

**THE OFFICE  
OF  
THE GOVERNOR**



**ANNUAL FINANCIAL REPORT  
2014**

**RICK PERRY  
GOVERNOR OF TEXAS**

**THE OFFICE OF THE GOVERNOR**

**ANNUAL FINANCIAL REPORT**

**For The Year Ended August 31, 2014  
(UNAUDITED)**

**Rick Perry  
Governor of Texas**





OFFICE OF THE GOVERNOR

RICK PERRY  
GOVERNOR

November 20, 2014

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, 2014, 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 Suzy Whittenton, CPA, Chief Financial Officer, at (512) 463-6310. Brenda Dille, Accounting Manager, may be contacted at (512) 936-0157 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

A handwritten signature in blue ink that reads "Kathy Walt".

Kathy Walt  
Chief of Staff

# TABLE OF CONTENTS

## Letter of Transmittal

### General Purpose Financial Statements – Exhibits

**Page**

|      |  |    |
|------|--|----|
| I    | Combined Balance Sheet / Statement of Net Position - Governmental Funds .....  | 1  |
| II   | Combined Statement of Revenues, Expenditures and Changes in Fund Balances / Statement of Activities - Governmental Funds ..... | 3  |
| III  | Combined Statement of Net Position - Proprietary Funds .....   | 5  |
| IV   | Combined Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds .....                            | 6  |
| V    | Combined Statement of Cash Flows - Proprietary Funds .....   | 7  |
| VI   | Combined Statement of Fiduciary Net Position - Fiduciary Funds .....   | 8  |
| VII  | N/A  |    |
| VIII | Combined Statement of Net Position - Discretely Presented Component Units .....  | 9  |
| IX   | Combined Statement of Revenues, Expenses and Changes in Net Position - Discretely Present Component Units .....                | 10 |

### Notes to the Financial Statements

|    |  |    |
|----|--|----|
| 1  | Summary of Significant Accounting Policies .....             | 11 |
| 2  | Capital Assets .....   | 17 |
| 3  | Deposits, Investments and Repurchase Agreements .....        | 19 |
| 4  | Short-Term Debt .....  | 20 |
| 5  | Long-Term Liabilities .....                                  | 21 |
| 6  | Bond Indebtedness .....                                      | 22 |
| 7  | Derivative Instruments .....                                 | 24 |
| 8  | Leases .....   | 24 |
| 9  | Pension Plans .....  | 25 |
| 10 | Deferred Compensation .....                                  | 25 |
| 11 | Postemployment Health Care and Life Insurance Benefits ..... | 25 |
| 12 | Interfund Activity and Transactions .....                    | 26 |
| 13 | Continuance Subject to Review .....                          | 26 |
| 14 | Adjustments to Fund Balances and Net Position .....          | 26 |
| 15 | Contingencies and Commitments .....                          | 26 |
| 16 | Subsequent Events .....                                      | 27 |
| 17 | Risk Management .....  | 27 |
| 18 | Management Discussion and Analysis (MD&A) .....              | 27 |
| 19 | The Financial Reporting Entity .....                         | 27 |
| 20 | Stewardship, Compliance and Accountability .....             | 29 |
| 21 | Not Applicable to the AFR .....                              | 29 |
| 22 | Donor Restricted Endowments .....                            | 29 |
| 23 | Extraordinary and Special Items .....                        | 29 |
| 24 | Disaggregation of Receivable and Payable Balances .....      | 29 |
| 25 | Termination Benefits .....                                   | 29 |
| 26 | Segment Information .....                                    | 29 |
| 27 | Service Concession Arrangements .....                        | 29 |
| 28 | Deferred Outflows and Deferred Inflows of Resources .....    | 29 |
| 29 | Troubled Debt Restructuring .....                            | 29 |
| 30 | Non-Exchange Financial Guarantees .....                      | 30 |

# TABLE OF CONTENTS

| <b>Combining Statements – Exhibits and Schedules</b>  | <b>Page</b> |
|---|-------------|
| A-1 Combining Balance Sheet - All General and Consolidated Funds.....   | 33          |
| A-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances -<br>All General and Consolidated Funds..... | 37          |
| J-1 Combining Statement of Changes in Assets and Liabilities - Agency Funds.....  | 41          |
| 1 A Schedule of Expenditures of Federal Awards.....   | 43          |
| 1 B Schedule of State Pass Throughs From/To State Agencies/Universities.....  | 48          |
| 2 A Miscellaneous Bond Information.....   | 49          |
| 2 B Changes in Bonded Indebtedness.....   | 50          |
| 2 C Debt Service Requirements.....  | 51          |
| 2 D Analysis of Funds Available for Debt Service.....   | 52          |
| 2 E Defeased Bonds Outstanding.....   | 53          |
| 2 F Early Extinguishment and Refunding of Debt.....   | 54          |

## Supporting Exhibits by Agency

### Office of the Governor - Core Operations (Agency 301) – Exhibits

|   |    |
|---|----|
| I (301) Combined Balance Sheet / Statement of Net Position - Governmental Funds.....  | 58 |
| II (301) Combined Statement of Revenues, Expenditures and Changes in Fund Balances /<br>Statement of Activities - Governmental Funds..... | 59 |
| A-1 (301) Combining Balance Sheet - All General and Consolidated Funds.....   | 61 |
| A-2 (301) Combining Statement of Revenues, Expenditures and Changes in Fund Balances -<br>All General and Consolidated Funds.....         | 62 |
| J-1 (301) Combining Statement of Change in Assets and Liabilities - Agency Funds.....   | 63 |

### Office of the Governor Trusteed Programs (Agency 300) – Exhibits

|   |    |
|---|----|
| I (300) Combined Balance Sheet/Statement of Net Position - Governmental Funds.....  | 65 |
| II (300) Combined Statement of Revenues, Expenditures and Changes in Fund Balances /<br>Statement of Activities - Governmental Funds..... | 67 |
| III (300) Combined Statement of Net Position - Proprietary Funds.....   | 69 |
| IV (300) Combined Statement of Revenues, Expenses and Changes in Fund Net Position -<br>Proprietary Funds.....                            | 70 |
| V (300) Combined Statement of Cash Flows - Proprietary Funds.....   | 71 |
| VIII (300) Combined Statement of Net Position - Discretely Presented Component Units.....   | 73 |
| IX (300) Combined Statement of Revenues, Expenses and Changes in Net Position -<br>Discretely Present Component Units.....                | 74 |
| A-1 (300) Combining Balance Sheet - All General and Consolidated Funds.....   | 75 |
| A-2 (300) Combining Statement of Revenues, Expenditures and Changes in Fund Balances -<br>All General and Consolidated Funds.....         | 79 |
| B-1 (300) Combining Balance Sheet - Special Revenue Funds.....  | 83 |
| B-2 (300) Combining Statement of Revenues, Expenditures and Changes in Fund Balances -<br>Special Revenue Funds.....                      | 84 |
| C-1 (300) Combining Balance Sheet - Debt Service Funds.....   | 85 |
| C-2 (300) Combining Statement of Revenues, Expenditures and Changes in Fund Balances -<br>Debt Service Funds.....                         | 87 |
| F-1 (300) Combining Statement of Net Position - Enterprise Funds.....   | 89 |
| F-2 (300) Combining Statement of Revenues, Expenses and Changes in Fund Net Position -<br>Enterprise Funds.....                           | 90 |
| F-3 (300) Combining Statement of Cash Flows - Enterprise Funds.....   | 91 |
| J-1 (300) Combining Statement of Change in Assets and Liabilities - Agency Funds.....   | 92 |
| K-1 (300) Combining Statement of Net Position - Discretely Presented Component Units.....   | 93 |
| K-2 (300) Combining Statement of Revenues, Expenses and Changes in Net Position -<br>Discretely Presented Component Units.....            | 95 |

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**OFFICE OF THE GOVERNOR - Core Operations (301) and Trusteed Programs (300)**  
**Exhibit I - Combined Balance Sheet/Statement of Net Position - Governmental Funds**  
**For the Fiscal Year Ended August 31, 2014**

|  | <b>Governmental Fund Types</b>        |   |  |                                 |
|--|---------------------------------------|---|--|---------------------------------|
|  | <b>General Funds</b><br>(Exhibit A-1) | <b>Special Revenue Funds</b><br>(Exhibit B-1 300) | <b>Debt Service Funds</b><br>(Exhibit C-1 300) | <b>Governmental Funds Total</b> |
| <b>ASSETS</b>  |                                       |   |  |                                 |
| Current Assets:  |                                       |   |  |                                 |
| Cash and Cash Equivalents:                                     |                                       |   |  |                                 |
| Cash In Bank (Note 3)  | \$ -                                  | \$ 35,884.75                                      | \$ -   | \$ 35,884.75                    |
| Cash in State Treasury   | 444,429,490.94                        | 32,156,330.19                                     | 292.06   | 476,586,113.19                  |
| Restricted Cash and Cash Equivalents:                          |                                       |   |  |                                 |
| Cash in State Treasury   | -                                     | 4,725,000.00                                      | -  | 4,725,000.00                    |
| Legislative Appropriations                                     | 200,062,883.26                        | -   | -  | 200,062,883.26                  |
| Receivables from:  |                                       |   |  |                                 |
| Federal  | 3,883,588.87                          | -   | -  | 3,883,588.87                    |
| Interest and Dividends   | 1,067,015.69                          | 26,813.27   | -  | 1,093,828.96                    |
| Accounts Receivable  | 32,944.47                             | -   | -  | 32,944.47                       |
| Due From Other Funds   | 15,498.00                             | -   | -  | 15,498.00                       |
| Due From Other Agencies  | 6,212,493.09                          | -   | -  | 6,212,493.09                    |
| Consumable Inventories   | 27,424.35                             | -   | -  | 27,424.35                       |
| Prepaid Items  | -                                     | 4,525.00  | -  | 4,525.00                        |
| Loans and Contracts  | 2,150,000.00                          | 1,378,970.42                                      | -  | 3,528,970.42                    |
| <b>Total Current Assets</b>                                    | <b>657,881,338.67</b>                 | <b>38,327,523.63</b>                              | <b>292.06</b>                                  | <b>696,209,154.36</b>           |
| Non-Current Assets:  |                                       |   |  |                                 |
| Loans and Contracts  | 178,752,338.29                        | 8,440,227.75                                      | -  | 187,192,566.04                  |
| Capital Assets (Note 2):                                       |                                       |   |  |                                 |
| Depreciable:   |                                       |   |  |                                 |
| Furniture and Equipment  | -                                     | -   | -  | -                               |
| Less Accumulated Depreciation                                  | -                                     | -   | -  | -                               |
| Vehicle, Boats and Aircraft                                    | -                                     | -   | -  | -                               |
| Less Accumulated Depreciation                                  | -                                     | -   | -  | -                               |
| Equity Holdings for Economic Development                       | 143,509,649.85                        | -   | -  | 143,509,649.85                  |
| <b>Total Non-Current Assets</b>                                | <b>322,261,988.14</b>                 | <b>8,440,227.75</b>                               | <b>-</b>                                       | <b>330,702,215.89</b>           |
| <b>Total Assets</b>  | <b>\$ 980,143,326.81</b>              | <b>\$ 46,767,751.38</b>                           | <b>\$ 292.06</b>                               | <b>\$ 1,026,911,370.25</b>      |
| <b>DEFERRED OUTFLOWS</b>                                       |                                       |   |  |                                 |
| <b>Total Deferred Outflows</b>                                 | <b>\$ -</b>                           | <b>\$ -</b>                                       | <b>\$ -</b>                                    | <b>\$ -</b>                     |
| <b>LIABILITIES AND FUND BALANCES</b>                           |                                       |   |  |                                 |
| <b>Liabilities</b>   |                                       |   |  |                                 |
| Current Liabilities:   |                                       |   |  |                                 |
| Payables from:   |                                       |   |  |                                 |
| Accounts   | \$ 23,275,702.61                      | \$ 15,375.00                                      | \$ -   | \$ 23,291,077.61                |
| Payroll  | 1,694,881.19                          | -   | -  | 1,694,881.19                    |
| Due To Other Funds   | 15,498.00                             | -   | -  | 15,498.00                       |
| Due To Other Agencies  | 3,435,877.66                          | -   | -  | 3,435,877.66                    |
| Unearned Revenue   | 29,826,405.72                         | -   | -  | 29,826,405.72                   |
| General Obligation Bonds Payable (Note 6)                      | -                                     | -   | -  | -                               |
| Employees' Compensable Leave (Note 5)                          | -                                     | -   | -  | -                               |
| <b>Total Current Liabilities</b>                               | <b>58,248,365.18</b>                  | <b>15,375.00</b>                                  | <b>-</b>                                       | <b>58,263,740.18</b>            |
| Non-Current Liabilities:                                       |                                       |   |  |                                 |
| General Obligation Bonds Payable (Note 6)                      | -                                     | -   | -  | -                               |
| Employees' Compensable Leave (Note 5)                          | -                                     | -   | -  | -                               |
| <b>Total Non-Current Liabilities</b>                           | <b>-</b>                              | <b>-</b>  | <b>-</b>                                       | <b>-</b>                        |
| <b>Total Liabilities</b>                                       | <b>58,248,365.18</b>                  | <b>15,375.00</b>                                  | <b>-</b>                                       | <b>58,263,740.18</b>            |
| <b>DEFERRED INFLOWS</b>  |                                       |   |  |                                 |
| <b>Total Deferred Inflows</b>                                  | <b>-</b>                              | <b>-</b>  | <b>-</b>                                       | <b>-</b>                        |
| <b>Fund Financial Statement</b>                                |                                       |   |  |                                 |
| Fund Balances (Deficits):                                      |                                       |   |  |                                 |
| Nonspendable   | 1,363,096.16                          | 4,525.00  | -  | 1,367,621.16                    |
| Restricted   | 37,386,077.72                         | 46,711,966.63                                     | 292.06   | 84,098,336.41                   |
| Committed  | 691,434,482.02                        | 35,884.75   | -  | 691,470,366.77                  |
| Unassigned   | 191,711,305.73                        | -   | -  | 191,711,305.73                  |
| <b>Total Fund Balances</b>                                     | <b>921,894,961.63</b>                 | <b>46,752,376.38</b>                              | <b>292.06</b>                                  | <b>968,647,630.07</b>           |
| <b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b> | <b>\$ 980,143,326.81</b>              | <b>\$ 46,767,751.38</b>                           | <b>\$ 292.06</b>                               | <b>\$ 1,026,911,370.25</b>      |
| <b>Government-Wide Statement of Net Position</b>               |                                       |   |  |                                 |
| Net Position   |                                       |   |  |                                 |
| Invested in Capital Assets, net of Related Debt                |                                       |   |  |                                 |
| Restricted For:  |                                       |   |  |                                 |
| Other  |                                       |   |  |                                 |
| Unrestricted   |                                       |   |  |                                 |
| <b>Total Net Position</b>                                      |                                       |   |  |                                 |

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

UNAUDITED

| Capital Assets<br>Adjustments | Long-Term<br>Liabilities<br>Adjustments | Statement of<br>Net Position |
|-------------------------------|---|------------------------------|
| \$ -                          | \$ -                                    | \$ 35,884.75                 |
| -                             | -                                       | 476,586,113.19               |
| -                             | -                                       | 4,725,000.00                 |
| -                             | -                                       | 200,062,883.26               |
| -                             | -                                       | 3,883,588.87                 |
| -                             | -                                       | 1,093,828.96                 |
| -                             | -                                       | 32,944.47                    |
| -                             | -                                       | 15,498.00                    |
| -                             | -                                       | 6,212,493.09                 |
| -                             | -                                       | 27,424.35                    |
| -                             | -                                       | 4,525.00                     |
| -                             | -                                       | 3,528,970.42                 |
| <u>-</u>                      | <u>-</u>                                | <u>696,209,154.36</u>        |
| -                             | -                                       | 187,192,566.04               |
| 473,146.74                    | -                                       | 473,146.74                   |
| (400,225.64)                  | -                                       | (400,225.64)                 |
| 20,337.08                     | -                                       | 20,337.08                    |
| (13,073.40)                   | -                                       | (13,073.40)                  |
| -                             | -                                       | 143,509,649.85               |
| <u>80,184.78</u>              | <u>-</u>                                | <u>330,782,400.67</u>        |
| <u>\$ 80,184.78</u>           | <u>\$ -</u>                             | <u>\$ 1,026,991,555.03</u>   |
| <u>\$ -</u>                   | <u>\$ -</u>                             | <u>\$ -</u>                  |
| \$ -                          | \$ -                                    | \$ 23,291,077.61             |
| -                             | -                                       | 1,694,881.19                 |
| -                             | -                                       | 15,498.00                    |
| -                             | -                                       | 3,435,877.66                 |
| -                             | -                                       | 29,826,405.72                |
| -                             | 1,150,000.00                            | 1,150,000.00                 |
| -                             | 1,252,243.26                            | 1,252,243.26                 |
| <u>-</u>                      | <u>2,402,243.26</u>                     | <u>60,665,983.44</u>         |
| -                             | 80,220,000.00                           | 80,220,000.00                |
| -                             | 871,961.03                              | 871,961.03                   |
| <u>-</u>                      | <u>81,091,961.03</u>                    | <u>81,091,961.03</u>         |
| -                             | 83,494,204.29                           | 141,757,944.47               |
| <u>-</u>                      | <u>-</u>                                | <u>-</u>                     |
|                               |   | 1,367,621.16                 |
|                               |   | 84,098,336.41                |
|                               |   | 691,470,366.77               |
|                               |   | 191,711,305.73               |
|                               |   | <u>968,647,630.07</u>        |
| 80,184.78                     | -                                       | 80,184.78                    |
| -                             | (81,370,000.00)                         | (81,370,000.00)              |
| -                             | (2,124,204.29)                          | (2,124,204.29)               |
| <u>\$ 80,184.78</u>           | <u>\$ (83,494,204.29)</u>               | <u>\$ 885,233,610.56</u>     |



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**OFFICE OF THE GOVERNOR - Core Operations (301) and Trusteed Programs (300)**

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

**For the Fiscal Year Ended August 31, 2014**

|   | <b>Governmental Fund Types</b>        |   |   |
|---|---------------------------------------|---|---|
|   | <b>General Funds</b><br>(Exhibit A-2) | <b>Special Revenue<br/>Funds</b><br>(Exhibit B-2 300) | <b>Debt Service Fund</b><br>(Exhibit C-2 300) |
| <b>REVENUES</b>                                     |                                       |   |   |
| Legislative Appropriations:                         |                                       |   |   |
| Original Appropriations                             | \$ 170,568,205.12                     | \$ -  | \$ -  |
| Additional Appropriations                           | 3,251,200.47                          | -   | -   |
| Federal Revenue                                     | 61,757,899.59                         | -   | -   |
| Federal Grant Pass-Through Revenue                  | 535,748.04                            | -   | -   |
| License, Fees & Permits                             | 26,074,176.32                         | 60,000.00   | -   |
| Interest and Other Investment Income                | 3,807,559.82                          | 377,674.79  | 816.55  |
| Sales of Goods and Services                         | 462,962.53                            | -   | -   |
| Other   | 21,199.99                             | 6,028.55  | -   |
| <b>Total Revenues</b>                               | <b>266,478,951.88</b>                 | <b>443,703.34</b>                                     | <b>816.55</b>                                 |
| <b>EXPENDITURES</b>                                 |                                       |   |   |
| Salaries and Wages                                  | 16,505,631.01                         | -   | -   |
| Payroll Related Costs                               | 4,195,550.10                          | -   | -   |
| Professional Fees and Services                      | 6,965,632.46                          | 34,406.05   | -   |
| Travel  | 509,293.04                            | -   | -   |
| Materials and Supplies                              | 282,847.79                            | 5.12  | -   |
| Communication and Utilities                         | 347,920.00                            | -   | -   |
| Repairs and Maintenance                             | 72,329.07                             | -   | -   |
| Rentals and Leases                                  | 446,712.75                            | -   | -   |
| Printing and Reproduction                           | 10,568.65                             | -   | -   |
| Claims and Judgments                                | 26,190.27                             | -   | -   |
| Federal Grant Pass-Through Expenditures             | 5,376,771.65                          | -   | -   |
| State Grant Pass-Through Expenditures               | 17,889,124.38                         | -   | -   |
| Intergovernmental Payments                          | 40,657,393.40                         | -   | -   |
| Public Assistance Payments                          | 34,700,962.90                         | -   | -   |
| Other Expenditures                                  | 98,584,736.83                         | 49,730.01   | -   |
| Debt Service:                                       |                                       |   |   |
| Principal   | 9,690,000.00                          | -   | 1,340,000.00                                  |
| Interest  | -                                     | -   | 2,199,501.62                                  |
| Capital Outlay                                      | 20,080.17                             | -   | -   |
| Depreciation Expense                                | -                                     | -   | -   |
| <b>Total Expenditures/Expenses</b>                  | <b>236,281,744.47</b>                 | <b>84,141.18</b>                                      | <b>3,539,501.62</b>                           |
| Excess (Deficiency) of Revenues over Expenditures   | 30,197,207.41                         | 359,562.16  | (3,538,685.07)                                |
| <b>OTHER FINANCING SOURCES (USES)</b>               |                                       |   |   |
| Transfer In   | 102,012,102.52                        | 152,525.19  | 3,539,501.65                                  |
| Transfer Out  | (62,606,752.91)                       | (389,817.31)  | (777.80)                                      |
| Legislative Transfer In (Note 12)                   | 3,038,472.04                          | -   | -   |
| Legislative Transfer Out (Note 12)                  | (2,736,672.04)                        | -   | -   |
| Gain (Loss) on Other Financial Activity             | 6,707,729.36                          | -   | -   |
| Inc/(Dec) in Net Assets Due to Interagency Transfer | -                                     | -   | -   |
| <b>Total Other Financing Sources (Uses)</b>         | <b>46,414,878.97</b>                  | <b>(237,292.12)</b>                                   | <b>3,538,723.85</b>                           |
| Net Change in Fund Balances/Net Position            | 76,612,086.38                         | 122,270.04  | 38.78   |
| <b>Fund Financial Statement - Fund Balances</b>     |                                       |   |   |
| Fund Balances, September 1, 2013                    | 873,157,270.89                        | 46,630,106.34   | 253.28  |
| Restatements (Note 14)                              | (446,087.58)                          | -   | -   |
| Fund Balances, September 1, 2013, as Restated       | 872,711,183.31                        | 46,630,106.34   | 253.28  |
| Appropriations Lapsed                               | (27,428,308.06)                       | -   | -   |
| <b>Fund Balances, August 31, 2014</b>               | <b>\$ 921,894,961.63</b>              | <b>\$ 46,752,376.38</b>                               | <b>\$ 292.06</b>                              |
| <b>Government-Wide Statement of Net Position</b>    |                                       |   |   |
| Net Position/Net Change in Net Position             |                                       |   |   |
| Net Position, September 1, 2013                     |                                       |   |   |
| Restatements  |                                       |   |   |
| Net Position, September 1, 2013, as Restated        |                                       |   |   |
| <b>Net Position, August 31, 2014</b>                |                                       |   |   |

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

UNAUDITED

| Governmental<br>Funds Total | Capital Assets<br>Adjustments | Long -Term Liabilities<br>Adjustments | Statement of<br>Activities |
|-----------------------------|-------------------------------|---------------------------------------|----------------------------|
| \$ 170,568,205.12           | \$ -                          | \$ -                                  | \$ 170,568,205.12          |
| 3,251,200.47                | -                             | -                                     | 3,251,200.47               |
| 61,757,899.59               | -                             | -                                     | 61,757,899.59              |
| 535,748.04                  | -                             | -                                     | 535,748.04                 |
| 26,134,176.32               | -                             | -                                     | 26,134,176.32              |
| 4,186,051.16                | -                             | -                                     | 4,186,051.16               |
| 462,962.53                  | -                             | -                                     | 462,962.53                 |
| 27,228.54                   | -                             | -                                     | 27,228.54                  |
| <u>266,923,471.77</u>       | <u>-</u>                      | <u>-</u>                              | <u>266,923,471.77</u>      |
| 16,505,631.01               | -                             | (304,645.45)                          | 16,200,985.56              |
| 4,195,550.10                | -                             | -                                     | 4,195,550.10               |
| 7,000,038.51                | -                             | -                                     | 7,000,038.51               |
| 509,293.04                  | -                             | -                                     | 509,293.04                 |
| 282,852.91                  | -                             | -                                     | 282,852.91                 |
| 347,920.00                  | -                             | -                                     | 347,920.00                 |
| 72,329.07                   | -                             | -                                     | 72,329.07                  |
| 446,712.75                  | -                             | -                                     | 446,712.75                 |
| 10,568.65                   | -                             | -                                     | 10,568.65                  |
| 26,190.27                   | -                             | -                                     | 26,190.27                  |
| 5,376,771.65                | -                             | -                                     | 5,376,771.65               |
| 17,889,124.38               | -                             | -                                     | 17,889,124.38              |
| 40,657,393.40               | -                             | -                                     | 40,657,393.40              |
| 34,700,962.90               | -                             | -                                     | 34,700,962.90              |
| 98,634,466.84               | -                             | -                                     | 98,634,466.84              |
| 11,030,000.00               | -                             | (11,030,000.00)                       | -                          |
| 2,199,501.62                | -                             | -                                     | 2,199,501.62               |
| 20,080.17                   | (20,080.17)                   | -                                     | -                          |
| -                           | 43,127.42                     | -                                     | 43,127.42                  |
| <u>239,905,387.27</u>       | <u>23,047.25</u>              | <u>(11,334,645.45)</u>                | <u>228,593,789.07</u>      |
| <u>27,018,084.50</u>        | <u>(23,047.25)</u>            | <u>11,334,645.45</u>                  | <u>38,329,682.70</u>       |
| 105,704,129.36              | -                             | -                                     | 105,704,129.36             |
| (62,997,348.02)             | -                             | -                                     | (62,997,348.02)            |
| 3,038,472.04                | -                             | -                                     | 3,038,472.04               |
| (2,736,672.04)              | -                             | -                                     | (2,736,672.04)             |
| 6,707,729.36                | -                             | -                                     | 6,707,729.36               |
|                             | 8,716.28                      | -                                     | 8,716.28                   |
| <u>49,716,310.70</u>        | <u>8,716.28</u>               | <u>-</u>                              | <u>49,725,026.98</u>       |
| <u>76,734,395.20</u>        |                               |                                       | <u>88,054,709.68</u>       |
| 919,787,630.51              |                               |                                       | 919,787,630.51             |
| (446,087.58)                |                               |                                       | (446,087.58)               |
| <u>919,341,542.93</u>       |                               |                                       | <u>919,341,542.93</u>      |
| (27,428,308.06)             |                               |                                       | (27,428,308.06)            |
| <u>\$ 968,647,630.07</u>    |                               |                                       | <u>\$ 979,967,944.55</u>   |
| \$ 968,647,630.07           | \$ (14,330.97)                | \$ 11,334,645.45                      | \$ 979,967,944.55          |
| -                           | 94,515.75                     | (94,828,849.74)                       | (94,734,333.99)            |
| -                           | -                             | -                                     | -                          |
| -                           | 94,515.75                     | (94,828,849.74)                       | (94,734,333.99)            |
| <u>\$ 968,647,630.07</u>    | <u>\$ 80,184.78</u>           | <u>\$ (83,494,204.29)</u>             | <u>\$ 885,233,610.56</u>   |

UNAUDITED

**OFFICE OF THE GOVERNOR - Core Operations (301) and Trusteed Programs (300)**  
**Exhibit III - Combined Statement of Net Position - Proprietary Funds**  
**For the Fiscal Year Ended August 31, 2014**

|                                       | <b>Total Enterprise Funds</b> |
|---------------------------------------|-------------------------------|
|                                       | (Exhibit III 300)             |
| <b>ASSETS</b>                         |                               |
| Current Assets:                       |                               |
| Cash and Cash Equivalents:            |                               |
| Cash in State Treasury                | \$ 11,054,403.89              |
| Restricted:                           |                               |
| Cash in State Treasury                | 1,052,816.87                  |
| Receivables from:                     |                               |
| Interest and Dividends                | 51,686.98                     |
| Loans and Contracts                   | 1,851,059.45                  |
| Total Current Assets                  | 14,009,967.19                 |
| Non-Current Assets:                   |                               |
| Loans and Contracts                   | 18,863,354.12                 |
| Total Non-Current Assets              | 18,863,354.12                 |
| <b>Total Assets</b>                   | \$ 32,873,321.31              |
| <b>DEFERRED OUTFLOWS</b>              |                               |
| <b>Total Deferred Outflows</b>        | \$ -                          |
| <b>LIABILITIES</b>                    |                               |
| Current Liabilities:                  |                               |
| Payables from:                        |                               |
| Accounts                              | \$ 159,731.27                 |
| Payroll                               | 57,981.03                     |
| Due To Other Agencies                 | 23,200.71                     |
| Employees' Compensable Leave (Note 5) | 33,114.42                     |
| Total Current Liabilities             | 274,027.43                    |
| Non-Current Liabilities:              |                               |
| Notes and Loans Payable (Note 5)      | 20,000,000.00                 |
| Employees' Compensable Leave (Note 5) | 19,913.31                     |
| Total Non-Current Liabilities         | 20,019,913.31                 |
| <b>Total Liabilities</b>              | 20,293,940.74                 |
| <b>DEFERRED INFLOWS</b>               |                               |
| <b>Total Deferred Inflows</b>         | -                             |
| <b>Net Position</b>                   |                               |
| Restricted For:                       |                               |
| Other                                 | 1,052,816.87                  |
| Unrestricted                          | 11,526,563.70                 |
| <b>Total Net Position</b>             | \$ 12,579,380.57              |

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

UNAUDITED

**OFFICE OF THE GOVERNOR - Core Operations (301) and Trusteed Programs (300)**

**Exhibit IV - Combined Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds  
For the Fiscal Year Ended August 31, 2014**

|   | <b>Total Enterprise Funds</b><br>(Exhibit IV 300) |
|---|---|
| <b>Operating Revenues</b>   |   |
| Interest and Investment Income  | \$ 647,218.08                                     |
| Other Operating Revenue   | 136,890.00  |
| <b>Total Operating Revenues</b>                                       | <b>784,108.08</b>                                 |
| <b>Operating Expenses</b>   |   |
| Salaries and Wages  | 619,101.61  |
| Payroll Related Costs   | 148,623.74  |
| Professional Fees and Services  | 147,784.97  |
| Travel  | 8,826.81  |
| Materials and Supplies  | 1,069.49  |
| Communication and Utilities   | 36,247.95   |
| Repairs and Maintenance   | 318.00  |
| Rentals and Leases  | 1,800.00  |
| Printing and Reproduction   | 96.98   |
| Interest  | 39,940.54   |
| Other Operating Expenses  | 193,356.68  |
| <b>Total Operating Expenses</b>                                       | <b>1,197,166.77</b>                               |
| Operating Income (Loss)   | (413,058.69)                                      |
| <b>Nonoperating Revenues (Expenses)</b>                               |   |
| Investment Income (Expense)   | (0.08)  |
| <b>Total Other Nonoperating Revenues (Expenses)</b>                   | <b>(0.08)</b>                                     |
| Income (Loss) Before Capital Contributions, Endowments, and Transfers | (413,058.77)                                      |
| <b>Capital Contributions, Endowments and Transfers</b>                |   |
| Transfer In   | 1,671,370.46                                      |
| Transfer Out  | (216,316.25)                                      |
| Total Capital Contributions, Endowments and Transfers                 | 1,455,054.21                                      |
| Change in Net Position  | 1,041,995.44                                      |
| Total Net Position, September 1, 2013                                 | 11,577,385.13                                     |
| Restatements (Note 14)  | (40,000.00)                                       |
| Total Net Position, September 1, 2013, as Restated                    | 11,537,385.13                                     |
| <b>Total Net Position, August 31, 2014</b>                            | <b>\$ 12,579,380.57</b>                           |

