



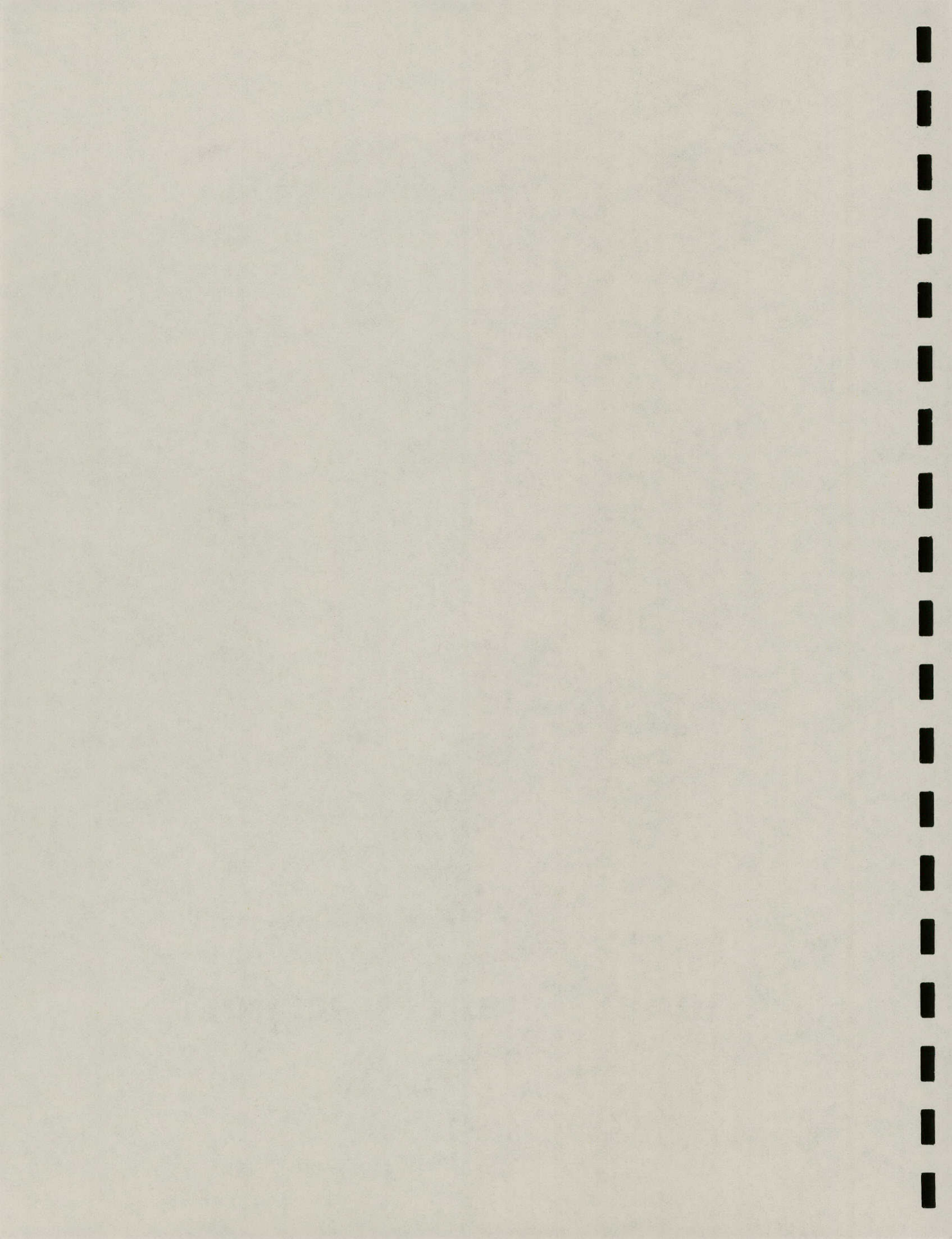
TEXAS VETERANS COMMISSION

Helping Veterans Starts Here



Annual Financial Report

For the Year Ended
August 31, 2016



ELISEO "AL" CANTU, JR.
Major, US Army (Retired)
Chairman

JAMES H. SCOTT
Colonel, USAF (Retired)
Vice Chairman

J.K. "JAKE" ELLZEY
Commander, US Navy (Retired)
Secretary



DANIEL P. MORAN
Captain, USMC (Retired)
Member

THE REV. RICHARD A. McLEON, IV
US Army Veteran
Member

THOMAS P. PALLADINO
Colonel, US Army (Retired)
Executive Director

TEXAS VETERANS COMMISSION

November 20, 2016

Honorable Greg Abbott, Governor
Honorable Glenn Hegar, Texas Comptroller
Ursula Parks, Director, Legislative Budget Board
Lisa Collier, First Assistant State Auditor

