

THE OFFICE OF THE GOVERNOR

ANNUAL FINANCIAL REPORT

**For The Year Ended August 31, 2009
(UNAUDITED)**

**Rick Perry
Governor of Texas**



OFFICE OF THE GOVERNOR

RICK PERRY
GOVERNOR

November 13, 2009

Honorable Rick Perry, Governor
Honorable Susan Combs, Texas Comptroller
John O'Brien, Director, Legislative Budget Board
John Keel, CPA, State Auditor

Governor Perry, Comptroller Combs, Mr. O'Brien, and Mr. Keel:

We are pleased to submit the Annual Financial Report of the Office of the Governor, for the year ended August 31, 2009, in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with requirements established by the Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas *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 Rebeca White, CPA, Chief Financial Officer, at (512) 463-6310. Bernadette Tasher, CPA, Manager of Financial Reporting, may be contacted at (512) 936-0157 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

A handwritten signature in black ink, appearing to read "RS", with a flourish at the end.

Ray Sullivan
Chief of Staff

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Exhibit I - Combined Balance Sheet/Statement of Net Assets - Governmental Funds
For the Fiscal Year Ended August 31, 2009

	Governmental Fund Types			Governmental Funds Total
	General Funds (Exhibit A-1)	Special Revenue Funds (Exhibit B-1)	Debt Service Funds (Exhibit C-1)	
ASSETS				
Current Assets:				
Cash and Cash Equivalents				
Cash In Bank (Note 3)	\$ -	\$ -	\$ -	\$ -
Cash In Transit				
Cash in State Treasury	535,123,795.70	46,208,095.66	4,976.41	581,336,867.77
Cash Equivalents (Note 3)		25,000.00		25,000.00
Restricted Cash and Cash Equivalents				
Cash In Bank (Note 3)		2,660,060.99		2,660,060.99
Cash In Transit		4,974.65		4,974.65
Legislative Appropriations	132,276,651.72			132,276,651.72
Receivables from:				
Federal	2,101,065.46			2,101,065.46
Interest and Dividends	623,078.26	58,334.75	6.32	681,419.33
Accounts Receivable	77,796.59	12,500.00		90,296.59
Interfund Receivables (Note 12)	3.63			3.63
Due From Other Agencies	3,187,760.46			3,187,760.46
Prepaid Items		4,525.00		4,525.00
Loans and Contracts	47,675,524.43			47,675,524.43
Total Current Assets	<u>721,065,676.25</u>	<u>48,973,491.05</u>	<u>4,982.73</u>	<u>770,044,150.03</u>
Non-Current Assets:				
Investments (Note 3)	874,120.00			874,120.00
Capital Assets (Note 2):				
Depreciable:				
Furniture and Equipment				
Less Accumulated Depreciation				
Total Non-Current Assets	<u>874,120.00</u>	<u>-</u>	<u>-</u>	<u>874,120.00</u>
Total Assets	<u>\$ 721,939,796.25</u>	<u>\$ 48,973,491.05</u>	<u>\$ 4,982.73</u>	<u>\$ 770,918,270.03</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Current Liabilities:				
Payables from:				
Accounts	\$ 8,005,976.43	\$ 40,684.57	\$ -	\$ 8,046,661.00
Payroll	1,715,689.09			1,715,689.09
Interfund Payable (Note 12)	3.63			3.63
Due To Other Agencies	2,192,397.26			2,192,397.26
Deferred Revenue	102,238,247.76			102,238,247.76
Employees' Compensable Leave (Note 5)				
Total Current Liabilities	<u>114,152,314.17</u>	<u>40,684.57</u>	<u>-</u>	<u>114,192,998.74</u>
Non-Current Liabilities				
General Obligation Bonds Payable (Note 5)				
Employees' Compensable Leave (Note 5)				
Total Non-Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>114,152,314.17</u>	<u>40,684.57</u>	<u>-</u>	<u>114,192,998.74</u>
Fund Financial Statement				
Fund Balances (Deficits):				
Reserved for				
Encumbrances	200,848,952.78	16,809.53		200,865,762.31
Debt Service			4,982.73	4,982.73
Loans and Contracts	47,675,524.43			47,675,524.43
Unreserved/Designated for:				
Other		48,915,996.95		48,915,996.95
Undesignated	359,263,004.87			359,263,004.87
Total Fund Balances	<u>607,787,482.08</u>	<u>48,932,806.48</u>	<u>4,982.73</u>	<u>656,725,271.29</u>
Total Liabilities and Fund Balances	<u>\$ 721,939,796.25</u>	<u>\$ 48,973,491.05</u>	<u>\$ 4,982.73</u>	<u>\$ 770,918,270.03</u>
Government-Wide Statement of Net Assets				
Net Assets				
Invested in Capital Assets, net of Related Debt				
Restricted For				
Debt Retirement				
Unrestricted				
Total Net Assets				

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Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Net Assets	Discrete Governmental Component Units (Exhibit K-1)
\$ -	\$ -	\$ -	\$ 606,086.99
		581,336,867.77	19.64
		25,000.00	
		2,660,060.99	
		4,974.65	
		132,276,651.72	
		2,101,065.46	
		681,419.33	115.00
		90,296.59	
		3.63	
		3,187,760.46	
		4,525.00	
		47,675,524.43	196,642.15
<u>-</u>	<u>-</u>	<u>770,044,150.03</u>	<u>802,863.78</u>
		874,120.00	
403,765.20		403,765.20	
(351,584.08)		(351,584.08)	
<u>52,181.12</u>	<u>-</u>	<u>926,301.12</u>	<u>-</u>
\$ 52,181.12	\$ -	\$ 770,970,451.15	\$ 802,863.78
\$ -	\$ -	\$ 8,046,661.00	\$ -
		1,715,689.09	
		3.63	
		2,192,397.26	
		102,238,247.76	
	1,644,527.72	1,644,527.72	
<u>-</u>	<u>1,644,527.72</u>	<u>115,837,526.46</u>	<u>-</u>
	94,595,000.00	94,595,000.00	
	874,174.41	874,174.41	
<u>-</u>	<u>95,469,174.41</u>	<u>95,469,174.41</u>	<u>-</u>
<u>-</u>	<u>97,113,702.13</u>	<u>211,306,700.87</u>	<u>-</u>
		200,865,762.31	
		4,982.73	
		47,675,524.43	196,642.15
		48,915,996.95	
		359,263,004.87	606,221.63
		<u>656,725,271.29</u>	<u>802,863.78</u>
52,181.12		52,181.12	
	(94,595,000.00)	(94,595,000.00)	
	(2,518,702.13)	(2,518,702.13)	
<u>\$ 52,181.12</u>	<u>\$ (97,113,702.13)</u>	<u>\$ 559,663,750.28</u>	<u>\$ 802,863.78</u>

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OFFICE OF THE GOVERNOR

Exhibit II - Combined Statement of Revenue, Expenditures and Changes in Fund Balances/Statement of Activities - Governmental Funds

For the Fiscal Year Ended August 31, 2009

	General Funds (Exhibit A-2)	Special Revenue Funds (Exhibit B-2)	Debt Service Fund (Exhibit C-2)	Governmental Funds Total
REVENUE				
Legislative Appropriations				
Original Appropriations	\$ 108,737,941.87	\$ -	\$ -	\$ 108,737,941.87
Additional Appropriations	3,725,558.89			3,725,558.89
Federal Revenue	57,035,045.72			57,035,045.72
Federal Grant Pass-Through Revenue	1,272,095.93			1,272,095.93
License, Fees & Permits	28,234,130.46			28,234,130.46
Interest and Other Investment Income	12,940,322.59	994,769.69	4,982.66	13,940,074.94
Net Increase (Decrease) in Fair Value	1,168,002.51			1,168,002.51
Sales of Goods and Services	956,734.40			956,734.40
Other	24,795.76	6,509,869.79		6,534,665.55
Total Revenue	<u>214,094,628.13</u>	<u>7,504,639.48</u>	<u>4,982.66</u>	<u>221,604,250.27</u>
EXPENDITURES				
Salaries and Wages	16,267,636.59	29,432.31		16,297,068.90
Payroll Related Costs	3,930,385.78	6,531.66		3,936,917.44
Professional Fees and Services	8,888,453.52	626,638.93		9,515,092.45
Travel	403,103.09	3,985.47		407,088.56
Materials and Supplies	518,307.11	4,676.30		522,983.41
Communication and Utilities	286,347.73	1,285.00		287,632.73
Repairs and Maintenance	43,811.98			43,811.98
Rentals and Leases	246,123.71	2,090.78		248,214.49
Printing and Reproduction	31,289.99	4,765.17		36,055.16
Federal Grant Pass-Through Expenditures	4,039,820.03			4,039,820.03
State Grant Pass-Through Expenditures	76,679,965.14			76,679,965.14
Intergovernmental Payments	34,225,639.47			34,225,639.47
Public Assistance Payments	31,786,320.57	11,440.05		31,797,760.62
Other Expenditures	88,762,769.13	3,632,638.14		92,395,407.27
Debt Service:				
Interest			3,350,414.86	3,350,414.86
Depreciation Expense				
Total Expenditures/Expenses	<u>266,109,973.84</u>	<u>4,323,483.81</u>	<u>3,350,414.86</u>	<u>273,783,872.51</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(52,015,345.71)</u>	<u>3,181,155.67</u>	<u>(3,345,432.20)</u>	<u>(52,179,622.24)</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	130,804,070.36	1,038,377.41	3,333,422.51	135,175,870.28
Transfer Out	(53,499,193.70)	(1,981,414.96)		(55,480,608.66)
Legislative Transfer In (Note 12)	36,299,400.05			36,299,400.05
Legislative Transfer Out (Note 12)	(32,239,256.59)			(32,239,256.59)
Total Other Financing Sources (Uses)	<u>81,365,020.12</u>	<u>(943,037.55)</u>	<u>3,333,422.51</u>	<u>83,755,405.08</u>
Net Change in Fund Balances/Net Assets	<u>29,349,674.41</u>	<u>2,238,118.12</u>	<u>(12,009.69)</u>	<u>31,575,782.84</u>
Fund Financial Statement - Fund Balances				
Fund Balances, September 1, 2008	580,269,225.61	46,638,475.36	16,992.42	626,924,693.39
Restatements	(1,831,417.94)	56,213.00		(1,775,204.94)
Fund Balances, September 1, 2008, as Restated	<u>578,437,807.67</u>	<u>46,694,688.36</u>	<u>16,992.42</u>	<u>625,149,488.45</u>
Appropriations Lapsed				
Fund Balances, August 31, 2009	<u>\$ 607,787,482.08</u>	<u>\$ 48,932,806.48</u>	<u>\$ 4,982.73</u>	<u>\$ 656,725,271.29</u>
Government-Wide Statement of Net Assets				
Net Assets/Net Change in Net Assets				<u>\$ 656,725,271.29</u>
Net Assets, September 1, 2008				
Restatements				
Net Assets, September 1, 2008, as Restated				<u>-</u>
Net Assets, August 31, 2009				<u>\$ 656,725,271.29</u>

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

UNAUDITED

Capital Assets Adjustments	Long -Term Liabilities Adjustments	Statement of Activities	Discrete Governmental Component Units (Exhibit K-2)
\$ -	\$ -	\$ 108,737,941.87	\$ -
		3,725,558.89	
		57,035,045.72	
		1,272,095.93	
		28,234,130.46	
		13,940,074.94	10,488.15
		1,168,002.51	
		956,734.40	
		6,534,665.55	6,753,761.29
		<u>221,604,250.27</u>	<u>6,764,249.44</u>
	440,970.66	16,738,039.56	
		3,936,917.44	
		9,515,092.45	1,485.37
		407,088.56	
		522,983.41	2,141.00
		287,632.73	665.20
		43,811.98	
		248,214.49	
		36,055.16	
		4,039,820.03	
		76,679,965.14	
		34,225,639.47	
		31,797,760.62	
		92,395,407.27	7,291,670.43
		3,350,414.86	
32,739.47		32,739.47	
<u>32,739.47</u>	<u>440,970.66</u>	<u>274,257,582.64</u>	<u>7,295,962.00</u>
(32,739.47)	(440,970.66)	(52,653,332.37)	(531,712.56)
		135,175,870.28	
		(55,480,608.66)	
		36,299,400.05	
		(32,239,256.59)	
		<u>83,755,405.08</u>	<u>-</u>
		31,102,072.71	(531,712.56)
		626,924,693.39	1,334,576.34
		(1,775,204.94)	
		<u>625,149,488.45</u>	<u>1,334,576.34</u>
		<u>\$ 656,251,561.16</u>	<u>\$ 802,863.78</u>
\$ (32,739.47)	\$ (440,970.66)	\$ 656,251,561.16	\$ 802,863.78
84,920.59	(96,672,731.47)	(96,587,810.88)	
<u>84,920.59</u>	<u>(96,672,731.47)</u>	<u>(96,587,810.88)</u>	<u>-</u>
<u>\$ 52,181.12</u>	<u>\$ (97,113,702.13)</u>	<u>\$ 559,663,750.28</u>	<u>\$ 802,863.78</u>

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OFFICE OF THE GOVERNOR
 Exhibit III - Combined Statement of Net Assets - Proprietary Funds
 For the Fiscal Year Ended August 31, 2009

	Total Enterprise Funds (Exhibit F-1 300)	Proprietary Component Units (Exhibit L-1 300)
ASSETS		
Current Assets:		
Cash and Cash Equivalents		
Cash In Bank (Note 3)	\$ -	\$ 13,615,487.18
Cash In Transit		12,250.00
Cash in State Treasury	6,984,167.41	
Short Term Investments (Note 3)		2,169,486.75
Receivables from:		
Interest and Dividends	20,433.90	131,884.91
Accounts Receivable	4,000.00	
Prepaid Items	4,354.93	6,723.33
Loans and Contracts	9,948,944.36	
Total Current Assets	<u>16,961,900.60</u>	<u>15,935,832.17</u>
Non-Current Assets:		
Restricted Cash and Cash Equivalents		
Cash In Bank (Note 3)	318,859.62	
Loans and Contracts		47,610,583.13
Total Non-Current Assets	<u>318,859.62</u>	<u>47,610,583.13</u>
Total Assets	<u>\$ 17,280,760.22</u>	<u>\$ 63,546,415.30</u>
LIABILITIES		
Current Liabilities:		
Payables from:		
Accounts	\$ 25,042.91	\$ 267,570.63
Payroll	66,419.91	
Other		15,895.89
Deferred Revenue	2,166.69	
Employees' Compensable Leave (Note 5)	42,180.22	
Total Current Liabilities	<u>135,809.73</u>	<u>283,466.52</u>
Non-Current Liabilities		
Notes and Loans Payable (Note 5)	9,332,000.00	
Revenue Bonds Payable (Note 5)		60,000,000.00
Employees' Compensable Leave (Note 5)	13,075.17	
Total Non-Current Liabilities	<u>9,345,075.17</u>	<u>60,000,000.00</u>
Total Liabilities	<u>\$ 9,480,884.90</u>	<u>\$ 60,283,466.52</u>
Net Assets		
Restricted For		
Other	\$ 940,724.69	\$ -
Unrestricted	6,859,150.63	3,262,948.78
Total Net Assets	<u>\$ 7,799,875.32</u>	<u>\$ 3,262,948.78</u>

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

OFFICE OF THE GOVERNOR

Exhibit IV - Combined Statement of Revenue, Expenses, and Changes in Fund Net Assets - Proprietary Funds
For the Fiscal Year Ended August 31, 2009

	Total Enterprise Funds (Exhibit F-2 300)	Total Proprietary Component Units (Exhibit L-2 300)
Operating Revenue		
Interest and Investment Income	\$ 199,226.52	\$ 1,829,632.64
Other Operating Revenue	379,054.62	55,779.24
Total Operating Revenue	<u>578,281.14</u>	<u>1,885,411.88</u>
Operating Expenses:		
Salaries and Wages	657,760.67	21,504.11
Payroll Related Costs	155,991.64	1,645.13
Professional Fees and Services	21,849.07	512,532.09
Travel	9,404.32	580,419.69
Materials and Supplies	1,819.29	249,455.13
Communication and Utilities	30,998.52	3,632.78
Rentals and Leases	2,368.00	73,051.89
Printing and Reproduction	510.48	89,961.98
Bad Debt Expense	25,126.75	
Other Operating Expenses	82,230.52	1,305,567.57
Total Operating Expenses	<u>988,059.26</u>	<u>2,837,770.37</u>
Operating Income (Loss)	<u>(409,778.12)</u>	<u>(952,358.49)</u>
Nonoperating Revenue (Expenses) *		
Gifts, Pledges and Donations		1,984,615.39
Investment Income (Expense)	78,190.27	368,861.75
Interest Expenses and Fiscal Charges	(71,789.45)	(1,131,540.76)
Total Other Nonoperating Revenue (Expenses)	<u>6,400.82</u>	<u>1,221,936.38</u>
Income (Loss) Before Other Revenue, Expenses, Gains/Losses, and Transfers	<u>(403,377.30)</u>	<u>269,577.89</u>
Other Revenue, Expenses, Gains/Losses, and Transfers		
Transfer In	1,714,262.35	
Transfer Out	(1,207,528.62)	
Total Other Revenue, Expenses, Gains/Losses, and Transfers	<u>506,733.73</u>	<u>-</u>
Change in Net Assets	<u>103,356.43</u>	<u>269,577.89</u>
Total Net Assets, September 1, 2008, as Restated	7,696,518.89	2,993,370.89
Restatements		
Total Net Assets, September 1, 2008, as Restated	<u>7,696,518.89</u>	<u>2,993,370.89</u>
Total Net Assets, August 31, 2009	<u>\$ 7,799,875.32</u>	<u>\$ 3,262,948.78</u>

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

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OFFICE OF THE GOVERNOR
 Exhibit V - Combined Statement of Cash Flows – Proprietary Funds
 For the Fiscal Year Ended August 31, 2009

	Total Enterprise Funds (Exhibit F-3 300)
CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds from Loan Programs	\$ 1,572,050.95
Proceeds from Other Revenue	375,054.62
Payments to Employees for Salaries	(642,619.69)
Payments to Employees for Benefits	(155,991.64)
Payments for Loans Provided	(1,212,000.00)
Payments for Other Expenses	(148,608.30)
Net Cash Provided by Operating Activities	<u>(212,114.06)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from Debt Issuance	3,425,000.00
Proceeds of Transfers from Other Funds	1,714,262.35
Payments of Interest	(74,839.92)
Payments of Other Costs of Debt Issuance	(21,849.07)
Payments for Transfers to Other Funds	(1,207,528.62)
Net Cash Provided by Noncapital Financing Activities	<u>3,835,044.74</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Interest Income	82,897.98
Payments for bad debt	(25,126.75)
Net Cash Provided by Investing Activities	<u>57,771.23</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	3,680,701.91
Cash and Cash Equivalents, September 1, 2008	3,622,325.12
Restatement to Beginning Cash & Cash Equivalents	-
Cash and Cash Equivalents, September 1, 2008 as Restated	<u>3,622,325.12</u>
Cash and Cash Equivalents, August 31, 2009	<u>\$ 7,303,027.03</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ (409,778.12)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Operating Income and Cash Flow Categories: Classification Differences	45,318.58
Changes in Assets and Liabilities:	
(Increase) Decrease in Loans & Contracts	150,595.37
(Increase) Decrease in Prepaid Expenses	(3,050.47)
(Increase) Decrease in Accounts Receivable	8,770.08
Increase (Decrease) in Payables	(6,136.19)
Increase (Decrease) in Deferred Income	2,166.69
Total Adjustments	<u>197,664.06</u>
Net Cash Provided by Operating Activities	<u>\$ (212,114.06)</u>

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

Office of the Governor
 Exhibit VI - Combined Statement of Net Assets - Fiduciary Funds
 For the Fiscal Year Ended August 31, 2009

	Agency Funds (Exhibit J-1)
ASSETS	
Cash in State Treasury	\$ 190.00
Accounts Receivable	15,669.64
Total Assets	<u>\$ 15,859.64</u>
LIABILITIES	
Funds Held for Others	<u>\$ 15,859.64</u>
Total Liabilities	<u>\$ 15,859.64</u>
NET ASSETS	
Held in Trust for Others	<u>\$ -</u>
Total Net Assets	<u>\$ -</u>

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

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Office of the Governor (Agencies 301 and 300)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: Summary of Significant Accounting Policies

Entity

The Office of the Governor (Office) 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 Office is provided for in the Constitution of the State of Texas. Additional functions are prescribed by various legislative acts and executive orders.

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; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

The Office includes within this report all components as determined by an analysis of their relationship to the Office as listed below.

Blended Component Units

These component units are legally separate from the State but provide services entirely or almost entirely to the Office. These entities have a relationship with the State such that exclusion would cause the financial statements to be misleading or incomplete. The financial information of the component units has been blended into the General Revenue Fund.

- The Beacon State Fund is a 501(c)(3) corporation created to assist the Governor's Commission on Women in promoting issues affecting the women of Texas and provides services entirely or almost entirely to the Office.
- The Film Texas Fund is a 501(c)(3) corporation created to assist the Texas Film Commission with promoting the development of the film, television, and multimedia industry in Texas and provides services entirely or almost entirely to the Office.
- The State Agency Council was established in 1983 by Governor Mark White to support the goals of the Governor's Commission on Women. The Council is a 501(c)(3) corporation that assists the Commission in honoring women who have made significant contributions to Texas through their work in state government. The Council provides services entirely or almost entirely to the Office.
- The Texas Governor's Fellowship Program is a 501(c)(3) corporation created to assist the Office with providing educational opportunities through a fellowship program and provides services entirely or almost entirely to the Office.
- The Texas Governor's Mansion Restoration Fund (TGMRF) is a 501(c)(3) corporation established to help the State provide assistance with restoration of the Texas Governor's Mansion, which was damaged by an act of arson. TGMRF was established to assist the State in raising awareness of and financial support for the restoration needs for the Texas Governor's Mansion.

Discretely Presented Component Units

These component units are legally separate from the State but have a relationship with the State such that exclusion would cause the financial statements to be misleading or incomplete. The component unit columns of the financial statements include the financial data of these entities.

- The Texas Disaster Relief Fund, a Non-Profit Corporation (TDRF) is a 501(c)(3) corporation established to help the Office provide disaster relief. The services provided by TDRF assist the Office in responding to the needs of the citizens before, during, and after a disaster in Texas.

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Office of the Governor (Agencies 301 and 300)

Summary of Significant Accounting Policies (continued)

- The Texas Small Business Industrial Development Corporation (TSBIDC) is a non-profit corporation that is legally separate from the Office but under the oversight of Office. The services provided by TSBIDC primarily benefit the Texas citizenry through supporting job creation and capital investment for businesses and communities in Texas.
- The Texas Economic Development Corporation (TED Corp.) is a 501(c)(3) corporation established by the legislature to support the programs and activities of the Office's Division of Economic Development and Tourism. The services provided by TED Corp. assist, promote, develop, and advance economic development in Texas.
- The Texas Health Services Authority (THSA) is a 501(c)(3) corporation established to support improvement of the Texas health care system. The services provided by THSA are the promotion and coordination of the electronic exchange of health information throughout the State to ensure that information is available to health care providers.

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

General Revenue Funds are the principal operating funds and are used to account for most of the State's general activities, except those accounted for in other funds.

General Revenue Fund (Fund 0001) is the principal operating fund and is used to account for most of the Office's general activities, except those accounted for in other funds.

Governor's Office Federal Projects Fund (Fund 0224) was established to account for federal receipts and disbursements.

American Recovery and Reinvestment Act Fund (Fund 0369) was established to account for federal stimulus receipts and disbursements.

Criminal Justice Planning Fund (Fund 0421) was established to receive 12.5537% of court costs collected from defendants convicted under certain sections of the Penal Code. The fund also accounts for federal receipts and disbursements.

Rural Economic Development Fund (Fund 0425) was established to receive monies appropriated, deposits of principal and interest on loans repaid for the purposes of making loans to promote the location of industrial enterprise in rural areas and earnings.

