



Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

# Annual Financial Report

Fiscal Year Ended

August 31, 2024

# **Annual Financial Report**

Fiscal Year Ended August 31, 2024



Texas Department *of* Motor Vehicles

Prepared by the  
Finance & Operations Division

November 1, 2024

**Texas Department of Motor Vehicles Board**

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Daniel Avitia  
Executive Director

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November 1, 2024

Honorable Greg Abbott, Governor  
Honorable Glenn Hegar, Texas Comptroller  
Mr. Jerry McGinty, Director, Legislative Budget Board  
Ms. Lisa Collier, State Auditor

Ladies and Gentlemen:

We are pleased to submit the annual financial report of the Texas Department of Motor Vehicles for the year ended August 31, 2024, in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Texas 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 Annual Comprehensive Financial Report (ACFR); 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 Mr. Eric Horn, Director of Accounting, at (512) 465-4203, or Ms. Glenna Bowman, Chief Financial Officer, at (512) 465-4125.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Avitia".

Daniel Avitia  
Executive Director

## **COMBINED FINANCIAL STATEMENTS**

-UNAUDITED-

**EXHIBIT I**  
**COMBINED BALANCE SHEET**  
**Statement of Net Assets - Governmental Funds**  
**For the Year Ended August 31, 2024**

	Governmental Fund Types		Total Governmental	Capital Asset Adjustments	Long Term Liabilities Adjustments	Statement of Net Assets
	General Revenue (EXH A-1)	Special Revenue (EXH B-1)				
<b>Assets</b>						
<b>Current Assets:</b>						
Cash on Hand	\$ 0.00	\$ 39,100.00	\$ 39,100.00			\$ 39,100.00
Cash in Bank	0.00	0.00	0.00			0.00
Cash in State Treasury	36,004,677.41	208,866,095.59	244,870,773.00			244,870,773.00
Legislative Appropriations	44,027,946.91	0.00	44,027,946.91			44,027,946.91
Receivables:						
Federal	0.00	165,310.41	165,310.41			165,310.41
Accounts Receivable	0.00	153,667,950.60	153,667,950.60			153,667,950.60
Due From Other Funds (Note 12)	0.00	0.00	0.00			0.00
Consumable Inventories	0.00	3,591,649.17	3,591,649.17			3,591,649.17
<b>Total Current Assets</b>	<b>80,032,624.32</b>	<b>366,330,105.77</b>	<b>446,362,730.09</b>			<b>446,362,730.09</b>
<b>Non - Current Assets:</b>						
Capital Assets:						
Non - Depreciable						
Land and Land Improvements				957,642.04		957,642.04
Depreciable						
Buildings and Building Improvements				29,367,568.24		29,367,568.24
Less - Accumulated Depreciation				(22,227,384.05)		(22,227,384.05)
Facilities and Other Improvements				1,743,561.08		1,743,561.08
Less - Accumulated Depreciation				(530,332.59)		(530,332.59)
Other Capital Assets				660,000.00		660,000.00
Less - Accumulated Depreciation				(30,000.00)		(30,000.00)
Right to Use Asset- Buildings (Note 2)				3,318,444.40		3,318,444.40
Less - Accumulated Amortization (Note 2)				(2,194,839.06)		(2,194,839.06)
Furniture and Equipment				4,876,310.99		4,876,310.99
Less - Accumulated Depreciation				(4,196,524.14)		(4,196,524.14)
Vehicles, Boats, & Aircraft				1,517,508.37		1,517,508.37
Less - Accumulated Depreciation				(1,042,956.06)		(1,042,956.06)
Intangibles Computer Software				3,875,591.07		3,875,591.07
Less - Accumulated Amortization				(3,875,591.07)		(3,875,591.07)
Intangible Right to Use Asset- Subscriptions (Note 2)				30,249,323.64		30,249,323.64
Less - Accumulated Amortization (Note 2)				(10,589,301.07)		(10,589,301.07)
<b>Total Non Current Assets</b>				<b>31,879,021.79</b>		<b>31,879,021.79</b>
<b>Total Assets</b>	<b>\$ 80,032,624.32</b>	<b>\$ 366,330,105.77</b>	<b>\$ 446,362,730.09</b>	<b>\$ 31,879,021.79</b>	<b>\$ 0.00</b>	<b>\$ 478,241,751.88</b>

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

-UNAUDITED-

**EXHIBIT I**  
**(Continued)**

	Governmental Fund Types		Total Governmental	Capital Asset Adjustments	Long Term Liabilities Adjustments	Statement of Net Assets
	General Revenue (EXH A-1)	Special Revenue (EXH B-1)				
<b>Liabilities</b>						
Current Liabilities:						
Payables:						
Vouchers Payable	\$ 1,009,647.65	\$ 809,275.74	\$ 1,818,923.39	\$	\$	\$ 1,818,923.39
Accounts Payable	3,539,298.89	5,953,935.23	9,493,234.12			9,493,234.12
Payroll Payable	165,856.54	5,868,647.56	6,034,504.10			6,034,504.10
Due to Other Funds (Note 12)	0.00	0.00	0.00			0.00
Due to Other Agencies (Note 12)	30,186.09	0.00	30,186.09			30,186.09
Unearned Revenue	(151,281.73)	752,464.45	601,182.72			601,182.72
Other Intergovernment Payable	7,540,821.26		7,540,821.26			7,540,821.26
Employees Compensable Leave (Note 5)					3,676,013.80	3,676,013.80
Right to Use Lease Obligations (Note 5)					421,583.20	421,583.20
Right to Use Subscription Liability (Note 5)					7,622,383.81	7,622,383.81
Interest Payable					304,123.55	304,123.55
<b>Total Current Liabilities</b>	<b>12,134,528.70</b>	<b>13,384,322.98</b>	<b>25,518,851.68</b>	<b>0.00</b>	<b>12,024,104.36</b>	<b>37,542,956.04</b>
Non-Current Liabilities:						
Employees' Compensable Leave (Note 5)					2,237,279.81	2,237,279.81
Right to Use Lease Obligations (Note 5)					719,908.41	719,908.41
Right to Use Subscription Liability (Note 5)					10,422,481.95	10,422,481.95
<b>Total Non-Current Liabilities</b>				<b>0.00</b>	<b>13,379,670.17</b>	<b>13,379,670.17</b>
<b>Total Liabilities</b>	<b>12,134,528.70</b>	<b>13,384,322.98</b>	<b>25,518,851.68</b>	<b>0.00</b>	<b>25,403,774.53</b>	<b>50,922,626.21</b>
<b>Fund Financial Statement</b>						
Fund Balances:						
Non Spendable (Inventory)	0.00	3,591,649.17	3,591,649.17			3,591,649.17
Restricted	0.00	349,354,133.62	349,354,133.62			349,354,133.62
Committed	25,833,640.25	0.00	25,833,640.25			25,833,640.25
Assigned	0.00	0.00	0.00			0.00
Unassigned	42,064,455.37	0.00	42,064,455.37			42,064,455.37
<b>Total Fund Balances</b>	<b>67,898,095.62</b>	<b>352,945,782.79</b>	<b>420,843,878.41</b>			<b>420,843,878.41</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 80,032,624.32</b>	<b>\$ 366,330,105.77</b>	<b>\$ 446,362,730.09</b>			
<b>Government-Wide Statement of Net Assets</b>						
<b>Restatements</b>						
Net Assets:						
Invested in Capital Assets, Net of Related Debt				\$ 31,879,021.79	\$	\$ 31,879,021.79
Unrestricted					(25,403,774.53)	(25,403,774.53)
<b>Total Net Assets</b>				<b>\$ 31,879,021.79</b>	<b>\$ (25,403,774.53)</b>	<b>\$ 427,319,125.67</b>

-UNAUDITED-

**EXHIBIT II**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**Statement of Activities - Governmental Funds**  
**For the Year Ended August 31, 2024**

