



**Susan Combs**  
Texas Comptroller  
of Public Accounts

# Annual Financial Report

For the Year Ended  
August 31, 2009





November 20, 2009

The Honorable Rick Perry, Governor  
Mr. John S. O'Brien, Director, Legislative Budget Board  
John M. Keel, CPA, State Auditor

Gentlemen:

We are pleased to submit the *Annual Financial Report* for the Comptroller of Public Accounts, the Comptroller's Judiciary Section, the Comptroller's Fiscal Programs, the Comptroller's Treasury Operations Fiscal Agency, the Texas Safekeeping Trust Company and the State Energy Conservation Office for the year ending Aug. 31, 2009, in compliance with TEX. GOV'T CODE ANN §2101.011 and in accordance with the requirements established by the Comptroller.

Due to the statewide requirements embedded in Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments*, the Comptroller does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the state auditor as part of the audit of the state of Texas Comprehensive Annual Financial Report; 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 Robert Chapa, manager of our Budget and Internal Accounting Division, by e-mail at [robert.chapa@cpa.state.tx.us](mailto:robert.chapa@cpa.state.tx.us) or by phone at 463-4762.

Sincerely,  
Susan Combs

cc: Robert Chapa





# 2009 Annual Financial Report

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# Comptroller of Public Accounts (304)

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## **BASIC FINANCIAL STATEMENTS**

UNAUDITED  
*Comptroller of Public Accounts (304)*

UNAUDITED  
Comptroller of Public Accounts (304)

**EXHIBIT I**

**Combined Balance Sheet/Statement of Net Assets – Governmental Funds**

August 31, 2009

	Governmental Fund Type General 0001 U/F (0001), (3027), (4050)	Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents:						
Cash on Hand	\$ 4,650.00	\$ 4,650.00	\$	\$	\$	\$ 4,650.00
Cash in Bank (Note 3)	25,000.00	25,000.00				25,000.00
Legislative Appropriations	42,602,963.72	42,602,963.72				42,602,963.72
Receivables From:						
Accounts Receivable	151,462.73	151,462.73				151,462.73
Due From Other Agencies (Note 12)	140,289.97	140,289.97				140,289.97
Consumable Inventories	893,650.09	893,650.09				893,650.09
Total Current Assets	<u>43,818,016.51</u>	<u>43,818,016.51</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>43,818,016.51</u>
Non-Current Assets:						
Capital Assets (Note 2):						
Non-Depreciable:						
Other Capital Assets			3,250.00			3,250.00
Depreciable:						
Furniture and Equipment			16,540,722.15			16,540,722.15
Less Accumulated Depreciation			(14,785,110.61)			(14,785,110.61)
Vehicles, Boats, and Aircraft			276,279.71			276,279.71
Less Accumulated Depreciation			(231,115.52)			(231,115.52)
Total Non-Current Assets	0.00	0.00	1,804,025.73	0.00	0.00	1,804,025.73
Total Assets	<u>\$ 43,818,016.51</u>	<u>\$ 43,818,016.51</u>	<u>\$ 1,804,025.73</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 45,622,042.24</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Current Liabilities:						
Payables From:						
Vouchers Payable	\$ 1,872,355.69	\$ 1,872,355.69	\$	\$	\$	\$ 1,872,355.69
Accounts Payable	340,642.60	340,642.60				340,642.60
Payroll Payable	17,794,699.76	17,794,699.76				17,794,699.76
Employees' Compensable Leave (Note 5)				11,208,031.59		11,208,031.59
Total Current Liabilities	<u>20,007,698.05</u>	<u>20,007,698.05</u>	<u>0.00</u>	<u>11,208,031.59</u>	<u>0.00</u>	<u>31,215,729.64</u>
Non-Current Liabilities:						
Employees' Compensable Leave (Note 5)				8,420,474.38		8,420,474.38
Total Non-Current Liabilities	0.00	0.00	0.00	8,420,474.38	0.00	8,420,474.38
Total Liabilities	<u>20,007,698.05</u>	<u>20,007,698.05</u>	<u>0.00</u>	<u>19,628,505.97</u>	<u>0.00</u>	<u>39,636,204.02</u>
<b>FUND FINANCIAL STATEMENT</b>						
Fund Balances (Deficits):						
Reserved for:						
Encumbrances	5,252,805.00	5,252,805.00				5,252,805.00
Consumable Inventories	893,650.09	893,650.09				893,650.09
Imprest Accounts	29,650.00	29,650.00				29,650.00
Unreserved/Designated for:						
Undesignated	17,634,213.37	17,634,213.37				17,634,213.37
Total Fund Balances	<u>23,810,318.46</u>	<u>23,810,318.46</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>23,810,318.46</u>
Total Liabilities and Fund Balances	<u>\$ 43,818,016.51</u>	<u>\$ 43,818,016.51</u>				
<b>GOVERNMENT-WIDE STATEMENT OF NET ASSETS</b>						
Net Assets						
Invested in Capital Assets						
Net of Related Debt			\$ 1,804,025.73	\$	\$	\$ 1,804,025.73
Restricted for:						
Employee Benefits				(19,628,505.97)		(19,628,505.97)
Total Net Assets			<u>\$ 1,804,025.73</u>	<u>\$ (19,628,505.97)</u>	<u>\$ 0.00</u>	<u>\$ 5,985,838.22</u>

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

UNAUDITED  
Comptroller of Public Accounts (304)

EXHIBIT II

## Combined Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities – Governmental Funds

For the Fiscal Year Ended August 31, 2009

	Governmental Fund Type General 0001 U/F (0001), (3027), (4050)	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
<b>REVENUES</b>						
Legislative Appropriations:						
Original Appropriations	\$ 207,488,918.00	\$ 207,488,918.00	\$	\$	\$	\$ 207,488,918.00
Additional Appropriations	52,016,250.89	52,016,250.89				52,016,250.89
Federal Revenue (Schedule 1A)	10,000.00	10,000.00				10,000.00
Licenses, Fees and Permits	1,892,887.98	1,892,887.98				1,892,887.98
Sales of Goods and Services	221,319.60	221,319.60				221,319.60
Other	246,366.14	246,366.14				246,366.14
Total Revenues	<u>261,875,742.61</u>	<u>261,875,742.61</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>261,875,742.61</u>
<b>EXPENDITURES</b>						
Salaries and Wages	166,158,250.30	166,158,250.30		1,675,171.13		167,833,421.43
Payroll Related Costs	42,783,709.00	42,783,709.00				42,783,709.00
Professional Fees and Services	12,929,777.13	12,929,777.13				12,929,777.13
Travel	4,899,656.39	4,899,656.39				4,899,656.39
Materials and Supplies	5,760,729.12	5,760,729.12				5,760,729.12
Communication and Utilities	3,296,282.98	3,296,282.98				3,296,282.98
Repairs and Maintenance	11,350,888.13	11,350,888.13				11,350,888.13
Rentals and Leases	14,354,864.51	14,354,864.51				14,354,864.51
Printing and Reproduction	2,324,745.67	2,324,745.67				2,324,745.67
Claims and Judgements	5,489.85	5,489.85				5,489.85
Other Expenditures	3,823,597.16	3,823,597.16				3,823,597.16
Capital Outlay (Note 2)	240,886.90	240,886.90	(240,886.90)			
Depreciation Expense			993,733.43			993,733.43
Total Expenditures/Expenses	<u>267,928,877.14</u>	<u>267,928,877.14</u>	<u>752,846.53</u>	<u>1,675,171.13</u>	<u>0.00</u>	<u>270,356,894.80</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(6,053,134.53)</u>	<u>(6,053,134.53)</u>	<u>(752,846.53)</u>	<u>(1,675,171.13)</u>	<u>0.00</u>	<u>(8,481,152.19)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of Capital Assets	2,835.00	2,835.00				2,835.00
Transfers In (Note 12)	500,000.00	500,000.00				500,000.00
Transfers Out (Note 12)	59,099.53	59,099.53				59,099.53
Legislative Transfers In (Note 12)	4,039,623.00	4,039,623.00				4,039,623.00
Insurance Recovery	3,677.00	3,677.00				3,677.00
Gain/(Loss) on Sale of Capital Assets			(11,478.71)			(11,478.71)
Lapsed Committed Revenue Appropriations	(3.04)	(3.04)				(3.04)
Total Other Financing Sources and Uses	<u>4,605,231.49</u>	<u>4,605,231.49</u>	<u>(11,478.71)</u>	<u>0.00</u>	<u>0.00</u>	<u>4,593,752.78</u>
Net Change in Fund Balances/Net Assets	<u>(1,447,903.04)</u>	<u>(1,447,903.04)</u>	<u>(764,325.24)</u>	<u>(1,675,171.13)</u>	<u>0.00</u>	<u>(3,887,399.41)</u>
<b>FUND FINANCIAL STATEMENT –</b>						
<b>FUND BALANCES</b>						
Fund Balances – Beginning	25,258,221.50	25,258,221.50				25,258,221.50
Restatements (Note 14)						
Fund Balances, September 1, 2008, as Restated	<u>25,258,221.50</u>	<u>25,258,221.50</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>25,258,221.50</u>
Appropriations Lapsed						
Fund Balances – August 31, 2009	<u>\$ 23,810,318.46</u>	<u>\$ 23,810,318.46</u>	<u>\$ (764,325.24)</u>	<u>\$ (1,675,171.13)</u>	<u>\$ 0.00</u>	<u>\$ 21,370,822.09</u>
<b>GOVERNMENT-WIDE STATEMENT OF NET ASSETS</b>						
Change in Net Assets		<u>\$ 23,810,318.46</u>	<u>\$ (764,325.24)</u>	<u>\$ (1,675,171.13)</u>	<u>\$</u>	<u>\$ 21,370,822.09</u>
Net Assets-Beginning			2,568,350.97	(17,953,334.84)		(15,384,983.87)
Restatements						
Net Assets, September 1, 2008, as Restated and Adjusted			<u>2,568,350.97</u>	<u>(17,953,334.84)</u>	<u>0.00</u>	<u>(15,384,983.87)</u>
Net Assets as of August 31, 2009		<u>\$ 23,810,318.46</u>	<u>\$ 1,804,025.73</u>	<u>\$ (19,628,505.97)</u>	<u>\$ 0.00</u>	<u>\$ 5,985,838.22</u>

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

# Notes to the Financial Statements

## NOTE 1: Summary of Significant Accounting Policies

### ENTITY

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The Comptroller of Public Accounts is an agency of the State of Texas.

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

The Comptroller's office has three major statutory duties. First, the Comptroller serves as the state's primary tax collector, responsible for collecting most major state taxes. Second, the Comptroller is the state's chief accountant, responsible for writing the state's checks and monitoring all spending by state agencies. Third, the Comptroller is the state's official revenue estimator, responsible for issuing an estimate of revenues that will be available to the state over the upcoming two-year budget period.

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

This section of the report includes only those funds and accounts from which the Comptroller's own departmental activities are financed. The fiscal functions of the Comptroller's office are reported in separate sections of this report.

There are no component units in which the Comptroller of Public Accounts is financially accountable or any organization in which exclusion would create misleading or incomplete financial statements.

### FUND STRUCTURE

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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 Fund*

The General Revenue Fund (Fund 0001) is the principle operating fund used to account for most of the state's general activities. It accounts for all financial resources except those required to be accounted for in other funds.

##### *Capital Assets Adjustment Fund Type*

The Capital Assets Adjustment Fund (Fund 9998) will be used to convert governmental fund types' capital assets from modified accrual to full accrual.

##### *Long-Term Liabilities Adjustment Fund Type*

The Long-Term Liabilities Adjustment Fund (Fund 9997) will be used to convert governmental fund types' debt from modified accrual to full accrual.

## FIDUCIARY FUND TYPES

### *Agency Funds*

Agency funds are used to account for assets the government holds on behalf of others in a purely custodial capacity. Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. They are as follows: Unappropriated General Revenue (Fund 1000), Direct Deposit Correction Account (Fund 0980), Texasaver 401K plan (Fund 0942), Savings Bond Account (Fund 0901), Departmental Suspense (Fund 0900), TPASS Postage (Fund 0999), and Child Support Employee Deductions (Fund 8070).

## BASIS OF ACCOUNTING

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The basis of accounting determines when revenues and expenditures or expenses 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.

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 both 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. 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 basis of accounting. This includes capital assets, accumulated depreciation, and unpaid Employee Compensable Leave. The activity is recognized in these fund types.

## BUDGET AND BUDGETARY ACCOUNTING

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The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act). Encumbrance accounting is employed for budgetary control purposes.

Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated, unless the agency has authority to retain unexpended balances for use in future periods.

## ASSETS, LIABILITIES, AND FUND BALANCES/NET ASSETS

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### ASSETS

#### *Cash and Cash Equivalents*

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

#### *Current Receivables – Other*

Other receivables include year-end revenue accruals. This account appears in governmental fund types.

#### *Inventories*

Consumable inventories include supplies and postage on hand at year-end. Inventories are valued at cost, generally utilizing 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 fund types. The cost of these items is expensed when the items are consumed.

#### *Capital Assets*

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

## **LIABILITIES**

### ***Accounts Payable***

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

### ***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 uses of leave balances by covered employees. Liabilities are reported separately as either current or non-current in the statement of net assets.

## **FUND BALANCE/NET ASSETS**

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

Fund balances for governmental funds are classified as either reserved or unreserved in the fund financial statements. Reservations are legally restricted to a specific future use or not available for expenditure.

### ***Reserved for Encumbrances***

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

### ***Reserved for Consumable Inventories***

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

### ***Reserved for Imprest Accounts***

This represents the balance of the travel advance account in the amount of \$25,000.00, and the petty cash accounts, in the amounts of \$150.00 each, held at the various offices.

### ***Invested in Capital Assets, Net of Related Debt***

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

### ***Unreserved/Undesignated***

This represents the funds that can be carried forward for future operations.

## **INTERFUND ACTIVITIES AND BALANCES**

The Comptroller’s office has the following types of transactions between funds:

- (1) Transfers: Legally required transfers that are reported when incurred as ‘Transfers In’ by the recipient fund and as ‘Transfers Out’ by the disbursing fund.
- (2) 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.

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- 3) Interfund receivables and payables: Interfund loans are reported as interfund receivables and payables. If repayment is due during the current year or soon thereafter, the balance is classified as “current”. Balances for repayment due in two (or more) years are classified as “noncurrent.”
- 4) Other Interfund Activity: The composition of the agency’s Interfund activities and balances are presented in Note 12.

**NOTE 2: Capital Assets**

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, 2009, is presented below:

	PRIMARY GOVERNMENT					Balance 8/31/09
	Balance 9/1/08	Adjustments	Reclassification	Additions	Deletions	
<b>GOVERNMENTAL ACTIVITIES</b>						
Other Capital Assets	\$ 3,250.00	\$	\$	\$	\$	\$ 3,250.00
Total Non-Depreciable Assets:	<u>3,250.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>3,250.00</u>
Depreciable Assets						
Furniture and Equipment	17,556,364.25		(11,310.00)	223,886.90	(1,228,219.00)	16,540,722.15
Vehicles, Boats & Aircraft	317,742.06			17,000.00	(58,462.35)	276,279.71
Total Depreciable Assets at Hist Costs	<u>17,874,106.31</u>	<u>0.00</u>	<u>(11,310.00)</u>	<u>240,886.90</u>	<u>(1,286,681.35)</u>	<u>16,817,001.86</u>
Less Accumulated Depreciation for:						
Furniture and Equipment	(15,029,040.97)		11,310.00	(984,119.93)	1,216,740.29	(14,785,110.61)
Vehicles, Boats & Aircraft	(279,964.37)			(9,613.50)	58,462.35	(231,115.52)
Total Accumulated Depreciation	<u>(15,309,005.34)</u>	<u>0.00</u>	<u>11,310.00</u>	<u>(993,733.43)</u>	<u>1,275,202.64</u>	<u>(15,016,226.13)</u>
Depreciable Assets, Net	<u>2,565,100.97</u>	<u>0.00</u>	<u>0.00</u>	<u>(752,846.53)</u>	<u>(11,478.71)</u>	<u>1,800,775.73</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,568,350.97</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$(752,846.53)</u>	<u>\$ (11,478.71)</u>	<u>\$ 1,804,025.73</u>

**NOTE 3: Deposits, Investments and Repurchase Agreements**

The Comptroller of Public Accounts is authorized by statute to make investments following the “prudent person rule.” There were no significant violations of legal provisions during the period.

**Deposits of Cash in Bank**

As of August 31, 2009, the carrying amount of deposits was \$25,000, as presented below:

- A. The carrying amount of \$25,000 for Cash in Bank represents the Comptroller’s travel advance fund.
- B. The bank balance of the Comptroller’s Office has been classified according to the following risk categories:
1. **Category 1** - Insured or collateralized with securities held by the governmental entity or by its agent in the name of the governmental entity.
  2. **Category 2** - Collateralized with securities held by the pledging financial institution’s trust department or agent in the agency’s name.
  3. **Category 3** – Uncollateralized (which would include any deposits collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the governmental entity’s name).

<b>Governmental and Business Type Activities Cash In Bank – Carrying Amount</b>				
Category 1	Category 2	Category 3	Bank Balance	(Exh. I) Carrying Amount
\$ 25,000.00	\$ 0.00	\$ 0.00	\$ 25,000.00	\$ 25,000.00
Consisting of the following :				
Governmental Funds Current Assets Cash In Bank				<u>25,000.00</u>
Total Cash in Bank (Exh 1)				<u><u>\$ 25,000.00</u></u>

#### **NOTE 4: Short-Term Debt**

(Not Applicable)

#### **NOTE 5: Long-Term Liabilities**

##### **Changes In Long-Term Liabilities**

During the year ended August 31, 2009, the following changes occurred in liabilities reported in the general long-term liability account group.

Governmental Activities	Balance Sept. 1, 2008	Additions	Reductions	Balance Aug. 31, 2009	Amounts Due Within One Year
Compensable Leave	<u>\$17,953,334.84</u>	<u>\$16,614,876.99</u>	<u>\$14,939,705.86</u>	<u>\$19,628,505.97</u>	<u>\$11,208,031.59</u>
Total Governmental Activities	<u>\$17,953,334.84</u>	<u>\$16,614,876.99</u>	<u>\$14,939,705.86</u>	<u>\$19,628,505.97</u>	<u>\$11,208,031.59</u>

#### **Employees' Compensable Leave**

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal, or separation from State employment, provided the employee has had continuous employment with the State for six months. Expenditures for accumulated 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 assets. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

#### **NOTE 6: Bonded Indebtedness**

(Not Applicable)

#### **NOTE 7: Capital Leases**

(Not Applicable)

**NOTE 8: Operating Leases**

Included in the expenditures reported in the financial statements are the following amounts of rent paid or due under operating leases:

Fund Type 01	Amount
General – Rent Paid	\$ 2,600,835.55
General – Operating Leases	8,505,559.31
Total	<u>\$11,106,394.86</u>

Future minimum rental payments under operating leases having an initial term in excess of one year are as follows:

Year Ended August 31, 2009	
2010	\$10,736,274.12
2011	8,305,841.34
2012	6,791,635.61
2013	2,927,222.77
2014	782,104.78
2015 thru 2019	290,487.20
Total Minimum Future Lease Rental Payments	<u>\$29,833,565.82</u>

This note only includes lease and contract obligations in place at year-end.

**NOTE 9: Retirement Plans**

(Not Applicable)

**NOTE 10: Deferred Compensation**

(Not Applicable)

**NOTE 11: Post Employment Health Care and Life Insurance Benefits**

(Not Applicable)

**NOTE 12: Interfund Activity and Transactions**

As explained in Note 1 on Interfund Activities and Balances, there are numerous transactions between funds and agencies. At year-end amounts to be received or paid are reported as:

- Interfund Receivables or Interfund Payables
- Due From Other Agencies or Due To Other Agencies
- Due From Other Funds or Due To Other Funds
- Transfers In or Transfers Out
- Legislative Transfers In or Legislative Transfers Out

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.

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Individual balances and activity at August 31, 2009, follows:

	Due From Other Agencies	Due To Other Agencies	Source
<b>GENERAL REVENUE (01)</b>			
Agency 315, D23 Fund 4892	\$ 14,377.40	\$ 0.00	Payroll
Agency 315, D23 Fund 0892	118,541.57		Payroll and Supplies
Agency 907, D23 Fund 0226	5,297.88		Consumable Supplies
Agency 907, D23 Fund 0505	1,151.73		Consumable Supplies
Agency 907, D23 Fund 0510	921.39		Consumable Supplies
Total Due From/To Other Agencies (Exh I)	<u>\$ 140,289.97</u>	<u>\$ 0.00</u>	
<b>GENERAL REVENUE (01)</b>			
	Legislative Transfer In	Legislative Transfer Out	Source
Agency 303, D23 Fund 0001	\$4,039,623.00	\$ 0.00	TPASS Operations
Total Legislative Transfer In/Out (Exh II)	<u>\$4,039,623.00</u>	<u>\$ 0.00</u>	
<b>GENERAL REVENUE (01)</b>			
	Operating Transfer In	Operating Transfer Out	Source
Agency 902, D23 Fund 0001	\$ 500,000.00		Unclaimed Property Outreach
Agency 902, D23 Fund 0001		150.00	Petty Cash returned to Agy 902
Agency 902, D23 Fund 0001		2,835.00	Sale of Vehicles
Agency 902, D23 Fund 0001		(62,084.53)	Funds returned to Agency 304
	<u>\$ 500,000.00</u>	<u>\$ (59,099.53)</u>	
<b>GENERAL REVENUE (01)</b>			
	Current Interfund Receivable	Current Interfund Payable	Source
Agency 304, D23 Fund 0001	\$ 0.00	\$ 31,981.00	Consumable Supplies
Agency 304, D23 Fund 3027		(31,981.00)	Consumable Supplies
	<u>\$ 0.00</u>	<u>\$ 0.00</u>	

**NOTE 13: Continuance Subject to Review**

(Not Applicable)

**NOTE 14: Adjustments to Fund Balance/Net Assets**

(Not Applicable)

**NOTE 15: Contingent Liabilities**

(Not Applicable)

**NOTE 16: Subsequent Events**

(Not Applicable)

**NOTE 17: Risk Management**

(Not Applicable)

**NOTE 18: Management Discussion and Analysis**

No material accounting events occurred in the Comptroller of Public Accounts for fiscal year 2009.

**NOTE 19: The Financial Reporting Entity**

(Not Applicable)

**NOTE 20: Stewardship, Compliance and Accountability**

This report reflects the Comptroller's operating transactions in the State's General Revenue Fund.

The activities of the Comptroller's Judiciary Section (241), the Comptroller-State Fiscal (902), the Comptroller's Treasury Fiscal (311), the Comptroller's State Energy Conservation Office (SECO) (907), and the Texas Treasury Safekeeping Trust Company (930) are reported in separate sections of this report.

The activities of the Texas Prepaid Higher Education Tuition Board (315) are presented in a separate report.

**NOTE 21: Not Applicable to the AFR**

(Not Applicable)

**NOTE 22: Donor-Restricted Endowments**

(Not Applicable)

**NOTE 23: Extraordinary and Special Items**

(Not Applicable)

**NOTE 24: Disaggregation of Receivable and Payable Balances**

(Not Applicable)

**NOTE 25: Termination Benefits**

(Not Applicable)

**NOTE 26: Segment Information**

(Not Applicable)

**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS**



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Comptroller of Public Accounts (304)

EXHIBIT J-1

**Combining Statement of Changes in Assets and Liabilities – Agency Funds**

August 31, 2009

	Beginning Balance September 1, 2008	Additions	Deductions	Ending Balance August 31, 2009
<b>UNAPPROPRIATED RECEIPTS</b>				
<b>General Revenue Fund (0001) U/F (1000)</b>				
<b>ASSETS</b>				
Current				
Cash in State Treasury	\$ 0.00	\$ 8,456,146.19	\$ 8,456,146.19	\$ 0.00
Total Assets	<u>\$ 0.00</u>	<u>\$ 8,456,146.19</u>	<u>\$ 8,456,146.19</u>	<u>\$ 0.00</u>
<b>LIABILITIES</b>				
Current				
Accounts Payable	\$ (991.72)	\$ 764.47	\$ 1,199.65	\$ (1,426.90)
Funds Held for Others	991.72	8,456,146.19	8,455,711.01	1,426.90
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 8,456,910.66</u>	<u>\$ 8,456,910.66</u>	<u>\$ 0.00</u>
<b>Suspense Fund (0900) U/F (9015) (9016)</b>				
<b>ASSETS</b>				
Current				
Cash in State Treasury	\$ 0.00	\$ 10,119.65	\$ 9,628.85	\$ 490.80
Total Assets	<u>\$ 0.00</u>	<u>\$ 10,119.65</u>	<u>\$ 9,628.85</u>	<u>\$ 490.80</u>
<b>LIABILITIES</b>				
Current				
Funds Held for Others	\$ 0.00	\$ 10,119.65	\$ 9,628.85	\$ 490.80
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 10,119.65</u>	<u>\$ 9,628.85</u>	<u>\$ 490.80</u>
<b>Employees Savings Bond Account (0901) U/F (0901)</b>				
<b>ASSETS</b>				
Current				
Cash in State Treasury	\$ 8,441.25	\$ 75,156.25	\$ 75,541.25	\$ 8,056.25
Total Assets	<u>\$ 8,441.25</u>	<u>\$ 75,156.25</u>	<u>\$ 75,541.25</u>	<u>\$ 8,056.25</u>
<b>LIABILITIES</b>				
Current				
Accounts Payable	\$ 0.00	\$ 73,550.00	\$ 73,550.00	\$ 0.00
Funds Held for Others	8,441.25	75,156.25	75,541.25	8,056.25
Total Liabilities	<u>\$ 8,441.25</u>	<u>\$ 148,706.25</u>	<u>\$ 149,091.25</u>	<u>\$ 8,056.25</u>
<b>Texasaver – 401K (0942) U/F (0942)</b>				
<b>ASSETS</b>				
Current				
Cash in State Treasury	\$ 0.00	\$ 6,015,714.70	\$ 6,015,714.70	\$ 0.00
Accounts Receivables, Net	0.00	6,662,474.73	6,662,474.73	0.00
Total Assets	<u>\$ 0.00</u>	<u>\$ 12,678,189.43</u>	<u>\$ 12,678,189.43</u>	<u>\$ 0.00</u>
<b>LIABILITIES</b>				
Current				
Funds Held for Others	\$ 0.00	\$ 6,662,474.73	\$ 6,662,474.73	\$ 0.00
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 6,662,474.73</u>	<u>\$ 6,662,474.73</u>	<u>\$ 0.00</u>

*Concluded on the following page*

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Comptroller of Public Accounts (304)

EXHIBIT J-1 (concluded)

## Combining Statement of Changes in Assets and Liabilities – Agency Funds

August 31, 2009

	Beginning Balance September 1, 2008	Additions	Deductions	Ending Balance August 31, 2009
<b>Direct Deposit Correction (0980) U/F (0980) (9014)</b>				
<b>ASSETS</b>				
Current				
Cash in State Treasury	\$ 0.00	\$ 13,727.17	\$ 13,727.17	\$ 0.00
Total Assets	<u>\$ 0.00</u>	<u>\$ 13,727.17</u>	<u>\$ 13,727.17</u>	<u>\$ 0.00</u>
<b>LIABILITIES</b>				
Current				
Funds Held for Others	\$ 0.00	\$ 13,727.17	\$ 13,727.17	\$ 0.00
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 13,727.17</u>	<u>\$ 13,727.17</u>	<u>\$ 0.00</u>
<b>TPASS Postage Fund (0999) U/F (0999)</b>				
<b>ASSETS</b>				
Current				
Consumable Inventories	\$ 0.00	\$ 1,119,199.23	\$ 1,523,359.06	\$ (404,159.83)
Other Current Assets	761,679.53	0.00	0.00	761,679.53
Total Assets	<u>\$ 761,679.53</u>	<u>\$ 1,119,199.23</u>	<u>\$ 1,523,359.06</u>	<u>\$ 357,519.70</u>
<b>LIABILITIES</b>				
Current				
Funds Held for Others	\$ 761,679.53	\$ 1,119,199.23	\$ 1,523,359.06	\$ 357,519.70
Total Liabilities	<u>\$ 761,679.53</u>	<u>\$ 1,119,199.23</u>	<u>\$ 1,523,359.06</u>	<u>\$ 357,519.70</u>
<b>Child Support Employ Deduct – Offset Acct Fund (0807) U/F (8070)</b>				
<b>ASSETS</b>				
Current				
Cash in State Treasury	\$ 0.00	\$ 73,831.58	\$ 37,227.89	\$ 36,603.69
Total Assets	<u>\$ 0.00</u>	<u>\$ 73,831.58</u>	<u>\$ 37,227.89</u>	<u>\$ 36,603.69</u>
<b>LIABILITIES</b>				
Current				
Accounts Payable	\$ 0.00	\$ 36,796.89	\$ 36,796.89	\$ 0.00
Funds Held for Others	0.00	73,831.58	37,227.89	36,603.69
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 110,628.47</u>	<u>\$ 74,024.78</u>	<u>\$ 36,603.69</u>
<b>Totals – All Agency Funds</b>				
<b>ASSETS</b>				
Current				
Cash in State Treasury	\$ 8,441.25	\$ 14,644,695.54	\$ 14,607,986.05	\$ 45,150.74
Accounts Receivables, Net	0.00	6,662,474.73	6,662,474.73	0.00
Consumable Inventories	0.00	1,119,199.23	1,523,359.06	(404,159.83)
Other Current Assets	761,679.53	0.00	0.00	761,679.53
Total Assets	<u>\$ 770,120.78</u>	<u>\$ 22,426,369.50</u>	<u>\$ 22,793,819.84</u>	<u>\$ 402,670.44</u>
<b>LIABILITIES</b>				
Current				
Accounts Payable	\$ (991.72)	\$ 111,111.36	\$ 111,546.54	\$ (1,426.90)
Funds Held for Others	771,112.50	16,410,654.80	16,777,669.96	404,097.34
Total Liabilities	<u>\$ 770,120.78</u>	<u>\$ 16,521,766.16</u>	<u>\$ 16,889,216.50</u>	<u>\$ 402,670.44</u>

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

# **SUPPLEMENTARY SCHEDULES**

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**SCHEDULE 1A**  
**Schedule of Expenditures of Federal Awards**  
For the Fiscal Year Ended August 31, 2009

Federal Grantor/ Pass Through Grantor Program Title	CFDA Number	Pass-Through From		Direct Program Amount	Total PT From & Direct Program
		Agy/ Univ. #	Agencies or Univ. Amount		
U.S. Department of Transportation Direct Program:					
Fuel Tax Evasion-Intergovernmental Enforcement Effort	20.240		\$ 0.00	\$ 10,000.00	\$ 10,000.00
Total – U.S. Department of Transportation			<u>0.00</u>	<u>10,000.00</u>	<u>10,000.00</u>
Total Expenditures of Federal Awards			<u>\$ 0.00</u>	<u>\$ 10,000.00</u>	<u>\$ 10,000.00</u>

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

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Agy/ Univ. #	Pass-Through To		Expenditures Amount	Total PT To & Expenditures
	Agencies or Univ. Amount	Non-State Entities Amount		
	\$ 0.00	\$ 0.00	\$ 10,000.00	\$ 10,000.00
	<u>0.00</u>	<u>0.00</u>	<u>10,000.00</u>	<u>10,000.00</u>
	\$ 0.00	\$ 0.00	\$ 10,000.00	\$ 10,000.00
	<u>0.00</u>	<u>0.00</u>	<u>10,000.00</u>	<u>10,000.00</u>

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*Comptroller of Public Accounts (304)*

# Comptroller Judiciary Section (241)

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## **BASIC FINANCIAL STATEMENTS**

UNAUDITED  
Comptroller Judiciary Section (241)

EXHIBIT I

**Combined Balance Sheet/Statement of Net Assets – Governmental Funds**

August 31, 2009

	General Funds (Exh A-1)	Special Revenue Funds (Exh B-1)	Governmental Funds Total	Capital Assets Adjustments
<b>ASSETS</b>				
Current Assets:				
Cash				
In State Treasury	\$	\$ 10,957,402.24	\$ 10,957,402.24	\$
Legislative Appropriations	30,826,799.57		30,826,799.57	
Due From Other Agencies (Note 12)	1,868,318.38	12,846,208.59	14,714,526.97	
Total Current Assets	<u>32,695,117.95</u>	<u>23,803,610.83</u>	<u>56,498,728.78</u>	<u>0.00</u>
Non-Current Assets:				
Total Non-Current Assets	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Assets	<u>\$ 32,695,117.95</u>	<u>\$ 23,803,610.83</u>	<u>\$ 56,498,728.78</u>	<u>\$ 0.00</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Current Liabilities:				
Payables From:				
Accounts	\$	\$	\$	\$
Payroll	8,136,895.49		8,136,895.49	
Due To Other Agencies (Note 12)		1,208,536.04	1,208,536.04	
Total Current Liabilities	<u>8,136,895.49</u>	<u>1,208,536.04</u>	<u>9,345,431.53</u>	<u>0.00</u>
Non-Current Liabilities:				
Other Non-Current Liabilities				
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Liabilities	<u>8,136,895.49</u>	<u>1,208,536.04</u>	<u>9,345,431.53</u>	<u>0.00</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>				
Fund Balances (Deficits):				
Reserved for:				
Encumbrances	21,115,912.82	3,145,504.63	24,261,417.45	
Unreserved Designated for:				
Other		19,449,570.16	19,449,570.16	
Undesignated	3,442,309.64		3,442,309.64	
Total Fund Balances	<u>24,558,222.46</u>	<u>22,595,074.79</u>	<u>47,153,297.25</u>	<u>0.00</u>
Total Liabilities and Fund Balances	<u>\$ 32,695,117.95</u>	<u>\$ 23,803,610.83</u>	<u>\$ 56,498,728.78</u>	<u>\$ 0.00</u>

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



UNAUDITED  
Comptroller Judiciary Section (241)

EXHIBIT II

**Combined Statement of Revenues, Expenditures, and  
Changes in Fund Balances/Statement of Activities – Governmental Funds**

For the Fiscal Year Ended August 31, 2009

	General Funds (Exh A-2)	Special Revenue Funds (Exh B-2)	Governmental Funds Total	Capital Assets Adjustments
<b>REVENUES</b>				
Legislative Appropriations:				
Original Appropriations	\$ 73,728,949.00	\$	\$ 73,728,949.00	\$
Additional Appropriations	32,043,683.75		32,043,683.75	
State Grant Pass-Through Revenue (Schedule 1B)	1,418,791.00		1,418,791.00	
Licenses, Fees & Permits	11,509,199.80	69,569,382.63	81,078,582.43	
Other	164,963.89		164,963.89	
Total Revenues	<u>118,865,587.44</u>	<u>69,569,382.63</u>	<u>188,434,970.07</u>	<u>0.00</u>
<b>EXPENDITURES</b>				
Salaries and Wages	51,385,752.72	28,981,089.08	80,366,841.80	
Payroll Related Costs	15,564,525.23	7,568,209.92	23,132,735.15	
Travel	537,552.90		537,552.90	
Intergovernmental Payments	28,968,373.80	25,965,355.19	54,933,728.99	
Other Expenditures	4,818,571.24	167,067.07	4,985,638.31	
Total Expenditures/Expenses	<u>101,274,775.89</u>	<u>62,681,721.26</u>	<u>163,956,497.15</u>	<u>0.00</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>17,590,811.55</u>	<u>6,887,661.37</u>	<u>24,478,472.92</u>	<u>0.00</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In (Note 12)	1,133,683.00	967,154.00	2,100,837.00	
Transfers Out (Note 12)		991,045.98	991,045.98	
Total Other Financing Sources (Uses)	<u>1,133,683.00</u>	<u>(23,891.98)</u>	<u>1,109,791.02</u>	<u>0.00</u>
Net Change in Fund Balances/Net Assets	18,724,494.55	6,863,769.39	25,588,263.94	
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>				
Fund Balances – Beginning	6,900,294.63	15,731,305.40	22,631,600.03	
Restatements				
Fund Balances, September 1, 2008, as Restated	<u>6,900,294.63</u>	<u>15,731,305.40</u>	<u>22,631,600.03</u>	<u>0.00</u>
Appropriations Reinstated (Lapsed)	(1,066,566.72)		(1,066,566.72)	
Fund Balances – August 31, 2009	<u>\$ 24,558,222.46</u>	<u>\$ 22,595,074.79</u>	<u>\$ 47,153,297.25</u>	<u>\$ 0.00</u>

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

UNAUDITED  
**Comptroller Judiciary Section (241)**

Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
\$	\$	\$ 73,728,949.00
		32,043,683.75
		1,418,791.00
		81,078,582.43
		164,963.89
<u>0.00</u>	<u>0.00</u>	<u>188,434,970.07</u>
		80,366,841.80
		23,132,735.15
		537,552.90
		54,933,728.99
		4,985,638.31
<u>0.00</u>	<u>0.00</u>	<u>163,956,497.15</u>
<u>0.00</u>	<u>0.00</u>	<u>24,478,472.92</u>
		2,100,837.00
		991,045.98
<u>0.00</u>	<u>0.00</u>	<u>1,109,791.02</u>
		25,588,263.94
		22,631,600.03
<u>0.00</u>	<u>0.00</u>	<u>22,631,600.03</u>
		(1,066,566.72)
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 47,153,297.25</u>

UNAUDITED  
*Comptroller Judiciary Section (241)*

# Notes to the Financial Statements

## NOTE 1: Summary of Significant Accounting Policies

### ENTITY

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The Comptroller's Judiciary Section is an agency of the State of Texas and its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts Reporting Requirements for State Agencies.

