



## **SPECIAL PROJECTS SYSTEM**

(An Enterprise Fund of the North Texas Tollway Authority)

**2013 COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED AUGUST 31, 2013**



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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended August 31, 2013**

**Gerald Carrigan**  
**Executive Director**

**Horatio Porter**  
**Chief Financial Officer**

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

**Comprehensive Annual Financial Report**  
**For the Year Ended August 31, 2013**

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# INTRODUCTORY SECTION



December 12, 2013

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

The Trust Agreement dated April 1, 2011, between the North Texas Tollway Authority (the Authority or NTTA) and Wells Fargo Bank, National Association (the Trustee), requires the Authority to provide audited annual financial statements of the Special Projects System (the SPS), an enterprise fund of the Authority. In accordance with this requirement, the Finance Department of the Authority is pleased to submit the Comprehensive Annual Financial Report (CAFR) for the year ended August 31, 2013 in compliance with Section 712 of the Trust Agreement. The CAFR is intended to provide detailed information on the System's financial condition at August 31, 2013.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. Crowe Horwath LLP, Certified Public Accountants, has issued an unqualified opinion on the Special Projects System's financial statements for the year ended August 31, 2013. 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 Government**

The North Texas Tollway Authority ("NTTA" or "Authority") continues with its mission to provide safe and reliable toll road system, mobility options for our customers, and being a partner in meeting the region's growing need for transportation infrastructure.

In April 2011, the Authority in partnership with the United States Department of Transportation ("USDOT") and the Texas Department of Transportation ("TxDOT") completed the financing for the President George Bush Turnpike – Western Extension ("PGBT-WE"). The 11.5-mile PGBT-WE is the very first project of the Special Projects System ("SPS"). The Authority constructed Phase 4 and TxDOT constructed phases 1, 2, and 3.

On October 2011, the NTTA Board of Directors added Chisholm Trail Parkway ("CTP") to the Special Projects System. The CTP (formerly Southwest Parkway) is a 27.6-mile toll road that will extend from downtown Fort Worth south to Cleburne. The project is a collaboration between the NTTA, TxDOT, the North Central Texas Council of Governments (NCTCOG), Tarrant and Johnson counties, the cities of Fort Worth, Burleson and Cleburne, Fort Worth and Western Railroad (FWWR) and Union Pacific Railroad (UPRR). Construction on all sections began on Nov. 28, 2011. The entire corridor is expected to open to traffic in mid-2014.

These two projects are stand-alone projects governed by separate Trust Agreements. NTTA will operate the projects with its resources, but they will not be part of the NTTA System.

The operations of the SPS 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. Management confirms that the financial statements are presented fairly and in all material respects, represent the financial position of the SPS as of August 31, 2013.

Please refer to the Management's Discussion and Analysis (MD&A) on pages 11-19 of this report for a detailed discussion of the System's financial performance.

### **Economic Development**

The Dallas-Fort Worth area is one of the top regions in the nation for business, thanks to a low cost of living, a business-friendly environment, a strong based of well-educated and skilled employees and robust access to both U.S. and world markets through it transportation network. Key metrics tracked by the Federal Reserve Bank of Dallas show the region to be among the strongest in the country. Dallas-Fort Worth is consistently among the top places to work, the best places to live and the best places for investment. The U.S. Bureau of Labor and Statistics ranks the Dallas-Fort Worth area 3<sup>rd</sup> in job growth. *Forbes Magazine* cited the region for a lower than average cost of living, ranking it among the top five U.S. metropolitan areas where a paycheck stretches the furthest. The Fortune 500 list shows 18 firms headquartered in our region.

### **Relevant Financial Policies**


The SPS does not have any employees. The Authority employees perform the work of the SPS. Additionally, the Authority provides all accounting, debt financing and administrative services.

Section 705 of the Trust Agreement mandates the Authority will maintain cash flows for each Fiscal Year commencing with the Fiscal Year ending August 31, 2014 in an amount not less than 1.00 times the Debt Service Requirements on all Outstanding First and Second Tier Obligations.

### **Acknowledgments**

We wish to thank the Finance Department and other NTTA staff members for their contributions in the production of this report. Additionally, we are thankful for our Board of Director's support and direction.

Respectfully submitted,

  
Horatio Porter  
Chief Financial Officer



Government Finance Officers Association

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

Presented to

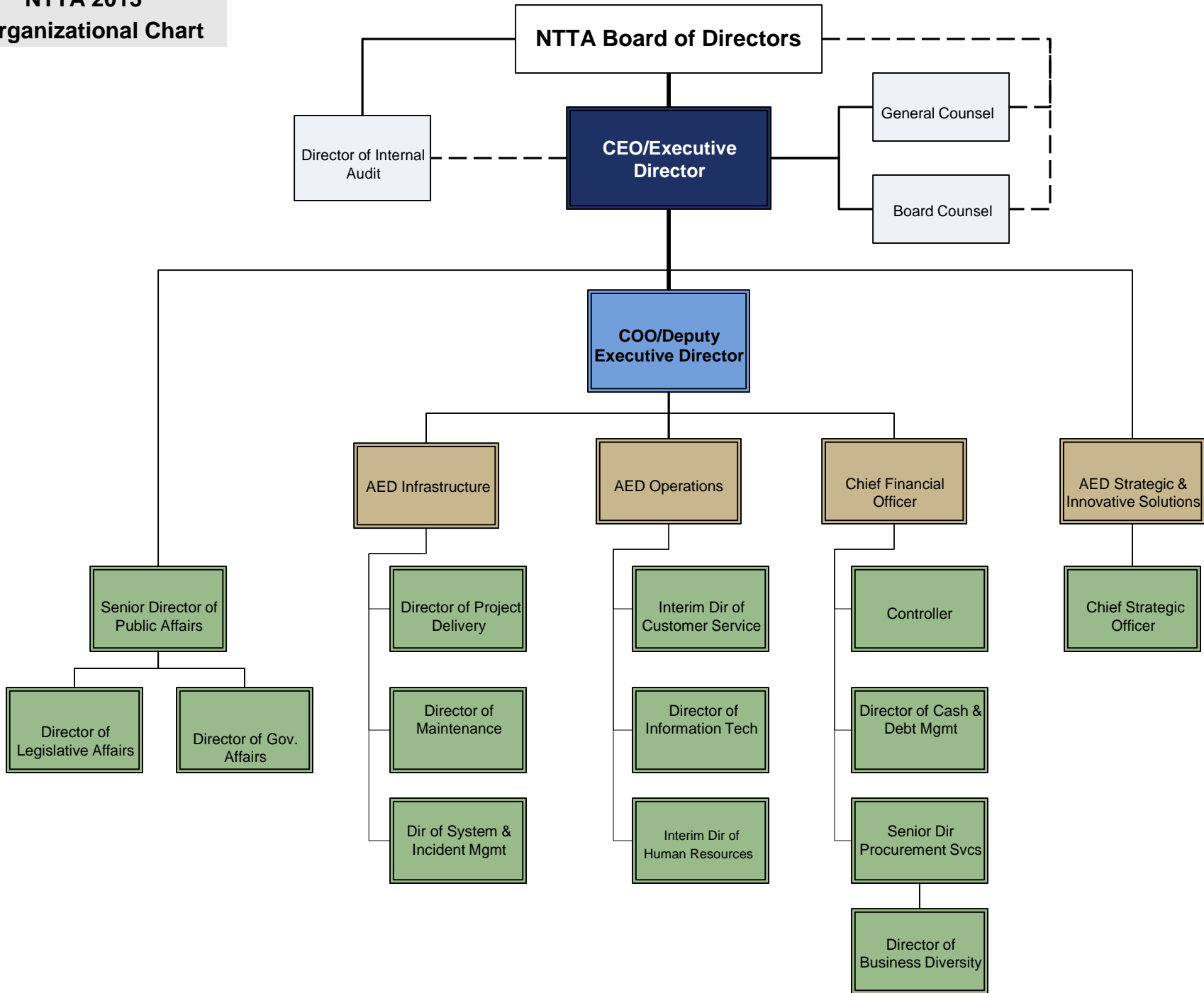
**Special Projects System  
An Enterprise Fund of the  
North Texas Tollway Authority**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**August 31, 2012**

Executive Director/CEO

**NTTA 2013  
Organizational Chart**





North Texas Tollway Authority  
List of Officials  
August 31, 2013

Board of Directors

**Kenneth Barr**  
**Bill Moore**  
**Matrice Ellis-Kirk**  
**Gary Kloepper**  
**Michael R. Nowels**  
**George "Tex" Quesada**  
**William "Bill" Elliott**  
**Mojoy Haddad**  
**Jane Willard**

**Chair**  
**Vice-Chair**  
**Director**  
**Director**  
**Director**  
**Director**  
**Director**  
**Director**

Officials

Gerald Carrigan  
Vacant  
Thomas Bamonte

Janice Davis

Elizabeth Mow

James Hoffman

Horatio Porter  
E. Ray Zies  
Dana Gibson-Boone  
Felix Alvarez  
Magdalena Brady  
Kimberly Tolbert  
Kiven Williams  
John Bannerman  
Anthony Coleman  
Kimberly Jackson  
Marty Lege

Dave Pounds  
Carrie Rogers  
Pete Havel  
Eric Hemphill  
Vacant

Executive Director  
Deputy Executive Director  
Assistant Executive Director  
General Counsel  
Assistant Executive Director  
Strategic & Innovative Solutions  
Assistant Executive Director  
Project Delivery  
Assistant Executive Director  
Operations  
Chief Financial Officer  
Controller  
Director, Cash and Debt Management  
Senior Director, Procurement Services  
Director, Internal Audit  
Chief Strategic Officer  
Interim Director, Human Resources  
Interim Director, Customer Service  
Director, Business Diversity  
Senior Director, Public Affairs  
Director, Systems and Incident  
Management  
Director, Information Technology  
Director, Government Affairs  
Director, Legislative Affairs  
Director, Maintenance  
Director, Project Delivery



**FINANCIAL  
SECTION**

## 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 Special Projects System (the SPS), an enterprise fund of the North Texas Tollway Authority (the Authority), as of and for the year ended August 31, 2013, and the related notes to the financial statements which collectively comprise the SPS'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Special Projects System, an enterprise fund of the Authority, as of August 31, 2013, and the changes in financial position and its cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Emphasis of Matters**

As discussed in Note 1, the financial statements present only the Special Projects System and do not purport to, and do not, present fairly the financial position of the North Texas Tollway Authority, as of August 31, 2013, the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1(l) to the financial statements, in March 2012, the GASB issued GASB Statement 65, "Items Previously Reported as Assets and Liabilities." The provisions of this Statement are effective for the SPS's fiscal year ending August 31, 2014. The SPS has early implemented this Statement retroactively as of September 1, 2012 resulting in restated net position. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. Our opinion is 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 11 - 19 and Modified Approach – Infrastructure Assets on pages 38 - 39 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 an opinion on the financial statements that collectively comprise the SPS's financial statements. The introductory section, supplementary schedules 1 through 7, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The introductory section, supplementary schedules 1 through 7, and statistical section has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2013, on our consideration of SPS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SPS's internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

Irving, Texas  
December 12, 2013



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

Management's Discussion and Analysis  
August 31, 2013

As Management of the North Texas Tollway Authority (Authority), we offer readers of the Special Projects System (SPS), an enterprise fund of the Authority, financial statements this narrative overview and analysis of the financial activities of the SPS for the year ended August 31, 2013. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read it in conjunction with the financial statements, which immediately follow this section.

In April 2011, the Authority created a separate system of toll roads known as the Special Projects System (SPS). The SPS currently consists of the President George Bush Turnpike – Western Extension (PGBT-WE) and the Chisholm Trail Parkway. These roads will be the first toll roads in Tarrant and Johnson County.

PGBT-WE, also known as State Highway 161, is an 11.5 mile link between interstate 20 (I-20) and State Highway 183. PGBT-WE was constructed in conjunction with the Texas Department of Transportation (TxDOT). Phases 1-3 of PGBT-WE opened to traffic in 2009 and 2010 under the direction of TxDOT. Phase 4 of PGBT-WE opened to traffic in October 2012.

Originally defined as two distinct transportation projects, the Southwest Parkway and Chisholm Trail were combined to form the Southwest Parkway/Chisholm Trail project in October 2008. On May 12, 2011, Gov. Rick Perry signed HB 367 changing the name of the Southwest Parkway/Chisholm Trail corridor solely to Chisholm Trail Parkway (CTP). The bill took effect on Sept. 1, 2011. CTP is a proposed 27.6-mile toll road that will extend from downtown Fort Worth south to Cleburne. More than 40 years in the making, the project is a collaboration between the North Texas Tollway Authority (NTTA), Texas Department of Transportation (TxDOT), the North Central Texas Council of Governments (NCTCOG), Tarrant and Johnson counties, the cities of Fort Worth, Burleson and Cleburne, Fort Worth and Western Railroad (FWWR) and Union Pacific Railroad (UPRR). The entire corridor is expected to open to traffic in mid-2014.

The SPS is not part of the North Texas Tollway Authority System (NTTA System), but a separate enterprise fund of the Authority. Separate financial statements are issued for the NTTA System. Bonds issued by the SPS are secured and paid from revenues of the SPS and not from revenues of the NTTA System.

In April 2011, the Authority entered into agreements with TxDOT and the United States Department of Transportation (USDOT) related to the SPS, these transactions are recorded in the accompanying financial statements of the SPS.

In August 2013, The Authority drew down \$399.9 million from the Secured Loan Agreement (TIFIA Loan Agreement), dated April 1, 2011 between the Authority and the USDOT under the Transportation Infrastructure Finance and Innovation Act (TIFIA) to refund the Taxable Bond Anticipation Notes, Series 2011, issued by the Authority in conjunction with the construction of PGBT-WE.

The Authority entered into the Toll Equity Loan Agreement (TELA) with TxDOT in conjunction with the issuance of the Series 2011A-C Bonds. Pursuant to the TELA, TxDOT has agreed to make a toll equity loan available to the Authority in an aggregate amount of \$6.02 billion any time revenues of the SPS are not sufficient to pay expenses and debt service related to PGBT-WE.

The Authority made an upfront payment of \$469,074,676 in exchange for TxDOT turning over the sections of PGBT-WE that had been constructed.

As part of the TELA, the SPS operates on the State of Texas fiscal year which runs from September 1<sup>st</sup> through August 31<sup>st</sup>.



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

Management's Discussion and Analysis  
August 31, 2013

## Using This Annual Report

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the SPS financial statements, notes to the financial statements, and required supplementary information. The financial statements of the SPS 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 all of the SPS's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position are useful indicators of whether the SPS's financial position is improving or deteriorating.

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

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

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

**Other:** Certain required supplementary information is presented to disclose trend data on the SPS's infrastructure condition. Additionally, certain financial schedules are presented for continuing disclosure.

## Financial Results and Analysis

### 2013 Highlights

- The Special Projects System total net position increased by \$72.6 million over FY 2012 mainly due to TXDOT reimbursements for ongoing construction of Chisholm Trail Parkway (CTP) and the completion of PGBT-WE.
- On April 15, 2011, NTTA closed on its TIFIA loan through the Transportation Investment Generating Economic Recovery program of the American Recovery and Reinvestment Act of 2009. The TIFIA loan was funded on August 16, 2013 in the amount of \$399,968,010 to retire the 2011A and 2011B BANS which funded a portion of the PGBT WE. The TIFIA Loan interest rate is set at 4.51%. Repayment of the TIFIA loan will begin on September 1, 2017 and the TIFIA loan matures on September 1, 2047.
- Toll revenues for 2013 were \$24,429,140 (net of bad debt expense of \$2,160,312), which were higher than 2012 revenues of \$6,466,245. The toll revenue was made up of \$18,242,809 for AVI customers (customers with toll tags) and \$6,186,331 for Zip Cash customers (non toll tag customers). Toll revenues increased mainly because more lanes/road opened up thereby increasing transactions and revenue from 2012 to 2013.
- Total transactions for FY 2013 were 34,433,016, an increase of 21,790,146 from FY 2012, of which 34,238,837 were revenue transactions (Ex: tolltag customers, etc) and 194,179 were nonrevenue transactions (Ex: emergency vehicles). Transactions increased mainly because more lanes/road opened up in 2013.
- The Administration and Operations operating expenses for FY 2013 were \$8,928,224. Departmental operating expenses for 2013 were under budget by 20.36% and increased from FY 2012 by \$3,394,763.

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

Management's Discussion and Analysis  
August 31, 2013

**Summary of Operations**

**Table A-1**

Net Position (in millions of dollars)

|  | 2013     | 2012     |
|--|----------|----------|
| Current assets                             | \$ 34.0  | \$ 59.8  |
| Current restricted assets                  | 508.1    | 686.6    |
| Noncurrent assets                          |          |          |
| Restricted investments                     | 137.3    | 281.1    |
| Other assets                               | -        | 14.5     |
| Capital assets                             | 1,801.1  | 1,411.1  |
| Total assets                               | 2,480.5  | 2,453.1  |
| Current liabilities                        | 7.7      | 6.3      |
| Liabilities payable from restricted assets | 80.2     | 105.2    |
| Long-term debt                             | 1,791.7  | 1,798.9  |
| Total liabilities                          | 1,879.6  | 1,910.4  |
| Net position                               |          |          |
| Investment in capital assets               | 383.5    | 283.8    |
| Restricted for construction                | 38.8     | 57.5     |
| Restricted for debt service                | 130.4    | 132.7    |
| Unrestricted                               | 48.1     | 54.2     |
| Total net position                         | \$ 600.8 | \$ 528.2 |

The SPS's net position indicates an unrestricted current ratio of 4.48 for FY 2013 and 9.62 for FY 2012. Working capital was \$26.8 million in FY 2013 and \$53.5 million in FY 2012. Total unrestricted current assets were \$34.5 million in FY 2013 and \$59.8 million in FY 2012. Total unrestricted and restricted current assets were \$542.1 million at the end of FY 2013 and \$746.4 million in FY 2012. Investments which represent the largest component of current assets were \$520.5 million for FY 2013 and \$706.4 million for FY 2012. The remaining \$21.6 million is comprised of accrued interest receivable of \$.7 million, interproject/agency receivables of \$18.9 million and \$2 million of accounts receivable (net of allowance for doubtful accounts of \$3.7 million) (See Note 9).

