OFFICE OF THE
INSPECTOR GENERAL
DISTRICT OF COLUMBIA GOVERNMENT

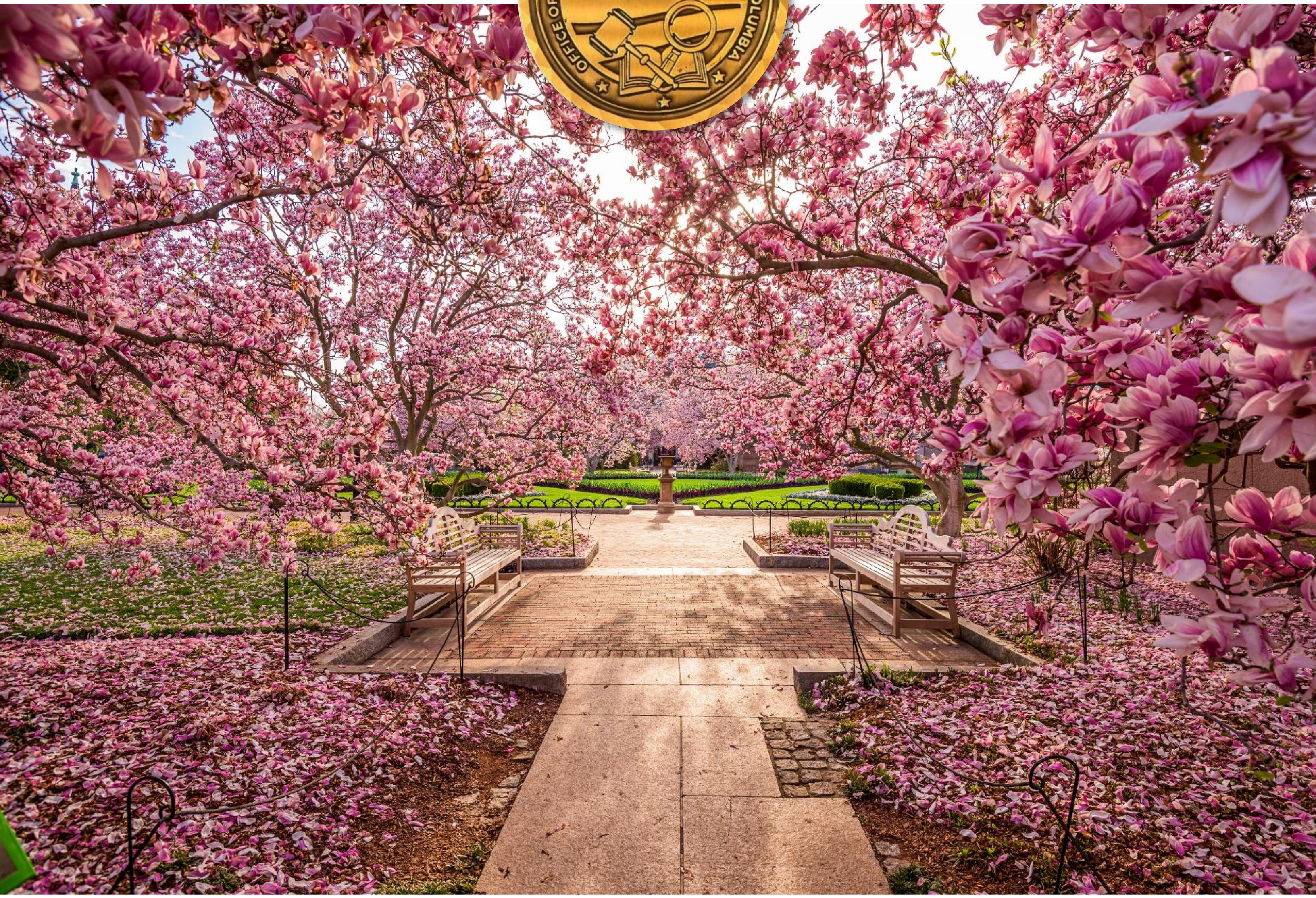
AUDIT REPORT

Highway Trust Fund

Independent Accountant's Report and Examination of the Forecasted Schedules for Fiscal Years 2026 through 2030

OIG No. 25-1-03KA(a)

July 6, 2026



MATTHEW WILCOXSON
INTERIM INSPECTOR GENERAL

OUR MISSION

We independently audit, inspect, and investigate matters pertaining to the District of Columbia government in order to:

- prevent and detect corruption, mismanagement, waste, fraud, and abuse;
- promote economy, efficiency, effectiveness, and accountability;
- inform stakeholders about issues relating to District programs and operations; and
- recommend and track the implementation of corrective actions.

OUR VISION

We strive to be a world-class Office of the Inspector General that is customer focused and sets the standard for oversight excellence!

OUR VALUES

Accountability: We recognize that our duty extends beyond oversight; it encompasses responsibility. By holding ourselves accountable, we ensure that every action we take contributes to the greater good of the District.

Continuous Improvement: We view challenges not as obstacles, but as opportunities for growth. Our commitment to continuous improvement drives us to evolve, adapt, and enhance our practices.