The Comptroller's Judiciary Section is responsible for paying the salaries of the district judges and district attorneys of Texas. The agency also pays miscellaneous expenses incurred by the judges and District Attorneys as provided by the General Appropriations Act.

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

There are no component units in which the Comptroller's Judiciary Section is financially accountable or any organization whose exclusion would create misleading or incomplete financial statements.

### FUND STRUCTURE

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

### GOVERNMENTAL FUND TYPES

#### *General Revenue Fund*

The General Revenue Fund is the principal operating fund used to account for most of the state's general activities. It accounts for all financial resources except those accounted for in other funds.

#### *Special Revenue Funds*

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than for private-purpose trusts or for major capital projects) that are legally restricted to use for specified purposes.

### FIDUCIARY FUND TYPES

#### *Agency Funds*

Agency funds are used to account for assets the government holds on behalf of others in a purely custodial capacity. Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

## **BASIS OF ACCOUNTING**

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The basis of accounting determines when revenues and expenditures or expenses 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.

Governmental fund types that will 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 both 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. Expenditures and other uses of financial resources are recognized when the related liability is incurred.

## **BUDGETS AND BUDGETARY ACCOUNTING**

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The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act). Encumbrance accounting is employed for budgetary control purposes.

Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated, unless the agency has authority to retain unexpended balances for use in future periods.

## **ASSETS, LIABILITIES, AND FUND BALANCES/NET ASSETS**

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### **ASSETS**

#### ***Cash and Cash Equivalents***

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

### **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.

### **FUND BALANCE/NET ASSETS**

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

#### ***Reserved for Encumbrances***

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

#### ***Unreserved/Undesignated:***

This represents the unappropriated balance at year-end.

## INTERFUND ACTIVITIES AND BALANCES

The Comptroller's Judiciary Section has the following types of transactions among funds:

- (1) Transfers: Legally required transfers that are reported when incurred as 'Transfers In' by the recipient fund and as 'Transfers Out' by the disbursing fund.
- (2) 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.

The composition of the agency's Interfund activities and balances are presented in Note 12.

### **NOTE 2: Capital Assets**

(Not Applicable)

### **NOTE 3: Deposits, Investments & Repurchase Agreements**

(Not Applicable)

### **NOTE 4: Short-Term Debt**

(Not Applicable)

### **NOTE 5: Long Term Liabilities**

## EMPLOYEES' COMPENSABLE LEAVE

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A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal or separation from State employment, provided the employee has had continuous employment with the State for six months. The employees paid through the Comptroller's Judiciary Section, Agency 241, are not eligible for state compensable leave. They are covered in their individual court or county. The Comptroller's Judiciary Section does not show any Compensable Leave liability for these employees.

### **NOTE 6: Bonded Indebtedness**

(Not Applicable)

### **NOTE 7: Capital Leases**

(Not Applicable)

### **NOTE 8: Operating Leases**

(Not Applicable)

### **NOTE 9: Retirement Plans**

(Not Applicable)

### **NOTE 10: Deferred Compensation**

(Not Applicable)

### **NOTE 11: Post Employment Health Care and Life Insurance Benefits**

(Not Applicable)

**NOTE 12: Interfund Activities and Transactions**

As explained in Note 1 on Interfund Transactions and Balances there are numerous transactions between funds and agencies. At year-end amounts to be received or paid are reported as:

- Due From Other Agencies or Due To Other Agencies

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, 2009, follows:

	Due From Other Agencies	Due To Other Agencies	Source
<b>GENERAL REVENUE (01)</b>			
(Agency 300, D23 Fund 0421)	\$ 923,447.86	\$	State Pass Through
(Agency 454, D23 Fund 0036)	944,870.52		
<b>SPECIAL REVENUE (02)</b>			
(Agency 201, D23 Fund 0573)	561,593.25		Shared Cash Fund
(Agency 201, D23 Fund 0469)		946,608.00	
(Agency 201, D23 Fund 1534)	253,561.67		
(Agency 201, D23 Fund 3711)		261,928.04	
(Agency 211, D23 Fund 0573)	1,374,200.24		
(Agency 221, D23 Fund 0573)	932,836.96		
(Agency 222, D23 Fund 0573)	779,701.71		
(Agency 223, D23 Fund 0573)	593,524.21		
(Agency 224, D23 Fund 0573)	987,418.11		
(Agency 225, D23 Fund 0573)	1,352,452.14		
(Agency 226, D23 Fund 0573)	356,649.13		
(Agency 227, D23 Fund 0573)	479,556.97		
(Agency 228, D23 Fund 0573)	333,398.44		
(Agency 229, D23 Fund 0573)	457,225.38		
(Agency 229, D23 Fund 5731)	51.60		
(Agency 230, D23 Fund 0573)	347,008.87		
(Agency 231, D23 Fund 0573)	399,020.77		
(Agency 232, D23 Fund 0573)	359,074.46		
(Agency 233, D23 Fund 0573)	597,279.29		
(Agency 234, D23 Fund 0573)	892,924.39		
(Agency 601, D23 Fund 0006)	1,788,731.00		
Total Due From/To Other Agencies (Exh I)	<u>\$ 14,714,526.97</u>	<u>\$ 1,208,536.04</u>	
	<b>Transfer In</b>	<b>Transfer Out</b>	<b>Source</b>
<b>GENERAL REVENUE (01)</b>			
(Agency 454, D23 Fund 0036)	\$ 1,133,683.00	\$	Public Integrity Unit
<b>SPECIAL REVENUE (02)</b>			
(Agency 902, D23 Fund 0303)		991,045.98	GR Transfer
(Agency 601, D23 Fund 0006)	967,154.00		Public Integrity Unit
Total Transfers (Exh II)	<u>\$ 2,100,837.00</u>	<u>\$ 991,045.98</u>	

The detailed State Pass-Through information is listed on Schedule 1B-Schedule of State Grant Pass-Through From/To State Agencies.

**NOTE 13: Continuance Subject to Review**

(Not Applicable)

**NOTE 14: Adjustment to Fund Balances/Net Assets**

(Not Applicable)

**NOTE 15: Contingent Liabilities**

(Not Applicable)

**NOTE 16: Subsequent Events**

(Not Applicable)

**NOTE 17: Risk Management**

(Not Applicable)

**NOTE 18: Management Discussion and Analysis**

(Not Applicable)

**NOTE 19: The Financial Reporting Entity**

(Not Applicable)

**NOTE 20: Stewardship, Compliance and Accountability**

(Not Applicable)

**NOTE 21: N/A**

(Not Applicable)

**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)

UNAUDITED  
*Comptroller Judiciary Section (241)*

# **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS**

UNAUDITED  
*Comptroller Judiciary Section (241)*

UNAUDITED  
Comptroller Judiciary Section (241)

EXHIBIT A-1

**Combining Balance Sheet – All General and Consolidated Funds**

August 31, 2009

	General Revenue (0001) U/F (0001)	Insurance Board Operating Fund (0036) U/F (0036)	Total (Exh I)
<b>ASSETS</b>			
Current Assets:			
Cash			
In State Treasury	\$	\$	\$
Legislative Appropriations	30,826,799.57		30,826,799.57
Due From Other Agencies (Note 12)	923,447.86	944,870.52	1,868,318.38
Total Current Assets	<u>31,750,247.43</u>	<u>944,870.52</u>	<u>32,695,117.95</u>
Non-Current Assets:			
Other Non-Current Assets			
Total Non-Current Assets	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Assets	<u>\$31,750,247.43</u>	<u>\$944,870.52</u>	<u>\$32,695,117.95</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Current Liabilities:			
Payables From:			
Accounts Payable	\$	\$	\$
Payroll	8,136,895.49		8,136,895.49
Total Current Liabilities	<u>8,136,895.49</u>	<u>0.00</u>	<u>8,136,895.49</u>
Non-Current Liabilities:			
Other Non-Current Liabilities			
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Liabilities	<u>8,136,895.49</u>	<u>0.00</u>	<u>8,136,895.49</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>			
Fund Balances (Deficits):			
Reserved for:			
Encumbrances	20,922,172.38	193,740.44	21,115,912.82
Unreserved Designated for:			
Other			
Undesignated	2,691,179.56	751,130.08	3,442,309.64
Total Fund Balances	<u>23,613,351.94</u>	<u>944,870.52</u>	<u>24,558,222.46</u>
Total Liabilities and Fund Balances	<u>\$31,750,247.43</u>	<u>\$944,870.52</u>	<u>\$32,695,117.95</u>

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

UNAUDITED  
Comptroller Judiciary Section (241)

EXHIBIT A-2

**Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances – All General and Consolidated Funds**

For the Fiscal Year Ended August 31, 2009

	General Revenue Fund (0001) U/F (0001)	Insurance Board Operating Fund (0036) U/F (0036)	Total (Exh II)
<b>REVENUES</b>			
Legislative Appropriations:			
Original Appropriations	\$ 73,728,949.00	\$	\$ 73,728,949.00
Additional Appropriations	32,043,683.75		32,043,683.75
State Grant Pass-Through Revenue (Schedule 1B)	1,418,791.00		1,418,791.00
Licenses, Fees & Permits	11,509,199.80		11,509,199.80
Other	164,963.89		164,963.89
Total Revenues	<u>118,865,587.44</u>	<u>0.00</u>	<u>118,865,587.44</u>
<b>EXPENDITURES</b>			
Salaries and Wages	51,385,752.72		51,385,752.72
Payroll Related Costs	15,564,525.23		15,564,525.23
Travel	537,552.90		537,552.90
Intergovernmental Payments	27,737,872.71	1,230,501.09	28,968,373.80
Other Expenditures	4,818,571.24		4,818,571.24
Total Expenditures/Expenses	<u>100,044,274.80</u>	<u>1,230,501.09</u>	<u>101,274,775.89</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>18,821,312.64</u>	<u>(1,230,501.09)</u>	<u>17,590,811.55</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In (Note 12)		1,133,683.00	1,133,683.00
Transfers Out (Note 12)			
Total Other Financing Sources (Uses)	<u>0.00</u>	<u>1,133,683.00</u>	<u>1,133,683.00</u>
Net Change in Fund Balances/Net Assets	18,821,312.64	(96,818.09)	18,724,494.55
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>			
Fund Balances – Beginning	5,858,606.02	1,041,688.61	6,900,294.63
Restatements			
Fund Balances, September 1, 2008, as Restated	<u>5,858,606.02</u>	<u>1,041,688.61</u>	<u>6,900,294.63</u>
Appropriations Reinstated (Lapsed)	(1,066,566.72)		(1,066,566.72)
Fund Balances – August 31, 2009	<u>\$ 23,613,351.94</u>	<u>\$ 944,870.52</u>	<u>\$ 24,558,222.46</u>

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

UNAUDITED  
Comptroller Judiciary Section (241)

EXHIBIT B-1

**Combining Balance Sheet – Special Revenue Funds**

August 31, 2009

	Special Revenue State Highway (0006) U/F (0006)	Special Revenue Felony Prosecutor (0303) U/F (0303)	Special Revenue Judicial (0573) U/F (0573, 1573)	Totals (Exh I)
<b>ASSETS</b>				
Current Assets:				
Cash				
In State Treasury	\$	\$ 2,177,524.70	\$ 8,779,877.54	\$ 10,957,402.24
Legislative Appropriations				
Due From Other Agencies (Note 12)	<u>1,788,731.00</u>	<u>                    </u>	<u>11,057,477.59</u>	<u>12,846,208.59</u>
Total Current Assets	<u>1,788,731.00</u>	<u>2,177,524.70</u>	<u>19,837,355.13</u>	<u>23,803,610.83</u>
Non-Current Assets:				
Other Non-Current Assets				
Total Non-Current Assets	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Assets	<u>\$ 1,788,731.00</u>	<u>\$ 2,177,524.70</u>	<u>\$ 19,837,355.13</u>	<u>\$ 23,803,610.83</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Current Liabilities:				
Payables From:				
Payroll	\$	\$	\$	\$
Due To Other Agencies (Note 12)			1,208,536.04	1,208,536.04
Total Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>1,208,536.04</u>	<u>1,208,536.04</u>
Non-Current Liabilities:				
Other Non-Current Liabilities				
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Liabilities	<u>0.00</u>	<u>0.00</u>	<u>1,208,536.04</u>	<u>1,208,536.04</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>				
Fund Balances (Deficits):				
Reserved for:				
Encumbrances	186,219.45	2,177,524.70	781,760.48	3,145,504.63
Unreserved Designated for:				
Other	1,602,511.55		17,847,058.61	19,449,570.16
Undesignated				
Total Fund Balances	<u>1,788,731.00</u>	<u>2,177,524.70</u>	<u>18,628,819.09</u>	<u>22,595,074.79</u>
Total Liabilities and Fund Balances	<u>\$ 1,788,731.00</u>	<u>\$ 2,177,524.70</u>	<u>\$ 19,837,355.13</u>	<u>\$ 23,803,610.83</u>

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

UNAUDITED  
Comptroller Judiciary Section (241)

EXHIBIT B-2

**Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances – Special Revenue Funds**

For the Fiscal Year Ended August 31, 2009

	Special Revenue State Highway (0006) U/F (0006)	Special Revenue Felony Prosecutor (0303) U/F (0303)	Special Revenue Judicial (0573) U/F (0573, 1573)	Totals (Exh II)
<b>REVENUES</b>				
Licenses, Fees & Permits	\$	\$4,138,147.56	\$ 65,431,235.07	\$ 69,569,382.63
Other				
Total Revenues	<u>0.00</u>	<u>4,138,147.56</u>	<u>65,431,235.07</u>	<u>69,569,382.63</u>
<b>EXPENDITURES</b>				
Salaries and Wages			28,981,089.08	28,981,089.08
Payroll Related Costs			7,568,209.92	7,568,209.92
Intergovernmental Payments	949,393.43	3,458,572.01	21,557,389.75	25,965,355.19
Other Expenditures	1,301.74	2,050.85	163,714.48	167,067.07
Total Expenditures/Expenses	<u>950,695.17</u>	<u>3,460,622.86</u>	<u>58,270,403.23</u>	<u>62,681,721.26</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(950,695.17)</u>	<u>677,524.70</u>	<u>7,160,831.84</u>	<u>6,887,661.37</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In (Note 12)	967,154.00			967,154.00
Transfers Out (Note 12)		991,045.98		991,045.98
Total Other Financing Sources (Uses)	<u>967,154.00</u>	<u>991,045.98</u>	<u>0.00</u>	<u>(23,891.98)</u>
Net Change in Fund Balances	16,458.83	(313,521.28)	7,160,831.84	6,863,769.39
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>				
Fund Balances – Beginning	1,772,272.17	2,491,045.98	11,467,987.25	15,731,305.40
Restatements				
Fund Balances, September 1, 2008, as Restated	<u>1,772,272.17</u>	<u>2,491,045.98</u>	<u>11,467,987.25</u>	<u>15,731,305.40</u>
Appropriations Reinstated (Lapsed)				
Fund Balances – August 31, 2009	<u>\$ 1,788,731.00</u>	<u>\$ 2,177,524.70</u>	<u>\$ 18,628,819.09</u>	<u>\$ 22,595,074.79</u>

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

UNAUDITED  
Comptroller Judiciary Section (241)

EXHIBIT J-1

**Combining Statement of Changes in Assets and Liabilities – Agency Funds**

August 31, 2009

	Beginning Balance August 31, 2008	Additions	Deductions	Ending Balance August 31, 2009
<b>CHILD SUPPORT ADDENDA DEDUCTS - SUSPENSE</b>				
<b>Fund (0807) U/F (8070)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 0.00	\$ 3,561.45	\$ 0.00	\$ 3,561.45
Total Assets	<u>\$ 0.00</u>	<u>\$ 3,561.45</u>	<u>\$ 0.00</u>	<u>\$ 3,561.45</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 0.00	\$ 3,561.45	\$ 0.00	\$ 3,561.45
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 3,561.45</u>	<u>\$ 0.00</u>	<u>\$ 3,561.45</u>
<b>DEPARTMENTAL SUSPENSE</b>				
<b>Fund (0900) U/F (9015)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 20.88	\$ 2,716.28	\$ 2,737.16	\$ 0.00
Total Assets	<u>\$ 20.88</u>	<u>\$ 2,716.28</u>	<u>\$ 2,737.16</u>	<u>\$ 0.00</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 20.88	\$ 2,716.28	\$ 2,737.16	\$ 0.00
Total Liabilities	<u>\$ 20.88</u>	<u>\$ 2,716.28</u>	<u>\$ 2,737.16</u>	<u>\$ 0.00</u>
<b>US SAVINGS BOND ACCOUNT</b>				
<b>Fund (0901) U/F (0901)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 1,500.00	\$ 21,540.00	\$ 20,900.00	\$ 2,140.00
Total Assets	<u>\$ 1,500.00</u>	<u>\$ 21,540.00</u>	<u>\$ 20,900.00</u>	<u>\$ 2,140.00</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 1,500.00	\$ 21,540.00	\$ 20,900.00	\$ 2,140.00
Total Liabilities	<u>\$ 1,500.00</u>	<u>\$ 21,540.00</u>	<u>\$ 20,900.00</u>	<u>\$ 2,140.00</u>
<b>TOTALS – ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 1,520.88	\$ 27,817.73	\$ 23,637.16	\$ 5,701.45
Total Assets	<u>\$ 1,520.88</u>	<u>\$ 27,817.73</u>	<u>\$ 23,637.16</u>	<u>\$ 5,701.45</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 1,520.88	\$ 27,817.73	\$ 23,637.16	\$ 5,701.45
Total Liabilities	<u>\$ 1,520.88</u>	<u>\$ 27,817.73</u>	<u>\$ 23,637.16</u>	<u>\$ 5,701.45</u>

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

UNAUDITED  
***Comptroller Judiciary Section (241)***

## **SUPPLEMENTARY SCHEDULES**

UNAUDITED  
*Comptroller Judiciary Section (241)*

SCHEDULE 1B

**Schedule of State Grant Pass-Throughs  
From/To State Agencies**

**For the Fiscal Year Ended August 31, 2009**

**Pass-Through From:**

Governor's Office of Budget and Planning (Agy. #300)	\$ 1,418,791.00
Total Pass-Through From Other Agencies (Exh. II)	<u>\$ 1,418,791.00</u>

UNAUDITED  
***Comptroller Judiciary Section (241)***

Comptroller – Fiscal (902)

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**BASIC FINANCIAL STATEMENTS**

UNAUDITED  
***Comptroller – Fiscal (902)***

UNAUDITED  
Comptroller – Fiscal (902)

**EXHIBIT I**  
**Combined Balance Sheet – Governmental Funds**  
August 31, 2009

	Governmental Fund Types		Governmental Funds Total
	General Funds	Special Revenue Funds	
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents:			
Cash in State Treasury	\$ 6,138,640,838.59	\$ 3,021,786,785.98	\$ 9,160,427,624.57
Receivables:			
Accounts	331,930,666.67		331,930,666.67
Interest and Dividends	11,443,009.40	3,882,629.23	15,325,638.63
Taxes (Note 27)	1,530,918,654.07		1,530,918,654.07
Due From Other Agencies (Note 12)	49,583,490.45		49,583,490.45
Total Current Assets	<u>8,062,516,659.18</u>	<u>3,025,669,415.21</u>	<u>11,088,186,074.39</u>
Non-Current Assets:			
Taxes Receivable (Note 27)	261,436,254.35		261,436,254.35
Total Non-Current Assets	<u>261,436,254.35</u>		<u>261,436,254.35</u>
Total Assets	<u>\$ 8,323,952,913.53</u>	<u>\$ 3,025,669,415.21</u>	<u>\$ 11,349,622,328.74</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Current Liabilities:			
Payables From:			
Accounts	\$ 257,381.01	\$	\$ 257,381.01
Federal	4,643,254.00		4,643,254.00
Other Intergovernmental	21,592,641.66		21,592,641.66
Unclaimed Property Claimant Liabilities	145,281,495.80		145,281,495.80
Due To Other Agencies (Note 12)	392,251,837.95		392,251,837.95
Deferred Revenues	926,212,189.75		926,212,189.75
Total Current Liabilities	<u>1,490,238,800.17</u>	<u>0.00</u>	<u>1,490,238,800.17</u>
Total Liabilities	<u>1,490,238,800.17</u>	<u>0.00</u>	<u>1,490,238,800.17</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>			
Fund Balances (Deficits):			
Reserved for Non-Current Tax Receivable	261,436,254.35		261,436,254.35
Unreserved Designated for:			
Other		3,025,669,415.21	3,025,669,415.21
Undesignated	6,572,277,859.01		6,572,277,859.01
Total Fund Balances	<u>6,833,714,113.36</u>	<u>3,025,669,415.21</u>	<u>9,859,383,528.57</u>
Total Liabilities and Fund Balances	<u>\$ 8,323,952,913.53</u>	<u>\$ 3,025,669,415.21</u>	<u>\$ 11,349,622,328.74</u>

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

UNAUDITED  
Comptroller – Fiscal (902)

**EXHIBIT II**

**Combined Statement of Revenues, Expenditures, and  
Changes in Fund Balances – Governmental Funds**

**For the Fiscal Year Ended August 31, 2009**

	General Funds	Special Revenue Funds	Governmental Funds Total
<b>REVENUES</b>			
Taxes (GR)	\$ 35,659,188,854.51	\$ 2,471,800,256.47	\$ 38,130,989,110.98
Licenses, Fees & Permits (PR-C/S)	1,128,706,814.42		1,128,706,814.42
Interest and Other Investment Income (OP G&C)	(4,643,254.00)		(4,643,254.00)
Interest and Other Investment Income (GR)	129,246,765.66	66,876,046.62	196,122,812.28
Land Income (PR-C/S)	9,495,388.08		9,495,388.08
Settlement of Claims (GR)	534,326,451.76		534,326,451.76
Sales of Goods and Services (PR-C/S)	38,384,799.80		38,384,799.80
Sales of Goods and Services (PR-Auxiliary Enterpr)	3,917,674.21		3,917,674.21
Other (GR)	227,958,825.31	31,383,690.84	259,342,516.15
Total Revenues	<u>37,726,582,319.75</u>	<u>2,570,059,993.93</u>	<u>40,296,642,313.68</u>
<b>EXPENDITURES</b>			
Payroll Related Costs	35,014,397.49		35,014,397.49
Professional Fees and Services	7,152,869.38	151,225.00	7,304,094.38
Materials and Supplies	784,513.40		784,513.40
Communications and Utilities	502,145.75		502,145.75
Repairs and Maintenance	680,919.46		680,919.46
Claims and Judgments	2,477,643.06		2,477,643.06
Intergovernmental Payments	148,536,092.76	34,628,590.73	183,164,683.49
Public Assistance Payments	1,784,109.73		1,784,109.73
Other Expenditures	138,557,670.96		138,557,670.96
Capital Outlay	5,401,140.76		5,401,140.76
Total Expenditures	<u>340,891,502.75</u>	<u>34,779,815.73</u>	<u>375,671,318.48</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>37,385,690,817.00</u>	<u>2,535,280,178.20</u>	<u>39,920,970,995.20</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer In (Note 12)	2,901,039,923.87	7,300,000.00	2,908,339,923.87
Transfer Out (Note 12)	(21,893,411,171.16)	(2,539,648,203.65)	(24,433,059,374.81)
Legislative Transfer Out	(17,629,171,868.08)		(17,629,171,868.08)
Insurance Recoveries	1,856,303.00		1,856,303.00
Total Other Financing Sources (Uses)	<u>(36,619,686,812.37)</u>	<u>(2,532,348,203.65)</u>	<u>(39,152,035,016.02)</u>
Net Change in Fund Balances	766,004,004.63	2,931,974.55	768,935,979.18
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>			
Fund Balances, September 1, 2008	6,067,710,108.73	3,022,737,440.66	9,090,447,549.39
Restatements (Note 18)	0.00	0.00	0.00
Fund Balances, September 1, 2008, as Restated	<u>6,067,710,108.73</u>	<u>3,022,737,440.66</u>	<u>9,090,447,549.39</u>
Fund Balances, August 31, 2009	<u>\$ 6,833,714,113.36</u>	<u>\$ 3,025,669,415.21</u>	<u>\$ 9,859,383,528.57</u>

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

UNAUDITED  
Comptroller – Fiscal (902)

**EXHIBIT VI**  
**Combined Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**August 31, 2009**

	Private- Purpose Trust (Exhibit I-1)	Agency Funds (Exhibit J-1)	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents:			
Cash in State Treasury	\$ 2,269,845.38	\$ 790,001,834.42	\$ 792,271,679.80
Investments (Note 3):			
U.S. Government Obligations		217,002.71	217,002.71
Corporate Obligations		113,925.26	113,925.26
Corporate Equity		137,281,350.79	137,281,350.79
Pooled Investments		40,379,577.09	40,379,577.09
Other Investments		1,760,428.77	1,760,428.77
Receivables:			
Federal			
Interest and Dividends	2,717.75		2,717.75
Total Assets	<u>2,272,563.13</u>	<u>969,754,119.04</u>	<u>972,026,682.17</u>
<b>LIABILITIES</b>			
Payables:			
Accounts Payables	1,631,931.28		1,631,931.28
Intergovernmental Payables		743,121,225.74	743,121,225.74
Funds Held for Others		226,632,893.30	226,632,893.30
Deferred Revenues	1,621.83		1,621.83
Total Liabilities	<u>1,633,553.11</u>	<u>969,754,119.04</u>	<u>971,387,672.15</u>
<b>NET ASSETS</b>			
Held in Trust for:			
Individuals, Organizations, and			
Other Governments:			
	639,010.02		639,010.02
Total Net Assets	<u>\$ 639,010.02</u>	<u>\$ 0.00</u>	<u>\$ 639,010.02</u>

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

UNAUDITED  
Comptroller – Fiscal (902)

**EXHIBIT VII**  
**Combined Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Fiscal Year Ended August 31, 2009**

	Private Purpose Trust (Exhibit I-2)	Totals
<b>ADDITIONS</b>		
Contributions:		
Investment Income:		
From Investing Activities		
Interest and Investment Income	\$ 49,675.74	\$ 49,675.74
Total Investing Income	<u>49,675.74</u>	<u>49,675.74</u>
Other Additions		
Federal Revenue	3,942,251.90	3,942,251.90
Other Revenue		
Transfers-In (Note 12)	<u>92,303,845.00</u>	<u>92,303,845.00</u>
Total Other Additions	<u>96,246,096.90</u>	<u>96,246,096.90</u>
Total Additions	<u>96,295,772.64</u>	<u>96,295,772.64</u>
<b>DEDUCTIONS</b>		
Intergovernmental Payments	96,246,096.90	96,246,096.90
Transfers-Out (Note 12)		
Total Deductions	<u>96,246,096.90</u>	<u>96,246,096.90</u>
<b>NET INCREASE (DECREASE)</b>	<u>49,675.74</u>	<u>49,675.74</u>
Net Assets, September 1, 2008	589,334.28	589,334.28
Restatements		
Net Assets, September 1, 2008, as Restated	<u>589,334.28</u>	<u>589,334.28</u>
Net Assets – August 31, 2009	<u>\$ 639,010.02</u>	<u>\$ 639,010.02</u>

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

# Notes to the Financial Statements

## NOTE 1: Summary of Significant Accounting Policies

### ENTITY

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The Comptroller - Fiscal is an agency of the State of Texas and its financial records comply with state statutes and regulations. This includes compliance with the Comptroller of Public Accounts Reporting Requirements of State Agencies.

This report applies to those funds, which the State Comptroller of Public Accounts is statutorily required to expend, transfer, allocate or administer as trustee. Included are the funds and accounts over which the Comptroller exercises statutory administrative control, which includes revenues, collected for the benefit of others. The operating activity of the Comptroller of Public Accounts (Agency 304) is included in a separate section of this report.

There are no component units in which the Comptroller - Fiscal is financially accountable or any organization in which exclusion would create misleading or incomplete financial statements.

Due to the significant changes related to Governmental Accounting Standards Board Statement No. 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to be in compliance with generally accepted accounting principles (GAAP). The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

### GOVERNMENTAL FUND TYPES & GOVERNMENT-WIDE ADJUSTMENT FUND TYPES

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#### General Fund

**The General Fund** is used to account for all financial resources of the state except those that must be accounted for in another fund. Listed below are the agency’s General Funds and their purpose.

**General Revenue Fund 0001** – To receive those revenues directed to be deposited to the General Revenue Fund and those revenues for which a specific fund has not been designated; such revenues to be used as the Constitution prescribes and the Legislature directs.

**Law Enforcement Officer Standards and Education Fund 0116** – To receive court costs collected from defendants convicted under certain sections of the Penal Code.

**Compensation to Victims of Crime Auxiliary Fund 0494** – This is used only for the payment of compensation to claimants under the Victims of Crime Act.

**Telecommunication Infrastructure Fund 0345** – To receive annual assessment from each telecommunications utility and commercial mobile service provider at a certain specified rate of the taxable telecommunications receipts of each telecommunications utility and commercial mobile service provider.

**Economic Stabilization Fund 0599** – To receive transfer of one-half of any unencumbered positive balance in the General Revenue Fund (0001) on the last day of the preceding biennium and any other money appropriated to the fund by the legislature. The fund may be used to eliminate temporary cash deficiency in the General Revenue Fund (0001).

**Special Events Trust Fund 0836** – If special event plan is approved and host community selected as the site of a special event, comptroller shall deposit amount requested in the special event plan from state tax receipts as soon as practicable after the taxes are collected.

**Other Events Trust Fund 0869** – Used to fulfill joint obligations of the state and endorsing municipality or county to a site selection organization under a games support contract.

**Agency Trust and Suspense Fund 0900** – To provide a temporary depository for money held in suspense pending final disposition. Items held in the fund are cleared to the various Special Revenue Funds or the General Revenue Fund, or refunded to the payer.

**Sexual Assault Program Fund 5010** – Created to receive parole supervision and probation fees collected under arts. 42.12, 22(e) and art 42.18 8(p), C.C.P. and gifts, grants and money appropriated for grants to maintain or expand existing services.

**Tobacco Settlement Fund 5040** – To receive settlement money resulting from the final judgment in the State of Texas. The American Tobacco Company, et. al., civil action no. 5:96cv91. These funds are distributed to appropriate agencies and funds as identified in the court ordered settlement.

#### ***Special Revenue Funds***

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Listed below are the agency's Special Revenue Funds and their purpose.

**County and Road District Highway Fund 0057** – To take care of outstanding county and road district indebtedness assumed by the State along with the highway system. The Fund also receives allocation to the "Lateral Road Fund", which in turn is distributed to the counties of the State.

**Texas Excellence Fund 0347** – To provide funding to promote increased research capacity and to develop institutional excellence at eligible general academic teaching institutions in order to ensure that Texas and its workforce remain at the forefront of scientific and technological innovation.

