

# Annual Financial Report

Fiscal Year Ended  
August 31, 2010



Texas Department of Motor Vehicles

Financial Services Division



# Annual Financial Report

## Fiscal Year Ended August 31, 2010

Prepared by  
Financial Services Division

November 20, 2010

Victor Vandergriff, TxDMV Board Chairman

Cheryl Johnson, Vice Chairman  
Clifford Butler, Board Member  
James Campbell Jr., Board Member  
Ramsay Gillman, Board Member

Laura Ryan, Board Member  
Victor Rodriguez, Board Member  
Marvin Rush, Board Member  
Johnny Walker III, Board Member

Edward Serna, Executive Director



Texas Department of Motor Vehicles  
HELPING TEXANS GO. HELPING TEXAS GROW.

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November 20, 2010

Honorable Rick Perry, Governor  
Honorable Susan Combs, Texas Comptroller  
John O'Brien, Director, Legislative Budget Board  
John Keel, CPA, State Auditor

Lady and Gentlemen:

Attached is the Texas Department of Motor Vehicle's annual financial report for the year ended 08/31/2010, in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the state auditor as part of the audit of the State of Texas *Comprehensive Annual Financial Report (CAFR)*; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions, please contact Ms. Linda M. Flores, CPA, Chief Financial Officer, at 465-3087.

Sincerely,

A handwritten signature in blue ink, appearing to read "Edward Serna".

Edward Serna  
Executive Director





**COMBINED FINANCIAL STATEMENTS**

-UNAUDITED-

**EXHIBIT I**  
**COMBINED BALANCE SHEET**  
**Statement of Net Assets - Governmental Funds**  
**August 31, 2010**

	Governmental Fund Types			Capital Asset Adjustments	Long Term Liabilities Adjustments	Statement of Net Assets
	General (EXH A-1)	Special Revenue State Highway Fund (0006)	Total Governmental			
<b>Assets</b>						
<b>Current Assets:</b>						
Cash in Bank (Note 3)	\$ 0.00	\$ 39,970.00	39,970.00	\$	\$	\$ 39,970.00
Cash in State Treasury	4,620,577.71	0.00	4,620,577.71			4,620,577.71
Legislative Appropriations	4,869,892.30	0.00	4,869,892.30			4,869,892.30
Receivables:						
Federal	0.00	23,321.65	23,321.65			23,321.65
Accounts Receivable	0.00	98,933,653.34	98,933,653.34			98,933,653.34
Due From Other Funds (Note 12)	0.00	3,909,951.25	3,909,951.25			3,909,951.25
Due From Other Agencies (Note 12)	0.00	35,972.65	35,972.65			35,972.65
Consumable Inventories	0.00	661,623.99	661,623.99			661,623.99
<b>Total Current Assets</b>	<u>9,490,470.01</u>	<u>103,604,492.88</u>	<u>113,094,962.89</u>			<u>113,094,962.89</u>
<b>Non - Current Assets:</b>						
Capital Assets (Note 2):						
Non - Depreciable						
Land and Land Improvements	0.00	0.00	0.00			0.00
Depreciable						
Buildings and Building Improvements	0.00	0.00	0.00			0.00
Less - Accumulated Depreciation	0.00	0.00	0.00			0.00
Furniture and Equipment	0.00	0.00	0.00	774,989.94		774,989.94
Less - Accumulated Depreciation	0.00	0.00	0.00	(651,030.97)		(651,030.97)
Vehicles, Boats, & Aircraft	0.00	0.00	0.00	763,273.08		763,273.08
Less - Accumulated Depreciation	0.00	0.00	0.00	(550,957.33)		(550,957.33)
Intangibles Computer Software	0.00	0.00	0.00	225,588.48		225,588.48
Less - Accumulated Amortization	0.00	0.00	0.00	(215,998.47)		(215,998.47)
<b>Total Non Current Assets</b>				<u>345,864.73</u>		<u>345,864.73</u>
<b>Total Assets</b>	<u>\$ 9,490,470.01</u>	<u>\$ 103,604,492.88</u>	<u>\$ 113,094,962.89</u>	<u>\$ 345,864.73</u>	<u>\$</u>	<u>\$ 113,440,827.62</u>

The accompanying notes to the financial statements are an integral part of this exhibit.

Texas Department of Motor Vehicles (608)

	Governmental Fund Types			Capital Asset Adjustments	Long Term Liabilities Adjustments	Statement of Net Assets
	General (EXH A-1)	Special Revenue State Highway Fund (0006)	Total Governmental			
<b>Liabilities</b>						
Current Liabilities:						
Payables:						
Accounts Payable	\$ 700,296.90	\$ 3,378,668.65	\$ 4,078,965.55	\$	\$	\$ 4,078,965.55
Payroll Payable	115,721.15	2,443,715.33	2,559,436.48			2,559,436.48
Due to Other Funds (Note 12)	3,909,951.25	0.00	3,909,951.25			3,909,951.25
Due to Other Agencies (Note 12)	739,107.31	0.00	739,107.31			739,107.31
Employees Compensable Leave (Note 5)	0.00	0.00	0.00		2,190,795.51	2,190,795.51
<b>Total Current Liabilities</b>	<u>5,465,076.61</u>	<u>5,822,383.98</u>	<u>11,287,460.59</u>		<u>2,190,795.51</u>	<u>13,478,256.10</u>
Non-Current Liabilities:						
Employees' Compensable Leave (Note 5)	0.00	0.00	0.00		0.00	0.00
<b>Total Non-Current Liabilities</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>			<u>0.00</u>
<b>Total Liabilities</b>	<u>5,465,076.61</u>	<u>5,822,383.98</u>	<u>11,287,460.59</u>		<u>2,190,795.51</u>	<u>13,478,256.10</u>
<b>Fund Financial Statement</b>						
Fund Balances:						
Reserved For:						
Encumbrances	3,609,700.00	1,707,500.00	5,317,200.00			5,317,200.00
Inventories	0.00	661,623.99	661,623.99			661,623.99
Imprest Accounts	0.00	39,970.00	39,970.00			39,970.00
Total Reserved	<u>3,609,700.00</u>	<u>2,409,093.99</u>	<u>6,018,793.99</u>			<u>6,018,793.99</u>
Unreserved:						
Undesignated	415,693.40	95,373,014.91	95,788,708.31			95,788,708.31
Total Fund Balances	<u>4,025,393.40</u>	<u>97,782,108.90</u>	<u>101,807,502.30</u>			<u>101,807,502.30</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 9,490,470.01</u>	<u>\$ 103,604,492.88</u>	<u>\$ 113,094,962.89</u>			
<b>Government-Wide Statement of Net Assets</b>						
Net Assets:						
Invested in Capital Assets, Net of Related Debt				345,864.73		345,864.73
Unrestricted					(2,190,795.51)	(2,190,795.51)
Total Net Assets				<u>\$ 345,864.73</u>	<u>\$ (2,190,795.51)</u>	<u>\$ 99,962,571.52</u>

