

Glenn Hegar Texas Comptroller of Public Accounts

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# Annual Financial Report

For Year Ended August 31, 2016





November 18, 2016

The Honorable Greg Abbott, Governor  
Ms. Ursula Parks, Director, Legislative Budget Board  
Lisa Collier, CPA, CIDA, First Assistant State Auditor

Dear Governor Abbott, Ms. Parks and Ms. Collier:

We are pleased to submit the *Annual Financial Report* of the Comptroller of Public Accounts, the Comptroller's Judiciary Section, the Comptroller Treasury, the Texas Safekeeping Trust Company and the State Energy Conservation Office for the year ended Aug. 31, 2016, in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

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

If you have any questions, please contact Shari Curtis, manager of our Budget and Internal Accounting Division, at [shari.curtis@cpa.texas.gov](mailto:shari.curtis@cpa.texas.gov) or 512-463-4771.

Sincerely,

A handwritten signature in black ink that reads "Glenn Hegar".

Glenn Hegar

cc: Shari Curtis





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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 Position – Governmental Funds**

August 31, 2016

	Governmental Fund Type General Funds (Exhibit A-1)	Governmental Fund Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Net Position
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents:					
Cash on Hand	\$ 4,350.00	\$ 4,350.00	\$	\$	\$ 4,350.00
Cash in Bank (Note 3)	35,000.00	35,000.00			35,000.00
Legislative Appropriations	80,188,869.65	80,188,869.65			80,188,869.65
Receivables From:					
Accounts Receivable	119,092.59	119,092.59			119,092.59
Interfund Receivable (Note 12)	125,000.00	125,000.00			125,000.00
Due From Other Agencies	261,566.55	261,566.55			261,566.55
Consumable Inventories	376,810.43	376,810.43			376,810.43
Total Current Assets	<u>81,110,689.22</u>	<u>81,110,689.22</u>	<u>0.00</u>	<u>0.00</u>	<u>81,110,689.22</u>
Non-Current Assets:					
Capital Assets (Note 2):					
Non-Depreciable or Non-Amortizable:					
Other Tangible Capital Assets			3,250.00		3,250.00
Depreciable Assets:					
Furniture and Equipment			7,667,947.25		7,667,947.25
Less Accumulated Depreciation			(5,016,962.94)		(5,016,962.94)
Vehicles, Boats, and Aircraft			286,621.23		286,621.23
Less Accumulated Depreciation			(195,534.46)		(195,534.46)
Amortizable Assets - Intangible:					
Computer Software			55,162,300.26		55,162,300.26
Less Accumulated Amortization:			(36,314,222.95)		(36,314,222.95)
Total Non-Current Assets	<u>0.00</u>	<u>0.00</u>	<u>21,593,398.39</u>	<u>0.00</u>	<u>21,593,398.39</u>
Total Assets	<u>\$ 81,110,689.22</u>	<u>\$ 81,110,689.22</u>	<u>\$ 21,593,398.39</u>	<u>\$ 0.00</u>	<u>\$ 102,704,087.61</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Payables From:					
Accounts Payable	\$ 2,734,866.69	\$ 2,734,866.69	\$	\$	\$ 2,734,866.69
Payroll Payable	20,051,302.96	20,051,302.96			20,051,302.96
Interfund Payable (Note 12)	125,000.00	125,000.00			125,000.00
Employees' Compensable Leave (Note 5)				9,272,281.67	9,272,281.67
Total Current Liabilities	<u>22,911,169.65</u>	<u>22,911,169.65</u>	<u>0.00</u>	<u>9,272,281.67</u>	<u>32,183,451.32</u>
Non-Current Liabilities:					
Employees' Compensable Leave (Note 5)				10,790,005.47	10,790,005.47
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>10,790,005.47</u>	<u>10,790,005.47</u>
Total Liabilities	<u>22,911,169.65</u>	<u>22,911,169.65</u>	<u>0.00</u>	<u>20,062,287.14</u>	<u>42,973,456.79</u>
<b>FUND FINANCIAL STATEMENT</b>					
Fund Balances (Deficits):					
Nonspendable – Inventory	376,810.43	376,810.43			376,810.43
Committed	125,000.00	125,000.00			125,000.00
Unassigned	57,697,709.14	57,697,709.14			57,697,709.14
Total Fund Balances	<u>58,199,519.57</u>	<u>58,199,519.57</u>	<u>0.00</u>	<u>0.00</u>	<u>58,199,519.57</u>
Total Liabilities and Fund Balances	<u>\$ 81,110,689.22</u>	<u>\$ 81,110,689.22</u>			
<b>GOVERNMENT-WIDE STATEMENT OF NET POSITION</b>					
Net Position					
Invested in Capital Assets, Net of Related Debt			21,593,398.39		21,593,398.39
Restricted for:					
Employee Benefits				(20,062,287.14)	(20,062,287.14)
Total Net Position			<u>\$ 21,593,398.39</u>	<u>\$ (20,062,287.14)</u>	<u>\$ 59,730,630.82</u>

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

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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, 2016

	Governmental Fund Type General Funds (Exhibit A-2)	Governmental Fund Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Activities
<b>REVENUES</b>					
Legislative Appropriations:					
Original Appropriations	\$ 281,483,878.00	\$ 281,483,878.00	\$	\$	\$ 281,483,878.00
Additional Appropriations	54,100,456.04	54,100,456.04			54,100,456.04
Federal Revenue (Schedule 1A)	83,305.07	83,305.07			83,305.07
Licenses, Fees and Permits	16,713,261.13	16,713,261.13			16,713,261.13
Sales of Goods and Services	5,579,902.31	5,579,902.31			5,579,902.31
Other	107,342.69	107,342.69			107,342.69
Total Revenues	<u>358,068,145.24</u>	<u>358,068,145.24</u>	<u>0.00</u>	<u>0.00</u>	<u>358,068,145.24</u>
<b>EXPENDITURES</b>					
Salaries and Wages	184,759,750.61	184,759,750.61		1,141,265.01	185,901,015.62
Payroll-Related Costs	52,889,884.41	52,889,884.41			52,889,884.41
Professional Fees and Services	45,570,857.16	45,570,857.16			45,570,857.16
Travel	5,130,282.61	5,130,282.61			5,130,282.61
Materials and Supplies	6,169,369.74	6,169,369.74			6,169,369.74
Communication and Utilities	2,984,030.97	2,984,030.97			2,984,030.97
Repairs and Maintenance	15,173,937.88	15,173,937.88			15,173,937.88
Rentals and Leases	14,523,731.60	14,523,731.60			14,523,731.60
Printing and Reproduction	954,465.13	954,465.13			954,465.13
Claims and Judgements (Note 17)	1,356.53	1,356.53			1,356.53
Other Expenditures	3,632,699.55	3,632,699.55			3,632,699.55
Capital Outlay (Note 2)	1,383,598.84	1,383,598.84	(1,383,598.84)		
Depreciation and Amortization Expense (Note 2)			8,488,984.02		8,488,984.02
Total Expenditures/Expenses	<u>333,173,965.03</u>	<u>333,173,965.03</u>	<u>7,105,385.18</u>	<u>1,141,265.01</u>	<u>341,420,615.22</u>
Excess (Deficiency) of Revenues over Expenditures	<u>24,894,180.21</u>	<u>24,894,180.21</u>	<u>(7,105,385.18)</u>	<u>(1,141,265.01)</u>	<u>16,647,530.02</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	250,000.00	250,000.00			250,000.00
Transfers Out	(2,089.50)	(2,089.50)			(2,089.50)
Sale of Capital Assets	1,939.50	1,939.50			1,939.50
Gain/(Loss) on Sale of Capital Assets			(30,009.60)		(30,009.60)
Total Other Financing Sources and Uses	<u>249,850.00</u>	<u>249,850.00</u>	<u>(30,009.60)</u>	<u>0.00</u>	<u>219,840.40</u>
Net Change in Fund Balances/Net Position	<u>25,144,030.21</u>	<u>25,144,030.21</u>	<u>(7,135,394.78)</u>	<u>(1,141,265.01)</u>	<u>16,867,370.42</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>					
Fund Balances – Beginning September 1, 2015	33,055,489.36	33,055,489.36			33,055,489.36
Restatements (Note 14)					
Fund Balances, September 1, 2015 as Restated	<u>33,055,489.36</u>	<u>33,055,489.36</u>	<u>0.00</u>	<u>0.00</u>	<u>33,055,489.36</u>
Fund Balances – August 31, 2016	<u>\$ 58,199,519.57</u>	<u>\$ 58,199,519.57</u>	<u>\$ (7,135,394.78)</u>	<u>\$ (1,141,265.01)</u>	<u>\$ 49,922,859.78</u>
<b>GOVERNMENT-WIDE STATEMENT OF NET POSITION</b>					
Net Position/Net Change in Net Position		\$ 58,199,519.57	\$ (7,135,394.78)	\$ (1,141,265.01)	\$ 49,922,859.78
Net Position-September 1, 2015			28,728,793.17	(18,921,022.13)	9,807,771.04
Restatements (Note 14)					
Net Position, September 1, 2015, as Restated			<u>28,728,793.17</u>	<u>(18,921,022.13)</u>	<u>9,807,771.04</u>
Net Position as of August 31, 2016		<u>\$ 58,199,519.57</u>	<u>\$ 21,593,398.39</u>	<u>\$ (20,062,287.14)</u>	<u>\$ 59,730,630.82</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 Comptroller of Public Accounts' Reporting Requirements for Annual Financial Reports of 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 state revenues over the upcoming two-year budget period.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) *Statement 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's *Comprehensive Annual Financial Report*; 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 AND GOVERNMENT-WIDE ADJUSTMENT FUND TYPES

##### ***General Revenue Fund***

The General Revenue Fund (Fund 0001) is the principal 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 another fund.

##### ***General Revenue-Dedicated Sexual Assault Program Fund***

The General Revenue - Dedicated (Fund 5010) was created to receive community parole supervision and probation fees collected under Art. 42.12 19(e) Code of Criminal Procedures and the 508.189 Government Code, and is administered by the Texas Office of Attorney General to finance Ch. 420 grant programs. In the fiscal 2016-2017 biennium, funds were appropriated to the Comptroller of Public Accounts for the purpose of increasing compliance and enforcement of the collection of admission fees to certain sexually-oriented businesses, pursuant to Section 102.052, of the Business and Commerce Code.

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

The Capital Assets Adjustment Fund (Fund 9998) is 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) is used to convert governmental fund types' debt from modified accrual to full accrual.

## **FIDUCIARY FUND TYPES**

### ***Agency Funds***

Agency funds are used to report resources held by the agency 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), Departmental Suspense (Fund 0900), TPASS Postage (Fund 0999) and Child Support Employee Deductions (Fund 8070).

## **BASIS OF ACCOUNTING**

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

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 60 days after fiscal 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 build the government-wide financial statements are accounted for using the full accrual basis of accounting. The activity that is recognized in these fund types is as follows: capital assets, accumulated depreciation/amortization and unpaid employee compensable leave.

## **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. The Comptroller of Public Accounts has authority to retain unexpended balances for use in the future periods.

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

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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 – Accounts Receivable***

This account appears in governmental fund types and includes year-end revenue accruals.

#### ***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**

### **Tangible Assets**

Tangible assets include assets such as furniture, fixtures, equipment and vehicles. Tangible assets with an initial individual unit cost of \$5,000 or more and an estimated useful life that meets or exceeds one year are capitalized. These assets are capitalized at cost or, if purchased, at appraised fair market value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures.

Depreciation is reported on all “exhaustible” assets. Tangible assets are depreciated over the estimated useful life of the asset using the straight line method. Assets such as works of art or historical treasures are considered “inexhaustible” and are not depreciated.

### **Intangible Assets**

Intangible assets include assets such as purchased or developed software. These are assets that lack physical substance, are nonfinancial in nature and have an estimated useful life of one year or greater.

Internally generated computer software with a total development cost of \$1,000,000 or greater is capitalized. Purchased computer software is capitalized, if the aggregate cost of the software purchased meets or exceeds \$100,000.

Intangible software assets are amortized on an annual basis over the estimated useful life of the software using a straight line method.

Intangible software assets are reported in accordance with GASB Statement 51, Accounting and Financial Reporting for Intangible Assets.

## **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 noncurrent in the statement of net position.

## **FUND BALANCE/NET POSITION**

Fund balance is the difference between fund assets and liabilities on the governmental fund statements. Net position is the difference between fund assets and liabilities on the government-wide fund statements.

### **Fund Balance Components**

The fund balance amounts for governmental funds are classified as nonspendable, committed and unassigned in the fund financial statements.

- Nonspendable fund balance includes amounts not available to be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. The nonspendable fund balance for this purpose represents the amount of supplies, postage and prepaid assets held to be used in the next fiscal year.
- Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the state’s highest level of decision-making authority, the Legislature. The committed amounts cannot be used for any other purpose unless the Legislature removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

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- Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that was not assigned to other funds and was not restricted, committed or assigned to specific purposes within the general fund. This represents funds that can be carried forward for future operations.

### Net Investment in Capital Assets

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

### INTERFUND ACTIVITIES AND TRANSACTIONS

The agency experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer. Repayment of interfund balances will occur within one year from the date of the financial statement.

The Comptroller's office has the following types of transactions between funds/agencies:

- Due From Other Agencies
- Transfers In
- Transfers Out
- Interfund Receivables and Interfund Payables

The composition of the agency's interfund receivable and payable activities and balances is 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 HB 7, Section 20.

A summary of changes in capital assets for the year ended Aug. 31, 2016, is presented below:

	GOVERNMENTAL ACTIVITIES							Balance August 31, 2016
	Balance September 1, 2015	Adjust- ments	Completed CIP	Increase Interagency Trans	Decrease Interagency Trans	Additions	Deletions	
<b>GOVERNMENTAL ACTIVITIES</b>								
Non-depreciable or Non-amortizable Assets								
Other Tangible Capital Assets	\$ 3,250.00	\$	\$	\$	\$	\$	\$	\$ 3,250.00
Total Non-depreciable or Non-amortizable Assets	<u>3,250.00</u>	<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>3,250.00</u>
Depreciable Assets								
Furniture and Equipment	9,459,637.39					526,431.34	(2,318,121.48)	7,667,947.25
Vehicles, Boats and Aircraft	241,973.83					73,290.00	(28,642.60)	286,621.23
Total Depreciable Assets at Historical Cost	<u>9,701,611.22</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>599,721.34</u>	<u>(2,346,764.08)</u>	<u>7,954,568.48</u>
Less Accumulated Depreciation for:								
Furniture and Equipment	(6,232,964.05)					(1,072,110.77)	2,288,111.88	(5,016,962.94)
Vehicles, Boats and Aircraft	(213,419.37)					(10,757.69)	28,642.60	(195,534.46)
Total Accumulated Depreciation	<u>(6,446,383.42)</u>					<u>(1,082,868.46)</u>	<u>2,316,754.48</u>	<u>(5,212,497.40)</u>
Depreciable Assets, Net	<u>3,255,227.80</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(483,147.12)</u>	<u>(30,009.60)</u>	<u>2,742,071.08</u>
Intangible Capital Assets - Amortizable								
Computer Software	54,700,938.28					783,877.50	(322,515.52)	55,162,300.26
Total Intangible Assets at Historical Cost	<u>54,700,938.28</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>783,877.50</u>	<u>(322,515.52)</u>	<u>55,162,300.26</u>
Less Accumulated Amortization for:								
Computer Software	(29,230,622.91)					(7,406,115.56)	322,515.52	(36,314,222.95)
Total Accumulated Amortization	<u>(29,230,622.91)</u>					<u>(7,406,115.56)</u>	<u>322,515.52</u>	<u>(36,314,222.95)</u>
Amortizable Assets, Net	<u>25,470,315.37</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(6,622,238.06)</u>	<u>0.00</u>	<u>18,848,077.31</u>
Total Governmental Activities Capital Assets, Net	<u>\$28,728,793.17</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$(7,105,385.18)</u>	<u>\$ (30,009.60)</u>	<u>\$ 21,593,398.39</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 Aug. 31, 2016, the carrying amount of deposits was \$35,000, as presented below:

Governmental and Business Type Activities	
Cash in Bank – Carrying Amount	\$ 35,000.00
Total Cash in Bank, per AFR, (Exhibit I)	<u>\$ 35,000.00</u>

The carrying amount of \$35,000 for Cash in Bank represents the Comptroller’s travel advance fund. This amount consists of all cash in local banks. This amount is included on the combined balance sheet/statement of net position as part of the “cash and cash equivalents.”

**NOTE 4: Short-Term Debt**

(Not Applicable)

**NOTE 5: Long-Term Liabilities**

**Changes in Long-Term Liabilities**

During the year ended Aug. 31, 2016, the following changes occurred in liabilities reported in the general long-term liability account group:

Governmental Activities	Balance September 1, 2015	Additions	Reductions	Balance August 31, 2016	Amounts Due Within One Year	Amounts Due Thereafter
Employees’ Compensable Leave	\$ 18,921,022.13	\$ 12,370,582.58	\$ (11,229,317.57)	\$ 20,062,287.14	\$ 9,272,281.67	\$ 10,790,005.47
Total Governmental Activities	<u>\$ 18,921,022.13</u>	<u>\$ 12,370,582.58</u>	<u>\$ (11,229,317.57)</u>	<u>\$ 20,062,287.14</u>	<u>\$ 9,272,281.67</u>	<u>\$ 10,790,005.47</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 at least 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 position. No liability is recorded for non-vesting employees accumulating rights to receive sick pay benefits. This obligation is paid from the same funding source from which the employee’s salary or wage compensation was paid.

**NOTE 6: Bonded Indebtedness**

(Not Applicable)

**NOTE 7: Derivative Instruments**

(Not Applicable)

## NOTE 8: Leases

### Operating Leases

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

Fund Type 01	Amount
General – Rent Paid	\$ 3,456,111.96
General – Operating Leases	<u>7,784,939.65</u>
Total	<u>\$ 11,241,051.61</u>

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

Year Ended Aug. 31, 2016	
2017	\$ 10,279,374.21
2018	6,138,115.99
2019	4,308,019.74
2020	2,398,079.92
2021	1,568,584.13
2022 thru 2026	<u>2,068,108.88</u>
Total Minimum Future Lease Rental Payments	<u>\$ 26,760,282.87</u>

## NOTE 9: Defined Benefit Pension Plans and Defined Contribution Plan

(Not Applicable)

## NOTE 10: Deferred Compensation

(Not Applicable)

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

(Not Applicable)

## NOTE 12: Interfund Receivables and Payables

As detailed in Note 1, Interfund Activities and Transactions, the agency had numerous transactions between funds and agencies. The reporting on the interfund receivable and interfund payable balances and activity at Aug. 31, 2016, is as follows:

	Interfund Receivable	Interfund Payable	Source
<b>GENERAL REVENUE (01)</b>			
Agency 304, GR Fund 0001	\$ 125,000.00	\$	Travel Expenses
Agency 304, GR Dedicated Fund 5010		<u>125,000.00</u>	Travel Expenses
Total Interfund Payable/Receivable (Exh I)	<u>\$ 125,000.00</u>	<u>\$ 125,000.00</u>	

## NOTE 13: Continuance Subject to Review

(Not Applicable)

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

(Not Applicable)

**NOTE 15: Contingencies and Commitments**

(Not Applicable)

**NOTE 16: Subsequent Events**

(Not Applicable)

**NOTE 17: Risk Management**

The Comptroller of Public Accounts is exposed to civil claims resulting from the performance of its duties. It is agency policy to periodically assess potential risks to which it may be exposed.

The agency assumes substantially all risks associated with tort and liability claims due to the performance of its duties.

Liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated.

The agency’s claim and judgement liability activity during fiscal 2016 is included here:

Beginning Balance September 1, 2015	Increases	Decreases	Ending Balance August 31, 2016
\$ 0.00	\$ 1,356.53	\$ (1,356.53)	\$ 0.00

**NOTE 18: Management’s Discussion and Analysis**

No material accounting events occurred at the Comptroller of Public Accounts for fiscal year 2016.

**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’s Treasury – Fiscal (311), the Comptroller’s State Energy Conservation Office (SECO) (907), the Comptroller – Fiscal (902) 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)

**NOTE 27: Service Concession Arrangements**

(Not Applicable)

**NOTE 28: Deferred Outflows of Resources and Deferred Inflows of Resources**

(Not Applicable)

**NOTE 29: Troubled Debt Restructuring**

(Not Applicable)

**NOTE 30: Non-Exchange Financial Guarantees**

(Not Applicable)

COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS



UNAUDITED  
Comptroller of Public Accounts (304)

EXHIBIT A-1

## Combining Balance Sheet – All General and Consolidated Funds

August 31, 2016

	General Revenue (0001) U/F (0001)	Sexual Assault Program Fund (5010) U/F (5010)	Total (Exhibit 1)
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents:			
Cash on Hand	\$ 4,350.00	\$	\$ 4,350.00
Cash in Bank (Note 3)	35,000.00		35,000.00
Legislative Appropriations	80,188,869.65		80,188,869.65
Receivables From:			
Accounts Receivable	119,092.59		119,092.59
Interfund Receivable (Note 12)	125,000.00		125,000.00
Due From Other Agencies	11,566.55	250,000.00	261,566.55
Consumable Inventories	376,810.43		376,810.43
Total Current Assets	<u>80,860,689.22</u>	<u>250,000.00</u>	<u>81,110,689.22</u>
Total Assets	<u>\$ 80,860,689.22</u>	<u>\$ 250,000.00</u>	<u>\$ 81,110,689.22</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Payables From:			
Accounts Payable	\$ 2,734,866.69	\$	\$ 2,734,866.69
Payroll Payable	20,051,302.96		20,051,302.96
Interfund Payable (Note 12)		125,000.00	125,000.00
Total Current Liabilities	<u>22,786,169.65</u>	<u>125,000.00</u>	<u>22,911,169.65</u>
Total Liabilities	<u>22,786,169.65</u>	<u>125,000.00</u>	<u>22,911,169.65</u>
<b>FUND FINANCIAL STATEMENT</b>			
Fund Balances (Deficits):			
Nonspendable – Inventory	376,810.43		376,810.43
Committed		125,000.00	125,000.00
Unassigned	57,697,709.14		57,697,709.14
Total Fund Balances	<u>58,074,519.57</u>	<u>125,000.00</u>	<u>58,199,519.57</u>
Total Liabilities and Fund Balances	<u>\$ 80,860,689.22</u>	<u>\$ 250,000.00</u>	<u>\$ 81,110,689.22</u>

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

UNAUDITED  
Comptroller of Public Accounts (304)

EXHIBIT A-2

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

For the Fiscal Year Ended August 31, 2016

	General Revenue (0001) U/F (0001)	Sexual Assault Program Fund (5010) U/F (5010)	Total (Exhibit 2)
<b>REVENUES</b>			
Legislative Appropriations:			
Original Appropriations	\$ 281,483,878.00	\$	\$ 281,483,878.00
Additional Appropriations	54,100,456.04		54,100,456.04
Federal Revenue (Schedule 1A)	83,305.07		83,305.07
Licenses, Fees and Permits	16,713,261.13		16,713,261.13
Sales of Goods and Services	5,579,902.31		5,579,902.31
Other	107,342.69		107,342.69
Total Revenues	<u>358,068,145.24</u>	<u>0.00</u>	<u>358,068,145.24</u>
<b>EXPENDITURES</b>			
Salaries and Wages	184,759,750.61		184,759,750.61
Payroll Related Costs	52,889,884.41		52,889,884.41
Professional Fees and Services	45,570,857.16		45,570,857.16
Travel	5,005,282.61	125,000.00	5,130,282.61
Materials and Supplies	6,169,369.74		6,169,369.74
Communication and Utilities	2,984,030.97		2,984,030.97
Repairs and Maintenance	15,173,937.88		15,173,937.88
Rentals and Leases	14,523,731.60		14,523,731.60
Printing and Reproduction	954,465.13		954,465.13
Claims and Judgements	1,356.53		1,356.53
Other Expenditures	3,632,699.55		3,632,699.55
Capital Outlay (Note 2)	1,383,598.84		1,383,598.84
Total Expenditures/Expenses	<u>333,048,965.03</u>	<u>125,000.00</u>	<u>333,173,965.03</u>
Excess (Deficiency) of Revenues over Expenditures	<u>25,019,180.21</u>	<u>(125,000.00)</u>	<u>24,894,180.21</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In		250,000.00	250,000.00
Transfers Out	(2,089.50)		(2,089.50)
Sale of Capital Assets	1,939.50		1,939.50
Total Other Financing Sources and Uses	<u>(150.00)</u>	<u>250,000.00</u>	<u>249,850.00</u>
Net Change in Fund Balances/Net Position	<u>25,019,030.21</u>	<u>125,000.00</u>	<u>25,144,030.21</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>			
Fund Balances – Beginning September 1, 2015	33,055,489.36		33,055,489.36
Restatements (Note 14)			
Fund Balances, September 1, 2015 as Restated	<u>33,055,489.36</u>	<u>0.00</u>	<u>33,055,489.36</u>
Fund Balances – August 31, 2016	<u>\$ 58,074,519.57</u>	<u>\$ 125,000.00</u>	<u>\$ 58,199,519.57</u>

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



UNAUDITED  
Comptroller of Public Accounts (304)

EXHIBIT J-1

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

August 31, 2016

	Beginning Balance September 1, 2015	Additions	Deductions	Ending Balance August 31, 2016
<b>UNAPPROPRIATED RECEIPTS</b>				
<b>General Revenue Fund (0001) U/F (1000)</b>				
<b>ASSETS</b>				
Current				
Cash in State Treasury	\$ 0.00	\$ 12,649,323.72	\$ 12,649,323.72	\$ 0.00
Total Assets	<u>\$ 0.00</u>	<u>\$ 12,649,323.72</u>	<u>\$ 12,649,323.72</u>	<u>\$ 0.00</u>
<b>LIABILITIES</b>				
Current				
Accounts Payable	\$ 0.00	\$ 25.00	\$ 25.00	\$ 0.00
Funds Held for Others	0.00	12,649,323.72	12,649,323.72	0.00
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 12,649,348.72</u>	<u>\$ 12,649,348.72</u>	<u>\$ 0.00</u>
<b>Suspense Fund (0900) U/F (9015) (9016)</b>				
<b>ASSETS</b>				
Current				
Cash in State Treasury	\$ 0.00	\$ 6,240.16	\$ 6,240.16	\$ 0.00
Total Assets	<u>\$ 0.00</u>	<u>\$ 6,240.16</u>	<u>\$ 6,240.16</u>	<u>\$ 0.00</u>
<b>LIABILITIES</b>				
Current				
Funds Held for Others	\$ 0.00	\$ 6,240.16	\$ 6,240.16	\$ 0.00
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 6,240.16</u>	<u>\$ 6,240.16</u>	<u>\$ 0.00</u>
<b>Direct Deposit Correction (0980) U/F (0980) (9014)</b>				
<b>ASSETS</b>				
Current				
Cash in State Treasury	\$ 0.00	\$ 9,543.66	\$ 9,543.66	\$ 0.00
Total Assets	<u>\$ 0.00</u>	<u>\$ 9,543.66</u>	<u>\$ 9,543.66</u>	<u>\$ 0.00</u>
<b>LIABILITIES</b>				
Current				
Funds Held for Others	\$ 0.00	\$ 9,543.66	\$ 9,543.66	\$ 0.00
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 9,543.66</u>	<u>\$ 9,543.66</u>	<u>\$ 0.00</u>
<b>TPASS Postage Fund (9999) U/F (0999)</b>				
<b>ASSETS</b>				
Current				
Other Current Assets	\$ 348,088.49	\$ 174,793.53	\$ 0.00	\$ 522,882.02
Total Assets	<u>\$ 348,088.49</u>	<u>\$ 174,793.53</u>	<u>\$ 0.00</u>	<u>\$ 522,882.02</u>
<b>LIABILITIES</b>				
Current				
Funds Held for Others	\$ 348,088.49	\$ 174,793.53	\$ 0.00	\$ 522,882.02
Total Liabilities	<u>\$ 348,088.49</u>	<u>\$ 174,793.53</u>	<u>\$ 0.00</u>	<u>\$ 522,882.02</u>
<b>Child Support Employ Deduct – Offset Acct Fund (0807) U/F (8070)</b>				
<b>ASSETS</b>				
Current				
Cash in State Treasury	\$ 38,056.92	\$ 468,837.90	\$ 471,477.54	\$ 35,417.28
Total Assets	<u>\$ 38,056.92</u>	<u>\$ 468,837.90</u>	<u>\$ 471,477.54</u>	<u>\$ 35,417.28</u>
<b>LIABILITIES</b>				
Current				
Accounts Payable	\$ 0.00	\$ 432,027.48	\$ 432,027.48	\$ 0.00
Funds Held for Others	38,056.92	468,837.90	471,477.54	35,417.28
Total Liabilities	<u>\$ 38,056.92</u>	<u>\$ 900,865.38</u>	<u>\$ 903,505.02</u>	<u>\$ 35,417.28</u>

*Concluded on the following page*

UNAUDITED  
Comptroller of Public Accounts (304)

EXHIBIT J-1 (concluded)

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

August 31, 2016

	Beginning Balance September 1, 2015	Additions	Deductions	Ending Balance August 31, 2016
<b>Totals – All Agency Funds</b>				
<b>ASSETS</b>				
Current				
Cash in State Treasury	\$ 38,056.92	\$ 13,133,945.44	\$ 13,136,585.08	\$ 35,417.28
Other Current Assets	348,088.49	174,793.53	0.00	522,882.02
Total Assets	<u>\$ 386,145.41</u>	<u>\$ 13,308,738.97</u>	<u>\$ 13,136,585.08</u>	<u>\$ 558,299.30</u>
<b>LIABILITIES</b>				
Current				
Funds Held for Others	386,145.41	13,308,738.97	13,136,585.08	558,299.30
Total Liabilities	<u>\$ 386,145.41</u>	<u>\$ 13,740,791.45</u>	<u>\$ 13,568,637.56</u>	<u>\$ 558,299.30</u>

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

# SUPPLEMENTARY SCHEDULES

UNAUDITED  
Comptroller of Public Accounts (304)

SCHEDULE 1A

## Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended August 31, 2016

Federal Grantor/ Pass-Through Grantor Program Title	CFDA Number	NSE Name or Identifying Number	Agy/Univ No.	Pass-Through From		Direct Program Amount	Total Pass- Through From and Direct Program Amount
				Agencies or Univ. Amount	Non-State Entities Amount		
<b>U.S. Department of Justice</b>							
<b>Direct Programs:</b>							
Equitable Sharing Program	16.922			\$	\$	\$ 68,683.57	\$ 68,683.57
Totals – U.S. Department of Justice (Exhibit II)				<u>0.00</u>	<u>0.00</u>	<u>68,683.57</u>	<u>68,683.57</u>
<b>U.S. Department of Treasury</b>							
<b>Direct Programs:</b>							
Equitable Sharing Program	21.000	15-5042-0-2-752				14,621.50	14,621.50
Totals – U.S. Department of Treasury (Exhibit II)				<u>0.00</u>	<u>0.00</u>	<u>14,621.50</u>	<u>14,621.50</u>
Total Expenditures of Federal Awards				<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 83,305.07</u>	<u>\$ 83,305.07</u>

NOTE 7 – Federal Deferred Revenue	CFDA Number	Balance Sept. 1, 2015	Net Change	Balance Aug. 31, 2016
U.S. Department of Justice	16.922	\$ 67,726.79	\$ (67,726.79)	\$ 0.00
U.S. Department of Treasury	21.000	0.00	0.00	0.00
Total Deferred Revenue (Exhibit I)		<u>\$ 67,726.79</u>	<u>\$ (67,726.79)</u>	<u>\$ 0.00</u>

The deferred (unearned) revenue is the amount of Equitable Sharing Program revenue received, but not yet expended at fiscal year-end. The accompany notes to the financial statements are an integral part of this statement.