	Governmental Fund Types			Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Activities
	General (EXH A-2)	Special Revenue (EXH B-2)	Total Governmental			
<b>Revenues</b>						
Legislative Appropriations:						
Original Appropriations	\$ 48,882,483.00	\$ 0.00	\$ 48,882,483.00	\$	\$	\$ 48,882,483.00
Additional Appropriations	283,310.56	0.00	283,310.56			283,310.56
Federal Revenues	0.00	882,945.60	882,945.60			882,945.60
Federal Pass-Through Revenues	0.00	0.00	0.00			0.00
State Grant Pass- Through	0.00	0.00	0.00			0.00
Licenses, Fees and Permits	(13,776.19)	1,995,263,786.42	1,995,250,010.23			1,995,250,010.23
Interest & Investment Income	13,991.09	10,071,785.87	10,085,776.96			10,085,776.96
Sales of Goods and Services	0.00	293,747.30	293,747.30			293,747.30
Other	27,912.44	21,173.11	49,085.55			49,085.55
<b>Total Revenues</b>	<b>49,193,920.90</b>	<b>2,006,533,438.30</b>	<b>2,055,727,359.20</b>			<b>2,055,727,359.20</b>
<b>Expenditures</b>						
Salaries and Wages	885,146.61	51,831,528.33	52,716,674.94		426,914.20	53,143,589.14
Payroll Related Costs	305,908.61	17,712,689.77	18,018,598.38			18,018,598.38
Professional Fees and Services	149,797.66	25,799,427.69	25,949,225.35			25,949,225.35
Travel	89,651.99	521,154.80	610,806.79			610,806.79
Materials and Supplies	24,120.52	21,926,718.29	21,950,838.81			21,950,838.81
Communications and Utilities	66,926.17	6,065,964.20	6,132,890.37			6,132,890.37
Repairs and Maintenance	0.00	4,217,419.62	4,217,419.62			4,217,419.62
Rentals and Leases	23,436.55	271,924.74	295,361.29			295,361.29
Printing and Reproduction	452.79	4,792,203.16	4,792,655.95			4,792,655.95
State Grant Pass-Through Expenditures	50,000.00	0.00	50,000.00			50,000.00
Intergovernmental Payments	16,677,324.19	0.00	16,677,324.19			16,677,324.19
Public Assistance Programs	140,019.26	0.00	140,019.26			140,019.26
Other Operating Expenditures	25,421.48	42,648,066.01	42,673,487.49		72,334.39	42,745,821.88
Debt Service Principal- RTU Leases/SBITA	0.00	7,607,894.09	7,607,894.09		2,843,009.91	10,450,904.00
Capital Outlay	0.00	11,415,214.02	11,415,214.02	(11,415,214.02)		0.00
Depreciation Expense	0.00	0.00	0.00	8,009,165.22		8,009,165.22
<b>Total Expenditures</b>	<b>18,438,205.83</b>	<b>194,810,204.72</b>	<b>213,248,410.55</b>	<b>(3,406,048.80)</b>	<b>3,342,258.50</b>	<b>213,184,620.25</b>
Excess (Deficit) of Revenues over Expenditures	30,755,715.07	1,811,723,233.58	1,842,478,948.65	3,406,048.80	(3,342,258.50)	1,842,542,738.95
<b>Other Financing Sources (Uses)</b>						
Transfers In (Note 12)	1,575,497.68	0.00	1,575,497.68			1,575,497.68
Transfers Out (Note 12)	160,127.27	(1,800,098,531.19)	(1,799,938,403.92)	(38.00)		(1,799,938,441.92)
Increase in Obligations - Leases/SBITA	0.00	10,450,904.00	10,450,904.00			10,450,904.00
Sale of Capital Assets	1,131.38	377.12	1,508.50	(1,508.50)		0.00
Legislative Financing Sources	25,860.78	0.00	25,860.78			25,860.78
Legislative Financing Uses	(25,860.78)	0.00	(25,860.78)			(25,860.78)
Insurance Recoveries	0.00	0.00	0.00			0.00
Legislative Transfers In (Note 12)	0.00	0.00	0.00			0.00
Legislative Transfers Out (Note 12)	0.00	0.00	0.00			0.00
Gain (Loss) on Capital Assets	0.00	0.00	0.00	(75,291.55)		(75,291.55)
Inc (Dec) in Net Assets Due to Interagency Transfer	0.00	0.00	0.00			0.00
<b>Total Other Financing Sources (Uses)</b>	<b>1,736,756.33</b>	<b>(1,789,647,250.07)</b>	<b>(1,787,910,493.74)</b>	<b>(76,838.05)</b>	<b>0.00</b>	<b>(1,787,987,331.79)</b>
<b>Net Change in Fund Balances/Net Assets</b>	<b>32,492,471.40</b>	<b>22,075,983.51</b>	<b>54,568,454.91</b>	<b>3,329,210.75</b>	<b>(3,342,258.50)</b>	<b>54,555,407.16</b>
<b>Fund Financial Statement - Fund Balance</b>						
<b>Fund Balance - Beginning</b>	<b>35,406,268.82</b>	<b>330,869,799.28</b>	<b>366,276,068.10</b>			<b>366,276,068.10</b>
Restatements (Note 14)	0.00	0.00	0.00	(32,893.10)		(32,893.10)
<b>Fund Balance as Restated</b>	<b>35,406,268.82</b>	<b>330,869,799.28</b>	<b>366,276,068.10</b>	<b>(32,893.10)</b>	<b>0.00</b>	<b>366,243,175.00</b>
Appropriations Lapsed	(644.60)	0.00	(644.60)			(644.60)
<b>Fund Balances - August 31, 2024</b>	<b>\$ 67,898,095.62</b>	<b>\$ 352,945,782.79</b>	<b>\$ 420,843,878.41</b>			<b>\$ 420,797,937.56</b>
<b>Government-wide Statement of Net Assets</b>						
Net Change in Net Assets			420,843,878.41	\$ 3,329,210.75	\$ (3,342,258.50)	\$ 420,830,830.66
Net Assets-Beginning				28,516,917.94	(22,061,516.03)	6,455,401.91
Restatements (Note 14)				32,893.10	0.00	32,893.10
Net Assets, September 1, 2024, as Restated and Adjusted				28,549,811.04	(22,061,516.03)	6,488,295.01
<b>Net Assets-August 31, 2024</b>			<b>420,843,878.41</b>	<b>\$ 31,879,021.79</b>	<b>\$ (25,403,774.53)</b>	<b>\$ 427,319,125.67</b>

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## **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), created in 2009 by the authority of H.B. 3097, 81st Legislature, Regular Session, is an agency of the State of Texas. The department is responsible for titling and registering vehicles, licensing and regulating of the motor vehicle sales and distribution, salvage dealers, registering commercial oversize/overweight (OS/OW) vehicles, and providing auto theft prevention grants.

The department's financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' *Reporting Requirements for Annual Financial Reports of State Agencies and Universities*.

The department has not identified any component units which should have been blended into an appropriated fund.

#### Basis of Presentation

Due to the statewide requirements included in 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 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 Annual Comprehensive Financial Report (ACFR)*; 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.

License Plate Trust Fund (0802) – This fund is used to receive and account for fees charged from the sale of specialty license plates collected under Subchapter G, Transportation Code. Funds are to be used in accordance with their specific statutory purpose.

##### Suspense Funds

Suspense Funds, known as Agency Funds in prior years, are used to account for assets held in a custodial capacity for the benefit of other agencies or individuals. These funds had previously been classified as fiduciary activities. However, with the State of Texas implementing GASB Statement No. 84, *Fiduciary Activities*, in Fiscal Year 2020, these funds are now classified as governmental and are consolidated with General Revenue Funds.

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.

Intermodal Container & Milk Transport TxDMV Fund (1623) – This fund is used as a holding account for the county and/or municipality portions of three new oversize/overweight permit fees created in FY 2018. The fees are held until they can be disbursed to the appropriate county or municipality.

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

City, County, MTA, & SPD Fund (0882) - This fund is used as a holding account where taxes for the State are collected until disbursed.

Suspense Fund (0900) - This fund is used when depositing funds where final disposition has not been determined at the time of the receipt of funds.

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.

#### **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.

Texas Department of Motor Vehicles Fund (0010) – This fund is used by the department for operations, administration, enforcement, accounting costs and related liabilities for the fund. Revenue includes fees from motor vehicle registration, title certificates, special vehicle permits, specialty license plates and other transportation-related permits. This fund was initially enacted by H.B. 2202, 83<sup>rd</sup> Legislature; however, it was not exempted from funds consolidation. The 84<sup>th</sup> Legislature recreated the fund through S.B. 1512, and it was exempted in funds consolidation.

