TEXAS DEPARTMENT OF TRANSPORTATION

An Agency of the State of Texas

Popular Annual Financial Report
For the Fiscal Year Ended August 31, 2022

Texas
Department
of Transportation

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, 2022. This PAFR is a representation of the Texas Annual Comprehensive Financial Report (ACFR) for the 2022 fiscal year.

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

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

Marc D. Williams, P.E.
Executive Director

Stephen R. Stewart, CPA
Chief Financial Officer

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Prepared by

Financial Management Division of the Texas Department of Transportation

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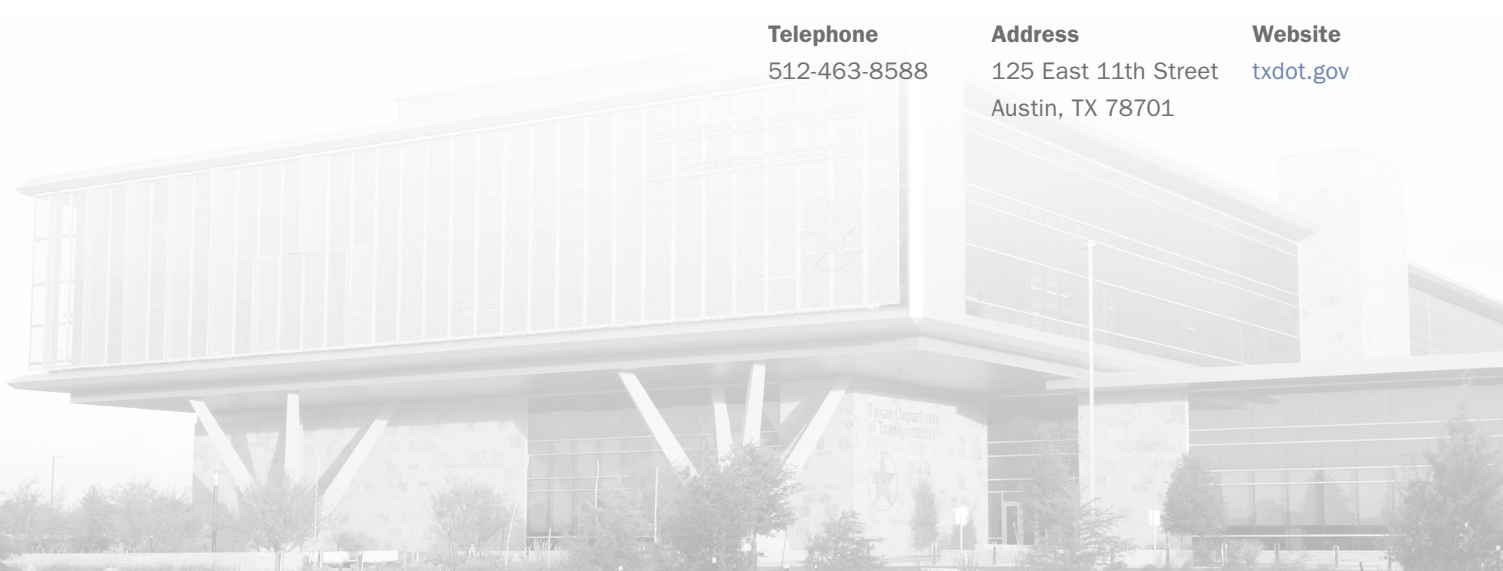
TxDOT Overview

Texas Department of Transportation

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

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

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

VALUES

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

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

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

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

VISION

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

MISSION

Connecting You With Texas.

GOALS

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

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

Foster Stewardship: Ensure efficient use of state resources.

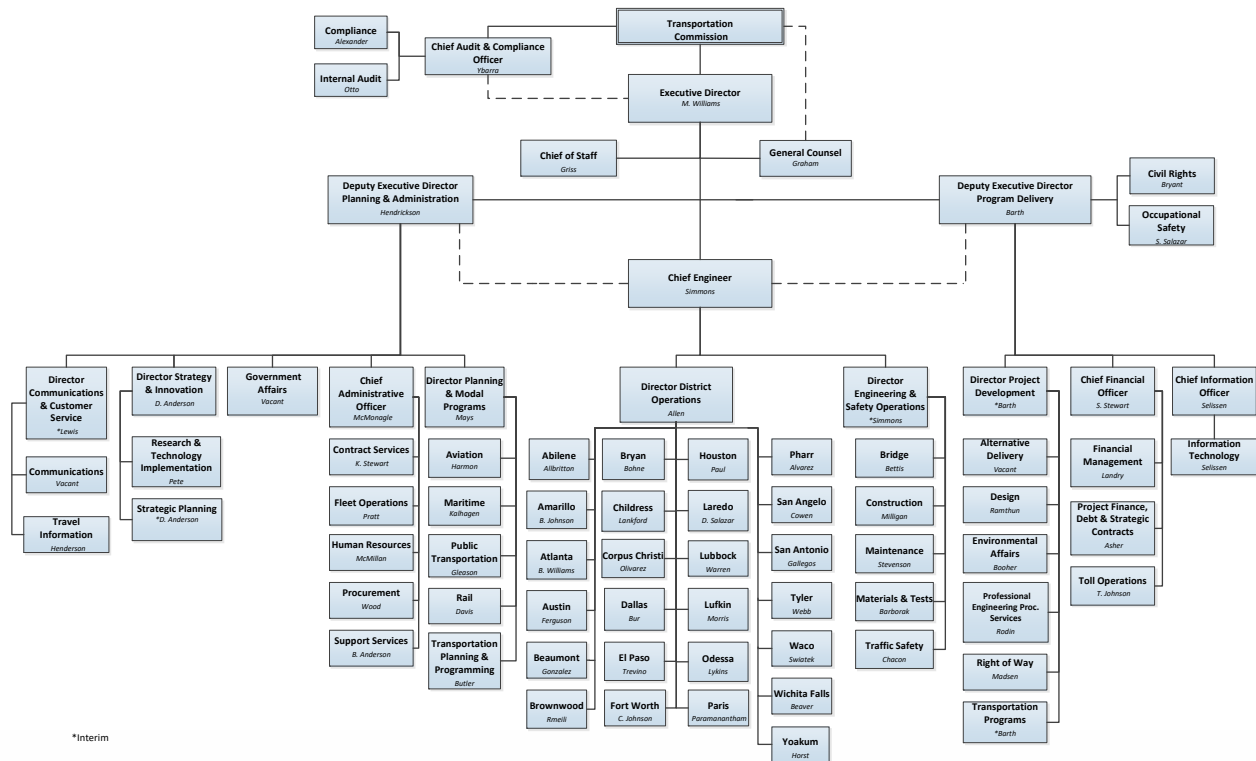Optimize System Performance: Develop and operate an integrated transportation system that provides reliable and accessible mobility and enables economic growth.

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

Promote Safety: Champion a culture of safety.

