



# TEXAS DEPARTMENT OF TRANSPORTATION

An Agency of the State of Texas

Popular Annual Financial Report  
for the Fiscal Year Ended August 31, 2025





Connecting  
*You* with **TEXAS**

We are pleased to submit the Popular Annual Financial Report (PAFR) of the Texas Department of Transportation (TxDOT) for the fiscal year ended Aug. 31, 2025. This PAFR is a representation of the Texas Annual Comprehensive Financial Report (ACFR) for the 2025 fiscal year.

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

The financial information presented in this summary was derived from the Texas Department of Transportation’s Annual Comprehensive Financial Report (ACFR), which was prepared by management in accordance with accounting principles generally accepted in the United States of America and audited by CliftonLarsonAllen LLP.

This summary does not include all disclosures required by GAAP and is not intended to be a complete presentation of the financial position or results of operations. While the ACFR was audited by CliftonLarsonAllen LLP, the auditor’s report relates solely to the financial statements included in the ACFR and does not extend to this summary. CliftonLarsonAllen LLP did not audit or perform any procedures on this summary and does not express an opinion or provide any assurance on it. The ACFR and PAFR are available on TxDOT’s website at

<https://www.txdot.gov/about/financial-management/financial-publications.html>.

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## Prepared by

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**Marc D. Williams, P.E.**  
*Executive Director*



**Stephen R. Stewart, CPA**  
*Chief Financial Officer*

# TxDOT Overview

## Texas Department of Transportation

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

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

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

## VALUES

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

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

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

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

## VISION

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

## MISSION

Connecting You With Texas.

## Priorities

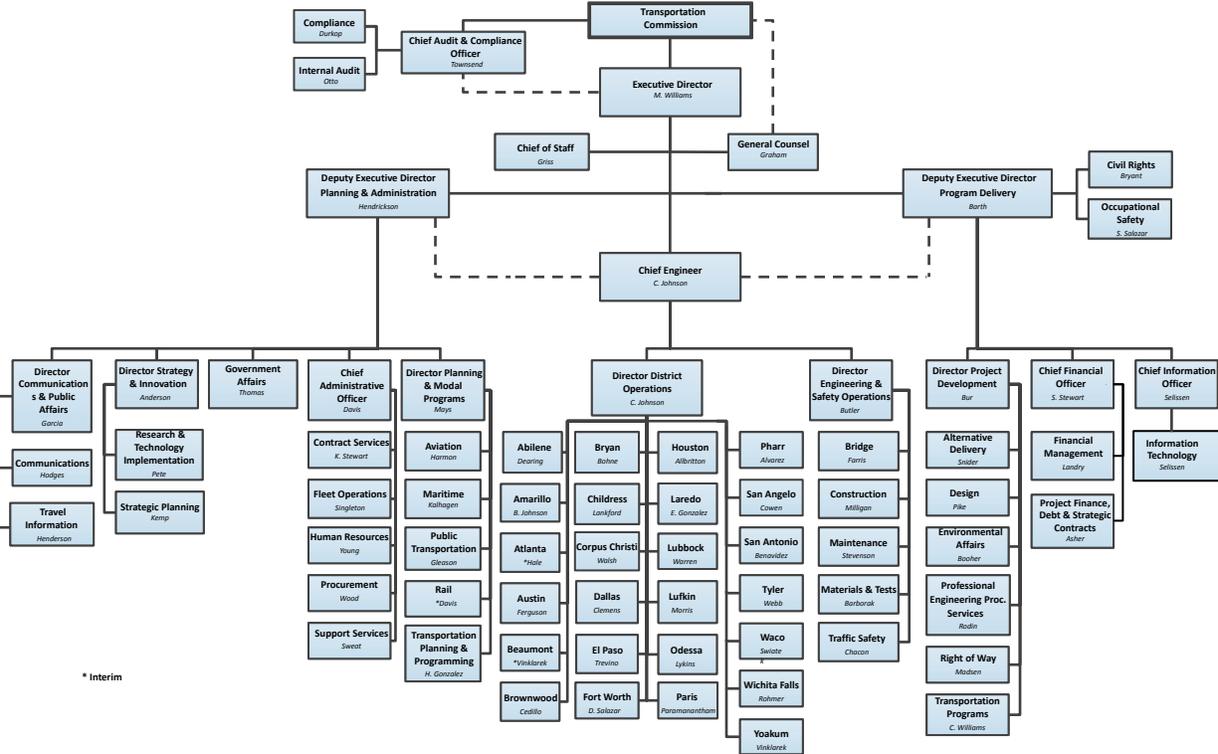
**Safety:** Design, build, operate, and maintain our transportation system with safety as our #1 priority

**Delivery:** Responsible program execution throughout the transportation life cycle (planning, design, construction, maintenance, and operations)

**Innovation:** Forward-thinking, technology-focused, fostering a culture of continuous improvement

**Stewardship:** Professional, responsible stewards of resources

# Organizational Structure and Management



The Texas Department of Transportation is governed by the five-member Texas Transportation Commission (TTC), and an Executive Director selected by the commission. Currently serving the Commission is Acting Chairman W. Alvin New.

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

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



**W. Alvin New**  
Acting Chairman



**Robert C. Vaughn**  
Commissioner



**Alejandro "Alex" G. Meade III**  
Commissioner



**Steven D. Alvis**  
Commissioner



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Presented to

**Texas Department of Transportation**

For its Annual Financial Report  
For the Fiscal Year Ended

August 31, 2024

*Christopher P. Morill*

Executive Director/CEO

# TxDOT at a Glance

## Full Time Equivalent (FTE) Positions by Job Function as of Aug. 31, 2025\*

Job Function	FTE
Architecture	33
Civil Rights/Bus Opportunity	39
Communications/Travel/Public Information	208
Engineering/Engr Support	4,329
Environment	165
Exec/Admin/Clerical/Legal	1,067
Finance/Accounting	242
General Servs/Contracts/Purch	644
Human Resources	156
Information Technology	220
Laboratory/Materials	199
Maint/Skilled Craft/Ferry Ops	4,781
Occupational Safety	90
Other	13
Plan/Aviation/Pub Trans/Legis/Rail	580
Right of Way	178
<b>Grand Total</b>	<b>12,945</b>

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

	2024	2025
Annual Vehicle Transactions	503,188,273	533,128,187
Annual Toll Revenue	672,411,674	743,509,541
Increase/ Decrease	66,399,897	71,097,785
Toll Revenue Percentage Change	11.0%	10.6%
Toll Rate per Transaction	1.34	1.39

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

	2024	2025
Interstate highways	3,477	3,482
U.S.highways	11,847	11,846
State highways	16,498	16,522
Farm or Ranch to Market roads	40,851	40,859
Frontage roads	8,014	8,121
Park roads	348	350
<b>Total Miles</b>	<b>81,035</b>	<b>81,180</b>

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

	2024	2025
Total Lane Miles	201,865	202,516
Rated Lane Miles	200,658	200,794
Good or Better Lane Miles	180,014	181,176
% Good or Better Lane Miles	89.7%	90.2%
% Change from Prior Year	0.1%	0.6%

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

District	Projects	Estimated Cost
Abilene	280	\$898,926,564
Amarillo	222	\$1,309,662,628
Atlanta	405	\$700,619,163
Austin	388	\$3,134,110,017
Beaumont	348	\$1,623,951,014
Brownwood	202	\$372,831,632
Bryan	621	\$1,116,854,922
Childress	135	\$337,136,216
Corpus Christi	321	\$1,233,593,542
Dallas	759	\$6,327,069,136
El Paso	254	\$1,410,250,283
Fort Worth	192	\$3,343,882,300
Houston	593	\$5,010,796,947
Laredo	244	\$1,089,534,238
Lubbock	372	\$878,818,918
Lufkin	343	\$826,499,733
Odessa	295	\$2,179,240,375
Paris	546	\$1,277,105,427
Pharr	368	\$1,627,538,390
San Angelo	301	\$687,852,336
San Antonio	475	\$5,986,057,138
Tyler	318	\$1,418,774,582
Waco	333	\$1,198,193,284
Wichita Falls	134	\$823,646,405
Yoakum	472	\$2,024,695,008
<b>Totals</b>	<b>8,921</b>	<b>\$46,837,640,198</b>

\* The FTE count by function was based on a query of TxDOT's PeopleSoft system as of Aug. 31, 2025 using each full-time and part-time employee's scheduled work hours, instead of actual hours. Interns are not included.

