DRAFT: SUBJECT TO CHANGE PRIOR TO COMMISSION ACTION

TEXAS TRANSPORTATION COMMISSION

ALL Counties

MINUTE ORDER

ALL Districts

Article III, Section 49-k of the Texas Constitution created the Texas Mobility Fund (Mobility Fund) within the treasury of the State of Texas (state) to be administered by the Texas Transportation Commission (commission) as a revolving fund to (i) provide a method of financing the construction, reconstruction, acquisition, and expansion of state highways, including costs of any necessary design and costs of acquisition of rights of way, as determined by the commission in accordance with standards and procedures established by law and (ii) provide participation by the state in the payment of a portion of the costs of constructing and providing publicly-owned toll roads and other public transportation projects in accordance with the procedures, standards, and limitations established by law.

Transportation Code, Chapter 201 and other applicable law authorizes the commission to issue obligations secured by and payable from a pledge of and lien on all or part of the moneys in the Mobility Fund in the name and on behalf of the state and the Texas Department of Transportation (department) in multiple series and issues from time to time for one or more of the following purposes: (i) to pay all or part of the costs of constructing, reconstructing, acquiring, and expanding state highways, including any necessary design and acquisition of rights of way, in the manner and locations determined by the commission that, according to conclusive findings of the commission, have an expected useful life, without material repair, of not less than 10 years; (ii) to provide participation by the state in the payment of part of the costs of constructing and providing publicly owned toll roads and other public transportation projects that are determined by the commission to be in the best interests of the state in its major goal of improving the mobility of the residents of the state; (iii) to create debt service reserve accounts; (iv) to pay interest on obligations for a period of not longer than two years; (v) to refund or cancel outstanding obligations; and (vi) to pay the commission's costs of issuance. The commission also authorized the execution of a Master Resolution and two supplemental Master Resolutions (Resolution) to secure general obligation bonds for the Mobility Fund Revenue Financing Program. The Resolution dated May 4, 2005 prescribes the terms, provisions and covenants related to the issuance of general obligation bonds.

Under Section 5 (j) of the Resolution, the commission covenants to prepare, or cause to be prepared, no more than 120 days after the last day of each fiscal year, a financial report of the Mobility Fund. The financial report is required to be prepared in accordance with generally accepted accounting principles and certified by a certified public accountant. Audited financial statements, contained in the attached Exhibit A, have been prepared for the year ended August 31, 2007.

IT IS THEREFORE ORDERED by the commission that the audited financial statements of the Mobility Fund, attached as Exhibit A, are accepted.

Submitted and reviewed by:

Chief Financial Officer

Recommended by:

Executive Director

Minute Number	Date Passed

TEXAS DEPARTMENT OF TRANSPORTATION

Texas Mobility Fund

(A Special Revenue Fund of the Texas Department of Transportation of the State of Texas)

Financial Statements - For Fiscal Year Ended August 31, 2007

Texas Mobility Fund

FINANCIAL STATEMENTS

August 31, 2007

Prepared by:
Finance Division of the Texas Department of Transportation

Texas Mobility Fund

Financial Statements
August 31, 2007

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INTRODUCTORY SECTION

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Texas Department of Transportation
DEWITT C. GREER STATE HIGHWAY BLDG. • 125 E. 11TH STREET • AUSTIN, TEXAS 78701-2483 • (512) 463-8585

December 7, 2007

TO: The Citizens of the State of Texas and the Creditors of the Texas Mobility Bonds

The Master Resolution, dated as of May 4, 2005, as supplemented by the First through Sixth Supplemental Master Resolutions (collectively, the *"Resolution"*) requires the Texas Transportation Commission (the *"Commission"*) to provide audited annual financial statements of the Texas Mobility Fund. Pursuant to this requirement, we hereby present to you the Financial Statements for the Texas Mobility Fund for the year ended August 31, 2007 and for comparative purposes the year ended August 31, 2006. This report has been prepared by the Accounting Management staff in the Finance Division of the Texas Department of Transportation.

Management is responsible for the accuracy of the data in this report as well as for the completeness and fairness of the presentation. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this financial report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the financial statements of the Texas Mobility Fund (the *"Mobility Fund"*) in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the Texas Department of Transportation's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, the financial report is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the Mobility Fund and provides disclosures that enable the reader to understand the Mobility Fund's financial condition.

Auditors from the Texas State Auditor's Office performed an independent audit of the Mobility Fund's basic financial statements for the year ended August 31, 2007. The auditors issued an unqualified opinion on the financial statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The comparative information for the prior period has been derived from the Fund's financial statements for the year ending August 31, 2006, and, in their report dated December 1, 2006 the Texas State Auditor's Office expressed an unqualified opinion on those financial statements.

The Management's Discussion and Analysis (*MD&A*) provides a narrative introduction, overview and analysis of the financial activities of the Mobility Fund. We encourage readers to consider the information in this letter of transmittal in conjunction with the MD&A, which can be found on page 13.

Profile of the Government

The Texas Department of Transportation (the *"Department"*) is an agency of the State of Texas (the "*State*") created to provide a safe, effective and efficient transportation system throughout the State. The Department is managed by the Executive Director and is governed by a five-member Commission. The Department is organized into 25 districts and 27 divisions/offices and currently has an annual budget of approximately $8.4 billion and a staff of approximately 15,000 which manage approximately $3.7 billion in annual highway contract lettings.

Voter approval in 2001 of Proposition 15 (Texas constitutional amendment) and enactment of legislation by the 77th Legislature in 2001 created the Texas Mobility Fund. In particular, Article III, Section 49-k of the Texas Constitution (the *"Constitutional Provision"*) created the Texas Mobility Fund within the treasury of the State of Texas. The creation of the Mobility Fund allows the Commission to issue bonds secured by future revenue. This allows the acceleration of mobility projects throughout the state. The Mobility Fund is to be administered by the Texas Transportation Commission as a revolving fund to provide a method of financing for the construction, reconstruction, acquisition, and expansion of State highways, including costs of any necessary design and costs of acquisition of rights-of-way, as determined by the Commission in accordance with standards and procedures established by law. Moneys in the Mobility Fund may also be used to provide state participation in the payment of a portion of the costs of constructing and providing publicly owned toll roads and other public transportation projects in accordance with procedures, standards, and limitations established by law. By expediting the delivery of transportation infrastructure, the Texas Mobility Fund is an important tactic in meeting the department's goals to reduce congestion, improve air quality, enhance safety, expand economic opportunity and increase the value of transportation assets.

Legislation enacted under the Constitutional Provision authorized the Commission to issue and sell obligations of the state and enter into related credit agreements that are payable from and secured by a pledge of and a lien on all or part of the money on deposit in the Mobility Fund. As of the end of August, 2007, the Department has issued a par amount of $3.95 billion in bonds.

Information useful in assessing the government's financial condition

Cash Management policies and practices: In 2003, the 78th Legislature dedicated sources of revenue to the Mobility Fund. The funds generated by these dedicated revenues, as well as funds generated through other pledged revenues, are required to be accounted for in accounts established in the Mobility Fund.

The following accounts have been created and established by the Commission in the Mobility Fund:

1. Mobility Fund General Account – moneys in this account may be used for any lawful purpose for which the Mobility Fund may be used pursuant to the Constitutional Provision, the Enabling Act, and other State Law.

2. Mobility Fund Portfolio Account – any Transportation Assistance Bonds acquired for the Mobility Fund are to be promptly deposited into this account and held therein until paid.

3. Mobility Fund Interest and Sinking Account – moneys in this account shall be used to pay amounts due on or with respect to Parity Debt, including the principal of, premium, if any, and interest on Parity Debt as they become due and payable. This account is required as long as Parity Debt is outstanding.

4. Mobility Fund Bond Proceeds Account – proceeds from the issuance of Parity Debt are deposited into this account upon the issuance of such Parity Debt. Such proceeds and the interest thereon shall remain in the Bond Proceeds Account until expended to accomplish the purposes for which such Parity Debt was issued.

5. Rebate Account – the Fifth Supplemental resolution established the Rebate Account for the bonds. Money on deposit in the Rebate Account, if any, will be paid to the United States of America in compliance with the provisions of section 148(f) of the Code. Money in the Rebate Fund, if any, does not constitute security.

6. Purchase Account – will be used for the purpose of depositing money obtained from (a) the remarketing of the Bonds, and (b) draws under a Liquidity Facility, and such deposited money will be used solely to pay the purchase price of the bonds or to reimburse a Liquidity Facility Issuer for a drawing on the Liquidity Facility to pay the purchase price of the bonds.

7. Reserve Accounts or Subaccounts – these accounts are established as required by any Supplements to the Master Resolution.

The Department is responsible for ensuring that accounts maintain the proper minimum balances as set forth in the Master Resolution and for investing in securities required to meet liquidity requirements. The investments suitable for each account have been determined using the following criteria that are detailed in the Commission's Investment Strategy: 1) safety; 2) liquidity; and 3) return on investments. For more detailed information, please see the latest Texas Transportation Commission Investment Policy. Requests for a copy of the Investment Policy should be addressed to the Finance Division, Accounting Management Section, 125 E. 11th Street, Austin, Texas, 78701-2483.

The Mobility Fund does not have any employees. Department employees and contractors perform the work of the Fund. The Department provides all accounting and administrative services. The Mobility Fund does not provide financing for any of the risks the Department is subject to in the course of its operations.

