



# ANNUAL FINANCIAL REPORT

*For the year ended August 31, 2018*



# TEXAS MILITARY DEPARTMENT

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AUGUST 31, 2018



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# TEXAS MILITARY DEPARTMENT

## INTRODUCTION

UNAUDITED ANNUAL FINANCIAL REPORT  
AUGUST 31, 2018





**TEXAS MILITARY DEPARTMENT**  
POST OFFICE BOX 5218  
AUSTIN, TX 78763-5218  
(512) 782-5001

November 20, 2018

Office of the Executive Director

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

Ladies and Gentlemen:

We are pleased to submit the annual financial report of the Texas Military Department for the year ended August 31, 2018, 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 Ms. Ranada Williams, Chief Financial Officer, for the annual report at 512-782-5409. Mr. Freddy Ruiz, Financial Reporting Manager, may be contacted at 512-782-5237 for questions related to the Schedule of Expenditures of Federal Awards.

If you have any questions or require further assistance, please do not hesitate to contact my office at 512-782-5688 or via email at [bill.wilson@military.texas.gov](mailto:bill.wilson@military.texas.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Wilson".

Bill Wilson  
Executive Director

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# TEXAS MILITARY DEPARTMENT

# GENERAL PURPOSE FINANCIAL STATEMENTS

UNAUDITED ANNUAL FINANCIAL REPORT  
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<b>Texas Military Department (401)</b>					
<b>Exhibit I — Combined Balance Sheet/Statement of Net Assets — Governmental Funds</b>					
<b>August 31, 2018</b>					
<b>Governmental Fund Types</b>					
	General Funds (A-1)	Special Revenue Funds (B-1)	Debt Service Funds (C-1)	Capital Projects Funds (D-1)	Governmental Funds Total
<b>ASSETS AND DEFERRED OUTFLOWS</b>					
Current Assets:					
On Hand	\$ 100.00	\$ -	\$ -	\$ -	\$ 100.00
In Bank	-	\$ 1,276,965.55	-	-	1,276,965.55
Cash in State Treasury	7,074,750.44	-	226.81	41.36	7,075,018.61
Legislative Appropriations	17,854,459.09	-	-	-	17,854,459.09
Receivables from:					
Accounts Receivable	-	-	-	-	-
Federal	13,550,643.66	-	-	-	13,550,643.66
Due From Other Agencies (Note 12)	-	-	-	-	-
Interfund Receivables (Note 12)	13,882,133.88	-	-	-	13,882,133.88
<b>Total Assets</b>	<b>52,362,087.07</b>	<b>1,276,965.55</b>	<b>226.81</b>	<b>41.36</b>	<b>53,639,320.79</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Current Liabilities:					
Payables from:					
Accounts Payable	1,993,037.82	-	-	-	1,993,037.82
Payroll	3,615,793.47	-	-	-	3,615,793.47
Due To Other Agencies (Note 12)	35,012.11	-	-	-	35,012.11
Interfund Payable (Note 12)	14,098,700.15	-	-	-	14,098,700.15
Deferred Revenues	24,158,392.25	-	-	-	24,158,392.25
<b>Total Liabilities</b>	<b>43,900,935.80</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43,900,935.80</b>
<b>Fund Financial Statement</b>					
Fund Balances (Deficits):					
Restricted	-	1,276,965.55	226.81	41.36	1,277,233.72
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	8,461,151.27	-	-	-	8,461,151.27
<b>Total Fund Balances</b>	<b>8,461,151.27</b>	<b>1,276,965.55</b>	<b>226.81</b>	<b>41.36</b>	<b>9,738,384.99</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 52,362,087.07</b>	<b>\$ 1,276,965.55</b>	<b>\$ 226.81</b>	<b>\$ 41.36</b>	<b>\$ 53,639,320.79</b>



**Texas Military Department**  
**Exhibit II — Combined Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of**  
**Activities — Governmental Funds**  
**For the Fiscal Year Ended August 31, 2018**

	General Funds (A-2)	Special Revenue Funds (B-2)	Debt Service Funds (C-2)	Capital Projects Funds (D-2)	Governmental Funds Total
<b>REVENUES*</b>					
Legislative Appropriations					
Original Appropriations	\$ 14,983,977.00			\$ -	\$ 14,983,977.00
Additional Appropriations	18,421,689.95			-	18,421,689.95
Taxes (GR)	-			-	-
Federal Revenue	68,094,559.36				68,094,559.36
Federal Grant Pass-Through Revenue	28,645,055.23				28,645,055.23
State Grant Pass-Through Revenue	11,807,645.25				11,807,645.25
License, Fees & Permits	-				-
Interest and Other Investment Income	102,237.88		267.52	-	102,505.40
Interest and Other Investment Income	-				-
Net Increase (Decrease) in Fair Value (PR)	-			-	-
Net Increase (Decrease) in Fair Value (GR)	-			-	-
Land Income (PR)	-			-	-
Settlement of Claims (PR)	-			-	-
Settlement of Claims (GR)	-			-	-
Sales of Goods and Services	167,331.00				167,331.00
Other	-				-
Other	2,909,071.73			-	2,909,071.73
<b>Total Revenues</b>	<b>145,131,567.40</b>		<b>267.52</b>		<b>145,131,834.92</b>
<b>EXPENDITURES</b>					
Salaries and Wages	56,453,119.77			-	56,453,119.77
Payroll Related Costs	11,450,858.01				11,450,858.01
Professional Fees and Services	6,010,935.42				6,010,935.42
Travel	9,009,557.76				9,009,557.76
Materials and Supplies	6,979,563.31			4.07	6,979,567.38
Communication and Utilities	8,444,634.03				8,444,634.03
Repairs and Maintenance	12,544,979.39			33,000.00	12,577,979.39
Rentals and Leases	1,259,406.63				1,259,406.63
Printing and Reproduction	14,026.00				14,026.00
Claims and Judgments	8,573.94				8,573.94
Federal Grant Pass-Through Expenditures	133,897.30				133,897.30
State Grant Pass-Through Expenditures	100,689.98				100,689.98
Intergovernmental Payments	-				-
Public Assistance Payments	1,422,441.70				1,422,441.70
Employee Benefit Payments	-				-
Other Expenditures	22,044,187.24			15.88	22,044,203.12
Debt Service:					
Principal	-		975,000.00		975,000.00
Interest	-		266,700.00		266,700.00
Other Payments for Refunding	-				-
Capital Outlay	-	724,820.69		7,800.00	732,620.69
Depreciation and Amortization Expense	14,839,594.98				14,839,594.98
<b>Total Expenditures/Expenses</b>	<b>150,718,465.46</b>	<b>724,820.69</b>	<b>1,241,700.00</b>	<b>40,819.95</b>	<b>152,723,806.10</b>
Excess (Deficiency) of Revenues over	(5,584,898.06)	(724,820.69)	(1,241,432.48)	(40,819.95)	(7,591,971.18)
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of Capital Assets	153,475.00				153,475.00
Repayment of Loans to Other State Agencies	(39,699.82)				(39,699.82)
Transfer In	30,797,224.07		226.81	313,642.66	31,111,093.54
Transfer Out	(18,853,399.23)		1,241,432.48	(272,826.78)	(17,884,793.53)
Legislative Transfer In	-				-
Legislative Transfer Out	-				-
<b>Total Other Financing Sources (Uses)</b>	<b>12,057,600.02</b>		<b>1,241,659.29</b>	<b>40,815.88</b>	<b>13,340,075.19</b>
<b>Net Change in Fund Balances/Net Assets</b>	<b>6,472,701.96</b>	<b>(724,820.69)</b>	<b>226.81</b>	<b>(4.07)</b>	<b>5,748,104.01</b>
<b>Fund Financial Statement - Fund Balances</b>					
Fund Balances, September 1, 2017	9,935,803.06	2,001,786.24	-	4.07	11,937,593.37
Restatements	-				-
Fund Balances, September 1, 2017 as Restated	9,935,803.06	2,001,786.24	-	4.07	11,937,593.37
Appropriations Lapsed	(7,947,353.75)				(7,947,353.75)
<b>Fund Balances, August 31, 2018</b>	<b>\$ 8,461,151.27</b>	<b>\$ 1,276,965.55</b>	<b>\$ 226.81</b>	<b>\$ (0.00)</b>	<b>\$ 9,738,343.63</b>