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

Organizational Structure and Management

Organizational Chart

Transportation Commission

Compliance — *Alexander*
Internal Audit — *Otto*
Chief Audit & Compliance Officer — *Ybarra*

Executive Director — *M. Williams*

Chief of Staff — *Griss*
General Counsel — *Graham*

Deputy Executive Director Planning & Administration — *Hendrickson*
Deputy Executive Director Program Delivery — *Barth*
Civil Rights — *Bryant*
Occupational Safety — *S. Salazar*

Chief Engineer — *Simmons*

Planning & Administration

Director Communications & Customer Service — **Lewis*
- **Communications** — *Vacant*
- **Travel Information** — *Henderson*

Director Strategy & Innovation — *D. Anderson*
- **Research & Technology Implementation** — *Pete*
- **Strategic Planning** — **D. Anderson*

Government Affairs — *Vacant*

Chief Administrative Officer — *McManagle*
- **Contract Services** — *K. Stewart*
- **Fleet Operations** — *Pratt*
- **Human Resources** — *McMillan*
- **Procurement** — *Wood*
- **Support Services** — *B. Anderson*

Director Planning & Modal Programs — *Mays*
- **Aviation** — *Harmon*
- **Maritime** — *Kaihagen*
- **Public Transportation** — *Gleason*
- **Rail** — *Davis*
- **Transportation Planning & Programming** — *Butler*

Director District Operations — *Allen*

District	Manager	District	Manager	District	Manager
Abilene	*Alibritton*	Bryan	*Bohne*	Houston	*Paul*
Amarillo	*B. Johnson*	Childress	*Lankford*	Laredo	*D. Salazar*
Atlanta	*B. Williams*	Corpus Christi	*Olivarez*	Lubbock	*Warren*
Austin	*Ferguson*	Dallas	*Bur*	Lufkin	*Morris*
Beaumont	*Gonzalez*	El Paso	*Trevino*	Odessa	*Lykins*
Brownwood	*Rmelli*	Fort Worth	*C. Johnson*	Paris	*Paramanantham*
Pharr	*Alvarez*				
San Angelo	*Cowen*				
San Antonio	*Gallegos*				
Tyler	*Webb*				
Waco	*Swiatek*				
Wichita Falls	*Beaver*				
Yoakum	*Horst*				

Director Engineering & Safety Operations — **Simmons*
- **Bridge** — *Bettis*
- **Construction** — *Milligan*
- **Maintenance** — *Stevenson*
- **Materials & Tests** — *Barborak*
- **Traffic Safety** — *Chacon*

Director Project Development — **Barth*
- **Alternative Delivery** — *Vacant*
- **Design** — *Ramthun*
- **Environmental Affairs** — *Booher*
- **Professional Engineering Proc. Services** — *Rodin*
- **Right of Way** — *Madsen*
- **Transportation Programs** — **Barth*

Chief Financial Officer — *S. Stewart*
- **Financial Management** — *Landry*
- **Project Finance, Debt & Strategic Contracts** — *Asher*
- **Toll Operations** — *T. Johnson*

Chief Information Officer — *Selissen*
- **Information Technology** — *Selissen*

*Interim

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

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

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

J. Bruce Bugg Jr.
Chairman

Laura Ryan
Commissioner

Alvin New
Commissioner

Robert C. Vaughn
Commissioner

Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

Texas Department of Transportation

For its Annual Financial Report
For the Fiscal Year Ended

August 31, 2021

Christopher P. Morrill

Executive Director/CEO

TxDOT at a Glance

Full Time Equivalent (FTE) Positions by Job Function as of Aug. 31, 2022*

Job Function	FTE
Architecture	40
Civil Rights/Bus Opportunity	26
Engineering/Engr Support	3,901
Environment	169
Exec/Admin/Clerical/Legal	1,049
Finance/Accounting	213
General Servs/Contracts/Purch	557
Human Resources	145
Information Technology	205
Laboratory/Materials	186
Maint/Skilled Craft/Ferry Ops	4,967
Occupational Safety	82
Other	11
Plan/Aviation/Pub Trans/Legis	477
Right of Way	174
Travel/Public Information	215
Grand Total	**12,417**

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

	2021	2022
Annual Vehicle Transactions	334,396,423	404,370,703
Annual Toll Revenue, Net	$352,982,166	$464,274,592
Increase/Decrease	($18,855,440)	$111,292,426
Toll Revenue Percentage Change	(5.1)%	31.5%
Toll Rate per Transaction	1.06	1.15

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

	2021	2022
Interstate highways	3,463	3,466
U.S. highways	11,860	11,852
State highways	16,420	16,443
Farm or Ranch to Market roads	40,857	40,865
Frontage roads	7,769	7,927
Park roads	351	352
Total Miles	**80,720**	**80,905**

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

	2021	2022
Total Lane Miles	201,225	201,928
Rated Lane Miles	200,030	200,763
Good or Better Lane Miles	178,643	179,670
% Good or Better Lane Miles	89.3%	89.5%
% Change from Prior Year	2.0%	0.6%

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

District	Projects	Estimated Cost
Abilene	249	$437,281,173
Amarillo	263	$898,038,146
Atlanta	347	$456,769,140
Austin	287	$3,213,333,380
Beaumont	275	$1,805,508,671
Brownwood	247	$272,316,679
Bryan	570	$827,899,158
Childress	85	$144,649,169
Corpus Christi	279	$1,916,638,983
Dallas	498	$5,158,438,845
El Paso	233	$1,552,962,445
Fort Worth	319	$3,178,163,121
Houston	464	$5,890,721,670
Laredo	165	$562,962,857
Lubbock	247	$542,586,269
Lufkin	248	$893,888,299
Odessa	203	$1,244,190,886
Paris	347	$681,184,058
Pharr	286	$843,846,623
San Angelo	197	$360,749,296
San Antonio	489	$4,462,486,426
Tyler	276	$489,861,212
Waco	211	$912,721,128
Wichita Falls	227	$473,641,772
Yoakum	472	$1,313,301,598
Totals	**7,484**	**$38,534,141,004**

* The FTE count by function was based on a query of TxDOT's PeopleSoft system as of Aug. 31, 2022, using each full-time and part-time employee's scheduled work hours, instead of actual hours. Summer hire FTEs are not included.

2022 Major Initiatives: Texas Clear Lanes

Texas Clear Lanes is a statewide strategic plan to provide congestion relief through non-tolled roads and is focused on five major metropolitan areas: Austin, Dallas, Fort Worth, Houston, and San Antonio. Representing over well over half of the state's population, these areas are also home to 90 of the "Top 100" most congested roadway segments in the state.

Here are a couple of major fiscal 2022 Texas Clear Lane Program successes:

Southern Gateway Project

TxDOT completed the Southern Gateway Project, which rebuilt and widened IH 35E from Colorado Boulevard to U.S. 67, and from U.S. 67 to IH 5E and to IH 20.

"The Southern Gateway illustrates how a highway project can help reconnect and enhance communities. Planning for this project began more than a decade ago, and I appreciate the opportunity to have guided TxDOT's effort to give the community and stakeholders a voice on the final vision that we see today," said State Senator Royce West. "This project, which finished on time and on budget, will serve southern Dallas well for decades to come."

Southeast Connector Project

TxDOT broke ground on the Southeast Connector Project in FY 2022, which will rebuild and widen the I-20, IH 820, and U.S. 287 interchange in the southeast part of Tarrant County. "The Southeast Connector project has afforded increased economic opportunities for businesses located right here in our community, and will continue to do so as construction advances," said State Representative Nicole Collier. "From the beginning, TxDOT has made this project community driven. They have considered and included community input and feedback and demonstrated first-hand how government works for, and with, the people of Texas." The project is expected to be completed in 2027.

