



John Keel, CPA  
State Auditor

A Report on

# The Audit of the Department of Transportation's Texas Mobility Fund Financial Statements for the Fiscal Year Ended August 31, 2009

February 8, 2010

Members of the Legislative Audit Committee:

In our audit report dated December 15, 2009, we determined that the Department of Transportation's (Department) Texas Mobility Fund's (Fund) basic financial statements for fiscal year 2009 were materially correct and presented in accordance with accounting principles generally accepted in the United States of America.

We also issued a report on internal control over financial reporting and on compliance and other matters as required by auditing standards. Our procedures were not intended to provide an opinion on internal control over financial reporting or to provide an opinion on compliance with certain provisions of the resolution for the Fund's general obligation bonds and other laws and regulations. Our procedures did not identify any material weaknesses in internal control over financial reporting or instances of noncompliance that materially affected the financial statements.

Auditors communicated the following issue in more detail with recommendations to Department management in a separate letter dated January 29, 2010. The Department does not monitor or perform any form of verification of certain statutorily dedicated fees, fines, and penalties deposited to the Fund on its behalf by other entities. Instead, it relies on these entities to ensure that the amounts they deposit in the Fund are authorized and correct.

The Fund receives revenue from certain statutorily dedicated fees, fines, and penalties to be used for the payment of any obligations and credit agreements issued and executed by the Texas Transportation Commission. Examples of these fees are driver's license fees, motor vehicle inspection fees, motor vehicle certificate fees, and driver record information fees. Many of these fees are

## Background Information

In September 2007, the Texas Transportation Commission (Commission) amended the May 2005 master resolution to authorize up to \$6.5 billion in debt outstanding through one or more issuances from the Texas Mobility Fund for Texas General Obligation Mobility Funds.

During fiscal years 2005 through 2008, the Commission issued \$250 million in variable rate general obligation bonds and \$4.8 billion in fixed rate general obligation bonds. In fiscal year 2009, the Commission issued \$1.2 billion in Build America Bonds. As of August 31, 2009, the Commission had \$6.13 billion in outstanding bonds.

The resolution for the Texas Mobility Fund's general obligation bonds requires the Commission to provide audited annual financial statements of the Texas Mobility Fund.

## Summary of Objective, Scope, and Methodology

The objective of the audit was to issue an opinion on the Texas Mobility Fund's (Fund) basic financial statements for fiscal year 2009.

The audit scope covered the Fund's basic financial statements for fiscal year 2009.

The audit methodology included interviewing personnel, reviewing relevant laws and regulations, reviewing information systems, and performing analyses and tests of financial statement balances and transactions.

The audit was conducted in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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

- Mary Ann Wise, CPA, CFE (Project Manager)
- Mary Goldwater (Assistant Project Manager)
- Ashlee C. Jones, MAcy, CGAP, CFE
- Michael A. Simon, MBA, CGAP
- Kamal Malik, CPA (Information Systems Audit Team)
- Serra Tamur, MPAff, CIA, CISA (Information Systems Audit Team)
- Leslie Ashton, CPA (Quality Control Reviewer)
- Verma Elliott, MBA, CIA, CGAP (Audit Manager)

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administered by other state entities and are credited to the Fund's account in the State Treasury. The Fund received and reported \$319,044,133 in fees, fines, and penalties for fiscal year 2009.

Identifying and monitoring the dedicated funds that the Department is authorized to receive would help the Department ensure that the Fund is credited with the full amount due to it, but is not credited for more than the Fund is statutorily permitted to receive.

We appreciate the cooperation we received from the Department. If you have any questions, please contact Verma Elliott, Audit Manager, or me at (512) 936-9500.

Sincerely,

John Keel, CPA  
State Auditor

cc: Members of the Texas Transportation Commission  
Ms. Deirdre Delisi, Chair  
Mr. Ned S. Holmes  
Mr. Ted Houghton  
Mr. William Meadows  
Mr. Fred Underwood  
Mr. Amadeo Saenz, Jr., P.E., Executive Director, Department of Transportation



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