



Glenn Hegar Texas Comptroller of Public Accounts

Annual Financial Report

For Year Ended August 31, 2015



November 20, 2015

The Honorable Greg Abbott, Governor
Ms. Ursula Parks, Director, Legislative Budget Board
John Keel, CPA, State Auditor

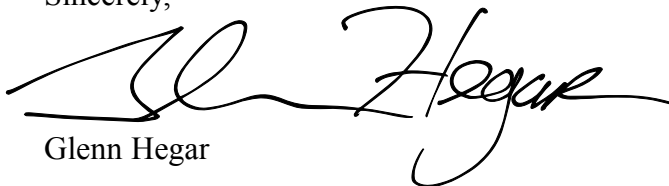
Dear Governor Abbott, Ms. Parks and Mr. Keel:

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, 2015, 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 or 512-463-4771.

Sincerely,



Glenn Hegar

cc: Shari Curtis



2015 Annual Financial Report

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UNAUDITED
Comptroller of Public Accounts (304)

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Comptroller of Public Accounts (304)

EXHIBIT I

Combined Balance Sheet/Statement of Net Position – Governmental Funds

Aug. 31, 2015

	Governmental Fund Type General Funds	Governmental Fund Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Net Position
ASSETS					
Current Assets:					
Cash and Cash Equivalents:					
Cash on Hand	\$ 4,500.00	\$ 4,500.00	\$	\$	\$ 4,500.00
Cash in Bank (Note 3)	25,000.00	25,000.00			25,000.00
Legislative Appropriations	53,548,488.00	53,548,488.00			53,548,488.00
Receivables From:					
Accounts Receivable	108,921.80	108,921.80			108,921.80
Interfund Receivable (Note 12)	15,809.65	15,809.65			15,809.65
Consumable Inventories	381,356.52	381,356.52			381,356.52
Total Current Assets	<u>54,084,075.97</u>	<u>54,084,075.97</u>	<u>0.00</u>	<u>0.00</u>	<u>54,084,075.97</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			9,459,637.39		9,459,637.39
Less Accumulated Depreciation			(6,232,964.05)		(6,232,964.05)
Vehicles, Boats and Aircraft			241,973.83		241,973.83
Less Accumulated Depreciation			(213,419.37)		(213,419.37)
Amortizable Assets – Intangible:					
Computer Software			54,700,938.28		54,700,938.28
Less Accumulated Amortization:			(29,230,622.91)		(29,230,622.91)
Total Non-Current Assets	<u>0.00</u>	<u>0.00</u>	<u>28,728,793.17</u>	<u>0.00</u>	<u>28,728,793.17</u>
Total Assets	<u>\$ 54,084,075.97</u>	<u>\$ 54,084,075.97</u>	<u>\$ 28,728,793.17</u>	<u>\$ 0.00</u>	<u>\$ 82,812,869.14</u>
LIABILITIES					
Current Liabilities:					
Payables From:					
Accounts Payable	\$ 2,508,619.72	\$ 2,508,619.72	\$	\$	\$ 2,508,619.72
Payroll Payable	18,436,430.45	18,436,430.45			18,436,430.45
Interfund Payable (Note 12)	15,809.65	15,809.65			15,809.65
Unearned Revenue	67,726.79	67,726.79			67,726.79
Employees' Compensable Leave (Note 5)				10,890,938.92	10,890,938.92
Total Current Liabilities	<u>21,028,586.61</u>	<u>21,028,586.61</u>	<u>0.00</u>	<u>10,890,938.92</u>	<u>31,919,525.53</u>
Non-Current Liabilities:					
Employees' Compensable Leave (Note 5)				8,030,083.21	8,030,083.21
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>8,030,083.21</u>	<u>8,030,083.21</u>
Total Liabilities	<u>21,028,586.61</u>	<u>21,028,586.61</u>	<u>0.00</u>	<u>18,921,022.13</u>	<u>39,949,608.74</u>
FUND FINANCIAL STATEMENT					
Fund Balances (Deficits):					
Nonspendable – Inventory	381,356.52	381,356.52			381,356.52
Unassigned	32,674,132.84	32,674,132.84			32,674,132.84
Total Fund Balances	<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>
Total Liabilities and Fund Balances	<u>\$ 54,084,075.97</u>	<u>\$ 54,084,075.97</u>			
GOVERNMENT-WIDE STATEMENT OF NET POSITION					
Net Position					
Net Investment in Capital Assets			28,728,793.17		28,728,793.17
Restricted for:					
Employee Benefits				(18,921,022.13)	(18,921,022.13)
Total Net Position			<u>\$ 28,728,793.17</u>	<u>\$ (18,921,022.13)</u>	<u>\$ 42,863,260.40</u>

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

UNAUDITED
Comptroller of Public Accounts (304)

EXHIBIT II

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

For the Fiscal Year Ended Aug. 31, 2015

	Governmental Fund Type General Funds	Governmental Fund Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Activities
REVENUES					
Legislative Appropriations:					
Original Appropriations	\$ 226,681,901.00	\$ 226,681,901.00	\$	\$	\$ 226,681,901.00
Additional Appropriations	48,884,316.60	48,884,316.60			48,884,316.60
Federal Revenue (Schedule 1A)	129,540.56	129,540.56			129,540.56
Licenses, Fees and Permits	13,000,327.53	13,000,327.53			13,000,327.53
Sales of Goods and Services	7,402,206.23	7,402,206.23			7,402,206.23
Other	175,580.83	175,580.83			175,580.83
Total Revenues	<u>296,273,872.75</u>	<u>296,273,872.75</u>	<u>0.00</u>	<u>0.00</u>	<u>296,273,872.75</u>
EXPENDITURES					
Salaries and Wages	171,858,238.92	171,858,238.92		517,741.46	172,375,980.38
Payroll-Related Costs	46,245,151.22	46,245,151.22			46,245,151.22
Professional Fees and Services	33,206,577.18	33,206,577.18			33,206,577.18
Travel	5,305,882.10	5,305,882.10			5,305,882.10
Materials and Supplies	5,753,733.04	5,753,733.04			5,753,733.04
Communication and Utilities	2,430,565.02	2,430,565.02			2,430,565.02
Repairs and Maintenance	15,894,808.78	15,894,808.78			15,894,808.78
Rentals and Leases	13,866,675.00	13,866,675.00			13,866,675.00
Printing and Reproduction	764,689.77	764,689.77			764,689.77
Claims and Judgements	10,790.88	10,790.88			10,790.88
Other Expenditures	3,508,608.02	3,508,608.02			3,508,608.02
Capital Outlay (Note 2)	3,538,605.07	3,538,605.07	(3,538,605.07)		0.00
Depreciation and Amortization Expense (Note 2)			6,356,994.49		6,356,994.49
Total Expenditures/Expenses	<u>302,384,325.00</u>	<u>302,384,325.00</u>	<u>2,818,389.42</u>	<u>517,741.46</u>	<u>305,720,455.88</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>(6,110,452.25)</u>	<u>(6,110,452.25)</u>	<u>(2,818,389.42)</u>	<u>(517,741.46)</u>	<u>(9,446,583.13)</u>
OTHER FINANCING SOURCES (USES)					
Transfers Out	(322,044.39)	(322,044.39)			(322,044.39)
Capital Asset – Transfer In (Note 2)			9,080.96		9,080.96
Lapsed Committed Revenue Appropriations	(1,026.86)	(1,026.86)			(1,026.86)
Sale of Capital Assets	1,530.00	1,530.00			1,530.00
Total Other Financing Sources and (Uses)	<u>(321,541.25)</u>	<u>(321,541.25)</u>	<u>9,080.96</u>	<u>0.00</u>	<u>(312,460.29)</u>
Net Change in Fund Balances/Net Position	<u>(6,431,993.50)</u>	<u>(6,431,993.50)</u>	<u>(2,809,308.46)</u>	<u>(517,741.46)</u>	<u>(9,759,043.42)</u>
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances – Beginning Sept. 1, 2014	39,487,482.86	39,487,482.86			39,487,482.86
Restatements (Note 14)	0.00	0.00			0.00
Fund Balances, Sept. 1, 2014, as Restated	<u>39,487,482.86</u>	<u>39,487,482.86</u>	<u>0.00</u>	<u>0.00</u>	<u>39,487,482.86</u>
Fund Balances – Aug. 31, 2015	<u>\$ 33,055,489.36</u>	<u>\$ 33,055,489.36</u>	<u>\$ (2,809,308.46)</u>	<u>\$ (517,741.46)</u>	<u>\$ 29,728,439.44</u>
GOVERNMENT-WIDE STATEMENT OF NET POSITION					
Net Position/Net Change in Net Position		<u>\$ 33,055,489.36</u>	<u>\$ (2,809,308.46)</u>	<u>\$ (517,741.46)</u>	<u>\$ 29,728,439.44</u>
Net Position-Sept. 1, 2014			31,531,074.02	(18,403,280.67)	13,127,793.35
Restatements (Note 14)			7,027.61		7,027.61
Net Position, Sept. 1, 2014, as Restated			<u>31,538,101.63</u>	<u>(18,403,280.67)</u>	<u>13,134,820.96</u>
Net Position as of Aug. 31, 2015		<u>\$ 33,055,489.36</u>	<u>\$ 28,728,793.17</u>	<u>\$ (18,921,022.13)</u>	<u>\$ 42,863,260.40</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

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

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.

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), Texasaver 401K plan (Fund 0942), 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

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 future periods.

ASSETS, LIABILITIES AND FUND BALANCES/NET POSITION

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.

Unearned Revenue

Amounts shown represent federal funds received but not yet expended (Schedule 1A).

FUND BALANCE/NET POSITION

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

Fund Balance Components

The fund balance amounts for governmental funds are classified as nonspendable 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. 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.

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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:

- 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, 2015, is presented below:

	GOVERNMENTAL ACTIVITIES							
	Balance Sept. 1, 2014	Adjust- ments	Completed CIP	Increase Interagency Trans	Decrease Interagency Trans	Additions	Deletions	Balance Aug. 31, 2015
Non-Depreciable/ Non-Amortizable Assets								
Other Tangible Capital Assets	\$ 3,250.00							\$ 3,250.00
Construction in Progress	17,141,969.15		(18,376,611.65)			1,234,642.50		
Total Non-Depreciable/ Non-Amortizable Assets:	<u>17,145,219.15</u>	<u>0.00</u>	<u>(18,376,611.65)</u>	<u>0.00</u>	<u>0.00</u>	<u>1,234,642.50</u>	<u>0.00</u>	<u>3,250.00</u>
Depreciable Assets								
Furniture and Equipment	9,076,932.40	11,396.00		31,226.03		358,199.52	(18,116.56)	9,459,637.39
Vehicles, Boats and Aircraft	253,818.71			20,073.12	(15,959.00)		(15,959.00)	241,973.83
Total Depreciable Assets	<u>9,330,751.11</u>	<u>11,396.00</u>	<u>0.00</u>	<u>51,299.15</u>	<u>(15,959.00)</u>	<u>358,199.52</u>	<u>(34,075.56)</u>	<u>9,701,611.22</u>
Less Accumulated Depreciation for:								
Furniture and Equipment	(4,904,782.97)	(4,368.39)		(31,226.03)		(1,310,703.22)	18,116.56	(6,232,964.05)
Vehicles, Boats and Aircraft	(222,194.78)			(10,992.16)	15,959.00	(12,150.43)	15,959.00	(213,419.37)
Total Accumulated Depreciation	<u>(5,126,977.75)</u>	<u>(4,368.39)</u>	<u>0.00</u>	<u>(42,218.19)</u>	<u>15,959.00</u>	<u>(1,322,853.65)</u>	<u>34,075.56</u>	<u>(6,446,383.42)</u>
Amortizable Assets – Intangible								
Computer Software	34,418,483.58		18,376,611.65			1,945,763.05	(39,920.00)	54,700,938.28
Total Amortizable Assets – Intangible	<u>34,418,483.58</u>	<u>0.00</u>	<u>18,376,611.65</u>	<u>0.00</u>	<u>0.00</u>	<u>1,945,763.05</u>	<u>(39,920.00)</u>	<u>54,700,938.28</u>
Less Accumulated Amortization for:								
Computer Software	(24,236,402.07)					(5,034,140.84)	39,920.00	(29,230,622.91)
Total Accumulated Amortization	<u>(24,236,402.07)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(5,034,140.84)</u>	<u>39,920.00</u>	<u>(29,230,622.91)</u>
Total Governmental Activities	<u>\$31,531,074.02</u>	<u>\$7,027.61</u>	<u>\$ 0.00</u>	<u>\$ 9,080.96</u>	<u>\$ 0.00</u>	<u>\$(2,818,389.42)</u>	<u>\$ 0.00</u>	<u>\$28,728,793.17</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, 2015, the carrying amount of deposits was \$25,000, as presented below:

Governmental and Business Type Activities	
Cash in Bank – Carrying Amount	\$ 25,000.00
Total Cash in Bank, per AFR, (Exhibit I)	<u>\$ 25,000.00</u>

The carrying amount of \$25,000 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, 2015, the following changes occurred in liabilities reported in the general long-term liability account group:

Governmental Activities	Balance Sept. 1, 2014	Additions	Reductions	Balance Aug. 31, 2015	Amounts Due Within One Year	Amounts Due Thereafter
Employees’ Compensable Leave	\$ 18,403,280.67	\$ 16,690,885.99	\$ (16,173,144.53)	\$ 18,921,022.13	\$ 10,890,938.92	\$ 8,030,083.21
Total Governmental Activities	<u>\$ 18,403,280.67</u>	<u>\$ 16,690,885.99</u>	<u>\$ (16,173,144.53)</u>	<u>\$ 18,921,022.13</u>	<u>\$ 10,890,938.92</u>	<u>\$ 8,030,083.21</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: Derivatives

(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	\$ 3,367,561.47
General – Operating Leases	<u>7,466,528.25</u>
Total	<u>\$ 10,834,089.72</u>

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

Year Ended Aug. 31, 2015	
2016	\$ 10,586,011.80
2017	6,788,980.58
2018	3,729,770.19
2019	2,000,343.18
2020	908,026.27
2021 thru 2025	<u>1,817,206.75</u>
Total Minimum Future Lease Rental Payments	<u>\$ 25,830,338.77</u>

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 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, 2015, is as follows:

Current	Interfund Receivable	Interfund Payable	Purpose
GENERAL REVENUE (01)			
Agency 304, Appd Fund 0001, D23 Fund 2000	\$ 15,809.65	\$	Benefit Expenses
Agency 304, Appd Fund 0001, D23 Fund 3027	<u> </u>	<u>(15,809.65)</u>	Benefit Expenses
Total Current Interfund Payable/Receivable (Exh I)	<u>\$ 15,809.65</u>	<u>\$ (15,809.65)</u>	

NOTE 13: Continuance Subject to Review

(Not Applicable)

NOTE 14: Adjustments to Fund Balances and Net Position

During fiscal 2015, certain accounting changes and adjustments were made that required the restatement of net position.

For the year ended Aug. 31, 2015, the beginning net position is restated as follows:

Net Position, Sept. 1, 2014	\$ 31,531,074.02
Restatement of Capital Assets	7,027.61
Net Position Sept. 1, 2014, as Restated	<u>\$ 31,538,101.63</u>

The restatement of \$7,027.61 is due to the purchase of an asset in a prior fiscal year that was not correctly classified as a capital asset at the time of purchase.

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 2015 is included here:

	Beginning Balance Sept. 1, 2014	Increases	Decreases	Ending Balance Aug. 31, 2015
2015	\$ 0.00	\$ 10,790.88	\$ (10,790.88)	\$ 0.00

NOTE 18: Management’s Discussion and Analysis

No material accounting events occurred at the Comptroller of Public Accounts for fiscal 2015.

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 – State 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: Trouble 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 J-1

Combining Statement of Changes in Assets and Liabilities – Agency Funds

Aug. 31, 2015

	Beginning Balance Sept. 1, 2014	Additions	Deductions	Ending Balance Aug. 31, 2015
UNAPPROPRIATED RECEIPTS				
General Revenue Fund (0001) U/F (1000)				
ASSETS				
Current				
Cash in State Treasury	\$ 0.00	\$ 11,401,081.86	\$ 11,401,081.86	\$ 0.00
Total Assets	<u>\$ 0.00</u>	<u>\$ 11,401,081.86</u>	<u>\$ 11,401,081.86</u>	<u>\$ 0.00</u>
LIABILITIES				
Current				
Accounts Payable	\$ 0.00	\$ 5,736.21	\$ 5,736.21	\$ 0.00
Funds Held for Others	0.00	11,401,081.86	11,401,081.86	0.00
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 11,406,818.07</u>	<u>\$ 11,406,818.07</u>	<u>\$ 0.00</u>
Suspense Fund (0900) U/F (9015) (9016)				
ASSETS				
Current				
Cash in State Treasury	\$ 0.00	\$ 19,172.89	\$ 19,172.89	\$ 0.00
Total Assets	<u>\$ 0.00</u>	<u>\$ 19,172.89</u>	<u>\$ 19,172.89</u>	<u>\$ 0.00</u>
LIABILITIES				
Current				
Funds Held for Others	\$ 0.00	\$ 19,172.89	\$ 19,172.89	\$ 0.00
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 19,172.89</u>	<u>\$ 19,172.89</u>	<u>\$ 0.00</u>
Texasaver – 401K (0942) U/F (0942)				
ASSETS				
Current				
Accounts Receivables, Net	\$ 0.00	\$ 83,121.42	\$ 83,121.42	\$ 0.00
Total Assets	<u>\$ 0.00</u>	<u>\$ 83,121.42</u>	<u>\$ 83,121.42</u>	<u>\$ 0.00</u>
LIABILITIES				
Current				
Funds Held for Others	\$ 0.00	\$ 83,121.42	\$ 83,121.42	\$ 0.00
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 83,121.42</u>	<u>\$ 83,121.42</u>	<u>\$ 0.00</u>
Direct Deposit Correction (0980) U/F (0980) (9014)				
ASSETS				
Current				
Cash in State Treasury	\$ 0.00	\$ 87,705.04	\$ 87,705.04	\$ 0.00
Total Assets	<u>\$ 0.00</u>	<u>\$ 87,705.04</u>	<u>\$ 87,705.04</u>	<u>\$ 0.00</u>
LIABILITIES				
Current				
Funds Held for Others	\$ 0.00	\$ 87,705.04	\$ 87,705.04	\$ 0.00
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 87,705.04</u>	<u>\$ 87,705.04</u>	<u>\$ 0.00</u>
TPASS Postage Fund (9999) U/F (0999)				
ASSETS				
Current				
Other Current Assets	\$ 440,461.90	\$ 0.00	\$ 92,373.41	\$ 348,088.49
Total Assets	<u>\$ 440,461.90</u>	<u>\$ 0.00</u>	<u>\$ 92,373.41</u>	<u>\$ 348,088.49</u>
LIABILITIES				
Current				
Funds Held for Others	\$ 440,461.90	\$ 0.00	\$ 92,373.41	\$ 348,088.49
Total Liabilities	<u>\$ 440,461.90</u>	<u>\$ 0.00</u>	<u>\$ 92,373.41</u>	<u>\$ 348,088.49</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

Aug. 31, 2015

	Beginning Balance Sept. 1, 2014	Additions	Deductions	Ending Balance Aug. 31, 2015
Child Support Employ Deduct – Offset Acct Fund (0807) U/F (8070)				
ASSETS				
Current				
Cash in State Treasury	\$ 39,392.43	\$ 514,339.49	\$ 515,675.00	\$ 38,056.92
Total Assets	<u>\$ 39,392.43</u>	<u>\$ 514,339.49</u>	<u>\$ 515,675.00</u>	<u>\$ 38,056.92</u>
LIABILITIES				
Current				
Accounts Payable	\$ 0.00	\$ 476,282.57	\$ 476,282.57	\$ 0.00
Funds Held for Others	39,392.43	514,339.49	515,675.00	38,056.92
Total Liabilities	<u>\$ 39,392.43</u>	<u>\$ 990,622.06</u>	<u>\$ 991,957.57</u>	<u>\$ 38,056.92</u>
Totals – All Agency Funds				
ASSETS				
Current				
Cash in State Treasury	\$ 39,392.43	\$ 12,022,299.28	\$ 12,023,634.79	\$ 38,056.92
Accounts Receivables, Net	0.00	83,121.42	83,121.42	0.00
Other Current Assets	440,461.90	0.00	92,373.41	348,088.49
Total Assets	<u>\$ 479,854.33</u>	<u>\$ 12,105,420.70</u>	<u>\$ 12,199,129.62</u>	<u>\$ 386,145.41</u>
LIABILITIES				
Current				
Accounts Payable	\$ 0.00	\$ 482,018.78	\$ 482,018.78	\$ 0.00
Funds Held for Others	479,854.33	12,105,420.70	12,199,129.62	386,145.41
Total Liabilities	<u>\$ 479,854.33</u>	<u>\$ 12,587,439.48</u>	<u>\$ 12,681,148.40</u>	<u>\$ 386,145.41</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 Aug. 31, 2015

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		
U.S. Department of Justice							
Direct Programs:							
Equitable Sharing Program	16.922			\$	\$	\$ 104,780.38	\$ 104,780.38
Totals – U.S. Department of Justice (Exhibit II)				0.00	0.00	104,780.38	104,780.38
U.S. Department of Treasury							
Direct Programs:							
Equitable Sharing Program	21.000	15-5042-0-2-752				24,760.18	24,760.18
Totals – U.S. Department of Treasury (Exhibit II)				0.00	0.00	24,760.18	24,760.18
General Services Administration							
Pass-Through From:							
Donation of Federal Surplus Personal Property (Non-monetary)	39.003						
Texas Facilities Commission			303	1,851.59			1,851.59
Totals – General Services Administration				1,851.59			1,851.59
Total Expenditures of Federal Awards				\$ 1,851.59	\$ 0.00	\$ 129,540.56	\$ 131,392.15

NOTE 7 – Federal Deferred Revenue	CFDA Number	Balance Sept. 1, 2014	Net Change	Balance Aug. 31, 2015
U.S. Department of Justice	16.922	\$ 55,156.23	\$ 12,570.56	\$ 67,726.79
U.S. Department of Treasury	21.000	4,304.89	(4,304.89)	0.00
Total Deferred Revenue (Exhibit I)		\$ 59,461.12	\$ 8,265.67	\$ 67,726.79

The deferred (unearned) revenue of \$67,726.79 is the amount of Equitable Sharing Program revenue received, but not yet expended at fiscal year-end. The accompanying notes to the financial statements are an integral part of this statement.

