

## **Attachment 1**

### **CONTINUING DISCLOSURE ANNUAL REPORT**

**For the Fiscal Year Ended August 31, 2009**

**Filed by**

**TEXAS TRANSPORTATION COMMISSION**

**Pursuant to Undertaking Provided to  
Permit Compliance with SEC Rule 15c2-12  
Relating to**

**Each Issue of Bonds of the Commission  
with CUSIP Prefixes 882762 and 88283K**

**February 25, 2009**

This information is being provided by the Texas Transportation Commission (the "Commission"), the governing body of the Texas Department of Transportation ("TxDOT") in compliance with the contractual undertaking (an "Undertaking") to provide annual reports of financial information and operating data, as required by Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), regarding the above captioned municipal debt issues (each an "Issue"). Pursuant to the rules of the Municipal Securities Rulemaking Board (the "MSRB") the participating underwriters for each Issue were required to file a copy of the official statement for each Issue (collectively, the "Official Statements") with the MSRB, copies of which are available upon request and payment of copying, handling, and mailing costs. The Official Statements for each Issue should not be considered to speak as of any date other than the date indicated in such document. Capitalized terms used in this Annual Report and not otherwise defined herein shall have the meanings given in the Official Statements. As of August 31, 2009 the Series 2002-A Bonds and the Series 2009 Bonds, in the aggregate original principal amount of \$1,299,268,782 are the only outstanding First-Tier Obligations.

This Annual Report contains financial information and operating data with respect to the Commission and the Central Texas Turnpike System (the "System"). Information in this Annual Report regarding the Commission and the System has been compiled and provided by TxDOT from TxDOT's records and other sources which are believed by the Commission to be reliable and is provided in satisfaction of the Undertaking. It contains information prescribed by the Rule. The Commission does not make any warranty concerning the usefulness of such information to a decision to invest in, hold, or sell bonds, notes, or other obligations payable, in whole or in part, from the sources pledged to the payment of the Issues. Information agreed to be provided by the Commission may be reported in full text herein, or may be incorporated by reference to certain other

publicly available documents. The Commission is required by the Undertaking to provide this information annually by a date not more than six months following the close of its fiscal year, for as long as any of the Issues remain outstanding.

**Annual Update of Quantitative Financial Information and  
Operating Data for Fiscal Year 2009**

This Annual Report contains, in the form of various exhibits, the quantitative and operating data with respect to the Commission and the System which the Commission has agreed to update pursuant to the Undertaking. The Exhibits to this Annual Report are incorporated in, and made a part of, this Annual Report. Each Exhibit speaks as of its date and its incorporation in this Annual Report is not a representation that any of the information in the Exhibit has been updated. In fact, much of the information in the Exhibits has not been updated.

Questions concerning this Annual Report should be directed as follows:

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## **Exhibit A**

### **Annual Update of Quantitative Financial Information and Operating Data for Fiscal Year 2009**

This Exhibit A contains the quantitative and operating data with respect to the Commission and the System which the Commission has agreed to update pursuant to the Undertaking. Capitalized terms used in this Exhibit A and not otherwise defined herein shall have the meanings given in the Official Statements. The Exhibits to this Annual Report are incorporated in, and made a part of, this Annual Report. Each Exhibit speaks as of its date and its incorporation in this Annual Report is not a representation that any of the information in the Exhibit has been updated. In fact, much of the information in the Exhibits has not been updated. In addition to this Annual Report, information can be obtained through the Official Statement for the Series 2002A Bonds (the “2002 OS”), dated August 7, 2002, or the Official Statement for the Series 2009 Bonds (the “2009 OS”), dated February 26, 2009, that are on file with the MSRB’s Electronic Municipal Market Access System (EMMA).

#### **THE SYSTEM AND THE 2002 PROJECT**

##### **Payment Methods for Tolls**

During fiscal year 2009, 74 percent of total System transactions were attributable to transponder accounts, 10 percent to cash and 16 percent to Pay By Mail.

As of August 31, 2009, there were 406,788 active toll accounts with 702,099 active TxTag transponders. A single toll account can have multiple TxTag transponders associated with it.

Since inception through the end of fiscal year 2009, the collection rates for Pay by Mail transactions averaged 51% for invoiced transactions. For fiscal year 2009 the collection rate for all Pay by Mail transactions was 43.5% and 52.5% for invoiced transactions.

Interoperability revenue represented approximately 5.7% of toll revenues for the System in fiscal year 2009.

##### **Traffic and Revenue Results**

For detailed information on actual transactions, average weekday transactions and revenues, please see the Central Texas Turnpike System Quarterly Report of Actual Transactions and Revenue Fiscal Year 2010 First Quarter at Exhibit E. Quarterly reports of transactions and revenues are available to investors on-line at <http://www.centraltexasturnpike.org>.

Table 1 (2009 OS)  
 2002 Project Actual Cash Flow and Debt Service Coverage  
 (Dollar Amounts Shown in Thousands)

Fiscal Year	Revenues <sup>(1)</sup>	Rate Stabilization Fund	1st Tier Debt Service <sup>(2)</sup>	All First Tier DS	W/ Rate Stabilization Fund	TIFIA DS	Revenues Available for O&M	Total Operations Costs	Operations Paid From Revenues	Operations Paid by Commission	Total Maintenance Cost	Total Reserve Maintenance	Revenues Available for Maintenance
2009	\$ 76,625	\$ 67,850	\$43,060	1.78	3.36	\$ -	\$33,565	\$ 45,389	\$ 31,160	\$ 14,229	\$ 7,639	\$ -	\$ 2,405

Note: The 2002 Project reached substantial completion under the terms of the Master Indenture on September 27, 2007.

<sup>(1)</sup> Revenues include tolls, lease revenues, interest & investment income and other non-operating revenues. See Exhibit F for additional detail.

<sup>(2)</sup> Capitalized Interest and related earnings were used to pay debt service through August 2009.

## Estimated Construction Costs of the 2002 Project

The following table shows the current cost estimate of the 2002 Project on a cash (year-of-expenditure) basis as of August 31, 2009. The activities include Construction Cost, Contingencies, Right of way and Utility Relocation costs, etc. These estimates have been verified by the GEC.

Item	Original Estimate	Current Estimate	Difference	Projected Cost of Remaining Construction as of 8/31/09
Estimated Construction Cost	\$ 2,247,141,000	\$ 2,110,099,000	\$ 137,042,000	\$ 25,134,000
Estimated ROW Cost	694,902,000	418,413,000	276,489,000	52,921,000
Estimated Construction & ROW Costs	\$ 2,942,043,000	\$ 2,528,512,000	\$ 413,531,000	\$ 78,055,000
Total Non-2002 Project Funded Enhancements	\$ -	\$ 187,821,000	\$ (187,821,000)	\$ 0
Total Estimated Construction & ROW Cost & Non-Bond Funded Enhancements	\$ 2,942,043,000	\$ 2,707,417,000	\$ 234,626,000	\$ 78,055,000

Source: Financial Plan Annual Update as of August 31, 2009.

## Right-of-Way Contributions by Certain Local Political Subdivisions

### Funds Received from Local Entities for the 2002 Project (in Thousands)

Element	Williamson County <sup>(1)</sup>	Travis County	City of Austin	AT&T	Total
Loop 1	\$ 1,792.6	\$ 7,000.0	\$ 21,905.0	\$ 0	\$ 30,697.6
SH 130	45,000.0	90,000.0	15,000.0	0	150,000.0
SH 45N	42,174.8	19,500.0	50,000.0	782.7	112,457.5
Total	\$ 88,967.4	\$ 116,500.0	\$ 86,905.0	\$ 782.7	\$ 292,885.1

<sup>(1)</sup> Williamson County funds can be used interchangeably between the Northwest Austin Elements.

## SYSTEM-RELATED FUNDING OBLIGATIONS OF COMMISSION

### SH 45 South East Project

The Commission committed to ensure construction of the limited-access turnpike from SH 130 at US183 South to IH35 at FM 1327 by December 2010. This project is not part of the 2002 project and is being administered by the Austin District of TxDOT. Project funding was provided from both federal and state sources, including the Texas Mobility Fund. SH 45 SE opened to traffic on May 7, 2009.

## FUNDING OF COMMISSION OBLIGATIONS

Table 2 (2009 OS)

State Highway Fund (SHF)

Unaudited Statement of Revenue, Expenditures and Changes in Fund Balance <sup>(1)</sup>

	Fiscal years ended August 31,				
	2009	2008	2007	2006	2005
<b>Revenues</b>					
Taxes	\$ 39,631,000	\$ 38,908,025	\$ 36,826,897	\$ 34,887,444	\$ 33,004,285
Federal Revenues	2,667,476,975	2,718,120,986	1,941,088,023	2,899,921,273	3,339,677,113
Federal Pass Through Rev.	1,496,510	41,087,112	52,520,146	45,384,847	35,113,785
State Pass Through Rev.	-	2,831	-	-	-
Licenses, Fees & Permits	1,255,425,482	1,127,884,318	1,067,910,734	994,382,840	911,720,306
Interest/Investment Income	89,868,109	132,205,641	82,948,919	46,640,015	11,568,206
Land Income	14,151,673	5,910,119	4,010,886	3,727,301	3,096,167
Settlement of Claims	1,530,671	919,661	222,506	9,705	18,147,425
Sales of Goods & Services	242,997,226	287,201,307	242,385,443	215,287,020	285,211,677
Other Revenues	3,487,854	7,526,729	17,420,596	4,229,776	2,039,513
<b>Total Revenues</b>	<b>\$4,316,065,500</b>	<b>\$4,359,766,729</b>	<b>\$3,445,334,150</b>	<b>\$4,244,470,221</b>	<b>\$4,639,578,477</b>
<b>Expenditures</b>					
Salaries & Wages	\$631,841,865	\$633,374,602	\$631,683,100	\$602,105,271	\$561,304,081
Payroll Related Costs	214,421,433	218,626,741	218,626,564	209,883,025	193,748,668
Professional Fees & Services	285,999,868	342,550,241	526,313,527	446,387,853	393,589,686
Travel	4,004,156	5,779,485	6,860,450	7,309,542	6,369,697
Materials & Supplies	272,182,628	289,842,834	272,973,985	277,860,234	236,834,049
Communications & Utilities	53,742,544	56,619,750	57,275,932	54,530,970	45,866,002
Repairs & Maintenance	1,043,226,001	1,598,802,587	1,435,220,131	1,849,064,608	1,332,871,838
Rentals & Leases	12,060,836	12,437,437	13,303,082	13,026,431	12,179,731
Printing & Reproduction	5,993,863	6,906,695	10,010,702	7,763,054	6,959,665
Claims & Judgments	10,094,356	23,954,277	10,945,250	13,348,619	5,798,397
Federal Pass Through	8,341,187	7,659,646	25,235,634	18,181,059	7,684,539
State Grant Pass Through	1,799,550	6,793,159	27,010,311	25,706,999	25,348,545
Intergovernmental Payments	629,237,110	322,839,016	137,279,930	141,436,929	178,449,515
Public Assistance Payments	15,834,123	93,898,672	108,859,769	100,032,500	85,799,092
Other Expenditures	191,786,457	159,603,444	191,927,381	154,541,396	156,891,264
Principal on SHF Bonds	205,000	-	20,810,000	-	-
Interest on SHF Bonds	66,941,288	62,687,930	65,490,391	9,765,714	-
Other Financing Fees	3,137,921	6,326,194	884,305	460,320	465,241
Capital Outlay	3,269,002,730	4,225,709,468	4,162,953,911	3,751,696,736	3,512,164,586
<b>Total Expenditures</b>	<b>\$6,719,852,916</b>	<b>\$8,074,412,178</b>	<b>\$7,923,664,355</b>	<b>\$7,683,101,260</b>	<b>\$6,762,324,596</b>
<b>Excess (Deficit) of Revenues</b>					
Over (Under) Expenditures	(\$2,403,787,416)	(\$3,714,645,449)	(\$4,478,330,205)	(\$3,438,631,039)	(\$2,122,746,119)
<b>Other Financing Sources</b>					
<b>(Uses)</b>					
Operating Transfers In	\$2,826,404,826	\$3,676,384,148	\$4,020,921,157	\$3,495,973,968	\$2,491,995,873
Operating Transfers Out	(1,114,091,280)	(760,134,861)	(757,386,425)	(893,280,581)	(575,093,100)
Bond & Note Issued	16,000,000	1,481,990,744	952,550,000	600,000,000	-
Insurance Recoveries	13,828,826	11,475,670	719,463	6,457,677	-
Sale of Capital Assets	5,084,641	5,290,615	4,405,583	4,313,640	10,553,783
<b>Total Other Sources (Uses)</b>	<b>\$1,747,227,013</b>	<b>\$4,415,006,316</b>	<b>\$4,221,209,778</b>	<b>\$3,213,464,704</b>	<b>\$1,927,456,556</b>
<b>Net Change in Fund Balance</b>	<b>(\$656,560,403)</b>	<b>\$700,360,867</b>	<b>(\$257,120,427)</b>	<b>(\$225,166,335)</b>	<b>(\$195,289,563)</b>

Fund Balance					
Beginning Balance	\$437,105,050 <sup>(2)</sup>	(\$317,706,082)	(\$60,585,655)	\$164,580,680	\$359,870,243
Ending Fund Balance	<u>(\$219,455,353)</u>	<u>\$382,654,785 <sup>(2)</sup></u>	<u>(\$317,706,082)</u>	<u>(\$60,585,655)</u>	<u>\$164,580,680</u>

<sup>(1)</sup> Extracted from unaudited statements prepared by the Department and presented on a modified accrual basis of accounting.

<sup>(2)</sup> Adjusted after fiscal year 2008 report was issued to reflect accrued bond interest in the Government-wide Adjustments Long-Term Debt Account Group (on accrual basis) rather than in the State Highway Fund financial statement (on modified-accrual basis.)

## Funds Historically Available

The following seven tables outline the State and federal funds historically available to TxDOT.

Table 3 (2009 OS)  
Table 1 (2002 OS)  
State Highway Fund Receipts by Source <sup>(1)</sup>  
(In Millions)

Fiscal Year	State Motor Fuels Tax	State Motor Vehicle Registration Fees	Other State Revenue Sources <sup>(2)</sup>	Reimbursements from Federal Funds <sup>(3)</sup>	TOTAL
2005	\$2,148.3	\$873.9	\$367.1	\$3,284.9	\$6,674.2
2006	2,194.2	932.7	527.5	3,139.5	6,793.9
2007	2,238.2	984.2	457.2	2,026.1	5,705.7
2008	2,275.9	1,024.1	463.9	2,727.6	6,491.5
2009	2,226.6	1,066.2	491.1	2,666.6	6,450.5

<sup>(1)</sup> Presented on a cash basis of accounting.

<sup>(2)</sup> See Footnote 2 to Table 8 (2009 OS), "Other State Revenues Deposited to the State Highway Fund"

<sup>(3)</sup> Reflects a decrease from prior years primarily due to lower than expected reimbursements because of delays in project advancements and, to a lesser extent, declines in tapered match reimbursements from the federal government.

Table 4 (2009 OS)  
Table 2 (2002 OS)  
State Motor Fuels Tax Revenues  
Deposited to the State Highway Fund <sup>(1)</sup>  
(In Millions)

Fiscal Year	Amount of Motor Fuels Tax Revenues Deposited	Percentage of Total State Highway Fund Receipts
2005	\$2,148.3	32%
2006	2,194.2	32%
2007	2,238.2	39%
2008	2,275.9	35%
2009	2,226.6	34%

<sup>(1)</sup> Presented on a cash basis of accounting.

Table 5 (2009 OS)  
Taxable Gasoline and Diesel Fuel Consumption in Texas  
(In Millions of Gallons)

<u>Fiscal Year</u>	<u>Gasoline</u>	<u>Diesel</u>
2005	11,285.5	3,463.3
2006	11,300.8	3,658.2
2007	11,590.2	3,961.5
2008	11,765.6	3,968.9
2009	11,730.4	3,805.1

Table 6 (2009 OS)  
Table 3 (2002 OS)  
State Motor Vehicle Registration Fees Deposited to the State Highway Fund<sup>(1)</sup>  
(In Millions)

<u>Fiscal Year</u>	<u>Amount of Motor Vehicle Registration Fees Deposited</u>	<u>Percentage of Total Motor Vehicle Registration Fees</u>	<u>Percentage of Total State Highway Fund Receipts</u>
2005	\$873.9	67%	13%
2006	932.7	68%	14%
2007	984.2	69%	17%
2008	1,024.1	69%	16%
2009	1,066.2	71%	17%

<sup>(1)</sup> Presented on a cash basis of accounting.

Table 7 (2009 OS)  
Vehicles Registered in Texas  
(In Thousands)

<u>Fiscal Year</u>	<u>Number of Vehicles</u>
2005	19,150
2006	20,084
2007	20,903
2008	21,171
2009	21,432

Table 8 (2009 OS)  
Table 4 (2002 OS)  
Other State Revenues Deposited to the State Highway Fund<sup>(1)</sup>  
(In Millions)

<u>Fiscal Year</u>	<u>Amount Deposited</u> <sup>(2)</sup>	<u>Percentage of Total State Highway Fund Receipts</u>
2005	\$367.1	6%
2006	527.5 <sup>(3)</sup>	8%
2007	457.2	8%
2008	463.9	7%
2009	491.1	8%

- (1) Presented on a cash basis of accounting. Excludes loan repayments received by the State Infrastructure Bank ("SIB").
- (2) Excludes approximately \$330 million, \$1.115 billion, \$1.84 billion, \$1.28 billion and \$646 million in fiscal years 2005 through 2009, respectively, deposited to the State Highway Fund from the Texas Mobility Fund for contractor payments. For administrative purposes, expenses of the Texas Mobility Fund are processed through the State Highway Fund, whereby the Texas Mobility Fund transfers amounts for such expenses to the Fund prior to such expenses being paid.
- (3) Excludes \$100 million received from Harris County Toll Road Authority as its local contribution for a construction project in fiscal year 2006.

### **Federal Funds**

On August 11, 2005, President Bush signed the "Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users" ("SAFETEA LU"), providing for the authorization of the Federal Aid Highway Program at a level of \$286.4 billion for Federal Fiscal Years ("FFY") 2004-2009. SAFETEA-LU expired on September 30, 2009, and is currently operating in its third short term extension while new legislation is being debated by Congress. The annual apportionments to Texas over the life of the bill were as follows: \$2.8 billion (FFY 2005), \$2.8 billion (FFY 2006), \$2.9 billion (FFY 2007), \$3.0 billion (FFY 2008), and \$3.0 billion (FFY 2009). However, in federal fiscal years 2006 through 2008, there were federal rescissions of certain amounts apportioned under SAFETEA-LU in the approximate amounts of \$3.8 billion, \$4.3 billion and \$3.15 billion, respectively. Of these, Texas share was \$305 million, \$361 million and \$258 million, respectively. In federal fiscal year 2009, additional rescissions totaled \$11.9 billion, of which Texas share was \$1 billion. A federal rescission of funds reduces the amount of federal funds provided by an appropriations or authorization act that has already become law. Rescissions are generally targeted at unobligated apportionments.

Table 9 (2009 OS)  
Table 5 (2002 OS)  
Reimbursements from Federal Funds <sup>(1)</sup>  
(In Millions)

<u>Fiscal Year</u>	<u>Amount Deposited</u>	<u>Percentage of Total State Highway Fund Receipts</u>
2005	\$3,284.9	49%
2006	3,139.5	46%
2007	2,026.1 <sup>(2)</sup>	35%
2008	2,727.6	42%
2009	2,666.6	41%

<sup>(1)</sup> Presented on a cash basis of accounting. Includes certain aviation and transit reimbursement funds that are not constitutionally dedicated but are a component of Pledged Revenues.

<sup>(2)</sup> Reflects a decrease from prior years primarily due to lower than expected reimbursements because of delays in project advancements and, to a lesser extent, declines in tapered match reimbursements from the federal government.

Table 10 (2009 OS)  
Table 6 (2002 OS)  
Federal Transportation Funds for Texas <sup>(1)</sup>  
(In Millions)

<u>Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Guaranteed Highway Programs	\$2,649.1	\$2,590.5	\$2,976.5	\$2,953.0	\$3,150.9
Discretionary Highway Programs	16.7	4.9	0.4	3.3	1.3
Highway Safety Programs	16.7	23.8	163.8	146.9	157.9
Transit Programs	<u>28.8</u>	<u>45.2</u>	<u>52.8</u>	<u>56.9</u>	<u>111.9</u>
TOTAL	\$2,711.3	\$2,664.4	\$3,193.5	\$3,160.1	\$3,422.0

<sup>(1)</sup> Source: From the appropriate TxDOT division personnel based upon data from the USDOT. Years shown are federal fiscal years.

Table 11 (2009 OS)  
Federal Transportation Obligation Authority for Texas  
(In Millions)

<u>Federal Fiscal Year</u>	<u>Amount</u>
2005	\$2,592.1
2006	2,542.9
2007	2,852.7
2008	2,897.0
2009	3,073.6

Table 12 (2009 OS)  
Table 7 (2002 OS)  
Appropriations to the Department from the State Highway Fund  
(In Millions)

State <u>Biennium</u>	Amount <u>Appropriated</u>	Percentage of State Highway Fund <u>Appropriations</u>
2002-2003	\$10,579.7	93.88%
2004-2005	10,960.3	91.85%
2006-2007	13,579.7	91.83%
2008-2009	17,089.3 <sup>(1)</sup>	92.07%
2010-2011	17,286.2 <sup>(1)</sup>	93.70%

<sup>(1)</sup> Includes bond proceeds and debt service.

Table 13 (2009 OS)  
Projected Expenditures Relating to Construction Contracts to be Let by the Department  
(In Millions) <sup>(1)</sup>

Fiscal Year	Aggregated Amount
2010	\$1,581.0
2011	1,540.1
2012	2,009.8
2013	2,100.2
2014	2,114.7

<sup>(1)</sup> Excludes expenditures paid from the Texas Mobility Fund and proceeds of State Highway Fund Revenue Obligations.

### **Texas Mobility Fund**

TxDOT estimates that, based upon current market conditions and the State Comptroller's projections of revenues to be deposited to the Mobility Fund, dated July 30, 2009, the Texas Mobility Fund has a projected capacity of approximately \$6.4 billion in obligations. The Commission has issued eight series of obligations which are secured by a pledge of revenues deposited to the credit of the Mobility Fund and further secured by the State's full faith and credit:

- \$ 900,000,000 State of Texas General Obligation Bonds, Mobility Fund Bonds, Series 2005-A (delivered on June 8, 2005);
- \$ 100,000,000 State of Texas General Obligation Bonds, Mobility Fund Bonds, Series 2005-B (Variable Rate Bonds) (delivered on June 8, 2005);
- \$ 750,000,000 State of Texas General Obligation Bonds, Mobility Fund Bonds, Series 2006 (delivered on June 8, 2006);
- \$1,040,275,000 State of Texas General Obligation Mobility Fund Bonds, Series 2006-A (delivered on October 31, 2006);
- \$ 150,000,000 State of Texas General Obligation Mobility Fund Bonds, Series 2006-B (multi-modal bonds) (delivered on December 13, 2006);

\$1,006,330,000 State of Texas General Obligation Bonds, Mobility Fund Bonds, Series 2007 (delivered on June 21, 2007);  
\$1,100,000,000 State of Texas General Obligation Bonds, Mobility Fund Bonds, Series 2008 (delivered on February 28, 2008), and  
\$1,208,495,000 State of Texas General Obligation Bonds, Mobility Fund Bonds, Taxable Series 2009A

As of December 31, 2009, Mobility Fund Bonds in the aggregate principal amount of \$6,132,055,000 were outstanding.

### **State Highway Fund Borrowings – Long-Term**

The Commission has issued the following Highway Bonds:

\$ 600,000,000 of First Tier Revenue Bonds, Series 2006 (delivered on May 3, 2006);  
\$ 100,000,000 of First Tier Revenue Bonds, Series 2006B (delivered on November 8, 2006);  
\$ 852,550,000 of First Tier Revenue Bonds, Series 2006A (delivered on November 21, 2006);  
\$1,241,845,000 of First Tier Revenue Bonds, Series 2007 (delivered on October 25, 2007), and  
\$ 162,995,000 of First Tier Revenue Bonds, Series 2008 (delivered on August 19, 2008).

The Highway Bonds are secured by a pledge of the revenues deposited to the credit of the State Highway Fund. As of December 31, 2009, Highway Fund Bonds in the aggregate principal amount of \$2,791,755,000 were outstanding. The Commission expects to issue up to \$1.5 billion of the remaining \$2.9 billion of State Highway Fund Revenue Obligations in the third quarter of calendar year 2010 and to issue up to the remaining \$1.4 billion after July 2011.

### **State Highway Fund Borrowings – Short-Term**

*Cash Flow Financing Programs.* In 2005 the Commission established a commercial paper program pursuant to Section 201.115 of the Transportation Code, which authorizes TxDOT to issue commercial paper notes in the maximum authorized amount of \$500 million. TxDOT utilizes the commercial paper program to facilitate efficient cash management operations in the State Highway Fund in response to fluctuations in the cash balance of the State Highway Fund as a result of the cyclical nature and uncertain timing of deposits into and payments out of the State Highway Fund. As of January 31, 2010, \$216 million of commercial paper notes were outstanding.

### **State General Obligation Bonds to Fund Highway Improvements**

During the special session of the Texas Legislature in July 2009, funds were appropriated to enable the Commission to issue up to \$2 billion of general obligation bonds through fiscal year 2012. The Commission intends to issue a portion of this debt in calendar year 2010 and the remainder in calendar year 2012.

### **Toll Equity Obligations**

The Department currently has toll equity commitments for three types of projects: (i) Department projects with outstanding debt in which the Commission has covenanted to provide toll equity; (ii) Department projects with no outstanding debt; and (iii) projects of other public entities in which the commitment is by an agreement with such entity.

As of August 31, 2009, the Department had made Toll Equity commitments from the State Highway Fund of \$520.13 million. Of those, the Department had disbursed \$270.82 million from the State Highway Fund. The remaining commitment amount as of August 31, 2009 was \$249.31 million.

### **Pass-Through Toll Agreements**

To date, the Department has executed 16 Pass-Through Toll agreements. The reimbursement terms of the agreements range from four to 20 years and have a total pass-through reimbursement amount of approximately \$1.4 billion with a minimum aggregate annual reimbursement of approximately \$99 million and a maximum aggregate annual reimbursement of approximately \$158 million. Additional Pass-Through Toll agreements are being negotiated by the Department and are expected to be finalized within the next two months. These agreements will increase the total pass-through reimbursement amount by approximately \$200 million with reimbursements ranging from 4 to 20 years, with a minimum aggregate annual reimbursement of approximately \$12 million and a maximum aggregate annual reimbursement of approximately \$22 million.

The Department has adopted an internal policy to limit the financial exposure of the State Highway Fund with respect to Pass-Through Toll payments to not exceed \$250 million in Strategic Priority Funds per fiscal year; however, such policy is subject to change by the Commission.

### **Litigation**

Pending Litigation: On October 26, 2009, Mary Kemp, as Plaintiff, filed a class action lawsuit in Federal District Court in the Northern District of Texas Dallas Division (Civil Action No. 3:09-CV-2020 against a number of parties including the members of the Texas Transportation Commission, the Texas Department of Transportation, the Texas Turnpike Authority and the State of Texas (the "Defendants") alleging that the Defendants by charging a one dollar (\$1.00) invoice fee for drivers on Texas tollways, including the CTTS, using the pay by mail option have not properly informed drivers in advance of the fee and that the Defendants lack any statutory authority to charge the fee. The Plaintiff claims the invoice fee charged by Defendants constitutes an unconstitutional taking under Federal and State law as well as a violation of the Deceptive Trade Practices and Consumer Protection Act and fraud. The Plaintiff seeks unspecified damages to compensate her and all likely situated class members for injuries and alternatively seeks declaratory and injunctive relief.

On November 23, 2009, the Attorney General of Texas, as attorneys for the Defendants filed an answer to the Plaintiff's Complaint denying certain allegations and asserting 11 different affirmative defenses to the Complaint including: (i) failure to state a claim upon which relief may be granted; (ii) the Court lacks subject-matter jurisdiction over each and every purported claim, including monetary relief, against the Defendants because the Defendants are immune from suit pursuant to the Eleventh Amendment to the United States Constitution; (iii) the Plaintiff cannot satisfy the requirements for a class action and Plaintiff is not an appropriate class or group representative; (iv) the Complaint is barred to the extent that the Plaintiff lacks standing to raise some or all of the claims and the proposed class consented to the toll system; and (v) the individual Defendants are barred by the doctrine of official immunity. The Attorney General's answer requested the Complaint be dismissed with prejudice, the purported class not be certified, the

judgment be entered in favor of Defendants on all claims and the Defendants be awarded attorneys' fees and costs and such other relief as deemed appropriate by the court.

On February 16, 2010, the Attorney General filed a "Motion to Dismiss pursuant to Fed. R. Civ. P. 12(B)(1) and 12(C) and, in the Alternative, Motion for Rule 7(A) Reply" containing several legal arguments regarding (1) the court's lack of subject matter jurisdiction over the federal and state takings claims against the Defendants due to Eleventh Amendment immunity, and (2) plaintiff's failure to state a Section 1983 claim against the individual defendants in their individual capacities based upon the qualified immunity of the individual defendants. In the alternative, the motion requests that plaintiff be ordered to replead under Rule 7(A) to provide factual details in support the Section 1983 claim against the individual defendants in their individual capacities.

Department staff have estimated that the \$1.00 invoice fee which is the subject matter of the lawsuit raises approximately \$840,000 in revenue for the CTTS per year based upon Fiscal Year 2009 activity.

### **USDOT Filings**

Pursuant to the terms of the Master Secured Loan Agreement between the USDOT and the Commission in connection with the TIFIA Loan, the Commission must file annual financial plans and submit other information to the USDOT regarding the 2002 Project. The Financial Plan is updated on an annual basis and filed with NRMSIRs and SIDs prior to July 2009, and with EMMA since July 2009. Such report has been compiled in a format to address USDOT guidelines and requirements and, in some instances, may appear inconsistent with information provided in the Commission's Official Statements and Continuing Disclosure Reports. The Financial Plan updates should not be relied upon by a user interested in specific information on the Obligations and the 2002 Project. Please refer to the Commission's Official Statements, quarterly GEC Reports and Continuing Disclosure Reports for specific information on the Series 2002 and Series 2009 Bonds and the 2002 Project.

**Exhibit B**

**Audited Annual Financial Statements of the Central Texas Turnpike System  
for Fiscal Year 2009**

This report is also available on-line at the following link:  
<http://www.centraltexasturnpike.org/ctts/investors.aspx>

**TEXAS DEPARTMENT OF TRANSPORTATION**

# **Central Texas Turnpike System of the Texas Turnpike Authority**

(An Enterprise Fund of the Texas Department of Transportation)



**Financial Statements - For Fiscal Year Ended August 31, 2009**

**CENTRAL TEXAS TURNPIKE SYSTEM**

of the

**TEXAS TURNPIKE AUTHORITY**

**FINANCIAL STATEMENTS**

**August 31, 2009**

Prepared by:  
Finance Division of the Texas Department of Transportation

CENTRAL TEXAS TURNPIKE SYSTEM  
of the  
TEXAS TURNPIKE AUTHORITY

Financial Statements  
August 31, 2009

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# **INTRODUCTORY SECTION**



# Texas Department of Transportation

DEWITT C. GREER STATE HIGHWAY BLDG. • 125 E. 11TH STREET • AUSTIN, TEXAS 78701-2483 • (512) 463-8585

December 18, 2009

TO: The Citizens of the State of Texas and the Creditors of the Central Texas Turnpike Project

The Indenture of Trust, dated as of July 15, 2002, as supplemented by the First through Fifth Supplemental Indentures (collectively, the "*Indenture*") between the Texas Transportation Commission (the "*Commission*") and Bank One, National Association (the "*Trustee*"), requires the Commission to provide audited annual financial statements of the Texas Turnpike Authority - Central Texas Turnpike Project (the "*Project*"). Pursuant to this requirement, we hereby present to you the Financial Statements for the Central Texas Turnpike System (the "*System*") for the year ended August 31, 2009 and for comparative purposes the year ended August 31, 2008. This report has been prepared by the Accounting Management staff in the Finance Division of the Texas Department of Transportation.

Management is responsible for the accuracy of the data in this report as well as for the completeness and fairness of the presentation. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this financial report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the financial statements of the Central Texas Turnpike System in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the Texas Department of Transportation's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement. To the best of our knowledge and belief, the financial report is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the System and provides disclosures that enable the reader to understand the System's financial condition.

Auditors from the Texas State Auditor's Office performed an independent audit of the System's basic financial statements for the year ended August 31, 2009. The auditors issued an unqualified opinion on the financial statements 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. The summarized comparative information for the prior period has been derived from the System's financial statements for the year ending August 31, 2008, and, in their report dated December 12, 2008 the Texas State Auditor expressed an unqualified opinion on those financial statements.

The Management's Discussion and Analysis (MD&A) provides a narrative introduction, overview and analysis of the financial activities of the Project. We encourage readers to consider the information in this letter of transmittal in conjunction with the MD&A, which can be found on page 13.

## **Profile of the Government**

The Texas Department of Transportation (the "*Department*") is an agency of the State of Texas (the "*State*") created to provide a safe, effective and efficient transportation system throughout the State. The Department's goals are to reduce congestion, improve air quality, enhance safety, expand economic opportunity and preserve the quality of our transportation system. The Department is managed by the Executive Director and is governed by a five-member Commission. The Department is organized into 25 districts, 4 regional offices, 28 divisions and offices and currently has an annual budget of approximately \$8.2 billion and a staff of approximately 13,000 which manage approximately \$2.7 billion in annual construction contract lettings.

The Texas Turnpike Authority Division of the Department ("*TTA*") is controlled and governed by the Commission. TTA was created in 1997 under Chapter 361 of the Texas Transportation Code, as amended (the "*Turnpike Act*"). As originally created in 1997, TTA had a separate board of directors. The independent board of directors was abolished by the State Legislature in 2001 and all of its duties were given to the Commission. To allow the Commission to make the most efficient use of its resources, the State Legislature granted authority to the Commission, acting for and through TTA, to study, plan, design, construct, finance, operate and maintain turnpikes in all 254 counties of the State as a part of the State's highway system. The Commission has the authority to issue turnpike revenue bonds to pay all or a part of the cost of a turnpike project, to enter into exclusive development agreements to prosecute projects, and to acquire right-of-way through quick-take procedures.

## **Information Useful in Assessing the Government's Financial Condition**

Cash Management policies and practices: The Commission's Investment Strategy for the System identified four fund types in association with the Indenture. These funds are 1) Type I Funds: Funds in the Revenue Fund, General Reserve Fund and Debt Service Funds, other than Capitalized Interest Funds; 2) Type II Funds: Funds in the Rate Stabilization Fund; 3) Type III Funds: Funds in the Construction Fund and Capitalized Interest Funds; and, 4) Type IV Funds: Funds in the Debt Service Reserve Fund. Bonds proceeds were deposited to Type III and IV Funds. Type I and Type II Funds are funded with toll revenues. Various portions of the 2002 Project opened in fiscal year 2007 and no tolls were levied for the first two months after the opening of each section of the road as a promotional incentive. The last section of the 2002 Project opened in April 2008. Revenues are being deposited into the Revenue Fund (Type I Funds). As of August 2009, \$67.8 million of toll revenue deposits were transferred from the Revenue Fund to the Rate Stabilization Fund. The rate stabilization fund requirement is

an amount equal to the greater of (a) all revenues, less required deposits, through August 31, 2008, or (b) \$10 million.

The Department and the Trustee are responsible for ensuring that funds maintain the proper minimum balances as set forth in the Indenture and for investing in securities required to meet liquidity requirements. The investments suitable for each fund type have been determined using the following criteria that are detailed in the Commission's Investment Strategy: 1) suitability of the investment to the financial requirements of the entity; 2) preservation and safety of principal; 3) liquidity; 4) marketability of the investment if the need arises to liquidate the investment before maturity; 5) diversification of the investment portfolio; and, 6) yield. For more detailed information on Investments, please see the latest Texas Transportation Commission Quarterly Investment Report. Requests for a copy of the Investment Policy should be addressed to the Finance Division, Accounting Management Section, 125 E. 11th Street, Austin, Texas, 78701-2483.

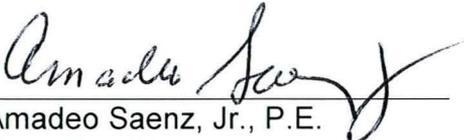
The System does not have any employees. Department employees and contractors perform the work of the System. The Department provides all accounting, debt financing and administrative services.

### **Risk Financing & Management**

The Department is exposed to a wide range of risks due to the size, scope, and nature of its activities. Some of these risks include, but are not limited to, property and casualty losses, workers' compensation and health benefit claims, theft, damage of assets, etc. The Department retains these risks, and manages them through claims review and safety programs, which are primarily the responsibility of the Department's Occupational Safety Division. TTA, as a division of the Department, participates in these programs.

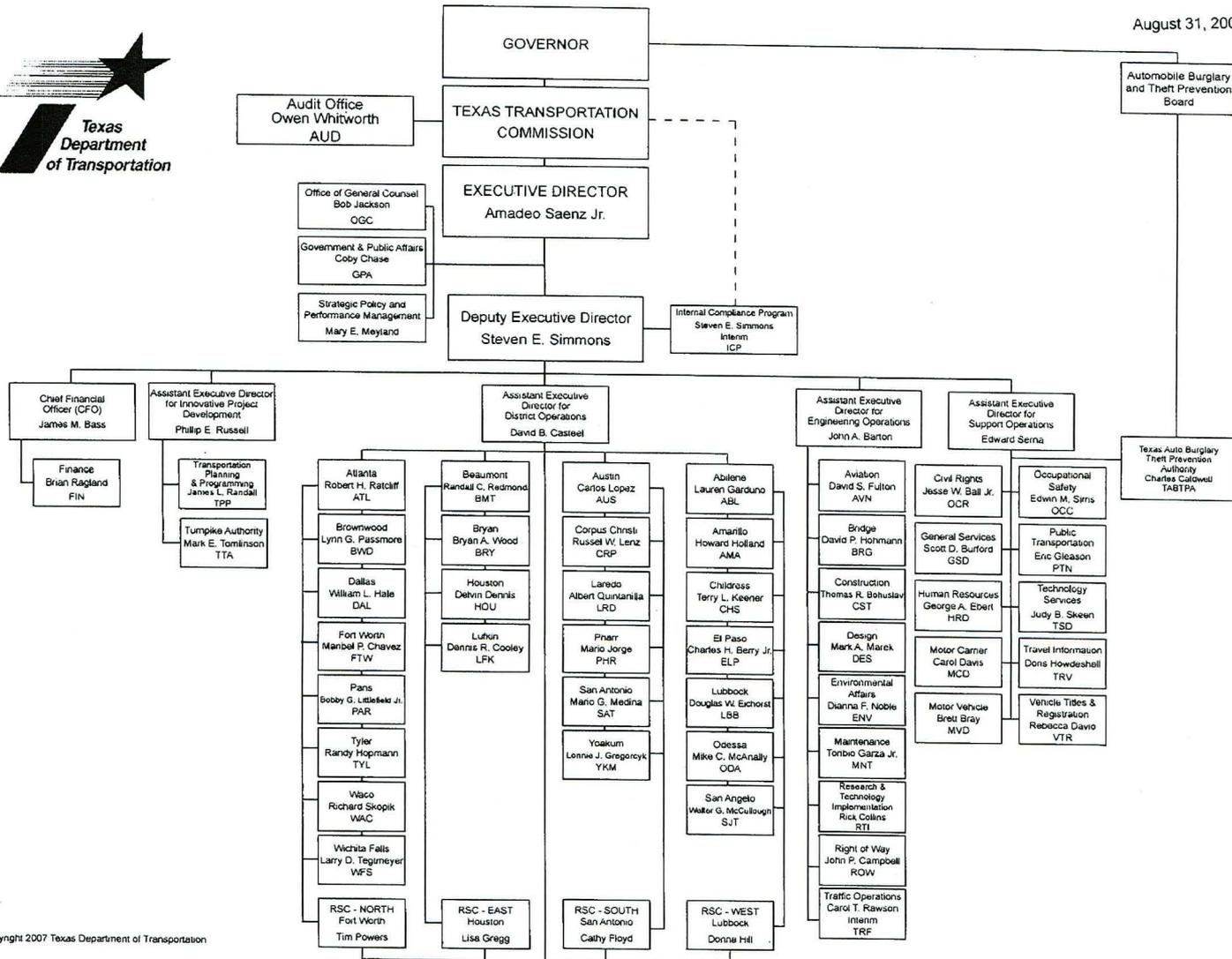
### **Acknowledgements**

Production of this report would not have been possible without the support of Austin District staff that supplied generally accepted accounting principles ("GAAP") closing data on a timely basis. We extend special appreciation to Diana Smith, Glen Knipstein, Silvia Morales, Robert Snipes and the Finance Division for their professionalism and devotion in preparing this complex financial document.

  
Amadeo Saenz, Jr., P.E.  
Executive Director



August 31, 2009



**Commission and Key Personnel  
As of August 31, 2009**

**TEXAS TRANSPORTATION COMMISSION**

DEIRDRE DELISI .....Chair  
Austin

NED S. HOLMES .....Commissioner  
Houston

TED HOUGHTON .....Commissioner  
El Paso

WILLIAM MEADOWS .....Commissioner  
Fort Worth

FRED UNDERWOOD .....Commissioner  
Lubbock

**TEXAS DEPARTMENT OF TRANSPORTATION**

AMADEO SAENZ, Jr., P.E .....Executive Director  
JAMES M. BASS .....Chief Financial Officer

**Texas Turnpike Authority Division**

MARK E. TOMLINSON, P.E.....Director

**Austin District**

CARLOS A. LOPEZ, P.E .....District Engineer

ROBERT STUARD, P.E.....Deputy District Engineer

TIMOTHY J. WEIGHT, P.E.....Director of Construction

**Finance Division**

BRIAN RAGLAND .....Director

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Members of the Texas Transportation Commission:

Ms. Deirdre Delisi, Chair  
Mr. Ned S. Holmes  
Mr. Ted Houghton  
Mr. Fred Underwood  
Mr. William Meadows

Mr. Amadeo Saenz, Jr., P.E., Executive Director, Department of Transportation

We have audited the accompanying basic financial statements (as defined in the Table of Contents) of the Central Texas Turnpike System (System) as of and for the fiscal year ended August 31, 2009. These financial statements are the responsibility of the Department of Transportation's management. Our responsibility is to express an opinion on these financial statements based on our audit. Comparative information is presented from the financial statements for the year ended August 31, 2008. These statements were audited by us, and we expressed an unqualified opinion on them in our report dated December 12, 2008.

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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department of Transportation's internal control over the System's financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

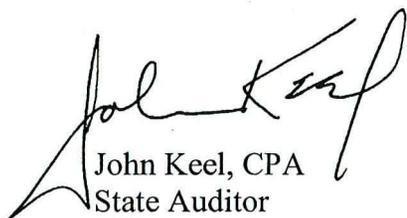
As discussed in Notes 1(A) and 1(B), the financial statements present only the financial position of the System, which is an enterprise fund of the Department of Transportation and the State of Texas. They do not purport to, and do not, present fairly the financial position of the Department of Transportation nor the State of Texas as of August 31, 2009, and the changes in the Department of Transportation's or the State's financial position for the reporting period then ended in conformity with principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the System as of August 31, 2009, and the changes in financial position and the cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and Modified Approach to Reporting Infrastructure Assets are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. This required supplementary information is the responsibility of the System. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the System's financial statements taken as a whole. We did not audit the introductory section and, accordingly, we express no opinion on it.

In accordance with generally accepted government auditing standards, we will issue a separate report on our consideration of the Department of Transportation's internal control over System financial reporting and on our tests of its compliance with certain provisions of the Resolution for the Central Texas Turnpike System Revenue Bonds, Bond Anticipation Notes, and other laws and regulations. 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with generally accepted government auditing standards and should be read in conjunction with this report in considering the results of our audit.



John Keel, CPA  
State Auditor

December 18, 2009

## Management's Discussion and Analysis

As management of the Texas Department of Transportation (the "Department"), we offer readers of the Central Texas Turnpike System's (the "System") financial statements this narrative overview and analysis of its financial activities for the year ended August 31, 2009, and for comparative purposes the year ended August 31, 2008. These financial statements reflect the financial position of the System. The System is an enterprise fund of the Texas Department of Transportation of the State of Texas. Also, the Texas Transportation Commission, the governing body of the Department, has the authority to commit the System to various legal agreements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page 3 of this report.

### Financial Highlights

- The Texas Turnpike Authority ("TTA"), a division of the Department, was created under Chapter 361 of the Texas Transportation Code, as amended (the "Turnpike Act"). In order to allow the Texas Transportation Commission (the "Commission") to make the most efficient use of its resources, the State Legislature granted authority to the Commission, acting for and through TTA, to design, construct, operate and expand turnpike projects as a part of the State's highway system.
- The 2002 Project of the System includes three elements: State Highway 45 North, Loop 1, and State Highway 130 (Segments 1 – 4). As of August 31, 2009, \$2,690,012,616 has been spent on the Project of which approximately \$1,019.5 million was from federal revenue, contributions, or transfers. See Note 6 on page 38 for information on commitments and contingencies.
- The 2002 Project has opened in phases, with the last phase opening in April 2008. Loop 1 and the portion of SH 45 Northeast of Loop 1 were opened in November 2006. SH 130 from US 79 southward to US 290 was opened in November 2006. The western portion of SH 45 North opened in April 2007. SH 130 from IH 35 to US 79 opened in December 2006 and US 290 to SH 71 opened in September 2007. In April 2008, the last segment of SH 130 from SH 71 southward to US 183 opened.
- In August 2002, the Commission issued approximately \$2.2 billion in revenue bonds (the "2002 Bonds") and Bond Anticipation Notes ("BANS") to fund the development and construction of a network of toll roads in central Texas. The 2002 Bonds, the BANS, the 2002 TIFIA Bond and the First Tier Developer Note (collectively, the "2002 Obligations") were issued under the terms of an Indenture of Trust dated as of July 15, 2002, between the Commission and BankOne, National Association as Trustee as supplemented by the First through Fourth Supplemental Indenture of Trust (collectively, the "Indenture"). See Note 1-A on page 24 and the website [www.texasollways.com](http://www.texasollways.com) for further information relating to the System.
- The Commission has entered into a Secured Loan Agreement with the United States Department of Transportation for an amount of \$916,760,000 to pay or reimburse a portion of the costs of the System. The obligations of the Commission under the Secured Loan Agreement are evidenced by the 2002 Transportation Infrastructure Finance and Innovation Act of 1998 ("TIFIA") Bond. In May 2007, a draw was received on the approved TIFIA loan in the amount of \$124,930,000 to provide funds to pay for the maturing Bond Anticipation Notes (BANs). In May 2008, a draw of \$775,070,000 was received on the TIFIA loan. These proceeds were used to make the final principal payment on the Series 2002 Second Tier BANS. It is anticipated that the remaining \$16,760,000 of the TIFIA loan will not be drawn down.
- The Developer agreed to accept deferred payment in an amount of up to \$10,000,000 in the form of a Developer Note for progress payments. It is at the Commission's discretion as to when and if

the note will be executed. As of August 31, 2009, the note has not been executed and no funds have been drawn against the Developer Note.

- The assets of the System exceeded its liabilities at the close of fiscal year 2009 and 2008 by \$641,069,624 and \$757,434,898, respectively.
- The System's net assets decreased by \$116,365,274 and \$48,016,692 at the close of fiscal years 2009 and 2008, respectively. The majority of this decrease is attributable to the recording of interest accretion on the Series 2002-A Bonds and the TIFIA note payable.
- During fiscal year 2009, the System's total liabilities increased by \$90,093,393. This is mainly a result of interest accretion on the Series 2002-A Bonds and the TIFIA note payable. During fiscal year 2008, the System's total liabilities decreased by \$5,489,040. Deferred revenues increased by \$1,435,051 in fiscal year 2009. The System held \$10,627,036 in deposits from TxTAG customers at the end of fiscal year 2009. Deferred revenues increased by \$15,476,578 in fiscal year 2008. Total payables and debt increased by \$88,658,342 in fiscal year 2009. Total payables and debt decreased by \$20,965,618 in fiscal year 2008.
- The System's land values increased by \$9,240,332 and \$18,583,282 during fiscal years 2009 and 2008, respectively, due to additional acquisitions. Depreciation on the System's Customer Service Center and bridges was \$361,001 and \$16,677,005, respectively in fiscal year 2009. Bridge additions in fiscal year 2009 were \$10,002,528. Additions to roadways for fiscal year 2009 were \$15,704,283.
- A special mandatory redemption of \$2,525,000 of the Series 2002-B Bonds occurred on February 19, 2009, using funds from the Revenue Fund. The remaining \$147,475,000 of the Series 2002-B Bonds were refunded with proceeds from the CTTS First Tier Revenue Refunding Put Bonds, Series 2009, issued March 5, 2009 under the Fifth Supplemental Resolution.
- Opening of SH 45 Southeast in June 2009, although not a part of the System, provides a complete alternative route to bypass Austin and is expected to increase revenues on the SH 130 segments of the System.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the System's basic financial statements. The basic financial statements are comprised of fund financial statements and notes to the financial statements.

**Fund Financial Statements.** A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Department, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The activities related to the System are being accounted for in an enterprise fund. The accounts of the System are maintained in accordance with practices set forth in the provisions of the Indenture. These practices are modeled after generally accepted accounting principles for an enterprise fund on an accrual basis.

**Proprietary Funds.** Proprietary funds are used to account for a government's business-type activities. Proprietary funds use the economic resources measurement focus and accrual basis of accounting. Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. The Department has established an enterprise fund to track the activities of the System. *Enterprise funds* are used to report an activity for which a fee is charged to external users for goods or services. The basic enterprise fund financial statements can be found on pages 20 - 23 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 24 – 40 of this report.

**Financial Analysis**

Net assets may serve over time as a useful indicator of a government’s financial position. In the case of the System, assets exceeded liabilities by \$641,069,624 and \$757,434,898 at August 31, 2009 and August 31, 2008, respectively.

The largest portion of the System’s total assets (83%) consists of Capital Assets which includes Right of Way, Roadways, Construction in Progress, Customer Service Center Building, and Bridges. Money Market and Similar Funds, Short Term Investments, and Restricted Investments make up 14% of the System’s total assets.

Beginning in fiscal year 2008, to better comply with GASB requirements, we have changed the presentation of the Net Assets section from the prior year.

	<b><u>Condensed Net Assets</u></b>		
	<b><u>Enterprise Fund Total</u></b>		
	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
Restricted, Current Assets, and			
Deferred Charges	\$527,963,437	\$572,144,455	\$733,573,001
Capital Assets	2,648,884,550	2,630,975,413	2,523,052,599
<b>Total Assets</b>	<b>3,176,847,987</b>	<b>3,203,119,868</b>	<b>3,256,625,600</b>
Current Liabilities	(64,065,688)	(76,950,007)	(891,635,440)
Long Term Liabilities	(2,471,712,675)	(2,368,734,963)	(1,559,538,570)
<b>Total Liabilities</b>	<b>(2,535,778,363)</b>	<b>(2,445,684,970)</b>	<b>(2,451,174,010)</b>
Net assets:			
Invested in Capital Assets, Net			
of Related Debt	177,171,875	262,240,450	805,451,590
Restricted for Debt Service	160,537,959	173,244,455	
Unrestricted	303,359,790	321,949,993	
<b>Total Net Assets</b>	<b>\$641,069,624</b>	<b>\$757,434,898</b>	<b>\$805,451,590</b>

**Changes in Net Assets**

Operating revenues – The System recognized \$66,362,310 in toll and fee revenue for the fiscal year 2009.

Operating expenses – The System incurred \$68,028,784 and \$67,016,504 in operating expenses during the years ended August 31, 2009 and 2008, respectively. Operating expenses include expenses for operating the toll roads and the Customer Service Center, toll tags, advertising, and depreciation on capital assets.

Lease revenues – The System received \$12,864 in lease revenue from Sage-Socrates, Ltd. in 2009 and 2008 for customer parking to facilitate the shopping center located on the property adjacent to the right-of-way. The lease is for 0.247 acres. The term has been extended to 2014, and the consideration is \$1,072 per month.

Capital Contributions and Transfers - TTA, through its toll road operations, has entered into agreements with local governments whereby the local governments transfer funds to the Department to fund purchases of right of way land and related costs. The System recognized \$760,866 and a credit of (\$4,101,531) in capital contributions from local governments for the years ended August 31, 2009 and 2008, respectively. An additional \$26,989,281 and \$46,826,458 in project expenditures was funded from the Department's special revenue fund for the years ended August 31, 2009 and 2008, respectively. The Department's contribution of \$26,989,281 consisted of \$7,762,266 in capital contributions and \$19,317,015 in operating transfers for fiscal year 2009.

<b><u>Condensed Changes in Net Assets</u></b>			
<b><u>Enterprise Fund Total</u></b>			
	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
<b>Total Operating Revenues</b>	\$66,362,310	\$48,945,195	\$16,743,690
<b>Total Operating Expenses</b>	(68,028,784)	(67,016,504)	(25,170,483)
<b>Total Operating (Loss)</b>	(1,666,474)	(18,071,309)	(8,426,793)
<b>Total Nonoperating Revenue (Expenses)</b>	(142,448,947)	(72,670,310)	(64,882,368)
Income (Loss) before Contributions and Transfers	(144,115,421)	(90,741,619)	(73,309,161)
Capital Contributions and Transfers	27,750,147	42,724,927	117,041,530
<b>Change in Net Assets</b>	(116,365,274)	(48,016,692)	43,732,369
<b>Total Net Assets – Beginning</b>	757,434,898	805,451,590	761,719,221
<b>Total Net Assets – Ending</b>	\$641,069,624	\$757,434,898	\$805,451,590

Investment income for the years ended August 31, 2009 and 2008 was \$10,233,006 and \$24,697,956, respectively. As the toll roads opened, interest income, interest expense, amortization, and accretion were capitalized in direct proportion to the capitalization of construction in progress. For fiscal years 2009 and 2008 all construction in progress was capitalized to roadways, land, bridges or buildings. Prior to the opening of the toll roads, investment income was recorded as a reduction of capitalized interest costs in accordance with generally accepted accounting principles.

#### **Capital Asset and Debt Administration**

**Capital Assets.** The System's investment in capital assets as of August 31, 2009 amounted to \$2,648,884,550 and as of August 31, 2008, amounted to \$2,630,975,413. Non-depreciable capital assets amounted to \$2,260,914,213 and \$2,234,781,598 as of August 31, 2009 and 2008, respectively. Net depreciable capital assets as of August 31, 2009 and 2008 amounted to \$389,158,337 and \$396,193,815, respectively. The investment in capital assets includes non-depreciable land, roadways, depreciable Customer Service Center and bridges. See Note 2 on page 30. As of August 31, 2009, all sections of SH 45 North and Loop 1 of the System have been granted substantial completion and final acceptance and are open to traffic. The current estimated Exclusive Development Agreement ("EDA") costs on SH 130 are \$1,105,698,715, \$119,377,138 more than the original estimated EDA costs of \$986,321,577. As of August 31, 2009, outstanding commitments are \$1,500,000 for SH 130. See Note 6 on page 38.

As permitted by GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, the State has adopted the modified approach for reporting the roadways associated with the Central Texas Turnpike System (CTTS). As required by this Statement, the Texas Department of Transportation (TxDOT) conducts condition assessments on the CTTS under its Texas Maintenance Assessment Program (TxMAP). TxMAP is conducted on a yearly basis (GASB requirement is every three years) and results in an overall condition level for the CTTS. In conjunction with TxMAP, the Texas Transportation Commission has adopted a minimum acceptable condition level of 80% for the CTTS. The condition assessment results for FY 2009 reflect a condition level of 90.5%.

The modified approach also requires that the State estimate the expenditures that will be required to maintain the CTTS at or above the adopted condition level. For FY 2009, TxDOT computed an estimate of \$9.2 million for the CTTS with actual expenditures of \$7.3 million. See Modified Approach to Reporting Infrastructure Assets on page 41 for additional information.

**Outstanding Debt.** As of August 31, 2009, the System had total long term debt outstanding of \$2,471,712,675. Of this amount, \$1,499,620,484 was comprised of revenue bonds payable and \$972,092,191 was a Transportation Innovation Financing Infrastructure Act ‘TIFIA’ note payable. As of August 31, 2008, the System had total long term debt outstanding of \$2,368,734,963. Of this amount, \$1,468,734,963 was comprised of revenue bonds payable and \$900,000,000 was TIFIA note payable. See Note 4 on page 32.

<b>2009 Balances</b>	<b>1<sup>st</sup> Tier Revenue Bonds</b>	<b>TIFIA Note</b>
Non-Callable (Series 2002-A)	\$287,459,891	
Callable Capital Appreciation Bonds (2002-A)	154,658,891	
Current Interest Bonds (2002-A)	707,875,000	
Refunding Put Bonds (2009)	149,275,000	
TIFIA Note		\$900,000,000
<b>Total Par Value</b>	1,299,268,782	900,000,000
Add: Premium	11,220,782	
Subtract: Discount	(21,429,442)	
<b>Total Debt Issuance</b>	1,289,060,122	900,000,000
Amortization and Interest for the period from Inception through August 31, 2009	215,041,328	72,092,191
Deferred Amount on Refunding	(4,480,966)	
<b>Total Debt Outstanding</b>	\$1,499,620,484	\$972,092,191

<b>2008 Balances</b>	<b>1<sup>st</sup> Tier Revenue Bonds</b>	<b>TIFIA Note</b>
Non-Callable (Series 2002-A)	\$287,459,891	
Callable Capital Appreciation Bonds (2002-A)	154,658,891	
Current Interest Bonds (2002-A)	707,875,000	
Weekly Demand Bonds (2002-B)	150,000,000	
TIFIA Note		\$900,000,000
<b>Total Par Value</b>	1,299,993,782	900,000,000
Add: Premium	11,220,782	
Subtract: Discount	(21,429,442)	
<b>Total Debt Issuance</b>	1,289,785,122	900,000,000
Amortization and Interest for the period from Inception through August 31, 2008	178,949,841	
<b>Total Debt Outstanding</b>	\$1,468,734,963	\$900,000,000

<b>2007 Balances</b>	<b>1<sup>st</sup> Tier Revenue Bonds</b>	<b>2<sup>nd</sup> Tier Bond Anticipation Notes (BANS)</b>	<b>TIFIA Note</b>
Non-Callable (Series 2002-A)	\$287,459,891		
Callable Capital Appreciation Bonds (2002-A)	154,658,891		
Current Interest Bonds (2002-A)	707,875,000		
Weekly Demand Bonds (2002-B)	150,000,000		
BANS (Series 2002)		\$775,070,000	
TIFIA Note			\$124,930,000
<b>Total Par Value</b>	1,299,993,782	775,070,000	124,930,000
Add: Premium	11,220,782	68,112,050	
Subtract: Discount	(21,429,442)	(62,274)	
<b>Total Debt Issuance</b>	1,289,785,122	843,119,776	124,930,000
Amortization and Interest for the period from Inception through August 31, 2007	144,823,448	(56,708,146)	
<b>Total Debt Outstanding</b>	\$1,434,608,570	\$786,411,630	\$124,930,000

### **Bond Credit Ratings**

At the time of initial issuance in 2002, the principal and interest payments of the First Tier Series 2002-A and Series 2002-B Revenue Bonds, but not the BANS, were insured through a policy issued by Ambac Assurance and additionally carried the credit ratings of the insurer. Ratings on Ambac were first downgraded in 2008 and ultimately were either at below investment grade levels or withdrawn. The insured rating for the First Tier CTTS Bonds were similarly downgraded. Once the insured ratings fell below the CTTS First Tier underlying ratings and below investment grade levels, only the First Tier underlying ratings are utilized. With the refunding of the Series 2002-B First Tier Bonds, the insurance policy on those bonds is no longer in effect.