UNAUDITED  
Comptroller of Public Accounts (304)

SCHEDULE 1A (concluded)

## Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended August 31, 2016

Federal Grantor/ Pass-Through Grantor Program Title	Pass-Through To		Expenditures Amount	Total Pass- Through To and Expenditures Amount	
	Agy/Univ No.	Agencies or Univ. Amount			Non-State Entities Amount
<b>U.S. Department of Justice</b>					
<b>Direct Programs:</b>					
Equitable Sharing Program		\$	\$	\$ 68,683.57	\$ 68,683.57
Totals – U.S. Department of Justice (Exhibit II)		<u>0.00</u>	<u>0.00</u>	<u>68,683.57</u>	<u>68,683.57</u>
<b>U.S. Department of Treasury</b>					
<b>Direct Programs:</b>					
Equitable Sharing Program				14,621.50	14,621.50
Totals – U.S. Department of Treasury (Exhibit II)		<u>0.00</u>	<u>0.00</u>	<u>14,621.50</u>	<u>14,621.50</u>
Total Expenditures of Federal Awards		<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 83,305.07</u>	<u>\$ 83,305.07</u>

UNAUDITED  
*Comptroller of Public Accounts (304)*

# Comptroller Judiciary Section (241)

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## **BASIC FINANCIAL STATEMENTS**

UNAUDITED  
*Comptroller Judiciary Section (241)*



UNAUDITED  
Comptroller Judiciary Section (241)

EXHIBIT I

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

August 31, 2016

	General Funds	Special Revenue Funds (Exhibit A-1)	Governmental Funds Total
<b>ASSETS</b>			
Current Assets:			
Cash			
Cash In State Treasury	\$	\$ 3,414,987.52	\$ 3,414,987.52
Legislative Appropriations	29,569,149.19		29,569,149.19
Due From Other Agencies	605,277.68		605,277.68
Total Current Assets	<u>30,174,426.87</u>	<u>3,414,987.52</u>	<u>33,589,414.39</u>
Total Assets	<u>\$ 30,174,426.87</u>	<u>\$ 3,414,987.52</u>	<u>\$ 33,589,414.39</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Current Liabilities:			
Payables From:			
Accounts Payable	\$ 1,163,352.33	\$ 121.44	\$ 1,163,473.77
Payroll	9,655,865.14		9,655,865.14
Total Current Liabilities	<u>10,819,217.47</u>	<u>121.44</u>	<u>10,819,338.91</u>
Total Liabilities	<u>10,819,217.47</u>	<u>121.44</u>	<u>10,819,338.91</u>
<b>FUND FINANCIAL STATEMENT</b>			
Fund Balances (Deficits):			
Committed		3,414,866.08	3,414,866.08
Unassigned	19,355,209.40		19,355,209.40
Total Fund Balances	<u>19,355,209.40</u>	<u>3,414,866.08</u>	<u>22,770,075.48</u>
Total Liabilities and Fund Balances	<u>\$ 30,174,426.87</u>	<u>\$ 3,414,987.52</u>	<u>\$ 33,589,414.39</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, 2016

	General Funds	Special Revenue Funds (Exhibit A-2)	Governmental Funds Total
<b>REVENUES</b>			
Legislative Appropriations:			
Original Appropriations	\$ 77,725,822.00	\$	\$ 77,725,822.00
Additional Appropriations	22,715,992.37		22,715,992.37
State Grant Pass-Through Revenue (Schedule 1B)	1,519,923.00		1,519,923.00
Licenses, Fees and Permits	15,640,461.48	68,829,969.39	84,470,430.87
Other	219,365.95		219,365.95
Total Revenues	<u>117,821,564.80</u>	<u>68,829,969.39</u>	<u>186,651,534.19</u>
<b>EXPENDITURES</b>			
Salaries and Wages	70,667,242.98	23,092,175.74	93,759,418.72
Payroll Related Costs	9,003,638.15	14,351,708.01	23,355,346.16
Travel	562,034.57		562,034.57
Intergovernmental Payments	28,590,873.27	28,714,720.32	57,305,593.59
Other Expenditures	2,339,329.00	198,842.52	2,538,171.52
Total Expenditures/Expenses	<u>111,163,117.97</u>	<u>66,357,446.59</u>	<u>177,520,564.56</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>6,658,446.83</u>	<u>2,472,522.80</u>	<u>9,130,969.63</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In		14,967,647.06	14,967,647.06
Transfers Out	(6,697,267.34)	(19,730,702.25)	(26,427,969.59)
Total Other Financing Sources (Uses)	<u>(6,697,267.34)</u>	<u>(4,763,055.19)</u>	<u>(11,460,322.53)</u>
Net Change in Fund Balances/Net Position	<u>(38,820.51)</u>	<u>(2,290,532.39)</u>	<u>(2,329,352.90)</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>			
Fund Balances – Beginning	21,085,545.71	5,705,398.47	26,790,944.18
Restatements			
Fund Balances, September 1, 2015, as Restated	21,085,545.71	5,705,398.47	26,790,944.18
Appropriations Lapsed	(1,691,515.80)		(1,691,515.80)
Fund Balances – August 31, 2016	<u>\$ 19,355,209.40</u>	<u>\$ 3,414,866.08</u>	<u>\$ 22,770,075.48</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'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 Comptroller of Public Accounts Reporting Requirements for Annual Financial Reports of 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 (GASB) *Statement 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's *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 Fund**

The General Revenue Fund (Fund 0001) 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.

#### **The Felony Prosecutor Supplement (Fund 0303)**

The fund receives two-thirds of a \$15 fee paid by each surety posting a bail bond to fund longevity supplements for eligible assistant prosecutors. The remaining one-third is deposited to the GR Account — Fair Defense Fund.

#### **The Judicial Fund (Fund 0573)**

This fund is used only for court-related purposes in support of the judicial branch of the state, including child support, court management and basic legal services for the indigent.

## **FIDUCIARY FUND TYPES**

### ***Agency Funds***

Agency funds are used to report resources held by the agency 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 0001), Departmental Suspense (Fund 0900), Direct Deposit Correction Fund (Fund 0980) 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 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 POSITION**

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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 POSITION**

Fund balance is the difference between fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources on the governmental fund statements.

## **Fund Balance Components**

The fund balance amounts for governmental funds are classified as committed and unassigned in the fund financial statements.

- Committed fund balance can be used only for specific purposes pursuant to constraints imposed through legislation passed into law by a formal action of the Texas Legislature, the state's highest level of decision making authority.
- Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that was not assigned to other funds and was not restricted, committed or assigned to specific purposes within the general fund.

## **INTERFUND ACTIVITIES AND TRANSACTIONS**

Interfund transaction refers to interactions with legally separate entities such as other state agencies and is restricted to external events. The agency experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer.

The Comptroller's Judiciary Section has the following types of transactions between funds/agencies:

- Due From Other Agencies
- Transfers In
- Transfers Out

### **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**

The employees paid through the Comptroller's Judiciary Section, Agency 241, are not eligible for state compensable leave. The Comptroller's Judiciary Section does not have any compensable leave liability for these employees.

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

(Not Applicable)

### **NOTE 7: Derivatives**

(Not Applicable)

### **NOTE 8: Leases**

(Not Applicable)

### **NOTE 9: Defined Benefit Pension Plans and Defined Contribution Plan**

(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**

(Not Applicable)

**NOTE 13: Continuance Subject to Review**

(Not Applicable)

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

(Not Applicable)

**NOTE 15: Contingencies and Commitments**

(Not Applicable)

**NOTE 16: Subsequent Events**

(Not Applicable)

**NOTE 17: Risk Management**

(Not Applicable)

**NOTE 18: Management's Discussion and Analysis**

No material accounting events occurred at the Comptroller's Judiciary Section for fiscal year 2016.

**NOTE 19: The Financial Reporting Entity**

(Not Applicable)

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

(Not Applicable)

**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)

**NOTE 27: Service Concession Arrangements**

(Not Applicable)

**NOTE 28: Deferred Outflows of Resources and Deferred Inflows of Resources**

(Not Applicable)

**NOTE 29: Trouble Debt Restructuring**

(Not Applicable)

**NOTE 30: Non-Exchanges Financial Guarantees**

(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 – Special Revenue Funds**

August 31, 2016

	Special Revenue Felony Prosecutor (0303) U/F (0303)	Special Revenue Judicial (0573) U/F (0573, 1573)	Totals (Exhibit I)
<b>ASSETS</b>			
Current Assets:			
Cash			
Cash In State Treasury	\$ 732,767.96	\$ 2,682,219.56	\$ 3,414,987.52
Total Current Assets	<u>732,767.96</u>	<u>2,682,219.56</u>	<u>3,414,987.52</u>
Total Assets	<u>\$ 732,767.96</u>	<u>\$ 2,682,219.56</u>	<u>\$ 3,414,987.52</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Current Liabilities:			
Payables From:			
Accounts Payable	\$	\$ 121.44	\$ 121.44
Total Current Liabilities	<u>0.00</u>	<u>121.44</u>	<u>121.44</u>
Total Liabilities	<u>0.00</u>	<u>121.44</u>	<u>121.44</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>			
Fund Balances (Deficits):			
Committed	732,767.96	2,682,098.12	3,414,866.08
Total Fund Balances	<u>732,767.96</u>	<u>2,682,098.12</u>	<u>3,414,866.08</u>
Total Liabilities and Fund Balances	<u>\$ 732,767.96</u>	<u>\$ 2,682,219.56</u>	<u>\$ 3,414,987.52</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 – Special Revenue Funds

For the Fiscal Year Ended August 31, 2016

	Special Revenue Felony Prosecutor (0303) U/F (0303)	Special Revenue Judicial (0573) U/F (0573, 1573)	Totals (Exhibit II)
<b>REVENUES</b>			
Licenses, Fees & Permits	\$ 4,079,883.08	\$ 64,750,086.31	\$ 68,829,969.39
Total Revenues	<u>4,079,883.08</u>	<u>64,750,086.31</u>	<u>68,829,969.39</u>
<b>EXPENDITURES</b>			
Salaries and Wages		23,092,175.74	23,092,175.74
Payroll Related Costs		14,351,708.01	14,351,708.01
Intergovernmental Payments	4,395,655.91	24,319,064.41	28,714,720.32
Other Expenditures		198,842.52	198,842.52
Total Expenditures/Expenses	<u>4,395,655.91</u>	<u>61,961,790.68</u>	<u>66,357,446.59</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(315,772.83)</u>	<u>2,788,295.63</u>	<u>2,472,522.80</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In		14,967,647.06	14,967,647.06
Transfers Out		(19,730,702.25)	(19,730,702.25)
Total Other Financing Sources (Uses)	<u>0.00</u>	<u>(4,763,055.19)</u>	<u>(4,763,055.19)</u>
Net Change in Fund Balances/Net Position	<u>(315,772.83)</u>	<u>(1,974,759.56)</u>	<u>(2,290,532.39)</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>			
Fund Balances – September 1, 2015	1,048,540.79	4,656,857.68	5,705,398.47
Restatements			
Fund Balances, September 1, 2015, as Restated	<u>1,048,540.79</u>	<u>4,656,857.68</u>	<u>5,705,398.47</u>
Appropriations Lapsed			
Fund Balances – August 31, 2016	<u>\$ 732,767.96</u>	<u>\$ 2,682,098.12</u>	<u>\$ 3,414,866.08</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, 2016

	Beginning Balance September 1, 2015	Additions	Deductions	Ending Balance August 31, 2016
<b>UNAPPROPRIATED RECEIPTS</b>				
<b>General Revenue Fund (0001) U/F (1000)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 0.00	\$ 643.58	\$ 643.58	\$ 0.00
Total Assets	<u>\$ 0.00</u>	<u>\$ 643.58</u>	<u>\$ 643.58</u>	<u>\$ 0.00</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 0.00	\$ 643.58	\$ 643.58	\$ 0.00
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 643.58</u>	<u>\$ 643.58</u>	<u>\$ 0.00</u>
<b>Suspense Fund (0900) U/F (9015)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 0.00	\$ 5,957.26	\$ 5,957.26	\$ 0.00
Total Assets	<u>\$ 0.00</u>	<u>\$ 5,957.26</u>	<u>\$ 5,957.26</u>	<u>\$ 0.00</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 0.00	\$ 5,957.26	\$ 5,957.26	\$ 0.00
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 5,957.26</u>	<u>\$ 5,957.26</u>	<u>\$ 0.00</u>
<b>Direct Deposit Correction Fund (0980) U/F (0980)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 0.00	\$ 684.30	\$ 684.30	\$ 0.00
Total Assets	<u>\$ 0.00</u>	<u>\$ 684.30</u>	<u>\$ 684.30</u>	<u>\$ 0.00</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 0.00	\$ 684.30	\$ 684.30	\$ 0.00
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 684.30</u>	<u>\$ 684.30</u>	<u>\$ 0.00</u>
<b>CHILD SUPPORT EMPLOYEE DEDUCT - Offset Account Fund (0807) U/F (8070)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 6,916.66	\$ 88,211.58	\$ 86,360.58	\$ 8,767.66
Total Assets	<u>\$ 6,916.66</u>	<u>\$ 88,211.58</u>	<u>\$ 86,360.58</u>	<u>\$ 8,767.66</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 6,916.66	\$ 88,211.58	\$ 86,360.58	\$ 8,767.66
Total Liabilities	<u>\$ 6,916.66</u>	<u>\$ 88,211.58</u>	<u>\$ 86,360.58</u>	<u>\$ 8,767.66</u>
<b>TOTALS – ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 6,916.66	\$ 95,496.72	\$ 93,645.72	\$ 8,767.66
Total Assets	<u>\$ 6,916.66</u>	<u>\$ 95,496.72</u>	<u>\$ 93,645.72</u>	<u>\$ 8,767.66</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 6,916.66	\$ 95,496.72	\$ 93,645.72	\$ 8,767.66
Total Liabilities	<u>\$ 6,916.66</u>	<u>\$ 95,496.72</u>	<u>\$ 93,645.72</u>	<u>\$ 8,767.66</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, 2016

<u>Pass-through From</u>	<u>Grant ID</u>	<u>Agency Number</u>	<u>Amount</u>
Criminal Justice Planning Grants	300.000	300	\$ 1,519,923.00
Governor – Fiscal			
Total Pass-Through from Other Agencies (Exh. II):			<u>\$ 1,519,923.00</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, 2016

	Governmental Fund Types			Governmental Funds Total
	General Funds (Exhibit A-1)	Special Revenue Funds (Exhibit B-1)	Permanent Funds (Exhibit C-1)	
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents:				
Cash in State Treasury	\$ 8,501,833,803.75	\$ 20,865,428.62	\$ 49,280,403.17	\$ 8,571,979,635.54
Cash in Bank (Note 3)		8,810,532.52		8,810,532.52
Short Term Investments (Note 3)	20,507,454.84		32,060,239.11	52,567,693.95
Receivables:				
Accounts	304,764,094.56			304,764,094.56
Interest and Dividends	5,524,125.08	34,105.35	49,220.30	5,607,450.73
Taxes (Note 27)	2,282,621,280.98			2,282,621,280.98
Due From Other Agencies (Note 12)	493,213,370.13			493,213,370.13
Total Current Assets	<u>11,608,464,129.34</u>	<u>29,710,066.49</u>	<u>81,389,862.58</u>	<u>11,719,564,058.41</u>
Non-Current Assets:				
Taxes Receivable (Note 27)	34,759,475.90			34,759,475.90
Investments (Note 3)	1,819,475,362.91		519,173,405.98	2,338,648,768.89
Total Non-Current Assets	<u>1,854,234,838.81</u>	<u>0.00</u>	<u>519,173,405.98</u>	<u>2,373,408,244.79</u>
Total Assets	<u>\$ 13,462,698,968.15</u>	<u>\$ 29,710,066.49</u>	<u>\$ 600,563,268.56</u>	<u>\$ 14,092,972,303.20</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Current Liabilities:				
Payables From:				
Accounts	\$ 1,345,333.66	\$ 438,036.65	\$ 279,040.70	\$ 2,062,411.01
Other Intergovernmental	35,478,738.96			35,478,738.96
Unclaimed Property Claimant Liabilities	272,572,345.21			272,572,345.21
Taxes Refund Payable	142,955,151.11			142,955,151.11
Due To Other Agencies (Note 12)	1,282,180,585.45		49,280,403.17	1,331,460,988.62
Unearned Revenues	390,928,019.39			390,928,019.39
Total Current Liabilities	<u>2,125,460,173.78</u>	<u>438,036.65</u>	<u>49,559,443.87</u>	<u>2,175,457,654.30</u>
Total Liabilities	<u>2,125,460,173.78</u>	<u>438,036.65</u>	<u>49,559,443.87</u>	<u>2,175,457,654.30</u>
<b>DEFERRED INFLOWS</b>				
Deferred Inflow of Resources (Note 29)	349,847,371.88			349,847,371.88
Total Deferred Inflows	<u>349,847,371.88</u>	<u>0.00</u>	<u>0.00</u>	<u>349,847,371.88</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>				
Fund Balances (Deficits):				
Nonspendable	34,759,475.90			34,759,475.90
Restricted	1,931,232,825.32	8,406,601.22	551,003,824.69	2,490,643,251.23
Committed	22,746,848.10	20,865,428.62		43,612,276.72
Unassigned	8,998,652,273.17			8,998,652,273.17
Total Fund Balances	<u>10,987,391,422.49</u>	<u>29,272,029.84</u>	<u>551,003,824.69</u>	<u>11,567,667,277.02</u>
Total Liabilities and Fund Balances	<u>\$ 13,462,698,968.15</u>	<u>\$ 29,710,066.49</u>	<u>\$ 600,563,268.56</u>	<u>\$ 14,092,972,303.20</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, 2016

	Governmental Fund Types			Governmental Funds Total
	General Funds (Exhibit A-2)	Special Revenue Funds (Exhibit B-2)	Permanent Funds (Exhibit C-2)	
<b>REVENUES</b>				
Taxes	\$ 43,115,551,982.45	\$ 1,885,044,451.80	\$	\$ 45,000,596,434.25
Licenses, Fees & Permits	1,346,189,737.87	5,786,310.21		1,351,976,048.08
Interest and Other Investment Income	150,071,001.02	932,414.29	15,947,856.23	166,951,271.54
Land Income	13,457,839.38			13,457,839.38
Settlement of Claims	593,745,193.03			593,745,193.03
Sales of Goods and Services	50,598,089.24			50,598,089.24
Other	317,604,984.22	18,213,805.41	318,208,644.22	654,027,433.85
Total Revenues	<u>45,587,218,827.21</u>	<u>1,909,976,981.71</u>	<u>334,156,500.45</u>	<u>47,831,352,309.37</u>
<b>EXPENDITURES</b>				
Payroll Related Costs	670,784,505.69			670,784,505.69
Professional Fees and Services	23,807,391.13	308,775.00	1,150,672.79	25,266,838.92
Materials and Supplies	12,167.70			12,167.70
Communications and Utilities	218,136.50			218,136.50
Repairs and Maintenance	860,631.43			860,631.43
Claims and Judgments	9,974,526.28			9,974,526.28
Intergovernmental Payments	397,526,581.47	26,614,530.82	913,250.00	425,054,362.29
Other Expenditures	34,132,584.20	1,204.92		34,133,789.12
Capital Outlay				
Total Expenditures	<u>1,137,316,524.40</u>	<u>26,924,510.74</u>	<u>2,063,922.79</u>	<u>1,166,304,957.93</u>
Excess (Deficiency) of Revenues over Expenditures	<u>44,449,902,302.81</u>	<u>1,883,052,470.97</u>	<u>332,092,577.66</u>	<u>46,665,047,351.44</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In (Note 12)	984,687,852.03			984,687,852.03
Transfer Out (Note 12)	(19,861,133,905.97)	(1,886,012,118.08)	(29,387,548.43)	(21,776,533,572.48)
Legislative Transfer Out	(24,795,788,193.62)			(24,795,788,193.62)
Insurance Recoveries	70,050.82			70,050.82
Total Other Financing Sources (Uses)	<u>(43,672,164,196.74)</u>	<u>(1,886,012,118.08)</u>	<u>(29,387,548.43)</u>	<u>(45,587,563,863.25)</u>
Net Change in Fund Balances	<u>777,738,106.07</u>	<u>(2,959,647.11)</u>	<u>302,705,029.23</u>	<u>1,077,483,488.19</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>				
Fund Balances, September 1, 2015	10,209,653,316.42	32,231,676.95	248,298,795.46	10,490,183,788.83
Restatements (Note 14)				
Fund Balances, September 1, 2015, as Restated	<u>10,209,653,316.42</u>	<u>32,231,676.95</u>	<u>248,298,795.46</u>	<u>10,490,183,788.83</u>
Fund Balances, August 31, 2016	<u>\$ 10,987,391,422.49</u>	<u>\$ 29,272,029.84</u>	<u>\$ 551,003,824.69</u>	<u>\$ 11,567,667,277.02</u>

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

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EXHIBIT VI

## Combined Statement of Fiduciary Net Position Fiduciary Funds

August 31, 2016

	Private Purpose Trust Funds (Exhibit I-1)	Agency Funds (Exhibit J-1)	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents:			
Cash in State Treasury	\$ 2,389,003.74	\$ 1,058,485,709.22	\$ 1,060,874,712.96
Investments (Note 3):			
U.S. Government Obligations		67,908.83	67,908.83
Corporate Obligations		223,515.88	223,515.88
Corporate Equity		401,937,346.10	401,937,346.10
Pooled Investments		147,244,866.83	147,244,866.83
Other Investments		10,000,831.38	10,000,831.38
Receivables:			
Federal			
Interest and Dividends	1,766.84		1,766.84
<b>Total Assets</b>	<u>2,390,770.58</u>	<u>1,617,960,178.24</u>	<u>1,620,350,948.82</u>
<b>LIABILITIES</b>			
Payables:			
Accounts Payables	1,425,699.49		1,425,699.49
Intergovernmental Payables		995,020,909.90	995,020,909.90
Funds Held for Others		622,939,268.34	622,939,268.34
Deferred Revenues	17,484.23		17,484.23
<b>Total Liabilities</b>	<u>1,443,183.72</u>	<u>1,617,960,178.24</u>	<u>1,619,403,361.96</u>
<b>NET POSITION</b>			
Held in Trust for:			
Individuals, Organizations, and Other Governments	947,586.86		947,586.86
<b>Total Net Position</b>	<u>\$ 947,586.86</u>	<u>\$ 0.00</u>	<u>\$ 947,586.86</u>

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

EXHIBIT VII

## Combined Statement of Changes in Fiduciary Net Position Fiduciary Funds

For the Fiscal Year Ended August 31, 2016

	Private Purpose Trust Funds (Exhibit I-2)	Totals
<b>ADDITIONS</b>		
Contributions:		
Investment Income:		
From Investing Activities		
Interest and Investment Income	\$ 36,508.53	\$ 36,508.53
Total Investing Income	36,508.53	36,508.53
Other Additions		
Federal Revenue	4,085,854.02	4,085,854.02
Other Revenue		
Transfers-In (Note 12)	46,761,489.00	46,761,489.00
Total Other Additions	50,847,343.02	50,847,343.02
Total Additions	50,883,851.55	50,883,851.55
<b>DEDUCTIONS</b>		
Intergovernmental Payments	50,847,343.02	50,847,343.02
Transfers-Out (Note 12)		
Total Deductions	50,847,343.02	50,847,343.02
<b>NET INCREASE (DECREASE)</b>	<b>36,508.53</b>	<b>36,508.53</b>
Net Position, September 1, 2015	911,078.33	911,078.33
Restatements		
Net Position, September 1, 2015, as Restated	911,078.33	911,078.33
Net Position – August 31, 2016	\$ 947,586.86	\$ 947,586.86

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 for Annual Financial Reports of State Agencies.

This report applies to those funds, which the 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 (GASB) Statement 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’s *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 AND 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.

**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 of gasoline taxes up to \$7.3 million each fiscal year, which in turn is distributed to the counties of the state.

**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.

**Economic Stabilization Fund 0599** – To receive transfer of one-half of any unencumbered positive balance in the General Revenue Fund (0001) as of the last day of the preceding biennium and an amount of at least 37.5 percent of excess oil and gas production taxes received in fiscal year 1987 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).

**License Plate Trust Fund 0802** – Used for deposit of specialty license plate fees and related revenue collected under Subchapter G, Transportation Code. Dedicated balances and revenues are to be deposited into accounts within the fund to be used in accordance with their specific statutory purpose.

**Events Trust Fund for Municipality/County Fund 0830** – If an event plan is approved and a host community is selected as the site of a special event, the comptroller shall deposit the amount requested in the special event plan from state tax receipts as soon as practicable after the taxes are collected.

**Motor Sports and Racing Fund Trust Fund 0839** – Used to fund specific motor sports racing events in automobile racing events for a particular year referred to as the US Grand Prix or a specific automobile racing event that is part of the Champ Car World Series or the American Le Mans Series. Deposits to this fund are from estimated incremental increases, as determined by the comptroller, from a portion of state and local sales, hotel and mixed beverage taxes from that site selected for a motor sports racing event.

**Major 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.

**Deposit Default Fund 9000** – 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.

**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.

**Binding Arbitration Trust Fund 0838** – This is used to retain and pay the administrative costs in binding arbitration cases of property value appeals initiated by property owners. Monies are moved to this special revenue fund from the same agency fund for payment of administrative costs

**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.

**Habitat Protection Fund 9999** – This fund held with Texas Treasury Safekeeping was established by the 82nd Legislature to support the development or coordination of the development of a habitat conservation plan or a candidate conservation plan or to pay the costs of monitoring or administering the implementation of such a plan. The fund consists primarily of donations and fees paid by entities or individuals who voluntarily enroll in such a plan.

