

# **NORTH TEXAS TOLLWAY SYSTEM**

(An Enterprise Fund of the North Texas Tollway Authority)

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED DECEMBER 31, 2016**







**NORTH TEXAS TOLLWAY AUTHORITY**

**NORTH TEXAS TOLLWAY SYSTEM**

**(An Enterprise Fund of the North Texas Tollway Authority)**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended December 31, 2016**

**Gerald Carrigan  
Executive Director**

**Horatio Porter  
Chief Financial Officer**



**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended December 31, 2016**

**TABLE OF CONTENTS**

	<b>Page</b>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal .....	1
GFOA Certificate of Achievement.....	4
Organizational Chart .....	5
List of Officials.....	6
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report.....	7
Management's Discussion and Analysis (MD&A).....	10
Basic Financial Statements:	
Statement of Net Position.....	20
Statement of Revenues, Expenses and Changes in Net Position.....	22
Statement of Cash Flows.....	23
Notes to Basic Financial Statements.....	25
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Modified Approach-Infrastructure.....	61
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios .....	63
Schedule of Contributions .....	64
Schedule of Postemployment Health Care Benefits Funding Progress.....	65
Schedule 1 – Schedule of Net Position by Trust Account.....	66
<b>STATISTICAL SECTION (Unaudited)</b>	
Introduction to Statistical Section.....	69
Net Position by Component.....	70
Statement of Revenues & Expenses and Changes in Net Position.....	71
Traffic and Toll Revenue.....	72
Toll Rates (by Toll Plaza and Class of Vehicle) ... ..	73
Ratio of Outstanding Debt by Type.....	78
Ratio of Revenue-backed Debt Outstanding.....	79
Schedule of Pro Forma Debt Service Requirements .....	80
Schedule of Estimated Toll Revenues, Expenses, Other Income and Estimated Debt Service Coverage Ratio.....	81
Demographic and Economic Statistical Data.....	82
North Texas Four County Region's Top Ten Employers.....	85
Contribution to Infrastructure Assets.....	86
Toll Collection Variance.....	87
Total Lane Miles Operating and Number of Employees by Department.....	88
<b>CONTINUING FINANCIAL DISCLOSURES SCHEDULES (Unaudited)</b>	
Schedule 2 – Consolidating Schedule for Capital Improvement Fund.....	90
Schedule 3 – Schedule of Budget and Actual Revenues and Expenses on Trust Agreement Basis .....	91
Schedule 4 – Schedule of Changes in Net Position by Trust Account .....	92
Schedule 5 – Schedule of Cash Receipts and Disbursements by Trust Account .....	94
Schedule 6 – Schedule of Toll Revenue and Traffic Analysis .....	96
Schedule 7 – Schedule of Toll Rates.....	97
Schedule 8 – Schedule of Historic Traffic, Toll Revenues and Net Revenues .....	98
Schedule 9 – Schedule of Capitalized Costs by Project.....	99
Schedule 10 – Schedule of Deferred Study Costs – Feasibility Study Fund.....	101





June 14, 2017

Chairman Kenneth Barr,  
And the Board of Directors  
North Texas Tollway Authority

The Finance Department of the North Texas Tollway Authority (the Authority or NTTA) is pleased to submit the Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2016 in compliance with Section 711 of the Amended and Restated Trust Agreement. The CAFR is intended to provide detailed information on the financial condition of the North Texas Tollway System (the System), an enterprise fund of the Authority, at December 31, 2016, including the North Texas Tollway System, and the Non-major Enterprise Fund.

The System consists of the Dallas North Tollway (DNT), the President George Bush Turnpike (PGBT) including the Eastern Extension, Sam Rayburn Tollway (SRT) previously known as State Highway 121, the Mountain Creek Lake Bridge (MCLB), the Addison Airport Toll Tunnel (AATT) and the Lewisville Lake Toll Bridge (LLTB).

The Non-major Enterprise Fund is a fund for Tolling Services Agreements (TSA's) which exist as one of two types, (1) Developer TSA's, where NTTA has collection responsibility and is paid a fee to process each transaction and (2) Regional TSA's where NTTA remits only amounts collected and is reimbursed for operating expenses from the Texas Department of Transportation (TxDOT). Developer TSA facilities presently consist of Interstate Highway 635 (LBJ) and North Tarrant Express 1&2 (NTE 1&2). Regional TSA facilities presently consist of DFW Connector (DFWC), I-30, and LBJ East.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. Crowe Horwath LLP, Certified Public Accountants, has issued an unmodified ("clean") opinion on the North Texas Tollway Authority's System financial statements for the year ended December 31, 2016. This independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

### **Profile of the North Texas Tollway Authority**

The Turnpike Act of 1953 was passed by the legislature and signed into law by Governor Allan Shivers on June 9, 1953 creating the Texas Turnpike Authority for the purpose of building and managing an expressway between Dallas and Fort Worth. After the initial design was completed in December 1954, \$58,000,000 of bonds were sold to construct the expressway called the Dallas-Fort Worth Turnpike. The turnpike was dedicated on September 5, 1957 and by November 8, 1957 had already served one million patrons.

In 1962, the Dallas Central Business District Association petitioned the Turnpike Authority to investigate the feasibility of a turnpike linking the central business district with north central Dallas. In June 1965, bonds were sold and the Dallas North Tollway was in business. The first segment of the tollway from downtown to Mockingbird Lane opened to traffic on February 11, 1968 and the next segment to Royal Lane, was opened to traffic on June 30, 1968.

In 1997, the Texas Legislature created regional tollway authorities and the current North Texas Tollway Authority was born.



The Authority is committed to being a careful steward of all resources placed in its care – financial, physical and environmental. Because the Authority is a public organization chartered by the state of Texas, every toll collected is reinvested in the region.

Toll revenues, in 2016, net of bad debt expense were \$675,005,210, representing an increase of 8.6% over 2015 toll revenues of \$621,424,682, net of bad debt expense. This increased revenue will allow the Authority to preserve current assets, fund capital improvement projects, satisfy debt service obligations and invest in safety and technology to provide our patrons world-class service.

The operations of the System are accounted for as an enterprise fund in accordance with United States generally accepted accounting principles (GAAP). Management takes responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. In keeping with that responsibility, these statements are presented on a consolidated basis and include the NTTA System and the Non-Major Enterprise Fund for Tolling Services Agreements (TSA's). Management confirms that the financial statements are presented fairly and in all material respects, represent the financial position of the NTTA as of December 31, 2016. Please refer to the Management's Discussion and Analysis (MD&A) on pages 10-19 of this report for a detailed discussion of the NTTA's financial performance.

### **Economic Development**

The Dallas metropolitan division's economy, buttressed by business relocations and consolidations, has expanded steadily since 2010, following the Great Recession. Growth sectors, which included business and financial services, defense and security, and transportation, powered Dallas and helped it pace the Texas economy after the energy price collapse. The Dallas–Plano–Irving metropolitan division was in part the reason the state managed to continue growing. Coming out of the Great Recession in 2010, the greater Dallas metro area has been a consistent source of strength, benefiting from expanding business and financial services, defense and security, transportation, recreation and food services, health, construction and retail. These are all large “star” industries, denoted by their high location quotients—their relatively large local presence compared with their standing in the national economy—and rapid growth during the 2010–15 period. Dallas employment expanded by more than 3.5 percent annually—from 2 million jobs in January 2010 to 2.5 million by December 2016. This outsized performance continued in the oil bust years even as growth stalled in the state's other formerly booming metros, such as Houston, and slowed significantly in Fort Worth. The Dallas-area's spurt has been fed by expansion as well as business relocations and consolidations into the area. Toyota moved its U.S. operations to Plano from Southern California, while State Farm and Liberty Mutual Insurance Companies pulled together operations into new locations in North Texas. Dallas-based AT&T expanded beyond its telecommunications roots when it acquired satellite program provider DirecTV. Part of the secret behind Dallas' recent economic boom is a diversified industrial base. Since the energy bust, Dallas employment expansion has been broad based, and every major sector outpaced the state and nation over the two-year period from December 2014 to December 2016. Trade, transportation and utilities; professional and business services; and leisure and hospitality each grew at a more than 4 percent annual rate during the period.

### **Relevant Financial Policies**

Section 501 of the Amended and Restated Trust Agreement mandates the Authority will keep in effect a Toll Rate Schedule which will raise and produce Net Revenues (Gross Revenues less Operating and Maintenance Expenses) sufficient to satisfy the greater of (1), (2) or (3) below:

- (1) 1.35 times the scheduled debt service requirements on all outstanding First Tier Bonds for the fiscal year; or
- (2) 1.20 times the scheduled debt service requirements on all outstanding First Tier Bonds and all outstanding Second Tier Bonds for the fiscal year; or
- (3) 1.00 times the scheduled debt service requirements on all outstanding First Tier Bonds, all outstanding Second Tier Bonds, all outstanding Third Tier Bonds and all other outstanding obligations of the Authority secured by net revenues for the fiscal year.

Coverage for all debt for 2016 was 1.48 times, well above the required level of 1.00.



### **Awards and Acknowledgments**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the North Texas Tollway Authority for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2015.

We appreciate our Board of Directors for providing leadership as NTTA delivers transportation solutions for customers in the region. We also wish to thank members of the Finance Department and all other NTTA staff for their contributions to the production of the report.

Respectfully submitted.



Horatio Porter  
Chief Financial Officer



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

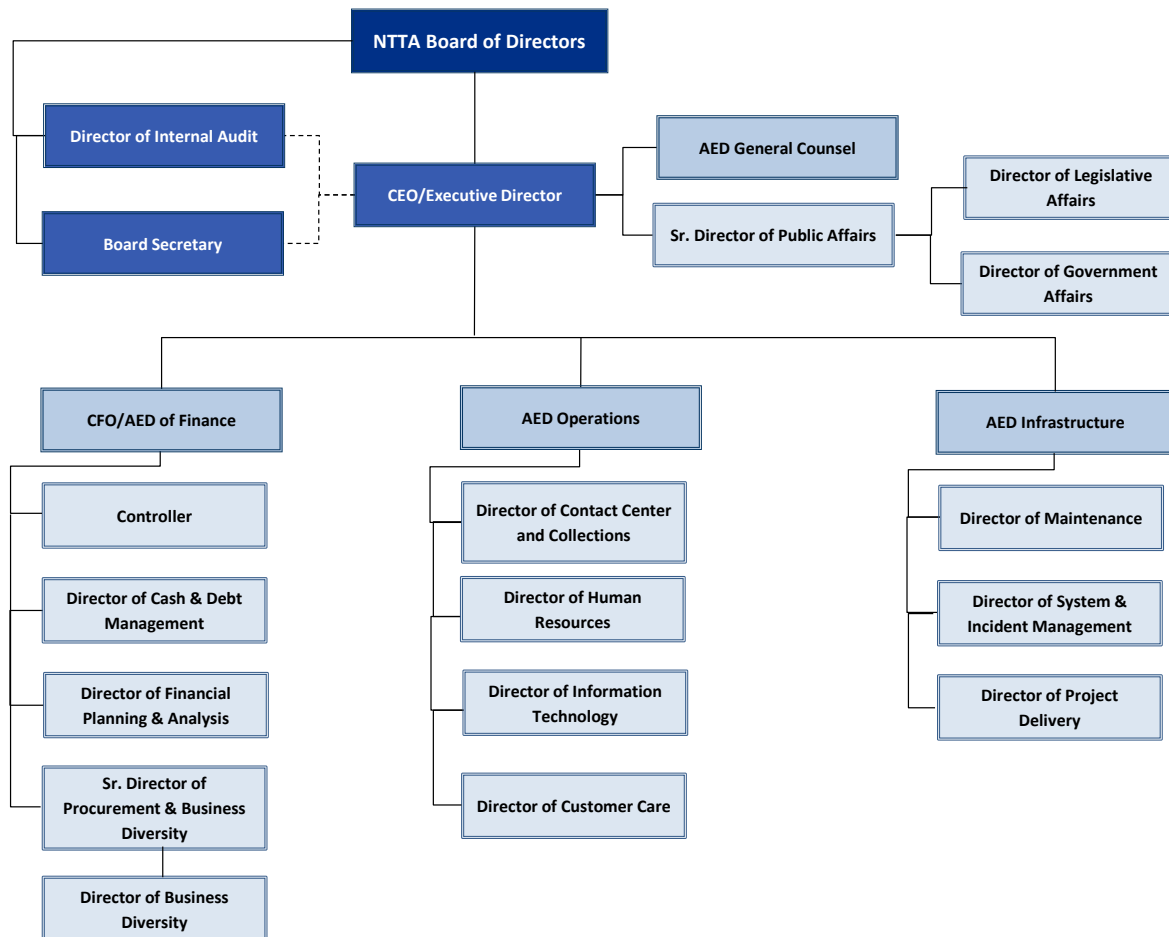
**North Texas Tollway Authority**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2015**

Executive Director/CEO

# Organizational Chart



North Texas Tollway Authority  
List of Officials  
December 31, 2016

<b>Kenneth Barr</b> Chairman	<b>Bill Moore</b> Vice Chairman	<b>William D. Elliott</b> Director
		
Tarrant County Appointee	Collin County Appointee	Gubernatorial Appointee
<b>Carl O. Sherman</b> Director	<b>Mojoy Haddad</b> Director	<b>John Mahalik</b> Director
		
Dallas County Appointee	Tarrant County Appointee	Denton County Appointee
<b>Michael R. Nowels</b> Director	<b>George "Tex" Quesada</b> Director	<b>Jane Willard</b> Director
		
Denton County Appointee	Dallas County Appointee	Collin County Appointee

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
North Texas Tollway Authority

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the North Texas Tollway System (the System), an enterprise fund of the North Texas Tollway Authority (the Authority), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and the aggregate remaining fund information of the System as of December 31, 2016, and the respective changes in financial position, and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of a Matter**

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, 2016, 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. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 10-19, Modified Approach – Infrastructure on pages 61-62, Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios on page 63, Schedule of Contributions on page 64 and Schedule of Funding Progress on page 65, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The items listed in the introductory section, and the supplementary schedules 1 through 10, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Schedule 1 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule 1 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The items listed in the introductory section, schedules 2 through 10, and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

*Crowe Horwath LLP*

Crowe Horwath LLP

Dallas, Texas  
June 14, 2017



**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
Management's Discussion and Analysis  
December 31, 2016

As Management of NTTA, we offer readers the financial statements for the System, which consists of the DNT, the PGBT (including the Eastern Extension), SRT, the MCLB, the AATT, and the LLTB. These tollways make up the major enterprise fund of the Authority. The Non-major Enterprise Fund is a fund for TSAs which exist as one of two types, (1) Developer TSA facilities where NTTA has collection responsibility and is paid a fee to process each transaction and (2) Regional TSA facilities where NTTA remits only amounts collected and is reimbursed for operating expenses from TxDOT. Developer TSA facilities presently consist of LBJ and NTE 1&2. Regional TSA facilities presently consist of DFWC, I-30, and LBJ East.

The Authority also has the Special Projects System (SPS), another enterprise fund of the System which is reported separately and is not included in these financial statements.

We offer readers of these financial statements a narrative overview and analysis of the financial activities of the System for the year ended December 31, 2016. This discussion and analysis is designed to assist the reader in focusing on the financial issues and activities and to identify any significant changes in financial position. Please read it in conjunction with the financial statements, which immediately follows 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 financial statements, notes to the financial statements, and required supplementary information. The financial statements of the System report information using accounting methods consistent with reporting for an enterprise activity similar to those used by private sector companies.

**Statement of Net Position:** This statement presents information on the System and the Non-major Enterprise fund assets and liabilities. The difference between the two is reported as net position. Over time, increases or decreases in the net position are useful indicators of whether the Authority's financial position is improving or deteriorating.

**Statement of Revenues, Expenses and Changes in Net Position:** This statement presents information showing the System and the Non-major Enterprise fund revenues, expenses, and how the net position changed during the year.

**Statement of Cash Flows:** This statement presents information about the System and the Non-major Enterprise fund cash receipts and cash payments, or, the sources and uses of the System and the Non-major Enterprise fund cash. It also presents 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 infrastructure condition. Additionally, certain financial schedules are presented by Trust Account and in accordance with the Authority's Trust Agreement.

### **Financial Results and Analysis**

#### **2016 Highlights**

- The total net position increased by \$93,284,214 over fiscal year 2015, mainly due to a 7.7% increase in toll revenue in the System.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
Management's Discussion and Analysis  
December 31, 2016

- The System's total traffic transactions (excluding non-revenue transactions) for fiscal year 2016 were 703,094,602, an increase of 26,609,823 or 3.9% over fiscal year 2015 transactions.
- The Non-major Enterprise Fund total traffic transactions for fiscal year 2016 were 65,879,622, an increase of 31,171,535 or 89.8% over fiscal year 2015 transactions. This is primarily due to the opening of a new segment on LBJ, the continued ramp-up of NTE 1&2, and opening of the new LBJ East and I-30 facilities.
- Approximately 4,335,675 toll tags were active at the end of fiscal year 2016, an increase of 611,900 or 16.4% over fiscal year 2015 active toll tags.
- The System received a toll equity grant in the amount of \$160,270,000 from TxDOT for Right of Way acquisition and other costs related to the PGBT Eastern Extension (PGBT EE) in 2007. In return for the grant, the Authority agreed to share 20% of the tolls received on the PGBT EE with TxDOT over the life of PGBT EE. The extension opened in late December 2011. In fiscal year 2016, TxDOT received \$8,119,464 on 36,140,629 transactions in comparison to \$6,963,892 on 32,990,210 transactions in 2015.
- The System's toll revenues of \$665,212,316, net of bad debt expense, increased \$47,724,272 or 7.7% over fiscal year 2015, due to a 3.9% increase in traffic transactions and a full year benefit of the 5.5% toll rate increase that took effect on July 1, 2015.
- The Non-major Enterprise Fund total revenues of \$32,451,278, increased \$15,143,921 or 87.5% due to the 89.8% increase in traffic transactions.
- The System's Administration and Operations expenses of \$131,310,220 were under budget by 7.9% in fiscal year 2016. (see System's Budget to Actual Schedule - page 91)
- The System's Administration and Operations expenses of \$131,310,220 increase by \$3,202,865 or 2.5% over fiscal year 2015.
- The Non-major Enterprise Fund Administration and Operations expenses of \$22,429,034, increased by \$8,875,364 or 64.0% over fiscal year 2015, due to the 89.8% increase in transactions.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
Management's Discussion and Analysis  
December 31, 2016

**Summary of Operations**

**Table A-1**  
Net Position

	2016	2015
Current unrestricted assets	\$ 478,560,420	\$ 404,515,704
Current restricted assets	448,948,989	254,363,870
Noncurrent assets		
Restricted investments	328,151,789	500,437,692
Other assets	64,236,497	71,392,877
Intangible assets	2,688,410,225	2,752,866,500
Capital assets:		
Nondepreciable	3,426,863,466	3,356,868,899
Depreciable (net)	55,801,116	45,652,813
Total assets	7,490,972,502	7,386,098,355
Deferred outflow of resources	439,903,668	334,320,584
Current unrestricted liabilities	100,413,627	94,325,198
Current liabilities payable from restricted assets	231,939,665	186,019,493
Noncurrent liabilities	49,614,844	52,920,515
Long-term debt	8,122,154,568	8,054,829,100
Total liabilities	8,504,122,704	8,388,094,306
Deferred inflow of resources	6,443,549	5,298,930
Net position:		
Investment in capital assets	(4,154,462,248)	(4,277,956,501)
Restricted for debt service	873,433,113	859,292,644
Restricted for SCA intangible	2,688,410,225	2,752,866,500
Unrestricted	12,928,827	(7,176,940)
Total net position	\$ (579,690,083)	\$ (672,974,297)

The net position indicates an unrestricted current ratio of 4.77 and 4.29 for fiscal year 2016 and fiscal year 2015, respectively. Working capital was \$378,146,793 and \$310,190,506 in fiscal year 2016 and fiscal year 2015, respectively. Total unrestricted current assets were \$478,560,420 in fiscal year 2016, compared to \$404,515,704 in fiscal year 2015. Total unrestricted and restricted current assets were \$927,509,409 at the end of fiscal year 2016. Cash and investments of \$848,847,496 represent the largest component of current assets. The remaining \$78,661,913 is comprised of accrued interest receivable of \$1,807,775, accounts receivable of \$67,397,825, inter-project/interagency receivables of \$7,518,365 and prepaid expenses of \$1,937,948.

Total unrestricted current liabilities were \$100,413,627 at the end of fiscal year 2016, consisting of \$16,724 of accounts payable, \$56,739,889 of deferred revenue and \$27,630,589 of accrued liabilities (mainly accrued salaries and vacation liability) and \$16,026,425 of interfund payables.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
Management's Discussion and Analysis  
December 31, 2016

**Table A-2**  
Change in Net Position

Revenues	<u>2016</u>	<u>2015</u>
Tolls	\$ 675,005,210	\$ 621,424,682
Other revenues	<u>66,126,285</u>	<u>46,390,402</u>
Operating revenues	741,131,495	667,815,084
Operating expenses before depreciation	<u>196,812,269</u>	<u>186,952,590</u>
Income from operations before depreciation	544,319,226	480,862,494
Amortization of intangible (Sam Rayburn Tollway)	(64,916,168)	(65,385,114)
Depreciation	<u>(8,716,326)</u>	<u>(6,889,660)</u>
Operating income	470,686,732	408,587,720
Nonoperating revenue (expenses):		
Decrease in fair value of investments	(2,528,460)	(545,635)
Interest expense	(417,201,509)	(423,297,908)
Other	<u>14,891,441</u>	<u>(23,572,672)</u>
Net nonoperating expenses:	(404,838,528)	(447,416,215)
Capital contributions		
Payments from other governments	379,642	5,074,087
BAB's subsidy	26,993,077	26,935,120
Capital contribution	<u>63,291</u>	<u>-</u>
Change in net position	93,284,214	(6,819,288)
Net position - beginning	<u>(672,974,297)</u>	<u>(666,155,009)</u>
Net position - ending	<u>\$ (579,690,083)</u>	<u>\$ (672,974,297)</u>

Total operating revenues were \$741,131,495 for fiscal year 2016 and \$667,815,084 for fiscal year 2015. Toll revenues in fiscal year 2016 were \$675,005,210 (net of bad debt expense of \$67,034,482), an 8.6% increase over fiscal year 2015 toll revenues of \$621,424,682 (net of bad debt expense of \$71,339,198). Traffic on the System and the Non-major Enterprise Fund continues to grow, with average daily transactions of 1,921,024 and 179,999 in fiscal year 2016 as compared to 1,853,383 and 95,091 in fiscal year 2015, respectively.

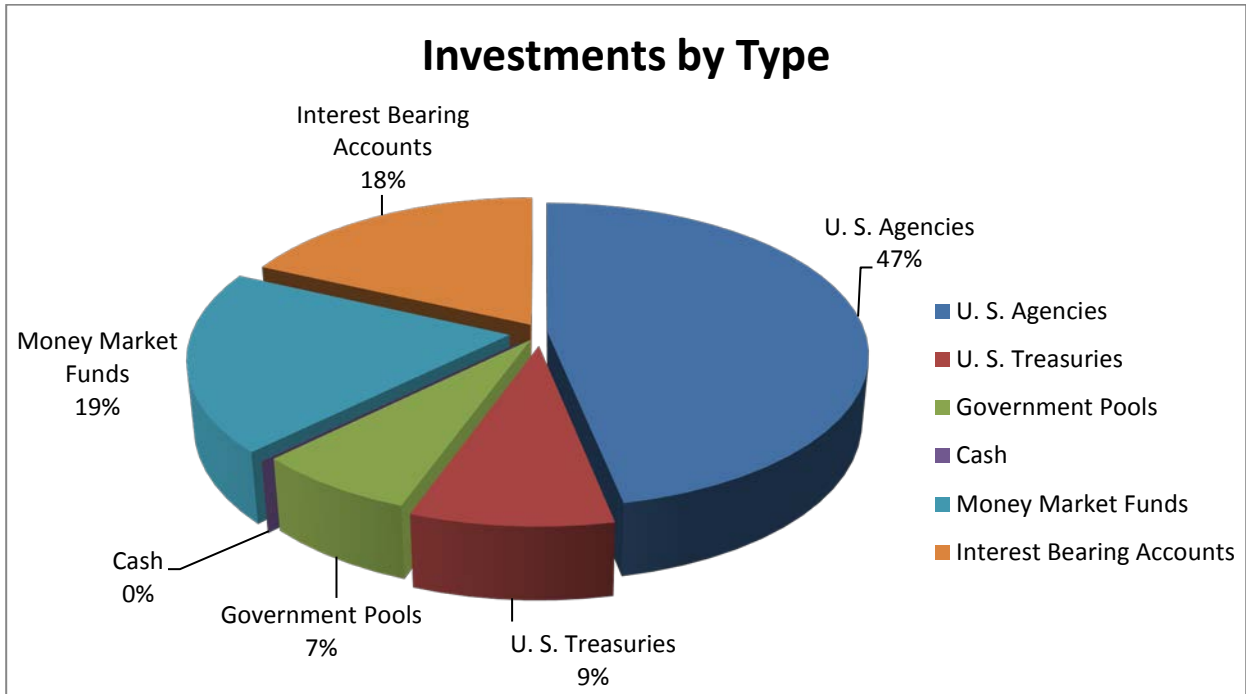
Total operating expenses, including the Reserve Maintenance Fund and the Capital Improvement Fund, before depreciation for fiscal year 2016 were \$196,812,269, representing a 5.3% increase from fiscal year 2015 operating expenses of \$186,952,590. Interest expense, inclusive of capitalized interest, for fiscal year 2016 was \$417,201,509, a 1.4% decrease from fiscal year 2015 interest expense of \$423,297,908. The System's debt service coverage for all debt for fiscal year 2016 and fiscal year 2015 were 1.48 and 1.48 times, respectively. The Trust Agreement and the Authority's Debt Policy both require bond principal and interest coverage of 1.35 for first tier debt. For fiscal year 2016, the debt service coverage for first tier debt was 1.91.

The overall financial position in fiscal year 2016 increased by \$93,284,214 from fiscal year 2015 as indicated above and explained on page 10.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
Management's Discussion and Analysis  
December 31, 2016

**Investments:** Investments at December 31, 2016 and 2015 were approximately \$1,122,493,068 and \$1,057,185,252 respectively. Chart A-3 below shows the types of authorized investments in the December 31, 2016 portfolio.

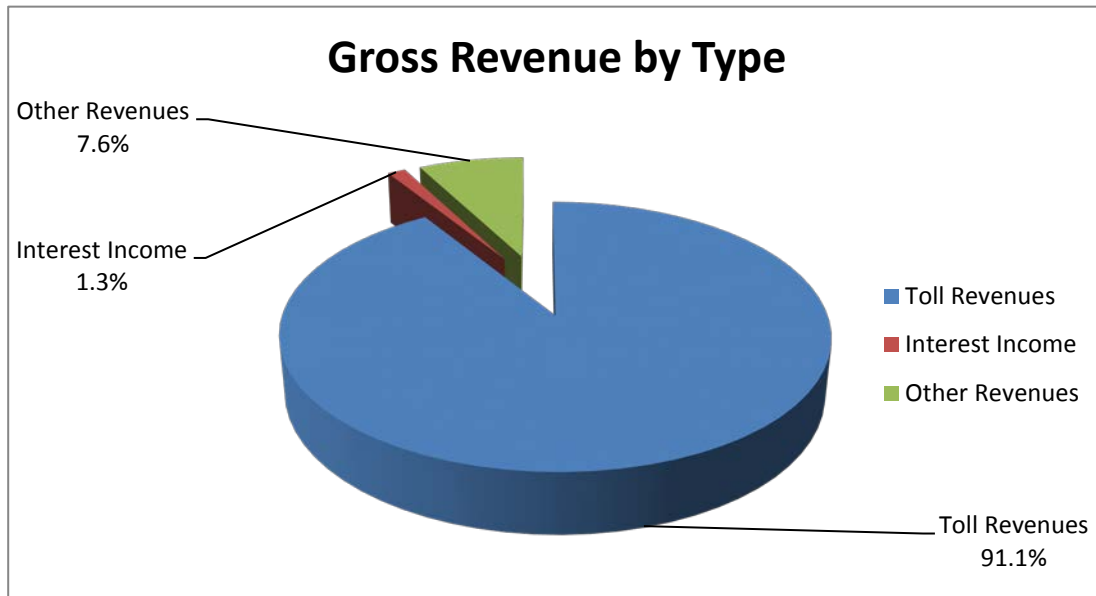
**Chart A-3**



**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
Management's Discussion and Analysis  
December 31, 2016

Chart A-4 below shows revenue in fiscal year 2016 by revenue source type.

**Chart A-4**

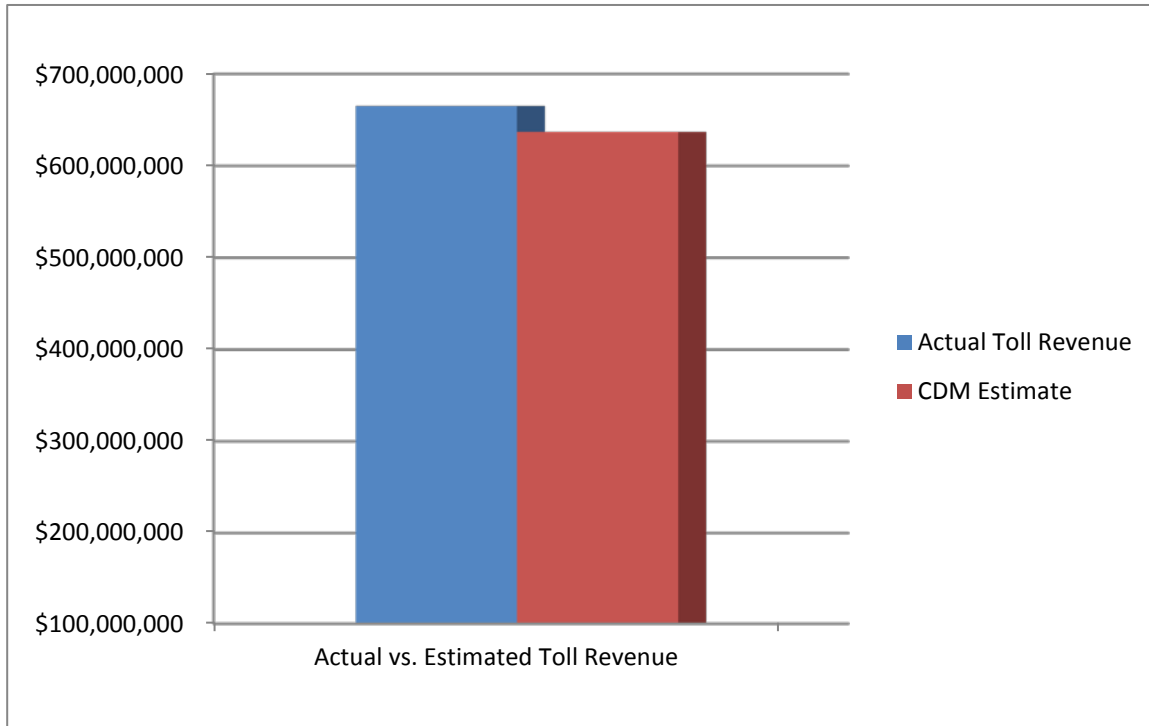


Gross revenues for fiscal year 2016 were \$741,131,495, an 11.0% increase over fiscal year 2015 gross revenues of \$667,815,084. Toll revenues of \$675,005,210 (net of bad debt expenses of \$67,034,482) account for 91.1% of total revenue. Interest income (excluding Construction Fund interest) was \$9,610,210 or 1.3%. Other revenue, mostly administrative and statement fees for collection of tolls from violators and interoperability fees, was \$56,516,075, representing 7.6% of the total.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
Management's Discussion and Analysis  
December 31, 2016

Chart A-5 below shows the System's actual toll revenue for fiscal year 2016 compared to the estimated toll revenue of the Authority's traffic and toll revenue engineer, CDM Smith Inc. (CDM). Toll revenue exceeded CDM's estimates by 4.4%.

**Chart A-5**



Traffic on the System continues to grow with approximately 1,921,024 average daily transactions in fiscal year 2016, up 3.6% from the 1,853,383 daily averages in fiscal year 2015.

The increase in the toll revenue was largely attributed to:

- The increased growth of population in the North Texas counties (Dallas, Tarrant, Denton & Collin).
- Full-year benefit of the Toll Rate increase in July 2015.



**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
Management's Discussion and Analysis  
December 31, 2016

**Engineering Estimates**

The annual estimates by the System's traffic and revenue engineer, CDM Smith Inc. (CDM), are displayed in comparison to the actual revenue for the years of 2007 through 2016 in Table A-6 below:

**Table A-6**  
Actual vs Estimated Revenue  
(in millions of dollars)

<b>Year</b>	<b>Actual</b>	<b>Estimate</b>	<b>Variance</b>
2016	\$ 665,212,316	\$ 636,987,300	\$ 28,225,016
2015	617,488,044	588,534,400	28,953,644
2014	580,045,215	520,318,600	59,726,615
2013	525,458,723	483,799,800	41,658,923
2012	485,463,608	442,688,000	42,775,608
2011	402,569,354	410,749,700	(8,180,346)
2010	366,597,323	377,132,800	(10,535,477)
2009	290,404,547	265,051,729	25,352,818
2008	240,776,791	262,346,900	(21,570,109)
2007	202,675,564	204,491,800	(1,816,236)

The System's fiscal year 2016 toll revenues of \$665,212,316 (net of bad debt expense of \$59,411,399) increased by 7.7% over fiscal year 2015 toll revenue of \$617,488,044 (net of bad debt expense of \$66,769,494). The System's total revenues produced a debt coverage ratio of 1.48 for all debt. Please see the Historical Debt Coverage Table (A-8) on page 19.

**Capital Assets** – The Authority's investment in capital assets includes land, buildings, right-of-way, roadway, bridges, equipment, and computer systems. Capital assets at December 31, 2016 were \$3,482,664,582, increasing from December 31, 2015 by \$80,142,870. For additional information on capital assets see Note (1) (f) and Note (4).

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 which affect the following fiscal year's maintenance budget. For fiscal year 2016, the Authority estimated it would need to spend \$38,511,676 for infrastructure maintenance and preservation, but actually expended \$19,890,127. Fluctuations from year to year between the amount spent to preserve and maintain the Authority's infrastructure assets and the estimated amount result from the timing of work activities. For additional information and results of the 2016 assessment, please see the Required Supplementary Information on pages 61 and 62 of this report. The Authority's Condition Index for 2016 is 8.7 versus the 8.0 goal.

The Sam Rayburn Tollway (SRT) will revert to Texas Department of Transportation after the expiration of the 50 year period commencing when the Authority began collecting tolls (September 2008) on the project on its own behalf.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
Management's Discussion and Analysis  
December 31, 2016

The Authority will amortize the cost of the acquisition and the construction costs of the SRT over the term of the project agreement pursuant to which the Authority acquired the project utilizing the straight-line basis. The effect of amortizing the cost of the acquisition and the construction costs of the SRT will reduce the Authority's net revenues as reported on the Generally Accepted Accounting Principles (GAAP) basis. Since the amortization will be a non-cash item, it will not impact the Authority's calculation of net revenues available per the Trust Agreement.

**Long-Term Debt** – At the end of fiscal year 2016, the Authority's total bonded debt outstanding was \$7,638,205,794 compared to \$7,708,916,451 in fiscal year 2015 (See Table A-7). This debt represents bonds secured solely by toll revenue. For detailed information see Note (5) and the schedule of revenue bonds outstanding as of December 31, 2016, on page 44.