-UNAUDITED-

**EXHIBIT II**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**Statement of Activities - Governmental Funds**  
**For the Year Ended August 31, 2010**

	Governmental Fund Types			Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Activities
	General (EXH A-2)	Special Revenue State Highway Fund (0006)	Total Governmental			
<b>Revenues</b>						
Legislative Appropriations						
Original Appropriations	\$ (727,286.00)	\$ 0.00	\$ (727,286.00)			\$ (727,286.00)
Additional Appropriations	199,167.45	0.00	199,167.45			199,167.45
Federal Revenues	0.00	89,772.70	89,772.70			89,772.70
Federal Pass-Through Revenues	0.00	87,335.08	87,335.08			87,335.08
State Grant Pass- Through	0.00	0.00	0.00			0.00
Licenses, Fees and Permits	0.00	1,054,563,484.21	1,054,563,484.21			1,054,563,484.21
Interest & Investment Income	0.00	0.00	0.00			0.00
Settlement of Claims	0.00	571,052.00	571,052.00			571,052.00
Sales of Goods and Services	0.00	326,748.00	326,748.00			326,748.00
Other	0.00	3,430,856.99	3,430,856.99			3,430,856.99
<b>Total Revenues</b>	<b>(528,118.55)</b>	<b>1,059,069,248.98</b>	<b>1,058,541,130.43</b>			<b>1,058,541,130.43</b>
<b>Expenditures</b>						
Salaries and Wages	778,995.76	19,500,364.80	20,279,360.56		2,190,795.51	22,470,156.07
Payroll Related Costs	190,011.29	5,003,338.51	5,193,349.80			5,193,349.80
Professional Fees and Services	148,241.28	5,548,849.14	5,697,090.42			5,697,090.42
Travel	25,098.78	194,335.41	219,434.19			219,434.19
Materials and Supplies	19,547.38	6,615,319.24	6,634,866.62			6,634,866.62
Communications and Utilities	3,501.91	1,640,479.44	1,643,981.35			1,643,981.35
Repairs and Maintenance	3,389.52	781,601.85	784,991.37			784,991.37
Rentals and Leases	11,116.15	451,830.28	462,946.43			462,946.43
Printing and Reproduction	0.00	3,084,654.58	3,084,654.58			3,084,654.58
Claims and Judgments	0.00	0.00	0.00			0.00
Federal Pass-Through Expenditures	0.00	0.00	0.00			0.00
State Grant Pass-Through Expenditures	138,137.17	0.00	138,137.17			138,137.17
Intergovernmental Payments	8,639,498.63	1,545,386.90	10,184,885.53			10,184,885.53
Public Assistance Programs	0.00	0.00	0.00			0.00
Other Operating Expenditures	252,342.98	28,884,296.10	29,136,639.08			29,136,639.08
Capital Outlay	0.00	0.00	0.00			0.00
Depreciation Expense	0.00	0.00	0.00	112,120.27		112,120.27
<b>Total Expenditures</b>	<b>10,209,880.85</b>	<b>73,250,456.25</b>	<b>83,460,337.10</b>	<b>112,120.27</b>	<b>2,190,795.51</b>	<b>85,763,252.88</b>
Excess (Deficit) of Revenues over Expenditures	(10,737,999.40)	985,818,792.73	975,080,793.33	(112,120.27)	(2,190,795.51)	972,777,877.55
<b>Other Financing Sources (Uses)</b>						
Transfers In (Note 12)	0.00	0.00	0.00			0.00
Transfers Out (Note 12)	0.00	(888,036,683.83)	(888,036,683.83)			(888,036,683.83)
Sale of Capital Assets	0.00	0.00	0.00			0.00
Loss on Capital Assets	0.00	0.00	0.00	(3,207.41)		(3,207.41)
Insurance Recoveries	0.00	0.00	0.00			0.00
Legislative Transfers In (Note 12)	14,763,392.80	0.00	14,763,392.80			14,763,392.80
Legislative Transfers Out (Note 12)	0.00	0.00	0.00			0.00
Increase in Net Assets Due to Interagency Transfer	0.00	0.00	0.00	461,192.41		461,192.41
<b>Total Other Financing Sources (Uses)</b>	<b>14,763,392.80</b>	<b>(888,036,683.83)</b>	<b>(873,273,291.03)</b>	<b>457,985.00</b>		<b>(872,815,306.03)</b>
<b>Net Change in Fund Balances/Net Assets</b>	<b>4,025,393.40</b>	<b>97,782,108.90</b>	<b>101,807,502.30</b>	<b>345,864.73</b>	<b>(2,190,795.51)</b>	<b>99,962,571.52</b>
<b>Fund Financial Statement - Fund Balance</b>						
<b>Fund Balance - Beginning</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>			<b>0.00</b>
Restatements						
<b>Fund Balance as Restated</b>						
Appropriations Lapsed						
<b>Fund Balances - August 31, 2010</b>	<b>\$ 4,025,393.40</b>	<b>\$ 97,782,108.90</b>	<b>\$ 101,807,502.30</b>			<b>\$ 101,807,502.30</b>
<b>Government-wide Statement of Net Assets</b>						
Net Change in Net Assets			101,807,502.30	345,864.73	(2,190,795.51)	\$ (1,844,930.78)
Net Assets-Beginning						
Restatements						
Net Assets, September 1, 2009, as Restated and Adjusted						
Net Assets-August 31, 2010				\$ 345,864.73	\$ (2,190,795.51)	\$ 99,962,571.52