#### **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.

### **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 subscription-based information technology arrangements (SBITAs), full accrual revenues and expenses 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. Encumbrance balances are reported in Note 15.

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.

#### Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of enterprise fund general obligation and revenue bonds and revenues set aside for statutory or contractual requirements.

#### Inventories and Prepaid Items

Inventories include both merchandise inventories on hand for sale and consumable inventories. Inventories are valued at cost, generally using the last-in, first-out method. The consumption method of accounting is used to account for inventories and prepaid items that appear in the governmental and proprietary fund types. The cost of these items is expensed when the items are used or consumed. This represents supplies and postage on hand.

#### Capital Assets

Assets that meet the reporting threshold and useful life are capitalized. The capitalization threshold and the estimated useful life vary depending on the asset type. These assets are capitalized at cost or, if purchased, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds

are reported as expenditures. Depreciation is reported on all “exhaustible” assets. Assets are depreciated over the estimated useful life of the asset using the straight-line method.

#### Capital and Intangible Assets

Assets that meet the reporting threshold and useful life are capitalized. The capitalization threshold and the estimated useful life vary depending on the asset type. These assets are capitalized at cost or, if purchased, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all “exhaustible” assets. “Inexhaustible” assets (such as works of art and historical treasures) are not depreciated. Road and highway infrastructure is depreciated over the estimate of average useful life of a grouping of assets using composite method. Other depreciable assets are depreciated over the estimated useful life of the asset using the straight-line method. All capital assets acquired by proprietary funds or trust funds are reported at cost or estimated historical cost if actual historical cost is not available. Donated capital assets are reported at acquisition value. Depreciation is charged to operations over the estimated useful life of each asset using the straight-line method.

For leased assets, the agency capitalizes in accordance with GASB Statement No. 87, *Leases*, for all lease agreements with a net present value of future lease payment per unit exceeding \$100,000. For SBITAs, the agency capitalizes in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, for all SBITA agreements with a net present value of future subscription payments per contract exceeding \$500,000.

#### Right to Use Assets

Refers to leases. This represents the value of the lessee's right to control the use of the underlying asset, typically property or equipment, over the duration of an agreed-upon lease term.

## **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 Balances

Employees' compensable leave balances represent the liability that becomes “due” upon the occurrence of relevant events such as resignations, retirements, and use of leave balances by covered employees. Liabilities are reported separately as either current or non-current in the statement of net position. These obligations are normally paid from the same funding source from which each employee's salary or wage compensation was paid.

#### Other Intergovernmental Payable

Other Intergovernmental Payable represents a liability that becomes due every month due to the International Registration Plan netting process. Each month, the Texas Department of Motor Vehicles either owes or receives money from the Plan, which is a registration reciprocity agreement among states of the United States and provinces of Canada providing for payment of license fees on the basis of total distance operated in all jurisdictions.

#### Lease Liabilities

Lease liability represents the amount recognized by a lessee on its financial statements regarding its leases. It is initially measured at the present value of lease payments and is remeasured whenever there is a change

in lease payments or lease modification. Liabilities are reported separately as either current or noncurrent. Additional information is available in Note 8, *Leases and SBITAs*.

#### SBITA Liabilities

A subscription liability is measured at the present value of payments, based on a contract, to be made during the subscription term. The state, as a subscriber, will reduce the subscription liability as payments are made and recognize an outflow of resources for interest on the liability. The subscription liability is split into current and noncurrent portions. Additional information is available in Note 8, *Leases and SBITAs*.

### **Fund Balance/Net Position**

“Fund balance” is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources on the governmental fund statements. “Net position” is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources on the government-wide, proprietary and fiduciary fund statements.

Texas Department of Motor Vehicles uses resources in the following order:

- When both restricted and unrestricted resources are available, use:
  1. restricted resources
  2. unrestricted resources (as they are needed)
- When only unrestricted resources are available for use in governmental funds, use:
  1. committed resources
  2. assigned resources
  3. unassigned resources

#### **Fund Balance Components**

Nonspendable fund balance includes amounts not available to be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

Restricted fund balance includes those resources that have constraints placed on their use through external parties or by law through constitutional provisions.

Committed fund balance can only be used for specific purposes pursuant to constraints imposed by formal action of the State’s highest level of decision-making authority (the Legislature). Those committed amounts cannot be used for any other purposes unless the Legislature removes or changes the specified use by taking the same action it employed to previously commit those amounts.

Assigned fund balance amounts are constrained by the agency’s intent to use them for specific purposes that are neither restricted nor committed.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that was not assigned to other funds and was not restricted, committed or assigned to specific purposes within the general fund.

#### **Net Investment In Capital Assets**

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

**Restricted Net Position**

Restricted net position results when constraints placed on net resources are either externally imposed by creditors, grantors, contributors and the like or imposed by law through constitutional provisions or enabling legislation.

**Unrestricted Net Position**

Unrestricted net position consists of net resources that do not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management but can be removed or modified.

**Interfund Activities and Transactions**

The department has the following types of transactions between 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 in the reimbursed fund. Reimbursements are not displayed in the financial statements.

**NOTE 2: CAPITAL ASSETS- GOVERNMENTAL ACTIVITIES**

Revenue received from the sale of surplus property has been transferred to unappropriated general revenue in accordance with HB7, Section 20. A summary of changes in Capital Assets for the year ended August 31, 2024, is presented below:

<b>PRIMARY GOVERNMENT</b>					
	Balance 09/01/23	Adjustments	Additions	Deletions	Balance 08/31/24
<b>Non-Depreciable or Non-Amortizable Assets:</b>					
Land & Land Improvements	957,642.04				957,642.04
Infrastructure					
Construction in Progress					
Other Capital Assets					
Land Use Rights - Permanent					
<b>Total Non-Depreciable and Non-Amortizable Assets</b>	<b>957,642.04</b>				<b>957,642.04</b>
<b>Depreciable Assets:</b>					
Buildings & Building Improvements	29,367,568.24				29,367,568.24
Infrastructure					
Facilities & Other Improvements	1,743,561.08				1,743,561.08
Furniture & Equipment	5,282,418.37	75,122.40	36,916.81	(518,146.59)	4,876,310.99
Vehicles, Boats, & Aircraft	1,271,436.16		267,393.21	(21,321.00)	1,517,508.37
Other Capital Assets			660,000.00		660,000.00
<b>Total Depreciable Assets at Historical Cost</b>	<b>37,664,983.85</b>	<b>75,122.40</b>	<b>964,310.02</b>	<b>(539,467.59)</b>	<b>38,164,948.68</b>
<b>Less Accumulated Depreciation for:</b>					
Buildings & Improvements	(21,200,522.22)		(1,026,861.83)		(22,227,384.05)
Infrastructure					
Facilities & Other Improvements	(443,154.63)		(87,177.96)		(530,332.59)
Furniture & Equipment	(4,297,433.64)	(42,229.30)	(302,433.94)	445,572.74	(4,196,524.14)
Vehicles, Boats, & Aircraft	(867,356.24)		(192,656.62)	17,056.80	(1,042,956.06)
Other Capital Assets			(30,000.00)		(30,000.00)
<b>Total Accumulated Depreciation</b>	<b>(26,808,466.73)</b>	<b>(42,229.30)</b>	<b>(1,639,130.35)</b>	<b>462,629.54</b>	<b>(28,027,196.84)</b>
<b>Depreciable Assets, Net</b>	<b>10,856,517.12</b>	<b>32,893.10</b>	<b>(674,820.33)</b>	<b>(76,838.05)</b>	<b>10,137,751.84</b>

