

TO THE ATTENTION OF THE DIVISION ADMINISTRATORS, DEPUTY DIVISION ADMINISTRATORS, AND FINANCIAL MANAGERS

Sent on behalf of the Chief Financial Officer

DUE DATE: August 7, 2026, 5:00 PM

PURPOSE: Announce the annual FHWA Grant Accrual Survey, identify recipients, and solicit responses

BACKGROUND: As part of the quarterly financial statement reporting requirements, FHWA is responsible for computing and recording the accrued expenses for the Federal-aid Highway program funds. This reporting requirement is in accordance with OMB Circular A136, the Chief Financial Officers Act of 1990 (CFO Act), as amended; the Government Management Reform Act of 1994 (GMRA); and the Accountability of Tax Dollars Act of 2002 (ATDA) and 23 CFR 1.5. Obtaining the State's grant survey data is an integral part of the financial reporting process for FHWA.

DISCUSSION: FHWA calculates an accrual for its financial statements and performs a look-back to validate the estimates each quarter. We define the accrual as the dollar value of the outstanding payment cycles in the specified period (costs incurred but not yet reported). To estimate the accrual, we incorporate payment cycle data from State surveys and historical payments. While the FHWA accrual is recorded as an aggregate amount, separate accruals for each State are also computed as well. Our assumptions and data are updated at least annually by using current payment information and responses from States to periodic surveys.

To update and revise the current methodology and address look-back concerns, the Office of the Chief Financial Officer is conducting a survey, which consists of 15 questions on State payment activity and billing cycles for the following 15 States: **Arkansas, California, Colorado, Connecticut, Hawaii, Mississippi, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Tennessee, Utah, Virginia, & Washington**

Note: Only these States need to reply and complete the Survey for Fiscal Year 2026.

These States were selected based on:

- Observed variances in recent quarterly accruals;
- The time elapsed since these States were last surveyed; and
- The State's percentage of the overall Federal-aid disbursements in the past 36 months.

We recognize that many Division Offices are working with significantly reduced staffing levels, and we have worked to ensure the burden on the Division Offices and their State partners is kept to a minimum. HCF will work with any Division Office to assist as needed.

ACTION: Please forward the attached questionnaire to the State DOT official (i.e., Chief Financial Officer, Controller, Accounting Manager, or Accountant) responsible for billings and payments. Please ensure the State responds to all questions based on the most current condition of State operations (i.e. operations in the last year).

Due to the time-sensitive nature of this request, the questionnaire must be completed, signed by both the State responder and the Division Financial Manager, and returned by **August 7, 2026**. Please return the completed

questionnaire to Maggie Cook at magnolia.cook@dot.gov and Charles Matthews at charles.matthews@dot.gov. Any follow-up questions regarding the questionnaire will need to be addressed by July 10, 2026.

POC: Please contact Maggie Cook or Charles Matthews with any questions.