Disaster Contingency Fund (Fund 0453) was established to receive funds appropriated by the legislature, gifts, grants, and loans. The fund is used in accordance with the Texas Disaster Act of 1975. The balances and control of the fund were transferred to the Department of Public Safety by the 80th Legislature.

Hotel Occupancy Tax for Economic Development Fund (Fund 5003) was established to receive ½ of 1% of revenue collections of hotel occupancy tax. These funds are used primarily for advertising and other marketing activities that promote Texas as a premier travel destination by the Division of Economic Development and Tourism within the Office of the Governor.

Crime Stoppers Assistance Fund (Fund 5012) was established to receive 0.2581% of court costs from defendants convicted under certain sections of the Penal Code. Ten percent of the amounts deposited may be used for operation of toll-free telephone services under Section 414.012, Government Code and remainder may be distributed to local crime stoppers organizations.

Tourism License Plate Fund (Fund 5053) was established to record receipts from special "Texas, It's Like a Whole Other Country" license plates. Collections in the account are to be used only to finance tourism activities.

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Office of the Governor (Agencies 301 and 300)

Summary of Significant Accounting Policies (continued)

Texas Enterprise Fund (Fund 5107) consists of appropriations, interest earned, gifts, grants, and donations. Collections may be used only for economic development, infrastructure development, community development, job training programs, and business.

Economic Development and Tourism Fund (Fund 5110) was established to record revenue from the sale of the specialty license plate, "Texas Aerospace and Aviation." Collections in the account are to be used only to finance economic development and tourism activities.

Texas Music Foundation License Plate Fund (Fund 5113) was established to account for revenue from the sale of specialty license plates that include the words "Texas Music." Collections may be used by the Texas Music office within the Office of the Governor to make grants to benefit music-related educational and community programs sponsored by nonprofit organizations in this state.

Texas Military Value Revolving Loan Fund (Fund 5114) was established for deposit of loan payments made by a political subdivision, gifts, grants, and proceeds from the sale of general obligation bonds as authorized by Section 40-n, Article III, Texas Constitution. These proceeds are used to fund loans to political subdivisions and defense communities to prepare a comprehensive defense installation and community strategic impact plans.

Daughters of the Republic of Texas Fund (Fund 5115) was established to account for revenue from the sale of specialty license plates that include the words "Native Texan." Proceeds are used by the Division of Economic Development and Tourism within the Office of the Governor to make grants to the Daughters of the Republic of Texas to preserve Texas historic sites or fund educational programs teaching Texas history.

Emerging Technology Fund (Fund 5124) consists of appropriations, benefits realized from a project undertaken with money from the fund, gifts, grants, donations, and interest earned. Proceeds are used for incentives for collaboration between certain entities, for matching research awards, and for acquisition of research superiority.

Special Revenue Funds

Special Revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to use for specified purposes.

Small Business Incubator Fund (Fund 0588) was established as a revolving fund to record bond proceeds, application fees, loan repayments, guarantee fees, royalties, dividend income, appropriations, federal grants, and any other authorized sources. Proceeds may be used to provide financing to foster and stimulate development of small business in this state and for fund administration.

Texas Product Development Fund (Fund 0589) was established as a revolving fund to record bond proceeds, application fees, loan repayments, guarantee fees, royalties, dividend income, appropriations, federal grants, and any other authorized sources. Proceeds may be used to provide financing to aid in the development and production of new or improved products in this state and for administration.

Texas Military Value Revolving Loan Fund (Fund 7028) was established to receive deposits of loan repayments in order to pay the costs of bond issuance.

Debt Service Funds

Debt Service funds are used to account for the accumulation of resources for, and the payment of, general long-term principal and interest.

Small Business Incubator Fund (Fund 0588) was established as a revolving fund to record loan repayments in order to pay bond debt service

Texas Product Development Fund (Fund 0589) was established as a revolving fund to record loan repayments in order to pay bond debt service.

Texas Military Value Revolving Loan Funds (Funds 7022, 7026, and 7027) were established to receive deposits of loan repayments in order to pay bond debt service.

Capital Asset Adjustment Fund Type

The Capital Asset Adjustment fund type is used to convert governmental fund types' capital assets from modified accrual to full accrual.

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Office of the Governor (Agencies 301 and 300)

Summary of Significant Accounting Policies (continued)

Long-Term Liabilities Adjustment Fund Type

The Long-Term Liabilities Adjustment fund type is used to convert governmental fund types' debt from modified accrual to full accrual.

Proprietary Fund Types

Enterprise Funds

Enterprise funds are used to account for any activity for which a fee is charged to external users for goods or services. Activities must be reported as enterprise funds if any one of the following criteria is met:

1. The activity is financed with debt that is secured solely by a pledge of the net revenue from fees and charges of the activity.
2. Laws or regulations require that the activity's cost of providing services including capital costs (such as, depreciation or debt service) be recovered with fees and charges.
3. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs.

Economic Development Bank Fund (Funds 5106 and 9999) consists of appropriations, fees under Government Code, Chapter 481, Subchapter BB, fees under Government Code, Chapter 489, interest, and other amounts received by the state under Government Code, Chapter 489. Proceeds are used only to carry out the purposes of Government Code, Chapter 489.

Fiduciary Fund Types

Fiduciary funds account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

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.

Component Units

The financial data of the individual discretely presented component units are available from the component units' separately issued financial statements. Additional information about component units can be found in Note 17.

Governmental Component Units

The Beacon State Fund, the Film Texas Fund, the State Agency Council, the Texas Governor's Mansion Restoration Fund, and the Texas Governor's Fellowship Program are blended component units that operate from local funds and are presented using governmental fund accounting principles. Their financial data are included in the Blended Component Units column in Exhibits B-1 and B-2 for Special Revenue Funds.

The Texas Disaster Relief Fund operates from local funds as a discrete component unit and is presented using governmental fund accounting principles. Its financial data are included in Exhibits K-1 and K-2 in the Discretely Presented Governmental Component Units column.

Proprietary Component Units

The Texas Small Business Industrial Development Corporation, the Texas Economic Development Corporation, and the Texas Health Services Authority operate from local funds as Proprietary Component Units. Financial data are included in Exhibit L-1 and L-2 in the Proprietary Component Unit columns which are presented using proprietary fund measurement focus and accounting principles.

Basis of Accounting

The basis of accounting determines when revenue 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.

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Office of the Governor (Agencies 301 and 300)

Summary of Significant Accounting Policies (continued)

Governmental fund types that build the fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis, revenue is recognized in the period in which it becomes 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 revenue of the current year for fund financial statements prepared on the modified basis of accrual. Expenditures and other uses of financial resources are recognized when the related liabilities are incurred.

Governmental adjustment fund types that will build the government-wide financial statements are accounted for using the full accrual basis of accounting. This includes capital assets, accumulated depreciation, unpaid employee compensable leave, the unmatured debt service on general long-term liabilities, long-term claims and judgments, and full accrual revenue and expenses. The activity will be recognized in these fund types.

Proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenue is recognized when earned and expenses are recognized at the time liabilities are incurred. Proprietary funds distinguish operating from non-operating items. Operating revenue and expenses result from providing services or producing and delivering goods in connection with the proprietary fund's principal ongoing operations. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

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.

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.

Accounts Receivable

Accounts Receivable includes year-end revenue accruals.

Loans Receivable

Loans Receivable reflects the outstanding amount of loans to outside entities.

Securities Lending Collateral

Investments are stated at fair value in all funds except pension trust funds in accordance with GASB Statement 31 requirements. For pension trust funds, investments are required to be reported at fair value using the accrual basis of accounting in accordance with GASB Statement 25. 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.

Restricted Assets

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

Capital Assets

Furniture and equipment with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year should be capitalized. These assets are capitalized at cost or, if not purchased, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all "exhaustible" assets. Assets are depreciated over the estimated useful life of the asset using the straight-line method.

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Office of the Governor (Agencies 301 and 300)

Summary of Significant Accounting Policies (continued)

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.

Current Payables – Other

Other Payables discloses the accrual at year-end of expenditure transactions not included in any other payable descriptions. Other Payables may be included in either the governmental or proprietary fund types and includes payroll payable.

Deferred Revenue

Deferred Revenue is revenue received but not yet expended at the end of the fiscal year.

Notes Payable

Notes Payable consists of commercial paper obligations.

Employees' Compensable Leave Balances

Employees' Compensable Leave Balances represents the liability that occurs due to 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.

Bonds Payable – General Obligation Bonds

The unmatured principal of general obligation bonds is accounted for in the Long-Term Liabilities Adjustment column. Payables are reported separately as either current or non-current in the statement of net assets.

Bonds payable are recorded at par. The bond proceeds are accounted for as an "Other Financing Source" in the governmental funds when received, and expenditures for payment of principal and interest are recorded in Debt Service funds when paid. These amounts are adjusted in the Long-Term Liabilities Adjustment column.

Bonds Payable – Revenue Bonds

Revenue bonds are generally accounted for in the proprietary funds. Bonds Payable is reported at par less unamortized discount or plus unamortized premium. Interest expense is reported on the accrual basis, with amortization of discount or premium. Payables are reported separately as either current or non-current in the statement of net assets.

Fund Balance / Net Assets

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

Reservations of Fund Balance

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

Reserved for Encumbrances

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

Unreserved / Undesignated

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

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Office of the Governor (Agencies 301 and 300)

Summary of Significant Accounting Policies (continued)

Interfund Activities and Balances

The Office has the following types of transactions between funds:

- (1) Transfers: Legally required transfers that are reported when incurred as "Transfers In" by the recipient fund and as "Transfers Out" by the disbursing fund.
- (2) Legislative Transfers: Transfers between agencies of committed General Revenue budget. The Office's legislative activities are presented in Note 12.

NOTE 2: Capital Assets

Revenue received from the sale of surplus property has been transferred to Unappropriated General Revenue in accordance with HB 7, Section 20, 80th Legislature, R.S.

A summary of changes in Capital Assets, for the year ended August 31, 2009, is presented below for the Office of the Governor – Core Operations (301):

	PRIMARY GOVERNMENT							Balance 08/31/09
	Balance 09/01/08	Adjustments	Reclassifications			Additions	Deletions	
			Completed CIP	Inc- Int'agy Trans	Dec-Int'agy Trans			
GOVERNMENTAL ACTIVITIES								
Depreciable Assets								
Furniture and Equipment	\$ 306,933.41	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10,000.00)	\$ 296,933.41
Total Depreciable Assets at Historical Costs	306,933.41	-	-	-	-	-	(10,000.00)	296,933.41
Less Accumulated Depreciation for:								
Furniture and Equipment	(227,566.21)	-	-	-	-	(31,608.52)	10,000.00	(249,174.73)
Total Accumulated Depreciation	(227,566.21)	-	-	-	-	(31,608.52)	10,000.00	(249,174.73)
Depreciable Assets, Net	79,367.20	-	-	-	-	(31,608.52)	-	47,758.68
Governmental Activities Capital Assets, Net	\$ 79,367.20	\$ -	\$ -	\$ -	\$ -	\$ (31,608.52)	\$ -	\$ 47,758.68

The deletions represent fully depreciated property removed in accordance with the surplus property guidelines.

A summary of changes in Capital Assets, for the year ended August 31, 2009, is presented below for the Office of the Governor – Trusted Programs (300):

	PRIMARY GOVERNMENT							Balance 08/31/09
	Balance 09/01/08	Adjustments	Reclassifications			Additions	Deletions	
			Completed CIP	Inc- Int'agy Trans	Dec-Int'agy Trans			
GOVERNMENTAL ACTIVITIES								
Depreciable Assets								
Furniture and Equipment	\$ 119,408.79	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (12,577.00)	\$ 106,831.79
Total Depreciable Assets at Historical Costs	119,408.79	-	-	-	-	-	(12,577.00)	106,831.79
Less Accumulated Depreciation for:								
Furniture and Equipment	(113,855.40)	-	-	-	-	(1,130.95)	12,577.00	(102,409.35)
Total Accumulated Depreciation	(113,855.40)	-	-	-	-	(1,130.95)	12,577.00	(102,409.35)
Depreciable Assets, Net	5,553.39	-	-	-	-	(1,130.95)	-	4,422.44
Governmental Activities Capital Assets, Net	\$ 5,553.39	\$ -	\$ -	\$ -	\$ -	\$ (1,130.95)	\$ -	\$ 4,422.44

The deletions represent fully depreciated property removed in accordance with the surplus property guidelines.

UNAUDITED

Office of the Governor (Agencies 301 and 300)

NOTE 3: Deposits, Investments, and Repurchase Agreements

The Office is authorized by statute to make investments following the "prudent person rule." There were no significant violations of legal provisions during the period.

Deposits of Cash in Bank

As of August 31, 2009, the carrying amount of deposits was \$17,225,494.78 as presented below:

Governmental and Business-Type Activities	
CASH IN BANK - CARRYING VALUE	\$ 3,003,920.61
Less: CD included in carrying amount and reported as Cash Equivalent	25,000.00
Cash in Bank per AFR (Funds 9999/7010 and 9999/0995)	<u>\$ 2,978,920.61</u>
Governmental Funds Restricted Cash in Bank (Fund 9999/7010)	\$ 2,660,060.99
Proprietary Funds Restricted Cash in Bank (Fund 9999/0995)	<u>318,859.82</u>
Cash in Bank per AFR	\$ 2,978,920.61

Discretely Presented Component Units	
CASH IN BANK - CARRYING VALUE	\$ 14,221,574.17
Less: CD included in carrying amount and reported as Cash Equivalent	-
Cash in Bank per AFR (Funds 9999/7001, 9999/7002, 9999/7003, 9999/7004)	<u>\$ 14,221,574.17</u>
Discretely Presented Component Units Current Assets Cash in Bank:	
Governmental Component Units (9999/7003, 9999/7004)	\$ 606,086.99
Proprietary Component Units (9999/7001, 9999/7002)	<u>\$ 13,615,487.18</u>
Cash in Bank per AFR	\$ 14,221,574.17

These amounts consist of all cash in local banks. These amounts are included on the Combined Statement of Net Assets as part of the "Cash and Cash Equivalents" accounts.

As of August 31, 2009, the total bank balance was as follows:

Governmental and Business-Type Activities:	\$ 2,978,920.61	Discretely Presented Component Units:	\$ 14,221,574.17
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Investments

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

Governmental and Business-Type Activities	Carrying Value	Fair Value
Stockholdings – Gradalis, Inc, 87,412 shares of preferred stocks (Fund 5124)	\$ 874,120.00	\$ 874,120.00
Non-negotiable CD (Fund 9999/7010)	25,000.00	25,000.00
Total	\$ 899,120.00	\$ 899,120.00

Discretely Presented Component Units	Carrying Value	Fair Value
Repurchase Agreements -Texas Treasury Safekeeping Trust Co. (Fund 9999/7001)	\$ 2,169,486.75	\$ 2,169,486.75
Total	\$ 2,169,486.75	\$ 2,169,486.75

The underlying securities in the Texas Treasury Safekeeping Trust Company for the repurchase agreements are rated AAA by Standard & Poor's.

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Office of the Governor (Agencies 301 and 300)

NOTE 4: Short-Term Debt

The Office has a letter of credit for \$15,000,000 with JP Morgan Chase Bank. This instrument is in place to provide liquidity to accommodate the sales of commercial paper held in Fund 5106. The letter of credit is drawn upon for convenience and quickly repaid by the Office. The Office was paid in full as of August 31, 2009. The following details the draws and repayments during the fiscal year.

Proprietary Activities	Balance 9/1/2008	Increases	Decreases	Balance 8/31/2009
Letter of Credit - Fund 5106	\$ -	\$ 26,271.84	\$ 26,271.84	\$ -
		12,224.18	12,224.18	
		11,135.60	11,135.60	
		6,887.17	6,887.17	
		3,887.92	3,887.92	
		2,920.25	2,920.25	
		4,480.36	4,480.36	
		0.50	0.50	
		2,132.80	2,132.80	
		4,899.30	4,899.30	
Total	\$ -	\$ 74,839.92	\$ 74,839.92	\$ -

NOTE 5: Long-Term Liabilities

Changes in Long-Term Liabilities

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

Governmental Activities	Balance 9/1/2008	Additions	Reductions	Balance 8/31/2009	Amounts Due Within One Year	Amounts Due Thereafter
General Obligation Bonds Payable	\$ 94,595,000.00	\$ -	\$ -	\$ 94,595,000.00	\$ -	\$ 94,595,000.00
Claims and Judgments	-	-	-	-	-	-
Compensable Leave (301)	1,104,309.28	1,576,658.14	(1,229,794.32)	1,451,173.10	975,297.75	475,875.35
Compensable Leave (300)	973,422.19	1,042,487.10	(948,380.26)	1,067,529.03	669,229.97	398,299.06
Total Governmental Activities	\$ 96,672,731.47	\$ 2,619,145.24	\$ (2,178,174.58)	\$ 97,113,702.13	\$ 1,644,527.72	\$ 95,469,174.41

Business-Type Activities	Balance 9/1/2008	Additions	Reductions	Balance 8/31/2009	Amounts Due Within One Year	Amounts Due Thereafter
Notes and Loans Payable	\$ 5,907,000.00	\$ 4,575,000.00	\$ (1,150,000.00)	\$ 9,332,000.00	\$ -	\$ 9,332,000.00
Compensable Leave (300)	42,174.90	77,317.76	(64,237.27)	55,255.39	42,180.22	13,075.17
Total Business-Type Activities	\$ 5,949,174.90	\$ 4,652,317.76	\$ (1,214,237.27)	\$ 9,387,255.39	\$ 42,180.22	\$ 9,345,075.17

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Office of the Governor (Agencies 301 and 300)

Long-Term Liabilities (continued)

Component Unit Activities	Balance 9/1/2008	Additions	Reductions	Balance 8/31/2009	Amounts Due Within One Year	Amounts Due Thereafter
Revenue Bonds Payable	\$ 99,335,000.00	\$ -	\$ (39,335,000.00)	\$ 60,000,000.00	\$ -	\$ 60,000,000.00
Total Business-Type Activities	\$ 99,335,000.00	\$ -	\$ (39,335,000.00)	\$ 60,000,000.00	\$ -	\$ 60,000,000.00

Notes and Loans Payable

The debt service requirements for Notes Payable in the Governmental, Business-Type, and Component Unit Activities are estimated to be as follows:

Notes Payable Debt Service Requirements						
Year	Governmental Activities		Business-Type Activities		Component Unit Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ -	\$ -	\$ 9,332,000.00	\$ 32,662.00	\$ -	\$ -
2011				32,662.00		
2012				32,662.00		
2013				32,662.00		
2014				32,662.00		
2015 – 2019				163,310.00		
2020 – 2024				163,310.00		
2025 – 2029				163,310.00		
Total Requirements	\$ -	\$ -	\$ 9,332,000.00	\$ 653,240.00	\$ -	\$ -

The debt service requirements for Notes Payable in the Business-Type Activities is based upon periodic sales of \$9,332,000 in commercial paper. The interest rate is variable and determined by market rate at the time the commercial paper trade is made. The rate of .35%, effective on August 31, 2009, was used to calculate the estimated interest amounts shown above.

The commercial paper program, which supports business development, was originally issued by the Texas Department of Commerce. On September 1, 1997, Senate Bill 932, 75th Legislature, Regular Session, abolished the Texas Department of Commerce, and the Texas Department of Economic Development was created, assuming the right and responsibilities in all transactions and contracts of the Texas Department of Commerce. On September 1, 2003, Senate Bill 275, 78th Legislature, Regular Session abolished the Texas Department of Economic Development and transferred all responsibilities to the Office.

Section 52-a of Article III of the Constitution of the State of Texas and Chapter 481 of the Texas Government Code authorized the Texas Department of Commerce to issue revenue bonds or notes for the purpose of providing money to fund the economic development loan programs. On September 9, 1992, pursuant to the authority, the Policy Board of the Department authorized the initial \$25 million funding of the \$300 million Texas Economic Development Program (currently named the Texas Leverage Fund program) which was secured by a direct-pay letter of credit from Bank One, Texas, N.A. Subsequent to approval by the Texas Bond Review Board and the Attorney General, \$25 million in taxable commercial paper was issued on October 15, 1992. As of August 31, 2009, outstanding commercial paper was \$9,332,000 with a maturity date of October 19, 2009.

On July 15, 1997, the supporting letter of credit provided by Bank One (currently JP Morgan Chase Bank, N.A.) was reduced from \$25 million to \$12 million. On September 28, 1998, the credit facility was reduced from \$12 million to \$10 million. On June 21, 2002, the credit facility was increased from \$10 million to \$15 million. In February 2005, the letter of credit was raised to \$25 million due to anticipated program participation and the need to increase outstanding commercial paper. In January 2006, the letter of credit was decreased to \$16 million. The letter of credit was further decreased in March 2008 to \$6.5 million. In August 2009, the letter of credit was increased to \$9.3 million.

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Office of the Governor (Agencies 301 and 300)

Long-Term Liabilities (continued)

The commercial paper notes are sold at a discount with the full-face amount due at maturity, which is usually between 30 to 90 days. New commercial paper notes are then issued to refinance the debt. The discounted interest on the debt is paid by the bank holding the letter of credit at the time of sale. The Office reimburses the bank for the discounted interest on the commercial paper sale immediately, using interest earnings from the program. The option to redeem the commercial paper notes in part or whole may be exercised at any time; therefore, the outstanding amount of paper may be less than the amount authorized under the letter of credit.

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 a continuous employment with the State for six months. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the Statement of Net Assets. An expense and liability for proprietary fund types are recorded in the proprietary funds as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

NOTE 6: Bonded Indebtedness

Bonds Payable

Detailed supplemental bond information is disclosed in:

- Schedule 2A -- Miscellaneous Bond Information
- Schedule 2B -- Changes in Bond Indebtedness
- Schedule 2C -- Debt Service Requirements
- Schedule 2D -- Analysis of Funds Available for Debt Service

General information related to bonds is summarized below:

General Obligation Bonds – Self-Supporting

Product Development Program General Obligation Variable Rate Demand Bonds, Series 2005A

- A revolving loan fund was created for the purposes of aiding in the development and production, including the commercialization, of new or improved products in the state.
- Issued May 18, 2005.
- \$25,000,000; all authorized bonds have been issued.
- No Product Development program loans were outstanding as of August 31, 2009.
- Bondholders may tender the bonds for repurchase every seven days. Any bonds tendered will be purchased with proceeds from loan repayments and/or the liquidity facility until remarketed.

Small Business Incubator General Obligation Variable Rate Demand Bonds, Series 2005B

- A revolving loan fund was created for the purposes of fostering and stimulating the development of new or existing small businesses in the state.
- Issued May 18, 2005..
- \$20,000,000; all authorized bonds have been issued.
- No Small Business Incubator program loans were outstanding as of August 31, 2009.
- Bondholders may tender the bonds for repurchase every seven days. Any bonds tendered will be purchased with proceeds from loan repayments and/or the liquidity facility until remarketed.

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Bond Indebtedness (continued)

Texas Military Value Revolving Loan Program General Obligation Bonds, Series 2007A-1, Series 2007A-2, and Taxable Series 2007B

- A revolving loan fund was created to provide loans to defense-related communities for economic development projects, including projects that enhance military value of installations located in Texas.
- Issued March 15, 2007.
- \$49,595,000 issued: \$10,815,000 under Series 2007A-1, \$10,160,000 under Series 2007A-2, and \$28,620,000 under Series 2007B. Bond authority of \$200,405,000 remains unissued.
- Debt service payments are processed by the Texas Public Finance Authority by means of shared funds established in the Treasury.
- Source of revenue for debt service – loan repayments, which are designed to support both debt service and programs costs. Any interest rate resets are mirrored in the interest rate provisions in the underlying loan so as to create a match in interest rate payments from the borrower with interest payments to the bondholders. In addition, cash reserves of \$213,533.52 are set aside to provide a cushion for unforeseen cash flow mismatches.
- Loans are collateralized with the State's interest in the agreements financed with the loan proceeds.
- Bondholders do not have the authority to tender the bonds for repurchase.