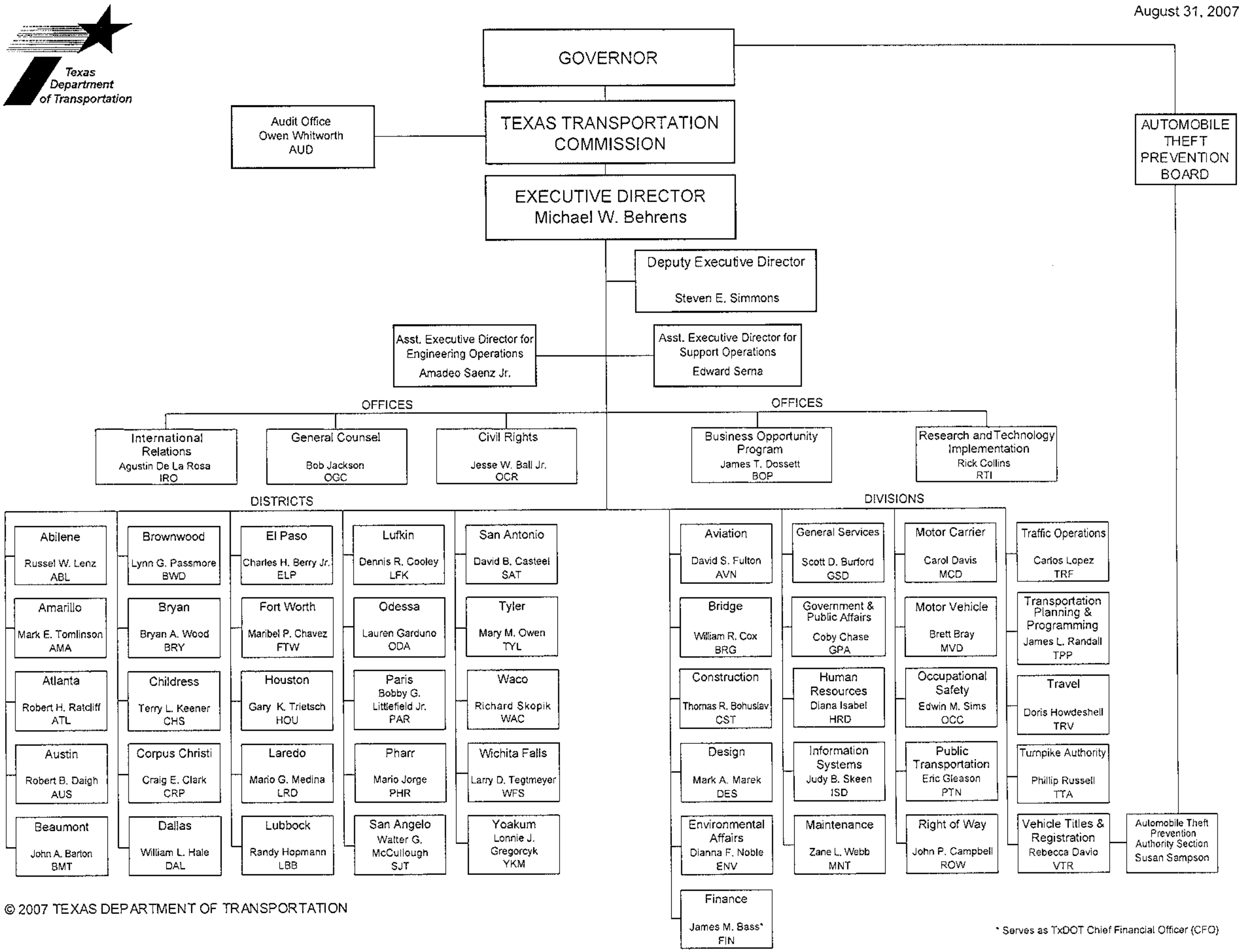
Risk Financing & Management: The Department is exposed to a wide range of risks due to the size, scope, and nature of its activities. Some of these risks include, but are not limited to, property and casualty losses, workers' compensation and health benefit claims, theft, damage of assets, etc. The Department retains these risks, and manages them through claims review and safety programs, which are primarily the responsibility of the Department's Occupational Safety Division.

Acknowledgements

Production of this report would not have been possible without the efficient and dedicated staff of the Department. We extend special appreciation to Duane Sullivan, Diana Smith, Glen Knipstein and the Finance Division for their professionalism and devotion in preparing this complex financial document.

Amadeo Saenz, Jr., P.E.
Executive Director

August 31, 2007



* Serves as TxDOT Chief Financial Officer (CFO)

Commission and Key Personnel
As of August 31, 2007

TEXAS TRANSPORTATION COMMISSION

RIC WILLIAMSON .... Chair
Weatherford

HOPE ANDRADE.. Commissioner
San Antonio

TED HOUGHTON .... Commissioner
El Paso

NED S. HOLMES.. Commissioner
Houston

FRED UNDERWOOD .... Commissioner
Lubbock

TEXAS DEPARTMENT OF TRANSPORTATION

MICHAEL W. BEHRENS, P.E.. Executive Director
STEVEN E. SIMMONS, P.E. .... Deputy Executive Director
AMADEO SAENZ, Jr., P.E............................. Assist. Exec. Dir., Engineering Operations
EDWARD S. SERNA.. Assist. Exec. Dir., Support Operations
JAMES M. BASS .... Chief Financial Officer
BOB JACKSON .... General Counsel

FINANCIAL SECTION

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State Auditor's Office
John Keel, CPA
State Auditor

INDEPENDENT AUDITOR'S REPORT

Members of the Texas Transportation Commission:
Mr. Richard "Ric" F. Williamson, Chair
Ms. Hope Andrade
Mr. Ned S. Holmes
Mr. Ted Houghton, Jr.
Mr. Fred Underwood
Mr. Amadeo Saenz, Jr., P.E., Executive Director, Department of Transportation

We have audited the accompanying basic financial statements of the Texas Mobility Fund (Fund) as of and for the fiscal year ended August 31, 2007. These financial statements are the responsibility of the Department of Transportation's management. Our responsibility is to express an opinion on these financial statements based on our audit. Comparative information is presented from the financial statements for the year ended August 31, 2006. These statements were audited by us, and we expressed an unqualified opinion on them in our report dated December 1, 2006, but we have not performed any auditing procedures since that date.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Notes 1(A) and 1(B), the financial statements present only the financial position of the Fund, which is a special revenue fund of the State of Texas. They do not purport to, and do not, present fairly the financial position of the State of Texas as of August 31, 2007, and the changes in the State's financial position for the reporting period then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of August 31, 2007, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of

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inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Fund's financial statements taken as a whole. We did not audit the introductory section and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we will issue a separate report on our consideration of the Department's internal control over Fund financial reporting and on our tests of its compliance with certain provisions of the Resolution for the Texas Mobility Fund General Obligation Bonds and other laws and regulations. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

John Keel, CPA
State Auditor

December 7, 2007

Management's Discussion and Analysis

As management of the Texas Department of Transportation (the *"Department"*), we offer readers of the Texas Mobility Fund (the *"Mobility Fund"*) financial statements this narrative overview and analysis of its financial activities for the year ended August 31, 2007 and for comparative purposes the year ended August 31, 2006. These financial statements reflect the financial position of the Texas Mobility Fund. The Mobility Fund is a special revenue fund of the Department, an agency of the State of Texas. The Texas Transportation Commission, the governing body of the Department, has the authority to commit the Mobility Fund to various legal agreements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page 3 of this report.

Financial Highlights

- Voter approval in 2001 of Proposition 15 (Texas constitutional amendment) and enactment of legislation by the 77th Legislature in 2001 created the Mobility Fund in the state treasury. This fund permits the Texas Transportation Commission to issue bonds secured by the Texas Mobility Fund to advance highways and other public transportation projects.
- In 2003, the 78th Legislature dedicated revenue from transportation-related fees to the fund.
- In May 2005, the Texas Bond Review Board approved $4 billion of bonds through one or more issuances from the Mobility Fund.
- As of August 31, 2007, the Mobility Fund has received $341,711,339 in dedicated revenue.
- As of August 31, 2007, the Commission has issued $3.95 billion in bonds.
- The Department transferred $1,780,133,499 and $1,300,757,489 during fiscal years 2007 and 2006, respectively to the State Highway Fund to accelerate various transportation projects.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Mobility Fund's basic financial statements. The Mobility Fund's financial statements combine two types of financial statements into one statement. These two types of financial statements are the entity-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements and the entity-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

Entity-Wide Financial Statements. The focus of the entity-wide financial statement is on the overall financial position and activities of the Mobility Fund. The Mobility Fund's entity-wide financial statements include the statement of net assets and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net assets is to attempt to report all of the assets and liabilities of the Mobility Fund. The Mobility Fund reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

Fund financial statements. The focus of fund financial statements is directed to specific activities of the Mobility Fund rather than the Mobility Fund as a whole. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The

Department, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The activities related to the Mobility Fund are being accounted for in a special revenue fund. The accounts of the Mobility Fund are maintained in accordance with practices set forth in the provisions of the Master Resolution. These practices are modeled after generally accepted accounting principles for a special revenue fund on a modified accrual basis.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 20-34 of this report.

Entity-Wide Financial Analysis

The Mobility Fund's overall financial position and operations for the past year is summarized as follows based on the information included in the entity-wide financial statements.

CONDENSED NET ASSETS

	FY 2007	**FY 2006**	**FY 2005**
Restricted and other assets	$1,125,545,231	$ 535,795,121	$ 832,750,220
Capital Assets	0	0	0
Total Assets	$1,125,545,231	$535,795,121	$ 832,750,220
Long-term Liabilities	(3,886,750,000)	(1,725,515,000)	(1,000,000,000)
Other Liabilities	(347,326,484)	(225,616,523)	(24,483,217)
Total Liabilities	(4,234,076,484)	(1,951,131,523)	(1,024,483,217)
Net assets:			
Restricted for: Mobility Projects	(3,108,531,253)	(1,415,336,402)	(191,732,997)
Total Net Assets	$ (3,108,531,253)	$ (1,415,336,402)	$ (191,732,997)

Changes in Net Assets

The total net liabilities of the Mobility fund exceed its assets by $3,108,531,253 and $1,415,336,402 for the years ended August 31, 2007 and 2006, respectively. The primary reason for this is that the Mobility Fund issued $2.2 billion, $.75 billion, and $1 billion in debt in fiscal years 2007, 2006, and 2005, respectively and transferred out $1,780,133,499, $1,300,757,489, and $342,182,776 to the State Highway Fund in 2007, 2006, and 2005, respectively, to speed up the completion of various transportation projects. The Mobility Fund has no ownership over the highway projects, which it is helping to accelerate in the State Highway Fund, and is not responsible for the maintenance of these roadways which will become part of the Texas State Highway System.

