

NORTH TEXAS TOLLWAY SYSTEM

(An Enterprise Fund of the North Texas Tollway Authority)

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED DECEMBER 31, 2017





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COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2017

**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, 2017

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June 6, 2018

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, 2017 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, 2017, including the North Texas Tollway System and the Non-Major Enterprise Fund.

On November 1, 2017 in conjunction with the issuance of the Series 2017A and Series 2017B Revenue Refunding Bonds and applications of the proceeds thereof the Special Projects System (SPS) debt was defeased and all liabilities of the SPS were paid. Additionally, the President George Bush Turnpike Western Extension (PGBT WE) and the Chisholm Trail Parkway (CTP) were transferred to and became part of the NTTA System.

Following the SPS combination, the System consists of the Dallas North Tollway (DNT), President George Bush Turnpike (PGBT), President George Bush Turnpike Eastern Extension (PGBT EE), President George Bush Turnpike Western Extension (PGBT WE), Sam Rayburn Tollway (SRT) previously known as State Highway 121, Mountain Creek Lake Bridge (MCLB), Addison Airport Toll Tunnel (AATT), Lewisville Lake Toll Bridge (LLTB), and the Chisholm Trail Parkway (CTP).

The Non-Major Enterprise Fund is a fund for Tolling Services Agreements (TSAs). The following represent the three type of TSAs: (1) Developer TSAs, where NTTA has collection exposure and is paid a fee to process each transaction (2) Developer TSAs where NTTA remits only amounts collected and is paid a fee to process each transaction and (3) Regional TSAs facilities where NTTA remits only amounts collected and is reimbursed for operating expenses from the Texas Department of Transportation (TxDOT). Developer TSA (type 1) facilities presently consist of Interstate Highway 635 (LBJ) and North Tarrant Express 1&2 (NTE 1&2). Developer TSA (type 2) facilities presently consist of North Tarrant Express 3B (NTE 3B). Regional TSA (type 3) facilities presently consist of DFW Connector (DFWC), I-30, I-35E, SH-114 and I-635(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 controls 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, an independent audit firm, has issued an unmodified ("clean") opinion on the North Texas Tollway System's financial statements for the year ended December 31, 2017. 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. The Authority is a public organization chartered by the state of Texas and every toll collected is reinvested in the region.

Toll revenues, in 2017, net of bad debt expense were \$722,357,187, representing an increase of 7.0% over 2016 toll revenues of \$675,005,210, 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 (TSAs). Management confirms that the financial statements are presented fairly and in all material respects, represent the financial position of the System as of December 31, 2017. Please refer to the MD&A on pages 10-19 of this report for a detailed discussion of the System's financial performance.

Economic Development

Dallas-Fort Worth (DFW) is one of the top regions in the nation for business, thanks to low cost of living, a business-friendly environment, a strong base of well-educated and skilled employees, and robust access to both U.S. and world markets through its transportation network. Key metrics tracked by the Federal Reserve Bank of Dallas shows the region to be among the strongest in the country. DFW is consistently ranked among the top places to work, the best places to live and the best places for investments. The DFW economy continues to be a key driver of business activity in the state. The area's businesses are diverse, including concentration in health care, logistics, technology and more.

DFW's vast transportation infrastructure connects residents and businesses. The freeway system (including toll roads) provides east-west and north-south corridors with access to job centers and residential communities. Mass transit options, including the Dallas Area Rapid Transit (DART) system, the Fort Worth T, Trinity Railway Express (TRE) and the Denton County Transit Authority's (DCTA) offer alternatives to cars for getting around the region. The region's robust interstate infrastructure provides links along the North American Free Trade Agreement (NAFTA) corridor, linking Mexico to Canada and to East and West Coast destinations, making it an important Intermodal center for the distribution of air, rail and truck freight. The nation's two largest railroads, Fort Worth-based Burlington Northern Santa Fe and Union Pacific have major operation nodes in the region, offering business-efficient access to other key ports and distribution centers across the United States and into Mexico. DFW also is the destination for some of the nation's most innovative projects. One of them is already substantially on its way to becoming a reality: the Texas bullet train. Texas Central Partners has received federal approval or a path of travel for a \$15 billion high-speed rail project that will connect the DFW area with Houston in 90 minutes.

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 2017 was 1.49 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, 2016.

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

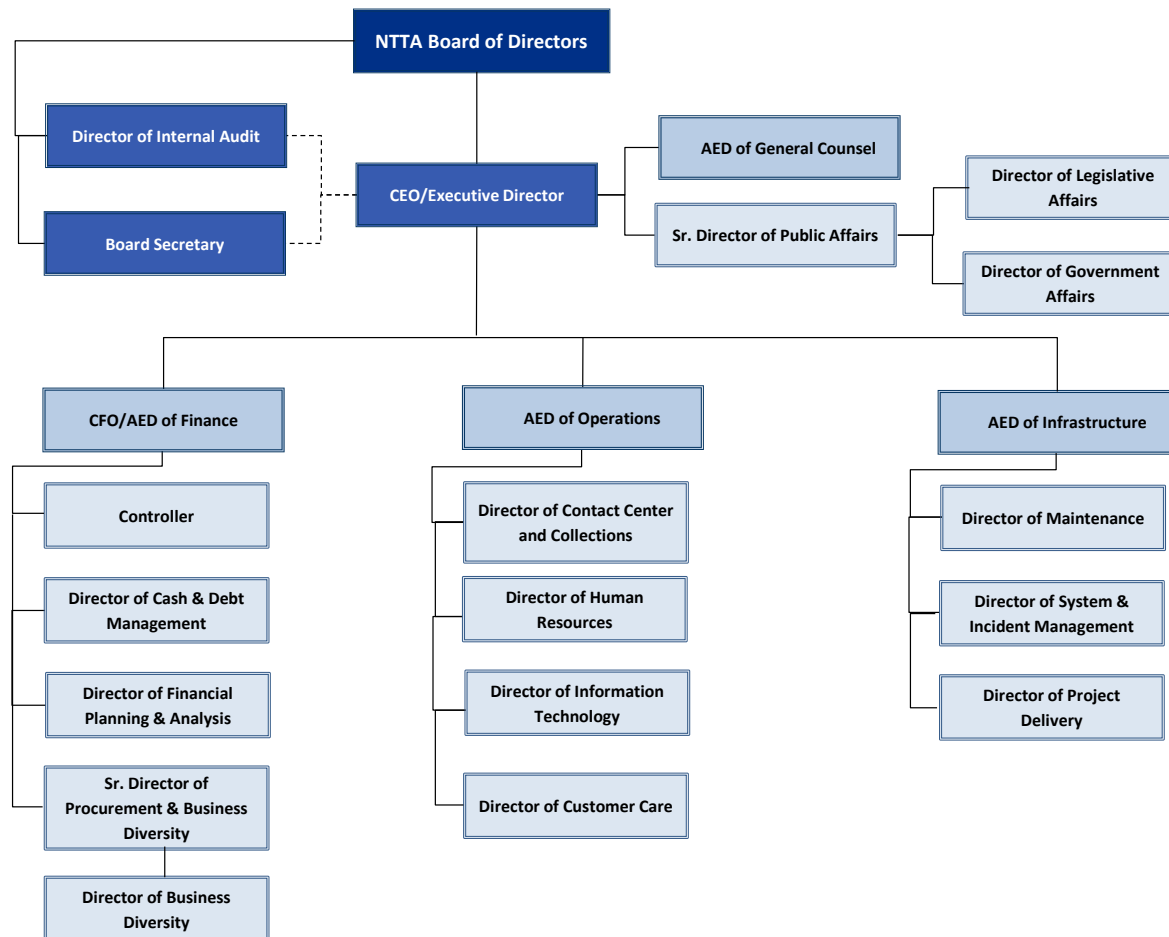
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO

Organizational Chart



North Texas Tollway Authority
List of Officials
December 31, 2017

Kenneth Barr Chairman			Bill Moore Vice Chairman			William D. Elliott Director		
								
Tarrant County Appointee			Collin County Appointee			Gubernatorial Appointee		
Carl O. Sherman Director			Mojy Haddad Director			John Mahalik Director		
								
Dallas County Appointee			Tarrant County Appointee			Denton County Appointee		
Michael R. Nowels Director			George "Tex" Quesada Director			Jane Willard 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, 2017, 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, 2017, 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, 2017, 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 Employer 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 9, 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 9, 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.

A handwritten signature in black ink that reads "Crowe Horwath LLP". The signature is written in a cursive, flowing style.

Crowe Horwath LLP

Dallas, Texas
June 6, 2018

NORTH TEXAS TOLLWAY SYSTEM
(An Enterprise Fund of the North Texas Tollway Authority)
Management's Discussion and Analysis
December 31, 2017

As Management of North Texas Tollway Authority (Authority), we offer readers the financial statements for the System, which consists of DNT, PGBT, PGBT EE, PGBT WE, SRT, MCLB, AATT and LLTB. On November 1, 2017 in conjunction with the issuance of the Series 2017A and Series 2017B Revenue Refunding Bonds and applications of the proceeds thereof the Special Projects System (SPS) debt was defeased and all liabilities of the SPS were paid. Additionally, the President George Bush Turnpike Western Extension (PGBT WE) and the Chisholm Trail Parkway (CTP) were transferred to and became part of the System. These toll roads make up the major enterprise fund of the System. The Non-Major Enterprise Fund is a fund for TSAs. The following represent the three type of TSAs: (1) Developer TSAs, where NTTA has collection exposure and is paid a fee to process each transaction (2) Developer TSAs where NTTA remits only amounts collected and is paid a fee to process each transaction and (3) Regional TSAs facilities where NTTA remits only amounts collected and is reimbursed for operating expenses from TxDOT. Developer TSA (type 1) facilities presently consist of LBJ and NTE 1&2. Developer TSA (type 2) facilities presently consist of NTE 3B. Regional TSA (type 3) facilities presently consist of DFWC, I-30, I-35E, SH-114 and LBJ East.

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, 2017. 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 follow this section.

Using This Annual Report

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the System's 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 System'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.

NORTH TEXAS TOLLWAY SYSTEM
(An Enterprise Fund of the North Texas Tollway Authority)
Management's Discussion and Analysis
December 31, 2017

Financial Results and Analysis

2017 Highlights

- The System's total net position increased by \$547,061,560 over fiscal year 2016. This increase is due mainly to the close out of the Special Projects System into the System. The Special Projects System formerly consisted of the PGBT-WE and the CTP. (See Footnote - Note 1 (a) on pg. 26)
- The System's total traffic transactions (excluding non-revenue transactions) for fiscal year 2017 were 723,247,591, an increase of 20,152,989 or 2.9% over fiscal year 2016 transactions.
- The Non-major Enterprise Fund total traffic transactions for fiscal year 2017 were 100,651,386, an increase of 34,771,764 or 52.8% over fiscal year 2016 transactions. This is primarily due to the opening of new I-35E, SH 114, and NTE 3B facilities as well as continued ramp-up of existing facilities.
- Approximately 4,999,897 toll tags were active at the end of fiscal year 2017, an increase of 664,222 or 15.3% over fiscal year 2016 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 2017, TxDOT received \$8,480,194 on 36,495,357 transactions in comparison to \$8,119,464 on 36,140,629 transactions in 2016.
- The System's toll revenues of \$712,551,456, net of bad debt expense, increased \$47,339,140 or 7.1% over fiscal year 2016, due to a 2.9% increase in traffic transactions and a partial year benefit of the 5.5% toll rate increase that took effect on July 1, 2017.
- The Non-major Enterprise Fund total revenues of \$35,902,251 increased \$3,450,973 or 10.6% due to increased developer TSA transactions.
- The System's Administration and Operations expenses of \$145,516,809 increased by \$14,206,589 or 10.8% over fiscal year 2016. (See Budget to Actual Schedule – page 91)
- The Non-major Enterprise Fund Administration and Operations expenses of \$26,170,395, increased by \$3,741,361 or 16.7% over fiscal year 2016, due to increased developer TSA transactions.

NORTH TEXAS TOLLWAY SYSTEM
(An Enterprise Fund of the North Texas Tollway Authority)
Management's Discussion and Analysis
December 31, 2017

Summary of Operations

Table A-1
Net Position

	2017	2016
Current unrestricted assets	\$ 631,111,968	\$ 478,560,420
Current restricted assets	417,309,472	413,167,679
Noncurrent assets		
Investments	29,568,620	40,675,200
Restricted investments	425,906,016	323,257,899
Other assets	15,558,235	64,236,497
Intangible assets	2,623,954,024	2,688,410,225
Capital assets:		
Nondepreciable	5,625,808,671	3,426,863,466
Depreciable (net)	47,156,058	55,801,116
Total assets	<u>9,816,373,064</u>	<u>7,490,972,502</u>
Deferred outflow of resources	<u>782,642,783</u>	<u>439,903,668</u>
Current unrestricted liabilities	114,689,691	100,413,627
Current liabilities payable from restricted assets	239,190,067	231,939,665
Noncurrent liabilities	45,718,047	49,614,844
Long-term debt	<u>10,198,001,557</u>	<u>8,122,154,568</u>
Total liabilities	<u>10,597,599,362</u>	<u>8,504,122,704</u>
Deferred inflow of resources	<u>34,045,008</u>	<u>6,443,549</u>
Net position:		
Investment in capital assets	(3,737,708,369)	(4,154,462,248)
Restricted for debt service	1,050,516,053	873,433,113
Restricted for SCA intangible	2,623,954,024	2,688,410,225
Unrestricted	<u>30,609,769</u>	<u>12,928,827</u>
Total net position	<u>\$ (32,628,523)</u>	<u>\$ (579,690,083)</u>

The net position indicates an unrestricted current ratio of 5.50 and 4.77 for fiscal year 2017 and fiscal year 2016, respectively. Working capital was \$516,422,276 and \$378,146,793 in fiscal year 2017 and fiscal year 2016, respectively. Total unrestricted current assets were \$631,111,968 in fiscal year 2017, compared to \$478,560,420 in fiscal year 2016. Total unrestricted and restricted current assets were \$1,048,421,440 at the end of fiscal year 2017. Cash and investments of \$945,532,621 represent the largest component of current assets. The remaining \$102,888,819 is comprised of accrued interest receivable of \$2,531,634, accounts receivable of \$79,065,277, inter-project/interagency receivables of \$18,783,401 and prepaid expenses of \$2,508,507.

Total unrestricted current liabilities were \$114,689,691 at the end of fiscal year 2017, consisting of \$1,204,482 of accounts payable, \$63,868,023 of deferred revenue and \$37,409,878 of accrued liabilities (mainly accrued salaries and vacation liability) and \$12,207,308 of interfund payables.

NORTH TEXAS TOLLWAY SYSTEM
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Management's Discussion and Analysis
December 31, 2017

Table A-2
Change in Net Position

Revenues	2017	2016
Tolls	\$ 722,357,187	\$ 675,005,210
Other revenues	75,709,488	66,126,285
Operating revenues	798,066,675	741,131,495
Operating expenses before depreciation	241,174,278	196,812,269
Income from operations before depreciation	556,892,397	544,319,226
Amortization of intangible (Sam Rayburn Tollway)	(64,841,672)	(64,916,168)
Depreciation	(10,412,946)	(8,716,326)
Operating income	481,637,779	470,686,732
Nonoperating revenue (expenses):		
Decrease in fair value of investments	(732,342)	(2,528,460)
Interest expense	(426,510,859)	(417,201,509)
Other	(47,181,797)	14,891,441
Net nonoperating revenue (expenses):	(474,424,998)	(404,838,528)
Capital contributions		
Payments from other governments	83,912	379,642
BAB's subsidy	27,022,055	26,993,077
Capital contribution	512,742,812	63,291
Change in net position	547,061,560	93,284,214
Net position- beginning	(579,690,083)	(672,974,297)
Net position - ending	\$ (32,628,523)	\$ (579,690,083)

Total operating revenues were \$798,066,675 for fiscal year 2017 and \$741,131,495 for fiscal year 2016. Toll revenues in fiscal year 2017 were \$722,357,187 (net of bad debt expense of \$80,065,277), a 7.0% increase over fiscal year 2016 toll revenues of \$675,005,210 (net of bad debt expense of \$67,034,482). Traffic on the System and the Non-major Enterprise Fund continues to grow, with average daily transactions of 1,981,500 and 275,757 in fiscal year 2017 as compared to 1,921,024 and 179,999 in fiscal year 2016, respectively.

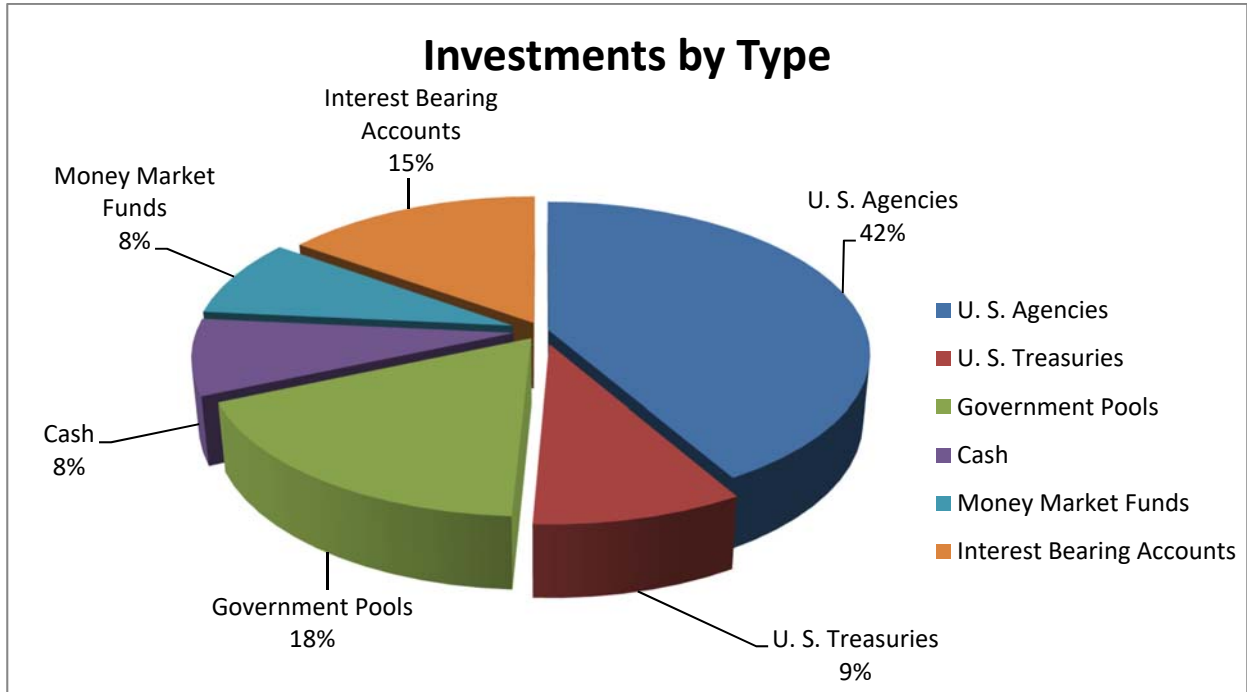
Total operating expenses, including the Reserve Maintenance Fund and the Capital Improvement Fund, before depreciation for fiscal year 2017 were \$241,174,278, representing a 22.5% increase from fiscal year 2016 operating expenses of \$196,812,269. Interest expense, inclusive of capitalized interest, for fiscal year 2017 was \$426,510,859, a 2.2% increase from fiscal year 2016 interest expense of \$417,201,509. The System's debt service coverage for all debt for fiscal year 2017 and fiscal year 2016 were 1.49 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 2017, the debt service coverage for first tier debt was 1.94.

The overall financial position in fiscal year 2017 increased by \$547,061,560 from fiscal year 2016 mainly due to the capital contribution indicated above as a result of the closing of the Special Projects System as explained on page 10.

NORTH TEXAS TOLLWAY SYSTEM
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Management's Discussion and Analysis
December 31, 2017

Investments: Investments at December 31, 2017 and 2016 were approximately \$1,334,446,090 and \$1,122,493,068 respectively. Chart A-3 below shows the types of authorized investments in the December 31, 2017 portfolio.

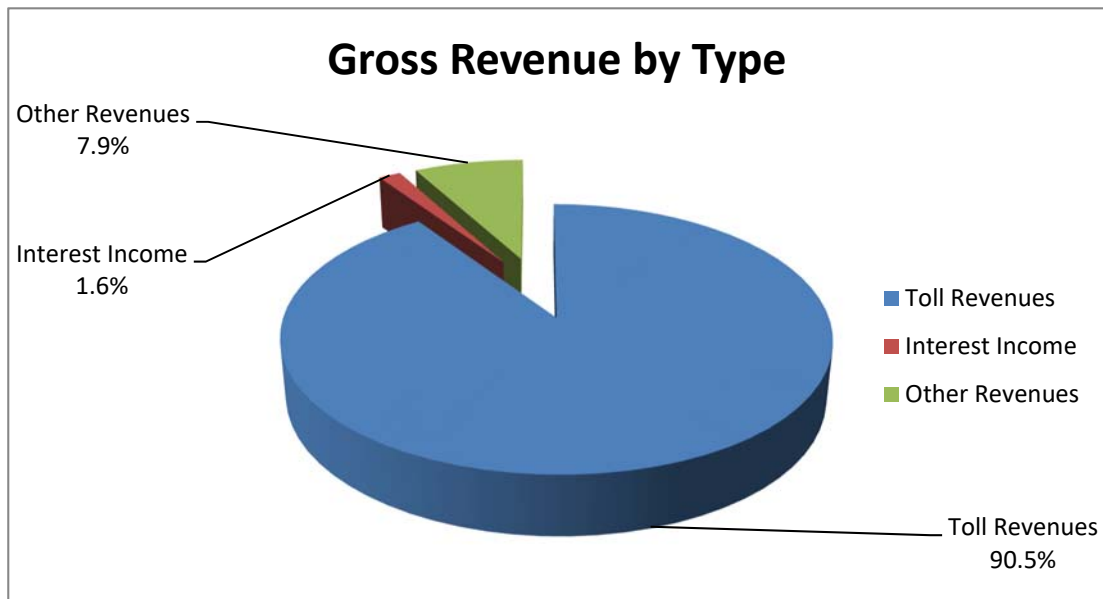
Chart A-3



NORTH TEXAS TOLLWAY SYSTEM
(An Enterprise Fund of the North Texas Tollway Authority)
Management's Discussion and Analysis
December 31, 2017

Chart A-4 below shows revenue in fiscal year 2017 by revenue source type.

