TEXAS DEPARTMENT OF TRANSPORTATION

Annual Financial Report

(Unaudited)

For the Fiscal Year ended August 31, 2011

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

November 20, 2011

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

We are pleased to submit the Annual Financial Report of the Texas Department of Transportation for the year ended August 31, 2011, in compliance with Texas Government Code, Section 2101.011 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, Director of Accounting Management, at (512) 486-5314.

Sincerely,

Phil Wilson
Executive Director

Enclosure
cc: James M. Bass, Chief Financial Officer, TxDOT

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Combined Financial Statements

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EXHIBIT I

COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS
August 31, 2011

	GOVERNMENTAL FUND TYPES				
	GENERAL (EXH A-1)	SPECIAL REVENUE (EXH B-1)	DEBT SERVICE (EXH C-1)	CAPITAL PROJECTS (EXH D-1)	GOVERNMENTAL FUNDS TOTAL
	$	$	$	$	$
ASSETS					
Current Assets:					
Cash and Cash Equivalents					
Cash on Hand	5,200	257,473			262,673
Cash in Bank		21,172,739			21,172,739
Cash in State Treasury	1,996,894	4,063,769,826	1,449,576,826	715,006,908	6,230,350,454
Legislative Appropriations	74,336,199				74,336,199
Receivables:					
Federal		319,143,345			319,143,345
Other Intergovernmental		68,625,576			68,625,576
Interest and Dividends		10,119,692			10,119,692
Accounts Receivable		29,174,621	532,667		29,707,288
Due from Other Funds		63,076,522			63,076,522
Due from Other Agencies		190,320,820		753,413	191,074,233
Prepaid Items		152,756	2,002		154,758
Consumable Inventories		109,222,453			109,222,453
Loans and Contracts	52,396	22,909,533			22,961,929
Total Current Assets	76,390,689	4,897,945,356	1,450,111,495	715,760,321	7,140,207,861
Non-Current Assets:					
Federal Receivable		24,736,517			24,736,517
Loans and Contracts	244,404	1,218,865,292			1,219,109,696
Other Non-Current Assets		8,321,567			8,321,567
Total Non-Current Assets	244,404	1,251,923,376	0	0	1,252,167,780
TOTAL ASSETS	76,635,093	6,149,868,732	1,450,111,495	715,760,321	8,392,375,641
LIABILITIES AND FUND BALANCES					
Current Liabilities:					
Payables:					
Accounts Payable	1,304,115	936,795,496	32,350	7,467,927	945,599,888
Contracts Payable		30,652,882			30,652,882
Payroll Payable	343,246	58,600,136			58,943,382
Due to Other Funds	1,131,919	732,126	9,435,531	51,937,982	63,237,558
Due to Other Agencies	454,483	43,769,659			44,224,142
Unearned Revenues		3,515,879,172	1,941,995		3,517,821,167
Total Current Liabilities	3,233,763	4,586,429,471	11,409,876	59,405,909	4,660,479,019
TOTAL LIABILITIES	3,233,763	4,586,429,471	11,409,876	59,405,909	4,660,479,019
Fund Balances (Deficits):					
Nonspendable		369,355,123	2,002		369,357,125
Restricted		1,751,158,895	1,438,699,617	656,354,412	3,846,212,924
Committed	336,629	177,524,301			177,860,930
Assigned	1,568,298	605,420			2,173,718
Unassigned	71,496,403	(735,204,478)			(663,708,075)
TOTAL FUND BALANCES	73,401,330	1,563,439,261	1,438,701,619	656,354,412	3,731,896,622
TOTAL LIABILITIES AND FUND BALANCE	$ 76,635,093	$ 6,149,868,732	$ 1,450,111,495	$ 715,760,321	$ 8,392,375,641

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).

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
August 31, 2011

Total Fund Balance - Governmental Funds		$ 3,731,896,622
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets less accumulated depreciation and amortization are included in the statement of net assets (Note 2).		
Capital Assets - Non-Depreciable or Non-Amortizable	$ 62,951,922,060	
Capital Assets - Depreciable or Amortizable, Net	8,970,641,009	
		71,922,563,069
Some of TxDOT's resources are not currently available and are not reported in the funds		
Deferred charges for unamortized bond issuance cost	43,830,664	
Derivative Instrument Investment	26,252,183	
		70,082,847
Some of TxDOT's revenues will be collected after year-end but are not available soon enough to pay current year's expenditures and therefore are deferred in the funds.		24,736,517
Long-term liabilities applicable to TxDOT's governmental activities are not due and payable in the current period and accordingly are not reported in the funds. These liabilities, however, are included in the statement of net assets (Note 5 and Note 6).		
Employees' Compensable Leave	(72,800,987)	
Notes and Loans Payable	(1,060,623,795)	
General Obligation Bonds Payable	(7,192,941,987)	
Revenue Bonds Payable	(5,179,482,145)	
Pollution Remediation Obligations	(12,209,313)	
		(13,518,058,227)
* current portion = $382,635,241 and non-current portion = $13,135,422,986		
Interest payable applicable to TxDOT's governmental activities are not due and payable in the current period and accordingly are not reported in the funds. These liabilities, however, are included in the statement of net assets.		(234,208,452)
Net Assets of Governmental Activities		$ 61,997,012,376

EXHIBIT II

COMBINED STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

	GOVERNMENTAL FUND TYPES				
	GENERAL (EXH A-2)	SPECIAL REVENUE (EXH B-2)	DEBT SERVICE (EXH C-2)	CAPITAL PROJECTS FUND (EXH D-2)	GOV'T FUNDS TOTAL
REVENUES:	$	$	$	$	$
Legislative Appropriations:					
Original Appropriations	82,212,866				82,212,866
Additional Appropriations	704,199				704,199
Taxes		2,313,016,731			2,313,016,731
Federal Revenues	6,341,219	2,970,676,699	54,537,588		3,031,555,506
Federal Grant Pass-Through Revenues		8,495,483			8,495,483
Licenses, Fees and Permits	656,932	157,367,465	355,808,529		513,832,926
Interest & Investment Income		62,762,468	12,318,458	6,419,045	81,499,971
Land Income		6,678,675			6,678,675
Settlement of Claims		26,856			26,856
Sales of Goods and Services	855,602	213,065,533			213,921,135
Other Revenues	25	5,047,093			5,047,118
TOTAL REVENUES:	90,770,843	5,737,137,003	422,664,575	6,419,045	6,256,991,466
EXPENDITURES:					
Salaries and Wages	3,135,224	574,773,193			577,908,417
Payroll Related Costs	1,004,569	219,547,835			220,552,404
Professional Fees and Services	3,086,139	322,456,758	18,014	2,075,201	327,636,112
Travel	53,465	4,066,909			4,120,374
Materials and Supplies	(51,717)	349,247,775			349,196,058
Communications and Utilities	13,912	47,932,975			47,946,887
Repairs and Maintenance	31,415	812,847,758			812,879,173
Rentals and Leases	125	10,823,155			10,823,280
Printing and Reproduction	3,435	1,994,242			1,997,677
Claims and Judgments		8,142,112			8,142,112
Federal Pass-Through Expenditures		11,880,752			11,880,752
State Grant Pass-Through Expenditures		534,221			534,221
Intergovernmental Payments	215,481	397,576,744		24,232,561	422,024,786
Public Assistance Payments		15,818,122			15,818,122
Other Expenditures	126,832	597,011,346	5		597,138,183
Principal on State Bonds			148,855,000		148,855,000
Principal on Pass -Through Tolls		34,338,576			34,338,576
Interest on State Bonds	21,971,738	72,936,418	465,535,701		560,443,857
Other Financing Fees	209,300	5,554,751	411,791	4,930,247	11,106,089
Capital Outlay	2,400,273	3,153,473,845		343,056,721	3,498,930,839
TOTAL EXPENDITURES:	32,200,191	6,640,957,487	614,820,511	374,294,730	7,662,272,919
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES:	58,570,652	(903,820,484)	(192,155,936)	(367,875,685)	(1,405,281,453)
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	750,000	1,325,716,909	297,626,706	24,232,561	1,648,326,176
Operating Transfers Out	(20,767)	(1,079,344,660)	(141,689,620)		(1,221,055,047)
Bond & Note Proceeds				999,997,536	999,997,536
Insurance Recoveries		10,608,977			10,608,977
Sale of Capital Assets	1,330,481	3,362,776			4,693,257
TOTAL OTHER FINANCING SOURCES (USES):	2,059,714	260,344,002	155,937,086	1,024,230,097	1,442,570,899
NET CHANGE IN FUND BALANCES	60,630,366	(643,476,482)	(36,218,850)	656,354,412	37,289,446
FUND BALANCES, Sept. 1, 2010	13,096,497	3,565,467,735	116,368,477		3,694,932,709
Restatements		(1,358,551,992)	1,358,551,992		0
Appropriations Lapsed	(325,533)				(325,533)
FUND BALANCES, Aug.31, 2011 (Exh.I)	$ 73,401,330	$ 1,563,439,261	$ 1,438,701,619	$ 656,354,412	$ 3,731,896,622

* 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.

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the fiscal year ended August 31, 2011

Net Change in Fund Balances		$ 37,289,446
Governmental funds report capital outlays as expenditures. In the statement of activities, however, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlay exceeds depreciation in the current period is:		
Capital Outlay	$ 3,498,930,839	
Depreciation and Amortization Expense (Note 2)	(665,966,926)	
		2,832,963,913
The effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to increase net assets.		103,563,926
Changes in the fair values of investment derivatives and fluctuations in the values of non-current federal receivables are not reported as revenues in the funds.		
Change in Fair Value of Investment Derivatives	17,355,327	
Change in Non-current Federal Receivable	(4,083,861)	
		13,271,466
Bond proceeds provide current financial resources to governmental funds, but increase long-term liabilities in the statement of net assets. Repayment of long-term debt consumes current financial resources and is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net assets.		
Bonds and Notes Issued	(999,997,536)	
Repayment of Bond and Note Principal	183,193,576	
		(816,803,960)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(106,968,520)
Change in Net Assets of Governmental Activities		$ 2,063,316,271

EXHIBIT III

STATEMENT OF NET ASSETS - PROPRIETARY FUND
August 31, 2011

	CENTERAL TEXAS TURNPIKE SYSTEM ENTERPRISE FUND (0865)* U/F 0865
	$
ASSETS	
Current Assets:	
Money Market and Similar Funds	299,596,638
Short Term Investments	15,039,811
Due from Other Funds	662,787
Receivable:	
Interest and Dividends	319,497
Accounts Receivable	4,408,314
Local Governments	2,823,210
Prepaid Items	11,994
Consumeable Inventory	365,604
Total Current Assets	323,227,855
Non-Current Assets:	
Restricted:	
Cash In State Treasury	20,000
Investments	114,999,378
Deferred Charges	39,097,993
Receivables from Local Governments	650,383
Capital Assets:	
Non- Depreciable	
Land	631,489,854
Roadways	1,629,343,549
Land Use Rights	16,525,986
Depreciable	
Buildings	8,360,006
less Accumulated Depreciation	(1,951,757)
Infrastructure	422,810,212
less Accumulated Depreciation	(74,153,863)
Total Non- Current Assets	2,787,191,741
Total Assets	3,110,419,596
LIABILITIES	
Current Liabilities:	
Payables	
Accounts Payable	5,476
Unearned Revenue	789,741
Revenue Bonds Payable	4,082,838
Interest Payable	3,550,810
Total Current Liabilities	8,428,865
Non-Current Liabilities:	
Revenue Bonds Payable	1,574,347,098
Notes/Loans Payable (TIFIA)	1,032,548,891
Total Non-Current Liabilities	2,606,895,989
Total Liabilities	2,615,324,854
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	60,200,749
Restricted for Debt Service	128,483,984
Unrestricted	306,410,009
Total Net Assets	495,094,742
TOTAL LIABILITIES AND NET ASSETS	$ 3,110,419,596

* 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 FUND NET ASSETS - PROPRIETARY FUND
For the Fiscal Year Ended August 31, 2011

	CENTERAL TEXAS TURNPIKE SYSTEM ENTERPRISE FUND (0865)* U/F 0865
OPERATING REVENUES	
Toll Revenue	$ 68,802,457
Fee Revenue	6,061,871
Total Operating Revenues	74,864,328
OPERATING EXPENSES	
Professional Fees and Services	(10,106,722)
Salaries	(1,126,714)
Materials and Supplies	(2,619,983)
Communication and Utilities	(1,143,962)
Repairs and Maintenance	(15,864,460)
Printing & Reproduction	(4,333)
Depreciation Expense	(17,227,387)
Prompt Payment Interest	(339)
Contracted Services-Laborers	(17,934,972)
Advertising	(334,766)
Other Operating Expenses	(3,087,098)
Total Operating Expenses	(69,450,736)
Operating Income (Loss)	5,413,592
NONOPERATING REVENUES (EXPENSES)	
Lease Revenue	12,864
Interest and Investment Income	6,835,406
Interest and Amortization Expense	(74,782,128)
Accretion on Capital Appreciation Bonds and TIFA Note	(65,619,661)
Net Increase (Decrease) in Fair Value of Investments	40,772
Other Financing Fees	(28,000)
Total Nonoperating Revenues (Expenses)	(133,540,747)
Income (Loss) before Capital Contributions and Transfers	(128,127,155)
CAPITAL CONTRIBUTIONS AND TRANSFERS	
Capital Contributions	29,968
Operating Transfer In	46,056,513
Total Capital Contributions and Transfers	46,086,481
Change in Net Assets	(82,040,674)
Total Net Assets, September 1, 2010	577,220,176
Restatement	(84,760)
Total Net Assets, September 1, 2010, as restated	577,135,416
Total Net Assets, August 31, 2011	$ 495,094,742

* 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 FUND
For the Fiscal Year Ended August 31, 2011

	CENTERAL TEXAS TURNPIKE SYSTEM ENTERPRISE FUND (0865)* U/F 0865
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	$ 76,520,426
Payments to Suppliers for Goods and Services	(52,356,330)
Net Cash Provided by Operating Activities	24,164,096
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from Transfers from Other Funds *	45,678,914
Payments to Local Governments	(20,045,740)
Net Cash Provided by Noncapital Financing Activities	25,633,174
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Lease Revenue	12,864
Proceeds from Capital Contributions	200,779
Payments for Interest on Debt Issue	(74,707,707)
Payments for Additions to Land and Roadways	(66,757)
Payments for Remarketing Fees and Other Costs	(883,140)
Net Cash Used by Capital and Related Financing Activities	(75,443,961)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales of Investments	119,995,816
Proceeds from Interest and Investment Income, Net of Fees	6,847,724
Payments to Acquire Investments	(119,995,688)
Net Cash Provided by Investing Activities	6,847,852
Net Decrease in Cash and Cash Equivalents	(18,798,839)
Cash and Cash Equivalents - September 1, 2010	318,415,477
	318,415,477
Cash and Cash Equivalents - August 31, 2011	$ 299,616,638

* Previously reported as non-cash contributions, see Note 1.

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

EXHIBIT V

STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONCLUDED)
For the Fiscal Year Ended August 31, 2011

		CENTERAL TEXAS TURNPIKE SYSTEM ENTERPRISE FUND (0865)* U/F 0865
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	$	
Operating Income (Loss)		5,413,592
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation Expense		17,227,387
Operating Income and Cash Flow Categories Classification Differences		
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables		1,523,117
Total Adjustments		18,750,504
Net Cash Provided by Operating Activities	$	24,164,096
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Net Change in Fair Market Value of Investments		40,772
Net Non-cash Investing, Capital and Financing Activities	$	40,772

Reconciliation of Cash and Cash Equivalents		
Money Market and Similar Funds	$	299,596,638
Restricted Cash and Cash Equivalents in State Treasury		20,000
	$	299,616,638

* 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, 2011

		Agency Funds (EXH E)
	$	
ASSETS		
Cash and Cash Equivalents		
Cash on Hand		23,140
Cash in Bank		269,666
Cash In State Treasury		403,455,283
Money Market and Similar Funds		18,632,131
Total Assets		422,380,220
LIABILITIES		
Due to Other Funds (Agency 601, Fund 0865)		501,750
Funds Held for Others		421,878,470
Total Liabilities	$	422,380,220

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

TxDOT implemented the following statement promulgated by the Governmental Accounting Standards Board (GASB) in fiscal 2011.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. It provides clearer classifications of fund balances, which allows the classifications to be more consistently applied. It also clarifies existing governmental fund type definitions.

Two Texas Transportation Corporations, authorized by Transportation Code Chapter 431 to perform certain functions normally undertaken by TxDOT, are reported as blended component units because TxDOT exercises sufficient authority over the assets, operations and management of such entities to warrant their inclusion. Even though Texas Transportation Corporations are a part of the TxDOT reporting entity, the state is not liable for debts of these corporations, nor entitled to the assets of these corporations. See Note 19 for more information.

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

Basis of Presentation

The accompanying financial statements were prepared in conformity with procedures specified by the Texas Comptroller's office. The data in this report is combined and consolidated by the Comptroller's office with similar data from other state agencies and universities to prepare a Comprehensive Annual Financial Report (CAFR) for the state.

The Comptroller's office does not require for this report to comply with Generally Accepted Accounting Principles. The financial data and disclosures of TxDOT will be considered for audit as part of the CAFR, therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

Fund Structure

The financial statements are organized on the basis of funds. Each fund's operations are accounted for in a separate set of accounts. TxDOT is granted appropriations based on appropriated funds. For operational and statutory reasons TxDOT has created several lower level funds that are presented as part of the indicated appropriated fund.

Governmental Fund Types

Governmental funds focus on the sources and uses of funds. Included in the governmental fund financial statements are general, special revenue, debt service and capital projects funds. The general fund is used to account for the departmental operations funded by legislative appropriations. Special revenue funds account for specific revenue sources that are restricted or committed for specific purposes other than debt service or capital projects. Debt service funds are used to account for financial resources that are restricted, committed or assigned to expenditure for principal and interest. Capital projects funds are used to account for financial resources that are restricted, committed or assigned to expenditure for capital outlays.

General Fund Type:

General Revenue Fund (Appropriated Fund 0001) – TxDOT reports the following accounts, which are consolidated into the general revenue fund.

- General Fund Account – This account is used to account for all financial resources of the state except those required to be accounted for in another fund.
- Traffic Safety-Crash Records Information Systems Account (0036) – This account is used to account for expenditures pertaining to the crash records information system.
- Texas Highway Beautification Fund Account (0071) – This account was established to implement the Texas highway beautification program. Revenues are obtained from outdoor advertising license and permit fees.
- Suspense Fund (0900) – This fund is used to temporarily hold and account for receipts until the correct disposition of items is determined.

Special Revenue Fund Type:

State Highway Fund (Appropriated Fund 0006)

- State Highway Fund Accounts – These funds contain the activity related to public road construction, maintenance and monitoring of the state's highway system. The significant ongoing revenue sources are federal revenues and motor fuels taxes, which are constitutionally restricted and dedicated to the highway fund.
- State Infrastructure Bank (0099) – This fund operates as a revolving loan program that makes loans to public and private entities to encourage the development of transportation projects and facilities.
- Federal American Recovery and Reinvestment Fund (0369) – This fund was created to record, track and report the receipt and disbursement of American Recovery and Reinvestment Act (ARRA) funding.

Texas Transportation Corporations (Appropriated Fund 9999) – This fund presents the combined activities of the Grand Parkway Association and the Texas Private Activity Bond Surface Transportation Corporation, which are blended component units of TxDOT.

Debt Service Fund Type:

Texas Mobility Fund (Appropriated Fund 0365) – This fund operates as a revolving fund to provide a method of financing construction, reconstruction, acquisition and expansion of state highways and other transportation projects. The principal ongoing revenue source of the fund is fees committed by the Legislature under the authority of the Texas Constitution, Article III, Section 49-k. Other inflows to the fund include bond proceeds.

Proposition 14/State Highway Fund Debt Service (Appropriated Fund 0008) – This fund receives transfers in from the state highway fund for debt service on the state highway fund revenue bonds as authorized under the Texas Constitution, Article III, Section 49-n.

Capital Projects Fund Type:

Proposition 12/Highway Improvement Project Fund (Appropriated Fund 0307) – This fund receives the proceeds of general obligation bonds issued for highway improvement projects under the provisions of the Texas Constitution, Article III, Section 49-p. The fund reports the construction activity supported by such funding.

Colonias Project Fund (Appropriated Fund 7604) – This fund provides financial assistance to counties for roadway projects serving border colonias. Funding is provided from the sale of bonds or commercial paper, which are issued and reported by the Texas Public Finance Authority.

Proprietary Fund Type

Proprietary funds focus on determining operating income, changes in financial position and cash flows. Generally accepted accounting principles similar to those used by private sector businesses are applied in accounting for these funds.

Enterprise Funds:

Central Texas Turnpike System Fund (Appropriated Fund 0865) – this fund reports the activity of the Central Texas Turnpike System toll roads.

Fiduciary Fund Types

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

Agency Funds have no equity, assets equal liabilities and do not include revenues or expenditures. The agency funds used by TxDOT during fiscal 2011 included the general revenue fund (0001), child support deductions suspense account (0807), employees' savings bond account (0901), county, political subdivision trust account (0927), local government road/airport trust account (0927), toll revenue custodial account (0997) and the direct deposit correction accounts (0980 and 9014).

Component Units

The Grand Parkway Association and the Texas Private Activity Bond Surface Transportation Corporation are presented in TxDOT's financial statements as blended component units. See Note 19 for more details.

Basis of 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.

Governmental fund types and agency funds that build the fund financial statements are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become both measureable and available. Expenditures are generally recognized when the related fund liability is incurred.

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

Budget and Budgetary Accounting

TxDOT's budget is prepared on a performance-based concept and is represented by biennial appropriations authorized by the Legislature and approved by the governor.

Encumbrances are no longer reported separately in the fund balance. The classification for encumbrances is based on the resources available to liquidate those encumbrances. Encumbrances are included in the appropriate fund balance categories according to constraints placed on them, such as restricted, committed or assigned.

Assets, Liabilities and Fund Balances/Net Assets

Assets:

Cash and Cash Equivalents

Cash held in the state treasury, cash deposited in local banks, cash on hand and short-term highly liquid investments.

Investments

Amounts invested associated with the Central Texas Turnpike System. Ineffective hedging derivatives, as defined by GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* associated with outstanding bond obligations are also reported as investments. See Note 3 for more details.

Inventories and Prepaid Items

Inventory items are reported at a weighted average cost. The inventory consists of supplies and roadway materials on hand for future use. The consumption method of accounting is used to account for inventories and prepaid items. The costs of these items are expensed when the items are consumed. TxDOT reported prepaid postage of $165 thousand as of Aug. 31, 2011.

Receivables

The major receivables for TxDOT are federal and other intergovernmental. Receivables represent amounts due to TxDOT at Aug. 31, 2011, for revenues earned in the current fiscal year that will be collected in the future. Amounts expected to be collected in the next fiscal year are classified as current and amounts expected to be collected beyond the next fiscal year are classified as noncurrent. All receivables are recorded net of allowances for uncollectable accounts.

Notes and Loans Receivable

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

The Texas Private Activity Bond Surface Transportation Corporation (TxPABST), a blended component unit, issued revenue bonds and loaned the proceeds to the developers of the Interstate Highway 635 managed lanes project. Loan repayments are restricted to the payment of debt service on the related bonds. See Note 6 for additional details.