-UNAUDITED-

**EXHIBIT VI**  
**COMBINED STATEMENT OF NET ASSETS - FIDUCIARY FUNDS**  
**August 31, 2010**

	<u>Agency Funds (Exhibit J-1)</u>
<b>Assets</b>	
<b>Current Assets:</b>	
Cash in State Treasury	\$ <u>4,457,653.57</u>
<b>Total Current Assets</b>	<u>4,457,653.57</u>
<b>Total Assets</b>	<u>4,457,653.57</u>
<b>Liabilities</b>	
Current Liabilities:	
Funds Held for Others	<u>4,457,653.57</u>
<b>Total Current Liabilities</b>	<u>4,457,653.57</u>
<b>Total Liabilities</b>	<u>4,457,653.57</u>
<b>Net Assets</b>	
Net Assets:	<u>(0.00)</u>
<b>Total Net Assets</b>	<u><u>\$ (0.00)</u></u>



## **NOTES TO THE FINANCIAL STATEMENTS**

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Scope of Entity

The Texas Department of Motor Vehicles, (TxDMV), was created by the 81<sup>st</sup> Legislature, Regular Session, effective September 1, 2009, with component parts (four divisions from the Texas Department of Transportation, (TxDOT) ) transferring to TxDMV on November 1, 2009. House Bill (HB) 3097 amended the Transportation Code to create the TxDMV as an agency of the state. As required by Section 9.01(a) of HB 3097, TxDOT formed the Department of Motor Vehicles Transition Team to plan and make recommendations regarding the transfer of obligations, property, full-time equivalent positions (FTEs), rights, powers, and duties from the TxDOT to the TxDMV. The team consisted of the division directors from Vehicle Titles and Registration (VTR), Motor Vehicle Division (MVD), Motor Carrier Division (MCD), Automobile Burglary & Theft Prevention Authority (ABTPA), and TxDOT administrative divisions (General Services, Technology Services, Human Resources, Maintenance, Legal, and Finance). The TxDOT Assistant Executive Director for Support Operations was selected as the Transition Team Chair.

The Transition Team, along with the appointed Chairman, worked to develop a Memorandum of Understanding (MOU) as required by HB 3097. The MOU established the roles and responsibilities of TxDOT and the TxDMV as the agency transitions to independence. The MOU provides TxDOT support to the transferring divisions until such time as the TxDMV hires staff to take over these responsibilities and secures funding to support the new agency as no legislative appropriations were made to the TxDMV for the FY 2010-2011 biennium. This support includes facilities, security, and technology infrastructure support, processing of financial transactions, purchasing, and other general support functions necessary to operate the TxDMV.

House Bill (H.B.) 3097, also required the transfer of personnel, furniture, computers, other property and equipment, files and related materials used by the transferring divisions as well as the unobligated and unexpended balance of any appropriations made to TxDOT in connection with or relating to the transferring divisions and the ABTPA from the state fiscal biennium ending August 31, 2009. A contingency rider in the General Appropriations Act, Article IX, Section 17.30 (a) and (b) transferred all funds and FTE positions appropriated to TxDOT for fiscal years 2010 and 2011 that are directly associated with the programs and responsibilities required to be transferred under the provisions of H.B. 3097 plus any additional FTE positions and associated funding for personnel that primarily support the programs to be transferred to the TxDMV. These transfers were effective November 1, 2009.

The enabling legislation required the board to organize the department into divisions to accomplish the department's functions and duties assigned to it. As a result, the agency has been organized into the following divisions: Automobile Burglary and Theft Prevention Authority, Administrative Services, Consumer Relations, Enforcement, Financial Services, Motor Carrier, Motor Vehicle, and Vehicle Titles and Registration. These divisions allow the agency to align program areas along functional lines to maximize operational efficiency and improve customer service.

The Automobile Burglary and Theft Prevention Authority provide grants to law enforcement jurisdictions to support auto theft and burglary task forces as well as providing theft prevention awareness outreach and education.

The Administrative Services Division supports the agency across all program areas with information technology, human resources support, imaging and scanning operations and general support functions.



The Consumer Relations Division supports TxDMV customers through the efforts of its calls centers and correspondence sections.

The Enforcement Division regulates the motor vehicle sales and distribution industry, the motor carrier industry, leasing businesses and motor transportation brokers in order to protect the welfare of the public and ensure fair treatment of consumers by household goods carriers. The Texas Lemon Law Program is also administered by our Enforcement Division.

The Financial Services Division provides accounting, budgeting and purchasing functions for the agency.

The Motor Carrier Division provides credentialing services, the granting of operating authority for motor carriers and household goods carriers and manages the International Registration Program for the state.

The Motor Vehicle Division facilitates the licensing of motor vehicle dealers, manufacturers, and a variety of other entities engaged in the motor vehicle sales and distribution industry. Additionally, the Motor Vehicle Division licenses salvage vehicle dealers.

The Vehicle Titles and Registration Division provides vehicle title, registration and related services, including supporting the 254 county tax-assessor collectors and their agents that provide title, registration and license plate services to the public.

## **Basis of Presentation**

Due to the statewide requirements included in Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements of this statement. The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

## **Fund Structure**

The accompanying financial statements are presented on the basis of funds, each of which is considered a separate accounting entity.

### **Governmental Fund Types & Government-wide Adjustment Fund Types**

#### **General Revenue Funds**

General Revenue Fund (0001) – This fund is used to account for all financial resources of the state except those required to be accounted for in another fund. The following accounts are consolidated into the General Revenue fund.

Suspense Fund (0900) – This fund is used to temporarily hold and account for receipts, until the correct disposition of the items is determined. Items held in the fund are cleared to the various other funds or refunded to the payer.

Texas Collegiate License Plate Account (5015) – This fund is used to receive and account for fees charged from the sale of special collegiate license plates.

Specialty License Plate Account (5140) – This fund is used to receive and account for fees charged from the sale of special license plates.

**Special Revenue Funds**

State Highway Fund (0006) – This fund is restricted to expenditures for the building, maintaining, and policing of the state highways. It derives its financing primarily from legally dedicated revenues such as motor fuels tax and vehicle registration fees, and from federal reimbursements for selected construction projects. This fund includes revenue which supports the TxDMV’s automated registration and title system and vehicle financial responsibility verification program.

