



2005 Annual Report

Financial Statements

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

Basic Financial Statements

June 30, 2005 and 2004

(With Independent Auditors' Reports Thereon)

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

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Independent Auditors' Report

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

We have audited the accompanying basic financial statements of the Miami-Dade County Expressway Authority d/b/a Miami-Dade Expressway Authority and MDX (the Authority), as of June 30, 2005, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit. The basic financial statements of the Authority as of June 30, 2004, were audited by other auditors whose report dated December 6, 2004, expressed an unqualified opinion on those statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2005, and the changes in its financial position and cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 21, 2005 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Authority's basic financial statements. The information included in the Schedule of Calculation of Net Revenue and Financial Ratios as Defined and Required by the Trust Indenture, the Schedule of Toll Revenues and Expense Summary, and the Schedule of Historical Rates by Vehicle Class on pages 36 through 38 are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

October 21, 2005
Miami, Florida

Watson Rice LLP

**MIAMI-DADE COUNTY EXPRESSWAY AUTHORITY
d/b/a MIAMI-DADE EXPRESSWAY AUTHORITY AND MDX**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEARS ENDED JUNE 30, 2005 AND 2004**

The following narrative provides an overview of Miami-Dade County Expressway Authority's (Authority) financial activities for the fiscal years ended June 30, 2005 and 2004.

FINANCIAL HIGHLIGHTS

- The Authority's toll revenues increased approximately \$9.2 million or 18.7% in fiscal year 2005, compared to an increase of approximately \$5.2 million or 11.6% in fiscal year 2004
- The Authority's operating income increased approximately \$4.0 million or 14.3% in fiscal year 2005, compared to an increase of approximately \$4.9 million or 21.5% in fiscal year 2004
- The Authority's net assets of \$127.6 million increased approximately \$28.6 million or 28.9% in fiscal year 2005, and increased approximately \$22.4 million or 29.3% in fiscal year 2004
- The Authority's total assets of approximately \$862.2 million increased approximately \$386.6 million or 81.3% and \$130.2 million or 37.7% in fiscal years 2005 and 2004, respectively
- The Authority's total capital assets, net of accumulated depreciation, of approximately \$402.3 million increased approximately \$112.0 million or 38.6% and \$129.4 million or 80.5% in fiscal years 2005 and 2004, respectively

USING THIS ANNUAL REPORT

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

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

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

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

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

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

Financial Analysis

Net Assets

	June 30,		
	2005	2004	2003
Current and other non-capital assets	\$459,935,680	\$185,366,443	\$184,595,315
Capital assets	402,309,783	290,269,834	160,838,443
Total assets	<u>862,245,463</u>	<u>475,636,277</u>	<u>345,433,758</u>
Current liabilities	48,273,849	31,967,262	21,862,247
Revenue bonds payable, net of current portion, bond discount and deferred cost	639,086,248	225,796,226	231,510,212
Other long-term liabilities	47,306,994	118,879,753	15,506,738
Total liabilities	<u>734,667,091</u>	<u>376,643,241</u>	<u>268,879,197</u>
Net assets			
Invested in capital assets, net of related debt	61,403,818	35,832,291	39,613,514
Restricted	15,001,164	15,438,545	15,277,641
Unrestricted	51,173,390	47,722,200	21,663,406
Total net assets	<u>\$127,578,372</u>	<u>\$ 98,993,036</u>	<u>\$ 76,554,561</u>

Toll Revenue

Toll revenues increased approximately \$9.2 million in fiscal year 2005 due to the March 2004 toll rate adjustment and an increase in actual traffic.

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

Changes in Net Assets

	Years Ended June 30,		
	2005	2004	2003
Operating revenues	\$ 58,908,013	\$ 49,491,239	\$ 44,307,970
Operating expenses	27,283,406	21,824,271	21,531,960
Operating income	<u>31,624,607</u>	<u>27,666,968</u>	<u>22,776,010</u>
Non-operating revenues (expenses)			
Interest, dividend & investment income	5,485,581	2,102,519	4,415,568
Interest expense	(8,778,775)	(7,331,012)	(8,563,169)
Disposal of assets	(1,113,319)	-	-
Total non-operating revenues (expenses)	<u>(4,406,513)</u>	<u>(5,228,493)</u>	<u>(4,147,601)</u>
Income before capital contributions and extraordinary item	27,218,094	22,438,475	18,628,409
Gain on escrow restructuring	-	-	4,285,136
Capital Contributions	1,367,242	-	-
Change in net assets	28,585,336	22,438,475	22,913,545
Net assets, beginning of year	98,993,036	76,554,561	53,641,016
Net assets, end of year	<u>\$127,578,372</u>	<u>\$ 98,993,036</u>	<u>\$ 76,554,561</u>

Operating Expenses

In fiscal year 2005, operating expenses increased approximately \$5.5 million, or 25.0% due to an increase in depreciation and amortization of approximately \$5.7 million related to capital projects placed in service during the past fiscal year; an increase in salaries, taxes and benefits expenses of approximately \$400,000 due to the hiring of new personnel; an increase in toll operations expenses of approximately \$350,000 due to the implementation of the Violation Processing Center and additional toll plaza personnel; an increase in contracted services of approximately \$750,000 primarily due to

public communication awareness program. These increases were partially offset by a decrease in roadway operations and maintenance expenses of approximately \$350,000 due to less roadway contractual obligations and SunPass transponder subsidies program of approximately \$1.1 million, and an increase in the capitalization of operating expenses incurred in the acquisition, design and construction of capital assets of approximately \$250,000.

In fiscal year 2004, operating expenses increased approximately \$300,000 or 1.4% due to an increase in salaries, benefits and general expenses of approximately \$1.8 million primarily due to an increase in SunPass transponder subsidies and an increase in depreciation and amortization of approximately \$600,000 related to capital projects placed in service during the year. These increases were partially offset by decreases in toll, and roadway operations and maintenance expenses due to the conclusion of the \$1 million annual commitment to the Advanced Traveler Information System (ATIS), an increase in the capitalization of operating expenses incurred in the acquisition, design and construction of capital assets of approximately \$700,000 and a full year's effect of the assumption of the toll operations function from FDOT which took effect in January 2003 and provided increased efficiency in the use of toll plaza personnel.

Non-operating Revenue

In fiscal year 2005, non-operating revenue increased approximately \$3.4 million or 160.9% due to a higher yield on investments and availability of funds invested from Bond Series 2005.

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

Non-operating Expenses

In fiscal year 2005, interest expense increased approximately \$1.4 million or 19.7% due primarily to the issuance of Series 2004 and Series 2005 Bonds totaling \$16.6 million of interest expense. The increase was partially offset by capitalization of interest of \$15.2 million.

In fiscal year 2005 disposal of assets was approximately \$1.1 million, due to the completion of the toll operation transition project resulting in a write-off of the pre-existing hardware.

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

Contribution for Capital Projects

During the fiscal year of 2005, the Authority received \$1.4 million in accordance with the Intelligent Transportation Systems (ITS) Partnership agreement among the Authority, Federal Highway Administration (FHWA) and the Florida Department of Transportation (FDOT). Funding was received for the deployment and integration of the Integrated Advanced Traffic Management System (ATMS) for the SR 836 Expressway.

