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An Audit Report on

**The Department of
Transportation's Aviation and
Metropolitan Transportation
Planning Grant Programs**

March 2007

Report No. 07-018



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Overall Conclusion

The Department of Transportation (Department) awards funds from the Metropolitan Transportation Planning grant program and the Aviation grant program in accordance with federal regulations and state statutes. Auditors did not identify any instances in which the Department inappropriately awarded these types of grants. However, the Department has not documented its process for awarding Aviation grants, which increases the risk that funds may not be awarded in an objective manner.

The Department effectively oversees Aviation grants, but it does not provide sufficient oversight for Metropolitan Transportation Planning grants. Specifically, the Department's district offices do not consistently review supporting documentation for the expenditures made by the metropolitan planning organizations that receive Metropolitan Transportation Planning grants. At the three district offices auditors visited, there was not sufficient supporting documentation for \$1,203,705 (77 percent) of the expenditures tested. Not reviewing and maintaining documentation supporting expenditures increases the risk that funds may not be spent as intended.

The Department also does not consistently update its Metropolitan Transportation Planning grant agreements with metropolitan planning organizations. It is important to update the grant agreements so that they can incorporate the Department's current requirements and so that the Department has a legal agreement to hold the metropolitan planning organizations accountable.

Metropolitan Transportation Planning Grants

The Department awards Metropolitan Transportation Planning grants to the 25 metropolitan planning organizations across the state. Metropolitan planning organizations were awarded \$25,458,479 in Metropolitan Transportation Planning grant funds in fiscal year 2006. The federal government provides 80 percent of these funds, with the remaining 20 percent required to be state and local funds.

Aviation Grants

The Department awards Aviation grants to noncommercial airports in Texas. There are two types of Aviation grants: Aviation Facilities Development Grants and Routine Airport Maintenance Program Grants. A total of 143 airports were awarded \$53,606,888 in Aviation grant funds in fiscal year 2006. Aviation grant funds include both state and federal funds, but the mix of federal and state funds varies by grant. Airports must contribute at least a 10 percent match to receive these grants.

Transportation Enhancement Grants

Transportation Enhancement grants may be awarded to governmental entities for transportation-related projects that increase opportunities in communities for recreation, accessibility, and safety beyond traditional highway programs. No projects were awarded Transportation Enhancement grant funds during fiscal year 2006.

In the course of this audit, auditors also reviewed information related to the Department's Transportation Enhancement grant program. Specifically, we selected the courthouse preservation and Battleship *Texas* projects for review. However, we did not audit these projects because no grants were awarded for fiscal year 2006. In September 2006, the federal oversight agency deemed the Battleship *Texas* project to be ineligible for the Transportation Enhancement grant program. As of February 2007, the Department was awaiting an eligibility determination by the federal oversight agency before awarding Transportation Enhancement grants for courthouse preservation.

Selected Recommendations

The Department's Aviation Division provided grants to 143 Texas airports in fiscal year 2006. These programs affect many Texas communities. Therefore, we recommend that the Legislature consider requiring separate line items in the General Appropriations Act for the different sections of the Department's Aviation Division. This will increase the accountability and transparency related to grant funds.

The Department should document its policies and procedures for awarding Aviation grants, and it should consider posting on its Web site all applications for Aviation grants before they are approved by the Texas Transportation Commission.

The Department should require district offices to consistently review supporting documentation for the expenditures made by the metropolitan planning organizations that receive Metropolitan Transportation Planning grants.

Summary of Management's Response

The Department generally agrees with the recommendations in this report.

Summary of Information Technology Review

Information technology audit work focused on user access controls for the Department's Texas Airport Data System, which maintains information on all the airports and their associated projects, and its Financial Information Management System, which is the Department's internal accounting system. The Department has adequate access controls for these two systems.

Summary of Objectives, Scope, and Methodology

The audit objectives were to determine whether the Department:

- Awards funds for selected grant programs in accordance with award criteria and based on verified data, where applicable.

- Maintains sufficient oversight of grants for selected programs to ensure that funds are spent as intended and program objectives are achieved.

The audit scope covered the Metropolitan Transportation Planning and Aviation grant programs from September 1, 2005, through August 31, 2006.

The audit methodology consisted of collecting information, conducting interviews with Department management and staff, performing selected tests and other procedures, and analyzing and evaluating the results of those tests.

