the DNT/LBJ southbound improvements project
- Executed the 4-party interlocal agreement for the Oak Lawn project
- Completed design for the DNT south end improvements, Oak Lawn project and Main Lane Plaza 1 reconstruction

LEWISVILLE LAKE TOLL BRIDGE

- Completed the System-Wide Design Guideline selections for the Lewisville Lake Toll Bridge
- Implemented design of the tied arch and light towers on the Lewisville Lake Toll Bridge
- Engaged the NTTA Right-of-Way Acquisition Team for the Lewisville Lake Toll Bridge approach sections to support Denton County

SOUTHWEST PARKWAY

- Completed the Environmental Impact Statement for the Southwest Parkway with receipt of the Record of Decision in June
- Executed five final design contracts and a General Engineering Consultant program management contract extension for the Southwest Parkway
- Served in a leadership role in the development and completion of the Southwest Parkway Corridor Master Plan

COMMUNICATIONS

- Implemented the first phase of the Customer Experience Management Project
- Implemented a monthly electronic newsletter to TollTag customers
- Continued communication of weekly updates to the NTTA Board of Directors
- Continued media relations development
- Implemented a customer recognition program including the "Top 10 Best TollTag Customers"
- Continued organization and production of TeamTX meetings
- Continued the WAVE AT WALLY campaign
- Executed all provisions of the NTTA Legislative Platform for the 79th Regular Legislative Session
- Strategically completed a public opinion survey of all local officials and key staff in the North Texas region
- Initiated a series of outreach meetings to increase communication with project stakeholders and civic leaders
- Implemented a monthly newsletter to elected officials and key staff in North Texas

CUSTOMER SERVICE

- Increased operational efficiencies to positively impact the cost per transaction/contact
- Transformed the Command Center to support the NTTA customer service mission statement
- Continued development of a peer network within the toll industry and customer service industry
- Continued to support and enhance interoperability within the region and state
- Managed the implementation of the Courtesy Patrol initiative
- Developed and implemented Toll Collection Customer Service initiatives including a world-class service model

CUSTOMER SERVICE continued

- Installed Voice Recognition Software for Customer Service Center
- Installed work force scheduling software for the Customer Service Center
- Reached milestone with one millionth TollTag customer

FINANCIAL

- Issued $227 million in Series 2005A Bonds and $73 million in Series 2005B Bonds to finance the construction of the DNT Extension Phase 3 through the City of Frisco
- Issued $341 million Variable Rate Revenue Bonds, Series 2005C Bonds, used to refund the remaining Series 1995 Bonds which will result in projected savings of $41.8 million
- Implemented a purchasing card program NTTA–wide
- Continued to expand and enhance the internal control/audit program
- Purchased the Gleneagles complex, with space for future growth, as a permanent headquarters
- Selected, through the Request for Proposal process, Bond Counsel, Financial Advisor and Traffic & Revenue Engineer
- Improved participation by disadvantaged business enterprises through increased outreach of the NTTA's Business Opportunity Policy and Program
- Established an activity-based costing initiative to complement the NTTA's interoperability initiatives

HUMAN RESOURCES

- Enhanced the NTTA training program by upgrading the variety of courses offered, level of instruction and content of the courses
- Increased the proactively and diversity of recruiting efforts of the NTTA
- Implemented changes to the NTTA employee compensation program bringing the NTTA more in line with the industry average
- Managed an overall employee population growth of 13%
- Implemented Toll Collection safety program with an emphasis on safety training and reduction of injuries

LEGAL

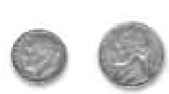
- Policy Reviews and Updates
- Assisted in and provided evidence packages for prosecution and settlement of 3,444 toll violation cases that involved 2,185 defendants, 12 bench trials and one jury trial
- Collected $185,791 in damage claims for 2005, including claims from previous years
- Reached milestone with collection of one millionth dollar since 2000 in damage claims
- Developed matrix to track outstanding interlocal agreements
- Completed Legal Department's first strategic business plan and customer survey

MAINTENANCE

- Selected, through the Request for Proposal process, the Maintenance Management Consultant (MMC)
- Completed PGBT/DNT skid test
- Advertised for Request for Qualifications for landscape architectural services for the Southwest Parkway
- Completed the PGBT turf project
- Completed construction of the PGBT landscape project
- Completed MCLB signage and striping project
- Significant progress on the PGBT main lane plaza and ramp improvements and striping at PGBT/US 75
- Initiated construction of the DNT shoulder improvements and guardrail/attenuator upgrades
- Completed linear delineation system
- Significant progress on the main lane plaza lane configuration study
- Developed a "best practice" crack sealing program to ensure quality maintenance of NTTA pavements
- Initiated expansions to the Maintenance Department safety program to protect the employees and the interests of the NTTA

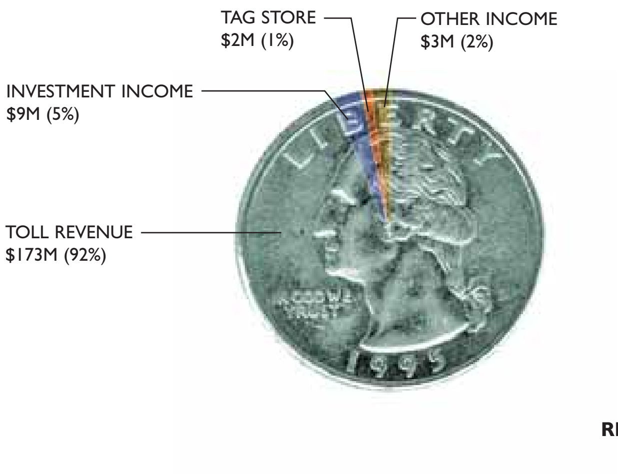
TECHNOLOGY

- Expanded interoperability of electronic toll collection to include Dallas Love Field's parking garage and ground transportation, and the Dallas/Fort Worth International Airport's new international terminal
- Successfully completed a pilot program of the industry's first automated incident detection system to monitor real-time traffic through the interpretation of CCTV camera video by specialized software drawn from the airline security industry
- Implemented the industry's first automated balancing and reconciliation solution for monitoring the integrity of transaction processing within a toll collection system. The solution was drawn from the banking industry.
- Initiated a Microsoft Enterprise Agreement for licensing software
- Completed fiber optic installation on the Dallas North Tollway from Legacy to SH-121 and President George Bush Turnpike Segments III and IV

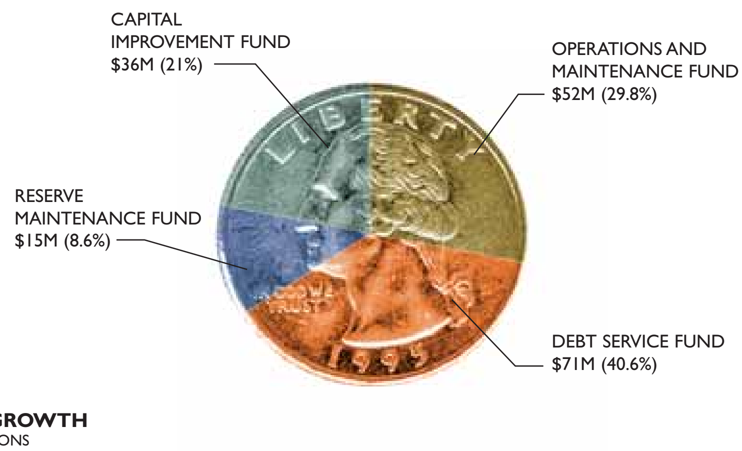


FINANCIAL INFORMATION

2005 NTTA REVENUES

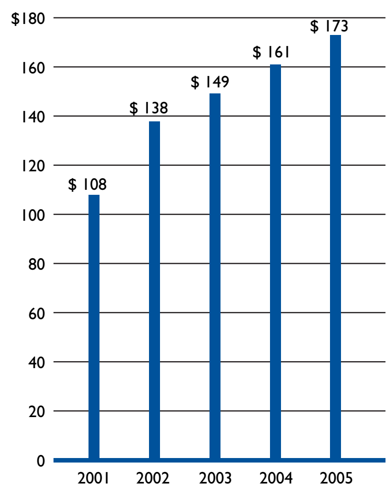


2005 REVENUE DISTRIBUTION



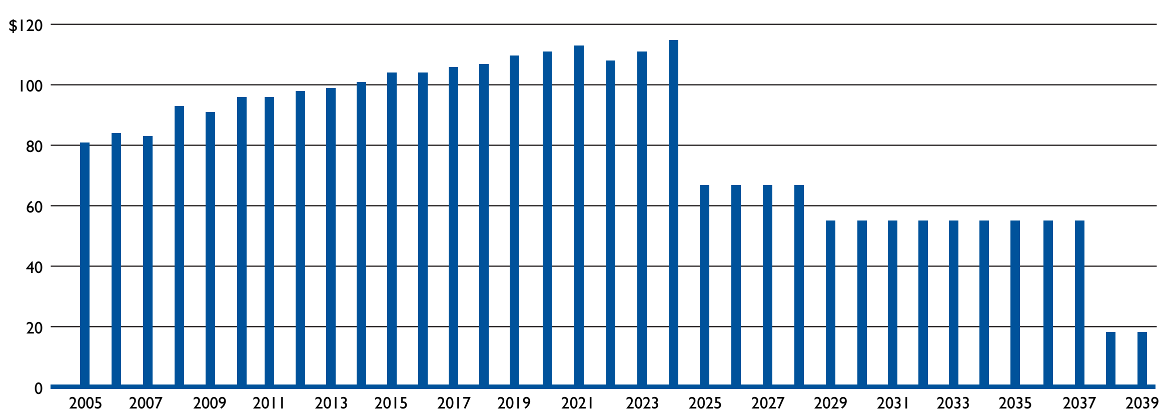
REVENUE GROWTH

IN MILLIONS



DEBT SERVICE

IN MILLIONS



FINANCIAL SECTION

KPMG LLP
Suite 3100
717 North Harwood Street
Dallas, TX 75201-6585

Independent Auditors' Report

North Texas Tollway Authority
Dallas North Tollway System:

We have audited the accompanying statement of net assets of the Dallas North Tollway System (the System), an enterprise fund of the North Texas Tollway Authority (the Authority) as of December 31, 2005 and the statement of revenues, expenses, and changes in net assets, and the statement of cash flows for the year then ended, which collectively comprise the System's basic financial statements. 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in note 1(a), the financial statements present only the System, an enterprise fund of the Authority and do not purport to, and do not, present fairly the financial position of the Authority as of December 31, 2005, and the changes in its financial position and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the System, an enterprise fund of the North Texas Tollway Authority as of December 31, 2005, and the changes in its financial position and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

As explained in note 1(O), the Authority has implemented new disclosures relative to deposits and investments as required by Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*, an amendment of GASB No. 3.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2006 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 3-9 and the Modified Approach – Infrastructure Assets on pages 40-41 are not a required part of the basic financial statements, but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurements and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the System's basic financial statements. The introductory section, supplementary information included in schedules 1 through 6, and statistical section are presented for purposes of additional analysis and is not a required part of the basic financial statements. Schedules 1 and 6 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section, schedules 2, 3, 4, and 5, and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

March 17, 2006

NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM

Management's Discussion and Analysis

As financial management of the Dallas North Tollway System (the System), which consists of the Dallas North Tollway (DNT), the President George Bush Turnpike (PGBT), the Mountain Creek Lake Bridge (MCLB), and the Addison Airport Toll Tunnel (AATT), the enterprise fund of the North Texas Tollway Authority (the Authority), we offer readers of these financial statements a narrative overview and analysis of the financial activities of the System for the years ended December 31, 2005 and 2004. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read it in conjunction with the financial statements, which immediately follow this section.

Using This Annual Report

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the System's basic financial statements, notes to the financial statements, and required supplementary information. The financial statements of the System report short- and long-term information using accounting methods consistent with reporting for an Enterprise System similar to those used by private sector companies.

Statement of Net Assets: This statement presents information on all of the System'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 System's financial position is improving or deteriorating.

Statement of Revenues, Expenses, and Changes in Net Assets: This statement presents information showing the System's revenues, expenses, and how the net assets changed during the year.

Statement of Cash Flows: This statement presents information about the System's cash receipts and cash payments, or, in other words, the sources and uses of the System's cash and the change in cash 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 basic financial statements.

Other: Certain required supplementary information is presented to disclose trend data on the System's infrastructure condition. The financial statements are presented by Trust Accounts and in accordance with the Authority's Trust Agreement.

Financial Results and Analysis

2005 Highlights

- Toll revenues increased approximately seven point four percent (7.4%) and seven point six percent (7.6%) in FY 2005 and FY 2004, respectively. Traffic volumes on both the DNT and the PGBT continue to increase. PGBT volumes have outperformed estimates.
- Administration and Operations expenses were six point one percent (6.1%) below budget for both 2005 and 2004, reflecting the continued active management of expenses.
- Debt service coverage for FY 2005 and FY 2004 was 1.80x, and 2.00x, respectively.
- In August 2004, the Authority entered into a forward-starting floating-to-fixed interest rate swap, which was completed in December 2005 along with the 2005 Swap, both of which are concerned with the issuance of

$341.6 million in Variable Rate Revenue Bonds, Series 2005C used for the refunding of remaining Series 1995 Bonds.

- Issued Series 2005A bonds ($227.3M), and Series 2005B bonds ($73.7M), to finance a portion of the construction cost of improving, expanding, and extending the system, including the construction of the DNT Extension Phase 3.
- Continued to expand the comprehensive Customer Service Center, which has resulted in increased collections and additional nontoll revenues.
- Opened PGBT Segment IV on September 2005, four months ahead of schedule.

Summary of Operations

Total operating revenues were $177.6 million and $165.3 million for FY 2005 and FY 2004, respectively. System toll revenues for FY 2005 were $172.5 million, a seven point four percent (7.4%) increase over FY 2004 compared to a seven point six percent (7.6%) increase in FY 2004 over FY 2003. Traffic on the System continues to grow, with approximately 932,200 and 863,100 average daily transactions in FY 2005 and FY 2004, respectively. Approximately seventy two percent (72%) is collected electronically. Collection of tolls electronically increased over 2004, which was seventy one percent (71%). Actual traffic continues to exceed the Authority's traffic & revenue engineer estimates.

Total operating expenses before amortization and depreciation for FY 2005 were $94.1 million; representing a thirteen point five percent (13.5%) increase over FY 2004 expenses of $82.9 million. Bond Interest expense, net of capitalized interest, for 2005 was $55.2 million, a twenty percent (20.0%) increase from FY 2004, and principal due was $17.0 million. The increase in Bond Interest expense was due to the issuance of Revenue Bonds, Series 2005A, B, & C. Debt service coverage for FY 2005 and FY 2004 was 1.80 and 2.00 times debt service. The Trust Agreement requires bond principal and interest coverage of 1.0 during construction years, and the Authority's Debt Policy sets a coverage goal of 1.35.

Changes in Net Assets
(in millions of dollars)

	2005	2004
Operating Revenues	$ 177.6	$ 165.3
Operating Expenses Before Amt. & Dep.	94.1	82.9
Income from Operations, before Amt. & Dep.	83.5	82.4
Net Nonoperating Revenues (Expenses)		
Interest Income	13.9	10.5
Interest Expense	(55.2)	(46.0)
Other	(8.9)	(20.6)
Net Nonoperating Revenues (Expenses)	(50.2)	(56.1)
Changes in Net Assets	33.3	26.3
Net Assets Beginning of Year	471.7	445.4
Net Assets End of Year	$ 505.0	$ 471.7

Operations: Total operating expenses excluding depreciation and amortization for fiscal year 2005 were $94.1 million; representing a thirteen point five percent (13.5%) increase over FY 2004 expenses of $82.9 million. During 2005 an additional 53 full-time employees were added. A majority of the additional employees were to support an increased customer service effort and opening of PGBT Segment IV. In addition, health benefit costs increased due to the additional employees and higher premiums. Outside maintenance services increased due to software developed in-house being moved from developmental phase to operational phase.

Net assets at December 31, 2005 surpassed $505.0 million, a seven point one percent (7.1%) increase over December 31, 2004.

Net Assets
(In millions of dollars)

		2005	2004
Current assets	$	161.9	134.2
Noncurrent assets:			
Restricted assets		407.9	300.0
Capital assets		1,560.5	1,357.4
Total assets	$	2,130.3	1,791.6
Current liabilities	$	36.6	30.0
Liabilities payable from restricted assets		78.7	77.2
Long-term debt		1,509.9	1,212.6
Total liabilities	$	1,625.2	1,319.8
Net assets:			
Investment in capital assets, net of related debt	$	280.2	239.2
Restricted for construction		4.0	—
Restricted for debt service		119.3	98.0
Restricted for operations and maintenance		5.8	10.1
Unrestricted		95.7	124.4
Net assets	$	505.0	471.7

The largest portion of the System's net assets represents its investment in capital assets (e.g., right-of-way, roads, bridges, buildings, toll equipment) less any related outstanding debt used to acquire those assets. The System uses these capital assets to provide service, and consequently, the assets are not available to liquidate liabilities or other spending.

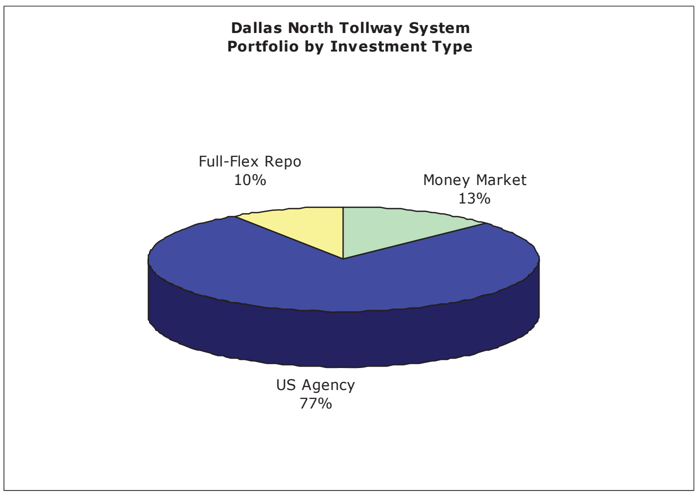
The System's net assets indicate a current ratio of 4.4 and 4.5 for FY 2005 and FY 2004, respectively. Working capital was $125.3 and $104.2 million in FY 2005 and FY 2004, respectively. Total current assets were $161.9 million at the end of FY 2005. Investments represent the largest component of current assets, seventy eight point three percent (78.3%) and cash represents sixteen point four percent (16.4%). The remaining five point three percent (5.3%) is comprised of Accrued Interest Receivable, Accounts Receivable, Inventory, and Prepaid Expenses.