# 2025 Major Initiatives: Texas Clear Lanes

Texas Clear Lanes (TCL) continues to play a vital role in helping TxDOT fulfill its mission by strategically investing transportation dollars to reduce congestion in the state's largest metropolitan areas. These regions, which collectively represent more than half of Texas' population, contain 94 of the state's "Top 100" most congested roadway segments.

Since 2015, TxDOT has committed over \$80 billion to non-tolled current and planned TCL projects across these five metropolitan regions. As of today, the program includes:

- 21 completed projects
- 31 projects under construction
- 78 planned projects

TCL continues to deliver meaningful results for Texas motorists. Recent project outcomes include:

- US 281 Phase II (San Antonio): Achieved a 100% reduction in annual hours of delay, resulting in an annual savings of \$346 per commuter.
- The Southern Gateway (Dallas, I-35/I-30 to US 67): Produced a 77% reduction in annual hours of delay, delivering an annual savings of \$257 per commuter.

Looking ahead, with the approval of the 2026 Unified Transportation Program at the end of fiscal year 2025, Texas Clear Lanes congestion-relief projects are slated to receive \$6 billion within the 10-year plan.

Below are several key achievements from the Fiscal Year 2025 TCL Program:



## Three FM 1960 intersections reopen in Lake Houston

Drivers in the Lake Houston area are seeing improved traffic flow as three rebuilt intersections along FM 1960 reopened after nearly four years of construction. The intersections at Atascocita Road, West Lake Houston Parkway, and Farmingham Road now feature upgraded signals as part of TxDOT's widening project.

The \$128 million effort will expand FM 1960 from four to six lanes and includes new sidewalks, medians, turn lanes, and drainage improvements with final work continuing early 2026.

## Central Texas: New pedestrian infrastructure coming to Mart and Waco

TxDOT announced two new pedestrian infrastructure projects in Central Texas communities. In Mart, a \$1 million project along South Carpenter Street will add sidewalks, ramps, and crosswalks from SH 164 to Lumpkin Street with completion expected in early 2026. In Waco, a \$2.7 million project on Valley Mills Drive will deliver new sidewalks, upgraded curb ramps and improved pedestrian signals between Bagby Avenue to U.S. 84, with construction continuing summer 2026. Both projects support safer, more accessible travel in growing communities.

## Loop 1604 North Expansion Project in San Antonio

Two new flyover ramps have opened as part of the Loop 1604 North Expansion project in San Antonio, connecting eastbound I-10 to both directions of Loop 1604. The additions bring the total to seven flyovers completed in just 11 months, with all eight scheduled to be open by the end of 2026. The project is designed to improve traffic flow and safety along one of the region's fastest-growing corridors.

## U.S. 90 Expansion in San Antonio

In December 2025, TxDOT reached a major milestone by officially beginning construction on the \$473 million U.S. 90 Expansion Project in west Bexar County. The project will widen the highway from four to six lanes, add

continuous frontage roads, construct a new flyover ramp to Loop 1604, and build multiple turnaround bridges and upgraded intersections.

Phase I, from Loop 410 to Loop 1604, is currently underway and expected to be completed by 2030. Phase II, extending to SH 211, is scheduled to begin in 2027.

### US 67 Reopening in San Angelo

Drivers in San Angelo received welcome news as repairs on US 67/Houston Harte Expressway neared completion following flood damage caused by historic July rainfall. TxDOT replaced aging metal pipe culverts installed in the 1980s with modern concrete box culverts.

The Loop, which had been closed since late September between Bell Street and North Oakes, has now fully reopened to traffic.

### I-35 Redesign in Austin

TxDOT's I-35 Capital Express Central Project is well underway marking the corridor's first major redesign since 1974. Crews are reconstructing the MLK Bridge, advancing work near Lady Bird Lake, and installing major drainage infrastructure to support lowering the mainlanes between Holly Street and Airport Boulevard. The project includes 6.5 miles of drainage tunnels

and is expected to improve mobility, safety, and flood resilience by completion in 2033.

### Safety projects continue in Amarillo District

TxDOT's Amarillo District continues work on several major safety and capacity projects, including widening I-27 between Amarillo and Canyon, improving Intersections on State Loop 335, upgrading lighting and drainage at FM 1061 and FM 2590, and adding safety features along Business I-40. Together, these projects represent a significant investment in safety, growth, and crash across the region.



## 2025 Major Initiatives: Operational Highlights

### Facilities Master Plan

FY 2025 began year seven of TxDOT's 10-year Facilities Master Plan with a long list of statewide accomplishments. In 2025, TxDOT had 111 capital projects (\$330.8 million) in construction and 17 capital projects in design. TxDOT completed 22 projects (\$64.5 million) that were approved during the 86th and 87th legislative sessions as well as the planning and design for 17 capital projects approved during the 88th legislative session. TxDOT will continue to realign field office locations through the acquisition of sites that

provide greater strategic and operational value, allowing better response to roadway and natural incidents.

### Facilities Security Upgrades

TxDOT designed 48 security projects and has 12 additional security projects in construction at its buildings around the state. Some of these security projects include a limited-access security virtual local area network (VLAN) to reduce both internal and external security threats.

# 2025 Major Initiatives: Finance and Technology

## ITD Initiatives

TxDOT's Information Technology Division (ITD) continues to modernize legacy systems and coordinate the delivery of IT services while ensuring reliable infrastructure and application support for employees and customers. Highlighted below are several key accomplishments achieved through these efforts.

### Mainframe Retirement

In 2025, ITD reached a major milestone by fully decommissioning its remaining mainframe systems. This strategic effort eliminated legacy technical debt and significantly reduced annual maintenance costs. Critical applications were successfully migrated to secure, cloud-based platforms, leveraging modern security controls to enhance protection and operational reliability. In addition, ITD implemented comprehensive data validation and archival processes to ensure regulatory compliance and protect TxDOT's information assets. This achievement reflects ITD's commitment to modernization, cost efficiency, and future-ready operations, positioning TxDOT for continued innovation and excellence in service delivery.

### Invoice Automation and Robotics (PEPS)

ITD's collaboration with the Professional Engineering Procurement Services (PEPS) Division to transform the invoicing process demonstrates the impact of strong partnership between business and IT. By leveraging automation and intelligent tools, invoice processing time was reduced by 75%, saving an estimated 22,000 staff hours annually. Automated processing has accelerated approvals, reduced errors, and minimized TxDOT-paid late fees, delivering significant efficiency gains and strengthened compliance.

### Live Traffic video on Drive Texas

In 2025, TxDOT implemented live traffic video feeds on DriveTexas as part of its ongoing commitment to transparency, safety, and improved service for Texans. These real-time visuals of road conditions, construction

zones, and traffic incidents help travelers make informed decisions, reduce delays, and improve roadway safety. The feeds also enhance situational awareness for drivers, emergency responders, and agency staff, enabling faster, more coordinated responses to incidents and weather events. By providing timely, reliable information, the initiative supports TxDOT's mission to deliver safe and dependable transportation statewide.

### ITD Emergency Operations Program

In 2025, ITD established a dedicated Emergency Operations Program focused on proactive planning, coordinated response, and continuous improvement. A key component of the program is the revised ITD Emergency Operations Plan, which was comprehensively updated in 2025 with input from all ITD sections to ensure organization-wide alignment and clearly defined roles and responsibilities.

The updated plan outlines standardized procedures for incident detection, escalation, and coordinated response to a range of emergency scenarios, including natural disasters, cyber incidents, and critical infrastructure failures. It emphasizes cross-functional collaboration among ITD teams, ensuring applications, infrastructure, and vendor management are fully integrated into response efforts.

In addition, the ITD Continuity Plan was revised to strengthen business continuity across all ITD services. The plan defines strategies for maintaining essential operations, prioritizing resources, and restoring services during significant disruptions. Regular training, scenario-based exercises, and after-action reviews are incorporated to reinforce readiness and support continuous improvement.

Together, the 2025 enhancements to ITD's Emergency Operations Program and related plans position TxDOT's ITD to respond effectively to emergencies, protect critical systems, and sustain the agency's mission under all conditions.

## Financial Management Initiatives

Below is a summary of the major accomplishments and operational improvements delivered by the Financial Management Division (FIN) during fiscal year 2025.

### Financial Reporting & Audit Excellence

The Financial Reporting team successfully delivered clean audits for all annual financial reports, an especially notable achievement given the onboarding of a new external auditor this year. Strong collaboration across the division ensured timely, accurate reporting and a smooth transition to the new audit process.