## PERMANENT FUNDS

**Permanent Fund Supporting Graduate Education Fund 0179** – To receive transferred or appropriated amounts including gifts, grants and investment returns. Distributions from the fund are for graduate medical education planning and partnership grants to hospitals, medical schools, and community-based, ambulatory patient care centers. The Texas Treasury Safekeep-

ing Trust Company administers and manages the fund's assets and determines the amount available for distribution from the fund. The Higher Education Coordinating board makes grants from the fund.

**Permanent Fund Supporting Military and Veterans Exemptions Fund 0210** – To receive gifts, grants and investment returns for distributions to higher education institutions to offset the cost of the exemptions to certain veterans and/or dependents. Distributions are determined by the Legislative Budget Board based on each Institution's respective share of the aggregate cost to all institutions of the exemptions. The Texas Treasury Safekeeping Trust Company determines the amount available for distribution from the fund.

**Available National Research University Fund 0214** – To receive disbursements from the National Research University Fund held outside the treasury. The money is to be used by eligible institutions only for the support and maintenance of educational and general activities that promote increased research capacity at the institution.

## 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.

**Federal Resource Receipts Distribution Fund 0521** – To deposit money received by state under section 191 or 355, Title 30, United States Code, including state portion of sales, bonuses, royalties or rentals.

**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.

**Events Trust Fund 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.

**Binding Arbitration Trust Fund 0838** – To receive arbitration deposits from property owners on appeals made to appraisal review boards until a determination of the appeal is made. The Comptroller shall refund the deposit to the property owner or pay the arbitrator from the deposit, retain administrative costs and return the difference to the property owner

**Motor Sports and Racing Fund Trust Fund 0839** – Used to receive monies from municipalities for specific motor sports racing events in automobile racing events for a particular year referred to as the US Grand Prix or a specific automobile racing event that is part of the Champ Car World Series or the American Le Mans Series.

**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.

**Major 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 an event support contract.

**Local Tax Collections for Sports / Community Venue Project Trust Fund 0874** – To hold taxes collected by the Comptroller under an inter-local 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.

**Qualified Hotel Project Fund 0905** – Created as a suspense account outside the Treasury, consists of eligible taxable proceeds. These proceeds are used to rebate, refund or pay each qualified hotel project the hotel occupancy taxes and sales and use taxes to which the project is entitled.

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

**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 Aug. 31, 2016.

### 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 Inflows*

Amounts shown as deferred inflows represent tax revenues earned but not available and resources received but not earned, ie., prepaid sales taxes, at Aug. 31, 2016. A breakdown by Tax Type is available on Schedule 5.

#### *Fund Balance/Net Position*

The difference between fund assets and liabilities is ‘Net Position’ 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.

#### *Restricted Fund Balance*

This fund balance is reported as restricted when constraints placed on the use of resources are either (a. externally imposed by laws and regulations of other governments or (b. imposed by law through constitutional provisions or enabling legislation.

#### *Committed Fund Balance*

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the state’s highest level of decision-making authority (the Legislature) are reported as committed fund balance.

#### *Unassigned Fund Balance*

This is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and has not been restricted, committed or assigned for specific purposes within the general fund. The general fund is the only fund that can report a positive unassigned fund balance.

## INTERFUND TRANSACTIONS AND BALANCES

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The Comptroller – Fiscal has the following transactions between and within state funds presented in Note 12.

Transfers: Legally required transfers that are reported when incurred as “Transfers In” by the recipient fund and as “Transfers Out” by the disbursing fund due to and due from other agencies.

## 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 Aug. 31, 2016, is presented below:

	Balance September 1, 2015	Adjustments	Reclassifications	Additions	Deletions	Balance August 31, 2016
Depreciable Assets:						
Furniture and Equipment	\$ 2,777,840.81	\$	\$	\$	\$ (129,933.60)	\$ 2,647,907.21
Less Accumulated Depreciation	(2,731,913.38)			(11,524.56)	129,933.60	(2,613,504.34)
Depreciable Assets, Net	<u>45,927.43</u>	<u>0.00</u>	<u>0.00</u>	<u>(11,524.56)</u>	<u>0.00</u>	<u>34,402.87</u>
Computer Software	8,824,456.09				(4,415,650.00)	4,408,806.09
Less Accumulated Amortization	(8,613,538.32)			(97,346.64)	4,415,650.00	(4,295,234.96)
Amortizable Assets, Net	<u>210,917.77</u>	<u>0.00</u>	<u>0.00</u>	<u>(97,346.64)</u>	<u>0.00</u>	<u>113,571.13</u>
Total Capital Assets	<u>\$ 256,845.20</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ (108,871.20)</u>	<u>\$ 0.00</u>	<u>\$ 147,974.00</u>

## NOTE 3: Deposits, Investments and Repurchase Agreements

### INVESTMENTS

As of Aug. 31, 2016, the carrying value and fair value of investments are as presented below.

Fiduciary Fund – Unclaimed Property	Fair Value
U.S. Government Treasuries	\$ 46,462.18
U.S. Treasury Strips	
U.S. Government Agency Obligations	21,446.65
Corporate Obligations	223,515.88
Equity	401,937,346.10
Fixed Income Money Market and Bond Mutual Funds	147,244,866.83
Miscellaneous	<u>10,000,831.38</u>
Total	<u>\$ 559,474,469.02</u>
<b>Permanent Fund – 0179</b>	
	<b>Fair Value</b>
Fixed Income Money Market and Bond Mutual Funds	\$ 17,617,102.26
Equity	11,067,644.12
Externally Managed Investments	255,505,211.33
Pooled Investments	<u>26,346,993.00</u>
Total	<u>\$ 310,536,950.71</u>
<b>Permanent Fund – 0210</b>	
	<b>Fair Value</b>
Fixed Income Money Market and Bond Mutual Funds	\$ 14,443,136.85
Equity	5,772,286.16
Externally Managed Investments	206,740,101.03
Pooled Investments	<u>13,741,170.34</u>
Total	<u>\$ 240,696,694.38</u>
<b>General Fund – 0599</b>	
	<b>Fair Value</b>
Fixed Income Money Market and Bond Mutual Funds	\$ 20,507,454.84
Externally Managed Investments	129,162,424.92
Pooled Investments	<u>1,690,312,937.99</u>
Total	<u>\$1,839,982,817.75</u>

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of Aug. 31, 2016, the agency's credit risk quality distribution for securities with credit risk exposure was as follows.

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Fund Type	GAAP Fund	Investment Type	Market Value	Aaa	Aa	A	BBB
09	0001	Asset Back Security	\$ 4,441.73				
		U.S. Government Treasuries	46,462.18		\$ 46,462.18		
		U.S. Government Agencies	14,123.84		14,123.84		
		REFCo Strip					
		Govt Mortgage Backed Securities	7,322.81				
		Certificates of Deposit					
		Corporate Obligations	223,515.88		11,169.91	\$ 26,274.20	\$ 89,068.87
		Political Subdivisions	284,594.35	\$ 67,190.85	132,143.23	901.32	12,518.20
		Mutual Funds	4,742,999.00				
			<u>\$ 5,323,459.79</u>	<u>\$ 67,190.85</u>	<u>\$ 203,899.16</u>	<u>\$ 27,175.52</u>	<u>\$ 101,587.07</u>
19	0179	Corporate Obligations					
		International Corp. Obligations					
		Mutual – Global Fixed Income	\$ 26,346,993.00				
		Mutual – Domestic Fixed Income					
		Investments in STIF	17,617,102.26	\$ 17,617,102.26			
		Repurchase Agreements					
			<u>\$ 43,964,095.26</u>	<u>\$ 17,617,102.26</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
19	0210	Corporate Obligations					
		International Corp. Obligations					
		Mutual – Global Fixed Income	\$ 13,741,170.34				
		Mutual – Domestic Fixed Income					
		Investments in STIF	14,443,136.85	\$ 14,443,136.85			
		Repurchase Agreements					
			<u>\$ 28,184,307.19</u>	<u>\$ 14,443,136.85</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
01	0599	Corporate Obligations					
		International Corp. Obligations					
		Mutual – Global Fixed Income	\$1,690,312,937.99				
		Mutual – Domestic Fixed Income					
		Investments in STIF	20,507,454.84	\$ 20,507,454.84			
		Repurchase Agreements					
			<u>\$1,710,820,392.83</u>	<u>\$ 20,507,454.84</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Fund Type	GAAP Fund	Investment Type	BB	B	C	D	Not Rated
09	0001	Asset Back Security				\$ 4,441.73	
		U.S. Government Treasuries					
		U.S. Government Agencies					
		REFCo Strip					
		Govt Mortgage Backed Securities					
		Certificates of Deposit					
		Corporate Obligations	\$ 6,275.00		\$ 6,750.00		\$ 83,977.90
		Political Subdivisions		\$ 4,999.55			66,841.20
		Mutual Funds					4,742,999.00
			<u>\$ 6,275.00</u>	<u>\$ 4,999.55</u>	<u>\$ 6,750.00</u>	<u>\$ 4,441.73</u>	<u>\$ 4,893,818.10</u>
19	0179	Corporate Obligations					
		International Corp. Obligations					
		Mutual – Global Fixed Income					\$ 26,346,993.00
		Mutual – Domestic Fixed Income					
		Investments in STIF					
		Repurchase Agreements					
			<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 26,346,993.00</u>
19	0210	Corporate Obligations					
		International Corp. Obligations					
		Mutual – Global Fixed Income					\$ 13,741,170.34
		Mutual – Domestic Fixed Income					
		Investments in STIF					
		Repurchase Agreements					
			<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 13,741,170.34</u>
01	0599	Corporate Obligations					
		International Corp. Obligations					
		Mutual – Global Fixed Income					\$1,690,312,937.99
		Mutual – Domestic Fixed Income					
		Investments in STIF					
		Repurchase Agreements					
			<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$1,690,312,937.99</u>

## DEPOSITS OF CASH IN BANK

As of Aug. 31, 2016 the carrying amount and the total balance of cash deposits was \$8,810,532.52. These deposits are from the Habitat Protection Fund’s activities and are held with the Texas Treasury Safekeeping Trust Company.

### NOTE 4: Short-Term Debt

(Not Applicable)

### NOTE 5: Summary of Long Term Liabilities

(Not Applicable)

### NOTE 6: Bonded Indebtedness

(Not Applicable)

### NOTE 7: Derivatives

(Not Applicable)

### NOTE 8: Leases

(Not Applicable)

### NOTE 9: Pension 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.

	Interfund Transactions		Due From Other Funds	Due To Other Funds
	Agency	Fund		
<b>Fund 0001:</b>	347	0001	\$ 5,368.47	\$
	454	0003	134,750.00	
	456	0996	466,999.00	
	457	1002	136,351.22	
	529	0001	20,058,906.43	
	530	0001	3,713,466.96	
	551	0369	2,169.48	
	802	0950	6,436,871.72	
	300	5003		4,003,881.82
	311	1900		19,193,626.16
	323	0001		58,916,172.64
	323	1989		18,766,094.29
	601	0006		225,130,144.64
	601	1006		439,511,639.36
	701	0002		75,043,381.55
	902	5990		439,511,639.37
Total Fund 0001:			<u>\$ 30,954,883.28</u>	<u>\$1,280,076,579.83</u>

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Interfund Transactions		Due From Other Funds		Due To Other Funds	
<b>Fund 0116:</b>	407	0116	\$	22,745,950.53	
<b>Fund 0802:</b>	802	8020	\$	896.95	
<b>Fund 0494:</b>	302	0494			\$ 9,449.30
<b>Fund 0599:</b>	902	0001	\$	439,511,639.37	
	405	1599			\$ 2,031.30
<b>Fund 5040:</b>					\$ 2,092,525.02
<b>Fund 0214:</b>	730	0214			\$ 17,193,243.93
	733	0214			29,227,533.14
Total Fund 0214:					<u>\$ 46,420,777.07</u>
Total Fund 0210:	Various	0210			\$ 2,859,626.10
Total Due From/Due To (Exhibit 1)			\$	<u>493,213,370.13</u>	<u>\$1,331,460,988.62</u>
Transfers		Transfers Out		Transfers In	
	<i>Agency</i>	<i>Fund</i>			
<b>Fund 0001:</b>	300	0001	\$	\$	1,217,453.73
	302	0001			9,865,316.98
	302	1002			26,831.25
	303	0003			10,732.50
	303	0301			8,259.06
	304	0001			2,089.50
	305	0001			1,407,665.50
	305	0544			1,643,250.56
	305	6656			166.13
	306	0369			3.64
	306	1003			114,040.89
	313	0010			100.00
	320	0001			172,502.27
	323	0001			13,816,759.86
	329	4055			720,000.00
	329	4056			30,000.00
	329	4059			21,650.32
	332	0001			1,786,641.11
	332	0066			1,160,215.14
	332	0369			131,875.66
	347	0001			5,368.47
	401	0001			48,970.28
	403	0700			1,018,940.97
	403	4510			43,631.85
	403	4513			93,252.39
	403	4610			240,143.63
	403	4613			480,287.25
	405	0001			1,286.66
	405	0006			-209,065.93
	405	0908			1,653,163.87
	405	2101			42,741.93
	405	7000			14,340.07
	409	0001			7,637.18
	454	0004			877.50
	454	0008			229,074.53
	454	0011			29,645.72
	454	0036			918,865.67
	455	0001			125,846.25
	455	1508			178,136.26
	455	1537			14,813.96
	455	1558			163,715.66

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	Transfers		Transfers Out	Transfers In
	Agency	Fund		
<b>Transfers</b>	455	1571	\$	\$ 1,670,448.60
<b>Fund 0001:</b>	455	1573		742,585.28
<b>(continued)</b>	455	1574		49,265.49
	456	0001		3,712.50
	457	1009		703,344.00
	458	1103		6,817.49
	459	1010		510,000.00
	460	1011		373,900.00
	476	0597		14,948.83
	503	0001		12.00
	507	0001		107,000.00
	514	0001		5,340.00
	515	0001		29,451.50
	529	0001		352,682,170.45
	530	0001		4,007,023.42
	537	0001		2,387,522.41
	537	0005		92,301.80
	537	0369		183.32
	537	0543		2,801,692.04
	538	0001		15,075,222.73
	538	0107		3,111,534.02
	538	0369		0.20
	539	0001		39,188,450.62
	539	0369		23,588.21
	539	0543		1,960,720.97
	551	0001		58,853.24
	551	3702		7,565,293.10
	554	0001		294,126.00
	556	0001		58,758.65
	580	0001		143,959.37
	582	0010		45,517.40
	582	0027		6,565,864.07
	608	0001		1,134.00
	644	0001		157,249.18
	696	0014		365,487.68
	701	0001		802,626.47
	701	5135		3,186,115.74
	747	0802		0.16
	771	0001		344.25
	772	0001		9,675.00
	781	0001		3,774,905.14
	802	0010		139,260.45
	802	0012		11,431.06
	802	0013		254,860.00
	808	0001		732.37
	809	0001		11,768.62
	551	0369		2,169.48
	902	0036		14,828,391.74
	902	0869		31,357.39
	902	0886		150,474.74
	902	8300		1,122,061.73
	300	5003	43,428,642.61	
	300	5106	774,374.84	
	303	0166	216,880,852.00	
	323	0001	1,797,644,415.22	
	323	1989	297,070,920.25	
	401	5166	9,781,250.00	
	454	0011	54,878,212.09	
	454	0036	85,008,747.13	
	454	0516	551,241.05	
	576	5066	1,615,000.00	

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	Transfers		Transfers Out	Transfers In
	Agency	Fund		
<b>Transfers</b>	580	0330	\$ 6,100,000.00	\$
<b>Fund 0001:</b>	601	1006	439,511,639.36	
<b>(concluded)</b>	696	5060	120,225.56	
	696	5166	30,000,000.00	
	701	0193	15,663,186,233.05	
	802	0643	99,053,875.88	
	802	4673	10,489,173.17	
	802	5048	3,013,104.00	
	802	5153	8,821,784.86	
	802	5166	27,581,586.00	
	808	0139	6,493,068.57	
	902	0057	7,300,000.00	
	902	0599	439,511,639.37	
	902	5160	5,000,000.00	
Total Fund 0001:			<u>\$ 19,253,815,985.01</u>	<u>\$ 502,366,881.18</u>
<b>Fund 0057:</b>	902	0001		\$ 7,300,000.00
<b>Fund 0599:</b>	576	0599		\$ 3,788,388.35
	716	0599		232,097.58
	902	0001		439,511,639.37
<b>Fund 5010:</b>	302	5010		\$ 26,488,845.55
<b>Fund 5160:</b>	902	0001		\$ 5,000,000.00
<b>Fund 0210</b>	Various		\$ 10,478,904.21	
<b>Fund 0214:</b>	730	0214	\$ 9,454,322.11	
	733	0214	9,454,322.11	
<b>Fund 0304:</b>	701	0193	\$ 1,885,861,643.34	
<b>Fund 0494</b>	302	0469	\$ 1,597,785.17	
	302	0494	135,391.39	
<b>Fund 0599:</b>	300	0599	\$ 1,408,500.00	
	802	5990	1,657,036.13	
<b>Fund 0830:</b>	300	5301	\$ 26,102,005.46	
	902	0001	1,122,061.73	
<b>Fund 0839:</b>	300	5391	\$ 1,560,163.00	
<b>Fund 0869:</b>	300	5691	\$ 52,340,717.51	
	902	0001	31,357.39	
<b>Fund 0886:</b>	902	0001	\$ 150,474.74	
<b>Fund 5010:</b>	201	5010	\$ 4,145,345.76	
	300	5010	2,000,000.00	
	302	5010	6,218,018.64	
	304	5010	250,000.00	
	405	1010	2,051,946.15	
<b>Fund 5040:</b>	529	5040	\$ 506,697,592.63	
Total Transfers – (Exhibit II)			<u>\$ 21,776,533,572.48</u>	<u>\$ 984,687,852.03</u>
Fund 2872:	311	0872		46,761,489.00
Total Transfers – (Exhibit VII)			<u>\$ 0.00</u>	<u>\$ 46,761,489.00</u>

### **NOTE 13: Continuance Subject to Review**

(Not Applicable)

### **NOTE 14: Adjustments to Fund Balances and Net Position**

(Not Applicable)

### **NOTE 15: Contingent Liabilities**

#### **PROTEST TAX PAYMENTS:**

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As of Aug. 31, 2016, pending litigation filed by taxpayers seeking refunds of state taxes totaled \$224 million. The taxes protested include sales, franchise, insurance and other taxes. Although the outcome of these cases cannot presently be determined, adverse ruling in some of them could result in significant additional refunds.

### **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 to \$524.9 million in fiscal 2016, a decrease of \$5.1 billion from the balance of \$5.6 billion in fiscal 2015. This is attributable to a net decrease in total net revenue and other sources over total net expenditures and other uses. This agency provides legislative funding for state-wide agency's expenditures and this is reflected in its legislative transfers-out. As disclosed in Note 27, a portion of the accrued taxes reported in this agency's report will not be finalized until the *Comprehensive Annual Financial Report* is completed.

The Economic Stabilization Fund (ESF), had an accrued transfer of \$439.5 million from the general revenue fund and transferred out approximately \$3.1million to other agencies as shown in Note 12, resulting in an ending cash balance of \$7.9 billion. The Texas Constitution mandates that if oil or natural gas taxes exceed the net amount received in fiscal 1987, an amount of at least 37.5 percent of the excess must be transferred to the state's 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. There were no transfers out in FY16 from the ESF to the general revenue fund.

The Property Tax Relief Fund had no ending cash balance. This year's revenues of \$1.9 billion were transferred out to the Foundation School Fund 193 to pay for property tax relief.

Tax collections, the major source of revenue reported in this agency experienced a 6.5% decrease from fiscal 2015. This was a result of statewide decreases in sales taxes (2.3%) and other decreases in the remaining taxes while motor vehicle sales/rental taxes increased 2.3%. Sales tax collections account for 58.3 percent of all tax collections. Motor fuels taxes on gasoline, diesel and other fuels increased 2.0% from 2015. Oil production and regulation taxes, however, decreased 40.8% from fiscal 2015. Another decrease was in natural gas production tax collections which fell by 54.8% this year to \$579 million. A non-tax category for agency 902, licenses, fees, fines & permits decreased 9.0% from fiscal 2015 to \$1.4 billion. On a state-wide basis, this category accounts for 10.4% of total net revenue and contributed \$11.6 billion in fiscal 2016.

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

There were no significant related party transactions in agency 902 in fiscal 2016.

### **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 fiscal 2016 *State of Texas Comprehensive Annual Financial Report*.

### **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 settling 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 court-ordered annual payment amounts are subject to adjustments on the tobacco companies’ domestic cigarette sales, the general consumer inflation rate, the profitability of the tobacco companies and any other court-ordered factors. A revenue accrual and deferred revenue of \$312.2 million has been calculated on estimated sales from Jan. 1 to the end of the fiscal year. Actual tobacco settlement revenues were \$487.6 million in fiscal 2016 and \$486.2 million in fiscal 2015. Cumulative actual tobacco settlement revenues as of fiscal 2016 were \$9.1 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 agency collects certain taxes for the state of Texas. Taxes receivable represent amounts due to the state at Aug. 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 Aug. 31 that are considered as “available” (e.g. received by the state within approximately 60 days after that date). Revenue earned but not “available” at Aug. 31 is recorded as deferred inflow revenue. Prepaid taxes are also recorded as deferred inflow 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. Unearned 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 with the exception of the Franchise Tax and Oil and Gas Production Tax. Refunds payable will be shown separately for the Franchise Tax and Oil and Gas Production Taxes. The full accrual basis is reported on the government-wide financial statements in the *State of Texas Comprehensive Annual Financial Report (CAFR)*.

As of Nov. 20, 2016 the taxes receivable and unearned revenue balances for the Franchise 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, 2016, are processed. The tax returns are due Nov. 15, 2016. Adjustments will be made 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	\$ 1,532,468,962.44
Motor Vehicle & MFG Housing	78,633,646.78
Motor Fuels	213,551.82
Oil & Natural Gas Production	55,526,662.11
Franchise	
Insurance	259,289,092.77
Cigarette & Tobacco	24,160,421.84
Other	224,133,268.01
Total Net Taxes Receivable	<u>\$ 2,174,425,605.77</u>
<b>As Reported on the Financial Statements</b>	
Current Taxes Receivable	\$ 2,282,621,280.98
Noncurrent Taxes Receivable	34,759,475.90
Total Taxes Receivable	<u>\$ 2,317,380,756.88</u>
Refunds Payable	\$ (142,955,151.11)
Total Net Taxes Receivable	<u>\$ 2,174,425,605.77</u>

### NOTE 28: Contested Taxes

The state may assess a claim against one or multiple taxpayers for a tax liability. 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. As of Aug. 31, 2016, there was an estimated \$1.3 billion of assessments filed that are currently in the redetermination hearings process. Collectibility 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.

### NOTE 29: Deferred Inflow of Resources

The deferred inflow revenue in general revenue of \$350 million consists of 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 2016, the unclaimed property fund received \$548 million in gross revenues, made \$269 million in claimant payments and transferred \$279 million to the general fund. The claimant liability in the general fund of \$273 million represents the probable amount that will be reclaimed and paid to claimants in the following year. As of Aug. 31, 2016, a balance of \$559 million in marketable securities and mutual funds were held in trust. The state also holds an insignificant amount of personal property, such as jewelry.

## COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

UNAUDITED  
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EXHIBIT A-1

## Combining Balance Sheet – All General and Consolidated Funds

August 31, 2016

	Consolidated Funds				
	General Revenue Fund (0001) U/F (0001, 9000)	County & Road District Highway Fund (0057) U/F (0057)	Law Enforcement Standards/Educ Fd (0116) U/F (0116)	Compensation Victims Crime Fd (0494) U/F (0494)	Economic Stabilization Fd (0599) U/F (0599)
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents:					
Cash in State Treasury	\$ 524,858,277.03	\$	\$	\$ 8,981,851.20	\$ 7,875,081,471.92
Short-Term Investments (Note 3)					20,507,454.84
Receivables:					
Accounts					
Interest and Dividends				6,228.64	5,517,895.82
Taxes (Note 27)	2,282,621,280.98				
Due From Other Agencies (Note 12)	30,954,883.28		22,745,950.53		439,511,639.37
Total Current Assets	<u>2,838,434,441.29</u>	<u>0.00</u>	<u>22,745,950.53</u>	<u>8,988,079.84</u>	<u>8,340,618,461.95</u>
Non-Current Assets:					
Taxes Receivable (Note 27)	34,759,475.90				
Investments (Note 3)					1,819,475,362.91
Total Non-Current Assets	<u>34,759,475.90</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,819,475,362.91</u>
Total Assets	<u>\$ 2,873,193,917.19</u>	<u>\$ 0.00</u>	<u>\$ 22,745,950.53</u>	<u>\$ 8,988,079.84</u>	<u>\$ 10,160,093,824.86</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Current Liabilities:					
Payables From:					
Accounts	\$ 1,034,088.95	\$	\$	\$	\$ 311,244.71
Other Intergovernmental	35,478,738.96				
Unclaimed Property Claimant Liabilities	272,572,345.21				
Taxes Refund Payable	142,955,151.11				
Due To Other Agencies (Note 12)	1,280,076,579.83			9,449.30	2,031.30
Unearned Revenues	77,918,999.39				
Total Current Liabilities	<u>1,810,035,903.45</u>	<u>0.00</u>	<u>0.00</u>	<u>9,449.30</u>	<u>313,276.01</u>
Total Liabilities	<u>1,810,035,903.45</u>	<u>0.00</u>	<u>0.00</u>	<u>9,449.30</u>	<u>313,276.01</u>
<b>DEFERRED INFLOWS</b>					
Deferred Inflow of Resources (Note 29)	349,847,371.88				
Total Deferred Inflows	<u>349,847,371.88</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>					
Fund Balances (Deficits):					
Nonspendable for Long-Term Taxes Receivable	34,759,475.90				
Restricted				8,978,630.54	1,839,679,441.64
Committed			22,745,950.53		
Unassigned	678,551,165.96				8,320,101,107.21
Total Fund Balances	<u>713,310,641.86</u>	<u>0.00</u>	<u>22,745,950.53</u>	<u>8,978,630.54</u>	<u>10,159,780,548.85</u>
Total Liabilities and Fund Balances	<u>\$ 2,873,193,917.19</u>	<u>\$ 0.00</u>	<u>\$ 22,745,950.53</u>	<u>\$ 8,988,079.84</u>	<u>\$ 10,160,093,824.86</u>



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Consolidated Funds					Total
License Plate Trust Fund (0802) U/F (0802)	Events Trust Fund for Municipality/County (0830) U/F (8300)	Sexual Assault Program Fund (5010) U/F (5010)	Tobacco Settlement Temporary Hold (5040) U/F (5040)	Disabled Veterans Local Gov. Assistance (5160) U/F (5160)	(Exhibit I) 2016
		\$ 8,244,925.44	\$ 82,167,278.16	\$ 2,500,000.00	\$ 8,501,833,803.75
					20,507,454.84
			304,764,094.56		304,764,094.56
0.62					5,524,125.08
					2,282,621,280.98
896.95					493,213,370.13
<u>897.57</u>	<u>0.00</u>	<u>8,244,925.44</u>	<u>386,931,372.72</u>	<u>2,500,000.00</u>	<u>11,608,464,129.34</u>
					34,759,475.90
					1,819,475,362.91
0.00	0.00	0.00	0.00	0.00	1,854,234,838.81
<u>\$ 897.57</u>	<u>\$ 0.00</u>	<u>\$ 8,244,925.44</u>	<u>\$ 386,931,372.72</u>	<u>\$ 2,500,000.00</u>	<u>\$ 13,462,698,968.15</u>
\$	\$	\$	\$	\$	\$ 1,345,333.66
					35,478,738.96
					272,572,345.21
					142,955,151.11
			2,092,525.02		1,282,180,585.45
		8,244,925.44	304,764,094.56		390,928,019.39
0.00	0.00	8,244,925.44	306,856,619.58	0.00	2,125,460,173.78
0.00	0.00	8,244,925.44	306,856,619.58	0.00	2,125,460,173.78
					349,847,371.88
0.00	0.00	0.00	0.00	0.00	349,847,371.88
					34,759,475.90
			80,074,753.14	2,500,000.00	1,931,232,825.32
897.57					22,746,848.10
					8,998,652,273.17
<u>897.57</u>	<u>0.00</u>	<u>0.00</u>	<u>80,074,753.14</u>	<u>2,500,000.00</u>	<u>10,987,391,422.49</u>
<u>\$ 897.57</u>	<u>\$ 0.00</u>	<u>\$ 8,244,925.44</u>	<u>\$ 386,931,372.72</u>	<u>\$ 2,500,000.00</u>	<u>\$ 13,462,698,968.15</u>