Capital Assets and Debt Administration

Capital Assets

The Authority's investment in capital assets was approximately \$402.3 million and \$290.3 million, net of accumulated depreciation, as of June 30, 2005 and 2004, respectively, an increase of approximately \$112.0 million (38.6%) and \$129.4 million (80.5%) in fiscal years 2005 and 2004, respectively. Capital assets include right-of-way, roadway infrastructure, expressways, bridges, buildings, equipment and furniture. Major capital asset events during fiscal year 2005 included the following:

- Construction of the SR 112 West Bound Off-Ramp to Okeechobee Road project was completed in August 2004.
- The Miscellaneous System-Wide Upgrades project (Phase II) was completed in September 2004.
- The SR 874 Toll Lane Conversion project was completed in June 2005.
- The SR 112 Landscaping project was completed in June 2005.
- Fencing work began on the SR 836 NW 27th Avenue to NW 17th Avenue project with an estimated completion of September 2005. Permanent thermoplastic striping for the same project was completed in January 2005.
- Construction continues on the SR 836 extension from NW 137th Avenue to NW 107th Avenue project. The Authority anticipates completion of this project in June 2007.
- Construction continued on the SR 836 westbound to southbound Homestead Extension of Florida's Turnpike (HEFT) connection project. The Authority anticipates completion of this project in July 2005.
- The Steel Bridge Painting (Phase I) project is anticipated to be completed in July 2005.
- Construction began on the SR 836 Auxiliary Lanes NW 57th Avenue to Palmetto Expressway project.
- Construction continues on the toll operations transition project although the substantial completion was granted in November 2004, additional adjustments to the system continue to be made.
- Landscaping for SR 112 and SR 836 continues with an estimated completion date of June 2006.
- Miscellaneous Signs and Paving project continues with an estimated completion date of June 2006.
- Construction continues for SR 836 Communications and Incident Management/Surveillance project with an anticipated completion date of November 2005.

Major capital asset events during fiscal year 2004 included the following:

- Construction was completed on the SR 836 eastbound toll plaza.
- Construction was completed on the SR 874 SunPass dual-dedicated lanes project.
- Construction was completed on the Authority's headquarters building expansion.
- Construction was completed on the resurfacing of SR 836 from NW 87th Avenue to NW 45th Street.
- Construction was completed on the Phase 1 of bridge joint repairs to bridges on SR 836, SR 874 and SR 924.
- Construction continued on the SR 836 westbound to southbound Homestead Extension of Florida's Turnpike (HEFT) connection. The Authority anticipates completion of this project in July 2005.
- Construction continued on the SR 112 westbound off-ramp to Okeechobee Road and was completed in July 2004.

- Construction continued on the toll operations transition project and was completed in November 2004.
- Construction began on the SR 836 extension from NW 137th Avenue to NW 107th Avenue. The Authority anticipates completion of this project in June 2007.
- Construction began on the SR 836 Communications and Incident Management and Surveillance project. The Authority anticipates completion of this project in February 2005.

As of June 30, 2005, the Authority has outstanding construction commitments of approximately \$93.5 million.

Long-Term Debt

As of June 30, 2005, the Authority had outstanding revenue bonds payable of approximately \$645.5 million (net of unamortized bond discounts and deferred losses on refunding), an increase of approximately \$413.5 million during fiscal year 2005. The increase was due to the issuance of Bond Series 2004B and Series 2005 in the amount of \$175 million and \$241.4 million, respectively, and Bond Series 2004B premium of \$4.2 million. The increase was partially offset primarily by principal repayments of approximately \$6 million. Also, during the fiscal year the Authority repaid the outstanding balance of the commercial paper program of \$80 million. As of June 30, 2005, the outstanding balance of commercial paper is \$0.

As of June 30, 2004, the Authority had outstanding revenue bonds payable of approximately \$231.4 million (net of unamortized bond discounts and deferred losses on refunding), a decrease of approximately \$2.6 million during fiscal year 2004. All of the Authority's toll revenue is pledged to repay these bonds. The decrease was due primarily to principal repayments of approximately \$3.2 million during the fiscal year, partially offset by amortization related to bond discounts and deferred losses of approximately \$600,000. The Authority also implemented a commercial paper program in fiscal year 2004, with an outstanding balance of \$80 million as of June 30, 2004.

The following change to the debt structure occurred in fiscal year 2005:

On July 29, 2004 Bond Series 2004A and 2004B were issued in the amount of \$68.2 million and \$175 million at a fixed swap rate of 5.352% and a fixed rate based on maturity dates ranging from 4.0% to 5.250%, respectively. Series 2004A and 2004B were issued for the purposes of refunding the outstanding Series 1996 in its entirety and repayment of the outstanding balance of commercial paper as well as providing additional construction funding, respectively. On March 1, 2005, Bond Series 2005 was issued in the amount of \$241.4 million at a fixed swap rate of 4.313% for the purpose of providing for additional construction funding.

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

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

Debt Ratios

The Authority's debt service ratio for all bonds outstanding was 1.78 in fiscal year 2005, 2.71 in fiscal year 2004 and 2.14 for fiscal year 2003. The Authority's ratio of net revenue to debt service and fund payments was 1.57 in fiscal year 2005, 2.44 in fiscal year 2004 to 1.91 in fiscal year 2003.

The ratios in fiscal year 2005 were positively affected by an increase in operating and non operating revenue by approximately \$9.2 million and \$3.4 million, respectively. In addition, positively affecting the ratios was a decrease in operating expenses of \$311,000. Offsetting these positive effects were the increase to the debt service requirements of approximately \$8 million due to the issuance of the Series 2004 and 2005 Bonds.

The ratios in fiscal year 2004 were positively affected by an increase in operating revenue of \$5.2 million and the utilization of \$16 million in rate stabilization funds for short-term funding of the capital program. Partially offsetting these positive effects was the decrease in non-operating revenue of approximately \$2.3 million and an increase of debt service requirements of \$2.4 million. Without considering the utilization of rate stabilization funds, the debt service ratio and ratio of net revenue to certain debt service and fund payments would have been 1.84 and 1.66, respectively.

Requests for Information

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

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

Statements of Net Assets

June 30, 2005 and 2004

Assets	2005	2004
Current assets:		
Cash and cash equivalents	\$ 2,015,364	\$ 1,574,438
Cash and cash equivalents held by trustee	23,697,667	24,979,944
Investments	19,589,500	8,021,400
Accounts receivable, net	65,416,112	547,288
Accrued interest receivable	85,988	145,252
Prepaid operating and maintenance cost	521,411	772,103
Total current assets	<u>111,326,042</u>	<u>36,040,425</u>
Non-current assets:		
Restricted cash and cash equivalents held by trustee	122,013,926	73,000,966
Restricted investments held by trustee	155,347,147	10,515,000
Total restricted assets	<u>277,361,073</u>	<u>83,515,966</u>
Capital assets:		
Non-depreciable capital assets:		
Land	56,996,386	31,280,915
Construction in progress	237,197,430	190,029,969
Total non-depreciable capital assets	<u>294,193,816</u>	<u>221,310,884</u>
Depreciable capital assets, net	<u>108,115,967</u>	<u>68,958,950</u>
Other assets:		
Rights to operate the Miami-Dade County Expressway System, net	60,253,027	62,169,167
Unamortized bond issue costs, net	10,995,538	3,640,885
Total other assets	<u>71,248,565</u>	<u>65,810,052</u>
Total non-current assets	<u>750,919,421</u>	<u>439,595,852</u>
Total assets	<u>862,245,463</u>	<u>475,636,277</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts and contracts payable	29,145,830	14,743,793
Accrued expenses	9,911,605	5,109,445
Current portion of revenue bonds payable	6,456,667	6,216,667
Current portion of loans due to other governments	2,759,747	5,897,357
Total current liabilities	<u>48,273,849</u>	<u>31,967,262</u>
Non-current liabilities:		
Revenue bonds payable, net of current portion, bond discount/premium and deferred cost	639,086,248	225,796,226
Commercial paper	-	80,000,000
Loans due to other governments, net of current portion	47,236,391	38,404,475
Arbitrage rebates payable	70,603	475,278
Total liabilities	<u>734,667,091</u>	<u>376,643,241</u>
Net assets:		
Invested in capital assets, net of related debt	61,403,818	35,832,291
Restricted for debt service	8,408,016	10,164,308
Restricted for renewal and replacement	6,593,148	5,274,237
Unrestricted	51,173,390	47,722,200
Total net assets	<u>\$ 127,578,372</u>	<u>\$ 98,993,036</u>

See accompanying notes to financial statements.