**University Research Fund 0348** – To provide funding to promote increased research capacity and to develop institutional excellence at eligible general academic teaching institutions. The legislature shall appropriate or provide for transfer each year of an amount equal to the amount deposited to the credit of the Texas Excellence Fund (0347).

**Tobacco Settlement Receipts Fund 0810** – Earnings, gifts, and grants contributed to the fund may be appropriated and distributed to specified health-related institutions of higher education only for programs that benefit medical research, health education or treatment programs. The corpus of the fund may not be used for any purpose. This fund was established from money transferred at the discretion of the Legislature, gifts and grants contributed to the fund and returns received from investment of money in the fund.

**Binding Arbitration Trust Fund 0838** – This is used to retain the administrative costs in binding arbitration cases of property value appeals initiated by property owners

**International Fuels Tax Agreement (IFTA) Trust Fund 0886** – To receive motor fuels taxes estimated to be due to other jurisdictions or otherwise subject to refund during the fiscal year, penalties and interest on those taxes due other jurisdictions, licensing fees, and other costs collected under the agreement.

**Property Tax Relief Fund 0304** – Special fund in the state treasury outside the general revenue fund. The proceeds of the fund are from allocations of the computation of motor vehicle sales tax, collection of all tobacco products tax increases and calculated amounts from franchise taxes. The intent of the fund will be to reduce school district property taxes.

## FIDUCIARY FUNDS

### *Private-Purpose Trust Funds*

Private-Purpose Trust funds are used to account for all other trust arrangements whose principal and interest benefit individuals, private organizations, or other governments. Listed below are the agency's Private Purpose Trust funds and their purpose.

**Private Purpose Tobacco Settlement Political Subdivision Trust Fund 0872** – To hold a portion of the tobacco settlement money designated for the exclusive benefit of political subdivisions and will be distributed to political subdivisions as directed in the settlement.

**Flood Area School and Road Trust Account 0903** – To hold money allocated by the Federal Government to be distributed to counties and political subdivisions of the state based on the tax rate applied to lands acquired for flood purposes.

### *Agency Funds*

Agency Funds are used to account for assets held as an agent for individuals, private organizations, and other government entities. These funds are custodial in nature and do not involve measurement of results of operations. Listed below are the agency's Agency Funds and their purpose.

**Sporting Events for Municipality/County Trust Fund 0830** – For use by the comptroller to deposit a portion of the state and local sales tax, hotel and mixed beverage taxes for an approved major sporting or athletic event sanctioned by a site selection organization.

**Fireworks Tax Securities Trust Fund 0862** – An applicant for a fireworks sales tax permit or for registration as a retailer must file adequate security for the payment of the taxes imposed by this chapter.

**Customs Brokers Bond / Security Trust Fund 0866** – Created to hold bonds or securities from which the customs broker intends to issue exemption certificates.

**Texas Racing Commission Security Trust Fund 0868** – Created to hold securities posted by each racing association as required by the comptroller rule to ensure payment of the state's portion of the pari-mutuel pool.

**Other Events Trust Fund 0869** – To retain a portion of the state and local sales, hotel, and mixed beverage taxes, if a site is selected, in an amount as determined by the comptroller, to the presentation of a game and related events. Used to fulfill joint obligations of the state and endorsing municipality or county to a site selection organization under a games support contract.

**Local Tax Collections for Sports / Community Venue Project Trust Fund 0874** – To hold taxes collected by the Comptroller under an interlocal contract for a local government until they are returned to the local government's venue project fund. Taxes are to be used for sports or community venue projects.

**City, County, MTA and SPD Sales Tax Trust Account 0882** – To record the receipt of local sales and use tax collected by the Comptroller for each city, county, metropolitan transit authority and special purpose district authorizing the collection.

**International Fuels Tax Agreement (IFTA) Guarantee Trust Fund 0884** – To hold in trust money or securities deposited with the Comptroller by participants in the International Fuels Tax Agreement.

**Departmental Suspense Fund 0900** – To provide a temporary depository for money held in suspense pending final disposition. Items held in the fund are cleared to the various Special Revenue Funds or the General Revenue Fund, or refunded to the payer.

**Motor Fuel Distributors Bond Guaranty Trust Fund 0904** – To hold in trust money or securities deposited by motor fuel distributors, in lieu of surety bonds, to insure complete and faithful performance by the distributor of all conditions and requirements imposed upon him by the laws pertaining to motor fuel and motor fuel distributors.

**Mixed Beverage Tax Guaranty Trust Fund 0906** – To hold in trust money or securities deposited by mixed beverage permittees.

**Sales Tax Guaranty Trust Fund 0962** - To receive cash and/or other negotiable securities pledged to guarantee payment of Sales Tax liabilities.

**Direct Deposit Correction Fund 0980** – To hold money returned by financial institutions which had been transmitted for direct deposit where problems prevented credit are given to individual depositors until the agency issuing the original payment makes the correction by transferring the funds back to the original issuing fund or the person for whom the original payment was made is refunded the money.

## **BASIS OF ACCOUNTING**

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The basis of accounting determines when revenues and expenditures are recognized in the accounts reported in the financial statements. Governmental fund types are accounted for using 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. Exceptions are unpaid employee compensable leave, and the unmatured debt service (principal and interest) on general long-term debt, long-term capital leases, and long-term claims and judgments, which are not recognized until actual payment is made.

### **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). Unobligated appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

Since the Comptroller reports the entire cash balance for the general fund, budgetary accounts are eliminated for the Annual Financial Report.

## **ASSETS, LIABILITIES AND FUND EQUITY**

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### **Assets**

#### ***Taxes Receivables***

Amounts shown as taxes receivable represent various state taxes due to the state at August 31, 2009.

### **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.

#### ***Other Liabilities***

Other Liabilities represent intergovernmental taxes and the value of unclaimed property at the balance sheet date.

#### ***Deferred Revenue***

Amounts shown as deferred revenue represent tax revenues earned but not available and resources received but not earned, ie., prepaid sales taxes, at August 31, 2009.

## Fund Balance/Net Assets

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

### Reservations of Fund Balance

Fund Balances for governmental funds are classified as either reserved or unreserved in the fund financial statements. Reservations are legally restricted to a specific future use or not available for expenditure.

### Reserved for Encumbrances

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

## INTERFUND TRANSACTIONS AND BALANCES

The Comptroller - Fiscal has the following transactions between and within state 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.

## NOTE 2: Capital Assets

Capital Assets are not shown on the Governmental Fund Financial Statements, but rather are included as governmental activities in the Government-wide Financial Statements. A summary of changes in Capital Assets for the year ended August 31, 2009, is presented below:

	Balance 9/1/08	Adjustments	Reclassifications	Additions	Deletions	Balance 8/31/09
Depreciable Assets:						
Furniture and Equipment	\$9,218,372.16	\$	\$	\$5,401,140.76	\$(51,630.00)	\$14,567,882.92
Less Accumulated Depreciation	(4,771,944.52)	27,805.16		(2,212,335.35)	51,630.00	(6,904,844.71)
Depreciable Assets, Net	4,446,427.64	27,805.16		3,188,805.41		7,663,038.21
Total Capital Assets	<u>\$4,446,427.64</u>	<u>\$ 27,805.16</u>	<u>\$ 0.00</u>	<u>\$3,188,805.41</u>	<u>\$ 0.00</u>	<u>\$ 7,663,038.21</u>

## NOTE 3: Deposits, Investments & Repurchase Agreements

### INVESTMENTS

As of August 31, 2009, the carrying value and fair value of investments are as presented below.

Fiduciary Funds	Fair Value
U.S. Government Agency Obligations	\$ 2,849.67
U.S. Treasury Strips	214,153.04
Corporate Obligations	113,925.26
Equity	137,281,350.79
Fixed Income Money Market and Bond Mutual Funds	40,379,577.09
Miscellaneous	1,760,428.77
Total	<u>\$179,752,284.62</u>

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Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of August 31, 2009, the agency’s credit risk quality distribution for securities with credit risk exposure was as follows.

<b>Standard &amp; Poor’s</b>						
Fund Type	GAAP Fund	Investment Type	Aaa	Aa	A	Not Rated
09	0001	U.S. Government Treasuries				
		U.S. Government Agencies			\$ 2,761.60	
		REFco Strip				88.07
		Government Mortgage Backed Securities			510.46	113,414.80
		Corporate Obligations			117,698.40	72,939.23
		Political Subdivisions	51,250.60	32,773.75		38,607.91
		Mutual Funds				
<b>Fitch</b>						
The agency does not use ratings provided by Fitch.						

**NOTE 4: Short-Term Debt**

(Not Applicable)

**NOTE 5: Summary of Long Term Liabilities**

(Not Applicable)

**NOTE 6: Bonded Indebtedness**

(Not Applicable)

**NOTE 7: Capital Leases**

(Not Applicable)

**NOTE 8: Operating Leases**

(Not Applicable)

**NOTE 9: Retirement Plans**

(Not Applicable)

**NOTE 10: Deferred Compensation**

(Not Applicable)

**NOTE 11: Postemployment Health Care and Life Insurance Benefits**

(Not Applicable)

**NOTE 12: Interfund Activity and Transactions**

As explained in Note 1 on Interfund Transactions and Balances, there are numerous transactions between funds and agencies. At year end, amounts to be received or paid are reported as Interfund Receivables or Interfund Payables, Advances From or Advances To, or Due From or Due To Other Funds. The agency experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer. Repayment or interfund balances will occur within one year from the date of the financial statement.

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	Interfund Transactions		Due From Other Funds	Due To Other Funds
	Agency	Fund		
<b>Fund 0001:</b>	305	0013	\$ 125,912.51	\$
	305	0111	96,301.39	
	320	0894	16,679.92	
	320	0947	682.51	
	329	1100	234,597.75	
	362	5025	20,292,185.12	
	403	0110	14,280.26	
	403	0113	23,978.50	
	403	0116	953.08	
	454	0003	1,301,820.19	
	456	0996	260,786.35	
	457	1002	414,725.84	
	507	0001	541,405.70	
	601	0090	1,308,103.10	
	802	0950	4,159,120.06	
	903	0001	3,873,609.49	
	300	5003		2,540,774.43
	311	1900		28,042,281.71
	323	0001		75,155,067.58
	323	1989		26,201,992.76
	601	0001		1,568,530.47
	601	0006		190,588,864.66
	701	0002		63,529,621.55
	808	5139		1,000.00
Total Fund 0001:			<u>\$ 32,665,141.77</u>	<u>\$ 387,628,133.16</u>
<b>Fund 0116:</b>	407	0116	\$ 10,332,424.96	\$
<b>Fund 0494:</b>	302	0494	\$	\$ 9,674.36
<b>Fund 5010:</b>	302	5010	\$ 3,636,325.98	\$
<b>Fund 5040:</b>	529	5040		\$ 4,614,030.43
<b>Fund 5071:</b>	582	5071	\$ 2,949,597.74	\$
Total Due From/Due To (Exh 1)			<u>\$ 49,583,490.45</u>	<u>\$ 392,251,837.95</u>
<b>Fund 0001:</b>	211	0540	\$	\$ 1,412,131.75
	212	0001		20.00
	221	0001		500.00
	241	0303		991,045.98
	300	0001		847,945.87
	300	5003	28,627,058.73	
	300	5106	406,733.73	
	302	0001		7,906,790.55
	303	0001		177,726.02
	303	0003		13,398.75
	304	0001	500,000.00	(59,099.53)
	305	0001		1,400.00
	306	0666		76.00
	306	0777		516.85
	306	1003		116,935.59
	311	0577		32,613,037.10
	313	0001		5,312.44
	320	0001		4,733,163.83
	320	0894		16,679.92
	320	0947		682.51
	320	1000		5,192.29
	323	0001	1,516,972,220.82	33,624,104.73
	323	1989	245,611,096.81	
	329	0988		37,721.72
	332	0001		1,383,368.00
	332	0066		1,161,228.77
	332	0077		13,015.09

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Transfers			Transfers Out	Transfers In
	Agency	Fund		
<b>Fund 0001:</b>	356	0001	\$	\$ (45.25)
<i>Continued</i>	357	0001		222,814.00
	360	0001		75.00
	362	5025		52,732,496.22
	401	0001		62,742.91
	403	0110		181,404.06
	403	0113		263,813.31
	403	0116		11,436.96
	405	0001		2,553,033.35
	405	7000		696,025.52
	407	0116		1,081,093.45
	450	0848		185,637.89
	451	0001		2,000.00
	452	0001		50,000.00
	454	0004		10,665.00
	454	0008		184,867.39
	454	0011	51,490,558.49	74,764.00
	454	0036	56,324,526.01	1,338,005.00
	454	0516	362,965.52	
	455	0001		54,556.51
	455	0100		923,169.66
	456	0001		1,070.89
	457	0858		703,344.00
	458	1103		110,973.45
	459	0859		510,000.00
	460	0860		373,900.00
	469	0001		100.00
	507	0001		1,294,864.20
	515	0001		39,021.50
	529	0001		400,440,185.35
	530	0001		803,522.74
	537	0001		3,756,067.00
	537	0002		148,175.00
	537	0005		45,057.28
	538	0001		8,986,730.88
	538	0107		1,030,754.59
	539	0001		50,187,557.95
	539	0543		5,724,921.13
	551	0001		71,611.27
	551	3702		4,650,640.69
	554	0001		332,055.36
	556	0001		89,939.15
	580	0001		7,695.00
	580	0357	13,424,552.49	
	580	1000		324,980.98
	580	1359	2,693,032.43	
	580	3022	20,675,746.74	
	580	4802	2,816,861.00	
	582	0010		73,613.34
	582	0020		35,612.70
	582	0027		5,744,750.21
	601	0001	1,568,530.47	2,862,305.58
	601	0006	2,226,424,339.30	
	694	0001		199,027.90
	694	0104		5,144.31
	696	0014		344,639.91
	696	5060	800,237.41	
	701	0001		1,595,469.30
	701	0002	744,574,779.80	
	701	0193	13,845,405,984.76	
	701	5135	245,281,457.00	
	771	0001		19,588.50
	781	0001		396,498.54
	781	5079		496,014.25
	802	0010		182,447.60
	802	0013		225,000.00
	802	0643	35,054,446.08	
	802	4673	15,999,999.96	

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Transfers	Agency Fund		Transfers Out	Transfers In
	Agency	Fund		
<b>Fund 0001:</b>	808	0001	\$	\$ 36.45
<i>Concluded</i>	808	5139	6,999,120.00	
	813	0001		1,038.13
	902	0057	7,300,000.00	
	902	0345		5,292,800.66
	902	0347		1,335,980.65
	902	0348		1,635,297.35
	902	0599	2,241,931,889.62	
	902	0836	917,533.00	
	902	0869	6,081,250.00	
	902	0886		467,794.71
	902	8300	4,794,105.72	
<b>Total Fund 0001:</b>			<u>\$21,323,039,025.89</u>	<u>\$ 646,177,677.71</u>
<b>Fund 0345:</b>	902	0001	\$ 5,292,800.66	
Total Fund 0345:			<u>\$ 5,292,800.66</u>	
<b>Fund 0494:</b>	302	0494	\$ 19,467.56	
Total Fund 0494:			<u>\$ 19,467.56</u>	
<b>Fund 0599:</b>	902	0001		\$2,243,069,357.44
	701	0599	\$ 87,950.26	
Total Fund 0599:			<u>\$ 87,950.26</u>	<u>\$2,243,069,357.44</u>
<b>Fund 8300</b>	902	0001		\$ 4,794,105.72
Total Fund 8300:				<u>\$ 4,794,105.72</u>
<b>Fund 0836:</b>	902	0001		\$ 917,533.00
Total Fund 0836:				<u>\$ 917,533.00</u>
<b>Fund 0869:</b>	902	0001		\$ 6,081,250.00
Total Fund 0869:				<u>\$ 6,081,250.00</u>
<b>Fund 5010:</b>	302	5010	\$ 1,655,335.15	
Total Fund 5010:			<u>\$ 1,655,335.15</u>	
<b>Fund 5040:</b>	529	5040	\$ 563,316,591.64	
Total Fund 5040:			<u>\$ 563,316,591.64</u>	
<b>Fund 0057:</b>	902	0001		\$ 7,300,000.00
Total Fund 0057:				<u>\$ 7,300,000.00</u>
<b>Fund 0304:</b>	701	0193	\$ 2,536,209,130.94	
Total Fund 0304:			<u>\$ 2,536,209,130.94</u>	
<b>Fund 0347:</b>	902	0001	\$ 1,335,980.65	
Total Fund 0347:			<u>\$ 1,335,980.65</u>	
<b>Fund 0348:</b>	902	0001	\$ 1,635,297.35	
Total Fund 0348:			<u>\$ 1,635,297.35</u>	
<b>Fund 0886:</b>	902	0001	\$ 467,794.71	
Total Fund 0886:			<u>\$ 467,794.71</u>	
Total Transfers - (Exh. II)			<u>\$24,433,059,374.81</u>	<u>\$2,908,339,923.87</u>
<b>Fund 2872:</b>	311	0872	\$	\$ 92,303,845.00
Total Transfers - (Exh. VII)			<u>\$ 0.00</u>	<u>\$ 92,303,845.00</u>

**NOTE 13: Continuance Subject to Review**

(Not Applicable)

**NOTE 14: Adjustments to Fund Balances and Net Assets**

During fiscal 2009, an adjustment was made which required the restatement of fund balances as shown and discussed below:

- a. This restatement is to correct beginning balances in capital assets which was the result of an adjustment made in a prior period for beginning balance.

	<u>BC Capital Assets Fund 9998</u>
Fund Balance/Equity, September 1, 2008	\$(4,771,944.52)
Restatements:	
a. Accumulated Depreciation	27,805.16
Net Restatements	<u>27,805.16</u>
Fund Balance/Equity, September 1, 2008 as Restated	<u><u>\$(4,744,139.36)</u></u>

**NOTE 15: Contingent Liabilities**

**PROTEST TAX PAYMENTS:**

The protested tax balance in the General Revenue Fund and other funds at August 31, 2009 totaled \$116 million. These payments were protested under Tex. Tax Code Ann. Sec. 112.051 (Vernon 1982). Plaintiffs have filed lawsuits seeking refunds for franchise, sales, insurance, and pipeline utility taxes totaling \$671 million. The outcome of this litigation is indeterminate and the amount of the liability to the state, if any, cannot be reasonably estimated.

**NOTE 16: Subsequent Events**

(Not Applicable)

**NOTE 17: Risk Management**

(Not Applicable)

**NOTE 18: Management Discussion and Analysis**

The General Revenue Fund 0001 cash balance decreased from \$4.5 billion balance in fiscal 2008 to \$(1.0) billion in fiscal 2009. The large decrease is partly attributable a \$2.2 billion transfer to the Economic Stabilization Fund and decreased tax collections of \$4.6 billion. Revenues were down by \$4.9 billion, the majority of which is due to a tax revenue decrease. In addition, transfers from the state’s general fund to the foundation school fund were \$1.6 billion higher in fiscal 2009 than fiscal 2008. This is due to increased funding of local school districts. This increase reflects the cost of equalized operations for Foundation School Program and meeting projected enrollment growth.

The Economic Stabilization Fund, with the \$2.2 billion transfer from the General Revenue Fund, had an ending cash balance of \$6.7 billion. The Texas Constitution mandates that if oil or natural gas taxes exceed the net amount received in fiscal 1987, an amount equal to 75 percent of the excess must be transferred to the state’s Economic Stabilization Fund (ESF) from the General Revenue Fund. In addition to the oil and gas transfer, one half of any unencumbered balance in Fund 0001 at the close of the biennium must be transferred to the ESF. The transfer is made in the subsequent year, thus in fiscal year 2008, both oil and gas taxes exceeded the amount collected in fiscal 1987 and Fund 0001 had an unencumbered balance, resulting in a transfer in fiscal 2009.

The Property Tax Relief Fund's ending cash balance remained at \$3.0 billion. This is reserved to pay for property tax relief in the 2010-11 biennium.

Tax collections is the major source of revenue and experienced a 10% decrease from fiscal 2008. This was a result of decreases in Sales Taxes (2.7%), Franchise Taxes (4.5%), Motor Fuel taxes (2.2%) and other decreases in the remaining taxes. License, Fees and Permits decreased by 14.5% which was attributable to less activity in these types of revenues. Interest and Investment Income decreased 101.3% due to loss on investments and decreased interest rates as a result of the downturn of the economy.

### **NOTE 19: The Financial Reporting Entity**

(Not Applicable)

### **NOTE 20: Stewardship, Compliance and Accountability**

This section of the report reflects the activities of the Comptroller - Fiscal function (Agency 902) in the General Revenue Fund (0001), the Economic Stabilization Fund (0599), the Flood Area School and Road Expendable Trust Fund (0903), and other funds. The entire activity of the State's General Revenue Fund will be reflected in the State of Texas Comprehensive Annual Financial Report for the Year Ended August 31, 2009.

### **NOTE 21: Tobacco Settlement**

The state of Texas settled a lawsuit against certain tobacco manufacturers in 1998. The settlement included monetary and injunctive relief. The tobacco manufacturers agreed to remit annual payments to the state. Estimates made at the time of the agreement projected that these payments could total \$15.1 billion over the first 25 years of the agreement. The actual amounts of the annual payments are subject to adjustments for domestic tobacco sales, inflation and any other court-ordered factors; however, the tobacco companies have no obligation to make settlement payments until cigarettes are shipped (sales). Since annual payments are based on cigarette sales from the preceding calendar year, a revenue accrual of \$331.9 million has been calculated on estimated sales from Jan. 1 to the end of the fiscal year. Tobacco settlement revenues were \$520.1 million in fiscal 2008 and \$521.6 million in fiscal 2009. Cumulative actual tobacco settlement revenues as of fiscal 2009 were \$6.2 billion.

### **NOTE 22: Donor-Restricted Endowments**

(Not Applicable)

### **NOTE 23: Extraordinary and Special Items**

(Not Applicable)

### **NOTE 24: Disaggregation of Receivables and Payables**

See Note 1 for disaggregation of Other Payables.

### **NOTE 25: Termination Benefits**

(Not Applicable)

### **NOTE 26: Segment Information**

(Not Applicable)

### **NOTE 27: Taxes Receivables/Payables**

#### **A. Taxes Receivable**

The Comptroller-Fiscal collects certain taxes for the State of Texas. Taxes receivable represent amounts due to the State at August 31, for revenues earned in the current fiscal year that will be collected in the future. The receivables have been recorded net of allowances for uncollectible accounts. Revenue is recorded on the governmental fund financial statements using the modified accrual basis of accounting for amounts due to the State of Texas at August 31 that are considered as

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“available” (e.g. received by the State within approximately 60 days after that date). Revenue earned but not “available” at August 31 is recorded as deferred revenue. Prepaid taxes are also recorded as deferred revenue.

On the government-wide financial statements a corresponding amount is recorded as revenue using the accrual basis of accounting, which includes revenue earned at fiscal year end regardless if it is available. Deferred revenue includes only the prepaid taxes that have not been earned by fiscal year end. Taxes receivable are the same for both modified and full accrual basis.

Taxes receivable have been netted against any refunds payable and estimated uncollectable taxes. The full accrual basis is reported on the government-wide financial statements in the *State of Texas Comprehensive Annual Financial Report*.

As of November 20, 2009 the taxes receivable and deferred revenue balances for the Franchise Tax and the Oil and Gas Production Tax had not been finalized. The Franchise Tax Revenue and Tax Receivable will be finalized after the final returns for the tax due May 15, 2009 are processed. The tax returns are due November 15, 2009. Reports for the Oil and Gas Production Tax are in the process of being reviewed. Adjustments will be made for both taxes if necessary prior to publication of the CAFR.

Taxes receivable, as reported in the General Fund (Exhibit I), are detailed by tax type as follows:

Tax Type	Net Taxes Receivable
Sales and Use Tax	\$ 1,327,230,339.53
Motor Vehicle & MFG Housing	98,409,990.89
Motor Fuels	257,082,542.20
Oil & Natural Gas Production	2,695,325.02
Franchise	(215,997,876.92)
Insurance	152,933,402.13
Cigarette & Tobacco	14,836,528.18
Other	155,164,657.39
<b>Total Net Taxes Receivable</b>	<b><u>\$ 1,792,354,908.42</u></b>
<b>As Reported on the Financial Statements</b>	
Current Taxes Receivable	\$ 1,530,918,654.07
Noncurrent Taxes Receivable	261,436,254.35
<b>Total Net Taxes Receivable</b>	<b><u>\$ 1,792,354,908.42</u></b>

### **NOTE 28: Contested Taxes**

Taxpayers may petition for a formal hearing before an independent administrative law judge if they wish to challenge a tax liability assessed by the state. If the request for a determination hearing is received within a specified time, the taxpayer does not have to pay the tax until a final decision is reached. Collectability of these assessments is dependent upon the decisions of administrative law judges. These assessments are not recognized as tax revenue until the administrative hearing is final. Therefore, these amounts are not included in the receivables reported in the financial statements. As of August 31, 2009, the redetermination hearings process had an estimated \$732 million.

### **NOTE 29: Deferred Revenue**

The deferred revenue of \$920 million consists of \$370 million tax prepayments that have not been earned, and \$550 million revenues earned but not available to finance expenditures of the current fiscal period.

### **NOTE 30: Unclaimed Property**

The State holds certain property that is escheated to the State in the absence of legal claimants or heirs. Although a rightful owner can reclaim escheat property unto perpetuity, large portions of escheated property are never reclaimed. Additionally, the revenue generated from escheat property has always exceeded the amount needed to pay current claims. In fiscal year

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2008, the unclaimed property fund received \$314 million of gross revenues, made \$130 million of claimant payments and transferred \$183 million to the general fund. The claimant liability in the general fund of \$128 million represents the probable amount that will be reclaimed and paid to claimants in the following year. As of August 31, 2008, a balance of \$32 million in marketable securities and mutual funds held in trust. The State also holds an insignificant amount of real property such as jewelry.

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# **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS**

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EXHIBIT A-1

**Combining Balance Sheet – All General and Consolidated Funds**

August 31, 2009

	Consolidated Funds			
	General Revenue Fund (0001)	Law Enforcement Standards/Edu Fd (0116)	Compensation Victims Crime Fd (0494)	Economic Stabilization Fd (0599)
	U/F (0001, 3214, 8001)	U/F (0116)	U/F (0494)	U/F (0599)
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents:				
Cash in State Treasury	\$ (1,008,321,093.47)	\$	\$ 18,817,100.66	\$ 6,725,679,020.80
Receivables:				
Accounts				
Interest and Dividends	2,933,170.07		23,664.49	8,486,174.84
Taxes (Note 27)	1,530,918,654.07			
Due From Other Agencies (Note 12)	32,665,141.77	10,332,424.96		
Total Current Assets	<u>558,195,872.44</u>	<u>10,332,424.96</u>	<u>18,840,765.15</u>	<u>6,734,165,195.64</u>
Non-Current Assets:				
Taxes Receivable (Note 27)	261,436,254.35			
Total Non-Current Assets	<u>261,436,254.35</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Assets	<u>\$ 819,632,126.79</u>	<u>\$ 10,332,424.96</u>	<u>\$ 18,840,765.15</u>	<u>\$ 6,734,165,195.64</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Current Liabilities:				
Payables From:				
Accounts	\$ 257,381.01	\$	\$	\$
Federal	4,643,254.00			
Other Intergovernmental	21,592,641.66			
Unclaimed Property Claimant Liabilities	145,281,495.80			
Due To Other Agencies (Note 12)	387,628,133.16		9,674.36	
Deferred Revenues	919,626,266.03			
Total Current Liabilities	<u>1,479,029,171.66</u>	<u>0.00</u>	<u>9,674.36</u>	<u>0.00</u>
Total Liabilities	<u>1,479,029,171.66</u>	<u>0.00</u>	<u>9,674.36</u>	<u>0.00</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>				
Fund Balances (Deficits):				
Reserved for Non-Current Tax Receivable	261,436,254.35			
Undesignated	(920,833,299.22)	10,332,424.96	18,831,090.79	6,734,165,195.64
Total Fund Balances	<u>(659,397,044.87)</u>	<u>10,332,424.96</u>	<u>18,831,090.79</u>	<u>6,734,165,195.64</u>
Total Liabilities and Fund Balances	<u>\$ 819,632,126.79</u>	<u>\$ 10,332,424.96</u>	<u>\$ 18,840,765.15</u>	<u>\$ 6,734,165,195.64</u>

\* Appropriated fund is noted as (XXXX), USAS D23 U/F (XXXX)

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Consolidated Funds						Total
Sporting Events Trust Fund (0830) U/F (0830)	Special Events Trust Fund (0836) U/F (0836)	Other Events Trust Fund (0869) U/F (0869)	Sexual Assault Program (5010) U/F (5010)	Tobacco Settlement Temporary Hold (5040) U/F (5040)	Emissions Reduction Plan (5071) U/F (5071)	(Exhibit I) 2009
\$ 1,528,984.00	\$ 72,979.00	\$ 10,000,000.00	\$	\$ 390,863,847.60	\$	\$ 6,138,640,838.59
				331,930,666.67		331,930,666.67
						11,443,009.40
						1,530,918,654.07
			3,636,325.98		2,949,597.74	49,583,490.45
<u>1,528,984.00</u>	<u>72,979.00</u>	<u>10,000,000.00</u>	<u>3,636,325.98</u>	<u>722,794,514.27</u>	<u>2,949,597.74</u>	<u>8,062,516,659.18</u>
						261,436,254.35
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>261,436,254.35</u>
<u>\$ 1,528,984.00</u>	<u>\$ 72,979.00</u>	<u>\$ 10,000,000.00</u>	<u>\$ 3,636,325.98</u>	<u>\$ 722,794,514.27</u>	<u>\$ 2,949,597.74</u>	<u>\$ 8,323,952,913.53</u>
						257,381.01
\$	\$	\$	\$	\$	\$	4,643,254.00
						21,592,641.66
						145,281,495.80
				4,614,030.43		392,251,837.95
			3,636,325.98		2,949,597.74	926,212,189.75
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>3,636,325.98</u>	<u>4,614,030.43</u>	<u>2,949,597.74</u>	<u>1,490,238,800.17</u>
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>3,636,325.98</u>	<u>4,614,030.43</u>	<u>2,949,597.74</u>	<u>1,490,238,800.17</u>
						261,436,254.35
<u>1,528,984.00</u>	<u>72,979.00</u>	<u>10,000,000.00</u>		<u>718,180,483.84</u>		<u>6,572,277,859.01</u>
<u>1,528,984.00</u>	<u>72,979.00</u>	<u>10,000,000.00</u>	<u>0.00</u>	<u>718,180,483.84</u>	<u>0.00</u>	<u>6,833,714,113.36</u>
<u>\$ 1,528,984.00</u>	<u>\$ 72,979.00</u>	<u>\$ 10,000,000.00</u>	<u>\$ 3,636,325.98</u>	<u>\$ 722,794,514.27</u>	<u>\$ 2,949,597.74</u>	<u>\$ 8,323,952,913.53</u>

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EXHIBIT A-2

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – All General and Consolidated Funds

For the Fiscal Year Ended August 31, 2009

	Consolidated Funds				
	General Revenue Fund (0001)	Law Enforcement Standards/Edu Fd (0116)	Telecommunications Infrastructure Fd (0345)	Compensation Victims Crime Fd (0494)	Economic Stabilization Fd (0599)
	U/F (0001, 3214, 8001)	U/F (0116)	U/F (0345)	U/F (0494)	U/F (0599)
<b>REVENUES</b>					
Taxes (GR)	\$ 35,659,188,854.51	\$	\$	\$	\$
Licenses, Fees & Permits (PR-C/S)	1,120,348,095.24	6,703,384.03			
Interest and Other Investment Income (OP G&C)	(4,643,254.00)				
Interest and Other Investment Income (GR)	2,578,726.37		23,522.05	381,313.06	126,263,204.18
Land Income (PR-C/S)	9,495,388.08				
Settlement of Claims (GR)	11,240,835.27			1,476,540.16	
Sales of Goods and Services (PR-C/S)	38,384,799.80				
Sales of Goods and Services (PR-Auxiliary Enterpr)	3,917,674.21				
Other (GR)	227,927,146.30	31,287.64			75.00
<b>Total Revenues</b>	<b>37,068,438,265.78</b>	<b>6,734,671.67</b>	<b>23,522.05</b>	<b>1,857,853.22</b>	<b>126,263,279.18</b>
<b>EXPENDITURES</b>					
Payroll Related Costs	35,014,397.49				
Professional Fees and Services	7,152,869.38				
Materials and Supplies	784,513.40				
Communications and Utilities	502,145.75				
Repairs and Maintenance	680,919.46				
Claims and Judgments	2,469,864.03			7,779.03	
Intergovernmental Payments	130,952,757.33	5,995,368.09			
Public Assistance Payments	1,784,109.73				
Other Expenditures	138,557,670.96				
Capital Outlay	5,401,140.76				
<b>Total Expenditures</b>	<b>323,300,388.29</b>	<b>5,995,368.09</b>	<b>0.00</b>	<b>7,779.03</b>	<b>0.00</b>
Excess (Deficiency) of Revenues Over Expenditures	36,745,137,877.49	739,303.58	23,522.05	1,850,074.19	126,263,279.18
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer In (Note 12)	646,177,677.71				2,243,069,357.44
Transfer Out (Note 12)	(21,323,039,025.89)		(5,292,800.66)	(19,467.56)	(87,950.26)
Legislative Transfer Out	(17,629,171,868.08)				
Insurance Recoveries	1,856,303.00				
<b>Total Other Financing Sources (Uses)</b>	<b>(38,304,176,913.26)</b>	<b>0.00</b>	<b>(5,292,800.66)</b>	<b>(19,467.56)</b>	<b>2,242,981,407.18</b>
Net Change in Fund Balances	(1,559,039,035.77)	739,303.58	(5,269,278.61)	1,830,606.63	2,369,244,686.36
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>					
Fund Balances, September 1, 2008	899,641,990.90	9,593,121.38	5,269,278.61	17,000,484.16	4,364,920,509.28
Restatements (Note 14)					
Fund Balances, September 1, 2008, as Restated	899,641,990.90	9,593,121.38	5,269,278.61	17,000,484.16	4,364,920,509.28
Fund Balances, August 31, 2009	\$ (659,397,044.87)	\$ 10,332,424.96	\$ 0.00	\$ 18,831,090.79	\$ 6,734,165,195.64

