

**Central Texas Turnpike System
Continuing Disclosure Annual Report
For the Fiscal Year Ended August 31, 2013**

**Filed by
Texas Transportation Commission
Pursuant to Undertaking Provided to
Permit Compliance with SEC Rule 15c2-12**

**Relating to
Each Outstanding Issue of Bonds of the Commission
With CUSIP Prefixes 882762 and 88283K**

February 27, 2014

**Central Texas Turnpike System
Continuing Disclosure Annual Report
For the Fiscal Year Ended August 31, 2013**

This information is being provided by the Texas Transportation Commission (the "Commission"), the governing body of the Texas Department of Transportation ("TxDOT") in compliance with the contractual undertaking (an "Undertaking") to provide annual reports of financial information and operating data, as required by Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), regarding the above captioned municipal debt issues (each an "Issue"). Pursuant to the rules of the Municipal Securities Rulemaking Board (the "MSRB") the participating underwriters for each Issue were required to file a copy of the official statement for each Issue (collectively, the "Official Statements") with the MSRB, copies of which are available at <http://emma.msrb.org/Default.aspx>. The Official Statements for each Issue should not be considered to speak as of any date other than the date indicated in such document. Capitalized terms used in this Annual Report and not otherwise defined herein shall have the meanings given in the Official Statements. As of August 31, 2013, the Series 2002-A, 2012-A, and 2012-B Bonds in the aggregate principal amount of \$1,244,860,089 were the only outstanding First-Tier Obligations.

Information in this Annual Report regarding the Commission and the Central Texas Turnpike System (the "System" or "CTTS") has been compiled and provided by TxDOT from TxDOT's records and other sources which are believed by the Commission to be reliable and is provided in satisfaction of the Undertaking. It contains information prescribed by the Rule. The Commission does not make any warranty concerning the usefulness of such information to a decision to invest in, hold, or sell bonds, notes, or other obligations payable, in whole or in part, from the sources pledged to the payment of the Issues. Information agreed to be provided by the Commission may be reported in full text herein, or may be incorporated by reference to certain other publicly available documents. The Commission is required by the Undertaking to provide this information annually by a date not more than six months following the close of its fiscal year, for as long as any of the Issues remain outstanding.

Annual Update of Quantitative Financial Information and Operating Data for Fiscal Year 2013

This Annual Report contains, in the form of various attachments, the quantitative and operating data with respect to the Commission and the System which the Commission has agreed to update pursuant to the Undertaking. The Attachments to this Annual Report are incorporated in, and made a part of, this Annual Report. Each Attachment speaks as of its date and its incorporation in this Annual Report is not a representation that any of the information in the Attachment has been updated. In fact, much of the information in the Attachments has not been updated. In addition to this Annual Report, information can be obtained through the Official Statement for the Series 2002-A Bonds (the "2002 OS"), dated August 7, 2002, the Official Statement for the Series 2009 Bonds, dated February 26, 2009, the Remarketing Memorandum, dated February 8, 2011, or the Official Statement for the Series 2012-A and 2012-B Bonds (the "2012 OS") that are on file with the MSRB's Electronic Municipal Market Access System ("EMMA").

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**Central Texas Turnpike System
Annual Continuing Disclosure
Fiscal Year 2013**

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Attachment A
CTTS Debt Service Requirements
As of February 27, 2014
(In Thousands)

Fiscal Year	Series 2002-A Bonds	Series 2012-A Bonds	Series 2012-B Bonds(1)	Total First Tier Obligations	Second Tier Obligations(2)	TIFIA Bond(3)	Total Debt Service Requirements
2014	\$ 10,155	\$ 14,017	\$ 1,406	\$ 25,578	\$ -	\$ 11,780	\$ 37,358
2015	12,605	28,034	7,031	47,670	-	36,443	84,113
2016	25,805	28,034	11,250	65,089	-	43,188	108,277
2017	29,655	28,034	11,250	68,939	-	45,478	114,417
2018	33,500	28,034	11,250	72,784	-	47,969	120,753
2019	37,350	28,034	11,250	76,634	-	50,259	126,893
2020	41,200	28,034	11,250	80,484	-	52,760	133,244
2021	47,265	28,034	11,250	86,549	-	56,463	143,012
2022	53,050	28,034	11,250	92,334	-	59,550	151,884
2023	58,840	28,034	11,250	98,124	-	62,610	160,734
2024	64,625	28,034	11,250	103,909	-	65,622	169,531
2025	70,410	28,034	11,250	109,694	-	68,683	178,377
2026	91,710	28,034	11,250	130,994	-	80,096	211,090
2027	96,860	28,034	11,250	136,144	-	83,663	219,807
2028	101,975	28,034	11,250	141,259	-	87,267	228,526
2029	107,040	28,034	11,250	146,324	-	90,886	237,210
2030	112,025	28,034	11,250	151,309	-	94,511	245,820
2031	116,925	28,034	11,250	156,209	-	98,122	254,331
2032	121,705	28,034	11,250	160,989	-	101,708	262,697
2033	126,350	28,034	11,250	165,634	-	105,252	270,886
2034	130,835	28,034	11,250	170,119	-	108,757	278,876
2035	135,345	28,034	11,250	174,629	-	112,308	286,937
2036	146,740	28,034	11,250	186,024	-	125,256	311,280
2037	161,655	28,034	11,250	200,939	-	128,783	329,722
2038	31,250	151,270	11,250	193,770	-	132,317	326,087
2039	-	182,521	11,250	193,771	-	168,226	361,997
2040	-	182,519	11,250	193,769	-	171,824	365,593
2041	-	142,061	51,710	193,771	-	175,442	369,213
2042	-	-	193,768	193,768	-	228,930	422,698
Total	\$ 1,964,875	\$ 1,317,170	\$ 535,165	\$ 3,817,210	\$ -	\$ 2,694,153	\$ 6,511,363