Chart A-4

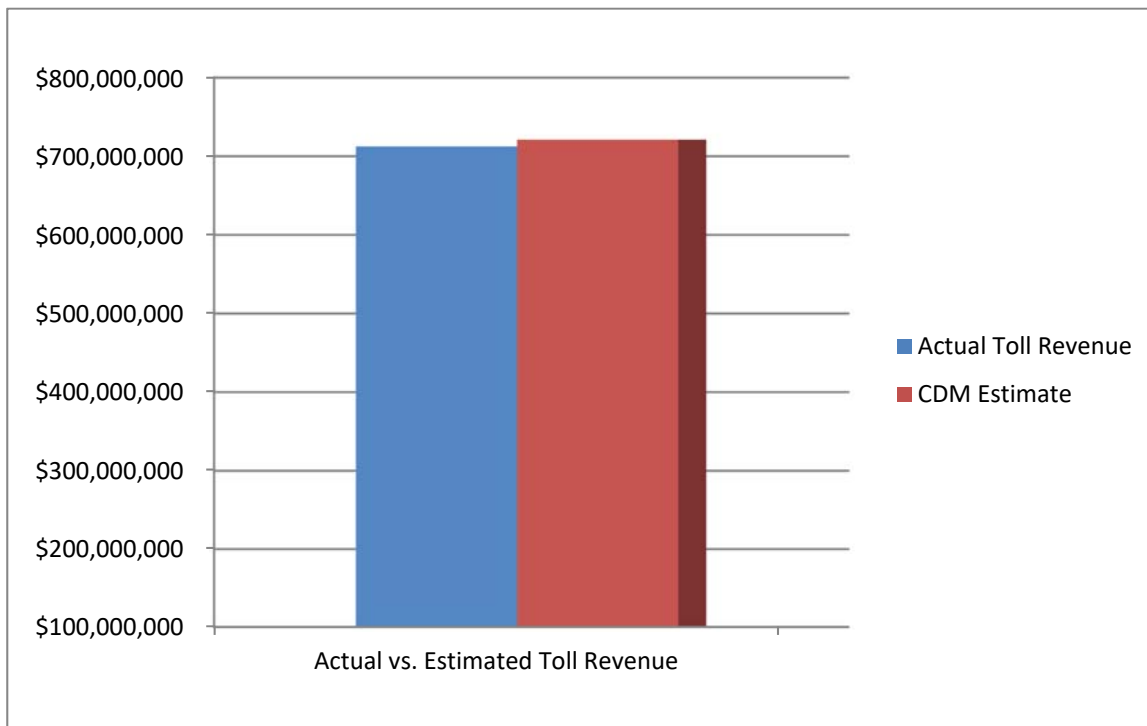


Net revenues for fiscal year 2017 were \$798,066,675, a 7.7% increase over fiscal year 2016 net revenues of \$741,131,495. Toll revenues of \$722,357,187 (net of bad debt expenses of \$80,065,277) account for 90.5% of total revenue. Interest income (excluding Construction Fund interest) was \$12,705,909 or 1.6%. Other revenue, mostly administrative and statement fees for collection of tolls from violators and interoperability fees, was \$63,003,579, representing 7.9% of the total.

NORTH TEXAS TOLLWAY SYSTEM
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Management's Discussion and Analysis
December 31, 2017

Chart A-5 below shows the System's actual toll revenue for fiscal year 2017 compared to the estimated toll revenue by the Authority's traffic and toll revenue engineer, CDM Smith Inc. (CDM). Toll revenue fell short of CDM's estimates by 1.2%.

Chart A-5



Traffic on the System continues to grow with approximately 1,981,500 average daily transactions in fiscal year 2017, up 3.1% from the 1,921,024 daily averages in fiscal year 2016.

The decrease in actual toll revenue as compared to CDM's estimate (budget) was largely attributed to:

- Construction related closures on the DNT facility reduced trips on the facility slightly more than anticipated in the budget.

NORTH TEXAS TOLLWAY SYSTEM
(An Enterprise Fund of the North Texas Tollway Authority)
Management's Discussion and Analysis
December 31, 2017

Engineering Estimates

The annual estimates by CDM for the System are displayed in comparison to the actual revenue of the System for the years of 2008 through 2017 in Table A-6 below:

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

Year	Actual	Estimate	Variance
2017	\$ 712,551,456	\$ 721,068,400	\$ (8,516,945)
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)

The System's fiscal year 2017 toll revenues of \$712,551,456 (net of bad debt expense of \$70,343,032) increased by 7.1% over fiscal year 2016 toll revenue of \$665,212,316 (net of bad debt expense of \$59,411,399). The System's total revenues produced a debt coverage ratio of 1.49 for all debt. Please see the Historical Debt Coverage Table (A-8) on page 19.

Capital Assets – The System's investment in capital assets includes land, buildings, right-of-way, roadway, bridges, equipment, and computer systems. Capital assets at December 31, 2017 were \$5,672,964,729, increasing from December 31, 2016 by \$2,190,300,147. 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 2017, the Authority estimated it would need to spend \$52,299,280 for infrastructure maintenance and preservation, but actually expended \$23,308,416. 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 2017 assessment, please see the Required Supplementary Information on pages 61 and 62 of this report. The Authority's Condition Index for 2017 is 8.9 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
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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 2017, the Authority's total bonded debt outstanding was \$9,407,717,891 compared to \$7,638,205,794 in fiscal year 2016 (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, 2017, on page 45.

Table A-7
Revenue Bonds Outstanding

Series	2017	2016
Series '05C	\$ 42,955,000	\$ 178,310,000
Series '08A	25,125,000	288,995,000
Series '08B	400,000	29,720,000
Series '08D	707,737,891	667,485,794
Series '08I	295,165,000	295,165,000
Series '09A	69,865,000	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 Rev Refund	-	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	851,230,000	858,190,000
Series '15B	758,080,000	762,830,000
Series '16A	980,215,000	987,790,000
Series '17A	1,743,320,000	-
Series '17B	765,995,000	-
Revenue Bonds Outstanding	\$ <u>9,407,717,891</u>	\$ <u>7,638,205,794</u>

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

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Table A-8 sets forth debt service coverage for all debt outstanding for the years 2008 through 2017.

Table A-8
Historical Debt Coverage

<u>Year</u>	<u>Coverage</u>
2017	1.49x
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

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 \$9,000,000 was made on December 28, 2017 for the fiscal year of 2018. The amortization schedule for this loan can be found in Note (5) page 51.

Short-Term Debt - The Authority maintains a \$200,000,000 commercial paper program. During fiscal year 2017, no commercial paper was issued and there are no outstanding notes under the commercial paper program. See also Note (5) page 51.

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, 2017

Assets	North Texas Tollway System	Non-Major Enterprise Fund	Total
Current assets:			
Cash and cash equivalents (note 3)	\$ 53,396,681	\$ 13,164,486	\$ 66,561,167
Investments (note 3)	455,894,226	12,073,297	467,967,523
Accounts receivable (net of allowance for uncollectibles) (note 9)	59,340,995	15,250,492	74,591,487
Other assets	16,671,451	5,320,340	21,991,791
Total current unrestricted assets	<u>585,303,353</u>	<u>45,808,615</u>	<u>631,111,968</u>
Current restricted assets:			
Restricted for construction:			
Investments (notes 3 and 10)	111,981,058	-	111,981,058
Accrued interest receivable	124,659	-	124,659
Restricted for debt service:			
Investments (notes 3 and 5)	297,995,522	-	297,995,522
Accrued interest receivable	1,707,092	-	1,707,092
Accounts receivable	4,473,790	-	4,473,790
Restricted for NTE 3A/3B:			
Investments (note 3)	-	1,027,351	1,027,351
Total current restricted assets	<u>416,282,121</u>	<u>1,027,351</u>	<u>417,309,472</u>
Total current assets	<u>1,001,585,474</u>	<u>46,835,966</u>	<u>1,048,421,440</u>
Noncurrent assets:			
Investments (note 3)	29,568,620	-	29,568,620
Investments restricted for debt service (notes 3 and 5)	425,906,016	-	425,906,016
Unavailable feasibility study costs	14,603,882	-	14,603,882
Net pension asset	954,353	-	954,353
Service Concession Arrangement - Intangible asset (note 1(m))			
(net of accumulated amortization)	2,623,954,024	-	2,623,954,024
Capital assets:			
Nondepreciable (note 4)	5,625,808,671	-	5,625,808,671
Depreciable (net) (note 4)	47,156,058	-	47,156,058
Total noncurrent assets	<u>8,767,951,624</u>	<u>-</u>	<u>8,767,951,624</u>
Total assets	<u>9,769,537,098</u>	<u>46,835,966</u>	<u>9,816,373,064</u>
Deferred outflow of resources			
Accumulated decrease in fair value of hedging derivatives	18,759,840	-	18,759,840
Loss on refunding	752,984,310	-	752,984,310
Pension contributions after measurement date	3,395,801	-	3,395,801
Difference in projected and actual earnings on pension assets	6,897,874	-	6,897,874
Changes in actuarial assumptions used to determined pension liability	604,958	-	604,958
Total deferred outflow of resources	<u>782,642,783</u>	<u>-</u>	<u>782,642,783</u>

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, 2017

Liabilities	North Texas Tollway System	Non-Major Enterprise Fund	Total
Current liabilities:			
Accounts payable	\$ 1,204,482	\$ -	\$ 1,204,482
Accrued liabilities	37,018,045	391,833	37,409,878
Unearned revenue	63,868,023	-	63,868,023
Other liabilities	11,869,868	337,440	12,207,308
Total current unrestricted liabilities	<u>113,960,418</u>	<u>729,273</u>	<u>114,689,691</u>
Payable from restricted assets:			
Construction-related payables:			
Retainage payable	9,890,548	-	9,890,548
Debt service-related payables:			
Accrued interest payable	177,126,300	-	177,126,300
Accrued arbitrage rebate payable	100,868	-	100,868
Revenue bonds payable, current portion (note 5)	51,045,000	-	51,045,000
Other liabilities-NTE 3A/3B	-	1,027,351	1,027,351
Total current liabilities payable from restricted assets	<u>238,162,716</u>	<u>1,027,351</u>	<u>239,190,067</u>
Total current liabilities	<u>352,123,134</u>	<u>1,756,624</u>	<u>353,879,758</u>
Noncurrent liabilities:			
Other post-employment benefits (note 8)	26,958,207	-	26,958,207
Accumulated increase in fair value of hedging derivatives	18,759,840	-	18,759,840
Loans payable	125,337,455	-	125,337,455
Dallas North Tollway System revenue bonds payable, net of bond premium costs of \$715,991,211 (note 5)	<u>10,072,664,102</u>	<u>-</u>	<u>10,072,664,102</u>
Total noncurrent liabilities	<u>10,243,719,604</u>	<u>-</u>	<u>10,243,719,604</u>
Total liabilities	<u>10,595,842,738</u>	<u>1,756,624</u>	<u>10,597,599,362</u>
Deferred inflow of resources			
Difference in expected and actual pension experience	2,739,764	-	2,739,764
Gain on refunding	31,305,244	-	31,305,244
Total deferred inflow of resources	<u>34,045,008</u>	<u>-</u>	<u>34,045,008</u>
Net Position			
Net investment in capital assets	(3,737,708,369)	-	(3,737,708,369)
Restricted for:			
Debt service	1,050,516,053	-	1,050,516,053
SCA Intangible	2,623,954,024	-	2,623,954,024
Unrestricted	(14,469,573)	45,079,342	30,609,769
Total net position	<u>\$ (77,707,865)</u>	<u>\$ 45,079,342</u>	<u>\$ (32,628,523)</u>

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
December 31, 2017

	North Texas Tollway System	Non-Major Enterprise Fund	Total
Operating revenues:			
Tolls	\$ 712,551,456	\$ 9,805,731	\$ 722,357,187
Other	49,612,968	26,096,520	75,709,488
Total operating revenues	762,164,424	35,902,251	798,066,675
Operating expenses:			
General			
Administration	24,341,799	2,109,841	26,451,640
Operations	121,175,010	24,060,554	145,235,564
Preservation			
Reserve maintenance	23,308,416	-	23,308,416
Capital improvement	44,387,633	-	44,387,633
Construction improvement	1,791,025	-	1,791,025
Amortization of intangible asset	64,841,672	-	64,841,672
Depreciation	10,412,946	-	10,412,946
Operating expenses	290,258,501	26,170,395	316,428,896
Operating income	471,905,923	9,731,856	481,637,779
Nonoperating expenses:			
Net decrease in fair value of investments	(732,342)	-	(732,342)
Interest expense	(426,510,859)	-	(426,510,859)
Other	(47,181,797)	-	(47,181,797)
Net nonoperating expenses	(474,424,998)	-	(474,424,998)
Income (loss) before capital contributions, subsidies, and transfers	(2,519,075)	9,731,856	7,212,781
Payments from other governments	83,912	-	83,912
Build America Bonds Subsidy (BAB's)	27,022,055	-	27,022,055
Capital contribution (note 1 (a))	512,742,812	-	512,742,812
Change in net position	537,329,704	9,731,856	547,061,560
Beginning net position	(615,037,569)	35,347,486	(579,690,083)
Ending net position	\$ (77,707,865)	\$ 45,079,342	\$ (32,628,523)

See accompanying notes to basic financial statements

NORTH TEXAS TOLLWAY SYSTEM
(An Enterprise Fund of the North Texas Tollway Authority)
Statement of Cash Flows
Year Ended December 31, 2017

	North Texas Tollway System	Non-Major Enterprise Fund	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 765,662,816	\$ 29,645,390	\$ 795,308,206
Receipts from other sources	1,390,019	-	1,390,019
Payments to contractors and suppliers	(219,833,096)	(24,772,399)	(244,605,495)
Payments to employees	(51,898,831)	(2,109,841)	(54,008,672)
Net cash provided by operating activities	495,320,908	2,763,150	498,084,058
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(343,217,465)	-	(343,217,465)
Principal paid on revenue bonds	(41,435,000)	-	(41,435,000)
Principal paid on ISTEAL loan - current	(3,585,247)	-	(3,585,247)
Capital contributions - BAB's Subsidy	27,022,055	-	27,022,055
Refunding of revenue bonds and TIFIA loan	(80,290,349)	-	(80,290,349)
Deferred financing costs	293,453,903	-	293,453,903
Swap interest payment	(5,560,274)	-	(5,560,274)
Interest paid on ISTEAL loan	(5,531,494)	-	(5,531,494)
Interest paid on revenue bonds	(395,275,953)	-	(395,275,953)
Payments from other governments	83,912	-	83,912
Net cash used by capital and related financing activities	(554,335,912)	-	(554,335,912)
Cash flows from investing activities:			
Purchase of investments	(6,081,572,281)	(13,406,492)	(6,094,978,773)
Proceeds from sales and maturities of investments	6,145,501,364	17,183,735	6,162,685,099
Interest received	600,478	-	600,478
Net cash used by investing activities	64,529,561	3,777,243	68,306,804
Net increase in cash and cash equivalents	5,514,556	6,540,394	12,054,950
Cash and cash equivalents, beginning of the year	47,882,125	6,624,092	54,506,217
Cash and cash equivalents, end of the year	53,396,681	13,164,486	66,561,167
Classified as:			
Current assets	53,396,681	13,164,486	66,561,167
Total	53,396,681	13,164,486	66,561,167
Noncash financing, capital, and investing activities:			
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	471,905,923	9,731,856	481,637,779
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	10,412,946	-	10,412,946
Amortization of intangible assets	64,841,672	-	64,841,672
Bad debt expense	70,343,032	9,722,245	80,065,277
Miscellaneous nonoperating income	1,390,019	-	1,390,019
Changes in assets and liabilities:			
Increase in accounts receivable	(73,972,775)	(15,979,106)	(89,951,881)
Decrease in accounts and retainage payable	(70,250,200)	(827,617)	(71,077,817)
Decrease in net pension asset	(7,660)	-	(7,660)
Decrease in pension related deferred outflows	1,502,100	-	1,502,100
Increase in pension related deferred inflows	340,561	-	340,561
Increase in accrued liabilities	10,337,935	115,772	10,453,707
Increase in prepaid expenses	(570,560)	-	(570,560)
Increase in other post employment benefits obligation	1,919,780	-	1,919,780
Increase in unearned revenue	7,128,135	-	7,128,135
Total adjustments	23,414,985	(6,968,706)	16,446,279
Net cash provided by operating activities	\$ 495,320,908	\$ 2,763,150	\$ 498,084,058
Noncash financing activities:			
Decrease in the fair value of investments	(732,342)	-	(732,342)
Interest accretion on 2008D bonds	(40,252,097)	-	(40,252,097)

On November 1, 2017, the Authority issued \$1,743,320,000 of North Texas Tollway Authority First Tier Revenue Refunding Bonds, Series 2017A, for the purpose of refunding \$135,355,000 of Series 2005C Bonds, \$242,100,000 of Series 2008A Bonds, \$28,940,000 of Series 2008B Bonds, \$332,225,000 of Series 2010 Bonds, \$442,145,000 of Series 2011A SPS Bonds, Series 2008B Bonds, \$332,225,000 of Series 2010 Bonds, \$442,145,000 of Series 2011A SPS Bonds, \$89,347,301 of Series 2011B SPS Bonds, \$200,931,726 of 2011C SPS Bonds and \$160,555,000 of Series 2011D SPS Bonds.

On November 1, 2017, the Authority issued \$765,995,000 of North Texas Tollway Authority Second Tier Revenue Refunding Bonds, Series 2017B, for the purpose of refunding \$406,315,000 of Series 2011D SPS Bonds, \$73,665,000 of Series 2011E SPS Bonds and \$478,026,323 of Transportation Infrastructure Finance and Innovation Act Loan.

On November 1, 2017 in conjunction with the issuance of the Series 2017A and Series 2017B Refunding Bonds, \$2,399,339,033 of capital and other assets and \$1,886,596,221 of bonds and other liabilities were transferred from the Special Projects System to the System resulting in an overall net capital contribution \$512,742,812.

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

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NORTH TEXAS TOLLWAY SYSTEM
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(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 (TTA) and assumed ownership of the system of toll roads then owned and operated by the TTA and all obligations of the TTA related to such system of toll roads.

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 (the "Member Counties") and Johnson County (together with the Member Counties, the "Project 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.

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 previously consisted of the PGBT WE and the CTP. On November 1, 2017 in conjunction with the issuance of the Series 2017A and Series 2017B revenue refunding bonds and application of the proceeds thereof to defease the debt of the SPS, all liabilities of the SPS were paid or provided for and the PGBT WE and CTP were transferred to and became part of the NTTA System. For additional details on the refunding transactions see Note (5).

The North Texas Tollway System is an enterprise fund and does not purport to be the the entire activities of the Authority. The DNT, AATT, PGBT, PGBT EE, PGBT WE, MCLB, SRT, LLTB and the CTP currently constitute and are collectively referred to as the System. The Non-Major Enterprise Fund is a fund for TSAs. The following represent the three type of TSAs: (1) Developer TSAs, where NTTA has collection exposure and is paid a fee to process each transaction (2) Developer TSAs where NTTA remits only amounts collected and is paid a fee to process each transaction and (3) Regional TSAs facilities where NTTA remits only amounts collected and is reimbursed for operating expenses from TxDOT. Developer TSA (type 1) facilities presently consist of LBJ and NTE 1&2. Developer TSA (type 2) facilities presently consist of NTE 3B. Regional TSA (type 3) facilities presently consist of DFWC, I-30, I-35E, SH-114 and LBJ East.

(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.

NORTH TEXAS TOLLWAY SYSTEM
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NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

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.

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.

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- **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, 2017, 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.

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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 five 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.

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(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, 2017 is \$100,868.

(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, 2017	Additions	Disposal	Amortization	December 31, 2017
Roadway	\$ 3,222,810,215	-	-	-	\$ 3,222,810,215
Less accumulated amortization	(534,399,990)	-	-	(64,456,201)	(598,856,191)
Total	\$ 2,688,410,225	-	-	(64,456,201)	\$ 2,623,954,024

(n) New Accounting Pronouncements

In the current year, The Authority implemented the following statements:

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. There was no impact from the implementation of this standard.

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. There was no impact from the implementation of this standard.

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 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. 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.

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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*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

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.

GASB Statement No. 87, *Leases*. This statement is effective for periods beginning after December 15, 2019. The objective of this Statements is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

(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.

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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 2017.

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 2017.

	2017 (unaudited)
GAAP basis operating income	\$ 471,905,923
Gross Income	471,905,923
Add:	
Depreciation	10,412,946
Amortization of intangible	64,841,672
Capital improvement fund expenses	46,178,658
Reserve maintenance fund expenses	23,308,416
Net revenues available for debt service	616,647,615
Bond interest expense, net of capitalized interest	359,223,123
Scheduled principal amount due	54,630,247
Calculated debt service requirement	\$ 413,853,369 (*)
Coverage ratio (for 1st tier debt)	1.94
Coverage ratio (for 1st and 2nd tier debt)	1.62
Coverage ratio (for all debt)	1.49

(*) Debt service requirement for 1st tier-\$318,037,530, 2nd tier-\$62,753,583 and other-\$33,062,256

(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 2017. 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.

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- 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 AA-Am-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.

(a) Deposits

The Authority's deposits were fully insured or collateralized at December 31, 2017. The carrying amount of the Authority's deposits was \$66,552,967 (which does not include \$8,200 of petty cash) and the respective bank balances totaled \$69,370,603. As of December 31, 2017, Federal Depositary 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.

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(b) Investments

As of December 31, 2017 the maturity values are as follows:

		2017			
		Maturity Value (in Yrs)			WAM(*)
		Less Than 1			
Description	Fair Value	Yr	1 Yr or More		
Government Sponsored Entities (GSE):					
Federal Home Loan Bank	\$ 151,672,148	\$ 51,553,520	\$ 100,118,628		
Federal National Mortgage Association	146,191,235	15,139,000	131,052,235		
Federal Farm Credit Bank	147,027,163	11,928,780	135,098,383		
Federal Home Loan Mortgage Corporation	110,579,150	45,572,511	65,006,639		
Total GSE	555,469,696	124,193,811	431,275,885		382
		Less Than 1			
Description	Reported Value	Yr	1 Yr or More		
Money Market Funds	112,047,495	112,047,495	-		-
U.S. Treasuries	121,748,009	97,549,259	24,198,750		39
Government Pool	236,102,411	236,102,411			6 (**)
Interest Bearing Account	201,080,795	201,080,795	-		0
Cash(***)	107,997,684	107,997,684	-		-
Total Investments	\$ 1,334,446,090	\$ 878,971,455	\$ 455,474,635		427

*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 Trust Accounts 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	\$ 111,981,058
Revenue Account	90,605,241
Operations and Maintenance Account	3,095
Reserve Maintenance Account	50,391,244
Consolidated Capital Improvement Account	405,818,060
Bond Interest Account	163,414,579
Bond Reserve Account	448,087,165
Bond Redemption Account	51,045,000
Enterprise Account	12,073,297
NTE 3A/3B Agency Fund	1,027,351
Total Investments	\$ 1,334,446,090

(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, 2017 was 1.28% in comparison to 0.94% in 2016.

The weighted average maturity in days was 427 days for 2017, compared to 523 days for 2016. Approximately 66% of the investments are maturing within one year and 34% are maturing one year or greater. The Authority does not have a formal policy on Interest Rate Risk.

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(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, 2017, the Authority invested 8% in AAA rated money market funds, 15% in Interest Bearing Accounts, 18% in AAAM rated State and Local Government Pools, 42% in Government Sponsored Entities (GSE), 8% in Cash 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, 2017 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, 2017 using a matrix pricing model:

Fair Value Measurements Using				
December 31, 2017	Level 1	Level 2	Level 3	
Investments by fair value level:				
Debt Securities				
Federal Home Loan Bank	\$ 151,672,148	\$ -	\$ 151,672,148	\$ -
Federal National Mortgage Association	146,191,235	-	146,191,235	-
Federal Farm Credit Bank	147,027,163	-	147,027,163	-
Federal Home Loan Mortgage Corporation	110,579,150	-	110,579,150	-
US Treasury Note	121,748,009	-	121,748,009	-
Total Debt Securities	677,217,705	-	677,217,705	-
Total Investments measured at fair value level:	<u>\$ 677,217,705</u>	<u>\$ -</u>	<u>\$ 677,217,705</u>	<u>\$ -</u>

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(4) Capital Assets

Capital assets are summarized as follows:

	January 1, 2017	Additions	Disposal	Depreciation	Adjustments (transfers, etc.)	December 31, 2017
<i>Non-depreciable</i>						
Land	\$ 7,293,755	\$ -	\$ -	\$ -	\$ -	\$ 7,293,755
Right-of-way	256,283,956	73	-	-	48,596,299	304,880,328
CIP	112,470,158	85,804,052	-	-	(250,216)	198,023,994
Roadway	2,516,690,676	36,028,506	-	-	2,014,378,189	4,567,097,371
Infrastructure - Other *	534,124,921	5,677,411	-	-	8,710,891	548,513,223
Total non-depreciable assets	3,426,863,466	127,510,042	-	-	2,071,435,163	5,625,808,671
<i>Depreciable</i>						
Buildings	29,596,959	-	-	-	-	29,596,959
Machinery and equipment	78,256,443	5,234,288	(10,149,768)	-	(2,655,596)	70,685,367
Intangibles	4,581,922	-	-	-	-	4,581,922
Less accumulated depreciation:						
Buildings	(8,312,981)	-	-	(986,560)	-	(9,299,541)
Equipment	(45,454,026)	-	-	(9,422,858)	9,720,907	(45,155,977)
Less amortization:						
Intangibles	(2,867,201)	-	-	(385,471)	-	(3,252,672)
Total depreciable assets (net)	55,801,116	5,234,288	(10,149,768)	(10,794,889)	7,065,311	47,156,058
Total capital assets	\$3,482,664,582	\$ 132,744,330	\$(10,149,768)	\$ (10,794,889)	\$ 2,078,500,474	\$ 5,672,964,729

* Includes capitalized interest net of interest earnings. Total bond interest costs incurred amounted to \$380,727,268 during the year ended December 31, 2017.

