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**OF TRANSPORTATION**

**North Texas Tollway Authority System, An Enterprise Fund of the North Texas Tollway Authority  
Comprehensive Annual Financial Report for Fiscal Year Ended December 31, 2007**

**NORTH TEXAS TOLLWAY AUTHORITY**

2007 was a time of transformation—for the  
North Texas Tollway Authority and for  
transportation throughout the North Texas region.



The North Texas Tollway Authority (NTTA) has helped shape the mobility and economic development of the North Texas region for decades.

The past year was much more than just another period of progress; it was truly a time of transformation—a time of broadening the NTTA's vision, reaching toward new horizons, expanding the agency's scope, leveraging its strengths, launching bold initiatives, and multiplying its capacity to deliver mobility solutions.

While 2007 was a year of transformation, one thing remained unchanged—the NTTA's unwavering commitment to fulfilling our mission: providing a fiscally sound system of innovative toll facilities, services, and solutions that improves the mobility, quality of life, and economy of the North Texas region.

# Comprehensive Annual Financial Report

► Fiscal Year Ended December 31, 2007



North Texas Tollway Authority System  
*An Enterprise Fund of the North Texas Tollway Authority*

*Prepared by North Texas Tollway Authority's finance department*

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# Introductory Section



NORTH TEXAS TOLLWAY AUTHORITY

**Paul N. Wageman**  
Chairman

**William W. Meadows**  
Vice Chairman

**Gary Base**  
Director

**Bob Day**  
Director

**David R. Denison**  
Director

**Michael Nowels**  
Director

**Robert Shepard**  
Director

**Alan E. Sims**  
Director

**Victor Vandergriff**  
Director

**Jorge Figueredo**  
Executive Director

**Rick Herrington**  
Deputy  
Executive Director

April 18, 2008

Chairman Paul N. Wageman,  
and Board of Directors  
North Texas Tollway Authority

The Finance Department of the North Texas Tollway Authority (NTTA) is pleased to submit the Fiscal Year (FY) 2007 Comprehensive Annual Financial Report (CAFR) for the North Texas Tollway Authority System (NTTA System). The purpose of this report is to provide bondholders, board of directors, management, staff, the public, and other interested parties with detailed information reflecting the System's financial condition at December 31, 2007.

FY 2007 will go down as a year of transformation and historical accomplishments for the NTTA; with the passage of Senate Bill 792, which gave the NTTA additional tools to better address the needs of the region; with the acquisition of the highly valued State Highway 121 Project; the opening of the Dallas North Tollway Extension Phase 3; and the continued construction of the Lewisville Lake Toll Bridge. A toll rate increase in late September 2007 and continued growth in traffic produced toll revenues in excess of \$202 million, exceeding 2006 toll revenues by 5.9%. Operations and Maintenance Fund expenses were 8.5% under budget. The strength of the NTTA System allowed for the preservation of current assets; the funding of capital improvement projects, such as the DNT South End Improvements; the investing in safety and technology to continue providing our patrons with world-class service; and the ability to assist with the transportation needs of the North Texas region.

The operations of the NTTA System are accounted for as an enterprise fund in accordance with the Trust Agreement and accounting principles generally accepted in the United States of America. Management takes responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. Management confirms that the financial statements present fairly, in all material respects, the financial position of the NTTA System as of December 31, 2007. Please refer to the Management's Discussion and Analysis (MD&A) on pages 3-11 of this report for the detailed discussion of the NTTA System's financial performance.

This CAFR complies with Section 711 of our Trust Agreement, which states that each fiscal year the NTTA will cause an audit to be made of its books and accounts relating to the NTTA System for the previous fiscal year by an independent certified public accountant of recognized ability and standing. The 2007 audit was performed by our independent auditors, KPMG LLP.

We wish to thank all members of the finance department and all NTTA staff for their contribution to the production of this report. We are thankful for our board of directors' support, direction, and for guiding the NTTA into a position to greatly benefit the region.

Respectfully submitted,

Jorge Figueredo  
Executive Director

Susan A. Buse  
Chief Financial Officer

Armando Garza  
Director of Finance

P.O. Box 260729  
Plano, TX 75026

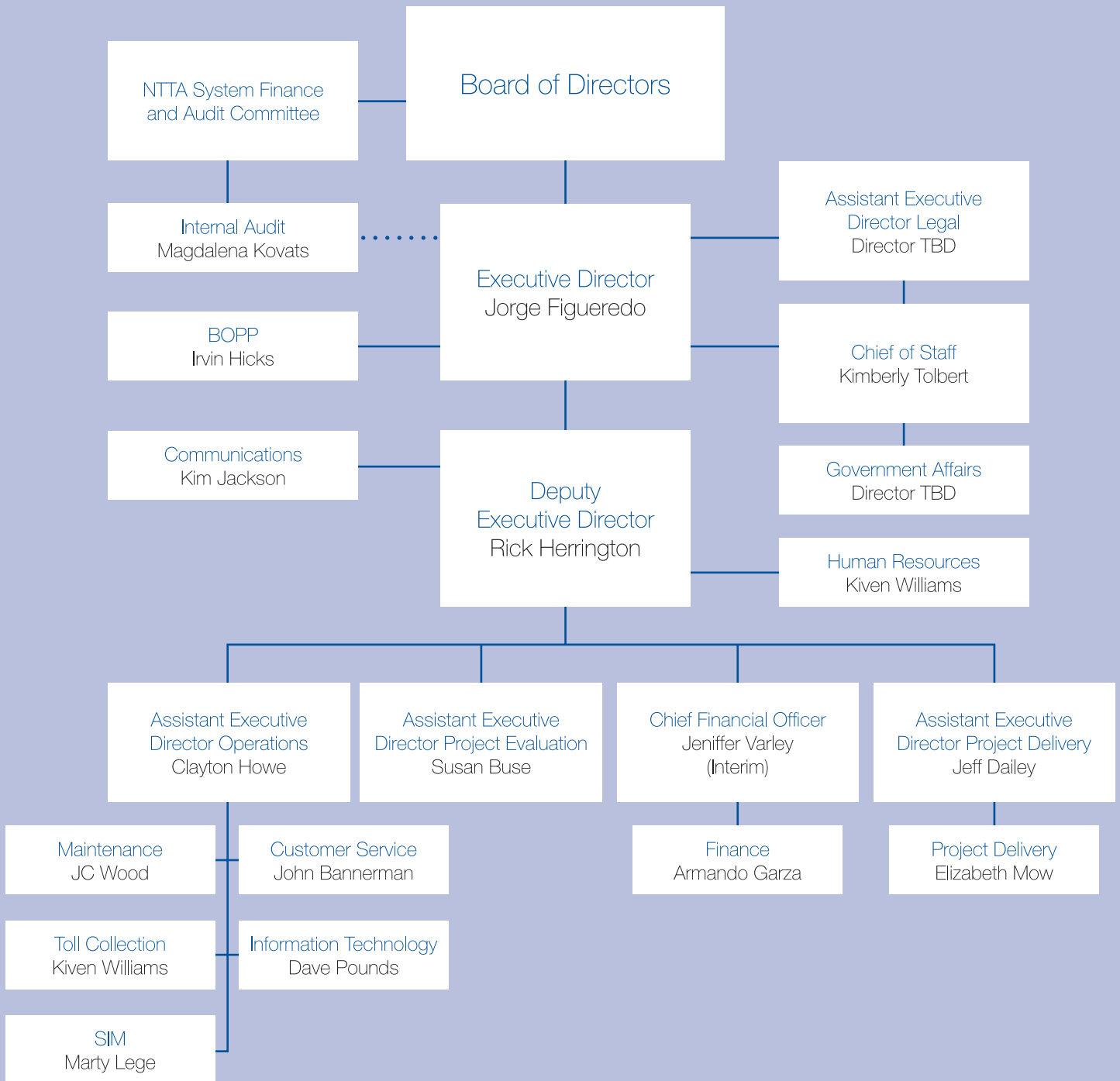
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# Organizational Chart





## From the NTTA Board of Directors

In a continual quest to deliver the most effective mobility solutions and transportation value to the people of North Texas, the North Texas Tollway Authority reached major milestones and landmark achievements in 2007. For the NTTA, and the people of North Texas, 2007 was a time of sweeping change, from the progress and completion of vital roadways that improve the quality of life for motorists, to the regional partnerships that shape the region's mobility solutions, to the very way that toll roads are considered at the highest levels of government.

On a statewide level, the subject of toll roads became a whole new ballgame, with new players and new rules. In this dynamic environment, the NTTA, for the first time, participated in a process that led to the NTTA being awarded the right to design, build, finance, operate, and maintain State Highway (SH) 121. This roadway in Collin, Dallas, and Denton counties is one of the most important new toll roads in the state.

Central to this unprecedented turn of events, the 2007 State Legislature enacted laws that redefined the way toll projects are delivered throughout the state and established the NTTA as the preferred toll provider in North Texas.

Reflecting the regional scope of North Texas transportation needs, the NTTA's Board of Directors expanded in size to ensure equal representation among its four member counties—Collin, Dallas, Denton, and Tarrant—and established a process by which representatives of surrounding counties can join the NTTA as the system expands.

Locally, the NTTA completed or reached important milestones on numerous roadway projects, introduced innovations such as ZipCash® and all-electronic toll collection (ETC) to make travel more efficient and convenient for motorists, and continued to develop systems to further improve roadway safety and traffic flow.

In order to respond to the region's transportation challenges and to help lead the way in delivering effective mobility solutions, the NTTA operations became significantly greater in scope, commensurate with the number of roadway projects. The authority continued to develop innovative practices and technologies that benefit motorists, communities, partners, and stakeholders.

With all of the significant changes that took place in 2007, the North Texas Tollway Authority became a stronger, more effective agency, helping to transform the way transportation solutions are delivered in the North Texas region.



From left to right, Board Members: Vice Chairman William W. Meadows • David R. Denison • Robert K. Shepard  
Bob Day • Chairman Paul N. Wageman • Gary Base • Michael R. Nowels • Alan E. Sims • Victor T. Vandergriff



Official ground breaking ceremony for the Dallas North Tollway Extension, 1983



# TRANSFORMING DIRECTION

In 2007, the entire process used to develop and operate toll roads in Texas was affected at a fundamental level.

# For North Texas toll projects, TxDOT and the NTTA will work together to determine a toll project's value using various financial assumptions, including toll rate, toll escalation rate, and traffic projections.

## STATE LEGISLATURE SHAPES NTTA ROLE

The 80th Texas Legislature enacted laws to improve mobility statewide and in the North Texas region. These bills provided the NTTA with tools that will enable the agency to more effectively deliver projects, serve customers, and expand its service area and system.

Senate Bill (SB) 792 recognized and solidified the NTTA's standing as the toll road provider for the North Texas region.

The bill gave the NTTA the right of first refusal on any tolled project in North Texas, and specified that the NTTA will provide toll collection services on all toll roads in the region, regardless of who develops the project. In addition, SB 792 included a provision that the NTTA be awarded the SH 121 project if the agency offered the best financial value to the region.

## STATE HIGHWAY 121— REGIONAL BENEFIT, A REGIONAL PROVIDER

In Spring 2007, the North Central Texas Council of Government's (NCTCOG) Regional Transportation Council (RTC) and TxDOT requested that the NTTA submit a comprehensive public sector proposal to be evaluated alongside a private sector proposal for the right to develop SH 121.

The NTTA proposal was selected because it provided superior economic value, as well as a number of other benefits the NTTA offers: operations and customer service already in place

in the region; an established customer base of more than 1.4 million active TollTags; a history of successful construction, financing, and operation of roadways; and a strong financial system with ready access to funding.

## MARKET VALUATION OF PROJECTS

Another significant change related to toll roads statewide is the process defined in SB 792 that requires TxDOT and the local toll entity to mutually agree on the financial terms of a toll project to determine its market value.

For North Texas toll projects, TxDOT and the NTTA will work together to determine a toll project's value using various financial assumptions, including toll rate, toll escalation rate, and traffic projections. Once these terms are identified, the NTTA has the first right of refusal to develop the toll project.

In addition, TxDOT is required to assist local toll entities in the completion of projects by providing right of way owned by TxDOT, subject to reimbursement for actual historical costs only, and access to the

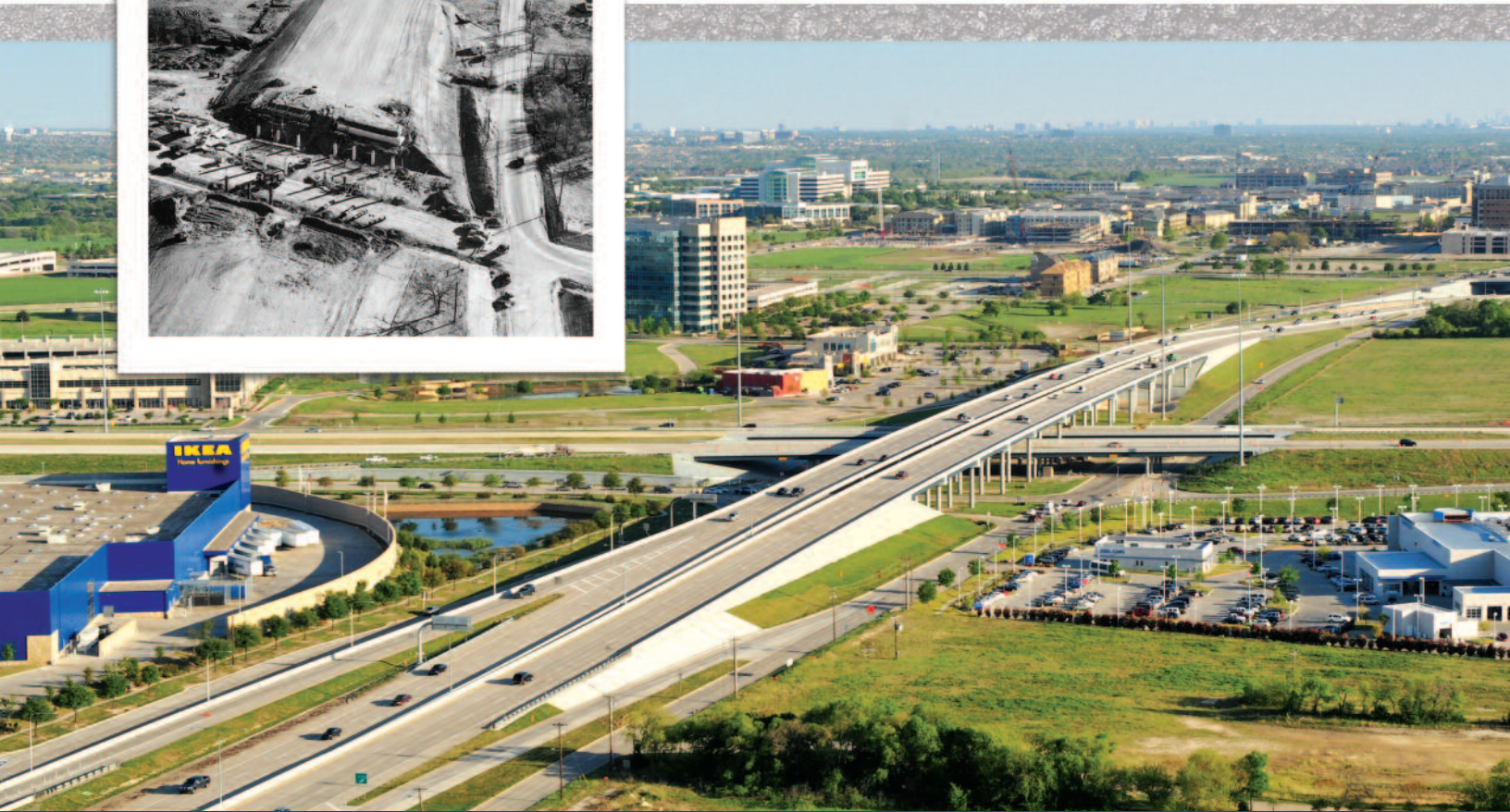
state highway system by entering into an agreement with the local toll entity.

By working together to reach these agreements, TxDOT and the NTTA ensure that critical projects will be developed to help improve mobility for the citizens we serve in North Texas.





*Beginning construction on the Dallas-Fort Worth Turnpike, 1955*



# TRANSFORMING PARTNERSHIPS

Planning, designing, financing, building, and operating a project as complex as a toll road is never accomplished alone.

# As the NTTA System continues to grow, so does the number of the NTTA's partners.

## WIDE-RANGING PARTNERSHIPS FOR REGION-WIDE SOLUTIONS

The toll road system of the NTTA is a result of years of working closely with various federal, state, and regional agencies, along with local cities and the NTTA's four member counties.

A prime example is the process that made the development of SH 121 possible. In the spirit of partnership, representatives from the Texas Transportation Commission (TTC), the Dallas District of TxDOT, the Regional Transportation Council (RTC), and the NTTA finalized a historic project agreement whereby NTTA will assume full responsibility for the roadway in September of 2008.

The NTTA will develop, finance, design, construct, maintain, and operate remaining segments of SH 121 from McKinney to Coppell for the next 50 years. When complete, SH 121 will be a 25.9-mile toll road through Collin, Dallas, and Denton counties terminating on the west near the Tarrant County line. This important transportation artery will have a significant impact on mobility in all four NTTA counties.

This law ensures that all upfront payments and ongoing toll revenues generated by SH 121 will remain in the Dallas/Fort Worth region, supporting other infrastructure projects and contributing greatly to the local economy.

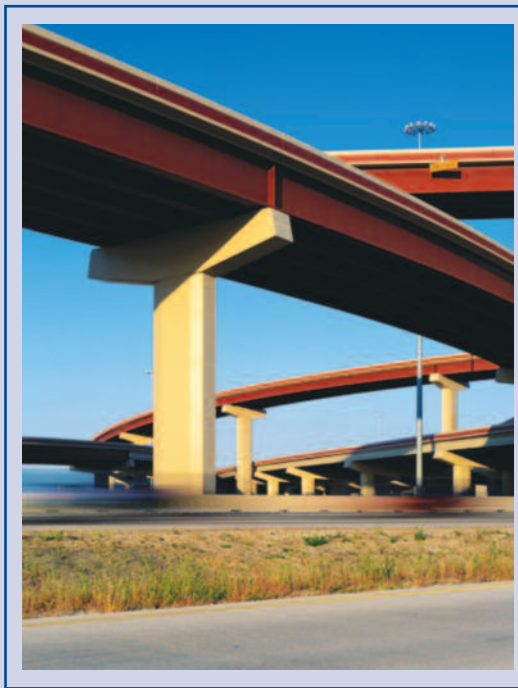
## INNOVATIVE FINANCING

As part of the SH 121 agreement, the NTTA made an upfront payment of \$3.2 billion to TxDOT to be used for other mobility projects within the region. The NTTA issued \$3.4 billion in Series 2007 Bond Anticipation Notes for the acquisition and construction of the SH 121 project.

In 2007, the NTTA also issued \$125 million of commercial paper notes and transferred \$25 million to the NTTA's

Feasibility Study Fund to finance the feasibility study and design of the Southwest Parkway and President George Bush Turnpike (PGBT) Eastern Extension projects.

Strong demand from investors for these instruments demonstrated the bond market's confidence in the NTTA's financial strength. As always, the NTTA is dedicated to being a capable regional provider of mobility solutions with local control and with funds to be used solely in North Texas. Despite the current statewide transportation funding crisis, the North Texas region has funds for new roads.



## TOLL EQUITY GRANT

In August, the TTC authorized TxDOT to provide the NTTA with a Toll Equity Grant of \$160 million to be used for the acquisition of right of way, relocation, utility adjustments, and related costs and services for the PGBT Eastern Extension. The



TTC also authorized a project agreement between the NTTA and TxDOT that includes toll revenue sharing features and cements a long-term financial relationship between the two agencies and the North Texas region.

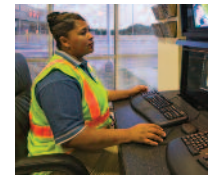
## **COLLABORATION WITH OTHER TOLLING AUTHORITIES**

In 2007, the NTTA, the Harris County Toll Road Authority, the Texas Turnpike Authority Division of TxDOT, and the Central Texas Regional Mobility Authority signed an agreement to allow interoperability of transponder-based transactions (such as the TollTag) among all the toll providers throughout the state. This partnership provides an added level of convenience for NTTA customers as they travel throughout the state.

## **EXPANDING PARTNERSHIPS**

As the NTTA System continues to grow, so does the number of the NTTA's partners. In 2007, the NTTA's dedication to regional mobility solutions began reaching beyond its four member counties with the early development stages of projects reaching into Ellis, Grayson, and Johnson counties.

To ensure equity in every agency initiative and each stage of procurement, the NTTA's business opportunity program has been elevated within the agency. Programs are being enhanced to assure that a diverse, qualified range of vendors will be able to participate in the growth of the region's transportation infrastructure and mobility solutions.



*NTTA server room, 1999*



# TRANSFORMING OPERATIONS

As the North Texas region continues to grow, its need for viable, practical transportation solutions becomes ever more critical.

# The NTTA uses the most advanced technology to help keep customers and employees safe, and the traffic on NTTA's roadways flowing smoothly.

## PROGRAM MANAGEMENT FOR PROJECT DELIVERY

The NTTA is managing many regional projects at different stages in the project delivery process, from planning and design to construction. The NTTA, in cooperation with local and regional partners, is also working to advance several additional toll projects in North Texas.

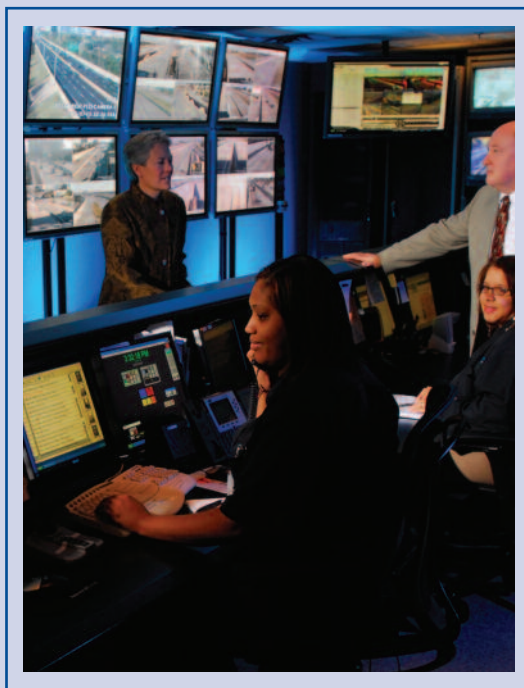
In August of 2007, the NTTA reorganized its management structure to accommodate and oversee this tremendous growth and more efficiently address its focus on project delivery.

The NTTA's program management office (PMO) manages staff and capital resources, working across the organization as fully integrated partners, to strategically define and deliver projects. PMOs are a best practice among massive infrastructure and construction projects, enabling timely delivery and efficient use of resources, even as project scope and complexity expand.

The PMO ensures consistency and maximizes value for the NTTA and, in turn, its stakeholders. The NTTA's skilled employees, coupled with a diverse resource pool, are capable of quickly adapting to legislative changes or market challenges, delivering the infrastructure required to keep pace with the rapid growth of North Texas.

## WEB-BASED PROJECT MANAGEMENT SYSTEM

With the large portfolio of NTTA projects, all at various stages of development, it is vital to have precise prioritization and coordination of resources. In December of 2007, the NTTA board approved a Web-based project management system. This system can reduce coordination errors, reduce travel and delivery costs, save project management expense, eliminate lag time in moving information, and improve compliance with standards and procedures.



## DEDICATED CUSTOMER SERVICE

Quality roadways are only part of the NTTA customer experience. The agency also makes customer service a top priority, and the NTTA Customer Service Center has been certified as one of the best in the world. In 2007, customer service representatives had more than 1.8 million personal contacts with customers. In addition, the agency's Web site and automated voice recognition telephone system allow customers to manage their accounts 24 hours a day.

## MOBILITY FOR THE FUTURE

The NTTA System is built to high standards of safety, user convenience, long-term maintainability, and cost-efficiency. In order to minimize replacement costs and maximize the useful life of assets, the NTTA carefully maintains its roadways and facilities. In 2007, the NTTA's internal maintenance rating program



scores were 94.9 (out of a possible 100) for the Dallas North Tollway (DNT) and 94.6 for the PGBT.

### SMARTER ROADS, SAFER DRIVERS

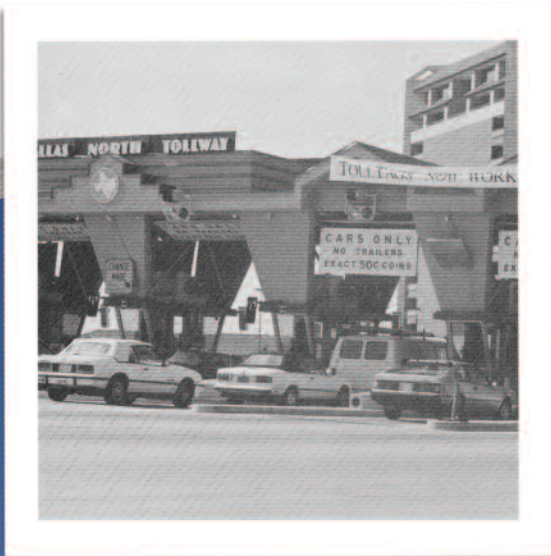
The NTTA uses the most advanced technology to help keep customers and employees safe and the traffic on NTTA's roadways flowing smoothly.

The NTTA's innovative intelligent transportation system (ITS) monitors road and traffic conditions 24 hours a day, with a digital video system and incident detection software that can detect disturbances on the roadways, including stalled cars, accidents, or even objects on the road. Real-time information about current conditions that impact customers is relayed to them through overhead dynamic message signs on the roadway, Web site traffic advisories, and the directed placement of movable message boards. When necessary, staff in the 24-hour command center facility will dispatch resources such as tow trucks, maintenance crews, and emergency medical services, as well as Department of Public Safety troopers and police officers, wherever they are needed along the NTTA System.

Sensors that can detect rain, ice, and other possible roadway hazards assist NTTA personnel in the command center, who take corrective action by notifying maintenance personnel, emergency personnel, and motorists. By employing such technology to keep motorists safe, the NTTA was named an Excellence in Snow and Ice Control award winner by the American Public Works Association for its superior response to icy road conditions.

In 2007, the NTTA expanded the ITS to all of its roadways. Going a step further, the NTTA is piloting a roadway customer service program that will provide a service unit on SH 121 at all times to better assist customers and emergency responders. They will work with the command center as it leverages ITS technology to provide a safe NTTA System and world-class customer service.





Dallas North Tollway Keller Springs Road Main Lane Plaza, 1991

A large, modern, metallic toll plaza structure with a prominent "NTTA" logo in blue and white on the right side.

NTTA

# TRANSFORMING PERFORMANCE

The NTTA's performance in 2007 showed strength, innovation, and a commitment to excellence.

# The most profound impact of ZipCash® was the elimination of the need for toll booths at the plaza.



## IMPROVED FINANCIAL PERFORMANCE

In fiscal year 2007, total operating revenues reached \$210.7 million, compared to \$198.1 million for fiscal year 2006. Toll revenues increased approximately 5.9 percent over fiscal year 2006.

Administration and operations expenses were under budget by 8.5 percent in fiscal year 2007. Net revenues in fiscal year 2007 were 1.96 times the amount needed to cover the authority's 2007 debt service payments.

The NTTA System's overall financial position improved in 2007, further indicated by a \$60.1 million increase in net assets.