Fund	Loans Receivable	Due Within One Year
General Fund	$ 296,800.30	$ 52,396.36
Highway Fund	60,815,263.00	0.00
State Infrastructure Bank	270,950,863.03	10,970,949.49
Local Fund – Blended Component Units	910,008,699.03	11,938,584.38
Governmental Funds Total	$1,242,071,625.36	$ 22,961,930.23

Restricted Assets

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

Capital Assets

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

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

Classification	Capitalization Threshold	Estimated Useful Life
Buildings and Building Improvements	$ 100,000	5-30 years
Infrastructure, Depreciable	500,000	10-50 years
Facilities and Other Improvements	5,000	10-69 years
Furniture and Equipment	5,000	3-15 years
Vehicles, Boats and Aircraft	5,000	5-40 years
Internally Generated Computer Software	1,000,000	3-10 years
Other Computer Software	100,000	3-10 years
Land Use Rights – Term/Temporary	100,000	10-60 years

All capital assets are capitalized at cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair value at the date of donation. Costs of normal maintenance and repairs that do not add value to the asset or materially extend the asset's useful life are not capitalized.

TxDOT reports its highway infrastructure assets using the modified approach. This approach reflects a reasonable value of the asset and cost required to maintain the service potential at established minimum standards in lieu of depreciation. TxDOT developed and implemented an asset management system that establishes minimum standards and makes a yearly determination whether the minimum standards are being met. Disclosures of the minimum standards and the current status of the system are included in the required supplementary information section of this report.

All other capital assets, including bridges, with determinable useful lives are depreciated on the straight line basis over their estimated lives. See Note 2 for details of TxDOT's capital asset activity for fiscal 2011.

Liabilities:

Unearned Revenues

In fiscal 2007, TxDOT received upfront payments related to the development and future toll-road operations of State Highway 121 and 130. These agreements exchange an upfront payment for the right to operate these two toll roads for 50 years. Under each of these agreements the toll road reverts back to the state at the end of the 50 years. TxDOT is recognizing revenue on a straight-line basis over the term of the agreement.

Roadway	Original Receipt	Annual Revenue Recognition
SH 121	$ 3,197,104,248.00	$ 63,942,084.96
SH 130	$ 25,750,778.00	$ 515,015.56

TxDOT began recognizing the State Highway 121 revenue in fiscal 2009. State Highway 130 is still under construction. Revenue recognition will begin when the roadway is placed into operation. Per state statute, these receipts are committed for the benefit of the relevant region.

Long-Term Liabilities

Long-term liabilities are reported on financial statements based on the accrual basis of accounting. They are not reported on the governmental fund statements.

Long-term liabilities include employees' compensable leave, general obligation bonds payable, revenue bonds payable, notes payable and pollution remediation obligations. Bonds payable are reported net of the applicable bond premium or discount. Deferred issuance costs are reported as deferred charges and amortized over the term of the debt.

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

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal or separation from state employment, provided the employee has had continuous employment with the state for six months. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in the governmental fund financial statements. See Notes 5 and 6 for more information.

Fund Balance and Net Assets:

Proprietary and fiduciary funds report net assets as the residual amount in a statement of net assets. The potential categories of net assets include:

- *Invested in Capital Assets, Net of Related Debt* – capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, notes or other borrowings that are attributed to the acquisition, construction, or improvement of those assets.

- *Restricted* – restricted assets reduced by liabilities related to those assets.

- *Unrestricted* – amounts not required to be reported in the other components of net assets and deficit amounts.

Fund balances for governmental funds were reclassified in accordance with GASB 54. Amounts previously reported as reserved and unreserved are now reported as nonspendable, restricted, committed, assigned or unassigned. Positive unassigned fund balance can only exist within the general fund. Deficit fund balances in a fund are reported as unassigned fund balance.

- *Nonspendable fund balance* – amounts not available to be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

- *Restricted fund balance* – resources that have constraints placed on their use through external parties or by law through constitutional provisions.

- *Committed fund balance* – can be used only for specific purposes pursuant to constraints imposed by a formal action of the Legislature, the state's highest level of decision making authority.

- *Assigned fund balance* – amounts constrained by the Commission's intent to be used for specific purposes, but are neither restricted nor committed.

- *Unassigned fund balance* – residual classification for the general fund. The classification represents fund balance that was not assigned to other funds and was not restricted, committed or assigned to specific purposes within the general fund.

As described previously, TxDOT received a substantial up-front concession and surplus toll revenue payment in fiscal 2007. The deferral of revenue recognition on this payment has a significant impact on the state highway fund's fund balance composition. TxDOT is statutorily committed to utilizing such payments received for the benefit of the region impacted by the concession project. The concession funding has allowed TxDOT to accelerate projects in those regions. Deficit unassigned fund balances are reported because annual expenditures utilizing the concession and surplus toll revenue funding exceed the amount of revenue recognized.

When both restricted and unrestricted resources are available for use, TxDOT's policy is to use restricted resources first and then unrestricted resources as needed.

Revenue Sources

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

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

TxDOT reports its constitutionally dedicated share of taxes on motor fuels sold in Texas as tax revenues. Generally this constitutionally dedicated share is 75 percent of net collections, after reductions for collection expenses and refunds. In general, 20 cents per gallon is collected on gasoline and diesel sold for highway use. Liquefied gas sold for highway use is generally taxed at 15 cents per gallon and is required to be prepaid. TxDOT also receives and reports the state sales tax from the sale of lubricants, which is deposited to the state highway fund. Total tax revenue reported for fiscal 2011 is $2.3 billion.

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

Interfund Activity and Transactions

Interfund activity refers to financial interaction between funds (including blended component units) and is related to internal events. Interfund transaction refers to interactions with legally separate entities (discretely presented component units, other governments, other legally separate entities and individuals) and is restricted to external events.

Interfund transfers represent the flow of assets (cash or goods) without equivalent flow of assets in return or a requirement for repayment. In governmental funds, transfers are reported as other financing uses or sources. Transfers are reported in proprietary funds after nonoperating revenues and expenses in the statement of revenues, expenses and changes in fund net assets. See Note 12 for more details.

NOTE 2 – CAPITAL ASSETS

A summary of changes in Capital Assets for the year ended August 31, 2011 is presented below:

PRIMARY GOVERNMENT

GOVERNMENTAL ACTIVITIES	Balance 09/1/2010	Adjustments	Reclassifications: Completed CIP	Reclassifications: Inc-Int'agy Trans	Reclassifications: Dec-Int'agy Trans	Additions	Deletions	Balance 08/31/11
Non-depreciable Assets								
Land and Land Improvements	$ 7,910,514,147.43	$ 114,768,325.70	$ -	$ -	$ -	$ 503,410,493.07	$ (247,753.13)	$ 8,528,445,213.07
Infrastructure	48,154,399,595.15	(438,386,386.01)	2,116,079,076.39	-	-	16,710,731.63	-	49,848,803,017.16
Construction in Progress	3,775,258,310.16	322,585,322.73	(2,622,956,113.91)	-	(704,991.40)	3,034,233,492.04	-	4,508,416,019.62
Land use Rights	60,048,437.11	416,955.00	-	-	-	6,209,373.12	(416,955.00)	66,257,810.23
Total Capital Assets Not Depr/Amrtz	59,900,220,489.85	(615,782.58)	(506,877,037.52)	-	(704,991.40)	3,560,564,089.86	(664,708.13)	62,951,922,060.08
Depreciable Assets								
Building and Building Improvements	353,821,254.61	-	4,882,156.33	-	-	-	(113,992.70)	358,589,418.24
Infrastructure	18,843,402,851.25	271,295,277.63	494,009,386.21	-	-	-	(6,116,419.63)	19,602,591,095.46
Furniture and Equipment	156,117,696.51	438,734.13	-	226,396.67	(179,344.00)	8,383,482.27	(3,055,635.47)	161,931,330.11
Vehicles, Boats, and Aircraft	626,729,240.11	(392,042.08)	7,985,494.98	-	(120,406.00)	31,420,202.24	(9,251,526.99)	656,370,962.26
Other Capital Assets	10,796,006.01	-	-	-	-	7,500.00	-	10,803,506.01
Total Depreciable Assets	19,990,867,048.49	271,341,969.68	506,877,037.52	226,396.67	(299,750.00)	39,811,184.51	(18,537,574.79)	20,790,286,312.08
Accumulated Depreciation								
Buildings and Improvements	(164,062,313.53)	-	-	-	-	(11,537,361.80)	108,293.06	(175,491,382.27)
Infrastructure	(10,540,118,020.88)	(7,278,977.01)	-	-	-	(610,490,953.08)	5,010,415.41	(11,152,877,535.56)
Furniture and Equipment	(109,225,352.16)	58,233.67	-	(170,257.39)	170,376.80	(9,125,204.50)	2,715,739.25	(115,576,464.33)
Vehicles, Boats, and Aircraft	(371,498,605.59)	326,222.78	-	-	96,324.80	(29,908,838.63)	7,788,808.66	(393,196,087.98)
Other Capital Assets	(3,739,127.01)	-	-	-	-	(489,225.96)	-	(4,228,352.97)
Total Accumulated Depreciation	(11,188,643,419.17)	(6,894,520.56)	-	(170,257.39)	266,701.60	(661,551,583.97)	15,623,256.38	(11,841,369,823.11)
Depreciable Assets, Net	8,802,223,629.32	264,447,449.12	506,877,037.52	56,139.28	(33,048.40)	(621,740,399.46)	(2,914,318.41)	8,948,916,488.97
Amortizable Assets-Intangible								
Land use Rights	22,195,771.58	-	-	-	-	1,192,402.22	(1,420,494.44)	21,967,679.36
Computer Software	18,125,731.01	-	-	-	-	5,200,579.38	(165,892.00)	23,160,418.39
Total Amortizable Assets-Intangible	40,321,502.59	-	-	-	-	6,392,981.60	(1,586,386.44)	45,128,097.75
Accumulated Amortization								
Land use Rights	(4,575,202.61)	-	-	-	-	(3,148,025.30)	1,420,494.44	(6,302,733.47)
Computer Software	(15,986,853.97)	-	-	-	-	(1,267,316.78)	153,326.90	(17,100,843.85)
Total Accumulated Amortization	(20,562,056.58)	-	-	-	-	(4,415,342.08)	1,573,821.34	(23,403,577.32)
Amortizable Assets-Intangible, Net	19,759,446.01	-	-	-	-	1,977,639.52	(12,565.10)	21,724,520.43
Total Governmental Activities	$ 68,722,203,565.18	$ 263,831,666.54	$ -	$ 56,139.28	$ (738,039.80)	$ 2,940,801,329.92	$ (3,591,591.64)	$ 71,922,563,069.48

PRIMARY GOVERNMENT

BUSINESS TYPE ACTIVITIES	Balance 09/1/2010	Adjustments	Reclassifications: Completed CIP	Reclassifications: Inc-Int'agy Trans	Reclassifications: Dec-Int'agy Trans	Additions	Deletions	Balance 08/31/11
Non-depreciable Assets								
Land and Land Improvements	631,440,065.41	8,289.96	-	-	-	41,499.14	-	631,489,854.51
Infrastructure	1,629,428,386.51	(93,049.56)	-	-	-	8,212.05	-	1,629,343,549.00
Land use Rights	16,525,986.32	-	-	-	-	-	-	16,525,986.32
Total Capital Assets Not Depr/Amrtz	2,277,394,438.24	(84,759.60)	-	-	-	49,711.19	-	2,277,359,389.83
Depreciable Assets								
Building and Building Improvements	8,360,005.37	-	-	-	-	-	-	8,360,005.37
Infrastructure	422,810,212.29	-	-	-	-	-	-	422,810,212.29
Total Depreciable Assets	431,170,217.66	-	-	-	-	-	-	431,170,217.66
Accumulated Depreciation								
Buildings and Improvements	(1,629,334.56)	-	-	-	-	(322,422.28)	-	(1,951,756.84)
Infrastructure	(57,248,898.10)	-	-	-	-	(16,904,964.99)	-	(74,153,863.09)
Total Accumulated Depreciation	(58,878,232.66)	-	-	-	-	(17,227,387.27)	-	(76,105,619.93)
Depreciable Assets, Net	372,291,985.00	-	-	-	-	(17,227,387.27)	-	355,064,597.73
Total Business Type Activities	$ 2,649,686,423.24	$ (84,759.60)	$ -	$ -	$ -	$ (17,177,676.08)	$ -	$ 2,632,423,987.56

NOTE 3 - DEPOSITS, INVESTMENTS AND REPURCHASE AGREEMENTS

TxDOT is authorized by statute to make investments following the "prudent person rule." TxDOT has complied, in all material respects, with statutory authorization, bond documents, constraints and commission policies during the period.

Deposits

As of Aug. 31, 2011, the carrying amount of deposits is presented below.

Governmental and Business-Type Activities	
Governmental Funds Current Assets Cash in Bank – Depository Accounts	$21,172,738.36
Cash in Bank per AFR – Carrying Amount	$21,172,738.36

Fiduciary Funds	
Fiduciary Fund Current Assets Cash in Bank – Depository Accounts	$ 269,666.76
Fiduciary Fund Current Assets Cash in Bank – Sweep Account	18,632,131.24
Cash in Bank per AFR – Carrying Amount	$18,901,798.00

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. At Aug. 31, 2011, the total bank balance for governmental and business-type activities and fiduciary funds was $21,172,738.36 and $18,901,798.00, respectively.

Custodial Credit Risk – Deposits

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

Regular depository accounts are insured by the FDIC up to $250,000 per depositor, per insured bank. Retainage deposits are also insured or collateralized with securities held by the Texas Comptroller of Public Accounts. As of Aug. 31, 2011, the fiduciary funds sweep account was protected by temporary unlimited insurance coverage by the FDIC. The unlimited coverage provisions became effective Dec. 31, 2010, and terminate Dec. 31, 2012. After termination the sweep account will be subject to the same $250,000 coverage provided to a regular depository account.

Investments

As of Aug. 31, 2011, the fair value of TxDOT's investments and maturities are as presented below:

Investment Fair Values as of August 31, 2011
Governmental and Business Type Activities

Investment Type	Maturities (in Years)		Fair Value
	Less than 1	More than 5	Total
Money Market Mutual Funds	$299,596,638.39		$299,596,638.39
U.S. Government Agency Obligations	15,039,810.72		15,039,810.72
Repurchase Agreements		$114,999,378.18	114,999,378.18
Investment Derivatives		26,252,182.51	26,252,182.51
Total	$314,636,449.11	$141,251,560.69	$455,888,009.80

Custodial Credit Risk

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 Aug. 31, 2011, 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 Trust Company with the underlying securities being the property of the Citigroup, Inc., (the direct counterparty), held in trust for the Commission. Bank of New York Mellon Trust Company is rated Aaa, AA and AA- by Moody's Investor Services, Standard and Poor's and Fitch Ratings respectively.

Credit Risk

Direct credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The investment policy prohibits the Commission from entering 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 does not have at least one long-term rating of at least "AA" by a nationally recognized statistical rating organizations (NRSRO). All investments made by 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. The repurchase agreement is a guaranteed investment contract (GIC) with Citigroup, Inc. as the counterparty. Citigroup, Inc. has collateralized the GIC with U.S. Government and agency securities. As of Aug. 31, 2011, TxDOT's investments had the following ratings.

Investment Type	Fair Value	Moody's	S & P	Fitch
Money Market Mutual Funds				
Dreyfus Institutional Cash Adv 99	$199,626,651.15	Aaa-mf	AAAm	AAAmmf
JPMorgan US Government MMKT Cap 3164	99,969,987.24	Aaa-mf	AAAm	NR
U.S. Government Agency Obligations	15,039,810.72	Aaa	AA+	NR
Repurchase Agreement	114,999,378.18	A3	A	A+
Investment Derivative	26,252,182.51	NR	NR	NR
Total	$455,888,009.80			

*NR= Not Rated

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The repurchase agreement and the investment derivative each exceed 5 percent of total investments. The repurchase agreement is held primarily for the Central Texas Turnpike System debt service reserve fund, which has a long-term duration and a specific purpose. The nature of the investment derivative is discussed fully in the investment derivatives section of this note.

The Commission addresses diversification in the Commission'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

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 Central Texas Turnpike System 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.

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. Investment maturities are noted in the investment fair value table.

Investment Derivative Instruments

Texas Government Code, Chapter 1371, as amended, authorizes the Commission to enter into credit agreements that include interest rate swap and other similar agreements. The purpose of these agreements is not for speculation or investment purposes. Such agreements are instead used to manage the Commission's asset/liability portfolio by balancing risk exposures related to fluctuating interest rates and other economic variables; minimizing debt service cost; balancing or rebalancing the ratio of fixed and variable rate debt; responding to market conditions or interest rate cycles that offer value to the Commission; and hedging future interest rate conditions.

Per this policy, the Commission is a party to three pay-variable, receive-variable constant maturity swaps (CMS basis swaps) associated with the Texas General Obligation Mobility Fund Series 2006-A bonds. These CMS basis swaps are reported as investment derivatives in this financial report because they do not meet the definition of an effective hedge for accounting purposes.

In late calendar year 2009, the slope of the 10-year London Interbank Offered Rate (LIBOR) swap yield curve steepened, which allowed the Commission to negotiate a fixed monthly cash flow annuity benefit on the three CMS basis swaps. The suspension period began on Dec. 3, 2009. During the three year suspension period, the exchange of payments will cease and the Mobility Fund will receive a fixed monthly annuity as consideration for the suspension.

Derivatives Credit Risk

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 NRSROs and not be 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 among three counterparties.

CMS Basis Swaps Counterparty Credit Ratings as of August 31, 2011

Counterparty	Fitch/Moody's/Standard & Poor's
JPMorgan Chase Bank, N.A.	AA-/Aa1/AA-
Morgan Stanley Capital Services Inc.	A/A2/A
Goldman Sachs Mitsui Marine Derivative Products	NR*/Aa1/AAA

*Not Rated

CMS basis swap agreements contain provisions for collateral posting by counterparties in the event of a credit rating downgrade. Collateral postings will be required if a credit rating downgrade causes a counterparty's derivative fair value to exceed contractual thresholds.

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, excluding interest only and principal only securities and collateralized mortgage obligations, real estate mortgage investment conduits and similar derivative securities. No collateral was held related to these agreements as of Aug. 31, 2011 and Aug. 31, 2010. The aggregate positive fair value of investment derivatives represents the maximum amount of loss that would be recognized at Aug. 31, 2011 if all counterparties failed to perform as contracted.

Derivatives Interest Rate Risk

The fair values and the cash flows of the CMS basis swaps are sensitive to interest rate risk. The interest rate risk on the cash flows was eliminated during the suspension period by establishing the fixed annuity for that period. The Commission mitigates interest rate risk by maintaining the unilateral option to terminate any or all of the swaps at any time should interest rates cause sustained negative cash flows or fair values that warrant termination of the swaps.

Treasury Pool

TxDOT's governmental funds are established in the state Treasury, thus all monies are pooled with other state funds and invested under the direction of the Comptroller of Public Accounts Treasury Operations Division (Treasury). The Treasury obtains direct access to the services of the Federal Reserve System through the Texas Treasury Safekeeping Trust Company (Trust Company). The Federal Reserve Bank requires that the Trust Company maintain a positive cash balance in the account during and at the end of the day. The Trust Company met those requirements throughout fiscal 2011. The Comptroller has delegated investment authority to the Trust Company and utilizes the Trust Company to manage and invest funds in the Treasury Pool.

State statutes authorize the Treasury to invest state funds in fully collateralized time deposits; direct security repurchase agreements; reverse repurchase agreements; obligations of the United States and its agencies and instrumentalities; banker's acceptances; commercial paper; and contracts written by the Comptroller, which are commonly known as covered call options.

NOTE 4 – SHORT TERM DEBT

Changes in Short-Term Liabilities

During the year ended Aug. 31, 2011, TxDOT retired $65 million in commercial paper. Commercial paper proceeds are used to cover temporary funding shortfalls for capital expenditures.

Governmental Activities	Balance 09-01-10	Additions	Reductions	Balance 08-31-11
Commercial Paper	$65,000,000.00		$65,000,000.00	$0.00
Total Governmental Activities	$65,000,000.00		$65,000,000.00	$0.00

NOTE 5 – SUMMARY OF LONG TERM LIABILITIES

Long-Term Liabilities

Long-term liabilities for fiscal 2011 are presented in the table below:

Long-Term Liabilities Activity
For the Fiscal Year Ended August 31, 2011

	Beginning Balance 09/01/2010	Additions	Reductions	Ending Balance 08/31/2011	Amounts Due Within One Year	Amounts Due Thereafter
Governmental Activities						
Primary Government						
Compensable Leave	$ 76,303,498.43	$ 100,028,236.72	$103,530,748.41	$ 72,800,986.74	$ 55,740,448.20	$ 17,060,538.54
General Obligation Bonds	6,245,552,811.25	1,000,010,573.46	52,621,397.58	7,192,941,987.13	79,796,741.57	7,113,145,245.56
Revenue Bonds	4,290,890,272.79		115,572,681.24	4,175,317,591.55	120,872,681.24	4,054,444,910.31
Pollution Remediation Obligations	5,952,500.00	13,835,400.00	7,578,587.00	12,209,313.00	975,913.00	11,233,400.00
Pass Through Tolls Payable*	878,621,601.56	216,340,768.86	34,338,575.67	1,060,623,794.75	125,538,194.00	935,085,600.75
Blended Component Unit						
Revenue Bonds	1,003,875,817.05	646,603.07	357,866.03	1,004,164,554.09	(288,737.04)	1,004,453,291.13
Governmental Activities Long-Term Liabilities	$12,501,196,501.08	$ 1,330,861,582.11	$313,999,855.93	$13,518,058,227.26	$382,635,240.97	$ 13,135,422,986.29
Business-Type Activities						
Revenue Bonds Payable	$ 1,537,924,339.70	$ 40,820,364.31	$ 314,767.42	$ 1,578,429,936.59	$ 4,082,837.95	$ 1,574,347,098.64
Notes and Loans Payable	1,007,012,664.68	25,536,226.14		1,032,548,890.82		1,032,548,890.82
Business-Type Activities Long-Term Liabilities	$ 2,544,937,004.38	$ 66,356,590.45	$ 314,767.42	$ 2,610,978,827.41	$ 4,082,837.95	$ 2,606,895,989.46

* Beginning balance was adjusted by restatements due to a change in the accounting treatment of pass-through financing agreements. See Note 14 for more details.

Employees' Compensable Leave

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

Overtime, under the Fair Labor Standards Act and state laws, can be accumulated in lieu of immediate payment as compensatory leave (at one-and-one-half hours for each overtime hour worked) for nonexempt, nonemergency employees to a maximum of 240 hours. All overtime exceeding 240 hours must be paid with the next regular payroll. At termination or

death, all overtime balances must be paid in full. Unpaid overtime is included in the calculation of current and noncurrent liabilities for each employee because it may be used like compensatory time or be paid.

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

No liability is recorded for non-vesting accumulating rights to receive sick leave benefits.

Notes and Loans Payable

The balance of notes and loans payable represents secured loans made to the Commission by the United States Department of Transportation (USDOT) under the Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA). USDOT has agreed to lend the Commission up to $916.76 million to pay or reimburse a portion of the Central Texas Turnpike System's (CTTS) costs. As of Aug. 31, 2011, the Commission has drawn down $900 million under the secured loan agreement.

The loan will be paid from revenues of CTTS as they are sufficient to pay (a) all interest, which will become due and payable on each such date and (b) the principal, if any, of the secured loan which will become due and payable on each such date. For these reasons the debt service requirements are subject to change each year as actual revenues are received. Per the agreement, principal and interest can be deferred (negatively amortized) depending on the availability of revenues. The principal amount of the loan may increase over time as deferrals are made. As of Aug. 31, 2011, the secured loan agreement's debt service requirements are as follows:

TIFIA Loan – Debt Service Requirements

	Business Type Activities		
Year	**Principal**	**Interest***	**Total**
2012	$	$ 31,690,304.89	$ 31,690,304.89
2013		33,698,174.12	33,698,174.12
2014		35,022,512.69	35,022,512.69
2015		36,443,185.54	36,443,185.54
2016		43,188,071.07	43,188,071.07
2017-2021		252,930,169.30	252,930,169.30
2022-2026	12,186,867.96	324,373,489.97	336,560,357.93
2027-2031	127,651,331.06	326,797,965.82	454,449,296.88
2032-2036	276,208,376.99	277,072,968.34	553,281,345.33
2037-2041	605,692,092.49	170,899,731.74	776,591,824.23
2042	217,941,603.43	12,008,582.34	229,950,185.77
Total	1,239,680,271.93	1,544,125,155.82	2,783,805,427.75
Unamortized Accretion	(207,131,381.11)		(207,131,381.11)
Total Requirements	$ 1,032,548,890.82	$ 1,544,125,155.82	$ 2,576,674,046.64

* Fixed interest rates vary from 3.125 percent to 5.510 percent depending on maturities.