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Detailed Results

Chapter 1

The Department Awards Funds from the Metropolitan Transportation Planning and Aviation Grant Programs in Accordance with Federal Regulations and State Statutes

Metropolitan Transportation Planning Grant Award Process

The Department of Transportation (Department) awards funds for the Metropolitan Transportation Planning grant program in accordance with award criteria (federal regulations and state statute) and based on verified data.

The Department allocates the Metropolitan Transportation Planning funds based on a formula mutually agreed to by the Department and the federal agencies. This helps to ensure that grants are awarded objectively. Auditors reviewed the allocation of grant funds and found all calculations to be correct and accurate.

There are two types of federal funds awarded for Metropolitan Transportation Planning grants (see Table 1 in Appendix 2):

- Federal Transit Administration grants. The Department's Public Transportation Division awards these grants based on the criteria established in Title 43, Texas Administrative Code, Chapter 31. A total of \$4.45 million in Federal Transit Administration grants were awarded to the metropolitan planning organizations in fiscal year 2006.
- Federal Highway Administration grants. The Department's Transportation Planning and Programming Division awards these grants based on a formula developed by the Department in consultation with the metropolitan planning organizations. The Texas Transportation Commission then concurs with the formula, and the Federal Highway Administration then approves the formula. A total of \$21 million in Federal Highway Administration grants were awarded to metropolitan planning organizations in fiscal year 2006.

Aviation Grant Award Process

The Department awards funds for Aviation grant programs in accordance with the Code of Federal Regulations, Federal Aviation Administration rules, and state statutes. These criteria give the Department the authority to award the funds but do not specify how the State should prioritize or select airports and projects to which it awards the funds. \$53.6 million in federal and state

Aviation grants were awarded to Texas airports in fiscal year 2006 (see Table 2 in Appendix 2).

The Federal Aviation Administration's *Airport Improvement Program Handbook*, which provides policies and procedures for the administration of Aviation grants, gives states participating in the State Block Grant Program (which Texas participates in) complete flexibility to use their own priority systems in awarding grants. While the Department's Aviation Division has its own priority system for awarding grants, this process is not documented.

The Aviation Division also does not have written policies and procedures for its awarding of these funds. It has policies and procedures for the creation of the state's airport system plan (the Texas Airport System Plan) and for determining the service levels, roles, development categories, design standards, and functional categories for airports. However, those policies and procedures are not adequate for prioritizing projects among airports and selecting projects for funding. The policies and procedures state that the prioritizing of projects requires "a large measure of professional judgment," which does not enable a new employee to use the policies and procedures to award Aviation grant funds. Without written policies and procedures there is a risk that awards may not be made in an objective manner.

Although there are no regulations or statutes describing how the State awards Aviation grant funds, there are federal regulations and state statutes that determine which airports are eligible to receive Aviation grant funds. The Code of Federal Regulations and the Federal Aviation Administration specify that federal Aviation grant funds can only be awarded to airports that are within the state's boundaries and are listed on the National Plan of Integrated Airport Systems. Title 43, Texas Administrative Code, Section 30.205, states that only airports on the Texas Airport System Plan are eligible for state financial assistance. Auditors reviewed 188 projects that received grants and were active in fiscal year 2006 and did not identify any instances in which an airport that received federal or state grant funds was ineligible to receive those funds.

While the Department does not have policies and procedures for awarding Aviation grant funds to airports and projects, it does have policies and procedures for the selection of consultants and contractors who actually execute the projects. The Department complies with its policies and procedures and federal guidelines for the selection of consultants and contractors for Aviation grant projects. For all 24 project files reviewed, the Department had necessary documentation to show that it selected consultants and contractors appropriately.

Recommendations

The Department should:

- Document its policies and procedures for awarding Aviation grants.
- Consider posting on its Web site all applications for Aviation grants before they are approved by the Texas Transportation Commission to increase the transparency of the awards process.