Even though this negative statement of net assets looks unfavorable, the purpose of the Mobility Fund is to issue debt in the short run to accelerate transportation projects and for the transportation fees dedicated to the fund to pay off this debt over a thirty-year period. As shown on the changes in condensed net assets on the following page, the Mobility Fund recognized fee revenue of about $140 million in fiscal year 2007 and $84 million in fiscal year 2006.

CONDENSED CHANGES IN NET ASSETS

	FY 2007	FY 2006	FY 2005
Revenues	$	$	$
Charges for Services			
Violations, Fines & Penalties	140,481,055	84,287,959	116,942,325
Interest & Investment Income			
(Operating Grants and Contributions)	36,700,487	27,985,334	6,176,192
Operating G & C			
Other Operating Grant Revenue			1
Total Revenues	177,181,542	112,273,293	123,118,518
Expenses			
Interest on State Bonds	(137,301,879)	(54,691,156)	(11,587,486)
Other Financing Fees	(627,919)	(274,009)	(202,194)
Bond Issue Costs	(8,855,602)	(2,941,769)	(5,633,194)
Professional Fees & Services	(913,497)	(472,049)	
Other	(12,991)	(28,501)	
Total Expenses	(147,711,888)	(58,407,484)	(17,422,874)
Increase in net assets before transfers	29,469,654	53,865,809	105,695,644
Premium on Bonds Issued	57,468,994	23,288,275	45,033,347
Discount on Bonds Issued			(279,212)
Operating Transfer Out	(1,780,133,499)	(1,300,757,489)	(342,182,776)
Change in Net Assets	(1,693,194,851)	(1,223,603,405)	(191,732,997)
Total Net Assets - beginning	(1,415,336,402)	(191,732,997)	0
Total Net Assets – ending	$ (3,108,531,253)	$ (1,415,336,402)	$ (191,732,997)

Financial Analysis of the Mobility Fund's Fund Financial Statements

The Mobility Fund's fund financial statements show a fund balance of $778,218,747 and $310,178,598 for the periods ended August 31, 2007 and 2006, respectively. This is in contrast to the Statements of Net Assets which show net assets of a negative $3,108,531,253 in 2007 and a negative $1,415,336,402 in 2006. The reason why there is a difference is because the fund financial statements do not show long term debt or capital assets, and the Mobility Fund has $3.887 billion in long term debt as of the end of August 31, 2007 and $1.726 billion in long term debt as of the end of August 31, 2006 that is not shown on the Fund Financial Statements which are more concerned with current resources.

Debt Administration

Long-term debt. As of August 31, 2007, the Mobility Fund had total long-term debt outstanding of $3,886,750,000.

Bonds Payable	2007	2006	2005
Series 2005-A Fixed Rate Interest Bonds	$864,615,000	$878,730,000	$900,000,000
Series 2005-B Variable Rate Interest Bonds	94,075,000	96,785,000	100,000,000
Series 2006 Fixed Rate Interest Bonds	731,650,000	750,000,000	
Series 2006-A Fixed Rate Interest Bonds	1,040,080,000		
Series 2006-B Variable Rate Interest Bonds	150,000,000		
Series 2007 Fixed Rate Interest Bonds	1,006,330,000		
Total Long-term Debt	$3,886,750,000	$1,725,515,000	$1,000,000,000

The issuance of long term debt increased the Mobility Fund's current financial resources. However, including the debt-related inflows among the Mobility Fund's regular revenues could distort the Mobility Fund's revenue trends. Generally Accepted Accounting Principles ("GAAP") require that the other financing source reported for the issuance of long term debt be equal to the face value of the debt. The Mobility fund issued the Series 2007 bonds with a premium of $21,624,500, the Series 2006A bonds with a premium of $35,844,494, the Series 2006 bonds with a premium of $23,288,275 and the Series 2005-A bonds with a premium of $45,033,347 and a discount of $279,212. The premium and discount are reported as other financing sources and uses in accordance with GAAP.

Bond Credit Ratings

	Fitch	Moody's	Standard & Poor's
Series 2007	AA+	Aa1	AA
Series 2006-A	AA+/AAA*	Aa1/Aaa*	AA/AAA*
Series 2006-B	AA+/F1+	Aa1/VMIG1	N/A
Series 2006	AA+/AAA*	Aa1	AA
Series 2005-A	AA+	Aa1	AA
Series 2005-B	AA+/F1+	Aa1/VMIG1	AA/A-1+
* enhanced			

An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the Commission makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by any or all of such rating companies, if in the judgment of any or all companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the bonds.

Requests for Information

This financial report is designed to provide a general overview of the Mobility Fund's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Division, Accounting Management Section, 125 E. 11th Street, Austin, Texas, 78701-2483.

BASIC FINANCIAL STATEMENTS

EXHIBIT I
TEXAS MOBILITY FUND
Statements of Net Assets and Government Fund Balance Sheet
August 31, 2007

	Special Revenue Fund	Adjustments	Statement of Net Assets 8/31/2007
ASSETS			
Current Assets:			
Cash and Cash Equivalents in State Treasury	$ 1,125,545,231	$	$ 1,125,545,231
Total Current Assets	1,125,545,231	0	1,125,545,231
TOTAL ASSETS	1,125,545,231	0	1,125,545,231
LIABILITIES			
Current Liabilities:			
Accounts Payable	2,729,523		2,729,523
Interest Payable	62,640,191		62,640,191
Due To Comptroller of Public Accounts	144,348,568		144,348,568
Due to Texas Department of Transportation	137,608,202		137,608,202
General Obligation Bonds Payable		30,900,000	30,900,000
Total Current Liabilities	347,326,484	30,900,000	378,226,484
Non-Current Liabilities:			
General Obligation Bonds Payable		3,855,850,000	3,855,850,000
Total Non-Current Liabilities	0	3,855,850,000	3,855,850,000
TOTAL LIABILITIES	347,326,484	3,886,750,000	4,234,076,484
FUND BALANCES/NET ASSETS			
Unreserved:	778,218,747	(778,218,747)	
TOTAL FUND BALANCES	778,218,747	(778,218,747)	
TOTAL LIABILITIES AND FUND BALANCES	$ 1,125,545,231		
Net Assets:			
Restricted for Mobility Projects		(3,108,531,253)	(3,108,531,253)
Total Net Assets		$ (3,886,750,000)	$ (3,108,531,253)

	Memorandum Only		
	Special Revenue Fund	Adjustments	Statement of Net Assets 8/31/2006
ASSETS			
Current Assets:			
Cash and Cash Equivalents in State Treasury	$ 535,795,121	$	$ 535,795,121
Total Current Assets	535,795,121	0	535,795,121
TOTAL ASSETS	535,795,121	0	535,795,121
LIABILITIES			
Current Liabilities:			
Accounts Payable	956,485		956,485
Interest Payable	26,776,897		26,776,897
Due to Texas Department of Transportation	197,883,141		197,883,141
General Obligation Bonds Payable		35,175,000	35,175,000
	225,616,523	35,175,000	260,791,523
Non-Current Liabilities:			
General Obligation Bonds Payable		1,690,340,000	1,690,340,000
Total Non-Current Liabilities	0	1,690,340,000	1,690,340,000
TOTAL LIABILITIES	225,616,523	1,725,515,000	1,951,131,523
FUND BALANCES/NET ASSETS			
Unreserved:	310,178,598	(310,178,598)	
TOTAL FUND BALANCES	310,178,598	(310,178,598)	
TOTAL LIABILITIES AND FUND BALANCES	$ 535,795,121		
Net Assets:			
Restricted for Mobility Projects		(1,415,336,402)	(1,415,336,402)
Total Net Assets		$ (1,725,515,000)	$ (1,415,336,402)

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

EXHIBIT II

TEXAS MOBILITY FUND
STATEMENTS OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the year ended August 31, 2007

	Special Revenue Fund	Adjustments	Statement of Activities
REVENUES			
Charges for Services -	$	$	$
Violations, Fines & Penalties	140,481,055		140,481,055
Interest and Investment Income			
(Operating Grants and Contributions)	36,700,487		36,700,487
Total Revenues	177,181,542	0	177,181,542
EXPENDITURES/EXPENSES			
Professional Fees & Services	913,497		913,497
Debt Service:			
Principal	35,370,000	(35,370,000)	0
Interest	137,301,879		137,301,879
Bond Issue Costs	8,855,602		8,855,602
Other Financing Fees	627,919		627,919
Other Expenditures/Expenses	12,991		12,991
Total Expenditures/Expenses	183,081,888	(35,370,000)	147,711,888
Excess (Deficit) of Revenues over Expenditures	(5,900,346)	35,370,000	29,469,654
OTHER FINANCING SOURCES (USES):			
Bond and Note Proceeds	2,196,605,000	(2,196,605,000)	0
Premium on Bonds Issued	57,468,994		57,468,994
Operating Transfer Out	(1,780,133,499)		(1,780,133,499)
TOTAL OTHER FINANCING SOURCES (USES):	473,940,495	(2,196,605,000)	(1,722,664,505)
Change in Fund Balance/Net Assets	468,040,149	(2,161,235,000)	(1,693,194,851)
Fund Balance/Net Assets:			
FUND BALANCES, August 31, 2006	310,178,598	(1,725,515,000)	(1,415,336,402)
FUND BALANCES, August 31, 2007	$ 778,218,747	$ (3,886,750,000)	$ (3,108,531,253)

	Memorandum Only		
	Special Revenue Fund	Adjustments	Statement of Activities
REVENUES			
Charges for Services -	$	$	$
Violations, Fines & Penalties	84,287,959		84,287,959
Interest and Investment Income			
(Operating Grants and Contributions)	27,985,334		27,985,334
Total Revenues	112,273,293	0	112,273,293
EXPENDITURES/EXPENSES			
Professional Fees & Services	472,049		472,049
Debt Service:			
Principal	24,485,000	(24,485,000)	0
Interest	54,691,156		54,691,156
Bond Issue Costs	2,941,769		2,941,769
Other Financing Fees	274,009		274,009
Other Expenditures/Expenses	28,501		28,501
Total Expenditures/Expenses	82,892,484	(24,485,000)	58,407,484
Excess (Deficit) of Revenues over Expenditures	29,380,809	24,485,000	53,865,809
OTHER FINANCING SOURCES (USES):			
Bond and Note Proceeds	750,000,000	(750,000,000)	0
Premium on Bonds Issued	23,288,275		23,288,275
Operating Transfer Out	(1,300,757,489)		(1,300,757,489)
TOTAL OTHER FINANCING SOURCES (USES):	(527,469,214)	(750,000,000)	(1,277,469,214)
Change in Fund Balance/Net Assets	(498,088,405)	(725,515,000)	(1,223,603,405)
Fund Balance/Net Assets:			
FUND BALANCES, August 31, 2005	808,267,003	(1,000,000,000)	(191,732,997)
FUND BALANCES, August 31, 2006	$ 310,178,598	$ (1,725,515,000)	$ (1,415,336,402)

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

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

These financial statements reflect the financial position of the Texas Mobility Fund (the "Mobility Fund"). The Mobility Fund is a special revenue fund of the Texas Department of Transportation (the "Department"), an agency of the State of Texas. Also, the Texas Transportation Commission (the "Commission"), the governing body of the Department, has the authority to commit the Mobility Fund to various legal agreements.