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

UNAUDITED

**OFFICE OF THE GOVERNOR - Core Operations (301) and Trusteed Programs (300)**

**Exhibit V - Combined Statement of Cash Flows – Proprietary Funds**

**For the Fiscal Year Ended August 31, 2014**

|  | <b>Total Enterprise Funds</b><br><b>(Exhibit V 300)</b> |
|--|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |   |
| Proceeds from Other Revenue  | \$ 96,890.00  |
| Payments to Employees  | (740,273.17)  |
| Payments for Other Expenses  | (317,248.36)  |
| Net Cash Provided by Operating Activities  | (960,631.53)  |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                                     |   |
| Proceeds of Transfers from Other Funds   | 1,694,571.17  |
| Payments of Principal on Debt Issuance   | (5,000,000.00)  |
| Payments of Interest   | (39,863.00)   |
| Payments of Other Costs of Debt Issuance   | (4,240.00)  |
| Payments for Transfers to Other Funds  | (216,316.25)  |
| Payments for Other Uses  | (8,859.08)  |
| Net Cash Provided by Noncapital Financing Activities                                       | (3,574,707.16)  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |   |
| Proceeds from Interest and Investment Income   | 671,949.10  |
| Proceeds from Principal Payments on Loans  | 2,599,739.09  |
| Payments for Non-Program Loans   | (1,510,000.00)  |
| Net Cash Provided by Investing Activities  | 1,761,688.19  |
| Net Increase/(Decrease) in Cash and Cash Equivalents                                       | (2,773,650.50)  |
| Cash and Cash Equivalents, September 1, 2013   | 14,880,871.26   |
| Restatement to Beginning Cash & Cash Equivalents   | -   |
| Cash and Cash Equivalents,<br>September 1, 2013 as Restated                                | 14,880,871.26   |
| Cash and Cash Equivalents, August 31, 2014   | \$ 12,107,220.76  |
| <b>Reconciliation of Operating Income to<br/>Net Cash Provided by Operating Activities</b> |   |
| Operating Income (Loss)  | \$ (413,058.69)   |
| Adjustments to Reconcile Operating Income<br>to Net Cash Provided by Operating Activities  |   |
| Operating Income and Cash Flow Categories Classification Differences                       | (594,178.46)  |
| Changes in Assets and Liabilities:   |   |
| Increase (Decrease) in Payables  | 73,300.65   |
| Increase (Decrease) in Unearned Revenue  | (40,000.00)   |
| Increase (Decrease) in Compensated Absence Liabilities                                     | 13,304.97   |
| Total Adjustments  | (547,572.84)  |
| Net Cash Provided by Operating Activities  | \$ (960,631.53)   |

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

UNAUDITED

OFFICE OF THE GOVERNOR - Core Operations (301) and Trusteed Programs (300)  
Exhibit VI - Combined Statement of Net Position - Fiduciary Funds  
For the Fiscal Year Ended August 31, 2014

|                          | Agency Funds<br>(Exhibit J-1) |                 |
|--------------------------|-------------------------------|-----------------|
| <b>ASSETS</b>            |                               |                 |
| Cash in State Treasury   | \$                            | 1,247.86        |
| Total Assets             | \$                            | <u>1,247.86</u> |
| <b>LIABILITIES</b>       |                               |                 |
| Funds Held for Others    | \$                            | 1,247.86        |
| Total Liabilities        | \$                            | <u>1,247.86</u> |
| <b>NET POSITION</b>      |                               |                 |
| Held in Trust for Others | \$                            | -               |
| Total Net Position       | \$                            | <u>-</u>        |

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

UNAUDITED

**OFFICE OF THE GOVERNOR - Core Operations (301) and Trusteed Programs (300)**  
**Exhibit VIII - Combined Statement of Net Position - Discretely Presented Component Units**  
**For the Fiscal Year Ended August 31, 2014**

|                                  | Totals<br>(Exhibit VIII-300) |
|----------------------------------|------------------------------|
| <b>ASSETS</b>                    |                              |
| Current Assets:                  |                              |
| Cash and Cash Equivalents:       |                              |
| Cash In Bank (Note 3)            | \$ 614,369.99                |
| Cash Equivalents (Note 3)        | 2,617,952.72                 |
| Receivables from:                |                              |
| Interest and Dividends           | 25.92                        |
| Accounts Receivable              | 247,962.70                   |
| Prepaid Items                    | 70,875.19                    |
| Total Current Assets             | 3,551,186.52                 |
| Non-Current Assets:              |                              |
| Capital Assets (Note 2):         |                              |
| Depreciable and Amortizable, Net | 1,349.00                     |
| Total Non-Current Assets         | 1,349.00                     |
| <b>Total Assets</b>              | <b>\$ 3,552,535.52</b>       |
| <b>LIABILITIES</b>               |                              |
| Current Liabilities:             |                              |
| Accounts Payable                 | \$ 157,722.00                |
| Unearned Revenues                | 5,000.00                     |
| Total Current Liabilities        | 162,722.00                   |
| Total Non-Current Liabilities    | -                            |
| <b>Total Liabilities</b>         | <b>162,722.00</b>            |
| <b>Net Position</b>              |                              |
| Unrestricted                     | 3,389,813.52                 |
| <b>Total Net Position</b>        | <b>\$ 3,389,813.52</b>       |

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

UNAUDITED

OFFICE OF THE GOVERNOR - Core Operations (301) and Trusteed Programs (300)  
 Exhibit IX - Combined Statement of Revenues, Expenses and Changes in Net Position –  
 Discretely Presented Component Units  
 For the Fiscal Year Ended August 31, 2014

|  | <b>Totals</b><br>(Exhibit IX 300) |
|--|-----------------------------------|
| <b>Operating Revenues:</b>   |                                   |
| Sales of Goods and Services  | \$ 16,809.36                      |
| Interest and Investment Income   | 6,019.19                          |
| Other Grants and Contributions   | 870,623.26                        |
| Other Operating Revenue  | <u>23,410.24</u>                  |
| <b>Total Operating Revenues</b>  | <u>916,862.05</u>                 |
| <b>Operating Expenses:</b>   |                                   |
| Salaries and Wages   | 59,063.00                         |
| Professional Fees and Services   | 149,575.83                        |
| Travel   | 149,932.55                        |
| Materials and Supplies   | 159,613.83                        |
| Communication and Utilities  | 3,347.74                          |
| Rentals and Leases   | 113,325.72                        |
| Printing and Reproduction  | 12,723.52                         |
| Depreciation and Amortization  | 103.00                            |
| Interest   | 1,209.60                          |
| Grants to Community Service Programs   | 26,000.00                         |
| Other Operating Expenses   | <u>681,660.53</u>                 |
| <b>Total Operating Expenses</b>  | <u>1,356,555.32</u>               |
| Operating Income (Loss)  | <u>(439,693.27)</u>               |
| <b>Nonoperating Revenues (Expenses)</b>                                      |                                   |
| Investment Income (Expense)  | 424.12                            |
| Other Nonoperating Revenues (Expenses)                                       | <u>6,996.00</u>                   |
| <b>Total Nonoperating Revenues (Expenses)</b>                                | <u>7,420.12</u>                   |
| Income (Loss) Before Other Revenue, Expenses,<br>Gains/Losses, and Transfers | <u>(432,273.15)</u>               |
| Change in Net Position   | <u>(432,273.15)</u>               |
| Net Position, September 1, 2013  | 3,797,529.67                      |
| Restatements (Note 14)   | <u>24,557.00</u>                  |
| Net Position, September 1, 2013, as Restated                                 | <u>3,822,086.67</u>               |
| <b>Net Position, August 31, 2014</b>   | <u>\$ 3,389,813.52</u>            |

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



## **NOTE 1: Summary of Significant Accounting Policies**

### **Entity**

The Office of the Governor (Office) is an agency of the State of Texas. Its financial records are shown under two agencies, Agency 301 Core Operations and Agency 300 Trusteed Programs, and comply with state statutes and regulations including the Texas Comptroller of Public Accounts' *Reporting Requirements for Annual Financial Reports of State Agencies and Universities*.

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 is 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 (Agency 300) includes within this report all components as determined by an analysis of their relationship to the Office as listed below.

#### ***Blended Component Units***

The Office has one blended component unit. Information on component units can be found in Note 19.

#### ***Discretely Presented Component Units***

The Office has seven discretely presented component units. Information on component units can be found in Note 19.

### **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 used to account for the State's general activities. General revenue funds are used to account for all financial resources of the State except those required to be accounted for in another fund.

General Revenue Fund (Fund 0001) is used to account for all of Agency 301 Core Operations' general activities and much of the Agency 300's general activities except those required to be accounted for in another fund.

Operators and Chauffeurs License Fund (Fund 0099) is controlled by Department of Public Safety. The Office is authorized to spend money from Fund 0099 but does not report the shared cash balances in this report.

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

Economic Stabilization Fund (Fund 0599) is controlled by the Texas Comptroller's Office. The Office of the Governor is authorized to spend money from Fund 0599 but does not report the shared cash balances in this report.

**Summary of Significant Accounting Policies (continued)**

License Plate Trust Fund (Fund 0802) is controlled by the Texas Department of Motor Vehicles. The Office of the Governor is authorized to spend money from Fund 0802 originating from revenue receipts from "Texas, It's Like a Whole Other Country" specialty license plates, specialty license plates that include the words "Texas Music", and specialty license plates that include the words "Native Texan". Collections in the account from "Texas, It's Like a Whole Other Country" license plates are to be used only to finance tourism activities. Collections in the account from specialty license plates that include the words "Texas Music" 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. Collections in the account from specialty license plates that include the words "Native Texan" 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. The Office of the Governor does not report the shared cash balances in this report.

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 the remainder may be distributed to local crime stoppers organizations.

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. Receipts from this license plate are now recorded in the General Revenue Fund (Fund 0001) and the Economic Development and Tourism Fund was closed during Fiscal Year 2014.

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. Starting September 1, 2013, receipts from this license plate were recorded to the License Plate Trust Fund (Fund 0802) and the Texas Music Foundation License Plate Fund was abolished during Fiscal Year 2014.

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.

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.

BP Oil Spill Texas Response Grant (Fund 5149) consists of a block grant from British Petroleum to the state of Texas to pay for costs related to or resulting from the oil spill. These funds may also be used by various state agencies as directed by the Governor's Office for costs related to or resulting from the oil spill.

**Special Revenue Funds**

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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 sources authorized by Section 71, Article XVI, Texas Constitution. Proceeds may be used to provide financing to foster and stimulate development of small business in this state and for fund administration.

Office of the Governor (Agencies 301 and 300)

## **Summary of Significant Accounting Policies (continued)**

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 sources authorized by Section 71, Article XVI, Texas Constitution. Proceeds may be used to provide financing to aid in the development and production of new or improved products in this state and to provide funding for administration.

### ***Debt Service Funds***

Debt Service funds are used to account for the accumulation of financial resources that are restricted, committed or assigned to expenditures for general long-term debt 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 Assets Adjustment Fund Type***

The capital asset adjustment fund (Fund 9998) is used to convert governmental fund types' capital assets from modified accrual to full accrual.

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

The long-term liabilities adjustment fund (Fund 9997) is used to convert governmental fund types' debt from modified accrual to full accrual.

## ***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 costs of providing services including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenue.
3. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs.

Economic Development Bank Fund (Fund 5106) consists of appropriations, fees and investment earnings under Government Code, Chapter 481, Subchapter BB, fees under Government Code, Chapter 489, and 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 component units are available from the component units' separately issued financial statements. Additional information about component units is disclosed in Note 19.

**Summary of Significant Accounting Policies (continued)*****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.

Governmental fund types that build the fund financial statements are accounted for using 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 accrual basis. Expenditures and other uses of financial resources are recognized when the related liability is incurred.

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

Proprietary funds are accounted for on the full accrual basis of accounting. Under the full 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 funds' principal ongoing operations. Operating expenses for proprietary 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 Balance / Net Position**

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***Assets******Cash and Cash Equivalents***

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

***Restricted Assets***

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

***Inventories and Prepaid Items***

Inventories include both merchandise inventories on hand for sale and consumable inventories. Inventories are valued at cost, generally using the last-in, first-out method. The consumption method of accounting is used to account for inventories and prepaid items that appear in the governmental and proprietary fund types. The cost of these items is expensed when the items are consumed.

**Summary of Significant Accounting Policies (continued)*****Loans and Contracts Receivable***

Loans receivable reflects the outstanding amount of loans to outside entities which have been entered into by the Office as loans, convertible loans or as grant advances. Convertible loans held within the Texas Emerging Technology Fund (TEFT) are acquired as consideration for awards made to private companies primarily for the purpose of economic development within Texas. Therefore, any impairment of these loans is recorded as grant expense. Per GASB 33 requirements, loans receivable also reflects grant payments given in advance of requirements being met. The grant advances will be reclassified as grant expenditures as requirements of the grant are met or when it has been determined that the grant requirements will not be met. Losses related to troubled debt restructuring are estimated as set out in GASB 62 and reflected in the period of restructuring. Loan origination and non-refundable application fees and direct loan origination costs are not recognized as an adjustment to yield nor as part of the loan balances as these adjustments are immaterial.

***Equity Holdings for Economic Development***

Equity holdings held within the Texas Emerging Technology Fund (TEFT) are acquired as consideration for awards made to private companies primarily for the purpose of economic development within Texas. Therefore, these holdings are recorded at cost less impairment. Losses related to impairment are recorded as grant expense. The Emerging Technology Fund's annual report to the legislature will include not only the cost basis as defined by GASB but also the fair value of these holdings.

***Capital Assets***

Assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year are capitalized. These assets are capitalized at cost or, if not purchased, at fair value as of the date of acquisition. Purchases of assets with 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.

***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.

***Deferred Revenue***

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

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

***Bonds Payable – General Obligation Bonds***

The unmatured principal of general obligation bonds is accounted for in the long-term liabilities adjustment column for governmental activities and in proprietary funds for business-type activities. These payables are reported as current long-term liabilities for amounts due within one year and noncurrent long-term liabilities for amounts due thereafter in the statement of net assets. The bonds are reported at par, net of unamortized premiums, discounts, issuance costs and gains/(losses) on bond refunding activities.

For governmental activities, bond proceeds are accounted for when received as an "other financing source" in the governmental fund receiving the proceeds. Payment of principal and interest is an expenditure recorded in the debt service fund. All bond transactions and balances for business-type activities are reported in proprietary funds.

***Bonds Payable – Revenue Bonds***

Revenue bonds are accounted for in proprietary funds for business-type activities and in the long-term liabilities adjustment column for governmental activities. These payables are reported as current long-term liabilities for amounts due within one year and noncurrent long-term liabilities for amounts due thereafter in the statement of net assets. The bonds are reported at par, net of unamortized premiums, discounts, issuance costs and gains/(losses) on bond refunding activities.

**Summary of Significant Accounting Policies (continued)*****Fund Balance / Net Position***

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

***Fund Balance Components***

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

- 1) Nonspendable fund balance includes amounts not available to be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- 2) Restricted fund balance includes those resources that have constraints placed on their use through external parties or by law through constitutional provisions. Fund balances of the following funds not classified as nonspendable have been classified as restricted:
  - o Federal fund balances which are accounted for in the Governor's Office Federal Projects Fund 0224 and the Criminal Justice Planning Fund 0421 have been classified as restricted.
  - o Fund balances of the Small Business Incubator Fund 0588, the Texas Product Development Fund 0589 and the Texas Military Revolving Loan Fund 5114 have been classified as restricted since these funds were established in the Texas Constitution. The Small Business Incubator Fund and the Texas Product Development Fund were established in Article XVI and the Texas Military Revolving Loan Fund was established in Article III.
  - o In addition, fund balances of the debt service funds of Texas Military Value Revolving Loan Funds 7022, 7026 and 7273 and a portion of the fund balance of the enterprise fund of Economic Development Bank Fund 5106 have been classified as restricted due to the restrictions of the debt covenants.
- 3) Committed fund balance can be used only for specific purposes pursuant to constraints imposed by a formal action of the Texas Legislature, the state's highest level of decision making authority. Fund balances of the general revenue dedicated funds and the blended component units which are not classified as nonspendable or restricted have been classified as committed.
- 4) Assigned fund balance includes amounts constrained by the state's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (1) the Texas Legislature or (2) a body (for example, a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.
- 5) Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that was not assigned to other funds and was not restricted, committed or assigned to specific purposes within the general fund.

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

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

***Restricted Net Position***

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

***Unrestricted Net Position***

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

Office of the Governor (Agencies 301 and 300)

**Summary of Significant Accounting Policies (continued)**

**Interfund Activities and Balances**

The Office has the following type of transactions between funds and/or agencies:

- 1) Transfers: Legally required transfers that are reported when incurred as “transfers in” by the recipient fund and as “transfers out” by the disbursing fund.
- 2) Reimbursements: Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.
- 3) Interfund receivables and payables: Interfund loans are reported as interfund receivables and payables. If repayment is due during the current year or soon thereafter, the balance is classified as “current.” Balances for repayment due in two (or more) years are classified as “noncurrent.”

The composition of the Office’s interfund receivables and payables 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, 80<sup>th</sup> Legislature, R.S.

A summary of changes in Capital Assets, for the year ended August 31, 2014, is presented below for the Office of the Governor – Core Operations (301):

|  | PRIMARY GOVERNMENT  |             |                  |  |  |                       |               |                     |
|--|---------------------|-------------|------------------|--|--|-----------------------|---------------|---------------------|
|  | Balance<br>09/01/13 | Adjustments | Completed<br>CIP | Reclassifications                        |  | Additions             | Deletions     | Balance<br>08/31/14 |
|  |                     |             |                  | Increase-<br>Interagency<br>Transactions | Decrease-<br>Interagency<br>Transactions |                       |               |                     |
| <b>GOVERNMENTAL ACTIVITIES</b>                         |                     |             |                  |  |  |                       |               |                     |
| Depreciable Assets:                                    |                     |             |                  |  |  |                       |               |                     |
| Furniture and Equipment                                | \$ 420,073.98       | \$ -        | \$ -             | \$ -                                     | \$ -                                     | \$ 14,917.64          | \$ (5,351.00) | \$ 429,640.62       |
| Vehicles, Boats and Aircraft                           | -                   | -           | -                | 20,337.08                                | -  | -                     | -             | 20,337.08           |
| Total Depreciable Assets at<br>Historical Costs        | 420,073.98          | -           | -                | 20,337.08                                | -  | 14,917.64             | (5,351.00)    | 449,977.70          |
| Less Accumulated Depreciation<br>for:                  |                     |             |                  |  |  |                       |               |                     |
| Furniture and Equipment                                | (326,121.47)        | -           | -                | -  | -  | (40,767.42)           | 5,351.00      | (361,537.89)        |
| Vehicles, Boats and Aircraft                           | -                   | -           | -                | (11,620.80)                              | -  | (1,452.60)            | -             | (13,073.40)         |
| Total Accumulated Depreciation                         | (326,121.47)        | -           | -                | (11,620.80)                              | -  | (42,220.02)           | 5,351.00      | (374,611.29)        |
| <b>Governmental Activities<br/>Capital Assets, Net</b> | <b>\$ 93,952.51</b> | <b>\$ -</b> | <b>\$ -</b>      | <b>\$ 8,716.28</b>                       | <b>\$ -</b>                              | <b>\$ (27,302.38)</b> | <b>\$ -</b>   | <b>\$ 75,366.41</b> |

UNAUDITED

Office of the Governor (Agencies 301 and 300)

**Capital Assets (continued)**

A summary of changes in Capital Assets, for the year ended August 31, 2014, is presented below for the Office of the Governor – Trusteed Programs (300):

|  | PRIMARY GOVERNMENT  |             |                   |  |  |                    |             |                     |
|--|---------------------|-------------|-------------------|--|--|--------------------|-------------|---------------------|
|  | Balance<br>09/01/13 | Adjustments | Reclassifications |  |  | Additions          | Deletions   | Balance<br>08/31/14 |
|  |                     |             | Completed<br>CIP  | Increase-<br>Interagency<br>Transactions | Decrease-<br>Interagency<br>Transactions |                    |             |                     |
| <b>GOVERNMENTAL ACTIVITIES</b>                         |                     |             |                   |  |  |                    |             |                     |
| Depreciable Assets:                                    |                     |             |                   |  |  |                    |             |                     |
| Furniture and Equipment                                | \$ 38,343.59        | \$ -        | \$ -              | \$ -                                     | \$ -                                     | \$ 5,162.53        | \$ -        | \$ 43,506.12        |
| Total Depreciable Assets at<br>Historical Costs        | 38,343.59           | -           | -                 | -  | -  | 5,162.53           | -           | 43,506.12           |
| Less Accumulated Depreciation<br>for:                  |                     |             |                   |  |  |                    |             |                     |
| Furniture and Equipment                                | (37,780.35)         | -           | -                 | -  | -  | (907.40)           | -           | (38,687.75)         |
| Total Accumulated Depreciation                         | (37,780.35)         | -           | -                 | -  | -  | (907.40)           | -           | (38,687.75)         |
| <b>Governmental Activities<br/>Capital Assets, Net</b> | <b>\$ 563.24</b>    | <b>\$ -</b> | <b>\$ -</b>       | <b>\$ -</b>                              | <b>\$ -</b>                              | <b>\$ 4,255.13</b> | <b>\$ -</b> | <b>\$ 4,818.37</b>  |

A summary of changes in Capital Assets for Discretely Presented Component Units, for the year ended August 31, 2014, is presented below for the Office of the Governor – Trusteed Programs (300):

|   | DISCRETELY PRESENTED COMPONENT UNITS |                       |                   |  |  |                    |             |                     |
|---|--------------------------------------|-----------------------|-------------------|--|--|--------------------|-------------|---------------------|
|   | Balance<br>09/01/13                  | Adjustments           | Reclassifications |  |  | Additions          | Deletions   | Balance<br>08/31/14 |
|   |                                      |                       | Completed<br>CIP  | Increase-<br>Interagency<br>Transactions | Decrease-<br>Interagency<br>Transactions |                    |             |                     |
| <b>DISCRETELY PRESENTED<br/>COMPONENT UNITS</b>                         |                                      |                       |                   |  |  |                    |             |                     |
| Depreciable Assets:   |                                      |                       |                   |  |  |                    |             |                     |
| Furniture and Equipment   | \$ 41,943.00                         | \$ (22,313.00)        | \$ -              | \$ -                                     | \$ -                                     | \$ 100.00          | \$ -        | \$ 19,730.00        |
| Total Depreciable Assets at<br>Historical Costs                         | 41,943.00                            | (22,313.00)           | -                 | -  | -  | 100.00             | -           | 19,730.00           |
| Less Accumulated Depreciation<br>for:                                   |                                      |                       |                   |  |  |                    |             |                     |
| Furniture and Equipment   | (25,814.00)                          | 7,637.00              | -                 | -  | -  | (204.00)           | -           | (18,381.00)         |
| Total Accumulated Depreciation  | (25,814.00)                          | 7,637.00              | -                 | -  | -  | (204.00)           | -           | (18,381.00)         |
| <b>Discretely Presented<br/>Component Units Capital<br/>Assets, Net</b> | <b>\$ 16,129.00</b>                  | <b>\$ (14,676.00)</b> | <b>\$ -</b>       | <b>\$ -</b>                              | <b>\$ -</b>                              | <b>\$ (104.00)</b> | <b>\$ -</b> | <b>\$ 1,349.00</b>  |



**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, 2014, the carrying amount of deposits was \$670,329.54 as presented below:

| <b>Governmental and Business-Type Activities</b>                |                     |
|---|---------------------|
| CASH IN BANK - CARRYING AMOUNT                                  | \$ 35,884.75        |
| <b>Total Cash in Bank per AFR (Fund 9999/7010)</b>              | <b>\$ 35,884.75</b> |
| Governmental Funds Current Assets Cash in Bank (Fund 9999/7010) | \$ 35,884.75        |
| <b>Cash in Bank per AFR</b>                                     | <b>\$ 35,884.75</b> |

| <b>Discretely Presented Component Units</b>   |                      |
|---|----------------------|
| CASH IN BANK - CARRYING AMOUNT  | \$ 634,444.79        |
| Less: Non-Negotiable Certificate of Deposit included in carrying amount and reported as Cash Equivalent Investment in AFR | (20,074.80)          |
| <b>Total Cash in Bank per AFR (Funds 3146/7003, 3155/7001, 4157/7005, 4158/7006, 4159/7007 and 4164/7008)</b>             | <b>\$ 614,369.99</b> |
| Discrete Component Units Current Assets Cash in Bank  | \$ 614,369.99        |
| <b>Cash in Bank per AFR</b>   | <b>\$ 614,369.99</b> |

These amounts consist of all cash in local banks and non-negotiable certificates of deposits. These amounts are included on the Combined Statement of Net Assets as part of the “Cash and Cash Equivalents” accounts. As of August 31, 2014, the total **bank balance** was as follows:

|   |                     |  |                     |
|---|---------------------|--|---------------------|
| <b>Governmental and Business-Type Activities:</b> | <b>\$ 35,884.75</b> | <b>Discretely Presented Component Units:</b> | <b>\$634,444.79</b> |
|---|---------------------|--|---------------------|

**Investments**

As of August 31, 2014, the fair value of investments was:

| <b>Discretely Presented Component Units</b>   | <b>Fair Value</b>      |
|---|------------------------|
| U.S. Government Obligations Money Market Fund (Funds 3146/7003, 3154/7002, and 3155/7001)                                   | 2,597,877.92           |
| <b>Total Investments</b>  | <b>\$ 2,597,877.92</b> |
| Reconciliation of Total Investments per Exhibits – Discrete Component Units   |                        |
| Discretely Presented Component Units Current Assets Cash Equivalent Investments   | 2,617,952.72           |
| <b>Investments per Exhibits</b>   | <b>\$ 2,617,952.72</b> |
| Less: Non-Negotiable Certificate of Deposit excluded from carrying amount and reported as Cash Equivalent Investment in AFR | (20,074.80)            |
| <b>Investments per Exhibits (less Non-Negotiable Certificates of Deposit)</b>   | <b>\$ 2,597,877.92</b> |

U.S. Government Obligations money market funds are rated either AAAM by Standard & Poor’s or Aaa-mf by Moody’s.

**UNAUDITED**

**Office of the Governor (Agencies 301 and 300)**

**NOTE 4: Short-Term Debt**

The Office has a standby letter of credit for the Product Development Program General Obligation Variable Rate Demand Bonds, Series 2005A and the Small Business Incubator General Obligation Variable Rate Demand Bonds, Series 2005B as described in Note 6. No activity or draws have been made during this fiscal year on this letter of credit.

The Office has a direct pay letter of credit for \$20,000,000, which was lowered from \$25,000,000 on March 8, 2014, with JP Morgan Chase Bank to facilitate the sale of commercial paper that provides financing for the Texas Leverage Fund Program. Each time the commercial paper matures and is reissued the letter of credit is drawn down and repaid usually on the same day while the paying agent is processing the payments to holders of the maturing commercial paper and the receipts related to the sale of the newly issued commercial paper. The Office was paid in full as of August 31, 2014. The following table details the draws and repayments during the fiscal year.

| Proprietary Activities       | Draw and Repayment Date | Increases        | Decreases        | Outstanding Balance |
|------------------------------|-------------------------|------------------|------------------|---------------------|
| Letter of Credit - Fund 5106 |                         |                  |                  |                     |
| Beginning Balance 9/1/2013   |                         | \$ -             |                  |                     |
|                              | 9/13/2013               | \$ 25,000,000.00 | \$ 25,000,000.00 | \$ -                |
|                              | 10/18/2013              | 25,000,000.00    | 20,000,000.00    | 5,000,000.00        |
|                              | 10/29/2013              | -                | 5,000,000.00     | -                   |
|                              | 11/22/2013              | 20,000,000.00    | 20,000,000.00    | -                   |
|                              | 12/20/2013              | 20,000,000.00    | 20,000,000.00    | -                   |
|                              | 1/24/2014               | 20,000,000.00    | 20,000,000.00    | -                   |
|                              | 2/21/2014               | 20,000,000.00    | 20,000,000.00    | -                   |
|                              | 3/7/2014                | 20,000,000.00    | 20,000,000.00    | -                   |
|                              | 4/4/2014                | 20,000,000.00    | 20,000,000.00    | -                   |
|                              | 5/9/2014                | 20,000,000.00    | 20,000,000.00    | -                   |
|                              | 6/13/2014               | 20,000,000.00    | 20,000,000.00    | -                   |
|                              | 7/18/2014               | 20,000,000.00    | 20,000,000.00    | -                   |
|                              | 8/15/2014               | 20,000,000.00    | 20,000,000.00    | -                   |
| Ending Balance 8/31/2014     |                         |                  |                  | \$ -                |

Texas Small Business Industrial Development Corporation, a component unit of the Office, had, until its bonds were fully extinguished on January 2, 2014, a direct pay letter of credit for its floating rate demand revenue bonds with Comerica to facilitate the monthly payment of interest on the bonds, to facilitate bond redemptions and to provide funding for bonds tendered that are not successfully remarketed as described in Note 6. Each month when interest was paid on the bonds the letter of credit was drawn down and repaid on the same day while the paying agent was processing the payments from borrowers that funded the bond interest payments. When bond redemptions occurred, the letter of credit was drawn down and repaid on the same day while the paying agent was transferring the funds from borrowers that were used to repay the bonds. TSBDIC was paid in full as of January 2, 2014 and the letter of credit facility was closed. The following table details the draws and repayments during the fiscal year.

| Proprietary Activities       | Draw and Repayment Date | Increases     | Decreases     | Outstanding Balance |
|------------------------------|-------------------------|---------------|---------------|---------------------|
| Letter of Credit - Fund 3154 |                         |               |               |                     |
| Beginning Balance 9/1/2013   |                         | \$ -          |               |                     |
|                              | 9/3/2013                | \$ 800,427.10 | \$ 800,427.10 | \$ -                |
|                              | 10/2/2013               | 199.71        | 199.71        | -                   |
|                              | 11/6/2013               | 388.43        | 388.43        | -                   |
|                              | 12/4/2013               | 297.21        | 297.21        | -                   |
|                              | 1/2/2014                | 820,544.07    | 820,544.07    | -                   |
| Ending Balance 8/31/2014     |                         |               |               | \$ -                |

**NOTE 5: Long-Term Liabilities**

**Changes in Long-Term Liabilities**

During the year ended August 31, 2014, the following changes occurred in liabilities:

| Governmental Activities                   | Balance<br>9/1/2013     | Additions              | Reductions                | Balance<br>8/31/2014    | Amounts Due<br>Within One Year | Amounts Due<br>Thereafter |
|---|-------------------------|------------------------|---------------------------|-------------------------|--------------------------------|---------------------------|
| General Obligation Bonds Payable (Note 6) | \$ 92,400,000.00        | \$ -                   | \$ (11,030,000.00)        | \$ 81,370,000.00        | \$ 1,150,000.00                | \$ 80,220,000.00          |
| Claims and Judgments                      | -                       | -                      | -                         | -                       | -                              | -                         |
| Compensable Leave (301)                   | 1,470,787.69            | 1,227,426.09           | (1,416,194.11)            | 1,282,019.67            | 730,698.30                     | 551,321.37                |
| Compensable Leave (300)                   | 958,062.05              | 848,893.05             | (964,770.48)              | 842,184.62              | 521,544.96                     | 320,639.66                |
| <b>Total Governmental Activities</b>      | <b>\$ 94,828,849.74</b> | <b>\$ 2,076,319.14</b> | <b>\$ (13,410,964.59)</b> | <b>\$ 83,494,204.29</b> | <b>\$ 2,402,243.26</b>         | <b>\$ 81,091,961.03</b>   |

| Business-Type Activities              | Balance<br>9/1/2013     | Additions           | Reductions               | Balance<br>8/31/2014    | Amounts Due<br>Within One Year | Amounts Due<br>Thereafter |
|---------------------------------------|-------------------------|---------------------|--------------------------|-------------------------|--------------------------------|---------------------------|
| Notes and Loans Payable               | \$ 25,000,000.00        | \$ -                | \$ (5,000,000.00)        | \$ 20,000,000.00        | \$ -                           | \$ 20,000,000.00          |
| Compensable Leave (300)               | 39,722.76               | 85,027.60           | (71,722.63)              | 53,027.73               | 33,114.42                      | 19,913.31                 |
| <b>Total Business-Type Activities</b> | <b>\$ 25,039,722.76</b> | <b>\$ 85,027.60</b> | <b>\$ (5,071,722.63)</b> | <b>\$ 20,053,027.73</b> | <b>\$ 33,114.42</b>            | <b>\$ 20,019,913.31</b>   |

| Component Unit Activities              | Balance<br>9/1/2013    | Additions   | Reductions               | Balance<br>8/31/2014 | Amounts Due<br>Within One Year | Amounts Due<br>Thereafter |
|--|------------------------|-------------|--------------------------|----------------------|--------------------------------|---------------------------|
| Revenue Bonds Payable (Note 6)         | \$ 1,620,000.00        | \$ -        | \$ (1,620,000.00)        | \$ -                 | \$ -                           | \$ -                      |
| <b>Total Component Unit Activities</b> | <b>\$ 1,620,000.00</b> | <b>\$ -</b> | <b>\$ (1,620,000.00)</b> | <b>\$ -</b>          | <b>\$ -</b>                    | <b>\$ -</b>               |

**Notes and Loans Payable**

Notes payable consist of commercial paper which is paid and re-issued every 30 to 90 days. The commercial paper program is authorized by Section 52-a of Article III of the Constitution of the State of Texas and Chapter 481 of the Texas Government Code to issue revenue bonds or notes for the purpose of providing money to fund the loan program. The program is secured by a direct pay letter of credit from JP Morgan Chase Bank which may be authorized for an amount up to \$25 million. At fiscal year end, the letter of credit was authorized for \$20 million and that same amount of commercial paper was issued.

This commercial paper is used to finance the Texas Leverage Fund program's lending activities which may consist of 5-, 10-, or 15-year loans. Therefore, the commercial paper is considered long-term debt and reported as a noncurrent liability on the financial statements and in the table showing changes in long-term liabilities for business activities above. While the full length of the Texas Leverage Fund program is not reasonably estimable, since almost all the loans extended by the Texas Leverage Fund program have a 15-year maturity, the commercial paper is shown in the table below as maturing in 2029. The interest rate of the commercial paper is variable and determined by the market rate at the time the commercial paper trade is made. The rate of 0.1588%, effective on August 31, 2014, was used to calculate the estimated interest amounts shown in the table below.