Excellence: Mediocrity has no place in our lexicon. We strive for excellence in every facet of our work.

Integrity: Our integrity is non-negotiable. We act with honesty, transparency, and unwavering ethics. Upholding the public's trust demands nothing less.

Professionalism: As stewards of oversight, we maintain the utmost professionalism. Our interactions, decisions, and conduct exemplify the dignity of our role.

Transparency: Sunlight is our ally. Transparency illuminates our processes, decisions, and outcomes. By sharing information openly, we empower stakeholders, promote understanding, and reinforce our commitment to accountability.

MEMORANDUM

To: Hon. Muriel Bowser
Mayor

Hon. Phil Mendelson
Chairman, Council of the District of Columbia

Glen Lee,
Chief Financial Officer

From: Matthew Wilcoxson *Matthew Wilcoxson*
Interim Inspector General

Date: July 6, 2026

Subject: **Highway Trust Fund: Independent Accountant's Report and Examination of the Forecasted Schedules for Fiscal Years 2026 through 2030 | OIG No. 25-1-03KA(a)**

This memorandum transmits the annual *Highway Trust Fund: Independent Account's Report and Examination of the Forecasted Schedules.*[1] Enclosed is the final report covering fiscal years 2026 through 2030, with comparative historical amounts for fiscal year 2025. We contracted with CliftonLarsenAllen, LLP (CLA) to conduct this examination.

On June 15, 2026, we received the independent accountant's report. With some exceptions noted in the report, the forecast is presented, in all material respects, in accordance with the guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants. The underlying assumptions are suitably supported and provide a reasonable basis for management's forecast.

Should you have questions or concerns, please contact me or Dr. Slemo Warigon, Assistant Inspector General for Audits, at (202) 792-5684 or slemo.warigon@dc.gov.

---

[1] D.C. Code § 9-109.02(e) requires that OIG annually examine the statements forecasting the conditions and operations of the Highway Trust Fund for the next 5 fiscal years.

[This page is intentionally blank.]

INDEPENDENT ACCOUNTANT'S REPORT

Mayor, Members of the Council of the Government of the District of Columbia,
Inspector General and Chief Financial Officer of the Government of the
District of Columbia
Washington, D.C.

Members of the United States Congress
Washington, D.C.

Report on the Examination of the Forecast

We have examined the accompanying forecasted schedules of estimated funding and uses – cash basis (the Forecast) of the Government of the District of Columbia (the District) Highway Trust Fund (the Fund) for the years ending September 30, 2026 through September 30, 2030, based on the guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants (the AICPA). The Fund's management is responsible for preparing and presenting the forecast in accordance with the guidelines for the presentation of a forecast established by the AICPA. The Forecast was prepared for the purpose of complying with D.C. Code § 9-109.02(e). Our responsibility is to express an opinion on the forecast based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the forecast is presented in accordance with the guidelines for the presentation of a forecast established by the AICPA, in all material respects. An examination involves performing procedures to obtain evidence about the Forecast. The nature, timing, and extent of the procedures selected depend on our professional judgment, including an assessment of the risks of material misstatement of the Forecast, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of the Fund and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our examination engagement.

Opinion

The forecast does not disclose the differences between the results of operations presented on the cash basis of accounting reflected in the Forecast and those that would be reflected in the forecast if the modified accrual basis of accounting expected to be used in the September 30, 2026 - 2030 financial statements had been used in preparing the forecast, which is the basis of accounting the historical financial statements are prepared upon.

In our opinion, except for the omission of the disclosure of the differences between results of operations presented on the cash basis of accounting and those that would be shown on the modified accrual basis of accounting that the Fund expects to use in its September, 30, 2026 – 2030 financial statements as discussed in the preceding paragraph, the accompanying Forecast is presented, in all material respects, in accordance with the guidelines for the presentation of a forecast established by the AICPA, and the underlying assumptions are suitably supported and provide a reasonable basis for management's forecast.

The forecasted results may not be achieved as there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Report on Summarized Historical Information

The Forecast includes certain historical amounts for the year as of September 30, 2025, but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Fund's financial statements as of and for the year ended September 30, 2025, from which the historical amounts were derived. Those financial statements were audited by us and our report dated January 13, 2026, expressed an unmodified opinion. In our opinion, the historical amounts referred to above, are fairly stated, in all material respects, in relation to the audited financial statements as a whole for the year ended September 30, 2025.

Other Information

Management is responsible for the other information included in this report. The other information comprises the cover page, the mission, vision, values, and the Fund forecast memorandum (collectively, the other information) but does not include the Forecast and our independent accountant's report thereon. Our opinion on the Forecast does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our examination of the Forecast, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the Forecast, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 28, 2026, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an examination performed in accordance with Government Auditing Standards in considering the Fund's internal control over financial reporting and compliance.

Restriction on Use

The accompanying Forecast and this report are intended solely for the information and use of the Mayor, members of the Council of the District, the Inspector General and the Chief Financial Officer of the District, and members of the United States Congress, and is not intended to be and should not be used by anyone other than the specified parties.