The Commission

The State created the State Highway Commission on April 4, 1917, for the purpose of adopting and implementing a comprehensive system of state highways and promoting the construction of a state highway system by cooperation with counties or independently by the State Highway Commission. In 1975, the State Legislature changed the name of the State Highway Commission to the State Highway and Public Transportation Commission. In 1991, the State Legislature changed the name to the current name, the Texas Transportation Commission. The State Legislature directed the Commission to plan and make policies for the location, construction, and maintenance of a comprehensive system of state highways and public roads.

The Commission governs the Department and is charged by statute with policy-making responsibilities. The Department is charged with the management responsibilities for implementing the policies of the Commission. The Department is managed by the Executive Director and supported by the staff. The State Legislature provided that the Commission must divide the State into no more than 25 regional districts for the purpose of the performance of the Department's duties. There are currently 25 districts.

The Commission consists of five members appointed by the Governor with the advice and consent of the State Senate. One member is designated by the Governor as the Chairman and serves as the chief executive officer of the Commission. A person is not eligible to be a member of the Commission if the person or the person's spouse is employed by or manages a business that is regulated by or regularly receives funds from the Department, directly or indirectly owns or controls more than ten percent (10%) interest in a business that is regulated by or receives funds from the Department, uses or receives a substantial amount of goods, services or funds from the Department, or is registered, certified, or licensed by the Department. Members of the Commission serve six-year terms, with one to two members' terms expiring February 1 of each odd-numbered year.

The Department

The Department was created to provide a safe, effective and efficient transportation system throughout the State. The Department is governed by the five-member Commission and an executive director selected by the Commission and is an agency of the State of Texas. The Department's operations are conducted by a central office with twenty one functional divisions, six offices, and twenty-five geographic districts in the State.

The Mobility Fund

The Texas Legislature (the "Legislature") established the Mobility Fund pursuant to the Constitutional Provision to be administered by the Commission to provide a method of financing the construction, reconstruction, acquisition, and expansion of State highways, including costs of any necessary design and costs of acquisition of rights-of-way. The Fund may also be used to provide participation by the Department in the payment of a portion of the costs of constructing and providing publicly owned toll roads and other public transportation projects. Pursuant to the Enabling Act, the Commission may sell obligations of the State that are payable from and secured by a pledge of and a lien on all or part of the money dedicated to and on deposit in the Fund. The Legislature has dedicated to the Fund certain revenues of the State. The Commission may also elect to pledge the general obligation of the State as additional repayment security for the bonds.

The Commission has issued a total of $3,946,605,000 par value of general obligation bonds. These proceeds will be used to pay, or reimburse the State Highway Fund for, the payment of the costs of (i) constructing, reconstructing, acquiring, and expanding certain State highways and providing participation by the State in the payment of part of the costs of constructing and providing certain publicly owned toll roads and other public transportation projects as described below and (ii) issuing the Bonds.

The Mobility Fund does not have any employees. The Department provides all accounting and administrative services. In addition, the Department's risk financing and insurance programs apply to the Mobility Fund.

B. Basis of Presentation

The records of the Mobility Fund are maintained in accordance with the practices set forth in the provisions of the Resolution for the Texas Mobility Fund General Obligation Bonds. These practices are modeled after generally accepted accounting principles for a special revenue fund. The Mobility Fund is a special revenue fund within the Department.

The accompanying financial statements present only the financial position and changes in financial position of the Mobility Fund, and are not intended to and do not present fairly the financial position or changes in financial position of the Department in conformity with accounting principles generally accepted in the United States of America.

The reporting period is for the year ended August 31, 2007. Voter approval in 2001 of Proposition 15 (Texas constitutional amendment) and enactment of legislation by the 77th Legislature in 2001 created the Texas Mobility Fund. Dedicated revenue and investment earnings began to be deposited into the Fund in March 2004.

C. Measurement Focus and Basis for Accounting

The entity-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The basis of accounting determines when revenues and expenditures are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. A special revenue fund is a type of governmental fund used to account for a government's tax-supported activities. Special revenue funds are accounted for on the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. Expenditures are generally recognized when the related fund liability is incurred.

Note 3 provides further details for the adjustments from the governmental fund presentation to the entity-wide presentation.

D. Assets and Liabilities

(1) Cash and Cash Equivalents

Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents. On the Statement of Net Assets and Governmental Fund Balance Sheet, cash and cash equivalents are considered to be cash in bank, cash in State Treasury, and money market funds with original maturities of three months or less from the date of acquisition.

(2) Accounts Payable

Accounts Payable represents the liability for the value of assets or services received during the reporting period for which payment is pending.

(3) Bonds Payable – General Obligation Bonds

Bonds payable are reported at par value. Premiums and discounts are reported as "other financing sources and uses" in the period the bonds are sold. Payables are reported separately as either current or non-current in the statement of net assets.

E. Reservations of Fund Balance

(1) Unreserved

This amount represents the unexpended balance at year end which is available for use in subsequent years.

F. Revenues, Expenditures, Transfers, and Restatements

(1) Violations, Fines and Penalties

The Legislature has dedicated to the Fund certain revenues of the State. These dedicated revenues are those revenue sources allocated by the Legislature for the benefit of the Fund. Initially, the Fund was funded with certain revenue sources that were dedicated to the Fund until August 31, 2005. These initial sources consisted of Court Fines and a Driver License Point Surcharge. In fiscal year 2004, $39,159,912 from dedicated revenue sources was deposited into the fund. An additional $77,782,413 was deposited in fiscal year 2005.

On September 1, 2005, the initial revenue sources of the Fund were redirected to the State of Texas General Revenue Fund. New sources of revenue were phased into the Fund. In fiscal year 2006 the sources of revenue were United We Stand License Plate Fees, Investment Income, and Motor Vehicle Inspection Fees. In fiscal year 2006, $84,287,959 was deposited into the fund. In fiscal year 2007 the sources of revenue were Driver Record Information Fees, Investment Income, and Motor Vehicle Inspection Fees. In fiscal year 2007, $140,481,055 was deposited into the fund. Driver License Fees are to be added in fiscal year 2008, and Certificate of Title Fees in fiscal year 2009.

(2) Interest and Investment Income

Cash held in the State Treasury consists of dedicated revenues and proceeds from the sale of the Series 2006-A, 2006-B, and 2007 bonds. Interest and investment income earned is revenue to the Fund in the period earned.

(3) Operating Transfers Out

Operating transfers out reflect the transfer of cash to reimburse the State Highway Fund for the payment of the costs of constructing, reconstructing, acquiring, and expanding certain State highways and providing participation by the State in the payment of part of the costs of constructing and providing certain publicly owned toll roads and other public transportation projects.

NOTE 2 – CAPITAL ASSETS

The Mobility Fund does not have any capital assets. The purpose of the Mobility Fund is to provide a source of revenue to pay for the costs of constructing, reconstructing, acquiring, and expanding certain State highways and providing participation by the State in the payment of part of the costs of constructing and providing certain publicly owned toll roads and public transportation projects. The revenues accumulated in the Mobility Fund are used to pay the debt service of the Mobility Bonds. The infrastructure built with transfers from the Mobility Fund becomes part of the state highway system and a capital asset to the State Highway Fund.

NOTE 3 – ADJUSTMENT OF GOVERNMENTAL TO ENTITY-WIDE BASIS

Reconciliation of the Government Fund Balance Sheet to the Statement of Net Assets

	2007	2006	2005
Total Fund Balance, governmental funds	$778,218,747	$310,178,598	$808,267,003
Bonds Payable in governmental activities are long term debt and, therefore, are not reported as liabilities in governmental funds			
Bonds Payable	(3,886,750,000)	(1,725,515,000)	(1,000,000,000)
Total Net Assets – governmental activities	$(3,108,531,253)	$(1,415,336,402)	$(191,732,997)

Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund Balance of the Governmental Funds to the Statements of Activities

	2007	2006	2005
Net change in fund balances – total governmental funds	$468,040,149	$(498,088,405)	$808,267,003
Governmental funds report Bond and Note Proceeds as Other Financing Sources and report Debt Service Principal payments as expenditures. However, in the Statement of Activities, these proceeds are set up as Bonds Payable Liability and these payments are a reduction of the Bond Payable liability.			
Bond and Note Proceeds	(2,196,605,000)	(750,000,000)	(1,000,000,000)
Debt Service Principal	35,370,000	24,485,000	0
Change in Net Assets of governmental activities	$(1,693,194,851)	$(1,223,603,405)	$(191,732,997)

NOTE 4 – DEPOSITS AND INVESTMENTS

The carrying amount of deposits for the Fund was $1,125,545,231 as of August 31, 2007 and $535,795,121 as of August 31, 2006, as reported on the Statement of Net Assets.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. All of the Fund's deposits are held by the Comptroller in the State Treasury. Deposits of the State of Texas are normally managed by the State Comptroller of Public Accounts (the "Comptroller"). Deposits that exceed the $100,000 of insurance by the Federal Deposit Insurance Corporation (FDIC) must be collateralized in accordance with Comptroller policy. Collateral pledged must be equal to at least 105% of the principal amount deposited by the Department. The Comptroller has full responsibility for insuring adequate collateralization of all state deposits, including those held in local banks. On August 31, 2007, the deposits were fully collateralized with securities held by an agent of the Comptroller, in the Department's name, in accordance with the Comptroller's requirements.

