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# TEXAS DEPARTMENT OF TRANSPORTATION

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**Comprehensive Annual Financial Report**  
For The Fiscal Year Ended August 31, 2019  
(With Independent Auditor's Report)





**Texas Department of Transportation**  
**Comprehensive Annual Financial Report**  
**(With Independent Auditor's Report)**  
**For the Fiscal Year Ended August 31, 2019**

Prepared by:

Financial Management Division of the Texas Department of Transportation

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**Texas Department of Transportation  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended August 31, 2019**

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Section One

**Introductory Section**

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

December 17, 2019

To: The Citizens of Texas  
The Honorable Greg Abbott, Governor  
The Honorable Glenn Hegar, Texas Comptroller  
Mr. John McGeedy, Assistant Director, Legislative Budget Board  
Ms. Lisa Collier, CPA, First Assistant State Auditor

I am pleased to submit the audited Comprehensive Annual Financial Report of the Texas Department of Transportation (TxDOT) for the fiscal year ended August 31, 2019 in compliance with Texas Government Code Annotated, Section 2101.11, the requirements established by the Texas Comptroller of Public Accounts and the Texas Transportation Code, Chapter 201, Section 2041. The financial data of TxDOT is included in the audited State of Texas Comprehensive Annual Financial Report (CAFR) as part of the primary government.

An external audit firm, Crowe LLP, performed an independent audit, in accordance with generally accepted auditing standards, of TxDOT's basic financial statements for the year ended August 31, 2019. The audit opinion is presented in this report preceding the financial statements. This report was prepared by the accounting staff in the Financial Management Division of TxDOT. TxDOT's internal accounting controls provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposal and the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the resulting benefit.

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

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

#### Profile of the Government

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

TxDOT is led by an executive director and is governed by the five-member Texas Transportation Commission. All members of the Commission are appointed by the governor. The Commission is authorized to issue general obligation and revenue bonds per statutory and constitutional provisions.

TxDOT has the statutory responsibility to coordinate planning, development, and operation of the state's highway system and other transit services. The mission of TxDOT is: "Connecting You with Texas".

OUR VALUES: *People • Accountability • Trust • Honesty*

OUR MISSION: *Connecting You With Texas*

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December 17, 2019

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

### **Budgetary Controls**

Budgetary control is established at the appropriation level set forth by the General Appropriations Act (GAA). The GAA becomes law after passage by the Legislature, certification by the Texas Comptroller of Public Accounts that the amounts appropriated are within the estimated collections, and upon the signing of the bill by the governor.

### **State Economy**

The services provided by TxDOT directly impact the state's economy. Over the long-term, the Texas economy benefits in many more ways from TxDOT's transportation network enhancements, including the positive impacts on business costs and productivity, labor market access, attractiveness to new business, residents and tourists and property values. Investments in highway maintenance and construction serve as an immediate boost to the economy through the employment of workers and the production of construction materials.

### **Long-Term Financial Planning**

According to the state demographer, Texas population is expected to grow to approximately 47 million people by 2050. Population growth brings more congestion to urban areas, increases the stress on roads and bridges and places greater demand on rural highways to support freight movement and travel connections between farms, ranches, homes, jobs and markets.

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

Major revenue sources of the programs are as follows:

1. Approximately 33.5 percent of TxDOT's revenue comes from federal funds. TxDOT receives federal funds through the Moving Ahead for Progress in the 21<sup>st</sup> Century Act (MAP-21) which funded surface transportation projects for federal fiscal years 2013 through 2019. Congress has subsequently passed several extensions of this legislation. The Fixing America's Surface Transportation (FAST) Act (Pub. L. No. 114-94), signed into law on Dec. 4, 2015, is the first federal law in over a decade to provide long-term funding certainty for surface transportation infrastructure planning and investment.
2. Constitutionally authorized bond issuances may provide additional funding for transportation projects across the state.
3. Motor Fuels Tax - The motor fuels tax includes two major types, gasoline and diesel fuel. It also includes other liquefied gases. Texas' tax rates on gasoline and diesel have remained stable at 20 cents per gallon since 1991. The federal fuel tax rates have also been stable since 1993. The federal gasoline tax rate is 18.4 cents per gallon and the diesel tax 24.4 cents per gallon. Three-quarters of the state's motor fuels tax revenue is allocated to the State Highway Fund (SHF). In Texas and many other states, motor fuels tax collections have begun to fall behind in their ability to meet the ever-rising cost of the transportation projects they support. In Texas, voters have recently approved measures to supplement road funding by drawing revenues from oil and

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December 17, 2019

gas production taxes, the general sales tax and the sales tax on motor vehicles and rentals as explained in Proposition 1 and Proposition 7 below.

4. Proposition 1 – Funds are derived from a portion of oil and gas production taxes that voters approved in fiscal 2014. Pursuant to Section 49-g (c), Article III, Texas Constitution, the funds may be used for “constructing, maintaining, and acquiring rights-of-way for public roadways other than toll roads.” Proposition 1 funds are annually received by TxDOT in November. TxDOT received \$1.4 billion in November 2018 (fiscal 2019) and \$1.7 billion in November 2019 (fiscal 2020).

The expiration date of Proposition 1 fund transfers to the State Highway Fund was extended from Dec. 31, 2024, to Dec. 31, 2034, according to Senate Bill (SB) 69 and SB 962 from the 86<sup>th</sup> Legislature in 2019. Significant changes were made in these bills to the determination of the Economic Stabilization Fund minimum balance, which triggers the transfer of Proposition 1 funds to the State Highway Fund.

5. Proposition 7 - On Nov. 3, 2015, Texas voters approved the ballot measure known as Proposition 7 (Prop 7) that dedicates a portion of the revenue from the state sales and use tax and motor vehicle sales and rental tax to the SHF. Proposition 7 funds are deposited into the SHF pursuant to Section 7-c, Article VIII, Texas Constitution.

Under the amendment there are two parts of Prop 7.

- Beginning in fiscal 2018, if the state sales tax revenue exceeds \$28 billion in a fiscal year, the next \$2.5 billion will be directed to the SHF. This general sales tax provision expires at the end of fiscal 2032. TxDOT received \$53.9 million for the Proposition 7 fund in Jul. 2019 and \$2.4 billion in August 2019 for a total of \$2.5 billion.
- Beginning in fiscal 2020, if the state motor vehicle sales and rental tax revenue exceeds \$5.0 billion in a fiscal year, 35 percent of the amount above \$5.0 billion will be directed to the SHF. This motor vehicle sales and rental taxes tax provision expires at the end of fiscal 2029, unless future legislatures vote to extend them. The Texas Comptroller of Public Accounts projects that the threshold will be met for the first time in fiscal 2020 and that \$35 million will be transferred to the SHF from motor vehicle sales tax collections in the 2020-21 biennium.

## Major Initiatives

### 1. Road to Zero

Safety on our state’s transportation infrastructure is job no. 1 at TxDOT. Despite the department’s efforts to build and maintain the safest roads and educate Texans on safe driving behaviors, traffic fatalities continue to occur. For nearly the past two decades, at least one person has died on our roadways every day, and in 2018, more than 3,600 people died in traffic crashes. To emphasize the department’s commitment that one traffic fatality is too many, the Transportation Commission has set a goal of zero crash fatalities by 2050, with a starting goal of cutting fatalities in half by 2035. TxDOT has allocated an additional \$600 million over the next two fiscal years toward roadway safety improvements. TxDOT will continue investing in the best engineering practices to make roads safer, address safety education, and assist in enforcement and safety awareness programs like Talk. Text. Crash and Click It or Ticket.

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**2. Funding Key Priorities - UTP**

The Texas Transportation Commission approved TxDOT's Unified Transportation Program (UTP) for 2020 that includes more than \$77 billion dedicated to improving safety, addressing congestion and connectivity, and preserving roadways for Texas drivers. The document covers a 10-year period and commits \$28 billion to address congestion in the state's most populated and congested cities.

**3. Texas Clear Lanes**

The Texas Transportation Commission continues to address traffic congestion in our state through its Texas Clear Lanes (TCL) effort which targets congested corridors in Austin, Dallas, Fort Worth, Houston and San Antonio, the state's most populated regions. Led by Commission Chairman J. Bruce Bugg, Jr., TCL was created in response to a directive by Gov. Greg Abbott to the Commission to identify and address the state's most congested chokepoints. In the department's 10-year UTP, \$28 billion has been allocated to address the state's most critical congestion needs.

**4. Innovation and Cost-Efficiency Suggestions Program**

The department created the program, with the goal of realizing millions in savings and efficiencies. The program allows employees and the public to submit cost-saving suggestions. Thus far, more than 300 suggestions have been received. They have included larger-scale initiatives that reduce the time and costs associated with utility relocation during project construction, to more smaller efforts that reduce in-house printing costs. Other cost-saving and efficiency submissions are under consideration for future implementation. Suggestions are posted each quarter on the external TxDOT website for public voting and then consideration for implementation.

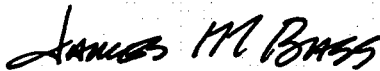
**5. Austin Campus Consolidation**

The consolidation of five Austin TxDOT campuses is set to begin as the department moves, together in a workplace that fosters collaboration and efficiency. The new campus is expected to bring the workforce together in 2022 and will sit on 49 acres at East Stassney Lane and Burleson Road in Southeast Austin. A key design element includes workspaces that promote job efficiency and focus on employee overall wellbeing.

**Acknowledgements**

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

Sincerely,



James M. Bass  
Executive Director

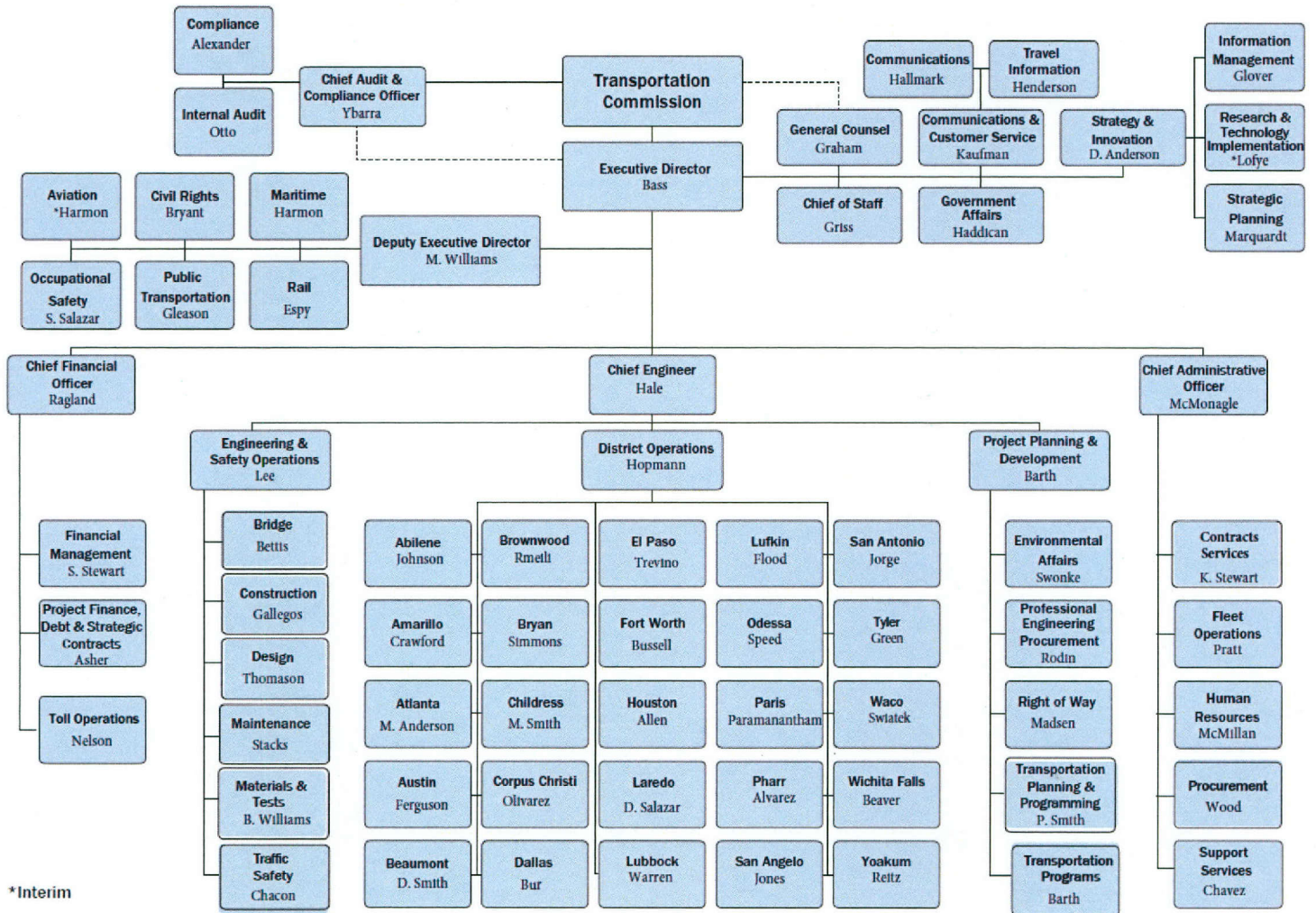
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# Texas Department of Transportation

## Organization Chart as of August 31, 2019



\*Interim

**Commission and Key Personnel  
as of August 31, 2019**

**TEXAS TRANSPORTATION COMMISSION**

J. BRUCE BUGG, JR.....Chairman  
San Antonio

W. ALVIN NEW.....Commissioner  
San Angelo

LAURA RYAN.....Commissioner  
Houston

VICTOR VANDERGRIFF\*.....Commissioner  
Arlington

ROBERT C. VAUGHN.....Commissioner  
Dallas

**TEXAS DEPARTMENT OF TRANSPORTATION**

JAMES M. BASS..... Executive Director

MARC D. WILLIAMS..... Deputy Executive Director

MARY A. GRISS.....Chief of Staff

BRIAN D. RAGLAND..... Chief Financial Officer

BENITO YBARRA..... Chief Audit and Compliance Officer

WILLIAM L. HALE..... Chief Engineer

RICHARD C. MCMONAGLE..... Chief Administrative Officer

ROBERT S. KAUFMAN..... Director of Communications and Customer Service

JEFFREY M. GRAHAM.....General Counsel

GERARD J. HADDICAN II.....Director of Government Affairs

DARRAN T. ANDERSON..... Director of Strategy and Innovation

\*Resigned

Section Two  
**Financial Section**

## INDEPENDENT AUDITOR'S REPORT

*Members of the Texas Transportation Commission  
State of Texas*

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Texas Department of Transportation (TxDOT), an agency of the State of Texas (State), as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise TxDOT's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of TxDOT, as of August 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



## **Emphasis of Matter**

As discussed in Note 1, the financial statements of TxDOT are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the State that is attributable to the transactions of TxDOT. They do not purport to, and do not, present fairly the financial position of the State as of August 31, 2019, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Budgetary Comparison Schedule, Schedules of Net Pension Liability and Schedules of Net OPEB Liability* on pages 12-20, 97-99, 100-101 and 102-103, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

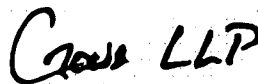
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the TxDOT's basic financial statements. The combining financial statements, the statistical section, the bond schedules and the other information, such as the introductory section, Schedule 1A, 1B and Schedule 3 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements and the supplementary bond schedules, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements, and supplementary bond schedules, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, the statistical section, Schedule 1A, 1B and Schedule 3 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2019 on our consideration of the TxDOT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the TxDOT's internal control over financial reporting and compliance.



Crowe LLP

Dallas, Texas  
December 17, 2019

Section Two (Continued)

**Management's Discussion and Analysis**  
**(Unaudited)**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Texas Department of Transportation (TxDOT) annual financial statements presents our discussion and analysis of TxDOT's financial performance during the fiscal year ended Aug. 31, 2019. Use this section in conjunction with the TxDOT's basic financial statements.

### Overview of Financial Statements

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

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

### Reporting on TxDOT as a Whole

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

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

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

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

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

### Reporting on TxDOT's Most Significant Funds

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

#### *Governmental Funds*

A majority of TxDOT's activities are reported in governmental funds. Reporting of these funds focuses on how money flows into and out of the funds, and amounts remaining at year-end for future spending. Governmental funds are accounted for using the modified accrual basis of accounting, which measures cash and other assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of TxDOT's general governmental operations and the basic services it provides. This information should be helpful to determine whether there are more or less resources available for TxDOT's programs. The reconciliation following the fund financial statements explains the differences between the government's activities, reported in the government-wide statement of net position and government-wide statement of activities, and the governmental funds. The State Highway Fund, Texas Mobility Fund, Proposition 12 Highway Improvement Fund and Local Government Political Subdivision Road/Airport Fund are reported as major funds.



## Proprietary Funds

When TxDOT charges customers for services it provides, these activities are generally reported in proprietary funds. Services provided to outside (non-governmental) customers are reported in enterprise funds, a component of proprietary funds, and are accounted for using the economic resources measurement focus and the accrual basis of accounting. These are the same business-type activities reported in the government-wide financial statements but are reported here to provide information at the fund level. The CTTS, GPTC and SH 249 System funds are TxDOT's only proprietary funds.

## Reporting on TxDOT's Fiduciary Responsibilities

All fiduciary activities are reported in separate statements of fiduciary net position and schedule of changes in agency fund assets and liabilities. The activities are reported separately from other financial activities because TxDOT cannot use these assets to finance operations and is holding these funds in a purely custodial capacity.

## Financial Analysis of TxDOT as a Whole

### Net Position

Assets – TxDOT's total assets increased by \$7.9 billion during the current fiscal year to \$133.5 billion. The majority of increase in assets other than capital assets was due to the receipt of \$2.5 billion Proposition 7 funding. Capital assets increased by \$5.7 billion during the current fiscal year. Construction in progress and infrastructure accounted for most of these additions. See the capital assets section of this management's discussion and analysis for more information on the accounting treatment of capital assets.

Liabilities – TxDOT's total liabilities decreased by \$1.6 billion during the current fiscal year to \$30.8 billion. The majority of this change is due to decrease in the recognition of TxDOT's share of the state's other post-employment (OPEB) obligation, from \$3.8 billion in fiscal 2018 to \$2.2 billion in fiscal 2019.

Deferred Inflow – TxDOT's total deferred inflow of resources increased by \$986 million during the current fiscal year to \$13.5 billion. The increase is due to an increase of \$1.1 billion of other postemployment benefits, from \$840.1 million in fiscal 2018 to \$1.9 billion in fiscal 2019, net of other activity.

Net Position – Approximately \$86.1 billion of the total net position is reported as Net Investment in Capital Assets. Although reported net of related debt and deferred inflow of resources, capital assets themselves cannot be used to liquidate liabilities.

Statement of Net Position						
August 31, 2019 and 2018 (Amounts in Thousands)						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
<b>ASSETS</b>						
Assets Other Than Capital Assets	\$ 12,506,494	\$ 10,478,628	\$ 5,575,360	\$ 5,364,398	\$ 18,081,854	\$ 15,843,026
Capital Assets	112,543,002	107,193,998	2,901,817	2,596,517	115,444,819	109,790,515
<b>Total Assets</b>	<b>125,049,496</b>	<b>117,672,626</b>	<b>8,477,177</b>	<b>7,960,915</b>	<b>133,526,673</b>	<b>125,633,541</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	<b>605,772</b>	<b>678,255</b>	<b>26,264</b>	<b>28,183</b>	<b>632,036</b>	<b>706,438</b>
<b>LIABILITIES</b>						
Current Liabilities	3,351,694	2,922,623	206,570	167,203	3,558,264	3,089,826
Non-current Liabilities	19,348,118	21,692,210	7,907,703	7,612,159	27,255,821	29,304,369
<b>Total Liabilities</b>	<b>22,699,812</b>	<b>24,614,833</b>	<b>8,114,273</b>	<b>7,779,362</b>	<b>30,814,085</b>	<b>32,394,195</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	<b>13,465,489</b>	<b>12,479,450</b>	<b>0</b>	<b>0</b>	<b>13,465,489</b>	<b>12,479,450</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	85,380,634	79,965,817	769,538	557,881	86,150,172	80,523,698
Restricted	7,963,736	5,551,531	379,069	343,966	8,342,805	5,895,497
Unrestricted	(3,854,403)	(4,260,750)	(759,439)	(692,111)	(4,613,842)	(4,952,861)
<b>Total Net Position</b>	<b>\$ 89,489,967</b>	<b>\$ 81,256,598</b>	<b>\$ 389,168</b>	<b>\$ 209,736</b>	<b>\$ 89,879,135</b>	<b>\$ 81,466,334</b>

## Changes in Net Position

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

TxDOT earned program revenues of \$6.3 billion and general revenues of \$7.2 billion, for total revenues of \$13.5 billion. The expenses of TxDOT were \$6.6 billion. As a result of revenues exceeding expenses, the total net position increased to \$89.9 billion in fiscal 2019 from \$81.5 billion in fiscal 2018. Revenues and expenses of TxDOT's governmental and business-type activities are detailed below.

### Governmental Activities

The net position of governmental activities increased by \$8.2 billion, or 10.1 percent, from fiscal 2018. The total revenues of \$13.0 billion were primarily due to the receipt and accrual of additional tax revenues related to Proposition 1 and Proposition 7 funding.

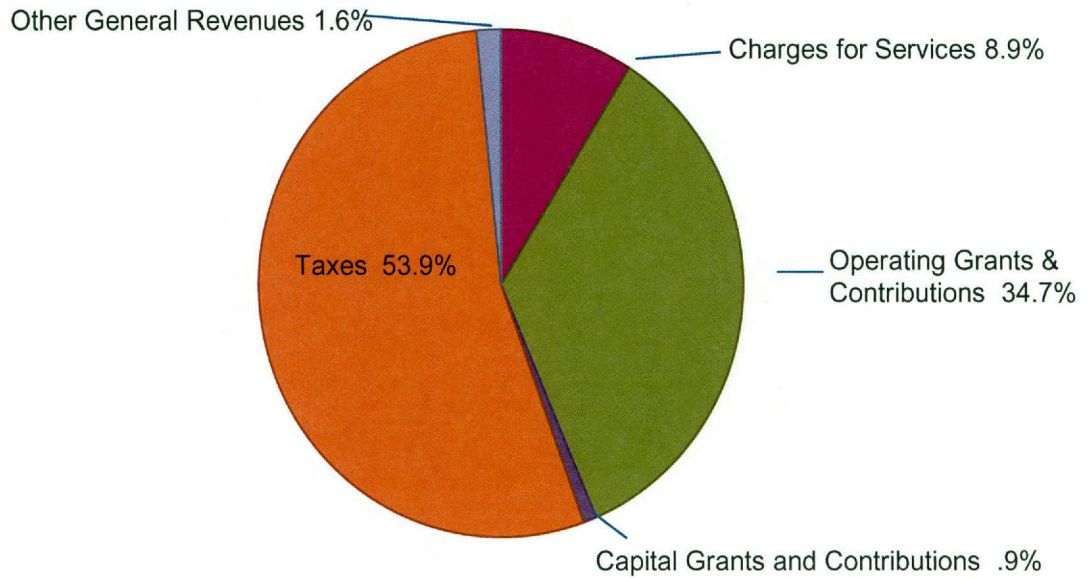
### Business-Type Activities

In fiscal 2019 the net position of business-type activities increased by a total of \$179.4 million, or 85.6 percent from fiscal 2018. The change in net position increased by \$219.7 million, 545.6 percent increase over fiscal 2018. Total revenues increased \$118.3 million or 27.8 percent, from \$425.0 million in fiscal 2018 to \$543.3 million in fiscal 2019. The increase of revenue was due to an increase in toll revenue (net of allowance) and interest and investment income. Total expense increased by \$67.8 million or 13.8 percent, from \$491.2 million in fiscal 2018 to \$559.0 million in fiscal 2019. The increase of expense was due to implementation of GASB 89. In addition, a new non-major fund, SH 249 System, was added to the business-type activities. SH 249 System received a capital contribution of \$11.9 million from a local entity and capital assets transfer of \$191.0 million from Governmental Activities.

<b>Changes in Net Position</b>						
For the Fiscal Years Ended August 31, 2019 and 2018 (Amounts in Thousands)						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	\$ 1,147,833	\$ 1,277,188	\$ 454,697	\$ 396,693	\$ 1,602,530	\$ 1,673,881
Operating Grants and Contributions	4,483,569	3,972,285	76,727	23,169	4,560,296	3,995,454
Capital Grants and Contributions	117,128	61,896	11,879		129,007	61,896
Total Program Revenues	<u>5,748,530</u>	<u>5,311,369</u>	<u>543,303</u>	<u>419,862</u>	<u>6,291,833</u>	<u>5,731,231</u>
General Revenues:						
Appropriations	(454)	999			(454)	999
Taxes	6,970,591	6,589,363			6,970,591	6,589,363
Unrestricted Investment Earnings	165,860	98,852			165,860	98,852
Settlement of Claims	41,902	21,133		5,166	41,902	26,299
Gain on Sale of Capital Assets	2,264				2,264	
Other General Revenues	3,766	3,385			3,766	3,385
Total General Revenues	<u>7,183,929</u>	<u>6,713,732</u>	<u>0</u>	<u>5,166</u>	<u>7,183,929</u>	<u>6,718,898</u>
Total Revenues	<u>12,932,459</u>	<u>12,025,101</u>	<u>543,303</u>	<u>425,028</u>	<u>13,475,762</u>	<u>12,450,129</u>
<b>EXPENSES</b>						
Transportation	<u>6,048,406</u>	<u>6,475,125</u>	<u>559,047</u>	<u>491,228</u>	<u>6,607,453</u>	<u>6,966,353</u>
Total Expenses	<u>6,048,406</u>	<u>6,475,125</u>	<u>559,047</u>	<u>491,228</u>	<u>6,607,453</u>	<u>6,966,353</u>
Excess (Deficiency) Before Special						
Items and Transfers	6,884,053	5,549,976	(15,744)	(66,200)	6,868,309	5,483,776
Transfers - Internal Activities	(195,176)	(25,933)	195,176	25,933		
Transfers-Other State Agencies	<u>1,544,492</u>	<u>1,496,193</u>			<u>1,544,492</u>	<u>1,496,193</u>
Change in Net Position	<u>8,233,369</u>	<u>7,020,236</u>	<u>179,432</u>	<u>(40,267)</u>	<u>8,412,801</u>	<u>6,979,969</u>
Net Position, September 1, 2018	81,256,598	78,671,553	209,736	250,003	81,466,334	78,921,556
Restatements		(4,435,191)				(4,435,191)
Net Position, September 1, 2018, as Restated	<u>81,256,598</u>	<u>74,236,362</u>	<u>209,736</u>	<u>250,003</u>	<u>81,466,334</u>	<u>74,486,365</u>
Net Position, August 31, 2019	\$ <u>89,489,967</u>	\$ <u>81,256,598</u>	\$ <u>389,168</u>	\$ <u>209,736</u>	\$ <u>89,879,135</u>	\$ <u>81,466,334</u>

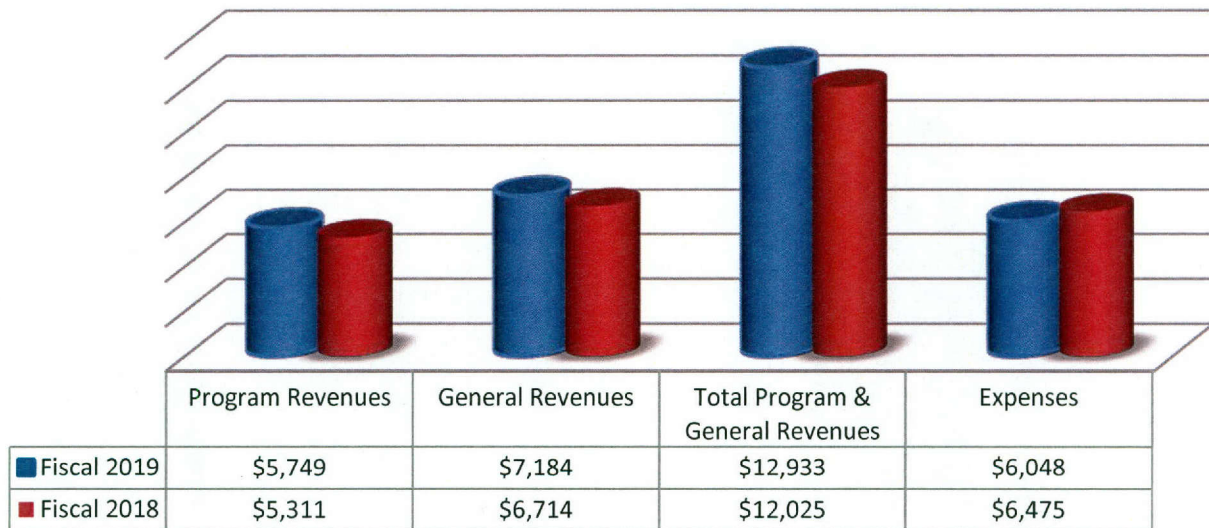
### Revenues by Source: Governmental Activities

For the Fiscal Year Ended August 31, 2019



### Expenses and Revenues: Governmental Activities

For the Fiscal Years August 31, 2019 and 2018 (in Million)

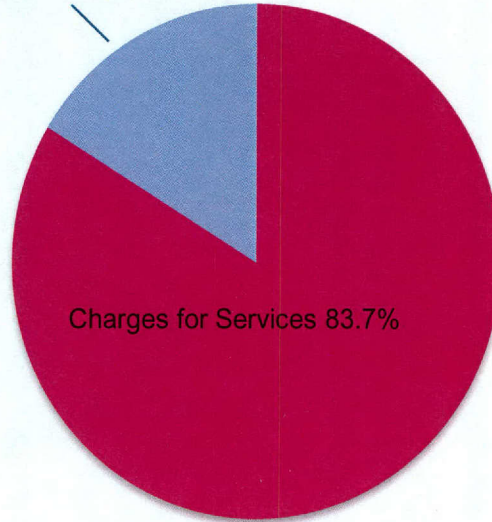




### Revenues by Source: Business-Type Activities

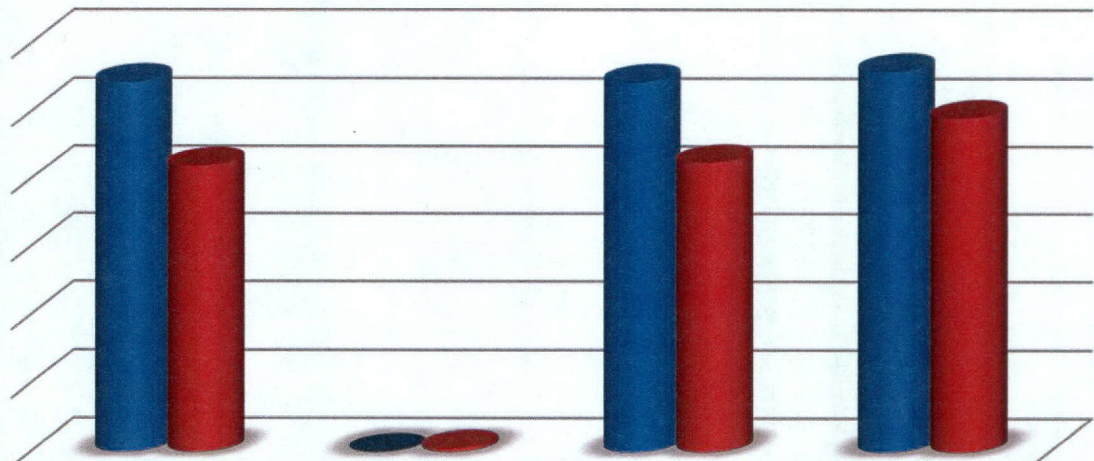
For the Fiscal Year Ended August 31, 2019

Other General Revenues 16.3%



### Expenses and Revenues: Business Activities

For the Fiscal Years August 31, 2019 and 2018 (in Million)



	Program Revenues	General Revenues	Total Program & General Revenues	Expenses
■ Fiscal 2019	\$543	\$0	\$543	\$559
■ Fiscal 2018	\$420	\$5	\$425	\$491

### Financial Analysis of TxDOT's Funds

#### Governmental Funds

The focus of TxDOT's governmental funds financial statements is to provide information on how money flows into and out of the funds, and amounts remaining at year-end for future spending. All major governmental funds are discretely presented on these financial statements, while the nonmajor governmental funds are combined into a single column. Combining statements for the nonmajor governmental funds are presented under Other Supplementary Information.

TxDOT's governmental funds reported a combined ending fund balance of \$8.2 billion on Aug. 31, 2019; this amount is mainly restricted for capital projects. Expenditures exceeded revenues by \$444.2 million. Not all expenditure activity is supported by revenues. Some project expenditures are funded by bond proceeds.

#### 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, 2019, was \$7.5 billion, an increase of \$1.5 billion, or 25.2 percent, from \$6.0 billion on Aug. 31, 2018. Total revenues increased by \$1.1 billion, or 11.3 percent, from \$10.2 billion in fiscal 2018 to \$11.3 billion in fiscal 2019. The significant revenue sources of \$10.9 billion included \$4.2 billion of taxes and \$6.7 billion of federal revenue. Due to an increase in capital outlay expenditures of \$1.0 billion, total expenditures increased by \$1.0 billion, to \$10.8 billion in fiscal 2019 compared to \$9.8 billion in fiscal 2018. Net change in fund balance was 1.5 billion in fiscal 2019, a decrease of 278.1 million from Fiscal 2018. The decrease in net change in fund balance was due to a decrease in other financing sources from \$1.4 billion to \$944.0 million, or decrease of 32.0 percent, from fiscal 2018.

#### 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, 2019, was \$410.6 million, a decrease of \$135.1 million, or 24.8 percent, from \$545.7 million on of Aug. 31, 2018. Net change in fund balance was a negative \$135.1 million in fiscal 2019, an increase of \$229.6 million from fiscal 2018. The decrease of capital outlay of \$236.8 million, or 47.7 percent, from \$496.8 million in fiscal 2018, to \$260.0 million in fiscal 2019, accounts for the majority of the increase in net change in fund balance in fiscal 2019. A total of \$496.6 million of revenues were collected for the fund. The major revenue source was from licenses, fees, and permits, which accounted for \$464.3 million or 93.5 percent of total revenue.

#### Proposition 12 Highway Improvement Project Fund

The Proposition 12 Highway Improvement Project Fund receives the proceeds of general obligation bonds issued for highway improvement projects. The fund balance was \$15.5 million on Aug. 31, 2019, a decrease of \$382.9 million from Aug. 31, 2018. There was a negative net change in fund balance of \$382.9 million in fiscal 2019, a \$106.6 million decrease from fiscal 2018. Interest and investment income was the only revenue source collected for this fund. During fiscal 2019, Proposition 12 had \$389.7 million in capital outlay, an increase of \$103.6 million from fiscal 2018, which contributed to the decrease of net change in fund balance from fiscal 2018 to fiscal 2019.

#### Local Government Political Subdivision Road/Airport Account

The Local Government Political Subdivision Road/Airport holds contributions from counties/political subdivisions for expenditure by the commission in development/construction of public roads and airports within such counties or political subdivisions. The only revenue source for this fund was from the sales of good and services of \$226.6 million in fiscal 2019. Because all fiscal 2019's revenues were transferred out to reimburse the State Highway Fund, the fund balance was zero on Aug. 31, 2019.

#### *Proprietary Funds*

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. TxDOT has two major proprietary funds, Central Texas Turnpike System and Grand Parkway Transportation Corporation and one non-major proprietary fund, SH 249 System Fund. Overview of the financial information of these funds is presented below.

#### Central Texas Turnpike System

The net position of CTTS was \$393.1 million as of Aug.31, 2019, an increase of \$39.9 million from fiscal 2018. CTTS's operating revenues increased by \$32.0 million or 14.5 percent over fiscal 2018 due to increases in toll transactions. The total operating expense for CTTS in fiscal 2019 was \$109.8 million, compared to \$111.2 million in fiscal 2018. Depreciation and amortization was \$54.5 million, 49.6 percent of total operating expenses. Total nonoperating expenses exceeded nonoperating revenues by \$107.9 million, compared to \$113.1 million in fiscal 2018. Interest expense of \$141.4 million was the largest nonoperating item.

#### Grand Parkway Transpiration Corporation

GPTC reported a deficit net position balance of \$202.0 million in fiscal 2019, a decrease in net position of \$58.5 million over fiscal 2018. GPTC's operating revenues in fiscal 2019 increased by \$26.0 million, or 14.8 percent over fiscal 2018. The increase was due to an increase in traffic. Total operating expenses for fiscal 2019 were \$107.9 million, an increase of 7.2 percent over fiscal 2018. The largest operating expense was amortization of \$64.2 million, which comprised 59.5 percent of total operating expenses. Total

nonoperating expenses exceeded nonoperating revenues by \$151.9 million. The largest non-operating item was interest expense of \$218.1 million.

Nonmajor Fund: SH 249 System

In fiscal 2019, SH 249 System Fund was added to the proprietary funds as a nonmajor fund. Because SH 249 System was still under construction on of Aug. 31, 2019, there was no operating revenue to report in the fund. The total change in net position of \$198.1 million is mainly composed of capital contributions of \$11.9 million received from a local entity, \$191.0 million transfer of capital assets from Governmental Activities State Highway Fund, and net nonoperating expenses of \$4.8 million.

**Budget Highlights**

*Variance for the State Highway Fund*

The differences from original and final revenue budgets are due to economic and legislative reasons.

Budget mechanisms allow budget revisions for certain revenues when collections exceed the original budget. Accordingly, major revisions were made to both total revenues and expenditures for a net change of \$772.1 million.

There was a negative \$2.5 billion variance between the actual and final budget revenues. Taxes and Federal revenues of negative \$2.4 billion accounted for the majority of the variance.

The actual expenditures related to transportation was less than the final budget by \$3.6 billion.

The budgetary comparison schedule in the Required Supplementary Information section presents comparisons of the legally adopted budget with actual data on a budgetary basis.

**Capital Assets and Debt Administration**

*Capital Assets*

TxDOT's capital assets comprise of roads, bridges, buildings, land, equipment and intangible capital assets. As of Aug. 31, 2019, TxDOT had \$115.4 billion in net capital assets, a \$5.7 billion or 5.2 percent increase over fiscal 2018. The increase was primarily due to the addition of \$6.4 billion of construction in progress, net of depreciation and amortization expense of 2.0 billion in fiscal 2019. The total accumulated depreciation and amortization for TxDOT as of Aug. 31, 2019 was \$23.8 billion.

<b>Capital Assets - Net of Depreciation and Amortization</b>						
<b>August 31, 2019 and 2018 (Amounts in Thousands)</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Land and Land Improvements	\$ 14,623,524	\$ 13,712,660	\$ 720,704	\$ 668,798	\$ 15,344,228	\$ 14,381,458
Infrastructure - Depreciable	78,585,908	74,896,804	1,843,509	1,895,815	80,429,417	76,792,619
Construction in Progress	18,546,004	17,885,102	314,618	8,557	18,860,622	17,893,659
Buildings and Building Improvements	256,509	258,988	3,520	3,881	260,029	262,869
Furniture and Equipment	63,993	63,348			63,993	63,348
Vehicles, Boats and Aircraft	378,701	328,181			378,701	328,181
Other Capital Assets	5,643	6,367			5,643	6,367
Land Use Rights - Permanent	65,027	25,440	19,466	19,466	84,493	44,906
Land Use Rights - Term	675	1,000			675	1,000
Computer Software	17,018	16,108			17,018	16,108
<b>Total Capital Assets</b>	<b>\$ 112,543,002</b>	<b>\$ 107,193,998</b>	<b>\$ 2,901,817</b>	<b>\$ 2,596,517</b>	<b>\$ 115,444,819</b>	<b>\$ 109,790,515</b>

TxDOT uses the composite approach for reporting the state's infrastructure and bridges. The composite approach is a method for calculating depreciation of a grouping of dissimilar assets of the same class (all the roads and bridges of the state) using the same depreciation rate. The composite depreciation rate for 2019 is 2.5 percent based on a 40-year weighted average life expectancy of the assets in service.