Total unrestricted current liabilities were \$7.7 million for FY 2013 and \$6.3 million for FY 2012.

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

Management's Discussion and Analysis  
August 31, 2013

**Table A-2**

Change in Net Position  
(in millions of dollars)

| REVENUES   | 2013     | 2012     |
|--|----------|----------|
| Tolls (net of bad debt expense of \$2.1 in 2013 and \$1.5 in 2012) | \$ 24.4  | \$ 6.5   |
| Other revenues (see page 16)                                       | 1.7      | 1.2      |
| Operating revenues   | 26.1     | 7.7      |
| Operating expenses   | 9.1      | 5.6      |
| Operating income   | 17.0     | 2.1      |
| Nonoperating revenues (expenses):                                  |          |          |
| Interest income  | 1.2      | 2.1      |
| Interest expense   | (40.1)   | (1.3)    |
| Other  | (3.1)    | 4.8      |
| Net nonoperating revenues (expenses):                              | (42.0)   | 5.6      |
| Capital contributions  |          |          |
| Capital contributions  | -        | 388.8    |
| Payments from other governments                                    | 97.6     | 70.9     |
| Change in net position   | 72.6     | 467.4    |
| Net position - beginning, as restated (note 1)                     | 528.2    | 60.8     |
| Net position - ending  | \$ 600.8 | \$ 528.2 |

Total operating revenues were \$26.1 million for FY 2013 and \$7.7 million for FY 2012. Toll revenues were \$24.4 million for FY 2013 and \$6.5 million for FY 2012 (See 2013 Highlights for an explanation of the increase).

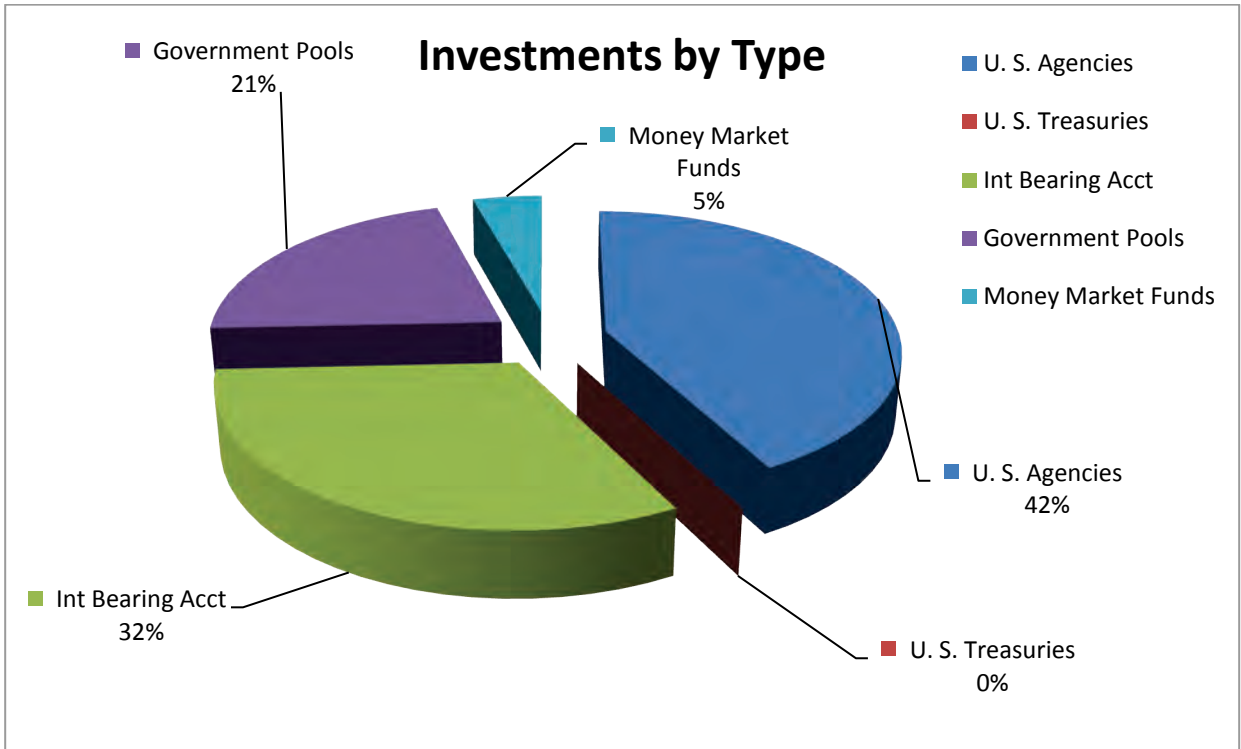
Total operating expenses, including major maintenance, for FY 2013 were \$9.1 million, an increase of \$3.5 million from FY 2012. Interest expense, net of capitalized interest, for FY 2013 was \$40.1 million, compared to \$1.3 million for FY 2012. There were no capital contributions in FY 2013, in comparison to \$388.8 million in FY 2012, mainly due to the completion of construction and opening of the toll road in October 2012.

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

Management's Discussion and Analysis  
August 31, 2013

**Investments:** The SPS's investments at August 31, 2013 and 2012 were approximately \$657.9 million and \$987.4 million. Table A-3 chart below shows the types of authorized investments in the August 31, 2013 portfolio.

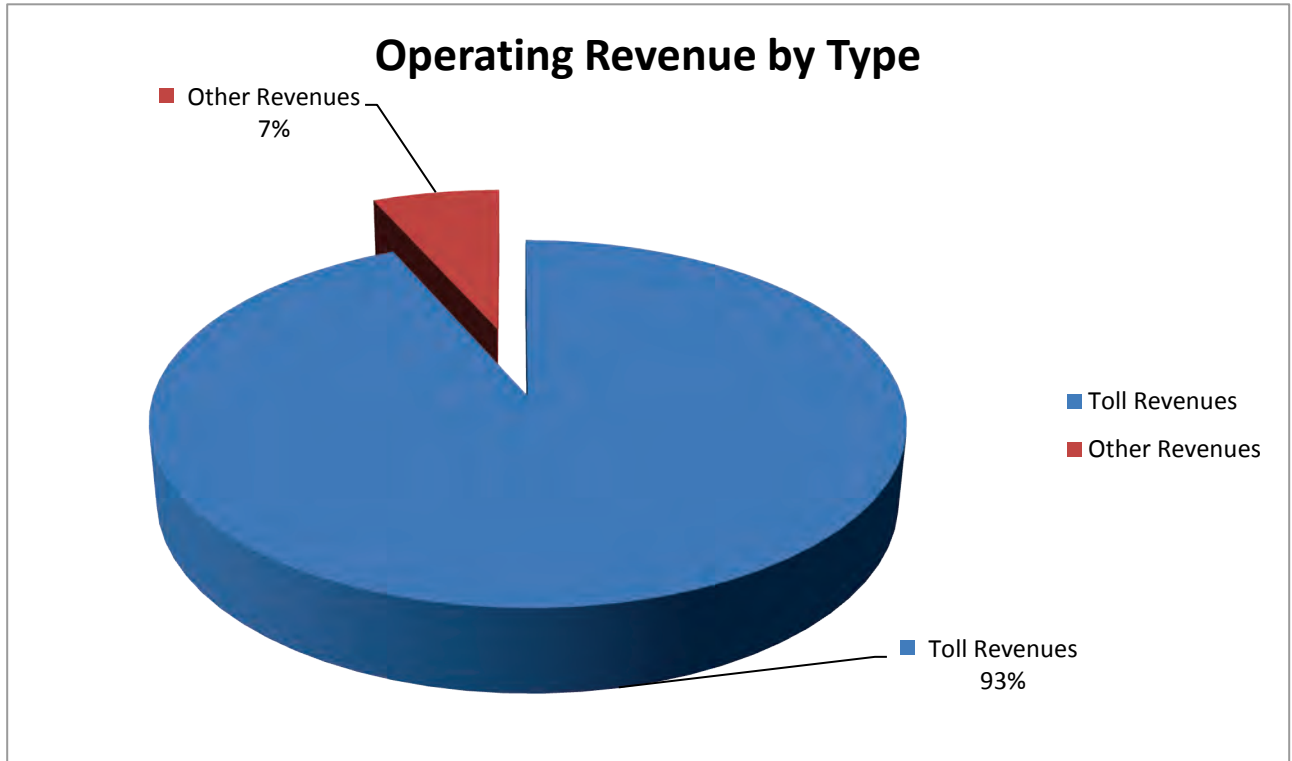
**Table A-3**



**SPECIAL PROJECTS SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
Management's Discussion and Analysis  
August 31, 2013

Table A-4 below shows NTTA's revenue in FY 2013 by revenue source type.

**Table A-4**



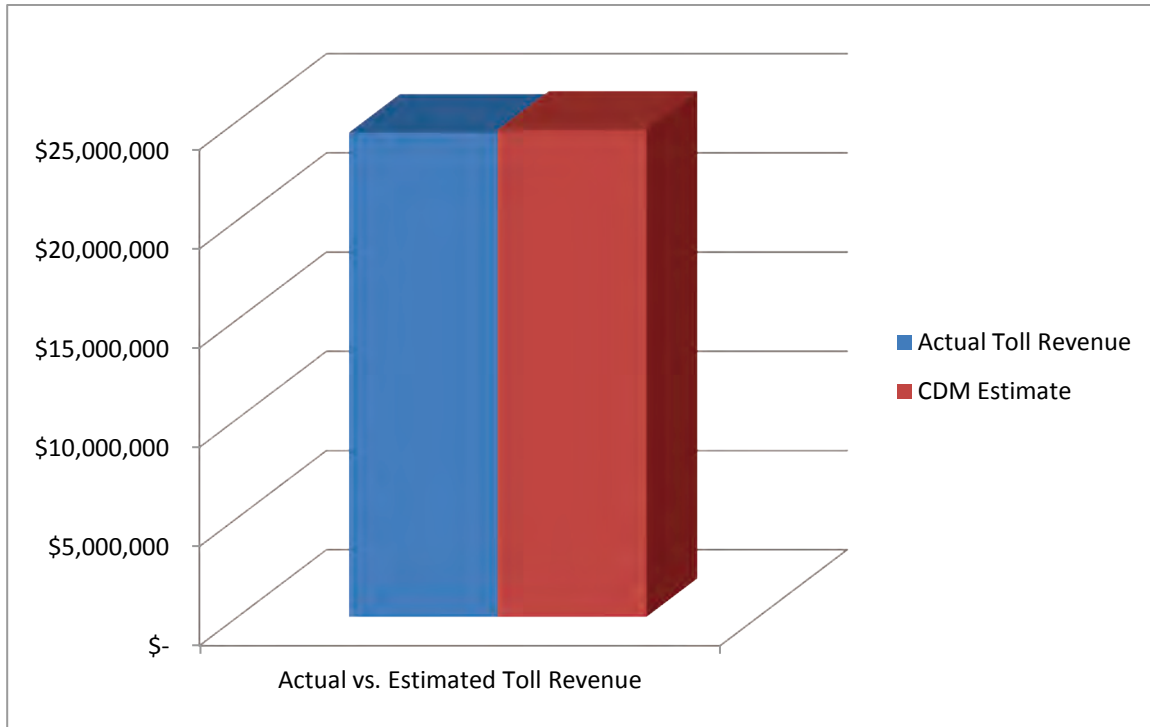
Operating revenues for FY 2013 were \$26.1 million, a 238% increase over FY 2012 operating revenues of \$7.7 million. Toll revenues of \$24.4 million (net of bad debt expense of \$2.2 million) account for 93.0% of total operating revenues. (See 2013 Highlights for breakdown of toll revenues). Other revenues, mostly administrative and statement fees for collection of tolls from violators and interoperability fees, was \$1.7 million, representing 7.0% of the total.

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

Management's Discussion and Analysis  
 August 31, 2013

Table A-5 below shows the SPS's actual toll revenue for FY 2013 compared to the estimated toll revenue of the Authority's traffic and toll revenue engineer, CDM Smith (CDM) formerly known as Wilbur Smith Associates (WSA). Toll revenue was less than CDM's 2013 estimates by 0.56%.

**Table A-5**



Average daily transactions for FY 2013 were 94,337, compared to 34,543 for FY 2012.

**Engineering Estimates**

The annual estimates by the Authority's traffic and revenue engineer, CDM, are displayed in comparison to the actual revenue for the 2013 year in Table A-6 below:

**Table A-6**  
 Actual vs. Estimated Revenue

| <b>Year</b> | <b>Actual</b> | <b>Estimate</b> | <b>Variance</b> |
|-------------|---------------|-----------------|-----------------|
| 2013        | \$ 24,429,140 | \$ 24,566,814   | \$(137,674)     |
| 2012        | 6,466,245     | 8,281,900       | (1,815,655)     |
| 2011        | 10,488,973    | 6,861,500       | 3,627,473       |

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

Management's Discussion and Analysis  
August 31, 2013

**Capital Assets** – The SPS's investment in capital assets includes engineering, right-of-way and construction in progress. Capital assets at August 31, 2013 were \$1.8 billion. For additional information on capital assets see Note (1) (f) and Note (4).

The SPS utilizes the GASB No. 34, Modified Approach of reporting infrastructure assets. An asset condition assessment for the PGBT WE was completed in March 2013 (see page 38 for rating) and will occur every three years thereafter.

**Long-Term Debt** – At the end of FY 2013, the SPS's total bonded debt outstanding was \$1.39 billion (See Table A-7). This debt represents bonds secured solely by toll revenues of the SPS. For detailed information see Note (5) and schedule of revenue bonds outstanding as of August 31, 2013, on page 35.

**Table A-7**  
Revenue Bonds Outstanding  
As of FY 2013

| Series                    | Amount Outstanding |                  |
|---------------------------|--------------------|------------------|
|                           | 2013               | 2012             |
| Series 2011A              | \$ 487,890,000     | \$ 487,890,000   |
| Series 2011B              | 65,572,079         | 60,881,875       |
| Series 2011C              | 151,920,596        | 142,066,427      |
| Series 2011A BANS*        | -                  | 348,295,000      |
| Series 2011B BANS*        | -                  | 70,110,000       |
| Series 2011D              | 566,870,000        | 566,870,000      |
| Series 2011E              | 73,665,000         | 73,665,000       |
| Revenue Bonds Outstanding | 1,345,917,675      | 1,749,778,302    |
| Bond (discount) premium   | 44,988,324         | 49,166,993       |
| Total                     | \$ 1,390,905,999   | \$ 1,798,945,295 |

\*Bond Anticipation Notes

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

Management's Discussion and Analysis  
August 31, 2013

**TIFIA Loan** – At the end of FY 2013, the SPS's TIFIA loan outstanding was \$1.01 billion (See Table A-8). This loan is secured solely by toll revenues of the SPS. For detailed information see Note (5) and the outstanding debt service requirements of the loan as of August 31, 2013, on page 36.

**Table A-8**  
TIFIA Loan Outstanding

| Fiscal<br>years       | Amount Outstanding<br>2013 |
|-----------------------|----------------------------|
| 2013                  | \$ -                       |
| 2014                  | -                          |
| 2015                  | -                          |
| 2016                  | -                          |
| 2017                  | -                          |
| 2018 - 2022           | -                          |
| 2023 - 2027           | 4,183,535                  |
| 2028 - 2032           | 4,183,535                  |
| 2033 - 2037           | 4,183,535                  |
| 2038 - 2042           | 4,183,536                  |
| 2043 - 2045           | 383,233,869                |
| Interest<br>accretion | 790,731                    |
| Total                 | \$ 400,758,741             |

**Subsequent Events**

The NTTA's grace period for habitual violators to pay overdue tolls without administrative fees ended on September 13, 2013. Habitual violators are customers who owe at least 100 past due toll transactions with at least two notices of non-payment in the last year. After the grace period expired, habitual violators reverted back to owing all tolls due at the higher Zip Cash rate and all accumulated administrative fees. As of September 14, 2013 habitual violators could be subject to a vehicle registration block, civil collections suit and an order of prohibition banning their vehicle from NTTA roadways. Violation of the ban may result in a Class C misdemeanor with a \$500 fine. Continued violation of the ban could result in vehicle impoundment.

**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.



**SPECIAL PROJECTS SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
Statement of Net Position  
August 31, 2013

**Assets**

|  |                      |
|--|----------------------|
| Current assets:  |                      |
| Investments (note 3)   | \$ 13,239,539        |
| Accrued interest receivable  | 3,230                |
| Interproject/agency receivables                                    | 18,792,129           |
| Accounts receivable (Net of allowance for uncollectibles) (note 9) | 1,982,429            |
| Prepaid expenses   | 4,159                |
| Total current unrestricted assets                                  | 34,021,486           |
| Current restricted assets:   |                      |
| Restricted assets:   |                      |
| Restricted for construction:                                       |                      |
| Investments (notes 3 and 10)                                       | 434,095,892          |
| Accrued interest receivable  | 742,308              |
| Restricted for debt service:                                       |                      |
| Investments (note 3)   | 73,198,128           |
| Accrued interest receivable  | 16                   |
| Total current restricted assets                                    | 508,036,344          |
| Total current assets   | 542,057,830          |
| Noncurrent assets:   |                      |
| Investments restricted for construction (note 3 and 10)            | 51,362,410           |
| Investments restricted for debt service (note 3 and 10)            | 86,003,120           |
| Capital assets (note 4)  | 1,801,057,999        |
| Total noncurrent assets  | 1,938,423,529        |
| <b>Total assets</b>  | <b>2,480,481,359</b> |

See accompanying notes to basic financial statements.