### Federal Funds Maximization

FIN secured a record-setting \$1.047 billion August Redistribution, bringing more federal funds to Texas than any other state. Texas' share exceeded the next two highest states—California and Pennsylvania—combined, reinforcing our leadership in maximizing federal opportunities for the state.

### Travel & Expense Optimization

This fall, the division cut expense report processing time by 50% during the busy conference travel season. This improvement provided faster support to employees across the agency and reduced bottlenecks during peak activity periods.

### Record Damage Claims Recoveries

The Damage Claims team achieved a record \$42 million collected in FY25, strengthening financial stewardship and improving cost recovery for the agency.

### Federal Billing Performance

FIN generated a record \$5.6 billion in federal billings in FY25, representing an 11% increase over FY24. Effective streamlining of processes and proactive management of inactive rates kept quarterly inactive rates well below the 2% target, supporting strong compliance and revenue flow.

### Accounts Payable Process Improvements

The Accounts Payable team completed its first comprehensive AP Procedures Manual update since PeopleSoft deployment in 2014, modernizing guidance for staff and ensuring alignment with current systems and practices. In addition, FIN launched chartfield validation on billing worksheets, improving data accuracy, reducing rework, and supporting more reliable financial reporting.

### Cash & Budget Stewardship

Through strong coordination and proactive cash management, FIN ensured that both budget and cash levels were sufficient to support the record \$1.5 billion letting contractor payments in September 2025. This achievement reflects disciplined forecasting and financial oversight during a historic letting month.

# 2025 Awards

## 2025 Transportation Short Course

The 2025 Transportation Short Course was the 99th such meeting in the Texas Department of Transportation's history. Both TxDOT and the Texas A&M Transportation Institute (TTI) are proud of this long-standing record of collaboration and cooperation. Over the years, the Short Course has provided a unique opportunity to exchange important technical information that improves transportation in Texas.

### Big 5 Awards

TxDOT recognized outstanding achievements with the Big 5 Awards during the opening session of the 99th Annual Transportation Short Course.

#### Raymond E. Stotzer Jr. Award

Tony Hartzel, Northeast Texas PIO Section Director, Communications Division

#### Russell H. Perry Award

John Sharp, Texas A&M University System Chancellor Emeritus

#### Dewitt C. Greer Award

Melody Galland, Director of Maintenance, Houston District

#### Gibb Gilchrist Award

Brenan Honey, Director of Construction, Dallas District

#### Luther DeBerry Award

Jeff Bush, Deputy District Engineer, Dallas District

## Extra Mile Awards

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

### Abilene District

Austin Adkins, Corey Carriker, Jacoby Castro, Tommy Faircloth, Larry "Mike" Gaines, Stephen Hitch, Matthew Pecoraro, Jeffrey Peterson, Jarred Poe, Austin Rade, Taylor County Maintenance Crew

### Paris District

Casey Aaron, General Transp Tech, Duane Andrus, Retired, Sanford Belcher, Maintenance Section Supervisor

### Pharr District

Blanca Ruiz, Maintenance Support Tech

## Professional Financial Awards

The Government Finance Officers Association (GFOA) has awarded TxDOT with the Certificate of Achievement for Excellence in Financial Reporting each year since 2019 for its Annual Comprehensive Financial Report (ACFR). In addition, TxDOT received the Outstanding Achievement in Popular Annual Financial Reporting award for the fourth time for its 2024 Popular Annual Financial Report (PAFR). This award is the highest standard for the preparation and issuance of state and local government popular reports.



# Economic Condition

The current economic landscape continues to pose challenges for government agencies, including state departments of transportation (DOTs), as population growth and vehicle miles traveled persistently outstrip available transportation funding. As of August 2025, the inflation rate stood at 2.9 percent. Despite these pressures, the Texas economy maintained its upward

trajectory throughout 2025. While the unemployment rate held steady, job growth gained momentum.

Over the five fiscal years from 2021 to 2025, a total of 4,067 highway and bridge construction projects—valued at an estimated \$46.1 billion—were let or awarded, with actual awards totaling \$45.6 billion.

## Population (Thousands)

	2024*	2025
Texas	31,345	31,721
Percent Changes	1.8%	1.2%
U.S.	340,634	342,496
Percent Changes	0.9%	0.5%

## Total Personal Income (Millions)

	2024*	2025
Texas	2,126,504	2,238,975
Percent Changes	5.2%	5.3%
U.S.	24,669,308	25,859,219
Percent Changes	5.4%	4.8%

## Per Capita Income

	2024*	2025
Texas	67,842	70,584
Percent Changes	3.4%	4.0%
U.S.	72,422	75,502
Percent Changes	4.4%	4.3%

## Nonfarm Employment (Thousands)

	2024*	2025
Texas	14,130	14,342
Percent Changes	1.5%	1.5%
U.S.	157,960	159,621
Percent Changes	1.3%	1.1%

## Unemployment Percentage Rate

	2024*	2025
Texas	4.1%	4.2%
U.S.	4.0%	4.2%

## Employment by Industry (Thousands)

Goods-Producing	2024*	2025
Natural Resources and Mining	219	223
Construction	854	880
Manufacturing		
Durables	622	620
Nondurables	352	355
<b>Total, Goods-Producing</b>	<b>2,046</b>	<b>2,078</b>

Service-Providing	2024*	2025
<b>Trade, Transportation, and Utilities</b>		
Wholesale Trade	656	666
Retail Trade	1,403	1,422
Transportation and Warehousing	647	656
Utilities	65	68
<b>Information</b>	227	227
<b>Financial Activities</b>		
Finance and Insurance	669	680
Real Estate and Rental and Leasing	257	267
<b>Professional and Business Services</b>		
Professional, Scientific and Technical	1,048	1,070
Management, Administrative and Support	1,073	1,063
<b>Educational and Health Services</b>		
Educational Services, Private	245	242
Health Care and Social Assistance	1,687	1,736
<b>Leisure and Hospitality</b>	1,507	1,531
<b>Other Services</b>	486	490
<b>Government</b>		
Federal Civilian	225	223
State and Local	1,889	1,923
<b>Total, Service-Providing</b>	<b>12,084</b>	<b>12,264</b>
<b>Total Nonfarm Employment</b>	<b>14,130</b>	<b>14,342</b>

\* The prior-year numbers presented in the tables above are subject to revision due to updated information.

# Funding Sources

The State Highway Fund is TxDOT’s primary funding source, supported by fuel taxes, vehicle registration fees, portions of general sales and use taxes, and federal reimbursements. Under the Texas Constitution, most of these revenues are dedicated exclusively to state right-of-way acquisition, highway construction, and roadway maintenance, and cannot be used for other modes of transportation such as rail, transit, aviation, or waterways. Multi-modal projects must instead rely on general revenue or non-dedicated funds.

The fund also includes subaccounts for Proposition 1 and Proposition 7, State Infrastructure Bank (SIB), and regional toll revenues from approved Comprehensive Development Agreements (CDAs). By law, toll and concession revenues must be spent on transportation projects within the region where they are collected.

## Traditional Funding

- State Motor Vehicle Fuels Tax - 20 cents per gallon total, with 15 cents to the State Highway Fund and 5 cents to the Available School Fund\*
- Federal highway\*- and other federal funds agency reimbursements
- Vehicle Registration Fees\*
- Smaller revenues such as lubricant sales taxes\*, permit fees for special vehicles, miscellaneous fees, and interest\* accrued on dedicated funds
- Local project participation funds

## Non-traditional Funding

- Proposition 1: A portion of existing oil and natural gas production taxes is equally divided between the Economic Stabilization Fund and the State Highway Fund. These funds may only be used for constructing, maintaining, and acquiring rights-of-way for public roadways other than toll roads.
  - Proposition 7: A portion of sales and use taxes as well as a smaller portion of motor vehicle sales and rental taxes may only be used pursuant to Section 7-c, Article VIII of the Texas Constitution, to (1) construct, maintain, or acquire rights-of-way for public roadways other than toll roads and (2) pay for the debt service on Proposition 12 Highway Improvement General Obligation Bonds as appropriated by the legislature.
  - State Infrastructure Bank (SIB) loan repayments and interest - Texas’ State Infrastructure Bank is a revolving fund that provides eligible local government entities to borrow money for the costs of certain transportation projects at favorable terms.
  - Regional toll revenue and revenue from CDAs
- \*Indicates revenues that are dedicated by the Texas Constitution and state statute to fund public roadway projects.