The Mobility Fund had no investments at August 31, 2007 and 2006, respectively.

NOTE 5 - SUMMARY OF LONG TERM LIABILITIES

Changes in Long-Term Liabilities

During the period ended August 31, 2007, the following changes occurred in liabilities.

Debt	Balance 8/31/2006	Additions	Principal Payments	Balance 08-31-07	Amounts Due Within One Year (Principal)
General Obligation Bonds	$1,725,515,000	2,196,605,000	(35,370,000)	$3,886,750,000	$30,900,000
Total Governmental Type Activities	$1,725,515,000	2,196,605,000	(35,370,000)	$3,886,750,000	$30,900,000

During the period ended August 31, 2006, the following changes occurred in liabilities.

Debt	Balance 8/31/2005	Additions	Principal Payments	Balance 08-31-06	Amounts Due Within One Year (Principal)
General Obligation Bonds	$1,000,000,000	750,000,000	(24,485,000)	$1,725,515,000	$35,175,000
Total Governmental Type Activities	$1,000,000,000	750,000,000	(24,485,000)	$1,725,515,000	$35,175,000

Debt Service Requirements

Yearly Service Requirements	GENERAL OBLIGATION BONDS		TOTAL
	Principal	Interest	
2008	$30,900,000	$176,346,920	$207,246,920
2009	31,790,000	183,955,586	215,745,586
2010	34,230,000	182,426,923	216,656,923
2011	36,720,000	180,804,864	217,524,864
2012	39,280,000	179,065,589	218,345,589
2013-2017	264,085,000	864,050,066	1,128,135,066
2018-2022	439,390,000	787,570,728	1,226,960,728
2023-2027	677,950,000	658,342,111	1,336,292,111
2028-2032	986,475,000	466,421,178	1,452,896,178
2033-2037	1,345,930,000	193,376,252	1,539,306,252
Total Requirements	$3,886,750,000	$3,872,360,217	$7,759,110,217

Fixed interest rates for the 2005-A Bonds vary from 3.900% to 5.000% depending on maturities.
The Series 2005-B Bonds have a variable interest rate. To date, the average interest rate on the Series 2005-B Bonds has been approximately 3.429%. Fixed interest rates on the 2006 Bonds vary from 3.625% to 5.000%. Fixed interest rates on the 2006-A Bonds vary from 4.0% to 5.0%, the 2006-B Bonds have a variable interest rate. The average interest rate on the Series 2006-B Bonds has been approximately 3.391%. Fixed interest rates on the 2007 Bonds vary from 4.0% to 5.0%.

General Obligation Bonds Payable

Transportation Code, Chapter 201, Subchapter M. Obligations for Certain Highway and Mobility Projects authorized the Commission to issue Texas Mobility Fund Bonds. In May 2005, the Texas Bond Review Board approved $4,000,000,000 of bonds through one or more issuances from the Texas Mobility Fund. The Commission issued these bonds to pay, or reimburse the State Highway Fund or the Mobility Fund for, the costs of (i) constructing, reconstructing, acquiring, and expanding State highways and providing participation by the State in the payment of part of the costs of constructing and providing certain publicly owned toll roads and other public transportation projects and (ii) issuing the Bonds.

Series	Par Value	Date Issued
Series 2007 General Obligation Bonds	$1,006,330,000	June 21, 2007
Series 2006-B General Obligation Bonds	150,000,000	December 13, 2006
Series 2006-A General Obligation Bonds	1,040,275,000	October 31, 2006
Series 2006 General Obligation Bonds	750,000,000	June 8, 2006
Series 2005-A General Obligation Bonds	900,000,000	June 8, 2005
Series 2005-B General Obligation Bonds	100,000,000	June 8, 2005

Source of revenue for debt service – Pursuant to the Enabling Act, the Commission must secure payment of Parity Debt with all or part of the revenues dedicated to and on deposit in the Fund, and may pledge the full faith and credit of the State to payments due on Parity Debt if revenues in the Fund are insufficient to make payments due on such obligations. With respect to Parity Debt, the Commission has pledged to the Owners as security for the payment of the Bonds and the previously issued Outstanding Parity Debt, a first lien in the Security, which consists of: (i) all Pledged Revenues; (ii) all Transportation Assistance Bonds in the Portfolio Account and all amounts in the General Account and the Interest and Sinking Account; (iii) any additional account or subaccount within the

Fund that is subsequently established and designated as being included within the Security; (iv) all of the proceeds of the foregoing, including, without limitation, investments thereof; (v) any applicable Credit Agreement to the extent set forth in such Credit Agreement; and (vi) any applicable guarantee of the State. Funds deposited to the Mobility Fund through 8/31/2005 include revenues from Court Fines and Driver License Point Surcharge Fees. On September 1, 2005, the initial revenue sources of the Fund were redirected to the State of Texas General Revenue Fund. New sources of revenue for the Fund are being phased into the Fund. In FY 2006 the sources of revenue were the United We Stand License Plate Fees, Investment Income, and Motor Vehicle Inspection Fees. Driver Record Information Fees were added in fiscal year 2007, Driver License Fees in fiscal year 2008, and Certificate of Title Fees in fiscal year 2009.

With respect to the Series 2005-B Bonds and the Series 2006-B Bonds liquidity facilities have been executed with DEPFA Bank PLC (for Series 2005-B), and State Street Bank and Trust along with California Public Employees' Retirement System (for Series 2006-B), to provide liquidity in the event such bonds are tendered for purchase and such bonds are not remarketed by the remarketing agent. The repayment obligations under the liquidity facilities are parity debt and payable from the same source of revenues as the outstanding parity obligations.

General Obligation Bonds – Principal

MATURITY DATE	SERIES 2007	SERIES 2006-A	SERIES 2006-B	SERIES 2006	SERIES 2005-A	SERIES 2005-B
April 1, 2006	$	$	$	$	$21,270,000	$3,215,000
April 1, 2007		195,000		18,350,000	14,115,000	2,710,000
April 1, 2008	1,145,000	0		12,275,000	14,680,000	2,800,000
April 1, 2009	250,000	375,000		12,860,000	15,415,000	2,890,000
April 1, 2010	250,000	1,325,000		13,485,000	16,185,000	2,985,000
April 1, 2011	250,000	2,275,000		14,115,000	16,995,000	3,085,000
April 1, 2012	250,000	3,215,000		14,785,000	17,845,000	3,185,000
April 1, 2013	250,000	4,185,000		15,485,000	18,735,000	3,290,000
April 1, 2014	2,350,000	5,115,000		16,225,000	19,670,000	3,400,000
April 1, 2015	5,130,000	6,045,000		16,940,000	20,655,000	3,510,000
April 1, 2016	8,125,000	6,955,000		17,770,000	21,690,000	3,625,000
April 1, 2017	10,890,000	8,895,000		18,630,000	22,775,000	3,745,000
April 1, 2018	12,420,000	12,490,000		19,560,000	23,660,000	3,870,000
April 1, 2019	14,035,000	16,305,000		20,540,000	24,605,000	4,000,000
April 1, 2020	15,735,000	20,340,000		21,565,000	25,590,000	4,130,000
April 1, 2021	17,540,000	24,655,000		22,645,000	26,640,000	4,265,000
April 1, 2022	19,450,000	29,195,000		23,775,000	27,975,000	4,405,000
April 1, 2023	21,470,000	34,015,000		24,965,000	29,370,000	4,550,000
April 1, 2024	23,595,000	39,105,000		26,215,000	30,840,000	4,700,000
April 1, 2025	25,840,000	44,530,000		27,525,000	32,385,000	4,855,000
April 1, 2026	28,165,000	50,240,000		28,805,000	34,000,000	5,015,000
April 1, 2027	30,605,000	56,035,000		30,245,000	35,700,000	5,180,000
April 1, 2028	33,170,000	62,405,000		31,755,000	37,490,000	5,350,000
April 1, 2029	35,865,000	68,865,000		33,345,000	39,360,000	5,530,000
April 1, 2030	38,725,000	75,975,000		35,010,000	41,330,000	5,710,000
April 1, 2031	41,625,000	83,055,000		36,760,000	49,295,000	
April 1, 2032	44,720,000	90,900,000		38,600,000	51,635,000	
April 1, 2033	47,895,000	99,285,000		40,530,000	54,090,000	
April 1, 2034	51,270,000	108,100,000		42,555,000	56,655,000	
April 1, 2035	66,015,000	86,200,000	19,890,000	44,685,000	59,350,000	
April 1, 2036	135,590,000		130,110,000	30,000,000		
April 1, 2037	273,710,000					
TOTAL	$1,006,330,000	$1,040,275,000	$150,000,000	$750,000,000	$900,000,000	$100,000,000

*Maturity dates and amounts for bonds subject to mandatory redemption prior to maturity are based on mandatory redemption schedules.

The bonds and the Commission's payment obligations to the Liquidity Facility Issuer under the Liquidity Facility are general obligations of the State, and as provided in the Enabling Act and the Resolution, the full faith and credit of the state is pledged for the payment of the bonds and the Commission's payment obligations to the Liquidity Facility Issuer under the Liquidity Facility in the event that the revenue and money dedicated to and on deposit in the Fund are insufficient.

The Commission is subject to various covenants imposed by the various bond resolutions. Management believes the Commission was in compliance with all significant covenants as of August 31, 2007.