UNAUDITED
Comptroller of Public Accounts (304)

Agy/Univ. No.	Agencies or Univ. Amount	Non-State Entities Amount	Expenditures Amount	Total Pass- Through To & Expenditures Amount
	\$	\$	\$ 104,780.38	\$ 104,780.38
	<u>0.00</u>	<u>0.00</u>	<u>104,780.38</u>	<u>104,780.38</u>
			24,760.18	24,760.18
	<u>0.00</u>	<u>0.00</u>	<u>24,760.18</u>	<u>24,760.18</u>
			1,851.59	1,851.59
			<u>1,851.59</u>	<u>1,851.59</u>
	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 131,392.15</u>	<u>\$ 131,392.15</u>

Comptroller Judiciary Section (241)

BASIC FINANCIAL STATEMENTS

UNAUDITED
Comptroller Judiciary Section (241)

UNAUDITED
Comptroller Judiciary Section (241)

EXHIBIT I

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

Aug. 31, 2015

	General Funds (Exh A-1)	Special Revenue Funds (Exh B-1)	Governmental Funds Total
ASSETS			
Current Assets:			
Cash			
Cash in State Treasury	\$	\$ 5,705,398.47	\$ 5,705,398.47
Legislative Appropriations	29,890,427.75		29,890,427.75
Due From Other Agencies	446,927.02		446,927.02
Total Current Assets	<u>30,337,354.77</u>	<u>5,705,398.47</u>	<u>36,042,753.24</u>
Total Assets	<u>\$ 30,337,354.77</u>	<u>\$ 5,705,398.47</u>	<u>\$ 36,042,753.24</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Current Liabilities:			
Payables From:			
Payroll	\$ 9,251,809.06	\$	\$ 9,251,809.06
Total Current Liabilities	<u>9,251,809.06</u>	<u>0.00</u>	<u>9,251,809.06</u>
Total Liabilities	<u>9,251,809.06</u>	<u>0.00</u>	<u>9,251,809.06</u>
FUND FINANCIAL STATEMENT			
Fund Balances (Deficits):			
Committed		5,705,398.47	5,705,398.47
Unassigned	21,085,545.71		21,085,545.71
Total Fund Balances	<u>21,085,545.71</u>	<u>5,705,398.47</u>	<u>26,790,944.18</u>
Total Liabilities and Fund Balances	<u>\$ 30,337,354.77</u>	<u>\$ 5,705,398.47</u>	<u>\$ 36,042,753.24</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 Aug. 31, 2015

	General Funds (Exh A-2)	Special Revenue Funds (Exh B-2)	Governmental Funds Total
REVENUES			
Legislative Appropriations:			
Original Appropriations	\$ 61,224,056.00	\$	\$ 61,224,056.00
Additional Appropriations	41,014,229.27		41,014,229.27
State Grant Pass-Through Revenue (Schedule 1B)	1,468,453.00		1,468,453.00
Licenses, Fees and Permits	15,784,824.24	68,624,110.30	84,408,934.54
Other	196,145.86		196,145.86
Total Revenues	<u>119,687,708.37</u>	<u>68,624,110.30</u>	<u>188,311,818.67</u>
EXPENDITURES			
Salaries and Wages	73,051,847.72	18,979,136.22	92,030,983.94
Payroll-Related Costs	10,604,886.72	12,461,828.38	23,066,715.10
Travel	525,742.43		525,742.43
Intergovernmental Payments	25,222,748.99	28,508,046.72	53,730,795.71
Other Expenditures	2,110,752.18	188,459.65	2,299,211.83
Total Expenditures/Expenses	<u>111,515,978.04</u>	<u>60,137,470.97</u>	<u>171,653,449.01</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>8,171,730.33</u>	<u>8,486,639.33</u>	<u>16,658,369.66</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	(1,220,839.42)	12,195,347.81	10,974,508.39
Transfers Out	(7,375,603.09)	(20,210,550.09)	(27,586,153.18)
Total Other Financing Sources (Uses)	<u>(8,596,442.51)</u>	<u>(8,015,202.28)</u>	<u>(16,611,644.79)</u>
Net Change in Fund Balances/Net Position	(424,712.18)	471,437.05	46,724.87
FUND FINANCIAL STATEMENT – FUND BALANCES			
Fund Balances – Beginning	21,900,636.49	5,233,961.42	27,134,597.91
Restatements			
Fund Balances, Sept. 1, 2014, as Restated	<u>21,900,636.49</u>	<u>5,233,961.42</u>	<u>27,134,597.91</u>
Appropriations Lapsed	(390,378.60)		(390,378.60)
Fund Balances – Aug. 31, 2015	<u>\$ 21,085,545.71</u>	<u>\$ 5,705,398.47</u>	<u>\$ 26,790,944.18</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

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

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.

The Insurance Board Operating Fund (0036)

Funds are provided from taxes and fees as required by the Insurance Code and money received by the Insurance Board from sales, reimbursements and fees authorized by other statutes and provided to the Travis County District Attorney's Office to investigate and prosecute insurance fraud.

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 State Highway Fund (Fund 0006)

State highway funds are provided to the Travis County District Attorney's Office to investigate and prosecute motor fuel tax fraud cases.

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)

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), Child Support Employee Deductions (Fund 8070) and Departmental Suspense (Fund 0900).

BASIS OF ACCOUNTING

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 60 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

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

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 designated 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 and 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 2015.

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 –
All General and Consolidated Funds**

Aug. 31, 2015

	General Revenue (0001) U/F (0001)	Insurance Board Operating Fund (0036) U/F (0036)	Total (Exh I)
ASSETS			
Current Assets:			
Legislative Appropriations	\$ 29,890,427.75	\$	\$ 29,890,427.75
Due From Other Agencies	446,927.02		446,927.02
Total Current Assets	<u>30,337,354.77</u>	0.00	<u>30,337,354.77</u>
Total Assets	<u>\$ 30,337,354.77</u>	<u>\$ 0.00</u>	<u>\$ 30,337,354.77</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Current Liabilities:			
Payables From:			
Payroll	\$ 9,251,809.06	\$	\$ 9,251,809.06
Total Current Liabilities	<u>9,251,809.06</u>	0.00	<u>9,251,809.06</u>
Total Liabilities	<u>9,251,809.06</u>	<u>0.00</u>	<u>9,251,809.06</u>
FUND FINANCIAL STATEMENT – FUND BALANCES			
Fund Balances (Deficits):			
Unassigned	21,085,545.71		21,085,545.71
Total Fund Balances	<u>21,085,545.71</u>	0.00	<u>21,085,545.71</u>
Total Liabilities and Fund Balances	<u>\$ 30,337,354.77</u>	<u>\$ 0.00</u>	<u>\$ 30,337,354.77</u>

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

UNAUDITED
Comptroller Judiciary Section (241)

EXHIBIT A-2

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

For the Fiscal Year Ended Aug. 31, 2015

	General Revenue Fund (0001) U/F (0001)	Insurance Board Operating Fund (0036) U/F (0036)	Total (Exh II)
REVENUES			
Legislative Appropriations:			
Original Appropriations	\$ 61,224,056.00	\$	\$ 61,224,056.00
Additional Appropriations	41,014,229.27		41,014,229.27
State Grant Pass-Through Revenue (Schedule 1B)	1,468,453.00		1,468,453.00
Licenses, Fees and Permits	15,784,824.24		15,784,824.24
Other	196,145.86		196,145.86
Total Revenues	<u>119,687,708.37</u>	<u>0.00</u>	<u>119,687,708.37</u>
EXPENDITURES			
Salaries and Wages	73,051,847.72		73,051,847.72
Payroll-Related Costs	10,604,886.72		10,604,886.72
Travel	525,742.43		525,742.43
Intergovernmental Payments	25,207,962.52	14,786.47	25,222,748.99
Other Expenditures	2,110,752.18		2,110,752.18
Total Expenditures/Expenses	<u>111,501,191.57</u>	<u>14,786.47</u>	<u>111,515,978.04</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>8,186,516.80</u>	<u>(14,786.47)</u>	<u>8,171,730.33</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	20,524.00	(1,241,363.42)	(1,220,839.42)
Transfers Out	<u>(7,375,603.09)</u>		<u>(7,375,603.09)</u>
Total Other Financing Sources (Uses)	<u>(7,355,079.09)</u>	<u>(1,241,363.42)</u>	<u>(8,596,442.51)</u>
Net Change in Fund Balances/Net Position	831,437.71	(1,256,149.89)	(424,712.18)
FUND FINANCIAL STATEMENT – FUND BALANCES			
Fund Balances – Beginning	20,644,486.60	1,256,149.89	21,900,636.49
Restatements			
Fund Balances, Sept. 1, 2014, as Restated	<u>20,644,486.60</u>	<u>1,256,149.89</u>	<u>21,900,636.49</u>
Appropriations Lapsed	<u>(390,378.60)</u>		<u>(390,378.60)</u>
Fund Balances – Aug. 31, 2015	<u>\$ 21,085,545.71</u>	<u>\$ 0.00</u>	<u>\$ 21,085,545.71</u>

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

UNAUDITED
Comptroller Judiciary Section (241)

EXHIBIT B-1

Combining Balance Sheet – Special Revenue Funds

Aug. 31, 2015

	Special Revenue State Highway (0006) U/F (0006)	Special Revenue Felony Prosecutor (0303) U/F (0303)	Special Revenue Judicial (0573) U/F (0573, 1573)	Totals (Ex I)
ASSETS				
Current Assets:				
Cash				
Cash In State Treasury	\$	\$ 1,048,540.79	\$ 4,656,857.68	\$ 5,705,398.47
Total Current Assets	0.00	1,048,540.79	4,656,857.68	5,705,398.47
Total Assets	\$ 0.00	\$ 1,048,540.79	\$ 4,656,857.68	\$ 5,705,398.47
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current Liabilities:				
Payables From:				
Total Current Liabilities	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Total Liabilities	0.00	0.00	0.00	0.00
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances (Deficits):				
Committed		1,048,540.79	4,656,857.68	5,705,398.47
Total Fund Balances	0.00	1,048,540.79	4,656,857.68	5,705,398.47
Total Liabilities and Fund Balances	\$ 0.00	\$ 1,048,540.79	\$ 4,656,857.68	\$ 5,705,398.47

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

UNAUDITED
Comptroller Judiciary Section (241)

EXHIBIT B-2

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

For the Fiscal Year Ended Aug. 31, 2015

	Special Revenue State Highway (0006) U/F (0006)	Special Revenue Felony Prosecutor (0303) U/F (0303)	Special Revenue Judicial (0573) U/F (0573, 1573)	Totals (Exh II)
REVENUES				
Licenses, Fees and Permits	\$	\$ 4,054,328.56	\$64,569,781.74	\$68,624,110.30
Total Revenues	0.00	4,054,328.56	64,569,781.74	68,624,110.30
EXPENDITURES				
Salaries and Wages			18,979,136.22	18,979,136.22
Payroll-Related Costs			12,461,828.38	12,461,828.38
Intergovernmental Payments	5,058.92	4,346,888.60	24,156,099.20	28,508,046.72
Other Expenditures			188,459.65	188,459.65
Total Expenditures/Expenses	5,058.92	4,346,888.60	55,785,523.45	60,137,470.97
Excess (Deficiency) of Revenues Over Expenditures	(5,058.92)	(292,560.04)	8,784,258.29	8,486,639.33
OTHER FINANCING SOURCES (USES)				
Transfers In	(2,634,507.17)		14,829,854.98	12,195,347.81
Transfers Out			(20,210,550.09)	(20,210,550.09)
Total Other Financing Sources (Uses)	(2,634,507.17)	0.00	(5,380,695.11)	(8,015,202.28)
Net Change in Fund Balances/Net Position	(2,639,566.09)	(292,560.04)	3,403,563.18	471,437.05
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances – Sept. 1, 2014	2,639,566.09	1,341,100.83	1,253,294.50	5,233,961.42
Restatements				
Fund Balances, Sept. 1, 2014, as Restated	2,639,566.09	1,341,100.83	1,253,294.50	5,233,961.42
Appropriations Lapsed				
Fund Balances – Aug. 31, 2015	<u>\$ 0.00</u>	<u>\$ 1,048,540.79</u>	<u>\$ 4,656,857.68</u>	<u>\$ 5,705,398.47</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

Aug. 31, 2015

	Beginning Balance Aug. 31, 2014	Additions	Deductions	Ending Balance Aug. 31, 2015
UNAPPROPRIATED RECEIPTS				
General Revenue Fund (0001) U/F (1000)				
ASSETS				
Cash in State Treasury	\$ 0.00	\$ 23,753.42	\$ 23,753.42	\$ 0.00
Total Assets	<u>\$ 0.00</u>	<u>\$ 23,753.42</u>	<u>\$ 23,753.42</u>	<u>\$ 0.00</u>
LIABILITIES				
Funds Held for Others	\$ 0.00	\$ 23,753.42	\$ 23,753.42	\$ 0.00
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 23,753.42</u>	<u>\$ 23,753.42</u>	<u>\$ 0.00</u>
Suspense Fund (0900) U/F (9015)				
ASSETS				
Cash in State Treasury	\$ 0.00	\$ 15,366.89	\$ 15,366.89	\$ 0.00
Total Assets	<u>\$ 0.00</u>	<u>\$ 15,366.89</u>	<u>\$ 15,366.89</u>	<u>\$ 0.00</u>
LIABILITIES				
Funds Held for Others	\$ 0.00	\$ 15,366.89	\$ 15,366.89	\$ 0.00
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 15,366.89</u>	<u>\$ 15,366.89</u>	<u>\$ 0.00</u>
CHILD SUPPORT EMPLOYEE DEDUCT - Offset Account Fund (0807) U/F (8070)				
ASSETS				
Cash in State Treasury	\$ 4,650.00	\$ 69,608.32	\$ 67,341.66	\$ 6,916.66
Total Assets	<u>\$ 4,650.00</u>	<u>\$ 69,608.32</u>	<u>\$ 67,341.66</u>	<u>\$ 6,916.66</u>
LIABILITIES				
Funds Held for Others	\$ 4,650.00	\$ 69,608.32	\$ 67,341.66	\$ 6,916.66
Total Liabilities	<u>\$ 4,650.00</u>	<u>\$ 69,608.32</u>	<u>\$ 67,341.66</u>	<u>\$ 6,916.66</u>
TOTALS – ALL AGENCY FUNDS				
ASSETS				
Cash in State Treasury	\$ 4,650.00	\$ 108,728.63	\$ 106,461.97	\$ 6,916.66
Total Assets	<u>\$ 4,650.00</u>	<u>\$ 108,728.63</u>	<u>\$ 106,461.97</u>	<u>\$ 6,916.66</u>
LIABILITIES				
Funds Held for Others	\$ 4,650.00	\$ 108,728.63	\$ 106,461.97	\$ 6,916.66
Total Liabilities	<u>\$ 4,650.00</u>	<u>\$ 108,728.63</u>	<u>\$ 106,461.97</u>	<u>\$ 6,916.66</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 Aug. 31, 2015

Pass-through From	Grant ID	Agency Number	Amount
Criminal Justice Planning Grants Governor – Fiscal	300.0004	300	\$ 1,468,453.00
Total Pass-Through from Other Agencies (Exhibit II):			<u>\$ 1,468,453.00</u>

UNAUDITED
Comptroller Judiciary Section (241)

Comptroller – Fiscal (902)

BASIC FINANCIAL STATEMENTS

UNAUDITED
Comptroller – Fiscal (902)

UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT I

Combined Balance Sheet – Governmental Funds

Aug. 31, 2015

	Governmental Fund				Governmental Funds Total
	General Funds	Special Revenue Funds	Permanent Funds		
			Military and Veterans Exemptions Fund 0210	Avail Nat'l Research University Fund 0214	
ASSETS					
Current Assets:					
Cash and Cash Equivalents:					
Cash in State Treasury	\$ 14,213,241,775.96	\$ 25,992,259.30	\$ 5,053,188.70	\$ 41,723,094.10	\$ 14,286,010,318.06
Cash in Bank (Note 3)		6,769,960.80			6,769,960.80
Short-Term Investments (Note 3)			7,399,747.70		7,399,747.70
Receivables:					
Accounts	314,896,000.00				314,896,000.00
Interest and Dividends	2,958,806.20	86,800.56	3,141.61	14,873.15	3,063,621.52
Taxes (Note 27)	2,935,790,406.89				2,935,790,406.89
Due From Other Agencies (Note 12)	33,551,411.25				33,551,411.25
Total Current Assets	<u>17,500,438,400.30</u>	<u>32,849,020.66</u>	<u>12,456,078.01</u>	<u>41,737,967.25</u>	<u>17,587,481,466.22</u>
Non-Current Assets:					
Taxes Receivable (Note 27)	64,687,510.46				64,687,510.46
Investments (Note 3)			240,591,731.02		240,591,731.02
Total Non-Current Assets	<u>64,687,510.46</u>	<u>0.00</u>	<u>240,591,731.02</u>	<u>0.00</u>	<u>305,279,241.48</u>
Total Assets	<u>\$ 17,565,125,910.76</u>	<u>\$ 32,849,020.66</u>	<u>\$ 253,047,809.03</u>	<u>\$ 41,737,967.25</u>	<u>\$ 17,892,760,707.70</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Current Liabilities:					
Payables From:					
Accounts	\$ 451,118.50	\$ 617,343.71	\$ 127,614.27	\$	\$ 1,196,076.48
Other Intergovernmental	34,010,457.58				34,010,457.58
Unclaimed Property Claimant Liabilities	249,312,830.37				249,312,830.37
Taxes Refund Payable	201,746,154.22				201,746,154.22
Due To Other Agencies (Note 12)	1,627,890,247.42		5,053,188.70	41,306,177.85	1,674,249,613.97
Unearned Revenues	397,699,871.67				397,699,871.67
Total Current Liabilities	<u>2,511,110,679.76</u>	<u>617,343.71</u>	<u>5,180,802.97</u>	<u>41,306,177.85</u>	<u>2,558,215,004.29</u>
Total Liabilities	<u>2,511,110,679.76</u>	<u>617,343.71</u>	<u>5,180,802.97</u>	<u>41,306,177.85</u>	<u>2,558,215,004.29</u>
DEFERRED INFLOWS					
Deferred Inflow of Resources (Note 29)	721,357,394.64				721,357,394.64
Total Deferred Inflows	<u>721,357,394.64</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>721,357,394.64</u>
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances (Deficits):					
Nonspendable	64,687,510.46				64,687,510.46
Restricted	107,874,511.90	6,239,417.65	247,867,006.06	431,789.40	362,412,725.01
Committed	41,859,433.28	25,992,259.30			67,851,692.58
Unassigned	14,118,236,380.72				14,118,236,380.72
Total Fund Balances	<u>14,332,657,836.36</u>	<u>32,231,676.95</u>	<u>247,867,006.06</u>	<u>431,789.40</u>	<u>14,613,188,308.77</u>
Total Liabilities and Fund Balances	<u>\$ 17,565,125,910.76</u>	<u>\$ 32,849,020.66</u>	<u>\$ 253,047,809.03</u>	<u>\$ 41,737,967.25</u>	<u>\$ 17,892,760,707.70</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 Aug. 31, 2015

	General Funds	Special Revenue Funds	Permanent Funds		Governmental Funds Total
			Military and Veterans Exemptions Fund 0210	Avail Nat'l Research University Fund 0214	
REVENUES					
Taxes	\$ 44,054,075,326.33	\$ 2,728,174,388.60	\$	\$	\$ 46,782,249,714.93
Licenses, Fees and Permits	1,502,487,413.03	905,811.74			1,503,393,224.77
Interest and Other Investment Income	58,437,548.13	1,418,181.27	(133,826.43)	176,915.96	59,898,818.93
Land Income	30,612,224.98				30,612,224.98
Settlement of Claims	519,260,396.17				519,260,396.17
Sales of Goods and Services	52,897,015.95				52,897,015.95
Other	373,644,295.73	19,339,854.15		18,262,465.46	411,246,615.34
Total Revenues	<u>46,591,414,220.32</u>	<u>2,749,838,235.76</u>	<u>(133,826.43)</u>	<u>18,439,381.42</u>	<u>49,359,558,011.07</u>
EXPENDITURES					
Payroll-Related Costs	614,825,579.64				614,825,579.64
Professional Fees and Services	13,309,090.18	223,375.00	631,298.42		14,163,763.60
Materials and Supplies	174,616.68				174,616.68
Communications and Utilities	175,108.75				175,108.75
Repairs and Maintenance	884,508.38				884,508.38
Claims and Judgments	10,125,291.71				10,125,291.71
Intergovernmental Payments	410,726,863.05	22,745,608.62	1,039,918.00		434,512,389.67
Other Expenditures	33,289,011.96	216.57			33,289,228.53
Capital Outlay					
Total Expenditures	<u>1,083,510,070.35</u>	<u>22,969,200.19</u>	<u>1,671,216.42</u>	<u>0.00</u>	<u>1,108,150,486.96</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>45,507,904,149.97</u>	<u>2,726,869,035.57</u>	<u>(1,805,042.85)</u>	<u>18,439,381.42</u>	<u>48,251,407,524.11</u>
OTHER FINANCING SOURCES (USES)					
Transfer In (Note 12)	2,201,242,394.32				2,201,242,394.32
Transfer Out (Note 12)	(20,705,392,411.02)	(2,729,518,521.29)	(10,334,672.00)	(18,262,465.46)	(23,463,508,069.77)
Legislative Transfer Out	(22,123,193,531.01)				(22,123,193,531.01)
Insurance Recoveries	149,768.66				149,768.66
Total Other Financing Sources (Uses)	<u>(40,627,193,779.05)</u>	<u>(2,729,518,521.29)</u>	<u>(10,334,672.00)</u>	<u>(18,262,465.46)</u>	<u>(43,385,309,437.80)</u>
Net Change in Fund Balances	4,880,710,370.92	(2,649,485.72)	(12,139,714.85)	176,915.96	4,866,098,086.31
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances, Sept. 1, 2014	9,451,947,465.44	34,881,162.67	260,006,720.91	254,873.44	9,747,090,222.46
Restatements (Note 14)					
Fund Balances, Sept. 1, 2014, as Restated	<u>9,451,947,465.44</u>	<u>34,881,162.67</u>	<u>260,006,720.91</u>	<u>254,873.44</u>	<u>9,747,090,222.46</u>
Fund Balances, Aug. 31, 2015	<u>\$ 14,332,657,836.36</u>	<u>\$ 32,231,676.95</u>	<u>\$ 247,867,006.06</u>	<u>\$ 431,789.40</u>	<u>\$ 14,613,188,308.77</u>

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

UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT VI

Combined Statement of Net Position – Fiduciary Funds

Aug. 31, 2015

	Private-Purpose Trust Funds (Exhibit I-1)	Agency Funds (Exhibit J-1)	Totals
ASSETS			
Cash and Cash Equivalents:			
Cash in State Treasury	\$ 4,138,093.70	\$ 1,011,505,139.46	\$ 1,015,643,233.16
Investments (Note 3):			
U.S. Government Obligations		50,174.46	50,174.46
Corporate Obligations		146,490.64	146,490.64
Corporate Equity		416,802,274.87	416,802,274.87
Pooled Investments		146,231,702.40	146,231,702.40
Other Investments		6,353,025.81	6,353,025.81
Receivables:			
Federal			
Interest and Dividends	1,431.10		1,431.10
Total Assets	<u>4,139,524.80</u>	<u>1,581,088,807.64</u>	<u>1,585,228,332.44</u>
LIABILITIES			
Payables:			
Accounts Payables	3,210,966.64		3,210,966.64
Intergovernmental Payables		941,921,976.52	941,921,976.52
Funds Held for Others		639,166,831.12	639,166,831.12
Deferred Revenues	17,479.83		17,479.83
Total Liabilities	<u>3,228,446.47</u>	<u>1,581,088,807.64</u>	<u>1,584,317,254.11</u>
NET POSITION			
Held in Trust for:			
Individuals, Organizations and Other Governments:	911,078.33		911,078.33
Total Net Position	<u>\$ 911,078.33</u>	<u>\$ 0.00</u>	<u>\$ 911,078.33</u>

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

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EXHIBIT VII

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

For the Fiscal Year Ended Aug. 31, 2015

	Private-Purpose Trust Funds (Exhibit I-2)	Totals
ADDITIONS		
Contributions:		
Investment Income:		
From Investing Activities		
Interest and Investment Income	\$ 30,575.20	\$ 30,575.20
Total Investing Income	30,575.20	30,575.20
Other Additions		
Federal Revenue	6,180,239.03	6,180,239.03
Other Revenue		
Transfers-In (Note 12)	55,000,000.00	55,000,000.00
Total Other Additions	61,180,239.03	61,180,239.03
Total Additions	61,210,814.23	61,210,814.23
DEDUCTIONS		
Intergovernmental Payments	61,180,239.03	61,180,239.03
Transfers-Out (Note 12)		
Total Deductions	61,180,239.03	61,180,239.03
NET INCREASE (DECREASE)	<u>30,575.20</u>	<u>30,575.20</u>
Net Position, Sept. 1, 2014	880,503.13	880,503.13
Restatements		
Net Position, Sept. 1, 2014, as Restated	<u>880,503.13</u>	<u>880,503.13</u>
Net Position, Aug. 31, 2015	<u>\$ 911,078.33</u>	<u>\$ 911,078.33</u>

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

Notes to the Financial Statements

NOTE 1: Summary of Significant Accounting Policies

ENTITY

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 of Texas Comprehensive Annual Financial Report*; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

GOVERNMENTAL FUND TYPES AND GOVERNMENT-WIDE ADJUSTMENT FUND TYPES

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 at least one-half of an amount equal to 75 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).

