TEXAS DEPARTMENT OF TRANSPORTATION

An Agency of the State of Texas

Annual Comprehensive Financial Report

For the Fiscal Year Ended August 31, 2023

(With Independent Auditor's Report)

Texas Department of Transportation

Connecting
You
with TEXAS

Texas Department of Transportation

An Agency of the State of Texas

Annual Comprehensive Financial Report
(With Independent Auditor's Report)

For the Fiscal Year Ended August 31, 2023

Prepared by:
Financial Management Division of the Texas Department of Transportation

This page is intentionally blank

Acknowledgements

Amanda Landry, CPA, Director of Financial Management Division

Melinda Gildart, CPA, MBA, Deputy Director of Financial Management Division

Megan Lowary, CPA, Accounting Section Director

Elzbieta Jochacy, CPA, Financial Reporting Manager

Irene Lee, CPA, Quality Control

Arthur Levine, CPA, Team Lead
Funding & Cash Reconciliation

Carlos Ulloa, CPA
Brittany Norris
Hithem Abelgasim
Isabel Suarez
Olivia Moreno

Ning Chen, CPA, Team Lead
Toll Reporting

Becky Wood, CPA
Kay Braden
Ngoc Luong, CPA
Guadalupe Mata
Eddie Nanez, CPA

Latrica Good, Team Lead
General Ledger

Brian Kling
Roopa Yarlagadda, CPA
Demetria Nwoko
Kristiana Lingurovski
Juan Herrera

Other Sections:
Financial & Business Services, Letting and Federal Funding, Federal Billing & Project Funding, Budget Management
Accounts Payable,
Employee Payments & Accounts Receivable

Special Appreciation To:
All of the Districts and Divisions: Contract Services, Human Resources, Information Technology, Internal Audit, Project Finance, Debt & Strategic Contracts, Right of Way, Support Services, and all others whose extra time and effort made this report possible.

This page is intentionally blank

Texas Department of Transportation
Annual Comprehensive Financial Report
For the Fiscal Year Ended August 31, 2023

TABLE OF CONTENTS

1: INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal ---------- 11
Organization Chart ---------- 15
Commission and Key Personnel ---------- 17
Certificate of Achievement for Excellence in Financial Reporting ---------- 20

2: FINANCIAL SECTION

Independent Auditor's Report ---------- 22

Management's Discussion and Analysis (Unaudited)

Management's Discussion and Analysis ---------- 27

Basic Financial Statements

Entity-wide Financial Statements
- Statement of Net Position ---------- 42
- Statement of Activities ---------- 44

Fund Financial Statements
- Governmental Fund Financial Statements
  - Balance Sheet ---------- 46
  - Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position ---------- 48
  - Statement of Revenues, Expenditures and Changes in Fund Balances ---------- 50
  - Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities ---------- 51
- Proprietary Funds Financial Statements
  - Statement of Net Position ---------- 52
  - Statement of Revenues, Expenses and Changes in Net Position ---------- 54
  - Statement of Cash Flows ---------- 56
- Notes to Financial Statements ---------- 59

Required Supplementary Information Other Than MD&A (Unaudited)

- Budgetary Comparison Schedule ---------- 127
- Schedules of Net Pension Liability ---------- 131
- Schedules of Net OPEB Liability ---------- 133

Other Supplementary Information - Combining Financial Statements, Schedules and Budget Comparison by Strategy

Governmental Funds
- Major Governmental Funds
  - State Highway Funds
    - Combining Balance Sheet ---------- 139
    - Combining Schedule of Revenues, Expenditures and Changes in Fund Balance ---------- 140

2: FINANCIAL SECTION (Continued)

Texas Mobility Funds

Combining Balance Sheet ---------- 143

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances ---------- 144

Nonmajor Governmental Funds

Combining Balance Sheet ---------- 147

Combining Statement of Revenues, Expenditures and Changes in Fund Balances ---------- 148

Nonmajor General Funds

Combining Balance Sheet ---------- 151

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances ---------- 152

Nonmajor Debt Service Funds

Combining Balance Sheet ---------- 155

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances ---------- 156

Nonmajor Capital Projects Funds

Combining Balance Sheet ---------- 159

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances ---------- 160

Budget Comparison by Strategy ---------- 161

3: STATISTICAL SECTION

Financial Trends Information ---------- 165

Revenue Capacity Information ---------- 169

Debt Capacity Information ---------- 175

Demographic and Economic Information ---------- 178

Operating Information ---------- 181

4: OTHER INFORMATION

Schedule 1A - Schedule of Expenditures of Federal Awards (Unaudited) ---------- 189

Schedule 1B - Schedule of State Grant Pass-Throughs from/to State Agencies (Unaudited) ---------- 196

Schedule 2 - Bond Schedules

Schedule 2A - Miscellaneous Bond Information ---------- 199

Schedule 2B - Changes in Bonded Indebtedness ---------- 201

Schedule 2C - Debt Service Requirements ---------- 205

Schedule 2D - Analysis of Funds Available for Debt Service ---------- 219

Schedule 2E - Defeased Outstanding Bonds ---------- 220

Schedule 2F - Early Extinguishment and Refunding ---------- 221

Schedule 3 - Matrix of Expenditures Reported by Function - Governmental Funds (Unaudited) ---------- 222

SECTION 1
INTRODUCTION

This page is intentionally blank

Texas Department of Transportation

125 EAST 11TH STREET, AUSTIN, TEXAS 78701-2483 | 512.463.8588 | WWW.TXDOT.GOV

December 15, 2023

To: The Citizens of Texas
The Honorable Greg Abbott, Governor
The Honorable Glenn Hegar, Texas Comptroller
Mr. Jerry McGinty, Executive Director, Legislative Budget Board
Ms. Lisa Collier, CPA, State Auditor

I am pleased to submit the audited annual comprehensive financial report of the Texas Department of Transportation (TxDOT) for the fiscal year ended Aug. 31, 2023, in compliance with Texas Government Code Annotated, Section 2101.11, the requirements established by the Texas Comptroller of Public Accounts and the Texas Transportation Code, Chapter 201, Section 2041. The financial data of TxDOT is included in the audited State of Texas Annual Comprehensive Financial Report (ACFR) as part of the primary government.

An external audit firm, Crowe LLP, performed an independent audit, in accordance with generally accepted auditing standards, of TxDOT's basic financial statements for the year ended Aug. 31, 2023. The audit opinion is presented in this report preceding the financial statements. This report was prepared by the accounting staff in the Financial Management Division of TxDOT. TxDOT's internal accounting controls provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposal and the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the resulting benefit.

TxDOT Management is responsible for the accuracy of the data in this report as well as for the completeness and fairness of presentation. Consequently, management assumes full responsibility for the completeness and fairness of all the information presented in the financial statements. To the best of my knowledge and belief, the financial statements are accurate in all material respects, are reported in a manner that presents fairly the financial position and results of TxDOT's operations and provide disclosures that enable the reader to understand TxDOT's financial condition.

The Management's Discussion and Analysis (MD&A) provides a narrative introduction, overview and analysis of the financial activities of TxDOT. We encourage readers to consider the information in this letter of transmittal in conjunction with the MD&A.

Profile of the Government

TxDOT is an agency of the state of Texas. Headquartered in Austin, TxDOT is organized by districts and divisions.

TxDOT is led by an executive director and governed by the five-member Texas Transportation Commission. All members of the Commission are appointed by the governor. Currently serving the Commission is Chairman J. Bruce Bugg, Jr. and Commissioners W. Alvin New, Robert C. Vaughn, Alejandro G. Meade III and Steven D. Alvis. The Commission is authorized to issue general obligation and revenue bonds per statutory and constitutional provisions.

TxDOT has the statutory responsibility to coordinate planning, development, and operation of the state's highway system, as well as managing grant funding for public transit, aviation, maritime operations, traffic safety, and other services. TxDOT's mission is "Connecting You with Texas."

OUR VALUES: People · Accountability · Trust · Honesty
OUR MISSION: Connecting You With Texas

An Equal Opportunity Employer

TxDOT's goals are to deliver the right projects; focus on the customer; foster stewardship; optimize system performance; preserve our assets; promote safety; and, value our employees. TxDOT values people, accountability, trust and honesty. This report reflects the operation of TxDOT and its blended component units.

Budgetary Controls

Budgetary control is established at the appropriation level set forth by the General Appropriations Act (GAA) on a biennial basis. The GAA becomes law after passage by the Legislature, certification by the Texas Comptroller of Public Accounts that the amounts appropriated are within the estimated collections, and upon the signing of the bill by the governor. The budget authority is supported by actual and/or estimated revenue collections certified by the Texas Comptroller. The revenue is all-inclusive, which will account for the State Highway Fund and all other funds sources. There are provisions in the GAA that allow TxDOT to increase budget authority, with or without LBB/Governor approval, if actual revenue collections exceed estimated amounts presented in TxDOT's bill pattern. After the GAA becomes law, the appropriated budgets are entered in the Uniform Statewide Accounting System (USAS) and TxDOT's internal PeopleSoft financial system. The budgetary control ensures compliance with any legislative initiatives and/or restrictions contained in the GAA. State budgets are requested and appropriated on a biennial cycle for all governmental funds reported by TxDOT.

State Economy

Texas has advantages such as relatively low living costs, an attractive business climate, a central Sunbelt location, and a balanced mix of industries that have enabled its economy to grow faster than the nation for many years. The services provided by TxDOT directly impact the state's economy. Over the long-term, the Texas economy benefits in many more ways from TxDOT's transportation network enhancements, including the positive impacts on business costs and productivity, labor market access, attractiveness to new business, residents and tourists, and property values. Investments in highway maintenance and construction serve as an immediate boost to the economy through the employment of workers and the production of construction materials.

Long-Term Financial Planning

The population of Texas was approximately 29 million as of the 2020 census. According to the state demographer, Texas' population is expected to grow to approximately 35 million people by 2030. Population growth brings more congestion to urban areas, increases the stress on roads and bridges, and places greater demand on rural highways to support freight movement and travel connections between farms, ranches, homes, jobs and markets.

The 10-year Unified Transportation Program (UTP), approved by the Texas Transportation Commission, was developed with extensive public input. It targets congestion in the state's most-populated areas and includes projects to better connect the major interstates in rural areas with local roads and highways. Also, in outside urban areas, the program calls for enhancing and completing interstate highways, and addressing the continuing needs within the energy sector and along hurricane evacuation routes.

Current Financial Conditions

Major revenue sources of the programs are as follows:

Federal Funds - Approximately 37 percent of TxDOT's revenue comes from federal funds. TxDOT receives the largest share of federal funds from reimbursements for projects that are either already constructed or in the process of being constructed. The federal gasoline tax rate is 18.4 cents per gallon and the diesel tax is 24.4 cents per gallon. Federal fuel tax rates have remained the same since 1993, and these rates have not kept up with increased federal spending. For this reason, Congress has regularly contributed general fund dollars to supplement transportation funding to the states.

Motor Fuels Tax and Vehicle Registration Fees - State motor vehicle fuels tax revenue and vehicle registration fees make up approximately 30 percent of traditional, constitutionally dedicated State Highway Fund dollars. State motor fuels taxes include taxes on gasoline, diesel fuel, motor fuel lubricants, and liquefied and compressed natural gas. Texas' tax rates on gasoline and diesel have remained at 20 cents per gallon since 1991. Three-quarters of the state's motor fuels tax revenue is allocated to the State Highway Fund and the remaining quarter goes to the state's Available School Fund. In Texas and many other states, motor fuels tax collections have begun to fall short of their ability to meet the ever-rising cost of the transportation projects they support. In Texas, voters have

subsequently approved measures to supplement road funding by drawing revenues from oil and gas production taxes, general sales tax and sales tax on motor vehicles and rentals as explained in Proposition 1 and Proposition 7 below.

Proposition 1 Funds – These funds are derived from a portion of oil and gas production taxes that voters approved in fiscal year 2014. Pursuant to Section 49-g (c), Article III, Texas Constitution, the funds may be used for "constructing, maintaining, and acquiring rights-of-way for public roadways other than toll roads." Proposition 1 funds are received annually by TxDOT. In November 2022, TxDOT received $3.6 billion in Proposition 1 funds for fiscal 2022. TxDOT received $3.1 billion in November 2023 for fiscal 2023. Proposition 1 funds are set to expire after the FY 2035 (November 2034) transfer, if the legislature does not extend the statutory expiration date. In the most recent Biennial Revenue Estimate (January 2023), the Texas Comptroller of Public Accounts (Comptroller) estimated Proposition 1 deposits will total $3.0 billion in FY 2024 and $2.8 billion in FY 2025.

Proposition 7 Funds - On Nov. 3, 2015, Texas voters approved the ballot measure known as Proposition 7 that dedicates a portion of the revenue from the state sales and use tax and motor vehicle sales and rental tax to the State Highway Fund. Proposition 7 funds are deposited into the State Highway Fund pursuant to Section 7-c, Article VIII, Texas Constitution. Under the amendment there are two components of Proposition 7.

1. The first involves a portion of the state sales and use tax. Once state sales tax collections exceed $28.0 billion in a fiscal year, the next $2.5 billion is deposited into the State Highway Fund. TxDOT received a total of $2.5 billion in 2023. This general sales tax provision will continue to occur until its expiration at the end of August 31, 2032, unless a future state legislature votes to extend it.

2. The second component occurs when the state motor vehicle sales and rental tax revenue exceeds $5.0 billion in a fiscal year. When that happens, 35 percent of the total amount above $5.0 billion is deposited into the State Highway Fund. In August 2023, TxDOT received $624.0 million, the third deposit of state motor vehicle sales and rental tax after the law was enacted. Proposition 7 funds (Sales & Use Tax) are set to expire August 31, 2032. Proposition 7 funds (Motor Vehicle Sales & Rental Tax) are set to expire August 31, 2029 unless a future legislature votes to extend or eliminate the dates.

Based on TxDOT's 2024-2025 Certification Revenue Estimate, TxDOT anticipates receiving the full $2.5 billion in state sales and use tax revenues in both FY 2024 and 2025 dedicated under the Texas Constitution contingent upon revenue collection levels. TxDOT also expects to receive $673.6 million and $741.0 million in state motor vehicle sales tax revenues in FY 2024 and 2025, respectively.

Texas Mobility Fund - The Texas Mobility Fund was authorized by voters in 2001 to advance transportation projects, and the legislature identified revenues to be dedicated to the fund in 2003. The bond proceeds may be used to fund the construction, reconstruction, acquisition, and expansion of state highways and to provide a portion of the costs of constructing public transportation projects. A temporary restriction on Texas Mobility Fund Bond issuance was lifted in the last regular legislative session of the Texas Legislature (87th Legislature, Regular Session, 2021). The bond issuance restriction will resume Jan. 1, 2027. Until then, TxDOT has authority to issue up to $3.6 billion in Texas Mobility Fund Bonds if the capacity allows for the full issuance.

Major Initiatives

- Road to Zero - Safety on our state's transportation infrastructure is TxDOT's number one priority. Despite the department's efforts to build and maintain the safest roads and educate Texans on safe driving behaviors, traffic fatalities continue to occur. For more than two decades, at least one person has died on our roadways every day, and in calendar year 2022, 4,481 people died in traffic crashes. The Texas Transportation Commission allocated an investment in safety of $14.1 billion in the 2023 Unified Transportation Program (UTP). Because almost all road construction projects realize a safety benefit, this investment considers the contributions of all project types, not just those with a direct safety focus."

- To emphasize the department's commitment that one traffic fatality is too many, the Transportation Commission has set a goal of zero crash fatalities by 2050. TxDOT will continue investing in the best engineering practices to make roads safer, address safety education, and assist in enforcement and safety awareness programs like "Talk. Text. Crash." and "Click It or Ticket."

- Funding Key Priorities in the UTP - The Texas Transportation Commission approved TxDOT's UTP for fiscal 2024 that includes more than $100 billion dedicated to improving safety, addressing congestion and connectivity, and preserving roadways for Texas drivers.

- Texas Clear Lanes - The Texas Transportation Commission continues to address traffic congestion in our state through its Texas Clear Lanes (TCL) effort which targets congested corridors in Austin, Dallas, Fort Worth, Houston, and San Antonio, the state's most

populated regions. Led by Commission Chairman J. Bruce Bugg, Jr., TCL was created in response to a directive by Gov. Greg Abbott to the Commission to identify and address the state's most congested chokepoints.

- Infrastructure Investment and Jobs Act (IIJA) - The $1.2 trillion infrastructure bill was signed into law by President Biden on November 15, 2021, 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: $27.8 billion of which would go toward federal highway programs in Texas; $3.3 billion to public transportation in both in rural and urban areas ($450 million of the $3.3 billion passes through TxDOT); $537 million for bridge rehabilitation and replacement; $408 million to expand the state's electric vehicle charging network; $173 million for general aviation airports; and $35.48 million for the construction of ferry boats and terminals. Only a portion of this funding represents additional funding for Texas. The majority of this funding is a reauthorization of existing funding TxDOT has traditionally received through federal transportation programs. The IIJA will provide TxDOT with federal funding through FY 2026.

- Transportation Safety Campaign-In Texas in 2022, one person was killed every 1 hour 57 minutes and the state reported a crash every 57 seconds. With support from executive leadership and funding from the Traffic Safety Division, the Communications Division is developing a new statewide marketing and outreach campaign to unify and amplify TxDOT's traffic safety initiatives. The goal is to inspire a shared responsibility to drive safely as a Texan. Our vision is to support TxDOT's work in reducing the number of roadway deaths and injuries in the state, year over year.

Certificate of Achievement

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Texas Department of Transportation for its annual comprehensive financial report for the year ended August 31, 2022. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Popular Annual Financial

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the Texas Department of Transportation for its Popular Annual Financial Report for the fiscal year August 31, 2022. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another Award. In 2023, TxDOT produced a Spanish language version of the 2022 PAFR.

Acknowledgments

The preparation of the report requires the efforts of individuals throughout TxDOT, including the dedicated efforts of the management and staff of the TxDOT Financial Reporting Section; the Financial Management Division; and the Project Finance, Debt, and Strategic Contracts Division. I sincerely appreciate the efforts of all these individuals who continue to help make TxDOT a leader in quality financial reporting.

Sincerely,

DocuSigned by:
0E1B35AE191749E...

Marc D. Williams, P.E.
Executive Director

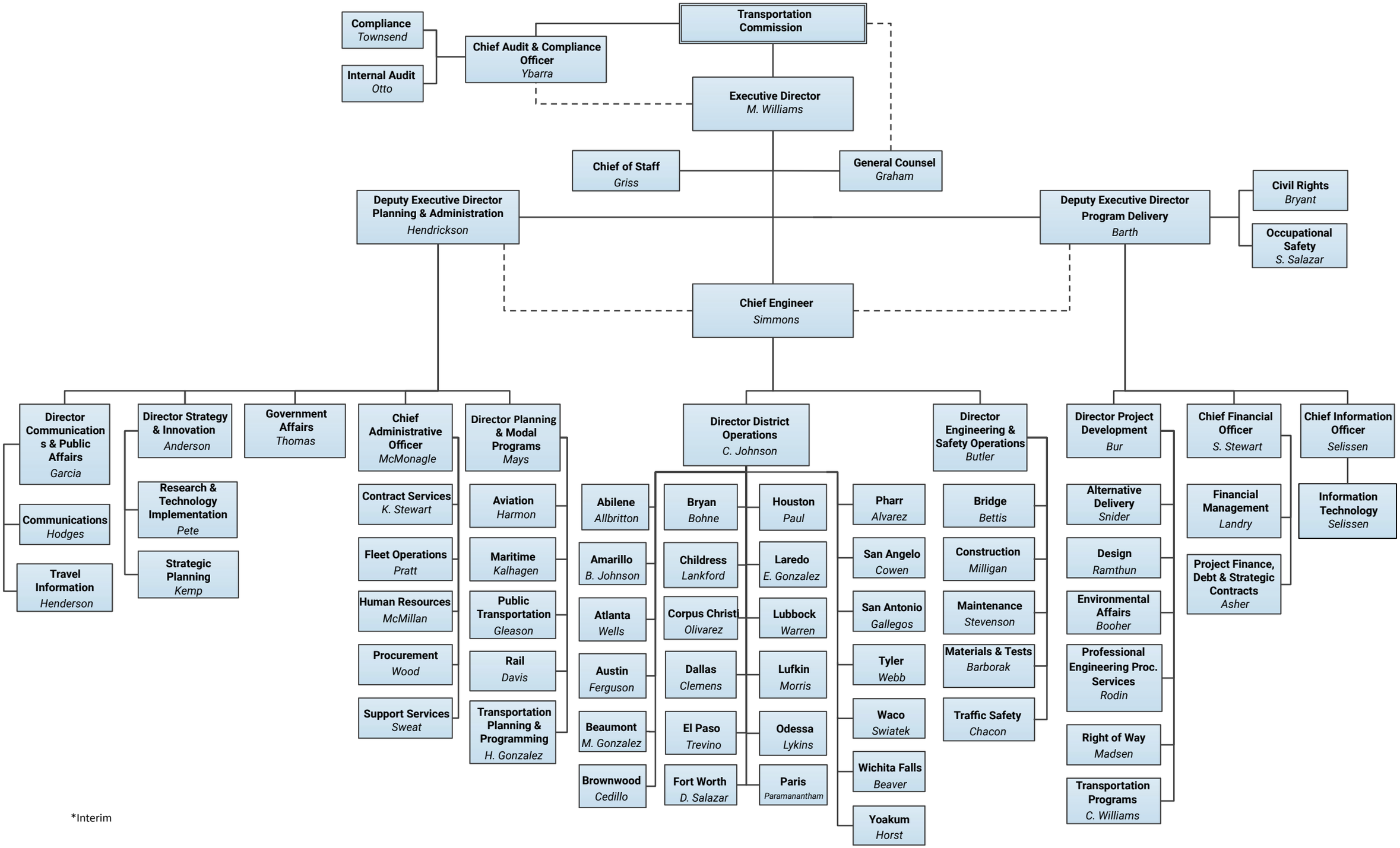
DocuSigned by:
E5670E9944BB433...

Stephen Stewart, CPA
Chief Financial Officer

OUR VALUES: People · Accountability · Trust · Honesty
OUR MISSION: Connecting You With Texas

An Equal Opportunity Employer

Texas Department of Transportation
Organization Chart as of August 31, 2023



*Interim

This page is intentionally blank

TEXAS DEPARTMENT OF TRANSPORTATION
TEXAS TRANSPORTATION COMMISSION
as of August 31, 2023

J. Bruce Bugg, Jr.
Chairman
San Antonio

W. Alvin New
Commissioner
San Angelo

Robert C. Vaughn
Commissioner
Dallas

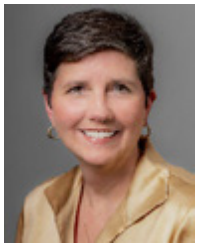
Alejandro "Alex" G. Meade III
Commissioner
Mission

Steven D. Alvis
Commissioner
Houston

TEXAS DEPARTMENT OF TRANSPORTATION
TxDOT ADMINISTRATION
as of August 31, 2023

The following is a list of administrators who oversee the Texas Department of Transportation. All TxDOT districts, divisions and offices report to a member of the administration, headquartered in Austin.

Marc Williams
Executive Director



Brandye Hendrickson
Deputy Executive Director for Planning and Administration

Brian Barth
Deputy Executive Director for Program Delivery

Richard McMonagle
Chief Administrative Officer

Benito Ybarra
Chief Audit and Compliance Officer

Lance W. Simmons
Chief Engineer

Stephen Stewart
Chief Financial Officer

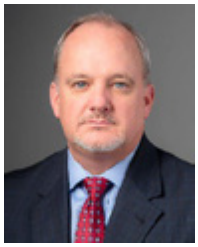
Anh Selissen
Chief Information Officer

Mary Anne Griss
Chief of Staff

Alejandro Garcia
Director of Communications and Public Affairs

Carl Johnson
Director of District Operations

Jessica Butler
Director of Engineering and Safety Operations



Trent Thomas
Director of Government Affairs

Caroline Mays
Director of Planning and Modal Programs

Mohamed "Mo" Bur
Director of Project Development

Darran Anderson
Director of Strategy and Innovation

Jeff Graham
General Counsel

This page is intentionally blank

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Texas Department of Transportation

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

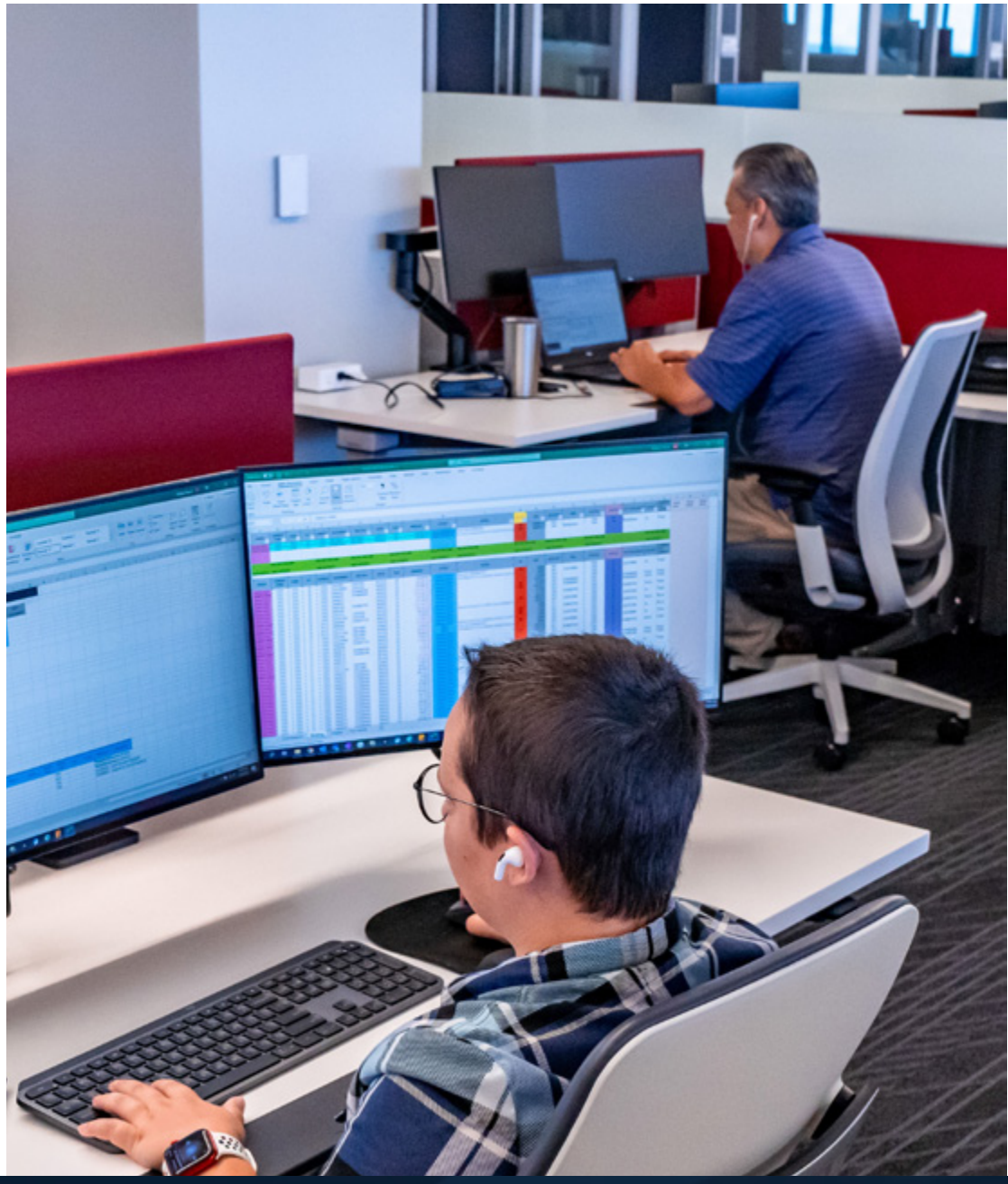
August 31, 2022

Christopher P. Morrill

Executive Director/CEO

SECTION TWO

FINANCIAL SECTION



Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Members of the Texas Transportation Commission
State of Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Texas Department of Transportation (TxDOT), an agency of the State of Texas (State), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise TxDOT's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of TxDOT, as of August 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards (Government Auditing Standards), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of TxDOT, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

As discussed in Note 1, the financial statements of TxDOT are intended to present the financial position, and the changes in financial position, and, where applicable, cash flows of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the State of Texas that is attributable to the transactions of TxDOT. They do not purport to, and do not, present fairly the financial position of the State, as of August 31, 2023, and the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

As discussed in Note 14 and 20 to the consolidated financial statements, in 2023, TxDOT adopted new accounting guidance GASB Statement 94, *Public-Private and Public-Public Partnerships and Availability Payments Arrangements*. The adoption resulted in the restatement of fund balance of State Highway Fund and net position of Governmental Activities, Business-Type Activities and the Grand Parkway Transportation Corporation as of September 1, 2022 for adjustments made to capital assets and deferred inflows as well as recording a Public-Private or Public-Public Partnership Asset receivable. Our opinion is not modified with respect to this matter.

As discussed in Note 14 to the consolidated financial statements, in 2023, TxDOT adopted new accounting guidance GASB Statement 96, *Subscription-Based Information Technology Arrangements.* The adoption resulted in recording a right-to-use subscription asset and obligation. The impact of this adoption was a restatement of the Governmental Activities net position as of September 1, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 TxDOT's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Budgetary Comparison Schedule, Schedules of Net Pension Liability* and *Schedules of Net OPEB Liability* on pages 14-27, 114-116, 118-119 and 120-121, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise TxDOT's basic financial statements. The combining financial statements and the supplementary bond schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and the supplementary bond schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, statistical section, Schedule 1A, 1B and Schedule 3 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2023, on our consideration of TxDOT'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 solely 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 the effectiveness of TxDOT's 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 TxDOT's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Austin, Texas
December 15, 2023

This page is intentionally blank

SECTION TWO (CONTINUED)

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Texas Department of Transportation's (TxDOT's) annual financial statements presents our discussion and analysis of TxDOT's financial performance during the fiscal year ended Aug. 31, 2023. Readers should use this section in conjunction with TxDOT's basic financial statements to further enhance their understanding of TxDOT's financial performance.

Financial Highlights

- The government-wide financial statements and Statement of Net Position shows assets and deferred outflows totaling $165.8 billion, an increase of $6.4 billion from fiscal year 2022, while liabilities and deferred inflows equaled $41.4 billion, a decrease of $2.6 billion. The increase in assets and deferred outflows was primarily due to the increase in capital assets in amount of $6.0 billion and cash and cash equivalents in amount of $2.0 billion and public-private or public-public partnership asset in amount of $2.0 billion, which was partly offset with a decrease in intangible assets in amount of $3.2 billion due to adjustments related to GASB Statement No. 94 implementation during fiscal 2023. The decrease in liabilities and deferred inflows was primarily due to the decrease in payables in amount of $1.6 billion and the decrease in service concession arrangements deferred inflows of resources in amount of $12.8 billion, which was partly offset with an increase in public-private and public-public partnerships deferred inflows of resources in amount of $10.8 billion during fiscal 2023. The largest revenue source earned in 2023 was from taxes with a total of $9.1 billion. This was followed by operating grants and contributions with $4.5 billion. A $491.0 million restatement in net position was recognized during fiscal 2023 due to a change in accounting principle after the implementations of GASB Statement No. 94, (PPPs) and GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs).

- TxDOT ended fiscal year 2023 with a combined fund balance for its governmental funds of $8.5 billion, an increase of $1.6 billion or 23.4 percent, from fiscal year 2022. The fund balance increased by $1.8 billion in the State Highway Fund, decreased by $40.5 million in the Texas Mobility Fund, and decreased by $128.9 million in Nonmajor Funds. Total revenues in the governmental funds for fiscal 2023 were $15.5 billion, which were $2.7 billion or 21.0 percent greater than the prior year amount of $12.8 billion primarily due to the increase in taxes collected. Total expenditures in governmental funds for fiscal year 2023 were $15.8 billion, which increased by $1.7 billion or 12.2 percent from the fiscal year 2022 amount of $14.1 billion primarily due to the increase in capital outlay, from the the increased utilization of Proposition 1 and 7 funds during fiscal 2023.

- TxDOT ended fiscal year 2023 with a combined deficit net position balance for its proprietary funds of $3.3 billion, a decrease of $3.2 billion or 3026.6 percent from fiscal year 2022. The net position balance increased by $31.4 million in the Central Texas Turnpike System, decreased by $3.2 billion in the Grand Parkway Transportation Corporation, and increased by $5.7 million in the SH 249 System. The significant decrease in net position for the Grand Parkway Transportation Corporation was due to the implementation of GASB Statement No. 94, Public-Private or Public-Public Partnerships and Availability Payment Arrangements during fiscal 2023. The implementation required the removal of a $3.2 billion intangible asset GPTC had reported prior to the issuance of the statement.

- Total operating revenues in the proprietary funds for fiscal 2023 were $690.9 million, which were $171.7 million or 33.1 percent higher than the fiscal year 2022 amount of $519.2 million primarily due to increase in toll revenue correlated to an increase in the number of toll transactions. Total operating expenses in proprietary funds for fiscal year 2023 were $332.0 million, which decreased by $61.3 million or 15.6 percent from the fiscal year 2022 amount of $393.3 million primarily due to the decrease in depreciation and amortization.

- TxDOT received a total of $3.1 billion in Proposition 7 funds. During fiscal 2023, $2.5 billion was received for state sales and use taxes. In Aug. 2023, the department also received $624.4 million of additional Proposition 7 funds for the state motor vehicle sales and rental tax revenue.

- TxDOT received a total of $3.6 billion in Proposition 1 funds for oil and natural gas production taxes during fiscal 2023. The funding will be used by the state highway fund to assist in the completion of transportation construction, maintenance and rehabilitation projects, not to include toll roads.

Overview of Financial Statements

The financial section of this annual comprehensive financial report consists of four parts: (1) management's discussion and analysis (MD&A), (2) basic financial statements and related notes, (3) required supplementary information other than MD&A, and (4) other supplementary information presenting combining statements. The report also includes TxDOT's schedule of expenditures of federal awards, bond schedules, matrix of expenditures reported by function for governmental funds and Statistical section.

TxDOT's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applied to governmental units. The basic financial statements include entity-wide financial statements, fund financial statements and notes to financial statements that provide more detailed information to supplement the basic financial statements.

Entity-wide Financial Statements

The entity-wide financial statements are designed to present an overall picture of the financial position of TxDOT. These statements consist of the statement of net position and the statement of activities, which are prepared using the economic resources measurement focus and the accrual basis of accounting. This means that all the current year's revenues and expenses are included regardless of when cash is received or paid, producing a view of financial position similar to that presented by most private sector companies.

The statement of net position combines and consolidates TxDOT's current financial resources with capital assets and long-term obligations. This statement includes all of TxDOT's assets and liabilities. Net position is the difference between TxDOT's total assets, and deferred outflows of resources, total liabilities and deferred inflows of resources. Net position represents one measure of TxDOT's financial health.

The statement of activities focuses on both the gross and net cost of various activities (governmental and business-type); these costs are paid by general taxes and other revenues. This statement summarizes the cost of providing (or the subsidy provided by) specific government services and includes all current year revenues and expenses.

The statement of net position and the statement of activities divide TxDOT's activities into two types.

- Governmental Activities: TxDOT's basic services are reported here including the activity of all the governmental funds.
- Business-Type Activities: The financial activity associated with the Central Texas Turnpike System (CTTS), Grand Parkway Transportation Corporation (GPTC), and SH 249 System is reported here.

Fund Financial Statements

Fund financial statements present financial information with a focus on the most significant funds. Use these statements to find more detailed information about TxDOT's most significant activities. A fund is a separate accounting entity with a self-balancing set of accounts. TxDOT uses funds to keep track of sources of funding and spending related to specific activities.

Governmental Funds

A majority of TxDOT's activities are reported in governmental funds. Reporting of these funds focuses on how money flows into and out of the funds, and amounts remaining at year-end for future spending. Governmental funds are accounted for using the modified accrual basis of accounting, which measures cash and other assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of TxDOT's general governmental operations and the basic services it provides. This information should be helpful to determine whether there are more or less resources available for TxDOT's programs. The reconciliation following the fund financial statements explains the differences between the government's activities, reported in the entity-wide statement of net position and entity-wide statement of activities, and the governmental funds. The State Highway Fund and Texas Mobility Fund are reported as major funds.

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. These are the same business-type activities reported in the entity-wide financial statements but are reported here to provide information at the fund level. The CTTS, GPTC and SH 249 System funds are TxDOT's only proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential for a full understanding of data provided in the entity–wide and fund financial statements. The notes to the financial statements can be found immediately following the proprietary fund financial statements.

Additional Information

The Required Supplementary Information (RSI) section immediately follows the basic financial statements and related notes section of this report. Following the RSI are other statements and schedules, including the combining statements for nonmajor governmental funds.

Financial Analysis of TxDOT as a Whole
Net Position

Assets – TxDOT's total assets increased by $6.5 billion during the current fiscal year to $164.6 billion. Capital assets increased by $6.0 billion during the current fiscal year. Construction in progress and land and land improvements accounted for most of these additions. See capital assets section of this management's discussion and analysis for more information on the accounting treatment of capital assets.

Deferred Outflow – TxDOT's total deferred outflow of resources decreased by $76.0 million from fiscal 2022. The change was due to decrease in pensions in amount of $335.9 million, increase in other postemployment benefits in amount of $294.3 million.

Liabilities – TxDOT's total liabilities decreased by $517.8 million during the current fiscal year to $28.3 billion. Noncurrent liabilities accounted for 84.0 percent of total liabilities.

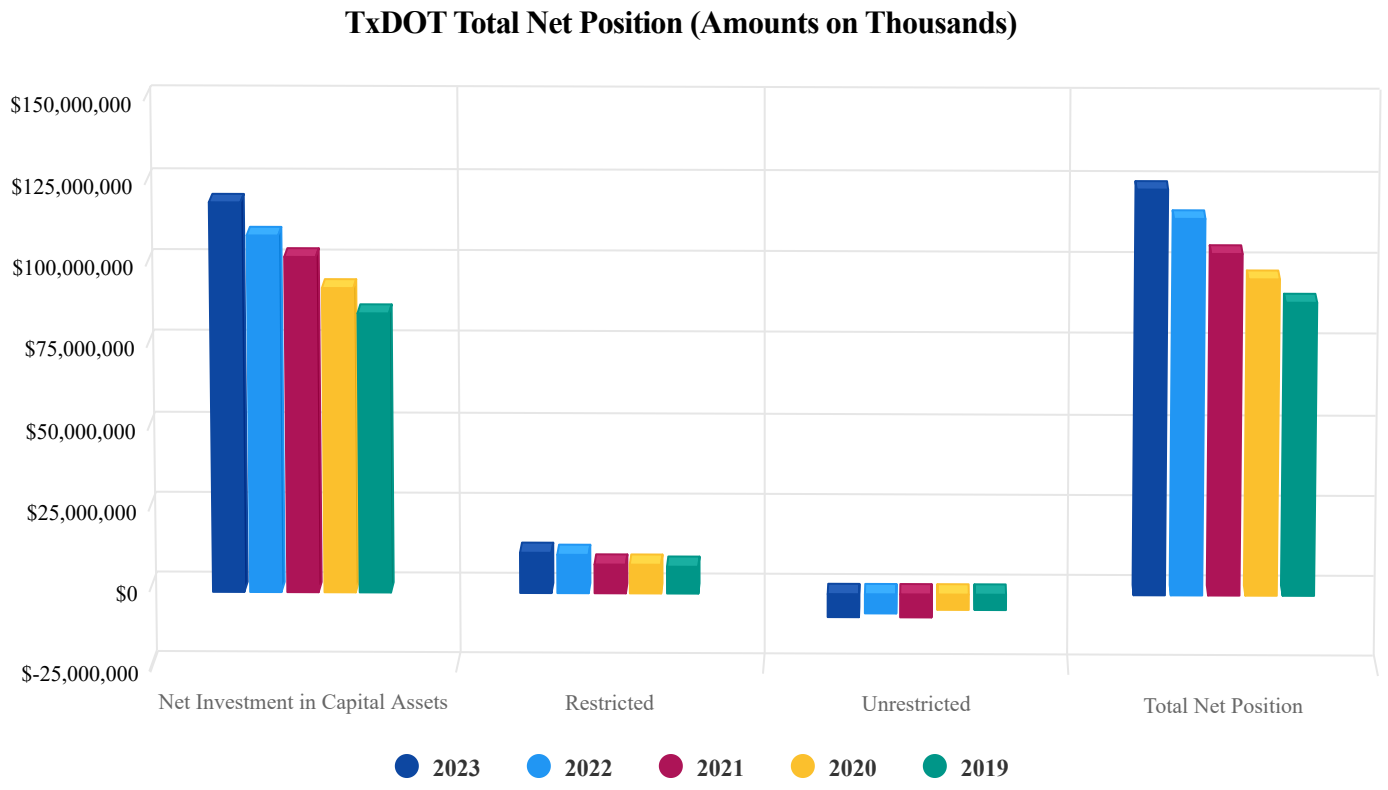
Deferred Inflow – TxDOT's total deferred inflow of resources decreased by $2.1 billion during the current fiscal year to $13.1 billion. The decrease was primarily due to the removal of the deferred inflow associated with the Service Concession Intangible Asset GPTC had recorded prior to GASB Statement No. 94 implementation during fiscal 2023.

Net Position – TxDOT's overall net position increased by 7.8 percent or $9.0 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 (96.1 percent or $119.6 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 (9.8 percent or $12.2 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 $7.4 billion in fiscal 2023 A two-year representation of TxDOT's net position balances is presented as follows.

Statement of Net Position
August 31, 2023 and 2022 (Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
ASSETS						
Assets Other Than Capital Assets	$ 19,176,576	$ 15,514,801	$ 1,825,181	$ 4,969,417	$ 21,001,757	$ 20,484,218
Capital Assets	140,547,830	134,585,642	3,045,019	3,011,811	143,592,849	137,597,453
Total Assets	159,724,406	150,100,443	4,870,200	7,981,228	164,594,606	158,081,671
DEFERRED OUTFLOWS OF RESOURCES	1,044,500	1,112,784	186,981	194,705	1,231,481	1,307,489
LIABILITIES						
Current Liabilities	4,226,759	3,454,143	291,875	864,500	4,518,634	4,318,643
Non-current Liabilities	15,790,275	17,118,618	8,001,698	7,391,154	23,791,973	24,509,772
Total Liabilities	20,017,034	20,572,761	8,293,573	8,255,654	28,310,607	28,828,415
DEFERRED INFLOWS OF RESOURCES	13,047,232	15,150,113	39,922	25,067	13,087,154	15,175,180
NET POSITION						
Net Investment in Capital Assets	118,934,673	109,237,358	662,211	720,225	119,596,884	109,957,583
Restricted	11,705,281	11,153,348	527,701	386,685	12,232,982	11,540,033
Unrestricted	(2,935,314)	(4,900,353)	(4,466,226)	(1,211,698)	(7,401,540)	(6,112,051)
Total Net Position	$ 127,704,640	$ 115,490,353	$ (3,276,314)	$ (104,788)	$ 124,428,326	$ 115,385,565



Changes in Net Position

Increases and decreases in the net position measure whether TxDOT's financial position is improving or deteriorating over time.

TxDOT earned program revenues of $6.5 billion and general revenues of $9.5 billion, for total revenues of $16.0 billion. The expenses of TxDOT were $8.3 billion. The total net position increased to $124.4 billion in fiscal year 2023 from $115.4 billion in fiscal year 2022 due to revenues exceeding expenses. Revenues and expenses of TxDOT's governmental and business-type activities are detailed below.

Governmental Activities

The change in net position of governmental activities was $9.5 billion compared to $10.5 billion in fiscal 2022. $13.5 billion of operating grants and contributions and taxes contributed to 88.5 percent of total revenues of $15.3 billion. Total revenues decreased by $166.1 million which was caused mainly by increase in unrestricted investment earnings in amount of $363.4 million. Total expenses increased by $752.0 million from $6.9 billion in fiscal 2022 to $7.6 billion in fiscal 2023. This was due to increase in transportation expenses.

Business-Type Activities

In fiscal 2023, the net position of business-type activities decreased by a total of $3.2 billion or 3026.6 percent from a deficit balance of $104.8 million to a deficit balance of $3.3 billion. The significant decrease in net position for the Grand Parkway Transportation Corporation was due to the implementation of GASB Statement No. 94, Public-Private or Public-Public Partnerships and Availability Payment Arrangements during fiscal 2023. The implementation required the removal of a $3.2 billion intangible asset GPTC had reported prior to the issuance of the statement.

Total revenues increased by $257.9 million or 50.8 percent from $507.9 million in fiscal 2022 to $765.8 million in fiscal 2023. This was primarily due to increase in toll revenue from the catchup of 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. Total expenses decreased by $31.7 million or 4.5 percent from $710.0 million in fiscal 2022 to $678.3 million in fiscal 2023 due to the improved stabilization of the back-office system and reduced reliance on interim technology providers.

Changes in Net Position

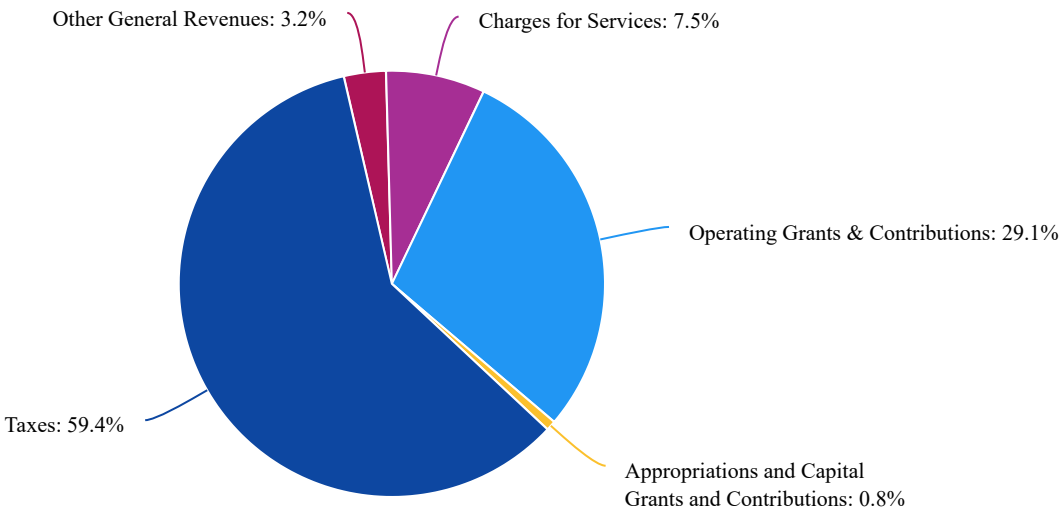
For the Fiscal Years Ended August 31, 2023 and 2022 (Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program Revenues:						
Charges for Services	$ 1,149,211	$ 1,094,551	$ 699,358	$ 519,230	$ 1,848,569	$ 1,613,781
Operating Grants and Contributions	4,443,358	4,714,863	66,399	(11,362)	4,509,757	4,703,501
Capital Grants and Contributions	113,664	58,860			113,664	58,860
Total Program Revenues	5,706,233	5,868,274	765,757	507,868	6,471,990	6,376,142
General Revenues:						
Appropriations	1,232	1,484			1,232	1,484
Taxes	9,064,232	9,452,897			9,064,232	9,452,897
Unrestricted Investment Earnings	423,542	60,106			423,542	60,106
Settlement of Claims	49,020	36,949			49,020	36,949
Other General Revenues	11,971	2,576			11,971	2,576
Total General Revenues	9,549,997	9,554,012	0	0	9,549,997	9,554,012
Total Revenues	15,256,230	15,422,286	765,757	507,868	16,021,987	15,930,154
EXPENSES						
Transportation	7,645,612	6,893,610	678,325	710,006	8,323,937	7,603,616
Total Expenses	7,645,612	6,893,610	678,325	710,006	8,323,937	7,603,616
Excess (Deficiency) Before Special Items and Transfers	7,610,618	8,528,676	87,432	(202,138)	7,698,050	8,326,538
Transfers - Internal Activities	32,650	(3,870)	(32,650)	3,870		
Transfers - Other State Agencies	1,835,708	1,960,028			1,835,708	1,960,028
Change in Net Position	9,478,976	10,484,834	54,782	(198,268)	9,533,758	10,286,566
Net Position, Beginning Balance	115,490,353	105,007,783	(104,788)	93,480	115,385,565	105,101,263
Change in Accounting Principle*	2,735,311	(2,264)	(3,226,308)		(490,997)	(2,264)
Net Position, Beginning Balance, as Restated	118,225,664	105,005,519	(3,331,096)	93,480	114,894,568	105,098,999
Net Position, Ending Balance	$ 127,704,640	$ 115,490,353	$ (3,276,314)	$ (104,788)	$ 124,428,326	$ 115,385,565

*Change in Accounting Principle due to GASB 94 & 96 transitions in 2023.