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(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, 2017.

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, 2017. The deferred outflow in resources ending balance for the year ended December 31, 2017 was (\$3,181,261).

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. Amortization of the deferred outflow in resources on the refunding was \$77,729 for the year ended December 31, 2017. The deferred outflow in resources ending balance for the year ended December 31, 2017 was (\$182,282).

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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 \$409,596 for the year ended December 31, 2017. The deferred outflow in resources ending balance for the year ended December 31, 2017 was (\$6,343,054).

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. 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.

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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, 2017 were reduced by 6.9% and those processed between October 1 and December 31, 2017 were reduced by 6.6%. 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, 2017. The deferred inflow in resources ending balance for the year ended December 31, 2017 was \$2,650,905.

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 \$604,038 for the year ended December 31, 2017. The deferred outflow in resources ending balance for the year ended December 31, 2017 was (\$5,669,321).

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.

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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, 2017 were reduced by 6.9% and those processed between October 1 and December 31, 2017 were reduced by 6.6%. 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 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. Amortization of the deferred outflow in resources on the refunding was \$25,776 for the year ended December 31, 2017. The deferred outflow in resources ending balance for the year ended December 31, 2017 was (\$270,651).

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%.

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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, 2017. The deferred inflow in resources ending balance for the year ended December 31, 2017 was \$90,792.

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, 2017. The deferred outflow in resources ending balance for the year ended December 31, 2017 was (\$131,593).

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, 2017. The deferred outflow in resources ending balance for the year ended December 31, 2017 was (\$323,026).

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, 2017.

The deferred inflow in resources ending balance for the year ended December 31, 2017 was \$106,900. 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.

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, 2017. The deferred inflow in resources ending balance for the year ended December 31, 2017 was \$902,664.

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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, 2017. The deferred outflow in resources ending balance for the year ended December 31, 2017 was (\$1,212,583).

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, 2017. The deferred outflow in resources ending balance for the year ended December 31, 2017 was (\$96,554).

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, 2017. The deferred outflow in resources ending balance for the year ended December 31, 2017 was (\$24,844,122).

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%.

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, 2017. The deferred outflow in resources ending balance for the year ended December 31, 2017 was (\$6,506,096).

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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, 2017. The deferred outflow in resources ending balance for the year ended December 31, 2017 was (\$4,595,121).

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, 2017. The deferred outflow in resources ending balance for the year ended December 31, 2017 was (\$115,596,703).

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, 2017. The deferred outflow in resources ending balance for the year ended December 31, 2017 was (\$97,037,947).

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 \$5,698,006 for the year ended December 31, 2017. The deferred outflow in resources ending balance for the year ended December 31, 2017 was (\$113,960,118).

Series 2017A:

On November 1, 2017, the Authority issued \$1,743,320,000 of North Texas Tollway Authority First Tier Revenue Refunding Bonds, Series 2017A, for the purpose of refunding \$135,355,000 of Series 2005C Bonds, \$242,100,000 of Series 2008A Bonds, \$28,940,000 of Series 2008B Bonds, \$332,225,000 of Series 2010 Bonds, \$442,145,000 of Series 2011A SPS Bonds, \$89,347,301 of Series 2011B SPS Bonds, \$200,931,726 of 2011C SPS Bonds and \$160,555,000 of Series 2011D SPS Bonds.

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The Series 2017A Bonds were issued as serial bonds maturing January 1, 2019 through January 1, 2039 and term bonds due January 1, 2043 and January 1, 2048. The bonds have an interest rate of 2%-5%.

The refunding results for 2005C, 2008A, 2008, 2010, 2011A, 2011B, 2011C and 2011D 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 2005C, 2008A, 2008, 2010, 2011A, 2011B, 2011C and 2011D Bonds refunded by 2017A Revenue Refunding Bonds of (\$381,286,452) 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 \$8,902,150 for the year ended December 31, 2017. The deferred outflow in resources ending balance for the year ended December 31, 2017 was (\$373,033,878).

Series 2017B:

On November 1, 2017, the Authority issued \$765,995,000 of North Texas Tollway Authority Second Tier Revenue Refunding Bonds, Series 2017B, for the purpose of refunding \$406,315,000 of Series 2011D SPS Bonds, \$73,665,000 of Series 2011E SPS Bonds and \$478,026,323 of Transportation Infrastructure Finance and Innovation Act (TIFIA) SPS Loan. The Series 2017B Bonds were issued as serial bonds maturing January 1, 2019 through January 1, 2039 and term bonds due January 1, 2043 and January 1, 2048. The bonds have an interest rate of 2%-5%.

The refunding results for 2011D and 2011E 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 2011D and 2011E Bonds refunded by 2017B Revenue Refunding Bonds of \$27,689,052 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 (\$135,069) for the year ended December 31, 2017. The deferred inflow in resources ending balance for the year ended December 31, 2017 was \$27,553,983.

Cash Defeasance 2017

On November 1, 2017, in connection with the issuance of the Series 2017A and 2017B Revenue and Refunding Bonds, the System contributed \$163,515,905, with \$136,456,579 transferred from the Rate Stabilization Fund (a subfund of the System) and \$27,059,326 transferred from its General Fund (a subfund of the System), toward the defeasance of the Series 2011E SPS Bonds and the Transportation Infrastructure Finance and Innovation Act (TIFIA) SPS Loan.

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The following schedule summarizes the revenue bonds outstanding as of December 31, 2017:

Description of Issue	Beginning Balance	Additions	Matured or Retired	Ending Balance	Due within one year
Series '05C	\$ 178,310,000	\$ -	\$ (135,355,000)	\$ 42,955,000	\$ -
Series '08A	288,995,000	-	(263,870,000)	25,125,000	25,125,000
Series '08B	29,720,000	-	(29,320,000)	400,000	400,000
Series '08D	667,485,794	40,252,097	-	707,737,891	-
Series '08I	295,165,000	-	-	295,165,000	-
Series '09A	69,865,000	-	-	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 '11A-SPS	-	442,145,000	(442,145,000)	-	-
Series '11B	268,625,000	-	-	268,625,000	-
Series '11B-SPS	-	89,347,301	(89,347,301)	-	-
Series '11C-SPS	-	200,931,726	(200,931,726)	-	-
Series '11D-SPS	-	566,870,000	(566,870,000)	-	-
Series '11E-SPS	-	73,665,000	(73,665,000)	-	-
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	-	(6,960,000)	851,230,000	7,170,000
Series '15B	762,830,000	-	(4,750,000)	758,080,000	4,985,000
Series '16A	987,790,000	-	(7,575,000)	980,215,000	13,365,000
Series '17A	-	1,743,320,000	-	1,743,320,000	-
Series '17B	-	765,995,000	-	765,995,000	-
	<u>7,638,205,794</u>	<u>3,922,526,124</u>	<u>(2,153,014,027)</u>	<u>9,407,717,891</u>	<u>51,045,000</u>
Less:					
Bond discount/(premium)	<u>(396,461,074)</u>	<u>(366,737,918)</u>	<u>47,207,781</u>	<u>(715,991,211)</u>	<u>-</u>
Totals	\$ <u>8,034,666,868</u>	\$ <u>4,289,264,042</u>	\$ <u>(2,200,221,808)</u>	\$ <u>10,123,709,102</u>	\$ <u>51,045,000</u>

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, 2017 was \$(715,991,211).

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The revenue bond debt service requirements below are prepared as of December 31, 2017:

Year	Total Revenue Bonds		BAB Subsidy *	Total
	Principal amount	Interest amount		
Due January 1				
2018	51,045,000	410,009,574	(27,065,522)	433,989,052
2019	115,260,000	448,311,949	(27,065,522)	536,506,427
2020	115,595,000	446,893,437	(27,065,522)	535,422,915
2021	176,200,000	440,624,252	(27,065,522)	589,758,730
2022	212,215,000	430,332,526	(27,065,522)	615,482,004
2023-2027	1,481,275,000	1,933,062,193	(125,560,162)	3,288,777,031
2028-2032	1,520,249,914	2,021,914,942	(96,986,219)	3,445,178,637
2033-2037	1,626,947,473	1,877,437,712	(90,589,711)	3,413,795,474
2038-2042	2,000,833,654	977,032,326	(83,748,321)	2,894,117,659
2043-2047	1,247,176,720	321,159,480	(45,124,437)	1,523,211,763
2048-2052	458,015,000	29,792,257	(4,312,455)	483,494,802
Interest Accretion	402,905,129	(402,905,129)	-	-
	<u>\$ 9,407,717,890</u>	<u>\$ 8,933,665,519</u>	<u>\$ (581,648,915)</u>	<u>\$ 17,759,734,494</u>

* Note: Due to sequestration, BAB's Subsidy is reduced by 6.83%.

The Interest and Sinking and Reserve Accounts required by the Trust Agreement have been established with the Trustee. The balances as of December 31, 2017 were:

	Cash and Investment Balance	Trust Requirement
Bond Interest account	\$ 163,414,579	\$ 163,407,800
Debt service reserve account(*)	448,087,165	449,935,067
Redemption account	51,045,000	51,045,000
Total	<u>\$ 662,546,744</u>	<u>\$ 664,387,867</u>

(*) The Debt Service Reserve account per the trust agreement is not valued at market price but amortized value. The amortized value at 12/31/2017 was \$452,791,329.

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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.

On March 30, 2017, an amendment legally re-designating the outstanding Swap Transactions as relating to the Series 2009D Bonds was executed. In conjunction with the re-designation, the swap insurance policies were cancelled with the consent of JPMorgan Chase Bank and Citibank.

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.

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As of December 31, 2017, rates were as follows: (see example in table below)

Interest rate swap:	Terms	2004 Swap Rates December 31, 2017	2005 Swap Rates December 31, 2017
Fixed payment to counterparties	Fixed	3.673%	3.533%
Minus Variable payment from counterparties	67% of 1-Month LIBOR	1.000%	1.000%
Net interest rate swap payments		2.673%	2.533%
Plus 2009D Variable-rate bond coupon payments	Avg. Coupon + 71 bps*	1.740%	1.740%
Synthetic interest rate on bonds including LOC & Remarketing		4.413%	4.273%

*66bps LOC fee & 5bps remarketing fee

Period Ended December 31, 2017

Derivative Instrument	Hedge Type	Effectiveness Test Method	Result	Classification	Amount
Combined 2004 Swaps	Cash flow hedges	Regression Analysis	Effective	Deferred Outflow	\$ (6,773,081)
Combined 2005 Swaps	Cash flow hedges	Regression Analysis	Effective	Deferred Outflow	\$ (11,986,759)

Fair value. As of December 31, 2017, the 2004 Swap Transactions had a negative fair value of \$6,773,081 and the 2005 Swap Transactions had a negative fair value of \$11,986,759. 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, 2017 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, if the fair value was positive, signifying the provider owes to the Authority's credit.

As of December 31, 2017, 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.

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.

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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. Pursuant to the interest rate exchange agreement with JPMorgan Chase Bank, if 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.

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.

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Swap payments and associated debt. Using rates as of December 31, 2017, 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.

2009D Bonds Associated with Swaps			
Fiscal Year	Principal amount	Interest amount*	Total
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
TOTAL	\$178,400,000	\$ 263,153,447	\$ 441,553,447

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

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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, 2017, 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 loan's principal payable is \$125,337,455 as of December 31, 2017.

The following schedule summarizes the debt service requirements of the TxDOT ISTEA loan payable subsequent to December 31, 2017:

Fiscal Year	TxDOT ISTEA Loan payable		Total
	Principal	Interest	
2018(*)	-	-	-
2019	5,235,827	5,264,173	10,500,000
2020	7,205,732	5,044,268	12,250,000
2021	10,580,769	4,741,628	15,322,396
2022	11,025,161	4,297,235	15,322,396
2023 - 2027	62,473,084	14,138,898	76,611,982
2028 - 2029	28,816,882	1,827,910	30,644,793
	\$ 125,337,455	\$ 35,314,112	\$ 160,651,567

(*) ISTEA payment for 1/1/2018 of \$9,000,000 (principal = \$3,585,247 and interest = \$5,414,753) was made on December 28, 2017.

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(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.

Plan Description

The Authority participates as one of 738 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.

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, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	166
Inactive employees entitled to but not yet receiving benefits	739
Active employees	762
Total	<u>1,667</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 7.63% and 8.09% in fiscal years 2016 and 2017, respectively. The Authority's contributions to TCDRS for the year ended December 31, 2017, were \$3,395,801 and were equal to the required contributions.

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Net Pension Asset

The Authority's Net Pension Asset (NPA) was measured as of December 31, 2016, 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, 2016 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.

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 2017 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	13.50%	4.70%
Private Equity	16.00%	7.70%
Global Equities	1.50%	5.00%
International Equities - Developed	10.00%	4.70%
International Equities - Emerging	7.00%	5.70%
Investment-Grade Bonds	3.00%	0.60%
High-Yield Bonds	3.00%	3.70%
Opportunistic Credit	2.00%	3.83%
Direct Lending	10.00%	8.15%
Distressed Debt	3.00%	6.70%
REIT Equities	2.00%	3.85%
Master Limited Partnerships (MLPs)	3.00%	5.60%
Private Real Estate Partnerships	6.00%	7.20%
Hedge Funds	20.00%	3.85%
Total	100.00%	

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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, 2016	\$89,434,474	\$90,381,167	(\$946,693)
Changes for the year:			
Service cost	6,194,580	-	6,194,580
Interest	7,402,223	-	7,402,223
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	(1,073,578)	-	(1,073,578)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(413,472)	(413,472)	-
Benefit payments	(1,801,636)	(1,801,636)	-
Administrative expenses	-	(72,943)	72,943
Member contributions	-	2,475,976	(2,475,976)
Net investment income	-	6,711,695	(6,711,695)
Employer contributions	-	3,148,616	(3,148,616)
Other changes	-	267,541	(267,541)
Balances as of December 31, 2016	<u>\$99,742,592</u>	<u>\$100,696,945</u>	<u>(\$954,353)</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 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	\$114,358,639	\$99,742,592	\$87,709,982
Fiduciary net position	100,696,945	100,696,945	100,696,945
Net pension liability / (asset)	<u>\$13,661,695</u>	<u>(\$954,353)</u>	<u>(\$12,986,963)</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.

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

For the year ended December 31, 2016, the Authority recognized pension expense of \$5,221,868.

At December 31, 2016, 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	\$ 3,395,801	\$ -
Net difference between projected and actual investment earnings	6,897,874	-
Differences between expected and actual experience	-	2,739,765
Changes of assumptions	604,959	-
Total	<u>\$ 10,898,634</u>	<u>\$ 2,739,765</u>

\$3,395,801 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, 2018. The remainder of the total deferred outflows/inflows, \$4,763,068, related to pensions will be recognized in pension expense as follows:

2018	1,759,637
2019	1,759,637
2020	1,482,810
2021	(239,016)
Thereafter ⁽¹⁾	-

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

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

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

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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, 2017 were \$1,349,228 based on a covered payroll of \$40,597,821.

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 2008-2017. 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
2017	\$ 1,039,058	12,294,775	10,587,347	\$ 2,746,486

(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.

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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 \$540.00 per month for retiree only coverage, \$1,115.00 for retiree and spouse and \$1,439.00 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, 2017, 2016 and 2015 was \$384,739, \$392,826 and \$380,945 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	\$ 4,872	\$ 5,184	\$ -	\$ -
PPO	6,480	6,900	-	-
PSS	-	-	2,520	2,532
PMA	-	-	1,056	1,056

The required contribution is based on the projected pay-as-you-go financing requirements. For fiscal year 2017 expenses of \$153,931 were recognized for the post-employment health care premiums paid. This represents 40.0% 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.

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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, 2017:

	2015	2016	2017
Annual Required Contribution	\$ 1,441,286	\$ 2,680,967	\$ 2,680,967
Interest on Net OPEB Obligation	847,955	924,746	1,001,537
Adjustment to Annual Required Contribution	(313,678)	(1,600,230)	(1,608,793)
Annual OPEB Cost (expense)	1,975,563	2,005,483	2,073,711
Payments Made	55,783	85,703	153,931
Increase in Net OPEB Obligation	1,919,780	1,919,780	1,919,780
Net OPEB Obligation - Beginning of Year	21,198,867	23,118,647	25,038,427
Net OPEB Obligation - End of Year	\$ 23,118,647	\$ 25,038,427	\$ 26,958,207

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, 2015-2017 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Paid	Net OPEB Obligation
12/31/2015	\$ 1,975,563	2.82%	\$ 23,118,647
12/31/2016	\$ 2,005,483	4.27%	\$ 25,038,427
12/31/2017	\$ 2,073,711	7.42%	\$ 26,958,207

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.

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(9) Disaggregation of Receivable Balances

The unrestricted accounts receivable balance is \$74,591,487, and the restricted accounts receivable balance is \$4,473,790. The unrestricted balance consists of \$60,823,178 for billed video tolls (net of the allowance for doubtful accounts of \$210,006,336); \$13,604,645 for unbilled video tolls (net of the allowance for doubtful accounts of \$20,783,494), and \$163,664 for miscellaneous other receivables. The restricted balance consists of BAB's subsidy receivable of \$4,473,790.

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 77.5% 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		\$ 224,393,707	\$ 46,435,807	\$ 270,829,514
Allowance for Uncollectible	age based	(176,167,844)	(33,838,492)	(210,006,336)
Net Billed Video Tolls		\$ 48,225,863	\$ 12,597,315	\$ 60,823,178
<u>Recorded Unbilled Video Tolls:</u>				
Matched with DMV, Meeting Business Rules	20%	\$ 12,121,352	\$ 2,869,395	\$ 14,990,747
Matched with DMV, Not Meeting Business Rules	85%	8,362,576	2,384,407	10,746,983
Unmatched with DMV	100%	-	8,650,409	8,650,409
Total Gross Unbilled Video Tolls		\$ 20,483,928	\$ 13,904,211	\$ 34,388,139
Allowance for Uncollectible		(9,532,460)	(11,251,034)	(20,783,494)
Net Recorded Unbilled Video Tolls		\$ 10,951,468	\$ 2,653,177	\$ 13,604,645
<u>Unrecorded Unbilled Video Tolls:</u>				
Unmatched with DMV		\$ 27,695,538	-	\$ 27,695,538

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(10) Commitments and Contingencies

At the end of fiscal year 2017, there was \$1,401,007,257 in cash and investments with \$723,901,538 restricted for debt service, \$111,981,058 restricted for construction, \$1,027,351 restricted for NTE 3A/3B and \$564,097,310 available for operation. The System has \$11,095,030 in account and retainage payable that are comprised primarily of construction-related payables at December 31, 2017. Additionally, the System has contract and purchase order commitments at December 31, 2017 aggregating \$2,693,761.

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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 General Engineering Consultant, Atkins North America, Inc. This inspection was supplemented with specialized inspections by the Authority's Maintenance Management Consultant, VRX, Inc., and the Texas Department of Transportation. The results of the various inspections are utilized to calculate an overall rating, indicating the average condition of the Authority's infrastructure assets (roadways and bridges). 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 2017.

The infrastructure assets include PGBT, PGBT-EE, PGBT-WE, DNT, AATT, MCLB, SRT, LLTB, and CTP Main Lane Plazas, Ramp Plazas, maintenance shops, administration buildings, and IT lane equipment. The roadways are a major transportation network consisting of 139 centerline miles of high-speed roadways, 15 major interchanges, 42 main lane toll plazas/gantries, 156 ramp toll plazas/gantries, 603 bridges, one tunnel, and other structures and appurtenances. All assets combined totaled approximately \$4.59 billion in current replacement value for FYE 2017.

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 8.9 for all of the assets combined. The following table shows the Condition Index for the years 2008 through 2017.

Condition Index Table		
<u>Condition Index</u>		
<u>Fiscal Year</u>	<u>Current</u>	<u>Goal</u>
2017	8.9	8.0
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

Condition Assessment and Inventory

A comprehensive condition assessment on all the Authority's infrastructure assets was conducted in September 2017. The Authority's Maintenance Management Consultant performed condition assessments of the Authority's roadway pavement and the Texas Department of Transportation provided condition assessments for bridges as part of the National Bridge Inspection Program. Assessment procedures and representative work samples were reviewed by NTTA's General Engineering Consultants, Atkins North America, Inc.

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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

The Authority's Maintenance Management Consultant assessed pavement conditions on all of the Authority's roadways using the Condition Rating System (CRS) developed by Applied Research Associates (ARA). The CRS methodology assessed conditions based on both surface distress (e.g., cracking) and ride quality. The CRS data was utilized to update models that project future pavement conditions and repair needs based on roadway type, age, current condition, and level of traffic.

Additionally, a monthly condition assessment, consisting of visual inspection of the Authority's roadways, appurtenances, and edge conditions, was performed on sections of the Authority's roadways. This assessment is based on methodology from the Highway Maintenance Condition Assessment Program (HMCAP), as developed by Roy Jorgensen Associates, Inc. A Maintenance Rating Program (MRP) Index was determined from the monthly assessment. It would have been impractical to perform a MRP evaluation over the entire 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%, roadside components accounted for 15%, and other items account for 15%.

Currently, the 139 centerline miles (approximately 950 main lane miles) of main lane roadways have a Roadway Index of 8.9.

The budget-to-actual expenditures for preservation and other infrastructure maintenance costs were as follows for the years 2008 through 2017.

Fiscal Year		Budget		Actual
2017	\$	52,299,280	\$	23,308,416
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

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

Last Ten Fiscal Years
(Unaudited)

	Year Ended December 31		
	2017	2016	2015
Total Pension Liability:			
Service Cost	\$ 6,194,580	\$ 5,982,873	\$ 5,624,416
Interest on total pension liability	7,402,223	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	(1,073,578)	(1,956,006)	(1,153,799)
Benefit payments/refunds of contributions	(2,215,107)	(2,408,086)	(2,059,927)
Net change in total pension liability	10,308,118	8,110,275	8,454,673
Total pension liability, beginning	89,434,474	81,324,199	72,869,526
Total pension liability, ending (a)	\$99,742,592	\$ 89,434,474	\$81,324,199
Fiduciary Net Position:			
Employer contributions	\$ 3,148,616	\$ 3,304,846	\$ 3,197,933
Member contributions	2,475,976	2,491,090	2,320,145
Investment income net of investment expenses	6,711,695	(2,151,146)	5,330,438
Benefit payments/refunds of contributions	(2,215,107)	(2,408,086)	(2,059,927)
Administrative expenses	(72,943)	(64,794)	(65,461)
Other	267,541	78,087	(32,293)
Net change in fiduciary net pension	10,315,778	1,249,997	8,690,835
Fiduciary net position, beginning	90,381,167	89,131,170	80,440,335
Fiduciary net position, ending (b)	100,696,945	90,381,167	89,131,170
Net pension liability / (asset), ending = (a) - (b)	\$ (954,353)	\$ (946,693)	\$ (7,806,971)
 Fiduciary net position as a % of total pension liability	 100.96%	 101.06%	 109.60%
 Pensionable covered payroll	 \$ 41,266,268	 \$ 41,518,172	 \$ 38,669,085
 Net pension liability as a % of covered payroll	 -2.31%	 -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 seven 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, 2017

Schedule of Employer Contributions

Last Ten Fiscal Years

(Unaudited)

Year Ending December 31	Actuarially Determined Contribution ⁽¹⁾	Actual Employer Contribution ⁽¹⁾	Contribution Deficiency (Excess)	Pensionable Covered Payroll ⁽²⁾	Actual Contribution as a % of Covered Payroll
2008	\$2,721,247	\$2,721,247	\$ -	\$32,589,789	8.3%
2009	3,108,139	3,108,139	-	36,609,412	8.4%
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	-	41,266,268	7.6%
2017	3,395,801	3,395,801	-	42,233,445	8.0%

⁽¹⁾ 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.