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 U.S. 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.

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), code of criminal procedure 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.

Jobs and Education for Texans (JET) Fund No. 5143 – To award grants to expand existing programs and develop new programs that prepare students for careers in high-demand occupations, including start-up costs associated with career and technical education courses, and to provide scholarships for students in career and technical programs.

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 is 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 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 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.

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.

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.

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 U.S. 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 an event. 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 that 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

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

Assets

Taxes Receivables

Amounts shown as taxes receivable represent various state taxes due to the state at Aug. 31, 2015.

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 (i.e., prepaid sales taxes) at Aug. 31, 2015. 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 externally imposed by laws and regulations of other governments or 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

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, 2015, is presented below:

	Balance Sept. 1, 2014	Adjustments	Reclassifications	Additions	Deletions	Balance Aug. 31, 2015
Depreciable Assets:						
Furniture and Equipment	\$ 2,777,840.81	\$	\$	\$	\$	\$ 2,777,840.81
Less Accumulated Depreciation	(2,557,571.82)			(174,341.56)		(2,731,913.38)
Depreciable Assets, Net	<u>220,268.99</u>	<u>0.00</u>	<u>0.00</u>	<u>(174,341.56)</u>	<u>0.00</u>	<u>45,927.43</u>
Computer Software	8,824,456.09					8,824,456.09
Less Accumulated Amortization	(8,516,191.68)			(97,346.64)		(8,613,538.32)
Amortizable Assets, Net	<u>308,264.41</u>	<u>0.00</u>	<u>0.00</u>	<u>(97,346.64)</u>	<u>0.00</u>	<u>210,917.77</u>
Total Capital Assets	<u>\$ 528,533.40</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ (271,688.20)</u>	<u>\$ 0.00</u>	<u>\$ 256,845.20</u>

NOTE 3: Deposits, Investments and Repurchase Agreements

INVESTMENTS

As of Aug. 31, 2015, the carrying value and fair value of investments are as presented below.

Fiduciary Funds	Fair Value
U.S. Government Treasuries	\$ 15,409.41
U.S. Treasury Strips	
U.S. Government Agency Obligations	34,765.05
Corporate Obligations	146,490.64
Equity	416,802,274.87
Fixed Income Money Market and Bond Mutual Funds	146,231,702.40
Miscellaneous	6,353,025.81
Total	<u>\$ 569,583,668.18</u>

Permanent Funds	Fair Value
Fixed Income Money Market and Bond Mutual Funds	\$ 7,399,747.70
Equity	4,740,684.83
Externally Managed Investments	218,906,599.33
Pooled Investments	16,944,446.86
Total	<u>\$ 247,991,478.72</u>

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of Aug. 31, 2015, the agency's credit risk quality distribution for securities with credit risk exposure was as follows.

Standard & Poor's										
Fund Type	GAAP Fund	Investment Type	Market Value	Aaa	Aa	A	BBB	B	D	Not Rated
09	0001	Asset Back Security	\$ 19,842.98		\$ 11,713.68		\$ 3,048.92			\$ 5,080.38
		U.S. Government Treasuries	15,409.41							
		U.S. Government Agencies	26,447.24		26,447.24					
		REFCo Strip								
		Govt Mortgage Backed Securities	8,317.81		8,317.81					
		Certificates of Deposit								
		Corporate Obligations	146,490.64		8,444.64	\$32,054.36	82,681.81	\$ 6,150.00		17,159.83
		Political Subdivisions	337,415.95	\$ 100,574.85	142,893.15	27,597.50	17,114.80	9,678.40	\$ 30.00	39,527.25
		Mutual Funds	4,321,715.68							4,321,715.68
			<u>\$ 4,875,639.71</u>	<u>\$ 100,574.85</u>	<u>\$197,816.52</u>	<u>\$59,651.86</u>	<u>\$102,845.53</u>	<u>\$15,828.40</u>	<u>\$ 30.00</u>	<u>\$ 4,383,483.14</u>
19	0210	Corporate Obligations								
		International Corp. Obligations								
		Mutual – Global Fixed Income	\$16,944,446.86							\$16,944,446.86
		Mutual – Domestic Fixed Income								
		Investments in STIF	7,399,747.70	\$7,399,747.70						
		Repurchase Agreements								
			<u>\$24,344,194.56</u>	<u>\$7,399,747.70</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$16,944,446.86</u>

DEPOSITS OF CASH IN BANK

As of Aug. 31, 2015, the carrying amount and the total balance of cash deposits was \$6,769,960.80. 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		
Fund 0001:	320	0001	\$ 1,690,368.40	\$
	329	5106	413,250.00	
	454	0003	143,800.00	
	456	0996	322,324.00	
	457	1002	529,201.60	
	538	0001	1,855,776.40	
	582	0010	2,700.00	
	802	0950	5,417,550.63	
	300	5003		4,179,854.90
	305	0001		2,700.00
	311	1900		10,617,763.08
	323	0001		128,204,905.09
	323	1989		33,566,874.16
	405	0001		284,432.73
	601	0006		225,215,455.86
	601	1006		1,134,668,214.45
	701	0002		75,071,818.62
	802	0643		5,910,891.56
	802	4673		68,926.80
	802	5153		38,771.42
Total Fund 0001:			<u>\$ 10,374,971.03</u>	<u>\$ 1,617,830,608.67</u>
Fund 0116:	407	0116	\$ 23,176,440.22	\$
Fund 0494:	302	0494	\$	\$ 9,898.52
Fund 5040:	529	5040	\$	\$ 9,821,816.03
Fund 0599:	405	1599	\$	\$ 2,031.30
	802	5990		225,892.90
Total Fund 0599:				\$ 227,924.20
Fund 0214:	730	0214	\$	\$ 14,576,452.67
	733	0214		26,729,725.18
Total Fund 0214:				\$ 41,306,177.85
Total Fund 0210:	Various	0210		\$ 5,053,188.70
Total Due From/Due To (Exh 1)			<u>\$ 33,551,411.25</u>	<u>\$ 1,674,249,613.97</u>

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Transfers			Transfers Out			Transfers In
	<i>Agency</i>	<i>Fund</i>				
Fund 0001:	103	0001	\$		\$	50.00
	226	0001				187.50
	227	0001				50.00
	300	0001				965,651.82
	302	0001				9,780,406.26
	302	1002				14,658.75
	303	0001				693,928.23
	303	0003				15,153.75
	303	0948				140.00
	303	0949				1,040.00
	304	0001				224,613.89
	304	3027				97,430.50
	305	0001				1,886,819.63
	305	3691				3.21
	306	0369				3.53
	306	1003				112,001.51
	311	0577				14,000,992.26
	313	0010				5,635.00
	320	0001				1,870,021.03
	329	4055				720,000.00
	329	4056				30,000.00
	329	4059				39,136.68
	332	0001				1,799,359.54
	332	0066				1,275,240.28
	332	0077				33,707.75
	332	0369				67,443.66
	362	0001				14,000.00
	401	0001				27,717.29
	403	0110				53,928.63
	403	0113				70,270.65
	403	0700				907,378.00
	403	4510				208,245.50
	403	4513				440,477.22
	405	0001				309,471.78
	405	0006				209,065.93
	405	0908				1,220,935.48
	405	1001				(85.58)
	405	2101				178,974.55
	405	6001				1,802,646.00
	405	7000				(17,396.59)
	454	0004				8,302.50
	454	0008				413,932.34
	454	0011				35,376.04
	454	0036				941,997.43
	455	0001				72,967.50
	455	0371				4.87
	455	1508				180,143.75
	455	1537				9,614.27
	455	1558				133,671.43
	455	1571				449,631.00
	455	1573				476,816.75
	455	1574				34,979.87
	456	0001				2,700.00
	457	1009				703,344.00
	458	1101				1,371.35
	458	1103				50,236.87
	459	1010				510,000.00
	460	1011				373,900.00
	507	0001				85,222.50
	514	0001				4,030.00
	515	0001				35,631.50

Continued on the following page

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Transfers			Transfers Out			Transfers In
	Agency	Fund				
Transfers	529	0001	\$		\$	251,305,576.64
Fund 0001:	530	0001				349,320.16
(continued)	537	0001				11,283,422.70
	537	0005				109,445.00
	537	0369				95.81
	538	0001				14,033,915.04
	538	0107				2,496,937.64
	538	0369				3,789.80
	539	0001				33,887,442.29
	539	0369				13,393.13
	551	0001				27,573.75
	551	0369				981.22
	551	3702				6,215,501.53
	554	0001				286,971.00
	556	0001				59,984.96
	580	0001				146,322.55
	582	0010				159,426.03
	582	0027				5,337,738.64
	582	0040				3,956.57
	592	0001				2,520.00
	608	0001				4,083.43
	644	0001				5,315.62
	665	0001				14.79
	696	0014				487,479.54
	701	0001				669,948.09
	701	5135				76,826,572.10
	771	0001				9,450.00
	781	0001				3,226,086.96
	781	0542				16,000.00
	802	0010				118,022.63
	802	0012				5,551.58
	802	0013				259,868.00
	809	0001				2,700.00
	902	0886				94,321.63
	300	0806	15,000,000.00			
	300	5003	43,818,187.87			
	300	5106	891,577.55			
	315	0892	87,671,644.00			
	323	0001	1,686,713,380.09			
	323	1989	1,049,199,112.16			
	326	0976	1,637,308.00			
	347	0064	5,506,788.00			
	403	0007	1,417.04			
	405	0908	(7,075.55)			
	454	0011	57,775,106.45			
	454	0036	81,556,374.38			
	454	0516	602,317.41			
	601	1006	1,740,079,662.00			
	696	5060	141,999.38			
	701	0193	1,768,850,773.28			
	701	0193	8,004,259,918.17			
	701	0193	3,822,842,688.62			
	701	5135	16,000,000.00			
	802	0643	62,369,783.94			
	802	4673	6,227,365.99			
	802	5153	4,222,269.49			
	808	0139	5,132,799.00			
	902	0057	7,300,000.00			
	902	0599	1,740,079,662.01			
Total Fund 0001:			<u>\$ 20,207,873,059.28</u>		<u>\$ 451,032,906.44</u>	

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	Transfers		Transfers Out	Transfers In
	Agency	Fund		
Fund 0057:	902	0001	\$	\$ 7,300,000.00
Fund 0599:	902	0001	\$	\$ 1,740,079,662.01
Fund 0599:	576	0599	\$	\$ 2,829,825.87
Fund 0210	Various		\$ 10,334,672.00	\$
Fund 0214:	730	0214	\$ 9,131,232.73	\$
	733	0214	\$ 9,131,232.73	\$
Fund 0304:	701	0193	\$ 2,729,424,199.66	\$
Fund 0494	302	0469	\$ 1,736,701.20	\$
	302	0494	\$ 31,724.53	\$
Fund 0886:	902	0001	\$ 94,321.63	\$
Fund 0599:	300	0599	\$ 7,606,000.00	\$
	405	1599	\$ 406,421.13	\$
	716	0599	\$ 246,176.41	\$
	802	5990	\$ 873,172.00	\$
Fund 5010:	302	5010	\$ 8,931,072.98	\$
Fund 5040:	529	5040	\$ 467,431,461.57	\$
Fund 5143:	320	5143	\$ 10,256,621.92	\$
Total Transfers – (Exhibit II)			<u>\$ 23,463,508,069.77</u>	<u>\$ 2,201,242,394.32</u>
Fund 2872:	311	0872	\$	\$ 55,000,000.00
Total Transfers – (Exhibit VII)			<u>\$ 0.00</u>	<u>\$ 55,000,000.00</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:

As of Aug. 31, 2015, pending litigation filed by taxpayers seeking refunds of state taxes totaled \$201.2 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

Effective Sept. 1, 2015 per SB 633, 84th Legislature R.S. the custody and administration of all events trust funds was transferred from the Comptroller’s Office to the Office of the Governor.

NOTE 18: Management Discussion and Analysis

The General Revenue Fund 0001 cash balance increased to \$5.6 billion in fiscal 2015, an increase of \$491 million from the balance of \$5.1 billion in fiscal 2014. This is attributable to a net increase in total net revenue and other sources over total

net expenditures and other uses. This agency provides legislative funding for statewide 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 transfers in of \$1.7 billion from the General Revenue Fund and transferred out approximately \$9.1 million to other agencies as shown in Note 12, resulting in an increased ending cash balance of \$8.5 billion. The Texas Constitution mandates that if oil or natural gas taxes exceed the net amount received in fiscal 1987, at least one-half of an amount equal to 75 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. The transfer is made in the subsequent year, thus in fiscal year 2014, both oil and gas taxes exceeded the amount collected in fiscal 1987, resulting in a transfer in of \$1.7 billion in fiscal 2015. There were no transfers out in FY15 from the ESF to the General Revenue Fund.

The Property Tax Relief Fund had no ending cash balance. This year's revenues of \$2.7 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 1.4% increase from fiscal 2014. This was a result of statewide increases in sales taxes (5.6%), motor vehicle sales/rental taxes (7.2%) and other increases in the remaining taxes. Motor fuels taxes on gasoline, diesel and other fuels increased 3.9% from 2014. Oil production and regulation taxes, however, decreased 25.7% from fiscal 2014. Another decrease was in natural gas production tax collections which fell by 32.6% this year to \$1.3 billion. A non-tax category for Agency 902, licenses, fees, fines and permits increased 7.0% from fiscal 2014 to \$1.5 billion. On a state-wide basis, this category accounts for 8.8% of total net revenue and contributed \$9.6 billion in fiscal 2015.

NOTE 19: The Financial Reporting Entity

There were no significant related party transactions in Agency 902 in fiscal 2015.

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 2015 *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 \$314.9 million has been calculated on estimated sales from Jan. 1 to the end of the fiscal year. Actual tobacco settlement revenues were \$486.2 million in fiscal 2015 and \$499.6 million in fiscal 2014. Cumulative actual tobacco settlement revenues as of fiscal 2015 were \$8.8 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, 2015, 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, 2015, are processed. The tax returns are due Nov. 15, 2015. 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	\$ 1,861,487,068.34
Motor Vehicle and Mfg Housing	172,123,233.79
Motor Fuels	6,974,956.35
Oil and Natural Gas Production	307,492,460.95
Franchise	
Insurance	244,860,887.49
Cigarette and Tobacco	21,726,921.89
Other	184,066,234.32
Total Net Taxes Receivable	<u>\$ 2,798,731,763.13</u>
As Reported on the Financial Statements	
Current Taxes Receivable	\$ 2,935,790,406.89
Noncurrent Taxes Receivable	64,687,510.46
Total Taxes Receivable	<u>\$ 3,000,477,917.35</u>
Refunds Payable	\$ (201,746,154.22)
Total Net Taxes Receivable	<u>\$ 2,798,731,763.13</u>

NOTE 28: Deferred Inflow of Resources

The deferred inflow revenue in general revenue of \$721 million consists of revenues earned but not available to finance expenditures of the current fiscal period.

NOTE 29: 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, 2015, an estimated \$1.2 billion of assessments were filed that are currently in the redetermination hearings process. Collectability of these assessments is dependent upon the decisions of administrative law judges. These assessments are not recognized as tax revenue until the administrative hearing is final. Therefore, these amounts are not included in the receivables reported in the financial statements.

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 2015, the unclaimed property fund received \$548 million in gross revenues, made \$249 million in claimant payments and transferred \$299 million to the general fund. The claimant liability in the general fund of \$249 million represents the probable amount that will be reclaimed and paid to claimants in the following year. As of Aug. 31, 2015, a balance of \$570 million in marketable securities and mutual funds was held in trust. The state also holds an insignificant amount of personal property, such as jewelry.

UNAUDITED
Comptroller – Fiscal (902)

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS

UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT A-1

Combining Balance Sheet – All General and Consolidated Funds

Aug. 31, 2015

	Consolidated Funds				
	General Revenue Fund (0001) U/F (0001, 9000)	County and Road District Highway Fund (0057) U/F (0057)	Law Enforcement Standards/Edu Fd (0116) U/F (0116)	Compensation Victims Crime Fd (0494) U/F (0494)	Economic Stabilization Fd (0599) U/F (0599)
ASSETS					
Current Assets:					
Cash and Cash Equivalents:					
Cash in State Treasury	\$ 5,607,950,176.71	\$	\$	\$ 8,682,832.56	\$ 8,468,905,379.91
Receivables:					
Accounts					
Interest and Dividends				3,000.17	2,955,806.03
Taxes (Note 27)	2,935,790,406.89				
Due From Other Agencies (Note 12)	10,374,971.03		23,176,440.22		
Total Current Assets	<u>8,554,115,554.63</u>	<u>0.00</u>	<u>23,176,440.22</u>	<u>8,685,832.73</u>	<u>8,471,861,185.94</u>
Non-Current Assets:					
Taxes Receivable (Note 27)	64,687,510.46				
Total Non-Current Assets	<u>64,687,510.46</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Assets	<u>\$ 8,618,803,065.09</u>	<u>\$ 0.00</u>	<u>\$ 23,176,440.22</u>	<u>\$ 8,685,832.73</u>	<u>\$ 8,471,861,185.94</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Current Liabilities:					
Payables From:					
Accounts					
	\$ 451,118.50	\$	\$	\$	\$
Other Intergovernmental	34,010,457.58				
Unclaimed Property Claimant Liabilities	249,312,830.37				
Taxes Refund Payable	201,746,154.22				
Due To Other Agencies (Note 12)	1,617,830,608.67			9,898.52	227,924.20
Unearned Revenues	82,803,871.67				
Total Current Liabilities	<u>2,186,155,041.01</u>	<u>0.00</u>	<u>0.00</u>	<u>9,898.52</u>	<u>227,924.20</u>
Total Liabilities	<u>2,186,155,041.01</u>	<u>0.00</u>	<u>0.00</u>	<u>9,898.52</u>	<u>227,924.20</u>
DEFERRED INFLOWS					
Deferred Inflow of Resources (Note 29)	721,357,394.64				
Total Deferred Inflows	<u>721,357,394.64</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances (Deficits):					
Nonspendable for Long-Term Taxes Receivable					
Restricted	64,687,510.46			8,675,934.21	
Committed			23,176,440.22		
Unassigned	5,646,603,118.98				8,471,633,261.74
Total Fund Balances	<u>5,711,290,629.44</u>	<u>0.00</u>	<u>23,176,440.22</u>	<u>8,675,934.21</u>	<u>8,471,633,261.74</u>
Total Liabilities and Fund Balances	<u>\$ 8,618,803,065.09</u>	<u>\$ 0.00</u>	<u>\$ 23,176,440.22</u>	<u>\$ 8,685,832.73</u>	<u>\$ 8,471,861,185.94</u>

UNAUDITED
Comptroller – Fiscal (902)

Consolidated Funds					Total
Events Trust Fund for Municipality/County (0830) U/F (8300)	Motor Sports and Racing Trust Fund (0839) U/F (8390)	Major Events Trust Fund (0869) U/F (0869)	Tobacco Settlement Temporary Hold (5040) U/F (5040)	Jobs and Education for Texas 5143 U/F (5143)	(Exhibit I) 2015
\$ 6,255,075.06	\$ 1,560,163.00	\$ 10,867,755.00	\$ 109,020,393.72	\$	\$ 14,213,241,775.96
			314,896,000.00		314,896,000.00
					2,958,806.20
					2,935,790,406.89
					33,551,411.25
<u>6,255,075.06</u>	<u>1,560,163.00</u>	<u>10,867,755.00</u>	<u>423,916,393.72</u>	<u>0.00</u>	<u>17,500,438,400.30</u>
					64,687,510.46
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>64,687,510.46</u>
<u>\$ 6,255,075.06</u>	<u>\$ 1,560,163.00</u>	<u>\$ 10,867,755.00</u>	<u>\$ 423,916,393.72</u>	<u>\$ 0.00</u>	<u>\$ 17,565,125,910.76</u>
\$	\$	\$	\$	\$	\$ 451,118.50
					34,010,457.58
					249,312,830.37
					201,746,154.22
			9,821,816.03		1,627,890,247.42
			314,896,000.00		397,699,871.67
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>324,717,816.03</u>	<u>0.00</u>	<u>2,511,110,679.76</u>
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>324,717,816.03</u>	<u>0.00</u>	<u>2,511,110,679.76</u>
					721,357,394.64
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>721,357,394.64</u>
					64,687,510.46
			99,198,577.69		107,874,511.90
6,255,075.06	1,560,163.00	10,867,755.00			41,859,433.28
<u>6,255,075.06</u>	<u>1,560,163.00</u>	<u>10,867,755.00</u>	<u>99,198,577.69</u>	<u>0.00</u>	<u>14,118,236,380.72</u>
<u>\$ 6,255,075.06</u>	<u>\$ 1,560,163.00</u>	<u>\$ 10,867,755.00</u>	<u>\$ 423,916,393.72</u>	<u>\$ 0.00</u>	<u>\$ 17,565,125,910.76</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 Aug. 31, 2015

	Consolidated Funds				
	General Revenue Fund (0001) U/F (0001)	County and Road District Highway Fund (0057) U/F (0057)	Law Enforcement Standards/Edu Fd (0116) U/F (0116)	Compensation Victims Crime Fd (0494) U/F (0494)	Economic Stabilization Fd (0599) U/F (0599)
REVENUES					
Taxes	\$44,011,921,583.05	\$	\$	\$	\$
Licenses, Fees and Permits	1,487,868,060.92		5,688,279.13		
Interest and Other Investment Income	26,054,362.49			31,494.41	32,351,691.23
Land Income	30,612,224.98				
Settlement of Claims	31,238,823.22			1,789,905.45	
Sales of Goods and Services	52,897,015.95				
Other	373,644,295.73				
Total Revenues	<u>46,014,236,366.34</u>	<u>0.00</u>	<u>5,688,279.13</u>	<u>1,821,399.86</u>	<u>32,351,691.23</u>
EXPENDITURES					
Payroll-Related Costs	614,825,579.64				
Professional Fees and Services	13,309,090.18				
Materials and Supplies	174,616.68				
Communications and Utilities	175,108.75				
Repairs and Maintenance	884,508.38				
Claims and Judgments	10,111,791.42			13,500.29	
Intergovernmental Payments	355,414,134.49	7,300,000.00	6,005,401.38		
Other Expenditures	33,289,011.96				
Capital Outlay					
Total Expenditures	<u>1,028,183,841.50</u>	<u>7,300,000.00</u>	<u>6,005,401.38</u>	<u>13,500.29</u>	<u>0.00</u>
Excess (Deficiency) of Revenues Over Expenditures	44,986,052,524.84	(7,300,000.00)	(317,122.25)	1,807,899.57	32,351,691.23
OTHER FINANCING SOURCES (USES)					
Transfer In (Note 12)	451,032,906.44	7,300,000.00			1,742,909,487.88
Transfer Out (Note 12)	(20,207,873,059.28)			(1,768,425.73)	(9,131,769.54)
Legislative Transfer Out	(22,123,193,531.01)				
Insurance Recoveries	149,768.66				
Total Other Financing Sources (Uses)	<u>(41,879,883,915.19)</u>	<u>7,300,000.00</u>	<u>0.00</u>	<u>(1,768,425.73)</u>	<u>1,733,777,718.34</u>
Net Change in Fund Balances	3,106,168,609.65	0.00	(317,122.25)	39,473.84	1,766,129,409.57
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances, Sept. 1, 2014	2,605,122,019.79		23,493,562.47	8,636,460.37	6,705,503,852.17
Restatements (Note 14)					
Fund Balances, Sept. 1, 2014, as Restated	<u>2,605,122,019.79</u>	<u>0.00</u>	<u>23,493,562.47</u>	<u>8,636,460.37</u>	<u>6,705,503,852.17</u>
Fund Balances, Aug. 31, 2015	<u>\$ 5,711,290,629.44</u>	<u>\$ 0.00</u>	<u>\$ 23,176,440.22</u>	<u>\$ 8,675,934.21</u>	<u>\$8,471,633,261.74</u>

