



TEXAS DEPARTMENT OF TRANSPORTATION

An Agency of the State of Texas

Popular Annual Financial Report
For the Fiscal Year Ended August 31, 2024





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, 2024. This PAFR is a representation of the Texas Annual Comprehensive Financial Report (ACFR) for the 2024 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 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/about/financial-management/financial-publications.html>.



Marc D. Williams, P.E.
Executive Director



Stephen R. Stewart, CPA
Chief Financial Officer

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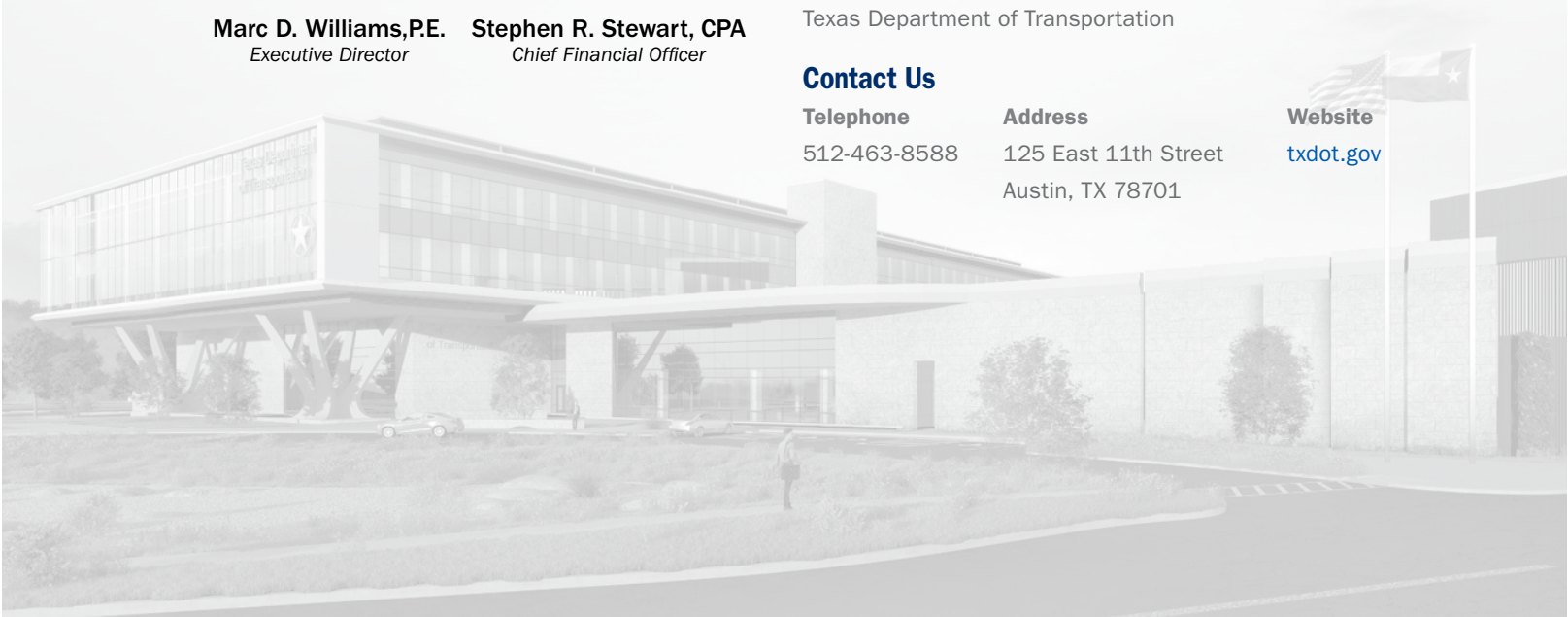
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Prepared by

Financial Management Division of the Texas Department of Transportation

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TxDOT Overview

Texas Department of Transportation

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

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

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

VALUES

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

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

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

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

VISION

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

MISSION

Connecting You With Texas.

GOALS

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

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

Foster Stewardship: Ensure efficient use of state resources.

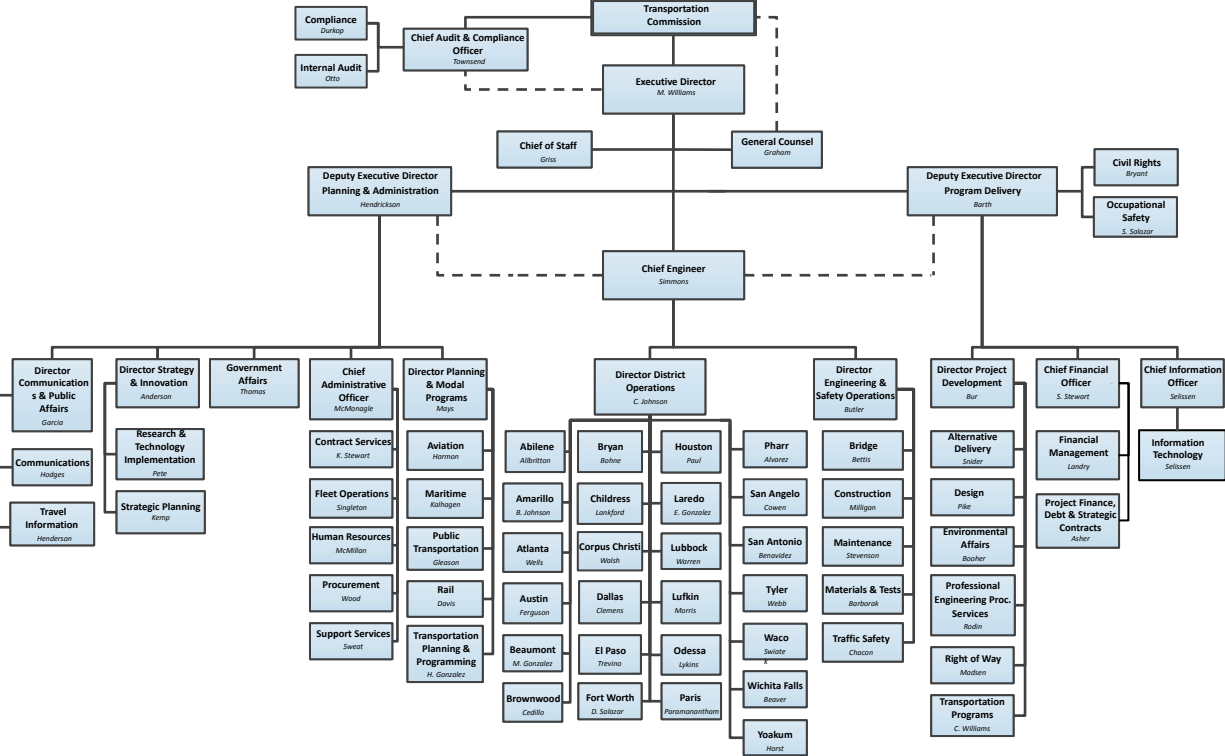
Optimize System Performance: Develop and operate an integrated transportation system that provides reliable and accessible mobility and enables economic growth.

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

Promote Safety: Champion a culture of safety.