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

Office of the Governor (Agencies 301 and 300)

**Long-Term Liabilities (continued)**

| Notes Payable Debt Service Requirements |                         |             |                          |                      |                           |             |
|---|-------------------------|-------------|--------------------------|----------------------|---------------------------|-------------|
| Fiscal Year                             | Governmental Activities |             | Business-Type Activities |                      | Component Unit Activities |             |
|   | Principal               | Interest    | Principal                | Interest             | Principal                 | Interest    |
| 2015                                    | \$ -                    | \$ -        | \$ -                     | \$ 31,760.00         | \$ -                      | \$ -        |
| 2016                                    | -                       | -           | -                        | 31,760.00            | -                         | -           |
| 2017                                    | -                       | -           | -                        | 31,760.00            | -                         | -           |
| 2018                                    | -                       | -           | -                        | 31,760.00            | -                         | -           |
| 2019                                    | -                       | -           | -                        | 31,760.00            | -                         | -           |
| 2020 – 2024                             | -                       | -           | -                        | 158,800.00           | -                         | -           |
| 2025 – 2029                             | -                       | -           | 20,000,000.00            | 158,800.00           | -                         | -           |
| <b>Total Requirements</b>               | <b>\$ -</b>             | <b>\$ -</b> | <b>\$ 20,000,000.00</b>  | <b>\$ 476,400.00</b> | <b>\$ -</b>               | <b>\$ -</b> |

**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 business-type activities 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
- Schedule 2E – Defeased Bonds Outstanding
- Schedule 2F – Early Extinguishment and Refunding

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.
- Source of revenue for debt service – loan repayments, which are designed to support both debt service and programs costs. In addition, cash reserves of \$2,500,000 are set aside to provide a cushion for unforeseen cash flow mismatches.
- Loans are collateralized with the State's security interest in the capital assets.
- Bondholders may tender the bonds for repurchase every seven days. Any bonds tendered will be purchased with proceeds from loan repayments and/or the standby letter of credit until remarketed.

Office of the Governor (Agencies 301 and 300)

**Bond Indebtedness (continued)**

- Demand bonds for the Product Development Program and the Small Business Incubator Program are backed by an irrevocable standby letter of credit issued by National Australia Bank for a limit of \$45,419,179 which expires on June 1, 2015. The Product Development Program incurs an estimated annual cost of \$23,666 for this letter of credit. As of August 31, 2014, no principal drawings have been made on the letter of credit. The Office does not have a take-out agreement as part of this letter of credit or as a separate agreement.

***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.
- Source of revenue for debt service – loan repayments, which are designed to support both debt service and programs costs. In addition, cash reserves of \$2,000,000 are set aside to provide a cushion for unforeseen cash flow mismatches.
- Loans are collateralized with the State's security interest in the intangible assets.
- Bondholders may tender the bonds for repurchase every seven days. Any bonds tendered will be purchased with proceeds from loan repayments and/or the standby letter of credit until remarketed.
- Demand bonds for the Product Development Program and the Small Business Incubator Program are backed by an irrevocable standby letter of credit issued by National Australia Bank for a limit of \$45,419,179 which expires on June 1, 2015. The Small Business Incubator Program incurs an estimated annual cost of \$19,363 for this letter of credit. As of August 31, 2014, no principal drawings have been made on the letter of credit. The Office does not have a take-out agreement as part of this letter of credit or as a separate agreement.

***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.
- \$250,000,000 authorized – \$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.
- Bonds totaling \$450,000 matured in fiscal year 2011; \$465,000 matured in fiscal year 2012; \$1,280,000 matured in fiscal year 2013; and \$1,340,000 matured in fiscal year 2014, leaving an outstanding par amount of \$44,910,000. The total remaining principal outstanding of Series 2007A-2 of \$9,690,000 was defeased on September 12, 2013, leaving an outstanding principal obligation of \$35,220,000.
- 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.
- 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 were issued.

**Office of the Governor (Agencies 301 and 300)**

**Bond Indebtedness (continued)**

- 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. Bonds totaling \$13,500,000 and \$26,500,000 were redeemed on March 7, 2012 and May 2, 2012, respectively. Bonds totaling \$7,800,000 were redeemed on December 5, 2012; \$870,000 were redeemed on June 5, 2013; and \$9,710,000 were redeemed on August 7, 2013. Bonds totaling \$800,000 were redeemed on September 4, 2013 and \$820,000 were redeemed on January 2, 2014, leaving no outstanding principal.
- Source of revenue for debt service was loan repayments and investment earnings on bond proceeds.
- Bondholders were able to tender the bonds for repurchase every seven days. Any bonds tendered were purchased with proceeds from the remarketing of the bonds, or if not successfully marketed, from amounts drawn under the LOC.
- Bonds were secured by an irrevocable letter of credit issued by Comerica which expired on February 8, 2014. The Office did not have a take-out agreement as part of this letter of credit or as a separate agreement.
- Bonds were issued by Texas Small Business Industrial Corporation; neither the State of Texas nor the Office were responsible for repayment of these bonds.

**Early Extinguishment**

Texas Small Business Industrial Development Corporation, a component unit of the Office, redeemed \$800,000 on September 4, 2013 and \$820,000 on January 2, 2014 of its floating rate demand revenue bonds at a redemption price of 100% as shown in Schedule 2F. The source of funds used for the extinguishments was loan repayments from borrowers and a reduction in the debt service reserve account.

On September 12, 2013, the total remaining principal outstanding of \$9,690,000 of Texas Military Value Revolving Loan Program General Obligation Bonds Series 2007A-2 was defeased. The escrow account was funded by a borrower to satisfy their loan obligation to the program. The defeased bonds will be redeemed on a redemption date of October 1, 2016, the earliest date on which these bonds can be called for optional redemption.

**Refunding**

No advance or current refundings occurred during fiscal year 2014.

**NOTE 7: Derivative Instruments**

(Not Applicable)

**NOTE 8: Leases**

The Office leases office space and equipment under operating leases. Included in the expenditures reported in the financial statements are the following amounts which were due under operating lease obligations:

| <b>Fund Type</b>                      | <b>Amount</b> |
|---------------------------------------|---------------|
| General Revenue Funds (Agency 301)    | \$115,805.66  |
| General Revenue Funds (Agency 300)    | \$330,907.09  |
| Proprietary Funds (Agency 300)        | \$1,800.00    |
| Discrete Component Units (Agency 300) | \$113,325.72  |

**Office of the Governor (Agencies 301 and 300)**

**Leases (continued)**

Office space leases either have a term of one year or are cancelable but the equipment leases are non-cancelable. Future minimum lease rental payments under non-cancelable operating leases having an initial term in excess of one year are as follows:

| <b>Non-cancelable Operating Lease Obligations</b> |                              |                              |                     |
|---|------------------------------|------------------------------|---------------------|
|   | <b>Agency 301</b>            | <b>Agency 300</b>            |                     |
|   | <b>General Revenue Funds</b> | <b>General Revenue Funds</b> | <b>Total</b>        |
| Year Ended Aug. 31, 2015                          | \$ 29,475.96                 | \$ 22,049.90                 | \$ 51,525.85        |
| Year Ended Aug. 31, 2016                          | 1,558.61                     | 11,021.71                    | 12,580.32           |
| Year Ended Aug. 31, 2017                          | -                            | 4,710.67                     | 4,710.67            |
| Year Ended Aug. 31, 2018                          | -                            | -                            | -                   |
| Year Ended Aug. 31, 2019                          | -                            | -                            | -                   |
| <b>Total Minimum Future Lease Rental Payments</b> | <b>\$ 31,034.57</b>          | <b>\$ 37,782.27</b>          | <b>\$ 68,816.84</b> |

The discretely presented component unit Texas Economic Development Corporation leases office space under an operating lease. Future minimum lease rental payments under this lease is as follows:

| <b>Non-cancelable Operating Lease Obligations</b> |                     |
|---|---------------------|
|   | <b>Total</b>        |
| Year Ended Dec. 31, 2014                          | \$ 16,392.00        |
| Year Ended Dec. 31, 2015                          | 1,095.00            |
| Year Ended Dec. 31, 2016                          | -                   |
| Year Ended Dec. 31, 2017                          | -                   |
| Year Ended Dec. 31, 2018                          | -                   |
| <b>Total Minimum Future Lease Rental Payments</b> | <b>\$ 17,487.00</b> |

**NOTE 9: Pension Plans (administering entities only)**

(Not Applicable)

**NOTE 10: Deferred Compensation (administering agencies only)**

(Not Applicable)

**NOTE 11: Post Employment Health Care and Life Insurance Benefits (administering agencies only)**

(Not Applicable)

Office of the Governor (Agencies 301 and 300)

**NOTE 12: Interfund Activity and Transactions**

The Office experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer. The Office had no Interfund receivables or payables as of August 31, 2014.

**NOTE 13: Continuance Subject To Review**

(Not Applicable)

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

During fiscal year 2014, adjustments were made which required the restatement of the amounts in fund balances and fund equity as shown and discussed below:

|  | General Funds          |                          |                          | Enterprise Funds        | Discretely Presented Component Units |                        | Total                    |
|--|------------------------|--------------------------|--------------------------|-------------------------|--------------------------------------|------------------------|--------------------------|
|  | Agency 301 (Fund 0001) | Agency 300 (Fund 0001)   | Agency 300 (Fund 5107)   | Agency 300 (Fund 5106)  | Agency 300 (Fund 3154)               | Agency 300 (Fund 3147) |                          |
| Fund Balance / Net Position as of Sept. 1, 2013  | \$ 3,496,527.72        | \$ 127,422,172.73        | \$ 332,324,535.81        | \$ 11,577,385.13        | \$ 830,563.08                        | \$ 15,443.00           | \$ 475,666,627.47        |
| Restatement of balances related to prior years' payables   | 14,497.70              |                          |                          |                         |                                      |                        | 14,497.70                |
| Restatement of balances due to modification of the allocation of grant expense between fiscal years for certain advance grants   |                        | 476,455.20               | (937,040.48)             |                         |                                      |                        | (460,585.29)             |
| Restatement of balances due to the return by Fund 5106 of an administrative fee charged in error to Texas Small Business Industrial Development Corporation last fiscal year |                        |                          |                          | (40,000.00)             | 40,000.00                            |                        | -                        |
| Restatement to exclude Texas Health Services Authority as a discrete component unit  |                        |                          |                          |                         |                                      | (15,443.00)            | (15,443.00)              |
| <b>Fund Balance / Net Position as of Sept. 1, 2013, as Restated</b>  | <b>\$ 3,511,025.42</b> | <b>\$ 127,898,627.93</b> | <b>\$ 331,387,495.33</b> | <b>\$ 11,537,385.13</b> | <b>\$ 870,563.08</b>                 | <b>\$ -</b>            | <b>\$ 475,205,096.88</b> |

**NOTE 15: Contingencies and Commitments**

Federal Assistance

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.

Unpaid Claims and Lawsuits

The Governor of the State of Texas or staff of the Office are defendants in pending litigations related to public information requests, State administration, policy disagreements and denial of incentives. While plaintiffs seek attorney fees and damages in these lawsuits, no liability is recorded because adverse rulings are not probable.



Office of the Governor (Agencies 301 and 300)

### **Contingencies and Commitments (continued)**

#### Contingent Revenue

The Office has acquired as a result of impairments of equity holdings from commercialization awards of the Texas Emerging Technology Fund (Fund 5124) certain royalties and intellectual property rights. Since the value of these royalties and intellectual property rights is undeterminable, these rights are not recorded as an asset. These royalties and intellectual property rights may result in revenue to the Texas Emerging Technology Fund in future years.

#### **NOTE 16: Subsequent Events**

On October 1, 2014 the outstanding amount of commercial paper which is issued to finance the Texas Leverage Fund program's lending activities was increased from \$20 million to \$25 million.

#### **NOTE 17: Risk Management**

(Not Applicable)

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

(Not Applicable)

#### **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 (Agency 300's) reporting entity because of the significance of their operational or financial relationships with the Office. 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.

### **Individual Component Unit Disclosures**

#### ***Blended Component Units***

Blended component units' financial data are reported in a separate special revenue fund column (USAS GAAP fund 9999) of the governmental fund type as if these legally separate organizations were part of the government since its purpose is to provide a service to the government. A single blended component unit, the Texas Governor's Mansion Restoration Fund, is included in these financial statements (USAS GAAP Fund 9999, U/F 7010).

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. While legally separate from the Office, TGMRF is closely related to and administered by the Office. The corporation's financial statements, for its fiscal year ending August 31, 2014, are available from the Office's Financial Services Division.

Office of the Governor (Agencies 301 and 300)**Financial Reporting Entity (continued)*****Discretely Presented Component Units***

Discrete component units' financial data are reported in separate columns in the combined financial statements to emphasize that they are legally separate from the Office.

The Texas Disaster Relief Fund (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. While legally separate from the Office, TDRF is closely related to and is administered by the Office. The corporation's financial statements, for its fiscal year ending December 31, 2013, are available from the Office's Financial Services Division.

The Texas Health Services Authority (THSA) is a 501 (c)(3) which was reported as a discretely presented component unit of the Office in prior fiscal years. THSA is now reported as a discretely presented component unit of Texas Health and Human Services Commission.

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 governor appoints the Board and may remove board members at will. The Articles of Incorporation and Bylaws of TSBIDC may be changed only with the approval of the Office. 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, 2014, are available from the Office's Financial Services Division. TSBIDC issued self-supporting demand revenue bonds which have been redeemed; information on these bonds is disclosed in Schedules 2A, 2B, 2D and 2F and Notes 5 and 6.

The Texas Economic Development Corporation (TEDC) is a 501(c)(3) corporation established by the legislature to benefit the Texas citizenry by carrying out some of the same public purposes as the Office's Division of Economic Development and Tourism. The services provided by TEDC assist, promote, develop, and advance economic development in Texas. The governor appoints the Board and may remove board members at will. The board of TEDC and the executive director of the Office's Division of Economic Development and Tourism determine when specific services will be addressed jointly by the office and TEDC. The corporation's financial statements, for its fiscal year ending December 31, 2013, are available from TEDC, P.O. Box 684702, Austin, Texas 78768.

The Beacon State Fund is a 501(c)(3) corporation which was created to support the goals of the Governor's Commission on Women in promoting issues affecting the women of Texas. The corporation benefits the Texas citizenry by increasing public awareness of issues affecting the women of Texas through distributing information, holding media events, and supporting community outreach programs which are consistent with the goals of the Commission. The Office appoints the Board and provides reasonable use of its office facilities and personnel. The corporation's financial statements for its fiscal year ending December 31, 2013, are available from the Governor's Commission on Women.

The State Agency Council was also established to support the goals of the Governor's Commission on Women. The Council is a 501(c)(3) corporation that assists the Commission in benefiting the Texas citizenry by honoring women who have made significant contributions to Texas through their work in state government, providing opportunities for professional development to its state agency representatives and supporting community outreach programs consistent with the goals of the Commission. The Director of the Governor's Commission for Women appoints the Board and has significant operational influence on the activities of the corporation. The corporation's financial statements, for its fiscal year ending August 31, 2014, are available from the Governor's Commission on Women.

The Film Texas Fund is a 501(c)(6) corporation which was created to promote the development of the film, television, and multimedia industry in Texas in close cooperation with the Texas Film Commission. While legally separate from the Office, Film Texas Fund is closely related to and administered by the Office. The corporation's financial statements, for its fiscal year ending December 31, 2013, are available from the Office's Financial Services Division.

The Texas Governor's Mansion Administration (TGMA) is a non-profit corporation which supports the financial administration of catering and facility expenses associated with use of the official residence of the Governor of the State of Texas for non-political events. While legally separate from the Office, TGMA is closely related to and administered by the Office. The corporation's financial statements, for its fiscal year ending December 31, 2013, are available from the Office's Financial Services Division.

Office of the Governor (Agencies 301 and 300)

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

(Not Applicable)

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

(Not Applicable)

**NOTE 22: Donor-Restricted Endowments**

(Not Applicable)

**NOTE 23: Extraordinary 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.

**NOTE 27: Service Concession Arrangements**

(Not Applicable)

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

(Not Applicable)

**NOTE 29: Troubled Debt Restructuring**

(Not Applicable)

Office of the Governor (Agencies 301 and 300)

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

(Not Applicable)

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# **The Office of the Governor Combining Statements - Exhibits and Schedules**

UNAUDITED

OFFICE OF THE GOVERNOR - Core Operations (301) and Trusteed Programs (300)  
 Exhibit A-1 - Combining Balance Sheet - All General and Consolidated Funds  
 For the Fiscal Year Ended August 31, 2014

|  | Consolidated Accounts        |  |  |                                   |
|--|------------------------------|--|--|-----------------------------------|
|  | General Revenue Fund (0001)* | Operators & Chauffeurs License (0099)* | Governor's Office Federal Projects (0224)* | Criminal Justice Planning (0421)* |
| <b>ASSETS</b>  |                              |  |  |                                   |
| Current Assets:  |                              |  |  |                                   |
| Cash and Cash Equivalents:                                     |                              |  |  |                                   |
| Cash in State Treasury   | \$ -                         | \$ -                                   | \$ 31,450,347.16                           | \$ 59,225,911.50                  |
| Legislative Appropriations                                     | 200,062,883.26               | -                                      | -  | -                                 |
| Receivables from:  |                              |  |  |                                   |
| Federal  | -                            | -                                      | -  | 3,883,588.87                      |
| Interest and Dividends   | 0.40                         | -                                      | 9,470.54                                   | -                                 |
| Accounts Receivable  | 16,154.50                    | -                                      | 15,498.00                                  | 1,291.97                          |
| Due From Other Funds   | 15,498.00                    | -                                      | -  | -                                 |
| Due From Other Agencies  | 98,553.07                    | -                                      | -  | -                                 |
| Consumable Inventories   | 21,197.11                    | -                                      | -  | 2,012.30                          |
| Loans and Contracts  | -                            | -                                      | -  | -                                 |
| <b>Total Current Assets</b>                                    | <b>200,214,286.34</b>        | <b>-</b>                               | <b>31,475,315.70</b>                       | <b>63,112,804.64</b>              |
| Non-Current Assets:  |                              |  |  |                                   |
| Loans and Contracts  | 1,335,671.81                 | -                                      | -  | -                                 |
| Equity Holdings for Economic Development                       | -                            | -                                      | -  | -                                 |
| <b>Total Non-Current Assets</b>                                | <b>1,335,671.81</b>          | <b>-</b>                               | <b>-</b>                                   | <b>-</b>                          |
| <b>Total Assets</b>  | <b>\$ 201,549,958.15</b>     | <b>\$ -</b>                            | <b>\$ 31,475,315.70</b>                    | <b>\$ 63,112,804.64</b>           |
| <b>DEFERRED OUTFLOWS</b>                                       |                              |  |  |                                   |
| <b>Total Deferred Outflows</b>                                 | <b>\$ -</b>                  | <b>\$ -</b>                            | <b>\$ -</b>                                | <b>\$ -</b>                       |
| <b>LIABILITIES AND FUND BALANCES</b>                           |                              |  |  |                                   |
| <b>Liabilities</b>   |                              |  |  |                                   |
| Current Liabilities:   |                              |  |  |                                   |
| Payables from:   |                              |  |  |                                   |
| Accounts   | \$ 12,264,212.43             | \$ -                                   | \$ 297,489.53                              | \$ 4,669,740.49                   |
| Payroll  | 1,410,233.66                 | -                                      | 6,613.01                                   | 136,611.41                        |
| Due To Other Agencies  | -                            | -                                      | 1,329,309.44                               | 1,353,744.79                      |
| Unearned Revenue   | -                            | -                                      | 29,826,405.72                              | -                                 |
| <b>Total Current Liabilities</b>                               | <b>13,674,446.09</b>         | <b>-</b>                               | <b>31,475,315.70</b>                       | <b>6,160,096.69</b>               |
| <b>Total Liabilities</b>                                       | <b>13,674,446.09</b>         | <b>-</b>                               | <b>31,475,315.70</b>                       | <b>6,160,096.69</b>               |
| <b>DEFERRED INFLOWS</b>  |                              |  |  |                                   |
| <b>Total Deferred Inflows</b>                                  | <b>-</b>                     | <b>-</b>                               | <b>-</b>                                   | <b>-</b>                          |
| <b>Fund Balances (Deficits):</b>                               |                              |  |  |                                   |
| Nonspendable   | 1,356,868.92                 | -                                      | -  | 2,012.30                          |
| Restricted   | -                            | -                                      | -  | -                                 |
| Committed  | -                            | -                                      | -  | 56,950,695.65                     |
| Unassigned   | 186,518,643.14               | -                                      | -  | -                                 |
| <b>Total Fund Balances</b>                                     | <b>187,875,512.06</b>        | <b>-</b>                               | <b>-</b>                                   | <b>56,952,707.95</b>              |
| <b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b> | <b>\$ 201,549,958.15</b>     | <b>\$ -</b>                            | <b>\$ 31,475,315.70</b>                    | <b>\$ 63,112,804.64</b>           |

\* GAAP Fund is noted as (XXXX)

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| Consolidated Accounts                        |  |   |   |
|--|--|---|---|
| Economic<br>Stabilization<br>Fund<br>(0599)* | License Plate<br>Trust Fund<br>(0802)* | Hotel Occupancy<br>Tax for Economic<br>Development<br>(5003)* | Crime Stoppers<br>Assistance<br>(5012)* |
| \$ -   | \$ -                                   | \$ 23,588,459.54  | \$ 600,152.62                           |
| -  | -                                      | -   | -                                       |
| -  | -                                      | -   | -                                       |
| -  | 9.99                                   | -   | -                                       |
| -  | -                                      | -   | -                                       |
| -  | -                                      | -   | -                                       |
| -  | 36,349.34                              | 3,961,761.11  | -                                       |
| -  | -                                      | 3,616.55  | -                                       |
| -  | -                                      | -   | -                                       |
| -  | 36,359.33                              | 27,553,837.20   | 600,152.62                              |
| 5,192,662.59                                 | -                                      | -   | -                                       |
| -  | -                                      | -   | -                                       |
| 5,192,662.59                                 | -                                      | -   | -                                       |
| \$ 5,192,662.59                              | \$ 36,359.33                           | \$ 27,553,837.20  | \$ 600,152.62                           |
| \$ -   | \$ -                                   | \$ -  | \$ -                                    |
| \$ -   | \$ 17,326.84                           | \$ 5,897,366.09   | \$ 28,414.82                            |
| -  | -                                      | 104,537.38  | -                                       |
| -  | -                                      | -   | 2,823.43                                |
| -  | -                                      | -   | -                                       |
| -  | 17,326.84                              | 6,001,903.47  | 31,238.25                               |
| -  | 17,326.84                              | 6,001,903.47  | 31,238.25                               |
| -  | -                                      | -   | -                                       |
| -  | -                                      | 3,616.55  | -                                       |
| -  | -                                      | -   | -                                       |
| -  | 19,032.49                              | 21,548,317.18   | 568,914.37                              |
| 5,192,662.59                                 | -                                      | -   | -                                       |
| 5,192,662.59                                 | 19,032.49                              | 21,551,933.73   | 568,914.37                              |
| \$ 5,192,662.59                              | \$ 36,359.33                           | \$ 27,553,837.20  | \$ 600,152.62                           |



UNAUDITED

OFFICE OF THE GOVERNOR - Core Operations (301) and Trusteed Programs (300)  
 Exhibit A-1 - Combining Balance Sheet - All General and Consolidated Funds  
 For the Fiscal Year Ended August 31, 2014

|  | Consolidated Accounts          |   |   |   |
|--|--------------------------------|---|---|---|
|  | Texas<br>Enterprise<br>(5107)* | Economic<br>Development<br>and Tourism<br>(5110)* | Texas Music<br>Foundation Plates<br>(5113)* | Texas Military Value<br>Revolving Loan<br>(5114)* |
| <b>ASSETS</b>  |                                |   |   |   |
| Current Assets:  |                                |   |   |   |
| Cash and Cash Equivalents:                                     |                                |   |   |   |
| Cash in State Treasury   | \$ 205,271,839.86              | \$ -  | \$ -  | \$ 58,588.96                                      |
| Legislative Appropriations                                     | -                              | -   | -   | -   |
| Receivables from:  |                                |   |   |   |
| Federal  | -                              | -   | -   | -   |
| Interest and Dividends   | 61,592.99                      | -   | -   | 957,488.76  |
| Accounts Receivable  | -                              | -   | -   | -   |
| Due From Other Funds   | -                              | -   | -   | -   |
| Due From Other Agencies  | -                              | -   | -   | -   |
| Consumable Inventories   | -                              | -   | -   | -   |
| Loans and Contracts  | -                              | -   | -   | 1,150,000.00                                      |
| <b>Total Current Assets</b>                                    | <u>205,333,432.85</u>          | <u>-</u>  | <u>-</u>                                    | <u>2,166,077.72</u>                               |
| Non-Current Assets:  |                                |   |   |   |
| Loans and Contracts  | 104,392,768.89                 | -   | -   | 35,220,000.00                                     |
| Equity Holdings for Economic Development                       | -                              | -   | -   | -   |
| <b>Total Non-Current Assets</b>                                | <u>104,392,768.89</u>          | <u>-</u>  | <u>-</u>                                    | <u>35,220,000.00</u>                              |
| <b>Total Assets</b>  | <u>\$ 309,726,201.74</u>       | <u>\$ -</u>                                       | <u>\$ -</u>                                 | <u>\$ 37,386,077.72</u>                           |
| <b>DEFERRED OUTFLOWS</b>                                       |                                |   |   |   |
| <b>Total Deferred Outflows</b>                                 | <u>\$ -</u>                    | <u>\$ -</u>                                       | <u>\$ -</u>                                 | <u>\$ -</u>                                       |
| <b>LIABILITIES AND FUND BALANCES</b>                           |                                |   |   |   |
| <b>Liabilities</b>   |                                |   |   |   |
| Current Liabilities:   |                                |   |   |   |
| Payables from:   |                                |   |   |   |
| Accounts   | \$ -                           | \$ -  | \$ -  | \$ -  |
| Payroll  | -                              | -   | -   | -   |
| Due To Other Agencies  | -                              | -   | -   | -   |
| Deferred Revenue   | -                              | -   | -   | -   |
| <b>Total Current Liabilities</b>                               | <u>-</u>                       | <u>-</u>  | <u>-</u>                                    | <u>-</u>  |
| <b>Total Liabilities</b>                                       | <u>-</u>                       | <u>-</u>  | <u>-</u>                                    | <u>-</u>  |
| <b>DEFERRED INFLOWS</b>  |                                |   |   |   |
| <b>Total Deferred Inflows</b>                                  | <u>-</u>                       | <u>-</u>  | <u>-</u>                                    | <u>-</u>  |
| Fund Balances (Deficits):                                      |                                |   |   |   |
| Nonspendable   | -                              | -   | -   | -   |
| Restricted   | -                              | -   | -   | 37,386,077.72                                     |
| Committed  | 309,726,201.74                 | -   | -   | -   |
| Unassigned   | -                              | -   | -   | -   |
| <b>Total Fund Balances</b>                                     | <u>309,726,201.74</u>          | <u>-</u>  | <u>-</u>                                    | <u>37,386,077.72</u>                              |
| <b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b> | <u>\$ 309,726,201.74</u>       | <u>\$ -</u>                                       | <u>\$ -</u>                                 | <u>\$ 37,386,077.72</u>                           |

\* GAAP Fund is noted as (XXXX)

| <u>Consolidated Accounts</u>               |   |                              |
|--|---|------------------------------|
| <u>Emerging<br/>Technology<br/>(5124)*</u> | <u>BP Oil Spill Tx<br/>Response Grant<br/>(5149)*</u> | <u>Total<br/>(Exhibit I)</u> |
| \$ 120,144,865.99                          | \$ 4,089,325.31                                       | \$ 444,429,490.94            |
| -  | -   | 200,062,883.26               |
| -  | -   | 3,883,588.87                 |
| 37,227.55                                  | 1,225.46  | 1,067,015.69                 |
| -  | -   | 32,944.47                    |
| -  | -   | 15,498.00                    |
| 2,115,829.57                               | -   | 6,212,493.09                 |
| 598.39                                     | -   | 27,424.35                    |
| 1,000,000.00                               | -   | 2,150,000.00                 |
| <u>123,298,521.50</u>                      | <u>4,090,550.77</u>                                   | <u>657,881,338.67</u>        |
| 32,611,235.00                              | -   | 178,752,338.29               |
| <u>143,509,649.85</u>                      | -   | <u>143,509,649.85</u>        |
| <u>176,120,884.85</u>                      | -   | <u>322,261,988.14</u>        |
| <u>\$ 299,419,406.35</u>                   | <u>\$ 4,090,550.77</u>                                | <u>\$ 980,143,326.81</u>     |
| <u>\$ -</u>                                | <u>\$ -</u>   | <u>\$ -</u>                  |
| \$ 101,152.41                              | \$ -  | \$ 23,275,702.61             |
| 36,885.73                                  | -   | 1,694,881.19                 |
| 750,000.00                                 | -   | 3,435,877.66                 |
| -  | -   | 29,826,405.72                |
| <u>888,038.14</u>                          | <u>-</u>  | <u>58,248,365.18</u>         |
| <u>888,038.14</u>                          | <u>-</u>  | <u>58,248,365.18</u>         |
| -  | -   | -                            |
| 598.39                                     | -   | 1,363,096.16                 |
| -  | -   | 37,386,077.72                |
| 298,530,769.82                             | 4,090,550.77  | 691,434,482.02               |
| -  | -   | 191,711,305.73               |
| <u>298,531,368.21</u>                      | <u>4,090,550.77</u>                                   | <u>921,894,961.63</u>        |
| <u>\$ 299,419,406.35</u>                   | <u>\$ 4,090,550.77</u>                                | <u>\$ 980,143,326.81</u>     |

UNAUDITED

OFFICE OF THE GOVERNOR - Core Operations (301) and Trusteed Programs (300)  
 Exhibit A-2 - Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
 All General and Consolidated Funds  
 For the Fiscal Year Ended August 31, 2014

|   | Consolidated Accounts                   |  |  |   |
|---|---|--|--|---|
|   | General Revenue<br>Fund 0001<br>(0001)* | Operators &<br>Chauffeurs License<br>(0099)* | Governor's Office<br>Federal Projects<br>(0224)* | Criminal Justice<br>Planning<br>(0421)* |
| <b>REVENUES</b>                                   |   |  |  |   |
| Legislative Appropriations                        |   |  |  |   |
| Original Appropriations                           | \$ 170,568,205.12                       | \$ -   | \$ -   | \$ -                                    |
| Additional Appropriations                         | 3,251,200.47                            | -  | -  | -                                       |
| Federal Revenue                                   | 1,024,767.83                            | -  | 17,110,619.62                                    | 43,622,512.14                           |
| Federal Grant Pass-Through Revenue                | 535,748.04                              | -  | -  | -                                       |
| License, Fees & Permits                           | 2,545,684.71                            | -  | -  | 22,960,769.26                           |
| Interest and Other Investment Income              | (1.66)                                  | -  | -  | -                                       |
| Sales of Goods and Services                       | 447,962.53                              | -  | -  | -                                       |
| Other   | 19,097.46                               | -  | -  | 2,070.53                                |
| <b>Total Revenues</b>                             | <b>178,392,664.50</b>                   | <b>-</b>                                     | <b>17,110,619.62</b>                             | <b>66,585,351.93</b>                    |
| <b>EXPENDITURES</b>                               |   |  |  |   |
| Salaries and Wages                                | 13,764,090.18                           | -  | 81,063.86  | 1,262,632.35                            |
| Payroll Related Costs                             | 3,357,712.98                            | -  | 15,903.59  | 414,319.28                              |
| Professional Fees and Services                    | 804,295.57                              | -  | 492,177.10                                       | 1,660,273.89                            |
| Travel  | 436,990.37                              | -  | 6,840.25   | 51,226.31                               |
| Materials and Supplies                            | 221,079.29                              | -  | 1,882.11   | 2,957.01                                |
| Communication and Utilities                       | 304,679.77                              | -  | 4,330.31   | 8,648.45                                |
| Repairs and Maintenance                           | 56,522.97                               | -  | -  | -                                       |
| Rentals and Leases                                | 327,007.06                              | -  | 6,821.88   | 13,702.28                               |
| Printing and Reproduction                         | 9,987.41                                | -  | 33.34  | 104.28                                  |
| Claims and Judgments                              | 25,368.28                               | -  | -  | -                                       |
| Federal Grant Pass-Through Expenditures           | -                                       | -  | 4,773,252.02                                     | 603,519.63                              |
| State Grant Pass-Through Expenditures             | 2,004,518.07                            | (6,067.05)                                   | -  | 8,602,355.63                            |
| Intergovernmental Payments                        | 3,820,447.18                            | 774,008.13                                   | 11,016,739.29                                    | 24,253,361.39                           |
| Public Assistance Payments                        | 359,922.32                              | -  | 700,256.89                                       | 32,571,295.98                           |
| Other Expenditures                                | 14,768,155.95                           | -  | 11,318.98  | 242,204.12                              |
| Debt Service:                                     |   |  |  |   |
| Principal   | -                                       | -  | -  | -                                       |
| Capital Outlay                                    | 14,917.64                               | -  | -  | -                                       |
| <b>Total Expenditures</b>                         | <b>40,275,695.04</b>                    | <b>767,941.08</b>                            | <b>17,110,619.62</b>                             | <b>69,686,600.60</b>                    |
| Excess (Deficiency) of Revenues over Expenditures | 138,116,969.46                          | (767,941.08)                                 | -  | (3,101,248.67)                          |
| <b>OTHER FINANCING SOURCES (USES)</b>             |   |  |  |   |
| Transfer In                                       | 4,363,170.79                            | 1,101,931.98                                 | 15,773.78  | 492,187.15                              |
| Transfer Out                                      | (55,391,245.76)                         | (333,990.90)                                 | (15,773.78)                                      | (492,187.15)                            |
| Legislative Transfer In                           | 3,038,472.04                            | -  | -  | -                                       |
| Legislative Transfer Out                          | (2,736,672.04)                          | -  | -  | -                                       |
| Gain (Loss) on Other Financial Activity           | -                                       | -  | -  | -                                       |
| <b>Total Other Financing Sources (Uses)</b>       | <b>(50,726,274.97)</b>                  | <b>767,941.08</b>                            | <b>-</b>   | <b>-</b>                                |
| Net Change in Fund Balances                       | 87,390,694.49                           | -  | -  | (3,101,248.67)                          |
| <b>Fund Financial Statement - Fund Balances</b>   |   |  |  |   |
| Fund Balances, September 1, 2013                  | 127,422,172.73                          | -  | -  | 60,053,956.62                           |
| Restatements                                      | 490,952.90                              | -  | -  | -                                       |
| Fund Balances, September 1, 2013, as Restated     | 127,913,125.63                          | -  | -  | 60,053,956.62                           |
| Appropriations Lapsed                             | (27,428,308.06)                         | -  | -  | -                                       |
| <b>Fund Balances, August 31, 2014</b>             | <b>\$ 187,875,512.06</b>                | <b>\$ -</b>                                  | <b>\$ -</b>                                      | <b>\$ 56,952,707.95</b>                 |