UNAUDITED
Comptroller – Fiscal (902)

Consolidated Funds						Total
Events Trust Fund for Municipality/County (0830) U/F (8300)	Motor Sports and Racing Trust Fund (0839) U/F (8390)	Major Events Trust Fund (0869) U/F (0869)	Sexual Assault Program (5010) U/F (5010)	Tobacco Settlement Temporary Hold (5040) U/F (5040)	Jobs and Education for Texas 5143 U/F (5143)	(Exhibit II) 2015
\$ 6,011,699.28	\$ 651,391.00	\$ 35,490,653.00	\$ 8,931,072.98	\$	\$	\$44,054,075,326.33
						1,502,487,413.03
						58,437,548.13
						30,612,224.98
				486,231,667.50		519,260,396.17
						52,897,015.95
						373,644,295.73
6,011,699.28	651,391.00	35,490,653.00	8,931,072.98	486,231,667.50	0.00	46,591,414,220.32
						614,825,579.64
						13,309,090.18
						174,616.68
						175,108.75
						884,508.38
						10,125,291.71
7,337,562.04		34,669,765.14				410,726,863.05
						33,289,011.96
7,337,562.04	0.00	34,669,765.14	0.00	0.00	0.00	1,083,510,070.35
(1,325,862.76)	651,391.00	820,887.86	8,931,072.98	486,231,667.50	0.00	45,507,904,149.97
						2,201,242,394.32
			(8,931,072.98)	(467,431,461.57)	(10,256,621.92)	(20,705,392,411.02)
						(22,123,193,531.01)
						149,768.66
0.00	0.00	0.00	(8,931,072.98)	(467,431,461.57)	(10,256,621.92)	(40,627,193,779.05)
(1,325,862.76)	651,391.00	820,887.86	0.00	18,800,205.93	(10,256,621.92)	4,880,710,370.92
7,580,937.82	908,772.00	10,046,867.14		80,398,371.76	10,256,621.92	9,451,947,465.44
7,580,937.82	908,772.00	10,046,867.14	0.00	80,398,371.76	10,256,621.92	9,451,947,465.44
\$ 6,255,075.06	\$ 1,560,163.00	\$ 10,867,755.00	\$ 0.00	\$ 99,198,577.69	\$ 0.00	\$14,332,657,836.36

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UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT B-1

Combining Balance Sheet – Special Revenue Funds

Aug. 31, 2015

	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) 2015
ASSETS					
Current Assets:					
Cash and Cash Equivalents:					
Cash in State Treasury	\$	\$ 1,001.00	\$ 25,991,258.30	\$	\$ 25,992,259.30
Cash in Bank				6,769,960.80	6,769,960.80
Receivables From:					
Interest and Dividends	86,800.56				86,800.56
Due From Other Agencies (Note 12)					
Total Current Assets	<u>86,800.56</u>	<u>1,001.00</u>	<u>25,991,258.30</u>	<u>6,769,960.80</u>	<u>32,849,020.66</u>
Total Assets	<u>\$ 86,800.56</u>	<u>\$ 1,001.00</u>	<u>\$ 25,991,258.30</u>	<u>\$ 6,769,960.80</u>	<u>\$ 32,849,020.66</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Current Liabilities:					
Accounts Payable	\$	\$	\$	\$ 617,343.71	\$ 617,343.71
Total Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>617,343.71</u>	<u>617,343.71</u>
Total Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>617,343.71</u>	<u>617,343.71</u>
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances (Deficits):					
Restricted	86,800.56			6,152,617.09	6,239,417.65
Committed		1,001.00	25,991,258.30		25,992,259.30
Total Fund Balances	<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>
Total Liabilities and Fund Balances	<u>\$ 86,800.56</u>	<u>\$ 1,001.00</u>	<u>\$ 25,991,258.30</u>	<u>\$ 6,769,960.80</u>	<u>\$ 32,849,020.66</u>

UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT B-2

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

For the Fiscal Year Ended Aug. 31, 2015

	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 II) 2015
REVENUES					
Taxes	\$2,728,174,388.60	\$	\$	\$	\$2,728,174,388.60
Licenses, Fees and Permits				905,811.74	905,811.74
Interest and Other Investment Income	1,320,700.32		94,321.63	3,159.32	1,418,181.27
Other		223,375.00	19,116,479.15		19,339,854.15
Total Revenues	<u>2,729,495,088.92</u>	<u>223,375.00</u>	<u>19,210,800.78</u>	<u>908,971.06</u>	<u>2,749,838,235.76</u>
EXPENDITURES					
Intergovernmental Payments			21,053,832.14	1,691,776.48	22,745,608.62
Professional Fees and Services		223,375.00			223,375.00
Claims and Judgments					
Other Expenditures				216.57	216.57
Total Expenditures	<u>0.00</u>	<u>223,375.00</u>	<u>21,053,832.14</u>	<u>1,691,993.05</u>	<u>22,969,200.19</u>
Excess (Deficiency) of Revenues Over Expenditures	2,729,495,088.92	0.00	(1,843,031.36)	(783,021.99)	2,726,869,035.57
OTHER FINANCING SOURCES (USES)					
Transfer In (Note 12)					
Transfer Out (Note 12)	(2,729,424,199.66)		(94,321.63)		(2,729,518,521.29)
Total Other Financing Sources (Uses)	<u>(2,729,424,199.66)</u>	<u>0.00</u>	<u>(94,321.63)</u>	<u>0.00</u>	<u>(2,729,518,521.29)</u>
Net Change in Fund Balances	<u>70,889.26</u>	<u>0.00</u>	<u>(1,937,352.99)</u>	<u>(783,021.99)</u>	<u>(2,649,485.72)</u>
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances, Sept. 1, 2014	15,911.30	1,001.00	27,928,611.29	6,935,639.08	34,881,162.67
Restatements (Note 14)					
Fund Balances, Sept. 1, 2014, as Restated	<u>15,911.30</u>	<u>1,001.00</u>	<u>27,928,611.29</u>	<u>6,935,639.08</u>	<u>34,881,162.67</u>
Fund Balances, Aug. 31, 2015	<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>

UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT I-1

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

Aug. 31, 2015

	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) 2015
ASSETS				
Cash and Cash Equivalents:				
Cash in State Treasury	\$	\$ 17,479.83	\$4,120,613.87	\$4,138,093.70
Receivables:				
Federal				
Interest and Dividends			1,431.10	1,431.10
Total Assets	<u>0.00</u>	<u>17,479.83</u>	<u>4,122,044.97</u>	<u>4,139,524.80</u>
LIABILITIES				
Accounts Payable			3,210,966.64	3,210,966.64
Unearned Revenues		17,479.83		17,479.83
Total Liabilities	<u>0.00</u>	<u>17,479.83</u>	<u>3,210,966.64</u>	<u>3,228,446.47</u>
NET POSITION				
Held in Trust For:				
Individuals, Organizations and Other Governments			911,078.33	911,078.33
Total Net Position	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 911,078.33</u>	<u>\$ 911,078.33</u>

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EXHIBIT I-2

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

For the Fiscal Year Ended Aug. 31, 2015

	Private Purpose Tobacco Settlement Political Subdivision Trust (0872) U/F (2872)	Private Purpose Flood Area School and Road Trust Fund (0903) U/F (0903)	Total (Exhibit VII) 2015
ADDITIONS			
Contributions:			
Investment Income:			
From Investing Activities			
Interest and Investment Income	\$ 0.00	\$ 30,575.20	\$ 30,575.20
Total Investment Income	<u>0.00</u>	<u>30,575.20</u>	<u>30,575.20</u>
Other Additions:			
Federal Revenue		6,180,239.03	6,180,239.03
Other Revenue			
Transfers-In (Note 12)	55,000,000.00		55,000,000.00
Total Other Additions	<u>55,000,000.00</u>	<u>6,180,239.03</u>	<u>61,180,239.03</u>
Total Additions	<u>55,000,000.00</u>	<u>6,210,814.23</u>	<u>61,210,814.23</u>
DEDUCTIONS			
Intergovernmental Payments	55,000,000.00	6,180,239.03	61,180,239.03
Transfers-Out (Note 12)			
Total Deductions	<u>55,000,000.00</u>	<u>6,180,239.03</u>	<u>61,180,239.03</u>
NET INCREASE (DECREASE)	<u>0.00</u>	<u>30,575.20</u>	<u>30,575.20</u>
Net Position, Sept. 1, 2014	0.00	880,503.13	880,503.13
Restatements (Note 14)	0.00	0.00	0.00
Net Position, Sept. 1, 2014, as Restated	<u>0.00</u>	<u>880,503.13</u>	<u>880,503.13</u>
Net Position, Aug. 31, 2015	<u>\$ 0.00</u>	<u>\$ 911,078.33</u>	<u>\$ 911,078.33</u>

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Comptroller – Fiscal (902)

EXHIBIT J-1

Combining Statement of Changes in Assets and Liabilities – Agency Funds

Aug. 31, 2015

	Beginning Balance Aug. 31, 2014	Additions	Deductions	Ending Balance Aug. 31, 2015
General Revenue Fund (0001) – Unclaimed Property Securities Receipts (U/F 4113)				
ASSETS				
Investments:				
U.S. Government and Agency Obligations (Note 3)	\$ 26,617.80	\$ 50,174.46	\$ 26,617.80	\$ 50,174.46
Corporate Obligations (Note 3)	107,767.35	146,490.64	107,767.35	146,490.64
Corporate Equity (Note 3)	393,297,843.12	416,802,274.87	393,297,843.12	416,802,274.87
Pooled Investments (Note 3)	115,414,847.08	146,231,702.40	115,414,847.08	146,231,702.40
Other Investments (Note 3)	5,590,637.09	6,353,025.81	5,590,637.09	6,353,025.81
Total Assets	\$ 514,437,712.44	\$ 569,583,668.18	\$ 514,437,712.44	\$ 569,583,668.18
LIABILITIES				
Funds Held for Others	\$ 514,437,712.44	\$ 569,583,668.18	\$ 514,437,712.44	\$ 569,583,668.18
Total Liabilities	\$ 514,437,712.44	\$ 569,583,668.18	\$ 514,437,712.44	\$ 569,583,668.18
OTHER AGENCY FUNDS				
Events Trust Fund for Municipality/County (0830) U/F (0830)				
ASSETS				
Cash in State Treasury	\$ 1,573,752.47	\$ 1,475,756.64	\$ 1,681,888.78	\$ 1,367,620.33
Total Assets	\$ 1,573,752.47	\$ 1,475,756.64	\$ 1,681,888.78	\$ 1,367,620.33
LIABILITIES				
Funds Held for Others	\$ 1,573,752.47	\$ 1,475,756.64	\$ 1,681,888.78	\$ 1,367,620.33
Total Liabilities	\$ 1,573,752.47	\$ 1,475,756.64	\$ 1,681,888.78	\$ 1,367,620.33
Binding Arbitration Trust Fund (0838) U/F (0838)				
ASSETS				
Cash in State Treasury	\$ 150,265.00	\$ 960,966.00	\$ 905,766.00	\$ 205,465.00
Total Assets	\$ 150,265.00	\$ 960,966.00	\$ 905,766.00	\$ 205,465.00
LIABILITIES				
Funds Held for Others	\$ 150,265.00	\$ 960,966.00	\$ 905,766.00	\$ 205,465.00
Total Liabilities	\$ 150,265.00	\$ 960,966.00	\$ 905,766.00	\$ 205,465.00
Motor Sports and Racing Trust Fund (0839) U/F (0839)				
ASSETS				
Cash in State Treasury	\$ 249,627.00	\$	\$	\$ 249,627.00
Total Assets	\$ 249,627.00	\$ 0.00	\$ 0.00	\$ 249,627.00
LIABILITIES				
Funds Held for Others	\$ 249,627.00	\$	\$	\$ 249,627.00
Total Liabilities	\$ 249,627.00	\$ 0.00	\$ 0.00	\$ 249,627.00
Fireworks Tax Security Trust Account (0862) U/F (0862)				
ASSETS				
Cash in State Treasury	\$ 100.00	\$ 15,200.00	\$ 15,100.00	\$ 200.00
Total Assets	\$ 100.00	\$ 15,200.00	\$ 15,100.00	\$ 200.00
LIABILITIES				
Funds Held for Others	\$ 100.00	\$ 15,200.00	\$ 15,100.00	\$ 200.00
Total Liabilities	\$ 100.00	\$ 15,200.00	\$ 15,100.00	\$ 200.00

Continued on the following page

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EXHIBIT J-1 (continued)

Combining Statement of Changes in Assets and Liabilities – Agency Funds

Aug. 31, 2015

	Beginning Balance Aug. 31, 2014	Additions	Deductions	Ending Balance Aug. 31, 2015
Custom Brokers Bond/Security				
Trust Fund (0866) U/F (0866)				
ASSETS				
Cash in State Treasury	\$ 15,000.00	\$ 20,000.00	\$ 15,000.00	\$ 20,000.00
Total Assets	<u>\$ 15,000.00</u>	<u>\$ 20,000.00</u>	<u>\$ 15,000.00</u>	<u>\$ 20,000.00</u>
LIABILITIES				
Funds Held for Others	\$ 15,000.00	\$ 20,000.00	\$ 15,000.00	\$ 20,000.00
Total Liabilities	<u>\$ 15,000.00</u>	<u>\$ 20,000.00</u>	<u>\$ 15,000.00</u>	<u>\$ 20,000.00</u>
Texas Racing Commission Security				
Trust Fund (0868) U/F (0868)				
ASSETS				
Cash in State Treasury	\$ 12,700.00	\$ 12,700.00	\$ 13,700.00	\$ 11,700.00
Total Assets	<u>\$ 12,700.00</u>	<u>\$ 12,700.00</u>	<u>\$ 13,700.00</u>	<u>\$ 11,700.00</u>
LIABILITIES				
Funds Held for Others	\$ 12,700.00	\$ 12,700.00	\$ 13,700.00	\$ 11,700.00
Total Liabilities	<u>\$ 12,700.00</u>	<u>\$ 12,700.00</u>	<u>\$ 13,700.00</u>	<u>\$ 11,700.00</u>
Major Events Trust Fund				
(0869) U/F (8690)				
ASSETS				
Cash in State Treasury	\$ 1,607,500.58	\$ 6,984,390.15	\$ 5,547,164.58	\$ 3,044,726.15
Total Assets	<u>\$ 1,607,500.58</u>	<u>\$ 6,984,390.15</u>	<u>\$ 5,547,164.58</u>	<u>\$ 3,044,726.15</u>
LIABILITIES				
Funds Held for Others	\$ 1,607,500.58	\$ 6,984,390.15	\$ 5,547,164.58	\$ 3,044,726.15
Total Liabilities	<u>\$ 1,607,500.58</u>	<u>\$ 6,984,390.15</u>	<u>\$ 5,547,164.58</u>	<u>\$ 3,044,726.15</u>
Local Tax Collections For Sports/Community				
Venue Project Trust Fund (0874) U/F (0874)				
ASSETS				
Cash in State Treasury	\$ 4,724,955.51	\$ 54,931,949.00	\$ 54,873,488.23	\$ 4,783,416.28
Total Assets	<u>\$ 4,724,955.51</u>	<u>\$ 54,931,949.00</u>	<u>\$ 54,873,488.23</u>	<u>\$ 4,783,416.28</u>
LIABILITIES				
Funds Held for Others	\$ 4,724,955.51	\$ 54,931,949.00	\$ 54,873,488.23	\$ 4,783,416.28
Total Liabilities	<u>\$ 4,724,955.51</u>	<u>\$ 54,931,949.00</u>	<u>\$ 54,873,488.23</u>	<u>\$ 4,783,416.28</u>
City, County, MTA & SPD Sales				
Tax Trust (0882) U/F (0882)				
ASSETS				
Cash in State Treasury	\$ 894,220,022.12	\$ 9,580,324,880.19	\$ 9,532,622,925.79	\$ 941,921,976.52
Total Assets	<u>\$ 894,220,022.12</u>	<u>\$ 9,580,324,880.19</u>	<u>\$ 9,532,622,925.79</u>	<u>\$ 941,921,976.52</u>
LIABILITIES				
Other Intergovernmental Payables	\$ 894,220,022.12	\$ 9,580,324,880.19	\$ 9,532,622,925.79	\$ 941,921,976.52
Total Liabilities	<u>\$ 894,220,022.12</u>	<u>\$ 9,580,324,880.19</u>	<u>\$ 9,532,622,925.79</u>	<u>\$ 941,921,976.52</u>

Continued on the following page

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EXHIBIT J-1 (continued)

Combining Statement of Changes in Assets and Liabilities – Agency Funds

Aug. 31, 2015

	Beginning Balance Aug. 31, 2014	Additions	Deductions	Ending Balance Aug. 31, 2015
International Fuels Tax Agreement (IFTA)				
Guaranty Trust Account (0884) U/F (0884)				
ASSETS				
Cash in State Treasury	\$ 210,600.17	\$ 314,124.09	\$ 243,686.44	\$ 281,037.82
Total Assets	<u>\$ 210,600.17</u>	<u>\$ 314,124.09</u>	<u>\$ 243,686.44</u>	<u>\$ 281,037.82</u>
LIABILITIES				
Funds Held for Others	\$ 210,600.17	\$ 314,124.09	\$ 243,686.44	\$ 281,037.82
Total Liabilities	<u>\$ 210,600.17</u>	<u>\$ 314,124.09</u>	<u>\$ 243,686.44</u>	<u>\$ 281,037.82</u>
Departmental Suspense Fund				
(0900) U/F (0900)				
ASSETS				
Cash in State Treasury	\$ 6,523,509.70	\$ 443,926,345.97	\$ 443,721,337.79	\$ 6,728,517.88
Total Assets	<u>\$ 6,523,509.70</u>	<u>\$ 443,926,345.97</u>	<u>\$ 443,721,337.79</u>	<u>\$ 6,728,517.88</u>
LIABILITIES				
Funds Held for Others	\$ 6,523,509.70	\$ 443,926,345.97	\$ 443,721,337.79	\$ 6,728,517.88
Total Liabilities	<u>\$ 6,523,509.70</u>	<u>\$ 443,926,345.97</u>	<u>\$ 443,721,337.79</u>	<u>\$ 6,728,517.88</u>
Motor Fuel Distributor's Bond Guaranty				
(0904) U/F (0904)				
ASSETS				
Cash in State Treasury	\$ 919,285.63	\$ 1,699,785.63	\$ 1,059,285.63	\$ 1,559,785.63
Total Assets	<u>\$ 919,285.63</u>	<u>\$ 1,699,785.63</u>	<u>\$ 1,059,285.63</u>	<u>\$ 1,559,785.63</u>
LIABILITIES				
Funds Held for Others	\$ 919,285.63	\$ 1,699,785.63	\$ 1,059,285.63	\$ 1,559,785.63
Total Liabilities	<u>\$ 919,285.63</u>	<u>\$ 1,699,785.63</u>	<u>\$ 1,059,285.63</u>	<u>\$ 1,559,785.63</u>
Qualified Hotel Project Trust Fund				
(0905) U/F (0905)				
ASSETS				
Cash in State Treasury	\$ 861,837.41	\$ 16,505,386.97	\$ 15,442,671.22	\$ 1,924,553.16
Total Assets	<u>\$ 861,837.41</u>	<u>\$ 16,505,386.97</u>	<u>\$ 15,442,671.22</u>	<u>\$ 1,924,553.16</u>
LIABILITIES				
Funds Held for Others	\$ 861,837.41	\$ 16,505,386.97	\$ 15,442,671.22	\$ 1,924,553.16
Total Liabilities	<u>\$ 861,837.41</u>	<u>\$ 16,505,386.97</u>	<u>\$ 15,442,671.22</u>	<u>\$ 1,924,553.16</u>
Mixed Beverage Tax Guaranty				
(0906) U/F (0906)				
ASSETS				
Cash in State Treasury	\$ 13,929,229.38	\$ 17,491,484.47	\$ 15,605,181.85	\$ 15,815,532.00
Total Assets	<u>\$ 13,929,229.38</u>	<u>\$ 17,491,484.47</u>	<u>\$ 15,605,181.85</u>	<u>\$ 15,815,532.00</u>
LIABILITIES				
Funds Held for Others	\$ 13,929,229.38	\$ 17,491,484.47	\$ 15,605,181.85	\$ 15,815,532.00
Total Liabilities	<u>\$ 13,929,229.38</u>	<u>\$ 17,491,484.47</u>	<u>\$ 15,605,181.85</u>	<u>\$ 15,815,532.00</u>

Concluded on the following page

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EXHIBIT J-1 (concluded)

Combining Statement of Changes in Assets and Liabilities – Agency Funds

Aug. 31, 2015

	Beginning Balance Aug. 31, 2014	Additions	Deductions	Ending Balance Aug. 31, 2015
Sales Tax Guaranty Trust				
(0962) U/F (0962)				
ASSETS				
Cash in State Treasury	\$ 31,722,101.65	\$ 42,772,310.97	\$ 40,947,369.25	\$ 33,547,043.37
Total Assets	<u>\$ 31,722,101.65</u>	<u>\$ 42,772,310.97</u>	<u>\$ 40,947,369.25</u>	<u>\$ 33,547,043.37</u>
LIABILITIES				
Funds Held for Others	\$ 31,722,101.65	\$ 42,772,310.97	\$ 40,947,369.25	\$ 33,547,043.37
Total Liabilities	<u>\$ 31,722,101.65</u>	<u>\$ 42,772,310.97</u>	<u>\$ 40,947,369.25</u>	<u>\$ 33,547,043.37</u>
Direct Deposit Correction Account				
(0980) U/F (0980)				
ASSETS				
Cash in State Treasury	\$ 15,633.02	\$ 23,207,788.41	\$ 23,179,483.11	\$ 43,938.32
Total Assets	<u>\$ 15,633.02</u>	<u>\$ 23,207,788.41</u>	<u>\$ 23,179,483.11</u>	<u>\$ 43,938.32</u>
LIABILITIES				
Funds Held for Others	\$ 15,633.02	\$ 23,207,788.41	\$ 23,179,483.11	\$ 43,938.32
Total Liabilities	<u>\$ 15,633.02</u>	<u>\$ 23,207,788.41</u>	<u>\$ 23,179,483.11</u>	<u>\$ 43,938.32</u>
Totals – All Agency Funds				
ASSETS				
Cash in State Treasury	\$ 956,736,119.64	\$ 10,190,643,068.49	\$ 10,135,874,048.67	\$ 1,011,505,139.46
Investments:				
U.S. Government and Agency Obligations (Note 3)	26,617.80	50,174.46	26,617.80	50,174.46
Corporate Obligations (Note 3)	107,767.35	146,490.64	107,767.35	146,490.64
Corporate Equity (Note 3)	393,297,843.12	416,802,274.87	393,297,843.12	416,802,274.87
Pooled Investments Note 3)	115,414,847.08	146,231,702.40	115,414,847.08	146,231,702.40
Other Investments (Note 3)	5,590,637.09	6,353,025.81	5,590,637.09	6,353,025.81
Total Assets	<u>\$ 1,471,173,832.08</u>	<u>\$ 10,760,226,736.67</u>	<u>\$ 10,650,311,761.11</u>	<u>\$ 1,581,088,807.64</u>
LIABILITIES				
Intergovernmental Payables	\$ 894,220,022.12	\$ 9,580,324,880.19	\$ 9,532,622,925.79	\$ 941,921,976.52
Funds Held for Others	576,953,809.96	1,179,901,856.48	1,117,688,835.32	639,166,831.12
Total Liabilities	<u>\$ 1,471,173,832.08</u>	<u>\$ 10,760,226,736.67</u>	<u>\$ 10,650,311,761.11</u>	<u>\$ 1,581,088,807.64</u>