Dear State Leaders:

We are pleased to submit the annual financial report of the Texas Veterans Commission for the year ended Aug. 31, 2016, in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

Due to the statewide requirements embedded in [Governmental Accounting Standards Board \(GASB\) 34](#), 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 Michelle Nall at (512) 463-1657. Mrs. Nall may also be contacted for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,


THOMAS P. PALLADINO
Executive Director



TABLE OF CONTENTS

I.	LETTER OF TRANSMITTAL	
II.	COMBINED FINANCIAL STATEMENTS	
	Exhibit I: Combined Balance Sheet/Statement of Net Assets - Governmental Funds	1
	Exhibit II: Combined Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities - Governmental Funds	3
	Exhibit VI: Combined Statement of Net Assets - Fiduciary Funds	5
III.	NOTES TO THE FINANCIAL STATEMENTS	
	Notes to the Financial Statements	6
IV.	COMBINING STATEMENTS	
	Exhibit A-1: Combining Balance Sheet - All General and Consolidated Funds	15
	Exhibit A-2: Combining Statement of Revenues, Expenditures and Changes in Fund Balance - All General and Consolidated Funds	16
	Exhibit J-1: Combining Statement of Changes in Assets and Liabilities - Agency Funds	17
V.	SCHEDULES	
	Schedule 1A - Schedule of Expenditures of Federal Awards	18
	Schedule 1B - Schedule of State Grant Pass-Throughs From/To State Agencies	21



COMBINED FINANCIAL STATEMENTS

UNAUDITED

Texas Veterans Commission, Agency 403

Exhibit I — Combined Balance Sheet/Statement of Net Assets — Governmental Funds
For the Year Ended August 31, 2016

	Governmental Fund Types		Statement of Net Assets
	General Funds	Governmental Funds Total	
ASSETS AND DEFERRED OUTFLOWS			
Current Assets:			
Cash in State Treasury	22,150,128.39	22,150,128.39	22,150,128.39
Legislative Appropriations	9,782,181.30	9,782,181.30	9,782,181.30
Receivables from:			
Federal	0.00	0.00	0.00
Interfund Receivables (Note 12)	0.00	0.00	0.00
Due From Other Agencies	2,779,537.94	2,779,537.94	2,779,537.94
Consumable Inventories	37,995.66	37,995.66	37,995.66
Non-Current Assets:			
Capital Assets (Note 2):	0.00	0.00	0.00
Depreciable or Amortizable, Net	0.00	0.00	0.00
Total Assets and Deferred Outflows	34,749,843.29	34,749,843.29	34,749,843.29
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities			
Current Liabilities:			
Payables from:			
Accounts	421,433.20	421,433.20	421,433.20
Payroll	2,003,275.21	2,003,275.21	2,003,275.21
Interfund Payable (Note 12)	0.00	0.00	0.00
Due To Other Agencies (Note 12)	0.00	0.00	0.00
Employees' Compensable Leave	0.00		0.00
Non-Current Liabilities			
Employees' Compensable Leave	0.00		0.00
Total Liabilities and Deferred Inflows	2,424,708.41	2,424,708.41	2,424,708.41

UNAUDITED

Governmental Fund
Types

	<u>General Funds</u>	<u>Governmental Funds Total</u>	<u>Statement of Net Assets</u>
Fund Financial Statement			
Fund Balances (Deficits):			
Nonspendable	37,995.66	37,995.66	37,995.66
Committed	0.00	0.00	0.00
Assigned	0.00	0.00	0.00
Unassigned	32,287,139.22	32,287,139.22	32,287,139.22
Total Fund Balance	<u>32,325,134.88</u>	<u>32,325,134.88</u>	<u>32,325,134.88</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>34,749,843.29</u>	<u>34,749,843.29</u>	<u>34,749,843.29</u>

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

Texas Veterans Commission, Agency 403
Exhibit II — Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Statement of Activities - Governmental Funds
For the Fiscal Year Ended August 31, 2016