⁽¹⁾ For estimation purposes, debt service associated with the Series 2012-B Bonds after the end of the Multiannual Period assumes a constant 5% interest rate, with principal of the Series 2012-B Bonds to be paid at maturity.

⁽²⁾ No Second Tier Obligations are currently outstanding under the Master Indenture.

⁽³⁾ The TIFIA Bond is in the aggregate principal amount of \$900,000,000 and is a Subordinate Lien Obligation.

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Attachment B
CTTS Table of Revenues, Expenses and Debt Service Coverage⁽⁷⁾
(In Thousands)

	Fiscal Years Ended August 31,				
	2013	2012 ⁽⁶⁾	2011 ⁽⁶⁾	2010 ⁽⁶⁾	2009 ⁽⁶⁾
Revenues ⁽¹⁾⁽²⁾					
Toll Revenues	\$ 105,848	\$ 75,695	\$ 68,802	\$ 66,136	\$ 66,362
Fees	13,290	10,111	6,062	7,163	
Interest & Other Revenues ⁽³⁾	6,121	6,683	6,598	6,371	7,377
Total	<u>125,259</u>	<u>92,489</u>	<u>81,462</u>	<u>79,670</u>	<u>73,739</u>
Debt Service					
First Tier Obligation Debt Service	41,509	45,772	42,946	44,626	45,585
First Tier Obligation Debt Service Capitalized					(12,698)
TIFIA Loan Debt Service	<u>33,698</u>	<u>31,690</u>	<u>30,082</u>	<u>18,475</u>	
Total Debt Service	<u>75,207</u>	<u>77,462</u>	<u>73,028</u>	<u>63,101</u>	<u>32,887</u>
First Tier Debt Service Coverage	3.02	2.02	1.90	1.79	2.24
Total Debt Service Coverage	1.67	1.19	1.12	1.26	2.24
Current Revenues in Excess of Current Debt Service	50,052	15,027	8,434	16,569	40,852
Transfers (to)/from Commission for O&M Expenses and/or Reserves ⁽⁴⁾					
Transfers from the Commission to the CTTS ⁽⁴⁾	58,077	55,758	52,926	49,859	49,897
Transfers (to) the Commission from the CTTS ⁽⁴⁾	<u>(62,430)</u>	<u>(516)</u>	<u>(6,869)</u>	<u>(15,069)</u>	<u>(30,580)</u>
Net Transfers (to)/from Commission	<u>(4,353)</u>	<u>55,242</u>	<u>46,057</u>	<u>34,790</u>	<u>19,317</u>
Total Funds Available for O&M	<u>\$ 45,698</u>	<u>\$ 70,269</u>	<u>\$ 54,491</u>	<u>\$ 51,359</u>	<u>\$ 60,169</u>
CTTS O&M Expenses ⁽¹⁾⁽⁵⁾	<u>\$ 47,380</u>	<u>\$ 55,873</u>	<u>\$ 52,223</u>	<u>\$ 49,860</u>	<u>\$ 50,991</u>

⁽¹⁾Revenues and expenses are reported on the accrual basis of accounting.

⁽²⁾Revenues include tolls, fees (including video and toll enforcement, collection and administrative), interest and other non-operating income.

⁽³⁾Interest & Other Revenues mainly include earnings on Revenue Fund, Rate Stabilization Fund, and First Tier Debt Service Reserve Fund.