SUPPLEMENTARY SCHEDULES

UNAUDITED
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SCHEDULE 1A

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended Aug. 31, 2015

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Pass-Through From		Direct Program Amount	Total Pass- Through and Direct Program
		State Agy. or Univ. Amount	Non-State Entities Amount		
U.S. Department of Defense					
Payment to States in Lieu of Real Estate Taxes	12.112	\$	\$	\$ 6,180,239.03	\$ 6,180,239.03
Total U.S. Dept of Defense		0.00	0.00	6,180,239.03	6,180,239.03
Total Federal Financial Assistance		<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 6,180,239.03</u>	<u>\$ 6,180,239.03</u>

NOTE 2 – RECONCILIATION

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

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

NOTE 7 – FEDERAL DEFERRED REVENUE

CFDA	Balance Sept. 1, 2014	Net Change	Balance Aug. 31, 2015
15.227	\$ 17,479.83	\$ 0.00	\$ 17,479.83

The deferred revenue of \$17,479.83 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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Pass-Through To		Expenditures Amount	Total Pass- Through and Expenditures
State Agy. or Univ. Amount	Non-State Entities Amount		
\$	\$	\$ 6,180,239.03	\$ 6,180,239.03
0.00	0.00	6,180,239.03	6,180,239.03
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 6,180,239.03</u>	<u>\$ 6,180,239.03</u>

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SCHEDULE 4

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

Aug. 31, 2015

	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets
ASSETS					
Current Assets:					
Cash in State Treasury	\$14,286,010,318.06	\$	\$	\$	\$ 14,286,010,318.06
Cash in Bank	6,769,960.80				6,769,960.80
Short Term Investments	7,399,747.70				7,399,747.70
Receivables:					
Accounts Receivable	314,896,000.00				314,896,000.00
Interest and Dividends	3,063,621.52				3,063,621.52
Taxes	2,935,790,406.89				2,935,790,406.89
Due From Other Agencies	33,551,411.25				33,551,411.25
Total Current Assets	<u>17,587,481,466.22</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>17,587,481,466.22</u>
Non-Current Assets:					
Taxes Receivable	64,687,510.46				64,687,510.46
Investments	240,591,731.02				240,591,731.02
Capital Assets:					
Depreciable					
Furniture and Equipment		2,777,840.81			2,777,840.81
Accumulated Depreciation		(2,731,913.38)			(2,731,913.38)
Computer Software		8,824,456.09			8,824,456.09
Accumulated Amortization		(8,613,538.32)			(8,613,538.32)
Total Non-Current Assets	<u>305,279,241.48</u>	<u>256,845.20</u>	<u>0.00</u>	<u>0.00</u>	<u>305,536,086.68</u>
Total Assets	<u>\$17,892,760,707.70</u>	<u>\$ 256,845.20</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 17,893,017,552.90</u>
LIABILITIES AND FUND BALANCES					
Current Liabilities:					
Payables From:					
Accounts Payable	\$ 1,196,076.48	\$	\$	\$	\$ 1,196,076.48
Other Intergovernmental	34,010,457.58				34,010,457.58
Unclaimed Property Claimant Liabilities	249,312,830.37				249,312,830.37
Taxes Refund Payable	201,746,154.22				201,746,154.22
Due to Other Agencies	1,674,249,613.97				1,674,249,613.97
Unearned Revenues	397,699,871.67				397,699,871.67
Total Current Liabilities	<u>2,558,215,004.29</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,558,215,004.29</u>
Total Liabilities	<u>2,558,215,004.29</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,558,215,004.29</u>
DEFERRED INFLOWS					
Deferred Inflow of Resources (Note 29)	721,357,394.64				721,357,394.64
Total Deferred Inflows	<u>721,357,394.64</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>721,357,394.64</u>
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances (Deficits):					
Nonspendable for LT Taxes Receivable	64,687,510.46				
Restricted	362,412,725.01				
Committed	67,851,692.58				
Unassigned	14,118,236,380.72				
Total Fund Balances	<u>14,613,188,308.77</u>				
Total Liabilities and Fund Balance	<u>\$17,892,760,707.70</u>				
GOVERNMENT-WIDE STATEMENT – NET POSITION					
Net Position:					
Net Investment in Capital Assets		\$ 256,845.20	\$	\$	\$ 256,845.20
Unrestricted					14,613,188,308.77
Total Net Position		<u>\$ 256,845.20</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 14,613,445,153.97</u>

UNAUDITED
Comptroller – Fiscal (902)

SCHEDULE 4

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

For the Fiscal Year Ended Aug. 31, 2015

	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
REVENUES					
Taxes	\$ 46,782,249,714.93	\$	\$		\$ 46,782,249,714.93
Licenses, Fees and Permits	1,503,393,224.77				1,503,393,224.77
Interest and Other Investment Income	59,898,818.93				59,898,818.93
Land Income	30,612,224.98				30,612,224.98
Settlement of Claims	519,260,396.17				519,260,396.17
Sales of Goods and Services	52,897,015.95				52,897,015.95
Other	411,246,615.34				411,246,615.34
Total Revenues	<u>49,359,558,011.07</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>49,359,558,011.07</u>
EXPENDITURES					
Payroll-Related Costs	614,825,579.64				614,825,579.64
Professional Fees and Services	14,163,763.60				14,163,763.60
Materials and Supplies	174,616.68				174,616.68
Communications and Utilities	175,108.75				175,108.75
Repairs and Maintenance	884,508.38				884,508.38
Claims and Judgments	10,125,291.71				10,125,291.71
Intergovernmental Payments	434,512,389.67				434,512,389.67
Other Expenditures	33,289,228.53				33,289,228.53
Capital Outlay					
Depreciation/Amortization Expense		271,688.20			271,688.20
Total Expenditures	<u>1,108,150,486.96</u>	<u>271,688.20</u>	<u>0.00</u>	<u>0.00</u>	<u>1,108,422,175.16</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>48,251,407,524.11</u>	<u>(271,688.20)</u>	<u>0.00</u>	<u>0.00</u>	<u>48,251,135,835.91</u>
OTHER FINANCING SOURCES (USES)					
Net Inc (Dec) on Transfer of Capital Assets					
Transfer In	2,201,242,394.32				2,201,242,394.32
Transfer Out	(23,463,508,069.77)				(23,463,508,069.77)
Legislative Transfer Out	(22,123,193,531.01)				(22,123,193,531.01)
Insurance Recoveries	149,768.66				149,768.66
Total Other Financing Sources and Uses	<u>(43,385,309,437.80)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(43,385,309,437.80)</u>
Net Change in Fund Balances/Net Assets	<u>4,866,098,086.31</u>	<u>(271,688.20)</u>			<u>4,865,826,398.11</u>
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances, Sept. 1, 2014	9,747,090,222.46				
Restatements					
Fund Balances, Sept. 1, 2014, as Restated	<u>9,747,090,222.46</u>				
Fund Balances, Aug. 31, 2015	<u>\$ 14,613,188,308.77</u>				
GOVERNMENT-WIDE STATEMENT – NET POSITION					
Net Position/Net Change in Net Position	\$ 4,866,098,086.31	\$ (271,688.20)	\$ 0.00	\$ 0.00	\$ 4,865,826,398.11
Net Position, Sept. 1, 2014	9,747,090,222.46	528,533.40			9,747,618,755.86
Restatements					
Net Position, Sept. 1, 2014, as Restated	<u>9,747,090,222.46</u>	<u>528,533.40</u>	<u>0.00</u>	<u>0.00</u>	<u>9,747,618,755.86</u>
Net Position, Aug. 31, 2015	<u>\$ 14,613,188,308.77</u>	<u>\$ 256,845.20</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 14,613,445,153.97</u>

UNAUDITED
Comptroller – Fiscal (902)

SCHEDULE 5

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

For the Fiscal Year Ended Aug. 31, 2015

Tax Type	Tax Revenue Modified Accrual	Full Accrual	Taxes Receivable	Refunds Payable	Net Taxes Receivable
Sales and Use	\$ 28,614,392,959.54	\$ 28,922,808,601.66	\$ 1,861,487,068.34	\$	\$ 1,861,487,068.34
Motor Vehicle and Mfg Housing	4,500,372,337.27	4,500,639,476.12	172,123,233.79		172,123,233.79
Motor Fuels*	68,571,757.90	69,374,994.63	6,974,956.35		6,974,956.35
Oil and Natural Gas Production	2,697,214,187.07	2,852,656,363.65	509,238,615.17	(201,746,154.22)	307,492,460.95
Franchise	3,269,680,355.86	3,269,680,355.86			
Insurance	2,045,666,784.34	2,257,791,167.57	244,860,887.49		244,860,887.49
Cigarette and Tobacco	563,773,357.27	563,800,761.38	21,726,921.89		21,726,921.89
Other Taxes:					
Alcoholic Beverage	1,140,885,005.33	1,143,068,316.06	83,238,814.47		83,238,814.47
Utility	421,427,807.71	459,619,926.10	49,506,362.64		49,506,362.64
Hotel and Motel	526,184,156.99	530,086,140.89	51,321,057.21		51,321,057.21
Other	163,752,873.77	163,752,873.77			
Total Taxes	\$ 44,011,921,583.05	\$ 44,733,278,977.69	\$ 3,000,477,917.35	\$ (201,746,154.22)	\$ 2,798,731,763.13

* 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	\$ 308,415,642.12
Motor Vehicle and Mfg Housing	267,138.85
Motor Fuels*	803,236.73
Oil and Natural Gas Production	155,442,176.58
Insurance	212,124,383.23
Cigarette and Tobacco	27,404.11
Other Taxes:	
Alcoholic Beverage	2,183,310.73
Utility	38,192,118.39
Hotel and Motel	3,901,983.90
Total Taxes	\$ 721,357,394.64

Comptroller Treasury – Fiscal (311)

BASIC FINANCIAL STATEMENTS

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Comptroller Treasury – Fiscal (311)

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Comptroller Treasury – Fiscal (311)

EXHIBIT I

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

Aug. 31, 2015

	Governmental Fund Types		
	General Funds (Ex A-1)	Permanent Funds (Ex E-1)	Governmental Funds Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents:			
Cash in Bank	\$	\$	\$
Cash in State Treasury			
Short Term Investments	6,086,610.01	24,365,252.31	30,451,862.32
Receivables From:			
Interest and Dividends	643.40	2,436.13	3,079.53
Trade Receivables			
Due From Other Agencies	10,617,763.08		10,617,763.08
Non-Current Assets:			
Investments	237,193,858.72	778,404,548.52	1,015,598,407.24
Total Assets	<u>\$ 253,898,875.21</u>	<u>\$ 802,772,236.96</u>	<u>\$1,056,671,112.17</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Current Liabilities:			
Payables From:			
Accounts Payable	\$ 126,819.97	\$ 413,751.18	\$ 540,571.15
Trade Payables			
Short Term Debt			
Other Liabilities	10,617,763.08		10,617,763.08
Total Liabilities	<u>10,744,583.05</u>	<u>413,751.18</u>	<u>11,158,334.23</u>
FUND FINANCIAL STATEMENT			
Fund Balances (Deficits):			
Restricted			
Committed	243,154,292.16	802,358,485.78	1,045,512,777.94
Unassigned			
Total Fund Balances	<u>243,154,292.16</u>	<u>802,358,485.78</u>	<u>1,045,512,777.94</u>
Total Liabilities and Fund Balances	<u>\$ 253,898,875.21</u>	<u>\$ 802,772,236.96</u>	<u>\$1,056,671,112.17</u>

UNAUDITED
Comptroller Treasury – Fiscal (311)

EXHIBIT II

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

For the Fiscal Year Ended Aug. 31, 2015

	General Funds (Ex A-2)	Permanent Funds (Ex E-2)	Governmental Funds Total
REVENUES			
Interest and Other Investment Income	\$ 97,056,098.72	\$ 10,170,100.78	\$ 107,226,199.50
Income from Securities Lending			
Net Increase (Decrease) in Fair Value	<u>(10,472,323.99)</u>	<u>(14,152,718.23)</u>	<u>(24,625,042.22)</u>
	<u>86,583,774.73</u>	<u>(3,982,617.45)</u>	<u>82,601,157.28</u>
EXPENDITURES			
Professional Fees and Services	989,420.38	2,032,111.12	3,021,531.50
Travel	890.97		890.97
Borrower Rebate and Agent Fees			
Interest	<u>80,334,261.92</u>		<u>80,334,261.92</u>
Total Expenditures/Expenses	<u>81,324,573.27</u>	<u>2,032,111.12</u>	<u>83,356,684.39</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>5,259,201.46</u>	<u>(6,014,728.57)</u>	<u>(755,527.11)</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>(32,632,413.34)</u>	<u>(24,362,646.94)</u>	<u>(56,995,060.28)</u>
Total Other Financing Sources and Uses	<u>(32,632,413.34)</u>	<u>(24,362,646.94)</u>	<u>(56,995,060.28)</u>
Net Change in Fund Balances/Net Assets	<u>(27,373,211.88)</u>	<u>(30,377,375.51)</u>	<u>(57,750,587.39)</u>
FUND FINANCIAL STATEMENT – FUND BALANCES			
Fund Balances, Sept. 1, 2014	270,527,504.04	832,735,861.29	1,103,263,365.33
Restatements			
Fund Balances, Sept. 1, 2014, as Restated	<u>270,527,504.04</u>	<u>832,735,861.29</u>	<u>1,103,263,365.33</u>
Fund Balances – Aug. 31, 2015	<u>\$ 243,154,292.16</u>	<u>\$ 802,358,485.78</u>	<u>\$ 1,045,512,777.94</u>

UNAUDITED
Comptroller Treasury – Fiscal (311)

EXHIBIT VI

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

Aug. 31, 2015

	Private- Purpose Trust (Exhibit I-1)	Agency Funds (Exhibit J-1)	Totals
ASSETS			
Cash and Cash Equivalents:			
Cash in Bank	\$	\$ 246,164.11	\$ 246,164.11
Cash in State Treasury		2,384,669.53	2,384,669.53
Other Short Term Investments	70,372,435.10	31,257,257.23	101,629,692.33
Investments (Note 3)			
U.S. Government and Agency Obligations			
Corporate Equity	42,301,601.95		42,301,601.95
Corporate Obligations	3,731,428.41		3,731,428.41
Foreign Securities	50,592,573.38		50,592,573.38
Other Investments	2,155,733,447.38		2,155,733,447.38
Repurchase Agreements			
Receivables:			
Interest and Dividends	6,910.35	74.09	6,984.44
Trade Receivables			
Other Assets		110,000.00	110,000.00
Total Assets	<u>2,322,738,396.57</u>	<u>33,998,164.96</u>	<u>2,356,736,561.53</u>
LIABILITIES			
Payables:			
Accounts Payables	1,179,375.96		1,179,375.96
Trade Payables			
Obligations/Securities Lending			
Funds Held for Others		33,998,164.96	33,998,164.96
Total Liabilities	<u>1,179,375.96</u>	<u>33,998,164.96</u>	<u>35,177,540.92</u>
NET POSITION			
Held in trust for:			
Individuals, Organizations and Other Governments	2,321,559,020.61		2,321,559,020.61
Total Net Position	<u>\$ 2,321,559,020.61</u>	<u>\$ 0.00</u>	<u>\$ 2,321,559,020.61</u>

UNAUDITED
Comptroller Treasury – Fiscal (311)

EXHIBIT VII

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

Aug. 31, 2015

	Private Purpose Trust (Exhibit I-2)	Totals
ADDITIONS		
Investment Income:		
From Investing Activities:		
Net appreciation (Depreciation) in		
Fair Value of Investments	\$ (39,346,861.14)	\$ (39,346,861.14)
Interest and Investment Income	32,599,919.42	32,599,919.42
Total Investing Income (Loss)	(6,746,941.72)	(6,746,941.72)
Less Investing Activities Expense		
Net Income from Investing Activities	(6,746,941.72)	(6,746,941.72)
From Securities Lending Activities		
Securities Lending Income		
Less Securities Lending Expense:		
Borrower Rebates and Agent Fees	0.00	0.00
Net Income from Securities Lending Activities		
Total Net Investment Income (Loss)	(6,746,941.72)	(6,746,941.72)
Total Additions	(6,746,941.72)	(6,746,941.72)
DEDUCTIONS		
Transfer out	56,488,102.33	56,488,102.33
Professional Fees and Services	5,811,887.42	5,811,887.42
Total Deductions	62,299,989.75	62,299,989.75
INCREASE (DECREASE) IN NET ASSETS	(69,046,931.47)	(69,046,931.47)
NET POSITION		
Net Position, Sept. 1, 2014	2,390,605,952.08	2,390,605,952.08
Restatements		
Net Position, Sept. 1, 2014, as Restated	2,390,605,952.08	2,390,605,952.08
Net Position, Aug. 31, 2015	<u>\$ 2,321,559,020.61</u>	<u>\$ 2,321,559,020.61</u>

Notes to the Financial Statements

NOTE 1: Summary of Significant Accounting Policies

GENERAL INTRODUCTION

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 of Texas *Comprehensive Annual Financial Report*; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

FUND STRUCTURE

The accompanying financial statements are presented on the basis of funds 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

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

BUDGETS AND BUDGETARY ACCOUNTING

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 POSITION

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 and 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 that 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, 2015, the carrying amount and the total bank balance of deposits is presented below:

Custodial Operations	
Cash in Bank – Carrying Amount	\$ 485,505,004.28
Total Cash in Bank	<u>\$ 485,505,004.28</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 2015.

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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 (FDIC) 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 at 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, 2015, were categorized as follows:

Political Subdivision Securities	
Moody's Investors Service Ratings	Percent of Collateral Pledged
AAA	17.99%
AA	25.69%
A	10.00%
Subtotal	<u>53.68%</u>

U.S. Government Securities	
Description	Percent of Collateral Pledged
U.S. Treasury Notes and Bonds	7.89%
Federal Home Loan Bank Debentures	5.72%
Federal Home Loan Mortgage Corp	0.98%
Federal Home Loan Mtg. Corp-Mtg. backed	4.10%
Federal Farm Credit Bank	0.91%
Federal National Mortgage Assn	4.01%
Federal National Mtg Assn-Mtg. backed	6.12%
Government National Mortgage Assn	8.40%
Federal Home Loan Bank Letters of Credit	8.19%
Subtotal	<u>46.32%</u>
TOTAL	<u>100.00%</u>

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 2015, 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, 2015, were fully secured by FDIC insurance and securities pledged to the Comptroller.

Departmental Operations

As of Aug. 31, 2015, the carrying amount and the total bank balance of deposits is presented below:

Departmental Operations	
Fiduciary Funds	
Cash in Bank – Carrying Amount	\$ 246,164.11
Total Cash in Bank per AFR	<u>\$ 246,164.11</u>
Fiduciary Funds Cash in Bank	\$ 246,164.11
Cash in Bank per AFR	<u>\$ 246,164.11</u>

INVESTMENTS AND REPURCHASE AGREEMENTS

Custodial Operations

As of Aug. 31, 2015, the fair value of investments is as presented below.

Investments for the Treasury Pool, as of Aug. 31, 2015, are as follows:

Fair Value of Investments As of Aug. 31, 2015	
Treasury Portfolio	Fair Value
Investment Type	
U.S. Government Agencies	\$11,561,296,196.00
U.S. Government Treasuries	2,213,658,445.00
Government Mortgage-Backed Securities	2,534,203,282.00
Commercial paper	7,794,558,503.00
Repurchase Agreements	2,250,000,000.00
Supranational/Israel Bonds	1,250,224,900.00
Corporate Obligations	3,324,833,921.00
Asset-Backed Securities	3,017,885,969.00
Small Business Administration	34,663,367.00
Stock In Texas Trust Company	1,000,000.00
Money Market Mutual Funds	823,000,000.00
Total Treasury Pool without Lottery Securities	<u>34,805,324,583.00</u>
U.S. Government Agencies – Lottery – Refco	472,565,032.00
U.S. Government Agencies – Lottery – Treasury Strips	229,907,617.00
Total Investments	<u>\$35,507,797,232.00</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 & Poors. The following table lists Standard & Poor’s credit rating by investment type for the Treasury Pool securities that are subject to credit risk.

		Standard & Poors				
Fund	Investment Type	AAA	AA	A	A-1	Unrated
Treasury Portfolio	U.S. Government Agencies	\$	\$ 11,561,296,196	\$	\$	\$
Treasury Portfolio	Government Mortgage-Backed Securities	9,189,245	2,525,014,037			
Treasury Portfolio	Asset-Backed Securities	1,924,824,816	28,166,962			1,064,894,191
Treasury Portfolio	Commercial paper				7,794,558,503	
Treasury Portfolio	Corporate Obligations		1,744,150,271	300,567,744		1,280,115,906
Treasury Portfolio	Repurchase Agreements		2,250,000,000			
Treasury Portfolio	Small Business Administration					34,663,367
Treasury Portfolio	Supranational	1,200,227,000		49,997,900		
Treasury Portfolio	Mutual Funds (2A 7-Like)	823,000,000				

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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 Federal Home Loan Mortgage Corporation and the Federal Home Loan Bank as presented below:

Fund	Issuer	Carrying Value	% of Total Portfolio
Treasury Portfolio	Federal National Mortgage Association	\$ 2,931,890,223.96	8.16%
Treasury Portfolio	Federal Home Loan Mortgage Corporation	3,970,064,180.32	11.05%
Treasury Portfolio	Federal Home Loan Bank	6,748,924,223.43	18.78%

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	0.682
U.S. Government Treasuries	2.045
Government Mortgage Backed Securities	3.500
Commerical Paper	0.368
Corporate Obligations	0.804
Asset Backed Securities	1.057
Repurchase Agreements	0.003
Small Business Administration	17.842
Supranational	0.293
Placement of deposits with financial institutions	0.327
Treasury Portfolio Modified Duration	0.935

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 on Aug. 31, 2015, was \$47,143,856 including accrued interest. The aggregate fair value of the securities underlying those agreements, including accrued interest, was \$46,940,979. There was no credit exposure at year-end.

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Departmental Operations

As of Aug. 31, 2015, the fair value of investments is as presented below.

Fair Value of Investments As of Aug. 31 2015	
Governmental Funds	Fair Value
Equities	\$ 0.13
Mutual Funds – Global Equities	15,944,111.98
Mutual Funds – Global Fixed Income	81,435,089.32
Mutual Funds – Commodities	21,514,442.42
Hedge Funds – Fund of funds	65,407,500.96
Hedge Funds – Direct funds	592,044,262.52
Alternative Investments Domestic	222,759,117.62
Alternative Investments International	16,493,882.31
Investments in Short Term Investment Fund	30,451,862.33
Total Investments	<u>\$ 1,046,050,269.59</u>
Reconciliation of Investments per Exhibits – Governmental	
Governmental Funds Current Assets Short-Term Investments	\$ 30,451,862.33
Governmental Funds Non-Current Assets Investments	1,015,598,407.26
Investments per Exhibits	<u>\$ 1,046,050,269.59</u>

Fair Value of Investments As of Aug. 31 2015	
Fiduciary Funds	Fair Value
Corporate Obligations	\$ 3,731,428.41
Equities	11,185,867.86
Mutual Funds – Global Equities	31,115,734.09
Mutual Funds – Global Fixed Income	161,182,081.44
Mutual Funds – Commodities	41,986,513.28
Hedge Funds – Fund of Funds	127,646,018.17
Hedge Funds – Direct funds	1,155,404,068.11
Alternative Investments Domestic	653,631,670.57
Alternative Investments International	50,592,573.38
Other Investments	9,024,320.50
Repurchase Agreements	31,257,257.23
International Other Commingled Funds	6,858,775.30
Investments in Short Term Investment Fund	70,372,435.10
Total Investments	<u>\$ 2,353,988,743.44</u>
Reconciliation of Investments per Exhibits – Fiduciary	
Fiduciary Funds Current Assets Short-Term Investments	\$ 101,629,692.33
Fiduciary Funds Non-Current Assets Investments	2,252,359,051.11
Investments per Exhibits	<u>\$ 2,353,988,743.44</u>

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

Standard & Poors			
Fund Type	Investment Type	AAA	Unrated
01	Mutual Funds – Global Fixed Income	\$	\$ 24,144,774.98
01	Investments in Short-Term Investment Fund	6,086,610.02	
19	Mutual Funds – Global Fixed Income		57,290,314.33
19	Investments in Short-Term Investment Fund	24,365,252.31	
20	Mutual Funds – Global Fixed Income		161,182,081.44
20	Investments in Short Term Investment Fund	69,428,355.37	

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.