**Table A-7**  
Revenue Bonds Outstanding

Series	2016	2015
Series '05C	\$ 178,310,000	\$ 178,310,000
Series '08A	288,995,000	858,170,000
Series '08B	29,720,000	42,460,000
Series '08D	667,485,794	629,521,451
Series '08I	295,165,000	295,165,000
Series '08K	-	205,000,000
Series '09A	69,865,000	373,425,000
Series '09B	825,000,000	825,000,000
Series '09C	170,730,000	170,730,000
Series '09D	178,400,000	178,400,000
Series '10A *	90,000,000	90,000,000
Series '10B *	310,000,000	310,000,000
Series '10 Rev Fund	332,225,000	332,225,000
Series '11A	100,000,000	100,000,000
Series '11B	268,625,000	268,625,000
Series '12A	25,930,000	25,930,000
Series '12B	383,625,000	383,625,000
Series '12C	101,775,000	101,775,000
Series '12D	32,815,000	32,815,000
Series '14A	310,415,000	310,415,000
Series '14B	146,420,000	146,420,000
Series '14C	223,895,000	223,895,000
Series '15A	858,190,000	862,920,000
Series '15B	762,830,000	764,090,000
Series '16A	987,790,000	-
Revenue Bonds Outstanding	<u>\$ 7,638,205,794</u>	<u>\$ 7,708,916,451</u>

\* Issued out of the Capital Improvement Fund. This debt is supported solely out of excess revenues flowing into the Capital Improvement Fund.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
Management's Discussion and Analysis  
December 31, 2016

Table A-8 sets forth debt service coverage for all debt outstanding for the years 2007 through 2016.

**Table A-8**  
Historical Debt Coverage

Year	Coverage
2016	1.48x
2015	1.48x
2014	1.41x
2013	1.26x
2012	1.47x
2011	1.77x
2010	1.83x
2009	1.56x
2008	1.60x
2007	1.96x

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). 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 annual payments on January 1 thereafter until final payment in 2029, which resulted in a new loan amount at October 1, 2004 of \$154,338,133. 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 Authority issued or entered into and secured by the tolls and revenues of the Authority. The ISTEA loan payment of \$8,000,000 was made on December 30, 2016 for the fiscal year of 2017. The amortization schedule for this loan can be found in Note (5) page 50.

On September 1, 2009, the Series 2005C bonds were converted to fixed rate bonds. The outstanding Swap Transactions remain legally tied to the Series 2005C Bonds, which have been remarketed to fixed rate. However, the Authority recognized the need for the Swap Transactions to be economically tied to variable rate bonds so that the Swap Transactions could function properly and generate a reasonable synthetic fixed rate. To that end, the Authority negotiated a letter of credit with JPMorgan and issued \$178,400,000 Series 2009D variable rate bonds on November 5, 2009.

**Short-Term Debt** - The Authority maintains a \$200,000,000 commercial paper program. During fiscal year 2016, no commercial paper was issued and there are no outstanding notes under the commercial paper program. See also Note (5) page 50.

**Contacting the NTTA's Financial Management**

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

**NORTH TEXAS TOLLWAY SYSTEM**  
(An Enterprise Fund of the North Texas Tollway Authority)  
Statement of Net Position  
December 31, 2016

Assets	North Texas Tollway System	Non-Major Enterprise Fund	Total
Current assets:			
Cash and cash equivalents (note 3)	\$ 47,882,125	\$ 6,624,092	\$ 54,506,217
Investments (note 3)	335,277,224	15,850,541	351,127,765
Accounts receivable (net of allowance for uncollectibles) (note 9)	50,381,899	12,556,506	62,938,405
Other assets	8,230,569	1,757,464	9,988,033
Total current unrestricted assets	<u>441,771,817</u>	<u>36,788,603</u>	<u>478,560,420</u>
Current restricted assets:			
Restricted for construction:			
Investments (notes 3 and 10)	70,650,927	-	70,650,927
Accrued interest receivable	73,473	-	73,473
Restricted for debt service:			
Investments (notes 3 and 5)	372,562,587	-	372,562,587
Accrued interest receivable	1,202,582	-	1,202,582
Accounts receivable	4,459,420	-	4,459,420
Total current restricted assets	<u>448,948,989</u>	<u>-</u>	<u>448,948,989</u>
Total current assets	<u>890,720,806</u>	<u>36,788,603</u>	<u>927,509,409</u>
Noncurrent assets:			
Investments restricted for debt service (notes 3 and 5)	328,151,789	-	328,151,789
Unavailable feasibility study costs	63,289,804	-	63,289,804
Net pension asset	946,693	-	946,693
Service Concession Arrangement - Intangible asset (note 1(m) (net of accumulated amortization)	2,688,410,225	-	2,688,410,225
Capital assets:			
Nondepreciable (note 4)	3,426,863,466	-	3,426,863,466
Depreciable (net) (note 4)	55,801,116	-	55,801,116
Total noncurrent assets	<u>6,563,463,093</u>	<u>-</u>	<u>6,563,463,093</u>
<b>Total assets</b>	<b><u>7,454,183,899</u></b>	<b><u>36,788,603</u></b>	<b><u>7,490,972,502</u></b>
<b>Deferred outflow of resources</b>			
Accumulated decrease in fair value of hedging derivatives	24,576,417	-	24,576,417
Loss on refunding	402,926,517	-	402,926,517
Pension contributions after measurement date	3,157,550	-	3,157,550
Difference in projected and actual earnings on pension assets	8,486,985	-	8,486,985
Changes in actuarial assumptions used to determined pension liability	756,199	-	756,199
<b>Total deferred outflow of resources</b>	<b><u>439,903,668</u></b>	<b><u>-</u></b>	<b><u>439,903,668</u></b>

See accompanying notes to basic financial statements

**NORTH TEXAS TOLLWAY SYSTEM**  
(An Enterprise Fund of the North Texas Tollway Authority)  
Statement of Net Position  
December 31, 2016

Liabilities	North Texas Tollway System	Non-Major Enterprise Fund	Total
Current liabilities:			
Accounts payable	\$ 16,724	\$ -	\$ 16,724
Accrued liabilities	27,354,529	276,060	27,630,589
Unearned revenue	56,739,889	-	56,739,889
Other liabilities	14,861,368	1,165,057	16,026,425
Total current unrestricted liabilities	<u>98,972,510</u>	<u>1,441,117</u>	<u>100,413,627</u>
Payable from restricted assets:			
Construction-related payables:			
Retainage payable	6,360,162	-	6,360,162
Debt service-related payables:			
Accrued interest payable	183,733,411	-	183,733,411
Accrued arbitrage rebate payable	411,092	-	411,092
Revenue bonds payable, current portion (note 5)	41,435,000	-	41,435,000
Total current liabilities payable from restricted assets	<u>231,939,665</u>	<u>-</u>	<u>231,939,665</u>
Total current liabilities	<u>330,912,175</u>	<u>1,441,117</u>	<u>332,353,292</u>
Noncurrent liabilities:			
Other post-employment benefits (note 8)	25,038,427	-	25,038,427
Accumulated increase in fair value of hedging derivatives	24,576,417	-	24,576,417
Loans payable	128,922,701	-	128,922,701
Dallas North Tollway System revenue bonds payable, net of bond discount (premium) costs of \$396,461,074 (note 5)	7,993,231,867	-	7,993,231,867
Total noncurrent liabilities	<u>8,171,769,412</u>	<u>-</u>	<u>8,171,769,412</u>
<b>Total liabilities</b>	<b><u>8,502,681,587</u></b>	<b><u>1,441,117</u></b>	<b><u>8,504,122,704</u></b>
<b>Deferred inflow of resources</b>			
Difference in expected and actual pension experience	2,399,203	-	2,399,203
Gain on refunding	4,044,346	-	4,044,346
<b>Total deferred inflow of resources</b>	<b><u>6,443,549</u></b>	<b><u>-</u></b>	<b><u>6,443,549</u></b>
<b>Net Position</b>			
Net investment in capital assets	(4,154,462,248)	-	(4,154,462,248)
Restricted for:			
Debt service	873,433,113	-	873,433,113
SCA Intangible	2,688,410,225	-	2,688,410,225
Unrestricted	(22,418,659)	35,347,486	12,928,827
<b>Total net position</b>	<b><u>\$ (615,037,569)</u></b>	<b><u>\$ 35,347,486</u></b>	<b><u>\$ (579,690,083)</u></b>

See accompanying notes to basic financial statements

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
Statement of Revenues, Expenses and Changes in Net Position  
Year ended December 31, 2016

	<b>North Texas Tollway System</b>	<b>Non-Major Enterprise Fund</b>	<b>Total</b>
Operating revenues:			
Tolls	\$ 665,212,316	\$ 9,792,894	\$ 675,005,210
Other	43,467,901	22,658,384	66,126,285
Total operating revenues	708,680,217	32,451,278	741,131,495
Operating expenses:			
General			
Administration	23,089,702	1,203,700	24,293,402
Operations	108,220,518	21,225,334	129,445,852
Preservation			
Reserve maintenance	19,890,127	-	19,890,127
Capital improvement	21,571,356	-	21,571,356
Construction improvement	1,611,532	-	1,611,532
Amortization of intangibles	64,916,168	-	64,916,168
Depreciation	8,716,326	-	8,716,326
Operating expenses	248,015,729	22,429,034	270,444,763
<b>Operating income</b>	<b>460,664,488</b>	<b>10,022,244</b>	<b>470,686,732</b>
Nonoperating revenues (expenses):			
Net decrease in fair value of investments	(2,528,460)	-	(2,528,460)
Interest expense	(417,201,509)	-	(417,201,509)
Other	14,891,441	-	14,891,441
Net nonoperating expenses	(404,838,528)	-	(404,838,528)
Income before capital contributions, subsidies, and transfers	55,825,960	10,022,244	65,848,204
Payments from other governments	379,642	-	379,642
Build America Bonds Subsidy (BAB's)	26,993,077	-	26,993,077
Capital contribution	63,291	-	63,291
Change in net position	83,261,970	10,022,244	93,284,214
Beginning net position	(698,299,539)	25,325,242	(672,974,297)
<b>Ending net position</b>	<b>\$ (615,037,569)</b>	<b>\$ 35,347,486</b>	<b>\$ (579,690,083)</b>

See accompanying notes to basic financial statements

**North Texas Tollway Authority**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
**Statement of Cash Flows**  
Year ended December 31, 2016

	North Texas Tollway System	Non-Major Enterprise Fund	Total
<b>Cash flows from operating activities:</b>			
Receipts from customers and users	\$ 715,428,754	\$ 28,944,782	\$ 744,373,536
Payments to contractors and suppliers	(193,118,674)	(20,042,967)	(213,161,641)
Payments to employees	(50,220,612)	(1,240,942)	(51,461,554)
<b>Net cash provided by operating activities</b>	<b>472,089,468</b>	<b>7,660,873</b>	<b>479,750,341</b>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition and construction of capital assets	(87,529,922)	-	(87,529,922)
Principal paid on revenue bonds	(7,360,000)	-	(7,360,000)
Principal paid on ISTEAs loan	(2,481,043)	-	(2,481,043)
Payments from other governments	379,642	-	379,642
Capital contributions - BAB's Subsidy	26,993,077	-	26,993,077
Capital contributions	63,291	-	63,291
Issuance of revenue bonds	987,790,000	-	987,790,000
Refunding of revenue bonds	(1,089,105,000)	-	(1,089,105,000)
Deferred financing costs	158,866,801	-	158,866,801
Swap interest payment	(5,833,097)	-	(5,833,097)
Interest paid on ISTEAs loan	(5,518,957)	-	(5,518,957)
Interest paid on revenue bonds	(361,836,619)	-	(361,836,619)
<b>Net cash used by capital and related financing activities</b>	<b>(385,571,827)</b>	<b>-</b>	<b>(385,571,827)</b>
<b>Cash flows from investing activities:</b>			
Purchase of investments	(5,909,682,555)	(10,017,095)	(5,919,699,650)
Proceeds from sales and maturities of investments	5,844,915,842	6,240,525	5,851,156,367
Interest received	678,033	-	678,033
<b>Net cash used by investing activities</b>	<b>(64,088,680)</b>	<b>(3,776,570)</b>	<b>(67,865,250)</b>
Net increase in cash and cash equivalents	22,428,961	3,884,303	26,313,264
Cash and cash equivalents, beginning of the year	25,453,164	2,739,789	28,192,953
<b>Cash and cash equivalents, end of the year</b>	<b>47,882,125</b>	<b>6,624,092</b>	<b>54,506,217</b>
Classified as:			
Current assets	47,882,125	6,624,092	54,506,217
<b>Total</b>	<b>47,882,125</b>	<b>6,624,092</b>	<b>54,506,217</b>
<b>Noncash financing, capital, and investing activities:</b>			
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	460,664,488	10,022,244	470,686,732
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	8,716,326	-	8,716,326
Amortization of intangible assets	64,916,168	-	64,916,168
Bad debt expense	59,411,399	7,623,083	67,034,482
Changes in assets and liabilities:			
Increase in accounts receivable	(60,033,168)	(11,129,579)	(71,162,747)
Increase (decrease) in accounts and retainage payable	(70,613,055)	1,145,125	(69,467,930)
Increase in accrued liabilities	2,233,989	-	2,233,989
Increase in prepaid expenses	(576,985)	-	(576,985)
Increase in unearned revenue	7,370,306	-	7,370,306
Total adjustments	11,424,980	(2,361,371)	9,063,609
<b>Net cash provided by operating activities</b>	<b>\$ 472,089,468</b>	<b>\$ 7,660,873</b>	<b>\$ 479,750,341</b>
<b>Noncash financing activities:</b>			
Decrease in the fair value of investments	(2,528,460)	-	(2,528,460)
Interest accretion on bonds	(37,964,342)	-	(37,964,342)

See accompanying notes to basic financial statements





**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

**NOTE CONTENTS**

<b>Note 1. Nature of the Organization and Summary of Significant Accounting Policies</b>	
<b>(a) Reporting Entity</b> .....	<b>26</b>
<b>(b) Basis of Accounting</b> .....	<b>26</b>
<b>(c) Budget</b> .....	<b>27</b>
<b>(d) Restricted Assets</b> .....	<b>27</b>
<b>(e) Cash, Cash Equivalents and Investments</b> .....	<b>28</b>
<b>(f) Capital Assets</b> .....	<b>28</b>
<b>(g) Compensated Absences</b> .....	<b>29</b>
<b>(h) Retainage Payable</b> .....	<b>29</b>
<b>(i) Deferred Outflows/Inflows of Resources</b> .....	<b>29</b>
<b>(j) Bond Discounts and Premiums</b> .....	<b>29</b>
<b>(k) Arbitrage Rebate Payable</b> .....	<b>30</b>
<b>(l) Estimates</b> .....	<b>30</b>
<b>(m) Service Concession Arrangement</b> .....	<b>30</b>
<b>(n) New Accounting Pronouncements</b> .....	<b>30</b>
<b>Note 2. Legal Compliance - Budgets</b> .....	<b>32</b>
<b>Note 3. Deposits and Investments</b> .....	<b>33</b>
<b>Note 4. Capital Assets</b> .....	<b>36</b>
<b>Note 5. Revenue Bonds, Commercial Paper, and Loans Payable</b>	
<b>Revenue Bonds</b> .....	<b>37</b>
<b>SWAP Transactions</b> .....	<b>46</b>
<b>Commercial Paper</b> .....	<b>50</b>
<b>Loans Payable</b> .....	<b>50</b>
<b>Note 6. Employees' Retirement Plan</b>	
<b>Defined Benefit Pension Plan</b> .....	<b>51</b>
<b>401(k) Plan</b> .....	<b>54</b>
<b>Note 7. Risk Management</b> .....	<b>55</b>
<b>Note 8. Other Post Employment Benefits</b> .....	<b>55</b>
<b>Note 9. Disaggregation of Receivable Balances</b> .....	<b>58</b>
<b>Note 10. Commitments and Contingencies</b> .....	<b>59</b>
<b>Note 11. Subsequent Events</b> .....	<b>59</b>

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

**(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 Authority System (the System) is an enterprise fund and does not purport to be the entire activities of the Authority. The System is a turnpike project of the Authority and consists of the the DNT, the AATT, the PGBT, the MCLB, SRT, and the LLTB. The Non-major Enterprise Fund is a fund for TSA's which exist as one of two types, (1) Developer TSA's, whereby the Authority has collection responsibility and is paid a fee to process each transaction and (2) Regional TSA's whereby the Authority remits only amounts collected and is reimbursed for operating expenses from TxDOT. Developer TSA facilities presently consist of LBJ and NTE 1&2. Regional TSA facilities presently consist of DFWC, I-30, and LBJ East.

In April 2011, the Authority entered into a separate trust agreement providing authority to own, design, construct, operate, maintain and finance a turnpike project known as the Special Projects System (SPS). The SPS consists of the President George Bush Turnpike-Western Extension (the PGBT-WE) and the Southwest Parkway/Chisholm Trail Project (CTP). The SPS is an enterprise fund of the Authority and does not purport to be the entire activities of the Authority and are not included in the financial statements herein.

**(b) Basis of Accounting**

The operations of the System are accounted for as enterprise funds 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 Position. The assets of the System are stated at cost with the exception of certain investments and interest rate swap derivatives, which are stated at fair value.

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 Authority and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The principal revenues of the Non-Major Enterprise Fund are fees from processing of interoperability payments, and fees charged for billing services on managed lanes for the Tolling Services Agreements. Operating expenses for the Non-Major Enterprise Fund include the costs of billing and collections of managed lane transactions.

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

In accordance with House Bill 749, an act of the 72nd Legislature of Texas, the Authority may transfer an amount from a surplus fund (currently Capital Improvement Fund) established for a turnpike project to the North Texas Tollway Feasibility Study Fund (Feasibility Study Fund) each a sub-fund included in the System. However, the Authority may not transfer an amount that results in a balance in the surplus fund that is less than the minimum balance required in the trust agreement for that project, if any.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

When the feasibility of a project is determined, pursued project costs are capitalized, and the related project study costs are reimbursed to the sub-fund Feasibility Study Fund from the proceeds of the project's bond issue. Unfeasible projects are written off to expense when approved by the Executive Director.

**(c) Budget**

Operating budgets are established in accordance with the practices set forth in the provisions of the Trust Agreement for the Dallas North Tollway Authority Revenue Bonds, as interpreted by the Authority. These practices follow the Generally Accepted Accounting Principles (GAAP) for an enterprise fund on an accrual basis. Exceptions are:

- Depreciation and amortization of certain non-infrastructure capital assets and related acquisition and revenue bond issuance costs are not included as an operating expense or otherwise provided
- Capitalized interest accrued on certain bond issues as allowed by the Trust Agreement and bond resolutions.

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 Position 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. See additional information regarding legal compliance for budgets in Note (2).

**(d) Restricted Assets**

Certain proceeds of the Revenue Bonds are restricted by applicable bond covenants for construction or restricted as reserves to ensure repayment of the bonds. Also, certain other assets are accumulated and restricted on a monthly basis in accordance with the Trust Agreement for the purpose of paying 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 requirements are funded from unrestricted accounts. The sub-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 the Authority 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 Authority.
- **Revenue Fund** – The Revenue Fund was created to account for all revenues (all tolls, other revenues, and income) arising or derived by the Authority from the operation and ownership of the Authority. All revenues of this fund are distributed to other funds in accordance with the Trust Agreement.
- **Non-Major Enterprise Fund** – The Non-Major Enterprise Fund was created to account for Tolling Services Agreements (TSA) revenues separately from revenues that are devoted to the repayment of bonds.
- **Operation and Maintenance Fund** – The Operation and Maintenance Fund was created to account for and pay current operating expenses of the Authority.
- **Reserve Maintenance Fund** – The Reserve Maintenance Fund was created to account for those expenses of maintaining the Authority 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 Authority or to prevent loss of revenues, engineering expenses relating to the functions of the Authority, equipment, maintenance expenses, and operating expenses not occurring at annual or shorter periods.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

- **Capital Improvement Fund** – The Capital Improvement Fund (CIF) 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 Authority, or for any other purpose now or hereafter authorized by law. This CIF fund will also be combined with a revolving fund, called the Feasibility Study Fund to use only for the expenses of studying the cost and feasibility and any other expenses relating to; (1) the preparation and issuance of bonds for the acquisition and construction of a proposed turnpike project for the Authority; (2) the financing of the improvement, extension or expansion of an existing turnpike or Authority; (3) private participation, as authorized by law, in the financing of a proposed turnpike project or Authority, the refinancing of an existing turnpike project or Authority or the improvement, extension or expansion of a turnpike project or Authority.
- **Bond Interest Account** – The Bond Interest Account was created to account for the payment of the semiannual interest requirements of the revenue bonds.
- **Reserve Account** – The Reserve Account was created for the purpose of paying interest 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, 2016, according to staff calculations the Authority 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 any overnight sweep from the demand deposit accounts. These deposits are fully collateralized or covered by federal deposit insurance.

The Authority considers other money market funds along with State & Local Government Investment Pools (“Pool”) to be investments. The carrying amount of the investments is fair value. The carrying amount of the Pool is amortized cost. The net change in fair value of investments is recorded on the Statement of Revenues, Expenses, and Changes in Net Position and includes the unrealized and realized gains and losses on investments.

**(f) Capital Assets**

All capital assets are stated at historical cost, except for donated assets, which are valued at the estimated acquisition cost of the item at the date of its donation. This includes costs for infrastructure assets (right-of-way, highways, bridges, and highways and bridges substructures), toll equipment, buildings, land, toll facilities; other related costs, including property and equipment with a value greater than \$5,000 and software with a value greater than \$1,000,000. Highways and bridges substructure includes road sub-base, grading, land clearing, embankments, and other related costs. Also included in capital assets are the costs 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 Authority, are capitalized. Under the Authority’s policy of accounting for infrastructure assets pursuant to the “preservation method of accounting” or “modified approach,” property costs represent an historical accumulation of costs expended to acquire rights-of-way and to construct, improve, and place in operation the various projects and related facilities. These infrastructure assets are considered to be “indefinite lived assets” that is, the assets themselves will last indefinitely and are, therefore, not depreciated.

Costs related to renewing and maintaining these assets are not capitalized, but instead are considered to be period costs and are included in preservation expense classified as part of reserve maintenance and capital improvement expenses. Additional charges to preservation expense occur whenever the condition of the infrastructure assets is determined to be at a level that is below the standards adopted by the Board of Directors of the Authority.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

Depreciation is computed using a straight-line method over the following estimated useful lives:

Machinery and Equipment	3-10 years
Buildings	20-50 years
Roadways	50-60 years
Infrastructure	25-50 years
Intangibles	5-15 years

**(g) *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 non-vesting accumulating rights to receive sick pay benefits.

**(h) *Retainage Payable***

Retainage payable represents amounts billed to the Authority 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 Authority.

**(i) *Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses) until then. The Authority has the following four items that qualify for reporting in this category in the statement of net position.

- Accumulated decrease in fair value of hedging derivatives - The hedging derivatives primarily consist of interest rate swap agreements entered into in connection with long-term bonds. The cumulative change in fair value of effective hedging derivatives is reported as deferred inflows and deferred outflows.
- Loss on refunding - The loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.
- Changes in actuarial assumptions used to determined pension liability – This difference is deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has the following two items that qualify for reporting in this category.

- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Gain on refunding - A gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**(j) *Bond Discounts and Premiums***

Revenue bonds payable are reported net of unamortized bond discount or premium.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

**(k) 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, 2016 is \$411,092.

**(l) Estimates**

The preparation of financial statements in accordance with United States Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**(m) Service Concession Arrangement for Sam Rayburn Tollway (SRT)**

In October 2007, the Authority entered into an agreement with Texas Department of Transportation ("TxDOT") to construct a continuous express lane within the State Highway 121 corridor extending between Business SH 121 in Denton County to US 75 in Collin County consisting of 26 miles in five designated segments. Under the agreement, the Authority provided an upfront payment to TxDOT in the amount of \$3.2 billion. An intangible asset has been recorded and is being amortized over 50 years. At the end of the intangible asset's life, the roadway will be returned to TxDOT subject to the Handback Requirements in the agreement.

The revenue generated from the operation of the toll road will be shared between TxDOT and the Authority in accordance with the limits and calculations in the agreement. In the current year the amount of revenue given to TxDOT was \$0.

	January 1, 2016	Additions	Disposal	Amortization	December 31, 2016
Roadway	\$ 3,222,810,215	-	-	-	\$ 3,222,810,215
Less accumulated amortization	(469,943,715)	-	-	(64,456,275)	(534,399,990)
<b>Total</b>	<b>\$ 2,752,866,500</b>	<b>-</b>	<b>-</b>	<b>(64,456,275)</b>	<b>\$ 2,688,410,225</b>

**(n) New Accounting Pronouncements**

(i) In the current year, The Authority implemented the following statements:

GASB Statement No. 72, *Fair Value Measurement and Application*, addressed accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, the objective of this statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. See note 6.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* is effective for reporting periods beginning after December 15, 2015. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. See note 6.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* is effective for reporting periods beginning after June 15, 2015, except for the provisions in paragraphs 18, 19, 23–26, and 40, which are effective for reporting periods beginning after December 15, 2015. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants.



**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

The GASB has issued the following statements which will be effective in future years as described below. The impact on the System's financial statements of implementation has not yet been determined for the following:

GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* is effective for fiscal years beginning after June 15, 2016. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* is effective for fiscal years beginning after June 15, 2017. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

GASB Statement No. 80, *Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for periods beginning after December 15, 2016.

GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal yearend. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for periods beginning after June 15, 2018.

GASB Statement No. 84, *Fiduciary Activities* is effective for periods beginning after December 15, 2018. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB Statement No. 85, *Omnibus 2017* is effective for periods beginning after June 15, 2017. This Statement will enhance consistency in the application of accounting and financial reporting requirements. Consistent reporting will improve the usefulness of information for users of state and local government financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, is effective for periods beginning after June 15, 2017. The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources--resources other than the proceeds of refunding debt--are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

**(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.

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 Authority on or before December 31 prior to the beginning of the year.

The budget is prepared at the Department level and is 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 Authority. The Authority 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 2016.

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 raise and produce net revenues during each fiscal year sufficient to satisfy the greatest of (1), (2), or (3) below:

- 1) 1.35 times the scheduled debt service requirements on all outstanding First Tier Bonds for the fiscal year; or
- 2) 1.20 times the scheduled debt service requirements on all outstanding First Tier Bonds and Second Tier Bonds for the fiscal year; or
- 3) 1.00 times the scheduled debt service requirements on all outstanding First Tier Bonds, Second Tier Bonds, Third Tier Bonds and all other obligations secured by net revenues for the fiscal year.

The Authority was in compliance in 2016.

	<b>2016</b> <b>(unaudited)</b>
GAAP basis operating income	\$ 460,664,488
Non-construction fund interest income	9,594,946
Gross Income	470,259,434
Add:	
Depreciation	8,716,326
Amortization of intangible	64,916,168
Capital improvement fund expenses	23,182,888
Reserve maintenance fund expenses	19,890,127
Net revenues available for debt service	586,964,943
Bond interest expense, net of capitalized interest	351,731,682
Scheduled principal amount due	43,837,750
Calculated debt service requirement	\$ 395,569,432 (*)
Coverage ratio (for 1st tier debt)	1.91
Coverage ratio (for 1st and 2nd tier debt)	1.61
Coverage ratio (for all debt)	1.48

(\*) Debt service requirement for 1st tier-\$307,025,780, 2nd tier-\$56,476,856 and other-\$32,066,796

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

**(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 March 2016. These investments include:

- Government Obligations- shall mean (i) direct obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by two nationally recognized credit rating agencies not less than "A" or its equivalent, and (iii) obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date purchased are rated as to investment quality by two nationally recognized credit rating agencies not less than "A" or its equivalent, with a stated maturity not to exceed 5 years.
- Certificates of deposit, including certificates of deposit of the Trustee, where the certificates are collaterally secured by Government Obligations and held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest, but this collateral is not required to the extent the certificates of deposit are insured by an agency of the United States of America with a stated maturity not to exceed one year.
- Direct and reverse repurchase agreements as defined by the Public Funds Investment Act ("PFIA") under the terms of a Securities Industry and Financial Markets Association Master Repurchase Agreement and collateralized in accordance with this Investment Policy. Bond proceeds may be invested in a single flex repurchase agreement if the Executive Director and the Chief Financial Officer determine that such an investment is necessary to comply with federal tax arbitrage restrictions, to facilitate arbitrage record-keeping, calculations and expenditure draws, or (iii) to lock in positive yields in a declining interest rate environment. The term of any direct repurchase agreement may not exceed one year, except that the term of a flex repurchase agreement used for bond proceeds may exceed one year but must be based on the expenditure plan of the bonds. The term of any reverse repurchase agreement may not exceed 90 days after the date the reverse repurchase agreement is delivered. Money received by the Authority under the terms of a reverse repurchase agreement shall be used to acquire additional authorized investments, but the stated maturity of authorized investments acquired must not exceed the expiration date of the reverse repurchase agreement.
- Banker's acceptances with a stated maturity of 180 days or less and whose endorsing banks are constantly monitored as to financial solvency by the Investment Officers.
- Commercial paper rated not less than "A1"/"P1" (or an equivalent rating) by at least two nationally recognized credit rating agencies with a stated maturity of 180 days or less.
- Money market funds, including money market funds affiliated with the Trustee, that invest solely in obligations of the United States of America, its agencies and instrumentalities, and having a rating by S&P of AAAM-G or AAA-m if rated by Moody's, having a rating of Aaa.
- AAA-rated, SEC registered, no-load mutual funds with an average weighted maturity of less than two years and invested exclusively in obligations authorized in the Authority's Investment Policy, continuously rated as to investment quality by at least one nationally recognized credit rating agency. Such no-load mutual funds are not authorized for bond proceeds, reserves, and funds held for debt service in accordance with the PFIA.
- Investments may be made in Permitted Investments through an eligible investment pool as permitted by Texas Government Code, Chapter 2256, as amended. Constant dollar, Texas local government investment pools as described by the PFIA and authorized by the Board.
- Collateralized guaranteed investment contracts ("GICs"), with a defined termination date and secured by direct obligations of the U.S. or its agencies and instrumentalities and pledged to the Authority. GICs are restricted to use for investment of bond proceeds.

The Authority does not invest in financial instruments other than those authorized by the Authority's Trust Agreement and the investment policy.

The Authority reports all 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 Position.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

**(a) Deposits**

The Authority's deposits were fully insured or collateralized at December 31, 2016. The carrying amount of the Authority's deposits was \$54,506,217 and the respective bank balances totaled \$53,503,993. As of December 31, 2016, Federal Depository Insurance Corporation (FDIC) provided \$250,000 of coverage for deposits. All balances in excess of the \$250,000 were fully collateralized in accordance with the Authority's investment policy and the Public Funds Investment Act.

**(b) Investments**

As of December 31, 2016 the maturity values are as follows:

Description	2016			
	Fair Value	Maturity Value (in Yrs)		WAM(*)
		Less Than 1 Yr	1 Yr or More	
<b>Government Sponsored Entities (GSE):</b>				
Federal Home Loan Bank	\$ 69,396,186	\$ 14,004,985	\$ 55,391,201	
Federal National Mortgage Association	162,649,724	20,136,250	142,513,474	
Federal Agricultural Mortgage Corporation	-	-	-	
Federal Farm Credit Bank	137,720,621	19,981,600	117,739,021	
Federal Home Loan Mortgage Corporation	155,187,161	51,752,310	103,434,851	
<b>Total GSE</b>	<b>524,953,692</b>	<b>105,875,145</b>	<b>419,078,547</b>	<b>495</b>
<b>Other Investments:</b>				
Description	Reported Value	Less Than 1 Yr	1 Yr or More	
Money Market Funds	216,138,620	216,138,620	-	-
U.S. Treasuries	98,491,205	85,032,380	13,458,825	25
Government Pool	79,384,827	79,384,827	-	3 (**)
Interest Bearing Account	203,320,690	203,320,690	-	-
Cash (***)	204,034	204,034	-	-
<b>Total Investments</b>	<b>\$ 1,122,493,068</b>	<b>\$ 689,955,696</b>	<b>\$ 432,537,372</b>	<b>523</b>

\*WAM = Weighted Average Maturity (in days)

\*\*WAM of Government Pools reflects the actual Weighted Average Maturity as reported by the Government Pools

\*\*\* Cash held in the Trust Account for next business day transfers

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

Construction and Property Account	\$ 70,650,927
Revenue Account	90,021,242
Operations and Maintenance Account	3,070
Reserve Maintenance Account	30,402,297
Consolidated Capital Improvement Account	316,985,807
Bond Interest Account	170,023,083
Bond Reserve Account	387,121,071
Bond Redemption Account	41,435,030
Non-Major Enterprise Account	15,850,541
<b>Total Investments</b>	<b>\$ 1,122,493,068</b>

**(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. The weighted average yield-to-maturity of the portfolio for December 31, 2016 was 0.94% in comparison to 0.87% in 2015. The weighted average maturity in days was 523 days for 2016, compared to 582 days for 2015. Approximately 61% of the investments are maturing within one year and 39% are maturing one year or greater. The Authority does not have a formal policy on Interest Rate Risk.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

**(d) Credit Risk**

Per the Investment Policy, on the date of the purchase of any Government Obligation purchased by the Authority, the obligation must have a rating as to investment quality by a nationally recognized investment firm of not less than "AAA" or its equivalent.

As of December 31, 2016, the Authority invested 19% in AAA rated money market funds, 18% in Interest Bearing Accounts, 7% in AAAM rated State and Local Government Pools, 47% in Government Sponsored Entities (GSE) and 9% in U.S. Treasuries backed by the full faith and credit of the U.S. Government. U.S. Treasuries and GSE are Aaa rated by Moody's.

The Authority participates in two local government investment pools, both of which carry investments at amortized cost.: TexPool and TexStar. The State Comptroller oversees TexPool, with Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. JPMorgan Investment Management, Inc. and First Southwest Asset Management, Inc serve as co-administrators for TexStar under an agreement with the TexStar board of directors.

The local government investment pools in which the Authority invests are structured similarly to money market mutual funds, to provide its liquidity needs. TexPool and TexStar were established in conformity with the interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. These funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. These funds seek to maintain a constant net asset value of \$1.00, although this cannot be fully guaranteed. TexPool and TexStar are rated AAAM and must maintain a dollar weighted average maturity not to exceed a 60 day limit.

**(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, 2016 investments in Wells Fargo Bank Government Money Market Fund, and BB&T Bank, exceeded 5% of the total portfolio. More than 5% of the Authority's investments are invested in U.S. Treasuries, Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Federal National Mortgage Association (FNMA), and Federal Home Loan Mortgage Corporation (FHLMC).