Pass-Through Tolls Payable

The balance recorded as pass-through tolls payable relates to the Commission's obligations under executed pass-through financing agreements. As of Aug. 31, 2011, 32 pass-through financing agreements were finalized and executed by the Commission. Under these agreements, an outside party (usually a local government) pays for all or a portion of a highway project. In return, TxDOT contractually agrees to make reimbursements after the improvement is open for traffic. Reimbursements are subject to minimum and maximum annual thresholds and are variable within those thresholds based on the volume of traffic on the project roadway. The agreements with multiple projects generally contain a provision allowing for reimbursements to begin as each project is open for traffic.

The obligation to make future reimbursement payments is recognized as pass-through tolls payable as the underlying highway project is constructed. Accruals of payables continue until the liability amount reaches the total TxDOT reimbursement obligation specified in the agreement. If the cost of the completed underlying highway project is less than the total TxDOT reimbursement obligation, TxDOT will accrue the additional obligation amount upon that project's completion and acceptance. The estimated debt service requirements related to pass-through toll contracts executed as of Aug. 31, 2011 are as follows. The timing of actual payments may differ substantially from this estimate, but the total amount paid is linked to contractually established levels. The estimates are updated monthly to account for these variations.

Pass-Through Tolls Payable - Debt Service Requirements

	Governmental Activities
Year	**Principal***
2012	$ 125,538,194.00
2013	159,704,838.00
2014	182,451,380.00
2015	190,201,380.00
2016	186,201,380.00
2017-2021	799,854,708.00
2022-2023	88,343,709.00
Total**	1,732,295,589.00
Unrealized Payable	(671,671,794.25)
Total Requirements	$ 1,060,623,794.75

* There is not an interest component to the pass-through toll reimbursements.

** Total reported is based on TxDOT's proportional share of estimated construction costs on agreements executed after June 8, 2010. Actual reimbursements may vary slightly based on actual construction costs.

Pollution Remediation Obligations

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

Pollution Remediation Obligations - Disaggregation of Total Liability
As of August, 31, 2011

Manage contamination associated with Superfund sites	$5,070,000.00
Remove contamination to allow construction of a detention pond	4,300,000.00
Comply with Federal and state asbestos requirements	50,000.00
Comply with Federal Safe Drinking Water Act requirements	395,913.00
Comply with state Leaking Petroleum Storage Tank (LPST) cleanup requirements	186,400.00
Comply with state cleanup requirements for releases from non-LPST sources	207,000.00
Comply with state landfill requirements	2,000,000.00
Total	$12,209,313.00

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. The pollution remediation obligations are reported net of $30,000 in unrealizable recoveries. This amount is expected to be recovered from the Texas Commission on Environmental Quality.

Claims and Judgments

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

NOTE 6 – BONDED INDEBTEDNESS

As discussed more fully in the sections that follow, the Commission is authorized through various statutory and constitutional provisions to issue general obligation and revenue bonds. As of Aug. 31, 2011, the Commission had 20 bond issues outstanding. In addition, the Texas Private Activity Bond Surface Transportation Corporation (TxPABST), a blended component unit of TxDOT, has two bond issues outstanding as of Aug. 31, 2011. The debt service payments associated with the TxPABST bonds are not the responsibility of the state of Texas and are funded by loan repayments.

Miscellaneous Bond Information

Description of Issue	Bonds Issued to Date	Date Issued	Range of Interest Rates		Maturities First Year	Maturities Last Year	First Call Date
GOVERNMENTAL ACTIVITIES							
General Obligation Bonds							
Texas Mobility Fund							
Series 2005-A Fixed Rate Bonds	$ 900,000,000.00	06/08/2005	3.9000%	5.0000%	2006	2035	04/01/2015
Series 2005-B Variable Rate Bonds	100,000,000.00	06/08/2005	variable		2030	2030	*
Series 2006 Fixed Rate Bonds	750,000,000.00	06/08/2006	3.6250%	5.0000%	2007	2036	04/01/2016
Series 2006-A Fixed Rate Bonds	1,040,275,000.00	10/31/2006	4.0000%	5.0000%	2007	2035	04/01/2017
Series 2006-B Variable Rate Bonds	150,000,000.00	12/13/2006	variable		2036	2036	*
Series 2007 Fixed Rate Bonds	1,006,330,000.00	06/21/2007	4.0000%	5.0000%	2008	2037	04/01/2017
Series 2008 Fixed Rate Bonds	1,100,000,000.00	02/28/2008	4.0000%	5.0000%	2009	2037	04/01/2018
Series 2009-A Taxable Fixed Rate Bonds	1,208,495,000.00	08/26/2009	5.3670%	5.5170%	2029	2039	*
Texas Highway Improvement							
Series 2010-A Taxable Fixed Rate Bonds	815,420,000.00	09/29/2010	3.2030%	4.6810%	2019	2040	*
Series 2010-B Fixed Rate Bonds	162,390,000.00	09/29/2010	2.0000%	5.0000%	2012	2018	n/a
Revenue Bonds							
State Highway Fund							
Series 2006 Fixed Rate Bonds	600,000,000.00	05/03/2006	4.0000%	5.0000%	2007	2026	04/01/2016
Series 2006-A Fixed Rate Bonds	852,550,000.00	11/21/2006	4.0000%	5.2500%	2008	2025	04/01/2016
Series 2006-B Variable Rate Bonds	100,000,000.00	11/08/2006	variable		2026	2026	*
Series 2007 Fixed Rate Bonds	1,241,845,000.00	10/25/2007	4.0000%	5.0000%	2009	2027	04/01/2017
Series 2008 Fixed Rate Bonds	162,995,000.00	08/19/2008	3.5000%	5.2500%	2010	2028	04/01/2018
Series 2010 Taxable Fixed Rate Bonds	1,500,000,000.00	08/05/2010	5.0280%	5.1780%	2026	2030	*
TxPABST							
NTE Mobility Partners LLC	400,000,000.00	12/10/2009	6.8750%	7.5000%	2031	2039	12/31/2019
LBJ Infrastructure Group LLC	615,000,000.00	06/15/2010	7.0000%	7.5000%	2032	2040	06/30/2020
Governmental Activities Total	12,705,300,000.00						
BUSINESS-TYPE ACTIVITIES							
First Tier Revenue Bonds Series 2002-A							
Non-Callable Capital Appreciation Bonds	468,000,674.41	08/29/2002	4.4700%	5.7500%	2012	2030	n/a
Callable Capital Appreciation Bonds	265,119,937.97	08/29/2002	6.0000%	6.1000%	2025	2038	08/15/2012
Current Interest Bonds	707,875,000.00	08/29/2002	5.0000%	5.7500%	2038	2042	08/15/2012
First Tier Revenue Refunding Put Bonds							
Series 2009	149,275,000.00	03/05/2009	variable		2042	2042	02/15/2013
Business-Type Activities Total	$1,590,270,612.38						

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

Changes in Bonds Payable

Description	Bonds Outstanding 9/1/2010	Bonds Issued*	Bonds Matured or Retired	Bonds Outstanding 08/31/2011	Due Within One Year
Governmental Activities					
General Obligation Bonds	$ 6,245,552,811.25	$1,000,010,573.46	$ 52,621,397.58	$ 7,192,941,987.13	$ 79,796,741.57
Revenue Bonds	4,290,890,272.79		115,572,681.24	4,175,317,591.55	120,872,681.24
Blended Component Unit Revenue Bonds	1,003,875,817.05	646,603.07	357,866.03	1,004,164,554.09	(288,737.04)
Total Governmental Activities	11,540,318,901.09	1,000,657,176.53	168,551,944.85	12,372,424,132.77	200,380,685.77
Business-Type Activities					
Revenue Bonds	1,537,924,339.70	40,820,364.31	314,767.42	1,578,429,936.59	4,082,837.95
Total	$13,078,243,240.79	$1,041,477,540.84	$168,866,712.27	$13,950,854,069.36	$204,463,523.72

*Includes current year amortization of premiums, discounts and accretion.

General Obligation Bonds – General Comments

The Texas Constitution authorizes the Commission to issue general obligation bonds backed by the full faith and credit of the state. As of Aug. 31, 2011, two general obligation bond programs are active. The purpose and the sources of debt service for each program are summarized below. All general obligation bond issuances must be approved by the Texas Bond Review Board prior to issuance.

Texas Mobility Fund

Texas Constitution, Article III, Section 49-k and Transportation Code, Chapter 201, Subchapter M authorize the Commission to issue general obligation bonds payable from a pledge of and lien on all or part of the money in the mobility fund. The mobility fund bonds are designed to be self supporting, but the full faith and credit of the state is pledged in the event the revenue and money dedicated to the mobility fund is insufficient to pay debt service on the bonds. As of Aug. 31, 2011, major sources of pledged revenue for the Mobility Fund include driver license fees, motor vehicle inspection fees, certificate of title fees and driver record information fees.

Prior to a mobility fund debt issuance, the Texas Comptroller of Public Accounts must certify that there will be sufficient future resources on deposit in the mobility fund to ensure 110 percent coverage of debt service requirements during the period that the debt will be outstanding. As of Aug. 31, 2011, the approved debt capacity of the Mobility Fund is $6.4 billion. As of Aug. 31, 2011, the Commission is authorized but has not issued $83,790,631 of the approved debt capacity of the mobility fund.

Bond proceeds are to be used for the purpose of paying or reimbursing the state highway fund for the costs of constructing, reconstructing, acquiring and expanding state highways and providing participation by the state in certain publicly owned toll roads and other public transportation projects.

Texas Highway Improvement/Proposition 12

Texas Constitution, Article III, Section 49-p and Transportation Code, Section 222.004, authorizes the Commission to issue general obligation bonds of the state of Texas for the costs of highway construction, reconstruction and major maintenance, including any necessary design and the acquisition of right-of-way. These bonds are not self-supporting and are considered a general obligation of the state of Texas. As of Aug. 31, 2011, the Commission is authorized but has not issued $4,000,002,464 of remaining bond authority under the Texas highway improvement general obligation bond program.

Debt Service Requirements – Governmental Activities
General Obligation Bonds

Year	Principal	Interest	Total
2012	$ 66,930,000.00	$ 335,561,042.29	$ 402,491,042.29
2013	74,210,000.00	332,527,845.41	406,737,845.41
2014	82,425,000.00	329,011,789.16	411,436,789.16
2015	91,045,000.00	325,179,382.91	416,224,382.91
2016	100,150,000.00	320,906,329.79	421,056,329.79
2017-2021	656,655,000.00	1,526,812,955.96	2,183,467,955.96
2022-2026	983,365,000.00	1,346,847,394.54	2,330,212,394.54
2027-2031	1,422,110,000.00	1,072,264,926.91	2,494,374,926.91
2032-2036	1,988,585,000.00	680,252,834.98	2,668,837,834.98
2037-2041	1,570,015,000.00	175,515,312.78	1,745,530,312.78
	7,035,490,000.00	6,444,879,814.73	13,480,369,814.73
Premium	157,634,437.03		157,634,437.03
Discount	(182,449.90)		(182,449.90)
Total	$7,192,941,987.13	$6,444,879,814.73	$13,637,821,801.86

Revenue Bonds – General Comments

The Texas Constitution and Transportation Code authorize the Commission to issue revenue bonds backed by pledged revenue sources and restricted funds. Additionally, Transportation Code, Section 431.070 authorizes the creation of transportation corporations and provides the authority of those corporations to issue bonds. The active revenue bond programs of TxDOT and its blended component units are summarized below.

State Highway Fund/Proposition 14

Texas Constitution, Article III, Section 49-n and Transportation Code, Section 222.003 authorizes the Commission to issue revenue bonds to finance highway improvement projects. The bonds are payable from pledged revenues deposited to the credit of the state highway fund, including dedicated taxes, dedicated federal revenues and amounts collected or received pursuant to other state highway fund revenue laws and any interest or earning from the investment of these funds. As of Aug. 31, 2011, the Commission is authorized but has not issued $1,400,667,127 of remaining bond authority under the state highway revenue bond program.

Debt Service Requirements – Governmental Activities
Revenue Bonds

	State Highway Fund		
Year	**Principal**	**Interest**	**Total**
2012	$ 114,510,000.00	$ 200,433,867.50	$ 314,943,867.50
2013	120,155,000.00	194,802,367.50	314,957,367.50
2014	125,995,000.00	188,954,592.50	314,949,592.50
2015	132,200,000.00	182,746,167.50	314,946,167.50
2016	138,510,000.00	176,431,930.00	314,941,930.00
2017-2021	801,760,000.00	772,984,500.00	1,574,744,500.00
2022-2026	1,318,425,000.00	531,233,452.87	1,849,658,452.87
2027-2031	1,326,890,000.00	174,671,047.60	1,501,561,047.60
	4,078,445,000.00	2,422,257,925.47	6,500,702,925.47
Premium	96,872,591.55		96,872,591.55
Total	$4,175,317,591.55	$2,422,257,925.47	$6,597,575,517.02

Texas Private Activity Bond Surface Transportation Corporation (TxPABST)

TxPABST, a blended component unit of TxDOT, issued revenue bonds to finance costs and construction of the Interstate Highway 635 managed lanes project located in Dallas County and the North Tarrant Express Facility in Tarrant County and to pay certain costs of issuance of the bonds. The proceeds from TxPABST bonds were loaned to LBJ Infrastructure Group LLC and NTE Mobility Partners LLC. Debt service is funded from loan and interest repayments from the borrowers. As of Aug. 31, 2011, TxPABST is authorized but has not issued $85 million of remaining bond authority.

Debt Service Requirements – Governmental Activities
Revenue Bonds

	TxPABST		
Year	**Principal**	**Interest**	**Total**
2012	$	$ 71,631,506.26	$ 71,631,506.26
2013		71,631,506.26	71,631,506.26
2014		71,631,506.26	71,631,506.26
2015		71,631,506.26	71,631,506.26
2016		71,631,506.26	71,631,506.26
2017-2021		358,157,531.30	358,157,531.30
2022-2026		358,157,531.30	358,157,531.30
2027-2031	50,700,000.00	356,256,281.30	406,956,281.30
2032-2036	442,420,000.00	258,875,056.29	701,295,056.29
2037-2041	521,880,000.00	76,310,778.14	598,190,778.14
	1,015,000,000.00	1,765,914,709.63	2,780,914,709.63
Premium	7,455,545.90		7,455,545.90
Discount	(18,290,991.81)		(18,290,991.81)
Total	$1,004,164,554.09	$1,765,914,709.63	$2,770,079,263.72

Central Texas Turnpike System

Transportation Code, Section 228.102 authorized the Commission to issue revenue bonds to pay a portion of the costs of planning, designing, engineering, developing and constructing the initial phase of the Central Texas Turnpike System (CTTS) located in the greater Austin metropolitan area in Travis and Williamson counties. The bond obligations are payable from and secured solely by a first lien on and pledge of the trust estate. The trust estate consists of all project revenues and investment earnings. Neither the state, the Commission, TxDOT or any other agency or political subdivision of the state is obligated to pay the debt service on the CTTS revenue bonds.

Debt Service Requirements – Business-Type Activities
Revenue Bonds

Year	Principal	Interest	Total
2012	$ 4,505,000.00	$ 41,266,900.00	$ 45,771,900.00
2013	7,710,000.00	41,266,900.00	48,976,900.00
2014	10,155,000.00	41,266,900.00	51,421,900.00
2015	12,605,000.00	41,266,900.00	53,871,900.00
2016	25,805,000.00	41,266,900.00	67,071,900.00
2017-2021	188,970,000.00	206,334,500.00	395,304,500.00
2022-2026	338,635,000.00	206,334,500.00	544,969,500.00
2027-2031	534,825,000.00	206,334,500.00	741,159,500.00
2032-2036	660,975,000.00	206,334,500.00	867,309,500.00
2037-2041	803,635,000.00	159,060,500.00	962,695,500.00
2042	246,420,000.00	8,988,275.00	255,408,275.00
	2,834,240,000.00	1,199,721,275.00	4,033,961,275.00
Accretion	(1,243,969,387.77)		(1,243,969,387.77)
Premium	8,387,874.97		8,387,874.97
Discount	(16,019,158.54)		(16,019,158.54)
Loss on Refunding	(4,209,392.07)		(4,209,392.07)
Total	$1,578,429,936.59	$1,199,721,275.00	$2,778,151,211.59

Pledged Future Revenues

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

Pledged Future Revenue

	Governmental Activities			Business-Type Activities
	Texas Mobility Fund General Obligation Bonds	State Highway Fund Revenue Bonds	TxPABST Revenue Bonds	Central Texas Turnpike System
Pledged Revenue Required for Future Principal and Interest on Existing Bonds	$11,747,618,848.47	$6,500,702,925.47	$2,780,914,709.63	$4,033,961,275.00
Term of Commitment Year Ending Aug. 31	2039	2030	2040	2042
Percentage of Revenue Pledged	98%	100%	*	100%
Current Year Pledged Revenue	381,948,191.58	6,020,568,574.33	*	81,753,370.45
Current Year Principal and Interest Paid	$ 326,570,263.67	$ 288,184,010.42	$ 72,603,900.16	$ 42,946,243.50

* Debt service is paid with loan repayments.

Build America Bonds

The American Recovery and Reinvestment Act of 2009 granted municipal debt issuers access to a broader investor base in the taxable market by providing a federal interest rate subsidy payment to offset debt service costs through the Build America Bonds (BABs) program. See the table below for details on the Commission's Direct Payment BABs outstanding at Aug. 31, 2011. Direct Payment BABs provide a federal reimbursement to TxDOT equal to 35 percent of the interest paid on the bonds.

Direct Payment Build America Bonds

	Issue Date	Par Amount	Amount Outstanding at 08/31/11
Governmental Activities			
General Obligation Bonds			
Texas Mobility Fund Series 2009-A	08/26/2009	$1,208,495,000.00	$1,208,495,000.00
Texas Highway Improvement Bonds Series 2010-A	09/29/2010	815,420,000.00	815,420,000.00
Revenue Bonds			
State Highway Fund Series 2010	08/05/2010	1,500,000,000.00	1,500,000,000.00
Total		$3,523,915,000.00	$3,523,915,000.00

Variable Rate Bonds

The Commission has four variable rate bond issues outstanding at Aug. 31, 2011. The interest rates in effect as of Aug. 31, 2011 for the Texas Mobility Fund Series 2005-B, Texas Mobility Fund Series 2006-B and State Highway Fund Series 2006-B used to calculate the interest debt service requirements were 2.25, 0.15 and 0.50 percent, respectively. These rates reset every seven days. The Central Texas Turnpike System Series 2009 put bonds debt service was calculated based upon the current 2.75 percent interest rate, which expires Feb. 15, 2013. The potential volatility for related debt services increases with these interest rate reset provisions.

Put Bonds

The Central Texas Turnpike System Series 2009 put bonds were initially issued in a multiannual mode which terminated on the mandatory tender date of Feb. 15, 2011. The Commission successfully remarketed the bonds into another multiannual mode of 24 months at a 2.75 percent interest rate. The bonds are subject to mandatory tender on Feb. 15, 2013, subject to the successful remarketing of the bonds. The Commission has not provided any credit or liquidity facility for the payment of the purchase price of bonds payable upon the mandatory tender date. The principal portion of the purchase price for the bonds is expected to be obtained from the remarketing proceeds. The obligation of the Commission to purchase the bonds on the mandatory tender date is subject to the successful remarketing of such bonds. The Commission has no obligation to purchase bonds except from remarketing proceeds. If the bonds are not remarketed, the interest rate on the bonds will be increased to the stepped coupon rate of 12 percent per annum. The impact of such a rate change to the debt service payments on the bonds is disclosed below.

Put Bonds – Debt Service Comparison

	Interest Rate	Interest Payment
Multiannual Mode ending February 15, 2013	2.75 % per annum	$ 4,105,062.50
Stepped coupon rate period if bonds cannot be remarketed	12 % per annum	$17,913,000.00

Demand Bonds

The Texas Mobility Fund Series 2005-B, Series 2006-B and the State Highway Fund Series 2006-B variable rate bonds are demand bonds. A bond holder may tender any of these bonds for repurchase prior to maturity at a price equal to principal plus accrued interest. Any bonds so tendered will be purchased either by the proceeds of the remarketing of such bonds or, if not successfully remarketed, from amounts drawn under the standby bond purchase agreements. The following tables provide details for outstanding demand bonds and related standby bond purchase agreements as of Aug. 31, 2011.

Demand Bonds

Governmental Activities	Bonds Held by Liquidity Providers	Principal Balance Outstanding
General Obligation Bonds		
Series 2005-B	None	$ 82,315,000.00
Series 2006-B	None	150,000,000.00
Revenue Bonds		
Series 2006-B	None	100,000,000.00
Total		$332,315,000.00

Demand Bonds – Standby Bond Purchase Agreement Provisions

Governmental Activities	Counterparties	Annual Liquidity Fee	Agreement Termination Date
General Obligation Bonds			
Series 2005-B	Depfa Bank plc	0.08%	04/08/2012
Series 2006-B	State Street Bank and Trust Company & California Public Employees' Retirement System	0.10%	12/13/2013
Revenue Bonds			
Series 2006-B	Banco Bilbao Vizcaya Argentaria, S.A.	0.0875%	11/07/2016

Liquidity facilities provide liquidity in the event demand bonds are tendered for purchase and such bonds are not remarketed by the remarketing agent. The standby bond purchase agreements contain takeout provisions, which provide an alternative debt instrument to replace any repurchased bonds that are not remarketed within the prescribed time constraints. The table shown below provides the estimated impact of such an event.

Demand Bonds – Takeout Provisions

Governmental Activities	Estimated Debt Service	Rate	Basis	Replacement Debt Terms
General Obligation Bonds				
Series 2005-B	$ 92,317,906.94	3.56%	Daily Fed Fds Rate + 1.25%	Semi-annual payments over seven years starting on the first day of the third month of that period
Series 2006-B	158,731,963.47	4.37%	1% + greater of: 0.5% + Daily Fed Fds Rate or Bank prime rate	Semi-annual payments over three years starting the first day of the second month of that period
Revenue Bonds				
Series 2006-B	108,943,168.74	5.37%	2% + greater of : 0.5% + Daily Fed Fds Rate or Bank prime rate	Semi-annual payments over three years starting the first day of the sixth month of that period
Total	$359,993,039.15			

Interest Rate Swaps

As described more fully in Note 7, Government Code, Chapter 1371, as amended, authorizes the Commission to enter into credit agreements that include interest rate swap and other similar agreements. The Commission is a party to three pay-variable, receive-variable constant maturity swaps (CMS basis swaps) associated with the Texas Mobility Fund Series 2006-A bonds. These CMS basis swaps are reported as investment derivatives in this financial report because they do not meet the definition of an effective hedge for accounting purposes.

Using rates as of Aug. 31, 2011, the debt service requirements of the Series 2006-A bonds and associated net swap payments were estimated and presented in the table below.