To ensure future availability of essential services and to finance capital improvements, TxDOT made commitments for construction contracts, comprehensive development agreements and pass-through toll agreements totaling an estimated \$17.8 billion. These commitments extend beyond the end of the fiscal year and represent future costs to TxDOT. Note 2 provides detail about TxDOT's capital assets activity and Note 15 details TxDOT's significant commitments related to future capital expenditures.

**Debt Administration**

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

<b>Outstanding Bonded Debt</b>				
As of August 31, 2019 (Amount in Thousands)				
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	2019	2018	2019	2018
General Obligation Bonds Payable	\$ 10,683,412	\$ 10,971,358	\$	\$
Revenue Bonds Payable	4,201,760	4,470,180	6,386,749	6,106,955
Total Bonds Payable	\$ 14,885,172	\$ 15,441,538	\$ 6,386,749	\$ 6,106,955

**Bond Credit Ratings**

<b>Long-Term Credit Ratings as of August 31, 2019</b>			
	Fitch	Moody's	Standard & Poor's
<b>Governmental Activities</b>			
General Obligation Bonds	AAA	Aaa	AAA
Revenue Bonds	n/a	Aaa	AAA
<b>Business-Type Activities</b>			
Revenue Bonds			
CTTS 2002-A, 2012-A, 2015-A,B	A	A3	A-
CTTS 2015-C	BBB+	Baa1	BBB+
GPTC 2013-A	A+	n/a	BBB
GPTC 2013-B,E, 2018-A,B	AA	n/a	AA+
GPTC 2016	NR	n/a	AA+
SH 249 2019-A,B	n/a	Baa3	n/a

Short-term ratings are usually reliant upon the supporting liquidity facility and its strength. The following variable rate demand bonds carried short-term credit ratings as of Aug. 31, 2019.



<b>Short-Term Credit Ratings as of August 31, 2019</b>			
<b>Governmental Activities</b>	<b>Fitch</b>	<b>Moody's</b>	<b>Standard &amp; Poor's</b>
General Obligation Bonds:			
TMF Series 2006-B Variable Rate Interest Bonds	F1+	VMIG 1	n/a
Revenue Bonds:			
SHF Series 2014-B1 Variable Rate Interest Bonds	n/a	VMIG 1	A-1

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

**Economic Condition**

The current economic environment presents government entities, including state transportation departments, with challenges.

Consumer sentiment indices have shown an increase in consumer confidence. The unemployment rate in Texas continues to be lower than the previous year. Even though these economic indicators show an improved economy, a certain amount of uncertainty exists as to the sustainability of the growth from the primary state revenue sources for transportation.

The bidding environment for fiscal year 2018 was favorable and continued to be so in fiscal 2019. During the previous five fiscal years, 2015-2019, 4,140 highway and bridge construction projects estimated at \$26.5 billion were let or awarded for \$26.2 billion. In addition, TxDOT awarded two design build contracts totaling \$2.0 billion in fiscal 2019.

**Contacting TxDOT's Financial Management**

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

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

Section Two (Continued)

**Basic Financial Statements**

**Texas Department of Transportation**  
**Statement of Net Position**  
August 31, 2019 (Amounts in Thousands)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 8,217,228	\$ 466,139	\$ 8,683,367
Short-Term Investments	17,275	179,437	196,712
Restricted:			
Cash and Cash Equivalents	7,668	785,905	793,573
Short-Term Investments	4,971	976,232	981,203
Legislative Appropriations	2,039		2,039
Due from Other Agencies (Note 11)	1,905,452		1,905,452
Receivable:			
Taxes	246,938		246,938
Federal	987,853		987,853
Interest and Dividends	9,478	6,386	15,864
Accounts Receivable	56,015	51,250	107,265
Other Intergovernmental	144,523		144,523
Loans and Contracts	13,550		13,550
Consumable Inventory	138,937	1,877	140,814
Total Current Assets	<u>11,751,927</u>	<u>2,467,226</u>	<u>14,219,153</u>
Noncurrent Assets:			
Restricted:			
Investments	2,497	479,514	482,011
Loans and Contracts	752,070		752,070
Investments		74,684	74,684
Intangible Assets (Note 20)		2,553,936	2,553,936
Capital Assets:			
Non-Depreciable Capital Assets (Note 2)	33,234,555	1,054,788	34,289,343
Depreciable Capital Assets, Net (Note 2)	79,308,447	1,847,029	81,155,476
Total Noncurrent Assets	<u>113,297,569</u>	<u>6,009,951</u>	<u>119,307,520</u>
Total Assets	<u>125,049,496</u>	<u>8,477,177</u>	<u>133,526,673</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Loss on Bond Refunding (Note 21)	147,099	26,264	173,363
Pensions (Note 8, 21)	240,808		240,808
Other Postemployment Benefits (Note 10, 21)	217,865		217,865
Total Deferred Outflows of Resources	<u>605,772</u>	<u>26,264</u>	<u>632,036</u>

*Continued on the following page*

**Texas Department of Transportation (concluded)**  
**Statement of Net Position**  
August 31, 2019 (Amounts in Thousands)

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>LIABILITIES</b>			
Current Liabilities:			
Payables:			
Accounts	1,631,281	73,141	1,704,422
Payroll	82,199		82,199
Interest	270,055	73,423	343,478
Contract Retainage	6,601	2,089	8,690
Internal Balances (Note 11)	(3,965)	3,965	0
Due to Other Agencies (Note 11)	2,407		2,407
Unearned Revenues	487,063		487,063
Employees' Compensable Leave (Note 5)	74,652		74,652
Notes and Loans Payable (Note 5)	187,125	10,532	197,657
General Obligation Bonds Payable (Note 5)	298,968		298,968
Revenue Bonds Payable (Note 5)	275,200	43,420	318,620
Pollution Remediation Obligation (Note 5)	8,198		8,198
Net OPEB Liability (Note 10)	31,910		31,910
Total Current Liabilities	<u>3,351,694</u>	<u>206,570</u>	<u>3,558,264</u>
Noncurrent Liabilities:			
Employees' Compensable Leave (Note 5)	24,894		24,894
Notes and Loans Payable (Note 5)	932,329	1,564,374	2,496,703
General Obligation Bonds Payable (Note 5)	10,384,444		10,384,444
Revenue Bonds Payable (Note 5)	3,926,560	6,343,329	10,269,889
Net Pension Liability (Note 8)	1,942,485		1,942,485
Net OPEB Liability (Note 10)	2,137,406		2,137,406
Total Noncurrent Liabilities	<u>19,348,118</u>	<u>7,907,703</u>	<u>27,255,821</u>
Total Liabilities	<u>22,699,812</u>	<u>8,114,273</u>	<u>30,814,085</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Service Concession Arrangements (Note 20, 21)	11,332,722		11,332,722
Gain on Bond Refunding (Note 21)	3,160		3,160
Pensions (Note 8, 21)	165,901		165,901
Other Postemployment Benefits (Note 10, 21)	1,963,706		1,963,706
Total Deferred Inflows of Resources	<u>13,465,489</u>	<u>0</u>	<u>13,465,489</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	85,380,634	769,538	86,150,172
Restricted for:			
Capital Projects	7,659,850	6,477	7,666,327
Debt Service	297,070	157,289	454,359
Operations and Maintenance	6,816	215,303	222,119
Unrestricted	<u>(3,854,403)</u>	<u>(759,439)</u>	<u>(4,613,842)</u>
Total Net Position	<u>\$ 89,489,967</u>	<u>\$ 389,168</u>	<u>\$ 89,879,135</u>

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

**Texas Department of Transportation**

**Statement of Activities**

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

Functions	Expenses	PROGRAM REVENUES		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
Transportation	\$ 6,048,406	\$ 1,147,833	\$ 4,483,569	\$ 117,128
Total Governmental Activities	<u>6,048,406</u>	<u>1,147,833</u>	<u>4,483,569</u>	<u>117,128</u>
Business-Type Activities:				
Transportation	559,047	454,697	76,727	11,879
Total Business-Type Activities	<u>559,047</u>	<u>454,697</u>	<u>76,727</u>	<u>11,879</u>
Total Primary Government	<u>\$ 6,607,453</u>	<u>\$ 1,602,530</u>	<u>\$ 4,560,296</u>	<u>\$ 129,007</u>

General Revenues:

- Original Appropriation
- Additional Appropriation
- Lapsed Appropriation
- Motor Fuel Tax
- Lubricant Sales Tax
- Oil and Natural Gas Production Tax
- Unrestricted Investment Earnings
- Settlement of Claims
- Gain (Loss) on Sale of Capital Assets
- Other Revenues

Transfers – Internal Activities (Note 11)

Transfers – Other State Agencies

Total General Revenues and Transfers

Changes in Net Position

Net Position, September 1, 2018

Net Position, August 31, 2019

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

*Continued on the following page*

**Texas Department of Transportation (Concluded)**

**Statement of Activities**

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

**NET (EXPENSE) REVENUE  
AND CHANGES IN NET POSITION**

<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
\$ (299,876)	\$ _____	\$ (299,876)
<u>(299,876)</u>	<u>0</u>	<u>(299,876)</u>
	(15,744)	(15,744)
0	<u>(15,744)</u>	<u>(15,744)</u>
<u>(299,876)</u>	<u>(15,744)</u>	<u>(315,620)</u>
1,208		1,208
267		267
(1,929)		(1,929)
2,762,070		2,762,070
2,543,200		2,543,200
1,665,321		1,665,321
165,860		165,860
41,902		41,902
2,264		2,264
3,766		3,766
(195,176)	195,176	0
<u>1,544,492</u>		<u>1,544,492</u>
<u>8,533,245</u>	<u>195,176</u>	<u>8,728,421</u>
<u>8,233,369</u>	<u>179,432</u>	<u>8,412,801</u>
81,256,598	209,736	81,466,334
<u>\$ 89,489,967</u>	<u>\$ 389,168</u>	<u>\$ 89,879,135</u>

**Texas Department of Transportation**  
**Balance Sheet - Governmental Funds**  
August 31, 2019 (Amounts in Thousands)

	State Highway Fund	Texas Mobility Fund	Proposition 12 Highway Improvement Project Fund	Local Government Political Subdivision Road/Airport Account	Nonmajor Funds	Total
<b>ASSETS</b>						
Cash and Cash Equivalents:						
Cash on Hand	\$ 134					\$ 134
Cash in Bank	3,895					3,895
Cash in State Treasury	6,883,549	464,344	26,492	465,432	354,537	8,194,354
Cash Equivalents	18,845					18,845
Short-Term Investments	17,275					17,275
Legislative Appropriations					2,039	2,039
Receivables:						
Taxes	246,938					246,938
Federal	983,072				4,781	987,853
Other Intergovernmental	144,523					144,523
Interest and Dividends	9,478					9,478
Accounts Receivable	56,015					56,015
Due from Other Funds (Note 11)	9,423			831		10,254
Due from Other Agencies (Note 11)	1,905,336				116	1,905,452
Consumable Inventories	138,937					138,937
Loans and Contracts (Note 1)	765,597				23	765,620
Restricted:						
Cash Equivalents	7,668					7,668
Short-Term Investments	4,971					4,971
Investments	2,497					2,497
<b>Total Assets</b>	<b>\$ 11,198,153</b>	<b>\$ 464,344</b>	<b>\$ 26,492</b>	<b>\$ 466,263</b>	<b>\$ 361,496</b>	<b>\$ 12,516,748</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
Liabilities:						
Payables:						
Accounts	1,568,290	51,875	11,000		116	1,631,281
Payroll	82,090				109	82,199
Contract Retainage	6,601					6,601
Due to Other Funds (Note 11)	212				6,078	6,290
Due to Other Agencies (Note 11)	2,407					2,407
Unearned Revenues	16,862	1,825		466,263	2,113	487,063
<b>Total Liabilities</b>	<b>1,676,462</b>	<b>53,700</b>	<b>11,000</b>	<b>466,263</b>	<b>8,416</b>	<b>2,215,841</b>
Deferred Inflows of Resources:						
Unavailable Revenue (Note 21)	2,058,157				4,880	2,063,037
<b>Total Deferred Inflows of Resources</b>	<b>2,058,157</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,880</b>	<b>2,063,037</b>
Fund Balances (Deficits):						
Nonspendable (Note 13)	138,937					138,937
Restricted (Note 13)	5,485,004	218,588	15,492		335,307	6,054,391
Committed (Note 13)	720,346	192,056			10,940	923,342
Assigned (Note 13)	1,119,247				109	1,119,356
Unassigned (Note 13)					1,844	1,844
<b>Total Fund Balances</b>	<b>7,463,534</b>	<b>410,644</b>	<b>15,492</b>	<b>0</b>	<b>348,200</b>	<b>8,237,870</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 11,198,153</b>	<b>\$ 464,344</b>	<b>\$ 26,492</b>	<b>\$ 466,263</b>	<b>\$ 361,496</b>	<b>\$ 12,516,748</b>

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

**Texas Department of Transportation  
Reconciliation of the Governmental Funds Balance Sheet to  
the Statement of Net Position**

August 31, 2019 (Amounts in Thousands)

**Total Fund Balance - Governmental Funds** \$ 8,237,870

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets less accumulated depreciation and amortization are included in the Statement of Net Position (Note 2).

Capital Assets - Non-Depreciable or Non-Amortizable	33,234,555	
Capital Assets - Depreciable or Amortizable, Net	<u>79,308,447</u>	
		112,543,002

Deferred inflows of resources were reported in the funds related to revenues that were not available soon enough after year-end to pay current year's expenditures (Note 21).		2,063,038
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Deferred inflows of resources were reported in the Statement of Net Position to reflect the unamortized up-front payments received and capital improvements under Service Concession Arrangements, gain on bond refundings, and impact of pension and other postemployment benefit adjustments (Note 21).		(13,465,489)
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Deferred outflows of resources were reported in the Statement of Net Position to reflect the loss on bond refundings and impact of pension and other postemployment benefits. (Note 21)		605,772
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Long-term liabilities applicable to TxDOT's governmental activities are not due and payable in the current period and accordingly are not reported in the funds. These liabilities, however, are included in the Statement of Net Position. (Note 5, 8, 10)

Employees' Compensable Leave	(99,546)	
Notes and Loans Payable**	(1,119,454)	
General Obligation Bonds Payable	(10,683,412)	
Revenue Bonds Payable	(4,201,760)	
Pollution Remediation Obligations	(8,198)	
Net Pension Liability	(1,942,485)	
Net OPEB Liabilities	<u>(2,169,316)</u>	
		(20,224,171) *

\* Current portion \$876,053 and noncurrent portion \$19,348,118

\*\*Pass-Through Tolls Payable \$786,453 Contracts Payable \$31,055 and TIFIA Loan Payable \$301,946

Interest payable applicable to TxDOT's governmental activities is not due and payable in the current period and accordingly is not reported in the funds. These liabilities, however, are included in the Statement of Net Position.		<u>(270,055)</u>
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**Net Position of Governmental Activities** \$ 89,489,967



**Texas Department of Transportation**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Governmental Funds**  
For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	State Highway Fund	Texas Mobility Fund	Proposition 12 Highway Improvement Project Fund	Local Government Political Subdivision Road/Airport Account	Nonmajor Funds	Total
<b>REVENUES</b>						
Legislative Appropriations:						
Original Appropriations	\$	\$	\$	\$	\$ 1,208	\$ 1,208
Additional Appropriations					267	267
Taxes	6,686,486					6,686,486
Federal Revenues	4,204,305	21,851			32,103	4,258,259
Federal Pass-Through Revenues (Note 11)	3,520					3,520
Licenses, Fees and Permits	98,011	464,281			38	562,330
Interest & Investment Income	145,466	10,480	7,051		2,888	165,885
Net Increase (Decrease) Fair Value	33					33
Land Income	29,567					29,567
Settlement of Claims	41,902					41,902
Sales of Goods and Services	88,313			226,617	451	315,381
Other Revenues	4,990	25				5,015
<b>Total Revenues</b>	<u>11,302,593</u>	<u>496,637</u>	<u>7,051</u>	<u>226,617</u>	<u>36,955</u>	<u>12,069,853</u>
<b>EXPENDITURES</b>						
Transportation	3,944,795	3,195			5,870	3,953,860
Capital Outlay	6,642,649	259,955	389,735		148	7,292,487
Debt Service:						
Principal on State Bonds		81,635			354,875	436,510
Principal on Pass-Through Tolls	158,066					158,066
Interest on State Bonds		286,060			385,079	671,139
Other Financing Fees	952	854	230			2,036
<b>Total Expenditures</b>	<u>10,746,462</u>	<u>631,699</u>	<u>389,965</u>	<u>0</u>	<u>745,972</u>	<u>12,514,098</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>556,131</u>	<u>(135,062)</u>	<u>(382,914)</u>	<u>226,617</u>	<u>(709,017)</u>	<u>(444,245)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In (Note 11)	1,915,228				835,200	2,750,428
Transfers Out (Note 11)	(981,952)			(226,617)		(1,208,569)
Sale of Capital Assets	10,122				1,609	11,731
Upfront Payment - Service Concession Arrangement	510					510
Appropriations Lapsed					(1,929)	(1,929)
<b>Total Other Financing Sources (Uses)</b>	<u>943,908</u>	<u>0</u>	<u>0</u>	<u>(226,617)</u>	<u>834,880</u>	<u>1,552,171</u>
<b>Net Change in Fund Balances</b>	<u>1,500,039</u>	<u>(135,062)</u>	<u>(382,914)</u>	<u>0</u>	<u>125,863</u>	<u>1,107,926</u>
Fund Balances, September 1, 2018	<u>5,963,495</u>	<u>545,706</u>	<u>398,406</u>	<u>0</u>	<u>222,337</u>	<u>7,129,944</u>
Fund Balances, August 31, 2019	<u>\$ 7,463,534</u>	<u>\$ 410,644</u>	<u>\$ 15,492</u>	<u>\$ 0</u>	<u>\$ 348,200</u>	<u>\$ 8,237,870</u>

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

**Texas Department of Transportation**  
**Reconciliation of the Governmental Funds Statement of Revenues,**  
**Expenditures and Changes in Fund Balances to the Statement of Activities**  
For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

**Net Change in Fund Balances** \$ 1,107,926

Governmental funds report capital outlays as expenditures. In the Statement of Activities, however, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlay exceeds depreciation in the current period is:

Capital Outlay	\$ 7,292,487	
Depreciation and Amortization Expense (Note 2)	<u>(1,928,839)</u>	
		5,363,648

The effect of various miscellaneous transactions involving capital assets is an increase to net position.

Donations of Capital Assets	117,128	
Gain on Sale of Capital Assets	2,264	
Sale of Capital Assets	(11,731)	
Interagency Transfers of Capital Assets	<u>(192,544)</u>	
		(84,883)

Revenues that do not provide current financial resources are not reported in the governmental funds, but are reported in the Statement of Activities.

Concession Revenues	287,920	
OPEB-Related Grant Revenue	104	
Federal Revenue	220,377	
Local Revenue	(47,364)	
Oil & Natural Gas Production Tax Revenue	281,206	
Motor Fuel Tax Revenue	<u>2,899</u>	
		745,142

Bond proceeds provide current financial resources to governmental funds, but increase long-term liabilities in the Statement of Net Position. Repayment of long-term debt consumes current financial resources and is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position.

Repayment of Bond and Note Principal	594,576	
Net Change in Pollution Remediation Obligation	(1,558)	
Upfront Payments Received Under Service Concession Arrangements	(510)	
Net Change in Employees' Compensable Leave	<u>1,938</u>	
		594,446

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Interest and Amortization Expense	108,421	
Financing Fees	(2,039)	
Payroll Related Costs	<u>400,708</u>	
		507,090

**Change in Net Position of Governmental Activities** \$ 8,233,369

**Texas Department of Transportation**  
**Statement of Net Position - Proprietary Funds**  
August 31, 2019 (Amounts in Thousands)

**Business-Type Activities - Enterprise Funds**

	<u>Central Texas Turnpike System</u>	<u>Grand Parkway Transportation Corporation</u>	<u>Nonmajor Fund SH 249 System</u>	<u>Totals</u>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents:				
Cash and Cash Equivalents	\$ 335,010	\$ 125,969	\$ 5,160	\$ 466,139
Short-Term Investments	45,454	133,983		179,437
Restricted:				
Cash and Cash Equivalents	53,221	684,986	47,698	785,905
Short-Term Investments	108,222	784,054	83,956	976,232
Receivables:				
Accounts Receivable	32,814	18,436		51,250
Interest and Dividends	905	5,196	285	6,386
Due from Other Funds (Note 11)	212			212
Consumable Inventory	1,507	370		1,877
Total Current Assets	<u>577,345</u>	<u>1,752,994</u>	<u>137,099</u>	<u>2,467,438</u>
Noncurrent Assets:				
Investments	39,785	29,921	4,978	74,684
Restricted:				
Investments	149,709	299,051	30,754	479,514
Receivables:				
Intangible Assets (Note 20)		2,553,936		2,553,936
Capital Assets:				
Non-Depreciable Capital Assets (Note 2)	754,148		300,640	1,054,788
Depreciable Capital Assets, Net (Note 2)	1,845,724		1,305	1,847,029
Total Noncurrent Assets	<u>2,789,366</u>	<u>2,882,908</u>	<u>337,677</u>	<u>6,009,951</u>
Total Assets	<u>3,366,711</u>	<u>4,635,902</u>	<u>474,776</u>	<u>8,477,389</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows of Resources				
Loss on Bond Refunding (Note 21)	26,264			26,264
Total Deferred Outflows of Resources	<u>26,264</u>	<u>0</u>	<u>0</u>	<u>26,264</u>

Continued on following page

**Texas Department of Transportation**  
**Statement of Net Position - Proprietary Funds (Concluded)**  
August 31, 2019 (Amounts in Thousands)

**Business-Type Activities - Enterprise Funds**

	<u>Central Texas Turnpike System</u>	<u>Grand Parkway Transportation Corporation</u>	<u>Nonmajor Fund SH 249 System</u>	<u>Totals</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Payables:				
Accounts	19,641	40,404	13,096	73,141
Interest	4,460	68,313	650	73,423
Contract Retainage		2,089		2,089
Due to Other Funds (Note 11)	1,984	2,184	9	4,177
Notes and Loans Payable (Notes 5)		10,532		10,532
Revenue Bonds Payable (Notes 5, 6)	38,882	4,223	315	43,420
Total Current Liabilities	<u>64,967</u>	<u>127,745</u>	<u>14,070</u>	<u>206,782</u>
Noncurrent Liabilities:				
Notes and Loans Payable (Note 5)		1,564,374		1,564,374
Revenue Bonds Payable (Notes 5, 6)	2,934,886	3,145,819	262,624	6,343,329
Total Noncurrent Liabilities	<u>2,934,886</u>	<u>4,710,193</u>	<u>262,624</u>	<u>7,907,703</u>
Total Liabilities	<u>2,999,853</u>	<u>4,837,938</u>	<u>276,694</u>	<u>8,114,485</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	579,689		189,849	769,538
Restricted for:				
Capital Projects			6,477	6,477
Debt Service	128,820	22,984	5,485	157,289
Operations and Maintenance	153,959	61,344		215,303
Unrestricted	(469,346)	(286,364)	(3,729)	(759,439)
Total Net Position	<u>\$ 393,122</u>	<u>\$ (202,036)</u>	<u>\$ 198,082</u>	<u>\$ 389,168</u>

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

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**Texas Department of Transportation**  
**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds**  
For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Central Texas Turnpike System</u>	<u>Grand Parkway Transportation Corporation</u>	<u>Nonmajor Fund SH 249 System</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>				
Toll Revenue - Pledged	\$ 228,172	\$ 203,656	\$	\$ 431,828
Discounts and Allowances	(7,482)	(2,448)		(9,930)
Fee Revenue - Pledged	32,760	5		32,765
Other Sales Goods & Services	21			21
Total Operating Revenues	<u>253,471</u>	<u>201,213</u>	<u>0</u>	<u>454,684</u>
<b>OPERATING EXPENSES</b>				
Salaries	1,485	1,778		3,263
Professional Fees and Services	10,571	2,169		12,740
Travel	7	7		14
Materials and Supplies	1,611	352		1,963
Communication and Utilities	709	196		905
Repairs and Maintenance	7,817	11,204		19,021
Rentals and Leases	3	2		5
Contracted Services	24,421	14,197		38,618
Advertising	2,011	129		2,140
Depreciation and Amortization	54,485	64,167	8	118,660
Other Operating Expenses	6,693	13,675		20,368
Total Operating Expenses	<u>109,813</u>	<u>107,876</u>	<u>8</u>	<u>217,697</u>
Operating Income (Loss)	<u>143,658</u>	<u>93,337</u>	<u>(8)</u>	<u>236,987</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Lease Revenue	13			13
Interest and Investment Income	21,434	48,881	2,427	72,742
Net Increase (Decrease) in Fair Value of Investments	(87)	3,758	314	3,985
Amortization	12,167	14,755	315	27,237
Interest Expense	(141,403)	(218,077)	(6,301)	(365,781)
Bond Issuance Expenses		(1,112)	(1,576)	(2,688)
Other Financing Fees	(42)	(76)		(118)
Total Nonoperating (Expenses)	<u>(107,918)</u>	<u>(151,871)</u>	<u>(4,821)</u>	<u>(264,610)</u>
Income (Loss) before Transfers	<u>35,740</u>	<u>(58,534)</u>	<u>(4,829)</u>	<u>(27,623)</u>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>				
Capital Contributions			11,879	11,879
Transfers In	4,144		191,032	195,176
Total Capital Contributions and Transfers	<u>4,144</u>	<u>0</u>	<u>202,911</u>	<u>207,055</u>
Change in Net Position	<u>39,884</u>	<u>(58,534)</u>	<u>198,082</u>	<u>179,432</u>
Net Position, September 1, 2018	<u>353,238</u>	<u>(143,502)</u>		<u>209,736</u>
Net Position, August 31, 2019	<u>\$ 393,122</u>	<u>\$ (202,036)</u>	<u>\$ 198,082</u>	<u>\$ 389,168</u>

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

Texas Department of Transportation  
Statement of Cash Flows - Proprietary Funds  
For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

**Business-Type Activities - Enterprise Funds**

	Central Texas Turnpike System	Grand Parkway Transportation Corporation	Nonmajor Fund SH 249 System	Totals
<b>Cash Flows from Operating Activities</b>				
Proceeds from Customers	\$ 237,970	\$ 198,918	\$	\$ 436,888
Payments to Suppliers for Goods and Services	(50,426)	(42,512)		(92,938)
Net Cash Provided by Operating Activities	<u>187,544</u>	<u>156,406</u>	<u>0</u>	<u>343,950</u>
<b>Cash Flows from Non-Capital Financing Activities</b>				
Payments for Debt Interest		(151,792)		(151,792)
Payments for Costs of Debt Issuance		(1,119)		(1,119)
Payments for Financing Fees		(115)		(115)
Payments for Intangible Assets		(244,474)		(244,474)
Net Cash (Used) by Non-Capital Financing Activities	<u>0</u>	<u>(397,500)</u>	<u>0</u>	<u>(397,500)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Proceeds from Lease Revenue	13			13
Proceeds received from Local Entity			11,879	11,879
Proceeds from Issuing Bonds			260,960	260,960
Payments for Purchase of Capital Assets	(47,622)		(97,826)	(145,448)
Payments for Principal on Debt	(20,365)			(20,365)
Payments of Interest on Debt	(107,051)		(3,358)	(110,409)
Payments of Costs of Debt Issuance			(1,568)	(1,568)
Payments for Interfund Services Used for Other Financing Fees	(254)			(254)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(175,279)</u>	<u>0</u>	<u>170,087</u>	<u>(5,192)</u>
<b>Cash Flows from Investing Activities</b>				
Proceeds from Interest and Investment Income	17,494	34,380	1,720	53,594
Proceeds from Sales and Maturities of Investments	382,832	1,356,800	14,155	1,753,787
Payments to Acquire Investments	(345,885)	(1,728,233)	(132,892)	(2,207,010)
Payments for Accrued Interest on Purchase of Investment		(2,536)	(211)	(2,747)
Net Cash Provided (Used) by Investing Activities	<u>54,441</u>	<u>(339,589)</u>	<u>(117,228)</u>	<u>(402,376)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>66,706</u>	<u>(580,683)</u>	<u>52,859</u>	<u>(461,118)</u>
Cash and Cash Equivalents - September 1, 2018	321,525	1,391,638		1,713,163
Cash and Cash Equivalents - August 31, 2019	<u>\$ 388,231</u>	<u>\$ 810,955</u>	<u>\$ 52,859</u>	<u>\$ 1,252,045</u>

Continued on the following page



Texas Department of Transportation  
Statement of Cash Flows - Proprietary Funds (concluded)  
For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

Business-Type Activities - Enterprise Funds

	<u>Central Texas Turnpike System</u>	<u>Grand Parkway Transportation Corporation</u>	<u>Nonmajor Fund SH 249 System</u>	<u>Totals</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>				
Operating Income	\$ 143,658	\$ 93,337	\$ (8)	\$ 236,987
Depreciation and Amortization	54,485	64,167	8	118,660
Other non-cash operating costs	2,614			2,614
(Increase) in Receivables	(15,501)	(2,294)		(17,795)
(Increase) in Inventories	(176)	(140)		(316)
Increase in Payables	3,991	3,512		7,503
(Decrease) in Due to Other Funds	(1,527)	(2,176)		(3,703)
Total Adjustments	<u>43,886</u>	<u>63,069</u>	<u>8</u>	<u>106,963</u>
Net Cash Provided by Operating Activities	<u>\$ 187,544</u>	<u>\$ 156,406</u>	<u>\$ 0</u>	<u>\$ 343,950</u>
<b>Non-Cash Transactions</b>				
Transfer in of Capital Assets from Other Fund	\$ 1,530		\$ 190,317	\$ 191,847
Net Change in Fair Market Value of Investments	\$ (87)	\$ 3,758	\$ 314	\$ 3,985
Amortization of Investment Premium/Discount	\$ 3,853	\$ 13,746	\$ 636	\$ 18,235
Change in Accrued Capital Asset Purchases	\$ 8,687	\$ 32,035	\$ 13,812	\$ 54,534

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

**Texas Department of Transportation**  
**Statement of Fiduciary Net Position**  
 August 31, 2019 (Amounts in Thousands)

	<u>AGENCY FUNDS</u>
<b>ASSETS</b>	
Cash and Cash Equivalents:	
Cash on Hand	\$ 39
Cash in Bank	680
Cash in State Treasury	323
Cash Equivalents	35,354
Short-Term Investments	<u>26,922</u>
Total Assets	<u>\$ 63,318</u>
 <b>LIABILITIES</b>	
Funds Held for Others	<u>63,318</u>
Total Liabilities	<u>\$ 63,318</u>

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

**Texas Department of Transportation**  
**Notes to Financial Statements**

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## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### ***Reporting Entity***

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

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

The Commission is authorized by Transportation Code Chapter 431 to create Texas transportation corporations to perform functions normally undertaken by TxDOT. As of fiscal 2019, two transportation corporations, the Texas Private Activity Bond Surface Transportation Corporation (TxPABST) and the Grand Parkway Transportation Corporation (GPTC), are reported as blended component units because TxDOT exercises sufficient authority over the assets, operations and management of such entities to warrant their inclusion. Even though Texas transportation corporations are a part of the TxDOT reporting entity, the state is not liable for debts of these corporations, nor entitled to the assets of these corporations.

### ***Basis of Presentation***

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

### ***GASB Statements Effective for Fiscal 2019***

In fiscal 2019 TxDOT adopted the following new GASB pronouncements:

- *GASB Statement No. 83, Certain Asset Retirement Obligations.* This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). The statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The legal obligations to perform future asset retirement activities is recorded when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred is based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities.
- *GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.* This statement is to improve the information that is disclosed in notes to government financial statement related to debt, including direct borrowings and direct placements. It defines debt for note disclosure purposes as a liability that arises from a contractual obligation to pay cash to settle an amount that is fixed at the date the contractual obligation is established. The statement requires additional information related to debt, including unused lines of credit, assets pledged as collateral for the debt, and terms specified in debt agreements related to significant default events and significant termination events with finance-related consequences, and significant subjective acceleration clauses.
- *GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period.* This statement is effective for reporting periods beginning after December 15, 2019, or fiscal 2021. TxDOT decided to early implement the statements in fiscal 2019. The statement supersedes GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, paragraphs 5-22. For financial statements prepared using the economic resources measurement focus, the statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-



type activity or enterprise fund. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

### ***Financial Reporting Structure***

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

#### ***Government-wide Financial Statements***

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

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

#### ***Fund Financial Statements***

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

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

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

#### ***Governmental Fund Types***

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

TxDOT reports the following four major governmental funds:

#### State Highway Fund

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

- State Highway Fund Accounts – These funds contain the activity related to public road construction, maintenance and monitoring of the state's highway system. The significant ongoing revenue sources are federal revenues, motor fuels taxes, and other oil and gas taxes which are constitutionally restricted and dedicated to the highway fund.
- Proposition 1 Fund – This fund is used to record, track and report the receipt and disbursement of the Proposition 1 allocation of oil and gas production tax to SHF.
- Proposition 7 Fund – This fund is used to record, track and report the receipt and disbursement of the Proposition 7 allocation of state sales and use tax and motor vehicle sales and rental tax to SHF.
- State Infrastructure Bank – This fund operates as a revolving loan program that makes loans to public and private entities to encourage the development of transportation projects and facilities.

#### Texas Mobility Fund

This fund operates as a revolving fund to provide a method of financing construction, reconstruction, acquisition and expansion of state highways and other transportation projects. The principal ongoing revenue source of the fund is fees committed by the Legislature under the authority of the Texas Constitution, Article III, Section 49-k. Other inflows to the fund include bond proceeds. The Mobility Fund is reported as a debt service fund type and a capital projects fund type.

#### Proposition 12/Highway Improvement Project Fund

This fund receives the proceeds of general obligation bonds issued for highway improvement projects under the provisions of the Texas Constitution, Article III, Section 49-p. The fund reports the construction activity supported by such funding. The fund is reported as a capital project fund.

#### Local Government Political Subdivision Road/Airport Fund

This fund holds contributions from counties/political subdivisions for expenditure by the Commission in development/construction of public roads and airports within such counties or political subdivisions. The fund is reported as a capital project fund.

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

#### General Fund:

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

- General Revenue Fund – This fund is used to account for all financial resources of the state except those required to be accounted for in another fund.
- Traffic Safety-Crash Records Information Systems – This fund is used to account for expenditures pertaining to the crash records information system.
- Colonias Project Fund – This fund provides financial assistance to counties for roadway projects serving border colonias. Funding is provided from the sale of bonds or commercial paper, which are issued and reported by the Texas Public Finance Authority.

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

Special Revenue Fund:

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

Debt Service Fund:

- Proposition 14/State Highway Fund Debt Service– This fund receives transfers in from the state highway fund for debt service on state highway fund revenue bonds.
- Proposition 12/Highway Improvement Project Fund Debt Service - This fund receives transfers in from the Proposition 7 Fund for debt service on Texas highway improvement general obligation bonds.

*Proprietary Fund Type*

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

Central Texas Turnpike System Fund

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

Grand Parkway Transportation Corporation

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

Additionally, TxDOT reports the following nonmajor proprietary fund:

Texas State Highway 249 System Fund

This fund, a non-major proprietary fund, reports the activity and debt associated with the development of the Texas SH 249 System. The project is about 15 miles of new controlled access tollway from Farm to Market (FM) 1774 in Pinehurst, Montgomery County to FM 1774 in Todd Mission, Grimes County.

*Fiduciary Fund Types*

Fiduciary funds account for assets held in either a trustee capacity or as an agent for other outside individuals or entities. Agency funds report assets that TxDOT holds on behalf of others in a purely custodial capacity.

Agency Funds have no equity, assets equal liabilities and do not include revenues or expenditures. The agency funds reported by TxDOT during fiscal 2019 included the unappropriated general revenue fund, child support deductions suspense account, toll revenue custodial account and the direct deposit correction accounts.

## *Component Units*

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

## *Basis of Accounting*

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

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

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

Although agency funds use the accrual basis of accounting, they do not have a measurement focus because they do not recognize revenues and expenses.

## *Shared Fund Presentation*

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

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

### *Legislative Appropriations*

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

### *Original/Additional Appropriations*

Amount reported as revenue that is the total appropriation authority given to TxDOT for the current fiscal year.

## Appropriations Lapsed

Unencumbered appropriations balances that have been lapsed during the fiscal year.

## ***Budgetary Information***

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

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

### *Cash and Cash Equivalents*

The statement of cash flows for proprietary funds presents the change in cash and cash equivalents during the fiscal year. Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near maturity they present insignificant risk of a decrease in value due to changes in interest rates. Investments with an original maturity of three months or less and used for cash management rather than investing activities are considered cash equivalents.

### *Investments*

Amounts invested associated with TxDOT and Grand Parkway Transportation Corporation. See Note 3 for more details.

### *Inventories and Prepaid Items*

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

### *Receivables*

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

### *Loans and Contracts*

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

### *Restricted Assets*

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

### *Deferred Inflows of Resources and Deferred Outflows of Resources*

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

Deferred inflows of resources are an acquisition of net assets by TxDOT that is applicable to a future reporting period. Deferred inflows have a negative effect on net position, similar to liabilities. TxDOT reports deferred inflows of resources as the offset account

to assets received under a service concession arrangement in financial statements prepared using the economic resources measurement focus. See Note 21 for additional information.

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

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

TxDOT also reports deferred inflows of resources and deferred outflows of resources related to the recognition of TxDOT's share of the state's Net Pension Liability and Net OPEB Liability. Reported deferred outflows of resources include plan contributions made subsequent to the Aug. 31, 2018 measurement date, and the unamortized balance resulting from changes in assumptions used to calculate net pension liability. TxDOT reports deferred inflows of resources for the unamortized balance resulting from other changes to the components used to calculate net pension liability. See Note 21 for additional information.

*Intangible Assets*

Our blended component unit, GPTC, is operating under two service concession arrangements (SCA) with TxDOT. As a governmental operator, GPTC records an intangible asset for its cost of design and construction. Amortization of the intangible asset begins upon the completion of construction and the opening to traffic. See Note 20 for more information about GPTC's SCA with TxDOT.

*Capital Assets*

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

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

<b>Capitalization Thresholds by Class of Asset</b>		
<b>Classification</b>	<b>Capitalization Threshold</b>	<b>Estimated Useful Life</b>
Buildings and Building Improvements	\$ 100,000	5-30 years
Infrastructure	\$ 500,000	10-50 years
Furniture and Equipment	\$ 5,000	3-15 years
Vehicles, Boats and Aircraft	\$ 5,000	5-40 years
Internally Generated Computer Software	\$ 1,000,000	3-10 years
Other Computer Software	\$ 100,000	3-10 years
Land Use Rights – Term/Temporary	\$ 100,000	2-10 years

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

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

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

#### *Unearned Revenue*

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

#### *Service Concession Arrangements (SCA) Up-front Payments*

TxDOT may receive up-front payments related to the SCA's on the development of highways and future toll-road operations. Under each of these agreements the toll road reverts back to the state at the end of the term or upon certain reimbursement conditions. In the governmental fund financial statements, TxDOT reports up-front payments as other financing sources in the year received. In the government-wide statements, the up-front payments are recorded as deferred inflows of resources. Revenue is recognized on a straight-line basis over the term of the agreement, beginning when the roadway is placed into operation.