	General Funds	Governmental Funds Total	Statement of Activities
REVENUES			
Legislative Appropriations			
Original Appropriations (GR)	27,520,389.00	27,520,389.00	27,520,389.00
Additional Appropriations (GR)	3,271,768.85	3,271,768.85	3,271,768.85
Federal Revenues (PR - Operating or Capital)	15,580,029.90	15,580,029.90	15,580,029.90
Federal Pass-Through From Revenue	0.00	0.00	0.00
State Pass-Through Revenue	1,824,000.00	1,824,000.00	1,824,000.00
Licenses, Fees & Permits (PR)	15,462.21	15,462.21	15,462.21
Interest and Other Investment Income (GR)	152,995.03	152,995.03	152,995.03
Other (GR)	2,887,314.15	2,887,314.15	2,887,314.15
Total Revenues	<u>51,251,959.14</u>	<u>51,251,959.14</u>	<u>51,251,959.14</u>
EXPENDITURES			
Salaries and Wages	19,031,618.19	19,031,618.19	19,031,618.19
Payroll Related Costs	5,282,920.13	5,282,920.13	5,282,920.13
Professional Fees and Services	710,185.48	710,185.48	710,185.48
Travel	726,315.44	726,315.44	726,315.44
Materials and Supplies	423,506.82	423,506.82	423,506.82
Communication and Utilities	210,735.57	210,735.57	210,735.57
Repair and Maintenance	(142,658.35)	(142,658.35)	(142,658.35)
Rental and Leases	2,263,636.49	2,263,636.49	2,263,636.49
Printing and Reproduction	64,645.63	64,645.63	64,645.63
Claims and Judgments	0.00	0.00	0.00
Interest	0.00	0.00	0.00
Intergovernmental Payments	2,731,904.62	2,731,904.62	2,731,904.62
Public Assistance Payments	12,023,101.27	12,023,101.27	12,023,101.27
Other Expenditures	707,631.97	707,631.97	707,631.97
Capital Outlay	0.00	0.00	0.00
Total Expenditures	<u>44,033,543.26</u>	<u>44,033,543.26</u>	<u>44,033,543.26</u>
Excess (Deficiency) of Revenues over Expenditures	<u>7,218,415.88</u>	<u>7,218,415.88</u>	<u>7,218,415.88</u>
OTHER FINANCING SOURCES (USES)			
Legislative Financing Sources	0.00	0.00	0.00
Legislative Financing Uses	(13,797,527.00)	(13,797,527.00)	(13,797,527.00)
Operating Transfers In (Note 12)	23,963,879.10	23,963,879.10	23,963,879.10
Operating Transfers Out (Note 12)	(11,159,161.21)	(11,159,161.21)	(11,159,161.21)
Total Other Financing Sources (Uses)	<u>(992,809.11)</u>	<u>(992,809.11)</u>	<u>(992,809.11)</u>
Net Change in Fund Balances	<u>6,225,606.77</u>	<u>6,225,606.77</u>	<u>6,225,606.77</u>
Fund Financial Statement - Fund Balances			
Fund Balances, September 1, 2015	26,388,310.81	26,388,310.81	26,388,310.81
Restatements (Note 14)	(266,704.97)	(266,704.97)	(266,704.97)
Fund Balances, September 1, 2015, as Restated	<u>26,121,605.84</u>	<u>26,121,605.84</u>	<u>26,121,605.84</u>

UNAUDITED

Appropriation Lapsed	<u>(22,077.73)</u>	<u>(22,077.73)</u>	<u>(22,077.73)</u>
Fund Balances, August 31, 2016	<u>32,325,134.88</u>	<u>32,325,134.88</u>	<u>32,325,134.88</u>
Government-Wide Statement of Net Assets			
Net Assets/Net Change in Net Assets		<u>32,325,134.88</u>	<u>32,325,134.88</u>
Net Assets, September 1, 2015			0.00
Restatements			<u>0.00</u>
Net Assets, September 1, 2015, as Restated			0.00
Net Assets, August 31, 2016		<u>32,325,134.88</u>	<u>32,325,134.88</u>

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

UNAUDITED

Texas Veterans Commission, Agency 403
Exhibit VI — Combined Balance Statement of Net Assets — Fiduciary Funds
For the Fiscal Year Ended August 31, 2016

Agency Funds
(Exh J-1)

ASSETS

Cash In State Treasury	6,252.48
Accounts Receivable	<u>0.00</u>
Total Assets	<u>6,252.48</u>

LIABILITIES

Liabilities	
Accounts Payable	0.00
Funds Held For Others	<u>6,252.48</u>
Total Liabilities	<u>6,252.48</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Entity

Texas Veterans Commission is an agency of the state of Texas and its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' *Reporting Requirements for Annual Financial Reports of State Agencies and Universities*.