	Balance 09/01/23	Adjustments	Additions	Deletions	Balance 08/31/24
<b>Amortizable Assets – Intangible:</b>					
Land Use Rights- Term					
Computer Software- Intangible					
Other Intangible Capital Assets - Term	3,763,402.91	112,188.16			3,875,591.07
Total Intangible Assets at Historical Cost	3,763,402.91	112,188.16			3,875,591.07
<b>Less Accumulated Amortization for:</b>					
Land Use Rights- Term					
Computer Software- Intangible	(3,763,402.91)	(112,188.16)			(3,875,591.07)
Other Intangible Capital Assets- Term					
Total Accumulated Amortization	(3,763,402.91)	(112,188.16)			(3,875,591.07)
Amortizable Assets – Net	0.00				0.00
<b>Governmental Activities Capital Assets, Net</b>	<b>11,814,159.16</b>	<b>32,893.10</b>	<b>(674,820.33)</b>	<b>(76,838.05)</b>	<b>11,095,393.88</b>

**Note 2, continued: INTANGIBLE RIGHT TO USE ASSETS- GOVERNMENTAL ACTIVITIES**

In accordance with the implementation of GASB 87, leased assets are presented separately in Note 2. A summary of Intangible Right to Use Assets for the year ended August 31, 2024, is presented below:

	PRIMARY GOVERNMENT				
	Balance 09/01/23	Adjustments	Additions	Deletions	Balance 08/31/24
<b>Intangible Right to Use (RTU) Assets - Amortizable:</b>	\$	\$	\$	\$	\$
Building & Building Improvements	3,318,444.40				3,318,444.40
Facilities & Other Improvements					
Land & Land Improvements					
Infrastructure					
Equipment					
Vehicles					
Subscription Assets	19,798,419.64		10,450,904.00		30,249,323.64
<b>Total Amortizable RTU Assets</b>	<b>23,116,864.04</b>		<b>10,450,904.00</b>		<b>33,567,768.04</b>
Less Accumulated Amortization RTU for:	\$	\$	\$	\$	\$
Building & Building Improvements	(1,463,226.04)		(731,613.02)		(2,194,839.06)
Facilities & Other Improvements					
Land & Land Improvements					
Infrastructure					
Equipment					
Vehicles					
Subscription Assets	(4,950,879.22)		(5,638,421.85)		(10,589,301.07)
Total Accumulated Amortization – RTU Assets	(6,414,105.26)		(6,370,034.87)		(12,784,140.13)
<b>Governmental Activities, RTU Assets, Net</b>	<b>16,702,758.78</b>		<b>4,080,869.13</b>		<b>20,783,627.91</b>

**NOTE 3: DEPOSITS, INVESTMENTS, & REPURCHASE AGREEMENTS**

Not Applicable

**NOTE 4: SHORT-TERM DEBT**

Not Applicable

**NOTE 5: LONG-TERM LIABILITIES**

**Changes in Long-Term Liabilities**

The following changes occurred in liabilities during the fiscal year ended August 31, 2024:

Governmental Activities	Balance 9/01/23	Additions	Reductions	Balance 8/31/24	Amounts Due Within One Year	Amounts Due Thereafter
Employees' Compensable Leave	\$5,486,379.41	5,368,586.07	4,945,892.69	5,913,293.61	3,676,013.80	2,237,279.81
Right to Use Lease Obligations	\$1,875,635.04	0.00	734,143.43	1,141,491.61	421,583.20	719,908.41
Right to Use Subscription Obligations	\$14,467,712.42	10,450,904.00	6,873,750.66	18,044,865.76	7,622,383.81	10,422,481.95
<b>Total Long-Term Liabilities</b>	<b>\$21,829,726.87</b>	<b>\$15,819,490.07</b>	<b>\$12,553,786.78</b>	<b>\$25,099,650.98</b>	<b>\$11,719,980.81</b>	<b>\$13,379,670.17</b>

**Employees' Compensable Leave**

If a state employee had continuous employment with the state for at least six months, the 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. Expenditures for accumulated annual 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 position. No liability is recorded for non-vesting employees accumulating rights to receive sick pay benefits. This obligation is usually paid from the same funding source(s) from which the employee's salary or wage compensation was paid.

**Right to Use Lease Obligations**

According to GASB Statement No. 87, Leases, a lease is a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified by the contract, for a period of time, in an exchange or exchange-like transaction. Leases include contracts that, although not explicitly identified as leases, meet this definition. The numbers above represent lease obligations for the seven Regional Service Centers that TxDMV leases: Corpus Christi, Dallas, El Paso, Fort Worth, Houston, San Antonio, and Waco.

**Right to Use Subscription Obligations**

According to GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, a SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The numbers above represent SBITAs with seven vendors.

**NOTE 6: BONDED INDEBTEDNESS**

Not Applicable

**NOTE 7: DERIVATIVE INSTRUMENTS**

Not Applicable

**NOTE 8: LEASES/ SBITAs****Leases****Lease Liability**

Included in the expenditures reported in the financial statement are the following amounts of lease rent paid or due under the noncancelable lease liability:

**Fiscal 2024**

Fund Type	Amount
12 (GAAP Fund 9997)	\$748,509.60

The TxDMV entered various leases for RSC buildings and equipment (copiers and meters). These agreements range in terms up to FY 2033. In fiscal 2024, the total lease payments were \$1.01 million; \$749k was for building leases and \$260k was for copiers/meters leases.

Note: Minimum future lease payments for noncancelable building leases of more than one year for each of the next five fiscal years and five-year increments thereafter are as follows:

**Future Lease Payments****Year Ended Aug. 31, 2024**

Year Ended August 31,	Primary Government		
	Governmental Activities		
	Principal	Interest	Total Future Min. Lease Payments
2025	\$421,583.20	\$10,872.07	\$432,455.27
2026	\$200,226.44	\$8,512.17	\$208,738.61
2027	\$166,105.25	\$6,558.53	\$172,663.78
2028	\$64,902.48	\$5,175.28	\$70,077.76
2029	\$67,549.37	\$4,099.64	\$71,649.01
2030-2033	\$221,124.87	\$5,763.62	\$226,888.49
<b>Totals</b>	<b>\$ 1,141,491.61</b>	<b>\$ 40,981.31</b>	<b>\$ 1,182,472.92</b>

**SBITAs****Subscription Liability**

Included in the expenditures reported in the financial statements are the following amounts of subscription fees paid under the noncancelable liability:

**Fiscal 2024**

Fund Type	Amount
12 (GAAP Fund 9997)	\$7,301,277.81

The TxDMV entered various agreements for IT subscriptions. These agreements range in terms up to year 2032. In fiscal 2024, the total subscription payments were \$7.3 million.

The TxDMV entered additional subscription agreements that have not yet commenced as of Aug. 31, 2024. The terms range is 2025—2028 with a future commitment of \$18.4 million.

**Future Subscription Payments****Year Ended Aug. 31, 2024**

Primary Government			
Governmental Activities			
Year Ended August 31,	Principal	Interest	Total Future Min. Lease Payments
2025	\$7,622,383.81	\$275,235.00	\$7,897,618.81
2026	\$4,950,475.72	\$117,854.47	\$5,068,330.19
2027	\$3,711,621.23	\$42,363.78	\$3,753,985.01
2028	\$1,760,385.00	-	\$1,760,385.00
2029	-	-	-
2030-2033	-	-	-
<b>Totals</b>	<b>\$18,044,865.76</b>	<b>\$862,980.40</b>	<b>\$18,480,319.01</b>

**NOTE 9: DEFINED BENEFIT PENSION PLANS AND DEFINED CONTRIBUTION PLAN**

Not Applicable

**NOTE 10: DEFERRED COMPENSATION**

Not Applicable

**NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

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, 2024, are as follows:

	Transfer In	Transfer Out	Source
<b>General Revenue (01)</b>			
Appd Fund 0802, D23 fund 0802			
Agy 300, D23 fund 0803	5,874.86		Shared Fund
Agy 300, D23 fund 0804		(3,867.94)	Shared Fund
Agy 300, D23 fund 0805		(3,746.75)	Shared Fund
Agy 300, D23 fund 0807		(1,035.51)	Shared Fund
Agy 300, D23 fund 0808	188.61		Shared Fund
Agy 300, D23 fund 0809		(2,314.01)	Shared Fund
Agy 300, D23 fund 0810	1,330.23		Shared Fund
Agy 300, D23 fund 0811	55,449.34		Shared Fund
Agy 302, D23 fund 0804		(1,443.92)	Shared Fund
Agy 302, D23 fund 0805	76.32		Shared Fund
Agy 305, D23 fund 0015	8,967.46		Shared Fund
Agy 306, D23 fund 0802		(11,682.87)	Shared Fund
Agy 307, D23 fund 0802	1,078.79		Shared Fund
Agy 332, D23 fund 0802	1,051.95		Shared Fund
Agy 403, D23 fund 3005		(958.24)	Shared Fund
Agy 403, D23 fund 3006		(891.56)	Shared Fund
Agy 403, D23 fund 3009	8,462.58		Shared Fund
Agy 407, D23 fund 0802	6,852.03		Shared Fund
Agy 411, D23 fund 0802	2,883.86		Shared Fund
Agy 506, D23 fund 0802		(7,226.16)	Shared Fund
Agy 529, D23 fund 0802	5,709.85		Shared Fund
Agy 530, D23 fund 0802		(478.72)	Shared Fund
Agy 537, D23 fund 0802	5,359.73		Shared Fund
Agy 537, D23 fund 0803	47,763.45		Shared Fund
Agy 537, D23 fund 0804	2,162.31		Shared Fund
Agy 537, D23 fund 0805	6,065.83		Shared Fund
Agy 537, D23 fund 0806	2,059.35		Shared Fund
Agy 542, D23 fund 0802	7,764.88		Shared Fund
Agy 542, D23 fund 4100		(146.03)	Shared Fund
Agy 542, D23 fund 4200	2,202.03		Shared Fund
Agy 551, D23 fund 0802	78,053.55		Shared Fund
Agy 555, D23 fund 1802		(2,628.22)	Shared Fund
Agy 555, D23 fund 2802	2,564.29		Shared Fund
Agy 555, D23 fund 3802	994.87		Shared Fund
Agy 555, D23 fund 4802	13,438.24		Shared Fund
Agy 576, D23 fund 0802	18,919.60		Shared Fund
Agy 582, D23 fund 0802	406.90		Shared Fund
Agy 701, D23 fund 2242	219.71	1,178.04	Shared Fund
Agy 701, D23 fund 2250	7,203.67	2,235.90	Shared Fund

	Transfer In	Transfer Out	Source
Agy 701, D23 fund 2260	22.03	88.93	Shared Fund
Agy 701, D23 fund 2270	225.73	2,696.64	Shared Fund
Agy 701, D23 fund 2271		1,053.46	Shared Fund
Agy 701, D23 fund 2273		4,322.33	Shared Fund
Agy 701, D23 fund 2274		3,391.68	Shared Fund
Agy 701, D23 fund 2275		47.97	Shared Fund
Agy 701, D23 fund 2276	3.12		Shared Fund
Agy 711, D23 fund 0802	41,731.57	108,216.75	Shared Fund
Agy 714, D23 fund 0802	5,966.76		Shared Fund
Agy 715, D23 fund 0802	5,344.22		Shared Fund
Agy 717, D23 fund 0802	6,221.33		Shared Fund
Agy 718, D23 fund 0802	27,353.59	74,519.01	Shared Fund
Agy 721, D23 fund 0802	189,744.35		Shared Fund
Agy 724, D23 fund 0802	4,868.62		Shared Fund
Agy 730, D23 fund 0802	1,665.18		Shared Fund
Agy 732, D23 fund 0802	2,131.92		Shared Fund
Agy 733, D23 fund 0802	1,882.97	1,000.00	Shared Fund
Agy 734, D23 fund 0802	36.63		Shared Fund
Agy 737, D23 fund 0802		(15.52)	Shared Fund
Agy 738, D23 fund 0802	3,241.23		Shared Fund
Agy 746, D23 fund 0802	1,555.39		Shared Fund
Agy 751, D23 fund 0802		120.16	Shared Fund
Agy 752, D23 fund 0802	644.54		Shared Fund
Agy 753, D23 fund 0802	14,284.14		Shared Fund
Agy 754, D23 fund 0802		(29,728.87)	Shared Fund
Agy 755, D23 fund 0802	14,582.47		Shared Fund
Agy 756, D23 fund 0802	3,057.77		Shared Fund
Agy 757, D23 fund 0802	88.00		Shared Fund
Agy 759, D23 fund 0802	1,155.56		Shared Fund
Agy 765, D23 fund 0802	531.32		Shared Fund
Agy 781, D23 fund 4001	533.96		Shared Fund
Agy 781, D23 fund 4003	2,466.18		Shared Fund
Agy 781, D23 fund 4004	112.91		Shared Fund
Agy 781, D23 fund 4005		(117.39)	Shared Fund
Agy 781, D23 fund 4006	7.85		Shared Fund
Agy 781, D23 fund 4007	139.32		Shared Fund
Agy 781, D23 fund 4008	13,998.38		Shared Fund
Agy 781, D23 fund 4009	7,906.58		Shared Fund
Agy 781, D23 fund 4010		(65.31)	Shared Fund
Agy 781, D23 fund 4011		(246.40)	Shared Fund
Agy 781, D23 fund 4012	487.35		Shared Fund
Agy 781, D23 fund 4013	127.90		Shared Fund
Agy 781, D23 fund 4014		(165.52)	Shared Fund
Agy 781, D23 fund 4015	84.52		Shared Fund
Agy 781, D23 fund 4016	70.03		Shared Fund
Agy 781, D23 fund 4017	308.32		Shared Fund

-UNAUDITED-

	Transfer In	Transfer Out	Source
Agy 781, D23 fund 4018		(152.03)	Shared Fund
Agy 781, D23 fund 4019		(183.55)	Shared Fund
Agy 781, D23 fund 4020		(42.61)	Shared Fund
Agy 781, D23 fund 4021		(22.53)	Shared Fund
Agy 781, D23 fund 4022	110.63		Shared Fund
Agy 781, D23 fund 4023	88.10		Shared Fund
Agy 781, D23 fund 4025		(43.88)	Shared Fund
Agy 781, D23 fund 4026	1,622.42		Shared Fund
Agy 781, D23 fund 4027		(953.51)	Shared Fund
Agy 781, D23 fund 4028	87.63		Shared Fund
Agy 781, D23 fund 4029	13,290.30		Shared Fund
Agy 783, D23 fund 0802		(2,355.49)	Shared Fund
Agy 802, D23 fund 3030	9,687.97		Shared Fund
Agy 802, D23 fund 3042	34,565.83		Shared Fund
Agy 802, D23 fund 3043	83,420.76	5,660.82	Shared Fund
Agy 802, D23 fund 3044		22,908.87	Shared Fund
Agy 802, D23 fund 3045	3,873.66	4,600.67	Shared Fund
Agy 802, D23 fund 3046	4,394.30	17,506.02	Shared Fund
Agy 802, D23 fund 3047	16,756.70		Shared Fund
Agy 802, D23 fund 3048	25,366.12	2,595.95	Shared Fund
Agy 802, D23 fund 3049	25,298.75		Shared Fund
Agy 802, D23 fund 3050		8,165.78	Shared Fund
Agy 802, D23 fund 3051	5,193.43		Shared Fund
Agy 802, D23 fund 3052	5,923.19		Shared Fund
Agy 802, D23 fund 3057		(2,833.39)	Shared Fund
Agy 802, D23 fund 3116	5,703.19		Shared Fund
Agy 802, D23 fund 3120	9,785.31		Shared Fund
Agy 802, D23 fund 3142		(1,832.25)	Shared Fund
Agy 802, D23 fund 3151		(472.11)	Shared Fund
Agy 802, D23 fund 3152		(713.95)	Shared Fund
Agy 802, D23 fund 3153	2,652.23		Shared Fund
Agy 802, D23 fund 3154	58.65		Shared Fund
Agy 808, D23 fund 0802	2,671.32		Shared Fund
Agy 813, D23 fund 0802	677,811.27		Shared Fund
Agy 902, D23 fund 8020	1,449.89		Shared Fund
Appd Fund 0001, D23 fund 0001			
Agy 902, D23 fund 0001		(1,131.38)	Surplus Property
<b>Total Transfer In/Out Other Agencies</b>	<b>1,575,497.68</b>	<b>(161,258.65)</b>	
<b>Special Revenue (02)</b>			
Appd Fund 0006, D23 fund 0006			
Agy 601, D23 fund 0006		1,800,098,531.19	Shared Cash
<b>Total Transfers In/Out</b>	<b>1,575,497.68</b>	<b>1,799,915,717.83</b>	

	Due from Other Agencies	Due to Other Agencies	Source
<b>General Revenue (01)</b>			
Appd Fund 0001, D23 fund 0001			
Agy 711, D23 fund 0001		7,500.00	State Pass-Through
<b>Total Due From/ To Other Agencies</b>		<b>7,500.00</b>	

**NOTE 13: CONTINUANCE SUBJECT TO REVIEW**

Under the Texas Sunset Act, the agency will be abolished effective September 1, 2031, unless continued in existence by the Legislature as provided by the Act. If abolished, the agency may continue until September 1, 2032, to close out its operations.