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Consolidated Funds					Total
Sporting Events Trust Fund (0830) U/F (0830)	Special Events Trust Fund (0836) U/F (0836)	Other Events Trust Fund (0869) U/F (0869)	Sexual Assault Program (5010) U/F (5010)	Tobacco Settlement Temporary Hold (5040) U/F (5040)	(Exhibit II) 2009
\$	\$	\$	\$	\$	\$ 35,659,188,854.51
			1,655,335.15		1,128,706,814.42
					(4,643,254.00)
					129,246,765.66
					9,495,388.08
				521,609,076.33	534,326,451.76
					38,384,799.80
					3,917,674.21
				316.37	227,958,825.31
0.00	0.00	0.00	1,655,335.15	521,609,392.70	37,726,582,319.75
					35,014,397.49
					7,152,869.38
					784,513.40
					502,145.75
					680,919.46
					2,477,643.06
4,662,163.34	844,554.00	6,081,250.00			148,536,092.76
					1,784,109.73
					138,557,670.96
					5,401,140.76
4,662,163.34	844,554.00	6,081,250.00	0.00	0.00	340,891,502.75
(4,662,163.34)	(844,554.00)	(6,081,250.00)	1,655,335.15	521,609,392.70	37,385,690,817.00
4,794,105.72	917,533.00	6,081,250.00			2,901,039,923.87
			(1,655,335.15)	(563,316,591.64)	(21,893,411,171.16)
					(17,629,171,868.08)
					1,856,303.00
4,794,105.72	917,533.00	6,081,250.00	(1,655,335.15)	(563,316,591.64)	(36,619,686,812.37)
131,942.38	72,979.00	0.00	0.00	(41,707,198.94)	766,004,004.63
					1,397,041.62
		10,000,000.00		759,887,682.78	6,067,710,108.73
1,397,041.62	0.00	10,000,000.00	0.00	759,887,682.78	6,067,710,108.73
\$ 1,528,984.00	\$ 72,979.00	\$ 10,000,000.00	\$ 0.00	\$ 718,180,483.84	\$ 6,833,714,113.36

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Comptroller – Fiscal (902)

EXHIBIT B-1

**Combining Balance Sheet – Special Revenue Funds**

August 31, 2009

	County & Road District Highway Fund (0057) U/F (0057)	Property Tax Relief Fund (0304) U/F (0304)	Binding Arbitration Trust Fund Fund (0838) U/F (8380)	International Fuels Tax Agreement Trust Fund (0886) U/F (0886)	Total  (Exhibit I) 2009
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents:					
Cash in State Treasury	\$ 229,118.53	\$ 3,000,000,000.00	\$ 1,350.00	\$ 21,556,317.45	\$ 3,021,786,785.98
Receivables From:					
Interest and Dividends		3,882,629.23			3,882,629.23
Due From Other Agencies (Note 12)					
Total Current Assets	<u>229,118.53</u>	<u>3,003,882,629.23</u>	<u>1,350.00</u>	<u>21,556,317.45</u>	<u>3,025,669,415.21</u>
Total Assets	<u>\$ 229,118.53</u>	<u>\$ 3,003,882,629.23</u>	<u>\$ 1,350.00</u>	<u>\$ 21,556,317.45</u>	<u>\$ 3,025,669,415.21</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Current Liabilities:					
Accounts Payable	\$	\$	\$	\$	\$
Due to Other Agencies (Note 12)					
Total Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>FUND FINANCIAL STATEMENT –</b>					
<b>FUND BALANCES</b>					
Fund Balances (Deficits):					
Unreserved Designated for:					
Other	229,118.53	3,003,882,629.23	1,350.00	21,556,317.45	3,025,669,415.21
Total Fund Balances	<u>229,118.53</u>	<u>3,003,882,629.23</u>	<u>1,350.00</u>	<u>21,556,317.45</u>	<u>3,025,669,415.21</u>
Total Liabilities and Fund Balances	<u>\$ 229,118.53</u>	<u>\$ 3,003,882,629.23</u>	<u>\$ 1,350.00</u>	<u>\$ 21,556,317.45</u>	<u>\$ 3,025,669,415.21</u>

UNAUDITED  
Comptroller – Fiscal (902)

EXHIBIT B-2

**Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances – Special Revenue Funds**

For the Fiscal Year Ended August 31, 2009

	County & Road District Highway Fund (0057) U/F (0057)	Property Tax Relief Fund (0304) U/F (0304)	Texas Excellence Fund (0347) U/F (0347)	University Research Fund (0348) U/F (0348)
<b>REVENUES</b>				
Taxes	\$	\$ 2,471,800,256.47	\$	\$
Interest and Other Investment Income		66,375,866.58	14,610.20	17,883.49
Other				
Total Revenues	<u>0.00</u>	<u>2,538,176,123.05</u>	<u>14,610.20</u>	<u>17,883.49</u>
<b>EXPENDITURES</b>				
Intergovernmental Payments	7,300,000.00			
Professional Fees and Services				
Claims and Judgments				
Total Expenditures	<u>7,300,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(7,300,000.00)</u>	<u>2,538,176,123.05</u>	<u>14,610.20</u>	<u>17,883.49</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In (Note 12)	7,300,000.00			
Transfer Out (Note 12)		(2,536,209,130.94)	(1,335,980.65)	(1,635,297.35)
Total Other Financing Sources (Uses)	<u>7,300,000.00</u>	<u>(2,536,209,130.94)</u>	<u>(1,335,980.65)</u>	<u>(1,635,297.35)</u>
Net Change in Fund Balances	<u>0.00</u>	<u>1,966,992.11</u>	<u>(1,321,370.45)</u>	<u>(1,617,413.86)</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>				
Fund Balances, September 1, 2008	229,118.53	3,001,915,637.12	1,321,370.45	1,617,413.86
Restatements				
Fund Balances, September 1, 2008, as Restated	<u>229,118.53</u>	<u>3,001,915,637.12</u>	<u>1,321,370.45</u>	<u>1,617,413.86</u>
Fund Balances, August 31, 2009	<u>\$ 229,118.53</u>	<u>\$ 3,003,882,629.23</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

\* Appropriated fund is noted as (XXXX), USAS D23 U/F (XXXX)

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Comptroller – Fiscal (902)

Tobacco Settlement Receipts Fund (0810) U/F (0810)	Binding Arbitration Trust Fund (0838) U/F (8380)	International Fuels Tax Agreement Trust Fund (0886) U/F (0886)	Total  (Exhibit II) 2009
\$	\$	\$	\$ 2,471,800,256.47
(108.36)		467,794.71	66,876,046.62
	<u>152,575.00</u>	<u>31,231,115.84</u>	<u>31,383,690.84</u>
<u>(108.36)</u>	<u>152,575.00</u>	<u>31,698,910.55</u>	<u>2,570,059,993.93</u>
		27,328,590.73	34,628,590.73
	151,225.00		151,225.00
<u>0.00</u>	<u>151,225.00</u>	<u>27,328,590.73</u>	<u>34,779,815.73</u>
(108.36)	1,350.00	4,370,319.82	2,535,280,178.20
			7,300,000.00
<u>0.00</u>	<u>0.00</u>	<u>(467,794.71)</u>	<u>(2,539,648,203.65)</u>
(108.36)	1,350.00	3,902,525.11	2,931,974.55
108.36		17,653,792.34	3,022,737,440.66
<u>108.36</u>	<u>0.00</u>	<u>17,653,792.34</u>	<u>3,022,737,440.66</u>
<u>\$ 0.00</u>	<u>\$ 1,350.00</u>	<u>\$ 21,556,317.45</u>	<u>\$ 3,025,669,415.21</u>

UNAUDITED  
Comptroller – Fiscal (902)

EXHIBIT I-1

**Combining Statement of Fiduciary Net Assets  
Private-Purpose Trust Funds**

August 31, 2009

	Private Purpose Tobacco Settlement Political Subdivision Trust (0872) U/F (2872)	Federal Resource Receipt Distribution Fund (0521) U/F (0521)	Private Purpose Flood Area School and Road Trust Fund (0903) U/F (0903)	Total (Exhibit VI) 2009
<b>ASSETS</b>				
Cash and Cash Equivalents:				
Cash in State Treasury	\$	\$ 1,621.83	\$2,268,223.55	\$2,269,845.38
Receivables:				
Federal Interest and Dividends			2,717.75	2,717.75
Total Assets	<u>0.00</u>	<u>1,621.83</u>	<u>2,270,941.30</u>	<u>2,272,563.13</u>
<b>LIABILITIES</b>				
Accounts Payable				
Deferred Revenues		1,621.83	1,631,931.28	1,631,931.28
Total Liabilities	<u>0.00</u>	<u>1,621.83</u>	<u>1,631,931.28</u>	<u>1,633,553.11</u>
<b>NET ASSETS</b>				
Held In Trust For:				
Individuals, Organizations, and Other Governments				
Total Net Assets	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 639,010.02</u>	<u>\$ 639,010.02</u>

UNAUDITED  
Comptroller – Fiscal (902)

EXHIBIT I-2

**Combining Statement of Changes in Fiduciary Net Assets  
Private Purpose Trust Funds**

For the Fiscal Year Ended August 31, 2009

	Private Purpose Tobacco Settlement Political Subdivision Trust (0872) U/F (2872)	Private Purpose Flood Area School and Road Trust Fund (0903) U/F (0903)	Total (Exhibit VII) 2009
<b>ADDITIONS</b>			
Contributions:			
Investment Income:			
From Investing Activities			
Interest and Investment Income	\$ 0.00	\$ 49,675.74	\$ 49,675.74
Total Investment Income	<u>0.00</u>	<u>49,675.74</u>	<u>49,675.74</u>
Other Additions:			
Federal Revenue		3,942,251.90	3,942,251.90
Other Revenue			
Transfers-In (Note 12)	92,303,845.00		92,303,845.00
Total Other Additions	<u>92,303,845.00</u>	<u>3,942,251.90</u>	<u>96,246,096.90</u>
Total Additions	<u>92,303,845.00</u>	<u>3,991,927.64</u>	<u>96,295,772.64</u>
<b>DEDUCTIONS</b>			
Intergovernmental Payments	92,303,845.00	3,942,251.90	96,246,096.90
Transfers-Out (Note 12)			
Total Deductions	<u>92,303,845.00</u>	<u>3,942,251.90</u>	<u>96,246,096.90</u>
<b>NET INCREASE (DECREASE)</b>	<u>0.00</u>	<u>49,675.74</u>	<u>49,675.74</u>
Net Assets, September 1, 2008	0.00	589,334.28	589,334.28
Restatements (Note 14)	0.00	0.00	0.00
Net Assets, September 1, 2008, as Restated	0.00	589,334.28	589,334.28
Net Assets – August 31, 2009	<u>\$ 0.00</u>	<u>\$ 639,010.02</u>	<u>\$ 639,010.02</u>

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Comptroller – Fiscal (902)

EXHIBIT J-1

## Combining Statement of Changes in Assets and Liabilities

### Agency Funds

August 31, 2009

	Beginning Balance Sept. 1, 2008	Additions	Deductions	Ending Balance Aug. 31, 2009
<b>General Revenue Fund (0001) –</b>				
<b>Unclaimed Property Securities Receipts (U/F 4113)</b>				
<b>ASSETS</b>				
Investments:				
U.S. Government & Agency Obligations (Note 3)	\$ 205,748.45	\$ 217,002.71	\$ 205,748.45	\$ 217,002.71
Corporate Obligations (Note 3)	124,881.41	113,925.26	124,881.41	113,925.26
Corporate Equity (Note 3)	160,238,918.69	137,281,350.79	160,238,918.69	137,281,350.79
Pooled Investments (Note 3)	25,499,427.54	40,379,577.09	25,499,427.54	40,379,577.09
Other Investments (Note 3)	586,545.77	1,760,428.77	586,545.77	1,760,428.77
Total Assets	<u>\$ 186,655,521.86</u>	<u>\$ 179,752,284.62</u>	<u>\$ 186,655,521.86</u>	<u>\$ 179,752,284.62</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 186,655,521.86	\$ 179,752,284.62	\$ 186,655,521.86	\$ 179,752,284.62
Total Liabilities	<u>\$ 186,655,521.86</u>	<u>\$ 179,752,284.62</u>	<u>\$ 186,655,521.86</u>	<u>\$ 179,752,284.62</u>
<b>OTHER AGENCY FUNDS</b>				
<b>Sporting Events for Municipality/County</b>				
<b>Trust Fund (0830) U/F (0830)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 311,590.88	\$ 1,788,538.22	\$ 1,915,622.10	\$ 184,507.00
Total Assets	<u>\$ 311,590.88</u>	<u>\$ 1,788,538.22</u>	<u>\$ 1,915,622.10</u>	<u>\$ 184,507.00</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 311,590.88	\$ 1,788,538.22	\$ 1,915,622.10	\$ 184,507.00
Total Liabilities	<u>\$ 311,590.88</u>	<u>\$ 1,788,538.22</u>	<u>\$ 1,915,622.10</u>	<u>\$ 184,507.00</u>
<b>Binding Arbitration</b>				
<b>Trust Fund (0838) U/F (0838)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 124,100.00	\$ 590,600.00	\$ 566,100.00	\$ 148,600.00
Total Assets	<u>\$ 124,100.00</u>	<u>\$ 590,600.00</u>	<u>\$ 566,100.00</u>	<u>\$ 148,600.00</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 124,100.00	\$ 590,600.00	\$ 566,100.00	\$ 148,600.00
Total Liabilities	<u>\$ 124,100.00</u>	<u>\$ 590,600.00</u>	<u>\$ 566,100.00</u>	<u>\$ 148,600.00</u>
<b>Fireworks Tax Security</b>				
<b>Trust Account (0862) U/F (0862)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 3,775.00	\$ 3,775.00	\$ 3,875.00	\$ 3,675.00
Total Assets	<u>\$ 3,775.00</u>	<u>\$ 3,775.00</u>	<u>\$ 3,875.00</u>	<u>\$ 3,675.00</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 3,775.00	\$ 3,775.00	\$ 3,875.00	\$ 3,675.00
Total Liabilities	<u>\$ 3,775.00</u>	<u>\$ 3,775.00</u>	<u>\$ 3,875.00</u>	<u>\$ 3,675.00</u>
<b>Custom Brokers Bond/Security</b>				
<b>Trust Fund (0866) U/F (0866)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 15,000.00	\$ 35,000.00	\$ 40,000.00	\$ 10,000.00
Total Assets	<u>\$ 15,000.00</u>	<u>\$ 35,000.00</u>	<u>\$ 40,000.00</u>	<u>\$ 10,000.00</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 15,000.00	\$ 35,000.00	\$ 40,000.00	\$ 10,000.00
Total Liabilities	<u>\$ 15,000.00</u>	<u>\$ 35,000.00</u>	<u>\$ 40,000.00</u>	<u>\$ 10,000.00</u>

*Continued on the following page*

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EXHIBIT J-1 (continued)

## Combining Statement of Changes in Assets and Liabilities

### Agency Funds

August 31, 2009

	Beginning Balance Sept. 1, 2008	Additions	Deductions	Ending Balance Aug. 31, 2009
<b>Texas Racing Commission Security</b>				
<b>Trust Fund (0868) U/F (0868)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 1,900.00	\$ 1,900.00	\$ 1,900.00	\$ 1,900.00
Total Assets	<u>\$ 1,900.00</u>	<u>\$ 1,900.00</u>	<u>\$ 1,900.00</u>	<u>\$ 1,900.00</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 1,900.00	\$ 1,900.00	\$ 1,900.00	\$ 1,900.00
Total Liabilities	<u>\$ 1,900.00</u>	<u>\$ 1,900.00</u>	<u>\$ 1,900.00</u>	<u>\$ 1,900.00</u>
<b>Other Events Trust Fund</b>				
<b>(0869) U/F (0869)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$	\$ 2,919,000.00	\$ 2,919,000.00	\$
Total Assets	<u>\$ 0.00</u>	<u>\$ 2,919,000.00</u>	<u>\$ 2,919,000.00</u>	<u>\$ 0.00</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$	\$ 2,919,000.00	\$ 2,919,000.00	\$
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 2,919,000.00</u>	<u>\$ 2,919,000.00</u>	<u>\$ 0.00</u>
<b>Local Tax Collections For Sports/Community</b>				
<b>Venue Project Trust Fund (0874) U/F (0874)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 3,872,538.11	\$ 43,852,526.78	\$ 44,539,717.27	\$ 3,185,347.62
Total Assets	<u>\$ 3,872,538.11</u>	<u>\$ 43,852,526.78</u>	<u>\$ 44,539,717.27</u>	<u>\$ 3,185,347.62</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 3,872,538.11	\$ 43,852,526.78	\$ 44,539,717.27	\$ 3,185,347.62
Total Liabilities	<u>\$ 3,872,538.11</u>	<u>\$ 43,852,526.78</u>	<u>\$ 44,539,717.27</u>	<u>\$ 3,185,347.62</u>
<b>City, County, MTA &amp; SPD Sales</b>				
<b>Tax Trust (0882) U/F (0882)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 782,224,158.92	\$ 7,167,018,507.79	\$ 7,206,121,440.97	\$ 743,121,225.74
Total Assets	<u>\$ 782,224,158.92</u>	<u>\$ 7,167,018,507.79</u>	<u>\$ 7,206,121,440.97</u>	<u>\$ 743,121,225.74</u>
<b>LIABILITIES</b>				
Other Intergovernmental Payables	\$ 782,224,158.92	\$ 7,167,018,507.79	\$ 7,206,121,440.97	\$ 743,121,225.74
Total Liabilities	<u>\$ 782,224,158.92</u>	<u>\$ 7,167,018,507.79</u>	<u>\$ 7,206,121,440.97</u>	<u>\$ 743,121,225.74</u>
<b>International Fuels Tax Agreement (IFTA)</b>				
<b>Guaranty Trust Account (0884) U/F (0884)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$	\$ 4,525.00	\$	\$ 4,525.00
Total Assets	<u>\$ 0.00</u>	<u>\$ 4,525.00</u>	<u>\$ 0.00</u>	<u>\$ 4,525.00</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$	\$ 4,525.00	\$	\$ 4,525.00
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 4,525.00</u>	<u>\$ 0.00</u>	<u>\$ 4,525.00</u>

*Continued on the following page*

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EXHIBIT J-1 (continued)

## Combining Statement of Changes in Assets and Liabilities

### Agency Funds

August 31, 2009

	Beginning Balance Sept. 1, 2008	Additions	Deductions	Ending Balance Aug. 31, 2009
<b>Departmental Suspense Fund</b>				
<b>(0900) U/F (0900)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 6,021,850.95	\$ 504,466,884.51	\$ 498,783,130.94	\$ 11,705,604.52
Total Assets	<u>\$ 6,021,850.95</u>	<u>\$ 504,466,884.51</u>	<u>\$ 498,783,130.94</u>	<u>\$ 11,705,604.52</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 6,021,850.95	\$ 504,466,884.51	\$ 498,783,130.94	\$ 11,705,604.52
Total Liabilities	<u>\$ 6,021,850.95</u>	<u>\$ 504,466,884.51</u>	<u>\$ 498,783,130.94</u>	<u>\$ 11,705,604.52</u>
<b>Motor Fuel Distributor's Bond Guaranty</b>				
<b>(0904) U/F (0904)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 454,235.63	\$ 814,285.63	\$ 509,235.63	\$ 759,285.63
Total Assets	<u>\$ 454,235.63</u>	<u>\$ 814,285.63</u>	<u>\$ 509,235.63</u>	<u>\$ 759,285.63</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 454,235.63	\$ 814,285.63	\$ 509,235.63	\$ 759,285.63
Total Liabilities	<u>\$ 454,235.63</u>	<u>\$ 814,285.63</u>	<u>\$ 509,235.63</u>	<u>\$ 759,285.63</u>
<b>Mixed Beverage Tax Guaranty</b>				
<b>(0906) U/F (0906)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 8,061,675.28	\$ 10,437,118.48	\$ 9,353,604.33	\$ 9,145,189.43
Total Assets	<u>\$ 8,061,675.28</u>	<u>\$ 10,437,118.48</u>	<u>\$ 9,353,604.33</u>	<u>\$ 9,145,189.43</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 8,061,675.28	\$ 10,437,118.48	\$ 9,353,604.33	\$ 9,145,189.43
Total Liabilities	<u>\$ 8,061,675.28</u>	<u>\$ 10,437,118.48</u>	<u>\$ 9,353,604.33</u>	<u>\$ 9,145,189.43</u>
<b>Sales Tax Guaranty Trust</b>				
<b>(0962) U/F (0962)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 18,618,690.65	\$ 25,490,480.57	\$ 23,928,654.89	\$ 20,180,516.33
Total Assets	<u>\$ 18,618,690.65</u>	<u>\$ 25,490,480.57</u>	<u>\$ 23,928,654.89</u>	<u>\$ 20,180,516.33</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 18,618,690.65	\$ 25,490,480.57	\$ 23,928,654.89	\$ 20,180,516.33
Total Liabilities	<u>\$ 18,618,690.65</u>	<u>\$ 25,490,480.57</u>	<u>\$ 23,928,654.89</u>	<u>\$ 20,180,516.33</u>
<b>Direct Deposit Correction Account</b>				
<b>(0980) U/F (0980)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 1,103.56	\$ 25,756,880.34	\$ 24,206,525.75	\$ 1,551,458.15
Total Assets	<u>\$ 1,103.56</u>	<u>\$ 25,756,880.34</u>	<u>\$ 24,206,525.75</u>	<u>\$ 1,551,458.15</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 1,103.56	\$ 25,756,880.34	\$ 24,206,525.75	\$ 1,551,458.15
Total Liabilities	<u>\$ 1,103.56</u>	<u>\$ 25,756,880.34</u>	<u>\$ 24,206,525.75</u>	<u>\$ 1,551,458.15</u>

*Concluded on the following page*

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EXHIBIT J-1 (concluded)

## Combining Statement of Changes in Assets and Liabilities

### Agency Funds

August 31, 2009

	Beginning Balance Sept. 1, 2008	Additions	Deductions	Ending Balance Aug. 31, 2009
<b>Totals – All Agency Funds</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 819,710,618.98	\$ 7,783,180,022.32	\$ 7,812,888,806.88	\$ 790,001,834.42
Investments:				
U.S. Government & Agency Obligations (Note 3)	205,748.45	217,002.71	205,748.45	217,002.71
Corporate Obligations (Note 3)	124,881.41	113,925.26	124,881.41	113,925.26
Corporate Equity (Note 3)	160,238,918.69	137,281,350.79	160,238,918.69	137,281,350.79
Pooled Investments Note 3)	25,499,427.54	40,379,577.09	25,499,427.54	40,379,577.09
Other Investments (Note 3)	586,545.77	1,760,428.77	586,545.77	1,760,428.77
Total Assets	<u>\$ 1,006,366,140.84</u>	<u>\$ 7,962,932,306.94</u>	<u>\$ 7,999,544,328.74</u>	<u>\$ 969,754,119.04</u>
<b>LIABILITIES</b>				
Intergovernmental Payables	\$ 782,224,158.92	\$ 7,167,018,507.79	\$ 7,206,121,440.97	\$ 743,121,225.74
Funds Held for Others	224,141,981.92	795,913,799.15	793,422,887.77	226,632,893.30
Total Liabilities	<u>\$ 1,006,366,140.84</u>	<u>\$ 7,962,932,306.94</u>	<u>\$ 7,999,544,328.74</u>	<u>\$ 969,754,119.04</u>

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***Comptroller – Fiscal (902)***

## **SUPPLEMENTARY SCHEDULES**

UNAUDITED  
Comptroller – Fiscal (902)

**SCHEDULE 1A**  
**Schedule of Federal Financial Assistance**  
For the Fiscal Year Ended August 31, 2009

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Pass-Through From		Direct Program Amount	Total Pass- Through & Direct Program
		State Agy. or Univ. Amount	Non-State Entities Amount		
U.S. Department of Defense					
Payment to States in Lieu of					
Real Estate Taxes	12.112	\$	\$	\$3,942,251.90	\$3,942,251.90
Total U.S. Dept of Defense		<u>0.00</u>	<u>0.00</u>	<u>3,942,251.90</u>	<u>3,942,251.90</u>
Total Federal Financial Assistance		<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$3,942,251.90</u>	<u>\$3,942,251.90</u>

**NOTE 2 – RECONCILIATION**

Per Combined Statement of  
Changes in Fiduciary Net Assets –  
Fiduciary Funds – (Exh VII):

Federal Revenues	\$3,942,251.90
Reconciling Items	<u>0.00</u>
Total Pass-Through and Expenditures Per Federal Schedule	<u>\$3,942,251.90</u>

**NOTE 7 – FEDERAL DEFERRED REVENUE**

CFDA	Balance 09/01/08	Net Change	Balance 08/31/09
15.227	\$ 1,621.83	\$ 00.00	\$ 1,621.83

The deferred revenue of \$1,621.83 are federal grant prepayments that have not been earned. This relates to CFDA 15.227 -Distribution of Receipts to State and Local Governments

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Pass-Through To		Expenditures Amount	Total Pass- Through & Expenditures
State Agy. or Univ. Amount	Non-State Entities Amount		
\$	\$	\$3,942,251.90	\$3,942,251.90
<u>0.00</u>	<u>0.00</u>	<u>3,942,251.90</u>	<u>3,942,251.90</u>
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$3,942,251.90</u>	<u>\$3,942,251.90</u>

UNAUDITED  
Comptroller – Fiscal (902)

SCHEDULE 4

**Schedule of Modified to Full Accrual Adjustments – Governmental Funds  
Balance Sheet/Statement of Net Assets – Governmental Funds**

August 31, 2009

	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets
<b>ASSETS</b>					
Current Assets:					
Cash in State Treasury	\$ 9,160,427,624.57	\$	\$	\$	\$ 9,160,427,624.57
Receivables:					
Accounts Receivable	331,930,666.67				331,930,666.67
Interest and Dividends	15,325,638.63				15,325,638.63
Taxes	1,530,918,654.07				1,530,918,654.07
Due From Other Agencies	49,583,490.45				49,583,490.45
Total Current Assets	<u>11,088,186,074.39</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>11,088,186,074.39</u>
Non-Current Assets:					
Taxes Receivable	261,436,254.35				261,436,254.35
Capital Assets:					
Depreciable					
Furniture and Equipment		14,567,882.92			14,567,882.92
Accumulated Depreciation		(6,904,844.71)			(6,904,844.71)
Total Non-Current Assets	<u>261,436,254.35</u>	<u>7,663,038.21</u>	<u>0.00</u>	<u>0.00</u>	<u>269,099,292.56</u>
Total Assets	<u>\$ 11,349,622,328.74</u>	<u>\$ 7,663,038.21</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 11,357,285,366.95</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Current Liabilities:					
Payables From:					
Accounts Payable	\$ 257,381.01	\$	\$	\$	\$ 257,381.01
Federal	4,643,254.00				4,643,254.00
Other Intergovernmental	21,592,641.66				21,592,641.66
Unclaimed Property Claimant Liabilities	145,281,495.80				145,281,495.80
Due to Other Agencies	392,251,837.95				392,251,837.95
Deferred Revenues	926,212,189.75			(556,363,123.07)	369,849,066.68
Total Current Liabilities	<u>1,490,238,800.17</u>	<u>0.00</u>	<u>0.00</u>	<u>(556,363,123.07)</u>	<u>933,875,677.10</u>
Total Liabilities	<u>1,490,238,800.17</u>	<u>0.00</u>	<u>0.00</u>	<u>(556,363,123.07)</u>	<u>933,875,677.10</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>					
Fund Balances (Deficits):					
Reserved for Non-Current Tax Receivable	261,436,254.35				
Unreserved Designated for:					
Other	3,025,669,415.21				
Undesignated	6,572,277,859.01				
Total Fund Balances	<u>9,859,383,528.57</u>				
Total Liabilities and Fund Balance	<u>\$ 11,349,622,328.74</u>				
<b>GOVERNMENT-WIDE STATEMENT – NET ASSETS</b>					
Net Assets:					
Invested in Capital Assets, Net of Related Debt	\$	\$ 7,663,038.21	\$	\$	\$ 7,663,038.21
Unrestricted	9,859,383,528.57			556,363,123.07	10,415,746,651.64
Total Net Assets	<u>\$ 9,859,383,528.57</u>	<u>\$ 7,663,038.21</u>	<u>\$ 0.00</u>	<u>\$ 556,363,123.07</u>	<u>\$ 10,423,409,689.85</u>

UNAUDITED  
Comptroller – Fiscal (902)

SCHEDULE 4

**Schedule of Modified to Full Accrual Adjustments – Governmental Funds**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances/Statement of Activities – Governmental Funds**

For the Fiscal Year Ended August 31, 2009

	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
<b>REVENUES</b>					
Taxes (GR & SR))	\$ 38,130,989,110.98	\$	\$	\$ 556,363,123.07	\$ 38,687,352,234.05
Licenses, Fees & Permits (PR-C/S)	1,128,706,814.42				1,128,706,814.42
Interest and Other Investment Income (OP G&C)	(4,643,254.00)				(4,643,254.00)
Interest and Other Investment Income (GR)	196,122,812.28				196,122,812.28
Land Income (PR-C/S)	9,495,388.08				9,495,388.08
Settlement of Claims (GR)	534,326,451.76				534,326,451.76
Sales of Goods and Services (PR-C/S)	38,384,799.80				38,384,799.80
Sales of Goods and Services (PR-Auxiliary Enterpr)	3,917,674.21				3,917,674.21
Other (GR)	259,342,516.15				259,342,516.15
Total Revenues	<u>40,296,642,313.68</u>	<u>0.00</u>	<u>0.00</u>	<u>556,363,123.07</u>	<u>40,853,005,436.75</u>
<b>EXPENDITURES</b>					
Payroll Related Costs	35,014,397.49				35,014,397.49
Professional Fees and Services	7,304,094.38				7,304,094.38
Materials and Supplies	784,513.40				784,513.40
Communications and Utilities	502,145.75				502,145.75
Repairs and Maintenance	680,919.46				680,919.46
Claims and Judgments	2,477,643.06				2,477,643.06
Intergovernmental Payments	183,164,683.49				183,164,683.49
Public Assistance Payments	1,784,109.73				1,784,109.73
Other Expenditures	138,557,670.96				138,557,670.96
Capital Outlay	5,401,140.76	(5,401,140.76)			
Depreciation Expense		2,212,335.35			2,212,335.35
Total Expenditures	<u>375,671,318.48</u>	<u>(3,188,805.41)</u>	<u>0.00</u>	<u>0.00</u>	<u>372,482,513.07</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>39,920,970,995.20</u>	<u>3,188,805.41</u>	<u>0.00</u>	<u>556,363,123.07</u>	<u>40,480,522,923.68</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Net Inc (Dec) on Transfer of Capital Assets					
Transfer In	2,908,339,923.87				2,908,339,923.87
Transfer Out	(24,433,059,374.81)				(24,433,059,374.81)
Legislative Transfer Out	(17,629,171,868.08)				(17,629,171,868.08)
Insurance Recoveries	1,856,303.00				1,856,303.00
Total Other Financing Sources and Uses	<u>(39,152,035,016.02)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(39,152,035,016.02)</u>
Net Change in Fund Balances/Net Assets	<u>768,935,979.18</u>	<u>3,188,805.41</u>	<u>0.00</u>	<u>556,363,123.07</u>	<u>1,328,487,907.66</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>					
Fund Balances, September 1, 2008	9,090,447,549.39				
Restatements		27,805.16			
Fund Balances, September 1, 2008, as Restated	<u>9,090,447,549.39</u>				
Fund Balances, August 31, 2009	<u>\$ 9,859,383,528.57</u>				
<b>GOVERNMENT-WIDE STATEMENT – NET ASSETS</b>					
Net Assets/Net Change in Net Assets	<u>\$ 768,935,979.18</u>	<u>\$ 3,216,610.57</u>	<u>\$ 0.00</u>	<u>\$ 556,363,123.07</u>	<u>\$ 1,328,515,712.82</u>
Net Assets, September 1, 2008	9,090,447,549.39	4,446,427.64			9,094,893,977.03
Restatements					
Net Assets, September 1, 2008, as Restated	<u>9,090,447,549.39</u>	<u>4,446,427.64</u>	<u>0.00</u>	<u>0.00</u>	<u>9,094,893,977.03</u>
Net Assets, August 31, 2009	<u>\$ 9,859,383,528.57</u>	<u>\$ 7,663,038.21</u>	<u>\$ 0.00</u>	<u>\$ 556,363,123.07</u>	<u>\$ 10,423,409,689.85</u>

UNAUDITED  
Comptroller – Fiscal (902)

**SCHEDULE 5**  
**Schedule of Tax Revenue, Tax Receivable and**  
**Deferred Tax Revenue**  
**For the Fiscal Year Ended August 31, 2009**

Tax Type	Tax Revenue		Taxes Receivable
	Modified Accrual	Full Accrual	
Sales and Use	\$ 21,593,048,708.77	\$ 21,939,982,708.01	\$ 1,327,230,339.53
Motor Vehicle & MFG Housing	2,546,217,417.33	2,548,139,675.00	98,409,990.89
Motor Fuels	3,219,639,629.20	3,219,639,637.06	257,082,542.20
Oil & Natural Gas Production	1,490,300,390.23	1,490,300,390.23	2,695,325.02
Franchise	3,216,065,559.48	3,216,065,559.48	(215,997,876.92)
Insurance	1,281,729,888.81	1,412,041,881.01	152,933,402.13
Cigarette & Tobacco	586,465,459.22	587,608,867.84	14,836,528.18
Other Taxes:			
Alcoholic Beverage	826,157,290.03	831,013,916.98	55,796,226.09
Utility	470,516,361.06	527,510,449.60	63,274,183.86
Inheritance	2,055,358.97	2,055,358.97	
Hotel and Motel	357,783,438.25	365,398,256.52	36,094,247.45
Other	69,209,353.16	69,209,353.16	
<b>Total Taxes</b>	<b>\$ 35,659,188,854.52</b>	<b>\$ 36,208,966,053.85</b>	<b>\$ 1,792,354,908.41</b>