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

Organizational Structure and Management



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

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

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



J. Bruce Bugg Jr.

Chairman



W. Alvin New

Commissioner



Robert C. Vaughn

Commissioner



Alejandro "Alex" G. Meade III

Commissioner



Steven D. Alvis

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, 2023

Christopher P. Morill

Executive Director/CEO

TxDOT at a Glance

Full Time Equivalent (FTE) Positions by Job Function as of Aug. 31, 2024*

Job Function	FTE
Architecture	35
Civil Rights/Bus Opportunity	42
Engineering/Engr Support	4,171
Environment	161
Exec/Admin/Clerical/Legal	1,065
Finance/Accounting	241
General Servs/Contracts/Purch	653
Human Resources	156
Information Technology	220
Laboratory/Materials	188
Maint/Skilled Craft/Ferry Ops	5,065
Occupational Safety	91
Other	29
Plan/Aviation/Pub Trans/Legis/Rail	577
Right of Way	186
Communications/Travel/Public Information	213
Grand Total	13,093

Traffic and Toll Revenue - Toll Roads

(Last Two Fiscal Years)

	2023	2024
Annual Vehicle Transactions	470,099,469	503,188,273
Annual Toll Revenue, Net	606,011,778	672,411,674
Increase/ Decrease	141,737,186	66,399,897
Toll Revenue Percentage Change	30.5%	11.0%
Toll Rate per Transaction	1.29	1.34

Schedule of State-Owned Centerline Miles

(Last Two Calendar Years)

	2023	2024
Interstate highways	3,476	3,477
U.S.highways	11,842	11,847
State highways	16,491	16,498
Farm or Ranch to Market roads	40,870	40,851
Frontage roads	7,968	8,014
Park roads	350	348
Total Miles	80,997	81,035

Schedule of Rated Lane Miles Conditions

(Last Two Fiscal Years)

	2023	2024
Total Lane Miles	201,793	201,865
Rated Lane Miles	200,583	200,658
Good or Better Lane Miles	179,903	180,014
% Good or Better Lane Miles	89.7%	89.7%
% Change from Prior Year	0.1%	0.1%

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

District	Projects	Estimated Cost
Abilene	414	\$730,672,249
Amarillo	306	\$1,077,641,039
Atlanta	542	\$627,031,109
Austin	403	\$2,035,538,625
Beaumont	393	\$1,098,036,041
Brownwood	178	\$336,421,644
Bryan	554	\$669,344,182
Childress	129	\$244,893,235
Corpus Christi	356	\$1,077,145,740
Dallas	695	\$3,773,385,152
El Paso	281	\$897,495,943
Fort Worth	399	\$1,091,429,533
Houston	456	\$3,540,070,916
Laredo	243	\$896,684,422
Lubbock	339	\$720,999,506
Lufkin	331	\$794,861,548
Odessa	310	\$2,002,664,033
Paris	539	\$1,150,062,500
Pharr	385	\$823,141,953
San Angelo	263	\$583,381,696
San Antonio	508	\$2,887,684,513
Tyler	368	\$993,896,970
Waco	357	\$791,217,935
Wichita Falls	362	\$629,467,738
Yoakum	362	\$1,984,840,833
Totals	9,473	\$31,458,009,055

* The FTE count by function was based on a query of TxDOT's PeopleSoft system as of Aug. 31, 2024 using each full-time and part-time employee's scheduled work hours, instead of actual hours. Interns are not included.

2024 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 well over half of the state's population, these areas are also home to 94 of the "Top 100" most congested roadway segments in the state.

With the approval of the 2025 Unified Transportation Program at the end of fiscal year 2024, Texas Clear Lanes congestion-relief projects will now see an increase in funding of \$1.9 billion, supporting the \$75.8 billion total investment for completed, under-construction, and planned non-tolled projects since 2015.

Here are a couple of major fiscal 2024 Texas Clear Lane Program successes:



Loop 1604 in San Antonio

Segment 4 of Loop 1604, from US 281 to Redland Road, began construction in April 2024. Four out of six projects are currently under construction to expand capacity of Loop 1604 to give San Antonians more travel lanes and better connections to I-10. This work is part of the Loop 1604 North Expansion – a Texas Clear Lanes project aimed at improving mobility and reducing congestion along 23 miles of Loop 1604 from SH 16 (Bandera Rd.) to I-35. This project brings \$1.4 billion of transportation investments including the expansion of mainlanes from a 4- to 10-lane expressway, high-occupancy vehicles (HOV) lanes in each direction, a multi-level interchange at the I-10 intersection, an innovative intersection at Blanco Rd., and bicycle and pedestrian accommodations on the frontage roads.

Interstate 35 NEX South in San Antonio

TxDOT celebrated the groundbreaking for Phase 1 of the I-35 NEX South project in May 2024. This project will bring much-needed mobility improvements on the I-35 corridor by adding three new, non-tolled express lanes in each direction. The completion of I-35 NEX South will provide nearly \$1.6 billion in congestion, safety, and environmental benefits; and more than \$2.2 billion in economic benefits. In fact, for every dollar spent on this project, there are 3 dollars and 50 cents in estimated benefits. South Phase I is part of the larger I-35 NEX project that stretches 19.5 miles of I-35 from North Walters Street to FM 1103 in Bexar, Comal and Guadalupe counties.

Interstate 610/Cambridge Street in Houston

The ongoing Texas Clear Lanes project at Interstate 610/Cambridge Street continues to make great progress towards completion. Each day, TxDOT crews and the contractor continue to take every opportunity to accelerate work, wherever possible, to complete this project both efficiently and expeditiously. The \$117 million project includes the reconstruction of mainlanes, frontage roads, and the addition of a freeway overpass with eight direct connect tie-ins at I-610 and State Highway 288. Construction began in early 2020 and is estimated for completion in early 2025.

Irving Interchange in Dallas

TxDOT recently concluded the reconstruction of Irving Interchange in Dallas in May 2024. The project is where SH 183, SH 114, Loop 12 and Spur 482 intersect. TxDOT made improvements in the corridors leading up to this \$301 million project for several years. This phase of the project included the construction of ten new direct connectors, 22 new overpasses, nearly five miles of widened highway lanes, and new pavement. Work on the project began in 2020, and all new bridges and lanes opened to traffic in spring 2024.

Southeast Connector Project, Interstate 20 Expansion in Ft. Worth

Arlington's Interstate 20 expansion is a part of the \$2.1 billion Southeast Connector Project, which held

a groundbreaking in December 2023, and represents the largest investment in Texas Department of Transportation funding in the history of the Fort Worth District. The project will rebuild and widen roughly 16 miles of Interstate 20 — about 10 miles of it in Arlington — and Interstate 820, with Interstate 20 expanding to 10 main lanes from Interstate 820 to U.S. 287. The new project will allow commuters to remain on U.S. Highway 287 without exiting and entering onto other busy highways, only to return back to U.S. Highway 287. Similarly, commuters on Interstate 20 will no longer have to merge with commuters from U.S. Highway 287.

Interstate 35 in Austin

TxDOT began the highly anticipated Interstate 35 Capital Express Central project at the very end of fiscal year 2024 and had its groundbreaking in early fiscal year 2025. The project will reconstruct Interstate 35, add

2 Northbound and 2 Southbound non-tolled managed lanes, construct bypass lanes, structures, drainage, shared use paths, and reconstruct intersections, ramps, general purpose lanes and frontage roads. Stay tuned for updates on txdot.gov or in the next Popular Annual Financial Report!



2024 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 has committed to enhancing safety on Texas roads, investing \$17.3 billion in safety improvements through the state's 10-year plan. TxDOT will continue to make roads safer, improve safety education, and assist in enforcement and safety awareness programs.