CMS Basis Swaps:
Estimated Debt Service Requirements of Fixed Rate Debt Outstanding and Net Swap Payments

	General Obligation Mobility Fund Series 2006-A Fixed-Rate Bonds			
Fiscal Year	**Principal**	**Interest**	**CMS Basis Swap Payments***	**Net Debt Service**
2012	$ 3,215,000.00	$ 49,635,500.00	$ (6,392,000.00)	$ 46,458,500.00
2013	4,185,000.00	49,506,900.00	(5,816,600.00)	47,875,300.00
2014	5,115,000.00	49,339,500.00	(5,624,800.00)	48,829,700.00
2015	6,045,000.00	49,134,900.00	(5,624,800.00)	49,555,100.00
2016	6,955,000.00	48,893,100.00	(5,624,800.00)	50,223,300.00
2017-2021	82,685,000.00	236,774,500.00	(28,124,000.00)	291,335,500.00
2022-2026	197,085,000.00	205,325,000.00	(28,124,000.00)	374,286,000.00
2027-2031	346,335,000.00	144,450,950.00	(468,733.00)	490,317,217.00
2032-2035	384,485,000.00	44,583,000.00		429,068,000.00
	$1,036,105,000.00	$ 877,643,350.00	$ (85,799,733.00)	$1,827,948,617.00

* The swap payments were projected assuming current fixed annuity rates, average historical rates and swap index relationships remain the same for their terms. Interest payments and net swap payments will vary in the future in correlation with the underlying interest rate indexes.

NOTE 7 – DERIVATIVE INSTRUMENTS

In October 2006, the Commission entered into constant maturity basis swap transactions (CMS basis swaps) with the expectation of reducing the interest to be paid by the Commission over the term of the Texas Mobility Fund 2006-A fixed-rate bonds. The basis swaps are scheduled to terminate on Sept. 1, 2027, which is before the final maturity of the related bonds.

By entering into the derivative contracts the Commission is able to achieve spread income, preserve call option and advance refunding capability, lower net interest cost by layering tax risk on top of a traditional fixed rate financing and preserve liquidity capacity. Specific risks and the current terms of the CMS basis swaps are detailed in Note 3.

Derivative instruments are recorded at their fair value in the statement of net assets, changes in fair value are reported as investment income in the statement of activities. The fair values of the basis swaps were estimated using a proprietary pricing service. The fair values are largely dependent on the relationship of certain indexes and an estimate of where those indexes will be in the future. Given the duration of the swaps, the valuations can change considerably over time.

The $6.4 million cash payment received in fiscal 2011 reduced the interest expense paid on the related bonds. The fair values and notional amounts of the basis swaps and the changes in fair value of such derivative instruments for the year ended Aug. 31, 2011 are as follows:

Summary of Derivative Activity – CMS Basis Swaps

GOVERNMENTAL ACTIVITIES

Counterparty	Change in Fair Value	Fair Value As of 8/31/2011	Notional Amount
JPMorgan Chase Bank, N.A.	$ 8,693,489.74	$ 13,104,815.64	$ 200,000,000.00
Morgan Stanley Capital Services, Inc.	4,361,582.44	6,532,461.93	100,000,000.00
Goldman Sachs Mitsui Marine Derivative Products	4,300,253.81	6,614,904.94	100,000,000.00
	$17,355,325.99	$ 26,252,182.51	$ 400,000,000.00

NOTE 8 – LEASES

Capital Leases

TxDOT is financing the acquisition of certain capital assets via the Master Lease Purchase Program (MLPP) which is administered by the Texas Public Finance Authority (TPFA). The liabilities associated with these leases are reported in the financial statements of TPFA. The capital assets associated with these leases are reported in TxDOT's financial statements. TPFA holds the title to the property until the lease is fully paid, at which point title will transfer to TxDOT.

Operating Leases

To minimize long-term costs, and to ensure future availability of essential services, TxDOT, in routine transactions, enters into leases which extend beyond a single fiscal year. Operating lease payments are recorded as expenditures or expenses during the life of the lease. Included in the expenditures reported in the special revenue fund type is $8,315,169.89 of rent paid or due under operating lease obligations.

The following table presents future minimum lease rental obligations under noncancelable operating leases having an initial term in excess of one year are as follows:

Fiscal Year	Equipment	Facilities	Total
2012	$ 2,924,837.20	$ 3,604,423.84	$ 6,529,261.04
2013	1,730,128.61	3,762,879.49	5,493,008.10
2014	772,328.29	3,878,407.58	4,650,735.87
2015	355,380.02	3,546,045.67	3,901,425.69
2016	93,482.82	3,604,788.38	3,698,271.20
2017-2021	4,712.13	15,079,357.85	15,084,069.98
2022-2026	0.00	3,033,983.50	3,033,983.50
Total	$ 5,880,869.07	$ 36,509,886.31	$ 42,390,755.38

TxDOT leases the buildings and land at the agency's Austin headquarters known as the Riverside Annex through an interagency agreement with the Texas Facilities Commission (TFC). The Riverside Annex includes three buildings. As discussed more fully in Note 16, the Commission took action early in fiscal 2012 to exercise their option to purchase two of the buildings. The remaining building lease with TFC for the 118 East Riverside building is scheduled to expire on Nov. 30, 2013. TxDOT retains the obligation to pay the land leases associated with the Riverside Annex.

The Riverside Annex facility leases are considered operating leases to TxDOT, but are considered capital leases to TFC. The portion of the facility operating lease costs that are considered capital leases by the TFC is listed below.

FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017 – 2021	FY 2022 - 2026
$2,667,332.89	$1,265,234.33	$1,118,232.21	$665,324.68	$682,127.93	$3,621,509.83	$790,773.23

Effective November 2009, the Texas Department of Motor Vehicles (TxDMV) is subleasing a portion of the Riverside Annex. TxDOT will remain liable for the lease on the facility and will be reimbursed by TxDMV per the Memorandum of Understanding.

Revenue Enhancement – Cancelable Lease Rentals

Transportation Code, Section 201.109, states that TxDOT shall adopt a program to enhance existing revenues and generate alternate sources of revenue. TxDOT has initiated an action plan to enhance revenue by leasing right-of-way property, such as rest areas, to commercial enterprises through cancelable leases. For the year ended Aug. 31, 2011, revenue earned from these cancelable leases was approximately $1.2 million.

NOTE 9 - EMPLOYEES' RETIREMENT PLAN

Plan Description

TxDOT contributes to the Employees Retirement System of Texas Plan (ERS Plan), a cost-sharing, multiple-employer, defined benefit pension plan. The ERS Plan provides service retirement benefits, disability retirement benefits and death benefits to plan members and beneficiaries. The ERS Plan is established in the Texas Government Code, Chapters 811-815. The ERS Plan is included in the audited annual financial report of the Employees Retirement System of Texas. Employer disclosures and pension obligation amounts are recorded in the audited Texas Comprehensive Annual Financial Report at the statewide level. Additional information about the ERS Plan may be obtained by calling (512) 476-6431 or writing:

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

Funding Policy

Plan members are required to contribute 6.5 percent of their annual covered salary and TxDOT contributes an amount equal to 6.95 percent of TxDOT's covered payroll. TxDOT and TxDOT employees contributed $74.4 million to the ERS Plan for the year ended Aug. 31, 2011.

NOTE 10 - DEFERRED COMPENSATION

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

NOTE 11 - POST EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

Plan Description

The Employees Retirement System of Texas (ERS) administers a program that provides postemployment healthcare, life and dental insurance benefits to eligible TxDOT retirees. The State Retiree Health Plan (SRHP) is a cost-sharing multiple-employer defined benefit plan. The SRHP is part of the Texas Employees Group Benefits Program and is authorized by the Texas Insurance Code, Section 1551.102. Employer disclosures and obligation amounts are recorded in the audited Texas Comprehensive Annual Financial Report at the statewide level. Additional information about the SRHP may be obtained by calling (512) 476-6431 or writing:

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

Funding Policy

The Legislature sets and has the power to amend annual state contributions to SRHP. Currently, the state pays 100 percent of eligible retiree health insurance premiums and 50 percent of dependents' premiums. The retiree contributes any premium over and above state contributions. State contributions to the SRHP are directly appropriated to ERS. The table below summarizes the maximum monthly state contribution toward the health and basic life premiums of eligible retirees.

Employer Contribution Rates –
Retiree Health and Basic Life Premium
For the Fiscal Year Ended August 31, 2011

Level of Coverage	ERS SRHP
Retiree Only	$ 411.04
Retiree/Spouse	883.72
Retiree/Children	726.56
Retiree/Family	1,200.24

NOTE 12 – INTERFUND ACTIVITY AND TRANSACTIONS

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

The Texas Department of Motor Vehicles (TxDMV) collects certificate of title fees and motor vehicle registration fees, which are required to be deposited to the state highway fund. Approximately $1.1 billion of the transfers-in balance is related to the net amount of cash collected by TxDMV for these fees. The transfer-in entry resulted in an increase to the TxDOT highway fund cash in state treasury balance.

Transfers-out to other agencies from the state highway fund totaled $635.8 million. The majority of this total is expended by the Texas Department of Public Safety, which is charged with patrolling the state highway system and monitoring compliance with statutes related to vehicle weight, motor carrier safety and the registration and transportation of persons, hazardous material and other property.

NOTE 13 - CONTINUANCE SUBJECT TO REVIEW

TxDOT is currently subject to a continuance review. Under the Texas Sunset Act, TxDOT will be abolished effective Sept. 1, 2015, unless continued in existence by the 84th Legislature as provided by the Act. If abolished, TxDOT may continue until Sept. 1, 2016 to close out its operations. In the event that TxDOT is abolished pursuant to the Texas Sunset Act or other law, Texas Government Code, Section 325.017(f), acknowledges that such action will not alter the obligation of the state to pay bonded indebtedness and all other obligations of the abolished agency.

NOTE 14 - ADJUSTMENTS TO FUND BALANCES AND NET ASSETS

During fiscal 2011, certain accounting changes and adjustments were made that required the restatement of fund balances or net assets. The impact of these adjustments is summarized below.

Restatements to Fund Balances/Net Assets

	Sept. 1, 2010, As Previously Reported	Restatements	Sept. 1, 2010, As Restated
GOVERNMENTAL FUNDS			
General Fund	$ 13,096,497.00	$	$ 13,096,497.00
Special Revenue Funds	3,565,467,734.81	(1,358,551,992.00)	2,206,915,742.81
Debt Service Funds	116,368,477.33	1,358,551,992.00	1,474,920,469.33
Capital Projects Funds			
Total Governmental Funds	3,694,932,709.14	0.00	3,694,932,709.14
GOVERNMENTAL ACTIVITIES			
Governmental Activities Adjustments:			
Capital Assets	68,722,203,565.18	263,831,666.54	68,986,035,231.72
Long-Term Liabilities	(12,207,168,265.19)	(442,111,802.98)	(12,649,280,068.17)
Other Adjustments	(37,717,234.00)		(37,717,234.00)
Total Governmental Activities Adjustments	56,477,318,065.99	(178,280,136.44)	56,299,037,929.55
Total Governmental Activities	60,172,250,775.13	(178,280,136.44)	59,993,970,638.69
BUSINESS-TYPE ACTIVITIES			
Enterprise Fund	577,632,537.00	(84,837.51)	577,547,699.49
Total Business-Type Activities	577,632,537.00	(84,837.51)	577,547,699.49
Total	**$60,749,883,312.13**	**$ (178,364,973.95)**	**$ 60,571,518,338.18**

Governmental Funds Restatements

The implementation of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, required the reclassification of the Texas mobility fund from a special revenue fund to a debt service fund.

Governmental Activities Restatements

The majority of the restatements relate to a change in the methodology used to calculate assets and liabilities related to pass-through toll agreements. The net restatement due to the change in methodology was a reduction in net assets of $149,390,510.40. Other miscellaneous adjustments related to capital assets and accumulated depreciation or amortization are also included in the total.

Business-Type Activities Restatements

The values of right-of-way assets are adjusted as cases are settled requiring the payment of additional compensation from the landowner or the refund of compensation previously received. An additional restatement was needed to adjust for a correction to an outstanding retainage balance on a closed project.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Contingencies

Litigation

The type and volume of activity for which TxDOT is responsible exposes it to a large number of lawsuits. TxDOT 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 below were pending as of Aug. 31, 2011. TxDOT management's opinion is that the probable outcome of these cases will not materially affect the financial position of TxDOT.

Type of Suit	Number of Suits	Amount in Controversy
Contract	5	Amounts claimed range from $13,500 to $7,137,996. Total claims with amounts indicated came to approximately $11 million.
Inverse Condemnation	33	Total claims with amounts indicated came to approximately $14,500. All but one claim indicated only an approximate amount of the claim or did not specify the amount.
Declaratory Judgment	3	Monetary amounts have not been specified in two of the three cases. Total claimed with amounts indicated is $150,000.
Employment Law and Related Lawsuits	12	Monetary amounts have not been specified in the majority of these cases. Liability against TxDOT is limited to $300,000. However, there is no limit on attorney fees and front pay.
Tort Claims	92	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 $24.4 million.
Workers' Comp	1	Amount of claim was not specified.
Miscellaneous	1	Amount of claim is $648.

Claims by Contractors

TxDOT is exposed to claims by contractors. TxDOT will most likely settle these claims at substantially less than the amount originally sought. However, if a settlement between TxDOT's claims committee and the contractor cannot be reached, these claims will result in future litigation. TxDOT management's opinion is that the probable outcome of these claims will not materially affect the financial position of TxDOT. As of Aug. 31, 2011 outstanding contractor claims pending at the TxDOT claims committee totaled approximately $8 million.

Federal Reimbursements and Grants

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

As of Aug. 31, 2011, TxDOT was in negotiations with the Federal Highway Administration (FHWA) regarding pending federal reimbursements related to TxDOT's pass-through financing program. Until a resolution is reached, TxDOT is not requesting federal reimbursement for expenditures related to pass-through financing projects. As of Aug. 31, 2011, approximately $23.7 million of the reported federal receivables were not billed to the FHWA for this reason.

Significant Commitments

Construction Contracts and Comprehensive Development Agreement Obligations

At Aug. 31, 2011, TxDOT had contractual commitments of approximately $7.2 billion for outstanding construction and comprehensive development agreements. Of this total, TxDOT expects to receive future reimbursements from the Federal Highway Administration of approximately $2.9 billion.

Pass-Through Toll Agreements

Transportation Code, Section 222.104 authorizes TxDOT to enter into an agreement with a public or private entity that provides for the payment of pass-through tolls to the public or private entity as reimbursement for the design, development, financing, construction, maintenance, or operation of a toll or non-toll facility on the state highway system by the public or private entity. TxDOT has entered into 32 pass-through financing agreements as of Aug. 31, 2011.

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

The maximum total repayment obligation for pass-through toll projects executed as of Aug. 31, 2011, was approximately $1.7 billion. Approximately $37.2 million of this amount was repaid as of Aug. 31, 2011. The actual repayment obligation for each agreement is not determinable until total construction costs are known.

Toll Equity Loan Agreement

In February 2010, the Commission approved the extension of a Toll Equity Loan Agreement (TELA) to the North Texas Tollway Authority (NTTA) with a maximum aggregate loan amount of approximately $4.094 billion, payable as advances made from time to time on the terms and conditions set out in the TELA. These funds are to be used toward the State Highway 161 project in Dallas to enhance the project feasibility and expedite delivery. The loan will be drawn down to pay eligible costs if sufficient funds for certain costs were unavailable to NTTA. As of Aug. 31, 2011, no draw downs of funding have been requested by NTTA under this agreement.

Encumbrances

TxDOT does not generally utilize encumbrance accounting. Internally, TxDOT relies upon detailed cash forecasts for the short and long-term cash management of the agency. The cash forecast is TxDOT's primary tool for identifying and avoiding cash shortages.

Quarterly, encumbrances are reported to the Comptroller of Public Accounts per statewide accounting policy. TxDOT does not report encumbrances for services, supplies or amounts contracted for right-of-way or highway construction and preventive maintenance. As of Aug. 31, 2011, TxDOT encumbered approximately $98 million of future expenditures of the state highway fund for signed contracts and purchase orders outside of these excluded areas.

NOTE 16 – SUBSEQUENT EVENTS

John A. Barton was named interim executive director of TxDOT upon the retirement of Amadeo Sanchez Jr., effective Aug. 31, 2011. On Sept. 29, 2011, the Commission named Phil Wilson as the new executive director of TxDOT effective Oct. 17, 2011. Commission chair Deirdre Delisi resigned from her position on Oct. 6, 2011. The Governor appointed Commissioner Ted Houghton chair on Oct. 7, 2011. On Oct. 10, 2011, the Governor appointed Jeff Austin III to the Commission.

As discussed in Note 15, the Commission has entered into a TELA with NTTA. On Sept. 29, 2011, the Commission authorized a supplement to the TELA upon fulfillment of specified conditions. The supplement provides for an increase in the TELA commitment of up to approximately $1.9 billion, an aggregate amount no greater than the facility costs associated with the Chisholm Trail Parkway project that are eligible to be paid from the state highway fund under applicable law. With this increase, the TELA commitment, including the supplement, for the combined project composed of State Highway 161 and Chisholm Trail Parkway is an amount not to exceed approximately $6 billion.

To mitigate credit risk exposure, swap counterparties are required to post collateral should the positive fair market value of the trade rise above a specified threshold based on the counterparty's credit ratings. On Sept. 2, 2011 Morgan Stanley Capital Services Inc. posted $3 million in cash collateral. The amount of collateral held by the mobility fund is based upon the fair market value of the trade which is subject to daily market movements. Thus, the amount of collateral held will fluctuate daily.

On Aug. 25, 2011, the Commission accepted a TxDOT recommendation that a new back office toll operations contract be awarded to Federal Signals Technologies (FSTech). The work will consolidate with one vendor operations presently spread between FSTech (back office), lane work (URS) and violations processing (ETCC). However, as of Aug. 31, 2011 the contract was still under negotiation.

NOTE 17 – RISK MANAGEMENT

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

Property and Liability

TxDOT administers a self-insured workers compensation program. The following table presents the changes in claims liability reported during the fiscal year ended Aug. 31, 2011 which are reported as accounts payable.

Changes in Claims Liability Balances

	Beginning Balance	Increases	Decreases	Ending Balance
Fiscal 2011	$532,641.88	$5,808,540.98	$5,679,305.32	$661,877.54

Health, Life and Dental

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

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

NOTE 18 – MANAGEMENT DISCUSSION AND ANALYSIS

Infrastructure Assets – Modified Approach

The value of the state's infrastructure assets is included in the governmental activities column of the government-wide financial statements.

The state accounts for its system of roads and highways using the modified approach. TxDOT developed a system of management, the Texas Maintenance Assessment Program (TxMAP), which is designed to maintain the service delivery potential of the state's roads and highways to near perpetuity.

The state's policy is to maintain its interstate highways at a condition level of 80 percent, its non-interstate highways (farm-to-market and other road systems) at a condition level of 75 percent and 80 percent for the Central Texas Turnpike System (CTTS). The condition assessment results for fiscal 2011 reflect condition levels of 83 percent (83.6 percent in fiscal 2010) for the interstate system, 78.5 percent (77.9 percent in fiscal 2010) for the non-interstate system and 89.9 percent for CTTS (87.9 percent for fiscal 2010).

Financial Highlights

Major fluctuations in balances for fiscal 2011 can be attributed to the following:

- The issuance of Proposition 12 Bonds. In September 2010, TxDOT issued $1 billion of general obligation bonds from the Proposition 12 Bond program to fund highway improvement projects that will relieve congestion and improve the statewide corridor through rehabilitation, safety and mobility.

- Debt service payments in the general revenue fund. The debt service for the newly issued Proposition 12 bonds is paid out of the general revenue fund. This debt is not self-supported and is paid using legislative appropriations.

- Change in the reporting of inflows related to the motor fuels taxes. TxDOT is now recording the tax revenues related to these taxes. Prior to fiscal 2011, TxDOT recorded a transfer in for these values.

- Reclassification of the Texas mobility fund from a special revenue fund to a debt service fund. The implementation of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, required an analysis of all reported special revenue funds and it was determined that the activity of the mobility fund did not meet the definition of a special revenue fund.

- Methodology for reporting pass-through toll projects. Beginning with fiscal 2011, TxDOT is recording assets and related liabilities as roadways are constructed under the pass-through financing program. Fiscal 2011 changes required restatements to capital assets and long-term liabilities. See note 14 for more details.

Commitments

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

NOTE 19 - THE FINANCIAL REPORTING ENTITY

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

Blended Component Units

The Commission is authorized to create Transportation Corporations in Transportation Code, Chapter 431. The Commission approves the creation of transportation corporations, approves the articles of incorporation, appoints directors and approves by-laws. At any time, the Commission may terminate and dissolve a transportation corporation. In the event of dissolution or liquidation of a corporation, all assets shall be turned over to TxDOT. As of Aug. 31, 2011, two such transportation corporations were authorized by the Commission.

The Grand Parkway Association (GPA) facilitates the efficient development of Houston's third outer highway loop to serve the regional mobility needs of the metropolitan Houston area. GPA operates on funds received from various sources including TxDOT, METRO, Harris County, Fort Bend County, Chambers County, Galveston County and Brazoria County. GPA is required to make semi-annual reports to TxDOT detailing the status and financial information of the various project segments. Complete financial statements for the GPA may be obtained by writing:

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

The Texas Private Activity Bond Surface Corp. (TxPABST) acts on behalf of TxDOT in the promotion and development of transportation facilities by issuing private activity bonds for projects developed under comprehensive development agreements (CDA) entered into by TxDOT. Bonds issued by TxPABST are not legal obligations of the state of Texas and are payable solely from payments received or on behalf of a CDA developer. See Note 5 for additional details about the TxPABST private activity bond issuances as of Aug. 31, 2011. TxPABST does not publish financial statements. Further information can be obtained by writing:

Texas Private Activity Bond Surface Corporation
125 East 11th St.
Austin, Texas 78701

The financial data of the transportation corporations are reported as a special revenue fund of the governmental fund type in the accompanying financial statements of TxDOT.

NOTE 20 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The implementation of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, defined special revenue funds as funds used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

The activity of the special revenue funds reported by TxDOT was analyzed given this clarified definition from GASB. It was determined that the mobility fund did not meet the definition of a special revenue fund. The mobility fund is now reported as a debt service fund. Prior to fiscal 2011, the mobility fund was reported as a special revenue fund.

REQUIRED SUPPLEMENTARY INFORMATION

MODIFIED APPROACH TO REPORTING INFASTRUCTURE ASSETS

TxDOT adopted the modified approach for reporting the state's highway system. Under the modified approach, depreciation is not reported and all preservation and maintenance costs are expensed.

The modified approach requires that TXDOT:

- 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, TxDOT has elected to depreciate bridges. Therefore, they are not reported using the modified approach.

Condition Assessments

TxDOT performs yearly condition assessments through the Texas Maintenance Assessment Program (TxMAP). Under this program, visual inspections are conducted on approximately 10 percent of the interstate system and 5 percent of the non-interstate system (national, state and farm-to-market roadways). For each section of highway observed, 21 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 percent, 2 = 40 percent, 3 = 60 percent, 4 = 80 percent and 5 = 100 percent).

Assessed Conditions

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

Fiscal	Interstate Condition (Minimum 80%)	Non-Interstate Condition (Minimum 75%)	Central Texas Turnpike System (Minimum 80%)
2011	83.0%	78.5%	89.9%
2010	83.6%	77.9%	87.9%
2009	81.4%	76.5%	90.5%
2008	83.7%	79.0%	91.7%
2007	84.1%	79.5%	N/A

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. The estimates for the interstate and non-interstate highways reflect the estimated expenditures necessary to achieve the Commission's goal to increase pavement conditions to 90 percent of the system being rated good or better within the next 20 years. In addition, TxDOT has been working to increase the return on maintenance dollars through the implementation of cost saving measures.

Interstate Highways	Fiscal 2011	Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007
Estimate	$604,837,150	$568,455,968	$534,263,128	$502,127,903	$438,460,363
Actual	$361,824,722	$333,253,166	$326,304,671	$438,236,618	$471,924,721

Non-Interstate Highways	Fiscal 2011	Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007
Estimate	$3,282,946,244	$3,005,712,533	$2,687,869,178	$2,455,243,159	$1,702,612,423
Actual	$1,517,603,665	$1,423,734,251	$1,519,109,684	$1,649,316,888	$1,881,284,935

Central Texas Turnpike System	Fiscal 2011	Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007
Estimate	$11,577,672	$11,371,334	$9,178,651	$6,909,785	N/A
Actual	$11,438,932	$6,972,452	$7,261,987	$5,411,318	N/A

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.