Tax Type	Deferred Tax Revenue	
	Modified Accrual	Full Accrual
Sales and Use	\$ 424,708,249.95	\$ 77,774,250.70
Motor Vehicle & MFG Housing	1,922,257.67	
Motor Fuels	7.85	
Oil & Natural Gas Production	292,074,815.98	292,074,815.98
Franchise		
Insurance	130,311,992.20	
Cigarette & Tobacco	1,143,408.62	
Other Taxes:		
Alcoholic Beverage	4,856,626.95	
Utility	56,994,088.54	
Inheritance		
Hotel and Motel	7,614,818.27	
Other		
<b>Total Taxes</b>	<b>\$ 919,626,266.02</b>	<b>\$ 369,849,066.68</b>

# Comptroller Treasury – Fiscal (311)

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## **BASIC FINANCIAL STATEMENTS**

UNAUDITED  
*Comptroller Treasury – Fiscal (311)*

UNAUDITED  
Comptroller Treasury – Fiscal (311)

EXHIBIT I

**Combined Balance Sheet/Statement of Net Assets –  
Governmental Funds**

August 31, 2009

	Governmental Fund Types		Governmental Funds Total
	General Funds (Ex A-1)	Permanent Funds (Ex E-1)	
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents:			
Cash in State Treasury	\$ 55,000,000.00	\$	\$ 55,000,000.00
Investments		187,669,124.98	187,669,124.98
Receivables From:			
Interest and Dividends		6,435,615.08	6,435,615.08
Trade Receivables		6,572,650.99	6,572,650.99
Due From Other Agencies	28,042,281.71		28,042,281.71
Total Current Assets	<u>28,042,281.71</u>	<u>200,677,391.05</u>	<u>228,719,672.76</u>
Non-Current Assets:			
Investments		2,617,754,005.40	2,617,754,005.40
Total Non-Current Assets		<u>2,617,754,005.40</u>	<u>2,617,754,005.40</u>
Total Assets	<u>\$ 28,042,281.71</u>	<u>\$ 2,818,431,396.45</u>	<u>\$ 2,846,473,678.16</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Current Liabilities:			
Payables From:			
Accounts Payable	\$	\$ 1,423,666.93	\$ 1,423,666.93
Interest Payable	28,042,281.71		28,042,281.71
Trade Payables		10,433,928.50	10,433,928.50
Other Liabilities	55,000,000.00		55,000,000.00
Total Current Liabilities	<u>83,042,281.71</u>	<u>11,857,595.43</u>	<u>94,899,877.14</u>
Non-Current Liabilities:			
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Liabilities	<u>83,042,281.71</u>	<u>11,857,595.43</u>	<u>94,899,877.14</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>			
Fund Balances (Deficits):			
Unreserved/Designated for:			
Other		515,919,821.14	515,919,821.14
Permanent Health Fund		2,806,573,801.02	2,806,573,801.02
Total Fund Balances	<u>0.00</u>	<u>2,806,573,801.02</u>	<u>2,806,573,801.02</u>
Total Liabilities and Fund Balances	<u>\$ 83,042,281.71</u>	<u>\$ 2,818,431,396.45</u>	<u>\$ 2,901,473,678.16</u>

UNAUDITED  
Comptroller Treasury – Fiscal (311)

**EXHIBIT II**  
**Combined Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances/Statement of Activities –**  
**Governmental Funds**

For the Fiscal Year Ended August 31, 2009

	General Funds (Ex A-2)	Permanent Funds (Ex E-2)	Governmental Funds Total
<b>REVENUES</b>			
Interest and Other Investment Income	\$ 138,259,507.94	\$ 33,529,268.28	\$ 171,788,776.22
Income from Securities Lending		200,624.94	200,624.94
Net Increase (Decrease) in Fair Value		(390,266,748.10)	(390,266,748.10)
	<u>138,259,507.94</u>	<u>(356,536,854.88)</u>	<u>(218,277,346.94)</u>
<b>EXPENDITURES</b>			
Professional Fees and Services	291,122.05	8,129,999.30	\$ 8,421,121.35
Travel	4,979.29		4,979.29
Borrower Rebate and Agent Fees		171,768.27	171,768.27
Interest	192,000,000.00		192,000,000.00
Total Expenditures/Expenses	<u>192,296,101.34</u>	<u>8,301,767.57</u>	<u>200,597,868.91</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(54,036,593.40)</u>	<u>(364,838,622.45)</u>	<u>(418,875,215.85)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	(32,613,037.10)	(116,963,636.48)	(149,576,673.58)
Total Other Financing Sources and Uses	<u>(32,613,037.10)</u>	<u>(116,963,636.48)</u>	<u>(149,576,673.58)</u>
Net Change in Fund Balances/Net Assets	<u>(86,649,630.50)</u>	<u>(481,802,258.93)</u>	<u>(568,451,889.43)</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>			
Fund Balances, September 1, 2008	86,649,630.50	3,288,376,059.95	3,375,025,690.45
Restatements			
Fund Balances, September 1, 2008, as Restated	<u>86,649,630.50</u>	<u>3,288,376,059.95</u>	<u>3,375,025,690.45</u>
Fund Balances – August 31, 2009	<u>\$ 0.00</u>	<u>\$ 2,806,573,801.02</u>	<u>\$ 2,806,573,801.02</u>

UNAUDITED  
Comptroller Treasury – Fiscal (311)

**EXHIBIT VI**  
**Combined Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**August 31, 2009**

	Private- Purpose Trust (Exhibit I-1)	Agency Funds (Exhibit J-1)	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents:			
Cash in Bank	\$	\$	\$
Cash in State Treasury		4,028,231.74	4,028,231.74
Short Term Investments (Note 3)			
Other Short Term Investments	123,426,088.43		123,426,088.43
Investments (Note 3)			
U.S. Government and Agency Obligations			
Corporate Equity	360,868,224.38		360,868,224.38
Corporate Obligations	81,047,515.64		81,047,515.64
Repurchase Agreements		34,527,293.96	34,527,293.96
Foreign Securities			
Other Investments	1,284,281,869.12		1,284,281,869.12
Receivables:			
Interest and Dividends	4,178,965.83	201.41	4,179,167.24
Trade Receivables	4,277,111.08		4,277,111.08
Other Assets		115,000.00	115,000.00
<b>Total Assets</b>	<u>1,858,079,774.48</u>	<u>38,670,727.11</u>	<u>1,896,750,501.59</u>
<b>LIABILITIES</b>			
Payables:			
Accounts Payables	924,942.87		924,942.87
Trade Payables	6,778,358.00		6,778,358.00
Funds Held for Others		38,670,727.11	38,670,727.11
<b>Total Liabilities</b>	<u>7,703,300.87</u>	<u>38,670,727.11</u>	<u>46,374,027.98</u>
<b>NET ASSETS</b>			
Held in trust for:			
Individuals, Organizations, and Other Governments	1,850,376,473.61		1,850,376,473.61
<b>Total Net Assets</b>	<u>\$ 1,850,376,473.61</u>	<u>\$ 0.00</u>	<u>\$ 1,850,376,473.61</u>

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**EXHIBIT VII**  
**Combined Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**August 31, 2009**

	Private Purpose Trust (Exhibit I-2)	Totals
<b>ADDITIONS</b>		
Investment Income:		
From Investing Activities:		
Net Appreciation (Depreciation) in		
Fair Value of Investments	\$ (262,441,656.69)	\$ (262,441,656.69)
Interest and Investment Income	22,079,252.20	22,079,252.20
Total Investing Income (Loss)	(240,362,404.49)	(240,362,404.49)
Less Investing Activities Expense		
Net Income from Investing Activities	(240,362,404.49)	(240,362,404.49)
From Securities Lending Activities:		
Securities Lending Income	132,606.75	132,606.75
Less Securities Lending Expense:		
Borrower Rebates and Agent Fees	113,545.69	113,545.69
Net Income from Securities Lending Activities	19,061.06	19,061.06
Total Net Investment Income (Loss)	(240,343,343.43)	(240,343,343.43)
Total Additions	(240,343,343.43)	(240,343,343.43)
<b>DEDUCTIONS</b>		
Transfers Out	93,987,128.36	93,987,128.36
Professional Fees and Services	5,322,170.52	5,322,170.52
Total Deductions	99,309,298.88	99,309,298.88
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(339,652,642.31)</b>	<b>(339,652,642.31)</b>
<b>NET ASSETS</b>		
Net Assets, September 1, 2008, as Restated	2,190,029,115.92	2,190,029,115.92
Restatements		
Net Assets, September 1, 2008, as Restated	2,190,029,115.92	2,190,029,115.92
Net Assets – August 31, 2009	<u>\$ 1,850,376,473.61</u>	<u>\$ 1,850,376,473.61</u>

# Notes to the Financial Statements

## NOTE 1: Summary of Significant Accounting Policies

### GENERAL INTRODUCTION

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The Comptroller - Treasury Fiscal is an agency of the State of Texas and its financial records comply with the state statutes and regulations. This includes compliance with the Comptroller of Public Accounts Reporting Requirements of State Agencies.

Effective September 1, 1996, the constitutional office of the Treasurer was abolished and the powers, duties, obligations, rights and contracts of the Treasurer was transferred to and assumed by the State Comptroller of Public Accounts.

There are no component units in which the Comptroller - Treasury Fiscal is financially accountable or any organization in which exclusion would create misleading or incomplete financial statements.

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

### FUND STRUCTURE

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

### GOVERNMENTAL FUND TYPES

#### *General Fund*

The general fund is used to account for all financial resources of the state except those required to be accounted for in another fund.

#### *Permanent Funds*

Permanent funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the state’s programs.

### FIDUCIARY FUND TYPES

#### *Agency Funds*

Agency funds are used to account for assets held as an agent for individuals, other government entities, and/or other funds. These funds are custodial in nature and do not involve measurement of results of operations.

#### *Private-Purpose Trust Funds*

Agencies use private-purpose trust funds to account for all other trust arrangements whose principal and interest benefit individuals, private organizations, or other governments.

## **BASIS OF ACCOUNTING**

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The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. All governmental fund types and agency funds are accounted for on the modified basis of accounting. Revenues are recognized when they become both measurable and available. Expenditures are generally recognized when the related fund liability is incurred. Exceptions are unpaid employee compensable leave, and the unmatured debt service (principal and interest) on general long-term debt, long-term capital leases, and long-term claims and judgments, which are not recognized until actual payment is made.

## **BUDGETS AND BUDGETARY ACCOUNTING**

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The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (The General Appropriations Act). Encumbrance accounting is employed for budgetary control purposes.

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

## **ASSETS, LIABILITIES AND FUND BALANCES/NET ASSETS**

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### **ASSETS**

#### ***Investments***

Investments are stated at fair value in all funds in accordance with GASB Statement 31 – Accounting and Financial Reporting for Certain Investments and for External Investment Pools.

#### ***Securities Lending Collateral***

Securities lent are reported as assets on the balance sheet. The costs of securities lending transactions are reported as expenditures or expenses in the Operating Statement. These costs are reported at gross.

#### ***Interest and Dividend Receivables***

This includes interest and dividends accrued on investments at year-end that will not be deposited to the Fund until after the fiscal year.

#### ***Investment Trade Receivables***

This represents investment sales that occurred on or before fiscal year end for which cash payment will be received after fiscal year end.

### **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.

#### ***Notes Payable***

State of Texas Tax and Revenue Anticipation Notes are recorded at par. The bond proceeds are accounted for as an “Other Financing Source” in the Tax And Revenue Anticipation Note Fund 577 when received, and expenditures for payment of principal and interest are recorded in the Tax And Revenue Anticipation Note Fund 577 when paid.

#### ***Investment Trade Payables***

This represents the liability for investment purchases that occurred on or before fiscal year end for which cash payment will be received after fiscal year end.

## FUND BALANCE/NET ASSETS

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

### *Reservations of Fund Balance*

Fund balances for governmental funds are classified as either reserved or unreserved in the fund financial statements. Reservations are legally restricted to a specific future use or not available for expenditure.

### *Unreserved/Undesignated*

This represents the unappropriated balance at year end.

### *Restricted Net Assets*

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

### *Unrestricted Net Assets*

Unrestricted net assets consist of net assets, which do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources, which are imposed by management, but can be removed or modified.

## INTERFUND ACTIVITIES AND BALANCES

The Treasury has the following types of transactions between funds:

- (1) Transfers: Legally required transfers that are reported when incurred as “Transfers In” by the recipient fund and as “Transfers Out” by the disbursing fund

The composition of the agency’s Interfund activities and balances are presented in Note 8.

## NOTE 2: Capital Assets

(Not Applicable)

## NOTE 3: Deposits, Investments & Repurchase Agreements

All monies in funds established in the Treasury by the State Constitution or by an act of the Legislature are pooled for investment purposes. All monies of the Trust Company are invested according to Section 404.106 of the Government Code.

## INVESTMENT AUTHORITY

Section 404.024 of the Government Code permits the investment of these funds in the following instruments:

1. fully collateralized time deposits in banks and savings and loan associations domiciled in the state which have been approved by the State Depository Board to receive state deposits;
2. direct security repurchase agreements;
3. reverse repurchase agreements;
4. direct obligations of, or obligations the principal and interest of which are guaranteed by the United States, its’ agencies and instrumentalities;
5. bankers’ acceptances that: (i) are eligible for purchase by the Federal Reserve System, (ii) do not exceed 270 days to maturity, and (iii) are issued by a bank that has received the highest short-term credit rating by a nationally recognized investment firm;
6. commercial paper that has received the highest short-term credit rating by a nationally recognized investment rating firm and does not exceed 270 days to maturity; and,

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7. contracts written by the Comptroller in which the Comptroller grants the purchaser the right, for a fee, to purchase securities in the Treasury’s marketable securities portfolio at a specified price over a specified period. These contracts are commonly known as covered call options. Uncovered option trading is specifically prohibited.

No more than 20% of the aggregate funds on deposit in financial institutions at any time may be placed by the Comptroller in savings and loan associations.

Repurchase and reverse repurchase agreements may be entered into by the Comptroller only with state or national banks doing business in Texas or primary dealers approved by the Federal Reserve System.

There were no significant violations of legal provisions during the period.

**DEPOSITS OF CASH IN BANK**

**Custodial Operations**

As of August 31, 2009, the carrying amount and the total bank balance of deposits is presented below.

<b>Custodial Operations</b>	
Cash in Bank – Carrying Amount	\$645,854,624.55
Total Cash in Bank	<u>\$645,854,624.55</u>

The Trust Company’s contract with the Federal Reserve Bank permits the Trust Company to wire transfer funds for the purpose of facilitating investment transactions. Correspondingly, a minimum cash balance is maintained in the account to generate earnings credits sufficient to offset the costs of the services received. As these investment transactions occur, the Federal Reserve Bank requires that the Trust Company maintain a positive cash balance in the account intraday and at the end of the day. The Trust Company met those requirements throughout Fiscal Year 2009.

**Collateralization and Risk Categorization** – In accordance with state law, all amounts deposited in financial institutions above the amounts insured by the Federal Deposit Insurance Corporation are fully collateralized 105% by the pledging, to the Comptroller, of securities valued at market, excluding accrued interest. Generally the list of eligible securities includes all U. S. Treasury and most Agency Obligations, including certain mortgage backed securities pledged @125%, and securities issued by state agencies and political subdivisions within the State. All securities pledged to the Comptroller must be held by a third-party custodian bank doing business in the State through a main office or one or more branches, any Federal Reserve Bank, the Texas Treasury Safekeeping Trust Company, any Federal Home Loan Bank or in the vault of Treasury Operations at the State Comptroller of Public Accounts.

Securities pledged as collateral on August 31, 2009 were categorized as follows:

<b>Political Subdivision Securities</b>	
Moody's Investors Service Ratings	Percent of Collateral Pledged
AAA	22.88%
AA	4.79%
A	1.68%
Subtotal	<u>29.35%</u>

<b>U.S. Government Securities</b>	
Description	Percent of Collateral Pledged
U.S. Treasury Notes and Bonds	7.72%
Federal Home Loan Bank Debentures	3.93%
Federal Home Loan Mortgage Corp	2.99%
Federal Home Loan Mtg. Corp-Mtg. backed	10.80%
Federal Farm Credit Bank	1.73%
Federal National Mortgage Assn	4.81%
Federal National Mtg Assn-Mtg. backed	4.13%
Govt. Nat'l Mortgage Assoc	15.35%
Federal Home Loan Bank Letters of Credit	19.19%
Subtotal	<u>70.65%</u>
TOTAL	<u>100.00%</u>

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Based on an opinion letter received by the Treasury from the Federal Deposit Insurance Corporation, it is the policy of the Treasury to collateralize bank deposits based on a collected funds basis.

During fiscal year 2009 no depository holding state funds failed.

All securities pledged to the Trust Company must be held by the Trust Company, a third-party bank that is an approved depository and approved custodian, any Federal Reserve Bank, Federal Home Loan Bank or in the vault of the Treasury. The Trust Company has contracted with financial institutions to collateralize Trust Company deposits in excess of depository insurance.

State statute permits depository institutions to select the bank that may serve as their third-party custodian for collateral pledged by that institution to the Comptroller. These banks must be approved depositories and approved custodians with capital and surplus of \$5,000,000 or more.

All deposits in financial institutions for Comptroller custodial operations, as of August 31, 2009 were fully secured by FDIC insurance and securities pledged to the Comptroller.

## INVESTMENTS AND REPURCHASE AGREEMENTS

### *Custodial Operations*

As of August 31, 2009, the fair value of investments is as presented below.

<b>Fair Value of Investments As of 08/31/2009</b>	
Investment Type	Fair Value
U.S. Government Agencies	\$ 7,032,716,874.00
U.S. Government Treasuries	10,592,508,141.00
Government Mortgage Backed Securities	2,537,136,255.00
Repurchase Agreements	1,217,000,000.00
Israel Bonds	26,700,000.00
Corporate Obligations	924,261,440.00
Asset Backed Securities	1,311,998,371.00
Small Business Administration	12,601,830.00
Stock In Texas Trust	1,000,000.00
Money Market Mutual Funds	1,736,000,000.00
Total Treasury Pool without Lottery Securities	<u>25,391,922,911.00</u>
U. S. Government Agencies – Refco	1,088,620,824.00
U. S. Government Agencies – Lottery-Treasury Strips	130,182,772.00
Total Investments	<u>\$26,610,726,507.00</u>

*Credit risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Pursuant to section 404.024(a) and (b), treasury funds may be invested in fully collateralized repurchase agreements secured by obligations of the U.S., its agencies, or Government Sponsored Enterprises (GSEs), including mortgage-backed securities of such agencies and GSEs, as set out in section 404.001 of the Government Code. The Comptroller may purchase direct obligations of or obligations, the principal and interest of which are guaranteed by the U.S.; and direct obligations of, or obligations guaranteed by U.S. agencies or GSEs. Mortgage-backed securities are eligible for purchase except those specifically prohibited by section 404.024 (e) of the Government Code. Treasury funds may invest in commercial paper that, has received the highest short-term credit rating by a nationally recognized investment rating organization or “NRSRO”. “Highest short-term credit rating” includes at least one of the following short-term credit ratings, Moody’s (P-1), Standard & Poor’s (A-1), or Fitch, Inc. (F-1). Money market funds must be rated AAAM by a NRSRO. The Government mortgage-backed securities, that are not rated, are issued by Government Sponsored Enterprises that are rated AAA. The Treasury portfolio is rated AAAf by Standard & Poor’s. The following table lists Standard & Poor’s credit rating by investment type for the Treasury Pool securities that are subject to credit risk. The US Government agencies and the underlying securities on the Repurchase agreements not rated by Standard & Poor’s were either rated Aaa by Moody’s or AAA by Fitch.

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As of August 31, 2009, the credit quality distribution for securities with credit risk exposure was as follows.

<b>Standard &amp; Poors</b>					
Fund	Investment Type	AAA	AA	A	BBB
Treasury Portfolio	U.S. Government Agencies	\$ 7,032,716,874.00	\$	\$	\$
Treasury Portfolio	Government Mortgage Backed Securities	254,142,164.00			
Treasury Portfolio	Corporate Obligations	107,649,720.00	271,938,445.00	514,245,599.00	30,427,676.00
Treasury Portfolio	Asset Backed Securities	1,274,942,149.00			
Treasury Portfolio	Repurchase Agreements	1,217,000,000.00			
Treasury Portfolio	Israel Bonds			26,700,000.00	
Treasury Portfolio	Mutual Funds (2A 7-Like)	1,736,000,000.00			
<b>Unrated</b>					
Treasury Portfolio	Government Mortgage Backed Securities	\$ 2,282,994,091.00			
Treasury Portfolio	Asset Backed Securities	37,056,222.00			
Treasury Portfolio	Small Business Administration	12,601,830.00			

*Concentration of credit risk.* Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. The Comptroller places no limit on the amount the Treasury Pool may invest on any one issuer. More than 5 percent of the Treasury Pool investments are with the Federal Home Loan Bank, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. These investments are 14.79%, 9.98% and 6.34% respectively.

Fund	Issuer	Carrying Value	% of Total Portfolio
Treasury Portfolio	Federal Home Loan Bank	\$ 4,030,570,184.72	14.79%
Treasury Portfolio	Federal Home Loan Mortgage Corporation	1,729,566,622.28	6.34%
Treasury Portfolio	Federal National Mortgage Association	2,720,875,077.18	9.98%

*Interest rate risk.* In accordance with its investment policy, the Treasury Pool manages its exposure to interest rate risk by maintaining a weighted-average maturity of no more than two (2) years. The following schedule reflects the average modified duration (a measure of the price sensitivity of a bond to interest rate movements) of the Treasury Pool by investment type and as a whole:

Investment Type	Modified Duration (Years)
U.S. Government Agencies	0.791
U.S. Government Treasuries	1.053
Government Mortgage Backed Securities	1.571
Corporate Obligations	1.004
Asset Backed Securities	1.212
Repurchase Agreements	0.003
Small Business Administration	14.742
Israel Bonds	1.646
Placement of deposits with financial institutions	0.336
Treasury Portfolio Modified Duration	0.985

**Reverse Repurchase Agreements** – State statutes permit the Comptroller to enter into reverse repurchase agreements with state or national banks doing business in Texas or primary dealers. A reverse repurchase agreement is a sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. Proceeds are invested in securities or repurchase agreements that usually mature at or almost at the same time as the reverse repurchase agreement and the proceeds from those securities will be used to liquidate the agreement resulting in a matched posi-

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tion. With a matched position there is minimal market risk because the Treasurer will hold securities to maturity and liquidate them at face value.

Reverse Repurchase Agreements are secured by the Treasury assigning U.S. Government agency or Treasury securities and are carried at the amount at which the securities will subsequently be repurchased as specified in the agreements. The cash received normally exceeds the fair value of securities assigned under Reverse Repurchase Agreements, providing the Treasury a margin against a decline in market values of the securities. If the dealers default on their obligations to resell these securities to the Treasurer or provide securities or cash of equal value, the Treasurer is subject to a potential economic loss equal to the difference between the market value plus accrued interest. It is the policy of the Comptroller to limit the margin provided to dealers in its reverse repurchase transactions.

The Treasury Pool may enter into reverse repurchase agreements for up to 35% of the pool's assets. The Treasury Pool's aggregate amount of reverse repurchase agreement obligations at August 31, 2009 was \$92,415,176 including accrued interest. The aggregate fair value of the securities underlying those agreements, including accrued interest, was \$92,801,509. The credit exposure at year-end was \$386,333.

**Departmental Operations**

As of August 31, 2009, the fair value of investments is as presented below.

<b>Fair Value of Investments As of 08/31/2009</b>	
<b>Governmental Funds</b>	<b>Fair Value</b>
Corporate Obligations	\$ 37,693,325.25
International Corporate Obligations	4,454,361.77
Equities	60,299,451.91
International Equities	1,139,479.39
Mutual Funds – Domestic Equities	125,460,113.74
Mutual Funds – Global Equities	94,987,396.54
Mutual Funds – Fixed Income	194,085,254.70
Mutual Funds – Commodities	29,143,296.10
Securities Lending Cash Collateral	
Hedge Funds – Absolute Return	123,802,345.03
Hedge Funds – Equity	107,434,110.28
Alternative Investments Domestic	119,490,662.68
Alternative Investments International	17,756,308.35
Investments in Short Term Investment Fund	65,111,517.74
Total Investments	<u>\$ 980,857,623.48</u>
Reconciliation of Investments per Exhibits – Governmental	
Governmental Funds Current Assets	
Short-Term Investments	\$ 65,111,517.74
Governmental Funds Non-Current Assets	
Investments	915,746,105.74
Investments per Exhibits	<u>\$ 980,857,623.48</u>

<b>Fair Value of Investments As of 08/31/2008</b>	
<b>Fiduciary Funds</b>	<b>Fair Value</b>
Corporate Obligations	\$ 72,789,459.10
International Corporate Obligations	8,258,056.54
Equities	122,657,071.18
International Equities	7,028,816.11
Mutual Funds – Domestic Equities	231,182,337.08
Mutual Funds – Global Equities	175,030,993.29
Mutual Funds – Fixed Income	359,819,675.41
Mutual Funds – Commodities	53,610,139.68
Hedge Funds – Absolute Return	231,955,421.48
Hedge Funds – Equity	201,287,983.07
Alternative Investments Domestic	221,988,463.94
Alternative Investments International	35,782,155.74
Other Investments	4,807,036.51
Investments in Short Term Investment Fund	123,426,088.43
Repurchase Agreements	34,527,293.96
Total Investments	<u>\$ 1,884,150,991.52</u>
Reconciliation of Investments per Exhibits – Fiduciary	
Fiduciary Funds Current Assets Short-Term	
Investments	\$ 123,426,088.43
Fiduciary Funds Non-Current Assets	
Investments	1,760,724,903.09
Investments per Exhibits	<u>\$ 1,884,150,991.52</u>

**Credit Risk.** Corporate obligations must be rated investment grade by at least one NRSRO and not rated below investment grade by any NRSRO. Short-term securities must be rated in the highest rating category by an NRSRO. The average quality rating of the high-yield fixed income portfolio shall be B1/B+ or higher. All high-yield securities when purchased must be rated at least CCC. The Following schedule lists Standard & Poor's credit rating by investment type for the Endowment Fund securities that are subject to credit risk. The high-yield securities not rated by Standard & Poor's are rated Ba or B by Moody's. The Investments in the short-term investment fund are investments in Northern Trust's Institution Government Portfolio fund which rated Aaa by Moody's.

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<b>Standard &amp; Poors</b>							
Fund Type	Investment Type	AAA	BBB	BB	B	CCC	C
19	Corporate Obligations	\$	\$ 1,842,670.76	\$13,184,343.80	\$18,112,008.11	\$2,790,315.60	\$505,979.99
19	International Corporate Obligations			1,776,952.94	1,935,212.62		
19	Short Term Investment Fund	65,111,517.74					
20	Corporate Obligations		3,416,193.54	24,442,796.11	33,578,320.47	5,173,038.28	938,049.39
20	International Corporate Obligations			3,294,339.04	3,587,740.75		
20	Short Term Investment Fund	122,557,607.30					
<b>Unrated</b>							
19	Corporate Obligations		\$ 1,257,996.99				
19	International Corporate Obligations		742,196.21				
19	Mutual Funds – Fixed Income		194,085,254.70				
20	Corporate Obligations		2,332,233.17				
20	International Corporate Obligations		1,375,976.75				
20	Mutual Funds – Fixed Income		359,819,675.41				

**Concentration Risk.** Excluding securities issued or guaranteed by the U.S. Government, its agencies, instrumentalities, and GSE's, no more than 5 percent of the portfolio at the time of purchase, shall be invested in securities of one issuer.

**Interest Rate Risk.** The endowment funds do not have a formal investment policy that limits investment maturities. The following schedule reflects the average modified duration of the Endowment Funds by investment type. The investments in the securities lending cash collateral pool and the short-term investment fund use a weighted average maturity to reflect the interest rate risk.

Investment Type	Modified Duration (Years)
Corporate Obligations	4.50
International Corporate Obligations	4.32
Mutual Funds – Fixed Income	4.01
Weighted Average Maturity	
Investments in Short-Term Investment Fund	43
Securities Lending Cash Collateral Pool	0

**Foreign Currency Risk.** The endowment funds exposure to foreign currency risk derives from its position in foreign currency-denominated investment in Alternative Investments.

<b>Fair Market Value As of 08/31/2009</b>		
Fund Type	Foreign Currency	Alternative Investments
19	Euro	\$17,756,308.36
20	Euro	35,782,155.74
	Total	<u>\$53,538,464.10</u>

**Securities Lending** – Section 404.102 of the Texas Government Code and the Endowment Funds’ Investment Policies permit the lending of specific endowment fund securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The endowment funds’ custodian, as security lending agent, lends securities of the type on loan at year-end for collateral in the form of cash or other securities that exceed the value of the securities on loan.

Types of securities loaned include U.S. equities, US government fixed income, U.S. agencies and corporate fixed income.

Collateral includes, U.S. government securities and irrevocable letters of credit. U.S. securities are loaned versus collateral valued at 102% of the market value of the securities plus any accrued interest. Non-U.S. government securities are loaned versus collateral valued at 105% of the market value of the securities plus any accrued interest. At year-end, the endowment funds that participate in securities lending have no risk exposure to borrowers because the amounts the endowment funds owe the borrowers exceed the amounts the borrowers owe the endowment funds. The contract with the endowment funds’ lending agent allows for indemnification where a client’s securities are not returned due to insolvency of a borrower and the lending agent has failed to live up to its contractual responsibilities relating to the lending of those securities. There were no violations of legal or contractual provisions, any borrower or lending agent default losses. The agent’s responsibilities include performing appropriate borrower and collateral investment credit analysis, demanding adequate types and levels of collateral, and complying with applicable Federal Financial Institutions Examinations Council regulations concerning securities lending.

All securities on loan can be terminated on demand by either Texas Trust or the borrower. There are no loans outstanding as of August 31, 2009. Collateral values are estimated by the custodian based on program wide collateralization levels. The endowment funds cannot pledge or sell collateral securities received unless the borrower defaults.

On September 15, 2008, Lehman Brothers International Europe (LBIE) and on September 18, 2008, Lehman Brothers Inc. (LBI) were called into default on obligations under the terms of one or more of the Securities Borrowing Agreements. All clients were compensated for any security that was not returned from loan in accordance with the contractual obligations.

On October 6, 2008 the Trust Company suspended its authorization allowing Northern Trust to act as its agent to lend securities the Trust Company has in its account. The suspension will remain in effect until revoked by the Trust Company and the securities lending market has stabilized. The Trust company has no securities loaned out as of August 31, 2009.

**Marketable Securities** - All United States Treasury and Agency Securities owned by the Comptroller are held in the Trust Company’s book-entry account at the San Antonio Branch of the Federal Reserve Bank of Dallas where they are delivered versus payment. All bankers’ acceptances and commercial paper are held by the State’s agent in the States’ name. A safe-keeping receipt is issued to the State acknowledging delivery.

**Investment in the Trust Company** - Section 404.105 of the Government Code authorizes the investment of state funds in the Trust Company. Through an order of the State Depository Board, dated October 31, 1986 the Comptroller has invested \$1,000,000 in the Trust Company. These funds are invested by the Trust Company in obligations authorized by law for the investment of funds held and managed by the Comptroller. Any net earnings attributable to this investment are credited and allocated annually to the Comptroller. The Trust Company’s total contributed capital consists of one share of no par common stock for \$1,000,000 owned by the Comptroller. One share was authorized and issued.

#### **NOTE 4: Short-Term Debt**

Pursuant to Subchapter H of Chapter 404 of the Texas Government Code, the Comptroller is authorized to issue, sell, and deliver Tax and Revenue Anticipation Notes (TRAN) on behalf of the State. The TRAN are valid and binding obligations of the State, payable in accordance with the terms of the Comptroller’s TRAN order. The TRAN are payable from transfers from the General Revenue Fund to a payment account. On August 19, 2008 (with an issue date of August 28, 2008), \$6,400,000,000.00 in State of Texas Tax and Revenue Anticipation Notes, Series 2008 were sold for the purpose of coordinating the cash flow of the State for the fiscal year ended August 31, 2009. Issuance of the TRAN also enhanced the State’s ability to make timely payments of expenditures which are payable from the General Revenue Fund. The TRAN matured on

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August 28, 2009 and bore an interest rate of 3.00% and was priced to yield 1.646% as determined by the bids of the initial purchasers.

Gross note proceeds were \$6,422,649,630.50. Interest and other investment income on gross TRAN proceeds were \$138,259,507.94. Debt service payments included \$6,400,000,000.00 for principal and \$192,000,000.00 in interest expense.

On August 25, 2009 the State Comptroller sold \$5,500,000,000.00 of State of Texas Tax and Revenue Anticipation Notes, Series 2009. The TRAN are dated September 1, 2009 and mature on August 31, 2010. The TRAN bear interest at 2.50% and were priced to yield 0.479%. The notes are not subject to redemption prior to maturity.

On August 25, 2009, good faith funds in the amount of \$55,000,000.00; were received by the Comptroller; and on September 1, 2009; the balance of the note proceeds in the amount of \$5,555,836,953.02; were received.