Component Unit Revenue Bonds – Self-Supporting

Texas Small Business Industrial Development Corporation Floating Rate Demand Revenue Bonds

- The purpose of the program is to provide a capital financing source for eligible participants to promote economic development in the State of Texas and for purchasing obligations of eligible economic development projects.
- Issued July 15, 1986.
- \$750,000,000; all authorized bonds have been issued.
- Bonds totaling \$649,600,000 and \$1,065,000 were redeemed on July 5, 1989, and November 1, 1989, respectively. Bonds totaling \$39,335,000 were redeemed in 2009.
- Source of revenue for debt service – loan repayments and investment earnings on bond proceeds.
- Bonds are secured by an irrevocable letter of credit (LOC) issued by Bank of America for \$101,702,711. This instrument replaces the previous LOC issued by Kredietbank Bank. As of August 31, 2009, no principal drawings have been made on the LOC. The Office does not have a take out agreement as part of this LOC or as a separate agreement.
- Bondholders may tender the bonds for repurchase every seven days. Any bonds tendered will be purchased with proceeds from the remarketing of the bonds, or if not successfully marketed, from amounts drawn under the LOC.

Early Extinguishment

No early extinguishment of debt occurred during fiscal year 2009.

Refunding

No advance or current refundings occurred during fiscal year 2009.

Accounting for Early Extinguishment and Advance Refunding

(Not applicable)

Disclosure for Early Extinguishment and Advance Refunding

(Not applicable)

Defeased Bonds Outstanding

No defeased bonds were outstanding on August 31, 2009.

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Office of the Governor (Agencies 301 and 300)

NOTE 7: Capital Leases

(Not Applicable)

NOTE 8: Operating Leases

(Not Applicable)

NOTE 9: Retirement Plans (administering agencies only)

(Not Applicable)

NOTE 10: Deferred Compensation (administering agencies only)

(Not Applicable)

NOTE 11: Post Employment Health Care and Life Insurance Benefits (UT, A&M, TRS, and ERS only)

(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: Due From or Due To Other Funds and Operating Transfers and Legislative Transfers. The Office experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer.

Individual balances and activity at 08/31/09, follows:

Interfund Receivables and Payables – Current				
Current Portion	Interfund Receivable	Interfund Payable	Purpose	
GENERAL REVENUE (01)				
Appropriated Fund 0001, D23 Fund 0001				
Agy 300, D23 Fund 0001	\$ -	\$ 3.63	Funding Source Correction	
Agy 300, D23 Fund 0421	3.63	-	Funding Source Correction	
Total Current Interfund Receivable/Payable	\$ 3.63	\$ 3.63		

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Office of the Governor (Agencies 301 and 300)

Interfund Activity and Transactions (continued)

Legislative Transfers			
	Legislative Transfers In	Legislative Transfers Out	Purpose
Agency 301			
GENERAL (01)			
Appropriated Fund 0001, D23 Fund 0001			
Agy 300, D23 Fund 0001	\$ 1,568,657.00	\$ -	Administrative Cost Allocation
Agy 300, D23 Fund 0001	13,107,673.79		Article I @ 51, Rider 4
Agy 300, D23 Fund 6050	704,710.59		Article I @ 51, Rider 4
Agy 300, D23 Fund 4100	261,687.45		Article I @ 51, Rider 4
Agy 300, D23 Fund 7000	500,000.00		Article I @ 51, Rider 4
Total Legislative Transfers (Agency 301)	\$ 16,142,728.83	\$ -	
Agency 300			
GENERAL (01)			
Appropriated fund 0001, D23 Fund 0001			
Agy 301, D23 Fund 0001	\$ -	\$ (1,568,657.00)	Administrative Cost Allocation
Agy 300, D23 Fund 0001		(13,107,673.79)	Article I @ 51, Rider 4
Agy 300, D23 Fund 0605		(704,710.59)	Article I @ 51, Rider 4
Agy 300, D23 Fund 4100		(261,687.45)	Article I @ 51, Rider 4
Agy 300, D23 Fund 7000		(500,000.00)	Article I @ 51, Rider 4
Agy 347, D23 Fund 0001	20,000,000.00		Leadership Appropriation Transfer
Agy 401, D23 Fund 0001	156,671.22	(3,000,000.00)	FEMA Reimbursements / Disaster Grants
Agy 405, D23 Fund 0001		(13,123,527.76)	FEMA Reimbursements / Disaster Grants
Agy 411, D23 Fund 0001		27,000.00	Return of PY Deficiency Grant
Total Legislative Transfers (Agency 300)	\$ 20,156,671.22	\$ (32,239,256.59)	
Total Legislative Transfers	\$ 36,299,400.05	\$ (32,239,256.59)	

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

NOTE 13: Continuance Subject To Review

(Not Applicable)

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Office of the Governor (Agencies 301 and 300)

NOTE 14: Adjustments to Fund Balances and Net Assets

During fiscal year 2009, adjustments were made which required the restatement of the amounts in fund balances and fund equity as shown and discussed below:

- (a) Correction to reflect adjustments to beginning fund balances made by the Comptroller of Public Accounts.
- (b) Correction to reflect adjustments to beginning fund balances made by the Comptroller of Public Accounts.
- (c) Correction due to information regarding additional donations to the Texas Governor's Mansion Restoration Fund in the prior fiscal year.
- (d) Correction due to a prior year interagency receivable that has been determined to be in error.

	Fund 0001 Agency 300	Fund 0001 Agency 301	Fund 9999 (7010) Agency 300	Fund 0453 Agency 300	Total
Fund Balance / Equity as of August 31, 2008	\$ 32,972,867.22	\$ 4,284,585.82	\$ 367,193.53	\$ 139,039.84	\$ 37,763,686.41
Restatements:					
(a)	(1,808,551.07)				(1,808,551.07)
(b)		9,012.81			9,012.81
(c)			56,213.00		56,213.00
(d)				(31,879.68)	(31,879.68)
Net Restatements	(1,808,551.07)	9,012.81	56,213.00	(31,879.68)	(1,775,204.94)
Fund Balance / Equity as of September 1, 2008, as Restated	\$ 31,164,316.15	\$ 4,293,598.63	\$ 423,406.53	\$ 107,160.16	\$ 35,988,481.47

NOTE 15: Contingent Liabilities

The Office has received several federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to the grantor agencies for expenditures disallowed under the terms of the grant. Based on prior experience, management believes such disallowances, if any, will be immaterial.

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Office of the Governor (Agencies 301 and 300)

Contingent Liabilities (continued)

The Loan Loss Reserve Account experiences losses from defaulted loans in the Capital Access Program. Future losses have not been estimated; however, the following history of losses and recoveries is presented:

Claims and Recoveries FY2000 - FY2009		
GAAP Fund 9999 - Loan Loss Reserves		
FY	Claims	Recoveries
2000	\$ 721,251.81	\$ 14,808.33
2001	1,605,409.30	65,700.28
2002	1,733,385.18	156,127.77
2003	632,457.77	90,957.10
2004	495,051.37	36,951.72
2005	838,735.24	91,524.21
2006	325,223.90	65,773.87
2007	37,975.61	42,313.63
2008	6,026.00	9,689.08
2009	25,126.75	29,096.26
Total	\$ 6,420,642.93	\$ 602,942.25
Average	\$ 642,064.30	\$ 60,294.23

The Office is a defendant in pending litigations that could possibly result in liabilities in excess of \$448,500.00 plus an unknown amount of attorney fees and court costs. However, it is unlikely that any amount will be awarded or attorney fees incurred.

NOTE 16: Subsequent Events

(Not Applicable)

NOTE 17: Risk Management

(Not Applicable)

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

During fiscal year 2009, the Office received additional appropriations. Leadership provided \$20 million to the Office for reimbursing emergency preparedness and response expenses incurred as a result of the 2008 disasters. And, the 81st Legislature provided \$62 million for disaster relief in a supplemental appropriation bill. The Texas Disaster Relief Fund, a Non-Profit Corporation received private and corporate donations of \$4.5 million and distributed \$4.9 million to assist affected communities and projects. The Texas Governor's Mansion Restoration Fund generated private and corporate cash donations in excess of \$2.5 million to aid in the Mansion's restoration.

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Office of the Governor (Agencies 301 and 300)

Management Discussion and Analysis (continued)

For fiscal year 2010, the 81st Legislature appropriated an additional \$40 million for the incentives program for the film, television, and multimedia production industries to bring business to Texas. The Office also will receive over \$13 million for border security efforts in fiscal year 2010.

NOTE 19: The Financial Reporting Entity

As required by generally accepted accounting principles, the financial statements present the Office and its component units. The component units discussed in this note are included in the Office's reporting entity because of the significance of their operational or financial relationships with the Office.

Individual Component Unit Disclosures

Blended Component Units

Blended component units are legally separate from the State but have a relationship with the State such that exclusion would cause the financial statements to be misleading or incomplete. The component units' financial data are reported as governmental fund types in a separate Special Revenue Funds column to emphasize that they are legally separate from the Office.

The Beacon State Fund is a 501(c)(3) corporation was created to assist the Governor's Commission on Women in promoting issues affecting the women of Texas and provides services entirely or almost entirely to the Office. The corporation increases public awareness through the distribution of information, media events, and community outreach programs. The Office appoints a voting majority of the board. The corporation's financial statements, for its fiscal year ending December 31, 2008, are available from the Governor's Commission on Women.

The Film Texas Fund is a 501(c)(3) corporation was created to assist the Texas Film Commission with promoting the development of the film, television, and multimedia industry in Texas and provides services entirely or almost entirely to the Office. The Office appoints a voting majority of its board. The corporation's financial statements, for its fiscal year ending August 31, 2009, are available from the Texas Film Commission.

The State Agency Council was established in 1983 by Governor Mark White to support the goals of the Governor's Commission on Women. The Council is a 501(c)(3) corporation that assists the Commission in honoring women who have made significant contributions to Texas through their work in state government. The Council provides services entirely or almost entirely to the Office. The Office appoints a voting majority of its board. The corporation's financial statements, for its fiscal year ending December 31, 2008, are available from the Governor's Commission on Women.

The Texas Governor's Fellowship Program is a 501(c)(3) corporation was created to assist the Office with providing educational opportunities through a fellowship program and provides services entirely or almost entirely to the Office. The corporation's financial statements, for its fiscal year ending December 31, 2008, are available from the Texas Governor's Fellowship Program.

The Texas Governor's Mansion Restoration Fund (TGMRF) is a 501(c)(3) corporation established to help the Office raise awareness and provide financial assistance to the State for the restoration of the Texas Governor's Mansion. The First Lady of Texas serves as a board member. The corporation's financial statements, for its fiscal year ending August 31, 2009, are available from the Office's Financial Services Division.

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Office of the Governor (Agencies 301 and 300)

The Financial Reporting Entity (continued)

Discretely Presented Component Units

These component units are legally separate from the State but have a relationship with the State such that exclusion would cause the financial statements to be misleading or incomplete. The component units are reported in separate columns in the combined financial statements to emphasize that they are legally separate from the Office.

The Texas Small Business Industrial Development Corporation (TSBIDC) is a non-profit corporation. TSBIDC was chartered in 1983 under the Development Corporation Act of 1979 to promote economic development in Texas. The executive director of the Office's Division of Economic Development and Tourism and a Governor's designee serve as non-voting, *ex officio* directors. The services provided by TSBIDC primarily benefit the Texas citizenry through supporting job creation and capital investment for businesses and communities in Texas. The corporation's financial statements, for its fiscal year ending August 31, 2009, are available from the Office's Financial Services Division.

The Texas Economic Development Corporation (TED Corp.) is a 501(c)(3) corporation established by the legislature to support the programs and activities of the Office's Division of Economic Development and Tourism. The executive director of the Office's Division of Economic Development and Tourism and a Governor's designee serve as non-voting, *ex officio* directors. The services provided by TED Corp. assist, promote, develop, and advance economic development in Texas. The corporation's financial statements, for its fiscal year ending August 31, 2009, are available from the Office's Financial Services Division.

The Texas Disaster Relief Fund, a Non-Profit Corporation (TDRF) is a 501(c)(3) corporation established to help the Office provide disaster relief. The Office's chief of staff, director of the Homeland Security, and chief financial officer serve as board members and officers. The services provided by TDRF assist the Office in responding to the needs of the citizens before, during, and after a disaster in Texas. The corporation's financial statements, for its fiscal year ending August 31, 2009, are available from the Office's Financial Services Division.

The Texas Health Services Authority (THSA) is a 501(c)(3) corporation and was created by House Bill 1066, 80th Session to support improvement of the Texas health care system. The services provided by THSA are the promotion and coordination of the electronic exchange of health information throughout the State to ensure that information is available to health care providers.

NOTE 20: Stewardship, Compliance and Accountability

(Not Applicable)

NOTE 21: Not Applicable

(Not Applicable)

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Office of the Governor (Agencies 301 and 300)

NOTE 22: Donor-Restricted Endowments

(Not Applicable)

NOTE 23: Extraordinary Items 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

Segment disclosure is not required as the Discretely Presented Component Units, and the Enterprise Fund financial statements are an integral part of this financial presentation.

The Office of the Governor

Combining Statements - Exhibits and Schedules

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OFFICE OF THE GOVERNOR
 Exhibit A-1 - Combining Balance Sheet - All General and Consolidated Funds
 For the Fiscal Year Ended August 31, 2009

	Consolidated Accounts			
	General Revenue Fund (0001)* U/F (0001)	Governor's Office Federal Projects (0224)* U/F (0224)	American Recovery & Reinvest Act (Fed) (0369)* U/F (0369)	Criminal Justice Planning (0421)* U/F (0421)
ASSETS				
Current Assets:				
Cash and Cash Equivalents				
Cash in State Treasury	\$ -	\$ 20,239,946.22	\$ 90,497,443.47	\$ 37,837,182.40
Legislative Appropriations	132,276,651.72			
Receivables from:				
Federal				
Interest and Dividends		25,903.73	114,212.03	2,101,065.46
Accounts Receivable	30,702.59			
Interfund Receivables (Note 12)				3.63
Due From Other Agencies	646,986.03			
Loans and Contracts				
Total Current Assets	<u>132,954,340.34</u>	<u>20,265,849.95</u>	<u>90,611,655.50</u>	<u>39,938,251.49</u>
Non-Current Assets:				
Investments				
Total Non-Current Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 132,954,340.34</u>	<u>\$ 20,265,849.95</u>	<u>\$ 90,611,655.50</u>	<u>\$ 39,938,251.49</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Current Liabilities:				
Payables from:				
Accounts	\$ 829,111.78	\$ 481,601.53	\$ 98,005.90	\$ 1,887,661.02
Payroll	1,392,268.48	5,867.47	8,440.63	145,982.37
Interfund Payable (Note 12)	3.63			
Due To Other Agencies		252,088.99		990,308.27
Deferred Revenue		11,994,100.09	90,150,458.80	93,688.87
Total Current Liabilities	<u>2,221,383.89</u>	<u>12,733,658.08</u>	<u>90,256,905.33</u>	<u>3,117,640.53</u>
Total Liabilities	<u>2,221,383.89</u>	<u>12,733,658.08</u>	<u>90,256,905.33</u>	<u>3,117,640.53</u>
Fund Balances (Deficits):				
Reserved for:				
Encumbrances	35,397,716.81	5,272,444.85	4,493,069.59	11,394,711.89
Loans and Contracts				
Undesignated	<u>95,335,239.64</u>	<u>2,259,747.02</u>	<u>(4,138,319.42)</u>	<u>25,425,899.07</u>
Total Fund Balances	<u>130,732,956.45</u>	<u>7,532,191.87</u>	<u>354,750.17</u>	<u>36,820,610.96</u>
Total Liabilities and Fund Balances	<u>\$ 132,954,340.34</u>	<u>\$ 20,265,849.95</u>	<u>\$ 90,611,655.50</u>	<u>\$ 39,938,251.49</u>

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

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Consolidated Accounts				
Rural Economic Development (0425)* U/F (0425)	Disaster Contingency (0453)* U/F (0453)	Hotel Occupancy Tax for Economic Development (5003)* U/F (5003)	Crime Stoppers Assistance (5012)* U/F (5012)	Tourism Plates (5053)* U/F (5053)
\$ 385,760.85	\$ -	\$ 9,747,535.52	\$ 710,973.90	\$ 60,986.11
486.73				
		2,540,774.43		
<u>386,247.58</u>	<u>-</u>	<u>12,288,309.95</u>	<u>710,973.90</u>	<u>60,986.11</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 386,247.58</u>	<u>\$ -</u>	<u>\$ 12,288,309.95</u>	<u>\$ 710,973.90</u>	<u>\$ 60,986.11</u>
\$ -	\$ -	\$ 162,846.35	\$ 25,703.54	\$ -
		131,915.43		
<u>-</u>	<u>-</u>	<u>294,761.78</u>	<u>25,703.54</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>294,761.78</u>	<u>25,703.54</u>	<u>-</u>
		7,853,006.13	143,859.18	
<u>386,247.58</u>	<u>-</u>	<u>4,140,542.04</u>	<u>541,411.18</u>	<u>60,986.11</u>
<u>386,247.58</u>	<u>-</u>	<u>11,993,548.17</u>	<u>685,270.36</u>	<u>60,986.11</u>
<u>\$ 386,247.58</u>	<u>\$ -</u>	<u>\$ 12,288,309.95</u>	<u>\$ 710,973.90</u>	<u>\$ 60,986.11</u>

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OFFICE OF THE GOVERNOR
 Exhibit A-1 - Combining Balance Sheet - All General and Consolidated Funds
 For the Fiscal Year Ended August 31, 2009

	Consolidated Accounts			
	Texas Enterprise (5107)* U/F (5107)	Economic Development and Tourism (5110)* U/F (5110)	Texas Music Foundation Plates (5113)* U/F (5113)	Texas Military Value Revolving Loan (5114)* U/F (5140, 5141, 5142, 5143)
ASSETS				
Current Assets:				
Cash				
Cash in State Treasury	\$ 240,968,677.87	\$ 60,053.69	\$ 11,948.62	\$ 53,809.09
Legislative Appropriations				
Receivables from:				
Federal				
Interest and Dividends	304,043.90			67.91
Accounts Receivable	46,964.00			
Interfund Receivables				
Due From Other Agencies				
Loans and Contracts				47,675,524.43
Total Current Assets	<u>241,319,685.77</u>	<u>60,053.69</u>	<u>11,948.62</u>	<u>47,729,401.43</u>
Non-Current Assets:				
Investments				
Total Non-Current Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 241,319,685.77</u>	<u>\$ 60,053.69</u>	<u>\$ 11,948.62</u>	<u>\$ 47,729,401.43</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Current Liabilities:				
Payables from:				
Accounts Payable	\$ 2,250,000.00	\$ 85.80	\$ -	\$ -
Payroll				
Interfund Payable				
Due To Other Agencies				
Deferred Revenue				
Total Current Liabilities	<u>2,250,000.00</u>	<u>85.80</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>2,250,000.00</u>	<u>85.80</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits):				
Reserved for:				
Encumbrances	55,635,196.00	1,951.00		
Loans and Contracts				47,675,524.43
Undesignated	<u>183,434,489.77</u>	<u>58,016.89</u>	<u>11,948.62</u>	<u>53,877.00</u>
Total Fund Balances	<u>239,069,685.77</u>	<u>59,967.89</u>	<u>11,948.62</u>	<u>47,729,401.43</u>
Total Liabilities and Fund Balances	<u>\$ 241,319,685.77</u>	<u>\$ 60,053.69</u>	<u>\$ 11,948.62</u>	<u>\$ 47,729,401.43</u>

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

UNAUDITED

Daughters of the Republic of Texas (5115)* U/F (5115)	Emerging Technology (5124)* U/F (5124)	Total (Exhibit I)
\$ 19,603.96	\$ 134,529,874.00	\$ 535,123,795.70
		132,276,651.72
		2,101,065.46
	178,363.96	623,078.26
	130.00	77,796.59
		3.63
		3,187,760.46
		47,675,524.43
<u>19,603.96</u>	<u>134,708,367.96</u>	<u>721,065,676.25</u>
	874,120.00	874,120.00
-	<u>874,120.00</u>	<u>874,120.00</u>
<u>\$ 19,603.96</u>	<u>\$ 135,582,487.96</u>	<u>\$ 721,939,796.25</u>
\$ 19,603.96	\$ 2,251,356.55	\$ 8,005,976.43
	31,214.71	1,715,689.09
		3.63
	950,000.00	2,192,397.26
		102,238,247.76
<u>19,603.96</u>	<u>3,232,571.26</u>	<u>114,152,314.17</u>
<u>19,603.96</u>	<u>3,232,571.26</u>	<u>114,152,314.17</u>
	80,656,997.33	200,848,952.78
		47,675,524.43
	<u>51,692,919.37</u>	<u>359,263,004.87</u>
-	<u>132,349,916.70</u>	<u>607,787,482.08</u>
<u>\$ 19,603.96</u>	<u>\$ 135,582,487.96</u>	<u>\$ 721,939,796.25</u>

UNAUDITED

OFFICE OF THE GOVERNOR
 Exhibit A-2 - Combining Statement of Revenue, Expenditures, and Changes in Fund Balances -
 All General and Consolidated Funds
 For the Fiscal Year Ended August 31, 2009

	Consolidated Accounts			
	General Revenue Fund 0001 (0001)* U/F (0001)	Governor's Office Federal Projects (0224)* U/F (0224)	American Recovery & Reinvest Act (Fed) (0369)* U/F (0369)	Criminal Justice Planning (0421)* U/F (0421)
REVENUE				
Legislative Appropriations				
Original Appropriations	\$ 108,737,941.87	\$ -	\$ -	\$ -
Additional Appropriations	3,725,558.89			
Federal Revenue	836,016.57	17,231,135.39	145,314.20	38,822,579.56
Federal Grant Pass-Through Revenue	1,057,162.04	214,933.89		
License, Fees & Permits	1,900,056.09			25,432,535.48
Interest and Other Investment Income	3,173.47	604,310.13	354,750.17	
Net Increase (Decrease) in Fair Value				
Sales of Goods and Services	956,734.40			
Other	23,021.94	564.48		1,060.44
Total Revenue	<u>117,239,665.27</u>	<u>18,050,943.89</u>	<u>500,064.37</u>	<u>64,256,175.48</u>
EXPENDITURES				
Salaries and Wages	13,110,221.12	227,746.64	12,614.59	1,312,216.33
Payroll Related Costs	3,211,202.48	36,960.58	964.28	331,607.67
Professional Fees and Services	1,169,752.41	127,918.04	131,735.33	2,915,890.94
Travel	316,550.72	10,359.29		49,180.72
Materials and Supplies	419,537.63	49,234.49		14,225.09
Communication and Utilities	241,417.00	8,064.02		12,002.68
Repairs and Maintenance	31,528.80			
Rentals and Leases	194,504.03	4,033.94		19,709.91
Printing and Reproduction	30,833.77	22.28		238.74
Federal Grant Pass-Through Expenditures		3,151,475.29		888,344.74
State Grant Pass-Through Expenditures	48,000.00			2,160,857.32
Intergovernmental Payments	4,203,471.85	12,146,672.91		17,875,494.71
Public Assistance Payments	312,883.67	1,799,418.10		29,026,291.73
Other Expenditures	2,032,531.55	1,693.53		8,615.20
Total Expenditures	<u>25,322,435.03</u>	<u>17,563,599.11</u>	<u>145,314.20</u>	<u>54,614,675.78</u>
Excess (Deficiency) of Revenue over Expenditures	<u>91,917,230.24</u>	<u>487,344.78</u>	<u>354,750.17</u>	<u>9,641,499.70</u>
OTHER FINANCING SOURCES (USES)				
Transfer In		(145,613.84)		
Transfer Out	(702,332.03)			
Legislative Transfer In (Note 12)	36,299,400.05			
Legislative Transfer Out (Note 12)	(32,239,256.59)			
Total Other Financing Sources (Uses)	<u>3,357,811.43</u>	<u>(145,613.84)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>95,275,041.67</u>	<u>341,730.94</u>	<u>354,750.17</u>	<u>9,641,499.70</u>
Fund Financial Statement - Fund Balances				
Fund Balances, September 1, 2008	37,257,453.04	7,190,460.93		27,179,111.26
Restatements	(1,799,538.26)			
Fund Balances, September 1, 2008, as Restated	<u>35,457,914.78</u>	<u>7,190,460.93</u>	<u>-</u>	<u>27,179,111.26</u>
Fund Balances, August 31, 2009	<u>\$ 130,732,956.45</u>	<u>\$ 7,532,191.87</u>	<u>\$ 354,750.17</u>	<u>\$ 36,820,610.96</u>