## INCREASED TRAFFIC FLOW

Traffic on the NTTA System continues to grow. In 2007, there were approximately 1,055,100 average daily transactions, an increase of 3.3 percent from 2006.

## TOLLTAG CONTINUES TO FLOURISH

In 1989, the NTTA introduced the TollTag. Now, there are more than 1.4 million active TollTags, with almost 200,000 new TollTags issued in 2007. The NTTA collected approximately 80.5 percent of its toll revenue electronically during 2007, increasing from 75.2 percent in 2006.

## ZipCash® REVOLUTIONIZES TOLL COLLECTION

When renovations to the Dallas North Tollway's southernmost toll plaza temporarily reduced the number of lanes available and caused significant congestion, the time required for transactions in the cash lane created a traffic bottleneck. The NTTA introduced a way to keep the traffic moving—a solution called ZipCash®, based on electronic reading of vehicle license plate

numbers. Even without having a TollTag, cash customers could "drive now and pay later" at the higher cash rate by having a toll invoice sent to their home address.

The NTTA was able to quickly modify back office processing to handle the new method of customer identification and billing. TollTag penetration of nearly 70 percent of vehicles at the south plaza helped ease the transition away from cash transactions.

Perhaps the most profound impact of ZipCash® was the elimination of the need for toll booths at the plaza.



## ALL-ELECTRONIC TOLL COLLECTION

Based on the success of ZipCash®, the NTTA Board of Directors requested a study on converting the entire NTTA System to all-ETC. The study identified significant improvements in customer time savings, motorist and employee safety, engineering and construction costs, and reaching regional environmental milestones. The move to an all-ETC would also result in significant savings in capital costs, since the planned

reconstruction of several toll plazas would no longer be needed.

In August 2007, the NTTA Board of Directors approved a gradual system-wide transition to all-ETC. By 2010, there will no longer be toll booths or equipment accepting cash payment on any existing or future NTTA facilities, which will be a total transformation from the traditional toll road model. Electronic tolling will improve customer mobility in the region, enhance safety, and improve air quality.

The agency has already put a plan in motion to assist the more than 400 toll collection and vault department employees with placement in other areas of the NTTA or in outside positions. The NTTA's goal is to successfully transition toll collection and vault employees by the end of the all-ETC conversion through a series of human resources initiatives.

## 2007 PROJECT MILESTONES

**Dallas North Tollway Extension Phase 3:** The 9.6-mile extension of the DNT, from SH 121 to U.S. 380, opened in September, expanding the length of the DNT by almost one-third. Project partners include Collin and Denton counties, and the cities of Frisco and Plano. Over 40,000 drivers daily are expected to travel on Phase 3, an essential link between fast-growing northern suburbs and downtown Dallas. The \$264-million roadway took less than three years to complete.

**Lewisville Lake Toll Bridge:** Following a January groundbreaking, construction began on the 1.7-mile bridge, part of a 13.8-mile corridor to connect the DNT in Frisco to IH 35E in Lake Dallas. The NTTA is working cooperatively with TxDOT, Denton County, and the cities of Little Elm, Frisco, and Lake Dallas. The first set of bridge beams—the foundation over which the roadway will be constructed—were hung on October 25. The bridge, with its signature 360-foot lighted, tied arch near the center, is scheduled to open to traffic in the third quarter of 2009.

**State Highway 121:** The NTTA signed the project agreement and issued notes for the acquisition and initial construction of the 26-mile roadway that will link Dallas/Fort Worth International Airport and rapidly growing communities in Collin, Dallas, and Denton counties. Anticipated completion dates:

- Segment 1 (from Denton Tap Road to Old Denton Road): Open to traffic
- Segment 2 (from Old Denton Road to Hillcrest Road): September 2008
- Segment 3 (from Hillcrest Road to Hardin Boulevard): January 2010
- Segment 4 (from Hardin Boulevard to east of U.S. 75): January 2011
- Segment 5 (the SH 121/DNT interchange): January 2012

**DNT South End Renovations:** The oldest portion of the DNT, opened in 1968, is undergoing a \$50-million renovation. Work done in 2007 included demolition of the original main lane toll plaza at Wycliff Avenue, reconstruction of the pavement from Lemmon Avenue south to IH 35E, and replacement of the Cedar Springs Road Bridge. Work continues on replacement of the Oak Lawn Avenue bridge and the widening of Oak Lawn Avenue as it approaches the DNT from the east and west. Completion is scheduled for fall of 2008.

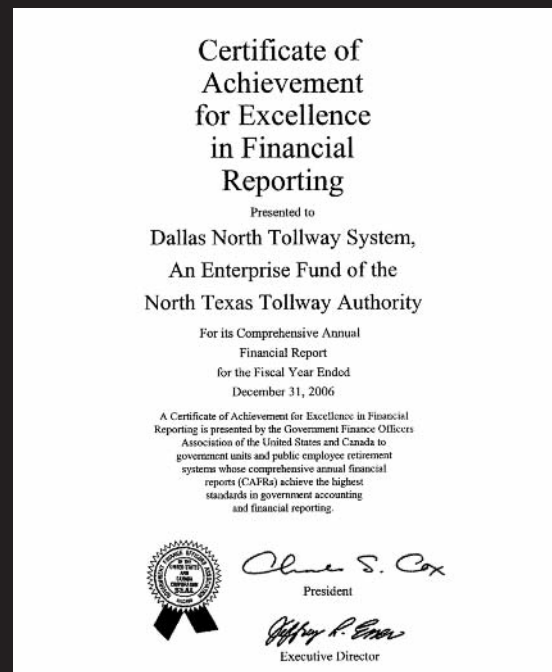
## DRIVING ECONOMIC DEVELOPMENT

The roadways of the NTTA have literally helped shape the Metroplex, driving economic growth wherever the roads have been built.

Commercial and residential development alongside the DNT and the PGBT have added billions of dollars of valuation to Collin, Dallas, and Denton counties' tax rolls. This valuation generates tremendous revenue annually for the counties, cities, and school districts along the DNT and the PGBT. The NTTA itself generates over 1,000 jobs and corresponding economic activity annually.

The new roadways of the NTTA are certain to add significantly to these numbers. As the roadways of the NTTA System help meet regional infrastructure needs, they also further build the regional economy by improving mobility, creating new jobs, and increasing the property tax base.

As the North Texas region looks to the future, the NTTA will provide the transportation solutions that pave the way.



*The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Dallas North Tollway System, an enterprise fund of the North Texas Tollway Authority, for its comprehensive annual financial report for the fiscal year ended December 31, 2006. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.*

*A Certificate of Achievement is valid for a period of one year only. We believe that our 2007 comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.*

## Current NTTA Projects

### OPENED IN 2007:

**Dallas North Tollway Phase 3:** Extension of the DNT, extending 9.6-miles from SH 121 to U.S. 380.

### PROJECTS IN DESIGN OR CONSTRUCTION STAGES:

**PGBT Eastern Extension:** 9.9-mile segment from SH 78 in Garland, east and south through Rowlett and Sachse to IH 30—a vital piece of the outer loop around Dallas and its suburbs envisioned in the 1960s. The tentative project schedule calls for construction to begin in mid-2008. The projected opening is late 2011.

**Lewisville Lake Toll Bridge:** 1.7-mile bridge, part of a 13.8-mile corridor to connect the DNT in Frisco to IH 35E in Lake Dallas. Scheduled to open to traffic in the third quarter of 2009.

**Southwest Parkway:** An 8.4-mile, limited-access toll road from the Fort Worth central business district to southwest Fort Worth. The Southwest Parkway will be NTTA's first facility in Tarrant County. The parkway is expected to open to traffic in 2011.

**State Highway 121:** 26 miles, linking the Dallas/Fort Worth International Airport and rapidly growing communities in Collin, Dallas, and Denton counties. Anticipated completion dates:

- Segment 1 (from Denton Tap Road to Old Denton Road): Open to traffic
- Segment 2 (from Old Denton Road to Hillcrest Road): September 2008
- Segment 3 (from Hillcrest Road to Hardin Boulevard): January 2010
- Segment 4 (from Hardin Boulevard to east of U.S. 75): January 2011
- Segment 5 (the SH 121/DNT interchange): January 2012

### TOLL PROJECTS THAT NTTA IS CURRENTLY COLLABORATING ON WITH REGIONAL PARTNERS AND WHICH MAY BECOME NTTA FACILITIES:

**State Highway 161:** A new north-south 11.5-mile link in southern Dallas County, SH 161 was initiated by TxDOT. A market valuation process between TxDOT and NTTA was begun in late 2007 and a negotiated value was agreed to in April of 2008. After traffic and revenue reports and additional financial analyses are completed and reviewed, the NTTA Board of Directors will decide if the NTTA will exercise its option to develop SH 161.

**State Highway 170:** The SH 170 corridor has been identified in the regional Metropolitan Transportation Plan as a strategic east-west corridor that could serve an interim connection to the proposed regional outer loop. Section 1 of the corridor from SH 114 to IH 35W is defined by existing frontage roads developed by TxDOT in the early 1990's and a regional partnering effort between the NTTA, TxDOT, and the NCTCOG is underway to environmentally clear the section by the fall of 2009 for future development as a toll facility. Section 1 will link northern Tarrant and southern Denton counties with Fort Worth Alliance Airport and Dallas/Fort Worth International Airport. Section 2, progressing west from IH 35W to U.S. 287, will provide an extended east-west connection to a rapidly growing section of northern Tarrant county and the emerging U.S. 287 corridor. Section 3 would eventually continue further

west across Eagle Mountain Lake to SH 199 and complete the facility's functional connection to the proposed regional outer loop.

- Section 1: SH 114 to IH 35W (6.3-miles)
- Section 2: IH 35W to U.S. 287 (5.5-miles)
- Section 3: U.S. 287 to SH 199 (15.1-miles)

NTTA is working to obtain by May of 2009 an approved schematic and environmental clearance for Section 1.

**State Highway 190 East Branch:** The East Branch of SH 190 would begin at IH 30 in Garland and end at IH 20 in Mesquite, a distance of approximately 11 miles. The SH 190 East Branch corridor study is being led by TxDOT.

**State Highway 360:** The SH 360 corridor study is a joint effort of the NTTA and TxDOT. Segment 1 of the proposed SH 360 is expected to result in a 9.7-mile extension in southern Tarrant and Northern Johnson counties. The Segment 2 extension of SH 360 south will provide a link to U.S. 67.

- Segment 1: Green Oaks Boulevard to U.S. 287 (9.7-miles)
- Segment 2: U.S. 287 to U.S. 67 (5.5-miles)

The NTTA expects to obtain an approved schematic and environmental clearance for segment 1 by December of 2009.

**Southwest Parkway (TxDOT)/Chisholm Trail:** A second segment of the Southwest Parkway from Altamesa Boulevard to FM 1187 is being planned by TxDOT. The 5.7-mile extension will connect to a third portion of the north-south limited access-roadway, known as Chisholm Trail, which was initiated by TxDOT. The Chisholm Trail was initiated by TxDOT. The 13-mile corridor would begin at FM 1187 in Tarrant County and end at U.S. 67 in Johnson County.

**Dallas North Tollway Phase 4 & 5:** 17.6-mile extension. The DNT Phase 4 corridor plan is expected to extend the tollway north from U.S. 380 to the Collin/Grayson county line. The DNT Phase 5A corridor plan is expected to extend the tollway from the Collin/Grayson county line to FM 121. An opening date is yet to be determined.

**Trinity Parkway:** The Trinity Parkway is expected to run approximately nine miles adjacent to downtown Dallas to provide an alternative route around the central business district. In a November referendum, voters in the city of Dallas reaffirmed support for a combined riverside alternative that was initially recommended by the Dallas City Council and the NTTA Board of Directors in 2005. The parkway connects IH 35E to U.S. 175.

### CAPITAL IMPROVEMENT PROJECTS:

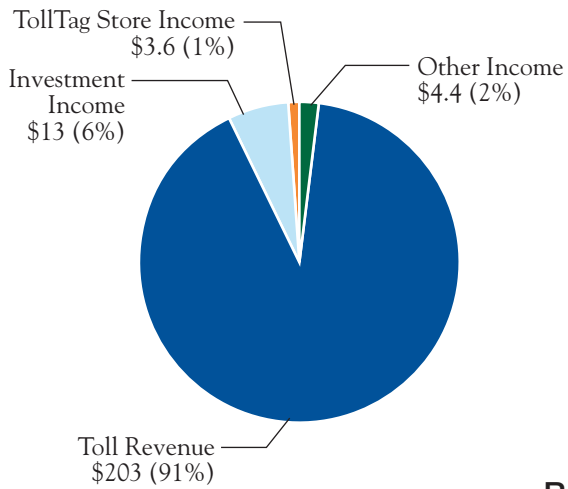
**DNT South End Renovations:** \$50-million renovation of the south end of the DNT, including conversion to all-electronic toll collection. Completion is scheduled in the fall of 2008.

**Expansion of the PGBT:** The project will widen the PGBT from three to four lanes from IH 35 to SH 78, in both the westbound and eastbound directions.

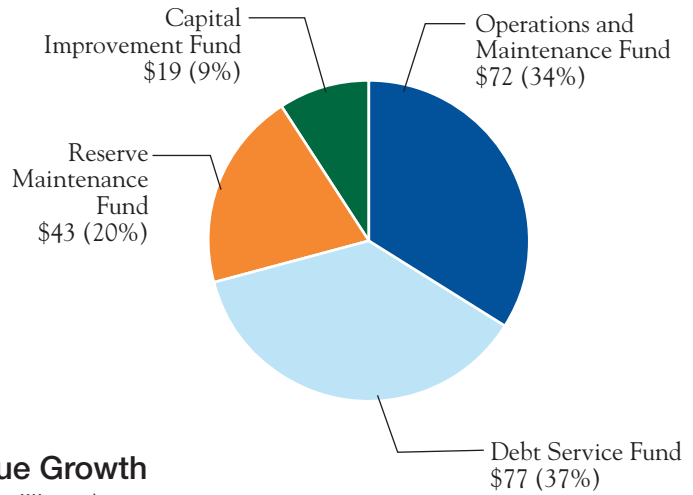
**All-Electronic Toll Collection:** In August 2007, the NTTA Board of Directors approved a gradual system-wide transition to all-ETC. By 2010, there will no longer be toll booths or equipment accepting cash payment on any existing or future NTTA facilities. Electronic tolling will improve customer mobility and safety in the region, and enhance air quality.

# Financial Information

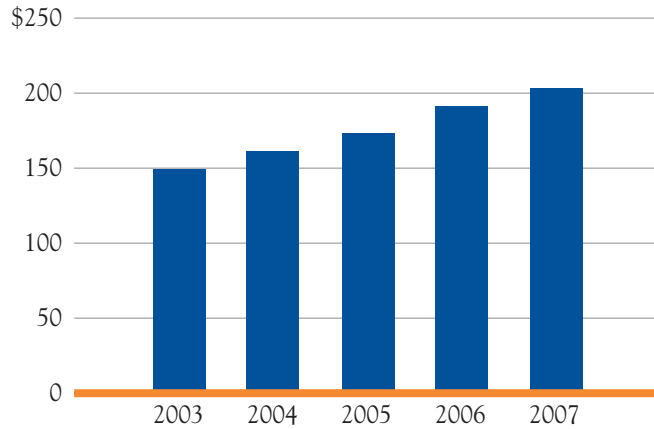
**2007 NTTA Revenues**  
(in millions)



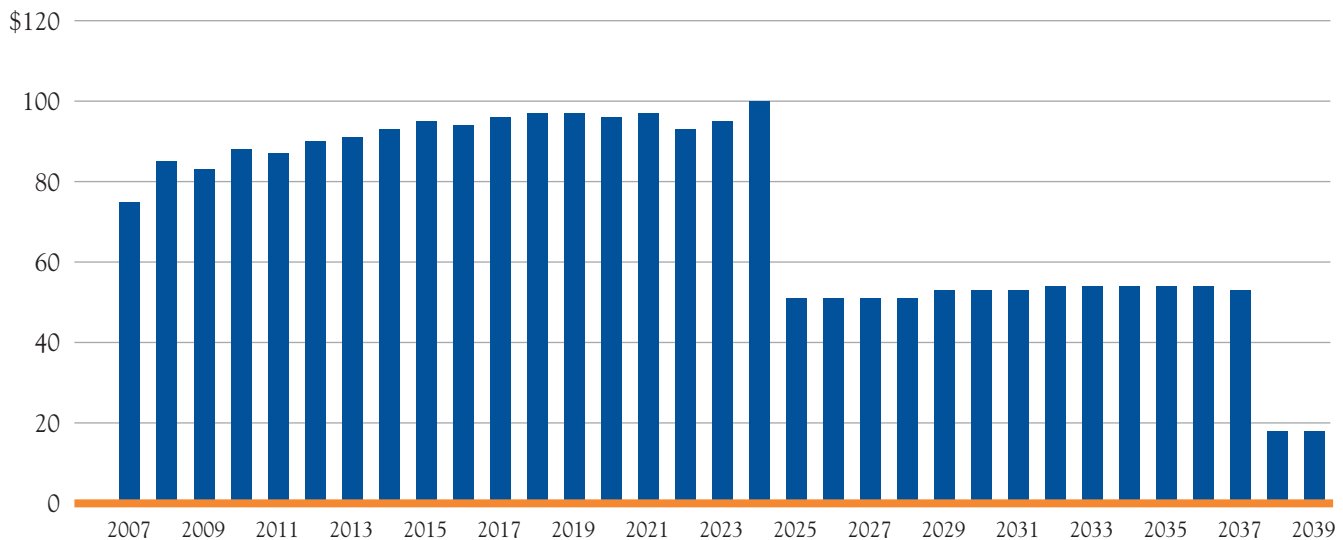
**2007 Revenue Distribution**  
(in millions)



**Revenue Growth**  
(in millions)

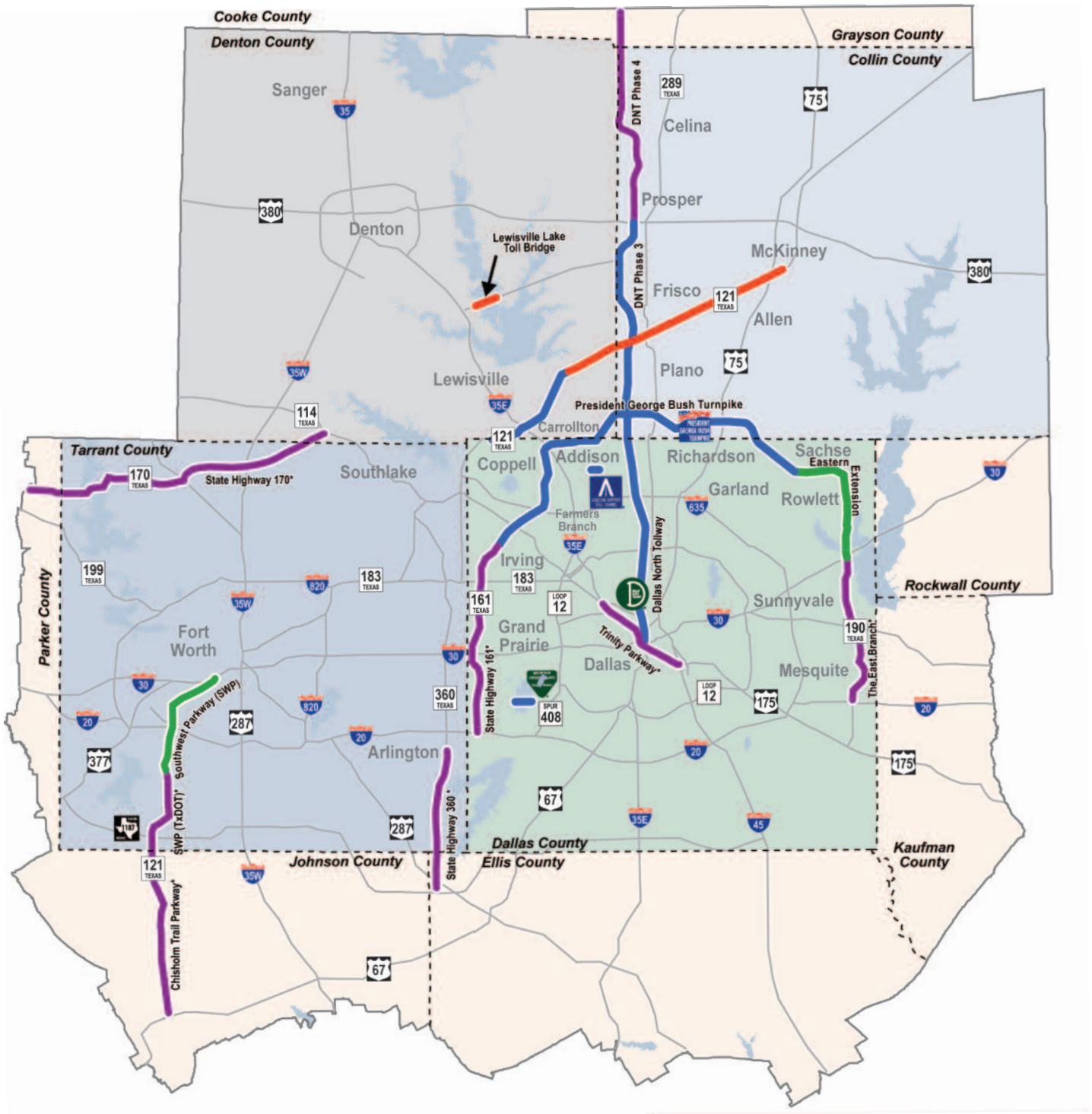


**Debt Service**  
(in millions)





# Toll Facility Map of the North Texas Region



## LEGEND

- Existing
- Under Construction
- Future Toll Projects
- In Design
- - - - County Line
- \*project subject to market valuation*



Financial Section



**NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

Financial Statements and Supplementary Data

December 31, 2007

(With Independent Auditors' Report Thereon)



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

## **Independent Auditors' Report**

North Texas Tollway Authority  
North Texas Tollway Authority System:

We have audited the accompanying statement of net assets of the North Texas Tollway Authority System, previously known as the Dallas North Tollway System (the System), an enterprise fund of the North Texas Tollway Authority (the Authority) as of December 31, 2007 and the statement of revenues, expenses, and changes in net assets and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in note 1(a), the financial statements present only the System, an enterprise fund of the Authority and do not purport to, and do not, present fairly the financial position of the Authority as of December 31, 2007, and the changes in its financial position and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the System, an enterprise fund of the North Texas Tollway Authority as of December 31, 2007, and the changes in its financial position and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis on pages 3 through 13 and the Modified Approach – Infrastructure Assets on pages 45 through 47 are not a required part of the basic financial statements, but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurements and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the System's basic financial statements. The introductory section, supplementary information included in schedules 1 through 9, and statistical section are presented for purposes of additional analysis and is not a required part of the basic financial statements. Schedules 1 and 6 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, schedules 2, 3, 4, 5, and 7 through 9, and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

April 8, 2008

**NORTH TEXAS TOLLWAY AUTHORITY**  
**NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

Management's Discussion and Analysis

December 31, 2007

As financial management of the North Texas Tollway Authority System, previously known as the Dallas North Tollway System (the System), which consists of the Dallas North Tollway (DNT), the President George Bush Turnpike (PGBT), State Highway 121 (SH 121), the Mountain Creek Lake Bridge (MCLB), the Addison Airport Toll Tunnel (AATT), and the Lewisville Lake Toll Bridge (LLTB), the enterprise fund of the North Texas Tollway Authority (the Authority), we offer readers of these financial statements a narrative overview and analysis of the financial activities of the System for the years ended December 31, 2007 and 2006. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read it in conjunction with the financial statements, which immediately follow this section.

**Using This Annual Report**

**Overview of the Financial Statements**

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

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

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

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

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

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

**NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

Management's Discussion and Analysis

December 31, 2007

**Financial Results and Analysis**

***2007 Highlights***

- Toll revenues increased approximately five point nine percent (5.9%) over FY 2006. Traffic volumes on the System continue to increase.
- Implemented a toll rate increase of \$.10 and \$.25 for tolltag holders and cash customers, respectively, at the main lane plazas on September 29, 2007.
- The System's overall financial position improved in 2007, as indicated by the \$60.1 million increase in net assets.
- Administration and Operations expenses were under budget by eight point five percent (8.5%) and five point eight percent (5.8%) in FY 2007 and FY 2006, respectively.
- Debt service coverage for FY 2007 and FY 2006 was 1.96 times, and 1.98 times, respectively.
- The Authority issued \$3.4 billion in Bond Anticipation Notes for the acquisition and construction of State Highway 121.
- Issued \$125.0 million of Commercial Paper in 2007 and advanced \$25.0 million to the Authority's Feasibility Study Fund to finance the feasibility study and design of Southwest Parkway and PGBT Eastern Extension projects.
- Opened DNT Phase 3 on September 2007 adding an additional 9.2 linier miles to the System.

***Summary of Operations***

Total operating revenues were \$210.7 million and \$198.1 million for FY 2007 and FY 2006, respectively. (See Table A-1.) System toll revenues for FY 2007 were approximately \$202.7 million, a five point nine percent (5.9%) increase over FY 2006. Approximately eighty point five percent (80.5%) was collected electronically during FY 2007 compared with seventy-five point two percent (75.2%) in FY 2006. Traffic on the System continues to grow, with approximately 1,055,100 and 1,020,900 average daily transactions in FY 2007 and FY 2006, respectively.

**NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

Management's Discussion and Analysis

December 31, 2007

Total operating expenses for FY 2007 were \$132.8 million; representing a fourteen point three percent (14.3%) increase over FY 2006. Interest expense, net of capitalized interest, for 2007 was \$55.1 million, a three point two percent (3.2%) increase from FY 2006. Debt service coverage for FY 2007 and FY 2006 was 1.96 and 1.98 times debt service, respectively. The Trust Agreement requires bond principal and interest coverage of 1.00 during construction years and the Authority's Debt Policy sets a coverage goal of 1.35.

**Table A-1**

Changes in Net Assets

(In millions of dollars)

	<b>2007</b>	<b>2006</b>
Operating revenues	\$ 210.7	198.1
Operating expenses before depreciation	132.8	116.2
Income from operations before depreciation	77.9	81.9
Net nonoperating revenues (expenses):		
Interest income	17.6	16.6
Interest expense	(55.1)	(53.4)
Other	(5.3)	(3.7)
Net nonoperating revenues (expenses)	(42.8)	(40.5)
Capital contributions	25.0	(25.0)
Changes in net assets	60.1	16.4
Net assets beginning of year	521.4	505.0
Net assets end of year	\$ 581.5	521.4

**Operations:** Total operating expenses before depreciation for fiscal year 2007 were \$132.8 million; a \$16.6 million or a fourteen point three percent (14.3%) increase over FY 2006 expenses of \$116.2 million. (See Table A-1.) The restructuring of the Authority to meet the strategic initiatives created three new departments and impacted all existing departments. The opening of DNT Phase 3 in September 2007 mainly impacted the operations departments. The required new employees, the implementation of a comprehensive agency-wide compensation study, and increased healthcare costs; increased the personnel related expenses by \$6.6 million. The PGBT total routine maintenance contract increased by \$3.4 million. Operating expenses for reserve maintenance and capital improvements increased by \$6.6 million due to pavement rehabilitation, retaining wall repairs, and other maintenance projects undertaken during 2007.

**NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

Management's Discussion and Analysis

December 31, 2007

Net assets at December 31, 2007 surpassed \$581.5 million, an eleven point five percent (11.5%) increase over December 31, 2006. (See Table A-2.)

**Table A-2**  
Net Assets  
(In millions of dollars)

	<b>2007</b>	<b>2006</b>
Current assets	\$ 190.8	167.8
Current restricted assets	390.6	296.9
Noncurrent assets:		
Unrestricted assets	5.0	—
Restricted assets	81.3	—
Capital assets	5,088.3	1,698.8
Total assets	5,756.0	2,163.5
Current liabilities	53.1	51.0
Liabilities payable from restricted assets	3,660.2	111.3
Long-term debt	1,461.2	1,479.8
Total liabilities	5,174.5	1,642.1
Net assets:		
Investment in capital assets, net of related debt	398.1	330.9
Restricted for construction	4.9	3.5
Restricted for debt service	112.2	112.7
Restricted for operations and maintenance	3.4	7.0
Unrestricted	62.9	67.3
Net assets	\$ 581.5	521.4

The System's overall financial position improved in FY 2007, as indicated by the \$60.1 million increase in net assets. The largest portion of the System's net assets represents its investment in capital assets (e.g., right-of-way, roads, bridges, buildings, toll equipment) less any related outstanding debt used to acquire those assets. The System uses these capital assets to provide service, and consequently, the assets are not available to liquidate liabilities or other spending. During 2006, the System contributed \$25 million in capital to the Feasibility Study Fund. Management of the Authority determined in 2007 that the Feasibility Study Fund would reimburse this amount to the System as funds are to be received from the Texas Department of Transportation (Toll Equity Grant) and therefore has determined that the \$25 million will be reimbursed back to the System in 2008. The \$25 million is included within "current assets" on the statement of net assets and within "nonoperating revenues" on the statement of revenues, expenses and change in net assets.



**NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

Management's Discussion and Analysis

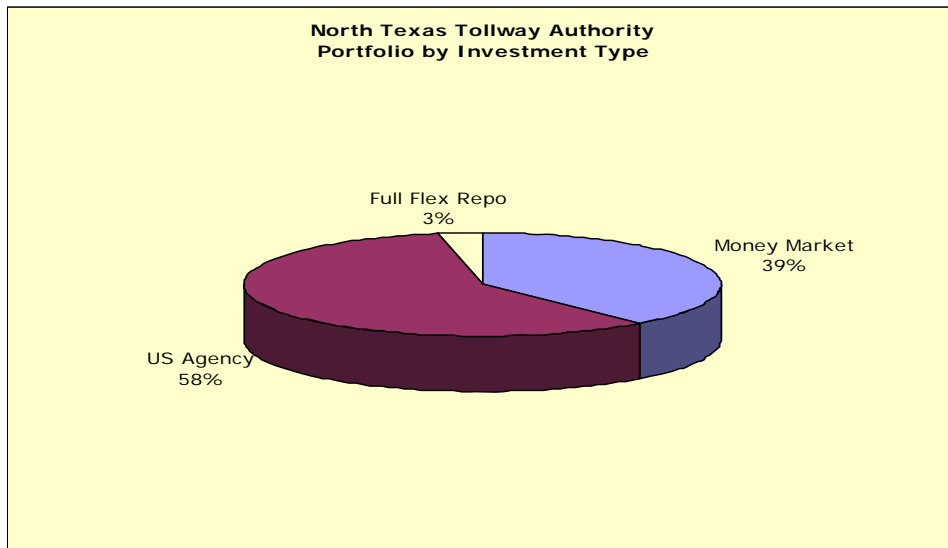
December 31, 2007

The System's current unrestricted assets indicate a current ratio of 3.6 and 3.3 for FY 2007 and FY 2006, respectively. Working capital was \$137.7 and \$116.8 million in FY 2007 and FY 2006, respectively. Total current assets were \$190.8 million at the end of FY 2007. Cash and investments of \$127.7 million represent the largest component of current assets. Inter-project receivables of \$50.0 million from Feasibility Study Fund (FSF) for interim funding of future projects. The remaining \$16.1 million is comprised of Accrued Interest Receivables, Accounts Receivables (See note 9), Inventory, and Prepaid Expenses.

Total Current Liabilities were \$53.1 million at the end of FY 2007. Of this total, \$14.9 million was Accounts Payable, \$2.8 million for Retainage Payable, and \$22.9 million of Deferred Revenue, and \$0.8 million of tolltag deposits. Of the amount, \$9.1 million is Accrued Liabilities which is mainly \$6.5 million in accrued salaries, vacation liability, and other post employment benefits. Inter-project payables of \$2.5 million are composed mainly of \$2.0 million due to FSF for preliminary SH121 cost. The Deferred Revenue represents prepaid TollTag accounts. Approximately 1,376,000 and 1,179,000 TollTags were in use at the end of FY 2007 and FY 2006, respectively.

The System's investments at December 31, 2007 and 2006 were approximately \$583.3 million and \$413.7 million, respectively. The chart below shows the types of authorized investments in the 2007 portfolio.

**Table A-3  
Investments by Type**



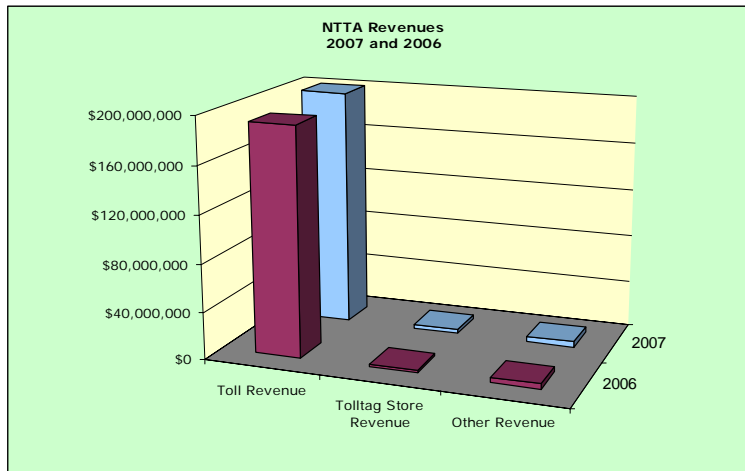
**NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

Management's Discussion and Analysis

December 31, 2007

This chart shows total revenue for the entire NTTA system for 2007 and 2006 by source.

**Table A-4  
Revenue by Type**



Total operating revenues for FY 2007 were \$210.7 million, an approximately six point four percent (6.4%) increase over FY 2006 total revenues of \$198.1 million. Toll revenues of approximately \$202.7 million account for ninety-six point two percent (96.2%) of total revenue. TollTag store revenue, primarily from processing fees, was \$3.6 million or one point seven percent (1.7%). Other revenue, principally administrative fees for collection of tolls from toll violators, was \$4.4 million, representing two point one percent (2.1%) of the total.

This chart shows actual toll revenue for FY2007 and FY2006 compared with the Authority's traffic and toll revenue engineer, Wilbur Smith Associates (WSA), estimated toll revenue. During both years, toll revenues exceeded prior year actual. Toll revenue was slightly under estimates by zero point nine percent (0.9%). This can be attributed to increases in gas prices, reconstruction on segments of the System, and two ice storms.

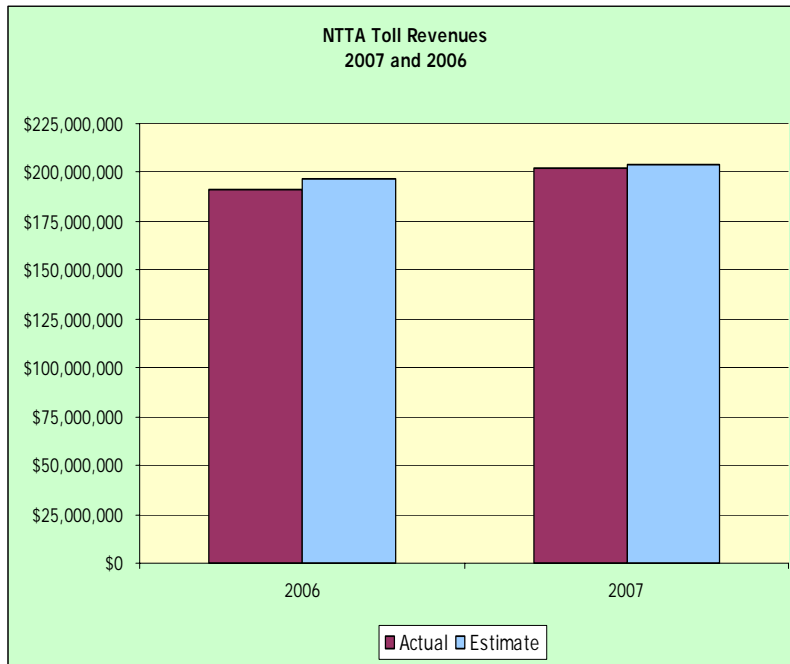
**NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

Management's Discussion and Analysis

December 31, 2007

Traffic on the System continues to grow with approximately 1,055,100 average daily transactions.

**Table A-5  
Actual vs. Estimated Revenues**



Increases in toll revenue over 2006 were largely due to:

- The continued population growth in the northern portion of the Dallas North Tollway.
- Three months operations of DNT Phase 3, which opened September 29, 2007.
- Toll rate increase effective September 29, 2007 of \$0.10 and \$0.25 for TollTag and cash customers, respectively, at the main lane plazas.

Using the Board approved calculation adopted in 2003, which takes into account violation invoices, images in process for collection and violation administration fees collected; the violation percentage rate is 4.3% and 2.4% for 2007 and 2006, respectively. Roadway construction affecting one main lane plaza and the opening of the new phase on the DNT contributed to the 1.9% overall increase. Management continues to pursue improvements to customer service and enforcement processes in order to reduce this rate.

**NORTH TEXAS TOLLWAY AUTHORITY**  
**NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

Management's Discussion and Analysis

December 31, 2007

**Capital Assets** – The System's investment in capital assets includes land, buildings, right-of-way, roadway, bridges, equipment, and toll collection and security systems. Capital assets at December 31, 2007 were approximately \$5.1 billion, increasing from fiscal year 2006 by approximately \$3.4 billion due primarily to the \$3.2 billion payment for the acquisition of SH121, the construction of the DNT Extension Phase 3 and Lewisville Lake Toll Bridge. For additional information on capital assets, see note (1) (g) and note (4).

The consulting engineers have estimated that the costs for the maintenance, rehabilitation, and capital improvement program for the System over the next 10 to 15 years, are projected to be approximately \$560.0 million. The expenditures may be funded from the Reserve Maintenance Fund, the Construction Fund, or the Capital Improvement Fund (as shown in the supplementary information) as approved from time to time.

The Authority utilizes GASB No. 34, Modified Approach of reporting infrastructure assets. Each year, a comprehensive assessment is conducted on all the Authority's infrastructure assets that affect the following fiscal year's maintenance budget. For additional information and results of the 2007 assessment, please see the Required Supplementary Information on pages 45 and 47 of this report.

Because the State Highway 121 Project (SH 121 Project) will revert to Texas Department of Transportation after the expiration of the 50 year period commencing when the Authority begins collecting tolls on the Project on its own behalf, the Modified Approach will not apply to this subsystem. The Authority will depreciate the cost of the acquisition and the construction costs of the SH 121 Project over the term of the Project Agreement pursuant to which the Authority acquired the Project. The Authority is evaluating whether or not such depreciation will be over a straight-line basis or based on the projected traffic volume on the SH 121 Project. The effect of depreciating the cost of the acquisition and the construction costs of the SH 121 Project will reduce the Authority's net revenues as reported on a General Accepted Accounting Principles (GAAP) basis. Since the depreciation will be a noncash item, it will not impact the Authority's calculation of net revenues available for debt service and thus will not affect the rate covenant and debt service coverage requirements.

**NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

Management's Discussion and Analysis

December 31, 2007

**Long-Term Debt** – At the end of FY 2007, the System's total bonded debt outstanding was \$1.37 billion compared with \$1.39 billion in 2006. (See Table A-6.) This debt represents bonds secured solely by toll revenue. This amount is offset by the net of amortized net deferred debit on refunding of \$42.3 million and bond discount (premium) costs of \$(18.5) million on the statement of net assets. For detailed information see note (5) and schedule of revenue bonds outstanding as of December 31, 2007, on page 31.

**Table A-6**

**NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

Revenue Bonds Outstanding

December 31, 2007 and 2006

Series	Amount outstanding	
	2007	2006
Series 1997	\$ 90,460,000	98,435,000
Series 1997A	106,290,000	107,455,000
Series 1998	100,660,000	100,660,000
Series 2003A	225,000,000	225,000,000
Series 2003B	125,245,000	125,245,000
Series 2003C	85,670,000	93,795,000
Series 2005A	223,155,000	226,870,000
Series 2005B	71,000,000	71,000,000
Series 2005C	341,070,000	341,670,000
Total	\$ 1,368,550,000	1,390,130,000

**NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

Management's Discussion and Analysis

December 31, 2007

Table A-7 sets forth debt service coverage for all Revenue Bonds outstanding at December 31, for the years 1998 through 2007.

**Table A-7**

**NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

Historical Debt Coverage

Year	Coverage
2007	1.96x
2006	1.98x
2005	1.80x
2004	2.00x
2003	2.09x
2002	2.08x
2001	1.88x
2000	2.22x
1999	2.42x
1998	2.50x

Additionally, part of the construction of the PGBT was funded with the proceeds from a loan in the amount of \$135 million, made by the Texas Department of Transportation in 1995 pursuant to the Intermodal Surface Transportation Efficiency Act of 1991. Interest has been accruing since 2000 and annual payment began in FY 2004. The FY 2007 payment was \$7.8 million. For a detailed description of accrued interest on this loan see note (5) page 37.

**Short-Term Debt** -The Authority maintains a \$200 million commercial paper program. Issuing \$125.0 million of Commercial Paper in 2007 and advanced \$25.0 million of the proceeds to the Authority's Feasibility Study Fund to finance the feasibility study and design of Southwest Parkway and PGBT Eastern Extension projects. \$25.0 million was issued for the initial construction of the Lewisville Lake Toll Bridge. \$75.0 was issued for an escrow account for the acquisition of the State Highway 121 Project and was retired November 29, 2007. As of December 31, 2007 there was \$75.0 million of outstanding notes under the commercial paper program.

The Authority issued \$3.49 billion in Bond Anticipation Notes with a due date of November 19, 2008 for the acquisition and interim financing for the development and a portion of the construction of SH121 Project. The acquisition payment of \$3.20 billion was paid to Texas Department of Transportation on November 29, 2007. An additional amount of \$51 million remains in the dispute resolution process of the Project Agreement. The Authority's staff and consultants prepared documentation explaining the calculations in dispute and remain confident that the calculations are appropriate and no more dollars are due to TxDOT.

**NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

Management's Discussion and Analysis

December 31, 2007

**Future Impact on Operations**

Pursuant to the Amended and Restated Trust Agreement, the Authority agrees that it will at all times keep in effect a plan for toll collecting facilities and a schedule of rates of tolls, which will produce during each fiscal year an amount of net revenues (as defined by the Amended and Restated Trust Agreement) equal to the greater of 1.35 times the scheduled debt service requirements on all outstanding First Tier Bonds; or 1.20 times the scheduled debt service requirements on all outstanding First Tier Bonds and Second Tier Bonds; or 1.00 times the scheduled debt service requirements on all outstanding First Tier Bonds, Second Tier Bonds and Third Tier Bonds and all other outstanding obligations of the Authority payable from Net Revenues.

The Authority's \$340,260,000 amount outstanding of Series 2005C Bonds are entitled to the benefit of a standby bond purchase agreement (SBBPA) provided by DEPFA Bank plc. On February 2008 the remarketing agent exercised the SBBPA, causing these bonds to bear interest at the higher of DEPFA's prime rate or federal funds plus 0.50% (the Alternate Base Rate) for the first 180 days such bonds are held by DEPFA and at the Alternate Base Rate plus 0.75% thereafter. A "termination event" or a "suspension event" occurring under the SBBPA, causes the Series 2005C Bonds held by DEPFA to bear interest at the Alternate Base Rate plus 3.00%. Series 2005C Bonds held by DEPFA for more than 180 days, results in the seven year "term-out" beginning for such bonds with principal amortizing equally over a seven year period, payable semi-annually.

The Authority is evaluating its alternatives to manage the impact of Series 2005C Bonds on future operations.

**Contacting the NTTA's Financial Management**

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

**NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

Statement of Net Assets

December 31, 2007

**Assets**

Current assets:		
Cash and cash equivalents (note 3)	\$	17,548,510
Investments (note 3)		107,125,028
Accrued interest receivable		4,787,599
Accounts receivable (note 9)		8,492,581
Interproject /agencies receivable (note 9)		51,346,627
Inventory, at average cost		1,287,214
Prepaid expenses		210,893
		<u>190,798,452</u>
Total current unrestricted assets		
Current restricted assets:		
Restricted assets:		
Restricted for construction:		
Cash and cash equivalents (notes 3 and 10)		764,039
Investments (notes 3 and 10)		288,860,953
Restricted for debt service:		
Cash and cash equivalents (notes 3 and 5)		—
Investments (notes 3 and 5)		100,961,510
		<u>390,586,502</u>
Total current restricted assets		
Total current assets		<u>581,384,954</u>
Noncurrent assets:		
Investments for unrestricted assets (note 3)		5,053,150
Investments restricted for construction (note 3)		66,217,666
Investments restricted for debt service (note 3)		15,039,240
Deferred improvement costs		653,524
Capital assets net of amortization and depreciation (note 4)		5,087,624,397
		<u>5,174,587,977</u>
Total noncurrent assets		
Total assets		<u>5,755,972,931</u>

**Liabilities**

Current liabilities:		
Accounts and retainage payable		17,746,314
Accrued liabilities		9,114,987
Interproject /agencies payable		2,508,192
Deferred revenue		22,902,150
Tolltag deposits		867,339
		<u>53,138,982</u>
Total current unrestricted liabilities		
Payable from restricted assets:		
Construction-related payables:		
Accounts payable (note 10)		11,056,385
Retainage payable (note 10)		11,537,150
Debt service-related payables:		
Accrued interest payable		51,283,330
Accrued arbitrage rebate payable		801,804
Bond anticipation notes payable (note 5)		3,487,245,000
Commercial paper payable (note 5)		75,000,000
Revenue bonds payable (note 5)		23,240,000
		<u>3,660,163,669</u>
Total current liabilities payable from restricted assets		
Total current liabilities		<u>3,713,302,651</u>
Noncurrent liabilities:		
Texas Department of Transportation loan payable (note 5)		4,600,000
Texas Department of Transportation ISTE A loan payable (note 5)		135,000,000
Dallas North Tollway System revenue bonds payable, net of unamortized net deferred loss on refundings of \$42,258,805 and net bond discount (premium) of \$(18,516,649) (note 5)		1,321,567,844
		<u>1,461,167,844</u>
Total noncurrent liabilities		
Total liabilities		<u>5,174,470,495</u>

**Net Assets**

Invested in capital assets, net of related debt		398,078,219
Restricted:		
Restricted for construction		4,919,521
Restricted for debt service		112,167,969
Restricted for operations and maintenance		3,408,154
Unrestricted		62,928,573
Commitments and contingencies		
Total net assets	\$	<u>581,502,436</u>

See accompanying notes to basic financial statements.



**NORTH TEXAS TOLLWAY AUTHORITY**  
**NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

Statement of Revenues, Expenses, and Changes in Net Assets

Year ended December 31, 2007

Operating revenues:	
Tolls	\$ 202,675,564
Other	7,988,624
	<hr/>
Total operating revenues	210,664,188
	<hr/>
Operating expenses:	
General :	
Administration	10,910,385
Operations	64,660,897
Preservation:	
Reserve maintenance	23,858,264
Capital improvement	33,381,445
	<hr/>
Total operating expenses before depreciation	132,810,991
	<hr/>
Operating income before depreciation	77,853,197
Depreciation	(1,800,225)
	<hr/>
Operating income	76,052,972
	<hr/>
Nonoperating revenues (expenses):	
Interest earned on investments	17,592,664
Net increase in the fair value of investments	1,067,995
Interest expense on revenue bonds	(52,420,707)
Interest expense on commercial paper	(2,653,677)
Bond premium/discount amortization	1,386,510
Deferred amount on refunding amortization	(6,017,291)
Other	135,327
	<hr/>
Net nonoperating revenues (expenses)	(40,909,179)
	<hr/>
Gain (loss) before capital contributions	35,143,793
Capital contributions:	
Repayment of Feasibility Study Fund capital contributions	25,000,000
	<hr/>
Change in net assets	60,143,793
Beginning net assets	521,358,643
	<hr/>
Ending net assets	\$ 581,502,436
	<hr/> <hr/>

See accompanying notes to basic financial statements.

**NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

Statement of Cash Flows

Year ended December 31, 2007

Cash flows from operating activities:	
Receipts from customers and users	\$ 212,805,358
Payments to contractors and suppliers	(96,351,801)
Payments to employees	(39,828,025)
Net cash provided by operating activities	<u>76,625,532</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets (including capitalized interest costs)	(3,383,903,566)
Issuance of bond anticipation notes	3,487,245,000
Issuance of commercial paper	125,000,000
Defeased commercial paper	(75,000,000)
Principal paid on revenue bonds	(21,580,000)
Interest paid on revenue bonds and other debt	(82,787,965)
Net cash provided by (used by) capital and related financing activities	<u>48,973,469</u>
Cash flows from investing activities:	
Purchase of investments	(2,171,979,511)
Proceeds from sales and maturities of investments	2,003,577,705
Interest received	18,032,406
Net cash used in investing activities	<u>(150,369,400)</u>
Net decrease in cash and cash equivalents	(24,770,399)
Cash and cash equivalents, beginning of the year	<u>43,082,948</u>
Cash and cash equivalents, end of the year	<u>\$ 18,312,549</u>
Classified as:	
Current assets	\$ 17,548,510
Restricted assets	764,039
Total	<u>\$ 18,312,549</u>
Noncash financing, capital, and investing activities:	
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 76,052,972
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,800,225
Changes in assets and liabilities:	
Increase in accounts receivable	(4,871,389)
Increase in inventories	(356,546)
Decrease in prepaid expenses	274,240
Increase in deferred revenue	3,066,483
Decrease in accounts and retainage payable	(2,720,179)
Increase in accrued liabilities	3,379,726
Total adjustments	<u>572,560</u>
Net cash provided by operating activities	<u>\$ 76,625,532</u>
Noncash financing activities:	
Increase in fair value of investments	\$ 1,067,995

See accompanying notes to basic financial statements.

**NORTH TEXAS TOLLWAY AUTHORITY**  
**NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

Notes to Financial Statements

December 31, 2007

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

**(a) Reporting Entity**

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

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

The North Texas Tollway System (the System) is the enterprise fund of the Authority. The System is a turnpike project of the Authority and consists of the Dallas North Tollway (the DNT), the Addison Airport Toll Tunnel (the AATT), the President George Bush Turnpike (the PGBT), the Mountain Creek Lake Bridge (the MCLB), State Highway 121 (the SH121), and the Lewisville Lake Toll Bridge (the LLTB). In addition to the System financial statements, separate financial statements related to the Authority are prepared to present the accounts of the Dallas-Fort Worth Turnpike Transition Trust Fund and the Feasibility Study Fund. The System's assets make up 98% of the Authority's total assets and 100% of the operating revenues. Although the Authority has fiduciary responsibility over these other accounts, the System's financial statements represent the primary operations of the Authority. However, the financial statements present only the enterprise fund and do not purport to, and do not, present the complete financial position of the Authority as of December 31, 2007, and the changes in its financial position and its cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America (GAAP).

**(b) Basis of Accounting**

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

**NORTH TEXAS TOLLWAY AUTHORITY**  
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Notes to Financial Statements

December 31, 2007

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

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

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

(c) ***Budget***

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

Each year, the Authority completes a review of its financial condition for the purpose of estimating whether the net revenues of the System for the year will meet its debt covenants. During 2007, the actual net revenues exceeded budgeted amounts. See additional information regarding legal compliance for budgets in note 2.

**NORTH TEXAS TOLLWAY AUTHORITY  
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Notes to Financial Statements

December 31, 2007

*(d) Restricted Assets*

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

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

**NORTH TEXAS TOLLWAY AUTHORITY  
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December 31, 2007

- **Reserve Account** – The Reserve Account was created for the purpose of paying interest on and principal of the bonds whenever and to the extent that the monies held for the credit of the Bond Interest Account and the Redemption Account shall be insufficient for such purpose. The required reserve is an amount equal to the average annual debt service requirements of all bonds outstanding. At December 31, 2007, according to management’s calculation the System was in compliance with this requirement.
- **Redemption Account** – The Redemption Account was created to account for the payment of the annual principal requirements of the revenue bonds.

*(e) Cash, Cash Equivalents and Investments*

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

*(f) Materials Inventory*

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

*(g) Capital Assets*

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

The costs to acquire additional capital assets, which replace existing assets or improve the efficiency of the System, are capitalized. Under the System’s policy of accounting for infrastructure assets pursuant to the “preservation method of accounting” or “modified approach,” property costs represent an historical accumulation of costs expended to acquire rights-of-way and to construct, improve, and place in operation the various projects and related facilities. These infrastructure assets are considered to be “indefinite lived assets”, that is, the assets themselves will last indefinitely and are, therefore, not depreciated. Costs related to renewing and maintaining these assets are not

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December 31, 2007

capitalized, but instead are considered to be period costs and are included in preservation expense classified as part of reserve maintenance and capital improvement expenses. Additional charges to preservation expense occur whenever the condition of the infrastructure assets is determined to be at a level that is below the standards adopted by the Board of Directors of the Authority.

Because the SH 121 Project will revert to Texas Department of Transportation (TxDOT) after the expiration of the 50 year period commencing when the Authority begins collecting tolls on the Project on its own behalf, the Modified Approach will not apply to this sub-system. The Authority will depreciate the cost of the acquisition and the construction costs of the SH 121 Project over the term of the Project Agreement.

The Authority depreciates furniture and equipment that has been capitalized using the straight line method over a useful life of 5 years. The depreciation expense related to furniture and equipment was \$1,800,225 during the current year.

**(h) *Compensated Absences***

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

**(i) *Retainage Payable***

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

**(j) *Deferred Amount on Refunding of Revenue Bonds***

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

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

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

**(l) *Arbitrage Rebate Payable***

The Tax Reform Act of 1986 imposed additional restrictive regulations, reporting requirements, and arbitrage rebate liability on issuers of tax-exempt debt. This represents interest earnings on bond proceeds in excess of amounts allowed under the Act. This Act requires the remittance to the Internal Revenue Service (IRS) of 90% of the cumulative arbitrage rebate within 60 days of the end of each five-year reporting period following the issuance of governmental bonds. The System's cumulative arbitrage rebate liabilities for the year ended December 31, 2007 are \$801,804.

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Notes to Financial Statements

December 31, 2007

**(m) *Income Tax***

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

**(n) *Estimates***

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

**(2) Legal Compliance – Budgets**

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

The Authority may not expend any amount or incur any obligations for maintenance, repairs, and operations in excess of the total amount of the budgeted expenses in the Annual Budget unless the funding source is other than revenues received from the System. The System may expend additional monies from the Reserve Maintenance Fund in excess of the annual deposits. Budget amendments must be approved by the Board Members of the Authority in a manner similar to the adoption of the annual budget. There were no occurrences of budget noncompliance in 2007.