⁽⁴⁾In accordance with the Master Indenture, the Commission has covenanted to pay operations expenses, to the extent not covered by available Revenues of the System, and all maintenance expenses of the System. Operations and Maintenance and Major/ Reserve Maintenance expenses (“O&M”) are reflected net of depreciation. For administrative ease, the Commission pays all “O&M” on behalf of the System, which is reflected as a transfer from the Commission. In addition, the Commission has funded O&M reserves required by the Indenture. Annually, the System reimburses the Commission for certain contributions by transferring revenues in excess of debt service, adjusted for fund balances carried over from prior years or carried forward. Reimbursements by the System for expense and reserves funded by the Commission are reflected as a transfer to the Commission.

The following shows required reserves (held by the Commission) as of fiscal year end 2013 (in thousands):

2013 Reserve Accounts (in thousands)	Required	Funded
Operating Account	\$ 8,867	\$ 8,867
Maintenance Account	527	527
Reserve Maintenance Account	729	729
Total	<u>\$ 10,123</u>	<u>\$ 10,123</u>

⁽⁵⁾ Operations and Maintenance and Major/ Reserve Maintenance expenses (“O&M”) are reflected net of depreciation and exclude deposits for reserves.

⁽⁶⁾State Highway (“SH”) 45SE was not a part of the System before September 1, 2012, and was financed with cash on hand.

Therefore, the SH 45SE Element is not included in fiscal years 2009 through 2012

⁽⁷⁾ Beginning with this Continuing Disclosure Annual Report for the Fiscal Year Ended August 31, 2013, the “Historical Cash Flow and Obligation Debt Service Coverage” and “Actual Cash Flow and Debt Service Coverage” tables which have been provided in prior continuing disclosure reports are consolidated into one table now called: “CTTS Table of Revenues, Expenses and Debt Service Coverage”. This consolidated report contains 5 years of historical data and contains all the material information that had been provided in the prior two tables. Certain prior years include immaterial restatements.

Attachment C
Annual Update of Quantitative Financial Information and Operating Data

THE SYSTEM AND THE 2002 PROJECT

Payment Methods for Tolls

During fiscal year 2013, approximately 72% of total System transactions were attributable to transponder accounts, 26% percent to Pay By Mail and 2% to cash.

As of August 31, 2013, there were 636,271 active toll accounts with 1,200,300 active TxTag transponders. A single toll account can have multiple TxTag transponders associated with it. In Fiscal Year 2013, the number of active TxTag accounts increased 15% over the prior Fiscal Year.

Due to free-passage transactions, unreadable images, or other technical issues, certain Pay by Mail transactions could not be invoiced. For Fiscal Year 2013, 31% of all Pay by Mail transactions could not be invoiced. For Fiscal Year 2013, the collection rate for invoiced transactions was 64%, and the collection rate for all Pay by Mail transactions (those invoiced and those that cannot be invoiced) was 45%. Collections include deposits received through January 31, 2014. From the start of toll collections through January 31, 2014, the collection rate for all Pay by Mail transactions was 51%.

Interoperability revenue represented approximately 8% of toll revenues for the System in fiscal year 2013 and 7% of toll revenues in Fiscal Years 2010 through 2012. For reporting purposes, interoperability revenue is included with transponder revenue.

Toll Rates

Effective January 1, 2013, as part of the Amended Toll Plan, toll increases initially scheduled for September 1, 2015, were accelerated to January 1, 2013. The Commission also adopted a toll escalation policy on August 30, 2012. On each October 1, beginning in 2013, tolls will be escalated based on the Consumer Price Index-Urban. The percentage increase in the toll rates will be effective automatically on January 1 of the next calendar year unless the Commission affirmatively votes prior to January 1 to modify such toll increases.

The following table sets out the toll rates on August 31, 2012 for each element of the System through December 31, 2012 and the comparable toll rates after the new rates became effective on January 1st of 2013 and 2014. See Attachment H for toll rates effective January 1, 2014.

Toll Rate Comparison Elements	# miles	full length toll rate - ETC Auto			Rates per Mile				
		base\$	Jan-13	Jan-14 ⁽²⁾	base\$	% incr ⁽¹⁾	Jan-13 ⁽¹⁾	% incr ⁽²⁾	Jan-14 ⁽²⁾
SH 130 segments 1-4	49.0	\$ 5.40	\$ 6.74	\$ 6.84	\$0.11	25%	\$ 0.14	1.5%	\$ 0.14
SH 45N	12.8	\$ 1.36	\$ 1.98	\$ 2.01	\$0.11	50%	\$ 0.16	1.5%	\$ 0.16
Loop 1	4.0	\$ 0.68	\$ 1.02	\$ 1.04	\$0.17	50%	\$ 0.26	1.5%	\$ 0.26
SH 45SE	7.0	\$ 1.00	\$ 0.98	\$ 0.99	\$0.14	0%	\$ 0.14	1.5%	\$ 0.14
Total	72.8	\$ 8.44	\$ 10.72	\$ 10.88					

⁽¹⁾Increase effective 1/1/13 reflects rate increase initially scheduled for 9/1/15.