Management's Response

- *The department concurs. The Aviation Division (AVN) will add a section to the Policies and Procedures Manual to outline and document the process for grant award. AVN's Director of Planning and Programming will ensure the documentation is completed by August 31, 2007.*
- *The aviation Capital Improvement Program, which lists all projects pending commission approval, is currently listed on the division web page. Additionally, the division currently posts on our web the public hearing agenda that lists each grant to be considered for awarded financial assistance approximately one month prior to approval by commission. In an effort to further enhance information on the web, on February 21, 2007 AVN added an additional link on the aviation web page to the commission agenda which includes a list of the aviation grants to be considered for grant award.*

The Department Effectively Oversees Aviation Grants, But It Does Not Provide Sufficient Oversight for Metropolitan Transportation Planning Grants

Aviation Grant Oversight

Aviation grant funds for fiscal year 2006 were spent as intended. Auditors tested \$13,427,859.89 in fiscal year 2006 expenditures (20 percent of the \$66,432,684.97 expenditures made in fiscal year 2006) and did not identify any unallowable expenditures.

The Engineering Section of the Department's Aviation Division sufficiently monitors Aviation grant projects to ensure program objectives are achieved. For all 17 projects reviewed, the Department had sufficient documentation demonstrating that project managers continuously monitor aviation projects as required by the Federal Aviation Administration's *Airport Improvement Program Handbook*.

Because the Engineering Section's policies and procedures manual is out of date, there is a lack of consistency in the level of monitoring and documentation maintained by each project manager. Project managers do not follow the manual, and therefore, they do not always maintain the documents the manual lists as being "required to be kept in the project file." For 2 (12 percent) of 17 projects reviewed, project managers maintained all the documents required by the manual. The out-of-date policies and procedures and inconsistency in project management could make it difficult to train new employees to be project managers and could increase the risk that project deadlines, budgets, and goals are not met.

Metropolitan Transportation Planning Grant Oversight

The Department's Transportation Planning and Programming Division relied on the district offices to provide oversight of the \$25 million awarded in fiscal year 2006 in Metropolitan Transportation Planning grant funds. Each metropolitan planning organization submits requests for reimbursement to the appropriate Department district office for processing. The district offices review the information to determine whether expenditures were allowable and align with project objectives as indicated in each metropolitan planning organization's annual work plan, known as the Unified Planning Work Program.

The Department's district offices do not consistently review metropolitan planning organizations' (1) supporting documentation for expenditures of Metropolitan Transportation Planning grant funds, (2) cost allocation plans, (3) indirect cost rates, or (4) request for proposal processes. At the three district offices auditors visited, there was not sufficient supporting documentation for \$1,203,705 (77 percent) of the expenditures tested.

Examples of these expenses included indirect charges, employee benefits, occupancy costs, printing, and postage. Specifically:

- At one district office, metropolitan planning organizations' indirect costs for one month totaled \$23,935. The district office did not review supporting documentation for these costs, which represented 21.87 percent of the total charges for the month.
- At another district office, a metropolitan planning organization submitted summary reports showing a total of \$1,119,447 in expenditures for the two-month period reviewed. The district office did not verify \$1,116,829 (99.8 percent) of that amount.
- At another district office, \$62,939.98 of metropolitan planning organizations' expenditures (34 percent of expenses for an eight-month period) were based on information that the district office had not verified.

The district offices indicated they did not receive sufficient guidance or training on the administration of Metropolitan Transportation Planning grants.

The Department also does not consistently update their Metropolitan Transportation Planning grant agreements with metropolitan planning organizations when they renew these agreements. It is important to update the grant agreements so that they can incorporate the Department's current requirements and so that the Department has a legal agreement to hold the metropolitan planning organizations accountable.

Recommendations

The Department should:

- Ensure that its Aviation Division's Engineering Section updates its policies and procedures manual for Aviation grants regarding the level of monitoring and documentation maintained by each project manager.
- Require district offices to consistently review supporting documentation for the expenditures made by the metropolitan planning organizations that receive Metropolitan Transportation Planning grants.
- Update Metropolitan Transportation Planning grant agreements when it renews those agreements with metropolitan planning organizations.
- Consider providing district offices training on the administration of Metropolitan Transportation Planning grants.