⁽²⁾ 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, 2017

Schedule of Funding Progress
Other Post-Employment Benefits

Last four calendar years

(Unaudited)

Actuarial Valuation Date	Authority's Fiscal Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
1/1/2016	2017	-	\$ 20,630,980	\$ 20,630,980	0%	\$ 41,266,268	50%
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, 2017

Assets	Total	Non-Major Enterprise Fund	North Texas Tollway System	Interfund eliminations/ reclassifications	Construction and property account	Revenue account
Current assets:						
Cash and cash equivalents (note 3)	\$ 66,561,167	\$ 13,164,486	\$ 53,396,681	\$ -	\$ 67,747	\$ 4,568,762
Investments (note 3)	467,967,523	12,073,297	455,894,226	-	-	65,949,791
Accrued interest receivable	699,883	-	699,883	-	-	350,894
Interfund receivable	-	-	-	(780,461,966)	(12,820,788)	11,348,372
Interproject/agency receivables	18,783,401	5,320,340	13,463,061	-	95,558	12,682,086
Accounts receivable (note 9) (net of allowance for uncollectibles)	60,986,842	12,597,315	48,389,527	-	-	48,225,863
Unbilled accounts receivable (note 9) (net of allowance for uncollectibles)	13,604,645	2,653,177	10,951,468	-	-	10,951,468
Prepaid expenses	2,508,507	-	2,508,507	-	-	-
Total current unrestricted assets	631,111,968	45,808,615	585,303,353	(780,461,966)	(12,657,483)	154,077,236
Current restricted assets:						
Restricted assets:						
Restricted for construction:						
Investments (notes 3 and 10)	111,981,058	-	111,981,058	-	111,981,058	-
Accrued interest receivable	124,659	-	124,659	-	124,659	-
Restricted for debt service:						
Investments (notes 3 and 5)	297,995,522	-	297,995,522	-	-	-
Accrued interest receivable	1,707,092	-	1,707,092	-	-	-
Accounts receivable	4,473,790	-	4,473,790	-	-	-
Restricted for NTE 3A/3B:						
Investments (note 3)	1,027,351	1,027,351	-	-	-	-
Total current restricted assets	417,309,472	1,027,351	416,282,121	-	112,105,717	-
Total current assets	1,048,421,440	46,835,966	1,001,585,474	(780,461,966)	99,448,234	154,077,236
Noncurrent assets:						
Investments (note 3)	29,568,620	-	29,568,620	-	-	24,655,450
Investments restricted for debt service (notes 3 and 5)	425,906,016	-	425,906,016	-	-	-
Unavailable feasibility study costs	14,603,882	-	14,603,882	-	-	-
Net pension asset	954,353	-	954,353	-	-	-
Service Concession Arrangement - Intangible asset (note 1-(m)) (net of accumulated amortization)	2,623,954,024	-	2,623,954,024	-	2,623,954,024	-
Capital assets:						
Nondepreciable (note 4)	5,625,808,671	-	5,625,808,671	715,991,211	4,910,962,390	-
Depreciable (net) (note 4)	47,156,058	-	47,156,058	-	47,156,058	-
Total noncurrent assets	8,767,951,624	-	8,767,951,624	715,991,211	7,582,072,472	24,655,450
Total assets	9,816,373,064	46,835,966	9,769,537,098	(64,470,755)	7,681,520,706	178,732,686
Deferred outflow of resources						
Accumulated decrease in fair value of hedging derivatives	18,759,840	-	18,759,840	-	18,759,840	-
Loss on refunding	752,984,310	-	752,984,310	-	752,984,310	-
Pension contributions after measurement date	3,395,801	-	3,395,801	-	-	-
Difference in projected and actual earnings on pension assets	6,897,874	-	6,897,874	-	-	-
Changes in actuarial assumptions used to determined pension liability	604,958	-	604,958	-	-	-
Total deferred outflow of resources	782,642,783	-	782,642,783	-	771,744,150	-
Liabilities						
Current liabilities:						
Accounts payable	1,204,482	-	1,204,482	-	568,311	64,608
Accrued liabilities	37,409,878	391,833	37,018,045	-	2,490,428	944,161
Interfund payable	474	-	474	(780,461,966)	193,039,323	233,591,551
Interproject/agency payables	12,206,834	337,440	11,869,394	-	-	11,867,821
Deferred revenue	63,868,023	-	63,868,023	-	-	63,868,023
Total current unrestricted liabilities	114,689,691	729,273	113,960,418	(780,461,966)	196,098,062	310,336,164
Payable from restricted assets:						
Construction-related payables:						
Retainage payable	9,890,548	-	9,890,548	-	899,305	-
Debt service-related payables:						
Accrued interest payable	177,126,300	-	177,126,300	-	-	-
Accrued arbitrage rebate payable (note1-k)	100,868	-	100,868	-	100,868	-
Revenue bonds payable, current portion (Note 5)	51,045,000	-	51,045,000	-	51,045,000	-
Restricted for NTE 3A/3B:						
Intergovernmental payable	1,027,351	1,027,351	-	-	-	-
Total current liabilities payable from restricted assets	239,190,067	1,027,351	238,162,716	-	52,045,173	-
Total current liabilities	353,879,758	1,756,624	352,123,134	(780,461,966)	248,143,235	310,336,164
Noncurrent liabilities:						
Other Post Employment Benefits (Note 8)	26,958,207	-	26,958,207	-	-	-
Accumulated increase in fair value of hedging derivatives	18,759,840	-	18,759,840	-	18,759,840	-
Texas Department of Transportation ISTEa loan payable (note 5)	125,337,455	-	125,337,455	-	125,337,455	-
Dallas North Tollway System revenue bonds payable, net of bond discount (premium) costs of \$715,991,211 (note 5)	10,072,664,102	-	10,072,664,102	715,991,211	8,953,645,608	-
Total noncurrent liabilities	10,243,719,604	-	10,243,719,604	715,991,211	9,097,742,903	-
Total liabilities	10,597,599,362	1,756,624	10,595,842,738	(64,470,755)	9,345,886,138	310,336,164
Deferred inflow of resources						
Difference in expected and actual pension experience	2,739,764	-	2,739,764	-	-	-
Gain on refunding	31,305,244	-	31,305,244	-	31,305,244	-
Total deferred inflow of resources	34,045,008	-	34,045,008	-	31,305,244	-
Net Position						
Net investment in capital assets	(3,737,708,369)	-	(3,737,708,369)	(2,100,312,043)	(1,374,280,421)	-
Restricted for:						
Debt service	1,050,516,053	-	1,050,516,053	371,796,556	-	(131,603,478)
SCA Intangible	2,623,954,024	-	2,623,954,024	-	2,623,954,024	-
Unrestricted	30,609,769	45,079,342	(14,469,573)	1,728,515,487	(2,173,600,129)	-
Total net position	\$ (32,628,523) \$	\$ 45,079,342	\$ (77,707,865) \$	\$ -	\$ (923,926,526) \$	\$ (131,603,478)

See accompanying independent auditors' report.

Operation and maintenance account	Reserve maintenance account	Consolidated Capital Improvement Fund	Debt service accounts		
			Bond interest account	Reserve account	Redemption account
\$ 48,679,456	\$ 100	\$ 80,616	\$ -	\$ -	-
3,095	45,478,074	344,463,266	-	-	-
3	6,807	342,179	-	-	-
56,862,001	334,081	373,394,771	340,286,412	11,057,117	-
-	-	685,417	-	-	-
92,752	-	70,912	-	-	-
-	-	-	-	-	-
2,453,173	-	55,334	-	-	-
108,090,480	45,819,062	719,092,495	340,286,412	11,057,117	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	26,705,573	163,414,579	56,830,370	51,045,000
-	-	-	119,510	1,539,652	47,930
-	-	-	4,473,790	-	-
-	-	-	-	-	-
-	-	26,705,573	168,007,879	58,370,022	51,092,930
108,090,480	45,819,062	745,798,068	508,294,291	69,427,139	51,092,930
-	4,913,170	-	-	-	-
-	-	34,649,221	-	391,256,795	-
-	-	14,603,882	-	-	-
954,353	-	-	-	-	-
-	-	-	-	-	-
-	-	(1,144,930)	-	-	-
-	-	-	-	-	-
954,353	4,913,170	48,108,173	-	391,256,795	-
109,044,833	50,732,232	793,906,241	508,294,291	460,683,934	51,092,930
-	-	-	-	-	-
-	-	-	-	-	-
3,395,801	-	-	-	-	-
6,897,874	-	-	-	-	-
604,958	-	-	-	-	-
10,898,633	-	-	-	-	-
-	195,918	375,645	-	-	-
16,377,757	1,627,959	15,577,740	-	-	-
26,888,423	3,034,640	289,266,138	-	-	34,642,365
1,573	-	-	-	-	-
-	-	-	-	-	-
43,267,753	4,858,517	305,219,523	-	-	34,642,365
-	537,025	8,454,218	-	-	-
-	-	13,748,333	163,377,967	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	537,025	22,202,551	163,377,967	-	-
43,267,753	5,395,542	327,422,074	163,377,967	-	34,642,365
26,958,207	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	400,000,000	3,027,283	-	-
26,958,207	-	400,000,000	3,027,283	-	-
70,225,960	5,395,542	727,422,074	166,405,250	-	34,642,365
2,739,764	-	-	-	-	-
-	-	-	-	-	-
2,739,764	-	-	-	-	-
-	-	(263,115,905)	-	-	-
-	-	7,750,000	341,889,041	460,683,934	-
-	-	-	-	-	-
46,977,742	45,336,690	321,850,072	-	-	16,450,565
\$ 46,977,742	\$ 45,336,690	\$ 66,484,167	\$ 341,889,041	\$ 460,683,934	\$ 16,450,565



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

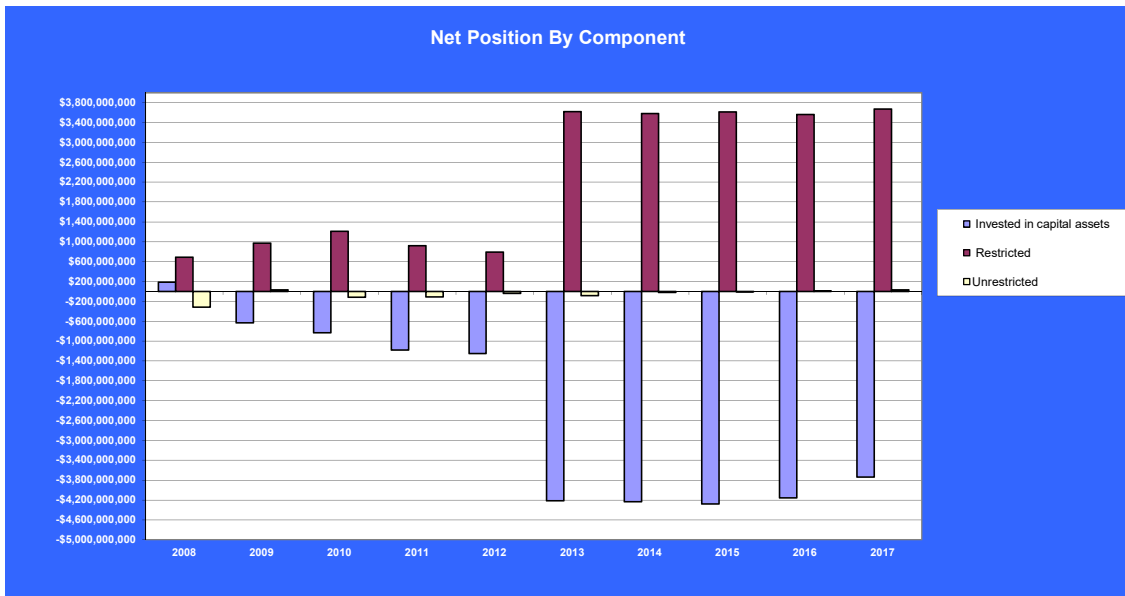
These tables contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.

Sources: Unless otherwise 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

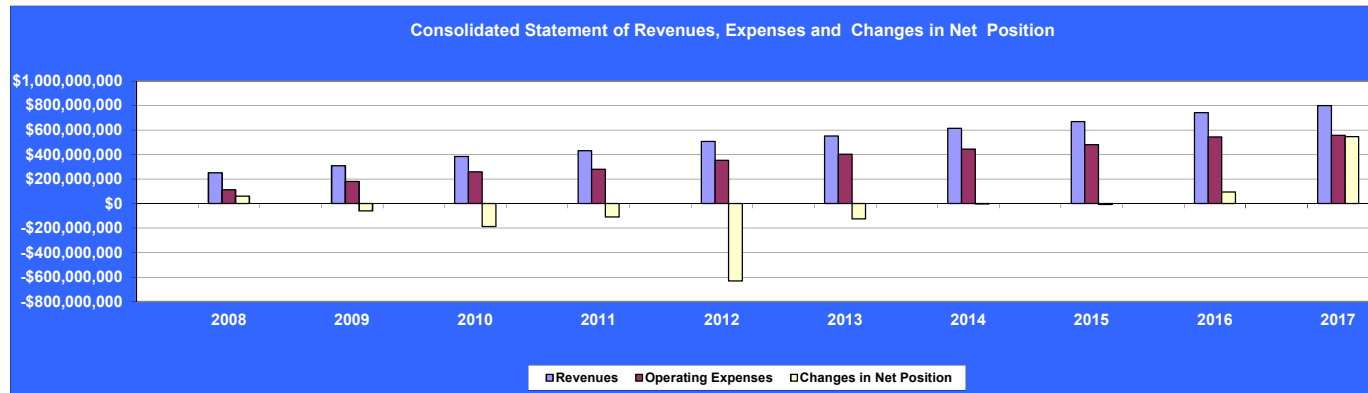
Component	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Invested in capital assets	\$ 187,921,483	\$ (633,265,931)	\$ (831,801,669)	\$ (1,178,473,954)	\$ (1,254,068,836)	\$ (4,212,230,014)	\$ (4,234,262,561)	\$ (4,277,956,501)	\$ (4,154,462,248)	\$ (3,737,708,369)
Restricted	686,236,650	972,154,312	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	3,674,470,077
Unrestricted	(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	30,609,769
Total net position	\$ 557,929,151	\$ 370,671,733	\$ 259,525,981	\$ (373,505,494)	\$ (499,771,547)	\$ (674,676,884)	\$ (676,923,747)	\$ (672,974,297)	\$ (579,690,083)	\$ (32,628,523)



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)

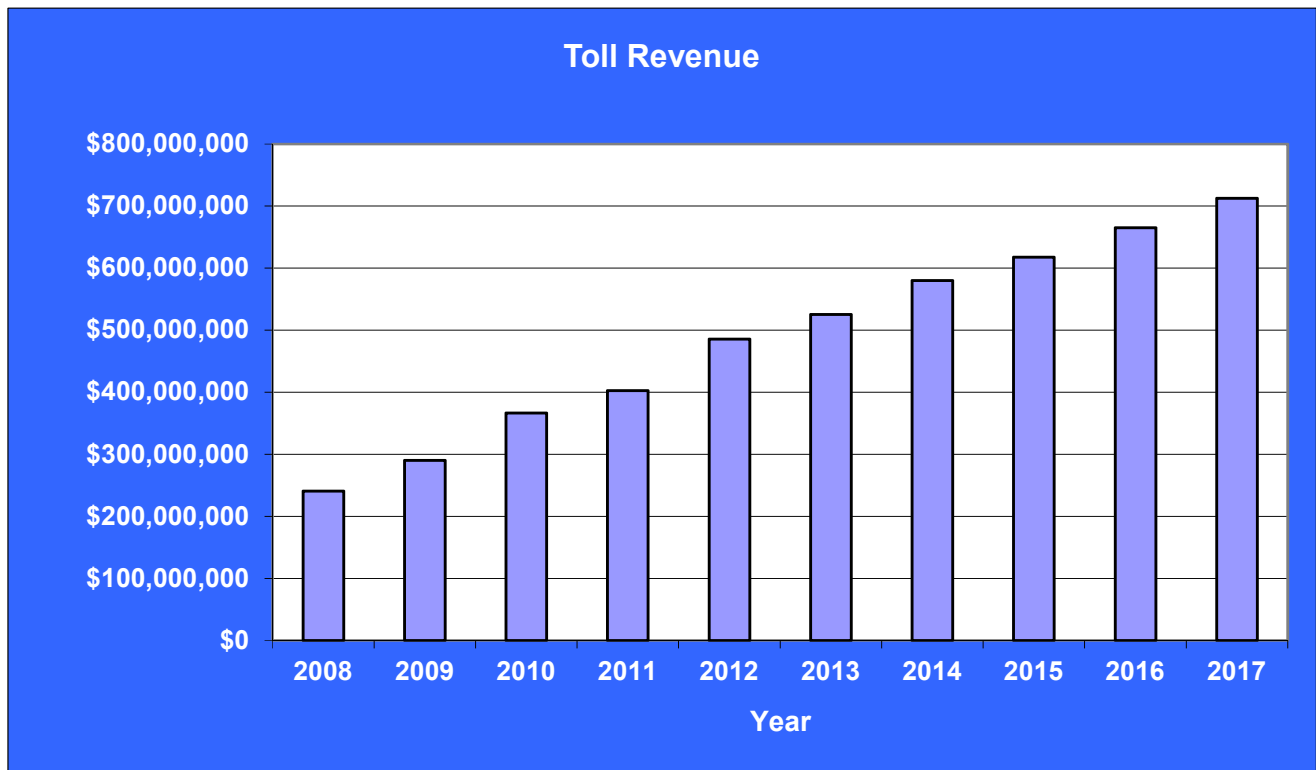
Business-Type Activities		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:											
Tolls		\$ 240,776,791	\$ 290,404,647	\$ 366,597,323	\$ 402,569,534	\$ 485,463,608	\$ 525,458,723	\$ 580,524,810	\$ 621,424,682	\$ 675,005,210	\$ 722,357,187
Other (1)		9,273,124	17,195,849	17,268,589	28,372,616	20,729,193	26,138,924	34,526,543	46,390,402	66,126,285	75,709,488
Total operating revenues		<u>250,049,915</u>	<u>307,600,396</u>	<u>383,865,912</u>	<u>430,942,150</u>	<u>506,192,801</u>	<u>551,597,647</u>	<u>615,051,353</u>	<u>667,815,084</u>	<u>741,131,495</u>	<u>798,066,675</u>
Operating expenses:											
Administration		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	26,451,640
Operations		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	145,235,564
Reserve maintenance		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	23,308,416
Capital improvement		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	46,178,658
Total operating expenses before depreciation		<u>137,464,932</u>	<u>126,418,552</u>	<u>125,670,654</u>	<u>152,400,733</u>	<u>153,374,598</u>	<u>150,224,601</u>	<u>170,116,876</u>	<u>186,952,590</u>	<u>196,812,269</u>	<u>241,174,278</u>
Operating income before depreciation		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	556,892,397
Amortization of intangible (SRT)		-	-	-	(63,947,216)	(63,943,350)	(63,943,350)	(64,403,243)	(65,385,114)	(64,916,168)	(64,841,672)
Depreciation		(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)	(10,412,946)
Operating income		<u>109,103,970</u>	<u>176,652,521</u>	<u>253,401,165</u>	<u>208,904,041</u>	<u>282,836,493</u>	<u>331,225,992</u>	<u>374,371,814</u>	<u>408,587,720</u>	<u>470,686,732</u>	<u>481,637,779</u>
Nonoperating revenues (expenses):											
Interest earned on investments		50,438,067	25,219,356	22,128,268	17,672,334	10,112,695	419,671	348,383	421,910	441,289	721,020
Loss on sale of investments		-	-	-	-	-	-	-	-	(707,009)	(489,356)
Net increase(decrease) in the fair value of investments		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)	(732,342)
Loss on disposal of assets		-	-	-	-	-	-	-	-	(582,400)	(51,644,820)
Unallocated infrastructure depreciation		(24,555,772)	(60,703,200)	(63,801,840)	-	-	-	-	-	-	-
Interest expense on revenue bonds		(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)	(420,979,364)
Interest expense on loan		(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)	(5,531,495)
Bond premium/discount amortization		(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	47,207,780
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)	(13,556,163)
Deferred amount on refunding amortization		(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)	(30,800,504)
SWAP termination payment		(4,511,011)	(6,081,700)	-	-	-	-	-	-	-	-
Net amount on refunded bonds		(3,167,688)	-	-	-	-	-	-	-	-	-
Capital contribution		-	-	-	-	-	-	32,166,870	-	63,291	512,742,812
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	83,912
BAB's Subsidy		-	7,489,870	26,263,784	28,978,075	28,674,318	26,674,318	26,877,164	26,935,120	26,993,077	27,022,055
Other		(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	1,380,247
Net nonoperating revenues (expenses)		<u>(15,909,179)</u>	<u>(169,269,873)</u>	<u>(363,909,939)</u>	<u>(364,546,917)</u>	<u>(841,935,516)</u>	<u>(409,102,546)</u>	<u>(376,618,677)</u>	<u>(415,407,008)</u>	<u>(377,402,517)</u>	<u>65,423,782</u>
Changes in net position		<u>\$ 60,143,793</u>	<u>\$ (60,165,903)</u>	<u>\$ (187,257,418)</u>	<u>\$ (111,145,752)</u>	<u>\$ (633,031,475)</u>	<u>\$ (126,266,053)</u>	<u>\$ (2,246,863)</u>	<u>\$ (6,819,288)</u>	<u>\$ 93,284,214</u>	<u>\$ 547,061,560</u>

(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
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
2017	723,247,591	712,551,456	0.99



(*) System only, excludes Non-Major Enterprise Fund

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

Toll Rates
Last Ten Fiscal Years
(Unaudited)