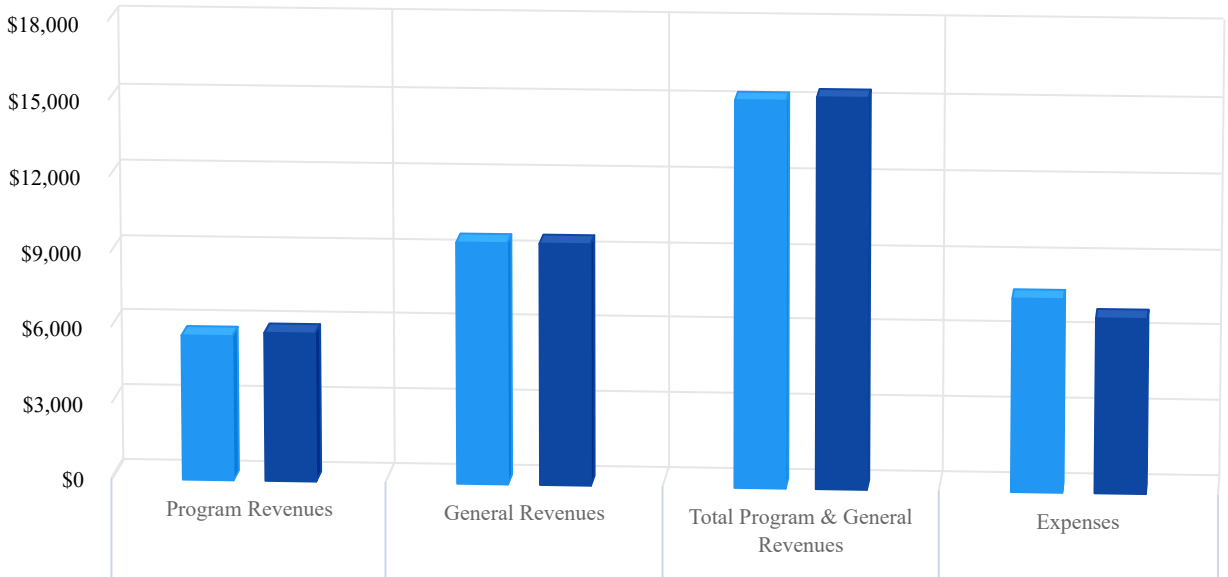
Revenues by Source: Governmental Activities

For the Fiscal Year Ended August 31, 2023



Expenses and Revenues: Governmental Activities

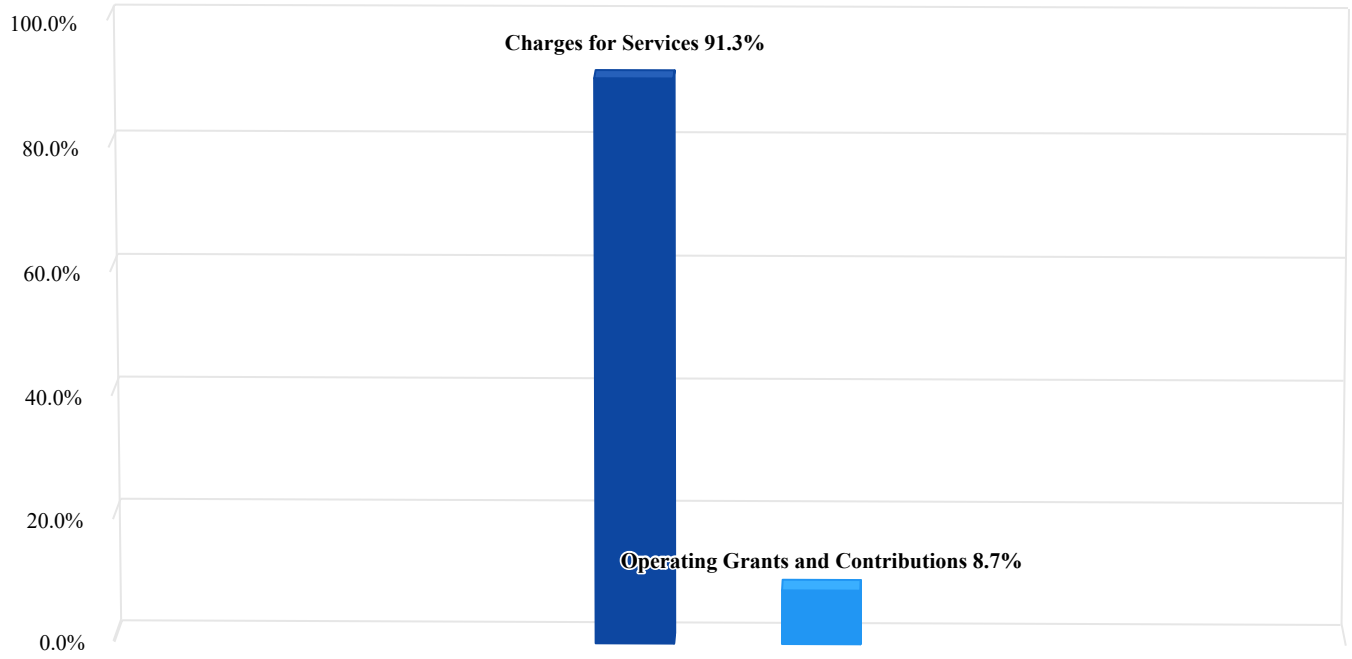
For the Fiscal Years August 31, 2023 and 2022 (In Millions)



	Program Revenues	General Revenues	Total Program & General Revenues	Expenses
Fiscal Year 2023	**$5,706**	**$9,550**	**$15,256**	**$7,646**
Fiscal Year 2022	**$5,868**	**$9,554**	**$15,422**	**$6,894**

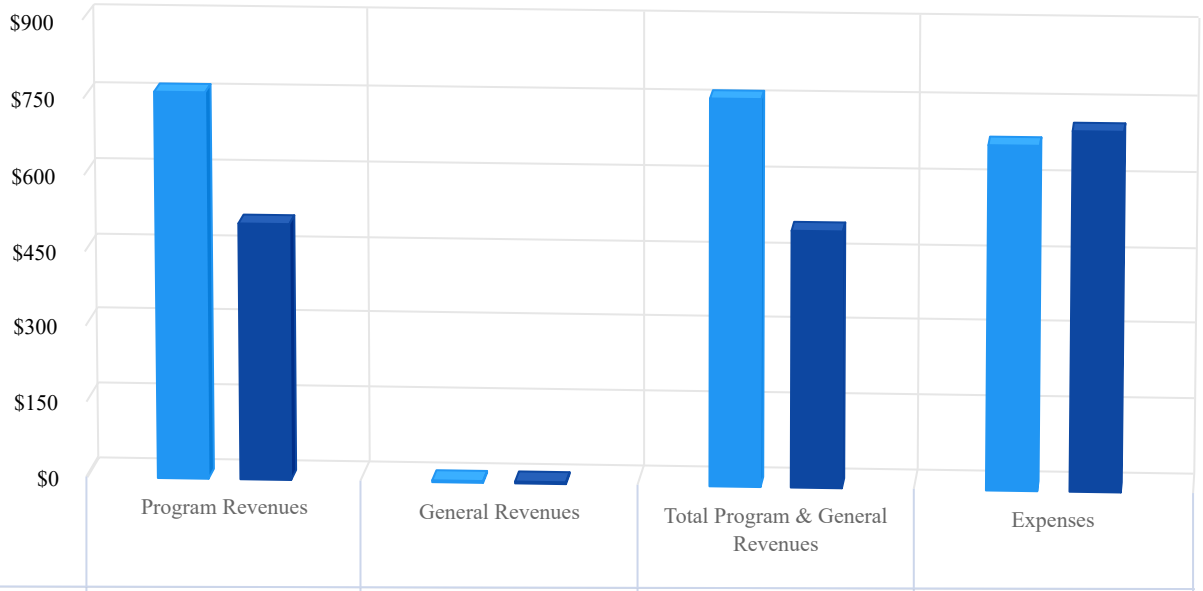
Revenues by Source: Business-Type Activities

For the Fiscal Years August 31, 2023



Expenses and Revenues: Business Activities

For the Fiscal Years August 31, 2023 and 2022 (In Millions)



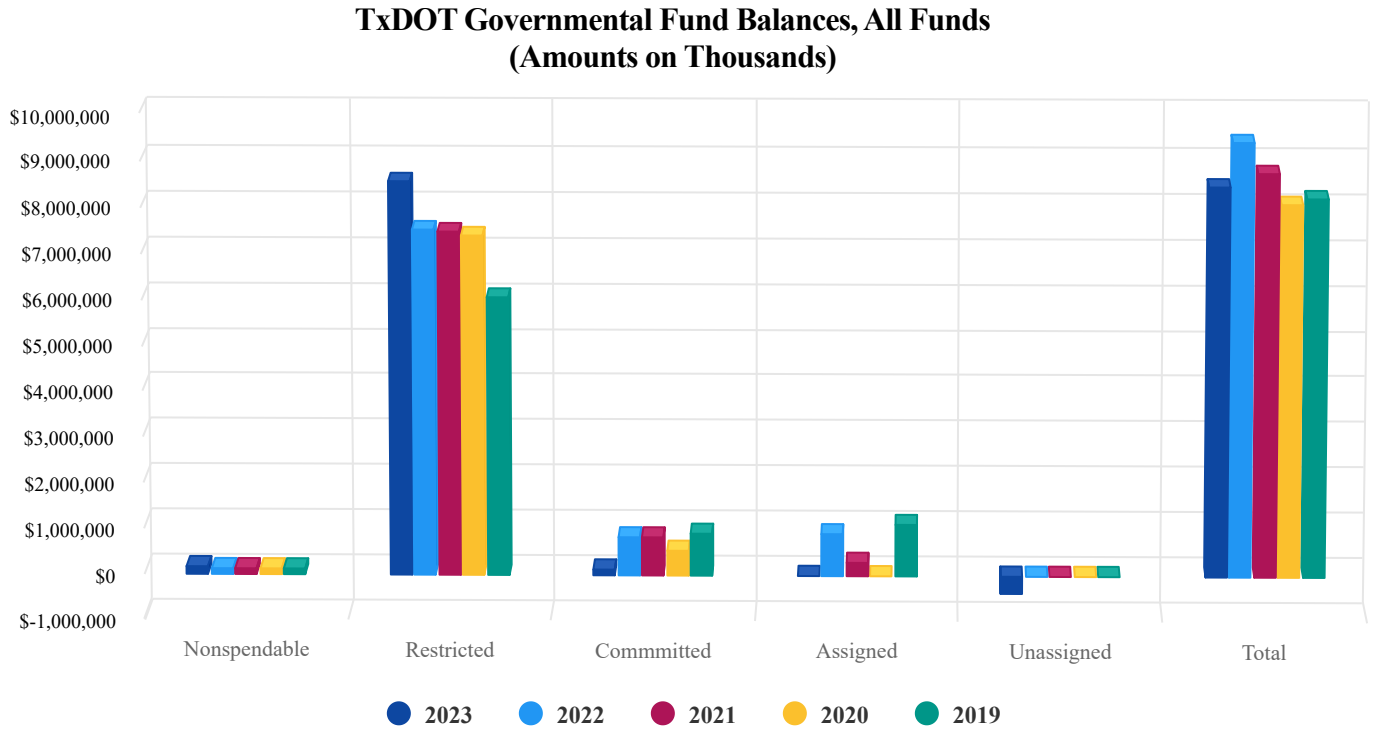
	Program Revenues	General Revenues	Total Program & General Revenues	Expenses
Fiscal Year 2023	**$766**	**$0**	**$766**	**$678**
Fiscal Year 2022	**$508**	**$0**	**$508**	**$710**

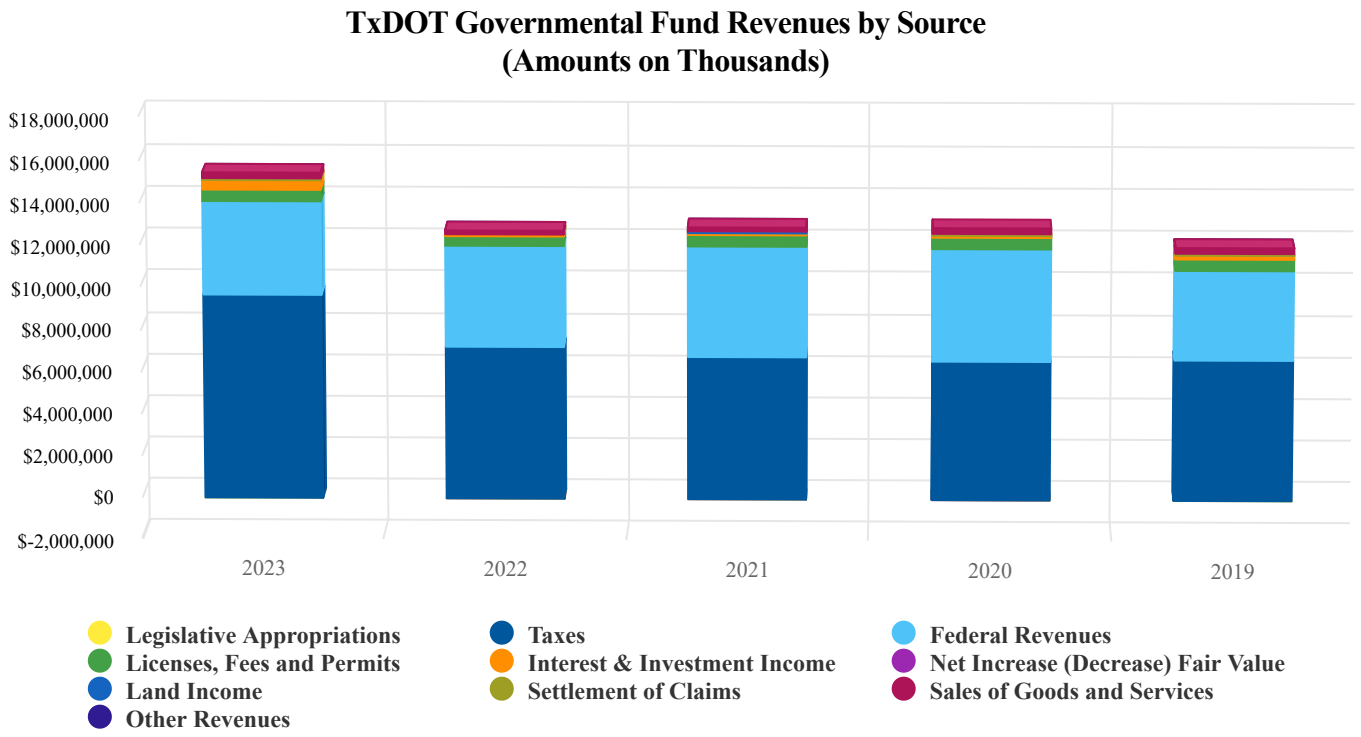
Financial Analysis of TxDOT's Funds

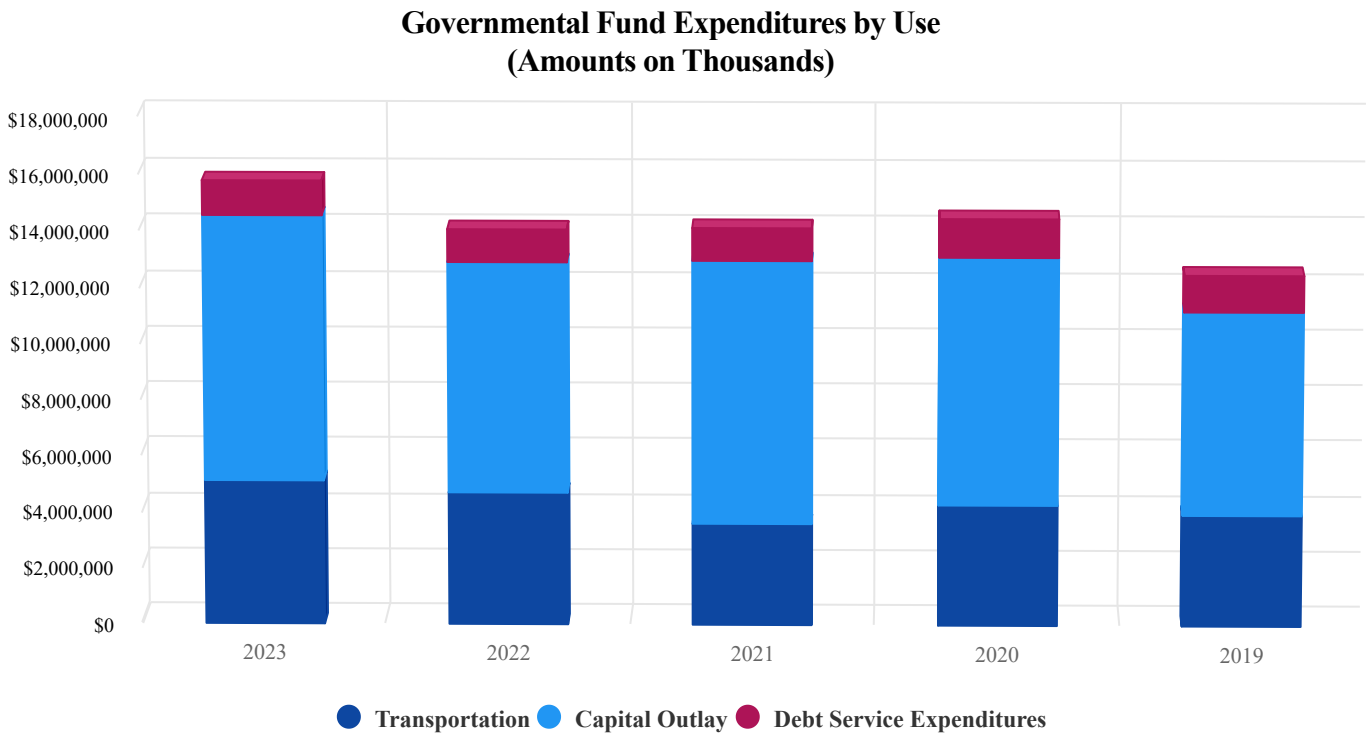
Governmental Funds

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. All major governmental funds are discretely presented on these financial statements, while the nonmajor governmental funds are combined into a single column. Combining statements for the nonmajor governmental funds are presented in the Other Supplementary Information section.

TxDOT's governmental funds reported a combined ending fund balance of $8.5 billion on Aug. 31, 2023, most of which is allocated to restricted capital projects. Expenditures exceeded revenues by $336.9 million. Some project expenditures are funded by revenues collected in prior years rather than current year revenues.







State Highway Fund

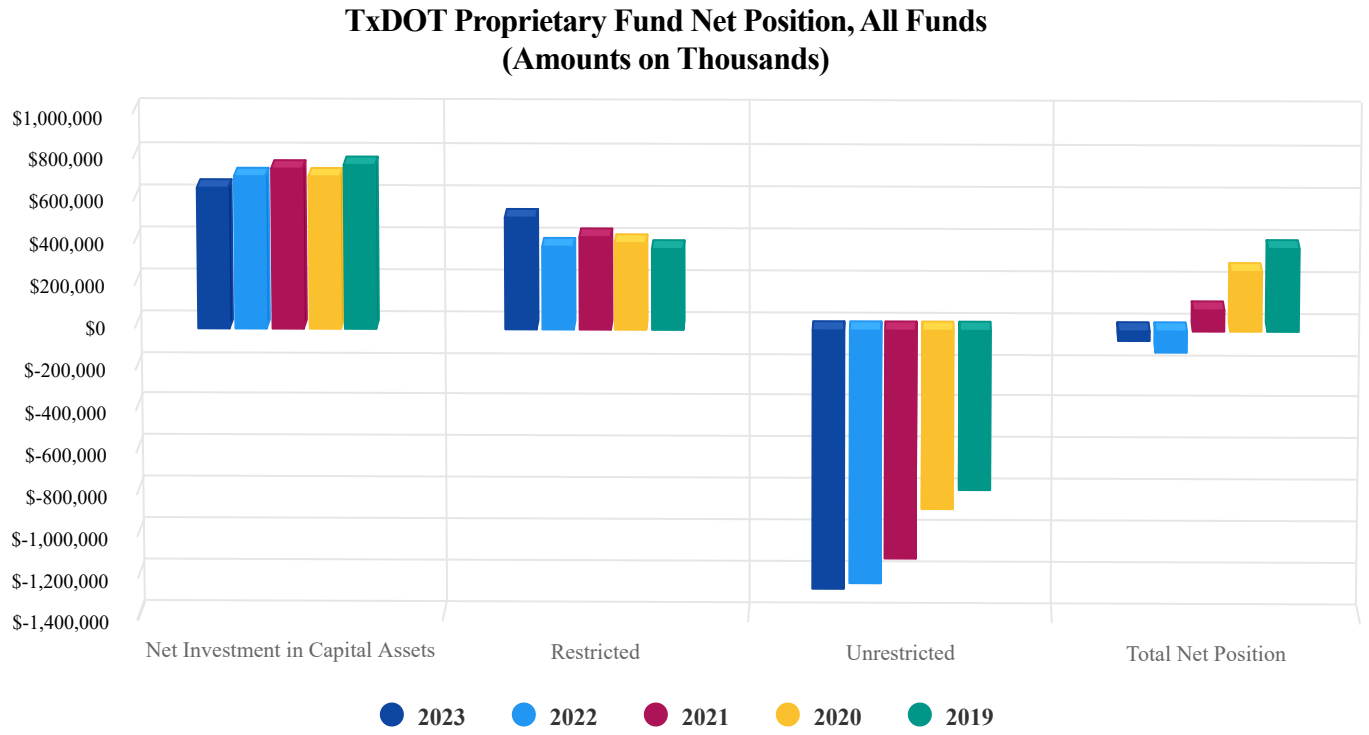
The State Highway Fund is TxDOT's main operating fund. Overall, the fund balance for the State Highway Fund on Aug. 31, 2023, was $8.0 billion. Total revenues increased by $2.5 billion, or 21.1 percent, to $14.5 billion in fiscal 2023. 94.9 percent of the total revenue included $9.6 billion of taxes and $4.2 billion of federal revenue. $9.2 billion capital outlay expenditures contributed to 64.1 percent of overall SHF's expenditures in fiscal 2023. Changes in fund balance was $1.8 billion in fiscal 2023, an increase of $1.0 billion from fiscal 2022, which was due to increase in revenues in amount of $2.5 billion, increase in expenditures in amount of $1.7 billion, increase in other financing sources in amount of $183.1 million. The changes were: tax revenue increase of $2.5 billion, primarily due to increased oil and natural gas tax and, motor vehicle sales and use tax collections during fiscal 2023. In addition, transportation expenditures increased by $418.3 million and capital outlay increased by $1.2 billion due to increased utilization of Proposition 1 and 7 revenues during fiscal 2023.

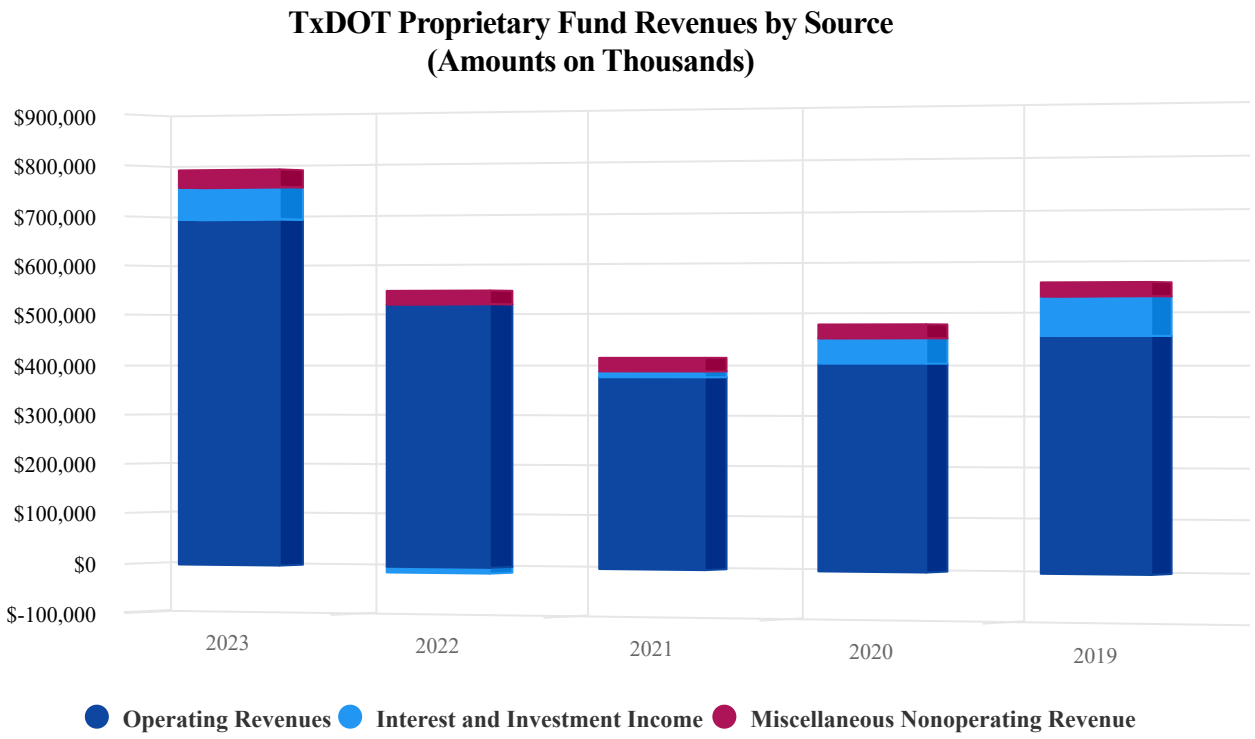
Texas Mobility Fund

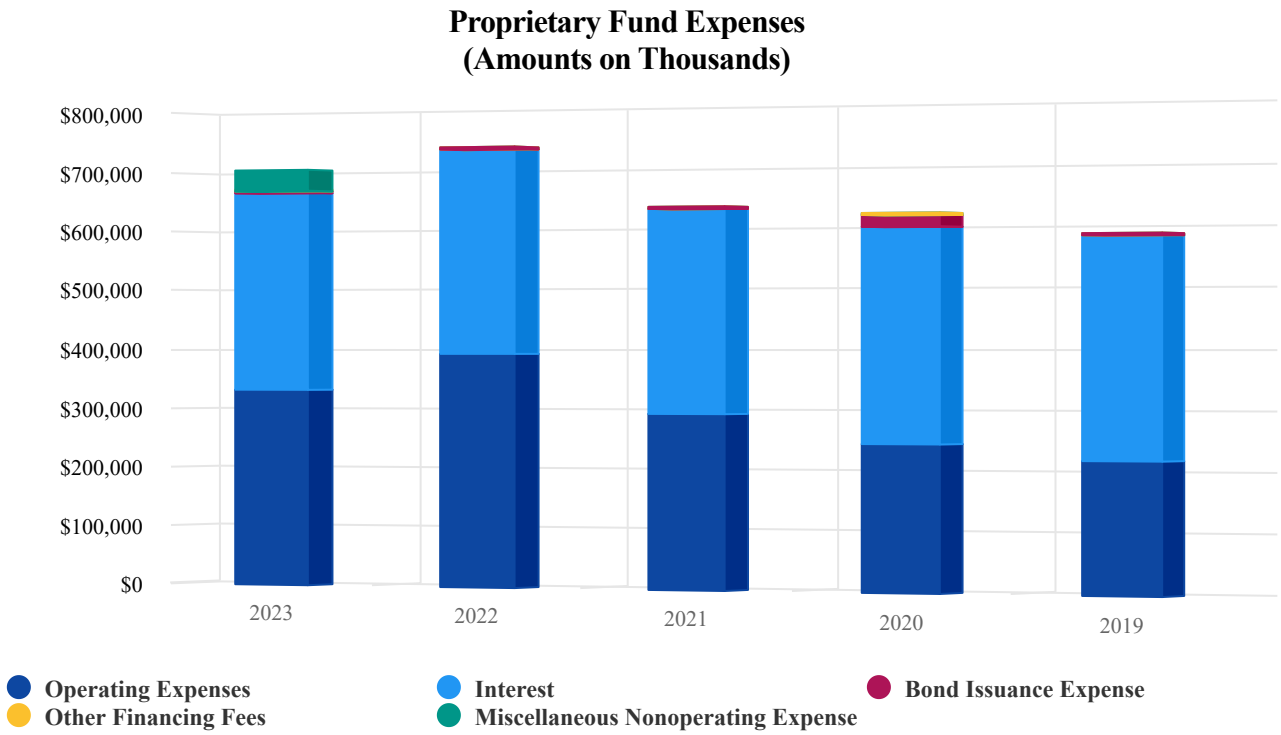
The Texas Mobility Fund operates as a revolving fund to provide a method of financing construction, reconstruction, acquisition and expansion of state highways and other transportation projects. The fund balance for the Texas Mobility Fund on Aug. 31, 2023 was $421.1 million, a decrease of $40.5 million or 8.8 percent, from $461.6 million on Aug. 31, 2022. Change in fund balance was $40.5 million in fiscal 2023 compared to $72.3 million in fiscal 2022, a 156.0 percent decrease over the fiscal year. The change was caused by increase in revenues of $24.3 million, increase in expenditures of $134.6 million, decrease in other financing uses of $2.5 million. A total of $418.7 million of revenues were collected for the fund. The major revenue sources were licenses, fees and permits, which accounted for $384.0 million or 91.7 percent of total fund's revenue. Interest contributed to $234.8 million, which was 41.1 percent of the total expense of Texas Mobility Fund.

Proprietary Funds

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. TxDOT has three major proprietary funds, Central Texas Turnpike System, Grand Parkway Transportation Corporation and SH 249 System. An overview of the financial information of these funds is presented below.







Central Texas Turnpike System

The net position of CTTS was $217.4 million as of Aug. 31, 2023, an increase of $31.4 million from fiscal 2022. CTTS' operating revenues increased by $88.7 million or 34.6 percent over fiscal 2022. The increase was due to increase in toll revenue - pledged after the substantial resolution of billing issues related to implementation of the new back-office system. The total expense for CTTS in fiscal 2023 was $357.7 million, compared to $346.9 million in fiscal 2022. Depreciation and amortization combined with interest expenses contributed to $223.7 million, which was 62.5 percent, of the total expense of CTTS.

Grand Parkway Transportation Corporation

GPTC reported a deficit net position of $3.7 billion in fiscal 2023, a decrease in net position of $3.2 billion over fiscal 2022. This decrease was primarily attributed to the removal of the GPTC's $3.2 billion intangible asset after the implementation of GASB Statement

No. 94 in fiscal 2023. GPTC's operating revenues in fiscal 2023 increased by $77.3 million, or 31.4 percent over fiscal 2022. The increase was due to increase in toll revenue - pledged due to increase in toll transactions. In fiscal 2023, GPTC's total expenses were $300.2 million, which decreased by $46.9 million or 13.5 percent, over fiscal 2022. The largest expense in fiscal 2023 was $186.4 million of interest expense.

SH 249 System

The net position of SH 249 System was $249.1 million as of Aug. 31, 2023, an increase of 2.4 percent over fiscal 2022. During fiscal 2023, SH 249 System generated $21.9 million in toll revenue, net of allowance for doubtful accounts. The total increase in net position of $5.7 million, which was caused by operating revenues in amount of $21.9 million, operating expenses in amount of $7.6 million, non operating expenses in amount of $10.4 million, capital contributions and transfers to fund in amount of $1.9 million.

Budget Highlights

Variances for the State Highway Fund

The differences between the original and final revenue budgets are due to economic and legislative reasons. Budget mechanisms allow budget revisions for certain revenues when collections exceed the original budget. Accordingly, major revisions were made to both total revenues and expenditures for a net change of $7.5 billion. There was a $1.5 billion positive variance between the actual and final budget revenues. The $2.6 billion licenses, fees and permits variance between actual and final budget accounted for the majority of the revenue variance. The actual expenditures related to transportation were less than the final budget by $4.5 billion which represents expenditures expected to be paid in future fiscal years. Construction strategies can be charged for up to four additional fiscal years and non-construction strategies can be charged for up to three additional fiscal years after the original appropriation year.

The budgetary comparison schedule in the Required Supplementary Information section and the Budget Schedule by Strategy in the Other Supplementary Information section presents comparisons of the legally adopted budget with actual data on a budgetary basis.

Capital Assets and Debt Administration

Capital Assets

TxDOT's capital assets are comprised of roads, bridges, buildings, land, equipment, and intangible capital assets. As of Aug. 31, 2023, TxDOT had $143.6 billion in net capital assets, a $6.0 billion or 4.4 percent increase over fiscal 2022. The increase was due to an increase in infrastructure - depreciable of $4.6 billion, land and land improvements of $835.6 million, construction in progress of $410.3 million in fiscal 2023. The total accumulated depreciation and amortization for TxDOT as of Aug. 31, 2023 was $33.4 billion.

Capital Assets - Net of Depreciation and Amortization

August 31, 2023 and 2022 (Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Land and Land Improvements	$ 18,817,488	$ 17,981,575	$ 725,847	$ 726,129	$ 19,543,335	$ 18,707,704
Infrastructure - Depreciable	97,118,247	92,580,384	2,075,947	1,970,285	99,194,194	94,550,669
Construction in Progress	23,261,253	22,693,856	96,418	253,495	23,357,671	22,947,351
Buildings and Building Improvements	620,921	647,859	2,076	2,437	622,997	650,296
Furniture and Equipment	75,598	73,398			75,598	73,398
Vehicles, Boats and Aircraft	371,509	352,068			371,509	352,068
Other Capital Assets	2,227	4,738			2,227	4,738
Land Use Rights - Permanent	89,417	88,792	19,466	19,466	108,883	108,258
Land Use Rights - Term	106	222			106	222
Computer Software	108,808	134,052	29,787	39,999	138,595	174,051
Buildings and Building Improvements (RTU)	19,728	21,311			19,728	21,311
Land Use Rights - Permanent (RTU)	2,936	1,866			2,936	1,866
Furniture and Equipment (RTU)	8,703	5,521			8,703	5,521
Subscriptions (RTU)	50,889		95,478		146,367	
Total Capital Assets	$ 140,547,830	$ 134,585,642	$ 3,045,019	$ 3,011,811	$ 143,592,849	$ 137,597,453

TxDOT uses the composite approach for reporting the state's infrastructure and bridges. The composite approach is a method for calculating depreciation of a grouping of dissimilar assets of the same class (all the roads and bridges of the state) using the same depreciation rate. The composite depreciation rate for 2023 is 2.5 percent based on a 40-year weighted average life expectancy of the assets in service.

To ensure future availability of essential services and to finance capital improvements, TxDOT made commitments for construction contracts, comprehensive development agreements and pass-through toll agreements totaling an estimated $19.3 billion. These commitments extend beyond the end of the fiscal year and represent future costs to TxDOT. Note 2 provides detail about TxDOT's capital assets activity and Note 15 details TxDOT's significant commitments related to future capital expenditures.

Debt Administration

The Commission, on behalf of TxDOT, issues both general obligation bonds and revenue bonds. Each series of revenue bonds is backed by pledged revenues and restricted assets specified in the individual bond resolutions. Note 5 discloses details on TxDOT's long-term liabilities and Note 6 provides detail information on TxDOT's bonded indebtedness.

Outstanding Bonded Debt

As of August 31, 2023 (Amount in Thousands)

	Governmental Activities		Business-Type Activities	
	2023	2022	2023	2022
General Obligation Bonds Payable	$ 9,353,914	$ 9,707,449	$	$
Revenue Bonds Payable	3,051,820	3,352,822	7,422,607	7,484,376
Total Bonds Payable	$ 12,405,734	$ 13,060,271	$ 7,422,607	$ 7,484,376

Bond Credit Ratings

The outstanding bonds of the Commission and GPTC were rated by the major nationally recognized statistical rating organizations. As of Aug. 31,2023, the bonds carried the following ratings.

Long-Term Credit Ratings as of August 31, 2023

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, 2014, 2016, 2016-A, 2019	AAA	Aaa	AAA	AAA
HIGO 2020	AAA	Aaa	n/a	AAA
Revenue Bonds				
SHF 2008, 2010, 2014-A, 2015, 2016-A,B, 2020	n/a	Aaa	AAA	n/a
Business-Type Activities				
Revenue Bonds				
CTTS 2002-A, 2012-A, 2015-B, 2020-A,B,C	A+	A3	A	n/a
CTTS 2015-C	A-	Baa1	A-	n/a
GPTC 2013-B,E, 2018-A	AA	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	Baa2	n/a	n/a
GPTC 2023	AA	Aa1	n/a	n/a

Short-term ratings are usually reliant upon the supporting liquidity facility and its strength. The following variable rate demand bonds carried short-term credit ratings as of Aug. 31, 2023.

Short-Term Credit Ratings as of August 31, 2023

Governmental Activities	Fitch	Moody's	Standard & Poor's	Kroll
General Obligation Bonds				
TMF Series 2006-B Variable Rate Interest Bonds	F1+	VMIG 1	n/a	n/a
Revenue Bonds				
SHF Series 2014-B Variable Rate Interest Bonds	n/a	VMIG 1	A-1	n/a

An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations, and the Commission makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period or that they will not be revised downward or withdrawn entirely by any or all of such rating companies, if in the judgment of any or all companies, circumstances warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the bonds.

Economic Condition

The current economic environment presents government entities, including state transportation departments, continued challenges. The inflation rate at the end of August 2023 was 8.3 percent, the highest rate since 1982. The U.S. Economy entered a recession at the end of the summer with Consumer confidence dropping since that time. On a positive note, the unemployment rate in Texas has decreased during the year. During the previous five fiscal years, 2019-2023, 4,114 highway and bridge construction projects (estimated at $35.9 billion) were let/awarded for $35.6 billion. In addition, TxDOT awarded one design build contract totaling $699.9 million in fiscal 2023.

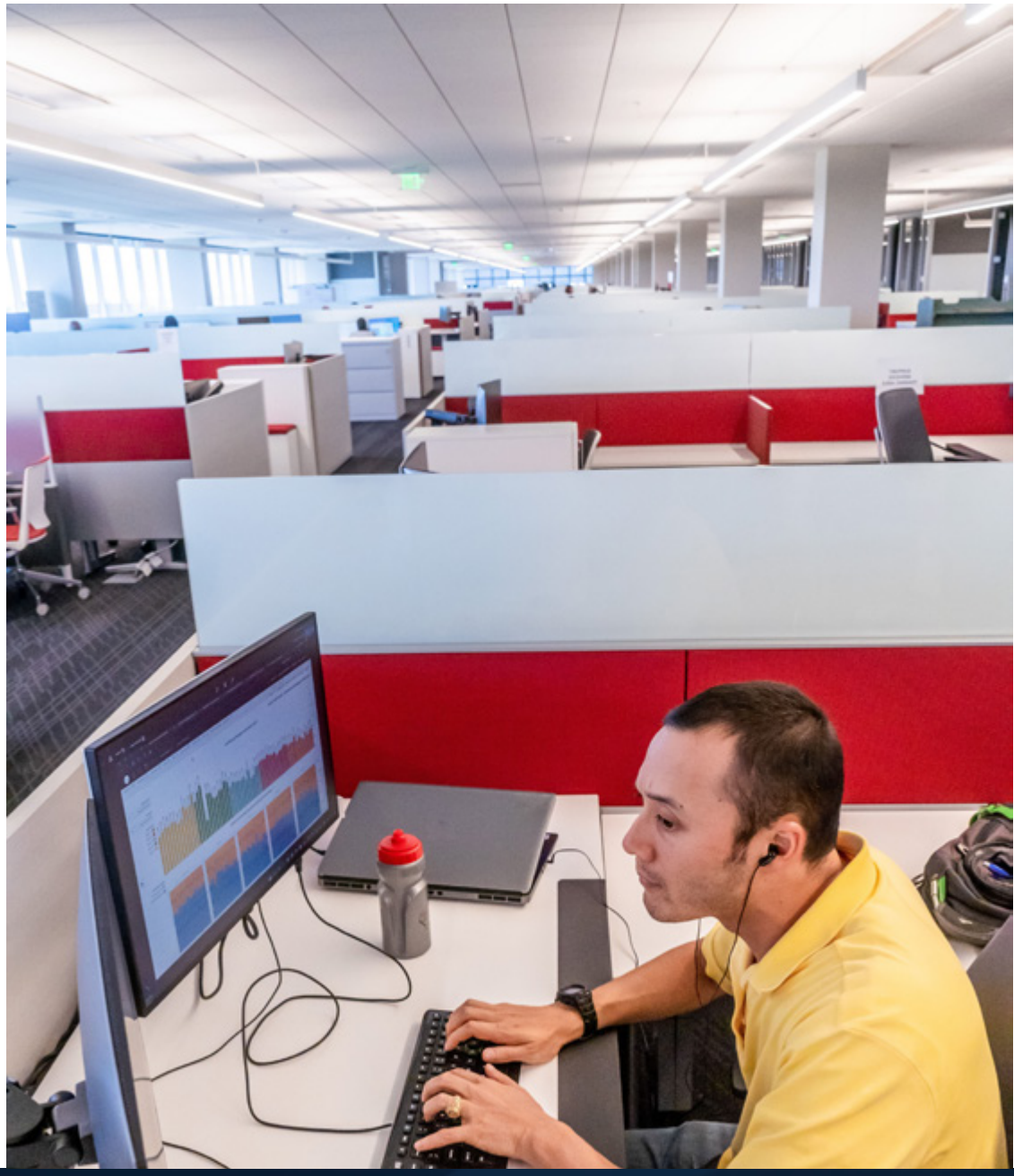
Contacting TxDOT's Financial Management

This financial report is designed to provide a general overview of the TxDOT's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the TxDOT Financial Management Division at the following address:

Texas Department of Transportation
Financial Management Division – Accounting Section
125 East 11th Street
Austin, Texas 78701-2483

SECTION TWO (CONTINUED)

BASIC FINANCIAL STATEMENTS



Texas Department of Transportation
Statement of Net Position
August 31, 2023 (Amounts in Thousands)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 11,791,175	$ 407,405	$ 12,198,580
Short-Term Investments	20,115		20,115
Restricted:			
Cash and Cash Equivalents	14,709	1,092,344	1,107,053
Short-Term Investments	8,600		8,600
Legislative Appropriations	206,979		206,979
Due from Other Agencies (Note 11)	3,308,120		3,308,120
Receivable:			
Taxes	248,981		248,981
Federal	647,167		647,167
Interest and Dividends	3,008	819	3,827
Accounts Receivable	91,118	60,432	151,550
Other Intergovernmental	444,675		444,675
Leases (Note 7)	478		478
Loans and Contracts (Note 4)	20,348		20,348
Consumable Inventory	151,099	405	151,504
Total Current Assets	16,956,572	1,561,405	18,517,977
Noncurrent Assets:			
Restricted:			
Investments		39,291	39,291
Loans and Contracts (Note 4)	216,080		216,080
Investments	41,969	224,485	266,454
Receivable:			
Taxes	41		41
Leases (Note 7)	1,147		1,147
Public-Private or Public-Public Partnership Asset (Note 20)	1,960,767		1,960,767
Capital Assets:			
Non-Depreciable or Non-Amortizable (Note 2)	42,168,158	841,731	43,009,889
Depreciable or Amortizable, Net (Note 2)	98,379,672	2,203,288	100,582,960
Total Noncurrent Assets	142,767,834	3,308,795	146,076,629
Total Assets	159,724,406	4,870,200	164,594,606
DEFERRED OUTFLOWS OF RESOURCES			
Loss on Bond Refunding (Note 21)	154,941	186,981	341,922
Pensions (Note 8, 21)	146,641		146,641
Other Postemployment Benefits (Note 10, 21)	742,918		742,918
Total Deferred Outflows of Resources	1,044,500	186,981	1,231,481

Continued on the following page

Texas Department of Transportation Concluded
Statement of Net Position

August 31, 2023 (Amounts in Thousands)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities:			
Payables:			
Accounts	1,926,112	65,182	1,991,294
Payroll	102,667		102,667
Interest	206,484	60,356	266,840
Contract Retainage	23,523	238	23,761
Deposits	34,547		34,547
Internal Balances (Note 11)	2,792	(2,792)	0
Due to Other Agencies (Note 11)	4,372		4,372
Unearned Revenues	687,939	24,681	712,620
Employees' Compensable Leave (Note 5)	87,743		87,743
Claims and Judgments (Note 5, 17)	250,000		250,000
Notes and Loans Payable (Note 5)	114,430		114,430
General Obligation Bonds Payable (Note 5)	367,120		367,120
Revenue Bonds Payable (Note 5)	307,995	102,715	410,710
Pollution Remediation Obligation (Note 5)	8,210		8,210
Net OPEB Liability (Note 10)	80,840		80,840
Right-to-Use Lease Obligations (Note 5, 7)	4,334		4,334
Right-to-Use Subscription Obligations (Note 5, 7)	17,651	41,495	59,146
Total Current Liabilities	4,226,759	291,875	4,518,634
Noncurrent Liabilities:			
Employees' Compensable Leave (Note 5)	33,335		33,335
Claims and Judgments (Note 5, 17)	150,000		150,000
Notes and Loans Payable (Note 5)	942,744	614,390	1,557,134
General Obligation Bonds Payable (Note 5)	8,986,794		8,986,794
Revenue Bonds Payable (Note 5)	2,743,825	7,319,890	10,063,715
Net Pension Liability (Note 8)	845,622		845,622
Net OPEB Liability (Note 10)	2,035,188		2,035,188
Right-to-Use Lease Obligations (Note 5, 7)	27,745		27,745
Right-to-Use Subscription Obligations (Note 5, 7)	25,022	67,418	92,440
Total Noncurrent Liabilities	15,790,275	8,001,698	23,791,973
Total Liabilities	20,017,034	8,293,573	28,310,607
DEFERRED INFLOWS OF RESOURCES			
Public-Private and Public-Public Partnerships (Note 20, 21)	10,831,342		10,831,342
Gain on Bond Refunding (Note 21)	24,928	39,922	64,850
Pensions (Note 8, 21)	1,266,216		1,266,216
Other Postemployment Benefits (Note 10, 21)	720,847		720,847
Leases (Note 7, 21)	3,899		3,899
Time-Restricted Appropriations (Note 21)	200,000		200,000
Total Deferred Inflows of Resources	13,047,232	39,922	13,087,154
NET POSITION			
Net Investment in Capital Assets	118,934,673	662,211	119,596,884
Restricted for:			
Transportation - Construction	11,576,507	3,154	11,579,661
Transportation - Operations and Maintenance	9,618	249,543	259,161
Debt Service	119,156	275,004	394,160
Unrestricted	(2,935,314)	(4,466,226)	(7,401,540)
Total Net Position	$ 127,704,640	$ (3,276,314)	$ 124,428,326

The accompanying notes to the financial statements are an integral part of this financial statement.

Texas Department of Transportation
Statement of Activities

For the Fiscal Year Ended August 31, 2023
(Amounts in Thousands)

		PROGRAM REVENUES		
Functions	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary Government				
Governmental Activties:				
Transportation	$ 7,645,612	$ 1,149,211	$ 4,443,358	$ 113,664
Total Governmental Activities	7,645,612	1,149,211	4,443,358	113,664
Business-Type Activities:				
Transportation	678,325	699,358	66,399	0
Total Business-Type Activities	678,325	699,358	66,399	0
Total Primary Government	$ 8,323,937	$ 1,848,569	$ 4,509,757	$ 113,664

General Revenues:
- Legislative Appropriations
- Motor Fuel Tax
- Lubricant Sales Tax
- Oil and Natural Gas Production Tax
- Unrestricted Investment Earnings
- Settlement of Claims
- Motor Vehicle & Mfg Housing
- Other Revenues

Transfers – Internal Activities (Note 11)
Transfers – Other State Agencies
- Total General Revenues and Transfers
  - Changes in Net Position

Net Position, September 1, 2022
Restatements (Note 14)
Net Position, September 1, 2022, As Restated
Net Position, August 31, 2023

Continued on the following page

Texas Department of Transportation (Concluded)
Statement of Activities

For the Fiscal Year Ended August 31, 2023

(Amounts in Thousands)

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
Governmental Activities	Business-Type Activties	Total
$ (1,939,379)	$	$ (1,939,379)
(1,939,379)	0	(1,939,379)
	87,432	87,432
0	87,432	87,432
(1,939,379)	87,432	(1,851,947)
1,232		1,232
2,846,217		2,846,217
2,537,500		2,537,500
3,056,162		3,056,162
423,542		423,542
49,020		49,020
624,353		624,353
11,971		11,971
32,650	(32,650)	0
1,835,708		1,835,708
11,418,355	(32,650)	11,385,705
9,478,976	54,782	9,533,758
115,490,353	(104,788)	115,385,565
2,735,311	(3,226,308)	(490,997)
118,225,664	(3,331,096)	114,894,568
$ 127,704,640	$ (3,276,314)	$ 124,428,326

Texas Department of Transportation
Balance Sheet - Governmental Funds
August 31, 2023 (Amounts in Thousands)

	State Highway Fund	Texas Mobility Fund	Nonmajor Funds	Total
ASSETS				
Cash and Cash Equivalents:				
Cash on Hand	$ 711	$	$ 1	$ 712
Cash in Bank	1,080			1,080
Cash in State Treasury	10,741,308	452,787	514,239	11,708,334
Cash Equivalents	95,759			95,759
Short-Term Investments	28,715			28,715
Legislative Appropriations			206,979	206,979
Receivables:				
Taxes	249,022			249,022
Federal	589,517	4	57,646	647,167
Other Intergovernmental	218,889		225,786	444,675
Interest and Dividends	3,008			3,008
Accounts Receivable	91,118			91,118
Leases (Note 7)	1,625			1,625
Due from Other Funds (Note 11)	91,616		10,974	102,590
Due from Other Agencies (Note 11)	3,305,719		2,401	3,308,120
Consumable Inventories	151,099			151,099
Investments (Note 3)	41,969			41,969
Loans and Contracts (Note 4)	236,428			236,428
Total Assets	$ 15,847,583	$ 452,791	$ 1,018,026	$ 17,318,400

Continued on the following page

Balance Sheet - Governmental Funds

August 31, 2023 (Amounts in Thousands)

	State Highway Fund	Texas Mobility Fund	Nonmajor Funds	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Payables:				
Accounts	1,842,364	30,843	52,903	1,926,110
Payroll	102,226		440	102,666
Contract Retainage	23,523			23,523
Deposits	34,547			34,547
Due to Other Funds (Note 11)	80,282	893	24,207	105,382
Due to Other Agencies (Note 11)	4,372			4,372
Unearned Revenues	3,171		684,768	687,939
Total Liabilities	2,090,485	31,736	762,318	2,884,539
Deferred Inflows of Resources:				
Unavailable Revenue (Note 21)	3,251,406	4	1,258	3,252,668
Leases (Note 7)	3,899			3,899
Public-Private or Public-Public Partnerships (Note 20)	2,481,070			2,481,070
Time-Restricted Appropriations (Note 21)			200,000	200,000
Total Deferred Inflows of Resources	5,736,375	4	201,258	5,937,637
Fund Balances:				
Nonspendable (Note 13)	151,099			151,099
Restricted (Note 13)	8,237,082	281,362	42,832	8,561,276
Committed (Note 13)		139,689	6,020	145,709
Assigned (Note 13)			124	124
Unassigned (Note 13)	(367,458)		5,474	(361,984)
Total Fund Balances	8,020,723	421,051	54,450	8,496,224
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 15,847,583	$ 452,791	$ 1,018,026	$ 17,318,400

The accompanying notes to the financial statements are an integral part of this financial statement.

Texas Department of Transportation
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
August 31, 2023 (Amounts in Thousands)

Total Fund Balance - Governmental Funds			$ 8,496,224
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital Assets to be received at the conclusion of Public-Private or Public-Public Agreements are included in the Statement of Net Position			1,960,767
Capital assets less accumulated depreciation and amortization are included in the Statement of Net Position (Note 2).			
Capital Assets - Non-Depreciable or Non-Amortizable	$ 42,168,158		
Capital Assets - Depreciable or Amortizable, Net	98,379,672		
			140,547,830
Deferred inflows of resources were reported in the funds related to revenues that were not available soon enough after year-end to pay current year's expenditures (Note 21).			3,252,668
Deferred inflows of resources were reported in the Statement of Net Position to reflect the unamortized capital improvements under Public-Private or Public-Public Parnerships, gain on bond refundings, and the impact of pension and other postemployment benefit adjustments (Note 21).			(10,362,263)
Deferred outflows of resources were reported in the Statement of Net Position to reflect the loss on bond refundings and the impact of pension and other postemployment benefit adjustments (Note 21).			1,044,500
Long-term liabilities applicable to TxDOT's governmental activities are not due and payable in the current period and accordingly are not reported in the funds. These liabilities, however, are included in the Statement of Net Position. (Note 5, 7, 8, 10)			
Employees' Compensable Leave	(121,078)		
Claims and Judgments	(400,000)		
Notes and Loans Payable**	(1,057,174)		
General Obligation Bonds Payable	(9,353,914)		
Revenue Bonds Payable	(3,051,820)		
Pollution Remediation Obligations	(8,210)		
Net Pension Liability	(845,622)		
Right-to-Use Lease Obligations	(32,079)		
Right-to-Use Subscription Obligations	(42,673)		
Net OPEB Liabilities	(2,116,028)		
			(17,028,598)*
* Current portion $1,238,323 and noncurrent portion $15,790,275			
**Pass-Through Tolls Payable $415,056, Contracts Payable $20,000			
TIFIA Loan Payable $323,296, TPFA Note Payable $298,823			
Interest payable applicable to TxDOT's governmental activities is not due and payable in the current period and accordingly is not reported in the funds. These liabilities, however, are included in the Statement of Net Position.			(206,488)
Net Position of Governmental Activities			$ 127,704,640

This page is intentionally blank

Texas Department of Transportation
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Fiscal Year Ended August 31, 2023 (Amounts in Thousands)

	State Highway Fund	Texas Mobility Fund	Nonmajor Funds	Total
REVENUES				
Legislative Appropriations	$	$	$ 1,232	$ 1,232
Taxes	9,645,281			9,645,281
Federal Revenues	4,159,945	21,882	269,333	4,451,160
Licenses, Fees and Permits	212,522	384,016	13	596,551
Interest & Investment Income	391,053	12,761	19,857	423,671
Net Increase Fair Value	225			225
Land Income	29,616			29,616
Settlement of Claims	49,020			49,020
Sales of Goods and Services	45,964		222,751	268,715
Other Revenues	10,983	2		10,985
Total Revenues	14,544,609	418,661	513,186	15,476,456
EXPENDITURES				
Transportation	4,993,064	137,972	33,533	5,164,569
Capital Outlay	9,168,786	42,870	211,163	9,422,819
Debt Service:				
Principal	126,426	155,720	410,855	693,001
Interest	7,669	234,804	289,239	531,712
Other Financing Fees	929	295		1,224
Total Expenditures	14,296,874	571,661	944,790	15,813,325
Excess (Deficiency) of Revenues Over (Under) Expenditures	247,735	(153,000)	(431,604)	(336,869)
OTHER FINANCING SOURCES (USES)				
Transfers In (Note 11)	2,132,761	126,208	523,076	2,782,045
Transfers Out (Note 11)	(665,738)	(13,726)	(222,751)	(902,215)
Increase in Obligations for Leases & Subscriptions	49,379			49,379
Sale of Capital Assets	15,463		2,367	17,830
Total Other Financing Sources (Uses)	1,531,865	112,482	302,692	1,947,039
Net Change in Fund Balances	1,779,600	(40,518)	(128,912)	1,610,170
Fund Balances, September 1, 2022	8,796,403	461,569	183,362	9,441,334
Restatements (Note 14)	(2,555,280)			(2,555,280)
Fund Balances, September 1, 2022 as Restated	6,241,123	461,569	183,362	6,886,054
Fund Balances, August 31, 2023	$ 8,020,723	$ 421,051	$ 54,450	$ 8,496,224

The accompanying notes to the financial statements are an integral part of this financial statement.

Texas Department of Transportation
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities

For the Fiscal Year Ended August 31, 2023 (Amounts in Thousands)

Net Change in Fund Balances		$	1,610,170
Governmental funds report capital outlays as expenditures. In the Statement of Activities, however, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlay exceeds depreciation in the current period is:			
Capital Outlay	$ 9,422,819		
Depreciation and Amortization Expense (Note 2)	(2,673,729)		
			6,749,090
The effect of various miscellaneous transactions involving capital assets and leases is an increase to net position.			
Donations of Capital Assets	113,664		
(Loss) on Sale of Capital Assets	(2,112)		
Sale of Capital Assets	(17,830)		
Increase In Obligations For Leases & Subscriptions	(49,379)		
Interagency Transfers of Capital Assets	(11,473)		
			32,870
Revenues that do not provide current financial resources are not reported in the governmental funds, but are reported in the Statement of Activities.			
Concession Revenues	223,725		
OPEB-Related Grant Revenue	118		
Federal Revenue	(7,291)		
Local Revenue	30,605		
Oil & Natural Gas Production Tax Revenue	(581,332)		
Motor Fuels Tax Revenue	283		
			(333,892)
Repayment of long-term debt consumes current financial resources and is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position.			
Repayment of Bond and Note Principal	674,642		
Payment of Debt Service Principal For Right-to-Use Leases & Subscriptions	18,359		
Net Change in Pollution Remediation Obligation	5		
Net Change in Employees' Compensable Leave	(6,662)		
			686,344
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
Interest and Amortization Expense	76,494		
Claims and Judgments Expense	(400,000)		
Payroll Related Costs	1,057,900		
			734,394
Change in Net Position of Governmental Activities		$	9,478,976

Texas Department of Transportation
Statement of Net Position - Proprietary Funds
August 31, 2023 (Amounts in Thousands)

	Business-Type Activities - Enterprise Funds			
	Central Texas Turnpike System	Grand Parkway Transportation Corporation	SH 249 System	Totals
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Cash and Cash Equivalents	$ 117,111	$ 259,985	$ 30,309	$ 407,405
Restricted:				
Cash and Cash Equivalents	443,589	621,410	27,345	1,092,344
Receivables:				
Accounts Receivable	26,054	32,040	2,338	60,432
Interest and Dividends	287	459	73	819
Due from Other Funds (Note 11)	24,170	8,366	427	32,963
Consumable Inventory	267	138		405
Total Current Assets	611,478	922,398	60,492	1,594,368
Noncurrent Assets:				
Restricted:				
Investments	18,173		21,118	39,291
Investments	27,189	197,296		224,485
Capital Assets:				
Non-Depreciable or Non-Amortizable (Note 2)	736,752		104,979	841,731
Depreciable or Amortizable, Net (Note 2)	1,858,176		345,112	2,203,288
Total Noncurrent Assets	2,640,290	197,296	471,209	3,308,795
Total Assets	3,251,768	1,119,694	531,701	4,903,163
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows of Resources				
Loss on Bond Refunding (Note 21)	27,202	159,779		186,981
Total Deferred Outflows of Resources	27,202	159,779	0	186,981

Continued on the following page

Texas Department of Transportation
Statement of Net Position - Proprietary Funds
August 31, 2023 (Amounts in Thousands)

	Business-Type Activities - Enterprise Funds			
	Central Texas Turnpike System	Grand Parkway Transportation Corporation	SH 249 System	Totals
LIABILITIES				
Current Liabilities:				
Payables:				
Accounts	13,195	51,987		65,182
Interest	4,153	55,553	650	60,356
Contract Retainage		238		238
Due to Other Funds (Note 11)	20,048	9,959	164	30,171
Unearned Revenues	16,604	7,817	260	24,681
Revenue Bonds Payable (Notes 5, 6)	74,743	27,657	315	102,715
Subscription Obligations (Notes 5, 7)	41,495			41,495
Total Current Liabilities	170,238	153,211	1,389	324,838
Noncurrent Liabilities:				
Notes and Loans Payable (Notes 5)		614,390		614,390
Revenue Bonds Payable (Notes 5, 6)	2,800,264	4,238,383	281,243	7,319,890
Subscription Obligations (Notes 5, 7)	67,418			67,418
Total Noncurrent Liabilities	2,867,682	4,852,773	281,243	8,001,698
Total Liabilities	3,037,920	5,005,984	282,632	8,326,536
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources				
Gain on Bond Refunding (Note 21)	23,675	16,247		39,922
Total Deferred Inflows of Resources	23,675	16,247	0	39,922
NET POSITION				
Net Investment in Capital Assets	413,619		248,592	662,211
Restricted for:				
Transportation - Construction			3,154	3,154
Transportation - Operations and Maintenance	90,561	148,744	10,238	249,543
Debt Service	175,418	99,586		275,004
Unrestricted	(462,223)	(3,991,088)	(12,915)	(4,466,226)
Total Net Position	$ 217,375	$ (3,742,758)	$ 249,069	$ (3,276,314)

The accompanying notes to the financial statements are an integral part of this financial statement.