Commencing in January 2008, interest rates on the CTTS Series 2002-B variable rate debt began to fluctuate due to the credit uncertainty of the bond insurer as well as the standby bond purchase agreement or liquidity provider. Periodically interest rates on the Bonds would rise and fall until credit ratings on the bond insurer were lowered or withdrawn, which triggered higher interest rates, the tender of Bonds, and a majority of the Bonds ending up being held by the standby bond repurchase bank. The Series 2002-B Bonds were subject to redemption at the option of the Commission on any interest payment date. Under the terms of the Standby Purchase Agreement, a special mandatory redemption of \$2,525,000 of Series 2002-B Bonds occurred on February 19, 2009, using funds from the Revenue Fund. The remaining \$147,475,000 of the Series 2002-B Bonds were refunded with proceeds from the issuance of the CTTS First Tier Revenue Refunding Put Bonds, Series 2009, issued March 5, 2009.

An explanation of the significance of each rating may be obtained from the company furnishing the rating. The ratings reflect only the views of such companies at the time such ratings are given, 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 such companies if, in the judgment of such companies circumstances so warrant.

### **Requests for Information**

This financial report is designed to provide a general overview of the System's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Division, Accounting Management Section, 125 E. 11<sup>th</sup> Street, Austin, Texas, 78701-2483.

## **BASIC FINANCIAL STATEMENTS**

**EXHIBIT I**  
**CENTRAL TEXAS TURNPIKE SYSTEM**  
**Statement of Net Assets**  
**August 31, 2009 (With Comparative Totals for August 31, 2008)**

	8/31/2009	8/31/2008
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents (Note 3)		
Cash on Hand	\$ 76,099	\$ 112,431
Cash in Bank	25,488,890	12,965,988
Money Market and Similar Funds	325,836,567	371,854,798
Short Term Investments (Note 3)	15,315,669	21,121,577
Interest and Dividends Receivable	412,043	1,070,712
Accounts Receivable	638,431	698,635
Due from Texas Department of Transportation	1,792,819	118,191
Receivables from:		
Local Governments	1,584,144	1,309,126
Harris County Toll Road Authority (HCTRA)	274,221	168,920
North Texas Tollway Authority (NTTA)	226,429	154,496
Central Texas Regional Mobility Authority (CTRMA)	191,735	
Total Current Assets	<u>371,837,047</u>	<u>409,574,874</u>
Non-Current Assets:		
Restricted Cash and Cash Equivalents in State Treasury (Note 3)	21,116	2,213,118
Restricted Investments (Note 3)	114,999,378	114,999,378
Deferred Charges (Bond Issue Costs)	41,105,896	45,357,085
Non-depreciable Capital Assets (Note 2):		
Land	638,428,380	629,188,048
Infrastructure - Roadways	1,621,297,833	1,605,593,550
Depreciable Capital Assets (Note 2):		
Buildings	8,360,006	8,360,006
Less Accumulated Depreciation	(1,268,335)	(907,334)
Infrastructure - Bridges	421,926,397	411,923,869
Less Accumulated Depreciation	(39,859,731)	(23,182,726)
Total Non-Current Assets	<u>2,805,010,940</u>	<u>2,793,544,994</u>
<b>TOTAL ASSETS</b>	<u><b>3,176,847,987</b></u>	<u><b>3,203,119,868</b></u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	707,030	10,859,244
Contracts Payable – Retainage	0	3,888,909
Due to Texas Department of Transportation (TxDOT)	1,879,387	1,690,400
Payables to:		
Central Texas Regional Mobility Authority (CTRMA)	569,534	580,313
Harris County Toll Road Authority (HCTRA)	678,294	242,993
North Texas Tollway Authority (NTTA)	622,586	924,005
Payable From Restricted Assets-Current Portion (Interest Payable)	1,859,493	2,449,830
Deferred Revenues	57,749,364	56,314,313
Total Current Liabilities	<u>64,065,688</u>	<u>76,950,007</u>
Non-Current Liabilities:		
Revenue Bonds Payable (Note 4)	1,499,620,484	1,468,734,963
Notes/Loans Payable (Note 4)	972,092,191	900,000,000
Total Non-Current Liabilities	<u>2,471,712,675</u>	<u>2,368,734,963</u>
<b>TOTAL LIABILITIES</b>	<u><b>2,535,778,363</b></u>	<u><b>2,445,684,970</b></u>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	177,171,875	262,240,450
Restricted for Debt Service	160,537,959	173,244,455
Unrestricted	303,359,790	321,949,993
<b>TOTAL NET ASSETS</b>	<u><b>\$ 641,069,624</b></u>	<u><b>\$ 757,434,898</b></u>

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

**EXHIBIT II****CENTRAL TEXAS TURNPIKE SYSTEM****STATEMENT OF REVENUES, EXPENSES, and CHANGES in NET ASSETS****For the year ended August 31, 2009 (With Comparative Totals for August 31, 2008)**

	For the year ended August 31, 2009	For the year ended August 31, 2008
<b>OPERATING REVENUES</b>		
Toll Revenue	\$ 66,362,310	\$ 48,945,195
Total Operating Revenues	<u>66,362,310</u>	<u>48,945,195</u>
<b>OPERATING EXPENSES</b>		
Professional Fees and Services	(11,273,671)	(3,638,688)
Materials and Supplies	(2,484,254)	(8,119,031)
Communication and Utilities	(1,563,081)	(1,099,819)
Repairs and Maintenance	(12,102,265)	(10,908,602)
Printing and Reproduction	0	(3,912)
Contracted Services	(20,781,985)	(21,515,322)
Advertising	(934,508)	(1,815,515)
Depreciation Expense	(17,038,006)	(15,882,339)
Prompt Payment Interest	(508)	(11,467)
Other Professional Services	0	(2,690,423)
Other Operating Expenses	<u>(1,850,506)</u>	<u>(1,331,386)</u>
Total Operating Expenses	<u>(68,028,784)</u>	<u>(67,016,504)</u>
Operating (Loss)	<u>(1,666,474)</u>	<u>(18,071,309)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Lease Revenue	12,864	12,864
Interest and Investment Income	10,233,006	24,697,956
Net Increase (Decrease) in Fair Value of Investments	140,977	(152,082)
Interest and Amortization	(44,601,115)	(62,936,383)
Accretion on Capital Appreciation Bonds	(107,897,303)	(33,840,017)
Other Financing Fees	(354,458)	(486,899)
Other Nonoperating Revenues (Expenses)	<u>17,082</u>	<u>34,251</u>
Total Nonoperating Revenues (Expenses)	<u>(142,448,947)</u>	<u>(72,670,310)</u>
Loss before Other Revenues, (Expenses), Contributions, Gains/(Losses) and Transfers	<u>(144,115,421)</u>	<u>(90,741,619)</u>
<b>OTHER REVENUES, (EXPENSES), CONTRIBUTIONS, GAINS/(LOSSES) AND TRANSFERS</b>		
Capital Contributions	8,433,132	(2,562,709)
Transfers	<u>19,317,015</u>	<u>45,287,636</u>
Total Other Revenues, (Expenses), Contributions, Gains/(Losses) and Transfers	<u>27,750,147</u>	<u>42,724,927</u>
Change in Net Assets	<u>(116,365,274)</u>	<u>(48,016,692)</u>
Total Net Assets – Beginning	<u>757,434,898</u>	<u>805,451,590</u>
Total Net Assets – Ending	<u>\$ 641,069,624</u>	<u>\$ 757,434,898</u>

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

### EXHIBIT III

#### CENTRAL TEXAS TURNPIKE SYSTEM

#### STATEMENT OF CASH FLOWS

For the year ended August 31, 2009 (With Comparative Totals for August 31, 2008)

	For the year ended August 31, 2009	For the year ended August 31, 2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	\$ 94,626,484	\$ 84,763,618
Payments to Vendors	(45,733,193)	(53,235,558)
Payments to Toll Partners	<u>(27,941,444)</u>	<u>(28,761,464)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>20,951,847</u>	<u>2,766,596</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from TIFIA Note	0	775,070,000
Proceeds from Series 2009 Bond Issue	143,041,160	0
Proceeds from Lease Revenue	12,864	12,864
Proceeds from Capital Contributions	760,866	(4,101,531)
Payments for Interest on Debt	(43,155,893)	(93,362,742)
Payments for Additions to Land and Roadways	(23,835,693)	(85,028,607)
Payments for Principal on Debt	(150,000,000)	(775,070,000)
Payments of Remarketing Fees and Other Costs	<u>(354,458)</u>	<u>(486,899)</u>
NET CASH (USED) IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(73,531,154)</u>	<u>(182,966,915)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sales of Investments	111,320,870	138,418,765
Proceeds from Interest and Investment Income, net of fees	10,908,758	27,357,490
Payments to Acquire Investments	<u>(105,373,984)</u>	<u>(59,999,421)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>16,855,644</u>	<u>105,776,834</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(35,723,663)	(74,423,485)
CASH AND CASH EQUIVALENTS – BEGINNING	<u>387,146,335</u>	<u>461,569,820</u>
CASH AND CASH EQUIVALENTS – ENDING	<u>\$ 351,422,672</u>	<u>\$ 387,146,335</u>

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

### EXHIBIT III

#### CENTRAL TEXAS TURNPIKE SYSTEM

#### STATEMENT OF CASH FLOWS (Continued)

For the year ended August 31, 2009 (With Comparative Totals for August 31, 2008)

	For the year ended August 31, 2009	For the year ended August 31, 2008
Reconciliation of operating loss to net cash used in operating activities:		
Operating (Loss)	\$ (1,666,474)	\$ (18,071,309)
Adjustments to reconcile operating income to net cash (used) by operating activities:		
Depreciation expense	17,038,006	15,882,339
Increase (Decrease) in Accounts Payable	5,380,687	(2,759,713)
(Increase) in Accounts Receivable	(308,765)	(164,607)
Increase in Deferred Revenue	1,994,035	2,783,465
(Increase) Decrease in Due To Other Funds	<u>(1,485,642)</u>	<u>5,096,421</u>
Total Adjustments	<u>22,618,321</u>	<u>20,837,905</u>
Net Cash Provided (Used) in Operating Activities	\$ <u>20,951,847</u>	\$ <u>2,766,596</u>

#### NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

The System received \$26,989,281 of non-cash transfers from the Department for the year ended August 31, 2009. Of this amount, \$7,672,266 was capitalized and \$19,317,015 was expensed for the year. The System received \$46,826,458 of non-cash transfers from the Department for the year ended August 31, 2008. Of this amount, \$1,538,822 was capitalized and \$45,287,636 was expensed for the year.

Reconciliation of Cash and Cash Equivalents		
Cash on Hand	\$ 76,099	\$ 112,431
Cash in Bank	25,488,890	12,965,988
Money Market and Similar Funds	325,836,567	371,854,798
Restricted Cash and Cash Equivalents in State Treasury	<u>21,116</u>	<u>2,213,118</u>
Cash and Cash Equivalents	\$ <u>351,422,672</u>	\$ <u>387,146,335</u>

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

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

### **A. Organization**

These financial statements reflect the financial position of the Central Texas Turnpike System (the “System”). The System is an enterprise fund of the Texas Department of Transportation, an agency of the State of Texas. Also, the Texas Transportation Commission, the governing body of the Department, has the authority to commit the System to various legal agreements.

### **The Commission**

The State created the State Highway Commission (the “Commission”) on April 4, 1917, for the purpose of adopting and implementing a comprehensive system of state highways and promoting the construction of a state highway system by cooperation with counties or independently by the State Highway Commission. In 1975, the State Legislature changed the name of the State Highway Commission to the State Highway and Public Transportation Commission. In 1991, the State Legislature changed the name to the current name, the Texas Transportation Commission. The State Legislature directed the Commission to plan and make policies for the location, construction, and maintenance of a comprehensive system of state highways and public roads.

The Commission governs the Texas Department of Transportation (the “Department”) and is charged by statute with policy-making responsibilities. The Department is charged with the management responsibilities for implementing the policies of the Commission. The Department is managed by the Executive Director and supported by the staff. The State Legislature provided that the Commission must divide the State into no more than 25 regional districts for the purpose of the performance of the Department’s duties. There are currently 25 districts.

The Commission consists of five members appointed by the Governor with the advice and consent of the State Senate. One member is designated by the Governor as the Chairman and serves as the chief executive officer of the Commission. A person is not eligible to be a member of the Commission if the person or the person’s spouse is employed by or manages a business that is regulated by or regularly receives funds from the Department, directly or indirectly owns or controls more than ten percent (10%) interest in a business that is regulated by or receives funds from the Department, uses or receives a substantial amount of goods, services or funds from the Department, or is registered, certified, or licensed by the Department. Members of the Commission serve six-year terms, with one to two members’ terms expiring February 1 of each odd-numbered year.

### **The Department**

The Texas Department of Transportation was created to provide a safe, effective and efficient transportation system throughout the State. The Department is governed by the five-member Texas Transportation Commission and an executive director selected by the Commission and is an agency of the State of Texas. The Department’s operations are conducted by a central office with twenty two functional divisions, six offices, four regional offices, and twenty-five geographic districts in the State.

### **Texas Turnpike Authority**

The Texas Turnpike Authority (“TTA”) is controlled and governed by the Commission. TTA was created in 1997 by an act of the State Legislature as a division of the Department. As originally created in 1997, TTA

had a separate board of directors. The independent board of directors was abolished by the State Legislature in 2001 and all of its duties were given to the Commission. The Commission, using the resources of TTA and the other resources of the Department, has the statutory authority to study, plan, design, construct, finance, operate and maintain turnpikes in all 254 counties of the State. The projects of TTA are part of the State Highway System. The Commission has the authority to issue turnpike revenue bonds to pay all or a part of the cost of a turnpike project, to enter into exclusive development agreements to prosecute projects, and to acquire right-of-way through quick-take procedures.

#### The System and the 2002 Project

The Commission issued \$2,199,993,782 par value of revenue bonds and Bond Anticipation Notes (BANS) on August 29, 2002. These proceeds will be used, among other purposes, to finance a portion of the costs of planning, designing, engineering, developing and constructing the initial phase (referred to as the “2002 Project”) of the System. The System initially will consist of the 2002 Project. The 2002 Project includes three distinct elements: State Highway 130, State Highway 45 North, and Loop 1. The System will also include any future project to expand, enlarge or extend the System, any future project pooled with the System pursuant to the Turnpike Act, and any other roads, bridges, tunnels or other toll facilities for which the Commission has operational responsibility and is collecting tolls, unless the Commission declares in writing, delivered to the Trustee, that such roads, bridges, tunnels or other toll facilities are not part of the System for the purposes of the Indenture.

The construction of the System was the responsibility of the Department; however, the Department retained the engineering firm of HDR, Inc. to provide certain program management services, which included design and construction oversight on the State Highway 130 element and the engineering firm of Post, Buckley, Schuh & Jernigan, Inc. (PBS&J) provided construction oversight on the Loop 1 and State Highway 45 North elements. The State Highway 130 element was constructed pursuant to an exclusive development agreement with Lone Star Infrastructure, and the Loop 1 and State Highway 45 North elements were constructed pursuant to a traditional design-bid-build process.

The System does not have any employees, although labor costs are included in the cost of constructing, operating and maintaining the System. When Department staff performs work on behalf of the System, the proportionate cost of that labor is reported as an expense of the System. The Department’s risk financing and insurance programs apply to the System.

#### B. Basis of Presentation

The records of the System are maintained in accordance with the practices set forth in the provisions of the Indenture for the 2002 Project Revenue Bonds and BANS. These practices are modeled after generally accepted accounting principles for an enterprise fund on an accrual basis. An enterprise fund is a type of proprietary fund used to account for a government’s continuing organizations and activities that are similar to private business enterprises.

The accompanying financial statements present only the financial position, changes in financial position, and cash flows of the System, and are not intended to and do not present fairly the financial position, changes in financial position or cash flows of the Department in conformity with accounting principles generally accepted in the United States of America.

The reporting period is for the year ended August 31, 2009. In Minute Order 108949, dated June 27, 2002, the Commission defines the System as a turnpike project. This minute order also authorized reimbursement of certain 2002 project costs incurred by the Department prior to the issuance of bonds and obligations.

The fiscal year 2008 columns on the basic financial statements do not represent complete financial statements. These prior year totals are not necessary for a fair presentation of the financial statements but are presented to facilitate financial analysis. Specifically, only partial presentation of fiscal year 2008 notes have been included in these statements.

C. Measurement Focus and Basis of Accounting

A proprietary fund uses the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. A proprietary fund distinguishes operating from non-operating revenues and expenses. 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, a type of proprietary fund, include the cost of sales and services, administrative expenses, and depreciation on capital assets. In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 20, *Accounting and Financial Reporting for Proprietary Fund and Other Governmental Entities that Use Proprietary Fund Accounting*, the System applies all Financial Accounting Standards Board ("FASB") guidance issued on or before November 30, 1989, unless it conflicts with or contradicts with GASB guidance, and has chosen not to follow FASB guidance issued subsequent to that date.

D. Assets and Liabilities

1. Cash and Cash Equivalents

Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents. On the Statement of Cash Flows, cash and cash equivalents are considered to be cash on hand, cash in bank, cash in State Treasury, and money market funds with original maturities of three months or less from the date of acquisition.

2. Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of enterprise fund notes/loans, revenue bonds, and revenues set aside for statutory or contractual requirements.

The System may receive funding whose related expenditure is restricted to certain activities. In situations where both restricted and unrestricted net assets are expended to cover expenses, the System will first expend the restricted net assets and cover additional costs with unrestricted net assets. The System reserves the right to selectively defer the use of restricted assets.

3. Capital Assets

All capital assets acquired by proprietary funds are reported at cost or estimated historical cost if actual historical cost is not available. Donated assets are reported at fair value on the date of acquisition. Interest and amortization expenses, net of interest income, incurred during construction were capitalized. The System follows the Department's policy and uses the modified approach for reporting the highway system

excluding bridges. Straight line depreciation will be calculated on bridges and infrastructure assets not included as part of the highway system as they are completed. The useful life for the bridges capitalized is 25 years and the useful life of the Customer Service Center is 22 years.

Since the highway system is being reported using the modified approach, depreciation is not reported on the highway system and only additions and improvements to the highway system are capitalized. Expenses other than additions and improvements are expensed.

The modified approach requires that the State:

- a. Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets,
- b. Perform condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale in order to document that the eligible infrastructure assets are being preserved approximately at (or above) the condition level established and disclosed by the government, and
- c. Estimate each year the annual amount needed to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the government.

The Department's policy is to capitalize a furniture purchase where the cost of the purchase is \$5,000 or greater and the item purchased is expected to have a useful life exceeding one year. Capitalized furniture purchases are depreciated using straight-line depreciation and useful lives ranging from 10 to 12 years. Fixtures are capitalized and depreciated as part of the building to which they are attached and are not tracked separately. The capitalization threshold for buildings is \$100,000. Buildings meeting the capitalization threshold are depreciated using straight-line depreciation and a useful life of 22 years.

#### 4. Non-Current Assets

For the proprietary fund, the costs associated with the 2002 debt issuance totaled \$59,351,773. These costs are not reported as an expense of the period in which they were incurred, but instead are amortized using the straight-line basis and reported as an adjustment to interest expense throughout the period during which the related debt is outstanding. On March 5, 2009, the Commission issued \$149,275,000 of Series 2009 CTTS First Tier Revenue Refunding Put Bonds, and the proceeds were used to retire the outstanding Series 2002-B variable rate Bonds. Bond issue costs associated with the Series 2009-A Bonds totaled \$1,752,875. As a result of the refunding, deferred charges were reduced by \$4,541,255, the difference between the reacquisition price and the net carrying amount of the old debt, and reclassified on the balance sheet as an deferred amount on refunding, a contra liability account. Unamortized deferred charges equaled \$41,105,896 as of August 31, 2009.

#### 5. Accounts Payable

Accounts Payable represents the liability for the value of assets or services received during the reporting period for which payment is pending. Included in accounts payable are amounts held by the System that are due to the Central Texas Regional Mobility Authority (CTRMA), the Harris County Toll Road Authority (HCTRA), and the North Texas Tollway Authority (NTTA). This represents TxTAG customers that drove on CTRMA, HCTRA and NTTA toll roads.

6. Contracts Payable

Contracts Payable represents the amount of contract retainage held in the Construction Sub-Fund in the Trustee Bank. All contract retainage has been paid as of August 31, 2009.

7. Due To Texas Department of Transportation

Due to Texas Department of Transportation includes amounts the System is collecting on TxDOT's behalf for toll revenue earned by and due to TxDOT from CTRMA, HCTRA, and NTTA for CTRMA, HCTRA, and NTTA customers that drove on TxDOT roads. These amounts have been earned by TxDOT and not yet collected. These amounts have also been recorded by the System as a receivable.

8. Bonds Payable – Revenue Bonds

Revenue bonds payable are reported at par less unamortized discount or plus unamortized premium. Interest expense is reported on the accrual basis, with amortization of discount or premium. Payables are reported separately as either current or non-current in the statement of net assets.

9. Deferred Revenues

TTA, through its toll road operations, has entered into agreements with local governments whereby the local governments transfer funds to the System to fund purchases of right-of-way land and related costs. In some instances, the funds are paid for in advance by the local governments. The System's policy is to defer recognition of this revenue until the right of way parcels are purchased. Recognition of these monies paid in advance by local governments is contingent upon the Department purchasing the parcels for the stated purpose in the agreement. The System has \$57,749,364 in deferred revenue as of August 31, 2009. Remaining funds will be returned to the respective local governments once any project contingencies have been finalized and a final audit has been performed.

E. Net Assets – The difference between fund assets and liabilities is 'Net Assets'.

1. Invested In Capital Assets, Net of Related Debt

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets. Invested in Capital Assets, Net of Related Debt was \$177,171,875 at August 31, 2009.

2. Restricted Net Assets

Restricted net assets result when constraints placed on net assets' use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation. Restricted assets expected to be used for debt service payments in the next twelve months are classified as current assets. At August 31, 2009, the System had \$160,537,959 in Net Assets, Restricted for Debt Service.

3. Unrestricted Net Assets

Unrestricted net assets consist of net assets, which do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources, which are imposed by

management, but which can be removed or modified. Unrestricted Net Assets were \$303,359,790 at August 31, 2009.

F. Revenues, Expenses, Transfers, and Restatements

1. Operating Revenues

Operating revenues is made up of toll and fee revenue collected by the System. Sections of the 2002 Project opened at various times during fiscal years 2007 and 2008, with the last section of the project opening in April 2008. The System began collecting toll revenue in January 2007.

2. Non-Operating Revenues

Non-operating revenues include all other revenues that are not toll revenues. Interest and investment income and lease revenue make up non-operating revenues.

3. Operating Expenses

Operating expenses include expenses incurred in operating the toll roads and the Customer Service Center and depreciation on capital assets. The System has contracted with the Washington Division of the URS Corporation to manage the daily toll collection operations.

4. Non-Operating Expenses

Non-operating expenses include those expenses not classified as operating. These expenses include bond interest expense (net of amortization of bond issue costs), accretion on capital appreciation bonds, and the net increase (decrease) in fair value of investments.

5. Capital Contributions and Transfers

TTA has entered into agreements with local governments whereby the local governments transfer funds to the System to fund purchases of right-of-way land and related costs. Capital contributions recognized during fiscal year 2009 include a credit of (\$556,694) from the City of Austin, and contributions of \$300,000 from Travis County, and \$1,017,560 from Williamson County. Transfers during fiscal year 2009 include \$7,672,266 for the purchase of right of way land and related costs and \$19,317,015 for operation and maintenance expenses from the Department.

**NOTE 2 – CAPITAL ASSETS**

	Balance 8/31/08	Reclassification	2009 Increases	2009 Decreases	Balance 8/31/09
<b>Non-depreciable Capital Assets</b>					
Land	\$ 629,188,048		\$9,240,332		\$ 638,428,380
Infrastructure - Roadways	1,605,593,550	\$(10,002,528)	25,706,811		1,621,297,833
<b>Depreciable Capital Assets</b>					
Buildings	8,360,006				8,360,006
Infrastructure - Bridges	411,923,869	10,002,528			421,926,397
Less Accumulated Depreciation for:					
Buildings	(907,334)		(361,001)		(1,268,335)
Infrastructure - Bridges	(23,182,726)		(16,677,005)		(39,859,731)
Total Capital Assets	\$ 2,630,975,413	\$0	\$17,909,137	\$0	\$ 2,648,884,550

\* Reclassification of roadways to bridges consists of FY 2007 \$1,188,000 and FY 2008 \$4,305,000, not previously reported, and FY 2009 \$4,509,528.

**NOTE 3 - DEPOSITS, INVESTMENTS, AND REPURCHASE AGREEMENTS**

Government Code, Chapter 2256 (Public Funds Investment Act) authorizes the Commission to purchase, sell, and invest its funds and funds under its control in accordance with investment policies approved by the Commission. Government Code, 2256.005 requires the Commission to adopt a written investment policy regarding the investment of its funds and funds under its control, including a separate written investment strategy for each of the funds or group of funds. The Department is authorized by statute to make investments following the “prudent person rule.” Authorized investments include obligations of or guaranteed by governmental entities, certificates of deposit and share certificates, repurchase agreements, banker's acceptance, commercial paper, mutual funds, investment pools, guaranteed investment contracts, forward purchase contracts, and securities lending program.

**Deposits**

As of August 31, 2009, the carrying amount of deposits was \$351,346,573, detailed as follows:

<b>Deposits</b>	
Cash in Bank	25,488,890
Cash in State Treasury	21,116
Money Market and Similar Funds	325,836,567
<b>Total</b>	<b>\$351,346,573</b>

**Custodial Credit Risk – Deposits**

In the case of deposits, this is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. All of the System’s deposits are held in the State Treasury, the Trustee bank, or a depository bank. Deposits of the State of Texas are normally managed by the State Comptroller of Public Accounts (the “Comptroller”) and are protected by \$250,000 of insurance by the Federal Deposit Insurance Corporation (FDIC). On October 3, 2008, the Emergency Economic Stabilization Act of 2008 temporarily raised the basic limit on federal deposit insurance coverage from \$100,000 to \$250,000 per depositor. The legislation provides that the basic deposit insurance limit will return to \$100,000 after December 31, 2009.

Collateral pledged must be equal to at least 105% of the principal amount deposited by the Department. The Comptroller has full responsibility for insuring adequate collateralization of all state deposits, including those held in local banks. On August 31, 2009, the State Treasury deposits were fully collateralized with securities held by an agent of the Comptroller, in the Department's name, in accordance with the Comptroller's requirements. The Wachovia bank deposits were collateralized at August 31, 2009.

### Investments

As of August 31, 2009, the fair value of investments and maturities are as presented below:

Investment Type	Maturities (in Years)		Fair Value
	Less than 1	More than 5	Total
U.S. Government Agency Obligations	\$15,315,669		\$15,315,669
Repurchase Agreement		\$114,999,378	114,999,378
Total	\$15,315,669	\$114,999,378	\$130,315,047

### Custodial Credit Risk - Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Commission's investment policy states that all securities purchased by the Commission shall be designated as assets of the Commission and shall be protected through the use of a third-party custody/safekeeping agent, which may be a Trustee. As of August 31, 2009, the Commission's investments in U.S. Government Agency obligations were held in the Commission's name. The 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 with the underlying securities being the property of JPMorgan Trustee Bank, held in trust for the Commission.

### Credit Risk - Investments

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Commission may not enter into long term investment agreements or other ongoing 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 doesn't have at least one long term rating of at least "AA" by a nationally recognized investment rating firm according to the Investment Policy. All investments made by the Commission have been through the list of Qualified Financial Institutions approved by the Commission. The Commission's policy does not limit the amount of investment in obligations of the United States or its agencies. These securities are rated AAA by Standard & Poor's ("S & P's"), therefore the risk of default is considered remote. Citigroup is rated A3, A, and A+ by Moody's, S & P's, and Fitch Ratings respectively. The Bank of New York Mellon is rated Aaa, AA, and AA- by Moody's, and S & P's, and Fitch Ratings respectively.

As of August 31, 2009, the System's investments had the following ratings.

Investment Type	Fair Value	Moody's Rating	S & P Rating	Fitch Rating
U.S. Government Agency Obligations	\$15,315,669	Aaa	AAA	NR
Repurchase Agreement	114,999,378	A3	A	A+
Total	\$130,315,047			

**Concentration of Credit Risk - Investments**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The only investment that the System holds that exceeds 5% of the total investments is the repurchase agreement. This investment is held primarily for the debt service reserve fund, which has a long term duration and a specific purpose. The Commission addresses diversification in the Department’s Investment Policy. Assets held in particular funds shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. Diversification strategies shall be determined and revised periodically by the Investment Officer for all funds.

**Interest Rate Risk - Investments**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Commission has 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 the Commission are anticipated to be held to maturity, thereby avoiding interest rate risk due to an early redemption. Additionally, security maturities were staggered and in the event the sale of security was required to meet unexpectedly higher construction draws, the proximity of the security to its stated maturity date will minimize the impact of interest rate fluctuations. For investment maturities, see the table on page 31.

**Foreign Currency Risk – Investments**

The System’s investments are not exposed to foreign currency risk.

**Derivatives**

As of August 31, 2009, no investment derivative transactions have been entered into on behalf of the System.

**NOTE 4- SUMMARY OF LONG TERM LIABILITIES**

**Changes in Long Term Liabilities**

During the year ended August 31, 2009, the following changes occurred in long term liabilities.

Debt	Balance 08-31-08	Additions	Reductions	Accretion	Balance 08-31-09	Amounts Due Within One Year (Principal)
Revenue Bonds Payable	\$1,477,225,372	\$149,275,000	^ \$(150,000,000)	\$35,805,112	\$1,512,305,484	\$0
Unamortized Revenue Bond Premium	9,332,177		(314,767)		9,017,410	
Less Unamortized Revenue Bond Discount	(17,822,586)		601,142		(17,221,444)	
Less Deferred Amount on Refunding		(4,541,255)	60,289		(4,480,966)	
Notes/Loans Payable	900,000,000			*72,092,191	972,092,191	
<b>Total</b>	<b>\$2,368,734,963</b>	<b>\$144,733,745</b>	<b>\$(149,653,336)</b>	<b>\$107,897,303</b>	<b>\$2,471,712,675</b>	<b>\$0</b>

^ \$147,475,000 of the \$150,000,000 reduction to Revenue Bonds Payable is the result of the current refunding transaction.

\* Accreted interest on the TIFIA Note Payable consists of FY 2007 \$1,730,315 and FY 2008 \$17,810,047, not previously reported, and FY 2009 \$52,551,829.

## Debt Service Requirements

Yearly Service Requirements	REVENUE BONDS			TIFIA			TOTAL
	Interest	Accreted Interest	Principal	Interest	Accreted Interest	Principal	
2010	\$44,625,587			\$18,474,911			\$63,100,498
2011	44,625,587			30,081,956			74,707,543
2012	44,625,587	\$1,604,681	\$2,900,319	31,690,132			80,820,719
2013	44,625,587	3,021,626	4,688,374	33,697,991			86,033,578
2014	44,625,588	4,336,083	5,818,916	35,022,322			89,802,909
2015-2019	223,127,937	74,730,009	64,184,991	223,337,086			585,380,023
2020-2024	223,127,938	177,208,127	87,771,873	297,002,998			785,110,936
2025-2029	223,127,938	355,390,266	112,604,734	336,598,163	\$8,700,245	\$65,294,511	1,101,715,857
2030-2034	223,127,938	504,937,458	102,902,542	301,477,216	38,747,907	168,121,784	1,339,314,845
2035-2039	215,388,438	413,742,968	342,372,033	224,295,438	93,444,662	349,147,098	1,638,390,637
2040-2042	62,063,637		576,025,000	60,995,454	198,780,710	317,436,607	1,215,301,408
<b>Total Requirements</b>	<b>\$1,393,091,762</b>	<b>\$1,534,971,218</b>	<b>\$1,299,268,782</b>	<b>\$1,592,673,667</b>	<b>\$339,673,524</b>	<b>\$900,000,000</b>	<b>\$7,059,678,953</b>

For the Series 2002-A Bonds, interest rates range from 4.47% to 6.10%. The Series 2009 Bonds bear interest at 5%. The interest on the TIFIA loan is 5.510%.

### Notes and Loans Payable

The Commission issued \$900,000,000 of Bond Anticipation Notes (BANS) on August 29, 2002 for the purpose of paying a portion of the cost of planning, designing, engineering, developing and constructing the initial phase of the System. The TIFIA Loan draws of \$900,000,000 paid the maturing principal amount of the BANS that came due of \$124,930,000 on June 1, 2007 and \$775,070,000 on June 1, 2008. The first interest payment on the TIFIA Loan is not payable until February 15, 2010. The loan will be paid from revenues from the Central Texas Turnpike System as they are sufficient to pay (a) all interest which will become due and payable on the TIFIA loan on each such date and (b) the principal, if any, of the secured loan which will become due and payable on each such date, therefore this schedule is subject to change each year as actual revenues are received. Per the agreement, principal and interest can be deferred (negatively amortized) due to availability of revenues, therefore the principal amount may increase over time.

Lone Star Infrastructure, the Developer, a Texas joint venture comprised of the following partners (with the ownership percentage of each set forth in parenthesis following its name): Fluor Daniel, a division of Fluor Enterprises, Inc. (45%); Balfour Beatty Construction, Inc. (35%); and T. J. Lambrecht Construction, Inc. (20%), has agreed to accept deferred payment in an amount of up to \$10,000,000 for progress payment otherwise owing upon completion of the State Highway 130 (Segments 1 – 4) element. It is at the Commission's discretion as to when and if the note will be executed. As of August 31, 2009, the note has not been executed.

### Revenue Bonds Payable

The Commission issued \$1,149,993,782 of First Tier Revenue Bonds, Series 2002-A and \$150,000,000 of First Tier Revenue Bonds, Series 2002-B on August 29, 2002 for the purpose of paying a portion of the costs of planning, designing, engineering, developing, and constructing the initial phase of the System. The proceeds of the Series 2002-A and 2002-B Bonds were used, together with certain other funds to (i) finance a portion of the costs of planning, designing, engineering, developing and constructing the 2002 Project, (ii) pay a portion of capitalized interest during construction and for the first 11 months following the anticipated completion date of the 2002

Project, (iii) fund a portion of the First Tier Debt Service Reserve Fund Requirement, and (iv) pay certain issuance costs of the Series 2002-A and 2002-B Bonds.

**1<sup>st</sup> Tier Revenue Bonds, Series 2002-A, Fixed Rate**

- To study, design, construct, operate, expand, enlarge, and extend the 2002 Project
- Issued 08-29-02
- \$1,149,993,782; all authorized bonds have been issued

**Source of Revenue for Debt Service**

The First Tier Obligations are special, limited obligations of the Commission and are payable from, and secured solely by a first lien on and pledge of the Trust Estate, as described in the Indenture, consisting of (i) all Project Revenues, and to the extent set forth in a supplemental indenture, any Additional Obligation Security, (ii) all Project monies, including investment earnings, deposited into the Revenue Sub-Fund, the Construction Sub-Fund (except for any amounts held in a sub account containing monies derived from the State Highway Fund or any monies received by the Commission that are restricted to another use, such as right-of-way contributions that may be used only for that purpose), the First Tier Debt Service Sub-Fund, the First Tier Debt Service Reserve Sub-Fund (provided, however, that the principal portion of any Series 2002-B Bonds while they are Liquidity Provider Bonds shall not be secured by, or entitled to any benefit of, such reserve sub-fund), the Rate Stabilization Sub-Fund and the General Reserve Sub-Fund, (iii) any Project insurance proceeds and other monies required to be deposited in the pledged funds listed in (ii) above, and (iv) all payments received by the Commission pursuant to Approved Swap Agreements with respect to First Tier Obligations.

SERIES A NON-CALLABLE CAPITAL APPRECIATION BONDS					
MATURITY SCHEDULE					
MATURITY DATE	PRINCIPAL AMOUNT	Initial Offering Yield to Maturity	MATURITY DATE	PRINCIPAL AMOUNT	Initial Offering Yield to Maturity
August 15, 2012	\$2,900,319	4.47%	August 15, 2022	17,683,687	5.58%
August 15, 2013	4,688,374	4.59	August 15, 2023	18,300,417	5.65
August 15, 2014	5,818,917	4.71	August 15, 2024	18,929,309	5.67
August 15, 2015	6,764,599	4.86	August 15, 2025	16,620,603	5.70
August 15, 2016	13,020,687	4.96	August 15, 2026	21,153,902	5.72
August 15, 2017	14,061,808	5.05	August 15, 2027	21,202,526	5.73
August 15, 2018	14,855,575	5.16	August 15, 2028	21,164,367	5.74
August 15, 2019	15,482,322	5.26	August 15, 2029	21,046,035	5.75
August 15, 2020	15,932,864	5.36	August 15, 2030	20,907,983	5.75
August 15, 2021	16,925,597	5.49			
TOTAL				\$287,459,891	(Interest to accrete from Delivery Date)

<b>SERIES A CALLABLE CAPITAL APPRECIATION BONDS</b>		
MATURITY SCHEDULE		
MATURITY DATE	PRINCIPAL AMOUNT	INTEREST RATE
August 15, 2025	\$2,573,200	6.00%
August 15, 2026	2,419,900	6.01
August 15, 2027	2,275,200	6.02
August 15, 2028	2,138,800	6.03
August 15, 2029	2,010,200	6.04
August 15, 2030	1,888,900	6.05
August 15, 2031	20,749,511	6.06
August 15, 2032	20,287,006	6.07
August 15, 2033	19,778,829	6.08
August 15, 2034	19,290,312	6.08
August 15, 2035	18,735,808	6.09
August 15, 2036	19,130,494	6.09
August 15, 2037	19,780,106	6.10
August 15, 2038	3,600,625	6.10
TOTAL	\$154,658,891	(Interest to accrete from Delivery Date)

<b>SERIES A CURRENT INTEREST BONDS</b>		
MATURITY SCHEDULE		
MATURITY DATE	PRINCIPAL AMOUNT	INTEREST RATE
August 15, 2038	\$134,600,000	5.75%
August 15, 2039	146,525,000	5.50
August 15, 2042	10,385,000	5.25
Term Bond August 15, 2042	416,365,000	5.00
TOTAL	\$707,875,000	(Interest to accrue from August 15, 2002)

**Mandatory Sinking Fund Redemption.**

The Series A Current Interest Bonds (“CIBs”) maturing on August 15, 2042 and bearing interest at a rate of 5% per annum (the “Term Bonds”) are subject to mandatory sinking fund redemption prior to maturity in the principal amounts and on the dates in the following table. The Term Bonds will be redeemed at a redemption price equal to the principal amount, plus accrued interest to the date of redemption, without premium, on the date and in the principal amounts respectively.

Series A CIBs Bearing Interest at 5% Per Annum and Maturing  
August 15, 2042

<u>Redemption Date</u>	<u>Amount</u>
August 15, 2040	\$158,755,000
August 15, 2041	170,850,000
August 15, 2042 (final maturity)	86,760,000

**Optional Redemption**

Series A CIBs. The Series A CIBs are subject to redemption prior to maturity at the option of the Commission, with funds derived from any available source, on August 15, 2012, or on any date thereafter, in whole or in part, at a redemption price of par plus accrued interest to the redemption date.

Callable Capital Appreciation Bonds (“CABs”). The Callable CABs are subject to redemption prior to maturity at the option of the Commission, with funds derived from any available source, on August 15, 2012, or on any date thereafter, in whole or in part, at the redemption price (expressed as a percentage of the Accreted Value of such Callable CABs on the redemption date) applicable to the date of redemption falling within the applicable redemption period.

<u>Redemption Period</u>	<u>Redemption Prices</u>
August 15, 2012 through February 14, 2013	102.00%
February 15, 2013 through August 14, 2013	101.50%
August 15, 2013 through February 14, 2014	101.00%
February 15, 2014 through August 14, 2014	100.50%
August 15, 2014 and thereafter	100.00%

Non-Callable CABs. The Non-Callable CABs are not subject to optional redemption prior to maturity.

**1<sup>st</sup> Tier Revenue Bonds, Series 2002-B, Variable Rate**

The Commission issued \$150,000,000 of First Tier Revenue Bonds, Series 2002-B on August 29, 2002. In January 2008, interest rates on the CTTS Series 2002-B variable rate debt began to rise due to the credit uncertainty of both the bond insurer and the liquidity provider. Credit ratings on the bond insurer were lowered or withdrawn, which triggered higher interest rates and the tender of bonds until a majority of the bonds were held by the standby bond repurchase bank.

A special mandatory redemption of \$2,525,000 of the Series 2002-B Bonds occurred on February 19, 2009, using funds from the Revenue Fund. The remaining \$147,475,000 of the Series 2002-B Bonds were refunded with proceeds from the CTTS First Tier Revenue Refunding Put Bonds, Series 2009, issued March 5, 2009.

**1<sup>st</sup> Tier Revenue Refunding Put Bonds, Series 2009, Variable Rate**

- Issued 03/05/2009
- \$149,275,000; all authorized bonds have been issued

**Source of Revenue for Debt Service**

The First Tier Obligations are special, limited obligations of the Commission and are payable from, and secured solely by a first lien on and pledge of the Trust Estate, consisting of (i) all Project Revenues, and

to the extent set forth in a supplemental indenture, any Additional Obligation Security, (ii) all Project monies, including investment earnings, deposited into the Revenue Sub-Fund, the Construction Sub-Fund (except for any amounts held in a sub account containing monies derived from the State Highway Fund or any monies received by the Commission that are restricted to another use, such as right-of-way contributions that may be used only for that purpose), the First Tier Debt Service Sub-Fund, the First Tier Debt Service Reserve Sub-Fund, (iii) any Project insurance proceeds and other monies required to be deposited in the pledged funds listed in (ii) above, and (iv) all payments received by the Commission pursuant to the approved Swap Agreements with respect to First Tier Obligations.

Interest on the Series 2009 Bonds is fixed at 5% during the Initial Multiannual Period (March 5, 2009 – February 15, 2011). The Bonds are subject to mandatory tender on February 15, 2011, subject to the successful remarketing of the bonds at that time. If the Series 2009 Bonds are not remarketed as of the mandatory tender date, the interest rate on the bonds will increase to 15% per annum. The Commission has not provided any credit or liquidity facility for the Series 2009 Bonds.

SERIES 2009 REVENUE REFUNDING PUT BONDS		
MATURITY SCHEDULE		
MATURITY DATE	PRINCIPAL AMOUNT	INTEREST RATE
August 15, 2042	\$149,275,000	5.00%
TOTAL	\$149,275,000	(Interest to accrete from Delivery Date)

Neither the State, the Commission, the Department, or any other agency or political subdivision of the State is obligated to pay the principal of, premium, if any, or interest on the CTTS Obligations except from the Trust Estate. None of the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the CTTS Obligations. Neither the Commission, the Department, nor the System have any taxing power. The bond indenture does not create a mortgage on the System.

In addition to the First Tier Revenue Bonds, Series 2002-A, the First Tier Revenue Bonds, Series 2002-B, the First Tier Revenue Refunding Put Bonds, Series 2009, and the BANS, the United States Department of Transportation (“USDOT”) agreed to lend to the Commission up to \$916,760,000 to pay or reimburse a portion of the costs of the 2002 Project under the Secured Loan Agreement. The Secured Loan Agreement was entered into pursuant to the provisions of the Transportation Infrastructure Finance and Innovation Act of 1998, 23 United States Code, Section 181, et. Seq. Funds under the Secured Loan Agreement are transferred from the United States Department of Treasury upon presentation by the Commission of a request for disbursement in accordance with the provisions of the Secured Loan Agreement. In May 2007, a draw was received on the approved TIFIA loan in the amount of \$124,930,000. In May 2008, an additional \$775,070,000 was received to make the final principal payment on the Series 2002 Second Tier BANS. It is anticipated that the remaining \$16,760,000 of the TIFIA loan will not be drawn down.

The obligations of the Commission under the Secured Loan Agreement are evidenced by the 2002 TIFIA Bond, a Subordinate Lien Obligation under the Indenture, payable from a subordinate lien on the Trust Estate described above; provided, however, that the 2002 TIFIA Bond is not secured by any funds or accounts established under the Indenture established for the benefit of the First Tier Obligations, Second Tier Obligations, or other specific Subordinate Lien Obligations issued pursuant to a supplemental indenture under the Indenture. Upon the occurrence of a Bankruptcy Related Event under the Secured Loan Agreement, the 2002 TIFIA Bond becomes a

First Tier Obligation.

The System is subject to various covenants imposed by the various bond indentures. Management believes the System is in compliance with all significant covenants as of August 31, 2009.

**NOTE 5 - EMPLOYEES' RETIREMENT PLANS**

The State has joint contributory retirement plans for virtually all its employees. The Department participates in the plans administered by the Employees Retirement System of Texas ("ERS") by making monthly payments based on actuarial calculations. Future pension costs are the liabilities of the ERS. ERS does not account for each state agency separately. Annual financial reports prepared by the ERS include audited financial statements and actuarial assumptions and conclusions. The System does not have any employees, although labor costs are included in the cost of constructing, operating and maintaining the System. When Department staff performs work on behalf of the System, the proportionate cost of that labor is reported as an expense of the System. The Department provides all debt financing, accounting and administrative services. The System does not have any contributions to the plan.

**NOTE 6 – COMMITMENTS AND CONTINGENCIES**

Contract Commitments

All sections of SH 45 North and Loop 1 of the System have been granted substantial completion and final acceptance and are open to traffic.

SH 130

The Exclusive Development Agreement ("EDA") contract was awarded to Lone Star Infrastructure ("LSI"), a joint venture between Fluor Daniel; Balfour Beatty Construction, Inc.; and T.J. Lambrecht Construction, Inc. The first notice-to-proceed (NTP1) for limited design and right-of-way acquisition activity was issued on July 8, 2002, and NTP2 and NTP5 for the remainder of the design and construction activity was issued on January 4, 2003. The Department approved and executed Requests for Change Proposals increasing the previous project cost of \$986,321,577 by \$119,377,138 without a time extension.

**EDA Commitments Summary – SH 130**

<b>Item</b>	<b>Construction Letting Costs</b>	<b>Expenditures at 8/31/09</b>	<b>Change Orders</b>	<b>Remaining Obligation</b>
EDA Cost	\$986,321,577	(1,104,198,715)	119,377,138	\$1,500,000

Federal Reimbursements and Grants

The federal eligibility for funds received by the Department is subject to review by federal agencies. While the reviews may result in refunds or adjustments, management of the Department does not believe the impact of these minor adjustments would be material.

Lawsuits and Claims

The System is contingently liable in respect to lawsuits and claims in the ordinary course of business which, in the opinion of the Department's management, will not have a material adverse effect on the financial statements.

***NOTE 7 – CONTINUANCE SUBJECT TO REVIEW***

In 1977, the Legislature enacted the Texas Sunset Act (Chapter 325, Texas Government Code)(the "Sunset Act"), which provides that virtually all agencies of the State, including the Department, are subject to periodic review by the Legislature and that each agency subject to sunset review will be abolished unless the Legislature specifically determines to continue its existence. The Department was subject to such Sunset review in 2009 and was continued through September 1, 2011 (see below for information regarding the 81st Texas Legislature). Accordingly, the next scheduled review of the Department is during the Texas legislative session in 2011. If the Department is not continued in existence at that time, the Department will be abolished; provided, however, the Texas Sunset Act provides that the Department will remain in existence for an additional year (until September 1, 2012) for the sole purpose of concluding its business. Pursuant to the Sunset Act, the Legislature specifically recognizes the State's continuing obligation to pay bonded indebtedness and all other obligations incurred by the Department. Accordingly, in the event that a Sunset review were to result in the Department being abolished, the Governor would be required by law to designate an appropriate State agency that would continue to carry out all covenants contained in the Bonds (and in all other obligations) and the performance of all other obligations to complete the construction of projects or the performance of other obligations of the Department, including lease, contract and other written obligations. The designated State agency would provide payment from the sources of payment of the Bonds in accordance with the terms of the Bonds and would provide payment from the sources of payment of all other obligations in accordance with their terms, whether from taxes, revenues or otherwise, until the principal of and interest on the Bonds are paid in full and all other obligations, including lease, contract and other written obligations, are performed and paid in full. Moreover, debt service for all of the Commission's outstanding indebtedness relating to the System, including the Bonds, would be automatically appropriated pursuant to the Texas Constitution.

In connection with the 2009 Sunset review of the Department, the Sunset Advisory Commission (the "Sunset Commission") acknowledged that the State has a continuing need for the Department and recommended that the Department be continued in existence. Notwithstanding such recommendation, the Sunset Commission also recommended certain changes to the governance of the Department, including, but not limited to, a recommendation that the five-member Texas Transportation Commission be abolished and replaced with a single Commissioner of Transportation and that a Transportation Legislative Oversight Committee be created to monitor the Department's planning, programming and funding. In connection with its various recommendations, the Sunset Commission promulgated a detailed report which can be accessed at [http://www.sunset.state.tx.us/81streports/txdot/txdot\\_fr.pdf](http://www.sunset.state.tx.us/81streports/txdot/txdot_fr.pdf). Other than certain legislation with respect to the Texas Department of Motor Vehicles, the Legislature did not act on the Sunset Commission's recommendations.

The Regular Session of the 81st Texas Legislature was convened on January 13, 2009 and ended on June 1, 2009 (the "2009 Regular Session"). Although various bills relating to the Department and the Commission were proposed, the existence of the Department was not continued by legislative act during the 2009 Regular Session. The Governor subsequently called a special session of the Legislature which convened on July 1, 2009 and adjourned on July 2, 2009. During the special session, the Legislature passed Senate Bill 2, which continues the existence of the Department through September 1, 2011. The Legislature also passed House Bill 1, which authorizes the Commission to issue \$2 billion in transportation bonds that were approved by Texas voters in 2007.

***NOTE 8 - RISK FINANCING & RELATED INSURANCE***

The System does not have any employees. The Department provides all accounting, debt financing and administrative services. In addition, the Department's risk financing and insurance programs apply to the System.

The Department is exposed to a wide range of risks, due to the size, scope, and nature of its activities. Some of these risks include, but are not limited to, property and casualty losses, workers' compensation and health benefit claims, theft, damage of assets, etc.

The Department's special revenue fund retains these risks, and manages them through self-insurance and safety programs, which are the responsibility of the Department's Occupational Safety Division. TTA, as a division of the Department, participates in these programs.

### **Required Supplementary Information**

As permitted by GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, the State has adopted the modified approach for reporting the Central Texas Turnpike System (CTTS). Under the modified approach, depreciation is not reported and expenditures other than those for additions or improvements are expensed.

The modified approach requires that the State:

- Maintain an asset management system that includes an up-to date inventory of eligible infrastructure assets,
- Perform condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale in order to document that the eligible infrastructure assets are being preserved approximately at (or above) the condition level established and disclosed by the government, and
- Estimate each year the annual amount needed to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the government.

Although bridges are an integral part of the CTTS, the State has elected to depreciate bridges. Therefore, they are not reported using the modified approach.

### **Condition Assessments**

The Texas Department of Transportation (TxDOT) performs yearly condition assessments through its Texas Maintenance Assessment Program (TxMAP). Under this program, visual inspections are conducted on approximately 10% of the CTTS. For each section of highway observed, twenty-one elements separated into three highway components are assessed scores from 0 to 5 (0 = N/A, 1 = Failed, 2 = Poor, 3 = Fair, 4 = Good, 5 = Excellent) in order to determine the condition of the highways. Each element within a component is weighted according to importance and each component is weighted according to importance to determine the overall condition of the CTTS. The overall score is converted to a percentage measurement for reporting (1 = 20%, 2 = 40%, 3 = 60%, 4 = 80%, 5 = 100%).

### **Assessed Conditions**

TxDOT has adopted a minimum condition level of 80% for the CTTS based on TxMAP assessments. Fiscal year 2008 was the first year that a condition assessment was conducted on the CTTS.

<b>Central Texas Turnpike System</b>	
<b>Fiscal Year</b>	<b>(Minimum 80%)</b>
2009	90.5%
2008	91.7%

**Estimated and Actual Costs for Maintenance**

The table below provides a comparison between TxDOT’s estimate of maintenance expenditures required to maintain the CTTS at or above the adopted condition level and the actual expenditures.

Central Texas Turnpike System	Fiscal Year 2009	Fiscal Year 2008
Estimate	\$9,178,651	\$6,909,785
Actual	\$7,261,987	\$5,411,318

**Factors Affecting Condition Assessments**

TxDOT continues to develop its methods for determining such estimates. As additional experience is acquired in the estimation and reporting processes, TxDOT hopes to achieve a greater correlation between the estimated maintenance expenditures needed to maintain the CTTS at or above the adopted condition levels and the condition level of the CTTS. In comparing actual expenditures to estimated expenditures, factors such as increases in traffic, legislative mandates, budgetary constraints, and environmental effects (rainfall, drought, hurricane, freeze thaw, etc) should be considered as they may have a major impact on needed funds and the condition of Texas roads.

*The End*



125 East 11th Street, Austin, TX 78701  
[www.txdot.gov](http://www.txdot.gov)

**Produced by the Finance Division  
Texas Department of Transportation**

Copies of this publication have been deposited with the Texas State Library in compliance with the State Depository Law.

**Exhibit C**

**Update to APPENDIX A – EXCERPTS OF ANNUAL FINANCIAL REPORT OF  
THE DEPARTMENT (UNAUDITED)**

This report is also available on-line at the following link:  
<http://www.centraltexasturnpike.org/ctts/investors.aspx>

TEXAS DEPARTMENT OF TRANSPORTATION

# Annual Financial Report

(Unaudited)



For the Fiscal Year ended August 31, 2009



# Texas Department of Transportation

DEWITT C. GREER STATE HIGHWAY BLDG. • 125 E. 11TH STREET • AUSTIN, TEXAS 78701-2483 • (512) 463-8585

November 20, 2009

TO: The Honorable Rick Perry, Governor  
The Honorable Susan Combs, Texas Comptroller  
Mr. John O'Brien, Director, Legislative Budget Board  
Mr. John Keel, Comptroller of Public Accounts, State Auditor

We are pleased to submit the Annual Financial Report of the Texas Department of Transportation (TxDOT) for the year ended August 31, 2009, in compliance with §2101.011 of the Texas Government Code and in accordance with the requirements established by the Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all of the requirements in this statement. The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions regarding the report or the Schedule of Expenditures of Federal Awards, please contact Glen T. Knipstein at (512) 486-5314.