# TEXAS MILITARY DEPARTMENT

# NOTES TO THE FINANCIAL STATEMENTS

UNAUDITED ANNUAL FINANCIAL REPORT  
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## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### ENTITY

The Texas Military Department is an agency of the state of Texas and operates under the authority of Government Code, Sections 431, 432 and 437. The agency's 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.

The Texas Military Department's headquarters is at Camp Mabry, Austin, Texas, but has armories throughout the state. The agency provides the Governor and the President with ready and trained forces in support of the citizens of Texas and state and federal civil/military authorities at home and abroad.

The Texas Military Department has no component units as defined by Governmental Accounting Standards Board Statement No. 14.

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

**Blended Component Units:** No component units have been identified which should have been blended into an appropriated fund.

**Discrete Component Units:** No discrete component units have been identified which should have discreetly been presented.

### FUND STRUCTURE

The accompanying financial statements are presented based on funds and account groups, each of which is considered a separate accounting entity.

### GOVERNMENTAL FUND TYPES

**General Fund:** The general fund (fund 0001) is the principal operating fund used to account for most of the state's general activities. It accounts for all financial resources except those accounted for in other funds.

**Special Revenue Funds:** Special Revenue Funds (fund 9999) are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

**Debt Service Funds:** Debt Service funds (fund 7344), are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The Debt Service funds include the Interest and Sinking fund.

The function of the Interest and Sinking fund is to provide for payment of principal and interest on the Texas Military Department's outstanding revenue bonds. The Texas Military Department transfers from the Revenue Bonds - Revenue Fund monies that are sufficient together with the Interest and Sinking fund, to pay the interest and principal due each October 1 and April 1. Transfers may also be made to the Interest and Sinking fund from any residual balance from bond proceeds in the capital projects fund.

**Capital Project Fund:** Capital Project Funds (fund 7345), are used to account for financial resources used for the acquisition, repair, renovation or construction of major capital facilities. This fund was created to utilize funds from the sale of revenue bonds. Monies derived from the sale of the Texas Military Department's revenue bonds were deposited to the Capital Projects Fund in accordance with the provisions of the Certificate of Resolution authorizing the issuance of the revenue bonds. These funds are subject to and charged with a lien in favor of the holders of the bonds until such funds are paid out for project costs.

All interest and gains from investments of the Capital Projects fund remain as a part of the fund. After completion of all project costs, the remaining balances in the fund will be transferred to the Debt Service Funds and will be applied as a reduction of the deposits required to be made to that fund. This fund is also used to account for payment of construction costs.

#### **FIDUCIARY FUND TYPES**

**Agency Funds:** Agency funds are used to account for assets the government holds on behalf of others in a purely custodial capacity. Agency funds involve only the receipt and remittance of fiduciary resources to individuals, private organizations, or other governments.

#### **BASIS OF ACCOUNTING**

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. 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 method basis of accounting. Under the modified accrual, 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 basis of accrual. Expenditures and other uses of financial resources are recognized when their related liability is incurred.

Governmental adjustment fund types that will build the government-wide financial statements are accounted for using the full accrual method of accounting. This includes capital assets, accumulated depreciation, unpaid Employee Compensable leave, the unmatured debt service (principal and interest) on general long-term liabilities, long-term capital leases, long-term claims and judgments and full accrual revenues and expenses. The activity will be recognized in these fund types.

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

## **BUDGETS AND BUDGETARY ACCOUNTING**

The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (The General Appropriations Act). Encumbrance accounting is employed for budgetary control purposes. Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

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

### ***Assets***

**Cash and Cash Equivalents:** Short-term highly liquid investments with a maturity of three months or less are considered cash equivalents.

**Inventories:** Consumable inventories include warehouse supplies on hand at year-end. Inventories are valued at cost, generally utilizing an average cost method. The consumption method of accounting is used to account for inventories 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 should be capitalized. These assets are capitalized at cost or, if any 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 "exhaustive" assets. "Inexhaustible" assets such as works of art and historical treasures are not depreciated. Assets are depreciated over the 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.

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

**Bonds Payable-Revenue Bonds:** The un-matured principal and interest of revenue bonds is accounted for in the Long-Term Liabilities Adjustment column. Payables are reported separately as either current or non-current in the statement of net assets.

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

### FUND BALANCE/NET ASSETS

The difference between fund assets and liabilities in '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 funds statements.

**Fund Balance Components:** Fund balances for governmental funds are classified as non-spendable, restricted, committed, assigned or unassigned in the fund financial statements.

- Non-spendable 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 and reduced by outstanding balances for bond, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.

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

**Unrestricted Net Assets:** Unrestricted net assets consist of net assets that 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

### INTERFUND ACTIVITIES AND BALANCES

The agency has the following types of transactions between funds:

**Transfers:** Legally required transfers that are reported when incurred as 'Transfers In' by the recipient fund and as 'Transfer Out' by the disbursing fund.