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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.

Investment Type	Effective Duration (Years)
Mutual Funds – Global Fixed Income	1.52
	Weighted Average Maturity (Days)
Investments in Short-Term Investment Fund	24

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.

Fair Market Value As of Aug. 31, 2015		
Fund Type	Foreign Currency	Alternative Investments International
19	Euro	\$ 16,493,882.31
20	Euro	50,592,573.38
	Total	<u>\$ 67,086,455.69</u>

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. On Aug. 26, 2014 (with an issue date of Sept. 3, 2014), \$5,400,000,000.00 in State of Texas Tax and Revenue Anticipation Notes, Series 2014 were sold for the purpose of coordinating the cash flow of the State for the fiscal year ended Aug. 31, 2015. Issuance of the TRAN also enhanced the State’s ability to make timely payments of expenditures that are payable from the General Revenue Fund. The TRAN matured on Aug. 31, 2015, bore an interest rate of 1.50% and was priced to yield at 0.1326% as determined by the bids of the initial purchasers.

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Gross note proceeds were \$5,473,232,833.00. Interest and other investment income on gross TRAN proceeds were \$21,445,942.36. Debt service payments included \$5,400,000,000.00 for principal and \$80,334,246.58 in interest expense.

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

TAX AND REVENUE ANTICIPATION NOTES

For the year ended Aug. 31, 2015 (Amounts in Thousands):

	Beginning Balance Sept. 1, 2014	Issued	Redeemed	Ending Balance Aug. 31, 2015
Tax and Revenue Anticipation Notes	\$ 0	\$ 5,400,000	\$ 5,400,000	\$ 0

NOTE 5: 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 (Administering Agencies Only)

(Not Applicable)

NOTE 10: Deferred Compensation (Administering Agencies Only)

(Not Applicable)

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

(Not Applicable)

NOTE 12: Interfund Activity and Transactions

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

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

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Individual balances and activity at Aug. 31, 2015, are as follows:

Aug. 31, 2015	Transfers In	Transfers Out	Purpose
GENERAL (01)			
Appd Fund 0577, Fund 0577 (Agency 902, Fund 0001)	\$	\$ 14,000,992.26	Net FYE Bal Transfer
Appd Fund 5044, Fund 5044 (Agency 537, Fund 5044)		4,774,838.04	Distribution
Appd Fund 5044, Fund 5044 (Agency 347, Fund 5044)		4,540,857.56	Distribution
Appd Fund 5045, Fund 5045 (Agency 537, Fund 5045)		2,387,434.36	Distribution
Appd Fund 5045, Fund 5045 (Agency 347, Fund 5045)		2,270,428.90	Distribution
Appd Fund 5046, Fund 5046 (Agency 537, Fund 5046)		2,387,433.56	Distribution
Appd Fund 5046, Fund 5046 (Agency 347, Fund 5046)		2,270,428.66	Distribution
PERMANENT (19)			
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
PRIVATE PURPOSE (20)			
Appd Fund 0823, Fund 0823 (Agency 781, Fund 0823)		1,488,102.33	Distribution
Appd Fund 0872, Fund 0872 (Agency 902, Fund 2872)		55,000,000.00	Distribution
Total Transfers	<u>\$ 0.00</u>	<u>\$ 95,220,697.15</u>	
	Due From Other Agencies	Due To Other Agencies	Source
Appd Fund 0001, Fund 1900 (Agency 902, Fund 0001)	\$ 10,617,763.08	\$	Shared Cash
Total Due From/To Other Agencies	<u>\$ 10,617,763.08</u>	<u>\$ 0.00</u>	

NOTE 13: Continuance Subject to Review

(Not Applicable)

NOTE 14: Adjustments to Fund Balances and Net Assets

(Not Applicable)

NOTE 15: 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.

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS

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Comptroller Treasury – Fiscal (311)

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Comptroller Treasury – Fiscal (311)

EXHIBIT A-1

Balance Sheet – All General and Consolidated Funds

Aug. 31, 2015

	General Revenue Fund 0001 (0001) U/F (1900)	Tax and Revenue Anticipation Note Fund (0577) U/F (0577)	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 (Ex I)
ASSETS						
Current Assets:						
Cash and Cash Equivalents:						
Cash in Bank	\$	\$	\$	\$	\$	\$
Cash in State Treasury						
Short Term Investments			3,043,296.80	1,521,656.83	1,521,656.38	6,086,610.01
Receivables From:						
Interest			321.70	160.85	160.85	643.40
Trades						
Due From Other Agencies	10,617,763.08					10,617,763.08
Non-Current Assets:						
Investments			118,596,609.48	59,298,633.40	59,298,615.84	237,193,858.72
Total Assets	<u>\$ 10,617,763.08</u>	<u>\$ 0.00</u>	<u>\$ 121,640,227.98</u>	<u>\$ 60,820,451.08</u>	<u>\$ 60,820,433.07</u>	<u>\$ 253,898,875.21</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Current Liabilities:						
Payables From:						
Accounts	\$	\$	\$ 63,409.82	\$ 31,705.08	\$ 31,705.07	\$ 126,819.97
Trades						
Short Term Debt						
Other Liabilities	10,617,763.08					10,617,763.08
Total Liabilities	<u>10,617,763.08</u>	<u>0.00</u>	<u>63,409.82</u>	<u>31,705.08</u>	<u>31,705.07</u>	<u>10,744,583.05</u>
FUND FINANCIAL STATEMENT – FUND BALANCES						
Fund Balances (Deficits):						
Restricted						
Committed			121,576,818.16	60,788,746.00	60,788,728.00	243,154,292.16
Unassigned						
Total Fund Balances	<u>0.00</u>	<u>0.00</u>	<u>121,576,818.16</u>	<u>60,788,746.00</u>	<u>60,788,728.00</u>	<u>243,154,292.16</u>
Total Liabilities and Fund Balances	<u>\$ 10,617,763.08</u>	<u>\$ 0.00</u>	<u>\$ 121,640,227.98</u>	<u>\$ 60,820,451.08</u>	<u>\$ 60,820,433.07</u>	<u>\$ 253,898,875.21</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 Aug. 31, 2015

	General Revenue Fund 0001 (0001) U/F (1900)	Tax and Revenue Anticipation Notes Fund (0577) U/F (0577)	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 (Ex II)
REVENUES						
Interest and Other Investment Income	\$	\$ 94,678,775.36	\$ 1,188,660.22	\$ 594,331.61	\$ 594,331.53	\$ 97,056,098.72
Net Increase (Decrease) in Fair Value			(5,236,148.48)	(2,618,088.12)	(2,618,087.39)	(10,472,323.99)
Total Revenues	0.00	94,678,775.36	(4,047,488.26)	(2,023,756.51)	(2,023,755.86)	86,583,774.73
EXPENDITURES						
Professional Fees and Services		342,630.21	323,394.23	161,698.00	161,697.94	989,420.38
Travel		890.97				890.97
Interest		80,334,261.92				80,334,261.92
Total Expenditures/Expenses	0.00	80,677,783.10	323,394.23	161,698.00	161,697.94	81,324,573.27
Excess (Deficiency) of Revenues Over Expenditures	0.00	14,000,992.26	(4,370,882.49)	(2,185,454.51)	(2,185,453.80)	5,259,201.46
OTHER FINANCING SOURCES (USES)						
Transfers Out		(14,000,992.26)	(9,315,695.60)	(4,657,863.26)	(4,657,862.22)	(32,632,413.34)
Total Other Financing Sources and Uses	0.00	(14,000,992.26)	(9,315,695.60)	(4,657,863.26)	(4,657,862.22)	(32,632,413.34)
Net Change in Fund Balances/Net Assets	0.00	0.00	(13,686,578.09)	(6,843,317.77)	(6,843,316.02)	(27,373,211.88)
FUND FINANCIAL STATEMENT – FUND BALANCES						
Fund Balances, Sept. 1, 2014			135,263,396.25	67,632,063.77	67,632,044.02	270,527,504.04
Restatements						
Fund Balances, Sept. 1, 2014, as Restated	0.00	0.00	135,263,396.25	67,632,063.77	67,632,044.02	270,527,504.04
Fund Balances – Aug. 31, 2015	\$ 0.00	\$ 0.00	\$ 121,576,818.16	\$ 60,788,746.00	\$ 60,788,728.00	\$ 243,154,292.16

UNAUDITED
Comptroller Treasury – Fiscal (311)

EXHIBIT E-1

Combining Balance Sheet – Permanent Funds

Aug. 31, 2015

	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 (Ex I)
ASSETS						
Current Assets:						
Cash and Cash Equivalents:						
Cash in Bank	\$	\$	\$	\$	\$	\$
Cash in State Treasury						
Securities Lending Collateral						
Investments	19,979,324.04	1,453,290.74	808,087.88	1,416,392.16	708,157.49	24,365,252.31
Receivables From:						
Interest and Dividends	2,002.96	143.53	79.81	139.89	69.94	2,436.13
Trade Receivables						
Total Current Assets	<u>19,981,327.00</u>	<u>1,453,434.27</u>	<u>808,167.69</u>	<u>1,416,532.05</u>	<u>708,227.43</u>	<u>24,367,688.44</u>
Non-Current Assets:						
Investments	639,228,586.35	46,120,639.46	25,645,187.11	44,940,916.16	22,469,219.44	778,404,548.52
Total Noncurrent Assets	<u>639,228,586.35</u>	<u>46,120,639.46</u>	<u>25,645,187.11</u>	<u>44,940,916.16</u>	<u>22,469,219.44</u>	<u>778,404,548.52</u>
Total Assets	<u>\$ 659,209,913.35</u>	<u>\$ 47,574,073.73</u>	<u>\$ 26,453,354.80</u>	<u>\$ 46,357,448.21</u>	<u>\$ 23,177,446.87</u>	<u>\$ 802,772,236.96</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Current Liabilities:						
Payables From:						
Accounts Payable	\$ 339,515.28	\$ 24,600.47	\$ 13,679.05	\$ 23,971.36	\$ 11,985.02	\$ 413,751.18
Trade Payables						
Obligations under Securities Lending						
Total Current Liabilities	<u>339,515.28</u>	<u>24,600.47</u>	<u>13,679.05</u>	<u>23,971.36</u>	<u>11,985.02</u>	<u>413,751.18</u>
Total Liabilities	<u>339,515.28</u>	<u>24,600.47</u>	<u>13,679.05</u>	<u>23,971.36</u>	<u>11,985.02</u>	<u>413,751.18</u>
FUND FINANCIAL STATEMENT – FUND BALANCES						
Fund Balances (Deficits):						
Unreserved/Designated for:						
Restricted						
Committed	658,870,398.07	47,549,473.26	26,439,675.75	46,333,476.85	23,165,461.85	802,358,485.78
Total Fund Balances	<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>23,165,461.85</u>	<u>802,358,485.78</u>
Total Liabilities and Fund Balances	<u>\$ 659,209,913.35</u>	<u>\$ 47,574,073.73</u>	<u>\$ 26,453,354.80</u>	<u>\$ 46,357,448.21</u>	<u>\$ 23,177,446.87</u>	<u>\$ 802,772,236.96</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 Aug. 31, 2015

	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 Educaton 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 (Ex II)
REVENUES						
Interest and Other Investment Income	\$ 8,083,304.66	\$ 691,615.46	\$ 384,368.65	\$ 673,881.41	\$ 336,930.60	\$ 10,170,100.78
Income from Securities Lending						
Net Increase (Decrease) in Fair Value	(12,207,730.27)	(644,677.83)	(358,902.29)	(627,625.63)	(313,782.21)	(14,152,718.23)
Total Revenues	<u>(4,124,425.61)</u>	<u>46,937.63</u>	<u>25,466.36</u>	<u>46,255.78</u>	<u>23,148.39</u>	<u>(3,982,617.45)</u>
EXPENDITURES						
Professional Fees and Services	1,665,008.35	121,650.82	67,644.37	118,540.58	59,267.00	2,032,111.12
Borrower Rebate and Agent Fees						
Total Expenditures/Expenses	<u>1,665,008.35</u>	<u>121,650.82</u>	<u>67,644.37</u>	<u>118,540.58</u>	<u>59,267.00</u>	<u>2,032,111.12</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,789,433.96)</u>	<u>(74,713.19)</u>	<u>(42,178.01)</u>	<u>(72,284.80)</u>	<u>(36,118.61)</u>	<u>(6,014,728.57)</u>
OTHER FINANCING SOURCES (USES)						
Transfers In						
Distributions	(18,262,465.46)	(2,020,831.52)	(1,123,750.96)	(1,970,434.92)	(985,164.08)	(24,362,646.94)
Total Other Financing Sources and Uses	<u>(18,262,465.46)</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>(24,362,646.94)</u>
Net Change in Fund Balances/Net Assets	<u>(24,051,899.42)</u>	<u>(2,095,544.71)</u>	<u>(1,165,928.97)</u>	<u>(2,042,719.72)</u>	<u>(1,021,282.69)</u>	<u>(30,377,375.51)</u>
FUND FINANCIAL STATEMENT – FUND BALANCES						
Fund Balances, Sept. 1, 2014	682,922,297.48	49,645,017.97	27,605,604.72	48,376,196.57	24,186,744.55	832,735,861.29
Restatements						
Fund Balances, Sept. 1, 2014, as Restated	<u>682,922,297.48</u>	<u>49,645,017.97</u>	<u>27,605,604.72</u>	<u>48,376,196.57</u>	<u>24,186,744.55</u>	<u>832,735,861.29</u>
Fund Balances – Aug. 31, 2015	<u>\$ 658,870,398.06</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>\$ 802,358,485.78</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**

Aug. 31, 2015

	Tobacco Settlement Permanent Trust Fund (0872) U/F (0872)	Permanent Endowment Fund-Baylor College of Medicine (0823) U/F (0823)	Totals (Ex VI)
ASSETS			
Cash and Cash Equivalents:			
Cash in Bank	\$	\$	\$
Securities Lending Collateral			
Short Term Investments (Note 3)			
Other Short Term Investments	69,428,355.37	944,079.73	70,372,435.10
Investments (Note 3)			
U.S. Government and Agency Obligations			
Corporate Equity	31,115,734.34	11,185,867.61	42,301,601.95
Corporate Obligations		3,731,428.41	3,731,428.41
Foreign Securities	50,592,573.38		50,592,573.38
Other Investments	2,139,850,351.58	15,883,095.80	2,155,733,447.38
Receivables:			
Interest and Dividends	6,910.35		6,910.35
Trade Receivables			
Total Assets	<u>2,290,993,925.02</u>	<u>31,744,471.55</u>	<u>2,322,738,396.57</u>
LIABILITIES			
Payables:			
Accounts Payables	1,179,375.96		1,179,375.96
Trade Payables			
Obligations/Securities Lending			
Total Liabilities	<u>1,179,375.96</u>	<u>0.00</u>	<u>1,179,375.96</u>
NET ASSETS			
Held in Trust for:			
Individuals, Organizations, and Other Governments	2,289,814,549.06	31,744,471.55	2,321,559,020.61
Total Net Position	<u>\$ 2,289,814,549.06</u>	<u>\$ 31,744,471.55</u>	<u>\$ 2,321,559,020.61</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 Aug. 31, 2015

	Tobacco Settlement Permanent Trust Fund (0872) U/F (0872)	Permanent Endowment Fund-Baylor College of Medicine (0823) U/F (0823)	Total (Ex VII)
ADDITIONS			
Investment Income:			
From Investing Activities:			
Net Appreciation (Depreciation) in			
Fair Value of Investments	\$ (36,391,582.57)	\$ (2,955,278.57)	\$ (39,346,861.14)
Interest and Investment Income	30,598,341.01	2,001,578.41	32,599,919.42
Total Investing Income (Loss)	(5,793,241.56)	(953,700.16)	(6,746,941.72)
Less Investing Activities Expense			
Net Income from Investing Activities	(5,793,241.56)	(953,700.16)	(6,746,941.72)
From Securities Lending Activities:			
Securities Lending Income			
Less Securities Lending Expense:			
Borrower Rebates and Agent Fees			
Net Income from Securities Lending Activities	0.00	0.00	0.00
Total Net Investment Income (Loss)	(5,793,241.56)	(953,700.16)	(6,746,941.72)
Total Additions	(5,793,241.56)	(953,700.16)	(6,746,941.72)
DEDUCTIONS			
Transfers Out	55,000,000.00	1,488,102.33	56,488,102.33
Professional Fees and Services	5,811,887.42		5,811,887.42
Total Deductions	60,811,887.42	1,488,102.33	62,299,989.75
INCREASE (DECREASE) IN NET POSITION	(66,605,128.98)	(2,441,802.49)	(69,046,931.47)
NET POSITION			
Net Position, Sept. 1, 2014	2,356,419,678.04	34,186,274.04	2,390,605,952.08
Restatements			
Net Position, Sept. 1, 2014, as Restated	2,356,419,678.04	34,186,274.04	2,390,605,952.08
Net Position, Aug. 31, 2015	<u>\$ 2,289,814,549.06</u>	<u>\$ 31,744,471.55</u>	<u>\$ 2,321,559,020.61</u>

UNAUDITED
Comptroller Treasury – Fiscal (311)

EXHIBIT J-1

Combining Statement of Changes in Assets and Liabilities – Agency Funds

Aug. 31, 2015

	Beginning Balance Sept. 1, 2014	Additions	Deductions	Ending Balance Aug. 31, 2015
Suspense Fund (0900) U/F (0900)				
ASSETS				
Cash in State Treasury	\$ 2,967,232.06	\$ 6,780,983.92	\$ 7,363,546.45	\$ 2,384,669.53
Total Assets	<u>\$ 2,967,232.06</u>	<u>\$ 6,780,983.92</u>	<u>\$ 7,363,546.45</u>	<u>\$ 2,384,669.53</u>
LIABILITIES				
Funds Held for Others	\$ 2,967,232.06	\$ 6,780,983.92	\$ 7,363,546.45	\$ 2,384,669.53
Total Liabilities	<u>\$ 2,967,232.06</u>	<u>\$ 6,780,983.92</u>	<u>\$ 7,363,546.45</u>	<u>\$ 2,384,669.53</u>
Bond and Investment Companies Trust Acct. (0908) U/F (0908)				
ASSETS				
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>
LIABILITIES				
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>
Cigarette Stamp Tax Recovery Trust Fund (9999) U/F (3000)				
ASSETS				
Cash in Bank	\$ 40,185.00	\$ 8,284,173,868.24	\$ 8,283,967,889.13	\$ 246,164.11
Investments				
Repurchase Agreements	29,983,681.84	8,228,950,086.13	8,227,676,510.74	31,257,257.23
Receivables:				
Interest and Dividends	74.97	15,245.37	15,246.25	74.09
Total Assets	<u>\$ 30,023,941.81</u>	<u>\$ 16,513,139,199.74</u>	<u>\$ 16,511,659,646.12</u>	<u>\$ 31,503,495.43</u>
LIABILITIES				
Funds Held for Others	\$ 30,023,941.81	\$ 31,866,981.89	\$ 30,387,428.27	\$ 31,503,495.43
Total Liabilities	<u>\$ 30,023,941.81</u>	<u>\$ 31,866,981.89</u>	<u>\$ 30,387,428.27</u>	<u>\$ 31,503,495.43</u>
Totals – All Agency Funds				
ASSETS				
Cash in Bank	\$ 40,185.00	\$ 8,284,173,868.24	\$ 8,283,967,889.13	\$ 246,164.11
Cash in State Treasury	2,967,232.06	6,780,983.92	7,363,546.45	2,384,669.53
Investments				
Repurchase Agreements	<u>29,983,681.84</u>	<u>8,228,950,086.13</u>	<u>8,227,676,510.74</u>	<u>31,257,257.23</u>
Receivables:				
Interest and Dividends	74.97	15,245.37	15,246.25	74.09
Other Assets	100,000.00			100,000.00
Total Assets	<u>\$ 33,101,173.87</u>	<u>\$ 16,519,920,183.66</u>	<u>\$ 16,519,023,192.57</u>	<u>\$ 33,998,164.96</u>
LIABILITIES				
Payables	\$	\$	\$	\$
Funds Held for Others	33,091,173.87	38,647,965.81	37,750,974.72	33,988,164.96
Total Liabilities	<u>\$ 33,091,173.87</u>	<u>\$ 38,647,965.81</u>	<u>\$ 37,750,974.72</u>	<u>\$ 33,988,164.96</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

Aug. 31, 2015

(With Comparative Totals for Aug. 31, 2014)

	<u>Aug. 31, 2015</u>	<u>Aug. 31, 2014</u>
ASSETS		
Cash		
Cash on Hand		
Cash in Vault	\$ 279,361.48	\$ 242,788.92
Checks Returned by State Depositories	1,015,847.73	997,306.79
Total Cash Items on Hand	<u>1,295,209.21</u>	<u>1,240,095.71</u>
State Funds and Suspense and Trust		
Accounts in Depositories Banks		
Demand Accounts	35,140,910.24	46,775,778.87
Time Accounts and Bid TX	444,643,500.00	441,629,500.00
Total Cash in State Depositories	<u>479,784,410.24</u>	<u>488,405,278.87</u>
Cash in TTSTC Treasury Fed Acct.	5,720,594.04	1,263,665,859.46
Total Cash in State Depositories and TTSTC Treasury Fed Acct.	<u>485,505,004.28</u>	<u>1,752,071,138.33</u>
Total Cash on Hand and In Banks	486,800,213.49	1,753,311,234.04
Total Trust Funds on Deposit with U.S. Treasury Unemployment Trust Fund	1,924,430,469.01	1,986,049,338.59
Total Cash	<u>2,411,230,682.50</u>	<u>3,739,360,572.63</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	9,181,447,185.68	3,209,415,810.00
Commercial Paper	7,794,558,502.95	7,912,357,803.11
Money Market Funds	823,000,000.00	775,000,000.00
Repurchase Agreements	2,250,000,000.00	700,000,000.00
Total Short-Term Investments	<u>20,049,005,688.63</u>	<u>12,596,773,613.11</u>
Long-Term Investments		
United States Government Securities	4,593,507,455.10	5,341,582,782.65
Government Mortgage Backed Securities	2,534,203,282.03	2,119,975,787.95
Asset backed Securities	3,017,885,968.94	2,778,082,469.05
Corporate Obligations	3,324,833,921.17	2,920,347,422.19
Supranational (includes Israel Bonds)	1,250,224,900.00	1,986,653,000.00
SBA's	34,663,366.99	42,647,352.55
United States Government Securities – Lottery	702,472,648.86	786,759,353.22
Total Long-Term Investments	<u>15,457,791,543.09</u>	<u>15,976,048,167.61</u>
Securities Held in Trust – Both Corporate and Governmental		
State Funds Investment Accounts	45,722,000.00	26,880,000.00
Bonds and Securities Pledged to Guarantee State Depositories' Deposits	989,130,200.00	993,430,915.00
Other Securities Pledged under Statutory Requirements	1,446,012,116.00	1,554,373,990.00
Total Securities Held in Trust – Both Corporate and Governmental	<u>2,480,864,316.00</u>	<u>2,574,684,905.00</u>
Accounts Receivable		
Interest Receivable	<u>20,977,202.36</u>	<u>26,619,413.03</u>
Total Assets – Arising From Custodial Operations	<u>\$ 40,420,869,432.58</u>	<u>\$ 34,914,486,671.38</u>