Total Current Liabilities were $36.6 million at the end of FY 2005. Thirty six point six percent (36.6%) of the total was Accounts and Retainage Payable, and Deferred Revenue (pre-paid TollTag accounts) was forty seven

(Continued)

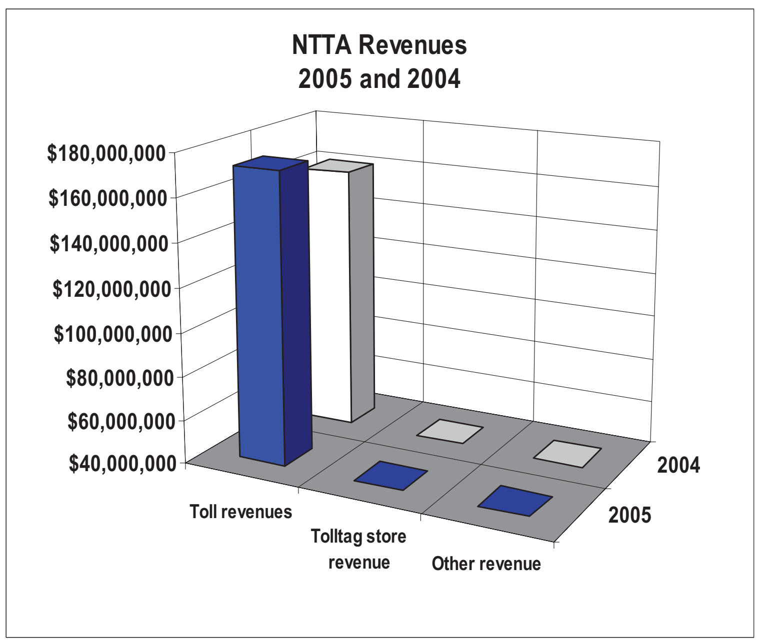
point eight percent (47.8%) of the total. The increase in Deferred Revenue is a result of the continued increase in the use of TollTags. In FY 2004, approximately 890,000 TollTags were in use, and at the end of FY 2005, approximately 1,021,000 TollTags were in use. A higher accounts payable balance corresponds to the increase in FY 2005 expenditures.

The System's investments at December 31, 2005 and 2004 were approximately $523.8 million and $416.4 million, respectively. The following chart indicates the types of authorized investments in the 2005 portfolio.

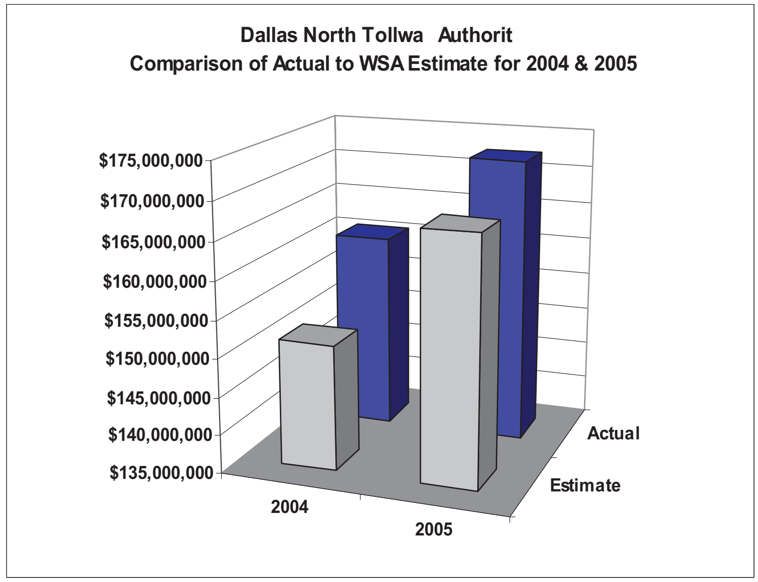


This chart shows total revenue for the entire NTTA system for 2005 and 2004 by source.

Total operating revenues for FY 2005 were $177.6 million, an approximate seven point four percent (7.4%) increase over FY 2004 total revenues of $165.3 million. Toll revenues of $172.5 million account for ninety seven point one percent (97.1%) of total revenue. TollTag store revenue, primarily from charges for account statements, was $2.0 million or one point one percent (1.1%). Other revenue, principally administrative fees for collection of tolls from toll violators, was $3.1 million, representing one point seven percent (1.7%) of the total.



This chart shows the Authority's traffic and revenue engineer, Wilbur Smith Associates (WSA), estimates and actual toll revenue for FY 2005 and 2004. During both years, toll revenues exceeded prior year actual and current year estimates. Traffic on the System continues to grow with 932,156 average daily transactions.



Increases in toll revenue were largely due to:

- The continued population growth in the northern portion of the Dallas North Tollway.
- The opening of PGBT Segment IV in September 2005.

Using the Board approved calculation adopted in 2003, which takes into account violation invoices, images in process for collection and violation administration fees collected; the violation percentage for 2005 is three point six percent (3.6%). Although this is well within generally accepted industry standards for facilities with express lanes and no gates, management continues to pursue improvements to enforcement processes in order to reduce this rate.

Capital Assets – The System's investment in capital assets as of December 31, 2005 was $1.56 billion for the Dallas North Tollway System, which includes the Dallas North Tollway, the President George Bush Turnpike, the Mountain Creek Lake Bridge, and the Addison Airport Toll Tunnel. This investment in capital assets includes land, buildings, and systems, equipment, right-of-way, roadway, bridges, and toll collection equipment and systems. Capital assets in FY 2004 were $1.36 billion, increasing in FY 2005 by approximately $0.20 billion or fourteen point three percent (14.3%) due primarily to construction on PGBT Segment IV and DNT Extension Phase 3.

The Authority implemented GASB No. 34 in FY 2002, choosing the Modified Approach of reporting infrastructure assets. Each year a comprehensive assessment is conducted on all the Authority's infrastructure assets, which affect the following fiscal year's maintenance budget. For additional information and results of the 2005 assessment, please see the Required Supplementary Information on pages 40 and 41 of this report.

Budgetary Highlights – The Authority adopts (on a non-GAAP basis) an annual budget in December. The budget is established in accordance with the provisions of the Trust Agreement for the Dallas North Tollway System Revenue Bonds. The budget covers the fiscal year (calendar year) and is not revised during the year. Historically, actual expenditures have been under budget. For both FY 2005 and 2004, expenses were six point one percent (6.1%) under budget. FY 2004 budget was $50.7 million (a 13.7% increase over 2003), and FY 2005 is $60.2 million. This represents a $9.5 million increase, or eighteen point seven percent (18.7%). The primary factors in this increase are continued organizational growth in the Customer Service and Toll Collection areas focusing on improved service delivery, and additional personnel required for the new PGBT Segment IV.

Long-Term Debt – At the end of FY 2005, the System's total bonded debt outstanding was $1.421 billion compared to $1.126 billion in 2004. This debt represents bonds secured solely by toll revenue. This amount is offset by the net of amortized net deferred debit on refunding of $54.8 million and bond discount/premium costs of $21.5 million on the statement of net assets. See schedule of revenue bonds outstanding as of December 31, 2005.

A $100 million commercial paper program was instituted in December 2001. Since the inception of this program, $45 million has been issued. All outstanding notes were redeemed in 2003. There were no outstanding notes in FY 2005. The Letter of Credit expired during FY 2003 and was renewed in January 2005.

NORTH TEXAS TOLLWAY AUTHORITY
Revenue Bonds
As of December 31, 2005 and 2004

Series	Amount Outstanding 2005	2004
Series 1993		$ 4,840,000
Series 1994		645,000
Series 1995		332,425,000
Series 1997	$ 105,920,000	112,700,000
Series 1997A	108,570,000	108,980,000
Series 1998	100,660,000	100,660,000
Series 2003A	225,000,000	225,000,000
Series 2003B	135,000,000	135,000,000
Series 2003C	102,715,000	105,485,000
Series 2005A	227,370,000	
Series 2005B	73,700,000	
Series 2005C	341,670,000	
Total	$ 1,420,605,000	$ 1,125,735,000

This table sets forth debt service coverage for all Revenue Bonds outstanding at December 31, 1996 through 2005.

Additionally, part of the construction of the PGBT was funded with the proceeds from a loan in the amount of $135 million, made by the Texas Department of Transportation in 1995 pursuant to the Intermodal Surface Transportation Efficiency Act of 1991. Interest has been accruing since 2000 and repayment began in FY 2004 with the FY 2005 payment totaling $8.8 million. For a detailed description of accrued interest on this loan, see note 5.

NORTH TEXAS TOLLWAY AUTHORITY
Historical Debt Coverage

Year	Coverage
2005	1.80
2004	2.00
2003	2.09
2002	2.08
2001	1.88
2000	2.22
1999	2.42
1998	2.50
1997	1.79
1996	1.70

Economic Factor

Annual estimates by the Authority's traffic and revenue engineer, WSA, are shown against actual toll revenue for FY 2005, 2004, 2003, 2002, and 2001 in the table below.

NORTH TEXAS TOLLWAY AUTHORITY
Revenue Estimates vs. Actual

	Estimate	Actual	Variance
Fiscal ear 2005	$ 167,457,300	172,537,345	5,080,045
Fiscal ear 2004	151,482,500	160,695,030	9,212,530
Fiscal ear 2003	144,975,000	149,323,784	4,348,784
Fiscal ear 2002	126,955,000	137,945,439	10,990,439
Fiscal ear 2001	104,212,000	107,210,124	2,998,124

Revenues on the PGBT continue to exhibit growth each year. WSA estimated that toll revenue for the System would be $167.5 million in FY 2005. This represents a ten point five percent (10.5%) increase from the FY 2004 estimate. Actual FY 2005 toll revenues exceeded the estimate by three percent (3.0%).

Construction of the last segment, Segment IV of the PGBT, began in early 2003. Initial construction utilized funds from the ISTEA loan, equity contribution from certain existing cash balances, and the issuance of commercial paper. Proceeds from Series 2003A Bonds were used, in part, for completion of Segment IV. This section originally scheduled for a January 2006 opening was completed ahead of schedule, which resulted in an accelerated September 2005 opening.

Revenue Bonds Series 2005A and B were issued in March 2005, in part, to pay for the construction of DNT Extension Phase 3. This is a 9.2 mile extension beginning at the northern terminus of the existing DNT, approximately 1,000 feet south of Gaylord Parkway, and extending north to US 380.

The Consulting Engineers have estimated that the costs for the maintenance, rehabilitation, and capital improvement program for the System over the next 10 to 15 years, in addition to the construction costs of the PGBT, are projected to be approximately $403 million. The expenditures may be funded from the Reserve Maintenance Fund, the Construction Fund, or the Capital Improvement Fund (as shown on the supplementary information) as approved from time to time.

Contacting the NTTA's Financial Management

This financial report is designed to provide overview information to our bondholders, patrons, and other interested parties. Should you have questions about this report, please contact the North Texas Tollway Authority's Director of Finance, 5900 W. Plano Parkway, Suite 100, Plano, Texas 75093.

NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM

Statement of Net Assets

December 31, 2005

Assets	
Current assets:	
Cash and cash equivalents (note 3)	$ 26,614,186
Investments (note 3)	126,661,263
Accrued interest receivable	4,593,325
Accounts receivable (note 9)	3,113,330
Inventory, at average cost	673,991
Prepaid expenses	184,324
Total current assets	161,840,419
Noncurrent assets:	
Restricted assets:	
Restricted for construction:	
Cash and cash equivalents (notes 3 and 10)	—
Investments (notes 3 and 10)	282,344,622
Restricted for debt service:	
Cash and cash equivalents (notes 3 and 5)	10,093,750
Investments (notes 3 and 5)	114,828,231
Deferred improvement costs	653,524
Capital assets net of amortization and depreciation (note 4)	1,560,503,617
Total noncurrent assets	1,968,423,744
Total assets	2,130,264,163
Liabilities	
Current liabilities:	
Accounts and retainage payable	13,359,288
Accrued liabilities	4,997,135
Deferred revenue	17,465,783
Tolltag deposits	779,727
Total current liabilities	36,601,933
Payable from restricted assets:	
Construction-related payables	
Accounts payable (note 10)	11,139,241
Retainage payable (note 10)	8,388,721
Debt service-related payables:	
Accrued interest payable	42,192,267
Revenue bonds payable (note 5)	17,000,000
Total liabilities payable from restricted assets	78,720,229
Noncurrent liabilities:	
Texas Department of Transportation loan payable (note 5)	4,600,000
Texas Department of Transportation ISTEA loan payable (note 5)	135,000,000
Dallas North Tollway System revenue bonds payable, net of unamortized net deferred debit on refundings of $54,833,381 and bond discount (premium) costs of $(21,521,721) (note 5)	1,370,293,340
Total noncurrent liabilities	1,509,893,340
Total liabilities	1,625,215,502
Net Assets	
Invested in capital assets, net of related debt	280,156,648
Restricted:	
Restricted for construction	4,021,565
Restricted for debt service	119,334,935
Restricted for operations and maintenance	5,838,993
Unrestricted	95,696,520
Commitments and contingencies	—
Total net assets	$ 505,048,661

See accompanying notes to basic financial statements.

NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM

Statement of Revenues, Expenses, and Changes in Net Assets

Year ended December 31, 2005

Revenues:	
Tolls	$ 172,537,345
Tolltag store	2,017,849
Other	3,086,092
Total operating revenues	177,641,286
Operating expenses:	
Administration	8,381,359
Operations	48,195,524
Reserve maintenance	7,483,753
Capital improvement	30,117,098
Total operating expenses before amortization and depreciation	94,177,734
Operating income before amortization and depreciation	83,463,552
Amortization and depreciation	(2,092,825)
Operating income	81,370,727
Nonoperating revenues (expenses):	
Interest earned on investments	13,900,344
Loss on sale of investment	(337,719)
Net decrease in the fair value of investments	(1,087,627)
Interest expense on revenue bonds	(55,184,859)
Bond premium/discount amortization	1,285,475
Deferred amount on refunding amortization	(7,030,110)
Loss on equipment retired	(6,523)
Other	402,087
Net nonoperating revenues (expenses)	(48,058,932)
Change in net assets	33,311,795
Beginning net assets	471,736,866
Ending net assets	$ 505,048,661

See accompanying notes to basic financial statements.

NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM

Statement of Cash Flows

Year ended December 31, 2005

Cash flows from operating activities:		
Receipts from customers and users	$	180,132,695
Payments to contractors and suppliers		(55,865,972)
Payments to employees		(32,419,995)
Net cash provided by operating activities		91,846,728
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets (including capitalized interest costs)		(195,521,460)
Issuance of bonds		638,935,764
Principal refunded on revenue bonds		(332,425,000)
Principal paid on revenue bonds		(15,445,000)
Interest paid on revenue bonds and other debt		(77,896,838)
Net cash provided by capital and related financing activities		17,647,466
Cash flows from investing activities:		
Purchase of investments		(1,323,788,775)
Proceeds from sales and maturities of investments		1,224,210,570
Interest received		14,798,909
Net cash used in investing activities		(84,779,296)
Net increase in cash and cash equivalents		24,714,898
Cash and cash equivalents, beginning of the year		11,993,038
Cash and cash equivalents, end of the year	$	36,707,936
Classified as:		
Current assets	$	26,614,186
Restricted assets		10,093,750
Total	$	36,707,936
Noncash financing, capital, and investing activities:		
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	81,370,727
Adjustments to reconcile operating income to net cash provided by operating activities:		
Amortization and depreciation		2,092,825
Changes in assets and liabilities:		
Increase in accounts receivable		(792,490)
Increase in inventories		(387,259)
Decrease in prepaid expenses		7,904
Increase in accounts and retainage payable		7,191,631
Increase in accrued liabilities		2,363,390
Total adjustments		10,476,001
Net cash provided by operating activities	$	91,846,728
Noncash financing activities:		
Decrease in fair value of investments	$	(1,087,627)

See accompanying notes to basic financial statements.

(1) Nature of the Organization and Summary of Significant Accounting Policies

(a) Reporting Entity

In June 1997, the Texas Legislature approved a bill to create the North Texas Tollway Authority (the Authority), a regional tollway authority under Chapter 366, Transportation Code. Effective September 1, 1997, the Authority became the successor agency to the Texas Turnpike Authority and succeeded to all assets, rights, liabilities, and other property of the Texas Turnpike Authority located in Collin, Dallas, Denton, and Tarrant Counties. The Authority also assumed and became liable for all duties and obligations related to the Texas Turnpike Authority at that time.

The Authority is a political subdivision of the State of Texas, authorized and empowered by the Regional Tollway Authority Act (the Act) to construct, maintain, repair, and operate turnpike projects at such locations within Collin, Dallas, Denton, and Tarrant Counties, as may be determined by the Authority. The Authority is further authorized to issue turnpike revenue bonds, payable solely from tolls and other revenue of the Authority, for the purpose of paying all or any part of the cost of a turnpike project. Under the provisions of the Act, these revenue bonds shall not be deemed to constitute a debt or a pledge of the faith and credit of the State of Texas or of any other political subdivision thereof.

The Dallas North Tollway System (the System) is the enterprise fund of the Authority. The System is a turnpike project of the Authority and consists of the Dallas North Tollway (the DNT), the Addison Airport Toll Tunnel (the AATT), the President George Bush Turnpike (the PGBT), and the Mountain Creek Lake Bridge (the MCLB). Following the defeasance of the MCLB bonds and the transfer of the funds to the DNT Capital Improvement Fund in 2001, the MCLB became a part of the System pursuant to the DNT Trust Agreement. In addition to the System financial statements, separate financial statements related to the Authority are prepared to present the accounts of the Dallas-Fort Worth Turnpike Transition Trust Fund and the Feasibility Study Fund. The System's assets make up 99% of the Authority's total assets and 100% of the operating revenues. Although the Authority has fiduciary responsibility over these other accounts, the System's financial statements represent the primary operations of the Authority. However, the financial statements present only the enterprise fund and do not purport to, and do not, present the complete financial position of the Authority as of December 31, 2005, and the changes in its financial position and its cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America (GAAP).