Facilities Master Plan

FY 2024 began year seven of TxDOT's 10-year Facilities Master Plan with a long list of statewide accomplishments. In 2024, TxDOT had 137 capital projects (\$417.4 million) in construction and 27 capital projects in design. TxDOT

completed 24 projects (\$44 million) that were approved during the 86th and 87th legislative sessions as well as the planning and design for 31 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 19 security projects and has 65 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.

2024 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 realized.

Bridge Management Application

TxDOT's Bridge Division can now use the BrM application to meet the latest federal requirements for managing transportation assets. Thanks to new optimizations, important tasks can now be completed much faster. Using BrM, predictions can now be made on how bridges will deteriorate over time. Calculation of cost and benefits of different actions can now be performed to keep bridges in good condition. Additionally, the BrM application assists the Bridge Division in planning programs and schedules to maintain TxDOT bridges within policy and budget.

Artificial Intelligence Incident Detection System

TxDOT procured and deployed an Artificial Intelligence system to improve awareness for traffic incidents in the Austin area. The system went live in September 2023 and has reduced the time to receive notifications about crashes, stalled vehicles, and debris on the road while also expanding the coverage area for incident notification. It works by taking in multiple real-time data streams and then anticipates locations that are likely to have roadway incidents. This system allows operators in the Traffic Management Center to monitor more information, so incidents can be prevented or cleared away faster. Performance of the AI detection system continues to be monitored and improved, which will be used to develop further AI technology in other TxDOT districts.

Statewide Video Sharing System

TxDOT completed the Statewide Video Sharing System (STVS) project in 2024, which allows for real-time traffic video streaming and sharing across multiple entities. There were three core use cases identified as part of this project: Sharing real-time traffic video with TxDOT's Emergency Operations Centers, Sharing real-time traffic

video between TxDOT's 25 Districts, and Sharing real-time traffic video with external partners. The system allows districts to access cameras across district lines to monitor traffic and coordinate responses to roadway incidents in real-time. Prior to the implementation of the STVS, districts and Emergency Operations Centers were only able to access snapshots from traffic cameras on traffic speeds and weather intensity. With the implementation of this project, users can access live video streams from over 3,300 traffic cameras across districts allowing them to respond to rapidly changing situations. This platform has over 1,600 internal and external users that view between 40,000 to 50,000 video streams monthly. In cases of natural disasters, roadway incidents, or events that pose traffic issues, users can access cameras from around the state to monitor affected areas.

Consultant Certification Information System (CCIS)

The Consultant Certification Information System (CCIS) is a modernized system that replaced an old Vendor Management System. The new system has automated many processes, such as the entry of the Project Team Composition (PTC) Form. This automation reduces errors and disqualifications by setting required fields and validating entered data. It also sends automated email notifications for annual renewals, certification expirations, and amendments to solicitations. The system combines the precertification process and PTC Form submission, allowing efficient customer service. Firms can now register, get approved/pre-certified, and submit documentation through an electronic portal. The system allows Professional Engineering Procurement Services (PEPS) to monitor all stages of a solicitation until the contract is awarded.

Modernized TRACK Case Management

The TRACK system stores complaint information from across the state and routes it to the appropriate divisions or districts for 950-plus TRACK users. The new platform has improved the agency's ability to track legislative-mandated complaints, including the following: creating contacts, cases, tasks, notes, attachments, emails, ect.

Financial Management Initiatives

Below is a summary of the major technology enhancements the Financial Management Division has invested in during fiscal 2024.

E-invoicing



During fiscal 2024, the Financial Management Division (FIN) has brought further advancements through the strategic development and implementation of e-Invoicing and OnBase (TxDOT's enterprise content management system) enhancements.

These updates were achieved through cross-departmental collaboration and securing the necessary funding, enabling the Accounts Payable and IT teams to operate more efficiently. These enhancements continue to improve the AP workflow, strengthen automation capabilities, and ensure timely and accurate payment processing.

FIN remains committed to driving innovation and efficiency in financial operations to better serve its stakeholders.

Refund Processing Optimization

The Accounts Receivable Custody Banking team achieved significant efficiency gains with the development of a custom macro for TxTag Mass Refund processing. This tool has streamlined the data validation process, saving over 800 hours of manual effort. By automating batch uploads to Frost Bank, the macro ensures accuracy and efficiency, critical for meeting the ambitious deadline of processing up to 400,000 refund checks in early calendar 2025.

This innovation not only optimizes team performance but also enhances operational accuracy, reinforcing the team's ability to manage large-scale financial tasks effectively and deliver timely results to stakeholders.

Hotel Engine Discrepancy Dashboard

The Financial Management Division (FIN) developed and implemented the Hotel Engine Discrepancy Dashboard, providing the Accounts Payable Quality Assurance (AP QA) team with a powerful tool to identify and resolve duplicate vouchers. This initiative has significantly enhanced the accuracy of financial processes while fostering operational efficiency.

The dashboard offers real-time insights into discrepancies, allowing the AP QA team to proactively address issues, reduce manual intervention, and mitigate the risk of undetected errors. Additionally, the tool promotes continuous improvement by creating opportunities for feedback and targeted training, equipping the team to address recurring discrepancies and their root causes.

By streamlining operations and reinforcing financial accountability, this FIN-led initiative demonstrates a strong commitment to transparency, operational excellence, and high-quality service delivery across the organization.

E&C Percentage Analysis

The Financial Management Division (FIN) led the Engineering and Contingency (E&C) Percentage Analysis, conducting a critical triennial review of construction project data to determine precise percentages for construction engineering (CE), contingency, and change orders. This analysis is integral to developing accurate project cost estimates, ensuring appropriate allocations for CE, contingencies, and potential change orders.

By spearheading this data-driven initiative, FIN has enhanced financial accuracy, optimized resource planning, and improved project budgeting processes. This effort reflects FIN's commitment to supporting efficient and transparent financial management for construction projects.

2024 Awards

2024 Transportation Short Course

The 2024 Transportation Short Course was the 98th 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 98th Annual Transportation Short Course.

Raymond E. Stotzer Jr. Award

Cory Henrickson, Director of State Legislative Affairs Section, Government Affairs Division

Russell H. Perry Award

David M. Laney, Attorney at Law

Dewitt C. Greer Award

Grady Mapes, Director of Alternative Project Delivery, Houston District

Gibb Gilchrist Award

Heather Ashley-Nguyen, Director of Transportation Planning and Development, Austin District

Luther DeBerry Award

Daniel Garcia, Director of Construction, Pharr 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

Ben Dominguez, Heavy Equipment Operator

Austin District

Cole Farmer, Transportation Specialist & Alicia Farmer, Registered Nurse

Austin District

Derwood Sitton, Construction Inspector & Carson Gaido, Summer Engineer Intern

Lufkin District

Clinton Marburger, Equipment Mechanic

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 third time for its 2023 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 environment presents government entities, including state transportation departments, continued challenges. The inflation rate at the end of August 2024 was 2.5 percent. In 2024, the Texas economy continued to grow. The unemployment

rate remained unchanged, but employment growth accelerated. During the previous five fiscal years, 2020-2024, 4,080 highway and bridge construction projects (estimated at \$41.8 billion) were let/awarded for \$41.3 billion.