Concluded on the following page

UNAUDITED
Comptroller Treasury – Fiscal (311)

SCHEDULE 1 (concluded)

Balance Sheet – Arising from Custodial Operations

Aug. 31, 2015

(With Comparative Totals for Aug. 31, 2014)

	Aug. 31, 2015	Aug. 31, 2014
LIABILITIES AND ACCOUNTABILITY		
Liabilities		
Accounts Payable – Warrants Outstanding – State Funds and Suspense and Trust Accounts	\$ 426,975,965.41	\$ 369,077,587.01
Obligations under Reverse Repurchase Agreements	47,143,843.25	48,078,057.00
Pending Purchases		
Options Written, at Fair Value		
Interest Payable	13.15	45.22
Total Liabilities	474,119,821.81	417,155,689.23
Accountability		
Available Cash Balance and Investments:		
State Funds and Suspense and Trust Accounts	34,838,982,176.90	29,149,837,385.34
Fund 0895 Lottery Prize Trust Fund	702,472,648.86	786,759,353.22
Total Available Cash Balances and Investments	35,541,454,825.76	29,936,596,738.56
Trust Account – Unemployment Trust Fund	1,924,430,469.01	1,986,049,338.59
State Fund Investments	45,722,000.00	26,880,000.00
Trust Fund Securities:		
Collateral of Deposits	989,130,200.00	993,430,915.00
Pledged under Statutory Requirements	1,446,012,116.00	1,554,373,990.00
Total Trust Fund Securities	2,435,142,316.00	2,547,804,905.00
Total Accountability	39,946,749,610.77	34,497,330,982.15
Total Liabilities and Accountability – Arising from Custodial Operations	\$ 40,420,869,432.58	\$ 34,914,486,671.38

UNAUDITED
Comptroller Treasury – Fiscal (311)

SCHEDULE 2

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

For the Fiscal Year Ended Aug. 31, 2015

(With Comparative Memorandum Totals for the Fiscal Year Ended Aug. 31, 2014)

	Percent	2015	2014	Increase- (Decrease)
BY CATEGORY				
Texas Water Development Board Funds				
TWDB-DFUND II Fund No. 0371		\$ 120,000	\$ 365,000	\$ (245,000)
TWDB-EDAP Fund No. 0375		15,000	156,000	(141,000)
Water Assistance Fund No. 0480		10,319,000	14,363,000	(4,044,000)
Water Loan Assistance Fund No. 0481		3,325,000	5,050,000	(1,725,000)
TWDB State Revolving Fund No. 0651		822,000	1,655,000	(833,000)
Texas Water Resource Finance Authority Fund No. 0751		4,941,000	5,291,000	(350,000)
Total Water Resources Funds		<u>19,542,000</u>	<u>26,880,000</u>	<u>(7,338,000)</u>
Other Funds				
T.P.F.A.G.O. Series 2007B TMPC INT 7027		26,180,000	0	26,180,000
Real Estate Recovery Account No. 0971		0	0	0
Total Other Funds		<u>26,180,000</u>	<u>0</u>	<u>26,180,000</u>
Total All Funds		<u>\$ 45,722,000</u>	<u>\$ 26,880,000</u>	<u>\$ 18,842,000</u>
BY TYPE OF SECURITY				
U.S. Government Guaranteed Agencies Bonds, Notes, and Debentures	23.00 %	\$ 10,319,000	\$ 14,363,000	\$ (4,044,000)
School Districts, Junior College Districts, Cities, Counties and District Bonds	77.00 %	35,403,000	12,517,000	22,886,000
Totals	<u>100.00 %</u>	<u>\$ 45,722,000</u>	<u>\$ 26,880,000</u>	<u>\$ 18,842,000</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 Aug. 31, 2015

	<u>PAR Value</u>	<u>Market Value</u>
BY LOCATION		
In Custody Texas Treasury Safekeeping Trust Company:		
Demand and Time Accounts	\$ 85,084,475	\$ 43,020,000
Total Held by Texas Treasury Safekeeping Trust Company	<u>85,084,475</u>	<u>43,020,000</u>
In Vaults of Trustee Banks:		
Demand and Time Accounts		
Clearing Banks	62,365,306	46,352,000
Other Banks	786,330,419	530,900,000
Total in Vaults of Trustee Banks	<u>848,695,725</u>	<u>577,252,000</u>
Letters of Credit held by Texas Comptroller	55,350,000	55,350,000 A
Total Pledged Collateral	<u>\$ 989,130,200</u>	<u>\$ 675,622,000 B</u>
BY FUND		
Time Depository Bonds Guaranty Account	<u>\$ 989,130,200</u>	<u>\$ 675,622,000</u>
Total Pledged Collateral	<u>\$ 989,130,200</u>	<u>\$ 675,622,000</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 Aug. 31, 2015

Agency No.	Trust Fund No.	Agency/Fund Name	Securities Pledged
311	0908	COMPTROLLER–TREASURY FISCAL: Bond and Investment Companies Account	\$ 100,000
320	0936	TEXAS WORKFORCE COMMISSION: Unemployment Compensation Clearance Account	244
405	0940	TEXAS DEPARTMENT OF PUBLIC SAFETY: Motor Vehicle Proof of Responsibility Account	6,399,080
454	0893	TEXAS DEPARTMENT OF INSURANCE: Texas Worker’s Compensation Self Insurance Trust Account	483,363,471
454	0921	TEXAS DEPARTMENT OF INSURANCE: Life, Health, Accident and Casualty Insurance Companies Account	888,750,575
537	5096	DEPARTMENT OF STATE HEALTH SERVICES: GR – Perpetual Care	<u>67,398,745</u>
TOTALS			<u>\$ 1,446,012,116</u>

UNAUDITED
Comptroller Treasury – Fiscal (311)

Texas Treasury
Safekeeping Trust Company (930)

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**

Aug. 31, 2015

	Total Proprietary Funds Fund (1004) U/F (1004)
ASSETS	
Current Assets:	
Cash and Cash Equivalents:	
Cash at Bank	\$ 52,432.40
Cash in State Treasury	737,752.29
Cash Equivalents	30,748,859.47
Receivables from:	
Interest and Dividends	220.65
Other	3,940,377.80
Prepaid Expenses	277,624.15
Total Current Assets	35,757,266.76
Non-Current Assets:	
Restricted:	
Cash in Bank	34,297,026.29
Investments	257,234.95
Capital Assets:	
Depreciable or Amortizable, Net	425,325.59
Total Non-Current Assets	34,979,586.83
Total Assets	70,736,853.59
LIABILITIES	
Current Liabilities:	
Payables from:	
Accounts Payable	917,900.27
Payroll Payable	1,743,177.22
Other	470,325.87
Employees' Compensable Leave	470,325.87
Total Current Liabilities	3,131,403.36
Non-Current Liabilities: (Note 5)	
Employees' Compensable Leave	333,991.31
Total Non-Current Liabilities	333,991.31
Total Liabilities	3,465,394.67
NET POSITION	
Invested in Capital Assets, Net of Related Debt	425,325.59
Unrestricted	66,846,133.33
Total Net Position	\$67,271,458.92

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 Aug. 31, 2015

	Total Proprietary Funds Fund (1004) U/F (1004)
OPERATING REVENUES	
Operating Revenues – Management Fees	\$ 25,088,502.89
Total Operating Revenues	25,088,502.89
OPERATING EXPENSES	
Salaries and Wages	7,715,001.64
Payroll-Related Costs	1,576,531.83
Professional Fees and Services	3,184,523.27
Travel	148,650.55
Materials and Supplies	652,679.32
Communication and Utilities	585,940.30
Repairs and Maintenance	370,046.14
Rentals and Leases	28,499.40
Printing and Reproduction	11,943.27
Depreciation and Amortization	43,743.59
Other Operating Expenses	782,713.54
Total Operating Expenses	15,100,272.85
Operating Income (Loss)	9,988,230.04
NONOPERATING REVENUE (EXPENSES)	
Investment Income (Expense)	42,274.56
Total Nonoperating Revenues (Expenses)	42,274.56
Income (loss) before Other Revenues, Expenses, Gains/Losses and Transfers	10,030,504.60
OTHER REVENUES, EXPENSES, GAINS/LOSSES AND TRANSFERS	
Transfers Out	
Transfers In	
Total Other Revenues, Expenses, Gains/Losses and Transfers	0.00
Change in Net Position	10,030,504.60
Total Net Position, Sept. 1, 2014	57,240,954.32
Restatements	
Total Net Position, Sept. 1, 2014, as Restated	57,240,954.32
Total Net Position, Aug. 31, 2015	\$ 67,271,458.92

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

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EXHIBIT V

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

For the Fiscal Year Ended Aug. 31, 2015

	<u>Total Proprietary Funds Fund (1004) U/F (1004)</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds from Loan Programs	\$
Proceeds from Other Revenues	24,908,489.57
Payments to Employees	(9,300,415.53)
Payments for Other Expenses	(5,577,874.33)
Net Cash Provided by Operating Activities	<u>10,030,199.71</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Payments for Additions to Capital Assets	(396,088.39)
Net Cash Used for Capital and Related Financing Activities	<u>(396,088.39)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Interest and Investment Income	(120,228.71)
Payments to Acquire Investments	(120,228.71)
Net Cash Provided by Investing Activities	<u>(120,228.71)</u>
Net (Decrease) in Cash and Cash Equivalents	9,513,882.61
Cash and Cash Equivalents – Sept. 1, 2014	56,322,187.84
Cash and Cash Equivalents – Aug. 31, 2015	<u>\$ 65,836,070.45</u>
Reconciliation of Operating Income to Net Cash Used by Operating Activities:	
Operating Income	\$ 9,988,230.04
Adjustments to Operating Income to Net Cash Used by Operating Activities:	
Classification Differences	
Depreciation Expense	43,743.59
Changes in Assets/Liabilities:	
(Increase) Decrease in Accounts Receivables	(180,013.32)
(Increase) Decrease in Prepaid Expenses	(55,504.58)
Increase (Decrease) in Payables	233,743.98
Net Cash Provided by Operating Activities	<u>\$ 10,030,199.71</u>
Displayed As:	
Cash at Bank	\$ 52,432.40
Cash in State Treasury	737,752.29
Cash Equivalents – Repurchase Agreements	30,748,859.47
Restricted Cash and Cash Equivalents	34,297,026.29
	<u>\$ 65,836,070.45</u>

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

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EXHIBIT VI

Combined Statement of Net Position – Fiduciary Funds

Aug. 31, 2015

	External Investment Trust Funds (Exhibit H-1)	Agency Funds (Exhibit J-1)	Totals
ASSETS			
Cash and Cash Equivalents (Note 3)			
Cash in Bank	\$ 152,210.60	\$ 2,169.45	\$ 154,380.05
Investments (Note 3)			
U.S. Government and Agency Obligations	10,023,415,882.41	517,462,977.94	10,540,878,860.35
Repurchase Agreements	2,456,401,379.61		2,456,401,379.61
Commercial Paper	649,613,742.43		649,613,742.43
Corporate Bonds			
Mutual Funds	370,035,145.78	49,315,647.03	419,350,792.81
Interest Receivable	9,511,418.74	510,723.92	10,022,142.66
Pending Transactions	25,005,471.35		25,005,471.35
Total Assets	<u>13,534,135,250.92</u>	<u>567,291,518.34</u>	<u>14,101,426,769.26</u>
LIABILITIES			
Payables From:			
Dividends Payable	908,566.80		908,566.80
Accounts Payable			
Pending Transactions	25,000,000.00		25,000,000.00
Other Liabilities	472,885.92		472,885.92
Funds Held For Others		567,291,518.34	567,291,518.34
Total Liabilities	<u>26,381,452.72</u>	<u>567,291,518.34</u>	<u>593,672,971.06</u>
NET POSITION			
Held in Trust For			
Pool Participants	13,507,753,798.20		13,507,753,798.20
Total Net Position	<u>\$ 13,507,753,798.20</u>	<u>\$ 0.00</u>	<u>\$ 13,507,753,798.20</u>

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

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EXHIBIT VII

Combined Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended Aug. 31, 2015

	<u>External Investment Trust Funds (Exhibit H-2)</u>
ADDITIONS	
Investment Income	
Interest and Investment Income	\$ 14,815,264.53
Expenses:	
Management Fees and Expenses	(7,238,101.99)
Net Income from Investing Activities	<u>7,577,162.54</u>
Total Additions	<u>7,577,162.54</u>
Net Increase (Decrease) in Participant Investments	<u>44,071,733.51</u>
Net Increase (Decrease) in Net Position	51,648,896.05
Net Position – Beginning	
Restatements	
Net Position, Sept. 1, 2014	<u>13,456,104,902.15</u>
Net Position, Aug. 31, 2015	<u><u>\$13,507,753,798.20</u></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

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 of Texas *Comprehensive Annual Financial Report*; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

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

FUND STRUCTURE

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

Proprietary Fund Types

Enterprise Funds

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

Fiduciary Fund Types

Agency Funds

Agencies use agency funds to account for assets the government holds on behalf of others in a purely custodial capacity. Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private

organizations, or other governments. The Texas Public Finance Authority Bond Escrow is used to hold funds for various defeased or refunded bonds.

External Investment Trust Funds

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

BASIS OF ACCOUNTING

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

ASSETS

Cash and Cash Equivalents

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

Investments

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

NON-CURRENT RESTRICTED CASH AND CASH EQUIVALENTS

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, 2015, in order to maintain the account.

The Texas Trust has agreed to maintain a \$34,000,000 clearing balance within its Federal Reserve account. Earnings on the clearing balance are used to offset fees associated with its use of Federal Reserve services. The Texas Trust Federal Reserve account balance reported in Restricted cash on Aug. 31, 2015 was \$34,000,000.29 from the Texas Trusts' Enterprise Fund.

Non-Current Restricted Investments

The Texas Trust has a balance of \$257,234.95 in stock with the Depository Trust Company as of Aug. 31, 2015.

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, 2015, is presented below:

	PRIMARY GOVERNMENT					Balance Aug. 31, 2015
	Balance Sept. 1, 2014	Adjustments*	Reclassification	Additions	Deletions	
BUSINESS-TYPE ACTIVITIES						
Depreciable Assets:						
Building and Building Improvements	\$ 311,519.07	\$	\$	\$ 238,955.92	\$	\$ 550,474.99
Furniture and Equipment	744,952.99			157,132.47		902,085.46
Total Depreciable Assets at Historical Costs	<u>1,056,472.06</u>	<u>0.00</u>	<u>0.00</u>	<u>396,088.39</u>	<u>0.00</u>	<u>1,452,560.45</u>
Less Accumulated Depreciation For:						
Building and Building Improvements	(302,827.62)			(10,904.08)		(313,731.70)
Furniture and Equipment	(680,663.65)			(32,839.51)		(713,503.16)
Total Accumulated Depreciation	<u>(983,491.27)</u>	<u>0.00</u>	<u>0.00</u>	<u>(43,743.59)</u>	<u>0.00</u>	<u>(1,027,234.86)</u>
Depreciable Assets, Net	<u>72,980.79</u>	<u>0.00</u>	<u>0.00</u>	<u>352,344.80</u>	<u>0.00</u>	<u>425,325.59</u>
Amortizable assets-intangible						
Computer software	2,231,060.42					2,231,060.42
Total amortizable assets-intangible	<u>2,231,060.42</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,231,060.42</u>
Less Accumulated amortization for:						
Computer software	(2,231,060.42)					(2,231,060.42)
Total accumulated amortization	<u>(2,231,060.42)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(2,231,060.42)</u>
Amortizable assets-Intangible, net	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Business-type Activities Capital Assets, Net	<u>72,980.79</u>	<u>0.00</u>	<u>0.00</u>	<u>352,344.80</u>	<u>0.00</u>	<u>425,325.59</u>

NOTE 3: Deposits, Investments & Repurchase Agreements

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

1. Investment Authority

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

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

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

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

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

3. DEPOSITS OF CASH IN BANK

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

Securities pledged as collateral on Aug. 31, 2015 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, 2015 the balance of cash at bank and carrying amount of cash is presented below.

Bank Balance	\$ 34,910,749.80
Carrying Amount	\$ 34,503,838.74
Business-Type Activities	
Proprietary Funds Cash at Bank	\$ 52,432.40
Proprietary Funds Non-Current Restricted Cash at Bank	34,297,026.29
Cash in Bank per AFR	<u>\$ 34,349,458.69</u>
Fiduciary Funds	
Fiduciary Funds Cash at Bank	\$ 154,380.05
Total Cash at Bank	\$ 34,503,838.74

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, 2015 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.

Carrying Value and Market Value		
As of Aug. 31, 2015		
	Carrying Value	Fair Value
Business-Type Activities		
Repurchase Agreements	\$ 30,748,859.47	\$ 30,748,859.47
Equities	257,234.95	257,234.95
Total Business-Type Activities	<u>31,006,094.42</u>	<u>31,006,094.42</u>
Fiduciary Funds-TPFA Escrow		
U.S. Treasury Securities	370,943,496.39	370,943,496.39
U.S. Government Agencies	146,519,481.55	146,519,481.55
Mutual Funds	49,315,647.03	49,315,647.03
Total TPFA Escrow	<u>566,778,624.97</u>	<u>566,778,624.97</u>
Fiduciary Funds-Texpool & Texpool Prime		
U.S. Treasury Securities	643,620,647.38	643,592,947.00
U.S. Government Agencies	9,379,795,235.03	9,380,182,370.11
Mutual Funds	370,035,145.78	370,035,145.78
Repurchase Agreements	2,456,401,379.61	2,456,373,329.61
Commercial Paper	649,613,742.43	649,623,135.94
Corporate Bonds		
Total Texpool & Texpool Prime	13,499,466,150.23	13,499,806,928.44
Total Fiduciary Investments	14,066,244,775.20	14,066,585,553.41
Total Categorized Investments	<u>\$ 14,097,250,869.62</u>	<u>\$ 14,097,591,647.83</u>

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its Obligation. The Trust Company only invests in overnight Repurchase Agreements which are collateralized by U.S. Government Securities, U.S. 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, 2015 TexPool Prime's investments in commercial paper were rated A-1 by Standard & Poor's, P-1 by Moody's Investors Service, and F-1 by Fitch ratings. Standard & Poor's ranks both TexPool and TexPool Prime with the highest principal stability rating of AAAM.

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Standard & Poor's					
Fund Type	Fund	Investment Type	AAA	AA	N/R
05	1004	Repurchase Agreements		\$ 30,748,859.47	
09	4000	U.S. Government Agencies		146,519,481.55	
09	4000	Mutual Funds	\$ 49,315,647.03		
			A-1	A-2	N/R
18	3181	Repurchase Agreements	2,456,373,329.61		
18	3181	U.S. Government Agencies	9,380,182,370.11		
18	3181	Commercial Paper	649,623,135.94		
18	3181	Mutual Funds	370,035,145.78		
18	3181	Corporate Bonds	-		

Concentration of credit risk. Up to 100% of Texpool and TexPool Prime assets may be invested in government obligations of the United States, its agencies, or instrumentalities. However, no more than 60% of the portfolio may be invested in variable rate notes. Up to 100% of Texpool and Texpool Prime assets may be invested in direct repurchase agreements. However, no more than 25% of Texpool and TexPool Prime assets may be invested in term repurchase agreements and no more than 5% of Texpool and TexPool Prime assets may be invested in term repurchase agreements with maturities exceeding 90 days. Up to 75% of TexPool Prime assets may be invested in commercial paper. However, no more than 25% of TexPool Prime assets may be invested in a single industry or business sector, provided that this limitation does not apply to securities issued or guaranteed by companies in the financial services industry. No more than 5% of TexPool Prime assets at the time of purchase may be invested in a single corporate entity. As of Aug. 31, 2015, 5.09% of the TexPool Prime assets were invested in commercial paper issued by BMW U.S. Capital LLC; 5.04% of the TexPool Prime assets were invested in commercial paper issued by Fairway Finance Co. LLC; 5.09% of the TexPool Prime assets were invested in commercial paper issued by General Electric Capital Corp; 5.09% of the TexPool Prime assets were invested in commercial paper issued by Manhattan Asset Funding; and 5.00% of the TexPool Prime assets were invested in commercial paper issued by Toyota Motor Credit Corp. TexPool's investment policy has no limit on the amount it may invest on any single Governmental Sponsored Enterprise. More than 5% of the TexPool investments are with the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, the Federal Farm Credit Bank, and the Federal National Mortgage Association. These investments are 36.1%, 15.4%, 11.6% and 9.5%, respectively, at Aug. 31, 2015.

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	3	1
Commercial Paper	-	29
Corporate Bonds	-	-
Mutual Funds	8	1
U.S. Government Agency Securities	51	29
U.S. Government Treasuries	42	168
Weighted Average Maturity	41	25

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, 2015, the following changes occurred in liabilities.

Business-Type Activities	Balance Sept. 1, 2014	Additions	Reductions	Balance Aug. 31, 2015	Amounts Due Within One Year
Compensable Leave	\$727,533.67	\$768,364.47	\$691,580.96	\$804,317.18	\$470,325.87
Total Business-Type Activities	<u>\$727,533.67</u>	<u>\$768,364.47</u>	<u>\$691,580.96</u>	<u>\$804,317.18</u>	<u>\$470,325.87</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: Capital Leases

(Not Applicable)

NOTE 7: Derivative Instruments

(Not Applicable)

NOTE 8: Leases

(Not Applicable)

NOTE 9: Pension 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 Allowances

The following events occurred at our agency:

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

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)

(Not Applicable)

NOTE 25: Termination Benefits

(Not Applicable)

NOTE 26: Segment Information

(Not Applicable)

NOTE 27: 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, 2015, the Texas Trust paid CPA \$37,659.85 for services provided. At Aug. 31, 2015, the Texas Trust had accrued \$8,921.80 for services provided by CPA and this amount is included in accounts payable.