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

UNAUDITED

Consolidated Accounts

Rural Economic Development (0425)* U/F (0425)	Disaster Contingency (0453)* U/F (0453)	Hotel Occupancy Tax for Economic (5003)* U/F (5003)	Crime Stoppers Assistance (5012)* U/F (5012)	Tourism Plates (5053)* U/F (5053)	Texas Enterprise (5107)* U/F (5107)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8,102.00			521,880.31	24,491.07	259,604.00 5,737,583.94
		18.90			
<u>8,102.00</u>	<u>-</u>	<u>18.90</u>	<u>521,880.31</u>	<u>24,491.07</u>	<u>5,997,187.94</u>
		1,276,511.21			
		280,760.97			
		4,270,002.05	249,736.00		
		12,597.16			
		34,463.92			
		17,885.32			
		12,283.18			
		26,782.23			
		47.53			
			1,800.00		
		28,457,793.94	317,151.82		9,980,000.00
<u>-</u>	<u>-</u>	<u>34,389,127.51</u>	<u>1,000.00</u>	<u>-</u>	<u>9,980,000.00</u>
<u>8,102.00</u>	<u>-</u>	<u>(34,389,108.61)</u>	<u>(47,807.51)</u>	<u>24,491.07</u>	<u>(3,982,812.06)</u>
		28,627,058.73			52,273,308.92
	(107,160.16)	(150,000.00)			(50,000,000.00)
<u>-</u>	<u>(107,160.16)</u>	<u>28,477,058.73</u>	<u>-</u>	<u>-</u>	<u>2,273,308.92</u>
<u>8,102.00</u>	<u>(107,160.16)</u>	<u>(5,912,049.88)</u>	<u>(47,807.51)</u>	<u>24,491.07</u>	<u>(1,709,503.14)</u>
378,145.58	139,039.84	17,905,598.05	733,077.87	36,495.04	240,779,188.91
<u>378,145.58</u>	<u>(31,879.68)</u>	<u>17,905,598.05</u>	<u>733,077.87</u>	<u>36,495.04</u>	<u>240,779,188.91</u>
<u>378,145.58</u>	<u>107,160.16</u>	<u>17,905,598.05</u>	<u>733,077.87</u>	<u>36,495.04</u>	<u>240,779,188.91</u>
<u>\$ 386,247.58</u>	<u>\$ -</u>	<u>\$ 11,993,548.17</u>	<u>\$ 685,270.36</u>	<u>\$ 60,986.11</u>	<u>\$ 239,069,685.77</u>

OFFICE OF THE GOVERNOR
 Exhibit A-2 - Combining Statement of Revenue, Expenditures, and Changes in Fund Balances -
 All General and Consolidated Funds
 For the Fiscal Year Ended August 31, 2009

	Consolidated Accounts		
	Economic Development and Tourism (5110)* U/F (5110)	Texas Music Foundation Plates (5113)* U/F (5113)	Texas Military Value Revolving Loan (5114)* U/F (5140, 5141, 5142, 5143)
REVENUE			
Legislative Appropriations			
Original Appropriations	\$ -	\$ -	\$ -
Additional Appropriations			
Federal Revenue			
Federal Grant Pass-Through Revenue			
License, Fees & Permits	9,208.64	8,779.62	
Interest and Other Investment Income			2,491,593.00
Net Increase (Decrease) in Fair Value			
Sales of Goods and Services			
Other			
Total Revenue	<u>9,208.64</u>	<u>8,779.62</u>	<u>2,491,593.00</u>
EXPENDITURES			
Salaries and Wages			
Payroll Related Costs			
Professional Fees and Services			
Travel	4,799.40		
Materials and Supplies	12.70		
Communication and Utilities			
Repairs and Maintenance			
Rentals and Leases			
Printing and Reproduction			
Federal Grant Pass-Through Expenditures			
State Grant Pass-Through Expenditures			
Intergovernmental Payments			
Public Assistance Payments		3,000.00	
Other Expenditures		1,500.00	
Total Expenditures	<u>4,812.10</u>	<u>4,500.00</u>	<u>-</u>
Excess (Deficiency) of Revenue over Expenditures	<u>4,396.54</u>	<u>4,279.62</u>	<u>2,491,593.00</u>
OTHER FINANCING SOURCES (USES)			
Transfer In			49,316.55
Transfer Out			(2,539,701.51)
Legislative Transfer In			
Legislative Transfer Out			
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(2,490,384.96)</u>
Net Change in Fund Balances	<u>4,396.54</u>	<u>4,279.62</u>	<u>1,208.04</u>
Fund Financial Statement - Fund Balances			
Fund Balances, September 1, 2008	55,571.35	7,669.00	47,728,193.39
Restatements			
Fund Balances, September 1, 2008, as Restated	<u>55,571.35</u>	<u>7,669.00</u>	<u>47,728,193.39</u>
Fund Balances, August 31, 2009	<u>\$ 59,967.89</u>	<u>\$ 11,948.62</u>	<u>\$ 47,729,401.43</u>

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

UNAUDITED

<u>Consolidated Accounts</u>		
Daughters of the Republic of Texas (5115)* U/F (5115)	Emerging Technology (5124)* U/F (5124)	Total (Exhibit II)
\$ -	\$ -	\$ 108,737,941.87
		3,725,558.89
		57,035,045.72
		1,272,095.93
77,575.25		28,234,130.46
	3,740,809.88	12,940,322.59
	1,168,002.51	1,168,002.51
		956,734.40
	130.00	24,795.76
<u>77,575.25</u>	<u>4,908,942.39</u>	<u>214,094,628.13</u>
	328,326.70	16,267,636.59
	68,889.80	3,930,385.78
	23,418.75	8,888,453.52
	9,615.80	403,103.09
	833.28	518,307.11
	6,978.71	286,347.73
		43,811.98
	1,093.60	246,123.71
	147.67	31,289.99
		4,039,820.03
	74,469,307.82	76,679,965.14
77,575.25	250,000.00	34,225,639.47
	48,279,634.91	31,786,320.57
<u>77,575.25</u>	<u>123,438,247.04</u>	<u>88,762,769.13</u>
<u>-</u>	<u>(118,529,304.65)</u>	<u>(52,015,345.71)</u>
	50,000,000.00	130,804,070.36
		(53,499,193.70)
		36,299,400.05
		(32,239,256.59)
<u>-</u>	<u>50,000,000.00</u>	<u>81,365,020.12</u>
<u>-</u>	<u>(68,529,304.65)</u>	<u>29,349,674.41</u>
	200,879,221.35	580,269,225.61
<u>-</u>	<u>200,879,221.35</u>	<u>(1,831,417.94)</u>
		578,437,807.67
<u>\$ -</u>	<u>\$ 132,349,916.70</u>	<u>\$ 607,787,482.08</u>

UNAUDITED

Office of the Governor
 Exhibit J-1 - Combining Statement of Changes in Assets and Liabilities - Agency Funds
 For the Fiscal Year Ended August 31, 2009

	Beginning Balance September 1, 2008	Additions	Deductions	Ending Balance August 31, 2009
Employee Savings Bond Account (0901), U/F (0901)				
ASSETS				
Cash in State Treasury	\$ 170.00	\$ 1,940.00	\$ 1,920.00	\$ 190.00
Total Assets	<u>\$ 170.00</u>	<u>\$ 1,940.00</u>	<u>\$ 1,920.00</u>	<u>\$ 190.00</u>
LIABILITIES				
Funds Held for Others	\$ 170.00	\$ 1,920.00	\$ 1,900.00	\$ 190.00
Total Liabilities	<u>\$ 170.00</u>	<u>\$ 1,920.00</u>	<u>\$ 1,900.00</u>	<u>\$ 190.00</u>
401 K Deferred Comp Account (0942), U/F (0942)				
ASSETS				
Cash in State Treasury	\$ -	\$ 376,690.63	\$ 376,690.63	\$ -
Accounts Receivable		392,660.99	376,991.35	15,669.64
Total Assets	<u>\$ -</u>	<u>\$ 769,351.62</u>	<u>\$ 753,681.98</u>	<u>\$ 15,669.64</u>
LIABILITIES				
Funds Held for Others	\$ -	\$ 392,660.99	\$ 376,991.35	\$ 15,669.64
Total Liabilities	<u>\$ -</u>	<u>\$ 392,660.99</u>	<u>\$ 376,991.35</u>	<u>\$ 15,669.64</u>
Totals - All Agency Funds				
ASSETS				
Cash in State Treasury	\$ 170.00	\$ 378,630.63	\$ 378,610.63	\$ 190.00
Accounts Receivable		392,660.99	376,991.35	15,669.64
Total Assets	<u>\$ 170.00</u>	<u>\$ 771,291.62</u>	<u>\$ 755,601.98</u>	<u>\$ 15,859.64</u>
LIABILITIES				
Funds Held for Others	\$ 170.00	\$ 394,580.99	\$ 378,891.35	\$ 15,859.64
Total Liabilities	<u>\$ 170.00</u>	<u>\$ 394,580.99</u>	<u>\$ 378,891.35</u>	<u>\$ 15,859.64</u>

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

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OFFICE OF THE GOVERNOR - Trusteed Programs
 SCHEDULE 1A - COMBINING SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Fiscal Year Ended August 31, 2009

Federal Grantor / Pass-Through Grantor	Federal CFDA Number	Pass-Through From		Direct Program Amount	Total Pass-Through From and Direct Program
		Agency or Univ. Number	Agencies or Univ. Amount		
U.S. Department of Justice					
Direct Program:					
Juvenile Accountability Incentive Block Grants	16.523		\$ -	\$ 61,723.56	\$ 61,723.56
Pass-Through To:					
Attorney General's Office				103,041.42	103,041.42
Other Entities				2,036,496.72	2,036,496.72
Juvenile Justice and Delinquency Prevention	16.540			318,870.90	318,870.90
Pass-Through To:					
Texas Comm. on Jail Standards				25,333.00	25,333.00
Texas State University at San Marcos				417,088.05	417,088.05
Other Entities				4,015,942.32	4,015,942.32
Title V-Delinquency Prevention Program	16.548				
Pass-Through To:					
Other Entities				84,921.65	84,921.65
Crime Victim Assistance	16.575			1,130,108.97	1,130,108.97
Pass-Through To:					
Department of Public Safety				197,546.34	197,546.34
Other Entities				19,516,564.14	19,516,564.14
Violence Against Women Formula Grants	16.588			508,103.92	508,103.92
Pass-Through To:					
Other Entities				6,107,618.00	6,107,618.00
Residential Substance Abuse Treatment for State Prisoners	16.593				
Pass-Through To:					
Other Entities				925,081.65	925,081.65
Bullet Proof Vest Program	16.607				
Pass-Through To:					
Attorney General's Office				1,670.22	1,670.22
Texas Dept. of Public Safety				23,591.00	23,591.00
University of Texas M.D. Anderson Cancer Center				24,325.00	24,325.00
Texas Dept. of Criminal Justice				(70.97)	(70.97)
Texas A&M University				8,699.27	8,699.27
University of Texas at Dallas				1,324.75	1,324.75
San Angelo University				3,924.50	3,924.50
Texas A&M University Commerce				3,030.00	3,030.00
University of North Texas				7,854.66	7,854.66
Texas State University at San Marcos				1,195.17	1,195.17
Sul Ross State University				373.99	373.99
University of Houston				3,207.85	3,207.85
Parks and Wildlife				55,195.40	55,195.40
Byrne Justice Assistance	16.738			422,396.27	422,396.27
Pass-Through To:					
Texas Dept. of Public Safety				1,565,045.71	1,565,045.71
Alcoholic Beverage Commission				115,874.00	115,874.00
Texas Engineering Extension Service				182,990.29	182,990.29
Texas State University at San Marcos				1,184,523.87	1,184,523.87
Other Entities				11,789,899.15	11,789,899.15
Paul Coverdell Forensic Sciences Improvement Grant Project	16.742				
Pass-Through To:					
Texas Dept. of Public Safety				121,000.00	121,000.00
University of Texas Medical Branch at Galveston				(6,943.49)	(6,943.49)
Other Entities				1,117,660.93	1,117,660.93
Total U.S. Department of Justice			-	52,075,208.21	52,075,208.21
American Recovery and Reinvestment Act					
U.S. Department of Justice					
Direct Program:					
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803			145,314.20	145,314.20
Total American Recovery & Reinvestment Act - U.S. Department of Justice			-	145,314.20	145,314.20

UNAUDITED

Agency or Univ. Number	Pass-Through To		Expenditure Amount	Total Pass-Through To and Expenditures
	Agencies or Univ. Amount	Non-State Entities Amount		
	\$ -	\$ -	\$ 61,723.56	\$ 61,723.56
302	103,041.42	2,036,496.72		103,041.42 2,036,496.72
			318,870.90	318,870.90
409	25,333.00			25,333.00
754	417,088.05	4,015,942.32		417,088.05 4,015,942.32
		84,921.65		84,921.65
			1,130,108.97	1,130,108.97
405	197,546.34	19,516,564.14		197,546.34 19,516,564.14
			508,103.92	508,103.92
		6,107,618.00		6,107,618.00
		925,081.65		925,081.65
302	1,670.22			1,670.22
405	23,591.00			23,591.00
506	24,325.00			24,325.00
696	(70.97)			(70.97)
711	8,699.27			8,699.27
729	1,324.75			1,324.75
737	3,924.50			3,924.50
751	3,030.00			3,030.00
752	7,854.66			7,854.66
754	1,195.17			1,195.17
756	373.99			373.99
759	3,207.85			3,207.85
802	55,195.40			55,195.40
			422,396.27	422,396.27
405	1,565,045.71			1,565,045.71
458	115,874.00			115,874.00
716	182,990.29			182,990.29
754	1,184,523.87	11,789,899.15		1,184,523.87 11,789,899.15
405	121,000.00			121,000.00
723	(6,943.49)	1,117,660.93		(6,943.49) 1,117,660.93
	<u>4,039,820.03</u>	<u>45,594,184.56</u>	<u>2,441,203.62</u>	<u>52,075,208.21</u>
			145,314.20	145,314.20
	<u>-</u>	<u>-</u>	<u>145,314.20</u>	<u>145,314.20</u>

OFFICE OF THE GOVERNOR - Trusteed Programs
 SCHEDULE 1A - COMBINING SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Fiscal Year Ended August 31, 2009

Federal Grantor / Pass-Through Grantor	Federal CFDA Number	Pass-Through From		Direct Program Amount	Total Pass-Through From and Direct Program
		Agency or Univ. Number	Agencies or Univ. Amount		
U.S. Department of Education					
Direct Program:					
Safe & Drug-Free Schools & Communities State Grant	84.186		\$ -	\$ 218,538.59	\$ 218,538.59
Pass-Through To:					
Other Entities				4,595,984.72	4,595,984.72
Total U.S. Department of Education			-	4,814,523.31	4,814,523.31
Office For Domestic Preparedness - Department of Homeland Security					
Department of Homeland Security					
Direct Programs:					
Urban Areas Security Initiative					
Pass-Through From:					
Department of Public Safety	97.008	405	12,661.35		12,661.35
State Homeland Security Program (SHSP)					
Pass-Through From:					
Department of Public Safety	97.073	405	702,962.48		702,962.48
Total Department of Homeland Security			715,623.83	-	715,623.83
U.S. Department of Labor					
Direct Program:					
Texas Workforce Commission	17.528				
Pass-Through From:					
Texas Workforce Commission		320	556,472.10		556,472.10
Total U.S. Department of Labor			556,472.10	-	556,472.10
General Services Administration					
Donation of Federal Surplus Personal Property (Non-monetary)					
Pass-Through From:					
Texas Facilities Commission	39.003	303	237.66		237.66
Totals - General Services Administration			237.66	-	237.66
Total Federal Assistance			\$ 1,272,333.59	\$ 57,035,045.72	\$ 58,307,379.31

NOTE 1: Non - Monetary Assistance

In FY2009, seven printer tables with a Fair Market Value of \$237.66 were received by the Office through the the Federal Surplus Donation Program from the Texas Facilities Commission.

NOTE 2: Reconciliation

Below is a reconciliation of the total federal pass-throughs and federal expenditures as reported on the Schedule of Expenditures of Federal Awards to the total of federal revenue and federal grant pass-through revenue as reported in the general purpose financial statements. Generally, federal funds are not earned until expended, therefore, federal revenue equals federal expenditures for the reporting period.

Per Combined Statement of Revenue, Expenditures, and Changes in Fund, Balances/Statement of Activities- Governmental Fund Types, (Exh. II):

Federal Revenue (Exh. II)	\$ 57,035,045.72
Federal Pass-Through Revenue (Exh. II)	1,272,095.93
Sub-total	58,307,141.65

Reconciling Item:

Federal Surplus Property (Non-Monetary)	237.66
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Total Pass-Through and Expenditures per Schedule of Expenditures of Federal Awards

	\$ 58,307,379.31
--	------------------

NOTES 3 - 6: Not Applicable

NOTE 7: Federal Deferred Revenue

CFDA	Balance September 1, 2008	Net Change	Balance August 31, 2009
16.523	\$ 1,086,703.47	\$ 163,674.94	\$ 1,250,378.41
16.738	17,695,976.71	(6,952,255.03)	10,743,721.68
16.803		90,150,458.80	90,150,458.80
84.186		93,688.87	93,688.87
Total	\$ 18,782,680.18	\$ 83,455,567.58	\$ 102,238,247.76

Federal deferred revenue represents Federal award amounts that are issued at the beginning of the grant period rather than on a reimbursement basis

* Appropriated Fund is noted as (XXXX). USAS D23 U/F (XXXX)

Agency or Univ. Number	Pass-Through To		Expenditure Amount	Total Pass-Through To and Expenditures
	Agencies or Univ. Amount	Non-State Entities Amount		
	\$ -	\$ -	\$ 218,538.59	\$ 218,538.59
		4,595,984.72		4,595,984.72
	-	<u>4,595,984.72</u>	<u>218,538.59</u>	<u>4,814,523.31</u>
			12,661.35	12,661.35
			702,962.48	702,962.48
	-	-	<u>715,623.83</u>	<u>715,623.83</u>
			556,472.10	556,472.10
	-	-	<u>556,472.10</u>	<u>556,472.10</u>
			237.66	237.66
	-	-	<u>237.66</u>	<u>237.66</u>
\$	4,039,820.03	\$ 50,190,169.28	\$ 4,077,390.00	\$ 58,307,379.31

OFFICE OF THE GOVERNOR
 SCHEDULE 1B - COMBINING SCHEDULE OF STATE PASS-THROUGH GRANTS FROM/TO STATE AGENCIES
 For the Fiscal Year Ended August 31, 2009

State funds passed to other state agencies from governmental funds are as follows:

Fund 0001	Pass-Through To:	Amount of Pass-Through
	Small Business Forum	
	Texas Tech Univ (Agy 733)	\$48,000.00
Subtotal Pass-Through from Fund 0001		\$ 48,000.00
Fund 0421	Pass-Through To:	Amount of Pass-Through
	Prosecution of Prison Crimes	
	Comptroller's Judiciary Section (Agy. 241)	\$ 1,418,791.00
	TX Dept of Criminal Justice (Agy 696)	74,567.15
	Special Investigation Unit	
	Office of the Attorney General (Agy. 302)	40,387.06
	Amber Alert	
	Department of Public Safety (Agy 405)	545,233.67
	Staying Connected - A Child Abuse and Neglect Prevention Program	
	University of Texas at Arlington (Agy 714)	81,878.44
Subtotal Pass-Through from Fund 0421		\$ 2,160,857.32
Fund 5012	Pass-Through To:	Amount of Pass-Through
	Crimestoppers Asst Fund AJE Behind the Walls	
	TX Dept of Criminal Justice (Agy 696)	\$ 1,800.00
Subtotal Pass-Through from Fund 5012		\$ 1,800.00
Fund 5124	Pass-Through To:	Amount of Pass-Through
	Emerging Technology Grant	
	TAMU (Agy 556)	\$ 2,012,500.00
	Emerging Technology Grant	
	Texas A&M Health Science Center (Agy 709)	3,500,000.00
	Emerging Technology Grant	
	Texas A&M University (Agy 710)	53,675,000.00
	Emerging Technology Grant	
	University of Texas at El Paso (Agy 724)	2,000,000.00
	Emerging Technology Grant	
	University of Houston (Agy 730)	5,500,000.00
	Emerging Technology Grant	
	Texas Tech University (Agy 733)	1,531,807.82
	Emerging Technology Grant	
	University of Texas Health Science Center (Agy 744)	2,000,000.00
	Emerging Technology Grant	
	Texas State University (Agy 754)	2,000,000.00
	Emerging Technology Grant	
	University of Dallas (Agy 738)	2,250,000.00
Subtotal Pass-Through from Fund 5124		\$ 74,469,307.82
Total Pass-Through to Other Agencies (Exhibit II)		\$ 76,679,965.14

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Office of the Governor - Trustee Programs (300)
 Schedule 2A - Miscellaneous Bond Information
 For the Fiscal Year Ended August 31, 2009

Governmental Activities

Description of Issue	Bonds Issued to Date	Range of Interest Rates	Terms of Variable Interest Rate	Scheduled Maturities		
				First Year	Last Year	First Call Date
<u>General Obligation Bonds - Self-Supporting:</u>						
Product Development Var Rate Demand Bonds Series 2005A	\$ 25,000,000.00	VAR VAR	Weekly	2005	2045	5/18/2005
Small Incubator Var Rate Demand Bonds Series 2005B	20,000,000.00	VAR VAR	Weekly	2005	2045	5/18/2005
Texas Military Value Revolving Loan Program Series 2007 A-1	10,815,000.00	4.000% 4.375%		2010	2026	10/1/2016
Texas Military Value Revolving Loan Program Series 2007 A-2	10,160,000.00	4.000% 4.625%		2012	2036	10/1/2016
Texas Military Value Revolving Loan Program Series 2007 B	28,620,000.00	5.200% 5.700%		2012	2036	10/1/2016
Total:	\$ 94,595,000.00					

Component Unit

Description of Issue	Bonds Issued to Date	Range of Interest Rates	Terms of Variable Interest Rate	Scheduled Maturities		
				First Year	Last Year	First Call Date
<u>Revenue Bonds - Self-Supporting::</u>						
TSBIDC Floating Rate Dem Rev Bds Ser 1986	\$ 60,000,000.00	VAR VAR	Weekly	1986	2026	10/8/1986
Total:	\$ 60,000,000.00					

UNAUDITED

Office of the Governor - Trustee Programs (300)
 Schedule 2B - Changes in Bonded Indebtedness
 For the Fiscal Year Ended August 31, 2009

Governmental Activities

Description of Issue	Bonds Outstanding 9/1/2008	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2009	Net Bonds Outstanding (Ending)	Amounts Due Within One Year
<u>General Obligation Bonds - Self-Supporting:</u>							
Product Development Var							
Rate Demand Bonds							
Series 2005A	\$ 25,000,000.00	\$ -	\$ -	\$ -	\$ 25,000,000.00	\$ 25,000,000.00	\$ -
Small Incubator Var Rate							
Demand Bonds Series							
2005B	\$ 20,000,000.00	\$ -	\$ -	\$ -	\$ 20,000,000.00	\$ 20,000,000.00	\$ -
Texas Military Value							
Revolving Loan Fund							
Series 2007 A-1	\$ 10,815,000.00	\$ -	\$ -	\$ -	\$ 10,815,000.00	\$ 10,815,000.00	\$ -
Texas Military Value							
Revolving Loan Fund							
Series 2007 A-2	\$ 10,160,000.00	\$ -	\$ -	\$ -	\$ 10,160,000.00	\$ 10,160,000.00	\$ -
Texas Military Value							
Revolving Loan Fund							
Series 2007 B	\$ 28,620,000.00	\$ -	\$ -	\$ -	\$ 28,620,000.00	\$ 28,620,000.00	\$ -