**NOTE 14: ADJUSTMENTS TO FUND BALANCES AND NET POSITION**

During Fiscal Year 2024, a net increase in the amount of \$32,893.10 was made to the Capital Assets Fund. This adjustment was necessary due to inventory items in FY 2023 that were not previously recorded, and the depreciation of those items.

**Fund Balance for 2024**

	Capital Assets Fund (Fund 0998)	Total
Total Fund Balance, Aug. 31, 2023	\$28,516,917.94	\$28,516,917.94
Current Year's Restatements	32,893.10	32,893.10
Change in Net Position Aug. 31, 2023 as Restated	\$28,549,811.04	\$28,549,811.04

**NOTE 15: CONTINGENCIES AND COMMITMENTS**

**Federal Assistance**

The Texas Department of Motor Vehicles 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.

**Encumbrances**

As of August 31, 2024, the department had encumbered the following amounts in governmental funds for signed contracts and purchase orders:

	General Revenue Fund (0001)	Texas Department of Motor Vehicle Fund (0010)
Encumbrances	\$24,198,621.78	\$7,021,198.04

**NOTE 16: SUBSEQUENT EVENTS**

In October 2024, the Texas Department of Motor Vehicles entered into contracts to lease two new Regional Service Center locations, one in South Dallas and one in South Houston.

The details are as follows:

South Houston Regional Service Center

Dates of contract (est.): April 1, 2025 – March 31, 2035

Leasehold improvements: estimated \$623,350.00

Annual rent: \$326,060.00 for a 10-year term, or about \$3.26 million.

South Dallas Regional Service Center

Dates of contract (est.): April 1, 2025 – March 31, 2035

Leasehold improvements: none

Annual rent: \$264,705.20 for a 10-year term, or about \$2.65 million.

**NOTE 17: RISK MANAGEMENT**

Not Applicable

**NOTE 18: MANAGEMENT DISCUSSION AND ANALYSIS**

The Texas Department of Motor Vehicles (TxDMV) is self-supporting and funds most of its expenditures through revenues collected and deposited to the TxDMV Fund (0010), with the exception of the Motor Vehicle Crime Prevention Authority (MVCPA), which is fully funded through fees deposited to the General Revenue Fund (0001).

Fiscal Year (FY) 2024 revenues for all funds totaled \$2.06 billion. This represents an increase of \$90.80 million or 4.62% more compared to FY 2023 revenues of \$1.96 billion. Of the FY 2024 total amount collected, \$1.82 billion was deposited into the State Highway Fund (0006), \$189.54 million was deposited into the TxDMV Fund (0010), and \$48.88 million was deposited into the General Revenue Fund (0001).

Increased total revenue collections in FY 2024 were primarily attributable to the new registration-related additional fee on certain electric vehicles following the FY 2024 implementation of SB 505, 88th Legislature, Regular Session. This increase was slightly offset by decreases in certain title-related collections, primarily delinquent title-transfer penalties and rebuilt-salvage title fees.

FY 2024 expenditures totaled \$213.18 million, an increase of \$3.79 million, or 1.81% compared to FY 2023 expenditures of \$209.39 million. The primary factors contributing to the increase in expenditures include 1) increased salary and payroll related costs of approximately \$3.46 million resulting from a combination of the implementation of the statewide five percent wage increase and improved recruiting and retention of employees; 2) an increase in Motor Vehicle Crime Prevention Authority (MVCPA) grant expenditures of \$4.14 million, shown under Intergovernmental Payments, resulting from increased funding authorized for MVCPA beginning in FY 2024; 3) an increase in Professional Fees expenditures of \$5.33 million resulting from capital project expenditures in TxDMV Automation, which is entirely funded in the first year of the biennial budget, and Data Center Services one-time costs that occurred only in FY 2024. These increases are offset by a reduction in Purchased Contract Services (shown under Other Expenditures) due to one-time expenditures that occurred in FY 2023 in license plate production costs (\$2.68 million). Additionally, expenditures related to new Subscription Based Information Technology Agreements (SBITAs) decreased year-over-year following the implementation of GASB 96 in FY 2023.

**NOTE 19: THE FINANCIAL REPORTING ENTITY**

Not Applicable

**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

**NOTE 27: PUBLIC-PRIVATE AND PUBLIC-PUBLIC PARTNERSHIPS**

Not Applicable

**NOTE 28: DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES**

Not Applicable

**NOTE 29: TROUBLED DEBT RESTRUCTURING**

Not Applicable

**NOTE 30: NON-EXCHANGE FINANCIAL GUARANTEES**

Not Applicable

**NOTE 31: TAX ABATEMENTS**

Not Applicable

**NOTE 32: GOVERNMENTAL FUND BALANCES**

The TxDMV has the following restrictions/covenants causing fund balances to be restricted:

GAAP Fund	Fund	AFR 54 Class	Amount	Citation	Purpose
0010	0010	Restricted	\$207,324,583.15	TEXAS TRANSPORTATION CODE ANNOTATED SECTION 1001.151, 1001.152	Used by the department for operations, administration, enforcement, accounting costs and related liabilities for the fund. Revenue includes fees from motor vehicle registration, title certificates, special vehicle permits, specialty license plates, and other transportation-related permits.
0010	0010	Restricted	\$882,945.60	FEDERAL ALN 20.237	Federal funds restrictions are externally imposed by federal government agencies.

## **COMBINING FINANCIAL STATEMENTS**

-UNAUDITED-

**EXHIBIT A-1**  
**COMBINING BALANCE SHEET**  
**All General and Consolidated Funds**  
**For the Year Ended August 31, 2024**

	General Revenue Account (0001)	License Plate Trust Fund Account (0802)	Direct Deposit Correction Fund (0980)	General Revenue Agency Funds (1001)
<b>Assets</b>				
<b>Current Assets:</b>				
Cash on Hand	\$	\$	\$	\$
Cash in Bank				
Cash in State Treasury		6,048,510.18	15,000.00	
Legislative Appropriations	44,027,417.80			529.11
Receivables:				
Federal				
Accounts Receivable				
Due From Other Funds (Note 12)				
Due From Other Agencies (Note 12)				
Consumable Inventories				
<b>Total Current Assets</b>	<b>44,027,417.80</b>	<b>6,048,510.18</b>	<b>15,000.00</b>	<b>529.11</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Payables:				
Vouchers Payable	19,967.50			
Accounts Payable	3,539,298.89			
Payroll Payable	161,079.71			
Due to Other Funds (Note 12)				
Due to Other Agencies (Note 12)	7,500.00	22,686.09		
Unearned Revenue			15,000.00	(166,281.73)
Other Intergovernmental Payable				
<b>Total Current Liabilities</b>	<b>3,727,846.10</b>	<b>22,686.09</b>	<b>15,000.00</b>	<b>(166,281.73)</b>
<b>Fund Balances</b>				
Non Spendable (Inventory)				
Restricted				
Committed		4,268,037.06		160,360.64
Assigned				
Unassigned	40,299,571.70	1,757,787.03		6,450.20
<b>Total Fund Balance</b>	<b>40,299,571.70</b>	<b>6,025,824.09</b>	<b>0.00</b>	<b>166,810.84</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 44,027,417.80</b>	<b>\$ 6,048,510.18</b>	<b>\$ 15,000.00</b>	<b>\$ 529.11</b>