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



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Notes to Financial Statements

December 31, 2007

In 2007, the requirement was 1.00 times the scheduled debt service requirement for the year. (Unaudited)

GAAP basis operating income	\$	76,052,972
Nonconstruction fund interest income		<u>12,961,888</u>
Gross income		89,014,860
Add:		
Depreciation		1,800,225
Capital improvement fund expenses		33,381,445
Reserve maintenance fund expenses		<u>23,858,264</u>
Net revenues available for debt service		<u>148,054,794</u>
Bond interest expense, net of amounts capitalized		52,420,707
Scheduled principal amount due		<u>23,240,000</u>
Calculated debt service requirement	\$	<u><u>75,660,707</u></u>
Coverage ratio		1.96

**(3) Deposits and Investments**

The Authority's investment policy is in accordance with the laws of the State of Texas. The Authority may purchase investments as authorized by the Trust Agreement and as further authorized by the revised investment policy and strategy approved by the Board of Directors in December 2006. These investments include obligations of the United States of America or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies and instrumentalities; collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States of America, the underlying security for which is guaranteed by an agency or instrumentality of the United States of America other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of the State of Texas or the United States of America or their respective agencies and instrumentalities; obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; certificates of deposit issued by a state or national bank; fully collateralized repurchase agreements; commercial paper with a stated maturity of 270 days or fewer from the date of its issuance; and no load money market mutual funds that have a dollar-weighted average stated maturity of 90 days or fewer and includes in its investment objectives the maintenance of a stable net asset value of \$1 for each share.

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

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

**NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

Notes to Financial Statements

December 31, 2007

**(a) Deposits**

The Authority's deposits were fully insured or collateralized at December 31, 2007. The carrying amount of the Authority's deposits was \$3,993,088 and the respective bank balances totaled \$5,321,422. Of the total bank balances, the Federal Depository Insurance Corporation (FDIC) covered \$100,000. The remainder was covered by collateral with a value of \$3,799,889. The collateral is held by the Federal Reserve Bank of Dallas in the Authority's name under a joint safekeeping agreement with Bank of America, Texas. Additionally, as of December 31, 2007, the Authority had \$468,113 in change funds (cash on hand).

**(b) Investments**

As of December 31, 2007 the maturity values are as follows:

<b>Description</b>	<b>2007</b>		
	<b>Maturities (in Years)</b>		
	<b>Fair value</b>	<b>Less than 1</b>	<b>1 to 5 years</b>
U.S. Government Securities:			
Federal Home Loan Bank	\$ 109,838,164	78,509,518	31,328,646
Federal National Mortgage Assn.	167,056,012	132,091,942	34,964,070
Federal Home Loan Mortgage Corp.	62,461,669	42,444,329	20,017,340
Money Market Funds*	239,596,000	239,596,000	—
Repurchase Agreements	18,157,050	18,157,050	—
Total investments	<u>\$ 597,108,895</u>	<u>510,798,839</u>	<u>86,310,056</u>

\* Included in Money Market Funds are overnight sweeps of certain deposits of the Authority that are classified as cash in the financial statements. The balance of \$13,851,348 is collateralized by the assets of the money market funds

**(c) Interest Rate Risk**

Investment portfolios are designed with the objective of attaining the best possible rate of return commensurate with the Authority's investment risk constraints and the cash flow characteristics of the portfolio. Return on investments, although important, is subordinate to the safety and liquidity objectives. In accordance with the Authority's investment strategy, three strategies are employed for the portfolio. The Authority's portfolio has been designed and managed in a manner responsive to each fund's (trust basis) unique requirement. Therefore, the Authority's funds are classified into Type I, Type II, and Type III Funds. Type I Funds include Operation and Maintenance Fund, Revenue Fund, Reserve Maintenance Fund, Bond Interest Account, and Bond Redemption Account. The weighted average maturities of Type I funds are limited to 180 days. Type II Funds include Construction Funds, Capital Improvement Funds, and Special Reserve Fund. Type II funds maturity is reflected to match the cash drawdown requirements of each fund. Type III Funds include Debt

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Notes to Financial Statements

December 31, 2007

Service Reserve Fund, and Deferred Revenue-Tag Store Account. The weighted average maturity for Type III funds is limited at 5 years. The actual Weighted Average Maturity (WAM) is 29 days for Type I funds, 156 days for Type II funds, and 239 days for Type III funds. Market value fluctuation of the overall portfolio is minimized by keeping the weighted average maturity low. Approximately 86% of the investment are maturing within one year; 14% are maturing one year or greater.

**(d) Credit Risk**

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

As of December 31, 2007, the Authority invested 39% in AAA rated money market funds, 3% invested in AAA rated Full Flex Repurchase agreements, and 58% in U.S. Agencies. Repurchase agreements are fully collateralized and Agencies are AAA rated.

**(e) Concentration of Credit Risk**

It is the policy of the Authority to diversify its investment portfolios. Assets held in the particular funds shall be diversified to minimize the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. As of December 31, 2007 the Wells Fargo, Federated, and MBIA Texas Class A funds exceeded 5% of the total portfolio. This higher balance held with the Trustee was required for the debt service payment due January 1, 2008. More than 5% of the Authority’s investments are in Federal Home Loan Banking, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation.

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

Construction and property account	\$ 355,842,658
Revenue account	23,823,009
Operations and maintenance account	14,319,533
Reserve maintenance account	31,360,707
Capital improvement account	60,223,439
Bond interest account	20,637,082
Bond reserve account	72,123,668
Bond redemption account	23,240,000
Total cash and investments	\$ 601,570,096

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Notes to Financial Statements

December 31, 2007

**(4) Capital Assets**

Capital assets are summarized as follows:

	<u>January 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2007</u>
Infrastructure network				
(nondepreciable):				
Preliminary costs	\$ 49,960,736	1,415,726	—	51,376,462
Engineering	176,531,353	9,498,387	—	186,029,740
Right-of-way	153,805,123	127,293	—	153,932,416
Construction	1,175,225,654	119,654,517	—	1,294,880,171
Administration	29,548,350	14,972,186	(747,500)	43,773,036
Financing costs*	109,775,628	20,767,015	—	130,542,643
Total nondepreciable infrastructure network	<u>1,694,846,844</u>	<u>166,435,124</u>	<u>(747,500)</u>	<u>1,860,534,468</u>
(depreciable):				
Engineering	—	13,511,355	—	13,511,355
Construction in progress	—	3,197,211,448	—	3,197,211,448
Financing costs	—	13,209,805	—	13,209,805
Total depreciable infrastructure network	<u>—</u>	<u>3,223,932,608</u>	<u>—</u>	<u>3,223,932,608</u>
Total infrastructure	<u>1,694,846,844</u>	<u>3,390,367,732</u>	<u>(747,500)</u>	<u>5,084,467,076</u>
Property and equipment				
(depreciable):				
Furniture and equipment	12,711,799	1,918,416	(235,952)	14,394,263
Less accumulated depreciation	<u>(9,436,717)</u>	<u>(1,800,225)</u>	<u>—</u>	<u>(11,236,942)</u>
Total depreciable property and equipment	<u>3,275,082</u>	<u>118,191</u>	<u>(235,952)</u>	<u>3,157,321</u>
Total capital assets	<u>\$ 1,698,121,926</u>	<u>3,390,485,923</u>	<u>(983,452)</u>	<u>5,087,624,397</u>

Total bond interest cost incurred amounted to \$63,670,707 during the year ended December 31, 2007, of which \$11,250,000 was capitalized.

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Notes to Financial Statements

December 31, 2007

**(5) Revenue Bonds, Bond Anticipation Notes, Commercial Paper, and Loans Payable**

***Revenue Bonds***

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

The following are descriptions of Revenue Bond Series currently outstanding as of December 31, 2007.

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

The difference between the reacquisition price and the net carrying amount of the Series 1989 Bonds (\$11,430,835) was deferred and is being amortized over the stated term of the Series 1997 Bonds. Amortization of the deferred amount on the refunding was \$764,252 for the year ended December 31, 2007.

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

The difference between the reacquisition price and the net carrying amount of the Series 1989 Bonds and 1994 Bonds (\$9,217,525) was deferred and is being amortized over the stated term of the Series 1997A Bonds. Amortization of the deferred amount on the refunding was \$152,219 for the year ended December 31, 2007.

The \$100,660,000 FGIC insured North Texas Tollway Authority Dallas North Tollway System Revenue Bonds, Series 1998 were authorized to be issued pursuant to the resolution of the Board of Directors adopted on August 19, 1998, and the Trust Agreement dated as of July 1, 1989. The bonds were dated September 15, 1998 and were issued for the purpose of financing Segment V of the PGBT. The proceeds of bonds, together with the TxDOT's contributions fully funded the acquisition and construction of

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Segment V. Pursuant to an agreement between TxDOT and the Authority (the 1998 Two-Party Agreement), TxDOT constructed certain parts of Segment V. Upon completion of the improvements constructed by TxDOT, the System reimbursed TxDOT for construction costs in excess of \$24,000,000, plus TxDOT's engineering costs attributable to the tolled portion of the improvements it constructed. The 1998 issuance consists of \$22,515,000 serial bonds, \$22,065,000 term bonds, and \$56,080,000 term bonds. Interest on the bonds is payable on January 1 and July 1 of each year. Principal will be payable on January 1 commencing on January 1, 2008. The bonds consist of \$22,515,000 4.10%-4.75% Serial bonds maturing from 2008-2018 with a yield of 4.150%-4.94%, \$22,065,000 4.75% Term bonds due January 1, 2022 at a yield of 5.00%, and \$56,080,000 Term bonds due January 1, 2029 at a yield of 5.010%.

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

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

The difference between the reacquisition price and the net carrying amount of the Series 1995 Bonds (\$17,603,389) was deferred and is being amortized over the stated term of the Series 1995 Bonds. Amortization of the deferred amount on the refunding was \$1,809,319 for the year ended December 31, 2007.

The Authority issued \$106,750,000 in principal amount of FGIC insured Dallas North Tollway System Revenue Refunding Bonds, Series 2003C, dated September 15, 2003 on October 7, 2003, for the purpose of refunding \$108,610,000 of Series 1993 Refunding Bonds. The bonds consist of \$46,970,000 2.00%-5.00% Serial Bonds maturing from 2004-2010 and \$59,780,000 Tender Bonds due January 1, 2011-2018 with an Initial Multi-annual Rate of 5.00%. Interest is payable on January 1 and July 1 of each year, commencing on January 1, 2004. The Series 2003C Tender Bonds will mature, or be subject to mandatory sinking fund redemption, on January 1 in each of the years 2011 through 2018, inclusive. On the Mandatory Tender Date of July 1, 2008, the Tender Bonds will be subject to mandatory tender for

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purchase. The Authority has agreed that the Bonds will be remarketed at the first date on or after the Mandatory Tender Date at which they can be sold in any interest rate mode and at a rate not exceeding 12.00% per annum. In the event they cannot be remarketed and purchased on the Mandatory Tender Date, the mandatory tender will be deemed to have been rescinded and the Series 2003B Bonds will bear interest at the rate of 8.00% per annum from the Mandatory Tender Date until purchased upon a subsequent remarketing.

The difference between the reacquisition price and the net carrying amount of the Series 1993 Bonds (\$18,741,516) was deferred and is being amortized over the stated term of the Series 2003C Refunding Bonds. Amortization of the deferred amount on the refunding was \$1,923,537 for the year ended December 31, 2007.

The Authority purchased sufficient U.S. Treasury notes for the partial retirement at the July 1, 2008 Mandatory Tender Date of the Series 2003B and 2003C Bonds and placed them in an irrevocable escrow account with Wells Fargo.

The \$227,370,000 North Texas Tollway Authority Dallas North Tollway System Revenue Bonds, Series 2005A, were authorized to be issued pursuant to the resolution of the Board of Directors adopted on February 16, 2005, and the Trust Agreement dated as of July 1, 1989, as amended by the First through Eleventh Supplemental Agreements (collectively, the Trust Agreement). The bonds were dated March 1, 2005 and were issued for the purpose of financing a portion of the construction cost of improving, expanding and extending the system, including the proposed extension of the DNT from Gaylord Parkway to U.S. 380, funding the required deposit to the Reserve Account, reimbursing the cost of construction of the extension of the DNT from Legacy Drive across SH 121 to Gaylord Parkway, and paying cost of issuance relating to the bonds. Interest on the bonds is payable on January 1, and July 1, of each year. Principal is payable on January 1, of each year. The bonds consist of \$88,395,000 at 3.00% - 5.00% Serial bonds maturing from 2006-2015 and 2025-2030 with yields of 2.32% - 4.55%, and \$61,365,000 at 5.00% Term bonds due January 1, 2035 at a yield of 4.58%; \$44,455,000 at 4.50% Term bonds due January 1, 2038 at a yield of 4.78%, and \$33,155,000 at 5.00% Term bonds due January 1, 2040 at a yield of 4.65%. The Series 2005A Bonds stated to mature from 2010-2040 are insured Financial Security Assurance (FSA).

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

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January 1, commencing on January 1, 2016. The bonds consist of \$73,700,000 Weekly Mode bonds maturing from 2016-2024. The Series 2005B Bonds are insured by FSA and are entitled to the benefit of a liquidity facility offered by Lloyds TSB Bank plc.

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

The difference between the reacquisition price and the net carrying amount of the Series 1995 Bonds (\$18,196,889) was deferred and is being amortized over the stated term of the Series 2005C Refunding Bonds. Amortization of the deferred amount on the refunding was \$1,367,964 for the year ended December 31, 2007.

The following schedule summarizes the revenue bonds outstanding as of December 31, 2007:

Description of issue	Beginning balance	Additions	Matured or retired	Ending balance	Due within one year
Series '97	\$ 98,435,000	—	(7,975,000)	90,460,000	8,490,000
Series '97A	107,455,000	—	(1,165,000)	106,290,000	1,220,000
Series '98	100,660,000	—	—	100,660,000	120,000
Series '03A	225,000,000	—	—	225,000,000	—
Series '03B	125,245,000	—	—	125,245,000	—
Series '03C	93,795,000	—	(8,125,000)	85,670,000	8,535,000
Series '05A	226,870,000	—	(3,715,000)	223,155,000	4,065,000
Series '05B	71,000,000	—	—	71,000,000	—
Series '05C	341,670,000	—	(600,000)	341,070,000	810,000
	<u>1,390,130,000</u>	<u>—</u>	<u>(21,580,000)</u>	<u>1,368,550,000</u>	<u>23,240,000</u>
Less:					
Unamortized deferred amount on refunding of revenue bonds	(48,276,096)	6,017,291	—	(42,258,805)	5,586,080
Bond discount/premium	19,903,159	374,135	(1,760,645)	18,516,649	(1,206,854)
Total	<u>\$ 1,361,757,063</u>	<u>6,391,426</u>	<u>(23,340,645)</u>	<u>1,344,807,844</u>	<u>27,619,226</u>



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The revenue bond debt service requirements below are prepared as of December 31, 2007:

	<b>Total revenue bonds</b>		
	<b>Principal amount</b>	<b>Interest amount</b>	<b>Total</b>
Through January 1			
2008	\$ 23,240,000	63,670,707	86,910,707
2009	25,260,000	60,714,601	85,974,601
2010	26,010,000	57,638,696	83,648,696
2011	31,855,000	56,354,635	88,209,635
2012	32,715,000	54,929,488	87,644,488
2013 – 2017	215,060,000	249,606,004	464,666,004
2018 – 2022	287,610,000	197,357,204	484,967,204
2023 – 2027	254,095,000	136,242,773	390,337,773
2028 – 2032	170,850,000	91,961,654	262,811,654
2033 – 2037	219,100,000	48,871,334	267,971,334
2038 – 2040	82,755,000	6,324,642	89,079,642
	<u>\$ 1,368,550,000</u>	<u>1,023,671,738</u>	<u>2,392,221,738</u>

The Interest and Sinking and Reserve Accounts required by the Trust Agreement have been established with the Trustee. The balances as of December 31, 2007 were:

Bond interest account	\$ 20,637,082
Debt service reserve account	72,123,668
Redemption account	<u>23,240,000</u>
Total	<u>\$ 116,000,750</u>

***SWAP Transactions***

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

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

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

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

As of December 31, 2007, rates were as follows: (see example in table below)

	<b>Terms</b>	<b>2004 swap rates December 31, 2007</b>	<b>2005 swap rates December 31, 2007</b>
Interest rate swap:			
Fixed payment to counterparties	Fixed	3.673%	3.533%
Variable payment from counterparties	67% of 1-Month LIBOR	3.082	3.082
Net interest rate swap payments		0.591	0.451
Variable-rate bond coupon payments	+/- BMA	3.420	3.420
Synthetic interest rate on bonds		4.011	3.871

**Fair value.** As of December 31, 2007, the Swap Transactions had a negative fair value of \$13,506,467. The negative fair value signifies the amount that the Authority would owe to the Swap Providers upon the termination of all the Swap Transactions as of that date. The fair value was calculated by the Authority's financial advisor using a market quotation from the Swap Providers.

**Credit risk.** As of December 31, 2007, the Authority was not exposed to credit risk because the Swap Transactions had a negative fair value. However, should interest rates change and the fair value of the Swap Transactions become positive, the Authority would be exposed to credit risk in the amount of the derivative's fair value.

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As of December 31, 2007 the Swap Providers' respective ratings by Moody's Investors Service (Moody's) and by Standard and Poor's Corporation (S&P) are as follows: Citibank N.A., New York Aa3/AA+, Bear Stearns Financial Products Inc. Aaa/AAA, and Lehman Brothers Derivative Products Inc. Aaa/AAA. Each party's portion of the 2004 Forward Swap and 2005 Current Swap agreement is 50%, 25%, 25%, and 25%, 50%, 25%, respectively.

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

**Liquidity risk.** Risk relating to the Series 2005C Bonds, insured by FGIC, exchange agreement with Bear Stearns Financial Products Inc. (BSFP), the Authority may be required to post collateral if FGIC is downgraded to below "A-" by S&P or "A3" by Moody's. If FGIC is so downgraded, and the Authority is downgraded to below investment grade by Moody's or S&P, the Authority will be obligated to post collateral in an amount equal to the swap termination payment amount owed by the Authority to BSFP.

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

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

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*Swap payments and associated debt.* Using rates as of December 31, 2007, debt service requirements of the variable-rate and net swap payments, assuming current interest rates remain the same for the term, were as follows. As rates vary, variable rate bond interest payments and net swap payments will vary.

<u>Fiscal year</u>	<u>2005C Bonds Associated with 2004 Swap</u>		<u>2004 Swap debt</u>	<u>Total</u>
	<u>Principal amount</u>	<u>Interest amount*</u>	<u>interest rate swap, net*</u>	
2008	\$ 415,000	8,098,610	1,193,288	9,706,898
2009	430,000	6,890,616	1,190,747	8,511,363
2010	450,000	6,875,226	1,188,087	8,513,313
2011	9,255,000	6,558,705	1,133,390	16,947,095
2012	9,630,000	6,229,359	1,076,477	16,935,836
2013	10,015,000	5,886,846	1,017,288	16,919,134
2014	10,425,000	5,530,311	955,677	16,910,988
2015	10,845,000	5,159,412	891,583	16,895,995
2016	11,280,000	4,773,636	824,918	16,878,554
2017	13,260,000	4,320,144	746,551	18,326,695
2018	14,240,000	3,833,136	662,393	18,735,529
2019	15,260,000	3,311,244	572,206	19,143,450
2020	16,080,000	2,761,308	477,173	19,318,481
2021	34,940,000	1,566,360	270,678	36,777,038
2022	37,320,000	290,016	50,117	37,660,133
2023	8,480,000	—	—	8,480,000
	<u>\$ 202,325,000</u>	<u>72,084,929</u>	<u>12,250,573</u>	<u>286,660,502</u>

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

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Fiscal year	2005C Bonds Associated with 2005 Swap		2005 Swap debt interest rate swap, net*	Total
	Principal amount	Interest amount*		
2008	\$ 395,000	4,731,570	623,959	5,750,529
2009	410,000	4,717,548	622,109	5,749,657
2010	425,000	4,703,013	620,193	5,748,206
2011	440,000	4,687,965	618,208	5,746,173
2012	455,000	4,672,404	616,156	5,743,560
2013	470,000	4,656,330	614,037	5,740,367
2014	490,000	4,639,572	611,827	5,741,399
2015	510,000	4,622,130	609,527	5,741,657
2016	8,615,000	4,327,497	570,673	13,513,170
2017	440,000	4,312,449	568,688	5,321,137
2018	455,000	4,296,888	566,636	5,318,524
2019	475,000	4,280,643	564,494	5,320,137
2020	490,000	4,263,885	562,284	5,316,169
2021	510,000	4,246,443	559,984	5,316,427
2022	530,000	4,228,317	557,594	5,315,911
2023	31,915,000	3,136,824	413,657	35,465,481
2024	44,550,000	1,613,214	212,737	46,375,951
2025	47,170,000	—	—	47,170,000
	<u>\$ 138,745,000</u>	<u>72,136,692</u>	<u>9,512,763</u>	<u>220,394,455</u>

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

***Bond Anticipation Notes***

The \$3,487,245,000 North Texas Tollway Authority Bond Anticipation Notes, Series 2007 are authorized and issued pursuant to the laws of the State of Texas, particularly Chapter 366, Texas Transportation Code, as amended, and Chapter 1371, Texas Governmental Code, as amended, and an amended and restated resolution adopted by the Board of Directors of the Authority. The Series 2007 Notes are special, limited obligations payable solely from, and secured solely by, the proceeds of the System revenue bonds to be issued by the Authority prior to the maturity date of the Notes or such other bonds, notes or obligations issued by the Authority. Proceeds of the Notes will be used for the purpose of providing interim financing for the acquisition of the SH 121 Project, subject to the reversionary interest of TxDOT after 50 years, providing interim financing for the development and construction of the SH 121 Project and paying cost of issuance. The Series 2007 Notes were issued as fully registered notes, without coupons, in denominations of \$5,000 or any integral multiple thereof. The notes bear interest from the date of delivery, November 29, 2007, at the rate of 4.125% per annum, calculated on the basis of a 360-day year composed of twelve 30-day months to the maturity date. Principal and interest will be payable on November 19, 2008, the maturity date or upon redemption prior to maturity.

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***Commercial Paper***

On April 18, 2001, the Authority's Board of Directors authorized the \$200,000,000 Dallas North Tollway System Tax-Exempt Commercial Paper program. The commercial paper issued must mature not more than 270 days from date of issue. The Authority may retire commercial paper at any time.

Commercial Paper may be issued to provide interim financing for new projects and other capital improvements and to finance equipment purchases for projects of the System. In fiscal year 2007, the Authority issued \$125,000,000 of commercial paper, \$75,000,000 for an escrow account for the purchase of State Highway 121, \$25,000,000 to finance the feasibility study and design of Southwest Parkway and PGBT Eastern Extension projects, and \$25,000,000 to pay for construction cost of the Lewisville Lake Toll Bridge. A total of \$75,000,000 was outstanding at December 31, 2007 with an interest rate of 3.35%.

Commercial paper notes are supported by a bank letter of credit in excess of \$200,000,000 and constitute an obligation subordinate to the System's revenue bonds. Any advances for payments of commercial paper under the line of credit are secured by a subordinate lien on System revenues. No such advances have occurred. The credit agreement was renewed on July 20, 2007 and will expire on January 2, 2009.

***Loans Payable***

Additionally, the Authority funded, in part, costs of the construction of the PGBT with proceeds from a loan, which totaled \$135,000,000, made by TxDOT in 1995 pursuant to the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). Repayment of the loan to TxDOT is to be made from amounts on deposit in the Capital Improvement Fund with payments subordinate to bonds or other obligations of the System issued or entered into and secured by the tolls and revenues of the System. Interest at the rate of 4.2% began to accrue on October 1, 2000, compounding annually on January 1, with the first payment made in October 2004 and on January 1 thereafter. A payment of \$7,750,000 was made during 2007. Accrued interest payable was \$12,897,354 as of December 31, 2007.

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

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Debt service requirements on the TxDOT loan payable and TxDOT ISTEА loan payable subsequent to December 31, 2007 are as follows:

Fiscal years	TxDOT Loan payable		TxDOT Loan payable	
	Principal	Interest	Principal	Interest
2008	\$ —	—	1,288,312	6,211,688
2009	—	—	1,592,421	6,157,579
2010	—	—	2,159,303	6,090,697
2011	—	—	2,249,993	6,000,007
2012	—	—	2,344,493	5,905,507
2013 – 2017	—	—	12,925,357	28,074,643
2018 – 2022	—	—	45,535,707	23,181,483
2023 – 2027	—	—	65,096,953	11,515,027
2028 – 2032	1,500,000	—	14,704,795	617,601
2033 – 2037	2,500,000	—	—	—
2038 – 2040	600,000	—	—	—
Total due	4,600,000	—	147,897,334	93,754,232
Interest prior to 2007	—	—	(12,897,334)	12,897,334
Total principal and interest	\$ 4,600,000	—	135,000,000	106,651,566

Included in the ISTEА Loan Payable amounts is \$12,897,334 of interest expense incurred from fiscal years 2000 through 2003. The Authority was not required to begin payments of these amounts until 2004.

**(6) Employees' Retirement Plan**

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

A separate audited GAAP-basis pension plan report for Employees Retirement System of Texas is available at [www.ers.state.tx.us/Publications/FinancialReports](http://www.ers.state.tx.us/Publications/FinancialReports).

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***Texas County and District Retirement System***

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

The governing body of the political subdivision determines the percentage of salary that both the individual and employer contribute toward retirement. The employee and employer contribution rate established was 6.00% and 8.74% of wages up to a maximum of \$225,000, respectively, at December 31, 2007.

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

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

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

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

Total pension expense allocated to the System by the Authority for the year ended December 31, 2007, was \$2,675,465 based on a covered payroll of \$30,640,927. The Authority made the actuarially required contribution. Employee contributions to the plan for the year ended December 31, 2007 were \$1,838,456.



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December 31, 2007

A separate audited GAAP-basis pension plan report for TCDRS is available at [www.tcdrs.org/docs](http://www.tcdrs.org/docs).

**Actuarial valuation information  
(unaudited)**

Actuarial valuation date	December 31, 2004	December 31, 2005	December 31, 2006
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, closed
Amortization period	20.0	20.0	15.0
Asset valuation method	Long-term appreciation with adjustments	Long-term appreciation with adjustments	SAF: 10-yr smooth value ESF: Fund value
Actuarial assumptions:			
Investment return*	8.0%	8.0%	8.0%
Projected salary increases	5.5%	5.3%	5.3%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

\* Includes inflation at the stated rates.

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

<u>Accounting year ended</u>	<u>Annual pension cost (APC)</u>	<u>Percentage of APC contributed</u>	<u>Net pension obligation</u>
December 31, 2004	\$ 1,812,344	100%	—
December 31, 2005	1,999,030	100	—
December 31, 2006	2,143,060	100	—
December 31, 2007	2,675,465	100	—

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December 31, 2007

**Schedule of Funding Progress**

Last three calendar years

(Unaudited)

	<b>December 31, 2004</b>	<b>December 31, 2005</b>	<b>December 31, 2006</b>
Actuarial value of assets	\$ 14,695,673	18,812,011	24,057,082
Actuarial accrued liability	15,396,846	19,922,827	24,266,807
Percentage funded	95	94	99
Unfunded (overfunded) actuarial accrued liability (UAAL)	701,173	1,110,816	209,725
Annual covered payroll	20,571,788	23,407,840	26,091,290
UAAL as a percentage of covered payroll	3.41%	4.75%	0.80%

***401(k) Plan***

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

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

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

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

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**NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

Notes to Financial Statements

December 31, 2007

vested at all times and a terminating employee shall be paid all mandatory contributions and plan earnings pursuant to the plan's terms. The Authority is authorized to make discretionary employer matching contributions in such amounts as may be determined by the board, and Authority employees are vested in employer contributions at 100% after five years of service. Former Texas Turnpike Authority employees employed by the Authority on or before October 31, 1997 shall receive past service credit for service with the Texas Turnpike Authority for purposes of determining the vested percentage and the Authority's Board of Directors is allowed to further amend or terminate the plan at any time.