2022 Major Initiatives: Operational Highlights

Road to Zero

The Texas Transportation Commission has set a goal of zero crash fatalities by 2050, with a starting goal of cutting fatalities in half by 2035. TxDOT will continue investing in the best engineering practices to make roads safer, address safety education, and assist in enforcement and safety awareness programs.

Facilities Master Plan

FY 2022 began year five of TxDOT's 10-year Facilities Master Plan with a long list of statewide accomplishments. TxDOT got a jumpstart on obligating funds and overseeing the design of the biennium's new projects once the supplemental budget provided the authority at the end of FY 2021. It has already obligated over 75 percent of funds for land acquisition and new construction projects. Much of the funds for TxDOT's deferred maintenance projects have also been obligated.

TxDOT initiated the design for 56 capital projects, completed the design on 37, and even went to contract on 15 projects, which is a speedy start for the first year of a biennium.

TxDOT completed 24 statewide security upgrades, designed 56 security projects, and went to contract on 5 additional security projects at its buildings around the state. Some of these security projects even include a limited-access security VLAN to reduce both internal and external security threats.

TxDOT has been making progress in working on the Federal Highway Administration (FHWA) Americans with Disabilities Act Transition Plan as it pertains to TxDOT facilities. It has successfully trained for and provided input on the new TCAP WebApp that will be active in 2023. This application will allow TxDOT to track progress on the Transition Plan to remediate and remove barriers that people with disabilities may encounter in these facilities.

Service Concession Arrangements

As of Aug. 31, 2022, TxDOT has entered into 10 agreements that are classified as service concession arrangements (SCA) under the definition established by the Governmental Accounting Standards Board. An SCA is an arrangement between TxDOT and an operator with the following benefits:

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

TxDOT may enter into SCAs with both public and private operators. At the end of these arrangements, operations and maintenance of the projects will transfer to TxDOT. The state of Texas retains ownership rights and title to all assets associated with an SCA. The following table summarizes the status, term, and duration of each currently active SCA as of Aug. 31, 2022.

Service Concession Arrangements as of August 31, 2022

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

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

2022 Major Initiatives: Finance and Technology

ITD Initiatives

TxDOT's Information Technology Division has been working to upgrade its legacy systems and to coordinate the delivery of IT services and products while ensuring the appropriate infrastructure and application support is available to TxDOT employees and customers. Below are just a handful of accomplishments that TxDOT has realized in FY 2022.

Cloud Platform for Traffic Signals

Implemented four major traffic signal control systems to be used by TxDOT District Offices for the remote monitoring and management of traffic signals. This deployment provides a secure environment for these critical systems and provides the latest technology for traffic signal management. Integration was also developed for the primary, open-sourced system to automatically receive alerts from malfunctioning traffic signals and create a notification to District personnel responsible for signal operations.

Contracting Systems

TxDOT completed the go-live for the Right of Way and Environmental Divisions use of Bonfire in the contracting process, allowing automation of previous manual processes to solicit and evaluate procurements. These integrations allow PeopleSoft data to be pulled into Bonfire. Future integrations are also planned.

The Enterprise Contract Lifecyle Management (ECLM) project created dashboards and reports by combining data from multiple sources into a data warehouse. These sources include PeopleSoft, OnBase, and the Professional Services Contract Administration and Management System. Data was improved by resolving inaccuracies and increasing the refresh rate from weekly to daily.

Accessibility

TxDOT established a Digital Accessibility Program to better serve customers, employees, and partners by working proactively to develop processes and training to support the needs of all people, including people with disabilities. Through this program an Information

Resources Accessibility policy was developed, and a permanent workgroup was created comprised of stakeholders across the agency. The program successfully established a baseline of accessibility compliance for all products procured, developed, or maintained by TxDOT. It tracked delivered accessibility trainings, and reviewed a total of 337 contracts for accessibility compliance. The program also began a review of the TxDOT application portfolio to identify accessibility gaps and provide plans for remediation.

Bandwidth Upgrades

TxDOT continued efforts to increase bandwidth, improve phone performance and reliability, as well as improve application performance for systems used by TxDOT personnel to conduct day-to-day operations. At least 64 percent of all sites have been upgraded to either full or interim improvements, and all TxDOT District Offices have been upgraded.

Travel and Communication Improvements

The Highway Conditions Road System (HCRS) has been enhanced to include a more friendly user interface, making it easier for customers to access on their mobile devices, and includes the addition of a default county button.

Adopt-A-Highway was improved to include a volunteer information entry form, a reports dashboard, and the creation of GIS maps of road cleanup.

Cyber Incident Management

TxDOT improved the incident-handling of the Cyber Security Operations Center, a 24/7 operation that oversees all TxDOT business network environments. Runbooks and training materials were created to allow for an efficient and repeatable approach for responding to cybersecurity alerts. On average, the team detects and responds to over 30 million potential attacks monthly.

Financial Management Initiatives

Below is a summary of the major technology enhancements the Financial Management Division has invested in during fiscal 2022.

E-invoicing

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

My Wallet

The Financial Management Division (FIN) has implemented a new payment card solution, known as My Wallet in PeopleSoft. This system replaces the previous web application, the Payment Card System (PCS), and will be used by cardholders to submit payment card transaction documentation to FIN for payment. This new solution was implemented on January 14, 2022. My Wallet is a significant improvement from PCS, as it is part of the familiar PeopleSoft system and helps to consolidate financial transactions. Coding validation, auto-population of data, more robust reporting, system interfaces, and mobile accessibility are a few of the improvements.

Claims Automated Recovery System (CARS)

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

FIN Forecasting

The Financial Management Division has procured a more capable, modernized, cloud-based cash forecasting solution with on-going support to replace a proprietary system of more limited functionality and at the end of its life cycle. The new OneStream system will replace a mixture of application-based and Excel-based forecasting, allow for the development of multiple scenarios, enhance reporting capabilities, automate manual processes, integrate with data sources, eliminate the need for a legacy mainframe process, and have more scalability. Development and implementation are ongoing and will be completed during fiscal year 2023.

Automated Financial Reporting Software and Services

The Financial Management Division is in the process of procuring cloud-based Financial Reporting Software to automate the production of five Financial Reports: the Annual Comprehensive Financial Report, the Popular Annual Financial Report, and three additional stand-alone audited reports. The new system will replace a manual financial close process and produce and automatically consolidate all components of the five reports including financial statements, notes, exhibits, graphs, and schedules. Procurement award, development, and implementation are all taking place during fiscal year 2023.

2022 Awards

2022 Transportation Short Course

The 2022 Transportation Short Course was the 96th 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 96th Annual Transportation Short Course.

Raymond E. Stotzer Jr. Award
Tamelia Spillman, Director of Advance Transportation Planning, Dallas District

Russell H. Perry Award
Dr. Dennis L. Christiansen, Texas A&M Transportation Institute, Agency Director Emeritus

Dewitt C. Greer Award
Eddie Valtier, Deputy District Engineer, El Paso District

Gibb Gilchrist Award
Dan Perge, Advanced Project Development Director, Dallas District

Luther DeBerry Award
Ray Fisher, Transportation Engineering Supervisor, 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.