			Years									
Two-axle passenger cars and trucks												
Roadway			2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Dallas North Tollway:												
Main Lane Plaza 1	ZipCash		\$ 1.00	\$1.89	\$1.89	\$2.00	\$2.00	\$2.10	\$2.10	\$2.22	\$2.22	\$2.34
	TollTag		0.70	1.26	1.26	1.33	1.33	1.40	1.40	1.48	1.48	1.56
Main Lane Plaza 2	ZipCash		1.00	1.35	1.35	1.43	1.43	1.52	1.52	1.59	1.59	1.68
	TollTag		0.70	0.90	0.90	0.95	0.95	1.01	1.01	1.06	1.06	1.12
Main Lane Plaza 3	ZipCash		1.00	1.20	1.20	1.28	1.28	1.35	1.35	1.43	1.43	1.50
	TollTag		0.70	0.80	0.80	0.85	0.85	0.90	0.90	0.95	0.95	1.00
Main Lane Plaza 4	ZipCash		1.30	2.15	2.12	2.24	2.24	2.37	2.37	2.49	2.49	2.64
	TollTag		1.05	1.41	1.41	1.49	1.49	1.58	1.58	1.66	1.66	1.76
Addison Airport Toll Tunnel:	ZipCash		0.50	0.75	0.75	0.80	0.80	0.84	0.84	0.89	0.89	0.95
Mainlane Plaza	TollTag		0.50	0.50	0.50	0.53	0.53	0.56	0.56	0.59	0.59	0.63
Chisholm Trail Parkway (6):												
Main Lane Plaza 1	ZipCash		-	-	-	-	-	-	-	-	-	2.15
	TollTag		-	-	-	-	-	-	-	-	-	1.43
Main Lane Plaza 2	ZipCash		-	-	-	-	-	-	-	-	-	3.48
	TollTag		-	-	-	-	-	-	-	-	-	2.32
Main Lane Plaza 3	ZipCash		-	-	-	-	-	-	-	-	-	2.60
	TollTag		-	-	-	-	-	-	-	-	-	1.73
President George Bush Turnpike:												
Main Lane Plaza 5 (5)	ZipCash		-	-	-	2.28	2.28	2.42	2.42	2.55	2.55	2.69
	TollTag		-	-	-	1.52	1.52	1.61	1.61	1.70	1.70	1.79
Main Lane Plaza 6	ZipCash		1.00	1.50	1.50	1.58	1.58	1.67	1.67	1.76	1.76	1.86
	TollTag		0.70	1.00	1.00	1.05	1.05	1.11	1.11	1.17	1.17	1.24
Main Lane Plaza 7	ZipCash		1.00	1.62	1.62	1.71	1.71	1.80	1.80	1.91	1.91	2.01
	TollTag		0.70	1.08	1.08	1.14	1.14	1.20	1.20	1.27	1.27	1.34
Main Lane Plaza 8	ZipCash		1.00	1.50	1.50	1.59	1.59	1.68	1.68	1.77	1.77	1.86
	TollTag		0.70	1.00	1.00	1.06	1.06	1.12	1.12	1.18	1.18	1.24
Main Lane Plaza 9	ZipCash		1.00	1.20	1.20	1.26	1.26	1.34	1.34	1.41	1.41	1.49
	TollTag		0.70	0.80	0.80	0.84	0.84	0.89	0.89	0.94	0.94	0.99
Main Lane Plaza 10	ZipCash		1.00	0.69	0.69	0.74	0.74	0.77	0.77	0.81	0.81	0.86
	TollTag		0.70	0.46	0.46	0.49	0.49	0.51	0.51	0.54	0.54	0.57
Main Lane Plaza 11 (7)	ZipCash		-	-	-	-	-	-	-	-	-	1.56
	TollTag		-	-	-	-	-	-	-	-	-	1.04
Main Lane Plaza 12 (7)	ZipCash		-	-	-	-	-	-	-	-	-	1.65
	TollTag		-	-	-	-	-	-	-	-	-	1.10
Mountain Creek Lake Bridge:												
Mainlane Plaza	ZipCash		0.50	0.75	0.75	0.80	0.80	0.84	0.84	0.89	0.89	0.95
	TollTag		0.50	0.50	0.50	0.53	0.53	0.56	0.56	0.59	0.59	0.63
Sam Rayburn Tollway (SRT):												
Main Lane Gantry 1 (1) (4)	ZipCash		0.65	0.72	0.72	0.75	0.75	0.80	0.80	0.84	0.84	0.89
	TollTag		0.45	0.48	0.48	0.50	0.50	0.53	0.53	0.56	0.56	0.59
Main Lane Gantry 2 (1) (4)	ZipCash		1.71	1.86	1.86	1.95	1.95	2.07	2.07	2.19	2.19	2.30
	TollTag		1.18	1.24	1.24	1.30	1.30	1.38	1.38	1.46	1.46	1.53
Main Lane Gantry 3 (2) (4)	ZipCash		-	2.04	2.57	2.70	2.70	2.87	2.87	3.03	3.03	3.18
	TollTag		-	1.36	1.71	1.80	1.80	1.91	1.91	2.02	2.02	2.12
Lewisville Lake Toll Bridge:												
Mainlane Plaza (3)	ZipCash		-	1.50	1.50	1.59	1.59	1.68	1.68	1.77	1.77	1.88
	TollTag		-	1.00	1.00	1.06	1.06	1.12	1.12	1.18	1.18	1.25

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

Toll Rates
Last Ten Fiscal Years
(Unaudited)

			Years									
Three-axle vehicle and vehicle combination												
Roadway			2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Dallas North Tollway:												
Main Lane Plaza 1	ZipCash		\$1.20	\$2.00	\$3.78	\$4.00	\$4.00	\$4.20	\$4.20	\$4.44	\$4.44	\$4.68
	TollTag		0.95	1.40	2.52	2.66	2.66	2.80	2.80	2.96	2.96	3.12
Main Lane Plaza 2	ZipCash		2.00	2.00	2.70	2.86	2.86	3.04	3.04	3.18	3.18	3.36
	TollTag		1.40	1.40	1.80	1.90	1.90	2.02	2.02	2.12	2.12	2.24
Main Lane Plaza 3	ZipCash		2.00	2.00	2.40	2.56	2.56	2.70	2.70	2.86	2.86	3.00
	TollTag		1.40	1.40	1.60	1.70	1.70	1.80	1.80	1.90	1.90	2.00
Main Lane Plaza 4	ZipCash		2.60	2.60	4.30	4.48	4.48	4.74	4.74	4.98	4.98	5.28
	TollTag		2.10	2.10	2.82	2.98	2.98	3.16	3.16	3.32	3.32	3.52
Addison Airport Toll Tunnel:												
Mainlane Plaza	ZipCash		0.50	0.50	1.50	1.60	1.60	1.68	1.68	1.78	1.78	1.90
	TollTag		0.50	0.50	1.00	1.06	1.06	1.12	1.12	1.18	1.18	1.26
Chisholm Trail Parkway (6):												
Main Lane Plaza 1	ZipCash		-	-	-	-	-	-	-	-	-	4.30
	TollTag		-	-	-	-	-	-	-	-	-	2.86
Main Lane Plaza 2	ZipCash		-	-	-	-	-	-	-	-	-	6.96
	TollTag		-	-	-	-	-	-	-	-	-	4.64
Main Lane Plaza 3	ZipCash		-	-	-	-	-	-	-	-	-	5.20
	TollTag		-	-	-	-	-	-	-	-	-	3.46
President George Bush Turnpike:												
Main Lane Plaza 5 (5)	ZipCash		-	-	-	-	4.56	4.84	4.84	5.10	5.10	5.38
	TollTag		-	-	-	-	3.04	3.22	3.22	3.40	3.40	3.58
Main Lane Plaza 6	ZipCash		2.00	2.00	3.00	3.16	3.16	3.34	3.34	3.52	3.52	3.72
	TollTag		1.40	1.40	2.00	2.10	2.10	2.22	2.22	2.34	2.34	2.48
Main Lane Plaza 7	ZipCash		2.00	2.00	3.24	3.42	3.42	3.60	3.60	3.82	3.82	4.02
	TollTag		1.40	1.40	2.16	2.28	2.28	2.40	2.40	2.54	2.54	2.68
Main Lane Plaza 8	ZipCash		2.00	2.00	3.00	3.18	3.18	3.36	3.36	3.54	3.54	3.72
	TollTag		1.40	1.40	2.00	2.12	2.12	2.24	2.24	2.36	2.36	2.48
Main Lane Plaza 9	ZipCash		2.00	2.00	2.40	2.52	2.52	2.68	2.68	2.82	2.82	2.98
	TollTag		1.40	1.40	1.60	1.68	1.68	1.78	1.78	1.88	1.88	1.98
Main Lane Plaza 10	ZipCash		2.00	2.00	1.38	1.48	1.48	1.54	1.54	1.62	1.62	1.72
	TollTag		1.40	1.40	0.92	0.98	0.98	1.02	1.02	1.08	1.08	1.14
Main Lane Plaza 11 (7)	ZipCash		-	-	-	-	-	-	-	-	-	3.12
	TollTag		-	-	-	-	-	-	-	-	-	2.08
Main Lane Plaza 12 (7)	ZipCash		-	-	-	-	-	-	-	-	-	3.30
	TollTag		-	-	-	-	-	-	-	-	-	2.20
Mountain Creek Lake Bridge:												
Mainlane Plaza	ZipCash		0.75	0.75	1.50	1.60	1.60	1.68	1.68	1.78	1.78	1.90
	TollTag		0.75	0.75	1.00	1.06	1.06	1.12	1.12	1.18	1.18	1.26
Sam Rayburn Tollway (SRT):												
Main Lane Gantry 1 (1) (4)	ZipCash		-	1.30	1.44	1.50	1.50	1.60	1.60	1.68	1.68	1.78
	TollTag		-	0.90	0.96	1.00	1.00	1.06	1.06	1.12	1.12	1.18
Main Lane Gantry 2 (1) (4)	ZipCash		-	3.42	3.72	3.90	3.90	4.14	4.14	4.38	4.38	4.60
	TollTag		-	2.36	2.48	2.60	2.60	2.76	2.76	2.92	2.92	3.06
Main Lane Gantry 3 (2) (4)	ZipCash		-	-	4.08	5.40	5.40	5.74	5.74	6.06	6.06	6.36
	TollTag		-	-	2.72	3.60	3.60	3.82	3.82	4.04	4.04	4.24
Lewisville Lake Toll Bridge:												
Mainlane Plaza (3)	ZipCash		-	-	3.00	3.18	3.18	3.36	3.36	3.54	3.54	3.76
	TollTag		-	-	2.00	2.12	2.12	2.24	2.24	2.36	2.36	2.50

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

Toll Rates
Last Ten Fiscal Years
(Unaudited)

		Years									
Four-axle vehicle and vehicle combination		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Roadway		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Dallas North Tollway:											
Main Lane Plaza 1	ZipCash	\$1.50	\$3.00	\$5.67	\$6.00	\$6.00	\$6.30	\$6.30	\$6.66	\$6.66	\$7.02
	TollTag	1.20	2.10	3.78	3.78	3.99	4.20	4.20	4.44	4.44	4.68
Main Lane Plaza 2	ZipCash	3.00	3.00	4.05	4.05	4.29	4.56	4.56	4.77	4.77	5.04
	TollTag	2.10	2.10	2.70	2.70	2.85	3.03	3.03	3.18	3.18	3.36
Main Lane Plaza 3	ZipCash	3.00	3.00	3.60	3.60	3.84	4.05	4.05	4.29	4.29	4.50
	TollTag	2.10	2.10	2.40	2.40	2.55	2.70	2.70	2.85	2.85	3.00
Main Lane Plaza 4	ZipCash	3.90	3.90	6.45	6.72	6.72	7.11	7.11	7.47	7.47	7.92
	TollTag	3.15	3.15	4.23	4.23	4.47	4.74	4.74	4.98	4.98	5.28
Addison Airport Toll Tunnel:											
Mainlane Plaza	ZipCash	0.50	0.50	2.25	2.25	2.40	2.52	2.52	2.67	2.67	2.85
	TollTag	0.50	0.50	1.50	1.50	1.59	1.68	1.68	1.77	1.77	1.89
Chisholm Trail Parkway (6):											
Main Lane Plaza 1	ZipCash	-	-	-	-	-	-	-	-	-	6.45
	TollTag	-	-	-	-	-	-	-	-	-	4.29
Main Lane Plaza 2	ZipCash	-	-	-	-	-	-	-	-	-	10.44
	TollTag	-	-	-	-	-	-	-	-	-	6.96
Main Lane Plaza 3	ZipCash	-	-	-	-	-	-	-	-	-	7.80
	TollTag	-	-	-	-	-	-	-	-	-	5.19
President George Bush Turnpike:											
Main Lane Plaza 5 (5)	ZipCash	-	-	-	-	6.84	7.26	7.26	7.65	7.65	8.07
	TollTag	-	-	-	-	4.56	4.83	4.83	5.10	5.10	5.37
Main Lane Plaza 6	ZipCash	3.00	3.00	4.50	4.50	4.74	5.01	5.01	5.28	5.28	5.58
	TollTag	2.10	2.10	3.00	3.00	3.15	3.33	3.33	3.51	3.51	3.72
Main Lane Plaza 7	ZipCash	3.00	3.00	4.86	4.86	5.13	5.40	5.40	5.73	5.73	6.03
	TollTag	2.10	2.10	3.24	3.24	3.42	3.60	3.60	3.81	3.81	4.02
Main Lane Plaza 8	ZipCash	3.00	3.00	4.50	4.50	4.77	5.04	5.04	5.31	5.31	5.58
	TollTag	2.10	2.10	3.00	3.00	3.18	3.36	3.36	3.54	3.54	3.72
Main Lane Plaza 9	ZipCash	3.00	3.00	3.60	3.60	3.78	4.02	4.02	4.23	4.23	4.47
	TollTag	2.10	2.10	2.40	2.40	2.52	2.67	2.67	2.82	2.82	2.97
Main Lane Plaza 10	ZipCash	3.00	3.00	2.07	2.22	2.22	2.31	2.31	2.43	2.43	2.58
	TollTag	2.10	2.10	1.38	1.47	1.47	1.53	1.53	1.62	1.62	1.71
Main Lane Plaza 11 (7)	ZipCash	-	-	-	-	-	-	-	-	-	4.68
	TollTag	-	-	-	-	-	-	-	-	-	3.12
Main Lane Plaza 12 (7)	ZipCash	-	-	-	-	-	-	-	-	-	4.95
	TollTag	-	-	-	-	-	-	-	-	-	3.30
Mountain Creek Lake Bridge:											
Mainlane Plaza	ZipCash	1.00	1.00	2.25	2.25	2.40	2.52	2.52	2.67	2.67	2.85
	TollTag	1.00	1.00	1.50	1.50	1.59	1.68	1.68	1.77	1.77	1.89
Sam Rayburn Tollway (SRT):											
Main Lane Gantry 1 (1) (4)	ZipCash	-	1.95	2.16	2.25	2.25	2.40	2.40	2.52	2.52	2.67
	TollTag	-	1.35	1.44	1.50	1.50	1.59	1.29	1.68	1.68	1.77
Main Lane Gantry 2 (1) (4)	ZipCash	-	5.13	5.58	5.85	5.85	6.21	6.21	6.57	6.57	6.90
	TollTag	-	3.54	3.72	3.90	3.90	4.14	4.14	4.38	4.38	4.59
Main Lane Gantry 3 (2) (4)	ZipCash	-	-	6.12	8.10	8.10	8.61	8.61	9.09	9.09	9.54
	TollTag	-	-	4.08	5.40	5.40	5.73	5.73	6.06	6.06	6.36
Lewisville Lake Toll Bridge:											
Mainlane Plaza (3)	ZipCash	-	-	4.50	4.77	4.77	5.04	5.04	5.31	5.31	5.64
	TollTag	-	-	3.00	3.18	3.18	3.36	3.36	3.54	3.54	3.75

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NORTH TEXAS TOLLWAY SYSTEM
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Toll Rates
Last Ten Fiscal Years
(Unaudited)

Five-axis vehicle and vehicle combination		Years									
Roadway		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Dallas North Tollway:											
Main Lane Plaza 1	ZipCash	\$1.80	\$4.00	\$7.56	\$8.00	\$8.00	\$8.40	\$8.40	\$8.88	\$8.88	\$9.36
	TollTag	1.45	2.80	5.04	5.04	5.32	5.60	5.60	5.92	5.92	6.24
Main Lane Plaza 2	ZipCash	4.00	4.00	5.40	5.40	5.72	6.08	6.08	6.36	6.36	6.72
	TollTag	2.80	2.80	3.60	3.60	3.80	4.04	4.04	4.24	4.24	4.48
Main Lane Plaza 3	ZipCash	4.00	4.00	4.80	4.80	5.12	5.40	5.40	5.72	5.72	6.00
	TollTag	2.80	2.80	3.20	3.20	3.40	3.60	3.60	3.80	3.80	4.00
Main Lane Plaza 4	ZipCash	5.20	5.20	8.60	8.96	8.96	9.48	9.48	9.96	9.96	10.56
	TollTag	4.20	4.20	5.64	5.96	5.96	6.32	6.32	6.64	6.64	7.04
Addison Airport Toll Tunnel:											
Mainlane Plaza	ZipCash	0.50	0.50	3.00	3.00	3.20	3.36	3.36	3.56	3.56	3.80
	TollTag	0.50	0.50	2.00	2.00	2.12	2.24	2.24	2.36	2.36	2.52
Chisholm Trail Parkway (6):											
Main Lane Plaza 1	ZipCash	-	-	-	-	-	-	-	-	-	8.60
	TollTag	-	-	-	-	-	-	-	-	-	5.72
Main Lane Plaza 2	ZipCash	-	-	-	-	-	-	-	-	-	13.92
	TollTag	-	-	-	-	-	-	-	-	-	9.28
Main Lane Plaza 3	ZipCash	-	-	-	-	-	-	-	-	-	10.40
	TollTag	-	-	-	-	-	-	-	-	-	6.92
President George Bush Turnpike:											
Main Lane Plaza 5 (5)	ZipCash	-	-	-	-	9.12	9.68	9.68	10.20	10.20	10.76
	TollTag	-	-	-	-	6.08	6.44	6.44	6.80	6.80	7.16
Main Lane Plaza 6	ZipCash	4.00	4.00	6.00	6.00	6.32	6.68	6.68	7.04	7.04	7.44
	TollTag	2.80	2.80	4.00	4.00	4.20	4.44	4.44	4.68	4.68	4.96
Main Lane Plaza 7	ZipCash	4.00	4.00	6.48	6.48	6.84	7.20	7.20	7.64	7.64	8.04
	TollTag	2.80	2.80	4.32	4.32	4.56	4.80	4.80	5.08	5.08	5.36
Main Lane Plaza 8	ZipCash	4.00	4.00	6.00	6.00	6.36	6.72	6.72	7.08	7.08	7.44
	TollTag	2.80	2.80	4.00	4.00	4.24	4.48	4.48	4.72	4.72	4.96
Main Lane Plaza 9	ZipCash	4.00	4.00	4.80	4.80	5.04	5.36	5.36	5.64	5.64	5.96
	TollTag	2.80	2.80	3.20	3.20	3.36	3.56	3.56	3.76	3.76	3.96
Main Lane Plaza 10	ZipCash	4.00	4.00	2.76	2.96	2.96	3.08	3.08	3.24	3.24	3.44
	TollTag	2.80	2.80	1.84	1.96	1.96	2.04	2.04	2.16	2.16	2.28
Main Lane Plaza 11 (7)	ZipCash	-	-	-	-	-	-	-	-	-	6.24
	TollTag	-	-	-	-	-	-	-	-	-	4.16
Main Lane Plaza 12 (7)	ZipCash	-	-	-	-	-	-	-	-	-	6.60
	TollTag	-	-	-	-	-	-	-	-	-	4.40
Mountain Creek Lake Bridge:											
Mainlane Plaza	ZipCash	1.25	1.25	3.00	3.00	3.20	3.36	3.36	3.56	3.56	3.80
	TollTag	1.25	1.25	2.00	2.00	2.12	2.24	2.24	2.36	2.36	2.52
Sam Rayburn Tollway (SRT):											
Main Lane Gantry 1 (1) (4)	ZipCash	-	2.60	2.88	3.00	3.00	3.20	3.20	3.36	3.36	3.56
	TollTag	-	1.80	1.92	2.00	2.00	2.12	2.12	2.24	2.24	2.36
Main Lane Gantry 2 (1) (4)	ZipCash	-	6.84	7.44	7.80	7.80	8.28	8.28	8.76	8.76	9.20
	TollTag	-	4.72	4.96	5.20	5.20	5.52	5.52	5.84	5.84	6.12
Main Lane Gantry 3 (2) (4)	ZipCash	-	-	8.16	10.80	10.80	11.48	11.48	12.12	12.12	12.72
	TollTag	-	-	5.44	7.20	7.20	7.64	7.64	8.08	8.08	8.48
Lewisville Lake Toll Bridge:											
Mainlane Plaza (3)	ZipCash	-	-	6.00	6.36	6.36	6.72	6.72	7.08	7.08	7.52
	TollTag	-	-	4.00	4.24	4.24	4.48	4.48	4.72	4.72	5.00

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

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

(3) Lewisville Lake Toll Bridge opened August 2009

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

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

(6) Chisholm Trail Parkway (CTP) joined the System in November 2017

(7) President George Bush Western Extension (PGBT-WE) joined the System in November 2017

Toll rates are 17.10 cents per mile effective July 1, 2017

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									
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Dallas North Tollway:											
Main Lane Plaza 1	ZipCash	\$2.10	\$5.00	\$9.45	\$10.00	\$10.00	\$10.50	\$10.50	\$11.10	\$11.10	\$11.70
	TollTag	1.70	3.50	6.30	6.30	6.65	7.00	7.00	7.40	7.40	7.80
Main Lane Plaza 2	ZipCash	5.00	5.00	6.75	6.75	7.15	7.60	7.60	7.95	7.95	8.40
	TollTag	3.50	3.50	4.50	4.50	4.75	5.05	5.05	5.30	5.30	5.60
Main Lane Plaza 3	ZipCash	5.00	5.00	6.00	6.00	6.40	6.75	6.75	7.15	7.15	7.50
	TollTag	3.50	3.50	4.00	4.00	4.25	4.50	4.50	4.75	4.75	5.00
Main Lane Plaza 4	ZipCash	6.50	6.50	10.75	11.20	11.20	11.85	11.85	12.45	12.45	13.20
	TollTag	5.25	5.25	7.05	7.05	7.45	7.90	8.20	8.80	8.80	8.80
Addison Airport Toll Tunnel:											
Mainlane Plaza	ZipCash	0.50	0.50	3.75	3.75	4.00	4.20	4.20	4.45	4.45	4.75
	TollTag	0.50	0.50	2.50	2.50	2.65	2.80	2.80	2.95	2.95	3.15
Chisholm Trail Parkway (6):											
Main Lane Plaza 1	ZipCash	-	-	-	-	-	-	-	-	-	10.75
	TollTag	-	-	-	-	-	-	-	-	-	7.15
Main Lane Plaza 2	ZipCash	-	-	-	-	-	-	-	-	-	17.40
	TollTag	-	-	-	-	-	-	-	-	-	11.60
Main Lane Plaza 3	ZipCash	-	-	-	-	-	-	-	-	-	13.00
	TollTag	-	-	-	-	-	-	-	-	-	8.65
President George Bush Turnpike:											
Main Lane Plaza 5 (5)	ZipCash	-	-	-	-	11.40	12.10	12.10	12.75	12.75	13.45
	TollTag	-	-	-	-	7.60	8.05	8.05	8.50	8.50	8.95
Main Lane Plaza 6	ZipCash	5.00	5.00	7.50	7.50	7.90	8.35	8.35	8.80	8.80	9.30
	TollTag	3.50	3.50	5.00	5.00	5.25	5.55	5.55	5.85	5.85	6.20
Main Lane Plaza 7	ZipCash	5.00	5.00	8.10	8.10	8.55	9.00	9.00	9.55	9.55	10.05
	TollTag	3.50	3.50	5.40	5.40	5.70	6.00	6.00	6.35	6.35	6.70
Main Lane Plaza 8	ZipCash	5.00	5.00	7.50	7.50	7.95	8.40	8.40	8.85	8.85	9.30
	TollTag	3.50	3.50	5.00	5.00	5.30	5.60	5.60	5.90	5.90	6.20
Main Lane Plaza 9	ZipCash	5.00	5.00	6.00	6.00	6.30	6.70	6.70	7.05	7.05	7.45
	TollTag	3.50	3.50	4.00	4.00	4.20	4.45	4.45	4.70	4.70	4.95
Main Lane Plaza 10	ZipCash	5.00	5.00	3.45	3.70	3.70	3.85	3.85	4.05	4.05	4.30
	TollTag	3.50	3.50	2.30	2.45	2.45	2.55	2.55	2.70	2.70	2.85
Main Lane Plaza 11 (7)	ZipCash	-	-	-	-	-	-	-	-	-	7.80
	TollTag	-	-	-	-	-	-	-	-	-	5.20
Main Lane Plaza 12 (7)	ZipCash	-	-	-	-	-	-	-	-	-	8.25
	TollTag	-	-	-	-	-	-	-	-	-	5.50
Mountain Creek Lake Bridge:											
Mainlane Plaza	ZipCash	1.50	1.50	3.75	3.75	4.00	4.20	4.20	4.45	4.45	4.75
	TollTag	1.50	1.50	2.50	2.50	2.65	2.80	2.80	2.95	2.95	3.15
Sam Rayburn Tollway (SRT):											
Main Lane Gantry 1 (1) (4)	ZipCash	-	3.25	3.60	3.75	3.75	4.00	4.00	4.20	4.20	4.45
	TollTag	-	2.25	2.40	2.50	2.50	2.65	2.65	2.80	2.80	2.95
Main Lane Gantry 2 (1) (4)	ZipCash	-	8.55	9.30	9.75	9.75	10.35	10.35	10.95	10.95	11.50
	TollTag	-	5.90	6.20	6.50	6.50	6.90	6.90	7.30	7.30	7.65
Main Lane Gantry 3 (2) (4)	ZipCash	-	-	10.20	13.50	13.50	14.35	14.35	15.15	15.15	15.90
	TollTag	-	-	6.80	9.00	9.00	9.55	9.55	10.10	10.10	10.60
Lewisville Lake Toll Bridge:											
Mainlane Plaza (3)	ZipCash	-	-	7.50	7.95	7.95	8.40	8.40	8.85	8.85	9.40
	TollTag	-	-	5.00	5.30	5.30	5.60	5.60	5.90	5.90	6.25