Total 401(k) contributions allocated to the Tollway by the Authority for the year ended December 31, 2007 were \$1,033,525 based on a covered payroll of \$29,529,288.

***Social Security***

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

**(7) Risk Management**

In 1997, the Authority terminated its limited risk management program for workers' compensation. The remaining liability for claims is reported in the Operation and Maintenance Fund. As of December 31, 2007, \$321,416 is accrued to recognize actuarially determined claim liabilities. No claims have been filed in the years 2005, 2006, or 2007.

An external insurance company now insures the Authority for workers' compensation. The Authority purchases insurance policies for all major areas of operation including buildings and contents, bridges, general liability, commercial umbrella, crime, directors and officers liability, and boiler and machinery coverage. There have not been any settlements exceeding insurance coverage in the years 2005, 2006, or 2007.

**(8) Post Employment Benefits**

The Authority provides post employment health care benefits to all retired employees of the System covered by the Employee Retirement System of Texas plan, funded on a pay-as-you-go basis. Currently, 58 individuals meet these requirements to be included in the Employee Retirement System of Texas plan. During the year ended December 31, 2007, expenses of \$274,153 were recognized for post employment health care premiums paid.

In addition, the Authority provides post employment healthcare benefits through the Authority's Health Benefits plan to all retired employees not covered under the Employee Retirement System of Texas plan. Currently, four individuals meet the requirements to be included in the Authority's plan. The plan is funded on a pay-as-you-go basis with \$2,916,614 reserved for future health benefits. During the year ended December 31, 2007, expenses of \$14,769 were recognized for post employment healthcare premiums paid.

Beginning in 2008, the Authority will implement GASB Statement No. 45, *Accounting and Financial Reporting by Employees for Post-Employment Benefits Other than Pensions*. The Authority has not yet determined the financial impact upon adoption.

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NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

Notes to Financial Statements

December 31, 2007

**(9) Desegregation of Receivable Balances**

The System's accounts receivables balance is \$8,492,581 as of December 31, 2007. The majority, \$7,338,945, is from TxDOT related to various construction agreements; \$676,626 from video tolls; \$402,024 are from damage claims; and \$65,189 from Denton County.

Inter-project and agency receivables of \$51,346,627 is comprised of; \$50,000,000 due from Feasibility Study Fund (funding for various project studies), \$868,337 from Colliers International lease management, and \$478,290 from interoperability agencies.

**(10) Commitments and Contingencies**

The System currently has \$355,842,658 in cash and investments that are restricted for construction and \$22,593,535 in current liabilities that are comprised of construction-related payables at December 31, 2007. Additionally the System has contract and purchase order commitments at December 31, 2007 aggregating \$172,753,279. This amount includes \$104,660,287 of construction contracts payable from the Construction and Property Fund. At December 31, 2007, the System had \$333,249,123 in uncommitted funds that are restricted for construction.

The Authority issued an acquisition payment for SH 121 Project of \$3,197,104,248 to TxDOT on November 29, 2007. The Authority used funds from the issuance of Bond Anticipation notes to fund the amount recorded as a capital asset. The Bond Anticipation notes are to be defeased by long term bonds.

An additional amount of \$51,000,000 remains in the dispute resolution process of the Project Agreement pursuant to which the Authority acquired the SH 121 Project. The Authority's staff and consultants prepared documentation explaining the calculations in dispute and remain confident that the calculations are appropriate and no more dollars are due to TxDOT.

The Authority is currently evaluating several System maintenance, rehabilitation, and capital improvement projects with an estimated cost of approximately \$560 million, which may be funded from the System's Reserve Maintenance Fund, the Construction Fund, or the Capital Improvement Fund over the next six years.

The Authority has an operating lease agreement for the rental of the TollTag Store. The term of the lease was extended through June 30, 2009. Lease expense for the year ended December 31, 2007 totaled \$97,264, under this lease. The following represents required remaining payments under the terms of the TollTag Store lease agreement:

2008	\$	95,774
2009		47,887
		<hr style="border-top: 1px solid black;"/>
	\$	<u>143,661</u>

**NORTH TEXAS TOLLWAY AUTHORITY  
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Notes to Financial Statements

December 31, 2007

The Authority entered into a property management agreement on February 12, 2007 and ending February 28, 2009, to manage existing leases of the Gleneagles buildings. An operating account funded with operating lease payments was established for the manager to handle all expenses. As of December 31, 2007 this account had a balance of \$885,001. The building complex encompasses 163,380 sq. ft of which 61,662 is occupied by the Authority, 52,887 is leased, and 48,831 is vacant. The leased space is divided into two leases; one for 22,369 sq. ft. beginning July 1, 2005 and expiring March 31, 2010, one for 30,518 sq. ft. beginning July 1, 2005 and expiring December 31, 2010. The following represents minimum future rentals on noncancelable operating lease agreements:

2008		\$	993,162
2009			1,004,347
2010			696,773
			696,773
		\$	2,694,282

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

The System is not a defendant in any litigation matters that would have a material affect on the financial statements.

**(11) Subsequent Events**

During February 2008, Standard & Poor's downgraded the underlying rating from A+ to A- on the Authority's outstanding System Revenue Bonds with a stable outlook. Moody's Investors Service affirmed its underlying rating of A2 on the Authority's outstanding System Revenue Bonds with a stable outlook. Fitch Ratings downgraded its underlying rating on the Authority's System Revenue Bonds that were then outstanding to 'BBB+' from 'A-' and simultaneously withdrew the ratings.

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Notes to Financial Statements

December 31, 2007

The Authority issued \$3,027,049,394 in 2008 Series Bonds on April 3, 2008, for partial defeasing of Bond Anticipation Notes, pay accrued interest thereon, refund Series 2003C, a portion of Series 2005A, Series 2005B, fund a debt service reserve fund, pay capitalized interest on a portion of the Series 2008 Bonds, and pay costs of issuance of the Series 2008 Bonds. These bonds include:

- The Series 2008A Current Interest Bonds in the amount of \$1,770,285,000, with maturities ranging from January 1, 2009 to January 1, 2048 and bear interest rates ranging from 4% to 6%. The insured callable term bond maturing on January 1, 2028 is insured by MBIA Insurance Corporation.
- The Series 2008B Current Interest Bonds in the amount of \$237,395,000, with maturities ranging from January 1, 2009 to January 1, 2040 and bear interest rates ranging from 4% to 6%.
- The Series 2008C Taxable Current Interest Bonds in the amount of \$19,370,000, with maturities on January 1, 2009 and January 1, 2010 and bear interest rates of 4.00% and 4.25%, respectively.
- The Series 2008D Capital Appreciation Bonds in the amount of \$399,999,394, with maturities ranging from January 1, 2028 to January 1, 2038 and bear interest rates ranging from 5.90 to 5.97%. The Series 2008D Bonds are insured by Assured Guaranty Corp.
- The Series 2008E Put Bonds in the amount of \$600,000,000, with a maturity date of January 1, 2038 and bear interest rates ranging from 5.00% to 5.75%.

The Series 2008 Bonds were rated A- by Standards & Poor's and A2 by Moody's Investors. The Series 2008A-C Bonds stated to mature on or after January 1, 2019 are subject to optional redemption on or after January 1, 2018. The Series 2008D Bonds are not subject to optional redemption. The Series 2008E Bonds are subject to mandatory tender and purchase.

The Trust Agreement was replaced with an Amended and Restated Trust Agreement, with the delivery of the Series 2008 Bonds. The Amended and Restated Trust Agreement creates First Tier, Second Tier, and Third Tier debt levels. The current outstanding bonds and the Series 2008 Bonds became First Tier debt. The Authority's \$200 million commercial paper program was secured as Third Tier debt, including the \$75 million currently outstanding. Other significant amendments are with respect to the toll rate covenant, the additional bonds tax, and the flow of funds.

The Authority's \$340,260,000 amount outstanding of Series 2005C Bonds were entitled to the benefit of a standby bond purchase agreement provided by DEPFA Bank plc as of March 2008.

**NORTH TEXAS TOLLWAY AUTHORITY**  
**NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

Modified Approach – Infrastructure

Required Supplementary Information

December 31, 2007

**Modified Approach**

The Authority has elected to use the Modified Approach to account for maintenance of the System’s infrastructure assets. As required by the Trust Agreement, an annual inspection of the System’s roadways has occurred, conducted by the Authority’s General Engineering Consultant, HNTB Corporation. This inspection provides an overall rating, indicating the average condition of all of the System’s infrastructure assets (roadways, bridges, and facilities). The assessment of conditions is made by visual and mechanical tests designed to reveal any condition that would reduce user benefits below the maximum level of service. The Authority has established a minimum level for GASB No. 34 purposes of a condition level of six or greater. These condition levels were adopted by the Board of Directors for the North Texas Tollway Authority (NTTA) by Resolution No.02-31 on June 19, 2002 and further clarified by Resolution No. 07-169 on December 19, 2007.

The infrastructure assets include the President George Bush Turnpike (PGBT), the Dallas North Tollway (DNT), the Addison Airport Toll Tunnel (AATT), the Mountain Creek Lake Bridge (MCLB), Main Lane Plazas, Ramp Plazas, maintenance shops, administration buildings, and IT lane equipment. The roadways are a major transportation network consisting of 54 centerline miles of high-speed roadways, 50 interchanges, 10 main lane toll plazas, 52 ramp toll plazas, 192 bridges, one tunnel, and other structures and appurtenances. All assets combined totaled approximately \$1.5 billion in current replacement value.

**Condition Index**

A Condition Index is a measure of the “intrinsic value” of the asset as opposed to the book value. A Condition Index with a value of 10.0 is considered “like new”; on the contrary, a Condition Index with a value of 0.0 is considered “unusable.” Evaluations were performed on all of the assets under System jurisdiction. The evaluation resulted in an average Condition Index of 8.9 for all of the assets combined. The following table shows the Condition Index for the years 2005 through 2007.

**Condition Index Table**

<b>Fiscal year</b>	<b>Condition index</b>	
	<b>Current</b>	<b>Goal</b>
2007	8.9	8.0
2006	8.9	8.0
2005	8.8	8.0

**Condition Assessment and Inventory**

A comprehensive condition assessment on all the System’s assets was conducted from fall of 2006 to March 2007. The Authority’s Maintenance Management Consultant performed condition assessments of the System’s roadways including pavement, bridges, and facilities. Assessment procedures and representative work samples were reviewed by NTTA’s General Engineering Consultants, HNTB Corporation.

**NORTH TEXAS TOLLWAY AUTHORITY**  
**NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

Modified Approach – Infrastructure

Required Supplementary Information

December 31, 2007

**Bridges**

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

Currently, the 192 bridges, totaling 8,300,000 square feet of deck area, have a Sufficiency Rating at 9.4. In order to maintain the current Sufficiency Rating, fiscal year 2008 preservation budget of \$627,901 is recommended.

**Roadways**

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

The Roadway Index (RI) is a measure of the overall health of the roadway system that takes into account the current condition of the roadway, how well it is being maintained, and its projected future performance. It is calculated using the results of the annual MRP and pavement condition surveys. In 2006 the RI was revised to use CRS pavement condition ratings in place of the PCI ratings and incorporates remaining pavement service life (RSL). RI is equal to the values of 50% of CRS, 30% RSL, 10% MRP of travel lane element, 5% MRP of roadside element, and 5% MRP of other element.

Currently, the 54 centerline miles (approximately 314 lane miles) of main lane roadways have a Roadway Index of 8.8. In order to maintain the current condition rating, a fiscal year 2008 preservation budget of \$10,658,501 is recommended.



**NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

Modified Approach – Infrastructure

Required Supplementary Information

December 31, 2007

The budget-to-actual expenditures for preservation and other infrastructure maintenance costs were as follows for the years 2003 through 2007.

	<u>Budget</u>	<u>Actual</u>
Fiscal year:		
2007	\$ 51,283,652	31,818,863
2006	34,574,405	29,186,456
2005	20,552,627	13,704,971
2004	25,518,270	15,319,100
2003	15,005,598	12,422,078

**NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

Schedule of Net Assets by Trust Accounts

December 31, 2007

Assets	Total	Interfund eliminations/ reclassifications	Construction and property account	Revenue account
<b>Current assets:</b>				
Cash	\$ 17,548,510	—	—	3,177,050
Investments	107,125,028	—	—	15,592,809
Accrued interest receivable	4,787,599	—	2,957,881	143,145
Accounts receivable	8,492,581	—	1,961,640	676,626
Inventory, at average cost	1,287,214	—	—	—
Interfund receivables	—	(32,302,882)	—	—
Interproject/agency receivables	51,346,627	—	—	1,346,627
Prepaid expenses	210,893	—	—	—
Total current unrestricted assets	<u>190,798,452</u>	<u>(32,302,882)</u>	<u>4,919,521</u>	<u>20,936,257</u>
<b>Current restricted assets:</b>				
<b>Restricted for construction:</b>				
Cash	764,039	—	764,039	—
Investments	288,860,953	—	288,860,953	—
<b>Restricted for debt service:</b>				
Cash	—	—	—	—
Investments	100,961,510	—	—	—
Total current restricted assets	<u>390,586,502</u>	<u>—</u>	<u>289,624,992</u>	<u>—</u>
Total current assets	<u>581,384,954</u>	<u>(32,302,882)</u>	<u>294,544,513</u>	<u>20,936,257</u>
<b>Noncurrent assets:</b>				
Investments for unrestricted assets	5,053,150	—	—	5,053,150
Investments restricted for construction	66,217,666	—	66,217,666	—
Investments restricted for debt service	15,039,240	—	—	—
Deferred improvement costs	653,524	—	—	—
Capital assets	5,087,624,397	—	5,087,624,397	—
Total noncurrent assets	<u>5,174,587,977</u>	<u>—</u>	<u>5,153,842,063</u>	<u>5,053,150</u>
Total assets	<u>5,755,972,931</u>	<u>(32,302,882)</u>	<u>5,448,386,576</u>	<u>25,989,407</u>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable	14,925,609	—	—	—
Retainage payable	2,820,705	—	—	—
Interfund payable	—	(32,302,882)	30,625,000	1,677,882
Interproject/agency payables	2,508,192	—	1,978,467	529,725
Accrued liabilities	9,114,987	—	74,643	—
Deferred revenue	22,902,150	—	—	22,861,311
TollTag deposits	867,339	—	—	867,339
Total current unrestricted liabilities	<u>53,138,982</u>	<u>(32,302,882)</u>	<u>32,678,110</u>	<u>25,936,257</u>
<b>Payable from restricted assets:</b>				
<b>Construction related payables:</b>				
Accounts payable	11,056,385	—	11,056,385	—
Retainage payable	11,537,150	—	11,537,150	—
<b>Debt service related payables:</b>				
Accrued interest payable on bonded debt	25,417,495	—	—	—
Accrued interest payable on ISTEAL loan	12,897,354	—	12,897,354	—
Accrued interest payable on bond anticipation bonds	12,786,565	—	12,786,565	—
Accrued interest payable on commercial paper	181,916	—	—	—
Accrued arbitrage rebate payable	801,804	—	801,804	—
Bond anticipation notes payable	3,487,245,000	—	3,487,245,000	—
Commercial paper notes payable	75,000,000	—	—	—
Current portion of revenue bonds payable	23,240,000	—	23,240,000	—
Total current liabilities payable from restricted assets	<u>3,660,163,669</u>	<u>—</u>	<u>3,559,564,258</u>	<u>—</u>
Total current liabilities	<u>3,713,302,651</u>	<u>(32,302,882)</u>	<u>3,592,242,368</u>	<u>25,936,257</u>
<b>Noncurrent liabilities:</b>				
Texas Department of Transportation loan payable	4,600,000	—	4,600,000	—
Texas Department of Transportation ISTEAL loan payable	135,000,000	—	135,000,000	—
Dallas North Tollway System revenue bonds payable, net of unamortized net deferred debit on refundings of \$42,258,805 and bond discount (premium) cost of \$(18,516,649)	1,321,567,844	—	1,321,567,844	—
Total noncurrent liabilities	<u>1,461,167,844</u>	<u>—</u>	<u>1,461,167,844</u>	<u>—</u>
Total liabilities	<u>5,174,470,495</u>	<u>(32,302,882)</u>	<u>5,053,410,212</u>	<u>25,936,257</u>
<b>Net Assets</b>				
Invested in capital assets net of related debt	398,078,219	3,101,855	394,976,364	—
<b>Restricted:</b>				
Restricted for construction	4,919,521	4,919,521	—	—
Restricted for debt service	112,167,969	—	—	—
Restricted for operations and maintenance	3,408,154	—	—	—
<b>Unrestricted:</b>				
Unrestricted	62,928,573	62,928,573	—	—
Reserved for capital improvement	—	(37,510,341)	—	—
Reserved for Bond Redemption	—	—	—	—
Reserved for operations and maintenance, health benefits	—	(33,439,608)	—	53,150
Total net assets	<u>\$ 581,502,436</u>	<u>—</u>	<u>394,976,364</u>	<u>53,150</u>

See accompanying independent auditors' report.

Schedule 1

Operation and maintenance account	Reserve maintenance account	Capital improvement account	Debt service accounts		
			Bond interest account	Reserve account	Redemption account
14,319,464	51,996	—	—	—	—
69	31,308,711	60,223,439	—	—	—
23,763	417,586	367,890	66,996	740,411	69,927
409,109	6,682	5,438,524	—	—	—
1,287,214	—	—	—	—	—
3,179,696	—	18,445,806	10,677,380	—	—
—	—	50,000,000	—	—	—
210,893	—	—	—	—	—
<u>19,430,208</u>	<u>31,784,975</u>	<u>134,475,659</u>	<u>10,744,376</u>	<u>740,411</u>	<u>69,927</u>
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	20,637,082	57,084,428	23,240,000
—	—	—	<u>20,637,082</u>	<u>57,084,428</u>	<u>23,240,000</u>
<u>19,430,208</u>	<u>31,784,975</u>	<u>134,475,659</u>	<u>31,381,458</u>	<u>57,824,839</u>	<u>23,309,927</u>
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	15,039,240	—
—	—	653,524	—	—	—
—	—	—	—	—	—
—	—	653,524	—	15,039,240	—
<u>19,430,208</u>	<u>31,784,975</u>	<u>135,129,183</u>	<u>31,381,458</u>	<u>72,864,079</u>	<u>23,309,927</u>
6,477,167	3,306,068	5,142,374	—	—	—
—	649,443	2,171,262	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
6,818,055	45,613	2,176,676	—	—	—
40,839	—	—	—	—	—
—	—	—	—	—	—
<u>13,336,061</u>	<u>4,001,124</u>	<u>9,490,312</u>	<u>—</u>	<u>—</u>	<u>—</u>
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	25,417,495	—	—
—	—	—	—	—	—
—	—	181,916	—	—	—
—	—	—	—	—	—
—	—	75,000,000	—	—	—
—	—	—	—	—	—
—	—	75,181,916	25,417,495	—	—
<u>13,336,061</u>	<u>4,001,124</u>	<u>84,672,228</u>	<u>25,417,495</u>	<u>—</u>	<u>—</u>
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
<u>13,336,061</u>	<u>4,001,124</u>	<u>84,672,228</u>	<u>25,417,495</u>	<u>—</u>	<u>—</u>
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
3,408,154	—	10,030,000	5,963,963	72,864,079	23,309,927
—	—	—	—	—	—
—	—	37,510,341	—	—	—
—	—	—	—	—	—
<u>2,685,993</u>	<u>27,783,851</u>	<u>2,916,614</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>6,094,147</u>	<u>27,783,851</u>	<u>50,456,955</u>	<u>5,963,963</u>	<u>72,864,079</u>	<u>23,309,927</u>

**NORTH TEXAS TOLLWAY AUTHORITY**  
**NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

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

Year ended December 31, 2007

(Unaudited)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
Toll revenues	\$ 204,491,800	202,675,564	(1,816,236)
Interest revenue	9,500,000	12,961,888	3,461,888
Other revenue	6,271,800	7,988,624	1,716,824
	<u>220,263,600</u>	<u>223,626,076</u>	<u>3,362,476</u>
<b>Gross revenues</b>			
<b>Operating expenses:</b>			
<b>Administration:</b>			
Administration	2,118,300	3,115,022	(996,722)
Business Solutions	647,100	491,973	155,127
Communications	4,342,900	2,604,772	1,738,128
Finance	2,010,200	1,578,125	432,075
Human resources	1,687,600	1,372,572	315,028
Legal	2,410,100	1,706,007	704,093
Project Development and Planning	89,600	41,914	47,686
	<u>13,305,800</u>	<u>10,910,385</u>	<u>2,395,415</u>
<b>Operations:</b>			
Customer Service Center	11,678,700	11,387,659	291,041
Engineering	1,265,300	1,201,665	63,635
Information technologies	7,329,400	8,260,572	(931,172)
Maintenance	14,985,700	13,322,352	1,663,348
System and Incident Management	16,438,900	14,732,617	1,706,283
Toll collection	17,556,200	15,756,032	1,800,168
	<u>69,254,200</u>	<u>64,660,897</u>	<u>4,593,303</u>
<b>Total operating expenses</b>	<u>82,560,000</u>	<u>75,571,282</u>	<u>6,988,718</u>
<b>Net revenues available for debt service</b>	<u>\$ 137,703,600</u>	<u>148,054,794</u>	<u>10,351,194</u>

See accompanying independent auditors' report.

**NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

Schedule of Changes in Net Assets by Trust Account

December 31, 2007

(Unaudited)

	<u>Total</u>	<u>Construction and property account</u>	<u>Revenue account</u>
Net assets, beginning of year	\$ 521,358,643	326,126,051	(16,014)
Gross revenues	230,711,379	7,085,308	212,180,569
Net increase (decrease) in the fair value of investments	1,067,995	793,381	69,164
Gain (loss) on sale of investments	—	—	—
Administration and Operations expenses	(75,571,282)	—	—
Bond interest expense	(63,670,707)	—	—
Bond discount/premium amortization	1,386,510	1,386,510	—
Interest on commercial paper notes	(2,653,677)	—	—
Amortization of deferred amount on refunding (note 5)	(6,017,291)	(6,017,291)	—
Reserve Maintenance Fund expenses	(23,858,264)	—	—
Capital Improvement Fund expenses	(33,381,445)	—	—
Transfer of capitalized interest on construction fund investments	—	(11,250,000)	—
Net revenues (expenses)	28,013,218	(8,002,092)	212,249,733
Interfund transactions:			
Distribution from Revenue Fund	—	—	(212,310,978)
Revenue bonds retired	—	21,580,000	—
Transfer to/from Debt Service Fund	—	—	130,409
Transfer to/from Construction Fund	—	9,059,599	—
Capitalized costs transferred to Construction and Property Fund	—	39,453,510	—
Principal value retired	—	—	—
Transfer from/to Escrow account	—	—	—
Transfer to Employees Healthcare Trust Account	211,642	—	—
Capitalization of investment earnings in excess of capitalized interest and amortization of bond discount and deferred amount on refunding	—	—	—
	8,795,473	8,795,473	—
Transfer to Feasibility Study Fund	25,000,000	—	—
Prior years liabilities adjustment	207,962	—	—
Cost of equipment retired	(235,952)	(235,952)	—
Depreciation on equipment	(1,800,225)	(1,800,225)	—
Equity realized from sale excess land	22,417	—	—
Equity realized from sale or trade-in of equipment	(70,742)	—	—
Net changes during the year	60,143,793	68,850,313	69,164
Net assets, end of year	\$ 581,502,436	394,976,364	53,150

See accompanying independent auditors' report.

Schedule 3

Operation and maintenance account	Reserve maintenance account	Capital improvement account	Debt service accounts		
			Bond interest account	Reserve account	Redemption account
9,042,113	14,813,489	68,794,260	2,518,651	78,068,687	22,011,406
390,176	892,005	4,910,550	719,346	3,790,822	742,603
—	—	141,281	—	64,169	—
—	—	—	—	—	—
(75,571,282)	—	—	—	—	—
—	—	—	(63,670,707)	—	—
—	—	(2,653,677)	—	—	—
—	—	—	—	—	—
—	(23,858,264)	—	—	—	—
—	—	(33,381,445)	—	—	—
—	—	—	11,250,000	—	—
(75,181,106)	(22,966,259)	(30,983,291)	(51,701,361)	3,854,991	742,603
72,337,705	43,138,900	19,421,373	55,146,673	—	22,266,327
—	—	—	—	—	(21,580,000)
—	—	—	—	—	(130,409)
—	—	—	—	(9,059,599)	—
—	(7,128,238)	(32,325,272)	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
211,642	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	25,000,000	—	—	—
(316,207)	(25,716)	549,885	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	22,417	—	—	—	—
—	(70,742)	—	—	—	—
(2,947,966)	12,970,362	(18,337,305)	3,445,312	(5,204,608)	1,298,521
6,094,147	27,783,851	50,456,955	5,963,963	72,864,079	23,309,927

**NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

Schedule of Cash Receipts and Disbursements by Trust Account

Year ended December 31, 2007

(Unaudited)

	<u>Total (memorandum only)</u>	<u>Construction and property account</u>	<u>Revenue account</u>
Balance of cash, December 31, 2006	\$ 43,082,948	—	1,692,216
Receipts:			
Toll revenues	199,324,580	—	199,324,580
Issuance of bond anticipation notes	3,487,245,000	3,487,245,000	—
Issuance of short term notes	125,000,000	—	—
Matured investments (purchase price)	2,003,577,705	772,676,001	307,347,964
Earnings received from investments	18,032,406	5,826,181	1,612,833
Gain (loss) from sale of investments	—	—	—
Prepaid customers' accounts	212,784,883	—	212,784,883
TollTag deposits	79,450	—	79,450
Damage claims collected	562,276	—	—
Reimbursable receipts	282,028	266,028	—
Rental fee	98,341	—	98,341
Lane violation fee	3,990,020	—	3,990,020
Miscellaneous revenue	5,797	—	5,797
Miscellaneous revenue – tag store	2,743,988	—	2,743,988
Total receipts	<u>6,053,726,474</u>	<u>4,266,013,210</u>	<u>727,987,856</u>
Disbursements:			
Transfer to escrow for defeasance	—	—	—
Revenue bonds retired	(21,580,000)	—	—
Short term notes retired	(75,000,000)	—	—
Interest on bonded debt	(64,291,546)	—	—
Interest on other debt	(18,496,419)	—	—
Damage claims	—	—	—
Interim investments	(2,171,979,511)	(951,269,286)	(307,336,203)
Operating expenses	(74,983,497)	—	(4,563,282)
Reserve maintenance fund expenses	(24,619,705)	—	—
Capital improvement fund expenses	(36,148,221)	—	—
Capitalized costs	(3,339,154,623)	(3,314,206,340)	—
Reimbursable cost	(42,045)	—	—
Equipment (net of trade-in)	(1,915,831)	—	—
Total disbursements	<u>(5,828,211,398)</u>	<u>(4,265,475,626)</u>	<u>(311,899,485)</u>
Interfund and interproject transactions:			
Distribution from Revenue Fund	—	—	(208,390,368)
Transfer of capitalized interest	—	(11,250,000)	—
Transfer of excess monies	—	6,003,344	—
Transfer of deferred revenue	(157,788,205)	—	(157,788,205)
Interoperative Agencies Transfers	(48,995,772)	—	(48,572,373)
Other interfund transactions – net	—	24,662,634	150,409
North Texas Tollway Transition Trust Fund – net	(3,000)	—	(3,000)
North Texas Tollway Authority Feasibility Study Fund – net	(43,498,498)	(19,189,523)	—
	<u>(250,285,475)</u>	<u>226,455</u>	<u>(414,603,537)</u>
Receipts over (under) disbursements and interfund and interproject transactions for the year ended December 31, 2007	<u>(24,770,399)</u>	<u>764,039</u>	<u>1,484,834</u>
Balance of cash, December 31, 2007	<u>\$ 18,312,549</u>	<u>764,039</u>	<u>3,177,050</u>

See accompanying independent auditors' report.