Amarillo District
Nathan Sater, General Transportation Technician
Felipe Chavez, General Transportation Technician

Austin District
Carlos Pacheco, Transportation Maintenance Crew Chief
Robert Lewis, General Transportation Technician
Joe Jimenez, Maintenance Support Technician
Crissy Castiglione, General Transportation Technician

Dallas District
Bobby Frankum, General Transportation Technician
Michael Rust, Equipment Operator

El Paso District
Jesus A. Garcia, General Transportation Technician
Cruz A. Hernandez Jr., General Transportation Technician

Fort Worth District
Tyson Daniel, General Transportation Technician
Allen Waddel, General Transportation Technician

Pharr District
Marco Gonzalez, Construction Inspector

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 first time for its 2021 Popular Annual Financial Report (PAFR). This award is the highest standard for the preparation and issuance of state and local government popular reports. For the first time, TxDOT intends to produce a Spanish version of this 2022 PAFR.

Economic Condition

The current economic environment presents government entities, including state transportation departments, with continued challenges. The inflation rate at the end of August 2022 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, 2018-2022, 3,983 highway and bridge construction projects estimated at $32.1 billion were let/awarded for $31.7 billion. In addition, TxDOT awarded two design build contracts totaling $2.2 billion in fiscal 2022.

Population *(Thousands)*

	2021	2022
Texas	29,564	29,887
Percent Changes	1.1%	1.1%
U.S.	332,222	333,105
Percent Changes	0.1%	0.3%

Total Personal Income *(Millions)*

	2021	2022
Texas	1,762,055	1,832,336
Percent Changes	8.9%	4.0%
U.S.	21,092,760	21,771,949
Percent Changes	7.5%	3.2%

Per Capita Income

	2021	2022
Texas	59,601	61,309
Percent Changes	7.7%	2.9%
U.S.	63,490	65,361
Percent Changes	7.3%	2.9%

Nonfarm Employment *(Thousands)*

	2021	2022
Texas	12,704	13,331
Percent Changes	3.5%	4.9%
U.S.	146,102	151,992
Percent Changes	2.8%	4.0%

Unemployment Percentage Rate

	2021	2022
Texas	5.7%	4.3%
U.S.	5.4%	3.6%

Employment by Industry *(Thousands)*

Goods-Producing	2021	2022
Natural Resources and Mining	180	214
Construction	735	773
Manufacturing		
Durables	552	576
Nondurables	322	337
Total, Goods-Producing	**1,789**	**1,900**

Service-Providing	2021	2022
Trade, Transportation, and Utilities		
Wholesale Trade	592	627
Retail Trade	1,345	1,373
Transportation and Warehousing	580	615
Utilities	53	53
Information	208	223
Financial Activities		
Finance and Insurance	607	630
Real Estate and Rental and Leasing	225	247
Professional and Business Services		
Professional, Scientific and Technical	893	953
Management, Administrative and Support	1,002	1,061
Educational and Health Services		
Educational Services, Private	219	239
Health Care and Social Assistance	1,513	1,544
Leisure and Hospitality	1,295	1,435
Other Services	418	441
Government		
Federal Civilian	212	213
State and Local	1,753	1,777
Total, Service-Providing	**10,915**	**11,431**
Total Nonfarm Employment	**12,704**	**13,331**

Funding Sources

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

Traditional Funding

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

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

Non-traditional Funding

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

Statutorily Authorized Uses of Funding Streams

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

■ *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

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 2022, two transportation corporations, the Texas Private Activity Bond Surface Transportation Corporation (TxPABST) and the Grand Parkway Transportation Corporation (GPTC), are reported as blended component units because TxDOT exercises sufficient authority over the assets, operations, and management of such entities to warrant their inclusion. Even though Texas transportation corporations are a part of the TxDOT reporting entity, the state is not liable for debts of these corporations, nor entitled to the assets of these corporations.

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

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

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

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

- Notes to the basic financial statements.

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

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

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

Financial Highlights

- The largest revenue source earned in 2022 was from taxes with a total of $9.5 billion. This was followed by operating grants and contributions with $4.7 billion. A $2.3 million restatement in net position was recognized during fiscal 2022 due to a change in accounting principle after the implementation of GASB Statement No. 87, Leases.
- TxDOT received a total of $2.5 billion in Proposition 7 funds for state sales and use taxes during fiscal 2022. In Aug. 2022, the department also received $489.2 million of additional Proposition 7 funds for the state motor vehicle sales and rental tax revenue.
- TxDOT received a total of $1.46 billion in Proposition 1 funds for oil and natural gas production taxes during fiscal 2022. 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.

Statement of Net Position

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

TxDOT's fiscal year runs from September 1st through August 31st. Over time, increases or decreases in TxDOT's net position may be an indication of whether the financial situation of TxDOT is improving or deteriorating. TxDOT's statement of net position for fiscal years ending August 31, 2021-2022 is shown in the chart below.

Statement of Net Position (Thousands)

	Governmental Activities		Business-type Activities		Total	
	2021	2022	2021	2022	2021	2022
Assets	($)	($)	($)	($)	($)	($)
Assets Other Than Capital Assets	12,622,515	15,514,801	5,099,660	4,969,417	17,722,175	20,484,218
Capital Assets	127,452,466	134,585,642	3,071,895	3,011,811	130,524,361	137,597,453
Total Assets	**140,074,981**	**150,100,443**	**8,171,555**	**7,981,228**	**148,246,536**	**158,081,671**
Deferred Outflows of Resources	1,592,425	1,112,784	202,429	194,705	1,794,854	1,307,489
Liabilities						
Current Liabilities	3,610,904	3,454,143	217,251	864,500	3,828,155	4,318,643
Non-current Liabilities	20,177,480	17,118,618	8,036,793	7,391,154	28,214,273	24,509,772
Total Liabilities	**23,788,384**	**20,572,761**	**8,254,044**	**8,255,654**	**32,042,428**	**28,828,415**
Deferred Inflows of Resources	12,871,239	15,150,113	26,460	25,067	12,897,699	15,175,180
Net Position						
Net Investment in Capital Assets	102,426,873	109,237,358	752,563	720,225	103,179,436	109,957,583
Restricted	8,642,379	11,153,348	430,666	386,685	9,073,045	11,540,033
Unrestricted	(6,061,469)	(4,900,353)	(1,089,749)	(1,211,698)	(7,151,218)	(6,112,051)
Total Net Position	**105,007,783**	**115,490,353**	**93,480**	**(104,788)**	**105,101,263**	**115,385,565**

The Statement of Net Position shows assets and deferred outflows totaling $159.3 billion, an increase of $9.3 billion from fiscal year 2021, while liabilities and deferred inflows equaled $44.0 billion, a decrease of $936.5 million. The increase in assets and deferred outflows was primarily due to the addition of capital assets of $7.7 billion and the increase in the due from other agencies balance of $2.1 billion for Proposition 1 taxes received from the State Comptroller of Public Accounts after fiscal year end. The decrease in liabilities was primarily due to a decrease in long-term pension liabilities of $2.7 billion during fiscal 2022.

TxDOT's overall net position increased 9.8 percent or $10.3 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 (98.2 percent or $109.9 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 (10.0 percent or $11.5 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 $6.1 billion in fiscal 2022 since the combined balance in the Net Investment in Capital Assets and Restricted components of net position exceeded the total net position.

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

TxDOT Total Net Position *(Thousands)*

Changes in Net Position

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

In 2022, TxDOT's revenues exceeded expenses by $8.3 billion.