UNAUDITED  
Comptroller – Fiscal (902)

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, 2016

	Consolidated Funds				
	General Revenue Fund (0001) U/F (0001, 9000)	County & Road District Highway Fund (0057) U/F (0057)	Law Enforcement Standards/Educ Fd (0116) U/F (0116)	Compensation Victims Crime Fd (0494) U/F (0494)	Economic Stabilization Fd (0599) U/F (0599)
<b>REVENUES</b>					
Taxes	\$43,053,078,670.42	\$	\$	\$	\$
Licenses, Fees & Permits	1,352,444,854.06		5,567,524.16		
Interest and Other Investment Income	35,543,277.58			61,134.02	114,466,586.50
Land Income	13,457,839.38				
Settlement of Claims	104,162,983.24			2,008,441.71	
Sales of Goods and Services	50,598,089.24				
Other	317,604,984.22				
Total Revenues	<u>44,926,890,698.14</u>	<u>0.00</u>	<u>5,567,524.16</u>	<u>2,069,575.73</u>	<u>114,466,586.50</u>
<b>EXPENDITURES</b>					
Payroll Related Costs	670,784,505.69				
Professional Fees and Services	22,353,288.12				1,454,103.01
Materials and Supplies	12,167.70				
Communications and Utilities	218,136.50				
Repairs and Maintenance	860,631.43				
Claims and Judgments	9,940,823.44			33,702.84	
Intergovernmental Payments	381,729,217.76	7,300,000.00	5,997,363.71		
Other Expenditures	34,131,934.06		650.14		
Capital Outlay					
Total Expenditures	<u>1,120,030,704.70</u>	<u>7,300,000.00</u>	<u>5,998,013.85</u>	<u>33,702.84</u>	<u>1,454,103.01</u>
Excess (Deficiency) of Revenues over Expenditures	<u>43,806,859,993.44</u>	<u>(7,300,000.00)</u>	<u>(430,489.69)</u>	<u>2,035,872.89</u>	<u>113,012,483.49</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer In (Note 12)	502,366,881.18	7,300,000.00			443,532,125.30
Transfer Out (Note 12)	(19,253,815,985.01)			(1,733,176.56)	(3,065,536.13)
Legislative Transfer Out	(24,795,788,193.62)				
Insurance Recoveries	70,050.82				
Total Other Financing Sources (Uses)	<u>(43,547,167,246.63)</u>	<u>7,300,000.00</u>	<u>0.00</u>	<u>(1,733,176.56)</u>	<u>440,466,589.17</u>
Net Change in Fund Balances	<u>259,692,746.81</u>	<u>0.00</u>	<u>(430,489.69)</u>	<u>302,696.33</u>	<u>553,479,072.66</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>					
Fund Balances, September 1, 2015	453,617,895.05		23,176,440.22	8,675,934.21	9,606,301,476.19
Restatements (Note 14)					
Fund Balances, September 1, 2015, as Restated	<u>453,617,895.05</u>	<u>0.00</u>	<u>23,176,440.22</u>	<u>8,675,934.21</u>	<u>9,606,301,476.19</u>
Fund Balances, August 31, 2016	<u>\$ 713,310,641.86</u>	<u>\$ 0.00</u>	<u>\$ 22,745,950.53</u>	<u>\$ 8,978,630.54</u>	<u>\$10,159,780,548.85</u>

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Consolidated Funds							Total
License Plate Trust Fund (0802) U/F (0802)	Events Trust Fund for Municipality/ County (0830) U/F (8300)	Motor Sports & Racing Trust Fund (0839) U/F (8390)	Major Events Trust Fund (0869) U/F (0869)	Sexual Assault Program Fund (5010) U/F (5010)	Tobacco Settlement Temporary Hold (5040) U/F (5040)	Disabled Veterans Local Gov. Assistance (5160) U/F (5160)	2016
\$ 894.65	\$ 20,968,992.13	\$	\$ 41,504,319.90	\$ (11,823,535.00)	\$	\$	\$ 43,115,551,982.45
2.92							1,346,189,737.87
							150,071,001.02
							13,457,839.38
					487,573,768.08		593,745,193.03
							50,598,089.24
							317,604,984.22
<u>897.57</u>	<u>20,968,992.13</u>	<u>0.00</u>	<u>41,504,319.90</u>	<u>(11,823,535.00)</u>	<u>487,573,768.08</u>	<u>0.00</u>	<u>45,587,218,827.21</u>
							670,784,505.69
							23,807,391.13
							12,167.70
							218,136.50
							860,631.43
							9,974,526.28
						2,500,000.00	397,526,581.47
							34,132,584.20
<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>2,500,000.00</u>	<u>1,137,316,524.40</u>
897.57	20,968,992.13	0.00	41,504,319.90	(11,823,535.00)	487,573,768.08	(2,500,000.00)	44,449,902,302.81
				26,488,845.55		5,000,000.00	984,687,852.03
	(27,224,067.19)	(1,560,163.00)	(52,372,074.90)	(14,665,310.55)	(506,697,592.63)		(19,861,133,905.97)
							(24,795,788,193.62)
							70,050.82
<u>0.00</u>	<u>(27,224,067.19)</u>	<u>(1,560,163.00)</u>	<u>(52,372,074.90)</u>	<u>11,823,535.00</u>	<u>(506,697,592.63)</u>	<u>5,000,000.00</u>	<u>(43,672,164,196.74)</u>
897.57	(6,255,075.06)	(1,560,163.00)	(10,867,755.00)	0.00	(19,123,824.55)	2,500,000.00	777,738,106.07
	6,255,075.06	1,560,163.00	10,867,755.00		99,198,577.69		10,209,653,316.42
<u>0.00</u>	<u>6,255,075.06</u>	<u>1,560,163.00</u>	<u>10,867,755.00</u>	<u>0.00</u>	<u>99,198,577.69</u>	<u>0.00</u>	<u>10,209,653,316.42</u>
<u>\$ 897.57</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 80,074,753.14</u>	<u>\$ 2,500,000.00</u>	<u>\$ 10,987,391,422.49</u>

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EXHIBIT B-1

## Combining Balance Sheet – Special Revenue Funds

August 31, 2016

	Property Tax Relief Fund (0304) U/F (0304)	Binding Arbitration Trust Fund (0838) U/F (8380)	International Fuels Tax Agreement Trust Fund (0886) U/F (0886)	Habitat Protection Fund (9999) U/F (2999)	Total (Exhibit I) 2016
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents:					
Cash in State Treasury	\$	\$ 1,451.00	\$ 20,863,977.62	\$ 8,810,532.52	\$ 20,865,428.62
Cash in Bank				8,810,532.52	8,810,532.52
Receivables From:					
Interest and Dividends	34,105.35				34,105.35
Due From Other Agencies (Note 12)					
Total Current Assets	<u>34,105.35</u>	<u>1,451.00</u>	<u>20,863,977.62</u>	<u>8,810,532.52</u>	<u>29,710,066.49</u>
Total Assets	<u>\$ 34,105.35</u>	<u>\$ 1,451.00</u>	<u>\$ 20,863,977.62</u>	<u>\$ 8,810,532.52</u>	<u>\$ 29,710,066.49</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Current Liabilities:					
Accounts Payable	\$	\$	\$	\$ 438,036.65	\$ 438,036.65
Total Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>438,036.65</u>	<u>438,036.65</u>
Total Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>438,036.65</u>	<u>438,036.65</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>					
Fund Balances (Deficits):					
Restricted	34,105.35			8,372,495.87	8,406,601.22
Committed		1,451.00	20,863,977.62		20,865,428.62
Total Fund Balances	<u>34,105.35</u>	<u>1,451.00</u>	<u>20,863,977.62</u>	<u>8,372,495.87</u>	<u>29,272,029.84</u>
Total Liabilities and Fund Balances	<u>\$ 34,105.35</u>	<u>\$ 1,451.00</u>	<u>\$ 20,863,977.62</u>	<u>\$ 8,810,532.52</u>	<u>\$ 29,710,066.49</u>

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EXHIBIT B-2

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

For the Fiscal Year Ended August 31, 2016

	Property Tax Relief Fund (0304) U/F (0304)	Binding Arbitration Trust Fund (0838) U/F (8380)	International Fuels Tax Agreement Trust Fund (0886) U/F (0886)	Habitat Protection Fund (9999) U/F (2999)	Total (Exhibit I) 2016
<b>REVENUES</b>					
Taxes	\$1,885,044,451.80	\$	\$	\$	\$1,885,044,451.80
Licenses, Fees & Permits				5,786,310.21	5,786,310.21
Interest and Other Investment Income	764,496.33		150,496.63	17,421.33	932,414.29
Other		309,225.00	17,904,580.41		18,213,805.41
Total Revenues	<u>1,885,808,948.13</u>	<u>309,225.00</u>	<u>18,055,077.04</u>	<u>5,803,731.54</u>	<u>1,909,976,981.71</u>
<b>EXPENDITURES</b>					
Intergovernmental Payments			23,031,882.98	3,582,647.84	26,614,530.82
Professional Fees and Services		308,775.00			308,775.00
Claims and Judgments					
Other Expenditures				1,204.92	1,204.92
Total Expenditures	<u>0.00</u>	<u>308,775.00</u>	<u>23,031,882.98</u>	<u>3,583,852.76</u>	<u>26,924,510.74</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,885,808,948.13</u>	<u>450.00</u>	<u>(4,976,805.94)</u>	<u>2,219,878.78</u>	<u>1,883,052,470.97</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer In (Note 12)					
Transfer Out (Note 12)	(1,885,861,643.34)		(150,474.74)		(1,886,012,118.08)
Total Other Financing Sources (Uses)	<u>(1,885,861,643.34)</u>	<u>0.00</u>	<u>(150,474.74)</u>	<u>0.00</u>	<u>(1,886,012,118.08)</u>
Net Change in Fund Balances	<u>(52,695.21)</u>	<u>450.00</u>	<u>(5,127,280.68)</u>	<u>2,219,878.78</u>	<u>(2,959,647.11)</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>					
Fund Balances, September 1, 2015	86,800.56	1,001.00	25,991,258.30	6,152,617.09	32,231,676.95
Restatements (Note 14)					
Fund Balances, September 1, 2015, as Restated	<u>86,800.56</u>	<u>1,001.00</u>	<u>25,991,258.30</u>	<u>6,152,617.09</u>	<u>32,231,676.95</u>
Fund Balances, August 31, 2016	<u>\$ 34,105.35</u>	<u>\$ 1,451.00</u>	<u>\$ 20,863,977.62</u>	<u>\$ 8,372,495.87</u>	<u>\$ 29,272,029.84</u>

UNAUDITED  
Comptroller – Fiscal (902)

EXHIBIT C-1

## Combining Balance Sheet – Permanent Funds

August 31, 2016

	Supporting Graduate Education Fund (0179) U/F (1179)	Military & Veterans Exemptions Fund (0210) U/F (1210)	Available Nat'l Research University Fund (0214) U/F(0214)	Total (Exhibit I) 2016
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents:				
Cash in State Treasury	\$	\$ 2,859,626.10	\$ 46,420,777.07	\$ 49,280,403.17
Short-Term Investments (Note 3)	17,617,102.26	14,443,136.85		32,060,239.11
Receivables From:				
Interest and Dividends	6,685.17	9,189.13	33,346.00	49,220.30
Total Current Assets	<u>17,623,787.43</u>	<u>17,311,952.08</u>	<u>46,454,123.07</u>	<u>81,389,862.58</u>
Non-Current Assets:				
Investments (Note 3)	292,919,848.45	226,253,557.53		519,173,405.98
Total Non-Current Assets:	<u>292,919,848.45</u>	<u>226,253,557.53</u>		<u>519,173,405.98</u>
Total Assets	<u>\$ 310,543,635.88</u>	<u>\$ 243,565,509.61</u>	<u>\$ 46,454,123.07</u>	<u>\$ 600,563,268.56</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Current Liabilities:				
Accounts Payable	\$ 157,071.62	\$ 121,969.08	\$	\$ 279,040.70
Due To Other Agencies (Note 12)		2,859,626.10	46,420,777.07	49,280,403.17
Total Current Liabilities	<u>157,071.62</u>	<u>2,981,595.18</u>	<u>46,420,777.07</u>	<u>49,559,443.87</u>
Total Liabilities	<u>157,071.62</u>	<u>2,981,595.18</u>	<u>46,420,777.07</u>	<u>49,559,443.87</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>				
Fund Balances (Deficits):				
Restricted	310,386,564.26	240,583,914.43	33,346.00	551,003,824.69
Committed				
Total Fund Balances	<u>310,386,564.26</u>	<u>240,583,914.43</u>	<u>33,346.00</u>	<u>551,003,824.69</u>
Total Liabilities and Fund Balances	<u>\$ 310,543,635.88</u>	<u>\$ 243,565,509.61</u>	<u>\$ 46,454,123.07</u>	<u>\$ 600,563,268.56</u>

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EXHIBIT C-2

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Permanent Funds

For the Fiscal Year Ended August 31, 2016

	Supporting Graduate Education Fund (0179) U/F (1179)	Military & Veterans Exemptions Fund (0210) U/F (1210)	Available Nat'l Research University Fund (0214) U/F(0214)	Total (Exhibit I) 2016
<b>REVENUES</b>				
Licenses, Fees & Permits	\$	\$	\$	\$
Interest and Other Investment Income	11,687,425.26	4,658,874.37	(398,443.40)	15,947,856.23
Other	299,300,000.00		18,908,644.22	318,208,644.22
Total Revenues	<u>310,987,425.26</u>	<u>4,658,874.37</u>	<u>18,510,200.82</u>	<u>334,156,500.45</u>
<b>EXPENDITURES</b>				
Professional Fees and Services	600,861.00	549,811.79		1,150,672.79
Intergovernmental Payments		913,250.00		913,250.00
Other Expenditures				
Total Expenditures	<u>600,861.00</u>	<u>1,463,061.79</u>	<u>0.00</u>	<u>2,063,922.79</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>310,386,564.26</u>	<u>3,195,812.58</u>	<u>18,510,200.82</u>	<u>332,092,577.66</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In (Note 12)				
Transfer Out (Note 12)		(10,478,904.21)	(18,908,644.22)	(29,387,548.43)
Total Other Financing Sources (Uses)	<u>0.00</u>	<u>(10,478,904.21)</u>	<u>(18,908,644.22)</u>	<u>(29,387,548.43)</u>
Net Change in Fund Balances	<u>310,386,564.26</u>	<u>(7,283,091.63)</u>	<u>(398,443.40)</u>	<u>302,705,029.23</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>				
Fund Balances, September 1, 2015		247,867,006.06	431,789.40	248,298,795.46
Restatements (Note 14)				
Fund Balances, September 1, 2015, as Restated	0.00	247,867,006.06	431,789.40	248,298,795.46
Fund Balances, August 31, 2016	<u>\$ 310,386,564.26</u>	<u>\$ 240,583,914.43</u>	<u>\$ 33,346.00</u>	<u>\$ 551,003,824.69</u>



EXHIBIT I-1

## Combining Statement of Fiduciary Net Position – Private-Purpose Trust Funds

August 31, 2016

	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) 2016
<b>ASSETS</b>				
Cash and Cash Equivalents:				
Cash in State Treasury	\$	\$ 17,484.23	\$ 2,371,519.51	\$ 2,389,003.74
Receivables:				
Federal				
Interest and Dividends			1,766.84	1,766.84
Total Assets	0.00	17,484.23	2,373,286.35	2,390,770.58
<b>LIABILITIES</b>				
Accounts Payable			1,425,699.49	1,425,699.49
Unearned Revenues		17,484.23		17,484.23
Total Liabilities	0.00	17,484.23	1,425,699.49	1,443,183.72
<b>NET POSITION</b>				
Held In Trust For:				
Individuals, Organizations, and Other Governments			947,586.86	947,586.86
Total Net Position	\$ 0.00	\$ 0.00	\$ 947,586.86	\$ 947,586.86

EXHIBIT I-2

## Combining Statement of Changes in Fiduciary Net Position – Private-Purpose Trust Funds

For the Fiscal Year Ended August 31, 2016

	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 VI) 2016
<b>ADDITIONS</b>			
Contributions:			
Investment Income:			
From Investing Activities			
Interest and Investment Income	\$ 0.00	\$ 36,508.53	\$ 36,508.53
Total Investment Income	<u>0.00</u>	<u>36,508.53</u>	<u>36,508.53</u>
Other Additions:			
Federal Revenue		4,085,854.02	4,085,854.02
Other Revenue			
Transfers-In (Note 12)	46,761,489.00		46,761,489.00
Total Other Additions	<u>46,761,489.00</u>	<u>4,085,854.02</u>	<u>50,847,343.02</u>
Total Additions	<u>46,761,489.00</u>	<u>4,122,362.55</u>	<u>50,883,851.55</u>
<b>DEDUCTIONS</b>			
Intergovernmental Payments	46,761,489.00	4,085,854.02	50,847,343.02
Transfers-Out (Note 12)			
Total Deductions	<u>46,761,489.00</u>	<u>4,085,854.02</u>	<u>50,847,343.02</u>
<b>NET INCREASE (DECREASE)</b>	<u>0.00</u>	<u>36,508.53</u>	<u>36,508.53</u>
Net Position, September 1, 2015	0.00	911,078.33	911,078.33
Restatements (Note 14)	0.00	0.00	0.00
Net Position, September 1, 2015, as Restated	<u>0.00</u>	<u>911,078.33</u>	<u>911,078.33</u>
Net Position – August 31, 2016	<u>\$ 0.00</u>	<u>\$ 947,586.86</u>	<u>\$ 947,586.86</u>

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EXHIBIT J-1

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

August 31, 2016

	Beginning Balance September 1, 2015	Additions	Deductions	Ending Balance August 31, 2016
<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)	\$ 50,174.46	\$ 67,908.83	\$ 50,174.46	\$ 67,908.83
Corporate Obligations (Note 3)	146,490.64	223,515.88	146,490.64	223,515.88
Corporate Equity (Note 3)	416,802,274.87	401,937,346.10	416,802,274.87	401,937,346.10
Pooled Investments Note 3)	146,231,702.40	147,244,866.83	146,231,702.40	147,244,866.83
Other Investments (Note 3)	6,353,025.81	10,000,831.38	6,353,025.81	10,000,831.38
Total Assets	<u>\$ 569,583,668.18</u>	<u>\$ 559,474,469.02</u>	<u>\$ 569,583,668.18</u>	<u>\$ 559,474,469.02</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 569,583,668.18	\$ 559,474,469.02	\$ 569,583,668.18	\$ 559,474,469.02
Total Liabilities	<u>\$ 569,583,668.18</u>	<u>\$ 559,474,469.02</u>	<u>\$ 569,583,668.18</u>	<u>\$ 559,474,469.02</u>
<b>OTHER AGENCY FUNDS</b>				
<b>Events Trust Fund for Municipality/County (0830) U/F (0830)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 1,367,620.33	\$ 756,162.00	\$ 2,123,782.33	\$
Total Assets	<u>\$ 1,367,620.33</u>	<u>\$ 756,162.00</u>	<u>\$ 2,123,782.33</u>	<u>\$ 0.00</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 1,367,620.33	\$ 756,162.00	\$ 2,123,782.33	\$
Total Liabilities	<u>\$ 1,367,620.33</u>	<u>\$ 756,162.00</u>	<u>\$ 2,123,782.33</u>	<u>\$ 0.00</u>
<b>Binding Arbitration Trust Fund (0838) U/F (0838)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 205,465.00	\$ 1,593,467.00	\$ 1,413,267.00	\$ 385,665.00
Total Assets	<u>\$ 205,465.00</u>	<u>\$ 1,593,467.00</u>	<u>\$ 1,413,267.00</u>	<u>\$ 385,665.00</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 205,465.00	\$ 1,593,467.00	\$ 1,413,267.00	\$ 385,665.00
Total Liabilities	<u>\$ 205,465.00</u>	<u>\$ 1,593,467.00</u>	<u>\$ 1,413,267.00</u>	<u>\$ 385,665.00</u>
<b>Motor Sports &amp; Racing Trust Fund (0839) U/F (0839)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 249,627.00	\$	\$ 249,627.00	\$
Total Assets	<u>\$ 249,627.00</u>	<u>\$ 0.00</u>	<u>\$ 249,627.00</u>	<u>\$ 0.00</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 249,627.00	\$	\$ 249,627.00	\$
Total Liabilities	<u>\$ 249,627.00</u>	<u>\$ 0.00</u>	<u>\$ 249,627.00</u>	<u>\$ 0.00</u>
<b>Fireworks Tax Security Trust Account (0862) U/F (0862)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 200.00	\$	\$ 200.00	\$
Total Assets	<u>\$ 200.00</u>	<u>\$ 0.00</u>	<u>\$ 200.00</u>	<u>\$ 0.00</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 200.00	\$	\$ 200.00	\$
Total Liabilities	<u>\$ 200.00</u>	<u>\$ 0.00</u>	<u>\$ 200.00</u>	<u>\$ 0.00</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, 2016

	Beginning Balance September 1, 2015	Additions	Deductions	Ending Balance August 31, 2016
<b>Custom Brokers Bond/Security Trust Fund (0866) U/F (0866)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 20,000.00	\$ 20,000.00	\$ 25,000.00	\$ 15,000.00
Total Assets	\$ 20,000.00	\$ 20,000.00	\$ 25,000.00	\$ 15,000.00
<b>LIABILITIES</b>				
Funds Held for Others	\$ 20,000.00	\$ 20,000.00	\$ 25,000.00	\$ 15,000.00
Total Liabilities	\$ 20,000.00	\$ 20,000.00	\$ 25,000.00	\$ 15,000.00
<b>Texas Racing Commission Security Trust Fund (0868) U/F (0868)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 11,700.00	\$ 12,100.00	\$ 11,700.00	\$ 12,100.00
Total Assets	\$ 11,700.00	\$ 12,100.00	\$ 11,700.00	\$ 12,100.00
<b>LIABILITIES</b>				
Funds Held for Others	\$ 11,700.00	\$ 12,100.00	\$ 11,700.00	\$ 12,100.00
Total Liabilities	\$ 11,700.00	\$ 12,100.00	\$ 11,700.00	\$ 12,100.00
<b>Major Events Trust Fund (0869) U/F (8690)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 3,044,726.15	\$	\$ 3,044,726.15	\$
Total Assets	\$ 3,044,726.15	\$ 0.00	\$ 3,044,726.15	\$ 0.00
<b>LIABILITIES</b>				
Funds Held for Others	\$ 3,044,726.15	\$	\$ 3,044,726.15	\$
Total Liabilities	\$ 3,044,726.15	\$ 0.00	\$ 3,044,726.15	\$ 0.00
<b>Local Tax Collections For Sports/Community Venue Project Trust Fund (0874) U/F (0874)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 4,783,416.28	\$ 57,605,242.70	\$ 58,849,512.76	\$ 3,539,146.22
Total Assets	\$ 4,783,416.28	\$ 57,605,242.70	\$ 58,849,512.76	\$ 3,539,146.22
<b>LIABILITIES</b>				
Funds Held for Others	\$ 4,783,416.28	\$ 57,605,242.70	\$ 58,849,512.76	\$ 3,539,146.22
Total Liabilities	\$ 4,783,416.28	\$ 57,605,242.70	\$ 58,849,512.76	\$ 3,539,146.22
<b>City, County, MTA &amp; SPD Sales Tax Trust (0882) U/F (0882)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 941,921,976.52	\$ 9,662,059,156.84	\$ 9,608,960,223.46	\$ 995,020,909.90
Total Assets	\$ 941,921,976.52	\$ 9,662,059,156.84	\$ 9,608,960,223.46	\$ 995,020,909.90
<b>LIABILITIES</b>				
Other Intergovernmental Payables	\$ 941,921,976.52	\$ 995,020,909.90	\$ 941,921,976.52	\$ 995,020,909.90
Funds Held for Others	\$	\$ 8,667,038,246.94	\$ 8,667,038,246.94	\$
Total Liabilities	\$ 941,921,976.52	\$ 9,662,059,156.84	\$ 9,608,960,223.46	\$ 995,020,909.90

*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, 2016

	Beginning Balance September 1, 2015	Additions	Deductions	Ending Balance August 31, 2016
<b>International Fuels Tax Agreement (IFTA) Guaranty Trust Account (0884) U/F (0884)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 281,037.82	\$ 407,209.72	\$ 304,025.20	\$ 384,222.34
Total Assets	\$ 281,037.82	\$ 407,209.72	\$ 304,025.20	\$ 384,222.34
<b>LIABILITIES</b>				
Funds Held for Others	\$ 281,037.82	\$ 407,209.72	\$ 304,025.20	\$ 384,222.34
Total Liabilities	\$ 281,037.82	\$ 407,209.72	\$ 304,025.20	\$ 384,222.34
<b>Departmental Suspense Fund (0900) U/F (0900)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 6,728,517.88	\$ 450,193,885.07	\$ 447,976,555.90	\$ 8,945,847.05
Total Assets	\$ 6,728,517.88	\$ 450,193,885.07	\$ 447,976,555.90	\$ 8,945,847.05
<b>LIABILITIES</b>				
Funds Held for Others	\$ 6,728,517.88	\$ 450,193,885.07	\$ 447,976,555.90	\$ 8,945,847.05
Total Liabilities	\$ 6,728,517.88	\$ 450,193,885.07	\$ 447,976,555.90	\$ 8,945,847.05
<b>Motor Fuel Distributor's Bond Guaranty (0904) U/F (0904)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 1,559,785.63	\$ 1,693,785.63	\$ 2,219,985.63	\$ 1,033,585.63
Total Assets	\$ 1,559,785.63	\$ 1,693,785.63	\$ 2,219,985.63	\$ 1,033,585.63
<b>LIABILITIES</b>				
Funds Held for Others	\$ 1,559,785.63	\$ 1,693,785.63	\$ 2,219,985.63	\$ 1,033,585.63
Total Liabilities	\$ 1,559,785.63	\$ 1,693,785.63	\$ 2,219,985.63	\$ 1,033,585.63
<b>Qualified Hotel Project Trust Fund (0905) U/F (0905)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 1,924,553.16	\$ 18,279,645.32	\$ 19,619,203.53	\$ 584,994.95
Total Assets	\$ 1,924,553.16	\$ 18,279,645.32	\$ 19,619,203.53	\$ 584,994.95
<b>LIABILITIES</b>				
Funds Held for Others	\$ 1,924,553.16	\$ 18,279,645.32	\$ 19,619,203.53	\$ 584,994.95
Total Liabilities	\$ 1,924,553.16	\$ 18,279,645.32	\$ 19,619,203.53	\$ 584,994.95
<b>Mixed Beverage Tax Guaranty Fund (0906) U/F (0906)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 15,815,532.00	\$ 18,866,670.46	\$ 17,543,003.59	\$ 17,139,198.87
Total Assets	\$ 15,815,532.00	\$ 18,866,670.46	\$ 17,543,003.59	\$ 17,139,198.87
<b>LIABILITIES</b>				
Funds Held for Others	\$ 15,815,532.00	\$ 18,866,670.46	\$ 17,543,003.59	\$ 17,139,198.87
Total Liabilities	\$ 15,815,532.00	\$ 18,866,670.46	\$ 17,543,003.59	\$ 17,139,198.87
<b>Sales Tax Guaranty Trust (0962) U/F (0962)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 33,547,043.37	\$ 41,647,196.39	\$ 43,805,010.80	\$ 31,389,228.96
Total Assets	\$ 33,547,043.37	\$ 41,647,196.39	\$ 43,805,010.80	\$ 31,389,228.96
<b>LIABILITIES</b>				
Funds Held for Others	\$ 33,547,043.37	\$ 41,647,196.39	\$ 43,805,010.80	\$ 31,389,228.96
Total Liabilities	\$ 33,547,043.37	\$ 41,647,196.39	\$ 43,805,010.80	\$ 31,389,228.96

*Continued on the following page*

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EXHIBIT J-1 (concluded)