(b) Basis of Accounting

The operations of the System are accounted for as an enterprise fund on an accrual basis in order to recognize the flow of economic resources. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and all assets and liabilities associated with the operation of the System are included in the Statement of Net Assets. The assets of the System are stated at cost with the exception of investments, which are stated at fair value.

The Authority applies all applicable Government Accounting Standards Board (GASB) pronouncements to the system, as well as all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins issued on or before November 30, 1989, unless those directives conflict with or contradict GASB pronouncements.

The principal revenues of the System are toll revenues received from patrons. Operating expenses for the System include the costs of operating and maintaining the System and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Trust Agreement also requires that certain funds and accounts be established and maintained. The Authority consolidates these System funds and accounts for the purpose of enterprise fund presentation in its external financial statements.

(c) Budget

Operating budgets are adopted on a non-GAAP basis. The budget is established in accordance with the practices set forth in the provisions of the Trust Agreement for the Dallas North Tollway System Revenue Bonds, as interpreted by the Authority. These practices are similar to accounting principles generally accepted in the United States of America for an enterprise fund on an accrual basis except that depreciation and amortization of certain noninfrastructure capital assets and related acquisition and revenue bond issuance costs are not included as an operating expense or otherwise provided, and interest accrued for certain periods after official completion on certain of the System's bond issues is capitalized as allowed by the Trust Agreement and bond resolution, rather than being reflected as an expense. Otherwise, revenues are recognized when they are earned, expenses are recognized in the period in which they are incurred, and all assets and liabilities associated with the operation of the System are included in the statement of net assets in accordance with the Trust Agreement as described above.

Each year, the Authority completes a review of its financial condition for the purpose of estimating whether the net revenues of the System for the year will meet its debt covenants. During 2005, the actual net revenues exceeded budgeted amounts. See additional information regarding legal compliance for budgets in note 2.

(d) Restricted Assets

Certain proceeds of the Revenue Bonds are restricted by applicable bond covenants for construction or restricted as reserves to ensure repayment of the bonds. Also, certain other assets are accumulated and restricted on a monthly basis in accordance with the Trust Agreement for the purpose of paying debt interest and principal payments that are due on a semiannual and annual basis, respectively, and for the purpose of maintaining the reserve funds at the required levels. Payments from these restricted accounts are strictly governed by the Trust Agreement and are only made in compliance with the Trust Agreement. Limited types of expenses may be funded from these accounts. Expenses that do not meet these standards are funded from unrestricted accounts. The funds and accounts that have been established in accordance with the Trust Agreement are as follows:

- **Construction and Property Fund** – The Construction and Property Fund was created to account for that portion of the proceeds from the sale of Dallas North Tollway System Revenue Bonds, which were required to be deposited with the trustee in order to pay all costs of construction. There also may be deposited in the Construction and Property Fund any monies received from any other source for paying the cost of the System.
- **Revenue Fund** – The Revenue Fund was created to account for all revenues (all tolls, other revenues, and income) arising or derived by the System from the operation and ownership of the System. All revenues of this fund are distributed to other funds in accordance with the Trust Agreement.
- **Operation and Maintenance Fund** – The Operation and Maintenance Fund was created to account for and pay current operating expenses of the System.
- **Reserve Maintenance Fund** – The Reserve Maintenance Fund was created to account for those expenses of maintaining the System that do not recur on an annual or shorter basis. As defined in the Trust Agreement, such items include repairs, painting, renewals, and replacements necessary for safe or efficient operation of the System or to prevent loss of revenues, engineering expenses relating to the functions of the System, equipment, maintenance expenses, and operating expenses not occurring at annual or shorter periods.
- **Capital Improvement Fund** – The Capital Improvement Fund was created to account for the cost of repairs, enlargements, extensions, resurfacing, additions, renewals, improvements, reconstruction and replacements, capital expenditures, engineering, and other expenses relating to the powers or functions of the System in connection with the System, or for any other purpose now or hereafter authorized by law.
- **Bond Interest Account** – The Bond Interest Account was created to account for the payment of the semiannual interest requirements of the revenue bonds.
- **Reserve Account** – The Reserve Account was created for the purpose of paying interest on and principal of the bonds whenever and to the extent that the monies held for the credit of the Bond Interest Account and the Redemption Account shall be insufficient for such purpose. The required reserve is an amount equal to the average annual debt service requirements of all

(Continued)

bonds outstanding. At December 31, 2005, the System was in compliance with this requirement.

- **Redemption Account** – The Redemption Account was created to account for the payment of the annual principal requirements of the revenue bonds.

(e) Cash and Investments

Cash includes amounts in demand deposits and amounts included in the overnight sweeps of certain demand deposit accounts. These deposits are fully collateralized or covered by federal deposit insurance. The System considers other money market funds to be investments. The carrying amount of the investments is fair value. The net change in fair value of investments is recorded on the Statement of Revenues, Expenses, and Changes in Net Assets and includes the unrealized and realized gains and losses on investments.

(f) Materials Inventory

Inventories of road maintenance materials and supplies are valued at the lower of cost or market using the average cost method.

(g) Capital Assets

All capital assets are stated at cost. Capital assets are defined as assets with initial, individual costs exceeding $5,000. The cost of property and equipment includes costs for infrastructure assets (right-of-way, highways and bridges substructure, and highways and bridges), toll equipment, buildings, toll facilities, and other related costs (including software) and furniture and equipment. Highway and bridges substructure includes road sub-base, grading, land clearing, embankments, and other related costs. Also included in the highway and bridges substructure are costs incurred in connection with the offering, sale, and issuance of bonds for construction purposes; unamortized discount on the sale of those bonds; bond interest expense net of income earned from investment of funds during construction; the cost of certain real estate for right-of-way requirements; and administrative and legal expenses incurred during the construction period.

The costs to acquire additional capital assets, which replace existing assets or improve the efficiency of the System, are capitalized. Under the System's policy of accounting for infrastructure assets pursuant to the "preservation method of accounting" or "modified approach," property costs represent an historical accumulation of costs expended to acquire rights-of-way and to construct, improve, and place in operation the various projects and related facilities. These infrastructure assets are considered to be "indefinite lived assets"; that is, the assets themselves will last indefinitely and are, therefore, not depreciated. Costs related to renewing and maintaining these assets are not capitalized, but instead are considered to be period costs and are included in preservation expense classified as part of reserve maintenance and capital improvement expenses. Additional charges to preservation expense occur whenever the condition of the infrastructure assets is determined to be at a level that is below the standards adopted by the Board of Directors of the Authority.

(h) Compensated Absences

Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

(i) Retainage Payable

Retainage payable represents amounts billed to the System by contractors for which payment is not due pursuant to retained percentage provision in construction contracts until substantial completion of performance by contractor and acceptance by the System.

(j) Deferred Amount on Refunding of Revenue Bonds

Deferred amount on refunding of revenue bonds incurred on advance refundings of such bonds relates to the difference between the reacquisition price and the net carrying amount of the refunded bonds. The amount deferred is included as a reduction to revenue bonds payable and is amortized in a systematic and rational manner over the life of the refunded bonds or the life of the refunding bonds, whichever is shorter.

(k) Bond Discounts, Premiums, and Bond Issuance Costs

Costs incurred in connection with the offering and sale of bonds for construction purposes are capitalized in the System's capital assets (highway and bridges). Unamortized bond discount or premiums are reported net of the related debt.

(l) Arbitrage Rebate Payable

The Tax Reform Act of 1986 imposed additional restrictive regulations, reporting requirements, and arbitrage rebate liability on issuers of tax-exempt debt. This represents interest earnings on bond proceeds in excess of amounts allowed under the Act. This Act requires the remittance to the Internal Revenue Service (IRS) of 90% of the cumulative rebatable arbitrage within 60 days of the end of each five-year reporting period following the issuance of governmental bonds. The System's cumulative arbitrage rebate liabilities for the year ended December 31, 2005 are $0.

(m) Income Tax

As a political subdivision of the State of Texas, the income of the Authority and therefore the System is not subject to federal or state income tax under the Internal Revenue Code (IRC) Section 115.

(n) Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(o) Implementation of New Accounting Principles

In the preparation of the fiscal year 2005 financial statements, the Authority implemented GASB Statement No. 40 (GASB 40), *Deposit and Investment Risk Disclosures*. This statement establishes and modifies disclosure requirements related to investment and deposit risks. The investment risks addressed are related to credit risk (including custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk. Deposit risks addressed include custodial credit risk and foreign currency risk. Disclosures per GASB 40 are included in note 3.

(2) Legal Compliance – Budgets

The Authority is required to prepare a preliminary budget of current expense, deposits to the Reserve Maintenance Fund, and the purposes for which the monies held in the Reserve Maintenance Fund will be expended for the ensuing year on or before December 31 of each year. Copies of the preliminary budget must be filed with the bond trustee, and mailed to the consulting engineers, traffic engineers, principal underwriters, and all bondholders who have filed their names and addresses with the secretary and treasurer of the Authority 60 days prior to year-end. The Authority is required by the Trust Agreement to adopt a final budget for the System on or before December 31 prior to the beginning of the year. The budget is prepared at the Department level and is prepared based upon the Trust Agreement.

The Authority may not expend any amount or incur any obligations for maintenance, repairs, and operations in excess of the total amount of the budgeted expenses in the Revenue Fund unless the funding source is other than revenues received from the System. The System may expend additional monies from the Reserve Maintenance Fund in excess of the annual deposits. Budget amendments must be approved by the Board Members of the Authority in a manner similar to the adoption of the annual budget. There were no occurrences of budget noncompliance in 2005.

Pursuant to the Trust Agreement, the Authority has agreed that it will at all times keep in effect a plan for toll collecting facilities and a schedule of rates of tolls, which will produce during each construction fiscal year an amount of net revenues (as defined by the Trust Agreement) equal to 1.00 times the scheduled debt service requirements during construction and for each of the three fiscal years following the last construction fiscal year net revenues equal to 1.10 times each years debt service requirements, and 1.20 times debt service requirements for each fiscal year thereafter.

In 2005, the requirement was 1.0 times the scheduled debt service requirement for the year.

		(Unaudited)
GAAP basis operating income	$	81,370,727
Nonconstruction fund interest income		8,981,344
Gross income		90,352,071
Add:		
Amortization and depreciation		2,092,825
Capital improvement fund expenses		30,117,098
Reserve maintenance fund expenses		7,483,753
Net revenues available for debt service		130,045,747
Bond interest expense, net of amounts capitalized		55,184,859
Scheduled principal amount due		17,000,000
Calculated debt service requirement	$	72,184,859
Coverage ratio		1.80

(3) Deposits and Investments

The Authority's investment policy is in accordance with the laws of the State of Texas. The Authority may purchase investments as authorized by the Trust Agreement and as further authorized by the revised investment policy and strategy approved by the Board of Directors in December 2005. These investments include obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies and instrumentalities; collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities; obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; certificates of deposit issued by a state or national bank; fully collateralized repurchase agreements; commercial paper with a stated maturity of 270 days or fewer from the date of its issuance; and no-load money market mutual funds that have a dollar-weighted average stated maturity of 90 days or fewer and includes in its investment objectives the maintenance of a stable net asset value of $1 for each share.

The Authority does not invest in financial instruments other than those authorized by the investment policy; and does not invest in any state or local government investment pools.

The Authority reports all equity securities and debt instruments with readily determinable market values to be carried at fair value, with changes in fair value reflected in the Statements of Revenues, Expenses, and Changes in Net Assets.

(a) Deposits

The Authority's deposits were fully insured or collateralized at December 31, 2005. The carrying amount of the Authority's deposits was $2,213,315, and the respective bank balances totaled $572,874. Of the total bank balances, the Federal Depository Insurance Corporation (FDIC) covered $100,000. The remainder was covered by collateral with a value of $3,473,673. The collateral is held by the Federal Reserve Bank of Dallas in the Authority's name under a joint safekeeping agreement with Bank of America, Texas.

(b) Investments

As of December 31, 2005, the maturity values are as follows:

		2005		
			Maturities (in years)	
Description		**Fair value**	**Less than 1**	**1 or greater**
U.S. government securities:				
Federal Home Loan Bank	$	105,217,696	49,916,775	55,300,921
Federal Home Loan Mortgage		4,940,850	—	4,940,850
Federal National Mortgage Assn.		191,768,719	127,580,195	64,188,524
Federal Home Loan Mortgage Corp.		44,872,066	37,868,699	7,003,367
United States Treasury		41,506,000	26,652,000	14,854,000
United States Treasury Strips		16,574,000	6,389,000	10,185,000
Money Market Funds*		102,542,643	102,542,643	—
Repurchase Agreements		50,427,000	50,427,000	—
Total investments	$	557,848,974	401,376,312	156,472,662

* Included in Money Market Funds are overnight sweeps of certain deposits of the Authority that are classified as cash in the financial statements. The balance $34,014,858 is collateralized by the assets of the money market funds.

(c) Interest Rate Risk

Investment portfolios are designed with the objective of attaining the best possible rate of return commensurate with the Authority's investment risk constraints and the cash flow characteristics of the portfolio. Return on investments, although important, is subordinate to the safety and liquidity objectives. In accordance with the Authority's investment strategy, three strategies are employed for the portfolio. The Authority's portfolio has been designed and managed in a manner responsive to each funds unique requirement. Therefore, the Authority's funds are classified into Type I, Type II, and Type III Funds. Type I Funds include Operation and Maintenance Fund, Revenue Fund, Reserve Maintenance Fund, Bond Interest Account, and Bond Redemption Account. The weighted average maturities of Type I funds are limited to 180 days. Type II Funds include Construction Funds, Capital Improvement Funds, and Special Reserve Fund. Type II funds maturity is reflected to match the cash drawdown requirements of each fund. Type III Funds include Debt Service Reserve Fund, and Deferred Revenue-Tag Store Account. The weighted average maturity for Type III funds is limited at five years. The actual WAM is 71 days for Type I funds, 329 days for Type II funds, and 83 days for Type III funds. Market value fluctuation of the overall portfolio is minimized by keeping the weighted average maturity low. Approximately 70% of the investment are maturing within one year; 30% are maturing one year or greater.

(d) Credit Risk

Per the Investment Policy, the Authority may not enter into longer term investment agreements or other ongoing investment transactions with a final maturity or termination date of longer than six months with any financial institution that initially has a long term rating of less than "AA" by Standard & Poor's Ratings Group or "Aa2" by Moody's Investor Services. That means ratings of AA, AA+ for S&P and Aa2, Aa1 for Moody's are appropriate for the financial institution.

As of December 31, 2005, the Authority invested 13% in AAA rated money market funds, 10% invested in AAA rated Full Flex Repurchase agreements, 11% in Treasury Notes and Strips, and 66% in government-backed agencies. Repurchase agreements are fully collateralized. Treasury Notes and Strips and Agencies are AAA rated by Moody's and backed by the full faith and credit of the United States.

(e) Concentration of Credit Risk

It is the policy of the Authority to diversify its investment portfolios. Assets held in the particular funds shall be diversified to minimize the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. As of December 31, 2005, there was only one individual investment, the Wells Fargo money market funds that exceeded 5% of the total portfolio. This higher balance held with the Trustee was required for the debt service payment due January 1, 2006. More than 5% of the Authority's investments are in Federal Home Loan Banking, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, U.S. Treasury, and Repurchase Agreements. Federal Home Loan Banking and U.S. Treasury are backed by the United States government. Repurchase agreements are fully collateralized.

Cash and investments either restricted in accordance with bond provisions or accounted for per the Trust Agreements budget requirements are as follows:

Construction and Property Account	$ 282,344,622
Revenue Account	20,720,576
Operations and Maintenance Account	11,432,506
Reserve Maintenance Account	25,145,391
Capital Improvement Account	95,976,976
Bond Interest Account	20,295,293
Bond Reserve Account	87,314,915
Bond Redemption Account	17,311,773
Total cash and investments	$ 560,542,052

(4) Capital Assets

Capital assets are summarized as follows:

	January 1, 2005	Additions	Deletions	December 31, 2005
Infrastructure network (nondepreciable):				
Preliminary costs	$ 41,996,419	7,351,228	—	49,347,647
Engineering	138,093,391	26,081,390	—	164,174,781
Right-of-way	137,199,424	17,857,693	—	155,057,117
Construction	925,520,688	137,417,128	—	1,062,937,816
Administration	28,082,636	1,573,199	—	29,655,835
Capitalized interest*	81,957,004	13,477,207	—	95,434,211
Total nondepreciable property and equipment	1,352,849,562	203,757,845	—	1,556,607,407
Property and equipment (depreciable):				
Furniture and equipment	11,123,054	2,315,662	(2,063,590)	11,375,126
Less accumulated depreciation	(7,237,962)	(2,092,825)	1,851,871	(7,478,916)
Total depreciable property and equipment	3,885,092	222,837	(211,719)	3,896,210
Total capital assets	$ 1,356,734,654	203,980,682	(211,719)	1,560,503,617

* Net of amortized discount/premium.

Total bond interest cost incurred amounted to $66,434,859 during the year ended December 31, 2005, of which $11,250,000 was capitalized.

(5) Revenue Bonds, Commercial Paper, and Loans Payable

Revenue Bonds

The Authority has issued and refunded various Revenue Bond Series to construct the System. The Authority follows the provisions of GASB No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities* (Statement No. 23). Under the provisions of Statement No. 23, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized over the life of the new debt or the life of the old debt (had it not been refunded), whichever is shorter, as an adjustment to the bond interest expense.

The following are descriptions of Revenue Bond Series currently outstanding as of December 31, 2005.

The Authority issued $129,270,000 in principal amount of Dallas North Tollway System Revenue Refunding Bonds, Series 1997, dated January 1, 1996 with a forward delivery on October 8, 1997, for the purpose of refunding $123,945,000 of Series 1989 revenue bonds. Interest on the bonds is payable on January 1 and July 1 of each year, commencing on January 1, 1998. Principal is payable on January 1 commencing on January 1, 1999. The bonds included $78,665,000 of serial bonds, which mature beginning January 1, 1999 and bear interest rates ranging from 5.0% to 6.5%. The remaining $50,605,000 of 5.5% term bonds is due January 1, 2015.

The Authority purchased sufficient U.S. Treasury notes with the net proceeds from the Series 1997 Bonds for the partial retirement of the Series 1989 Bonds and placed it in an irrevocable escrow account with Bank One. On December 31, 1997, the U.S. Treasury note matured, and the irrevocable escrow account held sufficient cash to pay for the outstanding refunded principal of $123,945,000 on the defeased Series 1989 Bonds. The difference between the reacquisition price and the net carrying amount of the Series 1989 Bonds ($11,430,835) was deferred and is being amortized over the stated term of the Series 1997 Bonds. Amortization of the deferred amount on the refunding was $611,089 for the year ended December 31, 2005.