Texas Veterans Commission serves the state by providing services that will significantly improve the quality of life of Texas Veterans and their families.

Due to the statewide requirements embedded in 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*; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

Fund Structure

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

Governmental Fund Types and Government-wide Adjustments Fund Types

General Revenue Funds

The general revenue fund is used to account for all financial resources of the state except those required to be accounted for in another fund. As of Sept. 1, 2009, the Texas license plate account was consolidated into general revenue fund. The Texas license plate account was previously presented as agency funds.

The Fund for Veterans Assistance (fund 0368) - This fund was established to enhance or improve veterans' assistance programs and make grants to local communities to address veteran needs. Revenues are obtained from veteran scratch off lottery game and gifts contributed to the fund.

Capital Assets Adjustment Fund Type

The capital assets adjustment fund (fund 0099) will be used to convert governmental fund type capital assets from modified accrual to full accrual.

Long-Term Liabilities Adjustment Fund Type

The long-term liabilities adjustment fund (fund 0098) will be used to convert governmental fund type debt from modified accrual to full accrual.

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

Child Support (fund 8070) accounts for employee deductions for child support.

US Saving Bond (fund 0901) accounts for employee contributions to purchase savings bonds.

TexasSaver 401(k) trust (fund 0942) accounts for tax-deferred portions of salaries of state employees in accordance with the provisions of IRC Section 401(k).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Governmental fund types that build the fund financial statements are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year-end. The state of Texas considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year for fund financial statements prepared on the modified accrual basis. Expenditures and other uses of financial resources are recognized when the related liability is incurred.

Governmental adjustment fund types that will build the government-wide financial statements are accounted for using the full accrual basis of accounting. This includes capital assets, accumulated depreciation, and unpaid employee compensable leave and full accrual revenues and expenses. The activity is recognized in these fund types.

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 are appropriated.

Assets, Liabilities and Fund Balance/Net Assets

Assets***Cash and Cash Equivalents***

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

Inventories and Prepaid Items

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

Capital Assets

Assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year are capitalized. These assets are capitalized at cost or, if purchased, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all "exhaustible" assets. Assets are depreciated over the estimated useful life of the asset using the straight-line

Other Receivables - Current

The disaggregation of other receivables as reported in the financial statements is shown in Note 25, "Disaggregation of Receivables and Payables Balances."

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Liabilities*****Accounts Payable***

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

Employees' Compensable Leave Balances

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

Fund Balance/Net Assets

The difference between fund assets and liabilities is "net assets" on the government-wide, proprietary and fiduciary fund statements, and the "fund balance" is the difference between fund assets and liabilities on the governmental fund statements.

Fund Balance Components

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

Nonspendable fund balance includes amounts not available to be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

Restricted fund balance includes those resources that have constraints placed on their use through external parties or by law through constitutional provisions.

Committed fund balance can be used only for specific purposes pursuant to constraints imposed by a formal action of the Texas Legislature, the state's highest level of decision making authority.

Assigned fund balance includes amounts constrained by the state's intent to be used for specific purposes, but 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.

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.

Restricted Net Assets

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

Unrestricted Net Assets

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Interfund Activities and Balances

The agency has the following types of transactions between funds:

- (1) Transfers: Legally required transfers that are reported when incurred as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund.
- (2) Interfund receivables and payables: Interfund loans are reported as interfund receivables and payables. If payment is due during the current year or soon thereafter, the balance is classified as "current."

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

NOTE 2: CAPITAL ASSETS

A summary of changes in Capital Assets for the year ended August 31, 2016, is presented below:

	Balance		Reclassifications				Balance	
	9/1/2015	Adjustments	Completed CIP	Inc-Int'agy Trans	Dec-Int'agy Trans	Additions	Deletions	8/31/2016
Governmental Activities:								
Depreciable Assets:								
Furniture & Equipment	110,039.74	(52,194.80)	0.00	0.00	0.00	0.00		57,844.94
Total Depreciable Assets	110,039.74	(52,194.80)	0.00	0.00	0.00	0.00	0.00	57,844.94
Less Accumulated Depreciation for:								
Furniture & Equipment	(42,738.49)	21,459.71	0.00	0.00	0.00	(9,724.32)		(31,003.10)
Total Accumulated Depreciation	(42,738.49)	21,459.71	0.00	0.00	0.00	(9,724.32)	0.00	(31,003.10)
Depreciable Assets, Net	67,301.25	(30,735.09)	0.00	0.00	0.00	(9,724.32)	0.00	26,841.84
Amortizable Assets - Intangible:								
Computer Software	402,456.36		0.00	0.00	0.00	0.00	0.00	402,456.36
Total Amortizable Assets - Intangible	402,456.36	0.00	0.00	0.00	0.00	0.00	0.00	402,456.36
Less Accumulated Amortization for:								
Computer Software	(402,456.36)	0.00	0.00	0.00	0.00	0.00	0.00	(402,456.36)
Total Accumulated Amortization	(402,456.36)	0.00	0.00	0.00	0.00	0.00	0.00	(402,456.36)
Amortizable Assets Intangible, Net	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Governmental Activities								
Capital Assets, Net	67,301.25	(30,735.09)	0.00	0.00	0.00	(9,724.32)	0.00	26,841.84

NOTE 3: DEPOSITS, INVESTMENTS AND REPURCHASE AGREEMENTS

NOT APPLICABLE

NOTE 4: SHORT-TERM DEBT

NOT APPLICABLE

NOTE 5: SUMMARY OF LONG-TERM LIABILITIES

Changes In Long-Term Liabilities

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

Governmental Activities	Balance 9/01/2015	Additions	Reductions	Balance 8/31/2016	Amounts Due Within One Year
Compensable Leave	\$ 1,513,892.08	\$ 1,606,485.02	\$ (1,728,170.48)	\$ 1,392,206.62	\$ 890,928.67
TOTAL	\$ 1,513,892.08	\$ 1,606,485.02	\$ (1,728,170.48)	\$ 1,392,206.62	\$ 890,928.67

Employees' Compensable Leave

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

NOTE 6: BONDED INDEBTEDNESS

NOT APPLICABLE

NOTE 7: DERIVATIVE INSTRUMENTS

NOT APPLICABLE

NOTE 8: LEASES

NOT APPLICABLE

NOTE 9: PENSION PLANS (administering agencies only)

NOT APPLICABLE

NOTE 10: DEFERRED COMPENSATION (administering agencies only)

NOT APPLICABLE

NOTE 11: POST EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

NOT APPLICABLE

NOTE 12: INTERFUND ACTIVITY AND TRANSACTIONS

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

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

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

Due To and From, Transfers and Legislative Transfers are not required for presentation in this note.

NOTE 13: CONTINUANCE SUBJECT TO REVIEW

The Texas Veterans Commission is subject to Chapter 325, Government Code (Texas Sunset Act). Unless continued in existence as provided by that chapter, the Commission is abolished and this Act expires September 1, 2019. If abolished, the Commission may continue until September 1, 2020, to close out its operations.

NOTE 14: ADJUSTMENTS TO FUND BALANCES/NET ASSETS

General Revenue

Fund Balance/Net Assets

September 1, 2015	\$ 5,430,457.71
Restatement/Adjustment	<u>\$ (266,704.97)</u>
Fund Balance/Net Assets	
September 1, 2016, restated	<u>\$ 5,163,752.74</u>

Restatement due to adjustments for corrections beginning balances of appropriations in general revenue reconciliation

General Fixed Assets

Fund Balance/Net Assets

September 1, 2015	\$ 67,301.25
Restatement/Adjustment	<u>\$ (30,735.09)</u>
Fund Balance/Net Assets	
September 1, 2016, restated	<u>\$ 36,566.16</u>

Restatement due to adjustments in valuation of furniture and equipment and vehicles, caused by miscoding and miscalculation in dollar value

NOTE 15: CONTINGENCIES AND COMMITMENTS

The agency 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 grantor agencies for expenditures disallowed under the terms of the grant. Management believes such disallowances, if any, will be immaterial.