Component Unit

Description of Issue	Bonds Outstanding 9/1/2008	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguish	Bonds Outstanding 8/31/2009	Net Bonds Outstanding (Ending)	Amounts Due Within One Year
<u>Revenue Bonds - Self-Supporting:</u>							
TSBIDC Floating Rate							
Dem Rev Bds Ser 1986	\$ 99,335,000.00	\$ -	\$ 39,335,000.00	\$ -	\$ 60,000,000.00	\$ 60,000,000.00	\$ -

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Office of the Governor - Trustee Programs (300)
 Schedule 2C - Debt Service Requirements
 For the Fiscal Year Ended August 31, 2009

Governmental Activities

Description of Issue	FY	Principal	Interest
General Obligation Bonds - Self-Supporting:			
Product Development Var Rate Demand Bonds Series 2005A			
	2010	\$ -	\$ 80,000.00
	2011		80,000.00
	2012		80,000.00
	2013		80,000.00
	2014		80,000.00
	2015 - 2019		400,000.00
	2020 - 2024		400,000.00
	2025 - 2029		400,000.00
	2030 - 2034		400,000.00
	2035 - 2039		400,000.00
	2040 - 2044		400,000.00
	2045	25,000,000.00	80,000.00
		<u>\$ 25,000,000.00</u>	<u>\$ 2,880,000.00</u>
Small Incubator Var Rate Demand Bonds Series 2005B			
	2010	\$ -	\$ 64,000.00
	2011		64,000.00
	2012		64,000.00
	2013		64,000.00
	2014		64,000.00
	2015 - 2019		320,000.00
	2020 - 2024		320,000.00
	2025 - 2029		320,000.00
	2030 - 2034		320,000.00
	2035 - 2039		320,000.00
	2040 - 2044		320,000.00
	2045	20,000,000.00	64,000.00
		<u>\$ 20,000,000.00</u>	<u>\$ 2,304,000.00</u>
Texas Military Value Revolving Loan Fund Series 2007 A-1			
	2010	\$ -	\$ 451,612.50
	2011	450,000.00	442,612.50
	2012	465,000.00	424,312.50
	2013	485,000.00	405,312.50
	2014	505,000.00	385,512.50
	2015 - 2019	2,870,000.00	1,585,550.00
	2020 - 2024	3,530,000.00	932,168.76
	2025 - 2027	2,510,000.00	168,000.02
		<u>\$ 10,815,000.00</u>	<u>\$ 4,795,081.28</u>
Texas Military Value Revolving Loan Fund Series 2007 A-2			
	2010	\$ -	\$ 452,600.00
	2011		452,600.00
	2012		452,600.00
	2013	230,000.00	448,000.00
	2014	240,000.00	438,600.00
	2015 - 2019	1,360,000.00	2,036,881.26
	2020 - 2024	1,680,000.00	1,718,665.65
	2025 - 2029	2,105,000.00	1,298,981.30
	2030 - 2034	2,640,000.00	757,112.54
	2035 - 2037	1,905,000.00	134,934.39
		<u>\$ 10,160,000.00</u>	<u>\$ 8,190,975.14</u>

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Office of the Governor - Trustee Programs (300)
 Schedule 2C - Debt Service Requirements
 For the Fiscal Year Ended August 31, 2009

Governmental Activities (continued)

Description of Issue	FY	Principal	Interest
Texas Military Value Revolving Loan Fund Series 2007 B	2010	\$ -	\$ 1,599,850.00
	2011		1,599,850.00
	2012		1,599,850.00
	2013	565,000.00	1,585,160.00
	2014	595,000.00	1,555,000.00
	2015 - 2019	3,465,000.00	7,262,912.50
	2020 - 2024	4,495,000.00	6,197,512.50
	2025 - 2029	5,905,000.00	4,748,340.00
	2030 - 2034	7,785,000.00	2,814,232.50
	2035 - 2037	5,810,000.00	509,010.00
		<u>\$ 28,620,000.00</u>	<u>\$ 29,471,717.50</u>

Component Unit

Description of Issue	FY	Principal	Interest
<u>Revenue Bonds - Self-Supporting:</u> TSBIDC Floating Rate Dem Rev Bds Ser '86	2010	\$ -	\$ 204,000.00
	2011		204,000.00
	2012		204,000.00
	2013		204,000.00
	2014		204,000.00
	2015 - 2019		1,020,000.00
	2020 - 2024		1,020,000.00
	2025 - 2026	60,000,000.00	408,000.00
		<u>\$ 60,000,000.00</u>	<u>\$ 3,468,000.00</u>

Office of the Governor - Trustee Programs (300)
Annual Financial Report
Schedule 2D - Analysis of Funds Available for Debt Service - General Obligation Bonds
For the Fiscal Year Ended August 31, 2009

Governmental Activities

Description of Issue	Application of Funds	
	Principal	Interest
<u>General Obligation Bonds - Self-Supporting:</u>		
Product Development Var Rate Demand Bonds Series 2005A	\$ -	\$ 472,859.38
Small Incubator Var Rate Demand Bonds Series 2005B		373,492.98
Texas Military Value Revolving Loan Fund Series 2007 A-1		451,612.50
Texas Military Value Revolving Loan Fund Series 2007 A-2		452,600.00
Texas Military Value Revolving Loan Fund Series 2007 B		1,599,850.00
Total	\$ -	\$ 3,350,414.86

Component Unit

Description of Issue/Parity Issues	Pledged and Other Sources and Related Expenditures for FY 2009			
	Net Available for Debt Service		Debt Service	
	Total Pledged and Other Sources	Operating Expenses / Expenditures and Capital Outlay	Principal	Interest

Revenue Bonds - Self-Supporting:

TSBIDC Floating Rate Dem Rev Bds Ser '86	\$ 2,190,845.75	\$ 1,025,279.07	\$ 39,335,000.00 (A)	\$ 1,131,540.76
Total	\$ 2,190,845.75	\$ 1,025,279.07	\$ 39,335,000.00	\$ 1,131,540.76

(A) Bond proceeds held in the TSBIDC debt service fund were used as the source of funds for the principal payments.

**The Office of the Governor
Core Operations
Agency 301
Financial Statements**

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OFFICE OF THE GOVERNOR - Core Operations (301)
 Exhibit I 301 - Combined Balance Sheet/Statement of Net Assets - Governmental Funds
 For the Fiscal Year Ended August 31, 2009

	Governmental Fund Types			Statement of Net Assets
	General Funds (Exhibit A-1 301)	Capital Assets Adjustments	Long-Term Liabilities Adjustments	
ASSETS				
Current Assets:				
Legislative Appropriations	\$ 20,377,244.53	\$ -	\$ -	\$ 20,377,244.53
Receivables from:				
Accounts Receivable	30,702.59			30,702.59
Total Current Assets	<u>20,407,947.12</u>	<u>-</u>	<u>-</u>	<u>20,407,947.12</u>
Non-Current Assets:				
Capital Assets (Note 2):				
Depreciable:				
Furniture and Equipment		296,933.41		296,933.41
Less Accumulated Depreciation		(249,174.73)		(249,174.73)
Total Non-Current Assets	<u>-</u>	<u>47,758.68</u>	<u>-</u>	<u>47,758.68</u>
Total Assets	<u>\$ 20,407,947.12</u>	<u>\$ 47,758.68</u>	<u>\$ -</u>	<u>\$ 20,455,705.80</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Current Liabilities:				
Payables from:				
Accounts Payable	\$ 63,310.25	\$ -	\$ -	\$ 63,310.25
Payroll	998,848.23			998,848.23
Employees' Compensable Leave (Note 5)			975,297.75	975,297.75
Total Current Liabilities	<u>1,062,158.48</u>	<u>-</u>	<u>975,297.75</u>	<u>2,037,456.23</u>
Non-Current Liabilities				
Employees' Compensable Leave (Note 5)			475,875.35	475,875.35
Total Non-Current Liabilities	<u>-</u>	<u>-</u>	<u>475,875.35</u>	<u>475,875.35</u>
Total Liabilities	<u>1,062,158.48</u>	<u>-</u>	<u>1,451,173.10</u>	<u>2,513,331.58</u>
Fund Financial Statement				
Fund Balances (Deficits):				
Reserved for				
Encumbrances	480,789.06			480,789.06
Undesignated	18,864,999.58			18,864,999.58
Total Fund Balances	<u>19,345,788.64</u>	<u>-</u>	<u>-</u>	<u>19,345,788.64</u>
Total Liabilities and Fund Balances	<u>\$ 20,407,947.12</u>			
Government-Wide Statement of Net Assets				
Net Assets				
Invested in Capital Assets, net of Related Debt		47,758.68		47,758.68
Unrestricted			(1,451,173.10)	(1,451,173.10)
Total Net Assets		<u>\$ 47,758.68</u>	<u>\$ (1,451,173.10)</u>	<u>\$ 17,942,374.22</u>

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

UNAUDITED

OFFICE OF THE GOVERNOR - Core Operations (301)
 Exhibit II 301 - Combined Statement of Revenue, Expenditures, and Changes in
 Fund Balances/Statement of Activities - Governmental Funds
 For the Fiscal Year Ended August 31, 2009

	<u>General Funds</u> (Exhibit A-2 301)	<u>Governmental</u> <u>Funds Total</u>
REVENUE		
Legislative Appropriations		
Original Appropriations	\$ 9,104,980.00	\$ 9,104,980.00
Additional Appropriations	2,584,336.80	2,584,336.80
License, Fees & Permits	1,602.47	1,602.47
Sales of Goods and Services	518,232.68	518,232.68
Other	4,453.75	4,453.75
Total Revenue	<u>12,213,605.70</u>	<u>12,213,605.70</u>
EXPENDITURES		
Salaries and Wages	9,617,094.82	9,617,094.82
Payroll Related Costs	2,413,911.88	2,413,911.88
Professional Fees and Services	332,690.12	332,690.12
Travel	61,895.71	61,895.71
Materials and Supplies	353,897.09	353,897.09
Communication and Utilities	173,384.77	173,384.77
Repairs and Maintenance	13,892.00	13,892.00
Rentals and Leases	132,481.35	132,481.35
Printing and Reproduction	18,199.06	18,199.06
Other Expenditures	186,697.72	186,697.72
Depreciation Expense		
Total Expenditures/Expenses	<u>13,304,144.52</u>	<u>13,304,144.52</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(1,090,538.82)</u>	<u>(1,090,538.82)</u>
OTHER FINANCING SOURCES (USES)		
Legislative Transfer In (Note 12)	<u>16,142,728.83</u>	<u>16,142,728.83</u>
Total Other Financing Sources (Uses)	<u>16,142,728.83</u>	<u>16,142,728.83</u>
Net Change in Fund Balances/Net Assets	<u>15,052,190.01</u>	<u>15,052,190.01</u>
Fund Financial Statement - Fund Balances		
Fund Balances, September 1, 2008	4,284,585.82	4,284,585.82
Restatements	9,012.81	9,012.81
Fund Balances, September 1, 2008, as Restated	<u>4,293,598.63</u>	<u>4,293,598.63</u>
Appropriations Lapsed		
Fund Balances, August 31, 2009	<u>\$ 19,345,788.64</u>	<u>\$ 19,345,788.64</u>
Government-Wide Statement of Net Assets		
Net Assets/Net Change in Net Assets		<u>\$ 19,345,788.64</u>
Fund Balances, September 1, 2008		
Restatements		
Fund Balances, September 1, 2008, as Restated		<u>-</u>
Net Assets, August 31, 2009		<u>\$ 19,345,788.64</u>

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

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Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Activities
\$ -	\$ -	\$ 9,104,980.00
		2,584,336.80
		1,602.47
		518,232.68
		4,453.75
<u>-</u>	<u>-</u>	<u>12,213,605.70</u>
	346,863.82	9,963,958.64
		2,413,911.88
		332,690.12
		61,895.71
		353,897.09
		173,384.77
		13,892.00
		132,481.35
		18,199.06
		186,697.72
31,608.52		31,608.52
<u>31,608.52</u>	<u>346,863.82</u>	<u>13,682,616.86</u>
<u>(31,608.52)</u>	<u>(346,863.82)</u>	<u>(1,469,011.16)</u>
		16,142,728.83
<u>-</u>	<u>-</u>	<u>16,142,728.83</u>
		<u>14,673,717.67</u>
		4,284,585.82
		9,012.81
		<u>4,293,598.63</u>
		<u>\$ 18,967,316.30</u>
<u>\$ (31,608.52)</u>	<u>\$ (346,863.82)</u>	<u>\$ 18,967,316.30</u>
79,367.20	(1,104,309.28)	(1,024,942.08)
<u>79,367.20</u>	<u>(1,104,309.28)</u>	<u>(1,024,942.08)</u>
<u>\$ 47,758.68</u>	<u>\$ (1,451,173.10)</u>	<u>\$ 17,942,374.22</u>

UNAUDITED

OFFICE OF THE GOVERNOR - Core Operations (301)
 Exhibit A-1 301 - Combining Balance Sheet - All General and Consolidated Funds
 For the Fiscal Year Ended August 31, 2009

	General Revenue Fund (0001)* U/F (0001)	Total (Exhibit I 301)
ASSETS		
Current Assets:		
Legislative Appropriations	\$ 20,377,244.53	\$ 20,377,244.53
Receivables from:		
Accounts Receivable	30,702.59	30,702.59
Total Current Assets	<u>20,407,947.12</u>	<u>20,407,947.12</u>
Total Assets	<u>\$ 20,407,947.12</u>	<u>\$ 20,407,947.12</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Current Liabilities:		
Payables from:		
Accounts	\$ 63,310.25	\$ 63,310.25
Payroll	998,848.23	998,848.23
Total Current Liabilities	<u>1,062,158.48</u>	<u>1,062,158.48</u>
Total Liabilities	<u>1,062,158.48</u>	<u>1,062,158.48</u>
Fund Balances (Deficits):		
Reserved for:		
Encumbrances	480,789.06	480,789.06
Unreserved/Designated for:		
Undesignated	18,864,999.58	18,864,999.58
Total Fund Balances	<u>19,345,788.64</u>	<u>19,345,788.64</u>
Total Liabilities and Fund Balances	<u>\$ 20,407,947.12</u>	<u>\$ 20,407,947.12</u>

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

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

UNAUDITED

OFFICE OF THE GOVERNOR - Core Operations (301)
 Exhibit A-2 301 - Combining Statement of Revenue, Expenditures, and Changes in Fund Balances -
 All General and Consolidated Funds
 For the Fiscal Year Ended August 31, 2009

	General Revenue Fund (0001)* U/F (0001)	Total (Exhibit II 301)
REVENUE		
Legislative Appropriations		
Original Appropriations	\$ 9,104,980.00	\$ 9,104,980.00
Additional Appropriations	2,584,336.80	2,584,336.80
License, Fees & Permits	1,602.47	1,602.47
Sales of Goods and Services	518,232.68	518,232.68
Other	4,453.75	4,453.75
Total Revenue	<u>12,213,605.70</u>	<u>12,213,605.70</u>
EXPENDITURES		
Salaries and Wages	9,617,094.82	9,617,094.82
Payroll Related Costs	2,413,911.88	2,413,911.88
Professional Fees and Services	332,690.12	332,690.12
Travel	61,895.71	61,895.71
Materials and Supplies	353,897.09	353,897.09
Communication and Utilities	173,384.77	173,384.77
Repairs and Maintenance	13,892.00	13,892.00
Rentals and Leases	132,481.35	132,481.35
Printing and Reproduction	18,199.06	18,199.06
Other Expenditures	186,697.72	186,697.72
Total Expenditures	<u>13,304,144.52</u>	<u>13,304,144.52</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(1,090,538.82)</u>	<u>(1,090,538.82)</u>
OTHER FINANCING SOURCES (USES)		
Legislative Transfer In (Note 12)	16,142,728.83	16,142,728.83
Total Other Financing Sources (Uses)	<u>16,142,728.83</u>	<u>16,142,728.83</u>
Net Change in Fund Balances	<u>15,052,190.01</u>	<u>15,052,190.01</u>
Fund Financial Statement - Fund Balances		
Fund Balances, September 1, 2008	4,284,585.82	4,284,585.82
Restatements	9,012.81	9,012.81
Fund Balances, September 1, 2008, as Restated	<u>4,293,598.63</u>	<u>4,293,598.63</u>
Appropriations Lapsed		
Fund Balances, August 31, 2009	<u>\$ 19,345,788.64</u>	<u>\$ 19,345,788.64</u>

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

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

UNAUDITED

Office of the Governor - Core Operations (301)
 Exhibit J-1 301 - Combining Statement of Changes in Assets and Liabilities - Agency Funds
 For the Fiscal Year Ended August 31, 2009

	Beginning Balance <u>September 1, 2008</u>	Additions	Deductions	Ending Balance <u>August 31, 2009</u>
401 K Deferred Comp				
Account (0942), U/F (0942)				
ASSETS				
Cash in State Treasury	\$ -	\$ 206,678.81	\$ 206,678.81	\$ -
Accounts Receivable		216,602.63	206,678.81	9,923.82
Total Assets	<u>\$ -</u>	<u>\$ 423,281.44</u>	<u>\$ 413,357.62</u>	<u>\$ 9,923.82</u>
LIABILITIES				
Funds Held for Others	\$ -	\$ 216,602.63	\$ 206,678.81	\$ 9,923.82
Total Liabilities	<u>\$ -</u>	<u>\$ 216,602.63</u>	<u>\$ 206,678.81</u>	<u>\$ 9,923.82</u>
Totals - All Agency Funds				
ASSETS				
Cash in State Treasury	\$ -	\$ 206,678.81	\$ 206,678.81	\$ -
Accounts Receivable		216,602.63	206,678.81	9,923.82
Total Assets	<u>\$ -</u>	<u>\$ 423,281.44</u>	<u>\$ 413,357.62</u>	<u>\$ 9,923.82</u>
LIABILITIES				
Funds Held for Others	\$ -	\$ 216,602.63	\$ 206,678.81	\$ 9,923.82
Total Liabilities	<u>\$ -</u>	<u>\$ 216,602.63</u>	<u>\$ 206,678.81</u>	<u>\$ 9,923.82</u>

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

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OFFICE OF THE GOVERNOR - (301)
 SCHEDULE 1A - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Fiscal Year Ended August 31, 2009

Federal Grantor / Pass-Through Grantor	Federal CFDA Number	Pass-Through From		Direct Program Amount	Total Pass-Through From and Direct Program
		Agency or Univ. Number	Agencies or Univ. Amount		
General Services Administration Donation of Federal Surplus Personal Property (Non-monetary) Pass-Through From: Texas Facilities Commission	39.003	303	\$ 237.66	\$ -	\$ 237.66
Totals - General Services Administration			<u>237.66</u>	<u>-</u>	<u>237.66</u>
Total Expenditures of Federal Awards			<u>\$ 237.66</u>	<u>\$ -</u>	<u>\$ 237.66</u>

NOTE 1: Non - Monetary Assistance

In FY2009, seven printer tables with Fair Market Value of \$237.66 were received by the Office through the Federal Surplus Donation Program from Texas Facilities Commission.

NOTES 2 - 7: Not Applicable

Agency or Univ. Number	Pass-Through To		Expenditure Amount	Total Pass-Through To and Expenditures
	Agencies or Univ. Amount	Non-State Entities Amount		
	\$ -	\$ -	\$ 237.66	\$ 237.66
	-	-	237.66	237.66
	\$ -	\$ -	\$ 237.66	\$ 237.66

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**The Office of the Governor
Trusted Programs
Agency 300
Financial Statements**

UNAUDITED

OFFICE OF THE GOVERNOR - Trusteed Programs (300)
 Exhibit I 300 - Combined Balance Sheet/Statement of Net Assets - Governmental Funds
 For the Fiscal Year Ended August 31, 2009

	Governmental Fund Types			
	General Funds (Exhibit A-1 300)	Special Revenue Funds (Exhibit B-1 300)	Debt Service Funds (Exhibit C-1 300)	Governmental Funds Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents				
Cash In Bank (Note 3)	\$ -	\$ -	\$ -	\$ -
Cash In Transit				
Cash in State Treasury	535,123,795.70	46,208,095.66	4,976.41	581,336,867.77
Cash Equivalents (Note 3)		25,000.00		25,000.00
Restricted Cash and Cash Equivalents				
Cash In Bank (Note 3)		2,660,060.99		2,660,060.99
Cash In Transit		4,974.65		4,974.65
Legislative Appropriations	111,899,407.19			111,899,407.19
Receivables from:				
Federal	2,101,065.46			2,101,065.46
Interest and Dividends	623,078.26	58,334.75	6.32	681,419.33
Accounts Receivable	47,094.00	12,500.00		59,594.00
Interfund Receivables (Note 12)	3.63			3.63
Due From Other Agencies	3,187,760.46			3,187,760.46
Prepaid Items		4,525.00		4,525.00
Loans and Contracts	47,675,524.43			47,675,524.43
Total Current Assets	<u>700,657,729.13</u>	<u>48,973,491.05</u>	<u>4,982.73</u>	<u>749,636,202.91</u>
Non-Current Assets:				
Investments (Note 3)	874,120.00			874,120.00
Capital Assets (Note 2):				
Depreciable:				
Furniture and Equipment				
Less Accumulated Depreciation				
Total Non-Current Assets	<u>874,120.00</u>	<u>-</u>	<u>-</u>	<u>874,120.00</u>
Total Assets	<u>\$ 701,531,849.13</u>	<u>\$ 48,973,491.05</u>	<u>\$ 4,982.73</u>	<u>\$ 750,510,322.91</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Current Liabilities:				
Payables from:				
Accounts	\$ 7,942,666.18	\$ 40,684.57	\$ -	\$ 7,983,350.75
Payroll	716,840.86			716,840.86
Interfund Payable (Note 12)	3.63			3.63
Due To Other Agencies	2,192,397.26			2,192,397.26
Deferred Revenue	102,238,247.76			102,238,247.76
Employees' Compensable Leave (Note 5)				
Total Current Liabilities	<u>113,090,155.69</u>	<u>40,684.57</u>	<u>-</u>	<u>113,130,840.26</u>
Non-Current Liabilities				
General Obligation Bonds Payable (Note 5)				
Employees' Compensable Leave (Note 5)				
Total Non-Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>113,090,155.69</u>	<u>40,684.57</u>	<u>-</u>	<u>113,130,840.26</u>
Fund Financial Statement				
Fund Balances (Deficits):				
Reserved for:				
Encumbrances	200,368,163.72	16,809.53		200,384,973.25
Debt Service			4,982.73	4,982.73
Loans and Contracts	47,675,524.43			47,675,524.43
Unreserved/Designated for:				
Other		48,915,996.95		48,915,996.95
Undesignated	340,398,005.29			340,398,005.29
Total Fund Balances	<u>588,441,693.44</u>	<u>48,932,806.48</u>	<u>4,982.73</u>	<u>637,379,482.65</u>
Total Liabilities and Fund Balances	<u>\$ 701,531,849.13</u>	<u>\$ 48,973,491.05</u>	<u>\$ 4,982.73</u>	<u>\$ 750,510,322.91</u>
Government-Wide Statement of Net Assets				
Net Assets				
Invested in Capital Assets, net of Related Debt				
Restricted For				
Debt Retirement				
Unrestricted				
Total Net Assets				