Redemption

Series 2007 Optional Redemption

The Bonds maturing on and after April 1, 2018 will be subject to redemption on April 1, 2017 or any day thereafter, in whole or in part, at the option of the Commission, in such manner as the Commission may select, at a redemption price of par plus accrued interest to the date fixed for redemption.

Series 2007 Mandatory Redemption

The Bonds maturing on April 1 in the years 2033 and 2037 (the "Term Bonds") are subject to mandatory sinking fund redemption prior to maturity in the aggregate principal amounts and on the dates set forth in the following table, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to, but not including, the redemption date, as follows.

Term Bonds Maturing April 1, 2033		**Term Bonds Maturing April 1, 2037**	
Redemption Date (April 1)	**Principal Amount**	**Redemption Date (April 1)**	**Principal Amount**
2030	$38,725,000	2034	$26,270,000
2031	$41,625,000	2035	$66,015,000
2032	$44,720,000	2036	$135,590,000
2033*	$47,895,000	2037*	$273,710,000

* Stated maturity

Series 2006-B Optional Redemption

Daily Mode or Weekly Mode. Variable Rate Bonds in the Daily Mode or Weekly Mode will be subject to redemption at the option of the Commission in whole or in part, on any interest payment date, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date.

Series 2006-B Mandatory Redemption

The Bonds will be subject to redemption prior to maturity on April 1 of such years and in such principal amounts as set forth in the following schedule:

Redemption Date (April 1)	**Principal Amount**
2035	$19,890,000
2036*	$130,110,000

* Stated Maturity

Series 2006-A Optional Redemption

The Bonds maturing on and after April 1, 2018 will be subject to redemption on April 1, 2017, or any day thereafter, in whole in part, at the option of the Commission, in such manner as the Commission may select, at a redemption price of par plus accrued interest to the date fixed for redemption.

Series 2006-A Mandatory Redemption

The Bonds maturing on April 1 in the years 2033 and 2035 (the "Term Bonds") are subject to mandatory sinking fund redemption prior to maturity in the aggregate principal amounts and on the dates set forth in the following table, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to, but not including, the redemption dates, as follows:

Term Bonds Maturing April 1, 2033		**Term Bonds Maturing April 1, 2035**	
Redemption Date (April 1)	**Principal Amount**	**Redemption Date (April 1)**	**Principal Amount**
2031	$83,055,000	2034	$108,100,000
2032	$90,900,000	2035	$86,200,000
2033*	$99,285,000		

* Stated maturity

Series 2006 Optional Redemption

The Bonds maturing on and after April 1, 2017 will be subject to redemption on April 1, 2016, or any day thereafter, in whole in part, at the option of the Commission, in such manner as the Commission may select, at a redemption price of par plus accrued interest to the date fixed for redemption.

Series 2006 Mandatory Redemption

The Bonds maturing on April 1, 2035 (the "Term Bonds") are subject to mandatory sinking fund redemption prior to maturity in the aggregate principal amounts and on the dates set forth in the following table, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to, but not including, the redemption dates, set forth below:

Term Bonds Maturing April 1, 2035	
Redemption Date (April 1)	**Principal Amount**
2032	$38,600,000
2033	40,530,000
2034	42,555,000
2035*	44,685,000
TOTAL	$166,370,000

* Final maturity

Series 2005-A Optional Redemption

The Fixed Rate Bonds maturing on and after April 1, 2016 will be subject to redemption on April 1, 2015 or any day thereafter, in whole or in part, at the option of the Commission, in such manner as the Commission may select, at a redemption price of par plus accrued interest to the date fixed for redemption.

Series 2005-A Mandatory Redemption

The Fixed Rate Bonds maturing on April 1, 2035 (the “Term Bond”) are subject to mandatory sinking fund redemption prior to maturity in the aggregate principal amounts and on the dates set forth in the following tables, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to, but not including, the redemption date, as follows:

Term Bonds Maturing April 1, 2035	
Redemption Date (April 1)	**Principal Amount**
2031	$49,295,000
2032	51,635,000
2033	54,090,000
2034	56,655,000
2035*	59,350,000
TOTAL	$271,025,000

* Final maturity

Series 2005-B Optional Redemption

Daily Mode or Weekly Mode. Variable Rate Bonds in the Daily Mode or Weekly Mode will be subject to redemption at the option of the Commission in whole or in part, on any interest payment date, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date.

Series 2005-B Mandatory Redemption

The Variable Rate Bonds will be subject to mandatory redemption prior to maturity on April 1 of such years and in such principal amounts as set forth in the following schedule:

Date	Principal Amount		Date	Principal Amount
2006	$3,215,000		2019	4,000,000
2007	2,710,000		2020	4,130,000
2008	2,800,000		2021	4,265,000
2009	2,890,000		2022	4,405,000
2010	2,985,000		2023	4,550,000
2011	3,085,000		2024	4,700,000
2012	3,185,000		2025	4,855,000
2013	3,290,000		2026	5,015,000
2014	3,400,000		2027	5,180,000
2015	3,510,000		2028	5,350,000
2016	3,625,000		2029	5,530,000
2017	3,745,000		2030	5,710,000
2018	3,870,000		Total	$100,000,000

Redemption in Part

In the event of redemption of less than all the Variable Rate Bonds, the Variable Rate Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar by lot in such manner as the Paying Agent/Registrar in its discretion may determine; provided, however, that the Variable Rate Bonds to be redeemed will be in authorized denominations; and provided, further, that any Variable Rate Bonds which are Purchased Bonds will be redeemed prior to any other Variable Rate Bonds.

Redemption of Purchased Bonds

Purchased Bonds are subject to redemption, at the option of the Commission in whole or in part on any business day, at a redemption price equal to the principal amount of the Purchased Bonds to be redeemed plus accrued interest thereon to the redemption date. Purchased Bonds are also subject to mandatory redemption in accordance with the terms of the Liquidity Facility. If less than all of the Variable Rate Bonds are to be redeemed, the Commission is required to redeem all Purchased Bonds prior to the redemption of any other Variable Rate Bonds.

DERIVATIVES

Pay-Variable, Receive-Variable Interest Rate Swaps

Objective of the Swaps

The Texas Transportation Commission (Commission) is currently a party to three pay-variable, receive-variable Constant Maturity Swaps (CMS basis swaps) associated with the Commission's State of Texas General Obligation Mobility Fund Series 2006-A fixed-rate bonds. The CMS basis swaps exchange the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index (formerly known as Bond Market Association (BMA) Municipal Swap Index) for the London Interbank Offered Rate (LIBOR) Swap Index. The purpose of the CMS basis swaps is to achieve reduced overall borrowing costs through the assumption of yield curve risk (the difference between short-term and long-term rates) and tax risk (the spread between the SIFMA/BMA tax-exempt rate and the LIBOR taxable rate).

Significant Terms

The $400 million forward starting CMS basis swap was competitively bid on October 5, 2006 and agreements were executed with the following counterparties on October 6, 2006: JPMorgan Chase Bank, N.A., Goldman Sachs Mitsui Marine Derivative Products, L.P., and Morgan Stanley Capital Services Inc. The notional amount of the JPMorgan Chase CMS basis swap is $200 million and the notional amounts of the Goldman Sachs and Morgan Stanley CMS basis swaps are each $100 million. As of August 31, 2007 there was $1,040,080,000 of Series 2006-A Bonds outstanding and the notional amount of the CMS basis swaps was $400 million. Effective September 1, 2007, the Commission will pay to each swap counterparty an amount equal to the SIFMA/BMA Municipal Swap Index on the notional amount of the swap agreements. In return, each swap counterparty will pay the Commission an amount equal to 69.42 percent of the USD-ISDA-Swap Rate assuming a 10-year Designated Maturity (which is a reported market rate at which 10-year interest rate swaps for a one month U.S. dollar LIBOR rate are entered into from time to time) on the notional amounts of each swap agreement. Regularly scheduled amounts owed by the Commission and the swap counterparties will be due under the basis swap agreements on a net basis on the first business day of each month following the effective date of the basis swap agreements, commencing October 2007 and ending on September 1, 2027. Following certain events, such as a credit rating downgrade of a counterparty, collateral posts may be required according to the credit support annex. In addition, the Commission has the option to terminate any swap transaction, in whole or in part, at any time. In the event that the Commission elects to terminate one or more swap transactions, amounts due to and from the counterparty/counterparties will be calculated by an external calculation agent.

TERMS OF THE $400 MILLION CMS BASIS SWAP					
Counterparty	***Notional Amount***	***Variable Rate Paid***	***Variable Rate Received***	***Fair Value as of 8/31/07***	***Credit Ratings F/M/S&P***
JPMorgan Chase	$200 million	SIFMA/BMA	69.42% of 10-yr LIBOR	$831,730	AA-/Aaa/AA
Goldman Sachs	$100 million	SIFMA/BMA	69.42% of 10-yr LIBOR	415,865	NR/Aaa/AAA
Morgan Stanley	$100 million	SIFMA/BMA	69.42% of 10-yr LIBOR	415,865	AA-/Aa3/AA-
	$400 million			$1,663,460	

Fair Value

As of August 31, 2007, the fair market values of the CMS basis swaps with JPMorgan Chase, Goldman Sachs, and Morgan Stanley were $831,730, $415,865, and $415,865, respectively for a total market value of $1,663,460. The valuations are intended to serve as theoretical estimates of the market value of the swaps as of the date indicated.