Sincerely,

Amadeo Saenz, Jr., P.E.  
Executive Director

Attachment

## THE TEXAS PLAN

REDUCE CONGESTION • ENHANCE SAFETY • EXPAND ECONOMIC OPPORTUNITY • IMPROVE AIR QUALITY  
INCREASE THE VALUE OF OUR TRANSPORTATION ASSETS

*An Equal Opportunity Employer*

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# Combined Financial Statements



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**EXHIBIT I**

**COMBINED BALANCE SHEET/STATEMENT OF NET ASSETS - GOVERNMENTAL FUNDS  
August 31, 2009**

	GOVERNMENTAL FUND TYPES				
	GENERAL (EXH A-1)	SPECIAL REVENUE (EXH B-1)	DEBT SERVICE (0008)* U/F(0010)	CAPITAL PROJECTS (7604)* U/F (7604)	GOVERNMENTAL FUNDS TOTAL
	\$	\$	\$	\$	\$
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents					
Cash on Hand	480	952,268			952,748
Cash in Bank (Note 3)		109,148,525			109,148,525
Cash in State Treasury (Note A)	5,628,589	5,108,229,626	99,685,152		5,213,543,367
Legislative Appropriations	1,648,243				1,648,243
Receivables from:					
Federal		329,876,436			329,876,436
Other Intergovernmental (Note B)		197,552,264			197,552,264
Interest and Dividends		10,909,285			10,909,285
Accounts Receivable		31,038,669			31,038,669
Due from Other Funds (Note 12)		31,618,857			31,618,857
Due from Other Agencies (Note 12)	1,568,530	190,601,105		294,568	192,464,203
Consumable Inventories		114,775,577			114,775,577
Loans and Contracts [Note 1 F(4)]	52,348	12,273,364			12,325,712
Total Current Assets	<u>8,898,190</u>	<u>6,136,975,976</u>	<u>99,685,152</u>	<u>294,568</u>	<u>6,245,853,886</u>
Non-Current Assets:					
Federal Receivable		20,670,360			20,670,360
Loans and Contracts [Note 1 F(4)]	354,575	255,405,494			255,760,069
Capital Assets:					
Non-Depreciable					
Land and Land Improvements					0
Infrastructure					0
Construction in Progress					0
Depreciable					
Building and Building Improvements					0
Less Accumulated Depreciation					0
Infrastructure					0
Less Accumulated Depreciation					0
Furniture and Equipment					0
Less Accumulated Depreciation					0
Vehicles, Boats, and Aircraft					0
Less Accumulated Depreciation					0
Other Capital Assets					0
Less Accumulated Depreciation					0
Deferred Charge					0
Other Non-Current Assets		7,918,180			7,918,180
Total Non-Current Assets	<u>354,575</u>	<u>283,994,034</u>	<u>0</u>	<u>0</u>	<u>284,348,609</u>
<b>TOTAL ASSETS</b>	<u>\$ 9,252,765</u>	<u>\$ 6,420,970,010</u>	<u>\$ 99,685,152</u>	<u>\$ 294,568</u>	<u>\$ 6,530,202,495</u>

GOVERNMENT-WIDE ADJUSTMENT FUND TYPES

CAPITAL ASSET ADJUSTMENTS	LONG-TERM LIABILITIES ADJUSTMENTS	OTHER ADJUSTMENTS	STATEMENT OF NET ASSETS
\$	\$	\$	\$
			952,748
			109,148,525
			5,213,543,367
			1,648,243
			329,876,436
			197,552,264
			10,909,285
			31,038,669
			31,618,857
			192,464,203
			114,775,577
			12,325,712
<u>0</u>	<u>0</u>	<u>0</u>	<u>6,245,853,886</u>
			20,670,360
			255,760,069
7,740,350,256			7,740,350,256
46,529,198,070			46,529,198,070
3,930,528,363			3,930,528,363
304,187,654			304,187,654
(159,415,020)			(159,415,020)
17,711,548,671			17,711,548,671
(9,934,756,672)			(9,934,756,672)
174,593,080			174,593,080
(120,724,583)			(120,724,583)
636,192,931			636,192,931
(362,723,584)			(362,723,584)
10,327,994			10,327,994
(3,250,276)			(3,250,276)
	26,835,997		26,835,997
<u>66,456,056,884</u>	<u>26,835,997</u>	<u>0</u>	<u>66,767,241,490</u>
<u>\$ 66,456,056,884</u>	<u>\$ 26,835,997</u>	<u>\$ 0</u>	<u>\$ 73,013,095,376</u>

**EXHIBIT I**

**COMBINED BALANCE SHEET/STATEMENT OF NET ASSETS - GOVERNMENTAL FUNDS**  
(Continued)

	GOVERNMENTAL FUND TYPES				
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL	GOVERNMENTAL
	(EXH A-1)	(EXH B-1)	(0008)* U/F(0010)	PROJECTS (7604) * U/F (7604)	FUNDS TOTAL
<b>LIABILITIES AND FUND BALANCES</b>	\$	\$	\$	\$	\$
Current Liabilities:					
Payables from:					
Accounts Payable	1,716,923	817,298,288		294,568	819,309,779
Contracts Payable [Note 1 F(8)]		144,551,772			144,551,772
Payroll Payable	441,566	65,320,809			65,762,375
Interest Payable					0
Due to Other Funds (Note 12)	2,668,621	28,863,668			31,532,289
Due to Other Agencies (Note 12)	2,106,433	54,698,670			56,805,103
Deferred Revenues [Note 1 F(9)]		3,324,313,711			3,324,313,711
Short Term Debt (Note 4)		300,000,000			300,000,000
Pass Through Toll Notes Payable (Note 5)					0
Revenue Bonds Payable (Note 5)					0
Premium-Revenue Bonds (Note 5)					0
General Obligation Bonds Payable (Note 5)					0
Premium-GO Bonds (Note 5)					0
Employees Compensable Leave (Note 5)					0
Pollution Remediation Obligations (Note 5)					0
<b>Total Current Liabilities</b>	<u>6,933,543</u>	<u>4,735,046,918</u>	<u>0</u>	<u>294,568</u>	<u>4,742,275,029</u>
Non-Current Liabilities:					
Pass Through Toll Notes Payable (Note 5)					0
Revenue Bonds Payable (Note 5)					0
Premium-Revenue Bonds (Note 5)					0
General Obligation Bonds Payable (Note 5)					0
Premium-GO Bonds (Note 5)					0
Employees Compensable Leave (Note 5)					0
Pollution Remediation Obligations (Note 5)					0
<b>Total Non-Current Liabilities</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL LIABILITIES</b>	<u>6,933,543</u>	<u>4,735,046,918</u>	<u>0</u>	<u>294,568</u>	<u>4,742,275,029</u>
<b>Fund Financial Statement-Fund</b>					
Fund Balances (Deficits):					
Reserved For:					
Encumbrances	195,920	156,141,591			156,337,511
Inventories		114,775,577			114,775,577
Imprest		148,633			148,633
Loans & Contracts	354,575	255,405,494			255,760,069
Debt Service			99,685,152		99,685,152
Unreserved:					
Designated For Other:					
Highway Construction and Maintenance		1,043,445,333			1,043,445,333
State Infrastructure Bank		115,631,666			115,631,666
Undesignated:					
Unencumbered Legislative Appropriations:					
Future Operations	957,399				957,399
Consolidated Funds	811,328				811,328
Texas Transportation Corporations		374,798			374,798
<b>TOTAL FUND BALANCES</b>	<u>2,319,222</u>	<u>1,685,923,092</u>	<u>99,685,152</u>	<u>0</u>	<u>1,787,927,466</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 9,252,765</u>	<u>\$ 6,420,970,010</u>	<u>\$ 99,685,152</u>	<u>\$ 294,568</u>	<u>\$ 6,530,202,495</u>

GOVERNMENT-WIDE ADJUSTMENT FUND TYPES

CAPITAL ASSET ADJUSTMENTS	LONG-TERM LIABILITIES ADJUSTMENTS	OTHER ADJUSTMENTS	STATEMENT OF NET ASSETS
\$	\$	\$	\$
			819,309,779
			144,551,772
			65,762,375
	150,899,099		150,899,099
			31,532,289
			56,805,103
		(20,994,026)	3,303,319,685
			300,000,000
	205,000		205,000
	104,100,000		104,100,000
	6,362,681		6,362,681
	34,730,000		34,730,000
	8,762,477		8,762,477
	57,324,561		57,324,561
	755,000		755,000
<u>0</u>	<u>363,138,818</u>	<u>(20,994,026)</u>	<u>5,084,419,821</u>
			19,690,000
	19,690,000		19,690,000
	2,687,655,000		2,687,655,000
	103,235,273		103,235,273
	6,097,325,000		6,097,325,000
	148,227,810		148,227,810
	16,837,010		16,837,010
	8,326,687		8,326,687
<u>0</u>	<u>9,081,296,780</u>	<u>0</u>	<u>9,081,296,780</u>
<u>0</u>	<u>9,444,435,598</u>	<u>(20,994,026)</u>	<u>14,165,716,601</u>
			156,337,511
			114,775,577
			148,633
			255,760,069
			99,685,152
			1,043,445,333
			115,631,666
			957,399
			811,328
			374,798
<u>0</u>	<u>0</u>	<u>0</u>	<u>1,787,927,466</u>
<u>\$ 0</u>	<u>\$ 9,444,435,598</u>	<u>\$ (20,994,026)</u>	<u>\$ 15,953,644,067</u>

**EXHIBIT I**

**COMBINED BALANCE SHEET/STATEMENT OF NET ASSETS - GOVERNMENTAL FUNDS  
(Concluded)**

	GOVERNMENTAL FUND TYPES				
	GENERAL (EXH A-1)	SPECIAL REVENUE (EXH B-1)	DEBT SERVICE (0008)* U/F(0010)	CAPITAL PROJECTS (7604) * U/F (7604)	GOVERNMENTAL FUNDS TOTAL
<b>Government-wide Statement-Net Assets</b>	\$	\$	\$	\$	\$
Net Assets:					
Invested in Capital Assets,					
Net of Related Debt					
Restricted for:					
Other					
Unrestricted					
Total Net Assets					

Note (A):

	Cash in State Treasury
Consolidated Fund 0071	\$ 853,535
Consolidated Fund 0900	3,976,724
Consolidated Fund 5015	786,992
Consolidated Fund 5140	11,338
TOTAL	\$ <u>5,628,589</u>

Note (B): The revenue breakdown is as follows:

	Other Intergovernmental Receivable
Sales of Goods and Services	\$ 104,330,216
Licenses, Fees and Permits	93,222,048
Total	\$ <u>197,552,264</u>

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

\* Appropriated Fund is noted as (XXXX), USAS D23 Fund is noted as U/F (XXXX).

GOVERNMENT-WIDE ADJUSTMENT FUND TYPES

CAPITAL ASSET ADJUSTMENTS	LONG-TERM LIABILITIES ADJUSTMENTS	OTHER ADJUSTMENTS	STATEMENT OF NET ASSETS
\$	\$	\$	\$
66,456,056,884	(7,649,537,349)		58,806,519,535
	(1,693,900,680)		(1,693,900,680)
	(74,161,571)	20,994,026	(53,167,545)
<u>\$ 66,456,056,884</u>	<u>\$ (9,417,599,600)</u>	<u>\$ 20,994,026</u>	<u>\$ 57,059,451,310</u>

**EXHIBIT II**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, & CHANGES  
IN FUND BALANCES/STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS  
For the fiscal year ended August 31, 2009**

	GOVERNMENTAL FUND TYPES				
	GENERAL (EXH A-2)	SPECIAL REVENUE (EXH B-2)	DEBT SERVICE (0008)* U/F(0010)	CAPITAL PROJECTS FUND (7604)* U/F (7604)	GOV'T FUNDS TOTAL
	\$	\$	\$	\$	\$
<b>REVENUES:</b>					
Legislative Appropriations:					
Original Appropriations	3,579,072				3,579,072
Add'l Appropriations	1,434,537				1,434,537
Taxes		39,631,000			39,631,000
Federal Revenues		2,780,814,143			2,780,814,143
Federal Grant Pass Through Revenues		1,496,510			1,496,510
State Grant Pass Through Revenues					0
Licenses, Fees and Permits [Note 1 H(4)]	828,665	1,574,469,615			1,575,298,280
Interest & Investment Income		117,728,212	840,232		118,568,444
Land Income		14,151,673			14,151,673
Settlement of Claims		1,530,671			1,530,671
Sales of Goods and Services	1,099,404	242,997,226			244,096,630
Other Revenues		4,157,622			4,157,622
<b>TOTAL REVENUES:</b>	<u>6,941,678</u>	<u>4,776,976,672</u>	<u>840,232</u>	<u>0</u>	<u>4,784,758,582</u>
<b>EXPENDITURES:</b>					
Salaries and Wages	2,590,620	631,841,865			634,432,485
Payroll Related Costs	1,330,201	214,421,433			215,751,634
Professional Fees and Services	791,286	287,463,091			288,254,377
Travel	63,577	4,004,156			4,067,733
Materials and Supplies	127,172	272,182,628			272,309,800
Communications and Utilities	3,492	53,742,544			53,746,036
Repairs and Maintenance	5,685	1,043,226,001			1,043,231,686
Rentals and Leases	1,716	12,060,836			12,062,552
Printing and Reproduction		5,993,863			5,993,863
Claims and Judgments		10,094,356			10,094,356
Federal Pass Through Expenditures		8,341,187			8,341,187
State Grant Pass Through Expenditures		1,799,550			1,799,550
Intergovernmental Payments	1,619,138	633,330,476		16,437,538	651,387,152
Public Assistance Payments		15,834,123			15,834,123
Other Expenditures	39,733	192,199,248			192,238,981
Principal on State Bonds		32,495,000	94,155,000		126,650,000
Amortization					0
Interest on State Bonds		295,568,846	68,837,400		364,406,246
Other Financing Fees		11,289,989			11,289,989
Capital Outlay	1,728,966	3,378,199,580			3,379,928,546
Depreciation Expense					0
Decrease in Pollution Obligation					0
<b>TOTAL EXPENDITURES:</b>	<u>8,301,586</u>	<u>7,104,088,772</u>	<u>162,992,400</u>	<u>16,437,538</u>	<u>7,291,820,296</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES:</b>	<u>(1,359,908)</u>	<u>(2,327,112,100)</u>	<u>(162,152,168)</u>	<u>(16,437,538)</u>	<u>(2,507,061,714)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating Transfers In [Note 1 H (7)]	2,318,438	2,826,404,826	261,837,320	16,437,538	3,106,998,122
Operating Transfers Out [Note 1 H (7)]	(2,862,306)	(1,714,071,767)			(1,716,934,073)
Bond & Note Proceeds		1,224,495,000			1,224,495,000
Insurance Recoveries		13,828,826			13,828,826
Sale of Capital Assets	2,703,976	5,084,641			7,788,617
Gain (Loss) on Sale of Capital Assets					
Increase in Net Assets Due to Interagency Transfer					
Decrease in Net Assets Due to Interagency Transfer					
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<u>2,160,108</u>	<u>2,355,741,526</u>	<u>261,837,320</u>	<u>16,437,538</u>	<u>2,636,176,492</u>

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

GOVERNMENT-WIDE ADJUSTMENT FUND TYPES

CAPITAL ASSETS ADJUSTMENTS	LONG TERM LIABILITIES ADJUSTMENTS	OTHER ADJUSTMENTS	STATEMENT OF ACTIVITIES
\$	\$	\$	\$
			3,579,072
			1,434,537
			39,631,000
		6,236,042	2,787,050,185
			1,496,510
			0
			1,575,298,280
			118,568,444
			14,151,673
			1,530,671
			244,096,630
14,797			4,172,419
<u>14,797</u>	<u>0</u>	<u>6,236,042</u>	<u>4,791,009,421</u>
	2,224,388		634,432,485
			217,976,022
			288,254,377
			4,067,733
			272,309,800
			53,746,036
			1,043,231,686
			12,062,552
			5,993,863
			10,094,356
			8,341,187
			1,799,550
			651,387,152
			15,834,123
			192,238,981
	(126,650,000)		0
	(14,480,277)		(14,480,277)
	1,344,452		365,750,698
	(7,779,366)		3,510,623
(3,379,928,546)			0
601,776,075			601,776,075
	(6,503,313)		(6,503,313)
<u>(2,778,152,471)</u>	<u>(151,844,116)</u>	<u>0</u>	<u>4,361,823,709</u>
2,778,167,268	151,844,116	6,236,042	429,185,712
			3,106,998,122
	(1,224,495,000)		(1,716,934,073)
			0
			13,828,826
(7,788,617)			0
(658,198)			(658,198)
79,504			79,504
(35,517)			(35,517)
<u>(8,402,828)</u>	<u>(1,224,495,000)</u>	<u>0</u>	<u>1,403,278,664</u>

**EXHIBIT II**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, & CHANGES  
IN FUND BALANCES/STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS  
(Concluded)**

	GOVERNMENTAL FUND TYPES				
	GENERAL (EXH A-2)	SPECIAL REVENUE (EXH B-2)	DEBT SERVICE (0008)* U/F(0010)	CAPITAL PROJECTS FUND (7604)* U/F (7604)	GOV'T FUNDS TOTAL
<b>Net change in Fund Balances/Net Assets</b>	\$ 800,200	\$ 28,629,426	\$ 99,685,152	\$ 0	\$ 129,114,778
<b>Fund Financial Statement - Fund Balances</b>					
<b>FUND BALANCES, Sept. 1, 2008</b>	1,524,218	1,657,293,666			1,658,817,884
Appropriations Lapsed	(5,196)				(5,196)
<b>FUND BALANCES, Aug. 31, 2009 (Exh. I)</b>	<u>\$ 2,319,222</u>	<u>\$ 1,685,923,092</u>	<u>\$ 99,685,152</u>	<u>\$ 0</u>	<u>\$ 1,787,927,466</u>
<b>Government-wide Statement of Net Assets</b>					
Net Assets/Net Change in Net Assets					
Net Assets-Beginning					
Restatements (Note 14)					
Net Assets-September 1, 2008, as restated					
Net Assets as of August 31, 2009					

\* Appropriated Fund is noted as (XXXX), USAS D23 Fund is noted as U/F (XXXX).

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

GOVERNMENT-WIDE ADJUSTMENT FUND TYPES

CAPITAL ASSETS ADJUSTMENTS	LONG TERM LIABILITIES ADJUSTMENTS	OTHER ADJUSTMENTS	STATEMENT OF ACTIVITIES
\$ 2,769,764,440	\$ (1,072,650,884)	\$ 6,236,042	\$ 1,832,464,376
			1,658,817,884
			(5,196)
			1,787,927,466
<u>2,769,764,440</u>	<u>(1,072,650,884)</u>	<u>6,236,042</u>	<u>1,703,349,598</u>
63,694,216,832	(8,329,363,716)	14,757,984	55,379,611,100
(7,924,388)	(15,585,000)		(23,509,388)
<u>63,686,292,444</u>	<u>(8,344,948,716)</u>	<u>14,757,984</u>	<u>55,356,101,712</u>
<u>\$ 66,456,056,884</u>	<u>\$ (9,417,599,600)</u>	<u>\$ 20,994,026</u>	<u>\$ 57,059,451,310</u>

**EXHIBIT III**

**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS  
August 31, 2009**

	(0865)* U/F 0865	ENTERPRISE FUND TOTAL
	\$	\$
<b>ASSETS</b>		
Current Assets:		
Cash on Hand	76,099	76,099
Cash in Bank (Note 3)	25,488,890	25,488,890
Money Market and Similar Funds	325,836,567	325,836,567
Short Term Investments	15,315,669	15,315,669
Due from Other Funds (Note 12)	1,792,819	1,792,819
Receivable:		
Interest and Dividends	412,043	412,043
Accounts Receivable	638,431	638,431
Local Governments	1,584,144	1,584,144
Harris County Toll Road Authority	274,221	274,221
North Texas Tollway Authority	226,429	226,429
Central Texas Regional Mobility Authority	191,735	191,735
Total Current Assets	<u>371,837,047</u>	<u>371,837,047</u>
Non-Current Assets:		
Restricted:		
Cash In State Treasury	21,116	21,116
Investments	114,999,378	114,999,378
Deferred Charges	41,105,896	41,105,896
Capital Assets:		
Non- Depreciable		
Land	638,428,380	638,428,380
Roadways	1,626,790,833	1,626,790,833
Depreciable		
Buildings	8,360,006	8,360,006
less Accumulated Depreciation	(1,268,335)	(1,268,335)
Infrastructure	416,433,397	416,433,397
less Accumulated Depreciation	<u>(39,749,871)</u>	<u>(39,749,871)</u>
Total Non- Current Assets	<u>2,805,120,800</u>	<u>2,805,120,800</u>
Total Assets	<u>3,176,957,847</u>	<u>3,176,957,847</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Payables		
Accounts Payable	707,030	707,030
Payable to Central Texas Regional Mobility Authority	569,534	569,534
Payable to Harris County Toll Road Authority	678,294	678,294
Payable to North Texas Tollway Authority	622,586	622,586
Deferred Revenue	57,749,364	57,749,364
Payable From Restricted Assets-Current Portion	1,859,493	1,859,493
Due to Other Funds (Note 12)	<u>1,879,387</u>	<u>1,879,387</u>
Total Current Liabilities	<u>64,065,688</u>	<u>64,065,688</u>
Non-Current Liabilities:		
Revenue Bonds Payable (Note 5)	1,499,620,484	1,499,620,484
Notes/Loans Payable (TIFIA) (Note 5)	<u>972,092,191</u>	<u>972,092,191</u>
Total Non-Current Liabilities	<u>2,471,712,675</u>	<u>2,471,712,675</u>
Total Liabilities	<u>2,535,778,363</u>	<u>2,535,778,363</u>
<b>NET ASSETS</b>		
Invested in Capital Assets, net of related debt	177,281,735	177,281,735
Restricted for debt service	151,119,459	151,119,459
Unrestricted	<u>312,778,290</u>	<u>312,778,290</u>
Total Net Assets	<u>\$ 641,179,484</u>	<u>\$ 641,179,484</u>

\* Appropriated Fund is noted as (XXXX), USAS D23 Fund is noted as U/F (XXXX)

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

**EXHIBIT IV**

**STATEMENT OF REVENUES, EXPENSES, and CHANGES in NET ASSETS  
- PROPRIETARY FUNDS  
For the Fiscal Year Ended August 31, 2009**

	(0865)* U/F 0865	ENTERPRISE FUND TOTAL
<b>Operating Revenues</b>		
Toll Revenue	\$ 66,362,310	\$ 66,362,310
Total Operating Revenues	<u>66,362,310</u>	<u>66,362,310</u>
<b>Operating Expenses</b>		
Professional Fees and Services	(11,273,671)	(11,273,671)
Materials and Supplies	(2,484,254)	(2,484,254)
Communication and Utilities	(1,563,081)	(1,563,081)
Repairs and Maintenance	(12,102,265)	(12,102,265)
Depreciation Expense	(16,928,145)	(16,928,145)
Prompt Payment Interest	(508)	(508)
Contracted Services-Laborers	(20,781,985)	(20,781,985)
Advertising	(934,509)	(934,509)
Other Operating Expenses	(1,850,506)	(1,850,506)
Total Operating Expenses	<u>(67,918,924)</u>	<u>(67,918,924)</u>
Operating Income (Loss)	<u>(1,556,614)</u>	<u>(1,556,614)</u>
<b>Nonoperating Revenues (Expenses)</b>		
Lease Revenue	12,864	12,864
Interest and Investment Income	10,233,006	10,233,006
Interest and Amortization Expense	(44,601,115)	(44,601,115)
Accretion on Capital Appreciation Bonds	(107,897,303)	(107,897,303)
Net Increase (Decrease) in Fair Value of Investments	140,977	140,977
Other Financing Fees	(354,458)	(354,458)
Other Nonoperating Revenues (Expenses)	17,082	17,082
Total Nonoperating Revenues (Expenses)	<u>(142,448,947)</u>	<u>(142,448,947)</u>
Income (Loss) before Other Revenues, Expenses, Gains/Losses and Transfers	<u>(144,005,561)</u>	<u>(144,005,561)</u>
<b>Other Revenues, (Expenses), Gains/(Losses) and Transfers</b>		
Capital Contributions	8,433,133	8,433,133
Operating Transfer In [Note 1 H(7)]	19,317,014	19,317,014
<b>Total Other Revenues, (Expenses), Gains/(Losses) and Transfers</b>	<u>27,750,147</u>	<u>27,750,147</u>
Change in Net Assets	<u>(116,255,414)</u>	<u>(116,255,414)</u>
Total Net Assets, September 1, 2008	757,434,898	757,434,898
Total Net Assets, August 31, 2009	<u>\$ 641,179,484</u>	<u>\$ 641,179,484</u>

\* Appropriated Fund is noted as (XXXX), USAS D23 Fund is noted as U/F (XXXX)

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

**EXHIBIT V**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
For the Fiscal Year Ended August 31, 2009**



CASH FLOWS FROM OPERATING ACTIVITIES	(0865)* U/F 0865	ENTERPRISE FUND TOTAL
	\$	\$
Receipts from Customers	94,626,484	94,626,484
Payments to Vendors	(45,733,193)	(45,733,193)
Payments to Toll Partners	(27,941,444)	(27,941,444)
Net Cash Provided by Operating Activities	<u>20,951,847</u>	<u>20,951,847</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Series 2009 Bond Issue	143,041,160	143,041,160
Proceeds from Lease Revenue	12,864	12,864
Proceeds from Capital Contributions	760,866	760,866
Payments for Interest on Debt Issue	(43,155,893)	(43,155,893)
Payments for Additions to Land and Construction in Progress	(23,835,693)	(23,835,693)
Payments for Principal on Debt	(150,000,000)	(150,000,000)
Payments for Remarketing Fees and Other Costs	(354,458)	(354,458)
Net Cash Used by Capital and Related Financing Activities	<u>(73,531,154)</u>	<u>(73,531,154)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	111,320,870	111,320,870
Proceeds from Interest and Investment Income, net of fees	10,908,758	10,908,758
Payments to Acquire Investments	(105,373,984)	(105,373,984)
Net Cash Provided by Investing Activities	<u>16,855,644</u>	<u>16,855,644</u>
Net Decrease in Cash and Cash Equivalents	<u>(35,723,663)</u>	<u>(35,723,663)</u>
Cash and Cash Equivalents - September 1, 2008	387,146,335	387,146,335
Cash and Cash Equivalents - August 31, 2009	<u>\$ 351,422,672</u>	<u>\$ 351,422,672</u>

**EXHIBIT V**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONCLUDED)**  
**For the Fiscal Year Ended August 31, 2009**



	(0865)* U/F 0865	ENTERPRISE FUND TOTAL
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	\$	\$
Operating Income (Loss)	<u>(1,556,614)</u>	<u>(1,556,614)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation Expense	16,928,145	16,928,145
Operating Income and Cash Flow Categories Classification Differences		
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	(308,765)	(308,765)
Increase (Decrease) in Payables	5,380,688	5,380,688
Increase (Decrease) in Due from Other Funds	(1,485,642)	(1,485,642)
Increase (Decrease) in Deferred Revenue	<u>1,994,035</u>	<u>1,994,035</u>
Total Adjustments	<u>22,508,461</u>	<u>22,508,461</u>
Net Cash Provided by Operating Activities	<u>\$ 20,951,847</u>	<u>\$ 20,951,847</u>

**NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:**

The Enterprise Fund received \$26,989,280 of noncash transfers for the year ended August 31, 2009. Of this amount, \$7,033,329 was capitalized and \$19,955,951 was expensed for the year.

Reconciliation of Cash	
Cash on Hand	76,099
Cash in Bank	25,488,890
Money Market and Similar Funds	\$ 325,836,567
Restricted Cash and Cash Equivalents in State Treasury	<u>21,116</u>
	<u>\$ 351,422,672</u>

\* Appropriated Fund is noted as (XXXX), USAS D23 Fund is noted as U/F(XXXX).

The accompanying notes to the financial statements are an integral part of this financial statement. Note 1 describes the accounting policy on cash and cash equivalents.

**EXHIBIT VI**

**Statement of Fiduciary Net Assets - Fiduciary Funds  
 August 31, 2009**



	Agency Funds (EXH C)
	\$ _____
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	
Cash on Hand	196,521
Cash In State Treasury	270,722,894
Total Current Assets	<u>270,919,415</u>
 Total Assets	 <u>270,919,415</u>
 <b>LIABILITIES</b>	
Current Liabilities:	
Payables	
Other Intergovernmental Payables	4,215,862
Funds Held for Others	266,703,553
Total Current Liabilities	<u>270,919,415</u>
 Total Liabilities	 <u>270,919,415</u>
 <b>NET ASSETS</b>	
Total Net Assets	\$ <u><u>0</u></u>

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

# Notes to the Financial Statements

## NOTES TO THE FINANCIAL STATEMENTS

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

#### A. Scope of Entity

The Texas Department of Transportation (TxDOT), “the department,” governed by the five-member Texas Transportation Commission and an executive director selected by the “Commission,” is an agency of the State of Texas. Its operations are conducted by a central office with twenty-two functional divisions, five offices, and twenty-five geographic districts. Further details are provided in the addendum.

The Texas Legislature created the State Highway Department in 1917 to grant financial aid to counties for highway construction and maintenance.

The Sixty-fourth Legislature (1975) created the State Department of Highways and Public Transportation by combining the authorities and responsibilities of the Texas Mass Transportation Commission and the State Highway Department. It also established the Public Transportation Fund and gave the department the responsibility for its administration.

On May 5, 1976, the functions of the Governor's Office of Traffic Safety were transferred to the department by Executive Order D.B. 28.

The Seventy-second Legislature (1991) created the Texas Department of Transportation (TxDOT) by merging the State Department of Highways and Public Transportation with the Texas Department of Aviation (effective September 1, 1991) and the Texas Motor Vehicle Commission (effective September 1, 1992).

H.B. 2845, signed June 1995, established the seven member Texas Automobile Theft Prevention Authority in the Texas Department of Transportation. The Authority is not an advisory body to TxDOT. TxDOT provides the Authority with staffing assistance and related administration services to implement Authority decisions.

S.B. 370, signed June 1997, abolished the Texas Turnpike Authority and created the Texas Turnpike Authority Division within the Texas Department of Transportation, along with the creation of regional tollway authorities. This bill also established the State Infrastructure Bank.

#### Blended Component Units

The Texas Transportation Corporations, created pursuant to H.B. 1986 - Article 15281 to perform many functions normally undertaken by the department, have been included in the reporting entity because it is the professional judgment of management that the department exercises sufficient authority over assets, operations, and management to warrant their inclusion. As a result, the Texas Transportation Corporations are shown as a special revenue fund, Fund 999 [See Note 1C-(4)]. Even though the Texas Transportation Corporations are a part of the Texas Department of Transportation accounting entity, inclusion of these corporations should not be taken as an admission for legal proceedings that the state is liable for debts of these corporations, nor is entitled to the assets of these corporations.

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### Discrete Component Units

No component units have been identified which require discrete presentation in the accompanying financial statements.

### B. Basis of Presentation

The accompanying financial statements were prepared in conformity with procedures specified by the Texas State Comptroller's Office. The primary purpose of this report is to comply with legislative requirements to provide data for the Comptroller's Office. This data are combined by the Comptroller's Office with similar data from the other state agencies and activities in order to prepare a Comprehensive Annual Financial Report for the state.

Due to significant changes related to Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, the Comptroller of Public Accounts does not require the accompanying annual financial report to be in compliance with generally accepted accounting principles (GAAP). The financial report will be considered for audit by the State Auditor as part of the State of Texas Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

### C. Fund Structure

The financial statements are organized on the basis of funds, each of which is reported as a separate accounting entity within the department. Each fund's operations are accounted for in a separate set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures/expenses. These funds are reported separately within the department.

The department's funds fall under three categories. The first category, Governmental Fund Type and Government-wide Adjustment Fund Types, includes General, Special Revenue, Capital Projects and Government-wide Adjustment Fund Types. The second category, Proprietary Funds Types, includes Enterprise Funds. The third category, Fiduciary Fund Types, includes Agency Funds.

(1) Governmental Fund Type and Government-wide Adjustment Fund Types - General and Special Revenue Funds are used to account for the department's appropriations from the state's General Revenue Fund and proceeds from specific revenue sources that are legally restricted to expenditures for specified purposes. Capital Projects Funds are established to account for resources that are to be used to acquire major long-lived capital facilities. Their principal purpose is to assure the economical and legal expenditure of the resources, but they also serve as cost accounting mechanisms for the accumulation of the cost of major capital outlay projects. Adjustment Fund Types are used to convert governmental fund types' from modified to full accrual.

(a) General Revenue Fund (001) - The General Revenue Fund is used to account for all financial resources of the state except those required to be accounted for in another fund. As of August 31, 1993, the Texas Highway Beautification Fund was consolidated into the General Revenue Fund. As of September 1, 2001, the Texas

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Collegiate License Plate Account and Suspense Fund 900 were consolidated into the General Revenue Fund. The Texas Collegiate License Plate Account and Suspense Fund 900 were previously presented as Agency Funds.

- 1.) Texas Highway Beautification Fund Account (071) - This account was established to implement the Texas highway beautification program. Revenues are obtained from outdoor advertising license and permit fees.
  - 2.) Traffic Safety-Crash Records Information Systems Account (036) – This account is used to account for expenditures pertaining to the crash records information system. In fiscal year 2008, this program was moved from the Department of Public Safety to the Texas Department of Transportation.
  - 3.) Suspense Fund (900) - This fund is used to temporarily hold and account for receipts, until the correct disposition of the items is determined.
  - 4.) Texas Collegiate License Plate Account (5015) - This fund is used to receive and account for fees charged from special collegiate license plates.
  - 5.) Specialty License Plate Account (5140) – This fund is used to receive and account for fees charged from special license plates.
- (b) State Highway Fund (006) - This fund is restricted to expenditures for the building, maintaining, and policing of state highways. It derives its financing primarily from legally dedicated revenues such as motor fuels tax and vehicle registration fees, and from federal reimbursements for selected construction projects.
- (c) State Infrastructure Bank (099) - This account receives federal along with state matching funds. This account also receives loan principal and interest repayments. These receipts are used for loans to public and private entities to encourage the development of transportation projects and facilities. As these loans are repaid, these repayments are deposited into a separate program cost account in the State Infrastructure Bank account.
- (d) Texas Mobility Fund (365) - This fund was created to account for the construction, reconstruction, acquisition, and expansion of state highways, including costs of design and acquisition of right-of-way. This fund may also be used to provide state participation in the payment of a portion of the costs of constructing and providing publicly owned toll roads and other public transportation projects. This fund is to be financed primarily from the sale of obligations of the state, appropriations made by the legislature of revenue, including taxes, money not otherwise dedicated towards construction projects and other money received from a regional mobility authority that determines it has surplus revenue from turnpike projects and chooses to send the excess to the fund.
- (e) Federal American Recovery and Reinvestment Fund (369) – In order to maximize accountability and transparency of federal stimulus funds, this fund was created during fiscal year 2009 to record, track, and report the receipt and disbursement of Federal American Recovery and Reinvestment (ARRA) funds.

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- (f) Local Fund (999) - This fund presents the combined activities of the one transportation corporation [See Note IC-(4)].
- (g) Debt Service Fund (008) - This fund is used to pay debt service on State Highway Fund bonds.
- (h) Capital Projects Fund (7604) - This fund is used to account for general obligation bonds issued by the Texas Public Finance Authority. The purpose of these bonds is to provide financial assistance to counties for roadway projects serving border colonias. The program is aimed at providing access roads to colonias to connect residents to other public roads and not necessarily for paving all roads and streets within any particular colonia. TxDOT is responsible for administering this program in cooperation with the Office of the Governor, Secretary of State and the Texas A&M Center for Housing and Urban Development.
- (i) Capital Asset Adjustment Fund Type - The Capital Asset Adjustment Fund Type will be used to convert governmental fund types' capital assets from modified accrual to full accrual.
- (j) Long - Term Liabilities Adjustment Fund Type - The Long - Term Liabilities Adjustment Fund Type will be used to convert governmental fund types' debt from modified accrual to full accrual. The composition of this Adjustment Fund Type is discussed in Note 5 under employees' compensable leave, general obligation bonds, revenue bonds, and pass-through toll payables.
- (k) Other Adjustment Fund Type - The Other Adjustments Fund Type will be used to convert all other governmental fund types activity from modified accrual to full accrual. TxDOT will use this column to convert FHWA deferred revenue, that is collectable but not collectable within one year, to revenue under full accrual.
- (2) Proprietary Fund Types - Enterprise Funds are used to account for any activity for which a fee is charged to external users for goods or services. Activities must be reported as enterprise funds if any one of the three following criteria is met: The activity is financed with debt that is secured solely by a pledge of the gross revenues from fees and charges of the activity. Laws and regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs.
- (a) Turnpike Authority Project Disbursing Account (865)-This fund shows the local and treasury activity of the Central Texas Turnpike System.
- (3) Fiduciary Fund Type - Agency Funds are used to account for assets held in a custodial capacity for other entities and do not involve measurement of results of operations.
- (a) General Revenue Fund (001) - This fund receives certificate of title fees, oversize/overweight permit receipts, sales tax receipts and other collections of monies that are used to fund other state entities. During fiscal year 2009, this fund received \$ 68 in pay telephone receipts and no vending machine receipts.
- (b) Proportional Registration Distributive Trust Fund (021) - This fund is used primarily to collect and distribute

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registration fees from trucking companies that operate in more than one state. These fees are distributed to the individual states based on mileage driven.

- (c) Child Support Deductions – Suspense (807) – This fund is a holding account where child support payroll deductions are held until disbursed.
  - (d) Employees' Savings Bond Account (901) - This fund receives and disburses employee payroll deductions for U.S. Savings Bonds.
  - (e) County, Political Subdivision, Local Government Road/Airport Trust Account (927)– This fund is used to hold money paid in advance by cities, counties, and others to reimburse the department for expenditures on specific projects from the State Highway Fund (006).
  - (f) Direct Deposit Correction Account (980 and 9014) - These funds are used to temporarily hold and account for direct deposits that are unable to be processed, until the correct disposition of the items is determined.
- (4) Component Units - The implementation of GASB #14 requires government entities to describe any component units of the primary government, as well as the method used to report their activities. The one Texas Transportation Corporation is considered a component unit, per GASB #14. It is presented in the financial statements of the department as a special revenue fund, Fund 999.

This transportation corporation is a nonprofit organization which may (1) contract with the department to construct and/or improve projects designated by the department, (2) sell the projects to the department in accordance with the terms of the contract, and (3) contract with the department to supervise construction and provide construction management services for highways being constructed on behalf of the department. These projects must be intended to become part of the federal or state highway system, and as such, the department will assume responsibility for their maintenance.

This corporation may issue bonds and notes to finance the cost of its projects. These bonds and notes must be approved by the Attorney General and state on their face that they are not obligations of the State of Texas. As of August 31, 2009 this corporation had no bond issues outstanding. The Commission approves the creation of the corporation, approves the articles of incorporation, appoints directors, and approves by-laws. At any time, the Commission may terminate and dissolve the corporation. In the event of dissolution or liquidation of the corporation, all assets shall be turned over to the department.

D. Basis for Accounting

The basis of accounting determines when revenues and expenditures are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and agency funds are accounted for on the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. Expenditures are generally

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recognized when the related fund liability is incurred. Governmental adjustment fund types that will build the government-wide financial statements are accounted for using the full accrual method of accounting. This includes capital assets and unpaid employee compensable leave.

A proprietary fund is accounted for on the accrual basis of accounting. Under the accrual basis of accounting, 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 the cost of sales and services, administrative expenses, and depreciation on capital assets.

E. Budgets and Budgetary Accounting

(1) General Budget Policies

The Texas Department of Transportation's budget is prepared on a performance-based concept, and is represented by biennial appropriations authorized by the legislature, and approved by the governor. Encumbrance accounting is employed for budgetary control purposes.

(2) Encumbrances

An encumbrance is defined as a purchase order for equipment ordered but not yet received as of the end of the fiscal year, contracts awarded for buildings and land, or contracts awarded to reimburse grantees. Highway construction contracts, spot purchases, and other contract obligations extending beyond the current year are not reported as encumbrances, in accordance with Comptroller requirements. Encumbrances are included in the accounts to reserve a portion of fund equity for future obligations. At year end, encumbrances are reported as a category of the fund equity section of the balance sheet.

F. Assets, Liabilities and Fund Balance

(1) Cash and Cash Equivalents

Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents. On the Statement of Cash Flows, cash and cash equivalents are considered to be cash in bank, cash in State Treasury, and money market funds with original maturities of three months or less from the date of acquisition.

(2) Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of enterprise fund notes/loans, revenue bonds, and revenues set aside for statutory or contractual requirements.



(3) Consumable Inventories

Inventory items are reported at a weighted-average cost. The inventory consists of supplies and roadway materials on hand for future use. Governmental accounting principles allow the costs to be reported as an expenditure of the purchasing fund when the items are acquired or deferred until the items are used. Comptroller policy requires that the consumption method of accounting be used to account for inventories and prepaid items, and that the cost of these items be expensed when the items are consumed. Inventories are also reported in the fund equity section as a reservation of fund equity, to show they do not constitute future spendable resources, even though they are a component of current assets. Included in inventories were prepaid postage items totaling \$326,132 as of August 31, 2009.

(4) Notes/Loans Receivable

**The Fund 1 account represents loans to:**

City of Castroville	\$216,046
City of Hondo	\$154,161
City of Paris	\$26,354
Zapata County	\$10,362
Total Fund 1	\$406,923
Of the total in Fund 1, receivables due within one year from August 31, 2009	\$52,348

**The Fund 6 account represents loans to:**

Alamo Regional Mobility Authority	\$11,716,110
Cameron County Regional Mobility Authority	\$2,471,314
Camino Real Regional Mobility Authority	\$512,074
North East Texas Regional Mobility Authority	\$3,268,301
North Texas Tollway Authority	\$4,600,000
Total Fund 6	\$22,567,799
In Fund 6, these amounts are considered long term receivables	

**The Fund 99 account represents loans to:**

City of Anthony	\$213,104
City of Atlanta	\$743,148
City of Baytown	\$1,253,310
Brazoria County	\$218,179
City of Cameron	\$416,890
City of Center	\$396,165
City of Clyde	\$28,492
City of Corpus Christi	\$1,250,000
Culleoka Water Supply Corporation	\$1,329,418
City of Domino	\$60,000
Duck Creek Water Supply Corporation	\$202,438
City of Easton	\$87,891
City of El Paso	\$10,435,719

Fund 99 account continued:

Goliad County	\$137,545
City of Greenville	\$1,755,000
City of Gregory	\$53,761
City of Henderson	\$29,995
Hidalgo County	\$2,295,818
Hopkins County	\$795,236
City of Horizon City	\$169,619
City of Kennedale	\$125,247
City of Kerrville	\$2,610,070
City of Kyle	\$14,000,000
City of Laredo	\$19,500,000
City of Liberty	\$1,374,008
City of Mesquite	\$4,454,246
Mission Redevelopment Authority	\$2,848,499
North Texas Tollway Authority	\$135,000,000
City of Pinehurst	\$178,656
City of Pottsboro	\$463,479
City of Robstown	\$38,393
City of Rockdale	\$471,484
City of Rosenberg	\$1,450,000
City of Round Rock	\$35,758,865
City of Seguin	\$239,298
City of Sinton	\$106,249
City of Socorro	\$318,500
City of Stamford	\$300,000
Taylor County	\$79,938
City of Weatherford	\$477,062
City of West Columbia	\$139,402
City of Winnsboro	\$115,935
Wise County	\$3,190,000
	\$245,111,059
Total Fund 99	\$245,111,059
Of the total in Fund 99, amount due within one year from August 31, 2009	\$12,273,364

(5) Capital Assets

Assets with an initial, individual cost at or above the thresholds established by the Texas Comptroller of Public Accounts and having an estimated useful life in excess of one year are capitalized. These assets are capitalized at cost if purchased, or if not purchased, at the appraised fair value of the assets as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all "exhaustible" assets. "Inexhaustible" assets such as land are not depreciated. The roads and highway system for which the Texas Department of Transportation is responsible are reported on the modified basis. Assets, including bridges, are depreciated over the estimated useful life of the asset using the straight-line method.

All capital assets acquired by proprietary funds are reported at cost or estimated historical cost if actual historical cost is not available. Donated assets are reported at fair market value on the date of acquisition. Interest and

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amortization expenses, net of interest income, incurred during construction are capitalized. As permitted by GASB Statement No. 34, Basis Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments (“GASB 34”), the State of Texas has adopted the modified approach for reporting its highway system. Depreciation will be calculated on bridges and infrastructure assets not included as part of the highway system.

The Department reports condition assessments on the highway system based solely on the results of its Texas Maintenance Assessment Program (TxMAP). TxMAP involves yearly condition assessments (GASB requirement is every three years) which determine the overall condition levels of the Interstate and Non-Interstate highway systems. The Texas Transportation Commission has adopted condition levels of 80% for the Interstate system and 75% for the Non-Interstate system based on condition assessments conducted under TxMAP. In fiscal year 2008, the Department began evaluating the Central Texas Turnpike System (CTTS) using TxMAP and adopted a minimum condition level of 80% for the CTTS.

(6) Non-Current Assets

For special revenue funds, the category of “Other Non-Current Assets” represents long-term interest receivables on Notes and Loans. For the proprietary funds, the costs associated with debt issuance totaled \$59,351,773. These costs are not reported as an expense of the period in which they were incurred, but instead are reported as an adjustment to interest expense throughout the period during which the related debt is outstanding. Unamortized deferred charges equaled \$41,105,896 as of August 31, 2009.

(7) Accounts Payable

Accounts Payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

(8) Contracts Payable

Contracts Payable represents the amount of contract retainage held in the State Highway Fund or in a contractor's local bank on highway construction contracts. State law permits the department to allow the contractor to have the retainage held in a bank of his choice rather than in the state treasury. Departmental policy limits this to individual contracts exceeding \$300,000. For contracts under \$300,000, the retainage is kept in the state treasury. In either case, the retained cash still belongs to the State Highway Fund until released to the contractor. By law, interest earned on the bank deposits belongs to the contractors.

(9) Deferred Revenues

In fiscal year 2008, TxDOT received \$3,197,104,248 in concession receipts from the North Texas Tollway Authority (NTTA) for the SH 121 concession and received \$25,750,778 of concession receipts from Cintra Zachry Construction for the SH 130 concession for Segments 5 and 6. These revenues will be recognized over the life of the concession, and \$63,942,085 was recognized this fiscal year. Please see Note 1 H (4). These concession receipts along with deferred federal revenue, construction and other escrow accounts and other funds collected but not earned

make up this balance.

(10) Employee's Compensable Leave Balances

Employees' Compensable Leave Balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or non-current in the statement of net assets.

(11) Bonds Payable – General Obligation Bonds

General Obligation bonds relate to the Texas Mobility Fund (365) and are accounted for in the Long-Term Liabilities Adjustment Fund Type. Premiums and discounts are reported as "interest and investment income" in the period the bonds are sold. Payables are reported separately as either current or non-current in the statement of net assets.

(12) Bonds Payable – Revenue Bonds

Revenue bonds are accounted for in the State Highway Fund (006) and the Turnpike Authority Project Disbursing Account (865). The Revenue bonds related to the State Highway Fund are accounted for in the Long-Term Liabilities Adjustment Fund Type. Premiums and Discounts are reported as "interest and investment income" in the period the bonds are sold. The bonds payable related to the Turnpike Authority Project Disbursing Account are reported at par less unamortized discount or plus unamortized premium. Interest expense is reported on the accrual basis, with amortization of discount or premium. Payables are reported separately as either current or non-current in the statement of net assets.

(13) Pollution Remediation Obligations

Pollution Remediation Obligations are accounted for in the long-term liabilities adjustment column for governmental activities. These obligations address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities. The obligations are reported separately as either current or non-current in the statement of net assets.

(14) Reservations of Fund Balance

- (a) Reserved for Encumbrances - This represents commitments of the value of contracts awarded or assets ordered prior to year-end, but not received as of that date. Encumbrances are not included with expenditures or liabilities. They represent current resources designated for specific expenditures in subsequent operating periods.
- (b) Reserved for Imprest Accounts - This represents funds held for travel advances and petty cash as of August 31, 2009.
- (c) Reserved for Inventories - This represents the amount of inventories held to be used in future periods.



(d) Unreserved - This amount represents the unexpended balance at year end which is available for use in subsequent years.

G. Net Assets – The difference between fund assets and liabilities is ‘Net Assets’ on the government-wide, proprietary fund statements.

(1) Invested In Capital Assets, Net of Related Debt

Invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt (net of unspent proceeds) that are attributed to the acquisition, construction, or improvement of those assets.

(2) Restricted Net Assets

Restricted net assets result when constraints placed on net assets use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation. Restricted assets expected to be used for debt service payments in the next twelve months are classified as current assets. There were no restricted net assets as of August 31, 2009.

(3) Unrestricted Net Assets

Unrestricted net assets consist of net assets, which do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources, which are imposed by management, but which can be removed or modified. There were no unrestricted net assets as of August 31, 2009.

H. Revenues, Expenditures, Transfers, and Restatements

(1) Taxes

This represents state sales tax from the sale of lubricants (6.25%), as estimated by the Texas Comptroller of Public Accounts, which is deposited to the State Highway Fund.

(2) Federal Revenues

The department receives a substantial portion of its revenues from the Federal Highway Administration, which reimburses the department for certain costs incurred for engineering, construction, right-of-way acquisition, research activities, and general and 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.

The reimbursements by the Federal Highway Administration are based on apportionments to the states from the Federal Highway Trust Fund on a federal fiscal year basis. State plans for construction projects must be approved by



the Federal Highway Administration within a given period to be eligible for the apportionments.

<u>Year</u>	<u>Apportionments</u>
2009	\$ 2,136,273,828
2008	2,756,958,272
2007	2,624,581,025
2006	2,788,187,765
2005	2,746,192,572

The department also receives federal funds from the National Highway Traffic Safety Administration in support of the State Traffic Safety Program. Federal participation consists of reimbursement for costs expended on approved traffic safety projects.

Additionally, the department receives funds from the U.S. Federal Transit Administration (FTA) for costs incurred in the administration and technical support of the Public Transportation Program. The FTA sets the maximum amount allowable each fiscal year, and the department is reimbursed for its administrative expenditures up to that amount. The department also receives funds from FTA in support of Rural Public Transportation Projects and the Improved Mobility of Elderly Persons and Persons with Disabilities.

Finally, the department receives federal funds from the Federal Aviation Administration for the airport improvement program and receives some federal funds directly from the U.S. Department of Transportation for the state and community highway safety program.

(3) Federal Pass Through Revenues

Federal pass through revenues represent amounts passed through to the department from the Texas Department of Public Safety for Department of Homeland Security public assistance grants, from the Texas Health and Human Services Commission for Department of Health and Human Services medical transportation program grants, from the Texas Commission on Environmental Quality for Environmental Protection Agency performance partnership grants, and from the Texas Facilities Commission for General Services Administration federal surplus personal property. See Schedule 1A.

(4) Licenses, Fees, and Permits

This account includes certificate of title fees, motor vehicle registration fees, and outdoor advertising license and permit fees. The Certificate of Title Act is administered by the department, with the various counties of the state acting as its agent. Twenty-eight dollars or \$33.00 is charged for the issuance or reissuance of a Certificate of Title. Fifteen or twenty dollars goes to General Revenue Fund Account 5071-Emission Reduction Plan. The county retains \$5.00 and remits the remaining \$8.00: Three dollars (\$3) to the State Highway Fund, and five dollars (\$5) to the General Revenue Fund.

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Motor vehicle registration fees are collected by the county tax assessor-collector and remitted to the department after service fees and a statutory apportionment to the County Road and Bridge Fund, a non-Texas Department of Transportation activity, are deducted. The service fee is \$1.90 for each receipt issued. The apportionments to a County Road and Bridge Fund are 100 percent of the first \$60,000 of collections net of service fees; 100 percent of net collections equal to \$350 per mile of county-maintained roads up to 500 miles (\$175,000); 70% of the 5% of the tax and penalties collected on the sales of motor vehicles in the county during the preceding calendar year; and 50 percent of the next \$250,000 of net collections. Thus the maximum amount apportioned to any County Road and Bridge Fund is \$360,000 plus 70% of the 5% of the preceding year's motor vehicle sales tax collections. The remainder of the fees is remitted by the counties to the department for deposit in the State Highway Fund.

For fiscal year 2005, counties retained 100% of the 5% of their Motor Vehicle Sales Tax allocation from their Vehicle Registration collections as part of the county road and bridge formula. Beginning in fiscal year 2006, counties began to retain 10% of the motor vehicles sales tax allocation directly from motor vehicle sales tax collections while the remainder continues to be retained from vehicle registration fees. This annual reallocation will continue until the motor vehicle sales tax allocation is fully funded from Motor Vehicle Sales tax collections.

In fiscal year 2008, TxDOT received \$3,197,104,248 in concession receipts from the North Texas Tollway Authority (NTTA) for the SH 121 concession and received \$25,750,778 of concession receipts from Cintra Zachry Construction for the SH 130 concession for Segments 5 and 6. The State's comprehensive development agreements with these entities provides for the leasing of the 'right' to build and operate a toll road to the entity for a specified period of time. Under these two concession agreements, the toll road reverts back to the state at the end of the 50 year period. This concession revenue is restricted to use only for benefit of the various regions, but belongs to the State. At the present time, the Governmental Accounting Standards Board (GASB) has not formed an opinion on the accounting for these upfront payments, but plans to in the near future. Since GASB has not formed an opinion, TxDOT will amortize the concession revenue over the life of the concession for financial reporting purposes, which seems in line with how other governmental entities are handling similar upfront revenue from Public-Private Partnerships. Neither of these receipts was amortized in fiscal year 2008. However, in fiscal year 2009, \$63,942,085 of the SH 121 concession receipt was recognized as revenue. None of the SH 130 concession receipt was recognized as revenue during fiscal year 2009.

The Texas Mobility Fund fee revenue is comprised of United We Stand License Fees, Motor Vehicle Inspection Fees, Driver Record Information Fees, Driver License Fees, and Certificate of Title Fees.

Most revenues in the Texas Highway Beautification fund account in the General Revenue Fund are obtained from outdoor advertising license and permit fees.

(5) Other Revenues

This account includes collection of damages which are recognized on the modified accrual basis, recognizing the receivable and revenue when the damages occurred, rather than when collected.

Section 201.109 of the Transportation Code concerning Revenue Enhancement states that the department shall



adopt a program to enhance existing, and to generate alternate, sources of revenue. In accordance with this, the department has initiated an action plan to enhance revenue by leasing right-of-way, such as rest areas, to commercial enterprises.

The department, through its toll road operations, has entered into agreements with local governments whereby the local governments transfer funds to the department to fund purchases of right of way land and related costs. In some instances, the funds are paid for in advance by the local governments. TxDOT policy is to defer recognition of this revenue until the right of way parcels are purchased. Recognition of these monies paid in advance by local governments is contingent upon the department purchasing the parcels for the stated purpose in the agreement.

(6) Pass-Through Expenditures

During fiscal year 2009, the department made numerous GASB 24 Federal and State Pass-Through payments to different agencies. See Schedule 1A and Schedule 1B.

(7) Operating Transfers In/Out

During fiscal year 2009, the department had numerous transfers between funds and agencies. Individual interfund and intrafund transfers at August 31, 2009, were as follows:

	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>	<u>REFERENCE</u>
	\$	\$	
Appd Fund 0001, D23 Fund 0001:			
(Agency 902, Appd Fund 0001)	1,568,530		(a)
(Agency 902, Appd Fund 0001)		2,862,306	(b)
Total Transfers for D23 Fund 0001	1,568,530	2,862,306	
Appd Fund 0006, D23 Fund 0006:			
(Agency 241, Appd Fund 0006)		967,154	(c)
(Agency 302, Appd Fund 0006)		6,719,399	(d)
(Agency 320, Appd Fund 0006)		6,829,352	(e)
(Agency 347, Appd Fund 0507)		316,254	(f)
(Agency 347, Appd Fund 0735)		4,678	(f)
(Agency 360, Appd Fund 0006)		3,884,670	(g)
(Agency 405, Appd Fund 0006)		612,034,309	(h)
(Agency 529, Appd Fund 0006)		76,082,408	(i)
(Agency 582, Appd Fund 0006)		68,792,707	(j)
(Agency 601, Appd Fund 0008)		261,837,320	(k)
(Agency 601, Appd Fund 0365)	599,980,487		(l)
(Agency 601, Appd Fund 0865)		19,317,014	(m)



	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>	<u>REFERENCE</u>
	\$	\$	
(Agency 701, Appd Fund 0006)		50,000,000	(n)
(Agency 727, Appd Fund 0001)		7,306,015	(o)
(Agency 902, Appd Fund 0001)	2,226,424,339		(p)
Total Transfers for D23 Fund 0006	2,826,404,826	1,114,091,280	
Appd Fund 0008, D23 Fund 0010:			
(Agency 601, Appd Fund 0006)	261,837,320		(k)
Total Transfers for D23 Fund 0010	261,837,320		
Appd Fund 0036, D23 Fund 0036:			
(Agency 454, Appd Fund 0036)	749,908		(q)
Total Transfers for D23 Fund 0036	749,908		
Appd Fund 0365, D23 Fund 0375/ 0377:			
(Agency 601, Appd Fund 0006)		599,980,487	(l)
Total Transfers for D23 Fund 0375/0377		599,980,487	
Appd Fund 0865, D23 Fund 0865:			
(Agency 601, Appd Fund 0006)	19,317,014		(m)
Total Transfers for D23 Fund 0865	19,317,014		
Appd Fund 7604, D23 Fund 7604:			
(Agency 347, D23 Fund 7604)	16,437,538		(r)
Total Transfers for D23 Fund 7604	16,437,538		
Total (Exh.II & Exh.IV)	\$ 3,126,315,136	\$ 1,716,934,073	

- (a) This reflects amounts transferred from the Comptroller's Office to the General Revenue Fund in accordance with H.B. 1, 80<sup>th</sup> Legislature, R.S., Section VII-27, Rider 28.
- (b) This reflects amounts transferred to the Comptroller's Office in accordance with Texas Government Code 2175.191.
- (c) This reflects amounts provided from the State Highway Fund to the Judiciary Section of the Texas Comptroller of Public Accounts, in accordance with statutory requirements.

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- (d) This reflects amounts provided from the State Highway Fund to the Attorney General's Office, in accordance with statutory requirements.
  - (e) This reflects amounts provided from the State Highway Fund to the Texas Workforce Commission, in accordance with statutory requirements.
  - (f) This reflects amounts provided from the State Highway Fund for the Master Lease Purchase Program (MLPP) related to equipment capital leases for the aircraft equipment capital leases. Even though this agency makes these MLPP payments, the associated long-term liability is reported on the financial statements of the Texas Public Finance Authority.
  - (g) This reflects amounts provided from the State Highway Fund to the State Office of Administrative Hearings, in accordance with statutory requirements.
  - (h) This reflects amounts provided from the State Highway Fund to the Department of Public Safety, in accordance with statutory requirements.
  - (i) This reflects amounts provided from the State Highway Fund to the Health and Human Services Commission, in accordance with statutory requirements.
  - (j) This reflects amounts transferred from the State Highway Fund to the Texas Commission on Environmental Quality, in accordance with statutory requirements.
  - (k) This reflects amounts transferred from the State Highway Fund to the State Highway Debt Service Fund.
  - (l) This reflects the amounts transferred from the Texas Mobility Fund to the State Highway Fund to speed up the completion of various transportation projects.
  - (m) This reflects amounts transferred from the State Highway Fund to the Turnpike Authority Project Disbursing Account.
  - (n) This reflects amounts provided from the State Highway Fund to the Texas Education Agency, in accordance with statutory requirements.
  - (o) This reflects amounts provided from the State Highway Fund to the Texas Transportation Institute, in accordance with statutory requirements.
  - (p) This primarily represents the transfer of gallonage taxes on motor fuels sold in Texas, collected by the Texas Comptroller of Public Accounts and transferred to the State Highway Fund. The distribution of these taxes, which are constitutionally dedicated revenues, is as follows:

Gasoline Tax - Generally, twenty cents per gallon on all gasoline sold for highway use. Sales for the exclusive



use of the federal government or a public school district in Texas, are exempt.

The Texas Comptroller of Public Accounts retains 1 percent of the gross receipts for administration and enforcement, and after providing for refunds of non-highway use collections, distributes the remainder:

- a. Available School Fund 25%
- b. State Highway Fund 75%, less \$7,300,000 deposited to the County and Road District Highway Fund

Diesel Fuel Tax - Twenty cents per gallon. Federal government and Texas public school sales are exempt.

The Texas Comptroller of Public Accounts retains 1 percent of gross receipts for administration and enforcement, and after providing for refunds of non-highway use collections, distributes the remainder:

- a. Available School Fund 25%
- b. State Highway Fund 75%

Liquefied Gas Tax - Fifteen cents per gallon for gas used in motor vehicles on public highways. Sales for the exclusive use of the federal government, local county government, or a public school district in Texas, are exempt. Users of liquefied gas for propulsion of motor vehicles on public highways are required to prepay the tax each year by purchasing a liquefied gas tax permit decal. The tax is based on the weight of the vehicle and the miles driven. Certain transit companies pay a flat fee of \$444 for the liquefied gas tax permit decal.

The Texas Comptroller of Public Accounts retains 1 percent of gross receipts for administration and enforcement, and after providing for refunds of non-highway use collections, distributes the remainder:

- a. Available School Fund 25%
- b. State Highway Fund 75%

(q) This reflects amounts provided from the Texas Department of Insurance for Crash Information System expenditures in Fund 0036, in accordance with statutory requirements.

(r) This reflects amounts provided from the Texas Public Finance Authority to the Capital Projects Fund 7604, in accordance with statutory requirements.