**Interfund Receivables and Payables:** Interfund loans are reported as interfund receivables and payables. If repayment is due during the current year or soon thereafter it is classified as "Current", repayment for two (or more) years is classified as "Non-Current".

## NOTE 2: CAPITAL ASSETS

A summary of changes in Capital Assets for the year ended August 31, 2018, for the Texas Military Department presented below:

	Balance 9/1/2017	Adj	Reclassifications		Additions	Deletions	Balance 8/31/2018
			Completed CIP	Inc-Int'agy Trans			
<b>GOVERNMENTAL ACTIVITIES</b>							
<b>Non-Depreciable or Non-amortizable Assets</b>							
Land and Land Improvements	7,628,101.23						7,628,101.23
Infrastructure							
Construction in Progress	26,445,156.46	(10,135.78)	(6,069,276.56)		14,646,734.00		35,012,478.12
Other Tangible Capital Assets	2,000,000.00						2,000,000.00
Other Capital Assets							
Land Use Rights — Permanent							
<b>Total Non-Depreciable or Non-amortizable Assets</b>	<b>36,073,257.69</b>	<b>(10,135.78)</b>	<b>(6,069,276.56)</b>	<b>-</b>	<b>14,646,734.00</b>	<b>-</b>	<b>44,640,579.35</b>
<b>Depreciable Assets</b>							
Buildings and Building Improvements	231,635,854.82						231,635,854.82
Infrastructure	9,055,844.81						9,055,844.81
Facilities and Other Improvements	13,782,805.43		6,069,276.56				19,852,081.99
Furniture and Equipment	8,745,986.62	(644,564.93)			701,981.93	(2,598,519.74)	6,204,883.88
Vehicle, Boats & Aircraft	4,023,834.49	(279,017.42)			223,499.74	(163,083.10)	3,805,233.71
Other Capital Assets	84,331,804.45						84,331,804.45
<b>Total Depreciable Assets at Historical Cost</b>	<b>351,576,130.62</b>	<b>(923,582.35)</b>	<b>6,069,276.56</b>	<b>-</b>	<b>925,481.67</b>	<b>(2,761,602.84)</b>	<b>354,885,703.66</b>
<b>Less Accumulated Depreciation for:</b>							
Buildings and Improvements	(101,072,919.92)				(6,689,273.89)		(109,762,193.81)
Infrastructure	(2,350,405.39)				(356,607.12)		(2,707,012.51)
Facilities and Other Improvements	(5,703,596.83)				(888,554.84)		(6,592,151.67)
Furniture and Equipment	(6,898,513.57)	488,820.05			(473,944.42)	2,174,443.77	(4,509,194.17)
Vehicles, Boats & Aircraft	(2,696,047.40)	223,943.27			(371,974.55)	126,897.38	(2,717,381.32)
Other Capital Assets	(48,478,414.56)				(2,964,283.19)		(51,442,677.75)
<b>Total Accumulated Depreciation</b>	<b>(166,999,897.67)</b>	<b>712,763.32</b>	<b>-</b>	<b>-</b>	<b>(13,744,618.03)</b>	<b>2,301,141.13</b>	<b>(177,730,611.25)</b>
<b>Depreciable Assets, Net</b>	<b>184,576,232.95</b>	<b>(210,819.03)</b>	<b>6,069,276.56</b>	<b>-</b>	<b>(12,819,136.34)</b>	<b>(460,461.71)</b>	<b>177,155,092.43</b>
<b>Intangible Capital Assets - Amortizable</b>							
Land Use Rights — Term							
Computer Software — Intangible							
Other Intangible Capital Assets — Term							
<b>Total Depreciable Assets at Historical Costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Less Accumulated Amortization for:</b>							
Land Use Rights — Term							
Computer Software — Intangible							
Other Intangible Capital Assets — Term							
<b>Total Accumulated Amortization</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Amortizable Assets, Net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>220,649,480.64</b>	<b>(220,954.81)</b>	<b>-</b>	<b>-</b>	<b>1,827,597.66</b>	<b>(460,461.71)</b>	<b>221,795,671.78</b>



### Note 3: Deposits, Investments, and Repurchase Agreements

The Texas Military Department is authorized to make investments following the “prudent person rule”. There were not significant violations of legal provisions during the period.

**Deposits of Cash in Bank:** As of August 31, 2018, the carrying amount of deposits are as presented below:

<b>Governmental and Business-Type Activities</b>	
CASH IN BANK-CARRYING VALUE	\$1,276,965.55
Less: Certificates of Deposit Included in carrying value and reported as cash equivalent	\$ -
Less: Uninvested Securities Lending Cash Collateral included in carrying value and reported as Securities Lending Collateral	\$ -
Less: Securities Lending CD Collateral included in carrying value and reported as Securities Lending Collateral	\$ -
Cash in Bank per AFR	\$1,276,965.55
Governmental Funds Current Assets in Bank	\$1,276,965.55
Governmental Funds Current Assets Restricted Cash in Bank	\$ -
Governmental Funds Non-Current Assets Restricted Cash in Bank	\$ -
Cash in Bank per AFR	\$1,276,965.55

These amounts consist of all cash in local banks and a portion of short-term investments. These amounts are included on the Combined Statement of Net Assets as part of the "Cash in Bank".

As of August 31, 2018, the total bank balance was as follows:

Governmental and Business-Type Activities	\$1,276,965.55
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Custodial credit risk for deposits is the risk that, in the event of the failure of depository financial institution, the agency will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The agency does not have deposits that are exposed to custodial credit risk.

### Note 4: Short-Term Debt

The Texas Military Department had no short-term debt at August 31, 2018.

## Note 5: Summary of Long-Term Liabilities

During the year ended August 31, 2018, the following changes occurred in liabilities reported in the general long-term debt account.

Governmental Activities	Balance 09/01/17	Additions	Deductions	Premium on Bond	Balance 08/31/2018	Amount Due within One Year
Compensable Leave	\$2,834,211.34	\$3,543,824.33	\$3,334,326.41	\$ -	\$3,043,709.26	\$1,993,050.59
Revenue Bonds Payable	\$ 6,740,000.00		\$ 975,000.00	\$ 683,108.77	\$ 6,448,108.77	\$ 1,025,000.00
Total	\$ 9,574,211.34	\$ 3,543,824.33	\$ 4,309,326.41	\$ 683,108.77	\$ 9,491,818.03	\$ 3,018,050.59

**Claims and Judgments:** The Texas Military Department has no material claims or judgments pending against this agency as of August 31, 2018.

**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 for governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the Statement of Net Assets.