#### *Long-Term Liabilities*

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

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

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

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

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal or separation from state employment, provided the employee has had continuous employment with the state for six months. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in the governmental fund financial statements. See Note 5 for more information.

#### *Fund Balance/Net Position*

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

- *Net Investment in Capital Assets*— capital assets, net of accumulated depreciation and reduced by the outstanding balances of



bonds, notes or other borrowings that are attributed to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included.

- *Restricted* – restricted assets reduced by liabilities and deferred inflows or resources related to those assets. When both restricted and unrestricted resources are available for use, generally it is TxDOT’s policy to use restricted resources first, then unrestricted resources when they are needed.
- *Unrestricted* – amounts not required to be reported in the other components of net position.

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

- *Nonspendable fund balance* – amounts not available to be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. The primary component of nonspendable fund balance is the balance in consumable inventories.
- *Restricted fund balance* – resources that have constraints placed on their use through external parties or by law through constitutional provisions.
- *Committed fund balance* – can be used only for specific purposes pursuant to constraints imposed by a formal action of the Legislature, the state’s highest level of decision making authority.
- *Assigned fund balance* – amounts constrained by the Commission’s intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned fund balance* – residual classification for the general fund. The classification represents fund balance that was not assigned to other funds and was not restricted, committed or assigned to specific purposes within the general fund.

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

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

### **Revenue Sources**

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

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

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

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

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

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

Operating revenues of CTTS consist of tolls, net of allowance for doubtful accounts and fee revenue.

Operating revenues of GPTC consist of toll revenue for open segments D, E, F-1, F-2, and G, net of allowance for doubtful accounts, and fee revenue earned by GPTC.

***Interfund Activity and Transactions***

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

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

**NOTE 2 – CAPITAL ASSETS**

The tables on the following pages present the composition of TxDOT’s capital assets, adjustments, reclassifications, additions and deletions during fiscal 2019. The reclassifications column presents completed construction projects and transfers of capital assets between agencies and between the governmental and business-type activities of TxDOT. The additions column includes current year purchases, depreciation and amortization. The deletions column represents assets removed during the current fiscal year via sale or disposition.

Depreciation and amortization expense was charged to the transportation function in the accompanying Statement of Activities.

<b>Capital Asset Activity</b>					
<b>For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)</b>					
	<b>Balance 9/1/2018</b>	<b>Reclass- ifications</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 8/31/2019</b>
<b>GOVERNMENTAL ACTIVITIES</b>					
<b>Non-Depreciable &amp; Non-Amortizable Assets</b>					
Land and Land Improvements	\$ 13,712,660	\$ (46,138)	\$ 958,608	\$ (1,606)	\$ 14,623,524
Construction in Progress	17,885,101	(5,587,508)	6,248,411		18,546,004
Land Use Rights - Permanent	25,442		39,616	(31)	65,027
Total Non-Depreciable & Non-Amortizable Assets	<u>31,623,203</u>	<u>(5,633,646)</u>	<u>7,246,635</u>	<u>(1,637)</u>	<u>33,234,555</u>
<b>Depreciable Assets</b>					
Buildings and Building Improvements	553,461	16,445			569,906
Infrastructure	95,371,658	5,403,221	136,697	(3,151)	100,908,425
Furniture and Equipment	206,022	160	13,625	(7,128)	212,679
Vehicles and Aircraft	792,201	15,475	79,717	(12,267)	875,126
Other Capital Assets	15,011			(8)	15,003
Total Depreciable Assets	<u>96,938,353</u>	<u>5,435,301</u>	<u>230,039</u>	<u>(22,554)</u>	<u>102,581,139</u>
Less Accumulated Depreciation for:					
Buildings and Building Improvements	(294,472)		(18,925)		(313,397)
Infrastructure	(20,474,856)	(112)	(1,847,701)	152	(22,322,517)
Furniture and Equipment	(142,672)	(157)	(12,316)	6,459	(148,686)
Vehicles and Aircraft	(464,022)		(42,519)	10,116	(496,425)
Other Capital Assets	(8,644)		(722)	6	(9,360)
Total Accumulated Depreciation	<u>(21,384,666)</u>	<u>(269)</u>	<u>(1,922,183)</u>	<u>16,733</u>	<u>(23,290,385)</u>
Depreciable Assets, Net	<u>75,553,687</u>	<u>5,435,032</u>	<u>(1,692,144)</u>	<u>(5,821)</u>	<u>79,290,754</u>
<b>Intangible Capital Assets - Amortizable</b>					
Land Use Rights - Term	15,880		445		16,325
Computer Software	74,280	(1,537)	2,735	(21)	75,457
Total Amortizable Assets	<u>90,160</u>	<u>(1,537)</u>	<u>3,180</u>	<u>(21)</u>	<u>91,782</u>
Less Accumulated Amortization for:					
Land Use Rights - Term	(14,880)		(770)		(15,650)
Computer Software	(58,172)	5,599	(5,886)	20	(58,439)
Total Accumulated Amortization	<u>(73,052)</u>	<u>5,599</u>	<u>(6,656)</u>	<u>20</u>	<u>(74,089)</u>
Amortizable Assets, Net	<u>17,108</u>	<u>4,062</u>	<u>(3,476)</u>	<u>(1)</u>	<u>17,693</u>
Governmental Activities Capital Assets, Net	<u>\$ 107,193,998</u>	<u>\$ (194,552)</u>	<u>\$ 5,551,015</u>	<u>\$ (7,459)</u>	<u>\$ 112,543,002</u>

**Capital Asset Activity (Concluded)**

For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	Balance 9/1/2018	Reclass- ifications	Additions	Deletions	Balance 8/31/2019
<b>BUSINESS-TYPE ACTIVITIES</b>					
<b>Non-Depreciable &amp; Non-Amortizable Assets</b>					
Land and Land Improvements	\$ 668,801	\$ 46,136	\$ 5,767	\$	\$ 720,704
Construction in Progress	8,555	144,600	161,463		314,618
Land Use Rights - Permanent	19,466				19,466
Total Non-Depreciable & Non-Amortizable Assets	<u>696,822</u>	<u>190,736</u>	<u>167,230</u>	<u>0</u>	<u>1,054,788</u>
<b>Depreciable Assets</b>					
Buildings and Building Improvements	8,360				8,360
Infrastructure	2,283,765	1,825			2,285,590
Total Depreciable Assets	<u>2,292,125</u>	<u>1,825</u>	<u>0</u>	<u>0</u>	<u>2,293,950</u>
Less Accumulated Depreciation for:					
Buildings and Building Improvements	(4,480)		(360)		(4,840)
Infrastructure	(387,950)		(54,131)		(442,081)
Total Accumulated Depreciation	<u>(392,430)</u>	<u>0</u>	<u>(54,491)</u>	<u>0</u>	<u>(446,921)</u>
Depreciable Assets, Net	<u>1,899,695</u>	<u>1,825</u>	<u>(54,491)</u>	<u>0</u>	<u>1,847,029</u>
Business-Type Activities Capital Assets, Net	<u>\$ 2,596,517</u>	<u>\$ 192,561</u>	<u>\$ 112,739</u>	<u>\$ 0</u>	<u>\$ 2,901,817</u>

**NOTE 3 – DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS**

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

**Deposits**

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

<b>Cash In Bank – Carrying Amount</b>	
August 31, 2019 (Amounts in Thousands)	
<u>Governmental Activities</u>	
Cash in Bank – Depository Accounts	\$ 3,895
<u>Fiduciary Funds</u>	
Fiduciary Fund Current Assets Cash in Bank – Depository Accounts	\$ 680

**Custodial Credit Risk – Deposits**

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

Regular depository accounts are insured by the FDIC up to \$250 thousand per depositor, per insured bank. As of Aug. 31, 2019, the sweep account is subjected to the same \$250 thousand coverage provided to a regular depository account.

The Frost refund account held additional collateral beyond the standard FDIC threshold of \$250 thousand in a federal reserve account with other related State and agency accounts. The total collateral inclusive of the \$250 thousand coverage was representative of greater than 250% for those combined related account balance.

**Treasury Pool**

TxDOT’s governmental fund cash is established in the state Treasury, and is 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 \$8.2 billion at Aug. 31, 2019. Deposits in the state treasury for business-type activities totaled \$9 thousand as of Aug. 31, 2019.

The Treasury obtains direct access to the services of the Federal Reserve System through the Texas Treasury Safekeeping Trust Company (Trust Company). The Federal Reserve Bank requires that the Trust Company maintain a positive cash balance in the account during and at the end of the day. The Trust Company met those requirements throughout fiscal 2019. The Comptroller has delegated investment authority to the Trust Company and utilizes the Trust Company to manage and invest funds in the Treasury Pool.

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

**Investments**

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

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

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

As of Aug. 31, 2019, the measurements of TxDOT's investments are summarized below:

<b>Investment Valuation</b>			
August 31, 2019 (Amounts in Thousands)			
<b>Investment Type</b>	<b>Fair Value Hierarchy Level 1</b>	<b>Other Measurement Method</b>	<b>Total</b>
<b>Governmental Activities</b>			
Money Market Mutual Funds	\$	\$ 19,534	\$ 19,534
U.S. Treasuries	2,497	15,246	17,743
U.S. Government Agency Obligations		13,979	13,979
<b>Total Governmental Activities</b>	<b>\$ 2,497</b>	<b>\$ 48,759</b>	<b>\$ 51,256</b>
<b>Business Type Activities</b>			
Money Market Mutual Funds	\$	\$ 1,773	\$ 1,773
U.S. Treasuries	439,199	805,788	1,244,987
U.S. Government Agency Obligations		449,522	449,522
Government Investment Pools		996,721	996,721
Repurchase Agreements		268,899	268,899
<b>Total Business-Type Activities</b>	<b>\$ 439,199</b>	<b>\$ 2,522,703</b>	<b>\$ 2,961,902</b>
<b>Fiduciary Funds</b>			
Money Market Mutual Funds	\$	\$ 35,354	\$ 35,354
U.S. Treasuries		12,937	12,937
U.S. Government Agency Obligations		13,985	13,985
<b>Total Fiduciary Funds</b>	<b>\$ 0</b>	<b>\$ 62,276</b>	<b>\$ 62,276</b>

Government securities and government sponsored entity investments of \$441.7 million with maturities of one year or more are valued at quoted market prices (Level 1 input).

As of Aug. 31, 2019, TxDOT and GPTC also have the following two types of investments which are excluded from measurement at fair value according to GASB 72.

- TxDOT and GPTC had investments in money market funds, overnight repurchase agreement pool (REPO), government securities, government sponsored entities and government investment pools of \$2.5 billion with maturities less than one year valued at amortized cost.
- TxDOT entered into a repurchase agreement of \$115.0 million in August 2002 with U.S. Government and Agency securities. Collateral for the repurchase agreement is held by the Bank of New York Mellon Trust Company (the trustee bank) with the underlying securities being the property of the Citigroup Global Markets Inc. (the direct counterparty), held in trust for TxDOT. TxDOT can direct the trustee bank to designate repurchase dates on any business day on or before the final repurchase date in August 2022. The agreement is measured at cost.

#### *Custodial Credit Risk*

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

As of Aug. 31, 2019, TxDOT's long term repurchase agreement is collateralized with U.S. Government and agency securities. Collateral for the repurchase agreement is held by the Bank of New York Mellon Trust Company with the underlying securities being the property of the Citigroup Global Markets Inc., (the direct counterparty), held in trust for TxDOT. Citigroup Global Markets Inc. is rated A1, A+ and A+ as of Aug. 31, 2019 by Moody's, Standard and Poor's (S & P) and Fitch Ratings respectively.

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

TxDOT's policy does not limit the amount of investment in obligations of the United States or its agencies. The long term repurchase agreement is a guaranteed investment contract (GIC) with Citigroup Global Markets Inc. as the counterparty. Citigroup Global Markets Inc. has collateralized the GIC with U.S. Government and agency securities. As of Aug. 31, 2019, TxDOT's and GPTC's investments had the following ratings:

<b>Investment Credit Ratings</b>				
August 31, 2019 (Amounts in Thousands)				
<b>Investment Type</b>	<b>Valuation</b>	<b>Moody's</b>	<b>Standard &amp; Poor's</b>	<b>Fitch</b>
<b>Governmental Activities</b>				
Money Market Mutual Funds				
Fidelity Government Money Market Fund	\$ 19,534	AAA-mf	AAAm	NR
Government Sponsored Entities				
Federal Home Loan Bank	7,000	Aaa	AA+	NR
Federal Home Loan Bank Discount Note	6,979	P-1	A-1+	NR
Government Securities				
U.S. Treasury Notes	8,807	Aaa	AA+	AAA
U.S. Treasury Bills	8,936	NR	A-1+	F1+
Total Governmental Activities	<u>\$ 51,256</u>			
<b>Business-Type Activities</b>				
Money Market Mutual Funds				
Fidelity Government Money Market Fund	\$ 7	AAA-mf	AAAm	NR
JPMorgan US Government Fund	842	Aaa-mf	AAAm	AAAmmf
Morgan Stanley Government Fund	914	Aaa-mf	AAAm	AAAmmf
Goldman Sachs Financial Square Government Fund	10	Aaa-mf	AAAm	NR
Government Sponsored Entities				
Federal Farm Credit Banks	60,485	P-1	A-1+	F1+
Federal Home Loan Bank	15,000	Aaa	AA+	NR
Federal Home Loan Bank Discount Note	319,619	P-1	A-1+	NR
Federal Home Loan Mortgage Corporation	54,418	P-1	A-1+	F1+
Government Securities:				
U.S. Treasury Notes	987,754	Aaa	AA+	AAA
U.S. Treasury Bills	257,234	NR	A-1+	F1+
Government Investment Pools:				
Lone Star	22,941	NR	AAAm	NR
TexPool	896,500	NR	AAAm	NR
TexPool Prime	77,279	NR	AAAm	NR
Repurchase Agreement:				
Long term (Citigroup GIC)	114,999	A1	A+	A+
Repo (TTSTC)	153,900	NR	AAAf	NR
Total Business-Type Activities	<u>\$ 2,961,902</u>			
<b>Fiduciary Fund</b>				
Money Market Mutual Funds				
BlackRock Federal Funds	\$ 35,354	AAA-mf	AAAm	NR
Government Sponsored Entities				
Federal Home Loan Bank Discount Note	13,985	P-1	A-1+	NR
Government Securities				
U.S. Treasury Notes	9,772	Aaa	AA+	AAA
U.S. Treasury Bills	3,165	NR	A-1+	F1+
Total Fiduciary Funds	<u>\$ 62,276</u>			
NR= Not Rated				



### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Assets held in the particular funds shall be diversified to minimize the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. As of Aug. 31, 2019, the following investments exceeded five percent of the total portfolio: Federal Home Loan Bank, Federal Home Loan Bank Discount Note, U.S. Treasuries and TexPool.

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

### Interest Rate Risk

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

### NOTE 4 – LOANS RECEIVABLE

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

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

The loan receivable balances as of Aug. 31, 2019 are as follows.

<b>Loans and Contracts</b>		
August 31, 2019 (Amounts in Thousands)		
<b>Fund</b>	<b>Loans Receivable</b>	<b>Due Within One Year</b>
General Fund	\$ 23	\$ 23
Highway Fund - Toll Equity Loans	60,049	
Highway Fund - Project Loans	429,669	1,502
Highway Fund - NTTA	117,187	7,206
Highway Fund - State Infrastructure Bank	158,692	4,819
Governmental Funds Total	<u>\$ 765,620</u>	<u>\$ 13,550</u>

**NOTE 5 – LONG-TERM LIABILITIES**

**Long-Term Liabilities**

Long-term liabilities for fiscal 2019 are presented in the table below:

<b>Long-Term Liabilities Activity</b>							
For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)							
<b>Primary Government</b>	<b>Beginning Balance 9/01/2018</b>	<b>Adjustments*</b>	<b>Reductions</b>	<b>Additions**</b>	<b>Ending Balance 8/31/2019</b>	<b>Amounts Due Within One Year</b>	<b>Amounts Due Thereafter</b>
<b>Governmental Activities</b>							
Compensable Leave	\$ 101,484	\$	\$ (114,344)	\$ 112,406	\$ 99,546	\$ 74,652	\$ 24,894
General Obligation Bonds	10,971,358	(363,849)	(211,010)		10,396,499	296,982	10,099,517
General Obligation Bonds - Direct Placements		286,913			286,913	1,986	284,927
Revenue Bonds	4,470,180	(192,920)	(225,500)		4,051,760	275,200	3,776,560
Revenue Bonds - Direct Placements		150,000			150,000		150,000
Pollution Remediation Obligations	6,640		(10,640)	12,198	8,198	8,198	
Pass Through Tolls Payable	939,088	(7,336)	(158,066)	12,767	786,453	183,125	603,328
Notes and Loans - Direct Borrowings	294,304			7,642	301,946		301,946
Contracts Payable	22,658			8,397	31,055	4,000	27,055
<b>Governmental Activities - Long-Term Liabilities</b>	<b>\$ 16,805,712</b>	<b>\$ (127,192)</b>	<b>\$ (719,560)</b>	<b>\$ 153,410</b>	<b>\$ 16,112,370</b>	<b>\$ 844,143</b>	<b>\$ 15,268,227</b>
<b>Business-Type Activities</b>							
Revenue Bonds Payable	\$ 6,106,955	\$ (88,771)	\$ (20,365)	\$ 305,155	\$ 6,302,974	\$ 43,420	\$ 6,259,554
Revenue Bonds - Direct Placements		83,775			83,775		83,775
Notes and Loans Payable	1,552,491	(905,034)			647,457	10,532	636,925
Notes and Loans - Direct Borrowings		894,502		32,947	927,449		927,449
<b>Business-Type Activities - Long-Term Liabilities</b>	<b>\$ 7,659,446</b>	<b>\$ (15,528)</b>	<b>\$ (20,365)</b>	<b>\$ 338,102</b>	<b>\$ 7,961,655</b>	<b>\$ 53,952</b>	<b>\$ 7,907,703</b>

\* Includes reclassification related to implementation of GASB 88 and current year amortization of premiums and discounts.  
 \*\*Includes current year amortization of accretion.

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

**Employees' Compensable Leave**

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

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

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

**Notes and Loans Payable**

As of Aug. 31, 2019, three notes and loans agreements are outstanding. The outstanding direct loan related to governmental activities of \$301.9 million contains various provisions resulting from certain events of default with various remedies. In particular, in the case of a payment default, interest is charged on the overdue balance of the note at the default rate (an additional 2%) until the payment default is cured (overdue balance repaid). In the case of project abandonment, the default rate is charged until the note is paid in full. In the case of certain bankruptcy related event defaults, the note becomes secured by a first priority security interest in the trust estate. The outstanding direct loan related to business-type activities of \$927.4 million contains the following default provisions. Of note, in the case of (i) a payment default, interest is charged on the overdue balance of the note at the default rate (an additional 2%) until the overdue balance is repaid, (ii) a development default (which occurs upon failure of the borrower to prosecute the work related to the applicable project or to complete the applicable project in accordance with the financial plan), interest is charged at the default rate until such development default is cured, and (iii) a default due to project abandonment, the default rate is charged until the note is paid in full. Additionally, in the case of certain bankruptcy related event defaults, the note becomes secured by a first priority security interest in the trust estate. The purpose and the source for repayment of debt service for the notes and loans payable are summarized below.

**TIFIA**

The Commission entered into a secured loan agreement with the United States Department of Transportation (USDOT) through the Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA). USDOT agreed to lend the Commission up to \$285.0 million to pay a portion of the eligible project costs related to the initial phase of the IH-35E project. As of Aug. 31, 2019, the note’s debt service requirements are as follows.

<b>IH-35E TIFIA Direct Borrowing Loan</b>			
<b>Debt Service Requirements</b>			
<b>(Amounts in Thousands)</b>			
<b>Year</b>	<b>Governmental Activities</b>		<b>Total</b>
	<b>Principal</b>	<b>Interest*</b>	
2020	\$	\$	\$
2021			
2022		4,136	4,136
2023		8,341	8,341
2024		8,353	8,353
2025-2029	7,724	41,582	49,306
2030-2034	42,379	38,859	81,238
2035-2039	78,186	31,665	109,851
2040-2044	92,511	19,564	112,075
2045-2049	61,593	10,125	71,718
2050-2052	40,902	2,128	43,030
Total	\$ 323,295	\$ 164,753	\$ 488,048
Unamortized Accretion	(21,349)		(21,349)
<b>Total Requirements</b>	<b>\$ 301,946</b>	<b>\$ 164,753</b>	<b>\$ 466,699</b>

\*Fixed interest rate at 2.58 percent

The second TIFIA loan payable represents a secured loan made to the Grand Parkway Transportation Corporation by the USDOT under the TIFIA. USDOT agreed to lend GPTC up to \$840.6 million to pay a portion of the eligible project costs. As of Aug. 31, 2019, the GPTC has drawn down \$840.6 million under the secured loan agreement for the purpose of providing funds to refund the GPTC Series 2014-A bond anticipation notes and the GPTC Series 2014-C toll revenue bonds. In accordance with the TIFIA loan agreement, the payments of principal and interest can be postponed under certain circumstances and such postponed payments increase the principal amount of the loan. As of Aug. 31, 2019, the note’s debt service requirements are as follows.

<b>GPTC TIFIA Direct Borrowing Loan</b>			
<b>Debt Service Requirements</b>			
(Amounts in Thousands)			
<b>Business-Type Activities</b>			
<b>Year</b>	<b>Principal</b>	<b>Interest*</b>	<b>Total</b>
2020	\$	\$	\$
2021		34,528	34,528
2022		34,575	34,575
2023		34,575	34,575
2024		34,622	34,622
2025-2029	4,845	172,621	177,466
2030-2034	18,728	170,685	189,413
2035-2039	41,811	165,815	207,626
2040-2044	166,195	150,537	316,732
2045-2049	480,630	97,439	578,069
2050-2051	235,050	8,751	243,801
Total	\$ 947,259	\$ 904,148	\$ 1,851,407
Unamortized Accretion	(19,810)		(19,810)
Total Requirements	\$ 927,449	\$ 904,148	\$ 1,831,597

\*Fixed interest rate at 3.65 percent.

GPTC closed a \$605.3 million TIFIA loan for Grand Parkway Segments H&I on Feb. 1, 2019. The H&I TIFIA loan is anticipated to be drawn in 2022 to refund GPTC's 2018 Bond Anticipation Notes (BANs), therefore, the closing of the loan does not increase the outstanding loan amount of GPTC.

#### Bond Anticipation Notes (BANs)

The Grand Parkway Transportation Corporation issued a bond anticipation note for the purpose of providing funds to pay the costs of extending, expanding and improving the Grand Parkway System. Proceeds from the note will also be used to pay costs of issuance. As of Aug. 31, 2019, the note's debt service requirements are as follows.

<b>BANs – Debt Service Requirements</b>			
(Amounts in Thousands)			
<b>Business-Type Activities</b>			
<b>Year</b>	<b>Principal</b>	<b>Interest*</b>	<b>Total</b>
2020	\$	\$	\$ 30,267
2021		30,267	30,267
2022		30,267	30,267
2023	605,330	25,222	630,552
Total	\$ 605,330	\$ 116,023	\$ 721,353
Unamortized Premium	42,127		42,127
Total Requirements	\$ 647,457	\$ 116,023	\$ 763,480

\* Fixed interest rate at 5.00 percent.

#### Pledged Future Revenues

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

Pledged Future Revenue (Amounts in Thousands)	Governmental Activities		Business-Type Activities		
	Texas Mobility Fund	State Highway Fund	Central Texas Turnpike System	Grand Parkway Transportation Corporation	SH 249 System
	Pledged Revenue Required for Future Principal and Interest on Existing Debt	\$ 9,920,825	\$ 5,859,390	\$ 5,039,500	\$ 9,912,888
Term of Commitment Ending	10/1/2044	5/1/2052	8/15/2042	4/1/2053	8/1/2057
Percentage of Revenue Pledged	100%	100%	96.59%	91.49%	72.79%
Current Year Pledged Revenue	\$ 496,636	\$ 8,973,143 *	\$ 265,546	\$ 228,822	\$ 1,767
Current Year Principal and Interest Paid	\$ 367,695	\$ 423,655	\$ 127,416	\$ 151,792	\$ 3,358

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

### Pass-Through Tolls Payable

The balance recorded as pass-through tolls payable relates to the Commission's obligations under executed pass-through financing agreements. As of Aug. 31, 2019, there were 39 active pass-through financing agreements finalized and executed by the Commission. Under these agreements, an outside party (usually a local government) pays for all or a portion of a highway project. In return, TxDOT contractually agrees to make reimbursements after the improvement is open for traffic. Reimbursements are subject to minimum and maximum annual thresholds and are variable within those thresholds based on the volume of traffic on the project roadway. The agreements covering multiple projects generally contain a provision allowing for reimbursements to begin as each project is open for traffic.

The obligation to make future reimbursement payments is recognized as pass-through tolls payable as the underlying highway project is constructed. Accruals of payables continue until the liability amount reaches the total TxDOT reimbursement obligation specified in the agreement. If the cost of the completed underlying highway project is less than the total TxDOT reimbursement obligation, TxDOT will accrue the additional obligation amount upon that project's completion and acceptance. The estimated debt service requirements related to pass-through toll contracts executed as of Aug. 31, 2019 are as follows. The timing of actual payments may differ substantially from this estimate, but the total amount paid is linked to contractually established levels. The estimates are updated monthly to account for these variations.

Pass-Through Tolls Payable - Debt Service Requirements (Amounts in Thousands)	
Governmental Activities	
Year	Principal*
2020	\$ 183,125
2021	142,835
2022	126,694
2023	102,831
2024	79,235
2025-2029	193,392
2030-2031	9,580
Total **	\$ 837,692
Unrealized Payable	(51,239)
Total Requirements	\$ 786,453

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

**Contracts Payable**

TxDOT is party to a financial assistance arrangement with Fort Bend County related to the expansion of Farm to Market Road 1093. The terms of this agreement are such that in return for Fort Bend County funding the costs of the project up-front, TxDOT will reimburse Fort Bend County \$4 million per year for 10 years following substantial completion of Westpark Tollway Phase I and opening of the roadway to traffic. Construction on Westpark Tollway Phase I was completed in November 2017. The obligation to make future reimbursements is recognized as contracts payable. The estimated debt service requirements related to this arrangement are as follows.

<b>Contracts Payable – Debt Service Requirements</b>		
<b>(Amounts in Thousands)</b>		
<b>Governmental Activities</b>		
<b>Year</b>		<b>Principal*</b>
2020	\$	4,000
2021		4,000
2022		4,000
2023		4,000
2024		4,000
2025-2029		20,000
<b>Total *</b>	\$	<b>40,000</b>
<b>Unrealized Payable</b>		<b>(8,945)</b>
<b>Total Requirements</b>	\$	<b>31,055</b>
*There is no interest component to this contract payable.		

**Pollution Remediation Obligations**

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

<b>Pollution Remediation Obligations - Disaggregation of Total Liability</b>		
<b>As of August 31, 2019 (Amounts in Thousands)</b>		
<b>Governmental Activities</b>		
Comply with Federal and State asbestos requirements	\$	5,243
Comply with Federal and State OSHA requirements for lead based paint		1,060
Comply with Federal Safe Drinking Water Act requirements		855
Comply with state Leaking Petroleum Storage Tank (LPST) cleanup requirements		632
Comply with OSHA Health and Safety Plan (HASP) requirements		353
Comply with state cleanup requirements (non-LPST sources)		55
<b>Total</b>	\$	<b>8,198</b>

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

**Claims and Judgments**

TxDOT’s involvement in claims and judgments is discussed in detail in Note 15. Management’s opinion is that the probable outcome of claims and judgments against TxDOT will not materially affect the financial position of TxDOT; therefore, no liability amount has been accrued.

**NOTE 6 – BONDED INDEBTEDNESS**

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

As of Aug. 31, 2019, the Commission had 30 bond issues outstanding. The Texas Private Activity Bond Surface Transportation Corporation (TxPABST), a blended component unit of TxDOT, had five conduit debt bond issues outstanding as of Aug. 31, 2019. The Grand Parkway Transportation Corporation (GPTC), another blended component unit of TxDOT, had six revenue bond issuances outstanding as of Aug. 31, 2019. The debt service payments associated with debt issued by TxPABST and GPTC are not the responsibility of the state of Texas, however due to the relationship between TxDOT and these entities, their disclosures and, as appropriate, financial balances associated with the outstanding bonds are included in this report.

<b>Miscellaneous Bond Information</b> (Amounts in Thousands)						
Description of Issue	Bonds Issued to Date	Date Issued	Range of Interest Rates	Maturities		
				First Year	Last Year	First Call Date
<b>GOVERNMENTAL ACTIVITIES</b>						
<b>General Obligation Bonds</b>						
<b>Texas Mobility Fund</b>						
Series 2006-B Variable Rate Bonds	\$ 150,000	12/13/2006	variable	2036	2036	**
Series 2009-A Taxable Fixed Rate Bonds	1,208,495	08/26/2009	5.37% 5.52%	2029	2039	**
Series 2014 Fixed Rate Refunding Bonds	973,775	07/02/2014	4.00% 5.00%	2016	2034	04/01/2024
Series 2014-A Fixed Rate and Refunding Bonds	1,580,160	12/18/2014	4.00% 5.00%	2017	2044	10/01/2024
Series 2014-B SIFMA Bonds	250,000	12/18/2014	variable	2041	2041	10/01/2021
Series 2015-A Fixed Rate Refunding Bonds	911,360	09/30/2015	3.20% 5.00%	2018	2036	10/01/2025
Series 2015-B Fixed Rate Refunding Bonds	254,105	10/07/2015	5.00% 5.00%	2031	2036	10/01/2025
Series 2017-A Fixed Rate Refunding Bonds	296,020	02/01/2017	5.00% 5.00%	2030	2034	10/01/2027
Series 2017-B Fixed Rate Refunding Bonds	474,135	02/01/2017	5.00% 5.00%	2029	2036	10/01/2027
<b>Texas Highway Improvement</b>						
Series 2010-A Taxable Fixed Rate Bonds	815,420	09/29/2010	3.20% 4.68%	2019	2040	**
Series 2012-A Fixed Rate Bonds	818,635	12/18/2012	5.00% 5.00%	2019	2042	04/01/2022
Series 2012-B Taxable Fixed Rate Bonds	99,570	12/18/2012	0.30% 1.50%	2014	2019	n/a
Series 2014 Fixed Rate Bonds	1,260,000	10/15/2014	2.00% 5.00%	2015	2044	04/01/2024
Series 2016 Fixed Rate Bonds	615,000	05/04/2016	5.00% 5.00%	2017	2046	04/01/2026
Series 2016-A Fixed Rate Bonds	588,755	11/02/2016	4.00% 5.00%	2018	2046	04/01/2026
<b>Revenue Bonds</b>						
<b>State Highway Fund</b>						
Series 2008 Fixed Rate Bonds	162,995	08/19/2008	3.50% 5.25%	2010	2028	04/01/2018
Series 2010 Taxable Fixed Rate Bonds	1,500,000	08/05/2010	5.03% 5.18%	2026	2030	**
Series 2014-A Fixed Rate and Refunding Bonds	1,157,795	04/02/2014	4.75% 5.00%	2017	2034	04/01/2024
Series 2014-B1 Variable Rate Bonds	150,000	04/03/2017	variable	2032	2032	**
Series 2014-B2 LIBOR Bonds	150,000	04/03/2017	variable	2032	2032	**
Series 2015 Fixed Rate Refunding Bonds	781,080	07/22/2015	3.00% 5.00%	2017	2026	n/a
Series 2016-A Fixed Rate Bonds	601,210	10/26/2016	3.00% 5.00%	2017	2030	10/01/2026
Series 2016-B Hard Put Refunding Bonds	89,370	10/26/2016	4.00% 4.00%	2025	2026	10/01/2021
Governmental Activities Total	\$ 14,887,880					

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

<b>Miscellaneous Bond Information (Concluded)</b>							
(Amounts in Thousands)							
Description of Issue	Bonds Issued to Date	Date Issued	Range of Interest Rates		Maturities		First Call Date
					First Year	Last Year	
<b>BUSINESS-TYPE ACTIVITIES</b>							
<b>Revenue Bonds</b>							
<b>Central Texas Turnpike System</b>							
First Tier Revenue Bonds Series 2002-A							
Non-Callable Capital Appreciation Bonds***	\$ 680,837	08/29/2002	4.47%	5.75%	2012	2030	n/a
Callable Capital Appreciation Bonds*	325,494	08/29/2002	6.00%	6.10%	2025	2038	08/15/2012
First Tier Revenue Refunding Bonds, Series 2012-A	585,330	11/27/2012	4.00%	5.00%	2038	2041	08/15/2022
First Tier Revenue Refunding Put Bonds, Series 2015-A	225,000	02/04/2015	5.00%	5.00%	2041	2042	04/01/2020
First Tier Revenue Refunding Bonds, Series 2015-B	198,025	02/04/2015	5.00%	5.00%	2032	2037	08/15/2024
First Tier Revenue Refunding Bonds, Series 2015-B	112,875	02/04/2015	4.36%	4.38%	2036	2037	08/15/2024
Capital Appreciation Bonds							
Second Tier Revenue Refunding Bonds, Series 2015-C	1,157,320	02/04/2015	5.00%	5.00%	2022	2042	08/15/2024
<b>Grand Parkway Transportation Corporation</b>							
First Tier Revenue Bonds, Series 2013-A	200,000	08/01/2013	5.13%	5.50%	2031	2053	10/01/2023
Subordinate Tier Toll Revenue Bonds, Series 2013-B							
Convertible Capital Appreciation Bonds***	389,276	08/01/2013	4.95%	5.85%	2029	2048	10/01/2028
Current Interest Bonds	1,137,935	08/01/2013	5.00%	5.25%	2048	2053	10/01/2023
Subordinate Tier Toll Revenue Bonds, Series 2013-E	361,810	08/01/2013	5.18%	5.18%	2036	2042	**
Subordinate Tier Toll Revenue Bonds, Series 2016	83,775	12/07/2016	2.20%	2.20%	2023	2023	n/a
Subordinate Tier Toll Revenue Bonds, Series 2018-A	712,100	05/30/2018	5.00%	5.00%	2030	2048	04/01/2028
Subordinate Tier Toll Revenue Bonds, Series 2018-B	166,525	05/30/2018	5.00%	5.00%	2049	2052	10/01/2023
<b>SH249 System</b>							
First Tier Toll Revenue Bonds, Series 2019A							
Current Interest Bonds	144,085	02/26/2019	5.00%	5.00%	2053	2057	02/01/2029
Capital Appreciation Bonds***	94,665	02/26/2019	3.39%	5.10%	2028	2053	02/01/2029
First Tier Toll Revenue Bonds, Taxable Series 2019B	12,795	02/26/2019	4.55%	4.70%	2030	2033	02/01/2029
Business-Type Activities Total	<u>6,587,847</u>						
Total	<u>\$ 21,475,727</u>						

\*These bonds are not outstanding as of 08/31/2019.

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

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

<b>Changes in Bonds Payable</b>							
For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)							
Description	Bonds Outstanding		Bonds Issued**	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2019	Due Within One Year
	8/31/2018	Adjustments*					
<b>Governmental Activities:</b>							
General Obligation Bonds	\$ 10,971,358	\$ (363,849)	\$	\$ (211,010)	\$	\$ 10,396,499	\$ 296,982
General Obligation Bonds - Direct Placements		286,913				286,913	1,986
Revenue Bonds	4,470,180	(192,920)		(225,500)		4,051,760	275,200
Revenue Bonds - Direct Placements		150,000				150,000	
Total Governmental Activities	<u>15,441,538</u>	<u>(119,856)</u>		<u>(436,510)</u>		<u>14,885,172</u>	<u>574,168</u>
<b>Business-Type Activities:</b>							
Revenue Bonds	6,106,955	(88,771)	305,155	(20,365)		6,302,974	43,420
Revenue Bonds - Direct Placements		83,775				83,775	
Total Business-Type Activities	<u>6,106,955</u>	<u>(4,996)</u>	<u>305,155</u>	<u>(20,365)</u>		<u>6,386,749</u>	<u>43,420</u>
Total	<u>\$ 21,548,493</u>	<u>\$ (124,852)</u>	<u>\$ 305,155</u>	<u>\$ (456,875)</u>	<u>\$ 0</u>	<u>\$ 21,271,921</u>	<u>\$ 617,588</u>

\*Includes reclassification relating to implementation of GASB 88 and current year amortization of premiums and discounts.

\*\* Includes current year amortization of accretion.



## ***General Obligation Bonds – General Comments***

The Texas Constitution authorizes the Commission to issue general obligation bonds backed by the full faith and credit of the state. As of Aug. 31, 2019, two general obligation bond programs are active. All general obligation bond issuances must be approved by the Texas Bond Review Board prior to issuance. The purpose and the sources for the repayment of debt service for each program are summarized as follows.

### ***Texas Mobility Fund General Obligation Bond Program***

Texas Constitution, Article III, Section 49-k and Transportation Code, Chapter 201, Subchapter M authorize the Commission to issue general obligation bonds payable from a pledge of and lien on all or part of the money in the Mobility Fund. The Mobility Fund bonds are designed to be self-supporting, but the full faith and credit of the state is pledged in the event the revenue and money dedicated to the Mobility Fund is insufficient to pay debt service on the bonds. As of Aug. 31, 2019, major sources of pledged revenue to the Mobility Fund include driver license fees, motor vehicle inspection fees, certificate of title fees and driver record information fees.

The issuance of Mobility Fund bonds is subject to debt service coverage requirements. Prior to a Mobility Fund debt issuance, the Texas Comptroller of Public Accounts must certify that there will be sufficient future resources on deposit in the Mobility Fund to ensure 110 percent coverage of debt service requirements during the period that the debt will be outstanding. Subject to the debt service coverage requirement, the Mobility Fund constitutional provision does not limit the amount of obligations that may be issued under the program. The Mobility Fund program is currently established in the aggregate principal amount of \$7.5 billion outstanding at any one time. House Bill 122, which was enacted during the regular session of the 84<sup>th</sup> Legislature and became effective on June 10, 2015, amends the authority to provide that no additional program obligations may be issued or incurred after Jan. 1, 2015, except for obligations issued to refund outstanding obligations to provide savings or to renew or replace credit agreements relating to outstanding variable rate obligations. Additionally, HB 122 provides that money in the Mobility Fund, in excess of amounts required by the proceedings authorizing obligations and credit agreements to be retained on deposit, may not be used for toll roads.

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

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

The Series 2015-B outstanding balance of \$286.9 million is from direct placements.

### ***Texas Highway Improvement General Obligation Bond Program (Proposition 12)***

Texas Constitution, Article III, Section 49-p and Transportation Code, Section 222.004, authorizes the Commission to issue general obligation bonds of the state of Texas for the costs of highway improvement projects including construction, reconstruction, design, the acquisition of right-of-way, the costs of administering the highway improvement projects and the costs of issuing the bonds. These bonds are not self-supporting and are considered a general obligation of the state of Texas. As of Aug. 31, 2019, the Commission has issued \$5.0 billion under the Texas highway improvement general obligation bond program.