Other Condition Assessments

A separate annual inspection report is performed on the Central Texas Turnpike System (CTTS) in accordance with Section 707 of the Indenture of Trust. Those inspections are performed by the general engineering consultant of CTTS. The fiscal 2011 inspection noted that the 65 miles of CTTS roadways were in an overall excellent condition. Per the inspection report, the CTTS roadways achieved an overall score of 96 percent. While this inspection uses the same general elements as TxMAP, it is performed at a different time of the year, which can lead to significant variances in certain condition elements.

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Combining Financial Statements

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Exhibit A-1

COMBINING BALANCE SHEET -ALL GENERAL AND CONSOLIDATED FUNDS
August 31, 2011

	GENERAL FUND ACCOUNT (0001)* U/F (0001)	TRAFFIC SAFETY-CRASH RECORDS INFORMATION SYSTEMS ACCOUNT (0036)* U/F (0036)
	$	$
ASSETS:		
Current Assets:		
Cash and Cash Equivalents:		
Cash on Hand		
Cash in State Treasury		
Legislative Appropriations	74,336,199	
Loans and Contracts	52,396	
Total Current Assets	74,388,595	0
Non-Current Assets:		
Loans and Contracts	244,404	
Total Non-Current Assets	244,404	0
TOTAL ASSETS:	74,632,999	0
LIABILITIES AND FUND BALANCES		
Liabilities:		
Current Liabilities:		
Payables:		
Accounts Payable	1,303,114	
Payroll Payable	265,184	
Due to Other Funds		
Due to Other Agencies		
Total Current Liabilities	1,568,298	0
TOTAL LIABILITIES:	1,568,298	0
FUND BALANCES (DEFICITS):		
Committed		
Assigned	1,568,298	
Unassigned	71,496,403	
TOTAL FUND BALANCES	73,064,701	0
TOTAL LIABILITIES & FUND BALANCE	$ 74,632,999	$ 0

* 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.

TEXAS HIGHWAY BEAUTIFICATION ACCOUNT (0071)* U/F (0071)	SUSPENSE FUND ACCOUNT (0900)* U/F (0090)	TOTAL
$	$	$
5,200		5,200
410,492	1,586,402	1,996,894
		74,336,199
		52,396
415,692	1,586,402	76,390,689
		244,404
0	0	244,404
415,692	1,586,402	76,635,093
1,001		1,304,115
78,062		343,246
	1,131,919	1,131,919
	454,483	454,483
79,063	1,586,402	3,233,763
79,063	1,586,402	3,233,763
336,629		336,629
		1,568,298
		71,496,403
336,629	0	73,401,330
$ 415,692	$ 1,586,402	$ 76,635,093

Exhibit A-2

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

For the fiscal year ended August 31, 2011

	GENERAL FUND ACCOUNT (0001)* U/F (0001)	TRAFFIC SAFETY-CRASH RECORDS INFORMATION SYSTEMS ACCOUNT (0036)* U/F (0036)
REVENUES:	$	$
Legislative Appropriations:		
Original Appropriations	82,212,866	
Additional Appropriations	704,199	
Federal Revenue	6,341,219	
Licenses, Fees and Permits		
Sale of Goods & Services	855,602	
Other Revenues		
TOTAL REVENUES	90,113,886	0
EXPENDITURES:		
Salaries and Wages	2,407,468	
Payroll Related Costs	696,497	
Professional Fees and Services	2,478,301	607,838
Travel	53,465	
Materials and Supplies	(58,694)	6,000
Communications and Utilities	12,912	
Repairs and Maintenance		31,415
Rentals and Leases	125	
Printing and Reproduction	3,435	
Intergovernmental Payments	215,481	
Other Expenditures	21,514	104,747
Interest on State Bonds	21,971,738	
Other Financing Fees	209,300	
Capital Outlay	2,400,273	
TOTAL EXPENDITURES	30,411,815	750,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	59,702,071	(750,000)
OTHER FINANCING SOURCES (USES):		
Operating Transfers In		750,000
Operating Transfers Out	(20,767)	
Sale of Capital Assets	1,330,481	
TOTAL OTHER FINANCING SOURCES (USES)	1,309,714	750,000
NET CHANGE IN FUND BALANCES	61,011,785	0
FUND BALANCES, Sept. 1, 2010	12,378,449	0
Appropriations Lapsed	(325,533)	
FUND BALANCES, Aug. 31, 2011 (Exhibit A-1)	$ 73,064,701	$ 0

* 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.

TEXAS HIGHWAY BEAUTIFICATION ACCOUNT (0071)* U/F (0071)	SUSPENSE FUND ACCOUNT (0900)* U/F (0090)	TOTAL
$	$	$
		82,212,866
		704,199
		6,341,219
656,932		656,932
		855,602
25		25
656,957	0	90,770,843
727,756		3,135,224
308,072		1,004,569
		3,086,139
		53,465
977		(51,717)
1,000		13,912
		31,415
		125
		3,435
		215,481
571		126,832
		21,971,738
		209,300
		2,400,273
1,038,376	0	32,200,191
(381,419)	0	58,570,652
		750,000
		(20,767)
		1,330,481
0	0	2,059,714
(381,419)	0	60,630,366
718,048	0	13,096,497
		(325,533)
$ 336,629	$ 0	$ 73,401,330

EXHIBIT B-1

COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
August 31, 2011

	STATE HIGHWAY FUND (0006)* U/F (0006, 0016-0019, 0121-0122, 0130, 0513-0515,0161-0162, 0820 and 8006)	STATE INFRASTRUCTURE BANK (0006)* U/F (0099)
	$	$
ASSETS		
Current Assets:		
Cash and Cash Equivalents:		
Cash on Hand	257,473	
Cash in Bank	20,646,177	
Cash in State Treasury	3,916,413,317	147,356,509
Receivables:		
Federal	319,143,345	
Other Intergovernmental	68,625,576	
Interest and Dividends		10,119,692
Accounts Receivable	29,174,621	
Due from Other Funds	62,505,432	
Due from Other Agencies	190,320,820	
Prepaid Items	152,756	
Consumable Inventories	109,222,453	
Loans and Contracts		10,970,949
Total Current Assets	4,716,461,970	168,447,150
Non-Current Assets:		
Federal Receivable	24,736,517	
Loans and Contracts	60,815,263	259,979,914
Other Non-Current Assets		8,318,050
Total Non-Current Assets	85,551,780	268,297,964
TOTAL ASSETS	4,802,013,750	436,745,114
LIABILITIES AND FUND BALANCES:		
Liabilites:		
Current Liabilities:		
Payables:		
Accounts Payable	936,299,747	
Contracts Payable	30,652,882	
Payroll Payable	58,600,136	
Due to Other Funds	732,126	
Due to Other Agencies	43,769,659	
Deferred Revenues	3,515,879,172	
Total Current Liabilities	4,585,933,722	0
TOTAL LIABILITIES	4,585,933,722	0
FUND BALANCES (DEFICITS):		
Nonspendable	109,375,209	259,979,914
Restricted	841,150,196	
Committed	759,101	176,765,200
Assigned		
Unassigned	(735,204,478)	
TOTAL FUND BALANCES	216,080,028	436,745,114
TOTAL LIABILITIES & FUND BALANCES:	$ 4,802,013,750	$ 436,745,114

* Appropriated Fund is noted as (XXXX), USAS D23 Fund is noted as U/F (XXXX)
**The Mobility Fund is now reported as a debt service fund.

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 and 0377)	TEXAS TRANSPORTATION CORPORATIONS (9999)* U/F (0999)	TOTAL
$	$	$	$
			257,473
		526,562	21,172,739
			4,063,769,826
			319,143,345
			68,625,576
			10,119,692
			29,174,621
		571,090	63,076,522
			190,320,820
			152,756
			109,222,453
		11,938,584	22,909,533
0	0	13,036,236	4,897,945,356
			24,736,517
		898,070,115	1,218,865,292
		3,517	8,321,567
0	0	898,073,632	1,251,923,376
0	0	911,109,868	6,149,868,732
		495,749	936,795,496
			30,652,882
			58,600,136
			732,126
			43,769,659
			3,515,879,172
0	0	495,749	4,586,429,471
0	0	495,749	4,586,429,471
			369,355,123
		910,008,699	1,751,158,895
			177,524,301
		605,420	605,420
			(735,204,478)
0	0	910,614,119	1,563,439,261
$ 0	$ 0	$ 911,109,868	$ 6,149,868,732

EXHIBIT B-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCES -SPECIAL REVENUE FUNDS

For the fiscal year ended August 31, 2011

	STATE HIGHWAY FUND (0006)* U/F (0006, 0016-0019, 0121-0122, 0130, 0513-0515,0161-0162, 0820 and 8006)	STATE INFRASTRUCTURE BANK (0006)* U/F (0099)
REVENUES:	$	$
Taxes	2,313,016,731	
Federal Revenues	2,173,412,716	
Federal Pass-Through Revenues	8,495,483	
Licenses, Fees and Permits	157,367,465	
Interest & Investment Income	46,176,400	16,585,985
Land Income	6,678,675	
Settlement of Claims	26,856	
Sales of Goods and Services	213,065,533	
Other Revenues	4,070,861	
TOTAL REVENUES	4,922,310,720	16,585,985
EXPENDITURES:		
Salaries and Wages	574,756,797	
Payroll Related Costs	219,547,835	
Professional Fees and Services	321,569,523	
Travel	4,066,909	
Materials and Supplies	349,209,577	
Communications and Utilities	47,932,975	
Repairs and Maintenance	812,847,008	
Rentals and Leases	10,823,155	
Printing and Reproduction	1,994,242	
Claims and Judgments	8,142,112	
Federal Pass-Through Expenditures	11,880,752	
State Grant Pass-Through Expenditures	534,221	
Intergovernmental Payments	378,540,115	
Public Assistance Payments	15,818,122	
Other Expenditures	465,746,591	
Principal on Pass-Through Tolls	34,338,576	
Interest on State Bonds	332,518	
Other Financing Fees	5,554,751	
Capital Outlay	2,506,286,713	
TOTAL EXPENDITURES	5,769,922,492	0
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(847,611,772)	16,585,985
OTHER FINANCING SOURCES (USES):		
Operating Transfers In	1,265,716,909	60,000,000
Operating Transfers Out	(1,079,344,660)	
Insurance Recoveries	10,608,977	
Sale of Capital Assets	3,362,776	
TOTAL OTHER FINANCING SOURCES (USES)	200,344,002	60,000,000
NET CHANGE IN FUND BALANCES	(647,267,770)	76,585,985
FUND BALANCES, Sept. 1, 2010	863,347,798	360,159,129
Restatements		
FUND BALANCES, Aug. 31, 2011 (Exh. B-1)	$ 216,080,028	$ 436,745,114

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

**The Mobility Fund is now reported as a debt service fund.

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 and 0377)	TEXAS TRANSPORTATION CORPORATIONS (9999)* U/F (0999)	TOTAL
$	$	$	$
			2,313,016,731
797,263,983			2,970,676,699
			8,495,483
			157,367,465
		83	62,762,468
			6,678,675
			26,856
			213,065,533
		976,232	5,047,093
797,263,983	0	976,315	5,737,137,003
16,396			574,773,193
			219,547,835
66,541		820,694	322,456,758
			4,066,909
38,198			349,247,775
			47,932,975
750			812,847,758
			10,823,155
			1,994,242
			8,142,112
			11,880,752
			534,221
19,036,629			397,576,744
			15,818,122
130,918,337		346,418	597,011,346
			34,338,576
		72,603,900	72,936,418
			5,554,751
647,187,132			3,153,473,845
797,263,983	0	73,771,012	6,640,957,487
0	0	(72,794,697)	(903,820,484)
			1,325,716,909
			(1,079,344,660)
			10,608,977
			3,362,776
0	0	0	260,344,002
0	0	(72,794,697)	(643,476,482)
0	1,358,551,992	983,408,816	3,565,467,735
	(1,358,551,992)		(1,358,551,992)
$ 0	$ 0	$ 910,614,119	$ 1,563,439,261

EXHIBIT C-1
COMBINING BALANCE SHEET - DEBT SERVICE FUNDS
August 31, 2011

	PROPOSITION 14 STATE HIGHWAY DEBT SERVICE (0008)* U/F(0010)	TEXAS MOBILITY FUND** (0365)* U/F (0365, 0367 and 0377)	TOTAL
	$	$	$
ASSETS			
Cash and Cash Equivalents:			
Cash in State Treasury	158,478,853	1,291,097,973	1,449,576,826
Accounts Receivable		532,667	532,667
Prepaid Item		2,002	2,002
TOTAL ASSETS	158,478,853	1,291,632,642	1,450,111,495
LIABILITIES AND FUND BALANCES:			
Liabilites:			
Payables:			
Accounts Payable		32,350	32,350
Due to Other Funds		9,435,531	9,435,531
Deferred Revenues		1,941,995	1,941,995
TOTAL LIABILITIES	0	11,409,876	11,409,876
FUND BALANCES (DEFICITS):			
Nonspendable		2,002	2,002
Restricted	158,478,853	1,280,220,764	1,438,699,617
TOTAL FUND BALANCES	158,478,853	1,280,222,766	1,438,701,619
TOTAL LIABILITIES & FUND BALANCES:	$ 158,478,853	$ 1,291,632,642	$ 1,450,111,495

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

**The Mobility Fund was previously reported as a special revenue fund.

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

EXHIBIT C-2
COMBINING STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCES -DEBT SERVICE FUNDS
For the fiscal year ended August 31, 2011

	PROPOSITION 14 STATE HIGHWAY DEBT SERVICE (0008)* U/F(0010)	TEXAS MOBILITY FUND** (0365)* U/F (0365, 0367 and 0377)	TOTAL
REVENUES:	$	$	$
Federal Revenues	31,233,654	23,303,934	54,537,588
Licenses, Fees and Permits		355,808,529	355,808,529
Interest & Investment Income	1,070,453	11,248,005	12,318,458
TOTAL REVENUES	32,304,107	390,360,468	422,664,575
EXPENDITURES:			
Professional Fees and Services		18,014	18,014
Other Expenditures		5	5
Principal on State Bonds	109,210,000	39,645,000	148,855,000
Interest on State Bonds	178,610,437	286,925,264	465,535,701
Other Financing Fees		411,791	411,791
TOTAL EXPENDITURES	287,820,437	327,000,074	614,820,511
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(255,516,330)	63,360,394	(192,155,936)
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	297,626,706		297,626,706
Operating Transfers Out		(141,689,620)	(141,689,620)
TOTAL OTHER FINANCING SOURCES (USES)	297,626,706	(141,689,620)	155,937,086
NET CHANGE IN FUND BALANCES	42,110,376	(78,329,226)	(36,218,850)
FUND BALANCES, Sept. 1, 2010	116,368,477	0	116,368,477
Restatements		1,358,551,992	1,358,551,992
FUND BALANCES, Aug. 31, 2011 (Exh. B-1)	$ 158,478,853	$ 1,280,222,766	$ 1,438,701,619

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

**The Mobility Fund was previously reported as a special revenue fund.

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

EXHIBIT D-1
COMBINING BALANCE SHEET - CAPITAL PROJECTS FUNDS
August 31, 2011

	PROPOSITION 12 HIGHWAY IMPROVEMENT PROJECT FUND (0307)* U/F(0307, 0308)	COLONIAS PROJECTS FUND (7604)* U/F(7604)	TOTAL
ASSETS	$	$	$
Current Assets:			
Cash and Cash Equivalents:			
Cash in State Treasury	715,006,908		715,006,908
Due from Other Agencies		753,413	753,413
Total Current Assets	715,006,908	753,413	715,760,321
TOTAL ASSETS	715,006,908	753,413	715,760,321
LIABILITIES AND FUND BALANCES:			
Liabilites:			
Current Liabilities:			
Payables:			
Accounts Payable	6,714,514	753,413	7,467,927
Due to Other Funds	51,937,982		51,937,982
Total Current Liabilities	58,652,496	753,413	59,405,909
TOTAL LIABILITIES	58,652,496	753,413	59,405,909
FUND BALANCES (DEFICITS):			
Restricted	656,354,412		656,354,412
TOTAL FUND BALANCES	656,354,412	0	656,354,412
TOTAL LIABILITIES & FUND BALANCES:	$ 715,006,908	$ 753,413	$ 715,760,321

* 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 D-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCES -CAPITAL PROJECTS FUNDS

For the fiscal year ended August 31, 2011

	PROPOSITION 12 HIGHWAY IMPROVEMENT PROJECT FUND (0307)* U/F(0307, 0308)	COLONIAS PROJECTS FUND (7604)* U/F(7604)	TOTAL
REVENUES:	$	$	$
Interest & Investment Income	6,419,045		6,419,045
TOTAL REVENUES	6,419,045	0	6,419,045
EXPENDITURES:			
Professional Fees and Services	2,075,201		2,075,201
Intergovernmental Payments		24,232,561	24,232,561
Other Financing Fees	4,930,247		4,930,247
Capital Outlay	343,056,721		343,056,721
TOTAL EXPENDITURES	350,062,169	24,232,561	374,294,730
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(343,643,124)	(24,232,561)	(367,875,685)
OTHER FINANCING SOURCES (USES):			
Operating Transfers In		24,232,561	24,232,561
Bond & Note Issued	999,997,536		999,997,536
TOTAL OTHER FINANCING SOURCES (USES)	999,997,536	24,232,561	1,024,230,097
NET CHANGE IN FUND BALANCES	656,354,412	0	656,354,412
FUND BALANCES, Sept. 1, 2010			
FUND BALANCES, Aug. 31, 2011 (Exh. B-1)	$ 656,354,412	$ 0	$ 656,354,412

* 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 E

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS

For the fiscal year ended August 31, 2011

	Balances September 1, 2010	Additions	Deductions	Balances August 31, 2011
	$	$	$	$
UNAPPROPRIATED RECEIPTS				
General Revenue Fund (0001), U/F (1001) *				
Assets:				
Current:				
Cash on Hand	0	36,464,743	36,464,743	0
Total Assets	0	36,464,743	36,464,743	0
Liabilities:				
Current:				
Funds Held for Others	0	36,464,743	36,464,743	0
Total Liabilities	0	36,464,743	36,464,743	0
OTHER AGENCY FUNDS				
Child Support-Employee Deduction Account (0807), U/F (0807)				
Assets:				
Current:				
Cash in State Treasury	240,125	3,495,062	3,494,466	240,721
Total Assets	240,125	3,495,062	3,494,466	240,721
Liabilities:				
Current:				
Funds Held for Others	240,125	3,495,062	3,494,466	240,721
Total Liabilities	240,125	3,495,062	3,494,466	240,721
Employees' Savings Bond Account (0901), U/F (0901)				
Assets:				
Current:				
Cash in State Treasury	23,524	(2,699)	20,825	0
Total Assets	23,524	(2,699)	20,825	0
Liabilities:				
Current:				
Funds Held for Others	23,524	(2,699)	20,825	0
Total Liabilities	23,524	(2,699)	20,825	0
County/Political Subdivision, Local Government Road/Airport Trust Account (0927), U/F (0927)				
Assets:				
Current:				
Cash in State Treasury	245,337,889	331,164,363	173,442,169	403,060,083
Total Assets	245,337,889	331,164,363	173,442,169	403,060,083
Liabilities:				
Current:				
Due to Other Funds (Agency 601, Fund 865)	0	501,750	0	501,750
Funds Held for Others	245,337,889	330,662,613	173,442,169	402,558,333
Total Liabilities	$ 245,337,889	$ 331,164,363	$ 173,442,169	$ 403,060,083

* 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, 2010	Additions	Deductions	Balances August 31, 2011
	$	$	$	$
OTHER AGENCY FUNDS				
Direct Deposit Correction Account (0980), U/F (0980 and 9014)				
Assets:				
Current:				
Cash in State Treasury	100	4,815,360	4,660,981	154,479
Total Assets	100	4,815,360	4,660,981	154,479
Liabilities:				
Current:				
Funds Held for Others	100	4,815,360	4,660,981	154,479
Total Liabilities	100	4,815,360	4,660,981	154,479
Toll Revenue Custodial Account Account (9999), U/F (0997)				
Assets:				
Current:				
Cash on Hand	159,647	23,140	159,647	23,140
Cash in Bank	46,336	18,770,381	18,547,051	269,666
Money Market and Similar Funds	19,435,963	114,889,289	115,693,121	18,632,131
Total Assets	19,641,946	133,682,810	134,399,819	18,924,937
Liabilities:				
Current:				
Funds Held for Others	19,641,946	133,682,810	134,399,819	18,924,937
Total Liabilities	19,641,946	133,682,810	134,399,819	18,924,937
TOTALS - ALL AGENCY FUNDS				
Assets:				
Current:				
Cash on Hand	159,647	36,487,883	36,624,390	23,140
Cash in Bank	46,336	18,770,381	18,547,051	269,666
Cash in State Treasury	245,601,638	339,472,086	181,618,441	403,455,283
Money Market and Similar Funds	19,435,963	114,889,289	115,693,121	18,632,131
Total Assets	265,243,584	509,619,639	352,483,003	422,380,220
Liabilities:				
Current:				
Due to Other Funds	0	501,750	0	501,750
Funds Held for Others	265,243,584	509,117,889	352,483,003	421,878,470
Total Liabilities	$ 265,243,584	$ 509,619,639	$ 352,483,003	$ 422,380,220

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Addendum

HISTORY

The Texas Legislature created the State Highway Department in 1917 to grant financial aid to counties for highway construction and maintenance. In 1975, the 64th Legislature 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 State Highway Department.

In 1991, the 72nd Legislature formed the Texas Department of Transportation (TxDOT) by merging the State Department of Highways and Public Transportation, the Texas Department of Aviation (effective Sept. 1, 1991) and the Texas Motor Vehicle Commission (effective Sept. 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 1995, trucking regulation was transferred from the Texas Railroad Commission to TxDOT (effective Sept. 1, 1995). Finally, the Texas Turnpike Authority was abolished and became a division with TxDOT in 1997.

In 2009, the 81st Legislature established the Texas Department of Motor Vehicles (TxDMV), shifting the then-TxDOT divisions and offices of Vehicle Titles and Registration, Motor Vehicles, Auto Burglary and Theft Prevention Authority and a portion of the Motor Carrier Division to the TxDMV (effective Nov. 1, 2009). In December 2009, TxDOT created the Rail Division to facilitate the development and interconnectivity of the rail system in Texas (effective Sept. 1, 2009).

In 2011, the 82nd Legislature approved the Sunset bill (Senate Bill 1420), which renewed TxDOT's authority for another four years. The legislation also retained the current five member Texas Transportation Commission (the Commission) structure; defined the rural commissioner as someone from a county with a population of 150,000 or less; and grandfathered the current rural commissioner. SB 1420 also transferred the Motor Carrier Division resources and staff to the TxDMV (effective Jan. 1, 2012); restored TxDOT's authority to continue comprehensive development agreements to fund specific road projects; granted authority to use the design-build method for projects; and streamline the environmental assessment of highway projects (effective Sept. 1, 2011).

TxDOT is charged with developing and maintaining a statewide multimodal transportation network and other transportation-related duties.

TxDOT Mission

TxDOT's mission is to provide safe and efficient movement of people and goods; enhance economic viability; improve the quality of life for the people that travel in the state of Texas by maintaining existing roadways; and collaborating with private and local entities to plan, design, build and maintain expanded transportation infrastructure.

TxDOT Vision

To be a trusted, performance-driven organization committed to collaborating with internal and external partners to deliver a modern, interconnected and multimodal transportation system that enhances the quality of life for Texas citizens and increases the competitive position for Texas industry.