The agency collected \$19,369,371 million in revenue from the \$1 fee authorized by House Bill 3014, 76<sup>th</sup> Legislature, Regular Session, for a license plate or other device used as the registration insignia. The revenue is used to enhance the agency’s automated registration and title system.

Also included in Fund 006 is \$18,935,045 million in revenue from the \$1 fee authorized by Senate Bill 1670, 79<sup>th</sup> Legislature, Regular Session, to establish and maintain a motor vehicle financial responsibility verification program. The program was developed in consultation with the Texas Department of Transportation, the Department of Public Safety, and the Department of Information Resources.

The verification program is known as TexasSure. This database matches information on every registered vehicle in Texas to insurance policy data submitted by Texas insurance companies. With such information, law enforcement officers and tax assessor-collectors can instantly access the database and verify whether a vehicle has the required auto insurance.

**Capital Assets Adjustments Fund Type**

Capital Assets Adjustment fund type is used to convert governmental fund types’ capital assets from modified accrual to full accrual.

**Long Term Liabilities Adjustments Fund Type**

The Long-Term Liabilities Adjustments fund type is used to convert all other governmental fund types’ debt from modified accrual to full accrual. The composition of this fund type is discussed in Note 5.

**Fiduciary Fund Types**

Fiduciary funds account for assets held by the state in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. When assets are held under the terms of a formal trust agreement, either a pension trust fund, or a private purpose trust fund is used.

**Agency Funds**

Agency Funds are used to account for assets held in a custodial capacity for the benefit of other agencies or individuals.

Proportional Registration Distributive Trust Fund (0021) – This fund is used primarily to collect and distribute registration fees from trucking companies that operate in more than one state. The fees are distributed to the individual states based on mileage driven.

Child Support Deductions (0807) – This fund is used as a holding account where child support payroll deductions are held until disbursed.

Employees' Savings Bond Account (0901) – This fund receives and disburses employee payroll deductions for U.S. Savings Bonds.

Direct Deposit Correction Account (0980) – This fund is used to temporarily hold and account for direct deposits that are unable to be processed until the correct disposition of the item is determined.

## **Basis of Accounting**

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Governmental fund types that build the fund financial statements are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized in the period in which they become measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year end. The State of Texas considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year for Fund Financial Statements prepared on the modified accrual basis. For federal contracts and grants, revenues have been accrued to the extent earned by eligible expenditures within each fiscal year. Expenditures and other uses of financial resources are recognized when the related liability is incurred.

Governmental adjustment fund types that will build the government-wide financial statements are accounted for using the full accrual method of accounting. This includes capital assets, accumulated depreciation, unpaid Employee Compensable Leave, the unmatured debt service (principal and interest) on general long-term liabilities, long-term capital leases, and long-term claims and judgments. The activity will be recognized in these new fund types.

## **Budgets and Budgetary Accounting**

The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act). The Board adopts an annual operating budget and policies consistent with these appropriations. Encumbrance accounting is utilized for budgetary control purposes. An encumbrance is defined as an outstanding purchase order or other commitment for goods or services. It reserves a part of the applicable appropriation for future expenditure. At year-end, outstanding encumbrances are reported as a "reservation of fund balance" because they are not yet considered expenditures or liabilities.

Unencumbered and unexpended funds are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

## **Assets, Liabilities and Fund Balances**

### **Assets**

#### Cash and Cash Equivalents

Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents.

#### Receivables

The receivables represent revenue from fees and federal funds that has been earned but not received. This account is presented net of Allowance for Bad Debts.

Inventories and Prepaid Items

This represents supplies and postage on hand. Supplies for governmental funds are accounted for using the consumption method of accounting. The cost of these items is recognized as expenditure when items are consumed.

Capital Assets

Assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year are capitalized. These assets are capitalized at cost or, if purchased, at appraised fair value as of the date of acquisition. Depreciation is reported on all "exhaustible" assets. Assets are depreciated over the estimated useful life of the asset using the straight-line method.

**Liabilities**Accounts Payable

Accounts payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

Payroll Payable

Payroll payable represents the liability for the August payroll payable on September 1<sup>st</sup>.

Employees' Compensable Leave

Employees' compensable leave represents the liability that becomes due upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or non-current in the statement of net assets.

**Fund Balance/Net Assets**

The difference between fund assets and liabilities is "Net Assets" on the government-wide, proprietary and fiduciary fund statements, and the "Fund Balance" is the difference between fund assets and liabilities on the governmental fund statements.

Reservations of Fund Balance

Fund balances for governmental funds are classified as either reserved or unreserved in the fund financial statements. Reservations are legally restricted to specific future uses and not available for other expenditures.

Reserved for Encumbrances

This represents commitments of the value of contracts awarded or assets ordered prior to year-end but not received as of that date. Encumbrances are not included with expenditures or liabilities. They represent current resources designated for specific expenditures in subsequent operating periods.

Reserved for Consumable Inventories

This represents the amount of supplies and postage held to be used in the next fiscal year.

Unreserved-Undesignated

This represents unappropriated balances at year-end.

Invested in Capital Assets, Net of Related Debt

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for outstanding bond, notes, and other debt attributed to the acquisition, construction or improvement of those assets.

**Interfund Activities and Balances**

The agency has the following types of transactions among funds:

Transfers

Legally required transfers that are reported when incurred as Transfers In by the recipient fund and as Transfers Out by the disbursing fund.

Reimbursements

Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another that are recorded as expenditures in the reimbursing fund and as a reduction of expenditures into the reimbursed fund.

Accrual of Operating Transfers, Reimbursements, and Residual Equity Transfers are shown as Due To and Due From or instead of accounts receivable or accounts payable.