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

Debt Service Requirements – Governmental Activities							
General Obligation Bonds (Amounts in Thousands)				General Obligation Bonds Direct Placements (Amounts in Thousands)			
Year	Principal	Interest	Total	Year	Principal	Interest	Total
2020	\$ 223,915	\$ 449,374	\$ 673,289	2020	\$	\$ 12,705	\$ 12,705
2021	237,925	438,323	676,248	2021		12,705	12,705
2022	252,760	426,562	679,322	2022		12,705	12,705
2023	268,485	413,997	682,482	2023		12,705	12,705
2024	285,150	400,575	685,725	2024		12,705	12,705
2025-2029	1,710,860	1,769,529	3,480,389	2025-2029		63,526	63,526
2030-2034	2,125,035	1,305,666	3,430,701	2030-2034	63,450	58,027	121,477
2035-2039	2,723,755	778,485	3,502,240	2035-2039	190,655	18,480	209,135
2040-2044	1,359,630	213,493	1,573,123				
2045-2049	248,576	9,515	258,091				
	9,436,091	6,205,519	15,641,610		254,105	203,558	457,663
Premium	960,408		960,408	Premium	32,808		32,808
Total	\$ 10,396,499	\$ 6,205,519	\$ 16,602,018	Total	\$ 286,913	\$ 203,558	\$ 490,471

**Revenue Bonds – General Comments**

The Texas Constitution and Transportation Code authorize the Commission to issue revenue bonds backed by pledged revenue sources and restricted funds. The active revenue bond programs of TxDOT and the Grand Parkway Transportation Corporation are summarized as follows.

*State Highway Fund Revenue Bond Program (Proposition 14)*

Texas Constitution, Article III, Section 49-n and Transportation Code, Section 222.003 authorizes the Commission to issue revenue bonds to finance highway improvement projects. The bonds are payable from pledged revenues deposited to the credit of the state highway fund, including dedicated taxes, dedicated federal revenues and amounts collected or received pursuant to other state highway fund revenue laws and any interest or earning from the investment of these funds. As of Aug. 31, 2019, the Commission has issued \$6.0 billion under the state highway fund revenue bond program.

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

- (i) Direct the tender agent and the Commission, as applicable, to cause a mandatory tender of the bonds or take such other remedial action as is provided for in the Resolution;
- (ii) Exercise any and all remedies as it may have under the related documents and as otherwise available at law and equity;
- (iii) Take whatever action at law or in equity may appear necessary or desirable to collect the amounts due and payable by the Commission under the Related Documents (including all outstanding debt service on the 2014-B2 bonds) or to enforce performance or observance of any obligation, agreement or covenant of the Commission under the Related Documents.

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

The series 2014-B2 outstanding balance of \$150 million is from direct placements.

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

Debt Service Requirements – Governmental Activities							
Revenue Bonds (Amounts in Thousands)				Revenue Bonds - Direct Placements (Amounts in Thousands)			
Year	Principal	Interest	Total	Year	Principal	Interest	Total
2020	\$ 236,580	\$ 183,176	\$ 419,756	2020	\$	\$ 3,660	\$ 3,660
2021	248,615	171,155	419,770	2021		3,650	3,650
2022	260,480	159,281	419,761	2022		3,650	3,650
2023	271,155	148,609	419,764	2023		3,650	3,650
2024	283,420	135,178	418,598	2024		3,660	3,660
2025-2029	1,624,520	447,711	2,072,231	2025-2029		18,260	18,260
2030-2034	902,035	103,613	1,005,648	2030-2034	150,000	9,284	159,284
	<u>3,826,805</u>	<u>1,348,723</u>	<u>5,175,528</u>				
Premium	224,955		224,955				
Total	\$ <u>4,051,760</u>	\$ <u>1,348,723</u>	\$ <u>5,400,483</u>	Total	\$ <u>150,000</u>	\$ <u>45,814</u>	\$ <u>195,814</u>

*Central Texas Turnpike System Revenue Bond Program*

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

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

- (i) Protect and enforce its rights and the rights of the owners under the state law and the Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for mandamus or the specific performance of any covenant or agreement contained in the Indenture or in aid or execution of any power granted by the Indenture or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights.
- (ii) In the enforcement of any remedy under the Indenture the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any event of default becoming, and at any time remaining, due from the Commission.

*Grand Parkway System Toll Revenue Bond Program*

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

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

- (i) Protect its rights and the rights of the owners under Chapter 431, Transportation Code and under the Trust Agreement, the Toll Rate Agreement or certain sections of the Project Agreement by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for mandamus or the specific performance of any covenant or agreement contained in the Trust Agreement or in aid or execution of any power granted in the Trust Agreement for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, deems most effectual to protect and enforce such rights. Acceleration of principal of or interest on the obligations upon the occurrence of an event of default is not a remedy available under the Trust Agreement.

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

GPTC series 2016 bonds are direct placements. The outstanding par value is \$83.8 million.

#### *SH249 System Revenue Bond Program*

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

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

- (iii) Protect and enforce its rights and the rights of the owners under State law and under the Master Trust Agreement by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for mandamus or the specific performance of any covenant or agreement in the Master Trust Agreement or in aid or execution of any power granted in the Master Trust Agreement or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights. Acceleration of the principal of or interest on the obligations is not a remedy available under the Master Trust Agreement.
- (iv) In the enforcement of any remedy under the Master Trust Agreement the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Corporation.

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

Debt Service Requirements – Business-Type Activities (Amounts in Thousands)							
Revenue Bonds				Revenue Bonds Direct Placements			
Year	Principal	Interest	Total	Year	Principal	Interest	Total
2020	\$ 26,715	\$ 246,693	\$ 273,408	2020	\$	\$ 1,843	\$ 1,843
2021	36,480	246,693	283,173	2021		1,843	1,843
2022	45,350	246,693	292,043	2022		1,843	1,843
2023	54,315	246,583	300,898	2023		1,843	1,843
2024	63,380	260,193	323,573	2024	83,775	927	84,702
2025-2029	476,340	1,362,198	1,838,538				
2030-2034	822,610	1,297,390	2,120,000				
2035-2039	1,473,080	1,059,803	2,532,883				
2040-2044	1,318,230	700,067	2,018,297				
2045-2049	776,675	476,015	1,252,690				
2050-2054	1,488,220	207,827	1,696,047				
2055-2059	92,526	9,404	101,930				
	6,673,921	6,359,559	13,033,480				
Accretion	(686,010)		(686,010)				
Premium	331,544		331,544				
Discount	(16,481)		(16,481)				
Total	\$ 6,302,974	\$ 6,359,559	\$ 12,662,533	Total	\$ 83,775	\$ 8,299	\$ 92,074

**Build America Bonds**

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

As a result of budget sequestration, the federal government reduced subsidy payments for BABs by 6.2 percent effective Oct. 1, 2018 through Sept. 30, 2019 for BAB subsidy payments paid in federal fiscal year 2019. See the table below for details on the Commission’s Direct Payment BABs outstanding at Aug. 31, 2019.

Direct Payment Build America Bonds (Amounts in Thousands)			
	Issue Date	Par Amount	Outstanding
<b>Governmental Activities</b>			
<b>General Obligation Bonds</b>			
Texas Mobility Fund Series 2009-A	8/26/2009	\$ 1,208,495	\$ 1,208,495
Texas Highway Improvement Bonds Series 2010-A	9/29/2010	815,420	787,700
<b>Revenue Bonds</b>			
State Highway Fund Series 2010	8/05/2010	1,500,000	1,500,000
<b>Governmental Activities Total</b>		<b>\$ 3,523,915</b>	<b>\$ 3,496,195</b>

**Variable Rate Bonds**

The Commission and GPTC have four variable rate bond issues outstanding at Aug. 31, 2019. The interest rates in effect as of Aug. 31, 2019 for the Texas Mobility Fund Series 2006-B, Texas Mobility Fund Series 2014-B, State Highway Fund Series 2014-B1 and State Highway Fund Series 2014-B2 used to calculate the debt service requirements were 1.36, 1.65, 1.40, and 2.40 percent,

respectively. These rates reset every seven days, except for the State Highway Fund Series 2014-B2 bonds which resets monthly.

### ***Variable Rate Put Bonds***

The Commission has two variable rate put bond issues outstanding, the Texas Mobility Fund Series 2014-B bonds and the State Highway Fund Series 2014-B2 bonds. The Texas Mobility Fund Series 2014-B bonds bear interest at the initial index floating rate determined weekly. The State Highway Fund Series 2014-B2 bonds bear interest at the index floating rate determined monthly. Both are subject to mandatory tender for purchase on the mandatory tender date as specified in each award certificate. Neither is subject to optional tender prior to the mandatory tender date.

The Commission has not provided any credit or liquidity facility for the payment of the purchase price of the bonds payable upon the mandatory tender date for either bond issue. For the Texas Mobility Fund Series 2014- B bonds, the Commission expects to either redeem or remarket the bonds. The obligation of the Commission to purchase the Texas Mobility Fund Series 2014-B bonds on the mandatory tender date is subject to the successful remarketing of such Texas Mobility Fund Series 2014-B bonds and a failed conversion and remarketing will not constitute an event of default. The Commission has no obligation to purchase Texas Mobility Fund Series 2014- B bonds except from remarketing proceeds. If the Texas Mobility Fund Series 2014- B bonds are not remarketed or refunded on the mandatory tender date, the bonds will bear interest at the stepped coupon rate of 8.0 percent per annum from the mandatory tender date until purchased or redeemed.

For the State Highway Fund Series 2014-B2 bonds, the Commission expects to either redeem or remarket the bonds. The obligation of the Commission to purchase the State Highway Fund Series 2014-B2 bonds on the mandatory tender date is subject to the successful remarketing of such State Highway Fund Series 2014-B2 bonds and a failed conversion and remarketing will not constitute an event of default. The Commission has no obligation to purchase the State Highway Fund Series 2014-B2 bonds except from remarketing proceeds. If the State Highway Fund Series 2014-B2 bonds are not remarketed or refunded on the mandatory tender date, the bonds will bear interest at 8.0 percent per annum from the mandatory tender date until purchased or redeemed.

### ***Fixed Rate Put Bonds***

The Commission has two fixed rate put bond issues outstanding, the State Highway Fund Series 2016-B bonds and the Central Texas Turnpike System Series 2015-A bonds. Both bonds were issued in a multiannual rate mode. Both are subject to mandatory tender for purchase on the initial mandatory tender date. Neither is subject to optional tender prior to the mandatory tender date.

The Commission has not provided any credit or liquidity facility for the payment of the purchase price of the bonds payable upon the mandatory tender date for either bond. For the State Highway Fund Series 2016-B bonds, the Commission is obligated to pay the purchase price of all tendered 2016-B bonds on the mandatory tender date from the remarketing proceeds, pledged revenues, or any combination thereof. Failure to do so constitutes an event of default.

For the Central Texas Turnpike System Series 2015-A bonds, the principal portion of the purchase price is expected to be obtained from the remarketing thereof. The obligation of the Commission to purchase the 2015-A bonds on the mandatory tender date is subject to the successful remarketing of such 2015-A bonds and a failed conversion and remarketing will not constitute an event of default. The Commission has no obligation to purchase the Central Texas Turnpike System Series 2015-A bonds except from remarketing proceeds. If the Series 2015-A bonds are not remarketed or refunded on the mandatory tender date, the bonds will bear interest at the stepped coupon rate of 8.0 percent per annum from the mandatory tender date until purchased or redeemed.

Put Bonds (Amounts in Thousands)					
Description of Issue	Mandatory Tender Date	Initial Rate	Initial Period Interest	Stepped Coupon Rate	Stepped Rate Period Interest <sup>1</sup>
<b>Governmental Activities</b>					
General Obligation Bonds					
Texas Mobility Fund					
Series 2014-B	10/01/2021	SIFMA + 0.30%	Variable <sup>2</sup>	8.00% per annum	\$ 20,000
Revenue Bonds					
State Highway Fund					
Series 2014-B2	04/01/2022	LIBOR * 77% + .68%	Variable <sup>3</sup>	Base Rate + 1% per annum <sup>5</sup>	\$ 12,000
Series 2016-B	10/01/2021	4.00% per annum <sup>4</sup>	\$ 3,575	None <sup>6</sup>	n/a
<b>Business-Type Activities</b>					
Central Texas Turnpike System:					
First Tier Revenue Put Bonds					
Series 2015-A	04/01/2020	5.00% per annum <sup>4</sup>	\$ 11,250	8.00% per annum	\$ 18,000
<sup>1</sup> Assumes a full year of interest		<sup>4</sup> Multiannual Mode			
<sup>2</sup> Index Floating Rate Mode/resets weekly		<sup>5</sup> Base Rate is 7.0% at Aug. 31, 2019			
<sup>3</sup> Index Floating Rate Mode/resets monthly		<sup>6</sup> The Commission is obligated to pay the purchase price of all tendered bonds on the Mandatory Tender Date.			

#### Demand Bonds

The Texas Mobility Fund Series 2006-B and the State Highway Fund Series 2014-B1 variable rate bonds are demand bonds. A bond holder may tender any of these bonds for repurchase prior to maturity at a price equal to principal plus accrued interest. Any bonds so tendered will be purchased either by the proceeds of the remarketing of such bonds or, if not successfully remarketed, from amounts drawn under the standby bond purchase agreements. The following tables provide details for outstanding demand bonds and the related standby bond purchase agreements as of Aug. 31, 2019.

Demand Bonds – Standby Bond Purchase Agreement Provisions (Amounts in Thousands)				
Governmental Activities	Principal Balance Outstanding	Counterparties	Annual Liquidity Fee	Agreement Termination Date
General Obligation Bonds				
Texas Mobility Fund				
Series 2006-B	\$150,000	Texas Comptroller of Public Accounts	0.12%	8/31/2021
Revenue Bonds				
State Highway Fund				
Series 2014-B1	150,000	Sumitomo Mitsui Banking Corporation	0.3% - 3.0%*	4/01/2022
TOTAL	<u>\$300,000</u>			

\* Dependent on credit ratings of the bonds.

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

The agreement was made pursuant to powers granted to Comptroller under Texas Government Code Sec. 404.027. The agreement provides protection to prevent an unplanned draw on current financial resources of the Texas Mobility Fund. The agreement is subject to renewal on a biennial basis.

For fiscal 2019, the Trustee did not draw from the Comptroller related to the Series 2006-B demand bonds.

The standby bond purchase agreement for the State Highway Fund Series 2014-B1 contains takeout provisions, which provide an alternative debt instrument to replace any repurchased bonds that are not remarketed within the prescribed time constraints. Outstanding principal balances on variable rate demand bonds that have take-out provisions in place may be classified as non-current liabilities. The table shown below provides the estimated impact of such an event.

<b>Demand Bonds – Takeout Provisions</b> (Amounts in Thousands)				
<b>Governmental Activities</b>	<b>Estimated Debt</b>			<b>Replacement Debt Terms</b>
	<b>Service</b>	<b>Rate</b>	<b>Basis</b>	
Revenue Bonds				
State Highway Fund				
Series 2014-B1	\$ 174,947	9.50%	Base Rate + 2%	Semi-annual payments over three years (or sooner under certain termination events) starting on the first day of the sixth month of that period.
Total	<u>\$ 174,947</u>			

**Defeased Bonds**

The Commission defeased various bond issues by placing funds and securities in irrevocable trusts with external financial institutions to provide for all future debt service payments on the bonds through the earlier of the maturity date or the first call date. As of Aug. 31, 2019, the amounts of defeased bonds, at par, that remain outstanding are presented in the table below.

<b>Defeased Bonds Outstanding</b> (Amount in Thousands)	
<b>Description</b>	<b>Par Value</b>
Business-Type Activities	
Revenue Bonds	
Central Texas Turnpike System Capital Appreciation Bonds	\$ <u>52,062</u> *
Business-Type Activities Total	<u>52,062</u>
Total	<u>\$ 52,062</u>

\* Includes \$37,861 of accreted interest.

**Conduit Debt Private Activity Bond Program**

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

The proceeds from TxPABST bonds were loaned to LBJ Infrastructure Group LLC, NTE Mobility Partners LLC, NTE Mobility Partners Segments 3 LLC and Blueridge Transportation Group, LLC to finance costs related to the planning, development, design and construction of these transportation projects. These bonds are special limited obligations of TxPABST, payable solely from and secured by loan and interest repayments from the borrowers. The bonds do not constitute a debt or pledge of the faith and credit of TxPABST, TxDOT or the state of Texas. As of Aug. 31, 2019, TxPABST private activity revenue bonds outstanding aggregated \$2.3 billion. The debt service schedule for the outstanding TxPABST conduit debt is disclosed below.



**Conduit Debt Obligations - Miscellaneous Information (Amounts in Thousands)**

	NTE Mobility Partners LLC North Tarrant Express Managed Lanes Project Series 2009	LBJ Infrastructure Group LLC IH- 635 Managed Lanes Project Series 2010	NTE Mobility Partners Segments 3 LLC Segments 3A and 3B Facility Series 2013	Blueridge Transportation Group, LLC SH 288 Toll Lanes Project Series 2016	NTE Mobility Partners Segments 3 LLC Segments 3C Project Series 2019
<b>Bonds Issued</b>	\$ 400,000	\$ 615,000	\$ 274,030	\$ 272,635	\$ 653,865
<b>Date Issued</b>	12/17/2009	06/22/2010	09/19/2013	05/09/2016	08/08/2019
<b>Range of Interest Rates</b>	6.88% - 7.50%	7.00% - 7.50%	6.75% - 7.00%	5.00%	5.00%
<b>Maturities (First Year - Last Year)</b>	2031 - 2039	2032 - 2040	2038 - 2043	2036 - 2055	2047-2058
<b>First Call Date</b>	12/31/2019	06/30/2020	09/01/2023	12/31/2025	06/30/2029

**Conduit Debt Obligations – Debt Service (Amounts in Thousands)**

**TxPABST Bonds – Conduit Debt**

Year	Principal	Interest	Total
2020	\$	\$ 133,414	\$ 133,414
2021		136,774	136,774
2022		136,774	136,774
2023		136,774	136,774
2024		136,774	136,774
2025-2029		683,871	683,871
2030-2034	345,195	641,162	986,357
2035-2039	705,930	453,175	1,159,105
2040-2044	320,935	245,375	566,310
2045-2049	181,790	197,931	379,721
2050-2054	359,890	126,765	486,655
2055-2059	301,790	32,888	334,678
	2,215,530	3,061,677	5,277,207
Premium	122,677		122,677
Discount	(14,713)		(14,713)
<b>Total</b>	<b>\$ 2,323,494</b>	<b>\$ 3,061,677</b>	<b>\$ 5,385,171</b>

**NOTE 7–LEASES**

**Operating Leases**

To minimize long-term costs, and to ensure future availability of essential services, TxDOT, in routine transactions, enters into leases which extend beyond a single fiscal year. Rental expenditures for operating leases reported in the state highway fund was \$32.5 million in 2019.

The following table presents future minimum lease rental payments under non-cancelable operating leases having an initial term in excess of one year as of August 31, 2019.

<b>Noncancelable Operating Lease Obligations (Amounts in Thousands)</b>		
<b>Fiscal Year</b>	<b>Total Operating Leases</b>	
2020	\$	7,681
2021		5,535
2022		4,303
2023		1,943
2024		1,762
2025-2029		4,035
<b>Total</b>	<b>\$</b>	<b>25,259</b>

**NOTE 8 – RETIREMENT PLAN**

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

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

The monthly standard annuity of the employee class is determined by a statutory percentage of 2.3 percent of a member’s average monthly compensation multiplied by number of years of service credit. The average monthly compensation of the employee class may vary depending on the hire date. For members hired on or before Aug. 31, 2009, the average monthly compensation is the average of the highest 36 months of compensation. For members hired on or after Sept. 1, 2009 and before Sept. 1, 2013, the average monthly compensation is the average of the highest 48 months of compensation. For members hired on or after Sept. 1, 2013, the average monthly compensation is the average of highest 60 months of compensation.

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

The ERS plan’s membership as of the measurement date of Aug. 31, 2018 is presented in the table below:

<b>Texas Department of Transportation's Membership</b>	
Retirees and Beneficiaries Currently Receiving Benefits	14,348
Terminated Employees Entitled to Benefits But Not Yet Receiving Them	6,271
Current Employees - Vested and Non-Vested	12,409
<b>Total Members</b>	<b>33,028</b>

The contribution rates for the state and the members for the ERS plan for the measurement period of fiscal 2018 are presented as follows:

<b>Required Contribution Rates</b>							
Fiscal Year	Plan	Employer			Members		
		Employee Class	Elected Class – Legislators	Elected Class – Other	Employee Class	Elected Class – Legislators	Elected Class – Other
2014	ERS	8.00%	8.00%	8.00%	6.60%	8.00%	6.60%
2015	ERS	8.00%	8.00%	8.00%	6.90%	8.00%	6.90%
2016	ERS	10.00%	10.00%	10.00%	9.50%	9.50%	9.50%
2017	ERS	10.00%	10.00%	10.00%	9.50%	9.50%	9.50%
2018	ERS	10.00%	10.00%	10.00%	9.50%	9.50%	9.50%
2019	ERS	10.00%	10.00%	10.00%	9.50%	9.50%	9.50%

The amount of TxDOT’s contributions recognized by the ERS plan during the fiscal 2018 measurement period was \$67.1 million. TxDOT must report its 9.62 percent proportionate share of the State of Texas contributions.

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of Aug. 31, 2018. The table below presents the actuarial methods and assumptions used to measure the total pension liability as of Aug. 31, 2018 the measurement date:

<b>ERS Plan</b>	
Actuarial Valuation Date	August 31, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll, Open
<b>Actuarial Assumptions:</b>	
Discount Rate	5.69%
Investment Rate of Return	7.5%
Inflation	2.5%
Salary Increase	0% to 9.5%
Mortality	The mortality rates for active members and disability retirees are based on RP-2014 Active Member Mortality tables with generational mortality improvements projected from the year 2014, which is based on the most recent Ultimate MP scale. The mortality rates for service retirees and beneficiaries are based on the 2017 State Retirees of Texas Mortality tables with generational mortality improvements projected from the year 2017, which is based on the most recent Ultimate MP scale.
Cost-of-living Adjustments	None-Employee 2.75%-Elected

Changes in assumptions since the previous are described as follows:

- Discount Rate increased from 5.36% to 5.69%;
- Salary Increase changed from 2.5% to 9.3% in 2017 to 0% to 9.5% in 2018.

A single discount rate of 5.69 percent was applied to measure the total pension liability. The 5.69 percent discount rate incorporated a 7.5 percent long-term expected rate of return on pension plan investments and 3.69 percent 20-year municipal bond rate based on Fidelity Index's "20-Year Municipal GO AA Index". The long-term expected investment rate of return was applied to projected benefit payments through fiscal 2047 and the municipal bond rate was applied to all benefit payments thereafter.

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payroll. The projected cash flows from the employers are based on contributions for the most recent five-year period as of the measurement date, adjusted on consideration of subsequent events. The Legislature passed House Bill No. 9 in the 84<sup>th</sup> legislative session during fiscal 2015 to increase the member contribution rates for fiscal 2016 and 2017 and maintained the changes made by the 83<sup>rd</sup> legislative session in Senate Bill 1459, which established proportional decreases to the employee contribution if the state contribution was decreased. The passage of this bill is an indicator that the Legislature is committed to increase the funding levels for the pension funds. Projected employer contributions are based on fiscal year 2018 funding levels.

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

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

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Global Equity	50%	3.91%
Global Credit	11%	0.57%
Opportunistic Credit	3%	0.20%
Intermediate Treasuries	11%	0.29%
Real Estate	12%	0.90%
Infrastructure	7%	0.49%
Hedge Funds	5%	0.31%
Cash	1%	0.02%
<b>Total</b>	<b>100%</b>	

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

	1% Decrease	Current Discount Rate	1% Increase
ERS Plan Discount Rate	4.69%	5.69%	6.69%
Net Pension Liability	\$2,560,004	\$1,942,485	\$1,431,377

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

The pension plan's fiduciary net position is determined using economic resources measurement focus and the accrual basis of accounting, which is the same basis used by the Employees Retirement System. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments of the pension trust fund are reported at fair value in accordance with GASB Statement No. 31 and 67. The fair value of investments is based on published market prices and quotations from major investment brokers at available current exchange rates. However, corporate bonds in general are valued based on currently available yields of comparable securities by issuers with similar credit ratings. Employees Retirement System issues stand-alone audited Comprehensive Annual Financial Report (CAFR). More detailed information on the plan's investment valuation, investment policy, assets, and fiduciary net position may be obtained from ERS' fiscal 2018 CAFR:

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

TxDOT's total pension liability is based on an actuarial valuation performed as of Aug. 31, 2018. For fiscal 2019 reporting, the measurement date of TxDOT's net pension liability is Aug. 31, 2018. The schedule of changes in TxDOT's net pension liability for the fiscal year ending Aug. 31, 2019 is presented below:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 09/01/18	\$ 4,521,978	\$ 2,533,592	\$ 1,988,386
Changes for the year:			
Service Cost	139,071		139,071
Interest	246,260		246,260
Differences between Expected and Actual Experience	8,840		8,840
Assumption Changes	(190,768)		(190,768)
Benefit Payments and Refunds	(231,505)	(231,505)	0
Change in Proportional Percentage	115,111		115,111
Contributions-Employer		67,074	(67,074)
Contributions-Member		65,798	(65,798)
Net Investment Income		233,808	(233,808)
Administrative Expense		(2,265)	2,265
Net Changes	87,009	132,910	(45,901)
Balances at 08/31/19	\$ 4,608,987	\$ 2,666,502	\$ 1,942,485

The change of discount rate is the assumption change during the current measurement period. There have been no changes to benefit terms of the plan since the prior measurement date. TxDOT's proportion of the entire ERS plan was 9.62 percent in fiscal 2018; as compared to 9.09 percent in the prior measurement period.

For the fiscal year ending Aug. 31, 2019, TxDOT recognized pension expense of \$286.2 million. At Aug. 31, 2019, TxDOT reported deferred outflows of resources and deferred inflows of resources from the following sources:

<b>Outstanding Deferred Outflows and Deferred Inflows at August 31, 2019</b>			
(Amounts in Thousands)			
		Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$	11,436	\$
Changes in assumptions		117,640	135,632
Net Difference between Projected and Actual Investment Return			30,269
Change in proportion and contribution		41,999	
Contributions Subsequent to the Measurement Date		69,733	
Total	\$	<u>240,808</u>	\$ <u>165,901</u>

The \$69.7 million reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending Aug. 31, 2020.

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

<b>Fiscal Year Ended August 31:</b>		
(Amounts in Thousands)*		
2020	\$	85,173
2021	\$	(25,925)
2022	\$	(44,611)
2023	\$	(9,462)
2024	\$	0
Thereafter	\$	0

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

**NOTE 9 - DEFERRED COMPENSATION**

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

**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

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

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

TxDOT’s ERS membership in SRHP as of the measurement date of Aug. 31, 2018 is presented in the table below:

<b>TxDOT Retiree Health Plan Membership</b>	
Active Members*	12,696
Inactive Members Currently Receiving Benefit Payments**	12,893
Inactive Members Entitled to But Not Yet Receiving Benefit Payments	853
<b>Total Members</b>	<b>26,442</b>
* Includes 357 retirees who receive the Opt-Out credit in lieu of health benefits.	
** Includes return-to-work retirees and employees who have not yet satisfied the waiting period.	

**Contributions**

During the measurement period of 2018 for fiscal 2019 reporting, the amount of TxDOT’s contributions recognized by the OPEB plan was \$212.6 million, or 7.32 percent proportionate share of the state of Texas contributions. TxDOT does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution. The contribution requirements for the state and the members in the measurement period are presented in the table below:

<b>Employer Contribution Rates</b>			
<b>Retiree Health and Basic Life Premium</b>			
<b>For the Fiscal Year Ended August 31, 2018</b>			
		ERS SRHP	
		Employer	Plan Member
Retiree Only	\$	621.90	\$ 0
Retiree & Spouse	\$	1,334.54	\$ 356.32
Retiree & Children	\$	1,099.06	\$ 238.58
Retiree & Family	\$	1,811.70	\$ 594.90

The total OPEB liability is determined by the contribution rates and an annual actuarial valuation. The table below presents the actuarial methods and assumptions used to measure the total OPEB liability as of the Aug. 31, 2018 measurement date.

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

Valuation Date	August 31, 2018
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Pay, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	Not applicable
<b>Actuarial Assumptions:</b>	
Discount Rate	3.96%
Inflation Rate	2.50%
Projected Annual Salary Increase	2.50% to 9.50%
Annual Healthcare Trend Rate	7.30% for FY2020, 7.40% for FY2021, 7.00% for FY2022, decreasing 0.50% per year to an ultimate rate of 4.50% for FY2027 and later years
Ad hoc Postemployment Benefit Changes	None
Mortality-State Agency Members	<p><u>Service Retirees, Survivors and Other Inactive Members:</u>                  2017 State Retirees of Texas mortality table with 1 year set forward for male CPO/CO members and Ultimate MP Projection Scale projected from the year 2017</p> <p><u>Disabled Retirees:</u>                  RP-2014 Disabled Retiree Mortality with Ultimate MP Projection Scale projected from year 2014</p> <p><u>Active Members:</u>                  RP-2014 Active Member Mortality tables with Ultimate MP Projection Scale from the year 2014</p>

The many actuarial assumptions used in the valuation were primarily based on the result of actuarial experience studies performed by the ERS retirement plan actuaries for the period Sept. 1, 2011 to Aug. 31, 2016 for state agency members. The mortality rates were based on the tables identified in the table above titled *Actuarial Methods and Assumptions*.

The following assumptions and other inputs have been adopted since the prior valuation to reflect plan experience and trends as expected by ERS and the actuaries attesting to the results of the valuation:

- a. assumed expenses, assumed Per Capita Health Benefit Costs and assumed Health Benefit Cost, Retiree Contribution and expense trends have been updated to reflect recent experience and its effects on our short-term expectations;
- b. percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence;
- c. percentage of future retirees assumed to be married and electing coverage for their spouse have been updated to reflect recent plan experience and expected trends; and
- d. discount rate assumption was increased from 3.51 percent to 3.96 percent, which was based upon the Bond Buyer Index of general obligation bonds with 20 years to maturity with an average credit quality that is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA rating.

The discount rate used to measure the total OPEB liability was the municipal bond rate of 3.96 percent as of the end of the measurement year and 3.51 percent as of the beginning of the measurement year. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Since the plan operates on a pay-as-you-go basis and is not intended to accumulate assets, there is no long-term expected rate of return. The investment rate of return used to calculate the projected earnings on OPEB investments was 3.51 percent.

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

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

(Amount in Thousands)

	1% Decrease	Current Discount Rate	1% Increase
ERS Plan Discount Rate	2.96%	3.96%	4.96%
Net OPEB Liability	\$ 2,575,483	\$ 2,169,316	\$ 1,861,894

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

**Sensitivity of TxDOT's Proportionate Share of Net OPEB Liability to Changes in Healthcare Cost Trend Rates**

(Amount in Thousands)

	1% Decrease (6.30% decreasing to 3.50%)	Current Healthcare Cost Trend Rates (7.30% decreasing to 4.50%)	1% Increase (8.30% decreasing to 5.50%)
Net OPEB Liability	\$ 1,837,131	\$ 2,169,316	\$ 2,597,837

The OPEB plan's fiduciary net position is determined using the economic resources measurement focus and the accrual basis of accounting, which is the same basis used by ERS. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments of the Other Employee Benefit Trust Fund are reported at fair value in accordance with GASB Statement No. 72. The fair value of investments is based on published market prices and quotations from major investment brokers at available current exchange rates. However, corporate bonds in general are valued based on currently available yields of comparable securities by issuers with similar credit ratings. More detailed information of the plan's investment valuation, investment policy, assets, and fiduciary net position may be obtained from ERS's fiscal 2018 CAFR:

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

At Aug. 31, 2019, TxDOT reported a liability of \$2.2 billion for its proportionate share of the collective net OPEB liability. The collective OPEB liability was measured as of Aug. 31, 2018, and the total OPEB liability used to calculate the net liability was determined by an actuarial valuation as of that date. TxDOT's proportional percentage at Aug. 31, 2018 was 7.32 percent. TxDOT's proportion of the collective net OPEB liability was based on its contributions to the OPEB plan relative to the contributions of all the employers and non-employer contributing entities to the plan for the period Sept. 1, 2017 through Aug. 31, 2018.

The schedule of changes in TxDOT's net OPEB liability for the fiscal year ending Aug. 31, 2019, is presented as follows:

<b>Schedule of Changes in Net OPEB Liability</b>			
(Amounts in Thousands)			
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 09/01/18	\$ 3,878,705	\$ 79,151	\$ 3,799,554
Changes for the year:			
Service Cost	109,497		109,497
Interest	92,361		92,361
Differences between Expected and Actual Experience	(68,487)		(68,487)
Contributions-Employer		22,473	(22,473)
Contributions-Non-employer Contributing Entities		1,214	(1,214)
Contributions-Employee		14,868	(14,868)
Contributions-Federal Revenues for Medicare Part D RDS		104	(104)
Other (Federal Revenues and Other Additions)		5,587	(5,587)
Net Investment Income		798	(798)
Benefit Payments, including Refunds of Employee-Contributions	(48,508)	(48,508)	0
Benefit Payments financed by Employee- Contributions and Federal Revenues		(20,216)	20,216
Administrative Expense		(426)	426
Assumption Changes	(433,607)		(433,607)
Net Effect of the Change in TxDOT's Proportional Percentage	(1,305,600)		(1,305,600)
Net Changes	(1,654,344)	(24,106)	(1,630,238)
Balances at 08/31/19	<u>\$2,224,361</u>	<u>\$ 55,045</u>	<u>\$2,169,316</u>



For the year ending Aug. 31, 2019, TxDOT recognized a negative OPEB expense of \$293.9 million. The negative expense was due to a change in accounting policy for the measurement year ending Aug. 31, 2018 that resulted in TxDOT's proportional share of OPEB liability being reduced to from 11.15 percent to 7.32 percent from the measurement year ending Aug. 31, 2017 to Aug. 31, 2018. All contributions by employers and the State of Texas Non Employer Contributing Entity (NECE) to the Group Employees Life, Accident and Health Insurance and Benefits Fund Program (GBP) are available to pay claims of active and retired members. Employer and NECE contributions are based on a blended rate. Allocation of the OPEB liability and related accounts should be based on the total contributions that are available to pay current and future claims of the OPEB plan, as this best reflects the relationship between the contributions and the collective net OPEB liability. The employer's proportional share of OPEB contributions for the measurement year ending Aug. 31, 2018 includes both active and retiree contributions.

As of Aug. 31, 2019, TxDOT reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<b>Outstanding Deferred Outflows and Deferred Inflows Related to OPEB at August 31, 2019</b>		
<b>(Amounts in Thousands)</b>		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$	\$ 79,477
Changes of assumptions		760,188
Net Difference between Projected and Actual Investment Return	1,027	
Change in Proportion & Contribution Difference		1,124,041
Contributions Subsequent to the Measurement Date	216,838	
<b>Total</b>	<b>\$ 217,865</b>	<b>\$ 1,963,706</b>

The \$216.8 million reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability for the year ending Aug. 31, 2020.

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

<b>Fiscal Year Ended August 31:</b>	
<b>(Amounts in Thousands)</b>	
2020	\$ (494,562)
2021	\$ (494,562)
2022	\$ (494,562)
2023	\$ (425,197)
2024	\$ (53,796)
Thereafter	\$ 0

**NOTE 11 – INTERFUND ACTIVITY AND TRANSACTIONS**

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

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

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

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

**Interfund Activity**

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

<b>Interfund Transfers In/Out by Purpose</b>			
August 31, 2019 (Amounts in Thousands)			
<b>Purpose</b>	<b>Interfund Transfer In (Fund)</b>	<b>Interfund Transfer Out (Fund)</b>	<b>Amount</b>
Reimburse the state highway fund for costs incurred on projects funded by local government contributions.	State Highway Fund	County/Political Subdivision/ Local Government Road/Airport Trust Account	\$ 226,617
Provide funds to pay debt service principal and interest payments on outstanding Proposition 12/Highway Improvement General Obligation Bonds.	Proposition 12 Debt Service Fund	State Highway Fund	\$ 434,583
Provide funds to pay debt service principal and interest payments on outstanding Proposition 14/State Highway Fund Revenue Bonds.	Proposition 14 Debt Service Fund	State Highway Fund	\$ 399,095

<b>Interfund Transfers In/Out</b>		
August 31, 2019 (Amounts in Thousands)		
	<u>Transfers In Other Funds</u>	<u>Transfers Out Other Funds</u>
<b>Governmental Funds</b>		
Major Funds:		
State Highway Fund	\$ 226,617	\$ 836,292
Local Government Political Sub Account		226,617
Nonmajor Funds	<u>833,678</u>	<u>                    </u>
	<u>1,060,295</u>	<u>1,062,909</u>
<b>Proprietary Funds</b>		
Major Funds:		
Central Texas Turnpike System*	<u>2,614</u>	<u>                    </u>
	<u>2,614</u>	<u>0</u>
<b>Total</b>	<b>\$ <u>1,062,909</u></b>	<b>\$ <u>1,062,909</u></b>

\*Capital asset transfers of \$1.5 million from Governmental Activities are reported in "Transfers - Internal Activities" table.

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

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

<b>Due From/To</b>		
August 31, 2019 (Amounts in Thousands)		
	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
<b>Governmental Funds</b>		
Major Funds:		
State Highway Fund	\$ 9,423	\$ 212
Local Government Political Sub Account	831	
Nonmajor Funds	<u>                    </u>	<u>6,078</u>
	<u>10,254</u>	<u>6,290</u>
<b>Proprietary Funds</b>		
Major Funds:		
Central Texas Turnpike System	212	1,984
Grand Parkway Transportation Corp.		2,184
Nonmajor Funds - SH 249 System	<u>                    </u>	<u>9</u>
	<u>212</u>	<u>4,177</u>
<b>Total</b>	<b>\$ <u>10,466</u></b>	<b>\$ <u>10,467</u></b>

Activity occurring within the same fund is eliminated. Certain reclassifications and eliminations are made between the fund financial statements and the government-wide financial statements. Transfers between the governmental or business-type activities and the fiduciary funds are reported as transfers on the fund financial statements and are reclassified to revenues and expenses, as if they were

external transactions on the government-wide financial statements. Additional eliminations are made and transfers in and out are netted and presented in the government-wide statement of activities as “transfers-internal activities”.

<b>Transfers-Internal Activities per the Government-Wide Financial Statements</b>	
August 31, 2019 (Amounts in Thousands)	
<b>Fund Category</b>	<b>Other Funds*</b>
Governmental Activities	\$ (195,176)
Business-Type Activities	\$ 195,176
*Amounts include capital asset transfers of \$192.6 million from Governmental Activities to Business-Type Activities.	

<b>Internal Balances per the Government-Wide Financial Statements</b>			
August 31, 2019 (Amounts in Thousands)			
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Current Liabilities:			
Internal Balances - Payables	\$ 3,965	\$ (3,965)	\$ 0

**Interfund Transactions**

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

The following tables detail the balances of transfers to/from and due to/from other state agencies and TxDOT. Approximately \$1.7 billion of the interagency transfers-in balance for the state highway fund is related to the net amount of cash collected by Texas Department of Motor Vehicles for certificate of title fees and motor vehicle registration fees. The transfer-in, received in fiscal 2019, resulted in an increase to the TxDOT highway fund cash in state treasury balance.