\* GAAP Fund is noted as (XXXX)

UNAUDITED

| Consolidated Accounts                        |  |   |   |
|--|--|---|---|
| Economic<br>Stabilization<br>Fund<br>(0599)* | License Plate<br>Trust Fund<br>(0802)* | Hotel Occupancy<br>Tax for Economic<br>Development<br>(5003)* | Crime Stoppers<br>Assistance<br>(5012)* |
| \$ -   | \$ -                                   | \$ -  | \$ -                                    |
| -  | -                                      | -   | -                                       |
| -  | -                                      | -   | -                                       |
| -  | 87,244.01                              | -   | 478,978.34                              |
| -  | 73.71                                  | -   | -                                       |
| -  | -                                      | 15,000.00   | -                                       |
| -  | -                                      | -   | -                                       |
| <u>-</u>                                     | <u>87,317.72</u>                       | <u>15,000.00</u>  | <u>478,978.34</u>                       |
| -  | -                                      | 1,036,623.48  | -                                       |
| -  | -                                      | 298,450.36  | -                                       |
| -  | -                                      | 3,758,862.26  | 249,008.64                              |
| -  | -                                      | 3,203.75  | -                                       |
| -  | -                                      | 39,431.33   | -                                       |
| -  | -                                      | 23,703.34   | -                                       |
| -  | -                                      | 10,120.00   | -                                       |
| -  | -                                      | 99,181.53   | -                                       |
| -  | -                                      | 127.95  | -                                       |
| -  | -                                      | -   | -                                       |
| -  | -                                      | -   | 8,793.97                                |
| 792,837.41                                   | -                                      | -   | -                                       |
| -  | 71,923.93                              | -   | 157,168.78                              |
| -  | -                                      | 37,067,830.91   | -                                       |
| -  | -                                      | -   | -                                       |
| <u>792,837.41</u>                            | <u>71,923.93</u>                       | <u>42,337,534.91</u>  | <u>414,971.39</u>                       |
| <u>(792,837.41)</u>                          | <u>15,393.79</u>                       | <u>(42,322,534.91)</u>  | <u>64,006.95</u>                        |
| 2,785,500.00                                 | 3,638.70                               | 40,970,500.27   | -                                       |
| -  | -                                      | (522,004.80)  | -                                       |
| -  | -                                      | -   | -                                       |
| -  | -                                      | -   | -                                       |
| <u>2,785,500.00</u>                          | <u>3,638.70</u>                        | <u>40,448,495.47</u>  | <u>-</u>                                |
| <u>1,992,662.59</u>                          | <u>19,032.49</u>                       | <u>(1,874,039.44)</u>   | <u>64,006.95</u>                        |
| 3,200,000.00                                 | -                                      | 23,425,973.17   | 504,907.42                              |
| -  | -                                      | -   | -                                       |
| <u>3,200,000.00</u>                          | <u>-</u>                               | <u>23,425,973.17</u>  | <u>504,907.42</u>                       |
| -  | -                                      | -   | -                                       |
| <u>\$ 5,192,662.59</u>                       | <u>\$ 19,032.49</u>                    | <u>\$ 21,551,933.73</u>                                       | <u>\$ 568,914.37</u>                    |

UNAUDITED

OFFICE OF THE GOVERNOR - Core Operations (301) and Trusteed Programs (300)  
 Exhibit A-2 - Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
 All General and Consolidated Funds  
 For the Fiscal Year Ended August 31, 2014

|  | Consolidated Accounts          |   |   |  |
|--|--------------------------------|---|---|--|
|  | Texas<br>Enterprise<br>(5107)* | Economic<br>Development<br>and Tourism<br>(5110)* | Texas Music<br>Foundation Plates<br>(5113)* | Texas Military<br>Revolving<br>Loan<br>(5114)* |
| <b>REVENUE</b>                                   |                                |   |   |  |
| Legislative Appropriations                       |                                |   |   |  |
| Original Appropriations                          | \$ -                           | \$ -  | \$ -  | \$ -   |
| Additional Appropriations                        | -                              | -   | -   | -  |
| Federal Revenue                                  | -                              | -   | -   | -  |
| Federal Grant Pass-Through Revenue               | -                              | -   | -   | -  |
| License, Fees & Permits                          | -                              | -   | 1,500.00                                    | -  |
| Interest and Other Investment Income             | 806,868.87                     | -   | -   | 1,914,430.80                                   |
| Sales of Goods and Services                      | -                              | -   | -   | -  |
| Other  | 32.00                          | -   | -   | -  |
| <b>Total Revenue</b>                             | <u>806,900.87</u>              | <u>-</u>  | <u>1,500.00</u>                             | <u>1,914,430.80</u>                            |
| <b>EXPENDITURES</b>                              |                                |   |   |  |
| Salaries and Wages                               | -                              | -   | -   | -  |
| Payroll Related Costs                            | -                              | -   | -   | -  |
| Professional Fees and Services                   | -                              | -   | -   | -  |
| Travel   | -                              | -   | -   | -  |
| Materials and Supplies                           | -                              | -   | -   | -  |
| Communication and Utilities                      | -                              | -   | -   | -  |
| Repairs and Maintenance                          | -                              | -   | -   | -  |
| Rentals and Leases                               | -                              | -   | -   | -  |
| Printing and Reproduction                        | -                              | -   | -   | -  |
| Claims and Judgments                             | -                              | -   | -   | -  |
| Federal Grant Pass-Through Expenditures          | -                              | -   | -   | -  |
| State Grant Pass-Through Expenditures            | -                              | -   | -   | -  |
| Intergovernmental Payments                       | -                              | -   | -   | -  |
| Public Assistance Payments                       | -                              | -   | 5,395.00                                    | -  |
| Other Expenditures                               | 22,468,194.46                  | -   | -   | -  |
| Debt Service:                                    |                                |   |   |  |
| Principal  | -                              | -   | -   | 9,690,000.00                                   |
| Capital Outlay                                   | -                              | -   | -   | -  |
| <b>Total Expenditures</b>                        | <u>22,468,194.46</u>           | <u>-</u>  | <u>5,395.00</u>                             | <u>9,690,000.00</u>                            |
| Excess (Deficiency) of Revenue over Expenditures | <u>(21,661,293.59)</u>         | <u>-</u>  | <u>(3,895.00)</u>                           | <u>(7,775,569.20)</u>                          |
| <b>OTHER FINANCING SOURCES (USES)</b>            |                                |   |   |  |
| Transfer In                                      | -                              | -   | -   | 777.80   |
| Transfer Out                                     | -                              | (67,077.24)                                       | (3,638.70)                                  | (3,502,212.53)                                 |
| Legislative Transfer In                          | -                              | -   | -   | -  |
| Legislative Transfer Out                         | -                              | -   | -   | -  |
| Gain (Loss) on Other Financial Activity          | -                              | -   | -   | -  |
| <b>Total Other Financing Sources (Uses)</b>      | <u>-</u>                       | <u>(67,077.24)</u>                                | <u>(3,638.70)</u>                           | <u>(3,501,434.73)</u>                          |
| Net Change in Fund Balances                      | <u>(21,661,293.59)</u>         | <u>(67,077.24)</u>                                | <u>(7,533.70)</u>                           | <u>(11,277,003.93)</u>                         |
| <b>Fund Financial Statement - Fund Balances</b>  |                                |   |   |  |
| Fund Balances, September 1, 2013                 | 332,324,535.81                 | 67,077.24   | 7,533.70                                    | 48,663,081.65                                  |
| Restatements                                     | (937,040.48)                   | -   | -   | -  |
| Fund Balances, September 1, 2013, as Restated    | <u>331,387,495.33</u>          | <u>67,077.24</u>                                  | <u>7,533.70</u>                             | <u>48,663,081.65</u>                           |
| Appropriations Lapsed                            | -                              | -   | -   | -  |
| <b>Fund Balances, August 31, 2014</b>            | <u>\$ 309,726,201.74</u>       | <u>\$ -</u>                                       | <u>\$ -</u>                                 | <u>\$ 37,386,077.72</u>                        |

\* GAAP Fund is noted as (XXXX)

| <u>Consolidated Accounts</u>               |   |                               |
|--|---|-------------------------------|
| <u>Emerging<br/>Technology<br/>(5124)*</u> | <u>BP Oil Spill Tx<br/>Response Grant<br/>(5149)*</u> | <u>Total<br/>(Exhibit II)</u> |
| \$ -                                       | \$ -  | \$ 170,568,205.12             |
| -  | -   | 3,251,200.47                  |
| -  | -   | 61,757,899.59                 |
| -  | -   | 535,748.04                    |
| -  | -   | 26,074,176.32                 |
| 1,082,745.01                               | 3,443.09  | 3,807,559.82                  |
| -  | -   | 462,962.53                    |
| -  | -   | 21,199.99                     |
| <u>1,082,745.01</u>                        | <u>3,443.09</u>                                       | <u>266,478,951.88</u>         |
| 361,221.14                                 | -   | 16,505,631.01                 |
| 109,163.89                                 | -   | 4,195,550.10                  |
| 1,015.00                                   | -   | 6,965,632.46                  |
| 11,032.36                                  | -   | 509,293.04                    |
| 17,498.05                                  | -   | 282,847.79                    |
| 6,558.13                                   | -   | 347,920.00                    |
| 5,686.10                                   | -   | 72,329.07                     |
| -  | -   | 446,712.75                    |
| 315.67                                     | -   | 10,568.65                     |
| 821.99                                     | -   | 26,190.27                     |
| -  | -   | 5,376,771.65                  |
| 6,279,523.76                               | 1,000,000.00  | 17,889,124.38                 |
| -  | -   | 40,657,393.40                 |
| 835,000.00                                 | -   | 34,700,962.90                 |
| 24,027,032.41                              | -   | 98,584,736.83                 |
| -  | -   | 9,690,000.00                  |
| 5,162.53                                   | -   | 20,080.17                     |
| <u>31,660,031.03</u>                       | <u>1,000,000.00</u>                                   | <u>236,281,744.47</u>         |
| <u>(30,577,286.02)</u>                     | <u>(996,556.91)</u>                                   | <u>30,197,207.41</u>          |
| 52,278,622.05                              | -   | 102,012,102.52                |
| (2,278,622.05)                             | -   | (62,606,752.91)               |
| -  | -   | 3,038,472.04                  |
| -  | -   | (2,736,672.04)                |
| 6,707,729.36                               | -   | 6,707,729.36                  |
| <u>56,707,729.36</u>                       | <u>-</u>  | <u>46,414,878.97</u>          |
| <u>26,130,443.34</u>                       | <u>(996,556.91)</u>                                   | <u>76,612,086.38</u>          |
| 272,400,924.87                             | 5,087,107.68  | 873,157,270.89                |
| -  | -   | (446,087.58)                  |
| <u>272,400,924.87</u>                      | <u>5,087,107.68</u>                                   | <u>872,711,183.31</u>         |
| -  | -   | (27,428,308.06)               |
| <u>\$ 298,531,368.21</u>                   | <u>\$ 4,090,550.77</u>                                | <u>\$ 921,894,961.63</u>      |

UNAUDITED

OFFICE OF THE GOVERNOR - Core Operations (301) and Trusteed Programs (300)  
 Exhibit J-1 - Combining Statement of Changes in Assets and Liabilities - Agency Funds  
 For the Fiscal Year Ended August 31, 2014

|   | Beginning<br>Balance |                        |                        | Ending<br>Balance  |
|---|----------------------|------------------------|------------------------|--------------------|
|   | September 1, 2013    | Additions              | Deductions             | August 31, 2014    |
| <b>Child Support Employee Deductions (0807), U/F(8070)*</b> |                      |                        |                        |                    |
| <b>ASSETS</b>   |                      |                        |                        |                    |
| Cash in State Treasury                                      | \$ -                 | \$ 13,726.46           | \$ 12,478.60           | \$ 1,247.86        |
| Total Assets  | <u>\$ -</u>          | <u>\$ 13,726.46</u>    | <u>\$ 12,478.60</u>    | <u>\$ 1,247.86</u> |
| <b>LIABILITIES</b>  |                      |                        |                        |                    |
| Accounts Payable  | \$ -                 | \$ 12,478.60           | \$ 12,478.60           | \$ -               |
| Funds Held for Others                                       | -                    | 13,726.46              | 12,478.60              | 1,247.86           |
| Total Liabilities   | <u>\$ -</u>          | <u>\$ 26,205.06</u>    | <u>\$ 24,957.20</u>    | <u>\$ 1,247.86</u> |
| <b>Departmental Suspense (0900), U/F(0900)*</b>             |                      |                        |                        |                    |
| <b>ASSETS</b>   |                      |                        |                        |                    |
| Cash in State Treasury                                      | \$ -                 | \$ 56,980.00           | \$ 56,980.00           | \$ -               |
| Total Assets  | <u>\$ -</u>          | <u>\$ 56,980.00</u>    | <u>\$ 56,980.00</u>    | <u>\$ -</u>        |
| <b>LIABILITIES</b>  |                      |                        |                        |                    |
| Funds Held for Others                                       | \$ -                 | \$ 56,980.00           | \$ 56,980.00           | \$ -               |
| Total Liabilities   | <u>\$ -</u>          | <u>\$ 56,980.00</u>    | <u>\$ 56,980.00</u>    | <u>\$ -</u>        |
| <b>Overpayments to Employees (0900), U/F(9015)</b>          |                      |                        |                        |                    |
| <b>ASSETS</b>   |                      |                        |                        |                    |
| Cash in State Treasury                                      | \$ -                 | \$ 724.06              | \$ 724.06              | \$ -               |
| Total Assets  | <u>\$ -</u>          | <u>\$ 724.06</u>       | <u>\$ 724.06</u>       | <u>\$ -</u>        |
| <b>LIABILITIES</b>  |                      |                        |                        |                    |
| Funds Held for Others                                       | \$ -                 | \$ 724.06              | \$ 724.06              | \$ -               |
| Total Liabilities   | <u>\$ -</u>          | <u>\$ 724.06</u>       | <u>\$ 724.06</u>       | <u>\$ -</u>        |
| <b>Direct Deposit Correction (0980), U/F(0980)</b>          |                      |                        |                        |                    |
| <b>ASSETS</b>   |                      |                        |                        |                    |
| Cash in State Treasury                                      | \$ -                 | \$ 2,428.93            | \$ 2,428.93            | \$ -               |
| Total Assets  | <u>\$ -</u>          | <u>\$ 2,428.93</u>     | <u>\$ 2,428.93</u>     | <u>\$ -</u>        |
| <b>LIABILITIES</b>  |                      |                        |                        |                    |
| Funds Held for Others                                       | \$ -                 | \$ 2,428.93            | \$ 2,428.93            | \$ -               |
| Total Liabilities   | <u>\$ -</u>          | <u>\$ 2,428.93</u>     | <u>\$ 2,428.93</u>     | <u>\$ -</u>        |
| <b>Unappropriated General Revenue (1000), U/F(1002)</b>     |                      |                        |                        |                    |
| <b>ASSETS</b>   |                      |                        |                        |                    |
| Cash in State Treasury                                      | \$ -                 | \$ 1,645,447.66        | \$ 1,645,447.66        | \$ -               |
| Total Assets  | <u>\$ -</u>          | <u>\$ 1,645,447.66</u> | <u>\$ 1,645,447.66</u> | <u>\$ -</u>        |
| <b>LIABILITIES</b>  |                      |                        |                        |                    |
| Funds Held for Others                                       | \$ -                 | \$ 1,645,447.66        | \$ 1,645,447.66        | \$ -               |
| Total Liabilities   | <u>\$ -</u>          | <u>\$ 1,645,447.66</u> | <u>\$ 1,645,447.66</u> | <u>\$ -</u>        |

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

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OFFICE OF THE GOVERNOR - Core Operations (301) and Trusteed Programs (300)  
 Exhibit J-1 - Combining Statement of Changes in Assets and Liabilities - Agency Funds  
 For the Fiscal Year Ended August 31, 2014

|                                  | Beginning<br>Balance<br><u>September 1, 2013</u> | Additions              | Deductions             | Ending<br>Balance<br><u>August 31, 2014</u> |
|----------------------------------|--|------------------------|------------------------|---|
| <b>Totals - All Agency Funds</b> |  |                        |                        |   |
| <b>ASSETS</b>                    |  |                        |                        |   |
| Cash in State Treasury           | \$ -   | \$ 1,719,307.11        | \$ 1,718,059.25        | \$ 1,247.86                                 |
| Total Assets                     | <u>\$ -</u>                                      | <u>\$ 1,719,307.11</u> | <u>\$ 1,718,059.25</u> | <u>\$ 1,247.86</u>                          |
| <b>LIABILITIES</b>               |  |                        |                        |   |
| Accounts Payable                 | \$ -   | \$ 12,478.60           | \$ 12,478.60           | \$ -  |
| Funds Held for Others            | -  | 1,719,307.11           | 1,718,059.25           | 1,247.86                                    |
| Total Liabilities                | <u>\$ -</u>                                      | <u>\$ 1,731,785.71</u> | <u>\$ 1,730,537.85</u> | <u>\$ 1,247.86</u>                          |



UNAUDITED

Office of the Governor - Trusteed Programs (300)  
 SCHEDULE 1A - Schedule of Expenditures of Federal Awards  
 For the Fiscal Year Ended August 31, 2014

| Federal Grantor /<br>Pass-Through Grantor                         | Federal<br>CFDA<br>Number | Pass-Through From            |                                | Direct<br>Program<br>Amount | Total<br>Pass-Through From<br>and Direct Program |
|---|---------------------------|------------------------------|--------------------------------|-----------------------------|--|
|   |                           | Agency<br>or Univ.<br>Number | Agencies<br>or Univ.<br>Amount |                             |  |
| <b>U.S. Department of Justice</b>                                 |                           |                              |                                |                             |  |
| <b>Sexual Assault Services Formula Program</b>                    | <b>16.017</b>             |                              |                                |                             |  |
| Pass-Through To:  |                           |                              |                                |                             |  |
| Non-State Entities  |                           |                              | \$ -                           | \$ 483,753.96               | \$ 483,753.96                                    |
| <b>Juvenile Accountability Incentive Block Grants</b>             | <b>16.523</b>             |                              |                                |                             |  |
| Pass-Through To:  |                           |                              |                                |                             |  |
| Texas State University at San Marcos                              |                           |                              |                                | 310,966.83                  | 310,966.83                                       |
| Non-State Entities  |                           |                              |                                | 1,884,439.96                | 1,884,439.96                                     |
| <b>Juvenile Justice and Delinquency Prevention</b>                | <b>16.540</b>             |                              |                                |                             |  |
| Pass-Through To:  |                           |                              |                                |                             |  |
| Texas Juvenile Justice Department                                 |                           |                              |                                | 5,016.66                    | 5,016.66   |
| Texas State University at San Marcos                              |                           |                              |                                | 9,301.10                    | 9,301.10   |
| Non-State Entities  |                           |                              |                                | 1,608,801.22                | 1,608,801.22                                     |
| Direct Program:   |                           |                              |                                |                             |  |
| <b>Title V-Delinquency Prevention Program</b>                     | <b>16.548</b>             |                              |                                |                             |  |
| Pass-Through To:  |                           |                              |                                |                             |  |
| Non-State Entities  |                           |                              |                                | 42,620.46                   | 42,620.46  |
| <b>Crime Victim Assistance</b>                                    | <b>16.575</b>             |                              |                                |                             |  |
| Pass-Through To:  |                           |                              |                                |                             |  |
| Texas Department of Public Safety                                 |                           |                              |                                | 258,231.11                  | 258,231.11                                       |
| Texas Department of Criminal Justice                              |                           |                              |                                | 76,309.50                   | 76,309.50  |
| Non-State Entities  |                           |                              |                                | 31,701,879.77               | 31,701,879.77                                    |
| <b>Violence Against Women Formula Grants</b>                      | <b>16.588</b>             |                              |                                |                             |  |
| Pass-Through To:  |                           |                              |                                |                             |  |
| Office of Court Administration                                    |                           |                              |                                | 4,608.41                    | 4,608.41   |
| University of Texas at Austin                                     |                           |                              |                                | 61,552.60                   | 61,552.60  |
| Sam Houston State University                                      |                           |                              |                                | 30,721.76                   | 30,721.76  |
| Non-State Entities  |                           |                              |                                | 8,169,760.59                | 8,169,760.59                                     |
| <b>Residential Substance Abuse Treatment for State Prisoners</b>  | <b>16.593</b>             |                              |                                |                             |  |
| Pass-Through To:  |                           |                              |                                |                             |  |
| Non-State Entities  |                           |                              |                                | 1,230,873.21                | 1,230,873.21                                     |
| <b>Bulletproof Vest Partnership Program</b>                       | <b>16.607</b>             |                              |                                |                             |  |
| Pass-Through To:  |                           |                              |                                |                             |  |
| Texas Department of Criminal Justice                              |                           |                              |                                | 13,120.00                   | 13,120.00  |
| University of Texas Medical Branch at Galveston                   |                           |                              |                                | 3,896.41                    | 3,896.41   |
| Texas State University at San Marcos                              |                           |                              |                                | 5,497.04                    | 5,497.04   |
| West Texas A&M University   |                           |                              |                                | 3,353.13                    | 3,353.13   |
| <b>Paul Coverdell Forensic Sciences Improvement Grant Program</b> | <b>16.742</b>             |                              |                                |                             |  |
| Pass-Through To:  |                           |                              |                                |                             |  |
| Texas Department of Public Safety                                 |                           |                              |                                | 131,911.91                  | 131,911.91                                       |
| Non-State Entities  |                           |                              |                                | 468,313.93                  | 468,313.93                                       |
| <b>Totals - U.S. Department of Justice</b>                        |                           |                              | <b>-</b>                       | <b>46,504,929.56</b>        | <b>46,504,929.56</b>                             |

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| Pass-Through To        |                          |                           |                     |  |
|------------------------|--------------------------|---------------------------|---------------------|--|
| Agency or Univ. Number | Agencies or Univ. Amount | Non-State Entities Amount | Expenditure Amount  | Total Pass-Through To and Expenditures |
|                        | \$ -                     | \$ 483,753.96             | \$ -                | \$ 483,753.96                          |
| 754                    | 310,966.83               | 1,818,428.33              | 66,011.63           | 310,966.83<br>1,884,439.96             |
| 644                    | 5,016.66                 |                           |                     | 5,016.66                               |
| 754                    | 9,301.10                 | 1,309,394.95              | 299,406.27          | 9,301.10<br>1,608,801.22               |
|                        |                          | 42,620.46                 |                     | 42,620.46                              |
| 405                    | 258,231.11               |                           |                     | 258,231.11                             |
| 696                    | 76,309.50                | 30,380,138.85             | 1,321,740.92        | 76,309.50<br>31,701,879.77             |
| 212                    | 4,608.41                 |                           |                     | 4,608.41                               |
| 721                    | 61,552.60                |                           |                     | 61,552.60                              |
| 753                    | 30,721.76                | 7,544,097.78              | 625,662.81          | 30,721.76<br>8,169,760.59              |
|                        |                          | 1,229,076.17              | 1,797.04            | 1,230,873.21                           |
| 696                    | 13,120.00                |                           |                     | 13,120.00                              |
| 723                    | 3,896.41                 |                           |                     | 3,896.41                               |
| 754                    | 5,497.04                 |                           |                     | 5,497.04                               |
| 757                    | 3,353.13                 |                           |                     | 3,353.13                               |
| 405                    | 131,911.91               | 468,313.93                |                     | 131,911.91<br>468,313.93               |
|                        | <b>914,486.46</b>        | <b>43,275,824.43</b>      | <b>2,314,618.67</b> | <b>46,504,929.56</b>                   |

UNAUDITED

Office of the Governor - Trusteed Programs (300)  
 SCHEDULE 1A - Schedule of Expenditures of Federal Awards  
 For the Fiscal Year Ended August 31, 2014

| Federal Grantor /<br>Pass-Through Grantor  | Federal<br>CFDA<br>Number | Pass-Through From            |                                | Direct<br>Program<br>Amount | Total<br>Pass-Through From<br>and Direct Program |
|--|---------------------------|------------------------------|--------------------------------|-----------------------------|--|
|  |                           | Agency<br>or Univ.<br>Number | Agencies<br>or Univ.<br>Amount |                             |  |
| <b>JAG Program Cluster</b>   |                           |                              |                                |                             |  |
| <b>U.S. Department of Justice</b>  |                           |                              |                                |                             |  |
| <b>Edward Byrne Memorial Justice Assistance Grant Program</b>  | <b>16.738</b>             |                              |                                |                             |  |
| Pass-Through To:   |                           |                              |                                |                             |  |
| Office of Court Administration   |                           |                              |                                | 21,261.54                   | 21,261.54  |
| Attorney General's Office  |                           |                              |                                | 668,581.38                  | 668,581.38                                       |
| Texas Department of Public Safety  |                           |                              |                                | 1,254,015.85                | 1,254,015.85                                     |
| Commission on Law Enforcement Officer Standards and Education  |                           |                              |                                | 54,354.51                   | 54,354.51  |
| Texas Department of Insurance  |                           |                              |                                | 129,342.19                  | 129,342.19                                       |
| Texas Alcoholic Beverage Commission  |                           |                              |                                | (0.68)                      | (0.68)   |
| Texas Juvenile Justice Department  |                           |                              |                                | 599,689.15                  | 599,689.15                                       |
| Texas Department of Criminal Justice   |                           |                              |                                | 873,268.33                  | 873,268.33                                       |
| Tarleton State University  |                           |                              |                                | 222,819.36                  | 222,819.36                                       |
| Texas A&M Engineering Extension Service  |                           |                              |                                | 208,814.11                  | 208,814.11                                       |
| Parks and Wildlife Department  |                           |                              |                                | 430,139.45                  | 430,139.45                                       |
| Non-State Entities   |                           |                              |                                | 10,793,994.04               | 10,793,994.04                                    |
| <b>ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories</b> |                           |                              |                                |                             |  |
| Pass-Through To:   |                           |                              |                                |                             |  |
| Non-State Entities   |                           |                              |                                | (3,309.20)                  | (3,309.20)                                       |
| <b>Totals - U.S. Department of Justice</b>   |                           |                              |                                | <b>15,252,970.03</b>        | <b>15,252,970.03</b>                             |
| <b>WIA Cluster</b>   |                           |                              |                                |                             |  |
| <b>U.S. Department of Labor</b>  |                           |                              |                                |                             |  |
| <b>WIA Youth Activities</b>  | <b>17.259</b>             |                              |                                |                             |  |
| Pass-Through From:   |                           |                              |                                |                             |  |
| Texas Workforce Commission   |                           | 320                          | 327,884.74                     |                             | 327,884.74                                       |
| <b>WIA Dislocated Worker Formula Grants</b>  |                           |                              |                                |                             |  |
| Pass-Through From:   |                           |                              |                                |                             |  |
| Texas Workforce Commission   |                           | 320                          | 207,863.30                     |                             | 207,863.30                                       |
| <b>Totals - U.S. Department of Labor</b>   |                           |                              | <b>535,748.04</b>              | <b>-</b>                    | <b>535,748.04</b>                                |
| <b>Total Federal Assistance</b>  |                           |                              | <b>\$ 535,748.04</b>           | <b>\$ 61,757,899.59</b>     | <b>\$ 62,293,647.63</b>                          |

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| Pass-Through To              |                                |                                 |                        |  |
|------------------------------|--------------------------------|---------------------------------|------------------------|--|
| Agency<br>or Univ.<br>Number | Agencies<br>or Univ.<br>Amount | Non-State<br>Entities<br>Amount | Expenditure<br>Amount  | Total<br>Pass-Through To<br>and Expenditures |
| 212                          | 21,261.54                      |                                 |                        | 21,261.54                                    |
| 302                          | 668,581.38                     |                                 |                        | 668,581.38                                   |
| 405                          | 1,254,015.85                   |                                 |                        | 1,254,015.85                                 |
| 407                          | 54,354.51                      |                                 |                        | 54,354.51                                    |
| 454                          | 129,342.19                     |                                 |                        | 129,342.19                                   |
| 458                          | (0.68)                         |                                 |                        | (0.68)                                       |
| 644                          | 599,689.15                     |                                 |                        | 599,689.15                                   |
| 696                          | 873,268.33                     |                                 |                        | 873,268.33                                   |
| 713                          | 222,819.36                     |                                 |                        | 222,819.36                                   |
| 716                          | 208,814.11                     |                                 |                        | 208,814.11                                   |
| 802                          | 430,139.45                     |                                 |                        | 430,139.45                                   |
|                              |                                | 9,898,567.85                    | 895,426.19             | 10,793,994.04                                |
|                              |                                |                                 | (3,309.20)             | (3,309.20)                                   |
|                              | <b>4,462,285.19</b>            | <b>9,898,567.85</b>             | <b>892,116.99</b>      | <b>15,252,970.03</b>                         |
|                              |                                | 186,356.77                      | 141,527.97             | 327,884.74                                   |
|                              |                                | 157,573.79                      | 50,289.51              | 207,863.30                                   |
|                              | -                              | <b>343,930.56</b>               | <b>191,817.48</b>      | <b>535,748.04</b>                            |
|                              | <b>\$ 5,376,771.65</b>         | <b>\$ 53,518,322.84</b>         | <b>\$ 3,398,553.14</b> | <b>\$ 62,293,647.63</b>                      |

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**Office of the Governor - Trusteed Programs (300)**  
**SCHEDULE 1A - Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended August 31, 2014**

**NOTE 1:** 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)              | \$ 61,757,899.59  |
| Federal Pass-Through Revenue (Exh. II) | <u>535,748.04</u> |

|  |                                |
|--|--------------------------------|
| Total Pass-Through and Expenditures per Schedule of Expenditures of Federal Awards | <u><u>\$ 62,293,647.63</u></u> |
|--|--------------------------------|

**NOTES 3 - 6:** Not Applicable

**NOTE 7:** Federal Deferred Revenue

| <u>CFDA</u>  | <u>Balance</u><br><u>September 1, 2013</u> | <u>Net Change</u>               | <u>Balance</u><br><u>August 31, 2014</u> |
|--------------|--|---------------------------------|--|
| 16.523       | \$ 2,911,130.63                            | \$ (980,552.81)                 | \$ 1,930,577.82                          |
| 16.738       | <u>28,552,235.28</u>                       | <u>(656,407.38)</u>             | <u>27,895,827.90</u>                     |
| <b>TOTAL</b> | <b><u>\$ 31,463,365.91</u></b>             | <b><u>\$ (1,636,960.19)</u></b> | <b><u>\$ 29,826,405.72</u></b>           |

**NOTE 8:** Not Applicable

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

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**Office of the Governor - Trusteed Programs (300)**  
**SCHEDULE 1B - Schedule of State Pass Throughs From/To State Agencies/Universities**  
**For the Fiscal Year Ended August 31, 2014**