## Statutorily Authorized Uses of Funding Streams

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

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

# Financial Summary: Management's Discussion and Analysis

## TxDOT's Reporting Entity

The Texas Department of Transportation (TxDOT) is the state agency responsible for developing and maintaining Texas' statewide multimodal transportation network. Its governing body, the Texas Transportation Commission, has the authority to enter legal agreements on the agency's behalf. TxDOT's 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 2025, three transportation corporations, the Texas Private Activity Bond Surface Transportation Corporation (TxPABST), the Texas Transportation Finance Corporation (TTFC) 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. The State of Texas is not liable for debts and has no claim to their assets of these corporations.

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

Each year, in addition to this popular annual report, TxDOT prepares an Annual Comprehensive Financial Report (ACFR) that presents government-wide and fund-level financial statements with accompanying notes, organized into three main components:

- Government-wide financial statements include the Statement of Net Position and the Statement of Activities, which provide a broad, long-term overview of TxDOT's finances.
- Fund financial statements include the balance sheet and statement of revenue, expenditures, and net changes in fund balances. They provide a greater level of detail of revenues and expenditures and focus on how well TxDOT has performed in the short term in the most significant funds.

- Notes to the basic financial statements.

All financial data contained in this report is presented in accordance with Generally Accepted Accounting Principles (GAAP). TxDOT's governmental funds follow the modified accrual basis of accounting.

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

The MD&A section of TxDOT's annual report offers management perspective on the organization's financial and operational performance, both past and present. Management also touches on the upcoming year, outlining future goals, and approaches to new projects.

## Financial Highlights

- The largest revenue source earned in 2025 was from taxes with a total of \$8.7 billion. This was followed by operating grants and contributions with \$5.8 billion.
- TxDOT received a total of \$3.2 billion in Proposition 7. During fiscal 2025, \$2.5 billion was received for state sales and use taxes. In Aug. 2025, the department also received \$714.1 million of additional Proposition 7 funds for the state motor vehicle sales and rental tax revenue.
- TxDOT received a total of \$2.7 billion in Proposition 1 funds for oil and natural gas production taxes during fiscal 2025. 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.
- On Oct. 8, 2024, TxDOT completed the termination of the SH288 Comprehensive Development Agreement (CDA). To finance the termination, TxDOT provided a loan to the Texas Transportation Finance Corporation (TTFC) in the amount of the termination compensation, \$1.7 billion, using existing State Highway Funds. This loan was repaid through toll revenue bonds issued by TTFC in early October 2025. By transferring this project to state control, TxDOT anticipates that future toll revenues will be able to be reduced and will escalate at a slower pace than allowed under the CDA.

# Statement of Net Position

The statement of net position presents TxDOT’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these amounts reported as the net position.

TxDOT’s fiscal year runs from September 1st through August 31st. Over time, increases or decreases in net position may indicate TxDOT’s overall financial condition is improving or deteriorating. The statement of net position for the fiscal years ended August 31, 2024 and 2025 is presented in the chart below.

## Statement of Net Position (Thousands)

	Governmental Activities		Business-type Activities		Total	
	2024	2025	2024	2025	2024	2025
<b>Assets</b>						
Assets Other Than Capital Assets	\$17,336,456	\$12,891,112	\$1,952,997	\$2,094,158	\$19,289,453	\$14,985,270
Capital Assets	150,708,191	161,448,497	2,930,058	2,786,050	153,638,249	164,234,547
<b>Total Assets</b>	<b>168,044,647</b>	<b>174,339,609</b>	<b>4,883,055</b>	<b>4,880,208</b>	<b>172,927,702</b>	<b>179,219,817</b>
<b>Deferred Outflows of Resources</b>	925,298	876,879	166,333	159,567	1,091,631	1,036,446
<b>Liabilities</b>						
Current Liabilities	4,489,225	2,549,438	279,826	2,052,271	4,769,051	4,601,709
Non-current Liabilities	14,673,463	13,729,897	7,811,639	7,717,036	22,485,102	21,446,933
<b>Total Liabilities</b>	<b>19,162,688</b>	<b>16,279,335</b>	<b>8,091,465</b>	<b>9,769,307</b>	<b>27,254,153</b>	<b>26,048,642</b>
<b>Deferred Inflows of Resources</b>	12,132,069	10,787,639	119,179	111,544	12,251,248	10,899,183
<b>Net Position</b>						
Net Investment in Capital Assets	129,858,662	142,094,546	644,377	619,197	130,503,039	142,713,743
Restricted	6,906,943	4,671,562	511,352	652,961	7,418,295	5,324,523
Unrestricted	909,583	1,383,406	(4,316,985)	(6,113,234)	(3,407,402)	(4,729,828)
<b>Total Net Position</b>	<b>\$137,675,188</b>	<b>\$148,149,514</b>	<b>\$(3,161,256)</b>	<b>\$(4,841,076)</b>	<b>\$134,513,932</b>	<b>\$143,308,438</b>

The Statement of Net Position reports total assets and deferred outflows of \$180.3 billion, an increase of \$6.2 billion from fiscal year 2024. Total liabilities and deferred inflows were \$36.9 billion, a decrease of \$2.6 billion.

The growth in assets and deferred outflows was primarily driven by a \$10.6 billion increase in capital assets, partially offset by a \$4.6 billion decrease in cash and cash equivalents. The decline in liabilities and deferred inflows resulted mainly from reductions in general obligation bonds payable (\$485.0 million), revenue bonds payable (\$373.4 million), and public-private and public-public partnership deferred inflows (\$973.1 million) during fiscal year 2025.

TxDOT's overall net position increased by 6.5 percent or \$8.8 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 (99.6 percent or \$142.7 billion) is net investment in capital assets. Capital assets are long-lived in nature and cannot be used to liquidate liabilities. TxDOT's net investment in capital assets is reported net of related debt.

**Restricted Net Position**

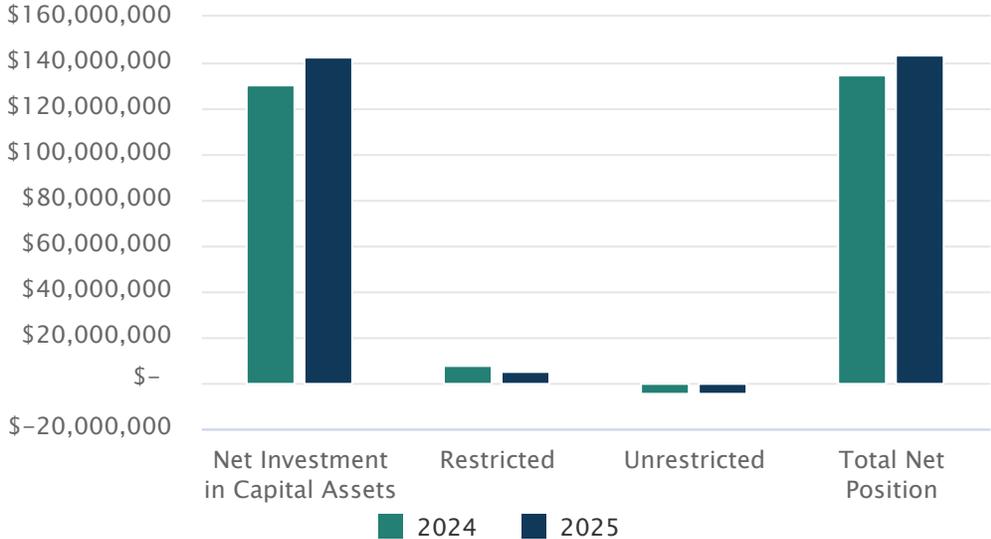
This portion of net position (3.7 percent or \$5.3 billion) is restricted, representing funds that are limited to construction activities, payment of debt, or specific programs by law.

**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 \$4.7 billion in fiscal 2025.

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

**TxDOT Total Net Position (Thousands)**



# Changes in Net Position

The statement of activities explains how TxDOT's net position changed during the year by presenting total revenues earned and expenses incurred. When revenues exceed expenses, TxDOT's net position increases; conversely, when expenses exceed revenues, net position decreases.

In 2025, TxDOT's revenues exceeded expenditures by \$7.6 billion.

TxDOT earned program revenues of \$7.8 billion and general revenues of \$9.4 billion, for total revenues of \$17.2 billion. The expenses of TxDOT were \$9.6 billion.