⁽²⁾Rate increase of 1.5% effective 1/1/14 reflects Consumer Price Index-Urban (CPI-U) for 12 month period Sep'12 - Oct'13. Represents first increase to be implemented as part of the annual escalation process approved Aug 2012

Promotional rates applying only to SH 130, Segments 1-4 and SH 45 Southeast were approved for a period of up to one year, effective April 1, 2013. During the promotional period, the 2 axle rate (effective January 1, 2013, as escalated or amended) was charged to all vehicles, regardless of classification. The purpose of the promotion was to reduce traffic congestion on I-35 and to make Central Texas roadways safer by

encouraging greater through trips of trucks on Central Texas toll roads. The Commission initially allocated \$5 million to be used to make up the difference in revenue between the temporary toll rates charged to vehicles with more than 2 axles and the standard toll rates. An additional \$2 million was allocated in November, 2013. The discount program ended when funds were depleted, on December 31, 2013. The program resulted in a 33% net increase in truck volume for the first five months of the incentive period (April – August 2013) compared to the same period in the prior year.

Customer Service Center Revenues - Fees and Charges

In addition to the toll rates charged for the System, fees are charged for various customer services related to utilizing the various toll facilities. The fees, in effect since March 1, 2012, are shown below:

- Standard tags (including replacement tags)- \$13.85 per tag for accounts that do not participate in auto-replenishment;
- Specialty tags- \$45.00 per tag, which includes a \$35.00 refundable deposit;
- Mailed account statements - \$1.15 per statement;
- Checks returned for insufficient funds- \$25.00 per check;
- Account reactivation - \$8.50 per account, per reactivation.

Administrative fees related to the collection of unpaid tolls remain unchanged.

Recent Traffic and Revenue Results

For detailed information on actual transactions, average weekday transactions and revenues, please see the Central Texas Turnpike System Quarterly Report of Actual Transactions and Revenue for Fiscal Year 2013 and for the First Quarter of Fiscal Year 2014 at Attachments E and F, respectively. Quarterly reports of transactions and revenues are also available on-line at <http://www.txdot.gov/business/investors/ctts-reports.html>.

Subsequent Events

- **Ratings reaffirmed by S&P and Fitch:** On January 28, 2014, Standard & Poor's (S&P) reaffirmed their rating on the CTTS First Tier Revenue Bonds at "A-" with a stable outlook. On February 7, 2014, Fitch Ratings ("Fitch") reaffirmed their rating at "BBB+" with a stable outlook.
- TxDOT signed a 5 year contract with Xerox State and Local Solutions in June of 2013 to provide toll and customer service center operations. The contract includes the management, staff, services, equipment and facilities required to operate the TxTAG Customer Service Center. Their services include customer account management, payment processing, toll violations collections, invoicing, printing and mail, and toll transaction processing. TxDOT expects Xerox to begin services by April 2014.

SYSTEM-RELATED FUNDING OBLIGATIONS OF COMMISSION

System Operations and Maintenance Expenditures
(In Thousands)

Description	2014 Budget	2013 Actual
Operations ⁽¹⁾	\$ 53,201	\$ 33,327
Maintenance ⁽¹⁾	3,160	8,253
Reserve Maintenance ⁽²⁾	4,374	5,800
	<u>\$ 60,735</u>	<u>\$ 47,380</u>

⁽¹⁾In accordance with the Master Indenture, the Commission has covenanted to pay operations expenses, to the extent not covered by available Revenues of the System, and all maintenance expenses of the System. Operations and Maintenance (“O&M”) is reflected net of depreciation.

⁽²⁾The Commission budgets capital improvements comprised of unusual and extraordinary maintenance items for a rolling 5-year period. Currently, \$10,283,969 is budgeted for fiscal years 2014 through 2018, subject to legislative appropriation of constitutionally-dedicated funds.

FUNDING OF COMMISSION OBLIGATIONS

The State Highway Fund is the primary source of funding for the construction, maintenance and operation of the State Highway System, including the System, and is expected to be the primary source of funds for payment of System-related funding obligations. For further information regarding the Department and the State Highway Fund, reference is made to the State Highway Fund disclosures which are on file with the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access (“EMMA”) System. The Section “THE STATE HIGHWAY FUND” of the State Highway Fund 2010 Official Statement, the 2013 Continuing Disclosure Updates, and the Department Financial Statements for Fiscal Year 2013, are hereby incorporated by reference and made a part hereof for all purposes.