CliftonLarsonAllen LLP

Arlington, Virginia
May 28, 2026

DISTRICT OF COLUMBIA
HIGHWAY TRUST FUND

Examination of the Forecasted Schedules of Estimated Funding and Uses – Cash Basis Together with Independent Accountant's Report

For the Fiscal Years Ending
September 30, 2026 Through 2030
With Historical Amounts for the
Year Ended September 30, 2025

CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

DISTRICT OF COLUMBIA
HIGHWAY TRUST FUND

Table of Contents

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT ACCOUNTANT'S REPORT

Mayor, Members of the Council of the Government of the District of Columbia,
Inspector General and Chief Financial Officer of the Government of the
District of Columbia
Washington, D.C.

Members of the United States Congress
Washington, D.C.

Report on the Examination of the Forecast

We have examined the accompanying forecasted schedules of estimated funding and uses – cash basis (the Forecast) of the Government of the District of Columbia (the District) Highway Trust Fund (the Fund) for the years ending September 30, 2026 through September 30, 2030, based on the guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants (the AICPA). The Fund's management is responsible for preparing and presenting the forecast in accordance with the guidelines for the presentation of a forecast established by the AICPA. The Forecast was prepared for the purpose of complying with D.C. Code § 9-109.02(e). Our responsibility is to express an opinion on the forecast based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the forecast is presented in accordance with the guidelines for the presentation of a forecast established by the AICPA, in all material respects. An examination involves performing procedures to obtain evidence about the Forecast. The nature, timing, and extent of the procedures selected depend on our professional judgment, including an assessment of the risks of material misstatement of the Forecast, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of the Fund and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our examination engagement.

Opinion

The forecast does not disclose the differences between the results of operations presented on the cash basis of accounting reflected in the Forecast and those that would be reflected in the forecast if the modified accrual basis of accounting expected to be used in the September 30, 2026 - 2030 financial statements had been used in preparing the forecast, which is the basis of accounting the historical financial statements are prepared upon.

In our opinion, except for the omission of the disclosure of the differences between results of operations presented on the cash basis of accounting and those that would be shown on the modified accrual basis of accounting that the Fund expects to use in its September, 30, 2026 – 2030 financial statements as discussed in the preceding paragraph, the accompanying Forecast is presented, in all material respects, in accordance with the guidelines for the presentation of a forecast established by the AICPA, and the underlying assumptions are suitably supported and provide a reasonable basis for management's forecast.

The forecasted results may not be achieved as there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Report on Summarized Historical Information

The Forecast includes certain historical amounts for the year as of September 30, 2025, but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Fund's financial statements as of and for the year ended September 30, 2025, from which the historical amounts were derived. Those financial statements were audited by us and our report dated January 13, 2026, expressed an unmodified opinion. In our opinion, the historical amounts referred to above, are fairly stated, in all material respects, in relation to the audited financial statements as a whole for the year ended September 30, 2025.

Other Information

Management is responsible for the other information included in this report. The other information comprises the cover page, the mission, vision, values, and the Fund forecast memorandum (collectively, the other information) but does not include the Forecast and our independent accountant's report thereon. Our opinion on the Forecast does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our examination of the Forecast, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the Forecast, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 28, 2026, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an examination performed in accordance with Government Auditing Standards in considering the Fund's internal control over financial reporting and compliance.

Restriction on Use

The accompanying Forecast and this report are intended solely for the information and use of the Mayor, members of the Council of the District, the Inspector General and the Chief Financial Officer of the District, and members of the United States Congress, and is not intended to be and should not be used by anyone other than the specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
May 28, 2026

DISTRICT OF COLUMBIA
HIGHWAY TRUST FUND

Forecasted Schedules of Estimated Funding and Uses – Cash Basis
For the Years Ending September 30, 2026 Through 2030, with Historical Amounts for the Year Ended September 30, 2025 (in 000s)

	2025 Historical Amounts			2026 Forecasted Amounts		
	D.C. Transp. Trust Fund	Federal Aid	TOTAL	D.C. Transp. Trust Fund	Federal Aid	TOTAL
ESTIMATED FUNDING						
Beginning Balance	$ 3,195	$ 533,142	$ 536,337	$ 12,645	$ 657,282	$ 669,927
Motor Fuel Revenues / Surcharges	33,019		33,019	32,134		32,134
Right of Way Fee Revenues	10,781		10,781	15,757		15,757
Interest Earnings	302		302	116		116
Fed Aid Apportionment/Obligation		322,990	322,990		338,448	338,448
Total Estimated Funds	**47,297**	**856,133**	**903,430**	**60,652**	**995,731**	**1,056,383**
ESTIMATED USES						
Debt Payment of GARVEE Bond Program		27,890	27,890		27,891	27,891
Project Costs (Design/Construction)	35,635	170,961	206,596	50,879	237,191	288,070
Non-Participating Costs	-983		-983			
Total Estimated Expenditures	**34,652**	**198,850**	**233,503**	**50,879**	**265,082**	**315,961**
ENDING BALANCE	**$ 12,645**	**$ 657,282**	**$ 669,927**	**$ 9,773**	**$ 730,649**	**$ 740,422**