The Authority categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Authority has the following recurring fair value measurements as of December 31, 2016 using a matrix pricing model:

	Fair Value Measurements Using			
	December 31, 2016	Level 1	Level 2	Level 3
Investments by fair value level:				
Debt Securities				
Federal Home Loan Bank	\$ 69,396,186	-	\$ 69,396,186	-
Federal National Mortgage Association	162,649,724	-	162,649,724	-
Federal Farm Credit Bank	137,720,621	-	137,720,621	-
Federal Home Loan Mortgage Corporation	155,187,161	-	155,187,161	-
US Treasury Note	98,491,205	-	98,491,205	-
Total Debt Securities	623,444,897	-	623,444,897	-
Total Investments measured at fair value level:	<u>\$ 623,444,897</u>	<u>\$ -</u>	<u>\$ 623,444,897</u>	<u>\$ -</u>

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

**(4) Capital Assets**

Capital assets are summarized as follows:

	January 1, 2016	Additions	Disposal	Depreciation	Adjustments	December 31, 2016
<b>Non-depreciable</b>						
Land	\$ 7,293,755	\$ -	\$ -	\$ -	\$ -	\$ 7,293,755
Right-of-way	256,283,956	-	-	-	-	256,283,956
CIP	44,445,233	67,942,193	-	-	82,732	112,470,158
Roadway	2,523,435,780	2,466	-	-	(6,747,570)	2,516,690,676
Infrastructure - Other *	525,410,175	2,049,908	-	-	6,664,838	534,124,921
<b>Total non-depreciable assets</b>	<b>3,356,868,899</b>	<b>69,994,567</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,426,863,466</b>
<b>Depreciable</b>						
Buildings	29,596,959	-	-	-	-	29,596,959
Machinery and equipment	62,985,940	19,906,922	(4,220,389)	-	(416,030)	78,256,443
Intangibles	4,581,922	-	-	-	-	4,581,922
Less accumulated depreciation:						
Buildings	(7,326,420)	-	-	(986,561)	-	(8,312,981)
Equipment	(41,778,281)	-	4,051,182	(7,748,218)	21,291	(45,454,026)
Less amortization:						
Intangibles	(2,407,307)	-	-	(459,894)	-	(2,867,201)
<b>Total depreciable assets (net)</b>	<b>45,652,813</b>	<b>19,906,922</b>	<b>(169,207)</b>	<b>(9,194,673)</b>	<b>(394,739)</b>	<b>55,801,116</b>
<b>Total capital assets</b>	<b>\$3,402,521,712</b>	<b>\$ 89,901,489</b>	<b>\$ (169,207)</b>	<b>\$ (9,194,673)</b>	<b>\$ (394,739)</b>	<b>\$ 3,482,664,582</b>

\* Includes capitalized interest net of interest earnings. Total bond interest costs incurred amounted to \$373,718,210 during the year ended December 31, 2016.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

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

***Revenue Bonds***

The Authority has issued and refunded various Revenue Bond Series to construct the North Texas Tollway System and to fund reserves and expenses associated with the bond issues. 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 recorded as deferred outflow 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, 2016.

**Series 2005C:**

The \$341,670,000 North Texas Tollway Authority Dallas North Tollway Authority Variable Rate Revenue Bonds, Series 2005C, insured by FGIC, were issued December 15, 2005 for the purpose of refunding \$332,425,000 Series 1995 Bonds. Interest initially accrues 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 is payable on the first business day of each calendar month, and is 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 twelve (12%) per annum. The bonds consisted 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 2008-2025. In 2008, FGIC was downgraded below investment grade and remarketing of the bonds was not completely successful.

The Series 2005C Bonds were remarketed on September 1, 2009 to a fixed rate series of bonds. \$161,110,000 of Series 2005C Bonds were refunded by Series 2009A Bonds. The remaining amount of Series 2005C Bonds is \$178,310,000 which consists of \$109,515,000 serial bonds maturing on January 1, 2019 through January 1, 2023 that bear interest rates ranging from 5% to 6.25% and \$68,795,000 term bonds due January 1, 2025 with an interest rate of 6%.

The refunding resulted in a decrease of \$85,851,214 in the aggregate debt service between the refunding debt and the refunded debt. The difference between the reacquisition price and the net carrying amount of the Series 1995 Bonds (\$14,207,535) was deferred and is being amortized over the stated term of the Series 2005C Refunding Bonds. This amount was adjusted due to the remarketing. The Authority obtained a present value loss of \$13,637,745 in conjunction with the remarketing. The new difference between the reacquisition price and the net carrying amount on the 2005C bonds that were remarketed is (\$8,025,086). This amount was deferred and is being amortized over the stated term of the Series 2005C Bonds. Amortization of the deferred outflow in resources on the refunding was \$581,259 for the year ended December 31, 2016. The deferred outflow in resources ending balance for the year ended December 31, 2016 was (\$3,762,520).

**Series 2008A:**

The \$1,770,285,000 North Texas Tollway Authority Revenue Refunding Bonds, Series 2008A were issued on April 3, 2008 for the purpose of refunding \$58,760,000 of Series 2003C Tender Bonds, \$71,000,000 of Series 2005B Bonds and \$1,203,405,000 of the Bond Anticipation Notes that were issued in November 2007. Interest is payable January 1 and July 1, and principal is payable on January 1 of each year. The issue included \$483,665,000 of serial bonds, which began maturing January 1, 2009 and bear interest rates ranging from 4.0% to 6.0%; \$373,810,000 of 5.125% term bonds due January 1, 2028, which are insured by MBIA Insurance Corporation; \$207,910,000 of 5.625% term bonds due January 1, 2033; \$404,900,000 of 5.75% term bonds due January 1, 2040; and \$300,000,000 5.75% term bonds due January 1, 2048.

The aggregate difference in debt service between the refunding bonds and the refunded Bond Anticipation Notes is not measurable due to the fact that the Bond Anticipation Notes were issued as temporary financing (1 year) and the refunding bonds were issued as long term financing (40 years).

The difference between the reacquisition price and the net carrying amount of the Series 2003C Bonds and the Series 2005B (\$6,964,108) was deferred and is being amortized over the stated term of the Series 2003C Bonds.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

Amortization of the deferred outflow in resources on the refunding was \$227,755 for the year ended December 31, 2016. The deferred outflow in resources ending balance for the year ended December 31, 2016 was (\$260,011).

**Series 2008B:**

The Authority issued \$237,395,000 in principal amount of North Texas Tollway Authority Revenue Refunding Bonds, Series 2008B on April 3, 2008 for the purpose of refunding \$215,185,000 of Series 2005A Bonds. The issue includes \$53,175,000 in serial bonds, which began maturing January 1, 2009 and bear interest rates ranging from 4.0% to 6.0%; \$62,290,000 of 5.625% term bonds due January 1, 2033 and \$121,930,000 of 5.75% term bonds due January 1, 2040. Interest is payable on January 1 and July 1.

The refunding resulted in an increase of \$105,552,916 in the aggregate debt service between the refunding debt and the refunded debt. This was not an economic refunding but rather a restructuring refunding. The difference between the reacquisition price and the net carrying amount of the Series 2005A Bonds (\$10,487,892) was deferred and is being amortized over the stated term of the Series 2005A Bonds. Amortization of the deferred outflow in resources on the refunding was \$410,284 for the year ended December 31, 2016. The deferred outflow in resources ending balance for the year ended December 31, 2016 was (\$6,752,650).

**Series 2008D:**

The \$399,999,394 North Texas Tollway Authority Revenue Refunding Bonds, Series 2008D were issued on April 3, 2008 for the purpose of refunding \$353,730,000 of the Bond Anticipation Notes that were issued in November 2007. These bonds were issued as Capital Appreciation Bonds, and the sum of the principal and accreted/compounded interest is payable only at maturity. The approximate Yield to Maturity is 5.90% to 5.97%. The maturity dates of the 2008D bonds are January 1, 2028 through January 1, 2038. These bonds are insured by the Assured Guaranty Corp.

The aggregate difference in debt service between the refunding bonds and the refunded Bond Anticipation Notes is not measurable due to the fact that the Bond Anticipation Notes were issued as temporary financing (1 year) and the refunding bonds were issued as long term financing (30 years).

**Series 2008I:**

The Authority issued \$199,998,366 of North Texas Tollway Authority Convertible Capital Appreciation Bonds Series 2008I on September 24, 2008 for the purpose of refunding \$175,975,000 of the Bond Anticipation Notes that were issued in November 2007. The Approximate Yield to Maturity Date is 6.2% and 6.5%. Interest will accrete from the date of delivery and will compound semiannually on January 1 and July 1, commencing January 1, 2009. The Conversion Date is January 1, 2015; after this date, interest will accrue at a rate of 6.2% and 6.5% on the total amount of principal and the accreted/compounded interest thereon payable semiannually on January 1 and July 1, commencing July 1, 2015. Principal and accreted/compounded interest accreted prior to January 1, 2015 will come due on January 1, 2042 and January 1, 2043, or upon optional redemption. These bonds are insured by the Assured Guaranty Corp.

The aggregate difference in debt service between the refunding bonds and the refunded Bond Anticipation Notes is not measurable due to the fact that the Bond Anticipation Notes were issued as temporary financing (1 year) and the refunding bonds were issued as long term financing (35 years).

**Series 2009A:**

The \$418,165,000 North Texas Tollway Authority System Revenue Bonds, Series 2009A were issued on August 12, 2009 for the purpose of refunding \$48,655,000 of Series 1997 bonds; refunding \$59,105,000 of Series 1997A Bonds; refunding \$21,210,000 of Series 1998 Bonds; refunding \$161,110,000 of Series 2005C Bonds; and refunding \$90,950,000 of Commercial Paper notes. Additionally, a deposit of \$18,500,000 was made for Capital Improvement Projects from the Series 2009A proceeds. Interest is payable on January 1 and July 1, commencing January 1, 2010.

The total consists of \$44,740,000 Serial Bonds with maturities of January 1, 2011 through January 1, 2013 with interest rates ranging from 3% to 5%, and \$373,425,000 Term Bonds with maturities on January 1, 2024, January 1, 2028 and January 1, 2039 and interest rates ranging from 6% to 6.25%.

Net proceeds of \$292,507,177 were deposited into an irrevocable trust with an escrow agent to provide for future debt service payment on the refunded Series 1997 bonds, Series 1997A bonds, Series 1998 Bonds and Commercial Paper Notes.



**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

As a result, the Series 1997 bonds, a portion of the Series 1997A bonds, a portion of the Series 1998 Bonds, a portion of the Series 2005C bonds and the Commercial Paper notes then outstanding are considered to be defeased and the liability has been removed from the Statement of Net Position. The Authority obtained a present value loss of \$16,920,933.

The refunding resulted in an increase of \$132,339,031 in the aggregate debt service between the refunding debt and the refunded debt. This was not an economic refunding but rather a restructuring refunding. The difference between the reacquisition price and the net carrying amount of the Bonds refunded by 2009A of (\$12,613,456) was deferred and is being amortized over the stated term of the Series 1997 Bonds.

**Series 2009B:**

The \$825,000,000 North Texas Tollway Authority System Revenue Bonds, Series 2009B were issued on August 12, 2009 as Taxable Build America Bonds, ("BAB's") for the purpose of funding construction for the Sam Rayburn Tollway project, the Lewisville Lake Toll Bridge project and the President George Bush Turnpike Eastern Extension project. Interest is payable on January 1 and July 1, commencing January 1, 2010. These bonds are entitled to a direct payment subsidy from the United States Treasury in an amount equal to 35% of the interest due on each payment date. The Authority must request this subsidy prior to each interest payment date. The Series 2009B Bonds were issued as one term bond with a maturity of January 1, 2049 and an interest rate of 6.718%. *(Federal Subsidy Payments processed between January 1 and September 30, 2016 were reduced by 6.8% and those processed between October 1 and December 31, 2016 were reduced by 6.9%. This was due to automatic federal deficit reduction spending cuts known as "sequestration" which took effect on March 1, 2013. Sequestration affects certain federally funded programs, including the Federal Subsidy Payments payable to the Authority with respect to the Series 2009B.)*

**Series 2009C:**

On November 5, 2009, the Authority issued \$170,730,000 of North Texas Tollway Authority Revenue Refunding Bonds, Series 2009C, for the purpose of refunding a portion of Series 2008E-1 and Series 2008G Bonds. Interest is payable on January 1 and July 1, commencing July 1, 2010. The bonds were issued as one Term Bond due January 1, 2044 at an interest rate of 5.25%.

Net proceeds of \$166,408,750 were deposited into an irrevocable trust with an escrow agent to provide for future debt service payment on the refunded Series 2008E-1 bonds and the Series 2008G bonds. As a result, a portion of the Series 2008E-1 bonds and the Series 2008G bonds are considered to be defeased and the liability has been removed from the Statement of Net Position. The Authority obtained a present value gain of \$11,969,757.

The refunding resulted in an increase of \$37,268,508 in aggregate debt service between the refunding debt and the refunded debt. This was not an economic refunding but rather a restructuring refunding. The difference between the reacquisition price and the net carrying amount of the Bonds refunded by 2009C of \$3,984,364 was deferred and is being amortized over the stated term of the Series 2008E-1 and Series 2008G Bonds. Amortization of the deferred inflow in resources on the refunding was (\$163,281) for the year ended December 31, 2016. The deferred inflow in resources ending balance for the year ended December 31, 2016 was \$2,814,186.

**Series 2009D:**

On November 5, 2009, the Authority issued \$178,400,000 of North Texas Tollway Authority Revenue Refunding Bonds, Series 2009D, for the purpose of refunding a portion of Series 2008E-1 Bonds. The bonds were issued in variable rate mode, with interest payable on the first Business Day of each month, commencing December 1, 2009, and interest rates were reset weekly. The stated maturity for this bond is January 1, 2049.

Net proceeds of \$176,710,000 were deposited into an irrevocable trust with an escrow agent to provide for future debt service payment on the refunded Series 2008E-1 bonds. As a result, a portion of the Series 2008E-1 bonds are considered to be defeased and the liability has been removed from the Statement of Net Position. The Authority obtained a present value gain of \$11,463,491.

The refunding resulted in an increase of \$94,234,282 in aggregate debt service between the refunding debt and the refunded debt. This was not an economic refunding but rather a restructuring refunding. The difference between the reacquisition price and the net carrying amount of the 2008E-1 Bonds refunded by 2009D of (\$11,881,769) was deferred and is being amortized over the stated term of the Series 2008E-1 Bonds. Amortization of the deferred outflow in resources on the refunding was \$626,541 for the year ended December 31, 2016. The deferred outflow in resources ending balance for the year ended December 31, 2016 was (\$6,273,358). On April 1, 2015 the 2009D Bonds changed interest rate modes from a Callable Commercial Paper Mode with a minimum of 25 day call into a new mode where interest rates are reset weekly. Currently, Royal Bank of Canada (RBC) Capital Market is the remarketing agent.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

**Series 2010A:**

On May 13, 2010, the Authority issued \$90,000,000 of North Texas Tollway Authority System Revenue Bonds, Series 2010A, for the purpose of being a contribution to the Special Project System for construction of the PGBT WE (SH 161) project and other projects deemed necessary by the Authority. The bonds were issued as Subordinate Lien Obligations and are to be repaid from net revenues available after the payment of First Tier Bonds, Second Tier Bonds and Third Tier Bonds, the deposit of funds in all reserve funds, to the extent necessary, the deposit of funds into the Reserve Maintenance Fund of the Authority, and the payment of the ISTEAL Loan. Interest is payable on February 1 and August 1, commencing Feb 1, 2010. The bonds were issued as one Term Bond due February 1, 2023 at an interest rate of 6.25%.

**Series 2010B:**

On May 13, 2010, the Authority issued \$310,000,000 of North Texas Tollway Authority System Revenue Bonds as Taxable Build America Bonds, ("BAB's"), Series 2010B, for the purpose of being a contribution to the Special Project System for construction of the PGBT WE (SH161) project and other projects deemed necessary by the Authority. The bonds were issued as Subordinated Lien Obligations and are to be repaid from net revenues available after the payment of First Tier Bonds, Second Tier Bonds and Third Tier Bonds, the deposit of funds in all reserve funds, to the extent necessary, the deposit of funds into the Reserve Maintenance Fund of the Authority, and the payment of the ISTEAL Loan. Interest is payable on February 1 and August 1, commencing Feb 1, 2010.

These bonds were issued as Taxable Build America Bonds, ("BAB's") and were issued in two Subseries, 2010B-1 and 2010B-2. These bonds are entitled to a direct payment subsidy from the United States Treasury in an amount equal to 35% of the interest due on each payment date. The Authority must request this subsidy prior to each interest payment date. The 2010B-1 Subseries consist of one Term Bond due February 1, 2030 at an interest rate of 8.41%. The 2010B-2 Subseries consist of one Term Bond due February 1, 2030 at an interest rate of 8.91%. *(Federal Subsidy Payments processed between January 1 and September 30, 2016 were reduced by 6.8% and those processed between October 1 and December 31, 2016 were reduced by 6.9%. This was due to automatic federal deficit reduction spending cuts known as "sequestration" which took effect on March 1, 2013. Sequestration affects certain federally funded programs, including the Federal Subsidy Payments payable to the Authority with respect to the Series 2010B.)*

**Series 2010:**

On December 8, 2010, the Authority issued \$332,225,000 of North Texas Tollway Authority Revenue Refunding Bonds, Series 2010 for the purpose of refunding the \$200,000,000 of 2008H-1 and \$120,000,000 of 2008L-1 bonds which had a mandatory tender of January 1, 2011. Interest is payable January 1 and July 1, commencing July 1, 2011. These bonds were issued as three Term Bonds due January 1, 2034, January 1, 2038 and January 1, 2043. All three term bonds have an interest rate of 6.00%.

The refunding resulted in a decrease of \$562,190,215 in the aggregate debt service between the refunding debt and the refunded debt. The difference between the reacquisition price and the net carrying amount of the Bonds refunded by 2010 Revenue Refunding Bonds of (\$861,951) was deferred and is being amortized over the stated term of the Series 2008L-1 Bonds. Amortization of the deferred outflow in resources on the refunding was \$35,023 for the year ended December 31, 2016. The deferred outflow in resources ending balance for the year ended December 31, 2016 was (\$649,576).

**Series 2011A:**

On July 7, 2011, the Authority issued \$100,000,000 of North Texas Tollway Authority Revenue Refunding Bonds, Series 2011A for the purpose of refunding the \$100,000,000 of 2008J. The 2008J bonds were a direct placement with Bank of America and had a Bank Mandatory Tender date of November 1, 2011.

The 2011A bonds were issued in variable rate mode, with interest payable on the first Business Day of each month, commencing August 1, 2011, and interest rates are reset weekly. The remarketing agent is Morgan Stanley Bank, N.A. The stated maturity for this bond is January 1, 2050.

On April 9, 2014, the Authority converted the bonds from a variable rate mode to a SIFMA Index floating rate mode. The interest rate is reset weekly at SIFMA plus 80 basis points. The initial placement agent was Royal Bank of Canada and Loop Capital Markets.

The aggregate difference in debt service between the refunding bonds and the refunded bonds is not measurable due to the fact that both series were issued in a variable rate mode. The difference between the reacquisition price and the net carrying amount of the Bonds refunded by 2011A Revenue Refunding Bonds of (\$452,540) was deferred and is being amortized over the stated term of the Series 2008J Bonds.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

Amortization of the deferred outflow in resources on the refunding was \$26,948 for the year ended December 31, 2016. The deferred outflow in resources ending balance for the year ended December 31, 2016 was (\$296,428).

**Series 2011B:**

On November 29, 2011, the Authority issued \$268,625,000 of North Texas Tollway Authority Revenue Refunding Bonds, Series 2011B for the purpose of refunding \$43,345,000 of Series 1997A Bonds; refunding \$51,290,000 of Series 1998 Bonds; and refunding \$175,000,000 of Series 2008E-2 Bonds. The 1997A and 1998 Bonds were refunded for economic savings. The 2008E-2 Bonds had a mandatory tender date of January 1, 2012. Interest is payable January 1 and July 1, commencing January 1, 2012. These bonds were issued as serial bonds maturing January 1, 2019 through January 1, 2026 and one Term Bond due January 1, 2038. The bonds have an interest rate of 5.00%.

The refunding resulted in a decrease of \$45,413,311 in the aggregate debt service between the refunding debt and the refunded debt. The difference between the reacquisition price and the net carrying amount of the Bonds refunded by 2011B Revenue Refunding Bonds of \$400,780 was deferred and is being amortized over the stated term of the Series 1997A Bonds. Amortization of the deferred inflow in resources on the refunding was (\$50,911) for the year ended December 31, 2016. The deferred inflow in resources ending balance for the year ended December 31, 2016 was \$141,702.

The 1997A Bonds previously refunded the 1989 and 1994 Bonds and the difference between the reacquisition price and the net carrying amount of the Bonds refunded by the 1997A Bonds was deferred and was being amortized over the term of the 1997A Bonds. The remaining deferred amount from the 1989 and 1994 Bonds refunding will be combined with the amounts deferred from the 2011B Revenue Refunding and amortized over the original life of the 1997A Bonds, which had the shortest remaining term. Amortization of the deferred outflow in resources on the prior refunding was \$167,983 for the year ended December 31, 2016. The deferred outflow in resources ending balance for the year ended December 31, 2016 was (\$299,576).

**Series 2012A:**

On June 6, 2012, the Authority issued \$25,930,000 of North Texas Tollway Authority Revenue Refunding Bonds, Series 2012A, for the purpose of refunding \$26,855,000 of the Series 1998 Bonds for economic savings. Interest is payable January 1 and July 1 of each year, commencing January 1, 2014. These bonds were issued as serial bonds maturing January 1, 2027 through January 1, 2029. The bonds have interest rates between 3.75% and 5.00%.

The refunding resulted in a decrease of \$2,859,265 in the aggregate debt service between the refunding debt and the refunded debt. The difference between the reacquisition price and the net carrying amount of the Bonds refunded by 2012A Revenue Refunding Bonds of (\$501,766) was deferred and is being amortized over the stated term of the Series 1998 Bonds. Amortization of the deferred outflow in resources on the refunding was \$32,189 for the year ended December 31, 2016. The deferred outflow in resources ending balance for the year ended December 31, 2016 was (\$355,215).

**Series 2012B:**

On October 4, 2012, the Authority issued \$383,625,000 of North Texas Tollway Authority Revenue Refunding Bonds, Series 2012B, for the purpose of refunding \$189,210,000 of Series 2003A Bonds and refunding \$209,040,000 of Series 2008H-2 Bonds. The 2003A Bonds were refunded for economic savings. The 2008H-2 Bonds had a mandatory tender date of January 1, 2013. Interest is payable January 1 and July 1 of each year, commencing January 1, 2013.

These bonds were issued as serial bonds maturing January 1, 2021 through January 1, 2034 and three Term Bonds due January 1, 2036, January 1, 2042 and January 1, 2052. The bonds have an interest rate between 5.00% and 5.25%.

The refunding of this portion of the Series 2003A resulted in a decrease of \$19,163,860 in the aggregate debt service between the refunding debt and the refunded debt. The difference between the reacquisition price and the net carrying amount of the 2003A Bonds refunded by 2012B Revenue Refunding Bonds of \$150,689 was deferred and is being amortized over the stated term of the Series 2003A Bonds. Amortization of the deferred inflow in resources on the refunding was (\$8,354) for the year ended December 31, 2016. The deferred inflow in resources ending balance for the year ended December 31, 2016 was \$115,254.

The refunding of the Series 2008H-2 resulted in a decrease of \$71,672,879 in the aggregate debt service between the refunding debt and the refunded debt.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

The difference between the reacquisition price and the net carrying amount of the 2008H-2 Bonds refunded by 2012B Revenue Refunding Bonds of \$1,272,414 was deferred and is being amortized over the stated term of the Series 2008H-2 Bonds. Amortization of the deferred inflow in resources on the refunding was (\$70,541) for the year ended December 31, 2016. The deferred inflow in resources ending balance for the year ended December 31, 2016 was \$973,204.

**Series 2012C:**

On November 1, 2012, the Authority issued \$101,775,000 of North Texas Tollway Authority Revenue Refunding Bonds, Series 2012C, for the purpose of refunding \$100,000,000 of Series 2008L-2 Bonds which had a mandatory tender date of January 1, 2014. The 2012C Bonds have an initial interest rate of 1.95% payable January 1 and July 1 of each year, commencing January 1, 2014. These bonds are subject to a mandatory tender on January 1, 2019. On the Mandatory Tender Date, the bonds will be subject to mandatory tender for purchase. The Authority has agreed that the Bonds will be remarketed at the first date on or after the Mandatory Tender date at which they can be sold in any interest rate mode and at a rate not exceeding 10.00% per annum. In the event that they cannot be remarketed and purchased on the Mandatory Tender Date, the mandatory tender will be deemed to have been rescinded and the Series 2012C Bonds will bear interest at the rate of 10% per annum from the Mandatory Tender Date until purchased upon a subsequent remarketing.

The refunding of the Series 2008L-2 resulted in a decrease of \$21,349,156 in the aggregate debt service between the refunding debt and the refunded debt. The difference between the reacquisition price and the net carrying amount of the Bonds refunded by 2012C Revenue Refunding Bonds of (\$1,569,618) was deferred and is being amortized over the stated term of the Series 2008L-2 Bonds. Amortization of the deferred outflow in resources on the refunding was \$69,103 for the year ended December 31, 2016. The deferred outflow in resources ending balance for the year ended December 31, 2016 was (\$1,281,687).

**Series 2012D:**

On November 1, 2012, the Authority issued \$32,815,000 of North Texas Tollway Authority Revenue Refunding Bonds, Series 2012D, for the purpose of refunding \$35,790,000 of Series 2003A Bonds. These bonds were issued as a Term Bond due January 1, 2038. The bonds have an interest rate of 5.00% payable January 1 and July 1 of each year, commencing January 1, 2013.

The refunding of this portion of the Series 2003A resulted in a decrease of \$6,646,042 in the aggregate debt service between the refunding debt and the refunded debt. The difference between the reacquisition price and the net carrying amount of the 2003A Bonds refunded by 2012D Revenue Refunding Bonds of (\$122,121) was deferred and is being amortized over the stated term of the Series 2003A Bonds. Amortization of the deferred outflow in resources on the refunding was \$4,948 for the year ended December 31, 2016. The deferred outflow in resources ending balance for the year ended December 31, 2016 was (\$101,503).

**Series 2014A:**

On November 20, 2014, the Authority issued \$310,415,000 of North Texas Tollway Authority First Tier Revenue Refunding Bonds, Series 2014A, for the purpose of refunding \$313,880,000 of Series 2008A Bonds. The Series 2014A Bonds were issued as serial bonds maturing on January 1, 2020 through January 1, 2025. The bonds have an interest rate of 5.00%.

The refunding of this portion of the Series 2008A resulted in a decrease in the aggregate debt service between the refunding debt and refunded debt. The difference between the reacquisition price and the net carrying amount of the 2008A Bonds refunded by 2014A Revenue Refunding Bonds of (\$40,871,959) was deferred and is being amortized over the stated term of the Series 2008A Bonds.

Amortization of the deferred outflow in resources on the refunding was \$5,147,209 for the year ended December 31, 2016. The deferred outflow in resources ending balance for the year ended December 31, 2016 was (\$29,991,331).

**Series 2014B:**

On November 20, 2014, the Authority issued \$146,420,000 of North Texas Tollway Authority Second Tier Revenue Refunding Bonds, Series 2014B, for the purpose of refunding \$143,540,000 of Series 2008F Bonds. The Series 2014B Bonds were issued as serial bonds maturing on January 1, 2029 through January 1, 2031. The bonds have an interest rate of 5.00%.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

The refunding of this portion of the Series 2008F resulted in a decrease in the aggregate debt service between the refunding debt and refunded debt. The difference between the reacquisition price and the net carrying amount of the 2008A Bonds refunded by 2014A Revenue Refunding Bonds of (\$7,426,971) was deferred and is being amortized over the stated term of the Series 2008F Bonds. Amortization of the deferred outflow in resources on the refunding was \$295,732 for the year ended December 31, 2016. The deferred outflow in resources ending balance for the year ended December 31, 2016 was (\$6,801,828).

**Series 2014C:**

On December 18 2014, the Authority issued \$223,895,000 of North Texas Tollway Authority First Tier Variable Rate Revenue Refunding Bonds, Series 2014C, for the purpose of refunding \$210,255,000 of the Series 2008E-3 Bonds. The Series 2014C Bonds were issued as a term bond due January 1, 2038. The bonds are SIFMA Index Floating Rate bonds. The interest rate is reset weekly at SIFMA plus 67 basis points. The initial placement agents were Morgan Stanley and Loop Capital Markets.

The refunding of this portion of the Series 2008E-3 resulted in a decrease in the aggregate debt service between the refunding debt and refunded debt. The difference between the reacquisition price and the net carrying amount of the 2008E-3 Bonds refunded by 2014C Revenue Refunding Bonds of (\$5,331,965) was deferred and is being amortized over the stated term of the Series 2008F Bonds. Amortization of the deferred outflow in resources on the refunding was \$242,694 for the year ended December 31, 2016. The deferred outflow in resources ending balance for the year ended December 31, 2016 was (\$4,837,814).

**Series 2015A:**

On April 23, 2015, the Authority issued \$862,920,000 of North Texas Tollway Authority Second Tier Revenue Refunding Bonds, Series 2015A, for the purpose of refunding \$856,460,000 of the Series 2008F Bonds. The Series 2015A Bonds were issued as serial bonds maturing January 1, 2016 through January 1, 2035 and a term bond due January 1, 2038. The bonds have an interest rate of 2.00% - 5.00%.

The refunding of the remaining portion of the Series 2008F resulted in a decrease in the aggregate debt service between the refunding debt and refunded debt. The difference between the reacquisition price and the net carrying amount of the 2008F Bonds refunded by 2015A Revenue Refunding Bonds of (\$130,397,974) was deferred and is being amortized over the stated term of the Series 2008F Bonds. Amortization of the deferred outflow in resources on the refunding was \$5,504,605 for the year ended December 31, 2016. The deferred outflow in resources ending balance for the year ended December 31, 2016 was (\$121,101,308).

**Series 2015B:**

On September 24, 2015, the Authority issued \$764,090,000 of North Texas Tollway Authority First Tier Revenue Refunding Bonds, Series 2015B, for the purpose of refunding \$561,155,000 of Series 2008A Bonds and \$184,470,000 Series 2008B. The Series 2015B Bonds were issued as serial bonds maturing on January 1, 2020 through January 1, 2025. The bonds have an interest rate of 5.00%.

The refunding of this portion of the Series 2008A and the 2008B resulted in a decrease in the aggregate debt service between the refunding debt and refunded debt. The difference between the reacquisition price and the net carrying amount of the 2008A and 2008B Bonds refunded by 2015B Revenue Refunding Bonds of (\$104,903,027) was deferred and is being amortized over the stated term of the Series 2008A and 2008B Bonds. Amortization of the deferred outflow in resources on the refunding was \$3,465,641 for the year ended December 31, 2016. The deferred outflow in resources ending balance for the year ended December 31, 2016 was (\$100,503,588).

**Series 2016A:**

On June 1, 2016, the Authority issued \$987,790,000 of North Texas Tollway Authority First Tier revenue refunding Bonds, Series 2016A, for the purpose of refunding \$568,170,000 of Series 2008A Bonds, \$12,375,000 of Series 2008B Bonds, \$125,000,000 of Series 2008K-1 Bonds, \$80,000,000 of Series 2008K-2 Bonds and \$303,560,000 of Series 2009A Bonds. The Series 2016A Bonds were issued as serial bonds maturing January 1, 2017 through January 1, 2039 and a term bond due January 1, 2039. The bonds have an interest rate of 4%-5%.

The refunding results for 2008A, 2008B, 2008K and 2009A resulted in a decrease the aggregate debt service between the refunding debt and refunded debt. The difference between the reacquisition price and the net carrying amount of the 2008A, 2008B, 2008K and the 2009A Bonds refunded by 2016A Revenue Refunding Bonds of (\$122,981,961) was deferred and is being amortized over the stated term of the Series 2008K Bonds. Amortization of the deferred outflow in resources on the refunding was \$3,323,837 for the year ended December 31, 2016. The deferred outflow in resources ending balance for the year ended December 31, 2016 was (\$119,658,124).

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

The following schedule summarizes the revenue bonds outstanding as of December 31, 2016:

<u>Description of Issue</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Matured or Retired</u>	<u>Ending Balance</u>	<u>Due within one year</u>
Series '05C	\$ 178,310,000	\$ -	\$ -	\$ 178,310,000	\$ -
Series '08A	858,170,000	-	(569,175,000)	288,995,000	21,770,000
Series '08B	42,460,000	-	(12,740,000)	29,720,000	380,000
Series '08D	629,521,451	37,964,343	-	667,485,794	-
Series '08I	295,165,000	-	-	295,165,000	-
Series '08K	205,000,000	-	(205,000,000)	-	-
Series '09A	373,425,000	-	(303,560,000)	69,865,000	-
Series '09B	825,000,000	-	-	825,000,000	-
Series '09C	170,730,000	-	-	170,730,000	-
Series '09D	178,400,000	-	-	178,400,000	-
Series '10A	90,000,000	-	-	90,000,000	-
Series '10B	310,000,000	-	-	310,000,000	-
Series '10	332,225,000	-	-	332,225,000	-
Series '11A	100,000,000	-	-	100,000,000	-
Series '11B	268,625,000	-	-	268,625,000	-
Series '12A	25,930,000	-	-	25,930,000	-
Series '12B	383,625,000	-	-	383,625,000	-
Series '12C	101,775,000	-	-	101,775,000	-
Series '12D	32,815,000	-	-	32,815,000	-
Series '14A	310,415,000	-	-	310,415,000	-
Series '14B	146,420,000	-	-	146,420,000	-
Series '14C	223,895,000	-	-	223,895,000	-
Series '15A	862,920,000	-	(4,730,000)	858,190,000	6,960,000
Series '15B	764,090,000	-	(1,260,000)	762,830,000	4,750,000
Series '16A	-	987,790,000	-	987,790,000	7,575,000
	<u>7,708,916,451</u>	<u>1,025,754,343</u>	<u>(1,096,465,000)</u>	<u>7,638,205,794</u>	<u>41,435,000</u>
Less:					
Bond discount/premium	<u>(221,868,904)</u>	<u>(207,328,627)</u>	<u>32,736,457</u>	<u>(396,461,074)</u>	<u>-</u>
<b>Totals</b>	<b><u>\$ 7,930,785,355</u></b>	<b><u>\$1,233,082,970</u></b>	<b><u>\$ (1,129,201,457)</u></b>	<b><u>\$8,034,666,868</u></b>	<b><u>\$ 41,435,000</u></b>

***Amortization of Premium/Discounts***

Premiums and discounts related to the issuance of the bonds and other loans are being amortized using the bonds outstanding method, which is materially consistent with the effective interest method. The unamortized discount (premium) cost for the year ended on December 31, 2016 was \$(396,461,074).

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

The revenue bond debt service requirements below are prepared as of December 31, 2016:

Year	Total Revenue Bonds		BAB Subsidy *	Total
	Principal amount	Interest amount		
Due January 1				
2017	41,435,000	378,385,102	(26,978,588)	392,841,514
2018	51,045,000	370,583,027	(26,978,588)	394,649,439
2019	101,680,000	369,561,580	(26,978,588)	444,262,992
2020	106,625,000	368,414,511	(26,978,588)	448,060,923
2021	156,120,000	362,727,655	(26,978,588)	491,869,067
2022- 2026	1,126,165,000	1,644,553,593	(129,308,011)	2,641,410,582
2027 - 2031	1,266,971,438	1,699,649,875	(101,442,393)	2,865,178,920
2032- 2036	1,278,448,719	1,662,460,771	(90,298,737)	2,850,610,753
2037 - 2041	1,536,959,660	1,012,502,519	(87,307,934)	2,462,154,245
2042- 2046	1,089,642,944	356,706,102	(53,960,227)	1,392,388,819
2047 - 2051	519,460,000	54,986,825	(9,549,009)	564,897,816
2052- 2053	1,000,000	26,250	-	1,026,250
Interest Accretion	362,653,033	(362,653,033)	-	-
	<u>\$ 7,638,205,794</u>	<u>\$ 7,917,904,777</u>	<u>\$ (606,759,251)</u>	<u>\$ 14,949,351,320</u>

\* Note: Due to sequestration, BAB's Subsidy is reduced by 6.9%.