## Note 6: Bonded Indebtedness

**Bonds Payable:** Detailed supplemental bond information is disclosed in supplementary bond schedules Schedule 2A - Miscellaneous Bond Information, Schedule 2B - Changes in Bond Indebtedness, Schedule 2C - Debt Services Requirements, Schedule 2D - Analysis of Funds Available for Debt Service.

Detailed supplemental bond information is disclosed in supplementary bond schedules Schedule 2A - Miscellaneous Bond Information, Schedule 2B - Changes in Bond Indebtedness, Schedule 2C - Debt Services Requirements, Schedule 2D - Analysis of Funds Available for Debt Service.

The following information is provided to further describe each issue outstanding. All bonds are revenue bonds that are not self-supporting. The main source of the Texas Military Department. The Legislature appropriates general revenue to the Texas Military Department's revenue for debt service is the rental amount received from Department to fund the rental payment.

Description	Type	Purpose	Issue Date	Original Amount of Issue
Texas Military Department Revenue Refund Bonds, Series 2015B	Revenue	Refunding and Renovation	04/15/2015	\$8,640,000.00

**Note 7: Capital Leases**

The Texas Military Department has no outstanding capital leases at August 31, 2018.

**Note 8: Leases**

**Operating Leases:**

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

Fund Type	Amount
General Fund	\$669,718.00

During FY 2018, future minimum lease rental payments under non-cancelable operating leases having an initial term in excess of one year are as follows:

	<i>Minimum Lease Payment</i>
Year Ending August 31, 2019	\$407,248.00
Year Ending August 31, 2020	\$377,490.00
Year Ending August 31, 2021	\$320,060.00
Year Ending August 31, 2022	\$244,488.00
Year Ending August 31, 2023	\$142,635.00
<b>Total Minimum Future Lease Rental Payments</b>	<b>\$1,491,921.00</b>

**Note 9: Employees' Retirement Plan**

The State has joint contributory retirement plans for substantially all of its employees. The Agency participates in the plans administered by the Employees Retirement System of Texas. Future pension costs are the liabilities of the Retirement System. The System does not account for each State agency separately. Annual financial reports prepared by the System include audited financial statements and actuarial assumptions and conclusions.

**Note 10: Deferred Compensation**

Note 10 does not apply to the Texas Military Department.

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

Note 11 does not apply to the Texas Military Department.

**Note 12: Interfund Balances/Activities**

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

Individual balances and activity at August 31, 2018 is as follows:

	Current Interfund Receivable*	Current Interfund Payables *
<b>GENERAL REVENUE</b>		
Appd. Fund 0001, D23 Fund 0001 (Agency 401, Fund 0001)	\$ 11,924,496.42	\$ 1,939,562.24
<b>CONSOLIDATED FEDERAL FUND 0449</b>		
Appd. Fund 0449, D23 Fund 0449 (Agency 401, Fund 0449)	\$ 1,957,637.46	\$12,159,137.91
Total Interfund Receivables/Payables (Exh I)	\$13,882,133.88	\$14,098,700.15

\* Note – there is no non-current interfund activity for agency.

**Note 13: Continuance Subject to Review**

Under the Texas Sunset Act, the Agency will be abolished effective September 1, 2019 unless continued in existence by the 85<sup>th</sup> Legislature as provided by the Act. If abolished, the agency may continue until September 1, 2021, to close out its operations.

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

During the FY 2018, adjustments were made which required the restatement of the amounts in fund balances and fund equity as shown and discussed below:

a. Capital Assets

	Capital Assets	Total
Fund Balance August 31, 2017	(\$220,649,490.64)	(\$220,649,490.64)
<b>Restatements</b>		
a. Capital Assets	220,954.81	220,954.81
<b>Fund Balance September 1, 2017 as Restated</b>	<b>(\$220,428,535.83)</b>	<b>(\$220,428,535.83)</b>

### **Note 15: Contingencies and Commitments**

The Texas Military Department is a defendant in several lawsuits on August 31, 2018, alleging various causes of action. It is the opinion of the Texas Military Department that no liability for these actions will be incurred.

The Texas Military Department (department) receives federal funds for specific purposes that are subject to review and audit by the United States Property and Fiscal Office (USPFO) which is the department's primary federal funding source. Such audits and/or reviews could lead to a request for reimbursement to the USPFO for expenditures disallowed under the terms of the various federal funding agreements.

### **Note 16: Subsequent Events**

Note 16 does not apply to the Texas Military Department.

### **Note 17: Risk Financing and Related Insurance**

Note 17 does not apply to the Texas Military Department.

### **Note 18: Management Discussion and Analysis**

Note 18 does not apply to the Texas Military Department.

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

Note 19 does not apply to the Texas Military Department.

### **Note 20: Stewardship, Compliance and Accountability**

Note 20 does not apply to the Texas Military Department.

### **Note 21: Not Applicable**

Note 21 does not apply to the Texas Military Department.

### **Note 22: Donor Restricted Endowments**

Note 22 does not apply to the Texas Military Department.

**Note 23: Extraordinary and Special Items**

Note 23 does not apply to the Texas Military Department.

**Note 24: Disaggregation of Receivable and Payable Balances**

Note 24 does not apply to the Texas Military Department.

**Note 25: Termination Benefits**

Note 25 does not apply to the Texas Military Department.

**Note 26: Segment Information**

Note 26 does not apply to the Texas Military Department.

**Note 27: Service Concession Arrangements**

Note 27 does not apply to the Texas Military Department.

**Note 28: Deferred Outflows Of Resources And Deferred Inflows Of Resources**

Note 28 does not apply to the Texas Military Department.

**Note 29: Troubled Debt Restructuring**

Note 29 does not apply to the Texas Military Department.

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

Note 30 does not apply to the Texas Military Department.

**Note 31: Tax Abatements**

Note 31 does not apply to the Texas Military Department.

**Note 32: Governmental Fund Balances**

Note 32 does not apply to the Texas Military Department.