Texas Department of Transportation
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Fiscal Year Ended August 31, 2023 (Amounts in Thousands)

	Business-Type Activities - Enterprise Funds			
	Central Texas Turnpike System	Grand Parkway Transportation Corporation	SH 249 System	Totals
OPERATING REVENUES				
Toll Revenue - Pledged	$ 316,556	$ 345,862	$ 23,551	$ 685,969
Discounts and Allowances	(42,326)	(21,995)	(1,689)	(66,010)
Fee Revenue - Pledged	28,368			28,368
Other Sales Goods & Services-Pledged	42,578			42,578
Total Operating Revenues	345,176	323,867	21,862	690,905
OPERATING EXPENSES				
Salaries	2,542	3,854		6,396
Professional Fees and Services	22,454	7,104		29,558
Travel	2	2		4
Materials and Supplies	1,331	609		1,940
Communication and Utilities	843	310		1,153
Repairs and Maintenance	25,517	14,697		40,214
Rentals and Leases	833	3		836
Contracted Services	69,396	302		69,698
Advertising	980	128		1,108
Depreciation and Amortization	100,295		7,582	107,877
Interest Expense	4			4
Other Operating Expenses	10,020	63,227		73,247
Total Operating Expenses	234,217	90,236	7,582	332,035
Operating Income	110,959	233,631	14,280	358,870
NONOPERATING REVENUES (EXPENSES)				
Lease Revenue	7,847	604		8,451
Interest and Investment Income	23,059	37,461	2,452	62,972
Net Increase (Decrease) in Fair Value of Investments	1,373	2,129	(74)	3,428
Amortization	11,405	13,868	315	25,588
Interest Expense	(134,828)	(186,371)	(13,131)	(334,330)
Settlement of Claims Revenue		1		1
Claims and Judgment Expense		(35,876)		(35,876)
Bond Issuance Expenses	(32)	(1,483)		(1,515)
Other Financing Fees	(45)	(114)		(159)
Other Nonoperating Expenses		(1)		(1)
Total Nonoperating Revenues (Expenses)	(91,221)	(169,782)	(10,438)	(271,441)
Income before Capital Contributions and Transfers	19,738	63,849	3,842	87,429
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital Contributions	61		723	784
Transfers In (Note 11)	11,626		1,167	12,793
Transfers Out (Note 11)		(46,226)		(46,226)
Total Capital Contributions and Transfers	11,687	(46,226)	1,890	(32,649)
Change in Net Position	31,425	17,623	5,732	54,780
Net Position, September 1, 2022	185,950	(534,073)	243,335	(104,788)
Restatements (Note 14)	0	(3,226,308)	0	(3,226,308)
Net Position, September 1, 2022 as Restated	185,950	(3,760,381)	243,335	(3,331,096)
Net Position, August 31, 2023	$ 217,375	$ (3,742,758)	$ 249,067	$ (3,276,316)

The accompanying notes to the financial statements are an integral part of this financial statement.

This page is intentionally blank

Texas Department of Transportation
Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended August 31, 2023 (Amounts in Thousands)

	Business-Type Activities - Enterprise Funds			
	Central Texas Turnpike System	Grand Parkway Transportation Corporation	SH 249 System	Totals
Cash Flows from Operating Activities				
Proceeds from Customers	$ 340,443	$ 352,880	$ 23,126	$ 716,449
Proceeds from Transfers from Other Funds			1,100	1,100
Payments to Suppliers for Goods and Services	(158,148)	(84,712)		(242,860)
Net Cash Provided by Operating Activities	182,295	268,168	24,226	474,689
Cash Flows from Non-Capital Financing Activities				
Proceeds from Land Income		604		604
Proceeds from Bond Issuance		1,154		1,154
Payments for Principal on Debt		(18,780)		(18,780)
Payments for Debt Interest		(168,257)		(168,257)
Payments for Costs of Debt Issuance		(775)		(775)
Payments for Contribution to Refunding		(17,737)		(17,737)
Payments for Financing Fees		(114)		(114)
Payments for Transfers to Other Funds		(56,016)		(56,016)
Net Cash (Used) by Non-Capital Financing Activities	0	(259,921)	0	(259,921)
Cash Flows from Capital and Related Financing Activities				
Proceeds from Transfers from Other Funds			67	67
Proceeds from Land Revenue	8,153			8,153
Payments for Purchase of Capital Assets	(11,550)			(11,550)
Payments for Principal on Debt and Other Liabilities	(64,069)			(64,069)
Payments of Interest on Debt and Other Liabilities	(99,055)		(7,799)	(106,854)
Payments for Interfund Services	(77)			(77)
Net Cash (Used) by Capital and Related Financing Activities	(166,598)	0	(7,732)	(174,330)
Cash Flows from Investing Activities				
Proceeds from Interest and Investment Income	22,999	35,995	2,275	61,269
Proceeds from Sales and Maturities of Investments	40,000	111,000	12,700	163,700
Proceeds from Other Income		1		1
Payments to Acquire Investments		(69,615)	(7,521)	(77,136)
Net Cash Provided by Investing Activities	62,999	77,381	7,454	147,834
Net Increase in Cash and Cash Equivalents	78,696	85,628	23,948	188,272
Cash and Cash Equivalents - September 1, 2022	482,004	795,767	33,706	1,311,477
Cash and Cash Equivalents - August 31, 2023	$ 560,700	$ 881,395	$ 57,654	$ 1,499,749

Concluded on the following page

Texas Department of Transportation
Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended August 31, 2023 (Amounts in Thousands)

	Business-Type Activities - Enterprise Funds			
	Central Texas Turnpike System	Grand Parkway Transportation Corporation	SH 249 System	Totals
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income	$ 110,959	$ 233,631	$ 14,280	$ 358,870
Depreciation and Amortizaton	100,295		7,582	107,877
Transfer			1,100	1,100
Other non-cash operating costs	(731)			(731)
Changes in Assets and Liabilities:				
(Increase) Decrease in Receivables	(6,092)	29,317	1,248	24,473
Decrease in Inventories	208	86		294
Increase (Decrease) in Payables	(29,747)	2,006		(27,741)
Increase in Due to Other Funds	4,869	3,432	164	8,465
(Increase) Decrease in Due from Other Funds	2,534	(304)	(148)	2,082
Total Adjustments	71,336	34,537	9,946	115,819
Net Cash Provided by Operating Activities	$ 182,295	$ 268,168	$ 24,226	$ 474,689
Non-Cash Transactions				
Subscription Liability Paid by Other Funds	$ 10,509	$	$	$ 10,509
Net Change in Fair Market Value of Investments	$ 1,373	$ 2,129	$ (74)	$ 3,428
Accretion on Bonds Payable	$ (32,706)	$ (35,558)	$ (5,332)	$ (73,596)
Amortization on Bonds Payable	$ 11,405	$ 11,282	$ 315	$ 23,002
Amortization of Deferred Inflow/Outflow	$ (1,005)	$ 2,585	$	$ 1,580
Capital Contribution	$ 61	$	$ 723	$ 784
Defeasance of Long-Term Debt	$	$ (928,264)	$	$
Proceeds from Bond Issuance - Sent to Escrow	$	$ 885,594	$	$

The accompanying notes to the financial statements are an integral part of this financial statement.

This page is intentionally blank

Texas Department of Transportation
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies ---------- 60

Note 2 – Capital Assets ---------- 70

Note 3 – Deposits, Investments and Repurchase Agreements ---------- 72

Note 4 – Loans Receivable ---------- 75

Note 5 – Long-Term Liabilities ---------- 76

Note 6 – Bonded Indebtedness ---------- 82

Note 7 – Leases and Subscription-Based Information Technology Arrangements (SBITAs) ---------- 96

Note 8 – Retirement Plan ---------- 99

Note 9 – Deferred Compensation ---------- 103

Note 10 – Postemployment Benefits Other than Pensions ---------- 104

Note 11 – Interfund Activity and Transactions ---------- 109

Note 12 – Continuance Subject to Review ---------- 112

Note 13 – Classification of Fund Balances and Net Position ---------- 113

Note 14 – Adjustments to Fund Balances and Net Position ---------- 114

Note 15 – Commitments and Contingencies ---------- 115

Note 16 – Subsequent Events ---------- 117

Note 17 – Risk Management ---------- 118

Note 18 – Financial Reporting Entity ---------- 119

Note 19 – Stewardship, Compliance and Accountability ---------- 120

Note 20 – Public-Private and Public-Public Partnerships (PPPs) ---------- 121

Note 21 – Deferred Outflows of Resources and Deferred Inflows of Resources ---------- 124

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The accompanying financial statements reflect the financial position of the Texas Department of Transportation (TxDOT). 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 2023, 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.

Basis of Presentation

The accompanying financial statements were prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). Financial reporting for TxDOT is based on all GASB pronouncements. The data in this report is combined and consolidated by the Texas Comptroller's Office with similar data from other state agencies and universities in the preparation of the state of Texas Annual Comprehensive Financial Report (ACFR).

GASB Pronouncements and Implementation Guides Effective for Fiscal 2023

In fiscal 2023 TxDOT adopted the following new GASB pronouncements:

GASB Statement No. 91, Conduit Debt Obligations. This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. It clarifies the definition of a conduit debt; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional and voluntary commitments; and improving required note disclosures. The effective date of the statement was postponed from fiscal 2022 to fiscal 2023.

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payments Arrangements. This statement addresses financial reporting issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset for a period of time in an exchange or exchange-like transactions. Some PPPs meet the definition of a service concession arrangement (SCA). This statement requires a transferor to recognize a receivable for installment payments and a deferred inflow of resources to account for a PPP in financial statements prepared using the current financial resources measurement focus. Governmental fund revenue would be recognized in a systematic and rational manner over the PPP term. An APA is an arrangement in which a government procures a capital asset or service by compensating an operator for activities that may include designing, constructing, financing, maintaining, and operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. In contrast to PPPs, the other party to an APA is receiving compensation from the government based entirely on the asset's availability and not the actual performance of a public service. The statement is effective fiscal 2023.

GASB Statement 96, Subscription-Based Information Technology Arrangements. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. A SBITA is a contract that conveys control of the right to use another party's information technology software for a period of time in an exchange or exchange-like transaction. The statement establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability. The standards for SBITAs are based on the standards established in Statement 87, Leases. The statement is effective fiscal 2023.

GASB Statement 99, Omnibus 2022. Paragraphs 18-22, PPPs. Paragraphs 23-25, SBITAs. Effective fiscal 2023.

Implementation Guide 2020-1, Implementation Guidance Update 2020. Questions 4.19-4.21, Conduit Debt Obligations. Effective fiscal 2023.

Implementation Guide 2021-1, Implementation Guidance Update 2021. Questions 4.4-4.21 Leases. Effective fiscal 2023.

Financial Reporting Structure

The basic financial statements include entity-wide financial statements and fund financial statements. The reporting model based on *GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis* – for State and Local Governments focuses on TxDOT as a whole in the government-wide financial statements and major individual funds in the fund financial statements.

Entity-wide Financial Statements

The entity-wide financial statements (statement of net position and statement of activities) display information about TxDOT as a whole and the change in aggregate financial position resulting from the activities of the fiscal period. These statements include separate columns for the governmental and business-type activities of TxDOT (including its blended component units). In the statement of net position, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reflected on an accrual basis, economic measurement focus which incorporates noncurrent investments, capital assets and long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, and 3) grants and contributions that are restricted to meeting the capital-specific requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The fund financial statements are presented after the entity-wide financial statements. They display information about major funds individually and in the aggregate for governmental and proprietary funds. In governmental funds, assets are presented in order of relative liquidity. In proprietary funds, assets and liabilities are presented in a classified format that distinguishes between all current and noncurrent assets and liabilities. Current liabilities are obligations to be paid within the next fiscal year.

The major governmental funds in the fund financial statements are presented on a current financial resources measurement focus and the modified accrual basis of accounting. This presentation is deemed most appropriate to demonstrate compliance with legal and covenant requirements, the source and use of financial resources and how TxDOT's actual experience conforms to the budget. Since the governmental fund financial statements are presented using a different measurement focus and basis of accounting than the entity-wide financial statements governmental activities column, a reconciliation is presented. The reconciliation explains the adjustments required to convert the fund based financial statements to the entity-wide financial statements' governmental activities column.

TxDOT uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

Governmental Fund Types

Governmental funds focus on the sources and uses of funds. Included in the governmental fund financial statements are general, special revenue, debt service and capital projects funds. The general fund is used to account for the departmental operations funded by legislative appropriations, but is not considered the main operating fund for TxDOT. Special revenue funds account for specific revenue sources that are restricted or committed for specific purposes other than debt service or capital projects. Debt service funds are used to account for financial resources that are restricted, committed or assigned to expenditure for principal and interest. Capital projects funds are used to account for financial resources that are restricted, committed or assigned to expenditure for capital outlays.

TxDOT reports the following two major governmental funds:

State Highway Fund:

The State Highway Fund (SHF) is TxDOT's main operating fund. TxDOT reports the following accounts/sub-funds, which are consolidated into the state highway fund for GAAP reporting purposes. The state highway fund is reported as a special revenue fund.

- State Highway Fund Accounts - These funds contain the activity related to public road construction, maintenance and monitoring of the state's highway system. The significant ongoing revenue sources are federal revenues, motor fuels taxes, and other oil and gas taxes which are constitutionally restricted and dedicated to the highway fund.

- Proposition 1 Fund - This fund is used to record, track and report the receipt and disbursement of the Proposition 1 allocation of oil and gas production tax to SHF.

- Proposition 7 Fund - This fund is used to record, track and report the receipt and disbursement of the Proposition 7 allocation of state sales and use tax and motor vehicle sales and rental tax to SHF.

- State Infrastructure Bank - This fund operates as a revolving loan program that makes loans to public and private entities to encourage the development of transportation projects and facilities.

Texas Mobility Fund:

This 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 principal ongoing revenue source of the fund is fees committed by the Legislature under the authority of the Texas Constitution, Article III, Section 49-k. Other inflows to the fund include bond proceeds. The Mobility Fund is reported as a debt service fund type and a capital projects fund type.

Additionally, TxDOT reports the following non-major governmental funds:

General Fund:

TxDOT reports the following funds, which are consolidated into the general fund for GAAP reporting purposes, but are not considered the main operating fund for TxDOT.

- General Revenue Fund - This fund is used to account for all financial resources of the state except those required to be accounted for in another fund.

- GR Account - Ship Channel Improvement Revolving Account – This account in general revenue used to finance ship channel projects for navigation districts. This account consists of gifts, grants, donations, appropriations, bond proceeds, loan repayments and interest. May be appropriated only to the Texas Transportation Commission.

- Traffic Safety-Crash Records Information Systems - This fund is used to account for expenditures pertaining to the crash records information system.

- Colonias Project Fund - This fund provides financial assistance to counties for roadway projects serving border colonias. Funding is provided from the sale of bonds or commercial paper, which are issued and reported by the Texas Public Finance Authority.

- Suspense Fund - This fund is used to temporarily hold and account for receipts until the correct disposition of items is determined.

- Child Support Deductions Fund - This Fund is used to temporarily hold and account for employee salaries that are withheld due to outstanding child support debts.

- Coronavirus Relief Fund - This fund is established outside the General Revenue Fund to receive Texas' share of federal money appropriated under various federal legislation related to the coronavirus pandemic.

- Economic Stabilization Fund - The 86th Legislature appropriated $5.0 million to the Department of Transportation to expand an airport hangar at the South Texas International Airport used by the Department of Public Safety for emergency and first responders.

Special Revenue Fund:

- Transportation Infrastructure Fund– This fund was established to make grants to counties for transportation infrastructure projects located in areas of the state affected by increased oil and gas production. The sources of the fund include federal funds, matching state funds, funds appropriated by the legislature, gifts, grants, fees, and investment earnings.

Debt Service Fund:

- Proposition 14/State Highway Fund Debt Service – This fund receives transfers in from the state highway fund for debt service on state highway fund revenue bonds.

- Proposition 12/Highway Improvement Project Fund Debt Service - This fund receives transfers in from the Proposition 7 Fund for debt service on Texas highway improvement general obligation bonds.

Capital Projects Fund:

- Local Government Political Subdivision Road/Airport Fund - This fund holds contributions from counties/political subdivisions for expenditure by the Commission in development/construction of public roads and airports within such counties or political subdivisions.

- Austin Campus Consolidation Project Fund – This fund receives the proceeds of the revenue bond issued by the Texas Public Financing Authority to finance the construction of the Austin TxDOT campuses. The fund reports the construction activity supported by the project. The fund is reported as a capital project fund.

Proprietary Fund Type

Proprietary funds focus on determining operating income, changes in financial position and cash flows. Generally accepted accounting principles similar to those used by private sector businesses are applied in accounting for these funds. Enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services. TxDOT reports the following major proprietary funds:

Central Texas Turnpike System Fund:

These funds report the activity and debt associated with the Central Texas Turnpike System toll roads.

Grand Parkway Transportation Corporation:

These funds report the activity and debt associated with the development of Segments D (Harris County), E, F-1, F-2, G, H, I-1, I-2A and I-2B of the Grand Parkway toll road construction as reported by the Grand Parkway Transportation Corporation.

State Highway 249 System Fund:

The fund reports the activity and debt associated with the development of the Texas SH 249 System. The System consists of 15 miles of new controlled access tollway from Farm to Market (FM) 1774 in Pinehurst, Montgomery County to FM 1774 in Todd Mission, Grimes County.

Component Units

The Texas Private Activity Bond Surface Transportation Corporation is reported as a nonmajor component unit. The Grand Parkway Transportation Corporation is a component unit reported as a major proprietary fund. All component units are presented in TxDOT's financial statements as blended component units. See Note 18 for more details.

Basis of Accounting

Entity-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all economic resources and obligations of the reporting entity, both current and noncurrent, are reported in the entity-wide financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Non-exchange transactions, in which TxDOT gives (or receives) value without directly receiving (or giving) equal value in exchange, include intergovernmental grants. Revenue for grants and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds use the flow of current financial resources focus, and the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become both measurable and available. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures are generally recognized when the related fund liability is incurred. However, principal and interest on bonds are recorded only when due and compensated absences and claims and judgments are recorded when they are expected to be liquidated with expendable available financial resources. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

Proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. A proprietary fund distinguishes operating from non-operating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with the proprietary fund's principal ongoing operations. Operating expenses for an enterprise fund include cost of sales and services, administrative expenses and depreciation on capital assets.

Shared Fund Presentation

The financial statement presentation for the state highway fund and general fund represent only the portion of shared funds that can be directly attributed to the operations of TxDOT. Financial statements for total fund operations of shared state funds are presented in the state of Texas Annual Comprehensive Financial Report (ACFR).

In presenting these financial statements, certain unique accounts are used for the presentation of shared funds. The following accounts are used in these financial statements to present TxDOT's portion of shared funds.

Legislative Appropriations

This "asset" account represents TxDOT's remaining legislative appropriation authority at fiscal year-end.

Appropriations Revenue

Amount reported as revenue is the total appropriation authority given to TxDOT for the current fiscal year less the unencumbered appropriations balances that have been lapsed during the fiscal year.

Budgetary Information

TxDOT's budget is prepared on a performance-based concept and is represented by biennial appropriations enacted by the Legislature and signed by the governor. The governmental fund with legally adopted budgets is the state highway fund.

Assets, Deferred Outflows, Deferred Inflows, Liabilities and Fund Balances/Net Position

Cash and Cash Equivalents

For reporting purposes, cash and cash equivalents include cash on hand, cash in transit, cash in local banks, cash in the treasuries, money market funds, state and local government investment pools, and cash equivalents. The statement of cash flows presents the change in cash and cash equivalents during the fiscal year. Cash equivalents are defined as short-term, highly-liquid investments that are both readily convertible to known amounts of cash and so near maturity they present insignificant risk of a decrease in value due to changes in interest rates. Investments with an original maturity of three months or less and used for cash management rather than investing activities are considered cash equivalents.

Investments

Invested amounts associated with TxDOT and Grand Parkway Transportation Corporation. See Note 3 for more details.

Inventories and Prepaid Items

Inventory items are reported at a weighted average cost. Inventory consists of supplies and roadway materials on hand for future use. The consumption method of accounting is used to account for inventories and prepaid items. The costs of these items are expensed when the items are consumed.

Receivables

The major receivables for TxDOT are federal, taxes and other intergovernmental. Receivables represent amounts due to TxDOT at fiscal year-end, for revenues earned in the current fiscal year that will be collected in the future. Amounts expected to be collected in the next fiscal year are classified as current, and amounts expected to be collected beyond the next fiscal year are classified as noncurrent. All receivables are recorded net of allowances for uncollectible accounts.

Lease Receivables

Under the GASB Statement 87, a lessor is required to recognize a lease receivable at the commencement of the lease term. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. A lessor should recognize interest revenue on the lease receivable. In subsequent financial reporting periods, the lessor should calculate the amortization

of the discount on the lease receivable and report that amount as an inflow of resources or interest revenue for the period. Any payments received should be allocated first to the accrued interest receivable and then to the lease receivable.

PPP Asset Receivable

The GASB Statement 94 requires a receivable be recorded by the transferor for the underlying PPP asset on the operator's estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership from the operator.

Loans and Contracts

Loans and contracts represent claims for which formal instruments of credit are issued as evidence of debt, such as a promissory note. The credit instrument normally requires the debtor to pay interest and extends for time periods of 30 days or longer. TxDOT provides state and local financing tools to assist local governments with transportation projects. See Note 4 for more details.

Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds from revenue bonds, as well as certain revenues set aside for statutory or contractual requirements.

Deferred Inflows of Resources and Deferred Outflows of Resources

In the governmental fund financial statements, revenues that are earned but not expected to be collected within 60 days are not available to liquidate the liabilities of the current period. These revenues are reported as deferred inflows of resources.

Deferred inflows of resources are an acquisition of net assets by TxDOT that is applicable to a future reporting period. Deferred inflows have a negative effect on net position, similar to liabilities. TxDOT reports deferred inflows of resources as the offset account to assets received under a service concession arrangement in financial statements prepared using the economic resources measurement focus. See Note 21 for additional information.

Deferred outflows of resources are defined as a consumption of net assets by the government that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets.

For current refundings and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred inflow of resources or deferred outflow of resources. The deferred inflows and deferred outflows of resources are amortized and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

TxDOT also reports deferred inflows of resources and deferred outflows of resources related to the recognition of TxDOT's share of the state's Net Pension Liability and Net OPEB Liability. Reported deferred outflows of resources include plan contributions made subsequent to the Aug. 31, 2022 measurement date, and the unamortized balance resulting from changes in assumptions used to calculate net pension liability. TxDOT reports deferred inflows of resources for the unamortized balance resulting from other changes to the components used to calculate net pension liability.

With the implementation of the GASB Statement 87, a lessor is required to recognize a deferred inflow of resources. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. A lessor should recognize an inflow of resource or revenue from the deferred inflows of resources in a systematic and rational manner over the term of the lease. The deferred inflow of resources generally should be adjusted by the same amount as any change resulting from the remeasurement of the lease receivable. See Note 21 for additional information.

Under GASB Statement 94, in financial statements prepared using the current financial resources measurement focus, a transferor should recognize a receivable for installment payments and a corresponding deferred inflow of resources at the initial value of the receivable for installment payments, plus an payments received at or before the commencement of the PPP term, (for example, an up-front payment associated with a PPP.) A transferor subsequently should recognize the deferred inflow of resources as inflows of resources (for example, revenue), in a systematic and rational manner over the PPP term.

Capital Assets

Capital assets, which include land, infrastructure, furniture, equipment and intangible capital assets, are capitalized and reported in the financial statements using the accrual basis of accounting. Capital assets are recorded as expenditures at the time of purchase in the governmental funds.

Capital assets are assets with a cost above a set minimum capitalization threshold that, when acquired, have an estimated useful life of more than one year. Land, permanent land-use rights, and construction in progress do not have a capitalization threshold and are not depreciated. The capitalization thresholds and useful lives of TxDOT's depreciable capital assets are as follows:

Capitalization Thresholds by Class of Asset

Classification	Capitalization Threshold	Estimated Useful Life
Buildings and Building Improvements	$ 100,000	5-30 years
Infrastructure	$ 500,000	10-50 years
Furniture and Equipment	$ 5,000	3-15 years
Vehicles, Boats and Aircraft	$ 5,000	5-40 years
Internally Generated Computer Software	$ 1,000,000	3-10 years
Other Computer Software	$ 100,000	3-10 years
Land Use Rights – Term/Temporary	$ 100,000	2-10 years
Intangible Right-to-Use Lease Assets	$ 100,000	>1 year
Intangible Right-to-Use SBITA Assets	$ 500,000	>1 year

All capital assets acquired or constructed by TxDOT are capitalized at cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at acquisition value at the date of donation. A facility constructed or improved under a qualifying service concession arrangement is reported as a capital asset at acquisition value when it is placed in operation. Costs of normal maintenance and repairs that do not add value to the asset or materially extend the asset's useful life are not capitalized.

TxDOT uses the depreciation approach for reporting both highways and highway bridges of the infrastructure assets. Under the depreciation approach, infrastructure assets are depreciated over a 40-year life, and certain preservation costs are capitalized. The capitalization threshold of $500,000 is used for both highway bridges and roadways.

TxDOT also holds three years of costs in construction in progress at all times. In the fourth year, the first year is moved to depreciable infrastructure. The three-year assumption is based on a 2.7-year contract life when using the weighted dollar analysis of project costs and completion dates over the ten year history.

Intangible Right-to-Use Lease Assets

The GASB Statement 87 requires a lessee recognize an intangible right-to-use lease asset at the commencement of the lease term unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. A lease asset should be amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The amortization of the lease asset should be reported as an outflow of resource, i.e., amortization expense.

Intangible Right-to-Use Subscription Assets

According to GASB Statement 96, the Intangible Right-to-Use (RTU) subscription asset is measured at the amount of the initial measurement of the subscription liability, plus any payments made to the SBITA vendor before the commencement of the subscription term plus any payments made in the implementation stage at or before the commencement of the subscription term. A RTU subscription asset should be amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying asset. The amortization of the RTU subscription asset should be reported as an outflow of resources over the subscription term.

Unearned Revenue

Unearned revenue is reported when cash or other assets are received prior to being earned.

Service Concession Arrangements (SCA) Up-front Payments

Some PPPs are SCAs if they meet the criteria of an SCA. TxDOT may receive up-front payments related to the SCA's on the development of highways and future toll-road operations. Under each of these agreements the toll road reverts back to the state at the end of the term or upon certain reimbursement conditions. Prior to the GASB 94 implementation, in the governmental fund financial statements, TxDOT reported up-front payments as other financing sources in the year received. In the entity-wide statements, the up-front payments were recorded as deferred inflows of resources. In fiscal 2023, this reporting method changed with the GASB 94 implementation. GASB 94 requires the up-front payments be reported as deferred inflow of resources in the governmental fund financial statements. Fund balance was restated to recognize the related deferred inflow of resources in the fund financial statements (Note 14).

Long-Term Liabilities

In the entity-wide financial statements and proprietary funds financial statements, long-term debt and other long-term obligations are reported as long-term liabilities in the applicable governmental activities or business-type activities statement of net position. Long-term liabilities include net pension liability, net OPEB liability, employees' compensable leave, general obligation bonds payable, revenue bonds payable, notes payable, pollution remediation obligations, and asset retirement obligation.

Bonds payable are reported net of the applicable bond premium or discount. Bond premiums and discounts are amortized over the life of the bonds using the bonds outstanding method, which is materially consistent with the effective interest method. Issuance costs are reported as an expense in the period incurred.

In the governmental fund financial statements, bond premiums, discounts and bond issuance costs are recognized during the current period. The face amount of the debt is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received are reported as debt service expenditures.

Long-term obligations to be paid within one year of the financial statements date are reported as current liabilities and are considered short-term obligations. In certain circumstances, however, amounts scheduled to mature during the ensuing fiscal year are instead reported as noncurrent long-term liabilities. This provision applies when TxDOT or GPTC intends to refinance or refund a debt instrument on a long-term basis and either issues a long-term obligation or enters into a financing agreement after the date of the financial statements but before the financial statements are issued.

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal or separation from state employment, provided the employee has had continuous employment with the state for six months. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in the governmental fund financial statements.

*Right-to-Use Lease Obligation*s

Under the GASB Statement 87, a lessee should recognize a lease liability at the commencement of the lease term unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term less any lease incentives. A lessee should reduce the lease liability as payments are made and recognize an outflow of resource or expense for interest on the liability.See Note 5 for more information.

Right-to-Use Subscription Obligations

According to the GASB Statement 96, subscription obligations are recognized at the commencement of the SBITA term when the subscription asset is placed into service. The subscription liability is initially measured at the present value of subscription payments expected to be made during the subscription term. See Note 5 for more information.

Fund Balance/Net Position

In the entity-wide and proprietary statements, the net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The net position is displayed in three components. The potential categories of net position include:

- Net Investment in Capital Assets – capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, notes or other borrowings that are attributed to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included. As of Aug. 31, 2023, the balance of the deferred inflow of resources from capital assets under PPP arrangements was $6.9 billion. The deferred inflow had a significant impact on the net investment in capital assets, which was reduced by the deferral amount.

- Restricted – restricted assets reduced by liabilities and deferred inflows, or resources related to those assets. When both restricted and unrestricted resources are available for use, generally it is TxDOT's policy to use restricted resources first, then unrestricted resources when they are needed.

- Unrestricted – amounts not required to be reported in the other components of net position.

Fund balances for governmental funds are displayed in five components. The potential categories of fund balance include:

- Nonspendable fund balance – amounts not available to be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. The primary component of nonspendable fund balance is the balance in consumable inventories.

- Restricted fund balance – resources that have constraints placed on their use through external parties or by law through constitutional provisions.

- Committed fund balance – can be used only for specific purposes pursuant to constraints imposed by a formal action of the Legislature, the state's highest level of decision-making authority. These committed amounts cannot be used for any other purpose unless the Texas Legislature removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

- Assigned fund balance – amounts constrained by the Commission's intent to be used for specific purposes but are neither restricted nor committed.

- Unassigned fund balance – residual classification for the general fund. The classification represents fund balance that was not assigned to other funds and was not restricted, committed or assigned to specific purposes within the general fund.

When only unrestricted resources are available for use, it is TxDOT's policy to use committed resources first, then assigned resources and lastly unassigned resources.

A positive unassigned fund balance can only exist within the general fund. Deficit fund balances in a fund are reported as unassigned fund balance.

Revenue Sources

TxDOT's principal revenue sources are federal and tax revenue. As the state's transportation agency, TxDOT receives reimbursements from the Federal Highway Administration (FHWA) for certain costs incurred for engineering, construction, right-of-way acquisition, research activities and general administrative costs. Federal reimbursement is based on a percentage of the costs expended from state funds on approved projects. The percentage of reimbursement for allowable costs varies from 50 to 100 percent. TxDOT receives these reimbursements based on the state's apportionment from the Federal Highway Trust Fund on a federal fiscal year basis.

TxDOT receives federal funding from other federal agencies for specific transportation related projects. See Schedule 1-A for more information on federal receipts and expenditures.

TxDOT reports its constitutionally dedicated share of taxes on motor fuels sold in Texas as tax revenues. Generally, this constitutionally dedicated share is 75 percent of net collections, after reductions for collection expenses and refunds. In general, 20 cents per gallon is collected on gasoline and diesel sold for highway use. Liquefied gas sold for highway use is generally taxed at 15 cents per gallon and is required to be prepaid. TxDOT also receives and reports the state sales tax from the sale of lubricants, which is deposited to the state highway fund.

On Nov. 4, 2014, Texas voters approved Proposition 1, authorizing a constitutional amendment for transportation funding. Under the amendment, a portion of oil and gas tax revenues that typically go into the Economic Stabilization Fund will be deposited to the State Highway Fund to assist in the completion of transportation construction, maintenance, and rehabilitation projects, not to include toll roads.

On Nov. 3, 2015, Texas voters approved Proposition 7 that dedicates a portion of the revenue from the state sales and use tax and motor vehicle sales and rental tax to the State Highway Fund to provide funding for non-tolled roads and the reduction of transportation-related debt.

Major sources of pledged revenue for the Texas Mobility Fund include driver license fees, motor vehicle inspection fees, certificate of title fees and driver record information fees.

CTTS operating revenues for fiscal 2023 is mainly comprised of $274.2 million in toll revenue. This represents $316.6 million in gross toll revenue, net of an increase in allowance for doubtful accounts of $42.3 million . CTTS also earned toll fees of $28.4 million and other sales revenue of $42.6 million.

GPTC operating revenues for fiscal 2023 consist of $323.9 million in toll revenue earned by open Segments D, E, F-1, F-2, G, H, I-1, I-2A and I-2B. This represents $345.9 million in gross toll revenue, minus an increase in allowance for doubtful accounts of $22.0 million.

Interfund Activity and Transactions

Interfund activity refers to financial interaction between funds (including blended component units) and is related to internal events. Interfund transactions refer to interactions with other state agencies.

Interfund receivables and payables are eliminated from the statement of net position except for amounts due between governmental and business-type activities. These amounts are reported as internal balances on the statement of net position. See Note 11 for more details.

See Note 11, Interfund Activity and Transactions, for more information.

Capital Contributions

Capital contributions represent the capital asset contribution made from the State Highway Fund to CTTS and the SH249 System. The capital contribution made from a governmental fund to a proprietary fund should be reported as capital contribution, instead of transfers, on the proprietary fund financial statements No transfers should be reported on the governmental fund financial statements. On the entity-wide statement of activities, it is reported as transfers between the governmental and business-type activities.

NOTE 2 – CAPITAL ASSETS

The tables on the following pages present the composition of TxDOT's capital assets and intangible right to use assets, adjustments, reclassifications, additions and deletions during fiscal 2023. The adjustments and reclassifications column presents completed construction projects, transfers of capital assets between agencies and between the governmental and business-type activities of TxDOT, and the transition balances of subscription-based IT arrangements (SBITA) due to GASB 96 guidance implementation. The additions column includes current year purchases, new right-to-use leases and SBITAs, depreciation and amortization. The deletions column represents assets removed during the current fiscal year via sale, impairment, or disposition. This column also includes right-to-use leases and SBITAs removed during the year due to early termination.

Depreciation and amortization expenses were charged to the transportation function in the accompanying Statement of Activities.

Capital Asset Activity

For the Fiscal Year Ended August 31, 2023 (Amounts in Thousands)

	Beginning Balance 9/1/22	Adjustments & Reclassifications	Additions	Deletions	Ending Balance 8/31/23
GOVERNMENTAL ACTIVITIES					
Land and Land Improvements	$ 17,981,575	$ (229,542)	$ 1,071,507	$ (6,052)	$ 18,817,488
Construction in Progress	22,693,856	(7,674,253)	8,242,842	(1,192)	23,261,253
Land Use Rights - Permanent	88,792		875	(250)	89,417
Total Non-Depreciable & Non-Amortizable Assets	40,764,223	(7,903,795)	9,315,224	(7,494)	42,168,158
Depreciable Assets					
Building and Building Improvements	1,019,148	(9,418)		(3,925)	1,005,805
Infrastructure	121,483,082	6,290,245	724,998	(8,018)	128,490,307
Furniture and Equipment	229,460	58	20,210	(6,799)	242,929
Vehicles and Aircraft	948,419		75,133	(15,423)	1,008,129
Other Capital Assets	12,746			(8,447)	4,299
Total Depreciable Assets	123,692,855	6,280,885	820,341	(42,612)	130,751,469
Less Accumulated Depreciation for:					
Building and Building Improvements	(371,289)	21,386	(38,907)	3,926	(384,884)
Infrastructure	(28,902,698)	50,000	(2,519,379)	17	(31,372,060)
Furniture and Equipment	(156,062)	(64)	(17,047)	5,842	(167,331)
Vehicles and Aircraft	(596,351)		(52,895)	12,626	(636,620)
Other Capital Assets	(8,008)		(1,818)	7,754	(2,072)
Total Accumulated Depreciation	(30,034,408)	71,322	(2,630,046)	30,165	(32,562,967)
Depreciable Assets, Net	93,658,447	6,352,207	(1,809,705)	(12,447)	98,188,502
Intangible Capital Assets - Amortizable					
Land Use Rights - Term	348				348
Computer Software	191,355	3,509			194,864
Total Amortizable Assets	191,703	3,509	0	0	195,212
Less Accumulated Amortization for:					
Land Use Rights - Term	(126)		(116)		(242)
Computer Software	(57,303)		(28,752)		(86,055)
Total Accumulated Amortization	(57,429)	0	(28,868)	0	(86,297)
Amortizable Assets, Net	134,274	3,509	(28,868)	0	108,915
Intangible Right to Use (RTU) Assets - Amortizable					
Building and Building Improvements	23,341			(893)	22,448
Land and Land Improvements	3,044		2,209	(1,125)	4,128
Furniture and Equipment	6,464		5,535	(550)	11,449
Subscriptions		18,557	42,140	(977)	59,720
Total Amortizable RTU Assets	32,849	18,557	49,884	(3,545)	97,745
Less Accumulated Amortization for:					
Building and Building Improvements	(2,030)		(1,582)	892	(2,720)
Land and Land Improvements	(1,178)		(1,140)	1,125	(1,193)
Furniture and Equipment	(943)		(2,286)	482	(2,747)
Subscriptions			(9,807)	977	(8,830)
Total Accumulated Amortization - RTU Assets	(4,151)	0	(14,815)	3,476	(15,490)
Amortizable Intangible RTU Assets, Net	28,698	18,557	35,069	(69)	82,255
Governmental Activities Capital Assets, Net	$ 134,585,642	$ (1,529,522)	$ 7,511,720	$ (20,010)	$ 140,547,830

Capital Asset Activity (Concluded)

For the Fiscal Year Ended August 31, 2023 (Amounts in Thousands)

	Beginning Balance 9/1/22	Adjustments & Reclassifications	Additions	Deletions	Ending Balance 8/31/23
BUSINESS-TYPE ACTIVITIES					
Non-Depreciable & Non-Amortizable Assets					
Land and Land Improvements	$ 726,129	$ 24	$	$ (306)	$ 725,847
Construction in Progress	253,495	(168,509)	11,432		96,418
Land Use Rights - Permanent	19,466				19,466
Total Non-Depreciable & Non-Amortizable Assets	999,090	(168,485)	11,432	(306)	841,731
Depreciable Assets					
Building and Building Improvements	8,360				8,360
Infrastructure	2,578,935	169,268			2,748,203
Total Depreciable Assets	2,587,295	169,268	0	0	2,756,563
Less Accumulated Depreciation for:					
Building and Building Improvements	(5,923)		(361)		(6,284)
Infrastructure	(608,650)		(63,606)		(672,256)
Total Accumulated Depreciation	(614,573)	0	(63,967)	0	(678,540)
Depreciable Assets, Net	1,972,722	169,268	(63,967)	0	2,078,023
Intangible Capital Assets - Amortizable					
Computer Software	51,063				51,063
Total Amortizable Assets	51,063	0	0	0	51,063
Less Accumulated Amortization for:					
Computer Software	(11,064)		(10,212)		(21,276)
Total Accumulated Amortization	(11,064)	0	(10,212)	0	(21,276)
Amortizable Assets, Net	39,999	0	(10,212)	0	29,787
Intangible Right to Use (RTU) Assets - Amortizable					
Subscriptions		129,176			129,176
Total Amortizable RTU Assets	0	129,176	0	0	129,176
Less Accumulated Amortization for:					
Subscriptions			(33,698)		(33,698)
Total Accumulated Amortization - RTU Assets	0	0	(33,698)	0	(33,698)
Amortizable Intangible RTU Assets, Net	0	129,176	(33,698)	0	95,478
Business-Type Activities Capital Assets, Net	$ 3,011,811	$ 129,959	$ (96,445)	$ (306)	$ 3,045,019

NOTE 3 – DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS

TxDOT and Grand Parkway Transportation Corporation (GPTC) are authorized by statute to make investments following the "prudent person rule." TxDOT and GPTC have complied, in all material respects, with statutory authorization, bond documents, constraints and TxDOT policies during the period.

Deposits

The following amounts consist of all cash and cash equivalents in local banks. These amounts are included on the combined statement of net position as part of the "cash and cash equivalents" accounts.

Cash In Bank – Carrying Amount
August 31, 2023 (Amounts in Thousands)

Governmental Activities	
Governmental Funds Current Assets Cash In Bank - Depository Accounts	$ 1,080
Business-Type Activities	
Business-Type Funds Current Assets Cash -Depository Accounts	$ 28,855

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, deposits or collateral securities in the possession of an outside party will not be recovered. All TxDOT's deposits are protected by insurance provided by the Federal Deposit Insurance Corporation (FDIC).

Regular depository accounts are insured by the FDIC up to $250 thousand per depositor, per insured bank. As of Aug. 31, 2023, the sweep account is subjected to the same $250 thousand coverage provided to a regular depository account.

Treasury Pool

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 $11.7 billion at Aug. 31, 2023 .

The Treasury obtains direct access to the services of the Federal Reserve System through the Texas Treasury Safekeeping Trust Company (Trust Company). The Federal Reserve Bank requires that the Trust Company maintain a positive cash balance in the account during and at the end of the day. The Trust Company met those requirements throughout fiscal 2023. The Comptroller has delegated investment authority to the Trust Company and utilizes the Trust Company to manage and invest funds in the Treasury Pool.

State statutes authorize the Treasury to invest state funds in fully collateralized time deposits; direct security repurchase agreements; reverse repurchase agreements; obligations of the United States and its agencies and instrumentalities; banker's acceptances; commercial paper; and contracts written by the Comptroller, which are commonly known as covered call options. Funds held in the treasury pool have not been categorized as credit risk because TxDOT does not own individual securities. Details on the nature of these deposits and investments are available within the state of Texas Annual Comprehensive Financial Report.

Investments

TxDOT, and GPTC hold investments that are measured at fair value on a recurring basis. Because investing is not a core part of TxDOT's mission, the disclosures related to these investments only need to be disaggregated by major type.

TxDOT, and GPTC categorize fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The three-tiered fair value hierarchy is as follows.

- Level 1 – Quoted prices for identical investments in an active market
- Level 2 – Significant other observable inputs other than quoted market prices
- Level 3 – Significant unobservable inputs

As of Aug. 31, 2023, the measurements of TxDOT's investments are summarized below:

Investment Valuation
August 31, 2023 (Amounts in Thousands)

Investment Type	Fair Value Hierarchy Level 1	Other Measurement Method	Total
Governmental Activities			
Money Market Mutual Funds	$	$ 35,956	$ 35,956
U.S. Government Agency Obligations	41,969	28,715	70,684
Government Investment Pools		59,803	59,803
Total Governmental Activities	$ 41,969	$ 124,474	$ 166,443
Business Type Activities			
Money Market Mutual Funds	$	$ 78,241	$ 78,241
U.S. Government Agency Obligations	263,776		263,776
Government Investment Pools		1,283,894	1,283,894
Repurchase Agreements		108,759	108,759
Total Business-Type Activities	$ 263,776	$ 1,470,894	$ 1,734,670

Government sponsored entity investments of $305.7 million with maturities of one year or more are valued at quoted market prices (Level 1 input).

As of Aug. 31, 2023, TxDOT and GPTC also have the following type of investments which are excluded from measurement at fair value according to GASB 72.

- TxDOT and GPTC had investments in money market funds, government agency obligations, repurchase agreement pool (REPO), and government investment pools of $1.6 billion with maturities less than one year valued at amortized cost.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, TxDOT will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. TxDOT and GPTC investment policies state that all securities purchased shall be conducted on a delivery-versus-payment (DVP) basis and shall be protected through the use of a third-party custodian/safekeeping agent, which may be a Trustee.

Credit Risk

Direct credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. TxDOT and GPTC investment policies prohibit TxDOT and GPTC from entering into long-term investment agreements or other non-DVP investment transactions with a final maturity or termination date of longer than six months with any financial institution that initially has a long-term rating category of less than "A" and that does not have at least one long-term rating of at least "AA" by a nationally recognized statistical rating organization (NRSRO). All investments made by TxDOT and GPTC have been through the list of qualified financial institutions approved by TxDOT and GPTC.

As of Aug. 31, 2023, TxDOT's and GPTC's investments had the following ratings:

Investment Credit Ratings

August 31, 2023 (Amounts in Thousands)

Investment Type	Valuation	Moody's	Standard & Poor's	Fitch
Governmental Activities				
Money Market Mutual Funds				
BlackRock Federal Funds	$ 1,274	Aaa-mf	AAAm	NR
Morgan Stanley Instl Liquidity Government Funds	34,591	Aaa-mf	AAAm	AAAmmf
Fidelity Treasury Money Market Fund	91	AAA-mf	AAAm	NR
Government Sponsored Entities				
Federal Home Loan Bank	36,570	Aaa	AA+	NR
Federal Home Loan Bank Discount Note	4,926	P-1	A-1+	NR
Federal National Mortgage Association	9,544	Aaa	AA+	AA+
Federal Home Loan Mortgage Corporation	19,644	Aaa	AA+	AA+
Government Investment Pools				
LOGIC	59,803	NR	AAAm	NR
Total Governmental Activities	$ 166,443			
Business-Type Activities				
Money Market Mutual Funds				
Fidelity Treasury Money Market Fund	$ 80	AAA-mf	AAAm	NR
JPMorgan US Government Fund	23,902	Aaa-mf	AAAm	AAAmmf
Morgan Stanley Instl Liquidity Government Fund	21,699	Aaa-mf	AAAm	AAAmmf
Goldman Sachs Financial Square Government Fund	32,560	Aaa-mf	AAAm	NR
Government Sponsored Entities				
Federal Farm Credit Banks Funding Corporation	18,020	Aaa	AA+	AA+
Federal Home Loan Bank	148,884	Aaa	AA+	NR
Federal Home Loan Mortgage Corporation	96,872	Aaa	AA+	AA+
Government Investment Pools				
TexPool	23,665	NR	AAAm	NR
TexPool Prime	1,260,229	NR	AAAm	NR
Repurchase Agreement				
Repo (TTSTC)	108,759	NR	AAAf	NR
Total Business-Type Activities	$ 1,734,670			

NR= Not Rated

Concentration of Credit Risk

- Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Assets held in each portfolio 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 Aug. 31, 2023, the following investments exceeded over five percent individually by portfolio, Toll Custody and I-35E (portfolios within the State Highway Fund), Central Texas Turnpike System, SH249 System and GPTC: Morgan Stanley Government Funds, Federal Home Loan Bank, Federal Home Loan Bank Discount Note, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Farm Credit Banks, Repurchase Agreement, LOGIC and TexPool Prime.

TxDOT and GPTC both address diversification in TxDOT's investment policy. Diversification strategies shall be determined and revised periodically by the investment officer for all funds.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. TxDOT and GPTC have addressed interest rate risk in its various accounts by matching as closely as possible anticipated cash flows with income and return of principal on investments. In general, all securities held by TxDOT and GPTC are anticipated to be held to maturity, thereby avoiding interest rate risk due to an early redemption. Investment maturities are noted in the investment fair value table.

NOTE 4 – LOANS RECEIVABLE

TxDOT makes loans to various local governments and regional mobility authorities. The State Infrastructure Bank (SIB) operates as a revolving loan fund, where the account balance grows through the monthly interest earned and repaid principal and interest payments. SIB financial assistance can be provided to any public or private entity authorized to construct, maintain or finance an eligible transportation project.

TxDOT also makes project loans through project development agreements. In these cases, TxDOT funds the construction costs of a regional mobility authority owned project up front and gets repayment over an established loan term. The loan receivable is recorded as TxDOT incurs eligible expenditures on the project.

The loan receivable balances as of Aug. 31, 2023 are as follows.

Loans and Contracts
August 31, 2023 (Amounts in Thousands)

Fund	Loans Receivable	Due Within One Year
Highway Fund - Toll Equity and Project Loans	$ 68,927	$ 2,191
Highway Fund - State Infrastructure Bank	167,501	18,157
Governmental Funds Total	$ 236,428	$ 20,348

NOTE 5 – LONG-TERM LIABILITIES

Long-Term Liabilities

Long-term liabilities for fiscal 2023 are presented in the table below:

Long-Term Liabilities Activity (Amounts in Thousands)
For the Fiscal Year Ended August 31, 2023

Primary Government	Beginning Balance 9/01/2022	Adjustments & Reclassifications*	Reductions	Additions**	Ending Balance 8/31/2023	Amounts Due Within One Year	Amounts Due Thereafter
Governmental Activities							
Compensable Leave	$ 114,417	$	$ (126,833)	$ 133,494	$ 121,078	$ 87,743	$ 33,335
Claims and Judgments				400,000	400,000	250,000	150,000
General Obligation Bonds	9,426,494	(56,129)	(295,420)		9,074,945	365,134	8,709,811
General Obligation Bonds - Direct Placements	280,955	(1,986)			278,969	1,986	276,983
Revenue Bonds	3,352,822	(29,847)	(271,155)		3,051,820	307,995	2,743,825
Revenue Bonds - Direct Placements							
Pollution Remediation Obligations	8,216		(12,358)	12,352	8,210	8,210	
Pass Through Tolls Payable	528,885		(113,829)		415,056	96,442	318,614
Notes and Loans - Direct Borrowings	635,832	(24)	(13,690)		622,118	13,988	608,130
Contracts Payable	24,000		(4,000)		20,000	4,000	16,000
Right-to-Use Lease Obligations	28,671		(4,336)	7,744	32,079	4,334	27,745
Right-to-Use Subscription Obligations		15,128	(14,090)	41,635	42,673	17,651	25,022
Governmental Activities - Long-Term Liabilities	$ 14,400,292	$ (72,858)	$ (855,711)	$ 595,225	$ 14,066,948	$ 1,157,483	$ 12,909,465
Business Type Activities							
Revenue Bonds Payable	$ 7,175,601	$ (18,407)	$ (287,350)	$ 327,761	$ 7,197,605	$ 102,715	$ 7,094,890
Revenue Bonds - Direct Placements	308,775		(83,775)		225,000		225,000
Notes and Loans Payable	615,862	(10,532)	(605,330)				
Notes and Loans - Direct Borrowings				614,390	614,390		614,390
Right-to-Use Subscription Obligations		129,176	(20,263)		108,913	41,495	67,418
Business-Type Activities - Long-Term Liabilities	$ 8,100,238	$ 100,237	$ (996,718)	$ 942,151	$ 8,145,908	$ 144,210	$ 8,001,698

*Includes current year amortization of premiums and discounts and the transition balances of right-to-use subscription obligations due to GASB 96 implementation.
**Includes current year amortization of accretion.

For long-term liabilities other than debt related to governmental activities, the State Highway Fund typically is used to liquidate liabilities in prior years.

Employees' Compensable Leave

Annual leave, commonly referred to as vacation leave, and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by TxDOT employees. Employees accrue vacation time at a rate of 8 to 21 hours per month depending on years of state employment. The maximum number of hours that may be carried forward to the next fiscal year ranges from 180 hours to 532 hours based on years of state service.

Overtime, under the Fair Labor Standards Act and state laws, can be accumulated in lieu of immediate payment as compensatory leave (at one-and-one-half hours for each overtime hour worked) for nonexempt, nonemergency employees to a maximum of 240 hours. All overtime exceeding 240 hours must be paid with the next regular payroll. At termination or death, all overtime balances must be paid in full. Unpaid overtime is included in the calculation of current portion on long-term liabilities for each employee because it may be used like compensatory time or be paid.

Compensatory leave is allowed for exempt employees not eligible for overtime pay. This leave is accumulated on an hour-for-hour basis and must be taken within one year from date earned or it lapses. There is no death or termination benefit for compensatory leave. Compensatory leave is reported as a current liability. No liability is recorded for non-vesting accumulating rights to receive sick leave benefits.

Claims and Judgments

Claims and judgments are payable by TxDOT for various legal proceedings and claims. In general, TxDOT records liabilities for material claims and judgments when they are considered probable and estimable. During fiscal 2023, TxDOT experienced contractor claims for reimbursement of additional expenses incurred for the performance of construction contract requirements. TxDOT recorded a liability of $400 million which is related to the US 181 Harbor Bridge Replacement Project.