The Interest and Sinking and Reserve Accounts required by the Trust Agreement have been established with the Trustee. The balances as of December 31, 2016 were:

	Cash and Investment Balance	Trust Requirement
Bond Interest account	\$ 170,023,083	\$ 170,017,596
Debt service reserve account(*)	387,121,071	385,937,474
Redemption account	41,435,030	41,435,000
Total	<u>\$ 598,579,184</u>	<u>\$ 597,390,070</u>

(\*) The Debt Service Reserve account per the trust agreement is not valued at market price but amortized value. The amortized value at 12/31/2016 was \$391,433,470.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

**SWAP Transactions**

**History.** Pursuant to the ISDA Master Agreements dated and effective as of August 20, 2004 (the “2004 ISDA Master Agreements”) and the schedules, annexes there to, the North Texas Tollway Authority (the “Authority”) entered into multiple interest rate swap transactions in the cumulative notional amount of \$202,720,000 with Citibank N.A., New York, Bear Stearns Financial Products Inc. and Lehman Brothers Special Financing Inc. (the “Swap Providers”) The 2004 Swap Transactions were executed 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”).

Pursuant to the 2004 ISDA Master Agreements and concurrent 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, 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”).

In September 2008 Lehman Brothers declared bankruptcy and their portion of the Swap Transactions were terminated. On October 1, 2008, a swap termination payment of \$4,511,011 was made by the Authority.

After the collapse of Bear Stearns on May 15, 2009, JPMorgan Chase Bank N.A. acquired some of the assets of Bear Stearns and some derivative transactions, including transactions with the Authority, were transferred from Bear Stearns Financial Products to JPMorgan Chase Bank N.A.

On August 14, 2009, \$5,375,000 for the 2004 Swap Transaction and \$706,700 for the 2005 Swap Transaction was paid to the Swap Providers to terminate a portion of each respective swap. Currently, the notional amount for the 2004 Swap Transaction and the 2005 Swap Transaction is \$84,060,000 and \$94,230,000 respectively. The Swap Providers are currently Citibank N.A. and JPMorgan Chase Bank N.A.

On September 1, 2009, the Series 2005C bonds were converted to fixed rate bonds. The outstanding Swap Transactions remain *legally* tied to the Series 2005C Bonds, which have been remarketed to fixed rate. However, the Authority recognized the need for the Swap Transactions to be *economically* tied to variable rate bonds so that the Swap Transactions could function properly and generate a reasonable synthetic fixed rate. To that end, the Authority negotiated a letter of credit with JPMorgan, and issued \$178,400,000 Series 2009D variable rate bonds on November 5, 2009.

**Objective of the interest rate swap**

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 was originally estimated at \$41.8 million. The Authority’s interest rate swaps are recorded at fair value and are classified as Level 2 of the fair value hierarchy. The swaps are valued using a market approach which calculates the discounted future net settlement payments based on current forward rates implied by the yield curve on the valuation date. The fair values of the swaps reflect the effect of nonperformance risk which includes, but may not be limited to, the Authority’s own credit risk.

**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.



**NORTH TEXAS TOLLWAY SYSTEM**  
(An Enterprise Fund of the North Texas Tollway Authority)

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

As of December 31, 2016, rates were as follows: (see example in table below)

Interest rate swap:	Terms	2004 Swap Rates December 31, 2016	2005 Swap Rates December 31, 2016
Fixed payment to counterparties	Fixed	3.673%	3.533%
Minus Variable payment from counterparties	67% of 1-Month LIBOR	0.480%	0.480%
Net interest rate swap payments		3.193%	3.053%
Plus 2009D Variable-rate bond coupon payments	Avg. Coupon + 71 bps*	1.364%	1.364%
Synthetic interest rate on bonds including LOC & Remarketing		4.557%	4.417%

\*66bps LOC fee & 5bps remarketing fee

Period Ended December 31, 2016

<u>Derivative Instrument</u>	<u>Hedge Type</u>	<u>Effectiveness Test Method</u>	<u>Result</u>	<u>Classification</u>	<u>Amount</u>
Combined 2004 Swaps	Cash flow hedges	Regression Analysis	<b>Effective</b>	Deferred Outflow	\$ (9,658,070)
Combined 2005 Swaps	Cash flow hedges	Regression Analysis	<b>Effective</b>	Deferred Outflow	\$ (14,918,346)

**Fair value.** As of December 31, 2016, the 2004 Swap Transactions had a negative fair value of \$9,658,070 and the 2005 Swap Transactions had a negative fair value of \$14,918,346. 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 values were calculated using **FAIRVALUE ADVISOR**, Hilltop Securities' online swap valuation system. Hilltop Securities is an independent third party provider of swap valuations.

**Credit risk.** As of December 31, 2016 the Authority was not exposed to counterparty 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 fair value of the Swap Transactions.

If the Swap Providers' credit rating is reduced below A2 by Moody's or A by S&P, in the case of Citibank N.A., New York, or Aa3 by Moody's or AA- by S&P in the case of JPMorgan Chase Bank N.A., the provider is required to post collateral to the Authority's credit.

As of December 31, 2016, 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 A1/A+ and JPMorgan Chase Bank N.A. Aa3/A+. Each party's portion of the 2004 Forward Swap and 2005 Current Swap agreement is 2/3 & 1/3 and 1/3 & 2/3 respectively.

**Interest Rate Risk.** Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of the Authority's hedging instruments or their cash flows. The Authority is exposed to interest rate risk on its derivatives.

The underlying Bonds (Series 2009D) have variable rate coupon payments which are tied to the SIFMA index. The Swap Payments paid to the Authority by the Swap Providers are also variable, tied to 67% of one month Libor. A decrease in Libor rates would increase the net swap payments for the Authority, but it might be offset by a likely decrease in SIFMA rates and a lower corresponding coupon payment. An increase in SIFMA rates would increase the corresponding coupon payment, but it might be offset by a likely increase in Libor rates and a lower corresponding net swap payment.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

**Rollover Risk.** Rollover risk is the risk that a hedging instrument associated with a hedgeable item does not extend to the maturity of that hedgeable item. The Authority is not exposed to rollover risks because the hedging derivative instruments associated with the hedgeable debt items extend beyond the maturity of the hedgeable debt items.

**Basis risk.** The Authority is exposed to basis risk under the swap agreements as the variable rate received from the counterparties will not perfectly match the rate paid on the bonds and the expected cost savings may not be realized.

**Collateral risk.** The Swap transactions were insured by Financial Guaranty Insurance Company ("FGIC"). Pursuant to the interest rate exchange agreement with JPMorgan Chase Bank if FGIC's rating is below "A3" by Moody's or "A-" by S&P and the Authority's First Tier Bonds are rated below "A3" by Moody's or "A-" by 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 JPMorgan Chase Bank. While FGIC's ratings have been withdrawn, as of December 31, 2016, the Authority's ratings on its First Tier Bonds are A1 by Moody's and A by S&P therefore the Authority has no obligation to post collateral at this time.

**Market Access Risk.** The Authority is not directly exposed to market access risk on the swaps. It is, however, indirectly exposed to market access risk through the underlying bond issue (Series 2009D) to which the swaps are economically tied. The 2009D bonds are variable rate obligations that are backed by a letter of credit. Letters of credit typically have a two or three year term, and at the end of the initial term the Authority might need to refinance the debt or secure a new letter of credit. The risk is that the Authority may not be able to access the markets to obtain a new letter of credit.

**Foreign Currency Risk.** The Authority is not exposed to Foreign Currency Risk as both the fixed and variable payment portion are in the same currency (US Dollars).

**Counterparty Risk.** Counterparty risk exists if the counterparty cannot make future payments or cannot make a termination payment due to the Authority. Risk is reduced by the International Swaps and Derivatives Association (ISDA) contract terms addressing collateral limits and credit ratings. Additionally, selection of more than one highly-rated counterparty diversifies risk.

**Termination risk.** Termination risk exists if: (i) the Authority opts to terminate the Swap Transactions prior to maturity and the Swap Providers do not have sufficient funds to pay the Authority, (ii) the Authority is downgraded to below A3 by Moody's or A- by S&P and the Authority is unable to post sufficient collateral; or (iii) the Authority's credit rating is reduced below investment grade by Moody's or S&P. If upon termination, the swap has a negative fair value, then the Authority would be liable to the Swap Providers for a payment equal to the Swap's fair value.

The Swap Transactions are 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. Each of the swap agreements may be terminated by the respective counterparty if the Authority does not maintain a credit rating of least Baa3 by Moody's or BBB- by S&P. The Authority's current ratings are A1 by Moody's and A by S&P.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

**Swap payments and associated debt.** Using rates as of December 31, 2016, 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.

<b>2009D Bonds Associated with Swaps</b>					
<b>Fiscal Year</b>	<b>Principal amount</b>		<b>Interest amount*</b>		<b>Total</b>
2017	\$	-	\$	9,720,530	\$ 9,720,530
2018		-		9,720,531	9,720,531
2019		-		9,659,309	9,659,309
2020		-		9,595,110	9,595,110
2021		-		9,455,720	9,455,720
2022		-		9,308,401	9,308,401
2023		-		9,183,463	9,183,463
2024		-		9,057,154	9,057,154
2025		-		8,917,930	8,917,930
2026		-		8,920,000	8,920,000
2027		-		8,920,000	8,920,000
2028		-		8,922,070	8,922,070
2029		-		8,917,930	8,917,930
2030		-		8,920,000	8,920,000
2031		-		8,920,000	8,920,000
2032		-		8,922,070	8,922,070
2033		-		8,917,930	8,917,930
2034		-		8,920,000	8,920,000
2035		-		8,920,000	8,920,000
2036		-		8,922,070	8,922,070
2037		-		8,917,930	8,917,930
2038		-		8,920,000	8,920,000
2039		-		8,920,000	8,920,000
2040		-		8,922,070	8,922,070
2041		-		8,917,930	8,917,930
2042		-		8,920,000	8,920,000
2043		-		8,920,000	8,920,000
2044		32,000,000		8,922,070	40,922,070
2045		33,800,000		7,318,302	41,118,302
2046		35,600,000		5,630,000	41,230,000
2047		37,500,000		3,850,000	41,350,000
2048		39,500,000		1,975,458	41,475,458
<b>TOTAL</b>	<b>\$</b>	<b>178,400,000</b>	<b>\$</b>	<b>272,873,978</b>	<b>\$ 451,273,978</b>

\* Includes interest rates for both swap payments, plus the assumed variable rate amount.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

**Commercial Paper**

On April 18, 2001, the Authority's Board of Directors authorized the \$200,000,000 Dallas North Tollway Authority Tax-Exempt Commercial Paper program. On August 19, 2015, the Authority amended the commercial paper resolution providing for the ability to have commercial paper notes (Notes) purchased directly by a bank under the revolving note purchase agreement, or have public sales of Notes supported by a direct pay letter of credit.

Commercial paper notes were supported by a letter of credit agreement with Bank of America Merrill Lynch in excess of \$200,000,000 and constituted a Second Tier obligation under the Amended and Restated Trust Agreement which expired on December 16, 2016.

On December 21, 2016, the Authority approved JPMorgan as provider of a note purchase facility of \$200,000,000 plus required interest coverage with a term of three years.

Any advances for payments of Notes under the Note Purchase Agreement are secured by a Second Tier lien on Authority revenues and constituted a Second Tier obligation under the Amended and Restated Trust Agreement. No such advances have occurred.

The notes may be issued to provide interim financing for new projects and other capital improvements and to finance equipment purchases for projects of the Authority. As of December 31, 2016, there were no notes outstanding.

**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). 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 annual payments on January 1 thereafter until final payment in 2029, which resulted in a new loan amount at October 1, 2004 of \$154,338,133. 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 Authority issued or entered into and secured by the tolls and revenues of the Authority. The ISTEA loan payment of \$8,000,000 was made on December 30, 2016 for the fiscal year of 2017. The loan's principal payable is \$128,922,702 as of December 31, 2016.

The following schedule summarizes the debt service requirements of the TxDOT ISTEA loan payable subsequent to December 31, 2016:

Description	Beginning Balance	Additions	Matured or Retired	Ending Balance	Due within one year
TxDOT ISTEA LOAN	\$ 177,651,567	\$ -	\$ (8,000,000)	\$ 169,651,567	\$ 9,000,000
Totals	<u>\$ 177,651,567</u>	<u>\$ -</u>	<u>\$ (8,000,000)</u>	<u>\$ 169,651,567</u>	<u>\$ 9,000,000</u>

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

**(6) Employees' Retirement Plan**

**Defined Benefit Pension 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 (ERS), 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 ERS is available at [www.ers.state.tx.us/Publications/FinancialReports](http://www.ers.state.tx.us/Publications/FinancialReports).

**Plan Description**

The Authority participates as one of 677 plans in the joint contributory, defined benefit plan administered by TCDRS. TCDRS acts as an agent multiple-employer retirement system for county and district employees in the State of Texas. The TCDRS Act is the basis for administration of the pension system. The pension system is governed by a nine-member Board of Trustees and is managed by an administrative staff in Austin. Although the Governor, with the advice and consent of the senate, appoints the Board, TCDRS is not fiscally dependent on the State of Texas. TCDRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tcdrs.org](http://www.tcdrs.org).

All eligible employees of the Authority are required to participate in TCDRS.

**Benefits Provided**

TCDRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the Authority, within the options available in the state statutes governing TCDRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the Authority-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of three actuarially equivalent payments options. A summary of plan provisions for the Authority are as follows:

Employee deposit rate	6% of Earnings
Authority matching rate	250%
Vesting period	10 Years
Retirement years (age/years of service)	60/10, Any/30, Rule of 75, age+service
Prior Service Credit	0%
Annuity Increase to retirees:	0%

**Employees covered by benefit terms**

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	150
Inactive employees entitled to but not yet receiving benefits	677
Active employees	771
Total	<u>1,598</u>

**Contributions**

Under the state law governing TCDRS, the contribution rate is determined annually by the consulting actuary, using the Replacement Life Entry Age (RLEA) cost method, a conservative cost method and an industry standard.

Employees for the Authority were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the Authority were 7.96% and 7.63% in fiscal years 2015 and 2016, respectively. The Authority's contributions to TCDRS for the year ended December 31, 2016, were \$3,148,616, and were equal to the required contributions.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

**Net Pension Asset**

The Authority's Net Pension Asset (NPA) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Asset was determined by an actuarial valuation as of that date.

**Actuarial assumptions**

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following assumptions:

Inflation	3.0%
Overall Payroll Growth	2.0%
Investment Rate of Return	8.1%, net of pension plan investment expense

Salary increases were based on a service-related table. Mortality rates for active members were based on the RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that.

Mortality rates for retirees, beneficiaries and non-depositing members were based on the RP-2000 Combined Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with a one-year set-forward for males and no age adjustment for females.

Mortality rates for disabled retirees were based on the RP-2000 Disabled Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with no age adjustment for males and a two-year set-forward for females.

Since the prior measurement date, in the 2015 actuarial valuation assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2016 information for a 7-10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	14.50%	5.45%
Private Equity	14.00%	8.45%
Global Equities	1.50%	5.75%
International Equities - Developed	10.00%	5.45%
International Equities - Emerging	8.00%	6.45%
Investment-Grade Bonds	3.00%	1.00%
High-Yield Bonds	3.00%	5.10%
Opportunistic Credit	2.00%	5.09%
Direct Lending	5.00%	6.40%
Distressed Debt	3.00%	8.10%
REIT Equities	3.00%	4.00%
Master Limited Partnerships (MLPs)	3.00%	6.80%
Private Real Estate Partnerships	5.00%	6.90%
Hedge Funds	25.00%	5.25%
Total	100.00%	

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

**Discount Rate**

The discount rate used to measure the Total Pension Liability was 8.10%. The projection of cash flows used to determine the discount rate assumed that employee contributions will remain at the current 6% and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

**Changes in the Net Pension Liability / (Asset)**

	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability / (Asset)
	(a)	(b)	(a)-(b)
Balances as of January 01, 2015	\$81,324,199	\$89,131,170	(\$7,806,971)
Changes for the year:			
Service cost	5,982,873	-	5,982,873
Interest	6,720,140	-	6,720,140
Effect of plan changes	(1,136,084)	-	(1,136,084)
Effect of economic/demographic gains or losses	(1,956,006)	-	(1,956,006)
Effect of assumptions changes or inputs	907,438	-	907,438
Refund of contributions	(822,473)	(822,473)	-
Benefit payments	(1,585,613)	(1,585,613)	-
Administrative expenses	-	(64,794)	64,794
Member contributions	-	2,491,090	(2,491,090)
Net investment income	-	(2,151,146)	2,151,146
Employer contributions	-	3,304,846	(3,304,846)
Other changes	-	78,086	(78,086)
Balances as of December 31, 2015	<u>\$89,434,474</u>	<u>\$90,381,167</u>	<u>(\$946,693)</u>

**Sensitivity Analysis**

The following presents the net pension liability of the Authority, calculated using the discount rate of 8.10%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	7.10%	8.10%	9.10%
Total pension liability	\$102,783,177	\$89,434,474	\$78,461,308
Fiduciary net position	90,381,167	90,381,167	90,381,167
Net pension liability / (asset)	<u>\$12,402,010</u>	<u>(\$946,693)</u>	<u>(\$11,919,859)</u>

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TCDRS financial report. That report may be obtained on the Internet at [www.tcdrs.org](http://www.tcdrs.org).

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources:**

For the year ended December 31, 2015, the Authority recognized pension expense of \$3,466,956.

At December 31, 2015, the Authority reported deferred inflows and outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made subsequent to the measurement date	\$ 3,157,550	\$ -
Net difference between projected and actual investment earnings	8,486,985	-
Differences between expected and actual experience	-	2,399,204
Changes of assumptions	756,198	-
Total	\$ 12,400,733	\$ 2,399,204

\$3,157,550 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. The remainder of the total deferred outflows/inflows, \$6,843,979, related to pensions will be recognized in pension expense as follows:

Year ended December 31:

2017	1,823,892
2018	1,823,892
2019	1,823,892
2020	1,547,065
2021	(174,762)
Thereafter <sup>(1)</sup>	0

(1) Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.

**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 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 Authority, a Grandfathered Employer, and is adopting a cash or deferred arrangement substantially similar to the Texas Turnpike Authority's cash or deferred arrangement.



**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

Effective September 1, 1997, each Authority employee became eligible to participate in the North Texas Tollway Authority 401(k) plan, a defined contribution plan. The plan requires that each employee be required to make a mandatory employee contribution, deposited by the Authority towards the cost of the 401(k) plan, in an amount equal to 4% of total wages. All mandatory employee contributions to the 401(k) plan for payroll periods following September 1, 1997 shall be made on a pretax basis, provided they are subject to the Hospital Insurance portion of the Federal Insurance Contributions Act and the Federal Unemployment Tax Act and the withholding of those Acts. Employee contributions and plan earnings are vested at all times and a terminating employee shall be paid all mandatory contributions and plan earnings 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 services. 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 System by the Authority for the year ended December 31, 2016 were \$1,375,766 based on a covered payroll of \$39,580,607.

**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**

The Texas Municipal League (TML) Intergovernmental Risk Pool 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 2007-2016. There has not been any significant reduction of coverage.

The Authority self-insures health benefits utilizing a third-party benefit administrator. The Authority pays claims based on actual claims reported. Funds are available to pay claims and administrative costs associated with the program. Reserves for these liabilities are included in current liabilities in the Statement of Net Position.

Fiscal Year	Beginning Balance	Current-year claims and changes in estimates	Claim payments	Ending Balance
2015	\$ 876,665	10,903,339	11,780,004	\$ -
2016	\$ -	12,393,455	11,354,397	\$ 1,039,058

**(8) Other Post-Employment Benefits (OPEB)**

Plan Descriptions – The Authority provides post-employment defined benefit health care to all eligible retired employees through contributions to either the Employee Retirement System of Texas (ERS) Group Benefit Program (GBP) or the Authority's Health Benefits plan.

**Employees Retirement System of Texas Group Benefit Program**

The Authority contributes to the ERS GBP, a cost sharing multiple employer defined benefit OPEB plan. GBP provides health benefits to eligible retired employees of participating entities.

Chapter 1551, Texas Insurance Code assigns authority to establish and amend benefit provisions to the ERS Board Trustees. The ERS issues a publically available GASB Statement 43 report. The report can be obtained from the ERS website.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

**Funding Policy** – Chapter 1551, Texas Insurance Code provided that the contribution requirements under the GBP be established and amended by the ERS Board Trustees. Plan members receiving benefits under age 65 contributes \$520.16 per month for retiree only coverage, \$1,073.46 for retiree and spouse and \$1,385.81 for retiree and family.

Contribution rates are determined annually by the trustees based on recommendations of the ERS staff and consulting actuary. The contribution rates are determined based on the benefit and administrative costs expected to be incurred and (i) the funds appropriated and (ii) the funding policy established by the Texas Legislature in connection with the benefits provided through GBP. The trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds. There are no long-term contracts for contributions to the plan.

The Authority has 47 plan members receiving benefits from GBP. An additional 10 active employees remain eligible for retiring under the ERS GBP. 3 of those 10 are enrolled in the ERS GBP leaving 7 active employees the option of retiring under the ERS GBP or the Authority's plan. The OPEB liability for these 7 employees is calculated under the Authority's plan. The Authority's contributions to the GBP for the fiscal years ended December 31, 2016, 2015 and 2014 was \$392,826, \$380,945 and \$363,716 respectively; which was 100% of the required contribution for those periods.

**Authority Plan Administered through PEBC**

The Authority's Benefits plan is affiliated with the Public Employees Benefits Cooperative (PEBC), an agent multiple-employer postemployment healthcare plan administrator.

The plan does not issue a publicly available report. There are currently 3 individuals receiving benefits and 11 employees fully eligible to receive benefits under the Authority's Benefits plan. No separate financial statements are issued for the Authority's plan.

**Funding Policy** – The contribution requirements under the Authority's Benefits plan for the plan members and the Authority are established and may be amended by the Board of Directors. Authority members receiving benefits contribute the following amounts annually depending on plan, age and coverage:

Plan	Under Age 65		Age 65 and Older	
	Retiree	+Spouse	Retiree	+Spouse
HDHP	\$ 4,692	\$ 4,992	\$ -	\$ -
PPO	6,242	6,640	-	-
PSS	-	-	2,655	2,669
PMA	-	-	1,116	1,104

The required contribution is based on the projected pay-as-you-go financing requirements. For fiscal year 2016 expenses of \$85,703 were recognized for the post-employment health care premiums paid. This represents 22.0% of the total premiums.

**Annual OPEB Cost and Net OPEB Obligation** – The Authority's annual other postemployment benefit (OPEB) cost is calculated on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

The following table shows the elements of the Authority's OPEB cost for the year, the amount actually contributed on behalf of the Plan, and changes in the Authority's net OPEB obligation for the year ended December 31, 2016:

	2014	2015	2016
Annual Required Contribution	\$ 1,441,286	\$ 1,441,286	\$ 2,680,967
Interest on Net OPEB Obligation	771,163	847,955	924,746
Adjustment to Annual Required Contribution	<u>(254,107)</u>	<u>(313,678)</u>	<u>(1,600,230)</u>
Annual OPEB Cost (expense)	1,958,342	1,975,563	2,005,483
Payments Made	<u>38,562</u>	<u>55,783</u>	<u>85,703</u>
Increase in Net OPEB Obligation	1,919,780	1,919,780	1,919,780
Net OPEB Obligation - Beginning of Year	<u>19,279,087</u>	<u>21,198,867</u>	<u>23,118,647</u>
Net OPEB Obligation - End of Year	<u><u>\$ 21,198,867</u></u>	<u><u>\$ 23,118,647</u></u>	<u><u>\$ 25,038,427</u></u>

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the years ended December 31, 2014-2016 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Paid	Net OPEB Obligation
12/31/2014	\$ 1,958,342	1.97%	\$ 21,198,867
12/31/2015	\$ 1,975,563	2.82%	\$ 23,118,647
12/31/2016	\$ 2,005,483	4.27%	\$ 25,038,427

**Funded Status and Funding Progress** – The funded status of the plan as of January 1, 2016, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$20,630,980
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$20,630,980
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$41,518,172
UAAL as a percentage of covered payroll	50%

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about and the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspectives of the calculations.

In the January 1, 2016, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a discount rate of 4.00% and an annual healthcare cost trend rate of 7.0% for 2016, 6.5% for 2017 reduced by decrements of 0.5% percent to an ultimate rate in 2020 of 5.0%. The actuarial assumptions include an investment rate of return at 4.00% and projected salary increases at 2.0%. The Authority's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. At January 1, 2016 the remaining amortization period was 30 years.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

**(9) Disaggregation of Receivable Balances**

The unrestricted accounts receivable balance is \$62,938,405, and the restricted accounts receivable balance is \$4,459,420. The unrestricted balance consists of \$53,407,385 for billed video tolls (net of the allowance for doubtful accounts of \$159,247,150); \$9,288,698 for unbilled video tolls (net of the allowance for doubtful accounts of \$17,312,358), and \$242,322 for miscellaneous other receivables. The restricted balance consists of BAB's subsidy receivable of \$4,459,420.

Based upon the payment history for each 30 day bucket of aged billed toll receivables, an allowance is calculated for the expected percentage that will remain unpaid based upon these historical trends. The allowance for uncollectible receivables currently ranges from a minimum of 20% on invoices that are current (age of 0-30 days) to a maximum of 100% for invoices that have met the business rules for write-off with an overall average of 76.2% reserved for all invoices.

NTTA books as an account receivable the value of uninvoiced Zip Cash transactions that are categorized as "matched, current address," with an allowance for uncollectible receivables of 20%. These transactions will be invoiced on the customer's next monthly invoice as all business rules have been met. NTTA also books as an accounts receivable the value of invoiced transactions that are categorized as "matched, current address, not meeting business rules" with an allowance for uncollectible receivables of 85%. Unmatched transactions are not recorded by the System, while they are recorded with a 100% allowance by the Non-Major Enterprise Fund.

Video Toll Transactions	Allowance Method	North Texas Tollway System	Non-Major Enterprise Fund	Total
<u>Recorded Billed Video Tolls:</u>				
Gross Billed Video Tolls		\$ 179,608,068	\$ 33,046,467	\$ 212,654,535
Allowance for Uncollectible	age based	(136,889,128)	(22,358,021)	(159,247,150)
Net Billed Video Tolls		\$ 42,718,940	\$ 10,688,445	\$ 53,407,385
<u>Recorded Unbilled Video Tolls:</u>				
Matched with DMV, Meeting Business Rules	20%	\$ 8,099,680	\$ 2,016,029	\$ 10,115,709
Matched with DMV, Not Meeting Business Rules	85%	6,482,814	1,491,392	7,974,206
Unmatched with DMV	100%	-	8,511,141	8,511,140.95
Total Gross Unbilled Video Tolls		\$ 14,582,494	\$ 12,018,562	\$ 26,601,056
Allowance for Uncollectible		(7,130,328)	(10,182,030)	(17,312,358)
Net Recorded Unbilled Video Tolls		\$ 7,452,166	\$ 1,836,532	\$ 9,288,698
<u>Unrecorded Unbilled Video Tolls:</u>				
Unmatched with DMV		\$ 28,607,850	-	\$ 28,607,850

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

December 31, 2016

**(10) Commitments and Contingencies**

At the end of fiscal year 2016, there was \$1,176,999,285 in cash and investments with \$700,714,376 restricted for debt service, \$70,650,927 restricted for construction and \$405,633,982 available for operation. The System has \$6,376,886 in account and retainage payable that are comprised primarily of construction-related payables at December 31, 2016. Additionally, the System has contract and purchase order commitments at December 31, 2016 aggregating \$229,478.

**(11) Subsequent Events**

On January 12, 2017, the Authority executed a \$200,000,000 Commercial Paper Note Purchase Agreement ("agreement") with JPMorgan Chase Bank, N.A ("JPMorgan"). This replaces the Note Purchase Agreement with Bank of America Merrill Lynch, N.A. which expired December 15, 2016. The JPMorgan agreement expires on January 10, 2020.

On March 30, 2017, an amendment legally re-designating the outstanding 2004 and 2005 Swap Transactions as relating to the Series 2009D Bonds was executed and terminates any relationship with the 2005C bonds. In conjunction with the re-designation, the swap insurance policies were cancelled with the consent of JPMorgan and Citibank, N.A.



**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**Required Supplementary Information**

December 31, 2016

**Modified Approach - Infrastructure**

The Authority has elected to use the Modified Approach to account for maintenance of the Authority's infrastructure assets. As required by the Trust Agreement, an annual inspection of the Authority's roadways has occurred, conducted by the Authority's Maintenance Management Consultant, VRX Inc. This inspection provides an overall rating, indicating the average condition of all of the Authority's infrastructure assets (roadways, bridges, and facilities). The assessment of conditions is made by visual and mechanical tests designed to reveal any condition that would reduce user benefits below the maximum level of service. The Authority's goal is to maintain the Authority's infrastructure assets at a rating of 8 or better (1 to 10 scale), and has established a minimum level for GASB No. 34 purposes of a condition level of 6 or greater. These condition levels were adopted by the Board of Directors for the North Texas Tollway Authority (NTTA) by Resolution No. 02-31 on June 19, 2002 and further clarified by Resolution No. 07-169 on December 19, 2008. In accordance with GASB 34 the Capital Assessment and Inspection Report is due every three years. The last Capital Assessment and Inspection Report for the North Texas Tollway Authority was completed in 2016.

The infrastructure assets include the President George Bush Turnpike (PGBT) including the Eastern Extension, the Dallas North Tollway (DNT), the Addison Airport Toll Tunnel (AATT), the Mountain Creek Lake Bridge (MCLB), Sam Rayburn Tollway (SRT), Lewisville Lake Toll Bridge (LLTB), Main Lane Plazas, Ramp Plazas, maintenance shops, administration buildings, and IT lane equipment. The roadways are a major transportation network consisting of 101 centerline miles of high-speed roadways, 11 major interchanges, 16 main lane toll plazas/gantries, 108 ramp toll plazas/gantries, 366 bridges, one tunnel, and other structures and appurtenances. All assets combined totaled approximately \$3.09 billion in current replacement value for FYE 2016.

**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"; conversely, a Condition Index with a value of 0.0 is considered "unusable." Evaluations were performed on all of the infrastructure assets under Authority jurisdiction. The evaluation resulted in an average Condition Index of 8.7 for all of the assets combined. The following table shows the Condition Index for the years 2007 through 2016.

<b>Condition Index Table</b>		
<b><u>Condition Index</u></b>		
<b><u>Fiscal Year</u></b>	<b><u>Current</u></b>	<b><u>Goal</u></b>
2016	8.7	8.0
2015	8.8	8.0
2014	8.9	8.0
2013	8.9	8.0
2012	8.9	8.0
2011	8.9	8.0
2010	8.9	8.0
2009	9.0	8.0
2008	9.0	8.0
2007	8.9	8.0

**Condition Assessment and Inventory**

A comprehensive condition assessment on all the Authority's infrastructure assets was conducted in September 2016. The Authority's Maintenance Management Consultant performed condition assessments of the Authority's roadways including pavement, bridges, and facilities. Assessment procedures and representative work samples were reviewed by NTTA's General Engineering Consultants, Atkins North America, Inc.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**Required Supplementary Information**

December 31, 2016

**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). A Sufficiency Rating was determined using the Sufficiency Rating Formula, 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%).

**Roadways**

A condition assessment was performed on the Authority's roadways using the *Highway Maintenance Condition Assessment Program* (HMCAP) developed by Roy Jorgensen Associates, Inc., the pavement Condition Rating (CRS) developed by Applied Research Associates, Inc., and the Pavement Condition Index (PCI) procedure as outlined in ASTM D5340. A Maintenance Rating Program (MRP) Index was determined by visual inspection of the Authority's roadways, appurtenances, and edge conditions. Additionally, a baseline PCI and a baseline ride ability survey were conducted on the roadway surface and incorporated into the MRP Index. Although the PCI and rideability survey were conducted on the entire Authority, it would have been impractical to perform a MRP evaluation over the same length; therefore, 10% of the Authority'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 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 101 centerline miles (745 main lane miles) of main lane roadways have a Roadway Index of 8.7.

The budget-to-actual expenditures for preservation and other infrastructure maintenance costs were as follows for the years 2007 through 2016.

Fiscal year	Budget	Actual
2016	\$ 38,511,676	\$ 19,890,127
2015	22,572,948	12,041,778
2014	27,394,112	11,144,585
2013	21,231,300	15,568,942
2012	23,464,926	10,240,825
2011	59,503,102	37,557,688
2010	36,316,377	28,475,554
2009	40,239,320	30,745,545
2008	69,532,303	51,747,814
2007	51,283,652	31,818,863



**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**Required Supplementary Information**

December 31, 2016

**Schedule of Changes in Net Pension Liability / (Asset) and Related Ratios**

Last Ten Fiscal Years  
(Unaudited)

	<b>Year Ended December 31</b>	
	<b>2016</b>	<b>2015</b>
<b>Total Pension Liability:</b>		
Service cost	\$5,982,873	\$5,624,416
Interest on total pension liability	6,720,140	6,043,983
Effect of plan changes	(1,136,084)	-
Effect of assumption changes or inputs	907,438	-
Effect of economic/demographic (gains) or losses	(1,956,006)	(1,153,798)
Benefit payments/refunds of contributions	(2,408,086)	(2,059,927)
Net change in total pension liability	8,110,275	8,454,673
Total pension liability, beginning	81,324,199	72,869,526
Total pension liability, ending (a)	<u>\$89,434,474</u>	<u>\$81,324,199</u>
<b>Fiduciary Net Position</b>		
Employer contributions	\$3,304,846	\$3,197,933
Member contributions	2,491,090	2,320,145
Investment income net of investment expenses	(2,151,146)	5,330,438
Benefit payments/refunds of contributions	(2,408,086)	(2,059,927)
Administrative expenses	(64,794)	(65,461)
Other	78,086	(32,293)
Net change in fiduciary net position	1,249,997	8,690,836
Fiduciary net position, beginning	89,131,170	80,440,335
Fiduciary net position, ending (b)	<u>\$90,381,167</u>	<u>\$89,131,170</u>
Net pension liability / (asset), ending = (a) - (b)	<u>(\$946,693)</u>	<u>(\$7,806,971)</u>
Fiduciary net position as a % of total pension liability	101.06%	109.60%
Pensionable covered payroll	\$41,518,172	\$38,669,085
Net pension liability as a % of covered payroll	-2.28%	-20.19%

*Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 68, they should not be shown here. The Authority implemented GASB 68 in fiscal year 2015, therefore the required information for this schedule will be built over the next eight years. The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.*

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**Required Supplementary Information**

December 31, 2016

**Schedule of Employer Contributions**

Last Ten Fiscal Years

(Unaudited)

Year Ending December 31	Actuarially Determined Contribution <sup>(1)</sup>	Actual Employer Contribution <sup>(1)</sup>	Contribution Deficiency (Excess)	Pensionable Covered Payroll <sup>(2)</sup>	Actual Contribution as a % of Covered Payroll
2007	\$2,675,478	\$2,675,478	\$ -	\$30,611,880	8.7%
2008	2,721,247	2,721,247	-	32,589,789	8.3%
2009	3,108,139	3,108,139	-	36,609,412	8.5%
2010	3,242,294	3,242,294	-	36,065,565	9.0%
2011	2,890,652	2,890,652	-	31,976,241	9.0%
2012	3,174,859	3,174,859	-	34,888,560	9.1%
2013	3,060,429	3,060,429	-	36,917,119	8.3%
2014	3,197,933	3,197,933	-	38,669,085	8.3%
2015	3,304,846	3,304,846	-	41,518,172	8.0%
2016	3,148,616	3,148,616	-	41,266,265	7.6%

<sup>(1)</sup> TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.