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

Statements of Revenue, Expenses and Changes in Net Assets

Years ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Operating revenue:		
Tolls	\$ 58,651,830	\$ 49,410,538
Other	256,183	80,701
Total operating revenue	<u>58,908,013</u>	<u>49,491,239</u>
Operating expenses:		
Roadway maintenance, toll operation and maintenance expenses	12,931,053	12,587,259
General engineering, public communication, legal, and other contracted services	1,300,783	1,522,610
Salaries, benefits, and general expenses	3,114,294	3,547,467
Depreciation and amortization	9,937,276	4,166,935
Total operating expenses	<u>27,283,406</u>	<u>21,824,271</u>
Operating income	<u>31,624,607</u>	<u>27,666,968</u>
Nonoperating revenue (expenses):		
Interest and dividend income	5,485,581	2,102,519
Interest expense	(8,778,775)	(7,331,012)
Disposal of assets	(1,113,319)	-
Total nonoperating expenses, net	<u>(4,406,513)</u>	<u>(5,228,493)</u>
Income before capital contributions	27,218,094	22,438,475
Capital contributions	<u>1,367,242</u>	<u>-</u>
Change in net assets	28,585,336	22,438,475
Net assets, beginning of year	<u>98,993,036</u>	<u>76,554,561</u>
Net assets, end of year	<u>\$ 127,578,372</u>	<u>\$ 98,993,036</u>

See accompanying notes to financial statements.

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

Statements of Cash Flows
Years ended June 30, 2005 and 2004

	2005	2004
Cash flows from operating activities:		
Cash received from customers	\$ 58,651,830	\$ 49,113,863
Payments to suppliers	(13,545,423)	(13,908,741)
Payments to employees	(3,752,768)	(4,710,842)
Other operating revenues	256,183	82,421
Net cash flows from operating activities	41,609,822	30,576,701
Cash flows from noncapital and related financing activities:	None	None
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(129,340,656)	(96,288,359)
Acquisition of Land	(25,715,471)	(21,690,273)
Proceeds from government advances	9,000,000	26,900,000
Payment of principal on government advances	(2,897,357)	(353,637)
Proceeds from sale of revenue bonds	485,447,459	-
Payment of bond issue cost(COI)	(736,339)	(451,732)
Payment of commercial paper cost	(80,000,000)	(175,972)
Payment of bond insurance	(4,745,827)	-
Proceeds from commercial paper	-	80,000,000
Payment of principal on revenue bonds	(6,216,667)	(3,166,667)
Payment for refunding bonds	(68,200,000)	-
Interest paid on revenue bonds	(19,937,739)	(15,223,056)
Net cash flows from (used in) capital and related financing activities	156,657,403	(30,449,696)
Cash flows from investing activities:		
Purchase of investments	(292,955,508)	(8,135,673)
Proceeds from investments	138,471,000	8,000,000
Interest & dividends received	4,388,892	1,682,997
Net cash from (used in) investing activities	(150,095,616)	1,547,324
Net increase in cash and cash equivalents	48,171,609	1,674,329
Cash and cash equivalents at beginning of year	99,555,348	97,881,019
Cash and cash equivalents at end of year	\$ 147,726,957	\$ 99,555,348
 Cash and cash equivalents presented as:		
Unrestricted	\$ 25,713,031	\$ 26,554,382
Restricted	122,013,926	73,000,966
	\$ 147,726,957	\$ 99,555,348
 Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 31,624,607	\$ 27,666,968
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	9,937,276	4,166,935
Indirect cost allocation	2,716,843	2,144,165
Loss on disposal of assets	-	1,720
Changes in assets and liabilities:		
Accounts receivable	(216,060)	(296,675)
Prepaid operating and maintenance cost	250,692	(334,169)
Accounts/contracts payable and accrued expenses	(2,703,536)	(2,772,243)
Net cash provided by operating activities	\$ 41,609,822	\$ 30,576,701

See accompanying notes to financial statements.

MIAMI-DADE COUNTY EXPRESSWAY AUTHORITY
D/B/A MIAMI-DADE EXPRESSWAY AUTHORITY AND MDX
Notes to Financial Statements
Years Ended June 30, 2005 and 2004

Note 1 - Summary of Organization and Significant Accounting Policies

(a) Organization and Purpose

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

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

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

(b) Reporting Entity

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

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

Notes to Financial Statements
Years Ended June 30, 2005 and 2004

goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

(c) Basis of Accounting

The Authority is accounted for on the flow of economic resources measurement focus and, therefore, prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The accounting for proprietary funds is similar to those for private business enterprises. Accordingly, revenue is recorded when earned and expenses are recorded when incurred.

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

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

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

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

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

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

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

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

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(d) Restricted Assets

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

(e) Capital Assets

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

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

Interest costs incurred during construction are capitalized on assets acquired with debt. Amounts capitalized represent interest expense incurred from the borrowing date to completion of the project, offset with interest earned on invested proceeds over the same period. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the assets as follows:

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

In fiscal year ended June 30, 2003, the Authority began allocating certain costs incurred in the acquisition, design and construction of capital assets such as salaries, benefits, general expenses and contracted services to the related capital asset. For the fiscal year ended June 30, 2005 and 2004, the Authority capitalized \$1,711,615 and \$994,146, respectively, in contracted service expenses and \$1,005,228 and \$1,150,019, respectively, in salaries, benefits and general expenses.

(f) Bond Discounts, Bond Premiums and Issuance Costs

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

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(g) *Compensated Absences*

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

(h) *Employee Benefits*

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

(i) *Risk Management*

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

(j) *Use of Estimates*

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

(k) *Cash and Cash Equivalents and Investments*

The carrying amount of the Authority's cash deposits was \$147,726,957 and \$99,555,348 and the bank balance was \$147,859,758 and \$99,580,324 at June 30, 2005 and 2004, respectively. The difference between these two balances is created by timing differences due to the float on disbursements and deposits which have not yet cleared the bank and cash held at the toll plazas.

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

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

During the fiscal year 2005, the Authority adopted GASB 40, Deposit and Investment Risk Disclosures, which establishes and modifies disclosure requirements related to investment risks: credit risk, interest rate risk and foreign currency risk.

