



TEXAS DEPARTMENT OF TRANSPORTATION

Popular Annual Financial Report
For the Fiscal Year Ended August 31, 2021





Connecting
You with **TEXAS**

We are pleased to submit the Popular Annual Financial Report (PAFR) of the Texas Department of Transportation (TxDOT) for the fiscal year ended Aug. 31, 2021. This PAFR is a representation of the Texas Annual Comprehensive Financial Report (ACFR) for the 2021 fiscal year.

The PAFR contains information that has been carefully drafted to include most important information in an easy-to-understand manner. The goal of the PAFR is to keep both the residents and stakeholders of the state updated on the financial activities of the department.

The financial summary analyzed in this report was taken from the audited Annual Comprehensive Financial Report of the Texas Department of Transportation. The ACFR was prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), and independently audited by Crowe LLP. This summary report, however, remains unaudited. Both documents are available on TxDOT’s webpage at <https://www.txdot.gov/government/reports/finance.html>.



Marc D. Williams, P.E.
Executive Director



Stephen R. Stewart, CPA
Chief Financial Officer

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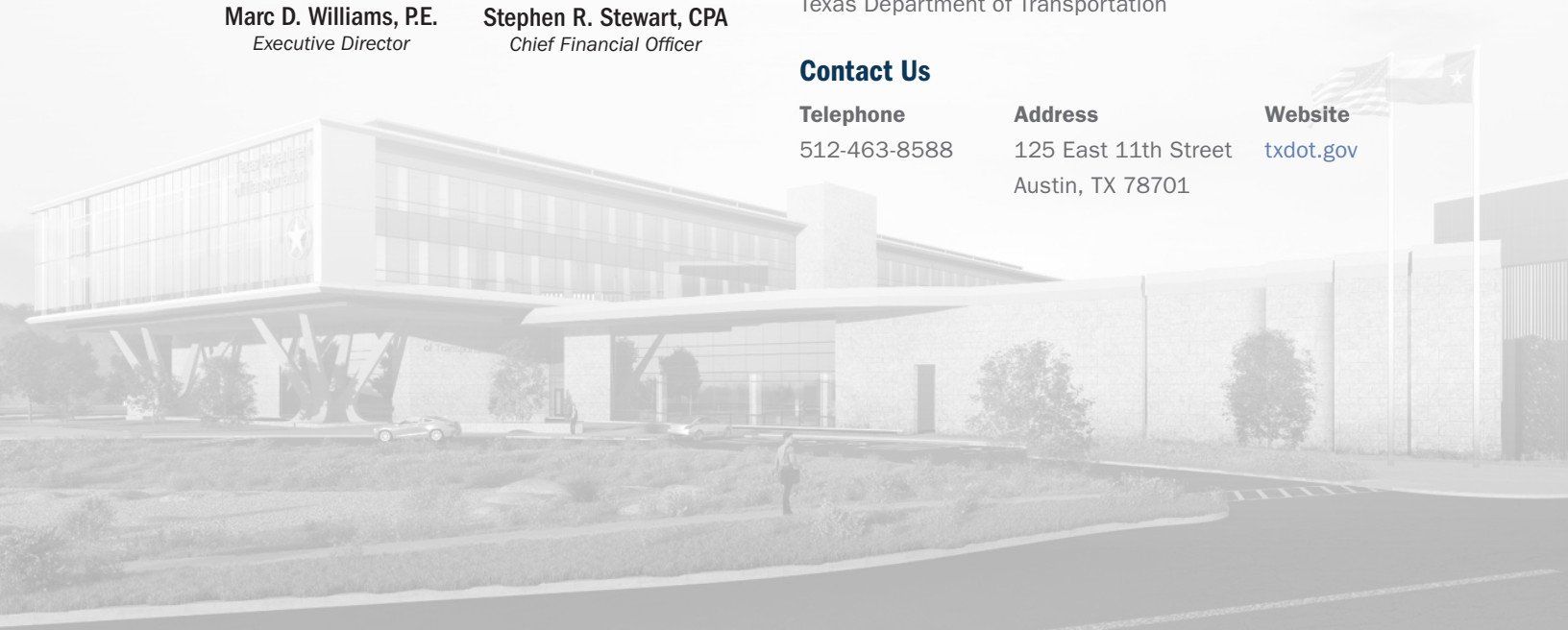
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Prepared by

Financial Management Division of the Texas Department of Transportation

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TxDOT Overview

Texas Department of Transportation

As an agency of the state of Texas, and headquartered in Austin, TxDOT operates under the direction of an executive director and is governed by the five-member Texas Transportation Commission.

TxDOT has the statutory responsibility to coordinate, plan, develop, and manage the operation of the state's highway system, as well as manage grant funding for public transit, aviation, maritime operations, traffic safety, and other services.

TxDOT's activities cover 25 districts throughout the state; Abilene, Amarillo, Atlanta, Austin, Beaumont, Brownwood, Bryan, Childress, Corpus Christi, Dallas, El Paso, Fort Worth, Houston, Laredo, Lubbock, Lufkin, Odessa, Paris, Pharr, San Angelo, San Antonio, Tyler, Waco, Wichita Falls, and Yoakum.

VALUES

People: People are the Department's most important customer, asset, and resource. The well-being, safety, and quality of life for Texans and the traveling public are of the utmost concern to the Department. We focus on relationship building, customer service, and partnerships.

Accountability: We accept responsibility for our actions and promote open communication and transparency at all times.

Trust: We strive to earn and maintain confidence through reliable and ethical decision-making.

Honesty: We conduct ourselves with the highest degree of integrity, respect, and truthfulness.

VISION

A forward-thinking leader delivering mobility, enabling economic opportunity, and enhancing quality of life for all Texans.

MISSION

Connecting You With Texas.

GOALS

Deliver the Right Projects: Implement effective planning and forecasting processes that deliver the right projects on-time and on-budget.

Focus on the Customer: People are at the center of everything we do.

Foster Stewardship: Ensure efficient use of state resources.

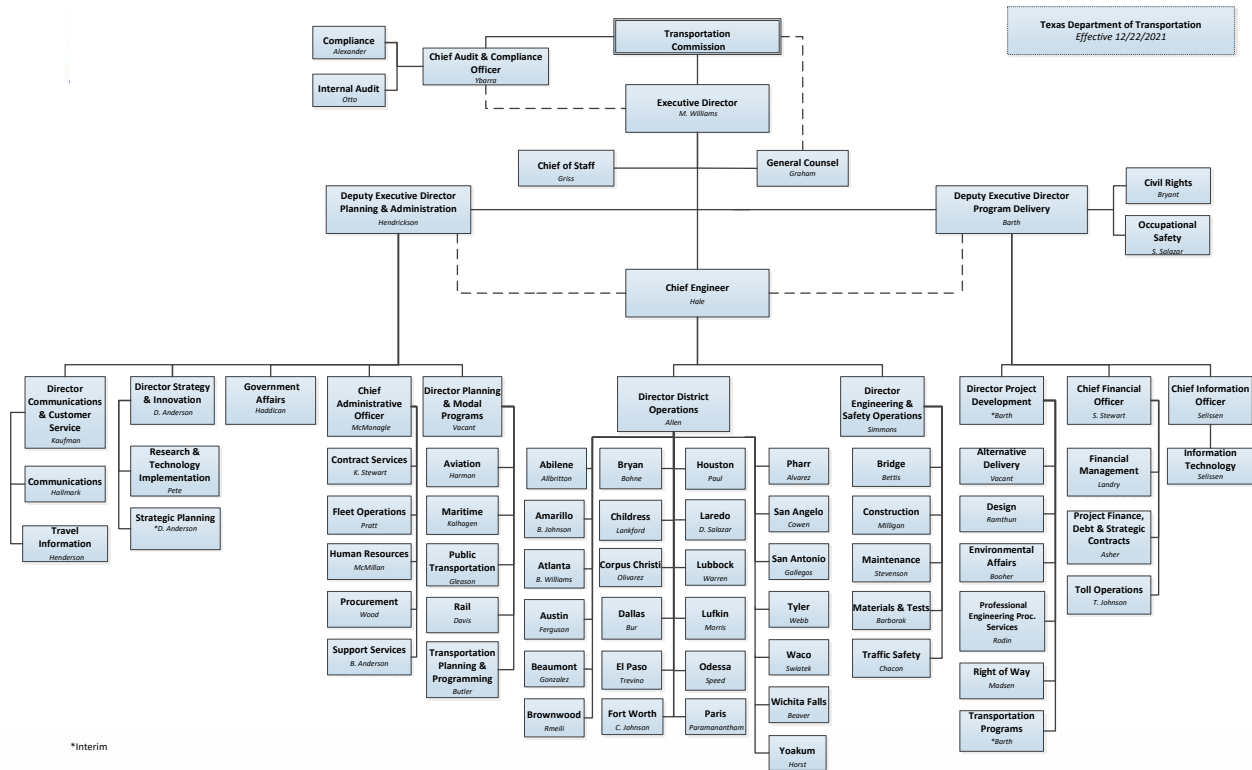
Optimize System Performance: Develop and operate an integrated transportation system that provides reliable and accessible mobility, and enables economic growth.