<sup>(2)</sup> Payroll is calculated based on contributions as reported to TCDRS.

**Notes to Schedule:**

**Methods and assumptions used to determine contribution rates:**

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age
Asset Valuation Method	5-year smoothed market
Inflation	3.00%
Salary Increases	Varies by age and service. 4.9% avg. over career including inflation
Investment Rate of Return	8%, net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.
Changes in Plan Provisions Reflected in the Schedule*	No changes in plan provisions are reflected in the Schedule of Employer Contributions.

\* Only changes effective 2015 and later are shown in the Notes to Schedule.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

**Required Supplementary Information**

December 31, 2016

**Schedule of Funding Progress**  
**Other Post Employment Benefits**

Last three calendar years

(Unaudited)

<b>Actuarial Valuation Date</b>	<b>Authority's Fiscal Year</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b-a)/c]</b>
1/1/2016	2016	—	\$ 20,630,980	\$ 20,630,980	0%	\$ 41,518,172	50%
1/1/2014	2015	—	10,774,597	10,774,597	0%	38,669,085	28%
1/1/2014	2014	—	10,774,597	10,774,597	0%	36,917,119	29%

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
Schedule of Net Position by Trust Account  
December 31, 2016

Assets	Total	Non-Major		Interfund eliminations/ reclassifications	Construction and property account	Revenue account
		Enterprise Fund	North Texas Tollway System			
<b>Current assets:</b>						
Cash and cash equivalents (note 3)	\$ 54,506,217	\$ 6,624,092	\$ 47,882,125	\$ -	\$ -	\$ 5,689,752
Investments (note 3)	351,127,765	15,850,541	335,277,224	-	-	54,239,932
Accrued interest receivable	531,720	-	531,720	-	-	134,859
Interfund receivable	-	-	-	(802,548,234)	(12,820,788)	11,348,372
Interproject/agency receivables (note 4)	7,518,365	1,757,464	5,760,901	-	882,547	809,876
Accounts receivable (note 9) (net of allowance for uncollectibles)	53,723,595	10,793,862	42,929,733	-	-	42,718,939
Unbilled accounts receivable (note 9) (net of allowance for uncollectibles)	9,214,810	1,762,644	7,452,166	-	-	7,452,166
Prepaid expenses	1,937,948	-	1,937,948	-	-	-
Total current unrestricted assets	<u>478,560,420</u>	<u>36,788,603</u>	<u>441,771,817</u>	<u>(802,548,234)</u>	<u>(11,938,241)</u>	<u>122,393,896</u>
<b>Current restricted assets:</b>						
<b>Restricted assets:</b>						
Restricted for construction:						
Investments (notes 3 and 10)	70,650,927	-	70,650,927	-	70,650,927	-
Accrued interest receivable	73,473	-	73,473	-	73,473	-
Restricted for debt service:						
Investments (notes 3 and 5)	372,562,587	-	372,562,587	-	-	35,781,310
Accrued interest receivable	1,202,582	-	1,202,582	-	-	-
Accounts receivable	4,459,420	-	4,459,420	-	-	-
Total current restricted assets	<u>448,948,989</u>	<u>-</u>	<u>448,948,989</u>	<u>-</u>	<u>70,724,400</u>	<u>35,781,310</u>
Total current assets	<u>927,509,409</u>	<u>36,788,603</u>	<u>890,720,806</u>	<u>(802,548,234)</u>	<u>58,786,159</u>	<u>158,175,206</u>
<b>Noncurrent assets:</b>						
Investments restricted for debt service (note 3)	328,151,789	-	328,151,789	-	-	-
Unavailable feasibility study costs	63,289,804	-	63,289,804	-	-	-
Net pension asset	946,693	-	946,693	-	-	-
Service Concession Arrangement - Intangible asset (note 1-m) (net of accumulated amortization)	2,688,410,225	-	2,688,410,225	-	2,688,410,225	-
<b>Capital assets:</b>						
Nondepreciable (note 4)	3,426,863,466	-	3,426,863,466	396,461,074	3,031,830,156	-
Depreciable (net) (note 4)	55,801,116	-	55,801,116	-	55,801,116	-
Total noncurrent assets	<u>6,563,463,093</u>	<u>-</u>	<u>6,563,463,093</u>	<u>396,461,074</u>	<u>5,776,041,497</u>	<u>-</u>
<b>Total assets</b>	<b><u>7,490,972,502</u></b>	<b><u>36,788,603</u></b>	<b><u>7,454,183,899</u></b>	<b><u>(406,087,160)</u></b>	<b><u>5,834,827,656</u></b>	<b><u>158,175,206</u></b>
<b>Deferred outflow of resources</b>						
Accumulated decrease in fair value of hedging derivatives	24,576,417	-	24,576,417	-	24,576,417	-
Loss on refunding	402,926,517	-	402,926,517	-	402,926,517	-
Pension contributions after measurement date	3,157,550	-	3,157,550	-	-	-
Difference in projected and actual earnings on pension assets	8,486,985	-	8,486,985	-	-	-
Changes in actuarial assumptions used to determine pension liability	756,199	-	756,199	-	-	-
<b>Total deferred outflow of resources</b>	<b><u>439,903,668</u></b>	<b><u>-</u></b>	<b><u>439,903,668</u></b>	<b><u>-</u></b>	<b><u>427,502,934</u></b>	<b><u>-</u></b>
<b>Liabilities</b>						
<b>Current liabilities:</b>						
Accounts payable	16,724	-	16,724	-	-	16,308
Accrued liabilities	27,630,589	276,060	27,354,529	-	776,574	2,263,790
Interfund payable	478	-	478	(802,548,234)	193,039,324	255,677,817
Interproject/agency payables	16,025,947	1,165,057	14,860,890	-	3,813,081	11,236,232
Deferred revenue	56,739,889	-	56,739,889	-	-	56,739,889
Total current unrestricted liabilities	<u>100,413,627</u>	<u>1,441,117</u>	<u>98,972,510</u>	<u>(802,548,234)</u>	<u>197,628,979</u>	<u>325,934,036</u>
<b>Payable from restricted assets:</b>						
<b>Construction-related payables:</b>						
Retainage payable (note 10)	6,360,162	-	6,360,162	-	899,305	-
<b>Debt service-related payables:</b>						
Accrued interest payable	183,733,411	-	183,733,411	-	-	-
Accrued arbitrage rebate payable (note 1-k)	411,092	-	411,092	-	411,092	-
Revenue bonds payable, current portion	41,435,000	-	41,435,000	-	41,435,000	-
Total current liabilities payable from restricted assets	<u>231,939,665</u>	<u>-</u>	<u>231,939,665</u>	<u>-</u>	<u>42,745,397</u>	<u>-</u>
Total current liabilities	<u>332,353,292</u>	<u>1,441,117</u>	<u>330,912,175</u>	<u>(802,548,234)</u>	<u>240,374,376</u>	<u>325,934,036</u>
<b>Noncurrent liabilities:</b>						
Other Post Employment Benefits	25,038,427	-	25,038,427	-	-	-
Accumulated increase in fair value of hedging derivatives	24,576,417	-	24,576,417	-	24,576,417	-
Texas Department of Transportation ISTEPA loan payable (note 5)	128,922,701	-	128,922,701	-	128,922,701	-
Dallas North Tollway System revenue bonds payable, net of bond discount (premium) costs of \$396,461,074 (note 5)	7,993,231,867	-	7,993,231,867	396,461,074	7,193,743,510	-
Total noncurrent liabilities	<u>8,171,769,412</u>	<u>-</u>	<u>8,171,769,412</u>	<u>396,461,074</u>	<u>7,347,242,628</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>8,504,122,704</u></b>	<b><u>1,441,117</u></b>	<b><u>8,502,681,587</u></b>	<b><u>(406,087,160)</u></b>	<b><u>7,587,617,004</u></b>	<b><u>325,934,036</u></b>
<b>Deferred inflow of resources</b>						
Difference in expected and actual pension experience	2,399,203	-	2,399,203	-	-	-
Gain on refunding	4,044,346	-	4,044,346	-	4,044,346	-
<b>Total deferred inflow of resources</b>	<b><u>6,443,549</u></b>	<b><u>-</u></b>	<b><u>6,443,549</u></b>	<b><u>-</u></b>	<b><u>4,044,346</u></b>	<b><u>-</u></b>
<b>Net Position</b>						
Net investment in capital assets	(4,154,462,248)	-	(4,154,462,248)	(284,847,216)	(3,655,087,952)	-
<b>Restricted for:</b>						
Debt service	873,433,113	-	873,433,113	288,256,628	-	(167,758,830)
SCA Intangible	2,688,410,225	-	2,688,410,225	-	2,688,410,225	-
Unrestricted	12,928,827	35,347,486	(22,418,659)	(3,409,412)	(362,653,033)	-
<b>Total net position</b>	<b><u>\$(579,690,083)</u></b>	<b><u>\$35,347,486</u></b>	<b><u>\$(615,037,569)</u></b>	<b><u>\$-</u></b>	<b><u>\$(1,329,330,760)</u></b>	<b><u>\$(167,758,830)</u></b>

See accompanying independent auditors' report.

Operation and maintenance account	Reserve maintenance account	Consolidated		Debt service accounts	
		Capital Improvement Fund	Bond interest account	Reserve account	Redemption account
\$ 42,165,717	\$ 100	\$ 26,556	\$ -	\$ -	\$ -
3,070	25,508,407	255,525,815	-	-	-
-	13,195	383,666	-	-	-
56,862,001	334,082	373,394,771	344,360,536	11,057,117	18,012,143
4,068,478	-	-	-	-	-
91,549	-	119,245	-	-	-
-	-	-	-	-	-
1,937,948	-	-	-	-	-
<u>105,128,763</u>	<u>25,855,784</u>	<u>629,450,053</u>	<u>344,360,536</u>	<u>11,057,117</u>	<u>18,012,143</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	61,459,992	170,023,083	63,863,172	41,435,030
-	-	-	88,284	1,088,210	26,088
-	-	-	4,459,420	-	-
-	-	61,459,992	174,570,787	64,951,382	41,461,118
<u>105,128,763</u>	<u>25,855,784</u>	<u>690,910,045</u>	<u>518,931,323</u>	<u>76,008,499</u>	<u>59,473,261</u>
-	4,893,890	-	-	323,257,899	-
-	-	63,289,804	-	-	-
946,693	-	-	-	-	-
-	-	-	-	-	-
-	-	(1,427,764)	-	-	-
-	-	-	-	-	-
946,693	4,893,890	61,862,040	-	323,257,899	-
<u>106,075,456</u>	<u>30,749,674</u>	<u>752,772,085</u>	<u>518,931,323</u>	<u>399,266,398</u>	<u>59,473,261</u>
-	-	-	-	-	-
-	-	-	-	-	-
3,157,550	-	-	-	-	-
8,486,985	-	-	-	-	-
756,199	-	-	-	-	-
<u>12,400,734</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
341	-	-	45	-	30
13,772,492	1,446,672	9,095,001	-	-	-
26,888,425	3,034,642	289,266,139	-	-	34,642,365
(1,705,541)	325,754	1,191,364	-	-	-
-	-	-	-	-	-
<u>38,955,717</u>	<u>4,807,068</u>	<u>299,552,504</u>	<u>45</u>	<u>-</u>	<u>34,642,395</u>
-	97,831	5,363,026	-	-	-
-	-	13,748,333	169,985,078	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	97,831	19,111,359	169,985,078	-	-
<u>38,955,717</u>	<u>4,904,899</u>	<u>318,663,863</u>	<u>169,985,123</u>	<u>-</u>	<u>34,642,395</u>
25,038,427	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	400,000,000	3,027,283	-	-
25,038,427	-	400,000,000	3,027,283	-	-
<u>63,994,144</u>	<u>4,904,899</u>	<u>718,663,863</u>	<u>173,012,406</u>	<u>-</u>	<u>34,642,395</u>
2,399,203	-	-	-	-	-
-	-	-	-	-	-
<u>2,399,203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	(214,527,080)	-	-	-
-	-	7,750,000	345,918,917	399,266,398	-
-	-	-	-	-	-
52,082,843	25,844,775	240,885,302	-	-	24,830,866
<u>\$ 52,082,843</u>	<u>\$ 25,844,775</u>	<u>\$ 34,108,222</u>	<u>\$ 345,918,917</u>	<u>\$ 399,266,398</u>	<u>\$ 24,830,866</u>



**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
**INTRODUCTION TO STATISTICAL SECTION**  
**(Unaudited)**

**INTRODUCTION**

Governmental Accounting Standards Board (GASB) Statement 44 "Economic Condition Reporting": The Statistical Section 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.

**FINANCIAL TRENDS**

These tables contain information to help the reader understand how the Authority's financial performance and well being have changed over time.

**REVENUE CAPACITY**

These tables contain information to help the reader assess the Authority's most significant revenue sources.

**DEBT CAPACITY**

These tables present information to help the reader assess the affordability of the Authority's current current level of outstanding debt and the Authority's ability to issue additional debt in the future.

**DEMOGRAPHIC AND ECONOMIC INFORMATION**

These tables offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

**OPERATING INFORMATION**

These tables contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.

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

NORTH TEXAS TOLLWAY SYSTEM  
 (An Enterprise Fund of the North Texas Tollway Authority)  
 Net Position by Component  
 Last Ten Fiscal Years  
 (Unaudited)

**Business-Type Activities**

Component	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Invested in capital assets	\$398,078,219	\$187,921,483	\$ (633,265,931)	\$ (831,801,669)	\$ (1,178,473,954)	\$ (1,254,068,836)	\$ (4,212,230,014)	\$ (4,234,262,561)	\$ (4,277,956,501)	\$ (4,154,462,248)
Restricted	120,495,644	686,236,650	972,154,312	1,211,161,929	917,325,283	792,586,995	3,621,400,342	3,580,531,205	3,612,159,144	3,561,843,338
Unrestricted	62,928,573	(316,228,982)	31,783,352	(119,834,279)	(112,356,823)	(38,289,706)	(83,847,212)	(23,192,391)	(7,176,940)	12,928,827
<b>Total net position</b>	<b>581,502,436</b>	<b>557,929,151</b>	<b>370,671,733</b>	<b>259,525,981</b>	<b>(373,505,494)</b>	<b>(499,771,547)</b>	<b>(674,676,884)</b>	<b>(676,923,747)</b>	<b>(672,974,297)</b>	<b>(579,690,083)</b>

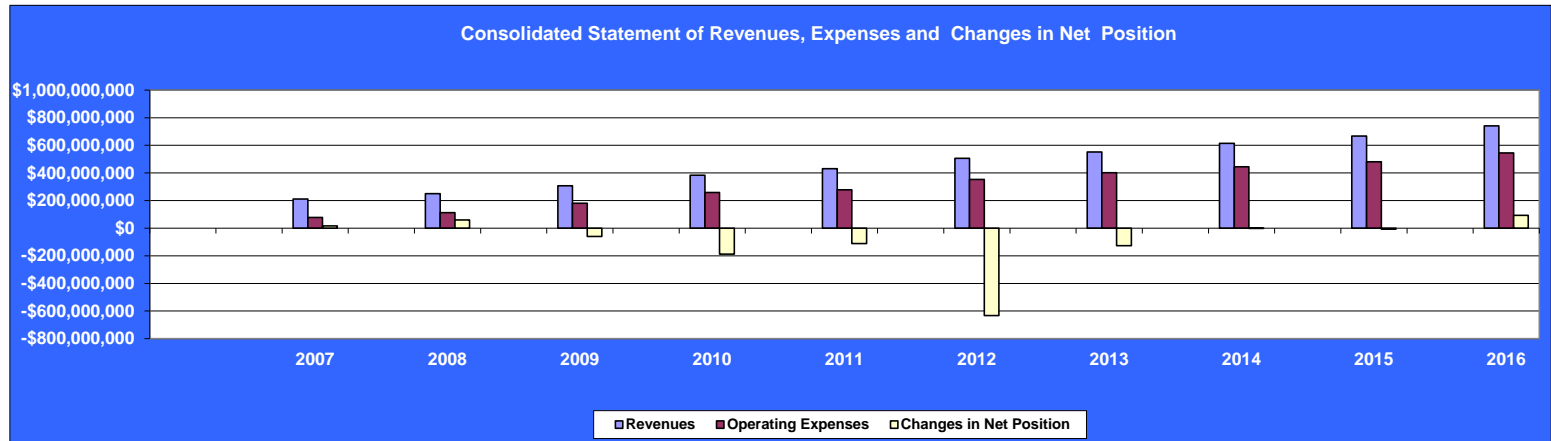




**NORTH TEXAS TOLLWAY SYSTEM**  
 (An Enterprise Fund of the North Texas Tollway Authority)  
 Statement of Revenues, Expenses, and Changes in Net Position  
 Last Ten Fiscal Years  
 (Unaudited)

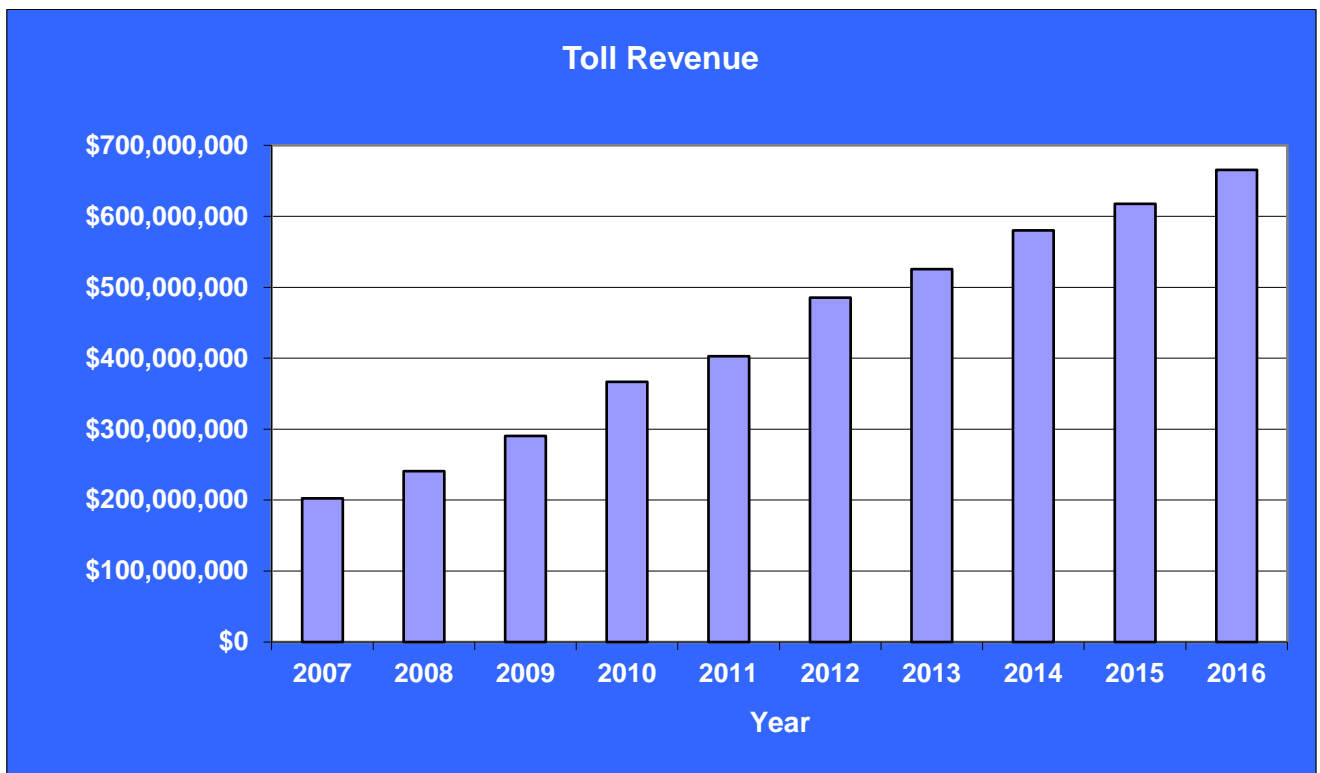
<b>Business-Type Activities</b>										
Revenues:	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Tolls	\$ 202,675,564	\$ 240,776,791	\$ 290,404,547	\$ 366,597,323	\$ 402,569,534	\$ 485,463,608	\$ 525,458,723	\$ 580,524,810	\$ 621,424,682	\$ 675,005,210
Other (1)	7,988,624	9,273,124	17,195,849	17,268,589	28,372,616	20,729,193	26,138,924	34,526,543	46,390,402	66,126,285
Total operating revenues	210,664,188	250,049,915	307,600,396	383,865,912	430,942,150	506,192,801	551,597,647	615,051,353	667,815,084	741,131,495
Operating expenses:										
Administration	10,910,385	12,604,559	22,501,450	21,105,565	22,159,182	22,982,801	23,298,130	22,206,400	21,736,431	24,293,402
Operations	64,660,897	68,064,173	68,433,322	74,604,274	77,165,408	83,253,523	88,469,679	97,917,442	120,046,594	129,445,852
Reserve maintenance	23,858,264	18,254,548	15,444,672	11,701,225	16,540,873	11,446,757	10,915,105	11,144,585	12,041,778	19,890,127
Capital improvement	33,381,445	38,541,652	20,039,108	18,259,590	36,535,270	35,691,517	27,541,687	38,848,449	33,127,787	23,182,888
Total operating expenses before depreciation	132,810,991	137,464,932	126,418,552	125,670,654	152,400,733	153,374,598	150,224,601	170,116,876	186,952,590	196,812,269
Operating income before depreciation	77,853,197	112,584,983	181,181,844	258,195,258	278,541,417	352,818,203	401,373,046	444,934,477	480,862,494	544,319,226
Amortization of intangible (SRT)	-	-	-	-	(63,947,216)	(63,943,350)	(63,943,350)	(64,403,243)	(65,385,114)	(64,916,168)
Depreciation	(1,800,225)	(3,481,013)	(4,529,323)	(4,794,093)	(5,690,160)	(6,038,360)	(6,203,704)	(6,159,420)	(6,889,660)	(8,716,326)
<b>Operating income</b>	76,052,972	109,103,970	176,652,521	253,401,165	208,904,041	282,836,493	331,225,992	374,371,814	408,587,720	470,686,732
Nonoperating revenues (expenses):										
Interest earned on investments	17,592,664	50,438,067	25,219,356	22,128,268	17,672,334	10,112,695	419,671	348,383	421,910	441,289
Loss on sale of investments	-	-	-	-	-	-	-	-	-	(707,009)
Net increase(decrease) in the fair value of investments	1,067,995	24,555,188	(13,371,674)	3,588,196	(3,659,548)	(4,962,380)	(6,707,082)	2,118,111	(967,545)	(2,528,460)
Loss on disposal of assets	-	-	-	-	-	-	-	-	-	(582,400)
Unallocated infrastructure depreciation	-	(24,555,772)	(60,703,200)	(63,801,840)	-	-	-	-	-	-
Interest expense on revenue bonds	(52,420,707)	(227,034,684)	(352,464,434)	(371,173,164)	(343,422,746)	(444,746,741)	(442,625,824)	(432,986,781)	(417,678,947)	(411,682,552)
Interest expense on short term notes	(2,653,677)	(35,086,229)	(6,364,724)	(6,269,247)	(6,269,405)	(6,032,854)	(5,814,320)	(5,714,934)	(5,618,961)	(5,518,957)
Bond premium/discount amortization	1,386,510	(217,615)	(1,659,281)	6,330,306	(43,237,386)	892,614	1,822,095	4,343,844	14,914,793	32,736,459
Bond issuance cost amortization	-	(17,543,223)	(9,216,397)	(5,002,937)	(4,173,546)	(4,147,186)	-	(5,728,236)	(12,125,235)	(6,313,133)
Deferred amount on refunding amortization	(6,017,291)	(6,694,083)	(8,911,969)	(571,990)	(5,829,048)	(4,701,591)	2,264,029	(4,013,052)	(12,471,595)	(19,868,665)
SWAP termination payment	-	(4,511,011)	(6,081,700)	-	-	-	-	-	-	-
Net amount on refunded bonds	-	(3,167,688)	-	-	-	-	-	-	-	-
Capital contribution	25,000,000	-	-	-	-	-	-	32,166,870	-	63,291
Transfer to SPS & Enterprise	-	-	-	(217,866)	(508,991,349)	911,870	919,608	-	-	-
Payments from other governments	-	74,902,422	59,588,883	31,526,405	25,712,730	8,523,679	8,389,180	1,790,774	5,074,087	379,642
BAB's Subsidy	-	-	7,489,870	26,263,784	28,978,075	28,978,075	26,674,318	26,877,164	26,935,120	26,993,077
Other	135,327	(355,245)	2,565,331	(7,346,832)	1,284,373	6,069,273	(16,163,752)	4,179,180	(13,890,635)	9,184,900
Net nonoperating revenues (expenses)	(63,477,564)	(15,909,179)	(169,269,873)	(363,909,939)	(364,546,917)	(841,935,516)	(409,102,546)	(376,618,677)	(415,407,008)	(377,402,517)
<b>Changes in net position</b>	\$ 16,309,982	\$ 60,143,793	\$ (60,165,903)	\$ (187,257,418)	\$ (111,145,752)	\$ (633,031,475)	\$ (126,266,053)	\$ (2,246,863)	\$ (6,819,288)	\$ 93,284,214

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



NORTH TEXAS TOLLWAY SYSTEM  
 (An Enterprise Fund of the North Texas Tollway Authority)  
 Traffic and Toll Revenue  
 Last Ten Fiscal Years  
 (Unaudited)

Year	Annual Revenue Vehicle Transactions (*)	Annual Toll Revenue (*)	Average Toll Rate per Transaction
2007	383,481,098	202,675,564	0.53
2008	412,272,003	240,776,791	0.58
2009	455,546,197	290,404,547	0.64
2010	481,913,338	366,597,323	0.76
2011	513,454,344	402,569,534	0.78
2012	585,051,845	485,463,608	0.83
2013	610,129,737	525,458,723	0.86
2014	644,669,523	580,045,215	0.90
2015	676,484,779	617,488,044	0.91
2016	703,094,602	665,212,316	0.95



(\*) System only, excludes Non-Trust Agreement Enterprise Fund

NORTH TEXAS TOLLWAY SYSTEM  
(An Enterprise Fund of the North Texas Tollway Authority)

Toll Rates  
Last Ten Fiscal Years  
(Unaudited)

Two-axle passenger cars and trucks		Years									
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Roadway</b>											
Dallas North Tollway:											
Main Lane Plaza 1	Cash/ZipCash	\$0.75	\$1.00	\$1.89	\$1.89	\$2.00	\$2.00	\$2.10	\$2.10	\$2.22	\$2.22
	TollTag	0.60	0.70	1.26	1.26	1.33	1.33	1.40	1.40	1.48	1.48
<i>(all ETC, effective in Jan., 2007)</i>											
Main Lane Plaza 2	Cash/ZipCash	1.00	1.00	1.35	1.35	1.43	1.43	1.52	1.52	1.59	1.59
	TollTag	0.70	0.70	0.90	0.90	0.95	0.95	1.01	1.01	1.06	1.06
Main Lane Plaza 3	Cash/ZipCash	1.00	1.00	1.20	1.20	1.28	1.28	1.35	1.35	1.43	1.43
	TollTag	0.70	0.70	0.80	0.80	0.85	0.85	0.90	0.90	0.95	0.95
Main Lane Plaza 4 (1)	Cash/ZipCash	1.30	1.30	2.15	2.12	2.24	2.24	2.37	2.37	2.49	2.49
	TollTag	1.05	1.05	1.41	1.41	1.49	1.49	1.58	1.58	1.66	1.66
Addison Airport Toll Tunnel:											
Mainlane Plaza	Cash/ZipCash	0.50	0.50	0.75	0.75	0.80	0.80	0.84	0.84	0.89	0.89
	TollTag	0.50	0.50	0.50	0.50	0.53	0.53	0.56	0.56	0.59	0.59
President George Bush Turnpike:											
Main Lane Plaza 5 (6)	ZipCash	-	-	-	-	2.28	2.28	2.42	2.42	2.55	2.55
	TollTag	-	-	-	-	1.52	1.52	1.61	1.61	1.70	1.70
Main Lane Plaza 6	Cash/ZipCash	1.00	1.00	1.50	1.50	1.58	1.58	1.67	1.67	1.76	1.76
	TollTag	0.70	0.70	1.00	1.00	1.05	1.05	1.11	1.11	1.17	1.17
Main Lane Plaza 7	Cash/ZipCash	1.00	1.00	1.62	1.62	1.71	1.71	1.80	1.80	1.91	1.91
	TollTag	0.70	0.70	1.08	1.08	1.14	1.14	1.20	1.20	1.27	1.27
Main Lane Plaza 8	Cash/ZipCash	1.00	1.00	1.50	1.50	1.59	1.59	1.68	1.68	1.77	1.77
	TollTag	0.70	0.70	1.00	1.00	1.06	1.06	1.12	1.12	1.18	1.18
Main Lane Plaza 9	Cash/ZipCash	1.00	1.00	1.20	1.20	1.26	1.26	1.34	1.34	1.41	1.41
	TollTag	0.70	0.70	0.80	0.80	0.84	0.84	0.89	0.89	0.94	0.94
Main Lane Plaza 10	Cash/ZipCash	1.00	1.00	0.69	0.69	0.74	0.74	0.77	0.77	0.81	0.81
	TollTag	0.70	0.70	0.46	0.46	0.49	0.49	0.51	0.51	0.54	0.54
Mountain Creek Lake Bridge:											
Mainlane Plaza	Cash/ZipCash	0.50	0.50	0.75	0.75	0.80	0.80	0.84	0.84	0.89	0.89
	TollTag	0.50	0.50	0.50	0.50	0.53	0.53	0.56	0.56	0.59	0.59
Sam Rayburn Tollway (SRT):											
Main Lane Gantry 1 (2) (5)	ZipCash	-	0.65	0.72	0.72	0.75	0.75	0.80	0.80	0.84	0.84
	TollTag	-	0.45	0.48	0.48	0.50	0.50	0.53	0.53	0.56	0.56
Main Lane Gantry 2 (2) (5)	ZipCash	-	1.71	1.86	1.86	1.95	1.95	2.07	2.07	2.19	2.19
	TollTag	-	1.18	1.24	1.24	1.30	1.30	1.38	1.38	1.46	1.46
Main Lane Gantry 3 (3) (5)	ZipCash	-	-	2.04	2.57	2.70	2.70	2.87	2.87	3.03	3.03
	TollTag	-	-	1.36	1.71	1.80	1.80	1.91	1.91	2.02	2.02
Lewisville Lake Toll Bridge:											
Mainlane Plaza (4)	ZipCash	-	-	1.50	1.50	1.59	1.59	1.68	1.68	1.77	1.77
	TollTag	-	-	1.00	1.00	1.06	1.06	1.12	1.12	1.18	1.18

(1) Main Lane Plaza 4 opened September 2007

(2) Main Lane Gantry 1 & 2 (ETC) on SRT; NTTA began collecting revenues on SRT on its own behalf on September 1, 2008

(3) Main Lane Plaza 3 on SRT opened September 2009

(4) Lewisville Lake Toll Bridge opened August 2009

(5) SRT mainlanes were extended to US 75 in December 2010

(6) PGBT EE mainlanes from SH 78 to IH 30 opened in December 2011

Note: The Authority has converted all the facilities in the system to All Electronic Toll Collection (All ETC).

Cash will no longer be accepted on NTTA facilities. Vehicles with no transponders will be billed through video tolling.

Toll rates are 17.06 cents per mile effective July 1, 2015

NORTH TEXAS TOLLWAY SYSTEM  
(An Enterprise Fund of the North Texas Tollway Authority)

Toll Rates  
Last Ten Fiscal Years  
(Unaudited)

Three-axle vehicle and vehicle combination	Roadway		Years											
			2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		
Dallas North Tollway:														
	Main Lane Plaza 1	Cash/ZipCash	\$1.20	\$1.20	\$2.00	\$3.78	\$4.00	\$4.00	\$4.20	\$4.20	\$4.44	\$4.44		
		TollTag	0.95	0.95	1.40	2.52	2.66	2.66	2.80	2.80	2.96	2.96		
<i>(all ETC, effective in Jan., 2007)</i>														
	Main Lane Plaza 2	Cash/ZipCash	1.20	2.00	2.00	2.70	2.86	2.86	3.04	3.04	3.18	3.18		
		TollTag	0.95	1.40	1.40	1.80	1.90	1.90	2.02	2.02	2.12	2.12		
	Main Lane Plaza 3	Cash/ZipCash	1.20	2.00	2.00	2.40	2.56	2.56	2.70	2.70	2.86	2.86		
		TollTag	0.95	1.40	1.40	1.60	1.70	1.70	1.80	1.80	1.90	1.90		
	Main Lane Plaza 4 (1)	Cash/ZipCash	-	2.60	2.60	4.30	4.48	4.48	4.74	4.74	4.98	4.98		
		TollTag	-	2.10	2.10	2.82	2.98	2.98	3.16	3.16	3.32	3.32		
Addison Airport Toll Tunnel:														
	Mainlane Plaza	Cash/ZipCash	0.50	0.50	0.50	1.50	1.60	1.60	1.68	1.68	1.78	1.78		
		TollTag	0.50	0.50	0.50	1.00	1.06	1.06	1.12	1.12	1.18	1.18		
President George Bush Turnpike:														
	Main Lane Plaza 5 (6)	ZipCash	-	-	-	-	-	4.56	4.84	4.84	5.10	5.10		
		TollTag	-	-	-	-	-	3.04	3.22	3.22	3.40	3.40		
	Main Lane Plaza 6	Cash/ZipCash	1.50	2.00	2.00	3.00	3.16	3.16	3.34	3.34	3.52	3.52		
		TollTag	1.20	1.40	1.40	2.00	2.10	2.10	2.22	2.22	2.34	2.34		
	Main Lane Plaza 7	Cash/ZipCash	1.50	2.00	2.00	3.24	3.42	3.42	3.60	3.60	3.82	3.82		
		TollTag	1.20	1.40	1.40	2.16	2.28	2.28	2.40	2.40	2.54	2.54		
	Main Lane Plaza 8	Cash/ZipCash	1.50	2.00	2.00	3.00	3.18	3.18	3.36	3.36	3.54	3.54		
		TollTag	1.20	1.40	1.40	2.00	2.12	2.12	2.24	2.24	2.36	2.36		
	Main Lane Plaza 9	Cash/ZipCash	1.50	2.00	2.00	2.40	2.52	2.52	2.68	2.68	2.82	2.82		
		TollTag	1.20	1.40	1.40	1.60	1.68	1.68	1.78	1.78	1.88	1.88		
	Main Lane Plaza 10	Cash/ZipCash	1.50	2.00	2.00	1.38	1.48	1.48	1.54	1.54	1.62	1.62		
		TollTag	1.20	1.40	1.40	0.92	0.98	0.98	1.02	1.02	1.08	1.08		
Mountain Creek Lake Bridge:														
	Mainlane Plaza	Cash/ZipCash	0.75	0.75	0.75	1.50	1.60	1.60	1.68	1.68	1.78	1.78		
		TollTag	0.75	0.75	0.75	1.00	1.06	1.06	1.12	1.12	1.18	1.18		
Sam Rayburn Tollway (SRT):														
	Main Lane Gantry 1 (2) (5)	ZipCash	-	-	1.30	1.44	1.50	1.50	1.60	1.60	1.68	1.68		
		TollTag	-	-	0.90	0.96	1.00	1.00	1.06	1.06	1.12	1.12		
	Main Lane Gantry 2 (2) (5)	ZipCash	-	-	3.42	3.72	3.90	3.90	4.14	4.14	4.38	4.38		
		TollTag	-	-	2.36	2.48	2.60	2.60	2.76	2.76	2.92	2.92		
	Main Lane Gantry 3 (3) (5)	ZipCash	-	-	-	4.08	5.40	5.40	5.74	5.74	6.06	6.06		
		TollTag	-	-	-	2.72	3.60	3.60	3.82	3.82	4.04	4.04		
Lewisville Lake Toll Bridge:														
	Mainlane Plaza (4)	ZipCash	-	-	-	3.00	3.18	3.18	3.36	3.36	3.54	3.54		
		TollTag	-	-	-	2.00	2.12	2.12	2.24	2.24	2.36	2.36		

(1) Main Lane Plaza 4 opened September 2007

(2) Main Lane Gantry 1 & 2 (ETC) on SRT; NTTA began collecting revenues on SRT on its own behalf on September 1, 2008

(3) Main Lane Plaza 3 on SRT opened September 2009

(4) Lewisville Lake Toll Bridge opened August 2009

(5) SRT mainlanes were extended to US 75 in December 2010

(6) PGBT EE mainlanes from SH 78 to IH 30 opened in December 2011

Note: The Authority has converted all the facilities in the system to All Electronic Toll Collection (All ETC).