	2027 Forecasted Amounts			2028 Forecasted Amounts		
	D.C. Transp. Trust Fund	Federal Aid	TOTAL	D.C. Transp. Trust Fund	Federal Aid	TOTAL
ESTIMATED FUNDING						
Beginning Balance	$ 9,773	$ 730,649	$ 740,422	$ 621	$ 884,563	$ 885,184
Motor Fuel Revenues / Surcharges	35,985		35,985	36,447		36,447
Right of Way Fee Revenues	23,189		23,189	24,281		24,281
Interest Earnings	90		90	6		6
Fed Aid Apportionment/Obligation		415,269	415,269		344,547	344,547
Total Estimated Funds	**69,037**	**1,145,918**	**1,214,955**	**61,355**	**1,229,109**	**1,290,464**
ESTIMATED USES						
Debt Payment of GARVEE Bond Program		27,887	27,887		27,887	27,887
Project Costs (Design/Construction)	68,416	233,468	301,884	57,075	225,513	282,588
Total Estimated Expenditures	**68,416**	**261,355**	**329,771**	**57,075**	**253,400**	**310,475**
ENDING BALANCE	**$ 621**	**$ 884,563**	**$ 885,184**	**$ 4,280**	**$ 975,709**	**$ 979,989**

See Summary of Significant Forecast Assumptions and Accounting Policies and Independent Accountant's Report.

DISTRICT OF COLUMBIA
HIGHWAY TRUST FUND

Forecasted Schedules of Estimated Funding and Uses – Cash Basis
For the Years Ending September 30, 2026 Through 2030, with Historical Amounts for the Year Ended September 30, 2025 (in 000s)

	2029 Forecasted Amounts			2030 Forecasted Amounts		
	D.C. Transp. Trust Fund	Federal Aid	TOTAL	D.C. Transp. Trust Fund	Federal Aid	TOTAL
ESTIMATED FUNDING						
Beginning Balance	$ 4,280	$ 975,709	$ 979,989	$ 11,758	$ 1,077,394	$ 1,089,152
Motor Fuel Revenues / Surcharges	36,672		36,672	37,051		37,051
Right of Way Fee Revenues	24,096		24,096	23,840		23,840
Interest Earnings	39		39	108		108
Fed Aid Apportionment Obligation		335,409	335,409		339,170	339,170
Total Estimated Funds	**65,086**	**1,311,118**	**1,376,205**	**72,758**	**1,416,564**	**1,489,321**
ESTIMATED USES						
Debt Payment of GARVEE Bond Program		27,889	27,889		27,890	27,890
Project Costs (Design Construction)	53,328	205,836	259,165	54,566	211,810	266,375
Total Estimated Expenditures	**53,328**	**233,725**	**287,053**	**54,566**	**239,700**	**294,265**
ENDING BALANCE	**$ 11,758**	**$ 1,077,394**	**$ 1,089,152**	**$ 18,192**	**$ 1,176,864**	**$ 1,195,056**

See Summary of Significant Forecast Assumptions and Accounting Policies and Independent Accountant's Report.

Summary of Significant Forecast Assumptions and Accounting Policies
Fiscal Years 2026 Through 2030

1. DESCRIPTION OF THE DISTRICT OF COLUMBIA HIGHWAY TRUST FUND

The Government of the District of Columbia (the District) established the District of Columbia Highway Trust Fund (the Fund) under the District of Columbia Emergency Highway Relief Act (the Act). The Fund was established as a dedicated highway fund to be comprised, at a minimum, of amounts equivalent to receipts from motor fuel taxes and, if necessary, motor vehicle taxes and fees collected by the District to pay the cost-sharing requirements established under Title 23 of the United States Code. The Fund is required to be separate from the general fund of the District. The Fund is a governmental fund, which is used to account for the dedicated revenues generated from motor vehicle fuel taxes, public rights-of-way (ROW) user rental fees to supplement local matching fund obligations, and interest income.

The Fund is managed within the District's Office of the Chief Financial Officer. The Fund is a capital project fund of the District, restricted for the purpose of executing Federal highway projects.

2. BACKGROUND AND OVERVIEW OF THE FORECAST

D.C. Code § 9-109.02(e) requires the Office of the Inspector General to examine the statements of the Fund's forecasted conditions and operations for a 5-year period. The forecast is to be used to determine the District's ability to meet future cost-sharing requirements, for a 5-year period, under the Federal Highway Administration (FHWA) program for capital improvements to the District's transportation infrastructure.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The forecasted schedules of estimated funding and uses – cash basis (the Forecast) of the Fund report on the expected results of its operations, as well as the related Federal Aid for the District. The Forecast of the Fund is intended to present only the expected results of operations of the Fund and the related Federal Aid, and does not purport to, and does not present the financial results of the Fund or the District. Additionally, the Fund's accompanying Forecast is not indicative of the Fund as if it were a standalone entity.