# TEXAS MILITARY DEPARTMENT

# COMBINING FINANCIAL STATEMENTS

UNAUDITED ANNUAL FINANCIAL REPORT  
AUGUST 31, 2018



**Texas Military Department (401)**  
**Exhibit A-1 — Combining Balance Sheet — All General and Consolidated Funds**  
**August 31, 2018**

	<u>General</u>	<u>Consolidated</u>	
	<u>Fund 1</u>	<u>Fund 1</u>	
	<u>(0001)</u>	<u>(0449)</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets:			
Cash			
On Hand	100.00		100.00
In Bank			
In State Treasury		7,074,750.44	7,074,750.44
Legislative Appropriations	17,854,459.09		17,854,459.09
Receivables from:			
Accounts Receivable			
Federal		13,550,643.66	13,550,643.66
Due From Other Agencies			
Interfund Receivables	11,924,496.42	1,957,637.46	13,882,133.88
<b>Total Assets</b>	<b>29,779,055.51</b>	<b>22,583,031.56</b>	<b>52,362,087.07</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Current Liabilities:			
Payables from			
Accounts Payable	679,719.23	1,313,318.59	1,993,037.82
Payroll	1,206,436.79	2,409,356.68	3,615,793.47
Due To Other Agencies		35,012.11	35,012.11
Interfund Payable	1,939,562.24	12,159,137.91	14,098,700.15
Deferred Revenues	9,335,765.44	14,822,626.81	24,158,392.25
<b>Total Liabilities</b>	<b>13,161,483.70</b>	<b>30,739,452.10</b>	<b>43,900,935.80</b>
Fund Balances (Deficits):			
Restricted			-
Committed			-
Assigned			-
Unassigned	16,617,571.81	(8,156,420.54)	8,461,151.27
<b>Total Fund Balances</b>	<b>16,617,571.81</b>	<b>(8,156,420.54)</b>	<b>8,461,151.27</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 29,779,055.51</b>	<b>\$ 22,583,031.56</b>	<b>\$ 52,362,087.07</b>



UNAUDITED  
Texas Military Department (401)

**Texas Military Department (401)**  
**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, 2018**

	General		Consolidated Accounts		Total
	Fund 1 (0001)	Fund 2 (0449)	Fund 3 (0589)	Fund 4 (5166)	
<b>REVENUES**</b>					
Legislative Appropriations					
Original Appropriations	\$ 14,983,977.00				\$ 14,983,977.00
Additional Appropriations	18,421,689.95				18,421,689.95
Taxes (GR)					
Federal Revenue		68,094,559.36			68,094,559.36
Federal Grant Pass-Through Revenue	28,423,329.66	221,725.57			28,645,055.23
State Grant Pass-Through Revenue	11,807,645.25				11,807,645.25
License, Fees & Permits					
Interest and Other Investment Income	102,237.88				102,237.88
Sales of Goods and Services	129,131.00	38,200.00			167,331.00
Other	2,360,685.26	547,541.25	(726.00)	1,571.22	2,909,071.73
<b>Total Revenues</b>	<b>76,228,696.00</b>	<b>68,902,026.18</b>	<b>(726.00)</b>	<b>1,571.22</b>	<b>145,131,567.40</b>
<b>EXPENDITURES</b>					
Salaries and Wages	35,601,089.23	14,126,234.06	6,725,796.48		56,453,119.77
Payroll Related Costs	3,360,093.79	8,090,764.22			11,450,858.01
Professional Fees and Services	498,122.15	3,619,963.00	1,745,023.77	147,826.50	6,010,935.42
Travel	7,015,622.87	462,545.37	1,531,389.52		9,009,557.76
Materials and Supplies	3,140,312.45	2,754,835.84	120,085.72	964,329.30	6,979,563.31
Communication and Utilities	2,034,689.80	6,409,964.23			8,444,654.03
Repairs and Maintenance	1,111,686.44	10,472,928.65		960,366.30	12,544,979.39
Rentals and Leases	547,123.90	712,282.73			1,259,406.63
Printing and Reproduction	9,161.77	4,864.23			14,026.00
Claims and Judgments	8,573.94				8,573.94
Federal Grant Pass-Through Expenditures		133,897.30			133,897.30
State Grant Pass-Through Expenditures		100,689.98			100,689.98
Public Assistance Payments	1,422,441.70				1,422,441.70
Other Expenditures	14,249,997.94	7,794,189.30			22,044,187.24
Capital Outlay	1,332,752.90	4,050,360.36	470,832.45	8,985,649.27	14,839,594.98
<b>Total Expenditures</b>	<b>70,331,648.88</b>	<b>58,733,517.27</b>	<b>10,593,127.94</b>	<b>11,058,171.37</b>	<b>150,716,465.46</b>
Excess (Deficiency) of Revenues over Expenditures	5,897,047.12	10,168,508.91	(10,593,853.94)	(11,058,600.15)	(5,584,898.06)
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of Capital Assets	153,475.00				153,475.00
Repayment of Loans to Other State Agencies	(39,699.82)				(39,699.82)
Transfers In	844,769.98		18,743,853.94	11,208,600.15	30,797,224.07
Transfers Out	(10,551,399.23)		(8,150,000.00)	(152,000.00)	(18,853,399.23)
Legislative Transfers In					
Legislative Transfers Out					
<b>Total Other Financing Sources (Uses)</b>	<b>(9,592,854.07)</b>	<b>-</b>	<b>10,593,853.94</b>	<b>11,056,600.15</b>	<b>12,057,600.02</b>
<b>Net Change in Fund Balances</b>	<b>(3,695,806.95)</b>	<b>10,168,508.91</b>	<b>0.00</b>	<b>0.00</b>	<b>6,472,701.96</b>
<b>Fund Financial Statement - Fund Balances</b>					
Fund Balances, September 1, 2017	28,260,732.51	(18,324,929.45)			9,935,803.06
Restatements					
Fund Balances as Restated	28,260,732.51	(18,324,929.45)			9,935,803.06
Appropriations Lapsed	(7,947,353.75)				(7,947,353.75)
<b>Fund Balances as of August 31, 2018</b>	<b>\$ 16,817,571.81</b>	<b>\$ (8,156,420.54)</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 8,461,151.27</b>

**Texas Military Department  
Exhibit B-1 — Combining Balance Sheet — Special Revenue Funds  
August 31, 2018**

	Special Revenue Fund (9999)* U/F (0002)	Totals
<b>ASSETS</b>		
Current Assets:		
Cash		
On Hand		
In Bank	\$ 1,276,965.55	\$ 1,276,965.55
In Transit/Reimburse from Treasury		-
In State Treasury		-
Short Term Investments		-
Securities Lending Collateral		-
Legislative Appropriations		-
Receivables from:		-
Accounts Receivable		-
Federal		-
Due From Other Funds		-
Due From Other Agencies		-
Interfund Receivables		-
Consumable Inventories		-
Merchandise Inventories		-
Prepaid Items		-
Loans and Contracts		-
Short Term Investments		-
Other Current Assets		-
Non-Current Assets:		
Other Non-Current Assets		-
<b>Total Assets</b>	<b>1,276,965.55</b>	<b>1,276,965.55</b>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Current Liabilities:		
Payables from:		
Accounts		-
Payroll		-
Due To Other Funds		-
Due To Other Agencies		-
Interfund Payable		-
Deferred Revenues		-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>
Fund Balances (Deficits):		
Nonspendable		-
Restricted	1,276,965.55	1,276,965.55
Committed		-
Unassigned		-
<b>Total Fund Balances</b>	<b>1,276,965.55</b>	<b>1,276,965.55</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,276,965.55</b>	<b>\$ 1,276,965.55</b>