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

|  |  |                               |
|--|--|-------------------------------|
| <b>Fund 0001</b>   | <u>Pass-Through To:</u>                                    | <u>Amount of Pass-Through</u> |
|  | <b>Disaster Grants - GR Fund 0001</b>                      |                               |
|  | Texas Department of Public Safety (405)                    | \$ 2,004,518.07               |
| <b>Subtotal Pass-Through from Fund 0001</b>              |  | \$ 2,004,518.07               |
| <b>Fund 0099</b>   | <u>Pass-Through To:</u>                                    | <u>Amount of Pass-Through</u> |
|  | <b>Texas Border Security Grants - GR-D Fund 0099</b>       |                               |
|  | Texas Department of Public Safety (405)                    | \$ (6,067.05)                 |
| <b>Subtotal Pass-Through from Fund 0099</b>              |  | \$ (6,067.05)                 |
| <b>Fund 0421</b>   | <u>Pass-Through To:</u>                                    | <u>Amount of Pass-Through</u> |
|  | <b>Criminal Justice Planning Grants - GR-D Fund 0421</b>   |                               |
|  | Office of Court Administration (212)                       | \$ 21,166.51                  |
|  | District Courts - Comptroller's Judiciary Section (241)    | 1,431,275.67                  |
|  | Office of the Attorney General (302)                       | 87,696.20                     |
|  | Texas Department of Public Safety (405)                    | 1,392,094.45                  |
|  | Texas Juvenile Justice Department (644)                    | 81,613.17                     |
|  | Texas Department of Criminal Justice (696)                 | 622,789.06                    |
|  | Texas A&M University System (710)                          | 2,300,000.00                  |
|  | Texas A&M University (Main University) (711)               | 52,555.98                     |
|  | University of Texas at Arlington (714)                     | 39,858.08                     |
|  | Prairie View A&M University (715)                          | (152.80)                      |
|  | University of Houston (730)                                | 102,051.69                    |
|  | University of Texas at Dallas (738)                        | 74,193.79                     |
|  | Texas Tech University Health Sciences Center (739)         | 281,842.30                    |
|  | Texas State University - San Marcos (754)                  | 2,009,200.69                  |
|  | University of Houston - Clear Lake (759)                   | 106,170.84                    |
| <b>Subtotal Pass-Through from Fund 0421</b>              |  | \$ 8,602,355.63               |
| <b>Fund 5012</b>   | <u>Pass-Through To:</u>                                    | <u>Amount of Pass-Through</u> |
|  | <b>Crime Stoppers Assistance Grants - GR-D Fund 5012</b>   |                               |
|  | Texas Department of Public Safety (405)                    | \$ 8,793.97                   |
| <b>Subtotal Pass-Through from Fund 5012</b>              |  | \$ 8,793.97                   |
| <b>Fund 5124</b>   | <u>Pass-Through To:</u>                                    | <u>Amount of Pass-Through</u> |
|  | <b>Emerging Technology Grants</b>                          |                               |
|  | Texas A&M University System Health Science Center (709)    | \$ 386,929.00                 |
|  | Texas A&M University (Main University) (711)               | 2,400,000.00                  |
|  | University of Texas at Arlington (714)                     | 85,571.42                     |
|  | Texas State Technical College System (719)                 | (41,813.24)                   |
|  | University of Houston (730)                                | 758,869.98                    |
|  | Texas Tech University (733)                                | 1,141,756.54                  |
|  | University of Texas Health Science Center at Houston (744) | 993,613.65                    |
|  | Texas State University - San Marcos (754)                  | 333,186.74                    |
|  | Texas Tech University System (768)                         | 221,409.67                    |
| <b>Subtotal Pass-Through from Fund 5124</b>              |  | \$ 6,279,523.76               |
| <b>Fund 5149</b>   | <u>Pass-Through To:</u>                                    | <u>Amount of Pass-Through</u> |
|  | <b>BP Oil Spill Texas Response Grant</b>                   |                               |
|  | Texas Commission on Environmental Quality (582)            | \$ 1,000,000.00               |
| <b>Subtotal Pass-Through from Fund 5149</b>              |  | \$ 1,000,000.00               |
| <b>Total Pass-Through to Other Agencies (Exhibit II)</b> |  | <u>\$ 17,889,124.38</u>       |

**UNAUDITED**

**Office of the Governor - Trustee Programs (300)**  
**Schedule 2A - Miscellaneous Bond Information**  
**For the Fiscal Year Ended August 31, 2014**

**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 Business 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           | 4.0000%                 | 4.3750% |                                 | 2010                 | 2026      | 10/1/2016       |
| Texas Military Value Revolving Loan Program Series 2007 A-2 | 10,160,000.00           | 4.0000%                 | 4.6250% |                                 | 2012                 | 2036      | 10/1/2016       |
| Texas Military Value Revolving Loan Program Series 2007 B   | 28,620,000.00           | 5.2000%                 | 5.7000% |                                 | 2012                 | 2036      | 10/1/2016       |
| <b>Total:</b>   | <b>\$ 94,595,000.00</b> |                         |         |                                 |                      |           |                 |

**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 | \$ 750,000,000.00        | VAR                     | VAR | Weekly                          | 1986                 | 2026      | 10/8/1986       |
| <b>Total:</b>                             | <b>\$ 750,000,000.00</b> |                         |     |                                 |                      |           |                 |

UNAUDITED

Office of the Governor - Trustee Programs (300)  
 Schedule 2B - Changes in Bonded Indebtedness  
 For the Fiscal Year Ended August 31, 2014

Governmental Activities

| Description of Issue  | Bonds Outstanding<br>9/1/2013 | Bonds<br>Issued | Bonds Matured or<br>Retired | Bonds Refunded<br>or Extinguished | Bonds Outstanding<br>8/31/2014 | Net Bonds<br>Outstanding<br>(Ending) | Amounts Due<br>Within One Year |
|---|-------------------------------|-----------------|-----------------------------|-----------------------------------|--------------------------------|--------------------------------------|--------------------------------|
| <u>General Obligation Bonds - Self-Supporting:</u>                |                               |                 |                             |                                   |                                |                                      |                                |
| Product Development Var<br>Rate Demand Bonds<br>Series 2005A      | \$ 25,000,000.00              | \$ -            | \$ -                        | \$ -                              | \$ 25,000,000.00               | \$ 25,000,000.00                     | \$ -                           |
| Small Business Incubator<br>Var Rate Demand Bonds<br>Series 2005B | \$ 20,000,000.00              | \$ -            | \$ -                        | \$ -                              | \$ 20,000,000.00               | \$ 20,000,000.00                     | \$ -                           |
| Texas Military Value<br>Revolving Loan Program<br>Series 2007 A-1 | \$ 9,415,000.00               | \$ -            | \$ 505,000.00               | \$ -                              | \$ 8,910,000.00                | \$ 8,910,000.00                      | \$ 525,000.00                  |
| Texas Military Value<br>Revolving Loan Program<br>Series 2007 A-2 | \$ 9,930,000.00               | \$ -            | \$ 240,000.00               | \$ 9,690,000.00                   | \$ -                           | \$ -                                 | \$ -                           |
| Texas Military Value<br>Revolving Loan Program<br>Series 2007 B   | \$ 28,055,000.00              | \$ -            | \$ 595,000.00               | \$ -                              | \$ 27,460,000.00               | \$ 27,460,000.00                     | \$ 625,000.00                  |
| <b>Total</b>  | <b>\$ 92,400,000.00</b>       | <b>\$ -</b>     | <b>\$ 1,340,000.00</b>      | <b>\$ 9,690,000.00</b>            | <b>\$ 81,370,000.00</b>        | <b>\$ 81,370,000.00</b>              | <b>\$ 1,150,000.00</b>         |

Component Unit

| Description of Issue                         | Bonds Outstanding<br>9/1/2013 | Bonds<br>Issued | Bonds Matured or<br>Retired | Bonds Refunded<br>or Extinguished | Bonds Outstanding<br>8/31/2014 | Net Bonds<br>Outstanding<br>(Ending) | Amounts Due<br>Within One Year |
|--|-------------------------------|-----------------|-----------------------------|-----------------------------------|--------------------------------|--------------------------------------|--------------------------------|
| <u>Revenue Bonds - Self-Supporting:</u>      |                               |                 |                             |                                   |                                |                                      |                                |
| TSBIDC Floating Rate<br>Dem Rev Bds Ser 1986 | \$ 1,620,000.00               | \$ -            | \$ -                        | \$ 1,620,000.00                   | \$ -                           | \$ -                                 | \$ -                           |
| <b>Total</b>                                 | <b>\$ 1,620,000.00</b>        | <b>\$ -</b>     | <b>\$ -</b>                 | <b>\$ 1,620,000.00</b>            | <b>\$ -</b>                    | <b>\$ -</b>                          | <b>\$ -</b>                    |



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Office of the Governor - Trustee Programs (300)  
 Schedule 2C - Debt Service Requirements  
 For the Fiscal Year Ended August 31, 2014

Governmental Activities

| Description of Issue                               | FY          | Principal               | Interest                |
|--|-------------|-------------------------|-------------------------|
| <u>General Obligation Bonds - Self-Supporting:</u> |             |                         |                         |
| Product Development Var Rate Demand Bonds          |             |                         |                         |
| Series 2005A                                       | 2015        | \$ -                    | \$ 17,500.00            |
|  | 2016        |                         | 17,500.00               |
|  | 2017        |                         | 17,500.00               |
|  | 2018        |                         | 17,500.00               |
|  | 2019        |                         | 17,500.00               |
|  | 2020 - 2024 |                         | 87,500.00               |
|  | 2025 - 2029 |                         | 87,500.00               |
|  | 2030 - 2034 |                         | 87,500.00               |
|  | 2035 - 2039 |                         | 87,500.00               |
|  | 2040 - 2044 |                         | 87,500.00               |
|  | 2045        | 25,000,000.00           | 13,125.00               |
|  |             | <u>\$ 25,000,000.00</u> | <u>\$ 538,125.00</u>    |
|  |             |                         |                         |
| Small Business Incubator Var Rate Demand Bonds     |             |                         |                         |
| Series 2005B                                       | 2015        | \$ -                    | \$ 14,000.00            |
|  | 2016        |                         | 14,000.00               |
|  | 2017        |                         | 14,000.00               |
|  | 2018        |                         | 14,000.00               |
|  | 2019        |                         | 14,000.00               |
|  | 2020 - 2024 |                         | 70,000.00               |
|  | 2025 - 2029 |                         | 70,000.00               |
|  | 2030 - 2034 |                         | 70,000.00               |
|  | 2035 - 2039 |                         | 70,000.00               |
|  | 2040 - 2044 |                         | 70,000.00               |
|  | 2045        | 20,000,000.00           | 10,500.00               |
|  |             | <u>\$ 20,000,000.00</u> | <u>\$ 430,500.00</u>    |
|  |             |                         |                         |
| Texas Military Value Revolving Loan Program Series |             |                         |                         |
| 2007 A-1   | 2015        | \$ 525,000.00           | \$ 364,256.25           |
|  | 2016        | 550,000.00              | 341,412.50              |
|  | 2017        | 575,000.00              | 317,506.25              |
|  | 2018        | 595,000.00              | 293,387.50              |
|  | 2019        | 625,000.00              | 268,987.50              |
|  | 2020 - 2024 | 3,530,000.00            | 932,168.76              |
|  | 2025 - 2027 | 2,510,000.00            | 168,000.03              |
|  |             | <u>\$ 8,910,000.00</u>  | <u>\$ 2,685,718.79</u>  |
|  |             |                         |                         |
| Texas Military Value Revolving Loan Program Series |             |                         |                         |
| 2007 B   | 2015        | \$ 625,000.00           | \$ 1,523,280.00         |
|  | 2016        | 655,000.00              | 1,489,836.25            |
|  | 2017        | 690,000.00              | 1,454,530.00            |
|  | 2018        | 730,000.00              | 1,417,255.00            |
|  | 2019        | 765,000.00              | 1,378,011.25            |
|  | 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>\$ 27,460,000.00</u> | <u>\$ 21,532,007.50</u> |

Office of the Governor - Trustee Programs (300)  
 Schedule 2D - Analysis of Funds Available for Debt Service  
 For the Fiscal Year Ended August 31, 2014

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      | \$ -                   | \$ 20,801.39           |
| Small Business Incubator Var Rate Demand Bonds Series 2005B | -                      | 16,487.73              |
| Texas Military Value Revolving Loan Program Series 2007 A-1 | 505,000.00             | 385,512.50             |
| Texas Military Value Revolving Loan Program Series 2007 A-2 | 240,000.00             | 221,700.00             |
| Texas Military Value Revolving Loan Program Series 2007 B   | 595,000.00             | 1,555,000.00           |
| Total   | <u>\$ 1,340,000.00</u> | <u>\$ 2,199,501.62</u> |

Discrete Component Unit

| Description of Issue/Parity Issues        | Pledged and Other Sources and Related Expenditures for FY 2014 |  |              |                    |
|---|--|--|--------------|--------------------|
|   | Net Available for Debt Service                                 |  | Debt Service |                    |
|   | Total Pledged and Other Sources                                | Operating Expenses / Expenditures and Capital Outlay | Principal    | Interest           |
| TSBIDC Floating Rate Dem Rev Bds Ser 1986 | \$ -   | \$ -   | \$ -         | \$ 1,356.52        |
| Total                                     | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ 1,356.52</u> |

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Office of the Governor - Trustee Programs (300)  
Schedule 2E - Defeased Bonds Outstanding  
For the Fiscal Year Ended August 31, 2014

Governmental Activities

| Description of Issue | Year Defeased | Par Value Outstanding |
|----------------------|---------------|-----------------------|
|----------------------|---------------|-----------------------|

General Obligation Bonds - Self-Supporting:

|  |      |                        |
|--|------|------------------------|
| Texas Military Value Revolving Loan<br>Program Series 2007 A-2 | 2013 | 9,690,000.00           |
| Total  |      | <u>\$ 9,690,000.00</u> |

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**Office of the Governor - Trustee Programs (300)**  
**Schedule 2F - Early Extinguishment and Refunding of Debt**  
**For the Fiscal Year Ended August 31, 2014**

**Governmental Activities**

| Description of Issue  | Category | Amount Extinguished or Refunded | Refunding Issue Par Value | Cash Flow Increase (Decrease) | Economic Gain/Loss |
|---|----------|---------------------------------|---------------------------|-------------------------------|--------------------|
| <u>General Obligation Bonds - Self-Supporting:</u>          |          |                                 |                           |                               |                    |
| Texas Military Value Revolving Loan Program Series 2007 A-2 | Defeased | \$ 9,690,000.00                 | NA                        | NA                            | NA                 |
| Total   |          | <u>\$ 9,690,000.00</u>          |                           |                               |                    |

**Discrete Component Unit**

| Description of Issue                     | Category             | Amount Extinguished or Refunded | Refunding Issue Par Value | Cash Flow Increase (Decrease) | Economic Gain/Loss |
|--|----------------------|---------------------------------|---------------------------|-------------------------------|--------------------|
| <u>Revenue Bonds - Self-Supporting:</u>  |                      |                                 |                           |                               |                    |
| TSBIDC Floating Rate Dem Rev Bds Ser '86 | Early Extinguishment | \$ 1,620,000.00                 | NA                        | NA                            | NA                 |
| Total                                    |                      | <u>\$ 1,620,000.00</u>          |                           |                               |                    |

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

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**UNAUDITED**

**Office of the Governor - Core Operations (301)**

**Exhibit I 301 - Combined Balance Sheet/Statement of Net Position - Governmental Funds  
For the Fiscal Year Ended August 31, 2014**

|  | <u>Governmental Fund Types</u>             |                                       |  | <u>Statement of<br/>Net Position</u> |
|--|--|---------------------------------------|--|--------------------------------------|
|  | <u>General Funds<br/>(Exhibit A-1 301)</u> | <u>Capital Assets<br/>Adjustments</u> | <u>Long-Term<br/>Liabilities<br/>Adjustments</u> |                                      |
| <b>ASSETS</b>  |  |                                       |  |                                      |
| Current Assets:  |  |                                       |  |                                      |
| <b>Cash</b>  |  |                                       |  |                                      |
| Legislative Appropriations                                     | \$ 6,072,074.54                            | \$ -                                  | \$ -   | \$ 6,072,074.54                      |
| Accounts Receivable  | 320.88                                     | -                                     | -  | 320.88                               |
| Consumable Inventories   | 15,978.64                                  | -                                     | -  | 15,978.64                            |
| <b>Total Current Assets</b>                                    | <u>6,088,374.06</u>                        | <u>-</u>                              | <u>-</u>   | <u>6,088,374.06</u>                  |
| Non-Current Assets:  |  |                                       |  |                                      |
| Capital Assets (Note 2):                                       |  |                                       |  |                                      |
| Depreciable:   |  |                                       |  |                                      |
| Furniture and Equipment  | -  | 429,640.62                            | -  | 429,640.62                           |
| Less Accumulated Depreciation                                  | -  | (361,537.89)                          | -  | (361,537.89)                         |
| Vehicle, Boats and Aircraft                                    | -  | 20,337.08                             | -  | 20,337.08                            |
| Less Accumulated Depreciation                                  | -  | (13,073.40)                           | -  | (13,073.40)                          |
| <b>Total Non-Current Assets</b>                                | <u>-</u>                                   | <u>75,366.41</u>                      | <u>-</u>   | <u>75,366.41</u>                     |
| <b>Total Assets</b>  | <u>\$ 6,088,374.06</u>                     | <u>\$ 75,366.41</u>                   | <u>\$ -</u>                                      | <u>\$ 6,163,740.47</u>               |
| <b>DEFERRED OUTFLOWS</b>                                       |  |                                       |  |                                      |
| <b>Total Deferred Outflows</b>                                 | <u>\$ -</u>                                | <u>\$ -</u>                           | <u>\$ -</u>                                      | <u>\$ -</u>                          |
| <b>LIABILITIES AND FUND BALANCES</b>                           |  |                                       |  |                                      |
| <b>Liabilities</b>   |  |                                       |  |                                      |
| Current Liabilities:   |  |                                       |  |                                      |
| Payables from:   |  |                                       |  |                                      |
| Accounts   | \$ 92,373.87                               | \$ -                                  | \$ -   | \$ 92,373.87                         |
| Payroll  | 1,021,862.27                               | -                                     | -  | 1,021,862.27                         |
| Employees' Compensable Leave (Note 5)                          | -  | -                                     | 730,698.30                                       | 730,698.30                           |
| <b>Total Current Liabilities</b>                               | <u>1,114,236.14</u>                        | <u>-</u>                              | <u>730,698.30</u>                                | <u>1,844,934.44</u>                  |
| Non-Current Liabilities:                                       |  |                                       |  |                                      |
| Employees' Compensable Leave (Note 5)                          | -  | -                                     | 551,321.37                                       | 551,321.37                           |
| <b>Total Non-Current Liabilities</b>                           | <u>-</u>                                   | <u>-</u>                              | <u>551,321.37</u>                                | <u>551,321.37</u>                    |
| <b>Total Liabilities</b>                                       | <u>1,114,236.14</u>                        | <u>-</u>                              | <u>1,282,019.67</u>                              | <u>2,396,255.81</u>                  |
| <b>DEFERRED INFLOWS</b>  |  |                                       |  |                                      |
| <b>Total Deferred Inflows</b>                                  | <u>-</u>                                   | <u>-</u>                              | <u>-</u>   | <u>-</u>                             |
| <b>Fund Financial Statement</b>                                |  |                                       |  |                                      |
| Fund Balances (Deficits):                                      |  |                                       |  |                                      |
| Nonspendable   | 15,978.64                                  |                                       |  | 15,978.64                            |
| Unassigned   | 4,958,159.28                               |                                       |  | 4,958,159.28                         |
| <b>Total Fund Balances</b>                                     | <u>4,974,137.92</u>                        |                                       |  | <u>4,974,137.92</u>                  |
| <b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b> | <u>\$ 6,088,374.06</u>                     |                                       |  |                                      |
| <b>Government-Wide Statement of Net Position</b>               |  |                                       |  |                                      |
| Net Position   |  |                                       |  |                                      |
| Invested in Capital Assets, net of Related Debt                |  | 75,366.41                             | -  | 75,366.41                            |
| Unrestricted   |  | -                                     | (1,282,019.67)                                   | (1,282,019.67)                       |
| <b>Total Net Position</b>                                      |  | <u>\$ 75,366.41</u>                   | <u>\$ (1,282,019.67)</u>                         | <u>\$ 3,767,484.66</u>               |

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



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Office of the Governor - Core Operations (301)  
 Exhibit II 301 - Combined Statement of Revenues, Expenditures and Changes in  
 Fund Balances/Statement of Activities - Governmental Funds  
 For the Fiscal Year Ended August 31, 2014

|   | <b>Governmental Fund Types</b>            |                                     |
|---|---|-------------------------------------|
|   | <b>General Funds</b><br>(Exhibit A-2 301) | <b>Governmental<br/>Funds Total</b> |
| <b>REVENUES</b>                                     |   |                                     |
| Legislative Appropriations:                         |   |                                     |
| Original Appropriations                             | \$ 10,110,787.00                          | \$ 10,110,787.00                    |
| Additional Appropriations                           | 2,374,053.01                              | 2,374,053.01                        |
| License, Fees & Permits                             | 960.50                                    | 960.50                              |
| Sales of Goods and Services                         | 117,986.33                                | 117,986.33                          |
| Other   | 3,269.45                                  | 3,269.45                            |
| <b>Total Revenues</b>                               | <b>12,607,056.29</b>                      | <b>12,607,056.29</b>                |
| <b>EXPENDITURES</b>                                 |   |                                     |
| Salaries and Wages                                  | 10,213,945.60                             | 10,213,945.60                       |
| Payroll Related Costs                               | 2,446,567.24                              | 2,446,567.24                        |
| Professional Fees and Services                      | 190,524.00                                | 190,524.00                          |
| Travel  | 92,248.68                                 | 92,248.68                           |
| Materials and Supplies                              | 181,564.64                                | 181,564.64                          |
| Communication and Utilities                         | 169,289.67                                | 169,289.67                          |
| Repairs and Maintenance                             | 44,185.72                                 | 44,185.72                           |
| Rentals and Leases                                  | 115,805.66                                | 115,805.66                          |
| Printing and Reproduction                           | 4,487.00                                  | 4,487.00                            |
| Other Expenditures                                  | 297,500.63                                | 297,500.63                          |
| Capital Outlay                                      | 14,917.64                                 | 14,917.64                           |
| Depreciation Expense                                | -   | -                                   |
| <b>Total Expenditures/Expenses</b>                  | <b>13,771,036.48</b>                      | <b>13,771,036.48</b>                |
| Excess (Deficiency) of Revenues over Expenditures   | <b>(1,163,980.19)</b>                     | <b>(1,163,980.19)</b>               |
| <b>OTHER FINANCING SOURCES (USES)</b>               |   |                                     |
| Legislative Transfer In (Note 12)                   | 2,511,861.23                              | 2,511,861.23                        |
| Legislative Transfer Out (Note 12)                  | 115,231.46                                | 115,231.46                          |
| Inc/(Dec) in Net Assets Due to Interagency Transfer | -   | -                                   |
| <b>Total Other Financing Sources (Uses)</b>         | <b>2,627,092.69</b>                       | <b>2,627,092.69</b>                 |
| Net Change in Fund Balances/Net Position            | <b>1,463,112.50</b>                       | <b>1,463,112.50</b>                 |
| <b>Fund Financial Statement - Fund Balances</b>     |   |                                     |
| Fund Balances, September 1, 2013                    | 3,496,527.72                              | 3,496,527.72                        |
| Restatements (Note 14)                              | 14,497.70                                 | 14,497.70                           |
| Fund Balances, September 1, 2013, as Restated       | <b>3,511,025.42</b>                       | <b>3,511,025.42</b>                 |
| Appropriations Lapsed                               | -   | -                                   |
| <b>Fund Balances, August 31, 2014</b>               | <b>\$ 4,974,137.92</b>                    | <b>\$ 4,974,137.92</b>              |
| <b>Government-Wide Statement of Net Position</b>    |   |                                     |
| Net Position/Net Change in Net Position             |   | <b>\$ 4,974,137.92</b>              |
| Net Position, September 1, 2013                     |   | -                                   |
| Restatements  |   | -                                   |
| Net Position, September 1, 2013, as Restated        |   | -                                   |
| <b>Net Position, August 31, 2014</b>                |   | <b>\$ 4,974,137.92</b>              |

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

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| Capital Assets<br>Adjustments | Long-Term Liabilities<br>Adjustments | Statement of<br>Activities |
|-------------------------------|--------------------------------------|----------------------------|
| \$ -                          | \$ -                                 | \$ 10,110,787.00           |
| -                             | -                                    | 2,374,053.01               |
| -                             | -                                    | 960.50                     |
| -                             | -                                    | 117,986.33                 |
| -                             | -                                    | 3,269.45                   |
| -                             | -                                    | <u>12,607,056.29</u>       |
| -                             | (188,768.02)                         | 10,025,177.58              |
| -                             | -                                    | 2,446,567.24               |
| -                             | -                                    | 190,524.00                 |
| -                             | -                                    | 92,248.68                  |
| -                             | -                                    | 181,564.64                 |
| -                             | -                                    | 169,289.67                 |
| -                             | -                                    | 44,185.72                  |
| -                             | -                                    | 115,805.66                 |
| -                             | -                                    | 4,487.00                   |
| -                             | -                                    | 297,500.63                 |
| (14,917.64)                   | -                                    | -                          |
| 42,220.02                     | -                                    | 42,220.02                  |
| <u>27,302.38</u>              | <u>(188,768.02)</u>                  | <u>13,609,570.84</u>       |
| <u>(27,302.38)</u>            | <u>188,768.02</u>                    | <u>(1,002,514.55)</u>      |
| -                             | -                                    | 2,511,861.23               |
| -                             | -                                    | 115,231.46                 |
| 8,716.28                      | -                                    | 8,716.28                   |
| <u>8,716.28</u>               | <u>-</u>                             | <u>2,635,808.97</u>        |
|                               |                                      | <u>1,633,294.42</u>        |
|                               |                                      | 3,496,527.72               |
|                               |                                      | 14,497.70                  |
|                               |                                      | <u>3,511,025.42</u>        |
|                               |                                      | -                          |
|                               |                                      | <u>\$ 5,144,319.84</u>     |
| \$ (18,586.10)                | \$ 188,768.02                        | \$ 5,144,319.84            |
| 93,952.51                     | (1,470,787.69)                       | (1,376,835.18)             |
| -                             | -                                    | -                          |
| <u>93,952.51</u>              | <u>(1,470,787.69)</u>                | <u>(1,376,835.18)</u>      |
| <u>\$ 75,366.41</u>           | <u>\$ (1,282,019.67)</u>             | <u>\$ 3,767,484.66</u>     |

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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, 2014

|  | General<br>Revenue Fund<br>(0001)* | Total<br>(Exhibit I 301) |
|--|------------------------------------|--------------------------|
| <b>ASSETS</b>  |                                    |                          |
| Current Assets:  |                                    |                          |
| Legislative Appropriations                                     | \$ 6,072,074.54                    | \$ 6,072,074.54          |
| Accounts Receivable  | 320.88                             | 320.88                   |
| Consumable Inventories   | 15,978.64                          | 15,978.64                |
| Total Current Assets   | 6,088,374.06                       | 6,088,374.06             |
| <b>Total Assets</b>  | \$ 6,088,374.06                    | \$ 6,088,374.06          |
| <b>DEFERRED OUTFLOWS</b>                                       |                                    |                          |
| <b>Total Deferred Outflows</b>                                 | \$ -                               | \$ -                     |
| <b>LIABILITIES AND FUND BALANCES</b>                           |                                    |                          |
| <b>Liabilities</b>   |                                    |                          |
| Current Liabilities:   |                                    |                          |
| Payables from:   |                                    |                          |
| Accounts   | \$ 92,373.87                       | \$ 92,373.87             |
| Payroll  | 1,021,862.27                       | 1,021,862.27             |
| Total Current Liabilities                                      | 1,114,236.14                       | 1,114,236.14             |
| <b>Total Liabilities</b>                                       | 1,114,236.14                       | 1,114,236.14             |
| <b>DEFERRED INFLOWS</b>  |                                    |                          |
| <b>Total Deferred Inflows</b>                                  | -                                  | -                        |
| <b>Fund Balances (Deficits):</b>                               |                                    |                          |
| Nonspendable   | 15,978.64                          | 15,978.64                |
| Unassigned   | 4,958,159.28                       | 4,958,159.28             |
| <b>Total Fund Balances</b>                                     | 4,974,137.92                       | 4,974,137.92             |
| <b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b> | \$ 6,088,374.06                    | \$ 6,088,374.06          |

\* GAAP Fund is noted as (XXXX)

UNAUDITED

Office of the Governor - Core Operations (301)

Exhibit A-2 301 - Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
All General and Consolidated Funds

For the Fiscal Year Ended August 31, 2014

|   | General Revenue<br>Fund<br>(0001)* | Total<br>(Exhibit II 301 ) |
|---|------------------------------------|----------------------------|
| <b>REVENUES</b>                                   |                                    |                            |
| Legislative Appropriations:                       |                                    |                            |
| Original Appropriations                           | \$ 10,110,787.00                   | \$ 10,110,787.00           |
| Additional Appropriations                         | 2,374,053.01                       | 2,374,053.01               |
| License, Fees & Permits                           | 960.50                             | 960.50                     |
| Sales of Goods and Services                       | 117,986.33                         | 117,986.33                 |
| Other   | 3,269.45                           | 3,269.45                   |
| <b>Total Revenues</b>                             | 12,607,056.29                      | 12,607,056.29              |
| <b>EXPENDITURES</b>                               |                                    |                            |
| Salaries and Wages                                | 10,213,945.60                      | 10,213,945.60              |
| Payroll Related Costs                             | 2,446,567.24                       | 2,446,567.24               |
| Professional Fees and Services                    | 190,524.00                         | 190,524.00                 |
| Travel  | 92,248.68                          | 92,248.68                  |
| Materials and Supplies                            | 181,564.64                         | 181,564.64                 |
| Communication and Utilities                       | 169,289.67                         | 169,289.67                 |
| Repairs and Maintenance                           | 44,185.72                          | 44,185.72                  |
| Rentals and Leases                                | 115,805.66                         | 115,805.66                 |
| Printing and Reproduction                         | 4,487.00                           | 4,487.00                   |
| Other Expenditures                                | 297,500.63                         | 297,500.63                 |
| Capital Outlay                                    | 14,917.64                          | 14,917.64                  |
| <b>Total Expenditures</b>                         | 13,771,036.48                      | 13,771,036.48              |
| Excess (Deficiency) of Revenues over Expenditures | (1,163,980.19)                     | (1,163,980.19)             |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                                    |                            |
| Legislative Transfer In                           | 2,511,861.23                       | 2,511,861.23               |
| Legislative Transfer Out                          | 115,231.46                         | 115,231.46                 |
| <b>Total Other Financing Sources (Uses)</b>       | 2,627,092.69                       | 2,627,092.69               |
| Net Change in Fund Balances                       | 1,463,112.50                       | 1,463,112.50               |
| <b>Fund Financial Statement - Fund Balances</b>   |                                    |                            |
| Fund Balances, September 1, 2013                  | 3,496,527.72                       | 3,496,527.72               |
| Restatements                                      | 14,497.70                          | 14,497.70                  |
| Fund Balances, September 1, 2013, as Restated     | 3,511,025.42                       | 3,511,025.42               |
| Appropriations Lapsed                             | -                                  | -                          |
| <b>Fund Balances, August 31, 2014</b>             | \$ 4,974,137.92                    | \$ 4,974,137.92            |

\* GAAP Fund is noted as (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, 2014

|   | Beginning Balance |              |              | Ending Balance  |
|---|-------------------|--------------|--------------|-----------------|
|   | September 1, 2013 | Additions    | Deductions   | August 31, 2014 |
| <b>Child Support Employee Deductions (0807), U/F(8070)*</b> |                   |              |              |                 |
| <b>ASSETS</b>   |                   |              |              |                 |
| Cash in State Treasury                                      | \$ -              | \$ 13,726.46 | \$ 12,478.60 | \$ 1,247.86     |
| Total Assets  | \$ -              | \$ 13,726.46 | \$ 12,478.60 | \$ 1,247.86     |
| <b>LIABILITIES</b>  |                   |              |              |                 |
| Accounts Payable  | \$ -              | \$ 12,478.60 | \$ 12,478.60 | \$ -            |
| Funds Held for Others                                       | -                 | 13,726.46    | 12,478.60    | 1,247.86        |
| Total Liabilities   | \$ -              | \$ 26,205.06 | \$ 24,957.20 | \$ 1,247.86     |
| <b>Overpayments to Employees (0900), U/F(9015)</b>          |                   |              |              |                 |
| <b>ASSETS</b>   |                   |              |              |                 |
| Cash in State Treasury                                      | \$ -              | \$ 388.05    | \$ 388.05    | \$ -            |
| Total Assets  | \$ -              | \$ 388.05    | \$ 388.05    | \$ -            |
| <b>LIABILITIES</b>  |                   |              |              |                 |
| Funds Held for Others                                       | \$ -              | \$ 388.05    | \$ 388.05    | \$ -            |
| Total Liabilities   | \$ -              | \$ 388.05    | \$ 388.05    | \$ -            |
| <b>Direct Deposit Correction (0980), U/F(0980)</b>          |                   |              |              |                 |
| <b>ASSETS</b>   |                   |              |              |                 |
| Cash on Hand  | \$ -              | \$ 341.80    | \$ 341.80    | \$ -            |
| Total Assets  | \$ -              | \$ 341.80    | \$ 341.80    | \$ -            |
| <b>LIABILITIES</b>  |                   |              |              |                 |
| Funds Held for Others                                       | \$ -              | \$ 341.80    | \$ 341.80    | \$ -            |
| Total Liabilities   | \$ -              | \$ 341.80    | \$ 341.80    | \$ -            |
| <b>Totals - All Agency Funds</b>                            |                   |              |              |                 |
| <b>ASSETS</b>   |                   |              |              |                 |
| Cash in State Treasury                                      | \$ -              | \$ 14,456.31 | \$ 13,208.45 | \$ 1,247.86     |
| Total Assets  | \$ -              | \$ 14,456.31 | \$ 13,208.45 | \$ 1,247.86     |
| <b>LIABILITIES</b>  |                   |              |              |                 |
| Accounts Payable  | \$ -              | \$ 12,478.60 | \$ 12,478.60 | \$ -            |
| Funds Held for Others                                       | -                 | 14,456.31    | 13,208.45    | 1,247.86        |
| Total Liabilities   | \$ -              | \$ 26,934.91 | \$ 25,687.05 | \$ 1,247.86     |