Forecasted Information. The Fund's Forecast was prepared using a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America (U.S. GAAP). The forecasted motor fuel revenues, ROW fees, interest earnings, debt payments and project costs are recorded on a cash basis of accounting as of March 23, 2026. The Federal Aid Apportionment/ Obligation is recorded based on the expected obligations of funding from FHWA.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The dedicated revenues consist of excise taxes earned on motor fuel sold in the District at the wholesale level, ROW user rental fees, and interest income earned on the Fund's bank balances. Motor fuel taxes are recognized as revenue when the sale takes place. ROW user rental fees are recognized as revenue when received by the District. The fund balance is restricted for the District's cost-sharing requirements for eligible Federal-aid highway projects.

Project associated costs eligible for Federal funding and for the District's matching share of the Federal-aid highway project cost are recorded as participating expenditures. Nonparticipating expenditures are project associated costs not eligible for Federal funding, which are undertaken for the benefit of the District and are included in the project funding plan in addition to Federally funded items. Major initiatives of the District of Columbia Department of Transportation (DDOT) may be financed from the Fund without funding from Federal FHWA grants once current year matching of the Federal obligation is satisfied. The detailed expenditures are classified into categories listed in Note 6.

The Fund's balance must be sufficient to cover the cost sharing requirements established under Title 23, United States Code, based on the 5-year projected Fund's performance. The ending fund balance is carried over to the following fiscal year as the beginning balance.

Use of Estimates

The preparation of the Forecast requires management to make estimates and assumptions that affect the reported amounts of estimated revenues and expenditures for the periods presented. Actual results will usually differ from these estimates. The assumptions disclosed in Note 5 are those that management believes are significant to the Fund's Forecast. The forecasted results may not be achieved as there will usually be differences between the forecasted and actual results because events and circumstances frequently change due to the nature of the activities covered by the Fund (e.g., major design and construction changes and delays), and those differences may be material.

The fiscal year 2026 amounts are based on funding levels as of March 23, 2026, the time the Forecast was prepared. The District's budget book is prepared approximately 1½ years in advance, which can result in a variance in the projected amounts. DDOT prepares spending plans in order to meet its goals, which could be impacted by unforeseen litigation and/or procurement delays. These delays may cause DDOT to miss its target spending for fiscal year 2026 and subsequent fiscal years by a material amount.

4. HISTORICAL AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2025

The amounts presented for the year ended September 30, 2025, were derived from the fiscal year 2025 audited financial statements of the Fund. Those financial statements were prepared using a modified accrual basis of accounting for the Fund and the related Federal Aid.

5. SUMMARY OF SIGNIFICANT ASSUMPTIONS

The Forecast summarizes the estimated funding and uses of resources for the fiscal years ending September 30, 2026 through 2030. The "D.C. Highway Trust Fund" columns represent estimated local motor fuel tax revenue, ROW revenue, interest, and estimated local share of expenditures. The "Federal Aid" columns represent obligated and estimated Federal aid commitment balances and projection of matching grants for known highway projects, anticipated discretionary funding, borrowed funding for various projects, and estimated Federal share of expenses.

Expenditures for fiscal years 2026 through 2030 were projected based on an obligation plan and the related spending plan and were submitted to the Mayor as part of the budget. This budget is expected to be published in June 2026. Changes in the spending plan incorporated in the approved budget that affect local matching contributions are subject to approval by Council.

Estimated Funding Sources

Motor Fuel Revenues/ Surcharges. The projections for motor fuel tax revenues are provided by Office of the Chief Financial Officer's (OCFO), Office of Revenue Analysis (ORA) and certified by the Chief Financial Officer of the District of Columbia. The estimates were developed using a statistical model to predict motor fuel gallons taxed, based on the annual average price of motor fuel in the District, and the amount of fuel consumption based on trends in motor vehicle fuel efficiencies. For fiscal year 2026, ORA forecasted an increase of 1.7% in motor vehicle fuel tax compared to fiscal year 2025. The motor vehicle fuel tax revenue is forecasted to decrease by 0.8% in fiscal year 2027, rise slightly by 0.4% in fiscal year 2028, decrease of 0.2% in fiscal year 2029, and increase 0.1% in fiscal year 2030. For fiscal year 2026, ORA forecasted an increase of 15.8% in the motor vehicle fuel surcharge compared to fiscal year 2025, followed by a series of small annual increases of approximately 2% in subsequent years. The current fuel tax rate of $0.355 per gallon, consisting of $0.235 per gallon of annual certification of retail gas prices and an additional surcharge of $0.115 per gallon, was used for all years presented in the forecast.

Rights-of-Way Revenues. The ROW revenues projection was prepared by ORA based on D.C. Code § 9-111.01a and 9-111.01(d)(3), limiting dedicated funding to the Fund from all local sources to a maximum of 22% of the projected annual Federal Aid Highway Trust Fund expenditures. In determining the budget request for ROW revenues, several factors are considered, including the anticipated spending level of the Fund, and the available fund balance carryover. For each year, the amounts of supplemental funding from ROW revenues were adjusted in a manner where the year end fund balance is not in a deficit. As a result, the Fund expects to incorporate ROW into its budget request.

Interest Income. The interest income is estimated for future years by OCFO's Office of Finance and Treasury. Funds are deposited with a financial institution that has an expected annual overnight rate of 0.92%.