Population (Thousands)

	2023*	2024
Texas	30,572	31,142
Percent Changes	1.6%	1.9%
U.S.	338,375	341,848
Percent Changes	1.1%	1.0%

Total Personal Income (Millions)

	2023*	2024
Texas	2,020,899	2,135,256
Percent Changes	6.8%	5.7%
U.S.	24,747,779	
Percent Changes	5.9%	5.7%

Per Capita Income

	2023*	2024
Texas	66,102	68,566
Percent Changes	5.1%	3.7%
U.S.	69,162	72,394
Percent Changes	4.8%	4.7%

Nonfarm Employment (Thousands)

	2023*	2024
Texas	13,911	14,195
Percent Changes	3.3%	2.0%
U.S.	156,066	158,630
Percent Changes	2.3%	1.6%

Unemployment Percentage Rate

	2023*	2024
Texas	4.0%	4.0%
U.S.	3.6%	4.0%

Employment by Industry (Thousands)

	2023*	2024
Goods-Producing		
Natural Resources and Mining	213	210
Construction	823	855
Manufacturing		
Durables	610	628
Nondurables	346	348
Total, Goods-Producing	1,992	2,041

Service-Providing

	2023*	2024
Trade, Transportation, and Utilities		
Wholesale Trade	661	671
Retail Trade	1,398	1,402
Transportation and Warehousing	642	647
Utilities	61	64
Information	235	235
Financial Activities		
Finance and Insurance	650	660
Real Estate and Rental and Leasing	254	260
Professional and Business Services		
Professional, Scientific and Technical	1,036	1,053
Management, Administrative and Support	1,084	1,090
Educational and Health Services		
Educational Services, Private	247	253
Health Care and Social Assistance	1,647	1,698
Leisure and Hospitality	1,483	1,524
Other Services	473	492
Government		
Federal Civilian	214	221
State and Local	1,834	1,884
Total, Service-Providing	11,919	12,154
Total Nonfarm Employment	13,911	14,195

* 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 and receives revenue from taxes and fees. Most of these revenues (motor fuel and lubricant taxes, motor vehicle registration fees, and federal reimbursements) are dedicated by Section 7-a, Article VIII, Texas Constitution, to fund state right-of-way acquisition, highway construction and maintenance of public roadways. Funds that are constitutionally dedicated for the purpose of supporting public roadways may not be spent on other modes of transportation such as rail projects, public transportation, aviation services, or Gulf Intracoastal Waterway improvements.

The State Highway Fund also holds subaccounts for Proposition 1 and 7 funds, State Infrastructure Bank (SIB) funds, and regional subaccounts with toll and concession revenue from previously approved Comprehensive Development Agreements (CDAs). State law requires toll and concession revenues only to be used on projects within the region of the project generating the funds.

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 agency reimbursements (includes federal fuel tax)
- Vehicle Registration Fees *

- Other, smaller revenue amounts such as lubricant sales taxes,* permit fees for special vehicles, fees, and interest* on certain funds
- Local project participation funds
- New Electric Vehicle Road User Fees*

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.
- 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.
- 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

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 2024, 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 2024 was from taxes with a total of \$8.7 billion. This was followed by operating grants and contributions with \$5.5 billion.
- TxDOT received a total of \$3.1 billion in Proposition 7. During fiscal 2024, \$2.5 billion was received for state sales and use taxes. In Aug. 2024, the department also received \$628.8 million of additional Proposition 7 funds for the state motor vehicle sales and rental tax revenue.
- TxDOT received a total of \$3.1 billion in Proposition 1 funds for oil and natural gas production taxes during fiscal 2024. 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, 2023-2024 is shown in the chart below.

Statement of Net Position (Thousands)

	Governmental Activities		Business-type Activities		Total	
	2023	2024	2023	2024	2023	2024
Assets						
Assets Other Than Capital Assets	\$19,176,576	\$17,336,456	\$1,825,181	\$1,952,997	\$21,001,757	\$19,289,453
Capital Assets	140,547,830	150,708,191	3,045,019	2,930,058	143,592,849	153,638,249
Total Assets	159,724,406	168,044,647	4,870,200	4,883,055	164,594,606	172,927,702
Deferred Outflows of Resources	1,044,500	925,298	186,981	166,333	1,231,481	1,091,631
Liabilities						
Current Liabilities	4,226,759	4,489,225	291,875	279,826	4,518,634	4,769,051
Non-current Liabilities	15,790,275	14,673,463	8,001,698	7,811,639	23,791,973	22,485,102
Total Liabilities	20,017,034	19,162,688	8,293,573	8,091,465	28,310,607	27,254,153
Deferred Inflows of Resources	13,047,232	12,132,069	39,922	119,179	13,087,154	12,251,248
Net Position						
Net Investment in Capital Assets	118,934,673	129,858,662	662,211	644,377	119,596,884	130,503,039
Restricted	11,705,281	6,906,943	527,701	511,352	12,232,982	7,418,295
Unrestricted	(2,935,314)	909,583	(4,466,226)	(4,316,985)	(7,401,540)	(3,407,402)
Total Net Position	\$127,704,640	\$137,675,188	\$(3,276,314)	\$(3,161,256)	\$124,428,326	\$134,513,932

The Statement of Net Position shows assets and deferred outflows totaling \$174.0 billion, increased by \$8.2 billion from fiscal year 2023, while liabilities and deferred inflows equaled \$39.5 billion, decreased by \$1.9 billion. The increase in assets and deferred outflows was primarily due to the increase in capital assets in amount of \$10.0 billion, which was partly offset with a decrease in cash and cash equivalents in amount of \$1.5 billion. The decrease in liabilities and deferred inflows was primarily due to the decrease general obligation bonds payables in amount of \$465.0 million, the decrease in revenue bonds payable in the amount of \$546.8 million, and the decrease in pensions deferred inflows of resources in the amount of \$799.4 million during fiscal 2024.

TxDOT's overall net position increased by 8.1 percent or \$10.1 billion from the prior fiscal year. The three components of net position are:

Net Investment in Capital Assets

The most significant portion of net position (97.0 percent or \$130.5 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

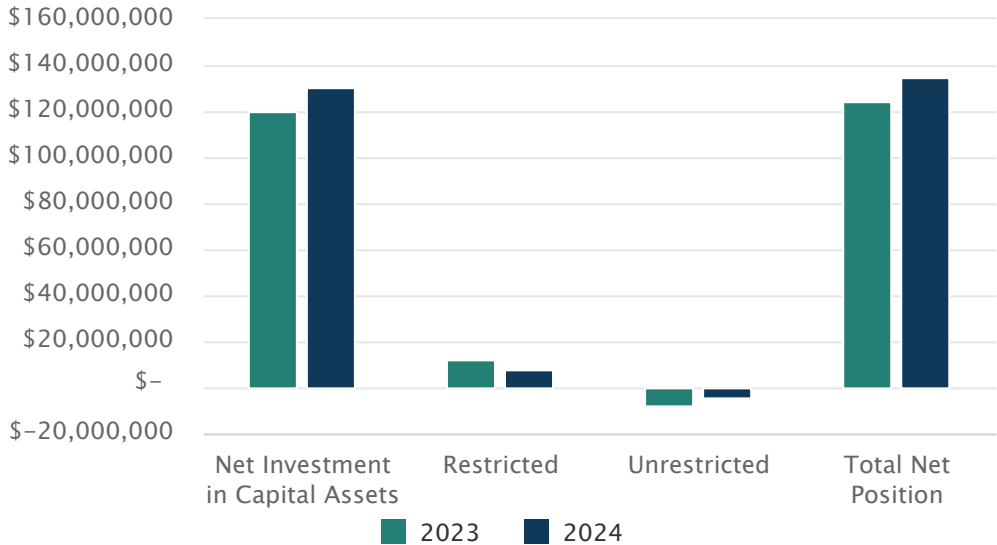
This portion of net position (5.5 percent or \$7.4 billion) is restricted, representing funds that are limited to construction activities, payment of debt, or specific programs by law.