Schedule 4

Operation and maintenance account	Reserve maintenance account	Capital improvement account	Debt service accounts		
			Bond interest account	Reserve account	Redemption account
15,144,181	132,320	4,799,231	—	—	21,315,000
—	—	—	—	—	—
—	—	—	—	—	—
—	—	125,000,000	—	—	—
69	89,580,549	442,046,396	126,682,517	198,702,640	66,541,569
402,390	734,740	4,294,589	745,648	3,740,221	675,804
—	—	—	—	—	—
—	—	—	—	—	—
562,276	—	—	—	—	—
—	—	16,000	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
964,735	90,315,289	571,356,985	127,428,165	202,442,861	67,217,373
—	—	—	—	—	—
—	—	—	—	—	(21,580,000)
—	—	(75,000,000)	—	—	—
—	—	—	(64,291,546)	—	—
—	—	(18,496,419)	—	—	—
—	—	—	—	—	—
(72)	(101,479,188)	(403,292,266)	(126,130,944)	(193,383,262)	(89,088,290)
(70,420,215)	—	—	—	—	—
—	(24,619,705)	—	—	—	—
—	—	(36,148,221)	—	—	—
—	(4,800,230)	(20,148,053)	—	—	—
(42,045)	—	—	—	—	—
—	(1,502,655)	(413,176)	—	—	—
(70,462,332)	(132,401,778)	(553,498,135)	(190,422,490)	(193,383,262)	(110,668,290)
68,444,946	43,138,900	22,822,712	51,717,484	—	22,266,326
—	—	—	11,250,000	—	—
—	—	—	—	(6,003,344)	—
—	—	—	—	—	—
(423,399)	—	—	—	—	—
(32,192)	(1,132,735)	(20,488,293)	26,841	(3,056,255)	(130,409)
—	—	—	—	—	—
683,525	—	(24,992,500)	—	—	—
68,672,880	42,006,165	(22,658,081)	62,994,325	(9,059,599)	22,135,917
(824,717)	(80,324)	(4,799,231)	—	—	(21,315,000)
14,319,464	51,996	—	—	—	—



**NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

Schedule 5

Schedule of Capitalized Costs by Bond Issue

(Unaudited)

Year ended December 31, 2007

	<b>Cumulative total through December 31, 2007</b>
Cumulative from 1989, 1990, 1993, 1994, and 2003C bond issues:	
Preliminary costs	\$ 25,727,001
Construction	367,242,458
Right-of-way	60,434,846
Engineering	46,461,877
Administration	5,041,339
Equipment, net of accumulated depreciation	—
Subtotal	<u>504,907,521</u>
Financing costs	<u>59,424,726</u>
Total capitalized costs – 1989, 1990, 1993, 1994, and 2003C bond issues	<u>564,332,247</u>
Series 1995, 2003A, 2003B, and 2005C bond issues:	
Preliminary costs	18,040,104
Construction	622,772,030
Right-of-way	92,777,307
Engineering	93,372,919
Administration	23,352,534
Equipment, net of accumulated depreciation	3,127,782
Subtotal	<u>853,442,676</u>
Financing costs	<u>58,118,622</u>
Total capitalized costs – Series 1995, 2003A, and 2003B bond issues	<u>911,561,298</u>
Series 1998 bond issue:	
Preliminary costs	1,596,208
Construction	68,433,928
Right-of-way	16,459
Engineering	8,981,477
Administration	233,829
Equipment, net of accumulated depreciation	—
Subtotal	<u>79,261,901</u>
Financing costs	<u>11,252,434</u>
Total capitalized cost – Series 1998 bond issue	<u>90,514,335</u>
Series 2005A and 2005B bond issue:	
Preliminary costs	4,860,809
Construction	202,872,018
Right-of-way	569,830
Engineering	29,665,348
Administration	1,497,171
Equipment, net of accumulated depreciation	26,954
Subtotal	<u>239,492,130</u>
Financing costs	<u>(19,725,651)</u>
Total capitalized cost – Series 1998 bond issue	<u>219,766,479</u>
Lewisville Lake Toll Bridge	
Preliminary costs	9,875
Construction	33,559,737
Right-of-way	13,177
Engineering	7,548,120
Administration	167,271
Equipment, net of accumulated depreciation	2,585
Subtotal	<u>41,300,765</u>
Financing costs	<u>(405,558)</u>
Total capitalized cost – LLTB	<u>40,895,207</u>
State Highway 121	
Preliminary costs	1,142,464
Construction	3,197,211,448
Right-of-way	120,797
Engineering	13,511,355
Administration	13,480,892
Equipment, net of accumulated depreciation	—
Subtotal	<u>3,225,466,956</u>
Financing costs	<u>16,571,226</u>
Total capitalized cost – SH121	<u>3,242,038,182</u>
All Series:	
Preliminary costs	51,376,461
Construction	4,492,091,619
Right-of-way	153,932,416
Engineering	199,541,096
Administration	43,773,036
Equipment, net of accumulated depreciation	3,157,321
Subtotal	<u>4,943,871,949</u>
Financing costs	<u>125,235,799</u>
Total capitalized cost	<u>\$ 5,069,107,748</u>

(1) Total capitalized cost includes \$(18,516,649) related to bond discount/premiums, which have been capitalized in accordance with the Trust Agreement. These costs are netted against revenue bonds within the statement of net asset

See accompanying independent auditors' report.



**NORTH TEXAS TOLLWAY AUTHORITY**  
**NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

Toll Revenue and Traffic Analysis

Year ended December 31, 2007

(Unaudited)

Toll revenue:	
Two-axle vehicles	\$ 214,283,866
Multi-axle vehicles	8,189,103
Revenue adjustments	<u>(19,797,405)</u>
Total	<u>\$ 202,675,564</u>
Vehicle transactions (unaudited):	
Two-axle vehicle transactions	378,764,764
Multi-axle vehicle transactions	4,716,334
Nonrevenue vehicle transactions	<u>1,645,284</u>
Total	<u>385,126,382</u>
Toll revenue – average per day:	
Two-axle vehicles	\$ 587,079
Multi-axle vehicles	22,436
Revenue adjustments	<u>(54,239)</u>
Average	<u>\$ 555,276</u>
Vehicle transactions – average per day (unaudited):	
Two-axle vehicle transactions	1,037,712
Multi-axle vehicle transactions	12,921
Nonrevenue vehicle transactions	<u>4,508</u>
Average	<u>1,055,141</u>

**Toll Revenue and Traffic by Class of Vehicle**

Year ended December 31, 2007

(Unaudited)

Class of vehicle	<u>Revenue</u>	<u>Vehicle transactions</u>
Two-axle vehicles	\$ 214,283,866	378,764,764
Three-axle vehicles and combinations	2,197,484	1,876,585
Four-axle vehicles and combinations	2,309,556	1,376,154
Five-axle vehicles and combinations	3,397,116	1,368,908
Six or more axle vehicles and special permits	<u>284,947</u>	<u>94,687</u>
	<u>8,189,103</u>	<u>4,716,334</u>
Toll revenue	222,472,969	383,481,098
Revenue adjustments	(19,797,405)	—
Nonrevenue vehicles	<u>—</u>	<u>1,645,284</u>
Toll revenue and traffic	<u>\$ 202,675,564</u>	<u>385,126,382</u>

See accompanying independent auditors' report.

**NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

Toll Schedule

Year ended December 31, 2007

(Unaudited)

	<b>Two-axle passenger cars and trucks</b>		<b>Three-axle vehicles and vehicle combinations</b>		<b>Four-axle vehicles and vehicle combinations</b>	
	<b>Cash</b>	<b>TollTag</b>	<b>Cash</b>	<b>TollTag</b>	<b>Cash</b>	<b>TollTag</b>
Dallas North Tollway:						
Main Lane Plaza 1	\$ 0.75	0.60	1.20	0.95	1.50	1.20
Mockingbird	0.80	0.65	1.60	1.30	2.40	1.95
Northwest Highway	0.55	0.45	1.10	0.90	1.65	1.35
Royal Lane	0.40	0.30	0.80	0.60	1.20	0.90
Spring Valley	0.40	0.30	0.80	0.60	1.20	0.90
Belt Line	0.45	0.35	0.90	0.70	1.35	1.05
Main Lane Plaza 2	1.00	0.70	2.00	1.40	3.00	2.10
Keller Springs	0.40	0.30	0.80	0.60	1.20	0.90
Frankford	0.40	0.30	0.80	0.60	1.20	0.90
FM 544	0.40	0.30	0.80	0.60	1.20	0.90
Main Lane Plaza 3	1.00	0.70	2.00	1.40	3.00	2.10
Parker Road	0.40	0.30	0.80	0.60	1.20	0.90
Spring Creek	0.40	0.30	0.80	0.60	1.20	0.90
Gaylord Parkway	0.40	0.30	0.80	0.60	1.20	0.90
Lebanon Road	0.40	0.30	0.80	0.60	1.20	0.90
Stonebrook Parkway	0.40	0.30	0.80	0.60	1.20	0.90
Cotton Gin Road/Main St	0.50	0.40	1.00	0.80	1.50	1.20
Main Lane Plaza 4	1.30	1.05	2.60	2.10	3.90	3.15
Eldorado Parkway	0.40	0.30	0.80	0.60	1.20	0.90
Addison Airport Tunnel:						
Barrier Plaza No. 5	0.50	0.50	0.50	0.50	0.50	0.50
President George Bush Turnpike:						
N. Garland Avenue	0.40	0.30	0.80	0.60	1.20	0.90
Campbell Road	0.40	0.30	0.80	0.60	1.20	0.90
Renner Road (East of Plaza)	0.50	0.40	1.00	0.80	1.50	1.20
Renner Rd. Main Lane Plaza 6	1.00	0.70	2.00	1.40	3.00	2.10
Shiloh Road	0.40	0.30	0.80	0.60	1.20	0.90
Renner Road (West of Plaza)	0.40	0.30	0.80	0.60	1.20	0.90
Independence Parkway	0.40	0.30	0.80	0.60	1.20	0.90
Coit Road	0.40	0.30	0.80	0.60	1.20	0.90
Coit Road Main Lane Plaza 7	1.00	0.70	2.00	1.40	3.00	2.10
Preston Road	0.40	0.30	0.80	0.60	1.20	0.90
Midway Road	0.40	0.30	0.80	0.60	1.20	0.90
Marsh Lane	0.40	0.30	0.80	0.60	1.20	0.90
Frankford Main Lane Plaza 8	1.00	0.70	2.00	1.40	3.00	2.10
Kelly Boulevard	0.50	0.40	1.00	0.80	1.50	1.20
Josey Lane	0.40	0.30	0.80	0.60	1.20	0.90
Sandy Lake Main Lane Plaza 9	1.00	0.70	2.00	1.40	3.00	2.10
Belt Line Road (Coppell)	0.40	0.30	0.80	0.60	1.20	0.90
Royal Lane	0.40	0.30	0.80	0.60	1.20	0.90
Belt Line Road	1.00	0.70	2.00	1.40	3.00	2.10
Belt Line Main Lane Plaza 10	1.00	0.70	2.00	1.40	3.00	2.10
Mountain Creek Lake Bridge:						
Mainlane Plaza	0.50	0.50	0.75	0.75	1.00	1.00

See accompanying independent auditors' report.

**Schedule 8**

<b>Five-axle vehicles and vehicle combinations</b>		<b>Six or more axle vehicles and special permits</b>	
<b>Cash</b>	<b>TollTag</b>	<b>Cash</b>	<b>TollTag</b>
1.80	1.45	2.10	1.70
3.20	2.60	4.00	3.25
2.20	1.80	2.75	2.25
1.60	1.20	2.00	1.50
1.60	1.20	2.00	1.50
1.80	1.40	2.25	1.75
4.00	2.80	5.00	3.50
1.60	1.20	2.00	1.50
1.60	1.20	2.00	1.50
1.60	1.20	2.00	1.50
4.00	2.80	5.00	3.50
1.60	1.20	2.00	1.50
1.60	1.20	2.00	1.50
1.60	1.20	2.00	1.50
1.60	1.20	2.00	1.50
2.00	1.60	2.50	2.00
5.20	4.20	6.50	5.25
1.60	1.20	2.00	1.50
0.50	0.50	0.50	0.50
1.60	1.20	2.00	1.50
1.60	1.20	2.00	1.50
2.00	1.60	2.50	2.00
4.00	2.80	5.00	3.50
1.60	1.20	2.00	1.50
1.60	1.20	2.00	1.50
1.60	1.20	2.00	1.50
1.60	1.20	2.00	1.50
4.00	2.80	5.00	3.50
1.60	1.20	2.00	1.50
1.60	1.20	2.00	1.50
4.00	2.80	5.00	3.50
1.60	1.20	2.00	1.50
1.60	1.20	2.00	1.50
4.00	2.80	5.00	3.50
4.00	2.80	5.00	3.50
1.25	1.25	1.50	1.50

**NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

Year ended December 31, 2007

(Unaudited)

Historical Traffic and Toll Revenue

The table below sets forth the annual revenue vehicle transactions and gross toll revenue with respect to the Dallas North Tollway System for the ten calendar years 1998 through 2007:

Year	Annual revenue vehicle transactions (unaudited)	Annual toll revenue
1998	127,383,625	\$ 57,253,744
1999 (1)	149,888,064	69,653,635
2000 (2)	192,168,272	93,901,576
2001 (3)	230,044,912	107,210,124
2002 (4)	285,494,321	137,945,439
2003	296,140,087	149,323,784
2004 (5)	315,031,754	160,695,030
2005 (6)	338,390,215	172,537,345
2006	370,696,171	191,434,120
2007 (7)	385,126,382	202,675,564

- (1) Reflects the opening of Addison Airport Tunnel, Segment I and IIa of the President George Bush Turnpike in January 1999, June 1999, and December 1999, respectively, and a toll rate increase on the DNT in August 1999.
- (2) Reflects the opening of Segment IIb of the President George Bush Turnpike in May 2000.
- (3) Reflects the opening of Segment III of the President George Bush Turnpike from Midway Road to Frankford in March 2001 to IH 35 in July 2001 and Segment V on December 2001.
- (4) Toll rate increase for the President George Bush Turnpike went into effect in January 2002
- (5) Reflects the completion of DNT and State Highway 121 interchange on April 2004.
- (6) Reflects the opening of Segment IV of the President George Bush Turnpike in September 2005.
- (7) Reflects the opening of DNT Phase 3 and toll rate increase in late September 2007.

Historical Net Revenues

The table set forth below shows the Net Revenues for debt service (as defined by Trust Agreement) of the Dallas North Tollway System for the ten calendar years 1998 through 2007:

Year	Toll revenue	Current expenses	Investment and other earnings	Net revenues	Coverage
1998	\$ 57,253,744	12,337,298	14,112,612	59,029,058	2.50
1999	69,653,635	16,842,717	12,869,336	65,680,254	2.42
2000	93,901,576	22,754,720	13,204,505	84,351,361	2.22
2001	107,210,124	30,429,021	11,806,432	88,587,535	1.88
2002	137,945,439	37,964,567	8,732,847	108,713,719	2.08
2003	149,323,784	42,650,533	8,371,709	115,044,960	2.09
2004	160,695,030	47,680,750	10,046,907	123,061,187	2.00
2005	172,537,345	56,576,883	14,085,285	130,045,747	1.80
2006	191,434,120	61,421,158	18,259,576	148,272,538	1.98
2007	202,675,564	75,571,282	20,950,512	148,054,794	1.96

See accompanying independent auditors' report.

Statistical Section

**NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM  
STATISTICAL SECTION**

**INTRODUCTION**

Government Accounting Standards Board (GASB) Statement 44 “Economic Condition Reporting: The Statistical Section (an amendment of National Council on Governmental Accounting (NCGA) Statement 1) requires that certain detailed statistical information be presented in this section, typically in ten-year trends, to assist users in utilizing the basic financial statements, notes to the financial statements, and required supplementary information in order to assess the economic condition of the System. Provisions of this Statement encourages, but not requires that agencies preparing the statistical section report all years of information retroactively.

In this regard, when available, ten year trend information has been provided. When accounting data or other information is unavailable, statistical tables are footnoted to indicate as such. This information has not been audited by the independent auditor.

The Authority implemented the changes in accounting and presentation called for in GASB Statement 34 “Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Governments,” in Fiscal Year 2002 and started producing a Comprehensive Annual Financial Report in FY 2005. The NTTA System is an enterprise fund of the Authority and thus all activities are Business-type activities.

<b>FINANCIAL TRENDS.....</b>	<b>Pages 62-63</b>
These tables contain information to help the reader understand how the System’s financial performance and well being have changed over time.	
<b>REVENUE CAPACITY.....</b>	<b>64-69</b>
These tables contain information to help the reader assess the System’s most significant revenue source.	
<b>DEBT CAPACITY.....</b>	<b>70-72</b>
These tables present information to help the reader assess the affordability of the System’s current levels of outstanding debt and the Authority’s ability to issue additional debt in the future.	
<b>DEMOGRAPHIC AND ECONOMIC INFORMATION.....</b>	<b>73-76</b>
These tables offer demographic and economic indicators to help the reader understand the environment within which the System’s financial activities take place.	
<b>OPERATING INFORMATION.....</b>	<b>77-78</b>
These tables contain service and infrastructure data to help the reader understand how the information in the System’s financial report relates to the services the Authority provides and the activities it performs.	

**Sources:** Unless otherwise noted, the information in the following tables is derived from the annual financial reports for the relevant years.



Statistical Section  
▶ **Financial Trends**

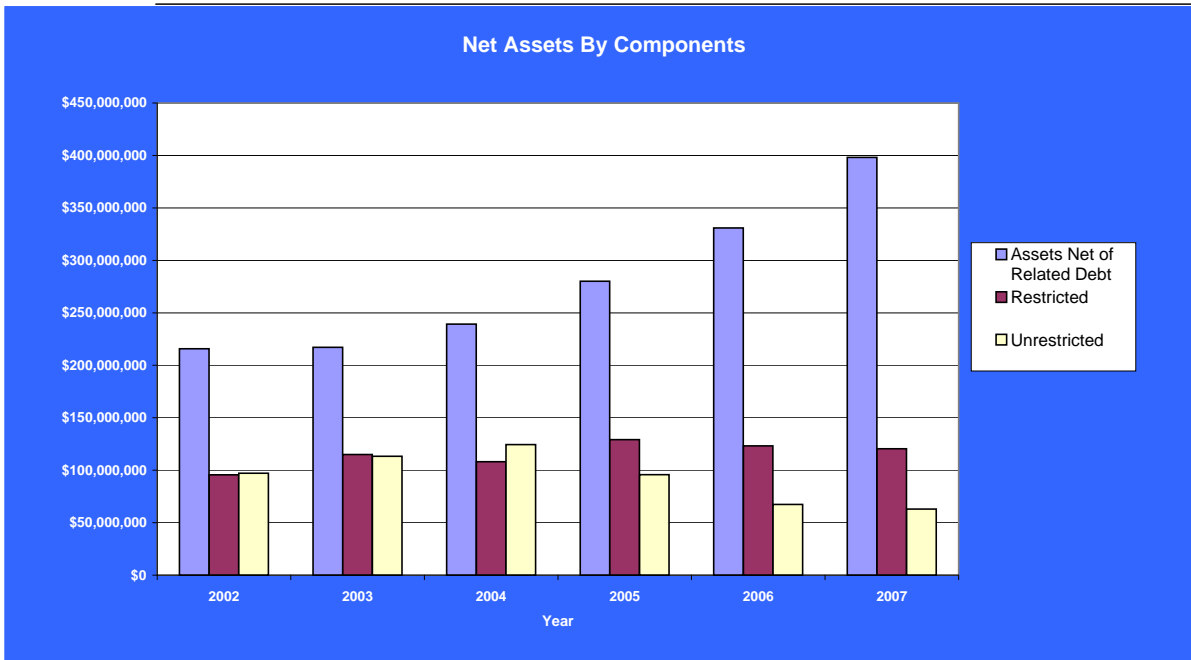
NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM

Net Assets by Components  
Last Ten Fiscal Years  
(Unaudited)

**Business-Type Activities**

Components	2002	2003	2004	2005	2006	2007
Invested in capital assets, net of related debt	\$215,719,725	217,181,585	239,205,057	280,156,648	330,841,254	398,078,219
Restricted (see note)	\$95,605,206	114,952,691	108,079,819	129,195,493	123,194,488	120,495,644
Unrestricted	\$97,103,496	113,345,843	124,451,990	95,696,520	67,332,901	62,928,573
<b>Total net assets</b>	<b>\$408,428,427</b>	<b>445,480,119</b>	<b>471,736,866</b>	<b>505,048,661</b>	<b>521,368,643</b>	<b>581,502,436</b>

NOTE ---- Information prior to implementation of GASB 34 in FY 2002 is not available.

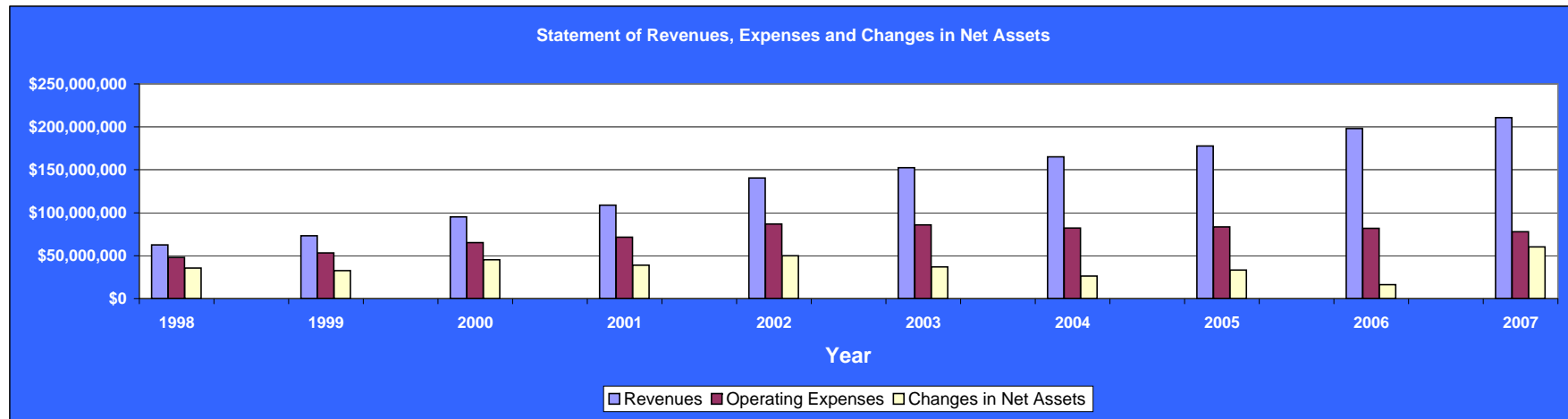


NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM

Statement of Revenues, Expenses, and Changes in Net Assets  
Last Ten Fiscal Years  
(Unaudited)

<u>Business-Type Activities</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>	<u>2006</u>	<u>2007</u>
Revenues:										
Tolls	\$ 57,253,744	\$ 69,653,635	\$ 93,901,576	\$ 107,210,124	\$ 137,945,439	\$ 149,323,784	\$ 160,695,030	\$ 172,537,345	\$ 191,434,120	\$ 202,675,564
Other (1)	5,386,062	3,595,548	1,188,403	1,751,277	2,458,397	3,180,903	4,574,224	5,103,941	6,647,546	7,988,624
Total operating revenues	62,639,806	73,249,183	95,089,979	108,961,401	140,403,836	152,504,687	165,269,254	177,641,286	198,081,666	210,664,188
Operating expenses:										
Administration	3,800,346	4,997,011	7,909,764	11,901,154	8,261,114	5,977,858	7,592,581	8,381,359	8,899,052	10,910,385
Operations	8,536,952	11,845,706	14,844,956	18,527,867	29,703,453	36,672,675	40,088,169	48,195,524	52,522,106	64,660,897
Reserve maintenance	886,901	1,753,460	5,085,427	1,982,790	2,913,890	5,792,192	10,990,224	7,483,753	22,771,922	23,858,264
Capital improvement	1,498,400	1,471,457	2,014,645	5,010,782	12,586,540	18,320,162	24,268,247	30,117,098	31,975,003	33,381,445
Total operating expenses before depreciation	14,722,599	20,067,634	29,854,792	37,422,593	53,464,997	66,762,887	82,939,221	94,177,734	116,168,083	132,810,991
Operating income before depreciation	47,917,207	53,181,549	65,235,187	71,538,808	86,938,839	85,741,800	82,330,033	83,463,552	81,913,583	77,853,197
Depreciation	—	—	—	—	(951,369)	(1,598,423)	(1,662,808)	(2,092,825)	(2,126,037)	(1,800,225)
<b>Operating income</b>	47,917,207	53,181,549	65,235,187	71,538,808	85,987,470	84,143,377	80,667,225	81,370,727	79,787,546	76,052,972
Nonoperating revenues (expenses):										
Interest earned on investments	33,979,184	38,852,765	30,707,854	18,663,604	9,068,253	9,327,630	10,458,474	13,562,625	16,550,756	17,592,664
Net increase(decrease) in the fair value of investments	1,165,390	(2,294,046)	954,310	(87,080)	615,890	(1,454,787)	(1,676,391)	(1,087,627)	2,335,448	1,067,995
Interest expense on revenue bonds	(41,462,975)	(48,627,331)	(48,268,251)	(47,878,171)	(42,837,283)	(41,408,356)	(46,017,953)	(55,184,859)	(53,414,350)	(52,420,707)
Interest expense on commercial paper	0	0	0	(10,548)	(268,011)	(214,067)	0	0	(24,658)	(2,653,677)
Bond premium/discount amortization	(1,257,991)	(1,361,423)	(1,358,832)	(2,147,337)	(1,407,146)	(197,326)	1,305,815	1,285,475	1,618,562	1,386,510
Deferred amount on refunding amortization	(1,442,041)	(1,721,558)	(1,703,006)	(1,697,284)	(1,386,660)	(4,350,295)	(6,147,053)	(7,030,110)	(6,557,286)	(6,017,291)
Net amount on refunded bonds	(3,116,321)	0	0	0	0	0	0	0	0	0
Contributed capital from Mountain Creek Lake Bridge	0	0	0	10,766,232	0	0	0	0	0	0
Contributed capital to the Feasibility Study Fund	0	(5,327,200)	0	(10,000,000)	0	(8,487,500)	(11,990,800)	0	(25,000,000)	25,000,000
Other	(206,244)	(10,879)	(338,873)	(150,312)	233,312	(306,984)	(342,570)	395,564	1,013,964	135,327
Net nonoperating revenues (expenses)	(12,340,998)	(20,489,672)	(20,006,798)	(32,540,896)	(35,981,645)	(47,091,685)	(54,410,478)	(48,058,932)	(63,477,564)	(15,909,179)
<b>Change in net assets</b>	\$ 35,576,209	\$ 32,691,877	\$ 45,228,389	\$ 38,997,912	\$ 50,005,825	\$ 37,051,692	\$ 26,256,747	\$ 33,311,795	\$ 16,309,982	\$ 60,143,793

(1) Administrative fees, parking transaction fees, statement fees and miscellaneous charges.



