

**TEXAS ETHICS COMMISSION**

**ANNUAL FINANCIAL REPORT**

*For The Year Ended August 31, 2011*

**David A. Reisman  
Executive Director**



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# TEXAS ETHICS COMMISSION

P.O. Box 12070, Capitol Station  
Austin, Texas 78711-2070

Jim Graham  
Chair

Wilhelmina Delco  
Vice Chair

David A. Reisman  
Executive Director



Commissioners

Jim Clancy  
Tom Harrison  
Bob Long  
Paula M. Mendoza  
Tom Ramsay  
Chase Untermeyer

September 30, 2011

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

Dear Lady and Gentlemen:

We are pleased to submit the Annual Financial Report of the Texas Ethics Commission for the year ended August 31, 2011, in compliance with TEX. GOV'T CODE ANN Section 2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report; 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 Mike McElhaney at 512-463-5779.

Sincerely,

A handwritten signature in black ink, appearing to read "David Reisman".

David Reisman  
Executive Director

Come visit our home page at <http://www.ethics.state.tx.us> on the Internet.

(512) 463-5800 • FAX (512) 463-5777 • TDD 1-800-735-2989

The Texas Ethics Commission does not discriminate on the basis of race, color, national origin, sex, religion, age or disability in employment or the provision of services.

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TEXAS ETHICS COMMISSION (356)  
 EXHIBIT I  
 COMBINED BALANCE SHEET/ STATEMENT OF NET ASSETS -  
 GOVERNMENTAL FUNDS  
 For the Year Ended August 31, 2011

	GOVERNMENTAL FUND TYPES GENERAL FUND 0001 U/F 0001	CAPITAL ASSETS ADJUSTMENTS
<b>ASSETS</b>		
Current Assets:		
Cash on Hand	\$ 500.00	\$
Legislative Appropriations	225,264.50	
Consumable Inventories	31,465.76	
<b>Total Current Assets</b>	<u>257,230.26</u>	<u>0.00</u>
Non-Current Assets:		
Capital Assets:		
Depreciable		
Furniture and Equipment		179,413.39
Less Accumulated Depreciation		(172,086.51)
<b>Total Non-Current Assets</b>	<u>0.00</u>	<u>7,326.88</u>
<b>TOTAL ASSETS</b>	<u>\$ 257,230.26</u>	<u>\$ 7,326.88</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Payables from :		
Accounts Payable	\$ 15,430.41	\$
Payroll Payable	205,048.58	
Employees' Compensable Leave (Note 5)		
<b>Total Current Liabilities</b>	<u>220,478.99</u>	<u>0.00</u>
Non-Current Liabilities:		
Employees' Compensable Leave (Note 5)		
<b>Total Non-Current Liabilities</b>	<u>0.00</u>	<u>0.00</u>
<b>TOTAL LIABILITIES</b>	<u>220,478.99</u>	<u>0.00</u>
Fund Financial Statements - Fund		
<b>FUND BALANCES (DEFICITS):</b>		
NonSpendable Consumable Inventories	\$ 31,465.76	\$
Unassigned	5,285.51	
<b>TOTAL FUND BALANCES</b>	<u>36,751.27</u>	<u>0.00</u>

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<u>LONG-TERM LIABILITIES ADJUSTMENTS</u>	<u>OTHER ADJUSTMENTS</u>	<u>STATEMENT OF NET ASSETS</u>
\$	\$	\$
		500.00
		225,264.50
		<u>31,465.76</u>
<u>0.00</u>	<u>0.00</u>	<u>257,230.26</u>
\$	\$	\$
		179,413.39
		<u>(172,086.51)</u>
<u>0.00</u>	<u>0.00</u>	<u>7,326.88</u>
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 264,557.14</u>
\$	\$	\$
		15,430.41
		205,048.58
101,198.21		101,198.21
<u>101,198.21</u>	<u>0.00</u>	<u>321,677.20</u>
93,790.15		93,790.15
<u>93,790.15</u>	<u>0.00</u>	<u>93,790.15</u>
<u>194,988.36</u>	<u>0.00</u>	<u>415,467.35</u>
\$	\$	\$
		31,465.76
<u>0.00</u>	<u>0.00</u>	<u>5,285.51</u>
<u>0.00</u>	<u>0.00</u>	<u>36,751.27</u>

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TEXAS ETHICS COMMISSION (356)  
 EXHIBIT I  
 COMBINED BALANCE SHEET/ STATEMENT OF NET ASSETS -  
 GOVERNMENTAL FUNDS  
 For the Year Ended August 31, 2011