**NOTE 2: CAPITAL ASSETS**

A summary of changes in Capital Assets for the year ended August 31, 2010, is presented below:

Governmental Activities	PRIMARY GOVERNMENT							
	Balance 09/01/09	Adjust/ Restate	Reclass. Completed CIP	Reclass. Increase Inter- Agency Transaction	Reclass. Decrease Inter- Agency Transaction	Additions	Deletions	Balance 08/31/10
Non-Depreciable Assets	\$			\$		\$	\$	\$
Total Non-Depreciable Assets								
Depreciable Assets								
Buildings and Building Improvements								
Furniture and Equipment	0.00			783,433.15			(8,443.21)	774,989.94
Vehicles, Boats, & Aircraft	0.00			763,273.08				763,273.08
Other Assets								
Total Depreciable Assets	0.00			1,546,706.23			(8,443.21)	1,538,263.02
Less Accumulated Depreciation for:								
Buildings and Building Improvements								
Furniture and Equipment	0.00			(595,247.81)		(61,018.96)	5,235.80	(651,030.97)
Vehicles, Boats, & Aircraft	0.00			(501,750.88)		(49,206.45)		(550,957.33)
Other Capital Assets								
Total Accumulated Depreciation	0.00			(1,096,998.69)		(110,225.41)	5,235.80	(1,201,988.30)
Depreciable Assets, Net	0.00			449,707.54		(110,225.41)	(3,207.41)	336,274.72
Amortizable Assets – Intangible:								
Land Use Rights								
Computer Software	0.00			225,588.48				225,588.48
Other Capital Intangible								
Total Amortizable Assets – Intangible	0.00			225,588.48				225,588.48
Less Accumulated Amortization for:								
Land Use Rights								
Computer Software	0.00			(214,103.61)		(1,894.86)		(215,998.47)
Other Capital Intangible								
Total Accumulated Amortization	0.00			(214,103.61)		(1,894.86)		(215,998.47)
Amortizable Assets –Intangible, Net	0.00			11,484.87		(1,894.86)		9,590.01
Governmental Activities Capital Assets, Net	0.00			\$ 461,192.41		\$(112,120.27)	\$ (3,207.41)	\$ 345,864.73

*Note 1:*

All capital assets for the Department of Motor Vehicles were transferred in from the Texas Department of Transportation during the fiscal year ended August 31, 2010.

**NOTE 3: DEPOSITS, INVESTMENTS, & REPURCHASE AGREEMENTS****Deposits of Cash in Bank**

As of August 31, 2010, the carrying amount of deposits was \$39,970.00 as presented below:

	<b>Amount</b>
Cash in Bank – Carrying Amount	\$ 39,970.00
<b>Total Cash in Bank per AFR (EXH I)</b>	<b>\$ 39,970.00</b>

**NOTE 4: SHORT-TERM DEBT**

Not applicable

**NOTE 5: LONG-TERM LIABILITIES****Changes in Long-Term Liabilities**

During the year ended August 31, 2010, the following changes occurred in liabilities.

<b>Governmental Activities</b>	<b>Balance 9/01/09</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 8/31/10</b>	<b>Amounts Due Within One Year</b>
Compensable Leave	\$0.00	\$ 4,038,664.34	\$ 1,847,868.83	\$ 2,190,795.51	\$ 2,190,795.51

**Employees' Compensable Leave**

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal, or separation from State employment, provided the employee has had continuous employment with the State for six months. Expenditures for accumulated vacation leave balances are recognized in the period paid or taken in governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the Statement of Net Assets. An expense and liability for proprietary fund types are recorded in the proprietary funds as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

**NOTE 6: BONDED INDEBTEDNESS**

Not Applicable

**NOTE 7: CAPITAL LEASES**

Not Applicable

**NOTE 8: OPERATING LEASES**

Not Applicable

**NOTE 9: RETIREMENT PLANS**

Not Applicable

**NOTE 10: DEFERRED COMPENSATION**

Not Applicable

**NOTE 11: POST EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

Not Applicable

**NOTE 12: INTERFUND ACTIVITY AND TRANSACTIONS**

The agency experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer. Repayment of interfund balances will occur within one year from the date of the financial statement. Individual balances and activity at August 31, 2010 are as follows:

	Due from Other Agencies	Due to Other Agencies	Source
General Revenue (01)			
Appd Fund 0001, D23 fund 0001			
Agy 405, D23 fund 0006		28,480.85	State Pass Through
Appd Fund 5015, D23 fund 5015			
Agy 506, D23 fund 5015		4,131.93	Shared Fund
Agy 711, D23 fund 5015		173,329.64	Shared Fund
Agy 713, D23 fund 5015		139.34	Shared Fund
Agy 714, D23 fund 5015		6,431.03	Shared Fund
Agy 715, D23 fund 5015		51,524.42	Shared Fund
Agy 717, D23 fund 5015		14,512.31	Shared Fund
Agy 721, D23 fund 5015		111,599.97	Shared Fund
Agy 724, D23 fund 5015		8,606.78	Shared Fund
Agy 730 D23 fund 5015		5,596.45	Shared Fund
Agy 731, D23 fund 5015		374.00	Shared Fund
Agy 732 D23 fund 5015		2,555.83	Shared Fund
Agy 733, D23 fund 5015		107,823.22	Shared Fund
Agy 734, D23 fund 5015		508.51	Shared Fund
Agy 735, D23 fund 5015		349.12	Shared Fund
Agy 738, D23 fund 5015		3,883.32	Shared Fund
Agy 743, D23 fund 5015		242.00	Shared Fund
Agy 747, D23 fund 5015		262.16	Shared Fund
Agy 751, D23 fund 5015		8,826.94	Shared Fund
Agy 752, D23 fund 5015		23,437.53	Shared Fund
Agy 753, D23 fund 5015		18,293.65	Shared Fund
Agy 754, D23 fund 5015		23,580.94	Shared Fund
Agy 755 D23 fund 5015		5,164.45	Shared Fund
Agy 756, D23 fund 5015		9,815.91	Shared Fund
Agy 757, D23 fund 5015		5,729.40	Shared Fund