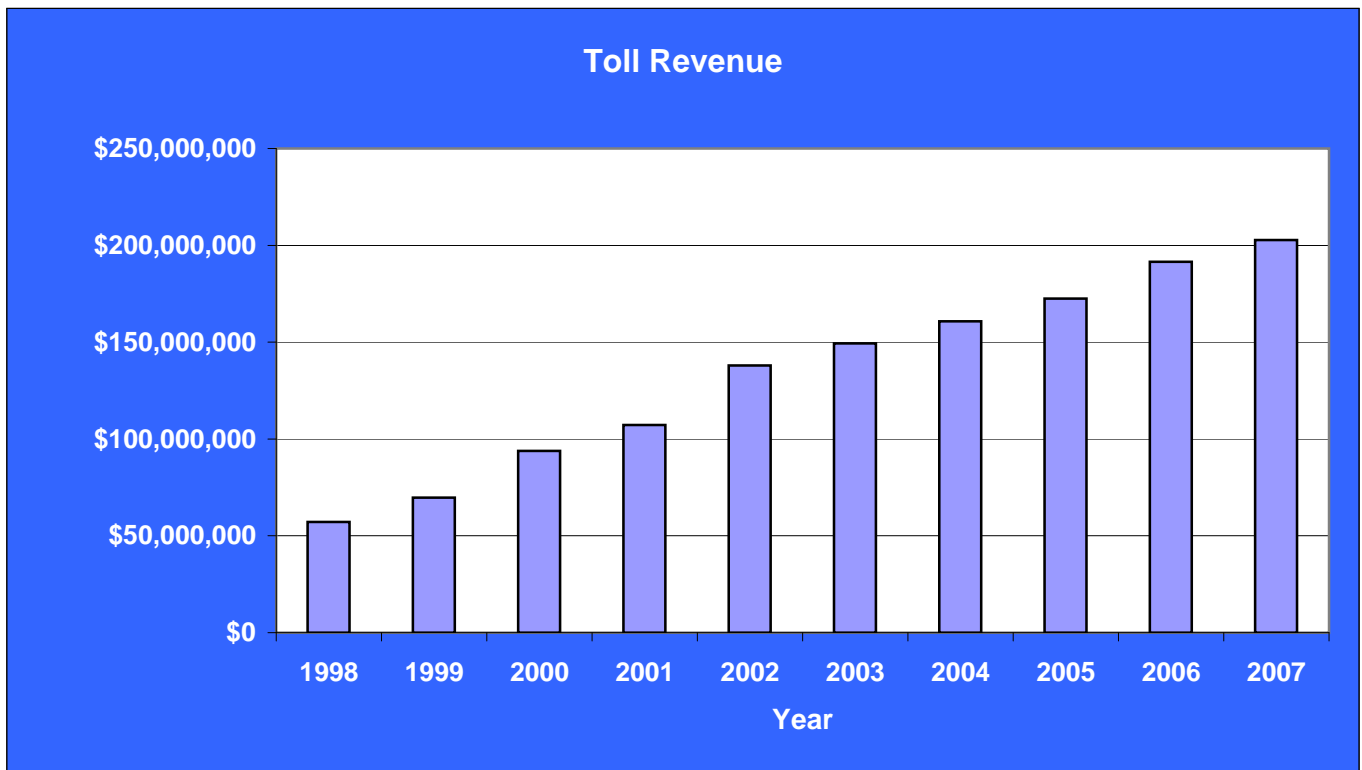
Statistical Section

▶ **Revenue Capacity**

NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM

Traffic and Toll Revenue  
Last Ten Fiscal Years  
(Unaudited)

Year	Annual Revenue Vehicle Transactions	Annual Toll Revenue	Average Toll Rate per Transaction
1998	127,383,625	\$57,253,744	\$0.45
1999	149,888,064	69,653,635	0.46
2000	192,168,272	93,901,576	0.49
2001	230,044,912	107,210,124	0.47
2002	285,494,321	137,945,439	0.48
2003	296,140,087	149,323,784	0.50
2004	315,031,754	160,695,030	0.51
2005	338,390,215	172,537,345	0.51
2006	370,696,171	191,434,120	0.52
2007	383,481,098	202,675,564	0.53



NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM

Schedule of Toll Rates  
Last Ten Fiscal Years  
(Unaudited)

Two-axle passenger cars and trucks		Year									
Roadway		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Dallas North Tollway:											
Main Lane Plaza 1	Cash	\$0.50	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75
	TollTag	0.50	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
Main Lane Plaza 2	Cash	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	1.00
	TollTag	0.50	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.70
Main Lane Plaza 3	Cash	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	1.00
	TollTag	0.50	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.70
Main Lane Plaza 4 (1)	Cash	-	-	-	-	-	-	-	-	-	1.30
	TollTag	-	-	-	-	-	-	-	-	-	1.05
Addison Airport Toll Tunnel:											
Main Lane Plaza 5	Cash	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
	TollTag	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
President George Bush Turnpike:											
Main Lane Plaza 6	Cash	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75	1.00
	TollTag	0.50	0.50	0.50	0.50	0.60	0.60	0.60	0.60	0.60	0.70
Main Lane Plaza 7	Cash	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75	1.00
	TollTag	0.50	0.50	0.50	0.60	0.60	0.60	0.60	0.60	0.60	0.70
Main Lane Plaza 8	Cash	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75	1.00
	TollTag	0.50	0.50	0.50	0.60	0.60	0.60	0.60	0.60	0.60	0.70
Main Lane Plaza 9	Cash	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75	1.00
	TollTag	0.50	0.50	0.50	0.50	0.60	0.60	0.60	0.60	0.60	0.70
Main Lane Plaza 10 (2)	Cash	-	-	-	0.75	0.75	0.75	0.75	0.75	0.75	1.00
	TollTag	-	-	-	0.60	0.60	0.60	0.60	0.60	0.60	0.70
Mountain Creek Lake Bridge:											
Mainlane Plaza	Cash	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
	TollTag	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50

(1) Main Lane Plaza 4 opened 2007

(2) Main Lane Plaza 10 opened 2002

Note----Other toll collections points (Ramp Plazas) are not shown on this schedule.

**NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

**Schedule of Toll Rates  
Last Ten Fiscal Years  
(Unaudited)**

Three-axle vehicle and vehicle combination		Year									
Roadway		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Dallas North Tollway:</b>											
Main Lane Plaza 1	Cash	\$0.80	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20
	TollTag	0.80	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95
Main Lane Plaza 2	Cash	0.80	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	2.00
	TollTag	0.80	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	1.40
Main Lane Plaza 3	Cash	0.80	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	2.00
	TollTag	0.80	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	1.40
Main Lane Plaza 4 (1)	Cash	-	-	-	-	-	-	-	-	-	2.60
	TollTag	-	-	-	-	-	-	-	-	-	2.10
<b>Addison Airport Toll Tunnel:</b>											
Main Lane Plaza 5	Cash	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
	TollTag	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>President George Bush Turnpike:</b>											
Main Lane Plaza 6	Cash	1.00	1.00	1.00	1.00	1.50	1.50	1.50	1.50	1.50	2.00
	TollTag	1.00	1.00	1.00	1.00	1.20	1.20	1.20	1.20	1.20	1.40
Main Lane Plaza 7	Cash	1.00	1.00	1.00	1.00	1.50	1.50	1.50	1.50	1.50	2.00
	TollTag	1.00	1.00	1.00	1.00	1.20	1.20	1.20	1.20	1.20	1.40
Main Lane Plaza 8	Cash	1.00	1.00	1.00	1.00	1.50	1.50	1.50	1.50	1.50	2.00
	TollTag	1.00	1.00	1.00	1.00	1.20	1.20	1.20	1.20	1.20	1.40
Main Lane Plaza 9	Cash	1.00	1.00	1.00	1.00	1.50	1.50	1.50	1.50	1.50	2.00
	TollTag	1.00	1.00	1.00	1.00	1.20	1.20	1.20	1.20	1.20	1.40
Main Lane Plaza 10 (2)	Cash	-	-	-	-	1.50	1.50	1.50	1.50	1.50	2.00
	TollTag	-	-	-	-	1.20	1.20	1.20	1.20	1.20	1.40
<b>Mountain Creek Lake Bridge:</b>											
Main lane Plaza	Cash	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
	TollTag	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75

(1) Main Lane Plaza 4 opened 2007

(2) Main Lane Plaza 10 opened 2002

Note----Other toll collections points (Ramp Plazas) are not shown on this schedule.

**NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

**Schedule of Toll Rates  
Last Ten Fiscal Years  
(Unaudited)**

Four-axle vehicle and vehicle combination		Year									
Roadway		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Dallas North Tollway:</b>											
Main Lane Plaza 1	Cash	\$1.00	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50
	TollTag	1.00	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
Main Lane Plaza 2	Cash	1.00	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	3.00
	TollTag	1.00	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	2.10
Main Lane Plaza 3	Cash	1.00	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	3.00
	TollTag	1.00	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	2.10
Main Lane Plaza 4 (1)	Cash	-	-	-	-	-	-	-	-	-	3.90
	TollTag	-	-	-	-	-	-	-	-	-	3.15
<b>Addison Airport Toll Tunnel:</b>											
Main Lane Plaza 5	Cash	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
	TollTag	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>President George Bush Turnpike:</b>											
Main Lane Plaza 6	Cash	1.50	1.50	1.50	1.50	2.25	2.25	2.25	2.25	2.25	3.00
	TollTag	1.50	1.50	1.50	1.50	1.80	1.80	1.80	1.80	1.80	2.10
Main Lane Plaza 7	Cash	1.50	1.50	1.50	1.50	2.25	2.25	2.25	2.25	2.25	3.00
	TollTag	1.50	1.50	1.50	1.50	1.80	1.80	1.80	1.80	1.80	2.10
Main Lane Plaza 8	Cash	1.50	1.50	1.50	1.50	2.25	2.25	2.25	2.25	2.25	3.00
	TollTag	1.50	1.50	1.50	1.50	1.80	1.80	1.80	1.80	1.80	2.10
Main Lane Plaza 9	Cash	1.50	1.50	1.50	1.50	2.25	2.25	2.25	2.25	2.25	3.00
	TollTag	1.50	1.50	1.50	1.50	1.80	1.80	1.80	1.80	1.80	2.10
Main Lane Plaza 10 (2)	Cash	-	-	-	2.25	2.25	2.25	2.25	2.25	2.25	3.00
	TollTag	-	-	-	1.80	1.80	1.80	1.80	1.80	1.80	2.10
<b>Mountain Creek Lake Bridge:</b>											
Main lane Plaza	Cash	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	TollTag	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

(1) Main Lane Plaza 4 opened 2007

(2) Main Lane Plaza 10 opened 2002

Note----Other toll collections points (Ramp Plazas) are not shown on this schedule.



**NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

**Schedule of Toll Rates  
Last Ten Fiscal Years  
(Unaudited)**

Five-axle vehicle and vehicle combination		Year									
Roadway		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Dallas North Tollway:</b>											
Main Lane Plaza 1	Cash	\$1.20	\$1.80	\$1.80	\$1.80	\$1.80	\$1.80	\$1.80	\$1.80	\$1.80	\$1.80
	TollTag	1.20	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45
Main Lane Plaza 2	Cash	1.20	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	4.00
	TollTag	1.20	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	2.80
Main Lane Plaza 3	Cash	1.20	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	4.00
	TollTag	1.20	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	2.80
Main Lane Plaza 4 (1)	Cash	-	-	-	-	-	-	-	-	-	5.20
	TollTag	-	-	-	-	-	-	-	-	-	4.20
<b>Addison Airport Toll Tunnel:</b>											
Main Lane Plaza 5	Cash	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
	TollTag	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>President George Bush Turnpike:</b>											
Main Lane Plaza 6	Cash	1.50	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00	4.00
	TollTag	1.50	2.00	2.00	2.00	2.40	2.40	2.40	2.40	2.40	2.80
Main Lane Plaza 7	Cash	1.50	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00	4.00
	TollTag	1.50	2.00	2.00	2.00	2.40	2.40	2.40	2.40	2.40	2.80
Main Lane Plaza 8	Cash	1.50	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00	4.00
	TollTag	1.50	2.00	2.00	2.00	2.40	2.40	2.40	2.40	2.40	2.80
Main Lane Plaza 9	Cash	1.50	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00	4.00
	TollTag	1.50	2.00	2.00	2.00	2.40	2.40	2.40	2.40	2.40	2.80
Main Lane Plaza 10 (2)	Cash	-	-	-	3.00	3.00	3.00	3.00	3.00	3.00	4.00
	TollTag	-	-	-	2.40	2.40	2.40	2.40	2.40	2.40	2.80
<b>Mountain Creek Lake Bridge:</b>											
Main lane Plaza	Cash	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
	TollTag	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25

(1) Main Lane Plaza 4 opened 2007

(2) Main Lane Plaza 10 opened 2002

Note----Other toll collections points (Ramp Plazas) are not shown on this schedule.

**NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

**Schedule of Toll Rates  
Last Ten Fiscal Years  
(Unaudited)**

<b>Six or more-axle vehicle and vehicle combination</b>		<b>Year</b>									
<b>Roadway</b>		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Dallas North Tollway:</b>											
Main Lane Plaza 1	Cash	\$1.40	\$2.10	\$2.10	\$2.10	\$2.10	\$2.10	\$2.10	\$2.10	\$2.10	\$2.10
	TollTag	1.40	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Main Lane Plaza 2	Cash	1.40	2.10	2.10	2.10	2.10	2.10	2.10	2.10	2.10	5.00
	TollTag	1.40	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	3.50
Main Lane Plaza 3	Cash	1.40	2.10	2.10	2.10	2.10	2.10	2.10	2.10	2.10	5.00
	TollTag	1.40	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	3.50
Main Lane Plaza 4 (1)	Cash	-	-	-	-	-	-	-	-	-	6.50
	TollTag	-	-	-	-	-	-	-	-	-	5.25
<b>Addison Airport Toll Tunnel:</b>											
Main Lane Plaza 5	Cash	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
	TollTag	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>President George Bush Turnpike:</b>											
Main Lane Plaza 6	Cash	2.00	2.50	2.50	2.50	3.75	3.75	3.75	3.75	3.75	5.00
	TollTag	2.00	2.50	2.50	2.50	3.00	3.00	3.00	3.00	3.00	3.50
Main Lane Plaza 7	Cash	2.00	2.50	2.50	2.50	3.75	3.75	3.75	3.75	3.75	5.00
	TollTag	2.00	2.50	2.50	2.50	3.00	3.00	3.00	3.00	3.00	3.50
Main Lane Plaza 8	Cash	2.00	2.50	2.50	2.50	3.75	3.75	3.75	3.75	3.75	5.00
	TollTag	2.00	2.50	2.50	2.50	3.00	3.00	3.00	3.00	3.00	3.50
Main Lane Plaza 9	Cash	2.00	2.50	2.50	2.50	3.75	3.75	3.75	3.75	3.75	5.00
	TollTag	2.00	2.50	2.50	2.50	3.00	3.00	3.00	3.00	3.00	3.50
Main Lane Plaza 10 (2)	Cash	-	-	-	3.75	3.75	3.75	3.75	3.75	3.75	5.00
	TollTag	-	-	-	3.00	3.00	3.00	3.00	3.00	3.00	3.50
<b>Mountain Creek Lake Bridge:</b>											
Main lane Plaza	Cash	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
	TollTag	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50

(1) Main Lane Plaza 4 opened 2007

(2) Main Lane Plaza 10 opened 2002

Note----Other toll collections points (Ramp Plazas) are not shown on this schedule.

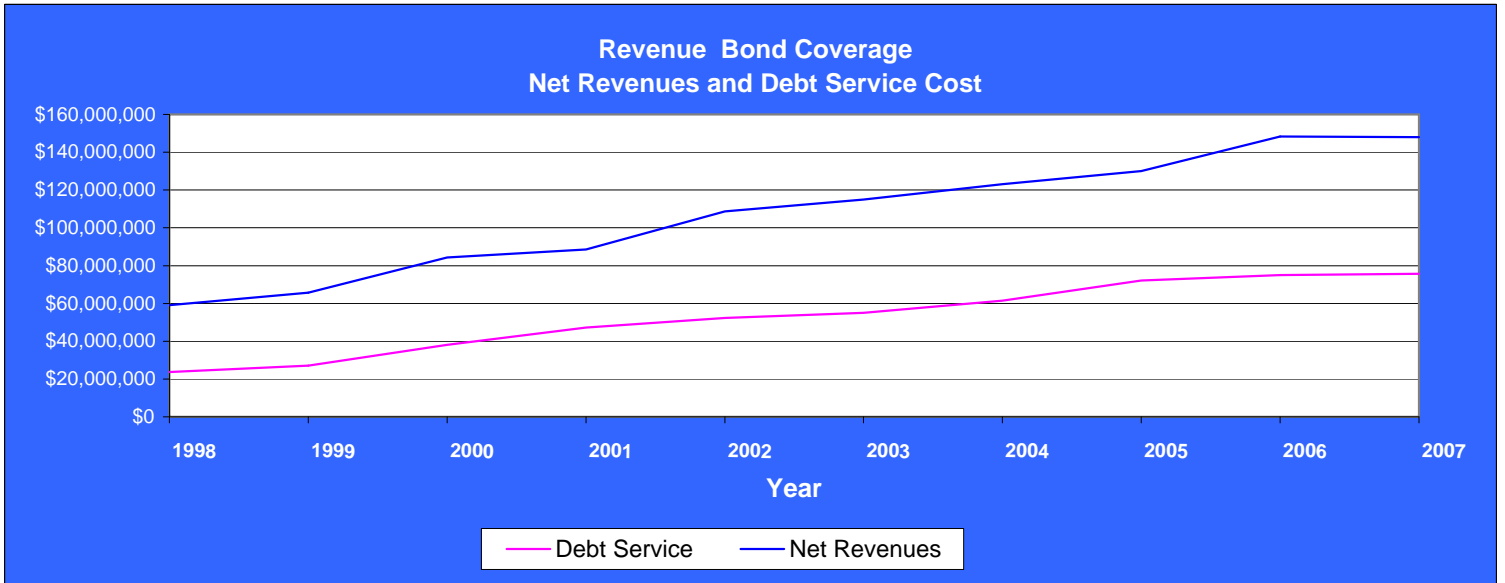
Statistical Section  
▶ **Debt Capacity**

NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM

Revenue Bond Coverage  
Last Ten Fiscal Years  
(Unaudited)

Year	Toll Revenue	Current Expenses	Investments and other Earnings	Net Revenues	Debt Service	Debt Coverage Ratio
1998	\$ 57,253,744	\$ 12,337,298	\$ 14,112,612	\$ 59,029,058	\$ 23,644,352	2.50
1999	69,653,635	16,842,717	12,869,336	65,680,254	27,170,514	2.42
2000	93,901,576	22,754,720	13,204,505	84,351,361	38,041,739	2.22
2001	107,210,124	30,429,021	11,806,432	88,587,535	47,208,522	1.88
2002	137,945,439	37,964,567	8,732,847	108,713,719	52,371,462	2.08
2003	149,323,784	42,650,533	8,371,709	115,044,960	54,958,356	2.09
2004	160,695,030	47,680,750	10,046,907	123,061,187	61,462,932	2.00
2005	172,537,345	56,576,883	14,085,285	130,045,747	72,184,859	1.80
2006	191,434,120	61,421,158	18,259,576	148,272,538	74,994,350	1.98
2007	202,675,564	75,571,282	20,950,512	148,054,794	75,660,707	1.96

Note----Revenues and expenses on this schedule are presented in accordance to NTTA's Trust Agreement



NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM

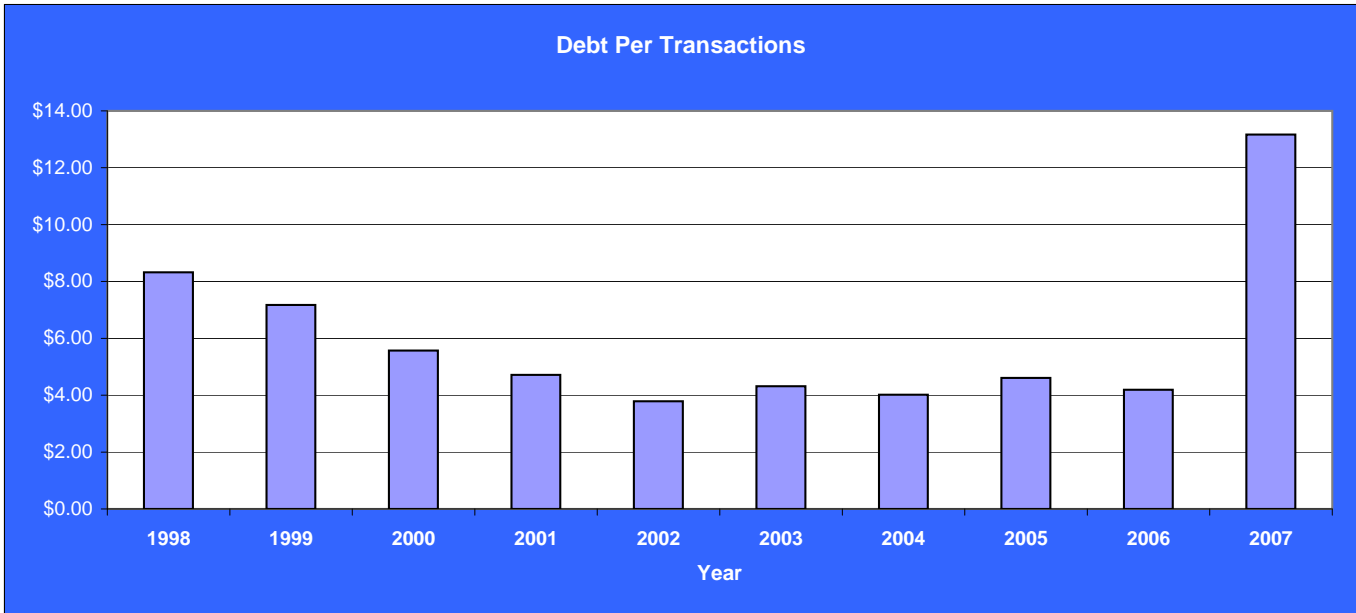
Ratio of Outstanding Debt by Type  
Business-Type Activities  
Last Ten Fiscal Years  
(Unaudited)

Year	Revenue Bonds	Bond Anticipation Notes	Commercial Paper Notes Payable	Texas Department of Transportation ISTEALoan	Texas Department of Transportation Loan Payable	Total Debt Amount	Total Toll Transactions(1)	Debt Per Transactions	Debt Per Capita(2)
1998	\$940,701,711	-	-	\$115,000,000	\$4,600,000	\$1,060,301,711	127,383,625	\$8.32	N/A
1999	935,967,532	-	-	135,000,000	4,600,000	1,075,567,532	149,888,064	7.18	N/A
2000	930,934,136	-	-	135,000,000	4,600,000	1,070,534,136	192,168,272	5.57	\$232
2001	925,524,957	-	\$20,000,000	135,000,000	4,600,000	1,085,124,957	230,044,912	4.72	228
2002	921,430,778	-	20,000,000	135,000,000	4,600,000	1,081,030,778	285,494,321	3.79	222
2003	1,139,285,000	-	-	135,000,000	4,600,000	1,278,885,000	296,140,087	4.32	259
2004	1,125,735,000	-	-	135,000,000	4,600,000	1,265,335,000	315,031,754	4.02	251
2005	1,420,605,000	-	-	135,000,000	4,600,000	1,560,205,000	338,390,215	4.61	303
2006	1,390,130,000	-	25,000,000	135,000,000	4,600,000	1,554,730,000	370,696,171	4.19	293
2007	1,368,550,000	\$3,487,245,000	75,000,000	135,000,000	4,600,000	5,070,395,000	385,126,382	13.17	934

Note----Details on the System's outstanding debt can be found in the notes to the financial statements.

(1) See table of Traffic and Toll Revenue on page 64.

(2) See table of Demographic Data on page 73.



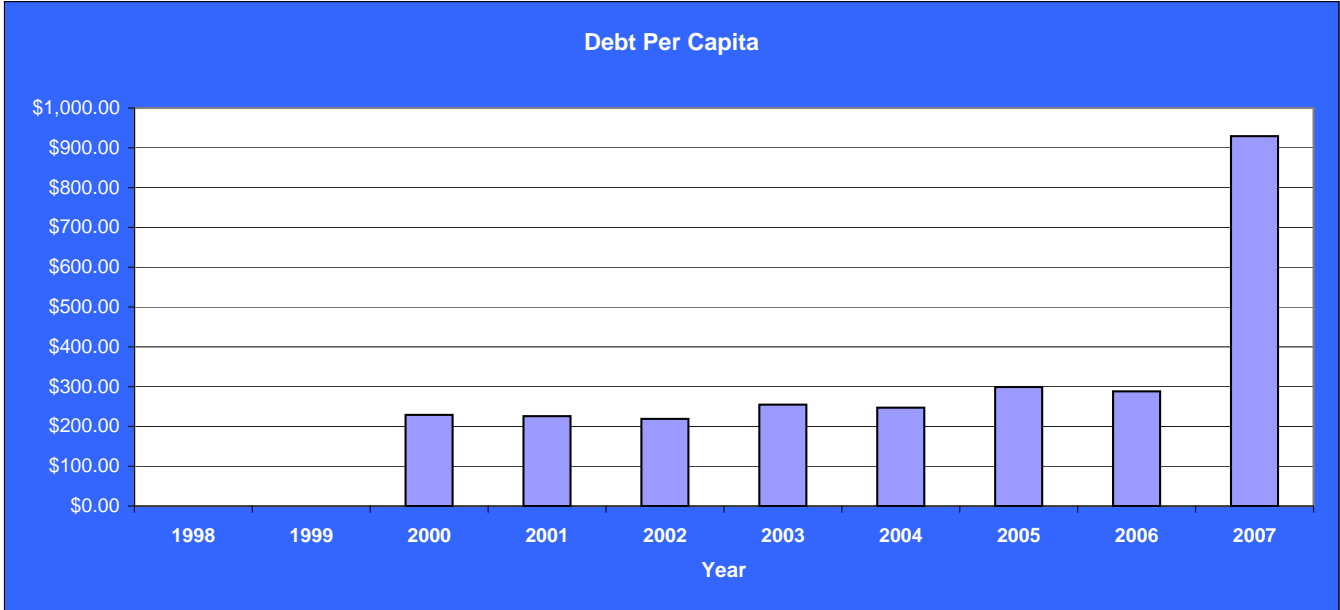
NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM

Ratio of Revenue-backed Debt Outstanding  
Business-Type Activities  
Last Ten Fiscal Years  
(Unaudited)

Year	Revenue Bonds	Bond Anticipation Notes	Less: amounts Available in Bond Redemption Account	Commercial Paper Notes Payable	Texas Department of Transportation ISTE A Loan	Total Debt Amount	Annual Toll Revenues(1)	Debt Per Annual Toll Revenue	Debt Per Capita(2)
1998	\$940,701,711	-	(\$7,017,660)	-	\$115,000,000	\$1,048,684,051	\$57,253,744	\$18	N/A
1999	935,967,532	-	(7,390,990)	-	135,000,000	1,063,576,542	69,653,635	15	N/A
2000	930,934,136	-	(7,561,208)	-	135,000,000	1,058,372,928	93,901,576	11	\$229
2001	925,524,957	-	(6,215,744)	\$20,000,000	135,000,000	1,074,309,213	107,210,124	10	226
2002	921,430,778	-	(11,645,000)	20,000,000	135,000,000	1,064,785,778	137,945,439	8	219
2003	1,139,285,000	-	(13,553,662)	-	135,000,000	1,260,731,338	149,323,784	8	255
2004	1,125,735,000	-	(15,447,037)	-	135,000,000	1,245,287,963	160,695,030	8	247
2005	1,420,605,000	-	(17,311,773)	-	135,000,000	1,538,293,227	172,537,345	9	299
2006	1,390,130,000	-	(22,008,278)	25,000,000	135,000,000	1,528,121,722	191,434,120	8	288
2007	1,368,550,000	\$3,487,245,000	(23,240,000)	75,000,000	135,000,000	5,042,555,000	202,675,564	25	929

Note----Details on the System's outstanding debt can be found in the notes to the financial statements.