(I) Reclassifications

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

Note 2 – Cash, Cash Equivalents and Investments

At June 30, 2005 and 2004, total unrestricted and restricted cash and cash equivalents and investments were composed of the following:

	2005	2004
Deposits	\$ 2,649,375	\$ 2,110,565
Investments, including cash equivalents	320,014,229	115,981,183
	\$ 322,663,604	\$ 118,091,748

Deposits and investments are presented in the statement of net assets as follows:

	2005	2004
Cash and cash equivalents	\$ 25,713,031	\$ 26,554,382
Restricted cash and cash equivalents	122,013,926	73,000,966
Investments	19,589,500	8,021,400
Restricted investments	155,347,147	10,515,000
	\$ 322,663,604	\$ 118,091,748

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Investments at June 30, 2005 and 2004 are summarized as follows:

	2005	2004
	(Fair Value)	
Goldman Sachs Financial Square Fund (mutual funds)	\$ 44,024,255	\$ 1,641,402
Investment in State Board of Administration Pool	91,053,326	95,803,381
JP Morgan Repurchase agreements	10,515,000	10,515,000
Federal National Mortgage Association	55,501,854	-
Federal Home Loan Bank	16,592,500	-
Federal Home Loan Mortgage Corporation	102,327,294	8,021,400
Total	\$ 320,014,229	\$ 115,981,183

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

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

The State allows investments in Local Government Surplus Fund Trust Fund, direct investment in U.S. government, federal agency, and instrumentality obligations at a price not to exceed the market price at the time of purchase, Securities and Exchange Commission registered money markets funds with highest quality rating from a nationally recognized rating agency, and other investments by law or by resolution of the Authority.

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Investment type by maturity dates, as of June 30, 2005:

	Fair Value	Investment Maturities (in years)		
		Less Than 1	1-5	More Than 5
Goldman Sachs Financial Square Fund (mutual funds)	\$ 44,024,255	\$ 44,024,255	\$ -	\$ -
Investment in State Board of Administration Pool	91,053,326	91,053,326	-	-
JP Morgan Repurchase agreements	10,515,000	10,515,000	-	-
Federal National Mortgage Association (FNMA)	55,501,854	55,501,854	-	-
Federal Home Loan Bank (FHLB)	16,592,500	11,962,500	4,630,000	-
Federal Home Loan Mortgage Corporation (FHLMC)	102,327,294	102,327,294	-	-
Total	\$ 320,014,229	\$ 315,384,229	\$ 4,630,000	\$ -

Interest Rate Risk – In accordance with the Authority’s investment policy, its portfolio is structured so that securities mature to meet the Authority’s scheduled cash flow requirements, thereby avoiding the need to sell securities prior to their scheduled maturity dates. The cash flow requirement limits investment maturities as a means of managing the Authority’s exposure to fair value losses arising from increasing interest rates.

Credit Risk – The Authority’s investment policy is to apply the “prudent person” rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and avoid speculation investments. The Authority’s investment policy limits investments of U.S. agencies to ratings of “A” or better by Moody’s and S&P. Commercial Paper investments are limited to no more than 270 days rated at the time of purchase “P-1” by Moody’s and “A-1” or better by S&P. Investments in repurchase agreements are limited to those collateralized by direct obligations, Government National Mortgage Association (GNMAs), FNMA’s or FHLMC’s with any registered broker/dealer subject to Securities Investors’ Protection Corporation jurisdiction or any commercial bank insured by the Federal Deposit Insurance Corporation, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rate “P-1” or “A3” or better by Moody’s and “A-1” or “A-” or better by S&P. The Authority’s investment Policy allows investment in the Local Government Surplus Funds Trust Fund administered by the State Board of Administration of Florida.

As of June 30, 2005 the Authority’s investments in mutual funds was rated AAA/Aaa by Standard and Poor’s and Moody’s. The Authority’s investments in Federal National Mortgage Association, Federal Home Loan Bank and Federal Home Loan Mortgage Corporation were rated A1+ by Standard & Poor’s and F1+ by Fitch Ratings. The investment in the State Board of Administration Pool is unrated.

Concentration of credit risk – The Authority’s investment policy limits its investments in collateralized mortgage obligations (CMOs) up to 5%. The Authority places no limit on the amount the Authority may invest in any one issuer. More than 5% of the Authority’s

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investments are in FNMA, FHLB, and FHLMC securities. These investments are 17%, 5.1% and 32%, respectively, of the Authority's total investments.

Custodial credit risk – investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Government investment contracts are not subject to credit risk classification because they are direct contractual investments and are not securities. The Authority's investments are made in accordance with Chapter 218.415, Florida Statutes.

Note 3 - Disaggregation of Receivables and Payables

Receivables

As of June 30, 2005 and 2004 accounts receivable totaled \$65,416,112 and \$547,288, respectively, in the following categories:

	2005	2004
Toll revenue receivables	\$ 606,265	\$ 522,038
Other receivables	64,809,847	25,250
	\$ 65,416,112	\$ 547,288

As of June 30, 2005, other receivables comprised of reimbursable construction costs from Florida Department of Transportation (FDOT) and the Miami Dade County School Board on joint construction projects totaling \$64,300,000 and \$352,000, respectively.

Payables

As of June 30, 2005 and 2004 accounts/contracts and accrued expenses payable totaled \$39,057,435 and \$19,853,238, respectively, in the following categories:

	2005	2004
Due to vendors	\$ 29,145,830	\$ 14,743,793
Due to employees	392,651	334,882
Accrued interest	9,192,677	4,757,269
Other	326,277	17,294
	\$ 39,057,435	\$ 19,853,238

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Note 4 - Capital Assets

A summary of capital assets activity and changes in accumulated depreciation for the years ended June 30, 2005 and 2004 follows:

	Balance at June 30, 2004	Additions	Deletions/ Transfers	Balance at June 30, 2005
Capital assets not being depreciated:				
Land	\$ 31,280,915	\$ 24,940,011	\$ 775,460	\$ 56,996,386
Construction in progress	190,029,969	119,357,378	(72,189,917)	237,197,430
Total capital assets, not being depreciated	221,310,884	144,297,389	(71,414,457)	294,193,816
Capital assets being depreciated:				
Furniture and fixtures	1,073,941	1,753,422	(16,079)	2,811,284
Equipment and improvements	5,873,398	22,730,026	(4,423,444)	24,179,980
Buildings, toll facilities, and leasehold improvements	23,887,466	2,778,386	(2,088,378)	24,577,474
Asphalt	6,154,713	2,741,463	138,788	9,034,964
Bridges	10,088,141	11,043,063	-	21,131,204
Other roadway assets	27,811,825	6,911,492	1,164,809	35,888,126
Vehicles	185,521	44,643	(174)	229,990
Total capital assets being depreciated	75,075,005	48,002,495	(5,224,478)	117,853,022
Less accumulated depreciation for:				
Furniture and fixtures	(372,560)	(331,800)	5,595	(698,765)
Equipment and improvements	(3,659,630)	(3,699,856)	3,373,452	(3,986,034)
Buildings, toll facilities, and leasehold improvements	(877,794)	(1,160,751)	108,765	(1,929,780)
Asphalt	(559,043)	(617,030)	(5,646)	(1,181,719)
Bridges	(148,517)	(410,681)	-	(559,198)
Other roadway assets	(452,627)	(738,956)	(101,403)	(1,292,986)
Vehicles	(45,884)	(42,689)	-	(88,573)
Total accumulated depreciation	(6,116,055)	(7,001,763)	3,380,763	(9,737,055)
Net depreciable capital assets	68,958,950	41,000,732	(1,843,715)	108,115,967
Net capital assets	\$ 290,269,834	\$ 185,298,121	\$ (73,258,172)	\$ 402,309,783

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

Depreciation expense was \$7,001,763 in fiscal year 2005 and \$2,323,728 in fiscal year 2004.

The capitalized interest amounted to \$15,189,698 in 2005 and \$6,515,147 in 2004.