Notes and Loans Payable

As of Aug. 31, 2023, three notes and loans agreements are outstanding. The TIFIA IH-35E and TPFA direct borrowing loans are governmental activities, and the TIFIA 2021 direct borrowing is a business-type activity.

TIFIA IH-35E

The Commission entered into a secured loan agreement with the United States Department of Transportation (USDOT) through the Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA). USDOT agreed to lend the Commission up to $285.0 million to pay a portion of the eligible project costs related to the initial phase of the IH-35E project. The outstanding direct loan of $323.3 million contains various provisions resulting from certain events of default with various remedies. In particular, in the case of a payment default, interest is charged on the overdue balance of the note at the default rate (an additional 2 percent) until the payment default is cured (overdue balance repaid). In the case of project abandonment, the default rate is charged until the note is paid in full. In the case of certain bankruptcy related event defaults, the note becomes secured by a first priority security interest in the trust estate.

TPFA

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 for the Texas Department of Transportation – Austin Campus Consolidation Project. The bonds have 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. Although the agreement does not prescribe the source for the Commission's payments to be made thereunder, 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 2023. The bond will be paid in full in 18 years, or fiscal year 2041.

The outstanding direct loan of $298.6 million, which includes an unamortized premium of $227.3 thousand, contains the following acceleration clause; (a) upon the occurrence of and during the continuation of any event of default arising from the failure to make a required payment, upon the occurrence of and during the continuation of an event of non-appropriation, or upon 30 days prior to the expiration of the commitment of any provider of liquidity or credit enhancement for any parity debt which such parity debt is outstanding, TPFA may take any one or more of the following remedial actions: (i) declare all of the remaining unpaid principal portion of the payments due under this agreement to be immediately due and payable solely to the extent the Legislature has appropriated funds for such payment; or (ii) enter and take possession of all or any portion of the project under this agreement without terminating this agreement, and sublease all or any part of such project for the account of TxDOT; or (iii) terminate this agreement, enter and take possession of all or any portion of the project, and, at TPFA's discretion (to the extent permitted by law) sell equipment acquired as part of a project, or lease all or any portion of a project.

As of Aug. 31, 2023, the note's debt service requirements for governmental activity notes and loans payable are as follows.

Notes and Loans - Direct Borrowing Loans (Amounts in Thousands)

Debt Service Requirements

	Governmental Activities		
Year	**Principal**	**Interest***	**Total**
2024	$ 13,965	$ 15,030	$ 28,995
2025	14,245	14,725	28,970
2026	14,470	14,513	28,983
2027	15,478	14,329	29,807
2028	17,580	14,329	31,909
2029-2033	114,463	66,501	180,964
2034-2038	158,225	52,110	210,335
2039-2043	159,564	29,600	189,164
2044-2048	60,044	13,184	73,228
2049-2052	53,857	5,233	59,090
Total	$ 621,891	$ 239,554	$ 861,445
Unamortized Premium	227		227
Total Requirements	$ 622,118	$ 239,554	$ 861,672

*Fixed interest rate is 2.58 percent for the TIFIA loan.

The second TIFIA loan payable represents a secured loan made to the Grand Parkway Transportation Corporation by the USDOT under the TIFIA. USDOT agreed to lend GPTC up to $605.3 million to pay a portion of the eligible project costs. As of Aug. 31, 2023, GPTC has drawn down $605.3 million under the secured loan agreement for the purpose of providing funds to refund the GPTC 2018 bond anticipation notes. In accordance with the TIFIA loan agreement, the payments of principal and interest can be postponed under certain circumstances and such postponed payments increase the principal amount of the loan. As of Aug. 31, 2023, the note's debt service requirements are as follows.

TIFIA Loan – Debt Service Requirements

(Amounts in Thousands)

	Business-Type Activities		
Year	**Principal**	**Interest***	**Total**
2024	$	$	$
2025			
2026			
2027		12,122	12,122
2028		12,139	12,139
2029-2033	14,289	60,332	74,621
2034-2038	61,793	56,899	118,692
2039-2043	103,396	49,575	152,971
2044-2048	202,120	36,036	238,156
2049-2053	263,203	12,922	276,125
Total	$ 644,801	$ 240,025	$ 884,826
Unamortized Accretion	(30,411)		(30,411)
Total Requirements	$ 614,390	$ 240,025	$ 854,415

* Fixed interest rate at 3.03 percent.

Pledged Future Revenues

Pledged revenues are those specific revenues that are formally committed to directly secure the payment of debt service. The table that follows provides information on pledged revenue and pledged future revenue of the self-supporting general obligation bonds, revenue bonds, TIFIA loans and BANs.

Pledged Future Revenue
(Amounts in Thousands)

	Governmental Activities		Business-Type Activities		
	Texas Mobility Fund	State Highway Fund	Central Texas Turnpike System	Grand Parkway Transportation Corporation	SH 249 System
Pledged Revenue Required for Future Principal and Interest on Existing Debt	$ 8,271,248	$ 3,655,376	$ 4,312,949	$ 8,767,396	$ 714,730
Term of Commitment Ending	10/1/2044	5/1/2052	8/15/2042	10/1/2052	8/1/2057
Percentage of Revenue Pledged	100%	100%	97%	96%	96%
Current Year Pledged Revenue	$ 543,669	$ 9,003,412 *	$ 365,817	$ 345,833	$ 23,460
Current Year Principal and Interest Paid	$ 390,509	$ 418,058	$ 151,654	$ 187,121	$ 7,799

* Includes pledged revenue of other state agencies using the state highway fund.

Pass-Through Tolls Payable

The balance recorded as pass-through tolls payable relates to the Commission's obligations under executed pass-through financing agreements. As of Aug. 31, 2023, there were 24 active pass-through financing agreements finalized and executed by the Commission. Under these agreements, an outside party (usually a local government) pays for all or a portion of a highway project. In return, TxDOT contractually agrees to make reimbursements after the improvement is open for traffic. Reimbursements are subject to minimum and maximum annual thresholds and are variable within those thresholds based on the volume of traffic on the project roadway. The agreements covering multiple projects generally contain a provision allowing for reimbursements to begin as each project is open for traffic.

The obligation to make future reimbursement payments is recognized as pass-through tolls payable as the underlying highway project is constructed. Accruals of payables continue until the liability amount reaches the total TxDOT reimbursement obligation specified in the agreement. If the cost of the completed underlying highway project is less than the total TxDOT reimbursement obligation, TxDOT will accrue the additional obligation amount upon that project's completion and acceptance. The estimated debt service requirements related to pass-through toll contracts executed as of Aug. 31, 2023 are as follows.

Pass-Through Tolls Payable - Debt Service Requirements
(Amounts in Thousands)

Year	Governmental Activities Principal
2024	$ 96,442
2025	76,425
2026	70,739
2027	53,970
2028	45,619
2029-2033	71,861
Total Requirements*	$ 415,056

* There is no interest component to the pass-through toll reimbursements. This projection assumes the Commission's maximum potential obligation.

Contracts Payable

TxDOT is party to a financial assistance arrangement with Fort Bend County related to the expansion of Farm to Market Road 1093. The terms of this agreement are such that in return for Fort Bend County funding the costs of the project up-front, TxDOT will reimburse Fort Bend County $4.0 million per year for 10 years following substantial completion of Westpark Tollway Phase I and opening of the roadway to traffic. Construction on Westpark Tollway Phase I was completed in November 2018. The obligation to make future reimbursements is recognized as contracts payable. The estimated debt service requirements related to this arrangement are as follows.

Contracts Payable – Debt Service Requirements

(Amounts in Thousands)

Year	Governmental Activities Principal
2024	$ 4,000
2025	4,000
2026	4,000
2027	4,000
2028	4,000
Total Requirements*	$ 20,000

*There is no interest component to this contract payable.

Pollution Remediation Obligations

TxDOT is responsible for the cleanup and remediation of several polluted sites. Regulatory requirements established by federal and state law obligate TxDOT to perform these pollution remediation activities. Historical cost averages were used to calculate the estimated pollution remediation obligation liabilities. The table below details the various compliance requirements under which TxDOT is incurring pollution remediation costs and is recording a pollution remediation liability.

Pollution Remediation Obligations - Disaggregation of Total Liability (Amounts in Thousands)

As of August 31, 2023

Governmental Activities	Obligation Amount
Comply with Federal and State asbestos requirements	$ 3,839
Comply with Federal and State OSHA requirements for lead based paint	1,716
Comply with Federal Safe Drinking Water Act requirements	203
Comply with State Leaking Petroleum Storage Tank (LPST) cleanup requirements	39
Comply with OSHA Health and Safety Plan (HASP) requirements	264
Comply with Waste Disposal regulations	2,149
Total	$ 8,210

Federal reimbursements are expected to offset a portion of these estimated costs. When realizable, the federal reimbursements are recognized as federal revenue. The potential for changes due to price increases or reductions, technology or applicable laws or regulations was incorporated into these estimates.

Right-to-Use Lease Obligations

TxDOT is reporting a total of 31 active lessee leases as of Aug. 31, 2023. The current and non-current lease obligation portion associated with these leases is $4.3 million and $27.7 million respectively. The estimated debt service requirements related to the leases executed as of Aug. 31, 2023, are as follows.

Lease - Debt Service Requirements

(Amounts in Thousands)

	Governmental Activities		
Year	**Principal**	**Interest**	**Total**
2024	$ 4,333	$ 564	$ 4,897
2025	4,177	524	4,701
2026	3,597	423	4,020
2027	3,000	348	3,348
2028	1,699	293	1,992
2029-2033	7,950	1,028	8,978
2034-2038	7,276	268	7,544
2039-2042	47	2	49
Total Requirements	$ 32,079	$ 3,450	$ 35,529

Right-to-Use Subscriptions Obligations

TxDOT is reporting subscription obligations with the implementation of GASB 96 in fiscal 2023. There was a total of 21 active subscriptions as of Aug. 31, 2023. The current and non-current portion associated with these subscriptions is $17.7 million and $25.0 million respectively for governmental activities and $41.5 million and $67.4 million for business-type activities. The estimated debt service requirements related to the subscriptions executed as of Aug. 31, 2023, are as follows.

Subscriptions - Debt Service Requirements

(Amounts in Thousands)

	Governmental Activities		
Year	**Principal**	**Interest**	**Total**
2024	$ 17,651	$ 4,121	$ 21,772
2025	13,402	2,389	15,791
2026	11,620	849	12,469
Total Requirements	$ 42,673	$ 7,359	$ 50,032

Subscriptions - Debt Service Requirements

(Amounts in Thousands)

	Business-Type Activities		
Year	**Principal**	**Interest**	**Total**
2024	$ 41,495	$ 2,613	$ 44,108
2025	36,326	1,485	37,811
2026	31,092	418	31,510
Total Requirements	$ 108,913	$ 4,516	$ 113,429

NOTE 6 – BONDED INDEBTEDNESS

As discussed more fully in the sections that follow, the Commission and TxDOT's blended component units are authorized through various statutory and constitutional provisions to issue general obligation and revenue bonds as well as private activity bonds.

As of Aug. 31, 2023, the Commission had 33 bond issues outstanding. The Texas Private Activity Bond Surface Transportation Corporation (TxPABST), a blended component unit of TxDOT, had eight conduit debt bond issues outstanding as of Aug. 31, 2023. The Grand Parkway Transportation Corporation (GPTC), another blended component unit of TxDOT, had seven revenue bond issuances outstanding as of Aug. 31, 2023. The debt service payments associated with debt issued by TxPABST and GPTC are not the responsibility of the state of Texas, however due to the relationship between TxDOT and these entities, their disclosures, and as appropriate, financial balances associated with the outstanding bonds are included in this report.

Miscellaneous Bond Information

(Amounts in Thousands)

Description of Issue	Bonds Issued to Date	Date Issued	Range of Interest Rates		Maturities First Year	Maturities Last Year	First Call Date
GOVERNMENTAL ACTIVITIES							
General Obligation Bonds							
Texas Mobility Fund							
Series 2006-B Variable Rate Bonds	$ 150,000	12/13/2006	VAR	VAR	2036	2036	*
Series 2009-A Taxable Fixed Rate Bonds	1,208,495	08/26/2009	5.37%	5.52%	2029	2039	*
Series 2014 Fixed Rate Refunding Bonds	973,775	07/02/2014	4.00%	5.00%	2016	2034	04/01/2024
Series 2014-A Fixed Rate Refunding Bonds	1,580,160	12/18/2014	4.00%	5.00%	2017	2044	10/01/2024
Series 2014-B Put Bonds	250,000	12/18/2014	0.65%	0.65%	2040	2041	10/01/2025
Series 2015-A Fixed Rate Refunding Bonds	911,360	09/30/2015	3.20%	5.00%	2018	2036	10/01/2025
Series 2015-B Fixed Rate Refunding Bonds	254,105	10/07/2015	5.00%	5.00%	2031	2036	10/01/2025
Series 2017-A Fixed Rate Refunding Bonds	296,020	02/01/2017	5.00%	5.00%	2030	2034	10/01/2027
Series 2017-B Fixed Rate Refunding Bonds	474,135	02/01/2017	5.00%	5.00%	2029	2036	10/01/2027
Series 2020 Taxable Fixed Rate Refunding Bonds	1,270,690	08/05/2020	0.26%	2.47%	2021	2044	*
Texas Highway Improvement							
Series 2010-A Taxable Fixed Rate Bonds	815,420	09/29/2010	3.20%	4.68%	2019	2040	*
Series 2014 Fixed Rate Bonds	1,260,000	10/15/2014	2.00%	5.00%	2015	2044	04/01/2024
Series 2016 Fixed Rate Bonds	615,000	05/04/2016	5.00%	5.00%	2017	2046	04/01/2026
Series 2016-A Fixed Rate Bonds	588,755	11/02/2016	4.00%	5.00%	2018	2046	04/01/2026
Series 2019 Taxable Fixed Rate Refunding Bond	705,550	12/11/2019	2.60%	4.00%	2021	2044	04/01/2029
Series 2020 Taxable Fixed Rate Refunding Bond	794,235	07/06/2020	2.56%	5.00%	2022	2042	*
Revenue Bonds							
State Highway Fund							
Series 2008 Fixed Rate Bonds	162,995	08/19/2008	3.50%	5.25%	2010	2028	04/01/2018
Series 2010 Taxable Fixed Rate Bonds	1,500,000	08/05/2010	5.03%	5.18%	2026	2030	*
Series 2014-A Fixed Rate Refunding Bonds	1,157,795	04/02/2014	4.75%	5.00%	2017	2034	04/01/2024
Series 2014-B Variable Rate Bonds	300,000	03/25/2022	VAR	VAR	2032	2032	*
Series 2015 Revenue Refunding Bonds	781,080	07/22/2015	3.00%	5.00%	2017	2026	n/a
Series 2016-A Fixed Rate Bonds	601,210	10/26/2016	3.00%	5.00%	2017	2030	10/01/2026
Series 2016-B Fixed Rate Bonds	89,370	10/26/2016	0.43%	0.56%	2025	2026	n/a
Series 2020 Taxable Fixed Rate Refunding Bonds	341,425	07/01/2020	4.00%	4.00%	2030	2033	*
Governmental Activities Total	$ 17,081,575						

* Bonds are subject to redemption prior to their respective maturities at the option of the Commission.

Miscellaneous Bond Information (Concluded)

(Amounts in Thousands)

Description of Issue	Bonds Issued to Date	Date Issued	Range of Interest Rates		Maturities First Year	Maturities Last Year	First Call Date
BUSINESS-TYPE ACTIVITIES							
Revenue Bonds							
Central Texas Turnpike System							
First Tier Revenue Bonds Series 2002-A							
Non-Callable Capital Appreciation Bonds***	792,168	08/29/2002	4.47%	5.75%	2012	2030	n/a
Callable Capital Appreciation Bonds**	325,494	08/29/2002	6.00%	6.10%	2025	2038	08/15/2012
First Tier Revenue Refunding Bonds Series 2012-A	585,330	11/27/2012	4.00%	5.00%	2038	2041	08/15/2022
First Tier Revenue Refunding Bonds Series 2015-B							
Current Interest Bonds + Term Bond***	198,025	02/04/2015	5.00%	5.00%	2032	2037	08/15/2024
Capital Appreciation Bonds	134,181	02/04/2015	4.36%	4.38%	2036	2037	08/15/2024
Second Tier Revenue Refunding Bonds, Series 2015-C	1,157,320	02/04/2015	5.00%	5.00%	2022	2042	08/15/2024
First Tier Revenue Refunding Bonds Series 2020-A	179,475	03/05/2020	3.00%	5.00%	2039	2040	08/15/2030
First Tier Revenue Refunding Variable Rate Bonds Series 2020-B	225,000	03/05/2020	VAR	VAR	2042	2042	*
First Tier Revenue Refunding Bonds Taxable Series 2020-C	279,305	03/05/2020	3.03%	3.03%	2031	2041	08/15/2030
Grand Parkway Transportation Corporation							
First Tier Toll Revenue Bonds, Series 2013-A**	200,000	08/01/2013	5.13%	5.50%	2031	2053	10/01/2023
Subordinate Tier Toll Revenue Bonds, Series 2013-B							
Convertible Capital Appreciation Bonds***	486,910	08/01/2013	4.95%	5.85%	2029	2048	10/01/2028
Current Interest Bonds**	1,137,935	08/01/2013	5.00%	5.25%	2048	2053	10/1/2023
Subordinate Tier Toll Revenue Bonds, Series 2013-E**	361,810	08/01/2013	5.18%	5.18%	2036	2042	*
Subordinate Tier Toll Revenue Refunding Bonds, Series 2016	83,775	12/07/2016	2.20%	2.20%	2023	2023	n/a
Subordinate Tier Toll Revenue Bonds, Series 2018-A**	712,100	05/30/2018	5.00%	5.00%	2030	2048	04/01/2028
Subordinate Tier Toll Revenue Put Bonds, Series 2018-B	166,525	05/30/2018	5.00%	5.00%	2049	2052	10/01/2023
First Tier Toll Revenue Refunding Bonds, Taxable Series 2020-A	220,415	02/27/2020	2.11%	3.36%	2026	2052	04/01/2030
Subordinate Tier Toll Revenue Refunding Bonds, Taxable Series 2020-B	1,293,260	02/27/2020	1.53%	3.24%	2020	2052	04/01/2030
First Tier Toll Revenue Refunding Bonds, Series 2020-C	793,385	02/27/2020	3.00%	5.00%	2033	2050	n/a
Subordinate Tier Toll Revenue Refunding Put Bonds, Series 2023	263,225	08/16/2023	5.00%	5.00%	2034	2052	01/01/2028
SH249 System							
First Tier Toll Revenue Bonds, Series 2019-A							
Current Interest Bonds	144,085	02/26/2019	5.00%	5.00%	2053	2057	02/01/2029
Capital Appreciation Bonds***	114,548	02/26/2019	3.39%	5.10%	2028	2053	02/01/2029
First Tier Toll Revenue Bonds, Taxable Series 2019-B	12,795	02/26/2019	4.55%	4.70%	2030	2033	02/01/2029
Business-Type Activities Total	9,867,066						
Total	$ 26,948,641						

* Bonds are subject to redemption prior to their respective maturities at the option of the Commission.

** Bonds are not outstanding as of 08/31/2023.

*** Bonds issued to date include interest accreted to principal.

Changes in Bonds Payable (Amounts in Thousands)
For the Fiscal Year Ended August 31, 2023

Description	Bonds Outstanding 8/31/2022	Adjustments*	Bonds Issued**	Bonds Matured or Retired	Bonds Outstanding 8/31/2023	Due Within One Year
Governmental Activities:						
General Obligation Bonds	$ 9,426,494	$ (56,129)	$	$ (295,420)	$ 9,074,945	$ 365,134
General Obligation Bonds - Direct Placements	280,955	(1,986)			278,969	1,986
Revenue Bonds	3,352,822	(29,847)		(271,155)	3,051,820	307,995
Total Governmental Activities	13,060,271	(87,962)	0	(566,575)	12,405,734	675,115
Business-Type Activities:						
Revenue Bonds	7,175,601	(18,407)	327,761	(287,350)	7,197,605	102,715
Revenue Bonds - Direct Placements	308,775			(83,775)	225,000	
Total Business-Type Activities	7,484,376	(18,407)	327,761	(371,125)	7,422,605	102,715
Total	$ 20,544,647	$ (106,369)	$ 327,761	$ (937,700)	$ 19,828,339	$ 777,830

* Includes current year amortization of premiums and discounts and new issue premium of GPTC Series 2023.
** Includes current year accretion.

General Obligation Bonds – General Comments

The Texas Constitution authorizes the Commission to issue general obligation bonds backed by the full faith and credit of the state. As of Aug. 31, 2023, two general obligation bond programs were active. All general obligation bond issuances must be approved by the Texas Bond Review Board prior to issuance. The purpose and the sources for the repayment of debt service for each program are summarized as follows:

Texas Mobility Fund General Obligation Bond Program

Texas Constitution, Article III, Section 49-k and Transportation Code, Chapter 201, Subchapter M authorize the Commission to issue general obligation bonds payable from a pledge of and lien on all or part of the money in the Mobility Fund. The Mobility Fund bonds are designed to be self-supporting, but the full faith and credit of the state is pledged in the event the revenue and money dedicated to the Mobility Fund is insufficient to pay debt service on the bonds. As of Aug. 31, 2023, major sources of pledged revenue to the Mobility Fund include driver license fees, motor vehicle inspection fees, certificate of title fees and driver record information fees.

The issuance of Mobility Fund bonds is subject to debt service coverage requirements. Prior to a Mobility Fund debt issuance, the Texas Comptroller of Public Accounts must certify that there will be sufficient future resources on deposit in the Mobility Fund to ensure 110 percent coverage of debt service requirements during the period that the debt will be outstanding. Subject to the debt service coverage requirement, the Mobility Fund constitutional provision does not limit the amount of obligations that may be issued under the program. The Mobility Fund program is currently established in the aggregate principal amount of $7.5 billion outstanding at any one time. House Bill No. 2219 which was enacted during the regular session of the 87th Legislature and became effective on June 18, 2021, amended the authority to (i) eliminate the ability of the Commission to issue Program obligations for the purpose of providing participation by the State in the payment of part of the costs of constructing and providing publicly owned toll roads and (ii) authorize the Commission to issue Program obligations for certain transportation projects, as described herein, after May 1, 2021 and before January 1, 2027 in an aggregate principal amount not to exceed an amount equal to sixty percent (60%) of the outstanding principal amount of Program obligations existing on May 1, 2021. As of May 1, 2021, the outstanding principal amount of Program obligations (i.e., Parity Debt) was $5.9 billion. The Commission may issue, other than refunding obligations described herein, no more than $3.6 billion in aggregate principal amount of Parity Debt prior to January 1, 2027.

Bond proceeds are to be used to refunding existing bonds and related credit agreements, creating reserves for payment of bonds and related credit agreements, paying bond issuance costs and paying interest on the bonds and related credit agreements.

In an event of default in connection with any covenant or in any supplement, or default in the payment of annual debt service requirements due in connection with any parity debt, or other costs and expenses related thereto, any owner of parity debt (which includes all Mobility Fund bondholders) may require the Commission, the Department, its officials and employees, and any appropriate official of the State, to carry out, respect, or enforce the covenants and obligations of the Master Resolution or any Supplement, by all legal and equitable means, including specifically the use and filing of mandamus proceedings in any court of competent jurisdiction in Travis County, Texas against the Commission, the Department, its officials and employees, or any appropriate official of the State.

The Series 2015-B outstanding balance of $279.0 million is from direct placements.

Texas Highway Improvement General Obligation Bond Program (Proposition 12)

Texas Constitution, Article III, Section 49-p and Transportation Code, Section 222.004, authorizes the Commission to issue general obligation bonds of the state of Texas for the costs of highway improvement projects including construction, reconstruction, design, the acquisition of right-of-way, the costs of administering the highway improvement projects and the costs of issuing the bonds. These bonds are not self-supporting and are considered a general obligation of the state of Texas. As of Aug. 31, 2023, the Commission had issued the $5.0 billion authorized under the Texas highway improvement general obligation bond program.

In an event of default in connection with (i) failure to make payment of the principal of or interest on any of the bonds or credit agreements when due and payable or (ii) the performance or observance of any other covenant, agreement or obligation of the Commission or the State, which materially adversely affects the rights of the bond owners, any owner of bonds or credit agreements may require the Commission, the Department, its officials and employees, and any appropriate official of the State, to carry out, respect, or enforce the covenants and obligations of the Master Resolution or any Supplement, by all legal and equitable means, including specifically the use and filing of mandamus proceedings in any court of competent jurisdiction in Travis County, Texas against the Commission, the Department, its officials and employees, or any appropriate official of the State. The State has not waived sovereign immunity with respect to the enforcement of the obligations of the Commission and the State relating to any series of bonds or credit agreements.

Debt Service Requirements – Governmental Activities

(Amounts in Thousands)

General Obligation Bonds

Year	Principal	Interest *	Total
2024	$ 312,340	$ 352,314	$ 664,654
2025	330,290	337,705	667,995
2026	349,305	322,118	671,423
2027	281,005	314,307	595,312
2028	385,805	298,607	684,412
2029-2033	2,120,760	1,249,356	3,370,116
2034-2038	2,570,875	773,690	3,344,565
2039-2043	1,766,315	228,032	1,994,347
2044-2048	476,070	21,298	497,368
	8,592,765	3,897,427	12,490,192
Premium	482,180		482,180
Total	$ 9,074,945	$ 3,897,427	$ 12,972,372

* Series 2006-B debt service requirements are calculated with interest rate of 3.98 percent which is the interest rate reported at Aug. 31, 2023.

Debt Service Requirements – Governmental Activities

(Amounts in Thousands)

General Obligation Bonds - Direct Placements

Year	Principal	Interest	Total
2024	$	$ 12,705	$ 12,705
2025		12,705	12,705
2026		12,705	12,705
2027		12,705	12,705
2028		12,705	12,705
2029-2033	53,000	60,938	113,938
2034-2038	201,105	28,274	229,379
	254,105	152,737	406,842
Premium	24,864		24,864
Total	$ 278,969	$ 152,737	$ 431,706

Revenue Bonds – General Comments

The Texas Constitution and Transportation Code authorize the Commission to issue revenue bonds backed by pledged revenue sources and restricted funds. All revenue bond issuances must be approved by the Texas Bond Revenue Board prior to issuance. The active revenue bond programs of TxDOT and the Grand Parkway Transportation Corporation are summarized as follows:

State Highway Fund Revenue Bond Program (Proposition 14)

Texas Constitution, Article III, Section 49-n and Transportation Code, Section 222.003 authorizes the Commission to issue revenue bonds to finance highway improvement projects. The bonds are payable from pledged revenues deposited to the credit of the state highway fund, including dedicated taxes, dedicated federal revenues and amounts collected or received pursuant to other state highway fund revenue laws and any interest or earning from the investment of these funds. As of Aug. 31, 2023, the Commission had issued the $6.0 billion authorized under the state highway fund revenue bond program.

In an event of default, the purchaser may take the following actions:

(1) Direct the tender agent and the Commission, as applicable, to cause a mandatory tender of the bonds or take such other remedial action as is provided for in the Resolution;

(2) Exercise any and all remedies as it may have under the related documents and as otherwise available at law and equity;

(3) Take whatever action at law or in equity may appear necessary or desirable to collect the amounts due and payable by the Commission under the Related Documents (including all outstanding debt service on the 2014-B2 bonds) or to enforce performance or observance of any obligation, agreement or covenant of the Commission under the Related Documents.

In general, in the event of a default in the payment of debt service due in connection with any State Highway Fund bonds or any other costs and expenses relating thereto, or a default by the Commission in the performance of any duty or covenant provided in law or in the Resolution, any owner of State Highway Fund bonds may require the Commission or the Department or its officials and employees to carry out, respect, or enforce the Commission's covenants and obligations relating to the State Highway Fund bonds by all legal and equitable means, including specifically the use and filing of mandamus proceedings in State court.

Total debt service requirements for State Highway Fund revenue bonds are presented as follows.

Debt Service Requirements – Governmental Activities

(Amounts in Thousands)

Revenue Bonds

Year	Principal	Interest *	Total
2024	$ 283,420	$ 137,029	$ 420,449
2025	298,350	121,745	420,095
2026	313,400	107,156	420,556
2027	326,635	95,617	422,252
2028	337,170	81,395	418,565
2029-2033	1,216,635	166,316	1,382,951
2034-2038	167,165	3,343	170,508
	2,942,775	712,601	3,655,376
Premium	109,045		109,045
Total	$ 3,051,820	$ 712,601	$ 3,764,421

* Series 2014-B debt service requirements are calculated with interest rate of 4.07 percent which is the interest rate reported at Aug. 31, 2023.

Central Texas Turnpike System Revenue Bond Program

Transportation Code, Chapter 228 Subchapter C authorizes the Commission to issue revenue bonds to pay a portion of the costs of planning, designing, engineering, developing and constructing the Central Texas Turnpike System (CTTS) located in the greater Austin metropolitan area in Travis and Williamson counties. The bonds are payable from and secured solely by a first and second lien on, as applicable, and pledge of the trust estate. The trust estate consists of all project revenues and investment earnings. Neither the state, the Commission, TxDOT, nor any other agency or political subdivision of the state, is obligated to pay the debt service on the CTTS revenue bonds.

In an event of default under the terms of the Indenture of Trust dated as of July 15, 2002, the Trustee may take the following actions and upon the written request of the owners of not less than 20 percent in principal amount of outstanding obligations shall proceed to:

(1) Protect and enforce its rights and the rights of the owners under the state law and the Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for mandamus or the specific performance of any covenant or agreement contained in the Indenture or in aid or execution of any power granted by the Indenture or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such right.

(2) In the enforcement of any remedy under the Indenture the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any event of default becoming, and at any time remaining, due from the Commission.

CTTS series 2020B bonds are direct placements. The outstanding par value is $225.0 million.

Grand Parkway System Toll Revenue Bond Program

Transportation Code, Chapter 431 authorizes the creation of the Grand Parkway Transportation Corporation, a public, non-profit Texas corporation created by the Commission to act on behalf of the Commission to finance, build and operate certain segments of State Highway 99 (the "Grand Parkway Project") in the greater Houston area. In March 2012, the Commission adopted a resolution creating the Grand Parkway Transportation Corporation (GPTC). GPTC is authorized to assist and act on behalf of the Commission in the development, financing, design, construction, reconstruction, expansion, operation and/or maintenance of the Grand Parkway toll project. The bond obligations are payable from tolls and other revenues of the GPTC held by the trustee. Neither the state, the Commission, nor any other agency or political subdivision of the state is obligated to pay the debt service on the GPTC bonds.

In an event of default, and upon the written request of the owners of not less than 20 percent in principal amount of outstanding obligations, the Trustee shall proceed to:

(1) Protect its rights and the rights of the owners under Chapter 431, Transportation Code and under the Trust Agreement, the Toll Rate Agreement or certain sections of the Project Agreement by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for mandamus or the specific performance of any covenant or agreement contained in the Trust Agreement or in aid or execution of any power granted in the Trust Agreement for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, deems most effectual to

protect and enforce such rights. Acceleration of principal of or interest on the obligations upon the occurrence of an event of default is not a remedy available under the Trust Agreement.

(2) In the enforcement of any remedy under the Trust Agreement the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Corporation and to enforce judgment or decree against the Corporation but solely as provided in the Trust Agreement.

GPTC issued series 2023 bonds on Aug. 16, 2023 to refund a portion of series 2013A bonds, series 2016 Bonds and series 2018B bonds. GPTC has no direct placement revenue bonds outstanding after the refunding.

SH249 System Revenue Bond Program

Transportation Code, Chapter 228 authorizes the Commission to issue toll revenue bonds to finance the cost of construction, improvement, extension, or expansion of a toll project or system in the State. In February 2019, the Commission issued $249.3 million in toll revenue bonds (2019 SH 249 Bonds) to finance the cost of an approximately 15-mile tolled highway (Segment 1) to serve as a northerly extension of the existing State Highway 249 (SH 249) and to be located between FM 1774 in Pinehurst, Texas (Montgomery County) and FM 1774 near Todd Mission, Texas (Grimes County). The 2019 SH 249 Bonds constitute special, limited obligations of the Commission secured by and payable solely from a first lien on, pledge of, and security interest in the trust estate (Trust Estate) for the 2019 SH 249 Bonds and are payable prior to the payment of operating and maintenance expenses on Segment 1. The Trust Estate consists primarily of toll revenues to be generated by the operation of Segment 1. None of the Commission, TxDOT, or any other agency or political subdivision of the State is obligated to pay debt service on the 2019 SH 249 Bonds except the Commission solely from the Trust Estate and certain funds created under the master trust agreement (Master Trust Agreement) for the 2019 SH 249 Bonds. The Commission has currently designated Segment 1 as comprising the entire "SH 249 System", and Segment 1 will be the first and initially the only segment of the SH 249 System. The Commission may choose to expand or enlarge the SH 249 System, but the Commission currently has no plans for such expansion or enlargement. Subject to the terms of the Master Trust Agreement, the Commission may issue additional bonds or other obligations at any time, secured by a lien on the Trust Estate that is on parity with, or subordinate to, the first lien on the Trust Estate securing payment of the 2019 SH 249 Bonds, in order to finance the expansion or enlargement of the SH 249 System.

In an event of default, the Trustee may proceed and upon the written request of the owners of not less than 20 percent in principal amount of outstanding obligations, shall proceed to:

(1) Protect and enforce its rights and the rights of the owners under State law and under the Master Trust Agreement by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for mandamus or the specific performance of any covenant or agreement in the Master Trust Agreement or in aid or execution of any power granted in the Master Trust Agreement or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights. Acceleration of the principal of or interest on the obligations is not a remedy available under the Master Trust Agreement.

(2) In the enforcement of any remedy under the Master Trust Agreement the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Corporation.

The summarized debt service requirements for the CTTS, GPTC and SH249 System is as follows.

Debt Service Requirements – Business-Type Activities

(Amounts in Thousands)

Revenue Bonds

Year	Principal	Interest	Total
2024	$ 82,465	243,934	$ 326,399
2025	75,435	268,720	344,155
2026	89,855	268,060	357,915
2027	102,220	267,508	369,728
2028	109,480	266,729	376,209
2029-2033	754,300	1,298,442	2,052,742
2034-2038	1,370,810	1,084,408	2,455,218
2039-2043	1,487,200	766,849	2,254,049
2044-2048	1,165,650	499,649	1,665,299
2049-2053	1,938,980	213,473	2,152,453
2054-2058	120,475	15,427	135,902
	7,296,870	5,193,199	12,490,069
Accretion	(435,858)		(435,858)
Premium	336,593		336,593
Total	$ 7,197,605	$ 5,193,199	$ 12,390,804

Debt Service Requirements – Business-Type Activities

(Amounts in Thousands)

Revenue Bonds - Direct Placements

Year	Principal	Interest*	Total
2024	$	$ 10,889	$ 10,889
2025		10,386	10,386
2026		10,395	10,395
2027		10,395	10,395
2028		10,404	10,404
2029-2033		51,966	51,966
2034-2038		51,975	51,975
2039-2043	225,000	39,255	264,255
Total	$ 225,000	$ 195,665	$ 420,665

* CTTS Series 2020-B debt service requirements are calculated with interest rate of 4.62 percent which is the interest rate reported at Aug. 31, 2023.

Build America Bonds

The American Recovery and Reinvestment Act of 2009 granted municipal debt issuers access to a broader investor base in the taxable market by providing a federal interest rate subsidy payment to offset debt service costs through the Build America Bonds (BABs) program. Direct Payment BABs provide a federal reimbursement to TxDOT equal to 35 percent of the interest paid on the bonds.

As a result of budget sequestration, the federal government reduced subsidy payments for BABs by 5.7 percent effective Oct. 1, 2020 through Sept. 30, 2030 for BAB subsidy payments paid in federal fiscal year 2023. See the table below for details on the Commission's Direct Payment BABs outstanding at Aug. 31, 2023.

Direct Payment Build America Bonds
(Amounts in Thousands)

	Issue Date	Par Amount	Outstanding
Governmental Activities			
General Obligation Bonds			
Texas Mobility Fund Series 2009-A	8/26/2009	$ 1,208,495	$ 1,201,695
Texas Highway Improvement Bonds Series 2010-A	9/29/2010	815,420	670,610
Revenue Bonds			
State Highway Fund Series 2010	8/05/2010	1,500,000	1,429,505
Governmental Activities Total		$ 3,523,915	$ 3,301,810

Variable Rate Bonds

The Commission has three variable rate bond issues outstanding at Aug. 31, 2023. The interest rates in effect as of Aug. 31, 2023 for the Texas Mobility Fund Series 2006-B, State Highway Fund Series 2014-B and Central Texas Turnpike System Series 2020-B used to calculate the debt service requirements were 3.98, 4.07, and 4.62 percent, respectively. For Texas Mobility Fund Series 2006-B bonds and State Highway Fund Series 2014-B bonds, the interest rates reset every seven days. Central Texas Turnpike System Series 2020-B bonds rate reset daily.

Fixed Rate Put Bonds

The Commission has one fixed rate put bond issues outstanding, the Texas Mobility Fund Series 2014-B bonds. The Texas Mobility Fund Series 2014-B bonds were redesignated and remarketed on Oct. 1, 2021. The interest mode was converted to a Multiannual Mode for the initial multiannual rate period that commences on Oct. 1, 2021 and ends on Mar. 31, 2026. The bonds bear interest rate at .65 percent in the initial multiannual rate period. The bonds are subject to mandatory tender for purchase on the mandatory tender date as specified in the award certificate. The bonds are not subject to optional tender prior to the mandatory tender date.

During the initial multiannual rate period, the bonds are not subject to the benefit of a liquidity facility, nor is there any requirement to obtain such a liquidity facility. The obligation of the Commission to purchase the bonds on the mandatory tender date is subject to the successful remarketing of such bonds and a failed conversion and remarketing will not constitute an event of default. The Commission has no obligation to purchase the bonds except from the remarketing proceeds. In the event that the bonds are not remarketed to new purchasers on the mandatory tender date, the bonds will bear interest at the stepped rate of 7.00 percent per annum.

Demand Bonds

The Texas Mobility Fund Series 2006-B and the State Highway Fund Series 2014-B bonds are variable rate demand bonds. A bond holder may tender any of these bonds for repurchase prior to maturity at a price equal to principal plus accrued interest. Any bonds so tendered will be purchased either by the proceeds of the remarketing of such bonds or, if not successfully remarketed, from amounts drawn under the standby bond purchase agreements. The following tables provide details for outstanding demand bonds and the related standby bond purchase agreements as of Aug. 31, 2023.

Demand Bonds – Standby Bond Purchase Agreement Provisions (Amounts in Thousands)

Governmental Activities	Principal Balance Outstanding	Counterparties	Annual Liquidity Fee	Agreement Termination Date
General Obligation Bonds				
Texas Mobility Fund				
Series 2006-B	$ 150,000	Texas Comptroller of Public Accounts	0.12%	8/31/2025
Revenue Bonds				
State Highway Fund				
Series 2014-B	300,000	Sumitomo Mitsui Banking Corporation	0.2% - 2.3%*	10/01/2026
TOTAL	$ 450,000			

* Dependent on credit ratings of the bonds.

The Texas Mobility Fund Series 2006-B bonds are subject to a standby bond purchase liquidity agreement (agreement) with the Texas Comptroller of Public Accounts (Comptroller). The agreement provides terms to be negotiated and mutually agreed upon by TxDOT and the Comptroller upon need for the Comptroller to purchase bonds put but that the remarketing agent cannot resell timely to new investors. In that case, TxDOT would pay interest to the Comptroller based on the existing debt service schedule for the Series 2006-B bonds.

The agreement was made pursuant to powers granted to Comptroller under Texas Government Code Sec. 404.027. The agreement provides protection to prevent an unplanned draw on current financial resources of the Texas Mobility Fund. The agreement is subject to renewal on a biennial basis. For fiscal 2023, the Trustee did not draw from the Comptroller related to the Series 2006-B demand bonds.

The standby bond purchase agreement for the State Highway Fund Series 2014-B contains takeout provisions, which provide an alternative debt instrument to replace any repurchased bonds that are not remarketed within the prescribed time constraints. Outstanding principal balances on variable rate demand bonds that have take-out provisions in place may be classified as non-current liabilities. The outstanding principal balance for the Series 2014-B is classified as a non-current liability as the agreement in place is set to expire in fiscal year 2027. The table shown below provides the estimated impact of such an event.

Demand Bonds – Takeout Provisions (Amounts in Thousands)

Governmental Activities	Estimated Debt Service	Rate	Basis	Replacement Debt Terms
Revenue Bonds				
State Highway Fund				
Series 2014-B	$ 404,797	9.50%	Base Rate + 2%	Semi-annual payments over three years (or sooner under certain termination events) starting on the first day of the sixth month of that period.
Total	$ 404,797			

Refunding

GPTC authorized the issuance of the Subordinate Tier Revenue Refunding Put Bonds, Series 2023 with the Tenth Supplement Agreement, dated Aug. 1, 2023 to refund certain outstanding Series 2013-A, Series 2016 and Series 2018-B. The Series 2023 was issued with par amounts of $263.2 million The premium associated with the Series 2023 was $19.0 million and the underwriter's discount associated with the transaction amounted to $775.1 thousand, resulting in net proceeds of $281.4 million. The issuance closed on Aug. 16, 2023.

Refunding (Amounts in Thousands)

For the Fiscal Year Ended August 31, 2023
Business-Type Activities

Description	Category	Amount Extinguished or Refunded	For Refunding Only: Refunding Issued Par Value	For Refunding Only: Cash Flow Increase	For Refunding Only: Economic Gain
Grand Parkway Transportation Corporation					
First Tier Toll Revenue Bonds, Series 2013-A	Current Refunding	$ 47,730	$ 28,585	$ 35,690	$ 3,471
Subordinate Tier Toll Revenue Refunding Bonds, Series 2016	Current Refunding	83,775	78,534		
Subordinate Tier Toll Revenue Put Bonds, Series 2018-B	Current Refunding	166,525	156,106		
Total Grand Parkway Transportation Corporation		298,030	263,225	35,690	3,471
Total Business-Type Activities		$ 298,030	$ 263,225	$ 35,690	$ 3,471

Defeased Bonds

The Commission defeased various bond issues by placing funds and securities in irrevocable trusts with external financial institutions to provide for all future debt service payments on the bonds through the earlier of the maturity date or the first call date. As of Aug. 31, 2023, the amounts of defeased bonds, at par, that remain outstanding are presented in the table below.

Defeased Bonds Outstanding (Amounts in Thousands)

Description of Issue			Par Value Outstanding
Governmental Activities		**Year Defeased**	
General Obligation Bonds			
Texas Mobility Fund Series 2014 Fixed Rate Refunding Bonds		2020	$ 380,815
Texas Mobility Fund Series 2014-A Fixed Rate Refunding Bonds		2020	690,760
Highway Improvement Bonds Series 2014 Fixed Rate Bonds		2019	84,000
Highway Improvement Bonds Series 2014 Fixed Rate Bonds		2020	672,000
Revenue Bonds			
State Highway Fund Series 2014-A Fixed Rate Refunding Bonds		2020	358,625
	Total Governmental Activities		$ 2,186,200
Business-Type Activities			
Central Texas Turnpike System Revenue Bonds			
Series 2002-A Capital Appreciation Bonds*		2015	$ 15,312
Grand Parkway Transportation Bonds			
Series 2013-A Revenue Bonds		2020	152,270
Series 2013-A Revenue Bonds		2023	47,730
Series 2013-B Current Interest Bonds		2020	1,137,935
Series 2016 Revenue Bonds		2023	83,775
Series 2018-B Revenue Bonds		2023	166,525
	Total Business-Type Activities		$ 1,603,547
Total			$ 3,789,747

* Includes $10,601 of accreted interest.

Conduit Debt Private Activity Bond Program

Transportation Code, Chapter 431 provides the authority for transportation corporations to issue bonds. The Texas Private Activity Bond Surface Transportation Corporation (TxPABST), a Texas public non-profit corporation blended component unit, has issued private activity bonds to finance costs related to the construction of the LBJ Interstate Highway 635 managed lanes, located in Dallas County, certain segments of the North Tarrant Express Facility in Tarrant County and the SH 288 toll lanes project in Harris County.

The proceeds from TxPABST bonds were loaned to LBJ Infrastructure Group LLC, NTE Mobility Partners LLC, NTE Mobility Partners Segments 3 LLC and Blueridge Transportation Group, LLC to finance costs related to the planning, development, design and construction of these transportation projects. These bonds are special limited obligations of TxPABST, payable solely from and secured by loan and interest repayments from the borrowers. The bonds do not constitute a debt or pledge of the faith and credit of TxPABST, TxDOT or the state of Texas. As of Aug. 31, 2023, TxPABST private activity revenue bonds outstanding aggregated $3.6 billion. The debt service schedule for the outstanding TxPABST conduit debt is disclosed below.

Conduit Debt Obligations - Miscellaneous Information (Amounts in Thousands)

Description of Issue		Bonds Issued to Date	Date Issued	Range of Interest Rates	Maturities First Year	Maturities Last Year	First Call Date
NTE Mobility Partners Segments 3 LLC Segments 3A and 3B Facility							
Series 2013	$	274,030	9/19/2013	6.75% - 7.00%	2038	2043	9/1/2023
Blueridge Transportation Group, LLC SH 288 Toll Lanes Project							
Series 2016	$	272,635	5/9/2016	5.00%	2036	2055	12/31/2025
NTE Mobility Partners Segments 3 LLC Segments 3C Project							
Series 2019	$	653,865	8/8/2019	5.00%	2047	2058	6/30/2029
NTE Managed Lanes Project							
Series 2019-A	$	331,790	12/17/2019	4.00% - 5.00%	2030	2039	12/31/2029
Series 2019-B	$	871,085	12/17/2019	3.92%	2049	2049	*
Series 2023	$	397,315	08/11/2023	5.50%	2052	2058	12/31/2033
LBJ IH-635 Managed Lanes Project							
Series 2020-A	$	537,510	9/18/2020	4.00%	2030	2040	12/31/2030
Series 2020-B	$	7,025	9/18/2020	2.75%	2026	2026	*

* Bonds are subject to redemption prior to their respective maturities at the option of NTE Mobility Partners.

Conduit Debt Obligations – Debt Service (Amounts in Thousands)

TxPABST Bonds – Conduit Debt

Year	Principal	Interest	Total
2024	$	$ 155,787	$ 155,787
2025		158,215	158,215
2026	3,515	158,215	161,730
2027	3,510	158,070	161,580
2028		158,022	158,022
2029-2033	217,240	777,630	994,870
2034-2038	577,050	681,246	1,258,296
2039-2043	682,690	526,947	1,209,637
2044-2048	584,165	395,418	979,583
2049-2053	571,635	257,569	829,204
2054-2058	671,800	105,979	777,779
2059	33,650	925	34,575
	3,345,255	3,534,023	6,879,278
Premium	236,688		236,688
Discount	(1,505)		(1,505)
Total	$ 3,580,438	$ 3,534,023	$ 7,114,461

NOTE 7 – LEASES & SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

Intangible right-to-use (RTU) assets of $226.9 million and accumulated amortization of $49.2 million were reported for lessee leases and SBITA as of Aug. 31, 2023. The amounts of the details of the RTU assets, including the beginning balance, increase and decrease by major classes of underlying assets are disclosed in Note 2. Liabilities, current and non-current related to lessee leases and SBITA are included in Note 5.

Leases - Lessee

TxDOT has thirty-one active lessee leases as of Aug. 31, 2023. In fiscal 2023 five leases ended and ten new leases which consisted of seven equipment leases and three land leases. TxDOT had seven land leases, three building and twenty-one equipment leases in total as of Aug. 31, 2023. The total amount of Intangible RTU assets and accumulated amortization for governmental activities are $37.9 million and $6.6 million. The table below depicts different types of lessee assets including their initial lease terms and renewal terms.

Leased Asset Classification	Current Lease Commencement Date	Current Lease End Date	Lease End Renewal Date
Building	09/01/2021-11/30/2021	11/18/2022-06/30/2025	11/18/2025-06/30/2037
Equipment	09/01/2021-06/01/2022	12/14/2021-05/31/2023	12/14/2024-05/31/2026
Equipment	09/01/2021-02/01/2023	04/30/2026-09/14/2029	N/A
Land	09/01/2021-06/20/2023	06/19/2022-12/31/2025	06/19/2023-08/16/2042
Land	09/01/2021-06/19/2023	06/19/2024-06/30/2028	N/A

The majority of the variable payments were related to rental leases of land and buildings, consisting of property taxes and operating expenses. In total the variable payments associated with lessee leases that are not included in the calculation of lease liability is $1.8 million. Also prepayments in the amount of $129 thousand were made in fiscal 2023.

The table below summarizes the principal and interest payments made on lessee leases for each of the first five years, payments made in five-year increments thereafter.

Future Lease Payments

(Amounts in Thousands)

Governmental Activities

Year	Principal	Interest	Total Future Minimum Lease Payments
2024	$ 4,334	$ 564	$ 4,898
2025	4,177	524	4,701
2026	3,596	423	4,019
2027	3,000	348	3,348
2028	1,699	293	1,992
2029-2033	7,950	1,028	8,978
2034-2038	7,276	268	7,544
2039-2043	47	2	49
Total	$ 32,079	$ 3,450	$ 35,529

Leases - Lessor

TxDOT in total has twelve lessor leases. There was one new building lessor lease that was added in fiscal 2023. TxDOT primarily has three types of lessor leases. They are saltwater, fiber and ground/surface leases.

- A saltwater lease is for a facility on or along state right of way that conducts water to be used in drilling or operating a well that is used in the exploration for or production of oil or gas.
- A fiber lease is a lease of state-owned land for private internet providers to run fiber lines along TxDOT right of way.
- A ground/surface lease is a lease of state-owned land that is used by lessees for various needs.

The table below identifies lessor leases by asset along with the lease terms. There are six lessor leases where either party can terminate the lease by providing 24 months written notice. The non-cancellable term is 24 months. At every fiscal year end, these leases need to be assessed to determine if the lease term can be extended by another additional year.

There is one fiber lessor lease where the future payments collected by TxDOT could vary. The amount collected by TxDOT is either greater of $800 or 40% of the amount collected by lessee from its other counter parties that it has arrangements with. In fiscal 2023 variable payments associated with this lease were $457. The arrangements that the lessee has with the other parties can be amended and hence the payment amount collected can differ.

Leased Asset Classification	Current Lease Commencement Date	Current Lease End Date	Lease End Renewal Date
Infrastructure	09/01/2021	02/10/2052	N/A
Land - Ground/Surface lease	09/01/2021	07/31/2035 - 01/31/2036	N/A
Land - Land Fiber lease	09/01/2021	08/31/2025	08/31/2035
Land - Saltwater Lease	09/01/2021	08/31/2025	N/A
Building	01/11/2023	02/28/2025	N/A

For the above lessor leases, the total amount of lease revenue and interest revenue for fiscal 2023 are listed below

Lease Income

For the Fiscal Year Ended August 31, 2023 (Amounts in Thousands)

Governmental Activities

Interest Revenue	Lease Revenue	Prepayments
$ 21	$ 828	$ 503

All the lessor leases that have variable payments are clearly stated in the lease agreement. There is one lease that has been described above with variable payments.

SBITA (Subscription Based Information Technology Arrangement)

TxDOT in total has twenty one SBITAs. SBITAs recorded fall under one of four groups: Software as a Service (SaaS), Platform as a Service (PaaS), Infrastructure as a Service (IaaS) and Data Warehouse as a Service (DwaaS). The terms of these agreements have a wide range and some of them are active till fiscal 2027 . In fiscal 2023, principal payments totaled $14.1 million and interest payments totaled $144 thousand for governmental activities. For business-type activities, in fiscal 2023, the principal payments were in the amount of $20.3 million and interest payments were in the amount of $3.6 million.

In fiscal 2023, SBITAs did not have variable payments.The total amount of subscription assets and accumulated amortization for governmental activities are $59.7 million and $8.8 million. For business-type activities, subscription assets and accumulated amortization are $129.2 million and $33.7 million.

The ending liability for governmental activities is $42.7 million and for business-type activities the amount is $108.9 million as of fiscal year 2023. Total subscription payments made, less any incentives received, prior to the commencement of the subscription term consists of $3.4 million.

The below tables indicate future subscription payments for governmental and business-type activities.

Future Subscription Payments

(Amounts in Thousands)

Year Ended Aug. 31, 2023

Governmental Activities

Year	Principal	Interest	Total Future Minimum Subscription Payments
2024	$ 17,651	$ 4,121	$ 21,772
2025	13,402	2,389	15,791
2026	11,620	849	12,469
Total	$ 42,673	$ 7,359	$ 50,032

Future Subscription Payments

Year Ended Aug. 31, 2023

(Amount in Thousands)

Business-Type Activities

Year	Principal	Interest	Total Future Minimum Subscription Payments
2024	$ 41,495	$ 2,613	$ 44,108
2025	36,326	1,485	37,811
2026	31,092	418	31,510
Total	$ 108,913	$ 4,516	$ 113,429

NOTE 8 – RETIREMENT PLAN

Employees of the Texas Department of Transportation (TxDOT) are under the coverage of the Employees Retirement System of Texas Plan (ERS Plan), which is considered a single employer defined benefit plan under GASB Statement 68.

The defined benefit provisions of the ERS Plan are authorized by state law and may be amended by the Legislature. The monthly benefit may vary by membership class.

The monthly standard annuity of the employee class is determined by a statutory percentage of 2.3 percent of a member's average monthly compensation multiplied by number of years of service credit. The average monthly compensation of the employee class may vary depending on the hire date. For members hired on or before Aug. 31, 2009, the average monthly compensation is the average of the highest 36 months of compensation. For members hired on or after Sept. 1, 2009 and before Sept. 1, 2013, the average monthly compensation is the average of the highest 48 months of compensation. For members hired on or after Sept. 1, 2013, the average monthly compensation is the average of the highest 60 months of compensation. Employees hired on or after Sept. 1, 2022 are enrolled in a defined benefit retirement structure known as a cash balance benefit instead of the ERS Plan.