The total net position increased to \$143.3 billion in fiscal year 2025 from \$134.5 billion in fiscal year 2024 due to revenues exceeding expenses.

## Changes in Net Position (Thousands)

	Governmental Activities		Business-type Activities		Total	
	2024	2025	2024	2025	2024	2025
<b>Revenue</b>						
<b>Program Revenues:</b>						
Charges for Services	\$1,169,103	\$1,203,546	\$747,353	\$761,353	\$1,916,456	\$1,964,899
Operating Grants and Contributions	5,350,536	5,716,203	102,121	90,752	5,452,657	5,806,955
Capital Grants and Contributions	44,578	35,672			44,578	35,672
<b>Total Program Revenues</b>	<b>6,564,217</b>	<b>6,955,421</b>	<b>849,474</b>	<b>852,105</b>	<b>7,413,691</b>	<b>7,807,526</b>
<b>General Revenues:</b>						
Appropriations	274,365	323,316			274,365	323,316
Taxes	8,718,369	8,662,480			8,718,369	8,662,480
Unrestricted Investment Earnings	566,552	321,243			566,552	321,243
Settlement of Claims	50,153	58,818			50,153	58,818
Gain on Sale of Capital Assets	4,091	40,457			4,091	40,457
Gain on Other Financial Activity	46	909			46	909
Other General Revenues	2,381	3,535			2,381	3,535
<b>Total General Revenues</b>	<b>9,615,957</b>	<b>9,410,758</b>			<b>9,615,957</b>	<b>9,410,758</b>
<b>Total Revenues</b>	<b>16,180,174</b>	<b>16,366,179</b>	<b>849,474</b>	<b>852,105</b>	<b>17,029,648</b>	<b>17,218,284</b>
<b>Expenses</b>						
Transportation	8,338,204	8,988,838	703,677	640,904	9,041,881	9,629,742
<b>Total Expenses</b>	<b>8,338,204</b>	<b>8,988,838</b>	<b>703,677</b>	<b>640,904</b>	<b>9,041,881</b>	<b>9,629,742</b>
<b>Excess Before Transfers</b>	<b>7,841,970</b>	<b>7,377,341</b>	<b>145,797</b>	<b>211,201</b>	<b>7,987,767</b>	<b>7,588,542</b>
<b>Special Item - PPP Loss</b>		(842,674)				(842,674)
<b>Transfers - Internal Activities</b>	30,739	1,891,020	(30,739)	(1,891,020)		
<b>Transfers - Other State Agencies</b>	2,097,839	2,037,234			2,097,839	2,037,234
<b>Change in Net Position</b>	<b>9,970,548</b>	<b>10,462,921</b>	<b>115,058</b>	<b>(1,679,819)</b>	<b>10,085,606</b>	<b>8,783,102</b>
<b>Net Position, Beginning Balance</b>	<b>127,704,640</b>	<b>137,675,188</b>	<b>(3,276,314)</b>	<b>(3,161,256)</b>	<b>124,428,326</b>	<b>134,513,932</b>
<b>Change in Accounting Principle*</b>		11,405				11,405
<b>Net Position, Beginning Balance, as Restated</b>	<b>127,704,640</b>	<b>137,686,593</b>	<b>(3,276,314)</b>	<b>(3,161,256)</b>	<b>124,428,326</b>	<b>134,525,337</b>
<b>Net Position, Ending Balance</b>	<b>\$137,675,188</b>	<b>\$148,149,514</b>	<b>\$(3,161,256)</b>	<b>\$(4,841,075)</b>	<b>\$134,513,932</b>	<b>\$143,308,439</b>

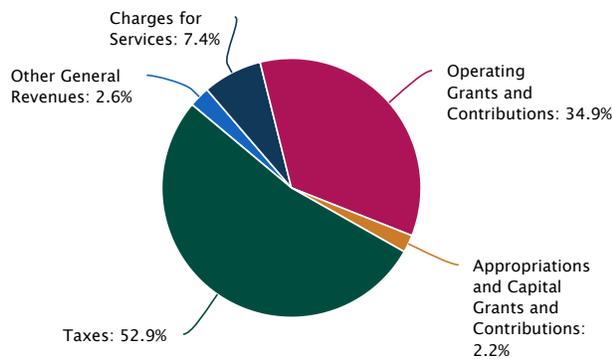
\* Change in Accounting Principle due to GASB 101 transition in 2025.

# Government-wide Revenue and Expense Summary

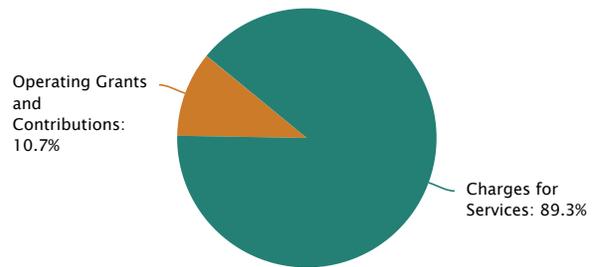
## Revenues

TxDOT earned program revenues of \$7.8 billion and general revenues of \$9.4 billion, for total revenues of \$17.2 billion. In 2025, the largest revenue source in TxDOT's Governmental Activities was taxes, representing 52.9 percent of all revenue collected. In Business-Type activities, charges for services was the largest component of revenue, representing 89.3 percent of all revenues collected. The following charts detail the revenue breakdown by component for both Governmental and Business-Type activities.

**Revenues by Source: Governmental Activities  
For the Fiscal Year Ended August 31, 2025**



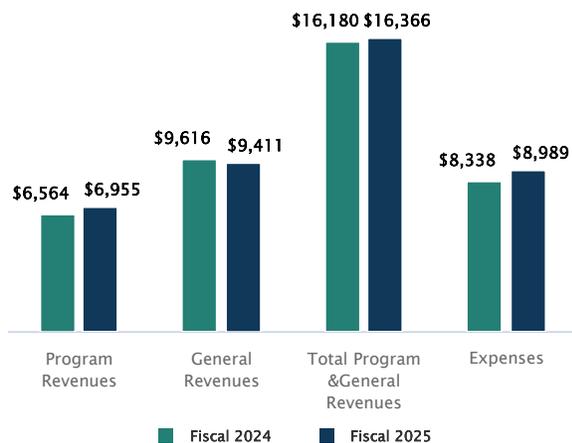
**Revenues by Source: Business-Type Activities  
For the Fiscal Year Ended August 31, 2025**



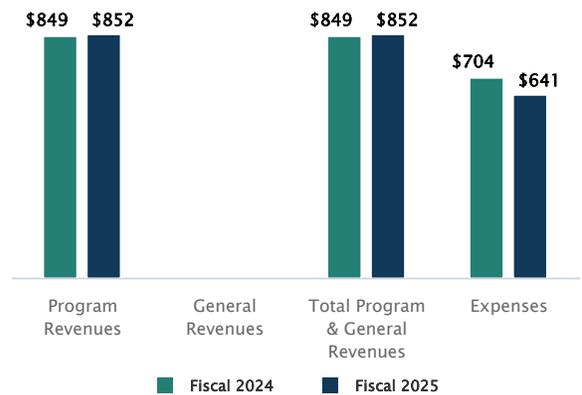
## Expenses

At the government-wide level, all expenses are presented as transportation expenses for a total of \$9.6 billion. The charts that follow present a year over year comparison of TxDOT's government-wide revenues and expenses, governmental fund expenditures, and proprietary fund expenses.