TxDOT Values

TxDOT will honor our commitments to the citizens of Texas with accountability and transparency; provide the best value for every dollar spent; earn and maintain the respect and trust of Texas citizens by listening, seeking to understand and being responsive to our customers and stakeholders; promote innovation, creativity and collaboration; promote highly ethical conduct and a commitment to compliance with the law with our employees and partners; communicate openly and honestly; protect the safety of the traveling public, our employees and the workers who build, operate and maintain our transportation system; value diversity through inclusion, opportunity and respect; and support employee professional development.

ORGANIZATION

An organization chart and a listing of administrative and key personnel as of Aug. 31, 2011, are presented on pages 77 through 86.

TxDOT is governed by the Commission and an executive director elected 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 executive director is the chief executive officer, assisted by one deputy executive director, three assistant executive directors, a chief financial officer, a chief information officer, a chief human resources and administrative services officer and three executive-level administrators. An internal audit office performs periodic independent audits of TxDOT operations.

TxDOT conducts its primary activities in 25 geographical districts. The differing needs of local populations make decentralization of TxDOT 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 (RSC) were created to consolidate overlapping functions between districts. The RSCs provide operations and project delivery support to the districts. Twenty functional divisions and nine 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. In addition, AVN provides air transportation services for state officials and state employees traveling on state business and aircraft maintenance support for state owned aircraft. The division and TxDOT are advised by a six member Aviation Advisory Committee appointed by the Commission.

Bridge Division

The Bridge Division (BRG) provides 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 TxDOT 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. The division also manages the federally mandated bridge inspection program for the state's approximate 50,000 bridges and also oversees programs for the replacement and rehabilitation of on- and off-system structurally deficient and functionally obsolete bridges. The division manages the various bridge databases as well as develops policies, standards, manuals, structural software and guidelines to ensure the safety of Texas bridges and the mobility of the traveling public.

Construction Division

The Construction Division (CST) provides oversight for construction contract administration including payment, construction regulatory compliance and inspection and testing for all TxDOT construction contracts. The division is responsible for contractor pre-qualification, bid proposal issuance and construction and maintenance contracts letting. The division provides consultation and support to districts in the areas of project management, administration, inspection and testing from pre-letting through final project acceptance. The division provides materials quality assurance and testing for construction and maintenance materials. The division oversees pavement design activities and is responsible for the management and maintenance of TxDOT's Pavement Management Information System. The division is also responsible for coordination with the Federal Highway Administration (FHWA) to assure the overall effectiveness of the construction oversight program.

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.

Environmental Affairs Division

The Environmental Affairs Division (ENV) oversees TxDOT's environmental program. The division is responsible for developing and recommending policies and procedures that assist the districts and regions to make informed decisions based on an understanding of environmental requirements and consequences. In addition, the division is TxDOT's environmental liaison with state and federal resource agencies and administers contracts to support the project development process 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 and Task Force on Economic Growth and Endangered Species.

The division manages TxDOT's internal "Clean Air Plan" and the external "Drive Clean Across Texas" public outreach and education campaigns.

Finance Division

The Finance Division (FIN) is responsible for TxDOT's accounting, forecasting, budgeting, financial reporting, 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 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 TxDOT. The division operates with one of the most qualified state agency purchasing staff in Texas. Three-quarters of the purchasing personnel statewide are state certified and 100 percent of the purchasing leads and managers are state and nationally certified. The division provides oversight authority for negotiated contracts including development of policies and procedures and providing support services for professional services contracts.

GSD manages four regional distribution centers located in Austin, Athens, Post and Seguin supporting the supply and material needs for the approximately 400 TxDOT facilities located throughout the state. The division oversees the management of TxDOT's personal property, including the equipment fleet. The division also coordinates the statewide alternative fuels, recycling, document and records management, mail and surplus property functions. The division's general shops construct customized equipment and furnishings necessary for the districts, regions, divisions 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. The division manages the on-line publication of TxDOT's manuals, forms and construction, maintenance, facilities and aviation plans on TxDOT's Internet and intranet sites.

Government and Public Affairs Division

The Government and Public Affairs Division (GPA) are comprised of six sections: State and Federal Legislative Affairs, Community Relations, Communications, Interactive Services, International Relations and Media Relations. The State and Federal Legislative Affairs section manages all of TxDOT'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 TxDOT's work through conference work and project involvement through the IH-35 and IH-69 Advisory and Segment Committees. Community Relations also serves as TxDOT's advertising coordinating body through the Ad Council. Communications guides external customer services and internal agency workforce communications. International Relations monitor 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 work with all forms of media to ensure that TxDOT is properly represented before the press and that those channels are engaged appropriately, including social media. Interactive Services is responsible for TxDOT's Web presence.

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. The division 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; coordinates the WorkLife Balance program; facilitates employee problem resolution; and maintains the business title classification system to ensure compensation equities and career progression. The division conducts investigations of employee grievances as well as investigations requested by TxDOT Administration and management, alleging discrimination prohibited under Title VII of the Civil Rights Act and non-discrimination. The division also 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, the State Use program and other maintenance programs and activities. It is responsible for oversight of TxDOT's ferry operations; development and maintenance of safety rest areas; vegetation and roadside pest management; TxDOT facilities management and leasing; building operations and security services; facilities energy and water conservation; and statewide planning. The division also coordinates TxDOT'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; enforces provisions of the Texas Transportation Code (TRC) Chapters 621 and 623 by investigating alleged size/weight violations; and assessing administrative penalties for violations of size/weight laws and TxDOT rules. Efforts are coordinated with local law enforcement and the Texas Department of Public Safety regarding the transport of oversize/overweight cargo and size/weight violations. The division also coordinates with the Texas Attorney General's Office regarding administrative penalties. Effective Nov. 1, 2009, HB 3097 (81st Texas Legislature) transferred functions relating to motor carrier operating authority, household goods mover consumer protection and associated enforcement of TRC 643 and 645 to the TxDMV.

Occupational Safety Division

The Occupational Safety Division (OCC) manages TxDOT's self-insured programs for workers' compensation, tort and liability insurance claims. The division is also responsible for overseeing and administering risk management programs associated with employee health and safety, including industrial hygiene assessments, hazardous materials awareness, pre-employment physicals and parts of the alcohol and drug testing program. The division directs its efforts toward creating and implementing risk-based approaches to identify exposures and establish strategies, such as Return-to-Work and Safety: Mission Zero, intended to reduce incidents, fatalities and financial losses in support of the core mission and goals of TxDOT.

The Workers' Compensation section uses licensed adjusters to personally handle employee claims regarding their injuries. The payments made to injured employees and providers are paid within the guidelines set forth by the Texas Department of Insurance.

The Liability section of OCC investigates all third-party property damage and bodily injury claims involving TxDOT fleet vehicles and equipment for the entire state. This includes the investigation, the liability decision, negotiation and resolution of the claim. The Tort section manages all claim notices that are actual or alleged property damages, injuries or death to persons outside TxDOT.

The Substance Abuse section administers the policies and procedures for pre-employment physical examinations; arrange for the set up of drug and alcohol collection and testing; negotiate service contracts with physicians, medical facilities and vendors; and maintain TxDOT's medical directory for all doctors that provide services related to drug and alcohol testing. This section processes payment of all invoices for drug testing and pre-employment physical services.

The Safety and Industrial Hygiene section provides leadership to protect employees and the traveling public by developing risk management policies, procedures and guidelines. The section also conducts safety training and on-site safety surveys involving construction and maintenance job operations. The division utilizes employee safety professionals and field representatives to help maintain and reinforce uniform proactive incident prevention methods for all employees in their respective work environments.

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. In partnership with the Federal Transit Administration, the division 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. The division also provides technical assistance, training and planning support to the transit industry and metropolitan planning organizations, in addition to overseeing transit rail safety. The division is responsible for regional planning for public transportation. The division oversees and assists regions within the state as they proceed to develop local regional plans. The Public Transportation Advisory Committee (PTAC) is a statutory advisory committee charged with representing the transportation providers, users and the general public. Effective Sept. 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.

Rail Division

The Rail Division (RRD) was established in December 2009 in response to a renewed and growing interest in rail transportation for both the movement of people and goods. RRD has oversight of rail planning, research and development. As a state partner with the Federal Railroad Administration (FRA), the division has state oversight authority of the safety of railroad operations, infrastructure, equipment and hazardous materials movements. RRD also implements the rail related policies and legislation and administers federal and state funds allocated to rail projects in Texas. The division monitors potential rail line abandonments in Texas and coordinates the state's involvement in and response to abandonment filings.

The governor has assigned the responsibility for rail planning in the state to TxDOT. The Legislature assigned the coordination of all passenger rail activities within the state, including commuter and local transit, to TxDOT in 2009.

Right of Way Division

The Right of Way Division (ROW) is responsible for oversight of statewide programs for the acquisition of right of way, relocation advisory assistance, public utility accommodations, regulatory control of outdoor advertising and right of way records and assets management.

In addition, the division is responsible for the development and promulgation of right of way program policies and procedures to assure consistent state-wide performance in accordance with applicable local, state and federal laws including: Title 42 - Public Health and Welfare, Chapter 61—Uniform Relocation Assistance and Real Property Acquisition Policies Act (Uniform Act) and the Uniform Standards of Professional Appraisal Practice (USPAP).

The division maintains a collaborative liaison with the Transportation Division of the Texas Office of the Attorney General (OAG). The Transportation Division of the OAG is responsible for litigation of all TxDOT condemnation cases. The ROW partnership with the OAG assures the consistent statewide conduct of eminent domain proceedings in accordance with constitutional guarantees for the protection of private property rights impacted by public transportation projects.

The division administers the accommodation of utilities displaced as the result of transportation improvement projects. It also administers the relocation assistance program, leasing of TxDOT right of way, professional service contracts for right of way acquisition services and coordinates the disposal of surplus real property. The division oversees the relocation assistance program for residents, tenants and businesses displaced by a transportation improvement project. The division is responsible for right of way assets management and real property inventory control.

The division is responsible for the development, procurement and contract management for professional services contracts for right of way acquisition and utility coordination. In addition it is responsible for the centralized administration of the statewide program for regulatory control of outdoor advertising signs in accordance with federal and state Highway Beautification laws.

Technology Services Division

The Technology Services Division (TSD) supports the information technology (IT) needs of TxDOT's administrative and engineering activities. It 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 TxDOT design activities; and training and end-user support for engineering and surveying applications. The division also establishes and manages TxDOT'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 TxDOT's chief information officer, IR manager and information security officer.

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 procurement, development and execution of Comprehensive Development Agreements, which are public-private partnerships for the financing, design, construction and operation of tolled highways.

The division operates the Central Texas Turnpike System (CTTS) toll roads in the Austin area, as well as toll roads in Tyler, Laredo and Chamber County. This includes the management of a customer service center and TxTag services statewide. The division manages the design and construction of toll collection systems for all state toll roads. The division also conducts statewide planning efforts for toll road projects including managing the states traffic and revenue engineering contracts. Division activities also include statewide corridor planning efforts for I-35 and the future I-69. This work involves coordination and support for two corridor advisory committees and nine segment committees, which allow citizens direct involvement in TxDOT's planning efforts. The division also works closely with other tolling entities throughout the state.

Traffic Operations Division

The Traffic Operations Division (TRF) is responsible for the engineering design of traffic control devices, roadway illumination, radio operations and 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. The division administers the Texas Traffic Safety Program, the Highway Safety Improvement Program, the Texas Safety Bond Program and the Safe Routes to School Program. 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 Statewide Long-Range 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. The division 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 issues including bicycle and pedestrian planning. TPP is also responsible for activities related to fulfilling TxDOT's role as the state's nonfederal sponsor of the Gulf Intracoastal Waterway. The division is the liaison to the 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. The division 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 at 800/452-9292; and assists the public during state emergencies. The division also provides audiovisual services for TxDOT; produces travel and TxDOT photographs and video programs; and maintains a still-photo library. The division administers TxDOT'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.

Audit Office

The Audit Office (AUD) is an independent appraisal function for internal operations and for negotiated and cost reimbursement contracts and grants with external entities. In addition to TxDOT policy and procedure, the division is governed by professional auditing standards and reviewed every three years for compliance with these standards by members of other transportation department audit offices. Internal Audit assists executive management and district, division, and regional management by conducting independent and objective reviews of TxDOT operations and procedures to ensure operations are functioning as intended. External Audit's work covers 375 contracts a year by site audits, desk reviews, exception ratios, evaluations and pre-negotiation reports. This includes about $225 million of billed contract costs involving federal, state and local government funds. Audit exceptions average $1.5 million per year.

Debt and Portfolio Management Office

The office administers the State Infrastructure Bank, debt management, investments and bond programs of TxDOT.

Office of Civil Rights

The Office of Civil Rights (OCR) coordinates with the FHWA and other federal agencies to ensure compliance with the Americans with Disabilities Act (ADA). The office administers the Contractor Equal Employment Opportunity (EEO) Compliance Program, including Title VI of the Civil Rights Act of 1964 and conducts compliance audits/reviews. The office develops and manages the Affirmative Action Plan/EEO Program and workforce diversity initiatives. The office 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. The office also monitors, executes and evaluates TxDOT's compliance with the Disadvantaged Business Enterprise (DBE), Historically Underutilized Business (HUB) and Small Business Enterprise (SBE) Programs. In addition, the office establishes TxDOT 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.

Office of General Counsel

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

Internal Compliance Program Office

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

Project Management Office

The Project Management Office (PMO) provides guidance and training for both project and program management functions including schedule and resource management for TxDOT's portfolio of projects. The office is responsible for training and supporting the TxDOT districts, regions, divisions and offices in utilization of the project management information system tool, Primavera 6. The office also provides support to the TxDOT administration related to program management performance measures.

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 TxDOT and manages the Implementation Program to provide funding for specific innovations typically developed through 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 (SPPM) are responsible for the development and publication of TxDOT's performance-based Strategic Plan. The office develops and maintains TxDOT'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.

Innovative Financing Office

The Innovative Financing Office (IFO) is a proposed office which will be responsible for coordinating financing activities for projects using non-traditional financing and delivery methods. The proposed office is not currently staffed.

ADMINISTRATIVE AND KEY PERSONNEL AS OF AUGUST 31, 2011

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

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
Michael L. Collier	Lakeway	(512) 261-8845
Joe Crawford	Abilene	(325) 671-8013
John V. White	San Antonio	(210) 345-5459

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)

Eddie Aldrete	San Antonio	(210) 518-2516
Rafael M. Aldrete	El Paso	(915) 532-3759
David Allex	Harlingen	(956) 425-6199
Hope Andrade	Presiding Officer	(512) 463-5770
Eduardo Campirano	Port of Brownsville	(956) 831-4592
Jorge Canavati	San Antonio	(210) 362-7814
Said Larbi-Cherif	El Paso	(915) 858-4673
Roger Creery	Laredo	(956) 722-0563
*Ed Drusina	Lake Falcon Dam Crossing	(915) 832-4101
Chad Foster	Eagle Pass	(830) 773-1111
Joe Garza	Hidalgo County	(956) 783-1207
Jimmy Goates	Midland-Odessa	(432) 367-8907
Rosalva Guerra	Zapata	(956) 765-9920
Robert Harrison	Austin	(512) 232-3113

Judy Hawley	Corpus Christi	(361) 229-2209
Joe Hernandez	Harlingen-San Benito	(956) 361-3800
Tony Martinez	Brownsville	(956) 546-7159
Jesse Medina	Pharr-Reynosa	(956) 781-1263
Walter Miller	El Paso	(915) 842-9760
Michael O'Toole	Austin	(512) 416-2240
Raul Salinas	Laredo	(956) 791-7400
Sam R. Sparks	Progresso	(956) 565-6361
Juan Pablo Sepulveda	Brownsville	(956) 548-2415
Pete Sepulveda Jr.	Cameron County	(956) 982-5414
Efrain Valdez	Del Rio	(830) 774-8558
Sam F. Vale	Rio Grande City	(956) 487-5606
Rigo Villarreal	McAllen	(956) 843-2471

** Ed Drusina - Lake Amistad Dam Crossing, Fort Hancock-El Porvenir Bridge, Fabens-Caseta Bridge and Bridge of the Americas*

Port Authority Advisory Committee

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

John P. LaRue, Chair	Port of Corpus Christi Authority	(361) 885-6189
Gene Bouillion, Vice Chair	Port of Orange	(409) 883-4363
Spencer Chambers	Port of Houston	(713) 670-2606
Michael D. Perez	Port of Harlingen	(956) 423-0283
John R. Roby	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

Public Transportation Advisory Committee

(Members appointed by the Governor, Lieutenant Governor and Speaker of the House)

Michelle Bloomer, Chair	Arlington	(817) 608-2329
Al Abeson	Fort Worth	(512) 374-5230
Christina Melton Crain	Dallas	(214) 739-7933
Glenn Gadbois	Austin	(512) 374-5230
J.R. Salazar, Vice Chair	Coleman	(325) 625-4491
Brad Underwood	Sherman	(903) 893-4601

TxDOT Corridor Advisory Committees

(The two Corridor Advisory Committees represent a cross-section of community and business leaders, landowners, local transportation experts and other interested parties. Each Committee will advise TxDOT 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 and 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	(512) 463-1670
Tim Brown	Belton	(512) 463-1670
Maria Elena Camarillo	San Antonio	(512) 463-1670
William Conley	Fort Worth	(512) 463-1670
Sheila Cox	Gainesville	(512) 463-1670
Bob Daigh	Georgetown	(512) 463-1670
Christina De La Cruz	San Antonio	(512) 463-1670
John Erwin	Hillsboro	(512) 463-1670
Don Greene	Lorena	(512) 463-1670
Tom Krampitz	Fort Worth	(512) 463-1670
Peter LeCody	Coppell	(512) 463-1670
Ross Milloy	Austin	(512) 463-1670
Susan Narvaiz	San Marcos	(512) 463-1670
Jeffrey C. Neal	Arlington	(512) 463-1670
Grady Smithey Jr.	Duncanville	(512) 463-1670
Chris Steuart	Saginaw	(512) 463-1670
Lana Wolff	Arlington	(512) 463-1670

Interstate 35 Segment Committee One

Kenneth Barr	Tarrant County	(512) 463-1670
TBD	Rockwall County	(512) 463-1670
Bryan Beck	Forth Worth	(512) 463-1670
Mark Burroughs	Denton	(512) 463-1670
Ray Clark	Kaufman County	(512) 463-1670
William L. Conley Jr.	North Texas Commission	(512) 463-1670
Chad Davis	Wise County	(512) 463-1670
Robert Hanna	Weatherford	(512) 463-1670
Greg Hirsch	Dallas County	(512) 463-1670
Gary Hollowell	Cooke County	(512) 463-1670
John L. Horn	Hunt County	(512) 463-1670
Sheffield Kadane	Dallas	(512) 463-1670
Jeffrey C. Neal	North Central Texas Council of Govt.	(512) 463-1670
John Polster	Denton County	(512) 463-1670
Mark Riley	Parker County	(512) 463-1670
Keith Self	Collin County	(512) 463-1670
Kenneth Sicking	Texas Farm Bureau	(512) 463-1670
Barry L. Sullivan	Gainesville	(512) 463-1670

Bill Whitfield	McKinney	(512) 463-1670
Robert H. Wood	Sherman/Denison MPO	(512) 463-1670

Interstate 35 Segment Committee Two

Kenneth Barr	Tarrant County	(512) 463-1670
Bryan Beck	Fort Worth	(512) 463-1670
Don Beeson	Johnson County	(512) 463-1670
Robert Braswell	McLennan County	(512) 463-1670
John C. Brunk	Dallas	(512) 463-1670
Richard Cortese	Bell County	(512) 463-1670
Russell Devorsky	Waco MPO	(512) 463-1670
Wayne Gent	Kaufman County	(512) 463-1670
Leonard Heathington	Hood County	(512) 463-1670
Marty Janczak	Temple	(512) 463-1670
William A. Jones III	Killeen/Temple Urban Transportation Study	(512) 463-1670
Barbra Leftwich	Ellis County	(512) 463-1670
Clyde Melick	Waxahachie	(512) 463-1670
Jeffrey C. Neal	North Central Texas Council of Governments	(512) 463-1670
W. Gwynn Orr	Hill County	(512) 463-1670
Marc Scott	McLennan County Texas Farm Bureau	(512) 463-1670
Steven Sharp	Falls County	(512) 463-1670
Grady Smithey Jr.	Dallas County	(512) 463-1670
Greg Solomon	Hillsboro Area Chamber of Commerce	(512) 463-1670

Interstate 35 Segment Committee Three

Rachel Clampffer	Bastrop County	(512) 463-1670
Bob Daigh	Williamson County	(512) 463-1670
Marilynn Dierschke	Texas Farm Bureau	(512) 463-1670
Trey Fletcher	Pflugerville	(512) 463-1670
Atlee Fritz	Seguin	(512) 463-1670
Dan Gibson	City of Lockhart	(512) 463-1670
TBD	Travis County	(512) 463-1670
Tom Hornseth	Comal County	(512) 463-1670
Amy Madison	Economic Development San Marcos	(512) 463-1670
Neto Madrigal	Caldwell County	(512) 463-1670
Shannon Mattingly	City of New Braunfels	(512) 463-1670
Gabe Sansing	City of Georgetown	(512) 463-1670
Rod Smith	New Braunfels Chamber of Commerce	(512) 463-1670
Robert Spillar, P. E.	Austin	(512) 463-1670
Phil Tate	Manor	(512) 463-1670
Gregg Webb	Guadalupe County	(512) 463-1670
William Weeper	San Antonio/Bexar County MPO	(512) 463-1670
TBD	City of Round Rock	(512) 463-1670
Lisa Wright	Hays Environmental Health Dept.	(512) 463-1670

Interstate 35 Segment Committee Four

Tommy Adkisson	San Antonio/Bexar County MPO	(512) 463-1670
Leroy Alves	Seguin Chamber of Commerce	(512) 463-1670
Diana J. Bautista	Atascosa County	(512) 463-1670
Kelly Carroll	Medina County	(512) 463-1670
Kevin Connor	South San Antonio Chamber of Commerce	(512) 463-1670
Christina De La Cruz	City of San Antonio	(512) 463-1670
TBD	Zapata County	(512) 463-1670
Steve Grau	Greater San Antonio Chamber of Commerce	(512) 463-1670
Rosalva Guerra	Zapata County	(512) 463-1670
TBD	Seguin	(512) 463-1670
Harvey Hild	Guadalupe County	(512) 463-1670
Ralph L. Morgan	Frio County	(512) 463-1670
Kathy Palmer	St. Hedwig	(512) 463-1670
Ray Pfannstiel	Texas Farm Bureau	(512) 463-1670
Marvin Quinney	Wilson County	(512) 463-1670
Joel Rodriguez	La Salle County	(512) 463-1670
TBD	Webb County	(512- 463-1670
TBD	Laredo Urban Transportation Study	(512) 463-1670
TBD	Laredo	(512- 463-1670

Interstate 69 Corridor Advisory Committee

Nolan Alders	Nacogdoches	(512) 463-1670
Will Armstrong	Victoria	(361) 575-1485
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
Ramiro Garza Jr.	Edinburg	(956) 388-8207
Jim Gonzales	Richmond	(281) 342-5456
Jack Gordon	Lufkin	(936) 633-0299
Judy Hawley	Portland	(512) 463-1670
Cynthia Lelelo	Marshall	(903) 923-3323
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
John Thompson	Livingston	(936) 327-6813

Interstate 69 Segment Committee One

David Anderson	Panola County	(903) 693-0391
Bob Barton	Rusk County	(936) 347-2745
Bill Brown	Jefferson	(512) 463-1670
Rick Campbell	Shelby County	(512) 463-1670