Management's Response

- *The department concurs. AVN will update the Project Management Handbook. AVN's Director of Engineering will ensure the manual is updated by August 31, 2007.*
- *The department agrees that this is important and will review existing requirements, documentation and training to see they are sufficient and supplement them as needed. The time frame for implementation is October 1, 2007. For the metropolitan planning organizations (MPO), the District Engineers are responsible for each respective MPOs within their district along with the Chief Financial Officer of the department.*
- *The department agrees that the Metropolitan Transportation Planning grant agreements should be updated when they are renewed with the metropolitan planning organizations. The department has executed updated agreements with 11 of the 25 metropolitan planning organizations. The remaining 14 agreements are with the metropolitan planning organizations and they have not been forwarded to the department for execution. The existing agreements are valid until the updated agreements are executed. The Director of Transportation Planning and Programming is responsible.*
- *The department agrees with this recommendation and is currently working with the Federal Highway Administration (FHWA) and the Texas Transportation Institute to schedule a National Highway Institute training course entitled, "Administration of FHWA Planning and Research Grants" with the MPOs and the department staff. A round table training session was held with FHWA and department staff in May 2006 during the pilot development phase for the new training course. The time frame for implementation will begin in FY 2008. The Director of Transportation Planning and Programming is responsible.*

Appendices

Appendix 1

Objectives, Scope, and Methodology

Objectives

The objectives of this audit were to determine whether the Department of Transportation (Department):

- Awards funds for selected grant programs in accordance with award criteria and based on verified data, where applicable.
- Maintains sufficient oversight of grants for selected programs to ensure that funds are spent as intended and program objectives are achieved.

Scope

The scope of this audit covered the Metropolitan Transportation Planning and Aviation grant programs from September 1, 2005, to August 31, 2006.

Methodology

The audit methodology included collecting information, conducting interviews with Department management and staff, performing selected tests and other procedures, analyzing and evaluating the results of the tests.

Information collected and reviewed included the following:

- Information from interviews with Department divisional management, district management, and staff.
- Data in the Department's Texas Airport Data System (TADS).
- Data in the Department's Financial Information Management System (FIMS).
- Department policies and procedures.
- Supporting documentation for expenditures.
- The Department's Airport Project Participation Agreements.
- The Department's grants for the Routine Airport Maintenance Program.
- The Department's supporting documentation for the selection of consultants and contractors for Aviation grant projects.

- The Department's Texas Airport System Plan.
- The Department's working project management files for Aviation grants.

Procedures and tests conducted included the following:

- Reviewed supporting documentation for grant expenditures.
- Reviewed the working project management files for Aviation grants.
- Reviewed supporting documentation for the selection of consultants and contractors for Aviation grant projects.
- Compared TADS data to the Texas Airport System Plan and the National Plan of Integrated Airport Systems.

Criteria used included the following:

- Texas Transportation Code, Chapters 22 and 456.
- Title 14, Code of Federal Regulation, Parts 151 and 156.
- Title 43, Texas Administrative Code, Chapters 15, 30, and 31.
- Federal Aviation Administration's Airport Improvement Program Handbook.
- Federal Aviation Administration's procurement and contracting regulations.
- Title 23, Code of Federal Regulation, Parts 420 and 450.

Project Information

Audit fieldwork was conducted from November 2006 through January 2007. This audit was conducted in accordance with generally accepted government auditing standards.

The following members of the State Auditor's staff performed the audit:

- Cesar Saldivar, CGAP (Project Manager)
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- Pamela A. Bradley, CPA
- Toscha L. Lee, MPA
- Shelby Cherian, MBA (Information Systems Audit Team Member)
- Priscilla Garza, (Information Systems Audit Team Member)

- Gary Leach, CQA, CISA (Information Systems Audit Team Member)
- Serra Tamur, MPAff, CISA, CIA (Information Systems Audit Team Member)
- Agnes Rasmussen, CPA, CISA (Quality Control Reviewer)
- Nicole Guerrero, MBA, CGAP (Audit Manager)

Metropolitan Transportation Planning and Aviation Grant Recipients

Table 1 presents the total amount of Metropolitan Transportation Planning grant funds the Department of Transportation (Department) awarded to metropolitan planning organizations in fiscal year 2006.

Table 1

Total Metropolitan Transportation Planning Grant Funds Awarded to Metropolitan Planning Organizations Fiscal Year 2006	
Metropolitan Planning Organization	Amount
Abilene	\$ 208,891
Amarillo	314,968
Austin	1,538,374
Brownsville	294,966
Bryan-College Station	245,795
Corpus Christi	548,401
Dallas-Fort Worth	7,392,441
El Paso	1,193,658
Harlingen-San Benito	213,684
Houston-Galveston	6,807,497
Jefferson-Orange-Hardin	496,574
Killeen-Temple	404,517
Laredo	309,462
Longview	193,605
Lubbock	408,509
McAllen-Pharr (Hidalgo Co.)	898,089
Midland-Odessa	361,226
San Angelo	180,000
San Antonio	2,205,375
Sherman-Denison	180,000
Texarkana (TX Only)	180,000
Tyler	229,190
Victoria	180,000
Waco	276,380
Wichita Falls	196,877
Total	\$ 25,458,479

Table 2 presents the total amount of federal and state funds the Department awarded to Texas airports for Aviation Grants in fiscal year 2006.