### **TAX AND REVENUE ANTICIPATION NOTES**

For the Year Ended August 31, 2009 (Amounts in Thousands)

	Beginning Balance 9/1/08	Issued	Redeemed	Ending Balance 8/31/09
Tax and Revenue Anticipation Notes	\$ 6,400,000	\$ 0	\$ 6,400,000	\$ 0

### **NOTE 5: Long-Term Liabilities**

(Not Applicable)

### **NOTE 6: Bonded Indebtedness**

(Not Applicable)

### **NOTE 7: Capital Leases**

(Not Applicable)

### **NOTE 8: Operating Leases**

(Not Applicable)

### **NOTE 9: Retirement Plans (Administering Agencies Only)**

(Not Applicable)

### **NOTE 10: Deferred Compensation (Administering Agencies Only)**

(Not Applicable)

### **NOTE 11: Postemployment Health Care and Life Insurance Benefits (Administering Agencies Only)**

(Not Applicable)

### **NOTE 12: Interfund Activity and Transactions**

As explained in Note 1 on Interfund Activities and Balances, there are numerous transactions between funds and agencies. At year-end, amounts received or paid are reported as:

- Transfers In or Transfers Out
- Due From Other Agencies or Due To Other Agencies

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Individual balances and activity at August 31, 2009, follows:

August 31, 2009	Transfers In	Transfers Out	Purpose
<b>GENERAL (01)</b>			
Appd Fund 0577, Fund 0577 (Agency 902, Fund 0001)	\$	\$ 32,613,037.10	FYE Bal Transfer
<b>PERMANENT (19)</b>			
Appd Fund 0824, Fund 0824 (Agency 781, Fund 0824)		2,269,976.12	Distribution
Appd Fund 0825, Fund 0825 (Agency 781, Fund 0825)		1,261,041.36	Distribution
Appd Fund 5044, Fund 5044 (Agency 537, Fund 5044)		8,896,308.00	Distribution
Appd Fund 5045, Fund 5045 (Agency 537, Fund 5045)		4,448,158.20	Distribution
Appd Fund 5046, Fund 5046 (Agency 537, Fund 5046)		4,448,157.92	Distribution
Appd Fund 5047, Fund 5047 (Agency 357 Fund 5047)		2,224,110.64	Distribution
Appd Fund 5048, Fund 5048 (Agency 537, Fund 5048)		1,112,039.24	Distribution
<b>PRIVATE PURPOSE (20)</b>			
Appd Fund 0823, Fund 0823 (Agency 781, Fund 0823)		1,683,283.36	Distribution
Appd Fund 0872, Fund 0872 (Agency 902, Fund 2872)		92,303,845.00	Distribution
Total Transfers	<u>\$ 0.00</u>	<u>\$ 151,259,956.94</u>	
	<u>Due From Other Agencies</u>	<u>Due To Other Agencies</u>	<u>Source</u>
Appd Fund 0001, Fund 1900 (Agency 902, Fund 0001)	<u>\$ 28,042,281.71</u>	<u>\$</u>	Shared Cash
Total Due From/To Other Agencies	<u>\$ 28,042,281.71</u>	<u>\$ 0.00</u>	

**NOTE 13: Continuance Subject to Review**

(Not Applicable)

**NOTE 14: Adjustments to Fund Balances and Net Assets**

(Not Applicable)

**NOTE 15: Contingent Liabilities**

(Not Applicable)

**NOTE 16: Subsequent Events**

(Not Applicable)

**NOTE 17: Risk Management**

(Not Applicable)

**NOTE 18: Management Discussion and Analysis (MD&A)**

(Not Applicable)

**NOTE 19: The Financial Reporting Entity**

(Not Applicable)

**NOTE 20: Stewardship, Compliance and Accountability**

(Not Applicable)

**NOTE 21: N/A**

(Not Applicable)

**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: Cigarette Tax Recovery Trust Fund**

The Cigarette Stamp Tax Recovery Trust Fund (the “Trust Fund”) was created pursuant to Section 154.051 of the Texas Tax Code. On September 1, 1987, the Trust Fund replaced surety/payments bonds as a source of security for the State’s extension of credit to purchasers of cigarette tax stamps. The Trust Fund is maintained outside Treasury. The Trust Fund operates much like a self-insurance pool in that distributors deposit 20% of their desired line credit. The pool of deposits insures the State from loss in the event of default by any distributors. The distributors determine their respective level of participation.

**NOTE 28: Texas Treasury Safekeeping Trust Company**

The Texas Treasury Safekeeping Trust Company (Texas Trust) was incorporated as a special-purpose trust company as outlined within section 404.102 of the Government Code. The purposes of the Texas Trust are to provide a means for the Comptroller to obtain direct access to services provided by the Federal Reserve System and to enable the Comptroller to manage, disburse, transfer, safekeep, and invest funds and securities more efficiently, economically and in accordance with the applicable governing investment guidelines.

# **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS**

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EXHIBIT A-1

**Balance Sheet – All General and Consolidated Funds**

August 31, 2009

	General Revenue Fund 0001 (0001) U/F (1900)	Tax and Revenue Anticipation Note Fund (0577) U/F (0577)	Total (Ex I)
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents:			
Cash in State Treasury	\$	\$ 55,000,000.00	\$ 55,000,000.00
Due From Other Agencies	28,042,281.71		28,042,281.71
Total Current Assets	<u>28,042,281.71</u>	<u>55,000,000.00</u>	<u>83,042,281.71</u>
Total Assets	<u>\$ 28,042,281.71</u>	<u>\$ 55,000,000.00</u>	<u>\$ 83,042,281.71</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Current Liabilities:			
Payables From:			
Interest Payable	\$ 28,042,281.71	\$	\$ 28,042,281.71
Other Liabilities		55,000,000.00	55,000,000.00
Total Current Liabilities	<u>28,042,281.71</u>	<u>55,000,000.00</u>	<u>83,042,281.71</u>
Total Liabilities	<u>28,042,281.71</u>	<u>55,000,000.00</u>	<u>83,042,281.71</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>			
Fund Balances (Deficits):			
Unreserved/Designated for:			
Other			
Total Fund Balances	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Liabilities and Fund Balances	<u>\$ 28,042,281.71</u>	<u>\$ 55,000,000.00</u>	<u>\$ 83,042,281.71</u>

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EXHIBIT A-2

**Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances – All General and Consolidated Funds**

For the Fiscal Year Ended August 31, 2009

	General Revenue Fund 0001 (0001) U/F (1900)	Tax and Revenue Anticipation Notes Fund (0577) U/F (0577)	Total (Ex II)
<b>REVENUES</b>			
Interest and Other Investment Income	\$ 0.00	\$ 138,259,507.94	\$ 138,259,507.94
Total Revenues	<u>0.00</u>	<u>138,259,507.94</u>	<u>138,259,507.94</u>
<b>EXPENDITURES</b>			
Professional Fees and Services		291,122.05	291,122.05
Travel		4,979.29	4,979.29
Interest		192,000,000.00	192,000,000.00
Total Expenditures/Expenses	<u>0.00</u>	<u>192,296,101.34</u>	<u>192,296,101.34</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0.00</u>	<u>(54,036,593.40)</u>	<u>(54,036,593.40)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out		(32,613,037.10)	(32,613,037.10)
Total Other Financing Sources and Uses	<u>0.00</u>	<u>(32,613,037.10)</u>	<u>(32,613,037.10)</u>
Net Change in Fund Balances/Net Assets	<u>0.00</u>	<u>(86,649,630.50)</u>	<u>(86,649,630.50)</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>			
Fund Balances, September 1, 2008	0.00	86,649,630.50	86,649,630.50
Restatements	0.00	0.00	0.00
Fund Balances, September 1, 2008, as Restated	<u>0.00</u>	<u>86,649,630.50</u>	<u>86,649,630.50</u>
Fund Balances – August 31, 2009	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

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**EXHIBIT E-1**  
**Combining Balance Sheet – Permanent Funds**  
August 31, 2009

	Permanent Higher Education (0346) U/F (0346)	Permanent Fund Higher Education Nursing, Allied Health & Other Health Related Programs (0824) U/F (0824)	Permanent Fund Minority & Research Educator Fund (0825) U/F (0825)	Permanent Fund for Tobacco Education & Enforcement Fund (5044) U/F (5044)
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents:				
Cash in Bank	\$	\$	\$	\$
Cash in State Treasury				
Securities Lending Collateral Investments	34,605,101.26	2,811,180.46	1,569,163.71	11,000,440.40
Receivables From:				
Interest and Dividends	1,199,980.51	98,251.47	55,207.54	380,293.50
Trade Receivables	1,206,987.66	101,357.94	56,014.61	392,072.87
Total Current Assets	<u>37,012,069.43</u>	<u>3,010,789.87</u>	<u>1,680,385.86</u>	<u>11,772,806.77</u>
Non-Current Assets:				
Investments	481,103,398.23	40,162,227.56	22,331,694.58	156,692,994.33
Total Noncurrent Assets	<u>481,103,398.23</u>	<u>40,162,227.56</u>	<u>22,331,694.58</u>	<u>156,692,994.33</u>
Total Assets	<u>\$ 518,115,467.66</u>	<u>\$ 43,173,017.43</u>	<u>\$ 24,012,080.44</u>	<u>\$ 168,465,801.10</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Current Liabilities:				
Payables From:				
Accounts Payable	\$ 261,358.76	\$ 21,927.44	\$ 12,196.07	\$ 85,574.87
Trade Payables	1,934,287.76	160,247.03	89,135.18	619,741.37
Obligations under Securities Lending				
Total Current Liabilities	<u>2,195,646.52</u>	<u>182,174.47</u>	<u>101,331.25</u>	<u>705,316.24</u>
Total Liabilities	<u>2,195,646.52</u>	<u>182,174.47</u>	<u>101,331.25</u>	<u>705,316.24</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>				
Fund Balances (Deficits):				
Unreserved/Designated for:				
Other	515,919,821.14			
Permanent Health Fund		42,990,842.96	23,910,749.19	167,760,484.86
Total Fund Balances	<u>515,919,821.14</u>	<u>42,990,842.96</u>	<u>23,910,749.19</u>	<u>167,760,484.86</u>
Total Liabilities and Fund Balances	<u>\$ 518,115,467.66</u>	<u>\$ 43,173,017.43</u>	<u>\$ 24,012,080.44</u>	<u>\$ 168,465,801.10</u>

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Permanent Fund for Children & Public Health Fund (5045) U/F (5045)	Permanent Fund for EMS & Trauma Care Fund (5046) U/F (5046)	Permanent Fund for Rural Health Facility Capital Improvement Fund (5047) U/F (5047)	Permanent Fund for Community Hospital Capital Improvement Fund (5048) U/F (5048)	Totals (Ex I)
\$	\$	\$	\$	\$
5,500,222.52	5,500,222.75	2,750,131.77	1,375,054.85	187,669,124.98
190,148.03	190,147.98	95,083.23	47,537.00	6,435,615.08
196,037.10	196,037.05	98,023.41	49,009.25	6,572,650.99
<u>5,886,407.65</u>	<u>5,886,407.78</u>	<u>2,943,238.41</u>	<u>1,471,601.10</u>	<u>200,677,391.05</u>
78,346,790.87	78,346,775.16	39,175,535.32	19,586,689.70	2,617,754,005.40
<u>78,346,790.87</u>	<u>78,346,775.16</u>	<u>39,175,535.32</u>	<u>19,586,689.70</u>	<u>2,617,754,005.40</u>
<u>\$ 84,233,198.52</u>	<u>\$ 84,233,182.94</u>	<u>\$ 42,118,773.73</u>	<u>\$ 21,058,290.80</u>	<u>\$ 2,818,431,396.45</u>
\$ 42,787.58	\$ 42,787.57	\$ 21,394.88	\$ 10,696.89	\$ 1,423,666.93
309,872.17	309,872.09	154,946.89	77,468.02	10,433,928.50
<u>352,659.75</u>	<u>352,659.66</u>	<u>176,341.77</u>	<u>88,164.91</u>	<u>11,857,595.43</u>
<u>352,659.75</u>	<u>352,659.66</u>	<u>176,341.77</u>	<u>88,164.91</u>	<u>11,857,595.43</u>
83,880,538.77	83,880,523.28	41,942,431.96	20,970,125.89	515,919,821.14
<u>83,880,538.77</u>	<u>83,880,523.28</u>	<u>41,942,431.96</u>	<u>20,970,125.89</u>	<u>2,806,573,801.02</u>
<u>\$ 84,233,198.52</u>	<u>\$ 84,233,182.94</u>	<u>\$ 42,118,773.73</u>	<u>\$ 21,058,290.80</u>	<u>\$ 2,818,431,396.45</u>

UNAUDITED  
Comptroller Treasury – Fiscal (311)

EXHIBIT E-2

**Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balance – Permanent Funds**

For the Fiscal Year Ended August 31, 2009

	Permanent Higher Education (0346) U/F (0346)	Permanent Fund for Higher Education Nursing, Allied Health & Other Health Related Programs (0824) U/F (0824)	Permanent Fund for Minority & Research Educaton Fund (0825) U/F (0825)	Permanent Fund for Tobacco Education & Enforcement Fund (5044) U/F (5044)
<b>REVENUES</b>				
Interest and Other Investment Income	\$ 6,085,535.06	\$ 518,246.46	\$ 289,367.42	\$ 1,990,692.71
Income from Securities Lending	35,618.67	3,009.39	1,680.84	11,666.90
Net Increase (Decrease) in Fair Value	(64,646,898.69)	(6,165,439.01)	(3,403,964.37)	(23,815,533.46)
Total Revenues	<u>(58,525,744.96)</u>	<u>(5,644,183.16)</u>	<u>(3,112,916.11)</u>	<u>(21,813,173.85)</u>
<b>EXPENDITURES</b>				
Professional Fees and Services	1,454,025.39	125,017.24	69,544.71	488,098.32
Borrower Rebate and Agent Fees	30,500.26	2,574.88	1,438.42	9,982.60
Total Expenditures/Expenses	<u>1,484,525.65</u>	<u>127,592.12</u>	<u>70,983.13</u>	<u>498,080.92</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(60,010,270.61)</u>	<u>(5,771,775.28)</u>	<u>(3,183,899.23)</u>	<u>(22,311,254.78)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In				
Transfers Out		(2,269,976.12)	(1,261,041.36)	(8,896,308.00)
Total Other Financing Sources and Uses	<u>0.00</u>	<u>(2,269,976.12)</u>	<u>(1,261,041.36)</u>	<u>(8,896,308.00)</u>
Net Change in Fund Balances/Net Assets	<u>(60,010,270.61)</u>	<u>(8,041,751.40)</u>	<u>(4,444,940.59)</u>	<u>(31,207,562.78)</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>				
Fund Balances, September 1, 2008	575,930,091.75	51,032,594.35	28,355,689.79	198,968,047.65
Restatements	0.00	0.00	0.00	0.00
Fund Balances, September 1, 2008, as Restated	<u>575,930,091.75</u>	<u>51,032,594.35</u>	<u>28,355,689.79</u>	<u>198,968,047.65</u>
Fund Balances – August 31, 2009	<u>\$515,919,821.14</u>	<u>\$42,990,842.95</u>	<u>\$23,910,749.20</u>	<u>\$167,760,484.87</u>

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Permanent Fund for Children & Public Health Fund (5045) U/F (5045)	Permanent Fund for EMS & Trauma Care Fund (5046) U/F (5046)	Permanent Fund for Rural Health Facility Capital Improvement Fund (5047) U/F (5047)	Permanent Fund for Community Hospital Capital Improvement Fund (5048) U/F (5048)	Totals (Ex II)
\$ 995,352.51	\$ 995,352.20	\$ 497,720.72	\$ 248,838.08	\$ 33,529,268.28
5,833.49	5,833.49	2,917.03	1,458.37	200,624.94
<u>(11,907,793.76)</u>	<u>(11,907,791.12)</u>	<u>(5,954,095.03)</u>	<u>(2,976,946.96)</u>	<u>(390,266,748.10)</u>
<u>(10,906,607.76)</u>	<u>(10,906,605.43)</u>	<u>(5,453,457.28)</u>	<u>(2,726,650.51)</u>	<u>(356,536,854.88)</u>
244,049.94	244,049.90	122,030.82	61,012.46	8,129,999.30
4,991.34	4,991.33	2,495.91	1,247.83	171,768.27
<u>249,041.28</u>	<u>249,041.23</u>	<u>124,526.73</u>	<u>62,260.29</u>	<u>8,301,767.57</u>
(11,155,649.03)	(11,155,646.67)	(5,577,984.01)	(2,788,910.80)	(364,838,622.45)
(4,448,158.20)	(4,448,157.92)	(2,224,110.64)	(1,112,039.24)	(116,963,636.48)
<u>(4,448,158.20)</u>	<u>(4,448,157.92)</u>	<u>(2,224,110.64)</u>	<u>(1,112,039.24)</u>	<u>(116,963,636.48)</u>
<u>(15,603,807.23)</u>	<u>(15,603,804.59)</u>	<u>(7,802,094.65)</u>	<u>(3,900,950.04)</u>	<u>(481,802,258.93)</u>
99,484,346.00	99,484,327.87	49,744,526.61	24,871,075.94	3,288,376,059.95
0.00	0.00	0.00	0.00	0.00
<u>99,484,346.00</u>	<u>99,484,327.87</u>	<u>49,744,526.61</u>	<u>24,871,075.94</u>	<u>3,288,376,059.95</u>
<u>\$ 83,880,538.77</u>	<u>\$ 83,880,523.28</u>	<u>\$ 41,942,431.96</u>	<u>\$ 20,970,125.90</u>	<u>\$ 2,806,573,801.02</u>

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**EXHIBIT I-1**  
**Combining Statement of Fiduciary Net Assets**  
**Private-Purpose Trust Funds**  
**August 31, 2009**

	Tobacco Settlement Permanent Trust Fund (0872) U/F (0872)	Permanent Endowment Fund-Baylor College of Medicine (0823) U/F (0823)	Totals (Ex VI)
<b>ASSETS</b>			
Cash and Cash Equivalents:			
Cash in Bank	\$	\$	\$
Securities Lending Collateral			
Short Term Investments (Note 3)			
Other Short Term Investments	122,557,607.25	868,481.18	123,426,088.43
Investments (Note 3)			
U.S. Government and Agency Obligations			
Corporate Equity	344,394,379.56	16,473,844.82	360,868,224.38
Corporate Obligations	78,138,687.49	2,908,828.15	81,047,515.64
Foreign Securities			
Other Investments	1,279,474,832.61	4,807,036.51	1,284,281,869.12
Receivables:			
Interest and Dividends	4,178,965.83		4,178,965.83
Trade Receivables	4,277,111.08		4,277,111.08
Total Assets	<u>1,833,021,583.82</u>	<u>25,058,190.66</u>	<u>1,858,079,774.48</u>
<b>LIABILITIES</b>			
Payables:			
Accounts Payables	924,942.87		924,942.87
Trade Payables	6,778,358.00		6,778,358.00
Obligations/Securities Lending			
Total Liabilities	<u>7,703,300.87</u>	<u>0.00</u>	<u>7,703,300.87</u>
<b>NET ASSETS</b>			
Held in Trust for:			
Individuals, Organizations, and Other Governments	1,825,318,282.95	25,058,190.66	1,850,376,473.61
Total Net Assets	<u>\$ 1,825,318,282.95</u>	<u>\$ 25,058,190.66</u>	<u>\$ 1,850,376,473.61</u>

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Comptroller Treasury – Fiscal (311)

EXHIBIT I-2

**Combining Statement of Changes in Fiduciary Net Assets  
Private Purpose Trust Funds**

August 31, 2009

	Tobacco Settlement Permanent Trust Fund (0872) U/F (0872)	Permanent Endowment Fund-Baylor College of Medicine (0823) U/F (0823)	Total (Ex VII)
<b>ADDITIONS</b>			
Investment Income:			
From Investing Activities:			
Net Appreciation (Depreciation) in			
Fair Value of Investments	\$ (259,488,285.70)	\$ (2,953,370.99)	\$ (262,441,656.69)
Interest and Investment Income	21,908,163.12	171,089.08	22,079,252.20
Total Investing Income (Loss)	<u>(237,580,122.58)</u>	<u>(2,782,281.91)</u>	<u>(240,362,404.49)</u>
Less Investing Activities Expense			
Net Income from Investing Activities	<u>(237,580,122.58)</u>	<u>(2,782,281.91)</u>	<u>(240,362,404.49)</u>
From Securities Lending Activities:			
Securities Lending Income	132,606.75	0.00	132,606.75
Less Securities Lending Expense:			
Borrower Rebates and Agent Fees	113,545.69	0.00	113,545.69
Net Income from Securities Lending Activities	<u>19,061.06</u>	<u>0.00</u>	<u>19,061.06</u>
Total Net Investment Income (Loss)	<u>(237,561,061.52)</u>	<u>(2,782,281.91)</u>	<u>(240,343,343.43)</u>
Total Additions	<u>(237,561,061.52)</u>	<u>(2,782,281.91)</u>	<u>(240,343,343.43)</u>
<b>DEDUCTIONS</b>			
Transfers Out	92,303,845.00	1,683,283.36	93,987,128.26
Professional Fees and Services	5,322,170.52		5,322,170.52
Total Deductions	<u>97,626,015.52</u>	<u>1,683,283.36</u>	<u>99,309,298.78</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<u>(335,187,077.04)</u>	<u>(4,465,565.27)</u>	<u>(339,652,642.31)</u>
<b>NET ASSETS</b>			
Net Assets, September 1, 2008	2,160,505,359.99	29,523,755.93	2,190,029,115.92
Restatements			
Net Assets, September 1, 2008, as Restated	<u>2,160,505,359.99</u>	<u>29,523,755.93</u>	<u>2,190,029,115.92</u>
Net Assets, August 31, 2009	<u>\$ 1,825,318,282.95</u>	<u>\$ 25,058,190.66</u>	<u>\$ 1,850,376,473.61</u>

UNAUDITED  
Comptroller Treasury – Fiscal (311)

EXHIBIT J-1

## Combining Statement of Changes in Assets and Liabilities

### Agency Funds

August 31, 2009

	Beginning Balance August 31, 2008	Additions	Deductions	Ending Balance August 31, 2009
<b>Suspense Fund (0900) U/F (0900)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 4,335,845.59	\$ 12,909,985.18	\$ 13,217,599.03	\$ 4,028,231.74
Total Assets	<u>\$ 4,335,845.59</u>	<u>\$ 12,909,985.18</u>	<u>\$ 13,217,599.03</u>	<u>\$ 4,028,231.74</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 4,335,845.59	\$ 12,909,985.18	\$ 13,217,599.03	\$ 4,028,231.74
Total Liabilities	<u>\$ 4,335,845.59</u>	<u>\$ 12,909,985.18</u>	<u>\$ 13,217,599.03</u>	<u>\$ 4,028,231.74</u>
<b>Bond and Investment Companies Trust Acct. (0908) U/F (0908)</b>				
<b>ASSETS</b>				
Other Assets	\$ 115,000.00	\$	\$	\$ 115,000.00
Total Assets	<u>\$ 115,000.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 115,000.00</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 115,000.00	\$	\$	\$ 115,000.00
Total Liabilities	<u>\$ 115,000.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 115,000.00</u>
<b>Cigarette Stamp Tax Recovery Trust Fund (9999) U/F (3000)</b>				
<b>ASSETS</b>				
Cash in Bank	\$	\$ 9,514,337,703.82	\$ 9,514,337,703.82	\$
Investments				
Repurchase Agreements	35,206,729.28	9,442,229,711.78	9,442,909,147.10	34,527,293.96
Receivables:				
Interest and Dividends	6,097.25	677,791.31	683,687.15	201.41
Total Assets	<u>\$ 35,212,826.53</u>	<u>\$ 18,957,245,206.91</u>	<u>\$ 18,957,930,538.07</u>	<u>\$ 34,527,495.37</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 35,212,826.53	\$ 71,550,723.33	\$ 72,236,054.49	\$ 34,527,495.37
Total Liabilities	<u>\$ 35,212,826.53</u>	<u>\$ 71,550,723.33</u>	<u>\$ 72,236,054.49</u>	<u>\$ 34,527,495.37</u>
<b>Totals – All Agency Funds</b>				
<b>ASSETS</b>				
Cash in Bank	\$	\$ 9,514,337,703.82	\$ 9,514,337,703.82	\$
Cash in State Treasury	4,335,845.59	12,909,985.18	13,217,599.03	4,028,231.74
Investments				
Repurchase Agreements	35,206,729.28	9,442,229,711.78	9,442,909,147.10	34,527,293.96
Receivables:				
Interest and Dividends	6,097.25	677,791.31	683,687.15	201.41
Other Assets	115,000.00			115,000.00
Total Assets	<u>\$ 39,663,672.12</u>	<u>\$ 18,970,155,192.09</u>	<u>\$ 18,971,148,137.10</u>	<u>\$ 38,670,727.11</u>
<b>LIABILITIES</b>				
Payables	\$	\$	\$	\$
Funds Held for Others	39,663,672.12	84,460,708.51	85,453,653.52	38,670,727.11
Total Liabilities	<u>\$ 39,663,672.12</u>	<u>\$ 84,460,708.51</u>	<u>\$ 85,453,653.52</u>	<u>\$ 38,670,727.11</u>

## **SUPPLEMENTARY SCHEDULES**

UNAUDITED  
*Comptroller Treasury – Fiscal (311)*

UNAUDITED  
Comptroller Treasury – Fiscal (311)

SCHEDULE 1

**Balance Sheet – Arising from Custodial Operations**

August 31, 2009

(With Comparative Totals for August 31, 2008)

	August 31, 2009	August 31, 2008
<b>ASSETS</b>		
Cash		
Cash on Hand		
Cash in Vault	\$ 360,533.35	\$ 466,782.74
Checks Returned by State Depositories	1,824,155.91	1,434,048.66
Total Cash Items on Hand	<u>2,184,689.26</u>	<u>1,900,831.40</u>
State Funds and Suspense and Trust		
Accounts in Depositories Banks		
Demand Accounts	55,811,261.24	59,917,607.56
Time Accounts & Bid TX	589,941,100.00	589,633,563.00
Total Cash in State Depositories	<u>645,752,361.24</u>	<u>649,551,170.56</u>
Cash in TTSTC Treasury Fed Acct.	102,263.31	1,096,630.43
Total Cash in State Depositories and TTSTC Treasury Fed Acct.	<u>645,854,624.55</u>	<u>650,647,800.99</u>
Total Cash on Hand and In Banks	648,039,313.81	652,548,632.39
Total Trust Funds on Deposit with U.S. Treasury Unemployment Trust Fund	39,690,810.00	1,777,711,335.28
Total Cash	<u>687,730,123.81</u>	<u>2,430,259,967.67</u>
Investment In Texas Treasury Safekeeping Trust Company	<u>1,000,000.00</u>	<u>1,000,000.00</u>
Short-Term Investments		
United States Government Securities	3,963,613,200.00	3,695,119,826.78
Commercial Paper		3,160,714,247.29
Money Market Funds	1,765,440,763.36	5,338,000,000.00
Repurchase Agreements	1,217,000,000.00	6,131,000,000.00
Total Short-Term Investments	<u>6,946,053,963.36</u>	<u>18,324,834,074.07</u>
Long-Term Investments		
SBAs	12,601,830.02	15,299,154.96
Isreal Bonds	26,700,000.00	23,948,910.00
Government Backed Securities	2,586,960,779.35	3,386,963,431.00
Asset backed Securities	1,311,998,371.12	1,681,783,428.17
Corporate Obligations	924,261,439.50	1,015,416,748.99
United States Government Securities	13,661,611,815.00	9,488,665,619.10
United States Government Securities Lottery	1,218,803,595.82	1,286,538,762.22
Total Long-Term Investments	<u>19,742,937,830.81</u>	<u>16,898,616,054.44</u>
Securities Held in Trust – Both Corporate and Governmental		
State Funds Investment Accounts	115,285,429.00	132,554,626.10
Bonds and Securities Pledged to Guarantee State Depositories' Deposits	1,416,371,251.00	1,708,387,359.00
Other Securities Pledged under Statutory Requirements	<u>1,670,263,048.00</u>	<u>1,801,837,842.84</u>
Total Securities Held in Trust – Both Corporate and Governmental	<u>3,201,919,728.00</u>	<u>3,642,779,827.94</u>
Accounts Receivable		
Interest Receivable	<u>79,257,703.43</u>	<u>106,397,458.93</u>
Total Assets – Arising From Custodial Operations	<u>\$ 30,658,899,349.41</u>	<u>\$ 41,403,887,383.05</u>

*Concluded on the following page*

UNAUDITED  
Comptroller Treasury – Fiscal (311)

SCHEDULE 1 (concluded)

**Balance Sheet – Arising from Custodial Operations**

August 31, 2009

(With Comparative Totals for August 31, 2008)

	August 31, 2009	August 31, 2008
<b>LIABILITIES AND ACCOUNTABILITY</b>		
Liabilities		
Accounts Payable- Warrants Outstanding		
State Funds and Suspense and Trust Accounts	\$ 738,200,976.24	\$ 777,341,895.39
Obligations under Reverse Repurchase Agreements	92,415,150.25	146,752,655.00
Pending Purchases		
Interest Payable	26.20	31,803.02
Total Liabilities	<u>830,616,152.69</u>	<u>924,126,353.41</u>
Accountability		
Available Cash Balance and Investments:		
State Funds and Suspense and Trust Accounts	25,367,869,062.90	33,772,731,104.20
Fund 0895 Lottery Prize Trust Fund	1,218,803,595.82	1,286,538,762.22
Total Available Cash Balances and Investments	<u>26,586,672,658.72</u>	<u>35,059,269,866.42</u>
Trust Account – Unemployment Trust Fund	<u>39,690,810.00</u>	<u>1,777,711,335.28</u>
State Fund Investments	<u>115,285,429.00</u>	<u>132,554,626.10</u>
Trust Fund Securities:		
Collateral of Deposits	1,416,371,251.00	1,708,387,359.00
Pledged under Statutory Requirements	<u>1,670,263,048.00</u>	<u>1,801,837,842.84</u>
Total Trust Fund Securities	<u>3,086,634,299.00</u>	<u>3,510,225,201.84</u>
Total Accountability	<u>29,828,283,196.72</u>	<u>40,479,761,029.64</u>
Total Liabilities and Accountability – Arising from Custodial Operations	<u>\$ 30,658,899,349.41</u>	<u>\$ 41,403,887,383.05</u>

UNAUDITED  
Comptroller Treasury – Fiscal (311)

SCHEDULE 2

**Comparative Summary of Securities Held  
For State Investment Accounts**

For the Fiscal Year Ended August 31, 2009

(With Comparative Memorandum Totals for the Fiscal Year Ended August 31, 2008)

	Percent	2009	2008	Increase- (Decrease)
<b>BY CATEGORY</b>				
Texas Water Development Board Funds				
TWDB-DFUND II Fund No. 0371		\$ 6,468,000	\$ 7,564,000	\$ (1,096,000)
TWDB-EDAP Fund No. 0375		829,000	1,052,000	(223,000)
Water Assistance Fund No. 0480		33,465,000	36,552,000	(3,087,000)
Water Loan Assistance Fund No. 0481		9,965,000	10,615,000	(650,000)
TWDB State Revolving Fund No. 0651		53,469,000	64,294,000	(10,825,000)
Texas Water Resource Finance Authority Fund No. 0751		8,889,429	10,377,626	(1,488,197)
Total Water Resources Funds		<u>113,085,429</u>	<u>130,454,626</u>	<u>(17,369,197)</u>
Other Funds				
Varner-Hogg State Park Account No. 0941		0	0	0
Real Estate Recovery Account No. 0971		2,200,000	2,100,000	100,000
Total Other Funds		<u>2,200,000</u>	<u>2,100,000</u>	<u>100,000</u>
Total All Funds		<u>\$ 115,285,429</u>	<u>\$ 132,554,626</u>	<u>\$ (17,269,197)</u>
<b>BY TYPE OF SECURITY</b>				
Corporate Stocks	0.00 %	\$ 0	\$ 0	\$ 0
U.S. Treasury Securities	9.15 %	10,543,000	2,100,000	8,443,000
U.S. Government Guaranteed Agencies Bonds, Notes, and Debentures and Debentures	21.79 %	25,122,000	36,552,000	(11,430,000)
School Districts, Junior College Districts, Cities, Counties and District Bonds	<u>69.06 %</u>	<u>79,620,429</u>	<u>93,902,626</u>	<u>(14,282,197)</u>
Totals	<u>100.00 %</u>	<u>\$ 115,285,429</u>	<u>\$ 132,554,626</u>	<u>\$ (17,269,197)</u>

UNAUDITED  
Comptroller Treasury – Fiscal (311)

SCHEDULE 3

**Summary of Collateral Securities Pledged by  
State Depositories for All Types of Deposits**

**For the Fiscal Year Ended August 31, 2009**

	<u>PAR Value</u>	<u>Market Value</u>
<b>BY LOCATION</b>		
In Custody Texas Treasury Safekeeping Trust Company:		
Demand and Time Accounts		
District Accounts	\$ 152,200,000	\$ 152,200,000
Total Held by Texas Treasury Safekeeping Trust Company	<u>152,200,000</u>	<u>152,200,000</u>
In Vaults of Trustee Banks:		
Demand and Time Accounts		
District Accounts	123,106,551	115,978,000
Nondistrict Accounts	<u>1,141,064,700</u>	<u>577,151,000</u> A
Total in Vaults of Trustee Banks	<u>1,264,171,251</u>	<u>693,129,000</u>
Total Pledged Collateral	<u>\$ 1,416,371,251</u>	<u>\$ 845,329,000</u> B
<b>BY FUND</b>		
Time Depository Bonds Guaranty Account	<u>\$ 1,416,371,251</u>	<u>\$ 845,329,000</u>
Total Pledged Collateral	<u>\$ 1,416,371,251</u>	<u>\$ 845,329,000</u>

Note A: Includes Savings and Loan Associations. Includes 31 FHLB Letters of Credit from 10 Depositories valued at \$152,200,000.00

Note B: These amounts are exclusive of Federal Deposit Insurance Corporation Coverage

UNAUDITED  
**Comptroller Treasury – Fiscal (311)**

**SCHEDULE 4**  
**Summary of Pledges Under Statutory Requirements**  
**For the Fiscal Year Ended August 31, 2009**

Agency No.	Trust Fund No.	Agency/Fund Name	Securities Pledged
311	0908	COMPTROLLER–TREASURY FISCAL: Bond and Investment Companies Account	\$ 115,000
320	0936	TEXAS WORKFORCE COMMISSION: Unemployment Compensation Clearance Account	244
405	0940	TEXAS DEPARTMENT OF PUBLIC SAFETY: Motor Vehicle Proof of Responsibility Account	6,299,259
454	0893	TEXAS DEPARTMENT OF INSURANCE: Texas Worker's Compensation Self Insurance Trust Account	506,863,485
454	0921	TEXAS DEPARTMENT OF INSURANCE: Life, Health, Accident and Casualty Insurance Companies Account	1,133,660,504
537	5096	DEPARTMENT OF STATE HEALTH SERVICES: Perpetual Care Fund	<u>23,324,556</u>
<b>TOTALS</b>			<b><u>\$1,670,263,048</u></b>

UNAUDITED  
*Comptroller Treasury – Fiscal (311)*

Texas Treasury  
Safekeeping Trust Company (930)

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**BASIC FINANCIAL STATEMENTS**