-UNAUDITED-

**EXHIBIT A-1 (CONTINUED)**  
**COMBINING BALANCE SHEET**  
**All General and Consolidated Funds**

	<u>Suspense Type Activities Account (0900)</u>	<u>Intermodal Container &amp; Milk Transport Account (1623)</u>	<u>Proportional Registration Distributive Fund Account (0021)</u>	<u>Child Support Employee Deduction Account (8070)</u>	<u>Total</u>
<b>Assets</b>					
Current Assets:					
Cash on Hand	\$	\$	\$	\$	\$ 0.00
Cash in Bank					0.00
Cash in State Treasury	1,996,336.13	513,310.00	27,426,744.27	4,776.83	36,004,677.41
Legislative Appropriations					44,027,946.91
Receivables:					0.00
Federal					0.00
Accounts Receivable					0.00
Due From Other Funds (Note 12)					0.00
Due From Other Agencies (Note 12)					0.00
Consumable Inventories					0.00
<b>Total Current Assets</b>	<u>1,996,336.13</u>	<u>513,310.00</u>	<u>27,426,744.27</u>	<u>4,776.83</u>	<u>80,032,624.32</u>
<b>Liabilities</b>					
Current Liabilities					
Payables:					
Vouchers Payable	989,680.15				1,009,647.65
Accounts Payable					3,539,298.89
Payroll Payable				4,776.83	165,856.54
Due to Other Funds (Note 12)					0.00
Due to Other Agencies (Note 12)					30,186.09
Unearned Revenue					(151,281.73)
Other Intergovernmental Payable	912,093.40	501,787.60	6,126,940.26		7,540,821.26
<b>Total Current Liabilities</b>	<u>1,901,773.55</u>	<u>501,787.60</u>	<u>6,126,940.26</u>	<u>4,776.83</u>	<u>12,134,528.70</u>
<b>Fund Balances</b>					
Non Spendable (Inventory)					0.00
Restricted					0.00
Committed	94,562.58	11,522.40	21,299,157.57		25,833,640.25
Assigned					0.00
Unassigned			646.44	-	42,064,455.37
<b>Total Fund Balance</b>	<u>94,562.58</u>	<u>11,522.40</u>	<u>21,299,804.01</u>	<u>0.00</u>	<u>67,898,095.62</u>
<b>Total Liabilities and Fund Balances</b>	\$ <u>1,996,336.13</u>	\$ <u>513,310.00</u>	\$ <u>27,426,744.27</u>	\$ <u>4,776.83</u>	\$ <u>80,032,624.32</u>

-UNAUDITED-

**EXHIBIT B-1  
COMBINING BALANCE SHEET  
Special Revenue Funds**

**For Fiscal Year Ended August 31, 2024**

	<u>State Highway Fund (0006)</u>	<u>Texas Department of Motor Vehicles Fund (0010)</u>	<u>Total</u>
<b>Assets</b>			
Current Assets:			
Cash on Hand	\$	\$ 39,100.00	\$ 39,100.00
Cash in Bank			0.00
Cash in State Treasury		208,866,095.59	208,866,095.59
Legislative Appropriations			0.00
Receivables:			0.00
Federal		165,310.41	165,310.41
Accounts Receivable	142,044,550.47	11,623,400.13	153,667,950.60
Due From Other Funds (Note 12)			0.00
Due From Other Agencies (Note 12)			0.00
Consumable Inventories		3,591,649.17	3,591,649.17
<b>Total Current Assets</b>	<b>142,044,550.47</b>	<b>224,285,555.30</b>	<b>366,330,105.77</b>
<b>Liabilities</b>			
Current Liabilities			
Payables:			
Vouchers Payable		809,275.74	809,275.74
Accounts Payable		5,953,935.23	5,953,935.23
Payroll Payable		5,868,647.56	5,868,647.56
Unearned Revenues		752,464.45	752,464.45
Due to Other Funds (Note 12)			0.00
Due to Other Agencies (Note 12)			0.00
<b>Total Current Liabilities</b>	<b>0.00</b>	<b>13,384,322.98</b>	<b>13,384,322.98</b>
<b>Fund Balances</b>			
Non Spendable (Inventory)		3,591,649.17	3,591,649.17
Restricted	142,044,550.47	207,309,583.15	349,354,133.62
Committed			0.00
Assigned			0.00
Unassigned			0.00
<b>Total Fund Balance</b>	<b>142,044,550.47</b>	<b>210,901,232.32</b>	<b>352,945,782.79</b>
<b>Total Fund Balance as Restated</b>	<b>142,044,550.47</b>	<b>210,901,232.32</b>	<b>352,945,782.79</b>
<b>Total Liabilities and Fund Balances</b>	\$ <b>142,044,550.47</b>	\$ <b>224,285,555.30</b>	\$ <b>366,330,105.77</b>

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-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, 2024**

	General Revenue Account (0001)	License Plate Trust Fund Account (0802)	Suspense Type Activities Account (0900)
<b>Revenues</b>			
Legislative Appropriations:			
Original Appropriations	\$ 48,882,483.00		\$
Additional Appropriations	283,310.56		
Federal Pass-Through			
State Grant Pass -Through			
Licenses, Fees and Permits		7,039.61	
Interest & Investment Income		13,991.09	
Sales of Goods and Services			
Other Revenues			
<b>Total Revenues</b>	<b>49,165,793.56</b>	<b>21,030.70</b>	<b>0.00</b>
<b>Expenditures</b>			
Salaries and Wages	885,146.61		
Payroll Related Costs	305,908.61		
Professional Fees and Services	149,797.66		
Travel	89,651.99		
Materials and Supplies	24,120.52		
Communications and Utilities	66,926.17		
Repairs and Maintenance			
Rentals and Leases	23,436.55		
Printing and Reproduction	452.79		
State Grant Pass-Through Expenditures	50,000.00		
Intergovernmental Payments	16,677,324.19		
Public Assistance Payments	140,019.26		
Other Operating Expenditures	25,421.48		
Capital Outlay			
<b>Total Expenditures</b>	<b>18,438,205.83</b>	<b>0.00</b>	<b>0.00</b>
Excess (Deficit) of Revenues over Expenditures	30,727,587.73	21,030.70	0.00
<b>Other Financing Sources (Uses)</b>			
Operating Transfers In (Note 12)		1,575,497.68	
Operating Transfers Out (Note 12)	(1,131.38)	161,258.65	
Insurance Recoveries			
Sale of Capital Assets	1,131.38		
Legislative Financing Sources	25,860.78		
Legislative Financing Uses	(25,860.78)		
Legislative Transfers In (Note 12)			
Legislative Transfers Out (Note 12)			
<b>Total Other Financing Sources (Uses)</b>	<b>0.00</b>	<b>1,736,756.33</b>	<b>0.00</b>
Excess (Deficit) of Revenues and other Sources Over Expenditures and Other Uses	30,727,587.73	1,757,787.03	0.00
<b>Fund Balance - Beginning</b>	<b>9,572,628.57</b>	<b>4,268,037.06</b>	<b>94,562.58</b>
Restatements (Note 14)			
<b>Fund Balance As Restated</b>	<b>\$ 9,572,628.57</b>	<b>4,268,037.06</b>	<b>94,562.58</b>
Appropriations Lapsed	(644.60)		
<b>Fund Balance - Ending</b>	<b>40,299,571.70</b>	<b>6,025,824.09</b>	<b>\$ 94,562.58</b>

-UNAUDITED-

**EXHIBIT A-2 (CONTINUED)**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**All General and Consolidated Funds**  
**For the Year Ended August 31, 2024**