NOTE 16: SUBSEQUENT EVENTS

NON APPLICABLE

NOTE 17: RISK MANAGEMENT

NON APPLICABLE

NOTE 18: MANAGEMENT DISCUSSION AND ANALYSIS

NON APPLICABLE

NOTE 19: THE FINANCIAL REPORTING ENTITY

NOT APPLICABLE

NOTE 20: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

NOT APPLICABLE

NOTE 21: N/A (Not Applicable to the Reporting Requirement Process)

NOT APPLICABLE

NOTE 22: DONOR-RESTRICTED ENDOWMENTS

NOT APPLICABLE

NOTE 23: EXTRAORDINARY AND SPECIAL ITEMS

NOT APPLICABLE

NOTE 24: DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

NOT APPLICABLE

NOTE 25: TERMINATION BENEFITS

NOT APPLICABLE

NOTE 26: SEGMENT INFORMATION

NOT APPLICABLE

NOTE 27: SERVICE CONCESSION ARRANGEMENTS

NOT REQUIRED

NOTE 28: DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

NOT REQUIRED

NOTE 29: TROUBLE DEBT RESTRUCTURING

NOT REQUIRED

NOTE 30: NON-EXCHANGING FINANCIAL GUARANTEES

NOT REQUIRED

COMBINING STATEMENTS

UNAUDITED

Texas Veterans Commission, Agency 403
 Exhibit A-1 — Combining Balance Sheet — All General and Consolidated Funds
 For the Fiscal Year Ended August 31, 2016

	Fund Type 01			Total
	GAAP Fund 0001	GAAP Fund 0368	GAAP Fund 0802	
ASSETS				
Current Assets:				
Cash In State Treasury		22,150,128.39		22,150,128.39
Legislative Appropriations	9,782,181.30			9,782,181.30
Receivables from:				
Federal				0.00
Interfund Receivables				0.00
Due From Other Agencies		2,777,878.78	1,659.16	2,779,537.94
Consumable Inventories	37,995.66			37,995.66
Non-Current Assets:				
Capital Assets (Note 2):				
Depreciable:				
Furniture and Equipment				
Less Accumulated Depreciation				
Total Assets	<u>9,820,176.96</u>	<u>24,928,007.17</u>	<u>1,659.16</u>	<u>34,749,843.29</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Current Liabilities:				
Payables from:				
Accounts	370,173.68	51,259.52		421,433.20
Payroll	1,911,573.57	91,701.64		2,003,275.21
Interfund Payable				0.00
Due To Other Agencies				0.00
Employees' Compensable Leave				0.00
Non-Current Liabilities				
Employees' Compensable Leave				0.00
Total Liabilities	<u>2,281,747.25</u>	<u>142,961.16</u>	<u>0.00</u>	<u>2,424,708.41</u>
Fund Balances (Deficits):				
Nonspendable for Inventory	37,995.66			37,995.66
Committed				0.00
Assigned				0.00
Unassigned	7,500,434.05	24,785,046.01	1,659.16	32,287,139.22
Total Fund Balances	<u>7,538,429.71</u>	<u>24,785,046.01</u>	<u>1,659.16</u>	<u>32,325,134.88</u>
Total Liabilities and Fund Balances	<u>9,820,176.96</u>	<u>24,928,007.17</u>	<u>1,659.16</u>	<u>34,749,843.29</u>

Texas Veterans Commission, Agency 403
 Exhibit A-2 — Combining Statement of Revenues, Expenditures and Changes in Fund Balances —
 All General and Consolidated Funds
 For the Fiscal Year Ended August 31, 2016