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

August 31, 2016

	Beginning Balance September 1, 2015	Additions	Deductions	Ending Balance August 31, 2016
<b>Direct Deposit Correction Account (0980) U/F (0980)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 43,938.32	\$ 47,788,429.80	\$ 47,796,557.82	\$ 35,810.30
Total Assets	<u>\$ 43,938.32</u>	<u>\$ 47,788,429.80</u>	<u>\$ 47,796,557.82</u>	<u>\$ 35,810.30</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 43,938.32	\$ 47,788,429.80	\$ 47,796,557.82	\$ 35,810.30
Total Liabilities	<u>\$ 43,938.32</u>	<u>\$ 47,788,429.80</u>	<u>\$ 47,796,557.82</u>	<u>\$ 35,810.30</u>
<b>Totals – All Agency Funds</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 1,011,505,139.46	\$ 10,300,922,950.93	\$ 10,253,942,381.17	\$ 1,058,485,709.22
Investments:				
U.S. Government & Agency Obligations (Note 3)	50,174.46	67,908.83	50,174.46	67,908.83
Corporate Obligations (Note 3)	146,490.64	223,515.88	146,490.64	223,515.88
Corporate Equity (Note 3)	416,802,274.87	401,937,346.10	416,802,274.87	401,937,346.10
Pooled Investments Note 3)	146,231,702.40	147,244,866.83	146,231,702.40	147,244,866.83
Other Investments (Note 3)	6,353,025.81	10,000,831.38	6,353,025.81	10,000,831.38
Total Assets	<u>\$ 1,581,088,807.64</u>	<u>\$ 10,860,397,419.95</u>	<u>\$ 10,823,526,049.35</u>	<u>\$ 1,617,960,178.24</u>
<b>LIABILITIES</b>				
Intergovernmental Payables	\$ 941,921,976.52	\$ 995,020,909.90	\$ 941,921,976.52	\$ 995,020,909.90
Funds Held for Others	639,166,831.12	9,865,376,510.05	9,881,604,072.83	622,939,268.34
Total Liabilities	<u>\$ 1,581,088,807.64</u>	<u>\$ 10,860,397,419.95</u>	<u>\$ 10,823,526,049.35</u>	<u>\$ 1,617,960,178.24</u>

## SUPPLEMENTARY SCHEDULES

SCHEDULE 1A

## Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended August 31, 2016

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 of Real Estate Taxes	12.112	\$	\$	\$4,085,854.02	\$4,085,854.02
Total U.S. Dept of Defense		<u>0.00</u>	<u>0.00</u>	<u>4,085,854.02</u>	<u>4,085,854.02</u>
Total Federal Financial Assistance		<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$4,085,854.02</u>	<u>\$4,085,854.02</u>

**NOTE 2 – RECONCILIATION**

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

Federal Revenues	\$ 4,085,854.02
Reconciling Items	<u>0.00</u>
Total Pass-Through and Expenditures Per Federal Schedule	<u>\$6,180,239.03</u>

**NOTE 7 – FEDERAL DEFERRED REVENUE**

CFDA	Balance 09/01/15	Net Change	Balance 08/31/16
15.227	\$ 17,479.83	\$ 4.40	\$ 17,484.23

The deferred revenue of \$17,484.23 is 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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<b>Pass-Through To</b>			
<b>State Agy. or Univ. Amount</b>	<b>Non-State Entities Amount</b>	<b>Expenditures Amount</b>	<b>Total Pass-Through &amp; Expenditures</b>
\$	\$	\$ 4,085,854.02	\$4,085,854.02
<u>0.00</u>	<u>0.00</u>	<u>4,085,854.02</u>	<u>4,085,854.02</u>
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 4,085,854.02</u>	<u>\$4,085,854.02</u>

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SCHEDULE 4

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

August 31, 2016

	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	\$ 8,571,979,635.54	\$	\$	\$	\$ 8,571,979,635.54
Cash in Bank	8,810,532.52				8,810,532.52
Short Term Investments	52,567,693.95				52,567,693.95
Receivables:					
Accounts Receivable	304,764,094.56				304,764,094.56
Interest and Dividends	5,607,450.73				5,607,450.73
Taxes	2,282,621,280.98				2,282,621,280.98
Due From Other Agencies	493,213,370.13				493,213,370.13
Total Current Assets	<u>11,719,564,058.41</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>11,719,564,058.41</u>
Non-Current Assets:					
Taxes Receivable	34,759,475.90				34,759,475.90
Investments	2,338,648,768.89				2,338,648,768.89
Capital Assets:					
Depreciable					
Furniture and Equipment		2,647,907.21			2,647,907.21
Accumulated Depreciation		(2,613,504.34)			(2,613,504.34)
Computer Software		4,408,806.09			4,408,806.09
Accumulated Amortization		(4,295,234.96)			(4,295,234.96)
Total Non-Current Assets	<u>2,373,408,244.79</u>	<u>147,974.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,373,556,218.79</u>
Total Assets	<u>\$14,092,972,303.20</u>	<u>\$ 147,974.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$14,093,120,277.20</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Current Liabilities:					
Payables From:					
Accounts Payable	\$ 2,062,411.01	\$	\$	\$	\$ 2,062,411.01
Other Intergovernmental	35,478,738.96				35,478,738.96
Unclaimed Property Claimant Liabilities	272,572,345.21				272,572,345.21
Taxes Refund Payable	142,955,151.11				142,955,151.11
Due to Other Agencies	1,331,460,988.62				1,331,460,988.62
Unearned Revenues	390,928,019.39				390,928,019.39
Total Current Liabilities	<u>2,175,457,654.30</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,175,457,654.30</u>
Total Liabilities	<u>2,175,457,654.30</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,175,457,654.30</u>
<b>DEFERRED INFLOWS</b>					
Deferred Inflow of Resources (Note 29)	349,847,371.88			(349,847,371.88)	
Total Deferred Inflows	<u>349,847,371.88</u>	<u>0.00</u>	<u>0.00</u>	<u>(349,847,371.88)</u>	<u>0.00</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>					
Fund Balances (Deficits):					
Nonspendable for LT Taxes Receivable	34,759,475.90				
Restricted	2,490,643,251.23				
Committed	43,612,276.72				
Unassigned	8,998,652,273.17				
Total Fund Balances	<u>11,567,667,277.02</u>				
Total Liabilities and Fund Balance	<u>\$14,092,972,303.20</u>				
<b>GOVERNMENT-WIDE STATEMENT – NET POSITION</b>					
Net Position:					
Net Investment in Capital Assets		\$ 147,974.00	\$	\$	\$ 147,974.00
Unrestricted				(349,847,371.88)	11,917,514,648.90
Total Net Position		<u>\$ 147,974.00</u>	<u>\$ 0.00</u>	<u>\$(349,847,371.88)</u>	<u>\$11,917,662,622.90</u>

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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, 2016

	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets
<b>REVENUES</b>					
Taxes	\$ 45,000,596,434.25	\$	\$	349,847,371.88	\$ 45,350,443,806.13
Licenses, Fees & Permits	1,351,976,048.08				1,351,976,048.08
Interest and Other Investment Income	166,951,271.54				166,951,271.54
Land Income	13,457,839.38				13,457,839.38
Settlement of Claims	593,745,193.03				593,745,193.03
Sales of Goods and Services	50,598,089.24				50,598,089.24
Other	654,027,433.85				654,027,433.85
Total Revenues	<u>47,831,352,309.37</u>	<u>0.00</u>	<u>0.00</u>	<u>349,847,371.88</u>	<u>48,181,199,681.25</u>
<b>EXPENDITURES</b>					
Payroll Related Costs	670,784,505.69				670,784,505.69
Professional Fees and Services	25,266,838.92				25,266,838.92
Materials and Supplies	12,167.70				12,167.70
Communications and Utilities	218,136.50				218,136.50
Repairs and Maintenance	860,631.43				860,631.43
Claims and Judgments	9,974,526.28				9,974,526.28
Intergovernmental Payments	425,054,362.29				425,054,362.29
Other Expenditures	34,133,789.12				34,133,789.12
Capital Outlay					
Depreciation/Amortization Expense		108,871.20			108,871.20
Total Expenditures	<u>1,166,304,957.93</u>	<u>108,871.20</u>	<u>0.00</u>	<u>0.00</u>	<u>1,166,413,829.13</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>46,665,047,351.44</u>	<u>(108,871.20)</u>	<u>0.00</u>	<u>349,847,371.88</u>	<u>47,014,785,852.12</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Net Inc (Dec) on Transfer of Capital Assets					
Transfer In	984,687,852.03				984,687,852.03
Transfer Out	(21,776,533,572.48)				(21,776,533,572.48)
Legislative Transfer Out	(24,795,788,193.62)				(24,795,788,193.62)
Insurance Recoveries	70,050.82				70,050.82
Total Other Financing Sources and Uses	<u>(45,587,563,863.25)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(45,587,563,863.25)</u>
Net Change in Fund Balances/Net Assets	<u>1,077,483,488.19</u>	<u>(108,871.20)</u>		<u>349,847,371.88</u>	<u>1,427,221,988.87</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>					
Fund Balances, September 1, 2015	10,490,183,788.83				
Restatements					
Fund Balances, September 1, 2015, as Restated	<u>10,490,183,788.83</u>				
Fund Balances, August 31, 2016	<u>\$ 11,567,667,277.02</u>				
<b>GOVERNMENT-WIDE STATEMENT – NET POSITION</b>					
Net Position/Net Change in Net Position	\$ 1,077,483,488.19	\$ (108,871.20)	\$ 0.00	\$ 349,847,371.88	\$ 1,427,221,988.87
Net Position, September 1, 2015	10,490,183,788.83	256,845.20			10,490,440,634.03
Restatements					
Net Position, September 1, 2015, as Restated	<u>10,490,183,788.83</u>	<u>256,845.20</u>	<u>0.00</u>	<u>0.00</u>	<u>10,490,440,634.03</u>
Net Position, August 31, 2016	<u>\$ 11,567,667,277.02</u>	<u>\$ 147,974.00</u>	<u>\$ 0.00</u>	<u>\$ 349,847,371.88</u>	<u>\$ 11,917,662,622.90</u>

SCHEDULE 5

## Schedule of Tax Revenue, Tax Receivable and Deferred Inflow Tax Revenue

For the Fiscal Year Ended August 31, 2016

Tax Type	Tax Revenue Modified Accrual	Full Accrual	Taxes Receivable	Refunds Payable	Net Taxes Receivable
Sales and Use	\$ 28,071,920,103.19	\$ 28,121,930,126.66	\$ 1,532,468,962.44	\$	\$ 1,532,468,962.44
Motor Vehicle & MFG Housing	4,478,299,818.06	4,483,620,285.49	78,633,646.78		78,633,646.78
Motor Fuels*	64,977,498.44	64,977,587.90	213,551.82		213,551.82
Oil & Natural Gas Production	2,186,492,955.67	2,186,492,955.67	198,481,813.22	(142,955,151.11)	55,526,662.11
Franchise	3,227,160,089.03	3,227,160,089.03			
Insurance	2,224,697,517.35	2,452,138,157.68	259,289,092.77		259,289,092.77
Cigarette & Tobacco	563,488,697.62	564,377,385.10	24,160,421.84		24,160,421.84
Other Taxes:					
Alcoholic Beverage	1,181,023,613.60	1,201,430,003.03	99,936,998.90		99,936,998.90
Utility	455,995,068.84	495,472,952.46	71,822,252.42		71,822,252.42
Hotel and Motel	519,804,278.24	526,107,468.90	52,374,016.69		52,374,016.69
Other	79,219,030.38	79,219,030.38			
<b>Total Taxes</b>	<b>\$ 43,053,078,670.42</b>	<b>\$ 43,402,926,042.30</b>	<b>\$ 2,317,380,756.88</b>	<b>\$ (142,955,151.11)</b>	<b>\$ 2,174,425,605.77</b>

\* Motor fuel tax revenue, taxes receivable and deferred inflow revenue transferred to the Texas Department of Transportation and Texas Education Agency will be reported by those agencies instead of Comptroller - Fiscal

Tax Type	Deferred Inflow Tax Revenue
Sales and Use	\$ 50,010,023.47
Motor Vehicle & MFG Housing	5,320,467.43
Motor Fuels*	89.46
Oil & Natural Gas Production	
Franchise	
Insurance	227,440,640.33
Cigarette & Tobacco	888,687.48
Other Taxes:	
Alcoholic Beverage	20,406,389.43
Utility	39,477,883.62
Hotel and Motel	6,303,190.66
<b>Total Taxes</b>	<b>\$ 349,847,371.88</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 Position –  
Governmental Funds**

August 31, 2016

	Governmental Fund Types		Governmental Funds Total
	General Funds (Exhibit A-1)	Permanent Funds (Exhibit E-1)	
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents:			
Cash in Bank	\$	\$	\$
Cash in State Treasury			
Short Term Investments	9,905,650.87	45,315,077.88	55,220,728.75
Receivables From:			
Interest and Dividends	3,695.38	15,729.99	19,425.37
Trade Receivables			
Due From Other Agencies	19,193,626.16		19,193,626.16
Non-Current Assets:			
Investments	173,196,348.50	752,501,547.91	925,697,896.41
<b>Total Assets</b>	<u>\$ 202,299,320.91</u>	<u>\$ 797,832,355.78</u>	<u>\$ 1,000,131,676.69</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Current Liabilities:			
Payables From:			
Accounts Payable	\$ 92,955.32	\$ 404,541.35	\$ 497,496.67
Trade Payables			
Short Term Debt			
Other Liabilities	19,193,626.16		19,193,626.16
<b>Total Liabilities</b>	<u>19,286,581.48</u>	<u>404,541.35</u>	<u>19,691,122.83</u>
<b>FUND FINANCIAL STATEMENT</b>			
Fund Balances (Deficits):			
Restricted			
Committed	183,012,739.43	797,427,814.43	980,440,553.86
Unassigned			
<b>Total Fund Balances</b>	<u>183,012,739.43</u>	<u>797,427,814.43</u>	<u>980,440,553.86</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 202,299,320.91</u>	<u>\$ 797,832,355.78</u>	<u>\$ 1,000,131,676.69</u>

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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, 2016

	General Funds (Exhibit A-2)	Permanent Funds (Exhibit E-2)	Governmental Funds Total
<b>REVENUES</b>			
Interest and Other Investment Income	\$ 628,181.00	\$ 6,858,199.74	\$ 7,486,380.74
Income from Securities Lending			
Net Increase (Decrease) in Fair Value	<u>932,904.22</u>	<u>15,024,921.28</u>	<u>15,957,825.50</u>
	<u>1,561,085.22</u>	<u>21,883,121.02</u>	<u>23,444,206.24</u>
<b>EXPENDITURES</b>			
Professional Fees and Services	431,751.35	1,804,966.64	2,236,717.99
Travel			
Borrower Rebate and Agent Fees			
Interest			
Total Expenditures/Expenses	<u>431,751.35</u>	<u>1,804,966.64</u>	<u>2,236,717.99</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,129,333.87</u>	<u>20,078,154.38</u>	<u>21,207,488.25</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	<u>(61,270,886.59)</u>	<u>(25,008,825.70)</u>	<u>(86,279,712.29)</u>
Total Other Financing Sources and Uses	<u>(61,270,886.59)</u>	<u>(25,008,825.70)</u>	<u>(86,279,712.29)</u>
Net Change in Fund Balances/Net Assets	<u>(60,141,552.72)</u>	<u>(4,930,671.32)</u>	<u>(65,072,224.04)</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>			
Fund Balances, September 1, 2015	243,154,292.16	802,358,485.79	1,045,512,777.95
Restatements			
Fund Balances, September 1, 2015, as Restated	<u>243,154,292.16</u>	<u>802,358,485.79</u>	<u>1,045,512,777.95</u>
Fund Balances – August 31, 2016	<u>\$ 183,012,739.44</u>	<u>\$ 797,427,814.47</u>	<u>\$ 980,440,553.91</u>



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EXHIBIT VI

**Combined Statement of Fiduciary Net Position –  
Fiduciary Funds**

August 31, 2016

	Private- Purpose Trust (Exhibit I-1)	Agency Funds (Exhibit J-1)	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents:			
Cash in Bank	\$	\$ 6,257,607.39	\$ 6,257,607.39
Cash in State Treasury		1,625,828.84	1,625,828.84
Other Short Term Investments	131,769,369.35	32,934,727.62	164,704,096.97
Investments (Note 3)			
U.S. Government and Agency Obligations			
Corporate Equity	64,820,010.78		64,820,010.78
Corporate Obligations	2,960,580.53		2,960,580.53
Foreign Securities	54,470,500.95		54,470,500.95
Other Investments	2,075,884,940.97		2,075,884,940.97
Repurchase Agreements			
Receivables:			
Interest and Dividends	45,146.93	247.01	45,393.94
Trade Receivables			
Other Assets		100,000.00	100,000.00
Total Assets	<u>2,329,950,549.51</u>	<u>40,918,410.86</u>	<u>2,370,868,960.37</u>
<b>LIABILITIES</b>			
Payables:			
Accounts Payables	1,164,411.00		1,164,411.00
Trade Payables			
Obligations/Securities Lending			
Funds Held for Others		40,918,410.86	40,918,410.86
Total Liabilities	<u>1,164,411.00</u>	<u>40,918,410.86</u>	<u>42,082,821.86</u>
<b>NET ASSETS</b>			
Held in trust for:			
Individuals, Organizations, and Other Governments	<u>2,328,786,138.51</u>		<u>2,328,786,138.51</u>
Total Net Assets	<u>\$ 2,328,786,138.51</u>	<u>\$ 0.00</u>	<u>\$ 2,328,786,138.51</u>

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EXHIBIT VII

**Combined Statement of Changes in Net Position –  
Fiduciary Funds**

August 31, 2016

	Private Purpose Trust (Exhibit I-2)	Totals
<b>ADDITIONS</b>		
Investment Income:		
From Investing Activities:		
Net appreciation (Depreciation) in		
Fair Value of Investments	\$ 42,746,408.53	\$ 42,746,408.53
Interest and Investment Income	17,935,213.84	17,935,213.84
Total Investing Income (Loss)	60,681,622.37	60,681,622.37
Less Investing Activities Expense		
Net Income from Investing Activities	60,681,622.37	60,681,622.37
From Securities Lending Activities		
Securities Lending Income		
Less Securities Lending Expense:		
Borrower Rebates and Agent Fees		
Net Income from Securities Lending Activities		
Total Net Investment Income (Loss)	60,681,622.37	60,681,622.37
Total Additions	60,681,622.37	60,681,622.37
<b>DEDUCTIONS</b>		
Transfer out	48,250,715.27	48,250,715.27
Professional Fees and Services	5,203,789.19	5,203,789.19
Total Deductions	53,454,504.46	53,454,504.46
<b>INCREASE (DECREASE) IN NET ASSETS</b>	7,227,117.91	7,227,117.91
Net Position September 1, 2015	2,321,559,020.60	2,321,559,020.60
Restatements		
Net Position, September 1, 2015, as Restated	2,321,559,020.60	2,321,559,020.60
Net Position – August 31, 2016	\$ 2,328,786,138.51	\$ 2,328,786,138.51

# 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 Sept. 1, 1996, the constitutional office of the Treasurer was abolished and the powers, duties, obligations, rights and contracts of the Treasurer were 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’s *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 un-matured 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 POSITION

### *Fund Balance/Net Position*

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

### *Fund Balance Components*

Fund balances for governmental funds are classified as nonspendable, restricted, committed, assigned or unassigned in the fund financial statements.

- **Nonspendable fund balance** includes amounts not available to be spent because they are either:
  - Not in spendable form
  - OR –
  - Legally or contractually required to be maintained intact.
- **Restricted fund balance** includes those resources that have constraints placed on their use through external parties — such as creditors, grantors, contributors, laws or regulations of other governments — or by law through constitutional provisions or enabling legislation.
- **Committed fund balance** can be used only for specific purposes pursuant to constraints imposed through legislation passed into law by a formal action of the Texas Legislature, the state’s highest level of decision making authority.
- **Assigned fund balance** includes amounts constrained by the state’s intent to be used for specific purposes, but the constraints do not meet the requirements to be reported as restricted or committed. Intent is expressed by:
  - The Texas Legislature
  - OR –
  - A body (for example, a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.
- **Unassigned fund balance** is the residual classification for the general fund. This classification represents fund balance that was not assigned to other funds and was not restricted, committed or assigned to specific purposes within the general fund.

### *Restricted Net Position*

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

### *Unrestricted Net Position*

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

## INTERFUND ACTIVITIES AND 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 12.

## 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
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 Aug. 31, 2016, the carrying amount and the total bank balance of deposits is presented below:

<b>Custodial Operations</b>	
Cash in Bank – Carrying Amount	\$ 613,669,240.61
Total Cash in Bank	<u>\$ 613,669,240.61</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 2016.

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**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 Aug. 31, 2016, were categorized as follows:

<b>Political Subdivision Securities</b>	
Moody's Investors Service Ratings	Percent of Collateral Pledged
AAA	17.44%
AA	22.36%
A	7.23%
Subtotal	47.03%

<b>U.S. Government Securities</b>	
Description	Percent of Collateral Pledged
U.S. Treasury Notes and Bonds	3.40%
Federal Home Loan Bank Debentures	4.30%
Federal Home Loan Mortgage Corp	0.89%
Federal Home Loan Mtg. Corp-Mtg. backed	2.17%
Federal Farm Credit Bank	1.23%
Federal National Mortgage Assn	4.30%
Federal National Mtg Assn-Mtg. backed	4.84%
Government National Mortgage Assn	6.15%
Federal Home Loan Bank Letters of Credit	25.69%
Subtotal	52.97%
TOTAL	100.00%

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

During fiscal 2016, 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 Aug. 31, 2016, were fully secured by FDIC insurance and securities pledged to the Comptroller.

**Departmental Operations**

As of Aug. 31, 2016, the carrying amount and the total bank balance of deposits is presented below:

<b>Departmental Operations</b>	
Fiduciary Funds	
Cash in Bank – Carrying Amount	\$ 6,257,607.39
Total Cash in Bank per AFR	\$ 6,257,607.39
Fiduciary Funds Cash in Bank	\$ 6,257,607.39
Cash in Bank per AFR	\$ 6,257,607.39

## INVESTMENTS AND REPURCHASE AGREEMENTS

### Custodial Operations

As of Aug. 31, 2016, the fair value of investments is as presented below.

Investments for the Treasury Pool, as of Aug. 31, 2016 are as follows:

<b>Fair Value of Investments As of August 31, 2016</b>				
Treasury Portfolio	Level 1	Level 2	Level 3	Fair Value
Investment Type				
U.S. Government Agencies	\$	\$ 3,783,066,232.00	\$	\$ 3,783,066,232.00
U.S. Government Treasuries		2,479,196,506.00		2,479,196,506.00
Government Mortgage Backed Securities		2,463,200,314.00		2,463,200,314.00
Commercial paper		9,096,864,891.00		9,096,864,891.00
Repurchase Agreements	1,800,000,000.00			1,800,000,000.00
Supranational/Israel Bonds		2,805,643,900.00		2,805,643,900.00
Corporate Obligations		2,515,824,114.00		2,515,824,114.00
Asset Backed Securities		2,788,268,602.00		2,788,268,602.00
Small Business Administration		28,984,827.00		28,984,827.00
Stock In Texas Trust Company			1,000,000.00	1,000,000.00
Money Market Mutual Funds	564,000,000.00			564,000,000.00
Total Treasury Pool without Lottery Securities	<u>2,364,000,000.00</u>	<u>25,961,049,386.00</u>	<u>1,000,000.00</u>	<u>28,326,049,386.00</u>
U. S. Government Agencies - Lottery - Refco		421,908,501.00		421,908,501.00
U. S. Government Agencies - Lottery - Treasury Strips		240,510,250.00		240,510,250.00
Total Investments	<u>2,364,000,000.00</u>	<u>26,623,468,137.00</u>	<u>1,000,000.00</u>	<u>\$ 28,988,468,137.00</u>

*Credit risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Pursuant to Government Code 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 asset-backed securities, corporate obligations, and small business administration obligations, that are not rated, are issued by Government Sponsored Enterprises that are rated AA+. The Treasury portfolio is rated AA+ 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.

<b>Standard &amp; Poors</b>						
Fund	Investment Type	AAA	AA	A	A-1	Unrated
Treasury Portfolio	U.S. Government Agencies	\$	\$3,783,066,232	\$	\$	\$
Treasury Portfolio	Government Mortgage Backed Securities		2,463,200,314			
Treasury Portfolio	Asset Backed Securities	1,897,926,582	17,541,080			872,800,939
Treasury Portfolio	Commercial paper				9,096,864,891	
Treasury Portfolio	Corporate Obligations		1,609,371,050	295,110,700		611,342,364
Treasury Portfolio	Repurchase Agreements		1,800,000,000			
Treasury Portfolio	Small Business Administration					28,984,827
Treasury Portfolio	Supranational	2,747,666,000		57,977,900		
Treasury Portfolio	Mutual Funds (2A 7-Like)	564,000,000				



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*Concentration of credit risk.* The Comptroller places no limit on the amount the Treasury Pool may invest in any one issuer. More than 5% of the Treasury Pool investments are with the Federal National Mortgage Association, the International Bank for Reconstruction and Development, and the Federal Home Loan Bank as presented below:

Fund	Issuer	Carrying Value	% of Total Portfolio
Treasury Porfolio	Federal National Mortgage Association	\$ 1,725,643,483.42	5.84%
Treasury Porfolio	International Bank for Reconstruction and Development	1,947,855,000.00	6.59%
Treasury Porfolio	Federal Home Loan Bank	3,337,841,881.72	11.30%

*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 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	0.134
U.S. Government Treasuries	1.342
Government Mortgage Backed Securities	3.555
Commercial Paper	0.268
Corporate Obligations	0.582
Asset Backed Securities	1.168
Repurchase Agreements	0.003
Small Business Administration	16.831
Supranational	1.374
Placement of deposits with financial institutions	0.322
Treasury Portfolio Modified Duration	0.850

*Reverse Repurchase Agreements.* The Treasury Pool may enter into reverse repurchase agreements for up to 35% of the pools assets. The Treasury Pool’s aggregate amount of reverse repurchase agreement obligations at August 31, 2016 was \$44,211,333 including accrued interest. The aggregate fair value of the securities underlying those agreements, including accrued interest, was \$44,118,669. There was no credit exposure at year-end.

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**Departmental Operations**

As of Aug. 31, 2016, the fair value of investments is as presented below:

<b>Fair Value of Investments As of August 31, 2016</b>					
<b>Governmental Funds</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Net Asset Value</b>	<b>Fair Value</b>
Mutual Funds – Global Equities				\$ 8,787,974.63	\$ 8,787,974.63
Mutual Funds – Global Fixed Income				61,637,113.37	61,637,113.37
Mutual Funds – Commodities				17,104,074.32	17,104,074.32
Hedge Funds – Fund of funds				67,230,430.20	67,230,430.20
Hedge Funds – Direct funds				492,500,894.90	492,500,894.90
Alternative Investments Domestic				262,857,169.90	262,857,169.90
Alternative Investments International				15,580,239.03	15,580,239.03
Investments in Short Term Investment Fund	55,220,728.76				55,220,728.76
<b>Total Investments</b>	<u>\$ 55,220,728.76</u>			<u>\$ 925,697,896.35</u>	<u>\$ 980,918,625.11</u>
Reconciliation of Investments per Exhibits – Governmental					
Governmental Funds Current Assets Short-Term Investments					\$ 55,220,728.76
Governmental Funds Non-Current Assets Investments					<u>925,697,896.35</u>
Investments per Exhibits					<u>\$ 980,918,625.11</u>

<b>Fair Value of Investments As of August 31, 2016</b>					
<b>Fiduciary Funds</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Net Asset Value</b>	<b>Fair Value</b>
Corporate Obligations	\$ 2,978,020.46			\$	\$ 2,978,020.46
Equities	10,559,405.55				10,559,405.55
Mutual Funds – Global Equities				18,437,484.62	18,437,484.62
Mutual Funds – Global Fixed Income				129,316,865.10	129,316,865.10
Mutual Funds – Commodities				35,884,958.76	35,884,958.76
Hedge Funds – Fund of Funds				141,051,843.56	141,051,843.56
Hedge Funds – Direct funds				1,033,284,466.24	1,033,284,466.24
Alternative Investments Domestic				762,552,442.99	762,552,442.99
Alternative Investments International				47,304,050.96	47,304,050.96
Other Investments	9,736,341.20				9,736,341.20
Repurchase Agreements	32,934,727.62				32,934,727.62
International Other Commingled Funds				7,208,665.49	7,208,665.49
Investments in Short Term Investment Fund	131,778,963.30				131,778,963.30
<b>Total Investments</b>	<u>187,987,458.13</u>			<u>2,175,040,777.72</u>	<u>\$ 2,363,028,235.85</u>
Fiduciary					
Fiduciary Funds Current Assets Short-Term Investments					\$164,713,690.92
Fiduciary Funds Non-Current Assets Investments					<u>2,198,314,544.93</u>
Investments per Exhibits					<u>\$ 2,363,028,235.85</u>

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**Comptroller Treasury – Fiscal (311)**

*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 State Street’s Institutional Liquid Reserve fund which is rated AAAM by Standard & Poor’s.