- (1) See table of Traffic and Toll Revenue on page 64.
- (2) See table of Demographic Data on page 73.



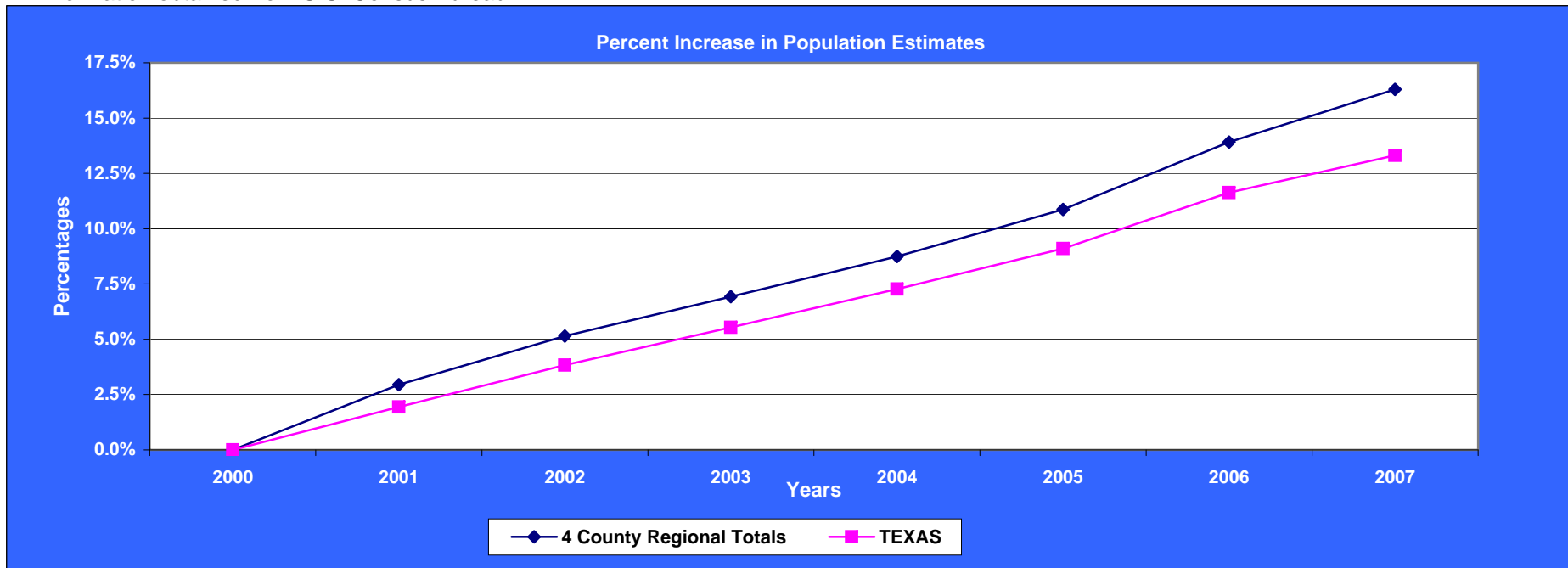
Statistical Section  
▶ **Demographics**

**NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM**

**Demographic Data-Combined Four Region and State of Texas Population Estimated Data  
For Years 2000-2007**

Year	COLLIN	DALLAS	DENTON	TARRANT	Est. Four County Regional Totals	Estimated Texas Totals	Percentage Change (From Prior Years)	
							4 County	TEXAS
2000	500,224	2,225,945	438,869	1,454,612	4,619,650	20,951,848	N/A	N/A
2001	538,200	2,264,243	463,681	1,489,516	4,755,640	21,357,926	2.94%	1.94%
2002	569,438	2,276,489	488,311	1,526,307	4,860,545	21,762,430	2.21%	1.89%
2003	597,536	2,282,284	510,292	1,556,747	4,946,859	22,134,047	1.78%	1.71%
2004	628,757	2,290,710	531,054	1,586,277	5,036,798	22,517,901	1.82%	1.73%
2005	660,926	2,308,527	554,994	1,619,666	5,144,113	22,928,508	2.13%	1.82%
2006	698,851	2,345,815	584,238	1,671,295	5,300,199	23,507,783	3.03%	2.53%
2007	730,690	2,366,511	612,357	1,717,435	5,426,993	23,904,380	2.39%	1.69%
<b>Increase Total from Year 2000 to Year 2007</b>	<b>230,466</b>	<b>140,566</b>	<b>173,488</b>	<b>262,823</b>	<b>807,343</b>	<b>2,952,532</b>		

All information obtained from U.S. Census Bureau



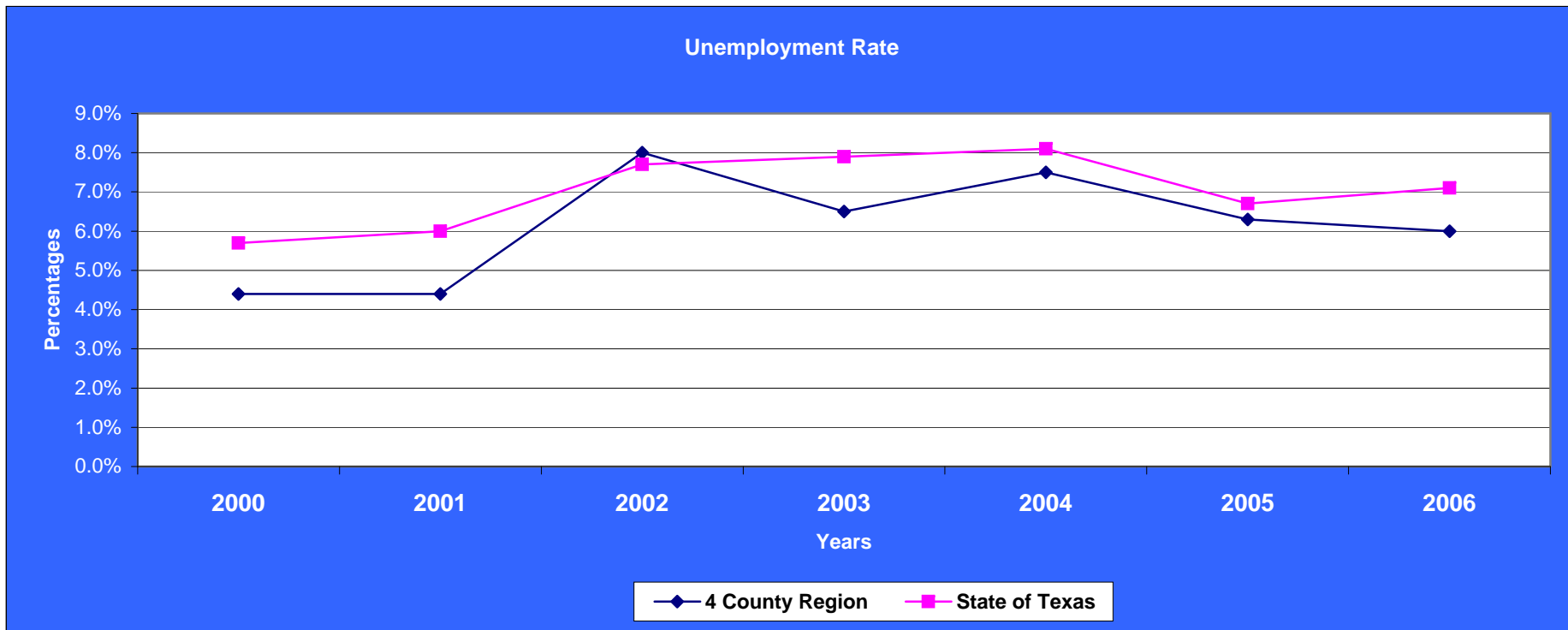


NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM

Demographic Data-Combined Four County Region and State of Texas Employment Status Estimates  
For Years 2000-2006

Year	COLLIN	DALLAS	DENTON	TARRANT	Combined Four	Texas	Unemployment Rate	
					County Regional	Estimated Totals	4 County	Texas
2000	275,187	1,166,274	248,592	758,223	2,448,276	10,003,606	4.4%	5.7%
2001	298,648	1,171,386	249,260	775,930	2,495,224	10,125,306	4.4%	6.0%
2002	308,228	1,194,564	276,897	799,447	2,579,136	10,402,410	8.0%	7.7%
2003	325,039	1,176,107	287,142	814,196	2,602,484	10,556,464	6.5%	7.9%
2004	347,165	1,197,167	301,511	835,363	2,681,206	10,851,249	7.5%	8.1%
2005	367,651	1,177,947	312,530	840,440	2,698,568	11,024,191	6.3%	6.7%
2006	389,629	1,219,541	337,144	884,101	2,830,415	11,617,834	6.0%	7.1%
<b>Increase Total from Year 2000 to Year 2006</b>		<b>114,442</b>	<b>53,267</b>	<b>88,552</b>	<b>125,878</b>	<b>382,139</b>	<b>1,614,228</b>	

All information obtained from U.S. Census Bureau

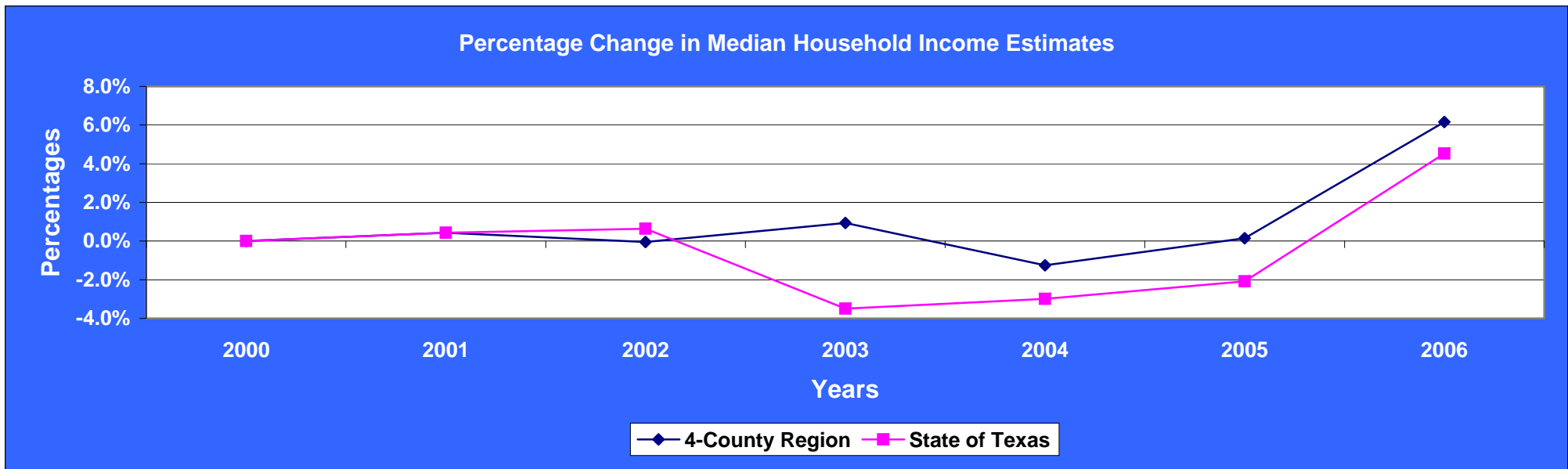


NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM

Demographic Data - Combined Four County Region and State of Texas Median Household Income Estimates  
For Years 2000 - 2006

Year	COLLIN	DALLAS	DENTON	TARRANT	Four County Regional Totals	Texas	Percentage Change from Prior Years	
							4 County	Texas
					Estimated Avg Median Income	Estimated Avg Median Income		
2000	\$70,487	\$45,831	\$56,807	\$50,638	\$55,941	\$43,065	N/A	N/A
2001	70,181	44,829	60,898	48,821	56,182	43,253	0.43%	0.44%
2002	70,292	44,678	56,814	51,860	55,911	43,343	-0.48%	0.21%
2003	71,458	44,189	62,013	48,185	56,461	41,548	0.98%	-4.14%
2004	68,567	43,444	61,528	47,369	55,227	41,759	-2.19%	0.51%
2005	70,784	42,598	61,520	49,104	56,002	42,139	1.40%	0.91%
2006	74,051	44,815	66,792	51,813	59,368	44,922	6.01%	6.60%
<b>Averaged Yearly Totals</b>	<b>\$70,831</b>	<b>\$44,341</b>	<b>\$60,910</b>	<b>\$49,684</b>	<b>\$56,442</b>	<b>\$42,861</b>		

All information obtained from U.S. Census Bureau



NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM  
Four Counties Top Ten Employers

<b>COLLIN COUNTY TOP TEN EMPLOYERS</b>			
<b>EMPLOYER</b>	<b>NUMBER OF EMPLOYEES</b>	<b>PERCENTAGE OF TOTAL EMPLOYMENT</b>	<b>INDUSTRY</b>
EDS	6,700	1.72%	PROF/TECH
JC PENNEY CO INC	3,800	0.98%	RETAIL
STONEBRIAR CENTER	3,456	0.89%	RETAIL
SHOPS A WILLOW BEND (THE)	3,240	0.83%	RETAIL
FRITO-LAY INC	3,000	0.77%	MANAGEMENT
COUNTRY WIDE HOME LOANS	3,000	0.77%	FINANCE
PEROT SYSTEMS CORPORATION	2,811	0.72%	PROF/TECH
ALCATEL	2,800	0.72%	MANUFACTURING
COLLIN CREEK MALL	2,418	0.62%	RETAIL
ALCATEL	2,280	0.59%	INFORMATION
Total	33,505	8.60%	
<b>DALLAS COUNTY TOP TEN EMPLOYERS</b>			
<b>EMPLOYER</b>	<b>NUMBER OF EMPLOYEES</b>	<b>PERCENTAGE OF TOTAL EMPLOYMENT</b>	<b>INDUSTRY</b>
AMERICAN AIRLINES/AMR	14,608	1.20%	TRANSPORTATION
TEXAS INSTRUMENTS HQ	7,800	0.64%	MANUFACTURING
PARKLAND MEMORIAL HOSPITAL	6,950	0.57%	HEALTH CARE
UT SOUTHWESTERN MED CENTER	5,893	0.48%	EDUCATION
BAYLOR MEDICAL CENTER	5,751	0.47%	HEALTH CARE
COMPUCOM CAMPUS	5,300	0.43%	REAL ESTATE/RENT
NORTEL NETWORKS	4,800	0.39%	INFORMATION
NORTHPARK CENTER	4,536	0.38%	RETAIL
DELTA AIR LINES INC	4,300	0.35%	TRANSPORTATION
GALLERIA MALL	4,104	0.34%	RETAIL
Total	64,042	5.25%	
<b>DENTON COUNTY TOP TEN EMPLOYERS</b>			
<b>EMPLOYER</b>	<b>NUMBER OF EMPLOYEES</b>	<b>PERCENTAGE OF TOTAL EMPLOYMENT</b>	<b>INDUSTRY</b>
UNIVERSITY OF NORTH TEXAS	7,719	2.29%	EDUCATION
AMERICAN AIRLINES ALLIANCE MAINTENANCE BASE	2,381	0.71%	TRANSPORTATION
VISTA RIDGE MALL	2,288	0.68%	RETAIL
PETERBILT MOTORS CO	1,700	0.50%	MANUFACTURING
GOLDEN TRIANGLE MALL	1,676	0.49%	RETAIL
DENTON STATE SCHOOL	1,430	0.42%	EDUCATION
CENTEX HOME EQUITY PHASE I & II	1,400	0.41%	REAL ESTATE/RENT
XEROX CORP	1,381	0.41%	MANAGEMENT
TEXAS WOMAN'S UNIVERSITY	1,129	0.33%	EDUCATION
Total	21,104	6.25%	
<b>TARRANT COUNTY TOP TEN EMPLOYERS</b>			
<b>EMPLOYER</b>	<b>NUMBER OF EMPLOYEES</b>	<b>PERCENTAGE OF TOTAL EMPLOYMENT</b>	<b>INDUSTRY</b>
LOCKHEED MARTIN CORP	16,800	1.90%	MANUFACTURING
UNIVERSITY OF TEXAS AT ARLINGTON	5,079	0.57%	EDUCATION
AMERICAN AIRLINES/AMR	5,011	0.56%	TRANSPORTATION
TARRANT COUNTY ADMINISTRATIVE OFFICE	4,141	0.47%	PUBLIC
AMERICAN AIRLINES/AMR HQ	4,118	0.46%	TRANSPORTATION
HARRIS METHODIST FORT WORTH	4,000	0.45%	HEALTH CARE
NAS FORT WORTH JOINT RESERVE BASE	3,906	0.44%	PUBLIC
HARRIS METHODIST SOUTHWEST	3,789	0.43%	HEALTH CARE
COOKS CHILDREN'S HEALTH CARE SYS	3,740	0.42%	HEALTH CARE
JOHN PETER SMITH HOSPITAL	3,473	0.39%	HEALTH CARE
Total	54,057	6.11%	

Source: Dallas Major Employers-DFW

Statistical Section

▶ **Operational Information**

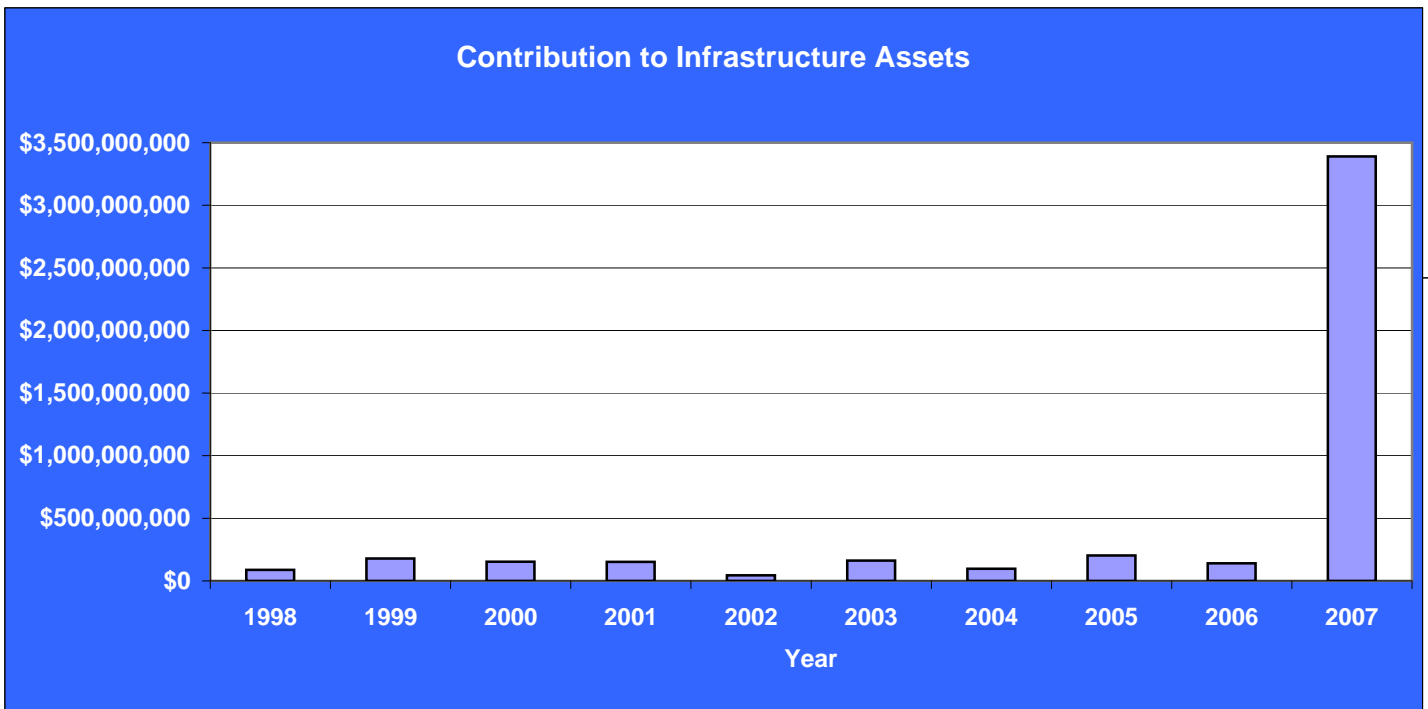
NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM

Contribution to Infrastructure Assets  
Last Ten Fiscal Years  
(Unaudited)

Year	Additions	Beginning Balance	Deletions	Ending Balance
1998	\$88,017,071	\$454,050,988		\$542,068,059
1999	178,261,690	542,068,059		720,329,749
2000	152,803,664	720,329,749		873,133,413
2001	151,520,819	873,133,413		1,024,654,232
2002	44,935,637	1,024,654,232		1,069,589,869
2003	161,829,348	1,069,589,869		1,231,419,217
2004	97,081,712	1,255,767,850		1,352,849,562
2005	203,757,845	1,352,849,562		1,556,607,407
2006	141,163,305	1,556,607,407	(\$2,923,868)	1,694,846,844
2007 (1)	3,390,367,732	1,694,846,844	(747,500)	5,084,467,076
<b>Total</b>	<b>\$4,609,738,823</b>	<b>\$454,050,988</b>	<b>(\$3,671,368)</b>	<b>\$5,084,467,076</b>

(1) Includes a \$3.2 billion payment to Texas Department of Transportation for the acquisition of State Highway 121 Project.

Note----See Notes to Financial Statements number (4) Capital Assets page 26.



NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM

Toll Revenue Analysis  
Last Ten Fiscal Years  
(Unaudited)

<b>Toll Revenue</b>				
<b>Year</b>	<b>Two-Axle Vehicles</b>	<b>Multi-Axle Vehicles</b>	<b>Adjustments</b>	<b>Total</b>
1998	\$56,451,172	\$1,002,949	\$1,355,810	\$57,253,744
1999 (1)	70,035,150	1,313,196	(12,611)	69,653,635
2000 (2)	94,246,563	1,947,823	(615,915)	93,901,576
2001 (3)	107,284,640	1,972,867	(2,047,383)	107,210,124
2002 (4)	157,445,951	2,959,988	(22,460,500)	137,945,439
2003	161,376,894	4,040,344	(16,093,454)	149,323,784
2004 (5)	169,631,935	4,635,864	(13,572,769)	160,695,030
2005 (6)	180,444,481	5,424,704	(13,331,840)	172,537,345
2006	197,742,740	6,695,120	(13,003,740)	191,434,120
2007 (7)	214,283,866	8,189,103	(19,797,405)	202,675,564
<b>Toll Revenue - Average Per Day</b>				
<b>Year</b>	<b>Two-Axle Vehicles</b>	<b>Multi-Axle Vehicles</b>	<b>Adjustments</b>	<b>Average</b>
1998	\$154,661	\$2,748	\$3,714	\$161,123
1999 (1)	191,877	3,598	(35)	195,440
2000 (2)	257,505	5,322	(1,683)	261,144
2001 (3)	293,931	5,405	(5,609)	293,727
2002 (4)	431,359	8,110	(61,536)	377,933
2003	442,128	11,069	(44,092)	409,105
2004 (5)	463,475	12,666	(37,084)	439,057
2005 (6)	494,368	14,862	(36,526)	472,704
2006	541,761	18,343	(35,627)	524,477
2007 (7)	587,079	22,436	(54,239)	555,276

- (1) Reflects the opening of Addison Airport Tunnel, Segment I and IIa of the President George Bush Turnpike in January 1999, June 1999 and December 1999, respectively, and a toll rate increase on the DNT in August 1999. New Toll Collection system installed.
- (2) Reflects the opening of Segment IIb of the President George Bush Turnpike in May 2000.
- (3) Reflects the opening of Segment III of the President George Bush Turnpike from Midway Road to Frankford in March 2001 to IH 35 in July 2001 and Segment V on December 2001.
- (4) Toll rate increase for the President George Bush Turnpike went into effect in January 2002. High speed lanes installed (Open Lane Tolling)
- (5) Reflects the completion of DNT and State Highway 121 interchange on April 2004.
- (6) Reflects the opening of Segment IV of the President George Bush Turnpike in September 2005.
- (7) Reflects the opening of DNT Phase 3 and toll rate increase in late September 2007. Installation of ZipCash (Video Tolling) on Main Lane Plaza 1.

NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM

Total Lane Miles Operated and Number of Employees by Department  
Last Ten Fiscal Years

Lane Miles										
	Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total Lane Miles	143	201	231	272	297	306	315	315	339	355

Note----Lane miles are recorded during the year in proportionate to the number of month they were operational.

Full-time Equivalent Employees										
Function	Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Administration	18	20	5	5	6	6	11	7	9	9
Finance	0	0	4	4	4	4	4	5	5	6
Human Resources	0	0	5	9	10	8	8	8	12	12
Legal Services	0	0	3	3	3	4	4	4	3	3
System & Incident Management	10	12	24	25	23	22	20	26	26	25
Accounting	7	6	7	5	5	5	5	6	7	5
Information Technology	2	5	10	12	13	16	16	19	19	20
Vault	7	7	8	8	15	28	28	31	30	28
Audit	3	2	3	3	2	0	0	6	5	7
Procurement Services	0	0	3	3	3	3	3	6	6	7
Community Affairs	0	0	3	4	5	4	3	8	9	10
Toll Collection	135	177	250	304	402	379	392	412	416	386
Maintenance	37	39	45	52	65	67	71	76	68	81
Customer Service Center	14	12	24	29	41	75	81	92	98	115
Project Delivery	8	9	8	7	7	9	11	12	11	9
Project Evaluation	0	0	0	0	0	0	0	0	0	3
<b>Total</b>	<b>241</b>	<b>289</b>	<b>402</b>	<b>473</b>	<b>604</b>	<b>630</b>	<b>657</b>	<b>718</b>	<b>724</b>	<b>726</b>

Note 1----During 1998 & 1990, Finance, Human Resources and Procurement Services were reported within the Administration Dept.

Note 2----During 2003 & 2004, the Audit function was outsourced.