Preserve our Assets: Deliver preventive maintenance for TxDOT's system and capital assets to protect our investments.

Promote Safety: Champion a culture of safety

Value our Employee: Respect and care for the well-being and development of our employees.

Organizational Structure and Management



The Texas Department of Transportation is governed by the five-member Texas Transportation Commission (TTC), and an Executive Director selected by the commission.

Commission members serve overlapping six-year terms and are appointed by the governor with the advice and consent of the Texas Senate. The commission performs six major duties which include, planning and making policies, overseeing the design of highways, developing statewide transportation plans, awarding contracts, fostering the development of public transportation, and adopting rules for the operation of TxDOT.

The Commission provides statutory oversight for our agency, where the Executive Director and senior administrators oversee TxDOT's day to day operations.



J. Bruce Bugg Jr.
Chairman



Laura Ryan
Commissioner



Alvin New
Commissioner



Robert C. Vaughn
Commissioner

TxDOT at a Glance

Full Time Equivalent (FTE) Positions by Job Function as of Aug 31, 2021

Job Function	FTE
Architecture	36
Civil Rights/Bus Opportunity	22
Engineering/Engr Support	3,972
Environment	163
Exec/Admin/Clerical/Legal	1,022
Finance/Accounting	209
General Servs/Contracts/Purch	535
Human Resources	148
Information Technology	179
Laboratory/Materials	195
Maint/Skilled Craft/Ferry Ops	4,899
Occupational Safety	83
Other	18
Plan/Aviation/Pub Trans/Legis	448
Right of Way	162
Travel/Public Information	166
Grand Total	12,257

Traffic and Toll Revenue - Toll Roads (Last Two Fiscal Years)

	2020	2021
Annual Vehicle Transactions	\$302,596,110	\$329,067,993
Annual Toll Revenue, Net	\$371,837,606	\$346,545,218
Increase/Decrease	(\$48,381,673)	(\$25,292,388)
Toll Revenue Percentage Change	(11.5)%	(6.8)%
Toll Rate per Transaction	1.23	1.05

Schedule of State-Owned Centerline Miles (Last Two Calendar Years)

	2020	2021
Interstate highways	3,459	3,463
U.S.highways	11,852	11,860
State highways	16,404	16,420
Farm or Ranch to Market roads	40,853	40,857
Frontage roads	7,685	7,769
Park roads	352	351
Total Miles	80,606	80,720

Schedule of Rated Lane Miles Conditions (Last Two Fiscal Years)

	2020	2021
Total Lane Miles	198,700	201,225
Rated Lane Miles	197,188	200,030
Good or Better Lane Miles	175,094	178,643
% Good or Better Lane Miles	88.8%	89.3%
% Change from Prior Year	1.9 %	2.0%

TxDOT Construction Projects in Progress (and/or Starting Soon)

District	Projects	Estimated Cost
Abilene	286	\$316,172,642
Amarillo	248	\$722,483,012
Atlanta	433	\$401,449,667
Austin	316	\$2,579,104,060
Beaumont	295	\$1,500,893,971
Brownwood	248	\$214,082,646
Bryan	450	\$846,593,733
Childress	80	\$97,370,475
Corpus Christi	281	\$1,698,779,826
Dallas	494	\$4,464,701,708
El Paso	245	\$1,271,306,341
Fort Worth	322	\$1,542,866,050
Houston	434	\$5,552,966,838
Laredo	139	\$506,378,674
Lubbock	232	\$468,623,631
Lufkin	256	\$549,913,394
Odessa	179	\$935,143,221
Paris	403	\$512,424,830
Pharr	318	\$1,038,601,891
San Angelo	196	\$310,289,853
San Antonio	415	\$4,070,539,776
Tyler	299	\$389,926,096
Waco	232	\$854,553,455
Wichita Falls	249	\$462,650,011
Yoakum	440	\$1,279,936,638
Totals	7,490	\$32,587,752,439

2021 Major Initiatives: Texas Clear Lanes

The Texas Clear Lanes is a statewide strategic plan to provide congestion relief through non-tolled roads and is focused on five major metropolitan areas: Austin, Dallas, Fort Worth, Houston, and San Antonio. Representing over 65 percent of the state’s population, these areas are also home to 92 of the “Top 100” most congested roadway segments in the state.

Here are some major fiscal 2021 Texas Clear Lane Program successes:



TxDOT broke ground on the Oak Hill Parkway in the Austin District. The design added frontage roads, flyovers, and paths for bicyclists and pedestrians.



IH 635/SH 121 Interchange Project in the Fort Worth District was completed six months ahead of schedule. Providing immediate traffic relief by adding new lanes, widening bridges, and adding direct connectors for FM 2499 and SH 26.



Phase I of the IH 35E Clear Lanes Project between IH 30 and Oak Lawn Avenue in Dallas, was completed in 2021. This added new collector-distributor lanes next to IH 35E to maintain traffic flow on the mainland.

2021 Major Initiatives: Operational Highlights

Road to Zero

The Texas Transportation Commission has set a goal of zero crash fatalities by 2050, with a starting goal of cutting fatalities in half by 2035.

With an additional allocation of \$300 million toward roadway safety improvements in 2021. TxDOT will continue investing in the best engineering practices to make roads safer, address safety education, and assist in the enforcement and safety awareness programs.

Amid Global Pandemic, Other Challenges, TxDOT Continues to Execute on Projects Statewide.

Despite the global pandemic in 2021, TxDOT has continued with its momentum, and currently has \$24 billion worth of projects under construction statewide.

The Commission also awarded an extra \$600 million toward safety improvements in addition to the safety components and dollars already committed to every project.

Facilities Master Plan

Within the fiscal year of 2021, TxDOT started the 4th year of its 10-year Facilities Master Plan.

TxDOT completed 72 statewide security upgrades and went to contract on 24 additional security projects at its buildings around the state. It completed 12 capital repair projects and scheduled 10 more for large building renovations.

TxDOT finished building new area engineer and maintenance offices in Rockport and Kaufman. It has designed and contracted 14 more buildings throughout the state.

Service Concession Arrangements

As of Aug. 31, 2021, TxDOT has entered into ten agreements that are classified as service concession arrangements (SCA) under the definition established by

the Governmental Accounting Standards Board. An SCA is an arrangement between TxDOT and an operator with the following benefits:

- Improve mobility by expanding existing road capacity and introducing managed toll lanes, traditional toll lanes and other strategies aimed at reducing traffic congestion.
- Enable TxDOT to deliver these projects faster than would be possible using traditional funding sources.
- Shift the majority of the financial risk to the operator.

TxDOT may enter into SCAs with both public and private operators. At the end of these arrangements, operations and maintenance of the projects will transfer to TxDOT. The state of Texas retains ownership rights and title to all assets associated with an SCA. The following table summarizes the status, term and duration of each currently active SCA as of Aug. 31, 2021.

Service Concession Arrangements as of August 31, 2021

Arrangement Name	Construction Status	Term of Concession	Concession Begin	Concession End
IH 10 "Katy Managed Lanes"	Complete	46 years	2010	2055*
SH 130 Segments 5 and 6	Complete	50 years	2012	2062
SH 121 Concession	Complete	50 years	2009	2059
North Tarrant Exp Seg 1 and 2-West	Complete	52 years	2009	2061
North Tarrant Exp Seg 3A and 3B	Complete	52 years	2009	2061
LBJ/IH-635 Managed Lanes	Complete	52 years	2009	2061
Grand Parkway Seg D, E, F1, F2, G	Complete	40 years	2013	2053*
Grand Parkway Seg H - I	Under Construction	36 years	2018	2053*
SH 288	Complete	52 years	2016	2068
North Tarrant Exp Seg 3C	Under Construction	42 years	2019	2061

* Estimated. Concession period extends until Harris County/GPTC is fully reimbursed for costs of construction and debt service.

Transit Funding

With help from federal COVID-19 relief funding, the Texas Transportation Commission approved \$89 million in transit funding at its June 2021 meeting. It was the largest amount of funding at one time for transit agencies across the state. This funding supports equitable, reliable transit services that are an essential part of life for many people across Texas.

These funds support rural and urban transit services in over 96 percent of the state's land area, serving 41 percent of the state's population.