Changes in Net Position *(Thousands)*

	Governmental Activities		Business-type Activities		Total	
	2021	**2022**	**2021**	**2022**	**2021**	**2022**
Revenue						
Program Revenues:	($)	($)	($)	($)	($)	($)
Charge for Services	1,126,044	1,094,551	377,117	519,230	1,503,161	1,613,781
Operating Grants and Contributions	4,421,479	4,714,863	9,364	(11,362)	4,430,843	4,703,501
Capital Grants and Contributions	55,201	58,860			55,201	58,860
Total Program Revenues	**5,602,724**	**5,868,274**	**386,481**	**507,868**	**5,989,205**	**6,376,142**
General Revenues:						
Appropriations	457	1,484			457	1,484
Taxes	7,067,231	9,452,897			7,067,231	9,452,897
Unrestricted Investment Earnings	86,437	60,106			86,437	60,106
Settlement of Claims	43,473	36,949	18		43,491	36,949
Other General Revenues	2,240	2,576			2,240	2,576
Total General Revenues	**7,199,838**	**9,554,012**	**18**		**7,199,856**	**9,554,012**
Total Revenues	**12,802,562**	**15,422,286**	**386,499**	**507,868**	**13,189,061**	**15,930,154**
Expenses						
Transportation	6,463,062	6,893,610	607,471	710,006	7,070,533	7,603,616
Total Expenses	**6,463,062**	**6,893,610**	**607,471**	**710,006**	**7,070,533**	**7,603,616**
Excess (Deficiency) Before Transfers	6,339,500	8,528,676	(220,972)	(202,138)	6,118,528	8,326,538
Transfers - Internal Activities	(38,876)	(3,870)	38,876	3,870		
Transfers - Other State Agencies	1,583,581	1,960,028			1,583,581	1,960,028
Change in Net Position	**7,884,205**	**10,484,834**	**(182,096)**	**(198,268)**	**7,702,109**	**10,286,566**
Net Position, Beginning Balance	97,218,099	105,007,783	275,576	93,480	97,493,675	105,101,263
Change in Accounting Principle*	(94,521)	(2,264)			(94,521)	(2,264)
Net Position, as Restated	**97,123,578**	**105,005,519**	**275,576**	**93,480**	**97,399,154**	**105,098,999**
Net Position, Ending Balance	**105,007,783**	**115,490,353**	**93,480**	**(104,788)**	**105,101,263**	**115,385,565**

TxDOT earned program revenues of $6.4 billion and general revenues of $9.5 billion, for total revenues of $15.9 billion. The expenses of TxDOT were $7.6 billion.
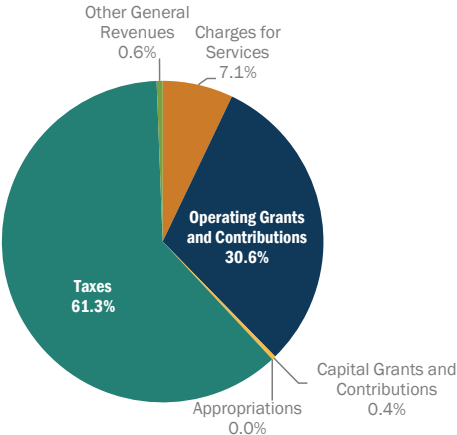
The total net position increased to $115.4 billion in fiscal 2022 from $105.1 billion in fiscal 2021 due to revenues exceeding expenses.
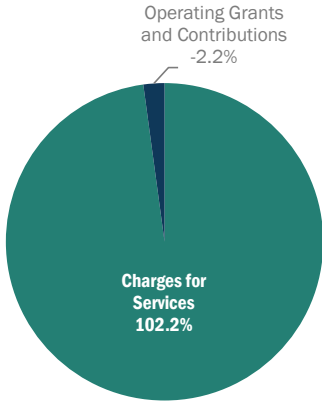
Government-wide Revenue and Expense Summary

Revenues

TxDOT earned program revenues of $6.4 billion and general revenues of $9.5 billion, for total revenues of $15.9 billion. In 2022, the largest revenue source in TxDOT's Governmental Activities was taxes, representing 61.4 percent of all revenue collected. In Business-Type activities, Charges for Services was the largest component of revenue, representing 102.2 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, 2022

Other General Revenues 0.6%
Charges for Services 7.1%
Operating Grants and Contributions 30.6%
Taxes 61.3%
Appropriations 0.0%
Capital Grants and Contributions 0.4%

Revenues by Source: Business-Type Activities
For the Fiscal Year Ended August 31, 2022

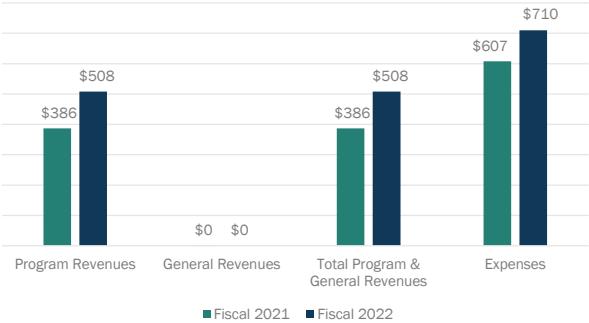Operating Grants and Contributions -2.2%
Charges for Services 102.2%

Expenses

At the government-wide level, all expenses are presented as transportation expenses for a total of $7.6 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, 2021 and 2022 *(Millions)*

	Program Revenues	General Revenues	Total Program & General Revenues	Expenses
Fiscal 2021	$5,603	$7,200	$12,803	$6,463
Fiscal 2022	$5,868	$9,554	$15,422	$6,894
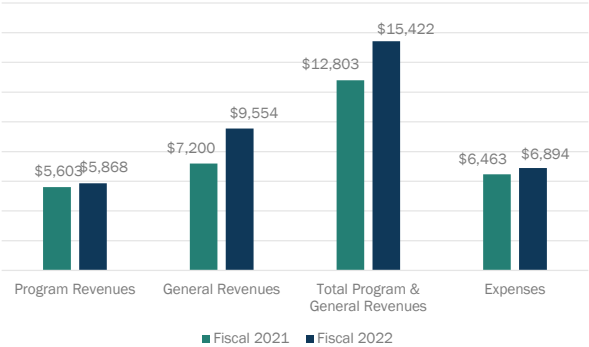
Expenses and Revenues: Business Activities
For the Fiscal Years August 31, 2021 and 2022 *(Millions)*

|	Program Revenues	General Revenues	Total Program & General Revenues	Expenses
Fiscal 2021	$386	$0	$386	$607
Fiscal 2022	$508	$0	$508	$710

Governmental Fund Highlights

Governmental Funds

The focus of TxDOT's governmental funds financial statements is to provide information on how money flows into and out of the funds, and amounts remaining at year-end for future spending. TxDOT has two major governmental funds: the State Highway Fund and the Texas Mobility Fund. TxDOT's governmental funds reported a combined ending fund balance of $9.4 billion on Aug. 31, 2022, most of which is allocated to restricted capital projects.