UNAUDITED

Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Net Assets	Discrete Governmental Component Units (Exhibit K-1 300)
\$ -	\$ -	\$ -	\$ 606,086.99
		581,336,867.77	19.64
		25,000.00	
		2,660,060.99	
		4,974.65	
		111,899,407.19	
		2,101,065.46	
		681,419.33	115.00
		59,594.00	
		3.63	
		3,187,760.46	
		4,525.00	
		47,675,524.43	196,642.15
<u>-</u>	<u>-</u>	<u>749,636,202.91</u>	<u>802,863.78</u>
		874,120.00	
106,831.79		106,831.79	
(102,409.35)		(102,409.35)	
<u>4,422.44</u>	<u>-</u>	<u>878,542.44</u>	<u>-</u>
<u>\$ 4,422.44</u>	<u>\$ -</u>	<u>\$ 750,514,745.35</u>	<u>\$ 802,863.78</u>
\$ -	\$ -	\$ 7,983,350.75	\$ -
		716,840.86	
		3.63	
		2,192,397.26	
		102,238,247.76	
	669,229.97	669,229.97	
<u>-</u>	<u>669,229.97</u>	<u>113,800,070.23</u>	<u>-</u>
	94,595,000.00	94,595,000.00	
	398,299.06	398,299.06	
<u>-</u>	<u>94,993,299.06</u>	<u>94,993,299.06</u>	<u>-</u>
<u>-</u>	<u>95,662,529.03</u>	<u>208,793,369.29</u>	<u>-</u>
		200,384,973.25	
		4,982.73	
		47,675,524.43	196,642.15
		48,915,996.95	
		340,398,005.29	606,221.63
		637,379,482.65	802,863.78
4,422.44		4,422.44	
	(94,595,000.00)	(94,595,000.00)	
	(1,067,529.03)	(1,067,529.03)	
<u>\$ 4,422.44</u>	<u>\$ (95,662,529.03)</u>	<u>\$ 541,721,376.06</u>	<u>\$ 802,863.78</u>

UNAUDITED

OFFICE OF THE GOVERNOR - Trusteed Programs (300)
 Exhibit II 300 - Combined Statement of Revenue, Expenditures, and Changes in
 Fund Balances/Statement of Activities - Governmental Funds
 For the Fiscal Year Ended August 31, 2009

	General Funds (Exhibit A-2 300)	Special Revenue Funds (Exhibit B-2 300)	Debt Service Fund (Exhibit C-2 300)	Governmental Funds Total
REVENUE				
Legislative Appropriations				
Original Appropriations	\$ 99,632,961.87	\$ -	\$ -	\$ 99,632,961.87
Additional Appropriations	1,141,222.09			1,141,222.09
Federal Revenue	57,035,045.72			57,035,045.72
Federal Grant Pass-Through Revenue	1,272,095.93			1,272,095.93
License, Fees & Permits	28,232,527.99			28,232,527.99
Interest and Other Investment Income	12,940,322.59	994,769.69	4,982.66	13,940,074.94
Net Increase (Decrease) in Fair Value	1,168,002.51			1,168,002.51
Sales of Goods and Services	438,501.72			438,501.72
Other	20,342.01	6,509,869.79		6,530,211.80
Total Revenue	<u>201,881,022.43</u>	<u>7,504,639.48</u>	<u>4,982.66</u>	<u>209,390,644.57</u>
EXPENDITURES				
Salaries and Wages	6,650,541.77	29,432.31		6,679,974.08
Payroll Related Costs	1,516,473.90	6,531.66		1,523,005.56
Professional Fees and Services	8,555,763.40	626,638.93		9,182,402.33
Travel	341,207.38	3,985.47		345,192.85
Materials and Supplies	164,410.02	4,676.30		169,086.32
Communication and Utilities	112,962.96	1,285.00		114,247.96
Repairs and Maintenance	29,919.98			29,919.98
Rentals and Leases	113,642.36	2,090.78		115,733.14
Printing and Reproduction	13,090.93	4,765.17		17,856.10
Federal Grant Pass-Through Expenditures	4,039,820.03			4,039,820.03
State Grant Pass-Through Expenditures	76,679,965.14			76,679,965.14
Intergovernmental Payments	34,225,639.47			34,225,639.47
Public Assistance Payments	31,786,320.57	11,440.05		31,797,760.62
Other Expenditures	88,576,071.41	3,632,638.14		92,208,709.55
Debt Service:				
Interest			3,350,414.86	3,350,414.86
Depreciation Expense				
Total Expenditures/Expenses	<u>252,805,829.32</u>	<u>4,323,483.81</u>	<u>3,350,414.86</u>	<u>260,479,727.99</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(50,924,806.89)</u>	<u>3,181,155.67</u>	<u>(3,345,432.20)</u>	<u>(51,089,083.42)</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	130,804,070.36	1,038,377.41	3,333,422.51	135,175,870.28
Transfer Out	(53,499,193.70)	(1,981,414.96)		(55,480,608.66)
Legislative Transfer In (Note 12)	20,156,671.22			20,156,671.22
Legislative Transfer Out (Note 12)	(32,239,256.59)			(32,239,256.59)
Total Other Financing Sources (Uses)	<u>65,222,291.29</u>	<u>(943,037.55)</u>	<u>3,333,422.51</u>	<u>67,612,676.25</u>
Net Change in Fund Balances/Net Assets	<u>14,297,484.40</u>	<u>2,238,118.12</u>	<u>(12,009.69)</u>	<u>16,523,592.83</u>
Fund Financial Statement - Fund Balances				
Fund Balances, September 1, 2008	575,984,639.79	46,638,475.36	16,992.42	622,640,107.57
Restatements	(1,840,430.75)	56,213.00		(1,784,217.75)
Fund Balances, September 1, 2008, as Restated	<u>574,144,209.04</u>	<u>46,694,688.36</u>	<u>16,992.42</u>	<u>620,855,889.82</u>
Appropriations Lapsed				
Fund Balances, August 31, 2009	<u>\$ 588,441,693.44</u>	<u>\$ 48,932,806.48</u>	<u>\$ 4,982.73</u>	<u>\$ 637,379,482.65</u>
Government-Wide Statement of Net Assets				
Net Assets/Net Change in Net Assets				<u>\$ 637,379,482.65</u>
Net Assets, September 1, 2008				
Restatements				
Net Assets, September 1, 2008, as Restated				<u>-</u>
Net Assets, August 31, 2009				<u>\$ 637,379,482.65</u>

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

UNAUDITED

Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Activities	Discrete Governmental Component Units (Exhibit K-2 300)
\$ -	\$ -	\$ 99,632,961.87	\$ -
		1,141,222.09	
		57,035,045.72	
		1,272,095.93	
		28,232,527.99	
		13,940,074.94	10,488.15
		1,168,002.51	
		438,501.72	
		6,530,211.80	6,753,761.29
		<u>209,390,644.57</u>	<u>6,764,249.44</u>
	94,106.84	6,774,080.92	
		1,523,005.56	
		9,182,402.33	1,485.37
		345,192.85	
		169,086.32	2,141.00
		114,247.96	665.20
		29,919.98	
		115,733.14	
		17,856.10	
		4,039,820.03	
		76,679,965.14	
		34,225,639.47	
		31,797,760.62	
		92,208,709.55	7,291,670.43
		3,350,414.86	
1,130.95		1,130.95	
<u>1,130.95</u>	<u>94,106.84</u>	<u>260,574,965.78</u>	<u>7,295,962.00</u>
(1,130.95)	(94,106.84)	(51,184,321.21)	(531,712.56)
		135,175,870.28	
		(55,480,608.66)	
		20,156,671.22	
		(32,239,256.59)	
		<u>67,612,676.25</u>	<u>-</u>
		<u>16,428,355.04</u>	<u>(531,712.56)</u>
		622,640,107.57	1,334,576.34
		(1,784,217.75)	
		<u>620,855,889.82</u>	<u>1,334,576.34</u>
		<u>\$ 637,284,244.86</u>	<u>\$ 802,863.78</u>
\$ (1,130.95)	\$ (94,106.84)	\$ 637,284,244.86	\$ 802,863.78
5,553.39	(95,568,422.19)	(95,562,868.80)	
<u>5,553.39</u>	<u>(95,568,422.19)</u>	<u>(95,562,868.80)</u>	<u>-</u>
<u>\$ 4,422.44</u>	<u>\$ (95,662,529.03)</u>	<u>\$ 541,721,376.06</u>	<u>\$ 802,863.78</u>

UNAUDITED

OFFICE OF THE GOVERNOR - Trusteed Programs (300)
Exhibit III 300 - Combined Statement of Net Assets - Proprietary Funds
For the Fiscal Year Ended August 31, 2009

	<u>Total Enterprise Funds</u> (Exhibit F-1 300)	<u>Proprietary Component</u> <u>Units</u> (Exhibit L-1 300)
ASSETS		
Current Assets:		
Cash and Cash Equivalents		
Cash In Bank (Note 3)	\$ -	\$ 13,615,487.18
Cash In Transit		12,250.00
Cash in State Treasury	6,984,167.41	
Short Term Investments (Note 3)		2,169,486.75
Receivables from:		
Interest and Dividends	20,433.90	131,884.91
Accounts Receivable	4,000.00	
Prepaid Items	4,354.93	6,723.33
Loans and Contracts	<u>9,948,944.36</u>	
Total Current Assets	<u>16,961,900.60</u>	<u>15,935,832.17</u>
Non-Current Assets:		
Restricted Cash and Cash Equivalents		
Cash In Bank (Note 3)	318,859.62	
Loans and Contracts		47,610,583.13
Total Non-Current Assets	<u>318,859.62</u>	<u>47,610,583.13</u>
Total Assets	<u>\$ 17,280,760.22</u>	<u>\$ 63,546,415.30</u>
LIABILITIES		
Current Liabilities:		
Payables from:		
Accounts	\$ 25,042.91	\$ 267,570.63
Payroll	66,419.91	
Other		15,895.89
Deferred Revenue	2,166.69	
Employees' Compensable Leave (Note 5)	<u>42,180.22</u>	
Total Current Liabilities	<u>135,809.73</u>	<u>283,466.52</u>
Non-Current Liabilities		
Notes and Loans Payable (Note 5)	9,332,000.00	
Revenue Bonds Payable (Note 5)		60,000,000.00
Employees' Compensable Leave (Note 5)	<u>13,075.17</u>	
Total Non-Current Liabilities	<u>9,345,075.17</u>	<u>60,000,000.00</u>
Total Liabilities	<u>\$ 9,480,884.90</u>	<u>\$ 60,283,466.52</u>
Net Assets		
Restricted For		
Other	\$ 940,724.69	\$ -
Unrestricted	<u>6,859,150.63</u>	<u>3,262,948.78</u>
Total Net Assets	<u>\$ 7,799,875.32</u>	<u>\$ 3,262,948.78</u>

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

UNAUDITED

OFFICE OF THE GOVERNOR - Trusteed Programs (300)
 Exhibit IV 300 - Combined Statement of Revenue, Expenses, and Changes in Fund Net Assets - Proprietary Funds
 For the Fiscal Year Ended August 31, 2009

	Total Enterprise Funds (Exhibit F-2 300)	Total Proprietary Component Units (Exhibit L-2 300)
Operating Revenue		
Interest and Investment Income	\$ 199,226.52	\$ 1,829,632.64
Other Operating Revenue	379,054.62	55,779.24
Total Operating Revenue	<u>578,281.14</u>	<u>1,885,411.88</u>
Operating Expenses:		
Salaries and Wages	657,760.67	21,504.11
Payroll Related Costs	155,991.64	1,645.13
Professional Fees and Services	21,849.07	512,532.09
Travel	9,404.32	580,419.69
Materials and Supplies	1,819.29	249,455.13
Communication and Utilities	30,998.52	3,632.78
Repairs and Maintenance		
Rentals and Leases	2,368.00	73,051.89
Printing and Reproduction	510.48	89,961.98
Bad Debt Expense	25,126.75	
Other Operating Expenses	82,230.52	1,305,567.57
Total Operating Expenses	<u>988,059.26</u>	<u>2,837,770.37</u>
Operating Income (Loss)	<u>(409,778.12)</u>	<u>(952,358.49)</u>
Nonoperating Revenue (Expenses)		
Gifts, Pledges and Donations		1,984,615.39
Investment Income (Expense)	78,190.27	368,861.75
Interest Expenses and Fiscal Charges	(71,789.45)	(1,131,540.76)
Total Other Nonoperating Revenue (Expenses)	<u>6,400.82</u>	<u>1,221,936.38</u>
Income (Loss) Before Other Revenue, Expenses, Gains/Losses, and Transfers	<u>(403,377.30)</u>	<u>269,577.89</u>
Other Revenue, Expenses, Gains/Losses, and Transfers		
Transfer In	1,714,262.35	
Transfer Out	(1,207,528.62)	
Total Other Revenue, Expenses, Gains/Losses, and Transfers	<u>506,733.73</u>	<u>-</u>
Change in Net Assets	<u>103,356.43</u>	<u>269,577.89</u>
Total Net Assets, September 1, 2008, as Restated	7,696,518.89	2,993,370.89
Restatements		
Total Net Assets, September 1, 2008, as Restated	<u>7,696,518.89</u>	<u>2,993,370.89</u>
Total Net Assets, August 31, 2009	<u>\$ 7,799,875.32</u>	<u>\$ 3,262,948.78</u>

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

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UNAUDITED

OFFICE OF THE GOVERNOR - Trusteed Programs (300)
 Exhibit A-1 300 - Combining Balance Sheet - All General and Consolidated Funds
 For the Fiscal Year Ended August 31, 2009

	Consolidated Accounts				
	General Revenue Fund (0001)* U/F (0001)	Governor's Office Federal Projects (0224)* U/F (0224)	American Recovery & Reinvest Act (Fed) (0369)* U/F (0369)	Criminal Justice Planning (0421)* U/F (0421)	Rural Economic Development (0425)* U/F (0425)
ASSETS					
Current Assets:					
Cash and Cash Equivalents					
Cash in State Treasury	\$ -	\$ 20,239,946.22	\$ 90,497,443.47	\$ 37,837,182.40	\$ 385,760.85
Legislative Appropriations	111,899,407.19				
Receivables from:					
Federal				2,101,065.46	
Other Intergovernmental					
Interest and Dividends		25,903.73	114,212.03		486.73
Accounts Receivable					
Interfund Receivables (Note 12)				3.63	
Due From Other Agencies	646,986.03				
Loans and Contracts					
Total Current Assets	<u>112,546,393.22</u>	<u>20,265,849.95</u>	<u>90,611,655.50</u>	<u>39,938,251.49</u>	<u>386,247.58</u>
Non-Current Assets:					
Investments (Note 3)					
Total Non-Current Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 112,546,393.22</u>	<u>\$ 20,265,849.95</u>	<u>\$ 90,611,655.50</u>	<u>\$ 39,938,251.49</u>	<u>\$ 386,247.58</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Current Liabilities:					
Payables from:					
Accounts	\$ 765,801.53	\$ 481,601.53	\$ 98,005.90	\$ 1,887,661.02	\$ -
Payroll	393,420.25	5,867.47	8,440.63	145,982.37	
Interfund Payable (Note 12)	3.63				
Due To Other Agencies		252,088.99		990,308.27	
Deferred Revenue		11,994,100.09	90,150,458.80	93,688.87	
Total Current Liabilities	<u>1,159,225.41</u>	<u>12,733,658.08</u>	<u>90,256,905.33</u>	<u>3,117,640.53</u>	<u>-</u>
Total Liabilities	<u>1,159,225.41</u>	<u>12,733,658.08</u>	<u>90,256,905.33</u>	<u>3,117,640.53</u>	<u>-</u>
Fund Balances (Deficits):					
Reserved for:					
Encumbrances	34,916,927.75	5,272,444.85	4,493,069.59	11,394,711.89	
Loans and Contracts					
Unreserved/Designated for:					
Undesignated	76,470,240.06	2,259,747.02	(4,138,319.42)	25,425,899.07	386,247.58
Total Fund Balances	<u>111,387,167.81</u>	<u>7,532,191.87</u>	<u>354,750.17</u>	<u>36,820,610.96</u>	<u>386,247.58</u>
Total Liabilities and Fund Balances	<u>\$ 112,546,393.22</u>	<u>\$ 20,265,849.95</u>	<u>\$ 90,611,655.50</u>	<u>\$ 39,938,251.49</u>	<u>\$ 386,247.58</u>

The accompanying notes to the financial statements are an integral part of this statement
 * Appropriated Fund is noted as (XXXX). USAS D23 U/F (XXXX)

UNAUDITED

Consolidated Accounts			
Disaster Contingency (0453)* U/F (0453)	Hotel Occupancy Tax for Economic Development (5003)* U/F (5003)	Crime Stoppers Assistance (5012)* U/F (5012)	Tourism Plates (5053)* U/F (5053)
\$ -	\$ 9,747,535.52	\$ 710,973.90	\$ 60,986.11
	2,540,774.43		
-	12,288,309.95	710,973.90	60,986.11
-	-	-	-
\$ -	\$ 12,288,309.95	\$ 710,973.90	\$ 60,986.11
\$ -	\$ 162,846.35 131,915.43	\$ 25,703.54	\$ -
-	294,761.78	25,703.54	-
-	294,761.78	25,703.54	-
	7,853,006.13	143,859.18	
	4,140,542.04	541,411.18	60,986.11
-	11,993,548.17	685,270.36	60,986.11
\$ -	\$ 12,288,309.95	\$ 710,973.90	\$ 60,986.11

UNAUDITED

OFFICE OF THE GOVERNOR - Trusteed Programs (300)
 Exhibit A-1 300 - Combining Balance Sheet - All General and Consolidated Funds
 For the Fiscal Year Ended August 31, 2009

	Consolidated Accounts		
	Texas Enterprise (5107)* U/F (5107)	Economic Development and Tourism (5110)* U/F (5110)	Texas Music Foundation Plates (5113)* U/F (5113)
ASSETS			
Current Assets:			
Cash			
Cash in State Treasury	\$ 240,968,677.87	\$ 60,053.69	\$ 11,948.62
Legislative Appropriations			
Receivables from:			
Federal			
Other Intergovernmental			
Interest and Dividends	304,043.90		
Accounts Receivable	46,964.00		
Interfund Receivables			
Due From Other Agencies			
Loans and Contracts			
Total Current Assets	<u>241,319,685.77</u>	<u>60,053.69</u>	<u>11,948.62</u>
Non-Current Assets:			
Investments			
Total Non-Current Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 241,319,685.77</u>	<u>\$ 60,053.69</u>	<u>\$ 11,948.62</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Current Liabilities:			
Payables from:			
Accounts	\$ 2,250,000.00	\$ 85.80	\$ -
Payroll			
Interfund Payable			
Due To Other Agencies			
Deferred Revenue			
Total Current Liabilities	<u>2,250,000.00</u>	<u>85.80</u>	<u>-</u>
Total Liabilities	<u>2,250,000.00</u>	<u>85.80</u>	<u>-</u>
Fund Balances (Deficits):			
Reserved for:			
Encumbrances	55,635,196.00	1,951.00	
Loans and Contracts			
Unreserved/Designated for:			
Undesignated	183,434,489.77	58,016.89	11,948.62
Total Fund Balances	<u>239,069,685.77</u>	<u>59,967.89</u>	<u>11,948.62</u>
Total Liabilities and Fund Balances	<u>\$ 241,319,685.77</u>	<u>\$ 60,053.69</u>	<u>\$ 11,948.62</u>

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

* Appropriated Fund is noted as (XXXX). USAS D23 U/F (XXXX)

UNAUDITED

Consolidated Accounts			
Texas Military Value Revolving Loan (5114)* U/F (5140, 5141, 5142, 5143)	Daughters of the Republic of Texas (5115)* U/F (5115)	Emerging Technology (5124)* U/F (5124)	Total (Exhibit I - 300)
\$ 53,809.09	\$ 19,603.96	\$ 134,529,874.00	\$ 535,123,795.70 111,899,407.19 2,101,065.46
67.91		178,363.96 130.00	623,078.26 47,094.00 3.63
47,675,524.43			3,187,760.46
<u>47,729,401.43</u>	<u>19,603.96</u>	<u>134,708,367.96</u>	<u>47,675,524.43</u> <u>700,657,729.13</u>
-	-	874,120.00	874,120.00
-	-	874,120.00	874,120.00
<u>\$ 47,729,401.43</u>	<u>\$ 19,603.96</u>	<u>\$ 135,582,487.96</u>	<u>\$ 701,531,849.13</u>
\$ -	\$ 19,603.96	\$ 2,251,356.55 31,214.71	\$ 7,942,666.18 716,840.86 3.63
-	19,603.96	950,000.00	2,192,397.26
-	19,603.96	3,232,571.26	102,238,247.76 <u>113,090,155.69</u>
-	19,603.96	3,232,571.26	113,090,155.69
47,675,524.43		80,656,997.33	200,368,163.72 47,675,524.43
53,877.00		51,692,919.37	340,398,005.29
<u>47,729,401.43</u>	<u>-</u>	<u>132,349,916.70</u>	<u>588,441,693.44</u>
<u>\$ 47,729,401.43</u>	<u>\$ 19,603.96</u>	<u>\$ 135,582,487.96</u>	<u>\$ 701,531,849.13</u>

UNAUDITED

OFFICE OF THE GOVERNOR - Trusteed Programs (300)
 Exhibit A-2 300 - Combining Statement of Revenue, Expenditures, and Changes in Fund Balances -
 All General and Consolidated Funds
 For the Fiscal Year Ended August 31, 2009

	Consolidated Accounts			
	General Revenue Fund 0001 (0001)* U/F (0001)	Governor's Office Federal Projects (0224)* U/F (0224)	American Recovery & Reinvest Act (Fed) (0369)* U/F (0369)	Criminal Justice Planning (0421)* U/F (0421)
REVENUE				
Legislative Appropriations				
Original Appropriations	\$ 99,632,961.87	\$ -	\$ -	\$ -
Additional Appropriations	1,141,222.09			
Federal Revenue	836,016.57	17,231,135.39	145,314.20	38,822,579.56
Federal Grant Pass-Through Revenue	1,057,162.04	214,933.89		
License, Fees & Permits	1,898,453.62			25,432,535.48
Interest and Other Investment Income	3,173.47	604,310.13	354,750.17	
Net Increase (Decrease) in Fair Value				
Sales of Goods and Services	438,501.72			
Other	18,568.19	564.48		1,060.44
Total Revenue	105,026,059.57	18,050,943.89	500,064.37	64,256,175.48
EXPENDITURES				
Salaries and Wages	3,493,126.30	227,746.64	12,614.59	1,312,216.33
Payroll Related Costs	797,290.60	36,960.58	964.28	331,607.67
Professional Fees and Services	837,062.29	127,918.04	131,735.33	2,915,890.94
Travel	254,655.01	10,359.29		49,180.72
Materials and Supplies	65,640.54	49,234.49		14,225.09
Communication and Utilities	68,032.23	8,064.02		12,002.68
Repairs and Maintenance	17,636.80			
Rentals and Leases	62,022.68	4,033.94		19,709.91
Printing and Reproduction	12,634.71	22.28		238.74
Federal Grant Pass-Through Expenditures		3,151,475.29		888,344.74
State Grant Pass-Through Expenditures	48,000.00			2,160,857.32
Intergovernmental Payments	4,203,471.85	12,146,672.91		17,875,494.71
Public Assistance Payments	312,883.67	1,799,418.10		29,026,291.73
Other Expenditures	1,845,833.83	1,693.53		8,615.20
Total Expenditures	12,018,290.51	17,563,599.11	145,314.20	54,614,675.78
Excess (Deficiency) of Revenue over Expenditures	93,007,769.06	487,344.78	354,750.17	9,641,499.70
OTHER FINANCING SOURCES (USES)				
Transfer In		(145,613.84)		
Transfer Out	(702,332.03)			
Legislative Transfer In (Note 12)	20,156,671.22			
Legislative Transfer Out (Note 12)	(32,239,256.59)			
Total Other Financing Sources (Uses)	(12,784,917.40)	(145,613.84)	-	-
Net Change in Fund Balances	80,222,851.66	341,730.94	354,750.17	9,641,499.70
Fund Financial Statement - Fund Balances				
Fund Balances, September 1, 2008	32,972,867.22	7,190,460.93		27,179,111.26
Restatements	(1,808,551.07)			
Fund Balances, September 1, 2008, as Restated	31,164,316.15	7,190,460.93	-	27,179,111.26
Appropriations Lapsed				
Fund Balances, August 31, 2009	\$ 111,387,167.81	\$ 7,532,191.87	\$ 354,750.17	\$ 36,820,610.96