**NOTE 2 – CAPITAL ASSETS**

A summary of changes in Capital Assets for the year ended August 31, 2009 is presented below:

	PRIMARY GOVERNMENT							Balance 8/31/2009
	Balance 9/1/2008	Adjustments	Reclassifications			Additions	Deletions	
			Completed CIP	Inc-Int' agy Transfers	Dec Int' agy Transfers			
<b>Governmental Activities:</b>								
<b>Non-depreciable Assets</b>								
Land and Land Improvements	\$ 7,445,829,294	\$ (105,535,908)	\$ -	\$ -	\$ -	\$ 400,364,840	\$ (307,970)	\$ 7,740,350,256
Infrastructure	44,177,104,087	(177,523,435)	2,513,617,418	-	-	16,000,000	-	46,529,198,070
Construction in Progress (Bldgs, Hwys, etc)	4,414,653,803	105,516,977	(3,532,658,706)	-	-	2,943,016,289	-	3,930,528,363
Total non-depreciable assets:	56,037,587,184	(177,542,366)	(1,019,041,288)	-	-	3,359,381,129	(307,970)	58,200,076,689
<b>Depreciable Assets:</b>								
Buildings and Building Improvements	269,482,031	-	34,833,165	-	-	-	(127,542)	304,187,654
Infrastructure	16,597,585,899	177,523,435	983,437,778	-	-	-	(46,998,441)	17,711,548,671
Furniture and Equipment	173,722,267	(783,552)	-	81,835	(88,284)	5,641,395	(3,980,581)	174,593,080
Vehicles, Boats, & Aircraft	646,822,552	(13,100)	-	-	(258,623)	14,920,819	(25,278,717)	636,192,931
Other Capital Assets	9,557,649	-	770,345	-	-	-	-	10,327,994
Total depreciable assets at historical cost:	17,697,170,398	176,726,783	1,019,041,288	81,835.00	(346,907)	20,562,214	(76,385,281)	18,836,850,330
<b>Less accumulated depreciation for:</b>								
Buildings and Building Improvements	(150,550,542)	-	-	-	-	(8,985,642)	121,164	(159,415,020)
Infrastructure	(9,423,883,100)	(7,108,026)	-	-	-	(547,109,808)	43,344,262	(9,934,756,672)
Furniture and Equipment	(112,564,140)	(779)	-	(20,959)	66,709	(11,768,289)	3,562,875	(120,724,583)
Vehicles, Boats, & Aircraft	(350,760,270)	-	-	-	223,509	(33,444,758)	21,257,935	(362,723,584)
Other Capital Assets	(2,782,698)	-	-	-	-	(467,578)	-	(3,250,276)
Total accumulated depreciation:	(10,040,540,750)	(7,108,805)	-	(20,959)	290,218	(601,776,075)	68,286,236	(10,580,870,135)
Depreciable assets, net	7,656,629,648	169,617,978	1,019,041,288	60,876	(56,689)	(581,213,861)	(8,099,045)	8,255,980,195
Governmental activities capital assets, net:	\$ 63,694,216,832	\$ (7,924,388)	\$ -	\$ 60,876	\$ (56,689)	\$ 2,778,167,268	\$ (8,407,015)	\$ 66,456,056,884

	PRIMARY GOVERNMENT							Balance 8/31/2009
	Balance 9/1/2008	Adjustments	Reclassifications			Additions	Deletions	
			Completed CIP	Inc-Int' agy Transfers	Dec Int' agy Transfers			
<b>Business-Type Activities:</b>								
<b>Non-depreciable Assets</b>								
Land and Land Improvements	\$ 629,188,048	\$ -	\$ -	\$ -	\$ -	\$ 9,240,332	\$ -	\$ 638,428,380
Infrastructure	1,605,593,550	-	21,197,283	-	-	-	-	1,626,790,833
Construction in Progress	-	-	(25,706,811)	-	-	25,706,811	-	-
Total non-depreciable assets:	2,234,781,598	-	(4,509,528)	-	-	34,947,143	-	2,265,219,213
<b>Depreciable Assets:</b>								
Buildings and Building Improvements	8,360,006	-	-	-	-	-	-	8,360,006
Infrastructure	411,923,869	-	4,509,528	-	-	-	-	416,433,397
Total depreciable assets at historical cost:	420,283,875	-	4,509,528	-	-	-	-	424,793,403
<b>Less accumulated depreciation for:</b>								
Buildings and Building Improvements	(907,334)	-	-	-	-	(361,001)	-	(1,268,335)
Infrastructure	(23,182,726)	-	-	-	-	(16,567,145)	-	(39,749,871)
Total accumulated depreciation:	(24,090,060)	-	-	-	-	(16,928,146)	-	(41,018,206)
Depreciable assets, net	396,193,815	-	4,509,528	-	-	(16,928,146)	-	383,775,197
Business-type activities capital assets, net:	\$ 2,630,975,413	\$ -	\$ -	\$ -	\$ -	\$ 18,018,997	\$ -	\$ 2,648,994,410

**NOTE 3 - DEPOSITS, INVESTMENTS, AND REPURCHASE AGREEMENTS**

TxDOT is authorized by statute to make investments following the “prudent person rule.” There were no significant violations of legal provisions during the period.

**Deposits of Cash in Bank**

As of August 31, 2009, the carrying amount of deposits was \$460,473,982 as presented below.

<b>Governmental and Business-Type Activities</b>	
Cash in Bank – Carrying Value	\$460,473,982
Total Cash in Bank per AFR	\$460,473,982
Governmental Funds Current Assets Cash in Bank	\$109,148,525
Proprietary Funds Current Assets Cash in Bank	25,488,890
Proprietary Funds Current Assets Money Market and Similar Funds	325,836,567
Cash in Bank per AFR	\$460,473,982

These amounts consist of all cash and cash equivalents in local banks. These amounts are included on the Combined Statement of Net Assets as part of the “Cash and Cash Equivalents” accounts.

As of August 31, 2009, the total bank balance was as follows.

Governmental and Business-Type Activities	\$460,473,982
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**Custodial Credit Risk – Deposits**

In the case of deposits, this is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. All of the System’s deposits are held in the State Treasury, the Trustee bank, or a depository bank. Deposits of the State of Texas are normally managed by the State Comptroller of Public Accounts (the “Comptroller”) and are protected by \$100,000 of insurance by the Federal Deposit Insurance Corporation (FDIC). On October 3, 2008, the Emergency Economic Stabilization Act of 2008 temporarily raised the basic limit on federal deposit insurance coverage from \$100,000 to \$250,000 per depositor. The legislation provides that the basic deposit insurance limit will return to \$100,000 after December 31, 2009.

Collateral pledged must be equal to at least 105% of the principal amount deposited by the Department. The Comptroller has full responsibility for insuring adequate collateralization of all state deposits, including those held in local banks. On August 31, 2009, the State Treasury deposits were fully collateralized with securities held by an agent of the Comptroller, in the Department’s name, in accordance with the Comptroller’s requirements. The Wachovia bank deposits were collateralized at August 31, 2009.

**Investments**

As of August 31, 2009, the fair value of investments and maturities are as presented below:

Investment Type	Maturities (in Years)		Fair Value
	Less than 1	More than 5	Total
U.S. Government Agency Obligations	\$15,315,669		\$15,315,669
Repurchase Agreement		114,999,378	114,999,378
Total	\$15,315,669	\$114,999,378	\$130,315,047

**Custodial Credit Risk - Investments**

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Commission’s investment policy states that all securities purchased by the Commission shall be designated as assets of the Commission and shall be protected through the use of a third-party custody/safekeeping agent, which may be a Trustee. As of August 31, 2009, the Commission’s investments in U.S. Government Agency obligations were held in the Commission’s name. The 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 with the underlying securities being the property of the JPMorgan Trustee Bank, held in trust for the Commission.

**Credit Risk - Investments**

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Commission may not enter into long term investment agreements or other ongoing 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 doesn’t have at least one long-term rating of at least “AA” by a nationally recognized investment rating firm according to the Investment Policy. All investments made by the Commission have been through the list of Qualified Financial Institutions approved by the Commission. The Commission’s policy does not limit the amount of investment in obligations of the United States or its agencies. These securities are rated AAA by the S & P rating agency, therefore the risk of default is considered remote. Citigroup is rated A3, A, and A+ by Moody’s, Standard & Poors (“S & P”), and Fitch Ratings respectively. The Bank of New York Mellon is rated Aaa, AA, and AA by Moody’s, and S & P, and Fitch Ratings respectively.

As of August 31, 2009, TxDOT’s investments had the following ratings.

Investment Type	Fair Value	Moody’s Rating	S & P Rating	Fitch Rating
U.S. Government Agency Obligations	\$15,315,669	Aaa	AAA	NR
Repurchase Agreement	114,999,378	A3	A	A+
Total	\$130,315,047			

**Concentration of Credit Risk - Investments**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The only investment that the System holds that exceeds 5% of the total investments is the repurchase agreement. This investment is held primarily for the debt service reserve fund, which has a long term duration and a specific purpose. The Commission addresses diversification in the Department’s Investment Policy. Assets held in particular funds shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. Diversification strategies shall be determined and revised periodically by the Investment Officer for all funds.

**Interest Rate Risk - Investments**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Commission has 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. Interest rate risk was essentially eliminated in the Capitalized Interest account as investments have been made such that securities mature on debt service payment dates and will not need to be liquidated prior to maturity. For variable rate bonds, an estimated draw amount was used to account for the fluctuating nature of the interest payments at a rate higher than current market in order that securities will not need to be liquidated or sold prior to their stated maturities. In general, all securities held by the Commission are anticipated to be held to maturity, thereby avoiding interest rate risk due to an early redemption. Additionally, security maturities were staggered and in the event the sale of security was required to meet unexpectedly higher construction draws, the proximity of the security to its stated maturity date will minimize the impact of interest rate fluctuations. For investment maturities, see the table on page 36.

**Foreign Currency Risk – Investments**

The department’s investments are not exposed to foreign currency risk.

**Derivatives**

As of August 31, 2009, the department had not entered into any investment derivative transactions.

**NOTE 4 - SHORT TERM DEBT**

**Changes in Short-Term Liabilities**

During the year ended August 31, 2009, the department utilized a Short-Term Borrowing Program using Commercial Paper. The Commercial Paper proceeds are being used to cover funding shortfalls for capital expenditures.

<b>Governmental Activities</b>	<b>Balance 09-01-08</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 08-31-09</b>
Commercial Paper	\$190,750,000	\$445,000,000	\$335,750,000	\$300,000,000
<b>Total Governmental Activities</b>	<b>\$190,750,000</b>	<b>\$445,000,000</b>	<b>\$335,750,000</b>	<b>\$300,000,000</b>

**NOTE 5 - SUMMARY OF LONG TERM LIABILITIES**

**Changes in Long-Term Liabilities**

As detailed below, the following changes occurred in liabilities during the year ended August 31, 2009:

Governmental Activities	Balance 09-01-08	Additions	Reductions	Balance 08-31-09	Principal Due Within One Year
Compensable Leave	\$71,937,183	\$101,475,616	\$99,251,228	\$74,161,571	\$57,324,561
General Obligation Bonds	4,955,850,000	1,208,495,000	32,290,000	6,132,055,000	34,730,000
Premium – General Obligation Bonds	165,821,178	0	8,830,891	156,990,287	8,762,477
Revenue Bonds	2,876,600,366	* 9,309,634	94,155,000	2,791,755,000	104,100,000
Premium – Revenue Bonds	125,270,270	* (9,309,634)	6,362,682	109,597,954	6,362,681
Pass-Through Toll Payable	4,100,000	16,000,000	205,000	19,895,000	205,000
Pollution Remediation Obligations	** 15,585,000	830,000	7,333,313	9,081,687	755,000
<b>Total Governmental Activities</b>	<b>\$8,215,163,997</b>	<b>\$1,326,800,616</b>	<b>\$248,428,114</b>	<b>\$9,293,536,499</b>	<b>\$212,239,719</b>

Business-Type Activities	Balance 09-01-08	Accreted Interest	Additions	Reductions	Balance 08-31-09	Due Within One Year
TIFIA Note Payable	\$900,000,000	^ \$72,092,191			\$972,092,191	\$ 0
Revenue Bonds Payable	1,477,225,372	35,805,112	149,275,000	150,000,000	1,512,305,484	0
Unamortized Revenue Bond Premium	9,332,177			314,767	9,017,410	314,767
Unamortized Revenue Bond Discount	(17,822,586)		601,142		(17,221,444)	(601,142)
Unamortized Loss on Refunding			60,289	4,541,255	(4,480,966)	(134,787)
<b>Total Business-Type Activities</b>	<b>\$2,368,734,963</b>	<b>\$107,897,303</b>	<b>\$149,936,431</b>	<b>\$154,856,022</b>	<b>\$2,471,712,675</b>	<b>\$(422,162)</b>

\*Revenue Bonds Payable and Premium on Revenue Bonds beginning balances were misstated by \$9,309,634 and (\$9,309,634), respectively at the end of FY 2008 and are being corrected this fiscal year.

\*\*Restatement due to the implementation of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*.

^ Accreted interest on the TIFIA Note Payable consists of FY 2007 \$1,730,315 and FY 2008 \$17,810,047 not previously reported, and FY 2009 \$52,551,829.

**Notes and Loans Payable**

The department issued \$900,000,000 of Bond Anticipation Notes (BANS) on August 29, 2002 for the purpose of paying a portion of the cost of planning, designing, engineering, developing and constructing the initial phase of the Central Texas Turnpike System located in the greater City of Austin, Texas metropolitan area in Travis and Williamson Counties, Texas. The proceeds of the Series 2002 Second Tier BANS were used, together with certain other funds to (i) finance a portion of the costs of planning, designing, engineering, developing and constructing the 2002 CTTTP Project (ii) pay the capitalized interest with respect to the Series 2002 Second Tier BANS to their respective maturities and (iii) pay certain issuance costs of the Series 2002 Second Tier BANS. The Second Tier BANS are also payable from the proceeds of any bonds, notes or obligations issued to retire the Series 2002 Second Tier BANS. Interest began accruing on the Series 2002 Second Tier BANS on August 15, 2002, is payable on December 1 and June 1 of each year, from December 1, 2002, until maturity, and is calculated on the basis of a 360-day year of twelve 30-day months. The BANS were retired in June 2007 and June 2008. See Note 6 for the related Bonds Payable.

The United States Department of Transportation (“USDOT”) has agreed to lend to the Commission up to \$916,760,000 to pay or reimburse a portion of the costs of the Central Texas Turnpike System’s 2002 Project under the Secured Loan Agreement. The Secured Loan Agreement was entered into pursuant to the provisions of the Transportation Infrastructure Finance and Innovation Act of 1998, 23 United States Code, Section 181, et. Seg. As of August 31, 2008, the Department has drawn \$900,000,000 under the Secured Loan Agreement evidenced by the 2002 TIFIA Bond. The proceeds from the loan were used to retire the maturing BANS. Funds under the Secured Loan Agreement are transferred from the United States Department of Treasury upon presentation by the Commission of a request for disbursement in accordance with the provisions of the Secured Loan Agreement.

The obligations of the Commission under the Secured Loan Agreement are evidenced by the 2002 TIFIA Bond, a Subordinate Lien Obligation under the Indenture, payable from a subordinate lien on the Trust Estate described above; provided, however, that the 2002 TIFIA Bond is not secured by any funds or accounts established under the Indenture established for the benefit of the First Tier Obligations, Second Tier Obligations, or other specific Subordinate Lien Obligations issued pursuant to a supplemental indenture under the Indenture. Upon the occurrence of a Bankruptcy Related Event under the Secured Loan Agreement, the 2002 TIFIA Bond becomes a First Tier Obligation.

The debt service requirements for Notes payable in the Business-Type Activities are as follows:

	TIFIA *			TOTAL
	Principal	Interest	Accreted Interest	
2010	\$ 0	\$ 18,474,911	\$ 0	\$ 18,474,911
2011	0	30,081,956	0	30,081,956
2012	0	31,690,132	0	31,690,132
2013	0	33,697,991	0	33,697,991
2014	0	35,022,322	0	35,022,322
2015-2019	0	223,337,086	0	223,337,086
2020-2024	0	297,002,998	0	297,002,998
2025-2029	65,294,511	336,598,163	8,700,245	410,592,919
2030-2034	168,121,784	301,477,216	38,747,907	508,346,907

	TIFIA *			TOTAL
	Principal	Interest	Accreted Interest	
2035-2039	\$ 349,147,098	\$ 224,295,438	\$ 93,444,662	\$ 666,887,198
2040-2042	317,436,607	60,995,454	198,780,710	577,212,771
<b>Total</b>	<b>\$ 900,000,000</b>	<b>\$ 1,592,673,667</b>	<b>\$ 339,673,524</b>	<b>\$ 2,832,347,191</b>

Fixed interest rates vary from 3.125% to 5.510% depending on maturities. The first interest payment on the TIFIA Loan is not payable until February 15, 2010. The loan will be paid from revenues from the Central Texas Turnpike System as they are sufficient to pay (a) all interest which will become due and payable on the TIFIA loan on each such date and (b) the principal, if any, of the secured loan which will become due and payable on each such date, therefore this schedule is subject to change each year as actual revenues are received. Per the agreement, principal and interest can be deferred (negatively amortized) due to availability of revenues, therefore the principal amount may increase over time.

**Claims and Judgments**

The department’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 the department will not materially affect the financial position of the department; therefore, no liability amount has been accrued.

**Employees’ Compensable Leave**

An employee who terminates his or her employment with the department is entitled to payment for accumulated annual leave up to the maximum allowed. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types. Full-time employees earn annual leave from 8 to 21 hours per month, depending on the respective employee’s years of state employment. The maximum number of hours that may be carried forward from the 2009 fiscal year to the next was up to 532 for those with 35 or more years of state employment. For these fund types, the liability for unpaid benefits is recorded in the Statement of Net Assets. No employees are paid from proprietary fund types. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

**Pass-Through Toll Payable**

Last year, the Texas Department of Transportation took over ownership of a pass-through toll bridge project in Williamson County, and also, this bridge was opened to the public. Therefore, the Texas Department of Transportation capitalized a bridge asset and recognized a long term liability of \$4.1 million, which will be paid to Williamson County over a maximum of 20 years. Pass-through toll payments began to Williamson County in fiscal year 2009.

On March 1, 2009, the Texas Department of Transportation accepted for maintenance a segment of the Montgomery County pass-through toll project. Based on the project details and the miles of road opened, the Texas Department of Transportation will capitalize a roadway asset and will recognize a long term liability of \$16 million related to this segment.

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The pass-through toll reimbursement payments to Montgomery County will not begin until the adjacent segment of the pass-through toll project is opened. Therefore, pass-through toll payments are not expected to begin to Montgomery County during fiscal year 2010 and the entire \$16 million liability is shown as long term as of August 31, 2009.

**Pollution Remediation Obligations**

The Texas Department of Transportation 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 pollution remediation activity is summarized below:

- TxDOT has recognized a \$6,500,687 pollution remediation obligation related to state municipal solid waste landfill requirements.
- TxDOT has recognized a \$1,521,000 pollution remediation obligation related to State Leaking Petroleum Storage Tank (LPST) cleanup requirements.
- TxDOT has recognized a \$500,000 pollution remediation obligation related to the Federal Safe Drinking Water Act requirements.
- TxDOT has recognized a \$250,000 pollution remediation obligation to manage contaminated media associated with a federal Superfund site.
- TxDOT has recognized a \$200,000 pollution remediation obligation related to state cleanup requirements for releases from non-LPST sources.
- TxDOT has recognized a \$60,000 pollution remediation obligation to manage contaminated media associated with a state Superfund site.
- TxDOT has recognized a \$50,000 pollution remediation obligation to comply with EPA Asbestos National Emission Standards for Hazardous Air Pollutants.

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.

**NOTE 6 - BONDED INDEBTEDNESS**

**Bonds Payable:**

Detailed supplemental bond information is disclosed in Schedule 2-A, Miscellaneous Bond Information, Schedule 2-B, Changes in Bond Indebtedness, Schedule 2C, Debt Service Requirements-Enterprise Fund, Schedule 2D, Analysis of Funds Available for Debt Service, and Schedule 2F, Schedule of Early Extinguishment and Refunding.

**Governmental Activities**

**A. General Obligation Bonds – Texas Mobility Fund**

Transportation Code, Chapter 201, Subchapter M. Obligations for Certain Highway and Mobility Projects authorized

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the Commission to issue Texas Mobility Fund Bonds. In May 2005, the Texas Bond Review Board approved \$4 billion of bonds through one or more issuances from the Texas Mobility Fund. In September 2007, the issuance amount was increased to \$6.5 billion through an amendment to the Master Resolution.

Information related to the Texas Mobility Fund General Obligation bonds is summarized below:

**1. Series 2005-A Fixed Rate Bonds**

- Issued 06-08-05
- \$900,000,000
- Rated AA+, Aa1, and AA+, by Fitch Ratings, Moody's, and S & P, respectively

**2. Series 2005-B Variable Rate Bonds**

- Issued 06-08-05
- \$100,000,000
- Rated AA+/F1+, Aa1/VMIG 1, and AA+/A-1+, by Fitch Ratings, Moody's, and S & P, respectively

**3. Series 2006 Fixed Rate Bonds**

- Issued 06-08-06
- \$750,000,000
- Rated AA+, Aa1, and AA+, by Fitch Ratings, Moody's, and S & P, respectively

**4. Series 2006-A Fixed Rate Bonds**

- Issued 10-31-06
- \$1,040,275,000
- Rated AA+, Aa1, AA+, by Fitch Ratings, Moody's, and S & P, respectively

**5. Series 2006-B Variable Rate Bonds**

- Issued 12-13-06
- \$150,000,000
- Rated AA+/F1+ and Aa1/VMIG 1 by Fitch Ratings and Moody's, respectively

**6. Series 2007 Fixed Rate Bonds**

- Issued 06-21-07
- \$1,006,330,000
- Rated AA+, Aa1, and AA+, by Fitch Ratings, Moody's, and S & P, respectively

**7. Series 2008 Fixed Rate Bonds**

- Issued 02-28-08
- \$1,100,000,000
- Rated AA+, Aa1, AA+, by Fitch Ratings, Moody's, and S & P, respectively

**8. Series 2009-A Fixed Rate Bonds**

- Issued 08-26-2009
- \$1,208,495,000
- Rated AA+, Aa1, AA+, by Fitch Ratings, Moody's, and S & P, respectively

**Purpose of the bonds:** To pay, or reimburse the State Highway Fund for the payment of part of the costs of (i) constructing, reconstructing, acquiring, and expanding State highways and providing participation by the State in the payment of part of the costs of constructing and providing certain publicly owned toll roads and other public



transportation projects and (ii) issuing the Bonds.

**Source of revenue for debt service:** Pursuant to the Enabling Act, the Commission must secure payment of Parity Debt with all or part of the revenues dedicated to and on deposit in the Mobility Fund, and may pledge the full faith and credit of the State to payments due on Parity Debt if revenues in the Mobility Fund are insufficient to make payments due on such obligations. With respect to Parity Debt, the Commission has pledged to the Owners as security for the payment of the Bonds and the previously issued Outstanding Parity Debt, a first lien in the Security, which consists of: (i) all Pledged Revenues; (ii) all Transportation Assistance Bonds in the Portfolio Account and all amounts in the General Account and the Interest and Sinking Account; (iii) any additional account or subaccount within the Mobility Fund that is subsequently established and designated as being included within the Security; (iv) all of the proceeds of the foregoing, including, without limitation, investments thereof; (v) any applicable Credit Agreement to the extent set forth in such Credit Agreement; and (vi) any applicable guarantee of the State. Funds deposited to the Mobility Fund through August 31, 2005 include revenues from Court Fines and Driver License Point Surcharge Fees. On September 1, 2005, the initial revenue sources of the Mobility Fund were redirected to the State of Texas General Revenue Fund. New sources of revenue for the Mobility Fund were phased into the Mobility Fund. In fiscal year 2006 the sources of revenue were the United We Stand License Plate Fees, Investment Income, and Motor Vehicle Inspection Fees. Driver Record Information Fees were added in fiscal year 2007, Driver License Fees in fiscal year 2008, and Certificate of Title Fees in fiscal year 2009.

With respect to the Series 2005-B Bonds and the Series 2006-B Bonds liquidity facilities have been executed with DEPFA Bank PLC (for Series 2005-B), and State Street Bank and Trust along with California Public Employees' Retirement System (for Series 2006-B), to provide liquidity in the event such bonds are tendered for purchase and such bonds are not remarketed by the remarketing agent. The repayment obligations under the liquidity facilities are parity debt and payable from the same source of revenues as the outstanding parity obligations.

**B. Revenue Bonds – State Highway Fund**

Transportation Code, Chapter 222, Subchapter A. authorized the Commission to issue State Highway Fund Revenue Bonds. The aggregate principal amount of the bonds and other public securities that are issued may not exceed \$6 billion. The Commission may only issue bonds or other public securities in an aggregate principal amount of not more than \$1.5 billion each year.

Information related to the State Highway Fund Revenue Bonds is summarized below:

- I. 1<sup>st</sup> Tier Revenue Bonds, Series 2006 Fixed Rate
  - To fund State highway improvement projects
  - Issued 05-03-06
  - \$600,000,000
  - Rated Aa1 and AAA by Moody's and S & P, respectively
- 2. 1<sup>st</sup> Tier Revenue Bonds, Series 2006-A Fixed Rate
  - To fund State highway improvement projects
  - Issued 11-21-06
  - \$852,550,000

- 
- Rated Aa1 and AAA by Moody's and S & P, respectively
3. 1<sup>st</sup> Tier Revenue Bonds, Series 2006-B Variable Rate
    - To fund State highway improvement projects
    - Issued 11-08-06
    - \$100,000,000
    - Rated Aa1/VMIG1 and AAA/A-1+ by Moody's and S & P, respectively
  4. 1<sup>st</sup> Tier Revenue Bonds, Series 2007 Fixed Rate
    - To fund State highway improvement projects
    - Issued 10-25-07
    - \$1,241,845,000
    - Rated and Aa1 and AAA by Moody's and S & P, respectively
  5. 1<sup>st</sup> Tier Revenue Bonds, Series 2008 Fixed Rate
    - To fund State highway improvement projects
    - Issued 8-19-08
    - \$162,995,000
    - Rated Aa1 and AAA by Moody's and S & P, respectively

**Purpose of the bonds:** (i) financing State highway improvement projects that are eligible for funding with revenues dedicated under Article VIII, Section 7-a of the Texas Constitution; and (ii) to pay the costs of issuing the bonds.

**Source of revenue for debt service:** The First Tier Obligations are special, limited obligations of the Commission and are payable from pledged revenues deposited to the credit of the State Highway Fund. Pledged revenues means all State Highway Fund Revenues deposited to the credit of the Fund, together with any additional monies as may in the future be authorized by law to be pledged as security for Senior Obligations. State Highway Revenues means all revenues deposited in, or appropriated or dedicated by law for deposit into, the State treasury to the credit of the Fund, including (i) Dedicated Registration Fees, (ii) Dedicated Taxes, (iii) Dedicated Federal Revenues, (iv) amount collected or received pursuant to other State Highway Fund Revenue Law, and (v) any interest or earnings from the investment of Dedicated Registration Fees, Dedicated Taxes and Dedicated Federal Revenues; provided that State Highway Fund Revenues do not include moneys and investments deposited in, or appropriated or dedicated by law for deposit into the following funds: (i) the State Infrastructure Bank Account and any Proceeds Fund, Interest and Sinking Fund, Reserve Fund or Rebate Fund and (ii) any special fund, subfund, account or subaccount in the Fund created for the purpose of receiving, holding and administering Restricted Revenues.

With respect to the Series 2006-B Bonds a liquidity facility has been executed with Banco Bilbao Vizcaya Argentaria, S.A., acting through its New York Branch to provide liquidity in the event such bonds are tendered for purchase and such bonds are not remarketed by the remarketing agent. The repayment obligation under the liquidity facility is parity debt and payable from the same source of revenues as the outstanding parity obligations.

## **Business-Type Activities**

### **A. Revenue Bonds – Central Texas Turnpike System**

The Commission issued \$1,149,993,782 of First Tier Revenue Bonds, Series 2002-A, \$150,000,000 of First Tier

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Revenue Bonds, Series 2002-B and \$900,000,000 of BANS on August 29, 2002 for the purpose of paying a portion of the costs of planning, designing, engineering, developing and constructing the initial phase of the Central Texas Turnpike System (CTTP) located in the greater City of Austin, Texas metropolitan area in Travis and Williamson Counties, Texas. The proceeds of the Series 2002-A, 2002-B Bonds and BANS were used, together with certain other funds to (i) finance a portion of the costs of planning, designing, engineering, developing and constructing the 2002 CTTP Project (ii) pay a portion of capitalized interest during construction and for the first 11 months following the anticipated completion date of the 2002 CTTP Project, (iii) fund a portion of the First Tier Debt Service Fund Requirement, and (iv) pay certain issuance costs of the Series 2002-A, 2002-B Bonds and BANS. For further information on the BANS, please refer to Note 5.

Information related to the Central Texas Turnpike System Revenue Bonds is summarized below:

I. 1<sup>st</sup> Tier Revenue Bonds, Series 2002A, Fixed Rate (Non-callable Capital Appreciation Bonds, Callable Capital Appreciation Bonds, and Current Interest Bonds)

- To study, design, construct, operate, expand, enlarge, and extend the Central Texas Turnpike Project
- Issued 08-29-02
- \$1,149,993,782; all authorized bonds have been issued
- Rated BBB+, Baa1, and BBB+ by Fitch Ratings, Moody's and S & P, respectively

2. 1<sup>st</sup> Tier Revenue Refunding Put Bonds, Series 2009, Fixed Rate

- To refund the Series 2002-B variable rate bonds and to pay the costs of issuance for the bonds
- Issued 03-05-09
- \$149,275,000
- Rated BBB+, Baa1, BBB+ by Fitch Ratings, Moody's and S & P, respectively

**Source of revenue for debt service** – The First Tier Obligations are special, limited obligations of the Commission and are payable from, and secured solely by a first lien on and pledge of the Trust Estate, consisting of (i) all Project Revenues, and to the extent set forth in a supplemental indenture, any Additional Obligation Security, (ii) all Project moneys, including investment earnings, deposited into the Revenue Sub-Fund, the Construction Sub-Fund (except for any amounts held in a sub account containing moneys derived from the State Highway Fund or any moneys received by the Commission that are restricted to another use, such as right-of-way contributions that may be used only for that purpose), the First Tier Debt Service Sub-Fund, the First Tier Debt Service Reserve Sub-Fund (provided, however, that the principal portion of any Series 2002-B Bonds while they were Liquidity Provider Bonds was not secured by, or entitled to any benefit of, such reserve sub-fund), the Rate Stabilization Sub-Fund and the General Reserve Sub-Fund, (iii) any Project insurance proceeds and other moneys required to be deposited in the pledged funds listed in (ii) above and (iv) all payments received by the Commission pursuant to Approved Swap Agreements with respect to First Tier Obligations.

None of the State of Texas, the Commission, the department, or any other agency or political subdivision of the State of Texas is obligated to pay the principal of, premium, if any, or interest on the CTTS Obligations except from the trust estate. Neither the faith and credit nor the taxing power of the State of Texas or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the CTTS Obligations. Neither the Commission nor the department has any taxing power. The bond indenture does not create a mortgage on the

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system.

In addition to the First Tier Revenue Bonds, Series 2002A, the First Tier Revenue Bonds, Series 2002B, the First Tier Revenue Refunding Put Bonds, Series 2009, and the BANS, the United States Department of Transportation (“USDOT”) has agreed to lend to the Commission up to \$916,760,000 to pay or reimburse a portion of the costs of the 2002 Project under the Secured Loan Agreement. The Secured Loan Agreement was entered into pursuant to the provisions of the Transportation Infrastructure Finance and Innovation Act of 1998, 23 United States Code, Section 181, et. Seg. As of August 31, 2009, the Department has drawn \$900,000,000 under the Secured Loan Agreement evidenced by the 2002 TIFIA Bond. The proceeds of the loan were used to retire the maturing BANS. Funds under the Secured Loan Agreement are transferred from the United States Department of Treasury upon presentation by the Commission of a request for disbursement in accordance with the provisions of the Secured Loan Agreement. On April 30, 2007, the Commission requested a disbursement under the Secured Loan Agreement in the amount of \$124,930,000 and funds were transferred on May 14, 2007. On March 17, 2008, the Commission requested a disbursement under the Secured Loan Agreement in the amount of \$775,070,000 and funds were transferred on May 15, 2008. For further information on the TIFIA bond, please refer to Note 5.

The obligations of the Commission under the Secured Loan Agreement are evidenced by the 2002 TIFIA Bond, a Subordinate Lien Obligation under the Indenture, payable from a subordinate lien on the Trust Estate described above; provided, however, that the 2002 TIFIA Bond is not secured by any funds or accounts established under the Indenture established for the benefit of the First Tier Obligations, Second Tier Obligations, or other specific Subordinate Lien Obligations issued pursuant to a supplemental indenture under the Indenture. Upon the occurrence of a Bankruptcy Related Event under the Secured Loan Agreement, the 2002 TIFIA Bond becomes a First Tier Obligation.

The Series 2002-B bonds were subject to redemption at the option of the Commission on any interest payment date. Under the terms of the Standby Purchase Agreement, a special mandatory redemption of \$2,525,000 of Series 2002-B bonds occurred on February 19, 2009, using funds from the Revenue Fund. The remaining \$147,475,000 of the Series 2002-B bonds were refunded with proceeds from the issuance of the CTTS First Tier Revenue Refunding Put Bonds, Series 2009, issued March 5, 2009.

## DERIVATIVES

### *Pay-Variable, Receive-Variable Interest Rate Swaps*

#### **Objective of the Swaps**

The Commission is currently a party to three pay-variable, receive-variable Constant Maturity Swaps (CMS basis swaps) associated with the Commission’s State of Texas General Obligation Mobility Fund Series 2006-A fixed-rate bonds. The CMS basis swaps exchange the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index for 69.42% of the 10 year London Interbank Offered Rate (LIBOR) Swap Index. The purpose of the CMS basis swaps is to achieve reduced overall borrowing costs through the assumption of yield curve risk (the difference between short-term and long-term rates) and tax risk (the spread between the SIFMA tax-exempt rate and the LIBOR taxable rate).

**Significant Terms**

The \$400 million forward starting CMS basis swap was competitively bid on October 5, 2006 and agreements were executed with the following counterparties on October 6, 2006: JPMorgan Chase Bank, N.A., Goldman Sachs Mitsui Marine Derivative Products, L.P., and Morgan Stanley Capital Services Inc. The notional amount of the JPMorgan Chase CMS basis swap is \$200 million and the notional amounts of the Goldman Sachs and Morgan Stanley CMS basis swaps are each \$100 million. As of August 31, 2009 there was \$1,070,581,392 (which includes \$30,876,392 of unamortized premium) of Series 2006-A Bonds outstanding and the notional amount of the CMS basis swaps was \$400 million. Effective September 1, 2007, the Commission pays to each swap counterparty an amount equal to the SIFMA Municipal Swap Index on the notional amount of the swap agreements. In return, each swap counterparty will pay the Commission an amount equal to 69.42 percent of the USD-ISDA-Swap Rate assuming a 10-year Designated Maturity (which is a reported market rate at which 10-year interest rate swaps for a one month U.S. dollar LIBOR rate are entered into from time to time) on the notional amounts of each swap agreement. Regularly scheduled amounts owed by the Commission and the swap counterparties are due under the basis swap agreements on a net basis on the first business day of each month following the effective date of the basis swap agreements, which commenced October 2007 and ends on September 1, 2027. Following certain events, such as a credit rating downgrade of a counterparty, collateral posts may be required according to the credit support annex. In addition, the Commission has the option to terminate any swap transaction, in whole or in part, at any time. In the event that the Commission elects to terminate one or more swap transactions, amounts due to and from the counterparty/counterparties will be calculated by an external calculation agent.

**TERMS OF THE \$400 MILLION CMS BASIS SWAP**

<i>Counterparty</i>	<i>Notional Amount</i>	<i>Variable Rate Paid</i>	<i>Variable Rate Received</i>	<i>Fair Value</i>	
				<i>as of 8/31/09</i>	<i>Credit Ratings F/M/S&amp;P</i>
JPMorgan Chase	\$200 million	SIFMA	69.42% of 10-yr LIBOR	\$3,375,877	AA-/Aa3/AA-
Goldman Sachs	\$100 million	SIFMA	69.42% of 10-yr LIBOR	1,687,938	NR/Aa1/AAA
Morgan Stanley	\$100 million	SIFMA	69.42% of 10-yr LIBOR	1,687,938	A/A2/A+
	<u>\$400 million</u>			<u>\$6,751,753</u>	

**Fair Value**

As of August 31, 2009, the fair market values of the CMS basis swaps with JPMorgan Chase, Goldman Sachs, and Morgan Stanley were \$3,375,877, \$1,687,938, and \$1,687,938, respectively for a total market value of \$6,751,753. The valuations are intended to serve as theoretical estimates of the market value of the swaps as of the date indicated.

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Due to turbulence in the financial markets and the resulting volatility in short term interest rates, the mark-to-market value of the swaps has moved fairly dramatically in a short period of time. The same has been true for the exchange of payments on the swaps; however the duration of the rate volatility was short and short term rates have stabilized to more what historic experience has been. Additionally, a credit rating downgrade was experienced by one of the swap counterparties, which rendered that firm ineligible to participate in future derivative transactions with the Commission until their ratings are upgraded.

### Risks Involved

- a. Credit Risk: Credit risk is the risk that a counterparty will not fulfill its obligations according to the swap agreement. The Commission mitigates credit risk associated with swap transactions by only entering into transactions with highly-rated counterparties. Upon entering a derivative transaction, the Commission requires that counterparties have a minimum credit rating of AA-/Aa3 by at least one of the three nationally recognized rating agencies and not on rating/credit watch where a rating downgrade below AA-/Aa3 may be imminent. Additionally, the Commission diversifies exposure to counterparty credit risk through multiple awards. Although the original notional award amount for the CMS basis swap was \$400 million, the actual award was split amongst three counterparties. CMS basis swap agreements contain provisions for collateral posting by counterparties in the event of a credit rating downgrade. Acceptable forms of collateral include cash in the form of U.S. Dollars, negotiable debt obligations issued by the U.S. Treasury Department, and agency securities. Agency securities include negotiable debt obligations which are fully guaranteed as to both principal and interest by the Federal National Mortgage Association, the Government National Mortgage Association or the Federal Home Loan Mortgage Corporation, but excluding 1) interest only and principal only securities, and 2) Collateralized Mortgage Obligations, Real Estate Mortgage Investment Conduits and similar derivative securities. Collateral will be held by the Commission and/or its designated custodian.
- b. Interest Rate Risk: Yield curve risk, a form of interest rate risk, exists when short-term and long-term interest rates change causing a change in the shape of the yield curve. Yield curve risk has been assumed in the swap transactions, with the anticipated benefit dependent upon the yield curve's return to a slope more closely related to historical norms. Long-term exposure to yield curve risk is mitigated through the Commission's unilateral ability to terminate the swaps at any time should the yield curve not return to normal as projected.
- c. Basis Risk: Basis risk is the risk that occurs when derivative transactions incorporate variable interest rates based on different indexes, such as taxable versus tax-exempt indexes. Tax risk, a form of basis risk, is the risk that tax law changes would cause the SIFMA tax-exempt index to rise higher than the established percentage of the LIBOR taxable index. This change could cause the Commission's net cash outflows to be greater than the net cash inflows, thus reducing the cumulative interest rate savings intended by the swap transaction. To mitigate tax risk, the Commission executed swap agreements where the percentage of LIBOR closely matches historical trading relationships creating a net inflow of payments to the Commission, thus reducing interest cost. The Commission also mitigated tax risk by limiting the portion of the total portfolio that can be exposed to tax risk at a given time.

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- d. Termination Risk: Termination risk exists if
- i. The Commission opts to terminate the swap prior to maturity;
  - ii. The credit rating assigned to the long-term, unenhanced senior lien Texas Mobility Fund Revenue Financing Program Obligations of the Commission is withdrawn, suspended or falls below Baa2/BBB or the Commission fails to have any rated long-term, unenhanced senior lien Texas Mobility Fund Revenue Financing Program Obligations and the Commission is unable or not required to post collateral;
  - iii. The credit rating assigned to the long-term, unsecured, unenhanced, unsubordinated debt of a counterparty is withdrawn, suspended or falls below Baa2/BBB or a counterparty fails to have any rated long-term, unsecured, unenhanced, unsubordinated debt and the counterparty is unable to post collateral; or
  - iv. If the Commission or counterparty fails to perform under the terms of the respective swap agreements.

The Commission mitigates termination risk by maintaining a strong financial standing for its financing programs thus making involuntary termination unlikely. The Commission targets maintenance of sufficient reserves to cover all or part of a termination payment due to a counterparty if the swap is terminated prior to maturity and the swap has a negative fair value. Risk of involuntary termination due to counterparty downgrade is mitigated by a collateral posting requirement, and the use of a diverse group of credit worthy counterparties. Risk of involuntary termination due to a downgrade of the State of Texas below Baa2/BBB is highly unlikely given the General Obligation pledge and Aa1/AA+/AA+ ratings supporting the obligations of the Mobility Fund. In addition, the Commission also has the sole option to terminate and cancel any swap transaction, at any time, in whole or in part.

- e. Rollover Risk: Rollover risk is the risk that the duration of the swap transaction does not match the final maturity of the underlying debt issue. This presents risk because once the swap terminates, the Commission will no longer benefit from the anticipated reduced interest cost provided by the swap. The CMS basis swaps present rollover risk because the swaps will terminate on September 1, 2027 and the final maturity of the associated debt series is April 1, 2035. The Commission accepted rollover risk because extending the term of the swap agreements to match the maturity of the bonds would have continued counterparty credit risk for only marginal projected benefit.
- f. Market-access Risk: Market-access risk is the risk that an entity will not be able to enter credit markets or that credit will become more costly. The CMS basis swap does not present market-access risk because the transaction does not require access to the credit market.

#### **Associated Debt**

The CMS basis swaps are associated with the Commission's State of Texas General Obligation Mobility Fund Series 2006-A fixed-rate bonds. The debt service schedule for the bonds is shown in the table below. The effective date for the exchange of payments commencement on the CMS basis swaps was September 1, 2007. Projected cash flows according to assumptions are listed in the table on the following page.



**Debt Service Schedule**

State of Texas General Obligation Mobility Fund Series 2006-A Fixed-Rate Bonds			Constant Maturity Swaps	NET DEBT SERVICE
FY	PRINCIPAL	INTEREST	PAYMENTS*	
2010	1,325,000	49,779,500	(5,116,000)	45,988,500
2011	2,275,000	49,726,500	(5,116,000)	46,885,500
2012	3,215,000	49,635,500	(5,116,000)	47,734,500
2013	4,185,000	49,506,900	(5,116,000)	48,575,900
2014	5,115,000	49,339,500	(5,116,000)	49,338,500
2015-2019	50,690,000	242,358,700	(25,580,000)	267,468,700
2020-2024	147,310,000	221,265,500	(25,580,000)	342,995,500
2025-2029	282,075,000	172,724,375	(15,774,333)	439,025,042
2030-2034	457,315,000	88,933,875		546,248,875
2035-2039	86,200,000	3,879,000		90,079,000
	<b>\$1,039,705,000</b>	<b>\$977,149,350</b>	<b>\$(92,514,333)</b>	<b>\$1,924,340,017</b>

\*Swap payments projected using the historical average annual spread differential of 1.279%, between SIFMA and 69.42% of 10-Year USD-ISDA-Swap Rate (10 yr LIBOR) from 1985 to August 31, 2009.

**NOTE 7 - CAPITAL LEASES**

In fiscal year 2004, TxDOT assumed the operational responsibilities of the State Aircraft Pooling Board. In assuming this responsibility, TxDOT assumed capital leases under the Master Lease Purchase Program (MLPP). The liabilities associated with these leases are reported in the financial statements of the Texas Public Finance Authority. However, the capital assets associated with these leases are reported in these statements.

**NOTE 8 - OPERATING LEASE OBLIGATIONS**

To minimize long-term costs, and to ensure future availability of essential services, the department, in routine transactions, enters into leases which extend beyond the end of the fiscal year. The portion of these obligations extended beyond the current year is not a recognized liability, since the benefits have not been received as of the end of the fiscal year.

However, these leases will be claims against future appropriations, and consist of the agreements below for the future periods presented.

FISCAL YEAR	EQUIPMENT	FACILITIES	TOTAL
2010	\$3,401,729	\$ 3,960,961	\$ 7,362,690
2011	1,342,148	3,713,667	5,055,815
2012	752,748	2,817,988	3,570,736
2013	202,734	1,237,438	1,440,172
2014	43,721	307,197	350,918
2015-2019	3,400	0	3,400
2020-2024	0	0	0
<b>TOTAL</b>	<b>\$5,746,480</b>	<b>\$12,037,251</b>	<b>\$17,783,731</b>

The facility operating lease figures listed above include leases which are considered operating leases to the department, but are considered capital leases to the Texas Facilities Commission. The portion of the facility operating leases considered capital leases by the Texas Facilities Commission is listed below. The leases are scheduled to expire on June 30, 2012 and November 30, 2013.

<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY2014</u>	<u>FY 2015-2019</u>
\$2,931,230	\$2,931,230	\$2,647,490	\$1,228,790	\$307,197	\$0

Included in the expenditures reported in the financial statements are the following amounts of rent paid or due under operating leases:

Fund Type	Amount
Special Revenue Funds	\$7,927,362

**NOTE 9 - EMPLOYEES' RETIREMENT PLAN**

The state has joint contributory retirement plans for virtually all its employees. The department participates in the plans administered by the Employees Retirement System of Texas by making monthly payments based on actuarial calculations. Future pension costs are the liabilities of the retirement system. The system does not account for each state agency separately. Annual financial reports prepared by the system include audited financial statements and actuarial assumptions and conclusions.

**NOTE 10 - DEFERRED COMPENSATION**

State employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to

authority granted in the TEX. GOV'T. CODE ANN., sec. 609.001.

The state's 457 plan complies with the Internal Revenue Code Sec. 457. Deductions, purchased investments and earnings attributed to the 457 plan are the property of the state subject only to the claims of the state's general creditors. Participant's rights under the plan are equal to those of the general creditors of the state in an amount equal to the fair market value of the 457 account for each participant. The state has no liability under the 457 plan and it is unlikely that plan assets will be used to satisfy the claims of general creditors in the future.

The state also administers another plan; 'TexaSaver' created in accordance with Internal Revenue Code Sec. 401(k). The assets of this plan do not belong to the state. The state has no liability related to this plan.

**NOTE 11 - POST EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

See the financial statements of the Employees Retirement System for information regarding post employment health care and life insurance benefits.

**NOTE 12 - INTERFUND ACTIVITY / TRANSACTIONS**

The department has numerous transactions between funds and agencies. Individual interfund balances at August 31, 2009 were as follows:

Due From/To Other Agencies:

	DUE FROM OTHER AGENCIES	DUE TO OTHER AGENCIES	SOURCE
	\$	\$	
GENERAL REVENUE			
Appd Fund 0001, D23 Fund 0001: (Agency 902, Appd Fund 0001)	1,568,530		N/A
Appd Fund 0900, D23 Fund 0090: (Agency 902, Appd Fund 0001)		1,308,103	N/A
Appd Fund 5015, D23 Fund 5015: (Agency 506, Appd Fund 5015)		3,798	N/A
(Agency 711, Appd Fund 0001)		114,110	N/A
(Agency 713, Appd Fund 0001)		286	N/A
(Agency 714, Appd Fund 5015)		4,152	N/A
(Agency 715, Appd Fund 0001)		44,138	N/A
(Agency 717, Appd Fund 0001)		11,077	N/A
(Agency 721, Appd Fund 5015)		280,999	N/A
(Agency 724, Appd Fund 0001)		4,802	N/A
(Agency 730, Appd Fund 5015)		12,105	N/A
(Agency 731, Appd Fund 5015)		264	N/A
(Agency 732, Appd Fund 0001)		2,534	N/A
(Agency 733, Appd Fund 0001)		137,127	N/A



	DUE FROM OTHER AGENCIES	DUE TO OTHER AGENCIES	SOURCE
	\$	\$	
(Agency 734, Appd Fund 5015)		389	N/A
(Agency 735, Appd Fund 5015)		213	N/A
(Agency 738, Appd Fund 5015)		3,773	N/A
(Agency 743, Appd Fund 5015)		132	N/A
(Agency 747, Appd Fund 5015)		218	N/A
(Agency 751, Appd Fund 0001)		7,676	N/A
(Agency 752, Appd Fund 5015)		16,633	N/A
(Agency 753, Appd Fund 5015)		14,050	N/A
(Agency 754, Appd Fund 5015)		19,693	N/A
(Agency 755, Appd Fund 5015)		4,468	N/A
(Agency 756, Appd Fund 5015)		7,735	N/A
(Agency 757, Appd Fund 0001)		3,436	N/A
(Agency 759, Appd Fund 5015)		7,093	N/A
(Agency 760, Appd Fund 0001)		110	N/A
(Agency 765, Appd Fund 5015)		901	N/A
(Agency 781, Appd Fund 5015)		81,550	N/A
(Agency 783, Appd Fund 0001)		282	N/A
(Agency 784, Appd Fund 5015)		3,248	N/A
Appd Fund 5140, D23 Fund 5140:			
(Agency 305, Appd Fund 5140)		6,367	N/A
(Agency 332, Appd Fund 5140)		22	
(Agency 530, Appd Fund 5140)		2,862	N/A
(Agency 781, Appd Fund 5140)		2,087	N/A
<b>SPECIAL REVENUE</b>			
Appd Fund 0006, D23 Fund 0006:			
(Agency 241, Appd Fund 0006)		1,788,731	Transfer
(Agency 302, Appd Fund 0006)		1,161,832	Transfer
(Agency 320, Appd Fund 0006)		994,852	Transfer
(Agency 360, Appd Fund 0006)		276,795	Transfer
(Agency 405, Appd Fund 0006)		47,068,350	Transfer
(Agency 727, Appd Fund 0001)		1,376,715	Transfer
(Agency 902, Appd Fund 0001)	190,588,865		Transfer
<b>Federal Pass-Throughs</b>			
(Agency 405, Appd Fund 0006)		229,847	Federal P-T
(Agency 458, Appd Fund 0001)		17,020	Federal P-T
(Agency 701, Appd Fund 0148)	12,240		Federal P-T
(Agency 715, Appd Fund 9999)		32,900	Federal P-T



	DUE FROM OTHER AGENCIES	DUE TO OTHER AGENCIES	SOURCE
	\$	\$	
(Agency 721, Appd Fund 9999)		20,467	Federal P-T
(Agency 727, Appd Fund 9999)		796,446	Federal P-T
(Agency 753, Appd Fund 9999)		119,379	Federal P-T
(Agency 754, Appd Fund 9999)		49,659	Federal P-T
(Agency 760, Appd Fund 9999)		15,171	Federal P-T
<b>State Pass-Throughs</b>			
(Agency 320, Appd Fund 0001)		695,562	State P-T
(Agency 405, Appd Fund 0006)		20,144	State P-T
(Agency 696, Appd Fund 0001)		30,892	State P-T
(Agency 711, Appd Fund 0001)		3,908	State P-T
<b>CAPITAL PROJECTS</b>			
Appd Fund 7604, D23 Fund 7604:			
(Agency 347, Appd Fund 7604)	294,568		Transfer
<b>Total Due From/To Other Agencies (Exh I)</b>	<b>\$ 192,464,203</b>	<b>\$ 56,805,103</b>	

Due From/To Other Funds:

	DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS	SOURCE
	\$	\$	
<b>GENERAL REVENUE</b>			
Appd Fund 0900, D23 Fund 0090:			
(Agency 601, Appd Fund 0006)		2,668,621	N/A
<b>SPECIAL REVENUE</b>			
Appd Fund 0006, D23 Fund 0006:			
(Agency 601, Appd Fund 0365)	27,070,849		N/A
(Agency 601, Appd Fund 0865)	1,879,387	1,792,819	N/A
(Agency 601, Appd Fund 0900)	2,668,621		N/A
Appd Fund 0365, D23 Fund 0375:			
(Agency 601, Appd Fund 0006)		27,070,849	N/A
<b>ENTERPRISE FUND</b>			
Appd Fund 0865, D23 Fund 0865:			
(Agency 601, Appd Fund 0006)	1,792,819	1,879,387	N/A
<b>Total Due From/To Other Funds (Exh I and III)</b>	<b>\$ 33,411,676</b>	<b>\$ 33,411,676</b>	



Operating Transfers In/Out (\*):

	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
	\$	\$
Appd Fund 0001, D23 Fund 0001: (Agency 902, Appd Fund 0001)	1,568,530	2,862,306
<b>Total Transfers for D23 Fund 0001</b>	<u>1,568,530</u>	<u>2,862,306</u>
Appd Fund 0006, D23 Fund 0006: (Agency 241, Appd Fund 0006)		967,154
(Agency 302, Appd Fund 0006)		6,719,399
(Agency 320, Appd Fund 0006)		6,829,352
(Agency 347, Appd Fund 0507)		316,254
(Agency 347, Appd Fund 0735)		4,678
(Agency 360, Appd Fund 0006)		3,884,670
(Agency 405, Appd Fund 0006)		612,034,309
(Agency 529, Appd Fund 0006)		76,082,408
(Agency 582, Appd Fund 5071)		68,792,707
(Agency 601, Appd Fund 0008)		261,837,320
(Agency 601, Appd Fund 0365)	599,980,487	
(Agency 601, Appd Fund 0865)		19,317,014
(Agency 701, Appd Fund 0006)		50,000,000
(Agency 727, Appd Fund 0001)		7,306,015
(Agency 902, Appd Fund 0001)	2,226,424,339	
<b>Total Transfers for D23 Fund 0006</b>	<u>2,826,404,826</u>	<u>1,114,091,280</u>
Appd Fund 0008, D23 Fund 0010: (Agency 601, Appd Fund 0006)	261,837,320	
<b>Total Transfers for D23 Fund 0010</b>	<u>261,837,320</u>	
Appd Fund 0036, D23 Fund 0036: (Agency 454, Appd Fund 0036)	749,908	
<b>Total Transfers for D23 Fund 0036</b>	<u>749,908</u>	
Appd Fund 0365, D23 Fund 0375/0377: (Agency 601, Appd Fund 0006)		599,980,487
<b>Total Transfers for D23 Fund 0375/0377</b>		<u>599,980,487</u>
Appd Fund 0865, D23 Fund 0865: (Agency 601, Appd Fund 0006)	19,317,014	
<b>Total Transfers for D23 Fund 0865</b>	<u>19,317,014</u>	



	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
	\$	\$
Appd Fund 7604, D23 Fund 7604:		
(Agency 347, D23 Fund 7604)	16,437,538	
<b>Total Transfers for D23 Fund 7604</b>	<u>16,437,538</u>	
<b>Total Operating Transfers</b>		
<b>(Exh. II and IV)</b>	<u>\$ 3,126,315,136</u>	<u>\$ 1,716,934,073</u>

\* See Note 1 H (7) for detailed information on Transfers In/Out.

**NOTE 13 - CONTINUANCE SUBJECT TO REVIEW**

The Department is currently subject to a continuance review. Under the Texas Sunset Act, the Department will be abolished effective September 1, 2011, unless continued in existence by the 81st Legislature as provided by the Act. If abolished, the Department may continue until September 1, 2012 to close out its operations. In the event that the Department is abolished pursuant to the Texas Sunset Act or other law, Section 325.017(f), Texas Government Code, 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 14 – ADJUSTMENTS TO FUND BALANCES AND NET ASSETS**

In the Long-Term Liabilities Adjustment Column, the \$15,585,000 restatement of long-term liabilities is due to recording the beginning balance of Pollution Remediation Obligations as required by GASB Statement No.49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which became effective September 1, 2008.

In the Capital Asset Adjustment Fund Type, the \$7,924,388 restatement of fixed assets is caused by corrections to property in fiscal year 2009. When an asset is incorrectly accounted for in one fiscal year and corrected in a subsequent fiscal year, the value and accumulated depreciation, if depreciable, must be adjusted.

**NOTE 15 - CONTINGENT LIABILITIES**

A. Litigation

<u>Type of Suit</u>	<u>Number of Suits</u>	<u>Amount in Controversy</u>
Contract	17	Amounts claimed range from \$13,500 to \$7,137,996. Total claims with amounts indicated came to approximately \$13,435,327. Six of the 17 indicated only an approximate amount of the claim or did not specify the amount.
Inverse Condemnation	32	Amounts claimed range from \$14,500 to \$375,000. Total claims with amounts indicated came to approximately \$593,500. Twenty-nine of the 32 indicated only an approximate amount of the claim or did not specify the amount.



<u>Type of Suit</u>	<u>Number of Suits</u>	<u>Amount in Controversy</u>
Employment Law and Related Lawsuits	15	Monetary amounts have not been specified in the majority of these cases. Liability against the department is limited to \$300,000. However, there is no limit on attorney fees and front pay.
Tort Claims	123	Statutory limits of liability on these cases are \$250,000 per person or \$500,000 per accident. Amounts claimed range from \$5,331 to \$500,000. Total claims, including estimates of liability limits where no amounts were specified, came to approximately \$36,716,520.
Workers' Comp	2	Amounts of claims were not specified.
Declaratory Judgment	3	Monetary amounts have not been specified in two of the three cases. Total claimed with amounts indicated is \$24,100,816.

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

Settlements are paid by the Texas Comptroller of Public Accounts from the Claims and Refunds Appropriation. Attorney General records indicate that the lawsuits listed above were pending as of August 31, 2009. The department management's opinion is that the probable outcome of these cases will not materially affect the financial position of the department.

B. Claims by Contractors

The type and volume of activity for which the department is responsible exposes it to claims by contractors. The department will most likely settle these claims at substantially less than the amount originally sought. However, if a settlement between the department's claims committee and the contractor can not be reached, these claims will result in future litigation. The department management's opinion is that the probable outcome of these claims will not materially affect the financial position of the department. As of August 31, 2009 the contingent liability as a result of claims by contractors was \$10,086,736.

C. Federal Reimbursements and Grants

The federal eligibility for funds received by the department is subject to review by federal agencies. While the reviews may result in refunds or adjustments, past reviews have resulted in only minor adjustments which had no material financial impact.

D. Sick Leave

Sick leave, which can be accumulated indefinitely, is earned at the rate of eight hours per month, and is paid only to an employee when actually ill, or to the employee's estate upon death of the employee. The maximum sick leave that may be paid to an estate is one-half of the employee's accumulated hours, or 336 hours, whichever is less. A liability for sick leave entitlement is not recorded in the General Long-Term Debt Account Group, since experience indicates the probability of a material effect on any given year's operations as a result of deaths, or an abnormally high rate of

illnesses, is minimal.

E. Derivatives

As of August 31, 2009, the department had not entered into any investment derivative transactions.

**NOTE 16 - SUBSEQUENT EVENTS**

House Bill 3097 passed during the 81st Session of the Texas Legislature created from TxDOT, the Texas Department of Motor Vehicles (TxDMV) which becomes operational on November 1, 2009. The TxDMV will be responsible for the following duties: vehicle registration and titling, issuing motor carrier operating authority, motor carrier enforcement, licensing vehicle dealers, and awarding law enforcement agencies grants to reduce auto theft and increase public awareness.