Table of Attachments Incorporated by Reference^(a)

Attachment	Title	Period ^(b)	CUSIP Prefix
D	Update to Official Statement 2012 Appendix A-1; Audited Annual Financial Statement of the Central Texas Turnpike System	FY 2013	882762, 88283K
E	Texas Department of Transportation Annual Financial Report (Unaudited)	FY 2013	88283L
F	Fiscal Year 2013 Report of Actual Traffic and Revenue	FY 2013	882762, 88283K
G	Fiscal Year 2014 First Quarter Report of Actual Traffic and Revenue	FY 2014 First Quarter ended 11/30/2013	882762, 88283K
H	General Engineering Consultant’s Annual Inspection Report	FY 2013	882762, 88283K

(a) Attachments were previously filed with EMMA for the CUSIPs noted above, and may be accessed over the internet at www.emma.msrb.org.

(b) Fiscal Years ended August 31st

**Attachment I
Central Texas Turnpike System
Toll Rates effective January 1, 2014**

This report is also available on-line at the following link: <http://www.texastollways.com/austintollroads/img/rates.png>

		2-axle vehicles 		3-axle vehicles 		4-axle vehicles 		5-axle vehicles 		6-axle vehicles 	
		Tag	Pay By Mail	Tag	Pay By Mail	Tag	Pay By Mail	Tag	Pay By Mail	Tag	Pay By Mail
			Plaza	\$1.04	\$1.38	\$2.08	\$2.77	\$3.12	\$4.15	\$4.16	\$5.53
	Shoreline Dr & Howard Ln/Wells Branch Ramps	\$0.69	\$0.92	\$1.38	\$1.84	\$2.07	\$2.75	\$2.76	\$3.67	\$3.45	\$4.59
	O'Connor Dr Ramps	\$0.91	\$1.21	\$1.82	\$2.42	\$2.73	\$3.63	\$3.64	\$4.84	\$4.55	\$6.05
	NORTH										
	Plazas	\$1.04	\$1.38	\$2.08	\$2.77	\$3.12	\$4.15	\$4.16	\$5.53	\$5.20	\$6.92
	Parmer Ln & RM 620 Ramps	\$0.89	\$1.18	\$1.78	\$2.37	\$2.67	\$3.55	\$3.56	\$4.73	\$4.45	\$5.92
	O'Connor Dr Ramps	\$0.91	\$1.21	\$1.82	\$2.42	\$2.73	\$3.63	\$3.64	\$4.84	\$4.55	\$6.05
	Greenlawn & AW Grimes Ramps	\$0.69	\$0.92	\$1.38	\$1.84	\$2.07	\$2.75	\$2.76	\$3.67	\$3.45	\$4.59
	Schultz Ln & Wilke Ln Ramps	\$1.04	\$1.38	\$2.08	\$2.77	\$3.12	\$4.15	\$4.16	\$5.53	\$5.20	\$6.92
	SOUTHEAST										
	Plaza	\$1.02	\$1.36	\$2.04	\$2.71	\$3.06	\$4.07	\$3.06	\$4.07	\$3.06	\$4.07
	Ramps	\$0.67	\$0.89	\$1.34	\$1.78	\$2.01	\$2.67	\$2.01	\$2.67	\$2.01	\$2.67
	SEGMENTS 1-4										
	Plazas	\$1.72	\$2.29	\$3.44	\$4.58	\$5.16	\$6.86	\$5.16	\$6.86	\$5.16	\$6.86
	SH 29, Blue Bluff, Harold Green & Moore Rd Ramps	\$0.46	\$0.61	\$0.92	\$1.22	\$1.38	\$1.84	\$1.38	\$1.84	\$1.38	\$1.84
	FM 104, Pecan St, Gregg Manor, FM 973, FM 969, Pearce Ln & FM 812 Ramps	\$0.57	\$0.76	\$1.14	\$1.52	\$1.71	\$2.27	\$1.71	\$2.27	\$1.71	\$2.27
	US 79, CR 138, Chandler Rd & Elroy Rd Ramps	\$0.74	\$0.98	\$1.48	\$1.97	\$2.22	\$2.95	\$2.22	\$2.95	\$2.22	\$2.95
	Cameron Rd Ramps	\$1.72	\$2.29	\$3.44	\$4.58	\$5.16	\$6.86	\$5.16	\$6.86	\$5.16	\$6.86

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