Table 2

Aviation Grants Awarded to Texas Airports Fiscal Year 2006				
Associated City	Airport Facility Name	Total	Federal	State
Albany	Albany Municipal	\$ 32,850	\$ -	\$ 32,850
Alpine	Alpine-Casparis Municipal	2,208	-	2,208
Angleton/Lake Jackson	Brazoria County	30,000	-	30,000
Arlington	Arlington Municipal	361,287	361,287	-
Athens	Athens Municipal	378,666	378,666	-
Atlanta	Hall-Miller Municipal	283,500	283,500	-
Bay City	Bay City Municipal	317,338	308,668	8,670
Beaumont	Beaumont Municipal	92,916	92,916	-
Beeville	Beeville Municipal	378,000	-	378,000
Big Lake	Reagan County	273,600	-	273,600
Big Spring	Big Spring McMahon-Wrinkle	210,536	196,866	13,670
Bishop	Bishop Municipal	110,700	-	110,700
Borger	Hutchinson County	420,800	240,300	180,500
Bowie	Bowie Municipal	342,000	-	342,000
Brady	Curtis Field	30,000	-	30,000
Brenham	Brenham Municipal	477,000	450,000	27,000
Brownfield	Terry County	215,747	215,747	-
Brownwood	Brownwood Regional	119,750	117,000	2,750
Bryan	Coulter Field	379,111	379,111	-
Burnet	Burnet Municipal Kate Craddock Field	30,000	-	30,000
Caldwell	Caldwell Municipal	1,770	-	1,770
Cameron	Cameron Municipal Airpark	757,711	64,500	693,211
Canadian	Hemphill County	2,208	-	2,208
Castroville	Castroville Municipal	209,396	-	209,396
Center	Center Municipal	6,000	-	6,000
Childress	Childress Municipal	52,938	-	52,938
Clifton	Clifton Municipal/Isenhower Field	697,185	695,185	2,000
Columbus	Robert R Wells Jr.	1,500	-	1,500
Comanche	Comanche County-City	75,470	73,800	1,670
Crockett	Houston County	3,920	-	3,920
Dalhart	Dalhart Municipal	479,999	479,999	-
Dallas	Addison	266,144	236,144	30,000
Decatur	Decatur Municipal	3,532	-	3,532
Denton	Denton Municipal	15,000	-	15,000
Dimmitt	Dimmitt Municipal	6,178	-	6,178
Dumas	Moore County	6,170	-	6,170
Eastland	Eastland Municipal	285,600	255,600	30,000

**Aviation Grants Awarded to Texas Airports
Fiscal Year 2006**

Associated City	Airport Facility Name	Total	Federal	State
Edinburg	Edinburg International	180,000	180,000	-
Edna	Jackson County	30,000	-	30,000
Eldorado	Eldorado	500	-	500
Ennis	Ennis Municipal	72,000	-	72,000
Floydada	Floydada Municipal	366,666	366,666	-
Fort Stockton	Fort Stockton-Pecos County	495,900	495,900	-
Fort Worth	Fort Worth Spinks	146,473	117,000	29,473
Fort Worth	Fort Worth Meacham International	30,000	-	30,000
Fort Worth	Fort Worth Alliance	30,000	-	30,000
Fredericksburg	Gillespie County	2,208	-	2,208
Gainesville	Gainesville Municipal	15,000	-	15,000
Galveston	Scholes International At Galveston	2,775,000	2,772,000	3,000
George West	Live Oak County	619,757	-	619,757
Georgetown	Georgetown Municipal	4,000	-	4,000
Giddings	Giddings-Lee County	885,000	300,000	585,000
Gilmer	Fox Stephens Field-Gilmer Municipal	12,670	-	12,670
Gladewater	Gladewater Municipal	152,501	150,001	2,500
Graham	Graham Municipal	2,506,500	2,506,500	-
Granbury	Granbury Regional	8,000	-	8,000
Grand Prairie	Grand Prairie Municipal	30,000	-	30,000
Greenville	Majors	507,000	477,000	30,000
Groveton	Groveton-Trinity County	363,600	-	363,600
Hallettsville	Hallettsville Municipal	42,849	-	42,849
Haskell	Haskell Municipal	7,500	-	7,500
Hearne	Hearne Municipal	426,978	426,978	-
Hebbronville	Jim Hogg County	945,900	945,900	-
Henderson	Rusk County	438,257	408,257	30,000
Hereford	Hereford Municipal	317,500	315,000	2,500
Houston	Pearland Regional	481,548	481,548	-
Houston	David Wayne Hooks Memorial	150,000	150,000	-
Houston	Houston-Southwest	427,500	427,500	-
Houston	Lone Star Executive	4,495,016	4,495,016	-
Houston	Sugar Land Regional	20,000	-	20,000
Jacksonville	Cherokee County	1,670	-	1,670
Jasper	Jasper County-Bell Field	2,208	-	2,208
Jayton	Kent County	237,600	-	237,600
Kerrville	Kerrville Municipal/Louis Schreiner Field	72,000	72,000	-
Killeen	Skylark Field	30,000	-	30,000
Knox City	Harrison Field of Knox City	127,800	-	127,800
Kountze/Silsbee	Hawthorne Field	12,500	-	12,500
La Grange	Fayette Regional Air Center	2,208	-	2,208