**NOTE 17 - RISK MANAGEMENT**

The department is exposed to a wide range of risks, due to the size, scope, and nature of its activities. Some of these risks include, but are not limited to, property and casualty losses, workers' compensation and health benefit claims, theft, damage of assets, etc.

The department retains these risks, and manages them through self-insurance and safety programs, which are the responsibility of the Occupational Safety Division [See page 82].

**NOTE 18 - MANAGEMENT DISCUSSION AND ANALYSIS**

As permitted by GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, the State has adopted the modified approach for reporting its highway system. As required by this Statement, the Texas Department of Transportation (TxDOT) conducts condition assessments on the highway system under its Texas Maintenance Assessment Program (TxMAP). TxMAP is conducted on a yearly basis (GASB requirement is every three years) and results in overall condition levels for the Interstate and Non-Interstate highway systems. In conjunction with the TxMAP, the Texas Transportation Commission has adopted condition levels of 80% for the Interstate system, 75% for the Non-Interstate system, and 80% for the Central Texas Turnpike System. The condition assessment results for FY 2009 reflect condition levels of 81.4% (83.7% in FY 2008) for the Interstate system and 76.5% (79.0% in FY 2008) for the Non-Interstate system. For the Central Texas Turnpike System, the condition assessment results for FY 2009 reflect condition levels of 90.5% (91.7% in FY 2008).

The modified approach also requires that the State estimate the expenditures that will be required to maintain the highway system at or above the adopted condition levels. For FY 2009, TxDOT computed estimates of \$534 million for the Interstate system, \$2.688 billion for the Non-Interstate system, and \$9.2 million for the Central Texas Turnpike System. Actual expenditures were \$326 million for the Interstate system, \$1.5 billion for the Non-Interstate system, and \$7.3 million for the Central Texas Turnpike System.

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**NOTE 19 - THE FINANCIAL REPORTING ENTITY**

The accompanying financial statements include the financial position and results of operations of all organizations, activities, and functions considered to be within the scope of the department's reporting entity.

As required by generally accepted accounting principles, the one transportation corporation is shown as a component unit of the department because of the significance of its financial relationship with the department. Although the corporation is a separate legal entity, the department exercises sufficient authority over its assets, management and operations, to require its inclusion in the accompanying financial statements. The financial activities of the corporation are shown as local fund 999 and presented in a blended format on the department's financial statements [See Note 1-C(4)]. Complete financial information can be obtained by contacting the corporation directly:

Grand Parkway Association  
4544 Post Oak Place, Suite 222  
Houston, Texas 77027

The Texas Department of Transportation is a component unit of the state of Texas, and of the statewide Consolidated Annual Financial Report to be issued by the Texas Comptroller of Public Accounts. As such, the department will be audited by the state auditor only to the extent necessary to express an opinion on the financial position of the state as a whole. Accordingly, the state auditor will not express an opinion on the financial statements contained in this report.

**NOTE 20 - STEWARDSHIP, COMPLIANCE, & ACCOUNTABILITY**

The department is not aware of any material violations of finance-related legal or contractual provisions.

**NOTE 21 - RELATED PARTIES**

The department currently has no related parties to report.

**NOTE 22 - DONOR-RESTRICTED ENDOWMENTS**

The department did not have any donor-restricted endowments.

**NOTE 23 - EXTRAORDINARY AND SPECIAL ITEMS**

The department did not have any special or extraordinary items during fiscal year 2009.

**NOTE 24 - DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES**

Federal Receivables as of August 31, 2009 were \$350,546,796. Of this amount, \$329,876,436 is current and \$20,670,360 is non-current. Even though the category of Contracts Payable is shown on our paper copy annual report, the

Comptroller’s Office has requested this liability be shown as Other Current Liabilities in the Uniform Statewide Accounting System. As of August 31, 2009, Retainage Contracts Payable was \$144,551,772 in the State Highway Fund. See Note 1F(8).

**NOTE 25 - TERMINATION BENEFITS**

For the fiscal year ended August 31, 2009, the department did not have any termination benefits related payments.

**NOTE 26 - SEGMENT INFORMATION**

TxDOT has a single enterprise fund (Fund 865) related to the construction, operation, and maintenance of the Central Texas Turnpike System; therefore, segment information is not being reported.

**NOTE 27 - PASS THROUGH TOLLS**

As a means of financing state highway capital improvements and related maintenance costs, TxDOT has entered into pass through toll agreements with a number of local entities. Under these agreements, the local entities will finance, design and construct certain roadway projects and maintain them for a specified period of time. Upon completion of the projects, TxDOT will make payments (i.e. pass through toll payments) to the entities based on traffic utilization of the roadways and other payment requirements governed by the agreements. Motorists traveling these roadways will not be required to pay a toll. Thus far, a long term liability of \$20,100,000 has been recognized for completed or partially completed agreements (See Note 5.) Liabilities for uncompleted agreements have not been recognized; however, the maximum amounts of future obligations for the executed agreements as of August 31, 2009 are listed below:

FISCAL YEAR								
2010	2011	2012	2013	2014	2015-2019	2020-2024	2025-2029	TOTAL
\$ 35,055,728	\$ 99,073,372	\$ 120,652,513	\$ 144,556,680	\$ 144,556,680	\$ 670,211,309	\$ 162,327,965	\$ 15,139,276	\$ 1,391,573,523



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## Required Supplementary Information

As permitted by GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, the State has adopted the modified approach for reporting its highway system. Under the modified approach, depreciation is not reported and certain preservation and maintenance costs are expensed.

The modified approach requires that the State:

- Maintain an asset management system that includes an up-to date inventory of eligible infrastructure assets,
- Perform condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale in order to document that the eligible infrastructure assets are being preserved approximately at (or above) the condition level established and disclosed by the government, and
- Estimate each year the annual amount needed to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the government.

Although bridges are an integral part of the highway system, the State has elected to depreciate bridges. Therefore, they are not reported using the modified approach.

### Condition Assessments

The Texas Department of Transportation (TxDOT) performs yearly condition assessments through its Texas Maintenance Assessment Program (TxMAP). Under this program, visual inspections are conducted on approximately 10% of the Interstate system and 5% of the Non-Interstate system (US, State, and FM roadways). For each section of highway observed, twenty-one elements separated into three highway components are assessed scores from 0 to 5 (0 = N/A, 1 = Failed, 2 = Poor, 3 = Fair, 4 = Good, 5 = Excellent) in order to determine the condition of the highways. Each element within a component is weighted according to importance and each component is weighted according to importance to determine the overall condition of the highways. The overall score is converted to a percentage measurement for reporting (1 = 20%, 2 = 40%, 3 = 60%, 4 = 80%, 5 = 100%).

### Assessed Conditions

TxDOT has adopted a minimum condition level of 80% for the Interstate System, 75% for the Non-Interstate system, and 80% for the Central Texas Turnpike System based on TxMAP assessments.

Year	Interstate Condition (Minimum 80%)	Non-Interstate Condition (Minimum 75%)	Central Texas Turnpike System (Minimum 80%)
2009	81.4%	76.5%	90.5%
2008	83.7%	79.0%	91.7%
2007	84.1%	79.5%	N/A
2006	83.4%	78.0%	N/A
2005	82.1%	77.9%	N/A

## Required Supplementary Information

### Estimated and Actual Costs for Maintenance

The table below provides a comparison between TxDOT's estimate of maintenance expenditures required to maintain the highway system at or above the adopted condition levels and the actual expenditures.

Interstate Highways	2009	2008	2007	2006	2005
Estimate	\$534,263,128	\$502,127,903	\$438,460,363	\$469,817,714	\$ 314,000,000
Actual	\$326,304,671	\$438,236,618	\$471,924,721	\$434,087,757	\$ 427,107,013
Other Highways	2009	2008	2007	2006	2005
Estimate	\$2,687,869,178	\$2,455,243,159	\$1,702,612,423	\$1,608,015,154	\$ 1,590,416,683
Actual	\$1,519,109,684	\$1,649,316,888	\$1,881,284,935	\$1,750,437,888	\$ 1,604,781,208
Central Texas Turnpike System	2009	2008*	2007	2006	2005
Estimate	\$9,178,651	\$6,909,785	N/A	N/A	N/A
Actual	\$7,261,987	\$5,411,318	N/A	N/A	N/A

\* 2008 is the first fiscal year in which a condition assessment has been conducted for the Central Texas Turnpike System which opened in FY 2007.

### Factors Affecting Condition Assessments

TxDOT continues to develop its methods for determining such estimates. As additional experience is acquired in the estimation and reporting processes, TxDOT hopes to achieve a greater correlation between the estimated maintenance expenditures needed to maintain the highway system at or above the adopted condition levels and the condition level of the highways. In comparing actual expenditures to estimated expenditures, factors such as increases in traffic, legislative mandates, budgetary constraints, and environmental effects (rainfall, drought, hurricane, freeze thaw, etc) should be considered as they may have a major impact on needed funds and the condition of Texas roads.



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# Combining Financial Statements



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**Exhibit A-1**

**COMBINING BALANCE SHEET -ALL GENERAL AND CONSOLIDATED FUNDS  
August 31, 2009**

	GENERAL FUND ACCOUNT (0001)* U/F (0001)	TRAFFIC SAFETY-CRASH RECORDS INFORMATION SYSTEMS ACCOUNT (0036)* U/F (0036)	TEXAS HIGHWAY BEAUTIFICATION ACCOUNT (0071)* U/F (0071)
	\$	\$	\$
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents:			
Cash on Hand			480
Cash in State Treasury			853,535
Legislative Appropriations	1,648,243		
Loans and Contracts [Note 1 F(4)]	52,348		
Due From Other Agencies (Note 12)	1,568,530		
Total Current Assets	<u>3,269,121</u>	<u>0</u>	<u>854,015</u>
Non-Current Assets:			
Loans and Contracts [Note 1 F(4)]	354,575		
Total Non-Current Assets	<u>354,575</u>	<u>0</u>	<u>0</u>
<b>TOTAL ASSETS:</b>	<b><u>3,623,696</u></b>	<b><u>0</u></b>	<b><u>854,015</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Current Liabilities:			
Payables:			
Accounts Payable	1,713,698		3,225
Payroll Payable	402,104		39,462
Due to Other Funds (Note 12)			
Due to Other Agencies (Note 12)			
Total Current Liabilities	<u>2,115,802</u>	<u>0</u>	<u>42,687</u>
<b>TOTAL LIABILITIES:</b>	<b><u>2,115,802</u></b>	<b><u>0</u></b>	<b><u>42,687</u></b>
<b>FUND FINANCIAL STATEMENT- FUND BALANCES</b>			
FUND BALANCES (DEFICITS):			
Reserved For:			
Encumbrances	195,920		
Loans & Contracts	354,575		
Unreserved:			
Undesignated:			
Unencumbered Legislative Appropriations			
Future Operations	957,399		
Consolidated Funds			811,328
<b>TOTAL FUND BALANCES</b>	<b><u>1,507,894</u></b>	<b><u>0</u></b>	<b><u>811,328</u></b>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b><u>\$ 3,623,696</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 854,015</u></b>

\* Appropriated Fund is noted as (XXXX), USAS D23 Fund is noted as U/F (XXXX)

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



SUSPENSE FUND ACCOUNT (0900)* U/F (0090)	TEXAS COLLEGIATE LICENSE PLATE PROGRAM ACCOUNT (5015)* U/F (5015)	SPECIALTY LICENSE PLATE ACCOUNT (5140)* U/F (5140)	TOTAL
\$	\$	\$	\$
			480
3,976,724	786,992	11,338	5,628,589
			1,648,243
			52,348
			1,568,530
<u>3,976,724</u>	<u>786,992</u>	<u>11,338</u>	<u>8,898,190</u>
			354,575
<u>0</u>	<u>0</u>	<u>0</u>	<u>354,575</u>
<u>3,976,724</u>	<u>786,992</u>	<u>11,338</u>	<u>9,252,765</u>
			1,716,923
2,668,621			441,566
1,308,103	786,992	11,338	2,668,621
<u>3,976,724</u>	<u>786,992</u>	<u>11,338</u>	<u>6,933,543</u>
<u>3,976,724</u>	<u>786,992</u>	<u>11,338</u>	<u>6,933,543</u>
			195,920
			354,575
			957,399
			811,328
<u>0</u>	<u>0</u>	<u>0</u>	<u>2,319,222</u>
\$ <u>3,976,724</u>	\$ <u>786,992</u>	\$ <u>11,338</u>	\$ <u>9,252,765</u>

**Exhibit A-2**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN  
FUND BALANCES -ALL GENERAL AND CONSOLIDATED FUNDS**

For the fiscal year ended August 31, 2009

	GENERAL FUND ACCOUNT (0001)* U/F (0001)	TRAFFIC SAFETY-CRASH RECORDS INFORMATION SYSTEMS ACCOUNT (0036)* U/F (0036)	TEXAS HIGHWAY BEAUTIFICATION ACCOUNT (0071)* U/F (0071)
<b>REVENUES:</b>	\$	\$	\$
Legislative Appropriations:			
Original Appropriations	3,579,072		
Additional Appropriations	1,434,537		
Federal Pass Through Revenue			
State Pass Through Revenue			
Licenses, Fees and Permits [Note 1 H(4)]			828,665
Sale of Goods & Services	1,099,404		
<b>TOTAL REVENUES</b>	<u>6,113,013</u>	<u>0</u>	<u>828,665</u>
<b>EXPENDITURES:</b>			
Salaries and Wages	2,237,419		353,201
Payroll Related Costs	1,198,664		131,537
Professional Fees and Services	41,546	749,740	
Travel	59,507		4,070
Materials and Supplies	127,172		
Communications and Utilities			3,492
Repairs and Maintenance	5,685		
Rentals and Leases	1,716		
Intergovernmental Payments	1,619,138		
Other Expenditures	35,581	168	3,984
Capital Outlay	1,728,966		
<b>TOTAL EXPENDITURES</b>	<u>7,055,394</u>	<u>749,908</u>	<u>496,284</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(942,381)</u>	<u>(749,908)</u>	<u>332,381</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In [Note 1 H(7)]	1,568,530	749,908	
Transfers Out [Note 1 H(7)]	(2,862,306)		
Sale of Fixed Assets	2,703,976		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,410,200</u>	<u>749,908</u>	<u>0</u>
<b>NET CHANGE IN FUND BALANCES</b>	467,819	0	332,381
<b>FUND FINANCIAL STATEMENT-FUND BALANCES</b>			
<b>FUND BALANCES, Sept. 1, 2008</b>	1,045,271	0	478,947
Appropriations Lapsed	(5,196)		
<b>FUND BALANCES, Aug. 31, 2009 (Exhibit A-1)</b>	<u>\$ 1,507,894</u>	<u>\$ 0</u>	<u>\$ 811,328</u>

\* Appropriated Fund is noted as (XXXX), USAS D23 Fund is noted as U/F (XXXX)  
The accompanying notes to the financial statements are an integral part of this financial statement.



SUSPENSE FUND ACCOUNT (0900)* U/F (0090)	TEXAS COLLEGIATE LICENSE PLATE PROGRAM ACCOUNT (5015)* U/F (5015)	SPECIALTY LICENSE PLATE ACCOUNT (5140)* U/F (5140)	TOTAL
\$ _____	\$ _____	\$ _____	\$ _____
			3,579,072
			1,434,537
			0
			0
			828,665
			1,099,404
<u>0</u>	<u>0</u>	<u>0</u>	<u>6,941,678</u>
			2,590,620
			1,330,201
			791,286
			63,577
			127,172
			3,492
			5,685
			1,716
			1,619,138
			39,733
			1,728,966
<u>0</u>	<u>0</u>	<u>0</u>	<u>8,301,586</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,359,908)</u>
			2,318,438
			(2,862,306)
			2,703,976
<u>0</u>	<u>0</u>	<u>0</u>	<u>2,160,108</u>
0	0	0	800,200
0	0	0	1,524,218
			(5,196)
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,319,222</u>

**EXHIBIT B-1**  
**COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS**  
**August 31, 2009**

	STATE HIGHWAY FUND (0006)* U/F (0006, 0016-0018, 0121-0122, 0130 and 0513-0515)	STATE INFRA- STRUCTURE BANK (0006)* U/F (0099)
<b>ASSETS</b>	\$	\$
Current Assets:		
Cash and Cash Equivalents:		
Cash on Hand	952,268	
Cash in Bank	108,530,478	
Cash in State Treasury	3,440,620,176	84,530,837
Receivables:		
Federal	329,552,770	
Other Intergovernmental	197,552,264	
Interest and Dividends		10,909,285
Accounts Receivable	30,147,739	
Due from Other Funds (Note 12)	31,618,857	
Due from Other Agencies (Note 12)	190,601,105	
Consumable Inventories	114,775,577	
Loans and Contracts [Note 1 F(4)]		12,273,364
Total Current Assets	<u>4,444,351,234</u>	<u>107,713,486</u>
Non-current Assets:		
Federal Receivable	20,670,360	
Loans and Contracts [Note 1 F(4)]	22,567,799	232,837,695
Other Non-Current Assets		7,918,180
Total Non-Current Assets	<u>43,238,159</u>	<u>240,755,875</u>
<b>TOTAL ASSETS</b>	<u><b>4,487,589,393</b></u>	<u><b>348,469,361</b></u>
<b>LIABILITIES AND FUND BALANCES:</b>		
Liabilities:		
Current Liabilities:		
Payables:		
Accounts Payable	816,690,631	
Contracts Payable [Note 1 F(8)]	144,551,772	
Payroll Payable	65,320,809	
Due to Other Funds (Note 12)	1,792,819	
Due to Other Agencies (Note 12)	54,698,670	
Deferred Revenues [Note 1 F(9)]	3,323,990,045	
Short Term Debt (Note 4)	300,000,000	
Total Current Liabilities	<u>4,707,044,746</u>	<u>0</u>
<b>TOTAL LIABILITIES</b>	<u><b>4,707,044,746</b></u>	<u><b>0</b></u>
<b>FUND FINANCIAL STATEMENT-FUND BALANCES</b>		
FUND BALANCES (DEFICITS):		
Reserved For:		
Encumbrances	156,141,591	
Inventories	114,775,577	
Imprest	148,633	
Loans & Contracts	22,567,799	232,837,695
Unreserved Designated for:		
Highway Construction and Maintenance	(513,088,953)	
State Infrastructure Bank		115,631,666
Undesignated:		
Texas Transportation Corporations		
<b>TOTAL FUND BALANCES</b>	<u><b>(219,455,353)</b></u>	<u><b>348,469,361</b></u>
<b>TOTAL LIABILITIES &amp; FUND BALANCES:</b>	\$ <u><b>4,487,589,393</b></u>	\$ <u><b>348,469,361</b></u>

\* Appropriated Fund is noted as (XXXX), USAS D23 Fund is noted as U/F (XXXX)

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

FEDERAL AMERICAN RECOVERY & REINVESTMENT FUND (0006)* U/F (0369)	TEXAS MOBILITY FUND (0365)* U/F (0365, 0367, 368, 370, 371, 372, 375, 377)	TEXAS TRANSPORTATION CORPORATIONS (9999)* U/F (0999)	TOTAL
			952,268
		618,047	109,148,525
	1,583,078,613		5,108,229,626
	323,666		329,876,436
			197,552,264
			10,909,285
	751,372	139,558	31,038,669
			31,618,857
			190,601,105
			114,775,577
			12,273,364
<u>0</u>	<u>1,584,153,651</u>	<u>757,605</u>	<u>6,136,975,976</u>
			20,670,360
			255,405,494
			7,918,180
<u>0</u>	<u>0</u>	<u>0</u>	<u>283,994,034</u>
<u>0</u>	<u>1,584,153,651</u>	<u>757,605</u>	<u>6,420,970,010</u>
			224,850
		382,807	817,298,288
			144,551,772
	27,070,849		65,320,809
			28,863,668
			54,698,670
	323,666		3,324,313,711
			300,000,000
<u>0</u>	<u>27,619,365</u>	<u>382,807</u>	<u>4,735,046,918</u>
<u>0</u>	<u>27,619,365</u>	<u>382,807</u>	<u>4,735,046,918</u>
			156,141,591
			114,775,577
			148,633
			255,405,494
	1,556,534,286		1,043,445,333
			115,631,666
		374,798	374,798
<u>0</u>	<u>1,556,534,286</u>	<u>374,798</u>	<u>1,685,923,092</u>
<u>0</u>	<u>1,584,153,651</u>	<u>757,605</u>	<u>6,420,970,010</u>

**EXHIBIT B-2**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN  
FUND BALANCES -SPECIAL REVENUE FUNDS  
For the fiscal year ended August 31, 2009**

	STATE HIGHWAY FUND (0006)* U/F (0006, 0016-0018, 0121-0122, 0130 and 0513-0515)	STATE INFRA- STRUCTURE BANK (0006)* U/F (0099)
<b>REVENUES:</b>	\$	\$
Taxes	39,631,000	
Federal Revenues	2,667,476,975	
Federal Pass Through Revenues	1,496,510	
Licenses, Fees and Permits [Note 1 H(4)]	1,255,425,482	
Interest & Investment Income	89,868,109	12,766,696
Land Income	14,151,673	
Settlement of Claims	1,530,671	
Sales of Goods and Services	242,997,226	
Other Revenues	3,487,854	
<b>TOTAL REVENUES</b>	<u>4,316,065,500</u>	<u>12,766,696</u>
<b>EXPENDITURES:</b>		
Salaries and Wages	631,841,865	
Payroll Related Costs	214,421,433	
Professional Fees and Services	285,999,868	
Travel	4,004,156	
Materials and Supplies	272,182,628	
Communications and Utilities	53,742,544	
Repairs and Maintenance	1,043,226,001	
Rentals and Leases	12,060,836	
Printing and Reproduction	5,993,863	
Claims and Judgments	10,094,356	
Federal Pass Through Expenditures	8,341,187	
State Grant Pass Through Expenditures	1,799,550	
Intergovernmental Payments	629,237,110	
Public Assistance Payments	15,834,123	
Other Expenditures	191,786,457	
Principal on State Bonds	205,000	
Interest on State Bonds	66,941,288	
Other Financing Fees	3,137,921	
Capital Outlay	3,269,002,730	
<b>TOTAL EXPENDITURES</b>	<u>6,719,852,916</u>	<u>0</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,403,787,416)</u>	<u>12,766,696</u>
<b>OTHER FINANCING SOURCES (USES):</b>		
Operating Transfers In [Note 1 H (7)]	2,826,404,826	
Operating Transfers Out [Note 1 H (7)]	(1,114,091,280)	
Bond & Note Issued	16,000,000	
Insurance Recoveries	13,828,826	
Sale of Capital Assets	5,084,641	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,747,227,013</u>	<u>0</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(656,560,403)</u>	<u>12,766,696</u>
<b>FUND FINANCIAL STATEMENT-FUND BALANCES</b>		
<b>FUND BALANCES, Sept. 1, 2008</b>	<b>437,105,050</b>	<b>335,702,665</b>
<b>FUND BALANCES, Aug. 31, 2009 (Exh. B-1)</b>	<u><u>\$ (219,455,353)</u></u>	<u><u>\$ 348,469,361</u></u>

\* Appropriated Fund is noted as (XXXX), USAS D23 Fund is noted as U/F (XXXX)

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

FEDERAL AMERICAN RECOVERY & REINVESTMENT FUND (0006)* U/F (0369)	TEXAS MOBILITY FUND (0365)* U/F (0365, 0367, 368, 370, 371, 372, 375, 377)	TEXAS TRANSPORTATION CORPORATIONS (9999)*	TOTAL
\$ 113,337,168			39,631,000
			2,780,814,143
			1,496,510
	319,044,133		1,574,469,615
	15,087,643	5,764	117,728,212
			14,151,673
			1,530,671
			242,997,226
		669,768	4,157,622
<u>113,337,168</u>	<u>334,131,776</u>	<u>675,532</u>	<u>4,776,976,672</u>
			631,841,865
			214,421,433
	273,859	1,189,364	287,463,091
			4,004,156
			272,182,628
			53,742,544
			1,043,226,001
			12,060,836
			5,993,863
			10,094,356
			8,341,187
4,093,366			1,799,550
			633,330,476
46,952	28,546		15,834,123
		337,293	192,199,248
	32,290,000		32,495,000
	228,627,558		295,568,846
	8,152,068		11,289,989
<u>109,196,850</u>	<u>269,372,031</u>	<u>1,526,657</u>	<u>3,378,199,580</u>
<u>113,337,168</u>	<u>269,372,031</u>	<u>1,526,657</u>	<u>7,104,088,772</u>
<u>0</u>	<u>64,759,745</u>	<u>(851,125)</u>	<u>(2,327,112,100)</u>
			2,826,404,826
	(599,980,487)		(1,714,071,767)
	1,208,495,000		1,224,495,000
			13,828,826
			5,084,641
<u>0</u>	<u>608,514,513</u>	<u>0</u>	<u>2,355,741,526</u>
<u>0</u>	<u>673,274,258</u>	<u>(851,125)</u>	<u>28,629,426</u>
<u>0</u>	<u>883,260,028</u>	<u>1,225,923</u>	<u>1,657,293,666</u>
<u>\$ 0</u>	<u>\$ 1,556,534,286</u>	<u>\$ 374,798</u>	<u>\$ 1,685,923,092</u>

**EXHIBIT C**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
AGENCY FUNDS**

**For the fiscal year ended August 31, 2009**

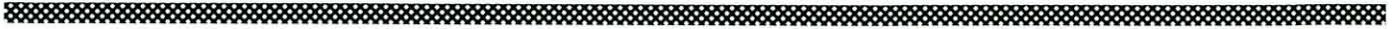
	Balances September 1, 2008	Additions	Deductions	Balances August 31, 2009
	\$	\$	\$	\$
<b>UNAPPROPRIATED RECEIPTS</b>				
<b>General Revenue Fund (0001), U/F (1001) *</b>				
Assets:				
Current:				
Cash on Hand	0	72,851,580	72,851,580	0
Total Assets	<u>0</u>	<u>72,851,580</u>	<u>72,851,580</u>	<u>0</u>
Liabilities:				
Current:				
Funds Held for Others	0	72,851,580	72,851,580	0
Total Liabilities	<u>0</u>	<u>72,851,580</u>	<u>72,851,580</u>	<u>0</u>
<b>OTHER AGENCY FUNDS</b>				
<b>Proportional Registration Distributive Fund (0021), U/F (0021)</b>				
Assets:				
Current:				
Cash on Hand	522,708	27,907,586	28,233,773	196,521
Cash in State Treasury	8,973,332	28,233,773	33,187,764	4,019,341
Total Assets	<u>9,496,040</u>	<u>56,141,359</u>	<u>61,421,537</u>	<u>4,215,862</u>
Liabilities:				
Current:				
Other Intergovernmental Payables	9,496,040	27,907,586	33,187,764	4,215,862
Total Liabilities	<u>9,496,040</u>	<u>27,907,586</u>	<u>33,187,764</u>	<u>4,215,862</u>
<b>Child Support-Employee Deduction Account (0807), U/F (0807)</b>				
Assets:				
Current:				
Cash in State Treasury	0	268,879	21,067	247,812
Total Assets	<u>0</u>	<u>268,879</u>	<u>21,067</u>	<u>247,812</u>
Liabilities:				
Current:				
Funds Held for Others	0	268,879	21,067	247,812
Total Liabilities	<u>0</u>	<u>268,879</u>	<u>21,067</u>	<u>247,812</u>
<b>Employees' Savings Bond Account (0901), U/F (0901)</b>				
Assets:				
Current:				
Cash in State Treasury	30,554	307,390	309,950	27,994
Total Assets	<u>30,554</u>	<u>307,390</u>	<u>309,950</u>	<u>27,994</u>
Liabilities:				
Current:				
Funds Held for Others	30,554	307,390	309,950	27,994
Total Liabilities	<u>30,554</u>	<u>307,390</u>	<u>309,950</u>	<u>27,994</u>

\* Appropriated Fund is noted as (XXXX), USAS D23 Fund is noted as U/F (XXXX)

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

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
AGENCY FUNDS (Concluded)**

	Balances September 1, 2008	Additions	Deductions	Balances August 31, 2009
	\$	\$	\$	\$
<b>OTHER AGENCY FUNDS</b>				
<b>County/Political Subdivision, Local Government Road/Airport Trust Account (0927), U/F (0927)</b>				
Assets:				
Current:				
Cash in State Treasury	175,321,387	231,468,714	140,363,739	266,426,362
<b>Total Assets</b>	<u>175,321,387</u>	<u>231,468,714</u>	<u>140,363,739</u>	<u>266,426,362</u>
Liabilities:				
Current:				
Funds Held for Others	175,321,387	231,468,714	140,363,739	266,426,362
<b>Total Liabilities</b>	<u>175,321,387</u>	<u>231,468,714</u>	<u>140,363,739</u>	<u>266,426,362</u>
 <b>Direct Deposit Correction Account (0980), U/F (0980 and 9014)</b>				
Assets:				
Current:				
Cash in State Treasury	49,388	883,177	931,180	1,385
<b>Total Assets</b>	<u>49,388</u>	<u>883,177</u>	<u>931,180</u>	<u>1,385</u>
Liabilities:				
Current:				
Funds Held for Others	49,388	883,177	931,180	1,385
<b>Total Liabilities</b>	<u>49,388</u>	<u>883,177</u>	<u>931,180</u>	<u>1,385</u>
 <b>TOTALS - ALL AGENCY FUNDS</b>				
Assets:				
Current:				
Cash on Hand	522,708	100,759,166	101,085,353	196,521
Cash in State Treasury	184,374,661	261,161,933	174,813,700	270,722,894
<b>Total Assets</b>	<u>184,897,369</u>	<u>361,921,099</u>	<u>275,899,053</u>	<u>270,919,415</u>
Liabilities:				
Current:				
Other Intergovernmental Payables	9,496,040	27,907,586	33,187,764	4,215,862
Funds Held for Others	175,401,329	305,779,740	214,477,516	266,703,553
<b>Total Liabilities</b>	<u>\$ 184,897,369</u>	<u>\$ 333,687,326</u>	<u>\$ 247,665,280</u>	<u>\$ 270,919,415</u>



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# Addendum

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## General Comments

### History

The Texas Legislature created the State Highway Department in 1917 to grant financial aid to counties for highway construction and maintenance. The 64th Legislature (1975) created the State Department of Highways and Public Transportation by combining the authorities and responsibilities of the Texas Mass Transportation Commission and the State Highway Department. On May 5, 1976, the functions of the Governor's Office of Traffic Safety were transferred to the department by Executive Order D.B. 28. In 1979, another executive order, WBC 12, combined all statewide traffic safety programs into one traffic safety unit in the department.

The 72nd Legislature (1991) formed the Texas Department of Transportation (TxDOT) by merging the State Department of Highways and Public Transportation, the Texas Department of Aviation (effective September 1, 1991) and the Texas Motor Vehicle Commission (effective September 1, 1992). In 1993, the administration and reporting requirements of the TxDOT Oil Overcharge programs were transferred by contract from the General Services Commission's State Energy Conservation Office to TxDOT. In December 1993, through an interagency contract with the Governor's Office, the Texas Automobile Theft Prevention Authority (ATPA) was moved to TxDOT. H.B. 2845, signed June 1995, established the ATPA in TxDOT. Also in 1995, trucking regulation was transferred from the Texas Railroad Commission to TxDOT (effective September 1, 1995). Finally, the Texas Turnpike Authority merged with TxDOT in 1997.

The 81<sup>st</sup> Legislature (2009) established the Texas Department of Motor Vehicles (TxDMV), shifting the TxDOT divisions of Vehicle, Titles and Registration, Motor Vehicles, Automobile Theft and Burglary and a portion of the Motor Carrier Division to the new TxDMV (effective November 1, 2009). In 2009, the Legislature also created the new TxDOT Rail Division (effective September 1, 2009) to facilitate the development and interconnectivity of the rail system in Texas.

The agency is charged with developing and maintaining a statewide multimodal transportation network, some licensing and regulation of motor vehicles and other transportation-related duties.

### TxDOT mission

The TxDOT mission is to provide safe, efficient and effective means for the movement of people and goods throughout the state, facilitating trade and economic opportunity.

### TxDOT vision

TxDOT will deliver a 21st century, multimodal transportation system that will improve the quality of life for Texas citizens and increase the competitive position for Texas industry.

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## TxDOT goals

TxDOT goals are to reduce congestion, enhance safety, expand economic opportunity, improve air quality and preserve the value of transportation assets.

## Organization

(An organization chart and a listing of administrative and key personnel as of August 31, 2009, are presented on pages 87-96.)

TxDOT is governed by the five-member Texas Transportation Commission and an executive director selected by the commission. Commission members, serving overlapping six-year terms, are appointed by the governor with the advice and consent of the Texas Senate. The governor designates all members of the Texas Transportation Commission. The executive director is the chief executive officer, assisted by one deputy executive director, four assistant executive directors and a chief financial officer. An internal audit office performs periodic independent audits of department operations.

The department conducts its primary activities in 25 geographical districts. Varying climate and soil and differing needs of local populations make decentralization of department operations necessary. Each district, managed by a district engineer, is responsible for the design, location, construction and maintenance of its area transportation systems. Local field offices within districts are known as area offices. TxDOT district offices are located in Abilene, Amarillo, Atlanta, Austin, Beaumont, Brownwood, Bryan, Childress, Corpus Christi, Dallas, El Paso, Fort Worth, Houston, Laredo, Lubbock, Lufkin, Odessa, Paris, Pharr, San Angelo, San Antonio, Tyler, Waco, Wichita Falls and Yoakum.

In 2009 four Regional Support Centers were created to consolidate overlapping functions between districts. The RSCs provide operations and project delivery support to the districts. Twenty-two functional divisions and six offices headquartered in Austin provide administrative and technical support to the districts.

## Headquarters Divisions and Offices

### Aviation Division

The Aviation Division (AVN) serves as a focal point for statewide air transportation matters. The division's primary day to day activities are directed toward providing engineering, technical and financial assistance to communities for planning, constructing and maintaining airports. The division develops and maintains a long-range statewide aviation facilities plan and programs federal and state assistance for airport development. Aviation education programs are conducted regularly by the division to foster and promote safety and professionalism in all aspects of aviation. The division is actively involved in working with communities to improve scheduled air service opportunities. The division and the department are advised by a six-member Aviation Advisory Committee appointed by the Texas Transportation Commission. In addition, AVN provides aircraft flight services to transport state officials and maintenance support to maintain other state agencies aircraft. In addition, AVN provides air

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transportation services for state employees for business purposes and aircraft maintenance services for state owned aircraft.

## **Bridge Division**

The Bridge Division (BRG) provides direct assistance to TxDOT districts in matters regarding bridge project development, design, plan preparation, plan review, construction, maintenance, and inspection. Bridge project development encompasses elements such as preliminary engineering, programming, and guidance for developing bridge projects across the state. The division is responsible for reviewing preliminary bridge layouts and construction plans, specifications, and estimates for bridges designed by both department personnel and consulting engineering firms. Design and plan preparation responsibilities include bridges, geotechnical structures, overhead sign bridges and other traffic structures. The division provides assistance with bridge construction and maintenance problems, damaged structures, and construction inspection services involving welded and bolted steel bridges. In addition, BRG manages the federally mandated bridge inspection program for the state's 50,000 bridges and also oversees programs for replacement and rehabilitation of on- and off-system structurally deficient and functionally obsolete bridges. The division develops policies, standards, manuals, database management, structural software, and guidelines to ensure the safety of Texas bridges and the mobility of the traveling public.

## **Construction Division**

The Construction Division (CST) performs inspection and testing and provides oversight for contract administration including payment, construction regulatory compliance, and inspection and testing for all department construction contracts. The division is responsible for contractor pre-qualification, bid proposal issuance and construction and maintenance contracts letting. The division provides consultation to districts on project management, administration, inspection and testing from pre-letting to final project acceptance. The division is also responsible for coordinating with the Federal Highway Administration (FHWA) to assure the overall effectiveness of the construction oversight program. The division provides materials quality and testing for construction and maintenance materials as well as a focus in and coordination of pavement design and management. The division maintains and oversees the department's pavement management information system.

## **Design Division**

The Design Division (DES) provides guidance in the development of all highway construction projects on interstate, state, rural and urban highway systems. The division's design responsibilities begin with the preliminary stage of each project, and continue through the detailed design stages to the completion of plans, specifications and estimates up to release for construction bidding. More specifically, this division develops geometric design criteria; prepares design standards; provides federal oversight responsibility for project development; develops landscape design; and processes and assembles plans and bid proposals. The division also provides guidance and oversight of the engineering, architectural and surveying contracting program.

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## **Environmental Affairs Division**

The Environmental Affairs Division (ENV) oversees the department's environmental program. The division is responsible for recommending policies and developing guidance and procedures for project investigations, public involvement, and environmental, social and economic studies as part of the project development process. ENV is the department's environmental liaison with state and federal resource agencies, environmental and special-interest groups, and the public. ENV staff also provide high level professional and technical support to address environmental issues associated with construction and maintenance projects and internal facility operations. ENV also administers contracts to support projects statewide. The division is responsible for activities associated with TxDOT's role as a member of a number of regulatory liaison committees such as the Coastal Coordination Council, which oversees the Texas Coastal Management Program. ENV manages the department's internal "Clean Air Plan" and the external "Drive Clean Across Texas" public outreach and education campaign.

## **Finance Division**

The Finance Division (FIN) is responsible for TxDOT's accounting, forecasting, budgeting, payment for all goods and services, and processing of all receipts and revenues. The division analyzes financial effects of proposed legislation on TxDOT and policy analysis and review. The division administers the State Infrastructure Bank, pass-through tolls, debt management, investments, and bond programs of the department. The division is also responsible for the programming, scheduling, and letting management of all transportation projects.

## **General Services Division**

The General Services Division (GSD) is the central purchasing office for the department, operating with the largest state agency purchasing staff in Texas. GSD provides oversight authority for negotiated contracts to include the development of policies and procedures and provides contracting support services for professional services contracts. GSD coordinates services that provide business opportunity information, training, workshops and other outreach activities for contractors, TxDOT staff and other organizations that assist in promoting contract opportunities with TxDOT and the State of Texas. GSD manages four regional distribution centers located in Austin, Athens, Post and Seguin supporting the supply and material needs for the approximately 400 department facilities located throughout the state. GSD oversees the management of TxDOT's personal property, including the equipment fleet, and they coordinate the statewide alternative fuels, recycling, records management, mail and surplus property functions. The GSD general shops construct customized equipment and furnishings necessary for the districts, division and offices. Other statewide support services include electronic publishing, reprographic services and the operation of a full cost recovery offset print shop which also serves over 40 other state agencies. GSD electronically publishes the department's manuals and highway construction plans on TxDOT's Intranet site. Plans used in the bidding and letting processes are also published on the Internet for the convenience of our external customers.

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## **Government and Public Affairs Division**

The Government and Public Affairs Division (GPA) comprises five sections: State and Federal Legislative Affairs, Community Relations, Communications, International Relations and Media Relations. The State and Federal Legislative Affairs Section manages all of the agency's business before the Texas Legislature and its federal portfolio before the United States Congress and federal agencies. The Community Relations Section focuses on integrating the public in the agency's work. Communications guides external customer services and internal agency workforce communications. International Relations monitors infrastructure developments and activities along the U.S.-Mexico border and global actions that may impact the movement of goods in Texas in order to advise senior agency leadership. Media Relations works with all forms of media to ensure that the agency is properly represented before the press and that those channels are engaged appropriately, including social media.

## **Human Resources Division**

The Human Resources Division (HRD) provides leadership and strategic direction for statewide compensation, training and benefits programs. The division develops and administers external talent acquisition programs and provides applicant services; measures human resource performance objectives through workforce metrics and trend analyses; manages and delivers technical and soft skills professional training for all employees and offers an extensive distance learning portal through online and video teleconferencing systems across the state; administers a substance abuse and violence prevention program; steers employee performance management through continuing development and utilization of a progressive disciplinary approach; coordinates employee benefits and employee assistance programs; maintains the business title classification system to ensure compensation equities and career progression. The division also assists in the department's quality initiatives and manages employee awards and recognition at the state and national level.

## **Maintenance Division**

The Maintenance Division (MNT) administers and oversees the statewide maintenance budget, maintenance condition assessment, maintenance contracts, maintenance programs and activities. It is responsible for oversight of the department's ferry operations, development of safety rest areas, vegetation management, department facilities management and leasing, building operations and security services, facilities energy and water conservation, and statewide planning. The division also coordinates the department's disaster emergency management operations and inspects aggregate quarries and pits.

## **Motor Carrier Division**

The Motor Carrier Division (MCD) issues permits for, and routes, oversize/overweight loads; issues temporary vehicle registration permits; processes applications for and issues motor carrier operating authority for intrastate, national, and international carriers; and enforces provisions of TRC 623, 643 and 645 by responding to complaints, conducting motor carrier and size/weight investigations, coordinating consumer protection arbitration mediation for household goods carriers and their customers, and assessing administrative penalties for violations of motor carrier and size/weight laws and department rules. Efforts are coordinated with local law enforcement and the Texas Department of Public Safety regarding federal

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motor carrier safety provisions, motor carrier registration, and size/weight violations, and with the Texas Attorney General's Office regarding administrative penalties. Effective November 1, 2009, functions relating to motor carrier operating authority, household goods mover consumer protection, and associated enforcement of TRC 643 and 645 will be transferred to the Texas Department of Motor Vehicles as a result of HB 3097 (81st Texas Legislature).

## **Motor Vehicle Division**

The Motor Vehicle Division (MVD) regulates the vehicle distribution industry in Texas. The division licenses motor-vehicle dealers and manufacturers doing business in Texas, regulates their advertising and sales practices, and administers the state's "lemon law," which helps owners and lessees of new vehicles who face repeated problems with repairs. MVD also acts as a forum for disputes between new motor-vehicle dealers and manufacturers. MVD, along with ABTPA, MCD and VTR, will be part of the new Department of Motor Vehicles effective November 1, 2009.

## **Occupational Safety Division**

The Occupational Safety Division (OCC) manages TxDOT's self-insured programs for workers' compensation, tort, and liability. OCC also manages the employee safety program and aspects of hazardous materials involvement that affect employee safety and health.

## **Public Transportation Division**

The Public Transportation Division (PTN) is responsible for encouraging, fostering and assisting public transportation in Texas. The division grants state and federal funds for public transportation and, in partnership with the Federal Transit Administration, supports and monitors transportation programs which support public transportation for elderly individuals and individuals with disabilities; non-urbanized areas; small urbanized areas; intercity bus; job access and reverse commute; new freedom; and various capital projects including transit vehicle procurement and facility construction. The division sponsors and monitors research and development in public transportation. PTN also provides technical assistance, training and planning support to the transit industry and metropolitan planning organizations, in addition to overseeing transit rail safety. Beginning September 1, 2003, PTN was charged with the responsibility of regional planning for public transportation and as such oversees and assists regions within the state as they proceed to develop local regional plans. The Public Transportation Advisory Committee is a statutory advisory committee charged with representing the transportation providers, transportation users, and the general public. Effective September 1, 2009, PTAC is appointed by the Governor, Lt. Governor, and Speaker of the House and provides advice and recommendations to the commission on public transportation issues and proposed transit policies. The committee consists of nine members.

## **Right of Way Division**

The Right of Way Division (ROW) manages the acquisition of right of way and other real property interests required for TxDOT transportation projects. It also coordinates eminent domain proceedings with the state attorney general and administers the adjustment and relocation of utilities on right of way

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acquisition projects. The division administers the Relocation Assistance Program, leasing of TxDOT right of way, professional service contracts for right of way acquisition services and also coordinates the disposal of surplus real property. The Right of Way Division performs the regulatory function for the orderly and effective control of outdoor advertising and junkyards along interstate and primary highways in accordance with the Federal Highway Beautification Act and under the rural roads act, along all highways and roads located outside of corporate limits of municipalities.

## **Technology Services Division**

The Technology Services Division (TSD) supports the information technology (IT) needs of TxDOT's administrative and engineering activities. TSD provides development and technical support for enterprise administrative and engineering applications, tier two and three level support for all desktop core technology applications, management and operation of one of the largest voice and data telecommunications networks in the state, oversight of outsourced services to the Department of Information Resources and Team for Texas, direction and management of the IT security program, photogrammetry services for department design activities, and training and end-user support for engineering and surveying applications. TSD also establishes and manages the department's core technology architecture; establishes enterprise wide IT policies, standards, and directions; and ensures TxDOT compliance with state information resource (IR) requirements. The TSD director serves as the department's chief information officer, information resources manager and information security officer.

## **Texas Automobile Burglary and Theft Prevention Authority**

The Texas Automobile Burglary and Theft Prevention Authority (TABTPA) assesses the scope of motor vehicle theft in Texas and supports a statewide law enforcement network through grants, auto theft reduction initiatives, education and public awareness. The TABTPA also provides funding for a statewide vehicle registration program and oversees a uniform program to prevent stolen motor vehicles from entering Mexico. The division awards grants to city, county and regional governments to help curb vehicle thefts.

## **Texas Turnpike Authority Division**

The Texas Turnpike Authority Division (TTA) leads TxDOT's efforts to use innovative methods to deliver and operate transportation systems statewide. The division's responsibilities include the development and execution of Comprehensive Development Agreements, which are public-private partnerships for the financing, design, construction and operation of tolled and non-tolled highways.

TTA operates the Central Texas Turnpike System toll roads in the Austin area as well as toll roads in Tyler and Laredo. This includes the management of a Customer Service Center and TxTag services statewide. The division also conducts corridor planning activities for IH 35 and the future IH 69. This work involves coordination and support for two corridor advisory committees and nine segment committees, which allow citizens direct involvement in the department's planning efforts. TTA also works closely with Regional Mobility Authorities throughout the state.

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## **Traffic Operations Division**

The Traffic Operations Division (TRF) is responsible for the engineering design of traffic control devices, roadway illumination, radio operations, traffic signals, the review and analysis of speed zone requests, the review of traffic engineering related aspects of construction plans, and the collection and analysis of crash records. The division assists and supports the districts in the research, development, and implementation of Intelligent Transportation Systems, administers the Texas Traffic Safety Program, the Highway Safety Improvement Program, the Safe Routes to School Program and the department's state and federal [highway/rail at-grade] highway rail grade crossing programs. The division also develops, publishes and distributes the Texas Manual on Uniform Traffic Control Devices.

## **Transportation Planning and Programming Division**

The Transportation Planning and Programming Division (TPP) administers the Texas Transportation Plan, the Statewide Transportation Improvement Program, the Metropolitan Planning Organization planning activities, Economically Disadvantaged Counties program, Border Colonia Access Program, Texas State Planning and Research Work Program (Part I) and the Texas Transportation Corporation Act. The division provides data support for planning and design. TPP is responsible for the federal Highway Performance Monitoring System, corridor feasibility studies, urban transportation planning, road utility districts, international bridges, road inventory, railroad crossing inventory, reference marker locations, mapping and map distribution, traffic volume analysis, traffic forecasting, travel demand modeling, vehicle weight and classification studies and speed and origin-destination studies. The division coordinates multimodal/intermodal transportation planning issues including bicycle and pedestrian facilities. TPP is also responsible for activities related to fulfilling TxDOT's role as the state's non-federal sponsor of the Gulf Intracoastal Waterway. The division is the liaison to the Texas Transportation Commission for the Port Authority Advisory Committee, the Border Trade Advisory Committee and the Bicycle Advisory Committee.

## **Travel Information Division**

The Travel Information Division (TRV) is the state's central authority for providing information to the traveling public about the highway system and scenic, historic, and recreational opportunities in Texas. The division administers programs to stimulate travel to and within the state, and its employees serve as the state's front-line ambassadors.

TRV publishes the state's official travel magazine, *Texas Highways*; produces and publishes travel literature for the state of Texas, including the *Texas State Travel Guide*, the *Texas Official Travel Map*, the *Texas Accommodations Guide* and the *Texas Events Calendar*; and provides fulfillment activities for Texas travel information inquiries. TRV operates the 12 Texas Travel Information Centers at strategic locations around the state; offers road condition and travel planning information through the Highway Condition Reporting System and 800/452-9292; and assists the public during state emergencies. TRV provides audiovisual services for the department; produces travel and department photographs, slide programs and videos; and maintains a still-photo library. The division also administers the department's litter prevention programs - the Don't Mess with Texas public education campaign, the Adopt-a-Highway program, and the contract with the non-profit organization Keep Texas Beautiful.

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## **Vehicle Titles and Registration Division**

The Vehicle Titles and Registration Division (VTR) is responsible for overseeing the issuance of 5.4 million titles and the registration of 21.4 million motor vehicles which generates \$4 billion in fees. VTR provides the oversight for production of 14 million license plates; the licensing of 10,650 salvage dealers/agents; and operation of the International Registration Plan, which includes managing 17,232 apportioned accounts and registering 100,037 power units. VTR's Registration and Title System (RTS) database houses 56 million records from which VTR distributes 20 million registration renewal notices and processes 72 million inquiries from law enforcement. VTR partners with the state's 254 counties that use the RTS system to process registration and titling transactions.

## **Audit Office**

The Audit Office (AUD) is an independent appraisal function for internal operations (Internal Audit Section) and for negotiated and cost reimbursement contracts and grants with external entities (External Audit Section). As well as TxDOT policy and procedure, AUD is governed by professional auditing standards, and reviewed every three years for compliance with these standards by members of other transportation department audit offices. External Audit's work covers 670 contracts a year by site audits, desk reviews, exception ratios, evaluations and pre-negotiation reports. This includes about \$250 million of billed contract costs involving federal, state, and local government funds. Audit exceptions average \$1.5 million per year. Internal Audit assists management by conducting independent and objective reviews of TxDOT operations and procedures to ensure they are functioning as intended. This section also works in concert with Internal Auditors (auditors) in districts, divisions and regional centers. Based on legislative direction, these auditors submit plans and reports to AUD for summary reporting to the Commission. These auditors have implemented a peer review program intended to provide compliance with professional auditing standards and increased value to management.

## **Office of Civil Rights**

The Office of Civil Rights (OCR) investigates employee grievances alleging discrimination, including the Americans with Disabilities Act (ADA) and Title VII of the Civil Rights Act of 1964, and non-discrimination. OCR administers the Contractor Equal Employment Opportunity (EEO) Compliance Program, including Title VI of the Civil Rights Act of 1964, and conducts compliance audits/reviews. OCR develops and manages the Affirmative Action Plan/EEO Program and workforce diversity initiatives. OCR is responsible for ensuring equal opportunity in employment, promotions, training, benefits, and participation in business activities and services to the public. The OCR director serves as EEO officer and ADA Coordinator. OCR also monitors, executes, and evaluates TxDOT's compliance with the Disadvantaged Business Enterprise (DBE) and Small Business Enterprise (SBE) Programs. OCR establishes agency and contract goals, certifies firms for each program, ensures program compliance on contracts through monitoring and corrective measures, and gathers and reports on the progress of these programs.

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## **Office of General Counsel**

The Office of General Counsel (OGC) provides legal counsel to the Texas Transportation Commission and TxDOT administration, districts, divisions and offices. The OGC drafts legislation and administrative rules, testifies before legislative committees, and serves as legal counsel at commission meetings.

## **Internal Compliance Program Office**

The Commission directed the department to implement an Internal Compliance Program (ICP). The department did this by creating a Compliance Office (CO) under the general supervision of the Deputy Executive Director. The Internal Compliance Program (ICP) or Compliance Office (CO) directs and assigns the investigation of employee misconduct, identifies areas in which the department may be at risk of fraud or other non-compliance with laws, proposes rules of conduct for employees and businesses that do business with the department, coordinates ethics training, and reviews department ethical policies for compliance.

## **Research and Technology Implementation Office**

The Research and Technology Implementation Office (RTI) manages the Cooperative Research Program, with the great majority of the research being conducted by state-supported universities. It also coordinates product evaluation for the department and manages the Implementation Program to provide funding for specific innovations output by the Research Program. This office also serves as TxDOT's liaison for national research efforts and results.

## **Strategic Policy and Performance Management Office**

The Strategic Policy and Performance Management Office is responsible for the development and publication of the agency's performance based Strategic Plan. The Office develops and maintains the agency's reporting of performance results through reports published on the [TxDOT Tracker](#) page of the TxDOT web site. In addition, the office assists executive administration in the development of new program and policy initiatives.