The Authority issued $129,005,000 in principal amount of Dallas North Tollway System Revenue Refunding bonds, Series 1997A, on October 20, 1997, for the purpose of refunding a portion of the Dallas North Tollway System Revenue Bonds, Series 1989, dated July 1, 1989, and the outstanding Dallas North Tollway System Revenue Bonds, Series 1994, dated December 1, 1994. The amount of refunded principal related to the Series 1989 Bonds is $98,040,000, and the amount related to the Series 1994 Bonds is $22,575,000. Interest on the bonds will be payable on January 1 and July 1 of each year commencing on January 1, 1998. Principal will be payable on January 1 commencing on January 1, 1998. The bonds included $67,685,000 of serial bonds, which mature beginning January 1, 1998 and bear interest rates ranging from 4.0% to 5.375%, $56,655,000 of 5.0% term bonds due January 1, 2020, and $4,665,000 of 5.0% term bonds due January 1, 2023.

The Authority purchased sufficient U.S. Treasury securities – State and Local Government Series with the net proceeds from the Series 1997A Bonds for the partial retirement of the Series 1989 Bonds and 1994

Bonds and placed them in an irrevocable escrow account with Bank One. At December 31, 1998, the irrevocable escrow account held sufficient investments to pay for the outstanding refunded principal of $98,040,000 on the defeased Series 1989 Bonds and $22,575,000 on the defeased Series 1994 Bonds. The difference between the reacquisition price and the net carrying amount of the Series 1989 Bonds and 1994 Bonds ($9,217,525) was deferred and is being amortized over the stated term of the Series 1997A Bonds. Amortization of the deferred amount on the refunding was $118,207 for the year ended December 31, 2005.

The $100,660,000 North Texas Tollway Authority Dallas North Tollway System Revenue Bonds, Series 1998 were authorized to be issued pursuant to the resolution of the Board of Directors adopted on August 19, 1998, and the Trust Agreement dated as of July 1, 1989. The bonds were dated September 15, 1998 and were issued for the purpose of financing Segment V of the PGBT. The proceeds of bonds, together with the Texas Department of Transportation's (TxDOT) contributions fully funded the acquisition and construction of Segment V. Pursuant to an agreement between TxDOT and the Authority (the 1998 Two-Party Agreement), TxDOT constructed certain parts of Segment V. Upon completion of the improvements to be constructed by TxDOT, the System reimburse TxDOT for TxDOT's construction costs in excess of $24,000,000, plus TxDOT's engineering costs attributable to the tolled portion of the improvements it constructed. The 1998 issuance consists of $22,515,000 serial bonds, $22,065,000 term bonds, and $56,080,000 term bonds. Interest on the bonds will be payable on January 1 and July 1 of each year commencing on January 1, 1999. Principal will be payable on January 1 commencing on January 1, 2008. The bonds consist of $22,515,000 4.1%-4.75% Serial bonds maturing from 2008-2018 with a yield of 4.150%-4.94%, $22,065,000 4.75% Term bonds due January 1, 2022 at a yield of 5.00%, and $56,080,000 Term bonds due January 1, 2029 at a yield of 5.010%.

To fund a portion of the costs for Segments IV of the PGBT, finance improvements to the System and refund commercial paper notes, the North Texas Tollway Authority issued $225,000,000 Series 2003A Dallas North Texas Tollway Authority System Revenue Bonds, dated May 1, 2003. The bonds were issued May 28, 2003 on parity with other obligations of the Authority and will mature beginning January 1, 2021 and bear an interest rate of 5.00%. Interest on the bonds will be payable on January 1 and July 1 of each year commencing on January 1, 2004. The Series 2003A Bonds are subject to maturity at the option of the Authority on January 1, 2013 or on any date thereafter at a price of par plus accrued interest to the date of redemption.

The Authority issued $135,000,000 in principal amount of Dallas North Tollway System Revenue Refunding Bonds, Series 2003B, dated May 1, 2003 on May 28, 2003, for the purpose of refunding $113,986,475 of Series 1995 revenue bonds. Interest on the bonds of an Initial Multiannual Rate of 5.00% is payable on January 1 and July 1 of each year, commencing on January 1, 2004. The Series 2003B Tender Bonds will mature, or be subject to mandatory sinking fund redemption, on January 1 in each of the years 2030 through 2038, inclusive. On the Mandatory Tender Date of July 1, 2008, the Series will be subject to mandatory tender for purchase. The Authority has agreed that the Bonds will be remarketed at the first date on or after the Mandatory Tender Date at which they can be sold in any interest rate mode and at a rate not exceeding 12.00% per annum. In the event they cannot be remarketed and purchased on the Mandatory Tender Date, the mandatory tender will be deemed to have been rescinded, and the Series 2003B Bonds will bear interest at the rate of 8.00% per annum from the Mandatory Tender Date until purchased upon a subsequent remarketing.

The Authority purchased sufficient U.S. Treasury notes with the net proceeds from the 2003B Bonds for the partial retirement of the Series 1995 Bonds and placed it in an irrevocable escrow account with Bank One. On December 31, 2003, the irrevocable escrow account held sufficient cash to pay for the outstanding refunded principal of $113,986,475 and $15,348,270 of appreciation on the defeased Series 1995 Bonds. The difference between the reacquisition price and the net carrying amount of the Series 1995 Bonds ($17,603,389) was deferred and is being amortized over the stated term of the Series 1995 Bonds. Amortization of the deferred amount on the refunding was $2,097,165 for the year ended December 31, 2005.

The remaining Serial 1995 Bonds in the amount of $332,425,000 were refunded December 15, 2005 by Variable Rate Revenue Bonds, Series 2005C.

The Authority issued $106,750,000 in principal amount of Dallas North Tollway System Revenue Refunding Bonds, Series 2003C, dated September 15, 2003 on October 7, 2003, for the purpose of refunding $108,610,000 of Series 1993 Refunding Bonds. The bonds consist of $46,970,000 2.00%-5.00% Serial Bonds maturing from 2004-2010 and $59,780,000 Tender Bonds due January 1, 2011-2018 with an Initial Multiannual Rate of 5.00%. Interest is payable on January 1 and July 1 of each year, commencing on January 1, 2004. The Series 2003C Tender Bonds will mature, or be subject to mandatory sinking fund redemption, on January 1 in each of the years 2011 through 2018, inclusive. On the Mandatory Tender Date of July 1, 2008, the Tender Bonds will be subject to mandatory tender for purchase. The Authority has agreed that the Bonds will be remarketed at the first date on or after the Mandatory Tender Date at which they can be sold in any interest rate mode and at a rate not exceeding 12.00% per annum. In the event they cannot be remarketed and purchased on the Mandatory Tender Date, the mandatory tender will be deemed to have been rescinded, and the Series 2003B Bonds will bear interest at the rate of 8.00% per annum from the Mandatory Tender Date until purchased upon a subsequent remarketing.

The Authority purchased sufficient U.S. Treasury notes with the net proceeds from the Series 2003C Bonds for the partial retirement of the Series 1993 Bonds and placed it in an irrevocable escrow account with Bank One. On December 31, 2003, the irrevocable escrow account held sufficient cash to pay for the outstanding refunded principal of $108,610,000 on the defeased Series 1993 Bonds. The difference between the reacquisition price and the net carrying amount of the Series 1993 Bonds ($18,741,516) was deferred and is being amortized over the stated term of the Series 2003C Refunding Bonds. Amortization of the deferred amount on the refunding was $2,978,875 for the year ended December 31, 2005.

The $227,370,000 North Texas Tollway Authority Dallas North Tollway System Revenue Bonds, Series 2005A, were authorized to be issued pursuant to the resolution of the Board of Directors adopted on February 16, 2005, and the Trust Agreement dated as of July 1, 1989, as amended by the First through Eleventh Supplemental Agreements (collectively, the Trust Agreement). The bonds were dated March 1, 2005 and were issued for the purpose of financing a portion of the construction cost of improving, expanding, and extending the system, including the proposed extension of the DNT from Gaylord Parkway to U.S. 380, funding the required deposit to the Reserve Account, reimbursing the cost of construction of the extension of the DNT from Legacy Drive across SH 121 to Gaylord Parkway, and paying cost of issuance relating to the bonds. Interest on the bonds will be payable on January 1, and July 1 of each year commencing on July 1, 2005. Principal will be payable on January 1 commencing on January 1, 2006. The bonds consist of $88,395,000 at 3.0%-5.0% Serial bonds maturing from 2006-2015 and 2025-2030 with yields of 2.32%-4.55%, and $61,365,000 at 5.00% Term bonds due January 1, 2035 at a yield of 4.58%; $44,455,000 at 4.50% Term bonds due January 1, 2038 at a yield of 4.78%, and $33,155,000 at 5.00% Term bonds due January 1, 2040 at a yield of 4.65%.

The $73,700,000 North Texas Tollway Authority Dallas North Tollway System Variable Rate Revenue Bonds, Series 2005B, were authorized to be issued pursuant to the resolution of the Board of Directors adopted on February 16, 2005, and the Trust Agreement dated as of July 1, 1989, as amended by the First through Eleventh Supplemental Agreements (collectively, the Trust Agreement). The bonds were dated March 1, 2005, and were issued for the purpose of financing a portion of the construction cost of improving, expanding, and extending the system, including the proposed extension of the DNT from Gaylord Parkway to U.S. 380, reimbursing the cost of construction of the extension of the DNT from Legacy Drive across SH 121 to Gaylord Parkway, and paying cost of issuance relating to the bonds. Interest on the bonds will initially accrue from the date of delivery at a Weekly Rate, but may be subsequently converted to bear interest at a Daily Rate, Flexible Rate, Monthly Rate, Quarterly Rate, Semi-Annual Rate, Multi-Annual Rate, or Fixed Rate. While bearing interest at a Weekly Rate, interest will be payable on the first business day of each calendar month commencing on April 1, 2005, and will be calculated on the basis of actual days elapsed on a 365-day or 366-day calendar year, as applicable. Upon a change to any of the other interest modes, the bonds will be subject to mandatory tender for purchase and remarketing with a maximum rate of 12% per annum. Principal will be payable on January 1, commencing on January 1, 2016. The bonds consist of $73,700,000 Weekly Mode bonds maturing from 2016-2024.

The $341,670,000 North Texas Tollway Authority Dallas North Tollway System Variable Rate Revenue Bonds, Series 2005C were authorized to be issued pursuant to the resolution of the Board of Directors adopted on November 11, 2005, and the Trust Agreement dated as of July 1, 1989, as amended by the First through Eleventh Supplemental Agreements (collectively, the Trust Agreement). The bonds were dated December 1, 2005 and were issued for the purpose of refunding $332,425,000 Series 1995 Bonds, and paying cost of issuance relating to the bonds. Interest on the bonds will initially accrue from the date of delivery at a Weekly Rate, but may be subsequently converted to bear interest at a Daily Rate, Flexible Rate, Monthly Rate, Quarterly Rate, Semi-Annual Rate, Multi-Annual Rate, or Fixed Rate. While bearing interest at a Weekly Rate, interest will be payable on the first business day of each calendar month, commencing on January 3, 2006, and will be calculated on the basis of actual days elapsed in a 365-day or 366-day year, as applicable. Upon a change to any of the other interest modes, the bonds will be subject to mandatory tender for purchase and remarketing with a maximum rate of 12% per annum. The bonds consist of $341,670,000 Term Bonds due January 1, 2025. The bonds are subject to mandatory sinking fund redemption prior to maturity on January 1 of the years 2007-2025.

The Authority purchased sufficient State and Local Government Securities with the net proceeds from the Series 2005C Bonds for the retirement of the Series 1995 Bonds and placed it in an irrevocable escrow account with Bank One. On December 31, 2005, the irrevocable escrow account held sufficient cash to pay for the outstanding refunded principal of $332,425,000 on the defeased Series 1995 Bonds. The difference between the reacquisition price and the net carrying amount of the Series 1995 Bonds ($18,196,889) was deferred and is being amortized over the stated term of the Series 2005C Refunding Bonds. Amortization of the deferred amount on the refunding was $1,224,774 for the year ended December 31, 2005.

The following schedule summarizes the revenue bonds outstanding as of December 31, 2005:

Description of issue	Beginning balance	Additions	Matured or retired	Ending balance	Due within one year
Series '93	$ 4,840,000	—	(4,840,000)	—	—
Series '94	645,000	—	(645,000)	—	—
Series '95	332,425,000	—	(332,425,000)	—	—
Series '97	112,700,000	—	(6,780,000)	105,920,000	7,485,000
Series '97A	108,980,000	—	(410,000)	108,570,000	1,115,000
Series '98	100,660,000	—	—	100,660,000	—
Series '03A	225,000,000	—	—	225,000,000	—
Series '03B	135,000,000	—	—	135,000,000	—
Series '03C	105,485,000	—	(2,770,000)	102,715,000	7,900,000
Series '05A	—	227,370,000	—	227,370,000	500,000
Series '05B	—	73,700,000	—	73,700,000	—
Series '05C	—	341,670,000	—	341,670,000	—
	1,125,735,000	642,740,000	(347,870,000)	1,420,605,000	17,000,000
Less:					
Unamortized deferred amount on refunding of revenue bonds	(43,666,602)	(18,196,889)	7,030,110	(54,833,381)	6,557,286
Bond discount/premium	6,375,598	16,843,381	(1,697,258)	21,521,721	(1,285,475)
Total	$ 1,088,443,996	641,386,492	(342,537,148)	1,387,293,340	22,271,811

(Continued)

The revenue bond debt service requirements below are prepared as of December 31, 2005:

	Total revenue bonds		
	Principal amount	**Interest amount**	**Total**
Year ended:			
2006	$ 17,000,000	50,279,144	67,279,144
2007	21,580,000	64,975,730	86,555,730
2008	23,240,000	63,296,627	86,536,627
2009	25,260,000	60,420,317	85,680,317
2010	26,010,000	57,424,246	83,434,246
2011 – 2015	183,745,000	265,759,754	449,504,754
2016 – 2020	265,290,000	218,855,138	484,145,138
2021 – 2025	320,775,000	160,935,947	481,710,947
2026 – 2030	152,350,000	107,803,599	260,153,599
2031 – 2035	205,615,000	67,823,009	273,438,009
2036 – 2040	179,740,000	20,239,581	199,979,581
	$ 1,420,605,000	1,137,813,092	2,558,418,092

The Interest and Sinking and Reserve Accounts required by the Trust Agreement have been established with the Trustee. The balances as of December 31, 2005 were:

Bond interest account	$ 20,295,293
Debt service reserve account	87,143,530
Redemption account	17,311,773
Total	$ 124,750,596

SWAP Transactions

Objective of the interest rate swap. In 2004, the Authority entered into multiple interest rate swap transactions in the collective notional amount of $202,720,000 pursuant to ISDA Master Agreements dated and effective as of August 20, 2004 (the 2004 ISDA Master Agreements) with Citibank N.A., New York, Bear Stearns Financial Products Inc. and Lehman Brothers Special Financing Inc. (the Swap Providers) in connection with the then proposed refunding of a portion of the Dallas North Tollway System Revenue Bonds, Series 1995 (the Series 1995 Bonds) and the issuance of the Variable Rate Revenue Bonds, Series 2005C (the Series 2005C Bonds), (the 2004 Swap Transactions). Concurrently with the issuance of the Series 2005C Bonds in December 2005, the Authority and the Swap Providers also entered into multiple interest rate swap transactions in the collective nominal amount of $138,950,000, effective as of December 15, 2005, pursuant to the 2004 ISDA Master Agreements relating to the portion of the Series 2005C Bonds issued to refund the remaining Series 1995 Bonds (the “2005 Swap Transactions,” and together with the 2004 Swap Transactions, the “Swap Transactions”).

The intention of the Swap Transactions was to produce an overall fixed rate cost of funds related to the Series 1995 Bonds. The Swap Transactions were structured to lock in low rates, minimize the negative arbitrage in escrow, achieve higher present value savings than traditional fixed rate bond alternatives, and increase future debt capacity. Total present value savings from these transactions were estimated at $41.8 million.

Terms – 2004 Swap Transactions. Under the 2004 Swap Transactions, the Authority is obligated to make payments to the Swap Providers calculated at a fixed rate of 3.673% per annum, and the Swap Providers are obligated to make floating rate payments to the Authority calculated at a rate equal to 67% of the one-month London Interbank Offered Rate (LIBOR) for U.S. deposits. The 2004 Swap Transactions have a stated final maturity date of January 1, 2023.

Terms – 2005 Swap Transactions. Under the 2005 Swap Transactions, the Authority is obligated to make payments to the Swap Providers calculated at a fixed rate of 3.533% per annum, and the Swap Providers are obligated to make floating rate payments to the Authority calculated at a rate equal to 67% of the one-month LIBOR for U.S. deposits. The Series 2005C Bonds and the 2005 Swap Transactions have a stated final maturity date of January 1, 2025.

As of December 31, 2005, rates were as follows: (see example in table below)

	Terms	2004 Swap Rates December 31, 2005	2005 Swap Rates December 31, 2005
Interest rate swap:			
Fixed payment to counterparties	Fixed	3.673%	3.533%
Variable payment from counterparties	67% of 1 Month LIBOR	3.173%	3.173%
Net interest rate swap payments		0.500%	0.360%
Variable rate bond coupon payments	+/ BMA	3.050%	3.050%
Synthetic interest rate on bonds		3.550%	3.410%

Fair value. As of December 31, 2005, the Swap Transactions had a negative fair value of $9,536,092. The negative fair value signifies the amount that the Authority would owe to the Swap Providers upon the termination of all the Swap Transactions as of that date. The fair value was calculated using a market quotation from the Swap Providers.

Credit risk. As of December 31, 2005, the Authority was not exposed to credit risk because the Swap Transactions had a negative fair value. However, should interest rates change and the fair value of the Swap Transactions become positive, the Authority would be exposed to credit risk in the amount of the derivative's fair value.