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**

Aug. 31, 2015

	Texas Treasury Safekeeping Trust Company TEXPOOL (9999) U/F (6050)	Texas Treasury Safekeeping Trust Company TEXPOOL/Prime (9999) U/F (7050)	Totals (Ex VI)
ASSETS			
Cash In Bank	\$ 152,210.60	\$	\$ 152,210.60
Investments			
U.S. Government and Agency Obligations	9,957,936,921.14	65,478,961.27	10,023,415,882.41
Repurchase Agreements	2,284,746,379.61	171,655,000.00	2,456,401,379.61
Commercial Paper		649,613,742.43	649,613,742.43
Mutual Funds	275,020,952.90	95,014,192.88	370,035,145.78
Corporate Bonds			
Interest Receivable	9,429,486.72	81,932.02	9,511,418.74
Pending Transactions		25,005,471.35	25,005,471.35
Total Assets	<u>12,527,285,950.97</u>	<u>1,006,849,299.95</u>	<u>13,534,135,250.92</u>
LIABILITIES			
Dividends Payable	786,759.77	121,807.03	908,566.80
Accounts Payable			
Pending Transactions		25,000,000.00	25,000,000.00
Other Liabilities	427,380.62	45,505.30	472,885.92
Total Liabilities	<u>1,214,140.39</u>	<u>25,167,312.33</u>	<u>26,381,452.72</u>
NET POSITION			
Held in Trust For:			
Pool Participants	12,526,071,810.58	981,681,987.62	13,507,753,798.20
Total Net Position	<u>\$12,526,071,810.58</u>	<u>\$ 981,681,987.62</u>	<u>\$13,507,753,798.20</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 Aug. 31, 2015

	Texas Treasury Safekeeping Trust Company TEXPOOL (9,999) U/F (6050)	Texas Treasury Safekeeping Trust Company TEXPOOL/Prime (9,999) U/F (7050)	Totals (Ex VII)
ADDITIONS			
Investment Income			
Interest and Investment Income	\$ 12,970,922.08	\$ 1,844,342.45	\$ 14,815,264.53
Expenses:			
Management Fees and Expenses	(6,528,001.32)	(710,100.67)	(7,238,101.99)
Net Income from Investing Activities	6,442,920.76	1,134,241.78	7,577,162.54
Total Additions	6,442,920.76	1,134,241.78	7,577,162.54
Net Increase (Decrease) in Participant Investments	(93,817,606.32)	137,889,339.83	44,071,733.51
Net Increase (Decrease) in Net Position	(87,374,685.56)	139,023,581.61	51,648,896.05
Net Position, Sept. 1, 2014	12,613,446,496.14	842,658,406.01	13,456,104,902.15
Net Position, Aug. 31, 2015	<u>\$12,526,071,810.58</u>	<u>\$ 981,681,987.62</u>	<u>\$13,507,753,798.20</u>

UNAUDITED
Texas Treasury Safekeeping Trust Company (930)

EXHIBIT J-1

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

Aug. 31, 2015

	Beginning Balance Sept. 1, 2014	Additions	Deductions	Ending Balance Aug. 31, 2015
Texas Public Finance Authority (9999) U/F (4000)				
ASSETS				
Cash in Bank	\$ 50.68	\$ 781,379,768.77	\$ 781,377,650.00	\$ 2,169.45
Interest and Dividend Receivable	239,565.32	1,550,254.26	1,279,095.66	510,723.92
Investments:				
(U.S. Gov & Agencies Oblig)	600,054,439.86	154,500,876.99	237,092,338.91	517,462,977.94
(Mutual Funds)	38,960,331.08	100,616,754.16	90,261,438.21	49,315,647.03
Total Assets	<u>639,254,386.94</u>	<u>1,038,047,654.18</u>	<u>1,110,010,522.78</u>	<u>567,291,518.34</u>
LIABILITIES				
Funds Held for Others	<u>639,254,386.94</u>	<u>217,683,894.83</u>	<u>289,646,763.43</u>	<u>567,291,518.34</u>
Total Liabilities	<u>\$ 639,254,386.94</u>	<u>\$ 217,683,894.83</u>	<u>\$ 289,646,763.43</u>	<u>\$ 567,291,518.34</u>

UNAUDITED
Texas Treasury Safekeeping Trust Company (930)

Comptroller State Energy
Conservation Office (907)

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 Aug. 31, 2015

	General Funds (Exh A-1)	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Position
ASSETS						
Current Assets:						
Cash:						
Cash in State Treasury	\$ 81,107,638.87	\$ 81,107,638.87	\$	\$	\$	\$ 81,107,638.87
Legislative Appropriations	30,680,337.79	30,680,337.79				30,680,337.79
Receivables From:						
Federal	7,784,205.33	7,784,205.33				7,784,205.33
Interfund Receivables (Note 12)	7,265,250.94	7,265,250.94				7,265,250.94
Loans and Contracts	13,556,908.63	13,556,908.63				13,556,908.63
Total Current Assets	<u>140,394,341.56</u>	<u>140,394,341.56</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>140,394,341.56</u>
Non-Current Assets:						
Interfund Receivables (Note 12)	30,008,841.07	30,008,841.07				30,008,841.07
Loans and Contracts	58,459,035.70	58,459,035.70				58,459,035.70
Total Non-Current Assets	<u>88,467,876.77</u>	<u>88,467,876.77</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>88,467,876.77</u>
Total Assets	<u>\$ 228,862,218.33</u>	<u>\$ 228,862,218.33</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 228,862,218.33</u>
LIABILITIES						
Current Liabilities:						
Payables from:						
Accounts	\$ 108,097.45	\$ 108,097.45	\$	\$	\$	\$ 108,097.45
Payroll	102,033.81	102,033.81				102,033.81
Interfund Payables (Note 12)						
Due to Other Agencies	141,657.03	141,657.03				141,657.03
Unearned Revenues	9,579,497.60	9,579,497.60				9,579,497.60
Employees Compensable Leave (Note 5)				69,074.20		69,074.20
Total Current Liabilities	<u>9,931,285.89</u>	<u>9,931,285.89</u>	<u>0.00</u>	<u>69,074.20</u>	<u>0.00</u>	<u>10,000,360.09</u>
Non-Current Liabilities:						
Employees Compensable Leave (Note 5)				54,053.23		54,053.23
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>54,053.23</u>	<u>0.00</u>	<u>54,053.23</u>
Total Liabilities	<u>9,931,285.89</u>	<u>9,931,285.89</u>	<u>0.00</u>	<u>123,127.43</u>	<u>0.00</u>	<u>10,054,413.32</u>
FUND FINANCIAL STATEMENT						
Fund Balances (Deficits):						
Nonspendable	46,109,630.13	46,109,630.13				46,109,630.13
Restricted	81,255,695.15	81,255,695.15				81,255,695.15
Committed	71,718,664.54	71,718,664.54				71,718,664.54
Assigned	11,536,328.16	11,536,328.16				11,536,328.16
Unassigned	8,310,614.56	8,310,614.56				8,310,614.56
Total Fund Balances	<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>
Total Liabilities and Fund Balances	<u>\$ 228,862,218.33</u>	<u>\$ 228,862,218.33</u>				
GOVERNMENT-WIDE STATEMENT OF NET POSITION						
Net Position:						
Restricted for:						
Employee Benefits (Note 5)				(123,127.43)		(123,127.43)
Total Net Position	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ (123,127.43)</u>	<u>\$ 0.00</u>	<u>\$ 228,862,218.33</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 Aug. 31, 2015

	General Funds (Exh A-2)	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
REVENUES						
Legislative Appropriations:						
Original Appropriations (GR)	\$ 561,997.00	\$ 561,997.00	\$	\$	\$	\$ 561,997.00
Additional Appropriations (GR)	44,652.83	44,652.83				44,652.83
Federal Revenue (Schedule 1A)	3,084,573.21	3,084,573.21				3,084,573.21
Interest and Investment Income	2,740,110.91	2,740,110.91				2,740,110.91
Other	803,374.40	803,374.40				803,374.40
Total Revenues	<u>7,234,708.35</u>	<u>7,234,708.35</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>7,234,708.35</u>
EXPENDITURES						
Salaries and Wages	971,008.63	971,008.63		653.68		971,662.31
Payroll-Related Costs	237,194.62	237,194.62				237,194.62
Professional Fees and Services	859,041.74	859,041.74				859,041.74
Travel	26,295.36	26,295.36				26,295.36
Materials and Supplies	1,435.07	1,435.07				1,435.07
Communication and Utilities	2,170.26	2,170.26				2,170.26
Repairs & Maintenance	126.00	126.00				126.00
Rentals & Leases	17,182.47	17,182.47				17,182.47
Federal Grant Pass-Through Expenditures (Schedule 1A)	1,194,772.89	1,194,772.89				1,194,772.89
State Grant Pass-Through Expenditures (Schedule 1B)	40,007.79	40,007.79				40,007.79
Intergovernmental Payments	642,347.83	642,347.83				642,347.83
Public Assistance Payments	950.00	950.00				950.00
Other Expenditures	28,979.66	28,979.66				28,979.66
Total Expenditures/Expenses	<u>4,021,512.32</u>	<u>4,021,512.32</u>	<u>0.00</u>	<u>653.68</u>	<u>0.00</u>	<u>4,022,166.00</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,213,196.03</u>	<u>3,213,196.03</u>	<u>0.00</u>	<u>(653.68)</u>	<u>0.00</u>	<u>3,212,542.35</u>
OTHER FINANCING SOURCES (USES)						
Transfers In						
Transfers Out						
Appropriations Lapsed	(91,499.59)	(91,499.59)				(91,499.59)
Total Other Financing Sources and Uses	<u>(91,499.59)</u>	<u>(91,499.59)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(91,499.59)</u>
Net Change in Fund Balances/Net Position	<u>3,121,696.44</u>	<u>3,121,696.44</u>				<u>3,121,042.76</u>
FUND FINANCIAL STATEMENT – FUND BALANCES						
Fund Balances – Beginning	215,809,236.00	215,809,236.00				215,809,236.00
Restatements						
Fund Balances, Sept. 1, 2014, as Restated	<u>215,809,236.00</u>	<u>215,809,236.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>215,809,236.00</u>
Fund Balances – Aug. 31, 2015	<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>
GOVERNMENT-WIDE STATEMENT OF NET POSITION						
Change in Net Position		\$218,930,932.44	\$	\$ (653.68)	\$	\$218,930,278.76
Net Position – Beginning				(122,473.75)		(122,473.75)
Net Position, Sept. 1, 2014, as Restated			0.00	(122,473.75)	0.00	(122,473.75)
Net Position, Aug. 31, 2015		<u>\$218,930,932.44</u>	<u>\$ 0.00</u>	<u>\$(123,127.43)</u>	<u>\$ 0.00</u>	<u>\$218,807,805.01</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

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 of Texas Comprehensive Annual Financial Report*; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

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

FUND STRUCTURE

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

Governmental Fund Types 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 USPS—Overpayments To Employees (fund 0900).

BASIS OF ACCOUNTING

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

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

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. 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.

American Recovery and Reinvestment Act (ARRA-CFDA 81.041)

During 2009, the State Energy Conservation Office began offering a revolving loan program made available by the Department of Energy through the American Recovery and Reinvestment Act of 2009. This program is a low interest loan program intended to assist governmental entities in financing their energy related cost reduction efforts utilizing the program's "Loan Assistance for Building Energy Efficiency and Retrofit Activities" established by the Notice of Loan Availability (NOLFA) issued in the Texas Register on Oct. 30, 2009.

Liabilities

Accounts Payable

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

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.

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

UNAUDITED
Comptroller State Energy Conservation Office (907)

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 and American Recovery and Reinvestment Act 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, 2015:

Governmental Activities	Balance Sept. 1, 2014	Additions	Reductions	Balance Aug. 31, 2015	Amounts Due Within One Year	Amounts Due Thereafter
Compensable Leave	\$122,101.39	\$105,784.01	\$104,757.97	\$123,127.43	\$69,074.20	\$54,053.23
Total Governmental	<u>\$122,101.39</u>	<u>\$105,784.01</u>	<u>\$104,757.97</u>	<u>\$123,127.43</u>	<u>\$69,074.20</u>	<u>\$54,053.23</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: Pension Plans

(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, 2015 follows:

	Current Interfund Receivable	Current Interfund Payable	Purpose
Current Portion			
Appd Fund 5005, D23 Fund 0515			
Agency 401, Texas Military Department	\$ 16,199.36	\$	Lone Star Loans
Agency 537, Texas Dpt. Of State Health Services	89,686.13		Lone Star Loans
Agency 539, Department of Aging and Disabliltiy	184,292.53		Lone Star Loans
Agency 711, Texas A&M University	413,522.52		Lone Star Loans
Agency 715, Prairie View A&M University	513,308.07		Lone Star Loans
Agency 719, Texas State Technical College Harlingen	196,382.34		Lone Star Loans
Total Interfund Receivable/Payable	<u>\$ 1,413,390.95</u>	<u>\$ 0.00</u>	
Non-Current Portion			
Appd Fund 5005, D23 Fund 0515			
Agency 401, Texas Military Department	\$ 5,571.50	\$	Lone Star Loans
Agency 537, Texas Dpt. Of State Health Services	214,033.92		Lone Star Loans
Agency 539, Department of Aging and Disabliltiy	107,155.31		Lone Star Loans
Agency 711, Texas A&M University	3,409,582.76		Lone Star Loans
Agency 719, Texas State Technical College Harlingen	1,409,343.26		Lone Star Loans
Total Interfund Receivable/Payable	<u>\$ 5,145,686.75</u>	<u>\$ 0.00</u>	
Current Portion			
Appd Fund 0001, D23 Fund 0230			
Agency 711, Texas A&M University	\$ 2,367,840.50	\$	American Recovery and Reinvestment Act Loans
Agency 714, UT at Arlington	1,093,353.33		American Recovery and Reinvestment Act Loans
Agency 719, Texas State Technical College Waco	486,307.52		American Recovery and Reinvestment Act Loans
Agency 735, Midwestern State University	266,821.51		American Recovery and Reinvestment Act Loans
Agency 745, UT Health Science Center At San Antonio	131,101.13		American Recovery and Reinvestment Act Loans
Agency 755, Stephen F. Austin State University	1,506,436.00		American Recovery and Reinvestment Act Loans
Total Interfund Receivable/Payable	<u>\$ 5,851,859.99</u>	<u>\$ 0.00</u>	
Non-Current Portion			
Appd Fund 0001, D23 Fund 0230			
Agency 711, Texas A&M University	\$ 6,321,556.07	\$	American Recovery and Reinvestment Act Loans
Agency 714, UT at Arlington	5,036,413.17		American Recovery and Reinvestment Act Loans
Agency 719, Texas State Technical College Waco	4,225,321.05		American Recovery and Reinvestment Act Loans
Agency 735, Midwestern State University	1,256,980.95		American Recovery and Reinvestment Act Loans
Agency 745, UT Health Science Center At San Antonio	760,873.94		American Recovery and Reinvestment Act Loans
Agency 755, Stephen F. Austin State University	7,262,009.14		American Recovery and Reinvestment Act Loans
Total Interfund Receivable/Payable	<u>\$ 24,863,154.32</u>	<u>\$ 0.00</u>	

NOTE 13: Continuance Subject to Review

(Not Applicable)

NOTE 14: Adjustment to Fund Balances/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 Discussion and Analysis

(Not Applicable)

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: Trouble Debt Restructuring

(Not Applicable)

NOTE 29: Deferred Outflows and Deferred Inflows of Resources

(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 Aug. 31, 2015

	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 (Exh I)
ASSETS			
Current Assets:			
Cash			
Cash in State Treasury	\$	\$ 81,107,638.87	\$ 81,107,638.87
Legislative Appropriations	30,680,337.79		30,680,337.79
Receivables From:			
Federal	7,784,205.33		7,784,205.33
Interfund Receivables (Note 12)	5,851,859.99	1,413,390.95	7,265,250.94
Loans and Contracts	3,419,229.56	10,137,679.07	13,556,908.63
Total Current Assets	<u>47,735,632.67</u>	<u>92,658,708.89</u>	<u>140,394,341.56</u>
Non-Current Assets:			
Interfund Receivables (Note 12)	24,863,154.32	5,145,686.75	30,008,841.07
Loans and Contracts	21,246,475.81	37,212,559.89	58,459,035.70
Total Noncurrent Assets	<u>46,109,630.13</u>	<u>42,358,246.64</u>	<u>88,467,876.77</u>
Total Assets	<u>\$ 93,845,262.80</u>	<u>\$ 135,016,955.53</u>	<u>\$ 228,862,218.33</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Current Liabilities:			
Payables From:			
Accounts	\$ 954.42	\$ 107,143.03	\$ 108,097.45
Payroll	89,046.43	12,987.38	102,033.81
Interfund Payables (Note 12)	(1,287.43)	1,287.43	
Due To Other Agencies	141,657.03		141,657.03
Unearned Revenues	510,143.03	9,069,354.57	9,579,497.60
Employees' Compensable Leave (Note 5)			
Total Current Liabilities	<u>740,513.48</u>	<u>9,190,772.41</u>	<u>9,931,285.89</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>740,513.48</u>	<u>9,190,772.41</u>	<u>9,931,285.89</u>
Fund Balances (Deficits):			
Nonspendable	46,109,630.13		46,109,630.13
Restricted	38,897,448.51	42,358,246.64	81,255,695.15
Committed		71,718,664.54	71,718,664.54
Assigned	652,046.49	10,884,281.67	11,536,328.16
Unassigned	7,445,624.29	864,990.27	8,310,614.56
Total Fund Balances	<u>93,104,749.32</u>	<u>125,826,183.12</u>	<u>218,930,932.44</u>
Total Liabilities and Fund Balances	<u>\$ 93,845,262.80</u>	<u>\$ 135,016,955.53</u>	<u>\$ 228,862,218.33</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 Aug. 31, 2015

	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 (Exh II)
REVENUES			
Legislative Appropriations:			
Original Appropriations	\$ 561,997.00	\$	\$ 561,997.00
Additional Appropriations	44,652.83		44,652.83
Federal Revenue (Schedule 1A)	3,084,573.21		3,084,573.21
Interest and Investment Income	1,213,932.52	1,526,178.39	2,740,110.91
Other		803,374.40	803,374.40
Total Revenues	<u>4,905,155.56</u>	<u>2,329,552.79</u>	<u>7,234,708.35</u>
EXPENDITURES			
Salaries and Wages	850,386.82	120,621.81	971,008.63
Payroll-Related Costs	201,213.89	35,980.73	237,194.62
Professional Fees and Services	223,777.41	635,264.33	859,041.74
Travel	26,295.36		26,295.36
Materials and Supplies	1,423.96	11.11	1,435.07
Communication and Utilities	2,054.24	116.02	2,170.26
Repairs and Maintenance	126.00		126.00
Rentals & Leases	16,537.19	645.28	17,182.47
Federal Grant Pass-Through Expenditures (Schedule 1A)	1,194,772.89		1,194,772.89
State Grant Pass-Through Expenditures (Schedule 1B)		40,007.79	40,007.79
Intergovernmental Payments	946,346.10	(303,998.27)	642,347.83
Public Assistance Payments	950.00		950.00
Other Expenditures	79,216.45	(50,236.79)	28,979.66
Total Expenditures/Expenses	<u>3,543,100.31</u>	<u>478,412.01</u>	<u>4,021,512.32</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,362,055.25</u>	<u>1,851,140.78</u>	<u>3,213,196.03</u>
OTHER FINANCING SOURCES (USES)			
Transfers In			
Appropriations Lapsed	(91,499.59)		
Transfers Out			
Total Other Financing Sources and Uses	<u>(91,499.59)</u>	<u>0.00</u>	<u>(91,499.59)</u>
Net Change in Fund Balances	1,270,555.66	1,851,140.78	3,121,696.44
FUND FINANCIAL STATEMENT – FUND BALANCES			
Fund Balances, Sept. 1, 2014	91,834,193.66	123,975,042.34	215,809,236.00
Restatements			
Fund Balances, Sept. 1, 2014, as Restated	<u>91,834,193.66</u>	<u>123,975,042.34</u>	<u>215,809,236.00</u>
Fund Balances – Aug. 31, 2015	<u>\$ 93,104,749.32</u>	<u>\$ 125,826,183.12</u>	<u>\$ 218,930,932.44</u>

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

UNAUDITED
Comptroller State Energy Conservation Office (907)

EXHIBIT J-1

Combining Statement of Changes in Assets and Liabilities – Agency Funds

For the Fiscal Year Ended Aug. 31, 2015

	Beginning Balance Sep 1, 2014	Additions	Deductions	Ending Balance Aug 31, 2015
Suspense Fund (0900) U/F (0900)				
ASSETS				
Cash in State Treasury	\$ 200,190.03	\$ 12,873,457.49	\$ 12,819,031.21	\$ 254,616.31
Total Assets	<u>\$ 200,190.03</u>	<u>\$ 12,873,457.49</u>	<u>\$ 12,819,031.21</u>	<u>\$ 254,616.31</u>
LIABILITIES				
Funds Held for Others	\$ 200,190.03	\$ 12,873,457.49	\$ 12,819,031.21	\$ 254,616.31
Total Liabilities	<u>\$ 200,190.03</u>	<u>\$ 12,873,457.49</u>	<u>\$ 12,819,031.21</u>	<u>\$ 254,616.31</u>
Totals – All Agency Funds				
ASSETS				
Cash in State Treasury	\$ 200,190.03	\$ 12,873,457.49	\$ 12,819,031.21	\$ 254,616.31
Total Assets	<u>\$ 200,190.03</u>	<u>\$ 12,873,457.49</u>	<u>\$ 12,819,031.21</u>	<u>\$ 254,616.31</u>
LIABILITIES				
Funds Held for Others	\$ 200,190.03	\$ 12,873,457.49	\$ 12,819,031.21	\$ 254,616.31
Total Liabilities	<u>\$ 200,190.03</u>	<u>\$ 12,873,457.49</u>	<u>\$ 12,819,031.21</u>	<u>\$ 254,616.31</u>

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

SUPPLEMENTARY SCHEDULES

UNAUDITED
Comptroller State Energy Conservation Office (907)

SCHEDULE 1A

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended Aug. 31, 2015

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		
U.S. DEPARTMENT OF ENERGY							
Direct Programs:							
State Energy Program	81.041			\$	\$	\$ 879,873.87	\$ 879,873.87
State Energy Program	81.041					100,722.51	100,722.51
<i>Pass-Through To:</i>							
<i>University of Texas at Austin</i>							
State Energy Program	81.041					107,370.81	107,370.81
<i>Pass-Through To:</i>							
<i>University of Texas at El Paso</i>							
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant	81.106					62,838.72	62,838.72
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant	81.106					105,347.80	105,347.80
<i>Pass-Through To:</i>							
<i>Texas Department of Public Safety</i>							
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant	81.106					232,157.89	232,157.89
<i>Pass-Through To:</i>							
<i>Department of State Health Services</i>							
ARRA – Energy Efficiency and Conservation Block (EECBG) Grant	81.128					333,345.66	333,345.66
Environmental Monitoring, Emergency Response Research, Technical Analysis	81.214					613,742.07	613,742.07
Environmental Monitoring, Emergency Response Research, Technical Analysis	81.214					181,735.43	181,735.43
<i>Pass-Through To:</i>							
<i>Texas Department of Public Safety</i>							
Environmental Monitoring, Emergency Response Research, Technical Analysis	81.214					271,581.42	271,581.42
<i>Pass-Through To:</i>							
<i>Department of State Health Services</i>							
Environmental Monitoring, Emergency Response Research, Technical Analysis	81.214					195,857.03	195,857.03
<i>Pass-Through To:</i>							
<i>Texas Commission on Environmental Quality</i>							
Totals – U.S. Department of Energy				0.00	0.00	3,084,573.21	3,084,573.21
Total Expenditures of Federal Awards				\$ 0.00	\$ 0.00	\$ 3,084,573.21	\$ 3,084,573.21

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Agy Univ No.	Pass-through To		Expenditures Amount	Total PT To and Expenditures Amount
	Agencies or Universities Amount	Non-State Entities Amount		
	\$	\$ 7,516.37	\$ 872,357.50	\$ 879,873.87
				100,722.51
721	100,722.51			
				107,370.81
724	107,370.81			
			62,838.72	62,838.72
				105,347.80
405	105,347.80			
				232,157.89
537	232,157.89			
		257,630.85	75,714.81	333,345.66
		378,150.61	235,591.46	613,742.07
				181,735.43
405	181,735.43			
				271,581.42
537	271,581.42			
				195,857.03
582	195,857.03			
	<u>1,194,772.89</u>	<u>643,297.83</u>	<u>1,246,502.49</u>	<u>3,084,573.21</u>
	<u>\$ 1,194,772.89</u>	<u>\$ 643,297.83</u>	<u>\$ 1,246,502.49</u>	<u>\$ 3,084,573.21</u>

SCHEDULE 1B

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

For the Fiscal Year Ended Aug. 31, 2015

Pass-through To	Grant ID	Agency Number	Amount
STATE ENERGY PLAN (SEP)	907.0001		
Texas A&M University		711	\$ 28,292.16
University of Texas at Austin		721	<u>11,715.63</u>
Total Pass-Through to Other Agencies (Exhibit II):			<u>\$ 40,007.79</u>

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

Texas Comptroller of Public Accounts
Publication #96-542. Revised November 2015.

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