The monthly standard annuity of the elected class equals the statutory percentage of 2.3 percent of the current state salary of a district judge multiplied by the number of years of service credit. Retirement benefits are automatically adjusted as state judicial salaries change.

The ERS plan's membership as of the measurement date of Aug. 31, 2022 is presented in the table below:

Texas Department of Transportation's Membership

Retirees and Beneficiaries Currently Receiving Benefits	14,624
Terminated Employees Entitled to Benefits But Not Yet Receiving Them	10,026
Current Employees - Vested and Non-Vested	13,536
Total Members	38,186

The contribution rates for the state and the members for the ERS plan for the measurement period of fiscal 2022 are presented as follows:

Required Contribution Rates

		Employer			Members		
Fiscal Year	Plan	Employee Class	Elected Class – Legislators	Elected Class – Other	Employee Class	Elected Class – Legislators	Elected Class – Other
2018	ERS	10.00%	10.00%	10.00%	9.50%	9.50%	9.50%
2019	ERS	10.00%	10.00%	10.00%	9.50%	9.50%	9.50%
2020	ERS	10.00%	10.00%	10.00%	9.50%	9.50%	9.50%
2021	ERS	10.00%	10.00%	10.00%	9.50%	9.50%	9.50%
2022	ERS	10.00%	10.00%	10.00%	9.50%	9.50%	9.50%
2023	ERS	10.00%	10.00%	10.00%	9.50%	9.50%	9.50%

The amount of TxDOT's contributions recognized by the ERS plan during the fiscal 2022 measurement period was $76.8 million. TxDOT must report its 6.09 percent proportionate share of the State of Texas contributions.

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of Aug. 31, 2022. The table below presents the actuarial methods and assumptions used to measure the total pension liability as of Aug. 31, 2022 the measurement date:

ERS Plan

Actuarial Valuation Date	August 31, 2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll Plus Level Dollar Legacy Payment
Actuarial Assumptions:	
Discount Rate	7.0%
Investment Rate of Return	7.0%
Inflation	2.3%
Salary Increase	0% to 8.8%
Mortality	2020 State Retirees of Texas (SRT) mortality table. Generational mortality improvements in accordance with ultimate rates from the scales published through 2019 by Retirement Plans Experience Committee of the Society of Actuaries ("Scale U-MP") and projected from the year 2020. Rates for male LECO members are set forward one year.
Cost-of-living Adjustments	None-Employee 3.5%-Elected

A single discount rate of 7.00 percent was applied to measure the total pension liability. The 7.00 percent discount rate incorporated a 7.00 percent long-term expected rate of return on pension plan investments and 3.91 percent 20-year municipal bond rate based on the rate for Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index".

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payroll. Consistent with the provisions of TGC Section 815.407, effective for the measurement period ending Aug. 31, 2022, new level dollar contributions called Legacy Payments have been introduced as part of the funding policy. These Legacy Payments are the amounts necessary, in addition to the statutory 10% of payroll contributions, to fund the normal cost and fully amortize the UAAL as required before the end of fiscal year 2054. The provisions of the Legacy Payment structure adopted during the 2021 Legislative session were first reflected in the disclosures for the year ending Aug. 31, 2022.

The long-term expected rate of return on plan investments was developed using a building-block method with assumptions including asset class of investment portfolio, target allocation, real rate of return on investments, and inflation factor. Under this method, best estimate ranges of expected future real rates of return (net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class for the plan's investment portfolio are presented as follows:

Target Allocations As of Measurement Date of August 31, 2022

Asset Class	Target Allocation	Long-term Expected Portfolio Real Rate of Return
Global Equity	37%	2.15%
Private Equity	13%	1.16%
Global Credit	13%	0.39%
Special Situations	1%	0.17%
Real Estate Investment Trust	3%	0.16%
Infrastructure/Land	7%	0.34%
Private Real Estate	9%	0.31%
Fixed Income - Rates	11%	(0.04%)
Absolute Returns	5%	0.18%
Cash	1%	(0.01%)
Total	100%	4.79%
Inflation		2.30%
Expected Nominal Rate of Return		7.09%

Sensitivity analysis was performed on the impact of changes in the discount rate on the proportionate share of TxDOT's net pension liability. The result of the analysis is presented in the table below:

Sensitivity of TxDOT's Proportionate Share of Net Pension Liability to Changes Discount Rate
(Amounts in Thousands)

	1% Decrease	Current Discount Rate	1% Increase
ERS Plan Discount Rate	6.00%	7.00%	8.00%
Net Pension Liability	$1,181,392	$845,622	$566,349

Amounts in this schedule are based on collective amounts for the state of Texas. TxDOT reports its proportionate share of the collective amounts.

The pension plan's fiduciary net position is determined using economic resources measurement focus and the accrual basis of accounting, which is the same basis used by the Employees Retirement System. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments of the pension trust fund are reported at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The fair value of investments is based on published market prices and quotations from major investment brokers at available current exchange rates. However, corporate bonds in general are valued based on currently available yields of comparable securities by issuers with similar credit ratings. The Employees Retirement System issues stand-alone audited Annual Comprehensive Financial Report (ACFR). More detailed information on the plan's investment valuation, investment policy, assets, and fiduciary net position may be obtained from ERS' fiscal 2022 ACFR:

Employees Retirement System of Texas
P. O. Box 13207
Austin, Texas 78711-3207

TxDOT's total pension liability is based on an actuarial valuation performed as of Aug. 31, 2022. For fiscal 2023 reporting, the measurement date of TxDOT's net pension liability is Aug. 31, 2022. The schedule of changes in TxDOT's net pension liability for the fiscal year ending Aug. 31, 2023 is presented below:

Schedule of Changes in Net Pension Liability
(Amounts in Thousands)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 09/01/22	$ 4,319,921	$ 3,256,284	$ 1,063,637
Changes for the year:			
Service Cost	60,040		60,040
Interest	184,513		184,513
Differences between Expected and Actual Experience	31,057		31,057
Benefit Payments and Refunds	(173,305)	(173,305)	0
Change in Proportional Percentage	(419,173)		(419,173)
Contributions-Employer		76,777	(76,777)
Contributions-Member		43,969	(43,969)
Net Investment Income		(44,366)	44,366
Administrative Expense		(1,928)	1,928
Net Changes	(316,868)	(98,853)	(218,015)
Balances at 08/31/23	$ 4,003,053	$ 3,157,431	$ 845,622

The change of discount rate is the assumption change during the current measurement period. There have been no changes to benefit terms of the plan since the prior measurement date. TxDOT's proportion of the entire ERS plan was 6.09 percent in fiscal 2022; as compared to 10.06 percent in the prior measurement period.

For the fiscal year ending Aug. 31, 2023, TxDOT recognized negative pension expense of $524.4 million. At Aug. 31, 2023, TxDOT reported deferred outflows of resources and deferred inflows of resources from the following sources:

Outstanding Deferred Outflows and Deferred Inflows at August 31, 2023
(Amounts in Thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	$ 24,057	$ 17,349
Changes in Assumptions	38,451	529,501
Net Difference between Projected and Actual Investment Return		14,250
Net Change in Proportion and Contribution		705,116
Contributions Subsequent to the Measurement Date	84,133	
Total	$ 146,641	$ 1,266,216

The $84.1 million reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending Aug. 31, 2024.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense in the following years:

Fiscal Year Ended August 31: (Amounts in Thousands)*		
2024	$	(733,656)
2025	$	(456,461)
2026	$	(50,756)
2027	$	37,165
2028	$	0
Thereafter	$	0

*Positive amounts indicate increase in pension expense; negative amounts indicate decrease in pension expense.

NOTE 9 - DEFERRED COMPENSATION

The state of Texas offers two deferred compensation plans to all state employees. One was established in accordance with Internal Revenue Code, Section 457. The second was established in accordance with Internal Revenue Code, Section 401(k). All costs of administering and funding these programs are the responsibility of plan participants. The assets of the two plans remain the property of the contributing employees and are not presented in the accompanying financial statements. TxDOT makes no contributions to either plan, the assets do not belong to TxDOT and TxDOT has no liability related to the plans.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Retirees are provided with postemployment healthcare, life and dental insurance benefits through the State Retiree Health Plan (SRHP). The Employees Retirement System of Texas (ERS) is the administrator of SRHP, which is a cost sharing multiple-employer postemployment healthcare plan with a special funding situation. TxDOT reports its allocated proportional share of the SRHP in the TxDOT annual comprehensive financial report. This plan covers retired employees of the state, and other entities as specified by the State Legislature. The benefit and contribution provisions of the SRHP are authorized by state law and may be amended by the Legislature. Benefits are provided to retirees through the Texas Employees Group Benefits Program as authorized by Texas Insurance Code, Chapter 1551. Retirees must meet certain age and service requirements and have at least 10 years of service at retirement to participate in the plan.

Surviving spouses and dependents of retirees are also covered by SRHP. The plan does not provide automatic cost of living adjustments (COLAs).

TxDOT's ERS membership in SRHP as of the measurement date of Aug. 31, 2022 is presented in the table below:

TxDOT Retiree Health Plan Membership

Active Members*	13,744
Inactive Members Currently Receiving Benefit Payments**	13,065
Inactive Members Entitled to But Not Yet Receiving Benefit Payments	793
Total Members	27,602

* Includes 375 retirees who are not enrolled in a health plan and 27 retirees who currently receive the Opt-Out Credit in lieu of health benefits.
** Includes return-to-work retirees and employees who have not yet satisfied the waiting period.

Contributions

During the measurement period of 2022 for fiscal 2023 reporting, the amount of TxDOT's contributions recognized by the OPEB plan was $219.0 million, or 7.43 percent proportionate share of the state of Texas contributions. TxDOT does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution. The contribution requirements for the state and the members in the measurement period are presented in the table below:

Employer Contribution Rates
Retiree Health and Basic Life Premium
For the Fiscal Year Ended August 31, 2022

	ERS SRHP	
	Employer	Plan Member
Retiree Only	$ 624.82	$ 0
Retiree & Spouse	1,339.90	357.54
Retiree & Children	1,103.58	239.38
Retiree & Family	1,818.66	596.92

The total OPEB liability is determined by the contribution rates and an annual actuarial valuation. The table below presents the actuarial methods and assumptions used to measure the total OPEB liability as of the Aug. 31, 2022 measurement date.

Actuarial Methods and Assumptions - OPEB - State Retiree Health Plan (SRHP)

Valuation Date	August 31, 2022
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	Not applicable
Actuarial Assumptions:	
Discount Rate	3.59%*
Inflation Rate	2.30%
Projected Annual Salary Increase	2.30% to 8.95%, including inflation
Annual Healthcare Trend Rate	
	HealthSelect 5.60% for FY24, 5.30% for FY25, 5.00% for FY26, 4.75% for FY27, 4.60% for FY28, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY31 and later years
	HealthSelect Medicare Advantage 66.67% for FY24, 24.00% for FY25, 5.00% for FY26, 4.75% for FY27, 4.60% for FY28, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY31 and later years
	Pharmacy 10.00% for FY24 and FY25, decreasing 100 basis points per year to 5.00% for FY30 and 4.30% for FY31 and later years
Ad hoc Postemployment Benefit Changes	None
Aggregate Payroll Growth	2.70%
Retirement Age	Experience-based tables of rates that are specific to the class of employee
Mortality-State Agency Members	
	Service Retirees, Survivors and Other Inactive Members: 2020 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members. Generational mortality improvements in accordance with the Ultimate MP-2019 Projection Scale are projected from the year 2020.
	Disability Retirees: 2020 State Retirees of Texas Mortality table set forward three years for males and females. Generational mortality improvements in accordance with the Ultimate MP-2019 Projection Scale are projected from the year 2020. Minimum rates of 3.0% and 2.5% apply at all ages for males and females, respectively.
	Active Members: Pub-2010 General Employees Active Member Mortality table for non-CPO/CO members. Pub-2010 Public Safety Active Member Mortality table for CPO/CO members. Generational mortality improvements in accordance with the Ultimate MP-2019 Projection Scale are projected from the year 2010.

*The source of the municipal bond rate is the Bond Buyer Index of general obligations bonds with 20 years to maturity and mixed credit quality. The bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

The many actuarial assumptions used in the valuation were primarily based on the result of actuarial experience studies performed by the ERS retirement plan actuaries for the period Sept. 1, 2014 to Aug. 31, 2019 for state agency members. The mortality rates were based on the table above titled Actuarial Methods and Assumptions.

The following assumptions have been changed since the previous Other Postemployment Benefits (OPEB) valuation:

(a) The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence,

(b) Proportion of future retirees assumed to cover dependent children.

(c) The proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement.

(d) The percentage of Higher Education vested terminated members assumed to have terminate less than one year before the valuation date.

(e) Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short term expectations. The patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act has been updated to reflect the most recent information; and,

(f) The discount rate was changed from 2.14% as of August 31, 2021 to 3.59% as of August 31, 2022 as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20-year, tax exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

Minor benefit revisions have been adopted since the prior valuation. These changes, which are not expected to have a significant impact on plan costs for FY2023, are provided for in the FY2023 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

The discount rate that was used to measure the total OPEB liability is the municipal bond rate of 3.59% as of the end of the measurement year; as of the beginning of the measurement year, the discount rate was 2.14%. Projected cash flows into the plan are equal to projected benefit payments out of the plan. As the plan operates on a pay-as-you-go basis and is not intended to accumulate funds in advance of retirement, there is no long-term expected rate of return. ERS' board of trustees amended the investment policy statement in August 2022 to require that all funds in this plan be invested in cash and equivalent securities. The expected rate of return on these investments is currently 4.1%. The investment rate of return used to calculate the projected earnings on OPEB plan investments was 2.14%.

Sensitivity analysis was performed on the impact of changes in the discount rate on the proportionate share of TxDOT's net OPEB liability. The result of the analysis is presented in the table below:

Sensitivity of TxDOT's Proportionate Share of Net OPEB Liability to Changes in Discount Rate

(Amount in Thousands)

	1% Decrease	Current Discount Rate	1% Increase
ERS Plan Discount Rate	2.59%	3.59%	4.59%
Net OPEB Liability	$ 2,467,928	$ 2,116,028	$ 1,834,592

Sensitivity analysis was performed on the impact of changes in the healthcare cost trend rates on the proportionate share of TxDOT's net OPEB liability. The result of the analysis is presented in the table below:

Sensitivity of TxDOT's Proportionate Share of Net OPEB Liability to Changes in Healthcare Cost Trend Rates HealthSelect (HS) or HealthSelect Medicare Advantage (HSMA)

(Amount in Thousands)

	1% Decrease (HS/HSMA/Pharmacy: 4.60%/65.67%/9.00% decreasing to 3.30%)	Current Healthcare Cost Trend Rates (HS/HSMA/Pharmacy: 5.60%/66.67%/10.00% decreasing to 4.30%)	1% Increase (HS/HSMA/Pharmacy: 6.60%/67.67%/11.00% decreasing to 5.30%)
Net OPEB Liability	$ 1,812,087	$ 2,116,028	$ 2,504,078

The OPEB plan's fiduciary net position is determined using the economic resources measurement focus and the accrual basis of accounting, which is the same basis used by ERS. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments of the Other Employee Benefit Trust Fund are reported at fair value in accordance with GASB Statement No. 72. The fair value of investments is based on published market prices and quotations from major investment brokers at available current exchange rates. However, corporate bonds in general are valued based on currently available yields of comparable securities by issuers with similar credit ratings. More detailed information of the plan's investment valuation, investment policy, assets, and fiduciary net position may be obtained from ERS's fiscal 2022 ACFR:

Employees Retirement System of Texas
P.O. Box 13207
Austin, Texas 78711-3207

At Aug. 31, 2023, TxDOT reported a liability of $2.1 billion for its proportionate share of the collective net OPEB liability. The collective OPEB liability was measured as of Aug. 31, 2022, and the total OPEB liability used to calculate the net liability was determined by an actuarial valuation as of that date. TxDOT's proportional percentage at Aug. 31, 2022 was 7.43 percent. TxDOT's proportion of the collective net OPEB liability was based on its contributions to the OPEB plan relative to the contributions of all the employers and non-employer contributing entities to the plan for the period Sept. 1, 2021 through Aug. 31, 2022.

The schedule of changes in TxDOT's net OPEB liability for the fiscal year ending Aug. 31, 2023, is presented as follows:

Schedule of Changes in Net OPEB Liability

(Amounts in Thousands)

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 09/01/22	$ 2,671,173	$ 37,123	$ 2,634,050
Changes for the year:			
Service Cost	120,116		120,116
Interest	59,256		59,256
Differences between Expected and Actual Experience	(35,851)		(35,851)
Contributions-Employer		51,996	(51,996)
Contributions-Non-employer Contributing Entities		2,730	(2,730)
Contributions-Employee		14,162	(14,162)
Contributions-Federal Revenues for Medicare Part D RDS		118	(118)
Other (Federal Revenues and Other Additions)		8,285	(8,285)
Net Investment Income		55	(55)
Benefit Payments, including Refunds of Employee-Contributions	(52,396)	(52,396)	0
Benefit Payments financed by Employee-Contributions and Federal Revenues		(22,447)	22,447
Administrative Expense		(503)	503
Assumption Changes	(637,950)		(637,950)
Net Effect of the Change in TxDOT's Proportional Percentage	30,803		30,803
Net Changes	(516,022)	2,000	(518,022)
Balances at 08/31/23	$ 2,155,151	$ 39,123	$ 2,116,028

For the year ending Aug. 31, 2023, TxDOT recognized a negative OPEB expense of $228.9 million. All contributions by employers and the State of Texas Non Employer Contributing Entity (NECE) to the Group Employees Life, Accident and Health Insurance and Benefits Fund Program (GBP) are available to pay claims of active and retired members. Employer and NECE contributions are based on a blended rate. Allocation of the OPEB liability and related accounts should be based on the total contributions that are available to pay current and future claims of the OPEB plan, as this best reflects the relationship between the contributions and the collective net OPEB liability. The employer's proportional share of OPEB contributions for the measurement year ending Aug. 31, 2022 includes both active and retiree contributions.

As of Aug. 31, 2023, TxDOT reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Outstanding Deferred Outflows and Deferred Inflows Related to OPEB at August 31, 2023

(Amounts in Thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	$	$ 66,763
Changes of Assumptions	124,325	654,084
Net Difference between Projected and Actual Investment Return	365	
Change in Proportion & Contribution Difference	397,661	
Contributions Subsequent to the Measurement Date	220,567	
Total	$ 742,918	$ 720,847

The $220.6 million reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability for the year ending Aug. 31, 2024.

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense in the following years:

Fiscal Year Ended August 31:

(Amounts in Thousands)

2024	$ (35,837)
2025	$ (17,852)
2026	$ (44,260)
2027	$ (54,855)
2028	$ (45,692)
Thereafter	$ 0

NOTE 11 – INTERFUND ACTIVITY AND TRANSACTIONS

Interfund activity refers to financial interactions between funds and/or blended component units and is restricted to internal events. Interfund transactions refer to financial interactions between TxDOT and another agency of the state of Texas.

Interfund services are sales and purchases of goods and services between funds for a price approximating their external exchange value. This activity is reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as receivables and payables.

Interfund transfers represent the flow of assets (cash or goods) without equivalent flow of assets in return or a requirement for repayment. In governmental funds, transfers are reported as other financing uses or sources. Transfers are reported in proprietary funds after nonoperating revenues and expenses in the statement of revenues, expenses and changes in fund net position.

As a general rule, the effect of interfund activity within TxDOT funds is eliminated from the entity-wide financial statements, with exception of activities between governmental activities and business-type activities. Interfund activity with fiduciary funds is reclassified and reported as an external activity.

Interfund Activity

TxDOT's operations are primarily managed through the state highway fund. As such, several routine transfers are reported between the state highway fund and TxDOT's other major and nonmajor funds. The following tables detail the principal purposes of TxDOT's significant routine interfund transfers as well as provide a summary of interfund transfers by individual major funds, nonmajor funds in the aggregate and fiduciary funds.

Interfund Transfers In/Out by Purpose

August 31, 2023 (Amounts in Thousands)

Purpose	Interfund Transfer In (Fund)	Interfund Transfer Out (Fund)		Amount
Reimburse the state highway fund for costs incurred on projects funded by local government contributions.	State Highway Fund	County/Political Subdivision/ Local Government Road/Airport Trust Account	$	222,751
Provide funds to pay debt service principal and interest payments on outstanding Proposition 12/ Highway Improvement General Obligation Bonds.	Proposition 12 Debt Service Fund	State Highway Fund	$	275,766
Provide funds to pay debt service principal and interest payments on outstanding Proposition 14/State Highway Fund Revenue Bonds.	Proposition 14 Debt Service Fund	State Highway Fund	$	237,845

Interfund Transfers In/Out

August 31, 2023 (Amounts in Thousands)

	Transfers In Other Funds	Transfers Out Other Funds
Governmental Funds		
Major Funds:		
State Highway Fund	$ 277,461	$ 647,370
Texas Mobility Fund	126,208	13,726
Nonmajor Funds	513,611	222,751
	917,280	883,847
Proprietary Funds		
Major Funds:		
Central Texas Turnpike System	11,626	
Grand Parkway Transportation Corp.		46,226
SH249 System	1,167	
	12,793	46,226
Total	$ 930,073	$ 930,073

Interfund reimbursements are repayments from funds responsible for payment of expenditures or expenses to the funds that initially made the payment on their behalf. Reimbursements are not displayed in the financial statements.

Amounts not transferred at fiscal year-end are accrued as due to/due from other funds. Due to/due from amounts between governmental or business-type activities and fiduciary funds are reported as due to/due from amounts between funds in the fund financial statements and are reclassified to receivables from fiduciary funds/payables to fiduciary funds, as if they were external transactions in the entity-wide financial statements.

Due From/To

August 31, 2023 (Amounts in Thousands)

	Due From Other Funds	Due To Other Funds
Governmental Funds		
Major Funds:		
State Highway Fund	$ 91,616	$ 80,282
Texas Mobility Fund		893
Nonmajor Funds	10,974	24,207
	102,590	105,382
Proprietary Funds		
Major Funds:		
Central Texas Turnpike System	24,170	20,048
Grand Parkway Transportation Corp.	8,366	9,959
SH249 System	427	164
	32,963	30,171
Total	$ 135,553	$ 135,553

Activity occurring within the same fund is eliminated. Certain reclassifications and eliminations are made between the fund financial statements and the entity-wide financial statements. Transfers between the governmental or business-type activities and the fiduciary funds are reported as transfers on the fund financial statements and are reclassified to revenues and expenses, as if they were external transactions on the entity-wide financial statements. Additional eliminations are made and transfers in and out are netted and presented in the entity-wide statement of activities as “transfers-internal activities”.

Transfers-Internal Activities per the Entity-Wide Financial Statements
August 31, 2023 (Amounts in Thousands)

Fund Category	Other Funds*
Governmental Activities	$ 32,650
Business-Type Activities	$ (32,650)

*Amounts include capital contributions of $784.0 thousand from Governmental Activities to Business-Type Activities.

Internal Balances per the Entity-Wide Financial Statements
August 31, 2023 (Amounts in Thousands)

	Governmental Activities	Business-Type Activities	Total
Current Liabilities:			
Internal Balances - Payables	$ 2,792	$ (2,792)	$ 0

Interfund Transactions

The state highway fund is considered a shared fund and is appropriated for use by multiple State of Texas agencies. TxDOT is considered the controlling agency for the state highway fund and reports the total cash in state treasury balance for the fund at fiscal year-end. TxDOT reports interagency transfers in and out with the other agencies that collect and deposit to or expend out of the state highway fund.

The following tables detail the balances of transfers to/from and due to/from other state agencies and TxDOT. Approximately $1.8 billion of the interagency transfers-in balance for the state highway fund is related to the net amount of cash collected by Texas Department of Motor Vehicles for certificate of title fees and motor vehicle registration fees. The transfer-in, received in fiscal 2023, resulted in an increase to the TxDOT highway fund cash in state treasury balance. Also, the State Highway Fund received monthly deposits from TCEQ-money to be used for congestion mitigation projects. This amount was approximately $102.9 million.

On Nov. 4, 2014, Texas voters approved the ballot measure that authorized a constitutional amendment for transportation funding. Under the amendment, half of the funds that would have previously gone into the Economic Stabilization Fund (ESF), are now deposited to the state highway fund. TxDOT recorded a due from in the state highway fund related to Proposition 1 ballot measure in the amount of $3.1 billion in fiscal 2023. The Comptroller of Public Accounts transferred this amount to TxDOT in November 2023.

Austin Campus Consolidation Project Fund captures the activity related to the construction of TxDOT headquarters, which reached substantial completion on Apr. 30, 2022. Texas Public Financing Authority (TPFA) is the controlling agency of this fund. TxDOT and TPFA have entered into an agreement whereby TPFA has issued an obligation on behalf of TxDOT to finance the construction of the building. TxDOT considers this obligation as a long-term liability. $2.3 million reported as due from agencies is the remaining amount of money that TPFA will provide TxDOT for the remaining construction of the TxDOT headquarters.

TxDOT also has interagency activity with federal funds. See Schedule 1A of this report for more details.

Transfers In/Out to Other State Agencies
August 31, 2023 (Amounts in Thousands)

	Transfers In Other Agencies	Transfers Out Other Agencies
Governmental Funds		
Major Funds:		
State Highway Fund	$ 1,855,300	$ 18,368
Nonmajor Funds	9,465	
Total	$ 1,864,765	$ 18,368

Due From/To Other State Agencies
August 31, 2023 (Amounts in Thousands)

	Due From Other Agencies	Due To Other Agencies
Governmental Funds		
Major Funds:		
State Highway Fund	$ 3,305,719	$ 4,372
Nonmajor Funds	2,401	
Total	$ 3,308,120	$ 4,372

Pass-Throughs To/From Other State Agencies
August 31, 2023 (Amounts in Thousands)

	State Highway Fund
Federal Pass-throughs:	
Expenditures	$ (12,405)
Total	$ (12,405)
State Pass-throughs:	
Expenditures	$ (160)
Total	$ (160)

NOTE 12 – CONTINUANCE SUBJECT TO REVIEW

Under the Texas Sunset Act, TxDOT will be abolished effective Sept. 1, 2029, unless continued in existence by the 91st Legislature as provided by the Act. If abolished, TxDOT may continue until Sept. 1, 2030 to wind down its operations. In the event that TxDOT is abolished pursuant to the Texas Sunset Act or other law, Texas Government Code, Section 325.017(f), acknowledges that such action will not alter the obligation of the state to pay bonded indebtedness and all other obligations of the abolished agency.

NOTE 13 - CLASSIFICATION OF FUND BALANCE AND NET POSITION

The table below presents a summary of the Aug. 31, 2023 governmental fund balances by major and nonmajor governmental funds. With the exception of non-spendable fund balances, fund balances are presented based on specific purpose for which the funds are restricted, committed, assigned or unassigned.

Governmental Fund Balances –
Disaggregation of Nonspendable, Restricted, Committed, Assigned and Unassigned Fund Balances
August 31, 2023 (Amounts in Thousands)

MAJOR FUNDS	State Highway Fund	Texas Mobility Fund	Total Major Funds
Nonspendable:			
Inventory	$ 151,099	$	$ 151,099
Restricted For:			
Transportation-Construction	8,237,082		8,237,082
Debt Service		281,362	281,362
Committed To:			
Transportation-Construction		139,689	139,689
Unassigned	(367,458)		(367,458)
Total	$ 8,020,723	$ 421,051	$ 8,441,774

NONMAJOR FUNDS	General Funds	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Funds
Restricted For:					
Capital Projects	$	$	$	$ 2,218	$ 2,218
Debt Service			40,614		40,614
Committed To:					
Transportation-Construction		6,020			6,020
Assigned To:					
Transportation	124				124
Unassigned	5,474				5,474
Total	$ 5,598	$ 6,020	$ 40,614	$ 2,218	$ 54,450

Restrictions of net position are listed on the face of the entity-wide and proprietary statements of net position. Balances reported as restricted in the fund financial statements are reported as restricted in the statement of net position. All other fund financial balances are reported as unrestricted in the statement of net position.

NOTE 14 - ADJUSTMENTS TO FUND BALANCES AND NET POSITION

Adjustments to Fund Balances/ Net Position
(Amounts in Thousands)

	September 1, 2022, as Previously Reported	Change in Accounting Principle - GASB 94	Change in Accounting Principle - GASB 96		September 1, 2022 as Restated
ENTITY-WIDE FINANCIAL STATEMENTS					
Govermental Activities	$ 115,490,353	$ 2,731,701	$ 3,610	(A)	$ 118,225,664
Business-Type Activities	(104,788)	(3,226,308)		(B)	(3,331,096)
Total Primary Government	115,385,565	(494,607)	3,610		114,894,568
GOVERNMENTAL ACTIVITIES					
Major Funds:					
State Highway Fund	8,796,403	(2,555,462)	182	(C)	6,241,123
Texas Mobility Fund	461,569				461,569
Total Major Funds	9,257,972	(2,555,462)	182		6,702,692
Nonmajor Funds:					
General Fund Accounts	251				251
Special Revenue Fund	5,809				5,809
Debt Service Fund	170,654				170,654
Capital Projects Fund	6,648				6,648
Total Nonmajor Funds	183,362	0	0		183,362
BUSINESS-TYPE ACTIVITIES					
Central Texas Turnpike System	185,950				185,950
Grand Parkway Transportation Corp.	(534,073)	(3,226,308)		(B)	(3,760,381)
SH249 System	243,335				243,335
Total Business-Type Activities	$ (104,788)	$ (3,226,308)	$ 0		$ (3,331,096)

(A) On the entity-wide financial statements, a $2.7 billion restatement was made, which increased the net position of governmental activities. The restatement includes a $1.5 billion decrease of net position in capital assets, and a net increase of $4.2 billion in deferred inflows of resources. This restatement was due to a change in accounting principle after implementation of GASB Statement 94 – Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs) in fiscal 2023. Also included in the $2.7 billion restatement on the entity-wide financial statements is a $3.6 million restatement due to a change in accounting principle after implementation of GASB Statement 96 – Subscription-Based Information Technology Arrangements (SBITAs) in fiscal 2023. This $3.6 million restatement includes an $18.6 million increase of net position in capital assets, $15.1 million decrease of net position in long-term liabilities and $0.1 million increase of fund balance in the State Highway Fund.

(B) On the entity-wide financial statements, the $3.2 billion restatement was made which decreased the net position of the business-type-activities related to the Grand Parkway Transportation Corporation. This restatement was due to a change in accounting principle after implementation of GASB Statement 94 – Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs) in fiscal 2023.

(C) The $2.6 billion restatement for the State Highway Fund, which decreased the fund balance, was due to a change in accounting principle after implementation of GASB Statement 94 – Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs).

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Contingencies

Unpaid Claims and Lawsuits

The type and volume of activity for which TxDOT is responsible exposes it to a large number of claims and lawsuits. TxDOT has vigorously contested lawsuits brought against it and has usually prevailed or made settlements substantially less than the amounts originally sought.

TxDOT is exposed to claims by contractors. TxDOT will most likely settle these claims at substantially less than the amount originally sought. However, if a settlement between TxDOT's claims committee and the contractor cannot be reached, these claims will result in future litigation. As of Aug. 31, 2023, outstanding contractor claims pending at the TxDOT claims committee totaled $128.5 million.

Settlements are paid by the Texas Comptroller of Public Accounts from the claims and refunds appropriation. The Attorney General's office indicates that the lawsuits listed below were pending as of Aug. 31, 2023. TxDOT management's opinion is that the probable outcome of these cases will not materially affect the financial position of TxDOT.

Type of Suit	Amounts in Controversy
Contract	Amounts claimed range from $2 thousand to $996 thousand. Total claims of amounts indicated is $2.2 million.
Inverse Condemnation	Monetary amounts have not been specified in any of these cases.
Declaratory Judgment	Monetary amounts have not been specified in any of these cases.
Eminent Domain	Total claims with amounts indicated range from $365 to $8.4 million with a total of $515.9 million.
Employment Law and Related Lawsuits	Monetary amounts have not been specified in any of these cases. Liability against TxDOT is limited to $600 thousand; however, there is no limit on attorney fees and front pay.
Tort Claims	Statutory limits of liability on these cases are $250 thousand per person or $500 thousand per accident.
Workers' Compensation	Monetary amounts have not been specified in any of these cases.

Arbitrage

Rebatable arbitrage defined by Internal Revenue Code (IRC), Section 148, is earnings on tax exempt bond proceeds in excess of the yield on the bond. The rebatable arbitrage must be repaid to the federal government. Pursuant to the applicable bond Indenture of Trust, a Rebate Fund will be established under the Indenture to which deposits will be made upon the determination by a verification agent that a rebate payment may be due. The amount of rebate due to the federal government is determined and payable during each five-year period and upon final payment of the tax-exempt bonds. IRC Section 148 also provides for certain rebate exceptions, including an exception if certain spend-out requirements of the bond proceeds are met. TxDOT estimates that rebatable arbitrage liability, if any, will be immaterial to the agency's overall financial condition.

Federal Reimbursements and Grants

TxDOT receives federal financial assistance for specific purposes that are subject to review or audit by the federal grantor agencies. Entitlement to this assistance is generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of assistance for allowable purposes. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based on prior experience, management believes such disallowance, if any, will be immaterial.

On Dec. 16, 2011, TxDOT and the Federal Highway Administration (FHWA) approved and executed a Memorandum of Understanding (MOU) for FHWA participation in TxDOT's pass-through funding (PTF) program. This MOU will apply to all pass-through finance (PTF) projects approved by TxDOT after Feb. 26, 2009 with some stipulations as detailed within the agreement. This agreement was done in order to facilitate maximum Federal reimbursement on TxDOT PTF projects. The MOU is not applicable to any PTF project agreements executed prior to Feb. 26, 2009. Federal reimbursement for these projects will be set up on an individual basis in separate agreements between TxDOT and FHWA and with compliance reviews being performed on each project.

Significant Commitments

Construction Related Contracts

As of Aug. 31, 2023, TxDOT had outstanding contractual commitments related to the award of construction contracts, terms of outstanding design-build contracts and terms requiring contribution of public funds to provide for a portion of construction costs related to Public-Private/Public Partnerships (PPPs). Of the amounts committed under these contracts, TxDOT expects to receive future reimbursements from the Federal Highway Administration (FHWA). In addition, the Grand Parkway Transportation Corporation (GPTC), our blended component unit, has outstanding construction commitments. Disclosure of these construction related commitments and potential FHWA reimbursement is displayed below.

Construction Related Contract Commitments

August 31, 2023 (Amounts in Thousands)

	Total Remaining Commitment	FHWA Reimbursements
Construction Contracts	$ 17,126,715	$ 6,891,755
Design-Build Projects	4,983,706	1,659,678
PPP Projects	1,741	1,088
GPTC Project	11,967	
Totals	$ 22,124,129	$ 8,552,521

Pass-Through Toll Agreements

Transportation Code, Section 222.104 authorizes TxDOT to enter into an agreement with a public or private entity that provides for the payment of pass-through tolls to the public or private entity as reimbursement for the design, development, financing, construction, maintenance, or operation of a toll or non-toll facility on the state highway system by the public or private entity. As of Aug. 31, 2023, there were 24 active pass-through financing agreements.

TxDOT recognizes liabilities associated with pass-through toll projects as notes payable as the projects are being constructed. Notes payable amounts are determined by contractually negotiated agreements with pass-through toll partners. See Note 5 for details on the payables recognized related to pass-through toll repayment obligations.

The maximum total remaining repayment commitments for pass-through toll projects executed as of Aug. 31, 2023 was approximately $415.1 million. Approximately $1.3 billion was repaid as of Aug. 31, 2023 since the inception of the pass-through toll agreements. The actual repayment obligation for each agreement is not determinable until total construction costs are known.

Toll Equity Grants and Loan Agreements

Transportation Code, Section 222.103 authorizes TxDOT to participate, by spending money from any available source, in the cost of acquisition, construction, maintenance or operation of a toll facility of a public or private entity. The Commission adopted administrative rules (toll equity rules) to prescribe conditions for the Commission's financing of such toll facilities. Under these guidelines the Commission has committed funds in the form of toll equity grants and toll equity loans. As of Aug. 31, 2023, the Commission has outstanding toll equity grant commitments and toll equity loan commitments totaling $105.9 million and $8.7 billion, respectively. Payments of these amounts are made subject to executed financial assistance agreements between TxDOT and the applicable public or private entity.

The toll equity loan commitment is related to a toll equity loan agreement (TELA) with the GPTC. This agreement makes a loan available to be drawn on in the event revenues and certain reserves are insufficient to pay certain debt service or operations and maintenance costs of the toll systems of aforementioned entities.

The GPTC funds financed by TELA-supported debt are to be used to pay for certain costs relating to the development, construction, operation, maintenance and financing of Segments D (Harris County), E, F1, F2, G, H, and I and the predevelopment of possible extensions or expansions of the Grand Parkway. The maximum amount of money that can be paid by TxDOT to GPTC under the TELA is equal to the aggregate amount of costs that are authorized under Article 8, Section 7-a of the Texas Constitution and Section 222.103 of the Texas Transportation Code, i.e. the "Eligible Costs".

NOTE 16 – SUBSEQUENT EVENTS

On Nov. 17, 2023, Moody's Investors Service upgraded Grand Parkway Transportation Corporation's (GPTC) $1.62 billion first tier toll revenue bond and note rating to A1 from A2 and maintained the stable outlook. The upgrade of GPTC's first tier revenue bonds to A1 reflects strong revenue collection that has exceeded both GPTC's and Moody's prior forecasts and the successful completion of segments H&I.

On Nov. 20, 2023 TxDOT refunded outstanding conduit debt issued to finance the North Tarrant Express Segment 3 Managed Lanes Project.

Description	**Series**	**Actual Par Amount** (Amount in Millions)	**Actual Date of Issuance**	**Purpose**
Texas Private Activity Bond Surface Transportation Corporation Senior Lien Revenue Refunding Bonds	2020-B	$ 265.9	11/20/2023	To refund outstanding conduit debt issued to finance the North Tarrant Express Segment 3 Managed Lanes Project

NOTE 17 – RISK MANAGEMENT

TxDOT is exposed to various risks of loss related to property, general and employer liability, net income, and personnel. TxDOT and its employees are covered by various immunities and defenses that limit some of these risks of loss, particularly in liability actions brought against TxDOT or its employees. Remaining exposures are managed by self-insurance arrangements.

The activity related to claims and judgements for the year is recorded in the below table. Further details of these claims and judgements is provided in Note 5.

Claims and Judgments

August 31, 2023 (Amounts in Thousands)

	Beginning Balance	Increases	Decreases	Ending Balance
2023	$ 0	440,447	(40,447)	$ 400,000
2022	$ 0	21,677	(21,677)	$ 0

Property and Liability

TxDOT administers a self-insured workers compensation program. Due to the nature of worker compensation claims, amounts are not reasonably estimable. Claims are paid as they become due.

TxDOT self-insures the Central Texas Turnpike System, the Interstate Highway 35E Managed Lanes, and the SH 249 System. GPTC self-insures the Grand Parkway System. Each system or project is insured through funds on deposit within its Rate Stabilization Fund. Amounts on deposit in Rate Stabilization Funds for self-insurance has been certified as actuarially sound by AMI Risk Consultants, Inc for CTTS, IH 35E, SH 249 system, and GPTC. To date, neither TxDOT or GPTC have had to draw upon the Rate Stabilization Fund to settle any claims, and therefore settlements have not exceeded self-insurance coverage.

During the fiscal year, the Texas Transportation Commission maintained a Not-for-Profit Entity and Directors, Officers Liability Insurance Policy Including Employment Practices Claims Coverage in connection with the Central Texas Turnpike System and the SH 249 System. Grand Parkway Transportation Corporation also maintained Directors and Officers Liability insurance and certain public official's liability coverage for the Grand Parkway System.

Health, Life and Dental

Insurance coverage is provided to active state employees and their dependents by one of three health plan administrators. All TxDOT employees are included in the Texas Employees Group Benefits Program (GBP) administered by the Employees Retirement System of Texas (ERS).

Claims for health, life, accidental death and dismemberment (AD&D), disability and dental insurance coverages are established under the GBP. These coverages are provided through a combination of insurance contracts, a self-funded health plan, a self-funded dental indemnity plan, HMO contracts and dental health maintenance organizations (DHMO) contracts.

Commitments

TxDOT incurs commitments related to outstanding construction contracts and comprehensive development agreements. Further detail of these commitments is provided in Note 15.

NOTE 18 - FINANCIAL REPORTING ENTITY

As required by Generally Accepted Accounting Principles, the financial statements present TxDOT, a state agency, and its component units. The component units discussed in this note are included in TxDOT's reporting entity because of the significance of their operational and financial relationships with TxDOT.

Blended Component Units

The Commission is authorized to create Transportation Corporations in Transportation Code, Chapter 431. The Commission approves the creation of transportation corporations, approves the articles of incorporation, appoints directors and approves by-laws. At any time, the Commission may terminate and dissolve a transportation corporation. In the event of dissolution or liquidation of a corporation, all assets shall be turned over to TxDOT.

As of Aug. 31, 2023, two transportation corporations are authorized by the Commission. In both instances TxDOT contains the voting majority, is able to impose its will upon the transportation corporations, and the services of both transportation corporations' benefit TxDOT. Furthermore, the two transportation corporations are classified as blended component units.

The Texas Private Activity Bond Surface Transportation Corporation (TxPABST) acts on behalf of TxDOT in the promotion and development of transportation facilities, by issuing private activity bonds for projects developed under comprehensive development agreements (CDAs) entered into by TxDOT. Bonds issued by TxPABST are not legal obligations of the state of Texas and are payable solely from payments received or on behalf of a CDA developer. See Note 6 for additional details about the TxPABST private activity bond issuances as of Aug. 31, 2023. TxPABST does not publish financial statements. Further information can be obtained by writing:

Texas Private Activity Bond Surface Transportation Corporation
125 East 11th Street
Austin, Texas 78701

The Grand Parkway Transportation Corporation (GPTC) acts on behalf of TxDOT in the promotion and development of the Grand Parkway Project, by issuing bonds and entering into comprehensive development agreements with developers for the design and construction of several segments of the Grand Parkway project. Bonds issued by GPTC are not legal obligations of the state of Texas and are payable solely from revenues and other funds of the Grand Parkway System, which is comprised of Segments D in Harris County, E, F-1, F-2, G, H, I-1, I-2A and I-2B located in Chambers, Harris, Liberty and Montgomery Counties. See Note 6 for additional details about the GPTC bond issuances as of Aug. 31, 2023. GPTC has a fiscal year end of Aug. 31, 2023, consistent with TxDOT. The financial activity of GPTC is reported as a Proprietary fund within the accompanying financial statements of TxDOT. Further information can be obtained by writing:

Grand Parkway Transportation Corporation
Financial Management Division
125 East 11th Street
Austin, Texas 78701

NOTE 19 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Changes in Accounting Principles

The implementation of GASB statements is addressed in Note 1.

Deficit Fund Balance and Net Position

Grand Parkway Transportation Corporation (GPTC) had a $3.7 billion deficit net position at the end of fiscal 2023. The majority of the deficit net position was due to the removal of the SCA intangible assets of $3.2 billion from the Business-Type-Activities statement of net position of TxDOT, when the GASB statement 94 was implemented in fiscal 2023.

Coronavirus Relief fund had a $1.3 million deficit fund balance at the end of fiscal 2023. The entire deficit fund balance represents the portion of the federal receivable balance in the fund that was unavailable within 60 days of fiscal year-end.

State Highway Fund Accounts reported a $216.4 million deficit fund balance at the end of fiscal 2023. The deficit is primarily due to the $2.5 billion deferred inflows of resources balance for Public-Private or Public-Public Partnership (PPP) arrangements. This balance was recorded after the implementation of GASB Statement No. 94 during fiscal 2023. The deferred inflows of resources represent the balance of unamortized upfront payments TxDOT received from operators of PPP agreements.

NOTE 20 – PUBLIC-PRIVATE AND PUBLIC-PUBLIC PARTNERSHIPS (PPPs)

As of Aug. 31, 2023, TxDOT has entered into eight agreements that are classified as PPPs under the definition established by the GASB Statement 94. A PPP arrangement is an arrangement between the transferor (TxDOT) and an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction.

The PPP agreement between TxDOT and its blended component unit Grand Parkway Transportation Corporation (GPTC) is not included as a PPP in the TxDOT financial statements under GASB 94. See details of the GPTC reporting at the end of the Note 20.

Some PPPs are service concession arrangements (SCAs), for which TxDOT retains the ownership of the underlying assets. An SCA is a PPP arrangement between a transferor and an operator in which all of the following criteria are met:

a. The transferor conveys to the operator the right and related obligation to provide public services through the use and operation of an infrastructure asset in exchange for significant consideration, such as up-front payments, a new infrastructure asset, or improvements to an existing infrastructure asset.

b. The operator collects and is compensated by fees from third parties. In all active TxDOT PPPs, these fees are in the form of tolls.

c. The transferor determines or has the ability to modify or approve what services the operator is required to provide, to whom the operator is required to provide the services and the rates that can be charged for the services.

d. The transferor is entitled to significant residual interest in the service utility of the infrastructure asset at the end of the arrangement.

TxDOT enters PPP projects in order to:

- 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 PPPs with both public and private operators. At the end of these arrangements, operations and maintenance of the projects will transfer to TxDOT.

The structure of each PPP is different due to the unique financial aspects of each arrangement. In all cases, TxDOT receives a benefit due to the department's retention of ownership of the project at end of the PPP term. The following table summarizes the status, term and duration of each currently active PPP.

Public-Private and Public-Public Partnerships

As of August 31, 2023

Partnerships Name	Construction Status	Term of PPP	FY PPP Begin	FY PPP End
IH 10 "Katy Managed Lanes*	Complete	42 years	2009	2050*
SH 121 "Sam Rayburn Tollway"	Complete	45 years	2012	2056
SH 288 - Brazoria County*	Complete	29 years	2021	2049*
SH 130 Segments 5 and 6	Complete	51 years	2013	2063
North Tarrant Exp Seg 1 and 2-West	Complete	47 years	2015	2061
North Tarrant Exp Seg 3A ,3B and 3C	Complete	44 years	2018	2061
LBJ/IH-635 Managed Lanes	Complete	47 years	2016	2062
SH 288 - Harris County	Complete	48 years	2021	2068

* Estimated. PPP period extends until Harris County/Brazoria County fully reimbursed for costs of construction and debt service.

In the year in which a PPP project opens for traffic, TxDOT records the capital assets acquired under the arrangements at their acquisition value with a corresponding entry to deferred inflow of resources. The deferred inflow of resources balance will then be reduced, and revenue will be recognized in a systematic manner over the term of the arrangement, beginning when the infrastructure asset is placed into operations. Up-front payments received are recorded as assets (cash in state treasury) with an offset to deferred inflow of resources on the governmental financial statements. Revenue is recognized and the deferred inflow of resources is reduced in a systematic and rational manner over the term of the arrangement.

The following three projects that TxDOT entered into with governmental operators are PPP arrangements but do not meet the definition of a service concession arrangement (SCA).

1. IH-10 "Katy Managed Lanes"

TxDOT entered into a tri-party agreement with Harris County and the Federal Highway Administration to plan for the design, building, maintenance and operations of four managed lanes within the limits of Interstate Highway 10. The managed lanes opened to traffic in fiscal 2009. Prior to fiscal 2023, the project was reported as a SCA. In fiscal 2023, it was determined that TxDOT(transferor) does not have the control of toll rates, thus it does not meet the SCA criteria and should not be a SCA. A $237.5 million payment for the costs of the managed lane project was made up front by Harris County (reported by the Harris County Toll Road Authority, or HCTRA) to TxDOT. The payments of $237.5 million received by TxDOT was recorded as an up-front payment with a corresponding deferred inflow on the TxDOT entity-wide financial statements. It was later determined that this payment was made to reimburse TxDOT for the construction cost of the toll road incurred by TxDOT. Prior to fiscal 2023, TxDOT reported the toll road as a capital asset held under an SCA. Since the toll road was built with the contribution of the County, it is not owned by TxDOT, a restatement was recorded to remove the capital asset from TxDOT's financial statements in fiscal 2023. The unamortized deferred inflow associated with the up-front payments was also removed.

The amount paid up front by the County was agreed to be reimbursed with toll revenues from the managed lanes. The road will be returned to TxDOT at the end of the term of the arrangement when they are fully reimbursed. The GASB Statement 94 requires the transferor measure and recognize a receivable with an offset to deferred inflow of resources if the transferor does not own the underlying PPP asset. In fiscal 2023, a restatement was made to recognize a receivable with an offset to deferred inflow of resources. The receivable was measured based on the operator's $250 million acquisition value of the asset, which includes $237.5 million cash contribution to TxDOT and $12.5 million in-kind contribution by the County.

2. SH-121 "Sam Rayburn Tollway"

TxDOT and the North Texas Transportation Authority (NTTA) entered into the SH-121 project agreement in Collin, Dallas, and Denton counties. All segments opened to traffic in fiscal 2012. Prior to fiscal 2023, the project was reported as a SCA. In fiscal 2023, it was determined that TxDOT(transferor) does not have the control of toll rates, thus it does not meet the SCA criteria and should not be a SCA.TxDOT received an up-front payment of $3.2 billion when the project started. Prior to fiscal 2023, the up-front payment was reported as other financing sources on the fund financial statements without recording a corresponding deferred inflow on the fund financial statements. Due to the implementation of the GASB statement 94 in fiscal 2023, a restatement was made to recognize the unamortized deferred inflow of $2.3 billion related to the up-front payment in the State Highway Fund, a governmental fund. The deferred inflow balance on the entity-wide statement of net position was not impacted. A receivable of $1.6 billion was recognized, which was measured based on the acquisition value of the capital asset to be returned to TxDOT at the conclusion of the agreement.

3. SH 288 Brazoria County Project

TxDOT, Brazoria County, and Brazoria County Toll Road Authority entered an agreement for the development design, construction, financing, operation, and maintenance of SH288 including two northbound and two southbound toll lanes. The toll lanes opened to traffic in 2021. Prior to fiscal 2023, the SH 288 Brazoria County project was not reported as an SCA because it did not meet the criteria of an SCA. The operators, Brazoria County and the Brazoria County Toll Road Authority, have the control of the toll rates charged for the service. With the implementation of GASB 94, the project is determined to meet the criteria of a PPP arrangement. The project was removed from the state highway system when it was open to traffic in 2020. Since TxDOT does not own the underlying PPP asset, a receivable of $79.4 million was recognized based on the operator's acquisition value when the asset was placed into service.

The other five PPP arrangements of TxDOT meet the criteria of an SCA and have been reported as an SCA.

1. SH 130 - Segments 5 &6

TxDOT and the SH 130 Concession Company (Developer) entered into a facility concession arrangement in fiscal 2007. The toll road opened to traffic in fiscal 2013. The up-front payment was previously recorded as other financing sources. In fiscal 2023, the unamortized up-front payment of $114.9 million was restated and offset with a deferred inflow of resources on the fund financial statements.

2. North Tarrant Express (NTE) - Segments 1 and 2-West

TxDOT and NTE Mobility Partners, LLC entered into a comprehensive development agreement for a concession for the developments of Segments 1 and 2-West of the NTE facility. The toll road opened to traffic in fiscal 2015.

3. North Tarrant Expansion (NTE) - Segments 3A, 3B, and 3C

TxDOT and NTE Mobility Partners Segments 3, LLC (NTE Mobility) entered into a Facility Agreement related to the financing, design, construction and maintenance of Segments 3A, 3B, and 3C of the NTE project in Fort Worth. All segments opened to traffic in fiscal 2018. Starting fiscal 2023, the Segments 3A & 3B project and the Segment 3C project were combined into one SCA for the presentation in this note.

4. LBJ/IH-635 Managed Lanes

TxDOT entered a Comprehensive Development Agreement (CDA) with LBJ Development Infrastructure Group, LLC for the IH-635 Managed Lanes Project. The final segment opened to traffic in fiscal 2016.

5. SH 288 Harris County

TxDOT entered into a Comprehensive Development Agreement (CDA) with Blueridge Transportation Group, LLC related to State Highway 288 in Harris County. The project was reported as an SCA in prior years. The up-front payment was previously recorded as other financing sources. In fiscal 2023, the unamortized up-front payment of $24.4 million was restated and offset with a deferred inflow of resources on the fund financial statements

Grand Parkway Transportation Corporation (GPTC) Initial Project and H&I Project

Grand Parkway Transportation Corporation (GPTC) is a blended component unit (BCU) of TxDOT. TxDOT and GPTC entered into a project agreement for the design, build, financing and operation of Segments D through G and Segments H&I. Prior to fiscal 2023, the Segments D, E, F1, F2, & G and the Segments H&I were reported as two SCAs. Capital assets, deferred inflow of resources and intangible right-to-use assets associated with the two SCAs reported in TxDOT entity-wide financial statements.

According to the GASB Statement 94, intangible right-to-use assets are considered capital assets. Reporting the capital asset in the governmental activities and the intangible right-to-use asset in the business-type-activities would create duplicate reporting. On the entity-wide financial statements, the intangible right-to-use asset reported by GPTC (BCU) and associated deferred inflow of resources in the governmental activities were therefore eliminated to avoid duplicate reporting; and the capital asset remains in the governmental activities of TxDOT (primary government).

Public-Private and Public-Public Partnership Amounts Recognized in Financial Statements – Governmental Activities

August 31, 2023 (Amounts in Thousands)

Arrangement Name	Cash in State Treasury*	Capital Assets	Receivable for PPP Assets	Deferred Inflows of Resources**
IH 10 "Katy Managed Lanes"	$		$ 250,000	$ 160,714
SH 121 "Sam Rayburn Tollway"	277,859		1,631,340	3,540,859
SH 288 - Brazoria County			79,427	71,210
SH 130 Segments 5 and 6	25,221	1,435,997		1,194,149
North Tarrant Exp Seg 1 and 2-West		2,404,486		1,385,424
North Tarrant Exp Seg 3A ,3B and 3C		2,041,497		1,854,184
LBJ/IH-635 Managed Lanes		2,684,553		1,713,439
SH 288 - Harris County	7,796	1,033,507		911,363
Total	$ 310,876	$ 9,600,040	$ 1,960,767	$ 10,831,342

* The balance of cash in state treasury is the amount of unspent up-front concession payments.
** The deferred inflows of resources balance that relates to up-front payments received is recorded in governmental fund financials in the year received.