**Aviation Grants Awarded to Texas Airports
Fiscal Year 2006**

Associated City	Airport Facility Name	Total	Federal	State
Lago Vista	Lago Vista Tx-Rusty Allen	63,000	-	63,000
Lamesa	Lamesa Municipal	121,500	121,500	-
Lampasas	Lampasas	457,444	455,236	2,208
Lancaster	Lancaster	1,164,000	1,164,000	-
Laredo	Laredo International	30,000	-	30,000
Levelland	Levelland Municipal	891,000	891,000	-
Littlefield	Littlefield Municipal	144,000	144,000	-
Livingston	Livingston Municipal	1,260,000	1,260,000	-
Llano	Llano Municipal	2,080	-	2,080
Lufkin	Angelina County	1,825,000	1,800,000	25,000
Marfa	Marfa Municipal	85,500	85,500	-
Marshall	Harrison County	150,000	150,000	-
Mason	Mason County	9,525	-	9,525
McKinney	Collin County Regional at McKinney	2,683,334	2,683,334	-
Miami	Miami-Roberts County	62,100	-	62,100
Midlothian/Waxahachie	Mid-Way Regional	30,000	-	30,000
Mineola/Quitman	Wood County	109,630	-	109,630
Mount Pleasant	Mount Pleasant Regional	30,000	-	30,000
Munday	Munday Municipal	143,100	-	143,100
Nacogdoches	A L Mangham Jr. Regional	58,500	-	58,500
Odessa	Odessa-Schlemeyer Field	5,503,000	5,454,000	49,000
Orange	Orange County	4,950,000	4,950,000	-
Ozona	Ozona Municipal	72,000	72,000	-
Paducah	Dan E Richards Municipal	46,368	-	46,368
Palestine	Palestine Municipal	247,500	247,500	-
Pampa	Perry Lefors Field	19,170	-	19,170
Paris	Cox Field	516,666	516,666	-
Pecos	Pecos Municipal	2,170	-	2,170
Pineland	Pineland Municipal	17,275	-	17,275
Plainview	Hale County	2,208	-	2,208
Port Aransas	Mustang Beach	2,170	-	2,170
Port Lavaca	Calhoun County	1,670	-	1,670
Port Mansfield	Charles R Johnson	207,000	-	207,000
Presidio	Presidio Lely International	93,600	-	93,600
Robstown	Nueces County	2,170	-	2,170
Rockport	Aransas Co	3,157,500	157,500	3,000,000
Rockwall	Rockwall Municipal	30,000	-	30,000
San Antonio	Stinson Municipal	450,001	450,001	-
San Augustine	San Augustine County	72,990	-	72,990
San Saba	San Saba County Municipal	36,000	-	36,000
Seminole	Gaines County	2,670	-	2,670