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

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

UNAUDITED

Consolidated Accounts				
Rural Economic Development (0425)* U/F (0425)	Disaster Contingency (0453)* U/F (0453)	Hotel Occupancy Tax for Economic Development (5003)* U/F (5003)	Crime Stoppers Assistance (5012)* U/F (5012)	Tourism Plates (5053)* U/F (5053)
\$ -	\$ -	\$ -	\$ -	\$ -
8,102.00			521,880.31	24,491.07
		18.90		
<u>8,102.00</u>	<u>-</u>	<u>18.90</u>	<u>521,880.31</u>	<u>24,491.07</u>
		1,276,511.21		
		280,760.97		
		4,270,002.05	249,736.00	
		12,597.16		
		34,463.92		
		17,885.32		
		12,283.18		
		26,782.23		
		47.53		
			1,800.00	
			317,151.82	
		28,457,793.94	1,000.00	
		<u>34,389,127.51</u>	<u>569,687.82</u>	<u>-</u>
<u>8,102.00</u>	<u>-</u>	<u>(34,389,108.61)</u>	<u>(47,807.51)</u>	<u>24,491.07</u>
		28,627,058.73		
	(107,160.16)	(150,000.00)		
	<u>(107,160.16)</u>	<u>28,477,058.73</u>	<u>-</u>	<u>-</u>
<u>8,102.00</u>	<u>(107,160.16)</u>	<u>(5,912,049.88)</u>	<u>(47,807.51)</u>	<u>24,491.07</u>
378,145.58	139,039.84	17,905,598.05	733,077.87	36,495.04
	(31,879.68)			
<u>378,145.58</u>	<u>107,160.16</u>	<u>17,905,598.05</u>	<u>733,077.87</u>	<u>36,495.04</u>
<u>\$ 386,247.58</u>	<u>\$ -</u>	<u>\$ 11,993,548.17</u>	<u>\$ 685,270.36</u>	<u>\$ 60,986.11</u>

UNAUDITED

OFFICE OF THE GOVERNOR - Trusteed Programs (300)
 Exhibit A-2 300 - Combining Statement of Revenue, Expenditures, and Changes in Fund Balances -
 All General and Consolidated Funds
 For the Fiscal Year Ended August 31, 2009

	Consolidated Accounts			
	Texas Enterprise (5107)* U/F (5107)	Economic Development and Tourism (5110)* U/F (5110)	Texas Music Foundation Plates (5113)* U/F (5113)	Texas Military Value Revolving Loan (5114)* U/F (5140, 5141, 5142, 5143)
REVENUE				
Legislative Appropriations				
Original Appropriations	\$ -	\$ -	\$ -	\$ -
Additional Appropriations				
Federal Revenue				
Federal Grant Pass-Through Revenue				
License, Fees & Permits	259,604.00	9,208.64	8,779.62	
Interest and Other Investment Income	5,737,583.94			2,491,593.00
Net Increase (Decrease) in Fair Value				
Sales of Goods and Services				
Other				
Total Revenue	<u>5,997,187.94</u>	<u>9,208.64</u>	<u>8,779.62</u>	<u>2,491,593.00</u>
EXPENDITURES				
Salaries and Wages				
Payroll Related Costs				
Professional Fees and Services				
Travel		4,799.40		
Materials and Supplies		12.70		
Communication and Utilities				
Repairs and Maintenance				
Rentals and Leases				
Printing and Reproduction				
Federal Grant Pass-Through Expenditures				
State Grant Pass-Through Expenditures				
Intergovernmental Payments				
Public Assistance Payments			3,000.00	
Other Expenditures	9,980,000.00		1,500.00	
Total Expenditures	<u>9,980,000.00</u>	<u>4,812.10</u>	<u>4,500.00</u>	<u>-</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(3,982,812.06)</u>	<u>4,396.54</u>	<u>4,279.62</u>	<u>2,491,593.00</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	52,273,308.92			49,316.55
Transfer Out	(50,000,000.00)			(2,539,701.51)
Legislative Transfer In (Note 12)				
Legislative Transfer Out (Note 12)				
Total Other Financing Sources (Uses)	<u>2,273,308.92</u>	<u>-</u>	<u>-</u>	<u>(2,490,384.96)</u>
Net Change in Fund Balances	<u>(1,709,503.14)</u>	<u>4,396.54</u>	<u>4,279.62</u>	<u>1,208.04</u>
Fund Financial Statement - Fund Balances				
Fund Balances, September 1, 2008	240,779,188.91	55,571.35	7,669.00	47,728,193.39
Restatements				
Fund Balances, September 1, 2008, as Restated	<u>240,779,188.91</u>	<u>55,571.35</u>	<u>7,669.00</u>	<u>47,728,193.39</u>
Appropriations Lapsed				
Fund Balances, August 31, 2009	<u>\$ 239,069,685.77</u>	<u>\$ 59,967.89</u>	<u>\$ 11,948.62</u>	<u>\$ 47,729,401.43</u>

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

* Appropriated Fund is noted as (XXXX) USAS D23 U/F (XXXX)

Consolidated Accounts		
Daughters of the Republic of Texas (5115)* U/F (5115)	Emerging Technology (5124)* U/F (5124)	Total (Exhibit II 300)
\$ -	\$ -	\$ 99,632,961.87
		1,141,222.09
		57,035,045.72
		1,272,095.93
77,575.25		28,232,527.99
	3,740,809.88	12,940,322.59
	1,168,002.51	1,168,002.51
		438,501.72
	130.00	20,342.01
<u>77,575.25</u>	<u>4,908,942.39</u>	<u>201,881,022.43</u>
	328,326.70	6,650,541.77
	68,889.80	1,516,473.90
	23,418.75	8,555,763.40
	9,615.80	341,207.38
	833.28	164,410.02
	6,978.71	112,962.96
		29,919.98
	1,093.60	113,642.36
	147.67	13,090.93
		4,039,820.03
	74,469,307.82	76,679,965.14
		34,225,639.47
77,575.25	250,000.00	31,786,320.57
	48,279,634.91	88,576,071.41
<u>77,575.25</u>	<u>123,438,247.04</u>	<u>252,805,829.32</u>
-	(118,529,304.65)	(50,924,806.89)
	50,000,000.00	130,804,070.36
		(53,499,193.70)
		20,156,671.22
		(32,239,256.59)
-	50,000,000.00	65,222,291.29
-	(68,529,304.65)	14,297,484.40
	200,879,221.35	575,984,639.79
		(1,840,430.75)
-	200,879,221.35	574,144,209.04
<u>\$ -</u>	<u>\$ 132,349,916.70</u>	<u>\$ 588,441,693.44</u>

UNAUDITED

OFFICE OF THE GOVERNOR - Trusteed Programs (300)
 Exhibit B-1 300 - Combining Balance Sheet - Special Revenue Funds
 For the Fiscal Year Ended August 31, 2009

	Small Business Incubator Fund (0588)* U/F (5881)	Texas Product Development Fund (0589)* U/F (5891)	Texas Military Value Revolving Loan (7028)* U/F (7281, 7282, 7283)	Blended Component Units (9999)* U/F (7010)	Total (Exhibit I 300)
ASSETS					
Current Assets:					
Cash and Cash Equivalents					
Cash in State Treasury	\$ 20,523,057.68	\$ 25,685,037.98	\$ -	\$ -	\$ 46,208,095.66
Cash Equivalents (Note 3)				25,000.00	25,000.00
Restricted Cash and Cash Equivalents					
Cash In Bank (Note 3)				2,660,060.99	2,660,060.99
Cash In Transit				4,974.65	4,974.65
Receivables from:					
Interest and Dividends	25,909.02	32,425.73			58,334.75
Accounts Receivable				12,500.00	12,500.00
Prepaid Items	2,040.28	2,484.72			4,525.00
Total Current Assets	<u>20,551,006.98</u>	<u>25,719,948.43</u>	<u>-</u>	<u>2,702,535.64</u>	<u>48,973,491.05</u>
Total Assets	<u>\$ 20,551,006.98</u>	<u>\$ 25,719,948.43</u>	<u>\$ -</u>	<u>\$ 2,702,535.64</u>	<u>\$ 48,973,491.05</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Current Liabilities:					
Payables from:					
Accounts	\$ 19,333.33	\$ 21,041.67	\$ -	\$ 309.57	\$ 40,684.57
Total Current Liabilities	<u>19,333.33</u>	<u>21,041.67</u>	<u>-</u>	<u>309.57</u>	<u>40,684.57</u>
Non-Current Liabilities					
Notes and Loans Payable					
Total Non-Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>19,333.33</u>	<u>21,041.67</u>	<u>-</u>	<u>309.57</u>	<u>40,684.57</u>
Fund Balances (Deficits):					
Reserved for:					
Encumbrances	10,815.19	5,994.34			16,809.53
Unreserved/Designated for:					
Other	20,520,858.46	25,692,912.42		2,702,226.07	48,915,996.95
Total Fund Balances	<u>20,531,673.65</u>	<u>25,698,906.76</u>	<u>-</u>	<u>2,702,226.07</u>	<u>48,932,806.48</u>
Total Liabilities and Fund Balances	<u>\$ 20,551,006.98</u>	<u>\$ 25,719,948.43</u>	<u>\$ -</u>	<u>\$ 2,702,535.64</u>	<u>\$ 48,973,491.05</u>

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

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

UNAUDITED

OFFICE OF THE GOVERNOR - Trusteed Programs (300)
 Exhibit B-2 300 - Combining Statement of Revenue, Expenditures, and Changes in Fund Balances -
 Special Revenue Funds
 For the Fiscal Year Ended August 31, 2009

	Small Business Incubator Fund (0588)* U/F (5881)	Texas Product Development Fund (0589)* U/F (5891)	Texas Military Value Revolving Loan (7028)* U/F (7281, 7282, 7283)	Blended Component Units (9999)* U/F (7010)	Totals (Exhibit II 300)
REVENUE					
Interest and Other Investment Income	\$ 434,172.22	\$ 543,316.90	\$ -	\$ 17,280.57	\$ 994,769.69
Other				6,509,869.79	6,509,869.79
Total Revenue	<u>434,172.22</u>	<u>543,316.90</u>	<u>-</u>	<u>6,527,150.36</u>	<u>7,504,639.48</u>
EXPENDITURES					
Salaries and Wages				29,432.31	29,432.31
Payroll Related Costs				6,531.66	6,531.66
Professional Fees and Services	11,313.10	14,138.05		601,187.78	626,638.93
Travel				3,985.47	3,985.47
Materials and Supplies				4,676.30	4,676.30
Communication and Utilities				1,285.00	1,285.00
Rentals and Leases				2,090.78	2,090.78
Printing and Reproduction				4,765.17	4,765.17
Public Assistance Payments				11,440.05	11,440.05
Other Expenditures	22,103.90	27,597.94		3,582,936.30	3,632,638.14
Total Expenditures	<u>33,417.00</u>	<u>41,735.99</u>	<u>-</u>	<u>4,248,330.82</u>	<u>4,323,483.81</u>
Excess (Deficiency) of Revenue over Expenditures	<u>400,755.22</u>	<u>501,580.91</u>	<u>-</u>	<u>2,278,819.54</u>	<u>3,181,155.67</u>
OTHER FINANCING SOURCES (USES)					
Bond and Note Proceeds					
Increase in Obligations Under Capital Leases					
Sale of Capital Assets					
Transfer In	461,213.20	577,141.17	23.04		1,038,377.41
Transfer Out	(883,219.85)	(1,098,142.61)	(52.50)		(1,981,414.96)
Total Other Financing Sources (Uses)	<u>(422,006.65)</u>	<u>(521,001.44)</u>	<u>(29.46)</u>	<u>-</u>	<u>(943,037.55)</u>
Net Change in Fund Balances	<u>(21,251.43)</u>	<u>(19,420.53)</u>	<u>(29.46)</u>	<u>2,278,819.54</u>	<u>2,238,118.12</u>
Fund Financial Statement - Fund Balances					
Fund Balances, September 1, 2008	20,552,925.08	25,718,327.29	29.46	367,193.53	46,638,475.36
Restatements				56,213.00	56,213.00
Fund Balances - September 1, 2008, as Restated	<u>20,552,925.08</u>	<u>25,718,327.29</u>	<u>29.46</u>	<u>423,406.53</u>	<u>46,694,688.36</u>
Appropriations Lapsed					
Fund Balances, August 31, 2009	<u>\$ 20,531,673.65</u>	<u>\$ 25,698,906.76</u>	<u>\$ -</u>	<u>\$ 2,702,226.07</u>	<u>\$ 48,932,806.48</u>

The accompanying notes to the financial statements are an integral part of this statement
 * Appropriated Fund is noted as (XXXX), USAS D23 U/F (XXXX)

UNAUDITED

OFFICE OF THE GOVERNOR - Trusteed Programs (300)
 Exhibit C-1 300 - Combining Balance Sheet - Debt Service Funds
 For the Fiscal Year Ended August 31, 2009

	Small Business Incubator Fund (0588)* U/F (5882)	Texas Product Development Fund (0589)* U/F (5892)	Texas Military Value Revolving Loan (7022)* U/F (7221)	Texas Military Value Revolving Loan (7026)* U/F (7262)
ASSETS				
Current Assets:				
Cash and Cash Equivalents				
Cash in State Treasury	\$ -	\$ -	\$ 899.02	\$ 900.45
Receivables from:				
Interest and Dividends			1.18	1.18
Total Current Assets	<u>-</u>	<u>-</u>	<u>900.20</u>	<u>901.63</u>
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 900.20</u>	<u>\$ 901.63</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Current Liabilities:				
Total Current Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits):				
Reserved for:				
Debt Service			900.20	901.63
Total Fund Balances	<u>-</u>	<u>-</u>	<u>900.20</u>	<u>901.63</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 900.20</u>	<u>\$ 901.63</u>

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

Texas Military Value Revolving Loan (7027)* <u>U/F (7273)</u>	<u>Total</u> (Exhibit I 300)
\$ 3,176.94	\$ 4,976.41
<u>3.96</u>	<u>6.32</u>
<u>3,180.90</u>	<u>4,982.73</u>
<u>\$ 3,180.90</u>	<u>\$ 4,982.73</u>
<u>\$ -</u>	<u>\$ -</u>
<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>
<u>3,180.90</u>	<u>4,982.73</u>
<u>3,180.90</u>	<u>4,982.73</u>
<u>\$ 3,180.90</u>	<u>\$ 4,982.73</u>

UNAUDITED

Exhibit C-2 300 - Combining Statement of Revenue, Expenditures, and Changes in Fund Balances -
Debt Service Funds
For the Fiscal Year Ended August 31, 2009

	Small Business Incubator Fund (0588)* U/F (5882)	Texas Product Development Fund (0589)* U/F (5892)	Texas Military Value Revolving Loan (7022)* U/F (7221)	Texas Military Value Revolving Loan (7026)* U/F (7262)
REVENUE				
Interest and Other Investment Income	\$ -	\$ -	\$ 900.17	\$ 901.59
Total Revenue	-	-	900.17	901.59
EXPENDITURES				
Debt Service:				
Interest	373,492.98	472,859.38	451,612.50	452,600.00
Total Expenditures	373,492.98	472,859.38	451,612.50	452,600.00
Excess (Deficiency) of Revenue over Expenditures	(373,492.98)	(472,859.38)	(450,712.33)	(451,698.41)
OTHER FINANCING SOURCES (USES)				
Transfer In	372,006.65	471,001.44	448,800.29	449,909.02
Total Other Financing Sources (Uses)	372,006.65	471,001.44	448,800.29	449,909.02
Net Change in Fund Balances	(1,486.33)	(1,857.94)	(1,912.04)	(1,789.39)
Fund Financial Statement - Fund Balances				
Fund Balances, September 1, 2008	1,486.33	1,857.94	2,812.24	2,691.02
Restatements				
Fund Balances, September 1, 2008, as Restated	1,486.33	1,857.94	2,812.24	2,691.02
Appropriations Lapsed				
Fund Balances, August 31, 2009	\$ -	\$ -	\$ 900.20	\$ 901.63

* Appropriated Fund is noted as (XXXX). USAS D23 U/F (XXXX)

UNAUDITED

Texas Military Value Revolving Loan (7027)* U/F (7273)	Totals (Exhibit II 300)
\$ 3,180.90	\$ 4,982.66
<u>3,180.90</u>	<u>4,982.66</u>
1,599,850.00	3,350,414.86
<u>1,599,850.00</u>	<u>3,350,414.86</u>
(1,596,669.10)	(3,345,432.20)
1,591,705.11	3,333,422.51
<u>1,591,705.11</u>	<u>3,333,422.51</u>
(4,963.99)	(12,009.69)
8,144.89	16,992.42
<u>8,144.89</u>	<u>16,992.42</u>
\$ 3,180.90	\$ 4,982.73
<u><u>3,180.90</u></u>	<u><u>4,982.73</u></u>

UNAUDITED

OFFICE OF THE GOVERNOR - Trusteed Programs (300)
 Exhibit F-1 300 - Combining Statement of Net Assets - Enterprise Funds
 For the Fiscal Year Ended August 31, 2009

	Economic Development Bank (5106)* U/F (5106)	Capital Access Loan Loss Reserve Account (9999)* U/F (0995)	Totals (Exhibit III 300)
ASSETS			
Current Assets:			
Cash and Cash Equivalents			
Cash in State Treasury	\$ 6,984,167.41	\$ -	\$ 6,984,167.41
Receivables from:			
Interest and Dividends	20,433.90		20,433.90
Accounts Receivable	4,000.00		4,000.00
Prepaid Items	4,354.93		4,354.93
Loans and Contracts	9,948,944.36		9,948,944.36
Total Current Assets	<u>16,961,900.60</u>	<u>-</u>	<u>16,961,900.60</u>
Non-Current Assets:			
Restricted Cash and Cash Equivalents			
Cash In Bank (Note 3)		318,859.62	318,859.62
Total Non-Current Assets	<u>-</u>	<u>318,859.62</u>	<u>318,859.62</u>
Total Assets	<u>\$ 16,961,900.60</u>	<u>\$ 318,859.62</u>	<u>\$ 17,280,760.22</u>
LIABILITIES			
Current Liabilities:			
Payables from:			
Accounts	\$ 25,042.91	\$ -	\$ 25,042.91
Payroll	66,419.91		66,419.91
Deferred Revenue	2,166.69		2,166.69
Employees' Compensable Leave (Note 5)	42,180.22		42,180.22
Total Current Liabilities	<u>135,809.73</u>	<u>-</u>	<u>135,809.73</u>
Non-Current Liabilities			
Notes and Loans Payable (Note 5)	9,332,000.00		9,332,000.00
Employees' Compensable Leave (Note 5)	13,075.17		13,075.17
Total Non-Current Liabilities	<u>9,345,075.17</u>	<u>-</u>	<u>9,345,075.17</u>
Total Liabilities	<u>\$ 9,480,884.90</u>	<u>\$ -</u>	<u>\$ 9,480,884.90</u>
Net Assets			
Restricted For			
Other	\$ 621,865.07	\$ 318,859.62	\$ 940,724.69
Unrestricted	6,859,150.63		6,859,150.63
Total Net Assets	<u>\$ 7,481,015.70</u>	<u>\$ 318,859.62</u>	<u>\$ 7,799,875.32</u>

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

UNAUDITED

Exhibit F-2 300 - Combining Statement of Revenue, Expenses, and Changes in Net Assets - Enterprise Funds
For the Fiscal Year Ended August 31, 2009

	Economic Development Bank (5106)* U/F (5106)	Capital Access Loan Loss Reserve Account (9999)* U/F (0995)	Totals (Exhibit IV 300)
Operating Revenue			
Interest and Investment Income	\$ 199,226.52	\$ -	\$ 199,226.52
Other Operating Revenue	349,958.36	29,096.26	379,054.62
Total Operating Revenue	<u>549,184.88</u>	<u>29,096.26</u>	<u>578,281.14</u>
Operating Expenses:			
Salaries and Wages	657,760.67		657,760.67
Payroll Related Costs	155,991.64		155,991.64
Professional Fees and Services	21,849.07		21,849.07
Travel	9,404.32		9,404.32
Materials and Supplies	1,819.29		1,819.29
Communication and Utilities	30,998.52		30,998.52
Repairs and Maintenance			
Rentals and Leases	2,368.00		2,368.00
Printing and Reproduction	510.48		510.48
Bad Debt Expense		25,126.75	25,126.75
Other Operating Expenses	64,331.78	17,898.74	82,230.52
Total Operating Expenses	<u>945,033.77</u>	<u>43,025.49</u>	<u>988,059.26</u>
Operating Income (Loss)	<u>(395,848.89)</u>	<u>(13,929.23)</u>	<u>(409,778.12)</u>
Nonoperating Revenue (Expenses)			
Investment Income (Expense)	74,336.85	3,853.42	78,190.27
Interest Expenses and Fiscal Charges	(71,789.45)		(71,789.45)
Total Other Nonoperating Revenue (Expenses)	<u>2,547.40</u>	<u>3,853.42</u>	<u>6,400.82</u>
Income (Loss) Before Other Revenue, Expenses, Gains/Losses, and Transfers	<u>(393,301.49)</u>	<u>(10,075.81)</u>	<u>(403,377.30)</u>
Other Revenue, Expenses, Gains/Losses, and Transfers			
Transfer In	1,714,262.35		1,714,262.35
Transfer Out	(1,202,580.86)	(4,947.76)	(1,207,528.62)
Total Other Revenue, Expenses, Gains/Losses, and Transfers	<u>511,681.49</u>	<u>(4,947.76)</u>	<u>506,733.73</u>
Change in Net Assets	<u>118,380.00</u>	<u>(15,023.57)</u>	<u>103,356.43</u>
Total Net Assets, September 1, 2008	7,362,635.70	333,883.19	7,696,518.89
Restatements			
Total Net Assets, September 1, 2008, as Restated	<u>7,362,635.70</u>	<u>333,883.19</u>	<u>7,696,518.89</u>
Total Net Assets, August 31, 2009	<u>\$ 7,481,015.70</u>	<u>\$ 318,859.62</u>	<u>\$ 7,799,875.32</u>

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

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

UNAUDITED

OFFICE OF THE GOVERNOR - Trusteed Programs (300)
 Exhibit F-3 300 - Combining Statement of Cash Flows - Enterprise Funds
 For the Fiscal Year Ended August 31, 2009

	Economic Development Bank (5106)* U/F (5106)	Capital Access Loan Loss Reserve Account (9999)* U/F (0995)	Totals (Ex V 300)
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from Loan Programs	\$ 1,572,050.95	\$ -	\$ 1,572,050.95
Proceeds from Other Revenue	345,958.36	29,096.26	375,054.62
Payments to Employees for Salaries	(642,619.69)		(642,619.69)
Payments to Employees for Benefits	(155,991.64)		(155,991.64)
Payments for Loans Provided	(1,212,000.00)		(1,212,000.00)
Payments for Other Expenses	(130,709.56)	(17,898.74)	(148,608.30)
Net Cash Provided by Operating Activities	<u>(223,311.58)</u>	<u>11,197.52</u>	<u>(212,114.06)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Proceeds from Debt Issuance	3,425,000.00		3,425,000.00
Proceeds of Transfers from Other Funds	1,714,262.35		1,714,262.35
Payments of Interest	(74,839.92)		(74,839.92)
Payments of Other Costs of Debt Issuance	(21,849.07)		(21,849.07)
Payments for Transfers to Other Funds	(1,202,580.86)	(4,947.76)	(1,207,528.62)
Net Cash Provided by Noncapital Financing Activities	<u>3,839,992.50</u>	<u>(4,947.76)</u>	<u>3,835,044.74</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Interest Income	79,044.56	3,853.42	82,897.98
Payments for bad debt		(25,126.75)	(25,126.75)
Net Cash Provided by Investing Activities	<u>79,044.56</u>	<u>(21,273.33)</u>	<u>57,771.23</u>
Net (Decrease) in Cash and Cash Equivalents	3,695,725.48	(15,023.57)	3,680,701.91
Cash and Cash Equivalents, September 1, 2008	3,288,441.93	333,883.19	3,622,325.12
Restatement to Beginning Cash & Cash Equivalents Cash and Cash Equivalents, September 1, 2008, as Restated	<u>3,288,441.93</u>	<u>333,883.19</u>	<u>3,622,325.12</u>
Cash and Cash Equivalents, August 31, 2009	<u>\$ 6,984,167.41</u>	<u>\$ 318,859.62</u>	<u>\$ 7,303,027.03</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ (395,848.89)	\$ (13,929.23)	\$ (409,778.12)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Operating Income and Cash Flow Categories: Classification Differences	20,191.83	25,126.75	45,318.58
Changes in Assets and Liabilities:			
(Increase) Decrease in Loans & Contracts	150,595.37		150,595.37
(Increase) Decrease in Prepaid Expenses	(3,050.47)		(3,050.47)
(Increase) Decrease in Accounts Receivable	8,770.08		8,770.08
Increase (Decrease) in Payables	(6,136.19)		(6,136.19)
Increase (Decrease) in Deferred Income	2,166.69		2,166.69
Total Adjustments	<u>172,537.31</u>	<u>25,126.75</u>	<u>197,664.06</u>
Net Cash Provided by Operating Activities	<u>\$ (223,311.58)</u>	<u>\$ 11,197.52</u>	<u>\$ (212,114.06)</u>