**Expenses and Revenues: Governmental Activities  
For the Fiscal Years August 31, 2024 and 2025 (Millions)**



**Expenses and Revenues: Business-Type Activities  
For the Fiscal Years August 31, 2024 and 2025 (Millions)**



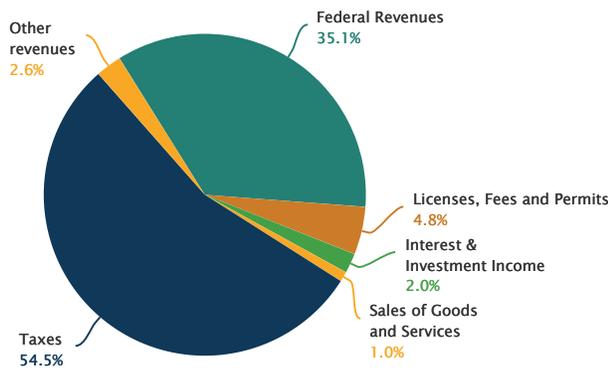
# Governmental Fund Highlights

## Governmental Funds

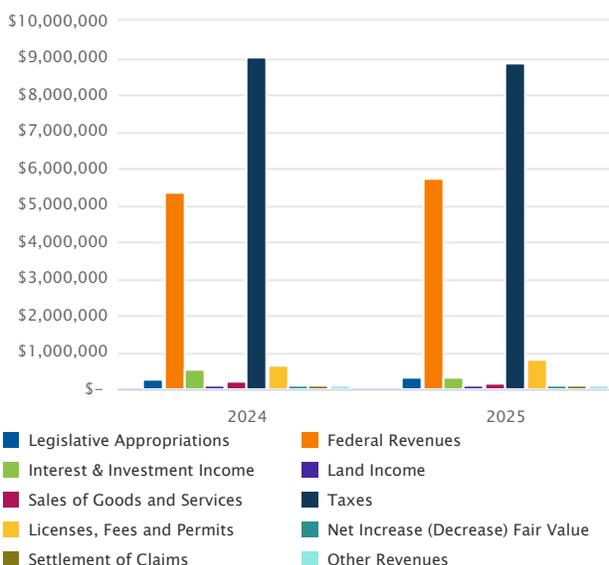
The focus of TxDOT's governmental funds financial statements is to provide information on how money flows into and out of the funds, and amounts remaining at year-end for future spending. TxDOT has three major governmental funds: the State Highway Fund, Texas Mobility Fund - Debt Service and the Texas Mobility Fund - Capital Projects. TxDOT's governmental funds reported a combined ending fund balance of \$4.1 billion on Aug. 31, 2025, most of which is allocated to restricted capital projects.

- 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, 2025, was \$2.9 billion. Total revenues increased by \$157.0 million, or 1.0 percent, to \$15.2 billion in fiscal 2025. 94.8 percent of the total revenue included \$8.9 billion of taxes and \$5.5 billion of federal revenue. \$13.4 billion capital outlay expenditures contributed to 68.8 percent of overall SHF's expenditures in fiscal 2025. Changes in fund balance was \$2.6 billion in fiscal 2025, a decrease of \$190.9 million from fiscal 2024, which was due to an increase in revenues in amount of \$157.0 million, increase in expenditures in amount of \$675.8 million, increase in other financing sources in amount of \$2.0 billion. The changes were: revenue increase of \$157.0 million, primarily due to increased oil and natural gas tax and motor vehicle sales and use tax collections during fiscal 2025. In addition, transportation expenditures increased by \$103.7 million and capital outlay increased by \$810.8 million due to increased utilization of Proposition 1 and 7 revenues during fiscal 2025. Additionally, a Special Item - PPP Buyout Expenditure of \$1.7 billion was recognized in 2025 which also largely contributed to the \$2.6 billion change in fund balance.

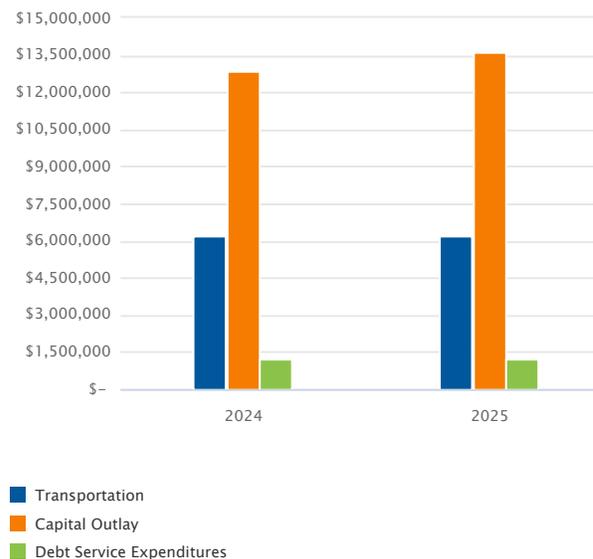
## Governmental Fund Revenues Percentages



## Governmental Fund Revenues by Source (Thousands)



## Governmental Fund Expenditures by Use (Thousands)

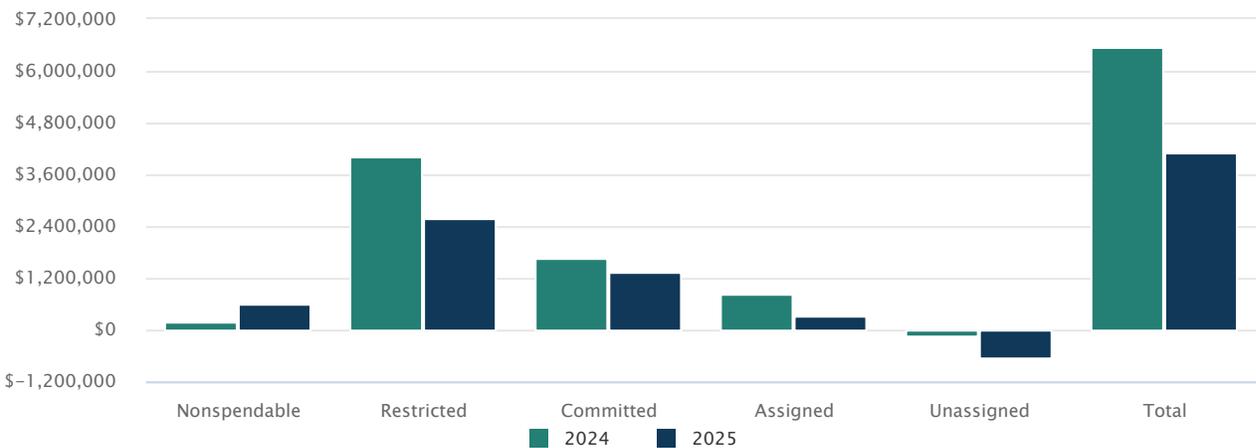


- Texas Mobility Fund -The fund provides financing for the construction and expansion of state highways and other transportation projects. In fiscal 2025, the fund is presented as two major funds—a capital projects fund and a debt service fund—due to anticipated increases in capital activity following \$1.1 billion in bond proceeds expected in fiscal 2026.

The Texas Mobility Fund Capital Projects Fund ended fiscal 2025 with a fund balance of \$255.4 million, an increase of \$83.1 million (48.3%) from \$172.3 million in fiscal 2024. The year-over-year growth in fund balance reflected higher revenues (\$41.0 million), a modest rise in expenditures (\$1.2 million), and an increase in other financing sources (\$10.8 million). Total revenues were \$145.8 million, with \$135.1 million in license, fee, and permit revenue accounting for 92.0% of the total. Transportation expenditures totaled \$94.5 million (91.5% of all expenditures), consisting of \$75.8 million in intergovernmental payments and \$18.7 million in public assistance payments.

The Debt Service Fund reported a fund balance of \$283.9 million at year-end, reflecting a decrease of \$14.3 million from fiscal 2024. During the year, \$302.8 million in revenues—primarily license, fee, and permit revenue—supported debt service activity. Refunding bonds totaling \$840.3 million, with a \$91.5 million premium, were issued to achieve future debt service savings.