- State funds: \$35 million
- Federal funds: \$54 million

These funds also included over \$7 million for selected public transportation projects that address the needs of seniors and individuals with disabilities. There were 39 projects across the state selected in a competitive process to receive funding, including:

- Valley Metro in the Lower Rio Grande Valley
- Spartan Public Transportation in the Levelland area
- South East Texas Regional Planning Commission in the Beaumont area

2021 Major Initiatives: Finance and Technology

ITD Initiatives

Here are a handful of accomplishments the Information Technology Division has realized in fiscal 2021.



TxDOTCONNECT

TxDOTCONNECT is a custom-built, web-based application to automate the delivery of the agency's transportation programs by modernizing and standardizing systems that support portfolio/program management, project management, letting management, and Right of Way. The application will replace up to 40 legacy systems which will reduce the number of systems, manual processes, and system maintenance costs. TxDOT launched the system in early 2019. Since that initial release, TxDOT has achieved tremendous success by deploying three additional releases in the fiscal year 2021.



TxDOT Cyber Security Operations Center

TxDOT has established a 24/7 Cyber Security Operations Center that provides security monitoring and incident handling for all TxDOT network environments. On average this has led to the team detecting and responding to over 30 million potential attacks against TxDOT monthly.

Bandwidth Upgrade

All District Office locations have been upgraded to at least 1G bandwidth speeds. There are 72 percent of offices identified in Sweep 1 that have been upgraded as well. Many Maintenance Offices have been upgraded to 40M which is four to eight times the bandwidth their site once had. Quality of Service and Class of Service updates have also been enabled to prioritize voice and data traffic.

TxDOT Geospatial Portal

- Emergency Response Application delivers TxDOT vehicle locations, weather, and road conditions to emergency operations staff for a better response during weather events.
- Bridge Incident suite is used by bridge inspectors to collect details in the event of any accidents or damages to bridges.
- Guardrail Inspection suite is used by maintenance crews to inventory guardrails throughout the state, and record/fix any deficiencies.
- The nighttime Inspection suite allows crews to collect roadway assets that may have lost reflectivity and mark them for repair.
- Project Punchlist is used by construction inspection teams to report any deficiencies in closing projects.

TxDOT Tollway Back Office Project

On November 17, 2020, TxDOT began transition activities from Conduent's Vector Back Office System to the new TxDOT Back Office System. This transition has required interruptions to customer service activities including delayed reconciliation of electronic toll collections (ETC) transactions through the new TxDOT Back Office System, statement processing, pay by mail (PBM) billing and escalations of past due transactions. All delays in the reconciliation of ETC transactions attributable to the transition have been substantially resolved. Though TxDOT terminated its remaining contract with IBM in August 2021, effective November 29, 2021, overall system improvements have been realized in Fiscal Year 2022, as TxDOT continues to work with new contracted technology service providers to optimize results of the back office system.

Financial Management Initiatives

Below is a summary of the major technology enhancements the Financial Management Division has invested in during fiscal 2021.

E-invoicing



E-INVOICING

FIN is implementing an e-Invoicing solution to scan and capture invoicing information into PeopleSoft using automation and minimizing manual effort. The solution streamlines the invoice lifecycle, saving time and money. The e-Invoicing solution will provide better visibility into account payables and AP workflow, improve processing by using automation rather than the manual steps to ingest, match receipts and process invoices for payment. In addition, the solution will reduce payment delays, processing time and penalty interest payments.

My Wallet



MY WALLET

The Financial Management Division (FIN) has implemented a new payment card solution, known as My Wallet in PeopleSoft. This system replaces the previous web application, the Payment Card System (PCS), and will be used by cardholders to submit payment card transaction documentation to FIN for payment. This new solution was implemented on January 14, 2022. My Wallet is a significant improvement from PCS, as it is part of the familiar PeopleSoft system and helps to consolidate financial transactions into our financial

system, PeopleSoft. Coding validation, auto-population of data, more robust reporting, system interfaces and mobile accessibility are a few of the improvements.

Claims Automated Recovery System (CARS)



CARS

The Financial Management Division (FIN) is implementing a damage claim solution, known as the Claims Automated Recovery System (CARS), to identify, document, and track damage to department property throughout the collection process. The solution will allow the automated (e.g. from Crash Records Information System) or manual collection of incident information statewide in one system and reduce or eliminate many manual processes currently performed.

FIN Forecasting

The Financial Management Division is in the process of procuring a more capable, modernized, cloud-based cash forecasting solution with on-going support to replace a proprietary system of more limited functionality and at the end of its life cycle. The new system will replace a mixture of application-based and Excel-based forecasting, allow for the development of multiple scenarios, enhance reporting capabilities, automate manual processes, integrate with data sources, eliminate the need for a legacy mainframe process, and have more scalability. Procurement, development, and implementation are taking place during fiscal year 2022.

2021 Awards

2021 Transportation Short Course

The 2021 Transportation Short Course was the 95th such meeting in the Texas Department of Transportation's history. Both TxDOT and the Texas A&M Transportation Institute (TTI) are proud of this long-standing record of collaboration and cooperation. Over the years, the Short Course has provided a unique

opportunity to exchange important technical information that improves transportation in Texas.

Big 5 Awards

TxDOT recognized outstanding achievements with the Big 5 Awards during the opening session of the 95th Annual Transportation Short Course.

The Raymond E. Stotzer Jr. Award Rhonda Branecky, Statewide Programs Director, Support Services Division

Russell H. Perry Award

Dr. C. Michael Walton, Professor Emeritus of Civil Engineering, University of Texas at Austin

The Dewitt C. Greer Award

John Hudspeth, Director of Transportation Planning and Development, Dallas District

Gibb Gilchrist Award

Mike Arellano, Deputy District Engineer, Austin District

Luther DeBerry Award

Ugonna Ughanze, Director of Transportation Operations, Houston District

Extra Mile Awards

The Extra Mile Awards are presented to TxDOT workers who have helped save a life or prevented a situation from becoming life-threatening, either while performing their TxDOT duties or on their own time.

Randal Reid - Facilities Coordinator, Abilene District

Tyler Scott and Derek Wolf - General Transportation Technicians, Austin District

Professional Financial Awards

The Government Finance Officers Association (GFOA) has awarded TxDOT with the Certificate of Achievement for Excellence in Financial Reporting each year, since 2019, for its Annual Comprehensive Financial Report (ACFR). In addition, TxDOT has prepared, for the first time, this Popular Annual Financial Report (PAFR), the highest standard for the preparation and issuance of state and local government popular reports and will submit this document to GFOA for consideration of the Outstanding Achievement in Popular Annual Financial Reporting award.



Economic Condition

Due to the pandemic, economic realities in fiscal 2021 presented government entities, including state transportation departments, with challenges. The National and Texas' economy was interrupted in the spring of 2020 because of a global pandemic, and this resulted in many citizens that were not serving in critical functions being asked to shelter in place.

The economy rebounded some in fiscal 2021, leading to consumers being more optimistic about the economy than they were in the year 2020. However, consumers remain cautious. The unemployment rate in Texas has decreased from 7.7 percent to 5.6 percent. The median annual household income increased from \$74,500 in the year 2020 to \$75,100 in 2021.

Population (Thousands)

	2020	2021
Texas	29,395	29,678
Percent Changes	1.2%	1.0%
U.S.	331,546	332,002
Percent Changes	0.3%	0.1%

Total Personal Income (Millions)

	2020	2021
Texas	1,610,182	1,708,727
Percent Changes	5.1%	6.1%
U.S.	19,727,922	21,029,522
Percent Changes	6.3%	6.6%

Per Capita Income

	2020	2021
Texas	54,777	57,576
Percent Changes	3.9%	5.1%
U.S.	59,503	63,342
Percent Changes	6.0%	6.5%

Nonfarm Employment (Thousands)

	2020	2021
Texas	12,267	12,632
Percent Changes	(4.3%)	3.0%
U.S.	142,252	146,372
Percent Changes	(5.7%)	2.9%

Unemployment Percentage Rate

	2020	2021
Texas	7.7%	5.6%
U.S.	8.1%	5.4%

Employment by Industry

	2020	2021
Goods-Producing		
Natural Resources and Mining	192	186
Construction	736	729
Manufacturing		
Durables	552	543
Nondurables	317	322
Total, Good-Producing	1,797	1,780
Service-Providing		
Trade, Transportation, and Utilities		
Wholesale Trade	590	601
Retail Trade	1,279	1,320
Transportation and Warehousing	549	585
Utilities	52	51
Information	198	205
Financial Activities		
Finance and Insurance	585	589
Real Estate and Rental and Leasing	219	225
Professional and Business Services		
Professional, Scientific and Technical	833	866
Management, Administrative and Support	927	986
Educational and Health Services		
Educational Services, Private	208	218
Health Care and Social Assistance	1,489	1,510
Leisure and Hospitality	1,178	1,312
Other Services	398	417
Government		
Federal Civilian	215	211
State and Local	1,750	1,756
Total, Service-Providing	10,470	10,852
Total Nonfarm Employment	12,267	12,632

Funding Sources

The State Highway Fund, commonly referred to as Fund 6, is TxDOT’s primary funding source. This fund receives state revenues in the form of taxes and fees. The state constitution dedicates most of these state taxes and fees to fund the acquisition of right-of-way, construction, and maintenance of public roadways. State motor vehicle fuels tax revenue and vehicle registration fees make up the greatest share of traditional, constitutionally dedicated State Highway Fund dollars. TxDOT funds its rail projects, public transportation, aviation services, and gulf waterway improvements with non-constitutionally dedicated revenues and federal funds.