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

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

(3) Lewisville Lake Toll Bridge opened August 2009

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

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

(6) Chisholm Trail Parkway (CTP) joined the System in November 2017

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Toll rates are 17.10 cents per mile effective July 1, 2017

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 ISTEA Loan	Texas Department of Transportation Loan Payable	Total Debt Amount	Total Revenue Vehicle Toll Transactions(1)	Debt Per Transactions	Debt Per Capita(2)
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
2017	9,407,717,891	-	-	125,337,455	-	9,533,055,346	723,247,591	13.18	1,472

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 Bond Redemption Account	Commercial Paper Notes Payable	Texas Department of Transportation ISTEA Loan	Total Debt Amount	Annual Toll Revenues(1)	Debt Per Annual Toll Revenue	Debt Per Capita(2)
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
2017	9,407,717,891	-	-	-	125,337,455	9,533,055,346	712,551,456	13	1,472

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 2017-2047
(Unaudited)

FYE (12/31) ⁽¹⁾⁽²⁾	Outstanding First Tier Net Debt Service ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	Outstanding Second Tier Net Debt Service ⁽⁷⁾	Outstanding ISTEALoan Debt Service	Outstanding Subordinate Lien Debt Service ⁽⁸⁾⁽⁹⁾	Total Net Debt Service
2017	\$ 318,037,530	\$ 62,753,583	\$ 9,000,000	\$ 24,062,256	\$ 413,853,369
2018	411,777,623	98,671,200	10,500,000	24,048,420	544,997,243
2019	414,675,473	96,599,250	12,250,000	54,473,420	577,998,143
2020	437,089,420	101,113,550	15,322,396	54,471,858	607,997,224
2021	462,256,033	102,940,300	15,322,396	54,476,545	634,995,274
2022	456,384,128	128,835,800	15,322,396	54,456,464	654,998,788
2023	469,359,245	132,961,650	15,322,396	54,354,930	671,998,220
2024	482,834,522	142,587,900	15,322,396	54,250,661	694,995,479
2025	508,203,669	111,833,400	15,322,396	54,136,546	689,496,011
2026	514,044,868	106,116,650	15,322,396	54,015,455	689,499,369
2027	510,331,873	109,954,650	15,322,396	53,889,642	689,498,560
2028	522,596,974	97,819,400	15,322,396	53,760,794	689,499,564
2029	501,380,084	188,115,900	-	-	689,495,984
2030	440,241,085	249,256,088	-	-	689,497,173
2031	437,880,948	251,616,650	-	-	689,497,598
2032	482,446,815	207,048,400	-	-	689,495,215
2033	499,617,267	189,878,150	-	-	689,495,417
2034	565,312,035	124,184,950	-	-	689,496,985
2035	591,472,460	98,026,400	-	-	689,498,860
2036	619,438,321	70,057,500	-	-	689,495,821
2037	671,303,642	18,192,524	-	-	689,496,166
2038	512,521,248	42,476,500	-	-	554,997,748
2039	513,456,510	41,540,750	-	-	554,997,260
2040	515,383,201	39,614,750	-	-	554,997,951
2041	517,420,766	37,577,000	-	-	554,997,766
2042	521,641,164	33,354,500	-	-	554,995,664
2043	228,631,205	21,368,250	-	-	249,999,455
2044	230,656,630	19,338,750	-	-	249,995,380
2045	188,776,983	61,220,250	-	-	249,997,233
2046	192,658,962	57,340,750	-	-	249,999,712
2047	40,387,454	46,891,172	-	-	87,278,626
	\$ 13,778,218,138	\$ 3,089,286,567	\$ 169,651,564	\$ 590,396,991	\$ 17,627,553,260

⁽¹⁾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 ISTEALoan and the Subordinate Lien Bonds.

⁽²⁾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 2017 includes debt service on January 1, 2018). With respect to the Subordinate Lien Bonds, Fiscal Year debt service in each year includes 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 2017 includes debt service on August 1, 2018, and February 1, 2019).

⁽³⁾Net of direct federal 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 6.6% (the sequestration rate for federal fiscal year 2018) 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.

⁽⁴⁾Assumes the Series 2012C Bonds are remarketed to a fixed rate of 5.00% on the January 1, 2019, mandatory tender date. 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 4.383% and one with a notional amount if approximately \$94.23 million with a swap rate of 4.243%. 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 1.92% to the January 1, 2020 mandatory tender date and are remarketed into variable rate mode and bear interest at 3.00% thereafter.

⁽⁵⁾Excludes debt service on the Refunded Obligations.

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

⁽⁷⁾Debt service in Fiscal Year 2030 is net of cash balance in the 2014 Second Tier Debt Service 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 2015 Second Tier Debt Service Reserve Subaccount that is permitted by the terms of the Trust Agreement to be used to retire the last maturities of the outstanding Series 2015A Bonds.

⁽⁸⁾Debt service in Fiscal Year 2047 is net of the cash balance in the 2017 Shared Second Tier reserve Subaccount that is permitted by the terms of the Trust Agreement to be used to retire the last maturities of the outstanding Series 2017B Bonds.

⁽⁹⁾Net of direct federal 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 6.6% (the sequestration rate for federal fiscal year 2018) 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 2017-2051
(Unaudited)

FYE (12/31) ⁽¹⁾	Estimated Toll Revenues ⁽²⁾	Estimated Other Revenues ⁽³⁾	Estimated Expenses ⁽⁴⁾	Estimated Net Revenue	Estimated Deposit to RMF ⁽⁵⁾	Estimated Debt Service on all Debt	Estimated Coverage on 1st Tier Debt	Estimated Coverage on 1st & 2nd Tier Debt	Estimated Coverage on all Debt and RMF Deposits
2017	\$ 712,551,456	\$ 49,612,968	\$ 145,516,809	\$ 616,647,615	\$ 23,308,416	\$ 413,853,369	1.94x	1.62x	1.49x
2018	843,189,300	57,344,963	175,798,081	724,736,182	34,099,680	544,997,243	1.76x	1.42x	1.25x
2019	885,895,300	59,112,836	182,000,773	763,007,363	45,376,847	577,998,143	1.84x	1.49x	1.22x
2020	930,556,400	61,152,604	187,460,796	804,248,208	26,704,800	607,997,224	1.84x	1.49x	1.27x
2021	980,803,300	62,836,250	193,084,620	850,554,930	47,697,025	634,995,274	1.84x	1.50x	1.25x
2022	1,039,443,300	65,357,826	198,877,158	905,923,968	37,174,119	654,998,788	1.99x	1.55x	1.31x
2023	1,092,581,300	67,411,316	204,843,473	955,149,143	47,206,851	671,998,220	2.04x	1.59x	1.33x
2024	1,147,844,200	69,860,197	210,988,777	1,006,715,620	61,445,305	694,995,479	2.09x	1.61x	1.33x
2025	1,205,084,400	71,839,616	217,318,440	1,059,605,576	51,910,494	689,496,011	2.09x	1.71x	1.43x
2026	1,267,351,800	74,539,606	223,837,993	1,118,053,412	28,869,855	689,499,369	2.18x	1.80x	1.56x
2027	1,320,081,000	76,591,522	230,553,133	1,166,119,388	159,161,694	689,498,560	2.29x	1.88x	1.37x
2028	1,378,577,200	79,165,684	237,469,727	1,220,273,157	124,125,175	689,499,564	2.34x	1.97x	1.50x
2029	1,439,428,500	81,186,083	244,593,819	1,276,020,763	161,068,698	689,495,984	2.55x	1.85x	1.50x
2030	1,503,965,800	84,097,553	251,931,634	1,336,131,719	118,685,387	689,497,173	3.04x	1.94x	1.65x
2031	1,572,086,400	86,433,485	259,489,583	1,399,030,303	134,126,971	689,497,598	3.20x	2.03x	1.70x
2032	1,641,906,500	89,603,696	267,274,270	1,464,235,926	217,851,750	689,495,215	3.04x	2.12x	1.61x
2033	1,714,510,800	92,112,691	275,292,498	1,531,330,992	52,015,614	689,495,417	3.07x	2.22x	2.07x
2034	1,790,693,400	95,531,251	283,551,273	1,602,673,378	331,480,114	689,496,985	2.84x	2.32x	1.57x
2035	1,870,601,400	98,294,808	292,057,811	1,676,838,397	156,944,776	689,498,860	2.84x	2.43x	1.98x
2036	1,954,800,600	102,126,993	300,819,546	1,756,108,048	244,838,620	689,495,821	2.84x	2.55x	1.88x
2037	2,040,760,700	105,100,232	309,844,132	1,836,016,800	153,094,644	689,496,166	2.74x	2.66x	2.18x
2038	2,124,379,100	109,043,124	319,139,456	1,914,282,768	74,459,871	554,997,748	3.74x	3.45x	3.04x
2039	2,211,380,700	112,129,071	328,713,640	1,994,796,131	280,982,509	554,997,260	3.89x	3.59x	2.39x
2040	2,301,903,000	116,252,802	338,575,049	2,079,580,753	83,055,276	554,997,951	4.04x	3.75x	3.26x
2041	2,394,616,800	119,526,897	348,732,300	2,165,411,397	400,311,707	554,997,766	4.19x	3.90x	2.27x
2042	2,491,361,400	123,934,658	359,194,269	2,256,101,788	131,243,692	554,995,664	4.33x	4.07x	3.29x
2043	2,593,986,100	127,479,137	369,970,097	2,351,495,140	336,505,015	249,999,455	10.29x	9.41x	4.01x
2044	2,701,685,800	132,427,767	381,069,200	2,453,044,366	194,854,664	249,995,380	10.64x	9.81x	5.51x
2045	2,811,402,700	136,218,642	392,501,276	2,555,120,066	155,756,994	249,997,233	13.54x	10.22x	6.30x
2046	2,919,497,300	140,602,330	404,276,315	2,655,823,315	387,953,657	249,999,712	13.79x	10.62x	4.16x
2047	3,031,816,400	143,845,390	416,404,604	2,759,257,186	117,510,098	87,278,626	68.32x	31.61x	13.47x
2048	3,148,617,800	148,503,774	428,896,742	2,868,224,832	481,353,695	-	-	-	5.96x
2049	3,268,740,400	151,873,631	441,763,645	2,978,850,386	144,337,042	-	-	-	20.64x
2050	3,394,062,300	156,903,350	455,016,554	3,095,949,096	323,441,196	-	-	-	9.57x
2051	3,518,235,900	160,491,298	468,667,050	3,210,060,148	245,467,587	-	-	-	13.08x
	\$ 67,244,398,756	\$ 3,508,544,049	\$ 10,345,524,545	\$ 60,407,418,260	\$ 5,614,419,838	\$ 17,627,553,260			

⁽¹⁾ 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 2017 includes debt service on January 1, 2018). With respect to the Subordinate Lien Bonds, Fiscal Year debt service in each year includes 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 2017 includes debt service on August 1, 2018, and February 1, 2019).

⁽²⁾ 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.

⁽³⁾ Estimated other revenues are provided by NTTA and include interest earnings, video tolling administrative fees and other charges.

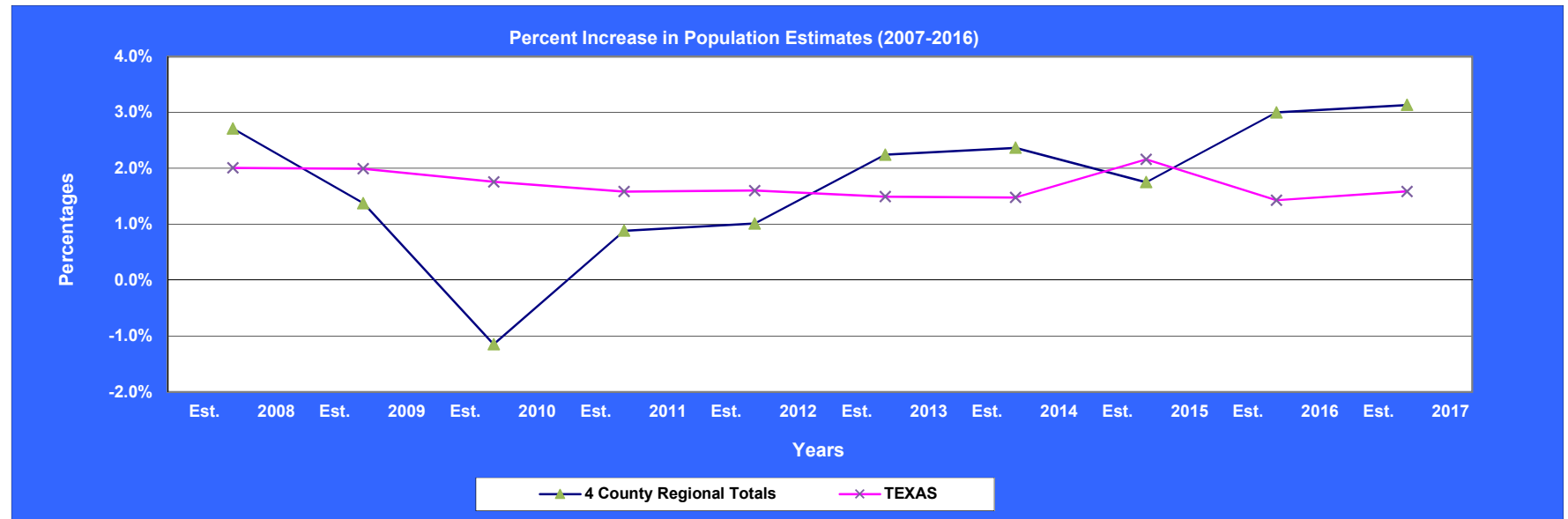
⁽⁴⁾ Estimated expenses are net of inter-fun transfers and are provided by NTTA.

⁽⁵⁾ 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.

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 2008-2017
(Unaudited)

Year	COLLIN	DALLAS	DENTON	TARRANT	Est. Four County Regional Totals	Estimated Texas Totals	Four County Percentage Change (From Prior Years)	Texas
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%
Est. 2017	969,603	2,618,148	836,210	2,054,475	6,478,436	28,304,596	3.13%	1.59%
Increase Total from Year 2008 to Year 2017		221,553	166,348	221,560	274,325	883,786	3,933,596	

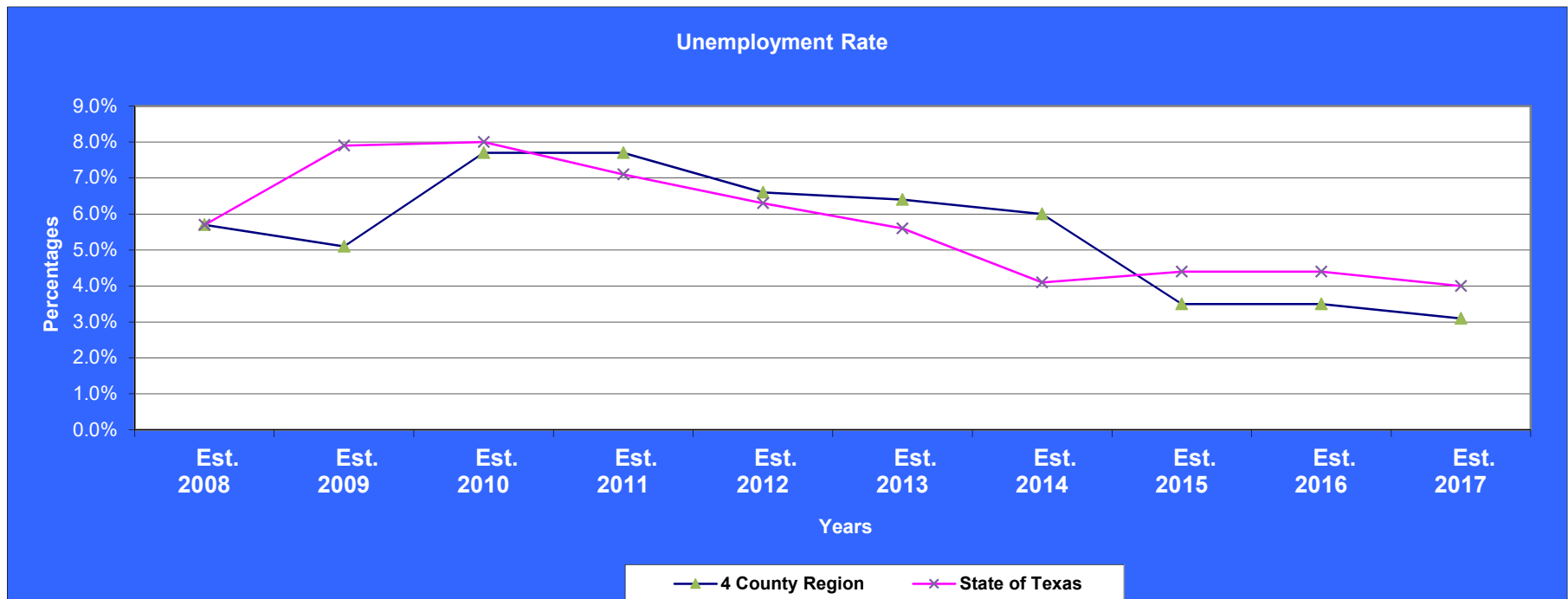
Source: US Census Bureau



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 2008-2017
(Unaudited)

Combined Four County Regional Texas Unemployment Rate									
Year	COLLIN	DALLAS	DENTON	TARRANT	Estimated Totals	Estimated Totals	Four County	Texas	
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%	
Est. 2017	398,000	1,691,100	239,600	877,800	3,206,500	12,008,941	3.1%	4.0%	
Increase Total from Year 2008 to Year 2017		(9,840)	510,230	(107,269)	154	393,275	542,284		

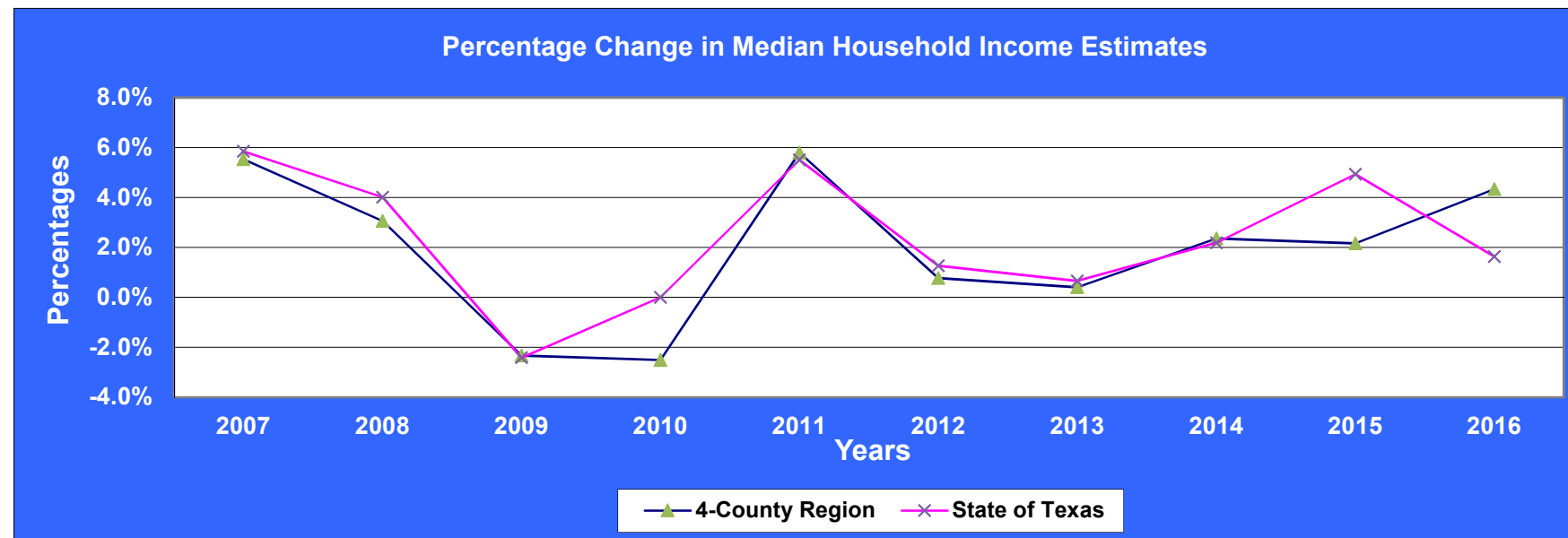
Source: U.S. Bureau of Labor Statistics



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 2007 - 2016
 (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
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%
2016	90,382	54,429	80,841	61,553	71,801	56,565	4.33%	1.64%
Averaged Yearly Totals	\$83,206	\$49,138	\$73,403	\$56,714	\$65,615	\$51,316		

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)

2017			
COLLIN COUNTY TOP TEN EMPLOYERS			
EMPLOYER	NUMBER OF EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT	INDUSTRY
HP ENTERPRISE SERVICES Lic	10,000	1.99%	PROF/TECH
JP MORGAN CHASE & CO.	6,000	1.19%	FINANCIAL SERVICES
BANK OF AMERICA HOME LOANS	4,646	0.93%	FINANCIAL SERVICES
LIBERTY MUTUAL INSURANCE	4,000	0.80%	INSURANCE
TOYOTA	4,000	0.80%	MANUFACTURING
JC PENNY CORPORATE	3,800	0.76%	RETAIL
CAPITAL ONE	3,683	0.73%	FINANCIAL SERVICES
UNIVERSITY OF TEXAS AT DALLAS	3,500	0.70%	EDUCATION
BLUE CROSS BLUE SHEILD OF TEXAS	3,100	0.62%	INSURANCE
MEDICAL CENTER OF PLANO	3,000	0.60%	HEALTH CARE PROVIDER
Total	45,729	9.12%	
DALLAS COUNTY TOP TEN EMPLOYERS			
EMPLOYER	NUMBER OF EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT	INDUSTRY
WAL-MART	34,000	1.30%	RETAIL
DALLAS INDEPENDENT SCHOOL DISTRICT	19,740	0.75%	EDUCATION
BAYLOR SCOTT & WHITE HEALTH	16,500	0.63%	HEALTH CARE PROVIDER
BANK OF AMERICA	13,500	0.52%	FINANCIAL SERVICES
CITY OF DALLAS	13,336	0.51%	MUNICIPALITY
UT SOUTHWESTERN MEDICAL	13,018	0.50%	HEALTH CARE PROVIDER
TEXAS INSTRUMENTS	13,000	0.50%	SEMICONDUCTORS
JP MORGAN CHASE	12,676	0.48%	FINANCIAL SERVICES
HCA NORTH TEXAS DIVISION	11,722	0.45%	HEALTH CARE PROVIDER
PARKLAND HEALTH & HOSPITAL SYSTEM	9,986	0.38%	HEALTH CARE TO DALLAS COUNTY
Total	157,478	5.57%	
DENTON COUNTY TOP TEN EMPLOYERS			
EMPLOYER	NUMBER OF EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT	INDUSTRY
UNIVERSITY OF NORTH TEXAS	8,887	2.00%	EDUCATION
DENTON ISD	4,417	0.99%	EDUCATION
WALMART (DISTRIBUTION CENTER & STORES)	3,722	0.84%	RETAIL
FRITO LAY	2,500	0.56%	MANUFACTURING/ DISTRUBUTING
PETERBILT MOTORS	2,314	0.52%	MANUFACTURING
NORTHWEST INDEPENDENT SCHOOL DISTRICT	2,246	0.50%	EDUCATION
LEWISVILLE INDEPENDENT SCHOOL DISTRICT	2,061	0.46%	EDUCATION
NEBRASKA FURNITURE MART	2,000	0.45%	RETAIL
TEXAS WOMAN'S UNIVERSITY	1,787	0.40%	EDUCATION
DENTON COUNTY	1,700	0.38%	COUNTY GOVERNMENT
Total	31,634	7.10%	
TARRANT COUNTY TOP TEN EMPLOYERS			
EMPLOYER	NUMBER OF EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT	INDUSTRY
AMRCORP./AMERICAN AIRLINES	25,000	2.43%	AIRLINE
LOCKHEED MARTIN AERONAUTICS CO	13,690	1.33%	MANUFACTURING
TEXAS HEALTH RESOURCES	12,000	1.17%	HEALTH CARE PROVIDER
FORT WORTH INDEPENDENT SCHOOL DISTRICT	12,000	1.17%	EDUCATION
NAS- FORT WORTH JOINT RESERVE BASE	10,000	0.97%	MILITARY
ARLINGTON ISD	8,500	0.83%	EDUCATION
UNIVERSITY OF TEXAS AT ARLINGTON	7,311	0.71%	EDUCATION
JPS HEALTH NETWORK	6,500	0.63%	HEALTH CARE PROVIDER
CITY OF FORTH WORTH	6,161	0.60%	MUNICIPALITY
COOK'S CHILDREN HEALTH CARE SYSTEM	6,042	0.59%	HEALTH CARE PROVIDER
Total	107,204	10.43%	
Source: Local Counties CAFR's (Collin, Dallas, Denton and Tarrant)			