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

**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 Position - Governmental Funds  
For the Fiscal Year Ended August 31, 2014**

|  | <b>Governmental Fund Types</b>             |  |   | <b>Governmental Funds<br/>Total</b> |
|--|--|--|---|-------------------------------------|
|  | <b>General Funds<br/>(Exhibit A-1 300)</b> | <b>Special Revenue<br/>Funds<br/>(Exhibit B-1 300)</b> | <b>Debt Service<br/>Funds<br/>(Exhibit C-1 300)</b> |                                     |
| <b>ASSETS</b>  |  |  |   |                                     |
| Current Assets:  |  |  |   |                                     |
| Cash and Cash Equivalents:                                     |  |  |   |                                     |
| Cash In Bank (Note 3)  | \$ -                                       | \$ 35,884.75   | \$ -  | \$ 35,884.75                        |
| Cash in State Treasury   | 444,429,490.94                             | 32,156,330.19  | 292.06  | 476,586,113.19                      |
| Restricted Cash and Cash Equivalents:                          |  |  |   |                                     |
| Cash in State Treasury   | -  | 4,725,000.00   | -   | 4,725,000.00                        |
| Legislative Appropriations                                     | 193,990,808.72                             | -  | -   | 193,990,808.72                      |
| Receivables from:  |  |  |   |                                     |
| Federal  | 3,883,588.87                               | -  | -   | 3,883,588.87                        |
| Interest and Dividends   | 1,067,015.69                               | 26,813.27  | -   | 1,093,828.96                        |
| Accounts Receivable  | 32,623.59                                  | -  | -   | 32,623.59                           |
| Due From Other Funds   | 15,498.00                                  | -  | -   | 15,498.00                           |
| Due From Other Agencies  | 6,212,493.09                               | -  | -   | 6,212,493.09                        |
| Consumable Inventories   | 11,445.71                                  | -  | -   | 11,445.71                           |
| Prepaid Items  | -  | 4,525.00   | -   | 4,525.00                            |
| Loans and Contracts  | 2,150,000.00                               | 1,378,970.42   | -   | 3,528,970.42                        |
| <b>Total Current Assets</b>                                    | <b>651,792,964.61</b>                      | <b>38,327,523.63</b>                                   | <b>292.06</b>                                       | <b>690,120,780.30</b>               |
| Non-Current Assets:  |  |  |   |                                     |
| Loans and Contracts  | 178,752,338.29                             | 8,440,227.75   | -   | 187,192,566.04                      |
| Capital Assets (Note 2):                                       |  |  |   |                                     |
| Depreciable:   |  |  |   |                                     |
| Furniture and Equipment  | -  | -  | -   | -                                   |
| Less Accumulated Depreciation                                  | -  | -  | -   | -                                   |
| Equity Holdings for Economic Development                       | 143,509,649.85                             | -  | -   | 143,509,649.85                      |
| <b>Total Non-Current Assets</b>                                | <b>322,261,988.14</b>                      | <b>8,440,227.75</b>                                    | <b>-</b>  | <b>330,702,215.89</b>               |
| <b>Total Assets</b>  | <b>\$ 974,054,952.75</b>                   | <b>\$ 46,767,751.38</b>                                | <b>\$ 292.06</b>                                    | <b>\$ 1,020,822,996.19</b>          |
| <b>DEFERRED OUTFLOWS</b>                                       |  |  |   |                                     |
| <b>Total Deferred Outflows</b>                                 | <b>\$ -</b>                                | <b>\$ -</b>  | <b>\$ -</b>   | <b>\$ -</b>                         |
| <b>LIABILITIES AND FUND BALANCES</b>                           |  |  |   |                                     |
| <b>Liabilities</b>   |  |  |   |                                     |
| Current Liabilities:   |  |  |   |                                     |
| Payables from:   |  |  |   |                                     |
| Accounts   | \$ 23,183,328.74                           | \$ 15,375.00   | \$ -  | \$ 23,198,703.74                    |
| Payroll  | 673,018.92                                 | -  | -   | 673,018.92                          |
| Due To Other Funds   | 15,498.00                                  | -  | -   | 15,498.00                           |
| Due To Other Agencies  | 3,435,877.66                               | -  | -   | 3,435,877.66                        |
| Unearned Revenue   | 29,826,405.72                              | -  | -   | 29,826,405.72                       |
| General Obligation Bonds Payable (Note 6)                      | -  | -  | -   | -                                   |
| Employees' Compensable Leave (Note 5)                          | -  | -  | -   | -                                   |
| <b>Total Current Liabilities</b>                               | <b>57,134,129.04</b>                       | <b>15,375.00</b>                                       | <b>-</b>  | <b>57,149,504.04</b>                |
| Non-Current Liabilities:                                       |  |  |   |                                     |
| General Obligation Bonds Payable (Note 6)                      | -  | -  | -   | -                                   |
| Employees' Compensable Leave (Note 5)                          | -  | -  | -   | -                                   |
| <b>Total Non-Current Liabilities</b>                           | <b>-</b>                                   | <b>-</b>   | <b>-</b>  | <b>-</b>                            |
| <b>Total Liabilities</b>                                       | <b>57,134,129.04</b>                       | <b>15,375.00</b>                                       | <b>-</b>  | <b>57,149,504.04</b>                |
| <b>DEFERRED INFLOWS</b>  |  |  |   |                                     |
| <b>Total Deferred Inflows</b>                                  | <b>-</b>                                   | <b>-</b>   | <b>-</b>  | <b>-</b>                            |
| <b>Fund Financial Statement</b>                                |  |  |   |                                     |
| Fund Balances (Deficits):                                      |  |  |   |                                     |
| Nonspendable   | 1,347,117.52                               | 4,525.00   | -   | 1,351,642.52                        |
| Restricted   | 37,386,077.72                              | 46,711,966.63  | 292.06  | 84,098,336.41                       |
| Committed  | 691,434,482.02                             | 35,884.75  | -   | 691,470,366.77                      |
| Unassigned   | 186,753,146.45                             | -  | -   | 186,753,146.45                      |
| <b>Total Fund Balances</b>                                     | <b>916,920,823.71</b>                      | <b>46,752,376.38</b>                                   | <b>292.06</b>                                       | <b>963,673,492.15</b>               |
| <b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b> | <b>\$ 974,054,952.75</b>                   | <b>\$ 46,767,751.38</b>                                | <b>\$ 292.06</b>                                    | <b>\$ 1,020,822,996.19</b>          |
| <b>Government-Wide Statement of Net Position</b>               |  |  |   |                                     |
| Net Position   |  |  |   |                                     |
| Invested in Capital Assets, net of Related Debt                |  |  |   |                                     |
| Restricted For:  |  |  |   |                                     |
| Other  |  |  |   |                                     |
| Unrestricted   |  |  |   |                                     |
| <b>Total Net Position</b>                                      |  |  |   |                                     |

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

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| Capital Assets<br>Adjustments | Long-Term<br>Liabilities<br>Adjustments | Statement of<br>Net Position |
|-------------------------------|---|------------------------------|
| \$ -                          | \$ -                                    | \$ 35,884.75                 |
| -                             | -                                       | 476,586,113.19               |
| -                             | -                                       | 4,725,000.00                 |
| -                             | -                                       | 193,990,808.72               |
| -                             | -                                       | 3,883,588.87                 |
| -                             | -                                       | 1,093,828.96                 |
| -                             | -                                       | 32,623.59                    |
| -                             | -                                       | 15,498.00                    |
| -                             | -                                       | 6,212,493.09                 |
| -                             | -                                       | 11,445.71                    |
| -                             | -                                       | 4,525.00                     |
| -                             | -                                       | 3,528,970.42                 |
| -                             | -                                       | <u>690,120,780.30</u>        |
| -                             | -                                       | 187,192,566.04               |
| 43,506.12                     | -                                       | 43,506.12                    |
| (38,687.75)                   | -                                       | (38,687.75)                  |
| -                             | -                                       | 143,509,649.85               |
| <u>4,818.37</u>               | <u>-</u>                                | <u>330,707,034.26</u>        |
| <u>\$ 4,818.37</u>            | <u>\$ -</u>                             | <u>\$ 1,020,827,814.56</u>   |
| <u>\$ -</u>                   | <u>\$ -</u>                             | <u>\$ -</u>                  |
| \$ -                          | \$ -                                    | \$ 23,198,703.74             |
| -                             | -                                       | 673,018.92                   |
| -                             | -                                       | 15,498.00                    |
| -                             | -                                       | 3,435,877.66                 |
| -                             | -                                       | 29,826,405.72                |
| -                             | 1,150,000.00                            | 1,150,000.00                 |
| -                             | 521,544.96                              | 521,544.96                   |
| -                             | <u>1,671,544.96</u>                     | <u>58,821,049.00</u>         |
| -                             | 80,220,000.00                           | 80,220,000.00                |
| -                             | 320,639.66                              | 320,639.66                   |
| -                             | <u>80,540,639.66</u>                    | <u>80,540,639.66</u>         |
| -                             | 82,212,184.62                           | 139,361,688.66               |
| -                             | -                                       | -                            |
| -                             | -                                       | 1,351,642.52                 |
| -                             | -                                       | 84,098,336.41                |
| -                             | -                                       | 691,470,366.77               |
| -                             | -                                       | 186,753,146.45               |
| -                             | -                                       | <u>963,673,492.15</u>        |
| 4,818.37                      | -                                       | 4,818.37                     |
| -                             | (81,370,000.00)                         | (81,370,000.00)              |
| -                             | (842,184.62)                            | (842,184.62)                 |
| <u>\$ 4,818.37</u>            | <u>\$ (82,212,184.62)</u>               | <u>\$ 881,466,125.90</u>     |



UNAUDITED

Office of the Governor - Trusteed Programs (300)

Exhibit II 300 - Combined Statement of Revenues, Expenditures and Changes in  
Fund Balances/Statement of Activities - Governmental Funds  
For the Fiscal Year Ended August 31, 2014

|   | Governmental Fund Types            |   |   | Governmental<br>Funds Total |
|---|------------------------------------|---|---|-----------------------------|
|   | General Funds<br>(Exhibit A-2 300) | Special Revenue<br>Funds<br>(Exhibit B-2 300) | Debt Service<br>Fund<br>(Exhibit C-2 300) |                             |
| <b>REVENUES</b>                                   |                                    |   |   |                             |
| Legislative Appropriations                        |                                    |   |   |                             |
| Original Appropriations                           | \$ 160,457,418.12                  | \$ -  | \$ -                                      | \$ 160,457,418.12           |
| Additional Appropriations                         | 877,147.46                         | -   | -   | 877,147.46                  |
| Federal Revenue                                   | 61,757,899.59                      | -   | -   | 61,757,899.59               |
| Federal Grant Pass-Through Revenue                | 535,748.04                         | -   | -   | 535,748.04                  |
| License, Fees & Permits                           | 26,073,215.82                      | 60,000.00                                     | -   | 26,133,215.82               |
| Interest and Other Investment Income              | 3,807,559.82                       | 377,674.79                                    | 816.55                                    | 4,186,051.16                |
| Sales of Goods and Services                       | 344,976.20                         | -   | -   | 344,976.20                  |
| Other   | 17,930.54                          | 6,028.55                                      | -   | 23,959.09                   |
| <b>Total Revenues</b>                             | <b>253,871,895.59</b>              | <b>443,703.34</b>                             | <b>816.55</b>                             | <b>254,316,415.48</b>       |
| <b>EXPENDITURES</b>                               |                                    |   |   |                             |
| Salaries and Wages                                | 6,291,685.41                       | -   | -   | 6,291,685.41                |
| Payroll Related Costs                             | 1,748,982.86                       | -   | -   | 1,748,982.86                |
| Professional Fees and Services                    | 6,775,108.46                       | 34,406.05                                     | -   | 6,809,514.51                |
| Travel  | 417,044.36                         | -   | -   | 417,044.36                  |
| Materials and Supplies                            | 101,283.15                         | 5.12  | -   | 101,288.27                  |
| Communication and Utilities                       | 178,630.33                         | -   | -   | 178,630.33                  |
| Repairs and Maintenance                           | 28,143.35                          | -   | -   | 28,143.35                   |
| Rentals and Leases                                | 330,907.09                         | -   | -   | 330,907.09                  |
| Printing and Reproduction                         | 6,081.65                           | -   | -   | 6,081.65                    |
| Claims and Judgments                              | 26,190.27                          | -   | -   | 26,190.27                   |
| Federal Grant Pass-Through Expenditures           | 5,376,771.65                       | -   | -   | 5,376,771.65                |
| State Grant Pass-Through Expenditures             | 17,889,124.38                      | -   | -   | 17,889,124.38               |
| Intergovernmental Payments                        | 40,657,393.40                      | -   | -   | 40,657,393.40               |
| Public Assistance Payments                        | 34,700,962.90                      | -   | -   | 34,700,962.90               |
| Other Expenditures                                | 98,287,236.20                      | 49,730.01                                     | -   | 98,336,966.21               |
| Debt Service:                                     |                                    |   |   |                             |
| Principal   | 9,690,000.00                       | -   | 1,340,000.00                              | 11,030,000.00               |
| Interest  | -                                  | -   | 2,199,501.62                              | 2,199,501.62                |
| Capital Outlay                                    | 5,162.53                           | -   | -   | 5,162.53                    |
| Depreciation Expense                              | -                                  | -   | -   | -                           |
| <b>Total Expenditures/Expenses</b>                | <b>222,510,707.99</b>              | <b>84,141.18</b>                              | <b>3,539,501.62</b>                       | <b>226,134,350.79</b>       |
| Excess (Deficiency) of Revenues over Expenditures | 31,361,187.60                      | 359,562.16                                    | (3,538,685.07)                            | 28,182,064.69               |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                                    |   |   |                             |
| Transfer In                                       | 102,012,102.52                     | 152,525.19                                    | 3,539,501.65                              | 105,704,129.36              |
| Transfer Out                                      | (62,606,752.91)                    | (389,817.31)                                  | (777.80)                                  | (62,997,348.02)             |
| Legislative Transfer In (Note 12)                 | 526,610.81                         | -   | -   | 526,610.81                  |
| Legislative Transfer Out (Note 12)                | (2,851,903.50)                     | -   | -   | (2,851,903.50)              |
| Gain (Loss) on Other Financial Activity           | 6,707,729.36                       | -   | -   | 6,707,729.36                |
| <b>Total Other Financing Sources (Uses)</b>       | <b>43,787,786.28</b>               | <b>(237,292.12)</b>                           | <b>3,538,723.85</b>                       | <b>47,089,218.01</b>        |
| Net Change in Fund Balances/Net Position          | 75,148,973.88                      | 122,270.04                                    | 38.78                                     | 75,271,282.70               |
| <b>Fund Financial Statement - Fund Balances</b>   |                                    |   |   |                             |
| Fund Balances, September 1, 2013                  | 869,660,743.17                     | 46,630,106.34                                 | 253.28                                    | 916,291,102.79              |
| Restatements (Note 14)                            | (460,585.28)                       | -   | -   | (460,585.28)                |
| Fund Balances, September 1, 2013, as Restated     | 869,200,157.89                     | 46,630,106.34                                 | 253.28                                    | 915,830,517.51              |
| Appropriations Lapsed                             | (27,428,308.06)                    | -   | -   | (27,428,308.06)             |
| <b>Fund Balances, August 31, 2014</b>             | <b>\$ 916,920,823.71</b>           | <b>\$ 46,752,376.38</b>                       | <b>\$ 292.06</b>                          | <b>\$ 963,673,492.15</b>    |
| <b>Government-Wide Statement of Position</b>      |                                    |   |   |                             |
| Net Position/Net Change in Net Position           |                                    |   |   | \$ 963,673,492.15           |
| Net Position, September 1, 2013                   |                                    |   |   | -                           |
| Restatements                                      |                                    |   |   | -                           |
| Net Position, September 1, 2013, as Restated      |                                    |   |   | -                           |
| <b>Net Position, August 31, 2014</b>              |                                    |   |   | <b>\$ 963,673,492.15</b>    |

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

UNAUDITED

| Capital Assets<br>Adjustments | Long-Term<br>Liabilities<br>Adjustments | Statement of<br>Activities |
|-------------------------------|---|----------------------------|
| \$ -                          | \$ -                                    | \$ 160,457,418.12          |
| -                             | -                                       | 877,147.46                 |
| -                             | -                                       | 61,757,899.59              |
| -                             | -                                       | 535,748.04                 |
| -                             | -                                       | 26,133,215.82              |
| -                             | -                                       | 4,186,051.16               |
| -                             | -                                       | 344,976.20                 |
| -                             | -                                       | 23,959.09                  |
| -                             | -                                       | 254,316,415.48             |
| -                             | (115,877.43)                            | 6,175,807.98               |
| -                             | -                                       | 1,748,982.86               |
| -                             | -                                       | 6,809,514.51               |
| -                             | -                                       | 417,044.36                 |
| -                             | -                                       | 101,288.27                 |
| -                             | -                                       | 178,630.33                 |
| -                             | -                                       | 28,143.35                  |
| -                             | -                                       | 330,907.09                 |
| -                             | -                                       | 6,081.65                   |
| -                             | -                                       | 26,190.27                  |
| -                             | -                                       | 5,376,771.65               |
| -                             | -                                       | 17,889,124.38              |
| -                             | -                                       | 40,657,393.40              |
| -                             | -                                       | 34,700,962.90              |
| -                             | -                                       | 98,336,966.21              |
| -                             | (11,030,000.00)                         | -                          |
| -                             | -                                       | 2,199,501.62               |
| (5,162.53)                    | -                                       | -                          |
| 907.40                        | -                                       | 907.40                     |
| (4,255.13)                    | (11,145,877.43)                         | 214,984,218.23             |
| 4,255.13                      | 11,145,877.43                           | 39,332,197.25              |
| -                             | -                                       | 105,704,129.36             |
| -                             | -                                       | (62,997,348.02)            |
| -                             | -                                       | 526,610.81                 |
| -                             | -                                       | (2,851,903.50)             |
| -                             | -                                       | 6,707,729.36               |
| -                             | -                                       | 47,089,218.01              |
| -                             | -                                       | 86,421,415.26              |
| -                             | -                                       | 916,291,102.79             |
| -                             | -                                       | (460,585.28)               |
| -                             | -                                       | 915,830,517.51             |
| -                             | -                                       | (27,428,308.06)            |
| -                             | -                                       | \$ 974,823,624.71          |
| \$ 4,255.13                   | \$ 11,145,877.43                        | \$ 974,823,624.71          |
| 563.24                        | (93,358,062.05)                         | (93,357,498.81)            |
| -                             | -                                       | -                          |
| 563.24                        | (93,358,062.05)                         | (93,357,498.81)            |
| \$ 4,818.37                   | \$ (82,212,184.62)                      | \$ 881,466,125.90          |

UNAUDITED

Office of the Governor - Trusteed Programs (300)  
 Exhibit III 300 - Combined Statement of Net Position - Proprietary Funds  
 For the Fiscal Year Ended August 31, 2014

|                                       | Total Enterprise Funds<br>(Exhibit F-1 300) |
|---------------------------------------|---|
| <b>ASSETS</b>                         |   |
| Current Assets:                       |   |
| Cash and Cash Equivalents             |   |
| Cash in State Treasury                | \$ 11,054,403.89                            |
| Restricted:                           |   |
| Cash in State Treasury                | 1,052,816.87                                |
| Receivables from:                     |   |
| Interest and Dividends                | 51,686.98                                   |
| Loans and Contracts                   | 1,851,059.45                                |
| Total Current Assets                  | 14,009,967.19                               |
| Non-Current Assets:                   |   |
| Loans and Contracts                   | 18,863,354.12                               |
| Total Non-Current Assets              | 18,863,354.12                               |
| <b>Total Assets</b>                   | \$ 32,873,321.31                            |
| <b>DEFERRED OUTFLOWS</b>              |   |
| <b>Total Deferred Outflows</b>        | \$ -  |
| <b>LIABILITIES</b>                    |   |
| Current Liabilities:                  |   |
| Payables from:                        |   |
| Accounts                              | \$ 159,731.27                               |
| Payroll                               | 57,981.03                                   |
| Due To Other Agencies                 | 23,200.71                                   |
| Employees' Compensable Leave (Note 5) | 33,114.42                                   |
| Total Current Liabilities             | 274,027.43                                  |
| Non-Current Liabilities:              |   |
| Notes and Loans Payable (Note 5)      | 20,000,000.00                               |
| Employees' Compensable Leave (Note 5) | 19,913.31                                   |
| Total Non-Current Liabilities         | 20,019,913.31                               |
| <b>Total Liabilities</b>              | 20,293,940.74                               |
| <b>DEFERRED INFLOWS</b>               |   |
| <b>Total Deferred Inflows</b>         | -   |
| <b>Net Position</b>                   |   |
| Restricted For:                       |   |
| Other                                 | 1,052,816.87                                |
| Unrestricted                          | 11,526,563.70                               |
| <b>Total Net Position</b>             | \$ 12,579,380.57                            |

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 Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund  
For the Fiscal Year Ended August 31, 2014

|  | Total Enterprise Funds<br>(Exhibit F-2 300) |
|--|---|
| <b>Operating Revenues</b>  |   |
| Interest and Investment Income                                       | \$ 647,218.08                               |
| Other Operating Revenue  | 136,890.00                                  |
| <b>Total Operating Revenues</b>                                      | 784,108.08                                  |
| <b>Operating Expenses:</b>   |   |
| Salaries and Wages   | 619,101.61                                  |
| Payroll Related Costs  | 148,623.74                                  |
| Professional Fees and Services                                       | 147,784.97                                  |
| Travel   | 8,826.81                                    |
| Materials and Supplies   | 1,069.49                                    |
| Communication and Utilities  | 36,247.95                                   |
| Repairs and Maintenance  | 318.00                                      |
| Rentals and Leases   | 1,800.00                                    |
| Printing and Reproduction  | 96.98                                       |
| Interest   | 39,940.54                                   |
| Other Operating Expenses   | 193,356.68                                  |
| <b>Total Operating Expenses</b>                                      | 1,197,166.77                                |
| Operating Income (Loss)  | (413,058.69)                                |
| <b>Nonoperating Revenues (Expenses)</b>                              |   |
| Investment Income (Expense)  | (0.08)                                      |
| <b>Total Other Nonoperating Revenues (Expenses)</b>                  | (0.08)                                      |
| Income (Loss) Before Capital Contributions, Endowments and Transfers | (413,058.77)                                |
| <b>Capital Contributions, Endowments and Transfers</b>               |   |
| Transfer In  | 1,671,370.46                                |
| Transfer Out   | (216,316.25)                                |
| Total Capital Contributions, Endowments and Transfers                | 1,455,054.21                                |
| Change in Net Position   | 1,041,995.44                                |
| Total Net Position, September 1, 2013                                | 11,577,385.13                               |
| Restatements (Note 14)   | (40,000.00)                                 |
| Total Net Position, September 1, 2013, as Restated                   | 11,537,385.13                               |
| <b>Total Net Position, August 31, 2014</b>                           | \$ 12,579,380.57                            |

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

UNAUDITED

Office of the Governor - Trusteed Programs (300)  
 Exhibit V 300 - Combined Statement of Cash Flows – Proprietary Funds  
 For the Fiscal Year Ended August 31, 2014

|  | <b>Total Enterprise Funds</b><br>(Exhibit F-3 300) |
|--|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |  |
| Proceeds from Other Revenue  | \$ 96,890.00                                       |
| Payments to Employees  | (740,273.17)                                       |
| Payments for Other Expenses  | (317,248.36)                                       |
| Net Cash Provided by Operating Activities  | <u>(960,631.53)</u>                                |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                                     |  |
| Proceeds of Transfers from Other Funds   | 1,694,571.17                                       |
| Payments of Principal on Debt Issuance   | (5,000,000.00)                                     |
| Payments of Interest   | (39,863.00)  |
| Payments of Other Costs of Debt Issuance   | (4,240.00)   |
| Payments for Transfers to Other Funds  | (216,316.25)                                       |
| Payments for Other Uses  | (8,859.08)   |
| Net Cash Provided by Noncapital Financing Activities                                       | <u>(3,574,707.16)</u>                              |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |  |
| Proceeds from Interest and Investment Income   | 671,949.10   |
| Proceeds from Principal Payments on Loans  | 2,599,739.09                                       |
| Payments to Bank Loan Reserve  | (1,510,000.00)                                     |
| Net Cash Provided by Investing Activities  | <u>1,761,688.19</u>                                |
| Net Increase/(Decrease) in Cash and Cash Equivalents                                       | (2,773,650.50)                                     |
| Cash and Cash Equivalents, September 1, 2013   | 14,880,871.26                                      |
| Restatement to Beginning Cash & Cash Equivalents   | -  |
| Cash and Cash Equivalents,<br>September 1, 2013 as Restated                                | <u>14,880,871.26</u>                               |
| Cash and Cash Equivalents, August 31, 2014   | <u>\$ 12,107,220.76</u>                            |
| <b>Reconciliation of Operating Income to<br/>Net Cash Provided by Operating Activities</b> |  |
| Operating Income (Loss)  | \$ (413,058.69)                                    |
| Adjustments to Reconcile Operating Income<br>to Net Cash Provided by Operating Activities  |  |
| Operating Income and Cash Flow Categories Classification Differences                       | (594,178.46)                                       |
| Changes in Assets and Liabilities:   |  |
| Increase (Decrease) in Payables  | 73,300.65  |
| Increase (Decrease) in Unearned Revenue  | (40,000.00)  |
| Increase (Decrease) in Compensated Absence Liabilities                                     | 13,304.97  |
| Total Adjustments  | <u>(547,572.84)</u>                                |
| Net Cash Provided by Operating Activities  | <u>\$ (960,631.53)</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 VIII - Combined Statement of Net Position - Discretely Presented Component Units  
For the Fiscal Year Ended August 31, 2014

|                                  | Totals<br>(Exhibit K-1 300) |
|----------------------------------|-----------------------------|
| <b>ASSETS</b>                    |                             |
| Current Assets:                  |                             |
| Cash and Cash Equivalents:       |                             |
| Cash In Bank (Note 3)            | \$ 614,369.99               |
| Cash Equivalents (Note 3)        | 2,617,952.72                |
| Receivables from:                |                             |
| Interest and Dividends           | 25.92                       |
| Accounts Receivable              | 247,962.70                  |
| Prepaid Items                    | 70,875.19                   |
| Total Current Assets             | 3,551,186.52                |
| Non-Current Assets:              |                             |
| Capital Assets (Note 2):         |                             |
| Depreciable and Amortizable, Net | 1,349.00                    |
| Total Non-Current Assets         | 1,349.00                    |
| Total Assets                     | \$ 3,552,535.52             |
| <b>LIABILITIES</b>               |                             |
| Current Liabilities:             |                             |
| Accounts Payable                 | \$ 157,722.00               |
| Unearned Revenues                | 5,000.00                    |
| Total Current Liabilities        | 162,722.00                  |
| Total Non-Current Liabilities    | -                           |
| Total Liabilities                | 162,722.00                  |
| <b>Net Position</b>              |                             |
| Unrestricted                     | 3,389,813.52                |
| <b>Total Net Position</b>        | \$ 3,389,813.52             |

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

UNAUDITED

**Office of the Governor - Trusteed Programs (300)**  
**Exhibit IX - Combined Statement of Revenues, Expenses and Changes in Net Position –**  
**Discretely Presented Component Units**  
**For the Fiscal Year Ended August 31, 2014**

|  | <b>Totals</b>          |
|--|------------------------|
|  | (Exhibit K-2.300)      |
| <b>Operating Revenues:</b>   |                        |
| Sales of Goods and Services  | \$ 16,809.36           |
| Interest and Investment Income   | 6,019.19               |
| Other Grants and Contributions   | 870,623.26             |
| Other Operating Revenue  | 23,410.24              |
| <b>Total Operating Revenues</b>  | <b>916,862.05</b>      |
| <b>Operating Expenses:</b>   |                        |
| Salaries and Wages   | 59,063.00              |
| Professional Fees and Services   | 149,575.83             |
| Travel   | 149,932.55             |
| Materials and Supplies   | 159,613.83             |
| Communication and Utilities  | 3,347.74               |
| Rentals and Leases   | 113,325.72             |
| Printing and Reproduction  | 12,723.52              |
| Depreciation and Amortization  | 103.00                 |
| Interest   | 1,209.60               |
| Grants to Community Service Programs   | 26,000.00              |
| Other Operating Expenses   | 681,660.53             |
| <b>Total Operating Expenses</b>  | <b>1,356,555.32</b>    |
| Operating Income (Loss)  | <b>(439,693.27)</b>    |
| <b>Nonoperating Revenue (Expenses)</b>                                       |                        |
| Investment Income (Expense)  | 424.12                 |
| Other Nonoperating Revenues (Expenses)                                       | 6,996.00               |
| <b>Total Nonoperating Revenue (Expenses)</b>                                 | <b>7,420.12</b>        |
| Income (Loss) Before Other Revenue, Expenses,<br>Gains/Losses, and Transfers | <b>(432,273.15)</b>    |
| Change in Net Position   | <b>(432,273.15)</b>    |
| Net Position, September 1, 2013  | 3,797,529.67           |
| Restatements (Note 14)   | 24,557.00              |
| Net Position, September 1, 2013, as Restated                                 | 3,822,086.67           |
| <b>Net Position, August 31, 2014</b>   | <b>\$ 3,389,813.52</b> |