Traditional Funding

- State Motor Vehicle Fuels Tax - 20 cents per gallon total, 25 percent (5 cents) goes to Available School Fund.
- Federal funding - Federal funds account for approximately one-third of the revenue deposited into the State Highway Fund. The state General Appropriations Act (GAA) includes federal funds in TxDOT’s budget as estimated reimbursements for payments on projects that meet certain federal requirements.
- Vehicle Registration Fees.

- Other, smaller revenue amounts such as lubricant sales taxes, permit fees for special vehicles, and interest on certain funds.
- Local project participation funds.

Non-traditional Funding

- Proposition 1: A portion of existing oil and natural gas production taxes is divided evenly between the Economic Stabilization Fund and the State Highway Fund. This fund may only be used for constructing, maintaining, and acquiring rights-of-way for public roadways other than toll roads.
- Proposition 7: A portion of the revenue from the state sales and use tax, and motor vehicle sales and rental tax is dedicated to the State Highway Fund. These funds may be used for the construction, maintenance, and acquisition of right-of-way for public roadways other than toll roads.
- Regional toll revenue and revenue from Comprehensive Development Arrangements.
- State Infrastructure Bank loan repayments and interest - Texas’ State Infrastructure Bank (SIB) is a revolving fund that allows local government entities to borrow money for the costs of certain transportation projects at favorable terms.
- Revenues that are dedicated by the Texas Constitution to fund public roadway projects.

Statutorily Authorized Uses of Funding Streams

FUNDING SOURCE	PROJECT TYPE							
	Highways (Non – Tolloed)	Highways (Tolloed)	Rail (Passenger)	Rail (Freight)	Transit (Public)	Aviation (Public)	Ports (Outside Gates)	Ports (Inside Gates)
Proposition 1 Funds	✓							
Proposition 7 Funds	✓							
State Highway Fund (Dedicated) ¹	✓	✓						
Texas Mobility Fund ²	✓		✓		✓	✓	✓	
State Highway Fund (Non-Dedicated) ³	✓	✓	✓	✓	✓	✓	✓	
General Revenue ⁴	✓	✓	✓	✓	✓	✓	✓	✓

¹ Non-constitutionally dedicated State Highway Fund revenues are fully committed and unavailable for new purposes without impacting the current uses noted above.

Infrastructure Investment and Jobs Act (IIJA)

The \$1.2 trillion Infrastructure Investment and Jobs Act was signed into law by President Biden on Nov. 15, 2021 as Public Law 117-58 to improve the country's roads, bridges, pipes, ports, and broadband internet connections. Based on formula funding, the entire state of Texas expects to receive \$35 billion. TxDOT's portion of this funding is approximately \$28.5 billion. The IIJA will provide TxDOT with federal funding over the next five years.

Designates I-14 from Texas to Georgia as a High Priority Corridor as Future Interstate

- Per amendment offered by Senator Cruz and Senator Warnock (D-GA).

Two New Funding Categories (Apportionments within the Highway Program)

1. Carbon Reduction Program:

- \$6.42 billion over 5 years distributed via formula for all states (Texas: \$642M over 5 years).
- Requires states to develop a carbon reduction strategy within two years.
- Makes the reduction of transportation emissions an eligible use under all apportioned funding categories to states.

2. Promoting Resilient Operations for Transformative, Efficient, and Cost-saving Transportation (PROTECT) Program:

- \$7.3 billion over 5 years distributed via formula to all states (Texas: \$792M over 5 years).
- Funds apportioned to a state for the PROTECT program must be obligated for resilience improvements, community resilience and evacuation routes, and at-risk coastal infrastructure.
 - Of note, there is also \$1.4 billion over five years for competitive discretionary grants for the PROTECT Program.

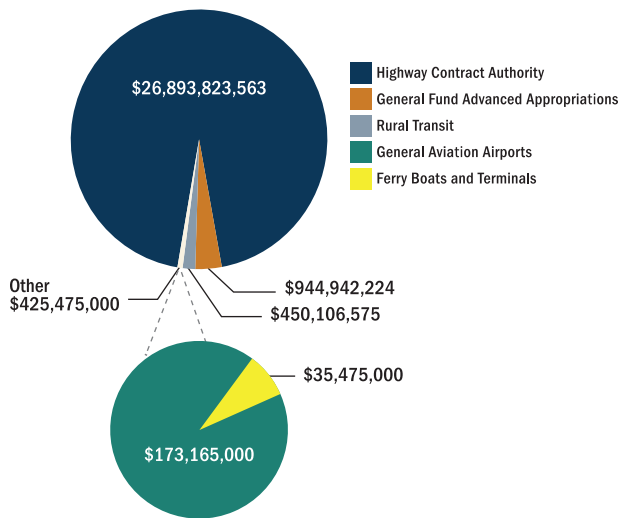
Source: Government Affairs Division, Federal Affairs Section

Estimated Total Funds for Texas Over Five Years (FY22-FY26)

Highway Contract Authority	\$26.893 billion
General Fund Advanced Appropriations	\$945 million*
Rural Transit	\$450 million
General Aviation Airports	\$173 million
Ferry Boats and Terminals	\$35 million
Total	\$28.5 billion
Annual FY Average	\$5.7 billion

* EV Charging Stations: \$407.8 million; Bridge Replacement and Rehabilitation: \$537.2 million

Estimated TxDOT funding through IIJA (FY22-FY26)



Nationwide Supplemental Bridge Funding

\$27.5 billion over 5 years for a bridge replacement, rehabilitation, preservation, protection, and construction program, to be distributed annually in equal amounts.

- Formula distribution for this program is more favorable to Texas than prior formulas.

Largest New Discretionary Grant Programs: Five Year Nationwide Totals

- \$9.235 billion for Bridge Investment Program grants.
- \$7.5 billion for RAISE grants.
- \$5 billion for National Infrastructure Project Assistance (Megaprojects) grants.
 - Allows for single-year or multi-year grant agreements for large surface transportation projects in various modes.

Financial Summary: Management's Discussion and Analysis

TxDOT's Reporting Entity

TxDOT is an agency of the state of Texas and is charged with developing and maintaining a statewide multimodal transportation network and other transportation related duties. The Texas Transportation Commission (the Commission), the governing body of TxDOT, has the authority to commit TxDOT to various legal agreements.

The financial activities of TxDOT, which consist of both governmental and proprietary activities, are reported under the transportation function in the state of Texas Annual Comprehensive Financial Report (ACFR).

The Commission is authorized by Transportation Code Chapter 431 to create Texas transportation corporations to perform functions normally undertaken by TxDOT. As of fiscal 2021, two transportation corporations, the Texas Private Activity Bond Surface Transportation Corporation (TxPABST) and the Grand Parkway Transportation Corporation (GPTC), are reported as blended component units because TxDOT exercises sufficient authority over the assets, operations and management of such entities to warrant their inclusion. Even though Texas transportation corporations are a part of the TxDOT reporting entity, the state is not liable for debts of these corporations, nor entitled to the assets of these corporations.

What is included in TxDOT's Annual Comprehensive Financial Report (ACFR)?

Each year, in addition to this popular version of the annual report, TxDOT produces an Annual Comprehensive Financial Report (ACFR). The ACFR is prepared using a reporting combination of both government-wide financial statements and fund financial statements. These financial statements consist of three major components:

- Government-wide financial statements include the Statement of Net Position and the Statement of Activities which provide a broad, long-term overview of TxDOT's finances.
- Fund financial statements include the balance sheet and statement of revenue, expenditures, and net changes in fund balances. They provide a greater level

of detail of revenues and expenditures and focus on how well TxDOT has performed in the short term in the most significant funds.

- Notes to the basic financial statements.

Financial data contained in this report is presented in conformity with Generally Accepted Accounting Principles (GAAP). TxDOT's government funds use the modified accrual basis of accounting.

What is the Management's Discussion and Analysis (MD&A)?

In the MD&A section of TxDOT annual report, management discusses numerous aspects of the organization, both past and present. Among other details, the MD&A provides an overview of the previous year of operations and how TxDOT fared in that time period. Management also touches on the upcoming year, outlining future goals and approaches to new projects.