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

UNAUDITED

Office of the Governor - Trusteed Programs (300)
 Exhibit J-1 300 - Combining Statement of Changes in Assets and Liabilities - Agency Funds
 For the Fiscal Year Ended August 31, 2009

	Beginning Balance September 1, 2008	Additions	Deductions	Ending Balance August 31, 2009
Employee Savings Bond				
Account (0901), U/F (0901)				
ASSETS				
Cash in State Treasury	\$ 170.00	\$ 1,940.00	\$ 1,920.00	\$ 190.00
Total Assets	<u>\$ 170.00</u>	<u>\$ 1,940.00</u>	<u>\$ 1,920.00</u>	<u>\$ 190.00</u>
LIABILITIES				
Funds Held for Others	\$ 170.00	\$ 1,920.00	\$ 1,900.00	\$ 190.00
Total Liabilities	<u>\$ 170.00</u>	<u>\$ 1,920.00</u>	<u>\$ 1,900.00</u>	<u>\$ 190.00</u>
401 K Deferred Comp				
Account (0942), U/F (0942)				
ASSETS				
Cash in State Treasury	\$ -	\$ 170,011.82	\$ 170,011.82	\$ -
Accounts Receivable		176,058.36	170,312.54	5,745.82
Total Assets	<u>\$ -</u>	<u>\$ 346,070.18</u>	<u>\$ 340,324.36</u>	<u>\$ 5,745.82</u>
LIABILITIES				
Accounts Payable				
Funds Held for Others	\$ -	\$ 176,058.36	\$ 170,312.54	\$ 5,745.82
Total Liabilities	<u>\$ -</u>	<u>\$ 176,058.36</u>	<u>\$ 170,312.54</u>	<u>\$ 5,745.82</u>
Totals - All Agency Funds				
ASSETS				
Cash in State Treasury	\$ 170.00	\$ 171,951.82	\$ 171,931.82	\$ 190.00
Accounts Receivable		176,058.36	170,312.54	5,745.82
Total Assets	<u>\$ 170.00</u>	<u>\$ 348,010.18</u>	<u>\$ 342,244.36</u>	<u>\$ 5,935.82</u>
LIABILITIES				
Funds Held for Others	\$ 170.00	\$ 177,978.36	\$ 172,212.54	\$ 5,935.82
Total Liabilities	<u>\$ 170.00</u>	<u>\$ 177,978.36</u>	<u>\$ 172,212.54</u>	<u>\$ 5,935.82</u>

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

OFFICE OF THE GOVERNOR - Trusteed Programs (300)
 Exhibit K-1 300 - Combining Balance Sheet/Statement of Net Assets -
 Discretely Presented Governmental Component Units
 For the Fiscal Year Ended August 31, 2009

	Texas Disaster Relief Fund, a Non-Profit Corp. (9999)* UF (7003)	Texas Healthcare Policy Council (9999)* UF (7004)	Governmental Component Unit Total	Capital Adjustments	Long-Term Liabilities Adjustments	Statement of Net Assets
ASSETS						
Current Assets:						
Cash and Cash Equivalents						
Cash In Bank (Note 3)	\$ 605,836.99	\$ 250.00	\$ 606,086.99	\$ -	\$ -	\$ 606,086.99
Cash In Transit	19.64		19.64			19.64
Receivables from:						
Interest and Dividends	115.00		115.00			115.00
Loans and Contracts	196,642.15		196,642.15			196,642.15
Total Current Assets	<u>802,613.78</u>	<u>250.00</u>	<u>802,863.78</u>	<u>-</u>	<u>-</u>	<u>802,863.78</u>
Non-Current Assets:						
Total Non-Current Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 802,613.78</u>	<u>\$ 250.00</u>	<u>\$ 802,863.78</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 802,863.78</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances (Deficits):						
Reserved for:						
Loans and Contracts	196,642.15		196,642.15			196,642.15
Unreserved/Designated for:						
Other						
Undesignated	605,971.63	250.00	606,221.63	-	-	606,221.63
Total Fund Balances	<u>802,613.78</u>	<u>250.00</u>	<u>802,863.78</u>	<u>-</u>	<u>-</u>	<u>802,863.78</u>
Total Liabilities and Fund Balances	<u>\$ 802,613.78</u>	<u>\$ 250.00</u>	<u>\$ 802,863.78</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 802,863.78</u>
Government-Wide Statement of Net Assets						
Total Net Assets	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 802,863.78</u>

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

OFFICE OF THE GOVERNOR - Trusteed Programs (300)
 Exhibit K-2 300 – Combining Statement of Revenues, Expenditures and Changes in
 Fund Balances/Statement of Activities – Discretely Presented
 Governmental Component Units
 For the Fiscal Year Ended August 31, 2009

	Texas Disaster Relief Fund, a Non-Profit Corporation (9999)* U/F (7003)	Texas Healthcare Policy Council (9999)* U/F (7004)	Governmental Component Unit Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Activities
REVENUE						
Interest and Other Investment Income	\$ 10,488.15	\$ -	\$ 10,488.15	\$ -	\$ -	\$ 10,488.15
Other	6,752,761.29	1,000.00	6,753,761.29			6,753,761.29
Total Revenue	<u>6,763,249.44</u>	<u>1,000.00</u>	<u>6,764,249.44</u>	<u>-</u>	<u>-</u>	<u>6,764,249.44</u>
EXPENDITURES						
Professional Fees and Services	1,485.37		1,485.37			1,485.37
Materials and Supplies	2,141.00		2,141.00			2,141.00
Communication and Utilities	665.20		665.20			665.20
Other Expenditures	7,290,920.43	750.00	7,291,670.43			7,291,670.43
Total Expenditures/Expenses	<u>7,295,212.00</u>	<u>750.00</u>	<u>7,295,962.00</u>	<u>-</u>	<u>-</u>	<u>7,295,962.00</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(531,962.56)</u>	<u>250.00</u>	<u>(531,712.56)</u>	<u>-</u>	<u>-</u>	<u>(531,712.56)</u>
Fund Financial Statement - Fund Balances						
Fund Balances, September 1, 2008	1,334,576.34		1,334,576.34			1,334,576.34
Restatements						
Fund Balances, September 1, 2008, as Restated	<u>1,334,576.34</u>	<u>-</u>	<u>1,334,576.34</u>	<u>-</u>	<u>-</u>	<u>1,334,576.34</u>
Fund Balances, August 31, 2009	<u>\$ 802,613.78</u>	<u>\$ 250.00</u>	<u>\$ 802,863.78</u>			<u>\$ 802,863.78</u>
Government-Wide Statement of Net Assets						
Net Assets / Net Change in Net Assets			802,863.78			802,863.78
Net Assets, September 1, 2008						
Restatements						
Net Assets, September 1, 2008, as Restated				<u>-</u>	<u>-</u>	<u>-</u>
Net Assets as of August 31, 2009			<u>\$ 802,863.78</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 802,863.78</u>

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

Office of the Governor - Trusteed Programs (300)
Exhibit L-1 300 - Combining Statement of Net Assets - Discretely Presented Proprietary Component Units
For the Fiscal Year Ended August 31, 2009

	Texas Economic Development Corporation (9999)* U/F (7001)	Texas Small Business Industrial Development Corporation (9999)* U/F (7002)	Totals (Exhibit III 300)
ASSETS			
Current Assets:			
Cash and Cash Equivalents			
Cash In Bank (Note 3)	\$ 10,000.00	\$ 13,605,487.18	\$ 13,615,487.18
Cash In Transit	12,250.00		12,250.00
Short Term Investments (Note 3)	2,169,486.75		2,169,486.75
Receivables from:			
Interest and Dividends	12.66	131,872.25	131,884.91
Prepaid Items		6,723.33	6,723.33
Total Current Assets	<u>2,191,749.41</u>	<u>13,744,082.76</u>	<u>15,935,832.17</u>
Non-Current Assets:			
Loans and Contracts		47,610,583.13	47,610,583.13
Total Non-Current Assets	<u>-</u>	<u>47,610,583.13</u>	<u>47,610,583.13</u>
Total Assets	<u>\$ 2,191,749.41</u>	<u>\$ 61,354,665.89</u>	<u>\$ 63,546,415.30</u>
LIABILITIES			
Current Liabilities:			
Payables from:			
Accounts	\$ 50,135.96	\$ 217,434.67	\$ 267,570.63
Other		15,895.89	15,895.89
Total Current Liabilities	<u>50,135.96</u>	<u>233,330.56</u>	<u>283,466.52</u>
Non-Current Liabilities			
Revenue Bonds Payable (Note 5)		60,000,000.00	60,000,000.00
Total Non-Current Liabilities	<u>-</u>	<u>60,000,000.00</u>	<u>60,000,000.00</u>
Total Liabilities	<u>\$ 50,135.96</u>	<u>\$ 60,233,330.56</u>	<u>\$ 60,283,466.52</u>
Net Assets			
Unrestricted	\$ 2,141,613.45	\$ 1,121,335.33	\$ 3,262,948.78
Total Net Assets	<u>\$ 2,141,613.45</u>	<u>\$ 1,121,335.33</u>	<u>\$ 3,262,948.78</u>

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

* Appropriated Fund is noted as (XXXX). USAS D23 U/F (XXXX)

UNAUDITED

OFFICE OF THE GOVERNOR - Trusteed Programs (300)
 Exhibit L-2 300 - Combining Statement of Revenue, Expenses, and Changes in Net Assets –
 Discretely Presented Proprietary Component Units
 For the Fiscal Year Ended August 31, 2009

	Texas Economic Development Corp. (9999)* U/F (7001)	Texas Small Business Industrial Development Corp. (9999)* U/F (7002)	Totals (Exhibit IV 300)
Operating Revenue:			
Interest and Investment Income	\$ -	\$ 1,829,632.64	\$ 1,829,632.64
Other Operating Revenue	55,779.24		55,779.24
Total Operating Revenue	<u>55,779.24</u>	<u>1,829,632.64</u>	<u>1,885,411.88</u>
Operating Expenses:			
Salaries and Wages	21,504.11		21,504.11
Payroll Related Costs	1,645.13		1,645.13
Professional Fees and Services	472,090.84	40,441.25	512,532.09
Travel	580,419.69		580,419.69
Materials and Supplies	249,455.13		249,455.13
Communication and Utilities	3,632.78		3,632.78
Rentals and Leases	73,051.89		73,051.89
Printing and Reproduction	89,961.98		89,961.98
Other Operating Expenses	320,729.75	984,837.82	1,305,567.57
Total Operating Expenses	<u>1,812,491.30</u>	<u>1,025,279.07</u>	<u>2,837,770.37</u>
Operating Income (Loss)	<u>(1,756,712.06)</u>	<u>804,353.57</u>	<u>(952,358.49)</u>
Nonoperating Revenue (Expenses)			
Gifts, Pledges and Donations	1,984,615.39		1,984,615.39
Investment Income (Expense)	7,648.64	361,213.11	368,861.75
Interest Expenses and Fiscal Charges		(1,131,540.76)	(1,131,540.76)
Total Other Nonoperating Revenue (Expenses)	<u>1,992,264.03</u>	<u>(770,327.65)</u>	<u>1,221,936.38</u>
Income (Loss) Before Other Revenue, Expenses, Gains/Losses, and Transfers	<u>235,551.97</u>	<u>34,025.92</u>	<u>269,577.89</u>
Change in Net Assets	<u>235,551.97</u>	<u>34,025.92</u>	<u>269,577.89</u>
Total Net Assets, September 1, 2008	1,906,061.48	1,087,309.41	2,993,370.89
Restatements			
Total Net Assets, September 1, 2008, as Restated	<u>1,906,061.48</u>	<u>1,087,309.41</u>	<u>2,993,370.89</u>
Total Net Assets, August 31, 2009	<u>\$ 2,141,613.45</u>	<u>\$ 1,121,335.33</u>	<u>\$ 3,262,948.78</u>

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

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

OFFICE OF THE GOVERNOR - Trusteed Programs (300)
 SCHEDULE 1A - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Fiscal Year Ended August 31, 2009

Federal Grantor / Pass-Through Grantor	Federal CFDA Number	Pass-Through From		Direct Program Amount	Total Pass-Through From and Direct Program
		Agency or Univ. Number	Agencies or Univ. Amount		
U.S. Department of Justice					
Direct Program:					
Juvenile Accountability Incentive Block Grants	16.523		\$ -	\$ 61,723.56	\$ 61,723.56
Pass-Through To:					
Attorney General's Office				103,041.42	103,041.42
Other Entities				2,036,496.72	2,036,496.72
Juvenile Justice and Delinquency Prevention	16.540			318,870.90	318,870.90
Pass-Through To:					
Texas Comm. on Jail Standards				25,333.00	25,333.00
Texas State University at San Marcos				417,088.05	417,088.05
Other Entities				4,015,942.32	4,015,942.32
Title V-Delinquency Prevention Program	16.548				-
Pass-Through To:					
Other Entities				84,921.65	84,921.65
Crime Victim Assistance	16.575			1,130,108.97	1,130,108.97
Pass-Through To:					
Department of Public Safety				197,546.34	197,546.34
Other Entities				19,516,564.14	19,516,564.14
Violence Against Women Formula Grants	16.588			508,103.92	508,103.92
Pass-Through To:					
Other Entities				6,107,618.00	6,107,618.00
Residential Substance Abuse Treatment for State Prisoners	16.593				-
Pass-Through To:					
Other Entities				925,081.65	925,081.65
Bullet Proof Vest Program	16.607				-
Pass-Through To:					
Attorney General's Office				1,670.22	1,670.22
Texas Dept. of Public Safety				23,591.00	23,591.00
University of Texas M.D. Anderson Cancer Center				24,325.00	24,325.00
Texas Dept of Criminal Justice				(70.97)	(70.97)
Texas A&M University				8,699.27	8,699.27
University of Texas at Dallas				1,324.75	1,324.75
San Angelo University				3,924.50	3,924.50
Texas A&M University Commerce				3,030.00	3,030.00
University of North Texas				7,854.66	7,854.66
Texas State University at San Marcos				1,195.17	1,195.17
Sul Ross State University				373.99	373.99
University of Houston				3,207.85	3,207.85
Parks and Wildlife				55,195.40	55,195.40
Other Entities					
Byrne Justice Assistance	16.738			422,396.27	422,396.27
Pass-Through To:					
Texas Dept. of Public Safety				1,565,045.71	1,565,045.71
Alcoholic Beverage Commission				115,874.00	115,874.00
Texas Engineering Extension Service				182,990.29	182,990.29
Texas State University at San Marcos				1,184,523.87	1,184,523.87
Other Entities				11,789,899.15	11,789,899.15
Paul Coverdell Forensic Sciences Improvement Grant Project	16.742				-
Pass-Through To:					
Texas Dept. of Public Safety				121,000.00	121,000.00
University of Texas Medical Branch at Galveston				(6,943.49)	(6,943.49)
Other Entities				1,117,660.93	1,117,660.93
Total U.S. Department of Justice				52,075,208.21	52,075,208.21
American Recovery and Reinvestment Act					
U.S. Department of Justice					
Direct Program:					
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803			145,314.20	145,314.20
Total U.S. Department of Justice				145,314.20	145,314.20

Agency or Univ. Number	Pass-Through To		Expenditure Amount	Total Pass-Through To and Expenditures
	Agencies or Univ. Amount	Non-State Entities Amount		
	\$ -	\$ -	\$ 61,723.56	\$ 61,723.56
302	103,041.42	2,036,496.72	318,870.90	103,041.42 2,036,496.72 318,870.90
409	25,333.00			25,333.00
754	417,088.05	4,015,942.32		417,088.05 4,015,942.32
		84,921.65		84,921.65
			1,130,108.97	1,130,108.97
405	197,546.34	19,516,564.14		197,546.34 19,516,564.14
			508,103.92	508,103.92
		6,107,618.00		6,107,618.00
		925,081.65		925,081.65
302	1,670.22			1,670.22
405	23,591.00			23,591.00
506	24,325.00			24,325.00
696	(70.97)			(70.97)
711	8,699.27			8,699.27
729	1,324.75			1,324.75
737	3,924.50			3,924.50
751	3,030.00			3,030.00
752	7,854.66			7,854.66
754	1,195.17			1,195.17
756	373.99			373.99
759	3,207.85			3,207.85
802	55,195.40			55,195.40
			422,396.27	422,396.27
405	1,565,045.71			1,565,045.71
458	115,874.00			115,874.00
716	182,990.29			182,990.29
754	1,184,523.87	11,789,899.15		1,184,523.87 11,789,899.15
405	121,000.00			121,000.00
723	(6,943.49)	1,117,660.93		(6,943.49) 1,117,660.93
	4,039,820.03	45,594,184.56	2,441,203.62	52,075,208.21
			145,314.20	145,314.20
	-	-	145,314.20	145,314.20

OFFICE OF THE GOVERNOR - Trusteed Programs (300)
 SCHEDULE 1A - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Fiscal Year Ended August 31, 2009

Federal Grantor / Pass-Through Grantor	Federal CFDA Number	Pass-Through From		Direct Program Amount	Total Pass-Through From and Direct Program
		Agency or Univ. Number	Agencies or Univ. Amount		
U.S. Department of Education					
Direct Program:					
Safe & Drug-Free Schools & Communities State Grant	84.186		\$ -	\$ 218,538.59	\$ 218,538.59
Pass-Through To:					
Other Entities				4,595,984.72	4,595,984.72
Total U.S. Department of Education			-	4,814,523.31	4,814,523.31
Office For Domestic Preparedness - Department of Homeland Security					
Department of Homeland Security					
Direct Programs:					
Urban Areas Security Initiative					
Pass-Through From:					
Department of Public Safety	97.008	405	12,661.35		12,661.35
State Homeland Security Program (SHSP)					
Pass-Through From:					
Department of Public Safety	97.073	405	702,962.48		702,962.48
Total Department of Homeland Security			715,623.83	-	715,623.83
U.S. Department of Labor					
Direct Program:					
Texas Workforce Commission					
Pass-Through From:	17.528				
Texas Workforce Commission		320	556,472.10		556,472.10
Total U.S. Department of Labor			556,472.10	-	556,472.10
Total Federal Assistance			\$ 1,272,095.93	\$ 57,035,045.72	\$ 58,307,141.65

NOTE 1: Non - Monetary Assistance

Not Applicable

NOTE 2: Reconciliation

Below is a reconciliation of the total federal pass-throughs and federal expenditures as reported on the Schedule of Expenditures of Federal Awards to the total of federal revenue and federal grant pass-through revenue as reported in the general purpose financial statements. Generally, federal funds are not earned until expended, therefore, federal revenue equals federal expenditures for the reporting period.

Per Combined Statement of Revenue, Expenditures, and Changes in Fund, Balances/Statement of Activities- Governmental Fund Types, (Exh. II):

Federal Revenue (Exh. II)	\$ 57,035,045.72
Federal Pass-Through Revenue (Exh. II)	1,272,095.93
Total Federal Revenue and Pass Through Revenue (Exh. II)	\$ 58,307,141.65

Total Pass-Through and Expenditures per Schedule of Expenditures of Federal Awards	\$ 58,307,141.65
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NOTES 3 - 6: Not Applicable

NOTE 7: Federal Deferred Revenue

CFDA	Balance		Balance August 31, 2009
	September 1, 2008	Net Change	
16.523	\$ 1,086,703.47	\$ 163,674.94	\$ 1,250,378.41
16.738	17,695,976.71	(6,952,255.03)	10,743,721.68
16.803		90,150,458.80	90,150,458.80
84.186		93,688.87	93,688.87
Total	\$ 18,782,680.18	\$ 83,455,567.58	\$ 102,238,247.76

Federal deferred revenue represents Federal award amounts that are issued at the beginning of the grant period rather than on a reimbursement basis.

Agency or Univ. Number	Pass-Through To		Expenditure Amount	Total Pass-Through To and Expenditures
	Agencies or Univ. Amount	Non-State Entities Amount		
	\$ -	\$ -	\$ 218,538.59	\$ 218,538.59
		4,595,984.72		4,595,984.72
	-	<u>4,595,984.72</u>	<u>218,538.59</u>	<u>4,814,523.31</u>
			12,661.35	12,661.35
			702,962.48	702,962.48
	-	-	<u>715,623.83</u>	<u>715,623.83</u>
			556,472.10	556,472.10
	-	-	<u>556,472.10</u>	<u>556,472.10</u>
	<u>\$ 4,039,820.03</u>	<u>\$ 50,190,169.28</u>	<u>\$ 4,077,152.34</u>	<u>\$ 58,307,141.65</u>

OFFICE OF THE GOVERNOR - Trusteed Programs (300)
 SCHEDULE 1B - SCHEDULE OF STATE PASS-THROUGH GRANTS FROM/TO STATE AGENCIES
 For the Fiscal Year Ended August 31, 2009

State funds passed to other state agencies from governmental funds are as follows:

Fund 0001	<u>Pass-Through To:</u>	<u>Amount of Pass-Through</u>
	Small Business Forum	
	Texas Tech Univ (Agy 733)	\$48,000.00
Subtotal Pass-Through from Fund 0001		\$ 48,000.00
Fund 0421	<u>Pass-Through To:</u>	<u>Amount of Pass-Through</u>
	Prosecution of Prison Crimes	
	Comptroller's Judiciary Section (Agy. 241)	\$ 1,418,791.00
	TX Dept of Criminal Justice (Agy 696)	74,567.15
	Special Investigation Unit	
	Office of the Attorney General (Agy. 302)	40,387.06
	Amber Alert	
	Department of Public Safety (Agy 405)	545,233.67
	Staying Connected - A Child Abuse and Neglect Prevention Program	
	University of Texas at Arlington (Agy 714)	81,878.44
Subtotal Pass-Through from Fund 0421		\$ 2,160,857.32
Fund 5012	<u>Pass-Through To:</u>	<u>Amount of Pass-Through</u>
	Crimestoppers Asst Fund AJE Behind the Walls	
	TX Dept of Criminal Justice (Agy 696)	\$ 1,800.00
Subtotal Pass-Through from Fund 5012		\$ 1,800.00
Fund 5124	<u>Pass-Through To:</u>	<u>Amount of Pass-Through</u>
	Emerging Technology Grant	
	TAMU (Agy 556)	\$ 2,012,500.00
	Emerging Technology Grant	
	Texas A&M Health Science Center (Agy 709)	3,500,000.00
	Emerging Technology Grant	
	Texas A&M University (Agy 710)	53,675,000.00
	Emerging Technology Grant	
	University of Texas at El Paso (Agy 724)	2,000,000.00
	Emerging Technology Grant	
	University of Houston (Agy 730)	5,500,000.00
	Emerging Technology Grant	
	Texas Tech University (Agy 733)	1,531,807.82
	Emerging Technology Grant	
	University of Texas Health Science Center (Agy 744)	2,000,000.00
	Emerging Technology Grant	
	Texas State University (Agy 754)	2,000,000.00
	Emerging Technology Grant	
	University of Dallas (Agy 738)	2,250,000.00
Subtotal Pass-Through from Fund 5124		\$ 74,469,307.82
Total Pass-Through to Other Agencies (Exhibit II)		\$ 76,679,965.14