Note 5 - Rights to Operate the Miami-Dade County Expressway System

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

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

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

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

	2005	2004
Original cost	\$ 76,645,605	\$76,645,605
Less accumulated amortization	(16,392,578)	(14,476,438)
	\$ 60,253,027	\$62,169,167

Note 6 - Unamortized Bond Issue Costs

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

	2005	2004
Original cost	\$ 12,030,521	\$ 4,474,495
Less accumulated amortization	(1,034,983)	(833,610)
	\$ 10,995,538	\$ 3,640,885

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Note 7 - Long-term liabilities

A summary of changes in long-term liabilities is as follows:

	Balance at June 30, 2004	Additions	Reductions	Balance at June 30, 2005	Due Within One Year
Revenue bonds					
Series 1996	\$ 70,700,000	\$ -	\$ (70,700,000)	\$ -	\$ -
Series 1999	7,333,332	-	(666,667)	6,666,665	666,667
Series 2000	40,070,000	-	(2,805,000)	37,265,000	2,940,000
Series 2001A	89,345,000	-	-	89,345,000	-
Series 2002	34,450,000	-	(245,000)	34,205,000	250,000
Series 2004A	-	68,200,000	-	68,200,000	2,600,000
Series 2004B	-	175,000,000	-	175,000,000	-
Series 2005A	-	54,800,000	-	54,800,000	-
Series 2005B	-	54,800,000	-	54,800,000	-
Series 2005C	-	54,800,000	-	54,800,000	-
Series 2005D	-	38,500,000	-	38,500,000	-
Series 2005E	-	38,500,000	-	38,500,000	-
	241,898,332	484,600,000	(74,416,667)	652,081,665	6,456,667
Add bond premium, net	588,786	4,216,534	(280,105)	4,525,215	-
Less bond discount, net	(2,065,011)	(461,467)	132,503	(2,393,975)	-
Less refunding losses, net	(8,409,214)	(833,748)	572,971	(8,669,991)	-
Total revenue bonds, net	232,012,893	487,521,319	(73,991,298)	645,542,914	6,456,667
Loans due to other governments					
Toll facilities revolving trust fund #1	1,009,092	-	(56,174)	952,918	168,084
Toll facilities revolving trust fund #2	-	1,500,000	-	1,500,000	-
State of Florida, Dep. of Transportation	5,792,740	-	(3,249,520)	2,543,220	1,591,663
State Infrastructure Bank Loan #1	12,000,000	-	-	12,000,000	1,000,000
State Infrastructure Bank Loan #2	13,000,000	-	-	13,000,000	-
State Infrastructure Bank Loan #3	12,500,000	7,500,000	-	20,000,000	-
Total loans due to other governments	44,301,832	9,000,000	(3,305,694)	49,996,138	2,759,747
Commercial paper	80,000,000		(80,000,000)	-	-
Arbitrage rebates payable	475,278	70,603	(475,278)	70,603	-
Total long-term liabilities	\$ 356,790,003	\$ 496,591,922	\$ (157,772,270)	\$ 695,609,655	\$ 9,216,414

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	Balance at June 30, 2003	Additions	Reductions	Balance at June 30, 2004	Due Within One Year
Revenue bonds					
Series 1996	\$ 73,200,000	\$ -	\$ (2,500,000)	\$ 70,700,000	\$ 2,500,000
Series 1999	7,999,999	-	(666,667)	7,333,332	666,667
Series 2000	40,070,000	-	-	40,070,000	2,805,000
Series 2001A	89,345,000	-	-	89,345,000	-
Series 2002	34,450,000	-	-	34,450,000	245,000
	<u>245,064,999</u>	-	<u>(3,166,667)</u>	<u>241,898,332</u>	<u>6,216,667</u>
Add bond premium, net	691,030	-	(102,244)	588,786	-
Less bond discount, net	(2,177,706)	-	112,695	(2,065,011)	-
Less refunding losses, net	(8,901,444)	-	492,230	(8,409,214)	-
	<u>(8,901,444)</u>	-	<u>492,230</u>	<u>(8,409,214)</u>	<u>-</u>
Total revenue bonds, net	<u>234,676,879</u>	-	<u>(2,663,986)</u>	<u>232,012,893</u>	<u>6,216,667</u>
Loans due to other governments					
Toll facilities revolving trust fund #1	1,009,092	-	-	1,009,092	56,174
State of Florida, Dep. of Transportation	6,146,376	-	(353,636)	5,792,740	4,841,183
State Infrastructure Bank Loan #1	1,600,000	10,400,000	-	12,000,000	1,000,000
State Infrastructure Bank Loan #2	9,000,000	4,000,000	-	13,000,000	-
State Infrastructure Bank Loan #3	-	12,500,000	-	12,500,000	-
	<u>17,755,468</u>	<u>26,900,000</u>	<u>(353,636)</u>	<u>44,301,832</u>	<u>5,897,357</u>
Total loans due to other governments	<u>17,755,468</u>	<u>26,900,000</u>	<u>(353,636)</u>	<u>44,301,832</u>	<u>5,897,357</u>
Commercial paper	-	80,000,000	-	80,000,000	-
Arbitrage rebates payable	946,089	-	(470,811)	475,278	-
	<u>946,089</u>	<u>-</u>	<u>(470,811)</u>	<u>475,278</u>	<u>-</u>
Total long-term liabilities	<u>\$ 253,378,436</u>	<u>\$ 106,900,000</u>	<u>\$ (3,488,433)</u>	<u>\$ 356,790,003</u>	<u>\$ 12,114,024</u>

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A. Revenue Bonds Payable

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

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

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

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

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

On January 1, 2000, the Authority issued \$150,000,000 Toll System Revenue Bonds, Series 2000 (Non-Taxable) (the Series 2000 Bonds). The bonds were issued for the purpose of providing funds to pay (a) a portion of the cost of certain improvements to the system included in the five-year work program of the Authority in effect from time to time; (b) fund a deposit to the Debt Service Reserve Fund in an amount equal to the increase in the Debt Service Reserve Fund Requirement resulting from the issuance of the Series 2000 Bonds; and (c) pay costs and expenses relating to the issuance of the Series 2000 Bonds. The Series 2000 Bonds, net of unamortized net premium totaling \$2,809,283, consist of (a) \$40,070,000 serial bonds maturing between July 1, 2004 and

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July 1, 2014, bearing interest between 4.8% and 6%; (b) \$30,485,000 fixed term bonds at 6%; and (c) \$79,445,000 fixed term bonds at 6.375%, with semiannual interest payments each January 1, and July 1. The Series 2000 Bonds are secured by the revenue generated by the Authority's existing expressway system subject to the terms and limitations set forth in the Indenture on a parity with the Series 1996 Bonds, excluding amounts deposited in the Rebate Fund, if any.

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

On July 11, 2001, the Authority issued \$89,345,000 Toll System Refunding Revenue Bonds, Series 2001A (Non-Taxable) (the Series 2001A Bonds). The Series 2001A Bonds were issued and placed in an irrevocable trust for the purpose of providing funds to (a) refund \$79,445,000 principal amount of the Series 2000 Bonds; and (2) pay costs and expenses relating to the issuance of the Series 2001A Bonds and the refunding of the Refunded Series 2000 Bonds. The Series 2001A Bonds consist of (1) \$13,000,000 serial bonds maturing between July 1, 2012 and July 1, 2021, bearing interest between 4.5% and 5%; (b) \$34,370,000 fixed term bonds at 5.125%; and (c) \$41,975,000 fixed term bonds at 5.125%. The Series 2001A Bonds are secured under the Indenture on a parity with the Series 1996 Bonds, the Series 1999 Bond, the Series 2000 Bonds outstanding after issuance of the Series 2001A Bonds and any other Bonds hereafter issued under the Indenture.