William Cork	Red River Redevelopment Authority	(903) 223-9841
Joe English	Nacogdoches County	(936) 560-7755
James Greer	Marshall Texas Chamber of Commerce	(903) 935-8402
William Holley	Tenaha	(936) 248-2543
Jerry Hufffman	Angelina County	(936) 634-6644
Jim Jeffers	Nacogdoches	(936) 559-2501
Brad McCaleb	Texarkana MPO	(903) 798-3927
Michael Meador, P.E.	Texas Farm Bureau	(512) 463-1670
Medford, Phillip M.	Lufkin	(936) 632-6661
Robert H. Murray, P.E.	Bowie County	(903) 838-8533
Karen Owen	Longview MPO	(903) 237-1062
Phil Parker	Marion County	(903) 665-3261
Jerry Sparks	Texarkana	(512) 463-1670
Hugh Taylor	Harrison County	(903) 935-8401
Charles Thomas	Carthage	(903) 693-4345
Joe Turner	Cass County	(512) 463-1670
Charles R. Wilcox	Atlanta	(512) 463-1670

Interstate 69 Segment Committee Two

Don Brandon	Chambers County	(409) 267-8379
Bill Brown	Diboll	(936) 829-3342
Spencer Chambers	Port of Houston Authority	(713) 670-2606
Andy Dill	Montgomery County	(281) 354-0051
Ed Emmett	Harris County	(713) 755-4015
Clarke Evans	Livingston	(936) 327-5736
Grimes Fortune	City of Corrigan	(512) 463-1670
Jerry Huffman	Angelina County	(936) 634-6644
Kim Icenhower	Fort Bend County	(713) 504-4378
Ashby Johnson	Houston-Galveston Area Council	(713) 993-2474
Lloyd Kirkham	Cleveland	(512) 463-1670
Michael Kramer	Houston	(713) 837-7781
Donnie Marrs	County Commissioner	(512) 463-1670
Craig McNair	Liberty County	(936) 336-4665
Sidney Murphy	Livingston-Polk County Chamber of Commerce	(936) 327-4929
Tom Paben	Texas Farm Bureau	(512) 463-1670
Jay Snook	Polk County	(936) 327-4896
Douglas W. Spruill	Humble	(512) 463-1670
Ronnie Thomas	Alabama-Coushatta Tribe of Texas	(512) 463-1670
Jim Wehmeier	Lufkin/Angelina Economic Dev. Corp.	(936) 633-0221
Jeremy Williams	City of Splendora	(512) 463-1670

Interstate 69 Segment Committee Three

Leonard T. Anzaldua	Refugio County	(361) 526-2835
David Bowman	Goliad County	(361) 645-3337
John "Ed" Carter	City of Goliad	(512) 436-1670

Spencer Chambers	Port of Houston Authority	(713) 670-2606
June Farrell	Houston-Galveston Area Council	(512) 463-1670
Laura Fischer	Bee County	(512) 463-1670
Tim Fitch	City of Beeville	(361) 358-3560
Mike Fitzgerald	Galveston County	(409) 770-5554
D. Dale Fowler	Victoria	(361) 485-3190
Stephen Gertson	Texas Farm Bureau	(512) 463-1670
Joe D. Hermes	Edna	(361) 782-3529
Ray Jaso	Refugio	(361) 526-5361
E. J. King	Brazoria County	(512) 463-1670
Michael Kramer	Houston	(512) 463-1670
Ray Miller	Victoria MPO	(361) 485-3360
Domingo Montalvo Jr.	Wharton	(979) 532-2491
Donald R. Pozzi	Victoria County	(361) 575-4558
Dennis Simons	Jackson County	(361) 728-2352
Phil Spenrath	Wharton County	(979) 532-4612
Harrison Stafford II	Jackson County	(361) 782-2352
Lane Ward	Fort Bend County	(512) 463-1670
Richard Young	City of El Campo	(979) 543-6891

Interstate 69 Segment Committee Four

Sofia Benavides	Cameron County	(512) 463-1670
Frank Brogan	Port of Corpus Christi	(361) 885-6133
Roy Cantu	Kleberg County	(361) 296-3623
Charlie Cardenas, P.E.	Corpus Christi	(361) 826-3552
Ralph Coker	Nueces County	(512) 463-1670
Susan Durham	Jim Wells County	(361) 522-5194
Teclo J. Garcia	McAllen	(956) 681-1001
Noe Garza	Hidalgo County MPO	(956) 969-5778
Eddy Hernandez	Brownsville MPO	(956) 983-6130
Jim Huff	Live Oak County	(361) 449-2733
Wesley Jacobs	Falfurrias	(361) 325-2420
Alan Johnson	City of Harlingen	(512) 463-1670
Stanley Laskowski	Kingsville	(361) 595-8001
Pat Liston	Harlingen-San Benito MPO	(512) 463-1670
Sergio T. Lopez	Port of Brownsville	(956) 838-1252
Troy Nedbalek	Texas Farm Bureau	(512) 463-1670
Tom Niskala	Corpus Christi MPO	(361) 884-0687
Trey Pebley	Lower Rio Grande Partnership	(512) 463-1670
Joseph F. Phillips	Hidalgo County	(512) 463-1670
Raul M. Ramirez	Brooks County	(361) 325-5470
Terry Simpson	San Patricio County	(361) 364-9301
Louis E. Turcotte III	Kenedy County	(361) 294-5372

Interstate 69 Segment Committee Five

David Ainsworth Sr.	Corpus Christi MPO	(361) 241-0616
Andrea Bierstedt	City of Freer	(361) 394-6612
Richard Borchard	Port of Corpus Christi	(512) 463-1670
Nathan Bratton	City of Laredo	(956) 794-1613
Tim Clower	Nueces County	(361) 880-4111
Ray De Los Santos Jr.	City of Alice	(361) 668-7210
Roberto Elizondo	Duval County	(512) 463-1670
Jim Huff	Live Oak County	(361) 449-2733
Pearson Knolle	Texas Farm Bureau	(512) 463-1670
Brian Martinez	Zapata County	(956) 765-9148
Nelda Martinez	Corpus Christi	(361) 826-3105
Josephine Miller	San Patricio Economic Develop. Corp.	(361) 643-4744
Rodrigo Ramon Jr.	Robstown	(361) 387-4589
L. Arnold Saenz	Jim Wells County	(361) 668-5706
Sandy Sanders	Corpus Christi Chamber of Commerce	(361) 885-6115
Terry Simpson	San Patricio	(361) 364-9301
Sylvia Steele	George West	(512) 463-1670
James Teal	McMullen County	(512) 463-1670

Administration

(All are in the 512 area code)

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
• Support Operations	Steven E. Simmons, P.E. (Interim)	305-9502

Division Directors

(All divisions are in the 512 area code)

Aviation	David S. Fulton	416-4501
Bridge	David P. Hohmann, P. E.	416-2210
Construction	Russel W. Lenz, P.E.	416-2559
Design	Mark A. Marek, P.E.	416-2653
Environmental Affairs	Dianna F. Noble, P.E.	416-2734
Finance	Brian Ragland, CPA	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
Occupational Safety	Jerral Wyer	416-3385
Public Transportation	Eric Gleason	374-5233

Rail	William Glavin	486-5230
Right of Way	John P. Campbell, P.E.	416-2918
Technology Services	Judy B. Skeen, P.E.	465-7491
Texas Turnpike Authority	Mark E. Tomlinson, P. E.	936-0903
Traffic Operations	Carol T. Rawson, P.E.	416-3200
Transportation Planning and Programming	James L. Randall, P.E.	486-5003
Travel	Jerral Wyer (Interim)	486-5900

Office Directors

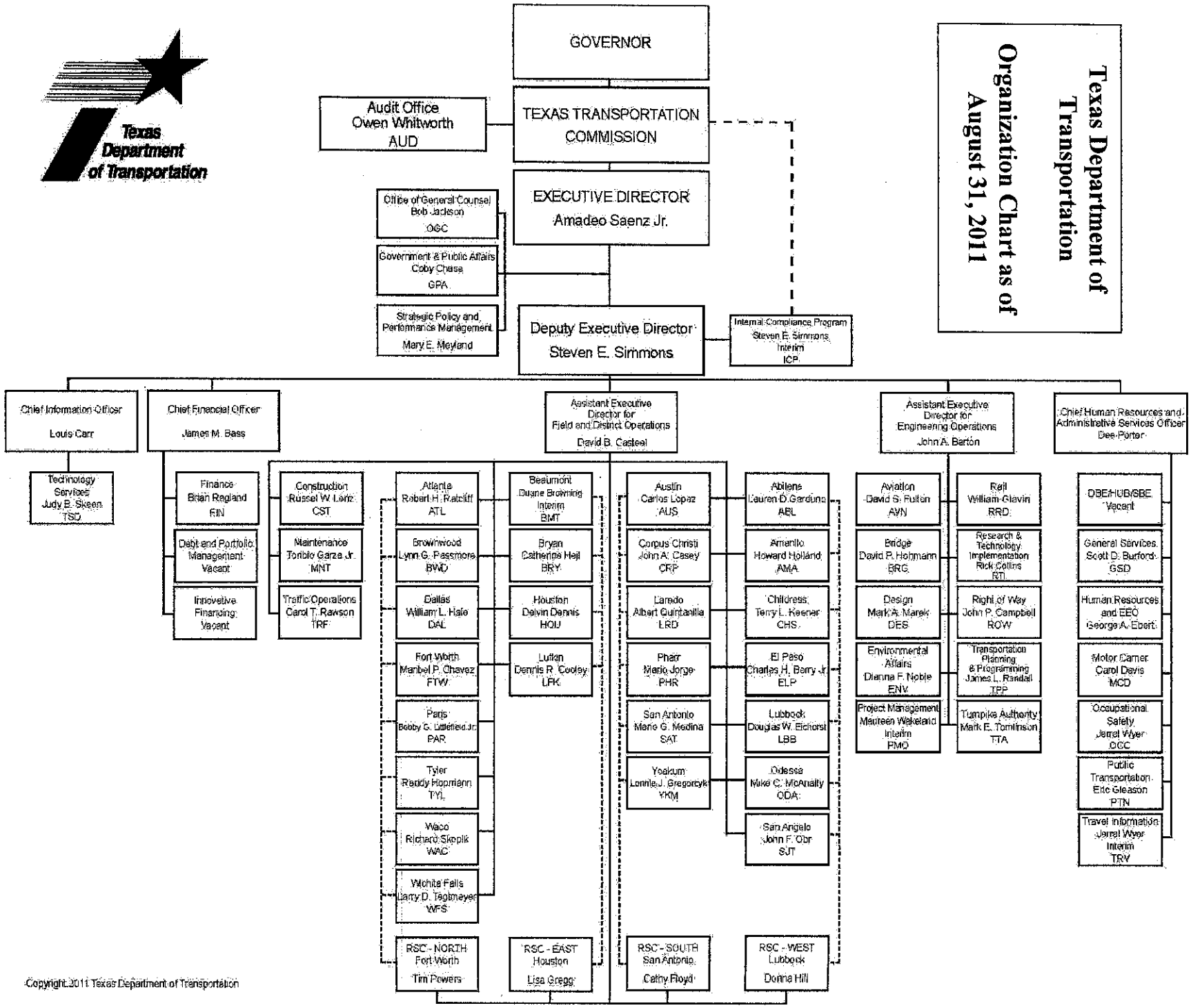
(All offices are in the 512 area code unless otherwise noted)

Audit	Owen Whitworth	463-8637
Civil Rights	George A. Ebert (Interim)	475-3117
General Counsel	Bob Jackson	463-8630
Internal Compliance Program	Steve E. Simmons, P. E. (Interim)	305-9502
Debt and Portfolio Management	Brian Ragland (Interim)	486-5555
Project Management	Maureen Wakefield (Interim)	(713) 802-5761
Research and Technology Implementation	Rick Collins, P.E.	465-7632
Strategic Policy and Performance Management	Mary E. Meyland	305-9508

District Engineers

Abilene	Lauren Garduño, 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	Duane Browning (Interim)	(409) 898-5731
Brownwood	Lynn G. Passmore, P.E.	(915) 643-0411
Bryan	Catherine Hejl, P.E.	(979) 778-9714
Childress	Terry L. Keener, P.E.	(940) 937-7145
Corpus Christi	John A. Casey, 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	John F. Obr	(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

Texas Department of Transportation
Organization Chart as of August 31, 2011



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Schedules

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Schedule 1A

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended August 31, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through From Agency Number	Pass-Through From State Entities	Pass-Through From Other Entities	Direct Program Amount
			$	$	$
Federal Aviation Administration (FAA):					
Direct Program:					
Airport Improvement Program - ARRA	20.106				7,291,909
Airport Improvement Program	20.106				37,559,480
Pass-Through Funds to Other Entities:					
Airport Improvement Program	20.106				1,007,036
Total FAA:			0	0	45,858,425
Federal Motor Carrier Safety Administration:					
Direct Program:					
Commercial Vehicle Information Systems and Networks	20.237				47,255
Total Federal Motor Carrier Safety Administration:			0	0	47,255
Federal Railroad Administration:					
Direct Program:					
Rail Line Relocation and Improvement	20.320				1,000,000
Total Federal Railroad Administration:			0	0	1,000,000
Federal Transit Administration (FTA):					
Direct Program:					
Formula Grants For Other Than Urbanized Areas	20.509				1,532,282
Public Transportation Research	20.514				46,212
State Planning and Research	20.515				1,449,649
Pass-Through Funds:					
Formula Grants For Other Than Urbanized Areas	20.509				17,594
Pass-Through Funds to Other Entities:					
Federal Transit Metropolitan Planning Grants	20.505				6,925,857
Formula Grants For Other Than Urbanized Areas - ARRA	20.509				11,744,721
Formula Grants For Other Than Urbanized Areas	20.509				36,774,769
Public Transportation Research	20.514				37,810
State Planning and Research	20.515				161,072
Total FTA:			0	0	58,689,966
General Services Administration (GSA):					
Pass-Through Funds:					
Donation of Federal Surplus Personal Property (NON-MONETARY)					
Pass-Through from Texas Facilities Commission	39.003	303	2,508		
Total GSA:			2,508	0	0
Department of Commerce:					
Pass-Through Funds:					
Public Safety Interoperable Communications Grant Program					
Pass-Through from Texas Department of Public Safety	11.555	405	1,445,873		
Total Department of Commerce :			1,445,873	0	0
Environmental Protection Agency (EPA):					
Pass-Through Funds:					
Performance Partnership Grants					
Pass-Through from Texas Comm. On Environmental Quality	66.605	582	200,000		
Total EPA:			$ 200,000	$ 0	$ 0

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Total Pass-Through From and Direct Program	Pass-Through To Agency Number	Pass-Through To State Entities	Pass-Through To Other Entities	Expenditures	Total Pass-Through To and Expenditures Amount
$		$	$	$	$
7,291,909				7,291,909	7,291,909
37,559,480				37,559,480	37,559,480
1,007,036			1,007,036		1,007,036
45,858,425		0	1,007,036	44,851,389	45,858,425
47,255				47,255	47,255
47,255		0	0	47,255	47,255
1,000,000				1,000,000	1,000,000
1,000,000		0	0	1,000,000	1,000,000
1,532,282				1,532,282	1,532,282
46,212				46,212	46,212
1,449,649				1,449,649	1,449,649
17,594	711	17,594			17,594
6,925,857			6,925,857		6,925,857
11,744,721			11,744,721		11,744,721
36,774,769			36,774,769		36,774,769
37,810			37,810		37,810
161,072			161,072		161,072
58,689,966		17,594	55,644,229	3,028,143	58,689,966
2,508				2,508	2,508
2,508		0	0	2,508	2,508
1,445,873				1,445,873	1,445,873
1,445,873		0	0	1,445,873	1,445,873
200,000				200,000	200,000
$ 200,000		$ 0	$ 0	$ 200,000	$ 200,000

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Year Ended August 31, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through From Agency Number	State Entities	Other Entities	Direct Program Amount
			$	$	$
Department of Energy:					
Pass-Through Funds:					
Conservation Research and Development - ARRA					
Pass-Through from Texas Railroad Commission	81.086	455	378,892		
Total Department of Energy:			378,892	0	0
Other Clusters					
Public Assistance Cluster:					
Department of Homeland Security (DHS):					
Pass-Through Funds:					
Disaster Grants - Public Assistance					
Pass-Through from Texas Department of Public Safety	97.036	405	6,470,718		
Total DHS:			6,470,718	0	0
Federal Transit Cluster:					
Federal Transit Administration (FTA):					
Pass-Through Funds to Other Entities:					
Federal Transit - Capital Investment Grants	20.500				1,888,705
Federal Transit - Formula Grants	20.507				180,258
Total FTA:			0	0	2,068,963
Transit Services Programs Cluster:					
Federal Transit Administration (FTA):					
Direct Program:					
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513				547,762
Job Access - Reverse Commute	20.516				86,801
New Freedom Program	20.521				763,799
Pass-Throughs to Other Entities:					
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513				7,277,405
Job Access - Reverse Commute	20.516				4,253,259
New Freedom Program	20.521				2,557,068
Total FTA:			0	0	15,486,094
Highway Planning and Construction Cluster:					
Federal Highway Administration (FHWA):					
Direct Program:					
Highway Planning and Construction - ARRA	20.205				658,649,574
Highway Planning and Construction	20.205				1,882,610,403
Pass-Through Funds:					
Highway Planning and Construction					
Texas A & M University	20.205				1,134,892
Prairie View A & M University	20.205				57,008
University of Texas - Austin	20.205				473,972
Texas Historical Commission	20.205				1,589,911
Pass-Through to Other Entities - ARRA	20.205				119,577,779
Pass-Through to Other Entities	20.205				151,345,018
Total FHWA:			$ 0	$ 0	$ 2,815,438,557

- Continued on Next Page

Total Pass-Through From and Direct Program	Pass-Through To Agency Number	Pass-Through To State Entities	Pass-Through To Other Entities	Expenditures	Total Pass-Through To and Expenditures Amount
$		$	$	$	$
378,892				378,892	378,892
378,892		0	0	378,892	378,892
6,470,718				6,470,718	6,470,718
6,470,718		0	0	6,470,718	6,470,718
1,888,705			1,888,705		1,888,705
180,258			180,258		180,258
2,068,963		0	2,068,963	0	2,068,963
547,762				547,762	547,762
86,801				86,801	86,801
763,799				763,799	763,799
7,277,405			7,277,405		7,277,405
4,253,259			4,253,259		4,253,259
2,557,068			2,557,068		2,557,068
15,486,094		0	14,087,732	1,398,362	15,486,094
658,649,574				658,649,574	658,649,574
1,882,610,403				1,882,610,403	1,882,610,403
1,134,892	711	1,134,892			1,134,892
57,008	715	57,008			57,008
473,972	721	473,972			473,972
1,589,911	808	1,589,911			1,589,911
119,577,779			119,577,779		119,577,779
151,345,018			151,345,018		151,345,018
$ 2,815,438,557		$ 3,255,783	$ 270,922,797	$ 2,541,259,977	$ 2,815,438,557

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Year Ended August 31, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through From Agency Number	Pass-Through From State Entities	Pass-Through From Other Entities	Direct Program Amount
			$	$	$
Highway Safety Cluster:					
National Highway Traffic Safety Admin. (NHTSA):					
Direct Program:					
State and Community Highway Safety Program	20.600				443,484
Pass-Through Funds:					
State and Community Highway Safety Program					
Texas Department of Public Safety	20.600				1,251,773
Texas Department of State Health Services	20.600				636,566
Texas Cooperative Extension	20.600				222,087
Texas Education Agency	20.600				4,700
University of Texas at Arlington	20.600				354,687
Texas A & M Engineering Extension Service	20.600				1,281,734
Texas Transportation Institute	20.600				1,230,731
Texas A & M University - Corpus Christi	20.600				60,497
Alcohol Impaired Driving Countermeasures Incentive Grants					
Texas Department of Public Safety	20.601				956,349
Texas Alcoholic Beverage Commission	20.601				61,858
Texas Transportation Institute	20.601				532,900
Sam Houston State University	20.601				471,601
Texas State University	20.601				165,817
University of Houston - Downtown	20.601				197,974
Occupant Protection Incentive Grants					
Texas Department of State Health Services	20.602				380,656
Texas Cooperative Extension	20.602				85,056
Safety Belt Performance Grants					
Texas Education Agency	20.609				90,100
Texas Transportation Institute	20.609				316,736
State Traffic Safety Information System Improvement Grants					
Texas Department of State Health Services	20.610				305,553
Pass-Through to Other Entities					
State and Community Highway Safety Program	20.600				9,450,924
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601				8,953,062
Occupant Protection Incentive Grants	20.602				1,337,998
Safety Belt Performance Grants	20.609				130,677
State Traffic Safety Information System Improvement Grants	20.610				856,514
Incentive Grant Program to Increase Motorcyclist Safety	20.612				970,606
Child Safety and Child Booster Seats Incentive Grants	20.613				1,110,620
NHTSA Discretionary Safety Grants	20.614				226,179
Total NHTSA:			0	0	32,087,439
Total Other Clusters			6,470,718	0	2,865,081,053
TOTAL FEDERAL ASSISTANCE			$ 8,497,991	$ 0	$ 2,970,676,699

Total Pass-Through From and Direct Program	Pass-Through To Agency Number	Pass-Through To State Entities	Pass-Through To Other Entities	Expenditures	Total Pass-Through To and Expenditures Amount
$		$	$	$	$
443,484				443,484	443,484
1,251,773	405	1,251,773			1,251,773
636,566	537	636,566			636,566
222,087	555	222,087			222,087
4,700	701	4,700			4,700
354,687	714	354,687			354,687
1,281,734	716	1,281,734			1,281,734
1,230,731	727	1,230,731			1,230,731
60,497	760	60,497			60,497
956,349	405	956,349			956,349
61,858	458	61,858			61,858
532,900	727	532,900			532,900
471,601	753	471,601			471,601
165,817	754	165,817			165,817
197,974	784	197,974			197,974
380,656	537	380,656			380,656
85,056	555	85,056			85,056
90,100	701	90,100			90,100
316,736	727	316,736			316,736
305,553	537	305,553			305,553
9,450,924			9,450,924		9,450,924
8,953,062			8,953,062		8,953,062
1,337,998			1,337,998		1,337,998
130,677			130,677		130,677
856,514			856,514		856,514
970,606			970,606		970,606
1,110,620			1,110,620		1,110,620
226,179			226,179		226,179
32,087,439		8,607,375	23,036,580	443,484	32,087,439
2,871,551,771		11,863,158	310,116,072	2,549,572,541	2,871,551,771
$ 2,979,174,690		$ 11,880,752	$ 366,767,337	$ 2,600,526,601	$ 2,979,174,690

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Concluded)
Year Ended August 31, 2011

Note 1 - Nonmonetary Assistance

The "Donation of Federal Surplus Personal Property" is presented at 23.3% of the federal acquisition cost of $ 10,764.40. 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 2011 is $2,508.11. 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
Governmental Funds (Exh. II) :

Federal Revenues before Other Adjustments (Exh. II)	$3,031,555,506
Federal Pass Through Revenues (Exh. II)	8,495,483
Subtotal	$3,040,050,989
Reconciling Items:	
Federal Surplus Personal Property Donation (Non-Monetary)	2,508
Build America Bonds Federal Subsidy	(60,878,807)
Total Pass-Through and Expenditures per Federal Schedule	$2,979,174,690

Note 7 - Federal Deferred Revenue

Federal Deferred Revenue 9/1/10	$28,820,378
Increase (Decrease)	(4,083,861)
Federal Deferred Revenue 8/31/11	$24,736,517

The federal deferred revenue ending balance of $24,736,517 pertains to federal expenditures which were incurred and are reimbursable from the Federal Highway Administration but the federal revenue is not collectable within 60 days after the end of the fiscal year. Federal CFDA number 20.205 applies to this $24,736,517.