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 \$3.4 billion in fiscal 2024.

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 2024, TxDOT's revenues exceeded expenditures by \$8.0 billion.

TxDOT earned program revenues of \$7.4 billion and general revenues of \$9.6 billion, for total revenues of \$17.0 billion. The expenses of TxDOT were \$9.0 billion.

The total net position increased to \$134.5 billion in fiscal year 2024 from \$124.4 billion in fiscal year 2023 due to revenues exceeding expenses.

Changes in Net Position (Thousands)

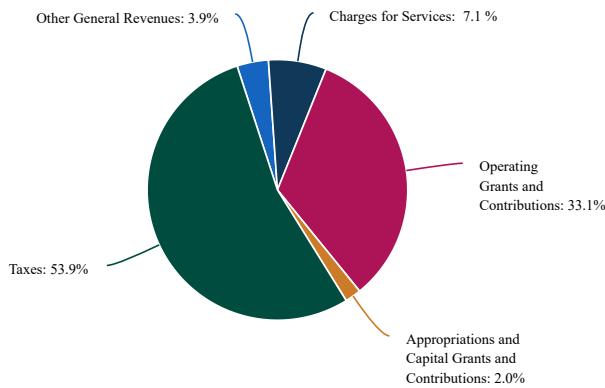
	Governmental Activities		Business-type Activities		Total	
	2023	2024	2023	2024	2023	2024
Revenue						
Program Revenues:						
Charges for Services	\$1,149,211	\$1,169,103	\$699,358	\$747,353	\$1,848,569	\$1,916,456
Operating Grants and Contributions	4,443,358	5,350,536	66,399	102,121	4,509,757	5,452,657
Capital Grants and Contributions	113,664	44,578			113,664	44,578
Total Program Revenues	5,706,233	6,564,217	765,757	849,474	6,471,990	7,413,691
General Revenues:						
Appropriations	1,232	274,365			1,232	274,365
Taxes	9,064,232	8,718,369			9,064,232	8,718,369
Unrestricted Investment Earnings	423,542	566,552			423,542	566,552
Settlement of Claims	49,020	50,153			49,020	50,153
Gain on Sale of Capital Assets		4,091				4,091
Gain on Other Financial Activity		46				46
Other General Revenues	11,971	2,381			11,971	2,381
Total General Revenues	9,549,997	9,615,957			9,549,997	9,615,957
Total Revenues	15,256,230	16,180,174	765,757	849,474	16,021,987	17,029,648
Expenses						
Transportation	7,645,612	8,338,204	678,325	703,677	8,323,937	9,041,881
Total Expenses	7,645,612	8,338,204	678,325	703,677	8,323,937	9,041,881
Excess (Deficiency) Before Transfers	7,610,618	7,841,970	87,432	145,797	7,698,050	7,987,767
Transfers - Internal Activities	32,650	30,739	(32,650)	(30,739)		
Transfers - Other State Agencies	1,835,708	2,097,839			1,835,708	2,097,839
Change in Net Position	9,478,976	9,970,548	54,782	115,058	9,533,758	10,085,606
Net Position, Beginning Balance	115,490,353	127,704,640	(104,788)	(3,276,314)	115,385,565	124,428,326
Change in Accounting Principle*	2,735,311		(3,226,308)		(490,997)	
Net Position, Beginning Balance, as Restated	118,225,664	127,704,640	(3,331,096)	(3,276,314)	114,894,568	124,428,326
Net Position, Ending Balance	\$127,704,640	\$137,675,188	\$(3,276,314)	\$(3,161,256)	\$124,428,326	\$134,513,932

Government-wide Revenue and Expense Summary

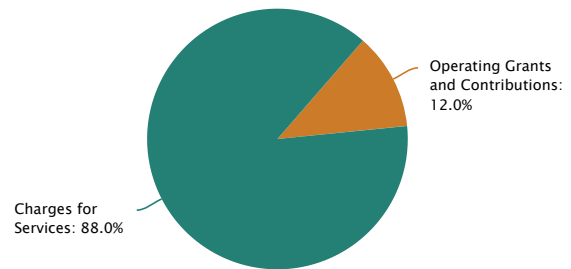
Revenues

TxDOT earned program revenues of \$7.4 billion and general revenues of \$9.6 billion, for total revenues of \$17.0 billion. In 2024, the largest revenue source in TxDOT's Governmental Activities was taxes, representing 53.9 percent of all revenue collected. In Business-Type activities, charges for services was the largest component of revenue, representing 88.0 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, 2024**



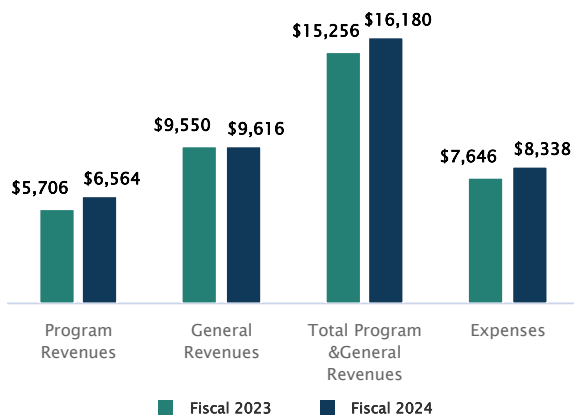
**Revenues by Source: Business-Type Activities
For the Fiscal Year Ended August 31, 2024**



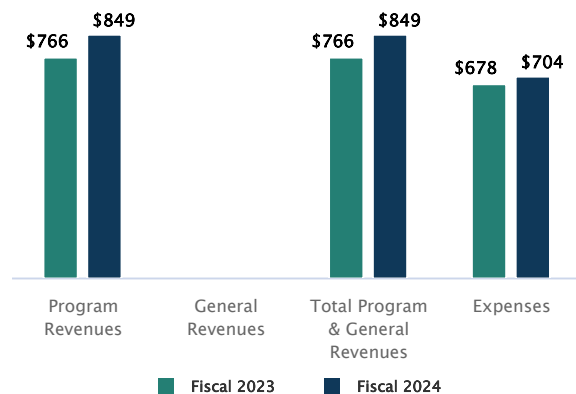
Expenses

At the government-wide level, all expenses are presented as transportation expenses for a total of \$9.0 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, 2023 and 2024 (Millions)**