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

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

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

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

(6) \$68,200,000 Toll System Refunding Revenue Bonds, Series 2004A

On July 29, 2004, the Authority issued Toll System Refunding Revenue Bonds, Series 2004A (Non-Taxable) (the Series 2004A Bonds). The Series 2004A Bonds were

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issued for the purpose of providing funds to refund the total outstanding principal amount of the (Taxable) Series 1996 Bonds. The Series 2004A Bonds consist of \$68,200,000 Serial Bonds maturing between July 1, 2005 and July 1, 2019. The Series 2004A Bonds will be issued in the form of Dutch Auction Rate Bonds bearing interest at a Dutch Auction Rate but may be converted at the option of the Authority, subject to certain restrictions, to Series 2004A Bonds which bear interest at different rates including a Daily Rate, Weekly Rate, Flexible Rate or Fixed Rate. The Series 2004A Bonds will be dated their date of delivery and after the initial Dutch Auction Rate Period, will be in a Standard Auction Period of 35 days, subject to conversion in whole only to another Auction Period or in whole or in part to another Interest Mode as the Authority shall determine. The Series 2004A Bonds are secured under the Indenture on a parity with the Series 1999 Bond, the Series 2000 Bonds outstanding after issuance of the Series 2001A and Series 2002 Bonds, the Series 2001A Bonds, the Series 2002 Bonds and any other Bonds hereafter issued under the Indenture.

The transaction resulted in an \$833,000 deferred charge to be amortized over the life of the new debt. This refunding has resulted in an economic gain of \$5,184,414.

(7) \$175,000,000 Toll System Refunding Revenue Bonds, Series 2004B

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

(8) \$241,400,000 Toll System Refunding Revenue Bonds, Series 2005

On March 1, 2005, the Authority issued Toll System Revenue Bonds, Series 2005 (Non-Taxable) (the Series 2005 Bonds) in five sub-series for a total of \$241,400,000, including Series 2005A-C in the amount of \$54,800,000 each series; and Series 2005D-E in the amount of \$38,500,000 each series. Each Series of the 2005 Bonds was initially issued in the form of Dutch Auction Rate bonds bearing interest at a Dutch Rate but each Series individually may be converted at the option of the Authority, subject to certain restrictions, to Series 2005 Bonds which bear interest at different rates, including a Daily Rate, Weekly Rate, Flexible Rate or Fixed Rate. Each Series of 2005 Bonds will be

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dated their date of delivery and after the initial Auction Period for such Series, will be in an Auction Period of seven days, subject to conversion in whole only to another Auction Period or to another Interest Mode as the Authority shall determine. The Series 2005 Bonds were issued for the purpose of providing funds to pay a portion of the cost of certain improvements to the System included in the five-year work program. The Series 2005 Bonds are secured under the Indenture on a parity with the Series 1999 Bond, the Series 2000 Bonds outstanding after issuance of the Series 2001A and Series 2002 Bonds, the Series 2001A Bonds, the Series 2002, the Series 2004A Bonds and any other Bonds hereafter issued under the Indenture.

The annual revenue bonds' debt service requirements as of June 30, 2005 are summarized as follows:

Year ending June 30	Revenue Bonds Principal	Revenue Bonds Interest
2006	\$ 6,456,667	\$ 31,202,505
2007	6,806,667	30,852,234
2008	7,161,667	30,690,193
2009	7,536,667	30,083,418
2010	7,911,667	29,670,547
2011-2015	53,408,330	140,716,116
2016-2020	104,265,000	119,522,232
2021-2025	112,495,000	92,337,635
2026-2030	171,900,000	58,695,688
2031-2034	174,140,000	15,397,081
	<u>652,081,665</u>	<u>579,167,650</u>
Plus premium, net	4,525,215	-
Less bond discount, net	2,393,975	-
Less deferred refunding loss	8,669,991	-
	<u>\$ 645,542,914</u>	<u>\$ 579,167,650</u>

Refunded and Defeased Debt

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

In August 2002, the Authority defeased \$30,485,000 of its Series 2000 Bonds scheduled to mature on July 1, 2020 by placing the proceeds of the Series 2002 Bonds (plus other monies) in an irrevocable trust. Such proceeds are invested in State and Local Government securities (SLGS) and will provide for all future debt service payments on the defeased bonds. Accordingly, the trust account's assets and the liability for the defeased bonds are not included in the accompanying financial statements.

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At June 30, 2005, all defeased bonds remain outstanding.

On July 29, 2004, the Authority issued Bond Series 2004A for the purpose of refunding the total outstanding principal amount of the (Taxable) Series 1996 Bonds. The amount refunded was \$68,200,000. As of June 30, 2005, the Series 1996 Bonds were repaid in its entirety.

Interest Rate Swap Agreements

Series 1996 Bonds

Objective of the Interest Rate Swap:

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

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

Terms:

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

Based on the first amendment to the swap agreement, on April 12, 2002, the Authority owed interest at a fixed rate of 6.265% to the counterparty of the swap beginning May 1, 2002. In return, until July 1, 2004, the counterparty owed the

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

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

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

Interest Rate Swap with Rice Financial Products Related to the Series 1996 Bonds

Objective of the Interest Rate Swap:

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

Terms:

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

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option to terminate the swap annually, at no cost to either party, on any bond payment date commencing July 1, 2004 and ending July 1, 2019.

The swap's notional amount matched the outstanding amount of the Series 1996 Bonds. As the principal amount of the Series 1996 Bonds declines, the notional amount of the swap also declined by the same amount.

The Series 1996 Bonds was refunded and legally defeased on July 29, 2004. Accordingly, as of June 30, 2005, the Authority was not exposed to credit and basis risk in connection with the Series 1996 Bonds swap agreements.

Series 2004A Bonds

As a means to lower borrowing costs, the Authority entered into an interest rate swap agreement in connection with the Series 2004A Bonds. Under the swap agreements, the Authority will owe interest at a fixed rate of 5.352% to the counterparty of the swap, in return, the counterparty will owe the Authority interest based on the variable Bond Market Association Municipal Swap Index (BMA) rate that approximates the tax-exempt variable rate. The bond principal will not be exchanged, it is only the basis on which the interest payments were calculated. The Authority will continue to pay interest to the bondholders at the variable rate provided by the bonds. However, during the term of the swap agreement, the Authority will effectively pay a fixed rate on the debt. The swap's total notional amount equals the outstanding principal amounts of the Series 2004 Bonds. As the principal amount of the bonds declines, the total notional amount of the swap will also decline by the same amount.

Fair Value:

Because interest rates have declined since execution of the swap, the swap had a negative fair market value of \$9,301,161 as of June 30, 2005. Swaps are not normally valued through exchange-type markets with easily accessible quotation systems and procedures. The fair market value was calculated using information obtained from generally recognized sources with respect to quotations, reporting of specific transactions and market conditions, and based on accepted industry standards and methodologies.

Credit Risk:

As of June 30 2005, the Authority was not exposed to credit risk because the swap had a negative fair value. All swap payments and termination amounts are insured by Financial Guaranty Insurance Corporation (FGIC).

Basis Risk:

The swap exposes the Authority to basis risk should the variable tax exempt rate differ from the variable BMA rate received from the swap. The maximum exposure terminating the swap is its fair market value. All swap payments and termination amounts are insured by Financial Guaranty Insurance Corporation (FGIC) which substantially mitigates the Authority's basis risk.

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Debt service requirements of the variable rate debt and net swap payments, assuming interest rates as of June 30, 2005 remain the same for their term, are as follows. As rates vary, variable rate debt interest payments will vary.