Schedule 1B

SCHEDULE OF STATE PASS-THROUGH GRANTS FROM/TO STATE AGENCIES
Year Ended August 31, 2011

Pass-Through To:

Routine Airport Maintenance Grants		
Texas A&M University (Agency #711)	$	26,632
Research and Development Grants		
University of Texas at Arlington (Agency #714)		507,589
Total Pass-Through To Other Agencies -Per Exhibit II	$	534,221

SCHEDULE 2A
MISCELLANEOUS BOND INFORMATION

For the Fiscal Year Ended August 31, 2011

Governmental Activities

Description of Issue	Bonds Issued to Date	Range of Interest Rates		Terms of Variable Interest Rates *	Scheduled Maturities First Year	Scheduled Maturities Last Year	First Call Date
General Obligation Bonds:							
Texas Mobility Fund (Self-Supporting)							
Series 2005-A Fixed Rate Bonds	$900,000,000.00	3.9000%	5.0000%		2006	2035	4/1/2015
Series 2005-B Variable Rate Bonds	100,000,000.00	VAR	VAR	Weekly	2030	2030	**
Series 2006 Fixed Rate Bonds	750,000,000.00	3.6250%	5.0000%		2007	2036	4/1/2016
Series 2006-A Fixed Rate Bonds	1,040,275,000.00	4.0000%	5.0000%		2007	2035	4/1/2017
Series 2006-B Variable Rate Bonds	150,000,000.00	VAR	VAR	Weekly	2036	2036	**
Series 2007 Fixed Rate Bonds	1,006,330,000.00	4.0000%	5.0000%		2008	2037	4/1/2017
Series 2008 Fixed Rate Bonds	1,100,000,000.00	4.0000%	5.0000%		2009	2037	4/1/2018
Series 2009-A Taxable Fixed Rate Bonds	1,208,495,000.00	5.3670%	5.5170%		2029	2039	**
Total General Obligation Bonds (Self-Supporting)	6,255,100,000.00						
Texas Highway Improvement (Non-Self-Supporting)							
Series 2010-A Taxable Fixed Rate Bonds	815,420,000.00	3.2030%	4.6810%		2019	2040	**
Series 2010-B Fixed Rate Bonds	162,390,000.00	2.0000%	5.0000%		2012	2018	n/a
Total General Obligation (Non-Self-Supporting)	977,810,000.00						
Revenue Bonds:							
State Highway Fund (Self-Supporting)							
Series 2006 Fixed Rate Bonds	600,000,000.00	4.0000%	5.0000%		2007	2026	4/1/2016
Series 2006-A Fixed Rate Bonds	852,550,000.00	4.0000%	5.2500%		2008	2025	4/1/2016
Series 2006-B Variable Rate Bonds	100,000,000.00	VAR	VAR	Weekly	2026	2026	**
Series 2007 Fixed Rate Bonds	1,241,845,000.00	4.0000%	5.0000%		2009	2027	4/1/2017
Series 2008 Fixed Rate Bonds	162,995,000.00	3.5000%	5.2500%		2010	2028	4/1/2018
Series 2010 Taxable Fixed Rate Bonds	1,500,000,000.00	5.0280%	5.1780%		2026	2030	**
Blended Component Unit - Texas Private Activity Bond Surface Transportation Corporation (Self-Supporting)							
NTE Mobility Partners LLC	400,000,000.00	6.8750%	7.5000%		2031	2039	12/31/2019
LBJ Infrastructure Group LLC	615,000,000.00	7.0000%	7.5000%		2032	2040	6/30/2020
Total Revenue Bonds (Self-Supporting)	5,472,390,000.00						
Total Governmental Activities	$12,705,300,000.00						

* The variable rate bonds were variable based on weekly interest rate resets throughout fiscal 2011. These bonds may be converted to a daily mode, term rate mode, fixed rate mode, auction rate mode or a commercial paper mode at the option of the Commission or under certain conditions detailed in the applicable official statement.

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

SCHEDULE 2A
MISCELLANEOUS BOND INFORMATION (continued)

For the Fiscal Year Ended August 31, 2011

Business-Type Activities

Description of Issue	Bonds Issued to Date	Range of Interest Rates		Terms of Variable Interest Rates	Scheduled Maturities First Year	Scheduled Maturities Last Year	First Call Date
Revenue Bonds (Self-Supporting):							
First Tier Revenue Bonds Series 2002-A							
Non-Callable Capital Appreciation Bonds ***	$468,000,674.41	4.4700%	5.7500%		2012	2030	n/a
Callable Capital Appreciation Bonds ***	265,119,937.97	6.0000%	6.1000%		2025	2038	8/15/2012
Current Interest Bonds	707,875,000.00	5.0000%	5.7500%		2038	2042	8/15/2012
First Tier Revenue Refunding Put Bonds Series 2009	149,275,000.00	2.7500%****			2042	2042	2/15/2013
Total Business-Type Activities	$1,590,270,612.38						

*** Bonds issued to date include interest accreted to principal through Aug. 31, 2011.
**** Bonds pay interest at 2.7500% through the 24-month multi-annual period ending Feb. 15, 2013

SCHEDULE 2B
CHANGES IN BONDED INDEBTEDNESS

For the Fiscal Year Ended August 31, 2011

Governmental Activities

Description	Bonds Outstanding 9/01/2010	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2011
General Obligation Bonds:					
Texas Mobility Fund					
Series 2005-A	$818,335,000.00		$16,995,000.00		$801,340,000.00
Series 2005-B	85,400,000.00		3,085,000.00		82,315,000.00
Series 2006	693,030,000.00		14,115,000.00		678,915,000.00
Series 2006-A	1,038,380,000.00		2,275,000.00		1,036,105,000.00
Series 2006-B	150,000,000.00				150,000,000.00
Series 2007	1,004,685,000.00		250,000.00		1,004,435,000.00
Series 2008	1,099,000,000.00		2,925,000.00		1,096,075,000.00
Series 2009-A	1,208,495,000.00				1,208,495,000.00
Texas Highway Improvement					
Series 2010-A		815,420,000.00			815,420,000.00
Series 2010-B		162,390,000.00			162,390,000.00
Total	6,097,325,000.00	977,810,000.00	39,645,000.00	0.00	7,035,490,000.00
Revenue Bonds:					
State Highway Fund					
Series 2006	519,065,000.00		22,030,000.00		497,035,000.00
Series 2006-A	753,200,000.00		36,415,000.00		716,785,000.00
Series 2006-B	100,000,000.00				100,000,000.00
Series 2007	1,157,800,000.00		45,090,000.00		1,112,710,000.00
Series 2008	157,590,000.00		5,675,000.00		151,915,000.00
Series 2010	1,500,000,000.00				1,500,000,000.00
Blended Component Unit - Texas Private Activity Bond Surface Transportation Corporation Bonds					
NTE Mobility Partners LLC	400,000,000.00				400,000,000.00
LBJ Infrastructure Group LLC Series 2010	615,000,000.00				615,000,000.00
Total	5,202,655,000.00	0.00	109,210,000.00	0.00	5,093,445,000.00
TOTAL	$11,299,980,000.00	$977,810,000.00	$148,855,000.00	$0.00	$12,128,935,000.00

SCHEDULE 2B
CHANGES IN BONDED INDEBTEDNESS (continued)

For the Fiscal Year Ended August 31, 2011

Governmental Activities (continued)

	Unamortized Premium	Unamortized Discount	Unamortized Gain/(Loss) on Refunding	Net Bonds Outstanding 8/31/2011	Amounts Due Within One Year
General Obligation Bonds:					
Texas Mobility Fund					
Series 2005-A	$29,426,887.50	$182,449.90		$830,584,437.60	$19,888,181.49
Series 2005-B				82,315,000.00	3,185,000.00
Series 2006	16,134,986.93			695,049,986.93	15,895,113.24
Series 2006-A	27,572,963.07			1,063,677,963.07	4,859,783.52
Series 2006-B				150,000,000.00	
Series 2007	17,236,094.85			1,021,671,094.85	1,126,869.89
Series 2008	49,356,428.05			1,145,431,428.05	10,401,333.91
Series 2009-A				1,208,495,000.00	
Texas Highway Improvement					
Series 2010-A				815,420,000.00	
Series 2010-B	17,907,076.63			180,297,076.63	24,440,459.52
Total	157,634,437.03	182,449.90	0	7,192,941,987.13	79,796,741.57
Revenue Bonds:					
State Highway Fund					
Series 2006				497,035,000.00	23,105,000.00
Series 2006-A	37,942,023.60			754,727,023.60	40,865,144.54
Series 2006-B				100,000,000.00	
Series 2007	50,600,895.20			1,163,310,895.20	50,457,555.95
Series 2008	8,329,672.75			160,244,672.75	6,444,980.75
Series 2010				1,500,000,000.00	
Texas Private Activity Bond Surface Transportation Corporation Bonds					
NTE Mobility Partners LLC	2,860,998.71	5,025,058.15		397,835,940.56	(36,650.14)
LBJ Infrastructure Group LLC Series 2010	4,594,547.19	13,265,933.66		606,328,613.53	(252,086.90)
Total	104,328,137.45	18,290,991.81	0	5,179,482,145.64	120,583,944.20
TOTAL	$261,962,574.48	$18,473,441.71	$0	$12,372,424,132.77	$200,380,685.77

SCHEDULE 2B
CHANGES IN BONDED INDEBTEDNESS (concluded)

For the Fiscal Year Ended August 31, 2011

Business-Type Activities

Description	Bonds Outstanding 9/01/2010	Bonds Issued*	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2011
Revenue Bonds:					
First Tier Bonds Series 2002-A					
Non-Callable					
CABs	$443,320,785.41	$24,679,889.00			$468,000,674.41
Callable CABs	249,716,391.97	15,403,546.00			265,119,937.97
CIBs	707,875,000.00				707,875,000.00
First Tier Refunding Put Bonds Series 2009	149,275,000.00				149,275,000.00
TOTAL	$1,550,187,177.38	$40,083,435.00	$0	$0	$1,590,270,612.38

	Unamortized Premium	Unamortized Discount	Unamortized Gain/(Loss) on Refunding	Net Bonds Outstanding 8/31/2011	Amounts Due Within One Year
First Tier Bonds Series 2002-A					
Non-Callable					
CABs	$1,903,525.49	$3,635,351.76		$466,268,848.14	$4,413,851.24
Callable CABs	1,131,896.34	2,161,694.96		264,090,139.35	(38,140.69)
CIBs	5,352,453.15	10,222,111.81		703,005,341.34	(157,085.76)
First Tier Refunding Put Bonds Series 2009			(4,209,392.08)	145,065,607.92	(135,786.84)
TOTAL	$8,387,874.98	$16,019,158.53	$(4,209,392.08)	$1,578,429,936.75	$4,082,837.95

* Due to annual principal accretion.

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SCHEDULE 2C
DEBT SERVICE REQUIREMENTS

For the Fiscal Year Ended August 31, 2011

Governmental Activities

Description of Issue	Year	Principal	Interest
TMF General Obligation Bonds			
Series 2005-A	2012	$ 17,845,000.00	$ 38,425,952.50
	2013	18,735,000.00	37,533,702.50
	2014	19,670,000.00	36,596,952.50
	2015	20,655,000.00	35,613,452.50
	2016	21,690,000.00	34,580,702.50
	2017-2021	123,270,000.00	158,071,322.50
	2022-2026	154,570,000.00	126,777,187.50
	2027-2031	203,175,000.00	84,072,437.50
	2032-2036	221,730,000.00	26,941,050.00
		$ 801,340,000.00	$ 578,612,760.00
Series 2005-B	2012	$ 3,185,000.00	$ 1,822,228.13
	2013	3,290,000.00	1,749,581.25
	2014	3,400,000.00	1,674,525.00
	2015	3,510,000.00	1,596,993.75
	2016	3,625,000.00	1,516,940.63
	2017-2021	20,010,000.00	6,288,018.76
	2022-2026	23,525,000.00	3,850,828.14
	2027-2031	21,770,000.00	1,040,381.25
		$ 82,315,000.00	$ 19,539,496.91
Series 2006	2012	$ 14,785,000.00	$ 33,557,112.50
	2013	15,485,000.00	32,859,912.50
	2014	16,225,000.00	32,115,562.50
	2015	16,940,000.00	31,405,037.50
	2016	17,770,000.00	30,572,037.50
	2017-2021	102,940,000.00	138,778,562.50
	2022-2026	131,285,000.00	110,434,650.00
	2027-2031	167,115,000.00	74,599,000.00
	2032-2036	196,370,000.00	28,428,250.00
		$ 678,915,000.00	$ 512,750,125.00
Series 2006-A	2012	$ 3,215,000.00	$ 49,635,500.00
	2013	4,185,000.00	49,506,900.00
	2014	5,115,000.00	49,339,500.00
	2015	6,045,000.00	49,134,900.00
	2016	6,955,000.00	48,893,100.00
	2017-2021	82,685,000.00	236,774,500.00
	2022-2026	197,085,000.00	205,325,000.00
	2027-2031	346,335,000.00	144,450,950.00
	2032-2036	384,485,000.00	44,583,000.00
		$ 1,036,105,000.00	$ 877,643,350.00

SCHEDULE 2C
DEBT SERVICE REQUIREMENTS (continued)

Governmental Activities

Description of Issue	Year	Principal	Interest
TMF General Obligation Bonds			
Series 2006-B	2012	$	$ 225,000.00
	2013		225,000.00
	2014		225,000.00
	2015		225,000.00
	2016		225,000.00
	2017-2021		1,125,000.00
	2022-2026		1,125,000.00
	2027-2031		1,125,000.00
	2032-2036	150,000,000.00	1,001,415.00
		$ 150,000,000.00	$ 5,501,415.00
Series 2007	2012	$ 250,000.00	$ 48,749,262.50
	2013	250,000.00	48,739,262.50
	2014	2,350,000.00	48,729,262.50
	2015	5,130,000.00	48,635,262.50
	2016	8,125,000.00	48,430,062.50
	2017-2021	70,620,000.00	234,294,062.50
	2022-2026	118,520,000.00	212,172,912.50
	2027-2031	179,990,000.00	178,223,900.00
	2032-2036	345,490,000.00	129,353,950.00
	2037-3041	273,710,000.00	13,685,500.00
		$ 1,004,435,000.00	$ 1,011,013,437.50
Series 2008	2012	$ 7,490,000.00	$ 53,166,575.00
	2013	11,245,000.00	52,792,075.00
	2014	13,625,000.00	52,229,825.00
	2015	15,645,000.00	51,548,575.00
	2016	17,765,000.00	50,766,325.00
	2017-2021	119,210,000.00	238,525,875.00
	2022-2026	178,845,000.00	203,105,375.00
	2027-2031	257,120,000.00	150,973,625.00
	2032-2036	353,610,000.00	81,188,925.00
	2037-3041	121,520,000.00	5,772,200.00
		$ 1,096,075,000.00	$ 940,069,375.00

SCHEDULE 2C
DEBT SERVICE REQUIREMENTS (continued)

Governmental Activities

Description of Issue	Year	Principal	Interest
TMF General Obligation Bonds			
Series 2009-A	2012	$	$ 66,582,669.16
	2013		66,582,669.16
	2014		66,582,669.16
	2015		66,582,669.16
	2016		66,582,669.16
	2017-2021	1,150,000.00	332,890,804.40
	2022-2026	24,085,000.00	330,775,401.34
	2027-2031	68,150,000.00	319,875,940.84
	2032-2036	129,830,000.00	294,805,308.62
	2037-2041	985,280,000.00	133,548,088.06
		$ 1,208,495,000.00	$ 1,744,808,889.06
Texas Highway Improvement General Obligation Bonds			
Series 2010-A	2012	$	$ 35,837,342.50
	2013		35,837,342.50
	2014		35,837,342.50
	2015		35,837,342.50
	2016		35,837,342.50
	2017-2021	84,940,000.00	176,456,410.30
	2022-2026	155,450,000.00	153,281,040.06
	2027-2031	178,455,000.00	117,903,692.32
	2032-2036	207,070,000.00	73,950,936.36
	2037-2041	189,505,000.00	22,509,524.72
		$ 815,420,000.00	$ 723,288,316.26
Series 2010-B	2012	$ 20,160,000.00	$ 7,559,400.00
	2013	21,020,000.00	6,701,400.00
	2014	22,040,000.00	5,681,150.00
	2015	23,120,000.00	4,600,150.00
	2016	24,220,000.00	3,502,150.00
	2017-2021	25,360,000.00	2,359,400.00
	2022-2026	26,470,000.00	1,249,000.00
		$ 162,390,000.00	$ 31,652,650.00
TOTAL General Obligation Bonds		$ 7,035,490,000.00	$ 6,444,879,814.73

SCHEDULE 2C
DEBT SERVICE REQUIREMENTS (continued)

Governmental Activities

Description of Issue	Year	Principal	Interest
SHF Revenue Bonds			
Series 2006	2012	$ 23,105,000.00	$ 24,760,100.00
	2013	24,240,000.00	23,623,850.00
	2014	25,435,000.00	22,429,850.00
	2015	26,680,000.00	21,184,850.00
	2016	27,985,000.00	19,876,500.00
	2017-2021	162,365,000.00	76,952,000.00
	2022-2026	207,225,000.00	32,094,000.00
		$ 497,035,000.00	$ 220,921,150.00
Series 2006-A	2012	$ 38,155,000.00	$ 35,041,675.00
	2013	40,075,000.00	33,133,925.00
	2014	42,070,000.00	31,130,175.00
	2015	44,185,000.00	29,015,250.00
	2016	46,170,000.00	27,026,925.00
	2017-2021	266,625,000.00	99,383,125.00
	2022-2026	239,505,000.00	27,543,575.00
		$ 716,785,000.00	$ 282,274,650.00
Series 2006-B	2012	$	$ 500,000.00
	2013		500,000.00
	2014		500,000.00
	2015		500,000.00
	2016		500,000.00
	2017-2021		2,500,000.00
	2022-2026	100,000,000.00	2,162,891.67
		$ 100,000,000.00	$ 7,162,891.67
Series 2007	2012	$ 47,295,000.00	$ 55,289,875.00
	2013	49,585,000.00	53,000,125.00
	2014	51,960,000.00	50,625,875.00
	2015	54,500,000.00	48,084,750.00
	2016	57,200,000.00	45,386,000.00
	2017-2021	331,480,000.00	181,448,000.00
	2022-2026	422,990,000.00	89,935,250.00
	2027-2031	97,700,000.00	4,885,000.00
		$ 1,112,710,000.00	$ 528,654,875.00
Series 2008	2012	$ 5,955,000.00	$ 7,616,150.00
	2013	6,255,000.00	7,318,400.00
	2014	6,530,000.00	7,042,625.00
	2015	6,835,000.00	6,735,250.00
	2016	7,155,000.00	6,416,437.50
	2017-2021	41,290,000.00	26,571,037.50
	2022-2026	52,750,000.00	15,111,487.50
	2027-2031	25,145,000.00	1,997,100.00
		$ 151,915,000.00	$ 78,808,487.50

SCHEDULE 2C
DEBT SERVICE REQUIREMENTS (continued)

Governmental Activities

Description of Issue	Year	Principal	Interest
SHF Revenue Bonds			
Series 2010	2012	$	$ 77,226,067.50
	2013		77,226,067.50
	2014		77,226,067.50
	2015		77,226,067.50
	2016		77,226,067.50
	2017-2021		386,130,337.50
	2022-2026	295,955,000.00	364,386,248.70
	2027-2031	1,204,045,000.00	167,788,947.60
		$ 1,500,000,000.00	$ 1,304,435,871.30
Blended Component Unit TxPABSTC Revenue Bonds			
NTE Mobility Partners LLC	2012	$	$ 27,873,781.26
	2013		27,873,781.26
	2014		27,873,781.26
	2015		27,873,781.26
	2016		27,873,781.26
	2017-2021		139,368,906.30
	2022-2026		139,368,906.30
	2027-2031	28,820,000.00	138,288,156.30
	2032-2036	178,595,000.00	98,649,781.29
	2037-2041	192,585,000.00	27,579,578.14
		$ 400,000,000.00	$ 682,624,234.63
LBJ Infrastructure Group LLC	2012	$	$ 43,757,725.00
	2013		43,757,725.00
	2014		43,757,725.00
	2015		43,757,725.00
	2016		43,757,725.00
	2017-2021		218,788,625.00
	2022-2026		218,788,625.00
	2027-2031	21,880,000.00	217,968,125.00
	2032-2036	263,825,000.00	160,225,275.00
	2037-2041	329,295,000.00	48,731,200.00
		$ 615,000,000.00	$ 1,083,290,475.00
TOTAL Revenue Bonds		$ 5,093,445,000.00	$ 4,188,172,635.10
TOTAL GOVERNMENTAL ACTIVITIES		$ 12,128,935,000.00	$ 10,633,052,449.83

SCHEDULE 2C
DEBT SERVICE REQUIREMENTS (continued)

Business-Type Activities

Description of Issue	Year	Principal	Interest
CTTS Revenue Bonds Series 2002-A	2012	$ 4,505,000.00	$ 37,161,837.50
	2013	7,710,000.00	37,161,837.50
	2014	10,155,000.00	37,161,837.50
	2015	12,605,000.00	37,161,837.50
	2016	25,805,000.00	37,161,837.50
	2017-2021	188,970,000.00	185,809,187.50
	2022-2026	338,635,000.00	185,809,187.50
	2027-2031	534,825,000.00	185,809,187.50
	2032-2036	660,975,000.00	185,809,187.50
	2037-2041	803,635,000.00	138,535,187.50
	2042	97,145,000.00	4,883,212.50
		$ 2,684,965,000.00	$ 1,072,464,337.50
Series 2009	2012	$	$ 4,105,062.50
	2013		4,105,062.50
	2014		4,105,062.50
	2015		4,105,062.50
	2016		4,105,062.50
	2017-2021		20,525,312.50
	2022-2026		20,525,312.50
	2027-2031		20,525,312.50
	2032-2036		20,525,312.50
	2037-2041		20,525,312.50
	2042	149,275,000.00	4,105,062.50
		$ 149,275,000.00	$ 127,256,937.50
TOTAL Business –Type Activities		$ 2,834,240,000.00	$ 1,199,721,275.00

SCHEDULE 2D
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE

For the Fiscal Year Ended August 31, 2011

Governmental Activities

	Application of Funds	
Description of Issue	**Principal**	**Interest**
Texas Mobility and Texas Highway Improvement General Obligation Bonds	$39,645,000.00	$315,256,737.93
	$39,645,000.00	$315,256,737.93

	Pledged and Other Sources and Related Expenditures for FY 2011			
	Net Available for Debt Service		Debt Service	
Description of Issue	**Total Pledged and Other Sources**	**Operating Expenses/Expenditures and Capital Outlay**	**Principal**	**Interest**
State Highway Fund Revenue Bonds	$6,020,568,574.33	(A)	$109,210,000.00	$178,974,010.42
	$6,020,568,574.33		$109,210,000.00	$178,974,010.42

(A) Expenditures associated with pledged sources were $6,728,907,343.01

Blended Component Unit - Revenue Bonds

	Pledged and Other Sources and Related Expenditures for FY 2011			
	Net Available for Debt Service		Debt Service	
Description of Issue	**Total Pledged and Other Sources**	**Operating Expenses/Expenditures and Capital Outlay**	**Principal**	**Interest**
TxPABSTC NTE & LBJ Revenue Bonds	$ 0.00	(B)	$0.00	$72,603,900.16
	$0.00		$0.00	$72,603,900.16

(B) Expenditures associated with pledged sources was $0.

Business-Type Activities

	Pledged and Other Sources and Related Expenditures for FY 2011			
	Net Available for Debt Service		Debt Service	
Description of Issue	**Total Pledged and Other Sources**	**Operating Expenses/Expenditures and Capital Outlay**	**Principal**	**Interest**
Series 2002-A and Series 2009 Revenue Bonds				
	$81,753,370.45	(C)	$0.00	$42,946,243.50
	$81,753,370.45		$0.00	$42,946,243.50

(C) Expenditures associated with pledged sources were $6,186,575.59

Texas Department of Transportation

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Texas Department of Transportation
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