**SPECIAL PROJECTS SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
Statement of Net Position  
August 31, 2013

**Liabilities**

|   |                              |
|---|------------------------------|
| Current liabilities:  |                              |
| Accounts and Interagency payable  | \$ 7,361,885                 |
| Accrued liabilities   | 394,029                      |
| Total current unrestricted liabilities  | <u>7,755,914</u>             |
| Payable from restricted assets:   |                              |
| Construction-related payables:  |                              |
| Accounts payable (note 10)  | 41,509,423                   |
| Retainage payable (note 10)   | 9,895,726                    |
| Debt service-related payables:  |                              |
| Accrued interest payable  | 28,816,314                   |
| Total current liabilities payable from restricted assets  | <u>80,221,463</u>            |
| Total current liabilities   | <u>87,977,377</u>            |
| Noncurrent liabilities:   |                              |
| US Department of Transportation TIFIA loan payable (note 5)   | 400,758,741                  |
| Special Projects System revenue bonds payable, net of<br>unamortized net bond (premium) costs<br>of (\$44,988,324) (note 5) | 1,390,905,999                |
| Total noncurrent liabilities  | <u>1,791,664,740</u>         |
| <b>Total liabilities</b>  | <b><u>1,879,642,117</u></b>  |
| <b>Net Position</b>   |                              |
| Net investment in capital assets  | 383,556,600                  |
| Restricted:   |                              |
| Restricted for construction   | 38,776,376                   |
| Restricted for debt service   | 108,991,443                  |
| Unrestricted  | 69,514,823                   |
| <b>Total net position</b>   | <b>\$ <u>600,839,242</u></b> |

See accompanying notes to basic financial statements.

**SPECIAL PROJECTS SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
Statement of Revenues, Expenses, and Changes in Net Position  
Year ended August 31, 2013

|  |           |                           |
|--|-----------|---------------------------|
| Operating revenues:                            |           |                           |
| Tolls (net of bad debt expense of \$2,160,312) | \$        | 24,429,140                |
| Interest income                                |           | 6,720                     |
| Other  |           | 1,669,051                 |
| Total operating revenues                       |           | <u>26,104,911</u>         |
| Operating expenses:                            |           |                           |
| General  |           |                           |
| Administration                                 |           | 3,409,128                 |
| Operations                                     |           | 5,519,096                 |
| Preservation                                   |           |                           |
| Major maintenance                              |           | 221,883                   |
| Total operating expenses                       |           | <u>9,150,107</u>          |
| Operating income                               |           | <u>16,954,804</u>         |
| Nonoperating revenues (expenses):              |           |                           |
| Interest earned on investments                 |           | 3,136,867                 |
| Loss on sale of investment                     |           | (878,157)                 |
| Net decrease in fair value of investments      |           | (1,053,255)               |
| TIGER TIFIA loan subsidy                       |           | 9,076,429                 |
| TIGER TIFIA administrative cost                |           | (9,076,429)               |
| Interest expense on revenue bonds              |           | (31,302,548)              |
| Interest accretion on 2011B and 2011C bonds    |           | (12,953,434)              |
| #  |           | 4,178,669                 |
| Other  |           | (3,079,001)               |
| Net nonoperating revenues (expenses)           |           | <u>(41,950,859)</u>       |
| Loss before transfers and reimbursements       |           | (24,996,055)              |
| Payments from other governments                |           | <u>97,620,279</u>         |
| Change in net position                         |           | 72,624,224                |
| Beginning net position, as restated (note 1)   |           | <u>528,215,018</u>        |
| <b>Ending net position</b>                     | <b>\$</b> | <b><u>600,839,242</u></b> |

See accompanying notes to basic financial statements.

**SPECIAL PROJECTS SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
Statement of Cash Flows  
Year ended August 31, 2013

|   |                             |
|---|-----------------------------|
| Cash flows from operating activities:   |                             |
| Receipts from customers and users   | \$ 25,171,735               |
| Payments to contractors and suppliers   | (1,776,581)                 |
| Payments to employees   | (5,885,718)                 |
| Net cash provided by operating activities   | <u>17,509,436</u>           |
| Cash flows from capital and related financing activities:                               |                             |
| Acquisition and construction of capital assets (including capitalized interest costs)   | (413,807,479)               |
| Capital contributions   | 116,669,289                 |
| Interest paid on revenue bonds and other debt   | (51,536,537)                |
| Net cash used by capital and related financing activities                               | <u>(348,674,727)</u>        |
| Cash flows from investing activities:   |                             |
| Purchase of investments   | (614,447,666)               |
| Proceeds from sales and maturities of investments                                       | 942,914,251                 |
| Interest received   | 2,698,706                   |
| Net cash provided by investing activities   | <u>331,165,291</u>          |
| Net increase (decrease) in cash and cash equivalents                                    | —                           |
| Cash and cash equivalents, beginning of the year  | —                           |
| Cash and cash equivalents, end of the year  | <u><u>\$ —</u></u>          |
| Noncash financing, capital, and investing activities:                                   |                             |
| Reconciliation of operating income to net cash provided by operating activities:        |                             |
| Operating income  | \$ 16,954,804               |
| Adjustments to reconcile operating income to net cash provided by operating activities: |                             |
| Changes in assets and liabilities:  |                             |
| Increase in accounts receivable   | (1,389,695)                 |
| Increase in accounts and retainage payable  | 1,175,163                   |
| Increase in accrued liabilities   | 312,645                     |
| Decrease in accrued interest receivable   | 460,678                     |
| Increase in prepaid expenses  | (4,159)                     |
| Total adjustments   | <u>554,632</u>              |
| Net cash provided by operating activities   | <u><u>\$ 17,509,436</u></u> |
| Noncash financing activities:   |                             |
| Decrease in fair value of investments   | \$ (1,053,255)              |
| Loss on sale of investment  | (878,157)                   |

See accompanying notes to basic financial statements.



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

NOTES TO BASIC FINANCIAL STATEMENTS  
August 31, 2013

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

NOTES TO BASIC FINANCIAL STATEMENTS  
August 31, 2013

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

**(a) Reporting Entity**

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

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

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

**(b) Basis of Accounting**

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

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

The SPS does not have any employees. The Authority employees perform the work of the SPS. Additionally, the Authority provides all accounting, debt financing and administrative services.

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

**(c) Budget**

Operating budgets are established in accordance with the practices set forth in the provisions of the Trust Agreement for the Special Projects System Revenue Bonds, as interpreted by the Authority. These practices are similar to accounting principles generally accepted in the United States (GAAP) for an enterprise fund on an accrual basis except that 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, and interest accrued for certain periods after official completion on certain of the SPS's bond issues is capitalized as allowed by the Trust Agreement and bond resolution, rather than being reflected as an expense. Otherwise, revenues are recognized when they are earned, expenses are recognized in the period in which they are incurred, and all assets and liabilities associated with the operation of the SPS are included in the statement of net assets in accordance with the Trust Agreement as described above.

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

NOTES TO BASIC FINANCIAL STATEMENTS  
August 31, 2013

Each year the Authority completes a review of its financial condition for the purpose of estimating whether the net revenues of the SPS 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 SPS's practice is to use restricted funds first, then unrestricted, when both are available for use to fund an activity. The funds and accounts that have been established in accordance with the Trust Agreement are as follows:

- **Construction Fund** – The Construction Fund was created to account for that portion of the proceeds from the sale of the System Revenue Bonds, which were required to be deposited with the trustee in order to pay all costs of construction. There also may be deposited in the Construction Fund any monies received from any other source for paying the cost of the System.
- **Revenue Fund** – The Revenue Fund was created to account for all revenues (all tolls, other revenues, and income) arising or derived by the SPS from the operation and ownership of the SPS. All revenues of this fund are distributed to other funds in accordance with the Trust Agreement.
- **Operating Fund** – The Operating Fund was created to account for and pay current operating expenses of the SPS.
- **Major Maintenance Fund** – The Major Maintenance Fund was created to account for those expenses of maintaining the SPS that do not recur on an annual or shorter basis. As defined in the Trust Agreement, such items include repairs, painting, renewals, and replacements necessary for safe or efficient operation of the System or to prevent loss of revenues, engineering expenses relating to the functions of the Systems, equipment, maintenance expenses, and operating expenses not occurring at annual or shorter periods.
- **Capital Expenditures Fund** – The Capital Expenditures Fund was created to account for the cost of repairs, enlargements, extensions, resurfacing, additions, renewals, improvements, reconstruction and replacements, capital expenditures, engineering, and other expenses relating to the powers or functions of the SPS in connection with the SPS, or for any other purpose now or hereafter authorized by law.
- **First Tier Debt Service Fund** – The First Tier Debt Service Fund was created to account for the payment of First Tier obligations.
- **Second Tier Debt Service Fund** – The Second Tier Debt Service Fund was created to account for the payment of Second Tier obligations.
- **Third Tier Debt Service Fund** – The Third Tier Debt Service Fund was created to account for the payment of Third Tier obligations.
- **Rate Stabilization Fund** – The Rate Stabilization Fund was created to account for the Rate Stabilization Fund Requirement as established in the Toll Equity Loan Agreement.
- **General Fund** – The General Fund was created to account for any remaining revenue from the Revenue Fund after all required transfers have been made.



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

NOTES TO BASIC FINANCIAL STATEMENTS  
August 31, 2013

- **Major Maintenance Reserve Fund** – The Major Maintenance Reserve Fund was created to account for future major maintenance expenses in an amount equal to the major maintenance reserve requirement as defined in the Trust Agreement.
- **Capital Expenditures Reserve Fund** – The Capital Expenditures Reserve Fund was created to account for future capital expenditures in an amount equal to the capital expenditures reserve requirement as defined in the Trust Agreement.

**(e) Investments**

The SPS considers other money market funds along with State & Local Government Investment Pools to be investments which seek to maintain a \$1 value per share. The carrying amount of the investments is fair value. The net change in fair value of investments is recorded on the Statement of Revenues, Expenses, and Changes in Net Positions 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 fair value 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 SPS, 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 major maintenance and capital expenditures. 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.

**(g) Retainage Payable**

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

**(h) Bond Discounts and Premiums**

Bond Discounts and premiums are amortized using the bonds outstanding method, over the life of the bonds. Revenue bonds payable are reported net of unamortized bond discount or premium.

**(i) 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. There was no SPS's cumulative arbitrage rebate liability for the year ended August 31, 2013.

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

NOTES TO BASIC FINANCIAL STATEMENTS  
August 31, 2013

**(j) Estimates**

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

**(k) Revenue Recognition**

Substantially all revenues from toll road usage are accrued and recognized as earned. Revenue is recognized for zip cash transactions once an invoice has been sent to a customer. Under the Authority's business rule a customer has to drive through three gantries to generate an invoice.

**(l) New Accounting Pronouncements**

In the current year, the SPS implemented Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations.
2. Accounting Principles Board Opinions.
3. Accounting Research Bulletins of the American Institute of Certified Public.
4. Accountants' (AICPA) Committee on Accounting Procedure.

In the current year, the SPS implemented Statement No. 63, Accounting and Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. The Statement improved financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.

In March 2012, the GASB issued GASB Statement 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The SPS implemented this statement retroactively as of September 1, 2012, resulting in a reduction of net position of \$14,460,395 as reflected in the financials on pages 22 and 60.

|  |                       |
|--|-----------------------|
| Beginning Net Position as Previously Reported          | \$ 542,675,413        |
| Change in Accounting Principle for Deferred Bond Costs | <u>(14,460,395)</u>   |
| Beginning Net Position as Restated                     | <u>\$ 528,215,018</u> |

GASB Statement No. 66, Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62. The purpose of this statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement is effective for financial statements for periods beginning after December 15, 2012. This statement will have no impact on the SPS financial statements.

GASB Statement No. 67, Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This statement is effective for financial statements for periods beginning after June 15, 2013. This statement will have no impact on the SPS financial statements.

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NOTES TO BASIC FINANCIAL STATEMENTS  
August 31, 2013

GASB Statement No. 68, Accounting and Financial Reporting for Pensions establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans. This statement is effective for financial statements for periods beginning after June 15, 2014. This statement will have no impact on the SPS financial statements.

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, which is effective for fiscal years beginning after December 15, 2013. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations.

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* which will be effective for fiscal years beginning after June 15, 2013. Some governments extend financial guarantees for the obligations of another government, a not-for-profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). As a part of this nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity that issued the obligation does not fulfill its payment requirements. Also, some governments issue obligations that are guaranteed by other entities in a nonexchange transaction. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

**(2) Legal Compliance – Budgets**

The Board is required by the Trust Agreement to adopt an Annual Operating Budget for the SPS prior to the beginning of each fiscal year of all projected revenues, Operating expenses, Major Maintenance expenses and Project Capacity Improvements Capital expenditures and any projected advances under the Toll Equity Loan Agreement. The budget is prepared at the Department level and is based upon the Trust Agreement. Copies of the Annual Operating Budget must be filed with TxDOT and the bond trustee.

The SPS 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 Project Budget unless the funding source is other than revenues received from the SPS. The Authority may expend additional monies from the Major Maintenance Fund in excess of the annual deposits. Budget amendments must be approved by the Board of Directors of the Authority in a manner similar to the adoption of the annual budget.

Pursuant to the Trust Agreement, the SPS 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, commencing with the fiscal year ending August 31, 2014, sufficient to satisfy 1.00 times the scheduled debt service requirements on all outstanding First and Second Tier Obligations secured by net revenues for the fiscal year.

**(3) 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 2013. These investments include:

- Government Obligations- shall mean (i) direct, non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) non-callable 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 a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (iii) non-callable 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

**SPECIAL PROJECTS SYSTEM**  
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NOTES TO BASIC FINANCIAL STATEMENTS  
August 31, 2013

purchased are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent.

- 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.
- Repurchase agreements when collateralized 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 repurchase agreement so collateralized, including interest.
- Money market funds, including money market funds affiliated with the Trustee, that invest solely in obligation of the United States of America, its agencies and instrumentalities, and having a rating by S&P of AAAM-G or AAA-m if rated by Moody's, having a rating of Aaa.
- Collateralized Investment agreement or other contractual agreements with corporations, financial institutions, or national associations within the United States of America provided that the senior long-term debt of such corporations, institutions or associations is rated AAA by a Rating Agency.
- Investments may be made in Permitted Investments through an eligible investment pool as permitted by Texas Government Code, Chapter 2256, as amended.

The Authority does not invest in financial instruments other than those authorized by the Special Projects System 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 SPS did not have any cash deposits as of August 31, 2013.

**(b) Investments**

As of August 31, 2013 the maturity values are as follows:

| Description                          | 2013                    |                       |                       | WAM*       |
|--------------------------------------|-------------------------|-----------------------|-----------------------|------------|
|                                      | Maturity Value (in Yrs) |                       |                       |            |
|                                      | Fair Value              | Less Than 1           |                       |            |
|                                      | Yr                      | 1 Yr or More          |                       |            |
| Government Sponsored Entities (GSE): |                         |                       |                       |            |
| Federal Home Loan Bank               | \$ 35,721,372           | \$ 35,721,372         | \$ -                  |            |
| Federal National Mortgage Assn.      | 99,624,236              | 26,745,254            | 72,878,982            |            |
| Federal Farm Credit Banks            | 42,566,380              | 32,067,380            | 10,499,000            |            |
| Federal Home Loan Mortgage Corp      | 99,867,381              | 45,879,833            | 53,987,548            |            |
| Total GSE                            | 277,779,369             | 140,413,839           | 137,365,530           | 208        |
| Money Market Funds                   | 28,816,322              | 28,816,322            | -                     | -          |
| Interest Bearing Account             | 210,975,608             | 210,975,608           | -                     | -          |
| U.S. Treasuries                      | 3,000                   | 3,000                 | -                     | -          |
| Government Pools                     | 140,324,790             | 140,324,790           | -                     | 14         |
| <b>Total Investments</b>             | <b>\$ 657,899,089</b>   | <b>\$ 520,533,559</b> | <b>\$ 137,365,530</b> | <b>222</b> |

\* WAM = Weighted Average Maturity (in days)

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**(c) Interest Rate Risk**

The Authority does not have a formal policy on 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 August 31, 2013 was 0.361%. The weighted average maturity in days was 222 days as of August 31, 2013. Market value fluctuation of the overall portfolio is minimized by keeping the weighted average maturity low. Approximately 79% of the investments are maturing within one year and 21% are maturing one year or greater.

**(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 August 31, 2013, the Special Projects System invested 4% in AAA rated money market funds, 32% in Interest Bearing Accounts, 22% in AAAM rated State and Local Government Pool, and 42% in Government Agencies and 0% in United States Treasuries backed by the full faith and credit of the U.S. Government. U.S. Treasuries and Government Agencies are Aaa rated by Moody's.

The Special Projects System participates in three local government investment pools operating as SEC 2a-7 like pools: TexPool, TexStar and TexasDAILY. 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. PFM Asset Management LLC is the Investment Advisor and Administrator of TexasDAILY.