**Texas Military Department (401)**  
**Exhibit B-2 — Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Special Revenue Funds**  
**For the Fiscal Year Ended August 31, 2018**

	<b>Special Revenue</b>	<b>Totals</b>
	<b>(9999)</b>	
<b>REVENUES**</b>		
Taxes	-	-
Federal Revenue	-	-
Federal Grant Pass-Through Revenue	-	-
State Grant Pass-Through Revenue	-	-
License, Fees & Permits	-	-
Contribution to Employee's Benefit Funds	-	-
Interest and Other Investment Income	-	-
Interest and Other Investment Income	-	-
Net Increase (Decrease) in Fair Value	-	-
Net Increase (Decrease) in Fair Value	-	-
Land Income	-	-
Sales of Goods and Services	-	-
Other	-	-
Total Revenues	-	-
<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	-	-
Employee Benefit Payments	-	-
Other Expenditures	-	-
Debt Service:		
Principal	-	-
Interest	-	-
Other Payments for Refunding	-	-
Capital Outlay	724,820.69	724,820.69
Total Expenditures	724,820.69	724,820.69
Excess (Deficiency) of Revenues over Expenditures	(724,820.69)	(724,820.69)
<b>OTHER FINANCING SOURCES (USES)</b>		
Bond and Note Proceeds	-	-
Increase in Obligations Under Capital Leases	-	-
Sale of Capital Assets	-	-
Insurance Recoveries	-	-
Transfer In	-	-
Transfer Out	-	-
Legislative Transfer In	-	-
Legislative Transfer Out	-	-
Total Other Financing Sources (Uses)	-	-
Net Change in Fund Balances	(724,820.69)	(724,820.69)
<b>Fund Financial Statement - Fund Balances</b>		
Fund Balances, September 1, 2017	2,001,786.24	2,001,786.24
Restatements	-	-
Fund Balances, September 1, 2017, as Restated	2,001,786.24	2,001,786.24
Appropriations Lapsed	-	-
Fund Balances, August 31, 2018	\$ 1,276,965.55	\$ 1,276,965.55

**Texas Military Department (401)**  
**Exhibit C-1 — Combining Balance Sheet — Debt**  
**Service Funds**  
**August 31, 2018**

	Debt Service Fund (7344)	Totals
<b>ASSETS</b>		
Current Assets:		
Cash		
In Bank		-
In State Treasury	226.81	226.81
Legislative Appropriations		-
Receivables from:		
Accounts Receivable		-
Federal		-
Interest and Dividends		-
Due From Other Funds		-
Due From Other Agencies		-
Interfund Receivables		-
Consumable Inventories		-
Other Current Assets		-
<b>Total Assets</b>	<b>226.81</b>	<b>226.81</b>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Current Liabilities:		
Payables from		
Accounts		-
Payroll		-
Other		-
Due To Other Funds		-
Due To Other Agencies		-
Interfund Payable		-
Other Current Liabilities		-
Non-Current Liabilities		
Interfund Payables		-
Other Non-Current Liabilities		-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>
Fund Balances (Deficits):		
Restricted	226.81	226.81
Committed		-
Assigned		-
Unassigned		-
<b>Total Fund Balances</b>	<b>226.81</b>	<b>226.81</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 226.81</b>	<b>\$ 226.81</b>

**Texas Military Department (401)**  
**Exhibit C-2 — Combining Statement of Revenues, Expenditures and Changes in Fund Balance-**  
**Debt Service Funds**  
**For the Fiscal Year Ended August 31, 2018**

	Debt Service Fund 1 (9999)	Debt Service Fund 2	Totals
<b>REVENUES**</b>			
Federal Revenue		\$	-
Interest and Other Investment Income	267.52		267.52
Other			-
<b>Total Revenues</b>	<b>267.52</b>	-	<b>267.52</b>
<b>EXPENDITURES</b>			
Professional Fees and Services			-
Other Expenditures			-
Debt Service:			
Principal	975,000.00		975,000.00
Interest	266,700.00		266,700.00
<b>Total Expenditures</b>	<b>1,241,700.00</b>	-	<b>1,241,700.00</b>
Excess (Deficiency) of Revenues over Expenditures	(1,241,432.48)	-	(1,241,432.48)
<b>OTHER FINANCING SOURCES (USES)</b>			
Bond and Note Proceeds			-
Insurance Recoveries			-
Transfer In	226.81		226.81
Transfer Out	1,241,432.48		1,241,432.48
Legislative Transfer In			-
Legislative Transfer Out			-
<b>Total Other Financing Sources (Uses)</b>	<b>1,241,659.29</b>	-	<b>1,241,659.29</b>
<b>Net Change in Fund Balances</b>	<b>226.81</b>	-	<b>226.81</b>
<b>Fund Financial Statement – Fund Balances</b>			
Fund Balances, September 1, 2017			-
Restatements			-
Fund Balances, September 1, 2017 as Restated			-
Appropriations Lapsed			-
Fund Balances, August 31, 2018	\$ 226.81	\$ -	\$ 226.81

**Texas Military Department (401)**  
**Exhibit D-1 — Combining Balance Sheet — Capital**  
**Projects Funds**  
**August 31, 2018**

	<b>Capital Projects Fund 1 (7345)</b>	<b>Totals</b>
<b>ASSETS</b>		
Current Assets:		
Cash		
In Bank	-	-
In State Treasury	41.36	41.36
Legislative Appropriations	-	-
Receivables from:		
Accounts Receivable	-	-
Federal	-	-
Interest and Dividends	-	-
Due From Other Funds	-	-
Due From Other Agencies	-	-
Interfund Receivables	-	-
Consumable Inventories	-	-
Other Current Assets	-	-
<b>Total Assets</b>	<b>41.36</b>	<b>41.36</b>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Current Liabilities:		
Payables from		
Accounts	-	-
Payroll	-	-
Other	-	-
Due To Other Funds	-	-
Due To Other Agencies	-	-
Interfund Payable	-	-
Other Current Liabilities	-	-
Non-Current Liabilities		
Interfund Payables	-	-
Other Non-Current Liabilities	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>
Fund Balances (Deficits):		
Restricted	41.36	41.36
Committed	-	-
Assigned	-	-
Unassigned	-	-
<b>Total Fund Balances</b>	<b>41.36</b>	<b>41.36</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 41.36</b>	<b>\$ 41.36</b>