### Governmental Fund Revenue Percentages
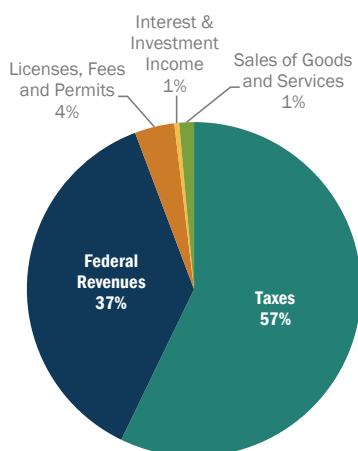
Governmental Fund Revenues by Source *(Thousands)*
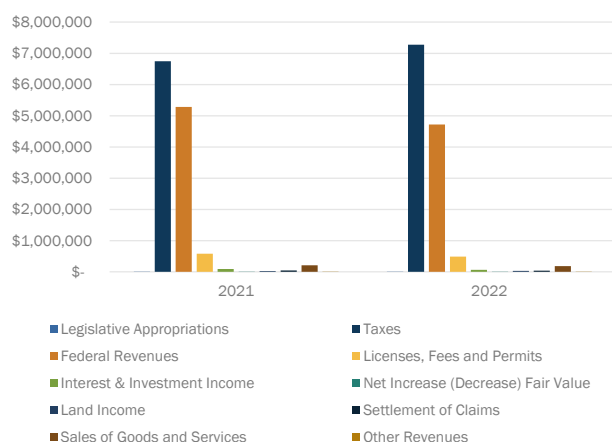
- State Highway Fund - The State Highway Fund is TxDOT's main operating fund. Overall, the fund balance for the State Highway Fund on Aug. 31, 2022, was $8.8 billion. Total revenues decreased by $180.7 million, or 1.5 percent, to $12.0 billion in fiscal 2022. 97.7 percent of the total revenue included $7.3 billion of taxes and $4.5 billion of federal revenue. $7.9 billion capital outlay expenditures contributed to 62.9 percent of overall SHF's expenditures in fiscal 2022. Changes in fund balance was $765.2 million in fiscal 2022, an increase of $190.0 million from fiscal 2021. The Fund balance increased due to a tax revenue increase of $529.0 million, primarily due to increased oil and natural gas tax and motor vehicle sales and use tax collections during fiscal 2022. In addition, transportation expenditures increased by $1.1 billion due to an increase in maintenance contracts during fiscal 2022. The increase was offset with a decrease in active construction contracts, and capital outlay decreased by $1.1 billion in fiscal 2022 as a result.

Governmental Fund Expenditures by Use *(Thousands)*
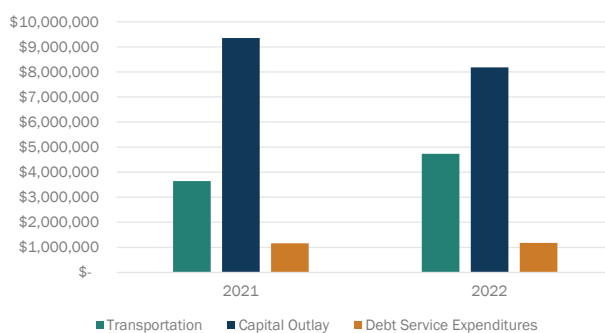
- Texas Mobility Fund - The Texas Mobility Fund operates as a revolving fund to provide a method of financing construction, reconstruction, acquisition, and expansion of state highways and other transportation projects. The fund balance for the Texas Mobility Fund on Aug. 31, 2022 was $461.6 million, an increase of $72.3 million or 18.6 percent, from $389.3 million on Aug. 31, 2021. Change in fund balance was $72.3 million in fiscal 2022 compared to $68.2 million in fiscal 2021, a 6.0 percent increase over the fiscal year. Due to the decrease in construction project

expenditures receiving mobility fund dollars, capital outlay expenditures decreased by $66.3 million or 59.2 percent. A total of $394.4 million of revenues were collected for the fund. The major revenue sources were licenses, fees, and permits, which accounted for $370.4 million or 93.9 percent of total fund's revenue.

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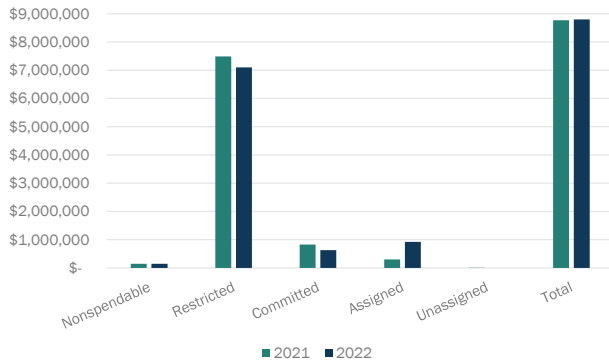
Proprietary Funds

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.

Proprietary Fund Expenses *(Thousands)*
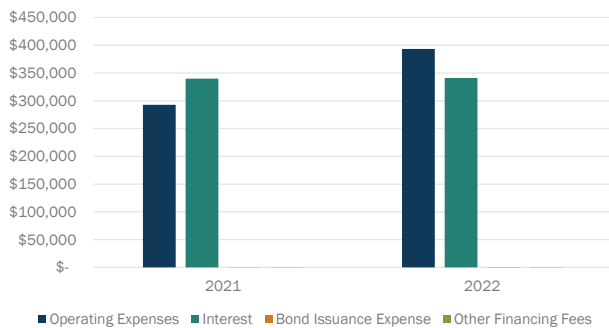
- Central Texas Turnpike System - The net position of CTTS was $185.9 million as of Aug. 31, 2022, a decrease of $87.5 million from fiscal 2021. CTTS's operating revenues increased by $74.7 million or 41.0 percent over fiscal 2021. The increase was due to increased toll revenue after the COVID-19

pandemic as well as the substantial resolution of billing issues related to implementation of the new back-office system. The total expense for CTTS in fiscal 2022 was $346.9 million, compared to $292.6 million in fiscal 2021. Depreciation and amortization, combined with interest expenses, contributed to $182.1 million, which was 52.5 percent, of the total expense of CTTS.

- Grand Parkway Transportation Corporation - GPTC reported a deficit net position of $534.1 million in fiscal 2022, a decrease in net position of $113.2 million over fiscal 2021. GPTC's operating revenues in fiscal 2022 increased by $57.1 million, or 30.1 percent over fiscal 2021. The increase was due to increase in toll transactions. In fiscal 2022, GPTC's total expenses were $347.1 million, which increased by $44.8 million or 14.8 percent over fiscal 2021. The largest expense in fiscal 2022 was $200.3 million of interest payments.

- SH 249 System - SH 249 System started to receive toll revenue as the tollway opened to traffic in December 2021. During fiscal 2022, SH 249 System generated $16.1 million in toll revenue, net of allowance for doubtful accounts. The total increase in net position of $2.4 million is mainly due to $3.7 million in Capital Contributions from Governmental Activities.

Proprietary Fund Net Position, All Funds *(Thousands)*
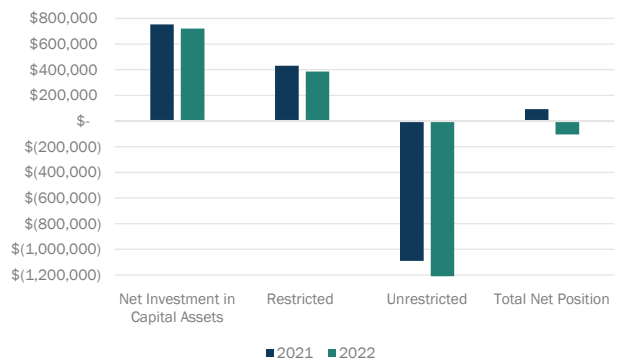
The deficit unrestricted net position balance in the proprietary funds is due to the accumulated accretion on Capital Appreciation Bonds. The annual accretion increases the liability balance of the outstanding bonds with no corresponding asset increase in the unrestricted net position category.