**TxDOT Governmental Fund Balances, All Funds** (Thousands)

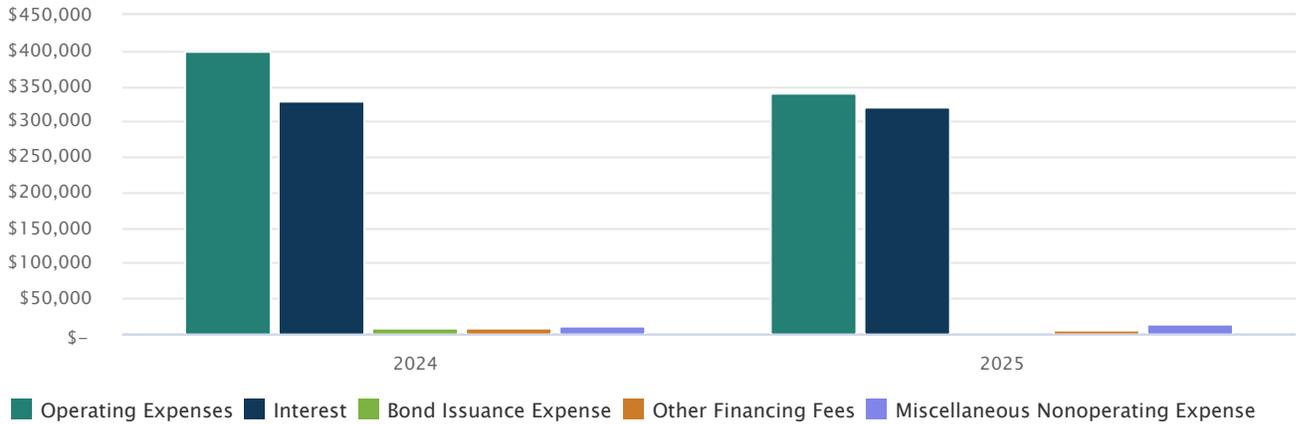


## Proprietary Fund Highlights

### Proprietary Funds

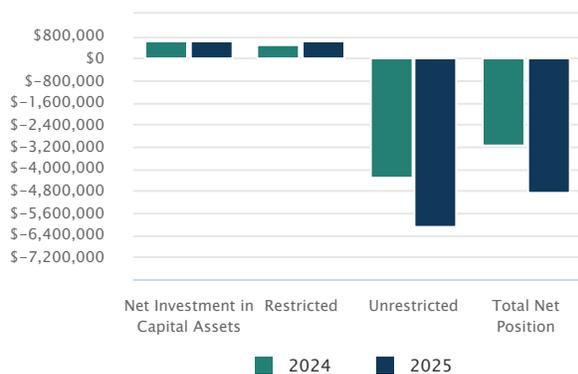
Proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. TxDOT has four major proprietary funds: Central Texas Turnpike System, Grand Parkway Transportation Corporation, SH 249 System, and SH 288 System. A summary of the financial information for these funds is presented below.

### Proprietary Fund Expenses (Thousands)



- Central Texas Turnpike System - CTTS reported a net position of \$279.1 million as of Aug. 31, 2025, an increase of \$33.0 million from fiscal 2024. Operating revenues decreased by \$34.4 million (9.3 percent), while operating expenses decreased \$40.5 million (14.2 percent), primarily due to the transition to HCTRA for back-office services. Total expenses were \$369.3 million, compared to \$396.0 million in fiscal 2024 with depreciation, amortization, and interest totaling \$196.7 million, which was 53.3 percent, of total expenses.
- Grand Parkway Transportation Corporation - GPTC reported a deficit net position of \$3.6 billion in fiscal 2025, an increase in net position of \$88.9 million over fiscal 2024. Operating revenues increased by \$45.6 million, or 13.1 percent) due to higher pledged revenues. Total expenses were \$267.1 million, which decreased by \$12.1 million or 4.3 percent). The largest expense was interest expense for \$189.0 million of interest expense.
- State Highway 249 System - The SH 249 System reported net position of \$256.3 million as of Aug. 31, 2025, an increase of 2.0 percent from fiscal 2024. Toll revenues totaled \$29.4 million, net of allowances. An increase in net position of \$4.9 million, driven by operating revenues in amount of \$29.4 million, operating expenses in amount of \$16.1 million, nonoperating expenses in amount of \$8.5 million, capital contributions and transfers to fund in amount of \$66.0 thousand.
- The SH 288 System fund- Established in fiscal 2025, SH 288 managed lanes, consisting of four tolled lanes from US 59/I-69 in Harris County to the Harris/Brazoria County line at Clear Creek. The System reported a deficit net position of \$1.8 billion, reflecting outstanding principal and accrued interest on an interfund loan from the State Highway Fund used to finance the SH 288 managed lanes buyout. No toll revenues or expenses were generated in fiscal 2025. The related cash transfer is expected in early fiscal year 2026 following bond issuance.

### Proprietary Fund Net Position, All Funds (Thousands)



The unrestricted net position deficit is due to bond liabilities exceeding GPTC's assets, as GPTC issues bonds for TxDOT but does not own the related capital assets.

# Capital Assets

TxDOT's capital assets are comprised of roads, bridges, buildings, land, equipment, and intangible capital assets. As of Aug. 31, 2025, TxDOT had \$164.2 billion in net capital assets, a \$10.6 billion or 6.9 percent increase over fiscal 2024. The increase was due to an increase in construction in progress of \$4.7 billion, infrastructure - depreciable of \$4.3 billion, land and land improvements of \$1.6 billion in fiscal 2025. The total accumulated depreciation and amortization for TxDOT as of Aug. 31, 2025 was \$39.3 billion.

## Capital Assets - Net of Depreciation and Amortization - August 31, 2024 and 2025 (Thousands)

	Governmental Activities		Business-type Activities		Total	
	2024	2025	2024	2025	2024	2025
Land and Land Improvements	\$21,109,952	\$22,673,282	\$725,847	\$725,847	\$21,835,799	\$23,399,129
Infrastructure - Depreciable	102,410,543	106,813,101	2,082,657	2,026,557	104,493,200	108,839,658
Construction in Progress	25,854,152	30,534,638	23,699	12,540	25,877,851	30,547,178
Buildings and Building Improvements	623,978	680,877	1,715	1,354	625,693	682,231
Furniture and Equipment	77,282	89,830			77,282	89,830
Vehicles, Boats and Aircraft	378,313	394,238			378,313	394,238
Other Capital Assets	1,989	1,751			1,989	1,751
Land Use Rights - Permanent	90,258	90,752	19,466	19,466	109,724	110,218
Land Use Rights - Term		6,092				6,092
Computer Software	79,855	98,117	14,894		94,749	98,117
Buildings and Building Improvements (RTU)	18,269	27			18,269	27
Land and Land Improvements (RTU)	1,857	1,051			1,857	1,051
Furniture and Equipment (RTU)	12,778	7,576			12,778	7,576
Subscriptions (RTU)	48,965	57,165	61,780	286	110,745	57,451
<b>Total Capital Assets</b>	<b>\$150,708,191</b>	<b>\$161,448,497</b>	<b>\$2,930,058</b>	<b>\$2,786,050</b>	<b>\$153,638,249</b>	<b>\$164,234,547</b>

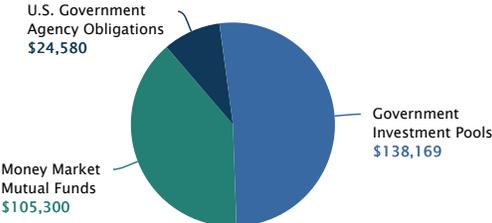
# Short and Long-Term Assets

All monies in funds under the Texas Comptroller of Public Accounts' Treasury Operations Division (Treasury) are pooled and invested alongside other state funds by the Treasury Operations Division.

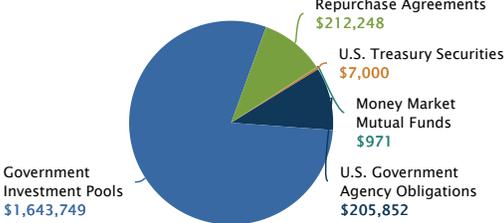
Governmental fund deposits in the state treasury totaled \$5.1 billion at Aug. 31, 2025.

As of Aug. 31, 2025, the measurements of TxDOT's investments by major type are summarized below:

**Investments - Governmental Activities** (Thousands)



**Investments - Business-Type Activities** (Thousands)



# Long-Term Debt

## Outstanding Bonds

TxDOT as a whole had a little less than \$18.0 billion in outstanding bonded debt at the end of fiscal 2025.

This is made up of \$8.4 billion in general obligation (GO) bonds, and \$9.6 billion in revenue bonds. This figure has decreased by \$858.4 million compared to fiscal 2024.

### Outstanding Bonded Debt - August 31, 2024 and 2025 (Thousands)

	Governmental Activities		Business-type Activities	
	2024	2025	2024	2025
General Obligation Bonds Payable	\$8,888,898	\$8,403,874	\$	\$
Revenue Bonds Payable	2,684,555	2,369,672	7,243,023	7,184,530
<b>Total Bonds Payable</b>	<b>\$11,573,453</b>	<b>\$10,773,546</b>	<b>\$7,243,023</b>	<b>\$7,184,530</b>

## Credit Ratings

Credit ratings are used by bond investors to assess an organization's financial stability and the perceived safety of its debt. Strong credit ratings help broaden the investor base by attracting additional bond buyers. The department currently maintains outstanding bond credit ratings with Fitch, Moody's, Standard & Poor's, and Kroll Bond Rating Agency.