**Texas Military Department (401)**  
**Exhibit D-2 — Combining Statement of Revenues, Expenditures and Changes in Fund Balances —**  
**Capital Projects Funds**  
**For the Fiscal Year Ended August 31, 2018**

	Capital Projects Fund 1 (7638)	Capital Projects Fund 4 (7661)	Totals
<b>REVENUES**</b>			
Legislative Appropriations			
Original Appropriations			\$ -
Additional Appropriations			-
Federal Revenue			-
Interest and Other Investment Income			-
Net Increase (Decrease) in Fair Value			-
Land Income			-
Settlement of Claims			-
Sales of Goods and Services			-
Other			-
Total Revenues	-	-	-
<b>EXPENDITURES</b>			
Salaries and Wages			-
Payroll Related Costs			-
Professional Fees and Services			-
Travel			-
Materials and Supplies	4.07		4.07
Communication and Utilities			-
Repairs and Maintenance		33,000.00	33,000.00
Rentals and Leases			-
Printing and Reproduction			-
Claims and Judgments			-
Other Expenditures		15.88	15.88
Debt Service:			-
Principal - Capital Lease			-
Interest			-
Other Payments for Refunding			-
Capital Outlay		7,800.00	7,800.00
Total Expenditures	4.07	40,815.88	40,819.95
Excess (Deficiency) of Revenues over Expenditures	(4.07)	(40,815.88)	(40,819.95)
<b>OTHER FINANCING SOURCES (USES)</b>			
Bond and Note Proceeds			-
Increase in Obligations Under Capital Leases			-
Sale of Capital Assets			-
Insurance Recoveries			-
Transfer In		313,642.66	313,642.66
Transfer Out		(272,826.78)	(272,826.78)
Legislative Transfer In			-
Legislative Transfer Out			-
Total Other Financing Sources (Uses)	-	40,815.88	40,815.88
Net Change in Fund Balances	(4.07)	-	(4.07)
<b>Fund Financial Statement – Fund Balances</b>			
Fund Balances, September 1, 2017	4.07		4.07
Restatements			-
Fund Balances, September 1, 2017 as Restated	4.07	-	4.07
Appropriations Lapsed			-
Fund Balances, September 1, 2018	\$ -	\$ -	\$ (0.00)

**Texas Military Department (401)**  
**Exhibit J-1**  
**Combining Statement of Changes in Assets and Liabilities - All Agency Funds**  
**For the fiscal year ended August 31, 2018**

	Balances September 1, 2017	Additions	Deductions	Balances August 31, 2018
<b>OTHER AGENCY FUNDS</b>				
<u>Child Support Employ Deduc</u>				
<u>Offse Account (0807) U/F (0807)</u>				
Assets:				
Cash in State Treasury	\$ 15,240.90	\$ 266,683.49	\$ 267,243.15	\$ 14,681.24
Total Assets	15,240.90	266,683.49	267,243.15	14,681.24
Liabilities:				
Accounts Payables				
Funds Held in Custody For Others	15,240.90	266,683.49	267,243.15	14,681.24
Total Liabilities	15,240.90	266,683.49	267,243.15	14,681.24
<u>Direct Deposit Correction (0980) U/F (0980)(9014)</u>				
Assets:				
Cash in State Treasury	1,965.09	5,500.03	6,071.41	1,393.71
Total Assets	1,965.09	5,500.03	6,071.41	1,393.71
Liabilities:				
Funds Held in Custody For Others	1,965.09	5,500.03	6,071.41	1,393.71
Total Liabilities	1,965.09	5,500.03	6,071.41	1,393.71
<b><u>Totals - All Agency Funds</u></b>				
Assets:				
Cash in State Treasury	17,205.99	272,183.52	273,314.56	16,074.95
Total Assets	17,205.99	272,183.52	273,314.56	16,074.95
Liabilities:				
Funds Held in Custody For Others	17,205.99	272,183.52	273,314.56	16,074.95
Total Liabilities	\$ 17,205.99	\$ 272,183.52	\$ 273,314.56	\$ 16,074.95



# TEXAS MILITARY DEPARTMENT

# SUPPLEMENTARY SCHEDULES

UNAUDITED ANNUAL FINANCIAL REPORT  
AUGUST 31, 2018



UNAUDITED  
Texas Military Department (401)

**Texas Military Department  
Schedule 1A - Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended August 31, 2018**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	CFDA NUMBER	IDENTIFYING NUMBER	PASS-THROUGH FROM			DIRECT PROGRAM AMOUNT	TOTAL PT FROM AND DIRECT PROGRAM
			AGY./ UNIV. #	STATE AGENCIES OR UNIV. AMOUNT	NON-STATE ENTITIES AMOUNTS		
<b>U.S. Department of the Interior</b>							
<u>Direct Programs:</u>							
National Center for Preservation Technology and Training Pass-Through To: University of Texas at San Antonio	15.923					10,421.26	10,421.26
<b>Total U.S. Department of the Interior</b>						10,421.26	10,421.26
<b>U.S. Department of Defense</b>							
<u>Direct Programs:</u>							
National Guard Military Operations & Maintenance - Federal Projects	12.401					62,789,390.99	62,789,390.99
National Guard Military Operations & Maintenance - Federal Projects Pass-Through To: University of Texas at San Antonio	12.401					95,830.15	95,830.15
National Guard ChalleNGe Program	12.404					5,171,271.07	5,171,271.07
Legacy Resource Management Program Pass-Through To: University of Texas at San Antonio	12.632					1,595.80	1,595.80
<b>Total U.S. Department of Defense</b>						68,058,088.01	68,058,088.01
<b>U.S. Department of Homeland Security</b>							
<u>Pass-Through From:</u>							
Disaster Grants - Public Assistance Pass-Through From: Department of Public Safety	97.038		405	27,540,167.44			27,540,167.44
Homeland Security Grant Program Pass-Through From: Governor - Fiscal	97.067		300	541,960.18			541,960.18
<b>Total U.S. Department of Homeland Security</b>				28,082,127.62			28,082,127.62
<b>U.S. Department of Justice</b>							
<u>Pass-Through From:</u>							
Crime Victim Assistance Pass-Through From: Governor - Fiscal	16.575		300	251,753.18			251,753.18
Edward Byrne Memorial Justice Assistance Grant Program Pass-Through From: Governor - Fiscal	16.738		300	89,448.86			89,448.86
<b>Total U.S. Department of Justice</b>				341,202.04			341,202.04
<u>Research &amp; Development Cluster</u>							
<b>U.S. Department of Defense</b>							
<u>Direct Programs:</u>							
National Guard Military Operations and Maintenance (O&M) Pass-Through To: Texas Tech University	12.401					26,050.09	26,050.09
<b>Total U.S. Department of Defense</b>						26,050.09	26,050.09
<u>Child Nutrition Cluster</u>							
<b>U.S. Department of Agriculture</b>							
<u>Pass-Through From:</u>							
School Breakfast Program Pass-Through From: Department of Agriculture	10.553		551	89,052.10			89,052.10
National School Lunch Program Pass-Through From: Department of Agriculture	10.555		551	132,673.47			132,673.47
<b>Total U.S. Department of Agriculture</b>				221,725.57			221,725.57
<b>Total Expenditures of Federal Awards</b>				28,645,055.23		68,094,559.36	96,739,614.59