## Administrative and Key Personnel as of August 31, 2009

### Governing Commissions, Boards and Statutory Advisory Committees

#### Texas Transportation Commission

Deirdre Delisi, Chair	Austin	(512) 305-9509
Ned S. Holmes	Houston	(512) 305-9509
Ted Houghton	El Paso	(512) 305-9509
Fred Underwood	Lubbock	(512) 305-9509
William Meadows	Fort Worth	(512) 305-9509

#### Texas Automobile Burglary and Theft Prevention Authority Board

*(Members appointed by the Governor and serve six-year terms. They do not report to the Texas Transportation Commission)*

Carlos Garcia, Chair	Brownsville	(956) 548-7050
Richard L. Watson	Austin	(512) 462-2579
Steve McCraw	Austin	(512) 424-2140
Mark Wilson	Fort Worth	(817) 871-6500
Kenneth Ross	Houston	(409) 938-8591
Margaret "Jerry" Wright	El Paso	(915) 778-7500
Linda W. Kinney	Dripping Springs	(512) 858-4736

#### Aviation Advisory Committee

*(Members appointed by the Texas Transportation Commission and serve at the pleasure of the commission)*

Gordon B. Richardson, Chairman	Caldwell	(979) 567-3003
Peter C. Huff, Vice Chairman	McKinney	(972) 562-7450
Robert H. Bruce	Boerne	(830) 981-2345
Joe Crawford	Abilene	(325) 671-8013
Greg Jones	The Woodlands	(281) 419-1271

#### Bicycle Advisory Committee

*(Members appointed by the Texas Transportation Commission and serve staggered terms)*

Tommy Eden	Austin	(512) 440-1433
Sheila Holbrook-White	Austin	(512) 699-8136
Annie Melton	Dallas	(214) 828-2144
Regina Garcia	Houston	(713) 522-9306
Margaret Charlesworth	San Angelo	(325) 486-1920
Howard Peak	San Antonio	(210) 351-3309
Annie-Marie Williamson	Wichita Falls	(940) 642-5868

#### Border Trade Advisory Committee

*(Members appointed by the Texas Transportation Commission to serve staggered terms)*

Raul Salinas	Laredo	(956) 791-7400
Angie Garza	La Joya	(956) 789-8374
Chris Boswell	Harlingen	(956) 428-9191
Pat Ahumada	Brownsville	(956) 453-3695
John Cook	El Paso	(915) 541-4145
Jimmy Goates	Odessa	(432) 367-8907
Jesse Medina	Pharr	(956) 781-1263



Pete Sepulveda, Jr.	Cameron County	(956) 982-5414
George Ramon	McAllen	(956) 843-2471
Jose F. Galvan	Brownsville	(956) 548-2415
Sam R. Sparks	Progreso	(956) 565-6361
Sam F. Vale	Rio Grande City	(956) 487-5606
Bill Ruth	El Paso	(915) 832-4101
Said Larbi-Cherif	El Paso	(915) 858-4673
Michael O'Toole	Austin	(512) 416-2240
Robert Harrison	Austin	(512) 232-3113
Rafael M. Aldrete	El Paso	(915) 532-3759
David Allex	Harlingen	(956) 425-6199
Efrain Valdez	Del Rio	(830) 774-8558
Chad Foster	Eagle Pass	(830) 773-1111
Rosalva Guerra	Zapata	(956) 765-9920
Bill Summers	Weslaco	(956) 968-3141
Judy Hawley	Corpus Christi	(361) 643-7469
Hope Andrade	Presiding Officer	(512) 463-5770
Eddie Aldrete	San Antonio	(210) 518-2516
Jorge Canavati	San Antonio	(210) 362-7814
Roger Creery	Laredo	(956) 722-0563

**Port Authority Advisory Committee**

*(Members appointed by the Texas Transportation Commission to three-year staggered terms)*

Wade M. Battles, Chair	Port of Houston	(713) 670-2400
John P. LaRue	Port of Corpus Christi Authority	(361) 882-5633
Michael G. Wilson	Port Mansfield/Willacy County	(800) 663-5707
David C. Fisher	Port of Beaumont	(409) 835-5367
Eduardo A. Campirano	Port of Brownsville	(956) 831-4592
AJ "Pete" Reixach Jr.	Port of Freeport	(979) 233-2667
Gene Bouillion	Port of Orange	(409) 883-4363

**Public Transportation Advisory Committee**

*(Members appointed by the Texas Transportation Commission)*

Fred Gilliam, Chair	Austin	(512) 389-7425
Al Abeson	Fort Worth	(512) 374-5247
Michelle Bloomer	Arlington	(817) 608-2329
Frank Castellanos	Brownsville	(956) 548-6700
Janet Everheart	Lamesa	(806) 872-8354
Kari Hackett	Houston	(713) 993-4576
Donna Halstead	Dallas	(214) 653-1031
Vince Huerta	El Paso	(915) 532-3415
Claudia Langguth	Austin	(512) 689-6303
Mark Maddy	Brownsville	(956) 546-5226
J.R. Salazar	Coleman	(325) 625-4491

**TxDOT Corridor Advisory Committees**

*(On March 27, 2008, the Texas Transportation Commission approved the selection of members to serve on two citizens Advisory Committees. The Corridor Advisory Committees represent a cross-section of community and business leaders, land owners, local transportation experts and other interested parties. Each Committee will advise the Texas Department of Transportation in the planning of two priority corridors, Interstate 35 and Interstate 69. The committees will study and prepare reports on the impacts of corridor development, including economic, political, societal, population trends; the use of existing, new and upgraded facilities; road and rail solutions; and financing options).*

**Interstate 35 Corridor Advisory Committee**

Steve Bonnette	San Antonio	(210) 375-9000
Tim Brown	Belton	(254) 933-5102
Maria Elena Camarillo	San Antonio	(512) 475-2134
William Conley	Fort Worth	(817) 923-9880
Sheila Cox	Gainesville	(512) 475-2134
John Erwin	Hillsboro	(254) 582-3271
Don Greene	Lorena	(254) 710-2361
Leslie Bender Jutzi	Grand Prairie	(512) 475-2134
Tom Krampitz	Dallas	(817) 528-5475
Peter LeCody	Coppell	(214) 803-7285
Karen Marstaller	Waco	(512) 475-2134
Ross Milloy	Austin	(512) 558-7360
Susan Narvaiz	San Marcos	(512) 393-8085
Donna Parker	Fort Worth	(817) 735-7100
Raul Perales	Laredo	(956) 791-5000
Charmaine Seymour	Georgetown	(512) 372-2304
Chris Steuart	Saginaw	(817) 232-4220
Lana Wolff	Arlington	(817) 459-6141

**Interstate 35 Segment Committee One**

Kenneth Barr	Tarrant County	(512) 475-2134
Bruce Beaty	Rockwall County	(512) 475-2134
Mark Burroughs	Denton	(940) 349-8200
Ray Clark	Kaufman County	(972) 564-4054
William L. Conley, Jr.	North Texas Commission	(512) 475-2134
Chad Davis	Wise County	(940) 627-2342
Robert Hanna	Weatherford	(512) 475-2134
Greg Hirsch	Dallas County	(512) 475-2134
Gary Hollowell	Cooke County	(940) 668-5433
John L. Horn	Hunt County	(512) 475-2134
Sheffield Kadane	Dallas	(214) 670-4069
Jeffrey C. Neal	North Central Texas Council of Govt.	(817) 608-2345
John Polster	Denton County	(512) 475-2134
Mark Riley	Parker County	(817) 598-6148
Keith Self	Collin County	(972) 548-4631
Kenneth Sicking	Texas Farm Bureau	(512) 475-2134
Barry L. Sullivan	Gainesville	(940) 668-4500
Cinde Weatherby	Forth Worth	(817) 392-8474
Bill Whitfield	McKinney	(972) 547-7500

Robert H. Wood Sherman/Denison MPO Grayson (512) 475-2134  
County Rockwall

**Interstate 35 Segment Committee Two**

Kenneth Barr Tarrant County (512) 475-2134  
 Don Beeson Johnson County (817) 556-6300  
 John C. Brunk Dallas (214) 670-3738  
 Richard Cortese Bell County (254) 933-5105  
 Wendall Crunk McLennan County (254) 757-5000  
 Russell Devorsky Waco MPO (254) 799-2436  
 Rob Franke, P.E. Dallas County (972) 291-8450  
 Wayne Gent Kaufman County (972) 932-4331  
 Leonard Heathington Hood County (817) 579-3200  
 Tony Jeter Temple (254) 773-2181  
 William A. Jones, III Killeen/Temple Urban Transportation Study (512) 475-2134  
 Barbra Leftwich Ellis County (972) 741-7135  
 Jeffrey C. Neal North Central Texas Council of Governments (817) 608-2345  
 W. Gwynn Orr Hill County (512) 475-2134  
 Marc Scott Texas Farm Bureau (952) 475-2134  
 Steven Sharp Falls County (254) 883-1426  
 David Smith Waxahachie (512) 475-2134  
 Cinde Weatherby Fort Worth (817) 392-8474

**Interstate 35 Segment Committee Three**

Joseph Cantalupo Capital Area MPO (512) 974-6441  
 Marilynn Dierschke Texas Farm Bureau (512) 475-2134  
 Trey Fletcher Pflugerville (512) 475-2134  
 Atlee Fritz Seguin (512) 475-2134  
 Dan A. Gattis Williamson County (512) 943-1550  
 Joe Gieselman Travis County (512) 854-9383  
 Bill Jones Guadalupe County (512) 475-2134  
 Amy Madison Greater San Marcos Economic Develop. Corp. (512) 393-5907  
 Neto Madrigal Caldwell County (512) 398-1808  
 Gabe Sansing Georgetown (512) 863-5554  
 Danny Scheel Comal County (830) 620-5505  
 Rod Smith New Braunfels Chamber of Commerce (512) 431-6512  
 Julie Sommerfeld Bastrop County (512) 581-4012  
 Robert Spillar, P. E. Austin (512) 974-2488  
 Elizabeth Sumter Hays County (512) 393-2205  
 Phil Tate Manor (512) 272-5555  
 William Weeper San Antonio/Bexar County MPO (512) 475-2134  
 Thomas E. Word, Jr., P.E. Round Rock (512) 218-5555

**Interstate 35 Segment Committee Four**

Tommy Adkisson San Antonio/Bexar County MPO (210) 335-2011  
 Majed A. Al-Ghafry San Antonio (210) 207-8025  
 Leroy Alves Seguin Chamber of Commerce (512) 475-2134  
 Diana J. Bautista Atascosa County (830) 769-3093  
 Kelly Carroll Medina County (512) 475-2134

Kevin Connor	South San Antonio Chamber of Commerce	(210) 403-5545
Liza Gonzalez	Greater San Antonio Chamber of Commerce	(210) 229-2162
Rosalva Guerra	Zapata County	(512) 475-2134
Gene Ann Herrin	Seguin	(830) 372-2979
Harvey Hild	Guadalupe County	(512) 475-2134
Ralph L. Morgan	Frio County	(830) 334-0088
Kathy Palmer	St. Hedwig	(512) 475-2134
Ray Pfannstiel	Texas Farm Bureau	(512) 475-2134
Marvin Quinney	Wilson County	(830) 393-7303
Joel Rodriguez	La Salle County	(830) 879-4430
Keith Selman	Webb County	(956) 794-1612
Keith Selman	Laredo Urban Transportation Study	(956) 794-1612
Keith Selman	Laredo	(956) 794-1612
<b>Interstate 69 Corridor Advisory Committee</b>		
Nolan Alders	Nacogdoches	(512) 463-1670
Will Armstrong	Victoria	(361) 485-3000
James Carlow	New Boston	(903) 628-6718
Alan Clark	Houston	(713) 627-3200
Carbett "Trey" Duhon	Waller	(936) 931-9627
Jim Edmonds	Houston	(713) 670-2629
David Garza	San Benito	(956) 361-8209
Jim Gonzales	Richmond	(281) 342-5456
Jack Gordon	Lufkin	(936) 634-8881
Judy Hawley	Portland	(512) 463-1670
Cynthia Lelelo	Marshall	(903) 923-3323
James McAllen	Edinburg	(512) 463-1670
Arnold Saenz	Alice	(361) 668-5706
David Silva	Beeville	(361) 362-3260
Chandra Spenrath	El Campo	(979) 543-6727
Steve Stewart	Houston	(713) 747-4909
Bill Summers	Weslaco	(956) 968-3141
John Thompson	Livingston	(936) 327-6813
<b>Interstate 69 Segment Committee One</b>		
Jerry Huffman	Angelina County	(512) 463-1670
Robert Murray	Bowie County	(512) 463-1670
Vacant	Cass County	(512) 463-1670
Richard Anderson	Harrison County	(512) 463-1670
Phil Parker	Marion County	(512) 463-1670
Joe English	Nacogdoches County	(936) 560-7755
David Anderson	Panola County	(512) 463-1670
Bob Barton	Rusk County	(512) 463-1670
Vacant	Shelby County	(512) 463-1670
Karen Owen	Longview MPO	(903) 237-1062
Brad McCaleb	Texarkana MPO	(512) 463-1670
Charles Wilcox	Atlanta	(512) 463-1670
Charles Thomas	Carthage	(903) 754-1381

Bill Brown	Jefferson	(903) 665-3148
Philip M. Medford	Lufkin	(936) 632-6661
Jim Jeffers	Nacogdoches	(936) 559-2501
William Holley	Tenaha	(936) 248-2543
Jerry Sparks	Texarkana	(512) 463-1670
James Greer	Marshall	(903) 935-8402
William Cork	Red River Redevelopment Authority	(903) 223-9841
Michael Meador	Texas Farm Bureau	(512) 463-1670

**Interstate 69 Segment Committee Two**

Jerry Huffman	Angelina County	(512) 463-1670
Don Brandon	Chambers County	(512) 463-1670
Kim Icenhower	Fort Bend County	(512) 463-1670
Ed Emmett	Harris County	(512) 463-1670
Phil Fitzgerald	Liberty County	(512) 463-1670
Andy Dill	Montgomery County	(512) 463-1670
Jay Snook	Polk County	(512) 463-1670
Royce Wells	San Jacinto	(512) 463-1670
Ashby Johnson	Houston-Galveston Area Council	(512) 463-1670
Lloyd Kirkham	Cleveland	(512) 463-1670
Grimes Fortune	Corrigan	(936) 398-4126
Bill Brown	Diboll	(936) 829-3342
Douglas W. Spruill	Humble	(281) 539-7320
Michael Kramer	Houston	(512) 463-1670
Clarke Evans	Livingston	(936) 327-5736
Vacant	Shepherd	(512) 463-1670
Michael Jacobs, Jr.	Splendora	(512) 463-1670
Jim Wehmeier	Lufkin/Angelina Economic Dev. Corp.	(936) 633-0221
Kelly Ritch	Polk County Economic & Industrial Development Corporation	(512) 463-1670
Spencer Chambers	Port of Houston Authority	(512) 463-1670
Tom Paben	Texas Farm Bureau	(512) 463-1670

**Interstate 69 Segment Committee Three**

Laura Fischer	Bee County	(512) 463-1670
Joe King	Brazoria County	(512) 463-1670
Lane Ward	Fort Bend County	(512) 463-1670
Mike Fitzgerald	Galveston County	(512) 463-1670
Vacant	Goliad County	(512) 463-1670
Ed Emmett	Harris County	(512) 463-1670
Leonard Anzaldua	Refugio County	(512) 463-1670
Donald Pozzi	Victoria County	(512) 463-1670
John Murrile	Wharton County	(512) 463-1670
Patricia Waskowiak	Houston-Galveston Area Council	(512) 463-1670
Ray Miller	Victoria MPO	(512) 463-1670
Santiago "Jimmy" Martinez	Beeville	(361) 358-4641
Joe D. Hermes	Edna	(361) 782-3529
Phillip Spenrath	El Campo	(979) 541-9638
Ric Tinney	Goliad	(361) 722-9067
Michael Kramer	Houston	(512) 463-1670

Ray Jaso	Refugio	(361) 526-5361
D. Dale Fowler	Victoria	(361) 485-3190
Domingo Montalvo, Jr.	Wharton	(979) 532-2491
Spencer Chambers	Port of Houston Authority	(512) 463-1670
Tony Rigdon	Port of Victoria	(512) 463-1670
Stephen Gertson	Texas Farm Bureau	(979) 758-4909

**Interstate 69 Segment Committee Four**

Raul Ramirez	Brooks County	(361) 325-5410
Edna Tamayo	Cameron County	(512) 463-1670
Joseph Phillips	Hidalgo County	(956) 318-2600
Susan Durham	Jim Wells County	(512) 463-1670
Louis E. Turcotte, III	Kenedy County	(512) 463-1670
Vacant	Kleberg County	(512) 463-1670
Vacant	Live Oak County	(512) 463-1670
Ralph Coker	Nueces County	(512) 463-1670
Terry Simpson	San Patricio County	(512) 463-1670
Vacant	Willacy County	(512) 463-1670
Eddy Hernandez	Brownsville MPO	(512) 463-1670
Tom Niskala	Corpus Christi MPO	(512) 463-1670
Pat Liston	Harlingen-San Benito MPO	(956) 216-5240
Angie Garza	Hidalgo County MPO	(512) 463-1670
Charlie Cardenas	Corpus Christi	(361) 826-3552
Wesley Jacobs	Falfurrias	(361) 325-2420
Anne Shepard	Harlingen	(512) 463-1670
Stanley Laskowski	Kingsville	(512) 463-1670
Tecló J. Garcia	McAllen	(956) 681-1001
Bill Card	Lower Rio Grande Partnership	(956) 428-6003
Sergio T. Lopez	Port of Brownsville	(956) 838-1252
Frank Brogan	Port of Corpus Christi	(361) 885-6133
Troy Nedbalek	Texas Farm Bureau	(361) 813-9490

**Interstate 69 Segment Committee Five**

Roberto Elizondo	Duval County	(512) 463-1670
L. Arnold Saenz	Jim Wells County	(361) 668-5706
Vacant	Live Oak County	(512) 463-1670
Adolph Poenisch	McMullen County	(830) 784-3251
Tim Clower	Nueces County	(361) 880-4111
Terry Simpson	San Patricio	(512) 463-1670
Keith Selman	Webb County	(956) 794-1612
Rosalva Guerra	Zapata County	(512) 463-1670
Terry Arnold	Corpus Christi MPO	(512) 463-1670
Keith Selman	Laredo Urban Transportation Study	(956) 794-1612
Rito Silva	Alice	(361) 664-2981
Nelda Martinez	Corpus Christi	(512) 463-1670
Arnoldo Cantu	Freer	(361) 394-5201
Vacant	Robstown	(512) 463-1670
Sylvia Steele	George West	(512) 463-1670
Keith Selman	Laredo	(956) 794-1612
Vacant	Corpus Christi Chamber of Commerce	(512) 463-1670

Josephine Miller	San Patricio Economic Develop. Corp.	(361) 643-4744
Richard Borchard	Port of Corpus Christi	(512) 619-2544
Vacant	Port of Laredo	(512) 463-1670
Pearson Knolle	Texas Farm Bureau	(361) 813-6551

**Administration**

*(All are in the 512 area code unless otherwise noted)*

Executive Director	Amadeo Saenz, Jr., P.E.	305-9501
Deputy Executive Director	Steven E. Simmons, P.E.	305-9502
Chief Financial Officer	James M. Bass	305-9507

Assistant Executive Directors

• District Operations	David B. Casteel, P. E.	305-9503
• Engineering Operations	John A. Barton, P.E	305-9504
• Innovative Project Development	Vacant	305-9505
• Support Operations	Edward S. Serna	305-9506

**Division Directors**

*(All divisions are in the 512 area code)*

Auto Burglary and Theft Prevention Authority	Charles Caldwell	374-5101
Aviation	David S. Fulton	416-4501
Bridge	David P. Hohmann, P. E.	416-2210
Construction	Thomas Bohuslav, P.E.	416-2559
Design	Mark A. Marek, P.E.	416-2653
Environmental Affairs	Dianna F. Noble, P.E.	416-2734
Finance	Brian Ragland	486-5555
General Services	Scott Burford	302-2401
Government and Public Affairs	Coby Chase	463-1620
Human Resources	George A. Ebert	486-5304
Maintenance	Toribio Garza, Jr., P.E.	416-3048
Motor Carrier	Carol Davis	465-3559
Motor Vehicle	Brett Bray	416-4899
Occupational Safety	Edwin M. Sims	416-3385
Public Transportation	Eric Gleason	374-5233
Right of Way	John P. Campbell, P.E.	416-2918
Technology Services	Judy B. Skeen, P.E.	465-7491
Traffic Operations	Carol T. Rawson, P.E. (Interim)	416-3200
Transportation Planning and Programming	James L. Randall, P.E.	486-5003
Travel	Doris Howdeshell	486-5900
Turnpike Authority	Mark E. Tomlinson, P. E.	936-0903
Vehicle Titles and Registration	Rebecca Davio	465-7570

**Office Directors**

*(All offices are in the 512 area code)*

Audit	Owen Whitworth	463-8637
Civil Rights	Jesse W. Ball, Jr.	475-3117
General Counsel	Bob Jackson	463-8630
Internal Compliance Program	Steve E. Simmons, P. E. (Interim)	305-9502
Research and Technology Implementation	Rick Collins, P.E.	465-7632

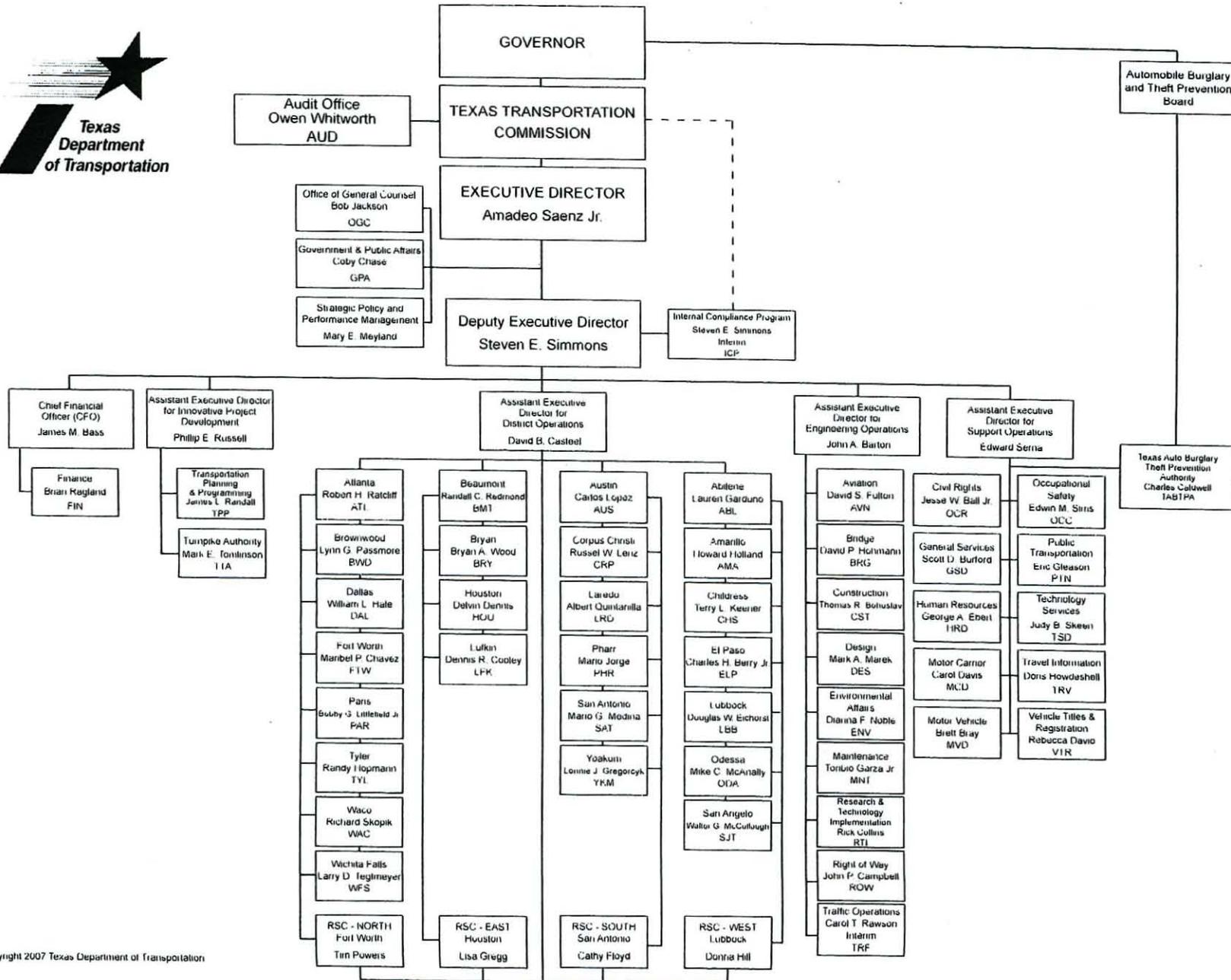
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**District Engineers**

Abilene	Lauren Garduno, P. E.	(325) 676-6802
Amarillo	Howard Holland, P. E.	(806) 356-3201
Atlanta	Robert H. Ratcliff, P.E.	(903) 799-1220
Austin	Carlos Lopez, P.E.	(512) 832-7022
Beaumont	Randall C. Redmond, P. E.	(409) 898-5731
Brownwood	Lynn G. Passmore, P.E.	(915) 643-0411
Bryan	Bryan A. Wood, P.E.	(979) 778-9611
Childress	Terry L. Keener, P.E.	(940) 937-7145
Corpus Christi	Russel W. Lenz, P. E.	(361) 808-2275
Dallas	William L. Hale, P.E.	(214) 320-6110
El Paso	Charles H. Berry, Jr., P.E.	(915) 790-4204
Fort Worth	Maribel P. Chavez, P.E.	(817) 370-6512
Houston	Delvin Dennis, P. E.	(713) 802-5001
Laredo	Albert Quintanilla, P.E.	(956) 712-7410
Lubbock	Douglas W. Eichorst II, P. E.	(806) 748-4419
Lufkin	Dennis R. Cooley, P.E.	(936) 633-4321
Odessa	Mike C. McAnally, P. E.	(432) 498-4711
Paris	Bobby G. Littlefield, Jr., P.E.	(903) 737-9206
Pharr	Mario R. Jorge, P.E.	(956) 702-6100
San Angelo	Walter G. McCullough, P. E.	(325) 947-9200
San Antonio	Mario G. Medina, P. E.	(210) 615-5801
Tyler	Randy C. Hopmann, P. E.	(903) 510-9100
Waco	Richard J. Skopik, P.E.	(254) 867-2700
Wichita Falls	Larry D. Tegtmeyer, P.E.	(940) 720-7700
Yoakum	Lonnie J. Gregorcyk, P.E.	(361) 293-4332

August 31, 2009

\*\*\* UNAUDITED \*\*\*



# Schedules



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**Schedule 1A**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year Ended August 31, 2009**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through From			Direct Program Amount
		Agency Number	State Entities	Other Entities	
		\$	\$	\$	
<b><u>Federal Aviation Administration (FAA):</u></b>					
Pass-Through Funds to Other Entities:					
Airport Improvement Program - ARRA	20.106				1,019,157
Airport Improvement Program	20.106				71,695,637
Total FAA:			0	0	72,714,794
<b><u>Federal Motor Carrier Safety Administration:</u></b>					
Direct Program:					
Performance/Registration Information Systems Management	20.231				51,675
Border Enforcement Grants	20.233				2,877
Safety Data Improvement Program	20.237				176,492
Total Federal Motor Carrier Safety Administration:			0	0	231,044
<b><u>Federal Transit Administration (FTA):</u></b>					
Direct Program:					
Formula Grants For Other Than Urbanized Areas	20.509				1,187,896
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513				687,547
State Planning and Research	20.515				406,803
Job Access: Reverse Commute	20.516				99,594
New Freedom Program Grants	20.521				48,855
Pass-Through Funds to Other Entities:					
Federal Transit Capital Investment Grants	20.500				3,964,814
Federal Transit Metropolitan Planning Grants	20.505				6,058,439
Formula Grants For Other Than Urbanized Areas - ARRA	20.509				3,117,873
Formula Grants For Other Than Urbanized Areas	20.509				29,126,103
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513				6,504,563
State Planning and Research	20.515				1,060,483
Job Access: Reverse Commute	20.516				2,773,069
New Freedom Program Grants	20.521				1,198,009
Total FTA:			0	0	56,234,048
<b><u>General Services Administration (GSA):</u></b>					
Pass-Through Funds:					
Donation of Federal Surplus Personal Property (NON-MONETARY)					
Pass-Through from Texas Facilities Commission	39.003	303	20,970		
Total GSA:			20,970	0	0
<b><u>Environmental Protection Agency (EPA):</u></b>					
Pass-Through Funds:					
Performance Partnership Grants					
Pass-Through from Texas Comm. On Environmental Quality	66.605	582	100,000		
Total EPA:			100,000	0	0
<b><u>Department of Homeland Security (DHS):</u></b>					
Pass-Through Funds:					
Public Assistance Grants					
Pass-Through from Texas Dept. of Public Safety	97.036	405	1,360,948		
Total DHS:			1,360,948	0	0

Total Pass-Through From and Direct Program	Pass-Through To			Expenditures	Total Pass-Through To and Expenditures Amount
	Agency Number	State Entities	Other Entities		
\$	\$	\$	\$	\$	\$
1,019,157			1,019,157		1,019,157
71,695,637			71,695,637		71,695,637
<u>72,714,794</u>	<u>0</u>	<u>0</u>	<u>72,714,794</u>	<u>0</u>	<u>72,714,794</u>
51,675			51,675		51,675
2,877			2,877		2,877
176,492			176,492		176,492
<u>231,044</u>	<u>0</u>	<u>0</u>	<u>231,044</u>		<u>231,044</u>
1,187,896			1,187,896		1,187,896
687,547			687,547		687,547
406,803			406,803		406,803
99,594			99,594		99,594
48,855			48,855		48,855
3,964,814			3,964,814		3,964,814
6,058,439			6,058,439		6,058,439
3,117,873			3,117,873		3,117,873
29,126,103			29,126,103		29,126,103
6,504,563			6,504,563		6,504,563
1,060,483			1,060,483		1,060,483
2,773,069			2,773,069		2,773,069
1,198,009			1,198,009		1,198,009
<u>56,234,048</u>	<u>0</u>	<u>0</u>	<u>53,803,353</u>	<u>2,430,695</u>	<u>56,234,048</u>
20,970			20,970		20,970
<u>20,970</u>	<u>0</u>	<u>0</u>	<u>20,970</u>		<u>20,970</u>
100,000			100,000		100,000
<u>100,000</u>	<u>0</u>	<u>0</u>	<u>100,000</u>		<u>100,000</u>
1,360,948			1,360,948		1,360,948
<u>1,360,948</u>	<u>0</u>	<u>0</u>	<u>1,360,948</u>		<u>1,360,948</u>

- Continued on Next Page

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**Year Ended August 31, 2009**

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>Medicaid Cluster:</i>					
<i>Department of Health and Human Services (HHS):</i>					
Pass-Through Funds:					
Medical Assistance Program					
Pass-Through from Texas Health and Human Services Comm.	93.778	529	35,562		
Total HHS:			35,562	0	0
<i>Federal Transit Cluster:</i>					
<i>Federal Transit Administration (FTA):</i>					
Pass-Through Funds to Other Entities:					
Federal Transit Formula Grants	20.507				192,695
Total FTA:			0	0	192,695
<i>Highway Planning and Construction Cluster:</i>					
<i>Federal Highway Administration (FHWA):</i>					
Direct Program:					
Highway Planning and Construction - ARRA	20.205				109,200,139
Highway Planning and Construction	20.205				2,378,986,920
Pass-Through Funds:					
Highway Planning and Construction					
Prairie View A & M University	20.205				35,659
University of Texas - Austin	20.205				20,467
Texas A & M University - Corpus Christi	20.205				5,327
Pass-Through to Other Entities	20.205				124,363,127
Total FHWA:			0	0	2,612,611,639
<i>Department of Transportation (DOTS):</i>					
Direct Program:					
Highway Planning and Construction	20.205				651,499
Total DOTS:			0	0	651,499
<i>Highway Safety Cluster:</i>					
<i>National Highway Traffic Safety Admin. (NHTSA):</i>					
Direct Program:					
Occupant Protection Incentive Grants	20.602				534,997
State Traffic Safety Information System Improvement Grants	20.610				421,153
NHTSA Discretionary Safety Grants	20.614				162,215
Pass-Through Funds:					
State and Community Highway Safety Program					
Texas Department of Public Safety	20.600				85,053
Texas Alcoholic Beverage Commission	20.600				71,848
Texas Department of State Health Services	20.600				1,287,457
Texas Cooperative Extension	20.600				26,297
Texas Education Agency	20.600				12,723
Texas A & M Engineering Extension Service	20.600				1,129,545
Texas Transportation Institute	20.600				1,426,124
Sam Houston State University	20.600				124,615
University of Houston - Downtown	20.600				117,220

Total Pass-Through From and Direct Program	Pass-Through To			Expenditures	Total Pass-Through To and Expenditures Amount
	Agency Number	State Entities	Other Entities		
\$	\$	\$	\$	\$	\$
35,562				35,562	35,562
<u>35,562</u>		<u>0</u>	<u>0</u>	<u>35,562</u>	<u>35,562</u>
192,695					192,695
<u>192,695</u>		<u>0</u>	<u>192,695</u>	<u>0</u>	<u>192,695</u>
109,200,139				109,200,139	109,200,139
2,378,986,920				2,378,986,920	2,378,986,920
35,659	715	35,659			35,659
20,467	721	20,467			20,467
5,327	760	5,327			5,327
124,363,127			124,363,127		124,363,127
<u>2,612,611,639</u>		<u>61,453</u>	<u>124,363,127</u>	<u>2,488,187,059</u>	<u>2,612,611,639</u>
651,499				651,499	651,499
<u>651,499</u>		<u>0</u>	<u>0</u>	<u>651,499</u>	<u>651,499</u>
534,997				534,997	534,997
421,153				421,153	421,153
162,215				162,215	162,215
85,053	405	85,053			85,053
71,848	458	71,848			71,848
1,287,457	537	1,287,457			1,287,457
26,297	555	26,297			26,297
12,723	701	12,723			12,723
1,129,545	716	1,129,545			1,129,545
1,426,124	727	1,426,124			1,426,124
124,615	753	124,615			124,615
117,220	784	117,220			117,220

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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**Year Ended August 31, 2009**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through From			Direct Program Amount
		Agency Number	State Entities	Other Entities	
		\$	\$	\$	
Alcohol Impaired Driving Countermeasures Incentive Grants					
Texas Alcoholic Beverage Commission	20.601				67,472
Texas Transportation Institute	20.601				377,277
Sam Houston State University	20.601				306,093
Texas State University	20.601				227,890
Texas A & M University - Corpus Christi	20.601				41,778
University of Houston - Downtown	20.601				58,550
Occupant Protection Incentive Grants					
Texas Transportation Institute	20.602				69,855
Safety Belt Performance Grants					
Texas Department of Public Safety	20.609				1,522,014
Texas Cooperative Extension	20.609				241,212
Texas Education Agency	20.609				110,000
Texas A & M Engineering Extension Service	20.609				217,124
Texas Transportation Institute	20.609				348,548
University of Texas - San Antonio Health Science Center	20.609				31,247
Texas A & M University - Corpus Christi	20.609				88,820
Incentive Grant Program to Increase Motorcyclist Safety					
Texas Transportation Institute	20.612				290,971
Pass-Through to Other Entities					
State and Community Highway Safety Program	20.600				16,042,279
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601				3,521,812
Occupant Protection Incentive Grants	20.602				2,600,429
Safety Belt Performance Grants	20.609				6,169,150
State Traffic Safety Information System Improvement Grants	20.610				446,656
Total NHTSA:		0	0		38,178,424
Total Other Clusters		35,562	0		2,651,634,257
<b>TOTAL FEDERAL ASSISTANCE</b>		<b>\$ 1,517,480</b>	<b>\$ 0</b>	<b>\$</b>	<b>2,780,814,143</b>

Total Pass-Through From and Direct Program	Pass-Through To			Expenditures	Total Pass-Through To and Expenditures Amount
	Agency Number	State Entities	Other Entities		
\$	\$	\$	\$	\$	\$
67,472	458	67,472			67,472
377,277	727	377,277			377,277
306,093	753	306,093			306,093
227,890	754	227,890			227,890
41,778	760	41,778			41,778
58,550	784	58,550			58,550
69,855	727	69,855			69,855
1,522,014	405	1,522,014			1,522,014
241,212	555	241,212			241,212
110,000	701	110,000			110,000
217,124	716	217,124			217,124
348,548	727	348,548			348,548
31,247	745	31,247			31,247
88,820	760	88,820			88,820
290,971	727	290,971			290,971
16,042,279			16,042,279		16,042,279
3,521,812			3,521,812		3,521,812
2,600,429			2,600,429		2,600,429
6,169,150			6,169,150		6,169,150
446,656			446,656		446,656
<u>38,178,424</u>		<u>8,279,733</u>	<u>28,780,326</u>	<u>1,118,365</u>	<u>38,178,424</u>
<u>2,651,669,819</u>		<u>8,341,186</u>	<u>153,336,148</u>	<u>2,489,992,485</u>	<u>2,651,669,819</u>
<u>\$ 2,782,331,623</u>		<u>\$ 8,341,186</u>	<u>\$ 279,854,295</u>	<u>\$ 2,494,136,142</u>	<u>\$ 2,782,331,623</u>

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Concluded) Year Ended August 31, 2009

### Note 1 - Nonmonetary Assistance

The "Donation of Federal Surplus Personal Property" is presented at 23.3% of the federal acquisition cost of \$ 90,000. 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 value for fiscal year 2009 is \$20,970. The difference of the values of the surplus property recorded on the federal schedule and Exhibit II (Federal Revenues) is a reconciling item below.

### Note 2 - Reconciliation

Per Combined Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities - Governmental Funds (Exh. II) :

Federal Revenues before Other Adjustments (Exh. II)	\$2,780,814,143
Federal Pass Through Revenues (Exh. II)	<u>1,496,510</u>
Subtotal	<u>\$2,782,310,653</u>
Reconciling Items:	
Federal Surplus Personal Property Donation (Non-Monetary)	<u>20,970</u>
Total Pass-Through and Expenditures per Federal Schedule	<u><u>\$2,782,331,623</u></u>

### Note 7 - Federal Deferred Revenue

Federal Deferred Revenue 9/1/08	\$14,757,984
Increase ( Decrease)	<u>6,236,042</u>
Federal Deferred Revenue 8/31/09	<u><u>\$20,994,026</u></u>

\$20,670,360 of the federal deferred revenue ending balance of \$20,994,026 pertains to federal expenditures which were incurred and are reimbursable from the Federal Highway Administration but the federal revenue is not collectable within the next fiscal year. Federal CFDA number 20.205 applies to this \$20,670,360. \$323,666 of the federal deferred revenue ending balance of \$20,994,026 pertains to Build America Bond deferred revenue. There is no CFDA number associated with Build America Bond revenue.

## Schedule 1B

### SCHEDULE OF STATE PASS-THROUGH GRANTS FROM/TO STATE AGENCIES Year Ended August 31, 2009

**Pass-Through To:**

Texas Automobile Theft Prevention Authority Grants	
Texas Department of Public Safety (Agency #405)	\$ 147,316
Texas Department of Criminal Justice (Agency #696)	57,526
Public Transportation Grants	
Texas Workforce Commission (Agency #320)	1,590,800
Public Transportation Grants	
Texas A&M University (Agency #711)	<u>3,908</u>
Total Pass-Through To Other Agencies -Per Exhibit II	<u>\$ 1,799,550</u>

## SCHEDULE 2A

### Miscellaneous Bond Information For the Fiscal Year Ended August 31, 2009

#### Governmental Activities

Description of Issue	Bonds Issued to Date	Range of Interest Rates		Scheduled Maturities		First Call Date
				First Year	Last Year	
<b>General Obligation Bonds</b>						
Series 2005-A Fixed Rate Bonds (Serial and Term)	\$900,000,000	3.90%	5.00%	2006	2035	4/1/2015
Series 2005-B Variable Rate Bonds	100,000,000	variable		2030	2030	4/1/2006
Series 2006 Fixed Rate Bonds (Serial and Term)	750,000,000	3.625%	5.00%	2007	2036	4/1/2016
Series 2006-A Fixed Rate Bonds (Serial and Term)	1,040,275,000	4.00%	5.00%	2007	2035	4/1/2017
Series 2006-B Variable Rate Bonds	150,000,000	variable		2035	2036	4/1/2007
Series 2007 Fixed Rate Bonds (Serial and Term)	1,006,330,000	4.00%	5.00%	2008	2037	4/1/2017
Series 2008 Fixed Rate Bonds	1,100,000,000	4.00%	5.00%	2009	2030	4/1/2018
Series 2009A Fixed Rate Bonds	1,208,495,000	5.517%	5.367%	2020	2039	*
<b>Revenue Bonds</b>						
Series 2006 Fixed Rate Bonds	600,000,000	4.00%	5.00%	2007	2026	4/1/2016
Series 2006-A Fixed Rate Bonds	852,550,000	4.00%	5.25%	2008	2025	4/1/2016
Series 2006-B Variable Rate Bonds	100,000,000	variable		2025	2026	4/1/2007
Series 2007 Fixed Rate Bonds	1,241,845,000	4.00%	5.00%	2009	2027	4/1/2017
Series 2008 Fixed Rate Bonds	162,995,000	3.50%	5.25%	2010	2028	4/1/2018
<b>TOTAL</b>	<b>\$9,212,490,000</b>					

\* The Series 2009A Fixed Rate Bonds are subject to redemption prior to their respective maturities at the option of the Commission.

#### Business-Type Activities

Description of Issue	Bonds Issued to Date	Range of Interest Rates		Scheduled Maturities		First Call Date
				First Year	Last Year	
<b>Revenue Bonds</b>						
<b>First Tier Revenue Bonds Series 2002 - A</b>						
Non-Callable Capital Appreciation Bonds	\$338,177,790	4.47%	5.75%	2012	2030	n/a
Callable Capital Appreciation Bonds	185,122,310	6.00%	6.10%	2025	2038	8/15/2012
Current Interest Bonds	707,875,000	5.00%	5.75%	2038	2042	8/15/2012
<b>First Tier Revenue Refunding Put Bonds Series 2009</b>	<b>149,275,000</b>	<b>5.00%</b>		<b>2042</b>	<b>2042</b>	<b>2/15/2011</b>
<b>TOTAL</b>	<b>\$1,380,450,100</b>					



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## SCHEDULE 2B

### Changes in Bonded Indebtedness

### For the Fiscal Year Ended August 31, 2009

**Governmental Activities**

Description of Issue	Bonds Outstanding 9/1/2008	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2009
<b>General Obligation Bonds:</b>					
Series 2005-A Fixed Rate Bonds (Serial & Term)	\$849,935,000		\$15,415,000		\$834,520,000
Series 2005-B Variable Rate Bonds	91,275,000		2,890,000		88,385,000
Series 2006 Fixed Rate Bonds (Serial & Term)	719,375,000		12,860,000		706,515,000
Series 2006-A Fixed Rate Bonds (Serial & Term)	1,040,080,000		375,000		1,039,705,000
Series 2006-B Variable Rate Bonds	150,000,000				150,000,000
Series 2007 Fixed Rate Bonds (Serial & Term)	1,005,185,000		250,000		1,004,935,000
Series 2008 Fixed Rate Bonds (Serial & Term)	1,100,000,000		500,000		1,099,500,000
Series 2009A Fixed Rate Bonds	0	\$1,208,495,000			1,208,495,000
<b>Revenue Bonds:</b>					
<b>State Highway Fund First Tier Revenue Bonds</b>					
Series 2006 Fixed Rate Bonds	560,085,000		20,025,000		540,060,000
Series 2006-A Fixed Rate Bonds	820,985,000		33,105,000		787,880,000
Series 2006-B Variable Rate Bonds	100,000,000				100,000,000
Series 2007 Fixed Rate Bonds	1,241,845,000		41,025,000		1,200,820,000
Series 2008 Fixed Rate Bonds	162,995,000				162,995,000
<b>TOTAL GOVERNMENTAL</b>	<b>\$7,841,760,000</b>	<b>\$1,208,495,000</b>	<b>\$126,445,000</b>	<b>\$0</b>	<b>\$8,923,810,000</b>

	Unamortized Premium	Unamortized Discount	Unamortized Gain/(Loss) on Refunding	Net Bonds Outstanding 8/31/2009	Principal Amounts Due Within One Year
	\$33,676,992	(\$208,801)		\$867,988,191	\$16,185,000
				88,385,000	2,985,000
	18,428,234			724,943,234	13,485,000
	30,876,392			1,070,581,392	1,325,000
				150,000,000	
	18,990,490			1,023,925,490	250,000
	55,226,981			1,154,726,981	500,000
				1,208,495,000	
				540,060,000	20,995,000
	43,362,313			831,242,313	34,680,000
				100,000,000	
	56,926,007			1,257,746,007	43,020,000
	9,309,634			172,304,634	5,405,000
	<b>\$266,797,043</b>	<b>(\$208,801)</b>	<b>\$0</b>	<b>\$9,190,398,242</b>	<b>\$138,830,000</b>

## SCHEDULE 2B Changes in Bonded Indebtedness

<b>Business-Type Activities</b>					
Description of Issue	Bonds Outstanding 9/1/2008	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2009
Revenue Bonds:					
First Tier Revenue Bonds Series 2002 - A					
Non-Callable Capital Appreciation Bonds	\$397,810,397	\$22,137,694			\$419,948,091
Callable Capital Appreciation Bonds	221,539,975	13,667,418			235,207,393
Current Interest Bonds	707,875,000				707,875,000
First Tier Revenue Bonds Series 2002 - B					
Weekly Demand Bonds	150,000,000		\$2,525,000	\$147,475,000	0
First Tier Refunding Put Bonds Series 2009					
	0	149,275,000			149,275,000
<b>TOTAL BUSINESS-TYPE</b>	<b>\$1,477,225,372</b>	<b>\$185,080,112</b>	<b>\$2,525,000</b>	<b>\$147,475,000</b>	<b>\$1,512,305,484</b>
	<b>Unamortized Premium</b>	<b>Unamortized Discount</b>	<b>Unamortized Gain/(Loss) on Refunding</b>	<b>Net Bonds Outstanding 8/31/2009</b>	<b>Principal Amounts Due Within One Year</b>
	\$2,103,893	(\$4,018,022)		\$418,033,962	\$0
	1,215,740	(2,321,824)		234,101,309	0
	5,697,777	(10,881,598)		702,691,179	0
				0	0
			(\$4,480,966)	144,794,034	0
	<b>\$9,017,410</b>	<b>(\$17,221,444)</b>	<b>(\$4,480,966)</b>	<b>\$1,499,620,484</b>	<b>\$0</b>

## SCHEDULE 2C

### DEBT SERVICE REQUIREMENTS

For the Fiscal Year Ended August 31, 2009

#### Governmental Activities

Description of Issue	2010	2011	2012	2013	2014	2015-2019
<b>TMF General Obligation Bonds</b>						
Series 2005-A						
Principal	\$ 16,185,000	16,995,000	17,845,000	18,735,000	19,670,000	113,385,000
Interest	40,084,952	39,275,702	38,425,952	37,533,703	36,596,952	167,959,913
Series 2005-B						
Principal	2,985,000	3,085,000	3,185,000	3,290,000	3,400,000	18,750,000
Interest	2,396,384	2,313,151	2,227,168	2,138,377	2,046,642	8,748,094
Series 2006						
Principal	13,485,000	14,115,000	14,785,000	15,485,000	16,225,000	93,440,000
Interest	34,858,700	34,229,050	33,557,113	32,859,912	32,115,563	148,278,562
Series 2006-A						
Principal	1,325,000	2,275,000	3,215,000	4,185,000	5,115,000	50,690,000
Interest	49,779,500	49,726,500	49,635,500	49,506,900	49,339,500	242,358,700
Series 2006-B						
Principal	0	0	0	0	0	0
Interest	390,000	390,000	390,000	390,000	390,000	1,950,000
Series 2007						
Principal	250,000	250,000	250,000	250,000	2,350,000	50,600,000
Interest	48,769,263	48,759,262	48,749,263	48,739,262	48,729,262	239,670,513
Series 2008						
Principal	500,000	2,925,000	7,490,000	11,245,000	13,625,000	98,670,000
Interest	53,318,200	53,298,200	53,166,575	52,792,075	52,229,825	248,905,874
Series 2009						
Principal	0	0	0	0	0	0
Interest	39,764,650	66,582,669	66,582,669	66,582,669	66,582,669	332,913,345
<b>SHF Revenue Bonds</b>						
Series 2006						
Principal	20,995,000	22,030,000	23,105,000	24,240,000	25,435,000	147,300,000
Interest	26,870,850	25,835,100	24,760,100	23,623,850	22,429,850	92,018,600
Series 2006-A						
Principal	34,680,000	36,415,000	38,155,000	40,075,000	42,070,000	242,475,000
Interest	38,521,425	36,787,425	35,041,675	33,133,925	31,130,175	123,531,250
Series 2006-B						
Principal	0	0	0	0	0	0
Interest	200,000	200,000	200,000	200,000	200,000	1,000,000
Series 2007						
Principal	43,020,000	45,090,000	47,295,000	49,585,000	51,960,000	300,840,000
Interest	59,565,375	57,494,375	55,289,875	53,000,125	50,625,875	212,087,500
Series 2008						
Principal	5,405,000	5,675,000	5,955,000	6,255,000	6,530,000	37,555,000
Interest	8,170,150	7,899,900	7,616,150	7,318,400	7,042,625	30,301,200
Total	541,519,449	571,646,334	576,922,040	581,164,198	585,838,938	3,003,428,551
Less Interest	402,689,449	422,791,334	415,642,040	407,819,198	399,458,938	1,849,723,551
Total Principal	\$ 138,830,000	148,855,000	161,280,000	173,345,000	186,380,000	1,153,705,000

2020- 2024	2025-2029	2030-2034	2035-2039	2040-2042	Requirements
140,415,000	178,935,000	253,005,000	59,350,000	0	834,520,000
140,928,128	102,413,188	51,935,800	2,819,125	0	657,973,415
22,050,000	25,930,000	5,710,000	0	0	88,385,000
5,956,156	2,673,573	91,598	0	0	28,591,143
119,165,000	151,675,000	193,455,000	74,685,000	0	706,515,000
122,552,813	90,044,412	48,257,500	5,084,250	0	581,837,875
147,310,000	282,075,000	457,315,000	86,200,000	0	1,039,705,000
221,265,500	172,724,375	88,933,875	3,879,000	0	977,149,350
0	0	0	150,000,000	0	150,000,000
1,950,000	1,950,000	1,950,000	565,786	0	10,315,786
97,790,000	153,645,000	224,235,000	475,315,000	0	1,004,935,000
222,392,564	193,335,401	151,480,924	57,916,248	0	1,108,541,962
152,835,000	223,350,000	312,335,000	276,525,000	0	1,099,500,000
219,021,875	174,131,125	111,352,425	28,469,601	0	1,046,685,775
11,270,000	48,730,000	103,090,000	1,045,405,000	0	1,208,495,000
332,289,968	325,633,815	306,894,434	247,329,316	0	1,851,156,204
187,955,000	89,000,000	0	0	0	540,060,000
51,359,500	6,729,250	0	0	0	273,627,100
308,640,000	45,370,000	0	0	0	787,880,000
57,356,625	2,081,000	0	0	0	357,583,500
0	100,000,000	0	0	0	100,000,000
1,000,000	265,157	0	0	0	3,265,157
383,665,000	279,365,000	0	0	0	1,200,820,000
129,260,750	28,390,750	0	0	0	645,714,625
47,775,000	47,845,000	0	0	0	162,995,000
20,089,938	6,440,175	0	0	0	94,878,538
3,144,293,817	2,732,732,221	2,310,041,556	2,513,543,326	0	16,561,130,430
1,525,423,817	1,106,812,221	760,896,556	346,063,326	0	7,637,320,430
1,618,870,000	1,625,920,000	1,549,145,000	2,167,480,000	0	8,923,810,000

**SCHEDULE 2C**

**DEBT SERVICE REQUIREMENTS**

For the Fiscal Year Ended August 31, 2009



**Business Type Activities**

Description of Issue	2010	2011	2012	2013	2014	2015-2019
<b>CTTS Revenue Bonds:</b>						
Series 2002-A						
Principal	\$ 0	0	4,505,000	7,710,000	10,155,000	138,915,000
Interest	37,161,837	37,161,837	37,161,837	37,161,837	37,161,838	185,809,187
Series 2009						
Principal	0	0	0	0	0	0
Interest	7,463,750	7,463,750	7,463,750	7,463,750	7,463,750	37,318,750
Total	44,625,587	44,625,587	49,130,587	52,335,587	54,780,588	362,042,937
Less Interest	44,625,587	44,625,587	44,625,587	44,625,587	44,625,588	223,127,937
Total Principal	\$ 0	0	4,505,000	7,710,000	10,155,000	138,915,000



2020- 2024	2025-2029	2030-2034	2035-2039	2040-2042	Requirements
264.980.000	467.995.000	607.840.000	756.115.000	426.750.000	2.684.965.000
185.809.188	185.809.188	185.809.188	178.069.688	39.672.387	1,146.788.012
0	0	0	0	149.275.000	149,275.000
37.318.750	37.318.750	37.318.750	37.318.750	22.391,250	246.303.750
488.107.938	691.122.938	830.967.938	971.503.438	638.088.637	4,227,331.762
223.127.938	223.127.938	223.127.938	215.388,438	62.063.637	1,393.091.762
<u>264.980.000</u>	<u>467.995.000</u>	<u>607.840.000</u>	<u>756.115.000</u>	<u>576.025.000</u>	<u>2,834,240.000</u>

**SCHEDULE 2D**  
**Analysis of Funds for Debt Service**  
**For the Fiscal Year Ended August 31, 2009**

**Governmental Activities**

Description of Issue	Application of Funds	
	Principal	Interest
State of Texas Gen Obl Bds	\$ 32,290,000	\$ 233,681,163
Total	<u>\$ 32,290,000</u>	<u>\$ 233,681,163</u>

Description of Issue	Pledged and Other Sources and Related Expenditures for FY 2009			
	Net Available for Debt Service		Debt Service	
	Total Pledged and Other Sources	Operating Expenses/ Expenditures and Capital Outlay		Principal
SHF First Tier Revenue Bds	\$ 6,561,403,306	(A)	\$ 94,155,000	\$ 135,564,718
Total	<u>\$ 6,561,403,306</u>	<u>\$ -</u>	<u>\$ 94,155,000</u>	<u>\$ 135,564,718</u>

(A) - Expenditures associated with pledges sources were \$7,233,758,709

**Business-Type Activities**

Description of Issue	Pledged and Other Sources and Related Expenditures for FY 2009			
	Net Available for Debt Service		Debt Service	
	Total Pledged and Other Sources	Operating Expenses/ Expenditures and Capital Outlay		Principal
First Tier Revenue Bonds Ser 2002-A(B)	\$ 76,765,362	(B)		\$ 43,060,358
Total	<u>\$ 76,765,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,060,358</u>

(B) - Expenditures associated with pledged sources were \$148,678,730

Construction in Progress & Right of Way as of 8/31/2008	629,188,048
Buildings / Infrastructure, Net of Accumulated Depreciation	2,001,787,365
<i>FY 09 Activity:</i>	
Capital Outlay	34,947,142
Depreciation	(16,928,145)
<i>Total Capital Assets</i>	<u>2,648,994,410</u>
Less: Roadways	(1,626,790,833)
Less: Buildings - net of accumulated depreciation \$1,268,335	(7,091,671)
Less: Infrastructure - net of accumulated depreciation \$39,749,871	(376,683,526)
<i>Right of Way per Exhibit III</i>	<u>\$638,428,380</u>

**SCHEDULE 2F**

**Schedule of Early Extinguishment and Refunding  
For the Fiscal Year Ended August 31, 2009**



**Governmental Activities**

Description of Issue	Category	Amount Extinguished or Refunded	Refunding Issued Par Value	Cash Flow Increase (Decrease)	Economic Gain/ (Loss)
Total Governmental Activities		\$0	\$0	\$0	\$0

**Business-Type Activities**

Description of Issue	Category	Amount Extinguished or Refunded	Refunding Issued Par Value	Cash Flow Increase (Decrease)	Economic Gain/ (Loss)
Revenue Bonds					
First Tier Revenue Bonds Series 2002 - B					
Weekly Demand Bonds	Current Refunding	\$147,475,000	\$149,275,000	\$116,896,875	\$60,035,111
Total Revenue Bonds		147,475,000	149,275,000	116,896,875	60,035,111
Total Business Type Activities		\$147,475,000	\$149,275,000	\$116,896,875	\$60,035,111



**The End**



125 East 11th Street, Austin, TX 78701  
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**Produced by the Finance Division  
Texas Department of Transportation**

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**Exhibit D**  
**Update to SCHEDULE I – DEBT SERVICE REQUIREMENTS**

**Central Texas Turnpike System**  
**Debt Service**  
**in Thousands**

Fiscal Year	Series 2002-A	Series 2009	First Tier Debt Service	TIFIA	Total Debt Service
2010	\$ 37,162	\$ 7,464	\$ 44,626	\$ 18,475	\$ 63,101
2011	37,162	7,464	44,626	30,082	74,708
2012	41,667	7,464	49,131	31,690	80,821
2013	44,872	7,464	52,336	33,698	86,034
2014	47,317	7,464	54,781	35,023	89,803
2015	49,767	7,464	57,231	36,443	93,674
2016	62,967	7,464	70,431	43,188	113,619
2017	66,817	7,464	74,281	45,478	119,759
2018	70,662	7,464	78,126	47,969	126,095
2019	74,512	7,464	81,976	50,259	132,235
2020	78,362	7,464	85,826	52,760	138,585
2021	84,427	7,464	91,891	56,463	148,354
2022	90,212	7,464	97,676	59,550	157,225
2023	96,002	7,464	103,466	2,610	166,075
2024	101,787	7,464	109,251	65,622	174,873
2025	07,572	7,464	115,036	68,683	183,719
2026	128,872	7,464	136,336	80,096	216,431
2027	134,022	7,464	141,486	83,663	225,148
2028	139,137	7,464	146,601	87,267	233,868
2029	144,202	7,464	151,666	90,886	242,552
2030	149,187	7,464	156,651	94,511	251,161
2031	154,087	7,464	161,551	98,122	259,673
2032	158,867	7,464	166,331	101,708	268,039
2033	163,512	7,464	170,976	105,252	276,228
2034	167,997	7,464	175,461	108,757	284,217
2035	172,507	7,464	179,971	112,308	292,279
2036	183,902	7,464	191,366	125,256	316,622
2037	198,817	7,464	206,281	128,783	335,064
2038	203,012	7,464	210,476	132,317	342,793
2039	175,947	7,464	183,411	168,226	351,637
2040	180,118	7,464	187,582	171,824	359,406
2041	184,276	7,464	191,739	175,442	367,181
2042	102,028	156,739	258,767	229,950	488,717
	\$ 3,831,753	\$ 395,579	\$ 4,227,332	\$ 2,832,363	\$ 7,059,694

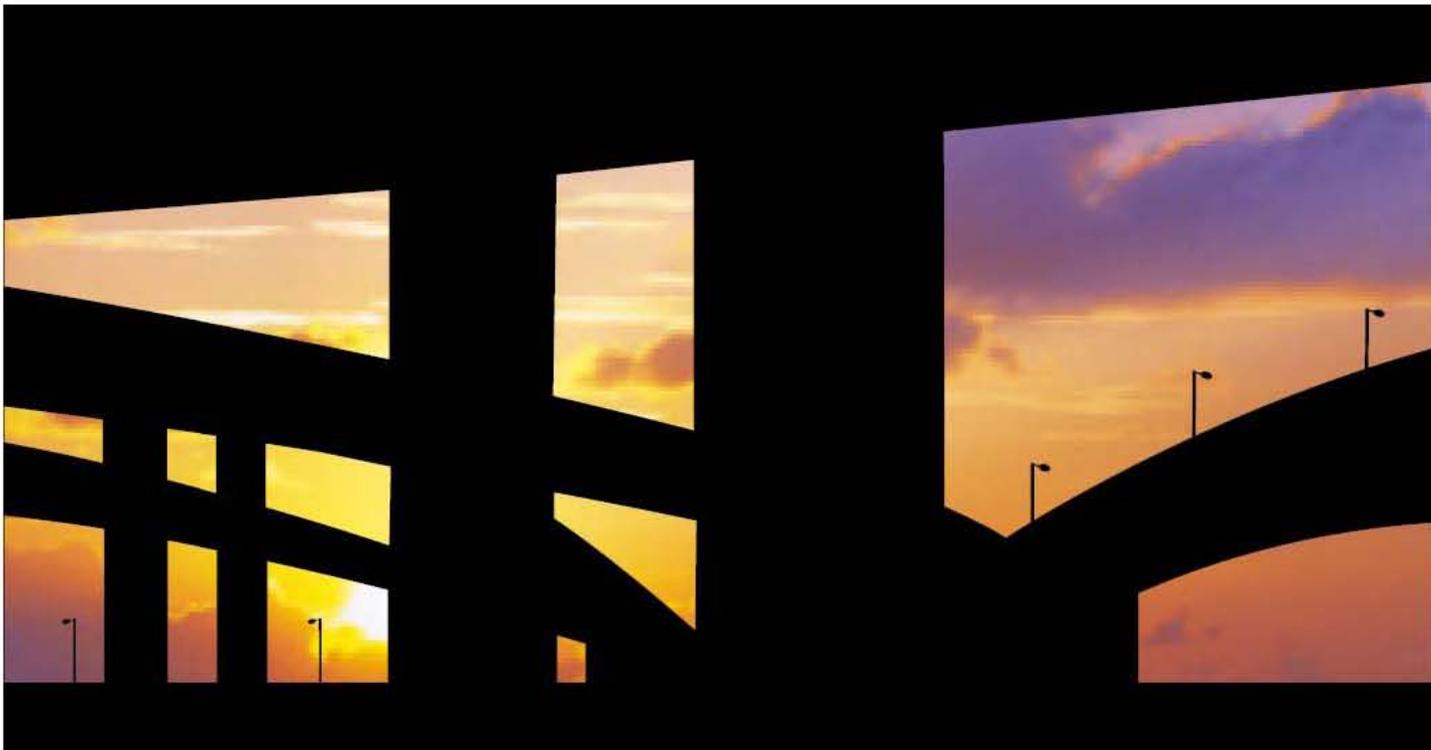
\* Series 2009 bonds have a mandatory tender date of February 15, 2011. This schedule assumes a 5% interest rate after the Initial Multiannual Period and that bonds are paid at maturity in 2042

**Exhibit E**

**Central Texas Turnpike System  
Quarterly Report of Actual Transactions and Revenue  
For the Quarter Ended November 30, 2009**

This report is available on-line at the following link:

<http://www.centraltexasturnpike.org/ctts/investors.aspx>



Central Texas Turnpike System (CTTS)  
**Fiscal Year to Date Report**

*Fiscal Year 2010*  
*September 2009 – November 2009*



*December 16, 2009*

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## **A Note on Data Collection and Analysis**

The Central Texas Turnpike System (CTTS) Fiscal Year to Date Report is a comparison of traffic counts, revenue projections and collections, and traffic forecasts.

Information for this report was collected from records generated through the roadway Toll Management System (TMS) and the TxTag Customer Service Center (CSC) database.

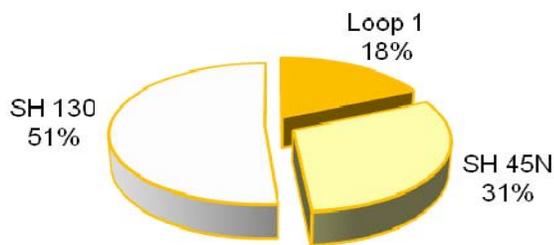
When each new facility was opened to the public, customers were allowed to drive each new facility at no charge for several months. This incentive affected the number of transactions and revenue collected in previous years. Seasonal impacts, such as holidays and the number of weekdays in each month, also have an impact on month-to-month changes in revenue and transactions.

Please note:

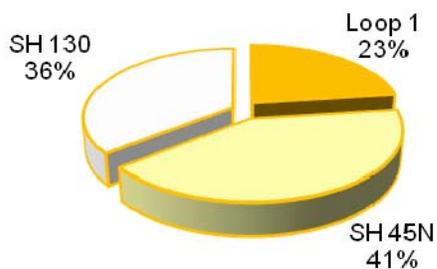
- Traffic and revenue projections used in this report are based on the traffic and revenue projections documented in the 2002 traffic and revenue study.
- Traffic and revenue projections are shown as averages in this report and have not been seasonally adjusted.
- Revenue and transaction data are rounded to the nearest hundred.
- Some transactions do not post the same day they occur, so it is not possible to link the revenue totals with the transaction data in this report.
- Data in this report is unaudited.

# CTTS Executive Summary

Revenue by Roadway



Transactions by Roadway



During the first quarter of the 2010 fiscal year (FY), the Central Texas Turnpike System generated more than 19.2 million transactions and \$16 million in revenue. The revenue collected exceeded the same months of the prior year by \$2 million or 14 percent. The number of transactions generated on the CTTS surpassed the same months of the prior year by 8 percent.

CTTS results include:

- Average monthly revenue was more than \$5.3 million, which exceeded projected revenue by 8 percent.
- Average Weekday Transactions (AWTs) for the quarter finished at 236,773, surpassing expectations by 14 percent and the same month of the prior year by 8 percent.
- The Toll Violation Recovery Program generated more than \$257,500 in revenue in the first quarter. Approximately \$194,500 was collected in November alone.
- An average of 73 percent of transactions posted to TxTag accounts.