	Fund Type 01			Total
	GAAP Fund 0001	GAAP Fund 0368	GAAP Fund 0802	
REVENUES				
Legislative Appropriations				
Original Appropriations (GR)	27,520,389.00			27,520,389.00
Additional Appropriations (GR)	3,271,768.85			3,271,768.85
Federal Revenues	15,265,013.76	315,016.14		15,580,029.90
Federal Pass-Through Revenue	0.00			0.00
State Pass-Through Revenue	1,824,000.00			1,824,000.00
Licenses, Fees & Permits (PR)	9,180.43	119.74	6,162.04	15,462.21
Interest and Other Investment Income (GR)		152,988.74	6.29	152,995.03
Other	49,941.79	2,837,372.36		2,887,314.15
Total Revenues	47,940,293.83	3,305,496.98	6,168.33	51,251,959.14
EXPENDITURES				
Salaries and Wages	18,195,994.93	835,623.26		19,031,618.19
Payroll Related Costs	4,992,389.20	290,530.93		5,282,920.13
Professional Fees and Services	610,368.87	99,816.61		710,185.48
Travel	699,025.89	27,289.55		726,315.44
Materials and Supplies	361,608.95	61,897.87		423,506.82
Communication and Utilities	171,897.50	38,838.07		210,735.57
Repair and Maintenance	(146,822.97)	4,164.62		(142,658.35)
Rental and Leases	2,184,294.67	79,341.82		2,263,636.49
Printing and Reproduction	57,859.26	6,786.37		64,645.63
Claims and Judgments				0.00
Interest				0.00
Intergovernmental Payments	1,202,473.00	1,529,431.62		2,731,904.62
Public Assistance Payments	915,000.00	11,102,207.12	5,894.15	12,023,101.27
Other Operating Expenditures	625,666.74	81,965.23		707,631.97
Capital Outlay	0.00			0.00
Total Expenditures	29,869,756.04	14,157,893.07	5,894.15	44,033,543.26
Excess (Deficiency) of Revenues over Expenditures	18,070,537.79	(10,852,396.09)	274.18	7,218,415.88
OTHER FINANCING SOURCES (USES)				
Legislative Financing Sources				0.00
Legislative Financing Uses	(13,797,527.00)			(13,797,527.00)
Operating Transfers In (Note 12)	478,502.40	23,485,376.70		23,963,879.10
Operating Transfers Out (Note 12)	(2,354,758.49)	(8,804,402.72)		(11,159,161.21)
Total Other Financing Sources (Uses)	(15,673,783.09)	14,680,973.98	0.00	(992,809.11)
Net Change in Fund Balances	2,396,754.70	3,828,577.89	274.18	6,225,606.77
Fund Financial Statement - Fund Balances				
Fund Balances, September 1, 2015	5,430,457.71	20,956,468.12	1,384.98	26,388,310.81
Restatements	(266,704.97)			(266,704.97)
Fund Balances, September 1, 2015, as Restated	5,163,752.74	20,956,468.12	1,384.98	26,121,605.84
Appropriation Lapsed	(22,077.73)			(22,077.73)
Fund Balances, August 31, 2016	7,538,429.71	24,785,046.01	1,659.16	32,325,134.88

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

UNAUDITED

Texas Veterans Commission, Agency 403

Exhibit J-1 — Combining Statement of Changes in Assets and Liabilities — Agency Funds
August 31, 2016

	Beginning Balance 09/01/2015	Additions	Deductions	Ending Balance 08/31/2016
Agency Fund 0807 U/F (8070)				
ASSETS				
Cash In State Treasury	6,667.31	87,488.10	87,902.93	6,252.48
Total Assets	<u>6,667.31</u>	<u>87,488.10</u>	<u>87,902.93</u>	<u>6,252.48</u>
LIABILITIES				
Accounts Payable	0.00	81,235.62	81,235.62	0.00
Funds Held for Others	6,667.31	87,488.10	87,902.93	6,252.48
Total Liabilities	<u>6,667.31</u>	<u>168,723.72</u>	<u>169,138.55</u>	<u>6,252.48</u>
Agency Fund 0900 U/F (9015)				
ASSETS				
Cash In State Treasury	0.00	3,786.49	3,786.49	0.00
Total Assets	<u>0.00</u>	<u>3,786.49</u>	<u>3,786.49</u>	<u>0.00</u>
LIABILITIES				
Accounts Payable	0.00	0.00	0.00	0.00
Funds Held for Others	0.00	3,786.49	3,786.49	0.00
Total Liabilities	<u>0.00</u>	<u>3,786.49</u>	<u>3,786.49</u>	<u>0.00</u>
Agency Fund 0980 U/F (0980)				
ASSETS				
Cash In State Treasury	1,729.00	411.48	2,140.48	0.00
Total Assets	<u>1,729.00</u>	<u>411.48</u>	<u>2,140.48</u>	<u>0.00</u>
LIABILITIES				
Accounts Payable	0.00	0.00	0.00	0.00
Funds Held for Others	1,729.00	411.48	2,140.48	0.00
Total Liabilities	<u>1,729.00</u>	<u>411.48</u>	<u>2,140.48</u>	<u>0.00</u>
Agency Fund 0980 U/F (9014)				
ASSETS				
Cash In State Treasury	0.00	2,265.33	2,265.33	0.00
Total Assets	<u>0.00</u>	<u>2,265.33</u>	<u>2,265.33</u>	<u>0.00</u>
LIABILITIES				
Accounts Payable				0.00
Funds Held for Others	0.00	2,265.33	2,265.33	0.00
Total Liabilities	<u>0.00</u>	<u>2,265.33</u>	<u>2,265.33</u>	<u>0.00</u>
Total Agency Funds				
ASSETS				
Cash In State Treasury	8,396.31	93,951.40	96,095.23	6,252.48
Account Receivable	0.00	0.00	0.00	0.00
Total Assets	<u>8,396.31</u>	<u>93,951.40</u>	<u>96,095.23</u>	<u>6,252.48</u>
LIABILITIES				
Accounts Payable	0.00	81,235.62	81,235.62	0.00
Funds Held for Others	8,396.31	93,951.40	96,095.23	6,252.48
Total Liabilities	<u>8,396.31</u>	<u>93,951.40</u>	<u>96,095.23</u>	<u>6,252.48</u>