**Aviation Grants Awarded to Texas Airports
Fiscal Year 2006**

Associated City	Airport Facility Name	Total	Federal	State
Sherman	Sherman Municipal	15,000	-	15,000
Sherman/Denison	Grayson County	536,765	506,765	30,000
Sinton	San Patricio County	116,100	116,100	-
Snyder	Winston Field	253,044	253,044	-
Stanton	Stanton Municipal	2,500	-	2,500
Stephenville	Clark Field Municipal	82,670	-	82,670
Sulphur Springs	Sulphur Springs Municipal	655,914	625,914	30,000
Tahoka	T-Bar	647,100	-	647,100
Taylor	Taylor Municipal	359,667	359,667	-
Temple	Draughon-Miller Central Texas Regional	54,000	54,000	-
Terrell	Terrell Municipal	203,400	203,400	-
Throckmorton	Throckmorton Municipal	30,000	-	30,000
Uvalde	Garner Field	2,208	-	2,208
Van Horn	Culberson County	4,000	-	4,000
Vega	Oldham County	4,000	-	4,000
Vernon	Wilbarger County	30,000	-	30,000
Victoria	Victoria Regional	30,000	-	30,000
Waco	McGregor Executive	315,000	315,000	-
Waco	TSTC Waco	30,000	-	30,000
Wharton	Wharton Regional	302,090	260,000	42,090
Wheeler	Wheeler Municipal	334,800	-	334,800
Wichita Falls	Kickapoo Downtown Airpark	10,000	-	10,000
Wink	Winkler County	7,500	-	7,500
Winters	Winters Municipal	750	-	750
Totals		\$53,606,888	\$43,212,682	\$10,394,206

Information on the Status of the Transportation Enhancement Grant Program

The Transportation Enhancement grant program was originally selected for this audit based on the total amount of grant funds available to be awarded in fiscal year 2006, as well as other risk factors. The two projects auditors selected under the Transportation Enhancement grant program were the courthouse preservation and the Battleship *Texas* projects. However, the Department of Transportation (Department) did not award any Transportation Enhancement grant funds in fiscal year 2006 and, therefore, no audit work was performed on this grant program.

The Transportation Enhancement grant program was created in 1991, when the U.S. Congress passed the Intermodal Surface Transportation Efficiency Act (ISTEA). Federal Transportation Enhancement grant program funds are used to help communities protect scenic vistas, create bike paths, develop walkable downtowns, and protect the environment. Between 1994 and 2005, the State of Texas received approximately \$612 million in federal Transportation Enhancement grant program funds. Those funds were used to fund 525 projects. The majority of the projects were hike-and-bike trails, pedestrian walkways, safety rest areas, and visitor centers.

For fiscal years 2006 and 2007, the Department had \$184 million in Transportation Enhancement grant funds available to award. The 79th Legislature designated \$119 million (65 percent) of the \$184 million to be used on specific projects, such as the courthouse preservation and the Battleship *Texas* projects.

Courthouse Preservation

In 1994, the State of Texas spent \$17 million in federal Transportation Enhancement grant funds to renovate and preserve 25 courthouses in Texas. In 2005, the 79th Legislature designated \$80 million in federal Transportation Enhancement grant funds for courthouse preservation projects. However, as of February 2007, the Department was awaiting an eligibility determination by the federal oversight agency before awarding Transportation Enhancement grants for courthouse preservation.

Battleship *Texas*

In 1983, the Battleship *Texas* was placed under the stewardship of the Parks and Wildlife Department and permanently anchored on Buffalo Bayou in the San Jacinto Battleground State Historic Site near Houston. In 2005, the 79th Legislature designated \$16 million in federal Transportation Enhancement funds for the Battleship *Texas* project. However, in September 2006, the federal oversight agency deemed the Battleship *Texas* project to be ineligible for the Transportation Enhancement grant program.

Copies of this report have been distributed to the following:

Legislative Audit Committee

The Honorable David Dewhurst, Lieutenant Governor, Joint Chair
The Honorable Tom Craddick, Speaker of the House, Joint Chair
The Honorable Steve Ogden, Senate Finance Committee
The Honorable Thomas “Tommy” Williams, Member, Texas Senate
The Honorable Warren Chisum, House Appropriations Committee
The Honorable Jim Keffer, House Ways and Means Committee

Office of the Governor

The Honorable Rick Perry, Governor

Department of Transportation

Members of the Texas Transportation Commission

Mr. Richard “Ric” F. Williamson, Chair

Ms. Hope Andrade

Mr. Ned Holmes

Mr. Ted Houghton

Mr. Fred Underwood

Mr. Michael W. Behrens, P.E., Executive Director



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