Figure 1: CTTS Revenue Comparison

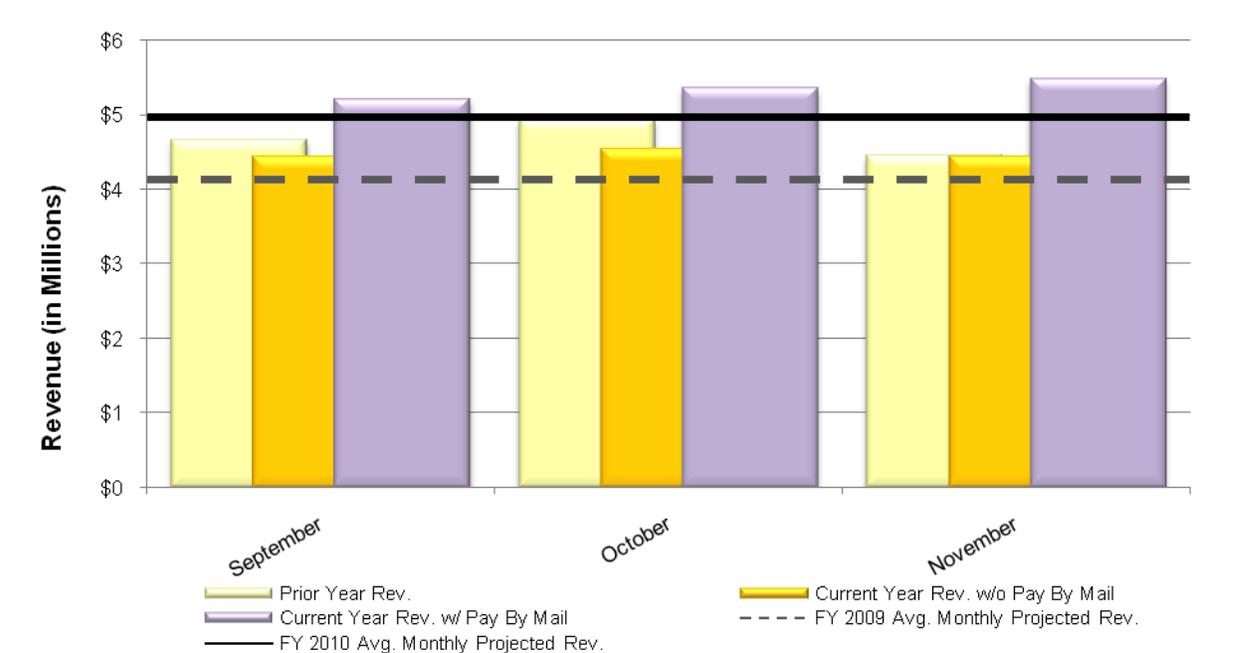


Table 1: CTTS Revenue Comparison

FY 2010	Current Revenue <u>without</u> Pay By Mail Revenue	Current Revenue <u>with</u> Pay By Mail Revenue	Current Revenue <u>with</u> Pay By Mail - vs - Projected Revenue			Current Revenue <u>with</u> Pay By Mail - vs - Prior Year Revenue <u>with</u> Pay By Mail		
			Projected Revenue	Variance	% Variance	Prior Year (FY 2009)	Variance	% Variance
September	\$4,436,300	\$5,220,000	\$4,974,400	\$245,600	4.94%	\$4,671,600	\$548,400	11.74%
October	\$4,545,100	\$5,359,900	\$4,974,400	\$385,500	7.75%	\$4,939,300	\$420,600	8.52%
November	\$4,437,500	\$5,492,400	\$4,974,400	\$518,000	10.41%	\$4,456,700	\$1,035,700	23.24%
<b>Totals:</b>	<b>\$13,418,900</b>	<b>\$16,072,300</b>	<b>\$14,923,200</b>	<b>\$1,149,100</b>	<b>7.70%</b>	<b>\$14,067,600</b>	<b>\$2,004,700</b>	<b>14.25%</b>

Note: Revenue amounts for the prior year in Figure 1 and Table 1 include revenue from Pay By Mail transactions. Variances resulting from the comparison of current year revenue to both projected revenue and prior year revenue in Table 1 are based on the amounts found in the **Current Revenue with Pay By Mail Revenue** column.

Figure 2: CTTS Average Weekday Transaction (AWT) Comparison

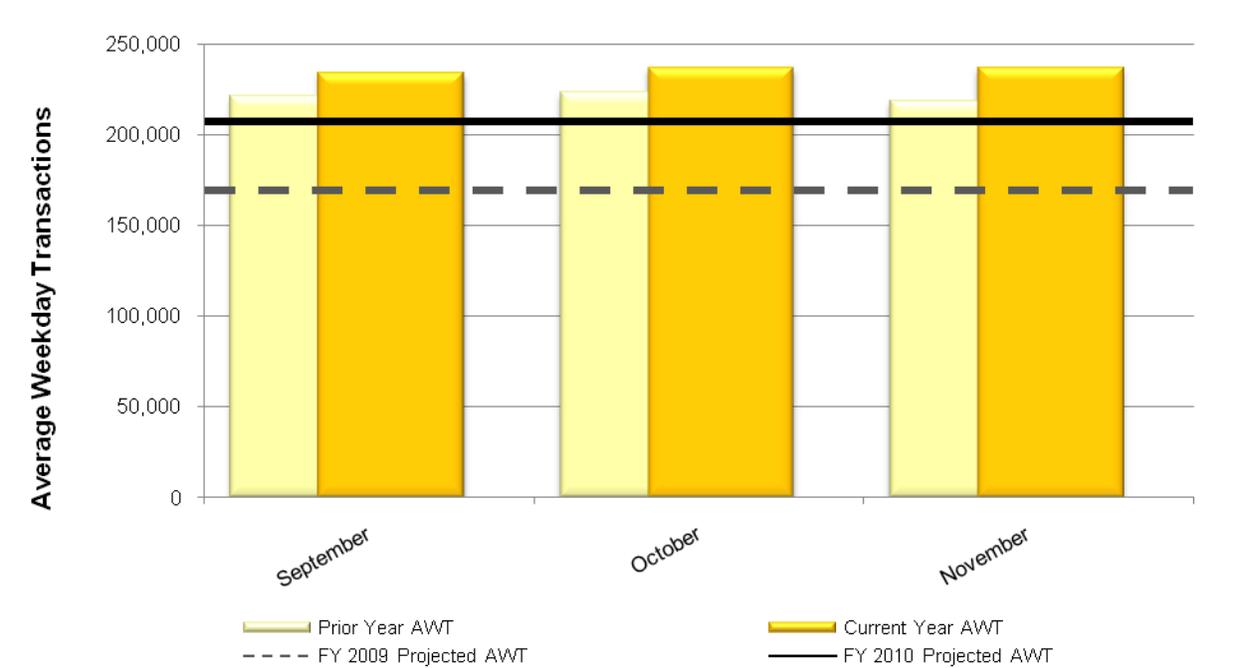


Table 2: CTTS Average Weekday Transaction Comparison

FY 2010	Current AWT	Current AWT -vs- Projected AWT			Current AWT -vs- Prior Year AWT		
		Projected AWT	Variance	% Variance	Prior Year AWT (FY 2009)	Variance	% Variance
September	233,830	206,917	26,913	13.01%	221,039	12,791	5.79%
October	236,804	206,917	29,887	14.44%	222,956	13,848	6.21%
November	236,773	206,917	29,856	14.43%	218,405	18,368	8.41%

Figure 3: CTTS Transactions by Type

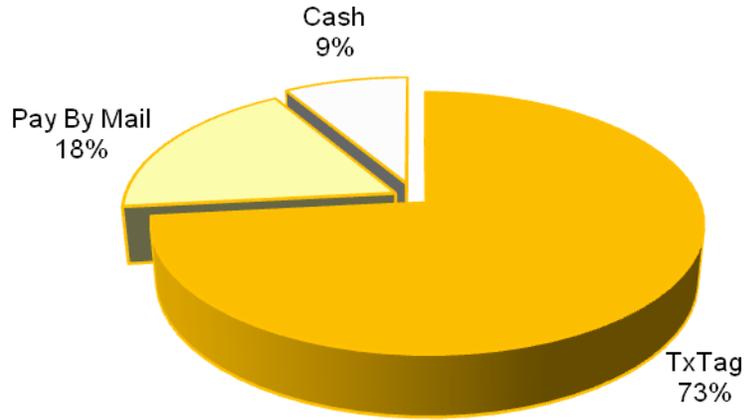
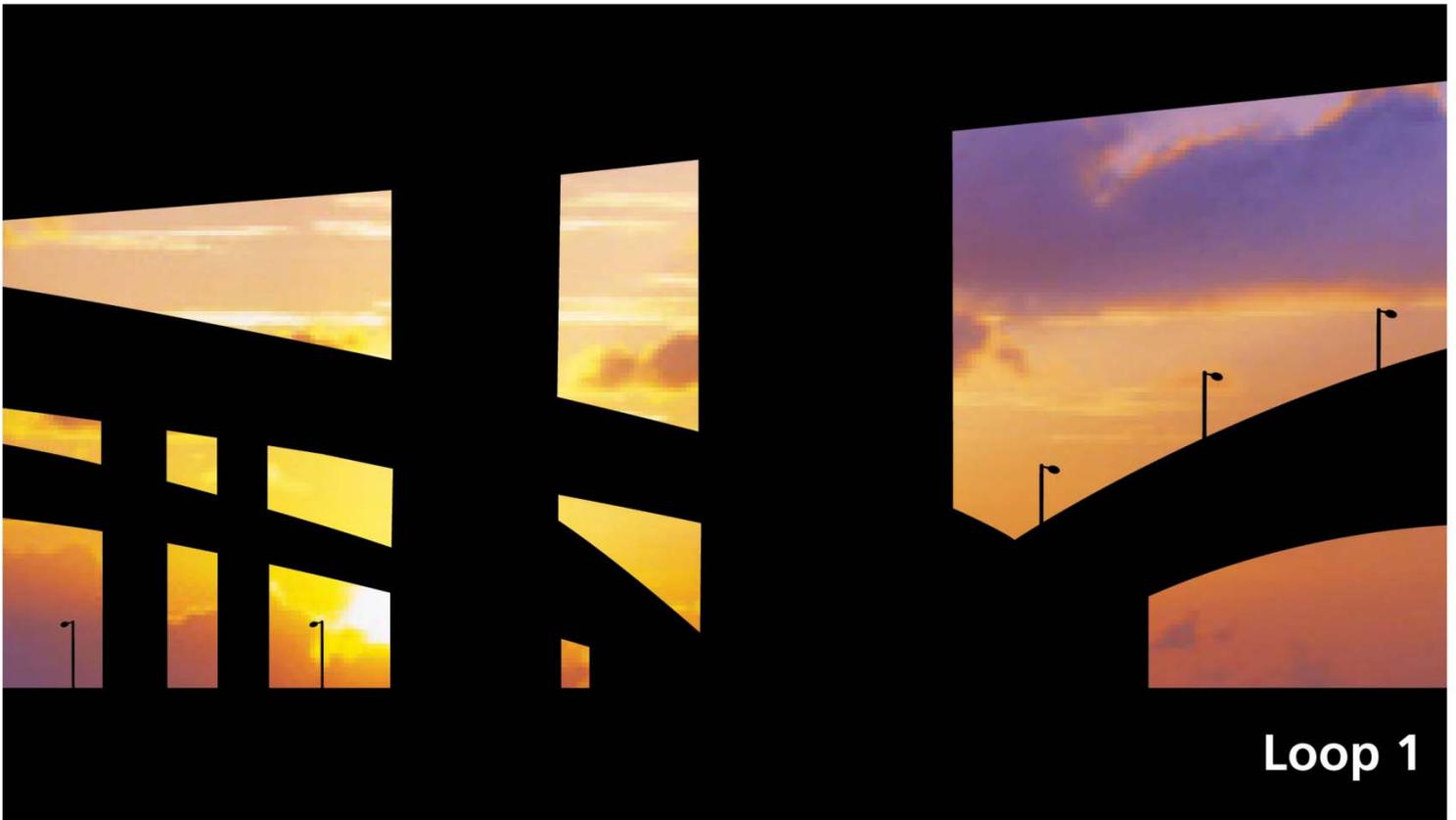


Table 3: CTTS Transactions by Type

FY 2010	Transaction Count	TxTag		Pay By Mail		Cash	
		Count	Percent	Count	Percent	Count	Percent
September	6,312,900	4,640,900	73.51%	1,125,000	17.83%	547,000	8.66%
October	6,600,600	4,860,800	73.64%	1,183,600	17.93%	556,200	8.43%
November	6,304,300	4,589,800	72.81%	1,168,900	18.54%	545,600	8.65%
<b>Totals:</b>	<b>19,217,800</b>	<b>14,091,500</b>	<b>73.32%</b>	<b>3,477,500</b>	<b>18.10%</b>	<b>1,648,800</b>	<b>8.58%</b>



## Loop 1



**Loop 1 produced more than \$2.9 million in revenue and 4.4 million transactions. The TxTag penetration rate remained strong on this facility in the first quarter, with an average of 77 percent of the transactions posting to TxTag accounts.**

Loop 1 results include:

- AWTs finished the quarter at 55,652 and exceeded the same month of the prior year by 2 percent.
- Total transactions generated on Loop 1 during this quarter exceeded the same months of FY 2009 by 2 percent.
- TxTag accounted for 77 percent of the total transactions, with 15 percent Pay By Mail and 8 percent cash.

Figure 4: Loop 1 Revenue Comparison

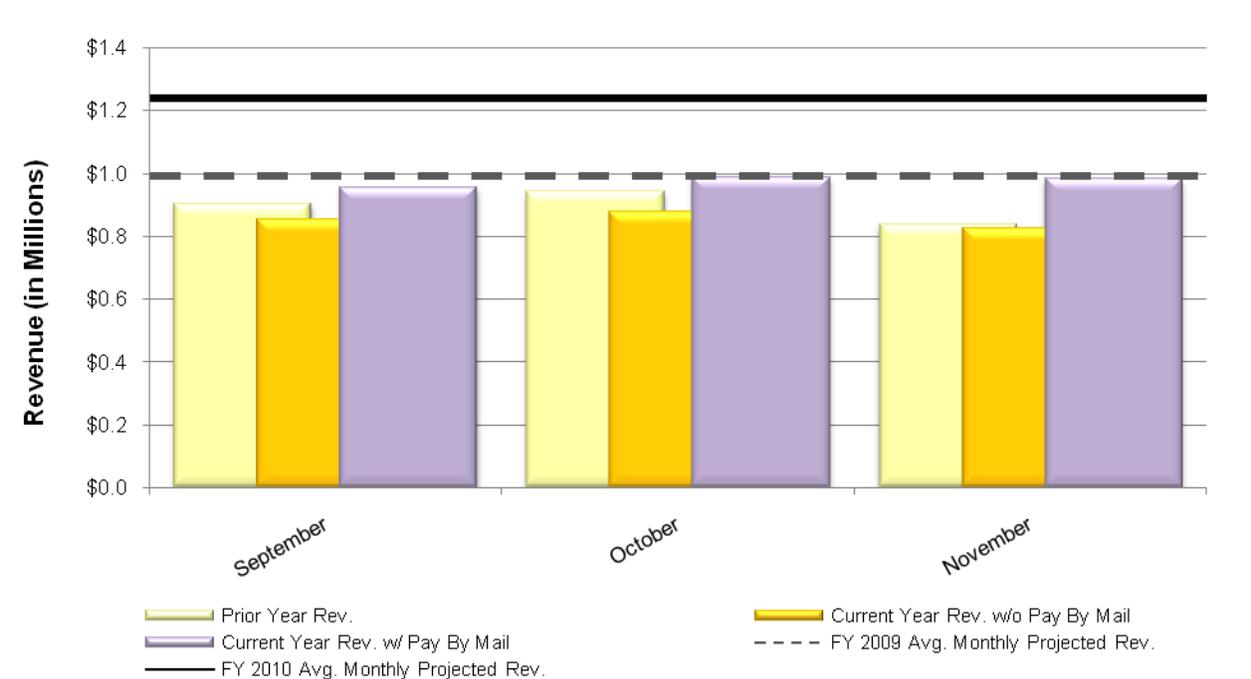


Table 4: Loop 1 Revenue Comparison

FY 2010	Current Revenue with Pay By Mail Revenue	Current Revenue <u>with</u> Pay By Mail - vs - Projected Revenue			Current Revenue <u>without</u> Pay By Mail Revenue	Current Revenue <u>without</u> Pay By Mail - vs - Prior Year Revenue <u>without</u> Pay By Mail		
		Projected Revenue	Variance	% Variance		Prior Year (FY 2009)	Variance	% Variance
September	\$954,200	\$1,238,300	-\$284,100	-22.94%	\$851,800	\$902,300	-\$50,500	-5.60%
October	\$985,400	\$1,238,300	-\$252,900	-20.42%	\$878,000	\$942,000	-\$64,000	-6.79%
November	\$980,500	\$1,238,300	-\$257,800	-20.82%	\$824,600	\$836,300	-\$11,700	-1.40%
<b>Totals:</b>	<b>\$2,920,100</b>	<b>\$3,714,900</b>	<b>-\$794,800</b>	<b>-21.39%</b>	<b>\$2,554,400</b>	<b>\$2,680,600</b>	<b>-\$126,200</b>	<b>-4.71%</b>

Note: Revenue amounts for the prior year in Figure 4 and Table 4 exclude revenue from Pay By Mail transactions. In order to provide an accurate representation when comparing current year revenue to prior year revenue, variances in Table 4 are based on the amounts found in the **Current Revenue without Pay By Mail Revenue** column. With improvements made to revenue reporting, Pay By Mail revenue is now included in Figure 4 and Table 4 in the **Current Revenue with Pay By Mail Revenue** column. Variances resulting from the comparison of current year revenue to projected revenue in Table 4 are based on the amounts found in the **Current Revenue with Pay By Mail Revenue** column.

Figure 5: Loop 1 Average Weekday Transaction Comparison

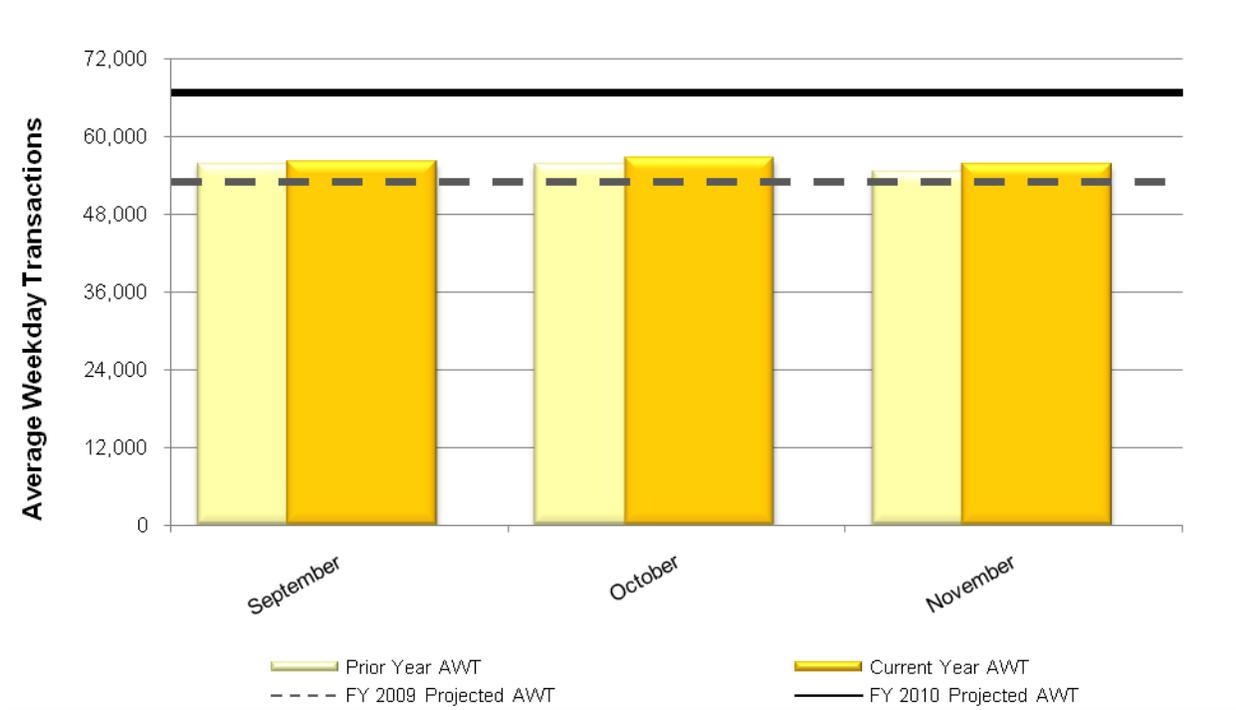


Table 5: Loop 1 Average Weekday Transaction Comparison

FY 2010	Current AWT	Current AWT -vs- Projected AWT			Current AWT -vs- Prior Year AWT		
		Projected AWT	Variance	% Variance	Prior Year AWT	Variance	% Variance
September	56,006	66,738	-10,732	-16.08%	55,757	249	0.45%
October	56,575	66,738	-10,163	-15.23%	55,696	879	1.58%
November	55,652	66,738	-11,086	-16.61%	54,455	1,197	2.20%

Figure 6: Loop 1 Transactions by Type

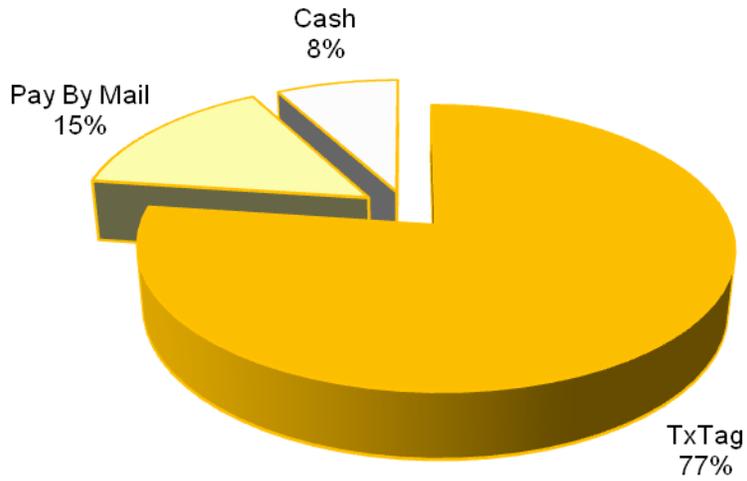
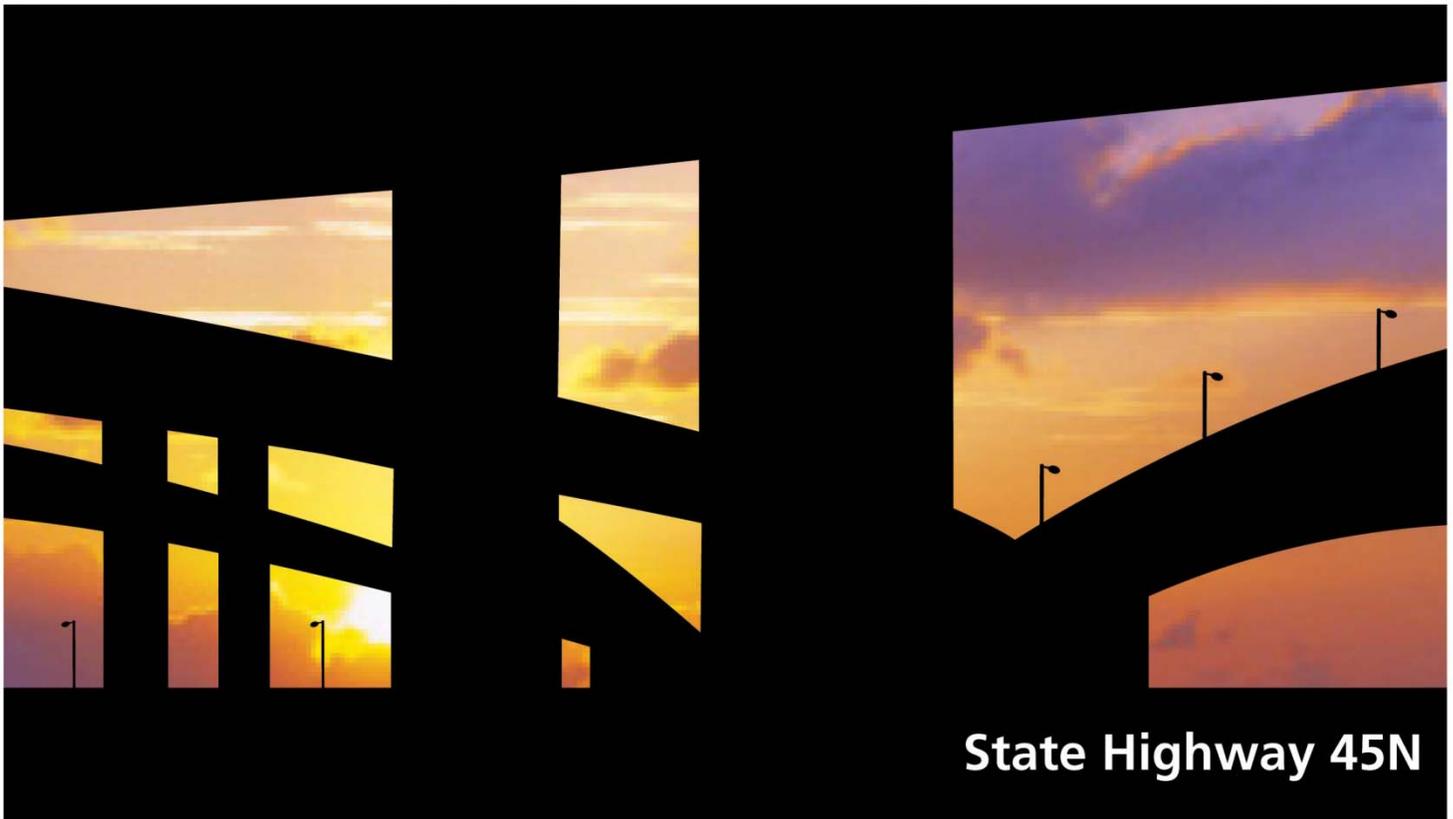


Table 6: Loop 1 Transactions by Type

FY 2010	Transaction Count	TxTag		Pay By Mail		Cash	
		Count	Percent	Count	Percent	Count	Percent
September	1,458,600	1,126,600	77.24%	215,200	14.75%	116,800	8.01%
October	1,525,800	1,178,500	77.24%	227,500	14.91%	119,800	7.85%
November	1,419,600	1,091,500	76.89%	214,500	15.11%	113,600	8.00%
<b>Totals:</b>	<b>4,404,000</b>	<b>3,396,600</b>	<b>77.13%</b>	<b>657,200</b>	<b>14.92%</b>	<b>350,200</b>	<b>7.95%</b>



## State Highway 45N



**SH 45N generated more than \$4.9 million in revenue and 7.9 million transactions during the first quarter of FY 2010. AWTs for SH 45N exceeded projections by 32 percent and surpassed the same months of the prior year by 3 percent.**

SH 45N results include:

- The total number of transactions generated on SH 45N during this quarter topped the number of transactions generated on the facility during the same months of the prior year by 4 percent.
- TxTag accounted for 77 percent of the total transactions.

Figure 7: SH 45N Revenue Comparison

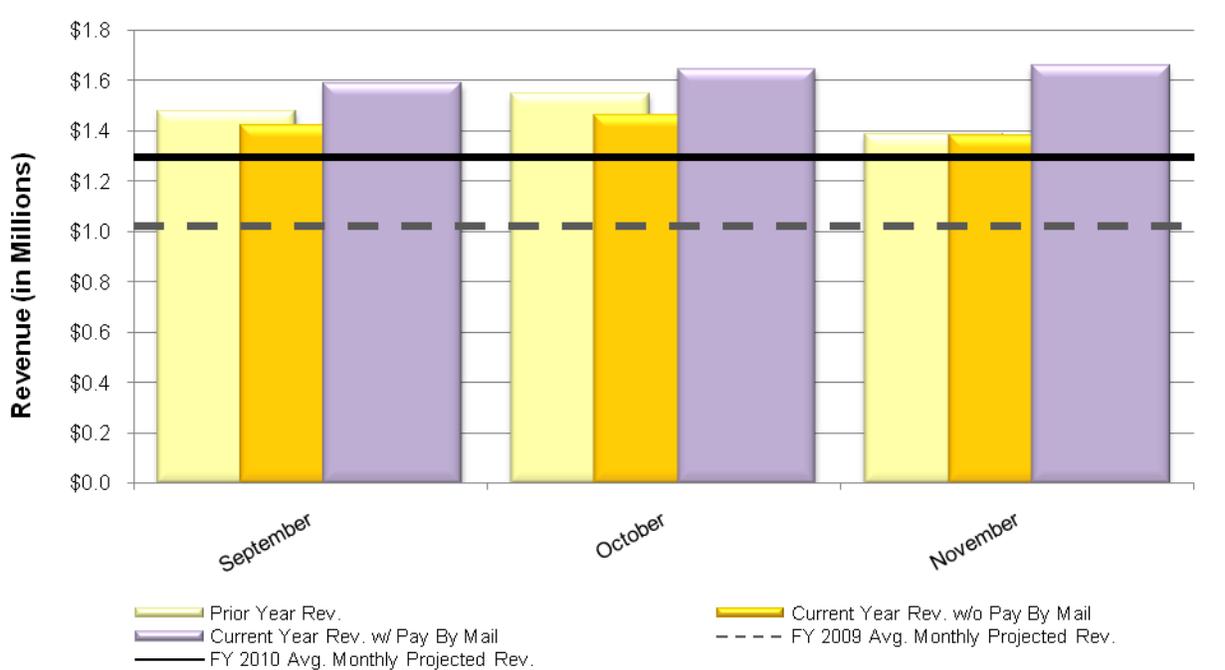


Table 7: SH 45N Revenue Comparison

FY 2010	Current Revenue <u>with</u> Pay By Mail Revenue	Current Revenue <u>with</u> Pay By Mail - vs - Projected Revenue			Current Revenue <u>without</u> Pay By Mail Revenue	Current Revenue <u>without</u> Pay By Mail - vs - Prior Year Revenue <u>without</u> Pay By Mail		
		Projected Revenue	Variance	% Variance		Prior Year (FY 2009)	Variance	% Variance
September	\$1,591,700	\$1,296,500	\$295,200	22.77%	\$1,424,100	\$1,482,700	-\$58,600	-3.95%
October	\$1,647,500	\$1,296,500	\$351,000	27.07%	\$1,467,700	\$1,551,500	-\$83,800	-5.40%
November	\$1,662,100	\$1,296,500	\$365,600	28.20%	\$1,386,500	\$1,389,700	-\$3,200	-0.23%
<b>Totals:</b>	<b>\$4,901,300</b>	<b>\$3,889,500</b>	<b>\$1,011,800</b>	<b>26.01%</b>	<b>\$4,278,300</b>	<b>\$4,423,900</b>	<b>-\$145,600</b>	<b>-3.29%</b>

Note: Revenue amounts for the prior year in Figure 7 and Table 7 exclude revenue from Pay By Mail transactions. In order to provide an accurate representation when comparing current year revenue to prior year revenue, variances in Table 7 are based on the amounts found in the **Current Revenue without Pay By Mail Revenue** column. With improvements made to revenue reporting, Pay By Mail revenue is now included in Figure 7 and Table 7 in the **Current Revenue with Pay By Mail Revenue** column. Variances resulting from the comparison of current year revenue to projected revenue in Table 7 are based on the amounts found in the **Current Revenue with Pay By Mail Revenue** column.

Figure 8: SH 45N Average Weekday Transaction Comparison

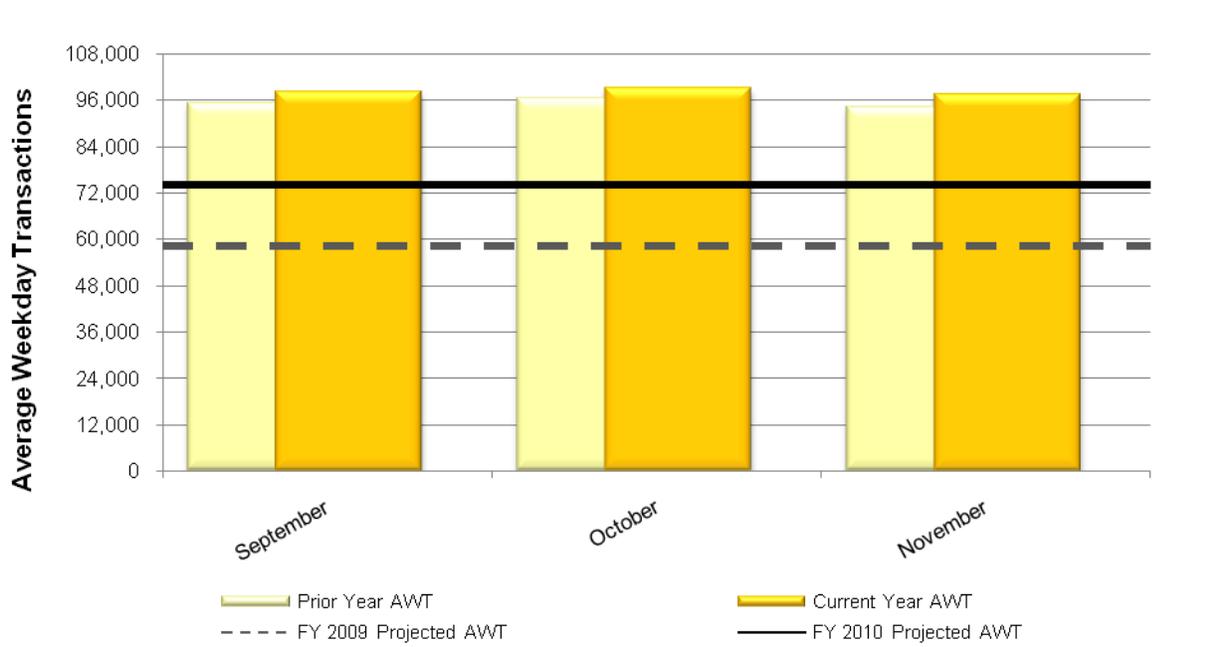


Table 8: SH 45N Average Weekday Transaction Comparison

FY 2010	Current AWT	Current AWT -vs- Projected AWT			Current AWT -vs- Prior Year AWT		
		Projected AWT	Variance	% Variance	Prior Year AWT	Variance	% Variance
September	98,080	74,121	23,959	32.32%	95,283	2,797	2.94%
October	98,937	74,121	24,816	33.48%	96,496	2,441	2.53%
November	97,511	74,121	23,390	31.56%	93,982	3,529	3.75%

Figure 9: SH 45N Transactions by Type

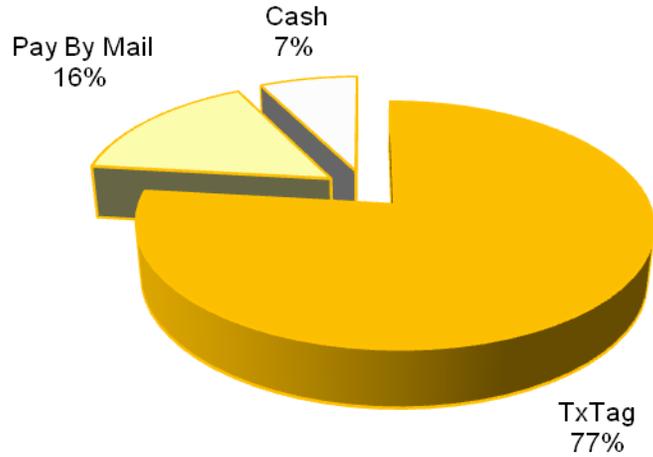


Table 9: SH 45N Transactions by Type

FY 2010	Transaction Count	TxTag		Pay By Mail		Cash	
		Count	Percent	Count	Percent	Count	Percent
September	2,630,300	2,020,400	76.81%	410,800	15.62%	199,100	7.57%
October	2,749,400	2,117,000	77.00%	430,600	15.66%	201,800	7.34%
November	2,563,500	1,963,700	76.60%	408,500	15.94%	191,300	7.46%
<b>Totals:</b>	<b>7,943,200</b>	<b>6,101,100</b>	<b>76.81%</b>	<b>1,249,900</b>	<b>15.74%</b>	<b>592,200</b>	<b>7.45%</b>



## State Highway 130



**The SH 130 facility generated more than \$8.2 million in revenue during the first quarter of FY 2010, which exceeded projections by more than 12 percent. Additionally, AWTs finished the quarter at 83,610, which surpassed the same month of the prior year by 19 percent.**

SH 130 results include:

- AWTs exceeded projections by 23 percent.
- The facility generated more than 6.8 million transactions, an increase over the same months of the prior year of 19 percent.
- TxTag accounted for 67 percent of the total transactions.

Figure 10: SH 130 Revenue Comparison

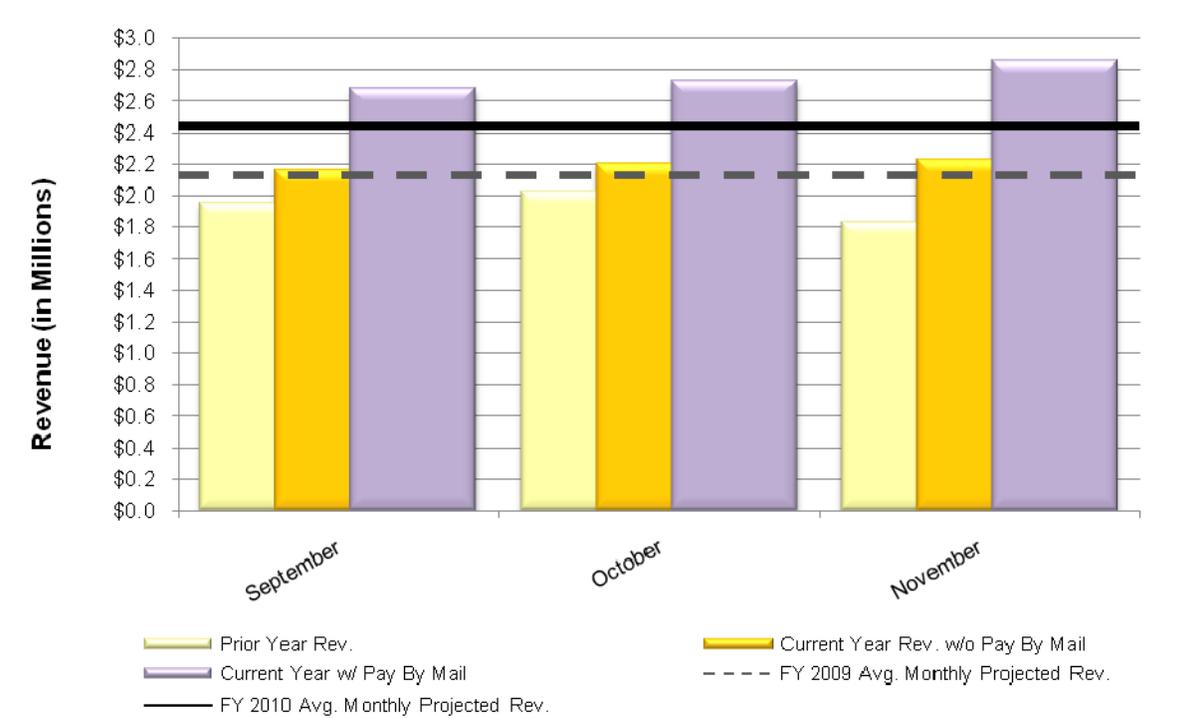


Table 10: SH 130 Revenue Comparison

FY 2010	Current Revenue <u>with</u> Pay By Mail Revenue	Current Revenue <u>with</u> Pay By Mail - vs - Projected Revenue			Current Revenue <u>without</u> Pay By Mail Revenue	Current Revenue <u>without</u> Pay By Mail - vs - Prior Year Revenue <u>without</u> Pay By Mail		
		Projected Revenue	Variance	% Variance		Prior Year (FY 2009)	Variance	% Variance
September	\$2,674,100	\$2,439,600	\$234,500	9.61%	\$2,160,400	\$1,946,600	\$213,800	10.98%
October	\$2,727,000	\$2,439,600	\$287,400	11.78%	\$2,199,400	\$2,021,100	\$178,300	8.82%
November	\$2,849,800	\$2,439,600	\$410,200	16.81%	\$2,226,400	\$1,825,400	\$401,000	21.97%
<b>Totals:</b>	<b>\$8,250,900</b>	<b>\$7,318,800</b>	<b>\$932,100</b>	<b>12.74%</b>	<b>\$6,586,200</b>	<b>\$5,793,100</b>	<b>\$793,100</b>	<b>13.69%</b>

Note: Revenue amounts for the prior year in Figure 10 and Table 10 exclude revenue from Pay By Mail transactions. In order to provide an accurate representation when comparing current year revenue to prior year revenue, variances in Table 10 are based on the amounts found in the **Current Revenue without Pay By Mail Revenue** column. With improvements made to revenue reporting, Pay By Mail revenue is now included in Figure 10 and Table 10 in the **Current Revenue with Pay By Mail Revenue** column. Variances resulting from the comparison of current year revenue to projected revenue in Table 10 are based on the amounts found in the **Current Revenue with Pay By Mail Revenue** column.

Figure 11: SH 130 Average Weekday Transaction Comparison

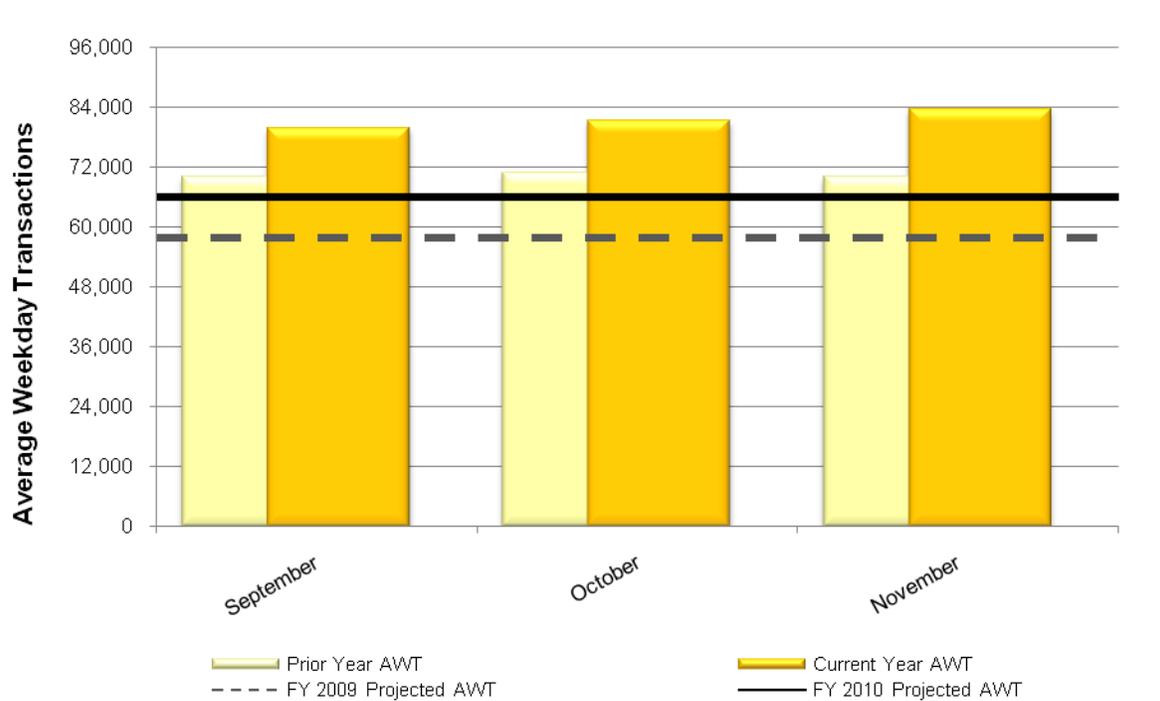


Table 11: SH 130 Average Weekday Transaction Comparison

FY 2010	Current AWT	Current AWT -vs- Projected AWT			Current AWT -vs- Prior Year AWT		
		Projected AWT	Variance	% Variance	Prior Year AWT	Variance	% Variance
September	79,743	66,058	13,685	20.72%	69,999	9,744	13.92%
October	81,291	66,058	15,233	23.06%	70,765	10,526	14.88%
November	83,610	66,058	17,552	26.57%	69,968	13,642	19.50%

Figure 12: SH 130 Transactions by Type

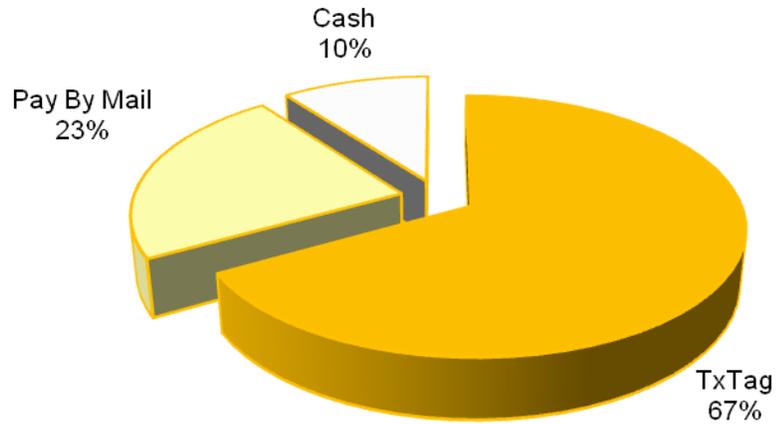


Table 12: SH 130 Transactions by Type

FY 2010	Transaction Count	TxTag		Pay By Mail		Cash	
		Count	Percent	Count	Percent	Count	Percent
September	2,224,000	1,493,900	67.17%	499,000	22.44%	231,100	10.39%
October	2,325,400	1,565,300	67.31%	525,500	22.60%	234,600	10.09%
November	2,321,200	1,534,600	66.11%	545,900	23.52%	240,700	10.37%
<b>Totals:</b>	<b>6,870,600</b>	<b>4,593,800</b>	<b>66.86%</b>	<b>1,570,400</b>	<b>22.86%</b>	<b>706,400</b>	<b>10.28%</b>



## Active Accounts and TxTags

**The number of TxTag accounts, as well as active TxTags, continued to increase during the first quarter of FY 2010. At the end of November, there were more than 739,000 active TxTags and 431,000 active TxTag accounts statewide.**

### TxTag Distribution Milestones:

- The number of active TxTags increased by 27 percent and the number of active TxTag accounts increased by 26 percent between November 2008 and November 2009.
- In November, In Lane tag sales eclipsed the 100,000 mark. By distributing TxTags in toll lanes, the Texas Department of Transportation has collected more than \$2 million in pre-paid tolls.
- More than 5,200 new or existing TxTag accounts were opened or brought current during the Toll Violation Recovery Program.



Figure 13: Active Accounts and TxTags

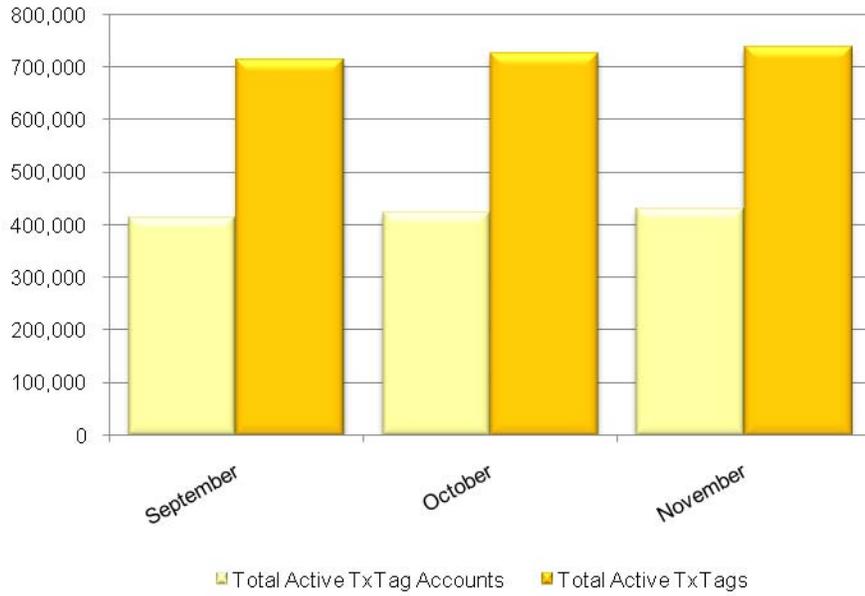
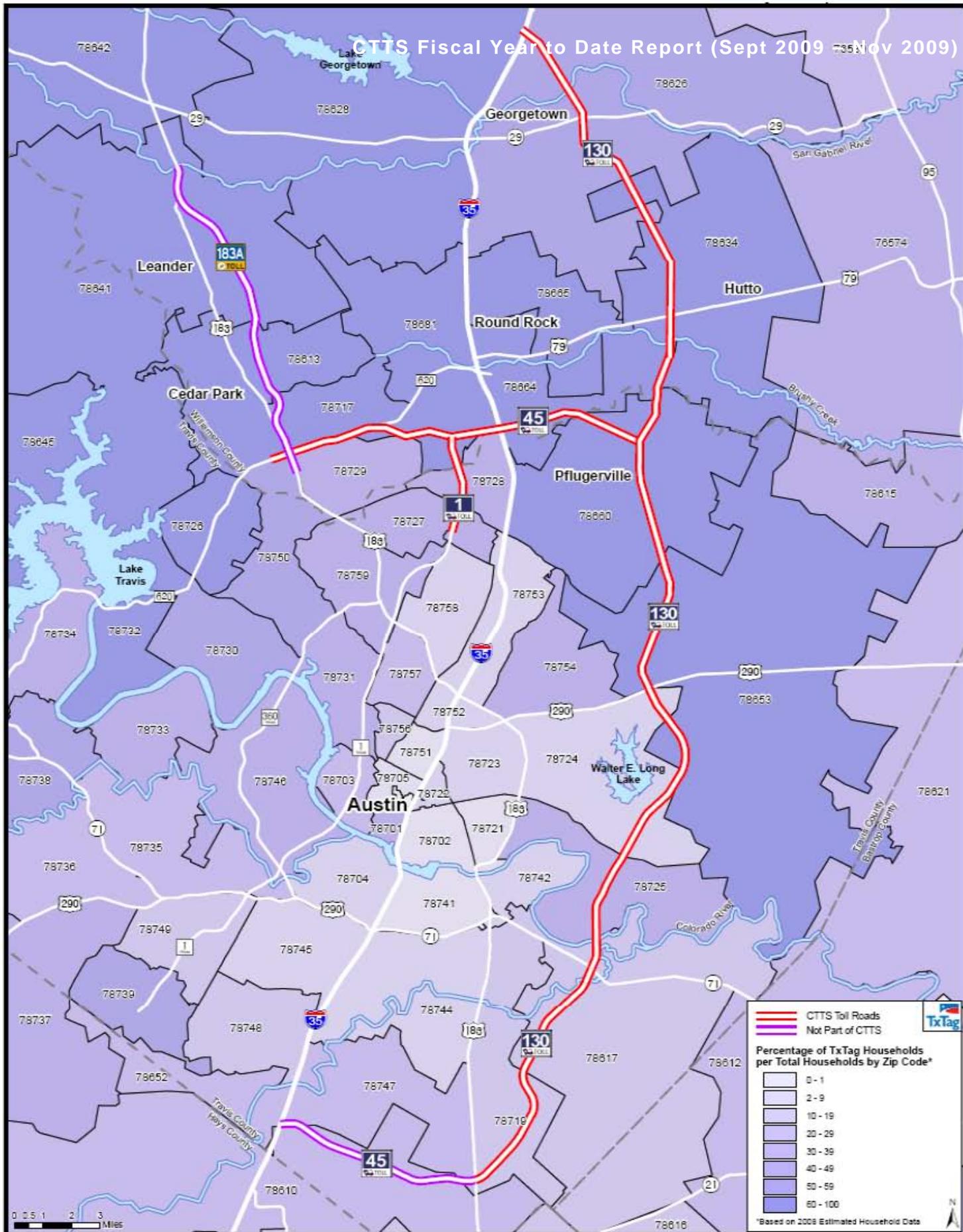


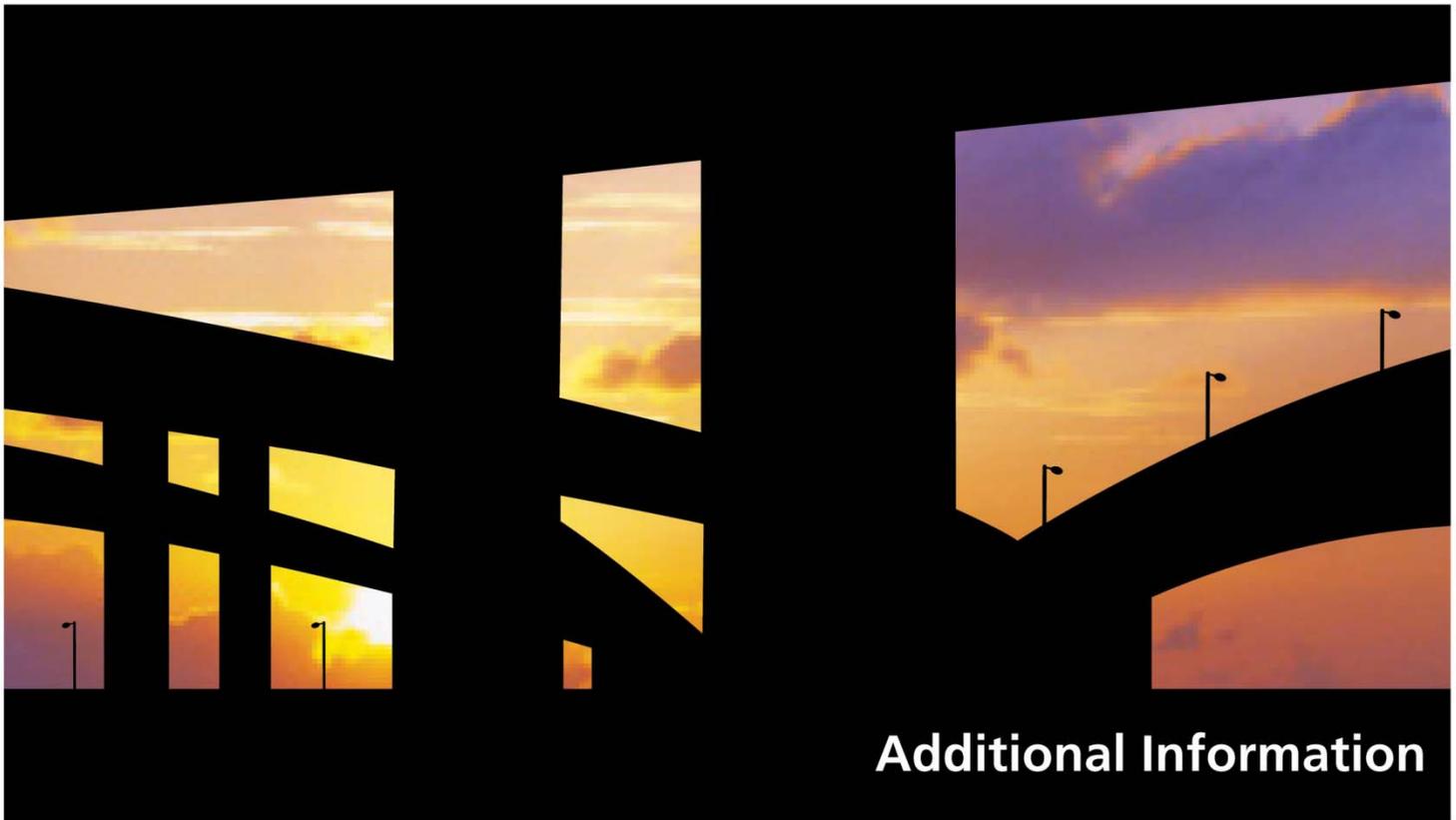
Table 13: Active Accounts and TxTags

FY 2010	Total Active TxTag Accounts	Total Active TxTags
September	414,440	715,380
October	423,034	727,951
November	431,942	739,361

Note: More than one TxTag may be activated under the same TxTag account.

CTTS Fiscal Year to Date Report (Sept 2009 - Nov 2009)





## Additional Information

### About the Central Texas Turnpike System

The Central Texas Turnpike System (CTTS) is a 65-mile facility of new roadways designed to expedite traffic flow, improve access to regional services and promote safe travel for Central Texas motorists.

Texas toll facilities are safe, reliable and cost efficient, and can be built faster than conventional transportation projects. Private-sector partnerships and innovative financing options work together to accelerate project delivery. This non-traditional approach to road financing and construction supports TxDOT's five goals—reduce congestion, enhance safety, improve air quality, expand economic opportunity, and preserve the value of transportation assets.

### Transaction Terminology

TxDOT uses state-of-the-art technology to allow drivers to pay tolls in various ways. The types of transactions are:

- **TxTag:** This payment method or transaction type includes TxTag, TollTag and EZ TAG, which are tied to a pre-paid customer toll account. Note that the section reporting on Active Accounts and TxTags only refers to TxDOT's TxTag program.
- **Cash:** Customers can pay with cash by using a lane with an attended tollbooth. If they have exact change, customers can pay by using the lanes that are equipped with automatic coin machines.
- **Pay By Mail Pilot Program:** These transactions are created when a customer crosses a tolling point without stopping to pay cash or when a valid TxTag is not recognized. Since the toll is not being paid at the time the transaction occurs, an image of the license plate is captured. The Customer Service Center processes these images to either post the toll to an existing account for that license plate or send the vehicle owner a bill for the toll charges.