SCHEDULES

Texas Veterans Commission, Agency 403
Schedule 1A - Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended August 31, 2016

Federal Grantor/ Pass-through Grantor/ Program Title	CFDA Number	Identifying Number	Agy/ Univ No	Pass-through From		Direct Program Amount	Total PT From and Direct Prog.
				Agencies or Universities Amount	Non-State Entities Amount		
U.S. Department of Veterans Affairs							
All-Volunteer Force Educational Assistance	64.124					1,165,582.96	1,165,582.96
HRTG-Veterans Transportation						315,016.14	315,016.14
Totals - Department of Veterans Affairs				0	0	1,480,599.10	1,480,599.10
Employment Services Cluster							
U.S. Department of Labor							
Direct Programs:							
Disabled Veterans' Outreach Program (DVOP)	17.801					9,228,310.67	9,228,310.67
Local Veterans' Employment Representative Program (LVER)	17.804					4,871,120.13	4,871,120.13
Totals - U.S. Department of Labor				0	0	14,099,430.80	14,099,430.80
Total Expenditures of Federal Awards				0.00	0.00	15,580,029.90	15,580,029.90

Agy/ Univ No.	Pass-through To		Expenditures Amount	Total PT To and Expenditures
	Agencies or Universities Amount	Non-State Entities Amount		
			1,165,582.96	1,165,582.96
			315,016.14	315,016.14
	0	0	1,480,599.10	1,480,599.10
			9,228,310.67	9,228,310.67
			4,871,120.13	4,871,120.13
	0	0	14,099,430.80	14,099,430.80
	0.00	0.00	15,580,029.90	15,580,029.90

Texas Veterans Commission, Agency 403
 Schedule 1A - Schedule of Expenditures of Federal Awards (continued)
 For the Fiscal Year Ended August 31, 2016

NOTE 1: NonMonetary Assistance

The Texas Veterans Commission does not have Nonmonetary Assistance for Commodities/Surplus Property

NOTE 2: Reconciliation

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

Per Combined Governmental Operation Statement/Statement
 of Activities and Proprietary Statements of Changes in Revenues, Expenses
 and Net Assets

Governmental Funds	- Federal Revenue (Exh II)	15,580,029.90
--------------------	----------------------------	---------------

<u>RECONCILING ITEMS:</u>	<u>0.00</u>
---------------------------	-------------

Total Pass Through and Expenditures per Federal Schedule	<u>\$ 15,580,029.90</u>
---	-------------------------

NOTE 3: Student Loans Processed and Administrative Cost Recovered

The Texas Veterans Commission does not have Student Loans Processed and Administrative Cost Recovered.

NOTE 4: Depository Libraries for Governmental Publications

The Texas Veterans Commission does not have Depository Libraries for Governmental Publications.

NOTE 5: Unemployment Insurance Funds (Agency 320 only)

The Texas Veterans Commission does not have Unemployment Insurance Funds.

NOTE 6: Agency 501 Only (WIC Program)

The Texas Veterans Commission does not have Rebates for the Special Supplemental Food Program for Women, Infants and Children

NOTE 7: Federal Deferred Revenue

The Texas Veterans Commission does not have Federal Deferred Revenue.

NOTE 8: Supplemental Nutrition Assistance Program (Agency 529 only)

The Texas Veterans Commission does not participate in the Supplemental Nutrition Assistance Program (SNAP).

Texas Veterans Commission, Agency 403
Schedule 1B
Schedule of State Grant Pass-Throughs From/To State Agencies
For the Fiscal Year Ended August 31, 2016

Pass-through From	Grant ID	Agency	Amount
Workforce Development Texas Workforce Commission	320.0002	320	225,000.00
Veterans Mental Health Department of State Health Services	537.0044	537	1,599,000.00
Total Pass-Through from Other Agencies (Exh II)			<u>1,824,000.00</u>

**THIS PAGE INTENTIONALLY
LEFT BLANK**