In some cases, TxDOT is obligated to make contributions of public funds to the PPP project during the construction period for portions of the project's design, construction or right-of-way costs. Outlays of TxDOT funds related to PPP projects are recorded as additions to construction in progress as they are incurred.

NOTE 21 – DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

As of Aug. 31, 2023, TxDOT reported deferred outflows of resources and deferred inflows of resources in the Statement of Net Position as presented in the table below.

Deferred Outflows and Deferred Inflows of Resources
Statement of Net Position

As of August 31, 2023 (Amounts in Thousands)

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities		
Loss on Bond Refunding	$ 154,941	$
Gain on Bond Refunding		24,928
Pensions (Note 8)	146,641	1,266,216
Public-Private or Public-Public Partnerships (PPPs) (Note 20)		10,831,342
Other Postemployment Benefits (Note 10)	742,918	720,847
Leases (Note 7)		3,899
Time Restricted Appropriations		200,000
Total Governmental Activities	1,044,500	13,047,232
Business-Type Activities		
Loss on Bond Refunding	186,981	
Gain on Bond Refunding		39,922
Total Business-Type Activities	186,981	39,922
Total	$ 1,231,481	$ 13,087,154

Deferred outflows of resources in the amounts of $154.9 million in governmental activities and $187.0 million in business-type activities relate to losses on bond refunding transactions. The deferred inflows of $24.9 million reported in governmental activities and $39.9 million in business-type activities relate to gains on bond refunding transactions. These deferred outflows and inflows are amortized on a straight-line basis over the remaining life of the old debt, or the life of the new debt, whichever is shorter.

Deferred inflows of resources of $10.8 billion reported in governmental activities relate to eight different Public-Private or Public-Public Partnership Arrangements (PPPs), to which TxDOT was a party, as of Aug. 31, 2023. The amount recorded in the financial statements represents the balance of capital improvements TxDOT received under the agreements and the unamortized balance of the deferred inflow associated with capital improvements to be received at the conclusion of the agreements.

TxDOT reported $146.6 million in deferred outflows of resources and $1.3 billion in deferred inflows of resources in governmental activities for pension-related adjustments. The reported deferred outflows of resources include TxDOT's share of pension contributions made subsequent to the measurement date and the unamortized balance of changes in assumptions used to calculate net pension liability. The reported deferred inflows of resources are comprised of the unamortized balance of other changes in the components of net pension liability.

Deferred outflows of resources of $742.9 million and deferred inflows of resources of $720.8 million reported in governmental activities relate to other postemployment benefits. The reported deferred outflows of resources include TxDOT's share of OPEB contributions made subsequent to the measurement date and the unamortized balance of the net difference between projected and actual return on plan investments used to calculate net OPEB liability. The reported deferred inflows of resources are comprised of the unamortized balances of differences between expected and actual experience on earnings on OPEB plan investments and changes in assumptions used to calculate net OPEB liability.

Deferred inflows of resources of $3.9 million reported for leases represent payments received by TxDOT at or before the lease term that relate to future periods and the unamortized balance of the initial deferred inflow recognized at transition.

Deferred inflows of $5.7 billion were reported on the governmental funds balance sheet for State Highway Fund, $4 thousand for Texas Mobility Fund and $201.3 million for nonmajor funds as presented in the table as follows. The deferred inflows for taxes, local revenues and federal revenues relate to unavailable revenues that were earned as of Aug. 31, 2023, but not available within 60 days of year end. The deferred inflows for leases represent payments received by TxDOT at or before the lease term that related to future periods and the unamortized balance of the initial deferred inflow recognized at transition. The deferred inflows for appropriations represent appropriations received by TxDOT prior to time requirements being met. The deferred inflows for PPPs represent the unamortized upfront payments TxDOT received under the agreements.

Deferred Inflows of Resources
Balance Sheet-Governmental Funds
As of August 31, 2023 (Amounts in Thousands)

Description	Deferred Inflows of Resources
State Highway Fund	
Oil and Natural Gas Production Tax	$ 3,056,163
Local Revenue	174,009
Federal Revenue	20,948
Motor Fuel Tax	286
Public-Public or Public-Private Partnerships (PPPs) (Note 20)	2,481,070
Leases (Note 7)	3,899
Total State Highway Fund	5,736,375
Texas Mobility Fund	
Federal Revenue	4
Total Texas Mobility Fund	4
Nonmajor Funds	
Time-Restricted Appropriations	200,000
Federal Revenue	1,258
Total Nonmajor funds	201,258
Total	$ 5,937,637

SECTION TWO (CONTINUED)

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A (Unaudited)

Texas Department of Transportation
Budgetary Comparison Schedule - State Highway Fund
For the Fiscal Year Ended August 31, 2023 (Amount in Thousands)

	Budgetary Amounts			
	Original	Final	Actual Amounts Budgetary Basis	Final to Actual Variance
REVENUES				
Taxes	$ 6,615,894	$ 9,291,869	$ 9,044,946	$ (246,923)
Federal	3,963,289	5,229,894	4,056,097	(1,173,797)
Licenses, Fees and Permits	127,557	127,557	2,693,592	2,566,035
Interest and Investment Income	12,411	12,411	393,623	381,212
Land Income			29,201	29,201
Settlement of Claims			49,020	49,020
Sales of Goods and Services	25,408	25,408	27,425	2,017
Other	162,278	162,235	10,983	(151,252)
Total revenues	10,906,837	14,849,374	16,304,887	1,455,513
EXPENDITURES				
Transportation	13,802,084	18,057,449	13,516,194	4,541,255
Total Expenditures	13,802,084	18,057,449	13,516,194	4,541,255
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,895,247)	(3,208,075)	2,788,693	5,996,768
OTHER FINANCING SOURCES (USES)				
Transfers In			2,132,761	2,132,761
Transfers Out			(665,738)	(665,738)
Increase in Obligation for Leases/Subscriptions			49,379	49,379
Sale of Capital Assets			15,463	15,463
Available Beginning Balances	8,826,934	8,826,934	8,826,934	
Total Other Financing Sources (Uses)	8,826,934	8,826,934	10,358,799	1,531,865
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	$ 5,931,687	$ 5,618,859	$ 13,147,492	$ 7,528,633

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

The budgetary comparison schedule presents comparisons of the legally adopted budget with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles (GAAP), a reconciliation of these differences is required and is presented below.

The major reconciling items between the budgetary comparison schedule and the GAAP financial statements are due to the following items.

Basis of Accounting Differences

Revenues and expenditures are reported on the cash basis of accounting in the budgetary comparison schedule but are reported on the modified accrual basis of accounting on the GAAP fund financial statements. Therefore, deferred inflows, receivables and payables are included as reconciling items.

Perspective Differences

Certain revenues and expenditures, including debt service are not budgeted by the Legislature. The activity for these programs is excluded from the budgetary comparison schedule. The beginning cash balances are included as other financing sources in the budgetary comparison schedule and are not included as financing sources on the GAAP financial statements.

RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

August 31, 2023 (Amounts in Thousands)

		State Highway Fund
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses- Actual Budgetary Basis	$	13,147,492
Basis of Accounting Differences:		
Receivables and Deferred Inflows		(1,760,281)
Payables		(304,713)
Perspective Differences:		
Beginning Cash Balances Reported as Other Financing Sources		(8,826,934)
Other Expenditures Not Budgeted		(475,964)
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses - GAAP Basis	$	1,779,600

Basis of Budgeting

The state's budget is prepared on a cash basis. The Texas Constitution limits appropriation bills to two years. The Legislative Budget Board (LBB) is required by statute to adopt an estimated rate of growth for the next biennium and calculate a limit on the amount of state tax revenue, not dedicated by the Texas Constitution, that is available for spending in the next biennium. If the Legislature, by adoption of a resolution approved by a record vote of a majority of the members of each house, finds that an emergency exists and identifies the nature of the emergency, the Legislature may provide appropriations in excess of the adopted limit.

The Governor's Budget Office and the LBB initiate the process of submitting budget requests to the Legislature. At final passage of the General Appropriations Act by the Legislature, it is sent to the Comptroller of Public Accounts for certification. If the Comptroller certifies that appropriated amounts are available in the affected funds, the bill is sent to the Governor. If not certified, the Legislature may pass the bill with a four-fifths majority vote. The Governor has the option of vetoing the total bill or specific line-item appropriations but does not have the authority to reduce a line item of appropriation.

Upon approval by the Governor, the bill becomes law and is the budget authority for state agencies to spend state funds. The Comptroller is responsible for controlling, accounting and reporting expenditures in accordance with expenditure budgets.

Legal Level of Budgetary Control

The Texas Constitution requires the Comptroller to submit a Biennial Revenue Estimate to the Legislature prior to each regular session. This document contains an itemized estimate of beginning cash balances, anticipated revenues based on laws then in effect and estimated expenditures from prior appropriations. The Texas Constitution also requires the Comptroller to submit supplementary revenue estimates at any special session of the Legislature and at other necessary times to show probable changes.

The level of legal control for the budget is established at the strategy (line item) level by agency. For example, "Right-of-Way Acquisition" and "Routine Maintenance" are two of the strategies for TxDOT. The legal level of budgetary control is defined as the level at which the governing body must approve any over expenditure of appropriations or transfers of appropriated amounts. Agencies are authorized limited transfer authority between strategies, not to exceed 20 percent, by the General Appropriations Act. Transfers and expenditures are monitored against the original budget by the Comptroller's office to ensure the agency's authorized budget is not exceeded.

The level of legal control is documented in the budget comparison by strategy schedule in the other supplementary information section, which includes budget and actual expenditure data by strategy line item for TxDOT. State agencies cannot exceed approved appropriations. In certain emergency situations, the Governor may authorize additional appropriations from deficiency and emergency appropriation reserves.

Unexpended appropriations generally lapse 60 days after the fiscal year unless they are encumbered during the 60-day "lapse" period. Other appropriations referred to as "reappropriated unexpended balances" represent a continuation of prior year's balances for completion of a program.

This page is intentionally blank

Schedules of Changes in Net Pension Liability and Related Ratios

For each of the fiscal years presented, the measurement date for the information on the schedules of changes in net pension liability and related ratios was the prior fiscal year-end.

Schedule of Changes in Net Pension Liability

(Amounts in Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service Cost	$ 60,040	$ 215,861	$ 183,298	$ 131,802	$ 139,071	$ 132,525	$ 108,528	$ 118,614	$ 109,957
Interest	184,513	239,037	252,377	263,616	246,260	228,274	238,733	228,696	224,284
Benefit Changes								(8,462)	
Differences between Expected and Actual Experience	31,057	(75,186)	51,209	(56,576)	8,840	10,516	12,639	(27,433)	(24,411)
Assumption Changes		(2,294,877)	638,481	828,735	(190,768)	201,859	501,760	(330,365)	115,710
Benefit Payments and Refunds	(173,305)	(272,688)	(262,907)	(248,564)	(231,505)	(208,148)	(203,213)	(197,428)	(189,477)
Change in Proportional Percentage	(419,173)	11,253	72,864	33,200	115,111	(73,016)	(22,595)	(2,322)	
Net Change in Total Pension Liability	(316,868)	(2,176,600)	935,321	952,213	87,009	292,010	635,852	(218,700)	236,063
Total Pension Liability-Beginning	4,319,921	6,496,521	5,561,200	4,608,987	4,521,978	4,229,968	3,594,116	3,812,816	3,576,753
Total Pension Liability-Ending (a)	$ 4,003,053	$ 4,319,921	$ 6,496,521	$ 5,561,200	$ 4,608,987	$ 4,521,978	$ 4,229,968	$ 3,594,116	$3,812,816
Plan Fiduciary Net Position									
Contributions-Employer	76,777	74,383	73,792	69,733	67,074	63,666	64,993	48,208	46,536
Contributions-Member	43,969	72,249	71,598	67,985	65,798	62,336	63,849	44,524	41,553
Net Investment Income	(44,366)	697,718	179,607	74,216	233,808	257,602	120,512	5,486	313,859
Benefit Payments and Refunds	(173,305)	(272,688)	(262,907)	(248,564)	(231,505)	(208,148)	(203,213)	(197,428)	(189,477)
Administrative Expense	(1,928)	(2,198)	(2,425)	(2,716)	(2,265)	(2,100)	(1,935)	(2,104)	(1,949)
Net Change in Plan Fiduciary Net Position	(98,853)	569,464	59,665	(39,346)	132,910	173,356	44,206	(101,314)	210,522
Plan Fiduciary Net Position-Beginning	3,256,284	2,686,820	2,627,156	2,666,502	2,533,592	2,360,236	2,316,030	2,417,344	2,206,822
Plan Fiduciary Net Position-Ending (b)	3,157,431	3,256,284	2,686,820	2,627,156	2,666,502	2,533,592	2,360,236	2,316,030	2,417,344
Net Pension Liability-Ending (a) - (b)	$ 845,622	$ 1,063,637	$ 3,809,700	$ 2,934,044	$ 1,942,485	$ 1,988,386	$ 1,869,732	$ 1,278,086	$1,395,472
Plan Fiduciary Net Position as a percentage of Total Pension Liability	78.88%	75.38%	41.36%	47.24%	57.85%	56.03%	55.80%	64.44%	63.40%
Covered Payroll	$ 439,107	$ 722,978	$ 717,847	$ 679,824	$ 655,345	$ 623,828	$ 638,053	$ 592,508	$ 574,704
Net Pension Liability as a percentage of covered payroll	192.58%	147.12%	530.71%	431.59%	296.41%	318.74%	293.04%	215.71%	242.82%

Notes to Schedule:

1. The change in total pension liability is due to the change in the single discount rate included as an assumption change.
2. The covered payroll is the actual annual payroll for the fiscal year as reported by ERS.
3. This schedule is intended to present 10 years of information. Currently, only nine years of information is available. Information-for future years will be added when it becomes available.

Schedules of Employer Contributions - Pension

The information on the schedules of employer contributions was determined as of the end of the fiscal year presented.

Schedule of Employer Contributions

(Amounts in Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contributions	$ 84,132	$ 130,185	$ 115,532	$ 98,776	$ 92,592	$ 89,848	$ 67,526	$ 65,492	$ 71,131
Actual Contribution	142,151	130,185	74,383	73,792	69,733	67,073	66,253	66,163	48,288
Contribution deficiency (excess)	(58,019)	0	41,148	24,984	22,859	22,774	1,273	(670)	22,843
Covered payroll	506,463	744,564	722,978	717,847	679,824	655,345	649,179	649,536	593,496
Contribution as a percentage of covered payroll	28.07%	17.48%	10.29%	10.28%	10.26%	10.23%	10.21%	10.19%	8.14%

Notes to Schedule of Employer Contributions:

Valuation Date:

Actuarially determined contribution rates are calculated as of August 31. Members are employers contribute based on statutorily fixed rates. Provisions of the Legacy Payment structure adopted during the 2021 legislative session were reflected in disclosures for the 2022 fiscal year

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll plus Level Dollar Legacy Payment
Remaining Amortization Period	UAAL to be eliminated by 2054
Asset Valuation Method	Marked to market as of August 31, 2017. Future gains and losses each recognized over closed five-year period, with allowance of direct offsetting of deferrals by subsequent gains or losses.
Inflation	2.30%
Salary Increases	0.00% to 8.80%
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the class of employee. Updated for the 2020 valuation pursuant to an experience study of the 5-year period from September 1, 2014 through August 31, 2019.
Mortality	2020 State Retirees of Texas (SRT) mortality table. Generational mortality improvements in accordance with the ultimate rates from the scales published through 2019 by Retirement Plans Experience Committee of the Society of Actuaries (“Ultimate MP”) and projected from the year 2020. Rates for male LECO members are set forward one year.

Other Information:

1. Members and employers contribute based on statutorily fixed rates.
2. The covered employee payroll is the actual annual payroll for the fiscal year as reported by ERS.

Schedules of Changes in Net OPEB Liability and Related Ratios

For each of the fiscal years presented, the measurement date for the information on the schedules of changes in net pension liability and related ratios was the prior fiscal year-end.

Schedule of Changes in Net OPEB Liability

(Amounts in Thousands)

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Cost	$ 120,116	$ 114,899	$ 112,086	$ 88,258	$ 109,497	$ 256,922
Interest	59,256	55,456	77,381	89,418	92,361	136,668
Differences between Expected and Actual Experience	(35,851)	(1,159)	(59,568)	(6,513)	(68,487)	(55,942)
Assumption Changes	(637,950)	97,327	(183,440)	219,984	(433,607)	(973,369)
Benefit Payments, including Refunds of Employee-Contributions	(52,396)	(56,420)	(53,672)	(54,212)	(48,508)	(81,242)
Change in Proportional Percentage	30,803	21,079	(13,547)	(545)	(1,305,600)	
Net Change in Total OPEB Liability	(516,022)	231,182	(120,760)	336,390	(1,654,344)	(716,963)
Total OPEB Liability-Beginning	2,671,173	2,439,991	2,560,751	2,224,361	3,878,705	4,595,668
Total OPEB Liability-Ending (a)	$ 2,155,151	$ 2,671,173	$ 2,439,991	$ 2,560,751	$ 2,224,361	$ 3,878,705
Plan Fiduciary Net Position						
Contributions-Employer	$ 51,996	$ 56,292	$ 54,469	$ 29,365	$ 22,473	$ 99,328
Contributions-Non-employer Contributing Entities	2,730	2,877	2,747	1,477	1,214	5,140
Contributions-Employee	14,162	14,128	16,751	15,355	14,868	21,835
Contributions-Federal Revenues for Medicare Part D RDS	118	116	129	108	104	
Other (Federal Revenues and Other Additions)	8,285	7,785	7,958	6,439	5,587	8,009
Other (Other Additions)		4	2			
Net Investment Income	55	17	97	243	798	504
Benefit Payments, including Refunds of Employee-Contributions	(52,396)	(56,420)	(53,672)	(54,212)	(48,508)	(81,242)
Benefit Payments financed by Employee-Contributions and Federal Revenues	(22,447)	(21,913)	(24,709)	(21,788)	(20,216)	(29,803)
Administrative Expense	(503)	(632)	(496)	(439)	(426)	(627)
Net Change in Plan Fiduciary Net Position	2,000	2,254	3,276	(23,452)	(24,106)	23,144
Plan Fiduciary Net Position-Beginning	37,123	34,869	31,593	55,045	79,151	56,007
Plan Fiduciary Net Position-Ending (b)	$ 39,123	$ 37,123	$ 34,869	$ 31,593	$ 55,045	$ 79,151
Net OPEB Liability-Ending (a) - (b)	$ 2,116,028	$ 2,634,050	$ 2,405,122	$ 2,529,158	$ 2,169,316	$ 3,799,554
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	1.82%	0.38%	0.32%	0.17%	1.27%	2.04%
Covered-Employee Payroll	$ 945,898	$ 924,117	$ 921,100	$ 901,530	$ 881,785	$ 1,309,744
Net OPEB Liability as a Percentage of Covered-Employee Payroll	223.71%	285.03%	261.11%	280.54%	246.01%	290.10%

Notes to Schedule:

1. This schedule is intended to present 10 years of information. Currently, only six years of information are available. Information for future years will be added when it becomes available.
2. Information is presented using an Aug. 31, 2022 measurement date.
3. Benefit payments are net of member contributions and Federal Revenues.

Schedule of Employer Contributions

(Amounts in Thousands)

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	$ 148,912	$ 156,808	$ 199,751	$ 188,525	$ 196,639	$ 170,736
Actual Contribution	220,567	219,022	220,676	218,794	216,838	212,627
Contribution deficiency (excess)	(71,655)	(62,214)	(20,925)	(30,269)	(20,199)	(41,891)
Covered-Employee Payroll	1,018,094	945,898	924,143	921,086	901,530	881,785
Contribution as a percentage of Covered-Employee Payroll	6.14%	5.80%	6.42%	6.23%	3.43%	2.70%

Notes to Schedule of Employer Contributions:
Methods and assumptions used to determine contribution rates:

Valuation Date	August 31, 2022
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	Not applicable
Actuarial Assumptions:	
Discount Rate	3.59%*
Inflation Rate	2.30%
Projected Annual Salary Increase	2.30% to 8.95%, including inflation
Annual Healthcare Trend Rate	
	HealthSelect 5.60% for FY24, 5.30% for FY25, 5.00% for FY26, 4.75% for FY27, 4.60% for FY28, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY31 and later years HealthSelect Medicare Advantage 66.67% for FY24, 24.00% for FY25, 5.00% for FY26, 4.75% for FY27, 4.60% for FY28, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY31 and later years Pharmacy 10.00% for FY24 and FY25, decreasing 100 basis points per year to 5.00% for FY30 and 4.30% for FY31 and later years
Ad hoc Postemployment Benefit Changes	None
Aggregate Payroll Growth	2.70%
Retirement Age	Experience-based tables of rates that are specific to the class of employee
Mortality-State Agency Members	
	Service Retirees, Survivors and Other Inactive Members: 2020 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members. Generational mortality improvements in accordance with the Ultimate MP-2019 Projection Scale are projected from the year 2020. Disability Retirees: 2020 State Retirees of Texas Mortality table set forward three years for males and females. Generational mortality improvements in accordance with the Ultimate MP-2019 Projection Scale are projected from the year 2020. Minimum rates of 3.0% and 2.5% apply at all ages for males and females, respectively. Active Members: Pub-2010 General Employees Active Member Mortality table for non-CPO/CO members. Pub-2010 Public Safety Active Member Mortality table for CPO/CO members. Generational mortality improvements in accordance with the Ultimate MP-2019 Projection Scale are projected from the year 2010.

*The source of the municipal bond rate is the Bond Buyer Index of general obligations bonds with 20 years to maturity and mixed credit quality. The bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

Other Information:
This schedule is intended to present 10 years of information. Currently, only six years of information is available. Information for future years will be added when it becomes available.

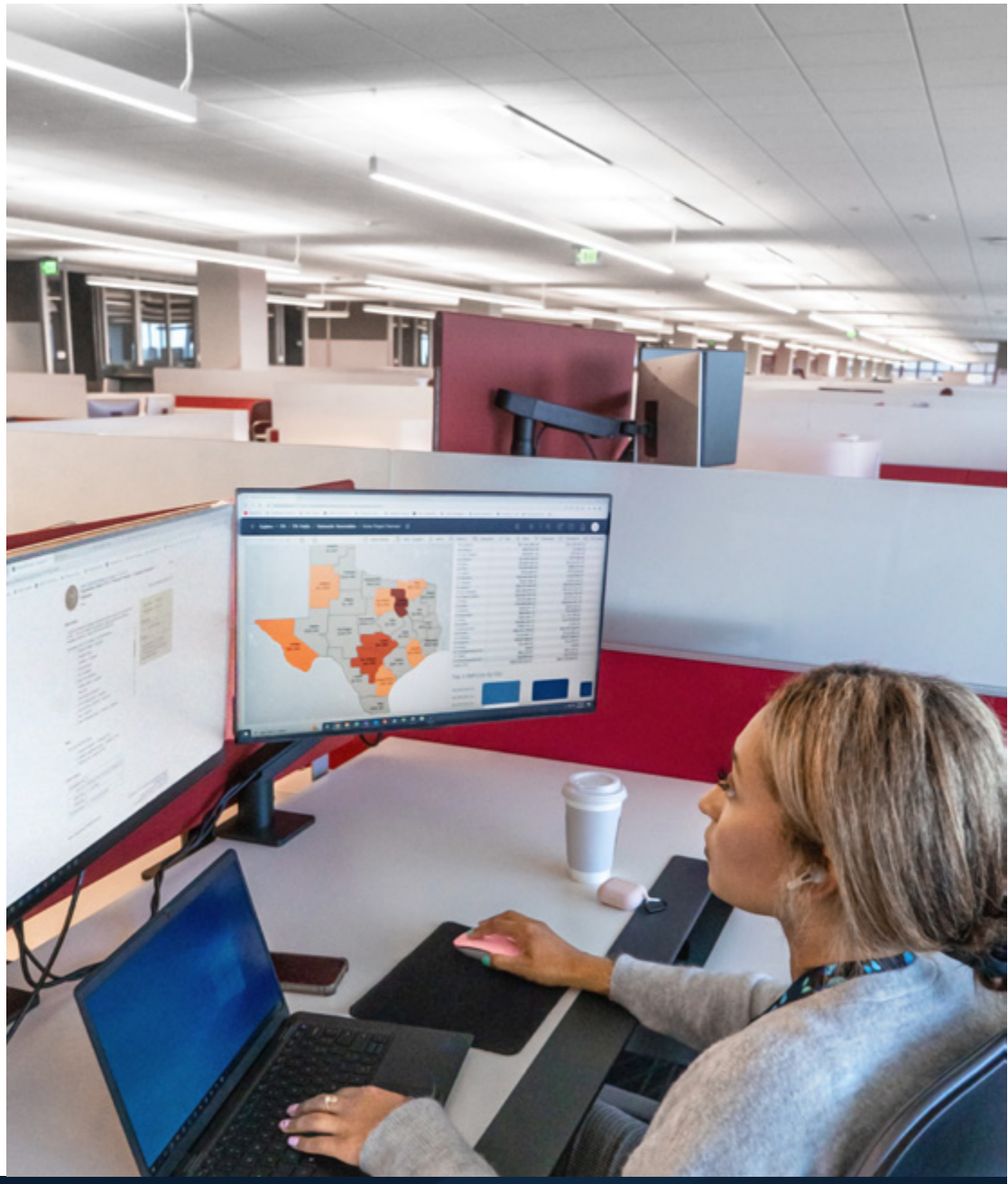
This page is intentionally blank

SECTION TWO (CONTINUED)

OTHER SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS, SCHEDULES, AND BUDGET COMPARISON BY STRATEGY

(Unaudited)



This page is intentionally blank

State Highway Fund Accounts

Combining Financial Statements

TxDOT reports the following accounts/sub-funds, which are consolidated into the state highway fund for the financial statements.

State Highway Fund Accounts - These funds contain the activity related to public road construction, maintenance and monitoring of the state's highway system. The significant ongoing revenue sources are federal revenues and motor fuels taxes, which are constitutionally restricted and dedicated to the highway fund.

Appropriated Fund	GAAP Fund	USAS D23 Funds
0006	0006	0006 - State Highway Fund
0006	0006	0121 - SH121 Concession-Project Fund
0006	0006	0122 - SH121 Concession-Revolving Fund
0006	0006	0130 - SH130 Concession
0006	0006	0161 - SH161 Project Fund
0006	0006	0162 - SH161 Revolving Fund
0006	0006	0288 - SH 288 Concession-Project Fund
0006	0006	0321 - Military Installation Program-Army
0006	0006	0322 - Military Installation Program-Navy
0006	0006	0323 - Military Installation Program-Airforce
0006	0006	0512 - Escrow-Pass-Thru Toll-Montgomery County
0006	0006	0635 - LBJ Project Concession Refund
0006	0006	0820 - NTE Mobility Refi Gain
0006	0006	0823 - NTE SEG 3A&3B Concession Fund
0006	0006	1016 - Texas State Cemetery Committee
0006	0006	2114 - Surplus Toll Rev-DFW Connector
0006	0006	2183 - Surplus Toll Rev-Midtown Express
0006	0006	2635 - Surplus Toll Revenue-I635-E Project
0006	0006	8006 - Depository Interest Default Fund
0006	0006	9000 - Deposit Default Fund
0006	0006	9001 - Returned Items Default Fund
0369	0006	0369 - Federal American Recovery & Reinvestment Fund
0899	0006	0835 - I-35E Project Disbursing Account
9999	0006	1835 - I-35E Local Operating Fund
9999	0006	1998 - TxTag Toll Collection Account

Proposition 1 - This fund was created to record, track, and report the receipt and disbursement of the Proposition 1 Fund.

Appropriated Fund	GAAP Fund	USAS D23 Funds
0006	0006	1006 - Proposition 1 Account

Proposition 7 - This fund was created to record, track, and report the receipt and disbursement of the Proposition 7 Fund.

Appropriated Fund	GAAP Fund	USAS D23 Funds
0006	0006	1007 - Proposition 7 Account

State Infrastructure Bank Accounts – This fund operates as a revolving loan program that makes loans to public and private entities to encourage the development of transportation projects and facilities.

Appropriated Fund	GAAP Fund	USAS D23 Funds
0006	0006	0099 - State Infrastructure Bank

Texas Department of Transportation
Combining Balance Sheet - State Highway Fund
August 31, 2023 (Amounts in Thousands)

	State Highway Fund Accounts	Proposition 1	Proposition 7	State Infrastructure Bank	TOTAL
ASSETS					
Cash and Cash Equivalents:					
Cash on Hand	$ 711	$	$	$	$ 711
Cash in Bank	1,080				1,080
Cash in State Treasury	1,832,997	4,138,477	4,384,196	385,638	10,741,308
Cash Equivalents	95,759				95,759
Short Term Investments	28,715				28,715
Receivables:					
Taxes	249,022				249,022
Federal	589,517				589,517
Other Intergovernmental	218,889				218,889
Interest and Dividends	1,395			1,613	3,008
Accounts Receivable	91,118				91,118
Leases	1,625				1,625
Due from Other Funds	91,616				91,616
Due from Other Agencies	249,556	3,056,163			3,305,719
Consumable Inventories	151,099				151,099
Investments	41,969				41,969
Loans and Contracts	68,927			167,501	236,428
Restricted:					
Total Assets	$ 3,713,995	$ 7,194,640	$ 4,384,196	$ 554,752	$ 15,847,583
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Payables:					
Accounts	1,050,684	314,445	477,235		1,842,364
Payroll	102,226				102,226
Contract Retainage	23,523				23,523
Deposits	34,547				34,547
Due to Other Funds	31,619	37,651	11,012		80,282
Due to Other Agencies	4,372				4,372
Unearned Revenues	3,171				3,171
Total Liabilities	1,250,142	352,096	488,247	0	2,090,485
Deferred Inflows of Resources:					
Unavailable Revenue	195,243	3,056,163			3,251,406
Leases	3,899				3,899
Public-Private or Public-Public Partnerships	2,481,070				2,481,070
Total Deferred Inflows of Resources	2,680,212	3,056,163	0	0	5,736,375
Fund Balances:					
Nonspendable:					
Inventory	151,099				151,099
Restricted		3,786,381	3,895,949	554,752	8,237,082
Unassigned	(367,458)				(367,458)
Total Fund Balances	(216,359)	3,786,381	3,895,949	554,752	8,020,723
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 3,713,995	$ 7,194,640	$ 4,384,196	$ 554,752	$ 15,847,583

Texas Department of Transportation
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - State Highway Fund

For the Fiscal Year Ended August 31, 2023 (Amounts in Thousands)

	State Highway Fund Accounts	Proposition 1	Proposition 7	State Infrastructure Bank	TOTAL
REVENUES					
Taxes	$ 2,883,434	$ 3,637,494	$ 3,124,353	$	$ 9,645,281
Federal Revenues	4,159,945				4,159,945
Licenses, Fees and Permits	212,409			113	212,522
Interest & Investment Income	80,891	164,221	130,247	15,694	391,053
Net Increase Fair Value	225				225
Land Income	29,616				29,616
Settlement of Claims	49,020				49,020
Sales of Goods and Services	45,964				45,964
Other Revenues	10,983				10,983
Total Revenues	7,472,487	3,801,715	3,254,600	15,807	14,544,609
EXPENDITURES					
Transportation	3,931,071	411,025	650,968		4,993,064
Capital Outlay	4,589,629	1,886,477	2,692,680		9,168,786
Debt Service:					
Principal	126,426				126,426
Interest	7,669				7,669
Other Financing Fees	929				929
Total Expenditures	8,655,724	2,297,502	3,343,648	0	14,296,874
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,183,237)	1,504,213	(89,048)	15,807	247,735
OTHER FINANCING SOURCES (USES)					
Transfers In	2,132,761				2,132,761
Transfers Out	(389,972)		(275,766)		(665,738)
Increase in Obligations for Leases	49,379				49,379
Sale of Capital Assets	15,463				15,463
Total Other Financing Sources (Uses)	1,807,631	0	(275,766)	0	1,531,865
Net Change in Fund Balances	624,394	1,504,213	(364,814)	15,807	1,779,600
Fund Balances, September 1, 2022	1,714,527	2,282,168	4,260,763	538,945	8,796,403
Restatements	(2,555,280)				(2,555,280)
Fund Balances, August 31, 2023	$ (216,359)	$ 3,786,381	$ 3,895,949	$ 554,752	$ 8,020,723

This page is intentionally blank

Texas Mobility Funds

Combining Financial Statements

TxDOT reports the following accounts/sub-funds, which are consolidated into the Texas Mobility Fund for the financial statements.

Debt Service Fund Accounts – These funds report the activity related the payment of debt service on outstanding mobility fund bonds.

Appropriated Fund	GAAP Fund	USAS D23 Funds
0365	0365	0367 - TMF-Interest & Sinking Account
0365	0365	0373 - TMF-Rebate Account
0365	0365	0379 - TMF Cost of Issuance

Capital Projects Fund Accounts – These funds report the activity related to the expenditure of the mobility fund bond proceeds on eligible transportation projects.

Appropriated Fund	GAAP Fund	USAS D23 Funds
0365	0365	0365 - TMF-General Account

Texas Department of Transportation
Combining Balance Sheet - Texas Mobility Fund
August 31, 2023 (Amounts in Thousands)

	Debt Service Fund	Capital Projects Fund	Total
ASSETS			
Cash and Cash Equivalents:			
Cash in State Treasury	$ 281,362	$ 171,425	$ 452,787
Receivables:			
Federal	4		4
Total Assets	$ 281,366	$ 171,425	$ 452,791
LIABILITIES AND FUND BALANCES			
Liabilities:			
Payables:			
Accounts		30,843	30,843
Due to Other Funds		893	893
Total Liabilities	0	31,736	31,736
Deferred Inflows of Resources:			
Unavailable Revenue	4		4
Total Deferred Inflows of Resources	4	0	4
Fund Balances (Deficits):			
Restricted	281,362		281,362
Committed		139,689	139,689
Total Fund Balances	281,362	139,689	421,051
Total Liabilities and Fund Balances	$ 281,366	$ 171,425	$ 452,791

Texas Department of Transportation
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Texas Mobility Fund

For the Fiscal Year Ended August 31, 2023 (Amounts in Thousands)

	Debt Service Fund	Capital Projects Fund	Total
REVENUES			
Federal Revenues	$ 21,882	$	$ 21,882
Licenses, Fees and Permits	287,355	96,661	384,016
Interest and Investment Income	5,969	6,792	12,761
Other Revenues	2		2
Total Revenues	315,208	103,453	418,661
EXPENDITURES			
Transportation		137,972	137,972
Capital Outlay		42,870	42,870
Debt Service:			
Principal	155,720		155,720
Interest	234,804		234,804
Other Financing Fees		295	295
Total Expenditures	390,524	181,137	571,661
Excess (Deficiency) of Revenues Over (Under) Expenditures	(75,316)	(77,684)	(153,000)
OTHER FINANCING SOURCES (USES)			
Transfers In	94,742	31,466	126,208
Transfers Out		(13,726)	(13,726)
Total Other Financing Sources (Uses)	94,742	17,740	112,482
Net Change in Fund Balances	19,426	(59,944)	(40,518)
Fund Balances, September 1, 2022	261,936	199,633	461,569
Fund Balances, August 31, 2023	$ 281,362	$ 139,689	$ 421,051

This page is intentionally blank

Nonmajor Governmental Funds

Combining Financial Statements

TxDOT reports the following accounts/sub-funds, which are consolidated into the Nonmajor Governmental funds for the financial statements.

General Fund - The general fund accounts for all financial resources except those accounted for in other funds.

Appropriated Fund	GAAP Fund	USAS D23 Funds
0001	0001	0001 - General Revenue Fund
0001	0001	1001 - General Revenue Fund-Agency Funds
0036	0036	0036 - Traffic Safety Crash Records
0325	0325	0325 - Fed COVID - 19 Pandemic Relief Fund
0325	0325	0326 - Fed COVID - 19 Pandemic Relief Fund
0599	0599	0599 - Econcomic Stabilization Fund
0807	0001	8070 - Child Support Addenda Deductions
0882	0001	0882 - City County MTA & SPD Sales Tax
0900	0900	0090 - Suspense Fund
0900	0001	0900 - Suspense Fund
0900	0001	9015 - USPS-Overpayments To Employees
0900	0001	9016 - Warrant Hold Offset-Gc403.0551
0942	0001	0942 - 401K Payroll
0980	0001	0980 - Direct Deposit Correction Fund
0980	0001	9014 - USPS-Direct Deposit Return
0999	0001	0998 - Miscellaneous-Utility Fund (Non-Cash)
0999	0999	0999 - Mis-Utility Fund (Non-Cash)
5167	5167	5167 - Ship Channel Improvement Revolving
7604	7604	7604 - TPFA G.O. Commercial Paper Series 2002B Colonial Project Fund

Special Revenue Funds - These funds are used to report the proceeds of specific revenue sources that are restricted or committed for specified purposes other than debt service or capital projects.

Appropriated Fund	GAAP Fund	USAS D23 Funds
0184	0184	0184 - Transportation Infrastructure Fund

Debt Service Funds - These funds are used to report financial resources that are restricted, committed or assigned expenditure for principal and interest.

Appropriated Fund	GAAP Fund	USAS D23 Funds
0008	0008	0010 - State Highway Debt Service Fund
0008	0008	0022 - Proposition 12 Debt Service Fund

Capital Projects Fund Accounts – These funds report the activity related to the expenditure of the mobility fund bond proceeds on eligble transportation projects.

Appropriated Fund	GAAP Fund	USAS D23 Funds
0927	0927	0927 - CO/PolSubdv/LocGo RO/Airpt Tr
7517	7517	7517 - TPFA Lease Rev TxDOT Campus Fund

Texas Department of Transportation
Combining Balance Sheet - Nonmajor Governmental Funds
August 31, 2023 (Amounts in Thousands)

	General Fund	Special Revenue Fund*	Debt Service Fund	Capital Projects Fund	Total Nonmajor Funds
ASSETS					
Cash and Cash Equivalents:					
Cash on Hand	$ 1	$	$	$	$ 1
Cash in State Treasury	10,901	6,020	39,055	458,263	514,239
Legislative Appropriations	206,979				206,979
Receivables:					
Federal	57,646				57,646
Other Intergovernmental				225,786	225,786
Due from Other Funds			1,559	9,415	10,974
Due from Other Agencies	129			2,272	2,401
Total Assets	$ 275,656	$ 6,020	$ 40,614	$ 695,736	$ 1,018,026
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Payables:					
Accounts	44,153			8,750	52,903
Payroll	440				440
Due to Other Funds	24,207				24,207
Unearned Revenues				684,768	684,768
Total Liabilities	68,800	0	0	693,518	762,318
Deferred Inflows of Resources:					
Unavailable Revenues	1,258				1,258
Time-Restricted Appropriations (Note 21)	200,000				200,000
Total Deferred Inflows of Resources	201,258	0	0	0	201,258
Fund Balances (Deficits):					
Restricted			40,614	2,218	42,832
Committed		6,020			6,020
Assigned	124				124
Unassigned	5,474				5,474
Total Fund Balances	5,598	6,020	40,614	2,218	54,450
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 275,656	$ 6,020	$ 40,614	$ 695,736	$ 1,018,026

Texas Department of Transportation
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds

For the Fiscal Year Ended August 31, 2023 (Amounts in Thousands)

	General Fund	Special Revenue Fund*	Debt Service Fund	Capital Projects Fund	Total Nonmajor Funds
REVENUES					
Legislative Appropriations	$ 1,232	$	$	$	$ 1,232
Federal Revenues	232,536		36,797		269,333
Licenses, Fees and Permits	13				13
Interest and Investment Income		211	19,646		19,857
Sales of Goods and Services				222,751	222,751
Total Revenues	233,781	211	56,443	222,751	513,186
EXPENDITURES					
Transportation	33,533				33,533
Capital Outlay	206,733			4,430	211,163
Debt Service:					
Principal			410,855		410,855
Interest			289,239		289,239
Total Expenditures	240,266	0	700,094	4,430	944,790
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,485)	211	(643,651)	218,321	(431,604)
OTHER FINANCING SOURCES (USES)					
Transfers In	9,465		513,611		523,076
Transfers Out				(222,751)	(222,751)
Sale of Capital Assets	2,367				2,367
Total Other Financing Sources (Uses)	11,832	0	513,611	(222,751)	302,692
Net Change in Fund Balances	5,347	211	(130,040)	(4,430)	(128,912)
Fund Balances, September 1, 2022	251	5,809	170,654	6,648	183,362
Fund Balances, August 31, 2023	$ 5,598	$ 6,020	$ 40,614	$ 2,218	$ 54,450

*No combining statements presented.

This page is intentionally blank

Non Major General Funds

Combining Financial Statements

TxDOT reports the following General Funds, which are consolidated into the Nonmajor Governmental funds for the financial statements. The general fund accounts for all financial resources except those accounted for in other funds.

General Fund

General Revenue Fund

Appropriated Fund	GAAP Fund	USAS D23 Funds
0001	0001	0001 - General Revenue Fund
0001	0001	1001 - Unappropriated General Revenue Fund
0882	0001	0882 - City County MTA & SPD Sales Tax
0942	0001	0942 - 401K Deferred Compensation
0980	0001	0980 - Direct Deposit Correction Fund
0980	0001	9014 - USPS-Direct Deposit Return
0999	0001	0998 - Mis-Utility Fund (Non-Cash)
0807	0001	8070 - Child Support Addenda Deductions
0900	0001	0900 - Suspense Fund
0900	0001	9015 - USPS-Overpayments To Employees
0900	0001	9016 - Warrant Hold Offset-Govt. Code 403.0551

GR Account

Appropriated Fund	GAAP Fund	USAS D23 Funds
5167	5167	5167-Ship Channel Improvement Revolving

Miscellaneous - Utility Fund (Non-Cash)

Appropriated Fund	GAAP Fund	USAS D23 Funds
0999	0999	0999 - Mis-Utility Fund (Non-Cash)

Traffic Safety-Crash Records Information Systems

Appropriated Fund	GAAP Fund	USAS D23 Funds
0036	0036	0036 - Traffic Safety Crash Records

Colonias Projects Fund

Appropriated Fund	GAAP Fund	USAS D23 Funds
7604	7604	7604 - TPFA G.O. Commercial Paper Series 2002B Colonias Project Fund

Suspense Fund

Appropriated Fund	GAAP Fund	USAS D23 Funds
0900	0900	0090 - Suspense Fund

Coronavirus Relief Fund

Appropriated Fund	GAAP Fund	USAS D23 Funds
0325	0325	0325 - Fed COVID - 19 Pandemic Relief Fund
0325	0325	0326 - Fed Covid Relief FD Presidio

Economic Stabilization Fund

Appropriated Fund	GAAP Fund	USAS D23 Funds
0599	0599	0599 - Economic Stabilization Fund

Texas Department of Transportation
Combining Balance Sheet - Nonmajor General Funds
August 31, 2023 (Amounts in Thousands)

	General Revenue Fund	Traffic Safety Crash Records	Colonias Projects Fund	Coronavirus Relief Fund	Economic Stabilization Fund	Total
ASSETS						
Cash and Cash Equivalents:						
Cash on Hand	$ 1	$	$	$	$	$ 1
Cash in State Treasury	10,901					10,901
Legislative Appropriations	206,979					206,979
Receivables:						
Federal				57,646		57,646
Due from Other Agencies					129	129
Total Assets	$ 217,881	$ 0	$ 0	$ 57,646	$ 129	$ 275,656
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Payables:						
Accounts	2			44,022	129	44,153
Payroll	440					440
Due to Other Funds	10,583			13,624		24,207
Total Liabilities	11,025	0	0	57,646	129	68,800
Deferred Inflows of Resources:						
Unavailable Revenues				1,258		1,258
Time-Restricted Appropriations (Note 21)	200,000					200,000
Total Deferred Inflows of Resources	200,000	0	0	1,258	0	201,258
Fund Balances (Deficits):						
Assigned	124					124
Unassigned	6,732			(1,258)		5,474
Total Fund Balances	6,856	0	0	(1,258)	0	5,598
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 217,881	$ 0	$ 0	$ 57,646	$ 129	$ 275,656

Texas Department of Transportation
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor General Funds
For the Fiscal Year Ended August 31, 2023 (Amounts in Thousands)

	General Revenue Fund	Traffic Safety Crash Records	Colonias Projects Fund	Coronavirus Relief Fund	Economic Stabilization Fund	Total
REVENUES						
Legislative Appropriations	$ 1,232	$	$	$	$	$ 1,232
Federal Revenues				232,536		232,536
Licenses, Fees and Permits	13					13
Total Revenues	1,245	0	0	232,536	0	233,781
EXPENDITURES						
Transportation	10,459	730	171	13,609	8,564	33,533
Capital Outlay				206,733		206,733
Total Expenditures	10,459	730	171	220,342	8,564	240,266
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,214)	(730)	(171)	12,194	(8,564)	(6,485)
OTHER FINANCING SOURCES (USES)						
Transfers In		730	171		8,564	9,465
Sale of Capital Assets	2,367					2,367
Total Other Financing Sources (Uses)	2,367	730	171	0	8,564	11,832
Net Change in Fund Balances	(6,847)	0	0	12,194	0	5,347
Fund Balances, September 1, 2022	13,703	0	0	(13,452)	0	251
Fund Balances, August 31, 2023	$ 6,856	$ 0	$ 0	$ (1,258)	$ 0	$ 5,598

This page is intentionally blank

Nonmajor Debt Service Funds

Combining Financial Statements

TxDOT reports the following accounts/sub-funds, which are consolidated into the Nonmajor Debt Service funds for the financial statements.

Proposition 14 Debt Service Fund

Appropriated Fund	GAAP Fund	USAS D23 Funds
0008	0008	0010 - State Highway Debt Service Fund

Proposition 12 Debt Service Fund

Appropriated Fund	GAAP Fund	USAS D23 Funds
0008	0008	0022 - Proposition 12 Debt Service Fund

Texas Department of Transportation
Combining Balance Sheet - Nonmajor Debt Service Funds
August 31, 2023 (Amounts in Thousands)

	Prop 14 Debt Service Fund	Prop 12 Debt Service Fund	Total Nonmajor Debt Service Funds
ASSETS			
Cash and Cash Equivalents:			
Cash in State Treasury	$ 19,055	$ 20,000	$ 39,055
Due From Other Funds		1,559	1,559
Total Assets	$ 19,055	$ 21,559	$ 40,614
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Total Liabilities	0	0	0
Deferred Inflows of Resources:			
Total Deferred Inflows of Resources:	0	0	0
Fund Balances (Deficits):			
Nonspendable:			
Restricted	19,055	21,559	40,614
Total Fund Balances	19,055	21,559	40,614
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 19,055	$ 21,559	$ 40,614

Texas Department of Transportation
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Debt Service Funds

For the Fiscal Year Ended August 31, 2023 (Amounts in Thousands)

	Prop 14 Debt Service Fund	Prop 12 Debt Service Fund	Total
REVENUES			
Federal Revenues	$ 24,904	$ 11,893	$ 36,797
Interest and Investment Income	12,413	7,233	19,646
Total Revenues	37,317	19,126	56,443
EXPENDITURES			
Debt Service:			
Principal	271,155	139,700	410,855
Interest	146,965	142,274	289,239
Total Expenditures	418,120	281,974	700,094
Excess (Deficiency) of Revenues Over (Under) Expenditures	(380,803)	(262,848)	(643,651)
OTHER FINANCING SOURCES (USES)			
Transfers In	237,845	275,766	513,611
Total Other Financing Sources (Uses)	237,845	275,766	513,611
Net Change in Fund Balances	(142,958)	12,918	(130,040)
Fund Balances, September 1, 2022	162,013	8,641	170,654
Fund Balances, August 31, 2023	$ 19,055	$ 21,559	$ 40,614

This page is intentionally blank

Nonmajor Capital Project Funds

Combining Financial Statements

TxDOT reports the following accounts/sub-funds, which are consolidated into the Nonmajor Debt Service funds for the financial statements.

Local Government Political Subdivision Road/Airport Account

Appropriated Fund	GAAP Fund	USAS D23 Funds
0927	0927	0927 - Local Government Political Subdivision Road/Airport Account

TPFA Lease Revenue

Appropriated Fund	GAAP Fund	USAS D23 Funds
7517	7517	7517 - Austin Campus Consolidation Project Fund

Texas Department of Transportation
Combining Balance Sheet - Nonmajor Capital Projects Funds
August 31, 2023 (Amounts in Thousands)

	Local Government Political Subdivision Road/ Airport Account	Austin Campus Consolidation Project Fund	Total
ASSETS			
Cash and Cash Equivalents:			
Cash in State Treasury	$ 458,263	$	$ 458,263
Receivables:			
Other Intergovernmental	225,786		225,786
Due from Other Funds	9,415		9,415
Due from Other Agencies		2,272	2,272
Total Assets	$ 693,464	$ 2,272	$ 695,736
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Payables:			
Accounts	8,696	54	8,750
Unearned Revenues	684,768		684,768
Total Liabilities	693,464	54	693,518
Fund Balances:			
Restricted		2,218	2,218
Total Fund Balances	0	2,218	2,218
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 693,464	$ 2,272	$ 695,736

Texas Department of Transportation
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds

For the Fiscal Year Ended August 31, 2023 (Amounts in Thousands)

	Local Government Political Subdivision Road/Airport Account	Austin Campus Consolidation Project Fund	Total
REVENUES			
Sales of Goods and Services	$ 222,751	$	$ 222,751
Total Revenues	222,751	0	222,751
EXPENDITURES			
Capital Outlay		4,430	4,430
Total Expenditures	0	4,430	4,430
Excess (Deficiency) of Revenues Over (Under) Expenditures	222,751	(4,430)	218,321
OTHER FINANCING SOURCES (USES)			
Transfers Out	(222,751)		(222,751)
Total Other Financing Sources (Uses)	(222,751)	0	(222,751)
Net Change in Fund Balances	0	(4,430)	(4,430)
Fund Balances, September 1, 2022	0	6,648	6,648
Fund Balances, August 31, 2023	$ 0	$ 2,218	$ 2,218

Texas Department of Transportation
Budget Comparison by Strategy - State Highway Fund
For the Fiscal Year Ended August 31, 2023 (Amount in Thousands)

Strategy	Final Budget	Actual Expenditures, Budgetary Basis	Variance
Aviation Services	$ 91,175.000	$ 85,752	$ (5,423)
Central Administration	103,919	86,770	(17,149)
Construction Contracts	2,778,556	1,741,738	(1,036,818)
Construction Contracts - Subaccount	80,000	33,764	(46,236)
Construction Grants & Services	172,913	178,991	6,078
Contract Rail Plan/Design	3,500	1,046	(2,454)
Contracted Plan/Design - Subaccount	4,000		(4,000)
Contracted Planning & Design	379,061	360,906	(18,155)
Contracted Routine Maintenance	1,103,493	1,103,070	(423)
Ferry Operations	53,806	61,342	7,536
Gulf Waterway	1,093	1,101	8
Information Resources	262,827	263,150	323
Maintenance Contracts	2,621,586	2,128,985	(492,601)
Other Debt Service	500		(500)
Other Support Services	44,772	42,169	(2,603)
Plan/Design/Manage	536,929	496,998	(39,931)
Plan/Design/Manage - Subaccount	4,500	10	(4,490)
Proposition 1, 2014	4,437,494	2,144,358	(2,293,136)
Proposition 7, 2015	3,580,703	3,260,744	(319,959)
Public Transportation	123,547	72,326	(51,221)
Rail Construction	19,965	2,739	(17,226)
Rail Plan/Design/Manage	3,049	1,987	(1,062)
Research	26,812	24,672	(2,140)
Right-of-Way Acquisition	671,005	560,602	(110,403)
Right-of-Way Acquisition - Subaccount	12,500	9,198	(3,302)
Routine Maintenance	854,774	764,481	(90,293)
Traffic Safety	62,033	69,190	7,157
Travel Information	22,820	20,105	(2,715)
Total	$ 18,057,332	$ 13,516,194	$ (4,541,138)

Construction strategies can be charged for up to four additional fiscal years and non-construction strategies can be charged for up to three additional fiscal years after the original appropriation year. The 4.5 million budget variance represents expenditures expected to be paid in future fiscal years.

SECTION THREE

STATISTICAL SECTION

This page is intentionally blank

Texas Department of Transportation

Statistical Section

This section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information and other supplementary information says about the department's overall financial health.

Contents **Pages**

Financial Trends Information
These schedules contain trend information intended to help the reader understand how the department's financial position has changed over time.

Net Position - Government-wide	165
Changes in Net Position - Government-wide	166
Fund Balances - Governmental Funds	167
Changes in Fund Balances - Governmental Funds	168

Revenue Capacity Information
These schedules contain information intended to help the reader assess the department's most significant revenue sources – taxes and federal revenues.

Revenue Collections - Taxes - State and TxDOT	169
Tax Rates	170
Federal Revenue and Percentage	171
Traffic and Toll Revenue - Toll Roads	172
Annual Letting Volumes by District	173

Debt Capacity Information
These schedules present information intended to assist users in understanding and assessing the department's current levels of outstanding debt and the ability to issue additional debt.

Ratios of Outstanding Debt by Type	175
Ratios of General Bonded Debt Outstanding	176
Pledged Revenue Bond Coverage	177

Demographic and Economic Information
These schedules provide demographic and economic indicators intended to help the reader understand the socio-economic environment within which the department's financial activities take place.

Texas and U.S. Population, Total Personal Income and Per Capital Income	178
Texas and U.S. Employment and Unemployment Rates	179
Texas Nonfarm Employment Detail: Number of Jobs	180

Operating Information
These schedules provide contextual information about the department's operations and resources intended to assist readers in using financial statement information to understand and assess the department's economic condition.