**Exhibit F**  
**Central Texas Turnpike System**  
**Table of Revenues, Operating and Maintenance Expenses**

**Summary of Revenues and Certain Expenses Related to the 2002 Project  
for the fiscal year ended August 31, 2009**

	<u>Bond Funds</u>	<sup>(1)</sup>	<u>Other Funds of the Department</u>	<sup>(1)</sup>
<b>Toll Revenues</b>	\$ 66,362,310			
<b>Lease Revenues</b>	12,864			
<b>Net Interest &amp; Dividends</b>	10,233,006			
<b>Other Revenues</b>	<u>17,082</u>			
<b>Operating &amp; Misc. Revenues</b>	\$ 76,625,262			
<b>Operating Expenses</b>	\$ 30,579,944		\$ 13,666,224	
<b>Maintenance Expenses</b>			\$ 6,744,102	
<b>Major Maintenance Expenses</b>			\$ -	

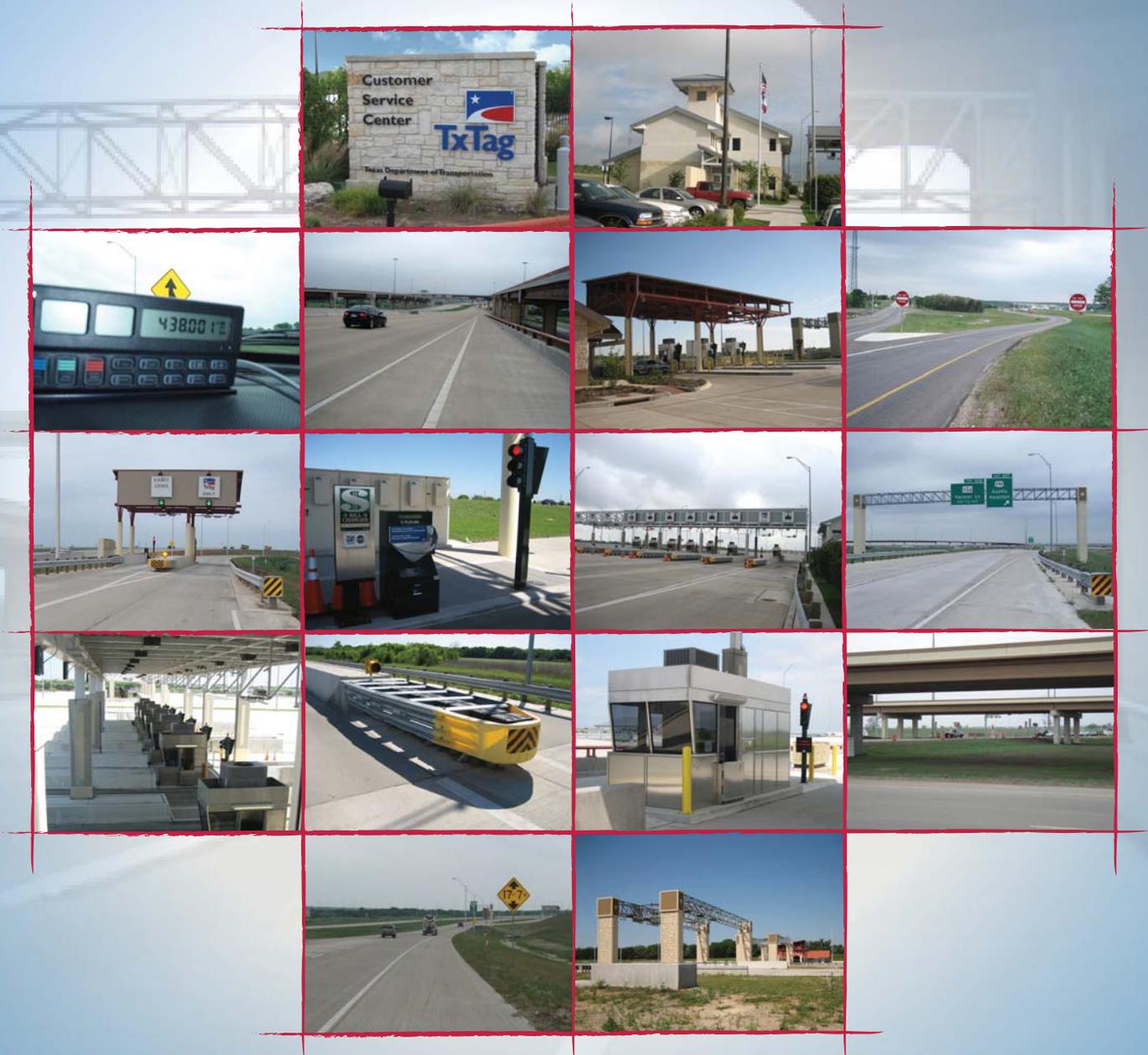
<sup>(1)</sup> Reported on accrual basis

**Exhibit G**

**Central Texas Turnpike System  
General Engineering Consultant's Annual Inspection Report**



# Central Texas Turnpike Project Annual Inspection Report 2009





*An employee-owned company*

May 1, 2009

Mr. Mark Tomlinson, P.E.  
Director of Texas Turnpike Authority  
Texas Department of Transportation  
125 East 11<sup>th</sup> Street  
Austin, TX 78701

Subject: FY 09 Inspection of the Central Texas Turnpike Project

Dear Mr. Tomlinson:

As General Engineering Consultant to the Central Texas Turnpike Project and in accordance with Section 707 of the Indenture of Trust, PBS&J is pleased to submit to you twenty copies of the FY 2009 Central Texas Turnpike Project Annual Inspection Report.

The results of this year's inspection are indicative of the project having recently opened to traffic and being maintained in a proactive manner. The condition of the project is excellent with an overall rating of 97. This is a combined rating for Loop 1, SH 45 and SH 130.

The inspection does reveal that a number of elements are in less than fair condition, however, the Austin District has two comprehensive maintenance contracts in place and funded for routine and periodic maintenance sufficient to address each of these elements.

This report contains a comprehensive summary of inspection results in tabular form. Additionally, photographs and graphics have been included to illustrate the major system elements. The Introduction, Inspection Results and Recommendations are included in the body of the report. Appendix A-Selected Photographs of existing conditions, Appendix B-Inspection Worksheets and Appendix C-Bridge Reports are included on the CD in the back of the report.

If you have any questions, please feel free to contact us.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Stephen W. Austin', written over a light blue horizontal line.

Stephen W. Austin

cc: Mr. Timothy Weight, P.E.  
Mr. Lowell Choate, P.E.

**Annual Inspection Report**  
for the fiscal Year ending August 31, 2009

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## Executive Summary

As General Engineering Consultant to the Central Texas Turnpike Project (CTTP) and in accordance with Section 7.07 of the Indenture of Trust, dated July 15, 2002 between the Texas Transportation Commission and Bank One, National Association, as Trustee, PBS&J is pleased to submit the Central Texas Turnpike Project Annual Inspection Report for the Fiscal Year ending August 31, 2009. The findings contained in this report are based upon the assessment of inspection data compiled for the roadway, buildings, and structures components; in coordination with the Texas Department of Transportation (TxDOT) Maintenance and Finance Offices; and PBS&J's general knowledge of the condition of Turnpike Project facilities.

This is the second annual inspection of the CTTP since it opened to traffic. The overall condition of the Turnpike Project is excellent with an overall rating of 97 for the roadway features. The system's primary feature, its 65 miles of roadway, is in new condition with only minor deficiencies noted. No single element achieved a score less than 80, with the exception of delineators / missing mile markers which rated a score of 78 overall. Mile markers are only present on SH 130 and were not scored on SH 45 and Loop 1.

The FY 2009 annual inspection also revealed that all facilities (buildings) are in very good condition overall. The majority of the deficiencies found are cosmetic in nature. Bridges, inspected under the federal bridge Inspection program, are reported in good condition and are included in this report.

The CTTP has programmed over \$9.0 million in FY 2009, and has two comprehensive maintenance contracts in place, and funded through FY 2010 for routine and periodic maintenance of all highway and structure assets and other safety related upgrades.

In addition to the analysis of inspection results, this report presents the current status of the Turnpike Project with respect to the Texas Condition Assessment Program (TxCAP). The TxDOT commitment to system improvement and preservation is obvious. By continually monitoring system conditions and ensuring that its facilities are maintained in top condition, the Turnpike Project is better able to provide for the safety and convenience of its patrons while maintaining a safe investment for bondholders.



# Section 1



# Introduction

## 1. Introduction

### 1.1 General Description and Procedure of Inspection

The Turnpike Project annual inspection is conducted based on three major categories of system facilities: roadways, buildings, and structures. The roadway inspection features three general categories of roadway elements: pavement, roadside and traffic operations. The building inspection is divided into three general building types; toll plaza administration buildings, toll plaza buildings (ramps) and canopies. The major elements in each of the three building types are subdivided into four categories and are detailed in Section 2.3 Buildings. All roadways and facilities were inspected by PBS&J, the CTTTP General Engineering Consultant. This report reflects the findings of the roadway and building inspections that were accomplished in 2009. Selected photographs of roadway and building components are included in Appendix A.

The visual inspection of all structures was conducted during this year's field inspection. The structures inspection includes bridges; overhead / cantilever signs, and High Mast Light Towers (HMLTs). A summary of all the Federal Bridge Inspection Reports for bridges within the CTTTP indicates no major deficiencies with any of the Project's bridges. The bridge summary is located in Appendix C.

All three roadways within the CTTTP were inspected utilizing the TxCAP scoring system. The TxCAP program combines data from three different division's reporting systems: The Texas Maintenance Assessment Program (TxMAP), the Pavement Management Information System (PMIS) and the Texas Traffic Assessment Program (TxTAP) to assess the Turnpike Project's assets. The development of TxCAP eliminates duplication of the three separate scoring systems and provides a simplified and concise scoring scale. The system is based on a 5-point rating scale.

The TxCAP rating, which supports the findings of the annual inspection, allows a comparison of the CTTTP roadway conditions to the statewide standard. The ratings assigned to the Turnpike Project can be used to make general recommendations on system components needing improvement. A summary of the TxCAP is described in more detail and the scores are included in the roadway section of this report. The rating system utilized by the Central Texas Turnpike Project is defined in detail in Section 2, FY 2009 Maintenance Inspection Results, Subsection 2.2, Roadways.

All inspections are conducted in accordance with standard procedures developed by the Federal Highway Administration and Texas Department of Transportation (TxDOT) and involve an extensive visual examination of all elements relative to the category of inspection. A detailed tabulation of the conditions observed on the date of the field inspection is prepared in the form of inspection worksheets. The

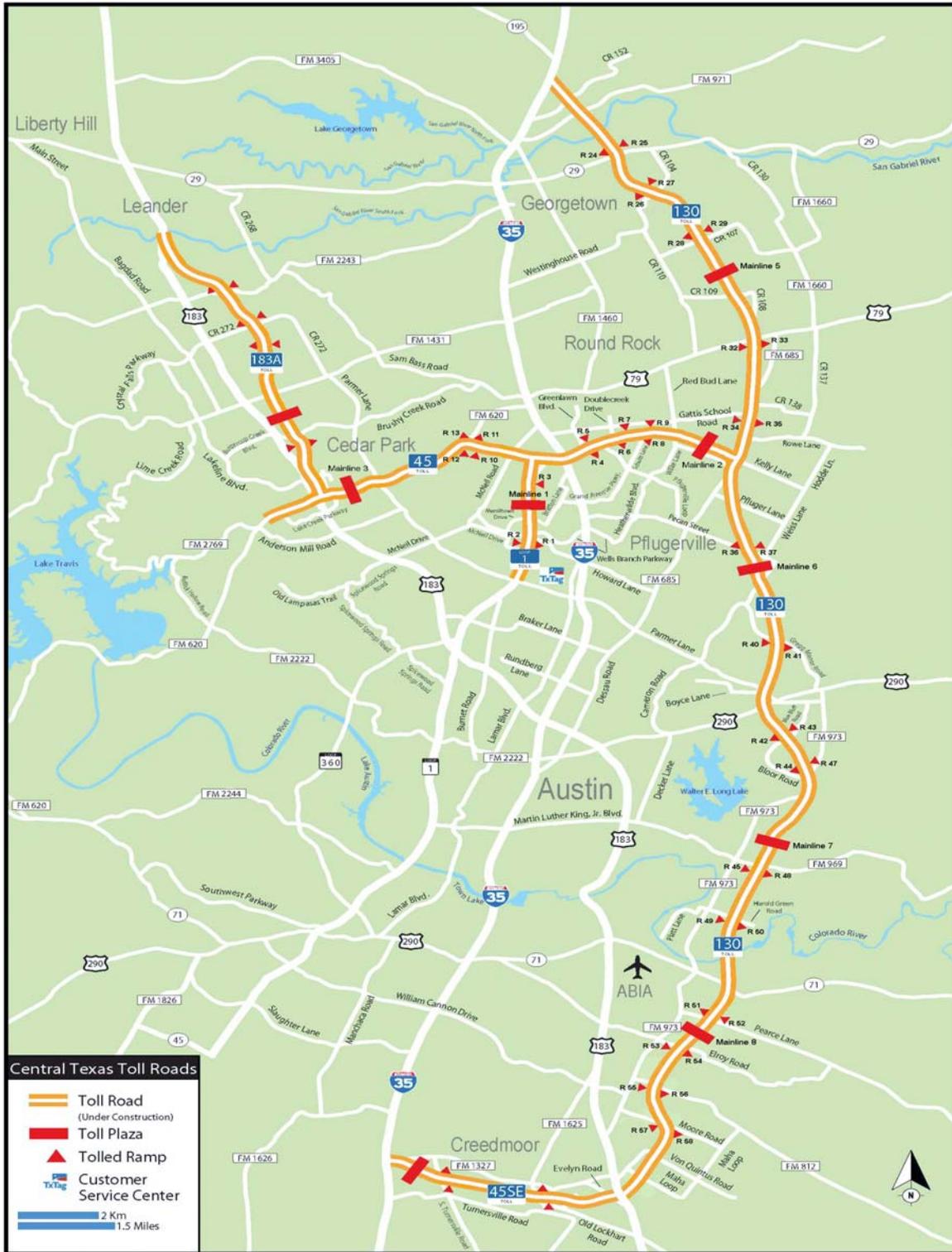
worksheets are spot-checked in the field to verify accuracy and consistency and the results are reviewed and summarized for presentation in Appendix B.

**1.2 Description of Central Texas Turnpike Project**

In FY 2009, the Central Texas Turnpike Project was comprised of three main roadway components. The first component; the Loop 1 Extension is approximately three miles in length and runs north from FM 734 (Parmer Lane) to the SH 45 interchange. SH 45, the second of CTTTP's three highways currently begins west of US 183 at Ridgeline Blvd. and extends east approximately 13 miles to the SH 130 / SH 45 interchange north of Pflugerville. The third component, SH 130 currently begins north of Georgetown, Texas and extends 49 miles south to US 183 in southeast Travis County. This includes 8 miles that opened to traffic in April of 2008 that was not completed for the 2008 inspection. All three of CTTTP highways are multi-lane, limited access toll facilities. The three highways combined provide 65 centerline miles to the Texas Intrastate Highway System, these three components include 209 bridges, and 57 buildings. The system's main roadway components are summarized in Table 1 and illustrated in Figure 1.

Table 1 Central Texas Turnpike Project Components		
Component	Centerline Mile Lengths	
	Mi.	km
Loop 1	3	4.83
State Highway 45	13	20.92
State Highway 130	49	78.86
<b>Total</b>	<b>65</b>	<b>104.61</b>

# CENTRAL TEXAS TURNPIKE PROJECT



**Figure 1 - Central Texas Toll Roads**



## Section 2



# FY 2009 Maintenance Inspection Results

## 2. FY 2009 Maintenance Inspection Results

### 2.1 Introduction

The findings of the FY 2009 Annual Inspection of Central Texas Turnpike Project are based on an extensive evaluation of the roadway, building, and structures inspection and are outlined in the following paragraphs. The TxDOT ratings assigned to the various roadway elements are presented, along with a general description of the condition of the system's roadways, buildings and structures at the time of inspection.

No major deficiencies were found in any of the three categories of the 2009 inspection; roadways, buildings or structures that have been completed and are in service.

The CTTTP inspection does not take into account the criticality of the elements in relationship to each other. When reviewing deficiencies, one should remember that a number of considerations influence the desired level of service. These include safety, protection of private and public investment, comfort, economics, environmental impact, aesthetics, and funding constraints. A deficient pavement failure, for example, would receive priority over a deficiency in litter removal because it may have an immediate impact on the safety of the patron.

### 2.2 Roadways

The roadway inspection is divided into three general categories of roadway elements: pavement, traffic operations and roadside features. A sketch identifying the major elements of a typical roadway is included as Figure 2.

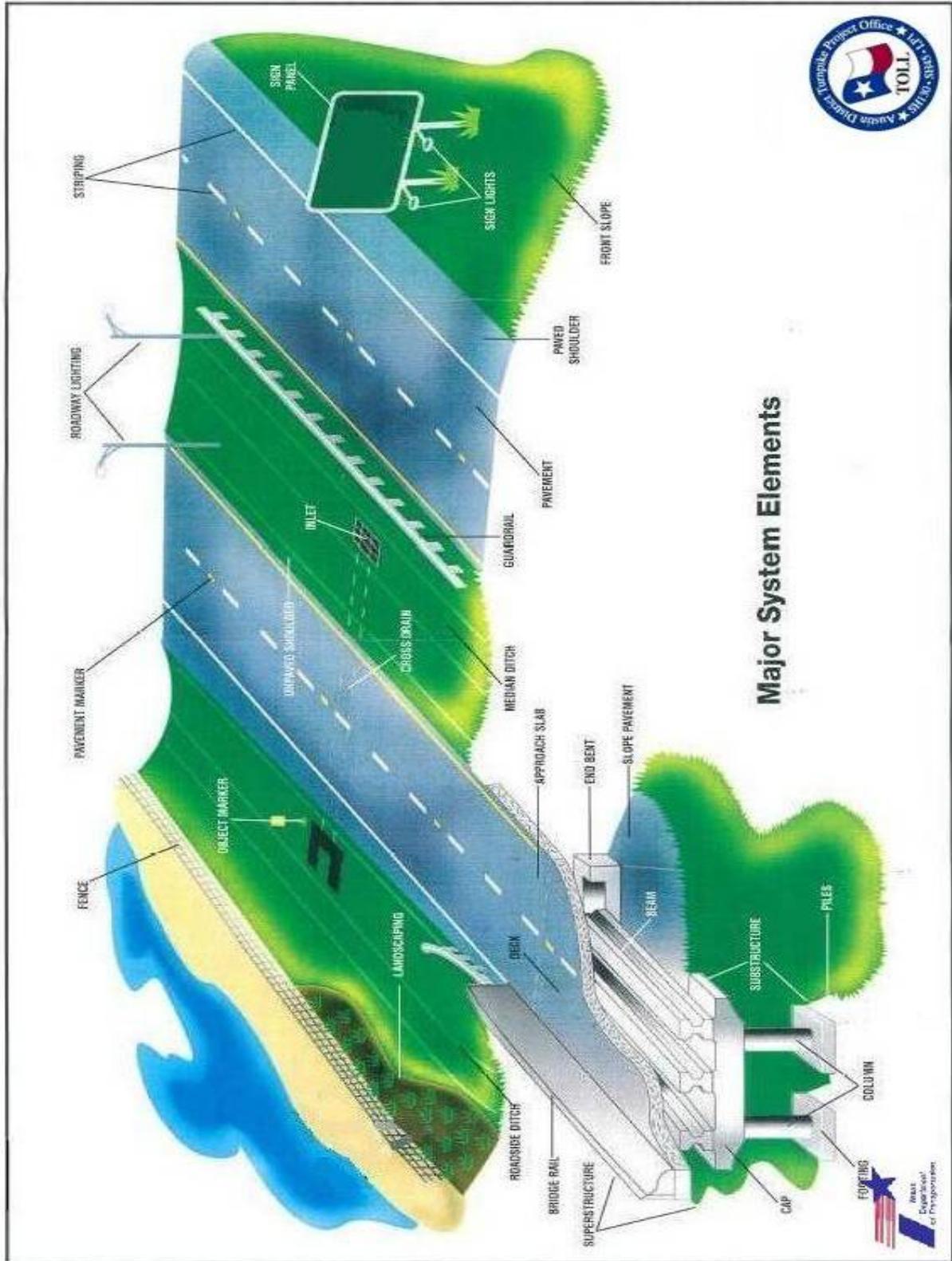
PBS&J utilized a Roadway rating procedure (RRP) based on using the original 25 roadway elements outlined in the TxCAP document. The ratings and descriptions of the numerical grading system are based on a five-point system as used in the TxCAP as shown in Table 2. The 5-point system then is converted to a 100 percent by multiplying each rating by twenty. The resulting score is then weighted by applying the TxCAP values outlined in Table 3 to determine the overall score for each category. Each category's overall score is then weighted according to appropriate TxCAP value to obtain a total composite score for the entire roadway system.

Five elements; railroad crossings, signals, work zones, mailboxes and general public rating contained in the traffic operations and roadside categories were not applicable to this project. These elements are not scored in this year's inspection. The TxCap weighted scores of the remaining elements were increased proportionally to obtain the 100-point maximum, as shown on Table 3.

This information is entered directly into a database located on laptop computers in the field for later compilation and reporting for each roadway. Inspection results are separated by roadway / ramp segment and lane direction.

All of the major elements contained within each category are in Tables 4 through 6. In addition, the scores for each major element are included. A rating of two or below on the field inspection worksheets indicates that the portion of the element is degraded and reported as deficient. All three roadways contained within the CTTP are summarized in Table 7. The inspection results shown include all major categories of Turnpike roadway facilities: mainline roadways, ramps and interchanges.

The results of this year's annual inspection indicate that the Turnpike System roadway facilities are in like new condition and are being maintained in an overall excellent condition. No major roadway deficiencies were identified by the Turnpike Systems annual inspection.



Major System Elements

Fig 2 – Major System Elements

Table 2 Turnpike Project Roadway Inspection Rating Scale		
Grade	Rating	Description
5	Excellent	No deficiencies noted. Feature is in like new condition
4	Good	No maintenance is necessary. Feature appearance and functionality/operability are good.
3	Degraded	Maintenance is required to protect public or system. Feature appearance and functionality/operability are below average.
2	Unsatisfactory	Immediate repair is required to protect public or system. Feature appearance and functionality/operability are substandard.
1	Emergency	Immediate maintenance is required to protect public or system. Feature appearance and functionality/operability are unacceptable.

Table 3		
TxCAP Roadway Weighted Scoring Values		
<b>Pavement Score</b>	Original Percentage	Adjusted Percentage
Rutting (PMIS)	17.50%	17.50%
Cracking (PMIS)	17.50%	17.50%
Failures (PMIS)	24.00%	24.00%
Ride (PMIS)	16.00%	16.00%
Edges (TxMAP)	12.00%	12.00%
Shoulders (TxMAP)	13.00%	13.00%
<b>Traffic Operations Score</b>		
Raised Pavement Markers (TxMAP)	10.00%	11.76%
Striping, Pavement Graphics (TxMAP)	20.00%	23.53%
Attenuators (TxMAP)	5.00%	5.88%
Delineators (TxMAP)	15.00%	17.65%
Shoulder Texturing (TxMAP)	5.00%	5.88%
Roadside Signs (TxTAP)	30.00%	35.29%
Railroad Crossings (TxTAP)	N/A (5.0%)	0.00%
Signals (TxTAP)	N/A (10.0%)	0.00%
Work Zones (TxTAP)	N/A (0.0%)	0.00%
<b>Roadside Score</b>		
Vegetation Management (TxMAP)	13.00%	18.57%
Litter (TxMAP)	6.00%	8.57%
Sweeping (TxMAP)	11.00%	15.71%
Trees and Brush (TxMAP)	8.00%	11.43%
Drainage (TxMAP)	12.00%	17.14%
Encroachments (TxMAP)	8.00%	11.43%
Guardrails (TxMAP)	7.00%	10.00%
Guardrail End Treatments (TxMAP)	5.00%	7.14%
Mailboxes (TxMAP)	N/A (7.0%)	0.00%
General Public Rating (TxMAP)	N/A (23.0%)	0.00%
<b>Overall Score</b>		
<b>Pavement</b>	<b>50.00%</b>	<b>50.00%</b>
<b>Traffic Operations</b>	<b>25.00%</b>	<b>25.00%</b>
<b>Roadside</b>	<b>25.00%</b>	<b>25.00%</b>

### 2.2.1 Pavement

The pavement category includes; rutting, cracking, pavement failures, ride rating edges and shoulders. Pavement throughout the CTTTP was generally found in new condition and achieved an overall score rating of 96. None of the pavement elements rated a score below 80 percent. The lowest pavement element score, cracking, received a score of 80 percent and was noted on Loop 1. There were no major deficiencies on any of the three roadway systems reported by the annual inspection.



Figure 3 - Typical Roadway Section

## 2.2.2 Roadside

The determination of the Roadside score for roadside features is generally based upon the consideration of vegetation management, litter removal, drainage structures, and other elements located outside of the paved travel way (Figure 2). The roadside category is in excellent condition and has achieved an overall score of 98. There were no characteristics that rated lower than 91. The lowest element, vegetation management, was found on SH 130. A combination of sparse and or missing turf in combination with minor erosion contributed to the reduced score.



Figure 4 – Typical Roadside Section

### 2.2.3 Traffic Operations

The Traffic Operations category ratings are based on the condition of all features that guide, protect, and assist the patron while traveling the Turnpike System's roadways and interchanges. A Traffic Operations score rating of 94 was achieved in this category. While the overall score generally reflects the good condition of this category, delineators / mile markers were noted to be less than adequate. During the inspection, many delineators and mile markers were noted as missing on SH 130. The delineators were rated at 70% on SH 130, the lowest score of all three CTPP highways. Mile markers are only present on SH 130 and were not scored on SH 45 and Loop 1.



Figure 5 – Roadside Sign and Pavement Symbols

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Table 4 Condition of Roadway Elements - CTPP Loop 1 (Mainline) - FY 2009						
Category	Component	Component Score	Maximum Score	Sub Score	TxCAP Weighted Value	Weighted Score
<b>Pavement Score</b>	Rutting	1,400	1,400	100	17.50%	18
	Cracking	1,120	1,400	80	17.50%	14
	Failures	1,400	1,400	100	24.00%	24
	Ride	1,400	1,400	100	16.00%	16
	Edges	1,400	1,400	100	12.00%	12
	Shoulders	1,380	1,500	92	13.00%	12
<b>Loop 1 - Pavement Score</b>						<b>95</b>
<b>Traffic Operations Score</b>	Raised Pavement Markers	1,200	1,200	100	11.76%	12
	Striping, Pavement Graphics	1,240	1,400	89	23.53%	21
	Attenuators	1,200	1,200	100	5.88%	6
	Delineators	2,020	2,100	96	17.65%	17
	Shoulder Texturing	1,030	1,150	90	5.88%	5
	Roadside Signs	1,275	1,275	100	35.29%	35
	Railroad Crossings	0	0	0	0.00%	0
	Signals	0	0	0	0.00%	0
	Work Zones	0	0	0	0.00%	0
<b>Loop 1 - Traffic Operations Score</b>						<b>96</b>
<b>Roadside Score</b>	Vegetation Management	1,187	1,200	99	18.57%	18
	Litter	1,400	1,400	100	8.57%	9
	Sweeping	1,320	1,400	94	15.71%	15
	Trees and Brush	700	700	100	11.43%	11
	Drainage	1,200	1,200	100	17.14%	17
	Encroachments	700	700	100	11.43%	11
	Guardrails	1,400	1,400	100	10.00%	10
	Guardrail End Treatments	1,400	1,400	100	7.14%	7
	Mailboxes	0	0	0	0.00%	0
	General Public Rating	0	0	0	0.00%	0
<b>Loop 1 - Roadside Score</b>						<b>99</b>
<b>Category Score</b>	Pavement	8,100	8,500	95	<b>50.00%</b>	48
	Traffic Operations	7,965	8,325	96	<b>25.00%</b>	24
	Roadside	9,307	9,400	99	<b>25.00%</b>	25
<b>Loop 1 - Total Roadway Score</b>						<b>97</b>

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Table 5 Condition of Roadway Elements - CTPP SH 45 (Mainline) - FY 2009						
Category	Component	Component Score	Maximum Score	Sub Score	TxCAP Weighted Value	Weighted Score
<b>Pavement Score</b>	Rutting	5,300	5,300	100	17.50%	18
	Cracking	4,600	5,700	81	17.50%	14
	Failures	5,220	5,240	100	24.00%	24
	Ride	5,300	5,300	100	16.00%	16
	Edges	5,300	5,300	100	12.00%	12
	Shoulders	4,880	5,400	90	13.00%	12
<b>SH 45 - Pavement Score</b>						<b>95</b>
<b>Traffic Operations Score</b>	Raised Pavement Markers	4,700	4,900	96	11.76%	11
	Striping, Pavement Graphics	4,700	5,200	90	23.53%	21
	Attenuators	3,900	3,900	100	5.88%	6
	Delineators	5,140	5,300	97	17.65%	17
	Shoulder Texturing	4,730	4,850	98	5.88%	6
	Roadside Signs	4,735	4,775	99	35.29%	35
	Railroad Crossings	0	0	0	0.00%	0
	Signals	0	0	0	0.00%	0
	Work Zones	0	0	0	0.00%	0
<b>SH 45 - Traffic Operations Score</b>						<b>96</b>
<b>Roadside Score</b>	Vegetation Management	4,707	4,800	98	18.57%	18
	Litter	5,180	5,400	96	8.57%	8
	Sweeping	5,100	5,300	96	15.71%	15
	Trees and Brush	3,400	3,400	100	11.43%	11
	Drainage	4,357	4,357	100	17.14%	17
	Encroachments	3,400	3,400	100	11.43%	11
	Guardrails	4,900	4,900	100	10.00%	10
	Guardrail End Treatments	4,900	4,900	100	7.14%	7
	Mailboxes	0	0	0	0.00%	0
	General Public Rating	0	0	0	0.00%	0
<b>SH 45 - Roadside Score</b>						<b>99</b>
<b>Category Score</b>	Pavement	30,600	32,240	95	<b>50.00%</b>	48
	Traffic Operations	27,905	28,925	96	<b>25.00%</b>	24
	Roadside	35,944	36,457	99	<b>25.00%</b>	25
<b>SH 45 - Total Roadway Score</b>						<b>97</b>

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Table 6 Condition of Roadway Elements - CTPP SH 130 (Mainline) - FY 2009						
Category	Component	Component Score	Maximum Score	Sub Score	TxCAP Weighted Value	Weighted Score
<b>Pavement Score</b>	Rutting	17,300	17,300	100	17.50%	18
	Cracking	19,880	23,300	85	17.50%	15
	Failures	17,170	17,200	100	24.00%	24
	Ride	17,300	17,300	100	16.00%	16
	Edges	17,300	17,300	100	12.00%	12
	Shoulders	16,100	17,600	91	13.00%	12
<b>SH 130 - Pavement Score</b>						<b>96</b>
<b>Traffic Operations Score</b>	Raised Pavement Markers	17,100	17,100	100	11.76%	12
	Striping, Pavement Graphics	16,980	17,600	96	23.53%	23
	Attenuators	7,400	7,400	100	5.88%	6
	Delineators	13,440	19,100	70	17.65%	12
	Shoulder Texturing	16,780	18,450	91	5.88%	5
	Roadside Signs	17,115	17,250	99	35.29%	35
	Railroad Crossings	0	0	0	0.00%	0
	Signals	0	0	0	0.00%	0
	Work Zones	0	0	0	0.00%	0
<b>SH 130 - Traffic Operations Score</b>						<b>93</b>
<b>Roadside Score</b>	Vegetation Management	16,060	17,567	91	18.57%	17
	Litter	17,260	17,600	98	8.57%	8
	Sweeping	17,080	17,500	98	15.71%	15
	Trees and Brush	13,560	13,800	98	11.43%	11
	Drainage	16,111	16,171	100	17.14%	17
	Encroachments	13,560	13,800	98	11.43%	11
	Guardrails	17,140	17,300	99	10.00%	10
	Guardrail End Treatments	17,140	17,300	99	7.14%	7
	Mailboxes	0	0	0	0.00%	0
	General Public Rating	0	0	0	0.00%	0
<b>SH 130 - Roadside Score</b>						<b>97</b>
<b>Category Score</b>	Pavement	105,050	110,000	96	<b>50.00%</b>	48
	Traffic Operations	88,815	96,900	93	<b>25.00%</b>	23
	Roadside	127,911	131,038	97	<b>25.00%</b>	24
<b>SH 130 - Total Roadway Score</b>						<b>95</b>

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Table 7 Condition of Roadway Elements - CTPP (All Roadways) - FY 2009						
Category	Component	Component Score	Maximum Score	Sub Score	TxCAP Weighted Value	Weighted Score
<b>Pavement Score</b>	Rutting	24,000	24,000	100	17.50%	18
	Cracking	25,600	30,400	84	17.50%	15
	Failures	23,790	23,840	100	24.00%	24
	Ride	24,000	24,000	100	16.00%	16
	Edges	24,000	24,000	100	12.00%	12
	Shoulders	22,360	24,500	91	13.00%	12
<b>CTTP (All Roadways) - Pavement Score</b>						<b>96</b>
<b>Traffic Operations Score</b>	Raised Pavement Markers	23,000	23,200	99	11.76%	12
	Striping, Pavement Graphics	22,920	24,200	95	23.53%	22
	Attenuators	12,500	12,500	100	5.88%	6
	Delineators	20,600	26,500	78	17.65%	14
	Shoulder Texturing	22,540	24,450	92	5.88%	5
	Roadside Signs	23,125	23,300	99	35.29%	35
	Railroad Crossings	0	0	0	0.00%	0
	Signals	0	0	0	0.00%	0
	Work Zones	0	0	0	0.00%	0
<b>CTTP (All Roadways) - Traffic Operations Score</b>						<b>94</b>
<b>Roadside Score</b>	Vegetation Management	21,954	23,567	93	18.57%	17
	Litter	23,840	24,400	98	8.57%	8
	Sweeping	23,500	24,200	97	15.71%	15
	Trees and Brush	17,660	17,900	99	11.43%	11
	Drainage	21,668	21,728	100	17.14%	17
	Encroachments	17,660	17,900	99	11.43%	11
	Guardrails	23,440	23,600	99	10.00%	10
	Guardrail End Treatments	23,440	23,600	99	7.14%	7
	Mailboxes	0	0	0	0.00%	0
	General Public Rating	0	0	0	0.00%	0
<b>CTTP (All Roadways) - Roadside Score</b>						<b>98</b>
<b>Category Score</b>	Pavement	143,750	150,740	96	<b>50.00%</b>	48
	Traffic Operations	124,685	134,150	94	<b>25.00%</b>	24
	Roadside	173,162	176,895	98	<b>25.00%</b>	25
<b>Total Central Texas Toll Roadway Score</b>						<b>97</b>

**2.3 Buildings**

The building facilities inspection is based on three general building types: toll plaza administration buildings, toll plaza buildings (ramps) and canopies. The major characteristics of each building type are subdivided into four categories: buildings, tollbooths, mechanical, and electrical components. Fifty-seven buildings currently exist and are providing service at the time of the FY 2009 inspection. Approximately 6,924 building asset items were inspected, of which, 90 were rated as being in less than fair (rating of 2 or less) condition, for a deficiency rate of 1.30 percent. However, it should be pointed out that, in many cases, these deficiencies represented an aesthetics problem and not structural or safety issues. The CTTTP mainline toll plazas, ramp plazas and buildings are detailed in Table 8.

Table 8					
Central Texas Turnpike Building Quantities - FY 2009					
Category and Type		Loop 1	SH 130	SH 45	Totals
<b>Buildings</b>	<b>Mainline Toll Plazas</b>	1	8	2	11
	<b>Ramp Plazas</b>	3	30	12	45
	<b>Customer Service Center</b>	1	0	0	1
	<b>Under Construction</b>	0	0	0	0
<b>Totals</b>		5	38	14	57

As part of the inspection process, all relevant structural components and associated mechanical and electrical systems for all buildings are visually inspected and ratings are assigned based on the conditions observed. The ratings and descriptions of the numerical grading system are based on the same five-point system utilized for the roadway system elements (Table 3). Elements rated deficient are compared to the total number of elements inspected to achieve a percent deficient for each element in each category. A summary of the results for each of the three roadways are contained in Tables 9 through 11, and a system-wide summary is shown in Table 12.

Including the twenty-two elements inspected and included in the building category, elements that reported the highest deficiency rate were roof joints at 10.00%. Water intrusion was noted near the roof / exterior door joint at several toll plaza buildings (ramps). Additional elements found deficient were irrigation systems at 5.56%. Also, fire extinguishers and cabinets, were noted as deficient at 5.36%.

### 2.3.1 Customer Service Center

The Texas Tag (TxTag) Customer Service Center (CSC) as shown in Fig. 6 below provides support for TxDOT's and other toll projects throughout the state. "TxTag" is the toll transponder that patrons use to pay tolls electronically by establishing a pre-paid account. The TxTag CSC supports patrons using TxTags as well as toll road patrons choosing to use the Pay by Mail process for their tolls monthly. In both cases, a customer account is established to accept payment or pre-payment for tolls. For transponder-based accounts, the CSC also supports inventory, fulfillment and distribution of the TxTag kits.

The customer service center became operational in July of 2006, and now operates six days a week, 12 hours each workday and 9 hours on Saturday with approximately 200 employees. The CSC includes four walk-up counters, a call center, and centers for fulfillment and distribution of TxTags, violations processing and image review, payment processing, help desk support, and account management. Additionally, there are management activities, including general administration, quality assurance and quality control, accounting and reconciliation, human resources, and facility administration.



Figure 6 - Customer Service Center

### 2.3.2 Toll Plaza Administrative Buildings and Canopies

The toll plaza administration buildings and canopies are located either as part of a mainline toll plaza or ramp toll plaza facility. The canopies typically extend from the administration buildings outward, over the tollbooths or toll collection equipment located between the travel lanes. The administration buildings may also be connected to the toll collection booths/equipment by means of an underground tunnel, which facilitates the transport of personnel, toll collection data, and supplies.



**Figure 7 - Mainline Canopy**

### 2.3.3 Tollbooths

All tollbooths, including those that have been decommissioned, were inspected during the FY 09 inspection. Tollbooths and related subcomponents were noted in excellent condition throughout the CTTTP. Only one tollbooth element, Toll A/C at 10.00% was rated greater than 5% deficient within the system. A typical tollbooth configuration is pictured below in figure 8. The condition of the elements and the corresponding deficiencies for each of these categories is summarized in Tables 9 through 11, with a system-wide summary shown in Table 12.



Figure 8 - Toll Booth

### 2.3.4 Mechanical

Mechanical elements include plumbing fixtures, sewer / septic lines and well and water lines. Eight plumbing fixture deficiencies were noted in less than fair condition within the system for a deficiency rating of 4.30%.

### 2.3.5 Electrical

Of the 1279 total electrical elements in the electrical category, only twelve deficient elements were noted as deficient for an overall deficiency rate of 0.94%. Ten of the elements are non-functioning GFI receptacles located at several facilities throughout the system. Two generators are noted as not installed at the Heatherwilde Blvd facilities.



Figure 9 – Facility Generator

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Table 9				
Condition of CTPP Buildings - Loop 1 - FY 2009				
Category	Element	Number Inspected	Number Rated Less Than Fair	Percent Deficient
<b>Buildings</b>	Parking Area & Drive Pvm't	48	1	2.08%
	Walks And Curbs	4	0	0.00%
	Area Lights	6	0	0.00%
	Site Drainage	0	0	0.00%
	Irrigation System	151	0	0.00%
	Exterior Walls	154	2	1.30%
	Exterior Trim	4	0	0.00%
	Exterior Windows	80	0	0.00%
	Exterior Doors	15	0	0.00%
	Interior Walls & Ceilings	412	0	0.00%
	Interior Windows & Sills	0	0	0.00%
	Interior Doors	134	0	0.00%
	Interior Flooring	137	1	0.73%
	Fire Extinguishers & Cabinets	43	0	0.00%
	Toilet Partitions & Screens	1	0	0.00%
	Bath Accessories	0	0	0.00%
	Lockers	0	0	0.00%
	Interior Signs	31	1	3.23%
	Roofs	5	1	20.00%
	Air Conditioners	175	1	0.57%
	Tunnel	1	0	0.00%
Elevators, Dumbwaiters	2	0	0.00%	
<b>Toll Booths</b>	Exterior Booth	14	0	0.00%
	Interior Booth	56	0	0.00%
	Toll Doors	14	0	0.00%
	Window	15	0	0.00%
	Counter/Drawer	19	0	0.00%
	Toll Light	8	0	0.00%
	Toll A/C	31	4	12.90%
	Underside Of Roof	4	0	0.00%
	Traffic Lights	28	0	0.00%
	Area Lights	6	0	0.00%
	Signs	29	0	0.00%
	Concrete Pavement	0	0	0.00%
	Nose Flashers (In Gator Heads)	18	0	0.00%
	Concrete Bumpers (Parking Stops)	0	0	0.00%
	Traffic Signal	28	0	0.00%
	Toll Indicator	24	0	0.00%
	<b>Mechanical</b>	Plumbing Fixtures	46	1
Sewer / Septic Lines		1	0	0.00%
Well / Water Lines		0	0	0.00%
<b>Electrical</b>	Building Electrical Fixtures	368	2	0.54%
	Generators	9	0	0.00%

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Table 10				
Condition of CTPP Buildings - SH 45 - FY 2009				
Category	Element	Number Inspected	Number Rated Less Than Fair	Percent Deficient
<b>Buildings</b>	Parking Area & Drive Pvm't	120	1	0.83%
	Walks And Curbs	4	1	25.00%
	Area Lights	6	0	0.00%
	Site Drainage	0	0	0.00%
	Irrigation System	63	0	0.00%
	Exterior Walls	77	0	0.00%
	Exterior Trim	14	0	0.00%
	Exterior Windows	27	0	0.00%
	Exterior Doors	28	1	3.57%
	Interior Walls & Ceilings	181	2	1.10%
	Interior Windows & Sills	0	0	0.00%
	Interior Doors	42	4	9.52%
	Interior Flooring	66	0	0.00%
	Fire Extinguishers & Cabinets	30	4	13.33%
	Toilet Partitions & Screens	0	0	0.00%
	Bath Accessories	0	0	0.00%
	Lockers	2	0	0.00%
	Interior Signs	17	0	0.00%
	Roofs	3	0	0.00%
	Air Conditioners	121	1	0.83%
Tunnel	2	0	0.00%	
Elevators, Dumbwaiters	4	0	0.00%	
<b>Toll Booths</b>	Exterior Booth	12	0	0.00%
	Interior Booth	48	1	2.08%
	Toll Doors	12	1	8.33%
	Window	12	0	0.00%
	Counter/Drawer	29	0	0.00%
	Toll Light	28	0	0.00%
	Toll A/C	25	3	12.00%
	Underside Of Roof	14	0	0.00%
	Traffic Lights	65	1	1.54%
	Area Lights	6	0	0.00%
	Signs	66	0	0.00%
	Concrete Pavement	0	0	0.00%
	Nose Flashers (In Gator Heads)	36	0	0.00%
	Concrete Bumpers (Parking Stops)	0	0	0.00%
	Traffic Signal	65	1	1.54%
	Toll Indicator	51	0	0.00%
<b>Mechanical</b>	Plumbing Fixtures	48	2	4.17%
	Sewer / Septic Lines	0	0	0.00%
	Well / Water Lines	0	0	0.00%
<b>Electrical</b>	Building Electrical Fixtures	280	4	1.43%
	Generators	16	2	12.50%

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Table 11				
Condition of CTPP Buildings - SH 130 - FY 2009				
Category	Element	Number Inspected	Number Rated Less Than Fair	Percent Deficient
<b>Buildings</b>	Parking Area & Drive Pvm't	278	1	0.36%
	Walks And Curbs	28	0	0.00%
	Area Lights	21	0	0.00%
	Site Drainage	0	0	0.00%
	Irrigation System	128	18	14.06%
	Exterior Walls	180	0	0.00%
	Exterior Trim	38	0	0.00%
	Exterior Windows	53	0	0.00%
	Exterior Doors	76	0	0.00%
	Interior Walls & Ceilings	330	0	0.00%
	Interior Windows & Sills	0	0	0.00%
	Interior Doors	48	1	2.08%
	Interior Flooring	108	3	2.78%
	Fire Extinguishers & Cabinets	39	2	5.13%
	Toilet Partitions & Screens	2	0	0.00%
	Bath Accessories	0	0	0.00%
	Lockers	2	0	0.00%
	Interior Signs	42	0	0.00%
	Roofs	12	1	8.33%
	Air Conditioners	213	3	1.41%
	Tunnel	8	0	0.00%
Elevators, Dumbwaiters	0	0	0.00%	
<b>Toll Booths</b>	Exterior Booth	20	0	0.00%
	Interior Booth	89	0	0.00%
	Toll Doors	21	1	4.76%
	Window	20	0	0.00%
	Counter/Drawer	35	1	2.86%
	Toll Light	76	0	0.00%
	Toll A/C	41	3	7.32%
	Underside Of Roof	37	0	0.00%
	Traffic Lights	124	2	1.61%
	Area Lights	21	0	0.00%
	Signs	127	0	0.00%
	Concrete Pavement	0	0	0.00%
	Nose Flashers (In Gator Heads)	58	0	0.00%
	Concrete Bumpers (Parking Stops)	0	0	0.00%
	Traffic Signal	124	2	1.61%
	Toll Indicator	86	0	0.00%
	<b>Mechanical</b>	Plumbing Fixtures	92	5
Sewer / Septic Lines		0	0	0.00%
Well / Water Lines		0	0	0.00%
<b>Electrical</b>	Building Electrical Fixtures	553	4	0.72%
	Generators	53	0	0.00%

**CENTRAL TEXAS TURNPIKE PROJECT**

Table 12				
Condition of Buildings - CTPP (All Highways) - FY 2009				
Category	Element	Number Inspected	Number Rated Less Than Fair	Percent Deficient
<b>Buildings</b>	Parking Area & Drive Pvm't	446	3	0.67%
	Walks And Curbs	36	1	2.78%
	Area Lights	33	0	0.00%
	Site Drainage	0	0	0.00%
	Irrigation System	342	18	5.26%
	Exterior Walls	411	2	0.49%
	Exterior Trim	56	0	0.00%
	Exterior Windows	160	0	0.00%
	Exterior Doors	119	1	0.84%
	Interior Walls & Ceilings	923	2	0.22%
	Interior Windows & Sills	0	0	0.00%
	Interior Doors	224	5	2.23%
	Interior Flooring	311	4	1.29%
	Fire Extinguishers & Cabinets	112	6	5.36%
	Toilet Partitions & Screens	3	0	0.00%
	Bath Accessories	0	0	0.00%
	Lockers	4	0	0.00%
	Interior Signs	90	1	1.11%
	Roofs	20	2	10.00%
	Air Conditioners	509	5	0.98%
	Tunnel	11	0	0.00%
Elevators, Dumbwaiters	6	0	0.00%	
<b>Toll Booths</b>	Exterior Booth	46	0	0.00%
	Interior Booth	193	1	0.52%
	Toll Doors	47	2	4.26%
	Window	47	0	0.00%
	Counter/Drawer	83	1	1.20%
	Toll Light	112	0	0.00%
	Toll A/C	97	10	10.31%
	Underside Of Roof	55	0	0.00%
	Traffic Lights	217	3	1.38%
	Area Lights	33	0	0.00%
	Signs	222	0	0.00%
	Concrete Pavement	0	0	0.00%
	Nose Flashers (In Gator Heads)	112	0	0.00%
	Concrete Bumpers (Parking Stops)	0	0	0.00%
	Traffic Signal	217	3	1.38%
	Toll Indicator	161	0	0.00%
<b>Mechanical</b>	Plumbing Fixtures	186	8	4.30%
	Sewer / Septic Lines	1	0	0.00%
	Well / Water Lines	0	0	0.00%
<b>Electrical</b>	Building Electrical Fixtures	1,201	10	0.83%
	Generators	78	2	2.56%

**2.4 Structures**

The structures inspection consisted of a visual inspection of the bridge deck, deck joints, related vehicle containment elements, approach slabs, overhead / cantilever signs, and HMLTs. No major deficiencies were found during the assessment for any of the categories related to the CTTTP structures. In addition, a summary of the Federal bridge Inspection Reports for the CTTTP bridges were compiled, and reviewed. It should be noted that no significant deficiencies were reported or observed that pose a safety threat to users of Central Texas Turnpike Project. Table 13 shown below summarizes all major structures of the CTTTP.

Table 13				
Quantities of CTTTP Major Structures - FY 2009				
Category	Loop 1	SH 45	SH 130	TOTALS
Bridges	15	69	126	209
Overhead/ Cantilever Signs	21	64	65	150
High-Mast Light Towers	3	49	23	75
<b>Totals</b>	39	182	214	434

### 2.4.1 Bridges

The Federal Bridge Inspection Summary Report (Appendix C) was compiled, reviewed, and are included on the CD located in the CD jacket inside the back cover of this report. The bridge components and major elements are listed in Table 14. The biennial inspection is based on three main components, comprised of a total of 93 elements, and 117 sub elements, for fixed bridges only. A numerical score is generated for each component based on the rating scale shown in Table 15. A review of the Federal Bridge Inspection Summary Report found no major deficiencies on any bridge within the CTTTP.

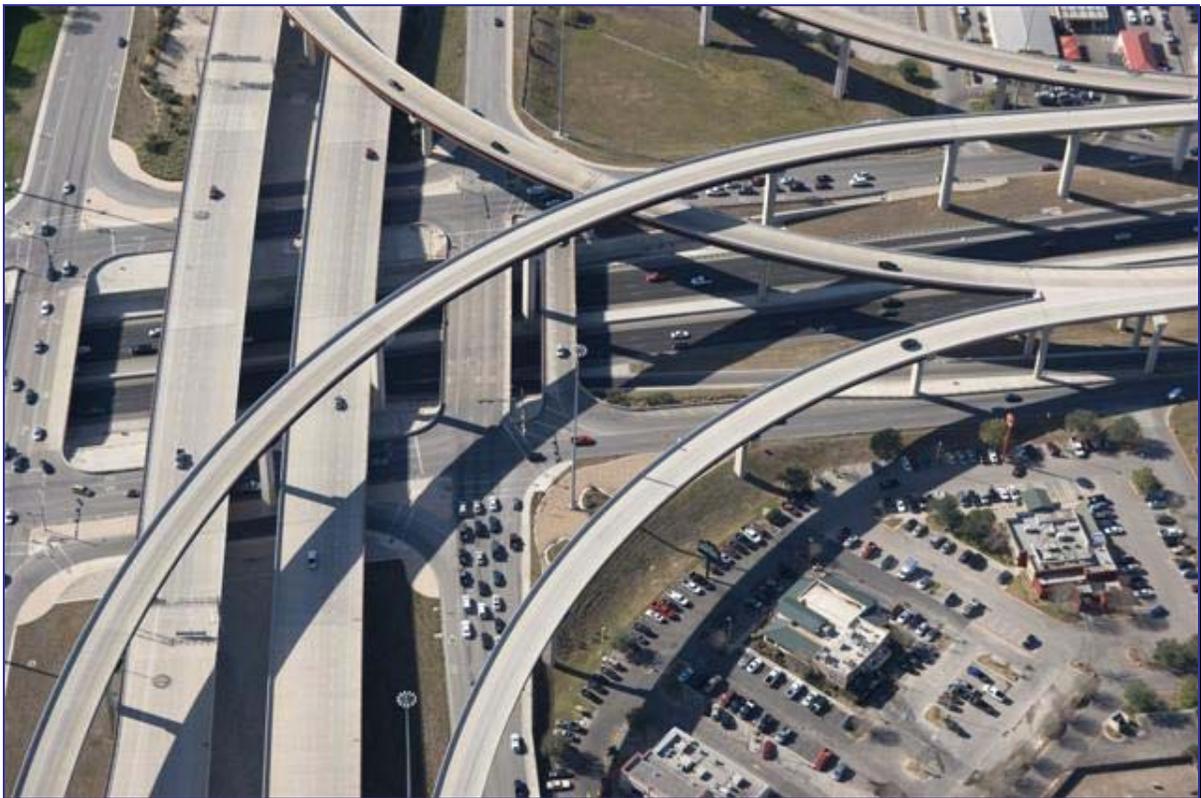


Figure 10 - Bridges

Table 14		
Bridge Components		
Deck	Substructure	Superstructure
Concrete Deck /Slab	Column or Pile	Closed/Open Girders
Deck Joints	Hollow Core Pile	Stringer
Approach Slabs	Pier Wall	Thru Truss
Bridge Railing	Abutment	Deck Truss
	Pile Cap/Footing	Arch
	Pile Jacket	Floor Beams
	Cap	Culvert
	Abutment Slope Protection	Bearings
	Bulkhead/Seawall	Unpainted Steel Superstructure
	Fender/Dolphin System	Painted Steel Superstructure
	Wingwall/Retaining Wall	Prestressed Concrete Superstructure
	Mechanical Stabilized Earth Wall	Reinforced Concrete Superstructure

Table 15		
Bridge Inspection Rating Scale		
Grade	Rating	Description
9	Excellent	All elements are in excellent condition.
8	Very Good	There were no problems noted.
7	Good	Element has some minor problems. Minor maintenance may be needed.
6	Satisfactory	Element shows some minor deterioration. Maintenance may be needed.
5	Fair	Element is sound, but may have minor section loss. Minor rehabilitation may be needed.
4	Poor	Element exhibits advanced section loss. Major rehabilitation may be needed.
3	Serious	Element has loss of section that has seriously affected the structure. Repair or rehabilitation is required immediately.
2	Critical	Element shows advanced deterioration. It may be necessary to close the bridge until corrective action is taken.
1	Imminent Failure	Bridge is closed to traffic. Corrective action may permit light service.
0	Failed	Bridge is out of service and beyond corrective action.

**2.4.2 Overhead/Cantilever Signs**

Overhead and cantilever signs, such as the one pictured in Figure 11 are suspended above the travel way by large support structures and are included in the roadside category. These signs provide critical directional information, guiding the patron throughout the Central Texas Turnpike Project. TxDOT performed an inspection of the overhead structures at the completion of their construction. At that time, none of the overhead / cantilever sign components and subcomponents inspected were noted as being in less than fair condition. Overhead sign components included in the assessment are listed in Table 16 below. The standard five point TxCAP rating scale was utilized to assess the condition of all overhead / cantilever sign structures.



**Figure 11 - Overhead Sign Structure**

Table 16 Overhead/Cantilever Sign Components	
Overlane Sign Structure Foundation	Overlane Sign Structure Horizontal Member
	Overlane Sign Structure Vertical Member

**2.4.3 High Mast Light Towers (HMLTs)**

Similar to overhead / cantilever signs, HMLTs were inspected by TxDOT at the completion of their construction. No deficiencies were noted during the post construction inspection. These structures, like the one pictured in Figure 12, provide illumination for improved nighttime visibility at various locations along the Turnpike Project, such as interchanges, and toll facilities. The condition of high mast light towers is determined by the two components listed in Table 17 below.



**Figure 12 – High Mast Light Pole**

Table 17 High Mast Light Tower Components	
High Mast Light Pole Foundation	High Mast Light Poles



## Section 3



# Program Status, Commitments, and Recommendations

### **3. Program Status, Commitments, and Recommendations**

#### **3.1 Program Status**

The condition of the roadway, building and structure assets of the CTTTP is excellent. This is due both to the project having been opened to traffic recently and the proactive maintenance program that has been put in place by TxDOT.

#### **3.2 Programmed Commitments**

TxDOT has two comprehensive maintenance contracts in place for the maintenance activities on the CTTTP project. The first of these contracts is a three year contract that extends until 2012 and includes the maintenance activities on SH 45 and Loop 1 and a portion of the maintenance activities on SH 130. This contract amount is \$14.673M. The second contract is a Capital Maintenance Agreement with the SH 130 developer and provides the remaining maintenance activities on SH 130. This agreement is authorized by TxDOT in phases with this first phase expiring at the end of FY 2010. The authorized total of this first phase is \$4.154M.

These contracts are actively managed by TxDOT Maintenance to ensure compliance with accepted standards and to address deficiencies such as those that are identified in this report. There is also a Maintenance Reserve account with an annual funding level of approximately \$1M for 'Unusual and Extraordinary Maintenance' as required by bond indenture.

#### **3.3 Recommendations**

Those elements identified as sub-standard should be addressed and returned to the proper level.

The overhead / cantilever signs and high mast light towers were inspected by TxDOT at the completion of construction. PBS&J has discussed with TxDOT maintenance that those elements have regularly scheduled inspections by qualified inspectors.



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## Exhibit H

### Central Texas Turnpike System Toll Rates as of August 31, 2009

This report is also available on-line at the following link:

<http://www.texasollways.com/austintollroads/english/rates.htm>

		2-axis vehicles 			Unibody truck, bus, motorhome 			3-axis vehicles 			4-axis vehicles 			5-axis vehicles 			6-axis vehicles 		
		Tag	Cash	Pay By Mail	Tag	Cash	Pay By Mail	Tag	Cash	Pay By Mail	Tag	Cash	Pay By Mail	Tag	Cash	Pay By Mail	Tag	Cash	Pay By Mail
	Plazas	\$0.68	\$0.75	\$0.90	\$0.68	\$0.75	\$0.90	\$1.35	\$1.50	\$1.80	\$2.03	\$2.25	\$2.70	\$2.70	\$3.00	\$3.60	\$3.38	\$3.75	\$4.50
	Ramps*	\$0.45	\$0.50	\$0.60	\$0.45	\$0.50	\$0.60	\$0.90	\$1.00	\$1.20	\$1.35	\$1.50	\$1.80	\$1.80	\$2.00	\$2.40	\$2.25	\$2.50	\$3.00
	Plazas	\$1.35	\$1.50	\$1.80	\$1.35	\$1.50	\$1.80	\$2.70	\$3.00	\$3.60	\$4.05	\$4.50	\$5.40	\$5.40	\$6.00	\$7.20	\$6.75	\$7.50	\$9.00
	Ramps	\$0.45	\$0.50	\$0.60	\$0.45	\$0.50	\$0.60	\$0.90	\$1.00	\$1.20	\$1.35	\$1.50	\$1.80	\$1.80	\$2.00	\$2.40	\$2.25	\$2.50	\$3.00
	Plaza-Park St.	\$1.55	No Cash	\$2.07	\$1.55	No Cash	\$2.07	\$3.10	No Cash	\$4.14	\$3.10	No Cash	\$4.14	\$6.20	No Cash	\$8.28	\$7.75	No Cash	\$10.35
	Plaza-Lakeline Mall Dr.	\$0.45	No Cash	\$0.60	\$0.45	No Cash	\$0.60	\$0.90	No Cash	\$1.20	\$0.90	No Cash	\$1.20	\$1.80	No Cash	\$2.40	\$2.25	No Cash	\$3.00
	Ramps	\$0.45	No Cash	\$0.60	\$0.45	No Cash	\$0.60	\$0.45	No Cash	\$0.60	\$0.45	No Cash	\$0.60	\$0.45	No Cash	\$0.60	\$0.45	No Cash	\$0.60
	Plazas	\$1.00	No Cash	\$1.33	\$3.00	No Cash	\$3.99	\$2.00	No Cash	\$2.66	\$4.00	No Cash	\$5.32	\$4.00	No Cash	\$5.32	\$5.00	No Cash	\$6.65
	Ramps	\$0.66	No Cash	\$0.88	\$1.98	No Cash	\$2.59	\$1.32	No Cash	\$1.76	\$2.63	No Cash	\$3.46	\$2.63	No Cash	\$3.46	\$3.30	No Cash	\$4.39

\* The plaza rates apply at the Donnell Drive and Heatherwilde Blvd. tolled ramps on State Highway 45.