UNAUDITED  
*Texas Treasury Safekeeping Trust Company (930)*

UNAUDITED  
Texas Treasury Safekeeping Trust Company (930)

**Exhibit III**  
**Combined Statement of Net Assets**  
**Proprietary Fund**  
**August 31, 2009**

	<u>Total Proprietary Funds Fund (1004) U/F (1004)</u>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents:	
Cash at Bank	\$ 51,431.69
Cash in State Treasury	540,370.64
Cash Equivalents	20,294,655.80
Receivables from:	
Interest and Dividends	8,122.99
Other	2,372,195.47
Prepaid Expenses	248,390.55
Total Current Assets	<u>23,515,167.14</u>
Non-Current Assets:	
Restricted:	
Cash in Bank	5,097,494.22
Investments	25,925.60
Capital Assets:	
Depreciable	
Building and Building Improvements	311,519.07
Accumulated Depreciation	(201,875.63)
Furniture and Equipment	2,340,467.56
Accumulated Depreciation	(1,380,271.17)
Total Non-Current Assets	<u>6,193,259.65</u>
Total Assets	<u>29,708,426.79</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Payables from:	
Accounts Payable	995,136.59
Payroll Payable	1,493,332.52
Other	
Employees' Compensable Leave	346,895.50
Total Current Liabilities	<u>2,835,364.61</u>
Non-Current Liabilities: (Note 5)	
Employees' Compensable Leave	268,646.58
Total Non-Current Liabilities	<u>268,646.58</u>
Total Liabilities	<u>3,104,011.19</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	1,069,839.83
Unrestricted	25,534,575.77
Total Net Assets	<u>\$26,604,415.60</u>

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

UNAUDITED  
Texas Treasury Safekeeping Trust Company (930)

Exhibit IV

**Combined Statement of Revenues, Expenses,  
and Changes in Net Assets – Proprietary Fund**

For the Fiscal Year Ended August 31, 2009

	Total Proprietary Funds Fund (1004) U/F (1004)
<b>OPERATING REVENUES</b>	
Operating Revenues – Management Fees	\$ 18,803,243.12
Total Operating Revenues	18,803,243.12
<b>OPERATING EXPENSES</b>	
Salaries and Wages	5,931,387.75
Payroll Related Costs	1,010,800.86
Professional Fees and Services	4,450,295.35
Travel	53,460.67
Materials and Supplies	169,549.81
Communication and Utilities	377,436.49
Repairs and Maintenance	249,255.85
Rentals and Leases	94,357.66
Printing and Reproduction	6,463.41
Depreciation and Amortization	548,504.99
Other Operating Expenses	372,035.42
Total Operating Expenses	13,263,548.26
Operating Income (Loss)	5,539,694.86
<b>NONOPERATING REVENUE (EXPENSES)</b>	
Investment Income (Expense)	161,177.80
Total Nonoperating Revenues (Expenses)	161,177.80
Income (loss) before Other Revenues, Expenses, Gains/Losses and Transfers	5,700,872.66
<b>OTHER REVENUES, EXPENSES, GAINS/LOSSES, AND TRANSFERS</b>	
Transfers Out	
Transfer In	
Total Other Revenues, Expenses, Gains/Losses, and Transfers	0.00
Change in Net Assets	5,700,872.66
Total Net Assets, September 1, 2008	20,903,542.94
Restatements	
Total Net Assets, September 1, 2008, as Restated	20,903,542.94
Total Net Assets, August 31, 2009	\$ 26,604,415.60

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

UNAUDITED  
Texas Treasury Safekeeping Trust Company (930)

**Exhibit V**  
**Combined Statement of Cash Flows –**  
**Proprietary Fund**

**For the Fiscal Year Ended August 31, 2009**

	<u>Total Proprietary Funds Fund (1004) U/F (1004)</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Proceeds from Loan Programs	\$
Proceeds from Other Revenues	19,206,072.95
Payments to Employees	(6,418,250.44)
Payments for Other Expenses	(6,870,545.55)
Net Cash Provided by Operating Activities	<u>5,917,276.96</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Payments for Additions to Capital Assets	(363,051.16)
Net Cash Used for Capital and Related Financing Activities	<u>(363,051.16)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from Interest and Investment Income	190,119.18
Payments to Acquire Investments	(190,119.18)
Net Cash Provided by Investing Activities	<u>190,119.18</u>
Net (Decrease) in Cash and Cash Equivalents	5,744,344.98
Cash and Cash Equivalents – September 1, 2008	20,239,607.37
Cash and Cash Equivalents – August 31, 2009	<u>\$ 25,983,952.35</u>
<b>Reconciliation of Operating Income to Net Cash Used by Operating Activities:</b>	
Operating Income	\$ 5,539,694.86
Adjustments to Operating Income to Net Cash Used by Operating Activities:	
Classification Differences	
Depreciation Expense	548,504.99
Changes in Assets/Liabilities:	
(Increase) Decrease in Accounts Receivables	402,829.83
(Increase) Decrease in Prepaid Expenses	(84,755.55)
Increase (Decrease) in Payables	(488,997.17)
Net Cash Provided by Operating Activities	<u>\$ 5,917,276.96</u>
Displayed As:	
Cash at Bank	\$ 51,431.69
Cash in State Treasury	540,370.64
Cash Equivalents – Repurchase Agreements	20,294,655.80
Restricted Cash and Cash Equivalents	5,097,494.22
	<u>\$ 25,983,952.35</u>

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

UNAUDITED  
Texas Treasury Safekeeping Trust Company (930)

**Exhibit VI**  
**Combined Statement of Net Assets – Fiduciary Funds**  
**August 31, 2009**

	External Investment Trust Funds (Exhibit H-1)	Agency Funds (Exhibit J-1)	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents (Note 3)			
Cash in Bank	\$	\$ 4,372.66	\$ 4,372.66
Investments (Note 3)			
US Government and Agency Obligations	7,750,459,613.61	77,853,515.00	7,828,313,128.61
US Government Treasuries	339,035,694.45		
Repurchase Agreements	9,313,225,383.19		9,313,225,383.19
Commercial Paper	363,227,769.17		363,227,769.17
Interest Receivable	17,131,716.50	726,303.46	17,858,019.96
Total Assets	<u>17,783,080,176.92</u>	<u>78,584,191.12</u>	<u>17,522,628,673.59</u>
<b>LIABILITIES</b>			
Payables From:			
Dividends Payable	5,327,981.47		5,327,981.47
Accounts Payable	751,049.80		751,049.80
Other Liabilities	708,387.32		708,387.32
Funds Held For Others		78,584,192.12	78,584,192.12
Total Liabilities	<u>6,787,418.59</u>	<u>78,584,192.12</u>	<u>85,371,610.71</u>
<b>NET ASSETS</b>			
Held in Trust For			
Pool Participants	17,776,292,758.33		17,437,257,062.88
Total Net Assets	<u>\$ 17,776,292,758.33</u>	<u>\$ 0.00</u>	<u>\$ 17,437,257,062.88</u>

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

**Exhibit VII**  
**Combined Statement of Changes**  
**in Fiduciary Net Assets**  
**For the Fiscal Year Ended August 31, 2009**

	External Investment Trust Funds (Exhibit H-2)
<b>ADDITIONS</b>	
Investment Income	
Interest and Investment Income	\$ 208,400,486.55
Expenses:	
Management Fees and Expenses	(9,973,242.92)
Net Income from Investing Activities	198,427,243.63
Total Additions	198,427,243.63
Net Increase (Decrease) in Participant Investments	(1,285,211,642.42)
Net Increase (Decrease) in Net Assets	(1,086,784,398.79)
Net Assets – Beginning	
Restatements	
Net Assets, September 1, 2008	18,863,077,157.12
Net Assets, August 31, 2009	\$ 17,776,292,758.33

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

UNAUDITED  
*Texas Treasury Safekeeping Trust Company (930)*

# Notes to the Financial Statements

## NOTE 1: Summary of Significant Accounting Policies

### GENERAL INTRODUCTION

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The Texas Treasury Safekeeping Trust Company (“Texas Trust”) was created in 1986 by the 69th Legislature to provide a separate legal entity for the State Treasurer. The incorporation of the trust company was necessary to obtain direct access to services provided by the Federal Reserve System. The 77th Legislature amended the Texas Trust statute and the Texas Trust began operations as a separate State entity on September 1, 2001. The Comptroller of Public Accounts (Comptroller) is the single shareholder of the Texas Trust and is charged with managing the Texas Trust. Texas Trust is one of only two state-owned trust companies with direct access to the Federal Reserve System.

The Texas Trust is authorized to manage, disburse, transfer, safekeep and invest funds and securities provided by statute or belonging to state and local entities and gives the Comptroller direct access to services provided by the Federal Reserve System.

This section of the report includes only those funds and accounts from which the Texas Trust’s own departmental activities are financed. The Texas Trust’s fiscal function (Agency 930) is reported in a separate section of this report.

Due to the significant changes related to Governmental Accounting Standards Board Statement No.34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to be in compliance with generally accepted accounting principles (GAAP). The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

There are no component units in which the Texas Trust is financially accountable or any organization in which exclusion would create misleading or incomplete financial statements.

### FUND STRUCTURE

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The accompanying financial statements are presented on the basis of funds and account groups, each of which is considered a separate accounting entity. The funds and account groups used to reflect the Agency’s transactions are as follows:

#### Proprietary Fund Types

##### *Enterprise Funds*

Enterprise funds are used to report any activity for which a fee is charged to external users for services such as investment management and custodial services. The Texas Trust accounts for its daily operations using an enterprise fund. Operating revenues result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings, result from nonexchange transactions or ancillary activities.

## Fiduciary Fund Types

### *Agency Funds*

Agencies use agency funds to account for assets the government holds on behalf of others in a purely custodial capacity. Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. The Texas Public Finance Authority Bond Escrow is used to hold funds for various defeased or refunded bonds.

### *External Investment Trust Funds*

Agencies use external investment trust funds to account for the state's external portion of investment pools reported by the sponsoring government. The Texas Government Investment Pools (TexPool and TexPool Prime) are local government investment pools administered by the Texas Treasury Safekeeping Trust Company – Comptroller's office. The investor base consists of cities, counties, school districts, institutions of higher education, special districts, and other public entities of Texas.

## BASIS OF ACCOUNTING

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The Texas Trust financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. All enterprise fund types are accounted for using the accrual basis of accounting. This includes unpaid Employee Compensable leave. Revenues are recognized when they become both measurable and available. Expenditures are generally recognized when the related fund liability is incurred.

The Texas Trust has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement Number 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting, which specifies that in addition to adopting all applicable GASB pronouncements, the Texas Trust has adopted Statements and Interpretations of the Financial Accounting Standards Board, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure issued prior to November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Texas Trust has elected to follow only GASB Standards issued subsequent to November 30, 1989.

## ASSETS, LIABILITIES, AND FUND BALANCES/NET ASSETS

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### ASSETS

#### *Cash and Cash Equivalents*

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

#### *Investments*

Investments are reported at fair value based upon quoted market prices, with the change in fair value of investments captioned as Net Increase (Decrease) in the Fair Value of Investments, and interest income reported at the relevant stated interest rate.

## NON-CURRENT RESTRICTED CASH AND CASH EQUIVALENTS

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The Texas Trust maintains an account with the Depository Trust Company (DTC). In accordance with the agreement between DTC and the Texas Trust, \$97,500.00 in cash was held at DTC as of August 31, 2009, in order to maintain the account.

The Texas Trust has agreed to maintain a \$5,000,000 clearing balance within its Federal Reserve account. Earnings on the clearing balance are used to offset fees associated with its use of Federal Reserve services. The Texas Trust Federal Reserve account balance reported in Restricted cash on August 31, 2009 was \$4,999,994.22 and is comprised exclusively of Texas Trust funds.

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Texas Treasury Safekeeping Trust Company (930)

**Non-Current Restricted Investments**

The Texas Trust has a balance of \$25,925.60 in stock with the Depository Trust Company as of August 31, 2009.

**Capital Assets**

Assets with an initial, individual cost of more than \$5,000 for furniture and equipment and building and building improvements of more than \$100,000 and an estimated useful life in excess of one year are capitalized. These assets are capitalized at cost or, if any purchased, at appraised fair value as of the date of acquisition. Depreciation is charged to operations over the estimated useful life of each asset, using the straight-line method.

**LIABILITIES**

**Accounts Payable**

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

**Employees' Compensable Leave**

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

**FUND BALANCE/NET ASSETS**

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

**Invested In Capital Assets, Net Of Related Debt**

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

**Restricted Net Assets**

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

**Unrestricted Net Assets**

Unrestricted net assets consist of net assets, which do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources, which are imposed by management, but can be removed or modified.

**NOTE 2: Capital Assets**

A summary of changes in General Fixed Assets for the year ended August 31, 2009, is presented below:

	PRIMARY GOVERNMENT					Balance 8/31/09
	Balance 9/1/08	Adjustments*	Reclassification	Additions	Deletions	
<b>BUSINESS-TYPE ACTIVITIES</b>						
Depreciable Assets:						
Building and Building Improvements	\$ 311,519.07	\$	\$	\$	\$	\$ 311,519.07
Furniture and Equipment	1,977,416.40			363,051.16		2,340,467.56
Total Depreciable Assets at Historical Costs	<u>2,288,935.47</u>	<u>0.00</u>	<u>0.00</u>	<u>363,051.16</u>	<u>0.00</u>	<u>2,651,986.63</u>
Less Accumulated Depreciation For:						
Building and Building Improvements	(170,723.63)			(31,152.00)		(201,875.63)
Furniture and Equipment	(862,918.18)			(517,352.99)		(1,380,271.17)
Total Accumulated Depreciation	<u>(1,033,641.81)</u>	<u>0.00</u>	<u>0.00</u>	<u>(548,504.99)</u>	<u>0.00</u>	<u>(1,582,146.80)</u>
Depreciable Assets, Net	1,255,293.66	0.00	0.00	(185,453.83)	0.00	1,069,839.83
Business-type Activities Capital Assets, Net	<u>\$ 1,255,293.66</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ (185,453.83)</u>	<u>\$ 0.00</u>	<u>\$ 1,069,839.83</u>

### **NOTE 3: Deposits, Investments & Repurchase Agreements**

All monies in funds established in the Texas Trust by the State Constitution or by an act of the Legislature are pooled for investment purposes. All monies of the Trust Company are invested according to Section 404.106 of the Government Code.

1. Investment Authority

A. Section 404.024 of the Government Code permits the investment of these funds in the following instruments:

1. fully collateralized time deposits in banks and savings and loan associations domiciled in the state which have been approved by the State Depository Board to receive state deposits;
2. direct security repurchase agreements;
3. reverse repurchase agreements;
4. direct obligations of, or obligations the principal and interest of which are guaranteed by the United States, its' agencies and instrumentalities;
5. bankers' acceptances that: (i) are eligible for purchase by the Federal Reserve System, (ii) do not exceed 270 days to maturity, and (iii) are issued by a bank that has received the highest short-term credit rating by a nationally recognized investment firm;
6. commercial paper that has received the highest short-term credit rating by a nationally recognized investment rating firm and does not exceed 270 days to maturity;
7. and, contracts written by the Comptroller in which the Comptroller grants the purchaser the right, for a fee, to purchase securities in the Texas Trust's marketable securities portfolio at a specified price over a specified period. These contracts are commonly known as covered call options. Uncovered option trading is specifically prohibited.

B. No more than 20% of the aggregate funds on deposit in financial institutions at any time may be placed by the Comptroller in savings and loan associations.

C. Repurchase and reverse repurchase agreements may be entered into by the Comptroller only with state or national banks doing business in Texas or primary dealers approved by the Federal Reserve System.

2. There were no significant violations of legal provisions during the period.

3. DEPOSITS OF CASH IN BANK

A. **Collateralization and Risk Categorization** - In accordance with state law, all amounts deposited in financial institutions above the amounts insured by the Federal Deposit Insurance Corporation are fully collateralized by the pledging, to the Texas Trust, of securities valued at market, excluding accrued interest. Generally the list of eligible securities includes all U.S. Government and most Agency Obligations, including certain mortgage backed securities issued by state agencies and political subdivisions within the State. All securities pledged to the Texas Trust must be held by any Federal Reserve Bank or one of its branches or the Texas Trust.

Securities pledged as collateral on August 31, 2009 were categorized under the Political Subdivision Securities, Moody's Investors Service Ratings AAA or U.S. Government Securities as U.S. Treasury Bills or U.S. Treasury Notes and Bonds.

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Texas Treasury Safekeeping Trust Company (930)

As of August 31, 2009 the balance of cash at bank and carrying amount of cash is presented below.

<b>Bank Balance</b>	\$ 5,256,492.55
Carrying Amount	\$ 5,153,298.57
<b>Business-Type Activities</b>	
Proprietary Funds Cash at Bank	\$ 51,431.69
Proprietary Funds Non-Current Restricted Cash at Bank	5,097,494.22
Cash in Bank per AFR	<u>\$ 5,148,925.91</u>
<b>Fiduciary Funds</b>	
Fiduciary Funds Cash at Bank	\$ 4,372.66
<b>Total Cash at Bank</b>	<b>\$ 5,153,298.57</b>

The Trust Company's contract with the Federal Reserve Bank permits the Trust Company to wire transfer funds for the purpose of facilitating investment transactions. Correspondingly, a minimum cash balance is maintained in the account to generate earnings credits sufficient to partially offset the costs of the services received. As these investment transactions occur, the Federal Reserve Bank requires that the Trust Company maintain a positive cash balance in the account intraday and at the end of the day.

#### 4. INVESTMENTS

As of August 31, 2009 the carrying and fair value of investments are presented below. All securities are insured or registered by the Texas Trust or its agent in the Texas Trust's name. Therefore there is no custodial credit risk.

<b>Carrying Value and Market Value</b>		
<b>As of 08/31/2009</b>		
	Carrying Value	Fair Value
<b>Business-Type Activities</b>		
Repurchase Agreements	\$ 20,294,655.80	\$ 20,294,655.80
Equities	25,925.60	25,925.60
Total Business-Type Activities	<u>20,320,581.40</u>	<u>20,320,581.40</u>
<b>Fiduciary Funds-TPFA Escrow</b>		
US Treasury Securities	66,058,707.00	66,058,707.00
US Treasury Strips	11,794,808.00	11,794,808.00
Total TPFA Escrow	<u>77,853,515.00</u>	<u>77,853,515.00</u>
<b>Fiduciary Funds-Texpool &amp; Texpool Prime</b>		
US Government Agencies	7,750,459,613.61	7,758,637,552.14
US Government Treasuries	339,035,694.45	339,475,380.00
Commercial Paper	363,227,769.17	363,370,585.43
Repurchase Agreements	9,313,225,383.19	9,313,225,383.19
Total Texpool & Texpool Prime	<u>17,765,948,460.42</u>	<u>17,774,708,900.76</u>
<b>Total Fiduciary Investments</b>	17,843,801,975.42	17,852,562,415.76
<b>Total Categorized Investments</b>	<u>\$ 17,864,122,556.82</u>	<u>\$ 17,872,882,997.16</u>

**Credit risk** is the risk that an issuer or other counterparty to an investment will not fulfill its Obligation. The Trust Company only invests in overnight Repurchase Agreements which are collateralized by US Government Securities, US Government Agencies or Government Sponsored Enterprises. TexPool and TexPool Prime portfolios are designed and managed to ensure that they maintain a AAAM rating (or the equivalent) by a nationally recognized statistical rating organization ("NRSRO"). As of August 31, 2009 TexPool Prime's investments in commercial paper were rated A-1 by Standard & Poor's, P-1 by Moody's Investors Service, and F-1 by Fitch ratings. Standard & Poor's ranks both TexPool and TexPool Prime with the highest principal stability rating of AAAM.

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Standard & Poor's					
Fund Type	Fund	Investment Type	AAA	AA	N/R
05	1004	Repurchase Agreements	\$ 20,294,655.80		
18	9999	Repurchase Agreements	9,313,225,383.19		
18	9999	US Government Agencies	7,758,637,552.14		
			A-1	A-2	N/R
18	9999	Commercial Paper	363,370,585.43		

**Concentration of credit risk.** Up to 100% of Texpool and TexPool Prime assets may be invested in government obligations of the United States, its agencies, or instrumentalities. However, no more than 60% of the portfolio may be invested in variable rate notes. Up to 100% of Texpool and TexPool Prime assets may be invested in repurchase agreements. Up to 100% of Texpool and Texpool Prime assets may be invested in direct repurchase agreements. However, no more than 25% of Texpool and TexPool Prime assets may be invested in term repurchase agreements and no more than 5% of Texpool and TexPool Prime assets may be invested in term repurchase agreements with maturities exceeding 90 days. Up to 75% of TexPool Prime assets may be invested in commercial paper. However, no more than 25% of TexPool Prime assets may be invested in a single industry or business sector, provided that this limitation does not apply to securities issued or guaranteed by companies in the financial services industry. No more than 5% of TexPool Prime assets at the time of purchase may be invested in a single corporate entity. As of August 31, 2009 5.54% of the TexPool Prime assets were invested in commercial paper issued by BASF Aktiengesellschaft and 5.58% were invested in commercial paper issued by Edison Asset Securitization. The percentage ownership was below 5% at the time of purchase. TexPool and TexPool Prime's investment policy has no limit on the amount it may invest on any single Governmental Sponsored Enterprise. . More than 5% of the TexPool investments are with the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association. These investments are 19.83%, 17.55% and 7.99%, respectively of total net assets.

Federal Home Loan Bank	\$3,213,124,803.38	19.83%
Federal Home Loan Mortgage Corporation	2,844,646,243.13	17.55%
Federal National Mortgage Association	1,295,261,045.63	7.99%

**Interest rate risk.** TexPool and Texpool Prime are operated as a 2a7-like pools. The weighted average maturity of the portfolio is limited to 60 days calculated using the reset date for variable rate notes ("VRNs") and 90 days or fewer using the final maturity date for VRNs, with the maximum maturity for any individual security in the portfolio not exceeding 397 days for fixed rate securities and 24 months for VRNs. The following schedule reflects the weighted average maturity by investment type and as a whole.

Investment Type	Weighted Average Maturity (Days)	
	TexPool	TexPool Prime
Repurchase Agreements	1	1
Commercial Paper	-	51
U.S. Government Treasury Securities	213	-
U.S. Government Agency Securities	88	102
Weighted Average Maturity	45	38

#### NOTE 4: Short-Term Debt

(Not Applicable)

## NOTE 5: Summary of Long Term Liabilities

### Changes in Long-Term Liabilities

During the year ended August 31, 2009, the following changes occurred in liabilities.

Business-Type Activities	Balance 9/1/08	Additions	Reductions	Balance 8/31/09	Amounts Due Within One Year
Compensable Leave	\$492,538.44	\$505,008.49	\$382,004.85	\$615,542.08	\$346,895.50
<b>Total Business-Type Activities</b>	\$492,538.44	\$505,008.49	\$382,004.85	\$615,542.08	\$346,895.50

### Employees' Compensable Leave

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

## NOTE 6: Capital Leases

(Not Applicable)

## NOTE 7: Operating Lease Obligations

(Not Applicable)

## NOTE 8: Interfund Balances/Activities

(Not Applicable)

## NOTE 9: Contingent Liabilities

(Not Applicable)

## NOTE 10: Continuance Subject to Review

(Not Applicable)

## NOTE 11: Risk Financing and Related Insurance

(Not Applicable)

## NOTE 12: Segment Information

(Not Applicable)

## NOTE 13: Bonded Indebtedness

(Not Applicable)

## NOTE 14: Subsequent Events

## NOTE 15: Related Parties

The Texas Trust has entered into a services agreement with the Comptroller of Public Accounts (CPA). The agreement provides for specified rates based on hours of utilization. As of August 31, 2009, the Texas Trust paid CPA \$23,171.39 for services provided. At August 31, 2009, the Texas Trust had accrued \$6,450.00 for services provided by CPA and this amount is included in accounts payable.

## **NOTE 16: Stewardship, Compliance and Accountability**

(Not Applicable)

## **NOTE 17: The Financial Reporting Entity and Joint Ventures**

(Not Applicable)

## **NOTE 18: Restatement Of Fund Balances/Retained Earnings**

(Not Applicable)

## **NOTE 19: Employees Retirement Plans**

The State has joint contributory retirement plans for substantially all its employees. The Agency participates in the plans administered by the Employees Retirement System of Texas. Future pension costs are the liabilities of the Retirement System. The System does not account for each State agency separately. Annual financial reports prepared by the System include audited financial statements and actuarial assumptions and conclusions.

## **NOTE 20: Deferred Compensation**

State employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in the TEX. GOV'T. CODE ANN., sec 609.001. Two plans are available for employees' deferred compensation plan. Both plans are administered by the Employees Retirement System.

The state's 457 plan complies with the Internal Revenue Code Sec. 457. Deductions, purchased investments and earnings attributed to the 457 plan are the property of the state subject only to the claims of the state's general creditors. Participant's rights under the plan are equal to those of the general creditors of the state in an amount equal to the fair market value of the 457 account for each participant.

The state has no liability under the 457 plan and it is unlikely that plan assets will be used to satisfy the claims of general creditors in the future. The state also administers another plan, 'Texsaver' created in accordance with Internal Revenue Code Sec. 401(k). However, the assets of this plan do not belong to the state nor does the state have a liability related to this plan.

## **NOTE 21: Donor-Restricted Endowments**

(Not Applicable)

## **NOTE 22: Management Discussions and Allowances**

The following events occurred at our agency:

The Texas Treasury Safekeeping Trust Company ("Texas Trust") was created in 1986 by the 69th Legislature to provide a separate legal entity for the State Treasurer. The incorporation of the trust company was necessary to obtain direct access to services provided by the Federal Reserve System, namely wire and custody services, and resulted in cost savings to the State of Texas. Texas Trust is one of only two state-owned trust companies with direct access to the Federal Reserve System.

**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS**

UNAUDITED  
*Texas Treasury Safekeeping Trust Company (930)*

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Texas Treasury Safekeeping Trust Company (930)

Exhibit H-1

**Combining Statement of Fiduciary Net Assets –  
External Investment Trust Funds**

August 31, 2009

	Texas Treasury Safekeeping Trust Company TEXPOOL (9999) U/F (6050)	Texas Treasury Safekeeping Trust Company TEXPOOL/Prime (9999) U/F (7050)	Totals (Ex VI)
<b>ASSETS</b>			
Cash In Bank	\$	\$	\$
Investments			
US Government and Agency Obligations	7,345,575,157.34	404,884,456.27	7,750,459,613.61
US Government Treasuries	339,035,694.45		339,035,694.45
Repurchase Agreements	8,512,412,383.19	800,813,000.00	9,313,225,383.19
Commercial Paper		363,227,769.17	363,227,769.17
Interest Receivable	16,479,771.40	651,945.10	17,131,716.50
Total Assets	<u>16,213,503,006.38</u>	<u>1,569,577,170.54</u>	<u>17,783,080,176.92</u>
<b>LIABILITIES</b>			
Dividends Payable	4,730,730.85	597,250.62	5,327,981.47
Accounts Payable	664,175.63	86,874.17	751,049.80
Other Liabilities	708,387.32		708,387.32
Total Liabilities	<u>6,103,293.80</u>	<u>684,124.79</u>	<u>6,787,418.59</u>
<b>NET ASSETS</b>			
Held in Trust For:			
Pool Participants	16,207,399,712.58	1,568,893,045.75	17,776,292,758.33
Total Net Assets	<u>\$ 16,207,399,712.58</u>	<u>\$ 1,568,893,045.75</u>	<u>\$ 17,776,292,758.33</u>

UNAUDITED  
Texas Treasury Safekeeping Trust Company (930)

Exhibit H-2

**Combining Statement of Changes in Fiduciary Net Assets –  
External Investment Trust Funds**

For the Fiscal Year Ended August 31, 2009

	Texas Treasury Safekeeping Trust Company TEXPOOL (9,999) U/F (6050)	Texas Treasury Safekeeping Trust Company TEXPOOL/Prime (9,999) U/F (7050)	Totals (Ex VII)
<b>ADDITIONS</b>			
Investment Income			
Interest and Investment Income	\$ 189,848,344.34	\$ 18,552,142.21	\$ 208,400,486.55
Expenses:			
Management Fees and Expenses	(8,964,769.90)	(1,008,473.02)	(9,973,242.92)
Net Income from Investing Activities	<u>180,883,574.44</u>	<u>17,543,669.19</u>	<u>198,427,243.63</u>
Total Additions	<u>180,883,574.44</u>	<u>17,543,669.19</u>	<u>198,427,243.63</u>
Net Increase (Decrease) in Participant Investments	<u>(1,491,667,673.93)</u>	<u>206,456,031.51</u>	<u>(1,285,211,642.42)</u>
Net Increase (Decrease) in Net Assets	(1,310,784,099.49)	223,999,700.70	(1,086,784,398.79)
Net Assets, September 1, 2008	<u>17,518,183,812.07</u>	<u>1,344,893,345.05</u>	<u>18,863,077,157.12</u>
Net Assets, August 31, 2009	<u>\$ 16,207,399,712.58</u>	<u>\$ 1,568,893,045.75</u>	<u>\$ 17,776,292,758.33</u>

UNAUDITED  
Texas Treasury Safekeeping Trust Company (930)

Exhibit J-1

## Combining Statement of Changes in Assets and Liabilities – Agency Funds

August 31, 2009

	Beginning Balance September 1, 2008	Additions	Deductions	Ending Balance August 31, 2009
Texas Public Finance Authority (9999) U/F (4000)				
<b>ASSETS</b>				
Cash in Bank	\$ 4,517.03	\$ 252,123,667.63	\$ 252,123,812.00	\$ 4,372.66
Interest and Dividend Receivable	1,153,509.28	5,537,489.98	5,964,695.80	726,303.46
Investments:				
(US Gov & Agencies Oblig)	324,310,796.15	56,484,248.22	302,941,529.37	77,853,515.00
Total Assets	<u>325,468,822.46</u>	<u>314,145,405.83</u>	<u>561,030,037.17</u>	<u>78,584,191.12</u>
<b>LIABILITIES</b>				
Funds Held for Others	325,468,822.46	5,374,969.13	252,259,599.47	78,584,192.12
Total Liabilities	<u>\$ 325,468,822.46</u>	<u>\$ 5,374,969.13</u>	<u>\$ 252,259,599.47</u>	<u>\$ 78,584,192.12</u>

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*Texas Treasury Safekeeping Trust Company (930)*

Comptroller State Energy  
Conservation Office (907)

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**BASIC FINANCIAL STATEMENTS**

UNAUDITED  
*Comptroller State Energy Conservation Office (907)*

UNAUDITED  
Comptroller State Energy Conservation Office (907)

EXHIBIT I

**Combined Balance Sheet/Statement of Net Assets – Governmental Funds**

August 31, 2009

	General Funds (Exh A-1)	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets
<b>ASSETS</b>						
Current Assets:						
Cash:						
Cash in State Treasury	\$ 67,699,804.30	\$ 67,699,804.30	\$	\$	\$	\$ 67,699,804.30
Legislative Appropriations	1,204,933.63	1,204,933.63				1,204,933.63
Receivables From:						
Federal	4,975,347.35	4,975,347.35				4,975,347.35
Interfund Receivables (Note 12)	2,892,973.32	2,892,973.32				2,892,973.32
Loans and Contracts	8,428,291.38	8,428,291.38				8,428,291.38
Total Current Assets	<u>85,201,349.98</u>	<u>85,201,349.98</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>85,201,349.98</u>
Non-Current Assets:						
Loans and Contracts	43,151,140.91	43,151,140.91				43,151,140.91
Interfund Receivables (Note 12)	9,766,627.43	9,766,627.43				9,766,627.43
Capital Assets (Note 2):						
Depreciable						
Furniture and Equipment						
Less Accumulated Depreciation						
Total Non-Current Assets	<u>52,917,768.34</u>	<u>52,917,768.34</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>52,917,768.34</u>
Total Assets	<u>\$138,119,118.32</u>	<u>\$138,119,118.32</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$138,119,118.32</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Current Liabilities:						
Cash in State Treasury						
Accounts	\$ 111,949.33	\$ 111,949.33	\$	\$	\$	\$ 111,949.33
Payroll	186,271.95	186,271.95				186,271.95
Interfund Payables (Note 12)	26,045.86	26,045.86				26,045.86
Due to Other Agencies (Note 12)	786,360.22	786,360.22				786,360.22
Deferred Revenues	6,812,884.49	6,812,884.49				6,812,884.49
Employees Compensable Leave (Note 5)				115,778.45		115,778.45
Total Current Liabilities	<u>7,923,511.85</u>	<u>7,923,511.85</u>	<u>0.00</u>	<u>115,778.45</u>	<u>0.00</u>	<u>8,039,290.30</u>
Non-Current Liabilities:						
Employees Compensable Leave (Note 5)				85,398.57		85,398.57
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>85,398.57</u>	<u>0.00</u>	<u>85,398.57</u>
Total Liabilities	<u>7,923,511.85</u>	<u>7,923,511.85</u>	<u>0.00</u>	<u>201,177.02</u>	<u>0.00</u>	<u>8,124,688.87</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>						
Fund Balances (Deficits):						
Reserved for:						
Encumbrances	10,827,085.14	10,827,085.14				10,827,085.14
Loans & Contracts	43,151,140.91	43,151,140.91				43,151,140.91
Interfund Loans	9,766,627.43	9,766,627.43				9,766,627.43
Unreserved/Undesignated	66,450,752.99	66,450,752.99				66,450,752.99
Total Fund Balances	<u>130,195,606.47</u>	<u>130,195,606.47</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>130,195,606.47</u>
Total Liabilities and Fund Balances	<u>\$138,119,118.32</u>	<u>\$138,119,118.32</u>				
<b>GOVERNMENT-WIDE STATEMENT OF NET ASSETS</b>						
Net Assets:						
Restricted for:						
Employee Benefits (Note 5)				(201,177.02)		(201,177.02)
Total Net Assets			<u>\$ 0.00</u>	<u>\$(201,177.02)</u>	<u>\$ 0.00</u>	<u>\$138,119,118.32</u>

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

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EXHIBIT II

## Combined Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities – Governmental Funds

For the Fiscal Year Ended August 31, 2009

	General Funds (Exh A-2)	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
<b>REVENUES</b>						
Legislative Appropriations:						
Original Appropriations	\$ 542,019.00	\$ 542,019.00	\$		\$	\$ 542,019.00
Additional Appropriations	57,354.06	57,354.06				57,354.06
Federal Revenue (Schedule 1A)	5,157,393.01	5,157,393.01				5,157,393.01
Interest and Investment Income	3,759,411.85	3,759,411.85				3,759,411.85
Settlement of Claims						
Other	171,985.93	171,985.93				171,985.93
Total Revenues	<u>9,688,163.85</u>	<u>9,688,163.85</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>9,688,163.85</u>
<b>EXPENDITURES</b>						
Salaries and Wages	1,460,920.87	1,460,920.87		41,094.47		1,502,015.34
Payroll Related Costs	309,936.01	309,936.01				309,936.01
Professional Fees and Services	28,688.75	28,688.75				28,688.75
Travel	51,299.24	51,299.24				51,299.24
Materials and Supplies	17,001.30	17,001.30				17,001.30
Communication and Utilities	14,459.01	14,459.01				14,459.01
Rentals & Leases	20,050.00	20,050.00				20,050.00
Printing and Reproduction	261.50	261.50				261.50
Federal Pass-Through Expenditures (Schedule 1A)	2,266,856.67	2,266,856.67				2,266,856.67
State Pass-Through Expenditures (Schedule 1B)	1,668,396.89	1,668,396.89				1,668,396.89
Intergovernmental Payments	611,980.88	611,980.88				611,980.88
Public Assistance Payments	2,488,231.57	2,488,231.57				2,488,231.57
Other Expenditures	38,763.56	38,763.56				38,763.56
Total Expenditures/Expenses	<u>8,976,846.25</u>	<u>8,976,846.25</u>	<u>0.00</u>	<u>41,094.47</u>	<u>0.00</u>	<u>9,017,940.72</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>711,317.60</u>	<u>711,317.60</u>	<u>0.00</u>	<u>(41,094.47)</u>	<u>0.00</u>	<u>670,223.13</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In						
Transfers Out						
Total Other Financing Sources and Uses	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Change in Fund Balances/Net Assets	<u>711,317.60</u>	<u>711,317.60</u>				<u>670,223.13</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>						
Fund Balances – Beginning	129,490,951.87	129,490,951.87				129,490,951.87
Restatements						
Fund Balances, September 1, 2008, as Restated	<u>129,490,951.87</u>	<u>129,490,951.87</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>129,490,951.87</u>
Appropriations Lapsed	(6,663.00)	(6,663.00)				(6,663.00)
Fund Balances – August 31, 2009	<u>\$ 130,195,606.47</u>	<u>\$ 130,195,606.47</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 130,195,606.47</u>
<b>GOVERNMENT-WIDE STATEMENT OF NET ASSETS</b>						
Net Assets/Net Change in Net Assets		<u>\$ 130,195,606.47</u>	<u>\$</u>	<u>\$ (41,094.47)</u>	<u>\$</u>	<u>\$ 130,154,512.00</u>
Net Assets – Beginning				(160,082.55)		(160,082.55)
Net Assets, September 1, 2008, as Restated			<u>0.00</u>	<u>(160,082.55)</u>	<u>0.00</u>	<u>(160,082.55)</u>
Net Assets – August 31, 2009		<u>\$ 130,195,606.47</u>	<u>\$ 0.00</u>	<u>\$ (201,177.02)</u>	<u>\$ 0.00</u>	<u>\$ 129,994,429.45</u>

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

# Notes to the Financial Statements

## NOTE 1: Summary of Significant Accounting Policies

### ENTITY

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The State Energy Conservation Office (SECO) is an agency of the State of Texas and its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts Reporting Requirements for State Agencies.