Financial Highlights

- TxDOT was awarded a total of \$997.2 million of COVID-19 federal funds within the 2021 fiscal year. This is the cumulation of relief funding received as a result of the Congress' response to the pandemic.
- TxDOT received a total of \$2.5 billion in Proposition 7 funds for state sales and use taxes during fiscal 2021. In July 2021, the department also received \$237.7 million of additional Proposition 7 funds for the state motor vehicle sales and rental tax revenue.
- The largest revenue source earned in 2021 was from taxes with a total of \$7.1 billion. This was followed by operating grants and contributions with \$4.4 billion.
- In fiscal 2021, operating grants and contributions decreased by \$1.5 billion compared to fiscal 2020. The primary reason for the decrease was the application of Implementation Guide 2019-1. After implementation in fiscal 2021, a lower amount of federal revenue was recognized in fiscal 2021 due to eligibility requirements not being met.

Statement of Net Position

The statement of net position presents all of TxDOT's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as the net position.

TxDOT's fiscal year runs from September 1st through August 31st. Over time, increases or decreases in TxDOT's net position may be an indication of whether the financial situation of TxDOT is improving or deteriorating. TxDOT's statement of net position for fiscal years ending August 31, 2020-2021 is shown in the chart below.

Statement of Net Position (Thousands)

	Governmental Activities		Business-type Activities		Total	
	2020	2021	2020	2021	2020	2021
Assets	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Assets Other Than Capital Assets	12,612,479	12,622,515	5,409,569	5,099,660	18,022,048	17,722,175
Capital Assets	119,334,168	127,452,466	3,046,076	3,071,895	122,380,244	130,524,361
Total Assets	131,946,647	140,074,981	8,455,645	8,171,555	140,402,292	148,246,536
Deferred Outflows of Resources	1,418,063	1,592,425	210,152	202,429	1,628,215	1,794,854
Liabilities						
Current Liabilities	3,668,103	3,610,904	293,090	217,251	3,961,193	3,828,155
Non-current Liabilities	19,824,904	20,177,480	8,069,279	8,036,793	27,894,183	28,214,273
Total Liabilities	23,493,007	23,788,384	8,362,369	8,254,044	31,855,376	32,042,428
Deferred Inflows of Resources	12,653,604	12,871,239	27,852	26,460	12,681,456	12,897,699
Net Position						
Net Investment in Capital Assets	92,952,167	102,426,873	718,364	752,563	93,670,531	103,179,436
Restricted	8,298,396	8,642,379	405,876	430,666	8,704,272	9,073,045
Unrestricted	(4,032,464)	(6,061,469)	(848,664)	(1,089,749)	(4,881,128)	(7,151,218)
Total Net Position	97,218,099	105,007,783	275,576	93,480	97,493,675	105,101,263

The change in net position of governmental activities was \$7.9 billion compared to \$7.7 billion in fiscal 2020. \$11.5 billion of operating grants and contributions and taxes contributed to 89.7 percent of total revenues of \$12.8 billion.

As at the end of the 2021 fiscal year TxDOT had \$130.5 billion in net capital assets, an \$8.1 billion, or 6.7 percent increase over fiscal 2020.

TxDOT's overall net position increased 7.8 percent or \$7.6 billion from the prior fiscal year. The three components of net position are:

Net Investment in Capital Assets

The most significant portion of net position (97.5 percent or \$103.2 billion) is invested in capital assets. Capital assets are long-lived in nature and cannot be used to liquidate liabilities. TxDOT's investment in capital assets is reported net of related debt.

Restricted Net Position

This portion of net position (8.6 percent or \$9.1 billion) is restricted, representing funds that are limited to

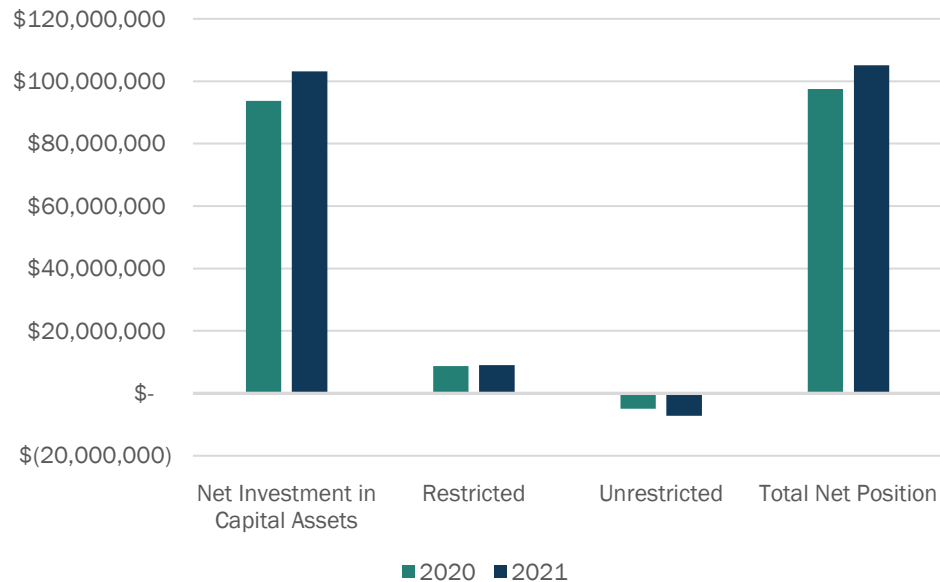
construction activities, payment of debt, or specific programs by law.

Unrestricted Net Position

The remaining portion of net position is unrestricted, representing resources not required to be reported in the other two components of net position. TxDOT had a deficit unrestricted net position balance of \$7.2 billion in fiscal 2021 since the combined balance in the Net Investment in Capital Assets and Restricted components of net position exceeded the total net position.

A two-year representation of TxDOT's net position balances is presented below.

TxDOT Total Net Position (Thousands)



Changes in Net Position

The statement of activities shows how TxDOT's net position changed during the year reported, and shows total revenues earned and expenses incurred. When revenues exceed expenses, TxDOT's net position

increases. If expenses were to exceed revenues, net position would decrease.

In 2021, TxDOT's revenues exceeded expenses by \$7.7 billion.

Changes in Net Position (Thousands)

	Governmental Activities		Business-type Activities		Total	
	2020	2021	2020	2021	2020	2021
Revenue						
Program Revenues:	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Charge for Services	1,141,243	1,126,044	403,001	377,117	1,544,244	1,503,161
Operating Grants and Contributions	5,900,935	4,421,479	46,998	9,364	5,947,933	4,430,843
Capital Grants and Contributions	36,284	55,201	0	0	36,284	55,201
Total Program Revenues	7,078,462	5,602,724	449,999	386,481	7,528,461	5,989,205
General Revenues:						
Appropriations	17,187	457	0	0	17,187	457
Taxes	6,011,483	7,067,231	0	0	6,011,483	7,067,231
Unrestricted Investment Earnings	140,906	86,437	0	0	140,906	86,437
Settlement of Claims	34,147	43,473	0	18	34,147	43,491
Gain on Sale of Capital Assets	18,514	0	0	0	18,514	0
Other General Revenues	(325)	2,240	0	0	(325)	2,240
Total General Revenues	6,221,912	7,199,838	0	18	6,221,912	7,199,856
Total Revenues	13,300,374	12,802,562	449,999	386,499	13,750,373	13,189,061
Expenses						
Transportation	6,980,791	6,463,062	593,048	607,471	7,573,839	7,070,533
Total Expenses	6,980,791	6,463,062	593,048	607,471	7,573,839	7,070,533
Excess (Deficiency) Before Special						
Items and Transfers	6,319,583	6,339,500	(143,049)	(220,972)	6,176,534	6,118,528
Transfers - Internal Activities	(29,457)	(38,876)	0	0	0	0
Transfers - Other State Agencies	1,438,006	1,583,581	29,457	38,876	1,438,006	1,583,581
Change in Net Position	7,728,132	7,884,205	(113,592)	(182,096)	7,614,540	7,702,109
Net Position, Beginning Balance	89,489,967	97,218,099	389,168	275,576	89,879,135	97,493,675
Change in Accounting Principle*	0	(94,521)	0	0	0	(94,521)
Net Position, September 1, 2020, as Restated	89,489,967	97,123,578	389,168	275,576	89,879,135	97,399,154
Net Position, Ending Balance	97,218,099	105,007,783	275,576	93,480	97,493,675	105,101,263

Total business-type revenues decreased by \$63.5 million or 14.1 percent from \$450.0 million in fiscal 2020 to \$386.5 million in fiscal 2021. This was primarily due to a reduction in toll revenues from processing and billing

delays relating to Pay by Mail toll transactions occurring after conversion to TxDOT's new toll back office system in fiscal 2021.