As of December 31, 2005 the Swap Providers' respective ratings by Moody's Investors Service (Moody's) and by Standard and Poor's Corporation (S&P) are as follows: Citibank N.A., New York Aa1/AA, Bear

Stearns Financial Products Inc. Aaa/AAA, and Lehman Brothers Special Financing Inc. Aaa/AAA. Each party's portion of the 2004 Forward Swap and 2005 Current Swap agreement is 50%, 25%, 25%, and 25%, 50%, 25%, respectively.

Basis risk. Risk that the payment on the Series 2005C Bonds will exceed the swap receipt due the Authority due to a specific credit event or tax code change. As noted above, the Swap Transactions expose the Authority to basis risk should the relationship between LIBOR and BMA diverge, changing the synthetic rate on the Series 2005C Bonds. If a change occurs that results in the rates' moving to divergence, the expected cost savings may not be realized.

Termination risk. Termination risk exists only if (i) the Authority opts to terminate the Swap Transactions prior to maturity and the Swap Providers do not have sufficient funds owed to the Authority or (ii) the Authority's credit rating is reduced below investment grade and the Authority is unable to post sufficient collateral. Each of the 2004 ISDA Master Agreements may be terminated by the Authority if the respective Swap Provider does not maintain a credit rating of least Baa3 by Moody's or BBB- by S&P, in the case of Citibank N.A., New York and Bear Stearns Financial Products Inc, or A2 by Moody's or A by S&P, in the case of Lehman Brothers Special Financing Inc. If the respective Swap Provider's credit rating is reduced below A3 by Moody's or A– by S&P, in the case of Citibank N.A., New York, or A1 by Moody's or A+ by S&P in the case of Bear Stearns Financial Products, Inc. and Lehman Brothers Special Financing Inc., it is required to post collateral to the Authority's credit. If the swap is terminated, the variable-rate bonds would no longer carry a synthetic interest rate. Also, if at the termination the swap has a negative fair value, the authority would be liable to the Swap Providers for a payment equal to the swap's fair value.

The Swap Transactions are also subject to optional termination by the Authority at any time over the term of the Swap Transactions at the then prevailing market value. The Swap Providers do not have the elective right to optionally terminate the Swap Transactions.

Swap payments and associated debt. Using rates as of December 31, 2005, debt service requirements of the variable-rate and net swap payments, assuming current interest rates remain the same for the term, were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year	2005C Bonds Associated with 2004 Swap		2004 Swap Debt	
	Principal amount	Interest amount*	Interest Rate Swap, Net*	Total
2006	$ —	7,776,835	1,013,600	$ 8,790,435
2007	395,000	7,431,398	1,011,625	8,838,023
2008	415,000	7,416,154	1,009,550	8,840,704
2009	430,000	7,400,360	1,007,400	8,837,760
2010	450,000	7,383,832	1,005,150	8,838,982
2011	9,255,000	7,043,896	958,875	17,257,771
2012	9,630,000	6,690,186	910,725	17,230,911
2013	10,015,000	6,322,335	860,650	17,197,985
2014	10,425,000	5,939,425	808,525	17,172,950
2015	10,845,000	5,541,088	754,300	17,140,388
2016	11,280,000	5,126,773	697,900	17,104,673
2017	13,260,000	4,639,734	631,600	18,531,334
2018	14,240,000	4,116,698	560,400	18,917,098
2019	15,260,000	3,556,199	484,100	19,300,299
2020	16,080,000	2,965,580	403,700	19,449,280
2021	34,940,000	1,682,234	229,000	36,851,234
2022	37,320,000	311,470	42,400	37,673,870
2023	8,480,000	—	—	8,480,000
	$ 202,720,000	91,344,196	12,389,500	$ 306,453,696

* As rates vary, variable rate bond interest payments and net swap payments will vary.

Fiscal Year	2005C Bonds Associated with 2005 Swap: Principal amount	2005C Bonds Associated with 2005 Swap: Interest amount*	2005 Swap Debt Interest Rate Swap, Net*	Total
2006	$ —	5,127,286	500,220	5,627,506
2007	205,000	4,901,861	499,482	5,606,343
2008	395,000	4,887,906	498,060	5,780,966
2009	410,000	4,873,420	496,584	5,780,004
2010	425,000	4,858,405	495,054	5,778,459
2011	440,000	4,842,860	493,470	5,776,330
2012	455,000	4,826,785	491,832	5,773,617
2013	470,000	4,810,180	490,140	5,770,320
2014	490,000	4,792,868	488,376	5,771,244
2015	510,000	4,774,850	486,540	5,771,390
2016	8,615,000	4,470,482	455,526	13,541,008
2017	440,000	4,454,936	453,942	5,348,878
2018	455,000	4,438,861	452,304	5,346,165
2019	475,000	4,422,079	450,594	5,347,673
2020	490,000	4,404,768	448,830	5,343,598
2021	510,000	4,386,749	446,994	5,343,743
2022	530,000	4,368,025	445,086	5,343,111
2023	31,915,000	3,240,468	330,192	35,485,660
2024	44,550,000	1,666,516	169,812	46,386,328
2025	47,170,000	—	—	47,170,000
	$ 138,950,000	84,549,303	8,593,038	232,092,341

* As rates vary, variable-rate bond interest payments and net swap payments will vary.

Commercial Paper

On April 18, 2001, the Authority's Board of Directors authorized the Dallas North Tollway System Tax-Exempt Commercial Paper program for capital improvements to the System, limited to $200,000,000 commercial paper outstanding and maturity terms of not more than 270 days for interim financing of capital improvements. At any time, the Authority may retire commercial paper through refinancing with revenue bonds or use of other available funds. In fiscal year 2003, the Authority issued commercial paper of $25,000,000 and retired $45,000,000. At December 31, 2005, there was no commercial paper outstanding.

Commercial paper notes are supported by a bank line of credit in excess of $100,000,000 and constitute an obligation subordinate to the System's revenue bonds. Any advances for payments of commercial paper under the line of credit are secured by a subordinate lien on System revenues. No such advances have occurred. The credit agreement was renewed on January 3, 2005; the Authority maintained its commercial paper program in fiscal year 2005.

Loans Payable

Additionally, the Authority funded, in part, costs of the construction of the PGBT with proceeds from a loan, which totaled $135,000,000, made by TxDOT in 1995 pursuant to the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). Repayment of the loan to TxDOT is to be made from amounts on deposit in the Capital Improvement Fund with payments subordinate to bonds or other obligations of the System issued or entered into and secured by the tolls and revenues of the system. Interest at the rate of 4.2% began to accrue on October 1, 2000, compounding annually on January 1, with the first payment made in October 2004. A payment of $8,750,000 was made during 2005. Accrued interest payable was $16,270,289 as of December 31, 2005.

TxDOT has incurred $4,600,000 in costs for interchange improvements relating to the PGBT, which will be repaid by the System. Repayment of these costs will be paid in annual payments (without interest) of $500,000 beginning on October 1 of the year after the ISTEA loan is fully paid, currently 2029.

Debt service requirements on the TxDOT loan payable and TxDOT ISTEA loan payable subsequent to December 31, 2005 are as follows:

	TxDOT Loan payable		**TxDOT Loan payable**	
	Principal	**Interest**	**Principal**	**Interest**
Fiscal years:				
2006	$ —	—	1,896,648	6,353,352
2007	—	—	1,476,307	6,273,693
2008	—	—	1,288,312	6,211,688
2009	—	—	1,592,421	6,157,579
2010	—	—	2,159,303	6,090,697
2011 – 2015	—	—	11,453,553	29,046,447
2016 – 2020	—	—	29,088,618	25,983,779
2021 – 2025	—	—	59,954,975	16,657,006
2026 – 2030	500,000	—	42,360,152	3,607,037
2031 – 2035	2,500,000		—	—
2036 – 2004	1,600,000	—	—	—
	4,600,000	—	151,270,289	106,381,278
Interest prior to 2005	—	—	(16,270,289)	16,270,289
Total principal and interest	$ 4,600,000	—	135,000,000	122,651,567

Included in the ISTEA Loan Payable amounts is $16,270,289 of interest expense incurred from fiscal years 2000 through 2003. The Authority was not required to begin payments of these amounts until 2004.

(6) Employees' Retirement Plan

As discussed in note 1, effective September 1, 1997, the Authority, a regional tollway authority under Chapter 366, Transportation Code, became the successor agency to the Texas Turnpike Authority. In connection with this transition, the Authority changed from being a participant in the plans administered by the Employees Retirement System of Texas (Retirement), which are considered single employer defined benefit pension plans, to being a participant in the Texas County and District Retirement System (TCDRS), which is a nonprofit public trust fund that provides pension, disability, and death benefits to eligible employees of the counties and districts that participate in TCDRS. Information related to the TCDRS, the Authority's 401(k) plan, and its refrain from participation in Social Security is included herein.

Texas County and District Retirement System

TCDRS, an agent multiple-employer public employee retirement system, was established by legislative act in 1967 as a nontraditional, joint contributory, defined benefit plan. Individuals are required to become a TCDRS member at the time of their employment regardless of their age, unless the individual is ineligible for one of the reasons specified by the TCDRS (e.g., part time, temporary employee).

The governing body of the political subdivision determines the percentage of salary that both the individual and employer contribute toward retirement. The employee and employer contribution rate established was 6% and 8.54% of wages up to a maximum of $210,000, respectively, at December 31, 2005.

Once an individual reaches vested status, he or she may end employment with a TCDRS subdivision and retain his or her right to future benefits as long as the individual does not die or withdraw personal contributions. Once a vested employee has satisfied both the service and age requirements for retirement, he or she is considered retirement eligible. Employees are eligible to receive lifetime monthly pension payments following the termination of their employment if the individual has 10 or more years of service credit at age 60 or older or the individual has 30 or more years of service credit at any age.

An individual is also eligible to receive lifetime monthly pension payments after his or her termination of employment if his or her political subdivision has authorized, and the individual has satisfied 10 years of service credit at age 60 or older or the individual's combined age and total service is 75 years or more.

If an individual is eligible for service or disability retirement pension payments, the amount of the lifetime monthly pension to be received after retirement is determined by dividing the total dollars of accumulated retirement credit earned at retirement by the appropriate annuity purchase rate used to convert dollars of retirement credit to a lifetime monthly pension payment.

If an individual has at least ten years of service credit and becomes disabled for any reason, the individual may be approved for disability retirement benefits if the TCDRS Medical Board finds that the individual is mentally or physically incapacitated for any gainful occupation, and the incapacity is considered permanent.

Total pension expense allocated to the System by the Authority for the year ended December 31, 2005, was $1,999,030 based on a covered payroll of $23,407,845. The Authority made the actuarially required contribution. Employee contributions to the plan for the year ended December 31, 2005 were $1,404,460.

(Continued)

Actuarial valuation information
(unaudited)

Actuarial valuation date	December 31, 2002	December 31, 2003	December 31, 2004
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open
Amortization period	20.0	20.0	20.0
Asset valuation method	Long-term appreciation with adjustments	Long-term appreciation with adjustments	Long-term appreciation with adjustments
Actuarial assumptions:			
Investment return*	8.0%	8.0%	8.0%
Projected salary increases	5.5%	5.5%	5.5%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

* Includes inflation at the stated rates.

Trend information for the retirement plan
for the employees of the Authority

Accounting year ended	Annual pension cost (APC)	Percentage of APC contributed	Net pension obligation
December 31, 2002	$ 1,389,162	100%	—
December 31, 2003	1,648,653	100%	—
December 31, 2004	1,812,344	100%	—
December 31, 2005	1,999,030	100%	—

(Continued)

Schedule of Funding Progress
Last three calendar years
(Unaudited)

		December 31, 2002	December 31, 2003	December 31, 2004
Actuarial value of assets	$	7,642,367	11,178,635	14,695,673
Actuarial accrued liability		8,861,345	12,022,995	15,385,829
Percentage funded		86.24%	92.97%	95.51%
Unfunded (overfunded) actuarial accrued liability (UAAL)		1,218,978	844,359	690,156
Annual covered payroll		16,115,774	18,665,087	20,571,788
UAAL as a percentage of covered payroll		7.56%	4.52%	3.35%

401(k) Plan

As a state agency of the State of Texas, the Texas Turnpike Authority was a participating employer in the State of Texas Texa$aver 401(k) Profit Sharing Plan sponsored by the Employees Retirement System of Texas. The Texas Turnpike Authority, as a state agency, was permitted to participate in the Employees Retirement System of Texas under Section 812.003 of the Texas Government Code.

Because the Act established the Authority as a political subdivision of the State of Texas instead of a state agency, it is no longer eligible to participate in the Texa$aver 401(k) Plan maintained by the Employees Retirement System of Texas. As a successor of the Texas Turnpike Authority, however, the Authority is eligible under current IRS rules and regulations to adopt the North Texas Tollway Authority 401(k) Plan as a successor qualified cash or deferred arrangement to the Texa$aver 401(k) Plan.

Prior to 1986, the IRC of 1986 permitted state or local governments and tax-exempt organizations to maintain qualified cash or deferred arrangement. The Tax Reform Act (TRA) of 1986 amended IRC to provide that a cash or deferred arrangement shall not be treated as a "qualified cash or deferred arrangement" if it is part of a retirement plan maintained by a governmental unit. However, TRA 1986 provides specific exception for cash or deferred arrangements adopted by a governmental unit prior to 1986 (Grandfather Employer). The Authority, a government entity is eligible to adopt the 401(k) plan because it is a successor entity to the Texas Turnpike Authority, a Grandfathered Employer, and is adopting a cash or deferred arrangement substantially similar to the Texas Turnpike Authority's cash or deferred arrangement.

Effective September 1, 1997, each Authority employee became eligible to participate in the North Texas Tollway Authority 401(k) plan, a defined contribution plan. The plan requires that each employee be required to make a mandatory employee contribution, deposited by the Authority towards the cost of the 401(k) plan, in an amount equal to 4% of total wages. All mandatory employee contributions to the 401(k) plan for payroll periods following September 1, 1997 shall be made on a pretax basis, provided they are subject to the Hospital Insurance portion of the Federal Insurance Contributions Act and the Federal Unemployment Tax Act and the withholding of those Acts. Employee contributions and plan earnings are vested at all times, and a terminating employee shall be paid all mandatory contributions and plan earnings

(Continued)

pursuant to the plan's terms. The Authority is authorized to make discretionary employer matching contributions in such amounts as may be determined by the board, and Authority employees are vested in employer contributions at 20% after six years services, 40% after seven years, 60% after eight years, 80% after nine years, and 100% after ten or more years. Former Texas Turnpike Authority employees employed by the Authority on or before October 31, 1997 shall receive past service credit for service with the Texas Turnpike Authority for purposes of determining the vested percentage, and the Authority's Board of Directors is allowed to further amend or terminate the plan at any time.

Total 401(k) contributions allocated to the Tollway by the Authority for the year ended December 31, 2005 were $804,692 based on a covered payroll of $22,904,027.

Social Security

Effective September 1, 1997, the Authority elected to refrain from participation in Social Security and instead participated in both the TCDRS and the Authority 401(k) plan. The Authority requires mandatory employee participation in both of these plans.

(7) Risk Management

In previous years, the Authority established a limited risk management program for workers' compensation. During 1997, the Authority terminated its limited risk management program for workers' compensation. An external insurance company now insures the Authority for workers' compensation. The remaining liability for claims is reported in the Operation and Maintenance Fund. As of December 31, 2005, $321,416 is accrued to recognize actuarially determined claim liabilities.

(8) Postemployment Benefits

The Authority provides postemployment healthcare benefits to all retired employees of the System covered by the Employee Retirement System of Texas plan, funded on a pay-as-you-go basis. Currently, 58 individuals meet these requirements to be included in the Employee Retirement System of Texas plan. During the year ended December 31, 2005, expenses of $259,106 were recognized for postemployment health care premiums paid.

In addition, the Authority provides postemployment healthcare benefits through the Authority's Health Benefits plan to all retired employees not covered under the Employee Retirement System of Texas plan. Currently, two individuals meet the requirements to be included in the Authority's plan. The plan is funded on a pay-as-you-go basis with $776,000 reserved for future health benefits. There were no changes to the liability during the year. During the year ended December 31, 2005, expenses of $13,210 were recognized for postemployment healthcare premiums paid.

(9) Desegregation of Receivable Balances

Due to the nature of the System's operations, accounts receivable are immaterial to the total assets of the System. 62% of the $3,113,330 of accounts receivable at December 31, 2005 is from TxDOT related to various construction agreements; 28% from City of Dallas and 10% from damage claims.

(Continued)

(10) Commitments and Contingencies

The System currently has $282,344,622 in investments that are restricted for construction and $19,527,962 in current liabilities that are comprised of construction-related payables at December 31, 2005. Additionally the System has contract and purchase order commitments at December 31, 2005 aggregating $108,952,795. This amount includes construction contracts payable from the Construction and Property Fund. At December 31, 2005, the System had $153,863,905 in uncommitted funds that are restricted for construction.

The Authority is currently evaluating several System maintenance, rehabilitation, and capital improvement projects with an estimated cost of approximately $403 million, which may be funded from the System's Reserve Maintenance Fund, the Construction Fund, or the Capital Improvement Fund over the next ten or more years.

The Authority has an operating lease agreement for the rental of the TollTag Store. The term of the lease was extended through June 30, 2009. Lease expense for the year ended December 31, 2005 totaled $97,696, under this lease. The following represents required remaining payments under the terms of the TollTag Store lease agreement:

2006	$ 92,710
2007	92,710
2008	92,710
2009	46,355
	$ 324,485

The Authority has entered into an operating lease agreement for the rental of the Administration annex building. The lease commenced on November 1, 2004 and expires on November 30, 2007. Lease expense for the year ended December 31, 2005 totaled $172,612 under the lease. The following represents required payments under the terms of the Central Administration building:

2006	$ 188,304
2007	172,612
	$ 360,916

The Authority had an operating lease agreement for the rental of the Central Administration building, which was terminated on June 30, 2005 with the Authority's purchase of the building complex. Lease expense for the year ended December 31, 2005 totaled $471,498, representing payments through June 2005.