<b>Standard &amp; Poor’s</b>			
<b>Fund Type</b>	<b>Investment Type</b>	<b>AAA</b>	<b>Unrated</b>
01	Mutual Funds – Global Fixed Income	\$	\$ 16,493,086.13
01	Investments in Short-Term Investment Fund	9,905,650.88	
19	Mutual Funds – Global Fixed Income		45,144,027.24
19	Investments in Short-Term Investment Fund	45,315,077.88	
20	Mutual Funds – Global Fixed Income		\$ 129,316,865.10
20	Investments in Short Term Investment Fund	\$ 130,140,712.93	

*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 effective 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.

<b>Investment Type</b>	<b>Effective Duration (Years)</b>
Mutual Funds – Global Fixed Income	2.90
	<b>Weighted Average Maturity (Days)</b>
Investments in Short-Term Investment Fund	18

*Foreign Currency Risk.* The endowment funds do not have a formal investment policy that limits foreign currencies. 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 August 31, 2016</b>			
<b>Fund Type</b>	<b>Foreign Currency</b>	<b>Alternative Investments International</b>	<b>International Other Comingled Funds</b>
19	Euro	\$ 15,580,239.03	\$
20	Euro	47,304,050.96	7,208,665.49
Total		\$ 62,884,289.99	\$ 7,208,665.49

**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 State’s 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 Oct. 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.

For Fiscal Year 2016, the State Comptroller announced that the state did not issue State of Texas Tax and Revenue Anticipation Notes.

**NOTE 5: Long-Term Liabilities**

(Not Applicable)

**NOTE 6: Bonded Indebtedness**

(Not Applicable)

**NOTE 7: Derivative Instruments**

(Not Applicable)

**NOTE 8: Leases**

(Not Applicable)

**NOTE 9: Pension Plans (Administering Agencies Only)**

(Not Applicable)

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

(Not Applicable)

**NOTE 11: Post employment 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

Individual balances and activity at Aug. 31, 2016, are as follows:

<b>August 31, 2016</b>															
	Transfers In	Transfers Out	Purpose												
<b>GENERAL (01)</b>															
Appd Fund 5044, Fund 5044 (Agency 537, Fund 5044)	\$	\$ 2,893,309.20	Distribution												
Appd Fund 5044, Fund 5044 (Agency 347, Fund 5044)		27,742,118.79	Distribution												
Appd Fund 5045, Fund 5045 (Agency 537, Fund 5045)		1,446,670.32	Distribution												
Appd Fund 5045, Fund 5045 (Agency 347, Fund 5045)		13,871,059.40	Distribution												
Appd Fund 5046, Fund 5046 (Agency 537, Fund 5046)		1,446,669.48	Distribution												
Appd Fund 5046, Fund 5046 (Agency 347, Fund 5046)		13,871,059.40	Distribution												
<b>PERMANENT (19)</b>															
Appd Fund 0824, Fund 0824 (Agency 781, Fund 0824)		2,020,831.52	Distribution												
Appd Fund 0825, Fund 0825 (Agency 781, Fund 0825)		1,123,750.96	Distribution												
Appd Fund 5047, Fund 5047 (Agency 551 Fund 5047)		1,970,434.92	Distribution												
Appd Fund 5048, Fund 5048 (Agency 537, Fund 5048)		985,164.08	Distribution												
<b>PRIVATE PURPOSE (20)</b>															
Appd Fund 0823, Fund 0823 (Agency 781, Fund 0823)		1,489,226.27	Distribution												
Appd Fund 0872, Fund 0872 (Agency 902, Fund 2872)		46,761,489.00	Distribution												
Total Transfers	\$ 0.00	\$ 115,621,783.34													
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;"></th> <th style="text-align: center; border-bottom: 1px solid black;">Due From Other Agencies</th> <th style="text-align: center; border-bottom: 1px solid black;">Due To Other Agencies</th> <th style="text-align: center; border-bottom: 1px solid black;">Source</th> </tr> </thead> <tbody> <tr> <td>Appd Fund 0001, Fund 1900 (Agency 902, Fund 0001)</td> <td style="text-align: right;">\$ 19,193,626.16</td> <td style="text-align: right;">\$</td> <td>Shared Cash</td> </tr> <tr> <td>Total Due From/To Other Agencies</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$ 19,193,626.16</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$ 0.00</td> <td></td> </tr> </tbody> </table>					Due From Other Agencies	Due To Other Agencies	Source	Appd Fund 0001, Fund 1900 (Agency 902, Fund 0001)	\$ 19,193,626.16	\$	Shared Cash	Total Due From/To Other Agencies	\$ 19,193,626.16	\$ 0.00	
	Due From Other Agencies	Due To Other Agencies	Source												
Appd Fund 0001, Fund 1900 (Agency 902, Fund 0001)	\$ 19,193,626.16	\$	Shared Cash												
Total Due From/To Other Agencies	\$ 19,193,626.16	\$ 0.00													

**NOTE 13: Continuance Subject to Review**

(Not Applicable)

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

(Not Applicable)

**NOTE 15: Contingencies and Commitments**

(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 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)

**NOTE 27: Service Concession Arrangements**

(Not Applicable)

**NOTE 28: Deferred Outflows of Resources and Deferred Inflows of Resources**

(Not Applicable)

**NOTE 29: Troubled Debt Restructuring**

(Not Applicable)

**NOTE 30: Non-Exchange Financial Guarantees**

(Not Applicable)

**NOTE 31: 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 Sept. 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 32: 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.

UNAUDITED  
*Comptroller Treasury – Fiscal (311)*



# COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

UNAUDITED  
*Comptroller Treasury – Fiscal (311)*

UNAUDITED  
Comptroller Treasury – Fiscal (311)

EXHIBIT A-1

## Balance Sheet – All General and Consolidated Funds

August 31, 2016

	General Revenue Fund 0001 (0001) U/F (1900)	Permanent Fund for Tobacco Education and Enforcement Fund (5044) U/F (5044)	Permanent Fund for Children and Public Health Fund (5045) U/F (5045)	Permanent Fund for EMS and Trauma Care Fund (5046) U/F (5046)	Total (Exhibit I)
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents:					
Cash in Bank	\$	\$	\$	\$	\$
Cash in State Treasury					
Short Term Investments		4,952,808.29	2,476,421.76	2,476,420.82	9,905,650.87
Receivables From:					
Interest		1,847.68	923.85	923.85	3,695.38
Trades					
Due From Other Agencies	19,193,626.16				19,193,626.16
Non-Current Assets:					
Investments		86,597,874.44	43,299,245.27	43,299,228.79	173,196,348.50
<b>Total Assets</b>	<u>\$ 19,193,626.16</u>	<u>\$ 91,552,530.41</u>	<u>\$ 45,776,590.88</u>	<u>\$ 45,776,573.46</u>	<u>\$ 202,299,320.91</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Current Liabilities:					
Payables From:					
Accounts	\$	\$ 46,477.50	\$ 23,238.92	\$ 23,238.90	\$ 92,955.32
Trades					
Short Term Debt					
Other Liabilities	19,193,626.16				19,193,626.16
<b>Total Liabilities</b>	<u>19,193,626.16</u>	<u>46,477.50</u>	<u>23,238.92</u>	<u>23,238.90</u>	<u>19,286,581.48</u>
<b>FUND FINANCIAL STATEMENT –</b>					
<b>FUND BALANCES</b>					
Fund Balances (Deficits):					
Restricted					
Committed		91,506,052.91	45,753,351.96	45,753,334.56	183,012,739.43
Unassigned					
<b>Total Fund Balances</b>	<u>0.00</u>	<u>91,506,052.91</u>	<u>45,753,351.96</u>	<u>45,753,334.56</u>	<u>183,012,739.43</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 19,193,626.16</u>	<u>\$ 91,552,530.41</u>	<u>\$ 45,776,590.88</u>	<u>\$ 45,776,573.46</u>	<u>\$ 202,299,320.91</u>

UNAUDITED  
Comptroller Treasury – Fiscal (311)

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, 2016

	General Revenue Fund 0001 (0001) U/F (1900)	Permanent Fund for Tobacco Education and Enforcement Fund (5044) U/F (5044)	Permanent Fund for Children and Public Health Fund (5045) U/F (5045)	Permanent Fund for EMS and Trauma Care Fund (5046) U/F (5046)	Total (Exhibit II)
<b>REVENUES</b>					
Interest and Other Investment Income	\$	\$ 314,089.46	\$ 157,045.80	\$ 157,045.74	\$ 628,181.00
Net Increase (Decrease) in Fair Value		466,448.24	233,228.10	233,227.88	932,904.22
Total Revenues	0.00	780,537.70	390,273.90	390,273.62	1,561,085.22
<b>EXPENDITURES</b>					
Professional Fees and Services		215,874.95	107,938.22	107,938.18	431,751.35
Travel					
Interest					
Total Expenditures/Expenses	0.00	215,874.95	107,938.22	107,938.18	431,751.35
Excess (Deficiency) of Revenues Over Expenditures	0.00	564,662.75	282,335.68	282,335.44	1,129,333.87
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers Out		(30,635,427.99)	(15,317,729.72)	(15,317,728.88)	(61,270,886.59)
Total Other Financing Sources and Uses	0.00	(30,635,427.99)	(15,317,729.72)	(15,317,728.88)	(61,270,886.59)
Net Change in Fund Balances/Net Assets	0.00	(30,070,765.24)	(15,035,394.04)	(15,035,393.44)	(60,141,552.72)
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>					
Fund Balances, September 1, 2015		121,576,818.16	60,788,746.00	60,788,728.00	243,154,292.16
Restatements					
Fund Balances, September 1, 2015, as Restated	0.00	121,576,818.16	60,788,746.00	60,788,728.00	243,154,292.16
Fund Balances – August 31, 2016	\$ 0.00	\$ 91,506,052.92	\$ 45,753,351.96	\$ 45,753,334.56	183,012,739.44

UNAUDITED  
Comptroller Treasury – Fiscal (311)

EXHIBIT E-1

## Combining Balance Sheet – Permanent Funds

August 31, 2016

	National University Research fund U/F (214)	Permanent Fund Higher Education Nursing, Allied Health and Other Health Related Programs (0824) U/F (0824)	Permanent Fund Minority and Research Education Fund (0825) U/F (0825)	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 (Exhibit I)
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents:						
Cash in Bank	\$	\$	\$	\$	\$	\$
Cash in State Treasury						
Securities Lending Collateral						
Investments	37,326,832.34	2,647,298.59	1,471,975.52	2,579,360.20	1,289,611.23	45,315,077.88
Receivables From:						
Interest and Dividends	12,999.05	904.98	503.24	881.83	440.89	15,729.99
Trade Receivables						
Total Current Assets	<u>37,339,831.39</u>	<u>2,648,203.57</u>	<u>1,472,478.76</u>	<u>2,580,242.03</u>	<u>1,290,052.12</u>	<u>45,330,807.87</u>
Non-Current Assets:						
Investments	619,613,168.33	44,037,268.27	24,486,677.02	42,910,413.05	21,454,021.24	752,501,547.91
Total Noncurrent Assets	<u>619,613,168.33</u>	<u>44,037,268.27</u>	<u>24,486,677.02</u>	<u>42,910,413.05</u>	<u>21,454,021.24</u>	<u>752,501,547.91</u>
Total Assets	<u>\$ 656,952,999.72</u>	<u>\$ 46,685,471.84</u>	<u>\$ 25,959,155.78</u>	<u>\$ 45,490,655.08</u>	<u>\$ 22,744,073.36</u>	<u>\$ 797,832,355.78</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Current Liabilities:						
Payables From:						
Accounts Payable	\$ 332,754.14	\$ 23,789.24	\$ 13,227.85	\$ 23,180.51	\$ 11,589.61	\$ 404,541.35
Trade Payables						
Obligations under						
Securities Lending						
Total Current Liabilities	<u>332,754.14</u>	<u>23,789.24</u>	<u>13,227.85</u>	<u>23,180.51</u>	<u>11,589.61</u>	<u>404,541.35</u>
Total Liabilities	<u>332,754.14</u>	<u>23,789.24</u>	<u>13,227.85</u>	<u>23,180.51</u>	<u>11,589.61</u>	<u>404,541.35</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>						
Fund Balances (Deficits):						
Unreserved/Designated for:						
Restricted						
Committed	656,620,245.58	46,661,682.60	25,945,927.93	45,467,474.57	22,732,483.75	797,427,814.43
Total Fund Balances	<u>656,620,245.58</u>	<u>46,661,682.60</u>	<u>25,945,927.93</u>	<u>45,467,474.57</u>	<u>22,732,483.75</u>	<u>797,427,814.43</u>
Total Liabilities and Fund Balances	<u>\$ 656,952,999.72</u>	<u>\$ 46,685,471.84</u>	<u>\$ 25,959,155.78</u>	<u>\$ 45,490,655.08</u>	<u>\$ 22,744,073.36</u>	<u>\$ 797,832,355.78</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, 2016

	National University Research fund U/F (214)	Permanent Fund for Higher Education Nursing, Allied Health and Other Health Related Programs (0824) U/F (0824)	Permanent Fund for Minority and Research Education Fund (0825) U/F (0825)	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 (Exhibit II)
<b>REVENUES</b>						
Interest and Other Investment Income	\$ 5,718,309.12	\$ 377,727.85	\$ 210,007.62	\$ 368,109.38	\$ 184,045.77	\$ 6,858,199.74
Income from Securities Lending						
Net Increase (Decrease) in Fair Value	12,421,780.37	862,472.36	479,580.79	840,741.38	420,346.38	15,024,921.28
Total Revenues	<u>18,140,089.49</u>	<u>1,240,200.21</u>	<u>689,588.41</u>	<u>1,208,850.76</u>	<u>604,392.15</u>	<u>21,883,121.02</u>
<b>EXPENDITURES</b>						
Professional Fees and Services	1,481,597.76	107,159.35	59,585.26	104,418.11	52,206.16	1,804,966.64
Borrower Rebate and Agent Fees						
Total Expenditures/Expenses	<u>1,481,597.76</u>	<u>107,159.35</u>	<u>59,585.26</u>	<u>104,418.11</u>	<u>52,206.16</u>	<u>1,804,966.64</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>16,658,491.73</u>	<u>1,133,040.86</u>	<u>630,003.15</u>	<u>1,104,432.65</u>	<u>552,185.99</u>	<u>20,078,154.38</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In						
Distributions	(18,908,644.22)	(2,020,831.52)	(1,123,750.96)	(1,970,434.92)	(985,164.08)	(25,008,825.70)
Total Other Financing Sources and Uses	<u>(18,908,644.22)</u>	<u>(2,020,831.52)</u>	<u>(1,123,750.96)</u>	<u>(1,970,434.92)</u>	<u>(985,164.08)</u>	<u>(25,008,825.70)</u>
Net Change in Fund Balances/Net Assets	<u>(2,250,152.49)</u>	<u>(887,790.66)</u>	<u>(493,747.81)</u>	<u>(866,002.27)</u>	<u>(432,978.09)</u>	<u>(4,930,671.32)</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>						
Fund Balances, September 1, 2015	658,870,398.07	47,549,473.26	26,439,675.75	46,333,476.85	23,165,461.86	802,358,485.79
Restatements						
Fund Balances, September 1, 2015, as Restated	<u>658,870,398.07</u>	<u>47,549,473.26</u>	<u>26,439,675.75</u>	<u>46,333,476.85</u>	<u>23,165,461.86</u>	<u>802,358,485.79</u>
Fund Balances – August 31, 2016	<u>\$ 656,620,245.58</u>	<u>\$ 46,661,682.60</u>	<u>\$ 25,945,927.94</u>	<u>\$ 45,467,474.58</u>	<u>\$ 22,732,483.77</u>	<u>\$ 797,427,814.47</u>

Note (A) Fund 0214: The distributions reported here were actually processed under Agency 902-Comptroller-Fiscal in the Uniform Statewide Accounting System (USAS). The distributions are reported here to report the Fund Balance for the fund.

UNAUDITED  
Comptroller Treasury – Fiscal (311)

EXHIBIT I-1

**Combining Statement of Fiduciary Net Position –  
Private-Purpose Trust Funds**

August 31, 2016

	Tobacco Settlement Permanent Trust Fund (0872) U/F (0872)	Permanent Endowment Fund-Baylor College of Medicine (0823) U/F (0823)	Totals (Exhibit VI)
<b>ASSETS</b>			
Cash and Cash Equivalents:			
Cash in Bank	\$	\$	\$
Securities Lending Collateral			
Short Term Investments (Note 3)			
Other Short Term Investments	130,140,712.93	1,628,656.42	131,769,369.35
Investments (Note 3)			
U.S. Government and Agency Obligations			
Corporate Equity	54,322,443.60	10,497,567.18	64,820,010.78
Corporate Obligations		2,960,580.53	2,960,580.53
Foreign Securities	47,304,050.96	7,166,449.99	54,470,500.95
Other Investments	2,066,205,617.89	9,679,323.08	2,075,884,940.97
Receivables:			
Interest and Dividends	45,146.93		45,146.93
Trade Receivables			
Total Assets	<u>2,298,017,972.31</u>	<u>31,932,577.20</u>	<u>2,329,950,549.51</u>
<b>LIABILITIES</b>			
Payables:			
Accounts Payables	1,164,411.00		1,164,411.00
Trade Payables			
Obligations/Securities Lending			
Total Liabilities	<u>1,164,411.00</u>	<u>0.00</u>	<u>1,164,411.00</u>
<b>NET ASSETS</b>			
Held in Trust for:			
Individuals, Organizations, and Other Governments	2,296,853,561.31	31,932,577.20	2,328,786,138.51
Total Net Position	<u>\$ 2,296,853,561.31</u>	<u>\$ 31,932,577.20</u>	<u>\$ 2,328,786,138.51</u>

UNAUDITED  
Comptroller Treasury – Fiscal (311)

EXHIBIT I-2

## Combining Statement of Changes in Fiduciary Net Position – Private-Purpose Trust Funds

For the Fiscal Year Ended August 31, 2016

	Tobacco Settlement Permanent Trust Fund (0872) U/F (0872)	Permanent Endowment Fund-Baylor College of Medicine (0823) U/F (0823)	Total (Exhibit VII)
<b>ADDITIONS</b>			
Investment Income:			
From Investing Activities:			
Net Appreciation (Depreciation) in			
Fair Value of Investments	\$ 41,462,656.03	\$ 1,283,752.50	\$ 42,746,408.53
Interest and Investment Income	17,541,634.42	393,579.42	17,935,213.84
Total Investing Income (Loss)	59,004,290.45	1,677,331.92	60,681,622.37
Less Investing Activities Expense			
Net Income from Investing Activities	<u>59,004,290.45</u>	<u>1,677,331.92</u>	<u>60,681,622.37</u>
From Securities Lending Activities:			
Securities Lending Income			
Less Securities Lending Expense:			
Borrower Rebates and Agent Fees			
Net Income from Securities Lending Activities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Net Investment Income (Loss)	<u>59,004,290.45</u>	<u>1,677,331.92</u>	<u>60,681,622.37</u>
Total Additions	<u>59,004,290.45</u>	<u>1,677,331.92</u>	<u>60,681,622.37</u>
<b>DEDUCTIONS</b>			
Transfers Out	46,761,489.00	1,489,226.27	48,250,715.27
Professional Fees and Services	5,203,789.19		5,203,789.19
Total Deductions	<u>51,965,278.19</u>	<u>1,489,226.27</u>	<u>53,454,504.46</u>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<u>7,039,012.26</u>	<u>188,105.65</u>	<u>7,227,117.91</u>
<b>NET POSITION</b>			
Net Position September 1, 2015	2,289,814,549.05	31,744,471.55	2,321,559,020.60
Restatements			
Net Position September 1, 2015, as Restated	<u>2,289,814,549.05</u>	<u>31,744,471.55</u>	<u>2,321,559,020.60</u>
Net Position August 31, 2016	<u>\$ 2,296,853,561.31</u>	<u>\$ 31,932,577.20</u>	<u>\$ 2,328,786,138.51</u>



UNAUDITED  
Comptroller Treasury – Fiscal (311)

EXHIBIT J-1

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

August 31, 2016

	Beginning Balance September 1, 2015	Additions	Deductions	Ending Balance August 31, 2016
<b>Suspense Fund (0900) U/F (0900)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 2,384,669.53	\$ 4,836,223.64	\$ 5,595,064.33	\$ 1,625,828.84
Total Assets	<u>\$ 2,384,669.53</u>	<u>\$ 4,836,223.64</u>	<u>\$ 5,595,064.33</u>	<u>\$ 1,625,828.84</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 2,384,669.53	\$ 4,836,223.64	\$ 5,595,064.33	\$ 1,625,828.84
Total Liabilities	<u>\$ 2,384,669.53</u>	<u>\$ 4,836,223.64</u>	<u>\$ 5,595,064.33</u>	<u>\$ 1,625,828.84</u>
<b>Bond and Investment Companies Trust Acct. (0908) U/F (0908)</b>				
<b>ASSETS</b>				
Other Assets	\$ 100,000.00	\$	\$	\$ 100,000.00
Total Assets	<u>\$ 100,000.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 100,000.00</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 100,000.00	\$	\$	\$ 100,000.00
Total Liabilities	<u>\$ 100,000.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 100,000.00</u>
<b>Cigarette Stamp Tax Recovery Trust Fund (9999) U/F (3000)</b>				
<b>ASSETS</b>				
Cash in Bank	\$ 246,164.11	\$ 8,620,720,686.20	\$ 8,614,709,242.92	\$ 6,257,607.39
Investments				
Repurchase Agreements	31,257,257.23	8,565,963,967.46	8,564,286,497.07	32,934,727.62
Receivables:				
Interest and Dividends	74.09	66,022.05	65,849.13	247.01
Total Assets	<u>\$ 31,503,495.43</u>	<u>\$ 17,186,750,675.71</u>	<u>\$ 17,179,061,589.12</u>	<u>\$ 39,192,582.02</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 31,503,495.43	\$ 32,221,440.66	\$ 24,532,354.07	\$ 39,192,582.02
Total Liabilities	<u>\$ 31,503,495.43</u>	<u>\$ 32,221,440.66</u>	<u>\$ 24,532,354.07</u>	<u>\$ 39,192,582.02</u>
<b>Totals – All Agency Funds</b>				
<b>ASSETS</b>				
Cash in Bank	\$ 246,164.11	\$ 8,620,720,686.20	\$ 8,614,709,242.92	\$ 6,257,607.39
Cash in State Treasury	2,384,669.53	4,836,223.64	5,595,064.33	1,625,828.84
Investments				
Repurchase Agreements	31,257,257.23	8,565,963,967.46	8,564,286,497.07	32,934,727.62
Receivables:				
Interest and Dividends	74.09	66,022.05	65,849.13	247.01
Other Assets	100,000.00			100,000.00
Total Assets	<u>\$ 33,988,164.96</u>	<u>\$ 17,191,586,899.35</u>	<u>\$ 17,184,656,653.45</u>	<u>\$ 40,918,410.86</u>
<b>LIABILITIES</b>				
Payables	\$	\$	\$	\$
Funds Held for Others	33,988,164.96	37,057,664.30	30,127,418.40	40,918,410.86
Total Liabilities	<u>\$ 33,988,164.96</u>	<u>\$ 37,057,664.30</u>	<u>\$ 30,127,418.40</u>	<u>\$ 40,918,410.86</u>

UNAUDITED  
*Comptroller Treasury – Fiscal (311)*

## SUPPLEMENTARY SCHEDULES

UNAUDITED  
*Comptroller Treasury – Fiscal (311)*

UNAUDITED  
Comptroller Treasury – Fiscal (311)

SCHEDULE 1

**Balance Sheet – Arising from Custodial Operations**

August 31, 2016

(With Comparative Totals for August 31, 2015)

	August 31, 2016	August 31, 2015
<b>ASSETS</b>		
Cash		
Cash on Hand		
Cash in Vault	\$ 211,045.88	\$ 279,361.48
Checks Returned by State Depositories	921,967.29	1,015,847.73
Total Cash Items on Hand	<u>1,133,013.17</u>	<u>1,295,209.21</u>
State Funds and Suspense and Trust		
Accounts in Depositories Banks		
Demand Accounts	27,832,572.64	35,140,910.24
Time Accounts and Bid TX	584,786,000.00	444,643,500.00
Total Cash in State Depositories	<u>612,618,572.64</u>	<u>479,784,410.24</u>
Cash in TTSTC Treasury Fed Acct.	1,050,667.97	5,720,594.04
Total Cash in State Depositories and TTSTC Treasury Fed Acct.	613,669,240.61	485,505,004.28
Total Cash on Hand and In Banks	614,802,253.78	486,800,213.49
Total Trust Funds on Deposit with U.S. Treasury Unemployment Trust Fund	1,136,209,029.10	1,924,430,469.01
Total Cash	<u>1,751,011,282.88</u>	<u>2,411,230,682.50</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	3,539,308,113.31	9,181,447,185.68
Commercial Paper	9,096,864,890.91	7,794,558,502.95
Money Market Funds	564,000,000.00	823,000,000.00
Repurchase Agreements	1,800,000,000.00	2,250,000,000.00
Total Short-Term Investments	<u>15,000,173,004.22</u>	<u>20,049,005,688.63</u>
Long-Term Investments		
United States Government Securities	2,722,431,964.80	4,593,507,455.10
Government Mortgage Backed Securities	2,463,200,314.04	2,534,203,282.03
Asset backed Securities	2,788,268,601.73	3,017,885,968.94
Corporate Obligations	2,515,824,114.30	3,324,833,921.17
Supranational (includes Israel Bonds)	2,805,643,900.00	1,250,224,900.00
SBA's	28,984,826.89	34,663,366.99
United States Government Securities – Lottery	662,418,751.32	702,472,648.86
Total Long-Term Investments	<u>13,986,772,473.08</u>	<u>15,457,791,543.09</u>
Securities Held in Trust – Both Corporate and Governmental		
State Funds Investment Accounts	42,073,000.00	45,722,000.00
Bonds and Securities Pledged to Guarantee State Depositories' Deposits	1,049,256,303.00	989,130,200.00
Other Securities Pledged under Statutory Requirements	645,731,519.68	1,446,012,116.00
Total Securities Held in Trust – Both Corporate and Governmental	<u>1,737,060,822.68</u>	<u>2,480,864,316.00</u>
Accounts Receivable		
Interest Receivable	<u>21,896,301.72</u>	<u>20,977,202.36</u>
Total Assets – Arising From Custodial Operations	<u>\$ 32,497,913,884.58</u>	<u>\$ 40,420,869,432.58</u>

*Concluded on the following page*

UNAUDITED  
Comptroller Treasury – Fiscal (311)

SCHEDULE 1 (concluded)

**Balance Sheet – Arising from Custodial Operations**

Aug. 31, 2016

(With Comparative Totals for Aug. 31, 2015)

	August 31, 2016	August 31, 2015
<b>LIABILITIES AND ACCOUNTABILITY</b>		
Liabilities		
Accounts Payable – Warrants Outstanding – State Funds and Suspense and Trust Accounts	\$ 549,593,252.99	\$ 426,975,965.41
Obligations under Reverse Repurchase Agreements	44,211,267.75	47,143,843.25
Pending Purchases		
Options Written, at Fair Value		
Interest Payable	65.19	13.15
<b>Total Liabilities</b>	<b>593,804,585.93</b>	<b>474,119,821.81</b>
Accountability		
Available Cash Balance and Investments:		
State Funds and Suspense and Trust Accounts	28,368,420,695.55	34,838,982,176.90
Fund 0895 Lottery Prize Trust Fund	662,418,751.32	702,472,648.86
<b>Total Available Cash Balances and Investments</b>	<b>29,030,839,446.87</b>	<b>35,541,454,825.76</b>
Trust Account – Unemployment Trust Fund	1,136,209,029.10	1,924,430,469.01
<b>State Fund Investments</b>	<b>42,073,000.00</b>	<b>45,722,000.00</b>
Trust Fund Securities:		
Collateral of Deposits	1,049,256,303.00	989,130,200.00
Pledged under Statutory Requirements	645,731,519.68	1,446,012,116.00
<b>Total Trust Fund Securities</b>	<b>1,694,987,822.68</b>	<b>2,435,142,316.00</b>
<b>Total Accountability</b>	<b>31,904,109,298.65</b>	<b>39,946,749,610.77</b>
<b>Total Liabilities and Accountability – Arising from Custodial Operations</b>	<b>\$ 32,497,913,884.58</b>	<b>\$ 40,420,869,432.58</b>