The local government investment pools in which the Special Projects System invests are structured similarly to money market mutual funds, to provide its liquidity needs. TexPool, TexasDaily 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, TexStar and TexasDAILY 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 August 31, 2013 TexPool, TexSTAR and Wells Fargo MMF exceeded 5% of the total portfolio. More than 5% of the Authority's Special Projects System funds are invested in Federal Home Loan Bank (FHLB), Federal National Mortgage Association (FNMA), Federal Farm Credit Bureau (FFCB) and Federal Home Loan Mortgage Corporation (FHLMC).

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

|  |                       |
|--|-----------------------|
| Construction   | \$ 461,097,914        |
| Rate Stabilization                                   | 130,384,887           |
| Debt Service   | 28,816,361            |
| Capital Expenditure Reserve Fund                     | 10,415,380            |
| Major Maintenance and Major Maintenance Reserve Fund | 13,945,008            |
| Revenue  | 3,230,976             |
| Operating Fund                                       | 2,488,881             |
| General Fund   | 7,519,682             |
| Total  | <u>\$ 657,899,089</u> |

**(4) Capital Assets**

Capital assets are summarized as follows:

|   | <u>September 1,<br/>2012</u> | <u>Additions</u>            | <u>Deletions</u>            | <u>August 31, 2013</u>      |
|---|------------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>Infrastructure network:</b>              |                              |                             |                             |                             |
| <b><i>Non-depreciable</i></b>               |                              |                             |                             |                             |
| Engineering                                 | 22,700,415                   | 9,226,569                   | -                           | 31,926,984                  |
| Right-of-Way                                | 22,769,242                   | 25,576,106                  | -                           | 48,345,348                  |
| Roadway/Highway/Bridges                     | -                            | 959,860,641                 | -                           | 959,860,641                 |
| Construction in Progress                    | 1,274,064,284                | 316,296,500                 | (959,860,641)               | 630,500,143                 |
| Administration                              | 879,071                      | -                           | -                           | 879,071                     |
| Financing Costs*                            | 90,715,443                   | 38,830,369                  | -                           | 129,545,812                 |
| <b>Total non-depreciable infrastructure</b> | <u><b>1,411,128,455</b></u>  | <u><b>1,349,790,185</b></u> | <u><b>(959,860,641)</b></u> | <u><b>1,801,057,999</b></u> |

\* Includes capitalized interest net of interest earnings

Total bond interest costs incurred amounted to \$67,751,246 during the year ended August 31, 2013 of which \$36,448,699 was capitalized. In addition, \$2,381,670 of accreted interest on Capital Appreciation Bonds (CABS) was capitalized.

**(5) Revenue Bonds, Notes and Loans Payable**

***Revenue Bonds***

The SPS has issued various Revenue Bond Series to construct the SPS and to fund reserves and expenses associated with the bond issues.

The following are descriptions of Revenue Bond Series currently outstanding as of August 31, 2013.

**Series 2011A:** Series 2011A Bonds were issued as Current Interest Bonds in the amount of \$487,890,000. The Bonds were issued for the purpose of providing funds to pay an upfront payment to the Texas Department of Transportation for the Authority's right to own and operate an 11.5-mile tolled portion of State Highway 161 in Western Dallas County, designated the President George Bush Turnpike Western Extension (PGBT WE), and to finance a portion of the costs of the construction and development of PGBT WE.

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Interest is payable September 1 and March 1, commencing September 1, 2011. Principal is payable September 1, commencing September 1, 2014. The Series 2011A Bonds included serial bonds and three term bonds. The serial bonds were issued in the amount of \$110,010,000 with maturities from 2014-2031 with interest rates ranging from 4.00%-5.25%. The first term bond was issued in the amount of \$47,335,000 and has a maturity of September 1, 2036 and an interest rate of 5.50%. The second term bond was issued in the amount of \$280,545,000 and has a maturity of September 1, 2041 and an interest rate of 5.50%. The final term bond was issued in the amount of \$50,000,000 and has a maturity of September 1, 2041 and an interest rate of 6.00%.

**Series 2011B:** Series 2011B Bonds were issued as Capital Appreciation Bonds in the amount of \$55,103,673 and the sum of the principal and accreted/compounded interest is payable only at maturity. The Bonds were issued for the purpose of providing funds to pay an upfront payment to the Texas Department of Transportation for the Authority's right to own and operate an 11.5-mile tolled portion of State Highway 161 in Western Dallas County, designated the President George Bush Turnpike Western Extension (PGBT WE), and to finance a portion of the costs of the construction and development of PGBT WE.

The approximate Yield to Maturity is 7.55% to 7.60%. The maturity dates of the 2011B bonds are September 1, 2037 through September 1, 2043.

**Series 2011C:** Series 2011C Bonds were issued as Convertible Capital Appreciation Bonds in the amount of \$129,839,776. Interest will accrete from April 28, 2011 and will compound semiannually on September 1 and March 1, commencing September 1, 2011. The Bonds were issued for the purpose of providing funds to pay an upfront payment to the Texas Department of Transportation for the Authority's right to own and operate an 11.5-mile tolled portion of State Highway 161 in Western Dallas County, designated the President George Bush Turnpike Western Extension (PGBT WE), and to finance a portion of the costs of the construction and development of PGBT WE.

These bonds were issued in two Subseries. The first Subseries were issued in an amount of \$36,767,691 with an approximate Yield to Maturity of 7.00% and a conversion date of September 1, 2023. After conversion interest will accrue at a rate of 7.00% on the total amount of principal and the accreted/compounded interest thereon payable semiannually on September 1 and March 1, commencing March 1, 2024. The second Subseries were issued in an amount of \$93,072,085 with an approximate Yield to Maturity of 6.75% and a conversion date of September 1, 2021. After conversion interest will accrue at a rate of 6.75% on the total amount of principal and the accreted/compounded interest thereon payable semiannually on September 1 and March 1, commencing March 1, 2022.

**Series 2011D:** Series 2011D Bonds were issued as Tax Exempt Current Interest Bonds in the amount of \$566,870,000. The Bonds were issued for the purpose of providing funds to finance a portion of the costs of the construction and development of a 27.6 mile toll way between IH30 near the Central Business District in the City of Fort Worth and US 67 in Cleburne designated as the Chisholm Trail Parkway (CTP).

Interest is payable September 1 and March 1, commencing March 1, 2012. The Series 2011D Bonds were issued as Serial Bonds with maturities on September 1 of each year beginning in 2019 and continuing through 2032.

**Series 2011E:** Series 2011E Bonds were issued as Taxable Current Interest Bonds in the amount of \$73,665,000. The Bonds were issued for the purpose of providing funds to finance a portion of the costs of the construction and development of a 27.6 mile toll way between IH30 near the Central Business District in the City of Fort Worth and US 67 in Cleburne designated as the Chisholm Trail Parkway (CTP).

Interest is payable September 1 and March 1, commencing March 1, 2012. The Series 2011E Bonds were issued as Serial Bonds with maturities on September 1 of each year beginning in 2019 and continuing through 2023.

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The following schedule summarizes the revenue bonds outstanding as of August 31, 2013:

| Description of Issue    | Beginning Balance              | Additions          | Accretion/<br>Amortization  | Matured or Retired             | Ending Balance                 |
|-------------------------|--------------------------------|--------------------|-----------------------------|--------------------------------|--------------------------------|
| Series 2011A            | 487,890,000                    | -                  | -                           | -                              | 487,890,000                    |
| Series 2011B            | 60,881,875                     | -                  | 4,690,204                   | -                              | 65,572,079                     |
| Series 2011C            | 142,066,427                    | -                  | 9,854,169                   | -                              | 151,920,596                    |
| Series 2011A BANS       | 348,295,000                    | -                  | -                           | (348,295,000)                  | -                              |
| Series 2011B BANS       | 70,110,000                     | -                  | -                           | (70,110,000)                   | -                              |
| Series 2011D            | 566,870,000                    | -                  | -                           | -                              | 566,870,000                    |
| Series 2011E            | 73,665,000                     | -                  | -                           | -                              | 73,665,000                     |
|                         | <u>1,749,778,302</u>           | <u>-</u>           | <u>14,544,373</u>           | <u>(418,405,000)</u>           | <u>1,345,917,675</u>           |
| Bond (discount) premium | 49,166,993                     | -                  | (4,178,669)                 | -                              | 44,988,324                     |
| <b>Totals</b>           | <b><u>\$ 1,798,945,295</u></b> | <b><u>\$ -</u></b> | <b><u>\$ 10,365,704</u></b> | <b><u>\$ (418,405,000)</u></b> | <b><u>\$ 1,390,905,999</u></b> |

**Premium and Discounts**

Premiums and discounts related to the issuance of bonds are being amortized using an approximation of the effective interest method which factors in the maturities of the various serial bonds, over the term of the bonds. The (discount) premium costs for the year ended on August 31, 2013 was \$44,988,324.

The total revenue bond debt service requirements below are prepared as of August 31, 2013:

| Year               | Principal amount               | Interest amount                | Capitalized Interest           | Total                          |
|--------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Due September 1    |                                |                                |                                |                                |
| 2013               | -                              | 67,751,246                     | (67,751,246)                   | -                              |
| 2014               | 6,835,000                      | 57,632,629                     | (33,576,603)                   | 30,891,026                     |
| 2015               | 11,045,000                     | 57,359,229                     | (28,773,884)                   | 39,630,345                     |
| 2016               | 15,030,000                     | 56,917,429                     | (10,200,503)                   | 61,746,926                     |
| 2017               | 12,835,000                     | 56,215,929                     | (7,208,968)                    | 61,841,961                     |
| 2018 - 2022        | 89,860,000                     | 287,090,801                    | (5,411,750)                    | 371,539,051                    |
| 2023 - 2027        | 224,035,000                    | 326,577,697                    | -                              | 550,612,697                    |
| 2028 - 2032        | 399,125,194                    | 252,634,800                    | -                              | 651,759,994                    |
| 2033 - 2037        | 91,735,457                     | 195,056,575                    | -                              | 286,792,032                    |
| 2038 - 2042        | 330,210,865                    | 137,902,700                    | -                              | 468,113,565                    |
| 2043 - 2045        | 132,656,934                    | 33,530,850                     | -                              | 166,187,784                    |
| Interest Accretion | 32,549,225                     | -                              | -                              | 32,549,225                     |
|                    | <b><u>\$ 1,345,917,675</u></b> | <b><u>\$ 1,528,669,885</u></b> | <b><u>\$ (152,922,954)</u></b> | <b><u>\$ 2,721,664,606</u></b> |



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**Notes and Loans Payable**

**TIFIA Loan**

On April 15, 2011, NTTA closed on its TIFIA loan through the Transportation Investment Generating Economic Recovery (TIGER) program of the American Recovery and Reinvestment Act of 2009. The TIFIA loan was funded on August 16, 2013 to retire the BANs and at that time the grant was recognized. The TIFIA loan interest rate is set at 4.51%.

Debt service requirements on the TIFIA loan payable subsequent to August 31, 2013 are as follows:

| Fiscal years                        | TIFIA<br>Loan Payable |                       |                      |
|-------------------------------------|-----------------------|-----------------------|----------------------|
|                                     | Principal             | Interest              | Total                |
| 2013                                | \$ -                  | \$ -                  | \$ -                 |
| 2014                                | -                     | -                     | -                    |
| 2015                                | -                     | -                     | -                    |
| 2016                                | -                     | -                     | -                    |
| 2017                                | -                     | 1,000,000             | 1,000,000            |
| 2018 - 2022                         | -                     | 107,794,936           | 107,794,936          |
| 2023 - 2027                         | 4,183,535             | 107,287,129           | 111,470,664          |
| 2028 - 2032                         | 4,183,535             | 106,159,660           | 110,343,195          |
| 2033 - 2037                         | 4,183,535             | 105,032,129           | 109,215,664          |
| 2038 - 2042                         | 4,183,536             | 103,904,629           | 108,088,165          |
| 2043 - 2045                         | 383,233,869           | 80,156,856            | 463,390,725          |
| Interest accretion                  | 790,731               | -                     | 790,731              |
| <b>Total principal and interest</b> | <b>\$ 400,758,741</b> | <b>\$ 611,335,339</b> | <b>1,012,094,080</b> |

**(6) Employees' Retirement Plan**

The Authority's employees' retirement plans apply to the SPS. For detailed information of these retirement plans, the separate financial statements of the NTTA System may be obtained from the North Texas Tollway Authority, Finance Department.

**(7) Risk Management**

The Authority's risk management programs apply to the SPS. For additional information, the separate financial statements of the NTTA System may be obtained from the North Texas Tollway Authority, Finance Department.

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 2006-2012. 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, of the North Texas Tollway Authority's System's financial statements.

**SPECIAL PROJECTS SYSTEM**  
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NOTES TO BASIC FINANCIAL STATEMENTS  
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**(8) Post Employment Benefits**

The SPS does not have any employees. The Authority provides all accounting, debt financing and administrative services. Additionally, the Authority's employees' post employment benefit plans apply to the SPS. For detailed information of these plans, the separate financial statements of the Authority may be obtained from the North Texas Tollway Authority, Finance Department.

**(9) Disaggregation of Receivable Balances**

The SPS has an unrestricted gross accounts receivable balance of \$5,692,990 as of August 31, 2013. The unrestricted balance is for billed video tolls with an allowance for doubtful accounts of \$3,710,561. The SPS allowance for doubtful accounts for invoices less than 70 days old is 25% and 85% for invoices older than 70 days.

**(10) Commitments and Contingencies**

The SPS currently has \$657,899,089 in investments with approximately \$644,659,550 restricted for construction and debt service. The SPS has \$80,221,463 in current liabilities that are comprised primarily of construction-related payables including retainage at August 31, 2013. Additionally the SPS has contract and purchase order commitments at August 31, 2013 aggregating \$112.7 million, comprised primarily of construction contracts payable from restricted funds and the issuance of debt.

The Authority entered into the Toll Equity Loan Agreement (TELA) with TxDOT in conjunction with the issuance of the Series 2011A-C Bonds. Pursuant to the TELA, TxDOT has agreed to make a toll equity loan available to the Authority in an aggregate amount of \$6.02 billion any time revenues of the SPS are not sufficient to pay expenses and debt service related to PGBT-WE.

**(11) Subsequent Events**

**Toll Grace Period**

The NTTA's grace period for habitual violators to pay overdue tolls without administrative fees ended on September 13, 2013. Habitual violators are customers who owe at least 100 past due tolls with at least two notices of non-payment in the last year. After the grace period expired, habitual violators reverted back to owing all tolls due at the higher Zip Cash rate and all accumulated administrative fees. As of September 14, 2013 habitual violators could be subject to a vehicle registration block, civil collections suit and an order of prohibition banning their vehicle from NTTA roadways. Violation of the ban may result in a Class C misdemeanor with a \$500 fine. Continued violation of the ban could result in vehicle impoundment.

**Administrative Fees**

On September 18, 2013, NTTA's board overhauled the agency's "administrative fees". Starting in mid-October, the most serious fines for unpaid tolls will be tied to each billing invoice, rather than each toll transaction. This change along with a shift next year to monthly invoice billings will condition drivers to think of their toll bills as monthly obligations (ex: utility payments) rather than fines.

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Required Supplementary Information  
August 31, 2013

**Modified Approach - Infrastructure**

The SPS has elected to use the Modified Approach to account for maintenance of the SPS's infrastructure assets. As required by the Trust Agreement, an annual inspection of the SPS roadways is to be conducted by the Authority's General Engineering Consultant, HNTB Corporation. This inspection provides an overall rating, indicating the average condition of all of the SPS infrastructure assets (roadways, bridges, and facilities). The assessment of conditions is made by visual and mechanical tests designed to reveal any condition that would reduce user benefits below the maximum level of service. The SPS goal is to maintain the SPS 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 first Capital Assessment and Inspection Report for the SPS was performed after substantial completion of construction in March 2013.

The infrastructure assets include the President George Bush Turnpike (PGBT) Western Extension, Ramps, Plazas, and IT lane equipment. The roadways are a major transportation network consisting of 11.5 centerline miles (approximately 53.5 main lane miles and 52 frontage roles miles) of roadways in the SPS. All assets combined totaled approximately \$ 1,801,057,999 billion in current replacement value for fiscal year 2013.

**Condition Index**

A Condition Index is a measure of the "intrinsic value" of the asset as opposed to the book value. A Condition Index with a value of 10.0 is considered "like new"; on the contrary, a Condition Index with a value of 0.0 is considered "unusable." In accordance with GASB Statement 34, the Maintenance Management Consultant (MMC) will perform an asset condition assessment for the PGBT every three years.

Condition Index Table

Condition Index

| <u>Fiscal Year</u> | <u>Current</u> | <u>Goal</u> |
|--------------------|----------------|-------------|
| 2011               | N/A            | N/A         |
| 2012               | N/A            | N/A         |
| 2013               | 9.1            | 8.0         |

**Condition Assessment and Inventory**

A comprehensive condition assessment performed on all SPS assets in March 2013 resulted in a rating of 9.1.

**Bridges**

A condition assessment was performed on the SPS bridges in March 2013 using the *Recording and Coding Guide for the Structure Inventory and Appraisal of the Nation's Bridges*, published by the Federal Highway Administration (FHWA). To do this, a Sufficiency Rating is determined by totaling four separate factors using the sufficiency rating formula. The Sufficiency Rating Formula is a method of evaluating highway bridge data by calculating 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%).