The Authority entered into a property management agreement on July 1, 2005 and ending April 2, 2006, to manage existing leases of the Gleneagles buildings, at the time of purchase. An operating account funded with operating lease payments was established for the Manager to handle all expenses. As of December 31, 2005, this account had a balance of $340,565. The building complex encompasses 163,380 square feet of which 48,004 is occupied by the Authority, 68,427 is leased, and 46,949 is vacant. The leased space is divided into four leases; one for 22,369 sq. ft. beginning July 1, 2005 and expiring March 31, 2010, one for 25,454 sq. ft. beginning July 1, 2005 and expiring December 31, 2008, one for 15,558 sq. ft. beginning July 1, 2005 and expiring October 31, 2007, and one for 5,046 sq. ft. beginning July 1, 2005 and expiring June 30, 2006. The following represents minimum future rentals on noncancelable operating lease agreements:

2006	$ 1,232,999
2007	1,180,092
2008	951,425
2009	411,030
2010	103,457
	$ 3,879,003

On August 19, 1993, the Board authorized the creation of a Revolving Fund as permitted by Senate Bill 242. The System entered into a Memorandum of Understanding with Collin County and Dallas County to fund the Revolving Fund from capital improvement funds from the System, if matched by a contribution by the TxDOT. To date, the TxDOT has not taken any action regarding its contribution to the Revolving Fund, nor has the Board acted to establish the Revolving Fund.

The System is a defendant in various litigation matters. Although the outcome of these matters is not presently determinable, in the opinion of the Authority's management, the resolution of these matters will not have a material adverse effect on the financial condition of the System.

(11) Subsequent Events

On January 1, 2006, the Authority purchased sufficient U.S. Treasury Securities and placed them in an irrevocable escrow account to pay the principal on the defeased 2003B Bonds and defeased 2003C Bonds of $9,755,000 and $1,020,000, respectively, on the July 1, 2008 mandatory tender date.

On January 4, 2006, the Authority exercised the option to redeem the Series 2005B Bonds maturing on January 1, 2016 and 2017 in the aggregate principal amount of $2,700,000.

Modified Approach

The Authority has elected to use the Modified Approach to account for maintenance of the System's infrastructure assets. As required by the Trust Agreement, an annual inspection of the System's roadways has occurred, conducted by the Authority's General Engineering Consultant, HNTB Corporation. This inspection provides an overall rating, indicating the average condition of all of the System's infrastructure assets (roadways, bridges, and facilities). The assessment of conditions is made by visual and mechanical tests designed to reveal any condition that would reduce user benefits below the maximum level of service. The Authority's goal is to maintain the System's infrastructure assets at a rating of 8 or better (1 to 10 scale), and has established a minimum level for GASB No. 34 purposes of a condition level of 6 or greater. These condition levels were adopted by the Board of Directors for the North Texas Tollway Authority (NTTA) by Resolution No. 02-31 on June 19, 2002.

The infrastructure assets include the President George Bush Turnpike (PGBT), the Dallas North Tollway (DNT), the Addison Airport Toll Tunnel (AATT), the Mountain Creek Lake Bridge (MCLB), Main Lane Plazas, Ramp Plazas, maintenance shops, administration buildings, and IT lane equipment. The roadways are a major transportation network consisting of 54 centerline miles of high-speed roadways, 45 interchanges, 10 main lane toll plazas, 50 ramp toll plazas, 164 bridges, one tunnel, and other structures and appurtenances. All assets combined totaled approximately $1 billion in current replacement value.

In September 2005, the system expanded with the addition of PGBT Segment IV, which added 5.4 centerline miles, three interchanges, one main lane toll plaza, two ramp toll plazas, and 24 bridges. On June 2005 NTTA purchased the land, buildings, and other improvements comprising the 168,300-square foot Gleneagles Office Center to serve as its administrative center. These two new assets were not included in the condition assessment for 2005 but are included in the totals above.

Condition Level

A Condition Level is a measure of the "intrinsic value" of the asset as opposed to the book value. A Condition Level with a value of 10.0 is considered "like new"; on the contrary, a Condition Level with a value of 0.0 is considered "unusable." Evaluations were performed on all of the assets under System jurisdiction using the sufficiency rating formula for the bridges and the maintenance rating program index for the roadways. The evaluation resulted in an average Condition Level of 8.8 for all of the assets combined.

Condition Assessment and Inventory

A comprehensive condition assessment on all the System's assets was conducted in March 2005. The Authority's Maintenance Management Consultant, performed condition assessments of the System's roadways including pavement, bridges, and facilities. Fleet, being the fourth major asset, was inspected and evaluated by the NTTA staff. Assessment procedures and representative work samples were reviewed by NTTA's General Engineering Consultants, HNTB Corporation.

NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM

Modified Approach – Infrastructure Assets
Required Supplementary Information

December 31, 2005

Bridges

A condition assessment was performed on 140 of the Authority's bridges using the *Recording and Coding Guide for the Structure Inventory and Appraisal of the Nation's Bridges,* written by the Federal Highway Administration (FHWA). To do this, a Sufficiency Rating was determined by totaling four separate factors using the sufficiency rating formula. The Sufficiency Rating Formula is a method of evaluating highway bridge data by calculating the four factors to obtain a numeric value, which is indicative of bridge sufficiency. The four factors are structural adequacy and safety (55% of the total rating), serviceability and functional obsolescence (30% of the total rating), essentiality for public use (15% of the total rating), and special reductions (total can be reduced by up to 13%).

Currently, the 140 bridges, totaling 3,500,000 square feet of driving area, have a Sufficiency Rating at 8.9. In order to maintain the current Sufficiency Rating, FY 2005 preservation budget of $112,000 is recommended.

Roadways

A condition assessment was performed on 48 centerline miles of the System's roadways using the *Highway Maintenance Condition Assessment Program* developed by Roy Jorgensen Associates, Inc and the Pavement Condition Index (PCI) procedure as outlined in ASTM D5340. To do this, a Maintenance Rating Program (MRP) Index was determined by visual inspection of the System's roadways, appurtenances, and edge conditions. Additionally, a baseline PCI and a baseline rideability survey were conducted on the roadway surface and incorporated into the MRP Index. Although the PCI and rideability survey were conducted on the entire System, it would have been impractical to perform a MRP evaluation over the same length; therefore, 10% of the System's total roadways were randomly selected for MRP evaluation. These values were then weighted and totaled to determine an overall MRP Index. Of this total MRP Index, travel lanes and shoulders account for 70% (of which the PCI accounts for 80%), roadside components accounted for 15%, and other items account for 15%.

Currently, the 48 centerline miles (approximately 313 lane miles) of main lane roadways have a MRP Index of 8.8. In order to maintain the current MRP Index, a FY 2005 preservation budget of $4,632,000 is recommended.

The budget-to-actual expenditures for preservation and other infrastructure maintenance costs were as follows.

	Budget	Actual
Fiscal year:		
2005	$ 20,552,627	13,704,971

NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM

Schedule of Net Assets by Trust Accounts

December 31, 2005

Assets	Total	Interfund eliminations/ reclassifications	Construction and property account	Revenue account
Current assets:				
Cash	$ 26,614,186	—	—	2,222,230
Investments	126,661,263	—	—	18,498,346
Accrued interest receivable	4,593,325	—	2,115,113	71,402
Accounts receivable	3,113,330	—	1,906,452	—
Inventory, at average cost	673,991	—	—	—
Interfund receivables	—	(14,298,000)	—	—
Prepaid expenses	184,324	—	—	—
Total current assets	161,840,419	(14,298,000)	4,021,565	20,791,978
Restricted assets:				
Restricted for construction:				
Cash	—	—	—	—
Investments	282,344,622	—	282,344,622	—
Restricted for debt service:				
Cash	10,093,750	—	—	—
Investments	114,828,231	—	—	—
Total restricted assets	407,266,603	—	282,344,622	—
Noncurrent assets:				
Deferred improvement costs	653,524	—	—	—
Capital assets	1,560,503,617	—	1,560,503,617	—
Total noncurrent assets	1,561,157,141	—	1,560,503,617	—
Total assets	2,130,264,163	(14,298,000)	1,846,869,804	20,791,978
Liabilities				
Current liabilities:				
Accounts payable	11,112,798	—	—	—
Retainage payable	2,246,490	—	—	—
Interfund payable	—	(14,298,000)	11,754,551	2,543,449
Interproject/agency payables	113,186	—	—	113,186
Accrued liabilities	4,883,949	—	35,110	—
Deferred revenue	17,465,783	—	—	17,431,564
TollTag deposits	779,727	—	—	779,727
Total current liabilities	36,601,933	(14,298,000)	11,789,661	20,867,926
Payable from restricted assets:				
Construction related payables:				
Accounts payable	11,139,241	—	11,139,241	—
Retainage payable	8,388,721	—	8,388,721	—
Debt service related payables:				
Accrued interest payable on bonded debt	25,921,978	—	—	—
Accrued interest payable on ISTEA loan	16,270,289	—	16,270,289	—
Accrued arbitrage rebate payable	—	—	—	—
Commercial paper notes payable	—	—	—	—
Current portion of revenue bonds payable	17,000,000	—	17,000,000	—
Total liabilities payable from restricted assets	78,720,229	—	52,798,251	—
Noncurrent liabilities:				
Texas Department of Transportation loan payable	4,600,000	—	4,600,000	—
Texas Department of Transportation ISTEA loan payable	135,000,000	—	135,000,000	—
Dallas North Tollway System revenue bonds payable, net of unamortized net deferred debit on refundings of $54,833,381 and bond discount (premium) cost of ($21,521,721)	1,370,293,340	—	1,370,293,340	—
Total noncurrent liabilities	1,509,893,340	—	1,509,893,340	—
Total liabilities	1,625,215,502	(14,298,000)	1,574,481,252	20,867,926
Net Assets				
Invested in capital assets net of related debt	280,156,648	7,768,096	272,388,552	—
Restricted:				
Restricted for construction	4,021,565	4,021,565	—	—
Restricted for debt service	119,334,935	—	—	—
Restricted for operations and maintenance	5,838,993	—	—	—
Unrestricted:				
Unrestricted	95,696,520	95,696,520	—	—
Reserved for capital improvement	—	(82,053,888)	—	—
Reserved for Bond Redemption	—	(313,229)	—	—
Reserved for operations and maintenance, health benefits	—	(25,119,064)	—	(75,948)
Total net assets	$ 505,048,661	—	272,388,552	(75,948)

See accompanying independent auditors' report.

Operation and maintenance account	Reserve maintenance account	Capital improvement account	Debt service accounts		
			Bond interest account	Reserve account	Redemption account
11,432,444	221,438	12,738,074	—	—	—
62	24,923,953	83,238,902	—	—	—
22,083	149,744	785,271	58,640	1,389,616	1,456
325,196	6,682	875,000		—	—
496,691	177,300	—		—	—
—	—	6,129,551	8,168,449	—	—
184,324	—	—	—	—	—
12,460,800	25,479,117	103,766,798	8,227,089	1,389,616	1,456
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	10,093,750
—	—	—	20,295,293	87,314,915	7,218,023
—	—	—	20,295,293	87,314,915	17,311,773
—	—	653,524	—	—	—
—	—	—	—	—	—
—	—	653,524	—	—	—
12,460,800	25,479,117	104,420,322	28,522,382	88,704,531	17,313,229
3,823,473	997,501	6,291,824	—	—	—
49,276	62,604	2,134,610	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
2,714,839	—	2,134,000	—	—	—
34,219	—	—	—	—	—
—	—	—	—	—	—
6,621,807	1,060,105	10,560,434	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	25,921,978	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	25,921,978	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
6,621,807	1,060,105	10,560,434	25,921,978	—	—
—	—		—	—	—
—	—		—	—	—
—	—	11,030,000	2,600,404	88,704,531	17,000,000
5,838,993	—		—	—	—
—	—	—	—	—	—
—	—	82,053,888	—	—	—
—	—	—	—	—	313,229
	24,419,012	776,000	—	—	
5,838,993	24,419,012	93,859,888	2,600,404	88,704,531	17,313,229

Schedule 2

NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM

Schedule of Budget and Actual Revenues and Expenses on Trust Agreement Basis

Year ended December 31, 2005

(Unaudited)

	Budget	Actual	Variance
Revenues:			
Toll revenues	$ 167,457,300	172,537,345	5,080,045
Interest revenue	4,008,300	8,981,344	4,973,044
Violation fees collection	3,250,000	2,916,576	(333,424)
Interoperability fees	1,100,000	1,071,896	(28,104)
Statement fees	750,000	945,953	195,953
Other revenue	10,000	169,516	159,516
Gross revenues	176,575,600	186,622,630	10,047,030
Operating expenses:			
Administration:			
Accounting	331,600	265,913	65,687
Administration	2,777,100	2,860,373	(83,273)
Community affairs	1,419,600	1,592,545	(172,945)
Finance	1,130,900	1,021,271	109,629
Human resources	1,021,300	894,880	126,420
Legal	640,000	411,043	228,957
Procurement Services	373,300	302,606	70,694
Revenue Audit	362,400	340,192	22,208
Shared Services	1,152,500	692,536	459,964
	9,208,700	8,381,359	827,341
Operations:			
Command Center	3,060,900	1,923,325	1,137,575
Customer Service Center	8,905,900	8,122,323	783,577
Engineering	802,600	759,068	43,532
Information technologies	5,666,300	6,042,485	(376,185)
Insurance	8,156,800	7,514,726	642,074
Maintenance	7,465,500	7,021,412	444,088
Toll collection	13,479,900	13,191,483	288,417
Toll programs and services	311,400	303,249	8,151
Utilities	1,878,100	2,118,730	(240,630)
Vault	1,287,500	1,198,723	88,777
	51,014,900	48,195,524	2,819,376
Total operating expenses	60,223,600	56,576,883	3,646,717
Net revenues available for debt service	$ 116,352,000	130,045,747	13,693,747

See accompanying independent auditors' report.

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NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM

Schedule of Changes in Net Assets by Trust Account

December 31, 2005

(Unaudited)

	Total	Construction and property account	Revenue account
Net assets, beginning of year	$ 471,736,866	239,205,057	(5,804)
Gross revenues	195,950,826	9,328,196	178,328,716
Net increase (decrease) in the fair value of investments	(1,087,627)	(771,793)	(70,143)
Gain (loss) on sale of investments	(337,719)	(337,719)	—
Cost of TollTag inventory	—	—	—
Administration and Operations expenses	(56,576,882)	—	—
Bond interest expense	(66,434,860)	—	—
Bond discount/premium amortization	1,285,475	1,285,475	—
Interest on commercial paper notes	—	—	—
Amortization of deferred amount on refunding (note 5)	(7,030,110)	(7,030,110)	—
Reserve Maintenance Fund expenses	(7,483,753)	—	—
Capital Improvement Fund expenses	(30,117,098)	—	—
Transfer of capitalized interest on construction fund investments	—	(11,250,000)	—
Net revenues	28,168,252	(8,775,951)	178,258,573
Interfund transactions:			
Distribution from Revenue Fund	—	—	(180,225,481)
Revenue bonds retired	—	15,445,000	—
Transfer to Debt Service Fund	—	(14,769,827)	—
Transfer to/from Construction Fund	—	(48,374,783)	—
Transfer of excess money from other	—	—	1,896,764
Capitalized costs transferred to Construction and Property Fund	—	84,335,923	—
Principal value retired	349,458,535	349,458,535	—
Transfer from/to Escrow account	(349,458,535)	(348,876,858)	—
Transfer to Employees Healthcare Trust Account	371,239	—	—
Capitalization of investment earnings in excess of capitalized interest and amortization of bond discount and deferred amount on refunding	6,840,804	6,840,804	—
Loss on equipment retired	(6,523)	(6,523)	—
Depreciation on equipment	(2,092,825)	(2,092,825)	—
Equity realized from sale or trade-in of equipment	30,848	—	—
Net changes during the year	33,311,795	33,183,495	(70,144)
Net assets, end of year	$ 505,048,661	272,388,552	(75,948)

See accompanying independent auditors' report.

			Debt service accounts		
Operation and maintenance account	**Reserve maintenance account**	**Capital improvement account**	**Bond interest account**	**Reserve account**	**Redemption account**
36,209,833	17,398,903	89,672,112	1,023,974	72,773,578	15,459,213
181,657	628,675	2,634,195	563,823	3,910,071	375,493
—	42,294	(318,704)	—	30,719	—
—	—	—	—	—	—
—	—	—	—	—	—
(56,576,882)	—	—	—	—	—
—	—	—	(66,434,860)	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	(7,483,753)	—	—	—	—
—	—	(30,117,098)	—	—	—
—	—	—	11,250,000	—	—
(56,395,225)	(6,812,784)	(27,801,607)	(54,621,037)	3,940,790	375,493
55,388,821	15,113,100	36,903,793	55,835,616	—	16,984,151
—	—	—	—	—	(15,445,000)
—	—	—	—	14,769,827	—
—	—	48,374,783	—	—	—
—	—	—	(1,358,470)	(477,666)	(60,628)
(29,735,675)	(1,311,055)	(53,289,193)	—	—	—
—	—	—	—	—	—
—	—	—	1,720,321	(2,301,998)	—
371,239	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	30,848	—	—	—	—
(30,370,840)	7,020,109	4,187,776	1,576,430	15,930,953	1,854,016
5,838,993	24,419,012	93,859,888	2,600,404	88,704,531	17,313,229

NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM

Schedule of Cash Receipts and Disbursements by Trust Account

Year ended December 31, 2005

(Unaudited)

	Total (memorandum only)	Construction and property account	Revenue account
Balance of cash, December 31, 2004	$ 11,993,038	280,400	826,922
Receipts:			
Toll revenues	166,027,548	—	166,027,548
Issuance of bonds	301,070,000	301,070,000	—
Issuance of short term notes	—	—	—
Matured investments (purchase price)	1,224,210,570	494,246,648	223,119,539
Earnings received from investments	15,257,382	7,715,000	632,033
Gain/Loss from sale of investments	(458,474)	(458,474)	—
Prepaid customers' accounts	155,466,309	—	155,466,309
TollTag deposits	28,893	—	28,893
Damage claims collected	186,334	—	—
Reimbursable receipts	154,764	135,904	2,860
Rental fee	100,209	—	100,209
Lane violation fee	2,916,576	—	2,916,576
Miscellaneous revenue	—	—	—
Miscellaneous revenue – tag store	2,454,748	—	2,454,748
Total receipts	1,867,414,859	802,709,078	550,748,715
Disbursements:			
Bond discount/premium	5,011,812	5,011,812	—
Transfer to escrow for defeasance	(1,291,369)	1,010,629	—
Revenue bonds retired	(15,445,000)	—	—
Interest on bonded debt	(67,426,517)	—	—
Interest on other debt	(8,750,000)	—	—
Damage claims	—	—	—
Interim investments	(1,323,788,775)	(579,281,578)	(225,351,718)
Operating expenses	(53,666,771)	—	—
Reserve maintenance fund expenses	(11,000,192)	—	(3,274,700)
Capital improvement fund expenses	(27,863,271)	—	—
Capitalized costs	(168,991,899)	(132,926,104)	—
Revenue bonds retired	—	—	—
Equipment (net of trade-in)	(8,563,923)	—	—
Reimbursable costs	—	—	—
Total disbursements	(1,681,775,905)	(706,185,241)	(228,626,418)
Interfund and interproject transactions:			
Distribution from Revenue Fund	—	—	(175,618,541)
Transfer of capitalized interest	—	(11,250,000)	—
Transfer of excess monies	—	—	1,896,764
Transfer of deferred revenue	(121,074,098)	—	(121,074,098)
Interoperative Agencies Transfers	(25,973,824)	—	(25,926,521)
Other interfund transactions – net	—	(71,006,616)	(4,594)
North Texas Tollway Authority Feasibility Study Fund – net	(13,876,134)	(14,547,621)	—
	(160,924,056)	(96,804,237)	(320,726,990)
Receipts over (under) disbursements and interfund and interproject transactions for the year ended December 31, 2005	24,714,898	(280,400)	1,395,307
Balance of cash, December 31, 2005	$ 36,707,936	—	2,222,229

See accompanying independent auditors' report.