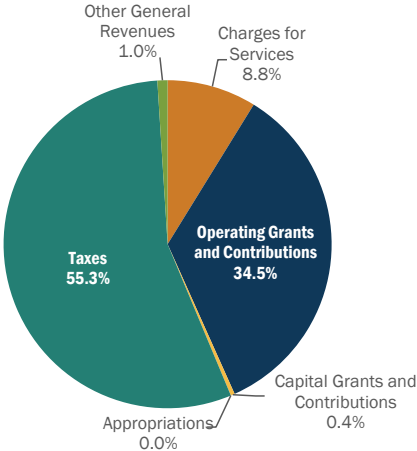
Government-wide Revenue and Expense Summary

Revenues

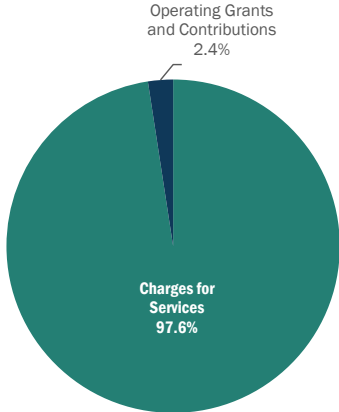
TxDOT earned program revenues of \$6.0 billion and general revenues of \$7.2 billion, for total revenues of \$13.2 billion. In 2021, the largest revenue source in TxDOT’s Governmental Activities was taxes, representing

55.3 percent of all revenue collected. In Business-Type activities, Charges for Services was the largest component of revenue, representing 97.6 percent of all revenues collected. The following charts detail the revenue breakdown by component for both Governmental and Business-Type activities.

Revenues by Source: Governmental Activities For the Fiscal Year Ended August 31, 2021



Revenues by Source: Business-Type Activities For the Fiscal Year Ended August 31, 2021

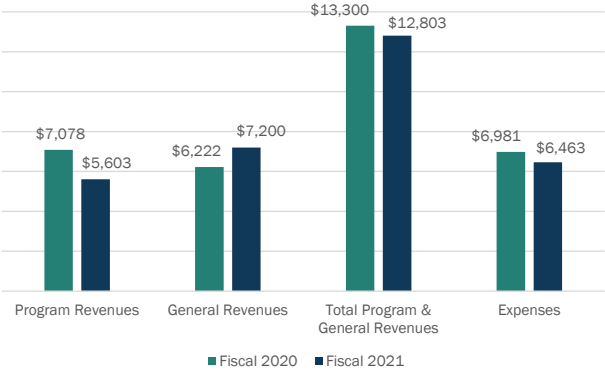


Expenses

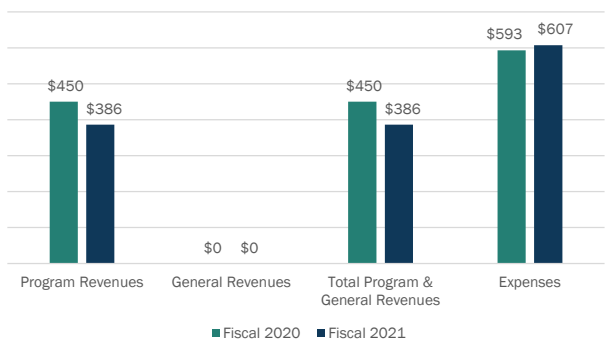
At the government-wide level, all expenses are presented as transportation expenses for a total of \$13.4 billion. The charts that follow present a year over

year comparison of TxDOT’s government-wide revenues and expenses, governmental fund expenditures, and proprietary fund expenses.

Expenses and Revenues: Governmental Activities For the Fiscal Years August 31, 2021 and 2020 (Millions)



Expenses and Revenues: Business Activities For the Fiscal Years August 31, 2021 and 2020 (Millions)

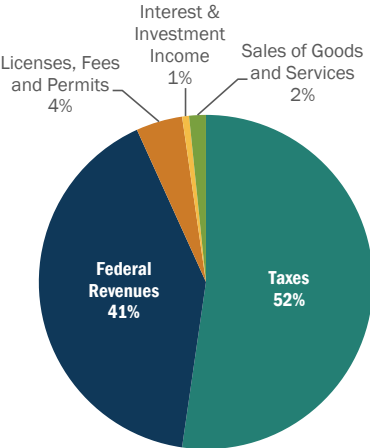


Governmental Fund Highlights

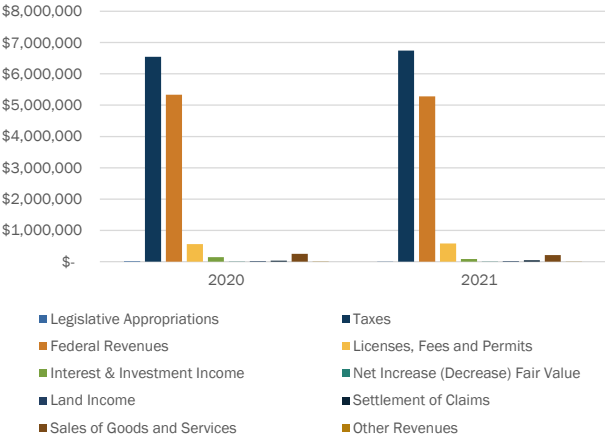
Governmental Funds

The focus of TxDOT’s governmental funds financial statements is to provide information on how money flows into and out of the funds, and amounts remaining at year-end for future spending. TxDOT has two major governmental funds: the State Highway Fund and the Texas Mobility Fund. TxDOT’s governmental funds reported a combined ending fund balance of \$8.8 billion on Aug. 31, 2021, most of which is allocated to restricted capital projects.

Governmental Fund Revenue Percentages

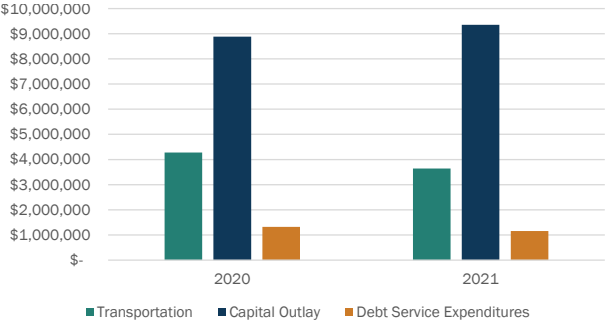


Governmental Fund Revenues by Source (Thousands)



- State Highway Fund - The State Highway Fund is TxDOT’s main operating fund. Overall, the fund balance for the State Highway Fund on Aug. 31, 2021 was \$8.0 billion. Total revenues increased by \$26.7 million, or 0.2 percent, to \$12.2 billion in fiscal 2021. 97.6 percent of the total revenue included \$6.7 billion of taxes and \$5.2 billion of federal revenue. \$9.0 million capital outlay expenditures contributed to 71.2 percent of overall SHF’s expenditures in fiscal 2021. Changes in fund balance was \$575.3 million in fiscal 2021, an increase of \$485.2 million from fiscal 2020. Fund balance increased due to a tax revenue increase of \$197.6 million during fiscal 2021, after a rebound in motor fuels tax collections from the COVID-19 pandemic. In addition, transportation expenditures decreased by \$724.0 million due to a budget reduction for maintenance contracts. The reduction was offset with an increase in budget for construction contracts, and capital outlay increased by \$318.3 million in fiscal 2021 as a result.

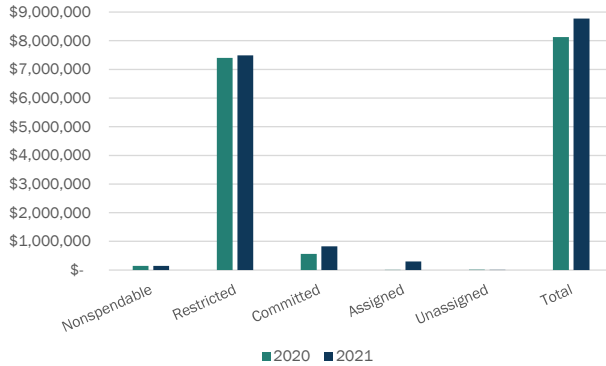
Governmental Fund Expenditures by Use (Thousands)



- Texas Mobility Fund - The Texas Mobility Fund operates as a revolving fund to provide a method of financing construction, reconstruction, acquisition and expansion of state highways and other transportation projects. The fund balance for the Texas Mobility Fund on Aug. 31, 2021, was \$389.2 million, an increase of \$63.2 million or 21.3 percent, from \$321.0 million on Aug. 31, 2020. Change in fund balance was \$68.2 million in fiscal 2021 compared to negative \$89.6 million in fiscal 2020, a 176.1 percent increase over the fiscal year. Due to the decrease in construction

project expenditures receiving mobility fund dollars, capital outlay expenditures decreased by \$55.6 million or 33.2 percent. A total of \$522.9 million of revenues were collected for the fund. The major revenue sources were licenses, fees, and permits, which accounted for \$499.7 million or 95.6 percent of total fund's revenue.