Fiscal Year Ending June 30,	Variable-Rate Bonds		Interest Rate	
	Principal	Interest	Swaps, net	Total
2006	\$ 2,600,000	\$ 3,677,536	\$ 2,021,797	\$ 8,299,333
2007	2,800,000	3,520,568	1,936,757	8,257,325
2008	3,000,000	3,357,783	1,854,949	8,212,732
2009	3,200,000	3,167,889	1,741,799	8,109,688
2010	3,400,000	2,982,392	1,642,889	8,025,281
2011-2015	20,700,000	11,582,366	6,403,209	38,685,575
2016-2020	32,500,000	4,311,501	2,448,207	39,259,708
Total	\$ 68,200,000	\$ 32,600,035	\$ 18,049,607	\$ 118,849,642

Series 2005 Bonds

As a means to lower borrowing costs, the Authority entered into interest rate swap agreements in connection with the Series 2005 Bonds. Under the swap agreements, the Authority will owe interest at a fixed rate of 4.313% to the counterparties of the swaps. In return, the counterparties will owe the Authority interest based on the variable Bond Market Association Municipal Swap Index (BMA) rate that approximates the tax-exempt variable rate. The bond principal will not be exchanged; it is only the basis on which the interest payments were calculated. The Authority will continue to pay interest to the bondholders at the variable rate provided by the bonds. However, during the term of the swap agreements, the Authority will effectively pay a fixed rate on the debt. The swaps' total notional amount matches the total outstanding amount of the Series 2005 Bonds. As the principal amount of the bonds declines, the total notional amount of the swaps will also decline by the same amount.

Fair Value:

Because interest rates have declined since execution of the swaps, the swaps had a negative fair market value of \$19,998,300 as of June 30, 2005. Swaps are not normally valued through exchange-type markets with easily accessible quotation systems and procedures. The fair market value was calculated using information obtained from generally recognized sources with respect to quotations, reporting of specific transaction and market conditions, and based on accepted industry standards and methodologies.

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Credit Risk:

As of June 30, 2005, the Authority was not exposed to credit risk because the swaps had a negative fair value. All swap payments and termination amounts are insured by American Municipal Bond Assurance Corporation (AMBAC).

Basis Risk:

The swaps expose the Authority to basis risk should the variable tax-exempt rate differ from the variable BMA rate received from the swap. The maximum exposure terminating the swap is its fair market value. All swap payments and termination amounts are insured by AMBAC which substantially mitigates the Authority's risk.

Debt service requirements of the variable rate debt and net swap payments, assuming interest rates as of June 30, 2005 remain the same for their term, are as follows. As rates vary, variable rate debt interest payments will vary. These amounts are included in the annual debt service requirements schedule above.

Fiscal Year Ending June 30,	Variable-Rate Bonds		Interest Rate	Total
	Principal	Interest	Swaps, net	
2006	\$ -	\$ 10,527,266	\$ 4,907,662	\$ 15,434,928
2007	-	10,527,266	4,907,662	15,434,928
2008	-	10,729,714	4,907,662	15,637,376
2009	-	10,527,266	4,907,662	15,434,928
2010	-	10,527,266	4,907,662	15,434,928
2011-2015	-	52,838,778	24,538,310	77,377,088
2016-2020	2,500,000	51,464,915	23,919,939	77,881,854
2021-2025	44,150,000	45,397,698	21,139,219	110,686,917
2026-2030	70,600,000	35,350,776	16,579,284	122,530,060
2031-2034	124,150,000	11,495,831	24,527,145	160,172,976
Total	\$ 241,400,000	\$249,383,776	\$135,242,207	\$ 626,025,983

B. Commercial Paper Notes

On March 23, 2004, the Board authorized the issuance of \$105,000,000 in Toll System Commercial Paper Notes (the "Notes") with maturities not to exceed 270 days from the date of issuance. The proceeds of the Notes will provide short-term funding of the Authority's capital improvement program. The Notes and accrued interest are payable solely from future bond issuances. The Notes are classified as long-term because the Authority intends to pay off the Notes with the proceeds of long-term revenue bonds. On March 25, 2004, the Authority issued \$40,000,000 in Notes at an interest rate of 0.95%. An additional \$40,000,000 in Notes was issued on June 22, 2004 at an interest rate of 1.11%. At June 30, 2004, the Authority had outstanding \$80,000,000 in Notes plus accrued interest of \$110,415. The \$80,000,000 in outstanding Notes, plus accrued interest was repaid on August 2, 2004. As of June 30, 2005, the Authority had no outstanding commercial paper notes.

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C. Loans Due to Other Governments

(1) Toll Facilities Revolving Trust Fund Loan

On May 26, 1998, MDX entered into an unsecured, non-interest bearing Toll Facilities Revolving Trust Fund loan payable under an agreement authorizing the Authority to borrow up to \$1,000,000 to conduct preliminary engineering studies, traffic and revenue studies, environmental impact studies, financial advisory services, engineering design, right-of-way map preparation, project-related professional services, and advanced right-of-way requisition activities. Principal balance outstanding is due from future bond proceeds, if elected by the Authority, or on the basis of repayment schedules. Repayment of principal and investment interest earnings shall begin no later than 7 years after the date of the advance, provided repayment is completed no later than 12 years after the date of the advance.

On December 31, 2003, MDX entered into an unsecured, non-interest bearing Toll Facilities Revolving Trust Fund loan payable under an agreement authorizing the Authority to borrow \$1,500,000 under substantially the same terms as the above Toll Facilities Revolving Trust Fund loan.

(2) State of Florida, Department of Transportation Loan

On December 10, 1996, the State of Florida, Department of Transportation (FDOT) transferred operational and financial control of the roadways and certain physical assets detailed in the MDX/FDOT Transfer Agreement to MDX. The system includes State Roads 112, 836, 874, 878 and 924 and certain other physical assets. Under the provisions of the Transfer Agreement, MDX agreed to pay to FDOT certain financial obligations in connection with the transfer of operational and financial control of the system in the amount of approximately \$11.8 million. As of June 30, 2005, MDX owes FDOT approximately \$2.5 million, which includes the outstanding balance of the net liabilities, costs related to the acquisition, installation and initial deployment of the Sunpass™ facilities and system operating costs related to the Sunpass™ facilities paid by FDOT on behalf of MDX through July 31, 2002. MDX has recorded an unsecured, non-interest bearing loan payable to the State of Florida, Department of Transportation, payable in annual installments of \$2,000,000 until such amounts are paid in full.

(3) State Infrastructure Bank Loans

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

On February 14, 2003, MDX entered into an unsecured, non-interest bearing State Infrastructure Bank loan payable to the State of Florida, Department of Transportation (SIB Loan No. 2). Under the loan agreement, three installments will be made:

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\$9,000,000 no earlier than April 2003, \$4,000,000 no earlier than April 2004 and \$5,000,000 no earlier than April 2006. SIB Loan No. 2 requires annual principal payments beginning June 30, 2007 and ending June 30, 2009 of \$5,500,000, \$6,500,000 and \$6,000,000, respectively. As of June 30, 2005, MDX had received installments totaling \$13,000,000.

On August 4, 2003, the Authority entered into an unsecured State Infrastructure Bank loan agreement with the State of Florida Department of Transportation in the amount of \$20,000,000 (SIB Loan No. 3). The loan will be made in two installments of \$12,500,000 no earlier than April 2004 and \$7,500,000 no earlier than April 2005. SIB Loan No. 3 requires annual principal payments beginning June 30, 2010 and ending June 30, 2012 of \$7,000,000, \$9,000,000 and \$4,000,000, respectively. As of June 30, 2005, MDX had received installments totaling \$20,000,000.

On November 2, 2004, the Authority entered into an unsecured State Infrastructure Bank loan agreement with the State of Florida Department of Transportation in the amount of \$11,613,000 at an interest rate of 2.5% (SIB Loan No. 4). The loan will be made in installments based on the reimbursement construction expenditures made by the Authority on the project specific to the loan agreement. As of June 30, 2005, MDX has received no installments.