Operation and maintenance account	Reserve maintenance account	Capital improvement account	Debt service accounts: Bond interest account	Debt service accounts: Reserve account	Debt service accounts: Redemption account
10,860,751	—	24,965	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	69,791,508	154,599,849	117,633,681	115,401,581	49,417,764
165,762	394,370	2,306,583	342,834	3,314,587	386,213
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
186,334	—	—	—	—	—
—	—	16,000	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
352,096	70,185,878	156,922,432	117,976,515	118,716,168	49,803,977
—	—	—	—	—	—
—	—	—	—	(2,301,998)	—
—	—	—	—	—	(15,445,000)
—	—	—	(67,426,517)	—	—
—	—	(8,750,000)	—	—	—
—	—	—	—	—	—
—	(75,136,006)	(157,379,744)	(114,744,648)	(130,706,331)	(41,188,750)
(53,666,771)	—	—	—	—	—
—	(7,725,492)	—	—	—	—
—	—	(27,863,271)	—	—	—
—	—	(36,065,795)	—	—	—
—	—	—	—	—	—
—	(1,483,991)	(7,079,932)	—	—	—
—	—	—	—	—	—
(53,666,771)	(84,345,489)	(237,138,742)	(182,171,165)	(133,008,329)	(56,633,750)
52,314,377	15,113,100	36,903,793	54,303,120	—	16,984,151
—	—	—	11,250,000	—	—
—	—	—	(1,836,136)	—	(60,628)
—	—	—	—	—	—
(47,303)	—	—	—	—	—
1,171,695	(732,051)	55,801,739	477,666	14,292,161	—
447,600	—	223,887	—	—	—
53,886,369	14,381,049	92,929,419	64,194,650	14,292,161	16,923,523
571,694	221,438	12,713,109	—	—	10,093,750
11,432,445	221,438	12,738,074	—	—	10,093,750

Schedule 5

NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM

Schedule of Capitalized Costs by Bond Issue

(Unaudited)

Year ended December 31, 2005

		Cumulative total through December 31, 2005
Cumulative from 1989, 1990, 1993, and 2003C bond issues:		
Preliminary costs	$	24,482,919
Construction		309,689,349
Right-of-way		59,817,568
Engineering		41,486,082
Administration		4,746,136
Equipment, net of accumulated depreciation		683,213
Subtotal		440,905,267
Financing costs		54,389,221
Total capitalized costs – 1989, 1990, 1993, and 2003C bond issues		495,294,488
Series 1994 bond issue:		
Preliminary costs		1,244,082
Construction		18,196,716
Right-of-way		617,278
Engineering		4,394,662
Administration		295,203
Subtotal		24,747,941
Financing costs		(252,519)
Total capitalized costs – Series 1994 bond issue		24,495,422
Series 1995, 2003A, 2003B, and 2005C bond issues:		
Preliminary costs		17,481,207
Construction		605,239,068
Right-of-way		94,585,509
Engineering		91,091,595
Administration		23,882,767
Equipment, net of accumulated depreciation		3,212,997
Subtotal		835,493,143
Financing costs		19,160,388
Total capitalized costs – Series 1995, 2003A, and 2003B bond issues		854,653,531
Series 1998 bond issue:		
Preliminary costs		1,596,208
Construction		68,433,928
Right-of-way		16,459
Engineering		8,981,476
Administration		232,329
Subtotal		79,260,400
Financing costs		11,575,186
Total capitalized cost – Series 1998 bond issue		90,835,586
Series 2005A and 2005B bond issue:		
Preliminary costs		4,543,231
Construction		61,378,755
Right-of-way		20,305
Engineering		18,220,966
Administration		499,400
Subtotal		84,662,657
Financing costs		(10,959,789)
Total capitalized cost – Series 1998 bond issue		73,702,868
All Series:		
Preliminary costs		49,347,647
Construction		1,062,937,816
Right-of-way		155,057,119
Engineering		164,174,781
Administration		29,655,835
Equipment, net of accumulated depreciation		3,896,210
Subtotal		1,465,069,408
Financing costs		73,912,487
Total capitalized cost	$	1,538,981,895

(1) Total capitalized cost includes $21,521,722 related to bond discount/premiums, which have been capitalized in accordance with the Trust Agreement. These costs are netted against revenue bonds within the statement of net assets.

See accompanying independent auditors' report.

NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM

Bond Maturity Information

Year ended December 31, 2005

Due January 1,	Series 1997 Bonds Principal amount	Series 1997 Bonds Interest amount	Series 1997 Bonds Interest rate	Series 1997A Bonds Principal amount	Series 1997A Bonds Interest amount	Series 1997A Bonds Interest rate	Series 1998 Bonds Principal amount	Series 1998 Bonds Interest amount	Series 1998 Bonds Interest rate	Series 2003A Bonds Principal amount	Series 2003A Bonds Interest amount	Series 2003A Bonds Interest rate	Series 2003B Bonds Principal amount	Series 2003B Bonds Interest amount	Series 2003B Bonds Interest rate
2006	$ 7,485,000	6,138,675	6.50%	$ 1,115,000	5,481,271	4.60%	$ —	4,763,827	4.10%	$ —	11,250,000	5.00%	$ —	6,750,000	5.00%
2007	7,975,000	5,652,150	6.50%	1,165,000	5,429,981	4.60%	—	4,763,827	4.10%	—	11,250,000	5.00%	—	6,750,000	5.00%
2008	8,490,000	5,133,775	6.50%	1,220,000	5,376,391	4.70%	120,000	4,763,827	4.10%	—	11,250,000	5.00%	—	6,750,000	5.00%
2009	9,850,000	4,581,925	6.50%	1,280,000	5,319,051	4.80%	425,000	4,758,907	4.20%	—	11,250,000	5.00%	—	5,638,976	5.00%
2010	10,495,000	3,941,675	5.00%	1,340,000	5,257,611	5.00%	760,000	4,741,057	4.30%	—	11,250,000	5.00%	—	4,527,952	3.40%
2011	11,020,000	3,416,925	5.80%	1,405,000	5,190,611	5.00%	1,130,000	4,708,377	4.50%	—	11,250,000	5.00%	—	4,527,952	3.40%
2012	11,655,000	2,783,275	6.00%	1,480,000	5,120,361	5.10%	1,495,000	4,657,527	4.60%	—	11,250,000	5.00%	—	4,527,952	3.40%
2013	12,295,000	2,142,250	6.00%	1,550,000	5,044,881	5.10%	1,900,000	4,588,758	4.50%	—	11,250,000	5.00%	—	4,527,952	3.40%
2014	12,970,000	1,466,025	6.00%	1,630,000	4,965,831	5.13%	2,335,000	4,503,258	4.70%	—	11,250,000	5.00%	—	4,527,952	3.40%
2015	13,685,000	752,675	6.00%	1,715,000	4,882,294	5.13%	2,805,000	4,393,513	4.75%	—	11,250,000	5.00%	—	4,527,952	3.40%
2016	—	—	—%	16,240,000	4,794,400	5.37%	3,320,000	4,260,275	4.75%	—	11,250,000	5.00%	—	4,527,952	3.40%
2017	—	—	—%	17,110,000	3,921,500	5.00%	3,855,000	4,102,575	4.75%	—	11,250,000	5.00%	—	4,527,952	3.40%
2018	—	—	—%	17,975,000	3,066,000	5.00%	4,370,000	3,919,463	4.75%	—	11,250,000	5.00%	—	4,527,952	3.40%
2019	—	—	—%	18,870,000	2,167,250	5.00%	4,860,000	3,711,888	4.75%	—	11,250,000	5.00%	—	4,527,952	3.40%
2020	—	—	—%	19,810,000	1,223,750	5.00%	5,315,000	3,481,038	4.75%	—	11,250,000	5.00%	—	4,527,952	3.40%
2021	—	—	—%	1,480,000	233,250	5.00%	5,730,000	3,228,575	4.75%	8,000,000	11,250,000	5.00%	—	4,527,952	3.40%
2022	—	—	—%	1,555,000	159,250	5.00%	6,160,000	2,956,400	4.75%	8,400,000	10,850,000	5.00%	—	4,527,952	3.40%
2023	—	—	—%	1,630,000	81,500	5.00%	6,610,000	2,663,800	4.75%	8,820,000	10,430,000	5.00%	—	4,527,952	3.40%
2024	—	—	—%	—	—	—%	7,075,000	2,349,825	4.75%	9,260,000	9,989,000	5.00%	—	4,527,952	3.40%
2025	—	—	—%	—	—	—%	7,535,000	2,013,763	4.75%	9,720,000	9,526,000	5.00%	—	4,527,952	3.40%
2026	—	—	—%	—	—	—%	8,005,000	1,655,850	4.75%	10,205,000	9,040,000	5.00%	—	4,527,952	3.40%
2027	—	—	—%	—	—	—%	8,480,000	1,275,613	4.75%	10,720,000	8,529,750	5.00%	—	4,527,952	3.40%
2028	—	—	—%	—	—	—%	8,950,000	872,813	4.75%	11,255,000	7,993,750	5.00%	—	4,527,952	3.40%
2029	—	—	—%	—	—	—%	9,425,000	447,688	4.75%	11,815,000	7,431,000	5.00%	—	4,527,952	3.40%
2030	—	—	—%	—	—	—%	—	—	—%	12,405,000	6,840,250	5.00%	13,020,000	4,527,952	3.40%
2031	—	—	—%	—	—	—%	—	—	—%	13,025,000	6,220,000	5.00%	13,475,000	4,091,256	3.40%
2032	—	—	—%	—	—	—%	—	—	—%	13,680,000	5,568,750	5.00%	13,950,000	3,639,299	3.40%
2033	—	—	—%	—	—	—%	—	—	—%	14,365,000	4,884,750	5.00%	14,435,000	3,171,411	3.40%
2034	—	—	—%	—	—	—%	—	—	—%	15,080,000	4,166,500	5.00%	14,940,000	2,687,256	3.40%
2035	—	—	—%	—	—	—%	—	—	—%	15,835,000	3,412,500	5.00%	15,465,000	2,186,162	3.40%
2036	—	—	—%	—	—	—%	—	—	—%	16,625,000	2,620,750	5.00%	16,005,000	1,667,460	3.40%
2037	—	—	—%	—	—	—%	—	—	—%	17,460,000	1,789,500	5.00%	16,565,000	1,130,646	3.40%
2038	—	—	—%	—	—	—%	—	—	—%	18,330,000	916,500	5.00%	17,145,000	575,050	3.40%
	$ 105,920,000	36,009,350		$ 108,570,000	67,715,183		$ 100,660,000	83,582,444		$ 225,000,000	290,209,000		$ 135,000,000	140,124,508	

Due January 1,	Series 2003C Bonds Principal amount	Series 2003C Bonds Interest amount	Series 2003C Bonds Interest rate	Series 2005A Bonds Principal amount	Series 2005A Bonds Interest amount	Series 2005A Bonds Interest rate	Series 2005B Bonds Principal amount	Series 2005B Bonds Interest amount	Series 2005B Bonds Interest rate	Series 2005C Bonds Principal amount	Series 2005C Bonds Interest amount	Series 2005C Bonds Interest rate	Total Revenue Bonds Principal amount	Total Revenue Bonds Interest amount	Total Revenue Bonds Total debt service
2006	$ 7,900,000	4,977,750	3.00%	$ 500,000	8,485,414	3.00%	$ —	1,902,010	3.40%	$ —	530,197	3.40%	$ 17,000,000	50,279,144	67,279,144
2007	8,125,000	4,740,750	5.00%	3,715,000	11,012,975	3.50%	—	2,471,926	3.40%	600,000	12,904,121	3.40%	21,580,000	64,975,730	86,555,730
2008	8,535,000	4,334,500	5.00%	4,065,000	10,882,950	5.00%	—	2,471,926	3.40%	810,000	12,333,258	3.40%	23,240,000	63,296,627	86,536,627
2009	8,960,000	3,415,772	3.40%	3,905,000	10,679,700	5.00%	—	2,471,926	3.40%	840,000	12,304,060	3.40%	25,260,000	60,420,317	85,680,317
2010	9,415,000	2,475,794	3.40%	3,125,000	10,484,450	5.00%	—	2,471,926	3.40%	875,000	12,273,781	3.40%	26,010,000	57,424,246	83,434,246
2011	6,605,000	2,005,044	3.40%	2,000,000	10,328,200	4.00%	—	2,471,926	3.40%	9,695,000	12,242,237	3.40%	31,855,000	56,141,272	87,996,272
2012	6,840,000	1,783,510	3.40%	1,160,000	10,248,200	4.00%	—	2,471,926	3.40%	10,085,000	11,886,756	3.40%	32,715,000	54,729,507	87,444,507
2013	7,070,000	1,554,094	3.40%	3,415,000	10,201,800	5.00%	—	2,471,926	3.40%	10,485,000	11,516,970	3.40%	36,715,000	53,298,631	90,013,631
2014	7,320,000	1,316,963	3.40%	4,185,000	10,031,050	4.50%	—	2,471,926	3.40%	10,915,000	11,132,514	3.40%	39,355,000	51,665,519	91,020,519
2015	7,575,000	1,071,448	3.40%	5,970,000	9,842,725	5.00%	—	2,471,926	3.40%	11,355,000	10,732,292	3.40%	43,105,000	49,924,825	93,029,825
2016	7,845,000	817,379	3.40%	—	9,544,225	5.00%	1,200,000	2,471,926	3.40%	19,895,000	10,315,937	3.40%	48,500,000	47,982,094	96,482,094
2017	8,120,000	554,255	3.40%	—	9,544,225	5.00%	7,300,000	2,431,678	3.40%	13,700,000	9,597,255	3.40%	50,085,000	45,929,440	96,014,440
2018	8,405,000	281,907	3.40%	—	9,544,225	5.00%	8,000,000	2,186,833	3.40%	14,695,000	9,094,670	3.40%	53,445,000	43,871,050	97,316,050
2019	—	—	—%	—	9,544,225	5.00%	15,700,000	1,918,510	3.40%	15,735,000	8,555,560	3.40%	55,165,000	41,675,385	96,840,385
2020	—	—	—%	—	9,544,225	5.00%	16,400,000	1,391,926	3.40%	16,570,000	7,978,278	3.40%	58,095,000	39,397,169	97,492,169
2021	—	—	—%	—	9,544,225	5.00%	8,300,000	841,864	3.40%	35,450,000	7,370,348	3.40%	58,960,000	36,996,214	95,956,214
2022	—	—	—%	—	9,544,225	5.00%	9,000,000	563,478	3.40%	37,850,000	6,068,983	3.40%	62,965,000	34,670,288	97,635,288
2023	—	—	—%	—	9,544,225	5.00%	3,300,000	261,615	3.40%	40,395,000	4,679,495	3.40%	60,755,000	32,188,587	92,943,587
2024	—	—	—%	—	9,544,225	5.00%	4,500,000	150,932	3.40%	44,550,000	3,240,468	3.40%	65,385,000	29,802,402	95,187,402
2025	—	—	—%	8,285,000	9,544,225	5.00%	—	—	—%	47,170,000	1,666,516	3.40%	72,710,000	27,278,456	99,988,456
2026	—	—	—%	8,700,000	9,129,975	5.00%	—	—	—%	—	—	—%	26,910,000	24,353,777	51,263,777
2027	—	—	—%	9,135,000	8,694,975	5.00%	—	—	—%	—	—	—%	28,335,000	23,028,290	51,363,290
2028	—	—	—%	9,590,000	8,238,225	5.00%	—	—	—%	—	—	—%	29,795,000	21,632,740	51,427,740
2029	—	—	—%	10,070,000	7,758,725	5.00%	—	—	—%	—	—	—%	31,310,000	20,165,365	51,475,365
2030	—	—	—%	10,575,000	7,255,225	5.00%	—	—	—%	—	—	—%	36,000,000	18,623,427	54,623,427
2031	—	—	—%	11,105,000	6,726,475	5.00%	—	—	—%	—	—	—%	37,605,000	17,037,731	54,642,731
2032	—	—	—%	11,660,000	6,171,225	5.00%	—	—	—%	—	—	—%	39,290,000	15,379,274	54,669,274
2033	—	—	—%	12,245,000	5,588,225	5.00%	—	—	—%	—	—	—%	41,045,000	13,644,386	54,689,386
2034	—	—	—%	12,855,000	4,975,975	5.00%	—	—	—%	—	—	—%	42,875,000	11,829,731	54,704,731
2035	—	—	—%	13,500,000	4,333,225	5.00%	—	—	—%	—	—	—%	44,800,000	9,931,887	54,731,887
2036	—	—	—%	14,170,000	3,658,225	4.50%	—	—	—%	—	—	—%	46,800,000	7,946,435	54,746,435
2037	—	—	—%	14,810,000	3,020,575	4.50%	—	—	—%	—	—	—%	48,835,000	5,940,721	54,775,721
2038	—	—	—%	15,475,000	2,354,125	4.50%	—	—	—%	—	—	—%	50,950,000	3,845,675	54,795,675
2039	—	—	—%	16,175,000	1,657,750	5.00%	—	—	—%	—	—	—%	16,175,000	1,657,750	17,832,750
2040	—	—	—%	16,980,000	849,000	5.00%	—	—	—%	—	—	—%	16,980,000	849,000	17,829,000
	$ 102,715,000	29,329,166		$ 227,370,000	278,051,639		$ 73,700,000	36,368,106		$ 341,670,000	176,423,696		$ 1,420,605,000	1,137,813,092	2,558,418,092

See accompanying independent auditors' report.