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



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, 2014

|  | Consolidated Accounts              |  |  |   |
|--|------------------------------------|--|--|---|
|  | General<br>Revenue Fund<br>(0001)* | Operators &<br>Chauffeurs License<br>(0099)* | Governor's Office<br>Federal Projects<br>(0224)* | Criminal Justice<br>Planning<br>(0421)* |
| <b>ASSETS</b>  |                                    |  |  |   |
| Current Assets:  |                                    |  |  |   |
| Cash and Cash Equivalents:                                     |                                    |  |  |   |
| Cash in State Treasury   | \$ -                               | \$ -   | \$ 31,450,347.16                                 | \$ 59,225,911.50                        |
| Legislative Appropriations                                     | 193,990,808.72                     | -  | -  | -                                       |
| Receivables from:  |                                    |  |  |   |
| Federal  | -                                  | -  | -  | 3,883,588.87                            |
| Interest and Dividends   | 0.40                               | -  | 9,470.54   | -                                       |
| Accounts Receivable  | 15,833.62                          | -  | 15,498.00  | 1,291.97                                |
| Due From Other Funds   | 15,498.00                          | -  | -  | -                                       |
| Due From Other Agencies  | 98,553.07                          | -  | -  | -                                       |
| Consumable Inventories   | 5,218.47                           | -  | -  | 2,012.30                                |
| Loans and Contracts  | -                                  | -  | -  | -                                       |
| <b>Total Current Assets</b>                                    | <b>194,125,912.28</b>              | <b>-</b>                                     | <b>31,475,315.70</b>                             | <b>63,112,804.64</b>                    |
| Non-Current Assets:  |                                    |  |  |   |
| Loans and Contracts  | 1,335,671.81                       | -  | -  | -                                       |
| Equity Holdings for Economic Development                       | -                                  | -  | -  | -                                       |
| <b>Total Non-Current Assets</b>                                | <b>1,335,671.81</b>                | <b>-</b>                                     | <b>-</b>   | <b>-</b>                                |
| <b>Total Assets</b>  | <b>\$ 195,461,584.09</b>           | <b>\$ -</b>                                  | <b>\$ 31,475,315.70</b>                          | <b>\$ 63,112,804.64</b>                 |
| <b>DEFERRED OUTFLOWS</b>                                       |                                    |  |  |   |
| <b>Total Deferred Outflows</b>                                 | <b>\$ -</b>                        | <b>\$ -</b>                                  | <b>\$ -</b>                                      | <b>\$ -</b>                             |
| <b>LIABILITIES AND FUND BALANCES</b>                           |                                    |  |  |   |
| <b>Liabilities</b>   |                                    |  |  |   |
| Current Liabilities:   |                                    |  |  |   |
| Payables from:   |                                    |  |  |   |
| Accounts   | \$ 12,171,838.56                   | \$ -   | \$ 297,489.53                                    | \$ 4,669,740.49                         |
| Payroll  | 388,371.39                         | -  | 6,613.01   | 136,611.41                              |
| Due To Other Funds   | -                                  | -  | 15,498.00  | -                                       |
| Due To Other Agencies  | -                                  | -  | 1,329,309.44                                     | 1,353,744.79                            |
| Unearned Revenue   | -                                  | -  | 29,826,405.72                                    | -                                       |
| <b>Total Current Liabilities</b>                               | <b>12,560,209.95</b>               | <b>-</b>                                     | <b>31,475,315.70</b>                             | <b>6,160,096.69</b>                     |
| <b>Total Liabilities</b>                                       | <b>12,560,209.95</b>               | <b>-</b>                                     | <b>31,475,315.70</b>                             | <b>6,160,096.69</b>                     |
| <b>DEFERRED INFLOWS</b>  |                                    |  |  |   |
| <b>Total Deferred Inflows</b>                                  | <b>-</b>                           | <b>-</b>                                     | <b>-</b>   | <b>-</b>                                |
| <b>Fund Balances (Deficits):</b>                               |                                    |  |  |   |
| Nonspendable   | 1,340,890.28                       | -  | -  | 2,012.30                                |
| Restricted   | -                                  | -  | -  | -                                       |
| Committed  | -                                  | -  | -  | 56,950,695.65                           |
| Unassigned   | 181,560,483.86                     | -  | -  | -                                       |
| <b>Total Fund Balances</b>                                     | <b>182,901,374.14</b>              | <b>-</b>                                     | <b>-</b>   | <b>56,952,707.95</b>                    |
| <b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b> | <b>\$ 195,461,584.09</b>           | <b>\$ -</b>                                  | <b>\$ 31,475,315.70</b>                          | <b>\$ 63,112,804.64</b>                 |

\* GAAP Fund is noted as (XXXX)

UNAUDITED

Consolidated Accounts

| Economic<br>Stabilization<br>Fund<br>(0599)* | License Plate<br>Trust Fund<br>(0802)* | Hotel Occupancy<br>Tax for<br>Economic Development<br>(5003)* | Crime Stoppers<br>Assistance<br>(5012)* |
|--|--|---|---|
| \$ -   | \$ -                                   | \$ 23,588,459.54  | \$ 600,152.62                           |
| -  | -                                      | -   | -                                       |
| -  | -                                      | -   | -                                       |
| -  | 9.99                                   | -   | -                                       |
| -  | -                                      | -   | -                                       |
| -  | -                                      | -   | -                                       |
| -  | 36,349.34                              | 3,961,761.11  | -                                       |
| -  | -                                      | 3,616.55  | -                                       |
| -  | -                                      | -   | -                                       |
| <u>-</u>                                     | <u>36,359.33</u>                       | <u>27,553,837.20</u>  | <u>600,152.62</u>                       |
| 5,192,662.59                                 | -                                      | -   | -                                       |
| <u>5,192,662.59</u>                          | <u>-</u>                               | <u>-</u>  | <u>-</u>                                |
| <u>\$ 5,192,662.59</u>                       | <u>\$ 36,359.33</u>                    | <u>\$ 27,553,837.20</u>                                       | <u>\$ 600,152.62</u>                    |
| <u>\$ -</u>                                  | <u>\$ -</u>                            | <u>\$ -</u>   | <u>\$ -</u>                             |
| \$ -   | \$ 17,326.84                           | \$ 5,897,366.09   | \$ 28,414.82                            |
| -  | -                                      | 104,537.38  | -                                       |
| -  | -                                      | -   | -                                       |
| -  | -                                      | -   | 2,823.43                                |
| -  | -                                      | -   | -                                       |
| <u>-</u>                                     | <u>17,326.84</u>                       | <u>6,001,903.47</u>   | <u>31,238.25</u>                        |
| -  | 17,326.84                              | 6,001,903.47  | 31,238.25                               |
| -  | -                                      | -   | -                                       |
| -  | -                                      | -   | -                                       |
| -  | -                                      | 3,616.55  | -                                       |
| -  | -                                      | -   | -                                       |
| -  | 19,032.49                              | 21,548,317.18   | 568,914.37                              |
| <u>5,192,662.59</u>                          | <u>-</u>                               | <u>-</u>  | <u>-</u>                                |
| <u>5,192,662.59</u>                          | <u>19,032.49</u>                       | <u>21,551,933.73</u>  | <u>568,914.37</u>                       |
| <u>\$ 5,192,662.59</u>                       | <u>\$ 36,359.33</u>                    | <u>\$ 27,553,837.20</u>                                       | <u>\$ 600,152.62</u>                    |

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, 2014

|  | Consolidated Accounts          |   |   |   |
|--|--------------------------------|---|---|---|
|  | Texas<br>Enterprise<br>(5107)* | Economic<br>Development<br>and Tourism<br>(5110)* | Texas Music<br>Foundation Plates<br>(5113)* | Texas Military<br>Value Revolving Loan<br>(5114)* |
| <b>ASSETS</b>  |                                |   |   |   |
| Current Assets:  |                                |   |   |   |
| Cash and Cash Equivalents:                                     |                                |   |   |   |
| Cash in State Treasury   | \$ 205,271,839.86              | \$ -  | \$ -  | \$ 58,588.96                                      |
| Legislative Appropriations                                     | -                              | -   | -   | -   |
| Receivables from:  |                                |   |   |   |
| Federal  | -                              | -   | -   | -   |
| Interest and Dividends   | 61,592.99                      | -   | -   | 957,488.76  |
| Accounts Receivable  | -                              | -   | -   | -   |
| Due From Other Funds   | -                              | -   | -   | -   |
| Due From Other Agencies  | -                              | -   | -   | -   |
| Consumable Inventories   | -                              | -   | -   | -   |
| Loans and Contracts  | -                              | -   | -   | 1,150,000.00                                      |
| Total Current Assets   | <u>205,333,432.85</u>          | <u>-</u>  | <u>-</u>                                    | <u>2,166,077.72</u>                               |
| Non-Current Assets:  |                                |   |   |   |
| Loans and Contracts  | 104,392,768.89                 | -   | -   | 35,220,000.00                                     |
| Equity Holdings for Economic Development                       | -                              | -   | -   | -   |
| Total Non-Current Assets                                       | <u>104,392,768.89</u>          | <u>-</u>  | <u>-</u>                                    | <u>35,220,000.00</u>                              |
| <b>Total Assets</b>  | <u>\$ 309,726,201.74</u>       | <u>\$ -</u>                                       | <u>\$ -</u>                                 | <u>\$ 37,386,077.72</u>                           |
| <b>DEFERRED OUTFLOWS</b>                                       |                                |   |   |   |
| <b>Total Deferred Outflows</b>                                 | <u>\$ -</u>                    | <u>\$ -</u>                                       | <u>\$ -</u>                                 | <u>\$ -</u>                                       |
| <b>LIABILITIES AND FUND BALANCES</b>                           |                                |   |   |   |
| <b>Liabilities</b>   |                                |   |   |   |
| Current Liabilities:   |                                |   |   |   |
| Payables from:   |                                |   |   |   |
| Accounts   | \$ -                           | \$ -  | \$ -  | \$ -  |
| Payroll  | -                              | -   | -   | -   |
| Due To Other Funds   | -                              | -   | -   | -   |
| Due To Other Agencies  | -                              | -   | -   | -   |
| Unearned Revenue   | -                              | -   | -   | -   |
| Total Current Liabilities                                      | <u>-</u>                       | <u>-</u>  | <u>-</u>                                    | <u>-</u>  |
| <b>Total Liabilities</b>                                       | <u>-</u>                       | <u>-</u>  | <u>-</u>                                    | <u>-</u>  |
| <b>DEFERRED INFLOWS</b>  |                                |   |   |   |
| <b>Total Deferred Inflows</b>                                  | <u>-</u>                       | <u>-</u>  | <u>-</u>                                    | <u>-</u>  |
| Fund Balances (Deficits):                                      |                                |   |   |   |
| Nonspendable   | -                              | -   | -   | -   |
| Restricted   | -                              | -   | -   | 37,386,077.72                                     |
| Committed  | 309,726,201.74                 | -   | -   | -   |
| Unassigned   | -                              | -   | -   | -   |
| <b>Total Fund Balances</b>                                     | <u>309,726,201.74</u>          | <u>-</u>  | <u>-</u>                                    | <u>37,386,077.72</u>                              |
| <b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b> | <u>\$ 309,726,201.74</u>       | <u>\$ -</u>                                       | <u>\$ -</u>                                 | <u>\$ 37,386,077.72</u>                           |

\* GAAP Fund is noted as (XXXX)

| <u>Consolidated Accounts</u>               |   |                                   |
|--|---|-----------------------------------|
| <u>Emerging<br/>Technology<br/>(5124)*</u> | <u>BP Oil Spill Tx<br/>Response Grant<br/>(5149)*</u> | <u>Total<br/>(Exhibit I -300)</u> |
| \$ 120,144,865.99                          | \$ 4,089,325.31                                       | \$ 444,429,490.94                 |
| -  | -   | 193,990,808.72                    |
| -  | -   | 3,883,588.87                      |
| 37,227.55                                  | 1,225.46  | 1,067,015.69                      |
| -  | -   | 32,623.59                         |
| -  | -   | 15,498.00                         |
| 2,115,829.57                               | -   | 6,212,493.09                      |
| 598.39                                     | -   | 11,445.71                         |
| 1,000,000.00                               | -   | 2,150,000.00                      |
| <u>123,298,521.50</u>                      | <u>4,090,550.77</u>                                   | <u>651,792,964.61</u>             |
| 32,611,235.00                              | -   | 178,752,338.29                    |
| 143,509,649.85                             | -   | 143,509,649.85                    |
| <u>176,120,884.85</u>                      | <u>-</u>  | <u>322,261,988.14</u>             |
| <u>\$ 299,419,406.35</u>                   | <u>\$ 4,090,550.77</u>                                | <u>\$ 974,054,952.75</u>          |
| <u>\$ -</u>                                | <u>\$ -</u>   | <u>\$ -</u>                       |
| 101,152.41                                 | -   | \$ 23,183,328.74                  |
| 36,885.73                                  | -   | 673,018.92                        |
| -  | -   | 15,498.00                         |
| 750,000.00                                 | -   | 3,435,877.66                      |
| -  | -   | 29,826,405.72                     |
| <u>888,038.14</u>                          | <u>-</u>  | <u>57,134,129.04</u>              |
| <u>888,038.14</u>                          | <u>-</u>  | <u>57,134,129.04</u>              |
| -  | -   | -                                 |
| 598.39                                     | -   | 1,347,117.52                      |
| -  | -   | 37,386,077.72                     |
| 298,530,769.82                             | 4,090,550.77  | 691,434,482.02                    |
| -  | -   | 186,753,146.45                    |
| <u>298,531,368.21</u>                      | <u>4,090,550.77</u>                                   | <u>916,920,823.71</u>             |
| <u>\$ 299,419,406.35</u>                   | <u>\$ 4,090,550.77</u>                                | <u>\$ 974,054,952.75</u>          |

UNAUDITED

Office of the Governor - Trusteed Programs (300)

Exhibit A-2 300 - Combining Statement of Revenues, Expenditures and Changes in Fund Balances -

All General and Consolidated Funds

For the Fiscal Year Ended August 31, 2014

|   | Consolidated Accounts                   |  |  |   |
|---|---|--|--|---|
|   | General Revenue<br>Fund 0001<br>(0001)* | Operators &<br>Chauffeurs License<br>(0099)* | Governor's Office<br>Federal Projects<br>(0224)* | Criminal Justice<br>Planning<br>(0421)* |
| <b>REVENUES</b>                                   |   |  |  |   |
| Legislative Appropriations                        |   |  |  |   |
| Original Appropriations                           | \$ 160,457,418.12                       | \$ -   | \$ -   | \$ -                                    |
| Additional Appropriations                         | 877,147.46                              | -  | -  | -                                       |
| Federal Revenue                                   | 1,024,767.83                            | -  | 17,110,619.62                                    | 43,622,512.14                           |
| Federal Grant Pass-Through Revenue                | 535,748.04                              | -  | -  | -                                       |
| License, Fees & Permits                           | 2,544,724.21                            | -  | -  | 22,960,769.26                           |
| Interest and Other Investment Income              | (1.66)                                  | -  | -  | -                                       |
| Sales of Goods and Services                       | 329,976.20                              | -  | -  | -                                       |
| Other   | 15,828.01                               | -  | -  | 2,070.53                                |
| <b>Total Revenues</b>                             | <b>165,785,608.21</b>                   | <b>-</b>                                     | <b>17,110,619.62</b>                             | <b>66,585,351.93</b>                    |
| <b>EXPENDITURES</b>                               |   |  |  |   |
| Salaries and Wages                                | 3,550,144.58                            | -  | 81,063.86  | 1,262,632.35                            |
| Payroll Related Costs                             | 911,145.74                              | -  | 15,903.59  | 414,319.28                              |
| Professional Fees and Services                    | 613,771.57                              | -  | 492,177.10                                       | 1,660,273.89                            |
| Travel  | 344,741.69                              | -  | 6,840.25   | 51,226.31                               |
| Materials and Supplies                            | 39,514.65                               | -  | 1,882.11   | 2,957.01                                |
| Communication and Utilities                       | 135,390.10                              | -  | 4,330.31   | 8,648.45                                |
| Repairs and Maintenance                           | 12,337.25                               | -  | -  | -                                       |
| Rentals and Leases                                | 211,201.40                              | -  | 6,821.88   | 13,702.28                               |
| Printing and Reproduction                         | 5,500.41                                | -  | 33.34  | 104.28                                  |
| Claims and Judgments                              | 25,368.28                               | -  | -  | -                                       |
| Federal Grant Pass-Through Expenditures           | -                                       | -  | 4,773,252.02                                     | 603,519.63                              |
| State Grant Pass-Through Expenditures             | 2,004,518.07                            | (6,067.05)                                   | -  | 8,602,355.63                            |
| Intergovernmental Payments                        | 3,820,447.18                            | 774,008.13                                   | 11,016,739.29                                    | 24,253,361.39                           |
| Public Assistance Payments                        | 359,922.32                              | -  | 700,256.89                                       | 32,571,295.98                           |
| Other Expenditures                                | 14,470,655.32                           | -  | 11,318.98  | 242,204.12                              |
| Debt Service:                                     |   |  |  |   |
| Principal   | -                                       | -  | -  | -                                       |
| Capital Outlay                                    | -                                       | -  | -  | -                                       |
| <b>Total Expenditures</b>                         | <b>26,504,658.56</b>                    | <b>767,941.08</b>                            | <b>17,110,619.62</b>                             | <b>69,686,600.60</b>                    |
| Excess (Deficiency) of Revenues over Expenditures | 139,280,949.65                          | (767,941.08)                                 | -  | (3,101,248.67)                          |
| <b>OTHER FINANCING SOURCES (USES)</b>             |   |  |  |   |
| Transfer In                                       | 4,363,170.79                            | 1,101,931.98                                 | 15,773.78  | 492,187.15                              |
| Transfer Out                                      | (55,391,245.76)                         | (333,990.90)                                 | (15,773.78)                                      | (492,187.15)                            |
| Legislative Transfer In                           | 526,610.81                              | -  | -  | -                                       |
| Legislative Transfer Out                          | (2,851,903.50)                          | -  | -  | -                                       |
| Gain (Loss) on Other Financial Activity           | -                                       | -  | -  | -                                       |
| <b>Total Other Financing Sources (Uses)</b>       | <b>(53,353,367.66)</b>                  | <b>767,941.08</b>                            | <b>-</b>   | <b>-</b>                                |
| Net Change in Fund Balances                       | 85,927,581.99                           | -  | -  | (3,101,248.67)                          |
| <b>Fund Financial Statement - Fund Balances</b>   |   |  |  |   |
| Fund Balances, September 1, 2013                  | 123,925,645.01                          | -  | -  | 60,053,956.62                           |
| Restatements                                      | 476,455.20                              | -  | -  | -                                       |
| Fund Balances, September 1, 2013, as Restated     | 124,402,100.21                          | -  | -  | 60,053,956.62                           |
| Appropriations Lapsed                             | (27,428,308.06)                         | -  | -  | -                                       |
| <b>Fund Balances, August 31, 2014</b>             | <b>\$ 182,901,374.14</b>                | <b>\$ -</b>                                  | <b>\$ -</b>                                      | <b>\$ 56,952,707.95</b>                 |

\* GAAP Fund is noted as (XXXX)

UNAUDITED

| Consolidated Accounts                        |  |   |   |
|--|--|---|---|
| Economic<br>Stabilization<br>Fund<br>(0599)* | License Plate<br>Trust Fund<br>(0802)* | Hotel Occupancy<br>Tax for Economic<br>Development<br>(5003)* | Crime Stoppers<br>Assistance<br>(5012)* |
| \$ -   | \$ -                                   | \$ -  | \$ -                                    |
| -  | -                                      | -   | -                                       |
| -  | -                                      | -   | -                                       |
| -  | -                                      | -   | -                                       |
| -  | 87,244.01                              | -   | 478,978.34                              |
| -  | 73.71                                  | -   | -                                       |
| -  | -                                      | 15,000.00   | -                                       |
| -  | -                                      | -   | -                                       |
| <u>-</u>                                     | <u>87,317.72</u>                       | <u>15,000.00</u>  | <u>478,978.34</u>                       |
| -  | -                                      | 1,036,623.48  | -                                       |
| -  | -                                      | 298,450.36  | -                                       |
| -  | -                                      | 3,758,862.26  | 249,008.64                              |
| -  | -                                      | 3,203.75  | -                                       |
| -  | -                                      | 39,431.33   | -                                       |
| -  | -                                      | 23,703.34   | -                                       |
| -  | -                                      | 10,120.00   | -                                       |
| -  | -                                      | 99,181.53   | -                                       |
| -  | -                                      | 127.95  | -                                       |
| -  | -                                      | -   | -                                       |
| -  | -                                      | -   | -                                       |
| -  | -                                      | -   | 8,793.97                                |
| 792,837.41                                   | -                                      | -   | -                                       |
| -  | 71,923.93                              | -   | 157,168.78                              |
| -  | -                                      | 37,067,830.91   | -                                       |
| -  | -                                      | -   | -                                       |
| -  | -                                      | -   | -                                       |
| <u>792,837.41</u>                            | <u>71,923.93</u>                       | <u>42,337,534.91</u>  | <u>414,971.39</u>                       |
| <u>(792,837.41)</u>                          | <u>15,393.79</u>                       | <u>(42,322,534.91)</u>  | <u>64,006.95</u>                        |
| 2,785,500.00                                 | 3,638.70                               | 40,970,500.27   | -                                       |
| -  | -                                      | (522,004.80)  | -                                       |
| -  | -                                      | -   | -                                       |
| -  | -                                      | -   | -                                       |
| -  | -                                      | -   | -                                       |
| <u>2,785,500.00</u>                          | <u>3,638.70</u>                        | <u>40,448,495.47</u>  | <u>-</u>                                |
| <u>1,992,662.59</u>                          | <u>19,032.49</u>                       | <u>(1,874,039.44)</u>   | <u>64,006.95</u>                        |
| 3,200,000.00                                 | -                                      | 23,425,973.17   | 504,907.42                              |
| -  | -                                      | -   | -                                       |
| <u>3,200,000.00</u>                          | <u>-</u>                               | <u>23,425,973.17</u>  | <u>504,907.42</u>                       |
| -  | -                                      | -   | -                                       |
| <u>\$ 5,192,662.59</u>                       | <u>\$ 19,032.49</u>                    | <u>\$ 21,551,933.73</u>                                       | <u>\$ 568,914.37</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, 2014

|  | Consolidated Accounts          |   |   |  |
|--|--------------------------------|---|---|--|
|  | Texas<br>Enterprise<br>(5107)* | Economic<br>Development<br>and Tourism<br>(5110)* | Texas Music<br>Foundation Plates<br>(5113)* | Texas Military<br>Value<br>Revolving Loan<br>(5114)* |
| <b>REVENUE</b>                                   |                                |   |   |  |
| Legislative Appropriations                       |                                |   |   |  |
| Original Appropriations                          | \$ -                           | \$ -  | \$ -  | \$ -   |
| Additional Appropriations                        | -                              | -   | -   | -  |
| Federal Revenue                                  | -                              | -   | -   | -  |
| Federal Grant Pass-Through Revenue               | -                              | -   | -   | -  |
| License, Fees & Permits                          | -                              | -   | 1,500.00                                    | -  |
| Interest and Other Investment Income             | 806,868.87                     | -   | -   | 1,914,430.80   |
| Sales of Goods and Services                      | -                              | -   | -   | -  |
| Other  | 32.00                          | -   | -   | -  |
| <b>Total Revenue</b>                             | <u>806,900.87</u>              | <u>-</u>  | <u>1,500.00</u>                             | <u>1,914,430.80</u>                                  |
| <b>EXPENDITURES</b>                              |                                |   |   |  |
| Salaries and Wages                               | -                              | -   | -   | -  |
| Payroll Related Costs                            | -                              | -   | -   | -  |
| Professional Fees and Services                   | -                              | -   | -   | -  |
| Travel   | -                              | -   | -   | -  |
| Materials and Supplies                           | -                              | -   | -   | -  |
| Communication and Utilities                      | -                              | -   | -   | -  |
| Repairs and Maintenance                          | -                              | -   | -   | -  |
| Rentals and Leases                               | -                              | -   | -   | -  |
| Printing and Reproduction                        | -                              | -   | -   | -  |
| Claims and Judgments                             | -                              | -   | -   | -  |
| Federal Grant Pass-Through Expenditures          | -                              | -   | -   | -  |
| State Grant Pass-Through Expenditures            | -                              | -   | -   | -  |
| Intergovernmental Payments                       | -                              | -   | -   | -  |
| Public Assistance Payments                       | -                              | -   | 5,395.00                                    | -  |
| Other Expenditures                               | 22,468,194.46                  | -   | -   | -  |
| Debt Service:                                    |                                |   |   |  |
| Principal  | -                              | -   | -   | 9,690,000.00   |
| Capital Outlay                                   | -                              | -   | -   | -  |
| <b>Total Expenditures</b>                        | <u>22,468,194.46</u>           | <u>-</u>  | <u>5,395.00</u>                             | <u>9,690,000.00</u>                                  |
| Excess (Deficiency) of Revenue over Expenditures | <u>(21,661,293.59)</u>         | <u>-</u>  | <u>(3,895.00)</u>                           | <u>(7,775,569.20)</u>                                |
| <b>OTHER FINANCING SOURCES (USES)</b>            |                                |   |   |  |
| Transfer In                                      | -                              | -   | -   | 777.80   |
| Transfer Out                                     | -                              | (67,077.24)                                       | (3,638.70)                                  | (3,502,212.53)                                       |
| Legislative Transfer In                          | -                              | -   | -   | -  |
| Legislative Transfer Out                         | -                              | -   | -   | -  |
| Gain (Loss) on Other Financial Activity          | -                              | -   | -   | -  |
| <b>Total Other Financing Sources (Uses)</b>      | <u>-</u>                       | <u>(67,077.24)</u>                                | <u>(3,638.70)</u>                           | <u>(3,501,434.73)</u>                                |
| Net Change in Fund Balances                      | <u>(21,661,293.59)</u>         | <u>(67,077.24)</u>                                | <u>(7,533.70)</u>                           | <u>(11,277,003.93)</u>                               |
| <b>Fund Financial Statement - Fund Balances</b>  |                                |   |   |  |
| Fund Balances, September 1, 2013                 | 332,324,535.81                 | 67,077.24   | 7,533.70                                    | 48,663,081.65  |
| Restatements                                     | (937,040.48)                   | -   | -   | -  |
| Fund Balances, September 1, 2013, as Restated    | <u>331,387,495.33</u>          | <u>67,077.24</u>                                  | <u>7,533.70</u>                             | <u>48,663,081.65</u>                                 |
| Appropriations Lapsed                            | -                              | -   | -   | -  |
| <b>Fund Balances, August 31, 2014</b>            | <u>\$ 309,726,201.74</u>       | <u>\$ -</u>                                       | <u>\$ -</u>                                 | <u>\$ 37,386,077.72</u>                              |

\* GAAP Fund is noted as (XXXX)

| Consolidated Accounts             |  |                           |
|-----------------------------------|--|---------------------------|
| Emerging<br>Technology<br>(5124)* | BP Oil Spill Tx<br>Response Grant<br>(5149)* | Total<br>(Exhibit II 300) |
| \$ -                              | \$ -   | \$ 160,457,418.12         |
| -                                 | -  | 877,147.46                |
| -                                 | -  | 61,757,899.59             |
| -                                 | -  | 535,748.04                |
| -                                 | -  | 26,073,215.82             |
| 1,082,745.01                      | 3,443.09                                     | 3,807,559.82              |
| -                                 | -  | 344,976.20                |
| -                                 | -  | 17,930.54                 |
| <u>1,082,745.01</u>               | <u>3,443.09</u>                              | <u>253,871,895.59</u>     |
| 361,221.14                        | -  | 6,291,685.41              |
| 109,163.89                        | -  | 1,748,982.86              |
| 1,015.00                          | -  | 6,775,108.46              |
| 11,032.36                         | -  | 417,044.36                |
| 17,498.05                         | -  | 101,283.15                |
| 6,558.13                          | -  | 178,630.33                |
| 5,686.10                          | -  | 28,143.35                 |
| -                                 | -  | 330,907.09                |
| 315.67                            | -  | 6,081.65                  |
| 821.99                            | -  | 26,190.27                 |
| -                                 | -  | 5,376,771.65              |
| 6,279,523.76                      | 1,000,000.00                                 | 17,889,124.38             |
| -                                 | -  | 40,657,393.40             |
| 835,000.00                        | -  | 34,700,962.90             |
| 24,027,032.41                     | -  | 98,287,236.20             |
| -                                 | -  | 9,690,000.00              |
| <u>5,162.53</u>                   | <u>-</u>                                     | <u>5,162.53</u>           |
| <u>31,660,031.03</u>              | <u>1,000,000.00</u>                          | <u>222,510,707.99</u>     |
| <u>(30,577,286.02)</u>            | <u>(996,556.91)</u>                          | <u>31,361,187.60</u>      |
| 52,278,622.05                     | -  | 102,012,102.52            |
| (2,278,622.05)                    | -  | (62,606,752.91)           |
| -                                 | -  | 526,610.81                |
| -                                 | -  | (2,851,903.50)            |
| <u>6,707,729.36</u>               | <u>-</u>                                     | <u>6,707,729.36</u>       |
| <u>56,707,729.36</u>              | <u>-</u>                                     | <u>43,787,786.28</u>      |
| <u>26,130,443.34</u>              | <u>(996,556.91)</u>                          | <u>75,148,973.88</u>      |
| 272,400,924.87                    | 5,087,107.68                                 | 869,660,743.17            |
| -                                 | -  | (460,585.28)              |
| <u>272,400,924.87</u>             | <u>5,087,107.68</u>                          | <u>869,200,157.89</u>     |
| -                                 | -  | (27,428,308.06)           |
| <u>\$ 298,531,368.21</u>          | <u>\$ 4,090,550.77</u>                       | <u>\$ 916,920,823.71</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, 2014

|  | Small Business<br>Incubator Fund<br>(0588)*<br>U/F (5881) | Texas<br>Product<br>Development Fund<br>(0589)*<br>U/F (5891) | Blended<br>Component Units<br>(9999)*<br>U/F (7010) | Total<br>(Exhibit I 300) |
|--|---|---|---|--------------------------|
| <b>ASSETS</b>  |   |   |   |                          |
| Current Assets:  |   |   |   |                          |
| Cash and Cash Equivalents:                                     |   |   |   |                          |
| Cash In Bank   | \$ -  | \$ -  | \$ 35,884.75  | \$ 35,884.75             |
| Cash in State Treasury   | 17,494,915.42   | 14,661,414.77   | -   | 32,156,330.19            |
| Restricted Cash and Cash Equivalents:                          |   |   |   |                          |
| Cash in State Treasury   | 2,100,000.00  | 2,625,000.00  | -   | 4,725,000.00             |
| Receivables from:  |   |   |   |                          |
| Interest and Dividends   | 11,073.98   | 15,739.29   | -   | 26,813.27                |
| Prepaid Items  | 2,040.28  | 2,484.72  | -   | 4,525.00                 |
| Loans and Contracts, net of allowance                          | 280,155.60  | 1,098,814.82  | -   | 1,378,970.42             |
| <b>Total Current Assets</b>                                    | <u>19,888,185.28</u>                                      | <u>18,403,453.60</u>  | <u>35,884.75</u>                                    | <u>38,327,523.63</u>     |
| Non-Current Assets:  |   |   |   |                          |
| Loans and Contracts  | 906,894.43  | 7,533,333.32  | -   | 8,440,227.75             |
| <b>Total Non-Current Assets</b>                                | <u>906,894.43</u>   | <u>7,533,333.32</u>   | <u>-</u>  | <u>8,440,227.75</u>      |
| <b>Total Assets</b>  | <u>\$ 20,795,079.71</u>                                   | <u>\$ 25,936,786.92</u>                                       | <u>\$ 35,884.75</u>                                 | <u>\$ 46,767,751.38</u>  |
| <b>DEFERRED OUTFLOWS</b>                                       |   |   |   |                          |
| <b>Total Deferred Outflows</b>                                 | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>              |
| <b>LIABILITIES AND FUND BALANCES</b>                           |   |   |   |                          |
| <b>Liabilities</b>   |   |   |   |                          |
| Current Liabilities:   |   |   |   |                          |
| Payables from:   |   |   |   |                          |
| Accounts   | \$ 6,833.33   | \$ 8,541.67   | -   | \$ 15,375.00             |
| <b>Total Current Liabilities</b>                               | <u>6,833.33</u>   | <u>8,541.67</u>   | <u>-</u>  | <u>15,375.00</u>         |
| <b>Total Liabilities</b>                                       | <u>6,833.33</u>   | <u>8,541.67</u>   | <u>-</u>  | <u>15,375.00</u>         |
| <b>DEFERRED INFLOWS</b>  |   |   |   |                          |
| <b>Total Deferred Inflows</b>                                  | <u>-</u>  | <u>-</u>  | <u>-</u>  | <u>-</u>                 |
| <b>Fund Balances (Deficits):</b>                               |   |   |   |                          |
| Nonspendable   | 2,040.28  | 2,484.72  | -   | 4,525.00                 |
| Restricted   | 20,786,206.10   | 25,925,760.53   | -   | 46,711,966.63            |
| Committed  | -   | -   | 35,884.75   | 35,884.75                |
| <b>Total Fund Balances</b>                                     | <u>20,788,246.38</u>                                      | <u>25,928,245.25</u>  | <u>35,884.75</u>                                    | <u>46,752,376.38</u>     |
| <b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b> | <u>\$ 20,795,079.71</u>                                   | <u>\$ 25,936,786.92</u>                                       | <u>\$ 35,884.75</u>                                 | <u>\$ 46,767,751.38</u>  |

\* GAAP 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 Revenues, Expenditures and Changes in Fund Balances -  
Special Revenue Funds

For the Fiscal Year Ended August 31, 2014

|   | Small Business<br>Incubator Fund<br>(0588)*<br>U/F (5881) | Texas<br>Product<br>Development Fund<br>(0589)*<br>U/F (5891) | Blended<br>Component Units<br>(9999)*<br>U/F (7010) | Totals<br>(Exhibit II 300) |
|---|---|---|---|----------------------------|
| <b>REVENUES</b>                                   |   |   |   |                            |
| License, Fees & Permits                           | \$ -  | \$ 60,000.00  | \$ -  | \$ 60,000.00               |
| Interest and Other Investment Income              | 117,057.23  | 260,617.56  | -   | 377,674.79                 |
| Other   | 5,035.00  | -   | 993.55  | 6,028.55                   |
| <b>Total Revenues</b>                             | <b>122,092.23</b>   | <b>320,617.56</b>   | <b>993.55</b>                                       | <b>443,703.34</b>          |
| <b>EXPENDITURES</b>                               |   |   |   |                            |
| Professional Fees and Services                    | 17,773.90   | 15,663.60   | 968.55  | 34,406.05                  |
| Materials and Supplies                            | -   | -   | 5.12  | 5.12                       |
| Other Expenditures                                | 22,380.16   | 27,349.85   | -   | 49,730.01                  |
| <b>Total Expenditures</b>                         | <b>40,154.06</b>  | <b>43,013.45</b>  | <b>973.67</b>                                       | <b>84,141.18</b>           |
| Excess (Deficiency) of Revenues over Expenditures | 81,938.17   | 277,604.11  | 19.88   | 359,562.16                 |
| <b>OTHER FINANCING SOURCES (USES)</b>             |   |   |   |                            |
| Transfer In                                       | 73,570.89   | 78,954.30   | -   | 152,525.19                 |
| Transfer Out                                      | (127,988.27)  | (261,829.04)  | -   | (389,817.31)               |
| <b>Total Other Financing Sources (Uses)</b>       | <b>(54,417.38)</b>  | <b>(182,874.74)</b>   | <b>-</b>  | <b>(237,292.12)</b>        |
| Net Change in Fund Balances                       | 27,520.79   | 94,729.37   | 19.88   | 122,270.04                 |
| <b>Fund Financial Statement - Fund Balances</b>   |   |   |   |                            |
| Fund Balances, September 1, 2013                  | 20,760,725.59   | 25,833,515.88   | 35,864.87   | 46,630,106.34              |
| Restatements                                      | -   | -   | -   | -                          |
| Fund Balances - September 1, 2013, as Restated    | 20,760,725.59   | 25,833,515.88   | 35,864.87   | 46,630,106.34              |
| <b>Fund Balances, August 31, 2014</b>             | <b>\$ 20,788,246.38</b>                                   | <b>\$ 25,928,245.25</b>                                       | <b>\$ 35,884.75</b>                                 | <b>\$ 46,752,376.38</b>    |