### Long-Term Credit Ratings as of August 31, 2025

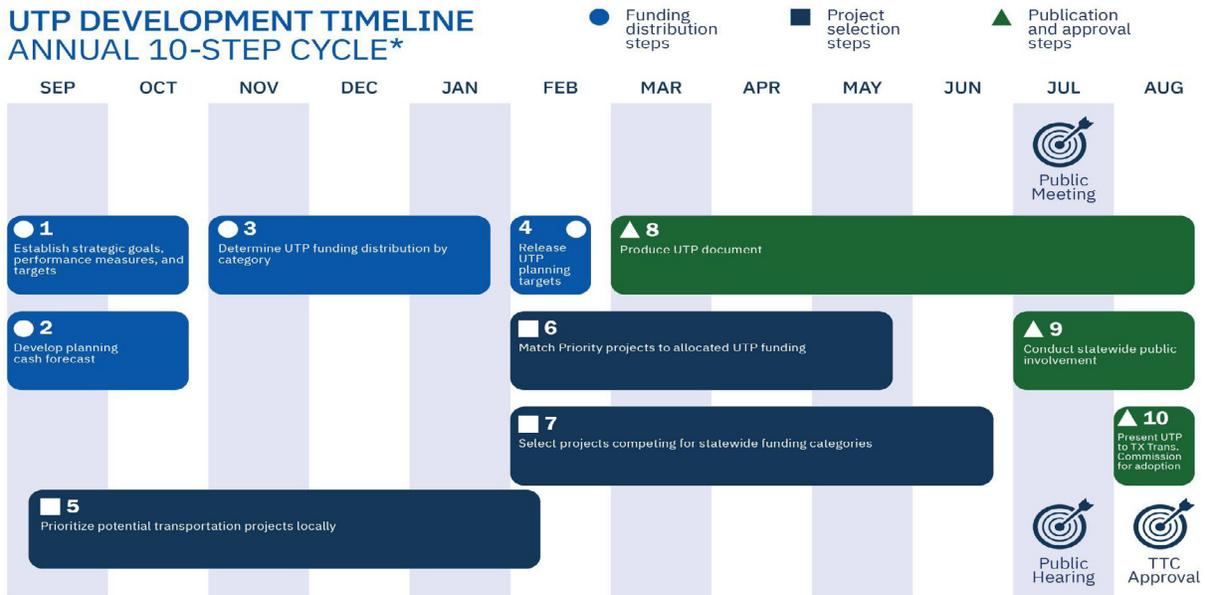
Governmental Activities	Fitch	Moody's	Standard & Poor's	Kroll
<b>General Obligation Bonds</b>				
TMF 2009-A, 2014, 2014-A, 2015-A, 2017-A,B	AAA	Aaa	AAA	AAA
TMF 2014-B	AAA	Aaa	AAA	n/a
TMF 2015-B	n/a	Aaa	AAA	AAA
TMF 2020	AAA	Aaa	n/a	AAA
TMF 2024	n/a	Aaa	AAA	n/a
HIGO 2010-A, 2016, 2016-A, 2019	AAA	Aaa	AAA	AAA
HIGO 2020	AAA	Aaa	n/a	AAA
HIGO 2024	n/a	Aaa	AAA	AAA
<b>Revenue Bonds</b>				
SHF 2008, 2010, 2015, 2016-A,B, 2024	n/a	Aaa	AAA	n/a
<b>Business-Type</b>				
<b>Revenue Bonds</b>				
CTTS 2002-A, 2020-A,C, CTTS 2024-A,B	A+	A2	A	n/a
CTTS 2024-C	A-	A3	A-	n/a
GPTC 2013-B,E, 2018-A	AA	n/a	AA+	n/a
GPTC 2020-A,C	A+	A1	n/a	n/a
GPTC 2020-B	AA	Aa1	n/a	n/a
GPTC 2023	AA	Aa1	n/a	n/a
SH 249 2019-A,B	n/a	A3	n/a	n/a

# Future Financial Planning

The **Unified Transportation Program (UTP)** is TxDOT's 10-year planning document that guides transportation development across Texas. The UTP organizes funding into 12 categories across multiple modes, including highways, public transportation, maritime, aviation, rail,

and international trade. Approved annually by the Texas Transportation Commission, the UTP guides project development by linking long-range planning to near-term implementation. The UTP outlines projects TxDOT plans to develop or construct in the next 10 years.

## UTP DEVELOPMENT TIMELINE ANNUAL 10-STEP CYCLE\*

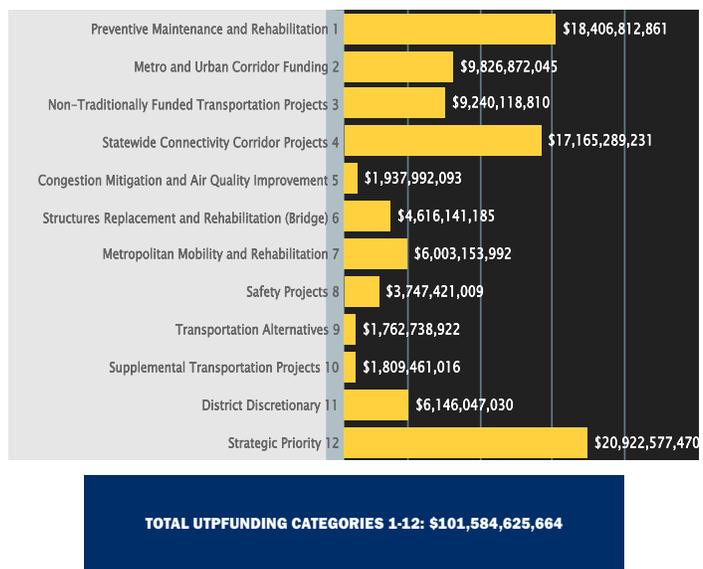


\*This timeline is subject to change. For the latest information about public involvement dates, see the UTP Public Involvement page on TxDOT.gov. To maximize the limited time of an annual cycle, many UTP development steps are conducted concurrently and may overlap on the timeline.

## PERFORMANCE MEASURES AND TARGETS FOR THE TRANSPORTATION SYSTEM

STRATEGIC PLAN GOAL	PERFORMANCE VISION	PERFORMANCE MEASURES	2035 TARGET
<b>PROMOTE SAFETY</b> 	Reduce crashes and fatalities through targeted infrastructure improvements, technology applications, and education	SAFETY: FATALITIES/YR	<b>2,378</b>
		SAFETY: FATALITY RATE	<b>0.81</b>
<b>PRESERVE OUR ASSETS</b> 	Maintain and preserve system/asset conditions through targeted infrastructure rehabilitation, restoration, and replacement	PRESERVATION: PAVEMENT CONDITION	<b>90%</b>
		PRESERVATION: STATEWIDE BRIDGE CONDITION SCORE	<b>90%</b>
<b>OPTIMIZE SYSTEM PERFORMANCE</b> 	Enhance mobility and connectivity and mitigate congestion through targeted infrastructure and operational improvements	CONGESTION: URBAN CONGESTION	<b>1.20</b>
		INDEX CONNECTIVITY: RURAL RELIABILITY INDEX	<b>1.12</b>

## 2026 UTP FUNDING DISTRIBUTION BY CATEGORY



# Definition of Terms

**Accrual basis** is an accounting method that recognizes revenues when earned and expenses when incurred, regardless of when cash is received or paid. This contrasts with the cash basis, which records transactions only when cash changes hands. (See also modified accrual basis)

**Assets** are resources owned or controlled by TxDOT that provide future economic benefits or can be used to deliver services. For example, cash from tax collections is an “asset” used to pay for highway construction projects.

**Capital assets** include long-lived resources such as buildings, roads, bridges, land and equipment that TxDOT uses to provide services to its taxpayers.

**Current assets** include cash and other assets expected to be converted to cash or used to pay current liabilities within one year.

**Deferred inflows of resources** are an acquisition of net position during the year that is applicable to a future year. For example, a federal grant may be received in 2025 to reimburse TxDOT’s incurred costs, but the grantor may restrict spending until 2026 because that is when the federal budget has appropriated them.

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

**Fund balance** is the equity in a governmental fund, calculated as assets plus deferred outflows, minus

liabilities and deferred inflows. Business-type funds use the term “net position.”

**Government-wide reporting** presents an overall view of TxDOT’s financial activities by consolidating governmental and business-type activities using accrual accounting.

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

**Long-term liabilities** are obligations due beyond one year in the future, such as bonds, loans, pension contributions.

**Modified accrual basis** is used for governmental funds, and recognizes whether funds have sufficient resources to pay their bills in the short-term financial resources.

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

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

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

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

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