**SPECIAL PROJECTS SYSTEM**  
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Required Supplementary Information  
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**Roadways**

A condition assessment was performed on the SPS roadways in March 2013 using the *Highway Maintenance Condition Assessment Program* (HMCAP) developed by Roy Jorgensen Associates, Inc., the pavement Condition Rating Authority (CRS) developed by Applied Research Associates, Inc., and the Pavement Condition Index (PCI) procedure as outlined in ASTM D5340. To do this, a Maintenance Rating Program (MRP) Index is determined by visual inspection of the Authority's roadways, appurtenances, and edge conditions. Additionally, a baseline PCI and a baseline ride ability survey were conducted on the roadway surface and incorporated into the MRP Index. Although the PCI and ride ability survey were conducted on the entire Authority, it would have been impractical to perform a MRP evaluation over the same length; therefore, 10% of the Authority's total roadways were randomly selected for MRP evaluation. These values were then weighted and totaled to determine an overall MRP Index. Of this total MRP Index, travel lanes and shoulders account for 70% (of which the PCI accounts for 80%), roadside components accounted for 15%, and other items account for 15%.

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

Currently, the 11.5 centerline miles (approximately 53.5 main lane miles and 52 footage road miles) of the SPS do not have a Roadway Index. In accordance with GASB Statement 34, the MMC performed an asset condition assessment for the SPS after substantial completion of construction in March 2013 and occurring every three years thereafter.

The budget-to-actual expenditures for preservation and other infrastructure maintenance costs were as follows for the year 2013.

| <u>Fiscal year</u> | <u>Budget</u> | <u>Actual</u> |
|--------------------|---------------|---------------|
| 2013               | \$ 673,301    | \$ 221,883    |
| 2012               | 425,285       | 92,877        |
| 2011               | 400,916       | 5,533         |



**STATISTICAL  
SECTION**

**SPECIAL PROJECTS SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
**INTRODUCTION TO THE STATISTICAL SECTION**  
**(Unaudited)**

**INTRODUCTION**

Governmental Accounting Standards Board (GASB) Statement 44 "Economic Condition Reporting": The Statistical Section requires that certain detailed statistical information be presented in this section, typically in ten year trends, to assist users in utilizing the basic financial statements, notes to the financial statements and required supplementary information in order to assess the economic condition of the System.

**FINANCIAL TRENDS**

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

**REVENUE CAPACITY**

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

**DEBT CAPACITY**

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

**DEMOGRAPHIC AND ECONOMIC INFORMATION**

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

**OPERATING INFORMATION**

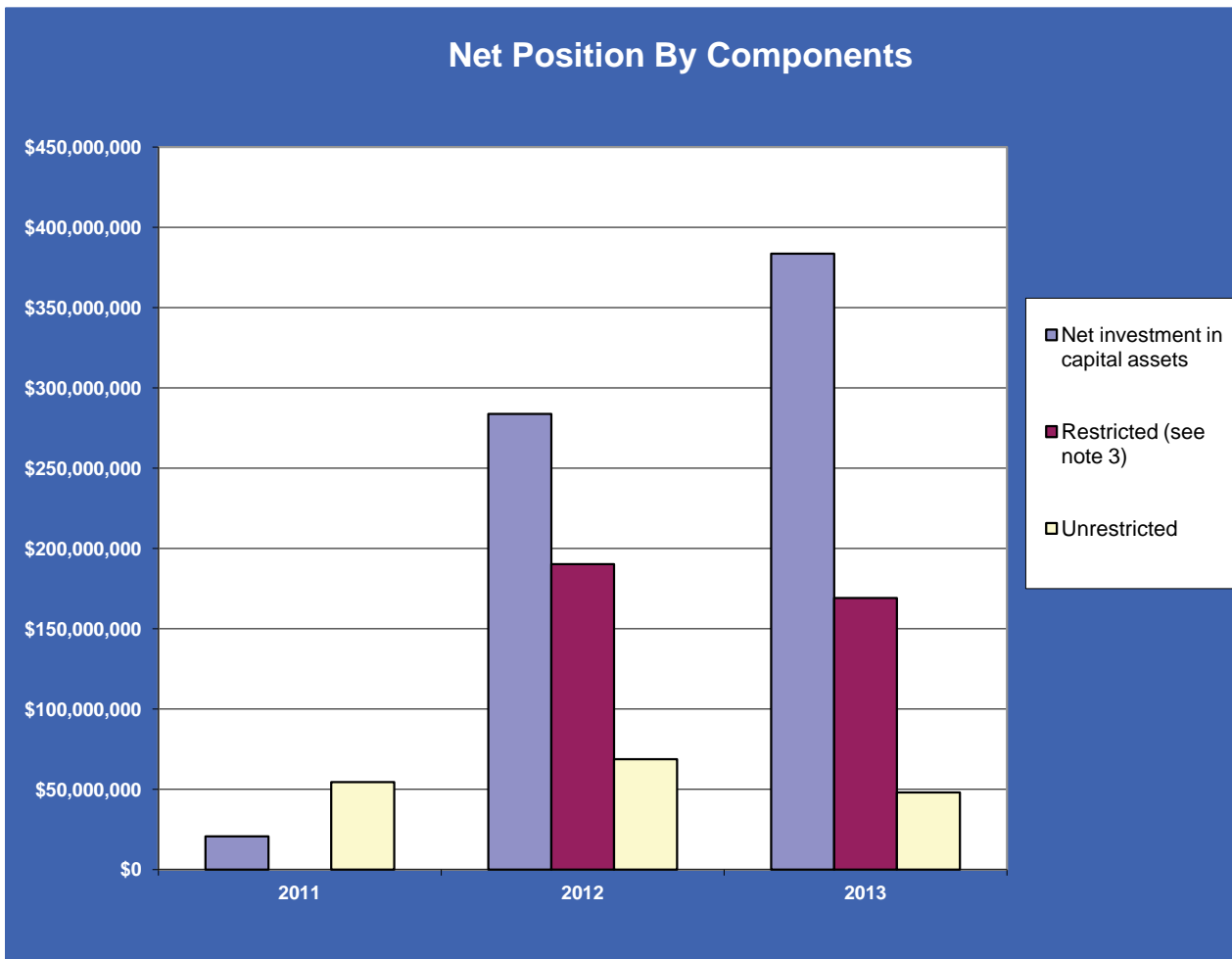
These tables contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.

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

SPECIAL PROJECTS SYSTEM  
 (An Enterprise Fund of the North Texas Tollway Authority)  
 Net Position by Components  
 Last Three Fiscal Years  
 (Unaudited)

**Business-Type Activities**

| Components                       | 2011                 | 2012                  | 2013                  |
|----------------------------------|----------------------|-----------------------|-----------------------|
| Net investment in capital assets | \$ 20,741,421        | \$ 283,761,862        | \$ 383,556,600        |
| Restricted (see note 3)          | -                    | 190,162,390           | 169,161,310           |
| Unrestricted                     | 54,521,930           | 68,751,161            | 48,121,332            |
| <b>Total net position</b>        | <b>\$ 75,263,351</b> | <b>\$ 542,675,413</b> | <b>\$ 600,839,242</b> |



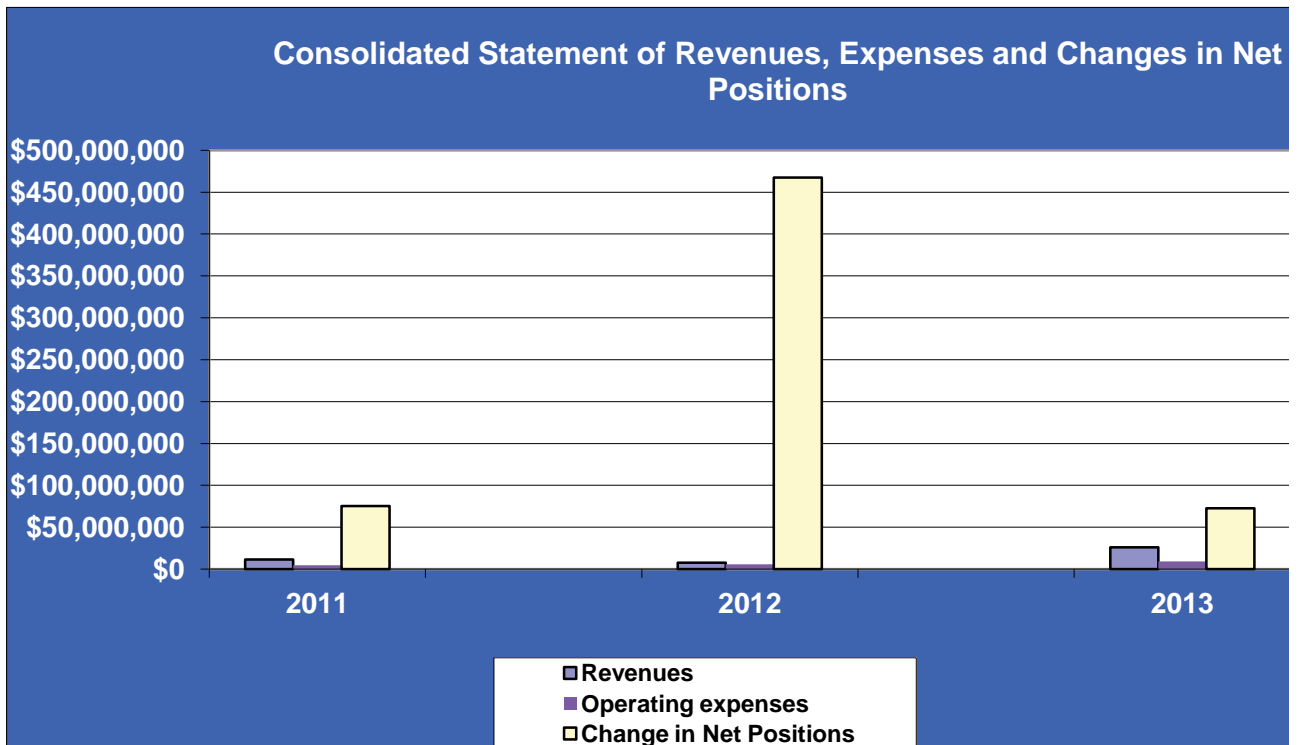


**SPECIAL PROJECTS SYSTEM**  
 (An Enterprise Fund of the North Texas Tollway Authority)  
**Statement of Revenues, Expenses, and Changes in Net Positions**  
 Last Three Fiscal Years  
 (Unaudited)

**Business-Type Activities**

|  | <b>2011</b>          | <b>2012</b>           | <b>2013</b>          |
|--|----------------------|-----------------------|----------------------|
| <b>Revenues:</b>                                     |                      |                       |                      |
| Tolls (net of bad debt expense )                     | \$ 10,488,973        | \$ 6,466,245          | \$ 24,429,140        |
| Other (1)  | 1,174,558            | 1,240,403             | 1,675,771            |
| Total operating revenues                             | <u>11,663,531</u>    | <u>7,706,648</u>      | <u>26,104,911</u>    |
| <b>Operating expenses:</b>                           |                      |                       |                      |
| Administration                                       | 1,320,416            | 2,015,360             | 3,409,128            |
| Operations   | 3,456,434            | 3,518,101             | 5,519,096            |
| Major maintenance                                    | 5,533                | 92,877                | 221,883              |
| Total operating expenses                             | <u>4,782,383</u>     | <u>5,626,338</u>      | <u>9,150,107</u>     |
| Operating income                                     | <u>6,881,148</u>     | <u>2,080,310</u>      | <u>16,954,804</u>    |
| <b>Nonoperating revenues (expenses):</b>             |                      |                       |                      |
| Interest earned on investments                       | -                    | 2,128,034             | 3,136,867            |
| Gain (loss) on sale of investment                    | -                    | 262,689               | (878,157)            |
| Net increase (decrease) in fair value of investments | 514,876              | 2,128,517             | (1,053,255)          |
| TIGER TIFIA loan subsidy                             | -                    | -                     | 9,076,429            |
| Interest expense on revenue bonds                    | 151,120              | -                     | (31,302,548)         |
| Interest expense on short term notes                 | (4,433,416)          | (1,330,925)           | (12,953,434)         |
| Bond premium/discount amortization                   | 310,664              | 3,552,032             | 4,178,669            |
| Bond insurance cost amortization                     | (650,821)            | (2,274,014)           | -                    |
| TIGER TIFIA administrative cost                      | -                    | -                     | (9,076,429)          |
| Other  | (1,363,369)          | 1,194,020             | (3,079,001)          |
| Payments (to)/from other governments                 | 2,174,394            | 70,903,322            | 97,620,279           |
| Contributed capital                                  | 71,678,755           | 388,768,077           | -                    |
| Net nonoperating revenues (expenses)                 | <u>68,382,203</u>    | <u>465,331,752</u>    | <u>55,669,420</u>    |
| <b>Change in net position</b>                        | <u>\$ 75,263,351</u> | <u>\$ 467,412,062</u> | <u>\$ 72,624,224</u> |

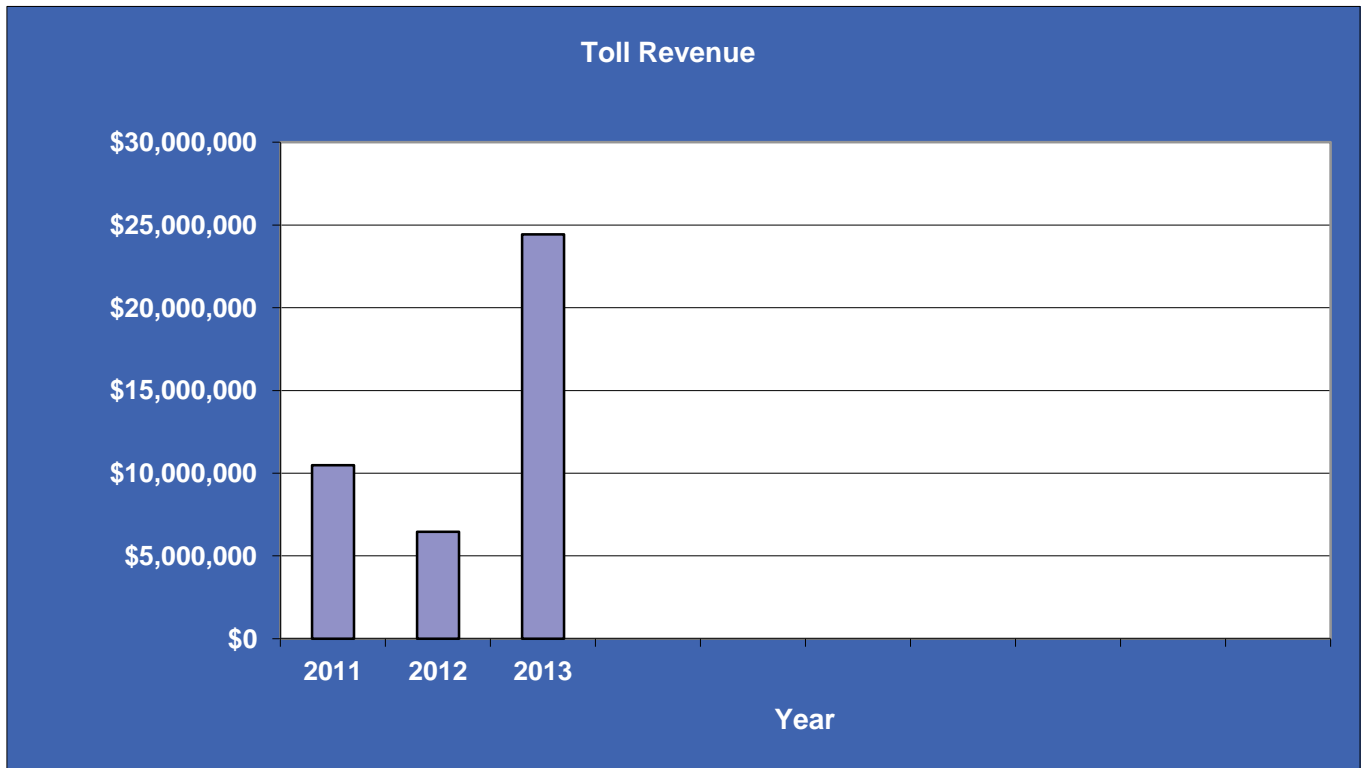
(1) Administrative fees, parking transaction fees, statement fees and miscellaneous charges.