	Due from Other Agencies	Due to Other Agencies	Source
Agy 759, D23 fund 5015		1,704.51	Shared Fund
Agy 760, D23 fund 5015		132.00	Shared Fund
Agy 765, D23 fund 5015		820.64	Shared Fund
Agy 781, D23 fund 5015		80,887.99	Shared Fund
Agy 783, D23 fund 5015		43.83	Shared Fund
Agy 784, D23 fund 5015		4,021.53	Shared Fund
Appd Fund 5140, D23 fund 5140			
Agy 305, D23 fund 5140		14,098.42	Shared Fund
Agy 332, D23 fund 5140		69.66	Shared Fund
Agy 411, D23 fund 5140		2,693.08	Shared Fund
Agy 530, D23 fund 5140		3,484.02	Shared Fund
Agy 537, D23 fund 5140		2,231.10	Shared Fund
Agy 551, D23 fund 5140		3,635.38	Shared Fund
Agy 781, D23 fund 5140		9,885.45	Shared Fund
Special Revenue (02)			
Appd Fund 0006, D23 Fund 0006			
Agy 300, D23 fund 6873	35,972.65		Federal Pass Through
Total Due From/To Other Agencies	35,972.65	739,107.31	
	Due from Other Funds	Due to Other Funds	Source
General Revenue (01)			
Appd Fund 0900, D23 fund 0090			
Agy 608, D23 fund 0006	3,909,951.25		N/A
Special Revenue (02)			
Appd Fund 0006, D23 fund 0006			
Agy 608, D23 fund 0090		3,909,951.25	N/A
Total Due From/To Other Funds	3,909,951.25	3,909,951.25	

	Legislative Transfer In	Legislative Transfer Out
Special Revenue (02)		
Appd Fund 0006, D23 fund 0006		
Agy 601, D23 fund 0006	14,763, 392.80	
Total Legislative Transfers In/Out	14,763, 392.80	

	Transfer In	Transfer Out	Source
Special Revenue (02)			
Appd Fund 0006, D23 fund 0006			
Agy 601, D23 fund 0006		888,036,683.83	Shared Cash
Total Transfers In/Out		888,036,683.83	

**NOTE 13: CONTINUANCE SUBJECT TO REVIEW**

Under the Texas Sunset Act, the Agency will be abolished effective September 1, 2015, unless continued in existence by the Legislature as provided by the Act. If abolished, the agency may continue until September 1, 2016, to close out its operations.

**NOTE 14: RESTATEMENT OF FUND BALANCES/NET ASSETS**

Not Applicable

**NOTE 15: CONTINGENCIES AND COMMITMENTS**Unpaid Claims and Lawsuits

The TxDMV has one Declaratory Judgment lawsuit pending at August 31, 2010. The Claimant is not seeking monetary relief but a declaration of rights and attorney fees. It is management's opinion that an adverse outcome will not have a material affect the financial condition of the department.

Federal Assistance

The TxDMV receives federal financial assistance for specific purposes that are subject to review or audit by the federal grantor agencies. Entitlement to this assistance is generally conditional upon compliance with the terms and conditions of the grant agreements and applicable federal regulations. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Management believes such disallowance, if any, will be immaterial.

**NOTE 16: SUBSEQUENT EVENTS**

Not Applicable

**NOTE 17: RISK MANAGEMENT**

The department is exposed to a wide range of risks, due to the size, scope and nature of its activities. Some of these risks include, but are not limited to property and casualty losses, workers' compensation and health benefit claims, theft, damage of assets, etc. The department retains these risks, and manages them through insurance and safety programs.

**NOTE 18: MANAGEMENT DISCUSSION AND ANALYSIS**

In November, 2009, a class action lawsuit filed against Texas Department of Transportation (TxDOT), Vehicle Titles and Registration Division, regarding the fee paid for a blue parking placard by persons with permanent disabilities was resolved. In *Meyers v. Texas* 410 F.3d. 236 (5<sup>th</sup> Circuit 2005) the lawsuit claimed the State of Texas \$5.00 fee for a blue parking placard utilized by persons with a permanent disability violated federal law. On July 7, 2008, a Federal Judge decided the fee was illegal and directed the parties to meet to discuss reimbursement to Class Members. The parties met and developed a plan that provided a settlement fund of \$20,200,816.17 to reimburse persons charged the \$5.00 fee between August 11, 1995 and July 7, 2000. During the first quarter of FY 2010, TxDOT paid \$20,200,816.17 to the Meyers Settlement Fund on behalf of the Texas Department of Motor Vehicles (TxDMV). In April 2010, TxDMV paid \$2,062,357 for attorney fees related to this lawsuit.

The settlement provision also provided that amounts of the settlement fund not paid in the settlement of *Meyers v. Texas Department of Transportation*, CA 430 SS (W.D. Tex.) or otherwise donated to applicable charities per the settlement agreement, would be applied to the TxDMV strategies from which it was paid into the settlement fund. The TxDMV received thirty six (36%) percent, \$3,418,869.96 of the refunded amount on August 31, 2010 in the State Highway Fund 006.

H.B. 3097, 81<sup>st</sup> Legislature, Regular Session, required the State Auditor's Office to conduct an audit of the TxDMV to establish financial benchmarks for the TxDMV on its overall status and condition in relation to funds on hand, equipment and other assets, pending matters and other issues considered appropriate by the State Auditor's Office. This audit began in April 2010 and the report was released in October 2010. The report reflected that TxDMV generally received the appropriate funds, employees, and inventory from TxDOT as required. The agency should strengthen its controls over the recording and tracking of inventory. The agency is developing an automated inventory control system to ensure its physical assets are protected and recorded accurately.

In addition, TxDMV is receiving support services from TxDOT, such as financial services, human resource services, and information technology services, until TxDMV is a self-sustaining agency. TxDMV's revenue and expenditure transactions were generally recorded appropriately in the Uniform Statewide Accounting System (USAS). However, TxDMV should improve its coordination with TxDOT to ensure that all transactions are sufficiently reviewed and approved for accuracy. The agency's management staff will ensure appropriate oversight is provided for its financial transactions until these responsibilities can be assumed by the agency.

For Fiscal Year 2010, TxDMV was appropriated \$200,000 and received \$110,802,672 in transfers of appropriations from TxDOT. The TxDMV began operations on November 1, 2009 and consequently, the agency's financial statements reflect ten months of financial activity.

## **NOTE 19: THE FINANCIAL REPORTING ENTITY**

### **The Financial Reporting Entity**

The accompanying financial statements include the financial position and results of operations of all organizations, activities and functions considered to be within the scope of the department's reporting entity.

The Texas Department of Motor Vehicles is a component unit of the state of Texas, and of the statewide Consolidated Annual Financial Report to be issued by the Texas Comptroller of Public Accounts. As such, the department will be audited by the state auditor only to the extent necessary to express an opinion on the financial position of the state as a whole. Accordingly, the state auditor will not express an opinion on the financial statements contained in this report.

## **NOTE 20: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Not Applicable

## **NOTE 21:**

Not Applicable to the reporting requirement process.