On Nov. 4, 2014, Texas voters approved the ballot measure that authorized a constitutional amendment for transportation funding. Under the amendment, half of the funds that would have previously gone into the Economic Stabilization Fund (ESF), are now deposited to the state highway fund. TxDOT recorded a due from in the state highway fund related to Proposition 1 ballot measure in the amount of \$1.7 billion in fiscal 2019. The Comptroller of Public Accounts transferred this amount to TxDOT in November 2019.

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

<b>Transfers In/Out to Other State Agencies</b>		
August 31, 2019 (Amounts in Thousands)		
	<u>Transfers In</u> <u>Other Agencies</u>	<u>Transfers Out</u> <u>Other Agencies</u>
Governmental Funds		
Major Funds:		
State Highway Fund	\$ 1,688,611	\$ 145,660
Nonmajor Funds	<u>1,522</u>	
Total	<u>\$ 1,690,133</u>	<u>\$ 145,660</u>

<b>Due From/To Other State Agencies</b>		
August 31, 2019 (Amounts in Thousands)		
	<u>Due From</u> <u>Other Agencies</u>	<u>Due To</u> <u>Other Agencies</u>
Governmental Funds		
Major Funds:		
State Highway Fund	\$ 1,905,336	\$ 2,407
Nonmajor Funds	<u>116</u>	
Total	<u>\$ 1,905,452</u>	<u>\$ 2,407</u>

<b>Pass-Throughs To/From Other State Agencies</b>	
August 31, 2019 (Amounts in Thousands)	
	<u>State Highway Fund</u>
Federal Pass-throughs:	
Expenditures	\$ (12,185)
Revenue	<u>3,520</u>
Total	<u>(8,665)</u>
State Pass-throughs:	
Expenditures	\$ (96)
Total	<u>(96)</u>

**NOTE 12 – CONTINUANCE SUBJECT TO REVIEW**

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

**NOTE 13 - CLASSIFICATION OF FUND BALANCE AND NET POSITION**

The table below presents a summary of the Aug. 31, 2019 governmental fund balances by major and nonmajor governmental funds. With the exception of nonspendable fund balances, fund balance is presented based on specific purpose for which the funds are restricted, committed, assigned or unassigned.

<b>Governmental Fund Balances –</b>				
<b>Disaggregation of Nonspendable, Restricted, Committed, Assigned and Unassigned Fund Balances</b>				
August 31, 2019 (Amounts in Thousands)				
<b>MAJOR FUNDS</b>	<b>State Highway Fund</b>	<b>Texas Mobility Fund</b>	<b>Prop.12 Highway Improv. Project</b>	<b>Total Major Funds</b>
Nonspendable:				
Inventory	\$ 138,937	\$	\$	\$ 138,937
Restricted For:				
Capital Projects	5,485,004		15,492	5,500,496
Debt Service		218,588		218,588
Committed To:				
Transportation Infrastructure	720,346	192,056		912,402
Assigned To:				
Transportation	1,119,247			1,119,247
<b>Total</b>	<b>\$ 7,463,534</b>	<b>\$ 410,644</b>	<b>\$ 15,492</b>	<b>\$ 7,889,670</b>
<b>NONMAJOR FUNDS</b>	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Total Nonmajor Funds</b>
Restricted For:				
Debt Service	\$	\$	\$ 335,307	\$ 335,307
Committed To:				
Transportation Infrastructure		10,940		10,940
Assigned To:				
Transportation	109			109
Unassigned	1,844			1,844
<b>Total</b>	<b>\$ 1,953</b>	<b>\$ 10,940</b>	<b>\$ 335,307</b>	<b>\$ 348,200</b>

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

**NOTE 14 - ADJUSTMENTS TO FUND BALANCES AND NET POSITION**

<b>Restatements to Fund Balances/ Net Position</b>			
(Amounts in Thousands)			
	<b>September 1, 2018, As Previously Reported</b>	<b>Restatements</b>	<b>September 1, 2018 As Restated</b>
<b>GOVERNMENTAL ACTIVITIES</b>			
Major Funds:			
State Highway Fund	\$ 5,963,495	\$	\$ 5,963,495
Texas Mobility Fund	545,706		545,706
Proposition 12 Project Fund	398,406		398,406
Total Major Funds	<u>6,907,607</u>	<u>0</u>	<u>6,907,607</u>
Nonmajor Funds:			
General Fund Accounts	5,243		5,243
Special Revenue Funds	10,155		10,155
Debt Service Funds	206,939		206,939
Total Nonmajor Funds	<u>222,337</u>	<u>0</u>	<u>222,337</u>
Governmental Activities Adjustments			
Capital Assets	107,193,999		107,193,999
Long-Term Liabilities	(34,673,264)		(34,673,264)
Other Adjustments	1,605,919		1,605,919
Total Governmental Activities Adjustments	<u>74,126,654</u>	<u>0</u>	<u>74,126,654</u>
Total Governmental Activities	<u>81,256,598</u>	<u>0</u>	<u>81,256,598</u>
<b>BUSINESS-TYPE ACTIVITIES</b>			
Central Texas Turnpike System	353,238		353,238
Grand Parkway Transportation Corp.	(143,502)		(143,502)
Nonmajor Fund SH 249			
Total Business-Type Activities	<u>209,736</u>	<u>0</u>	<u>209,736</u>
Total Primary Government	<u>\$ 81,466,334</u>	<u>\$ 0</u>	<u>\$ 81,466,334</u>

**NOTE 15 – COMMITMENTS AND CONTINGENCIES**

**Contingencies**

*Unpaid Claims and Lawsuits*

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

TxDOT is exposed to claims by contractors. TxDOT will most likely settle these claims at substantially less than the amount originally sought. However, if a settlement between TxDOT’s claims committee and the contractor cannot be reached, these claims will result in future litigation. As of Aug. 31, 2019, outstanding contractor claims pending at the TxDOT claims committee totaled \$77.9 million.

Settlements are paid by the Texas Comptroller of Public Accounts from the claims and refunds appropriation. The Attorney General’s office indicates that the lawsuits listed below were pending as of Aug. 31, 2019. TxDOT management’s opinion is that the probable outcome of these cases will not materially affect the financial position of TxDOT.

Type of Suit	Amounts in Controversy
Eminent Domain	Total claims with amounts indicated range from \$1 to \$8.5 million with a total of \$505.2 million.
Contract	Amounts claimed range from \$3 thousand to \$420 thousand. Total claims of amounts indicated is \$2.0 million.
Inverse Condemnation	Monetary amounts have not been specified in any of these cases.
Declaratory Judgment	Monetary amounts have not been specified in eighteen of the nineteen cases. Up to \$10.0 million has been claimed on a singular case.
Employment Law and Related Lawsuits	Monetary amounts have not been specified in any of these cases. Liability against TxDOT is limited to \$600 thousand; however, there is no limit on attorney fees and front pay.
Tort Claims	Statutory limits of liability on these cases are \$250 thousand per person or \$500 thousand per accident.

**Arbitrage**

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



**Federal Reimbursements and Grants**

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

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

**Significant Commitments**

*Construction Related Contracts*

As of Aug. 31, 2019, TxDOT had outstanding contractual commitments related to the award of construction contracts, terms of outstanding design-build contracts and terms requiring contribution of public funds to provide for a portion of construction costs related to service concession arrangements (SCAs). Of the amounts committed under these contracts, TxDOT expects to receive future reimbursements from the Federal Highway Administration (FHWA). In addition, the Grand Parkway Transportation Corporation (GPTC), our blended component unit, has outstanding construction commitments. Disclosure of these construction related commitments and potential FHWA reimbursement is displayed below.

<b>Construction Related Contract Commitments</b>		
August 31, 2019 (Amounts in Thousands)		
	<b>Total Remaining Commitment</b>	<b>FHWA Reimbursements</b>
Construction Contracts	\$ 12,691,280	\$ 7,802,494
Design-Build Projects	1,504,071	1,090,217
SCA Projects	1,883,032	1,449,356
GPTC Project	683,542	
<b>Totals</b>	<b>\$ 16,761,925</b>	<b>\$ 10,342,067</b>

*Pass-Through Toll Agreements*

Transportation Code, Section 222.104 authorizes TxDOT to enter into an agreement with a public or private entity that provides for the payment of pass-through tolls to the public or private entity as reimbursement for the design, development, financing, construction, maintenance, or operation of a toll or non-toll facility on the state highway system by the public or private entity. As of Aug. 31, 2019, there were 31 outstanding pass-through financing agreements.

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

The maximum total remaining repayment commitments for pass-through toll projects executed as of Aug. 31, 2019 was approximately \$837.7 million. Approximately \$915.3 million was repaid as of Aug. 31, 2019 since the inception of the pass-through toll agreements. The actual repayment obligation for each agreement is not determinable until total construction costs are known.

*Toll Equity Grants and Loan Agreements*

Transportation Code, Section 222.103 authorizes TxDOT to participate, by spending money from any available source, in the cost of acquisition, construction, maintenance or operation of a toll facility of a public or private entity. The Commission adopted administrative rules (toll equity rules) to prescribe conditions for the Commission’s financing of such toll facilities. Under these guidelines the Commission has committed funds in the form of toll equity grants and toll equity loans. As of Aug. 31, 2019, the Commission has outstanding toll equity grant commitments and toll equity loan commitments totaling \$173.4 million and \$9.4 billion, respectively. Payments of these amounts are made subject to executed financial assistance agreements between TxDOT and the applicable public or private entity.

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

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

**NOTE 16 – SUBSEQUENT EVENTS**

The following debt has been issued since Aug. 31, 2019.

Description	Series	Actual Par Amount (Amount in Millions)	Actual Date of Issuance	Purpose
Texas Highway Improvement General Obligation Refunding Bonds	2019	\$ 789.6	12/11/2019	To refund outstanding bonds issued to finance highway improvement projects.
Texas Private Activity Bond Surface Transportation Corporation Senior Lien Revenue Refunding Bonds	2019A; 2019B	\$ 1,202.9	12/17/2019	To refund outstanding conduit debt issued to finance the North Tarrant Express Managed Lanes Project.

**NOTE 17 – RISK MANAGEMENT**

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

**Property and Liability**

TxDOT administers a self-insured workers compensation program. Due to the nature of worker compensation claims, amounts are not reasonably estimable. Claims are paid as they become due. The activity related to claims and judgements for the year is recorded in the below table.

<b>Claims and Judgments</b>				
August 31, 2019 (Amounts in Thousands)				
	Beginning Balance	Increases	Decreases	Ending Balance
2019	\$ 0	3,142	(3,142)	\$ 0
2018	\$ 0	20,276	(20,276)	\$ 0

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

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

**Health, Life and Dental**

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

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

**Commitments**

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

## **NOTE 18 - FINANCIAL REPORTING ENTITY**

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

### ***Blended Component Units***

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

As of Aug. 31, 2019, two transportation corporations are authorized by the Commission. In both instances TxDOT contains the voting majority, is able to impose its will upon the transportation corporations, and the services of both transportation corporations benefit TxDOT. Furthermore, the two transportation corporations are classified as blended component units.

The Texas Private Activity Bond Surface Transportation Corporation (TxPABST) acts on behalf of TxDOT in the promotion and development of transportation facilities, by issuing private activity bonds for projects developed under comprehensive development agreements (CDAs) entered into by TxDOT. Bonds issued by TxPABST are not legal obligations of the state of Texas and are payable solely from payments received or on behalf of a CDA developer. See Note 6 for additional details about the TxPABST private activity bond issuances as of Aug. 31, 2019. TxPABST does not publish financial statements. Further information can be obtained by writing:

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

The Grand Parkway Transportation Corporation (GPTC) acts on behalf of TxDOT in the promotion and development of the Grand Parkway Project, by issuing bonds and entering into comprehensive development agreements with developers for the design and construction of several segments of the Grand Parkway project. Bonds issued by GPTC are not legal obligations of the state of Texas and are payable solely from revenues and other funds of the Grand Parkway System, which is comprised of Segments D in Harris County, E, F-1, F-2, G, H, I-1, and I-2. See Note 6 for additional details about the GPTC bond issuances as of Aug. 31, 2019. GPTC has a fiscal year end of Aug. 31, 2019, consistent with TxDOT. The financial activity of GPTC is reported as a Proprietary fund within the accompanying financial statements of TxDOT. Further information can be obtained by writing:

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

## **NOTE 19 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### ***Changes in Accounting Principles***

The implementation of GASB statements is addressed in Note 1.

### ***Deficit Net Position***

Grand Parkway Transportation Corporation (GPTC) at the end of fiscal 2019 had a \$202.0 million deficit balance of net position. The total expense exceeded the total revenue by \$58.5 million. The large expense in 2019 included \$64.1 million of amortization and \$218.1 million of interest.

### ***Changes in Fund Type***

The Texas Mobility Fund General Account was reclassified from a debt service fund to a capital projects fund during fiscal 2019. The beginning balance of the General Account is presented in the Texas Mobility Fund capital projects fund.

**NOTE 20 – SERVICE CONCESSION ARRANGEMENTS**

As of Aug. 31, 2019, TxDOT has entered into ten agreements that are classified as service concession arrangements (SCA) under the definition established by the Governmental Accounting Standards Board. An SCA is an arrangement between TxDOT and an operator in which all of the following criteria are met:

- a. TxDOT conveys to the operator the right and related obligation to provide public services through the use and operation of an infrastructure asset in exchange for significant consideration, such as up-front payments, a new infrastructure asset, or improvements to an existing infrastructure asset.
- b. The operator collects and is compensated by fees from third parties. In all of the active TxDOT SCAs these fees are in the form of tolls.
- c. TxDOT determines or has the ability to modify or approve what services the operator is required to provide, to whom the operator is required to provide the services and the rates that can be charged for the services.
- d. TxDOT is entitled to significant residual interest in the service utility of the infrastructure asset at the end of the arrangement.

SCA projects were entered to:

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

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

<b>Service Concession Arrangements</b>				
As of August 31, 2019				
<b>Arrangement Name</b>	<b>Construction Status</b>	<b>Term of Concession</b>	<b>Concession Begin</b>	<b>Concession End</b>
IH 10 "Katy Managed Lanes"	Complete	46 years	2010	2055 *
SH 130 Segments 5 and 6	Complete	50 years	2012	2062
SH 121 Concession	Complete	50 years	2009	2059
North Tarrant Exp Seg 1 and 2-West	Complete	52 years	2009	2061
North Tarrant Exp Seg 3A and 3B	Complete	52 years	2009	2061
LBJ/IH-635 Managed Lanes	Complete	52 years	2009	2061
Grand Parkway Seg D, E, F1, F2, G	Complete	40 years	2013	2053 *
Grand Parkway Seg H - I	Under Construction	36 years	2018	2053 *
SH 288	Under Construction	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.

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

**Service Concession Arrangements - Amounts Recognized in Financial Statements – Governmental Activities**

August 31, 2019 (Amounts in Thousands)

Arrangement Name	Cash in State Treasury*	Capital Assets	Deferred Inflows of Resources**
IH 10 "Katy Managed Lanes"	\$	\$ 250,000	\$ 195,653
SH 130 Segments 5 and 6	26,786	1,442,386	1,315,945
SH 121 Concession	340,068	1,336,606	3,023,818
North Tarrant Exp Seg 1 and 2-West		2,397,407	1,535,199
North Tarrant Exp Seg 3A and 3B		1,723,983	1,161,159
LBJ/IH-635 Managed Lanes		2,677,107	1,893,801
Grand Parkway Seg D, E, F1, F2, G		2,463,378	2,181,668
SH 288	10,738	54,909	25,479
North Tarrant Exp Seg 3C		5,350	
<b>Total</b>	<b>\$ 377,592</b>	<b>\$ 12,351,126</b>	<b>\$ 11,332,722</b>

\* The balance of cash in state treasury is the amount of unspent up-front concession payments.

\*\* The deferred inflows of resources balance that relates to up-front payments received is recorded in governmental fund financials as other financing sources in the year received.

In some cases, TxDOT is obligated to make contributions of public funds to the SCA project during the construction period for portions of the project's design, construction or right-of-way costs. Outlays of TxDOT funds related to SCA projects are recorded as additions to construction in progress as they are incurred. In addition, TxDOT has committed funds in the form of a toll equity loan to the Grand Parkway Transportation Corporation (GPTC). Refer to Note 15 for further detail on TxDOT commitments related to SCAs.

GPTC has recognized an intangible asset in the amount of \$2.6 billion for its costs of design, construction and right-of-way acquisition through Aug. 31, 2019. This amount is reported in the business-type activities.

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

As of Aug. 31, 2019, TxDOT reported deferred outflows of resources and deferred inflows of resources in the Statement of Net Position as presented in the table below.

<b>Deferred Outflows and Deferred Inflows of Resources</b>		
<b>Statement of Net Position</b>		
As of August 31, 2019 (Amounts in Thousands)		
<b>Description</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b>Governmental Activities</b>		
Loss on Bond Refunding	\$ 147,099	\$
Gain on Bond Refunding		3,160
Pensions (Note 8)	240,808	165,901
Service Concession Arrangements (Note 20)		11,332,722
Other Postemployment Benefits (Note 10)	217,865	1,963,706
Total Governmental Activities	605,772	13,465,489
<b>Business-Type Activities</b>		
Loss on Bond Refunding	26,264	
Total Business-Type Activities	26,264	0
Total	\$ 632,036	\$ 13,465,489

Deferred outflows of resources in the amounts of \$147.1 million in governmental activities and \$26.3 million in business-type activities relate to losses on bond refunding transactions. The deferred inflow of \$3.2 million reported in governmental activities relates to a gain on a bond refunding transaction. These deferred outflows and inflows are amortized on a straight-line basis over the remaining life of the old debt, or the life of the new debt, whichever is shorter.

Deferred inflows of resources of \$11.3 billion reported in governmental activities relate to ten different service concession arrangements, to which TxDOT was a party, as of Aug. 31, 2019. The amount recorded in the financial statements represents the balance of unamortized upfront payments and capital improvements TxDOT received under the agreements.

TxDOT reported \$240.8 million in deferred outflows of resources and \$165.9 million in deferred inflows of resources in governmental activities for pension-related adjustments. The reported deferred outflows of resources include TxDOT's share of pension contributions made subsequent to the measurement date and the unamortized balance of changes in assumptions used to calculate net pension liability. The reported deferred inflows of resources are comprised of the unamortized balance of other changes in the components of net pension liability.

Deferred outflows of resources of \$217.9 million and deferred inflows of resources of \$2.0 billion reported in governmental activities relate to other postemployment benefits. The reported deferred outflows of resources include TxDOT's share of OPEB contributions made subsequent to the measurement date and the unamortized balance of the net difference between projected and actual return on plan investments used to calculate net OPEB liability. The reported deferred inflows of resources are comprised of the unamortized balances of differences between expected and actual experience on earnings on OPEB plan investments and changes in assumptions used to calculate net OPEB liability.

Deferred inflows of \$2.1 billion were reported on the governmental funds balance sheet as presented in the table as follows. These deferred inflows relate to unavailable revenues that were earned as of Aug. 31, 2019, but not available within 60 days of year end.

<b>Deferred Inflows of Resources</b>	
<b>Balance Sheet-Governmental Funds</b>	
As of August 31, 2019 (Amounts in Thousands)	
<b>Description</b>	<b>Deferred Inflows of Resources</b>
<b>State Highway Fund</b>	
Oil and Natural Gas Production Tax	\$ 1,665,321
Local Revenue	75,604
Federal Revenue	314,333
Motor Fuel Tax	2,899
<b>Total State Highway Fund</b>	<b>2,058,157</b>
<b>Nonmajor Funds</b>	
Federal Revenue	4,880
<b>Total Nonmajor Fund</b>	<b>4,880</b>
<b>Total</b>	<b>2,063,037</b>



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Section Two (continued)

**Required Supplementary Information**

**Other Than MD&A**

(Unaudited)

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Texas Department of Transportation  
 Budgetary Comparison Schedule - State Highway Fund  
 For the Fiscal Year Ended August 31, 2019 (Amount in Thousands)

	<u>Budgetary Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Final to Actual Variance</u>
<b>REVENUES</b>				
Taxes	\$ 8,231,026	\$ 8,043,650	\$ 6,956,202	\$ (1,087,448)
Federal	5,127,564	5,323,135	3,975,806	(1,347,329)
Licenses, Fees and Permits	123,674	123,834	98,011	(25,823)
Interest and Investment Income	85,196	82,489	142,805	60,316
Land Income			29,567	29,567
Settlement of Claims			41,902	41,902
Sales of Goods and Services	45,347	46,000	61,608	15,608
Other	125,032	214,265	4,990	(209,275)
Total revenues	<u>13,737,839</u>	<u>13,833,373</u>	<u>11,310,891</u>	<u>(2,522,482)</u>
<b>EXPENDITURES</b>				
Transportation:	12,784,664	13,652,295	10,065,829	3,586,466
Total Expenditures	<u>12,784,664</u>	<u>13,652,295</u>	<u>10,065,829</u>	<u>3,586,466</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>953,175</u>	<u>181,078</u>	<u>1,245,062</u>	<u>1,063,984</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In			1,915,228	1,915,228
Transfers Out			(981,952)	(981,952)
Sale of Capital Assets			10,121	10,121
Upfront Payment - Serv. Conc. Agmt.			510	510
Available Beginning Balances	3,653,798	3,653,798	3,653,798	
Total Other Financing Sources (Uses)	<u>3,653,798</u>	<u>3,653,798</u>	<u>4,597,705</u>	<u>943,907</u>
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 4,606,973</u>	<u>\$ 3,834,876</u>	<u>\$ 5,842,767</u>	<u>\$ 2,007,891</u>

## NOTES TO THE BUDGETARY COMPARISON SCHEDULE

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

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

### *Basis of Accounting Differences*

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

### *Perspective Differences*

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

<b>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</b>	
August 31, 2019 (Amounts in Thousands)	
	<b>State Highway Fund</b>
<b>Excess of Revenues and Other Financing Sources Over</b>	
Expenditures and Other Financing Uses-	
Actual Budgetary Basis	\$ 5,842,767
<b>Basis of Accounting Differences:</b>	
Receivables and Deferred Inflows	(8,297)
Payables	(521,615)
<b>Perspective Differences:</b>	
Beginning Cash Balances Reported as Other Financing Sources	(3,653,798)
Other Revenues Not Budgeted	
Other Expenditures Not Budgeted	(159,018)
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses - GAAP Basis</b>	
	<b>\$ 1,500,039</b>

## *Basis of Budgeting*

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

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

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

### *Legal Level of Budgetary Control*

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

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

The level of legal control is documented in the *Appropriation Summary Report*, which is available by request from the Comptroller's office. This separate document includes budget and actual data by appropriation line item for each state agency. State agencies cannot exceed approved appropriations. In certain emergency situations, the Governor may authorize additional appropriations from deficiency and emergency appropriation reserves.

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

## Schedules of Changes in Net Pension Liability and Related Ratios

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

<b>Schedule of Changes in Net Pension Liability</b> (Amounts in Thousands)					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>					
Service Cost	\$ 139,071	\$ 132,525	\$ 108,528	\$ 118,614	\$ 109,957
Interest	246,260	228,274	238,733	228,696	224,284
Benefit Changes				(8,462)	
Differences between Expected and Actual Experience	8,840	10,516	12,639	(27,433)	(24,411)
Assumption Changes	(190,768)	201,859	501,760	(330,365)	115,710
Benefit Payments and Refunds	(231,505)	(208,148)	(203,213)	(197,428)	(189,477)
Change in Proportional Percentage	115,111	(73,016)	(22,595)	(2,322)	
<b>Net Change in Total Pension Liability</b>	<u>87,009</u>	<u>292,010</u>	<u>635,852</u>	<u>(218,700)</u>	<u>236,063</u>
<b>Total Pension Liability-Beginning</b>	<u>4,521,978</u>	<u>4,229,968</u>	<u>3,594,116</u>	<u>3,812,816</u>	<u>3,576,753</u>
<b>Total Pension Liability-Ending (a)</b>	<u>\$ 4,608,987</u>	<u>\$ 4,521,978</u>	<u>\$ 4,229,968</u>	<u>\$ 3,594,116</u>	<u>\$ 3,812,816</u>
<b>Plan Fiduciary Net Position</b>					
Contributions-Employer	67,074	63,666	64,993	48,208	46,536
Contributions-Member	65,798	62,336	63,849	44,524	41,553
Net Investment Income	233,808	257,602	120,512	5,486	313,859
Benefit Payments and Refunds	(231,505)	(208,148)	(203,213)	(197,428)	(189,477)
Administrative Expense	(2,265)	(2,100)	(1,935)	(2,104)	(1,949)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>132,910</u>	<u>173,356</u>	<u>44,206</u>	<u>(101,314)</u>	<u>210,522</u>
<b>Plan Fiduciary Net Position-Beginning</b>	<u>2,533,592</u>	<u>2,360,236</u>	<u>2,316,030</u>	<u>2,417,344</u>	<u>2,206,822</u>
<b>Plan Fiduciary Net Position-Ending (b)</b>	<u>2,666,502</u>	<u>2,533,592</u>	<u>2,360,236</u>	<u>2,316,030</u>	<u>2,417,344</u>
<b>Net Pension Liability-Ending (a) - (b)</b>	<u>\$ 1,942,485</u>	<u>\$ 1,988,386</u>	<u>\$ 1,869,732</u>	<u>\$ 1,278,086</u>	<u>\$ 1,395,472</u>
<b>Plan Fiduciary Net Position as a percentage of Total Pension Liability</b>	57.85%	56.03%	55.80%	64.44%	63.40%
<b>Covered Payroll</b>	\$655,345	\$623,828	\$638,053	\$592,508	\$574,704
<b>Net Pension Liability as a percentage of covered payroll</b>	296.41%	318.74%	293.04%	215.71%	242.82%
<b>Notes to Schedule:</b>					
1. The change in total pension liability is due to the change in the single discount rate included as an assumption change.					
2. The covered payroll is the actual annual payroll for the fiscal year as reported by ERS.					
3. This schedule is intended to present 10 years of information. Currently, only five years of information is available. Information for future years will be added when it becomes available.					

## Schedules of Employer Contributions - Pension

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

<b>Schedule of Employer Contributions</b> (Amounts in Thousands)					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 92,592	\$ 89,848	\$ 67,526	\$ 65,492	\$ 71,131
Actual Contribution	69,733	67,073	66,253	66,163	48,288
Contribution deficiency (excess)	22,859	22,774	1,273	(670)	22,843
Covered payroll	679,824	655,345	649,179	649,536	593,496
Contribution as a percentage of covered payroll	10.26%	10.23%	10.21%	10.19%	8.14%
<b>Notes to Schedule of Employer Contributions:</b>					
<b>Valuation Date:</b>					
	Actuarially determined contribution rates are calculated as of August 31. Members and employers contribute based on statutorily fixed rates.				
	A new set of assumptions were adopted for the August 31, 2017 actuarial valuation and was first reflected for the ADEC determined for the fiscal year ending 2018.				
<b>Methods and Assumptions Used to Determine Contribution Rates:</b>					
Actuarial Cost Method	Entry Age Normal				
Amortization Method	Level Percentage of Payroll, Open				
Remaining Amortization Period	31 years				
Asset Valuation Method	Marked to market as of August 31, 2017. Future gains and losses each recognized over closed five-year period, with allowance of direct offsetting of deferrals by subsequent gains or losses.				
Inflation	2.5%				
Salary Increases	0% to 9.5%				
Investment Rate of Return	7.50%				
Retirement Age	Experience-based table of rates that are specific to the class of employee. Updated for the 2017 valuation pursuant to an experience study of the 5-year period from September 1, 2011 through August 31, 2016.				
Mortality	2017 State Retirees of Texas (SRT) mortality table. Generational mortality improvements in accordance with the ultimate rates from the scale most recently published by Retirement Plans Experience Committee of the Society of Actuaries ("Scale U-MP") and projected from the year 2017.				
<b>Other Information:</b>					
1. Actuarially determined contributions are adjusted for actual payroll and administrative expenses.					
2. Members and employers contribute based on statutorily fixed rates.					
3. The covered employee payroll is the actual annual payroll for the fiscal year as reported by ERS.					



## Schedules of Changes in Net OPEB Liability and Related Ratios

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

<b>Schedule of Changes in Net OPEB Liability</b>		
<b>(Amounts in Thousands)</b>		
	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>		
Service Cost	\$ 109,497	\$ 256,922
Interest	92,361	136,668
Differences between Expected and Actual Experience	(68,487)	(55,942)
Assumption Changes	(433,607)	(973,369)
Benefit Payments, including Refunds of Employee- Contributions	(48,508)	(81,242)
Change in Proportional Percentage	<u>(1,305,600)</u>	<u></u>
<b>Net Change in Total OPEB Liability</b>	<u>(1,654,344)</u>	<u>(716,963)</u>
<b>Total OPEB Liability-Beginning</b>	<u>3,878,705</u>	<u>4,595,668</u>
<b>Total OPEB Liability-Ending (a)</b>	<u>\$ 2,224,361</u>	<u>\$ 3,878,705</u>
<b>Plan Fiduciary Net Position</b>		
Contributions-Employer	\$ 22,473	\$ 99,328
Contributions-Non-employer Contributing Entities	1,214	5,140
Contributions-Employee	14,868	21,835
Contributions-Federal Revenues for Medicare Part D RDS	104	
Other (Federal Revenues and Other Additions)	5,587	8,009
Net Investment Income	798	504
Benefit Payments, including Refunds of Employee- Contributions	(48,508)	(81,242)
Benefit Payments financed by Employee- Contributions and Federal Revenues	(20,216)	(29,803)
Administrative Expense	<u>(426)</u>	<u>(627)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	<u>(24,106)</u>	<u>23,144</u>
<b>Plan Fiduciary Net Position-Beginning</b>	<u>79,151</u>	<u>56,007</u>
<b>Plan Fiduciary Net Position-Ending (b)</b>	<u>\$ 55,045</u>	<u>\$ 79,151</u>
<b>Net OPEB Liability-Ending (a) - (b)</b>	\$ 2,169,316	\$ 3,799,554
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	1.27%	2.04%
Covered-Employee Payroll	\$ 881,785	\$ 1,309,744
Net OPEB Liability as a Percentage of Covered- Employee Payroll	246.01%	290.10%
<b>Notes to Schedule:</b>		
1. This schedule is intended to present 10 years of information. Currently, only two years of information are available. Information for future years will be added when it becomes available.		
2. Information is presented using an Aug. 31, 2018 measurement date.		
3. Benefit payments are net of member contributions and Federal Revenues.		

**Schedule of Employer Contributions – OPEB**

**Schedule of Employer Contributions**  
(Amounts in Thousands)

	2019	2018**
Actuarially determined contribution	\$ 196,639	\$ 170,736
Actual Contribution	216,838	212,627
Contribution deficiency (excess)	(20,199)	(41,891)
Covered-Employee Payroll	901,530	881,785
Contribution as a percentage of Covered-Employee Payroll	3.43%	2.70%

**Notes to Schedule of Employer Contributions:**

**Methods and assumptions used to determine contribution rates:**

Valuation Date	August 31, 2018
Actuarial Cost Method	Entry Age
Remaining Amortization Period	30 Years
Asset Valuation Method	Not applicable
Actuarial Assumptions:	
Discount Rate	3.96%*
Inflation	2.50%
Projected Annual Salary Increase	2.50% to 9.50%
Annual Healthcare Trend Rate	7.30% for FY 2020, 7.40% for FY 2021, 7.00% for FY 2022, decreasing 0.50% per year to an ultimate rate of 4.50% for FY 2027 and later years
Aggregate Payroll Growth	3.00%
Retirement Age	Experience-based tables of rates that are specific to the class of employee
Mortality-State Agency Members	Service Retirees, Survivors and Other Inactive Members: 2017 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members and Ultimate MP Projection Scale projected from the year 2017  Disabled Retirees: RP-2014 Disabled Retiree Mortality with Ultimate MP Projection Scale projected from the year 2014  Active Members: RP-2014 Active Member Mortality tables with Ultimate MP Projection Scale from the year 2014
Ad hoc Postemployment Benefit Changes	None

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

\*\* Prior year 2018 numbers were revised to be consistent with the 2019 presentation. For 2018, the actuarially determined contribution and actual contribution should be based on the measurement year ended Aug. 31, 2018.

**Other Information:**

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

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Section Two (continued)

**Other Supplementary Information**

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**State Highway Funds**

**Combining Financial Statements**

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

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

<u>Appropriated Fund</u>	<u>GAAP Fund</u>	<u>USAS D23 Funds</u>
0006	0006	0006 - State Highway Fund
0006	0006	0020 - Prop 14 Tax Exempt Bonds
0006	0006	0121 - SH121 Concession-Project Fund
0006	0006	0122 - SH121 Concession-Revolving Fund
0006	0006	0130 - SH130 Concession
0006	0006	0161 - SH161 Project Fund
0006	0006	0162 - SH161 Revolving Fund
0006	0006	0288 - SH 288 Concession-Project Fund
0006	0006	0512 - Escrow - PT Toll-Montgomery CO
0006	0006	0635 - LBJ Project Concession Refund
0006	0006	0820 - NTE Segments 1&2W Concession Fund
0006	0006	0823 - NTE Segment 3A&3B Concession Fund
0006	0006	1016 - Texas State Cemetery Committee
0006	0006	8006 - Depository Interest Default Fund
0006	0006	9000 - Deposit Default Fund
0006	0006	9001 - Returned Items Default Fund
0369*	0006	0369 - Federal American Recovery & Reinvestment Fund
0899	0006	0835 - I-35E Project Disbursing Account

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

<u>Appropriated Fund</u>	<u>GAAP Fund</u>	<u>USAS D23 Funds</u>
0006	0006	1006 - Proposition 1 Fund

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

<u>Appropriated Fund</u>	<u>GAAP Fund</u>	<u>USAS D23 Funds</u>
0006	0006	1007 - Proposition 7 Fund

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

<u>Appropriated Fund</u>	<u>GAAP Fund</u>	<u>USAS D23 Funds</u>
0006	0006	0099 - State Infrastructure Bank

**Texas Department of Transportation**  
**Combining Balance Sheet - State Highway Fund**  
August 31, 2019 (Amounts in Thousands)

	State Highway Fund Accounts	Proposition 1	Proposition 7	State Infrastructure Bank	TOTAL
<b>ASSETS</b>					
Cash and Cash Equivalents:					
Cash on Hand	\$ 134	\$	\$	\$	\$ 134
Cash in Bank	3,895				3,895
Cash in State Treasury	1,299,400	1,247,907	3,980,460	355,782	6,883,549
Cash Equivalents	18,845				18,845
Short Term Investments	17,275				17,275
Receivables:					
Taxes	246,938				246,938
Federal	983,072				983,072
Other Intergovernmental	144,523				144,523
Interest and Dividends	7,375			2,103	9,478
Accounts Receivable	56,015				56,015
Due from Other Funds	9,423				9,423
Due from Other Agencies	240,015	1,665,321			1,905,336
Consumable Inventories	138,937				138,937
Loans and Contracts	606,905			158,692	765,597
Restricted:					
Cash Equivalents	7,668				7,668
Short Term Investments	4,971				4,971
Investments	2,497				2,497
Total Assets	<u>\$ 3,787,888</u>	<u>\$ 2,913,228</u>	<u>\$ 3,980,460</u>	<u>\$ 516,577</u>	<u>\$ 11,198,153</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Payables:					
Accounts	1,293,394	169,823	105,000	73	1,568,290
Payroll	82,090				82,090
Contract Retainage	6,601				6,601
Due to Other Funds				212	212
Due to Other Agencies	2,407				2,407
Unearned Revenues	16,862				16,862
Total Liabilities	<u>1,401,354</u>	<u>169,823</u>	<u>105,000</u>	<u>285</u>	<u>1,676,462</u>
Deferred Inflows of Resources:					
Unavailable Revenue	392,836	1,665,321			2,058,157
Total Deferred Inflows of Resources	<u>392,836</u>	<u>1,665,321</u>	<u>0</u>	<u>0</u>	<u>2,058,157</u>
Fund Balances:					
Nonspendable:					
Inventory	138,937				138,937
Restricted	15,168	1,078,084	3,875,460	516,292	5,485,004
Committed	720,346				720,346
Assigned	1,119,247				1,119,247
Total Fund Balances	<u>1,993,698</u>	<u>1,078,084</u>	<u>3,875,460</u>	<u>516,292</u>	<u>7,463,534</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,787,888</u>	<u>\$ 2,913,228</u>	<u>\$ 3,980,460</u>	<u>\$ 516,577</u>	<u>\$ 11,198,153</u>

**Texas Department of Transportation**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - State Highway Fund**  
For the Fiscal Year Ended, August 31, 2019 (Amounts in Thousands)

	State Highway Fund Accounts	Proposition 1	Proposition 7	State Infrastructure Bank	Total
<b>REVENUES</b>					
Legislative Appropriations:					
Taxes	\$ 2,802,371	\$ 1,384,115	\$ 2,500,000		\$ 6,686,486
Federal Revenues	4,204,305				4,204,305
Federal Pass-Through Revenues	3,520				3,520
Licenses, Fees and Permits	98,011				98,011
Interest & Investment Income	48,394	37,495	45,223	14,354	145,466
Net Increase (Decrease) Fair Value	33				33
Land Income	29,567				29,567
Settlement of Claims	41,902				41,902
Sales of Goods and Services	88,313				88,313
Other Revenues	4,990				4,990
Total Revenues	<u>7,321,406</u>	<u>1,421,610</u>	<u>2,545,223</u>	<u>14,354</u>	<u>11,302,593</u>
<b>EXPENDITURES</b>					
Transportation	3,641,322	240,831	62,642		3,944,795
Capital Outlay	5,175,824	1,098,148	368,677		6,642,649
Debt Service:					
Principal on Pass-Through Tolls	158,066				158,066
Other Financing Fees	952				952
Total Expenditures	<u>8,976,164</u>	<u>1,338,979</u>	<u>431,319</u>	<u>0</u>	<u>10,746,462</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,654,758)</u>	<u>82,631</u>	<u>2,113,904</u>	<u>14,354</u>	<u>556,131</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	1,915,228				1,915,228
Transfers Out	(547,369)		(434,583)		(981,952)
Sale of Capital Assets	10,122				10,122
Upfront Payment - Service Concession Arrangement	510				510
Total Other Financing Sources (Uses)	<u>1,378,491</u>	<u>0</u>	<u>(434,583)</u>	<u>0</u>	<u>943,908</u>
Net Change in Fund Balances	<u>(276,267)</u>	<u>82,631</u>	<u>1,679,321</u>	<u>14,354</u>	<u>1,500,039</u>
Fund Balances, September 1, 2018	<u>2,269,965</u>	<u>995,453</u>	<u>2,196,139</u>	<u>501,938</u>	<u>5,963,495</u>
Fund Balances, August 31, 2019	<u>\$ 1,993,698</u>	<u>\$ 1,078,084</u>	<u>\$ 3,875,460</u>	<u>\$ 516,292</u>	<u>\$ 7,463,534</u>



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**Texas Mobility Funds**

**Combining Financial Statements**

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

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

<u>Appropriated Fund</u>	<u>GAAP Fund</u>	<u>USAS D23 Funds</u>
0365	0365	0367 - TMF-Interest & Sinking Account 0373 - TMF-Rebate Account

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

<u>Appropriated Fund</u>	<u>GAAP Fund</u>	<u>USAS D23 Funds</u>
0365	0365	0365 - TMF-General Account

**Texas Department of Transportation**  
**Combining Balance Sheet - Texas Mobility Fund**  
August 31, 2019 (Amounts in Thousands)

	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Cash and Cash Equivalents:			
Cash in State Treasury	\$ 220,413	\$ 243,931	\$ 464,344
Total Assets	<u>\$ 220,413</u>	<u>\$ 243,931</u>	<u>\$ 464,344</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Payables:			
Accounts		51,875	51,875
Unearned Revenues	1,825		1,825
Total Liabilities	<u>1,825</u>	<u>51,875</u>	<u>53,700</u>
Fund Balances:			
Restricted	218,588		218,588
Committed		192,056	192,056
Total Fund Balances	<u>218,588</u>	<u>192,056</u>	<u>410,644</u>
Total Liabilities and Fund Balances	<u>\$ 220,413</u>	<u>\$ 243,931</u>	<u>\$ 464,344</u>

**Texas Department of Transportation**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Texas Mobility Fund**  
For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<b>REVENUES</b>			
Federal Revenues	\$ 21,851	\$	\$ 21,851
Licenses, Fees and Permits	354,254	110,027	464,281
Interest and Investment Income	2,810	7,670	10,480
Other Revenues		25	25
Total Revenues	<u>378,915</u>	<u>117,722</u>	<u>496,637</u>
<b>EXPENDITURES</b>			
Transportation		3,195	3,195
Capital Outlay		259,955	259,955
Debt Service:			
Principal on State Bonds	81,635		81,635
Interest on State Bonds	286,060		286,060
Other Financing Fees		854	854
Total Expenditures	<u>367,695</u>	<u>264,004</u>	<u>631,699</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>11,220</u>	<u>(146,282)</u>	<u>(135,062)</u>
Net Change in Fund Balances	<u>11,220</u>	<u>(146,282)</u>	<u>(135,062)</u>
Fund Balances, September 1, 2018*	<u>207,368</u>	<u>338,338</u>	<u>545,706</u>
Fund Balances, August 31, 2019	<u>\$ 218,588</u>	<u>\$ 192,056</u>	<u>\$ 410,644</u>

\*The Texas Mobility Fund General Account was reclassified from the debt service fund to the capital Projects fund during fiscal 2019. The beginning balance of the General Account is presented in the capital projects fund.