UNAUDITED  
Comptroller Treasury – Fiscal (311)

SCHEDULE 2

## Comparative Summary of Securities Held For State Investment Accounts

For the Fiscal Year Ended August 31, 2016

(With Comparative Memorandum Totals for the Fiscal Year Ended August 31, 2015)

	Percent	2016	2015	Increase-(Decrease)
<b>BY CATEGORY</b>				
Texas Water Development Board Funds				
TWDB-DFUND II Fund No. 0371			\$ 120,000	\$ (120,000)
TWDB-EDAP Fund No. 0375			150,000	(150,000)
Water Assistance Fund No. 0480		10,319,000	10,319,000	
Water Loan Assistance Fund No. 0481		1,600,000	3,325,000	(1,725,000)
TWDB State Revolving Fund No. 0651		55,000	822,000	(767,000)
Texas Water Resource Finance Authority Fund No. 0751		4,609,000	4,941,000	(332,000)
Total Water Resources Funds		<u>16,583,000</u>	<u>19,677,000</u>	<u>(3,094,000)</u>
Other Funds				
T.P.F.A.G.O. Series 2007B TMPC INT 7027		25,490,000	26,180,000	(690,000)
Real Estate Recovery Account No. 0971		0	0	0
Total Other Funds		<u>25,490,000</u>	<u>26,180,000</u>	<u>(690,000)</u>
Total All Funds		<u>\$ 42,073,000</u>	<u>\$ 45,857,000</u>	<u>\$ (3,784,000)</u>
<b>BY TYPE OF SECURITY</b>				
U.S. Government Guaranteed Agencies Bonds, Notes, and Debentures	23.00 %	\$ 10,319,000	\$ 10,319,000	\$
School Districts, Junior College Districts, Cities, Counties and District Bonds	77.00 %	31,754,000	35,403,000	(3,649,000)
Totals	<u>100.00 %</u>	<u>\$ 42,073,000</u>	<u>\$ 45,722,000</u>	<u>\$ (3,649,000)</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, 2016

	<u>PAR Value</u>	<u>Market Value</u>	
<b>BY LOCATION</b>			
In Custody Texas Treasury Safekeeping Trust Company:			
Demand and Time Accounts	\$ 85,084,475	\$ 34,968,000	
Total Held by Texas Treasury Safekeeping Trust Company	<u>85,084,475</u>	<u>34,968,000</u>	
In Vaults of Trustee Banks:			
Demand and Time Accounts			
Clearing Banks	202,159,475	59,404,000	
Other Banks	568,612,353	465,206,000	
Total in Vaults of Trustee Banks	<u>770,771,828</u>	<u>524,610,000</u>	
Letters of Credit held by Texas Comptroller	193,400,000	193,400,000	A
Total Pledged Collateral	<u>\$ 1,049,256,303</u>	<u>\$ 752,978,000</u>	B
<b>BY FUND</b>			
Time Depository Bonds Guaranty Account	\$ 1,049,256,303	\$ 752,978,000	
Total Pledged Collateral	<u>\$ 1,049,256,303</u>	<u>\$ 752,978,000</u>	

Note A: 10 FHLB Letters of Credit from 4 Depositories

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, 2016

Agency No.	Trust Fund No.	Agency/Fund Name	Securities Pledged
311	0908	COMPTROLLER–TREASURY FISCAL: Bond and Investment Companies Account	\$ 100,000.00
320	0936	TEXAS WORKFORCE COMMISSION: Unemployment Compensation Clearance Account	244.40
405	0940	TEXAS DEPARTMENT OF PUBLIC SAFETY: Motor Vehicle Proof of Responsibility Account	6,399,079.83
454	0893	TEXAS DEPARTMENT OF INSURANCE: Texas Worker’s Compensation Self Insurance Trust Account	481,973,471.31
454	0921	TEXAS DEPARTMENT OF INSURANCE: Life, Health, Accident and Casualty Insurance Companies Account	89,986,200.00
537	5096	DEPARTMENT OF STATE HEALTH SERVICES: GR – Perpetual Care	67,272,524.14
TOTALS			<u>\$ 645,731,519.68</u>

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 Position –  
Proprietary Fund**

August 31, 2016

	Total Proprietary Funds Fund (1004) U/F (1004)
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents:	
Cash at Bank	\$ 52,431.77
Cash in State Treasury	785,347.46
Cash Equivalents	28,300,816.29
Receivables from:	
Management Fees	5,271,917.78
Interest and Dividends	106,555.95
Other	6,285.13
Prepaid Expenses	926,496.56
Total Current Assets	35,449,850.94
Non-Current Assets:	
Restricted:	
Cash in Bank	34,297,112.72
Investments	319,404.13
Capital Assets:	
Depreciable or Amortizable, Net	1,940,537.45
Total Non-Current Assets	36,557,054.30
Total Assets	72,006,905.24
<b>LIABILITIES</b>	
Current Liabilities:	
Payables from:	
Accounts Payable	1,644,528.27
Payroll Payable	2,152,075.89
Other	
Employees' Compensable Leave	462,451.65
Total Current Liabilities	4,259,055.81
Non-Current Liabilities: (Note 5)	
Employees' Compensable Leave	478,964.06
Total Non-Current Liabilities	478,964.06
Total Liabilities	4,738,019.87
<b>NET POSITION</b>	
Invested in Capital Assets, Net of Related Debt	1,940,537.45
Unrestricted	65,328,347.92
Total Net Position	\$ 67,268,885.37

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 Position – Proprietary Fund**

For the Fiscal Year Ended August 31, 2016

	<b>Total Proprietary Funds Fund (1004) U/F (1004)</b>
<b>OPERATING REVENUES</b>	
Operating Revenues – Management Fees	\$21,227,550.35
Total Operating Revenues	<u>21,227,550.35</u>
<b>OPERATING EXPENSES</b>	
Salaries and Wages	8,895,271.56
Payroll Related Costs	1,903,982.80
Professional Fees and Services	6,348,327.58
Travel	159,926.56
Materials and Supplies	1,429,050.62
Communication and Utilities	706,600.41
Repairs and Maintenance	933,329.87
Rentals and Leases	25,817.90
Printing and Reproduction	12,820.83
Depreciation and Amortization	154,942.73
Other Operating Expenses	755,417.09
Total Operating Expenses	<u>21,325,487.95</u>
Operating Income (Loss)	<u>(97,937.60)</u>
<b>NONOPERATING REVENUE (EXPENSES)</b>	
Investment Income (Expense)	97,047.37
Settlement of Claims	1,683.32
Total Nonoperating Revenues (Expenses)	<u>95,364.05</u>
Income (loss) before Other Revenues, Expenses, Gains/Losses and Transfers	<u>(2,573.55)</u>
<b>OTHER REVENUES, EXPENSES, GAINS/LOSSES, AND TRANSFERS</b>	
Transfers Out	
Transfer In	
Total Other Revenues, Expenses, Gains/Losses, and Transfers	<u>0.00</u>
Change in Net Position	<u>(2,573.55)</u>
Total Net Position, September 1, 2015	67,271,458.92
Restatements	
Total Net Position, September 1, 2015, as Restated	<u>67,271,458.92</u>
Total Net Position, August 31, 2016	<u>\$67,268,885.37</u>

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

EXHIBIT V

## Combined Statement of Cash Flows – Proprietary Fund

For the Fiscal Year Ended August 31, 2016

	<b>Total Proprietary Funds Fund (1004) U/F (1004)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Proceeds from Loan Programs	\$
Proceeds from Other Revenues	19,889,725.24
Payments to Employees	(10,253,257.16)
Payments for Other Expenses	(10,295,218.59)
Net Cash Provided by Operating Activities	<u>(658,750.51)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Payments for Additions to Capital Assets	(1,670,154.59)
Net Cash Used for Capital and Related Financing Activities	<u>(1,670,154.59)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from Interest and Investment Income	(9,287.93)
Payments to Acquire Investments	(62,169.18)
Net Cash Provided by Investing Activities	<u>(71,457.11)</u>
Net (Decrease) in Cash and Cash Equivalents	(2,400,362.21)
Cash and Cash Equivalents – September 1, 2015	65,836,070.45
Cash and Cash Equivalents – August 31, 2016	<u>\$ 63,435,708.24</u>
<b>Reconciliation of Operating Income to Net Cash Used by Operating Activities:</b>	
Operating Income	\$ (97,937.60)
Adjustments to Operating Income to Net Cash Used by Operating Activities:	
Classification Differences	(1,683.32)
Depreciation Expense	154,942.73
Changes in Assets/Liabilities:	
(Increase) Decrease in Accounts Receivables	(1,337,825.11)
(Increase) Decrease in Prepaid Expenses	(648,872.41)
Increase (Decrease) in Payables	1,272,625.20
Net Cash Provided by Operating Activities	<u>\$ (658,750.51)</u>
Displayed As:	
Cash at Bank	\$ 52,431.77
Cash in State Treasury	785,347.46
Cash Equivalents – Repurchase Agreements	28,300,816.29
Restricted Cash and Cash Equivalents	<u>34,297,112.72</u>
	<u>\$ 63,435,708.24</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 Position – Fiduciary Funds**

August 31, 2016

	External Investment Trust Funds (Exhibit H-1)	Agency Funds (Exhibit J-1)	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents (Note 3)			
Cash in State Treasury		\$ 1,375.02	\$ 1,375.02
Cash in Bank	\$ 647,084.57	4,914.39	
Investments (Note 3)			
US Government and Agency Obligations	9,934,311,240.40	346,915,429.79	10,281,226,670.19
Repurchase Agreements	3,337,000,999.96		3,337,000,999.96
Commercial Paper	1,309,453,578.46		1,309,453,578.46
Corporate Bonds			
Mutual Funds	916,036,296.76	25,014,854.37	941,051,151.13
Interest Receivable	9,447,217.44	1,055,034.69	10,502,252.13
Pending Transactions			
Total Assets	<u>15,506,896,417.59</u>	<u>372,991,608.26</u>	<u>15,879,888,025.85</u>
<b>LIABILITIES</b>			
Payables From:			
Dividends Payable	5,332,987.05		5,332,987.05
Accounts Payable			
Pending Transactions	9,934,550.00		9,934,550.00
Other Liabilities	1,045,200.10		1,045,200.10
Funds Held For Others		372,991,608.26	372,991,608.26
Total Liabilities	<u>16,312,737.15</u>	<u>372,991,608.26</u>	<u>389,304,345.41</u>
<b>NET POSITION</b>			
Held in Trust For			
Pool Participants	15,490,583,680.44		15,490,583,680.44
Total Net Position	<u>\$ 15,490,583,680.44</u>	<u>\$ 0.00</u>	<u>\$ 15,490,583,680.44</u>

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



EXHIBIT VII

## Combined Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended August 31, 2016

	<u>External Investment Trust Funds (Exhibit H-2)</u>
<b>ADDITIONS</b>	
Investment Income	
Interest and Investment Income	\$ 54,966,756.57
Expenses:	
Management Fees and Expenses	(7,374,418.85)
Net Income from Investing Activities	<u>47,592,337.72</u>
Total Additions	<u>47,592,337.72</u>
Net Increase (Decrease) in Participant Investments	<u>1,935,237,544.52</u>
Net Increase (Decrease) in Net Position	1,982,829,882.24
Net Position – Beginning	
Restatements	
Net Position, September 1, 2015	<u>13,507,753,798.20</u>
Net Position, August 31, 2016	<u>\$ 15,490,583,680.44</u>

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

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# 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 Sept. 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’s *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. Non-operating revenues, such as investment earnings, result from non-exchange 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 Trust has the Texas Public Finance Authority Bond Escrow, which is used to

hold funds for various defeased or refunded bonds and the Child Support Employee Deductions (Fund 8070), which is just Cash in State Treasury.

#### **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 Nov. 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Texas Trust has elected to follow only GASB Standards issued subsequent to Nov. 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.

#### ***Receivables***

The business-type activities of Texas Trust include providing investment management and custody services. Management fees charged to customers support these activities. Receivables from management fees as of Aug. 31, 2016 were \$5,271,917.78.

#### ***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, \$297,026.00 in cash was held at DTC as of Aug. 31, 2016, in order to maintain the account.

The Texas Trust has agreed to maintain a \$34,000,000.00 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 Aug. 31, 2016 was \$34,000,086.72 from the Texas Trusts' Enterprise Fund.

#### ***Non-Current Restricted Investments***

The Texas Trust has a balance of \$319,404.13 in stock with the Depository Trust Company as of Aug. 31, 2016.

#### ***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

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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 Aug. 31, 2016, is presented below:

	PRIMARY GOVERNMENT					Balance 8/31/2016
	Balance 9/1/2015	Adjustments*	Reclassification	Additions	Deletions	
<b>BUSINESS-TYPE ACTIVITIES</b>						
Depreciable Assets:						
Building and Building Improvements	\$ 550,474.99	\$	\$	\$ 760,071.93	\$	\$ 1,310,546.92
Furniture and Equipment	902,085.46			230,786.66		1,132,872.12
Total Depreciable Assets at Historical Costs	1,452,560.45	0.00	0.00	990,858.59	0.00	2,443,419.04
Less Accumulated Depreciation For:						
Building and Building Improvements	(313,731.70)			(23,495.19)		(337,226.89)
Furniture and Equipment	(713,503.16)			(35,148.88)		(748,652.04)
Total Accumulated Depreciation	(1,027,234.86)	0.00	0.00	(58,644.07)	0.00	(1,085,878.93)
Depreciable Assets, Net	425,325.59	0.00	0.00	932,214.52	0.00	1,357,540.11
Amortizable assets-intangible						
Computer software	2,231,060.42			679,296.00		2,910,356.42
Total amortizable assets-intangible	2,231,060.42	0.00	0.00	679,296.00	0.00	2,910,356.42
Less Accumulated amortization for:						
Computer software	(2,231,060.42)			(96,298.66)		(2,327,359.08)
Total accumulated amortization	(2,231,060.42)	0.00	0.00	(96,298.66)	0.00	(2,327,359.08)
Amortizable assets-Intangible, net	0.00	0.00	0.00	582,997.34	0.00	582,997.34
Business-type Activities Capital Assets, Net	425,325.59	0.00	0.00	1,515,211.86	0.00	1,940,537.45

### 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 Aug. 31, 2016 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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As of Aug. 31, 2016, the balance of cash at bank and carrying amount of cash is presented below:

<b>Bank Balance</b>	\$ 35,299,667.15
Carrying Amount	\$ 35,001,543.45
<b>Business-Type Activities</b>	
Proprietary Funds Cash at Bank	\$ 52,431.77
Proprietary Funds Non-Current Restricted Cash at Bank	34,297,112.72
Cash in Bank per AFR	<u>\$ 34,349,544.49</u>
<b>Fiduciary Funds</b>	
Fiduciary Funds Cash at Bank	\$ 651,998.96
<b>Total Cash at Bank</b>	<b>\$ 35,001,543.45</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 Aug. 31, 2016, 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 As of August 31, 2016</b>		
	<b>Carrying Value</b>	<b>Fair Value</b>
<b>Business-Type Activities</b>		
Repurchase Agreements	\$ 28,300,816.29	\$ 28,300,816.29
Equities	319,404.13	319,404.13
Total Business-Type Activities	<u>28,620,220.42</u>	<u>28,620,220.42</u>
<b>Fiduciary Funds-TPFA Escrow</b>		
US Treasury Securities	16,031,671.50	16,031,671.50
US Government Agencies	330,883,758.29	330,883,758.29
Mutual Funds	25,014,854.37	25,014,854.37
Total TPFA Escrow	<u>371,930,284.16</u>	<u>371,930,284.16</u>
<b>Fiduciary Funds-Textpool &amp; Textpool Prime</b>		
US Treasury Securities	1,713,997,009.63	1,714,271,295.00
US Government Agencies	8,220,314,230.77	8,222,888,646.13
Mutual Funds	916,036,296.76	916,036,296.76
Repurchase Agreements	3,337,000,999.96	3,337,000,999.96
Commercial Paper	<u>1,309,453,578.46</u>	<u>1,309,680,829.90</u>
Corporate Bonds		
Total Textpool & Textpool Prime	15,496,802,115.58	15,499,878,067.75
<b>Total Fiduciary Investments</b>	15,868,732,399.74	15,871,808,351.91
<b>Total Categorized Investments</b>	<u>\$15,897,352,620.16</u>	<u>\$15,900,428,572.33</u>

Enterprise, TPFA Escrow, Textpool and Textpool Prime categorize its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. They have the following recurring fair value measurements as of Aug. 31, 2016 and 2015:

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**Enterprise Fund**

2016	Carrying Amount	Fair Value	Fair Value Measurements Using		
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value level</b>					
Debt Securities					
Securities purchased under agreement to resell	28,300,816.29	28,300,816.29	28,300,816.29	-	-
Equities	319,404.13	319,404.13	-	319,404.13	-
Total debt securities	<u>28,620,220.42</u>	<u>28,620,220.42</u>	<u>28,300,816.29</u>	<u>319,404.13</u>	<u>-</u>
Total investments by carrying and fair value level	<u>28,620,220.42</u>	<u>28,620,220.42</u>	<u>28,300,816.29</u>	<u>319,404.13</u>	<u>-</u>

2015	Carrying Amount	Fair Value	Fair Value Measurements Using		
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value level</b>					
Debt Securities					
Securities purchased under agreement to resell	30,748,859.47	30,748,859.47	30,748,859.47	-	-
Equities	257,234.95	257,234.95	-	257,234.95	-
Total debt securities	<u>31,006,094.42</u>	<u>31,006,094.42</u>	<u>30,748,859.47</u>	<u>257,234.95</u>	<u>-</u>
Total investments by carrying and fair value level	<u>31,006,094.42</u>	<u>31,006,094.42</u>	<u>30,748,859.47</u>	<u>257,234.95</u>	<u>-</u>

**TPFA Escrow**

2016	Carrying Amount	Fair Value	Fair Value Measurements Using		
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value level</b>					
Debt Securities					
United States government agency securities	330,883,758.29	330,883,758.29	-	330,883,758.29	-
United States treasuries	16,031,671.50	16,031,671.50	-	16,031,671.50	-
Total debt securities	<u>346,915,429.79</u>	<u>346,915,429.79</u>	<u>-</u>	<u>346,915,429.79</u>	<u>-</u>
Total investments by carrying and fair value level	<u>346,915,429.79</u>	<u>346,915,429.79</u>	<u>-</u>	<u>346,915,429.79</u>	<u>-</u>

<b>Investments measured at the net asset value (NAV)</b>					
Mutual Funds	25,014,854.37				
Total investments measured at the NAV	<u>25,014,854.37</u>				
Total investments	<u>371,930,284.16</u>				

2015	Carrying Amount	Fair Value	Fair Value Measurements Using		
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value level</b>					
Debt Securities					
United States government agency securities	146,519,481.55	146,519,481.55	-	146,519,481.55	-
United States treasuries	370,943,496.39	370,943,496.39	-	370,943,496.39	-
Total debt securities	<u>517,462,977.94</u>	<u>517,462,977.94</u>	<u>-</u>	<u>517,462,977.94</u>	<u>-</u>
Total investments by carrying and fair value level	<u>517,462,977.94</u>	<u>517,462,977.94</u>	<u>-</u>	<u>517,462,977.94</u>	<u>-</u>

<b>Investments measured at the net asset value (NAV)</b>					
Mutual Funds	49,315,647.03				
Total investments measured at the NAV	<u>49,315,647.03</u>				
Total investments	<u>566,778,624.97</u>				



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2016			Fair Value Measurements Using		
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2016	Carrying Amount	Fair Value			
<b>Investments by fair value level</b>					
Debt Securities					
Securities purchased under agreement to resell	3,337,000,999.96	3,337,000,999.96	-	3,337,000,999.96	-
Money market mutual funds	916,036,296.76	916,036,296.76	916,036,296.76	-	-
Commerical Paper	1,309,453,578.46	1,309,680,829.90	-	1,309,680,829.90	-
United States government agency securities	8,220,314,230.77	8,222,888,646.13	-	8,222,888,646.13	-
United States treasuries	1,713,997,009.63	1,714,271,295.00	-	1,714,271,295.00	-
Total debt securities	15,496,802,115.58	15,499,878,067.75	916,036,296.76	14,583,841,770.99	-
Total investments by carrying and fair value level	15,496,802,115.58	15,499,878,067.75	916,036,296.76	14,583,841,770.99	-
2015			Fair Value Measurements Using		
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2015	Carrying Amount	Fair Value			
<b>Investments by fair value level</b>					
Debt Securities					
Securities purchased under agreement to resell	2,456,401,379.61	2,456,373,329.61	-	2,456,373,329.61	-
Money market mutual funds	370,035,145.78	370,035,145.78	370,035,145.78	-	-
Commerical Paper	649,613,742.43	649,623,135.94	-	649,623,135.94	-
United States government agency securities	9,379,795,235.03	9,380,182,370.11	-	9,380,182,370.11	-
United States treasuries	643,620,647.38	643,592,947.00	-	643,592,947.00	-
Total debt securities	13,499,466,150.23	13,499,806,928.44	370,035,145.78	13,129,771,782.66	-
Total investments by carrying and fair value level	13,499,466,150.23	13,499,806,928.44	370,035,145.78	13,129,771,782.66	-

Debt securities classified as Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Shares of mutual funds are valued based upon their reported net asset value. The money market fund's price is a quoted or publicly available price. Debt securities classified as Level 2 of the fair value hierarchy are valued using other observable significant inputs including but not limited to quoted prices for similar securities, interest rates, prepayment speeds, and credit risk.

**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 Aug. 31, 2016, 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.

Standard & Poor's					
Fund Type	Fund	Investment Type	AAA	AA	N/R
05	1004	Repurchase Agreements		\$ 28,300,816.29	
09	4000	US Government Agencies		\$ 330,883,758.29	
09	4000	Mutual Funds	\$ 25,014,854.37		
			A-1	A-2	N/R
18	3181	Repurchase Agreements	3,337,000,999.96		
18	3181	US Government Agencies	8,222,888,646.13		
18	3181	Commercial Paper	1,309,680,829.90		
18	3181	Mutual Funds	\$ 916,036,296.76		
18	3181	Corporate Bonds	-		

**Concentration of credit risk.**

**Texpool:** Up to 100% of TexPool 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 assets may be invested in direct repurchase agreements. Texpool may enter into reverse repurchase agreements for up to one third (1/3) of the value of the Texpool assets. Up to 15% of Texpool assets may be invested in approved money market mutual funds. No more than 10% of the Texpool assets may be invested in a single money market fund. The money market mutual fund must be rated AAA or its equivalent by at least one NRSRO. TexPool’s investment policy has no limit on the amount it may invest in any single Governmental Sponsored Enterprise. More than 5% of the TexPool investments are with the Federal Home Loan Bank, the Federal Farm Credit Bank and the Federal National Mortgage Association. These investments are 34.8%, 13.5%, and 6.00%, respectively, at Aug. 31, 2016. TexPool had 36;1% with the Federal Home Loan Bank, 15.4% with the Federal Home Loan Mortgage Corporation, 11.6% with Federal Farm Credit Bank and 9.5% with the Federal National Mortgage Association at Aug. 31, 2015.

**Texpool Prime:** Up to 100% of 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 Prime assets may be invested in direct repurchase agreements. However, no more than 25% of TexPool Prime assets may be invested in term repurchase agreements and no more than 5% of 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. Up to 15% of the TexPool Prime assets may be invested in approved money market mutual funds. However, no more than 10% of the TexPool Prime assets may be invested in a single money market mutual fund. As of Aug. 31, 2016, commercial paper investments per issuer were less than 5% of net position held in trust for pool participants. Fannie Mae collateral for one security purchased under agreement to resell represented 9.20% of net position held in trust for pool participants.

**Interest rate risk.** 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 for Texpool and Texpool Prime.

Investment Type	Weighted Average Maturity (Days)	
	TexPool	TexPool Prime
Repurchase Agreements	2	1
Commercial Paper	-	55
Corporate Bonds		-
Mutual Funds	2	1
U.S. Government Agency Securities	50	0
U.S. Government Treasuries	96	120
Weighted Average Maturity	42	37

**NOTE 4: Short-Term Debt**

(Not Applicable)

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

**Changes in Long-Term Liabilities**

During the year ended Aug. 31, 2016, the following changes occurred in liabilities:

Business-Type Activities	Balance 9/1/2015	Additions	Reductions	Balance 8/31/2016	Amounts Due Within One Year
Compensable Leave	\$ 804,317.18	\$ 616,822.35	\$ 479,723.82	\$ 941,415.71	\$ 462,451.65
Total Business-Type Activities	<u>\$ 804,317.18</u>	<u>\$ 616,822.35</u>	<u>\$ 479,723.82</u>	<u>\$ 941,415.71</u>	<u>\$ 462,451.65</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 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: Bonded Indebtness**

(Not Applicable)

**NOTE 7: Derivative Instruments**

(Not Applicable)

**NOTE 8: Leases**

(Not Applicable)

**NOTE 9: Defined Benefit Pension and Contribution Plans**

(Not Applicable)

**NOTE 10: 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 11: Postemployment Health Care and Life Insurance Benefits**

(Not Applicable)

**NOTE 12: Interfund Activity and Transactions**

(Not Applicable)

**NOTE 13: Continuance Subject To Review**

(Not Applicable)

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

(Not Applicable)

**NOTE 15: Contingencies and Commitments**

(Not Applicable)

**NOTE 16: Subsequent Events**

(Not Applicable)

**NOTE 17: Risk Management**

(Not Applicable)

**NOTE 18: Management Discussions and Analysis**

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.

**NOTE 19: The Financial Reporting Entity**

(Not Applicable)

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

(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: Service Concession Arrangements**

(Not Applicable)

**NOTE 28: Deferred Outflows of Resources and Deferred Inflows of Resources**

(Not Applicable)

**NOTE 29: Troubled Debt Restructuring**

(Not Applicable)

**NOTE 30: Non-Exchange Financial Guarantees**

(Not Applicable)

**NOTE 31: 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 Aug. 31, 2016, the Texas Trust paid CPA \$63,114.30 for services provided. At Aug. 31, 2016, the Texas Trust had accrued \$19,092.59 for services provided by CPA and this amount is included in accounts payable.