Risks Involved

a. Credit Risk: Credit risk is the risk that a counterparty will not fulfill its obligations according to the swap agreement. The Commission mitigates credit risk associated with swap transactions by only entering into transactions with highly-rated counterparties. Upon entering a derivative transaction, the Commission requires that counterparties have a minimum credit rating of AA-/Aa3 by at least one of the three nationally recognized rating agencies. Additionally, the Commission diversifies exposure to counterparty credit risk through multiple awards. Although the original notional award amount for the CMS basis swap was $400 million, the actual award was split amongst three counterparties. CMS basis swap agreements contain provisions for collateral posts by counterparties in the event of a credit rating downgrade. Acceptable forms of collateral include cash in the form of U.S. Dollars, negotiable debt obligations issued by the U.S. Treasury Department, and agency securities. Agency securities include negotiable debt obligations which are fully guaranteed as to both principal and interest by the Federal National Mortgage Association, the Government National Mortgage Association or the Federal Home Loan Mortgage Corporation, but excluding 1) interest only and principal only securities, and 2) Collateralized Mortgage Obligations, Real Estate Mortgage Investment Conduits and similar derivative securities. Collateral will be held by the Commission and/or its designated custodian.

b. Interest Rate Risk: Yield curve risk, a form of interest rate risk, exists when short-term and long-term interest rates change causing a change in the shape of the yield curve. Yield curve risk has been assumed in the swap transactions, with the anticipated benefit dependent upon the yield curve's return to a slope more closely related to historical norms. Long-term exposure to yield curve risk is mitigated through the Commission's unilateral ability to terminate the swaps at any time should the yield curve not return to normal as projected.

c. Basis Risk: Basis risk is the risk that occurs when derivative transactions incorporate variable interest rates based on different indexes, such as taxable versus tax-exempt indexes. Tax risk, a form of basis risk, is the risk that tax law changes would cause the SIFMA/BMA tax-exempt index to rise higher than the established percentage of the LIBOR taxable index. This change could cause the Commission's net cash outflows to be greater than the net cash inflows, thus reducing the cumulative interest rate savings intended by the swap transaction. To mitigate tax risk, the Commission executes swap agreements where the percentage of LIBOR closely matches historical trading relationships creating a net inflow of payments to the Commission, thus reducing interest cost. The Commission also mitigates tax risk by limiting the portion of the total portfolio that can be exposed to tax risk at a given time.

d. Termination Risk: Termination risk exists if

    i. The Commission opts to terminate the swap prior to maturity;
    ii. The credit rating assigned to the long-term, unenhanced senior lien Texas Mobility Fund Revenue Financing Program Obligations of the Commission is withdrawn, suspended or falls below Baa2/BBB or the Commission fails to have any rated long-term, unenhanced senior lien Texas Mobility Fund Revenue Financing Program Obligations and the Commission is unable or not required to post collateral;
    iii. The credit rating assigned to the long-term, unsecured, unenhanced, unsubordinated debt of a counterparty is withdrawn, suspended or falls below Baa2/BBB or a counterparty fails to have any rated long-term, unsecured, unenhanced, unsubordinated debt and the counterparty is unable to post collateral; or
    iv. If the Commission or counterparty fails to perform under the terms of the respective swap agreements.

   The Commission mitigates termination risk by maintaining a strong financial standing for its financing programs thus making involuntary termination unlikely. The Commission targets maintenance of sufficient reserves to cover all or part of a termination payment due to a counterparty if the swap is terminated prior to maturity and the swap has a negative fair value. Risk of involuntary termination due to counterparty downgrade is mitigated by a collateral posting requirement, and the use of a diverse group of highly-rated counterparties. Risk of involuntary termination due to a downgrade of the State of Texas below Baa2/BBB is highly unlikely given the General Obligation pledge and Aa1/AA/AA+ ratings supporting the obligations of the Texas Mobility Fund. In addition, the Commission also has the sole option to terminate and cancel any swap transaction, at any time, in whole or in part.

e. Rollover Risk: Rollover risk is the risk that the duration of the swap transaction does not match the final maturity of the underlying debt issue. This presents risk because once the swap terminates, the Commission will no longer benefit from the anticipated reduced interest cost provided by the swap. The CMS basis swaps present rollover risk because the swaps will terminate on September 1, 2027 and the final maturity of the associated debt series is April 1, 2035. The Commission accepted rollover risk because extending the term of the swap agreements to match the maturity of the bonds would have continued counterparty credit risk for only marginal projected benefit.

f. Market-access Risk: Market-access risk is the risk that an entity will not be able to enter credit markets or that credit will become more costly. The CMS basis swap does not present market-access risk because the transaction does not require access to the credit market.

B. Associated Debt

The CMS basis swaps are associated with the Commission's State of Texas General Obligation Mobility Fund Series 2006-A fixed-rate bonds. The debt service schedule for the bonds is shown in the table below. The effective date of the exchange of payments for the CMS basis swap is September 1, 2007; thus no cash flows had commenced nor were due, hence none occurred. Projected cash flows according to assumptions are listed in the table below.

Debt Service Schedule

	State of Texas General Obligation Mobility Fund Series 2006-A Fixed-Rate Bonds		Constant Maturity Swaps	
FY	**PRINCIPAL**	**INTEREST**	**PAYMENTS***	**NET DEBT SERVICE**
2008		$49,794,500	$(4,682,333)	$45,112,167
2009	$375,000	49,794,500	(5,108,000)	45,061,500
2010	1,325,000	49,779,500	(5,108,000)	45,996,500
2011	2,275,000	49,726,500	(5,108,000)	46,893,500
2012	3,215,000	49,635,500	(5,108,000)	47,742,500
2013-2017	31,195,000	245,489,300	(25,540,000)	251,144,300
2018-2022	102,985,000	232,640,250	(25,540,000)	310,085,250
2023-2027	223,925,000	195,721,950	(25,540,000)	394,106,950
2028-2032	381,200,000	127,826,100	(425,667)	508,600,433
2033-2037	293,585,000	26,330,250		319,915,250
	$1,040,080,000	**$1,076,738,350**	**$(102,160,000)**	**$2,014,658,350**

*Swap payments projected using the historical average annual spread differential of 1.277%, between BMA and 69.42% of 10-Year USD-ISDA-Swap Rate since 1985.

NOTE 6 – DUE TO/FROM OTHER FUNDS

As of August 31, 2007, the Mobility Fund reports a Due To the Comptroller of Public Accounts in the amount of $144,348,568. This represents an excess revenue transfer from the Comptroller to the Mobility Fund. The Mobility Fund is also reporting a Due To the Department in the amount of $137,608,202. This represents accrued expenses which were paid in September 2007.

NOTE 7- EMPLOYEES' RETIREMENT PLANS

The State has joint contributory retirement plans for virtually all its employees. The Department participates in the plans administered by the Employees Retirement System of Texas ("ERS") by making monthly payments based on actuarial calculations. Future pension costs are the liabilities of the ERS. ERS does not account for each state agency separately. Annual financial reports prepared by the ERS include audited financial statements and actuarial assumptions and conclusions. The Mobility Fund does not have any employees. The Department provides all accounting and administrative services. The Mobility Fund does not have any contributions to the plan.

NOTE 8 – CONTINUANCE SUBJECT TO REVIEW

The Department is currently subject to a continuance review. Under the Texas Sunset Act, the Department will be abolished effective September 1, 2009, unless continued in existence by the 81st Legislature as provided by the Act. If abolished, the Department may continue until September 1, 2010 to close out its operations. In the event that the Department is abolished pursuant to the Texas Sunset Act or other law, Section 325.017(f), Texas Government Code, acknowledges that such action will not alter the obligation of the State to pay bonded indebtedness and all other obligations of the abolished agency.

NOTE 9 - RISK FINANCING & RELATED INSURANCE

The Mobility Fund does not have any employees. The Department provides all accounting and administrative services. In addition, the Department's risk financing and insurance programs apply to the Mobility Fund.

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 self-insurance and safety programs, which are the responsibility of the Department's Occupational Safety Division.

NOTE 10 – SUBSEQUENT EVENTS

On November 29, 2007, the Texas Bond Review Board gave approval for the Commission to issue an additional $2.4 billion in TMF bonds.

Supplementary Schedule: Summary of Texas Mobility Fund Project Expenditures by County