## **NOTE 22: DONOR RESTRICTED ENDOWMENTS**

Not Applicable

## **NOTE 23: EXTRAORDINARY AND SPECIAL ITEMS**

Not Applicable

**NOTE 24: DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES**

Not Applicable

**NOTE 25: TERMINATION BENEFITS**

Not Applicable

**NOTE 26: SEGMENT INFORMATION**

Not Applicable

## **COMBINING FINANCIAL STATEMENTS**

-UNAUDITED-

**EXHIBIT A-1**  
**COMBINING BALANCE SHEET**  
**All General and Consolidated Funds**  
**August 31, 2010**

	Consolidated Accounts				
	General Revenue Account (0001)	Suspense Type Activities Account (0900)	Texas Collegiate License Plate Program Account (5015)	Specialty License Plate Program Account (5140)	Total
<b>Assets</b>					
Current Assets:					
Cash in Bank	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Cash in State Treasury	0.00	3,909,951.25	674,529.35	36,097.11	4,620,577.71
Legislative Appropriations	4,869,892.30	0.00	0.00	0.00	4,869,892.30
Receivables:					
Federal	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	0.00	0.00	0.00	0.00
Due From Other Funds (Note 12)	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies (Note 12)	0.00	0.00	0.00	0.00	0.00
Consumable Inventories	0.00	0.00	0.00	0.00	0.00
<b>Total Current Assets</b>	<u>\$ 4,869,892.30</u>	<u>\$ 3,909,951.25</u>	<u>\$ 674,529.35</u>	<u>\$ 36,097.11</u>	<u>\$ 9,490,470.01</u>
<b>Liabilities</b>					
Current Liabilities					
Payables:					
Accounts Payable	700,296.90	0.00	0.00	0.00	700,296.90
Payroll Payable	115,721.15	0.00	0.00	0.00	115,721.15
Due to Other Funds (Note 12)	0.00	3,909,951.25	0.00	0.00	3,909,951.25
Due to Other Agencies (Note 12)	28,480.85	0.00	674,529.35	36,097.11	739,107.31
<b>Total Current Liabilities</b>	<u>844,498.90</u>	<u>3,909,951.25</u>	<u>674,529.35</u>	<u>36,097.11</u>	<u>5,465,076.61</u>
<b>Fund Balances</b>					
Reserved for:					
Encumbrances	3,609,700.00	0.00	0.00	0.00	3,609,700.00
Inventories	0.00	0.00	0.00	0.00	0.00
Imprest Accounts	0.00	0.00	0.00	0.00	0.00
<b>Total Reserved</b>	<u>3,609,700.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>3,609,700.00</u>
Unreserved:					
Undesignated	415,693.40	0.00	0.00	0.00	415,693.40
<b>Total Fund Balance</b>	<u>4,025,393.40</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>4,025,393.40</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 4,869,892.30</u>	<u>\$ 3,909,951.25</u>	<u>\$ 674,529.35</u>	<u>\$ 36,097.11</u>	<u>\$ 9,490,470.01</u>

-UNAUDITED-

**EXHIBIT A-2**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**All General and Consolidated Funds**  
**For the Year Ended August 31, 2010**

	Consolidated Accounts				
	General Revenue Account (0001)	Suspense Type Activities Account (0900)	Texas Collegiate License Plate Program Account (5015)	Specialty License Plate Program Account (5140)	Total
<b>Revenues</b>					
Legislative Appropriations :					
Original Appropriations	\$ (727,286.00)	\$ 0.00	\$ 0.00	\$ 0.00	\$ (727,286.00)
Additional Appropriations	199,167.45	0.00	0.00	0.00	199,167.45
Federal Revenues	0.00	0.00	0.00	0.00	0.00
Federal Pass-Through	0.00	0.00	0.00	0.00	0.00
State Grant Pass -Through	0.00	0.00	0.00	0.00	0.00
Licenses, Fees and Permits	0.00	0.00	0.00	0.00	0.00
Interest & Investment Income	0.00	0.00	0.00	0.00	0.00
Settlement of Claims	0.00	0.00	0.00	0.00	0.00
Sales of Goods and Services	0.00	0.00	0.00	0.00	0.00
Other Revenues	0.00	0.00	0.00	0.00	0.00
<b>Total Revenues</b>	<u>(528,118.55)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(528,118.55)</u>
<b>Expenditures</b>					
Salaries and Wages	778,995.76	0.00	0.00	0.00	778,995.76
Payroll Related Costs	190,011.29	0.00	0.00	0.00	190,011.29
Professional Fees and Services	148,241.28	0.00	0.00	0.00	148,241.28
Travel	25,098.78	0.00	0.00	0.00	25,098.78
Materials and Supplies	19,547.38	0.00	0.00	0.00	19,547.38
Communications and Utilities	3,501.91	0.00	0.00	0.00	3,501.91
Repairs and Maintenance	3,389.52	0.00	0.00	0.00	3,389.52
Rentals and Leases	11,116.15	0.00	0.00	0.00	11,116.15
Printing and Reproduction	0.00	0.00	0.00	0.00	0.00
Claims and Judgments	0.00	0.00	0.00	0.00	0.00
Federal Pass-Through Expenditures	0.00	0.00	0.00	0.00	0.00
State Grant Pass-Through Expenditures	138,137.17	0.00	0.00	0.00	138,137.17
Intergovernmental Payments	8,639,498.63	0.00	0.00	0.00	8,639,498.63
Public Assistance Programs	0.00	0.00	0.00	0.00	0.00
Other Operating Expenditures	252,342.98	0.00	0.00	0.00	252,342.98
Capital Outlay	0.00	0.00	0.00	0.00	0.00
<b>Total Expenditures</b>	<u>10,209,880.85</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>10,209,880.85</u>
Excess (Deficit) of Revenues over Expenditures	<u>(10,737,999.40)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(10,737,999.40)</u>
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In (Note 12)	0.00	0.00	0.00	0.00	0.00
Operating Transfers Out (Note 12)	0.00	0.00	0.00	0.00	0.00
Insurance Recoveries	0.00	0.00	0.00	0.00	0.00
Sale of Capital Assets	0.00	0.00	0.00	0.00	0.00
Legislative Transfers In (Note 12)	14,763,392.80	0.00	0.00	0.00	14,763,392.80
Legislative Transfers Out (Note 12)	0.00	0.00	0.00	0.00	0.00
<b>Total Other Financing Sources (Uses)</b>	<u>14,763,392.80</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>14,763,392.80</u>
Excess (Deficit) of Revenues and other Sources Over Expenditures and Other Uses	4,025,393.40	0.00	0.00	0.00	4,025,393.40
<b>Fund Balance - Beginning</b>					
Restatements					
<b>Fund Balance As Restated</b>					
Appropriations Lapsed					
<b>Fund Balance - Ending</b>	<u>\$ 4,025,393.40</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 4,025,393.40</u>