STATISTICAL SECTION

NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM

Toll Revenue and Traffic Analysis

Year ended December 31, 2005

(Unaudited)

Toll revenue:		
Two-axle vehicles	$	180,444,481
Multiaxle vehicles		5,424,704
Revenue adjustments		(13,331,840)
Total	$	172,537,345
Vehicles (unaudited):		
Two-axle vehicles	$	334,717,075
Multiaxle vehicles		3,673,140
Nonrevenue vehicles		1,846,815
Total	$	340,237,030
Toll revenue – average per day:		
Two-axle vehicles	$	494,368
Multiaxle vehicles		14,862
Revenue adjustments		(36,526)
Average	$	472,704
Vehicles – average per day (unaudited):		
Two-axle vehicles	$	917,033
Multiaxle vehicles		10,063
Nonrevenue vehicles		5,060
Average	$	932,156

Toll Revenue and Traffic by Class of Vehicle

Year ended December 31, 2005

(Unaudited)

Class of vehicle		Revenue	Vehicles (unaudited)
Two-axle vehicles	$	180,444,481	334,717,075
Three-axle vehicles and combinations		1,565,210	1,509,542
Four-axle vehicles and combinations		1,590,946	1,098,227
Five-axle vehicles and combinations		2,042,758	954,972
Six or more axle vehicles and special permits		225,790	110,399
		5,424,704	3,673,140
Toll revenue		185,869,185	338,390,215
Revenue adjustments		(13,331,840)	—
Nonrevenue vehicles		—	1,846,815
Toll revenue and traffic	$	172,537,345	340,237,030

See accompanying independent auditors' report.

Schedule 8

NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM

Toll Schedule

Year ended December 31, 2005

(Unaudited)

	Two-axle passenger cars and trucks		Three-axle vehicles and vehicle combinations		Four-axle vehicles and vehicle combinations		Five-axle vehicles and vehicle combinations		Six or more axle vehicles and special permits	
	Cash	TollTag	Cash	TollTag	Cash	TollTag	Cash	TollTag	Cash	TollTag
Dallas North Tollway:										
Main Lane Plaza I	$ 0.75	0.60	1.20	0.95	1.50	1.20	1.80	1.45	2.10	1.70
Mockingbird	0.60	0.50	0.90	0.75	1.20	1.00	1.50	1.25	1.80	1.50
Northwest Highway	0.45	0.35	0.75	0.60	1.05	0.80	1.35	1.05	1.65	1.30
Royal Lane	0.40	0.30	0.65	0.50	0.80	0.60	0.95	0.70	1.10	0.85
Spring Valley	0.40	0.30	0.65	0.50	0.80	0.60	0.95	0.70	1.10	0.85
Belt Line	0.45	0.35	0.75	0.60	1.05	0.80	1.35	1.05	1.65	1.30
Main Lane Plaza 2	0.75	0.60	1.20	0.95	1.50	1.20	1.80	1.45	2.10	1.70
Keller Springs	0.40	0.30	0.65	0.50	0.80	0.60	0.95	0.70	1.10	0.85
Frankford	0.40	0.30	0.65	0.50	0.80	0.60	0.95	0.70	1.10	0.85
FM 544	0.40	0.30	0.65	0.50	0.80	0.60	0.95	0.70	1.10	0.85
Main Lane Plaza 3	0.75	0.60	1.20	0.95	1.50	1.20	1.80	1.45	2.10	1.70
Parker Road	0.40	0.30	0.65	0.50	0.80	0.60	0.95	0.70	1.10	0.85
Spring Creek	0.40	0.30	0.65	0.50	0.80	0.60	0.95	0.70	1.10	0.85
Gaylord Parkway[1]	0.40	0.30	0.65	0.50	0.80	0.60	0.95	0.70	1.10	0.85
Addison Airport Tunnel:										
Barrier Plaza No. 5	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
President George Bush Turnpike:										
West of Custer Road	0.40	0.30	0.75	0.60	1.25	0.90	1.50	1.20	1.90	1.50
West of Independence Parkway	0.40	0.30	0.75	0.60	1.25	0.90	1.50	1.20	1.90	1.50
Main Lane Plaza 7	0.75	0.60	1.50	1.20	2.25	1.80	3.00	2.40	3.75	3.00
Preston Road	0.40	0.30	0.75	0.60	1.25	0.90	1.50	1.20	1.90	1.50
Midway Road	0.40	0.30	0.75	0.60	1.25	0.90	1.50	1.20	1.90	1.50
East of Garland Road	0.40	0.30	0.75	0.60	1.25	0.90	1.50	1.20	1.90	1.50
East of Campbell Road	0.40	0.30	0.75	0.60	1.25	0.90	1.50	1.20	1.90	1.50
Shiloh Road	0.40	0.30	0.75	0.60	1.25	0.90	1.50	1.20	1.90	1.50
Main Lane Plaza 6	0.75	0.60	1.50	1.20	2.25	1.80	3.00	2.40	3.75	3.00
East of Renner Road	0.40	0.30	0.75	0.60	1.25	0.90	1.50	1.20	1.90	1.50
East of Jupiter Road	0.40	0.30	0.75	0.60	1.25	0.90	1.50	1.20	1.90	1.50
Marsh Lane	0.40	0.30	0.75	0.60	1.25	0.90	1.50	1.20	1.90	1.50
Main Lane Plaza 8	0.75	0.60	1.50	1.20	2.25	1.80	3.00	2.40	3.75	3.00
Kelly Boulevard	0.40	0.30	0.75	0.60	1.25	0.90	1.50	1.20	1.90	1.50
Josey Lane	0.40	0.30	0.75	0.60	1.25	0.90	1.50	1.20	1.90	1.50
Main Lane Plaza 9	0.75	0.60	1.50	1.20	2.25	1.80	3.00	2.40	3.75	3.00
Belt Line Road	0.40	0.30	0.75	0.60	1.25	0.90	1.50	1.20	1.90	1.50
Valwood Parkway	0.40	0.30	0.75	0.60	1.25	0.90	1.50	1.20	1.90	1.50
North of Royal Lane	0.40	0.30	0.75	0.60	1.25	0.90	1.50	1.20	1.90	1.50
South of Gateway Road	0.75	0.60	1.50	1.20	2.25	1.80	3.00	2.40	3.75	3.00
Main Lane Plaza 10	0.75	0.60	1.50	1.20	2.25	1.80	3.00	2.40	3.75	3.00
Mountain Creek Lake Bridge:										
Mainlane Plaza	0.50	0.50	0.75	0.75	1.00	1.00	1.25	1.25	1.50	1.50

[1] Toll for this plaza is set at $0.25 (all classes) until construction of plaza is completed.

See accompanying independent auditors' report.

NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM

Year ended December 31, 2005

(Unaudited)

Historical Traffic and Toll Revenue

The table below sets forth the annual revenue vehicle transactions and gross toll revenue with respect to the Dallas North Tollway System for the ten calendar years 1996 through 2005:

Year	Annual revenue vehicle transactions (unaudited)	Annual toll revenue
1996	117,051,337	$ 50,793,546
1997	123,177,002	53,758,516
1998	127,383,625	57,253,744
1999 (1)	149,888,064	69,653,635
2000 (2)	192,168,272	93,901,576
2001 (3)	230,044,912	107,210,124
2002 (4)	285,494,321	137,945,439
2003	296,140,087	149,323,784
2004 (5)	315,031,754	160,695,030
2005 (6)	338,390,215	172,537,345

(1) Reflects the opening of Addison Airport Tunnel, Segment I and IIa of the President George Bush Turnpike in January 1999, June 1999, and December 1999, respectively, and a toll rate increase on the DNT in

(2) Reflects the opening of Segment IIb of the President George Bush Turnpike in May 2000.

(3) Reflects the opening of Segment III of the President George Bush Turnpike from Midway Road to Frankford in March 2001 to IH 35 in July 2001 and Segment V on December 2001.

(4) Toll rate increase for the President George Bush Turnpike went into effect in January 2002.

(5) Reflects the completion of DNT and State Highway 121 interchange on April 2004.

(6) Reflects the opening of Segment IV of the President George Bush Turnpike in September 2005.

Historical Net Revenues

The table set forth below shows the Net Revenues for debt service (as defined by Trust Agreement) of the Dallas North Tollway System for the ten calendar years 1996 through 2005:

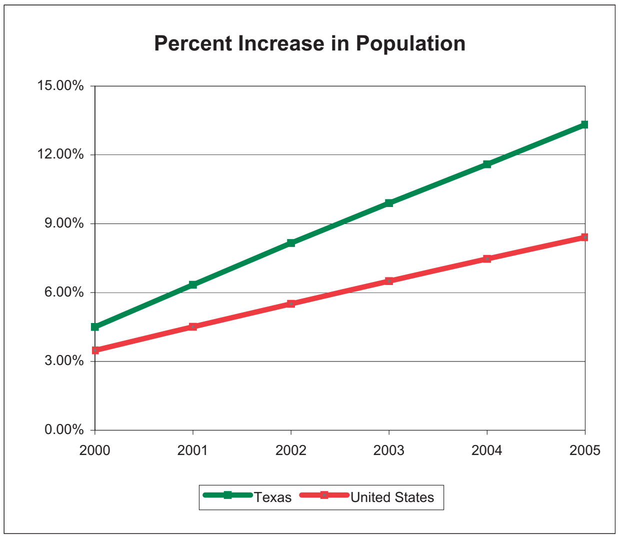
Year	Toll revenue	Current expenses	Investment and other earnings	Net revenues	Total Debt Service	Coverage
1996	$ 50,793,546	11,307,470	11,173,704	50,659,780	29,746,753	1.70
1997	53,758,516	11,464,429	12,550,034	54,844,121	30,639,173	1.79
1998	57,253,744	12,337,298	14,112,612	59,029,058	23,611,623	2.50
1999	69,653,635	16,842,717	12,869,336	65,680,254	27,170,511	2.42
2000	93,901,576	22,754,720	13,204,505	84,351,361	38,041,738	2.22
2001	107,210,124	30,429,021	11,806,432	88,587,535	47,208,522	1.88
2002	137,945,439	37,964,567	8,732,847	108,713,719	52,371,462	2.08
2003	149,323,784	42,650,533	8,371,709	115,044,960	54,958,361	2.09
2004	160,695,030	47,680,750	10,046,907	123,061,187	61,462,954	2.00
2005	172,537,345	56,576,883	14,085,285	130,045,747	72,184,859	1.80

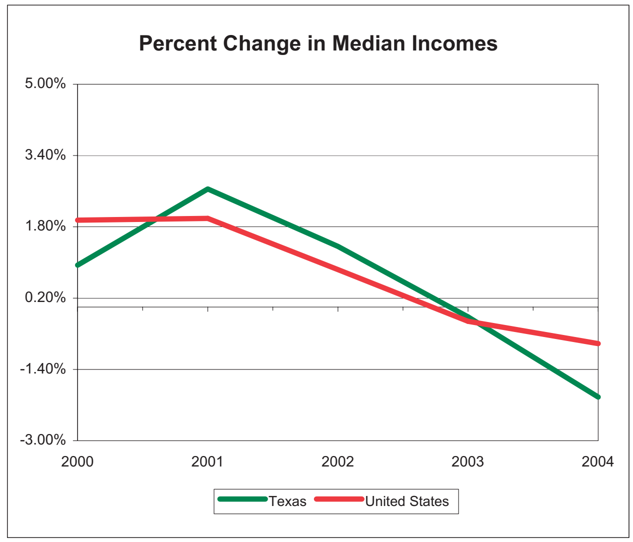
See accompanying independent auditors' report.

NORTH TEXAS TOLLWAY AUTHORITY
DALLAS NORTH TOLLWAY SYSTEM
Demographic and Economic Statistics

Year	Population (000) Texas	Population (000) United States	Percent Change TX	Percent Change U.S.	Household Median Incomes Texas	Household Median Incomes United States	Percent Change TX	Percent Change U.S.
2000	$20,949	$282,193	4.50 %	3.48 %	$42,539	$45,730	0.94 %	1.95 %
2001	21,334	285,108	1.84	1.03	43,268	45,750	1.71	0.04
2002	21,722	287,985	1.82	1.00	42,708	45,222	(1.29)	(1.15)
2003	22,099	290,850	1.74	0.99	42,034	44,697	(1.58)	(1.16)
2004	22,472	293,657	1.69	0.97	41,275	44,473	(1.80)	(0.50)
2005	22,860	296,410	1.73	0.94	N/A	N/A	N/A	N/A

All information obtained from U. S. Census Bureau.





Miscellaneous Statistics
Texas Workers Commuting to Work

Years	Commuters (000) 1990	Commuters (000) 2000	Percent 1990	Percent 2000
Workers 16 years and over	7,610	9,158	100.0	100.0
Car, truck, or van - drove alone	5,821	7,116	76.5	77.7
Car, truck, or van - carpooled	1,134	1,326	14.9	14.5
Public Transportation (including taxi)	168	170	2.2	1.9
Other means	99	120	1.3	1.3
Walked or worked at home	388	429	5.1	4.7
Mean travel time to work (minutes)	N/A	25.4		

Households Proportioned by Number of Vehicles Available

Years	United States 1990	United States 2000	Texas 1990	Texas 2000
No Vehicles	11.5	10.3	8.1	7.4
One Vehicles	33.8	34.2	36.1	36
Two or More Vehicles	54.7	55.5	55.8	56.6

All information obtained from U. S. Census Bureau.

WELCOMING CHANGE:
The Road Ahead

In 2005, the NTTA ushered in many changes that improved our performance as an organization, enhanced value for our customers, and reinforced our commitment to serve our friends and neighbors throughout North Texas.

Looking ahead, we believe the NTTA is solidly positioned to pursue our mission.

We have a world-class system of roadways that is indispensable to millions of motorists.

We have landmark projects under construction such as the next Dallas North Tollway extension that will reach all the way into Grayson County, and others awaiting.

We have the financial strength to move confidently when opportunity arises.

We have a strategic plan that will guide the way into the future.

And, most important, we have a team of outstanding people with the skills, insight, and dedication to take us there.

We're excited about what awaits over the next horizon. Because at the NTTA, we welcome change.

LEGEND
Main Lane Plaza
Ramp Toll Plaza
Existing Roadway
Under Construction
UNDER CONSTRUCTION
Gaylord Parkway
Main Lane Plaza
(Plaza 4)
Parker Road
Main Lane Plaza (Plaza 3)
TollTag
Customer
Center
Coit Road
Main Lane Plaza
(Plaza 7)
Frandford Road
Main Lane Plaza (Plaza 8)
Sandy Lake Road
Main Lane Plaza (Plaza 9)
Keller Springs Road
Main Lane Plaza (Plaza 2)
Renner Road
Main Lane Plaza (Plaza 6)
Belt Line Road/Irving
Main Lane Plaza (Plaza 10)
Wycliff Avenue
Main Lane Plaza (Plaza 1)
Toll Plaza
Lewisville Lake
Lewisville
The Colony
Frisco
Plano
Carrollton
Coppell
Addison
Farmers Branch
Richardson
Irving
Dallas
Garland
Grand Prairie
Virginia Pkwy
CR 24
Panther Creek Pkwy
Eldorado Pkwy
Main St
Platinum Pkwy
Stonebrook Pkwy
Lebanon Blvd
John Hickman Rd
Warren Pkwy
Gaylord Pkwy
Headquarters Dr
Legacy Dr
Spring Creek Pkwy
Windhaven Pkwy
Parker Rd
Park Blvd
15th St
Plano Pkwy
Hebron Pkwy
Rosemeade
Frankford Rd
Trinity Mills Rd
Keller Springs Rd
Sandy Lake Rd
Arapaho Rd
Belt Line Rd
Spring Valley Rd
Valley View Ln
Alpha Rd
Forest Ln
Royal Ln
Walnut Hill Ln
Northwest Hwy
Lovers Ln
Mockingbird Ln
Renner Rd
Brackenridge
Blackburn Rd
Lookout Dr
Campbell Rd
N Garland Ave
Brand Rd
Preston Rd
Hillcrest Rd
Coit Rd
Midway Rd
Marsh Ln
Josey Ln
Kelly Blvd
Luna Rd
Old Denton Rd
Ohio Dr
Independence Pkwy
Custer Rd
Alma Rd
Jupiter Rd
Avenue K
Shiloh Rd
Plano Rd
Waterview Pkwy
Belt Line Rd
MacArthur Blvd
Valley View Ln
Walnut Hill Ln
N Story Rd
Harry Hines
Lemmon Ave
380
121
75
35E
635
114
12
183
161
78
30
NTTA
Trinity Medical Center
Vista Ridge Mall
Indian Creek Municipal Golf Course
Greenbelt Park
Arbor Hills Nature Preserve
Presbyterian & Childrens Health Care Center
The Shops at Willow Bend
Gleneagles Country Club
Dallas Air Park
Baylor Regional Medical Center at Plano
Carpenter Park
Memorial Park
Preston Meadow Park
Medical Center of Plano
Collin Creek Mall
Oak Point Park & Nature Preserve
Collin County Community College
Pecan Hollow Golf Course
Texas A&M University Research & Extension Center
University of Texas at Dallas
Baylor Medical Center
Spring Creek Forest Preserve
Oakridge Country Club
Richardson Square Mall
Richland College
Andy Brown Community Park
Columbian Country Club
Addison Airport
McInnish Park
North Lake
MacArthur Park Shopping Center
Brookhaven Country Club
Brookhaven College
Northwood Club
Galleria
Valley View Mall
Medical City Dallas Hospital
RHD Memorial Medical Center
Dallas Christian College
TollTag Store
Keenan Crossing Park
DFW International Airport
North Lake College
Parker College Of Chiropractic
Northpark Mall
Northwood Park
Fair Oaks Park
White Rock Lake Park
Texas Stadium
Love Field
SMU
Trinity View Park
Trinity RR Express
American Airlines Center
Dallas Naval Air Station CLOSED
Mountain Creek North Park
Mountain Creek Lake
Dallas Baptist University
Mountain Creek Lake Park
Kiest Blvd

NORTH TEXAS TOLLWAY AUTHORITY

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