**SPECIAL PROJECTS SYSTEM**  
 (An Enterprise Fund of the North Texas Tollway Authority)  
**Traffic and Toll Revenue**  
**Last Three Fiscal Years**  
 (Unaudited)

| Year | Annual Revenue Vehicle Transactions |     | Annual Toll Revenue | Average Toll Rate per Transaction |
|------|-------------------------------------|-----|---------------------|-----------------------------------|
| 2011 | 11,409,801                          |     | 10,488,973          | 0.92                              |
| 2012 | 12,602,102                          |     | 6,466,245           | 0.51                              |
| 2013 | 34,238,837                          | (*) | 24,429,140 (**)     | 0.71                              |

(\*) total transactions were 34,433,016 of which 194,179 were nonrevenue  
 (\*\*) net of bad debt expense of \$2,160,312



SPECIAL PROJECTS SYSTEM  
 (An Enterprise Fund of the North Texas Tollway Authority)  
 Schedule of Toll Rates  
 For the years 2010-2013  
 (Unaudited)

|   |         | Years       |             |             |             |
|---|---------|-------------|-------------|-------------|-------------|
| <b>Two-axle passenger cars and trucks</b> |         |             |             |             |             |
| <b>Roadway</b>                            |         | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> |
| PGBT WE:                                  |         |             |             |             |             |
| Lower Tarrant Mainlane Gentry (MLG11)     | ZipCash | 1.17        | 1.25        | 1.25        | 1.41        |
|   | TollTag | 0.78        | 0.83        | 0.83        | 0.94        |
| Arkansas Mainland Gantry (MLG12)          | ZipCash | -           | -           | -           | 1.49        |
|   | TollTag | -           | -           | -           | 0.99        |

|   |         | Years       |             |             |             |
|---|---------|-------------|-------------|-------------|-------------|
| <b>Three-axle vehicle and vehicle combination</b> |         |             |             |             |             |
| <b>Roadway</b>                                    |         | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> |
| PGBT WE:  |         |             |             |             |             |
| Lower Tarrant Road-North (NLTRD)                  | ZipCash | 2.34        | 2.50        | 2.50        | 2.82        |
|   | TollTag | 1.56        | 1.66        | 1.66        | 1.88        |
| Arkansas Mainland Gantry (MLG12)                  | ZipCash | -           | -           | -           | 2.98        |
|   | TollTag | -           | -           | -           | 1.98        |

|  |         | Years       |             |             |             |
|--|---------|-------------|-------------|-------------|-------------|
| <b>Four-axle vehicle and vehicle combination</b> |         |             |             |             |             |
| <b>Roadway</b>                                   |         | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> |
| PGBT WE:   |         |             |             |             |             |
| Lower Tarrant Mainlane Gentry (MLG11)            | ZipCash | 3.51        | 3.75        | 3.75        | 4.23        |
|  | TollTag | 2.34        | 2.49        | 2.49        | 2.82        |
| Arkansas Mainland Gantry (MLG12)                 | ZipCash | -           | -           | -           | 4.47        |
|  | TollTag | -           | -           | -           | 2.97        |

|  |         | Years       |             |             |             |
|--|---------|-------------|-------------|-------------|-------------|
| <b>Five-axle vehicle and vehicle combination</b> |         |             |             |             |             |
| <b>Roadway</b>                                   |         | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> |
| PGBT WE:   |         |             |             |             |             |
| Lower Tarrant Mainlane Gentry (MLG11)            | ZipCash | 4.68        | 5.00        | 5.00        | 5.64        |
|  | TollTag | 3.12        | 3.32        | 3.32        | 3.76        |
| Arkansas Mainland Gantry (MLG12)                 | ZipCash | -           | -           | -           | 5.96        |
|  | TollTag | -           | -           | -           | 3.96        |

|   |         | Years       |             |             |             |
|---|---------|-------------|-------------|-------------|-------------|
| <b>Six-axle vehicle and vehicle combination</b> |         |             |             |             |             |
| <b>Roadway</b>                                  |         | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> |
| PGBT WE:  |         |             |             |             |             |
| Lower Tarrant Mainlane Gentry (MLG11)           | ZipCash | 5.85        | 6.25        | 6.25        | 7.05        |
|   | TollTag | 3.90        | 4.25        | 4.25        | 4.70        |
| Arkansas Mainland Gantry (MLG12)                | ZipCash | -           | -           | -           | 7.45        |
|   | TollTag | -           | -           | -           | 4.95        |

Note----The Authority converted to All Electronic Toll Collection (All ETC) in December 2010. All customers will either have a TollTag or will be billed according to business rules currently in place. Cash is no longer accepted.

**SPECIAL PROJECTS SYSTEM**  
 (An Enterprise Fund of the North Texas Tollway Authority)  
**Ratio of Outstanding Debt by Type**  
**Business-Type Activities**  
**Last Three Fiscal Years**  
 (Unaudited)

| Year | Revenue Bonds | TIFIA Loan Payable | Total Debt Amount | Total Revenue Vehicle Toll Transactions(1) | Debt Per Transactions | Debt Per Capita(2) |
|------|---------------|--------------------|-------------------|--|-----------------------|--------------------|
| 2011 | 1,096,841,456 | -                  | \$1,096,841,456   | 11,409,801                                 | 96.13                 | 195                |
| 2012 | 1,798,945,295 | -                  | \$1,798,945,295   | 12,602,102                                 | 142.75                | 312                |
| 2013 | 1,390,905,999 | 400,758,741        | \$1,791,664,740   | 34,238,837                                 | 52.33                 | 305                |

Note----Details on SPECIAL PROJECTS SYSTEM outstanding debt can be found in the Notes to Basic Financial Statements.

(1) See table of Traffic and Toll Revenue on page 44.

(2) See table of Demographic Data on page 48.

**SPECIAL PROJECTS SYSTEM**  
 (An Enterprise Fund of the North Texas Tollway Authority)  
 Ratio of Revenue-Backed Debt Outstanding  
 Business-Type Activities  
 Last Three Fiscal Years  
 (Unaudited)

| Year | Revenue Bonds | Less: amounts Available in Bond Redemption Account | TIFIA Loan Payable | Total Debt Amount | Annual Toll Revenues(1) | Debt Per Annual Toll Revenue | Debt Per Capita(2) |
|------|---------------|--|--------------------|-------------------|-------------------------|------------------------------|--------------------|
| 2011 | 1,095,671,866 | -  | -                  | \$1,095,671,866   | 10,488,973              | 104                          | 195                |
| 2012 | 1,798,945,295 | -  | -                  | \$1,798,945,295   | 6,466,245               | 278                          | 312                |
| 2013 | 1,390,905,999 | -  | 400,758,741        | \$1,791,664,740   | 24,429,140 (*)          | 73                           | 305                |

(\*) net of bad debt expense of \$2,160,312

Note----Details on SPECIAL PROJECTS SYSTEM outstanding debt can be found in the Notes to Basic Financial Statements.

- (1) See table of Traffic and Toll Revenue on page 44.
- (2) See table of Demographic Data on page 48.

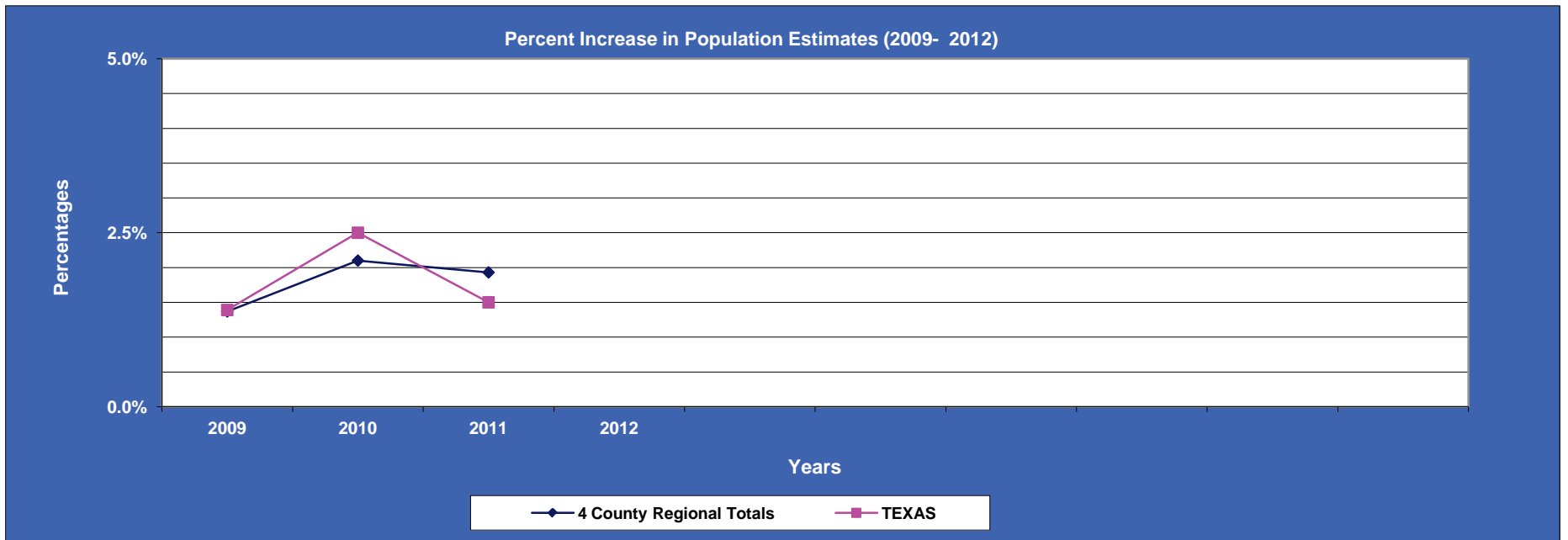
**SPECIAL PROJECTS SYSTEM**  
 (An Enterprise Fund of the North Texas Tollway Authority)  
 Demographic Data-Combined Four Region and State of Texas Population Estimated Data  
 For Years 2009-2012

| Year           | COLLIN  | DALLAS    | DENTON  | TARRANT   | Est. Four County Regional Totals | Estimated Texas Totals | Percentage Change (From Prior Years) |       |
|----------------|---------|-----------|---------|-----------|----------------------------------|------------------------|--------------------------------------|-------|
|                |         |           |         |           |                                  |                        | 4 County                             | TEXAS |
| Estimated 2009 | 765,791 | 2,346,378 | 649,702 | 1,784,078 | 5,545,949                        | 24,801,761             | 2.12%                                | 2.03% |
| Estimated 2010 | 782,341 | 2,368,139 | 662,614 | 1,809,034 | 5,622,128                        | 25,145,561             | 1.37%                                | 1.39% |
| Estimated 2011 | 812,226 | 2,416,014 | 686,406 | 1,849,813 | 5,764,459                        | 25,674,681             | 2.10%                                | 2.50% |
| Estimated 2012 | 834,642 | 2,453,843 | 707,304 | 1,880,153 | 5,875,942                        | 26,059,203             | 1.93%                                | 1.50% |

| Increase Total from Year 2009 to Year 2012 | COLLIN | DALLAS  | DENTON | TARRANT | Est. Four County Regional Totals | Estimated Texas Totals |
|--|--------|---------|--------|---------|----------------------------------|------------------------|
|  | 68,851 | 107,465 | 57,602 | 96,075  | 329,993                          | 1,257,442              |

Source: U.S. Census Bureau of Labor Statistics

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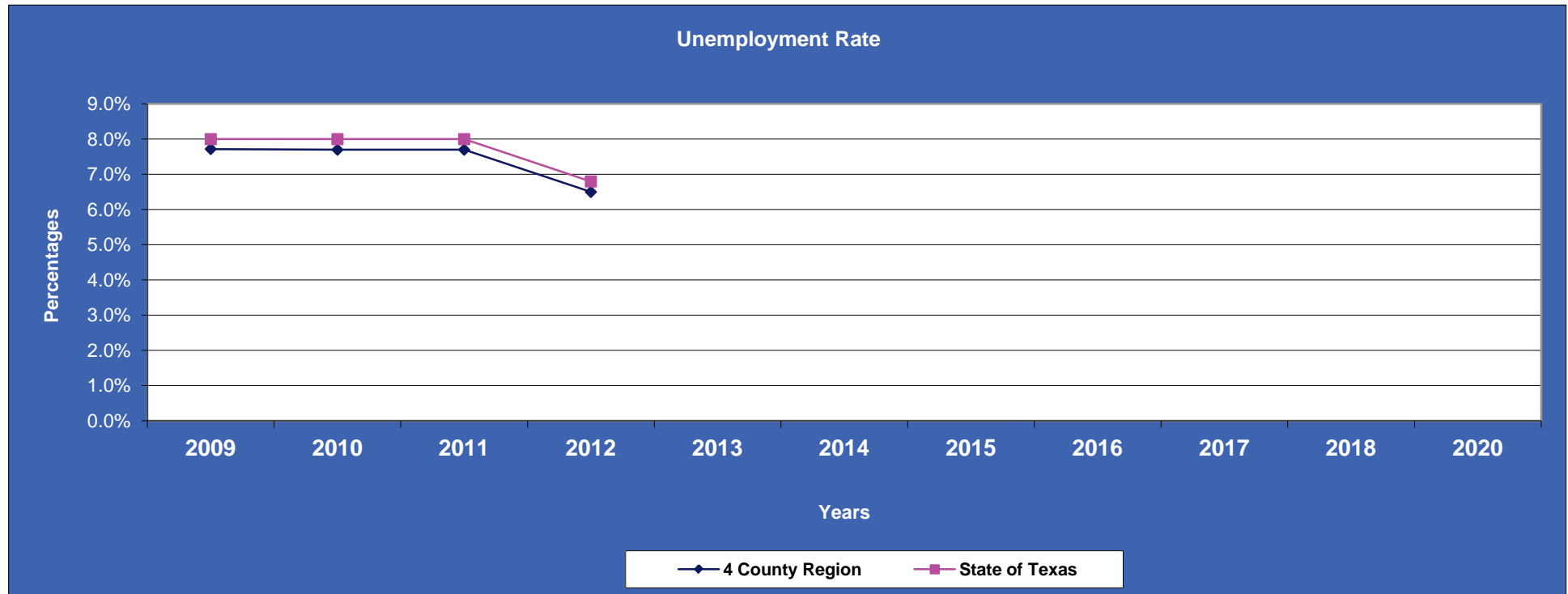


**SPECIAL PROJECTS SYSTEM**  
 (An Enterprise Fund of the North Texas Tollway Authority)  
 Demographic Data-Combined Four County Region and State of Texas Employment Status Estimates  
 For Years 2009-2012  
 (unaudited)

| Year  | COLLIN  | DALLAS    | DENTON    | TARRANT | Combined Four   | Texas            | Unemployment Rate |       |  |
|---|---------|-----------|-----------|---------|-----------------|------------------|-------------------|-------|--|
|   |         |           |           |         | County Regional | Estimated Totals | 4 County          | Texas |  |
| Estimated 2009  | 285,900 | 1,415,000 | 172,600   | 743,500 | 2,617,000       | 10,204,500       | 7.7%              | 8.0%  |  |
| Estimated 2010  | 390,106 | 1,063,304 | 330,122   | 833,527 | 2,617,059       | 10,204,500       | 7.7%              | 8.0%  |  |
| Estimated 2011  | 397,033 | 1,082,185 | 335,984   | 845,263 | 2,660,465       | 10,204,500       | 7.7%              | 8.0%  |  |
| Estimated 2012  | 413,783 | 1,102,322 | 356,467   | 883,503 | 2,756,075       | 11,742,600       | 6.5%              | 6.8%  |  |
| Increase<br>(decrease) Totals<br>from Year 2009 to<br>Year 2012 |         | 127,883   | (312,678) | 183,867 | 140,003         | 139,075          | 1,538,100         |       |  |

Source: U.S. Census Bureau of Labor Statistics

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**SPECIAL PROJECTS 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 2009-2011  
 (Unaudited)

| Year                                  | COLLIN          | DALLAS          | DENTON          | TARRANT         | Four County<br>Regional Totals | Texas                          |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|--------------------------------|--------------------------------|
|                                       |                 |                 |                 |                 | Estimated Avg<br>Median Income | Estimated Avg<br>Median Income |
| 2009                                  | 80,545          | 47,059          | 70,002          | 54,647          | 63,063                         | 48,259                         |
| 2010                                  | 80,504          | 47,974          | 70,622          | 55,306          | 63,601                         | 49,648                         |
| 2011                                  | 82,758          | 48,942          | 72,305          | 56,178          | 65,046                         | 50,920                         |
| <b>Averaged<br/>Yearly<br/>Totals</b> | <b>\$81,269</b> | <b>\$47,992</b> | <b>\$70,976</b> | <b>\$55,377</b> | <b>\$63,903</b>                | <b>\$49,609</b>                |