UNAUDITED  
Texas Military Department (401)

PASS-THROUGH TO				
AGY./ UNIV. #	STATE AGENCIES OR UNIV. AMOUNT	NON-STATE ENTITIES AMOUNTS	EXPENDITURES AMOUNT	TOTAL PT TO AND EXPENDITURES
				10,421.26
743	<u>10,421.26</u>			
	<u>10,421.26</u>	-	-	<u>10,421.26</u>
			62,789,390.99	62,789,390.99
743	95,830.15			95,830.15
			5,171,271.07	5,171,271.07
743	<u>1,595.80</u>			<u>1,595.80</u>
	<u>97,425.95</u>	-	<u>67,960,662.06</u>	<u>68,058,088.01</u>
			27,540,167.44	27,540,167.44
			541,960.18	541,960.18
	-	-	<u>28,082,127.62</u>	<u>28,082,127.62</u>
			251,753.18	251,753.18
			89,448.86	89,448.86
	-	-	<u>341,202.04</u>	<u>341,202.04</u>
				26,050.09
733	<u>26,050.09</u>			
	<u>26,050.09</u>	-	-	<u>26,050.09</u>
			89,052.10	89,052.10
			132,673.47	132,673.47
	-	-	<u>221,725.57</u>	<u>221,725.57</u>
	<u>133,897.30</u>	-	<u>96,605,717.29</u>	<u>96,739,614.59</u>

**Texas Military Department  
Schedule 1A - Schedule of Expenditures of Federal Awards (continued)  
For the Fiscal Year Ended August 31, 2018**

**Note 1 - Non-Monetary Assistance**

The receipt of "Federal Financial Assistance Programs" that do not result in cash receipts or disbursements and therefore not recorded in the Agency's fund financial statements. Awards passed through from Texas Facilities Commission (TFC) federal CFDA 39.003 and Department of Agriculture are included in the following schedule: (Note: The difference of the values of the surplus property recorded on the federal schedule and Exhibit II (Federal Revenues) will be a reconciling item for Note 2.

**Note 2 - Reconciliation**

Below is a reconciliation of the total of federal pass-through and federal expenditures as reported on the Schedule of Expenditures of Federal Awards to the total of federal revenues and federal 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 Statement of Revenues, Expenditures, and Changes in Fund Balance -  
- Governmental Fund Types (Exh. II):

Federal Revenues (Exh. II)	\$ 68,094,559.36
Federal Pass-Through Revenues (Exh. II)	<u>28,645,055.23</u>
Sub-total	<u>96,739,614.59</u>
Non-monetary Federal Surplus Property	<u>                            </u>
<b>TOTAL EXPENDITURES PER FEDERAL SCHEDULE</b>	<b>\$ <u><u>96,739,614.59</u></u></b>

**Texas Military Department  
Schedule 2A - Miscellaneous Bond Information  
For the Year Ended August 31, 2018**

**Governmental Activities**

<u>Description of Issue</u>	<u>Bonds issued to date</u>	<u>Range of Interest rates</u>	<u>Scheduled Maturities</u>		<u>First Call Date</u>
			<u>First Year</u>	<u>Last Year</u>	
Texas Military Department Revenue Refund Bonds Series 2015B	\$ 8,640,000.00	1.00 to 4.00%	2016	2024	
<b>Total</b>	<b>\$ 8,640,000.00</b>				

**Texas Military Department  
Schedule 2B - Changes in Bonded Indebtedness  
For the Year Ended August 31, 2018**

Governmental Activities

Description of Issue	Bonds Outstanding 9/01/2017	Bonds Issued	Bonds Matured or Retired	Bonds Refunded/ Extinguished	Bonds Outstanding 8/31/2018	Amounts Due Within One Year
Texas Military Department Revenue Refund Bonds Series 2015B	6,740,000.00		975,000.00		5,765,000.00	1,025,000.00
Total	<u>\$ 6,740,000.00</u>	<u>\$ -</u>	<u>\$ 975,000.00</u>	<u>\$ -</u>	<u>\$ 5,765,000.00</u>	<u>\$ 1,025,000.00</u>

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**Texas Military Department  
Schedule 2C - Debt Service Requirements Schedule  
For the Year Ended August 31, 2018**

Governmental Activities

Description of Issue	2019	2020	2021	2022	2023	2024-2029	Total Requirements
Texas Military Department Revenue Refund Bonds Series 2015B							
Principal	1,025,000.00	1,070,000.00	1,115,000.00	815,000.00	850,000.00	890,000.00	5,765,000.00
Interest	227,600.00	186,400.00	143,500.00	102,200.00	69,600.00	35,600.00	764,900.00
<b>Total</b>	<b>\$ 1,252,600.00</b>	<b>\$ 1,256,400.00</b>	<b>\$ 1,258,500.00</b>	<b>\$ 917,200.00</b>	<b>\$ 919,600.00</b>	<b>\$ 925,600.00</b>	<b>\$ 6,529,900.00</b>

**Texas Military Department  
Schedule 2D - Analysis of Funds Available for Debt Service  
For the fiscal year ended August 31, 2018**

Governmental Activities

Pledged and Other Sources and Related Expenditures for FY 2018

Description of Issue	Pledged and Other Sources and Related Expenditures for FY 2018						(a+b-c-d) Net Available for Debt Service
	Operating Revenues	Interest Earned on Investments	a Total Pledged Revenues	b Other Sources	c Operating Expenses and Expenditures	d Capital Outlay	
Texas Military Department Revenue Refund Bonds Series: 2015B			\$ -	\$ -		\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Description of Issue	Debt Service		Refunded or Extinguished	Interest and Sinking Fund	
	Principal	Interest		Minimum	Actual
Texas Military Department Revenue Refund Bonds Series: 2015B	975,000.00	266,700.00	-	-	-
Total	\$ 975,000.00	266,700.00	-	-	-