Cash will no longer be accepted on NTTA facilities. Vehicles with no transponders will be billed through video tolling.

Toll rates are 17.06 cents per mile effective July 1, 2015

NORTH TEXAS TOLLWAY SYSTEM  
(An Enterprise Fund of the North Texas Tollway Authority)

Toll Rates  
Last Ten Fiscal Years  
(Unaudited)

Four-axle vehicle and vehicle combination Roadway		Years									
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Dallas North Tollway:</b>											
Main Lane Plaza 1	Cash/ZipCash	\$1.50	\$1.50	\$3.00	\$5.67	\$6.00	\$6.00	\$6.30	\$6.30	\$6.66	\$6.66
	TollTag	1.20	1.20	2.10	3.78	3.78	3.99	4.20	4.20	4.44	4.44
<i>(all ETC, effective in Jan., 2007)</i>											
Main Lane Plaza 2	Cash/ZipCash	1.50	3.00	3.00	4.05	4.05	4.29	4.56	4.56	4.77	4.77
	TollTag	1.20	2.10	2.10	2.70	2.70	2.85	3.03	3.03	3.18	3.18
Main Lane Plaza 3	Cash/ZipCash	1.50	3.00	3.00	3.60	3.60	3.84	4.05	4.05	4.29	4.29
	TollTag	1.20	2.10	2.10	2.40	2.40	2.55	2.70	2.70	2.85	2.85
Main Lane Plaza 4 (1)	Cash/ZipCash	-	3.90	3.90	6.45	6.72	6.72	7.11	7.11	7.47	7.47
	TollTag	-	3.15	3.15	4.23	4.23	4.47	4.74	4.74	4.98	4.98
<b>Addison Airport Toll Tunnel:</b>											
Mainlane Plaza	Cash/ZipCash	0.50	0.50	0.50	2.25	2.25	2.40	2.52	2.52	2.67	2.67
	TollTag	0.50	0.50	0.50	1.50	1.50	1.59	1.68	1.68	1.77	1.77
<b>President George Bush Turnpike:</b>											
Main Lane Plaza 5 (6)	ZipCash	-	-	-	-	-	6.84	7.26	7.26	7.65	7.65
	TollTag	-	-	-	-	-	4.56	4.83	4.83	5.10	5.10
Main Lane Plaza 6	Cash/ZipCash	2.25	3.00	3.00	4.50	4.50	4.74	5.01	5.01	5.28	5.28
	TollTag	1.80	2.10	2.10	3.00	3.00	3.15	3.33	3.33	3.51	3.51
Main Lane Plaza 7	Cash/ZipCash	2.25	3.00	3.00	4.86	4.86	5.13	5.40	5.40	5.73	5.73
	TollTag	1.80	2.10	2.10	3.24	3.24	3.42	3.60	3.60	3.81	3.81
Main Lane Plaza 8	Cash/ZipCash	2.25	3.00	3.00	4.50	4.50	4.77	5.04	5.04	5.31	5.31
	TollTag	1.80	2.10	2.10	3.00	3.00	3.18	3.36	3.36	3.54	3.54
Main Lane Plaza 9	Cash/ZipCash	2.25	3.00	3.00	3.60	3.60	3.78	4.02	4.02	4.23	4.23
	TollTag	1.80	2.10	2.10	2.40	2.40	2.52	2.67	2.67	2.82	2.82
Main Lane Plaza 10	Cash/ZipCash	2.25	3.00	3.00	2.07	2.22	2.22	2.31	2.31	2.43	2.43
	TollTag	1.80	2.10	2.10	1.38	1.47	1.47	1.53	1.53	1.62	1.62
<b>Mountain Creek Lake Bridge:</b>											
Mainlane Plaza	Cash/ZipCash	1.00	1.00	1.00	2.25	2.25	2.40	2.52	2.52	2.67	2.67
	TollTag	1.00	1.00	1.00	1.50	1.50	1.59	1.68	1.68	1.77	1.77
<b>Sam Rayburn Tollway (SRT):</b>											
Main Lane Gantry 1 (2) (5)	ZipCash	-	-	1.95	2.16	2.25	2.25	2.40	2.40	2.52	2.52
	TollTag	-	-	1.35	1.44	1.50	1.50	1.59	1.29	1.68	1.68
Main Lane Gantry 2 (2) (5)	ZipCash	-	-	5.13	5.58	5.85	5.85	6.21	6.21	6.57	6.57
	TollTag	-	-	3.54	3.72	3.90	3.90	4.14	4.14	4.38	4.38
Main Lane Gantry 3 (3) (5)	ZipCash	-	-	-	6.12	8.10	8.10	8.61	8.61	9.09	9.09
	TollTag	-	-	-	4.08	5.40	5.40	5.73	5.73	6.06	6.06
<b>Lewisville Lake Toll Bridge:</b>											
Mainlane Plaza (4)	ZipCash	-	-	-	4.50	4.77	4.77	5.04	5.04	5.31	5.31
	TollTag	-	-	-	3.00	3.18	3.18	3.36	3.36	3.54	3.54

(1) Main Lane Plaza 4 opened September 2007

(2) Main Lane Gantry 1 & 2 (ETC) on SRT; NTTA began collecting revenues on SRT on its own behalf on September 1, 2008

(3) Main Lane Plaza 3 on SRT opened September 2009

(4) Lewisville Lake Toll Bridge opened August 2009

(5) SRT mainlanes were extended to US 75 in December 2010

(6) PGBT EE mainlanes from SH 78 to IH 30 opened in December 2011

Note: The Authority has converted all the facilities in the system to All Electronic Toll Collection (All ETC).

Cash will no longer be accepted on NTTA facilities. Vehicles with no transponders will be billed through video tolling.

Toll rates are 17.06 cents per mile effective July 1, 2015

NORTH TEXAS TOLLWAY SYSTEM  
(An Enterprise Fund of the North Texas Tollway Authority)

Toll Rates  
Last Ten Fiscal Years  
(Unaudited)

Five-axle vehicle and vehicle combination	Roadway		Years									
			2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Dallas North Tollway:												
	Main Lane Plaza 1	Cash/ZipCash	\$1.80	\$1.80	\$4.00	\$7.56	\$8.00	\$8.00	\$8.40	\$8.40	\$8.88	\$8.88
		TollTag	1.45	1.45	2.80	5.04	5.04	5.32	5.60	5.60	5.92	5.92
<i>(all ETC, effective in Jan., 2007)</i>												
	Main Lane Plaza 2	Cash/ZipCash	1.80	4.00	4.00	5.40	5.40	5.72	6.08	6.08	6.36	6.36
		TollTag	1.45	2.80	2.80	3.60	3.60	3.80	4.04	4.04	4.24	4.24
	Main Lane Plaza 3	Cash/ZipCash	1.80	4.00	4.00	4.80	4.80	5.12	5.40	5.40	5.72	5.72
		TollTag	1.45	2.80	2.80	3.20	3.20	3.40	3.60	3.60	3.80	3.80
	Main Lane Plaza 4 (1)	Cash/ZipCash	-	5.20	5.20	8.60	8.96	8.96	9.48	9.48	9.96	9.96
		TollTag	-	4.20	4.20	5.64	5.96	5.96	6.32	6.32	6.64	6.64
Addison Airport Toll Tunnel:												
	Mainlane Plaza	Cash/ZipCash	0.50	0.50	0.50	3.00	3.00	3.20	3.36	3.36	3.56	3.56
		TollTag	0.50	0.50	0.50	2.00	2.00	2.12	2.24	2.24	2.36	2.36
President George Bush Turnpike:												
	Main Lane Plaza 5 (6)	ZipCash	-	-	-	-	-	9.12	9.68	9.68	10.20	10.20
		TollTag	-	-	-	-	-	6.08	6.44	6.44	6.80	6.80
	Main Lane Plaza 6	Cash/ZipCash	3.00	4.00	4.00	6.00	6.00	6.32	6.68	6.68	7.04	7.04
		TollTag	2.40	2.80	2.80	4.00	4.00	4.20	4.44	4.44	4.68	4.68
	Main Lane Plaza 7	Cash/ZipCash	3.00	4.00	4.00	6.48	6.48	6.84	7.20	7.20	7.64	7.64
		TollTag	2.40	2.80	2.80	4.32	4.32	4.56	4.80	4.80	5.08	5.08
	Main Lane Plaza 8	Cash/ZipCash	3.00	4.00	4.00	6.00	6.00	6.36	6.72	6.72	7.08	7.08
		TollTag	2.40	2.80	2.80	4.00	4.00	4.24	4.48	4.48	4.72	4.72
	Main Lane Plaza 9	Cash/ZipCash	3.00	4.00	4.00	4.80	4.80	5.04	5.36	5.36	5.64	5.64
		TollTag	2.40	2.80	2.80	3.20	3.20	3.36	3.56	3.56	3.76	3.76
	Main Lane Plaza 10	Cash/ZipCash	3.00	4.00	4.00	2.76	2.96	2.96	3.08	3.08	3.24	3.24
		TollTag	2.40	2.80	2.80	1.84	1.96	1.96	2.04	2.04	2.16	2.16
Mountain Creek Lake Bridge:												
	Mainlane Plaza	Cash/ZipCash	1.25	1.25	1.25	3.00	3.00	3.20	3.36	3.36	3.56	3.56
		TollTag	1.25	1.25	1.25	2.00	2.00	2.12	2.24	2.24	2.36	2.36
Sam Rayburn Tollway (SRT):												
	Main Lane Gantry 1 (2) (5)	ZipCash	-	-	2.60	2.88	3.00	3.00	3.20	3.20	3.36	3.36
		TollTag	-	-	1.80	1.92	2.00	2.00	2.12	2.12	2.24	2.24
	Main Lane Gantry 2 (2) (5)	ZipCash	-	-	6.84	7.44	7.80	7.80	8.28	8.28	8.76	8.76
		TollTag	-	-	4.72	4.96	5.20	5.20	5.52	5.52	5.84	5.84
	Main Lane Gantry 3 (3) (5)	ZipCash	-	-	-	8.16	10.80	10.80	11.48	11.48	12.12	12.12
		TollTag	-	-	-	5.44	7.20	7.20	7.64	7.64	8.08	8.08
Lewisville Lake Toll Bridge:												
	Mainlane Plaza (4)	ZipCash	-	-	-	6.00	6.36	6.36	6.72	6.72	7.08	7.08
		TollTag	-	-	-	4.00	4.24	4.24	4.48	4.48	4.72	4.72

(1) Main Lane Plaza 4 opened September 2007

(2) Main Lane Gantry 1 & 2 (ETC) on SRT; NTTA began collecting revenues on SRT on its own behalf on September 1, 2008

(3) Main Lane Plaza 3 on SRT opened September 2009

(4) Lewisville Lake Toll Bridge opened August 2009

(5) SRT mainlanes were extended to US 75 in December 2010

(6) PGBT EE mainlanes from SH 78 to IH 30 opened in December 2011

Note: The Authority has converted all the facilities in the system to All Electronic Toll Collection (All ETC).

Cash will no longer be accepted on NTTA facilities. Vehicles with no transponders will be billed through video tolling.

Toll rates are 17.06 cents per mile effective July 1, 2015

NORTH TEXAS TOLLWAY SYSTEM  
(An Enterprise Fund of the North Texas Tollway Authority)

Toll Rates  
Last Ten Fiscal Years  
(Unaudited)

Six or more-axle vehicle and vehicle combination	Roadway		Years									
			2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Dallas North Tollway:												
Main Lane Plaza 1	Cash/ZipCash		\$2.10	\$2.10	\$5.00	\$9.45	\$10.00	\$10.00	\$10.50	\$10.50	\$11.10	\$11.10
	TollTag		1.70	1.70	3.50	6.30	6.30	6.65	7.00	7.00	7.40	7.40
<i>(all ETC, effective in Jan., 2007)</i>												
Main Lane Plaza 2	Cash/ZipCash		2.10	5.00	5.00	6.75	6.75	7.15	7.60	7.60	7.95	7.95
	TollTag		1.70	3.50	3.50	4.50	4.50	4.75	5.05	5.05	5.30	5.30
Main Lane Plaza 3	Cash/ZipCash		2.10	5.00	5.00	6.00	6.00	6.40	6.75	6.75	7.15	7.15
	TollTag		1.70	3.50	3.50	4.00	4.00	4.25	4.50	4.50	4.75	4.75
Main Lane Plaza 4 (1)	Cash/ZipCash		-	6.50	6.50	10.75	11.20	11.20	11.85	11.85	12.45	12.45
	TollTag		-	5.25	5.25	7.05	7.05	7.45	7.90	8.20	8.80	8.80
Addison Airport Toll Tunnel:												
Mainlane Plaza	Cash/ZipCash		0.50	0.50	0.50	3.75	3.75	4.00	4.20	4.20	4.45	4.45
	TollTag		0.50	0.50	0.50	2.50	2.50	2.65	2.80	2.80	2.95	2.95
President George Bush Turnpike:												
Main Lane Plaza 5 (6)	ZipCash		-	-	-	-	-	11.40	12.10	12.10	12.75	12.75
	TollTag		-	-	-	-	-	7.60	8.05	8.05	8.50	8.50
Main Lane Plaza 6	Cash/ZipCash		3.75	5.00	5.00	7.50	7.50	7.90	8.35	8.35	8.80	8.80
	TollTag		3.00	3.50	3.50	5.00	5.00	5.25	5.55	5.55	5.85	5.85
Main Lane Plaza 7	Cash/ZipCash		3.75	5.00	5.00	8.10	8.10	8.55	9.00	9.00	9.55	9.55
	TollTag		3.00	3.50	3.50	5.40	5.40	5.70	6.00	6.00	6.35	6.35
Main Lane Plaza 8	Cash/ZipCash		3.75	5.00	5.00	7.50	7.50	7.95	8.40	8.40	8.85	8.85
	TollTag		3.00	3.50	3.50	5.00	5.00	5.30	5.60	5.60	5.90	5.90
Main Lane Plaza 9	Cash/ZipCash		3.75	5.00	5.00	6.00	6.00	6.30	6.70	6.70	7.05	7.05
	TollTag		3.00	3.50	3.50	4.00	4.00	4.20	4.45	4.45	4.70	4.70
Main Lane Plaza 10	Cash/ZipCash		3.75	5.00	5.00	3.45	3.70	3.70	3.85	3.85	4.05	4.05
	TollTag		3.00	3.50	3.50	2.30	2.45	2.45	2.55	2.55	2.70	2.70
Mountain Creek Lake Bridge:												
Mainlane Plaza	Cash/ZipCash		1.50	1.50	1.50	3.75	3.75	4.00	4.20	4.20	4.45	4.45
	TollTag		1.50	1.50	1.50	2.50	2.50	2.65	2.80	2.80	2.95	2.95
Sam Rayburn Tollway (SRT):												
Main Lane Gantry 1 (2) (5)	ZipCash		-	-	3.25	3.60	3.75	3.75	4.00	4.00	4.20	4.20
	TollTag		-	-	2.25	2.40	2.50	2.50	2.65	2.65	2.80	2.80
Main Lane Gantry 2 (2) (5)	ZipCash		-	-	8.55	9.30	9.75	9.75	10.35	10.35	10.95	10.95
	TollTag		-	-	5.90	6.20	6.50	6.50	6.90	6.90	7.30	7.30
Main Lane Gantry 3 (3) (5)	ZipCash		-	-	-	10.20	13.50	13.50	14.35	14.35	15.15	15.15
	TollTag		-	-	-	6.80	9.00	9.00	9.55	9.55	10.10	10.10
Lewisville Lake Toll Bridge:												
Mainlane Plaza (4)	ZipCash		-	-	-	7.50	7.95	7.95	8.40	8.40	8.85	8.85
	TollTag		-	-	-	5.00	5.30	5.30	5.60	5.60	5.90	5.90

(1) Main Lane Plaza 4 opened September 2007

(2) Main Lane Gantry 1 & 2 (ETC) on SRT; NTTA began collecting revenues on SRT on its own behalf on September 1, 2008

(3) Main Lane Plaza 3 on SRT opened September 2009

(4) Lewisville Lake Toll Bridge opened August 2009

(5) SRT mainlanes were extended to US 75 in December 2010

(6) PGBT EE mainlanes from SH 78 to IH 30 opened in December 2011

Note: The Authority has converted all the facilities in the system to All Electronic Toll Collection (All ETC).

Cash will no longer be accepted on NTTA facilities. Vehicles with no transponders will be billed through video tolling.

Toll rates are 17.06 cents per mile effective July 1, 2015

NORTH TEXAS TOLLWAY SYSTEM  
 (An Enterprise Fund of the North Texas Tollway Authority)  
 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 Revenue Vehicle Toll Transactions(1)	Debt Per Transactions	Debt Per Capita(2)
2007	\$1,368,550,000	\$3,487,245,000	\$ 75,000,000	\$ 135,000,000	\$ 4,600,000	\$5,070,395,000	383,481,098	13.22	\$ 931
2008	6,150,814,166	-	89,700,000	135,000,000	4,600,000	6,380,114,166	412,272,003	15.48	1,140
2009	7,122,390,015	-	5,200,000	146,609,022	4,600,000	7,278,799,037	455,546,197	15.98	1,283
2010	7,543,021,558	-	119,200,000	142,857,298	-	7,805,078,856	481,913,338	16.20	1,392
2011	7,555,401,914	-	56,300,000	140,607,304	-	7,752,309,218	513,454,344	15.10	1,371
2012	7,556,400,009	-	38,300,000	138,262,812	-	7,732,962,821	585,051,845	13.22	1,353
2013	7,588,629,243	-	-	136,069,850	-	7,724,699,093	610,129,737	12.66	1,322
2014	7,648,188,182	-	-	133,784,783	-	7,781,972,965	644,669,523	12.07	1,301
2015	7,708,916,451	-	-	131,403,745	-	7,840,320,196	676,484,779	11.59	1,286
2016	7,638,205,794	-	-	128,922,702	-	7,767,128,496	703,094,602	11.05	1,236

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 72.

(2) See table of Demographic Data on page 82.



NORTH TEXAS TOLLWAY SYSTEM  
 (An Enterprise Fund of the North Texas Tollway Authority)  
 Ratio of Revenue-backed Debt Outstanding  
 Business-Type Activities  
 Last Ten Fiscal Years  
 (Unaudited)

Year	Revenue Bonds	Bond Anticipation Notes	Less: amounts Available in			Total Debt Amount	Annual Toll Revenues(1)	Debt Per Annual Toll Revenue	
			Bond Redemption Account	Commercial Paper Notes Payable	Texas Department of Transportation ISTEA Loan			Toll Revenue	Debt Per Capita(2)
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	926
2008	6,150,814,166	-	(34,110,000)	89,700,000	135,000,000	6,341,404,166	240,776,791	26	1,133
2009	7,122,390,015	-	(32,170,000)	5,200,000	146,609,022	7,242,029,037	290,404,547	25	1,277
2010	7,543,021,558	-	(29,685,000)	119,200,000	142,857,298	7,775,393,856	366,597,323	21	1,387
2011	7,555,401,914	-	(27,980,000)	56,300,000	140,607,304	7,724,329,218	402,569,534	19	1,366
2012	7,556,400,009	-	(16,605,000)	38,300,000	138,262,812	7,716,357,821	485,463,608	16	1,351
2013	7,588,629,243	-	-	-	136,069,850	7,724,699,093	525,458,723	15	1,322
2014	7,648,188,182	-	-	-	133,784,783	7,781,972,965	580,045,215	13	1,301
2015	7,708,916,451	-	-	-	131,403,745	7,840,320,196	617,488,044	13	1,286
2016	7,638,205,794	-	-	-	128,922,702	7,767,128,496	665,212,316	12	1,236

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 72.

(2) See table of Demographic Data on page 82.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
Schedule of Pro Forma Debt Service Requirements  
For the years 2016-2047  
(Unaudited)

FYE (12/31) <sup>(1)(2)</sup>	Outstanding First Tier Net Debt Service <sup>(3)(4)(5)(6)</sup>	Outstanding Second Tier Net Debt Service <sup>(7)</sup>	Outstanding ISTE A Loan Debt Service	Outstanding Subordinate Lien Debt Service <sup>(8)</sup>	Total Net Debt Service
2016	\$ 307,025,780	\$ 56,476,856	\$ 8,000,000	\$ 24,066,796	\$ 395,569,432
2017	315,307,983	56,565,700	9,000,000	24,077,160	404,950,843
2018	363,341,024	56,563,900	10,500,000	24,077,160	454,482,084
2019	368,845,590	56,566,150	12,250,000	54,502,160	492,163,900
2020	385,062,607	56,564,650	15,322,396	54,500,597	511,450,250
2021	409,936,091	56,563,650	15,322,396	54,505,285	536,327,422
2022	409,801,768	56,567,150	15,322,396	54,484,545	536,175,859
2023	418,635,545	56,563,900	15,322,396	54,379,631	544,901,472
2024	428,968,877	56,563,150	15,322,396	54,271,792	555,126,215
2025	449,481,270	56,563,650	15,322,396	54,153,903	575,521,219
2026	449,608,087	56,564,150	15,322,396	54,028,825	575,523,458
2027	451,150,536	55,148,400	15,322,396	53,898,798	575,520,130
2028	460,940,706	45,490,900	15,322,396	53,765,498	575,519,500
2029	434,592,629	140,925,900	-	-	575,518,529
2030	380,406,599	195,109,588	-	-	575,516,187
2031	377,276,130	198,238,900	-	-	575,515,030
2032	417,384,054	158,133,650	-	-	575,517,704
2033	428,975,149	146,541,650	-	-	575,516,799
2034	487,149,667	88,366,650	-	-	575,516,317
2035	515,847,080	59,669,900	-	-	575,516,980
2036	534,181,203	41,333,200	-	-	575,514,403
2037	573,942,274	1,574,224	-	-	575,516,498
2038	437,207,130	-	-	-	437,207,130
2039	437,917,480	-	-	-	437,917,480
2040	437,927,067	-	-	-	437,927,067
2041	437,931,732	-	-	-	437,931,732
2042	437,938,651	-	-	-	437,938,651
2043	194,945,699	-	-	-	194,945,699
2044	194,550,758	-	-	-	194,550,758
2045	157,554,323	-	-	-	157,554,323
2046	157,697,044	-	-	-	157,697,044
2047	77,422,477	-	-	-	77,422,477
	<b>\$ 12,338,953,010</b>	<b>\$ 1,752,655,868</b>	<b>\$ 177,651,564</b>	<b>\$ 614,712,150</b>	<b>\$ 14,883,972,592</b>

<sup>(1)</sup>Excludes any payments to be made into the Reserve Maintenance Fund ("RMF") under the Trust Agreement. Payments made into the RMF are made after debt service on the First, Second, and Third Tier Bonds but prior to debt service on the ISTE A Loan and the Subordinate Lien Bonds. See "SCHEDULE OF ESTIMATED TOLL REVENUES, EXPENSES, OTHER INCOME AND ESTIMATED DEBT SERVICE COVERAGE RATIO" for estimated deposits to the RMF. Additionally, excludes debt that has been or is expected to be incurred under the SPS Trust Agreement payable from revenues of the Special Projects System.

<sup>(2)</sup>For all Bonds other than the Subordinate Lien Bonds, Fiscal Year debt service includes debt service on the following January 1 (i.e. Fiscal Year 2016 includes debt service on January 1, 2017). With respect to the Subordinate Lien Bonds, Fiscal Year debt service in each year included the required deposit to the CIF Bond Payment Account on January 1 of the following year for the Subordinate Lien Bonds debt service due on August 1 of that year and February 1 of the next succeeding year (e.g. Fiscal Year 2016 includes debt service on August 1, 2017, and February 1, 2018).

<sup>(3)</sup>Net of direct subsidy related to the Series 2009B Bonds issued as Build America Bonds. The federal subsidy for each year through final maturity is assumed to be reduced by 6.9% (the sequestration rate currently in effect) due to automatic federal deficit reduction spending cuts known as "sequestration." Sequestration affects certain federally funded programs, including the federal subsidy payable to NTTA with respect to the Series 2009B Bonds.

<sup>(4)</sup> Assumes the Series 2012C Bonds are remarketed to a fixed rate of 5.00% on the January 1, 2019, mandatory tender date. Assumes the 2009D Bonds are associated with existing interest rate exchange agreements and the interest rate thereon is synthetically fixed with two interest rate exchange agreements, one with a notional amount of approximately \$84.06 million with a swap rate of 3.673% and one with a notional amount of approximately \$94.23 million with a swap rate of 3.533%. The interest rate exchange agreements amortize in 2019 to 2025. Any unhedged variable rate Series 2009D Bonds are assumed to bear interest at a rate of 5.00% inclusive of liquidity and remarketing costs. Assumes the Series 2011A Bonds bear interest at a rate of 2.00% and are remarketed to a fixed rate of 5.00% on the January 1, 2019 mandatory tender date. Assumes the Series 2014C Bonds bear interest at 1.83% to the January 1, 2020 mandatory tender date and are remarketed into variable rate mode and bear interest at 3.00% thereafter.

<sup>(5)</sup>Excludes debt service on the Refunded Bonds.

<sup>(6)</sup> Debt Service in years 2047-2051 is net of cash balance in the First Tier Reserve Account that is required by the terms of the Trust Agreement to be used to retire the last maturities of the outstanding First Tier Bonds.

<sup>(7)</sup>Debt service in Fiscal Year 2030 is net of cash balances in the 2014 Second Tier Reserve Subaccount that is required by the terms of the Trust Agreement to be used to retire the last maturities of the outstanding Series 2014B Bonds. Debt service in Fiscal Year 2037 is net of cash balance in the Series 2015 Second Tier Reserve Subaccount that is permitted by the terms of the Trust Agreement to be used to retire the last maturities of the

<sup>(8)</sup>Net of direct subsidy related to the Series 2010B Bonds issued as Build America Bonds. The federal subsidy for each year through final maturity is assumed to be reduced by 6.9% (the sequestration rate currently in effect) due to automatic federal deficit reduction spending cuts known as "sequestration." Sequestration affects certain federally funded programs, including the federal subsidy payable to NTTA with respect to the Series 2010B Bonds.

**NORTH TEXAS TOLLWAY SYSTEM**  
 (An Enterprise Fund of the North Texas Tollway Authority)  
 Schedule of Estimated Toll Revenues, Expenses, Other Income and Estimated Debt Service Coverage Ratio  
 For the years 2016-2051  
 (Unaudited)

FYE (12/31) <sup>(1)</sup>	Estimated Toll Revenues <sup>(2)</sup>	Estimated Other Revenues <sup>(3)</sup>	Estimated Expenses <sup>(4)</sup>	Estimated Net Revenue	Estimated Deposit to RMF <sup>(5)</sup>	Estimated Debt Service on all Debt <sup>(6)(7)</sup>	Estimated Coverage on 1st Tier Debt <sup>(7)(8)</sup>	Estimated Coverage on 1st & 2nd Tier Debt <sup>(7)(9)</sup>	Estimated Coverage on all Debt and RMF Deposits
2016	\$ 665,212,316	\$ 43,467,901	\$ 131,310,220	\$ 577,369,997	\$ 19,890,127	\$ 395,569,432	1.88x	1.59x	1.39x
2017	706,893,400	31,154,085	133,728,003	604,319,482	32,796,968	404,950,843	1.92x	1.63x	1.38x
2018	742,062,400	32,454,912	147,425,777	627,091,535	12,732,929	454,482,084	1.73x	1.49x	1.34x
2019	776,227,300	32,449,118	151,387,550	657,288,868	29,408,805	492,163,900	1.78x	1.55x	1.26x
2020	812,389,600	35,797,789	155,929,177	692,258,212	27,314,063	511,450,250	1.80x	1.57x	1.28x
2021	852,719,400	35,839,842	160,607,052	727,952,190	36,565,464	536,327,422	1.78x	1.56x	1.27x
2022	894,291,900	35,906,294	165,425,264	764,772,930	18,730,204	536,175,859	1.87x	1.64x	1.38x
2023	935,491,400	36,009,138	170,388,022	801,112,516	48,546,781	544,901,472	1.91x	1.69x	1.35x
2024	979,229,100	36,105,372	175,499,663	839,834,809	33,983,754	555,126,215	1.96x	1.73x	1.43x
2025	1,024,801,600	38,906,905	180,764,652	882,943,853	30,540,930	575,521,219	1.96x	1.74x	1.46x
2026	1,073,729,100	39,023,131	186,187,592	926,564,639	111,236,612	575,523,458	2.06x	1.83x	1.35x
2027	1,119,597,000	39,145,401	191,773,220	966,969,181	145,580,013	575,520,130	2.14x	1.91x	1.34x
2028	1,168,128,300	39,293,868	197,526,416	1,009,895,752	119,391,937	575,519,500	2.19x	1.99x	1.45x
2029	1,217,449,300	39,318,725	203,452,209	1,053,315,816	115,352,846	575,518,529	2.42x	1.83x	1.52x
2030	1,270,343,900	47,733,743	209,555,775	1,108,521,868	106,864,252	575,516,187	2.91x	1.93x	1.62x
2031	1,324,598,900	47,925,567	215,842,448	1,156,682,019	118,920,994	575,515,030	3.07x	2.01x	1.67x
2032	1,382,513,400	48,123,795	222,317,722	1,208,319,473	156,878,022	575,517,704	2.89x	2.10x	1.65x
2033	1,441,580,700	48,269,117	228,987,254	1,260,862,563	42,170,715	575,516,799	2.94x	2.19x	2.04x
2034	1,504,319,400	48,391,282	235,856,871	1,316,853,811	310,138,431	575,516,317	2.70x	2.29x	1.49x
2035	1,569,642,700	48,333,021	242,932,577	1,375,043,144	65,809,253	575,516,980	2.67x	2.39x	2.14x
2036	1,639,307,800	48,231,943	250,220,555	1,437,319,188	186,727,369	575,514,403	2.69x	2.50x	1.89x
2037	1,706,295,500	48,042,715	257,727,171	1,496,611,044	139,575,006	575,516,498	2.61x	2.60x	2.09x
2038	1,773,278,300	44,782,688	265,458,986	1,552,602,002	65,317,515	437,207,130	3.55x	3.55x	3.09x
2039	1,841,942,100	44,895,468	273,422,756	1,613,414,812	211,894,078	437,917,480	3.68x	3.68x	2.48x
2040	1,914,186,000	57,295,601	281,625,439	1,689,856,162	63,671,811	437,927,067	3.86x	3.86x	3.37x
2041	1,987,308,100	56,903,621	290,074,202	1,754,137,519	383,055,896	437,931,732	4.01x	4.01x	2.14x
2042	2,064,552,000	56,339,362	298,776,428	1,822,114,934	116,666,187	437,938,651	4.16x	4.16x	3.29x
2043	2,145,040,400	55,547,075	307,739,721	1,892,847,754	181,510,583	194,945,699	9.71x	9.71x	5.03x
2044	2,230,508,300	55,711,799	316,971,912	1,969,248,187	174,863,607	194,550,758	10.12x	10.12x	5.33x
2045	2,316,447,700	55,856,417	326,481,070	2,045,823,047	81,239,851	157,554,323	12.98x	12.98x	8.57x
2046	2,404,988,500	55,931,798	336,275,502	2,124,644,796	296,443,463	157,697,044	13.47x	13.47x	4.68x
2047	2,495,595,900	55,905,519	346,363,767	2,205,137,652	104,299,487	77,422,477	28.48x	28.48x	12.13x
2048	2,591,118,900	54,956,798	356,754,680	2,289,321,018	466,293,181	-	-	-	-
2049	2,688,633,500	53,055,684	367,457,320	2,374,231,864	130,975,762	-	-	-	-
2050	2,791,693,000	51,781,879	378,481,040	2,464,993,839	238,975,268	-	-	-	-
2051	2,892,547,800	48,606,095	389,835,471	2,551,318,424	204,947,223	-	-	-	-
	<b>\$ 56,944,664,916</b>	<b>\$ 1,647,493,468</b>	<b>\$ 8,750,563,482</b>	<b>\$ 49,841,594,902</b>	<b>\$ 4,629,309,386</b>	<b>\$ 14,883,972,592</b>			

<sup>(1)</sup>For all Bonds other than the Subordinate Lien Bonds, Fiscal Year debt service includes debt service on the following January 1 (i.e. Fiscal Year 2016 includes debt service on January 1, 2017). With respect to the Subordinate Lien Bonds, Fiscal Year debt service in each year included the required deposit to the CIF Bond Payment Account on January 1 of the following year for the Subordinate Lien Bonds debt service due on August 1 of that year and February 1 of the next succeeding year (e.g. Fiscal Year 2016 includes debt service on August 1, 2017, and February 1, 2018).

<sup>(2)</sup>Estimated toll revenues are provided by CDM Smith, the Traffic Engineers for the NTTA System. Estimated revenues are projected at levels to be actually collected in each year (i.e. cash basis). Historical toll revenues and historical debt service coverage are reported by NTTA on accrual based revenues as recognized under Generally Accepted Accounting Principles.

<sup>(3)</sup>Estimated "Other Revenues" are provided by NTTA and include interest earnings, video tolling administrative fees and other charges.

<sup>(4)</sup>Estimated expenses are net of inter-fund transfers and are provided by Atkins North America, the Consulting Engineers for the NTTA System.

<sup>(5)</sup>Deposits to the RMF are estimated by NTTA based on the current cash balance in the RMF and expenses to be paid out of the RMF are estimated by Atkins North America, the Consulting Engineers for the NTTA System.

<sup>(6)</sup> See column F of the table heading under the caption "Schedule of PRO FORMA DEBT SERVICE REQUIREMENTS".

<sup>(7)</sup> See "Schedule of PRO FORMA DEBT SERVICE REQUIREMENTS" and related notes for information regarding assumptions included in the estimates.