Source: U.S. Census Bureau of Labor Statistics



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

| 2012                                      |                     |                                |   |
|---|---------------------|--------------------------------|---|
| COLLIN COUNTY TOP TEN EMPLOYERS           |                     |                                |   |
| EMPLOYER                                  | NUMBER OF EMPLOYEES | PERCENTAGE OF TOTAL EMPLOYMENT | INDUSTRY                                |
| BANK OF AMERICA HOME LOANS                | 12,311              | 3.22%                          | FINANCIAL SERVICES                      |
| ELECTRONIC DATA SYSTEMES CORP/HP          | 10,000              | 2.62%                          | PROF/TECH                               |
| PLANO ISD                                 | 6,443               | 1.68%                          | SCHOOL DISTRICT                         |
| CAPITAL ONE                               | 4,915               | 1.29%                          | FINANCIAL SERVICES                      |
| J.C.PENNEY,INC.                           | 3,800               | 0.99%                          | RETAIL                                  |
| WALMART                                   | 3,261               | 0.85%                          | RETAIL                                  |
| MEDICAL CENTER OF PLANO (HCA MEDICAL CTR) | 3,000               | 0.78%                          | HEALTH CARE                             |
| UNIVERSITY OF TEXAS AT DALLAS             | 3,000               | 0.78%                          | EDUCATION                               |
| FRITO LAY                                 | 2,500               | 0.65%                          | RETAIL                                  |
| ALLEN INDEPENDENT SCHOOL DISTRICT         | 2,229               | 0.58%                          | EDUCATION                               |
| Total                                     | 51,459              | 13.46%                         |   |
| DALLAS COUNTY TOP TEN EMPLOYERS           |                     |                                |   |
| EMPLOYER                                  | NUMBER OF EMPLOYEES | PERCENTAGE OF TOTAL EMPLOYMENT | INDUSTRY                                |
| AMR CORPORATION (AMERICAN AIRLINES)       | 24,700              | 2.17%                          | TECHNOLOGY AND MANAGEMENT SERVICES      |
| BANK OF AMERICA                           | 20,000              | 1.76%                          | FINANCIAL SERVICES                      |
| TEXAS HEALTH RESOURCES                    | 19,230              | 1.69%                          | HEALTH CARE                             |
| DALLAS PUBLIC SCHOOLS                     | 18,314              | 1.61%                          | SCHOOL DISTRICT                         |
| BAYLOR HEALTH CARE SYSTEM                 | 17,097              | 1.50%                          | HEALTH CARE PROVIDER                    |
| AT&T                                      | 15,800              | 1.39%                          | TELECOMMUNICATIONS                      |
| LOCKHEED MARTIN AERONAUTICS CO            | 14,126              | 1.24%                          | MILITARY AIRCRAFT DESIGN AND PRODUCTION |
| JPMORGAN CHASE                            | 13,500              | 1.19%                          | FINANCIAL SERVICES                      |
| SOUTHWESTERN MIDICAL CENTER               | 13,122              | 1.15%                          | HEALTH CARE PROVIDER                    |
| CITY OF DALLAS                            | 12,836              | 1.13%                          | MUNICIPAL GOVERNMENT                    |
| Total                                     | 168,725             | 14.82%                         |   |
| DENTON COUNTY TOP TEN EMPLOYERS           |                     |                                |   |
| EMPLOYER                                  | NUMBER OF EMPLOYEES | PERCENTAGE OF TOTAL EMPLOYMENT | INDUSTRY                                |
| UNIVERSITY OF NORTH TEXAS                 | 7,762               | 2.38%                          | EDUCATION                               |
| LEWISVILLE ISD                            | 6,508               | 1.99%                          | EDUCATION                               |
| WALMART                                   | 3,900               | 1.19%                          | RETAIL                                  |
| DENTON ISD                                | 3,266               | 1.00%                          | EDUCATION                               |
| CENTEX HOME EQUITY                        | 2,600               | 0.80%                          | HOME BILUDER                            |
| FRITO LAY                                 | 2,500               | 0.77%                          | RETAIL                                  |
| AMERICAN AIRLINES                         | 2,154               | 0.66%                          | TRANSPORTATION                          |
| PETERBILT MOTORS                          | 2,100               | 0.64%                          | TRANSPORTATION                          |
| NORTHWEST ISD                             | 1,636               | 0.50%                          | EDUCATION                               |
| DENTON STATE SCHOOL                       | 1,500               | 0.46%                          | EDUCATION                               |
| Total                                     | 33,926              | 10.39%                         |   |
| TARRANT COUNTY TOP TEN EMPLOYERS          |                     |                                |   |
| EMPLOYER                                  | NUMBER OF EMPLOYEES | PERCENTAGE OF TOTAL EMPLOYMENT | INDUSTRY                                |
| AMRCORP./AMERICAN AIRLINES                | 24,888              | 2.98%                          | TRANSPORTATION                          |
| TEXAS HEALTH RESOURCES                    | 22,000              | 2.63%                          | HEALTH CARE PROVIDER                    |
| LOCKHEED MARTIN AERONAUTICS CO            | 14,988              | 1.79%                          | MANUFACTURING                           |
| NAS FORT WORTH JOINT RESERVE BASE         | 11,350              | 1.36%                          | MILITARY                                |
| FORT WORTH INDEPENDENT SCHOOL DISTRICT    | 11,000              | 1.32%                          | EDUCATION                               |
| ARINGTON INDEPENDENT SCHOOL DISTRICT      | 7,908               | 0.95%                          | EDUCATION                               |
| BELL HELICOPTER TEXTRON                   | 6,700               | 0.80%                          | MANUFACTURING                           |
| CITY OF FORT WORTH                        | 6,195               | 0.74%                          | MUNICIPAL GOVERNMENT                    |
| UNIVERSITY OF TEXAS AT ARLINGTON          | 6,022               | 0.72%                          | EDUCATION                               |
| COOK CHILDREN'S HEALTH CARE SYSTEM        | 5,310               | 0.64%                          | HEALTH CARE PROVIDER                    |
| Total                                     | 116,361             | 13.94%                         |   |

Source: Dallas Major Employers-DFW and Bureau of Labor Statistics

**SPECIAL PROJECTS SYSTEM**  
 (An Enterprise Fund of the North Texas Tollway Authority)  
**Contribution to Infrastructure Assets**  
 Last Three Fiscal Years  
 (Unaudited)

| <b>Year</b> | <b>Beginning Balance</b> | <b>Additions</b> | <b>Deletions</b> | <b>Transfers</b> | <b>Ending Balance</b> |
|-------------|--------------------------|------------------|------------------|------------------|-----------------------|
| 2011        | -                        | 762,669,445      | -                | -                | 762,669,445           |
| 2012        | 762,669,445              | 648,459,010      | -                | -                | 1,411,128,455         |
| 2013        | 1,411,128,455            | 1,349,790,185    | -                | (959,860,641)    | 1,801,057,999         |

SPECIAL PROJECTS SYSTEM  
 (An Enterprise Fund of the North Texas Tollway Authority)  
 Toll Revenue Analysis  
 Last Three Fiscal Years  
 (Unaudited)

| <b>Toll Revenue</b>                   |                            |                            |                    |                |
|---------------------------------------|----------------------------|----------------------------|--------------------|----------------|
| <b>Year</b>                           | <b>Two - Axle Vehicles</b> | <b>Multi-Axle Vehicles</b> | <b>Adjustments</b> | <b>Total</b>   |
| 2011                                  | 12,992,381                 | 1,885,720                  | \$ (4,389,129)     | 10,488,973     |
| <b>Year</b>                           | <b>AVI</b>                 | <b>ZipCash</b>             |                    |                |
| 2012                                  | 5,943,614                  | 2,072,881                  | (1,550,250)        | 6,466,245      |
| 2013                                  | 18,242,809                 | 8,346,643                  | (2,160,312)        | 24,429,140     |
| <b>Toll Revenue - Average Per Day</b> |                            |                            |                    |                |
| <b>Year</b>                           | <b>Two-Axle Vehicles</b>   | <b>Multi-Axle Vehicles</b> | <b>Adjustments</b> | <b>Average</b> |
| 2011                                  | 35,596                     | 5,166                      | -                  | 40,762         |
| 2012                                  | 20,353                     | 1,550                      | -                  | 21,903         |
| 2013                                  | 49,980                     | 16,949                     | -                  | 66,929         |

- (1) On January 25, 2008, the NTTA and TxDOT entered into a Memorandum of Understanding (MOU) regarding the terms and conditions and market valuation for State Highway 161 pursuant to which TxDOT and NTTA memorialized their agreement on the terms and conditions for the development, construction and operation of the SH 161 project.
- (2) On April 20, 2008, the NTTA Board of Directors approved an agreement regarding a negotiated value (Negotiated Value Agreement) for State Highway 161 with TxDOT pursuant to which TxDOT and NTTA (i) waived the requirements under Section 228.0111 (f-1) of the Texas Transportation Code (Code) to develop a market valuation for the SH 161 project (ii) agreed to develop the SH 161 project in accordance with the MOU, except as modified by the Negotiated Value Agreement, and (iii) established an agreed negotiated value for the SH 161 project, including an upfront payment to TxDOT in the amount of \$458 million.
- (3) On October 15, 2008, the NTTA Board adopted a resolution (i) accepting a final term sheet (Term Sheet) for TxDOT's Toll Equity Loan for the SH 161 project, NTTA Project Delivery, and disposition of Southwest Parkway and Chisholm Trail, (ii) exercising it's first option under Section 228.0111 (g) of the Code to deliver the SH 161 project pursuant to the Negotiated Value Agreement, as modified by the Term Sheet, and (iii) authorizing the Executive Director to negotiate the SH 161 Project Agreement with TxDOT.
- (4) PGBT WE completion occurred in October 2012



**CONTINUING  
FINANCIAL  
DISCLOSURE**

## **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 August 31, 2013.

**SPECIAL PROJECTS SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
**STATEMENT OF NET POSITION**  
**August 31, 2013**  
**(Unaudited)**

| <b>Assets</b>  | <b>Special Projects<br/>System Totals</b> | <b>Interfund<br/>eliminations/<br/>reclassifications</b> | <b>Construction &amp;<br/>Property Fund</b> | <b>Revenue<br/>Fund</b> |
|--|---|--|---|-------------------------|
| Current Assets:  |   |  |   |                         |
| Investments, at amortized cost (note 3)                                    | 13,239,539                                | -  | -   | 3,230,976               |
| Accrued interest receivable on investments                                 | 3,230                                     | -  | -   | 386                     |
| Interfund receivables  | -   | (4,170)  | 4,170                                       | -                       |
| Interproject/agency receivables  | 18,792,129                                | -  | 12,105,729                                  | 4,285,768               |
| Accounts receivable (note 9)   | 5,692,990                                 | -  | -   | 5,692,990               |
| Allowance for uncollectible receivables                                    | (3,710,561)                               | -  | -   | (3,710,561)             |
| Prepaid expenses   | 4,159                                     | -  | 4,159                                       | -                       |
| Total current unrestricted assets  | <u>34,021,486</u>                         | <u>(4,170)</u>   | <u>12,114,058</u>                           | <u>9,499,559</u>        |
| Current restricted assets:   |   |  |   |                         |
| Restricted for construction:   |   |  |   |                         |
| Investments, at amortized cost (note 3)                                    | 434,095,892                               | -  | 409,735,504                                 | -                       |
| Accrued interest receivable on investments                                 | 742,308                                   | -  | 280,056                                     | -                       |
| Restricted for debt service:   |   |  |   |                         |
| Investments, at amortized cost (note 3)                                    | 73,198,128                                | -  | -   | -                       |
| Accrued interest receivable on investments                                 | 16  | -  | -   | -                       |
| Total current restricted assets  | <u>508,036,344</u>                        | <u>-</u>   | <u>410,015,560</u>                          | <u>-</u>                |
| Total current assets   | <u>542,057,830</u>                        | <u>(4,170)</u>   | <u>422,129,618</u>                          | <u>9,499,559</u>        |
| Noncurrent Assets:   |   |  |   |                         |
| Investments, at amortized cost restricted for construction (note 3 and 10) | 51,362,410                                | -  | 51,362,410                                  | -                       |
| Investments, at amortized cost restricted for debt service (note 3 and 10) | 86,003,120                                | -  | -   | -                       |
| Capitalized cost (note 4)  | 1,801,057,999                             | -  | 1,801,057,999                               | -                       |
| Total noncurrent assets  | <u>1,938,423,529</u>                      | <u>-</u>   | <u>1,852,420,409</u>                        | <u>-</u>                |
| <b>Total assets</b>  | <b><u>\$ 2,480,481,359</u></b>            | <b><u>(4,170)</u></b>                                    | <b><u>2,274,550,027</u></b>                 | <b><u>9,499,559</u></b> |
|  |   |  |   |                         |
| <b>Liabilities</b>   |   |  |   |                         |
| Current liabilities:   |   |  |   |                         |
| Accounts payable   | 341,918                                   | -  | 325,871                                     | -                       |
| Interfund payables   | -   | (4,170)  | -   | -                       |
| Interagency payable  | 7,019,967                                 | -  | 2,211,140                                   | -                       |
| Recurring accrued liabilities  | 394,029                                   | -  | -   | -                       |
| Total current unrestricted liabilities                                     | <u>7,755,914</u>                          | <u>(4,170)</u>   | <u>2,537,011</u>                            | <u>-</u>                |
| Payable from restricted assets:  |   |  |   |                         |
| Construction related payables:   |   |  |   |                         |
| Accounts payable   | 41,509,423                                | -  | 41,509,423                                  | -                       |
| Retained from contractors  | 9,895,726                                 | -  | 9,895,726                                   | -                       |
| Debt service related payables:   |   |  |   |                         |
| Accrued interest payable on bonded debt                                    | 28,816,314                                | -  | -   | -                       |
| Total current liabilities payable from restricted assets                   | <u>80,221,463</u>                         | <u>-</u>   | <u>51,405,149</u>                           | <u>-</u>                |
| Noncurrent liabilities:  |   |  |   |                         |
| TIFIA loan payable   | 400,758,741                               | -  | 400,758,741                                 | -                       |
| Special Projects System revenue bonds payable (note 5)                     | 1,390,905,999                             | -  | 1,390,905,999                               | -                       |
| Total noncurrent liabilities   | <u>1,791,664,740</u>                      | <u>-</u>   | <u>1,791,664,740</u>                        | <u>-</u>                |
| <b>Total liabilities</b>   | <b><u>\$ 1,879,642,117</u></b>            | <b><u>(4,170)</u></b>                                    | <b><u>1,845,606,900</u></b>                 | <b><u>-</u></b>         |
|  |   |  |   |                         |
| <b>Net Position</b>  |   |  |   |                         |
| Net investment in capital assets   | 383,556,600                               | (189,995,231)  | 428,943,127                                 | -                       |
| Restricted:  |   |  |   |                         |
| Restricted for construction  | 38,776,376                                | 38,776,376   | -   | -                       |
| Restricted for debt service  | 130,384,934                               | 120,885,312  | -   | 9,499,559               |
| Held in trust for other purposes   | -   | (10,415,723)   | -   | -                       |
| Unrestricted:  |   |  |   |                         |
| Unrestricted   | 48,121,332                                | 48,121,332   | -   | -                       |
| Reserved for operations and maintenance                                    | -   | (7,372,066)  | -   | -                       |
| <b>Total net position</b>  | <b><u>\$ 600,839,242</u></b>              | <b><u>-</u></b>  | <b><u>428,943,127</u></b>                   | <b><u>9,499,559</u></b> |

See accompanying independent auditors' report.

Schedule 1

| Operating Fund   | General Fund     | Major Maint. Fund | Rate Stabilization Fund | Major Maint Reserve Fund | Capital Exp Reserve Fund | Debt Service Fund |
|------------------|------------------|-------------------|-------------------------|--------------------------|--------------------------|-------------------|
| 2,488,881        | 7,519,682        | -                 | -                       | -                        | -                        | -                 |
| 63               | 92               | 8                 | -                       | 2,338                    | 343                      | -                 |
| -                | -                | -                 | -                       | -                        | -                        | -                 |
| 2,400,632        | -                | -                 | -                       | -                        | -                        | -                 |
| -                | -                | -                 | -                       | -                        | -                        | -                 |
| -                | -                | -                 | -                       | -                        | -                        | -                 |
| <u>4,889,576</u> | <u>7,519,774</u> | <u>8</u>          | <u>-</u>                | <u>2,338</u>             | <u>343</u>               | <u>-</u>          |
| -                | -                | 185,763           | -                       | 13,759,245               | 10,415,380               | -                 |
| -                | -                | -                 | 462,252                 | -                        | -                        | -                 |
| -                | -                | -                 | 44,381,767              | -                        | -                        | 28,816,361        |
| -                | -                | -                 | -                       | -                        | -                        | 16                |
| -                | -                | <u>185,763</u>    | <u>44,844,019</u>       | <u>13,759,245</u>        | <u>10,415,380</u>        | <u>28,816,377</u> |
| <u>4,889,576</u> | <u>7,519,774</u> | <u>185,771</u>    | <u>44,844,019</u>       | <u>13,761,583</u>        | <u>10,415,723</u>        | <u>28,816,377</u> |
| -                | -                | -                 | -                       | -                        | -                        | -                 |
| -                | -                | -                 | 86,003,120              | -                        | -                        | -                 |
| -                | -                | -                 | -                       | -                        | -                        | -                 |
| -                | -                | -                 | <u>86,003,120</u>       | <u>-</u>                 | <u>-</u>                 | <u>-</u>          |
| <u>4,889,576</u> | <u>7,519,774</u> | <u>185,771</u>    | <u>130,847,139</u>      | <u>13,761,583</u>        | <u>10,415,723</u>        | <u>28,816,377</u> |
| 16,029           | -                | -                 | -                       | 18                       | -                        | -                 |
| -                | -                | 4,170             | -                       | -                        | -                        | -                 |
| 4,808,093        | -                | 734               | -                       | -                        | -                        | -                 |
| 369,145          | -                | 24,884            | -                       | -                        | -                        | -                 |
| <u>5,193,267</u> | <u>-</u>         | <u>29,788</u>     | <u>-</u>                | <u>18</u>                | <u>-</u>                 | <u>-</u>          |
| -                | -                | -                 | -                       | -                        | -                        | -                 |
| -                | -                | -                 | -                       | -                        | -                        | -                 |
| -                | -                | -                 | -                       | -                        | -                        | 28,816,314        |
| -                | -                | -                 | -                       | -                        | -                        | <u>28,816,314</u> |
| -                | -                | -                 | -                       | -                        | -                        | -                 |
| -                | -                | -                 | -                       | -                        | -                        | -                 |
| -                | -                | -                 | -                       | -                        | -                        | -                 |
| <u>5,193,267</u> | <u>-</u>         | <u>29,788</u>     | <u>-</u>                | <u>18</u>                | <u>-</u>                 | <u>28,816,314</u> |
| -                | -                | -                 | 130,847,139             | 13,761,565               | -                        | -                 |
| -                | -                | -                 | -                       | -                        | -                        | -                 |
| -                | -                | -                 | -                       | -                        | -                        | 63                |
| -                | -                | -                 | -                       | -                        | 10,415,723               | -                 |
| -                | -                | -                 | -                       | -                        | -                        | -                 |
| (303,691)        | 7,519,774        | 155,983           | -                       | -                        | -                        | -                 |
| <u>(303,691)</u> | <u>7,519,774</u> | <u>155,983</u>    | <u>130,847,139</u>      | <u>13,761,565</u>        | <u>10,415,723</u>        | <u>63</u>         |





**SPECIAL PROJECTS SYSTEM****Schedule 2****(An Enterprise Fund of the North Texas Tollway Authority)**

Budget and Actual Revenues and Expenses on Trust Agreement Basis

Year ended August 31, 2013

**(Unaudited)**

|   | <u>Budget</u>        | <u>Actual</u>     | <u>Variance</u>    |
|---|----------------------|-------------------|--------------------|
| Revenues:                               |                      |                   |                    |
| Toll revenues                           | \$ 24,566,814        | 24,429,140 (*)    | (137,674)          |
| Interest revenue                        | 1,600                | 6,720             | 5,120              |
| Other revenues                          | <u>2,501,124</u>     | <u>1,669,051</u>  | <u>(832,073)</u>   |
| Operating revenues                      | <u>27,069,538</u>    | <u>26,104,911</u> | <u>(964,627)</u>   |
| Operating expenses:                     |                      |                   |                    |
| Administration:                         |                      |                   |                    |
| Administration                          | 109,471              | 114,996           | 5,525              |
| Board                                   | 19,710               | 9,452             | (10,258)           |
| Business diversity                      | 85,245               | 74,316            | (10,929)           |
| Communications                          | 1,618,722            | 1,517,523         | (101,199)          |
| Finance                                 | 1,575,847            | 1,106,498         | (469,349)          |
| Government affairs                      | 43,788               | 42,127            | (1,661)            |
| Human resources                         | 139,589              | 112,103           | (27,486)           |
| Internal audit                          | 161,117              | 154,911           | (6,206)            |
| Legal services                          | <u>329,633</u>       | <u>277,202</u>    | <u>(52,431)</u>    |
| Total administration                    | <u>4,083,122</u>     | <u>3,409,128</u>  | <u>(795,994)</u>   |
| Operations:                             |                      |                   |                    |
| Customer service center                 | 2,108,788            | 1,956,859         | (151,929)          |
| Information technology                  | 942,137              | 894,340           | (47,797)           |
| Maintenance                             | 2,837,775            | 1,648,212         | (1,189,563)        |
| Operations                              | 173,586              | 81,646            | (91,940)           |
| System & incident management            | <u>1,065,877</u>     | <u>938,039</u>    | <u>(127,838)</u>   |
| Total operations                        | <u>7,128,163</u>     | <u>5,519,096</u>  | <u>(1,784,834)</u> |
| Total operating expenses:               | <u>11,211,285</u>    | <u>8,928,224</u>  | <u>(2,580,828)</u> |
| Net revenues available for debt service | <u>\$ 15,858,253</u> | <u>17,176,687</u> | <u>1,616,201</u>   |

(\*) net of bad debt expense of \$2,160,312

See accompanying independent auditors' report.