**Expenses and Revenues: Business-Type Activities
For the Fiscal Years August 31, 2023 and 2024 (Millions)**



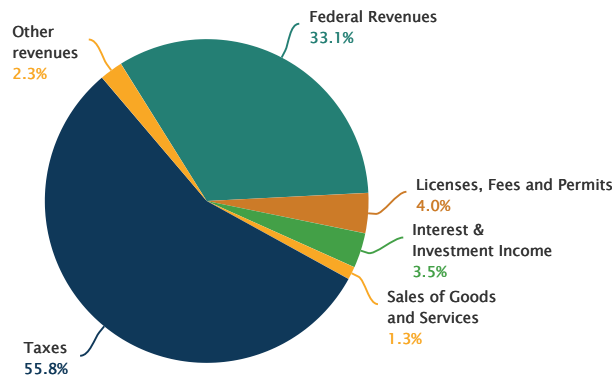
Governmental Fund Highlights

Governmental Funds

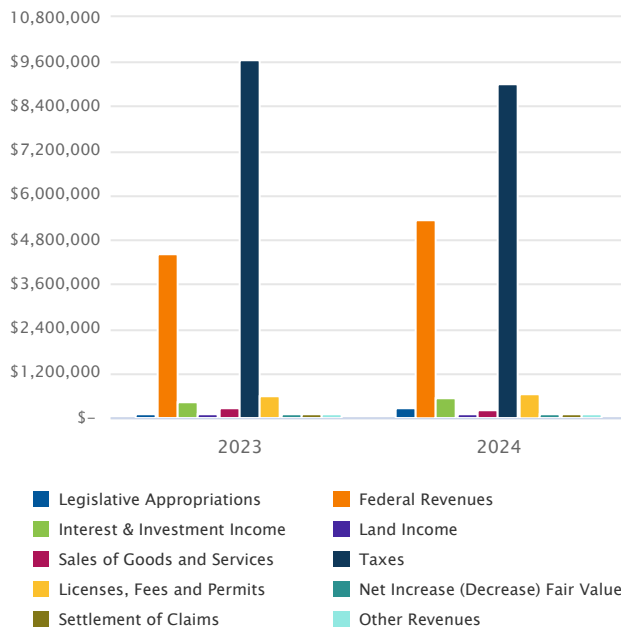
The focus of TxDOT's governmental funds financial statements is to provide information on how money flows into and out of the funds, and amounts remaining at year-end for future spending. TxDOT has two major governmental funds: the State Highway Fund and the Texas Mobility Fund. TxDOT's governmental funds reported a combined ending fund balance of \$6.5 billion on Aug. 31, 2024, 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, 2024, was \$5.6 billion. Total revenues increased by \$452.1 million, or 3.1 percent, to \$15.0 billion in fiscal 2024. 94.0 percent of the total revenue included \$9.0 billion of taxes and \$5.1 billion of federal revenue. \$12.6 billion capital outlay expenditures contributed to 66.9 percent of overall SHF's expenditures in fiscal 2024. Changes in fund balance was \$2.5 billion in fiscal 2024, a decrease of \$4.2 billion from fiscal 2023, which was due to increase in revenues in amount of \$452.1 million, increase in expenditures in amount of \$4.5 billion, decrease in other financing uses in amount of \$152.9 million. The changes were: revenue increase of \$452.1 million, primarily due to increased oil and natural gas tax and motor vehicle sales and use tax collections during fiscal 2024. In addition, transportation expenditures increased by \$1.1 billion and capital outlay increased by \$3.4 billion due to increased utilization of Proposition 1 and 7 revenues during fiscal 2024.

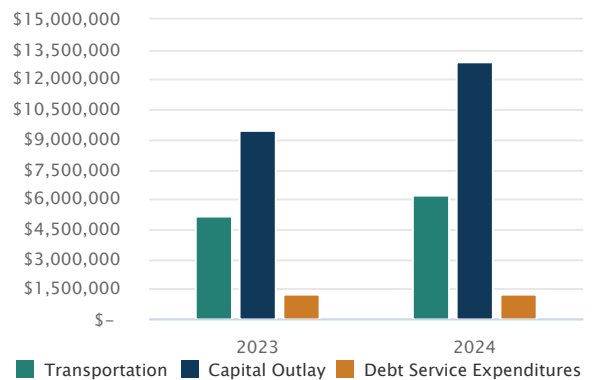
Governmental Fund Revenues Percentages



Governmental Fund Revenues by Source (Thousands)

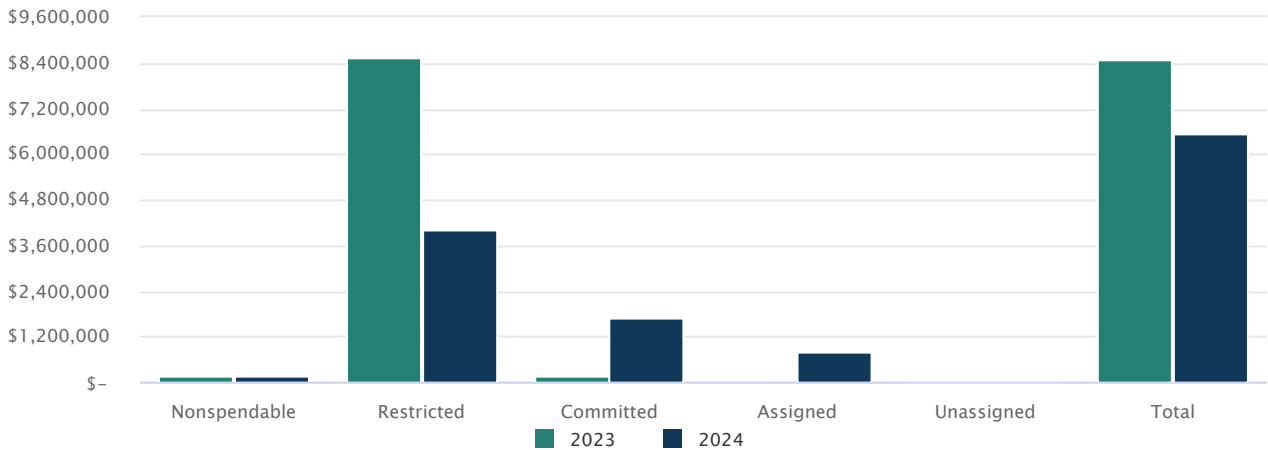


Governmental Fund Expenditures by Use (Thousands)



- 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, 2024 was \$470.4 million, an increase of \$49.4 million or 11.7 percent, from \$421.1 million on Aug. 31, 2023. Change in fund balance was \$49.4 million in fiscal 2024, an increase of \$89.9 million from fiscal 2023. The change was caused by increase in revenues of \$8.1 million, decrease in expenditures of \$70.4 million, increase in other financing sources of \$11.4 million. A total of \$426.7 million of revenues were collected for the fund. The major revenue sources were licenses, fees and permits, which accounted for \$387.5 million or 90.8 percent of total fund's revenue. Interest contributed to \$228.6 million, which was 45.6 percent of the total expense of Texas Mobility Fund.