5. SUMMARY OF SIGNIFICANT ASSUMPTIONS *(continued)*

Federal-Aid Apportionment. Federal funding is provided to all states and the District through legislation enacted by Congress and administered through the FHWA. Public Law No. 11-494, the "Fixing America's Surface Transportation Act" or "FAST Act," is the current funding legislation, effective October 1, 2015. DDOT estimates its future Federal funding for the budget year and the following years based on the latest FHWA-provided amounts included in the U.S. Department of Transportation FHWA Fiscal Management System. For fiscal year 2026, the estimated Apportionment amount from FHWA is $227,210,265. For FY 2027, the estimated amount was based on a conservative 2% growth added to the FY2026 base amount. For each subsequent out year a 2% growth was added to the previous year.

Additionally, there is typically a redistribution that occurs each August, whereby FHWA reallocates funds across all the states, at their discretion. For fiscal year 2026, the estimated August Redistribution amount is $58,766,745.

DDOT was provided Apportioned Appropriated Funds for the Bridge Formula Program (BFP), the Highway Safety Improvement Program (HSIP), and the National Electric Vehicle Infrastructure (NEVI) Formula Program. Discretionary Grants are in addition to the Federal formula apportionment and August redistribution funding received from FHWA. For BFP, the Discretionary Grants provide funding to replace, rehabilitate, preserve, protect and construct highway bridges. For HSIP, the Discretionary Grants provide funding to continue to achieve a significant reduction in traffic fatalities and serious injuries on non-State-owned public roads and roads on tribal land. For NEVI, the Discretionary Grants provide funding to states to strategically deploy electric vehicle charging infrastructure. For fiscal year 2026, the estimated Apportioned Appropriated Funds amount is $47,779,633.

Discretionary grants are competitive grants that DDOT has applied for and awarded from USDOT. While these grants do not impact the Obligation Limitation in most cases they do require a Highway Trust Fund match. For fiscal year 2026, the estimated amount is $4,691,777.

Estimated Uses

Debt Payments. Grant Anticipation Revenue Vehicles (*GARVEE*) Bonds. Future Federal-aid apportionments will service bonds issued through the GARVEE program and partially finance the 11th Street Bridge project and South Capitol Street Bridge.

5. SUMMARY OF SIGNIFICANT ASSUMPTIONS *(continued)*

Below is a summary of the principal balances outstanding from the GARVEE Bonds as of September 30, 2025 (in 000s):

Bond Series	Maturity Date	Interest Rate	Amount Outstanding	
Series 2011	December 01, 2025	2.00% - 5.25%	$	7,580
Series 2012	December 01, 2027	2.00% - 5.00%		11,115
Series 2020	December 01, 2034	5.00%		200,800
			$	**219,495**

The borrowed funding (Series 2011, 2012 and 2020) is used to partially finance the 11th Street Bridge project and support the replacement and realignment of the Frederick Douglass Memorial Bridge and building of new interchanges between the bridge and Suitland Parkway, the bridge and Potomac Avenue, S.W., Suitland Parkway and Interstate 295, and Suitland Parkway and Martin Luther King, Jr. Avenue.

The estimated future minimum payments for each of the outstanding series are listed below (in 000s):

Fiscal Years Ending	Principal and Interest Payments Due			
September 30,	Series 2011	Series 2012	Series 2020	Total
2026	$ 7,779	$ 3,988	$ 16,124	$ 27,891
2027	-	3,992	23,895	27,887
2028	-	3,987	23,900	27,887
2029	-	-	27,889	27,889
2030	-	-	27,890	27,890

Project Costs. The estimated uses for project management, design, site, construction, equipment, and non-participating costs are based on the actual estimated completion date for the phase of each Federal-aid highway project in progress. The project management, design, site, construction, and equipment costs that are eligible for matching Federal Aid are allocated based on the Federal and local share of each individual project. The non-participating costs, if any, are those costs that are not eligible for Federal Aid match and include overhead; construction engineering costs; utility and sewer repair; construction enhancements not covered by FHWA; and disallowed costs reimbursable to the FHWA.

5. SUMMARY OF SIGNIFICANT ASSUMPTIONS *(continued)*

The project costs can be classified into 3 categories: (1) projects in process; (2) projects obligated but not started; and (3) projects planned, but not yet obligated. Projects that are in process have been approved and obligated by FHWA and are in active design or construction. The forecast costs for these projects are estimated using the costs to complete. Certain projects have been obligated by FHWA but have not yet been started by DDOT. Additionally, DDOT is required to complete a Statewide transportation improvement plan in accordance with 23 CFR § 450.218, which results in certain projects that are planned, but not yet obligated. These project costs are estimated by using historical information primarily related to maintenance, and ongoing repairs.

Non-participating Costs. Non-participating costs, while included in the funding budgets submitted to FHWA, are not specifically budgeted from the Highway Trust Fund (Fund 0320). Monies from the Local Transportation Fund and Enterprise Fund for Transportation Initiatives (e.g., ROW fees) are used to pay for non-participating and overhead costs that are associated with federally funded capital projects. The budget for these costs is provided through a separate Master Project (external to Fund 0320) where all non-participating and overhead costs associated with Fund 0320 projects are allocated as needed.