**SPECIAL PROJECTS SYSTEM**  
**(An Enterprise of the North Texas Tollway Authority)**  
**STATEMENT OF CHANGES IN NET POSITION**  
Year to Date August 31, 2013  
**(Unaudited)**

|  | <u>Total</u>                 | <u>Construction &amp;<br/>Property Fund</u> | <u>Revenue<br/>Fund</u> |
|--|------------------------------|---|-------------------------|
| <b>Net positions, beginning of year as restated (note 1)</b> | <b>\$ 528,215,018</b>        | <b>372,218,106</b>                          | <b>5,887,803</b>        |
| Revenues:  |                              |   |                         |
| Toll revenues (net of bad debt expense of \$2,160,312)       | 24,429,140                   | -   | 24,429,140              |
| Interest revenue   | 6,720                        |   | 5,142                   |
| Other revenue  | 1,669,051                    | 196,521                                     | 1,472,530               |
| Total operating revenues                                     | <u>26,104,911</u>            | <u>196,521</u>                              | <u>25,906,812</u>       |
| Operating expenses:  |                              |   |                         |
| Administration   | (3,409,128)                  | -   | -                       |
| Operations   | (5,519,096)                  | -   | -                       |
|  | <u>(8,928,224)</u>           | <u>-</u>                                    | <u>-</u>                |
| Preservation of system assets:                               |                              |   |                         |
| Major maintenance fund expenses                              | (221,883)                    | -   | -                       |
| Total operating expenses                                     | <u>(9,150,107)</u>           | <u>-</u>                                    | <u>-</u>                |
| Operating income   | 16,954,804                   | 196,521                                     | 25,906,812              |
| Nonoperating revenues (expenses):                            |                              |   |                         |
| Interest earned on investments                               | 3,136,867                    | 2,198,181                                   | -                       |
| Gain (loss) on sale of investments                           | (878,157)                    | -   | -                       |
| Net increase (decrease) in fair value of investments         | (1,053,255)                  | (1,053,255)                                 | -                       |
| TIGER TIFIA loan subsidy                                     | 9,076,429                    | 9,076,429                                   | -                       |
| Interest expense on revenue bonds                            | (31,302,548)                 | (31,302,548)                                | -                       |
| Interest accretion on 2011B and 2011C bonds                  | (12,953,434)                 | -   | -                       |
| Bond discount/premium amortization                           | 4,178,669                    | 4,178,669                                   | -                       |
| TIGER TIFIA administrative cost                              | (9,076,429)                  | (9,076,429)                                 | -                       |
| Other  | (3,079,001)                  | (3,079,001)                                 | -                       |
| Net nonoperating revenues (expenses):                        | <u>(41,950,859)</u>          | <u>(29,057,954)</u>                         | <u>-</u>                |
| Loss before transfers and reimbursements                     | (24,996,055)                 | (28,861,433)                                | 25,906,812              |
| Interfund and Interproject Transactions                      |                              |   |                         |
| Interfund transfers  | -                            | (12,953,434)                                | -                       |
| Payments (to)/from other governments                         | 97,620,279                   | 98,539,888                                  | -                       |
| Distribution from revenue fund                               | -                            | -   | (22,295,056)            |
| Net changes during the year                                  | <u>72,624,224</u>            | <u>56,725,021</u>                           | <u>3,611,756</u>        |
| <b>Net positions, end of year</b>                            | <b>\$ <u>600,839,242</u></b> | <b><u>428,943,127</u></b>                   | <b><u>9,499,559</u></b> |

See accompanying independent auditors' report.

| Operating Fund          | General Fund            | Major Maintenance Fund | Rate Stabilation Fund     | Major Maint. Reserve Fund | Capital Exp Reserve Fund | Debt Service Fund   |
|-------------------------|-------------------------|------------------------|---------------------------|---------------------------|--------------------------|---------------------|
| <u>1,917,007</u>        | <u>-</u>                | <u>331,118</u>         | <u>130,802,576</u>        | <u>13,762,207</u>         | <u>3,296,192</u>         | <u>9</u>            |
| -                       | -                       | -                      | -                         | -                         | -                        | -                   |
| -                       | 1,578                   | -                      | -                         | -                         | -                        | -                   |
| -                       | -                       | -                      | -                         | -                         | -                        | -                   |
| -                       | <u>1,578</u>            | -                      | -                         | -                         | -                        | -                   |
| (3,409,128)             | -                       | -                      | -                         | -                         | -                        | -                   |
| (5,519,096)             | -                       | -                      | -                         | -                         | -                        | -                   |
| <u>(8,928,224)</u>      | -                       | -                      | -                         | -                         | -                        | -                   |
| -                       | -                       | (221,883)              | -                         | -                         | -                        | -                   |
| <u>(8,928,224)</u>      | -                       | <u>(221,883)</u>       | -                         | -                         | -                        | -                   |
| <u>(8,928,224)</u>      | <u>1,578</u>            | <u>(221,883)</u>       | -                         | -                         | -                        | -                   |
| 1,488                   | -                       | 358                    | 922,720                   | 10,307                    | 3,759                    | 54                  |
| -                       | -                       | -                      | (878,157)                 | -                         | -                        | -                   |
| -                       | -                       | -                      | -                         | -                         | -                        | -                   |
| -                       | -                       | -                      | -                         | -                         | -                        | -                   |
| -                       | -                       | -                      | -                         | -                         | -                        | (12,953,434)        |
| -                       | -                       | -                      | -                         | -                         | -                        | -                   |
| -                       | -                       | -                      | -                         | -                         | -                        | -                   |
| <u>1,488</u>            | <u>-</u>                | <u>358</u>             | <u>44,563</u>             | <u>10,307</u>             | <u>3,759</u>             | <u>(12,953,380)</u> |
| <u>(8,926,736)</u>      | <u>1,578</u>            | <u>(221,525)</u>       | <u>44,563</u>             | <u>10,307</u>             | <u>3,759</u>             | <u>(12,953,380)</u> |
| (1,441,514)             | 1,441,514               | -                      | -                         | -                         | -                        | 12,953,434          |
| (919,609)               | -                       | -                      | -                         | -                         | -                        | -                   |
| <u>9,067,161</u>        | <u>6,076,682</u>        | <u>46,390</u>          | <u>-</u>                  | <u>(10,949)</u>           | <u>7,115,772</u>         | <u>-</u>            |
| <u>(2,220,698)</u>      | <u>7,519,774</u>        | <u>(175,135)</u>       | <u>44,563</u>             | <u>(642)</u>              | <u>7,119,531</u>         | <u>54</u>           |
| <u><b>(303,691)</b></u> | <u><b>7,519,774</b></u> | <u><b>155,983</b></u>  | <u><b>130,847,139</b></u> | <u><b>13,761,565</b></u>  | <u><b>10,415,723</b></u> | <u><b>63</b></u>    |

**SPECIAL PROJECTS SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
Schedule of Toll Revenue and Traffic Analysis  
August 31, 2013  
**(Unaudited)**

**Schedule 4**

|   |  |                      |
|---|--|----------------------|
| Toll Revenue:                                       |  |                      |
| AVI   |  | \$ 18,242,809        |
| ZipCash   |  | 6,186,331 (*)        |
| Total   |  | <u>\$ 24,429,140</u> |
|   |  |                      |
| Vehicle Transactions (unaudited):                   |  |                      |
| Two-axle vehicles transactions                      |  | 32,721,674           |
| Multi-axle vehicle transactions                     |  | 1,517,163            |
| Nonrevenue vehicle transactions                     |  | 194,179              |
|   |  | <u>34,433,016</u>    |
|   |  |                      |
| Toll Revenue - average per day:                     |  |                      |
| AVI   |  | 49,980               |
| ZipCash   |  | 16,949               |
| Average   |  | <u>\$ 66,929</u>     |
|   |  |                      |
| Vehicle transactions – average per day (unaudited): |  |                      |
| Two-axle vehicle transactions                       |  | 89,648               |
| Multi-axle vehicle transactions                     |  | 4,157                |
| Nonrevenue vehicle transactions                     |  | 532                  |
| Average   |  | <u>94,337</u>        |

(\*) net of bad debt expense of \$ 2,160,312

See accompanying independent auditors' report.

**SPECIAL PROJECTS SYSTEM**  
 (An Enterprise Fund of the North Texas Tollway Authority)  
 Schedule of Toll Rates  
 August 31, 2013  
 (Unaudited)

|  | Two- axle passenger cars and trucks |         | Three - axle vehicles and vehicle combinations |         | Four - axle vehicles and vehicle combinations |         | Five - Axle vehicles and vehicle combinations |         | Six or more - axle vehicles and special permits |         |
|--|-------------------------------------|---------|--|---------|---|---------|---|---------|---|---------|
|  | TollTag                             | ZipCash | TollTag  | ZipCash | TollTag                                       | ZipCash | TollTag                                       | ZipCash | TollTag   | ZipCash |
| PGBT WE                                |                                     |         |  |         |   |         |   |         |   |         |
| Conflans Road (CONRD)                  | 0.25                                | 0.48    | 0.50   | 0.96    | 0.75  | 1.44    | 1.00  | 1.92    | 1.25  | 2.40    |
| Shady Grove Road (SHGRD)               | 0.42                                | 0.65    | 0.84   | 1.30    | 1.26  | 1.95    | 1.68  | 2.60    | 2.10  | 3.25    |
| Lower Tarrant Road - North (NLTRD)     | 0.43                                | 0.66    | 0.86   | 1.32    | 1.29  | 1.98    | 1.72  | 2.64    | 2.15  | 3.30    |
| Lower Tarrant Main Lane Gantry (MLG11) | 0.94                                | 1.41    | 1.88   | 2.82    | 2.82  | 4.23    | 3.76  | 5.64    | 4.70  | 7.05    |
| Lower Tarrant Road - South (SLTRD)     | 0.25                                | 0.48    | 0.50   | 0.96    | 0.75  | 1.44    | 1.00  | 1.92    | 1.25  | 2.40    |
| Dalworth Street (DALST)                | 0.25                                | 0.48    | 0.50   | 0.96    | 0.75  | 1.44    | 1.00  | 1.92    | 1.25  | 2.40    |
| Marshall Drive (MARDR)                 | 0.47                                | 0.71    | 0.94   | 1.42    | 1.41  | 2.13    | 1.88  | 2.84    | 2.35  | 3.55    |
| Pioneer Parkway (PIOPY)                | 0.60                                | 0.90    | 1.20   | 1.80    | 1.80  | 2.70    | 2.40  | 3.60    | 3.00  | 4.50    |
| Arkansas Mainlane Gantry (MLG12)       | 0.99                                | 1.49    | 1.98   | 2.98    | 2.97  | 4.47    | 3.96  | 5.96    | 4.95  | 7.45    |
| Arkansas Lane (ARKLN)                  | 0.35                                | 0.58    | 0.70   | 1.16    | 1.05  | 1.74    | 1.40  | 2.32    | 1.75  | 2.90    |
| Mayfield Road (MAYRD)                  | 0.25                                | 0.48    | 0.50   | 0.96    | 0.75  | 1.44    | 1.00  | 1.92    | 1.25  | 2.40    |

Footnote: The Authority has converted all the facilities in the system to All Electronic Toll Collection (All ETC). All customers will either have a TollTag or they will be billed according to business rules currently in place. Cash will not be accepted.

The Authority had a toll rate increase effective July 1, 2013 of 0.8 cents per mile.

The new 11.5 mile in Grand Praire expands the PGBT to nearly 52 miles. Open to traffic in October 2012, it now provides a link that extends the existing PGBT from south of SH 183 south to I-20.

See accompanying independent auditors' report.

**SPECIAL PROJECTS SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
Schedule of Historical Traffic, Toll Revenues and Net Revenues  
August 31, 2013  
**(Unaudited)**

Schedule 6

Historical Traffic and Toll Revenue

The table below sets forth the annual revenue vehicle transactions and gross toll revenue with respect to the Special Projects System for three calendar years 2011 through 2013:

| Year | Annual<br>revenue<br>vehicle<br>transactions<br>(unaudited) | Annual toll<br>revenue |
|------|---|------------------------|
| 2011 | 11,409,801  | \$ 10,488,973          |
| 2012 | 12,602,102  | 6,466,245 (*)          |
| 2013 | 34,238,837  | 24,429,140 (**)        |

- (1) On January 25, 2008, the NTTA and TxDOT entered into a Memorandum of Understanding (MOU) regarding the terms and conditions and market valuation for State Highway 161 pursuant to which TxDOT and the NTTA memorialized their agreement on the terms and conditions for the development, construction and operation of the SH 161 project.
- (2) On April 20, 2008, the NTTA Board of Directors approved an agreement regarding a negotiated value (Negotiated Value Agreement) for State Highway 161 with TxDOT, pursuant to which TxDOT and the NTTA (i) waived the requirements under Section 228.0111 (f-1) of the Texas Transportation Code (Code) to develop a market valuation for the SH 161 project, (ii) agreed to develop the SH 161 project in accordance with the MOU, except as modified by the Negotiated Value Agreement, and (iii) established an agreed negotiated value for the SH 161 project, including an upfront payment to TxDOT in the amount of \$458 million.
- (3) On October 15, 2008, the NTTA Board adopted a resolution (i) accepting a final term sheet (Term Sheet) for TxDOT's Toll Equity Loan for the SH 161 project, NTTA Project Delivery, and disposition of Southwest Parkway and Chisholm Trail, (ii) exercising its first option under Section 228.0111 (g) of the Code to deliver the SH 161 project pursuant to the Negotiated Value Agreement, as modified by the Term Sheet, and (iii) authorizing the Executive Director to negotiate the SH 161 Project Agreement with TxDOT.

Historical Net Revenues

Special Projects System for three calendar years 2011 through 2013:

| Year | Toll revenue  | Current<br>expenses | Investment and<br>other earnings | Net revenues | Coverage |
|------|---------------|---------------------|----------------------------------|--------------|----------|
| 2011 | \$ 10,488,973 | \$ 4,776,850        | \$ 1,174,558                     | \$ 6,886,681 | N/A      |
| 2012 | 6,466,245     | 5,533,461           | 1,240,403                        | 2,173,187    | N/A      |
| 2013 | 24,429,140    | 8,889,765           | 1,675,771                        | 17,215,146   | N/A      |

(\*) net of bad debt expense of \$1,550,250

(\*\*) net of bad debt expense of \$2,160,312

See accompanying independent auditors' report.

**SPECIAL PROJECTS SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
Schedule of Capitalized Costs by Project  
August 31, 2013  
**(Unaudited)**

Schedule 7

|                                | <b>President George Bush</b> |                                   | <b>Cumulative Total</b>            |
|--------------------------------|------------------------------|-----------------------------------|------------------------------------|
|                                | <b>Western<br/>Extension</b> | <b>Chisholm Trial<br/>Parkway</b> | <b>Through<br/>August 31, 2013</b> |
| Right of Way                   | \$ 69,934                    | 48,275,414                        | 48,345,348                         |
| Engineering                    | 11,143,574                   | 20,783,410                        | 31,926,984                         |
| Administration                 | 868,288                      | 10,783                            | 879,071                            |
| Roadway/Highway/Bridges        | 959,860,641                  | -                                 | 959,860,641                        |
| Construction in Progress       | -                            | 630,500,142                       | 630,500,142                        |
| Subtotal                       | 971,942,437                  | 699,569,749                       | 1,671,512,186                      |
| Financing costs                | 74,718,550                   | 54,827,263                        | 129,545,813                        |
| <b>Total capitalized costs</b> | <b>\$ 1,046,660,987</b>      | <b>754,397,012</b>                | <b>1,801,057,999</b>               |

See accompanying independent auditors' report.







5900 West Plano Parkway  
Plano, Texas 75093

P.O. Box 260729  
Plano, Texas 75026

214-461-2000

[www.NTTA.org](http://www.NTTA.org)