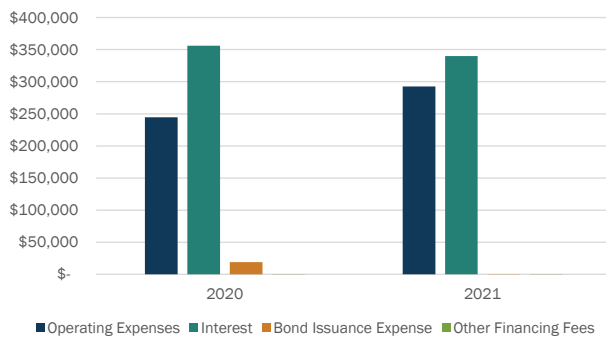
TxDOT Governmental Fund Balances, All Funds (Thousands)



Proprietary Funds

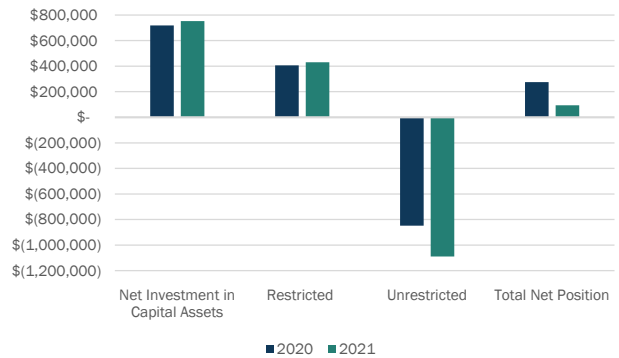
When TxDOT charges customers for services it provides, these activities are generally reported in proprietary funds. Services provided to outside (non-governmental) customers are reported in enterprise funds, a component of proprietary funds, and are accounted for using the economic resources measurement focus and the accrual basis of accounting. TxDOT has three major proprietary funds, all of which are enterprise funds: Central Texas Turnpike System, Grand Parkway Transportation Corporation and SH 249 System. TxDOT's proprietary funds reported a combined ending net position of \$93.5 million on Aug. 31, 2021. This balance includes the net investment in capital assets of \$752.6 million, restricted net position of \$430.1 million and a deficit unrestricted net position balance of \$1.1 billion.

Proprietary Fund Expenses (Thousands)



- Central Texas Turnpike System - The net position of CTTS was \$273.4 million as of Aug. 31, 2021, a decrease of \$101.0 million from fiscal 2020. CTTS' operating revenues decreased by \$37.4 million or 17.0 percent over fiscal 2020. The decrease largely was due to billing issues related to implementation of the new back office system. The total expense for CTTS in fiscal 2021 was \$292.6 million, compared to \$259.1 million in fiscal 2020. Depreciation and amortization combined with interest expenses contributed to \$172.2 million, which was 58.9 percent of the total expense of CTTS.
- Grand Parkway Transportation Corporation - GPTC reported a deficit net position of \$420.9 million in fiscal 2021, a decrease in net position of \$110.4 million over fiscal 2020. GPTC's operating revenues in fiscal 2021 increased by \$5.7 million, or 3.1 percent over fiscal 2020. The increase was due to an increase in toll transactions. In fiscal 2021, GPTC's total expense was \$302.2 million, which decreased by \$19.6 million or 6.1 percent over fiscal 2020. The largest expense in fiscal 2021 was \$199.2 million of interest payments.
- SH 249 System - SH 249 System started to receive toll revenue as the tollway opened to traffic in December 2020. During fiscal 2021, SH 249 System generated \$5.8 million in toll revenue, net of allowance for doubtful accounts. The total increase in net position of \$29.3 million is mainly due to a \$36.1 million transfer of capital assets from Governmental Activities and net non-operating expenses of \$12.3 million.

Proprietary Fund Net Position, All Funds (Thousands)



The deficit unrestricted net position balance in the proprietary funds is due to the accumulated accretion on Capital Appreciation Bonds. The annual accretion increases the liability balance of the outstanding bonds with no corresponding asset increase in the unrestricted net position category.

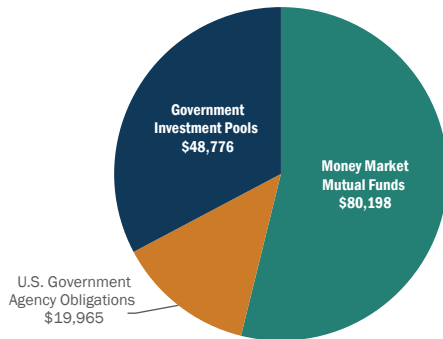
Short and Long-Term Assets

All monies in funds established in the Texas Comptroller of Public Accounts (Comptroller) Treasury Operations Division (Treasury) are pooled with other state funds and invested under the direction of the Comptroller of Public Accounts Treasury Operations Division (Treasury).

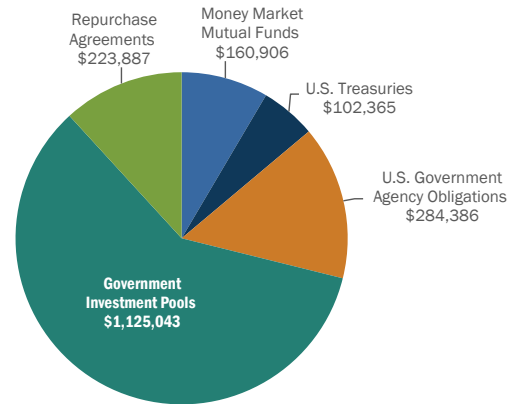
Governmental fund deposits in the state treasury totaled \$9.2 billion at Aug. 31, 2021.

As of Aug. 31, 2021, the measurements of TxDOT's investments by major type are summarized below:

Investments - Governmental Activities (Thousands)



Investments - Business-Type Activities (Thousands)



Capital Assets

TxDOT's capital assets are roads, bridges, buildings, land, equipment, and intangible capital assets. As of the end of the 2021 fiscal year, TxDOT had \$130.5 billion in net capital assets, indicating an \$8.1 billion (6.7 percent) increase over fiscal 2020.

This increase was due to the reclassification and purchase of \$6.7 billion in depreciable infrastructure, \$2.3 billion of construction in progress, and \$1.2 billion of land and land improvements in fiscal 2021.

Capital Assets - Net of Depreciation and Amortization - August 31, 2020 and 2021 (Thousands)

	Governmental Activities		Business-type Activities		Total	
	2020	2021	2020	2021	2020	2021
Land and Land Improvements	\$15,666,188	\$16,840,633	\$725,374	\$726,103	\$16,391,562	\$17,566,736
Infrastructure - Depreciable	83,199,960	87,784,024	1,795,703	1,867,964	84,995,663	89,651,988
Construction in Progress	19,644,639	21,965,776	502,373	402,147	20,147,012	22,367,923
Buildings and Building Improvements	272,923	304,222	3,160	2,798	276,083	307,020
Furniture and Equipment	69,307	67,513			69,307	67,513
Vehicles, Boats and Aircraft	394,043	386,475			394,043	386,475
Other Capital Assets	6,055	5,279			6,055	5,279
Land Use Rights - Permanent	67,648	87,105	19,466	19,466	87,114	106,571
Land Use Rights - Term	436	602			436	602
Computer Software	12,969	10,837		53,417	12,969	64,254
Total Capital Assets	\$119,334,168	\$127,452,466	\$3,046,076	\$3,071,895	\$122,380,244	\$130,524,361

Long-Term Debt

Outstanding Bonds

TxDOT as a whole had a little over \$21.2 billion in outstanding bonded debt at the end of fiscal 2021.

This is made up of \$10.0 billion in general obligation (GO) bonds, and \$11.2 billion in revenue bonds. This figure has decreased by \$606.0 million compared to fiscal 2020.

Outstanding Bonded Debt - August 31, 2020 and 2021 (Thousands)

	Governmental Activities		Business-type Activities	
	2020	2021	2020	2021
General Obligation Bonds Payable	\$10,353,570	\$10,048,173	\$	\$
Revenue Bonds Payable	3,941,482	3,649,875	7,513,946	7,504,914
Total Bonds Payable	\$14,295,052	\$13,698,048	\$7,513,946	\$7,504,914

Note Issuance

The Commission entered into an agreement with the Texas Public Finance Authority (TPFA) on Mar. 11, 2021. TPFA issued Taxable Series 2021 Lease Revenue Bonds with an aggregate principal amount of \$325.7 million for the purpose of financing certain costs of the Campus Consolidation Project. The agreement obligates the Commission to make rent payments to TPFA in amounts sufficient to pay, among other things, the principal of, premium and interest on the TPFA 2021 bonds. The Texas Legislature has appropriated moneys from the State Highway Fund to be used by the Commission to

make payments to TPFA under the agreement for TPFA's debt service payments due on their Series 2021 bonds during fiscal year 2021. The bond will be paid in full in 20 years, or 2041.