Full-Time Equivalent Employees (FTE)	181
Capital Assets Indicators – Schedule of Assessed Conditions	182
Capital Assets Indicators – Schedule of State-Owned Centerline Miles	183
Capital Assets Indicators – Schedule of Rated Lane Miles Conditions	184

Sources: Unless otherwise noted, the information in these schedules is derived from the Texas Department of Transportation for the relevant years.

Texas Department of Transportation
Statistical Section - Financial Trends Information
Net Position - Government-Wide
Last Ten Fiscal Years
(Amounts in Millions)

	2014	2015	2016	2017	2018
GOVERNMENTAL ACTIVITIES					
Net Investment in Capital Assets	$ 67,775	$ 70,083	$ 71,358	$ 76,120	$ 79,966
Restricted	292	394	3,438	2,666	5,551
Unrestricted	(1,139)	95	(212)	(114)	(4,261)
Total Governmental Activities Net Position	66,928	70,572	74,584	78,672	81,256
BUSINESS-TYPE ACTIVITIES					
Net Investment in Capital Assets	637	621	638	597	558
Restricted	65	115	161	272	344
Unrestricted	(246)	(327)	(475)	(619)	(692)
Total Business-Type Activities Net Position	456	409	324	250	210
PRIMARY GOVERNMENT					
Net Investment in Capital Assets	68,412	70,704	71,996	76,717	80,524
Restricted	357	509	3,599	2,938	5,895
Unrestricted	(1,385)	(232)	(687)	(733)	(4,953)
Total Primary Government Net Position	$ 67,384	$ 70,981	$ 74,908	$ 78,922	$ 81,466

	2019	2020	2021	2022	2023
GOVERNMENTAL ACTIVITIES					
Net Investment in Capital Assets	$ 85,381	$ 92,952	$ 102,427	$ 109,237	$ 118,935
Restricted	7,964	8,298	8,642	11,153	11,705
Unrestricted	(3,855)	(4,032)	(6,061)	(4,900)	(2,935)
Total Governmental Activities Net Position	89,490	97,218	105,008	115,490	127,705
BUSINESS-TYPE ACTIVITIES					
Net Investment in Capital Assets	769	719	752	720	662
Restricted	379	406	431	387	528
Unrestricted	(759)	(849)	(1,090)	(1,212)	(4,466)
Total Business-Type Activities Net Position	389	276	93	(105)	(3,276)
PRIMARY GOVERNMENT					
Net Investment in Capital Assets	86,150	93,671	103,179	109,957	119,597
Restricted	8,343	8,704	9,073	11,540	12,233
Unrestricted	(4,614)	(4,881)	(7,151)	(6,112)	(7,402)
Total Primary Government Net Position	$ 89,879	$ 97,494	$ 105,101	$ 115,385	$ 124,428

Source: Fiscal 2014 - 2023 TxDOT financial statements

Texas Department of Transportation
Statistical Section - Financial Trends Information
Changes in Net Position - Entity-Wide
Last Ten Fiscal Years

(Amounts in Millions)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
GOVERNMENTAL ACTIVITIES:										
Expenses										
Transportation	$ 5,688	$ 5,710	$ 5,686	$ 6,135	$ 6,475	$ 6,048	$ 6,981	$ 6,463	$ 6,894	$ 7,646
Total Expenses	5,688	5,710	5,686	6,135	6,475	6,048	6,981	6,463	6,894	7,646
Program Revenues:										
Charges for Services	779	746	916	1,114	1,277	1,148	1,141	1,126	1,095	1,149
Operating Grants and Contributions	3,417	3,297	3,942	3,835	3,972	4,483	5,901	4,422	4,715	4,443
Capital Grants and Contributions	90	52	39	50	62	117	37	55	59	114
Total Program Revenues	4,286	4,095	4,897	4,999	5,311	5,748	7,079	5,603	5,869	5,706
Total Governmental Activities Net Program Expense	(1,402)	(1,615)	(789)	(1,136)	(1,164)	(300)	98	(860)	(1,025)	(1,940)
General Revenues:										
Appropriations	598	195	219	269	1		17		1	1
Taxes	2,488	3,747	3,035	3,447	6,589	6,970	6,012	6,830	8,964	8,440
Unrestricted Investment Earnings	37	34	52	77	99	166	141	86	60	424
Settlement of Claims	17	22	48	28	21	42	34	44	37	49
Motor Vehicle & Mfg Housing								237	489	624
Other General Revenues	23	9	17	9	4	4		2	3	12
Gain on Sale of Capital Assets		48	53			2	18			
Capital Contributions	(153)									
Transfers - Internal Activities	(33)	(2)	(2)	(5)	(26)	(195)	(30)	(39)	(4)	33
Transfers - Other State Agencies	842	2,529	1,379	1,399	1,496	1,544	1,438	1,584	1,960	1,836
Total General Revenues, Contributions and Transfers	3,819	6,582	4,801	5,224	8,184	8,533	7,630	8,744	11,510	11,419
Changes in Net Position - Governmental Activities	$ 2,417	$ 4,967	$ 4,012	$ 4,088	$ 7,020	$ 8,233	$ 7,728	$ 7,884	$ 10,485	$ 9,479
BUSINESS-TYPE ACTIVITIES:										
Expenses										
Transportation	$ 249	$ 252	$ 353	$ 452	$ 491	$ 559	$ 593	$ 607	$ 710	678
Total Expenses	249	252	353	452	491	559	593	607	710	678
Program Revenues:										
Charges for Services	155	194	256	359	397	455	403	377	519	699
Operating Grants and Contributions	7	2	2	14	23	77	47	9	(11)	66
Capital Grants and Contributions						12				
Total Program Revenues	162	196	258	373	420	544	450	386	508	765
Total Business-Type Activities Net Program Expense	(87)	(56)	(95)	(79)	(71)	(15)	(143)	(221)	(202)	87
General Revenues:										
Unrestricted Investment Earnings		5	8							
Settlement of Claims					5					
Capital Contributions		2								
Transfers - Internal Activities	33	2	2	5	26	195	29	39	4	(33)
Total General Revenues, Contributions and Transfers	33	9	10	5	31	195	29	39	4	(33)
Changes in Net Position - Business-Type Activities	(54)	(47)	(85)	(74)	(40)	180	(114)	(182)	(198)	54
Changes in Net Position - Primary Government	$ 2,363	$ 4,920	$ 3,927	$ 4,014	$ 6,980	$ 8,413	$ 7,614	$ 7,702	$ 10,287	$ 9,533

Source: Fiscal 2014 - 2023 TxDOT financial statements

Texas Department of Transportation
Statistical Section - Financial Trends Information
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Amounts in Millions)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
STATE HIGHWAY FUND										
Nonspendable	$ 139	$ 181	$ 162	$ 154	$ 146	$ 139	$ 144	$ 147	$ 144	$ 151
Restricted	855	2,388	2,622	2,227	3,710	5,485	6,956	6,915	7,097	8,237
Committed	1,843	1,411	1,140	927	788	720	454	671	632	
Assigned	723	39	573	877	1,320	1,119		301	923	
Unassigned										(367)
Total State Highway Fund	$ 3,560	$ 4,019	$ 4,497	$ 4,185	$ 5,964	$ 7,463	$ 7,554	$ 8,034	$ 8,796	$ 8,021
TEXAS MOBILITY FUND										
Restricted	$ 373	$ 1,191	$ 1,081	$ 910	$ 546	$ 219	$ 218	$ 242	$ 262	$ 281
Committed						192	103	147	200	140
Unassigned		(19)								
Total Texas Mobility Fund	$ 373	$ 1,172	$ 1,081	$ 910	$ 546	$ 411	$ 321	$ 389	$ 462	$ 421
ALL OTHER GOVERNMENTAL FUNDS										
Restricted	$ 140	$ 442	$ 503	$ 874	$ 605	$ 351	$ 230	$ 334	$ 177	$ 43
Committed	222	153	72	25	10	11	10	6	6	6
Assigned	2	1	6	5					14	
Unassigned	(486)	20		7	5	2	16	7	(14)	5
Total All Other Governmental Funds	$ (122)	$ 616	$ 581	$ 911	$ 620	$ 364	$ 256	$ 347	$ 183	$ 54

Source: Fiscal 2014 - 2023 TxDOT financial statements

Texas Department of Transportation
Statistical Section - Financial Trends Information
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years*

(Amounts in Millions)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES										
Legislative Appropriations****	$ 611	$ 197	$ 220	$ 274	$ 2	$ 2	$ 17	$	$	$ 1
Taxes	2,488	2,583	3,760	3,115	5,976	6,686	6,546	6,744	7,273	9,645
Federal Revenues	3,419	3,230	3,993	3,840	3,891	4,258	5,291	5,279	4,668	4,451
Federal Pass-Through Revenues			1	1	13	4	40		26	
State Grant Pass Through Revenues									25	
Licenses, Fees and Permits	425	393	462	504	524	562	560	579	489	597
Interest & Investment Income	37	34	52	78	99	166	141	86	60	424
Net Increase (Decrease) Fair Value									(3)	
Land Income	14	16	12	13	23	30	19	21	30	30
Settlement of Claims	17	22	47	28	21	42	34	44	37	49
Sales of Goods and Services	226	171	135	280	441	315	251	208	181	269
Other Revenues	23	9	17	10	4	5		4	2	11
Total Revenues	7,260	6,655	8,699	8,143	10,994	12,070	12,899	12,965	12,788	15,477
EXPENDITURES										
Transportation	3,503	3,484	3,524	3,595	3,696	3,954	4,278	3,643	4,738	5,165
Capital Outlay	5,209	5,198	6,052	6,700	6,444	7,292	8,881	9,356	8,184	9,423
Debt Service:										
Principal	482	390	393	423	523	595	636	612	627	693
Interest	590	567	613	665	688	671	674	546	546	532
Other Financing Fees	12	16	9	11	1	2	14	1	2	1
Total Expenditures	9,796	9,655	10,591	11,394	11,352	12,514	14,483	14,158	14,097	15,814
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,536)	(3,000)	(1,892)	(3,251)	(358)	(444)	(1,584)	(1,193)	(1,309)	(337)
OTHER FINANCING SOURCES (USES)										
Transfers In (Note 11)	2,315	3,746	2,006	2,250	2,509	2,750	2,401	2,538	2,847	2,782
Transfers Out (Note 11)	(1,476)	(1,219)	(627)	(851)	(1,035)	(1,209)	(966)	(955)	(887)	(902)
Long-Term Debt Issued**	645	2,160	615	1,475				326		
Insurance Recoveries										
Bond Issued for Refunding	1,787	1,711	1,165	859			3,112			
Premium/Discount on Bonds Issued	351	598	307	367			213			
Payment to Escrow on Refunding	(2,072)	(2,034)	(1,335)	(1,010)			(3,310)			
Increase in Obligations for Leases									16	49
Sale of Capital Assets	18	73	68	12	9	12	27	18	6	18
Upfront Payment - Service Concession Arrangement			26			1	1			
Appropriations Lapsed****	(12)	(1)		(4)	(1)	(2)	(2)			
Total Other Financing Sources (Uses)	1,556	5,034	2,225	3,098	1,482	1,552	1,477	1,927	1,982	1,947
Net Change in Fund Balances	(980)	2,034	333	(153)	1,124	1,108	(107)	734	673	1,610
Fund Balance, Beginning Fiscal Year	1,588	6,868	5,826	6,159	7,283	8,391	8,284	8,132	8,771	9,441
Restatements	3,246						(140)	(95)	(3)	(2,555)
Fund Balance, Ending Fiscal Year	3,854	8,902	6,159	6,006	8,407	9,499	8,037	8,771	9,441	8,496
Debt Service as a Percentage of Noncapital Expenditures***	23.4%	21.5%	22.2%	23.2%	24.7%	24.2%	23.4%	24.1%	19.8%	19.2%

* This table comprises the following funds: general, special revenue, debt service, and capital projects.

** In fiscal 2014-2015, Long-Term Debt Issued was reported under Bond & Note Proceeds line.

*** In fiscal 2014-2022, Debt Service as a Percentage of Noncapital Expenditures was updated with correct formula.

**** Appropriations Lapsed was reported in a separate line under Other Fianancing Sources (Uses) in fiscal 2014-2021. Starting fiscal 2022, it was comibined into Legislative Appropriations line under Revenue.

Texas Department of Transportation
Statistical Section - Revenue Capacity Information
Revenue Collections - Taxes - State and TxDOT
Last Ten Fical Years*

(Amounts in Millions, Except Gallons)

	Motor Fuels Tax**			Crude Oil Production Tax***			Natural Gas Production Tax ***			Sales & Use Tax****		Motor Vehicle Sales and Rental Tax****		
Fiscal Year	Gallons Sold	State Receipts	TxDOT Receipts	Gallons Produced	State Receipts	TxDOT Receipts	Gallons Produced	State Receipts	TxDOT Receipts	State Receipts	TxDOT Receipts	State Receipts	TxDOT Receipts	Total TxDOT Receipts
2014	17,020	3,316	2,422	893	3,872		7,715	1,900		27,386	43			2,465
2015	17,666	3,446	2,522	1,080	2,877	$ 1,253	7,938	1,280	$ 487	28,911	45			4,307
2016	18,047	3,514	2,581	1,034	1,704	879	7,593	579	255	28,246	45			3,760
2017	18,353	3,584	2,630	1,046	2,107	440	7,227	983		28,900	45			3,115
2018	18,895	3,675	2,694	1,269	3,392	591	7,993	1,431	144	31,937	982			4,410
2019	19,221	3,743	2,735	1,557	3,887	1,072	9,420	1,686	312	34,024	4,104			8,223
2020	18,114	3,525	2,611	1,616	3,229	1,258	9,838	925	407	34,099	2,538			6,814
2021	18,496	3,598	2,584	1,434	3,449	1,012	9,495	1,569	122	36,020	2,537	5,677	237	6,492
2022	19,450	3,784	2,792	1,547	6,362	1,094	11,675	4,470	363	42,972	2,538	6,398	489	7,276
2023	19,563	3,832	2,821	1,643	5,931	2,186	12,039	3,350	1,451	46,581	2,538	6,784	624	9,620

* Prior years numbers are subject to revisions due to updated information.

** Motor Fuels include the following:

Gasoline

Diesel Fuel

Liquefied Gas (repealed in 84th Legislative Session 2015)

Liquefied and Compressed Natural Gas (previously included in RO-3009)

*** Under Proposition 1 (Prop 1), voters approved a portion of oil and gas production taxes to State Highway Fund (SHF) in fiscal 2014. The SHF started receiving Prop 1 funds in fiscal 2015.

For natural gas production tax fiscal 2017 didn't reach constitutional required level of $599.78 million in the preceeding year.

On Nov.2, 2015 Texas voters approved Proposition 7 ballot measure that dedicates a portion of the revenue from the state sales and use tax and motor vehicle sales and rental tax to the state highway fund.

**** In fiscal 2018, TxDOT started receiving the Prop 7 funds deposit of the state sales and use tax revenue after the law was enacted.

In fiscal 2021, TxDOT started receiving the Prop 7 funds deposit of state motor vehicle sales and rental tax after the law was enacted.

Source: State of Texas Comptroller of Public Accounts

Texas Department of Transportation
Statistical Section - Revenue Capacity Information
Tax Rates
Last Ten Fiscal Years

Fiscal Year	Motor Fuel Tax Rate*	Motor Fuel Tax Rate**	Crude Oil Production Tax Rate	Natural Gas Production Tax Rate****	Sales and Use Tax Rate
2014	0.20%	0.15%	4.42%	3.96%	6.25%
2015	0.20%	0.15%	4.45%	4.19%	6.25%
2016	0.20%	0.15%	4.39%	4.22%	6.25%
2017	0.20%	0.15%	4.48%	4.43%	6.25%
2018	0.20%	0.15%	4.51%	4.73%	6.25%
2019	0.20%	0.15%	4.53%	4.68%	6.25%
2020	0.20%	0.15%	4.50%	4.49%	6.25%
2021	0.20%	0.15%	4.51%	4.88%	6.25%
2022	0.20%	0.15%	4.55%	5.46%	6.25%
2023	0.20%	0.15%	4.56%	5.65%	6.25%

* Tax rate for Gasoline and Diesel Fuel

** Tax rate for Liquefied Gas and Liquefied and Compressed Natural Gas

*** Prior years are subject to change to to updated information.

**** For Natural Gas Production Tax, the effective tax rates are included for the last ten years. The tax rate of 7.5 percent reported in the prior years was the regular tax rate.

Source: State of Texas Comptroller of Public Accounts

Texas Department of Transportation
Statistical Section - Revenue Capacity Information
Federal Revenue and Percentage
Last Ten Fical Years
(Amounts in Millions)

Fiscal Year	Federal Revenue	Increase /Decrease	Percentage Change
2014	3,419	545	19.0 %
2015	3,230	(189)	(5.5)%
2016	3,994	764	23.7 %
2017	3,840	(154)	(3.9)%
2018	3,891	51	1.3 %
2019	4,258	367	9.4 %
2020	5,286	1,028	24.1 %
2021	5,279	(7)	(0.1)%
2022	4,668	(611)	(11.6)%
2023	4,451	(217)	(4.6)%

Source: Fiscal 2014-2023 TxDOT financial statements

Texas Department of Transportation
Statistical Section - Revenue Capacity Information
Traffic and Toll Revenue - Toll Roads
Last Ten Fiscal Years

Fiscal Year	Annual Vehicle Transactions	Annual Toll Revenue, Net	Increase/ Decrease	Toll Revenue Percentage Change	Toll Rate per Transaction
2014	118,545,176	135,923,412	31,934,965	30.7%	1.15
2015	146,208,519	179,478,287	43,554,875	32.0%	1.23
2016	210,526,490	248,219,447	68,741,160	38.3%	1.18
2017	284,881,295	329,920,341	81,700,895	32.9%	1.16
2018	323,480,170	366,457,043	36,536,702	11.1%	1.13
2019	345,998,872	420,219,279	53,762,236	14.7%	1.21
2020	302,596,110	371,837,606	(48,381,673)	11.5%	1.23
2021	334,396,423	352,982,166	(18,855,440)	5.1%	1.06
2022	404,370,703	464,274,592	111,292,426	31.5%	1.15
2023	470,099,469	606,011,778	141,737,186	30.5%	1.29

Note: The above numbers are for Central Texas Turnpike System for fiscal 2014-2023; Grand Parkway Transportation Corporation for fiscal 2015-2023 and SH249 for fiscal 2022-2023.

* Prior years are subject to change according to updated information.

Source: TxDOT's Toll Operations Division

Texas Department of Transportation
Statistical Section - Revenue Capacity Information
Annual Letting Volumes by District
Last Ten Fical Years*

DISTRICT	FISCAL YEAR 2014	FISCAL YEAR[1] 2015	FISCAL YEAR 2016	FISCAL YEAR 2017
ABILENE	$ 106,522,782	$ 108,542,278	$ 63,022,751	$ 160,694,978
AMARILLO	112,125,883	180,082,612	113,077,003	85,504,649
ATLANTA	68,882,978	102,656,595	67,401,036	78,761,239
AUSTIN	321,068,094	281,604,619	1,037,780,333	410,839,685
BEAUMONT	161,393,468	132,755,139	79,188,722	811,913,626
BROWNWOOD	25,859,702	43,967,715	45,518,521	106,263,399
BRYAN	112,194,161	95,286,488	110,318,647	314,391,616
CHILDRESS	39,650,368	59,723,259	44,906,172	25,128,631
CORPUS CHRISTI	139,657,926	241,003,784	923,737,024	177,319,402
DALLAS	538,272,397	1,548,178,713	869,174,773	563,614,607
EL PASO	657,291,999	334,406,823	124,610,130	138,623,839
FORT WORTH	478,161,288	568,170,955	459,772,358	219,767,645
HOUSTON	1,098,906,155	507,244,194	1,544,975,058	1,520,167,642
LAREDO	156,333,732	137,284,472	125,151,298	122,323,805
LUBBOCK	84,718,883	132,400,466	130,982,967	83,260,049
LUFKIN	71,728,321	108,186,392	83,056,285	73,646,105
ODESSA	82,552,646	188,616,440	99,214,695	119,019,718
PARIS	96,457,521	79,274,744	183,043,189	58,711,365
PHARR	86,459,668	197,639,059	156,582,481	92,326,698
SAN ANGELO	80,490,825	104,449,932	67,214,150	52,722,927
SAN ANTONIO	381,847,084	409,561,983	432,866,661	546,179,444
TYLER	137,140,527	160,828,406	185,811,919	86,065,596
WACO	111,558,808	158,705,474	175,111,451	132,452,722
WICHITA FALLS	37,424,240	84,461,782	54,509,318	51,117,326
YOAKUM	85,963,118	115,938,993	151,439,693	191,951,570
DESIGN	-	1,250,000	16,975,000	1,830,200
TRAFFIC	2,350,000	1,540,000	1,062,711	1,300,000
PUBLIC TRANSPORTATION	-	-	-	-
RAILROAD	275,000	-	-	-
TTA	-	-	-	-
MAINTENANCE LET[3]	470,579,800	518,447,635	477,959,088	481,377,738
DISTRICT AND DIVISION TOTAL	**5,745,867,374**	**6,602,208,952**	**7,824,463,434**	**6,707,276,221**
Number of Construction Projects	810	904	785	839
Number of Maintenance Projects[3]	874	832	858	861
Number of Other Obligations[4]	135	117	244	150
Number of Contracts Total	1,819	1,853	1,887	1,850
Let Type	**2014**	**2015**	**2016**	**2017**
Statewide Let	**$ 3,859,681,217**	**$ 4,330,894,567**	**$ 4,338,709,485**	**$ 4,774,832,199**
Local Let	**249,034,729**	**180,019,151**	**517,884,249**	**400,926,247**
Design Build	**822,570,802**	**1,306,021,554**	**1,436,262,146**	**903,238,376**
CDA	**129,997,000**	**-**	**690,741,000**	**-**
Maintenance Let[4]	**470,579,800**	**518,447,635**	**477,959,088**	**481,377,738**
Let Total	**$ 5,531,863,548**	**$ 6,335,382,907**	**$ 7,461,555,968**	**$ 6,560,374,560**
Other Obligations[5]	**$ 214,003,826**	**$ 266,826,045**	**$ 362,907,466**	**$ 146,901,661**
Project Award Total	**$ 5,745,867,374**	**$ 6,602,208,952**	**$ 7,824,463,434**	**$ 6,707,276,221**

[1] FY 2015 - Rail Safety section was combined with Traffic Division therefore, is reported under TRAFFIC
[2] FY 2018 - Rail Safety section moved back to Rail Division therefore, is reported under RAILROAD
[3] FY 2023 - Only includes September Actuals and are subject to change
[4] Maintenance Let consists of Statewide and Local Let projects for Bridge Preventative Maintenance (BPM), Maintenance Materical Contract (MMC), Traffic Material Contract (TMC), and Routine Maintenance
[5] Other obligations consist of non-let projects such as studies, travel demand models, ride share services, motor assitance programs, corridor analysis and transfers.

FISCAL YEAR[2] 2018	FISCAL YEAR 2019	FISCAL YEAR 2020	FISCAL YEAR 2021	FISCAL YEAR 2022	FISCAL YEAR[3] 2023
$ 121,489,936	$ 138,752,586	$ 144,074,370	$ 123,643,364	$ 237,726,693	$ 188,901,157
167,998,768	326,856,692	204,371,373	213,919,235	145,226,957	300,734,261
63,437,280	126,304,008	170,155,373	70,643,650	178,168,602	201,650,584
318,377,463	472,483,840	997,397,361	893,300,720	1,440,892,774	429,380,199
282,016,642	238,375,665	162,053,159	101,878,898	456,575,618	309,994,744
57,576,129	24,213,410	57,644,093	45,693,617	99,968,843	123,116,728
299,014,628	136,485,055	98,875,493	141,724,000	305,979,923	183,550,939
47,350,919	67,463,141	38,760,487	38,360,959	45,505,278	99,306,084
339,242,546	218,098,189	248,856,158	237,992,348	324,119,223	309,481,813
1,076,474,888	2,173,382,812	780,538,851	756,477,282	1,376,716,230	1,600,828,525
89,370,296	410,371,976	194,520,644	204,576,622	367,121,507	178,967,508
511,375,835	217,377,942	457,126,662	277,764,189	1,822,480,655	956,395,101
1,326,292,989	872,594,973	1,103,389,793	887,352,440	752,666,980	1,431,240,489
94,340,385	189,067,677	236,885,894	99,242,318	100,281,790	510,179,093
148,462,396	217,391,300	73,951,325	276,251,503	118,936,013	168,693,455
150,835,380	209,465,552	200,686,780	117,990,743	335,102,924	234,621,898
228,458,403	272,348,526	489,711,579	321,312,908	372,409,921	539,630,227
168,628,554	135,161,476	265,251,412	92,298,548	63,280,073	517,399,761
125,643,088	490,905,702	259,422,832	73,197,181	490,426,061	187,526,520
138,477,148	110,787,903	86,134,327	159,854,800	108,383,301	206,203,867
737,033,427	756,550,409	353,450,868	2,274,590,257	852,264,254	1,386,578,964
144,538,938	153,571,745	129,621,594	127,032,521	203,016,978	359,084,846
135,861,973	623,660,310	193,877,919	169,291,080	131,008,776	217,654,932
66,452,718	110,712,427	59,282,205	354,919,346	52,053,150	144,075,737
454,212,902	188,731,734	486,785,296	187,533,919	131,572,785	683,430,282
-	12,586,122	-	-	-	-
18,270,663	2,821,940	13,700,000	8,195,129	-	7,000,000
-	-	-	-	13,151,311	-
4,200,000	9,300,000	5,143,534	1,125,719	1,100,000	2,221,392
-	-	-	-	-	-
425,832,268	573,483,420	698,965,612	589,191,551	836,976,701	909,781,354
7,741,266,562	**9,479,306,532**	**8,210,634,994**	**8,845,354,849**	**11,363,113,319**	**12,387,630,460**
898	929	808	832	778	1,029
734	856	1,223	1,306	1,482	1,358
206	498	188	90	109	112
1,838	2,283	2,219	2,228	2,369	2,499
2018	**2019**	**2020**	**2021**	**2022**	**2023**
$ 5,692,985,382	**$ 6,396,672,170**	**$ 6,028,262,450**	**$ 5,858,542,884**	**$ 7,526,422,601**	**$ 9,689,638,812**
256,884,390	**170,048,387**	**366,564,034**	**208,356,007**	**572,542,419**	**363,723,527**
1,126,984,110	**2,029,495,810**	**677,420,161**	**1,513,539,839**	**2,231,022,526**	**1,151,271,000**
-	**-**	**-**	**-**	**-**	**-**
425,832,268	**573,483,420**	**698,965,612**	**589,191,551**	**836,976,701**	**909,781,354**
$ 7,502,686,150	**$ 9,169,699,787**	**$ 7,771,212,257**	**$ 8,169,630,281**	**$ 11,166,964,247**	**$ 12,114,414,693**
$ 238,580,412	**$ 309,606,745**	**$ 439,422,737**	**$ 675,724,568**	**$ 196,149,071**	**$ 273,215,769**
$ 7,741,266,562	**$ 9,479,306,532**	**$ 8,210,634,994**	**$ 8,845,354,849**	**$ 11,363,113,319**	**$ 12,387,630,462**

Texas Department of Transportation

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years*

(Amounts in Millions Except Percentage Data and Per Capita)

	Government Activities				Business-Type Activities							
Fiscal Year	General Obligation Bonds	Revenue Bonds	Notes and Loans	Right-to-Use Obligations	Revenue Bonds	Notes and Loans	Right-to-Use Obligations	Total Primary Government	Personal Income	Percentage of Personal Income	Population	Per Capita**
2014	$ 7,868	4,538	$ 1,210		$ 3,875	$ 1,877		$ 19,368	$ 1,250,991	1.5%	26.9	$ 720
2015	10,188	4,396	1,183		5,133	758		21,658	1,301,781	1.7%	27.3	793
2016	10,795	4,223	1,094		5,166	746		22,024	1,290,767	1.7%	27.8	792
2017	11,247	4,733	1,308		5,089	863		23,240	1,361,230	1.7%	28.2	824
2018	10,971	4,470	1,256		6,107	1,552		24,356	1,461,051	1.7%	28.5	855
2019	10,683	4,202	1,119		6,387	1,575		23,966	1,530,578	1.6%	28.8	832
2020	10,354	3,941	1,035		7,514	637		23,481	1,607,790	1.5%	29.2	804
2021	10,048	3,650	1,260		7,505	626		23,089	1,720,755	1.3%	29.5	783
2022	9,707	3,353	1,189	29	7,484	616		22,378	1,808,888	1.2%	29.8	750
2023	9,354	3,052	1,057	75	7,423	614	109	21,684	1,950,765	1.1%	30.5	711

* Prior years are subject to revisions.

**Calculation based on resident population figures from U.S. Bureau of the Census and Texas Comptroller of Public Accounts.

Source: Fiscal 2014 - 2023 TxDOT financial statements

Texas Department of Transportation
Statistical Section - Debt Capacity Information
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years*

(Amounts in Millions Except Percentage Data and General Bonded Debt Per Capita)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Bonded Debt (General Obligation Bonds Only)	$ 7,868	$ 10,188	$ 10,795	$ 11,247	$ 10,971	$ 10,683	$ 10,354	$ 10,048	$ 9,707	$ 9,354
Percentage Bonded Debt Change From Prior Year	(3.1%)	29.5%	6.0%	4.2%	(2.5%)	(2.6%)	(3.1%)	(3.0%)	(3.4%)	(3.6%)
Tax Collections**	$ 51,413	$ 51,096	$ 47,971	$ 50,194	$ 55,963	$ 59,785	$ 57,324	$ 61,347	$ 77,289	$ 84,628
Percentage Bonded Debt to Tax Collections	15.3%	19.9%	22.5%	22.4%	19.6%	17.9%	18.1%	16.4%	12.6%	11.1%
Resident Population	26.9	27.3	27.8	28.2	28.5	28.8	29.2	29.5	29.8	30.5
General Bonded Debt Per Capita	$ 292.49	$ 373.19	$ 388.31	$ 398.83	$ 384.95	$ 370.95	$ 354.59	$ 340.61	$ 325.74	$ 306.69

* Historical data may reflect a variety of changes in methodology, inflation factors, price indicators and revisions to interim census figures made by the U.S. Bureau of Economic.

** Fiscal 2023 Tax Collections is an estimate.

Source: Bonded debt and tax collection amounts are from the fiscal 2014 - 2023 TxDOT financial statements. Resident population figures are from the U.S. Department of Commerce, Bureau of Census and Bureau of Economic Analysis.

Texas Department of Transportation
Statistical Section - Debt Capacity Information
Pledged Revenue Bond Coverage
Last Ten Fiscal Years
(Amounts in Millions Except Ratio Data)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
GOVERNMENTAL ACTIVITIES										
State Highway Fund Revenue Bonds										
Pledged Revenue Amount	$ 7,441	$ 7,427	$ 8,267	$ 8,450	$ 8,407	$ 8,973	$ 9,362	$ 9,888	$ 9,126	$ 9,003
Operating Expenditures	7,242	7,791	8,553	9,563	9,334	10,587	12,938	12,533	12,496	14,162
Net Available Revenue	$ 199	$ (364)	$ (286)	$ (1,113)	$ (927)	$ (1,614)	$ (3,576)	$ (2,645)	$ (3,370)	$ (5,159)
Debt Service - ***										
Principal	$ 126	$ 132	$ 139	$ 145	$ 216	$ 226	$ 236	$ 248	$ 261	$ 271
Interest	189	198	176	195	206	186	189	163	153	147
Total Debt Service	$ 315	$ 331	$ 315	$ 340	$ 422	$ 412	$ 425	$ 411	$ 414	$ 418
Coverage Ratio	0.6	(1.1)	(0.9)	(3.3)	(2.2)	(3.9)	(8.4)	(6.4)	(8.1)	(12.3)
BUSINESS-TYPE ACTIVITIES										
Central Texas Turnpike System										
Pledged Revenue Amount	$ 150	$ 169	$ 179	$ 208	$ 224	$ 266	$ 229	$ 188	$ 264	$ 366
Operating Expenditures	107	110	101	106	111	110	133	176	230	234
Net Available Revenue	$ 43	$ 59	$ 78	$ 102	$ 113	$ 156	$ 96	$ 12	$ 34	$ 132
Debt Service -										
Principal	10	8	2	8	14	20	27	36	45	64
Interest	66	92	107	107	107	107	101	94	94	99
Total Debt Service	$ 76	$ 100	$ 109	$ 115	$ 121	$ 127	$ 128	$ 130	$ 139	$ 163
Coverage Ratio	0.6	0.6	0.7	0.9	0.9	1.2	0.8	0.1	0.2	0.8
Grand Parkway Transportation Corporation*										
Pledged Revenue Amount	N/A	N/A	86	$ 162	$ 186	$ 229	$ 201	$ 195	$ 253	$ 346
Operating Expenditures	N/A	N/A	77	94	101	108	112	116	160	90
Net Available Revenue	N/A	N/A	9	$ 68	$ 85	$ 121	$ 89	$ 78	$ 93	$ 256
Debt Service -										
Principal	N/A	N/A	-	$	$	$	$	$ 14	$ 18	$ 19
Interest	N/A	N/A	111	105	90	152	131	183	175	168
Total Debt Service	N/A	N/A	111	$ 105	$ 90	$ 152	$ 131	$ 197	$ 193	$ 187
Coverage Ratio	N/A	N/A	0	0.6	0.9	0.8	0.7	0.4	0.5	1.4
SH249 System**										
Pledged Revenue Amount	N/A	N/A	N/A	N/A	N/A	2	$ 1	$ 6	$ 16	$ 23
Operating Expenditures	N/A	N/A	N/A	N/A	N/A				-	
Net Available Revenue	N/A	N/A	N/A	N/A	N/A	2	$ 1	$ 6	$ 16	$ 23
Debt Service -										
Principal	N/A	N/A	N/A	N/A	N/A	-	$	$	$	$
Interest	N/A	N/A	N/A	N/A	N/A	3	8	8	8	8
Total Debt Service	N/A	N/A	N/A	N/A	N/A	3	$ 8	$ 8	$ 8	$ 8
Coverage Ratio	N/A	N/A	N/A	N/A	N/A	1	0.2	0.8	2.0	2.9

* Grand Parkway Transportation Corporation published its first annual financial report in fiscal 2016.

** SH249 issued bonds in fiscal 2019.

*** State Highway Fund Revenue Bonds Debt Service amount updated for 2020-2023 to include Prop 14 payments only.

Source: Fiscal 2014 - 2023 TxDOT financial statements

Texas Department of Transportation
Statistical Section - Demographic and Economic Information
Texas and U.S. Population, Total Personal Income and Per Capital Income
Last Ten Calendar Years*

	Population (Thousands)				Total Personal Income (Millions)				Per Capita Income			
Year	Texas	Percent Changes	U.S.	Percent Changes	Texas	Percent Changes	U.S.	Percent Changes	Texas	Percent Changes	U.S.	Percent Changes
2014	26,978	1.8%	319,597	0.7%	$ 1,274,637	7.6%	$ 14,976,575	5.5%	47,247	5.7%	$ 46,861	4.8%
2015	27,458	1.8%	322,036	0.8%	1,300,510	2.0%	15,685,228	4.7%	47,364	0.2%	$ 48,706	3.9%
2016	27,882	1.5%	324,500	0.8%	1,296,481	(0.3)%	16,096,892	2.6%	46,499	(1.8)%	$ 49,605	1.8%
2017	28,242	1.3%	326,747	0.7%	1,387,923	7.1%	16,839,839	4.6%	49,144	5.7%	$ 51,538	3.9%
2018	28,570	1.2%	328,736	0.6%	1,482,714	6.8%	17,683,796	5.0%	51,898	5.6%	$ 53,793	4.4%
2019	28,919	1.2%	330,548	0.6%	1,560,504	5.2%	18,586,993	5.1%	53,961	4.0%	$ 56,231	4.5%
2020	29,264	1.2%	331,868	0.4%	1,624,526	4.1%	19,832,307	6.7%	55,513	2.9%	$ 59,760	6.3%
2021	29,610	1.2%	332,469	0.2%	1,767,682	8.8%	21,294,815	7.4%	59,699	7.5%	$ 64,051	7.2%
2022	30,092	1.6%	333,801	0.4%	1,858,387	5.1%	21,777,215	2.3%	61,757	3.4%	$ 65,240	1.9%
2023**	30,599	1.7%	335,501	0.5%	1,977,011	6.4%	22,881,435	5.1%	64,610	4.6%	$ 68,201	4.5%

*The schedule includes the last ten calendar years. Prior years numbers are subject to revisions.

** Numbers for 2023 include some estimates for the latter part of the year.

Source: U.S. Bureau of Economic Analysis, U.S. Bureau of the Census, and Texas Comptroller of Public Accounts

Texas Department of Transportation
Statistical Section - Demographic and Economic Information
Texas and U.S. Employment and Unemployment Rates
Last Ten Calendar Years*

	Nonfarm Employment (Thousands)				Unemployment Percentage Rate	
Year	Texas	Percent Changes	U.S.	Percent Changes	Texas	U.S.
2014	11,596	3.1%	138,920	1.9%	5.2%	6.2%
2015	11,868	2.3%	141,801	2.1%	4.5%	5.3%
2016	12,017	1.3%	144,332	1.8%	4.6%	4.9%
2017	12,232	1.8%	146,611	1.6%	4.4%	4.4%
2018	12,522	2.4%	148,897	1.6%	3.9%	3.9%
2019	12,814	2.3%	150,891	1.3%	3.5%	3.7%
2020	12,272	(4.2)%	142,153	(5.8)%	7.7%	8.1%
2021	12,721	3.7%	146,281	2.9%	5.7%	5.4%
2022	13,463	5.8%	152,625	4.3%	4.3%	3.6%
2023**	13,929	3.5%	156,114	2.3%	4.3%	3.6%

*The schedule includes the last ten calendar years. Prior years numbers are subject to revisions.

**Numbers for 2023 include some estimates for the latter part of the year.

Source: Texas Workforce Commission, Texas Comptroller of Public Accounts and U.S. Bureau of Labor Statistics.

Texas Department of Transportation
Statistical Section - Demographic and Economic Information
Texas Nonfarm Employment Detail: Number of Jobs
Last Ten Calendar Years*

(Amounts in Thousands)

EMPLOYMENT BY INDUSTRY	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023**
GOODS-PRODUCING										
Natural Resources and Mining	311	273	213	222	246	249	192	181	201	218
Construction	652	684	700	712	740	775	737	737	780	805
Manufacturing										
Durables	591	579	543	543	565	584	552	553	588	606
Nondurables	297	300	305	310	317	324	318	324	340	346
Total, Goods-Producing	1,851	1,836	1,761	1,787	1,868	1,932	1,799	1,795	1,909	1,975
SERVICE-PROVIDING										
Trade, Transportation, and Utilities										
Wholesale Trade	555	566	561	569	587	600	580	593	638	670
Retail Trade	1,253	1,293	1,318	1,322	1,323	1,315	1,273	1,333	1,379	1,400
Transportation and Warehousing	435	460	473	493	511	534	553	584	640	650
Utilities	49	49	50	50	51	52	52	53	57	58
Information	202	201	203	204	206	211	200	208	230	243
Financial Activities										
Finance and Insurance	504	518	532	547	557	573	585	608	636	656
Real Estate and Rental and Leasing	197	201	205	214	222	229	219	226	244	255
Professional and Business Services										
Professional, Scientific and Technical	685	716	733	750	784	825	832	896	993	1,054
Management, Administrative and Support	879	901	917	938	965	981	937	1,010	1,080	1,085
Educational and Health Services										
Educational Services, Private	180	188	195	202	208	216	208	220	237	241
Health Care and Social Assistance	1,341	1,389	1,430	1,464	1,491	1,526	1,491	1,517	1,566	1,653
Leisure and Hospitality	1,188	1,242	1,290	1,320	1,357	1,396	1,179	1,297	1,411	1,466
Other Services	413	420	424	427	436	446	398	418	448	475
Government										
Federal Civilian	193	194	198	200	201	204	215	212	213	219
State and Local	1,671	1,694	1,727	1,745	1,755	1,774	1,751	1,751	1,782	1,829
Total, Service-Providing	9,745	10,032	10,256	10,445	10,654	10,882	10,473	10,926	11,554	11,954
Total Nonfarm Employment	11,596	11,868	12,017	12,232	12,522	12,814	12,272	12,721	13,463	13,929

*Data in the table are annual averages. Prior years are subject to annual benchmark revisions.

**Numbers for 2023 include some estimates for the latter part of the year.

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. This table provides alternative information regarding the source of the state's major tax revenue.

Source: ISH Markit, Texas Workforce Commission, and Texas Comptroller of Public Accounts

Texas Department of Transportation
Statistical Section - Operating Information
Full-Time Equivalent Employees (FTE)
Last Ten Fiscal Years

	2014	2015	2016	2017	2018
FTE Cap*	12,087	12,087	11,900	11,900	12,214
FTE	11,647	11,574	11,795	11,369	11,597
Contractor	68	72	77	36	20
Total Usage	11,715	11,646	11,872	11,405	11,617
Over/Under	(372)	(441)	(28)	(495)	(597)

	2019	2020	2021	2022	2023
FTE Cap	12,214	12,527	12,527	12,808	12,808
FTE	11,886	12,097	12,164	12,228	12,580
Contractor	19	17	20	16	18
Total Usage	11,905	12,114	12,184	12,244	12,598
Over/Under	(309)	(413)	(343)	(564)	(210)

* Incorporates Article IX, §18.92, of this Act, due to the enactment of SB 1420, 82nd Legislature, Regular Session, relating to the transfer of powers, duties, functions, programs, and activities of the Department of Transportation relating to oversize and overweight vehicles of the Department of Motor Vehicles, resulting in the transfer of $7,010,653 in fiscal 2013 in State Highway Funds and 116.0 FTEs in fiscal 2013 to the Department of Motor Vehicles from the Department of Transportation.

Notes:

1. Full-Time Equivalents (FTE) Cap was obtained from the General Appropriations Act (GAA) for each biennium.
2. Usage was determined based on Texas State Auditor's Office (SAO) reports.
3. Summer Hire FTEs are not included in usage totals.
4. Over/Under is the difference between total usage and FTE Cap.
5. Rounding issues in FY 2021 publication for years 2017 - 2020 (Over/Under), has been corrected.
6. This report calculates the FTE count by taking the average of all four quarters of the current fiscal year, based on the SAO query using actual hours.

Texas Department of Transportation
Statistical Section - Operating Information
Capital Assets Indicators
Schedule of Assessed Conditions
Last Ten Fiscal Years

	2014	2015	2016	2017	2018
Interstate Condition	77.8%	76.6%	78.6%	80.8%	80.3%
Non-Interstate Condition	76.0%	75.3%	77.5%	77.8%	77.8%
Central Texas Turnpike System	83.4%	79.0%	76.9%	81.9%	79.7%
Grand Parkway Transportation Corporation	N/A%	N/A%	N/A%	89.9%	88.5%

	2019	2020*	2021**	2022***	2023****
Interstate Condition	80.9%	80.0%	82.7%	77.8%	79.7%
Non-Interstate Condition	79.6%	78.1%	79.5%	77.8%	79.6%
Central Texas Turnpike System	84.9%	N/A%	N/A%	N/A%	N/A%
Grand Parkway Transportation Corporation	87.7%	89.9%	88.7%	90.0%	90.6%

Notes:

1. Starting in FY 2020 districts are now inspected every other year. Even-numbered districts are inspected during even-numbered fiscal years and odd-numbered districts are inspected during odd-numbered fiscal years.
2. Toll roads are only inspected by district request. The toll road inspections may or may not be entered into TxMAP.
3. Texas Maintenance Assessment Program (TxMAP) doesn't assess GPTC separately. The information is for inspected on-system roadways.
4. The GPTC system is annually inspected by the HTNB Corporation using the TxMAP methodology to satisfy the Trust Indenture requirements.

*Covid 19 significantly restricted the TxMAP inspections in FY2020. Only 6 districts (ABL, AUS, DAL, FTW, ODA, TYL) were inspected and no toll roads were inspected, including Central Texas Turnpike System (CTTS).

**Five districts were inspected in FY2021 due to Covid-19 restrictions and new TxMAP policies (PAR, SJT, WAC, AUS, BRY).

***Twelve districts were inspected in FY2022 due to current TxMAP policies (ABL,AMA,AUS,BMT,CRP,DAL,ELP,FTW,HOU,LRD,ODA,TYL).

****Thirteen districts were inspected in FY2023 due to current TxMAP policies (ATL,BRY,BWD,CHS,LBB,LFK,PAR,PHR,SAT,SJT,WAC,WFS,YKM)

Source: Assessed conditions provided by TxDOT's Maintenance Division

Texas Department of Transportation
Statistical Section - Operating Information
Capital Assets Indicators
Schedule of State-Owned Centerline Miles
Last Ten Calendar Years*

	2014	2015**	2016**	2017***	2018
Interstate highways	3,415	3,417	3,417	3,436	3,459
U.S.highways	11,900	11,905	11,905	11,887	11,851
State highways	16,396	16,390	16,390	16,426	16,390
Farm or Ranch to Market roads	40,931	40,910	40,910	40,910	40,849
Frontage roads	7,336	7,453	7,453	7,476	7,546
Park roads	345	348	348	348	349
Total Miles	80,323	80,423	80,423	80,483	80,444

	2019	2020	2021	2022	2023
Interstate highways	3,459	3,459	3,463	3,466	3,476
U.S.highways	11,852	11,852	11,860	11,852	11,842
State highways	16,380	16,404	16,420	16,443	16,491
Farm or Ranch to Market roads	40,846	40,854	40,857	40,865	40,870
Frontage roads	7,570	7,685	7,769	7,927	7,968
Park roads	349	352	351	352	350
Total Miles	80,456	80,606	80,720	80,905	80,997

* The information are for roadways under TxDOT's jursidiction.

** Total public roadway mileage was held constant from calendar year 2015 to 2016 due to the transition to a new roadway inventory database system (GRID). This transition continued in calendar year 2016, when mileage updates were limited to select on-system routes.

*** In calendar year 2017, the transition from the legacy system to GRID was completed. Mileage and traffic data were reported for the first time using GRID, and the routine work of roadway edits and additions was resumed.

Source: Centerline miles provided by TxDOT's Transportation Planning and Program Division

Texas Department of Transportation
Statistical Section - Operating Information
Capital Assets Indicators
Schedule of Rated Lane Miles Conditions
Last Ten Fiscal Years

	2014	2015	2016	2017	2018
Total Lane Miles	197,142	197,757	197,549	197,295	197,438
Rated Lane Miles	190,798	191,049	192,990	196,438	196,120
Good or Better Lane Miles	166,351	166,055	168,521	169,522	172,442
% Good or Better Lane Miles	87.2%	86.9%	87.3%	86.3%	87.9%
% Change from Prior Year	(1.2%)	(0.2%)	1.5%	0.6%	1.7%

	2019	2020	2021	2022	2023
Total Lane Miles	197,558	198,700	201,225	201,928	201,793
Rated Lane Miles	195,287	197,188	200,030	200,763	200,583
Good or Better Lane Miles	171,804	175,094	178,643	179,670	179,903
% Good or Better Lane Miles	88.0%	88.8%	89.3%	89.5%	89.7%
% Change from Prior Year	(0.4%)	1.9%	2.0%	0.6%	0.1%

Source: TxDOT's Transportation Planning and Program Division

This page is intentionally blank

SECTION FOUR

OTHER INFORMATION

This page is intentionally blank

Section Four

Other Information

Schedule 1A - Schedule of Expenditures of Federal Awards (Unaudited)

Schedule 1B - Schedule of State Grant Pass-Throughs from/ to State Agencies (Unaudited)

Schedule 2 - Bond Schedules

- **Schedule 2A - Miscellaneous Bond Information**
- **Schedule 2B - Changes in Bonded Indebtedness**
- **Schedule 2C - Debt Service Requirements**
- **Schedule 2D - Analysis of Funds Available for Debt Service**
- **Schedule 2E - Defeased Outstanding Bonds**

Schedule 3 - Matrix of Expenditures Reported by Function- Governmental Funds (Unaudited)

Note: All schedules are presented unrounded (in dollars and cents).

TEXAS DEPARTMENT OF TRANSPORTATION
SCHEDULE 1A-SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended August 31, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal ALN	Pass-Through From Agency Number	Pass-Through From State Entities	Pass-Through From Other Entities	Direct Program Amount
Federal Aviation Administration (FAA):					
Direct Program:					
Airport Improvement Program	20.106				48,107,062.00
COVID-19 - Airport Improvement Program	20.106				2,479,410.05
Pass-Through Funds to Other Entities:					
Airport Improvement Program	20.106				2,057,745.54
COVID-19 - Airport Improvement Program	20.106				1,267,703.85
Total FAA:			0.00	0.00	53,911,921.44
Federal Highway Administration (FHWA):					
Direct Program:					
Highway Research and Development Program	20.200				3,660,703.79
Highway Planning and Construction	20.205				3,770,785,160.94
Highway Training and Education	20.215				150,000.00
COVID-19 - Highway Planning and Construction	20.205				229,152,259.70
Federal Lands Access Program	20.224				
Pass-Through Funds:					
Highway Planning and Construction					
Texas Southern University	20.205	717			128,734.15
University of Texas at San Antonio	20.205	743			99,245.50
University of North Texas	20.205	752			81,922.50
Texas State University	20.205	754			43,119.15
University of Houston	20.205	784			41,736.93
Pass-Through to Other Entities:					
Highway Research and Development Program	20.200				205,748.44
Highway Planning and Construction	20.205				154,516,386.30
COVID-19 - Highway Planning and Construction	20.205				731,988.02
Total FHWA:			0.00	0.00	4,159,597,005.42
Federal Railroad Administration (FRA):					
Direct Program:					
Railroad Safety	20.301				34,221.63
Railroad Development	20.314				
Capital Assistance to States - Intercity Passenger Rail Service	20.317				19,212.86
Total FRA:			0.00	0.00	53,434.49
Federal Transit Administration (FTA):					
Direct Program:					
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505				770,438.69
Formula Grants for Rural Areas and Tribal Transit Program	20.509				3,191,043.17
Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program	20.528				405,579.24
Pass-Through Funds to Other Entities:					
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505				1,125,353.70
Formula Grants for Rural Areas and Tribal Transit Program	20.509				61,363,713.34
Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program	20.528				3,288,817.02
COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program	20.509				7,185,733.80
Total FTA:			0.00	0.00	77,330,678.96
National Highway Traffic Safety Admin. (NHTSA):					
Direct Program:					
NHTSA Discretionary Safety Grants	20.614				302,673.94
Pass-Through Funds to Other Entities:					
NHTSA Discretionary Safety Grants	20.614				
Total NHTSA:			0.00	0.00	302,673.94

Through From and Direct Program	Pass-Through To Agency Number	State Entities	Other Entities	Expenditures	Through To and Expenditures Amount
48,107,062.00				48,107,062.00	48,107,062.00
2,479,410.05				2,479,410.05	2,479,410.05
2,057,745.54			2,057,745.54		2,057,745.54
1,267,703.85			1,267,703.85		1,267,703.85
53,911,921.44		0.00	3,325,449.39	50,586,472.05	53,911,921.44
3,660,703.79				3,660,703.79	3,660,703.79
3,770,785,160.94				3,770,785,160.94	3,770,785,160.94
150,000.00				150,000.00	150,000.00
229,152,259.70				229,152,259.70	229,152,259.70
128,734.15	717	128,734.15			128,734.15
99,245.50	743	99,245.50			99,245.50
81,922.50	752	81,922.50			81,922.50
43,119.15	754	43,119.15			43,119.15
41,736.93	784	41,736.93			41,736.93
205,748.44				205,748.44	205,748.44
154,516,386.30				154,516,386.30	154,516,386.30
731,988.02			731,988.02		731,988.02
4,159,597,005.42		394,758.23	731,988.02	4,158,470,259.17	4,159,597,005.42
34,221.63				34,221.63	34,221.63
19,212.86				19,212.86	19,212.86
53,434.49		0.00	0.00	53,434.49	53,434.49
770,438.69				770,438.69	770,438.69
3,191,043.17				3,191,043.17	3,191,043.17
405,579.24				405,579.24	405,579.24
1,125,353.70			1,125,353.70		1,125,353.70
61,363,713.34			61,363,713.34		61,363,713.34
3,288,817.02			3,288,817.02		3,288,817.02
7,185,733.80			7,185,733.80		7,185,733.80
77,330,678.96		0.00	72,963,617.86	4,367,061.10	77,330,678.96
302,673.94				302,673.94	302,673.94
302,673.94		0.00	0.00	302,673.94	302,673.94

TEXAS DEPARTMENT OF TRANSPORTATION
SCHEDULE 1A-SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

Year Ended August 31, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal ALN Number	Pass-Through From Agency Number	Pass-Through From State Entities	Pass-Through From Other Entities	Direct Program Amount
Office of the Secretary (OST) Administration Secretariat:					
Direct Program:					
National Infrastructure Investments	20.933				23,638,751.39
Pass-Through Funds to Other Entities:					
National Infrastructure Investments	20.933				
Total OST:			0.00	0.00	23,638,751.39
General Services Administration (GSA):					
Pass-Through Funds:					
Donation of Federal Surplus Personal Property-NonMonetary Pass-Through from Texas Facilities Commission	39.003	303	5,290.94		
Total GSA:			5,290.94	0.00	0.00
Environmental Protection Agency (EPA):					
Direct Program:					
Diesel Emission Reduction Act (DERA) National Grants	66.039				
Diesel Emission Reduction Act (DERA) State Grants	66.040				
Total EPA:			0.00	0.00	0.00
Department of Homeland Security (DHS):					
Pass-Through Funds:					
Disaster Grants - Public Assistance					
Pass-Through from Texas Division of Emergency Management	97.036	575			
Total DHS:			0.00	0.00	0.00
FMCSA Cluster:					
Federal Highway Administration (FHWA):					
Pass-Through Funds:					
Motor Carrier Safety Assistance Program					
Texas A&M Engineering Experiment Station	20.218	712			1,074,560.11
Total FHWA:			0.00	0.00	1,074,560.11
Federal Transit Cluster:					
Federal Transit Administration (FTA):					
Direct Program:					
Bus and Bus Facilities Formula Program	20.526				41,710.86
Pass-Through Funds to Other Entities:					
Bus and Bus Facilities Formula Program	20.526				11,177,098.02
			0.00	0.00	11,218,808.88

Through From and Direct Program	Pass-Through To Agency Number	State Entities	Other Entities	Expenditures	Through To and Expenditures Amount
23,638,751.39				23,638,751.39	23,638,751.39
23,638,751.39		0.00	0.00	23,638,751.39	23,638,751.39
5,290.94	303			5,290.94	5,290.94
5,290.94		0.00	0.00	5,290.94	5,290.94
		0.00	0.00		
	575				
		0.00	0.00		
1,074,560.11	712	1,074,560.11			1,074,560.11
1,074,560.11		1,074,560.11	0.00		1,074,560.11
				41,710.86	41,710.86
			11,177,098.02		11,177,098.02
		0.00	11,177,098.02	41,710.86	11,218,808.88

TEXAS DEPARTMENT OF TRANSPORTATION
SCHEDULE 1A-SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Concluded)
Year Ended August 31, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal ALN Number	Pass-Through From Agency Number	Pass-Through From State Entities	Pass-Through From Other Entities	Direct Program Amount
Transit Services Programs Cluster:					
Federal Transit Administration (FTA):					
Direct Program:					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513				1,459,654.91
Job Access - Reverse Commute Program	20.516				
Pass-Through to Other Entities:					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513				7,847,187.32
Job Access - Reverse Commute Program	20.516				
COVID-19 - Enhanced Mobility of Seniors and Individuals with Disabilities	20.513				530,815.40
Total FTA:			0.00	0.00	9,837,657.63
Highway Safety Cluster:					
National Highway Traffic Safety Admin. (NHTSA):					
Direct Program:					
State and Community Highway Safety	20.600				
National Priority Safety Programs	20.616				7,334,132.61
					12,407,290.06
Pass-Through Funds:					
State and Community Highway Safety					
Texas Department of Public Safety	20.600	405			
Texas Department of State Health Services	20.600	537			99,515.47
Texas A&M AgriLife Extension Service	20.600	555			679,182.52
University of Texas at Arlington	20.600	714			2,349,473.46
Texas A&M Engineering Extension Service	20.600	716			323,190.77
University of Texas Medical Branch at Galveston	20.600	723			92,964.54
Texas A&M Transportation Institute	20.600	727			81,373.41
Texas State University	20.600	754			3,613,744.10
					113,801.36
National Priority Safety Programs					
Texas Department of Public Safety	20.616	405			
Texas Alcoholic Beverage Commission	20.616	458			1,265,408.94
Texas Department of State Health Services	20.616	537			430,102.89
Texas A&M Transportation Institute	20.616	727			753,579.13
University of Texas at San Antonio	20.616	743			1,083,294.20
					49,972.33
Pass-Through to Other Entities					
State and Community Highway Safety	20.600				
National Priority Safety Programs	20.616				13,005,927.92
			0.00		6,653,460.96
Total NHTSA:			0.00	0.00	50,336,414.67
Total Other Clusters			0.00	0.00	71,392,881.18
TOTAL FEDERAL ASSISTANCE			$ 5,290.94	0.00	$ 4,387,301,906.93

Through From and Direct Program	Pass-Through To Agency Number	State Entities	Other Entities	Expenditures	Through To and Expenditures Amount
				1,459,654.91	1,459,654.91
			7,847,187.32		7,847,187.32
			530,815.40		530,815.40
		0.00	8,378,002.72	1,459,654.91	9,837,657.63
7,334,132.61				7,334,132.61	7,334,132.61
12,407,290.06				12,407,290.06	12,407,290.06
99,515.47		99,515.47			99,515.47
679,182.52	405	679,182.52			679,182.52
2,349,473.46	537	2,349,473.46			2,349,473.46
323,190.77	555	323,190.77			323,190.77
92,964.54	714	92,964.54			92,964.54
81,373.41	716	81,373.41			81,373.41
3,613,744.10	723	3,613,744.10			3,613,744.10
113,801.36	727	113,801.36			113,801.36
	754	0.00			
1,265,408.94		1,265,408.94			1,265,408.94
430,102.89	405	430,102.89			430,102.89
753,579.13	458	753,579.13			753,579.13
1,083,294.20	537	1,083,294.20			1,083,294.20
49,972.33	727	49,972.33			49,972.33
13,005,927.92			13,005,927.92		13,005,927.92
6,653,460.96			6,653,460.96		6,653,460.96
50,336,414.67		10,935,603.12	19,659,388.88	19,741,422.67	50,336,414.67
71,392,881.18		10,935,603.12	39,214,489.62	21,242,788.44	71,392,881.18
$ 4,387,307,197.87		$ 12,404,921.46	$ 116,235,544.89	$ 4,258,666,731.52	$ 4,387,307,197.87

TEXAS DEPARTMENT OF TRANSPORTATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended August 31, 2023

Note 1 - Nonmonetary Assistance

The "Donation of Federal Surplus Personal Property" is presented at 23.34% of the federal acquisition cost of $22,669. The surplus property is passed through from the Texas Facilities Commission. The federal grantor agency is the General Services Administration (GSA) and the federal ALN number is 39.003. The estimated fair market value (FMV) for fiscal year 2023 is $5,295291.94. The difference of the value of the surplus property recorded on the federal schedule and Exhibit II (Federal Revenues and Federal Pass-Through Revenues) is a reconciling item under Note 2.