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

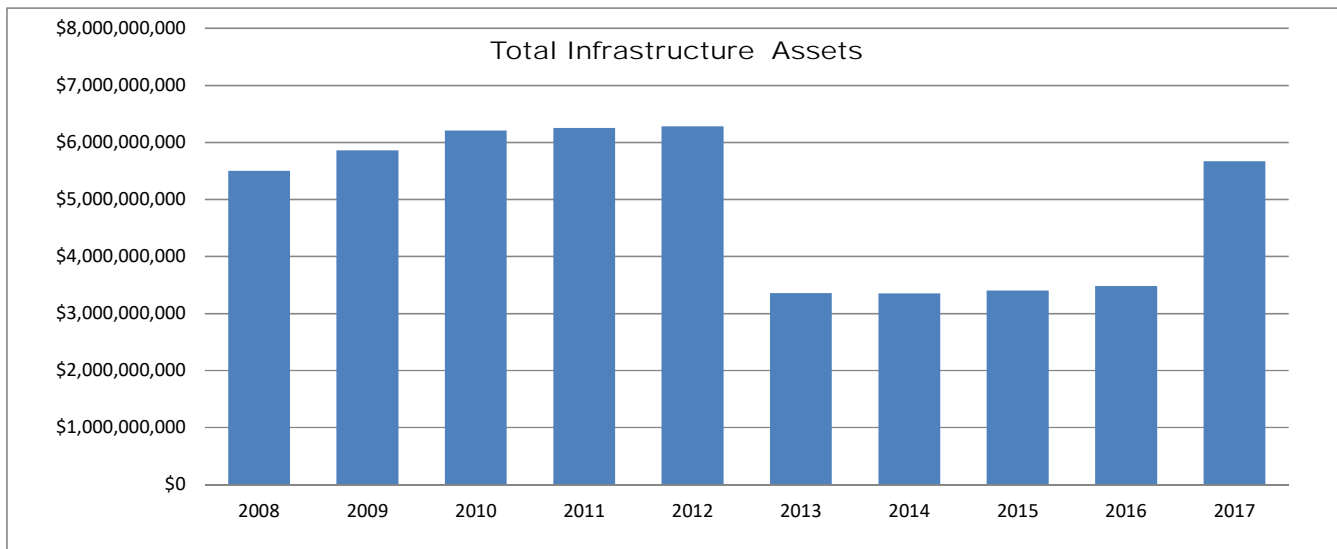
Year	Beginning Balance	Additions	Deletions/Depreciation	Adjustments	Ending Balance
2008	5,087,624,397	452,204,613	(38,340,388)	-	5,501,488,622
2009	5,501,488,622	3,558,138,403 (1)	(3,197,211,448) (1)	-	5,862,415,577
2010	5,862,415,577	344,755,250	(234,076)	-	6,206,936,751
2011	6,206,936,751	108,559,116	(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) (2)	-	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
2017	3,480,949,861 *	132,744,330	(20,559,186)	2,078,500,474 (3)	5,671,635,479

* does not include intangible assets and amortization of intangible assets

(1) Includes reclass from CIP to Roadway due to the completion of Sam Rayburn Tollway

(2) Includes reclass of Sam Rayburn Tollway to an intangible asset

(3) Includes transfer of assets from Special Projects System to NTTA System



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

	Calendar Year 2011	Calendar Year 2012	Calendar Year 2013	Calendar Year 2014	Calendar Year 2015	Calendar Year 2016	Calendar Year 2017
Value of invoiced ZipCash transactions uncollected	\$ 44,675,438	\$ 80,413,340	\$ 81,701,089	\$ 81,508,283	\$ 102,767,093	\$ 113,455,688	\$ 112,820,414
Value of uninvoiced ZipCash transactions	38,069,555	52,451,196	61,518,201	80,989,673	81,035,240	71,002,940	67,811,698
Total	\$ 82,744,993	\$ 132,864,536	\$ 143,219,290	\$ 162,497,956	\$ 183,802,333	\$ 184,458,628	\$ 180,632,111
	÷	÷	÷	÷	÷	÷	÷
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	\$ 1,003,853,246
Toll collection variance	16.75%	22.47%	21.17%	20.42%	20.55%	19.07%	17.99%

Notes:

(1) These calculations use aggregate transaction information from the NTTA System and exclude the Non-Major Enterprise Fund.

	Calendar Year 2011	Calendar Year 2012	Calendar Year 2013	Calendar Year 2014	Calendar Year 2015	Calendar Year 2016	Calendar Year 2017
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%	26.79%
Percentage of ZipCash transactions(by value) that were invoiced during period	54.70%	62.94%	61.92%	64.61%	68.26%	72.68%	72.93%
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%	39.64%

Notes:

(1) These calculations use aggregate transaction information from the NTTA System and exclude the Non-Major Enterprise Fund.

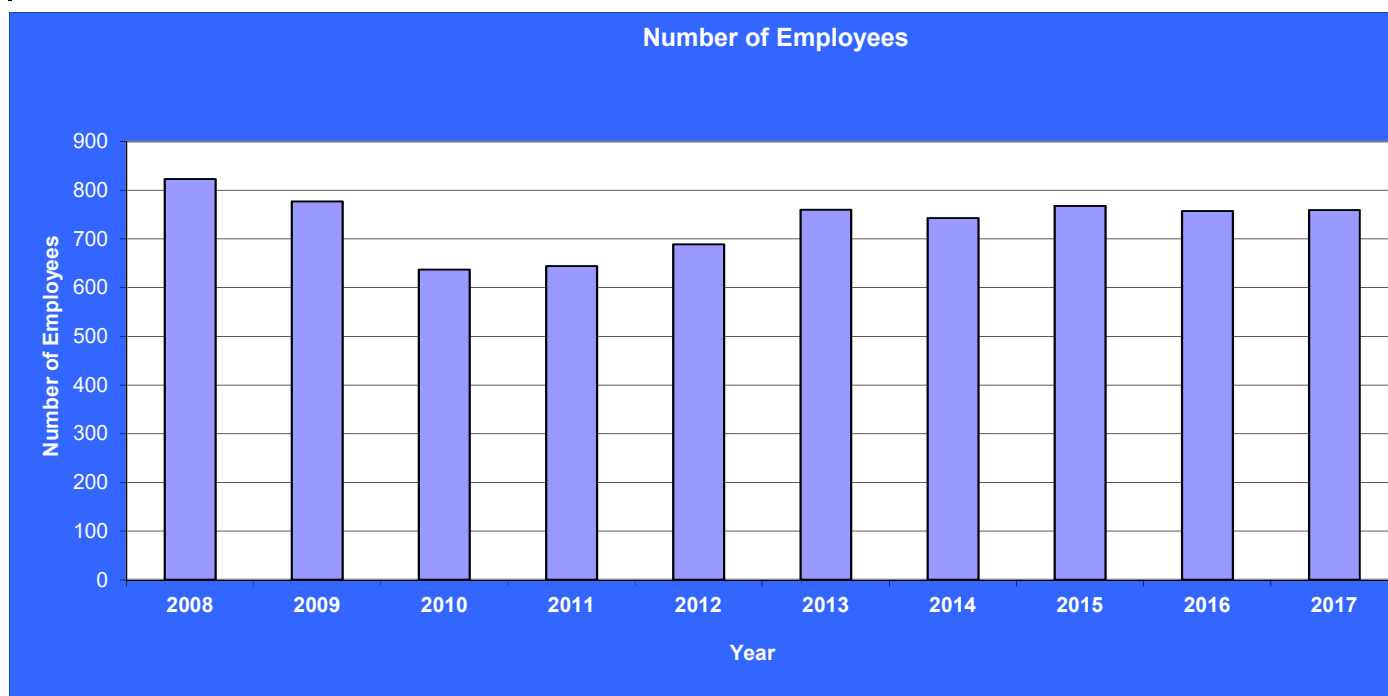
(2) Uninvoiced ZipCash transactions that are paid in the reporting period are deemed to be invoiced and are reflected in the percentages in the preceding table. Uninvoiced ZipCash transactions that are invoiced in subsequent reporting periods, and uncollected invoiced ZipCash transactions that are collected 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 calculation does not include ZipCash transactions collected after the end of the calendar year in which the transaction occurred, therefore NTTA reports total ZipCash collections, including invoiced and uninvoiced payments, for the calendar year. 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, \$92.0 million for 2016 and \$88.1 million for 2017.

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>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>	<u>2017</u>
Total Lane Miles	618	669	685	744	744	744	744	744	745	950

Full-time Equivalent Employees										
Function	<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>	<u>2017</u>
Administration	9	6	4	6	7	3	2	2	2	2
Board	0	1	1	1	2	1	1	1	1	1
Operations	0	2	3	3	1	3	5	5	6	7
Financial Planning and Analysis	0	0	0	0	0	0	0	0	6	6
Strategic & Innovative Solutions	0	0	0	0	0	9	6	3	0	0
Finance	6	10	22	24	23	25	19	23	18	18
Business Diversity	3	5	5	5	5	5	5	5	5	5
Communications	12	15	15	15	14	15	14	15	15	12
Internal Audit	2	5	6	5	8	8	7	7	8	9
Human Resources	13	14	12	12	11	13	12	11	11	11
Legal Services	3	3	5	6	5	5	5	5	7	6
System & Incident Management	51	57	73	79	84	91	94	98	103	112
Accounting	8	7	0	0	0	0	0	0	0	0
Information Technology	32	47	61	64	71	77	76	78	83	84
Vault	23	19	2	0	0	0	0	0	0	0
Audit - Revenue Reconciliation	6	5	0	0	0	0	0	0	0	0
Procurement Services	10	12	11	11	11	11	9	10	10	11
Government Affairs	3	3	3	2	3	3	3	1	2	2
Toll Collection	321	162	4	0	0	0	0	0	0	0
Maintenance	178	162	163	160	181	195	167	160	165	132
Customer Service Center	133	228	232	236	248	279	298	325	295	321
Project Delivery	6	9	10	10	11	13	16	16	16	17
Project Evaluation	4	0	0	0	0	0	0	0	0	0
Treasury Management	0	5	5	5	4	4	4	3	4	3
Total	823	777	637	644	689	760	743	768	757	759



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, 2017.

NORTH TEXAS TOLLWAY SYSTEM
(An Enterprise Fund of the North Texas Tollway Authority)
Consolidating Schedule for Capital Improvement Fund
December 31, 2017
(Unaudited)

Schedule 2

Assets	Consolidated Capital Improvement Fund	Capital Improvement Fund	Feasibility Study Fund
Current assets:			
Cash and cash equivalents (note 3)	\$ 80,616	\$ 120	\$ 80,496
Investments (note 3)	344,463,266	344,463,266	-
Accrued interest receivable	342,179	342,179	-
Interfund receivable	373,394,771	355,191,386	18,203,385
Interproject/agency receivables	685,417	685,417	-
Accounts receivable (note 9)	70,912	70,912	-
Prepaid expenses	55,334	55,334	-
Total current unrestricted assets	<u>719,092,495</u>	<u>700,808,614</u>	<u>18,283,881</u>
Current restricted assets:			
Restricted assets:			
Restricted for debt service:			
Investments (notes 3 and 5)	26,705,573	26,705,573	-
Total current restricted assets	<u>26,705,573</u>	<u>26,705,573</u>	<u>-</u>
Total current assets	<u>745,798,068</u>	<u>727,514,187</u>	<u>18,283,881</u>
Noncurrent assets:			
Investments restricted for debt service (note 3)	34,649,221	34,649,221	-
Unavailable feasibility study costs	14,603,882	-	14,603,882
Nondepreciable (note 4)	<u>(1,144,930)</u>	<u>(1,144,930)</u>	<u>-</u>
Total noncurrent assets	<u>48,108,173</u>	<u>33,504,291</u>	<u>14,603,882</u>
Total assets	<u>793,906,241</u>	<u>761,018,478</u>	<u>32,887,763</u>
Liabilities			
Current liabilities:			
Accrued liabilities	15,953,385	15,988,991	(35,606)
Interfund payable	289,266,139	(5,926,804)	295,192,943
Total current unrestricted liabilities	<u>305,219,524</u>	<u>10,062,187</u>	<u>295,157,337</u>
Payable from restricted assets:			
Construction-related payables:			
Retainage payable	8,454,218	7,607,886	846,332
Debt service-related payables:			
Accrued interest payable	13,748,333	13,748,333	-
Total current liabilities payable from restricted assets	<u>22,202,551</u>	<u>21,356,219</u>	<u>846,332</u>
Total current liabilities	<u>327,422,075</u>	<u>31,418,406</u>	<u>296,003,669</u>
Noncurrent liabilities:			
Dallas North Tollway System revenue bonds payable	400,000,000	400,000,000	-
Total noncurrent liabilities	<u>400,000,000</u>	<u>400,000,000</u>	<u>-</u>
Total liabilities	<u>727,422,075</u>	<u>431,418,406</u>	<u>296,003,669</u>
Net Position			
Net investment in capital assets	(263,115,905)	-	(263,115,905)
Restricted for:			
Debt service	7,750,000	7,750,000	-
Unrestricted	321,850,072	321,850,072	-
Total net position	<u>\$ 66,484,167</u>	<u>\$ 329,600,072</u>	<u>\$ (263,115,905)</u>

See accompanying independent auditors' report

NORTH TEXAS TOLLWAY SYSTEM

Schedule 3

(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, 2017

(Unaudited)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:			
Toll revenues	\$ 721,068,400	712,551,456	\$ (8,516,944)
Interest income	8,190,500	12,609,497	4,418,997
Other revenue	<u>24,532,615</u>	<u>37,003,471</u>	<u>12,470,856</u>
Gross revenues	<u>753,791,515</u>	<u>762,164,424</u>	<u>8,372,909</u>
Operating expenses:			
Administration:			
Accounting	1,360,735	1,427,902	67,167
Administration	643,709	492,602	(151,107)
Board	151,277	150,566	(711)
Treasury management	1,015,995	918,575	(97,420)
Financial planning and analysis	1,269,106	1,119,299	(149,807)
Human resources	1,545,599	1,167,333	(378,266)
Internal audit	1,003,865	900,458	(103,407)
Legal services	2,795,121	2,491,806	(303,315)
Procurement and business diversity	1,415,267	1,381,240	(34,027)
Public affairs	3,832,851	3,675,762	(157,089)
Shared services	<u>11,193,157</u>	<u>10,616,256</u>	<u>(576,901)</u>
Total administration	<u>26,226,682</u>	<u>24,341,799</u>	<u>(1,884,883)</u>
Operations:			
Contact center and collections	71,285,865	65,601,082	(5,684,783)
Information technology	18,795,262	17,539,808	(1,255,454)
Maintenance	27,890,896	23,798,568	(4,092,328)
Operations	716,196	822,962	106,766
Project delivery	1,880,810	1,925,226	44,416
System & incident management	<u>13,188,909</u>	<u>11,487,364</u>	<u>(1,701,545)</u>
Total operations	<u>133,757,938</u>	<u>121,175,010</u>	<u>(12,582,928)</u>
Total operating expenses	<u>159,984,620</u>	<u>145,516,809</u>	<u>(14,467,811)</u>
Net revenues available for debt service	\$ <u>593,806,895</u>	\$ <u>616,647,615</u>	\$ <u>22,840,720</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, 2017

(Unaudited)

	Total	Non-Major Enterprise Fund	North Texas Tollway System	Construction and property account	Revenue account
Net positions, beginning of year	\$ (579,690,083)	\$ 35,347,486	\$ (615,037,569)	\$ (1,329,330,760)	\$ (167,758,830)
Gross revenues	798,066,675	35,902,251	762,164,424	-	751,730,486
Payments from other governments	83,912	-	83,912	83,912	-
Net increase (decrease) in the fair value of investments	(732,342)	-	(732,342)	(102,336)	(124,476)
Interest earned on investments	721,020	-	721,020	721,020	-
Gain (loss) on sale of investments	(489,356)	-	(489,356)	-	-
Administration and operations expenses	(171,687,204)	(26,170,395)	(145,516,809)	-	-
Depreciation on property and equipment	(10,412,946)	-	(10,412,946)	(10,412,946)	-
Bond interest expense	(420,979,365)	-	(420,979,365)	-	-
BAB's Subsidy	27,022,055	-	27,022,055	-	-
Arbitrage rebate	(9,773)	-	(9,773)	(9,773)	-
Other nonoperating expenses/ revenue	1,390,019	-	1,390,019	255,497	-
Bond discount/premium amortization	47,207,780	-	47,207,780	46,924,946	-
Bond issuance cost amortization	(13,556,163)	-	(13,556,163)	(13,556,163)	-
Loss on disposal of assets	(51,644,820)	-	(51,644,820)	(3,084,989)	-
Interest on loan	(5,531,494)	-	(5,531,494)	(5,531,494)	-
Amortization of deferred amount on refunding (note 5)	(30,800,504)	-	(30,800,504)	(30,800,504)	-
Amortization of intangibles	(64,841,672)	-	(64,841,672)	(64,841,672)	-
Construction improvement account expenses Reserve	(1,791,025)	-	(1,791,025)	(1,791,025)	-
maintenance account expenses Consolidated capital	(23,308,416)	-	(23,308,416)	-	-
improvement fund expenses	(44,387,633)	-	(44,387,633)	90,756,286	-
Net revenues	34,318,748	9,731,856	24,586,892	8,610,759	751,606,010
Interfund transactions:					
Distribution from revenue fund	-	-	-	-	(740,496,953)
Operating transfers (other funds)	-	-	-	131,081,654	2,024,903
Capital contribution (Special Projects System closeout)	512,742,812	-	512,742,812	265,711,821	23,021,392
Net changes during the year	547,061,560	9,731,856	537,329,704	405,404,234	36,155,352
Net positions, end of year	\$ (32,628,523)	\$ 45,079,342	\$ (77,707,865)	\$ (923,926,526)	\$ (131,603,478)

See accompanying independent auditors' report.

Operation and maintenance account	Reserve maintenance account	Consolidated Capital Improvement Fund	Debt service accounts		
			Bond interest account	Reserve account	Redemption account
\$ 52,082,843	\$ 25,844,775	\$ 34,108,222	\$ 345,918,917	\$ 399,266,398	\$ 24,830,866
27	339,711	2,486,155	723,271	6,630,997	253,777
-	-	-	-	-	-
-	41,384	(155,149)	-	(391,765)	-
-	-	-	-	-	-
-	-	-	-	(489,356)	-
(145,516,809)	-	-	-	-	-
-	-	-	-	-	-
-	-	(32,996,000)	(387,983,365)	-	-
-	-	-	27,022,055	-	-
-	-	-	-	-	-
870,929	-	263,593	-	-	-
-	-	282,834	-	-	-
-	-	-	-	-	-
-	-	(48,559,831)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(23,308,416)	-	-	-	-
-	-	(135,143,919)	-	-	-
(144,645,853)	(22,927,321)	(213,822,317)	(360,238,039)	5,749,876	253,777
120,211,499	31,912,558	215,000,000	322,559,831	-	50,813,065
20,960,919	(13,314,493)	(31,410,777)	30,948,016	(80,843,079)	(59,447,143)
(1,631,666)	23,821,171	62,609,039	2,700,316	136,510,739	-
(5,105,101)	19,491,915	32,375,945	(4,029,876)	61,417,536	(8,380,301)
\$ 46,977,742	\$ 45,336,690	\$ 66,484,167	\$ 341,889,041	\$ 460,683,934	\$ 16,450,565

NORTH TEXAS TOLLWAY SYSTEM
(An Enterprise Fund of the North Texas Tollway Authority)
Schedule of Toll Revenue and Traffic Analysis
Year Ended December 31, 2017
(Unaudited)

Schedule 5

Toll revenue (*):	
AVI	\$ 618,507,857
ZipCash	164,386,631
Less bad debt expense	<u>(70,343,032)</u>
Total	<u>\$ 712,551,456</u>
Vehicle transactions (*):	
Two-axle vehicle transactions	703,115,831
Multiaxle vehicle transactions	20,131,760
Nonrevenue vehicle transactions	<u>2,734,890</u>
Total	<u>725,982,481</u>
Toll revenue – average per day (*):	
AVI	\$ 1,694,542
Zipcash	<u>257,654</u>
Average	<u>\$ 1,952,196</u>
Vehicle transactions – average per day (*):	
Two-axle vehicle transactions	1,926,345
Multiaxle vehicle transactions	55,156
Nonrevenue vehicle transactions	<u>7,493</u>
Average	<u>1,988,994</u>

(*) North Texas Tollway System only, excludes Non-Major 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, 2017
(Unaudited)