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**Nonmajor Governmental Funds**

**Combining Financial Statements**

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

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

<u>Appropriated Fund</u>	<u>GAAP Fund</u>	<u>USAS D23 Funds</u>
0001	0001	0001 - General Revenue Fund
0036	0036	0036 - Traffic Safety Crash Records
0900	0900	0090 - Suspense Fund
0999	0001	0998 - Miscellaneous-Utility Fund (Non-Cash)
7604	7604	7604 - TPFA G.O. Commercial Paper Series 2002B Colonias Project Fund

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

<u>Appropriated Fund</u>	<u>GAAP Fund</u>	<u>USAS D23 Funds</u>
0184	0184	0184 - Transportation Infrastructure Fund

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

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

**Texas Department of Transportation**  
**Combining Balance Sheet - Nonmajor Governmental Funds**  
August 31, 2019 (Amounts in Thousands)

	<u>General Fund</u>	<u>Special Revenue Fund*</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents:				
Cash in State Treasury	\$ 6,078	\$ 10,940	\$ 337,519	\$ 354,537
Legislative Appropriations	2,039			2,039
Receivables:				
Federal			4,781	4,781
Due from Other Agencies	116			116
Loans and Contracts	23			23
Total Assets	<u>8,256</u>	<u>10,940</u>	<u>342,300</u>	<u>\$ 361,496</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Payables:				
Accounts	116			116
Payroll	109			109
Due to Other Funds	6,078			6,078
Unearned Revenues			2,113	2,113
Total Liabilities	<u>6,303</u>	<u>0</u>	<u>2,113</u>	<u>8,416</u>
Deferred Inflows of Resources:				
Unavailable Revenue			4,880	4,880
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>4,880</u>	<u>4,880</u>
Fund Balances:				
Restricted			335,307	335,307
Committed		10,940		10,940
Assigned	109			109
Unassigned	1,844			1,844
Total Fund Balances	<u>1,953</u>	<u>10,940</u>	<u>335,307</u>	<u>348,200</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8,256</u>	<u>\$ 10,940</u>	<u>\$ 342,300</u>	<u>\$ 361,496</u>

**Texas Department of Transportation**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Nonmajor Governmental Funds**  
For the Fiscal Year Ended, August 31, 2019 (Amounts in Thousands)

	<u>General Fund</u>	<u>Special Revenue Fund*</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Funds</u>
<b>REVENUES</b>				
Legislative Appropriations:				
Original Appropriations	\$ 1,208	\$	\$	\$ 1,208
Additional Appropriations	267			267
Federal Revenues			32,103	32,103
Licenses, Fees and Permits	38			38
Interest and Investment Income		347	2,541	2,888
Sales of Goods and Services	451			451
Total Revenues	<u>1,964</u>	<u>347</u>	<u>34,644</u>	<u>36,955</u>
<b>EXPENDITURES</b>				
Transportation	6,308	(438)		5,870
Capital Outlay	148			148
Debt Service:				
Principal on State Bonds			354,875	354,875
Interest on State Bonds			385,079	385,079
Total Expenditures	<u>6,456</u>	<u>(438)</u>	<u>739,954</u>	<u>745,972</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(4,492)</u>	<u>785</u>	<u>(705,310)</u>	<u>(709,017)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,522		833,678	835,200
Sale of Capital Assets	1,609			1,609
Appropriations Lapsed	(1,929)			(1,929)
Total Other Financing Sources (Uses)	<u>1,202</u>	<u>0</u>	<u>833,678</u>	<u>834,880</u>
Net Change in Fund Balances	<u>(3,290)</u>	<u>785</u>	<u>128,368</u>	<u>125,863</u>
Fund Balances, September 1, 2018	<u>5,243</u>	<u>10,155</u>	<u>206,939</u>	<u>222,337</u>
Fund Balances, August 31, 2019	<u>\$ 1,953</u>	<u>\$ 10,940</u>	<u>\$ 335,307</u>	<u>\$ 348,200</u>

\*No combining statements presented.



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**Non Major General Funds**

**Combining Financial Statements**

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

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

<u>Appropriated Fund</u>	<u>GAAP Fund</u>	<u>USAS D23 Funds</u>
0001	0001	0001 - General Revenue Fund
0999	0001	0998 - Mis-Utility Fund (Non-Cash)

**Traffic Safety-Crash Records Information Systems**

<u>Appropriated Fund</u>	<u>GAAP Fund</u>	<u>USAS D23 Funds</u>
0036	0036	0036 - Traffic Safety Crash Records

**Colonias Projects Fund**

<u>Appropriated Fund</u>	<u>GAAP Fund</u>	<u>USAS D23 Funds</u>
7604	7604	7604 - TPFPA G.O. Commercial Paper Series 2002B Colonias Project Fund

**Suspense Fund**

<u>Appropriated Fund</u>	<u>GAAP Fund</u>	<u>USAS D23 Funds</u>
0900	0900	0090 - Suspense Fund

**Texas Department of Transportation**  
**Combining Balance Sheet - Nonmajor General Funds**  
August 31, 2019 (Amounts in Thousands)

	<u>General Revenue Fund</u>	<u>Traffic Safety Crash Records</u>	<u>Colonias Projects Fund</u>	<u>Suspense Fund</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and Cash Equivalents:					
Cash in State Treasury	\$	\$	\$	\$ 6,078	\$ 6,078
Legislative Appropriations	2,039				2,039
Due from Other Agencies			116		116
Loans and Contracts	23				23
Total Assets	<u>\$ 2,062</u>	<u>\$ 0</u>	<u>\$ 116</u>	<u>\$ 6,078</u>	<u>\$ 8,256</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Payables:					
Accounts			116		116
Payroll	109				109
Due to Other Funds				6,078	6,078
Total Liabilities	<u>109</u>	<u>0</u>	<u>116</u>	<u>6,078</u>	<u>6,303</u>
Fund Balances:					
Assigned	109				109
Unassigned	1,844				1,844
Total Fund Balances	<u>1,953</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,953</u>
Total Liabilities and Fund Balances	<u>\$ 2,062</u>	<u>\$ 0</u>	<u>\$ 116</u>	<u>\$ 6,078</u>	<u>\$ 8,256</u>

**Texas Department of Transportation**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Nonmajor General Funds**  
For the Fiscal Year Ended August 31, 2019 (Amounts in Thousands)

	<u>General Revenue Fund</u>	<u>Traffic Safety Crash Records</u>	<u>Colonias Projects Fund</u>	<u>Suspense Fund</u>	<u>Total</u>
<b>REVENUES</b>					
Legislative Appropriations:					
Original Appropriations	\$ 1,208	\$	\$	\$	\$ 1,208
Additional Appropriations	267				267
Licenses, Fees and Permits	38				38
Sales of Goods and Services	451				451
Total Revenues	<u>1,964</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,964</u>
<b>EXPENDITURES</b>					
Transportation	4,786	730	792		6,308
Capital Outlay	148				148
Total Expenditures	<u>4,934</u>	<u>730</u>	<u>792</u>	<u>0</u>	<u>6,456</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,970)</u>	<u>(730)</u>	<u>(792)</u>	<u>0</u>	<u>(4,492)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In		730	792		1,522
Sale of Capital Assets	1,609				1,609
Appropriations Lapsed	(1,929)				(1,929)
Total Other Financing Sources (Uses)	<u>(320)</u>	<u>730</u>	<u>792</u>	<u>0</u>	<u>1,202</u>
Net Change in Fund Balances	<u>(3,290)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(3,290)</u>
Fund Balances, September 1, 2018	<u>5,243</u>				<u>5,243</u>
Fund Balances, August 31, 2019	<u>\$ 1,953</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,953</u>

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**Nonmajor Debt Service Funds**  
**Combining Financial Statements**

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

**Proposition 14 Debt Service Fund**

<u>Appropriated Fund</u>	<u>GAAP Fund</u>	<u>USAS D23 Funds</u>
0008	0008	0010 - State Highway Debt Service Fund

**Proposition 12 Debt Service Fund**

<u>Appropriated Fund</u>	<u>GAAP Fund</u>	<u>USAS D23 Funds</u>
0008	0008	0022 - Proposition 12 Debt Service Fund

**Texas Department of Transportation**  
**Combining Balance Sheet - Nonmajor Debt Service Funds**  
August 31, 2019 (Amounts in Thousands)

	<b>Prop 14 Debt Service Fund</b>	<b>Prop 12 Debt Service Fund</b>	<b>Total Nonmajor Debt Service Funds</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and Cash Equivalents:			
Cash in State Treasury	\$ 212,377	\$ 125,142	\$ 337,519
Receivables:			
Federal		4,781	4,781
Total Assets	<u>212,377</u>	<u>129,923</u>	<u>342,300</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Unearned Revenues	<u>2,113</u>		<u>2,113</u>
Total Liabilities	<u>2,113</u>	<u>0</u>	<u>2,113</u>
Deferred Inflows of Resources:			
Unavailable Revenue		<u>4,880</u>	<u>4,880</u>
Total Deferred Inflows of Resources	<u>0</u>	<u>4,880</u>	<u>4,880</u>
Fund Balances:			
Restricted	<u>210,264</u>	<u>125,043</u>	<u>335,307</u>
Total Fund Balances	<u>210,264</u>	<u>125,043</u>	<u>335,307</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 212,377</u>	<u>\$ 129,923</u>	<u>\$ 342,300</u>

**Texas Department of Transportation**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Nonmajor Debt Service Funds**  
For the Fiscal Year Ended, August 31, 2019 (Amounts in Thousands)

	<u>Prop 14 Debt Service Fund</u>	<u>Prop 12 Debt Service Fund</u>	<u>Total</u>
<b>REVENUES</b>			
Federal Revenues	\$ 25,344	\$ 6,759	\$ 32,103
Interest and Investment Income	<u>2,541</u>		<u>2,541</u>
Total Revenues	<u>27,885</u>	<u>6,759</u>	<u>34,644</u>
<b>EXPENDITURES</b>			
Debt Service:			
Principal on State Bonds	225,500	129,375	354,875
Interest on State Bonds	<u>198,155</u>	<u>186,924</u>	<u>385,079</u>
Total Expenditures	<u>423,655</u>	<u>316,299</u>	<u>739,954</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(395,770)</u>	<u>(309,540)</u>	<u>(705,310)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	<u>399,095</u>	<u>434,583</u>	<u>833,678</u>
Total Other Financing Sources (Uses)	<u>399,095</u>	<u>434,583</u>	<u>833,678</u>
Net Change in Fund Balances	<u>3,325</u>	<u>125,043</u>	<u>128,368</u>
Fund Balances, September 1, 2018	<u>206,939</u>		<u>206,939</u>
Fund Balances, August 31, 2019	<u>\$ 210,264</u>	<u>\$ 125,043</u>	<u>\$ 335,307</u>



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## Agency Funds

### Combining Financial Statements

These funds are used to account for the assets held for distribution by the state as an agent for another entity for which the government has custodial responsibility and accounts for the flow of assets.

#### Agency Funds

<u>Appropriated Fund</u>	<u>GAAP Fund</u>	<u>USAS D23 Funds</u>
9995	9999	1997 - Toll Custodial Account
0001	1000	1001 - General Revenue Fund-Agency Funds
0980	0980	0980 - Direct Deposit Correction Fund
0980	0980	9014 - USPS-Direct Deposit Return
0942	0942	0942 - 401K Payroll
0900	0900	0900 - Suspense Fund
0900	0900	9015 - USPS-Overpayments To Employees
0900	0900	9016 - Warrant Hold Offset-Gc403.0551
0882	0882	0882 - City County MTA & SPD Sales Tax
0807	0807	8070 - Child Support Addenda Deductions

**Texas Department of Transportation  
Combining Statement of Changes in Assets and Liabilities - Agency Funds  
For the Fiscal Year Ended August 31, 2019**

	Balances September 1, 2018	Additions	Deductions	Balances August 31, 2019
<b>UNAPPROPRIATED RECEIPTS</b>				
<b><u>General Revenue Fund</u></b>				
Assets:				
Cash on Hand	\$ 0	\$ 4,620	\$ 4,620	\$ 0
Total Assets	<u>\$ 0</u>	<u>\$ 4,620</u>	<u>\$ 4,620</u>	<u>\$ 0</u>
Liabilities:				
Funds Held for Others	\$ 0	\$ 4,620	\$ 4,620	\$ 0
Total Liabilities	<u>\$ 0</u>	<u>\$ 4,620</u>	<u>\$ 4,620</u>	<u>\$ 0</u>
<b>OTHER AGENCY FUNDS</b>				
<b><u>Child Support Deducts Account</u></b>				
Assets:				
Cash in State Treasury	\$ 327	\$ 4,366	\$ 4,370	\$ 323
Total Assets	<u>\$ 327</u>	<u>\$ 4,366</u>	<u>\$ 4,370</u>	<u>\$ 323</u>
Liabilities:				
Funds Held for Others	\$ 327	\$ 4,366	\$ 4,370	\$ 323
Total Liabilities	<u>\$ 327</u>	<u>\$ 4,366</u>	<u>\$ 4,370</u>	<u>\$ 323</u>
<b><u>Direct Deposit Correction Account</u></b>				
Assets:				
Cash in State Treasury	\$ 119	\$ 16,581	\$ 16,700	\$ 0
Total Assets	<u>\$ 119</u>	<u>\$ 16,581</u>	<u>\$ 16,700</u>	<u>\$ 0</u>
Liabilities:				
Funds Held for Others	\$ 119	\$ 16,581	\$ 16,700	\$ 0
Total Liabilities	<u>\$ 119</u>	<u>\$ 16,581</u>	<u>\$ 16,700</u>	<u>\$ 0</u>
<b><u>Toll Revenue Custodial Account</u></b>				
Assets:				
Cash on Hand	12	39	12	39
Cash in Bank	987	2,211,241	2,211,548	680
Cash Equivalents	25,197	663,617	653,460	35,354
Short-Term Investments	21,839	60,902	55,819	26,922
Total Assets	<u>\$ 48,035</u>	<u>\$ 2,935,799</u>	<u>\$ 2,920,839</u>	<u>\$ 62,995</u>
Liabilities:				
Funds Held For Others	\$ 48,035	\$ 2,935,799	\$ 2,920,839	\$ 62,995
Total Liabilities	<u>\$ 48,035</u>	<u>\$ 2,935,799</u>	<u>\$ 2,920,839</u>	<u>\$ 62,995</u>
<b>TOTALS - ALL AGENCY FUNDS</b>				
Assets:				
Cash on Hand	\$ 12	\$ 4,659	\$ 4,632	\$ 39
Cash in Bank	987	2,211,241	2,211,548	680
Cash In State Treasury	446	20,947	21,070	323
Cash Equivalents	25,197	663,617	653,460	35,354
Short-Term Investments	21,839	60,902	55,819	26,922
Total Assets:	<u>\$ 48,481</u>	<u>\$ 2,961,366</u>	<u>\$ 2,946,529</u>	<u>\$ 63,318</u>
Liabilities:				
Funds Held for Others	\$ 48,481	\$ 2,961,366	\$ 2,946,529	\$ 63,318
Total Liabilities	<u>\$ 48,481</u>	<u>\$ 2,961,366</u>	<u>\$ 2,946,529</u>	<u>\$ 63,318</u>

Section Three  
**Statistical Section**

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# Texas Department of Transportation

## Statistical Section

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

Contents	Pages
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### Financial Trends Information

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

Net Position - Government-wide	133
Changes in Net Position - Government-wide	134
Fund Balances - Governmental Funds	135
Changes in Fund Balances - Governmental Funds	136

### Revenue Capacity Information

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

Revenue Collections - Taxes - State and TxDOT	137
Tax Rates	138
Federal Revenue and Percentage	139
Traffic and Toll Revenue - Toll Roads	140

### Debt Capacity Information

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

Ratios of Outstanding Debt by Type	141
Ratios of General Bonded Debt Outstanding	142
Pledged Revenue Bond Coverage	143

### Demographic and Economic Information

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

Texas and U.S. Population, Total Personal Income and Per Capital Income	144
Texas and U.S. Employment and Unemployment Rates	145
Texas Nonfarm Employment Detail: Number of Jobs	146

### Operating Information

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

Full-Time Equivalent Employees (FTE)	147
Capital Assets Indicators – Schedule of Assessed Conditions	148
Capital Assets Indicators – Schedule of State-Owned Centerline Miles	149
Capital Assets Indicators – Schedule of Rated Lane Miles Conditions	150

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

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

	2010*	2011*	2012	2013	2014
<b>GOVERNMENTAL ACTIVITIES</b>					
Net Investment in Capital Assets	\$	\$	\$ 62,448	\$ 62,877	\$ 67,775
Restricted			975	774	292
Unrestricted			338	893	(1,139)
Total Governmental Activities Net Position	<u>0</u>	<u>0</u>	<u>63,761</u>	<u>64,544</u>	<u>66,928</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Net Investment in Capital Assets			512	690	637
Restricted			7	35	65
Unrestricted			(92)	(176)	(246)
Total Business-Type Activities Net Position	<u>0</u>	<u>0</u>	<u>427</u>	<u>549</u>	<u>456</u>
<b>PRIMARY GOVERNMENT</b>					
Net Investment in Capital Assets			62,960	63,567	68,412
Restricted			982	809	357
Unrestricted			246	717	(1,385)
Total Primary Government Net Position	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 64,188</u>	<u>\$ 65,093</u>	<u>\$ 67,384</u>
	2015	2016	2017	2018	2019
<b>GOVERNMENTAL ACTIVITIES</b>					
Net Investment in Capital Assets	\$ 70,083	\$ 71,358	\$ 76,120	\$ 79,966	\$ 85,381
Restricted	394	3,438	2,666	5,552	7,964
Unrestricted	95	(212)	(114)	(4,261)	(3,855)
Total Governmental Activities Net Position	<u>70,572</u>	<u>74,584</u>	<u>78,672</u>	<u>81,257</u>	<u>89,490</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Net Investment in Capital Assets	621	638	597	558	769
Restricted	115	161	272	344	379
Unrestricted	(327)	(475)	(619)	(692)	(759)
Total Business-Type Activities Net Position	<u>409</u>	<u>324</u>	<u>250</u>	<u>210</u>	<u>389</u>
<b>PRIMARY GOVERNMENT</b>					
Net Investment in Capital Assets	70,704	71,996	76,717	80,524	86,150
Restricted	509	3,599	2,938	5,896	8,343
Unrestricted	(232)	(687)	(733)	(4,953)	(4,614)
Total Primary Government Net Position	<u>\$ 70,981</u>	<u>\$ 74,908</u>	<u>\$ 78,922</u>	<u>\$ 81,467</u>	<u>\$ 89,879</u>

\* Governmental and business-type activities information was not available in fiscal 2010-2011 TxDOT financial statements

Source: Fiscal 2012 - 2019 TxDOT financial statements



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

	2010*	2011*	2012	2013	2014	2015	2016	2017	2018	2019
<b>GOVERNMENTAL ACTIVITIES:</b>										
Expenses										
Transportation	\$	\$	\$ 4,907	\$ 5,829	\$ 5,688	\$ 5,710	\$ 5,686	\$ 6,135	\$ 6,475	\$ 6,048
Total Expenses	<u>0</u>	<u>0</u>	<u>4,907</u>	<u>5,829</u>	<u>5,688</u>	<u>5,710</u>	<u>5,686</u>	<u>6,135</u>	<u>6,475</u>	<u>6,048</u>
Program Revenues:										
Charges for Services			707	742	779	746	916	1,114	1,277	1,148
Operating Grants and Contributions			2,898	2,870	3,417	3,297	3,942	3,835	3,972	4,483
Capital Grants and Contributions			35	30	90	52	39	50	62	117
Total Program Revenues	<u>0</u>	<u>0</u>	<u>3,640</u>	<u>3,642</u>	<u>4,286</u>	<u>4,095</u>	<u>4,897</u>	<u>4,999</u>	<u>5,311</u>	<u>5,748</u>
Total Governmental Activities										
Net Program Expense	<u>0</u>	<u>0</u>	<u>(1,267)</u>	<u>(2,187)</u>	<u>(1,402)</u>	<u>(1,615)</u>	<u>(789)</u>	<u>(1,136)</u>	<u>(1,164)</u>	<u>(300)</u>
General Revenues:										
Appropriations			53	12	598	195	219	269	1	
Taxes			2,378	2,407	2,488	3,747	3,035	3,447	6,589	6,970
Unrestricted Investment Earnings			48	29	37	34	52	77	99	166
Settlement of Claims			23	12	17	22	48	28	21	42
Other General Revenues			2	2	23	9	17	9	4	4
Gain on Sale of Capital Assets			5	1		48	53			2
Capital Contributions					(153)					
Transfers - Internal Activities			(55)	(225)	(33)	(2)	(2)	(5)	(26)	(195)
Transfers - Other State Agencies			592	616	842	2,529	1,379	1,399	1,496	1,544
Total General Revenues, Contributions and Transfers	<u>0</u>	<u>0</u>	<u>3,046</u>	<u>2,854</u>	<u>3,819</u>	<u>6,582</u>	<u>4,801</u>	<u>5,224</u>	<u>8,184</u>	<u>8,533</u>
Changes in Net Position - Governmental Activities	\$ <u>0</u>	\$ <u>0</u>	\$ <u>1,779</u>	\$ <u>667</u>	\$ <u>2,417</u>	\$ <u>4,967</u>	\$ <u>4,012</u>	\$ <u>4,088</u>	\$ <u>7,020</u>	\$ <u>8,233</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>										
Expenses										
Transportation	\$	\$	\$ 216	\$ 229	\$ 249	\$ 252	\$ 353	\$ 452	\$ 491	\$ 559
Total Expenses	<u>0</u>	<u>0</u>	<u>216</u>	<u>229</u>	<u>249</u>	<u>252</u>	<u>353</u>	<u>452</u>	<u>491</u>	<u>559</u>
Program Revenues:										
Charges for Services			86	119	155	194	256	359	397	455
Operating Grants and Contributions					7	2	2	14	23	77
Capital Grants and Contributions										12
Total Program Revenues	<u>0</u>	<u>0</u>	<u>86</u>	<u>119</u>	<u>162</u>	<u>196</u>	<u>258</u>	<u>373</u>	<u>420</u>	<u>544</u>
Total Business-Type Activities										
Net Program Expense	<u>0</u>	<u>0</u>	<u>(130)</u>	<u>(110)</u>	<u>(87)</u>	<u>(56)</u>	<u>(95)</u>	<u>(79)</u>	<u>(71)</u>	<u>(15)</u>
General Revenues:										
Appropriations										
Taxes										
Unrestricted Investment Earnings			6	6		5	8			
Settlement of Claims			1	1					5	
Capital Contributions						2				
Other General Revenues										
Transfers - Internal Activities			55	225	33	2	2	5	26	195
Transfers - Other State Agencies										
Total General Revenues, Contributions and Transfers	<u>0</u>	<u>0</u>	<u>62</u>	<u>232</u>	<u>33</u>	<u>9</u>	<u>10</u>	<u>5</u>	<u>31</u>	<u>195</u>
Changes in Net Position - Business-Type Activities	<u>0</u>	<u>0</u>	<u>(68)</u>	<u>122</u>	<u>(54)</u>	<u>(47)</u>	<u>(85)</u>	<u>(74)</u>	<u>(40)</u>	<u>180</u>
Changes in Net Position - Primary Government	\$ <u>0</u>	\$ <u>0</u>	\$ <u>1,711</u>	\$ <u>789</u>	\$ <u>2,363</u>	\$ <u>4,920</u>	\$ <u>3,927</u>	\$ <u>4,014</u>	\$ <u>6,980</u>	\$ <u>8,413</u>

\* Governmental and business-type activities information was not available in fiscal 2010-2011 TxDOT financial statements

Source: Fiscal 2012 - 2019 TxDOT financial statements

**Texas Department of Transportation**  
**Statistical Section - Financial Trends Information**  
**Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
(Amounts in Millions)

	<u>2010</u>									
<b>STATE HIGHWAY FUND</b>										
Reserved	\$									524
Unreserved										701
Total State Highway Fund	\$									<u>1,225</u>
<b>TEXAS MOBILITY FUND</b>										
Reserved	\$									
Unreserved										1,359
Total Texas Mobility Fund	\$									<u>1,359</u>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>										
Reserved	\$									1,086
Unreserved										26
Total All Other Governmental Funds	\$									<u>1,112</u>
		<u>2011*</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>STATE HIGHWAY FUND</b>										
Nonspendable	\$	369	\$ 125	\$ 142	\$ 139	\$ 181	\$ 162	\$ 154	\$ 146	\$ 139
Restricted		841	914	533	855	2,388	2,622	2,227	3,710	5,485
Committed		178	202		1,843	1,411	1,140	927	788	720
Assigned					723	39	573	877	1,320	1,119
Unassigned		(735)	(511)	(688)						
Total State Highway Fund	\$	<u>653</u>	<u>730</u>	<u>(13)</u>	<u>3,560</u>	<u>4,019</u>	<u>4,497</u>	<u>4,185</u>	<u>5,964</u>	<u>7,463</u>
<b>TEXAS MOBILITY FUND</b>										
Restricted	\$	1,280	\$ 1,109	\$ 1,197	\$ 373	\$ 1,191	\$ 1,081	\$ 910	\$ 546	\$ 219
Committed										192
Unassigned					(19)					
Total Texas Mobility Fund	\$	<u>1,280</u>	<u>1,109</u>	<u>1,197</u>	<u>354</u>	<u>1,191</u>	<u>1,081</u>	<u>910</u>	<u>546</u>	<u>411</u>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>										
Restricted	\$	1,725	\$ 258	\$ 319	\$ 140	\$ 442	\$ 503	\$ 874	\$ 605	\$ 351
Committed					222	153	72	25	10	11
Assigned		2		2	2	1	6	5		
Unassigned		72	76	21	(486)	20		7	5	2
Total All Other Governmental Funds	\$	<u>1,799</u>	<u>334</u>	<u>342</u>	<u>(122)</u>	<u>616</u>	<u>581</u>	<u>911</u>	<u>620</u>	<u>364</u>

\* Due to the changes in the fund structure initiated when GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions was implemented, information for fund balances is only available for the line items presented beginning in fiscal 2011.

Source: Fiscal 2010 - 2019 TxDOT financial statements

**Texas Department of Transportation**  
**Statistical Section - Financial Trends Information**  
**Changes in Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years\***  
(Amounts in Millions)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>REVENUES</b>										
Legislative Appropriations:										
Original Appropriations	\$ 46	\$ 82	\$ 116	\$ 12	\$ 610	\$ 196	\$ 219	\$ 273	\$ 1	\$ 1
Additional Appropriations	1	1	1	1	1	1	1	1	1	1
Taxes	40	2,313	2,366	2,419	2,488	2,583	3,760	3,115	5,976	6,686
Federal Revenues	2,668	3,032	2,886	2,874	3,419	3,230	3,993	3,840	3,891	4,258
Federal Pass-Through Revenues	22	8	6	1			1	1	13	4
Licenses, Fees and Permits	541	514	494	469	425	393	462	504	524	562
Interest & Investment Income	73	81	49	52	37	34	52	78	99	166
Land Income	7	7	10	16	14	16	12	13	23	30
Settlement of Claims	1		23	12	17	22	47	28	21	42
Sales of Goods and Services	204	214	190	216	226	171	135	280	441	315
Other Revenues	7	5	2	2	23	9	17	10	4	5
<b>Total Revenues</b>	<b>3,610</b>	<b>6,257</b>	<b>6,143</b>	<b>6,074</b>	<b>7,260</b>	<b>6,655</b>	<b>8,699</b>	<b>8,143</b>	<b>10,994</b>	<b>12,070</b>
<b>EXPENDITURES</b>										
Transportation	3,497	3,409	3,683	4,566	3,503	3,484	3,524	3,595	3,696	3,954
Capital Outlay	2,823	3,499	3,215	3,225	5,209	5,198	6,052	6,700	6,444	7,292
Debt Service:										
Principal on State Bonds	139	149	181	194	377	278	272			437
Principal on Pass-Through Tolls	1	34	58	105	105	112	121	314	412	158
Interest on State Bonds	409	560	528	537	590	567	613	109	111	671
Other Financing Fees	20	11	6	6	12	16	9	665	688	2
<b>Total Expenditures</b>	<b>6,889</b>	<b>7,662</b>	<b>7,671</b>	<b>8,633</b>	<b>9,796</b>	<b>9,655</b>	<b>10,591</b>	<b>11,394</b>	<b>11,352</b>	<b>12,514</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,279)	(1,405)	(1,528)	(2,559)	(2,536)	(3,000)	(1,892)	(3,251)	(358)	(444)
<b>OTHER FINANCING RESOURCES (USAS)</b>										
Transfers In	3,646	1,648	2,024	1,865	2,315	3,746	2,006	2,250	2,509	2,750
Transfers Out	(1,208)	(1,221)	(1,487)	(1,245)	(1,476)	(1,219)	(627)	(851)	(1,035)	(1,209)
Long-Term Debt Issued**	2,731	1,000		1,104	645	2,160	615	1,475		
Insurance Recoveries	10	11								
Bond Issued for Refunding					1,787	1,711	1,165	859		
Premium/Discount on Bonds Issued					351	598	307	367		
Payment to Escrow on Refunding					(2,072)	(2,034)	(1,335)	(1,010)		
Sale of Capital Assets	8	5	13	6	18	73	68	12	9	12
Upfront Payment - Service Concession Arrangement							26			1
Appropriations Lapsed			(64)		(12)	(1)		(4)	(1)	(2)
<b>Total Other Financing Sources (Uses)</b>	<b>5,187</b>	<b>1,443</b>	<b>486</b>	<b>1,730</b>	<b>1,556</b>	<b>5,034</b>	<b>2,225</b>	<b>3,098</b>	<b>1,482</b>	<b>1,552</b>
<b>Net Change in Fund Balances</b>	<b>1,908</b>	<b>38</b>	<b>(1,042)</b>	<b>(829)</b>	<b>(980)</b>	<b>2,034</b>	<b>333</b>	<b>(153)</b>	<b>1,124</b>	<b>1,108</b>
Fund Balance, Beginning Fiscal Year	1,788	3,694	3,215	2,173	1,526	3,792	5,826	6,159	6,006	7,130
Restatements	-	-	-	182	3,246	-	-	-	-	-
<b>Fund Balance, Ending Fiscal Year</b>	<b>\$ 3,696</b>	<b>\$ 3,732</b>	<b>\$ 2,173</b>	<b>\$ 1,526</b>	<b>\$ 3,792</b>	<b>\$ 5,826</b>	<b>\$ 6,159</b>	<b>\$ 6,006</b>	<b>\$ 7,130</b>	<b>\$ 8,238</b>
Debt Service as a Percentage of Noncapital Expenditures	10.1%	14.3%	13.2%	11.9%	15.2%	15.2%	16.2%	9.0%	10.7%	15.9%

\* This table comprises the following funds: general, special revenue, debt service, and capital projects.

\*\* In fiscal 2010-2015, Long-Term Debt Issued was reported under Bond & Note Proceeds line.

Source: Fiscal 2010 - 2019 TxDOT financial statements

Texas Department of Transportation  
 Statistical Section - Revenue Capacity Information  
 Revenue Collections - Taxes - State and TxDOT  
 Last Ten Fiscal Years  
 (Amounts in Millions, Except Gallons)

Fiscal Year	Motor Fuels Tax*			Crude Oil Production Tax**			Natural Gas Production Tax **			Sales & Use Tax***		Total TxDOT Receipts
	Gallons Sold	State Receipts	TxDOT Receipts	Gallons Produced	State Receipts	TxDOT Receipts	Gallons Produced	State Receipts	TxDOT Receipts	State Receipts	TxDOT Receipts	
2010	15,352	\$ 3,042	\$ 2,227	1,544	\$ 3,887	\$	7,357	\$ 726	\$	\$ 19,630	\$ 40	\$ 2,267
2011	15,678	3,104	2,275	1,272	3,392		7,601	1,110		21,479	41	2,316
2012	15,985	3,169	2,311	1,048	2,107		7,738	1,535		24,191	42	2,353
2013	16,517	3,222	2,366	1,036	1,704		7,790	1,495		25,944	43	2,409
2014	17,020	3,316	2,422	1,080	2,877		7,715	1,900		27,386	43	2,465
2015	17,666	3,446	2,522	893	3,872	1,253	7,938	1,280	487	28,911	45	4,307
2016	18,047	3,514	2,581	703	2,990	879	7,593	579	255	28,246	45	3,760
2017	18,353	3,584	2,630	532	2,102	440	7,227	983		28,900	45	3,115
2018	18,895	3,675	2,694	400	1,472	591	7,993	1,431	144	31,937	982	4,410
2019	19,221	3,743	2,735	350	1,008	1,072	9,306	1,686	312	34,024	4,104	8,223

\* Motor Fuels include the following:

- Gasoline
- Diesel Fuel
- Liquefied Gas (repealed in 84th Legislative Session 2015)
- Liquefied and Compressed Natural Gas (previously included in RO-3009)

\*\* Under Proposition 1 (Prop 1), voters approved a portion of oil and gas production taxes to State Highway Fund (SHF) in fiscal 2014. The SHF started receiving Prop 1 funds in fiscal 2015.  
 For natural gas production tax fiscal 2017 didn't reach constitutional required level of \$599.78 million in the preceeding year.

\*\*\* On Nov.2, 2015 Texas voters approved Proposition 7 ballot measure that dedicates a portion of the revenue from the state sales and use tax and motor vehicle sales and rental tax to the state highway fund. TxDOT started receiving Prop 7 funds in fiscal 2018.

Source: State of Texas Comptroller of Public Accounts

**Texas Department of Transportation**  
**Statistical Section - Revenue Capacity Information**  
**Tax Rates**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Motor Fuel Tax Rate*</b>	<b>Motor Fuel Tax Rate**</b>	<b>Crude Oil Production Tax Rate</b>	<b>Natural Gas Production Tax Rate</b>	<b>Sales and Use Tax Rate</b>
2010	0.20%	0.15%	4.54%	7.50%	6.25%
2011	0.20%	0.15%	4.51%	7.50%	6.25%
2012	0.20%	0.15%	4.49%	7.50%	6.25%
2013	0.20%	0.15%	4.41%	7.50%	6.25%
2014	0.20%	0.15%	4.45%	7.50%	6.25%
2015	0.20%	0.15%	4.42%	7.50%	6.25%
2016	0.20%	0.15%	4.37%	7.50%	6.25%
2017	0.20%	0.15%	4.29%	7.50%	6.25%
2018	0.20%	0.15%	4.16%	7.50%	6.25%
2019	0.20%	0.15%	4.07%	7.50%	6.25%

\* Tax rate for Gasoline and Diesel Fuel

\*\* Tax rate for Liquefied Gas and Liquefied and Compressed Natural Gas

Source: State of Texas Comptroller of Public Accounts

**Texas Department of Transportation**  
**Statistical Section - Revenue Capacity Information**  
**Federal Revenue and Percentage**  
**Last Ten Fical Years**  
(Amounts in Millions)

<b>Fiscal Year</b>	<b>Federal Revenue</b>	<b>Increase /Decrease</b>	<b>Percentage Change</b>
2010*	\$ 2,668	\$ (113)	(4.1) %
2011	3,032	364	13.6 %
2012	2,887	(145)	(4.8) %
2013	2,874	(13)	(0.5) %
2014	3,419	545	19.0 %
2015	3,230	(189)	(5.5) %
2016	3,994	764	23.7 %
2017	3,840	(154)	(3.9) %
2018	3,891	51	1.3 %
2019	4,258	367	9.4 %

\* The fiscal 2009 federal revenue of \$2,781 million was used to calculate the percentatge change.

Source: Fiscal 2010 - 2019 TxDOT financial statements

**Texas Department of Transportation**  
**Statistical Section - Revenue Capacity Information**  
**Traffic and Toll Revenue - Toll Roads**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Annual Vehicle Transactions</b>	<b>Annual Toll Revenue, Net</b>	<b>Increase/Decrease</b>	<b>Toll Revenue Percentage Change</b>	<b>Toll Rate per Transaction</b>
2010*	81,393,148	\$ 69,350,840	\$ 2,988,530	4.5%	\$ 0.85
2011	86,293,347	72,417,754	3,066,913	4.4%	0.84
2012	93,883,708	79,940,960	7,523,206	10.4%	0.85
2013	102,506,784	103,988,447	24,047,487	30.1%	1.01
2014	118,545,176	134,662,667	30,674,220	29.5%	1.14
2015	146,208,519	173,332,922	38,670,255	28.7%	1.19
2016	210,526,490	239,209,148	65,876,226	38.0%	1.14
2017	284,881,295	318,197,882	78,988,734	33.0%	1.12
2018	323,480,170	360,308,873	42,110,991	13.2%	1.11
2019	345,998,872	396,608,648	36,299,775	10.1%	1.15

\* Fiscal 2009 had revenue only for CTTS in the amount of \$66,362,310, which is used to calculate the percentage change in fiscal 2010.

Note: The above numbers are for Central Texas Turnpike System and Grand Parkway Transportation Corporation.