	Intermodal Container & Milk Transport Account (1623)	Proportional Registration Distributive Fund Account (0021)	General Revenue Fund- Agency Funds Account (1001)	Total
<b>Revenues</b>				
Legislative Appropriations:				
Original Appropriations	\$	\$	\$	\$ 48,882,483.00
Additional Appropriations				283,310.56
Federal Pass-Through				0.00
State Grant Pass -Through				0.00
Licenses, Fees and Permits			(20,815.80)	(13,776.19)
Interest & Investment Income				13,991.09
Sales of Goods and Services				0.00
Other Revenues		646.44	27,266.00	27,912.44
<b>Total Revenues</b>	<b>0.00</b>	<b>646.44</b>	<b>6,450.20</b>	<b>49,193,920.90</b>
<b>Expenditures</b>				
Salaries and Wages				885,146.61
Payroll Related Costs				305,908.61
Professional Fees and Services				149,797.66
Travel				89,651.99
Materials and Supplies				24,120.52
Communications and Utilities				66,926.17
Repairs and Maintenance				0.00
Rentals and Leases				23,436.55
Printing and Reproduction				452.79
State Grant Pass-Through Expenditures				50,000.00
Intergovernmental Payments				16,677,324.19
Public Assistance Payments				140,019.26
Other Operating Expenditures				25,421.48
Capital Outlay				0.00
<b>Total Expenditures</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>18,438,205.83</b>
Excess (Deficit) of Revenues over Expenditures	0.00	646.44	6,450.20	30,755,715.07
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In (Note 12)				1,575,497.68
Operating Transfers Out (Note 12)				160,127.27
Insurance Recoveries				0.00
Sale of Capital Assets				1,131.38
Legislative Financing Sources				25,860.78
Legislative Financing Uses				(25,860.78)
Legislative Transfers In (Note 12)				0.00
Legislative Transfers Out (Note 12)				0.00
<b>Total Other Financing Sources (Uses)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,736,756.33</b>
Excess (Deficit) of Revenues and other Sources Over Expenditures and Other Uses	0.00	646.44	6,450.20	32,492,471.40
				0.00
<b>Fund Balance - Beginning</b>	<b>11,522.40</b>	<b>21,299,157.57</b>	<b>160,360.64</b>	<b>35,406,268.82</b>
Restatements (Note 14)				
<b>Fund Balance As Restated</b>	<b>11,522.40</b>	<b>21,299,157.57</b>	<b>160,360.64</b>	<b>35,406,268.82</b>
Appropriations Lapsed				(644.60)
<b>Fund Balance - Ending</b>	<b>\$ 11,522.40</b>	<b>\$ 21,299,804.01</b>	<b>\$ 166,810.84</b>	<b>\$ 67,898,095.62</b>

-UNAUDITED-

**EXHIBIT B-2**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**Special Revenue Funds**  
**For the Year Ended August 31, 2024**

	State Highway Fund (0006)	Texas Department of Motor Vehicles Fund (0010)	Totals
<b>Revenues</b>			
Legislative Appropriations:			
Original Appropriations	\$	\$	0.00
Additional Appropriations			0.00
Federal Revenues		882,945.60	882,945.60
Federal Pass-Through			0.00
State Grant Pass -Through			0.00
Licenses, Fees and Permits	1,816,989,988.29	178,273,798.13	1,995,263,786.42
Interest & Investment Income		10,071,785.87	10,071,785.87
Sales of Goods and Services		293,747.30	293,747.30
Other Revenues	1,303.49	19,869.62	21,173.11
<b>Total Revenues</b>	<b>1,816,991,291.78</b>	<b>189,542,146.52</b>	<b>2,006,533,438.30</b>
<b>Expenditures</b>			
Salaries and Wages		51,831,528.33	51,831,528.33
Payroll Related Costs		17,712,689.77	17,712,689.77
Professional Fees and Services		25,799,427.69	25,799,427.69
Travel		521,154.80	521,154.80
Materials and Supplies		21,926,718.29	21,926,718.29
Communications and Utilities		6,065,964.20	6,065,964.20
Repairs and Maintenance		4,217,419.62	4,217,419.62
Rentals and Leases		271,924.74	271,924.74
Printing and Reproduction		4,792,203.16	4,792,203.16
Intergovernmental Payments		0.00	0.00
Other Operating Expenditures		42,648,066.01	42,648,066.01
Debt Service Principal- RTU Leases/SBITA		7,607,894.09	7,607,894.09
Capital Outlay		11,415,214.02	11,415,214.02
<b>Total Expenditures</b>	<b>0.00</b>	<b>194,810,204.72</b>	<b>194,810,204.72</b>
Excess (Deficit) of Revenues over Expenditures	1,816,991,291.78	(5,268,058.20)	1,811,723,233.58
<b>Other Financing Sources (Uses)</b>			
Operating Transfers In (Note 12)			0.00
Operating Transfers Out (Note 12)	(1,800,098,531.19)		(1,800,098,531.19)
Increase in Obligations- Leases/SBITA		10,450,904.00	10,450,904.00
Sale of Capital Assets		377.12	377.12
Legislative Financing Sources			0.00
Insurance Recoveries			0.00
Legislative Transfers In (Note 12)			0.00
Legislative Transfers Out (Note 12)			0.00
<b>Total Other Financing Sources (Uses)</b>	<b>(1,800,098,531.19)</b>	<b>10,451,281.12</b>	<b>(1,789,647,250.07)</b>
Excess (Deficit) of Revenues and other Sources Over Expenditures and Other Uses	16,892,760.59	5,183,222.92	22,075,983.51
<b>Fund Balance - Beginning</b>	<b>125,151,789.88</b>	<b>205,718,009.40</b>	<b>330,869,799.28</b>
			0.00
<b>Fund Balance As Restated</b>	<b>125,151,789.88</b>	<b>205,718,009.40</b>	<b># 330,869,799.28</b>
Appropriations Lapsed			0.00
<b>Fund Balance - Ending</b>	<b>\$ 142,044,550.47</b>	<b>\$ 210,901,232.32</b>	<b>\$ 352,945,782.79</b>

## **SCHEDULES**

-UNAUDITED-

**SCHEDULE 1A**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended August 31, 2024**

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-Through From			
	ALN Number	Agency Number	State Agency or University Amount	Non-State Entities Amount
<u>Federal Motor Carrier Safety Assistance Cluster</u>				
<b>U.S. Department of Transportation</b>				
<u>Direct Programs:</u>				
Motor Carrier Safety Assistance High Priority Activities	20.237			
Grants and Cooperative Agreements				
Totals- U.S. Department of Transportation				
<b>Total Expenditure of Federal Awards</b>			0.00	0.00
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<b>0.00</b>	<b>0.00</b>

**Note 2 - Reconciliation**

Per Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Governmental Fund Types)

Exhibit II

Federal Revenues	\$ 882,945.60
Federal Pass-Through Revenues	0.00
<b>Total</b>	<b>\$ 882,945.60</b>

-UNAUDITED-  
**SCHEDULE 1A**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 For the Fiscal Year Ended August 31, 2024  
 (Continued)

Direct Program Amount	Total Pass Through From & Direct Program	Pass-Through To		Expenditures Amount	Total Pass Through To & Expenditures
		Agency Number	State Agency or University Amount		
\$ 882,945.60	\$ 882,945.60			\$ 882,945.60	\$ 882,945.60
\$ 882,945.60	\$ 882,945.60		0.00	0.00	\$ 882,945.60
\$ 882,945.60	\$ 882,945.60		0.00	0.00	\$ 882,945.60
<b>\$ 882,945.60</b>	<b>\$ 882,945.60</b>		<b>0.00</b>	<b>0.00</b>	<b>\$ 882,945.60</b>

-UNAUDITED-

**SCHEDULE 1B**  
**SCHEDULE OF STATE GRANT PASS-THROUGHS FROM/TO STATE AGENCIES**  
**For the Fiscal Year Ended August 31, 2024**

Pass-Through Grantor/ Program Title	Pass-Through From			Total Pass-Through From	Pass-Through To		
	Grant ID	Agency Number	State Agency or University Amount		Agency Number	State Agency or University Amount	Total Pass-Through To
<b>Motor Vehicle Crime Prevention Authority (MVCPA)</b>							
<u>Programs:</u>							
Texas A&M University- Grant Management and Tracking System	608.0004			\$0.00	711	\$ 50,000.00	\$ 50,000.00
<b>Total</b>				0.00		\$ 50,000.00	\$ 50,000.00
<b>TOTAL PASS-THROUGH TO OTHER AGENCIES</b>				0.00		\$ 50,000.00	\$ 50,000.00

**Note 2 - Reconciliation**

Per Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Governmental Fund Types)

Exhibit II

State Grant Pass-Through Expenditures	\$ 50,000.00
<b>Total</b>	<b><u>\$ 50,000.00</u></b>

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