Capital Assets

TxDOT's capital assets are comprised of roads, bridges, buildings, land, equipment, and intangible capital assets. As of Aug. 31, 2022, TxDOT had $137.6 billion in net capital assets, a $7.1 billion or 5.4 percent increase over fiscal 2021. The increase was due to an increase in land, depreciable infrastructure, and construction in progress of $6.6 billion and $300 million of buildings and building improvements in fiscal 2022. The total accumulated depreciation and amortization for TxDOT as of Aug. 31, 2022 was $30.7 billion.

Capital Assets - Net of Depreciation and Amortization - August 31, 2021 and 2022 *(Thousands)*

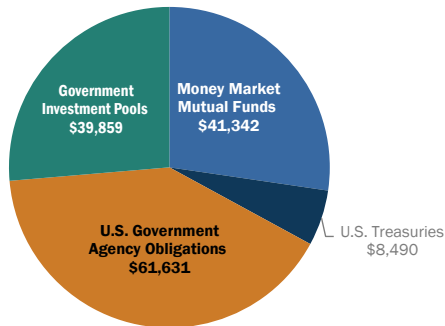| | Governmental Activities | | Business-type Activities | | Total | |
	2021	2022	2021	2022	2021	2022
Land and Land Improvements	$16,840,633	$17,981,574	$726,103	$726,134	$17,566,736	$18,707,708
Infrastructure - Depreciable	87,784,024	92,580,382	1,867,964	1,970,285	89,651,988	94,550,667
Construction in Progress	21,965,776	22,693,856	402,147	253,490	22,367,923	22,947,346
Buildings and Building Improvements	304,222	647,859	2,798	2,437	307,020	650,296
Furniture and Equipment	67,513	73,399			67,513	73,399
Vehicles, Boats and Aircraft	386,475	352,069			386,475	352,069
Other Capital Assets	5,279	4,739			5,279	4,739
Land Use Rights - Permanent	87,105	88,793	19,466	19,467	106,571	108,260
Land Use Rights - Term	602	222			602	222
Computer Software	10,837	134,052	53,417	39,999	64,254	174,051
Buildings and Building Improvements (RTU)		21,310				21,310
Land Use Rights - Permanent (RTU)		1,866				1,866
Furniture and Equipment (RTU)		5,521				5,521
Total Capital Assets	**$127,452,466**	**$134,585,642**	**$3,071,895**	**$3,011,812**	**$130,524,361**	**$137,597,454**

Short and Long-Term Assets

All monies in funds established in the Texas Comptroller of Public Accounts (Comptroller) Treasury Operations Division (Treasury) are pooled with other state funds and invested under the direction of the Comptroller of Public Accounts Treasury Operations Division (Treasury).
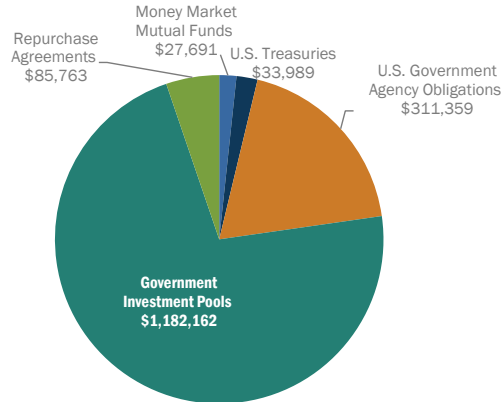
Governmental fund deposits in the state treasury totaled $9.9 billion at Aug. 31, 2022.

As of Aug. 31, 2022, the measurements of TxDOT's investments by major type are summarized below:

Investments - Governmental Activities *(Thousands)*

Government Investment Pools $39,859
Money Market Mutual Funds $41,342
U.S. Government Agency Obligations $61,631
U.S. Treasuries $8,490

Investments - Business-Type Activities *(Thousands)*

Repurchase Agreements $85,763
Money Market Mutual Funds $27,691
U.S. Treasuries $33,989
U.S. Government Agency Obligations $311,359
Government Investment Pools $1,182,162

Long-Term Debt

Outstanding Bonds

TxDOT as a whole had a little over $20.5 billion in outstanding bonded debt at the end of fiscal 2022.

This is made up of $9.7 billion in general obligation (GO) bonds, and $10.8 billion in revenue bonds. This figure has decreased by $658.3 million compared to fiscal 2021.

Outstanding Bonded Debt - August 31, 2021 and 2022 *(Thousands)*

	Governmental Activities		Business-type Activities	
	2021	2022	2021	2022
General Obligation Bonds Payable	$10,048,173	$9,707,449	$	$
Revenue Bonds Payable	3,649,875	3,352,822	7,504,914	7,484,376
Total Bonds Payable	$13,698,048	$13,060,271	$7,504,914	$7,484,376

Remarketing

The Commission had four bond remarketing transactions during fiscal 2022.

On Oct. 1, 2021, Texas Mobility Fund SIFMA Index Floating Rate Bonds, Series 2014-B, in the aggregate principal amount of $250.0 million were redesignated and remarketed as Texas Mobility Fund Put Bonds,

Series 2014-B, and the interest rate mode thereof was converted to a Multiannual Mode. The bonds bear interest at the .65 percent per annum through Mar. 31, 2026, during the initial multiannual rate period. The bonds will be subject to mandatory tender for purchase on Apr. 1, 2026, subject to the successful remarketing of all bonds.

On Oct. 1, 2021, State Highway Fund Hard Put Refunding Bonds, Series 2016-B, in the aggregate principal amount of $89.4 million were subject to mandatory tender and were remarketed as State Highway Fund Revenue Bonds, Series 2016-B. The interest rate mode thereof was converted to a fixed-rate mode. The bonds bear interest at the rates of .43 percent and .56 percent per annum. The bonds are not subject to redemption prior to their stated maturity and the bonds are not subject to conversion to another interest rate mode.

On Mar. 25, 2022, State Highway Fund Revenue Variable Rate Bonds, Series 2014-B1, in the aggregate principal amount of $150.0 million and State Highway Fund Revenue LIBOR Index Floating Rate Bonds, Series 2014-B2, the direct placements with an outstanding par value of $150.0 million, were subject to mandatory tender for purchase and remarketed as a single series in the aggregate principal amount of $300.0 million and redesignated as State Highway Fund Variable Rate Bonds, Series 2014-B. The remarketed bonds are variable rate bonds, bearing interest in the weekly mode. The Commission intended to cause a standby letter of credit (the "Liquidity Facility") issued by Sumitomo Mitsui Banking Corporation. The Liquidity Facility became effective on Mar. 25, 2022, and will expire on October 1, 2026 unless extended or terminated earlier.

The Commission authorized the conversion and redesignation of Central Texas Turnpike System First Tier Revenue Refunding Put Bonds, Taxable Series 2020-B, to tax-exempt bonds on Aug. 15, 2022 redesignated as Central Texas Turnpike System Revenue Refunding Variable Rate Bonds, Series 2020-B, to bear interest in an Index Floating Rate Mode. The Commission's mandatory tender and remarketing through a private placement will take place with Wells Fargo, National Association. The remarketed bonds are subject to mandatory tender for purchase on Aug. 15, 2024.