Source: TxDOT's Toll Operations Division

**Texas Department of Transportation**  
**Statistical Section - Debt Capacity Information**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

(Amounts in Millions Except Percentage Data and Per Capita)

Fiscal Year	Government Activities			Business-Type Activities		Total Primary Government	Personal Income	Percentage of Personal Income	Population	Per Capita*
	General Obligation Bonds	Revenue Bonds	Notes and Loans	Revenue Bonds	Notes and Loans					
2010	\$ 6,246	\$ 4,291	\$ 247	\$ 1,538	\$ 1,007	\$ 13,329	\$ 966,900	1.4%	25,293	\$ 527
2011	7,193	4,175	1,061	1,578	1,033	15,040	1,058,034	1.4%	25,701	585
2012	7,113	4,055	1,128	1,617	1,058	14,971	1,133,801	1.3%	26,126	573
2013	8,121	3,928	1,186	4,545	1,083	18,863	1,160,362	1.6%	26,543	711
2014	7,868	4,538	1,210	3,875	1,877	19,368	1,250,850	1.5%	27,019	717
2015	10,188	4,396	1,183	5,133	758	21,658	1,282,380	1.7%	27,508	787
2016	10,795	4,223	1,094	5,166	746	22,024	1,287,687	1.7%	27,952	788
2017	11,247	4,733	1,308	5,089	863	23,240	1,340,568	1.7%	28,357	820
2018	10,971	4,470	1,256	6,107	1,552	24,356	1,409,544	1.7%	28,775	846
2019	10,683	4,202	1,119	6,387	1,575	23,966	1,456,900	1.6%	29,041	825

\* Prior years numbers are subject to revisions. Calculation based on resident population figures from U.S. Bureau of the Census and Texas Comptroller of Public Accounts.

Source: Fiscal 2010 - 2019 TxDOT financial statements



**Texas Department of Transportation**  
**Statistical Section - Debt Capacity Information**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years\***

(Amounts in Millions Except Percentage Data and General Bonded Debt Per Capita)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Bonded Debt (General Obligation Bonds Only)	\$ 6,246	\$ 7,193	\$ 7,113	\$ 8,121	\$ 7,868	\$ 10,188	\$ 10,795	\$ 11,247	\$ 10,971	\$ 10,683
Percentage Bonded Debt Change From Prior Year	(0.7) %	15.2 %	(1.1) %	14.2 %	(3.1) %	29.5 %	6.0 %	4.2 %	(2.5) %	(2.6) %
Tax Collections**	\$ 35,868	\$ 39,632	\$ 44,171	\$ 47,857	\$ 51,413	\$ 51,096	\$ 47,971	\$ 50,194	\$ 55,963	\$ 59,785
Percentage Bonded Debt to Tax Collections	17.4%	18.1%	16.1%	17.0%	15.3%	19.9%	22.5%	22.4%	19.6%	17.9%
Resident Population	25.3	25.7	26.1	26.5	27.0	27.5	28.0	28.4	28.8	29.0
General Bonded Debt Per Capita	\$ 246.88	\$ 279.88	\$ 272.53	\$ 306.45	\$ 291.41	\$ 370.47	\$ 385.54	\$ 396.02	\$ 380.94	\$ 367.88

\* Historical data may reflect a variety of changes in methodology, inflation factors, price indicators and revisions to interim census figures made by the U.S. Bureau of Economic Analysis.

\*\* Fiscal 2019 Tax Collections is an estimate.

Source: Bonded debt and tax collection amounts are from the fiscal 2010 - 2019 TxDOT financial statements. Resident population figures are from the U.S. Department of Commerce, Bureau of Census and Bureau of Economic Analysis.

**Texas Department of Transportation**  
**Statistical Section - Debt Capacity Information**  
**Pledged Revenue Bond Coverage**  
**Last Ten Fiscal Years\***  
(Amounts in Millions Except Ratio Data)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>GOVERNMENTAL ACTIVITIES</b>										
State Highway Fund Revenue Bonds										
Pledged Revenue Amount*	N/A	\$ 6,021	\$ 6,552	\$ 6,762	\$ 7,441	\$ 7,427	\$ 8,267	\$ 8,450	\$ 8,407	\$ 8,973
Operating Expenditures	\$ 5,102	5,730	6,308	6,584	7,242	7,791	8,553	9,563	9,334	10,587
Net Available Revenue*	N/A	\$ 291	\$ 244	\$ 178	\$ 199	\$ (364)	\$ (286)	\$ (1,113)	\$ (927)	\$ (1,614)
Debt Service -										
Principal	\$ 104	\$ 109	\$ 115	\$ 120	\$ 126	\$ 132	\$ 139	\$ 145	\$ 216	\$ 226
Interest	118	179	200	195	189	198	176	195	206	186
Total Debt Service	\$ 222	\$ 288	\$ 315	\$ 315	\$ 315	\$ 331	\$ 315	\$ 340	\$ 422	\$ 412
Coverage Ratio*	N/A	1.0	0.8	0.6	0.6	(1.1)	(0.9)	(3.3)	(2.2)	(3.9)
<b>BUSINESS-TYPE ACTIVITIES</b>										
Central Texas Turnpike System										
Pledged Revenue Amount**	N/A	N/A	\$ 93	\$ 125	\$ 150	\$ 169	\$ 179	\$ 208	\$ 224	\$ 266
Operating Expenditures	\$ 68	\$ 69	73	67	107	110	101	106	111	110
Net Available Revenue**	N/A	N/A	\$ 20	\$ 58	\$ 43	\$ 59	\$ 78	\$ 102	\$ 113	\$ 156
Debt Service -										
Principal	\$	\$	\$ 5	\$ 8	\$ 10	\$ 8	\$ 2	\$ 8	\$ 14	\$ 20
Interest	63	75	71	72	66	92	107	107	107	107
Total Debt Service	\$ 63	\$ 75	\$ 76	\$ 80	\$ 76	\$ 100	\$ 109	\$ 115	\$ 121	\$ 127
Coverage Ratio**	N/A	N/A	0.3	0.7	0.6	0.6	0.7	0.9	0.9	1.2
Grand Parkway Transportation Corporation										
Pledged Revenue Amount***	N/A	N/A	N/A	N/A	N/A	N/A	\$ 86	\$ 162	\$ 186	\$ 229
Operating Expenditures***	N/A	N/A	N/A	N/A	N/A	N/A	77	94	101	108
Net Available Revenue***	N/A	N/A	N/A	N/A	N/A	N/A	\$ 9	\$ 68	\$ 85	\$ 121
Debt Service -										
Principal***	N/A	N/A	N/A	N/A	N/A	N/A	\$	\$	\$	\$
Interest***	N/A	N/A	N/A	N/A	N/A	N/A	111	105	90	152
Total Debt Service***	N/A	N/A	N/A	N/A	N/A	N/A	\$ 111	\$ 105	\$ 90	\$ 152
Coverage Ratio***	N/A	N/A	N/A	N/A	N/A	N/A	0.1	0.6	0.9	0.8

\* State Highway Fund pledged revenue is not published in fiscal 2010.

\*\* Central Texas Turnpike System pledged revenue is not published in fiscal 2010 and 2011.

\*\*\* Grand Parkway Transportation Corporation published its first annual financial report in fiscal 2016.

Source: Fiscal 2010 - 2019 TxDOT financial statements

Texas Department of Transportation  
 Statistical Section - Demographic and Economic Information  
 Texas and U.S. Population, Total Personal Income and Per Capital Income  
 Last Ten Calendar Years\*

Year	Population (Thousands)				Total Personal Income (Million)				Per Capita Income			
	Texas	Percent Changes	U.S.	Percent Changes	Texas	Percent Changes	U.S.	Percent Changes	Texas	Percent Changes	U.S.	Percent Changes
2010	25,191	1.8%	309,467	0.6%	\$ 945,659	2.2%	\$ 12,382,450	2.7%	\$ 37,540	0.3%	\$ 40,012	2.1%
2011	25,598	1.6%	311,760	0.7%	1,037,628	9.7%	13,157,358	6.3%	40,536	8.0%	42,203	5.5%
2012	26,032	1.7%	313,979	0.7%	1,111,334	7.1%	13,781,869	4.7%	42,691	5.3%	43,894	4.0%
2013	26,445	1.6%	316,147	0.7%	1,156,440	4.1%	14,190,212	3.0%	43,730	2.4%	44,885	2.3%
2014	26,918	1.8%	318,425	0.7%	1,227,543	6.1%	14,751,549	4.0%	45,603	4.3%	46,327	3.2%
2015	27,419	1.9%	320,741	0.7%	1,280,346	4.3%	15,577,862	5.6%	46,696	2.4%	48,568	4.8%
2016	27,877	1.7%	323,041	0.7%	1,282,518	0.2%	16,004,634	2.7%	46,006	(1.5)%	49,544	2.0%
2017	28,274	1.4%	325,158	0.7%	1,325,779	3.4%	16,656,656	4.1%	46,890	1.9%	51,226	3.4%
2018	28,655	1.3%	327,184	0.6%	1,391,754	5.0%	17,606,245	5.7%	48,569	3.6%	53,811	5.0%
2019**	29,041	1.3%	329,463	0.7%	1,456,900	4.7%	18,452,584	4.8%	50,167	3.3%	56,008	4.1%

\*Prior years numbers are subject to revisions.

\*\* Numbers for 2019 include some estimates for the latter part of the year.

Source: U.S. Bureau of Economic Analysis, US Bureau of the Census and Texas Comptroller of Public Accounts

**Texas Department of Transportation**  
**Statistical Section - Demographic and Economic Information**  
**Texas and U.S. Employment and Unemployment Rates**  
**Last Ten Calendar Years\***

(Amounts in Thousands Except Unemployment Percentage Rate)

Year	Nonfarm Employment (Thousands)				Unemployment Percentage Rate	
	Texas	Percent Changes	U.S.	Percent Changes	Texas	U.S.
2010	10,375	(0.6)%	130,161	(0.9)%	8.2%	9.7%
2011	10,605	2.2%	131,442	1.0%	7.9%	9.2%
2012	10,915	2.9%	133,638	1.7%	7.0%	8.3%
2013	11,241	3.0%	135,779	1.6%	6.4%	7.6%
2014	11,593	3.1%	138,225	1.8%	5.4%	6.5%
2015	11,865	2.3%	141,142	2.1%	4.5%	5.5%
2016	12,014	1.3%	143,752	1.8%	4.6%	4.9%
2017	12,228	1.8%	146,070	1.6%	4.5%	4.5%
2018	12,504	2.3%	148,401	1.6%	3.9%	4.0%
2019**	12,776	2.2%	150,868	1.7%	3.6%	3.7%

\*Prior years are subject to revisions.

\*\*Numbers for 2019 include some estimates for the latter part of the year.

Source: Texas Workforce Commission, Texas Comptroller of Public Accounts and U.S. Bureau of Labor Statistics.

**Texas Department of Transportation**  
**Statistical Section - Demographic and Economic Information**  
**Texas Nonfarm Employment Detail: Number of Jobs**  
**Last Ten Calendar Years**  
(Amounts in Thousands)

<b>Employment by Industry</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019**</b>
<b>GOODS-PRODUCING</b>										
Natural Resources and Mining	206.4	237.4	270.8	289.0	311.2	272.5	213.3	222.0	246.2	259.5
Construction	564.4	564.0	584.6	613.5	651.9	683.9	700.4	712.2	738.5	770.4
Manufacturing										
Durables	524.0	550.1	576.8	582.0	590.2	578.4	541.8	542.0	564.3	584.5
Nondurables	293.2	291.6	293.5	293.9	297.5	301.0	305.4	310.9	316.6	319.2
Total, Good-Producing	<u>1,588.1</u>	<u>1,643.1</u>	<u>1,725.6</u>	<u>1,778.4</u>	<u>1,850.8</u>	<u>1,835.7</u>	<u>1,761.0</u>	<u>1,787.1</u>	<u>1,865.7</u>	<u>1,933.5</u>
<b>SERVICE-PROVIDING</b>										
Trade, Transportation, and Utilities										
Wholesale Trade	482.0	500.8	524.6	541.9	561.1	573.0	569.1	577.1	596.3	620.0
Retail Trade	1,136.0	1,159.5	1,185.9	1,221.2	1,257.9	1,298.7	1,324.5	1,328.2	1,330.4	1,326.0
Transportation and Warehousing	370.9	385.3	402.1	415.3	433.8	457.9	471.3	490.4	507.8	519.0
Utilities	48.2	48.5	48.4	48.8	49.0	49.5	49.9	50.7	51.9	52.3
Information	195.2	195.2	196.8	200.5	201.6	200.4	202.3	203.1	204.0	201.6
Financial Activities										
Finance and Insurance	454.5	466.8	481.9	496.2	503.9	517.8	531.6	547.0	555.2	572.4
Real Estate and Rental and Leasing	170.9	174.2	179.9	187.9	196.6	201.1	204.7	214.1	221.7	225.2
Professional and Business Services										
Professional, Scientific and Technical	571.1	592.6	626.5	651.6	684.7	716.1	732.8	749.5	782.1	822.4
Management, Administrative and Support	715.5	760.0	796.8	831.4	871.0	891.7	907.2	928.5	951.6	961.8
Educational and Health Services										
Educational Services, Private	155.8	161.4	166.6	173.9	180.4	188.4	195.2	201.9	208.5	214.7
Health Care and Social Assistance	1,225.2	1,252.5	1,280.4	1,312.2	1,341.2	1,388.6	1,430.2	1,464.5	1,488.4	1,523.0
Leisure and Hospitality	1,008.0	1,041.7	1,086.5	1,139.6	1,188.0	1,242.0	1,290.0	1,319.5	1,354.8	1,393.3
Other Services	363.3	370.4	385.7	400.1	413.0	419.8	423.5	426.8	433.3	446.3
Government										
Federal Civilian	209.6	201.4	199.2	197.1	193.3	194.3	197.7	199.9	201.4	203.7
State and Local	1,681.2	1,652.2	1,627.7	1,644.8	1,666.6	1,689.9	1,722.8	1,739.7	1,750.9	1,760.7
Total, Service-Providing	<u>8,787.2</u>	<u>8,962.2</u>	<u>9,189.0</u>	<u>9,462.5</u>	<u>9,741.8</u>	<u>10,029.1</u>	<u>10,252.6</u>	<u>10,440.8</u>	<u>10,638.4</u>	<u>10,842.3</u>
Total Nonfarm Employment	<u>10,375.3</u>	<u>10,605.3</u>	<u>10,914.6</u>	<u>11,240.9</u>	<u>11,592.6</u>	<u>11,864.8</u>	<u>12,013.6</u>	<u>12,227.9</u>	<u>12,504.1</u>	<u>12,775.8</u>

\*Data in the table are annual averages. Prior years are subject to annual benchmark revisions.

\*\*Numbers for 2019 include some estimates for the latter part of the year.

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. This table provides alternative information regarding the source of the state's major tax revenue.

Source: Texas Workforce Commission, Labor Market Information (LMI) and Texas Comptroller of Public Accounts

**Texas Department of Transportation**  
**Statistical Section - Operating Information**  
**Full-Time Equivalent Employees (FTE)**  
**Last Ten Fiscal Years**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
FTE Cap*	<u>14,710</u>	<u>14,088</u>	<u>12,203</u>	<u>12,203</u>	<u>12,087</u>
FTE	12,222	11,819	11,558	11,614	11,647
Contractor	<u>38</u>	<u>143</u>	<u>205</u>	<u>108</u>	<u>68</u>
Total Usage	<u>12,260</u>	<u>11,962</u>	<u>11,763</u>	<u>11,722</u>	<u>11,715</u>
Over/Under	<u>(2,450)</u>	<u>(2,126)</u>	<u>(440)</u>	<u>(481)</u>	<u>(372)</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
FTE Cap	<u>12,087</u>	<u>11,900</u>	<u>11,900</u>	<u>12,214</u>	<u>12,214</u>
FTE	11,574	11,795	11,369	11,597	11,886
Contractor	<u>72</u>	<u>77</u>	<u>36</u>	<u>20</u>	<u>19</u>
Total Usage	<u>11,646</u>	<u>11,872</u>	<u>11,405</u>	<u>11,617</u>	<u>11,905</u>
Over/Under	<u>(441)</u>	<u>(28)</u>	<u>(495)</u>	<u>(597)</u>	<u>(309)</u>

\* Incorporates Article IX, §18.92, of this Act, due to the enactment of SB 1420, 82nd Legislature, Regular Session, relating to the transfer of powers, duties, functions, programs, and activities of the Department of Transportation relating to oversize and overweight vehicles of the Department of Motor Vehicles, resulting in the transfer of \$7,010,653 in fiscal 2012 and \$7,010,653 in fiscal 2013 in State Highway Funds and 116.0 FTEs in each fiscal year of the 2012-2013 biennium to the Department of Motor Vehicles from the Department of Transportation. Pursuant to SB 1420 and Article IX, §18.92, the functions of and appropriations to the Department of Transportation relating to oversize and overweight vehicles will be transferred to the Department of Motor Vehicles on or later than Jan. 1, 2012.

Notes:

1. Full-Time Equivalent (FTE) Cap was obtained from the General Appropriations Act (GAA) for each biennium.
2. Usage was determined based on Texas State Auditor's Office (SAO) reports.
3. Summer Hire FTEs are not included in usage totals.
4. Over/Under is the difference between total usage and FTE Cap.

**Texas Department of Transportation**  
**Statistical Section - Operating Information**  
**Capital Assets Indicators**  
**Schedule of Assessed Conditions**  
**Last Ten Fiscal Years**

	Assessed Conditions in Percentages				
	2010	2011	2012	2013	2014
Interstate Condition	83.6 %	83.0 %	82.0 %	80.3 %	77.8 %
Non-Interstate Condition	77.9 %	78.5 %	77.7 %	77.4 %	76.0 %
Central Texas Turnpike System	87.9 %	89.9 %	86.3 %	85.1 %	83.4 %
Grand Parkway Transportation Corporation	N/A	N/A	N/A	N/A	N/A
	2015	2016	2017	2018	2019
Interstate Condition	76.6 %	78.6 %	80.8 %	80.3 %	80.9 %
Non-Interstate Condition	75.3 %	77.5 %	77.8 %	77.8 %	79.6 %
Central Texas Turnpike System	79.0 %	76.9 %	81.9 %	79.7 %	84.9 %
Grand Parkway Transportation Corporation	N/A	N/A	N/A	N/A	N/A

Note: Texas Maintenance Assessment Program (TxMAP) doesn't assess GPTC separately. The information is for inspected on-system roadways.

Source: Assessed conditions provided by TxDOT's Maintenance Division

**Texas Department of Transportation**  
**Statistical Section - Operating Information**  
**Capital Assets Indicators**  
**Schedule of State-Owned Centerline Miles**  
**Last Ten Calendar Years**

	2010	2011	2012	2013	2014
Interstate highways	3,233	3,231	3,237	3,272	3,415
U.S.highways	12,110	12,105	12,100	12,062	11,900
State highways	16,293	16,336	16,364	16,411	16,396
Farm or Ranch to Market roads	40,966	40,939	40,935	40,933	40,931
Frontage roads	6,962	7,041	7,258	7,245	7,336
Park roads	339	340	339	345	345
Total Miles	<u>79,903</u>	<u>79,992</u>	<u>80,233</u>	<u>80,268</u>	<u>80,323</u>
	2015	2016	2017	2018	2019
Interstate highways	3,417	3,417	3,436	3,459	3,459
U.S.highways	11,905	11,905	11,887	11,851	11,852
State highways	16,390	16,390	16,426	16,390	16,380
Farm or Ranch to Market roads	40,910	40,910	40,910	40,849	40,846
Frontage roads	7,453	7,453	7,476	7,546	7,570
Park roads	348	348	348	349	349
Total Miles	<u>80,423</u>	<u>80,423</u>	<u>80,483</u>	<u>80,444</u>	<u>80,456</u>

Notes:

1. The information are for roadways under TxDOT's jurisdiction.
2. Total public roadway mileage was held constant from calendar year 2014 to 2015 due to the transition to a new roadway inventory database system (GRID). This transition continued in calendar year 2016, when mileage updates were limited to select on-system routes.
3. In calendar year 2017, the transition from the legacy system to GRID was completed. Mileage and traffic data were reported for the first time using GRID, and the routine work of roadway edits and additions was resumed.

Source: Centerline miles provided by TxDOT's Transportation Planning and Program Division



**Texas Department of Transportation**  
**Statistical Section - Operating Information**  
**Capital Assets Indicators**  
**Schedule of Rated Lane Miles Conditions**  
**Last Ten Fiscal Years**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Total Lane Miles	195,287	196,322	196,821	197,202	197,142
Rated Lane Miles	190,396	190,759	190,918	190,695	190,798
Good or Better Lane Miles	165,585	165,319	165,090	168,441	166,351
% Good or Better Lane Miles	87.0 %	86.7 %	86.5 %	88.3 %	87.2 %
% Change from Prior Year	2.9 %	(0.2) %	(0.1) %	2.0 %	(1.2) %
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Total Lane Miles	197,757	197,549	197,295	197,438	197,558
Rated Lane Miles	191,049	192,990	196,438	196,120	195,287
Good or Better Lane Miles	166,055	168,521	169,522	172,442	171,804
% Good or Better Lane Miles	86.9 %	87.3 %	86.3 %	87.9 %	88.0 %
% Change from Prior Year	(0.2) %	1.5 %	0.6 %	1.7 %	(0.4) %

Note: Statewide Lane Mileage Conditions

Source: TxDOT's Transportation Planning and Program Division

## Section Four

# Other Information

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

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

**Schedule 2 - Bond Schedules**

**Schedule 2A - Miscellaneous Bond Information**

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

**Schedule 2C - Debt Service Requirements**

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

**Schedule 2E - Defeased Outstanding Bonds**

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

\* All schedules are presented unrounded (in dollars and cents).

**TEXAS DEPARTMENT OF TRANSPORTATION  
SCHEDULE 1A-SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended August 31, 2019

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through From			Direct Program Amount
		Agency Number	State Entities	Other Entities	
		\$	\$	\$	
<u><i>Federal Aviation Administration (FAA):</i></u>					
Direct Program:					
Airport Improvement Program	20.106				52,446,653.16
Pass-Through Funds to Other Entities:					
Airport Improvement Program	20.106				150,000.00
Total FAA:			0.00	0.00	52,596,653.16
<u><i>Federal Highway Administration (FHWA):</i></u>					
Direct Program:					
Highway Research and Development Program	20.200				319,793.55
Total FHWA:			0.00	0.00	319,793.55
<u><i>Federal Railroad Administration (FRA):</i></u>					
Direct Program:					
Capital Assistance to States - Intercity Passenger Rail Service	20.317				5,558.86
Total FRA:			0.00	0.00	5,558.86
<u><i>Federal Transit Administration (FTA):</i></u>					
Direct Program:					
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505				302,782.41
Formula Grants for Rural Areas and Tribal Transit Program	20.509				1,159,488.89
Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program	20.528				702,269.07
Pass-Through Funds to Other Entities:					
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505				1,249,121.87
Formula Grants for Rural Areas and Tribal Transit Program	20.509				45,932,148.53
Total FTA:			0.00	0.00	49,345,810.77
<u><i>National Highway Traffic Safety Admin. (NHTSA):</i></u>					
Direct Program:					
NHTSA Discretionary Safety Grants	20.614				269,554.53
Total NHTSA:			0.00	0.00	269,554.53
<u><i>Office of the Secretary (OST) Administration Secretariat:</i></u>					
Direct Program:					
National Infrastructure Investments	20.933				(1.82)
Pass-Through Funds to Other Entities:					
National Infrastructure Investments	20.933				6,190,197.57
Total OST:			0.00	0.00	6,190,195.75
<u><i>General Services Administration (GSA):</i></u>					
Pass-Through Funds:					
Donation of Federal Surplus Personal Property-NonMonetary					
Pass-Through from Texas Facilities Commission	39.003	303	244,261.71		
Total GSA:			244,261.71	0.00	0.00
<u><i>Department of Homeland Security (DHS):</i></u>					
Pass-Through Funds:					
Disaster Grants - Public Assistance					
Pass-Through from Texas Department of Public Safety	97.036	405	3,519,860.46		
Total DHS:			3,519,860.46	0.00	0.00

Through From and Direct Program	Agency Number	Pass-Through To		Expenditures	Through To and Expenditures Amount
		State Entities	Other Entities		
\$	\$	\$	\$	\$	\$
52,446,653.16				52,446,653.16	52,446,653.16
150,000.00			150,000.00		150,000.00
<u>52,596,653.16</u>		<u>0.00</u>	<u>150,000.00</u>	<u>52,446,653.16</u>	<u>52,596,653.16</u>
319,793.55				319,793.55	319,793.55
<u>319,793.55</u>		<u>0.00</u>	<u>0.00</u>	<u>319,793.55</u>	<u>319,793.55</u>
5,558.86				5,558.86	5,558.86
<u>5,558.86</u>		<u>0.00</u>	<u>0.00</u>	<u>5,558.86</u>	<u>5,558.86</u>
302,782.41				302,782.41	302,782.41
1,159,488.89				1,159,488.89	1,159,488.89
702,269.07				702,269.07	702,269.07
1,249,121.87			1,249,121.87		1,249,121.87
45,932,148.53			45,932,148.53		45,932,148.53
<u>49,345,810.77</u>		<u>0.00</u>	<u>47,181,270.40</u>	<u>2,164,540.37</u>	<u>49,345,810.77</u>
269,554.53				269,554.53	269,554.53
<u>269,554.53</u>		<u>0.00</u>	<u>0.00</u>	<u>269,554.53</u>	<u>269,554.53</u>
(1.82)				(1.82)	(1.82)
6,190,197.57			6,190,197.57		6,190,197.57
<u>6,190,195.75</u>		<u>0.00</u>	<u>6,190,197.57</u>	<u>(1.82)</u>	<u>6,190,195.75</u>
244,261.71				244,261.71	244,261.71
<u>244,261.71</u>		<u>0.00</u>	<u>0.00</u>	<u>244,261.71</u>	<u>244,261.71</u>
3,519,860.46				3,519,860.46	3,519,860.46
<u>3,519,860.46</u>		<u>0.00</u>	<u>0.00</u>	<u>3,519,860.46</u>	<u>3,519,860.46</u>

**TEXAS DEPARTMENT OF TRANSPORTATION**  
**SCHEDULE 1A-SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**

Year Ended August 31, 2019

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through From			Direct Program Amount
		Agency Number	State Entities	Other Entities	
		\$	\$	\$	
<i>Other Clusters</i>					
<i>Federal Transit Cluster:</i>					
<u><i>Federal Transit Administration (FTA):</i></u>					
Direct Program:					
Bus and Bus Facilities Formula Program	20.526				0.58
Pass-Through Funds to Other Entities:					
Bus and Bus Facilities Formula Program	20.526				4,469,267.83
Total FTA:		<u>0.00</u>	<u>0.00</u>		<u>4,469,268.41</u>
<i>Transit Services Programs Cluster:</i>					
<u><i>Federal Transit Administration (FTA):</i></u>					
Direct Program:					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513				818,133.98
Job Access - Reverse Commute Program	20.516				(46,721.92)
New Freedom Program	20.521				(1.63)
Pass-Through to Other Entities:					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513				6,791,862.56
Total FTA:		<u>0.00</u>	<u>0.00</u>		<u>7,563,272.99</u>
<i>Highway Planning and Construction Cluster:</i>					
<u><i>Federal Highway Administration (FHWA):</i></u>					
Direct Program:					
Highway Planning and Construction	20.205				3,834,312,160.31
Pass-Through Funds:					
Highway Planning and Construction					
Texas Southern University	20.205				247,722.81
University of Texas at El Paso	20.205				731,166.80
University of Texas at San Antonio	20.205				238,747.88
Pass-Through to Other Entities					
	20.205				206,142,211.22
Total FHWA:		<u>0.00</u>	<u>0.00</u>		<u>4,041,672,009.02</u>

Through From and Direct Program	Agency Number	Pass-Through To		Expenditures	Through To and Expenditures Amount
\$	\$	State Entities	Other Entities	\$	\$
0.58				0.58	0.58
<u>4,469,267.83</u>			<u>4,469,267.83</u>		<u>4,469,267.83</u>
<u>4,469,268.41</u>		<u>0.00</u>	<u>4,469,267.83</u>	<u>0.58</u>	<u>4,469,268.41</u>
818,133.98				818,133.98	818,133.98
(46,721.92)				(46,721.92)	(46,721.92)
(1.63)				(1.63)	(1.63)
<u>6,791,862.56</u>			<u>6,791,862.56</u>		<u>6,791,862.56</u>
<u>7,563,272.99</u>		<u>0.00</u>	<u>6,791,862.56</u>	<u>771,410.43</u>	<u>7,563,272.99</u>
3,834,312,160.31				3,834,312,160.31	3,834,312,160.31
247,722.81	717	247,722.81			247,722.81
731,166.80	724	731,166.80			731,166.80
238,747.88	743	238,747.88			238,747.88
<u>206,142,211.22</u>			<u>206,142,211.22</u>		<u>206,142,211.22</u>
<u>4,041,672,009.02</u>		<u>1,217,637.49</u>	<u>206,142,211.22</u>	<u>3,834,312,160.31</u>	<u>4,041,672,009.02</u>

**TEXAS DEPARTMENT OF TRANSPORTATION  
SCHEDULE 1A-SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Concluded)**

Year Ended August 31, 2019

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through From			Direct Program Amount		
		Agency Number	State Entities	Other Entities			
		\$	\$	\$			
<i>Highway Safety Cluster:</i>							
<i>National Highway Traffic Safety Admin. (NHTSA):</i>							
Direct Program:							
State and Community Highway Safety	20.600				(321,272.18)		
National Priority Safety Programs	20.616				9,768,049.82		
Pass-Through Funds:							
State and Community Highway Safety							
Texas Department of Public Safety	20.600				562,007.08		
Texas Alcoholic Beverage Commission	20.600				541,911.97		
Texas Department of State Health Services	20.600				350,121.43		
Texas A&M AgriLife Extension Service	20.600				1,354,000.25		
University of Texas at Arlington	20.600				426,332.03		
Texas A&M Engineering Extension Service	20.600				312,604.75		
Texas A&M Transportation Institute	20.600				2,958,657.89		
Texas Tech University	20.600				143,737.86		
Texas State University	20.600				158,134.04		
National Priority Safety Programs							
Texas Department of Public Safety	20.616				1,016,889.23		
Texas Department of State Health Services	20.616				888,560.61		
Texas A&M Transportation Institute	20.616				1,335,488.03		
Sam Houston State University	20.616				919,220.35		
Pass-Through to Other Entities							
State and Community Highway Safety	20.600				14,162,829.49		
National Priority Safety Programs	20.616				7,295,648.33		
Total NHTSA:			0.00	0.00	41,872,920.98		
Total Other Clusters			0.00	0.00	4,095,577,471.40		
TOTAL FEDERAL ASSISTANCE		\$	3,764,122.17	\$	0.00	\$	4,204,305,038.02

Total Pass-Through From and Direct Program	Agency Number	Pass-Through To		Expenditures	Total Pass-Through To and Expenditures Amount
		State Entities	Other Entities		
\$	\$	\$	\$	\$	\$
(321,272.18)				(321,272.18)	(321,272.18)
9,768,049.82				9,768,049.82	9,768,049.82
562,007.08	405	562,007.08			562,007.08
541,911.97	458	541,911.97			541,911.97
350,121.43	537	350,121.43			350,121.43
1,354,000.25	555	1,354,000.25			1,354,000.25
426,332.03	714	426,332.03			426,332.03
312,604.75	716	312,604.75			312,604.75
2,958,657.89	727	2,958,657.89			2,958,657.89
143,737.86	733	143,737.86			143,737.86
158,134.04	754	158,134.04			158,134.04
1,016,889.23	405	1,016,889.23			1,016,889.23
888,560.61	537	888,560.61			888,560.61
1,335,488.03	727	1,335,488.03			1,335,488.03
919,220.35	753	919,220.35			919,220.35
14,162,829.49			14,162,829.49		14,162,829.49
7,295,648.33			7,295,648.33		7,295,648.33
<u>41,872,920.98</u>		<u>10,967,665.52</u>	<u>21,458,477.82</u>	<u>9,446,777.64</u>	<u>41,872,920.98</u>
<u>4,095,577,471.40</u>		<u>12,185,303.01</u>	<u>238,861,819.43</u>	<u>3,844,530,348.96</u>	<u>4,095,577,471.40</u>
<u>\$ 4,208,069,160.19</u>		<u>\$ 12,185,303.01</u>	<u>\$ 292,383,287.40</u>	<u>\$ 3,903,500,569.78</u>	<u>\$ 4,208,069,160.19</u>



**TEXAS DEPARTMENT OF TRANSPORTATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Fiscal Year Ended August 31, 2019

**Note 1 - Nonmonetary Assistance**

The "Donation of Federal Surplus Personal Property" is presented at 22.47% of the federal acquisition cost of \$1,087,057.00. The surplus property is passed through from the Texas Facilities Commission. The federal grantor agency is the General Services Administration (GSA) and the federal CFDA number is 39.003. The estimated fair market value (FMV) for fiscal year 2019 is \$244,261.71. The difference of the value of the surplus property recorded on the federal schedule and Exhibit II (Federal Revenues and Federal Pass-Through Revenues) is a reconciling item under Note 2.

**Note 2 - Reconciliation**

Per Combined Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities - Governmental Funds:

Federal Revenues before Other Adjustments	\$4,258,259,073.42
Federal Pass-Through Revenues	3,519,860.46
Subtotal	<u>\$4,261,778,933.88</u>
Reconciling Items:	
Federal Surplus Personal Property Donation (Non-Monetary)	244,261.71
Build America Bonds Federal Subsidy	<u>(53,954,035.40)</u>
Total Pass-Through and Expenditures per Federal Schedule	<u>\$4,208,069,160.19</u>

**Note 7 - Federal Deferred Inflow**

Federal Deferred Inflow September 1, 2018	\$98,836,783.37
Increase	215,496,267.86
Federal Deferred Inflow August 31, 2019	<u>\$314,333,051.23</u>

The federal deferred inflow ending balance of \$314,333,051.23 pertains to federal expenditures which were incurred and are reimbursable from the Federal Highway Administration, but the federal receivable is not collectable within 60 days after the end of the fiscal year. Federal CFDA number 20.205 applies to this \$314,333,051.23.

**Note 8 - Disaster Grants - Public Assistance (CFDA 97.036)**

After a Presidentially-Declared Disaster, FEMA provides a Public Assistance Grant to reimburse eligible costs associated with repair, replacement, or restoration of disaster-damaged facilities. The federal government reimburses in the form of cost-shared grants which requires state matching funds. In fiscal 2019, FEMA approved \$3,313,313.08 eligible expenditures that were incurred in a prior year are included in the fiscal 2019 Schedule.

**Note 10 - 10% de Minimis Indirect Cost Rate**

The Texas Department of Transportation did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The department does not currently bill any federal agency for indirect cost.

**TEXAS DEPARTMENT OF TRANSPORTATION**

**SCHEDULE 1B-SCHEDULE OF STATE GRANT PASS-THROUGHS  
FROM/TO STATE AGENCIES**

Year Ended August 31, 2019

<u>Pass-Through To:</u>	<u>Grant ID</u>	<u>Amount</u>
Airport Routine Maintenance Texas A&M University System ( Agency 710)	601.0029	\$50,000.00
Airport Routine Maintenance Texas State Technical College System (Agency 719)	601.0030	46,000.00
Total Pass-Through To Other Agencies		<u>\$ 96,000.00</u>

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**Schedule 2 - Bond Schedules**

**TEXAS DEPARTMENT OF TRANSPORTATION**  
**SCHEDULE 2A - MISCELLANEOUS BOND INFORMATION**  
For the Fiscal Year Ended August 31, 2019

**Governmental Activities**

	Bonds Issued to Date	Range of Interest Rates		Terms of Variable Interest Rates *	Scheduled Maturities		First Call Date
					First Year	Last Year	
<b>General Obligation Bonds:</b>							
<b>Texas Mobility Fund (Self-Supporting)</b>							
Series 2006-B Variable Rate Bonds	\$ 150,000,000.00	VAR	VAR	Weekly	2036	2036	**
Series 2009-A Taxable Fixed Rate Bonds	1,208,495,000.00	5.3670%	5.5170%		2029	2039	**
Series 2014 Fixed Rate Refunding Bonds	973,775,000.00	4.0000%	5.0000%		2016	2034	4/1/2024
Series 2014-A Fixed Rate Refunding Bonds	1,580,160,000.00	4.0000%	5.0000%		2017	2044	10/1/2024
Series 2014-B SIFMA Index Bonds	250,000,000.00	VAR	VAR	Weekly	2041	2041	10/1/2021
Series 2015-A Fixed Rate Refunding Bonds	911,360,000.00	3.2000%	5.0000%		2018	2036	10/1/2025
Series 2015-B Fixed Rate Refunding Bonds	254,105,000.00	5.0000%	5.0000%		2031	2036	10/1/2025
Series 2017-A Fixed Rate Refunding Bonds	296,020,000.00	5.0000%	5.0000%		2030	2034	10/1/2027
Series 2017-B Fixed Rate Refunding Bonds	474,135,000.00	5.0000%	5.0000%		2029	2036	10/1/2027
<b>Total General Obligation Bonds (Self-Supporting)</b>	<b>6,098,050,000.00</b>						
<b>Texas Highway Improvement (Non-Self-Supporting)</b>							
Series 2010-A Taxable Fixed Rate Bonds	815,420,000.00	3.2030%	4.6810%		2019	2040	**
Series 2012-A Fixed Rate Bonds	818,635,000.00	5.0000%	5.0000%		2019	2042	4/1/2022
Series 2012-B Taxable Fixed Rate Bonds*	99,570,000.00	0.3000%	1.5000%		2014	2019	n/a
Series 2014 Fixed Rate Bonds	1,260,000,000.00	2.0000%	5.0000%		2015	2044	4/1/2024
Series 2016 Fixed Rate Bonds	615,000,000.00	5.0000%	5.0000%		2017	2046	4/1/2026
Series 2016-A Fixed Rate Bonds	588,755,000.00	4.0000%	5.0000%		2018	2046	4/1/2026
<b>Total General Obligation (Non-Self Supporting)</b>	<b>4,197,380,000.00</b>						
<b>Revenue Bonds:</b>							
<b>State Highway Fund (Self-Supporting)</b>							
Series 2008 Fixed Rate Bonds	162,995,000.00	3.5000%	5.2500%		2010	2028	4/1/2018
Series 2010 Taxable Fixed Rate Bonds	1,500,000,000.00	5.0280%	5.1780%		2026	2030	**
Series 2014-A Refunding Fixed Rate Bonds	1,157,795,000.00	4.7500%	5.0000%		2017	2034	4/1/2024
Series 2014-B1 Variable Rate Bonds	150,000,000.00	VAR	VAR	Weekly	2032	2032	**
Series 2014-B2 LIBOR Bonds	150,000,000.00	VAR	VAR	Monthly	2032	2032	**
Series 2015 Revenue Refunding Bonds	781,080,000.00	3.0000%	5.0000%		2017	2026	n/a
Series 2016-A Fixed Rate Bonds	601,210,000.00	3.0000%	5.0000%		2017	2030	10/1/2026
Series 2016-B Variable Rate Bonds	89,370,000.00	4.0000%	4.0000%		2025	2026	10/1/2021
<b>Total Revenue Bonds (Self-Supporting)</b>	<b>4,592,450,000.00</b>						
<b>Total Governmental Activities</b>	<b>\$ 14,887,880,000.00</b>						

\* These bonds are not outstanding as of 08/31/2019

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

*Continued on following page*

**TEXAS DEPARTMENT OF TRANSPORTATION**  
**SCHEDULE 2A - MISCELLANEOUS BOND INFORMATION (Concluded)**  
For the Fiscal Year Ended August 31, 2019

**Business-Type Activities**

	Bonds Issued to Date	Range of Interest Rates		Terms of Variable Interest Rates *	Scheduled Maturities		First Call Date
		First Year	Last Year	First Year	Last Year		
<b>Revenue Bonds:</b>							
<b>Central Texas Turnpike System (Self-Supporting)</b>							
First Tier Revenue Bonds Series 2002-A							
Non-Callable Capital Appreciation Bonds***	\$ 680,837,195.80	4.4700%	5.7500%		2012	2030	n/a
Callable Capital Appreciation Bonds*	325,494,476.65	6.0000%	6.1000%		2025	2038	8/15/2012
First Tier Revenue Refunding Bonds Series 2012-A	585,330,000.00	4.0000%	5.0000%		2038	2041	8/15/2022
First Tier Revenue Refunding Put Bonds, Series 2015-A	225,000,000.00	5.0000%	5.0000%		2041	2042	4/1/2020
First Tier Revenue Refunding Bonds Series 2015-B							
Current Interest Bonds + Term Bond	198,025,000.00	5.0000%	5.0000%		2032	2037	8/15/2024
Capital Appreciation Bonds ***	112,874,773.33	4.3600%	4.3800%		2036	2037	8/15/2024
Second Tier Revenue Refunding Bonds, Series 2015-C	1,157,320,000.00	5.0000%	5.0000%		2022	2042	8/15/2024
Total Central Texas Turnpike System (Self-Supporting)	<u>3,284,881,445.78</u>						
<b>Blended Component Unit-Grand Parkway Transportation Corporation****</b>							
First Tier Toll Revenue Bonds, Series 2013-A	200,000,000.00	5.1250%	5.5000%		2031	2053	10/1/2023
Subordinate Tier Toll Revenue Bonds, Series 2013-B							
Convertible Capital Appreciation Bonds***	389,276,363.44	4.9500%	5.8500%		2029	2048	10/1/2028
Current Interest Bonds	1,137,935,000.00	5.0000%	5.2500%		2048	2053	10/1/2023
Subordinate Tier Toll Revenue Bonds, Series 2013-E	361,810,000.00	5.1840%	5.1840%		2036	2042	**
Subordinate Tier Toll Revenue Refunding Bonds, Series 2016	83,775,000.00	2.2000%	2.2000%		2023	2023	n/a
Subordinate Tier Toll Revenue Bonds, Series 2018-A	712,100,000.00	5.0000%	5.0000%		2030	2048	4/1/2028
Subordinate Tier Toll Revenue Put Bonds, Series 2018-B	166,525,000.00	5.0000%	5.0000%		2049	2052	10/1/2023
Total Blended Component Unit-Grand Parkway Transportation Corporation	<u>3,051,421,363.44</u>						
<b>State Highway 249 System</b>							
First Tier Toll Revenue Bonds, Series 2019A							
Current Interest Bonds	144,085,000.00	5.0000%	5.0000%		2053	2057	2/1/2029
Capital Appreciation Bonds***	94,665,113.38	3.3900%	5.1000%		2028	2053	2/1/2029
First Tier Toll Revenue Bonds, Taxable Series 2019B	12,795,000.00	4.5500%	4.7000%		2030	2033	2/1/2029
Total State Highway 249 System	<u>251,545,113.38</u>						
<b>Total Business-Type Activities</b>	<u>\$ 6,587,847,922.60</u>						

\* These bonds are not outstanding as of 08/31/2019

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

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

\*\*\*\*Grand Parkway Transportation Corporation bonds are not obligations of the State.