\* GAAP 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, 2014

|  | Small Business<br>Incubator Fund<br>(0588)*<br>U/F (5882) | Texas Product<br>Development Fund<br>(0589)*<br>U/F (5892) | Texas Military<br>Value Revolving<br>Loan<br>(7022)*<br>U/F (7221) |
|--|---|--|--|
| <b>ASSETS</b>  |   |  |  |
| Current Assets:  |   |  |  |
| Cash and Cash Equivalents:                                     |   |  |  |
| Cash in State Treasury   | \$ -  | \$ -   | \$ 57.32   |
| Total Current Assets   | <u>-</u>  | <u>-</u>   | <u>57.32</u>   |
| <b>Total Assets</b>  | <u>\$ -</u>   | <u>\$ -</u>  | <u>\$ 57.32</u>  |
| <b>LIABILITIES AND FUND BALANCES</b>                           |   |  |  |
| <b>Liabilities</b>   |   |  |  |
| Current Liabilities:   | \$ -  | \$ -   | \$ -   |
| <b>Total Liabilities</b>                                       | <u>-</u>  | <u>-</u>   | <u>-</u>   |
| <b>Fund Balances (Deficits):</b>                               |   |  |  |
| Restricted   | <u>-</u>  | <u>-</u>   | <u>57.32</u>   |
| <b>Total Fund Balances</b>                                     | <u>-</u>  | <u>-</u>   | <u>57.32</u>   |
| <b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b> | <u>\$ -</u>   | <u>\$ -</u>  | <u>\$ 57.32</u>  |

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

UNAUDITED

| Texas Military<br>Value Revolving<br>Loan<br>(7026)*<br>U/F (7262) | Texas Military<br>Value Revolving<br>Loan<br>(7027)*<br>U/F (7273) | Total<br>(Exhibit I 300) |
|--|--|--------------------------|
| \$ -   | \$ 234.74  | \$ 292.06                |
| <u>-</u>   | <u>234.74</u>  | <u>292.06</u>            |
| <u>\$ -</u>  | <u>\$ 234.74</u>   | <u>\$ 292.06</u>         |
| \$ -   | \$ -   | \$ -                     |
| <u>-</u>   | <u>-</u>   | <u>-</u>                 |
|  | <u>234.74</u>  | <u>292.06</u>            |
| <u>-</u>   | <u>234.74</u>  | <u>292.06</u>            |
| <u>\$ -</u>  | <u>\$ 234.74</u>   | <u>\$ 292.06</u>         |

UNAUDITED

Office of the Governor - Trusteed Programs (300)

Exhibit C-2 300 - Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Debt Service Funds

For the Fiscal Year Ended August 31, 2014

|   | Small Business<br>Incubator Fund<br>(0588)*<br>U/F (5882) | Texas Product<br>Development Fund<br>(0589)*<br>U/F (5892) | Texas Military<br>Value Revolving<br>Loan<br>(7022)*<br>U/F (7221) |
|---|---|--|--|
| <b>REVENUES</b>                                   |   |  |  |
| Interest and Other Investment Income              | -   | -  | 223.35   |
| <b>Total Revenues</b>                             | <u>-</u>  | <u>-</u>   | <u>223.35</u>  |
| <b>EXPENDITURES</b>                               |   |  |  |
| Debt Service:                                     |   |  |  |
| Principal   | -   | -  | 505,000.00   |
| Interest  | 16,487.73   | 20,801.39  | 385,512.50   |
| <b>Total Expenditures</b>                         | <u>16,487.73</u>  | <u>20,801.39</u>   | <u>890,512.50</u>  |
| Excess (Deficiency) of Revenues over Expenditures | <u>(16,487.73)</u>  | <u>(20,801.39)</u>   | <u>(890,289.15)</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>             |   |  |  |
| Transfer In                                       | 16,487.73   | 20,801.39  | 890,512.53   |
| Transfer Out                                      | -   | -  | (207.67)   |
| <b>Total Other Financing Sources (Uses)</b>       | <u>16,487.73</u>  | <u>20,801.39</u>   | <u>890,304.86</u>  |
| Net Change in Fund Balances                       | <u>-</u>  | <u>-</u>   | <u>15.71</u>   |
| <b>Fund Financial Statement - Fund Balances</b>   |   |  |  |
| Fund Balances, September 1, 2013                  | -   | -  | 41.61  |
| Restatements                                      | -   | -  | -  |
| Fund Balances, September 1, 2013, as Restated     | <u>-</u>  | <u>-</u>   | <u>41.61</u>   |
| <b>Fund Balances, August 31, 2014</b>             | <u>\$ -</u>   | <u>\$ -</u>  | <u>\$ 57.32</u>  |

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

UNAUDITED

| Texas Military<br>Value Revolving<br>Loan<br>(7026)*<br>U/F (7262) | Texas Military<br>Value Revolving<br>Loan<br>(7027)*<br>U/F (7273) | Totals<br>(Exhibit II 300) |
|--|--|----------------------------|
| \$ 32.39   | \$ 560.81  | \$ 816.55                  |
| <u>32.39</u>   | <u>560.81</u>  | <u>816.55</u>              |
| 240,000.00   | 595,000.00   | 1,340,000.00               |
| 221,700.00   | 1,555,000.00   | 2,199,501.62               |
| <u>461,700.00</u>  | <u>2,150,000.00</u>  | <u>3,539,501.62</u>        |
| <u>(461,667.61)</u>  | <u>(2,149,439.19)</u>  | <u>(3,538,685.07)</u>      |
| 461,700.00   | 2,150,000.00   | 3,539,501.65               |
| (79.04)  | (491.09)   | (777.80)                   |
| <u>461,620.96</u>  | <u>2,149,508.91</u>  | <u>3,538,723.85</u>        |
| <u>(46.65)</u>   | <u>69.72</u>   | <u>38.78</u>               |
| 46.65  | 165.02   | 253.28                     |
| -  | -  | -                          |
| <u>46.65</u>   | <u>165.02</u>  | <u>253.28</u>              |
| <u>\$ -</u>  | <u>\$ 234.74</u>   | <u>\$ 292.06</u>           |

UNAUDITED

Office of the Governor - Trusteed Programs (300)  
 Exhibit F-1 300 - Combining Statement of Net Position - Enterprise Funds  
 For the Fiscal Year Ended August 31, 2014

|                                  | <u>Economic<br/>Development Bank<br/>(5106)*</u> | <u>Totals<br/>(Exhibit III 300)</u> |
|----------------------------------|--|-------------------------------------|
| <b>ASSETS</b>                    |  |                                     |
| Current Assets:                  |  |                                     |
| Cash and Cash Equivalents:       |  |                                     |
| Cash in State Treasury           | \$ 11,054,403.89                                 | \$ 11,054,403.89                    |
| Restricted:                      |  |                                     |
| Cash in State Treasury           | 1,052,816.87                                     | 1,052,816.87                        |
| Receivables from:                |  |                                     |
| Interest and Dividends           | 51,686.98  | 51,686.98                           |
| Loans and Contracts              | 1,851,059.45                                     | 1,851,059.45                        |
| Total Current Assets             | <u>14,009,967.19</u>                             | <u>14,009,967.19</u>                |
| Non-Current Assets:              |  |                                     |
| Loans and Contracts              | 18,863,354.12                                    | 18,863,354.12                       |
| Total Non-Current Assets         | <u>18,863,354.12</u>                             | <u>18,863,354.12</u>                |
| <b>Total Assets</b>              | <u>\$ 32,873,321.31</u>                          | <u>\$ 32,873,321.31</u>             |
| <b>DEFERRED OUTFLOWS</b>         |  |                                     |
| <b>Total Deferred Outflows</b>   | <u>\$ -</u>                                      | <u>\$ -</u>                         |
| <b>LIABILITIES</b>               |  |                                     |
| Current Liabilities:             |  |                                     |
| Payables from:                   |  |                                     |
| Accounts                         | \$ 159,731.27                                    | \$ 159,731.27                       |
| Payroll                          | 57,981.03  | 57,981.03                           |
| Due To Other Agencies            | 23,200.71  | 23,200.71                           |
| Employees' Compensable Leave     | 33,114.42  | 33,114.42                           |
| Total Current Liabilities        | <u>274,027.43</u>                                | <u>274,027.43</u>                   |
| Non-Current Liabilities:         |  |                                     |
| Notes and Loans Payable (Note 5) | 20,000,000.00                                    | 20,000,000.00                       |
| Employees' Compensable Leave     | 19,913.31  | 19,913.31                           |
| Total Non-Current Liabilities    | <u>20,019,913.31</u>                             | <u>20,019,913.31</u>                |
| <b>Total Liabilities</b>         | <u>20,293,940.74</u>                             | <u>20,293,940.74</u>                |
| <b>DEFERRED INFLOWS</b>          |  |                                     |
| <b>Total Deferred Inflows</b>    | <u>-</u>   | <u>-</u>                            |
| <b>Net Position</b>              |  |                                     |
| Restricted For:                  |  |                                     |
| Other                            | 1,052,816.87                                     | 1,052,816.87                        |
| Unrestricted                     | 11,526,563.70                                    | 11,526,563.70                       |
| <b>Total Net Position</b>        | <u>\$ 12,579,380.57</u>                          | <u>\$ 12,579,380.57</u>             |

\* GAAP Fund is noted as (XXXX)

UNAUDITED

Office of the Governor - Trusteed Programs (300)

Exhibit F-2 300 - Combining Statement of Revenues, Expenses and Changes in Net Position - Enterprise Funds  
For the Fiscal Year Ended August 31, 2014

|   | Economic<br>Development Bank<br>(5106)* | Totals<br>(Exhibit IV 300) |
|---|---|----------------------------|
| <b>Operating Revenues</b>   |   |                            |
| Interest and Investment Income  | \$ 647,218.08                           | \$ 647,218.08              |
| Other Operating Revenue   | 136,890.00                              | 136,890.00                 |
| <b>Total Operating Revenues</b>   | <u>784,108.08</u>                       | <u>784,108.08</u>          |
| <b>Operating Expenses:</b>  |   |                            |
| Salaries and Wages  | 619,101.61                              | 619,101.61                 |
| Payroll Related Costs   | 148,623.74                              | 148,623.74                 |
| Professional Fees and Services  | 147,784.97                              | 147,784.97                 |
| Travel  | 8,826.81                                | 8,826.81                   |
| Materials and Supplies  | 1,069.49                                | 1,069.49                   |
| Communication and Utilities   | 36,247.95                               | 36,247.95                  |
| Repairs and Maintenance   | 318.00                                  | 318.00                     |
| Rentals and Leases  | 1,800.00                                | 1,800.00                   |
| Printing and Reproduction   | 96.98                                   | 96.98                      |
| Interest  | 39,940.54                               | 39,940.54                  |
| Other Operating Expenses  | 193,356.68                              | 193,356.68                 |
| <b>Total Operating Expenses</b>   | <u>1,197,166.77</u>                     | <u>1,197,166.77</u>        |
| Operating Income (Loss)   | <u>(413,058.69)</u>                     | <u>(413,058.69)</u>        |
| <b>Nonoperating Revenues (Expenses)</b>                                 |   |                            |
| Investment Income (Expense)   | (0.08)                                  | (0.08)                     |
| <b>Total Nonoperating Revenues (Expenses)</b>                           | <u>(0.08)</u>                           | <u>(0.08)</u>              |
| Income (Loss) Before Capital Contributions, Endowments<br>and Transfers | <u>(413,058.77)</u>                     | <u>(413,058.77)</u>        |
| <b>Capital Contributions, Endowments and Transfers</b>                  |   |                            |
| Transfer In   | 1,671,370.46                            | 1,671,370.46               |
| Transfer Out  | (216,316.25)                            | (216,316.25)               |
| <b>Total Capital Contributions, Endowments and Transfers</b>            | <u>1,455,054.21</u>                     | <u>1,455,054.21</u>        |
| Change in Net Position  | <u>1,041,995.44</u>                     | <u>1,041,995.44</u>        |
| Total Net Position, September 1, 2013                                   | 11,577,385.13                           | 11,577,385.13              |
| Restatements  | (40,000.00)                             | (40,000.00)                |
| Total Net Position, September 1, 2013, as Restated                      | <u>11,537,385.13</u>                    | <u>11,537,385.13</u>       |
| <b>Total Net Position, August 31, 2014</b>                              | <u>\$ 12,579,380.57</u>                 | <u>\$ 12,579,380.57</u>    |

\* GAAP Fund is noted as (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, 2014

|  | Economic<br>Development Bank<br>(5106)* | Totals<br>(Exhibit V 300) |
|--|---|---------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |   |                           |
| Proceeds from Other Revenue  | \$ 96,890.00                            | \$ 96,890.00              |
| Payments to Employees  | (740,273.17)                            | (740,273.17)              |
| Payments for Other Expenses  | (317,248.36)                            | (317,248.36)              |
| Net Cash Provided by Operating Activities  | <u>(960,631.53)</u>                     | <u>(960,631.53)</u>       |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                                     |   |                           |
| Proceeds of Transfers from Other Funds   | 1,694,571.17                            | 1,694,571.17              |
| Payments of Principal on Debt Issuance   | (5,000,000.00)                          | (5,000,000.00)            |
| Payments of Interest   | (39,863.00)                             | (39,863.00)               |
| Payments of Other Costs of Debt Issuance   | (4,240.00)                              | (4,240.00)                |
| Payments for Transfers to Other Funds  | (216,316.25)                            | (216,316.25)              |
| Payments for Other Uses  | (8,859.08)                              | (8,859.08)                |
| Net Cash Provided by Noncapital Financing Activities                                       | <u>(3,574,707.16)</u>                   | <u>(3,574,707.16)</u>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |   |                           |
| Proceeds from Interest and Investment Income   | 671,949.10                              | 671,949.10                |
| Proceeds from Principal Payments on Loans  | 2,599,739.09                            | 2,599,739.09              |
| Payments for Non-Program Loans   | (1,510,000.00)                          | (1,510,000.00)            |
| Net Cash Provided by Investing Activities  | <u>1,761,688.19</u>                     | <u>1,761,688.19</u>       |
| Net Increase/(Decrease) in Cash and Cash Equivalents                                       | (2,773,650.50)                          | (2,773,650.50)            |
| Cash and Cash Equivalents, September 1, 2013   | 14,880,871.26                           | 14,880,871.26             |
| Restatement to Beginning Cash & Cash Equivalents   | -                                       | -                         |
| Cash and Cash Equivalents,<br>September 1, 2013, as Restated                               | <u>14,880,871.26</u>                    | <u>14,880,871.26</u>      |
| Cash and Cash Equivalents, August 31, 2014   | <u>\$ 12,107,220.76</u>                 | <u>\$ 12,107,220.76</u>   |
| <b>Reconciliation of Operating Income to<br/>Net Cash Provided by Operating Activities</b> |   |                           |
| Operating Income (Loss)  | \$ (413,058.69)                         | \$ (413,058.69)           |
| Adjustments to Reconcile Operating Income<br>to Net Cash Provided by Operating Activities  |   |                           |
| Operating Income and Cash Flow Categories<br>Classification Differences                    | (594,178.46)                            | (594,178.46)              |
| Changes in Assets and Liabilities:   |   |                           |
| Increase (Decrease) in Payables  | 73,300.65                               | 73,300.65                 |
| Increase (Decrease) in Unearned Revenue  | (40,000.00)                             | (40,000.00)               |
| Increase (Decrease) in Compensated Absence Liabilities                                     | 13,304.97                               | 13,304.97                 |
| Total Adjustments  | <u>(547,572.84)</u>                     | <u>(547,572.84)</u>       |
| Net Cash Provided by Operating Activities  | <u>\$ (960,631.53)</u>                  | <u>\$ (960,631.53)</u>    |

\* GAAP Fund is noted as (XXXX)

**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, 2014**

|   | <b>Beginning<br/>Balance</b> |                  |                   | <b>Ending<br/>Balance</b> |
|---|------------------------------|------------------|-------------------|---------------------------|
|   | <b>September 1, 2013</b>     | <b>Additions</b> | <b>Deductions</b> | <b>August 31, 2014</b>    |
| <b>Departmental Suspense (0900), U/F(0900)*</b>         |                              |                  |                   |                           |
| <b>ASSETS</b>   |                              |                  |                   |                           |
| Cash in State Treasury                                  | \$ -                         | \$ 56,980.00     | \$ 56,980.00      | \$ -                      |
| Total Assets  | \$ -                         | \$ 56,980.00     | \$ 56,980.00      | \$ -                      |
| <b>LIABILITIES</b>                                      |                              |                  |                   |                           |
| Funds Held for Others                                   | \$ -                         | \$ 56,980.00     | \$ 56,980.00      | \$ -                      |
| Total Liabilities                                       | \$ -                         | \$ 56,980.00     | \$ 56,980.00      | \$ -                      |
| <b>Overpayments to Employees (0900), U/F(9015)</b>      |                              |                  |                   |                           |
| <b>ASSETS</b>   |                              |                  |                   |                           |
| Cash in State Treasury                                  | \$ -                         | \$ 336.01        | \$ 336.01         | \$ -                      |
| Total Assets  | \$ -                         | \$ 336.01        | \$ 336.01         | \$ -                      |
| <b>LIABILITIES</b>                                      |                              |                  |                   |                           |
| Funds Held for Others                                   | \$ -                         | \$ 336.01        | \$ 336.01         | \$ -                      |
| Total Liabilities                                       | \$ -                         | \$ 336.01        | \$ 336.01         | \$ -                      |
| <b>Direct Deposit Correction (0980), U/F(0980)</b>      |                              |                  |                   |                           |
| <b>ASSETS</b>   |                              |                  |                   |                           |
| Cash in State Treasury                                  | \$ -                         | \$ 2,087.13      | \$ 2,087.13       | \$ -                      |
| Total Assets  | \$ -                         | \$ 2,087.13      | \$ 2,087.13       | \$ -                      |
| <b>LIABILITIES</b>                                      |                              |                  |                   |                           |
| Funds Held for Others                                   | \$ -                         | \$ 2,087.13      | \$ 2,087.13       | \$ -                      |
| Total Liabilities                                       | \$ -                         | \$ 2,087.13      | \$ 2,087.13       | \$ -                      |
| <b>Unappropriated General Revenue (1000), U/F(1002)</b> |                              |                  |                   |                           |
| <b>ASSETS</b>   |                              |                  |                   |                           |
| Cash in State Treasury                                  | \$ -                         | \$ 1,645,447.66  | \$ 1,645,447.66   | \$ -                      |
| Total Assets  | \$ -                         | \$ 1,645,447.66  | \$ 1,645,447.66   | \$ -                      |
| <b>LIABILITIES</b>                                      |                              |                  |                   |                           |
| Funds Held for Others                                   | \$ -                         | \$ 1,645,447.66  | \$ 1,645,447.66   | \$ -                      |
| Total Liabilities                                       | \$ -                         | \$ 1,645,447.66  | \$ 1,645,447.66   | \$ -                      |
| <b>Totals - All Agency Funds</b>                        |                              |                  |                   |                           |
| <b>ASSETS</b>   |                              |                  |                   |                           |
| Cash in State Treasury                                  | \$ -                         | \$ 1,704,850.80  | \$ 1,704,850.80   | \$ -                      |
| Total Assets  | \$ -                         | \$ 1,704,850.80  | \$ 1,704,850.80   | \$ -                      |
| <b>LIABILITIES</b>                                      |                              |                  |                   |                           |
| Funds Held for Others                                   | \$ -                         | \$ 1,704,850.80  | \$ 1,704,850.80   | \$ -                      |
| Total Liabilities                                       | \$ -                         | \$ 1,704,850.80  | \$ 1,704,850.80   | \$ -                      |

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

UNAUDITED

Office of the Governor - Trusteed Programs (300)

Exhibit K-1 300 - Combining Statement of Net Position - Discretely Presented Component Units

For the Fiscal Year Ended August 31, 2014

|                                      | Texas Disaster<br>Relief Fund, a<br>Non-Profit Corp.<br>(3146)*<br>U/F (7003) | Texas<br>Health Services<br>Authority<br>(3147)*<br>U/F (7004) | Texas Small Business<br>Industrial Development<br>Corporation<br>(3154)*<br>U/F (7002) | Texas Economic<br>Development<br>Corporation<br>(3155)*<br>U/F (7001) |
|--------------------------------------|---|--|--|---|
| <b>ASSETS</b>                        |   |  |  |   |
| Current Assets:                      |   |  |  |   |
| Cash and Cash Equivalents:           |   |  |  |   |
| Cash In Bank                         | \$ 200,000.00   | \$ -   | \$ -   | \$ 247,312.00   |
| Cash Equivalents                     | 654,580.27  | -  | 845,979.65   | 1,097,318.00  |
| Receivables from:                    |   |  |  |   |
| Interest and Dividends               | 5.80  | -  | 7.00   | -   |
| Accounts Receivable                  | -   | -  | -  | 239,165.00  |
| Prepaid Items                        | 5.19  | -  | -  | 69,870.00   |
| <b>Total Current Assets</b>          | <u>854,591.26</u>   | <u>-</u>   | <u>845,986.65</u>  | <u>1,653,665.00</u>   |
| Non-Current Assets:                  |   |  |  |   |
| Capital Assets:                      |   |  |  |   |
| Depreciable and Amortizable, Net     | -   | -  | -  | 1,349.00  |
| <b>Total Non-Current Assets</b>      | <u>-</u>  | <u>-</u>   | <u>-</u>   | <u>1,349.00</u>   |
| <b>Total Assets</b>                  | <u>\$ 854,591.26</u>  | <u>\$ -</u>  | <u>\$ 845,986.65</u>   | <u>\$ 1,655,014.00</u>  |
| <b>LIABILITIES</b>                   |   |  |  |   |
| Current Liabilities:                 |   |  |  |   |
| Accounts Payable                     | \$ -  | \$ -   | \$ -   | \$ 157,717.00   |
| Unearned Revenues                    | -   | -  | -  | -   |
| <b>Total Current Liabilities</b>     | <u>-</u>  | <u>-</u>   | <u>-</u>   | <u>157,717.00</u>   |
| <b>Total Non-Current Liabilities</b> | <u>-</u>  | <u>-</u>   | <u>-</u>   | <u>-</u>  |
| <b>Total Liabilities</b>             | <u>-</u>  | <u>-</u>   | <u>-</u>   | <u>157,717.00</u>   |
| <b>Net Position</b>                  |   |  |  |   |
| Unrestricted                         | 854,591.26  | -  | 845,986.65   | 1,497,297.00  |
| <b>Total Net Position</b>            | <u>\$ 854,591.26</u>  | <u>\$ -</u>  | <u>\$ 845,986.65</u>   | <u>\$ 1,497,297.00</u>  |

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

**UNAUDITED**

| <b>Beacon<br/>State<br/>Fund<br/>(4157)*<br/>U/F (7005)</b> | <b>State<br/>Agency<br/>Council<br/>(4158)*<br/>U/F (7006)</b> | <b>Film<br/>Texas<br/>Fund<br/>(4159)*<br/>U/F (7007)</b> | <b>Texas Governor's<br/>Mansion<br/>Administration<br/>(4164)*<br/>U/F (7008)</b> | <b>Totals<br/>(Exhibit VIII - 300)</b> |
|---|--|---|---|--|
| \$ 151,821.66   | \$ 10,517.06   | \$ 888.19   | \$ 3,831.08   | \$ 614,369.99                          |
| -   | 20,074.80  | -   | -   | 2,617,952.72                           |
| -   | 13.12  | -   | -   | 25.92                                  |
| -   | -  | -   | 8,797.70  | 247,962.70                             |
| -   | 1,000.00   | -   | -   | 70,875.19                              |
| <u>151,821.66</u>   | <u>31,604.98</u>   | <u>888.19</u>   | <u>12,628.78</u>  | <u>3,551,186.52</u>                    |
| -   | -  | -   | -   | 1,349.00                               |
| -   | -  | -   | -   | 1,349.00                               |
| <u>\$ 151,821.66</u>  | <u>\$ 31,604.98</u>  | <u>\$ 888.19</u>  | <u>\$ 12,628.78</u>   | <u>\$ 3,552,535.52</u>                 |
| \$ -  | \$ -   | \$ 5.00   | \$ -  | \$ 157,722.00                          |
| -   | 5,000.00   | -   | -   | 5,000.00                               |
| -   | 5,000.00   | 5.00  | -   | 162,722.00                             |
| -   | -  | -   | -   | -                                      |
| -   | 5,000.00   | 5.00  | -   | 162,722.00                             |
| <u>151,821.66</u>   | <u>26,604.98</u>   | <u>883.19</u>   | <u>12,628.78</u>  | <u>3,389,813.52</u>                    |
| <u>\$ 151,821.66</u>  | <u>\$ 26,604.98</u>  | <u>\$ 883.19</u>  | <u>\$ 12,628.78</u>   | <u>\$ 3,389,813.52</u>                 |

UNAUDITED

Office of the Governor - Trusteed Programs (300)

Exhibit K-2 300 - Combining Statement of Revenues, Expenses and Changes in Net Position –  
Discretely Presented Component Units

For the Fiscal Year Ended August 31, 2014

|  | Texas<br>Disaster<br>Relief Fund<br>(3146)*<br>U/F (7003) | Texas<br>Health Services<br>Authority<br>(3147)*<br>U/F (7004) | Texas Small Business<br>Industrial Development<br>Corporation<br>(3154)*<br>U/F (7002) | Texas Economic<br>Development<br>Corporation<br>(3155)*<br>U/F (7001) |
|--|---|--|--|---|
| <b>Operating Revenues</b>  |   |  |  |   |
| Sales of Goods and Services  | \$ -  | \$ -   | \$ -   | \$ -  |
| Interest and Investment Income   | -   | -  | 6,019.19   | -   |
| Other Grants and Contributions   | 2,321.74  | -  | -  | 765,811.00  |
| Other Operating Revenue  | -   | -  | -  | 22,450.00   |
| <b>Total Operating Revenues</b>  | <u>2,321.74</u>   | <u>-</u>   | <u>6,019.19</u>  | <u>788,261.00</u>   |
| <b>Operating Expenses</b>  |   |  |  |   |
| Salaries and Wages   | -   | -  | -  | 59,063.00   |
| Professional Fees and Services   | 1,185.83  | -  | -  | 145,096.00  |
| Travel   | -   | -  | 1,063.13   | 146,549.00  |
| Materials and Supplies   | -   | -  | 35.94  | 125,289.00  |
| Communication and Utilities  | 191.84  | -  | -  | 1,215.00  |
| Rentals and Leases   | -   | -  | -  | 108,098.00  |
| Printing and Reproduction  | -   | -  | -  | 6,966.00  |
| Depreciation and Amortization  | -   | -  | -  | 103.00  |
| Interest   | -   | -  | 1,209.60   | -   |
| Grants to Community Service Programs   | -   | -  | -  | -   |
| Other Operating Expenses   | 247.47  | -  | 28,398.84  | 629,736.00  |
| <b>Total Operating Expenses</b>  | <u>1,625.14</u>   | <u>-</u>   | <u>30,707.51</u>   | <u>1,222,115.00</u>   |
| Operating Income (Loss)  | <u>696.60</u>   | <u>-</u>   | <u>(24,688.32)</u>   | <u>(433,854.00)</u>   |
| <b>Nonoperating Revenue (Expenses)</b>                                       |   |  |  |   |
| Investment Income (Expense)  | 21.76   | -  | 111.89   | 93.00   |
| Other Nonoperating Revenues (Expenses)                                       | -   | -  | -  | 6,996.00  |
| <b>Total Nonoperating Revenue (Expenses)</b>                                 | <u>21.76</u>  | <u>-</u>   | <u>111.89</u>  | <u>7,089.00</u>   |
| Income (Loss) Before Other Revenue, Expenses,<br>Gains/Losses, and Transfers | <u>718.36</u>   | <u>-</u>   | <u>(24,576.43)</u>   | <u>(426,765.00)</u>   |
| Change in Net Position   | <u>718.36</u>   | <u>-</u>   | <u>(24,576.43)</u>   | <u>(426,765.00)</u>   |
| Net Position, September 1, 2013  | 853,872.90  | 15,443.00  | 830,563.08   | 1,924,062.00  |
| Restatements   | -   | (15,443.00)  | 40,000.00  | -   |
| Net Position, September 1, 2013, as Restated                                 | <u>853,872.90</u>   | <u>-</u>   | <u>870,563.08</u>  | <u>1,924,062.00</u>   |
| <b>Net Position, August 31, 2014</b>   | <u>\$ 854,591.26</u>                                      | <u>\$ -</u>  | <u>\$ 845,986.65</u>   | <u>\$ 1,497,297.00</u>  |

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

UNAUDITED

| Beacon<br>State<br>Fund<br>(4157)*<br>U/F (7005) | State<br>Agency<br>Council<br>(4158)*<br>U/F (7006) | Film<br>Texas<br>Fund<br>(4159)*<br>U/F (7007) | Texas Governor's<br>Mansion<br>Administration<br>(4164)*<br>U/F (7008) | Totals<br>(Exhibit IX 300) |
|--|---|--|--|----------------------------|
| \$ -   | \$ -  | \$ -   | \$ 16,809.36   | \$ 16,809.36               |
| -  | -   | -  | -  | 6,019.19                   |
| 100,100.00                                       | -   | -  | 2,390.52   | 870,623.26                 |
| 960.24   | -   | -  | -  | 23,410.24                  |
| <u>101,060.24</u>                                | <u>-</u>  | <u>-</u>                                       | <u>19,199.88</u>   | <u>916,862.05</u>          |
| -  | -   | -  | -  | 59,063.00                  |
| -  | -   | -  | 3,294.00   | 149,575.83                 |
| 2,296.42   | -   | 24.00  | -  | 149,932.55                 |
| 27,352.90  | 642.66  | 790.68   | 5,502.65   | 159,613.83                 |
| 1,940.90   | -   | -  | -  | 3,347.74                   |
| 4,721.98   | -   | -  | 505.74   | 113,325.72                 |
| 5,704.50   | -   | -  | 53.02  | 12,723.52                  |
| -  | -   | -  | -  | 103.00                     |
| -  | -   | -  | -  | 1,209.60                   |
| 25,250.00  | 750.00  | -  | -  | 26,000.00                  |
| 19,228.72  | -   | 5.00   | 4,044.50   | 681,660.53                 |
| <u>86,495.42</u>                                 | <u>1,392.66</u>                                     | <u>819.68</u>                                  | <u>13,399.91</u>   | <u>1,356,555.32</u>        |
| <u>14,564.82</u>                                 | <u>(1,392.66)</u>                                   | <u>(819.68)</u>                                | <u>5,799.97</u>  | <u>(439,693.27)</u>        |
| 41.15  | 156.32  | -  | -  | 424.12                     |
| -  | -   | -  | -  | 6,996.00                   |
| <u>41.15</u>                                     | <u>156.32</u>                                       | <u>-</u>                                       | <u>-</u>   | <u>7,420.12</u>            |
| <u>14,605.97</u>                                 | <u>(1,236.34)</u>                                   | <u>(819.68)</u>                                | <u>5,799.97</u>  | <u>(432,273.15)</u>        |
| <u>14,605.97</u>                                 | <u>(1,236.34)</u>                                   | <u>(819.68)</u>                                | <u>5,799.97</u>  | <u>(432,273.15)</u>        |
| 137,215.69                                       | 27,841.32   | 1,702.87                                       | 6,828.81   | 3,797,529.67               |
| -  | -   | -  | -  | 24,557.00                  |
| <u>137,215.69</u>                                | <u>27,841.32</u>                                    | <u>1,702.87</u>                                | <u>6,828.81</u>  | <u>3,822,086.67</u>        |
| <u>\$ 151,821.66</u>                             | <u>\$ 26,604.98</u>                                 | <u>\$ 883.19</u>                               | <u>\$ 12,628.78</u>  | <u>\$ 3,389,813.52</u>     |