Note 2 - Reconciliation

Per Combined Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities - Governmental Funds:	
Federal Revenues before Other Adjustments	$ 4,451,160,587.53
Federal Pass-Through Revenues	
Subtotal	$ 4,451,160,587.53
Reconciling Items:	
Federal Surplus Personal Property Donation (Non-Monetary)	5,290.94
Build America Bonds Federal Subsidy	(58,679,307.39)
Total Pass-Through and Expenditures per Federal Schedule	$ 4,392,486,571.08

Note 7 - Federal Deferred Inflow

ALN	Federal Deferred Revenue September 1, 2022	Increase/(Decrease)	Federal Deferred Revenue August 31, 2023
20.106	236,053.40	$ 60,723.90	$ 296,777.30
20.200	1,305,273.78	429,985.13	1,735,258.91
20.205	20,446,271.56	(1,568,223.12)	18,878,048.44
20.301	16,527.87	(12,556.08)	3,971.79
20.317	19,212.86	(19,212.86)	-
20.509	4,611,888.18	(4,611,888.18)	-
20.513	675,798.40	(168,273.25)	507,525.15
20.526	242,268.00	(242,268.00)	-
20.528	321,396.49	(310,999.49)	10,397.00
20.614	19,394.90	(19,394.90)	-
66.040	48,150.28	726,282.08	774,432.36
Total Deferred Revenue	$ 27,942,235.72	$ (5,735,824.77)	$ 22,206,410.95

The federal deferred inflow ending balance of $22,206,410.95 pertains to federal expenditures which were incurred and are reimbursable from the Federal Aviation Administration, the Federal Highway Administration, the Federal Railroad Administration, the Federal Transit Administration, and the Environmental Protection Agency, but the federal receivable is not collectable within 60 days after the end of the fiscal year.

Note 10 - 10% de Minimis Indirect Cost Rate

The Texas Department of Transportation did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The department does not currently bill any federal agency for indirect cost.

TEXAS DEPARTMENT OF TRANSPORTATION
SCHEDULE 1B-SCHEDULE OF STATE GRANT PASS-THROUGHS FROM/TO STATE AGENCIES
Year Ended August 31, 2023

Pass-Through To:			
Airport Routine Maintenance	601.0029		
Texas A&M University System (Agency 710)		$	50,000.00
Airport Routine Maintenance	601.0030		
Texas State Technical College System (Agency 719)		$	49,925.00
Rural/Frontier EMS Education Grant			
Texas A&M Engineering Extension Service (Agency 716)	601.0031	$	59,719.62
Total Pass-Through To Other Agencies		$	159,644.62

This page is intentionally blank

Schedule 2 - Bond Schedules

TEXAS DEPARTMENT OF TRANSPORTATION
SCHEDULE 2A - MISCELLANEOUS BOND INFORMATION
For the Fiscal Year Ended August 31, 2023

Governmental Activities

	Bonds Issued to Date	Range of Interest Rates		Terms of Variable Interest Rates	Scheduled Maturities First Year	Scheduled Maturities Last Year	First Call Date
General Obligation Bonds:							
Texas Mobility Fund (Self-Supporting)							
Series 2006-B Variable Rate Bonds	$ 150,000,000.00	VAR	VAR	Weekly	2036	2036	*
Series 2009-A Taxable Fixed Rate Bonds	1,208,495,000.00	5.3670%	5.5170%		2029	2039	*
Series 2014 Fixed Rate Refunding Bonds	973,775,000.00	4.0000%	5.0000%		2016	2034	04/01/2024
Series 2014-A Fixed Rate Refunding Bonds	1,580,160,000.00	4.0000%	5.0000%		2017	2044	10/01/2024
Series 2014-B Put Bonds	250,000,000.00	0.6540%	0.6540%		2040	2041	10/01/2025
Series 2015-A Fixed Rate Refunding Bonds	911,360,000.00	3.2000%	5.0000%		2018	2036	10/01/2025
Series 2015-B Fixed Rate Refunding Bonds	254,105,000.00	5.0000%	5.0000%		2031	2036	10/01/2025
Series 2017-A Fixed Rate Refunding Bonds	296,020,000.00	5.0000%	5.0000%		2030	2034	10/01/2027
Series 2017-B Fixed Rate Refunding Bonds	474,135,000.00	5.0000%	5.0000%		2029	2036	10/01/2027
Series 2020 Taxable Fixed Rate Refunding Bonds	1,270,690,000.00	0.2550%	2.4720%		2021	2044	*
Total General Obligation Bonds (Self-Supporting)	7,368,740,000.00						
Texas Highway Improvement (Non-Self-Supporting)							
Series 2010-A Taxable Fixed Rate Bonds	815,420,000.00	3.2030%	4.6810%		2019	2040	*
Series 2014 Fixed Rate Bonds	1,260,000,000.00	2.0000%	5.0000%		2015	2044	04/01/2024
Series 2016 Fixed Rate Bonds	615,000,000.00	5.0000%	5.0000%		2017	2046	04/01/2026
Series 2016-A Fixed Rate Bonds	588,755,000.00	4.0000%	5.0000%		2018	2046	04/01/2026
Series 2019 Taxable Fixed Rate Refunding Bond	705,550,000.00	2.6040%	4.0000%		2021	2044	04/01/2029
Series 2020 Taxable Fixed Rate Refunding Bond	794,235,000.00	2.5620%	5.0000%		2022	2042	*
Total General Obligation (Non-Self Supporting)	4,778,960,000.00						
Revenue Bonds:							
State Highway Fund (Self-Supporting)							
Series 2008 Fixed Rate Bonds	162,995,000.00	3.5000%	5.2500%		2010	2028	04/01/2018
Series 2010 Taxable Fixed Rate Bonds	1,500,000,000.00	5.0280%	5.1780%		2026	2030	*
Series 2014-A Fixed Rate Refunding Bonds	1,157,795,000.00	4.7500%	5.0000%		2017	2034	04/01/2024
Series 2014-B Variable Rate Bonds	300,000,000.00	VAR	VAR	Weekly	2032	2032	*
Series 2015 Revenue Refunding Bonds	781,080,000.00	3.0000%	5.0000%		2017	2026	n/a
Series 2016-A Fixed Rate Bonds	601,210,000.00	3.0000%	5.0000%		2017	2030	10/01/2026
Series 2016-B Fixed Rate Bonds	89,370,000.00	0.4300%	0.5600%		2025	2026	n/a
Series 2020 Taxable Fixed Rate Refunding Bonds	341,425,000.00	4.0000%	4.0000%		2030	2033	*
Total Revenue Bonds (Self-Supporting)	4,933,875,000.00						
Total Governmental Activities	$ 17,081,575,000.00						

* Bonds are subject to redemption prior to their respective maturities at the option of the Commission.

TEXAS DEPARTMENT OF TRANSPORTATION
SCHEDULE 2A - MISCELLANEOUS BOND INFORMATION (Concluded)

For the Fiscal Year Ended August 31, 2023

Business-Type Activities

	Bonds Issued to Date	Range of Interest Rates		Terms of Variable Interest Rates	Scheduled Maturities First Year	Scheduled Maturities Last Year	First Call Date
Revenue Bonds:							
Central Texas Turnpike System (Self-Supporting)							
First Tier Revenue Bonds Series 2002-A							
Non-Callable Capital Appreciation Bonds***	$ 792,167,902.39	4.4700%	5.7500%		2012	2030	n/a
Callable Capital Appreciation Bonds*	325,494,476.65	6.0000%	6.1000%		2025	2038	08/15/2012
First Tier Revenue Refunding Bonds Series 2012-A	585,330,000.00	4.0000%	5.0000%		2038	2041	08/15/2022
First Tier Revenue Refunding Bonds Series 2015-B							
Current Interest Bonds + Term Bond	198,025,000.00	5.0000%	5.0000%		2032	2037	08/15/2024
Capital Appreciation Bonds ***	134,181,253.33	4.3600%	4.3800%		2036	2037	08/15/2024
Second Tier Revenue Refunding Bonds, Series 2015-C	1,157,320,000.00	5.0000%	5.0000%		2022	2042	08/15/2024
First Tier Revenue Refunding Bonds Series 2020-A	179,475,000.00	3.0000%	5.0000%		2039	2040	08/15/2030
First Tier Revenue Refunding Variable Rate Bonds Series 2020-B	225,000,000.00	VAR	VAR	Daily	2042	2042	**
First Tier Revenue Refunding Bonds Taxable Series 2020-C	279,305,000.00	3.0290%	3.0290%		2031	2041	08/15/2030
Total Central Texas Turnpike System (Self-Supporting)	3,876,298,632.37						
Blended Component Unit-Grand Parkway Transportation Corporation**							
First Tier Toll Revenue Bonds, Series 2013-A*	200,000,000.00	5.1250%	5.5000%		2031	2053	10/01/2023
Subordinate Tier Toll Revenue Bonds, Series 2013-B							
Convertible Capital Appreciation Bonds***	486,910,363.95	4.9500%	5.8500%		2029	2048	10/01/2028
Current Interest Bonds*	1,137,935,000.00	5.0000%	5.2500%		2048	2053	10/1/2023
Subordinate Tier Toll Revenue Bonds, Series 2013-E	361,810,000.00	5.1840%	5.1840%		2036	2042	**
Subordinate Tier Toll Revenue Refunding Bonds, Series 2016*	83,775,000.00	2.2000%	2.2000%		2023	2023	n/a
Subordinate Tier Toll Revenue Bonds, Series 2018-A	712,100,000.00	5.0000%	5.0000%		2030	2048	04/01/2028
Subordinate Tier Toll Revenue Put Bonds, Series 2018-B*	166,525,000.00	5.0000%	5.0000%		2049	2052	10/01/2023
First Tier Toll Revenue Refunding Bonds, Taxable Series 2020-A	220,415,000.00	2.1050%	3.3560%		2026	2052	04/01/2030
Subordinate Tier Toll Revenue Refunding Bonds, Taxable Series 2020-B	1,293,260,000.00	1.5310%	3.2360%		2020	2052	04/01/2030
First Tier Toll Revenue Refunding Bonds, Series 2020-C	793,385,000.00	3.0000%	5.0000%		2033	2050	n/a
Subordinate Tier Toll Revenue Refunding Put Bonds, Series 2023	263,225,000.00	5.0000%	5.0000%		2034	2052	01/01/2028
Total Blended Component Unit-Grand Parkway Transportation Corporation	5,719,340,363.95						
State Highway 249 System							
First Tier Toll Revenue Bonds, Series 2019-A							
Current Interest Bonds	144,085,000.00	5.0000%	5.0000%		2053	2057	02/01/2029
Capital Appreciation Bonds***	114,548,167.06	3.3900%	5.1000%		2028	2053	02/01/2029
First Tier Toll Revenue Bonds, Taxable Series 2019-B	12,795,000.00	4.5500%	4.7000%		2030	2033	02/01/2029
Total State Highway 249 System	271,428,167.06						
Total Business-Type Activities	$ 9,867,067,163.38						

* These bonds are not outstanding as of 08/31/2023

** Bonds are subject to redemption prior to their respective maturities at the option of the Corporation or the Commission

***Bonds issued to date include interest accreted to principal.

****Grand Parkway Transportation Corporation bonds are not obligations of the State.

TEXAS DEPARTMENT OF TRANSPORTATION
SCHEDULE 2B - CHANGES IN BONDED INDEBTEDNESS

For the Fiscal Year Ended August 31, 2023

Governmental Activities

Description of Issue	Bonds Outstanding 09/01/22	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/23
General Obligation Bonds:					
Texas Mobility Fund					
Series 2006-B	$ 150,000,000.00	$	$	$	$ 150,000,000.00
Series 2009-A	1,205,250,000.00		3,555,000.00		1,201,695,000.00
Series 2014	389,075,000.00		47,710,000.00		341,365,000.00
Series 2014-A	707,630,000.00		55,750,000.00		651,880,000.00
Series 2014-B	250,000,000.00				250,000,000.00
Series 2015-A	827,415,000.00		25,805,000.00		801,610,000.00
Series 2015-B	254,105,000.00				254,105,000.00
Series 2017-A	296,020,000.00				296,020,000.00
Series 2017-B	474,135,000.00				474,135,000.00
Series 2020	1,247,860,000.00		22,900,000.00		1,224,960,000.00
Texas Highway Improvement					
Series 2010-A	700,900,000.00		30,290,000.00		670,610,000.00
Series 2014	168,000,000.00		42,000,000.00		126,000,000.00
Series 2016	492,000,000.00		20,500,000.00		471,500,000.00
Series 2016-A	487,230,000.00		20,305,000.00		466,925,000.00
Series 2019	698,940,000.00		3,505,000.00		695,435,000.00
Series 2020	793,730,000.00		23,100,000.00		770,630,000.00
Total General Obligation Bonds	9,142,290,000.00	0.00	295,420,000.00	0.00	8,846,870,000.00
Revenue Bonds:					
State Highway Fund					
Series 2008	58,355,000.00				58,355,000.00
Series 2010	1,500,000,000.00		70,495,000.00		1,429,505,000.00
Series 2014-A	271,740,000.00		103,885,000.00		167,855,000.00
Series 2014-B	300,000,000.00				300,000,000.00
Series 2015	411,445,000.00		87,165,000.00		324,280,000.00
Series 2016-A	241,595,000.00		9,610,000.00		231,985,000.00
Series 2016-B	89,370,000.00				89,370,000.00
Series 2020	341,425,000.00				341,425,000.00
Total Revenue Bonds	3,213,930,000.00	0.00	271,155,000.00	0.00	2,942,775,000.00
Total Governmental Activities	$ 12,356,220,000.00	$ 0.00	$ 566,575,000.00	$ 0.00	$ 11,789,645,000.00

TEXAS DEPARTMENT OF TRANSPORTATION
SCHEDULE 2B - CHANGES IN BONDED INDEBTEDNESS (Continued)
For the Fiscal Year Ended August 31, 2023

Governmental Activities

Description of Issue	Unamortized Premium	Unamortized Discount	Net Bonds Outstanding 08/31/23	Amounts Due Within One Year
General Obligation Bonds:				
Texas Mobility Fund				
Series 2006-B	$	$	$ 150,000,000.00	$
Series 2009-A			1,201,695,000.00	4,470,000.00
Series 2014	25,438,717.53		366,803,717.53	56,561,099.25
Series 2014-A	65,523,180.96		717,403,180.96	71,609,739.91
Series 2014-B			250,000,000.00	
Series 2015-A	64,863,265.48		866,473,265.48	36,304,133.77
Series 2015-B	24,864,643.32		278,969,643.32	1,985,728.36
Series 2017-A	33,491,461.44		329,511,461.44	3,153,629.03
Series 2017-B	53,954,754.60		528,089,754.60	4,894,120.60
Series 2020			1,224,960,000.00	22,985,000.00
Texas Highway Improvement				
Series 2010-A			670,610,000.00	31,040,000.00
Series 2014	5,226,598.40		131,226,598.40	44,613,299.20
Series 2016	74,025,157.09		545,525,157.09	26,668,763.09
Series 2016-A	66,007,254.36		532,932,254.36	25,805,825.42
Series 2019	3,695,493.07		699,130,493.07	3,927,159.06
Series 2020	89,954,479.13		860,584,479.13	33,101,056.67
Total General Obligation Bonds	507,045,005.38	0.00	9,353,915,005.38	367,119,554.36
Revenue Bonds:				
State Highway Fund				
Series 2008	999,405.42		59,354,405.42	10,832,167.13
Series 2010			1,429,505,000.00	72,855,000.00
Series 2014-A	7,224,425.83		175,079,425.83	114,420,582.42
Series 2014-B			300,000,000.00	
Series 2015	15,297,329.83		339,577,329.83	87,265,242.22
Series 2016-A	23,498,300.87		255,483,300.87	15,834,792.79
Series 2016-B	3,128,254.81		92,498,254.81	1,129,082.57
Series 2020	58,897,567.00		400,322,567.00	5,657,977.25
Total Revenue Bonds	109,045,283.76	0.00	3,051,820,283.76	307,994,844.38
Total Governmental Activities	$ 616,090,289.14	$ 0.00	$ 12,405,735,289.14	$ 675,114,398.74

TEXAS DEPARTMENT OF TRANSPORTATION
SCHEDULE 2B - CHANGES IN BONDED INDEBTEDNESS (Continued)

For the Fiscal Year Ended August 31, 2023

Governmental Activities

Description of Issue	Bonds Outstanding 09/01/22	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/23
Revenue Bonds:					
Central Texas Turnpike System					
First Tier Bonds Series 2002-A, Non-Callable CAB's	$ 468,125,532.17	$ 27,028,767.67**	$ 48,940,000.00		$ 446,214,299.84
First Tier Bonds Series 2012-A	123,235,000.00				123,235,000.00
First Tier Bonds Series 2015-B:					
Current Interest Bonds	198,025,000.00				198,025,000.00
Capital Appreciation Bonds	128,503,866.66	5,677,386.67**			134,181,253.33
Second Tier Bonds Series 2015-C	1,155,120,000.00		5,375,000.00		1,149,745,000.00
First Tier Revenue Refunding Bonds Series 2020-A	179,475,000.00				179,475,000.00
First Tier Revenue Refunding Bonds Series 2020-B	225,000,000.00				225,000,000.00
First Tier Revenue Refunding Bonds Taxable Series 2020-C	279,305,000.00				279,305,000.00
Blended Component Unit-Grand Parkway Transportation Corp.*:					
First Tier Toll Revenue Bonds, Series 2013-A	47,730,000.00			47,730,000.00	-
Subordinate Tier Toll Revenue Bonds, Series 2013-B:					
Callable CAB	460,412,488.42	26,497,875.53**			486,910,363.95
Subordinate Tier Toll Revenue Bonds, Series 2013-E	361,810,000.00				361,810,000.00
Subordinate Tier Toll Revenue Refunding Bonds, Series 2016	83,775,000.00			83,775,000.00	-
Subordinate Tier Toll Revenue Bonds, Series 2018-A	712,100,000.00				712,100,000.00
Subordinate Tier Toll Revenue Put Bonds, Series 2018-B	166,525,000.00			166,525,000.00	-
First Tier Refunding Bonds Taxable Series 2020-A	220,415,000.00				220,415,000.00
Subordinate Tier Refunding Bonds Taxable Series 2020-B	1,260,340,000.00		18,780,000.00		1,241,560,000.00
First Tier Refunding Bonds Series 2020-C	793,385,000.00				793,385,000.00
Subordinate Tier Toll Revenue Refunding Put Bonds, Series 2023		263,225,000.00			263,225,000.00
State Highway 249 System					
First Tier Toll Revenue Bonds Series 2019-A:					
Current Interest Bonds	144,085,000.00				144,085,000.00
Capital Appreciation Bonds	109,215,905.41	5,332,261.65**			114,548,167.06
First Tier Toll Revenue Bond Taxable Series 2019-B:	12,795,000.00				12,795,000.00
Total Business-Type Activities	$ 7,129,377,792.66	$ 327,761,291.52	$ 73,095,000.00	$ 298,030,000.00	$ 7,086,014,084.18

*Grand Parkway Transportation Corporation debt issuances are not obligations of the State

**Due to annual principal accretion.

TEXAS DEPARTMENT OF TRANSPORTATION
SCHEDULE 2B - CHANGES IN BONDED INDEBTEDNESS (Concluded)

For the Fiscal Year Ended August 31, 2023

Governmental Activities

Description of Issue	Unamortized Premium	Unamortized Discount	Net Bonds Outstanding 08/31/23	Amounts Due Within One Year
Revenue Bonds:				
Central Texas Turnpike System				
First Tier Bonds Series 2002-A, Non-Callable CAB's	$	$	$ 446,214,299.84	$ 54,725,000.00
First Tier Bonds Series 2012-A	6,364,838.70		129,599,838.70	424,322.58
First Tier Bonds Series 2015-B:				
Current Interest Bonds	16,950,903.51		214,975,903.51	1,465,537.11
Capital Appreciation Bonds			134,181,253.33	
Second Tier Bonds Series 2015-C	83,258,184.31		1,233,003,184.31	16,085,364.74
First Tier Revenue Refunding Bonds Series 2020-A	33,252,020.42		212,727,020.42	2,042,684.27
First Tier Revenue Refunding Bonds Series 2020-B			225,000,000.00	
First Tier Revenue Refunding Bonds Taxable Series 2020-C			279,305,000.00	
Blended Component Unit-Grand Parkway Transportation Corp.*:				
First Tier Toll Revenue Bonds, Series 2013-A			-	
Subordinate Tier Toll Revenue Bonds, Series 2013-B:				
Callable CAB			486,910,363.95	
Subordinate Tier Toll Revenue Bonds, Series 2013-E			361,810,000.00	
Subordinate Tier Toll Revenue Refunding Bonds, Series 2016			-	
Subordinate Tier Toll Revenue Bonds, Series 2018-A	74,367,172.78		786,467,172.78	3,956,112.92
Subordinate Tier Toll Revenue Put Bonds, Series 2018-B			-	
First Tier Refunding Bonds Taxable Series 2020-A			220,415,000.00	
Subordinate Tier Refunding Bonds Taxable Series 2020-B			1,241,560,000.00	19,085,000.00
First Tier Refunding Bonds Series 2020-C	94,032,463.37		887,417,463.37	3,883,635.87
Subordinate Tier Toll Revenue Refunding Put Bonds, Series 2023	18,235,419.06		281,460,419.06	732,574.44
State Highway 249 System				
First Tier Toll Revenue Bonds Series 2019-A:				
Current Interest Bonds	10,132,159.10		154,217,159.10	315,237.60
Capital Appreciation Bonds			114,548,167.06	
First Tier Toll Revenue Bond Taxable Series 2019-B:			12,795,000.00	
Total Business-Type Activities	$ 336,593,161.25	$ 0	$ 7,422,607,245.43	$ 102,715,469.53

*Grand Parkway Transportation Corporation debt issuances are not obligations of the State.

TEXAS DEPARTMENT OF TRANSPORTATION
SCHEDULE 2C - DEBT SERVICE REQUIREMENTS

For the Fiscal Year Ended August 31, 2023

Governmental Activities

Description of Issue	Year	Principal	Interest
TMF General Obligation Bonds			
Series 2006-B	2024		$ 5,975,452.07
	2025		5,964,547.96
	2026		5,970,000.02
	2027		5,970,000.02
	2028		5,975,452.07
	2029-2033		29,844,548.03
	2034-2038	150,000,000.00	14,626,544.79
		150,000,000.00	74,326,544.96
Series 2009-A	2024	4,470,000.00	66,217,713.16
	2025	6,100,000.00	65,977,808.26
	2026	7,865,000.00	65,650,421.26
	2027	9,755,000.00	65,228,306.70
	2028	11,780,000.00	64,704,755.86
	2029-2033	90,265,000.00	311,854,509.94
	2034-2038	584,530,000.00	279,577,836.92
	2039-2043	486,930,000.00	26,863,928.10
		1,201,695,000.00	946,075,280.20
Series 2014	2024	51,445,000.00	14,714,925.00
	2025	55,360,000.00	12,044,800.00
	2026	59,455,000.00	9,174,425.00
	2027		7,688,050.00
	2028	68,385,000.00	5,978,425.00
	2029-2033	106,720,000.00	17,118,000.00
		$ 341,365,000.00	$ 66,718,625.00

TEXAS DEPARTMENT OF TRANSPORTATION
SCHEDULE 2C - DEBT SERVICE REQUIREMENTS (Continued)
For the Fiscal Year Ended August 31, 2023

Description of Issue	Year	Principal	Interest
TMF General Obligation Bonds (continued)			
Series 2014-A	2024	$ 63,115,000.00	$ 28,562,175.00
	2025	70,945,000.00	25,210,675.00
	2026	79,240,000.00	21,456,050.00
	2027	88,000,000.00	17,275,050.00
	2028	33,255,000.00	14,243,675.00
	2029-2033	141,720,000.00	48,148,650.00
	2034-2038	75,605,000.00	23,054,500.00
	2039-2043	33,000,000.00	19,340,000.00
	2044-2048	67,000,000.00	2,700,000.00
		651,880,000.00	199,990,775.00
Series 2014-B	2024		1,625,000.00
	2025		1,625,000.00
	2026		1,625,000.00
	2027		8,750,000.00
	2028		8,750,000.00
	2029-2033		43,750,000.00
	2034-2038		43,750,000.00
	2039-2043	250,000,000.00	25,669,875.00
		250,000,000.00	135,544,875.00
Series 2015-A	2024	28,575,000.00	37,118,225.00
	2025	30,875,000.00	35,631,975.00
	2026	33,300,000.00	34,027,600.00
	2027	35,855,000.00	32,298,725.00
	2028	102,225,000.00	29,176,725.00
	2029-2033	313,765,000.00	95,628,125.00
	2034-2038	257,015,000.00	34,807,875.00
		$ 801,610,000.00	$ 298,689,250.00

TEXAS DEPARTMENT OF TRANSPORTATION
SCHEDULE 2C - DEBT SERVICE REQUIREMENTS (Continued)

For the Fiscal Year Ended August 31, 2023

Description of Issue	Year	Principal	Interest
TMF General Obligation Bonds (continued)			
Series 2015-B	2024		$ 12,705,250.00
	2025		12,705,250.00
	2026		12,705,250.00
	2027		12,705,250.00
	2028		12,705,250.00
	2029-2033	53,000,000.00	60,937,750.00
	2034-2038	201,105,000.00	28,274,375.00
		254,105,000.00	152,738,375.00
Series 2017-A	2024		14,801,000.00
	2025		14,801,000.00
	2026		14,801,000.00
	2027		14,801,000.00
	2028		14,801,000.00
	2029-2033	97,010,000.00	67,006,000.00
	2034-2038	199,010,000.00	8,774,750.00
		296,020,000.00	149,785,750.00
Series 2017-B	2024		23,706,750.00
	2025		23,706,750.00
	2026		23,706,750.00
	2027		23,706,750.00
	2028		23,706,750.00
	2029-2033	195,385,000.00	100,683,375.00
	2034-2038	278,750,000.00	30,282,250.00
		$ 474,135,000.00	$ 249,499,375.00

TEXAS DEPARTMENT OF TRANSPORTATION
SCHEDULE 2C - DEBT SERVICE REQUIREMENTS (Continued)
For the Fiscal Year Ended August 31, 2023

Description of Issue	Year	Principal	Interest
TMF General Obligation Bonds (concluded)			
Series 2020	2024	$ 22,985,000.00	$ 23,912,181.43
	2025	23,100,000.00	23,793,798.68
	2026	23,260,000.00	23,636,822.08
	2027		23,551,108.98
	2028	20,270,000.00	23,437,292.93
	2029-2033	388,040,000.00	98,289,036.18
	2034-2038	179,055,000.00	75,210,255.24
	2039-2043	314,535,000.00	53,963,923.18
	2044-2048	253,715,000.00	6,314,785.80
		1,224,960,000.00	352,109,204.50
Texas Highway Improvement General Obligation Bonds			
Series 2010-A	2024	31,040,000.00	30,731,600.20
	2025	31,845,000.00	29,498,381.00
	2026	32,695,000.00	28,185,411.66
	2027	33,605,000.00	26,788,354.30
	2028	34,615,000.00	25,232,106.76
	2029-2033	189,380,000.00	101,126,042.42
	2034-2038	219,835,000.00	54,330,728.66
	2039-2043	97,595,000.00	6,886,921.26
		670,610,000.00	302,779,546.26
Series 2014	2024	42,000,000.00	6,300,000.00
	2025	42,000,000.00	4,200,000.00
	2026	42,000,000.00	2,100,000.00
		$ 126,000,000.00	$ 12,600,000.00

TEXAS DEPARTMENT OF TRANSPORTATION
SCHEDULE 2C - DEBT SERVICE REQUIREMENTS (Continued)

For the Fiscal Year Ended August 31, 2023

Description of Issue	Year	Principal	Interest
Texas Highway Improvement General Obligation Bonds (continued)			
Series 2016	2024	$ 20,500,000.00	$ 23,575,000.00
	2025	20,500,000.00	22,550,000.00
	2026	20,500,000.00	21,525,000.00
	2027	20,500,000.00	20,500,000.00
	2028	20,500,000.00	19,475,000.00
	2029-2033	102,500,000.00	82,000,000.00
	2034-2038	102,500,000.00	56,375,000.00
	2039-2043	102,500,000.00	30,750,000.00
	2044-2048	61,500,000.00	6,150,000.00
		471,500,000.00	282,900,000.00
Series 2016-A	2024	20,305,000.00	22,940,250.00
	2025	20,305,000.00	21,925,000.00
	2026	20,305,000.00	20,909,750.00
	2027	20,305,000.00	19,894,500.00
	2028	20,305,000.00	18,879,250.00
	2029-2033	101,500,000.00	79,170,000.00
	2034-2038	101,500,000.00	53,795,000.00
	2039-2043	101,500,000.00	28,420,000.00
	2044-2048	60,900,000.00	5,075,000.00
		466,925,000.00	271,008,750.00
Series 2019	2024	3,645,000.00	21,544,150.50
	2025	3,795,000.00	21,398,350.50
	2026	3,945,000.00	21,246,550.50
	2027	4,100,000.00	21,088,750.50
	2028	33,070,000.00	20,924,750.50
	2029-2033	180,120,000.00	89,851,484.10
	2034-2038	208,085,000.00	61,894,495.20
	2039-2043	225,720,000.00	26,380,291.74
	2044-2048	32,955,000.00	1,058,185.06
		$ 695,435,000.00	$ 285,387,008.60

TEXAS DEPARTMENT OF TRANSPORTATION
SCHEDULE 2C - DEBT SERVICE REQUIREMENTS (Continued)

For the Fiscal Year Ended August 31, 2023

Description of Issue	Year	Principal	Interest
Texas Highway Improvement General Obligation Bonds (concluded)			
Series 2020	2024	$ 24,260,000.00	$ 30,589,593.10
	2025	25,465,000.00	29,376,593.10
	2026	26,740,000.00	28,103,343.10
	2027	68,885,000.00	26,766,343.10
	2028	41,400,000.00	23,322,093.10
	2029-2033	214,355,000.00	84,886,215.50
	2034-2038	214,990,000.00	37,210,655.70
	2039-2043	154,535,000.00	9,757,505.10
		770,630,000.00	270,012,341.80
Total General Obligation Bonds		8,846,870,000.00	4,050,165,701.32
SHF Revenue Bonds			
Series 2008	2024	10,510,000.00	3,063,637.50
	2025	11,060,000.00	2,511,862.50
	2026	11,640,000.00	1,931,212.50
	2027	12,250,000.00	1,320,112.50
	2028	12,895,000.00	676,987.50
		58,355,000.00	9,503,812.50
Series 2010	2024	72,855,000.00	73,681,578.90
	2025	75,265,000.00	70,018,429.50
	2026	77,340,000.00	66,234,105.30
	2027	203,795,000.00	62,345,450.10
	2028	313,355,000.00	51,792,945.00
	2029-2033	686,895,000.00	53,650,552.50
		1,429,505,000.00	377,723,061.30
Series 2014-A	2024	109,070,000.00	8,392,750.00
	2025	58,785,000.00	2,939,250.00
		$ 167,855,000.00	$ 11,332,000.00

TEXAS DEPARTMENT OF TRANSPORTATION
SCHEDULE 2C - DEBT SERVICE REQUIREMENTS (Continued)
For the Fiscal Year Ended August 31, 2023

Description of Issue	Year	Principal	Interest
SHF Revenue Bonds (continued)			
Series 2014-B	2024		$ 12,221,150.68
	2025		12,198,849.32
	2026		12,210,000.00
	2027		12,210,000.00
	2028		12,221,150.68
	2029-2033	300,000,000.00	43,735,819.67
		300,000,000.00	104,796,970.35
Series 2015	2024	80,850,000.00	14,192,750.00
	2025	95,935,000.00	9,773,125.00
	2026	89,445,000.00	5,138,625.00
	2027	58,050,000.00	1,451,250.00
		324,280,000.00	30,555,750.00
Series 2016-A	2024	10,135,000.00	11,345,875.00
	2025	36,805,000.00	10,172,375.00
	2026	66,105,000.00	7,599,625.00
	2027	52,540,000.00	4,633,500.00
	2028	10,920,000.00	3,047,000.00
	2029-2033	55,480,000.00	5,221,750.00
		$ 231,985,000.00	$ 42,020,125.00

TEXAS DEPARTMENT OF TRANSPORTATION
SCHEDULE 2C - DEBT SERVICE REQUIREMENTS (Continued)
For the Fiscal Year Ended August 31, 2023

Description of Issue	Year	Principal	Interest
SHF Revenue Bonds (concluded)			
Series 2016-B	2024		$ 473,822.00
	2025	20,500,000.00	473,822.00
	2026	68,870,000.00	385,672.00
		89,370,000.00	1,333,316.00
Series 2020	2024		13,657,000.00
	2025		13,657,000.00
	2026		13,657,000.00
	2027		13,657,000.00
	2028		13,657,000.00
	2029-2033	174,260,000.00	63,707,800.00
	2034-2038	167,165,000.00	3,343,300.00
		341,425,000.00	135,336,100.00
TOTAL Revenue Bonds		2,942,775,000.00	712,601,135.15
TOTAL GOVERNMENTAL ACTIVITIES		$ 11,789,645,000.00	$ 4,762,766,836.47

TEXAS DEPARTMENT OF TRANSPORTATION
SCHEDULE 2C - DEBT SERVICE REQUIREMENTS (Continued)

For the Fiscal Year Ended August 31, 2023

BUSINESS-TYPE ACTIVITIES

Description of Issue	Year	Principal	Interest
CTTS Revenue Bonds			
Series 2002-A	2024	$ 54,725,000.00	$
	2025	60,410,000.00	
	2026	77,205,000.00	
	2027	84,355,000.00	
	2028	91,830,000.00	
	2029-2033	199,065,000.00	
		567,590,000.00	-
Series 2012-A	2024		4,929,400.00
	2025		4,929,400.00
	2026		4,929,400.00
	2027		4,929,400.00
	2028		4,929,400.00
	2029-2033		24,647,000.00
	2034-2038	123,235,000.00	24,647,000.00
		123,235,000.00	73,941,000.00
Series 2015-B	2024		9,901,250.00
	2025		9,901,250.00
	2026		9,901,250.00
	2027		9,901,250.00
	2028		9,901,250.00
	2029-2033	40,000,000.00	47,506,250.00
	2034-2038	398,025,000.00	19,027,750.00
		$ 438,025,000.00	$ 116,040,250.00

TEXAS DEPARTMENT OF TRANSPORTATION
SCHEDULE 2C - DEBT SERVICE REQUIREMENTS (Continued)
For the Fiscal Year Ended August 31, 2023

Description of Issue	Year	Principal	Interest
CTTS Revenue Bonds (continued)			
Series 2015-C	2024	$ 8,655,000.00	$ 57,487,250.00
	2025	12,245,000.00	57,054,500.00
	2026	9,825,000.00	56,442,250.00
	2027	14,050,000.00	55,951,000.00
	2028	13,395,000.00	55,248,500.00
	2029-2033	404,900,000.00	250,118,250.00
	2034-2038	421,685,000.00	123,338,750.00
	2039-2043	264,990,000.00	33,931,500.00
		1,149,745,000.00	689,572,000.00
Series 2020-A	2024		7,973,750.00
	2025		7,973,750.00
	2026		7,973,750.00
	2027		7,973,750.00
	2028		7,973,750.00
	2029-2033		39,868,750.00
	2034-2038		39,868,750.00
	2039-2043	179,475,000.00	9,473,750.00
		179,475,000.00	129,080,000.00
Series 2020-B	2024		10,888,640.70
	2025		10,385,506.85
	2026		10,395,000.00
	2027		10,395,000.00
	2028		10,404,493.15
	2029-2033		51,965,506.85
	2034-2038		51,975,000.00
	2039-2043	225,000,000.00	39,255,076.77
		$ 225,000,000.00	$ 195,664,224.32

TEXAS DEPARTMENT OF TRANSPORTATION
SCHEDULE 2C - DEBT SERVICE REQUIREMENTS (Continued)

For the Fiscal Year Ended August 31, 2023

Description of Issue	Year	Principal	Interest
CTTS Revenue Bonds (concluded)			
Series 2020-C	2024		$ 8,460,148.50
	2025		8,460,148.50
	2026		8,460,148.50
	2027		8,460,148.50
	2028		8,460,148.50
	2029-2033	290,000.00	42,292,109.82
	2034-2038	540,000.00	42,225,168.82
	2039-2043	278,475,000.00	19,942,633.12
		279,305,000.00	146,760,654.26
Grand Parkway Transportation Corp.*			
Series 2013-B	2024		13,878,776.25
	2025		27,757,552.50
	2026		27,757,552.50
	2027		27,757,552.50
	2028		27,757,552.50
	2029-2033	38,785,000.00	136,126,946.25
	2034-2038	119,380,000.00	109,809,986.25
	2039-2043		96,057,587.50
	2044-2048	302,045,000.00	61,005,986.25
	2049-2053	28,950,000.00	846,787.50
		489,160,000.00	528,756,280.00
Series 2013-E	2024		$ 18,756,230.40
	2025		18,756,230.40
	2026		18,756,230.40
	2027		18,756,230.40
	2028		18,756,230.40
	2029-2033		93,781,152.00
	2034-2038	66,060,000.00	91,281,168.00
	2039-2043	295,750,000.00	37,045,382.40
		$ 361,810,000.00	$ 315,888,854.40

TEXAS DEPARTMENT OF TRANSPORTATION
SCHEDULE 2C - DEBT SERVICE REQUIREMENTS (Continued)
For the Fiscal Year Ended August 31, 2023

Description of Issue	Year	Principal	Interest
Grand Parkway Transportation Corp.* (continued)			
Series 2018-A	2024		35,605,000.00
	2025		35,605,000.00
	2026		35,605,000.00
	2027		35,605,000.00
	2028		35,605,000.00
	2029-2033	36,160,000.00	175,593,500.00
	2034-2038	157,180,000.00	151,670,000.00
	2039-2043	227,180,000.00	102,445,750.00
	2044-2048	241,555,000.00	42,516,875.00
	2049-2053	50,025,000.00	1,250,625.00
		712,100,000.00	651,501,750.00
Series 2020-A	2024		7,223,846.78
	2025		7,223,846.78
	2026		7,223,846.78
	2027	935,000.00	7,214,005.90
	2028	985,000.00	7,193,551.64
	2029-2033	5,620,000.00	35,585,808.70
	2034-2038	7,145,000.00	34,725,576.37
	2039-2043	12,495,000.00	33,291,755.10
	2044-2048	68,035,000.00	27,615,223.25
	2049-2053	125,200,000.00	11,805,199.55
		$ 220,415,000.00	$ 179,102,660.85
Series 2020-B	2024	$ 19,085,000.00	$ 39,248,902.02
	2025	2,780,000.00	39,072,607.02
	2026	2,825,000.00	39,025,403.92
	2027	2,880,000.00	38,973,764.42
	2028	2,935,000.00	38,917,933.54
	2029-2033	15,655,000.00	193,605,542.60
	2034-2038	17,675,000.00	191,587,703.37
	2039-2043	20,485,000.00	188,768,770.40
	2044-2048	24,045,000.00	185,213,447.00
	2049-2053	1,133,195,000.00	122,495,113.70
		1,241,560,000.00	1,076,909,187.99

TEXAS DEPARTMENT OF TRANSPORTATION
SCHEDULE 2C - DEBT SERVICE REQUIREMENTS (Continued)

For the Fiscal Year Ended August 31, 2023

Description of Issue	Year	Principal	Interest
Grand Parkway Transportation Corp. (concluded) *			
Series 2020-C	2024		31,025,400.00
	2025		31,025,400.00
	2026		31,025,400.00
	2027		31,025,400.00
	2028		31,025,400.00
	2029-2033		155,127,000.00
	2034-2038	8,130,000.00	154,593,275.00
	2039-2043	94,105,000.00	146,617,850.00
	2044-2048	355,800,000.00	104,807,350.00
	2049-2053	335,350,000.00	16,387,575.00
		$ 793,385,000.00	$ 732,660,050.00
Series 2023	2024		$ 1,645,156.25
	2025		13,161,250.00
	2026		13,161,250.00
	2027		13,161,250.00
	2028		13,161,250.00
	2029-2033		65,806,250.00
	2034-2038	4,210,000.00	65,611,750.00
	2039-2043	34,795,000.00	63,253,250.00
	2044-2048	67,930,000.00	42,469,000.00
	2049-2053	156,290,000.00	24,666,500.00
		$ 263,225,000.00	$ 316,096,906.25

*Grand Parkway Transportation Corp. bonds is a blended component unit of TxDOT, these are not obligations of the state.

TEXAS DEPARTMENT OF TRANSPORTATION
SCHEDULE 2C - DEBT SERVICE REQUIREMENTS (Concluded)
For the Fiscal Year Ended August 31, 2023

Description of Issue	Year	Principal	Interest
State Highway 249 System			
Series 2019-A	2024		$ 7,204,250.00
	2025		7,204,250.00
	2026		7,204,250.00
	2027		7,204,250.00
	2028	335,000.00	7,204,250.00
	2029-2033	1,030,000.00	36,021,250.00
	2034-2038	47,545,000.00	36,021,250.00
	2039-2043	79,450,000.00	36,021,250.00
	2044-2048	106,240,000.00	36,021,250.00
	2049-2053	109,970,000.00	36,021,250.00
	2054-2058	120,475,000.00	15,426,750.00
		465,045,000.00	231,554,250.00
Series 2019-B	2024		594,712.50
	2025		594,712.50
	2026		594,712.50
	2027		594,712.50
	2028		594,712.50
	2029-2033	12,795,000.00	2,361,895.00
		12,795,000.00	5,335,457.50
TOTAL BUSINESS-TYPE ACTIVITIES		$ 7,521,870,000.00	$ 5,388,863,525.57

TEXAS DEPARTMENT OF TRANSPORTATION
SCHEDULE 2D - ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE

For the Fiscal Year Ended August 31, 2023

Governmental Activities

	Pledged and Other Sources and Related Expenditures for FY 2023			
	Net Available for Debt Service		Debt Service	
Description of Issue	**Total Pledged and Other Sources**	**Operating Expenses/ Expenditures and Capital Outlay**	**Principal**	**Interest**
Texas Mobility General Obligation Bonds	$ 543,668,600.22	(A)	$ 155,720,000.00	$ 234,789,219.24
State Highway Fund Revenue Bonds	9,003,411,601.96	(B)	271,155,000.00	146,903,275.28
	$ 9,547,080,202.18		$ 426,875,000.00	$ 381,692,494.52

(A) Expenses associated with pledged sources were $563,851,869.91.

(B) Expenses associated with pledged sources were $14,286,886,543.74.

Business-Type and Blended Component Unit Activities

	Pledged and Other Sources and Related Expenditures for FY 2023			
	Net Available for Debt Service		Debt Service	
Description of Issue	**Total Pledged and Other Sources**	**Operating Expenses/ Expenditures and Capital Outlay**	**Principal**	**Interest**
Central Texas Turnpike System Series 2002-A, 2012-A, 2015-A, B, C	$ 365,817,370.07	(C)	$ 54,315,000.00	$ 97,339,137.54
Grand Parkway Transportation Corporation Series 2013-A,B,E, 2016, 2018-A, B	345,832,890.67	(D)	922,140,000.00	168,340,967.33
State Highway 249 System Series 2019-A and 2019-B	23,460,492.39	(E)		7,798,962.50
	$ 735,110,753.13		$ 976,455,000.00	$ 273,479,067.37

(C) Expenses associated with pledged sources were $133,920,590.12.

(D) Expenses associated with pledged sources were $90,236,534.68.

(E) Expenses associated with pledged sources were $0.

TEXAS DEPARTMENT OF TRANSPORTATION
SCHEDULE 2E-DEFEASED BONDS OUTSTANDING

For the Fiscal Year Ended August 31, 2023

Description of Issue	Year Defeased	Par Value Outstanding
Governmental Activities		
Texas Mobility Fund General Obligation Bonds		
Series 2014 Fixed Rate Refunding Bonds	2020	$ 380,815,000.00
Series 2014-A Fixed Rate Refunding Bonds	2020	690,760,000.00
Texas Highway Improvement General Obligation Bonds		
Series 2014 Fixed Rate Bonds	2019	84,000,000.00
Series 2014 Fixed Rate Bonds	2020	672,000,000.00
Total General Obligation Bonds		1,827,575,000.00
State Highway Fund Revenue Bonds		
Series 2014-A Refunding Fixed Rate Bonds	2020	358,625,000.00
Total Revenue Bonds		358,625,000.00
Total Governmental Activities		2,186,200,000.00
Business-Type Activities		
Central Texas Turnpike System Revenue Bonds		
Series 2002-A Capital Appreciation Bonds*	2015	15,311,600.45
Grand Parkway Transportation Corporation Revenue Bonds		
First Tier Toll Revenue Bonds, Series 2013-A	2020	152,270,000.00
First Tier Toll Revenue Bonds, Series 2013-A	2023	47,730,000.00
Subordinate Tier Toll Revenue Bonds, Series 2013-B	2020	1,137,935,000.00
Subordinate Tier Toll Revenue Refunding Bonds, Series 2016	2023	83,775,000.00
Subordinate Tier Toll Revenue Put Bonds, Series 2018-B	2023	166,525,000.00
Total Business-Type Activities		1,603,546,600.45
Total		$ 3,789,746,600.45

* Includes $10,600,655.55 of accreted interest.

TEXAS DEPARTMENT OF TRANSPORTATION
SCHEDULE 2F - EARLY EXTINGUISHEMENT AND REFUNDING

For the Fiscal Year Ended August 31, 2023

Business-Type Activities

Description	Category	Amount Extinguished or Refunded	For Refunding Only: Refunding Issued Par Value	For Refunding Only: Cash Flow Increase	For Refunding Only: Economic Gain
Grand Parkway Transportation Corporation					
First Tier Toll Revenue Bonds, Series 2013-A	Current Refunding	$ 47,730,000	28,585,000.00	35,689,544.77	3,470,933.69
Subordinate Tier Toll Revenue Refunding Bonds, Series 2016	Current Refunding	83,775,000.00	78,533,623.65	-	-
Subordinate Tier Toll Revenue Put Bonds, Series 2018-B	Current Refunding	166,525,000.00	156,106,376.35	-	-
Total Grand Parkway Transportation Corporation		298,030,000	263,225,000	35,689,545	3,470,934
Total Business-Type Activities		298,030,000	263,225,000	35,689,545	3,470,934

Texas Department of Transportation
Matrix of Expenditures Reported by Function - Governmental Funds
For the Fiscal Year Ended August 31, 2023

	State Highway Fund	Texas Mobility Fund	Nonmajor Funds	Transportation Function Total
Salaries and Wages	$ 856,339,340.17	$ 0.00	$ 1,048,956.90	$ 857,388,297.07
Payroll Related Costs	419,831,664.66	0.00	177,099.91	420,008,764.57
Professional Fees and Services	1,635,376,444.14	0.00	3,842,671.24	1,639,219,115.38
Federal Pass-Through Expenditures	12,404,921.46	0.00	0.00	12,404,921.46
State Pass-Through Expenditures	159,644.62	0.00	0.00	159,644.62
Travel	8,651,885.77	0.00	78,358.84	8,730,244.61
Materials and Supplies	419,384,391.85	0.00	649,272.10	420,033,663.95
Communication and Utilities	65,742,871.65	0.00	0.00	65,742,871.65
Repairs and Maintenance	890,172,467.27	0.00	397,028.16	890,569,495.43
Rentals and Leases	40,919,882.28	0.00	0.00	40,919,882.28
Printing and Reproduction	2,927,098.72	0.00	25,839.66	2,952,938.38
Claims and Judgments	4,571,406.38	0.00	0.00	4,571,406.38
Intergovernmental Payments	201,523,938.14	115,648,145.71	23,671,850.21	340,843,934.06
Public Assistance Payments	57,246,299.36	22,324,164.40	3,404,166.13	82,974,629.89
Other Expenditures	377,811,258.04	0.00	240,606.32	378,051,864.36
Total Expenditures	$ 4,993,063,514.51	$ 137,972,310.11	$ 33,535,849.47	$ 5,164,571,674.09

The above schedule represents governmental fund expenditures of the transportation function in the object code detail.

125 East 11" Street. Austin TX 78701

www.txdot.gov

Produced by the **Texas Department of Transportation's Financial Management Division**.
Copies of this publication have been deposited with the Texas State Library in compliance with the State Depository Law.