**TEXAS DEPARTMENT OF TRANSPORTATION**  
**SCHEDULE 2B - CHANGES IN BONDED INDEBTEDNESS**  
For the Fiscal Year Ended August 31, 2019

**Governmental Activities**

Description of Issue	Bonds Outstanding 9/1/2018	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2019
<b>General Obligation Bonds:</b>					
<b>Texas Mobility Fund</b>					
Series 2006-B	\$ 150,000,000.00	\$	\$	\$	\$ 150,000,000.00
Series 2009-A	1,208,495,000.00				1,208,495,000.00
Series 2014	925,140,000.00		33,185,000.00		891,955,000.00
Series 2014-A	1,555,510,000.00		30,155,000.00		1,525,355,000.00
Series 2014-B	250,000,000.00				250,000,000.00
Series 2015-A	911,360,000.00		18,295,000.00		893,065,000.00
Series 2015-B	254,105,000.00				254,105,000.00
Series 2017-A	296,020,000.00				296,020,000.00
Series 2017-B	474,135,000.00				474,135,000.00
<b>Texas Highway Improvement</b>					
Series 2010-A	815,420,000.00		27,720,000.00		787,700,000.00
Series 2012-A	818,635,000.00		10,915,000.00		807,720,000.00
Series 2012-B	7,935,000.00		7,935,000.00		
Series 2014	1,092,000,000.00		42,000,000.00		1,050,000,000.00
Series 2016	574,000,000.00		20,500,000.00		553,500,000.00
Series 2016-A	568,450,000.00		20,305,000.00		548,145,000.00
Total General Obligation Bonds	<u>9,901,205,000.00</u>	<u>0.00</u>	<u>211,010,000.00</u>	<u>0.00</u>	<u>9,690,195,000.00</u>
<b>Revenue Bonds:</b>					
<b>State Highway Fund</b>					
Series 2008	58,355,000.00				58,355,000.00
Series 2010	1,500,000,000.00				1,500,000,000.00
Series 2014-A	998,725,000.00		85,465,000.00		913,260,000.00
Series 2014-B1	150,000,000.00				150,000,000.00
Series 2014-B2	150,000,000.00				150,000,000.00
Series 2015	719,955,000.00		71,710,000.00		648,245,000.00
Series 2016-A	535,900,000.00		68,325,000.00		467,575,000.00
Series 2016-B	89,370,000.00				89,370,000.00
Total Revenue Bonds	<u>4,202,305,000.00</u>	<u>0.00</u>	<u>225,500,000.00</u>	<u>0.00</u>	<u>3,976,805,000.00</u>
<b>Total Governmental Activities</b>	<b>\$ <u>14,103,510,000.00</u></b>	<b>\$ <u>0.00</u></b>	<b>\$ <u>436,510,000.00</u></b>	<b>\$ <u>0.00</u></b>	<b>\$ <u>13,667,000,000.00</u></b>

Continued on the following page

**TEXAS DEPARTMENT OF TRANSPORTATION**  
**SCHEDULE 2B - CHANGES IN BONDED INDEBTEDNESS (Continued)**  
For the Fiscal Year Ended August 31, 2019

**Governmental Activities**

Description of Issue	Unamortized Premium	Unamortized Discount	Adjustments	Net Bonds Outstanding 8/31/2019	Amounts Due Within One Year
<b>General Obligation Bonds:</b>					
<b>Texas Mobility Fund</b>					
Series 2006-B	\$	\$	\$	\$ 150,000,000.00	\$
Series 2009-A				1,208,495,000.00	420,000.00
Series 2014	91,670,772.91			983,625,772.91	47,092,805.98
Series 2014-A	193,519,143.82			1,718,874,143.82	48,778,933.11
Series 2014-B				250,000,000.00	
Series 2015-A	98,077,154.71			991,142,154.71	28,640,944.04
Series 2015-B	32,807,556.76			286,912,556.76	1,985,728.36
Series 2017-A	46,105,977.56			342,125,977.56	3,153,629.03
Series 2017-B	73,531,237.00			547,666,237.00	4,894,120.60
<b>Texas Highway Improvement</b>					
Series 2010-A				787,700,000.00	28,300,000.00
Series 2012-A	122,609,945.82			930,329,945.82	28,188,933.17
Series 2012-B					
Series 2014	143,109,241.95			1,193,109,241.95	53,008,403.23
Series 2016	101,382,280.35			654,882,280.35	27,741,591.45
Series 2016-A	90,402,680.27			638,547,680.27	26,762,675.11
Total General Obligation Bonds	<u>993,215,991.15</u>	<u>0.00</u>	<u>0.00</u>	<u>10,683,410,991.15</u>	<u>298,967,764.08</u>
<b>Revenue Bonds:</b>					
<b>State Highway Fund</b>					
Series 2008	2,288,073.94			60,643,073.94	322,167.13
Series 2010				1,500,000,000.00	
Series 2014-A	99,127,185.48			1,012,387,185.48	102,586,241.16
Series 2014-B1				150,000,000.00	
Series 2014-B2				150,000,000.00	
Series 2015	57,381,184.25			705,626,184.25	87,844,252.78
Series 2016-A	58,513,630.30			526,088,630.30	83,318,159.21
Series 2016-B	7,644,585.09			97,014,585.09	1,129,082.57
Total Revenue Bonds	<u>224,954,659.06</u>	<u>0.00</u>	<u>0.00</u>	<u>4,201,759,659.06</u>	<u>275,199,902.85</u>
Total Governmental Activities	<u>\$ 1,218,170,650.21</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 14,885,170,650.21</u>	<u>\$ 574,167,666.93</u>

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**TEXAS DEPARTMENT OF TRANSPORTATION**  
**SCHEDULE 2B - CHANGES IN BONDED INDEBTEDNESS (Continued)**  
For the Fiscal Year Ended August 31, 2019

**Business-Type Activities**

Description of Issue	Bonds Outstanding 9/1/2018	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2019
<b>Revenue Bonds:</b>					
<b>Central Texas Turnpike System</b>					
First Tier Bonds Series 2002-A, Non-Callable CAB's	\$ 482,876,192.31	\$ 27,657,400.94 **	\$ 20,365,000.00	\$	\$ 490,168,593.25
First Tier Bonds Series 2012-A	585,330,000.00				585,330,000.00
First Tier Bonds Series 2015-A	225,000,000.00				225,000,000.00
First Tier Bonds Series 2015-B:					
Current Interest Bonds	198,025,000.00				198,025,000.00
Capital Appreciation Bonds	108,099,200.00	4,775,573.33 **			112,874,773.33
Second Tier Bonds Series 2015-C	1,157,320,000.00				1,157,320,000.00
<b>Blended Component Unit-Grand Parkway Transportation Corp.*:</b>					
First Tier Toll Revenue Bonds, Series 2013-A	200,000,000.00				200,000,000.00
Subordinate Tier Toll Revenue Bonds, Series 2013-B:					
Callable CAB	368,099,466.40	21,176,897.04 **			389,276,363.44
Current Interest Bonds	1,137,935,000.00				1,137,935,000.00
Subordinate Tier Toll Revenue Bonds, Series 2013-E	361,810,000.00				361,810,000.00
Subordinate Tier Toll Revenue Refunding Bonds, Series 2016	83,775,000.00				83,775,000.00
Subordinate Tier Toll Revenue Bonds, Series 2018-A	712,100,000.00				712,100,000.00
Subordinate Tier Toll Revenue Put Bonds, Series 2018-B	166,525,000.00				166,525,000.00
<b>State Highway 249 System</b>					
First Tier Toll Revenue Bonds Series 2019-A:					
Current Interest Bonds		144,085,000.00			144,085,000.00
Capital Appreciation Bonds		94,665,113.38			94,665,113.38
First Tier Toll Revenue Taxable Bonds Series 2019-B:		12,795,000.00			12,795,000.00
<b>Total Business-Type Activities</b>	<b>\$ 5,786,894,858.71</b>	<b>\$ 305,154,984.69</b>	<b>\$ 20,365,000.00</b>	<b>\$ 0.00</b>	<b>\$ 6,071,684,843.40</b>

\*Grand Parkway Transportation Corporation debt issuances are not obligations of the State

\*\*Due to annual principal accretion.

*Continued on the following page*

**TEXAS DEPARTMENT OF TRANSPORTATION**  
**SCHEDULE 2B - CHANGES IN BONDED INDEBTEDNESS (Concluded)**  
For the Fiscal Year Ended August 31, 2019

**Business-Type Activities**

Description of Issue	Unamortized Premium	Unamortized Discount	Adjustments	Net Bonds Outstanding 8/31/19	Amounts Due Within One Year
<b>Revenue Bonds:</b>					
<b>Central Texas Turnpike System</b>					
First Tier Bonds Series 2002-A, Non-Callable CAB's	\$	\$	\$	\$ 490,168,593.25	\$ 26,715,000.00
First Tier Bonds Series 2012-A	38,292,741.36			623,622,741.36	1,864,508.47
First Tier Bonds Series 2015-A	30,746,137.75			255,746,137.75	1,347,322.45
First Tier Bonds Series 2015-B:					
Current Interest Bonds	22,813,051.95			220,838,051.95	1,465,537.11
Capital Appreciation Bonds				112,874,773.33	
Second Tier Bonds Series 2015-C	113,197,955.00			1,270,517,955.00	7,489,215.68
<b>Blended Component Unit-Grand Parkway Transportation Corp.*:</b>					
First Tier Toll Revenue Bonds, Series 2013-A		(2,508,163.58)		197,491,836.42	(86,941.84)
Subordinate Tier Toll Revenue Bonds, Series 2013-B:					
Callable CAB				389,276,363.44	
Current Interest Bonds	5,523,276.61	(13,973,053.24)		1,129,485,223.37	(242,705.82)
Subordinate Tier Toll Revenue Bonds, Series 2013-E				361,810,000.00	
Subordinate Tier Toll Revenue Refunding Bonds, Series 2016				83,775,000.00	
Subordinate Tier Toll Revenue Bonds, Series 2018-A	90,191,624.46			802,291,624.46	3,956,112.92
Subordinate Tier Toll Revenue Put Bonds, Series 2018-B	19,387,341.35			185,912,341.35	596,741.70
<b>State Highway 249 System</b>					
First Tier Toll Revenue Bonds Series 2019-A:					
Current Interest Bonds	11,393,109.50			155,478,109.50	315,237.60
Capital Appreciation Bonds				94,665,113.38	
First Tier Toll Revenue Taxable Bonds Series 2019-B:				12,795,000.00	
<b>Total Business-Type Activities</b>	<b>\$ 331,545,237.98</b>	<b>\$ (16,481,216.82)</b>	<b>\$ 0.00</b>	<b>\$ 6,386,748,864.56</b>	<b>\$ 43,420,028.27</b>

\*Grand Parkway Transportation Corporation debt issuances are not obligations of the State.

**TEXAS DEPARTMENT OF TRANSPORTATION  
SCHEDULE 2C - DEBT SERVICE REQUIREMENTS**

For the Fiscal Year Ended August 31, 2019

<b>Governmental Activities</b>			
<b>Description of Issue</b>	<b>Year</b>	<b>Principal</b>	<b>Interest</b>
<b>TMF General Obligation Bonds</b>			
Series 2006-B	2020	\$	\$ 2,041,863.01
	2021		2,038,136.96
	2022		2,039,999.96
	2023		2,039,999.96
	2024		2,041,863.01
	2025-2029		10,198,136.85
	2030-2034		10,199,999.85
	2035-2039	150,000,000.00	2,958,015.26
		<u>150,000,000.00</u>	<u>33,558,014.86</u>
Series 2009-A	2020	420,000.00	66,582,669.16
	2021	730,000.00	66,560,127.76
	2022	2,095,000.00	66,520,948.66
	2023	3,555,000.00	66,408,510.00
	2024	4,470,000.00	66,217,713.16
	2025-2029	48,730,000.00	325,633,815.34
	2030-2034	103,090,000.00	306,894,434.88
	2035-2039	1,045,405,000.00	247,329,316.82
		<u>1,208,495,000.00</u>	<u>1,212,147,535.78</u>
Series 2014	2020	36,875,000.00	42,042,225.00
	2021	40,950,000.00	40,096,600.00
	2022	44,240,000.00	37,966,850.00
	2023	47,710,000.00	35,668,100.00
	2024	51,445,000.00	33,189,225.00
	2025-2029	320,305,000.00	121,718,375.00
	2030-2034	291,165,000.00	43,556,550.00
	2035-2039	59,265,000.00	1,481,625.00
		<u>\$ 891,955,000.00</u>	<u>\$ 355,719,550.00</u>

*Continued on the following page*

**TEXAS DEPARTMENT OF TRANSPORTATION**  
**SCHEDULE 2C - DEBT SERVICE REQUIREMENTS (Continued)**  
For the Fiscal Year Ended August 31, 2019

<b>Description of Issue</b>	<b>Year</b>	<b>Principal</b>	<b>Interest</b>	
<b>TMF General Obligation Bonds (continued)</b>				
Series 2014-A	2020	\$ 35,990,000.00	\$ 72,914,050.00	
	2021	42,205,000.00	70,959,175.00	
	2022	48,770,000.00	68,684,800.00	
	2023	55,750,000.00	66,071,800.00	
	2024	63,115,000.00	63,100,175.00	
	2025-2029	342,670,000.00	262,507,000.00	
	2030-2034	225,310,000.00	194,879,775.00	
	2035-2039	61,545,000.00	159,995,075.00	
	2040-2044	483,025,000.00	107,877,625.00	
	2045-2049	166,975,000.00	4,004,375.00	
			<u>1,525,355,000.00</u>	<u>1,070,993,850.00</u>
	Series 2014-B	2020		4,128,767.15
2021			4,121,232.91	
2022			4,125,000.05	
2023			4,125,000.05	
2024			4,128,767.15	
2025-2029			20,621,233.07	
2030-2034			20,625,000.21	
2035-2039			20,625,000.21	
2040-2044		250,000,000.00	6,254,662.36	
		<u>250,000,000.00</u>	<u>88,754,663.16</u>	
Series 2015-A	2020	20,030,000.00	41,904,600.00	
	2021	21,845,000.00	40,857,725.00	
	2022	23,775,000.00	39,717,225.00	
	2023	25,805,000.00	38,477,725.00	
	2024	28,575,000.00	37,118,225.00	
	2025-2029	279,225,000.00	156,386,875.00	
	2030-2034	244,800,000.00	82,314,000.00	
	2035-2039	249,010,000.00	22,870,150.00	
	\$ <u>893,065,000.00</u>	\$ <u>459,646,525.00</u>		

*Continued on the following page*

**TEXAS DEPARTMENT OF TRANSPORTATION**  
**SCHEDULE 2C - DEBT SERVICE REQUIREMENTS (Continued)**  
For the Fiscal Year Ended August 31, 2019

<b>Description of Issue</b>	<b>Year</b>	<b>Principal</b>	<b>Interest</b>
<b>TMF General Obligation Bonds (concluded)</b>			
Series 2015-B	2020	\$	\$ 12,705,250.00
	2021		12,705,250.00
	2022		12,705,250.00
	2023		12,705,250.00
	2024		12,705,250.00
	2025-2029		63,526,250.00
	2030-2034	63,450,000.00	58,026,500.00
	2035-2039	190,655,000.00	18,480,375.00
		<u>254,105,000.00</u>	<u>203,559,375.00</u>
Series 2017-A	2020		14,801,000.00
	2021		14,801,000.00
	2022		14,801,000.00
	2023		14,801,000.00
	2024		14,801,000.00
	2025-2029		74,005,000.00
	2030-2034	220,030,000.00	59,080,000.00
	2035-2039	75,990,000.00	1,899,750.00
		<u>296,020,000.00</u>	<u>208,989,750.00</u>
Series 2017-B	2020		23,706,750.00
	2021		23,706,750.00
	2022		23,706,750.00
	2023		23,706,750.00
	2024		23,706,750.00
	2025-2029		118,533,750.00
	2030-2034	256,080,000.00	89,396,750.00
	2035-2039	218,055,000.00	17,862,125.00
		<u>474,135,000.00</u>	<u>344,326,375.00</u>
	\$		\$

*Continued on the following page*

**TEXAS DEPARTMENT OF TRANSPORTATION**  
**SCHEDULE 2C - DEBT SERVICE REQUIREMENTS (Continued)**  
For the Fiscal Year Ended August 31, 2019

<b>Description of Issue</b>	<b>Year</b>	<b>Principal</b>	<b>Interest</b>
<b>Texas Highway Improvement General Obligation Bonds</b>			
Series 2010-A	2020	\$ 28,300,000.00	\$ 34,949,470.90
	2021	28,920,000.00	33,994,911.90
	2022	29,580,000.00	32,976,060.30
	2023	30,290,000.00	31,889,586.90
	2024	31,040,000.00	30,731,600.20
	2025-2029	168,420,000.00	133,333,339.82
	2030-2034	195,090,000.00	92,355,854.62
	2035-2039	226,530,000.00	44,040,252.32
	2040-2044	49,530,000.00	2,318,499.30
			<u>787,700,000.00</u>
Series 2012-A	2020	19,495,000.00	40,386,000.00
	2021	20,470,000.00	39,411,250.00
	2022	21,495,000.00	38,387,750.00
	2023	22,570,000.00	37,313,000.00
	2024	23,700,000.00	36,184,500.00
	2025-2029	137,490,000.00	161,919,000.00
	2030-2034	175,470,000.00	123,933,250.00
	2035-2039	223,955,000.00	75,453,750.00
	2040-2044	163,075,000.00	16,572,500.00
		<u>807,720,000.00</u>	<u>569,561,000.00</u>
Series 2014	2020	42,000,000.00	51,240,000.00
	2021	42,000,000.00	49,140,000.00
	2022	42,000,000.00	47,040,000.00
	2023	42,000,000.00	44,940,000.00
	2024	42,000,000.00	42,840,000.00
	2025-2029	210,000,000.00	182,700,000.00
	2030-2034	210,000,000.00	131,460,000.00
	2035-2039	210,000,000.00	84,000,000.00
	2040-2044	210,000,000.00	31,500,000.00
		<u>1,050,000,000.00</u>	<u>664,860,000.00</u>

*Continued on the following page*

**TEXAS DEPARTMENT OF TRANSPORTATION**  
**SCHEDULE 2C - DEBT SERVICE REQUIREMENTS (Continued)**  
For the Fiscal Year Ended August 31, 2019

<b>Description of Issue</b>	<b>Year</b>	<b>Principal</b>	<b>Interest</b>
<b>Texas Highway Improvement General Obligation Bonds (concluded)</b>			
Series 2016	2020	\$ 20,500,000.00	\$ 27,675,000.00
	2021	20,500,000.00	26,650,000.00
	2022	20,500,000.00	25,625,000.00
	2023	20,500,000.00	24,600,000.00
	2024	20,500,000.00	23,575,000.00
	2025-2029	102,500,000.00	102,500,000.00
	2030-2034	102,500,000.00	76,875,000.00
	2035-2039	102,500,000.00	51,250,000.00
	2040-2044	102,500,000.00	25,625,000.00
	2045-2049	41,000,000.00	3,075,000.00
		<u>553,500,000.00</u>	<u>387,450,000.00</u>
Series 2016-A	2020	20,305,000.00	27,001,250.00
	2021	20,305,000.00	25,986,000.00
	2022	20,305,000.00	24,970,750.00
	2023	20,305,000.00	23,955,500.00
	2024	20,305,000.00	22,940,250.00
	2025-2029	101,520,000.00	99,472,500.00
	2030-2034	101,500,000.00	74,095,000.00
	2035-2039	101,500,000.00	48,720,000.00
	2040-2044	101,500,000.00	23,345,000.00
	2045-2049	40,600,000.00	2,436,000.00
		<u>548,145,000.00</u>	<u>372,922,250.00</u>
<b>Total General Obligation Bonds</b>		<b>\$ <u>9,690,195,000.00</u></b>	<b>\$ <u>6,409,078,465.06</u></b>

*Continued on the following page*

**TEXAS DEPARTMENT OF TRANSPORTATION**  
**SCHEDULE 2C - DEBT SERVICE REQUIREMENTS (Continued)**  
For the Fiscal Year Ended August 31, 2019

Description of Issue	Year	Principal	Interest
<b>SHF Revenue Bonds</b>			
Series 2008	2020	\$	\$ 3,063,637.50
	2021		3,063,637.50
	2022		3,063,637.50
	2023		3,063,637.50
	2024	10,510,000.00	3,063,637.50
	2025-2029	47,845,000.00	6,440,175.00
		<u>58,355,000.00</u>	<u>21,758,362.50</u>
Series 2010	2020		77,226,067.50
	2021		77,226,067.50
	2022		77,226,067.50
	2023	70,495,000.00	77,226,067.50
	2024	72,855,000.00	73,681,578.90
	2025-2029	1,007,420,000.00	285,958,353.00
	2030-2034	349,230,000.00	18,083,129.40
	<u>1,500,000,000.00</u>	<u>686,627,331.30</u>	
Series 2014-A	2020	89,730,000.00	45,663,000.00
	2021	94,230,000.00	41,176,500.00
	2022	98,935,000.00	36,465,000.00
	2023	103,885,000.00	31,518,250.00
	2024	109,070,000.00	26,324,000.00
	2025-2029	58,785,000.00	92,595,500.00
	2030-2034	358,625,000.00	78,339,250.00
	<u>913,260,000.00</u>	<u>352,081,500.00</u>	
Series 2014-B1	2020		2,101,917.81
	2021		2,098,082.19
	2022		2,100,000.00
	2023		2,100,000.00
	2024		2,101,917.81
	2025-2029		10,498,082.19
	2030-2034	150,000,000.00	4,460,128.77
	<u>\$ 150,000,000.00</u>	<u>\$ 25,460,128.77</u>	

*Continued on the following page*



**TEXAS DEPARTMENT OF TRANSPORTATION**  
**SCHEDULE 2C - DEBT SERVICE REQUIREMENTS (Continued)**  
For the Fiscal Year Ended August 31, 2019

<b>Description of Issue</b>	<b>Year</b>	<b>Principal</b>	<b>Interest</b>
<b>SHF Revenue Bonds (concluded)</b>			
Series 2014-B2	2020	\$	\$ 3,660,000.00
	2021		3,650,000.00
	2022		3,650,000.00
	2023		3,650,000.00
	2024		3,660,000.00
	2025-2029		18,260,000.00
	2030-2034	150,000,000.00	9,283,598.00
		<u>150,000,000.00</u>	<u>45,813,598.00</u>
Series 2015	2020	75,020,000.00	30,536,750.00
	2021	78,870,000.00	26,689,500.00
	2022	82,910,000.00	22,645,000.00
	2023	87,165,000.00	18,393,125.00
	2024	80,850,000.00	14,192,750.00
	2025-2029	243,430,000.00	16,363,000.00
		<u>648,245,000.00</u>	<u>128,820,125.00</u>
Series 2016-A	2020	71,830,000.00	21,010,300.00
	2021	75,515,000.00	17,326,675.00
	2022	78,635,000.00	13,759,275.00
	2023	9,610,000.00	11,839,500.00
	2024	10,135,000.00	11,345,875.00
	2025-2029	177,670,000.00	27,944,000.00
	2030-2034	44,180,000.00	2,730,250.00
		<u>467,575,000.00</u>	<u>105,955,875.00</u>
Series 2016-B	2020		3,574,800.00
	2021		3,574,800.00
	2022		4,021,650.00
	2023		4,468,500.00
	2024		4,468,500.00
	2025-2029	89,370,000.00	7,912,000.00
		<u>89,370,000.00</u>	<u>28,020,250.00</u>
<b>TOTAL Revenue Bonds</b>		<u>3,976,805,000.00</u>	<u>1,394,537,170.57</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>		<u>\$ 13,667,000,000.00</u>	<u>\$ 7,803,615,635.63</u>

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**TEXAS DEPARTMENT OF TRANSPORTATION**  
**SCHEDULE 2C - DEBT SERVICE REQUIREMENTS (Continued)**  
For the Fiscal Year Ended August 31, 2019

**BUSINESS-TYPE ACTIVITIES**

Description of Issue	Year	Principal	Interest
<b>CTTS Revenue Bonds</b>			
Series 2002-A	2020	\$ 26,715,000.00	\$
	2021	36,480,000.00	
	2022	43,150,000.00	
	2023	48,940,000.00	
	2024	54,725,000.00	
	2025-2029	410,840,000.00	
	2030-2034	102,025,000.00	
		722,875,000.00	0.00
Series 2012-A	2020		28,034,150.00
	2021		28,034,150.00
	2022		28,034,150.00
	2023		28,034,150.00
	2024		28,034,150.00
	2025-2029		140,170,750.00
	2030-2034		140,170,750.00
	2035-2039	282,650,000.00	135,241,350.00
	2040-2044	302,680,000.00	21,898,750.00
		585,330,000.00	577,652,350.00
Series 2015-A	2020		11,250,000.00
	2021		11,250,000.00
	2022		11,250,000.00
	2023		11,250,000.00
	2024		11,250,000.00
	2025-2029		56,250,000.00
	2030-2034		56,250,000.00
	2035-2039		56,250,000.00
	2040-2044	225,000,000.00	31,727,000.00
		225,000,000.00	256,727,000.00
		\$	\$

*Continued on the following page*

**TEXAS DEPARTMENT OF TRANSPORTATION**  
**SCHEDULE 2C - DEBT SERVICE REQUIREMENTS (Continued)**  
For the Fiscal Year Ended August 31, 2019

<b>Description of Issue</b>	<b>Year</b>	<b>Principal</b>	<b>Interest</b>
<b>CTTS Revenue Bonds (concluded)</b>			
Series 2015-B	2020	\$	\$ 9,901,250.00
	2021		9,901,250.00
	2022		9,901,250.00
	2023		9,901,250.00
	2024		9,901,250.00
	2025-2029		49,506,250.00
	2030-2034	40,000,000.00	45,506,250.00
	2035-2039	398,025,000.00	11,126,500.00
		<u>438,025,000.00</u>	<u>155,645,250.00</u>
Series 2015-C	2020		57,866,000.00
	2021		57,866,000.00
	2022	2,200,000.00	57,866,000.00
	2023	5,375,000.00	57,756,000.00
	2024	8,655,000.00	57,487,250.00
	2025-2029	64,135,000.00	279,275,000.00
	2030-2034	540,445,000.00	229,873,250.00
	2035-2039	333,000,000.00	102,254,500.00
	2040-2044	203,510,000.00	20,682,000.00
		<u>1,157,320,000.00</u>	<u>920,926,000.00</u>
<b>Grand Parkway Transportation Corp.*</b>			
Series 2013-A	2020		10,821,012.50
	2021		10,821,012.50
	2022		10,821,012.50
	2023		10,821,012.50
	2024		10,821,012.50
	2025-2029		54,105,062.50
	2030-2034	2,250,000.00	53,975,656.25
	2035-2039	13,900,000.00	52,046,093.76
	2040-2044	31,580,000.00	46,352,475.02
	2045-2049	57,265,000.00	34,680,662.50
	2050-2054	95,005,000.00	13,460,150.00
		<u>\$ 200,000,000.00</u>	<u>\$ 308,725,162.53</u>

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**TEXAS DEPARTMENT OF TRANSPORTATION**  
**SCHEDULE 2C - DEBT SERVICE REQUIREMENTS (Continued)**  
For the Fiscal Year Ended August 31, 2019

<b>Description of Issue</b>	<b>Year</b>	<b>Principal</b>	<b>Interest</b>
<b>Grand Parkway Transportation Corp.* (Continued)</b>			
Series 2013-B	2020	\$	\$ 58,334,250.00
	2021		58,334,250.00
	2022		58,334,250.00
	2023		58,334,250.00
	2024		72,213,026.25
	2025-2029		430,459,012.50
	2030-2034	62,235,000.00	425,146,493.75
	2035-2039	95,930,000.00	395,586,903.75
	2040-2044		387,728,837.50
	2045-2049	374,200,000.00	333,178,375.00
	2050-2054	1,094,730,000.00	142,967,456.25
		<u>1,627,095,000.00</u>	<u>2,420,617,105.00</u>
	Series 2013-E	2020	
2021			18,756,230.40
2022			18,756,230.40
2023			18,756,230.40
2024			18,756,230.40
2025-2029			93,781,152.00
2030-2034			93,781,152.00
2035-2039		122,865,000.00	86,384,232.00
2040-2044		238,945,000.00	23,186,088.00
	<u>361,810,000.00</u>	<u>390,913,776.00</u>	
Series 2016	2020		1,843,050.00
	2021		1,843,050.00
	2022		1,843,050.00
	2023		1,843,050.00
	2024	83,775,000.00	926,645.00
		<u>\$ 83,775,000.00</u>	<u>\$ 8,298,845.00</u>

*Continued on the following page*

**TEXAS DEPARTMENT OF TRANSPORTATION**  
**SCHEDULE 2C - DEBT SERVICE REQUIREMENTS (Continued)**  
For the Fiscal Year Ended August 31, 2019

<b>Description of Issue</b>	<b>Year</b>	<b>Principal</b>	<b>Interest</b>
<b>Grand Parkway Transportation Corp. (concluded) *</b>			
Series 2018-A	2020	\$	\$ 35,605,000.00
	2021		35,605,000.00
	2022		35,605,000.00
	2023		35,605,000.00
	2024		35,605,000.00
	2025-2029		178,025,000.00
	2030-2034	56,900,000.00	173,267,000.00
	2035-2039	179,165,000.00	143,261,375.00
	2040-2044	237,065,000.00	90,839,625.00
	2045-2049	238,970,000.00	30,503,750.00
		<u>712,100,000.00</u>	<u>793,921,750.00</u>
	Series 2018-B	2020	
2021			8,326,250.00
2022			8,326,250.00
2023			8,326,250.00
2024			8,326,250.00
2025-2029			41,631,250.00
2030-2034			41,631,250.00
2035-2039			41,631,250.00
2040-2044			41,631,250.00
2045-2049			41,631,250.00
2050-2054		166,525,000.00	16,558,125.00
		<u>\$ 166,525,000.00</u>	<u>\$ 266,345,625.00</u>

\*Grand Parkway Transportation Corp. bonds is a blended component unit of TxDOT, these are not obligations of the state.

*Continued on the following page*

**TEXAS DEPARTMENT OF TRANSPORTATION**  
**SCHEDULE 2C - DEBT SERVICE REQUIREMENTS (Concluded)**  
For the Fiscal Year Ended August 31, 2019

<b>Description of Issue</b>	<b>Year</b>	<b>Principal</b>	<b>Interest</b>
<b>State Highway 249 System</b>			
Series 2019-A	2020	\$	\$ 7,204,250.00
	2021		7,204,250.00
	2022		7,204,250.00
	2023		7,204,250.00
	2024		7,204,250.00
	2025-2029	1,365,000.00	36,021,250.00
	2030-2034	5,960,000.00	36,021,250.00
	2035-2039	47,545,000.00	36,021,250.00
	2040-2044	79,450,000.00	36,021,250.00
	2045-2049	106,240,000.00	36,021,250.00
	2050-2054	131,960,000.00	34,840,750.00
	2055-2059	92,525,000.00	9,403,000.00
		<u>465,045,000.00</u>	<u>260,371,250.00</u>
Series 2019-B	2020		594,712.50
	2021		594,712.50
	2022		594,712.50
	2023		594,712.50
	2024		594,712.50
	2025-2029		2,973,562.50
	2030-2034	12,795,000.00	1,767,182.50
		<u>12,795,000.00</u>	<u>7,714,307.50</u>
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>		<b>\$ <u>6,757,695,000.00</u></b>	<b>\$ <u>6,367,858,421.03</u></b>

**TEXAS DEPARTMENT OF TRANSPORTATION**  
**SCHEDULE 2D - ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE**

For the Fiscal Year Ended August 31, 2019

<b>Governmental Activities</b>				
<b>Description of Issue</b>	<b>Application of Funds</b>			
	<b>Principal</b>		<b>Interest</b>	
Texas Mobility General Obligation Bonds	\$	81,635,000.00	\$	286,060,191.41
	\$	81,635,000.00	\$	286,060,191.41
<b>Pledged and Other Sources and Related Expenditures for FY 2019</b>				
<b>Net Available for Debt Service</b>		<b>Debt Service</b>		
<b>Description of Issue</b>	<b>Total Pledged and Other Sources</b>	<b>Operating Expenses/ Expenditures and Capital Outlay</b>	<b>Principal</b>	<b>Interest</b>
State Highway Fund Revenue Bonds	\$ 8,943,598,077.82	(A)	\$ 225,500,000.00	\$ 198,155,442.51
	\$ 8,943,598,077.82		\$ 225,500,000.00	\$ 198,155,442.51
(A) State Highway Fund expenditures associated with pledged sources were \$10,604,882,547.64.				
<b>Business-Type and Blended Component Unit Activities</b>				
<b>Pledged and Other Sources and Related Expenditures for FY 2019</b>				
<b>Net Available for Debt Service</b>		<b>Debt Service</b>		
<b>Description of Issue</b>	<b>Total Pledged and Other Sources</b>	<b>Operating Expenses/ Expenditures and Capital Outlay</b>	<b>Principal</b>	<b>Interest</b>
Central Texas Turnpike System Series 2002-A, 2012-A, 2015-A, B, C	\$ 265,546,387.28	(B)	\$ 20,365,000.00	\$ 107,051,400.00
Grand Parkway Transportation Corporation Series 2013-A,B,E, 2016. 2018-A, B	228,822,029.02	(C)		126,485,949.26
State Highway 249 System Series 2019-A and 2019-B	1,766,665.49	(D)		3,357,886.68
	\$ 496,135,081.79		\$ 20,365,000.00	\$ 236,895,235.94
(B) Expenses associated with pledged sources were \$55,328,335.93.				
(C) Expenses associated with pledged sources were \$43,708,845.70.				
(D) Expenses associated with pledged sources were \$0				

**TEXAS DEPARTMENT OF TRANSPORTATION  
SCHEDULE 2E-DEFEASSED BONDS OUTSTANDING**

For the Fiscal Year Ended August 31, 2019

Description of Issue	Year Defeased	Par Value Outstanding
<b>Business-Type Activities</b>		
<b>Central Texas Turnpike System Revenue Bonds</b>		
Series 2002-A Capital Appreciation Bonds*	2015	\$ 52,062,147.13
Total Business-Type Activities		52,062,147.13
 Total		\$ 52,062,147.13

\* Includes \$31,508,290.53 of accreted interest.



**Texas Department of Transportation**  
**Schedule 3 - Matrix of Expenditures Reported by Function - Governmental Funds**  
For the Fiscal Year Ended August 31, 2019

	State Highway Fund	Texas Mobility Fund	Proposition 12 Highway Improvement Project Fund	Local Government Political Subdivision Road/Airport Account	Nonmajor Funds	Transportation Function Total
Salaries and Wages	\$ 713,218,169.32	\$ 0.00	\$ 0.00	\$ 0.00	\$ 1,001,902.96	\$ 714,220,072.28
Payroll Related Costs	338,366,079.54	0.00	0.00	0.00	287,332.94	338,653,412.48
Professional Fees and Services	1,174,262,137.36	0.00	0.00	0.00	829,819.11	1,175,091,956.47
Federal Pass-Through Expenditures	12,185,303.01	0.00	0.00	0.00	0.00	12,185,303.01
State Pass-Through Expenditures	96,000.00	0.00	0.00	0.00	0.00	96,000.00
Travel	11,117,082.56	0.00	0.00	0.00	62,284.88	11,179,367.44
Materials and Supplies	368,174,818.92	0.00	0.00	0.00	850,843.73	369,025,662.65
Communication and Utilities	41,880,045.15	0.00	0.00	0.00	2,238,238.39	44,118,283.54
Repairs and Maintenance	697,621,638.67	0.00	0.00	0.00	85,445.98	697,707,084.65
Rentals and Leases	32,518,156.00	0.00	0.00	0.00	57,757.74	32,575,913.74
Printing and Reproduction	3,622,220.50	0.00	0.00	0.00	0.00	3,622,220.50
Claims and Judgments	3,141,777.13	0.00	0.00	0.00	0.00	3,141,777.13
Intergovernmental Payments	191,569,252.06	3,194,592.87	0.00	0.00	353,768.49	195,117,613.42
Public Assistance Payments	68,429,612.77	0.00	0.00	0.00	0.00	68,429,612.77
Other Expenditures	288,592,108.82	0.00	0.00	0.00	100,980.95	288,693,089.77
<b>Total Expenditures</b>	<b>\$ 3,944,794,401.81</b>	<b>\$ 3,194,592.87</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 5,868,375.17</b>	<b>\$ 3,953,857,369.85</b>

The above schedule represents governmental fund expenditures of the transportation function in the object code detail.





125 East 11<sup>th</sup> Street Austin TX 78701

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