County	Preliminary Engineering	Construction	Construction Engineering	Right-of-Way	Total Expenditures
Anderson	$ 1,187,918	$ -	$ -	$ 5,023,145	$ 6,211,063
Angelina	$ 793,041	$ -	$ -	$ 8,792,662	$ 9,585,703
Archer	$ 133,569	$ 143,739	$ 4,841	$ 84,847	$ 366,996
Austin	$ 413,366	$ -	$ -	$ -	$ 413,366
Bastrop	$ 14,916	$ 4,452,906	$ 208,872	$ 635,565	$ 5,312,259
Baylor	$ 87,519	$ 24,937,780	$ 677,661	$ 590,029	$ 26,292,989
Bee	$ 104,323	$ 4,925,052	$ 302,128	$ 898	$ 5,332,401
Bell	$ 2,232,696	$ 37,605,409	$ 1,279,127	$ 16,273,546	$ 57,390,778
Bexar	$ 8,921,288	$ 126,050,519	$ 8,268,575	$ 7,113,843	$ 150,354,225
Bowie	$ 313,318	$ 24,462,754	$ 1,034,869	$ 2,096,781	$ 27,907,722
Brazoria	$ 350,692	$ 10,036,685	$ 425,458	$ 570,802	$ 11,383,637
Brazos	$ 69,668	$ 38,748,312	$ 1,489,817	$ 292,151	$ 40,599,948
Brooks	$ 320,672	$ -	$ -	$ -	$ 320,672
Brown	$ -	$ -	$ -	$ 31	$ 31
Burleson	$ -	$ 4,490,061	$ 255,886	$ 1,018,888	$ 5,764,835
Burnet	$ -	$ -	$ -	$ 67,788	$ 67,788
Caldwell	$ -	$ -	$ -	$ 91,030	$ 91,030
Calhoun	$ -	$ 477,719	$ 13,494	$ 120,344	$ 611,557
Callahan	$ -	$ -	$ -	$ 69,759	$ 69,759
Cameron	$ 2,305,314	$ 56,261,641	$ 1,577,753	$ 711,055	$ 60,855,763
Carson	$ -	$ -	$ -	$ 140,342	$ 140,342
Cass	$ 11,160	$ 15,947,181	$ 613,798	$ 12,721	$ 16,584,860
Chambers	$ 279,002	$ 49,277,190	$ 969,595	$ 1,872	$ 50,527,659
Cherokee	$ 874,069	$ -	$ -	$ -	$ 874,069
Childress	$ -	$ -	$ -	$ 268,215	$ 268,215
Collin	$ 292,395	$ 22,297,886	$ 848,909	$ 12,310,747	$ 35,749,937
Colorado	$ 247,294	$ -	$ -	$ -	$ 247,294
Comal	$ 1,942,021	$ 6,655,662	$ 467,702	$ -	$ 9,065,385
Comanche	$ 170,749	$ -	$ -	$ -	$ 170,749
Concho	$ 59,792	$ -	$ -	$ 256,013	$ 315,805
Cooke	$ 326,565	$ -	$ -	$ 90,894	$ 417,459
Coryell	$ 38,622	$ 5,059,423	$ 228,298	$ 2,186,725	$ 7,513,068
Dallam	$ 89,852	$ 4,745,220	$ 204,529	$ 49,708	$ 5,089,309
Dallas	$ 7,855,722	$ 67,756,619	$ 3,382,093	$ 63,637,539	$ 142,631,973
Denton	$ 6,001,547	$ 26,601,420	$ 2,647,298	$ 195,935	$ 35,446,200
Dewitt	$ -	$ -	$ -	$ 178,137	$ 178,137
Eastland	$ -	$ -	$ -	$ 136,090	$ 136,090
Ector	$ 22,569	$ -	$ -	$ -	$ 22,569
El Paso	$ 2,624,220	$ 3,455,225	$ 180,929	$ 304,554	$ 6,564,928
Ellis	$ -	$ 3,383,384	$ 341,561	$ 140	$ 3,725,085
Erath	$ 47,814	$ -	$ -	$ 978,631	$ 1,026,445
Falls	$ 209,917	$ 5,111,328	$ 261,102	$ 446,389	$ 6,028,736
Fort Bend	$ 758,794	$ 62,123,987	$ 2,085,532	$ 372,656	$ 65,340,969
Freestone	$ -	$ -	$ -	$ 26	$ 26
Galveston	$ 899,259	$ 4,701,861	$ 234,967	$ (32,250)	$ 5,803,837
Gillespie	$ 209,921	$ -	$ -	$ -	$ 209,921
Glasscock	$ 15,586	$ -	$ -	$ -	$ 15,586
Goliad	$ 9,761	$ 15,482,863	$ 647,814	$ -	$ 16,140,438
Grayson	$ -	$ -	$ -	$ 1,152,826	$ 1,152,826
Gregg	$ 109,363	$ -	$ -	$ 892,738	$ 1,002,101
Grimes	$ 90,218	$ -	$ -	$ -	$ 90,218
Guadalupe	$ 593,110	$ 75,690	$ 10,619	$ -	$ 679,419
Hardeman	$ -	$ -	$ -	$ 1,877	$ 1,877
Hardin	$ 22,437	$ -	$ -	$ 786	$ 23,223
Harris	$ 3,560,326	$ 280,169,891	$ 16,297,299	$ 48,722,124	$ 348,749,640
Harrison	$ -	$ 596,890	$ 44,907	$ 397,758	$ 1,039,555

Supplementary Schedule : Summary of Texas Mobility Fund Project Expenditures by County (Continued)

County	Preliminary Engineering	Construction	Construction Engineering	Right-of-Way	Total Expenditures
Hartley	$ 9,168	$ -	$ -	$ -	$ 9,168
Haskell	$ 2,251	$ 3,863,509	$ 266,774	$ -	$ 4,132,534
Hays	$ 156,583	$ -	$ -	$ 89,336	$ 245,919
Henderson	$ 419,632	$ 12,836,143	$ 743,396	$ 4,855,662	$ 18,854,833
Hidalgo	$ 707,281	$ 58,075,113	$ 2,098,966	$ 3,063,624	$ 63,944,984
Hill	$ 444,787	$ 17,773,902	$ 738,468	$ 1,395,928	$ 20,353,085
Houston	$ 5,322	$ -	$ -	$ 161,126	$ 166,448
Hunt	$ 1,018,871	$ -	$ -	$ 6,285,473	$ 7,304,344
Jasper	$ 392,570	$ 17,337,919	$ 401,708	$ 83,000	$ 18,215,197
Jefferson	$ -	$ 5,233,369	$ 257,767	$ -	$ 5,491,136
Johnson	$ 807,119	$ -	$ -	$ 4,450,049	$ 5,257,168
Kaufman	$ 236,039	$ -	$ -	$ -	$ 236,039
Kerr	$ 84,921	$ -	$ -	$ -	$ 84,921
Kimble	$ 146,875	$ -	$ -	$ -	$ 146,875
Kinney	$ 228,297	$ -	$ -	$ -	$ 228,297
Knox	$ 208	$ 8,915,651	$ 356,664	$ -	$ 9,272,523
La Salle	$ -	$ -	$ -	$ 133	$ 133
Lampasas	$ 37,395	$ -	$ -	$ 191,328	$ 228,723
Lavaca	$ 624	$ -	$ -	$ 54,954	$ 55,578
Liberty	$ 329,287	$ 2,367,661	$ 106,565	$ 741,299	$ 3,544,812
Limestone	$ -	$ -	$ -	$ 202,975	$ 202,975
Live Oak	$ 129,297	$ 3,419,779	$ 252,005	$ 848,272	$ 4,649,353
Lubbock	$ 96,618	$ 23,016,573	$ 2,152,148	$ -	$ 25,265,339
Madison	$ -	$ -	$ -	$ 27,923	$ 27,923
Marion	$ 36,501	$ 8,277,967	$ 256,043	$ 141,118	$ 8,711,629
Matagorda	$ -	$ 50,163	$ 2,575	$ 162,503	$ 215,241
Maverick	$ 1,397,363	$ -	$ -	$ 3,743,229	$ 5,140,592
McCulloch	$ 22,285	$ -	$ -	$ 1,183,030	$ 1,205,315
McLennan	$ 3,240,455	$ 12,341,181	$ 572,233	$ 16,167,985	$ 32,321,854
Menard	$ 19,816	$ -	$ -	$ 135,088	$ 154,904
Midland	$ 280,714	$ 2,723,428	$ 118,766	$ -	$ 3,122,908
Milam	$ 60,408	$ -	$ -	$ -	$ 60,408
Montgomery	$ 466,562	$ 78,068,588	$ 2,252,980	$ 1,813,574	$ 82,601,704
Nacogdoches	$ 39,076	$ -	$ -	$ 705,979	$ 745,055
Navarro	$ -	$ 4,989,651	$ 326,212	$ -	$ 5,315,863
Nueces	$ 309,855	$ 4,199,757	$ 611,955	$ -	$ 5,121,567
Orange	$ 11,138	$ 20,522,288	$ 494,737	$ 1,282,273	$ 22,310,436
Potter	$ 38	$ 3,449,575	$ 173,827	$ 4,957	$ 3,628,397
Rains	$ 140,125	$ -	$ -	$ 83	$ 140,208
Red River	$ -	$ 168,505	$ (4,904)	$ -	$ 163,601
Robertson	$ 24,890	$ 4,149,343	$ 280,880	$ 1,486,396	$ 5,941,509
Rockwall	$ 249,610	$ 11,458,628	$ 444,473	$ 851,870	$ 13,004,581
San Jacinto	$ 759,872	$ -	$ -	$ 3,507,467	$ 4,267,339
San Patricio	$ 9,606	$ 20,880,093	$ 550,432	$ 603,589	$ 22,043,720
Shelby	$ -	$ -	$ -	$ 162	$ 162
Smith	$ 322,529	$ 12,599,977	$ 916,329	$ 7,370,188	$ 21,209,023
Starr	$ 418,710	$ -	$ -	$ -	$ 418,710
Sterling	$ 81,139	$ -	$ -	$ 148,444	$ 229,583
Tarrant	$ 5,169,221	$ 5,860,865	$ 313,806	$ 7,451,640	$ 18,795,532
Taylor	$ -	$ 7,171,915	$ 271,149	$ -	$ 7,443,064
Titus	$ (2,376)	$ -	$ -	$ -	$ (2,376)
Tom Green	$ -	$ 6,876,181	$ 215,880	$ -	$ 7,092,061
Travis	$ 14,072,022	$ 21,806,163	$ 1,236,687	$ 18,384,513	$ 55,499,385
Tyler	$ 313,626	$ -	$ -	$ 1,264,183	$ 1,577,809
Val Verde	$ 452,283	$ (289,727)	$ -	$ -	$ 162,556
Van Zandt	$ -	$ 116,758	$ 3,244	$ -	$ 120,002
Victoria	$ 185,039	$ 4,631,669	$ 123,942	$ 942,293	$ 5,882,943
Walker	$ 54	$ 2,628,407	$ 152,039	$ -	$ 2,780,500

Supplementary Schedule : Summary of Texas Mobility Fund Project Expenditures by County (Concluded)

County	Preliminary Engineering	Construction	Construction Engineering	Right-of-Way	Total Expenditures
Waller	$ 47,870	$ -	$ -	$ -	$ 47,870
Webb	$ 1,571,747	$ 22,806,795	$ 1,089,195	$ 2,279,885	$ 27,747,622
Wichita	$ 691	$ 10,956,783	$ 492,851	$ -	$ 11,450,325
Willacy	$ 17,025	$ 18,756,106	$ 316,382	$ -	$ 19,089,513
Williamson	$ 952,777	$ 268,862	$ 5,567	$ 3,076,667	$ 4,303,873
Wilson	$ -	$ 160,561	$ 6,291	$ -	$ 166,852
Wise	$ 254,309	$ 7,162,562	$ 390,525	$ 1,109,602	$ 8,916,998
Wood	$ 1,638,295	$ 4,807,118	$ 168,522	$ 50,400	$ 6,664,335
Zapata	$ 475,217	$ 3,843,567	$ 176,777	$ -	$ 4,495,561
	$ 82,902,022	$1,360,317,645	$ 64,339,289	$ 272,574,557	$ 1,780,133,513

- Totals may vary from Operating Transfers Out due to rounding.
- A detailed listing by project may be found at http://www.dot.state.tx.us/services/finance/mobility_fund.htm

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Texas Department of Transportation

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