Credit Ratings

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

Fitch Ratings upgraded the Texas Transportation Commission's (TTC) first tier debt issued on behalf of the Central Texas Turnpike System (CTTS) to 'A+' from 'A' and second tier debt to 'A-' from 'BBB+'. The upgrade reflects strong and sustainable system traffic and revenue growth coming out of the pandemic, higher toll rates based on inflationary increases, and the more established operational history of the System.

Long-Term Credit Ratings as of August 31, 2022

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

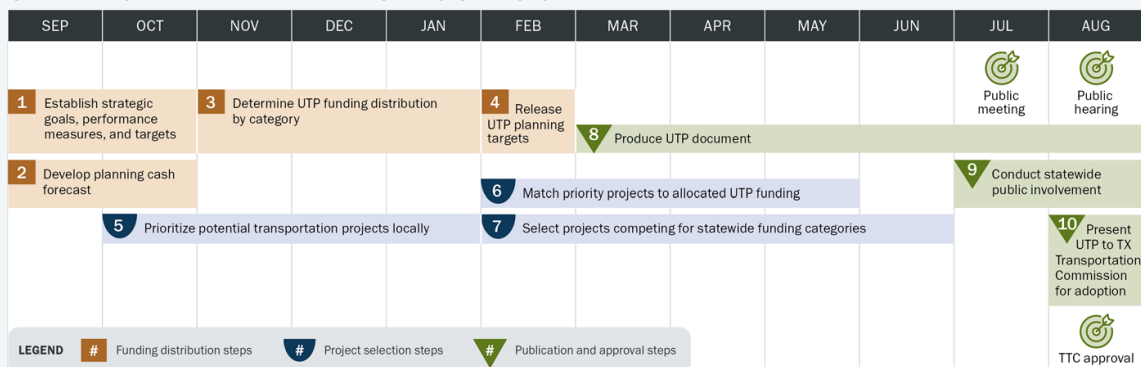| Business-Type	Fitch	Moody's	Standard & Poor's	Kroll
Revenue Bonds				
CTTS 2002-A, 2012-A, 2015-B, 2020-A,B,C	A+	A3	A	n/a
CTTS 2015-C	A-	Baa1	A-	n/a
GPTC 2013-A	A+	n/a	BBB+	n/a
GPTC 2013-B,E, 2018-A,B	AA	n/a	AA+	n/a
GPTC 2016	n/a	n/a	AA+	n/a
GPTC 2020-A,C	A+	A2	n/a	n/a
GPTC 2020-B	AA	Aa1	n/a	n/a
SH 249 2019-A,B	n/a	Baa3	n/a	n/a

Future Financial Planning

The **Unified Transportation Program (UTP)** is TxDOT's 10-year plan that guides the development of transportation work across the state. Organized into 12 funding categories, with each one addressing a specific type of work, the UTP authorizes the distribution of construction dollars expected to be available over the next 10 years. Within the UTP framework, TxDOT works with elected officials, local planning organizations, and the public to select and fund the state's highest priority transportation projects. In addition to highway projects, the UTP addresses public transportation, maritime, aviation, rail and freight, and international trade. The Texas Transportation Commission approves the UTP annually in accordance with Texas state law, and TxDOT publishes the approved UTP each year.

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

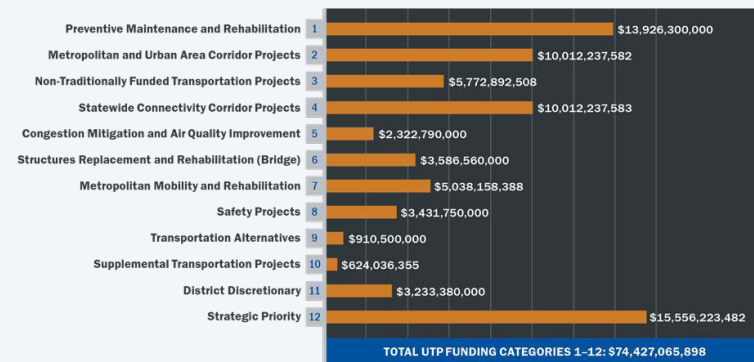## UTP DEVELOPMENT TIMELINE – ANNUAL 10-STEP CYCLE *

SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG

1. Establish strategic goals, performance measures, and targets
2. Develop planning cash forecast
3. Determine UTP funding distribution by category
4. Release UTP planning targets
5. Prioritize potential transportation projects locally
6. Match priority projects to allocated UTP funding
7. Select projects competing for statewide funding categories
8. Produce UTP document
9. Conduct statewide public involvement
10. Present UTP to TX Transportation Commission for adoption

Public meeting / Public hearing / TTC approval

LEGEND: # Funding distribution steps # Project selection steps # Publication and approval steps

* 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	2031 TARGET
PROMOTE SAFETY	Reduce crashes and fatalities through targeted infrastructure improvements, technology applications, and education	SAFETY: FATALITIES/YR	2,256
		SAFETY: FATALITY RATE	0.70
PRESERVE OUR ASSETS	Maintain and preserve system/asset conditions through targeted infrastructure rehabilitation, restoration, and replacement	PRESERVATION: PAVEMENT CONDITION	90%
		PRESERVATION: STATEWIDE BRIDGE CONDITION SCORE	90%
OPTIMIZE SYSTEM PERFORMANCE	Enhance mobility, connectivity, and mitigate congestion through targeted infrastructure and operational improvements	CONGESTION: URBAN CONGESTION	1.20
		INDEX CONNECTIVITY: RURAL RELIABILITY INDEX	1.12

2022 UTP FUNDING DISTRIBUTION BY CATEGORY

Category	Amount
Preventive Maintenance and Rehabilitation 1	$13,926,300,000
Metropolitan and Urban Area Corridor Projects 2	$10,012,237,582
Non-Traditionally Funded Transportation Projects 3	$5,772,892,508
Statewide Connectivity Corridor Projects 4	$10,012,237,583
Congestion Mitigation and Air Quality Improvement 5	$2,322,790,000
Structures Replacement and Rehabilitation (Bridge) 6	$3,586,560,000
Metropolitan Mobility and Rehabilitation 7	$5,038,158,388
Safety Projects 8	$3,431,750,000
Transportation Alternatives 9	$910,500,000
Supplemental Transportation Projects 10	$624,036,355
District Discretionary 11	$3,233,380,000
Strategic Priority 12	$15,556,223,482

TOTAL UTP FUNDING CATEGORIES 1–12: $74,427,065,898

That is, the UTP is an intermediate programming document linking the planning activities of the Statewide Long-Range Transportation Plan (SLRTP), the Metropolitan Transportation Plans, and Rural Transportation Plan to the detailed programming activities under the Statewide Transportation Improvement Program (STIP) and TxDOT's 24-month (2-year) Letting Schedule.

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

Definition of Terms

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

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

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

Current assets include cash and assets that can be quickly turned into cash to pay this 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 2022 to reimburse TxDOT's incurred costs, but the grantor may restrict spending until 2023 because that is when the federal budget has appropriated them.

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

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

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

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

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

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

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

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

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

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