Credit Ratings

Credit ratings are used by bond investors to determine an organization's financial stability and, subsequently, the safety and security of the debt sold by the organization. Strong ratings help to expand the market by attracting additional bond buyers. The department currently has outstanding bonds credit ratings with Fitch, Moody's, Standard & Poor's, and Kroll Bond Rating Agency.

Long-Term Credit Ratings as of August 31, 2021

Governmental Activities	Fitch	Moody's	Standard & Poor's	Kroll
General Obligation Bonds				
TMF 2009-A, 2014, 2014-A,B, 2015-A, B, 2017-A,B	AAA	Aaa	AAA	AAA
TMF 2020	AAA	Aaa	n/a	AAA
HIGO 2010-A, 2012-A, 2014, 2016, 2016-A, 2019	AAA	Aaa	AAA	AAA
HIGO 2020	AAA	Aaa	n/a	AAA
Revenue Bonds				
SHF 2008, 2010, 2014-A, B2, 2015, 2016-A,B, 2020	n/a	Aaa	AAA	n/a
Business-Type	Fitch	Moody's	Standard & Poor's	Kroll
Revenue Bonds				
CTTS 2002-A, 2012-A, 2015-B, 2020-A,B,C	A	A3	A	n/a
CTTS 2015-C	BBB+	Baa1	A-	n/a
GPTC 2013-A	A+	n/a	BBB	n/a
GPTC 2013-B,E, 2018-A,B	AA	n/a	AA+	n/a
GPTC 2016	n/a	n/a	AA+	n/a
GPTC 2020-A,C	A+	A2	n/a	n/a
GPTC 2020-B	AA	Aa1	n/a	n/a
SH 249 2019-A,B	n/a	Baa3	n/a	n/a

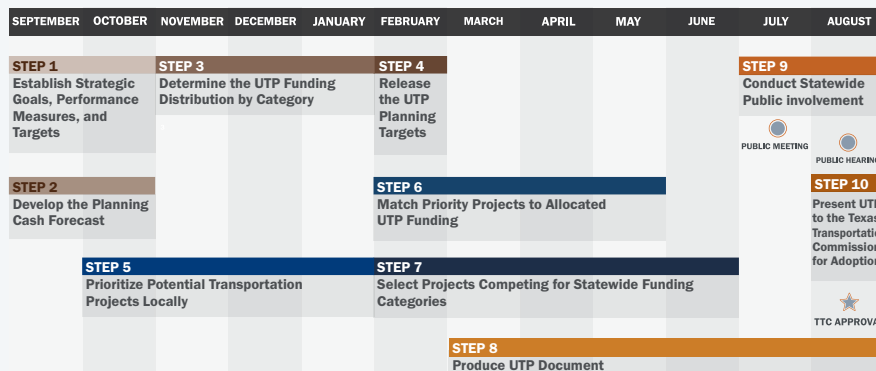
Future Financial Planning

The **Unified Transportation Program (UTP)** is TxDOT's 10-year plan that guides the development of transportation work across the state. Organized into 12 funding categories, with each one addressing a specific type of work, the UTP authorizes the distribution of construction dollars expected to be available over the next 10 years. Within the UTP framework, TxDOT works with elected officials, local planning organizations, and the public to select and fund the state's highest priority

transportation projects. In addition to highway projects, the UTP addresses public transportation, maritime, aviation, rail and freight, and international trade. The Texas Transportation Commission approves the UTP annually in accordance with Texas state law, and TxDOT publishes the approved UTP each year.

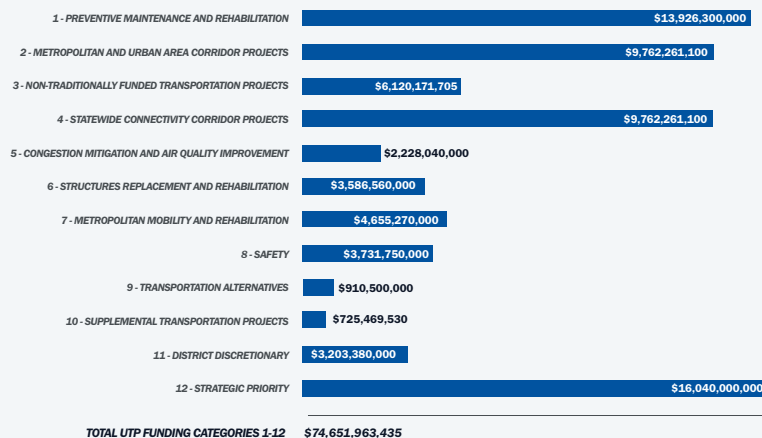
The UTP is part of a comprehensive planning and programming process flowing from TxDOT's agency mission to project-level implementation.

UTP Development Timeline – Annual Cycle *



*The timeline above is subject to change. For the latest information about public involvement dates, see the [UTP Public Involvement page on TxDOT.gov](#). To maximize the limited time of an annual cycle, many UTP development steps are conducted concurrently and may overlap on the timeline.

2021 UTP Funding Distribution by Category



Performance Measures and Targets for the Transportation System

STRATEGIC PLAN GOAL	PERFORMANCE VISION	PERFORMANCE MEASURES	2030 TARGET
PROMOTE SAFETY	Reduce crashes and fatalities through targeted infrastructure improvements, technology applications, and education	SAFETY: FATALITIES/YR	2,280
		SAFETY: FATALITY RATE	0.70
PRESERVE OUR ASSETS	Maintain and preserve system/asset conditions through targeted infrastructure rehabilitation, restoration, and replacement	PRESERVATION: PAVEMENT CONDITION	90%
		PRESERVATION: STATEWIDE BRIDGE CONDITION SCORE	90%
OPTIMIZE SYSTEM PERFORMANCE	Enhance mobility, reliability, connectivity, and mitigate congestion through targeted infrastructure and operational improvements	CONGESTION: URBAN CONGESTION	1.20
		INDEX: CONNECTIVITY: RURAL RELIABILITY INDEX	1.12

Targets are based on the draft Statewide Long-Range Transportation Plan 2050, slated for adoption in 2020.

That is, the UTP is an intermediate programming document linking the planning activities of the Statewide Long-Range Transportation Plan (SLRTP), the Metropolitan Transportation Plans, and Rural Transportation Plan to the detailed programming activities under the Statewide Transportation

Improvement Program (STIP) and TxDOT's 24-month (2-year) Letting Schedule.

The outcome of the UTP process is a list of projects TxDOT intends to develop or begin constructing over the next 10 years, as well as information on the available funding associated with those projects.

Definition of Terms

Accrual basis is the method of accounting that records revenues and expenses when they are incurred, in contrast with “cash basis”, which records revenues and expenses when the cash is received or paid. (See also modified accrual basis)

Assets are resources which TxDOT owns (and therefore, controls) that can be utilized in providing services. For example, cash from tax collections is an “asset” that is used to pay for highway construction projects.

Capital assets are the buildings, roads and bridges, furniture and equipment, land and other long-lived assets that are utilized by TxDOT in providing services to its taxpayers.

Current assets include cash and assets that can be quickly turned into cash to pay this month’s bills.

Deferred inflows of resources are an acquisition of net position during the year that is applicable to a future year. For example, a federal grant may be received in 2021 to reimburse TxDOT’s incurred costs, but the grantor may restrict spending until 2022 because that is when the federal budget has appropriated them.

Deferred outflows of resources are a consumption of net position during the year that is applicable to a future year. This is the opposite of deferred inflows of resources.

Fund balance denotes the amount of equity in a governmental fund, and represents assets plus deferred outflows of resources, less liabilities and deferred inflows of resources. Business-type funds use the term “net position.”

Government-wide reporting provides an aggregate view of TxDOT’s financial activities consolidating governmental and business-type activities using the accrual basis of accounting.

Liabilities are current obligations to use resources that the government has little or no discretion to avoid, such as payments owed to suppliers.

Long-term liabilities include items such as bonds, loans, pension contributions and other obligations due more than one year in the future.

Modified accrual basis is the method of accounting used for governmental funds, and focuses on whether those funds have sufficient resources to pay their bills in the short-term.

Net investment in capital assets is the portion of net position that represents the historical cost of capital assets less the amount of debt used to acquire them.

Net position is the residual of all other financial statement elements found in accrual basis statements: the difference between a) assets plus deferred outflows of resources; and b) liabilities plus deferred inflows of resources.

Restricted net position is the portion of net position subject to external spending restrictions, such as state law, bond covenants or contracts.

Unrestricted net position is the portion of net position not tied up in net investment in capital assets or by external legal restrictions. It is available at the government’s discretion to pay bills.