Schedule 6

	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
Dallas North Tollway										
Wycliff Main Lane Gantry (MLP1)	\$1.56	\$2.34	\$3.12	\$4.68	\$4.68	\$7.02	\$6.24	\$9.36	\$7.80	\$11.70
Mockingbird Lane (MOCLN)	\$1.14	\$1.71	\$2.28	\$3.42	\$3.42	\$5.13	\$4.56	\$6.84	\$5.70	\$8.55
Northwest Highway (NORHY)	\$0.77	\$1.16	\$1.54	\$2.32	\$2.31	\$3.48	\$3.08	\$4.64	\$3.85	\$5.80
Royal Lane (ROYLN)	\$0.41	\$0.66	\$0.82	\$1.32	\$1.23	\$1.98	\$1.64	\$2.64	\$2.05	\$3.30
Spring Valley Road (SPVRD)	\$0.28	\$0.53	\$0.56	\$1.06	\$0.84	\$1.59	\$1.12	\$2.12	\$1.40	\$2.65
Belt Line Road (BELRD)	\$0.36	\$0.61	\$0.72	\$1.22	\$1.08	\$1.83	\$1.44	\$2.44	\$1.80	\$3.05
Keller Springs Road (KESRD)	\$0.54	\$0.81	\$1.08	\$1.62	\$1.62	\$2.43	\$2.16	\$3.24	\$2.70	\$4.05
Trinity Mills Main Lane Gantry (MLP2)	\$1.12	\$1.68	\$2.24	\$3.36	\$3.36	\$5.04	\$4.48	\$6.72	\$5.60	\$8.40
Frankford Road (FRARD)	\$0.28	\$0.53	\$0.56	\$1.06	\$0.84	\$1.59	\$1.12	\$2.12	\$1.40	\$2.65
Park Boulevard (PARBD)	\$0.28	\$0.53	\$0.56	\$1.06	\$0.84	\$1.59	\$1.12	\$2.12	\$1.40	\$2.65
Park Boulevard from Direct Connector (PARDC)*	\$0.28	\$0.53	\$0.56	\$1.06	\$0.84	\$1.59	\$1.12	\$2.12	\$1.40	\$2.65
Parker Main Lane Gantry (MLP3)	\$1.00	\$1.50	\$2.00	\$3.00	\$3.00	\$4.50	\$4.00	\$6.00	\$5.00	\$7.50
Parker Road (PARRD)	\$0.59	\$0.89	\$1.18	\$1.78	\$1.77	\$2.67	\$2.36	\$3.56	\$2.95	\$4.45
Windhaven Parkway (WINPY)**	\$0.48	\$0.73	\$0.96	\$1.46	\$1.44	\$2.19	\$1.92	\$2.92	\$2.40	\$3.65
Spring Creek Parkway (SPCPY	\$0.33	\$0.58	\$0.66	\$1.16	\$0.99	\$1.74	\$1.32	\$2.32	\$1.65	\$2.90
Legacy Drive (LEGDR)	\$0.28	\$0.53	\$0.56	\$1.06	\$0.84	\$1.59	\$1.12	\$2.12	\$1.40	\$2.65
Headquarters Drive (HEADR)	\$0.28	\$0.53	\$0.56	\$1.06	\$0.84	\$1.59	\$1.12	\$2.12	\$1.40	\$2.65
Gaylord Parkway (GAYPY	\$0.28	\$0.53	\$0.56	\$1.06	\$0.84	\$1.59	\$1.12	\$2.12	\$1.40	\$2.65
Lebanon Road (LEBRD)	\$0.41	\$0.66	\$0.82	\$1.32	\$1.23	\$1.98	\$1.64	\$2.64	\$2.05	\$3.30
Stone Brook Parkway (STOPY	\$0.52	\$0.78	\$1.04	\$1.56	\$1.56	\$2.34	\$2.08	\$3.12	\$2.60	\$3.90
Main Street (MAIST)	\$0.85	\$1.28	\$1.70	\$2.56	\$2.55	\$3.84	\$3.40	\$5.12	\$4.25	\$6.40
Eldorado Main Lane Gantry (MLP4	\$1.76	\$2.64	\$3.52	\$5.28	\$5.28	\$7.92	\$7.04	\$10.56	\$8.80	\$13.20
Eldorado Parkway (ELDPY	\$0.63	\$0.95	\$1.26	\$1.90	\$1.89	\$2.85	\$2.52	\$3.80	\$3.15	\$4.75
Panther Creek Parkway (PANPY)**	\$0.36	\$0.61	\$0.72	\$1.22	\$1.08	\$1.83	\$1.44	\$2.44	\$1.80	\$3.05
President George Bush Turnpike Eastern Extension (PGBT-EE)										
	TollTag	ZipCash	TollTag	ZipCash	TollTag	ZipCash	TollTag	ZipCash	TollTag	ZipCash
Miller Road (MLRRD)	\$0.45	\$0.70	\$0.90	\$1.40	\$1.35	\$2.10	\$1.80	\$2.80	\$2.25	\$3.50
Main Street (MAIST)	\$0.59	\$0.89	\$1.18	\$1.78	\$1.77	\$2.67	\$2.36	\$3.56	\$2.95	\$4.45
Merritt Road (MERRD)	\$0.95	\$1.43	\$1.90	\$2.86	\$2.85	\$4.29	\$3.80	\$5.72	\$4.75	\$7.15
Merritt Main Lane Gantry (MLG5	\$1.79	\$2.69	\$3.58	\$5.38	\$5.37	\$8.07	\$7.16	\$10.76	\$8.95	\$13.45
Miles Road (MILRD)	\$0.38	\$0.63	\$0.76	\$1.26	\$1.14	\$1.89	\$1.52	\$2.52	\$1.90	\$3.15
Firewheel Parkway (FIRPY	\$0.28	\$0.53	\$0.56	\$1.06	\$0.84	\$1.59	\$1.12	\$2.12	\$1.40	\$2.65
Crist Road (CRIRD)	\$0.28	\$0.53	\$0.56	\$1.06	\$0.84	\$1.59	\$1.12	\$2.12	\$1.40	\$2.65
President George Bush Turnpike										
	TollTag	ZipCash	TollTag	ZipCash	TollTag	ZipCash	TollTag	ZipCash	TollTag	ZipCash
North Garland Avenue (GARRD)	\$0.32	\$0.57	\$0.64	\$1.14	\$0.96	\$1.71	\$1.28	\$2.28	\$1.60	\$2.85
Campbell Road (CAMRD)	\$0.51	\$0.77	\$1.02	\$1.54	\$1.53	\$2.31	\$2.04	\$3.08	\$2.55	\$3.85
East Renner Road (ERERD)	\$0.83	\$1.25	\$1.66	\$2.50	\$2.49	\$3.75	\$3.32	\$5.00	\$4.15	\$6.25
Shiloh Main Lane Gantry (MLP6)	\$1.24	\$1.86	\$2.48	\$3.72	\$3.72	\$5.58	\$4.96	\$7.44	\$6.20	\$9.30
Shiloh Road (SHIRD)	\$0.64	\$0.96	\$1.28	\$1.92	\$1.92	\$2.88	\$2.56	\$3.84	\$3.20	\$4.80
West Renner Road (WRERD)	\$0.42	\$0.67	\$0.84	\$1.34	\$1.26	\$2.01	\$1.68	\$2.68	\$2.10	\$3.35
Independence Parkway (INDPY	\$0.43	\$0.68	\$0.86	\$1.36	\$1.29	\$2.04	\$1.72	\$2.72	\$2.15	\$3.40
Coit Road (COIRD)	\$0.64	\$0.96	\$1.28	\$1.92	\$1.92	\$2.88	\$2.56	\$3.84	\$3.20	\$4.80
Coit Main Lane Gantry (MLP7)	\$1.34	\$2.01	\$2.68	\$4.02	\$4.02	\$6.03	\$5.36	\$8.04	\$6.70	\$10.05
Preston Road (PRERD)	\$0.36	\$0.61	\$0.72	\$1.22	\$1.08	\$1.83	\$1.44	\$2.44	\$1.80	\$3.05
Midway Road (MIDRD)	\$0.28	\$0.53	\$0.56	\$1.06	\$0.84	\$1.59	\$1.12	\$2.12	\$1.40	\$2.65
Marsh Lane (MARLN)	\$0.36	\$0.61	\$0.72	\$1.22	\$1.08	\$1.83	\$1.44	\$2.44	\$1.80	\$3.05
Frankford Main Lane Gantry (MLP8	\$1.24	\$1.86	\$2.48	\$3.72	\$3.72	\$5.58	\$4.96	\$7.44	\$6.20	\$9.30
Kelly Boulevard (KELBD)	\$0.65	\$0.98	\$1.30	\$1.96	\$1.95	\$2.94	\$2.60	\$3.92	\$3.25	\$4.90
Josey Lane (JOSLN)	\$0.43	\$0.68	\$0.86	\$1.36	\$1.29	\$2.04	\$1.72	\$2.72	\$2.15	\$3.40
Sandy Lake Main Lane Gantry (MLP9)	\$0.99	\$1.49	\$1.98	\$2.98	\$2.97	\$4.47	\$3.96	\$5.96	\$4.95	\$7.45
Belt Line - Luna Road (NBERD)	\$0.59	\$0.89	\$1.18	\$1.78	\$1.77	\$2.67	\$2.36	\$3.56	\$2.95	\$4.45
Royal Lane (ROYLN)	\$0.30	\$0.55	\$0.60	\$1.10	\$0.90	\$1.65	\$1.20	\$2.20	\$1.50	\$2.75
Belt Line Road (SBERD)	\$0.57	\$0.86	\$1.14	\$1.72	\$1.71	\$2.58	\$2.28	\$3.44	\$2.85	\$4.30
Belt Line Main Lane Gantry (MLP10)	\$0.57	\$0.86	\$1.14	\$1.72	\$1.71	\$2.58	\$2.28	\$3.44	\$2.85	\$4.30
President George Bush Turnpike - Western Extension ***										
	TollTag	ZipCash	TollTag	ZipCash	TollTag	ZipCash	TollTag	ZipCash	TollTag	ZipCash
Conifans Road	\$0.27	\$0.52	\$0.54	\$1.04	\$0.81	\$1.56	\$1.08	\$2.08	\$1.35	\$2.60
Shady Grove Road	\$0.47	\$0.72	\$0.94	\$1.44	\$1.41	\$2.16	\$1.88	\$2.88	\$2.35	\$3.60
Lower Tarrant - North*	\$0.48	\$0.73	\$0.96	\$1.46	\$1.44	\$2.19	\$1.92	\$2.92	\$2.40	\$3.65
Lower Tarrant Mainlane Gantry	\$1.04	\$1.56	\$2.08	\$3.12	\$3.12	\$4.68	\$4.16	\$6.24	\$5.20	\$7.80
Lower Tarrant - South	\$0.27	\$0.52	\$0.54	\$1.04	\$0.81	\$1.56	\$1.08	\$2.08	\$1.35	\$2.60
Dalworth Street	\$0.27	\$0.52	\$0.54	\$1.04	\$0.81	\$1.56	\$1.08	\$2.08	\$1.35	\$2.60
Marshall Drive	\$0.52	\$0.78	\$1.04	\$1.56	\$1.56	\$2.34	\$2.08	\$3.12	\$2.60	\$3.90
Pioneer Parkway	\$0.66	\$0.99	\$1.32	\$1.98	\$1.98	\$2.97	\$2.64	\$3.96	\$3.30	\$4.95
Arkansas Mainlane Gantry	\$1.10	\$1.65	\$2.20	\$3.30	\$3.30	\$4.95	\$4.40	\$6.60	\$5.50	\$8.25
Arkansas Lane	\$0.38	\$0.63	\$0.76	\$1.26	\$1.14	\$1.89	\$1.52	\$2.52	\$1.90	\$3.15
Mayfield Road	\$0.27	\$0.52	\$0.54	\$1.04	\$0.81	\$1.56	\$1.08	\$2.08	\$1.35	\$2.60
Chisholm Trail Parkway ****										
	TollTag	ZipCash	TollTag	ZipCash	TollTag	ZipCash	TollTag	ZipCash	TollTag	ZipCash
Gantry 1 (Montgomery)	\$1.43	\$2.15	\$2.86	\$4.30	\$4.29	\$6.45	\$5.72	\$8.60	\$7.15	\$10.75
Edwards Ranch Rd	\$0.60	\$0.90	\$1.20	\$1.80	\$1.80	\$2.70	\$2.40	\$3.60	\$3.00	\$4.50
Arboretum Drive*	\$0.35	\$0.60	\$0.70	\$1.20	\$1.05	\$1.80	\$1.40	\$2.40	\$1.75	\$3.00
Oakmont Blvd	\$0.51	\$0.77	\$1.02	\$1.54	\$1.53	\$2.31	\$2.04	\$3.08	\$2.55	\$3.85
Altamesa Blvd	\$0.79	\$1.19	\$1.58	\$2.38	\$2.37	\$3.57	\$3.16	\$4.76	\$3.95	\$5.95
Sycamore School Rck	\$0.82	\$1.23	\$1.64	\$2.46	\$2.46	\$3.69	\$3.28	\$4.92	\$4.10	\$6.15
McPherson Blvd	\$1.11	\$1.67	\$2.22	\$3.34	\$3.33	\$5.01	\$4.44	\$6.66	\$5.55	\$8.35
Gantry 2 (Stewart Feltz	\$2.32	\$3.48	\$4.64	\$6.96	\$6.96	\$10.44	\$9.28	\$13.92	\$11.60	\$17.40
Farm Market 1187	\$0.64	\$0.96	\$1.28	\$1.92	\$1.92	\$2.88	\$2.56	\$3.84	\$3.20	\$4.80
County Rd 920	\$0.38	\$0.63	\$0.76	\$1.26	\$1.14	\$1.89	\$1.52	\$2.52	\$1.90	\$3.15
County Rd 913	\$0.38	\$0.63	\$0.76	\$1.26	\$1.14	\$1.89	\$1.52	\$2.52	\$1.90	\$3.15
Farm Market 917	\$0.70	\$1.05	\$1.40	\$2.10	\$2.10	\$3.15	\$2.80	\$4.20	\$3.50	\$5.25
County Rd 904	\$1.05	\$1.58	\$2.10	\$3.16	\$3.15	\$4.74	\$4.20	\$6.32	\$5.25	\$7.90
Gantry 3 (CR 904-Sparks Rd)	\$1.73	\$2.60	\$3.46	\$5.20	\$5.19	\$7.80	\$6.92	\$10.40	\$8.65	\$13.00
Sparks Rd	\$0.31	\$0.56	\$0.62	\$1.12	\$0.93	\$1.68	\$1.24	\$2.24	\$1.55	\$2.80
Sam Rayburn Tollway										
	TollTag	ZipCash	TollTag	ZipCash	TollTag	ZipCash	TollTag	ZipCash	TollTag	ZipCash
Denton Tap Main Lane Gantry (MLG1	\$0.59	\$0.89	\$1.18	\$1.78	\$1.77	\$2.67	\$2.36	\$3.56	\$2.95	\$4.45
MacArthur Blvd (MACBD)	\$0.27	\$0.52	\$0.54	\$1.04	\$0.81	\$1.56	\$1.08	\$2.08	\$1.35	\$2.60
Carrollton Parkway (CARPY	\$0.27	\$0.52	\$0.54	\$1.04	\$0.81	\$1.56	\$1.08	\$2.08	\$1.35	\$2.60
Parker Road (PARRD)	\$0.39	\$0.64	\$0.78	\$1.28	\$1.17	\$1.92	\$1.56	\$2.56	\$1.95	\$3.20
Old Denton Road (OLDRD)	\$0.45	\$0.70	\$0.90	\$1.40	\$1.35	\$2.10	\$1.80	\$2.80	\$2.25	\$3.50
Standridge Drive - South (SSTD)*	\$0.67	\$1.01	\$1.34	\$2.02	\$2.01	\$3.03	\$2.68	\$4.04	\$3.35	\$5.05
Josey Lane - South (SJOLN)	\$0.82	\$1.23	\$1.64	\$2.46	\$2.46	\$3.69	\$3.28	\$4.92	\$4.10	\$6.15
Josey Main Lane Gantry (MLG2	\$1.53	\$2.30	\$3.06	\$4.60	\$4.59	\$6.90	\$6.12	\$9.20	\$7.65	\$11.50
Standridge Drive - North (NSTDR	\$0.87	\$1.31	\$1.74	\$2.62	\$2.61	\$3.93	\$3.48	\$5.24	\$4.35	\$6.55
Josey Lane - North (NJOLN)	\$0.72	\$1.08	\$1.44	\$2.16	\$2.16	\$3.24	\$2.88	\$4.32	\$3.60	\$5.40
Plano Parkway (PLAPY)	\$0.57	\$0.86	\$1.14	\$1.72	\$1.71	\$2.58	\$2.28	\$3.44	\$2.85	\$4.30
Spring Creek Parkway (SPCPY	\$0.28	\$0.53	\$0.56	\$1.06	\$0.84	\$1.59	\$1.12	\$2.12	\$1.40	\$2.65
Preston Road (PRERD)	\$0.27	\$0.52	\$0.54	\$1.04	\$0.81	\$1.56	\$1.08	\$2.08	\$1.35	\$2.60
Hillcrest Road (HILRD)	\$0.28	\$0.53	\$0.56	\$1.06	\$0.84	\$1.59	\$1.12	\$2.12	\$1.40	\$2.65
Coit Road (COIRD)	\$0.62	\$0.93	\$1.24	\$1.86	\$1.86	\$2.79	\$2.48	\$3.72	\$3.10	\$4.65
Independence Parkway (INDPY	\$0.82	\$1.23	\$1.64	\$2.46	\$2.46	\$3.69	\$3.28	\$4.92	\$4.10	\$6.15
Custer Road - South (CUSRD)	\$1.03	\$1.55	\$2.06	\$3.10	\$3.09	\$4.65	\$4.12	\$6.20	\$5.15	\$7.75
Custer Main Lane Gantry (MLG3)	\$2.12	\$3.18	\$4.24	\$6.36	\$6.36	\$9.54	\$8.48	\$12.72	\$10.60	\$15.90
Exchange Parkway (SALDR)	\$1.10	\$1.65	\$2.20	\$3.30	\$3.30	\$4.95	\$4.40	\$6.60	\$5.50	\$8.25
Alma Drive (NALDR)	\$0.81	\$1.22	\$1.62	\$2.44	\$2.43	\$3.66	\$3.24	\$4.86	\$4.05	\$6.10
Stacy Road (STARDR)	\$0.63	\$0.95	\$1.26	\$1.90	\$1.89	\$2.85	\$2.52	\$3.80	\$3.15	\$4.75
Lake Forest Drive (LAFDR)	\$0.49	\$0.74	\$0.98	\$1.48	\$1.47	\$2.22	\$1.96	\$2.96	\$2.45	\$3.70
Hardin Boulevard (HARBD)	\$0.31	\$0.56	\$0.62	\$1.12	\$0.93	\$1.68	\$1.24	\$2.24	\$1.55	\$2.80
Addison Airport Toll Tunnel (AATT)										
	TollTag	ZipCash	TollTag							

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, 2017
(Unaudited)

Schedule 7

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 2008 through 2017:

<u>Year</u>	<u>Annual revenue vehicle transactions (unaudited)</u>	<u>Annual toll revenue</u>
2008 (1)	412,272,003	240,776,791
2009 (2)	455,546,197	290,404,547
2010 (3)	481,913,338	366,597,323
2011 (4)	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
2017	723,247,591	712,551,456

- (1) Reflects the opening of Sam Rayburn Tollway (121 Tollway) in September 2008.
(2) Reflects the opening of Lake Lewisville August 2009.
(3) Four major direct connectors at SRT/US75 interchange were opened during 2010
(4) 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 2008 through 2017:

<u>Year</u>	<u>Toll revenue</u>	<u>Current expenses</u>	<u>Investment and other earnings</u>	<u>Net revenues</u>	<u>Coverage</u>
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	106,236,324	28,832,506	408,059,790	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
2017	712,551,456	145,516,809	49,612,968	616,647,615	1.49

See accompanying independent auditors' report.



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

Schedule 8

Schedule of Capitalized Costs by Project
As of December 31, 2017
(Unaudited)

	Cumulative Total Through December 31, 2017
Dallas North Tollway - 3711	
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	203,765,224
Equipment	771,382
Accumulated Depreciation	(1,467,542)
Total capitalized costs – Dallas North Tollway	<u>301,622,121</u>
Dallas North Tollway Extension - 3712	
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
Total capitalized costs – Dallas North Tollway Extension	<u>249,737,326</u>
Addison Airport Toll Tunnel - 3741	
Preliminary costs	1,244,082
Right-of-way	617,278
Engineering	4,895,697
Administration	295,203
Roadways	16,853,636
Total capitalized cost – Addison Airport Toll Tunnel	<u>23,905,896</u>
President George Bush Turnpike - Segments I - IV - 3721	
Preliminary costs	18,040,104
Right-of-way	76,906,305
Engineering	114,239,012
Construction in Progress	197,988,094
Administration	25,252,891
Buildings	24,016,957
Land	5,578,821
Roadways	658,188,033
Intangibles	4,581,922
Equipment	69,878,300
Accumulated Depreciation for Intangibles	(3,252,672)
Accumulated Depreciation for Buildings	(9,299,541)
Accumulated Depreciation for Equipment	(43,687,346)
Total capitalized cost – President George Bush Turnpike - Segments I - IV	<u>1,138,430,881</u>
President George Bush Turnpike - Segment V - 3723	
Preliminary costs	1,596,208
Right-of-way	16,459
Engineering	8,981,476
Administration	235,829
Roadways	75,190,982
Total capitalized cost – President George Bush Turnpike - Segment V	<u>86,020,954</u>
Dallas North Tollway Phase 3 - 3713	
Preliminary costs	5,118,815
Infrastructure - Other	434
Right-of-way	569,830
Engineering	33,331,022
Administration	2,690,663
Roadways	200,921,609
Total capitalized cost – Dallas North Tollway Phase 3	<u>242,632,374</u>
Lewisville Lake Toll Bridge - 3761	
Preliminary costs	9,875
Right-of-way	13,177
Engineering	14,360,183
Administration	249,620
Roadways	99,475,304
Total capitalized cost – Lewisville Lake Toll Bridge	<u>114,108,159</u>

(continued)

NORTH TEXAS TOLLWAY SYSTEM
(An Enterprise Fund of the North Texas Tollway Authority)
Schedule of Capitalized Costs by Project
As of December 31, 2017
(Unaudited)

Schedule 8

	Cumulative Total Through December 31, 2017
Sam Rayburn Tollway (121 Tollway) - 3751	
Preliminary costs	\$ 1,142,465
Right-of-way	15,103,568
Engineering	96,980,027
Administration	21,194,398
Roadways	637,088,967
Total capitalized cost – Sam Rayburn Tollway (121 Tollway)	771,509,426
President George Bush Turnpike - Eastern Extension - 3722	
Infrastructure (Other)	30,192
Right-of-way	104,963,158
Engineering	72,882,174
Administration	4,861,209
Roadways	445,867,602
Accumulated Depreciation Equipment	(1,088)
Total capitalized cost – President George Bush Turnpike - Eastern Extension	628,603,247
PGBT Western Ext Constr Fund - 3771	
Right-of-way	69,934
Engineering	11,751,580
Administration	868,289
Roadways	1,038,470,397
Total capitalized cost – President George Bush Turnpike - Western Extension	1,051,160,199
CTP Construction Fund - 3781	
Right-of-way	48,526,366
Engineering	30,564,041
Administration	122,357
Construction in Progress	35,899
Roadways	975,907,792
Total capitalized cost - Chisholm Trail Parkway	1,055,156,454
MCLB 1977 Construction Fund - 3731	
Preliminary cost	483,969
Right-of-way	50,777
Engineering	616,968
Administration	379,131
Roadways	7,370,431
Total capitalized cost – MCLB 1977 Construction Fund	8,901,277
2009 A Revenue Bonds Fund - 3601	
Roadways	2,550
Administration	14,600
Total capitalized cost - 2009 A Revenue Bonds	17,150
Dallas North Tollway PH 4B/5A Fund - 3714	
Engineering	1,159,265
Total capitalized cost - Dallas North Tollway Phase 4B/5A	1,159,265
Total	
Infrastructure	\$ 30,626
Preliminary costs	51,634,470
Right-of-way	304,880,328
Engineering	436,316,933
Construction in Progress	198,023,994
Administration	60,531,195
Buildings	29,596,959
Land	7,293,755
Roadways	4,567,097,371
Intangibles (Net of Amortization)	1,329,250
Equipment	70,685,366
Accumulated depreciation Equipment	(45,155,976)
Accumulated depreciation on Buildings	(9,299,541)
Total Capitalized Cost as of December 31, 2017	\$ 5,672,964,729

(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.

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, 2017
(Unaudited)

Schedule 9

The table below sets forth the accumulated unavailable feasibility study costs, by project, through December 31, 2017 that have not been transferred out of the Feasibility Study Fund into a construction project

<u>Projects</u>	<u>Accumulated December 31, 2017</u>
Dallas North Tollway:	
380 Interchange	285,767
Extension Phase 4/4A	3,738,109
Extension Phase 4B/5A	3,652,801
President George Bush Turnpike - East Branch	123,753
State Highway 360	6,584,082
Collin/Grayson Corridor	3,152
Collin County Outer Loop	208,361
Denton County Corridor	7,857
	<u>\$ 14,603,882</u>

See accompanying independent auditor's report