The annual debt service requirements for outstanding loans due to other governments as of June 30, 2005 are summarized as follows:

	<u>Principal</u>	<u>Interest</u>
2006	\$ 2,759,747	\$ 1,489
2007	9,618,151	1,489
2008	12,666,594	1,489
2009	3,166,594	1,489
2010	7,000,000	1,489
2011-2013	14,785,052	1,314
	<u>\$ 49,996,138</u>	<u>\$ 8,759</u>

D. Arbitrage Rebates Payable

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

The rebate to the federal government at June 30, 2005, required to be paid within five years from the date of issuance and each five years thereafter, is estimated to be \$70,603. The ultimate amount of the Authority's liability will be determined based on actual interest earned.

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

Notes to Financial Statements
Years Ended June 30, 2005 and 2004

Note 8 - Defined-Benefit Pension Plan

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

Pension costs for the Authority as required and defined by the State of Florida statute range between 7.39% and 9.37% of gross salaries for fiscal year 2005. For fiscal years ended June 30, 2005, 2004, and 2003, the Authority contributed 100% of the required contributions. These contributions aggregated \$165,494, \$133,443, and \$65,069, respectively, which represents 7.8%, 8.1%, and 5.9% of covered payroll, respectively.

A copy of the Retirement System's June 30, 2005 annual report can be obtained by writing to the Division of Retirement, Cedars Executive Center, 2639-C North Monroe Street, Tallahassee, FL 32399-1560 or by calling (850) 488-5706.

Note 9 - Commitments and Contingencies

At June 30, 2005 the Authority had in process various uncompleted construction projects with remaining balances totaling \$93,506,382.

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

As of June 30, 2005, there were a number of claims and lawsuits pending against the Authority. In the opinion of management and legal counsel, the ultimate outcome of such actions will not have a material effect on the financial condition of the Authority.

Note 10 - Subsequent Events

Series 2006 Bonds

As of June 30, 2005 the Authority has authorized but not issued the Series 2006 Bonds in the amount of \$317,250,000 to fund a portion of the cost to the System included in the five-year program. On July 18, 2005, the Authority entered into three "cash settlement" swap agreements as a means of hedging interest rate in anticipation of the issuance of the Series 2006 Bonds. Under the cash swap agreements, the Authority's interest rate is fixed at 4.22% and will terminate on or before October 2, 2006. A cash settlement amount will be made either to the Authority, assuming interest rate increase, or to the swap counterparties in the event interest rates decrease. Any cash payment due to counterparties will be funded by increasing the bond issuance amount.

**SUPPLEMENTAL SCHEDULES
(UNAUDITED)**

MIAMI-DADE COUNTY EXPRESSWAY AUTHORITY
D/B/A MIAMI-DADE EXPRESSWAY AUTHORITY AND MDX
Schedule of Calculation of Net Revenue and Financial Ratios
as Defined and Required by the Trust Indenture
(Unaudited)
Year ended June 30, 2005

Revenue:		
Tolls		\$ 58,651,830
Interest and dividends		5,485,581
Other		<u>256,183</u>
		<u>64,393,594</u>
Expenses:		
Operating, general, and administrative		<u>17,346,130</u>
Net revenue		<u>\$ 47,047,464</u>
Actual debt service for all bonds outstanding		<u>\$ 26,392,403</u>
Actual debt service and fund payments as specified by trust indenture		<u>\$ 29,892,403</u>
Ratio of net revenue to debt service for all bonds outstanding		
(minimum ratio requirement per trust indenture is 1.20)		1.78
Ratio of net revenue to certain debt service and fund payments		
(minimum ratio requirement per trust indenture is 1.00)		1.57

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

Schedule of Toll Revenue and Expense Summary (\$000's)
as Defined and Required by the Trust Indenture
(Unaudited)

Year ended June 30,

	<u>1997 (1)</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Revenues:									
Toll revenues	\$ 11,009	20,051	20,317	34,315	35,697	45,611	44,259	49,411	58,652
Interest and miscellaneous income	297	910	977	6,246	10,613	9,355	4,464	2,183	5,742
Total revenues	<u>11,306</u>	<u>20,961</u>	<u>21,294</u>	<u>40,561</u>	<u>46,310</u>	<u>54,966</u>	<u>48,723</u>	<u>51,594</u>	<u>64,394</u>
Operating and maintenance expenses:									
Operations	2,753	5,786	6,974	9,285	8,772	9,478	8,836	7,844	7,884
Maintenance	1,180	3,331	2,680	4,178	3,806	4,836	6,565	4,743	5,046
Administrative	796	1,507	3,039	3,068	4,805	6,070	3,164	5,070	4,416
Total operation and maintenance expenses	<u>4,729</u>	<u>10,624</u>	<u>12,693</u>	<u>16,531</u>	<u>17,383</u>	<u>20,384</u>	<u>18,565</u>	<u>17,657</u>	<u>17,346</u>
Net revenues	<u>\$ 6,577</u>	<u>10,337</u>	<u>8,601</u>	<u>24,030</u>	<u>28,927</u>	<u>34,582</u>	<u>30,158</u>	<u>33,937</u>	<u>47,048</u>

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

MIAMI-DADE COUNTY EXPRESSWAY AUTHORITY
D/B/A MIAMI-DADE EXPRESSWAY AUTHORITY AND MDX
Schedule of Historical Toll Rates by Vehicle Class
(Unaudited)
Year ended June 30, 2005

	<u>1961 – 1983 (1)</u>	<u>1983 – 1989 (2)</u>	<u>1989 – 1999 (3)</u>	<u>1999 – 2001 (4)</u>	<u>2001- 2003 (5)</u>	<u>2003- 2004 (6)</u>	<u>2004- 2005</u>
Motor Vehicles with two axles	\$ 0.10	\$ 0.25	\$ 0.25	\$ 0.50	\$ 0.75	\$ 1.00	\$ 1.00
Motor Vehicles with three axles	0.15	0.35	0.50	0.75	1.00	2.00	2.00
Motor Vehicles with four axles	0.20	0.50	0.75	1.00	1.25	3.00	3.00
Motor Vehicles with five axles	0.25	0.60	1.00	1.25	1.50	4.00	4.00
Each additional axle	0.05	0.10	0.25	0.25	0.25	1.00	1.00

- (1) Effective December 22, 1961 with the opening of the Airport Expressway, September 16, 1965 with the opening of the East-West (Dolphin) Expressway and July 8, 1974 with the opening of the South Dade (Don Shula) Expressway.
- (2) Effective March 1, 1983 for the Airport Expressway and the East-West (Dolphin) Expressway. Tolls were also changed from two directional (eastbound and westbound) to one directional (eastbound).
- (3) Effective May 1, 1989 for the Airport Expressway, the East-West (Dolphin) Expressway, the South Dade (Don Shula) Expressway and January 6, 1992 with the opening of the Gratigny Parkway.
- (4) Effective July 11, 1999 for the System. SunPass users receive a 10% discount from the Toll rates provided.
- (5) Effective July 1, 2001 for the East-West (Dolphin) Expressway, the South Dade (Don Shula) Expressway and the Gratigny Parkway. The Toll rates on the Airport Expressway were not affected. SunPass users receive a 10% discount from the Toll rates provided.
- (6) Effective March 7, 2004 for the East-West (Dolphin) Expressway, the South Dade (Don Shula) Expressway and the Gratigny Parkway. The Toll rates determined by N-1 tolling rates. Airport Expressway increase .25 per motor vehicle axles.