TxDOT Governmental Fund Balances, All Funds (Thousands)

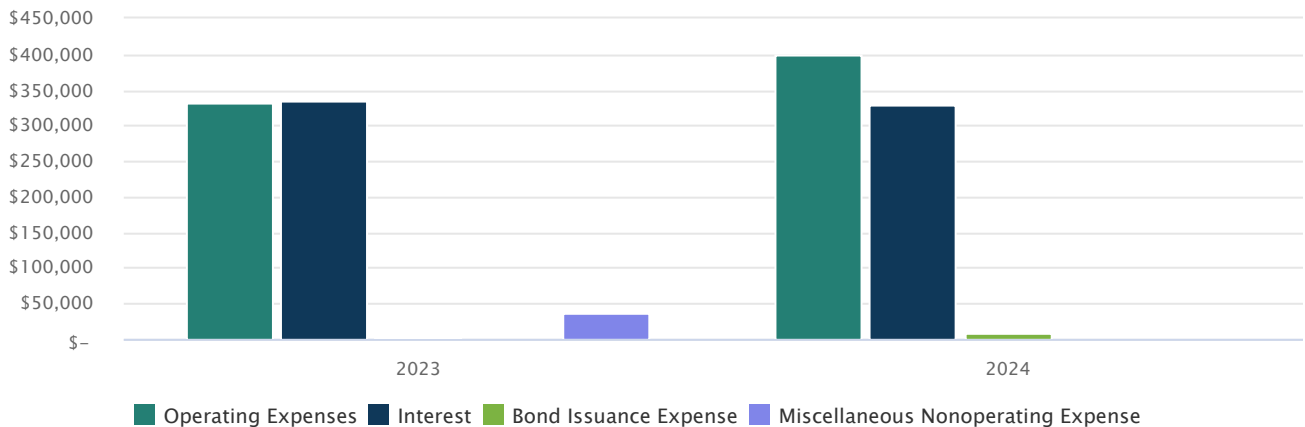


Proprietary Fund Highlights

Proprietary Funds

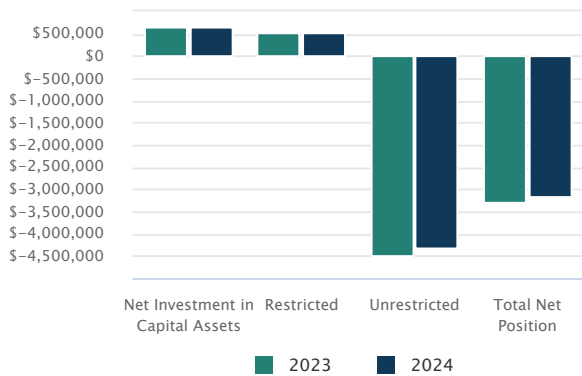
Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. TxDOT has three major proprietary funds, Central Texas Turnpike System, Grand Parkway Transportation Corporation, and SH 249 System. An overview of the financial information of these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

Proprietary Fund Expenses (Thousands)



- Central Texas Turnpike System - The net position of CTTS was \$246.1 million as of Aug. 31, 2024, an increase of \$28.7 million from fiscal 2023. CTTS' operating revenues increased by \$26.9 million or 7.8 percent over fiscal 2023. The increase was due to increase in discounts and allowances toll revenue- pledged after the substantial resolution of billing issues related to implementation of the new back-office system. The total expense for CTTS in fiscal 2024 was \$396.0 million, compared to \$357.7 million in fiscal 2023. Depreciation and amortization combined with interest expenses contributed to \$207.4 million, which was 52.4 percent, of the total expense of CTTS.
- Grand Parkway Transportation Corporation - GPTC reported a net position of \$3.7 billion in fiscal 2024, an increase in net position of \$84.1 million over fiscal 2023. GPTC's operating revenues in fiscal 2024 increased by \$23.8 million, or 7.4 percent over fiscal 2023. The increase was due to increase in toll revenue - pledged due to increase in toll transactions. In fiscal 2024, GPTC's total expenses were \$279.3 million, which decreased by \$20.9 million or 7.0 percent over fiscal 2023. The largest expense in fiscal 2024 was \$188.7 million of interest expense.
- State Highway 249 System (SH 249 System) -The net position of SH 249 System was \$251.4 million as of Aug. 31, 2024, an increase of 0.9 percent over fiscal 2023. During fiscal 2024, SH 249 System generated \$25.7 million in toll revenue, net of allowance for doubtful accounts. The total increase in net position of \$2.3 million, which was caused by operating revenues in amount of \$25.7 million, operating expenses in amount of \$15.0 million, nonoperating expenses in amount of \$8.2 million, capital contributions and transfers out fund in amount of \$208.0 thousand.

Proprietary Fund Net Position, All Funds (Thousands)



The primary reason for the deficit in the unrestricted net position balance is that the outstanding bond liabilities surpass the assets held by the Grand Parkway Transportation Corporation (GPTC). While GPTC assists the Texas Department of Transportation (TxDOT) by issuing bonds for the construction of segments of the Grand Parkway project, it does not possess any of the capital assets that are developed.

Capital Assets

TxDOT's capital assets are comprised of roads, bridges, buildings, land, equipment, and intangible capital assets. As of Aug. 31, 2024, TxDOT had \$153.6 billion in net capital assets, a \$10.0 billion or 7.0 percent increase over fiscal 2023. The increase was due to an increase in infrastructure - depreciable of \$5.3 billion, construction in progress of \$2.5 billion, land and land improvements of \$2.3 billion in fiscal 2024. The total accumulated depreciation and amortization for TxDOT as of Aug. 31, 2024 was \$36.3 billion.

Capital Assets - Net of Depreciation and Amortization - August 31, 2023 and 2024 (Thousands)

	Governmental Activities		Business-type Activities		Total	
	2023	2024	2023	2024	2023	2024
Land and Land Improvements	\$18,817,488	\$21,109,952	\$725,847	\$725,847	\$19,543,335	\$21,835,799
Infrastructure - Depreciable	97,118,247	102,410,543	2,075,947	2,082,657	99,194,194	104,493,200
Construction in Progress	23,261,253	25,854,152	96,418	23,699	23,357,671	25,877,851
Buildings and Building Improvements	620,921	623,978	2,076	1,715	622,997	625,693
Furniture and Equipment	75,598	77,282			75,598	77,282
Vehicles, Boats and Aircraft	371,509	378,313			371,509	378,313
Other Capital Assets	2,227	1,989			2,227	1,989
Land Use Rights - Permanent	89,417	90,258	19,466	19,466	108,883	109,724
Land Use Rights - Term	106				106	
Computer Software	108,808	79,855	29,787	14,894	138,595	94,749
Buildings and Building Improvements (RTU)	19,728	18,269			19,728	18,269
Land and Land Improvements (RTU)	2,936	1,857			2,936	1,857
Furniture and Equipment (RTU)	8,703	12,778			8,703	12,778
Subscriptions (RTU)	50,889	48,965	95,478	61,780	146,367	110,745
Total Capital Assets	\$140,547,830	\$150,708,191	\$3,045,019	\$2,930,058	\$143,592,849	\$153,638,249

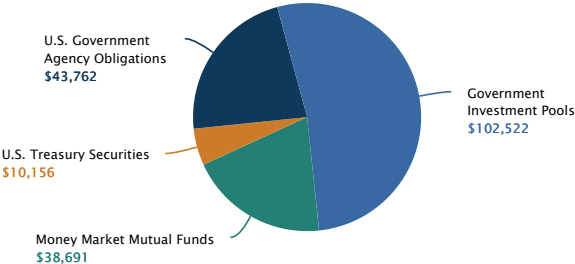
Short and Long-Term Assets

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.

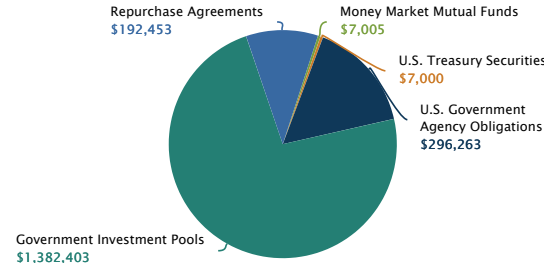
Governmental fund deposits in the state treasury totaled \$10.0 billion at Aug. 31, 2024.