The function of the State Energy Conservation Office is to promote and provide for the efficient use of energy, while protecting human health and safety, and the environment. SECO administers and delivers a variety of energy efficiency and renewable programs that significantly impact energy cost and consumption in the institutional, industrial, transportation and residential sectors.

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

There are no component units in which the State Energy Conservation Office is financially accountable or any organization in which exclusion would create misleading or incomplete financial statements.

### FUND STRUCTURE

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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 Fund*

The General Revenue Fund is the principle operating fund used to account for most of the state’s general activities. It accounts for all financial resources except those accounting for in other funds.

#### *Long-Term Liability Adjustments*

Long-Term Liabilities Adjustment fund (Fund 9997) will be used to convert governmental fund types’ debt from modified accrual to full accrual.

### FIDUCIARY FUND TYPES

#### *Agency Funds*

Agency funds are used to account for assets the government holds on behalf of others in a purely custodial capacity. Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

## **BASIS OF ACCOUNTING**

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The basis of accounting determines when revenues and expenditures or expenses 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.

Government 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 both 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. 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 basis of accounting. This includes capital assets, accumulated depreciation and unpaid Employee Compensable Leave. The activity will be recognized in these fund types.

## **BUDGET AND BUDGETARY ACCOUNTING**

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The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act). Encumbrance accounting is employed for budgetary control purposes.

Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated, unless the agency has authority to retain unexpended balances for use in future periods.

## **ASSETS, LIABILITIES, AND FUND BALANCES/NET ASSETS**

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### **ASSETS**

#### ***Cash and Cash Equivalents***

Short-term investments with maturities of three months or less at the time of purchase are reported as cash equivalents.

#### ***Federal Receivables-Current***

This represents federal grant reimbursements including indirect costs that have been earned but not received.

#### ***Loans and Contracts***

This represents the Loan STAR program, a low interest revolving loan program for energy retrofits benefitting public buildings, state agencies, school districts and local governments and hospitals.

### **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.

#### ***Employees' Compensable Leave***

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

## FUND BALANCE/NET ASSETS

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

Reservations for fund balance represent fund balances of governmental and fiduciary fund types that are legally restricted to a specific future use.

### *Reserved for Encumbrances*

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

### *Reserved for Non-Current Loans and Contracts*

A portion of fund balance reserved for advances to other funds, non-state agencies and governments do not represent expendable financial resources even though they are a component of net current assets. This account represents the non-current portion of the Lone STAR Revolving Loan Program.

### *Reserved for Non-Current Interfund Receivables*

A portion of fund balance reserved for advances to other funds and state agencies do not represent expendable financial resources even though they are a component of net current assets. This account represents the non-current portion of the Lone STAR Revolving Loan Program.

### *Unreserved/Undesignated*

This represents the unappropriated balance at year-end.

## INTERFUND ACTIVITIES AND BALANCES

The State Energy Conservation Office has the following types of transactions between funds:

Interfund loans are reported as current and non-current interfund receivables which represents the Loan STAR Revolving Loan Program and reimbursements from funds within the agency. Under the classified reporting method, individual assets typically are categorized as either current or noncurrent based on whether they are expected to generate or use cash within 12 months of the end of the fiscal period.

Interfund transaction refers to interactions with legally separate entities such as other state agencies and is restricted to external events.

The composition of the agency's Interfund activities and balances are presented in Note 12.

## **NOTE 2: Capital Assets**

(Not Applicable)

## **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

During the year ended August 31, 2009, the following changes occurred in liabilities.

Governmental Activities	Balance Sept. 1, 2008	Additions	Reductions	Balance Aug. 31, 2009	Amounts Due Within One Year	Amounts Due Thereafter
Compensable Leave	\$160,082.55	\$167,129.05	\$126,034.58	\$201,177.02	\$115,778.45	\$85,398.57
Total Governmental	<u>\$160,082.55</u>	<u>\$167,129.05</u>	<u>\$126,034.58</u>	<u>\$201,177.02</u>	<u>\$115,778.45</u>	<u>\$85,398.57</u>

### Employees' Compensable Leave

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal, or separation from state employment, provided the employee has had continuous employment with the State for six months. Expenditures for accumulated 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 Assets. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

## NOTE 6: Bonded Indebtedness

(Not Applicable)

## NOTE 7: Capital Leases

(Not Applicable)

## NOTE 8: Operating Leases

(Not Applicable)

## NOTE 9: Retirement Plans

(Not Applicable)

## NOTE 10: Deferred Compensation

(Not Applicable)

## NOTE 11: Post employment Health Care and Life Insurance Benefits

(Not Applicable)

## NOTE 12: Interfund Activities and Transactions

As explained in Note 1 on Interfund Transactions and Balances there are numerous transactions between funds and agencies. At year-end amounts to be received or paid are reported as:

- Interfund Receivable or Interfund Payable
- Due From Other Agencies or Due To Other Agencies

The agency experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer.

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Individual balances and activity at August 31, 2009, follows:

	Current Interfund Receivable	Current Interfund Payable	Purpose
<b>Current Portion</b>			
Appd Fund 0001, D23 Fund 0226/2000	2,583.27	2,583.27	Transfers within Agency
Appd Fund 0001, D23 Fund 1369/0510	3.03	3.03	Transfers within Agency
Appd Fund 0001, D23 Fund 1369/2000	23,459.56	23,459.56	Transfers within Agency
Appd Fund 5005, D23 Fund 0515			
Agency 537, TDSHS	100,094.75		Lone Star Loan Prg
Agency 539, Department of Aging and Disabilitiy	153,476.51		Lone Star Loan Prg
Agency 711, A&M College Station	511,444.56		Lone Star Loan Prg
Agency 715, Prairie View A&M University	565,342.20		Lone Star Loan Prg
Agency 732, A&M Kingsville	319,589.39		Lone Star Loan Prg
Agency 733, Texas Tech	259,459.77		Lone Star Loan Prg
Agency 744, UT Houston	957,520.28		Lone Star Loan Prg
Total Interfund Receivable/Payable	<u>\$ 2,892,973.32</u>	<u>\$ 26,045.86</u>	
<b>Non-Current Portion</b>			
Appd Fund 5005, D23 Fund 0515			
Agency 537, TDSHS	681,508.11		Lone Star Loan Prg
Agency 539, Department of Aging and Disabilitiy	1,154,694.57		Lone Star Loan Prg
Agency 711, A&M College Station	809,427.51		Lone Star Loan Prg
Agency 715, Prairie View A&M University	3,617,104.04		Lone Star Loan Prg
Agency 732, A&M Kingsville	2,881.09		Lone Star Loan Prg
Agency 744, UT Houston	3,501,012.11		Lone Star Loan Prg
Total Interfund Receivable/Payable	<u>\$ 9,766,627.43</u>	<u>\$ 0.00</u>	
<b>GENERAL REVENUE (01)</b>			
	Due From Other Agencies	Due To Other Agencies	Source
Appr Fund 0001 - D23 Fund 0224			
Agency 712, D23 Fund 7999		178,581.12	Federal P-T
Agency 721, D23 Fund 7999		76,821.41	Federal P-T
Agency 761, D23 Fund 7999		4,305.07	Federal P-T
Appr Fund 0001 - D23 Fund 0225			
Agency 405, D23 Fund 0099		231,105.74	Federal P-T
Agency 582, D23 Fund 5495		30,639.64	Federal P-T
Appr Fund 0001 - D23 Fund 0510			
Agency 721, D23 Fund 0001		6,190.20	State P-T
Appr Fund 0001 - D23 Fund 0226			
Agency 304, D23 Fund 0001		5,297.88	Consumable Supplies
Appr Fund 0001 - D23 Fund 0510			
Agency 304, D23 Fund 0001		921.39	Consumable Supplies
Appr Fund 5005 - D23 Fund 0505			
Agency 304, D23 Fund 0001		1,151.73	Consumable Supplies
Appr Fund 5005 - D23 Fund 0515			
Agency 711, D23 Fund 7999		11,800.19	State P-T
Agency 712, D23 Fund 7999		31,844.98	State P-T
Agency 719, D23 Fund 7999		6,988.27	State P-T
Agency 721, D23 Fund 7999		97,183.58	State P-T
Agency 724, D23 Fund 7999		51,703.78	State P-T
Agency 755, D23 Fund 7999		2,530.60	State P-T
Agency 757, D23 Fund 7999		36,497.66	State P-T
Appr Fund 5005 - D23 Fund 0525			
Agency 727, D23 Fund 7999		12,796.98	State P-T
Total Due From/To Other Agencies (Exh I)	<u>\$ 0.00</u>	<u>\$ 786,360.22</u>	

The detailed State Pass-Through information is listed on Schedule 1B-Schedule of State Grant Pass-Through From/To State Agencies.

**NOTE 13: Continuance Subject to Review**

(Not Applicable)

**NOTE 14: Adjustment to Fund Balances/Net Assets**

(Not Applicable)

**NOTE 15: Contingent Liabilities**

(Not Applicable)

**NOTE 16: Subsequent Events**

(Not Applicable)

**NOTE 17: Risk Management**

(Not Applicable)

**NOTE 18: Management Discussion and Analysis**

(Not Applicable)

**NOTE 19: The Financial Reporting Entity**

(Not Applicable)

**NOTE 20: Stewardship, Compliance and Accountability**

(Not Applicable)

**NOTE 21: N/A**

(Not Applicable)

**NOTE 22: Donor Restricted Endowments**

(Not Applicable)

**NOTE 23: Extraordinary and Special Items**

(Not Applicable)

**NOTE 24: Disaggregation of Receivable and Payable Balances**

(Not Applicable)

**NOTE 25: Termination Benefits**

(Not Applicable)

**NOTE 26: Segment Information**

(Not Applicable)

**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS**

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EXHIBIT A-1

**Combining Balance Sheet – All General and Consolidated Funds**

August 31, 2009

	General Revenue Fund (0001) U/F (0001), (0224), (0225) (0226), (0227), (0228), (0369) (1369), (0510), (1999), (2000)	General Revenue Oil Overcharge Fund (5005) UF (0505), (0515) (0525), (0535), (0545) (2005), (5999), (9000)	Total (Exh I)
<b>ASSETS</b>			
Current Assets:			
Cash			
Cash in State Treasury	\$ 73,678.90	\$ 67,626,125.40	\$ 67,699,804.30
Legislative Appropriations	1,204,933.63		1,204,933.63
Receivables From:			
Federal	4,975,347.35		4,975,347.35
Interfund Receivables (Note 12)	26,045.86	2,866,927.46	2,892,973.32
Loans and Contracts	1,124,970.44	7,303,320.94	8,428,291.38
Total Current Assets	<u>7,404,976.18</u>	<u>77,796,373.80</u>	<u>85,201,349.98</u>
Non-Current Assets:			
Loans and Contracts	1,407,745.85	41,743,395.06	43,151,140.91
Interfund Receivables (Note 12)		9,766,627.43	9,766,627.43
Total Noncurrent Assets	<u>1,407,745.85</u>	<u>51,510,022.49</u>	<u>52,917,768.34</u>
Total Assets	<u>\$8,812,722.03</u>	<u>\$ 129,306,396.29</u>	<u>\$ 138,119,118.32</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Current Liabilities:			
Payables From:			
Accounts	\$ 72,941.39	\$ 39,007.94	\$ 111,949.33
Payroll	163,203.41	23,068.54	186,271.95
Interfund Payables (Note 12)	26,045.86		26,045.86
Due To Other Agencies (Note 12)	533,862.45	252,497.77	786,360.22
Deferred Revenues	118,566.18	6,694,318.31	6,812,884.49
Employees' Compensable Leave (Note 5)			
Total Current Liabilities	<u>914,619.29</u>	<u>7,008,892.56</u>	<u>7,923,511.85</u>
Non-Current Liabilities:			
Employees' Compensable Leave (Note 5)			
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Liabilities	<u>914,619.29</u>	<u>7,008,892.56</u>	<u>7,923,511.85</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>			
Fund Balances (Deficits):			
Reserved for:			
Encumbrances	812,064.42	10,015,020.72	10,827,085.14
Loans & Contracts	1,407,745.85	41,743,395.06	43,151,140.91
Interfund Loans		9,766,627.43	9,766,627.43
Unreserved/Undesignated	5,678,292.47	60,772,460.52	66,450,752.99
Total Fund Balances	<u>7,898,102.74</u>	<u>122,297,503.73</u>	<u>130,195,606.47</u>
Total Liabilities and Fund Balances	<u>\$8,812,722.03</u>	<u>\$ 129,306,396.29</u>	<u>\$ 138,119,118.32</u>

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

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EXHIBIT A-2

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – All General and Consolidated Funds

For the Fiscal Year Ended August 31, 2009

	General Revenue Fund (0001) U/F (0001),(0224), (0225) (0226), (0227), (0228), (0369) (1369), (0510), (1999), (2000)	General Revenue Oil Overcharge Fund (5005) UF (0505), (0515) (0525), (0535) (0545),(2005),(5999)	Total (Ex II)
<b>REVENUES</b>			
Legislative Appropriations:			
Original Appropriations	\$ 542,019.00	\$	\$ 542,019.00
Additional Appropriations	57,354.06		57,354.06
Federal Revenue (Schedule 1A)	5,157,393.01		5,157,393.01
Interest and Investment Income	124,614.27	3,634,797.58	3,759,411.85
Settlement of Claims			
Other		171,985.93	171,985.93
Total Revenues	<u>5,881,380.34</u>	<u>3,806,783.51</u>	<u>9,688,163.85</u>
<b>EXPENDITURES</b>			
Salaries and Wages	1,257,903.12	203,017.75	1,460,920.87
Payroll Related Costs	222,741.39	87,194.62	309,936.01
Professional Fees and Services	28,688.75		28,688.75
Travel	43,093.42	8,205.82	51,299.24
Materials and Supplies	15,740.70	1,260.60	17,001.30
Communication and Utilities	13,569.64	889.37	14,459.01
Rentals & Leases	16,849.27	3,200.73	20,050.00
Printing and Reproduction		261.50	261.50
Federal Pass-Through Expenditures (Schedule 1A)	2,266,856.67		2,266,856.67
State Pass-Through Expenditures (Schedule 1B)	24,979.22	1,643,417.67	1,668,396.89
Intergovernmental Payments	516,894.92	95,085.96	611,980.88
Public Assistance Payments	1,037,167.71	1,451,063.86	2,488,231.57
Other Expenditures	32,428.77	6,334.79	38,763.56
Total Expenditures/Expenses	<u>5,476,913.58</u>	<u>3,499,932.67</u>	<u>8,976,846.25</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>404,466.76</u>	<u>306,850.84</u>	<u>711,317.60</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In			
Transfers Out			
Total Other Financing Sources and Uses	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Change in Fund Balances/Net Assets	404,466.76	306,850.84	711,317.60
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>			
Fund Balances – Beginning	7,479,675.44	122,011,276.43	129,490,951.87
Restatements	20,623.54	(20,623.54)	
Fund Balances, September 1, 2008, as Restated	<u>7,500,298.98</u>	<u>121,990,652.89</u>	<u>129,490,951.87</u>
Appropriations Lapsed	(6,663.00)		(6,663.00)
Fund Balances – August 31, 2009	<u>\$7,898,102.74</u>	<u>\$122,297,503.73</u>	<u>\$130,195,606.47</u>

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

UNAUDITED  
Comptroller State Energy Conservation Office (907)

EXHIBIT J-1

## Combining Statement of Changes in Assets and Liabilities – Agency Funds

August 31, 2009

	Beginning Balance Sep 1, 2008	Additions	Deductions	Ending Balance Aug 31, 2009
<b>UNAPPROPRIATED RECEIPTS</b>				
<b>Suspense Fund (0900) U/F (0900)</b>				
<b>ASSETS</b>				
Current				
Cash in State Treasury	\$ 49,749.10	\$ 18,990,679.84	\$ 18,750,949.76	\$ 289,479.18
Total Assets	<u>\$ 49,749.10</u>	<u>\$ 18,990,679.84</u>	<u>\$ 18,750,949.76</u>	<u>\$ 289,479.18</u>
<b>LIABILITIES</b>				
Current				
Funds Held for Others	\$ 49,749.10	\$ 18,990,679.84	\$ 18,750,949.76	\$ 289,479.18
Total Liabilities	<u>\$ 49,749.10</u>	<u>\$ 18,990,679.84</u>	<u>\$ 18,750,949.76</u>	<u>\$ 289,479.18</u>
<b>Direct Deposit Correction Fund (0980) U/F (0980)</b>				
<b>ASSETS</b>				
Current				
Cash in State Treasury	\$ 0.00	\$ 44,943.99	\$ 44,943.99	\$ 0.00
Accounts Receivables	0.00	49,131.72	49,131.72	0.00
Total Assets	<u>\$ 0.00</u>	<u>\$ 94,075.71</u>	<u>\$ 94,075.71</u>	<u>\$ 0.00</u>
<b>LIABILITIES</b>				
Current				
Funds Held for Others	\$ 0.00	\$ 49,131.72	\$ 49,131.72	\$ 0.00
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 49,131.72</u>	<u>\$ 49,131.72</u>	<u>\$ 0.00</u>
<b>Direct Deposit 401K (0942) U/F (0942)</b>				
<b>ASSETS</b>				
Current				
Cash in State Treasury	\$ 0.00	\$ 11,100.00	\$ 11,100.00	\$ 0.00
Total Assets	<u>\$ 0.00</u>	<u>\$ 11,100.00</u>	<u>\$ 11,100.00</u>	<u>\$ 0.00</u>
<b>LIABILITIES</b>				
Current				
Funds Held for Others	\$ 0.00	\$ 11,100.00	\$ 11,100.00	\$ 0.00
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 11,100.00</u>	<u>\$ 11,100.00</u>	<u>\$ 0.00</u>
<b>Totals – All Agency Funds</b>				
<b>ASSETS</b>				
Current				
Cash in State Treasury	\$ 49,749.10	\$ 19,046,723.83	\$ 18,806,993.75	\$ 289,479.18
Accounts Receivables	0.00	49,131.72	49,131.72	0.00
Total Assets	<u>\$ 49,749.10</u>	<u>\$ 19,095,855.55</u>	<u>\$ 18,856,125.47</u>	<u>\$ 289,479.18</u>
<b>LIABILITIES</b>				
Current				
Funds Held for Others	\$ 49,749.10	\$ 19,050,911.56	\$ 18,811,181.48	\$ 289,479.18
Total Liabilities	<u>\$ 49,749.10</u>	<u>\$ 19,050,911.56</u>	<u>\$ 18,811,181.48</u>	<u>\$ 289,479.18</u>

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

UNAUDITED  
*Comptroller State Energy Conservation Office (907)*

## **SUPPLEMENTARY SCHEDULES**

UNAUDITED  
*Comptroller State Energy Conservation Office (907)*

SCHEDULE 1A

**Schedule of Expenditures of Federal Awards – ARRA**

For the Fiscal Year Ended August 31, 2009

Federal Grantor/ Pass Through Grantor Program Title	CFDA Number	Pass-Through From		Direct Program Amount	Total PT From & Direct Program
		Agy/ Univ. #	Agencies or Univ. Amount		
U.S. Department of Energy Direct Program:					
State Energy Program	81.041		\$ 0.00	\$ 119,813.85	\$ 119,813.85
Total State Energy Program			<u>0.00</u>	<u>119,813.85</u>	<u>119,813.85</u>
Total U.S. Department of Energy			<u>\$ 0.00</u>	<u>\$ 119,813.85</u>	<u>\$ 119,813.85</u>

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

UNAUDITED  
**Comptroller State Energy Conservation Office (907)**

Agy/ Univ. #	Pass-Through To Agencies or Univ. Amount	Non-State Entities Amount	Expenditures Amount	Total PT To & Expenditures
	\$ 0.00	\$ 0.00	\$ 119,813.85	\$ 119,813.85
	<u>0.00</u>	<u>0.00</u>	<u>119,813.85</u>	<u>119,813.85</u>
	\$ 0.00	\$ 0.00	\$ 119,813.85	\$ 119,813.85
	<u>0.00</u>	<u>0.00</u>	<u>119,813.85</u>	<u>119,813.85</u>

UNAUDITED  
Comptroller State Energy Conservation Office (907)

SCHEDULE 1A

**Schedule of Expenditures of Federal Awards – Non-ARRA**

For the Fiscal Year Ended August 31, 2009

Federal Grantor/ Pass Through Grantor Program Title	CFDA Number	Pass-Through From			Direct Program Amount	Total PT From & Direct Program
		Agy/ Univ. #	Agencies or Univ. Amount	Non-State Entities Amount		
U.S. Department of Energy						
Direct Program:						
State Energy Program	81.041		\$	\$	\$2,499,215.88	\$2,499,215.88
Pass Through To:						
Office of Rural and Community Affairs	81.041					
Texas Engin. Extension Service – Tx A&M	81.041					
University of Texas - (BEG)	81.041					
U.T. El Paso	81.041					
Stephen F. Austin	81.041					
Texas A&M International University	81.041					
Pass Through To Non-State Agency	81.041					
Total State Energy Program			<u>0.00</u>	<u>0.00</u>	<u>2,499,215.88</u>	<u>2,499,215.88</u>
Direct Program:						
Energy Efficiency and Renewable Energy	81.119				765,748.40	765,748.40
Pass Through To:						
Texas Railroad Commission	81.119					
Texas Engin. Extension Service – Tx A&M	81.119					
Texas Tech University	81.119					
Pass Through To Non-State Agency	81.119					
Total Energy Efficiency and Renewable Energy Program			<u>0.00</u>	<u>0.00</u>	<u>765,748.40</u>	<u>765,748.40</u>
Direct Program:						
Environmental Restoration (AIP)	81.502				1,274,751.19	1,274,751.19
Pass Through To:						
Texas Dept. of Pub. Safety	81.502					
Texas Dept. of State Health Services	81.502					
Texas Commission on Environmental Quality	81.502					
University of Texas (BEG)	81.502					
Pass Through To Non-State Agency	81.502					
Total Environmental Restoration			<u>0.00</u>	<u>0.00</u>	<u>1,274,751.19</u>	<u>1,274,751.19</u>
Direct Program:						
Transport of Transuranic Waste (WIPP)	81.106				497,863.69	497,863.69
Pass Through To:						
Texas Department of Public Safety	81.106					
Texas Dept. of State Health Services	81.106					
Total Transport of Transuranic Waste			<u>0.00</u>	<u>0.00</u>	<u>497,863.69</u>	<u>497,863.69</u>
Total U.S. Department of Energy			<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$5,037,579.16</u>	<u>\$5,037,579.16</u>

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

UNAUDITED  
**Comptroller State Energy Conservation Office (907)**

Agy/ Univ. #	Pass-Through To		Expenditures Amount	Total PT To & Expenditures
	Agencies or Univ. Amount	Non-State Entities Amount		
	\$		\$ 1,002,573.41	\$ 1,002,573.41
357	38,787.31			38,787.31
712	346,406.08			346,406.08
721	315,533.65			315,533.65
724	1,780.42			1,780.42
755	2,707.79			2,707.79
761	21,378.75			21,378.75
		<u>770,048.47</u>		<u>770,048.47</u>
	<u>726,594.00</u>	<u>770,048.47</u>	<u>1,002,573.41</u>	<u>2,499,215.88</u>
455	200,000.00			200,000.00
712	295,023.84			295,023.84
733	(995.79)			(995.79)
		<u>271,720.35</u>		<u>271,720.35</u>
	<u>494,028.05</u>	<u>271,720.35</u>	<u>0.00</u>	<u>765,748.40</u>
			205,222.62	205,222.62
405	211,451.45			211,451.45
537	204,587.64			204,587.64
582	181,167.52			181,167.52
721	12,464.58			12,464.58
		<u>459,857.38</u>		<u>459,857.38</u>
	<u>609,671.19</u>	<u>459,857.38</u>	<u>205,222.62</u>	<u>1,274,751.19</u>
			61,300.26	61,300.26
405	182,551.88			182,551.88
537	254,011.55			254,011.55
	<u>436,563.43</u>	<u>0.00</u>	<u>61,300.26</u>	<u>497,863.69</u>
	<u>\$ 2,266,856.67</u>	<u>\$ 1,501,626.20</u>	<u>\$ 1,269,096.29</u>	<u>\$ 5,037,579.16</u>

UNAUDITED  
Comptroller State Energy Conservation Office (907)

SCHEDULE 1A

**Schedule of Expenditures of Federal Awards – Combined**

For the Fiscal Year Ended August 31, 2009

Federal Grantor/ Pass Through Grantor Program Title	CFDA Number	Pass-Through From			Direct Program Amount	Total PT From & Direct Program
		Agy/ Univ. #	Agencies or Univ. Amount	Non-State Entities Amount		
U.S. Department of Energy						
Direct Program:						
State Energy Program	81.041		\$	\$	\$2,619,029.73	\$2,619,029.73
Pass Through To:						
Office of Rural and Community Affairs	81.041					
Texas Engin. Extension Service – Tx A&M	81.041					
University of Texas - (BEG)	81.041					
U.T. El Paso	81.041					
Stephen F. Austin	81.041					
Texas A&M International University	81.041					
Pass Through To Non-State Agency	81.041					
Total State Energy Program			<u>0.00</u>	<u>0.00</u>	<u>2,619,029.73</u>	<u>2,619,029.73</u>
Direct Program:						
Energy Efficiency and Renewable Energy	81.119				765,748.40	765,748.40
Pass Through To:						
Texas Railroad Commission	81.119					
Texas Engin. Extension Service – Tx A&M	81.119					
Texas Tech University	81.119					
Pass Through To Non-State Agency	81.119					
Total Energy Efficiency and Renewable Energy Program			<u>0.00</u>	<u>0.00</u>	<u>765,748.40</u>	<u>765,748.40</u>
Direct Program:						
Environmental Restoration (AIP)	81.502				1,274,751.19	1,274,751.19
Pass Through To:						
Texas Dept. of Pub. Safety	81.502					
Texas Dept. of State Health Services	81.502					
Texas Commission on Environmental Quality	81.502					
University of Texas (BEG)	81.502					
Pass Through To Non-State Agency	81.502					
Total Environmental Restoration			<u>0.00</u>	<u>0.00</u>	<u>1,274,751.19</u>	<u>1,274,751.19</u>
Direct Program:						
Transport of Transuranic Waste (WIPP)	81.106				497,863.69	497,863.69
Pass Through To:						
Texas Department of Public Safety	81.106					
Texas Dept. of State Health Services	81.106					
Total Transport of Transuranic Waste			<u>0.00</u>	<u>0.00</u>	<u>497,863.69</u>	<u>497,863.69</u>
Total U.S. Department of Energy			<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$5,157,393.01</u>	<u>\$5,157,393.01</u>

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

UNAUDITED  
**Comptroller State Energy Conservation Office (907)**

Agy/ Univ. #	Pass-Through To		Expenditures Amount	Total PT To & Expenditures
	Agencies or Univ. Amount	Non-State Entities Amount		
	\$		\$ 1,122,387.26	\$ 1,122,387.26
357	38,787.31			38,787.31
712	346,406.08			346,406.08
721	315,533.65			315,533.65
724	1,780.42			1,780.42
755	2,707.79			2,707.79
761	21,378.75			21,378.75
		<u>770,048.47</u>		<u>770,048.47</u>
	<u>726,594.00</u>	<u>770,048.47</u>	<u>1,122,387.26</u>	<u>2,619,029.73</u>
455	200,000.00			200,000.00
712	295,023.84			295,023.84
733	(995.79)			(995.79)
		<u>271,720.35</u>		<u>271,720.35</u>
	<u>494,028.05</u>	<u>271,720.35</u>	<u>0.00</u>	<u>765,748.40</u>
			205,222.62	205,222.62
405	211,451.45			211,451.45
537	204,587.64			204,587.64
582	181,167.52			181,167.52
721	12,464.58			12,464.58
		<u>459,857.38</u>		<u>459,857.38</u>
	<u>609,671.19</u>	<u>459,857.38</u>	<u>205,222.62</u>	<u>1,274,751.19</u>
			61,300.26	61,300.26
405	182,551.88			182,551.88
537	254,011.55			254,011.55
	<u>436,563.43</u>	<u>0.00</u>	<u>61,300.26</u>	<u>497,863.69</u>
	<u>\$ 2,266,856.67</u>	<u>\$ 1,501,626.20</u>	<u>\$ 1,388,910.14</u>	<u>\$ 5,157,393.01</u>

SCHEDULE 1A

**Schedule of Expenditures of Federal Awards – Notes**

For the Fiscal Year Ended August 31, 2009

**Note 1 – Non-Monetary Assistance**

The Comptroller's State Energy Conservation Office did not receive nonmonetary assistance for the reporting period.

**Note 2 – Reconciliation**

Below is a reconciliation of the total of federal pass-through and federal expenditures as reported on the Schedule of Federal Financial Assistance to the total of **federal revenues** and **federal grant** pass-through revenues as reported in the general-purpose financial statements. Generally, federal funds are not earned until expended; therefore, federal revenues equal federal expenditures for the reporting period.

**Federal Revenues:**

Per Combined Governmental Operating Statement/Statement of Activities

Governmental Funds – Federal Revenue (Exh II)	\$ 5,037,579.16
Governmental Funds – ARRA Federal Revenue (Exh II)	119,813.85
Subtotal	\$ 5,157,393.01

**Reconciling Items:**

	0.00
Total Pass Through and Expenditures per Federal Schedule	\$ 5,157,393.01

**Note 7 – Federal Deferred Revenue**

CFDA	Balance 09/01/08	Net Change	Balance 8/31/09
81.041	\$	\$ 1,506.15	\$ 1,506.15
	\$ 0.00	\$ 1,506.15	\$ 1,506.15

The deferred revenue of \$1,506.15 consists of federal grant prepayments that have not been earned. This amount is included in the deferred revenue amount in Exhibit I, Combined Balance Sheet/Statement of Net Assets-Governmental Funds.

SCHEDULE 1B  
**Schedule of State Grant Pass-Throughs  
From/To State Agencies**  
For the Fiscal Year Ended August 31, 2009

**Pass-Through To:**

Railroad Commission of Texas	(Agy #455)	31,126.27
Texas A&M University	(Agy #711)	41,246.55
Texas Engineering Experiment Station	(Agy #712)	388,246.19
Texas State Technical College – Waco	(Agy #719)	233,136.60
University of Texas at Austin	(Agy #721)	443,357.73
University of Texas at El Paso	(Agy #724)	333,171.52
Texas Transportation Institute	(Agy #727)	105,127.01
Texas Tech University	(Agy #733)	38,709.17
Stephan F. Austin State University	(Agy #755)	11,604.07
Texas Tech University	(Agy #733)	42,671.78
Total Pass-Through To Other Agencies	(Exh II)	<u>\$1,668,396.89</u>

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





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