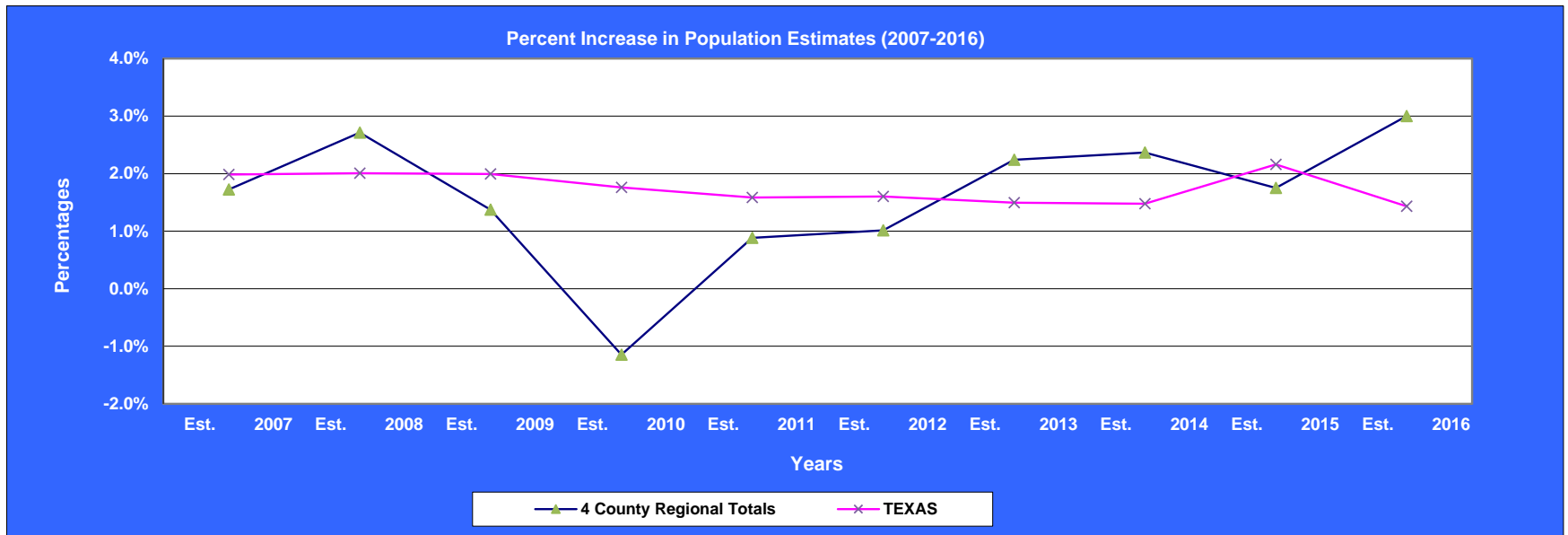
<sup>(8)</sup>See column A and B of the table under the caption "Schedule of PRO FORMA DEBT SERVICE REQUIREMENTS" for totals of net debt service for all First Tier Debt.

<sup>(9)</sup>See columns A-C of the table under the caption "Schedule of PRO FORMA DEBT SERVICE REQUIREMENTS" for totals of debt service for all First Tier and Second Tier Debt.

NORTH TEXAS TOLLWAY SYSTEM  
 (An Enterprise Fund of the North Texas Tollway Authority)  
 Demographic Data-Combined Four County Region and State of Texas Population Estimated Data  
 For Years 2007-2016  
 (Unaudited)

Year	COLLIN	DALLAS	DENTON	TARRANT	Est. Four County Regional Totals	Estimated Texas Totals	Four County Percentage Change (From Prior Years)	Texas Percentage Change (From Prior Years)
Est. 2007	724,900	2,417,650	559,350	1,745,050	5,446,950	23,891,000	1.73%	1.98%
Est. 2008	748,050	2,451,800	614,650	1,780,150	5,594,650	24,371,000	2.71%	2.01%
Est. 2009	764,500	2,471,000	628,300	1,807,750	5,671,550	24,857,000	1.37%	1.99%
Est. 2010	791,631	2,368,139	637,750	1,809,034	5,606,554	25,294,000	-1.15%	1.76%
Est. 2011	801,740	2,373,870	662,614	1,817,840	5,656,064	25,695,000	0.88%	1.59%
Est. 2012	813,133	2,385,990	683,010	1,831,230	5,713,363	26,107,000	1.01%	1.60%
Est. 2013	834,642	2,453,843	694,050	1,858,921	5,841,456	26,497,000	2.24%	1.49%
Est. 2014	854,778	2,480,331	713,200	1,931,335	5,979,644	26,889,000	2.37%	1.48%
Est. 2015	885,241	2,519,000	734,940	1,959,449	6,098,630	27,469,114	1.75%	2.16%
Est. 2016	939,585	2,553,385	806,180	1,982,498	6,281,648	27,862,596	3.00%	1.43%
<b>Increase Total from Year 2007 to Year 2016</b>	<b>214,685</b>	<b>135,735</b>	<b>246,830</b>	<b>237,448</b>	<b>834,698</b>	<b>3,971,596</b>		

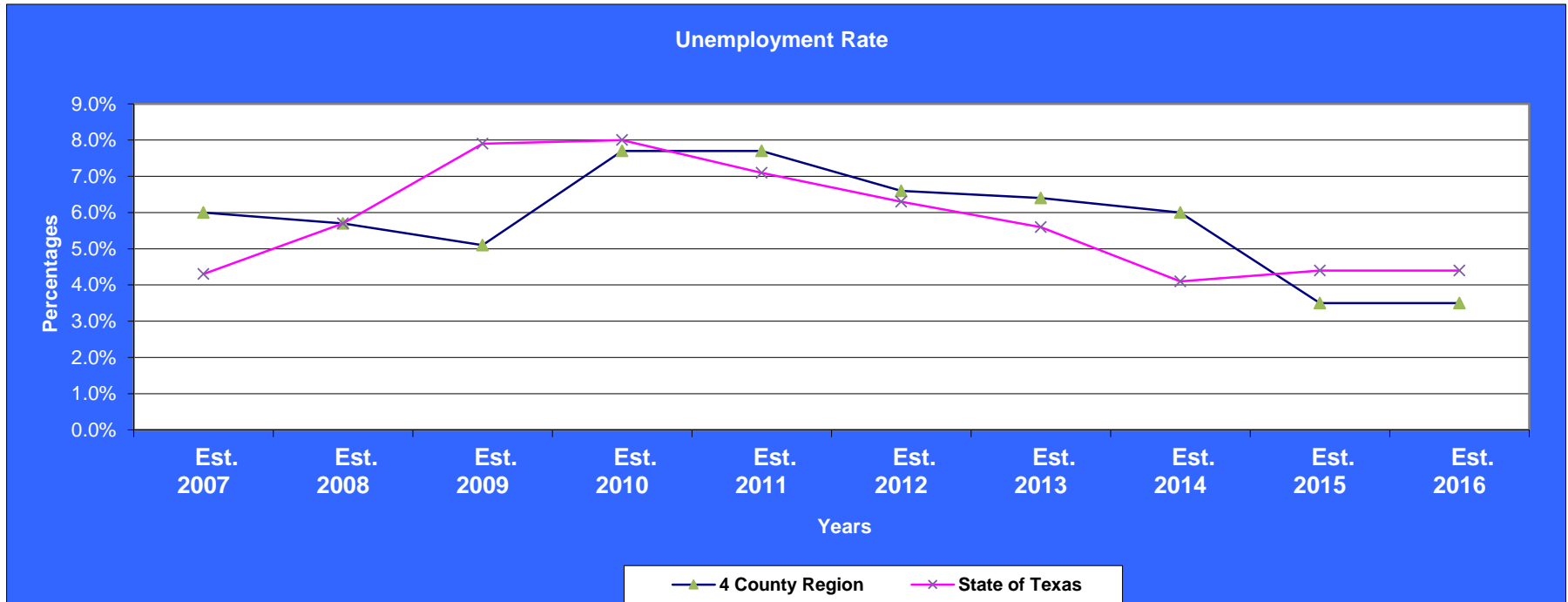
Source: US Census Bureau



NORTH TEXAS TOLLWAY SYSTEM  
 (An Enterprise Fund of the North Texas Tollway Authority)  
 Demographic Data-Combined Four County Region and State of Texas Employment Status Estimates  
 For Years 2007-2016  
 (Unaudited)

Year	COLLIN	DALLAS	DENTON	TARRANT	Combined Four County Regional		Unemployment Rate		
					Estimated Totals	Texas	Estimated Totals	Four County	Texas
Est. 2007	400,678	1,205,730	344,810	904,015	2,855,233	11,647,654	6.0%	4.3%	
Est. 2008	407,840	1,180,870	346,869	877,646	2,813,225	11,466,657	5.7%	5.7%	
Est. 2009	285,900	1,415,000	172,600	743,500	2,617,000	10,204,500	5.1%	7.9%	
Est. 2010	390,106	1,063,304	330,122	833,527	2,617,059	10,204,500	7.7%	8.0%	
Est. 2011	397,033	1,082,185	335,984	845,263	2,660,465	10,204,500	7.7%	7.1%	
Est. 2012	413,783	1,102,322	356,467	883,503	2,756,075	11,742,600	6.6%	6.3%	
Est. 2013	330,300	1,509,000	195,500	812,600	2,847,400	11,091,900	6.4%	5.6%	
Est. 2014	346,400	1,558,500	205,800	825,600	2,936,300	11,433,600	6.0%	4.1%	
Est. 2015	366,900	1,616,800	221,400	844,900	3,050,000	11,681,000	3.5%	4.4%	
Est. 2016	381,500	1,662,300	228,800	860,400	3,133,000	11,830,700	3.5%	4.4%	
Increase Total from Year 2007 to Year 2016		(19,178)	456,570	(116,010)	(43,615)	277,767	183,046		

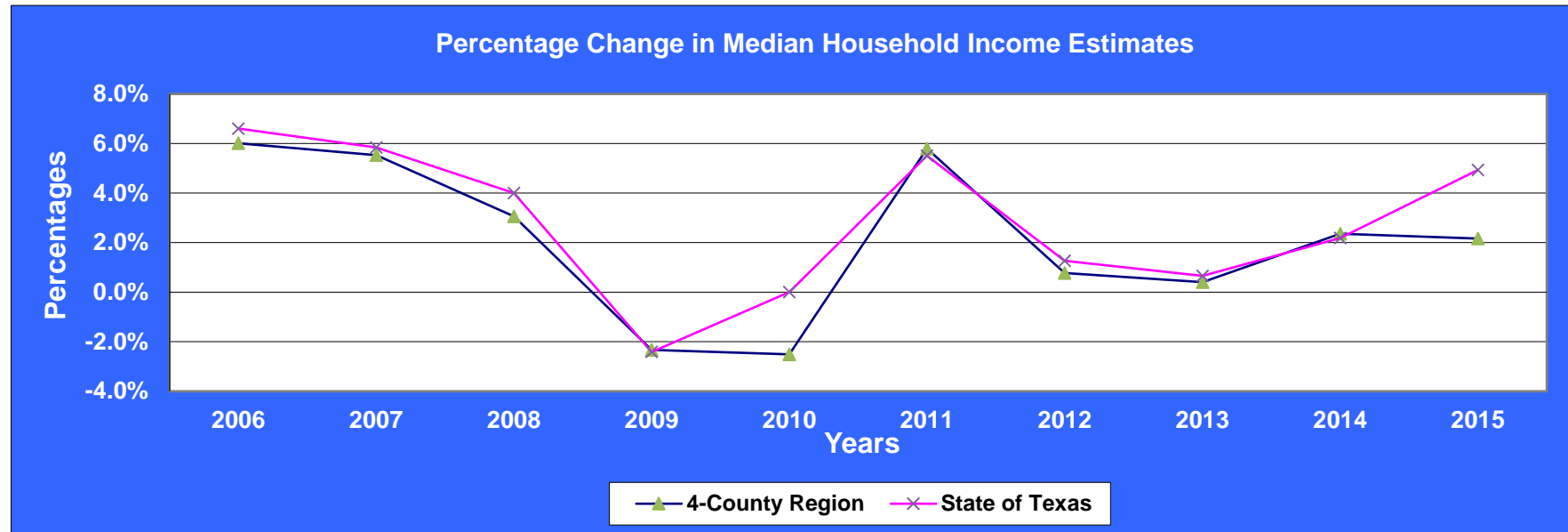
Source: U.S. Bureau of Labor Statistics



NORTH TEXAS TOLLWAY SYSTEM  
 (An Enterprise Fund of the North Texas Tollway Authority)  
 Demographic Data - Combined Four County Region and State of Texas Median Household Income Estimates  
 For Years 2006 - 2015  
 (Unaudited)

Year	COLLIN	DALLAS	DENTON	TARRANT	Regional Totals	Texas	Percentage Change from Prior Years	
					Estimated Avg Median Income	Estimated Avg Median Income	Four County	Texas
2006	74,051	44,815	66,792	51,813	59,368	44,922	6.01%	6.60%
2007	79,657	46,372	71,109	53,459	62,649	47,548	5.53%	5.85%
2008	81,395	47,085	73,544	56,251	64,569	49,453	3.06%	4.01%
2009	80,545	47,059	70,002	54,647	63,063	48,259	-2.33%	-2.41%
2010	77,862	46,909	68,671	52,482	61,481	48,259	-2.51%	0.00%
2011	82,758	48,942	72,305	56,178	65,046	50,920	5.80%	5.51%
2012	83,238	49,159	72,939	56,859	65,549	51,563	0.77%	1.26%
2013	82,762	49,481	74,155	56,853	65,813	51,900	0.40%	0.65%
2014	86,634	50,118	74,569	58,127	67,362	53,035	2.35%	2.19%
2015	86,823	51,824	75,898	60,735	68,820	55,653	2.16%	4.94%
<b>Averaged Yearly Totals</b>	<b>\$81,573</b>	<b>\$48,176</b>	<b>\$71,998</b>	<b>\$55,740</b>	<b>\$64,372</b>	<b>\$50,151</b>		

Source: U.S. Census Bureau



**NORTH TEXAS TOLLWAY SYSTEM**  
 (An Enterprise Fund of the North Texas Tollway Authority)  
 North Texas Four County Region's Top Ten Employers  
 (Unaudited)

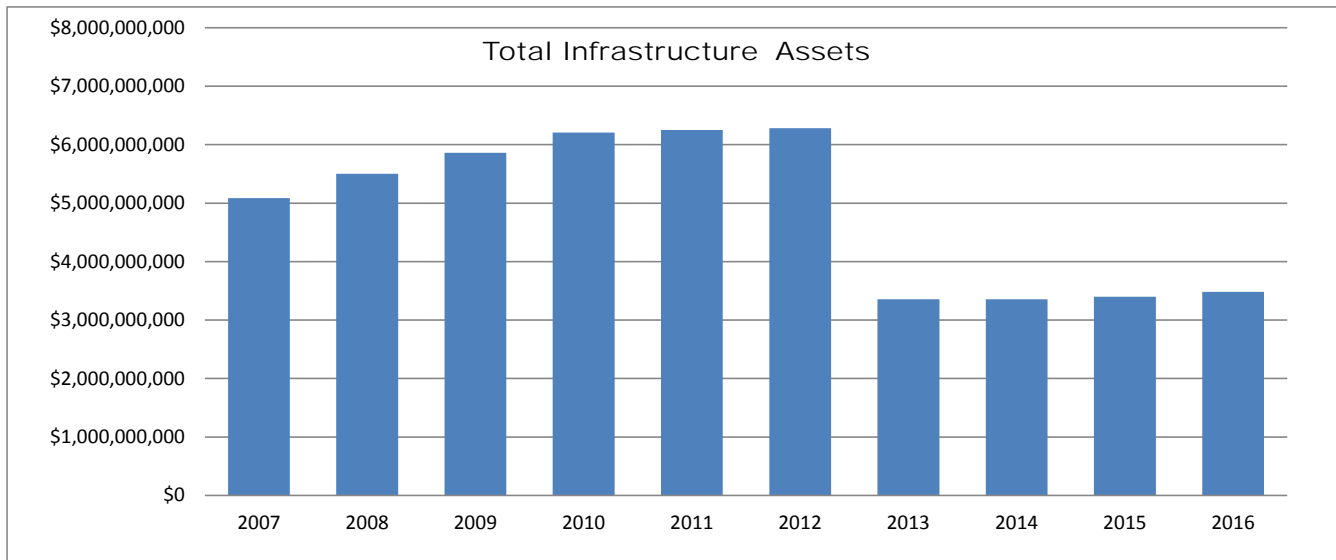
2016			
<b>COLLIN COUNTY TOP TEN EMPLOYERS</b>			
EMPLOYER	NUMBER OF EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT	INDUSTRY
HP ENTERPRISE SERVICES Llc	10,000	2.06%	PROF/TECH
JP MORGAN CHASE & CO.	6,000	1.24%	FINANCIAL SERVICES
BANK OF AMERICA HOME LOANS	4,646	0.96%	FINANCIAL SERVICES
LIBERTY MUTUAL INSURANCE	4,000	0.82%	INSURANCE
TOYOTA	4,000	0.82%	MANUFACTURING
JC PENNY CORPORATE	3,800	0.78%	RETAIL
CAPITAL ONE	3,683	0.76%	FINANCIAL SERVICES
UNIVERSITY OF TEXAS AT DALLAS	3,500	0.72%	EDUCATION
BLUE CROSS BLUE SHEILD OF TEXAS	3,100	0.64%	INSURANCE
MEDICAL CENTER OF PLANO	3,000	0.62%	HEALTH CARE PROVIDER
Total	45,729	9.42%	
<b>DALLAS COUNTY TOP TEN EMPLOYERS</b>			
EMPLOYER	NUMBER OF EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT	INDUSTRY
WAL-MART	25,534	1.00%	RETAIL
AMERICAN AIRLINES GROUP	25,000	0.98%	AIRLINE TRANSPORTATION
TEXAS HEALTH RESOURCES	19,131	0.90%	NON-PROFIT HEALTH CARE
BAYLOR SCOTT & WHITE HEALTH	16,860	0.66%	HEALTH CARE PROVIDER
BANK OF AMERICA	14,465	0.57%	FINANCIAL SERVICES
LOCKHEED MARTIN AERONAUTICS CO.	13,700	0.57%	MANUFACTURING
TEXAS INSTRUMENTS	13,000	0.54%	SEMICONDUCTORS
JP MORGAN CHASE	12,600	0.51%	FINANCIAL SERVICES
HCA NORTH TEXAS DIVISION	11,612	0.49%	HEALTH CARE PROVIDER
SOUTHWEST AIRLIENS	9,500	0.37%	AIRLINE TRANSPORTATION
Total	161,402	6.59%	
<b>DENTON COUNTY TOP TEN EMPLOYERS</b>			
EMPLOYER	NUMBER OF EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT	INDUSTRY
UNIVERSITY OF NORTH TEXAS	8,738	12.27%	EDUCATION
DENTON ISD	4,417	6.20%	EDUCATION
PETERBILT MOTORS	2,314	3.25%	MANUFACTURING
DENTON STATE SUPPORTED LIVING CENTER	1,700	2.39%	STATE AGENCY
TEXAS WOMAN'S UNIVERSITY	1,672	2.35%	EDUCATION
DENTON COUNTY	1,581	2.22%	COUNTY GOVERNMENT
CITY OF DENTON	1,383	1.94%	MUNICIPAL GOVERNMENT
TEXAS HEALTH PRESBYTERIAN OF DENTON	1,076	1.51%	HEALTH CARE PROVIDER
DENTON REGIONAL MEDICAL CENTER	950	1.33%	HEALTH CARE PROVIDER
SALLY BEAUTY COMPANY, INC.	950	1.33%	COSMETICS
Total	24,781	34.79%	
<b>TARRANT COUNTY TOP TEN EMPLOYERS</b>			
EMPLOYER	NUMBER OF EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT	INDUSTRY
AMRCORP./AMERICAN AIRLINES	25,000	2.47%	AIRLINE
LOCKHEED MARTIN AERONAUTICS CO	13,690	1.35%	MANUFACTURING
FORT WORTH INDEPENDENT SCHOOL DISTRICT	12,000	1.18%	EDUCATION
TEXAS HEALTH RESOURCES	12,000	1.18%	HEALTH CARE PROVIDER
NAS- FORT WORTH JOINT RESERVE BASE	10,000	0.99%	MILITARY
ARLINGTON ISD	8,500	0.84%	EDUCATION
UNIVERSITY OF TEXAS AT ARLINGTON	7,311	0.72%	EDUCATION
JPS HEALTH NETWORK	6,500	0.64%	HEALTH CARE PROVIDER
CITY OF FORTH WORTH	6,161	0.61%	MUNICIPALITY
COOK'S CHILDREN HEALTH CARE SYSTEM	6,042	0.60%	HEALTH CARE PROVIDER
Total	107,204	10.58%	
<b>Source: Local Counties CAFR's (Collin, Dallas, Denton and Tarrant)</b>			

NORTH TEXAS TOLLWAY SYSTEM  
 (An Enterprise Fund of the North Texas Tollway Authority)  
 Contribution to Infrastructure Assets  
 Last Ten Fiscal Years  
 (Unaudited)

Year	Beginning Balance	Additions	Deletions/Depreciation	Adjustments	Ending Balance
2007	1,698,121,926	3,390,485,923 (1)	(983,452)	-	5,087,624,397
2008	5,087,624,397	452,204,613 (2)	(38,340,388)	-	5,501,488,622
2009	5,501,488,622	3,558,138,403 (3)	(3,197,211,448) (3)	-	5,862,415,577
2010	5,862,415,577	344,755,250	(234,076)	-	6,206,936,751
2011	6,206,936,751	108,559,116	(62,875,322)	-	6,252,620,545
2012	6,252,620,545	98,294,093	(69,521,816)	-	6,281,392,822
2013	6,281,392,822	25,112,483	(2,949,815,326) (4)	-	3,356,689,979
2014	3,356,689,979	11,585,674	(6,159,420)	(8,597,539)	3,353,518,694
2015	3,353,518,694 *	53,581,166	(6,889,660)	136,897	3,400,347,097
2016	3,400,347,097 *	89,901,489	(8,903,986)	(394,739)	3,480,949,861

\* does not include intangible assets and amortization of intangible assets

- (1) Includes a \$3.2 billion payment to Texas Department of Transportation for the acquisition of State Highway 121 project.
- (2) Deletions include property and equipment previously recorded as infrastructure.  
(See the Notes to Financial Statements - Note (4) Capital Assets)
- (3) Includes reclass from CIP to Roadway due to the completion of Sam Rayburn Tollway
- (4) Includes reclass of Sam Rayburn Tollway to an intangible asset





NORTH TEXAS TOLLWAY SYSTEM  
 (An Enterprise Fund of the North Texas Tollway Authority)  
 Toll Collection Variance  
 Last Six Fiscal Years  
 (Unaudited)

	Calendar Year 2011	Calendar Year 2012	Calendar Year 2013	Calendar Year 2014	Calendar Year 2015	Calendar Year 2016
Value of invoiced ZipCash transactions uncollected	\$ 44,675,438	\$ 80,413,340	\$ 81,701,089	\$ 81,508,283	\$ 102,767,093	\$ 113,455,688
Value of uninvoiced ZipCash transactions	38,069,555	52,451,196	61,518,201	80,989,673	81,035,240	71,002,940
<b>Total</b>	<b>\$ 82,744,993</b>	<b>\$ 132,864,536</b>	<b>\$ 143,219,290</b>	<b>\$ 162,497,956</b>	<b>\$ 183,802,333</b>	<b>\$ 184,458,628</b>
	÷	÷	÷	÷	÷	÷
Value of all AVI and ZipCash transactions adjusted for Vtoll transactions	\$ 493,585,247	\$ 591,226,667	\$ 676,584,037	\$ 795,784,407	\$ 894,514,347	\$ 967,410,315
<b>Toll collection variance</b>	<b>16.75%</b>	<b>22.47%</b>	<b>21.17%</b>	<b>20.42%</b>	<b>20.55%</b>	<b>19.07%</b>

**Notes:**

- (1) These calculations use aggregate transaction information from the NTTA System and the Special Projects System (and thus do not reflect only the NTTA System) and are unaudited.
- (2) The toll collection variance calculation (the "All-ETC Methodology") is as follows:  
*(value of invoiced ZipCash transactions for the reporting period uncollected as of end of reporting period + value of uninvoiced ZipCash transactions for the reporting period as of end of reporting period)*  
*value of all AVI and ZipCash transactions that have occurred during the reporting period as adjusted for Vtoll transactions*

	Calendar Year 2011	Calendar Year 2012	Calendar Year 2013	Calendar Year 2014	Calendar Year 2015	Calendar Year 2016
Percentage of ZipCash transactions (by value) out of all NTTA transactions during period	29.28%	29.43%	28.83%	30.40%	30.42%	28.90%
Percentage of ZipCash transactions (by value) that were invoiced during period	54.70%	62.94%	61.92%	64.61%	68.26%	72.68%
Percentage of ZipCash transactions (by value) that were collected as of period end	41.29%	41.29%	48.75%	45.03%	41.40%	41.30%

**Notes:**

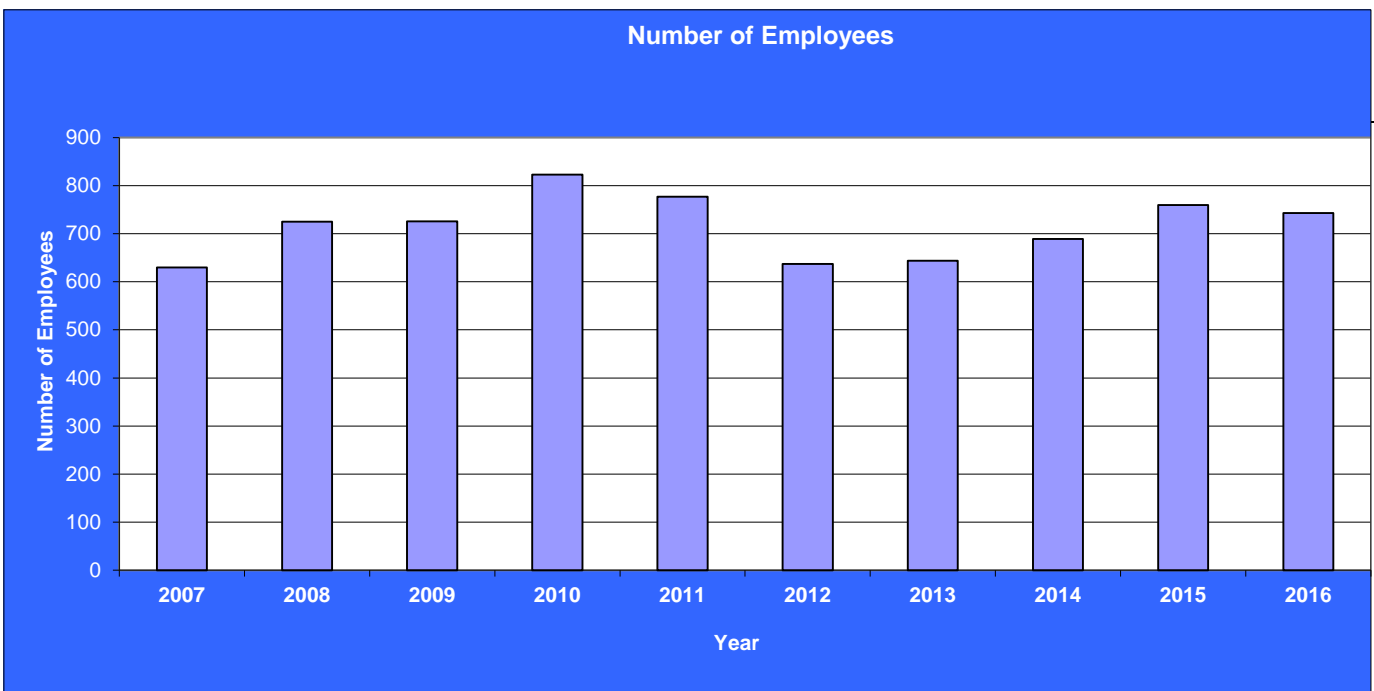
- (1) These calculations use aggregate transaction information from the NTTA System and the Special Projects System (and thus do not reflect only the NTTA System) and are unaudited.
- (2) Uninvoiced ZipCash transactions that are paid in the reporting period are deemed to be invoiced and are reflected in the percentages in the preceding table. Uninvoiced ZipCash transactions that are invoiced in subsequent reporting periods, and uncollected invoiced ZipCash transactions that are collected in subsequent reporting periods, are not reflected in the percentages in the preceding table. Furthermore, the percentages in the table do not take into account adjustments for VToll transactions and unassigned ZipCash invoices occurring after such reporting period. ZipCash transactions are not invoiced if the transaction (i) does not meet NTTA's business rules regarding invoicing, or (ii) is not pursuable because a readable license plate image was not captured or because the license plate information could not be matched to the vehicle owner information.
- (3) The All-ETC Methodology does not include ZipCash transactions collected after the end of the calendar (or other reporting period) in which the transaction occurred, therefore NTTA also reports total ZipCash collections, including invoiced and uninvoiced payments, for the calendar year (or other reporting period). This amount includes all ZipCash transactions collected regardless of the date the transactions occurred. Total ZipCash collections for the NTTA System were approximately \$41.3 million for 2011, \$67.4 million for 2012, \$68.3 million for 2013, \$76.6 million for 2014, \$81.4 million for 2015, and \$92.0 million for 2016.

NORTH TEXAS TOLLWAY SYSTEM  
 (An Enterprise Fund of the North Texas Tollway Authority)  
 Total Lane Miles Operating and Number of Employees by Department  
 Last Ten Fiscal Years  
 (Unaudited)

Lane Miles										
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total Lane Miles	365	618	669	685	744	744	744	744	744	745

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

Full-time Equivalent Employees										
Function	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Administration	9	9	6	4	6	7	3	2	2	2
Board	0	0	1	1	1	2	1	1	1	1
Operations	0	0	2	3	3	1	3	5	5	6
Financial Planning and Analysis	0	0	0	0	0	0	0	0	0	6
Strategic & Innovative Solutions	0	0	0	0	0	0	9	6	3	0
Finance	6	6	10	22	24	23	25	19	23	18
Business Diversity	1	3	5	5	5	5	5	5	5	5
Communications	9	12	15	15	15	14	15	14	15	15
Internal Audit	0	2	5	6	5	8	8	7	7	8
Human Resources	12	13	14	12	12	11	13	12	11	11
Legal Services	3	3	3	5	6	5	5	5	5	7
System & Incident Management	25	51	57	73	79	84	91	94	98	103
Accounting	5	8	7	0	0	0	0	0	0	0
Information Technology	20	32	47	61	64	71	77	76	78	83
Vault	28	23	19	2	0	0	0	0	0	0
Audit - Revenue Reconciliation	7	6	5	0	0	0	0	0	0	0
Procurement Services	6	10	12	11	11	11	11	9	10	10
Government Affairs	1	3	3	3	2	3	3	3	1	2
Toll Collection	386	321	162	4	0	0	0	0	0	0
Maintenance	81	178	162	163	160	181	195	167	160	165
Customer Service Center	115	133	228	232	236	248	279	298	325	295
Project Delivery	9	6	9	10	10	11	13	16	16	16
Project Evaluation	3	4	0	0	0	0	0	0	0	0
Cash and Debt Management	0	0	5	5	5	4	4	4	3	4
<b>Total</b>	<b>726</b>	<b>823</b>	<b>777</b>	<b>637</b>	<b>644</b>	<b>689</b>	<b>760</b>	<b>743</b>	<b>768</b>	<b>757</b>



## **CONTINUING FINANCIAL DISCLOSURE SCHEDULES**

### **(Unaudited)**

The Continuing Financial Disclosure Schedules present various financial data in support of the Management's Discussion and Analysis and Financial Statements in the Financial Section of the Comprehensive Annual Financial Report for the fiscal year ended December 31, 2016.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
**Consolidating Schedule for Capital Improvement Fund**  
**December 31, 2016**  
**(Unaudited)**

Schedule 2

	<b>Consolidated Capital Improvement Fund</b>	<b>Capital Improvement Fund</b>	<b>Feasibility Study Fund</b>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents (note 3)	\$ 26,556	\$ 20	\$ 26,536
Investments (note 3)	255,525,815	255,525,815	-
Accrued interest receivable	383,666	383,666	-
Interfund receivable	373,394,771	355,191,386	18,203,385
Interproject/agency receivables	119,245	119,245	-
Total current unrestricted assets	<u>629,450,053</u>	<u>611,220,132</u>	<u>18,229,921</u>
Current restricted assets:			
Restricted assets:			
Restricted for debt service:			
Investments (notes 3 and 5)	61,459,992	61,459,992	-
Total current restricted assets	<u>61,459,992</u>	<u>61,459,992</u>	<u>-</u>
Total current assets	<u>690,910,045</u>	<u>672,680,124</u>	<u>18,229,921</u>
Noncurrent assets:			
Unavailable feasibility study costs	63,289,804	-	63,289,804
Nondepreciable (note 4)	(1,427,764)	(1,427,764)	-
Total noncurrent assets	<u>61,862,040</u>	<u>(1,427,764)</u>	<u>63,289,804</u>
<b>Total assets</b>	<b><u>752,772,085</u></b>	<b><u>671,252,360</u></b>	<b><u>81,519,725</u></b>
<b>Liabilities</b>			
Current liabilities:			
Accrued liabilities	9,095,001	9,087,470	7,531
Interfund payable	289,266,139	(5,926,804)	295,192,943
Interagency payable	1,191,364	1,191,364	-
Total current unrestricted liabilities	<u>299,552,504</u>	<u>4,352,030</u>	<u>295,200,474</u>
Payable from restricted assets:			
Construction-related payables:			
Retainage payable (note 10)	5,363,026	4,516,694	846,332
Debt service-related payables:			
Accrued interest payable	13,748,333	13,748,333	-
Total current liabilities payable from restricted assets	<u>19,111,359</u>	<u>18,265,027</u>	<u>846,332</u>
Total current liabilities	<u>318,663,863</u>	<u>22,617,057</u>	<u>296,046,806</u>
Noncurrent liabilities:			
Dallas North Tollway System revenue bonds payable, net of unamortized net deferred amount on refundings of \$0 and bond discount (premium) costs of \$396,461,074 (note 5)	400,000,000	400,000,000	-
Total noncurrent liabilities	<u>400,000,000</u>	<u>400,000,000</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>718,663,863</u></b>	<b><u>422,617,057</u></b>	<b><u>296,046,806</u></b>
<b>Net Position</b>			
Net investment in capital assets	(214,527,080)	-	(214,527,080)
Restricted for:			
Debt service	7,750,000	7,750,000	-
Unrestricted	240,885,302	240,885,302	-
<b>Total net position</b>	<b><u>\$ 34,108,222</u></b>	<b><u>\$ 248,635,302</u></b>	<b><u>\$ (214,527,080)</u></b>

See accompanying independent auditors' report.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
Schedule of Budget and Actual Revenues and Expenses on Trust Agreement Basis  
Year ended December 31, 2016  
*(Unaudited)*

Schedule 3

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:			
Toll revenues	\$ 636,987,300	\$ 665,212,316	\$ 28,225,016
Interest income	7,358,000	9,594,946	2,236,946
Other revenue	<u>19,654,223</u>	<u>33,872,955</u>	<u>14,218,732</u>
Gross revenues	<u>663,999,523</u>	<u>708,680,217</u>	<u>44,680,694</u>
Operating expenses:			
Administration:			
Administration	516,903	433,433	(83,470)
Board	137,715	134,516	(3,199)
Cash and debt management	1,093,962	864,327	(229,635)
Finance	1,483,881	1,449,909	(33,972)
Financial planning and analysis	1,142,991	1,114,995	(27,996)
Human resources	1,462,619	1,167,578	(295,041)
Internal audit	878,347	808,947	(69,400)
Legal Services	2,540,694	2,295,833	(244,861)
Procurement and business diversity	1,233,270	1,230,437	(2,833)
Public Affairs	3,510,480	2,997,928	(512,552)
Shared Services	12,040,650	10,232,242	(1,808,408)
Strategy and innovation	<u>696,992</u>	<u>359,557</u>	<u>(337,435)</u>
Total administration	<u>26,738,504</u>	<u>23,089,702</u>	<u>(3,648,802)</u>
Operations:			
Collections and toll enforcement	13,104,810	10,639,960	(2,464,850)
Customer service center	46,542,573	48,811,222	2,268,649
Information technologies	17,406,774	16,488,086	(918,688)
Maintenance	25,051,753	21,743,652	(3,308,101)
Operations	574,827	617,167	42,340
Project delivery	1,411,373	1,454,966	43,593
System & incident management	<u>11,809,386</u>	<u>8,465,465</u>	<u>(3,343,921)</u>
Total operations	<u>115,901,496</u>	<u>108,220,518</u>	<u>(7,680,978)</u>
Total operating expenses	<u>142,640,000</u>	<u>131,310,220</u>	<u>(11,329,780)</u>
Net revenues available for debt service	<u>\$ 521,359,523</u>	<u>\$ 577,369,997</u>	<u>\$ 56,010,474</u>

See accompanying independent auditors' report.