6. FORECASTED EXPENDITURES BY MASTER PROJECT CATEGORY

DDOT budgets expenditures for the Fund at the Master Project category level. The various Master Project categories are:

- Maintenance;
- Major Rehabilitation, Reconstruction, Replacement, or New Construction;
- Operations, Safety, and System Efficiency;
- Planning, Management and Compliance;
- South Capitol Corridor;
- Travel Demand Management;
- South Capitol Street GARVEE;
- 11th Street Bridges GARVEE.

Funds are allocated down to the "sub-project" level (also known as the "related project" level) once approved by the FHWA, where actual expenditures will be captured for design, construction, direct labor, and non-participating costs. Once the budget is moved to a subproject, the budget authority within the umbrella Master Project is reduced accordingly.

6. FORECASTED EXPENDITURES BY MASTER PROJECT CATEGORY *(continued)*

The Forecasted master project category for the years ending September 30, 2026 through September 30, 2030, are as follows (in 000s):

	2026			2027		
	D.C. Transp. Trust Fund	Federal Aid	TOTAL	D.C. Transp. Trust Fund	Federal Aid	TOTAL
Expenditure Categories:						
Maintenance	$ 18,927	$ 68,904	$ 87,831	$ 25,450	$ 53,214	$ 78,664
Major Rehabilitation, Reconstruction, Replacement, or New Construction	10,855	72,437	83,292	14,596	94,553	109,150
Operations, Safety, and System Efficiency	14,560	62,383	76,943	19,579	57,102	76,682
Planning, Management and Compliance	5,679	26,468	32,147	7,637	22,108	29,744
South Capital Corridor						
Travel Demand Management	858	6,998	7,856	1,154	6,491	7,645
South Capital Street GARVEE		16,124	16,124		23,895	23,895
11th Street Bridges GARVEE		11,767	11,767		3,992	3,992
Total Forecasted Expenditures	50,879	265,082	315,961	68,416	261,355	329,771

	2028			2029		
	D.C. Transp. Trust Fund	Federal Aid	TOTAL	D.C. Transp. Trust Fund	Federal Aid	TOTAL
Expenditure Categories:						
Maintenance	$ 21,231	$ 57,192	$ 78,424	$ 19,833	$ 53,822	$ 73,655
Major Rehabilitation, Reconstruction, Replacement, or New Construction	12,177	88,364	100,541	11,375	59,744	71,119
Operations, Safety, and System Efficiency	16,333	54,754	71,087	15,258	54,889	70,147
Planning, Management and Compliance	6,371	22,328	28,699	5,021	30,711	35,732
South Capital Corridor				943	3,771	4,714
Travel Demand Management	963	2,874	3,837	899	2,899	3,798
South Capital Street GARVEE		23,900	23,900		27,889	27,889
11th Street Bridges GARVEE		3,987	3,987			
Total Forecasted Expenditures	57,075	253,400	310,475	53,328	233,725	287,053

	2030		
	D.C. Transp. Trust Fund	Federal Aid	TOTAL
Expenditure Categories:			
Maintenance	$ 20,296	$ 65,150	$ 85,446
Major Rehabilitation, Reconstruction, Replacement, or New Construction	11,640	44,861	56,501
Operations, Safety, and System Efficiency	15,614	58,037	73,651
Planning, Management and Compliance	4,934	35,491	40,426
South Capital Corridor	1,160	4,641	5,801
Travel Demand Management	920	3,629	4,550
South Capital Street GARVEE		27,890	27,890
11th Street Bridges GARVEE			
Total Forecasted Expenditures	54,566	239,700	294,265

See Independent Accountant's Report.

Global

INDEPENDENT
NETWORK MEMBER

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN EXAMINATION OF FORECASTED STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Mayor, Members of the Council of the Government of the District of Columbia,
Inspector General and Chief Financial Officer of the Government of the
District of Columbia
Washington, D.C.

Members of the United States Congress
Washington, D.C.

We were engaged to examine, in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying forecasted schedule of estimated funding and uses – cash basis (the Forecast) of the Government of the District of Columbia (the District) Highway Trust Fund (the Fund) for the years ending September 30, 2026 through September 30, 2030, and have issued our report thereon dated May 28, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our examination of the Forecast, we considered the Fund's internal control over financial reporting (internal control) as a basis for designing examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Forecast, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Fund's Forecast will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified a certain deficiency in internal control, described in the accompanying schedule of finding and response as item 2026-001 that we consider to be a material weakness.