UNAUDITED  
*Texas Treasury Safekeeping Trust Company (930)*

COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS

UNAUDITED  
*Texas Treasury Safekeeping Trust Company (930)*



UNAUDITED  
Texas Treasury Safekeeping Trust Company (930)

EXHIBIT H-1

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

August 31, 2016

	Texas Treasury Safekeeping Trust Company TEXPOOL (9999) U/F (6050)	Texas Treasury Safekeeping Trust Company TEXPOOL/Prime (9999) U/F (7050)	Totals (Exhibit VI)
<b>ASSETS</b>			
Cash In Bank	\$ 551,448.82	\$ 95,635.75	\$ 647,084.57
Investments			
US Government and Agency Obligations	9,864,130,785.33	70,180,455.07	9,934,311,240.40
Repurchase Agreements	2,691,003,999.96	645,997,000.00	3,337,000,999.96
Commercial Paper		1,309,453,578.46	1,309,453,578.46
Mutual Funds	770,022,103.88	146,014,192.88	916,036,296.76
Corporate Bonds			
Interest Receivable	9,038,834.46	408,382.98	9,447,217.44
Pending Transactions			
Total Assets	<u>13,334,747,172.45</u>	<u>2,172,149,245.14</u>	<u>15,506,896,417.59</u>
<b>LIABILITIES</b>			
Dividends Payable	4,344,220.18	988,766.87	5,332,987.05
Accounts Payable			
Pending Transactions		9,934,550.00	9,934,550.00
Other Liabilities	947,648.22	97,551.88	1,045,200.10
Total Liabilities	<u>5,291,868.40</u>	<u>11,020,868.75</u>	<u>16,312,737.15</u>
<b>NET POSITION</b>			
Held in Trust For:			
Pool Participants	13,329,455,304.05	2,161,128,376.39	15,490,583,680.44
Total Net Position	<u>\$ 13,329,455,304.05</u>	<u>\$ 2,161,128,376.39</u>	<u>\$ 15,490,583,680.44</u>

UNAUDITED  
Texas Treasury Safekeeping Trust Company (930)

EXHIBIT H-2

## Combining Statement of Changes in Fiduciary Net Position – External Investment Trust Funds

For the Fiscal Year Ended August 31, 2016

	Texas Treasury Safekeeping Trust Company TEXPOOL (9,999) U/F (6050)	Texas Treasury Safekeeping Trust Company TEXPOOL/Prime (9,999) U/F (7050)	Totals (Exhibit VII)
<b>ADDITIONS</b>			
Investment Income			
Interest and Investment Income	\$ 45,953,374.25	\$ 9,013,382.32	\$ 54,966,756.57
Expenses:			
Management Fees and Expenses	(6,498,486.02)	(875,932.83)	(7,374,418.85)
Net Income from Investing Activities	39,454,888.23	8,137,449.49	47,592,337.72
Total Additions	39,454,888.23	8,137,449.49	47,592,337.72
Net Increase (Decrease) in Participant Investments	763,928,605.24	1,171,308,939.28	1,935,237,544.52
Net Increase (Decrease) in Net Position	803,383,493.47	1,179,446,388.77	1,982,829,882.24
Net Position, September 1, 2015	12,526,071,810.58	981,681,987.62	13,507,753,798.20
Net Position, August 31, 2016	<u>\$ 13,329,455,304.05</u>	<u>\$ 2,161,128,376.39</u>	<u>\$ 15,490,583,680.44</u>

UNAUDITED  
Texas Treasury Safekeeping Trust Company (930)

EXHIBIT J-1

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

August 31, 2016

	Beginning Balance September 1, 2015	Additions	Deductions	Ending Balance August 31, 2016
Texas Public Finance Authority (9999) U/F (4000)				
<b>ASSETS</b>				
Cash in Bank	\$ 2,169.45	\$ 1,066,885,405.23	\$ 1,066,882,660.29	\$ 4,914.39
Interest and Dividend Receivable	510,723.92	2,443,747.74	1,899,436.97	1,055,034.69
Investments:				
(US Gov & Agencies Oblig)	517,462,977.94	194,699,649.88	365,247,198.03	346,915,429.79
(Mutual Funds)	49,315,647.03	92,898,899.41	117,199,692.07	25,014,854.37
Total Assets	567,291,518.34	1,356,927,702.26	1,551,228,987.36	372,990,233.24
<b>LIABILITIES</b>				
Funds Held for Others	567,291,518.34	238,688,107.98	432,989,393.08	372,990,233.24
Total Liabilities	\$ 567,291,518.34	\$ 238,688,107.98	\$ 432,989,393.08	\$ 372,990,233.24

	Beginning Balance September 1, 2015	Additions	Deductions	Ending Balance August 31, 2016
Child Support Employ Deduct-Offset Acct Fund (0807) U/F (8070)				
<b>ASSETS</b>				
Cash in State Treasury	\$ 1,375.02	\$	\$	\$ 1,375.02
Total Assets	1,375.02	0.00	0.00	1,375.02
<b>LIABILITIES</b>				
Funds Held for Others	1,375.02		-	1,375.02
Total Liabilities	\$ 1,375.02	\$ 0.00	\$ 0.00	\$ 1,375.02

UNAUDITED  
*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 Position – Governmental Funds**

For the Fiscal Year Ended August 31, 2016

	General Funds (Exhibit A-1)	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Position
<b>ASSETS</b>						
Current Assets:						
Cash:						
Cash in State Treasury	\$ 80,476,041.72	\$ 80,476,041.72	\$	\$	\$	\$ 80,476,041.72
Legislative Appropriations	41,231,299.97	41,231,299.97				41,231,299.97
Receivables From:						
Federal	10,095,642.57	10,095,642.57				10,095,642.57
Other Interest Receivable	42,888.49	42,888.49				42,888.49
Interfund Receivables (Note 12)	6,831,754.83	6,831,754.83				6,831,754.83
Loans and Contracts	11,968,352.29	11,968,352.29				11,968,352.29
Total Current Assets	<u>150,645,979.87</u>	<u>150,645,979.87</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>150,645,979.87</u>
Non-Current Assets:						
Interfund Receivables (Note 12)	23,820,137.84	23,820,137.84				23,820,137.84
Loans and Contracts	61,064,625.67	61,064,625.67				61,064,625.67
Total Non-Current Assets	<u>84,884,763.51</u>	<u>84,884,763.51</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>84,884,763.51</u>
Total Assets	<u>\$235,530,743.38</u>	<u>\$235,530,743.38</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$235,530,743.38</u>
<b>LIABILITIES</b>						
Current Liabilities:						
Payables from:						
Accounts	\$ 2,884,957.25	\$ 2,884,957.25	\$	\$	\$	\$ 2,884,957.25
Payroll	104,250.49	104,250.49				104,250.49
Interfund Payables (Note 12)						
Due to Other Agencies	211,047.22	211,047.22				211,047.22
Unearned Revenues	9,403,258.48	9,403,258.48				9,403,258.48
Employees Compensable Leave (Note 5)				42,959.84		42,959.84
Total Current Liabilities	<u>12,603,513.44</u>	<u>12,603,513.44</u>	<u>0.00</u>	<u>42,959.84</u>	<u>0.00</u>	<u>12,646,473.28</u>
Non-Current Liabilities:						
Employees Compensable Leave (Note 5)				69,920.99		69,920.99
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>69,920.99</u>	<u>0.00</u>	<u>69,920.99</u>
Total Liabilities	<u>12,603,513.44</u>	<u>12,603,513.44</u>	<u>0.00</u>	<u>112,880.83</u>	<u>0.00</u>	<u>12,716,394.27</u>
<b>FUND FINANCIAL STATEMENT</b>						
Fund Balances (Deficits):						
Nonspendable	84,884,763.51	84,884,763.51				84,884,763.51
Restricted	49,279,247.06	49,279,247.06				49,279,247.06
Committed	73,479,895.32	73,479,895.32				73,479,895.32
Assigned	7,784,627.69	7,784,627.69				7,784,627.69
Unassigned	7,498,696.36	7,498,696.36				7,498,696.36
Total Fund Balances	<u>222,927,229.94</u>	<u>222,927,229.94</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>222,927,229.94</u>
Total Liabilities and Fund Balances	<u>\$235,530,743.38</u>	<u>\$235,530,743.38</u>				
<b>GOVERNMENT-WIDE STATEMENT OF NET POSITION</b>						
Net Position:						
Restricted for:						
Employee Benefits (Note 5)				(112,880.83)		(112,880.83)
Total Net Position			<u>\$ 0.00</u>	<u>\$ (112,880.83)</u>	<u>\$ 0.00</u>	<u>\$235,530,743.38</u>

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

UNAUDITED  
Comptroller State Energy Conservation Office (907)

EXHIBIT II

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

For the Fiscal Year Ended August 31, 2016

	General Funds (Exhibit A-2)	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
<b>REVENUES</b>						
Legislative Appropriations:						
Original Appropriations (GR)	\$ 561,997.00	\$ 561,997.00	\$	\$	\$	\$ 561,997.00
Additional Appropriations (GR)	42,524.45	42,524.45				42,524.45
Federal Revenue (Schedule 1A)	5,642,592.67	5,642,592.67				5,642,592.67
Interest and Investment Income	3,158,224.20	3,158,224.20				3,158,224.20
Other	(803,374.40)	(803,374.40)				(803,374.40)
<b>Total Revenues</b>	<u>8,601,963.92</u>	<u>8,601,963.92</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>8,601,963.92</u>
<b>EXPENDITURES</b>						
Salaries and Wages	965,473.59	965,473.59		(10,246.64)		955,226.95
Payroll Related Costs	261,870.80	261,870.80				261,870.80
Professional Fees and Services	1,428,129.47	1,428,129.47				1,428,129.47
Travel	31,857.13	31,857.13				31,857.13
Materials and Supplies	49,113.61	49,113.61				49,113.61
Communication and Utilities	6,873.52	6,873.52				6,873.52
Rentals & Leases	17,557.63	17,557.63				17,557.63
Federal Grant Pass-Through Expenditures (Schedule 1A)	1,252,581.42	1,252,581.42				1,252,581.42
Intergovernmental Payments	552,019.39	552,019.39				552,019.39
Public Assistance Payments	15,000.00	15,000.00				15,000.00
Other Expenditures	25,189.86	25,189.86				25,189.86
<b>Total Expenditures/Expenses</b>	<u>4,605,666.42</u>	<u>4,605,666.42</u>	<u>0.00</u>	<u>(10,246.64)</u>	<u>0.00</u>	<u>4,595,419.78</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,996,297.50</u>	<u>3,996,297.50</u>	<u>0.00</u>	<u>10,246.64</u>	<u>0.00</u>	<u>4,006,544.14</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In						
Transfers Out						
Appropriations Lapsed						
<b>Total Other Financing Sources and Uses</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Net Change in Fund Balances/Net Position</b>	<u>3,996,297.50</u>	<u>3,996,297.50</u>				<u>4,006,544.14</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>						
Fund Balances – Beginning	218,930,932.44	218,930,932.44				218,930,932.44
Restatements						
Fund Balances, September 1, 2015, as Restated	<u>218,930,932.44</u>	<u>218,930,932.44</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>218,930,932.44</u>
Fund Balances – August 31, 2016	<u>\$ 222,927,229.94</u>	<u>\$ 222,927,229.94</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 222,927,229.94</u>
<b>GOVERNMENT-WIDE STATEMENT OF NET POSITION</b>						
Change in Net Position		<u>\$ 222,927,229.94</u>	<u>\$</u>	<u>\$ 10,246.64</u>	<u>\$</u>	<u>\$ 222,937,476.58</u>
Net Position – Beginning				(123,127.43)		(123,127.43)
Net Position, September 1, 2015, as Restated			<u>0.00</u>	<u>(123,127.43)</u>	<u>0.00</u>	<u>(123,127.43)</u>
Net Position – August 31, 2016		<u>\$ 222,927,229.94</u>	<u>\$ 0.00</u>	<u>\$ (112,880.79)</u>	<u>\$ 0.00</u>	<u>\$ 222,814,349.15</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 (GASB) 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’s *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 for 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 and Government-wide Adjustment Fund Types

##### *General Revenue Funds*

The general revenue fund (fund 0001) is used to account for all financial resources of the state except those required to be accounted for in another fund.

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

The long-term liabilities adjustment fund (fund 9997) is 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. Within SECO, the agency fund is Departmental Suspense (fund 0900).

## 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 that 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. The following activities are recognized in these fund types:

- Unpaid employee compensable leave

## 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).

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 POSITION

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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.

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

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

#### *Loans and Contracts*

##### **LoanSTAR Program**

The State Energy Conservation Office offers loans from the oil overcharge LoanSTAR fund for energy related cost reduction projects. These low interest loans are made to state agencies and public institutions and are paid back with the funds saved from the reduction of energy costs.

##### **Federally Funded Loan Programs**

###### *State Energy Program (SEP- CFDA 81.041)*

The State Energy Conservation Office receives an annual grant from the U.S. Department of Energy (DOE) to provide funds for the State Energy Program (SEP). These low interest loans enable the municipalities to maximize their energy efficiency through building retrofits. The loans are paid back with funds saved from the reduction of energy costs.

Also, the State Energy Conservation Office has chosen to continue the administration of the American Recovery and Reinvestment Act (ARRA) revolving loan program made available through the Department of Energy in 2009. The program will still offer low interest loans intended to assist governmental entities in financing their energy related cost reduction efforts. No dollars have been transferred from the now discontinued ARRA award to the annual SEP award and all monitoring will follow the same guidelines as the SEP annual grant.

## **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 position. These obligations are normally paid from the same funding source from which each employee's salary or wage compensation is.

## **Fund Balance/Net Position**

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

### ***Fund Balance Components***

Fund balances for governmental funds are classified as nonspendable, restricted, committed, assigned or unassigned in the fund financial statements.

- Nonspendable fund balance includes amounts not available to be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- Restricted fund balance includes those resources that have constraints placed on their use through external parties or by law through constitutional provisions.
- Committed fund balance can be used only for specific purposes pursuant to constraints imposed by a formal action of the Texas Legislature, the state's highest level of decision making authority.
- Assigned fund balance includes amounts constrained by the state's intent to be used for specific purposes, but the constraints do not meet requirements to be reported as restricted or committed. Intent is expressed by (1) the Texas Legislature or (2) a body (for example, a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned fund balance includes the residual classification for the general fund. The net resources of the general fund in excess of nonspendable, restricted, committed and assigned fund balances (a surplus fund balance) are classified as unassigned fund balance.

## **Interfund Activities and Transactions**

The agency 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 expen-

ditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.

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.” The State Energy Conservation Office’s LoanSTAR Revolving Loan programs are reported in interfund receivables.

The composition of the agency’s interfund receivables 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**

The following changes occurred in liabilities during the year ending Aug. 31, 2016:

Governmental Activities	Balance September 1, 2015	Additions	Reductions	Balance August 31, 2016	Amounts Due Within One Year	Amounts Due Thereafter
Compensable Leave	\$ 123,127.43	\$ 74,476.63	\$ 84,723.23	\$ 112,880.83	\$ 42,959.84	\$ 69,920.99
Total Governmental	<u>\$ 123,127.43</u>	<u>\$ 74,476.63</u>	<u>\$ 84,723.23</u>	<u>\$ 112,880.83</u>	<u>\$ 42,959.84</u>	<u>\$ 69,920.99</u>

**Employees’ Compensable Leave**

If a state employee had continuous employment with the state for at least six months, the state employee is entitled to be paid for all unused vacation time accrued in the event of the employee’s resignation, dismissal or separation from state employment.

Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the statement of net position. Both an expense and a liability for business-type activities are recorded in the proprietary funds as the benefits accrue to employees. No liability is recorded for non-vesting employees accumulating rights to receive sick pay benefits. This obligation is usually paid from the same funding source(s) from which the employee’s salary or wage compensation was paid.

**NOTE 6: Bonded Indebtedness**

(Not Applicable)

**NOTE 7: Derivatives**

(Not Applicable)

**NOTE 8: Leases**

(Not Applicable)

**NOTE 9: Defined Benefit Pension Plans and Defined Contribution Plan**

(Not Applicable)

**NOTE 10: Deferred Compensation**

(Not Applicable)

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

(Not Applicable)

**NOTE 12: Interfund Receivables and Payables**

The State Energy Conservation Office experienced routine transfers with other state agencies that 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 as of Aug. 31, 2016 follows:

	<b>Current Interfund Receivable</b>	<b>Current Interfund Payable</b>	<b>Purpose</b>
<b>Current Portion</b>			
Appd Fund 5005, D23 Fund 0515			
Agency 401, Texas Military Department	\$ 15,112.20	\$	Lone Star Loans
Agency 537, Texas Dpt. Of State Health Services	46,117.09		Lone Star Loans
Agency 539, Department of Aging and Disabliltiy	106,918.71		Lone Star Loans
Agency 711, Texas A&M University	585,349.71		Lone Star Loans
Agency 719, Texas State Technical College Harlingen	203,163.35		Lone Star Loans
Total Interfund Receivable/Payable	<u>\$ 956,661.06</u>	<u>\$ 0.00</u>	
<b>Non-Current Portion</b>			
Appd Fund 5005, D23 Fund 0515			
Agency 401, Texas Military Department	\$ 16,564.44	\$	Lone Star Loans
Agency 537, Texas Dpt. Of State Health Services	174,423.15		Lone Star Loans
Agency 711, Texas A&M University	3,254,126.45		Lone Star Loans
Agency 719, Texas State Technical College Harlingen	1,207,157.97		Lone Star Loans
Total Interfund Receivable/Payable	<u>\$ 4,652,272.01</u>	<u>\$ 0.00</u>	
<b>Current Portion</b>			
Appd Fund 0001, D23 Fund 0230			
Agency 711, Texas A&M University	\$ 2,367,842.67	\$	Federal Lone Star Loans
Agency 714, UT at Arlington	1,100,092.38		Federal Lone Star Loans
Agency 719, Texas State Technical College Waco	494,781.72		Federal Lone Star Loans
Agency 735, Midwestern State University	272,198.10		Federal Lone Star Loans
Agency 745, UT Health Science Center At San Antonio	133,742.90		Federal Lone Star Loans
Agency 755, Stephen F. Austin State University	1,506,436.00		Federal Lone Star Loans
Total Interfund Receivable/Payable	<u>\$ 5,875,093.77</u>	<u>\$ 0.00</u>	
<b>Non-Current Portion</b>			
Appd Fund 0001, D23 Fund 0230			
Agency 711, Texas A&M University	\$ 4,107,839.53	\$	Federal Lone Star Loans
Agency 714, UT at Arlington	3,812,944.36		Federal Lone Star Loans
Agency 719, Texas State Technical College Waco	3,730,412.24		Federal Lone Star Loans
Agency 735, Midwestern State University	984,782.85		Federal Lone Star Loans
Agency 745, UT Health Science Center At San Antonio	627,131.04		Federal Lone Star Loans
Agency 755, Stephen F. Austin State University	5,904,755.81		Federal Lone Star Loans
Total Interfund Receivable/Payable	<u>\$ 19,167,865.83</u>	<u>\$ 0.00</u>	

**NOTE 13: Continuance Subject to Review**

(Not Applicable)

**NOTE 14: Adjustment to Fund Balances and Net Position**

(Not Applicable)

**NOTE 15: Contingencies and Commitments**

(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 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: Service Concession Arrangements**

(Not Applicable)

**NOTE 28: Deferred Outflows and Deferred Inflows of Resources**

(Not Applicable)

**NOTE 29: Trouble Debt Restructuring**

(Not Applicable)

**NOTE 30: Non-Exchange Financial Guarantees**

(Not Applicable)

COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS

UNAUDITED  
*Comptroller State Energy Conservation Office (907)*



UNAUDITED  
Comptroller State Energy Conservation Office (907)

EXHIBIT A-1

## Combining Balance Sheet – All General and Consolidated Funds

For the Fiscal Year Ended August 31, 2016

	General Revenue Fund (0001) U/F (0001), (0223), (0224), (0225), (0226), (0227), (0228), (0369), (0510), (0512), (1369), (1999), (2000), (2369), (2370), (3369), (4369), (5369), (6369), (7369), (7370)	General Revenue Oil Overcharge Fund (5005) UF (0505), (0515) (0525), (0535), (0545), (2005), (5999)	Total (Exhibit I)
<b>ASSETS</b>			
Current Assets:			
Cash			
Cash in State Treasury	\$	\$ 80,476,041.72	\$ 80,476,041.72
Legislative Appropriations	41,231,299.97		41,231,299.97
Receivables From:			
Federal	10,095,642.57		10,095,642.57
Other Interest Receivable	4,056.37	38,832.12	42,888.49
Interfund Receivables (Note 12)	5,875,093.77	956,661.06	6,831,754.83
Loans and Contracts	2,965,801.69	9,002,550.60	11,968,352.29
Total Current Assets	<u>60,171,894.37</u>	<u>90,474,085.50</u>	<u>150,645,979.87</u>
Non-Current Assets:			
Interfund Receivables (Note 12)	19,167,865.83	4,652,272.01	23,820,137.84
Loans and Contracts	19,180,333.89	41,884,291.78	61,064,625.67
Total Noncurrent Assets	<u>38,348,199.72</u>	<u>46,536,563.79</u>	<u>84,884,763.51</u>
Total Assets	<u>\$ 98,520,094.09</u>	<u>\$ 137,010,649.29</u>	<u>\$ 235,530,743.38</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Current Liabilities:			
Payables From:			
Accounts	\$ 2,142,418.10	\$ 742,539.15	\$ 2,884,957.25
Payroll	89,540.99	14,709.50	104,250.49
Interfund Payables (Note 12)			
Due To Other Agencies	211,047.22		211,047.22
Unearned Revenues	(546,661.93)	9,949,920.41	9,403,258.48
Employees' Compensable Leave (Note 5)			
Total Current Liabilities	<u>1,896,344.38</u>	<u>10,707,169.06</u>	<u>12,603,513.44</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>1,896,344.38</u>	<u>10,707,169.06</u>	<u>12,603,513.44</u>
Fund Balances (Deficits):			
Nonspendable	38,348,199.72	46,536,563.79	84,884,763.51
Restricted	49,279,247.06		49,279,247.06
Committed		73,479,895.32	73,479,895.32
Assigned	1,974,903.68	5,809,724.01	7,784,627.69
Unassigned	7,021,399.25	477,297.11	7,498,696.36
Total Fund Balances	<u>96,623,749.71</u>	<u>126,303,480.23</u>	<u>222,927,229.94</u>
Total Liabilities and Fund Balances	<u>\$ 98,520,094.09</u>	<u>\$ 137,010,649.29</u>	<u>\$ 235,530,743.38</u>

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

UNAUDITED  
Comptroller State Energy Conservation Office (907)

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, 2016

	General Revenue Fund (0001) U/F (0001), (0223), (0224), (0225), (0226), (0227), (0228), (0369), (0510), (0512), (1369), (1999), (2000), (2369), (2370), (3369), (4369), (5369), (6369), (7369), (7370)	General Revenue Oil Overcharge Fund (5005) UF (0505), (0515) (0525), (0535) (0545), (2005), (5999)	Total (Exhibit II)
<b>REVENUES</b>			
Legislative Appropriations:			
Original Appropriations	\$ 561,997.00	\$	\$ 561,997.00
Additional Appropriations	42,524.45		42,524.45
Federal Revenue (Schedule 1A)	5,642,592.67		5,642,592.67
Interest and Investment Income	1,389,141.17	1,769,083.03	3,158,224.20
Other		(803,374.40)	(803,374.40)
<b>Total Revenues</b>	<u>7,636,255.29</u>	<u>965,708.63</u>	<u>8,601,963.92</u>
<b>EXPENDITURES</b>			
Salaries and Wages	873,204.10	92,269.49	965,473.59
Payroll Related Costs	231,341.11	30,529.69	261,870.80
Professional Fees and Services	835,429.54	592,699.93	1,428,129.47
Travel	31,857.13		31,857.13
Materials and Supplies	49,105.70	7.91	49,113.61
Communication and Utilities	6,723.30	150.22	6,873.52
Rentals & Leases	16,795.37	762.26	17,557.63
Federal Grant Pass-Through Expenditures (Schedule 1A)	1,252,581.42		1,252,581.42
State Grant Pass-Through Expenditures	228,193.48	(228,193.48)	
Intergovernmental Payments	552,019.39		552,019.39
Public Assistance Payments	15,000.00		15,000.00
Other Expenditures	25,004.36	185.50	25,189.86
<b>Total Expenditures/Expenses</b>	<u>4,117,254.90</u>	<u>488,411.52</u>	<u>4,605,666.42</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>3,519,000.39</u>	<u>477,297.11</u>	<u>3,996,297.50</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In			
Appropriations Lapsed			
Transfers Out			
<b>Total Other Financing Sources and Uses</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Net Change in Fund Balances</b>	<u>3,519,000.39</u>	<u>477,297.11</u>	<u>3,996,297.50</u>
<b>FUND FINANCIAL STATEMENT – FUND BALANCES</b>			
Fund Balances, September 1, 2015	93,104,749.32	125,826,183.12	218,930,932.44
Restatements			
Fund Balances, September 1, 2015, as Restated	<u>93,104,749.32</u>	<u>125,826,183.12</u>	<u>218,930,932.44</u>
Fund Balances – August 31, 2016	<u>\$ 96,623,749.71</u>	<u>\$ 126,303,480.23</u>	<u>\$ 222,927,229.94</u>

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

EXHIBIT J-1

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

For the Fiscal Year Ended August 31, 2016

	Beginning Balance September 1, 2015	Additions	Deductions	Ending Balance August 31, 2016
<b>Suspense Fund (0900) U/F (0900)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 254,616.31	\$ 7,984,606.63	\$ 8,239,222.94	\$
Total Assets	<u>\$ 254,616.31</u>	<u>\$ 7,984,606.63</u>	<u>\$ 8,239,222.94</u>	<u>\$ 0.00</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 254,616.31	\$ 7,984,606.63	\$ 8,239,222.94	\$
Total Liabilities	<u>\$ 254,616.31</u>	<u>\$ 7,984,606.63</u>	<u>\$ 8,239,222.94</u>	<u>\$ 0.00</u>
<b>Totals – All Agency Funds</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ 254,616.31	\$ 7,984,606.63	\$ 8,239,222.94	\$
Total Assets	<u>\$ 254,616.31</u>	<u>\$ 7,984,606.63</u>	<u>\$ 8,239,222.94</u>	<u>\$ 0.00</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 254,616.31	\$ 7,984,606.63	\$ 8,239,222.94	\$
Total Liabilities	<u>\$ 254,616.31</u>	<u>\$ 7,984,606.63</u>	<u>\$ 8,239,222.94</u>	<u>\$ 0.00</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**

For the Fiscal Year Ended August 31, 2016

Federal Grantor/ Pass-through Grantor/ Program Title	CFDA Number	NSE Name Identifying Number	Agy Univ No.	Pass-through From		Direct Program Amount	Total PT From and Direct Program Amount
				Agencies or Universities Amount	Non-State Entities Amount		
<b>U.S. DEPARTMENT OF ENERGY</b>							
<b>Direct Programs:</b>							
State Energy Program	81.041			\$	\$	\$ 3,502,582.60	\$ 3,502,582.60
State Energy Program <i>Pass-Through To:</i> <i>Texas A&amp;M University</i>	81.041					141,827.18	141,827.18
State Energy Program <i>Pass-Through To:</i> <i>University of Texas at Austin</i>	81.041					185,191.86	185,191.86
State Energy Program <i>Pass-Through To:</i> <i>University of Texas at El Paso</i>	81.041					86,317.09	86,317.09
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions	81.106					64,740.20	64,740.20
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions <i>Pass-Through To:</i> <i>Texas Department of Public Safety</i>	81.106					111,646.68	111,646.68
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions <i>Pass-Through To:</i> <i>Department of State Health Services</i>	81.106					223,204.08	223,204.08
State Energy Program Special Projects	81.119					206,903.27	206,903.27
Environmental Monitoring/Cleanup,Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis,	81.214					615,785.18	615,785.18
Environmental Monitoring/Cleanup,Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis, <i>Pass-Through To:</i> <i>Texas Department of Public Safety</i>	81.214					108,125.76	108,125.76
Environmental Monitoring/Cleanup,Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis, <i>Pass-Through To:</i> <i>Department of State Health Services</i>	81.214					188,366.64	188,366.64
Environmental Monitoring/Cleanup,Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis, <i>Pass-Through To:</i> <i>Texas Commission on Environmental Quality</i>	81.214					207,902.13	207,902.13
Totals – U.S. Department of Energy				0.00	0.00	5,642,592.67	5,642,592.67
Total Expenditures of Federal Awards				<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 5,642,592.67</u>	<u>\$ 5,642,592.67</u>

UNAUDITED  
Comptroller State Energy Conservation Office (907)

SCHEDULE 1A (concluded)

## Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended August 31, 2016

Federal Grantor/ Pass-through Grantor/ Program Title	Agy Univ No.	Pass-through To		Expenditures Amount	Total PT To and Expenditures Amount	
		Agencies or Universities Amount	Non-State Entities Amount			
<b>U.S. DEPARTMENT OF ENERGY</b>						
<b>Direct Programs:</b>						
State Energy Program		\$	\$ 210,195.00	\$3,292,387.60	\$3,502,582.60	
State Energy Program					141,827.18	
<i>Pass-Through To:</i>						
<i>Texas A&amp;M University</i>	711	141,827.18				
State Energy Program					185,191.86	
<i>Pass-Through To:</i>						
<i>University of Texas at Austin</i>	721	185,191.86				
State Energy Program					86,317.09	
<i>Pass-Through To:</i>						
<i>University of Texas at El Paso</i>	724	86,317.09				
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions				64,740.20	64,740.20	
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions					111,646.68	
<i>Pass-Through To:</i>						
<i>Texas Department of Public Safety</i>	405	111,646.68				
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions					223,204.08	
<i>Pass-Through To:</i>						
<i>Department of State Health Services</i>	537	223,204.08				
State Energy Program Special Projects				206,903.27	206,903.27	
Environmental Monitoring/Cleanup,Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis,				356,824.39	258,960.79	615,785.18
Environmental Monitoring/Cleanup,Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis,					108,125.76	
<i>Pass-Through To:</i>						
<i>Texas Department of Public Safety</i>	405	108,125.76				
Environmental Monitoring/Cleanup,Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis,					188,366.64	
<i>Pass-Through To:</i>						
<i>Department of State Health Services</i>	537	188,366.64				
Environmental Monitoring/Cleanup,Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis,					207,902.13	
<i>Pass-Through To:</i>						
<i>Texas Commission on Environmental Quality</i>	582	207,902.13				
Totals – U.S. Department of Energy		<u>1,252,581.42</u>	<u>567,019.39</u>	<u>3,822,991.86</u>	<u>5,642,592.67</u>	
Total Expenditures of Federal Awards		<u>\$1,252,581.42</u>	<u>\$ 567,019.39</u>	<u>\$3,822,991.86</u>	<u>\$5,642,592.67</u>	







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