-UNAUDITED-

**EXHIBIT J-1  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
All Agency Funds  
August 31, 2010**

	<u>Beginning Balances September 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balances August 31, 2010</u>
Proportional Registration Distributive Fund (0021)				
Assets:				
Cash in State Treasury	\$ 0.00	\$ 62,857,852.66	\$ 58,406,386.03	\$ 4,451,466.63
Liabilities:				
Accounts Payable		21,766,810.98	21,766,810.98	0.00
Funds Held for Others		62,857,852.66	58,406,386.03	4,451,466.63
Total	<u>0.00</u>	<u>84,624,663.64</u>	<u>80,173,197.01</u>	<u>4,451,466.63</u>
Child Support - Employee Deduction (0807)				
Assets:				
Cash in State Treasury	\$ 0.00	\$ 46,845.40	\$ 41,313.46	\$ 5,531.94
Liabilities:				
Accounts Payable		41,313.46	41,313.46	0.00
Funds Held for Others		46,845.40	41,313.46	5,531.94
Total	<u>0.00</u>	<u>88,158.86</u>	<u>82,626.92</u>	<u>5,531.94</u>
Employees' Savings Bond Fund (0901)				
Assets:				
Cash in State Treasury	\$ 0.00	\$ 5,250.00	\$ 4,600.00	\$ 650.00
Liabilities:				
Accounts Payable		4,250.00	4,250.00	
Funds Held for Others		5,250.00	4,600.00	650.00
Total	<u>\$ 0.00</u>	<u>\$ 9,500.00</u>	<u>\$ 8,850.00</u>	<u>\$ 650.00</u>
Direct Deposit Correction Account (0980)				
Assets:				
Cash in State Treasury	<u>0.00</u>	<u>455,652.35</u>	<u>\$ 455,647.35</u>	<u>\$ 5.00</u>
Liabilities:				
Funds Held For Others	<u>\$ 0.00</u>	<u>\$ 455,652.35</u>	<u>\$ 455,647.35</u>	<u>\$ 5.00</u>
<b>Total - All Agency Funds</b>				
<b>Assets:</b>				
Cash in State Treasury	0.00	63,365,600.41	58,907,946.84	4,457,653.57
<b>Total Assets</b>	<u>\$ 0.00</u>	<u>\$ 63,365,600.41</u>	<u>\$ 58,907,946.84</u>	<u>\$ 4,457,653.57</u>
<b>Liabilities:</b>				
Accounts Payable	0.00	21,812,374.44	21,812,374.44	0.00
Funds Held For Others	0.00	63,365,600.41	58,907,946.84	4,457,653.57
<b>Total Liabilities</b>	<u>\$ 0.00</u>	<u>\$ 85,177,974.85</u>	<u>\$ 80,720,321.28</u>	<u>\$ 4,457,653.57</u>

(Exhibit VI)

The accompanying notes to the financial statements are an integral part of this exhibit.



## **SCHEDULES**

-UNAUDITED-

**SCHEDULE 1A**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended August 31, 2010**

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Agency Number	Pass-Through From		
			State Agency or University Amount	Non-State Entities Amount	Direct Program Amount
<b>U.S. Department of Transportation</b>					
Direct Programs:					
Performance and Registration Information Systems Management	20.231		\$	\$	\$ 63,387.38
Border Enforcement Grants	20.233				26,385.32
<b>Total</b>			<u>0.00</u>	<u>0.00</u>	<u>89,772.70</u>
<b>U. S. Department of Justice</b>					
Pass-Through From:					
Edward Byrne Memorial Justice Assistance Grant	16.738	300	87,335.08		
<b>Total</b>			<u>87,335.08</u>	<u>0.00</u>	<u>0.00</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<u>\$ 87,335.08</u>	<u>\$ 0.00</u>	<u>\$ 89,772.70</u>

Note 1 - Reconciliation

Per Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund Types (Exh II):	
Federal Revenues (Exh II)	\$ 89,772.70
Federal Pass-Through Revenues (Exh II)	<u>87,335.08</u>
Total	<u>\$ 177,107.78</u>

<u>Total Pass Through From &amp; Direct Program</u>	<u>Pass-Through To</u>			<u>Total Pass Through To &amp; Expenditures</u>	
	<u>Agency Number</u>	<u>State Agency or University Amount</u>	<u>Non-State Entities Amount</u>		<u>Expenditure Amount</u>
\$	\$	\$	\$	63,387.38 \$	63,387.38
				<u>26,385.32</u>	<u>26,385.32</u>
<u>89,772.70</u>	<u>0.00</u>	<u>0.00</u>	<u>89,772.70</u>	<u>89,772.70</u>	<u>89,772.70</u>
<u>87,335.08</u>			<u>87,335.08</u>	<u>87,335.08</u>	<u>87,335.08</u>
<u>87,335.08</u>	<u>0.00</u>	<u>0.00</u>	<u>87,335.08</u>	<u>87,335.08</u>	<u>87,335.08</u>
<u>\$ 177,107.78</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 177,107.78</u>	<u>\$ 177,107.78</u>	<u>\$ 177,107.78</u>

-UNAUDITED-

**SCHEDULE 1B**  
**SCHEDULE OF STATE GRANT PASS -THROUGHS FROM/TO STATE AGENCIES**  
**For the Fiscal Year Ended August 31, 2010**

**General Funds**

**Pass -Through To:**

Burglary Auto Theft Information Center Grants

Texas Dept of Public Safety (405) \$ 91,737.15

Stolen Vehicles

Texas Dept of Public Safety (405) 46,400.02

**Total State Pass- Throughs to Other Agencies \$ 138,137.17**

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