Mayor, Members of the Council of the Government of the District of Columbia,
Inspector General and Chief Financial Officer of the Government of the
District of Columbia
Members of the United States Congress

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's Forecast is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our examination, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Management's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on management's response to the finding identified in our examination and described in the accompanying schedule of finding and response. Management's response was not subjected to the other examination procedures applied in the examination of the forecasted schedules and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control or on compliance. This report is an integral part of an examination performed in accordance with *Government Auditing Standards* in considering the Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
May 28, 2026

DISTRICT OF COLUMBIA
HIGHWAY TRUST FUND

SCHEDULE OF FINDING AND RESPONSE
FOR THE YEARS ENDING SEPTEMBER 30, 2026 THROUGH 2030, WITH HISTORICAL AMOUNTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Section I – Summary of Accountants' Results

Forecast Statements

1. Type of accountant' report issued: Qualified

2. Internal control over financial reporting:

   - Material weakness identified? __X__ yes ______ no

   - Significant deficiency identified? ______ yes __X__ none reported

3. Noncompliance material to financial statements noted? ______ yes __X__ no

Section II – Forecast Statement Findings

2026 – 001

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: During our examination of the District of Columbia Highway Trust Fund's (HTF) forecasted schedule of estimated funding and uses – cash basis (the Forecast) for the years ending September 30, 2026 through September 30, 2030, the supporting electronic files used to compute the Fund's Project Costs (Design/Construction) estimated uses reporting in the Forecast became corrupt and required a rebuild to be recovered.

Criteria or specific requirement: AT-C Section 305, Prospective Financial Information, management is responsible for the preparation and fair presentation of the forecast, including the identification and disclosure of the basis for significant assumptions and the maintenance of sufficient records and documentation to support those assumptions.

Effect: The Project Costs (Design/Construction) represent a material component of the Fund's forecasted estimated uses. Without sufficient and appropriate supporting documentation, management is unable to defend their underlying assumptions and provide a reasonable basis for the forecast, as required by the guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants.

The unavailability of supporting documentation could result in a modification to the practitioner's report on the forecasted financial statements and users of the Forecast may not be able to place full reliance on the Forecast, which could impair their ability to make informed decisions regarding the Fund's capital infrastructure planning, budgeting, and resource allocation.

Cause: The material weakness was caused by the following:

- Inadequate information technology (IT) controls over data integrity and preservation: The electronic files used to compute the forecasted Project Costs (Design/Construction) became corrupted, indicating a deficiency in controls designed to protect critical financial data from loss, corruption, or unauthorized alteration.

- Insufficient data backup and recovery procedures: The corrupted files were able to be recovered; however the rebuild of the files indicates that the Fund did not maintain adequate backup copies of the critical data files or that existing backup and disaster recovery procedures were insufficient to restore the data to a usable state.

- Lack of redundant or alternative documentation: No alternative records, source documentation, or secondary data repositories were available to independently reconstruct or validate the forecasted Project Costs (Design/Construction), indicating a single point of failure in the documentation supporting a material forecast assumption.

Recommendation: We recommend that management of the Fund:

1. Implement robust data backup and disaster recovery controls for all electronic files and systems used to prepare the Forecast, including but not limited to:
   - Regularly scheduled automated backups of all critical financial data files to geographically separate and secure locations (e.g., off-site servers, cloud-based storage).
   - Periodic testing of backup restoration procedures to verify the recoverability and integrity of backed-up data.

2. Strengthen IT general controls over data integrity, including:
   - Implementation of access controls, version control, and change management procedures for files supporting the Forecast.
   - Monitoring and alerting mechanisms to detect data corruption or unauthorized modifications in a timely manner.

3. Establish redundant documentation practices for material forecast assumptions, such as maintaining hard-copy or secondary electronic records of key inputs, calculations, and assumptions supporting the forecasted Project Costs (Design/Construction), so that no single point of failure can prevent the reconstruction of supporting evidence.

4. Develop and implement a formal records retention and data governance policy specific to the HTF forecast preparation process, ensuring that all supporting documentation is retained for a period sufficient to meet examination, oversight, and statutory requirements.

Views of responsible officials and planned corrective actions:

Management concurs with this finding and recognizes the importance of maintaining sufficient and appropriate documentation to support all material assumptions underlying the Forecast.

Management acknowledges that the corruption of the electronic files used to compute the forecasted Project Costs (Design/Construction) represents a material weakness in internal control over the preparation of the HTF forecast. Management is committed to implementing the following corrective actions:

1. Data Backup and Recovery: Management will implement an automated daily backup process for all electronic files and systems used in the preparation of the Forecast. Backups will be stored on secure, geographically separate servers, and restoration testing will be conducted on a quarterly basis to verify data recoverability.

2. IT General Controls Enhancement: Management will work with the Office of the Chief Technology Officer (OCTO) to implement enhanced access controls, version control, and file integrity monitoring for all forecast data files. A formal change management protocol will be established for modifications to forecast computation files.

3. Redundant Documentation: Management will establish a practice of maintaining secondary copies of all key inputs, assumptions, and computational workpapers in a separate repository. Where feasible, critical assumptions and computations will also be documented in hard-copy format or within the Fund's enterprise resource planning system.

4. Records Retention Policy: Management will develop and implement a formal records retention and data governance policy specific to the forecast process, ensuring compliance with statutory requirements and facilitating the annual examination engagement.

REPORT WASTE, FRAUD, ABUSE, AND MISMANAGEMENT

(202) 724-TIPS (8477) and (800) 521-1639

https://oig.dc.gov

oig@dc.gov

STAY UP TO DATE

instagram.com/OIGDC

x.com/OIGDC

facebook.com/OIGDC

Sign-up for email/text updates from OIG