**NORTH TEXAS TOLLWAY SYSTEM**

(An Enterprise Fund of the North Texas Tollway Authority)

Schedule of Changes in Net Position by Trust Account

December 31, 2016

(Unaudited)

	Total	Non-Major Enterprise Fund	North Texas Tollway System	Construction and property account	Revenue account
<b>Net positions, beginning of year</b>	<b>\$ (672,974,297)</b>	<b>\$ 25,325,242</b>	<b>\$ (698,299,539)</b>	<b>\$ (1,342,584,432)</b>	<b>\$ (151,774,341)</b>
Gross revenues	741,131,495	32,451,278	708,680,217	-	698,771,114
Payments from other governments	379,642	-	379,642	379,642	-
Net increase (decrease) in the fair value of investments	(2,528,460)	-	(2,528,460)	236,433	(144,411)
Interest earned on investments	441,289	-	441,289	441,289	-
Gain (loss) on sale of investments	(707,009)	-	(707,009)	(6,758)	(90,708)
Administration and operations expenses	(153,739,254)	(22,429,034)	(131,310,220)	-	-
Depreciation on property and equipment	(8,716,326)	-	(8,716,326)	(8,716,326)	-
Bond interest expense	(411,682,552)	-	(411,682,552)	-	-
BAB's Subsidy	26,993,077	-	26,993,077	-	-
Other nonoperating expenses/ revenue	9,184,900	-	9,184,900	(75,939)	-
Bond discount/premium amortization	32,736,459	-	32,736,459	32,453,624	-
Bond issuance cost amortization	(6,313,133)	-	(6,313,133)	(6,313,133)	-
Loss on disposal of assets	(582,400)	-	(582,400)	(582,400)	-
Interest on loan	(5,518,957)	-	(5,518,957)	(5,518,957)	-
Amortization of deferred amount on refunding (note 5)	(19,868,665)	-	(19,868,665)	(19,868,665)	-
Unallocated infrastructure depreciation	(64,916,168)	-	(64,916,168)	(64,916,168)	-
Construction improvement account expenses	(1,611,532)	-	(1,611,532)	(1,611,532)	-
Reserve maintenance account expenses	(19,890,127)	-	(19,890,127)	-	-
Consolidated capital improvement fund expenses	(21,571,356)	-	(21,571,356)	87,868,553	-
Net revenues	93,220,923	10,022,244	83,198,679	13,769,663	698,535,995
Interfund transactions:					
Distribution from revenue fund	-	-	-	-	(485,083,013)
Operating transfers (other funds)	-	-	-	(579,282)	(229,437,471)
Capital contribution	63,291	-	63,291	63,291	-
Net changes during the year	93,220,924	10,022,244	83,261,970	13,253,672	(15,984,489)
<b>Net positions, end of year</b>	<b>\$ (579,690,083)</b>	<b>\$ 35,347,486</b>	<b>\$ (615,037,569)</b>	<b>\$ (1,329,330,760)</b>	<b>\$ (167,758,830)</b>

See accompanying independent auditors' report.

Debt service accounts					
Operation and maintenance account	Reserve maintenance account	Consolidated Capital Improvement Fund	Bond interest account	Reserve account	Redemption account
\$ 35,903,297	\$ 14,780,710	\$ 12,092,787	\$ 341,524,210	\$ 419,040,594	\$ (27,282,364)
1,543,342	140,354	1,647,903	353,431	6,119,722	104,351
-	-	-	-	-	-
-	(38,555)	(532,743)	-	(2,049,184)	-
-	-	-	-	-	-
-	4,610	(47,238)	-	(566,915)	-
(131,310,220)	-	-	-	-	-
-	-	-	-	-	-
-	-	(32,996,000)	(378,686,552)	-	-
-	-	-	26,993,077	-	-
-	-	9,260,839	-	-	-
-	-	282,835	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(19,890,127)	-	-	-	-
-	-	(109,439,909)	-	-	-
(129,766,878)	(19,783,718)	(131,824,313)	(351,340,044)	3,503,623	104,351
124,165,634	33,459,161	157,000,000	147,113,654	-	23,344,564
21,780,790	(2,611,378)	(3,160,252)	208,621,097	(23,277,820)	28,664,316
-	-	-	-	-	-
16,179,546	11,064,065	22,015,435	4,394,707	(19,774,197)	52,113,230
<b>\$ 52,082,843</b>	<b>\$ 25,844,775</b>	<b>\$ 34,108,222</b>	<b>\$ 345,918,917</b>	<b>\$ 399,266,398</b>	<b>\$ 24,830,866</b>

**NORTH TEXAS TOLLWAY SYSTEM**

**(An Enterprise Fund of the North Texas Tollway Authority)**

Schedule of Cash Receipts and Disbursements by Trust Account

Year ended December 31, 2016

*(Unaudited)*

	Total (memorandum only)	Non-Major Enterprise Fund	North Texas Tollway System	Construction and property account	Revenue account
<b>Balance of cash, December 31, 2015</b>	<b>\$ 28,192,953</b>	<b>\$ 2,739,789</b>	<b>\$ 25,453,164</b>	<b>\$ -</b>	<b>\$ 3,805,352</b>
Receipts:					
Toll revenues	88,466,111	-	88,466,111	-	88,466,111
IOP Revenue	45,378,092	6,610,639	38,767,453	-	38,767,453
Investments	1,323,236,830	-	1,323,236,829	92,678	55,135,256
Earnings received from investments	11,389,558	15,569	11,373,989	408,883	1,253,952
Gain from sale of investments	202,521	-	202,521	202,521	-
Prepaid customers' accounts	981,298,226	-	981,298,226	-	981,298,226
Miscellaneous revenue	20,446,471	-	20,446,471	865,504	2,150,813
	<u>2,470,417,807</u>	<u>6,626,208</u>	<u>2,463,791,600</u>	<u>1,569,586</u>	<u>1,167,071,811</u>
Disbursements:					
SWAP Payment	(2,886,788)	-	(2,886,788)	-	-
Interest and principal on debt	(379,237,164)	-	(379,237,164)	-	(164,200,266)
Investments	(1,429,824,174)	(682,796)	(1,429,141,378)	-	(97,407,225)
Loss from sale of investments	(1,345,130)	-	(1,345,130)	-	-
Operating expenses	(518,382,677)	(54,580,264)	(463,802,413)	-	(356,225,889)
Reserve maintenance fund expenses	(19,085,122)	-	(19,085,122)	-	-
Capital improvement fund expenses	(117,312,967)	-	(117,312,967)	-	-
Deferred study cost	(662,559)	-	(662,559)	-	-
Capitalized costs	(4,119,798)	-	(4,119,798)	(4,119,798)	-
	<u>(2,472,856,379)</u>	<u>(55,263,060)</u>	<u>(2,417,593,319)</u>	<u>(4,119,798)</u>	<u>(617,833,380)</u>
Interfund and interproject transactions:					
Distribution from revenue fund	-	-	-	-	(485,083,014)
Other interfund transactions – net	28,751,835	52,521,155	(23,769,320)	2,550,212	(62,271,017)
	<u>28,751,835</u>	<u>52,521,155</u>	<u>(23,769,320)</u>	<u>2,550,212</u>	<u>(547,354,031)</u>
Receipts over disbursements and interfund and interproject transactions for the year ended December 31, 2016	26,313,264	3,884,303	22,428,961	-	1,884,400
<b>Balance of cash, December 31, 2016</b>	<b>\$ 54,506,217</b>	<b>\$ 6,624,092</b>	<b>\$ 47,882,125</b>	<b>\$ -</b>	<b>\$ 5,689,752</b>

See accompanying independent auditors' report.



Operation and maintenance account	Reserve maintenance account	Consolidated Capital Improvement account	Debt service accounts		
			Bond interest account	Reserve account	Redemption account
\$ 22,593,527	\$ (313,638)	\$ (632,077)	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	44,222,825	558,141,352	-	665,644,718	-
10	6,532	1,854,287	672	7,771,187	78,466
-	-	-	-	-	-
-	-	-	-	-	-
2,983,080	325,754	14,121,320	-	-	-
2,983,090	44,555,111	574,116,959	672	673,415,905	78,466
-	-	-	(2,886,788)	-	-
-	-	(40,996,000)	(166,680,755)	-	(7,360,143)
-	(46,843,498)	(579,241,262)	-	(705,649,393)	-
-	-	-	-	(1,345,130)	-
(107,576,524)	-	-	-	-	-
-	(19,085,122)	-	-	-	-
-	-	(117,312,967)	-	-	-
-	-	(662,559)	-	-	-
-	-	-	-	-	-
(107,576,524)	(65,928,620)	(738,212,788)	(169,567,543)	(706,994,523)	(7,360,143)
124,165,634	33,459,162	157,000,000	147,113,654	-	23,344,564
(10)	(11,771,915)	7,754,462	22,453,217	33,578,618	(16,062,887)
124,165,624	21,687,247	164,754,462	169,566,871	33,578,618	7,281,677
19,572,190	313,738	658,633	-	-	-
\$ 42,165,717	\$ 100	\$ 26,556	\$ -	\$ -	\$ -

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
Schedule of Toll Revenue and Traffic Analysis  
Year Ended December 31, 2016  
*(Unaudited)*

**Schedule 6**

Toll revenue (*):	
AVI	\$ 571,897,077
ZipCash	152,726,638
Less bad debt expense	(59,411,399)
Total	<u>\$ 665,212,316</u>
Vehicle transactions (*):	
Two-axle vehicle transactions	683,989,897
Multi-axle vehicle transactions	19,104,705
Nonrevenue vehicle transactions	2,589,310
Total	<u>705,683,912</u>
Toll revenue – average per day (*):	
AVI	\$ 1,562,560
Zipcash	254,960
Average	<u>\$ 1,817,520</u>
Vehicle transactions – average per day (*):	
Two-axle vehicle transactions	1,868,825
Multi-axle vehicle transactions	52,199
Nonrevenue vehicle transactions	7,075
Average	<u>1,928,099</u>

**(\*) System only, excludes Non-Trust Agreement Enterprise Fund**

See accompanying independent auditors' report.

**NORTH TEXAS TOLLWAY SYSTEM**  
 (An Enterprise Fund of the North Texas Tollway Authority)  
 Schedule of Toll Rates  
 As of December 31, 2016  
 (Unaudited)

Schedule 7

	Two-Axle Passenger Cars and Trucks		Three-Axle Vehicles and Vehicle Combinations		Four-Axle Vehicles and Vehicle Combinations		Five-Axle Vehicles and Vehicle Combinations		Six or More Axle Vehicles and Special Permits	
	TollTag	ZipCash	TollTag	ZipCash	TollTag	ZipCash	TollTag	ZipCash	TollTag	ZipCash
<b>Dallas North Tollway</b>										
Wycliff Main Lane Gantry (MLP1)	\$1.48	\$2.22	\$2.96	\$4.44	\$4.44	\$6.66	\$5.92	\$8.88	\$7.40	\$11.10
Mockingbird Lane (MOCLN)	\$1.08	\$1.62	\$2.16	\$3.24	\$3.24	\$4.86	\$4.32	\$6.48	\$5.40	\$8.10
Northwest Highway (NORHY)	\$0.73	\$1.10	\$1.46	\$2.20	\$2.20	\$3.30	\$2.92	\$4.40	\$3.65	\$5.50
Royal Lane (ROYLN)	\$0.39	\$0.63	\$0.78	\$1.26	\$1.26	\$1.89	\$1.56	\$2.52	\$1.95	\$3.15
Spring Valley Road (SPVDR)	\$0.26	\$0.50	\$0.52	\$1.00	\$1.00	\$1.50	\$1.04	\$2.00	\$1.30	\$2.50
Belt Line Road (BELRD)	\$0.34	\$0.58	\$0.68	\$1.16	\$1.16	\$1.74	\$1.36	\$2.32	\$1.70	\$2.90
Keller Springs Road (KESRD)	\$0.51	\$0.77	\$1.02	\$1.54	\$1.54	\$2.31	\$2.04	\$3.08	\$2.55	\$3.85
Trinity Mills Main Lane Gantry (MLP2)	\$1.06	\$1.59	\$2.12	\$3.18	\$3.18	\$4.77	\$4.24	\$6.36	\$5.30	\$7.95
Frankford Road (FRARD)	\$0.26	\$0.50	\$0.52	\$1.00	\$1.00	\$1.50	\$1.04	\$2.00	\$1.30	\$2.50
Park Boulevard (PARBD)	\$0.26	\$0.50	\$0.52	\$1.00	\$1.00	\$1.50	\$1.04	\$2.00	\$1.30	\$2.50
Parker Main Lane Gantry (MLP3)	\$0.95	\$1.43	\$1.90	\$2.86	\$2.86	\$4.29	\$3.80	\$5.72	\$4.75	\$7.15
Parker Road (PARRD)	\$0.56	\$0.84	\$1.12	\$1.68	\$1.68	\$2.52	\$2.24	\$3.36	\$2.80	\$4.20
Spring Creek Parkway (SPCPY)	\$0.31	\$0.55	\$0.62	\$1.10	\$1.10	\$1.65	\$1.24	\$2.20	\$1.55	\$2.75
Legacy Drive (LEGDR)	\$0.26	\$0.50	\$0.52	\$1.00	\$1.00	\$1.50	\$1.04	\$2.00	\$1.30	\$2.50
Headquarters Drive (HEADR)	\$0.26	\$0.50	\$0.52	\$1.00	\$1.00	\$1.50	\$1.04	\$2.00	\$1.30	\$2.50
Gaylord Parkway (GAYPY)	\$0.26	\$0.50	\$0.52	\$1.00	\$1.00	\$1.50	\$1.04	\$2.00	\$1.30	\$2.50
Lebanon Road (LEBRD)	\$0.38	\$0.62	\$0.76	\$1.24	\$1.24	\$1.86	\$1.52	\$2.48	\$1.90	\$3.10
Stone Brook Parkway (STOPY)	\$0.49	\$0.74	\$0.98	\$1.48	\$1.48	\$2.22	\$1.96	\$2.96	\$2.45	\$3.70
Main Street (MAIST)	\$0.80	\$1.20	\$1.60	\$2.40	\$2.40	\$3.60	\$3.20	\$4.80	\$4.00	\$6.00
Eldorado Main Lane Gantry (MLP4)	\$1.66	\$2.49	\$3.32	\$4.98	\$4.98	\$7.47	\$6.64	\$9.96	\$8.30	\$12.45
Eldorado Parkway (ELDPY)	\$0.60	\$0.90	\$1.20	\$1.80	\$1.80	\$2.70	\$2.40	\$3.60	\$3.00	\$4.50
<b>President George Bush Turnpike Eastern Extension (PGBT-EE)</b>										
Miller Road (MLRRD)	\$0.43	\$0.67	\$0.86	\$1.34	\$1.29	\$2.01	\$1.72	\$2.68	\$2.15	\$3.35
Main Street (MAIST)	\$0.56	\$0.84	\$1.12	\$1.68	\$1.68	\$2.52	\$2.24	\$3.36	\$2.80	\$4.20
Merritt Road (MERRD)	\$0.90	\$1.35	\$1.80	\$2.70	\$2.70	\$4.05	\$3.60	\$5.40	\$4.50	\$6.75
Merritt Main Lane Gantry (MLG5)	\$1.70	\$2.55	\$3.40	\$5.10	\$5.10	\$7.65	\$6.80	\$10.20	\$8.50	\$12.75
Miles Road (MILRD)	\$0.36	\$0.60	\$0.72	\$1.20	\$1.08	\$1.80	\$1.44	\$2.40	\$1.80	\$3.00
Firewheel Parkway (FIRPY)	\$0.26	\$0.50	\$0.52	\$1.00	\$0.78	\$1.50	\$1.04	\$2.00	\$1.30	\$2.50
Crist Road (CRIRD)	\$0.26	\$0.50	\$0.52	\$1.00	\$0.78	\$1.50	\$1.04	\$2.00	\$1.30	\$2.50
<b>President George Bush Turnpike</b>										
North Garland Avenue (GARRD)	\$0.30	\$0.54	\$0.60	\$1.08	\$0.90	\$1.62	\$1.20	\$2.16	\$1.50	\$2.70
Campbell Road (CAMRD)	\$0.48	\$0.72	\$0.96	\$1.44	\$1.44	\$2.16	\$1.92	\$2.88	\$2.40	\$3.60
East Renner Road (ERERD)	\$0.78	\$1.17	\$1.56	\$2.34	\$2.34	\$3.51	\$3.12	\$4.68	\$3.90	\$5.85
Shiloh Main Lane Gantry (MLP6)	\$1.17	\$1.76	\$2.34	\$3.52	\$3.51	\$5.28	\$4.68	\$7.04	\$5.85	\$8.80
Shiloh Road (SHIRD)	\$0.60	\$0.90	\$1.20	\$1.80	\$1.80	\$2.70	\$2.40	\$3.60	\$3.00	\$4.50
West Renner Road (WRERD)	\$0.40	\$0.64	\$0.80	\$1.28	\$1.20	\$1.92	\$1.60	\$2.56	\$2.00	\$3.20
Independence Parkway (INDPY)	\$0.40	\$0.64	\$0.80	\$1.28	\$1.20	\$1.92	\$1.60	\$2.56	\$2.00	\$3.20
Coit Road (COIRD)	\$0.61	\$0.92	\$1.22	\$1.84	\$1.83	\$2.76	\$2.44	\$3.68	\$3.05	\$4.60
Coit Main Lane Gantry (MLP7)	\$1.27	\$1.91	\$2.54	\$3.82	\$3.81	\$5.73	\$5.08	\$7.64	\$6.35	\$9.55
Preston Road (PRERD)	\$0.34	\$0.58	\$0.68	\$1.16	\$1.02	\$1.74	\$1.36	\$2.32	\$1.70	\$2.90
Midway Road (MIDRD)	\$0.26	\$0.50	\$0.52	\$1.00	\$0.78	\$1.50	\$1.04	\$2.00	\$1.30	\$2.50
Marsh Lane (MARLN)	\$0.34	\$0.58	\$0.68	\$1.16	\$1.02	\$1.74	\$1.36	\$2.32	\$1.70	\$2.90
Frankford Main Lane Gantry (MLP8)	\$1.18	\$1.77	\$2.36	\$3.54	\$3.54	\$5.31	\$4.72	\$7.08	\$5.90	\$8.85
Kelly Boulevard (KELBD)	\$0.62	\$0.93	\$1.24	\$1.86	\$1.86	\$2.79	\$2.48	\$3.72	\$3.10	\$4.65
Josey Lane (JOSLN)	\$0.41	\$0.65	\$0.82	\$1.30	\$1.23	\$1.95	\$1.64	\$2.60	\$2.05	\$3.25
Sandy Lake Main Lane Gantry (MLP9)	\$0.94	\$1.41	\$1.88	\$2.82	\$2.82	\$4.23	\$3.76	\$5.64	\$4.70	\$7.05
Belt Line - Luna Road (NBERD)	\$0.56	\$0.84	\$1.12	\$1.68	\$1.68	\$2.52	\$2.24	\$3.36	\$2.80	\$4.20
Royal Lane (ROYLN)	\$0.28	\$0.52	\$0.56	\$1.04	\$0.84	\$1.56	\$1.12	\$2.08	\$1.40	\$2.60
Belt Line Road (SBERD)	\$0.54	\$0.81	\$1.08	\$1.62	\$1.62	\$2.43	\$2.16	\$3.24	\$2.70	\$4.05
Belt Line Main Lane Gantry (MLP10)	\$0.54	\$0.81	\$1.08	\$1.62	\$1.62	\$2.43	\$2.16	\$3.24	\$2.70	\$4.05
<b>Sam Rayburn Tollway</b>										
Denton Tap Main Lane Gantry (MLG1)	\$0.56	\$0.84	\$1.12	\$1.68	\$1.68	\$2.52	\$2.24	\$3.36	\$2.80	\$4.20
MacArthur Blvd (MACBD)	\$0.26	\$0.50	\$0.52	\$1.00	\$0.78	\$1.50	\$1.04	\$2.00	\$1.30	\$2.50
Carrollton Parkway (CARPY)	\$0.26	\$0.50	\$0.52	\$1.00	\$0.78	\$1.50	\$1.04	\$2.00	\$1.30	\$2.50
Parker Road (PARRD)	\$0.37	\$0.61	\$0.74	\$1.22	\$1.11	\$1.83	\$1.48	\$2.44	\$1.85	\$3.05
Old Denton Road (OLDRD)	\$0.42	\$0.66	\$0.84	\$1.32	\$1.26	\$1.98	\$1.68	\$2.64	\$2.10	\$3.30
Standridge Drive - South (SSTDR)	\$0.64	\$0.96	\$1.28	\$1.92	\$1.92	\$2.88	\$2.56	\$3.84	\$3.20	\$4.80
Josey Lane - South (SJOLN)	\$0.78	\$1.17	\$1.56	\$2.34	\$2.34	\$3.51	\$3.12	\$4.68	\$3.90	\$5.85
Josey Main Lane Gantry (MLG2)	\$1.46	\$2.19	\$2.92	\$4.38	\$4.38	\$6.57	\$5.84	\$8.76	\$7.30	\$10.95
Standridge Drive - North (NSTDR)	\$0.82	\$1.23	\$1.64	\$2.46	\$2.46	\$3.69	\$3.28	\$4.92	\$4.10	\$6.15
Josey Lane - North (NJOLN)	\$0.68	\$1.02	\$1.36	\$2.04	\$2.04	\$3.06	\$2.72	\$4.08	\$3.40	\$5.10
Plano Parkway (PLAPY)	\$0.54	\$0.81	\$1.08	\$1.62	\$1.62	\$2.43	\$2.16	\$3.24	\$2.70	\$4.05
Spring Creek Parkway (SPCPY)	\$0.27	\$0.51	\$0.54	\$1.02	\$0.81	\$1.53	\$1.08	\$2.04	\$1.35	\$2.55
Preston Road (PRERD)	\$0.26	\$0.50	\$0.52	\$1.00	\$0.78	\$1.50	\$1.04	\$2.00	\$1.30	\$2.50
Hillcrest Road (HILRD)	\$0.27	\$0.51	\$0.54	\$1.02	\$0.81	\$1.53	\$1.08	\$2.04	\$1.35	\$2.55
Coit Road (COIRD)	\$0.59	\$0.89	\$1.18	\$1.78	\$1.77	\$2.67	\$2.36	\$3.56	\$2.95	\$4.45
Independence Parkway (INDPY)	\$0.78	\$1.17	\$1.56	\$2.34	\$2.34	\$3.51	\$3.12	\$4.68	\$3.90	\$5.85
Custer Road - South (CUSRD)	\$0.97	\$1.46	\$1.94	\$2.92	\$2.91	\$4.38	\$3.88	\$5.84	\$4.85	\$7.30
Custer Main Lane Gantry (MLG3)	\$2.02	\$3.03	\$4.04	\$6.06	\$6.06	\$9.09	\$8.08	\$12.12	\$10.10	\$15.15
Exchange Parkway (SALDR)	\$1.05	\$1.58	\$2.10	\$3.16	\$3.15	\$4.74	\$4.20	\$6.32	\$5.25	\$7.90
Alma Drive (NALDR)	\$0.77	\$1.16	\$1.54	\$2.32	\$2.31	\$3.48	\$3.08	\$4.64	\$3.85	\$5.80
Stacy Road (STAR)	\$0.60	\$0.90	\$1.20	\$1.80	\$1.80	\$2.70	\$2.40	\$3.60	\$3.00	\$4.50
Lake Forest Drive (LAFDR)	\$0.47	\$0.71	\$0.94	\$1.42	\$1.41	\$2.13	\$1.88	\$2.84	\$2.35	\$3.55
Hardin Boulevard (HARBD)	\$0.30	\$0.54	\$0.60	\$1.08	\$0.90	\$1.62	\$1.20	\$2.16	\$1.50	\$2.70
<b>Addison Airport Toll Tunnel (AATT)</b>										
Addison Airport Toll Tunnel (AATT)	\$0.59	\$0.89	\$1.18	\$1.78	\$1.77	\$2.67	\$2.36	\$3.56	\$2.95	\$4.45
<b>Mountain Creek Lake Toll Bridge (MCLB)</b>										
Mountain Creek Lake Toll Bridge (MCLB)	\$0.59	\$0.89	\$1.18	\$1.78	\$1.77	\$2.67	\$2.36	\$3.56	\$2.95	\$4.45
<b>Lewisville Lake Toll Bridge (LLTB)</b>										
Lewisville Lake Toll Bridge (LLTB)	\$1.18	\$1.77	\$2.36	\$3.54	\$3.54	\$5.31	\$4.72	\$7.08	\$5.90	\$8.85

Footnote: The Authority has converted all the facilities in the system to All Electronic Toll Collection (All ETC). Cash is no longer accepted on NTTA Facilities. Vehicles with no transponders will be billed through video tolling. Toll rates are 17.06 cents per mile effective July 1, 2015.

See accompanying independent auditors' report.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
Schedule of Historical Traffic, Toll Revenues and Net Revenues  
Year Ended December 31, 2016  
*(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 2007 through 2016:

<u>Year</u>	<u>Annual revenue vehicle transactions (unaudited)</u>	<u>Annual toll revenue</u>
2007 (1)	383,481,098	\$ 202,675,564
2008 (2)	412,272,003	240,776,791
2009 (3)	455,546,197	290,404,547
2010 (4)	481,913,338	366,597,323
2011 (5)	513,454,344	402,569,534
2012	585,051,845	485,463,608
2013	610,129,737	525,458,723
2014	644,669,523	580,045,215
2015	676,484,779	617,488,044
2016	703,094,602	665,212,316

- (1) Reflects the opening of DNT Phase 3 and toll rate increase in late September 2007.
- (2) Reflects the opening of Sam Rayburn Tollway (121 Tollway) in September 2008.
- (3) Reflects the opening of Lake Lewisville August 2009.
- (4) Four major direct connectors at SRT/US75 interchange were opened during 2010
- (5) PGBT EE mainlanes from SH 78 to IH 30 opened in December 2011

**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 2007 through 2016:

<u>Year</u>	<u>Toll revenue</u>	<u>Current expenses</u>	<u>Investment and other earnings</u>	<u>Net revenues</u>	<u>Coverage</u>
2007	\$ 202,675,564	\$ 76,593,495	\$ 21,307,811	\$ 147,389,880	1.96
2008	240,776,791	80,668,732	20,958,496	181,066,555	1.60
2009	290,404,547	90,934,772	31,253,174	230,722,949	1.56
2010	366,597,323	95,709,839	30,086,350	300,973,835	1.61
2011	402,569,534	99,324,590	41,161,515	344,406,459	1.77
2012	485,463,608	151,466,804	28,832,506	362,829,310	1.47
2013	525,458,723	109,240,378	21,721,506	437,939,851	1.26
2014	580,045,215	115,465,976	28,170,791	492,750,030	1.41
2015	617,488,044	128,107,355	33,019,683	522,400,372	1.48
2016	665,212,316	131,310,220	43,467,901	577,369,997	1.48

See accompanying independent auditors' report.

**NORTH TEXAS TOLLWAY AUTHORITY**  
**(An Enterprise Fund of the North Texas Tollway Authority)**

Schedule 9

Schedule of Capitalized Costs by Project

As of December 31, 2016

*(Unaudited)*

	<b>Cumulative Total Through December 31, 2016</b>
<b>Dallas North Tollway - 3711</b>	
Preliminary costs	\$ 17,379,879
Right-of-way	49,485,647
Engineering	21,439,097
Administration	2,953,499
Buildings	5,580,003
Land	1,714,934
Roadways	150,043,598
Equipment	771,382
Accumulated Depreciation	(1,467,542)
Subtotal	247,900,495
Financing costs	53,721,626
Total capitalized costs – Dallas North Tollway	301,622,121
<b>Dallas North Tollway Extension - 3712</b>	
Preliminary costs	6,619,071
Right-of-way	8,557,830
Engineering	25,116,391
Administration	1,413,506
Roadways	207,994,844
Equipment	35,684
Subtotal	249,737,326
Financing costs	-
Total capitalized costs – Dallas North Tollway Extension	249,737,326
<b>Addison Airport Toll Tunnel - 3741</b>	
Preliminary costs	1,244,082
Right-of-way	617,278
Engineering	4,895,697
Administration	295,203
Roadways	18,204,643
Subtotal	25,256,902
Financing costs	(1,351,007)
Total capitalized cost – Addison Airport Toll Tunnel	23,905,895
<b>President George Bush Turnpike - Segments I - IV - 3721</b>	
Preliminary costs	18,040,104
Construction	112,470,157
Right-of-way	76,906,305
Engineering	114,239,012
Administration	25,252,891
Buildings	24,016,957
Land	5,578,821
Roadways	602,608,025
Intangibles	4,581,922
Equipment	77,449,376
Accumulated Depreciation Intangibles	(2,867,201)
Accumulated Depreciation on Buildings	(8,312,981)
Accumulated Depreciation on Equipment	(43,985,395)
Subtotal	1,005,977,992
Financing costs	55,562,993
Total capitalized cost – President George Bush Turnpike - Segments I - IV	1,061,540,985
<b>President George Bush Turnpike - Segment V - 3723</b>	
Preliminary costs	1,596,208
Right-of-way	16,459
Engineering	8,981,476
Administration	235,829
Roadways	68,433,928
Subtotal	79,263,900
Financing costs	6,757,054
Total capitalized cost – President George Bush Turnpike - Segment V	86,020,954
<b>Dallas North Tollway Phase 3 - 3713</b>	
Preliminary costs	5,118,815
infrastructure Other	434
Right-of-way	569,830
Engineering	33,331,022
Administration	2,690,663
Roadways	221,237,942
Subtotal	262,948,707
Financing costs	(20,316,333)
Total capitalized cost – Dallas North Tollway Phase 3	242,632,374
<b>Lewisville Lake Toll Bridge - 3761</b>	
Preliminary costs	9,875
Right-of-way	13,177
Engineering	14,360,183
Administration	249,620
Roadways	99,165,049
Subtotal	113,797,904
Financing costs	310,255
Total capitalized cost – Lewisville Lake Toll Bridge	114,108,160

(continued)

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
Schedule of Capitalized Costs by Project  
As of December 31, 2016  
**(Unaudited)**

Schedule 9

	<b>Cumulative Total Through December 31, 2016</b>
<b>Sam Rayburn Tollway (121 Tollway) - 3751</b>	
Preliminary costs	\$ 1,142,464
Right-of-way	15,103,568
Engineering	90,412,593
Administration	21,194,398
Roadways	505,169,823
Subtotal	633,022,844
Financing costs	131,919,146
Total capitalized cost – Sam Rayburn Tollway (121 Tollway)	764,941,990
<b>President George Bush Turnpike - Eastern Extension - 3722</b>	
Infrastructure (Other)	30,192
Right-of-way	104,963,085
Engineering	72,812,940
Construction	-
Administration	4,861,209
Roadways	384,950,530
Accumulated Depreciation Equipment	(1,088)
Subtotal	567,616,868
Financing costs	60,917,072
Total capitalized cost – President George Bush Turnpike - Eastern Extension	628,533,940
<b>MCLB 1977 Construction Fund - 3731</b>	
Preliminary Cost	483,969
Right-of-way	50,777
Engineering	616,968
Administration	379,131
Roadways	5,955,649
Subtotal	7,486,494
Financing costs	1,414,783
Total capitalized cost – MCLB 1977 Construction Fund	8,901,277
<b>2009 A Revenue Bonds Fund - 3601</b>	
Roadways	2,550
Administration	14,601
Subtotal	17,151
Financing costs	-
Total capitalized cost - 2009 A Revenue Bonds	17,151
<b>Dallas North Tollway PH 4B/5A Fund 3714</b>	
Engineering	702,408
Total capitalized cost - Dallas North Tollway Ph 4B/5A	702,408
<b>Totals by Category</b>	
Infrastructure (Other)	30,626
Preliminary costs	51,634,467
Construction	112,470,157
Right-of-way	256,283,956
Engineering	386,907,787
Administration	59,540,550
Buildings	29,596,960
Land	7,293,755
Roadways	2,263,766,581
Intangibles	4,581,922
Equipment	78,256,442
Accumulated depreciaton Intangibles	(2,867,201)
Accumulated depreciation Equipment	(45,454,026)
Accumulated depreciation on Buildings	(8,312,981)
Subtotal	3,193,728,993
Financing costs	288,935,588
Total Capitalized Cost as of December 31, 2016	\$ 3,482,664,582

(concluded)

(1) Total capitalized cost includes 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 position.

See accompanying independent auditors' report.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
Schedule of Deferred Study Costs - Feasibility Study Fund  
Year ended December 31, 2016  
*(Unaudited)*

Schedule 10

The table below sets forth the accumulated unavailable feasibility study costs, by project, through December 31, 2016 that have not been transferred out of the Feasibility Study Fund into a construction project.

<b>Projects</b>	<b>Accumulated December 31, 2016</b>
Trinity Tollway	\$ 374,328
SH 161 FSF (FREE)	133,015
Dallas North Tollway:	
380 Interchange	285,767
Extension Phase 4	3,740,424
Extension Phase 4B/5A	3,652,801
Phase 3	4,692
President George Bush Turnpike - East Branch	121,176
State Highway 360	6,633,339
Trinity Parkway	40,389,445
North Central Texas Council of Governments	848,892
State Highway 170 - Alliance Gateway	5,223,727
Capital Planning Model	364,329
Collin/Grayson Corridor	175,712
Future Bond Issue Planning	336,519
State Highway 183 Managed Lanes	901,486
Collin County Outer Loop	3,152
Denton County Corridor	7,857
Loop 9	32,649
IH35 E Managed Lanes	60,494
	\$ 63,289,804

See accompanying independent auditor's report







---

North Texas Tollway Authority • 5900 West Plano Parkway, Plano, Texas 75093 • [www.NTTA.org](http://www.NTTA.org)