As of Aug. 31, 2024, 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 over \$18.8 billion in outstanding bonded debt at the end of fiscal 2024.

This is made up of \$8.9 billion in general obligation (GO) bonds, and \$9.9 billion in revenue bonds. This figure has decreased by \$1.0 billion compared to fiscal 2023.

Outstanding Bonded Debt - August 31, 2023 and 2024 (Thousands)

	Governmental Activities		Business-type Activities	
	2023	2024	2023	2024
General Obligation Bonds Payable	\$9,353,914	\$8,888,898	\$	\$
Revenue Bonds Payable	3,051,820	2,684,555	7,422,605	7,243,023
Total Bonds Payable	\$12,405,734	11,573,453	\$7,422,605	7,243,023

Credit Ratings

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

Long-Term Credit Ratings as of August 31, 2024

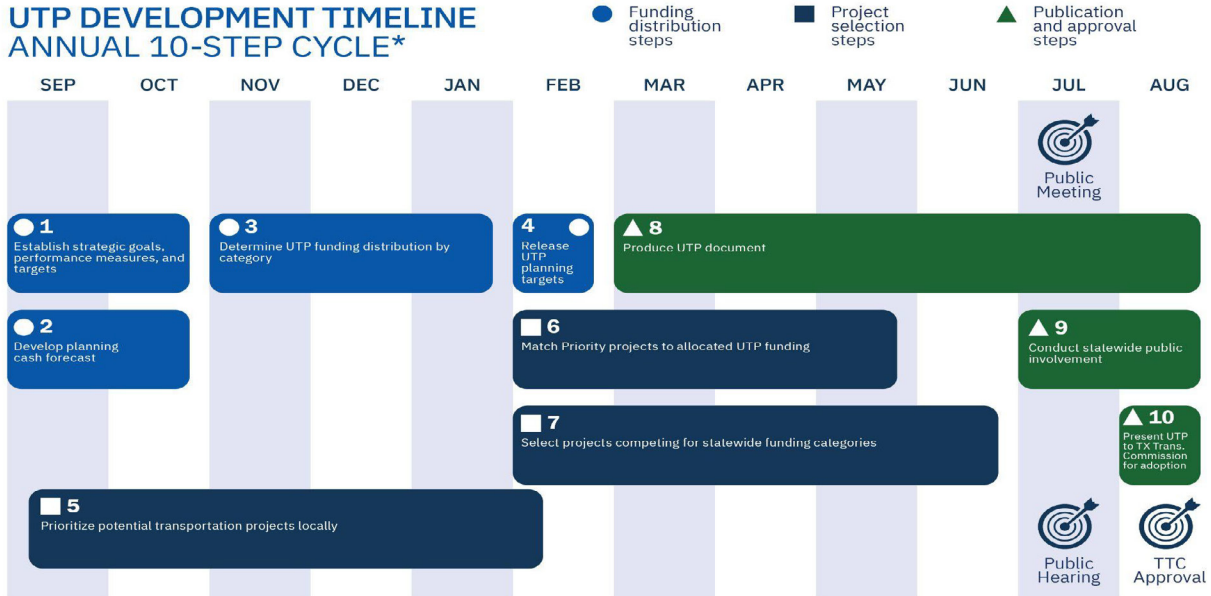
Governmental Activities	Fitch	Moody's	Standard & Poor's	Kroll
General Obligation Bonds				
TMF 2009-A, 2014, 2014-A,B, 2015-A, B, 2017-A,B	AAA	Aaa	AAA	AAA
TMF 2020	AAA	Aaa	n/a	AAA
HIGO 2010-A, 2016, 2016-A, 2019	AAA	Aaa	AAA	AAA
HIGO 2020	AAA	Aaa	n/a	AAA
HIGO 2024	n/a	Aaa	AAA	AAA
Revenue Bonds				
SHF 2008, 2010, 2015, 2016-A,B, 2024	n/a	Aaa	AAA	n/a
Business-Type	Fitch	Moody's	Standard & Poor's	Kroll
Revenue Bonds				
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+	A2	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	Baa2	n/a	n/a

Future Financial Planning

The **Unified Transportation Program (UTP)** is TxDOT's 10-year plan that guides transportation development across Texas. It organizes funding into 12 categories for various types of work, including highways, public transportation, maritime, aviation, rail, and international trade. TxDOT collaborates with elected officials, local planning organizations, and the public to select and fund

priority projects. The Texas Transportation Commission approves the UTP annually, which links planning efforts from the Statewide Long-Range Transportation Plan to the Statewide Transportation Improvement Program and TxDOT's 24-month Letting Schedule. The UTP outlines projects TxDOT plans to develop or construct in the next 10 years.

UTP DEVELOPMENT TIMELINE ANNUAL 10-STEP CYCLE*

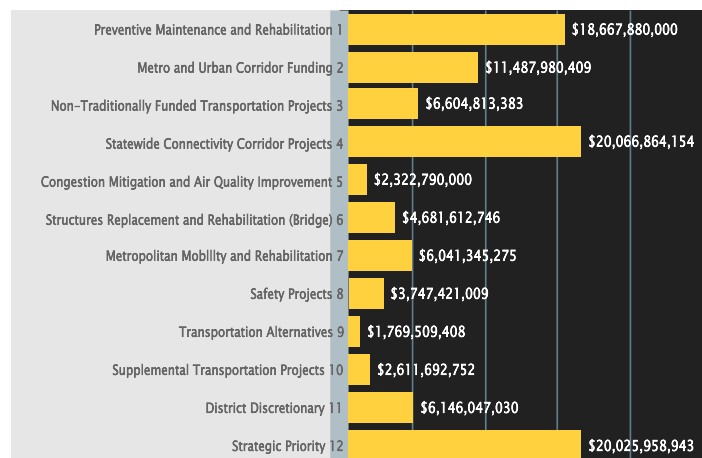


*This timeline is subject to change. For the latest information about public involvement dates, see the UTP Public Involvement page on TxDOT.gov. To maximize the limited time of an annual cycle, many UTP development steps are conducted concurrently and may overlap on the timeline

PERFORMANCE MEASURES AND TARGETS FOR THE TRANSPORTATION SYSTEM

STRATEGIC PLAN GOAL	PERFORMANCE VISION	PERFORMANCE MEASURES	2034 TARGET
PROMOTE SAFETY	Reduce crashes and fatalities through targeted infrastructure improvements, technology applications, and education	SAFETY: FATALITIES/YR SAFETY: FATALITY RATE	1,898 0.53
PRESERVE OUR ASSETS	Maintain and preserve system/asset conditions through targeted infrastructure rehabilitation, restoration, and replacement	PRESERVATION: PAVEMENT CONDITION PRESERVATION: STATEWIDE BRIDGE CONDITION SCORE	90% 90%
OPTIMIZE SYSTEM PERFORMANCE	Enhance mobility and connectivity and mitigate congestion through targeted infrastructure and operational improvements	CONGESTION: URBAN CONGESTION INDEX CONNECTIVITY: RURAL RELIABILITY INDEX	1.20 1.12

2025 UTP FUNDING DISTRIBUTION BY CATEGORY



TOTAL UTP FUNDING CATEGORIES 1-12: \$104,173,915,109

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 2024 to reimburse TxDOT’s incurred costs, but the grantor may restrict spending until 2025 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.

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