	GOVERNMENTAL FUND TYPES GENERAL FUND 0001 U/F 0001	CAPITAL ASSETS ADJUSTMENTS
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>257,230.26</u>	\$ <u>0.00</u>
Government-wide Statement - Net Assets		
Net Assets:		
Invested in Capital Assets, Net of Related Debt		7,326.88
Restricted for:		
Debt Retirement		
Employee Benefit		
Unrestricted		<u>                    </u>
Total Net Assets		\$ <u>7,326.88</u>

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

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LONG-TERM LIABILITIES ADJUSTMENTS	OTHER ADJUSTMENTS	STATEMENT OF NET ASSETS
\$ <u>194,988.36</u>	\$ <u>0.00</u>	\$ <u>452,218.62</u>
		7,326.88
		0.00
		0.00
<u>(194,988.36)</u>		<u>(194,988.36)</u>
\$ <u>(194,988.36)</u>	\$ <u>0.00</u>	\$ <u>(150,910.21)</u>
		\$ <u>264,557.14</u>

TEXAS ETHICS COMMISSION (356)  
EXHIBIT II  
COMBINED STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES/  
STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS  
For the Year Ended August 31, 2011

	General Funds FUND 0001 U/F (0001)	<u>Capital Asset Adjustments</u>
REVENUES:	\$	\$
Legislative Appropriations:		
Original Appropriations	1,902,653.00	
Additional Appropriations	446,043.36	
Licenses, Fees & Permits	44,060.71	
Sales of Goods and Services		
 Total Revenues	 2,392,757.07	 0.00
EXPENDITURES:		
Salaries and Wages	1,781,688.15	
Payroll Related Costs	439,022.76	
Professional Fees & Services	4,121.19	
Travel	12,513.21	
Materials and Supplies	51,084.76	
Communication and Utilities	15,662.28	
Repairs and Maintenance	30,183.48	
Rentals and Leases	15,211.31	
Printing and Reproduction	2,141.31	
Claims and Judgements	846.00	
Other Operating Expenditures	24,284.46	
Capital Outlay	0.00	
Depreciation Expense		1,831.56
 Total Expenditures	 2,376,758.91	 1,831.56
 EXCESS OF REVENUES OVER EXPENDITURES	 15,998.16	 (1,831.56)
OTHER FINANCING SOURCES (USES):		
	0.00	
 Total Other Financing Sources (Uses)	 0.00	 0.00
 NET CHANGE IN FUND BALANCES/NET ASSETS	 15,998.16	 (1,831.56)
FUND BALANCES - Beginning	23,190.62	
Lapsed Appropriations	(2,437.51)	
 FUND BALANCES - Ending	 \$ 36,751.27	



<u>Long-term Liabilities Adjustments</u>	<u>Statement of Activities</u>
\$	\$
	1,902,653.00
	446,043.36
	44,060.71
	0.00
0.00	2,392,757.07
4,683.51	1,786,371.66
	439,022.76
	4,121.19
	12,513.21
	51,084.76
	15,662.28
	30,183.48
	15,211.31
	2,141.31
	846.00
	24,284.46
	0.00
	<u>1,831.56</u>
4,683.51	2,383,273.98
(4,683.51)	9,483.09
	0.00
0.00	<u>0.00</u>
<u>(4,683.51)</u>	<u>9,483.09</u>
	23,190.62
	<u>(2,437.51)</u>
\$	\$ 30,236.20

TEXAS ETHICS COMMISSION (356)  
 EXHIBIT II  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES/  
 STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS  
 For the Year Ended August 31, 2011

	General Funds FUND 0001 U/F (0001)	<u>Capital Asset Adjustments</u>
Government-wide Statement - Net Assets		
Change in Net Assets		<u>(1,831.56)</u>
Net Assets Beginning		9,158.44
Restatement		
Net Assets Beginning as Restated and Adjusted		<u>9,158.44</u>
Net Assets Ending		<u>\$ 7,326.88</u>

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

<u>Long-term Liabilities Adjustments</u>	<u>Statement of Activities</u>
<u>(4,683.51)</u>	
\$ (190,304.85)	\$ (181,146.41)
<u>(190,304.85)</u>	<u>0.00</u>
<u>(190,304.85)</u>	<u>(181,146.41)</u>
\$ <u>(194,988.36)</u>	\$ <u>(150,910.21)</u>

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TEXAS ETHICS COMMISSION (356)  
 EXHIBIT VI  
 COMBINED STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS  
 For the Year Ended August 31, 2011

	AGENCY FUNDS (Exh J-1)	TOTAL 2011
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents		
Cash in State Treasury	\$ 0.00	\$ 0.00
Accounts Receivable	0.00	0.00
Total Current Assets	<u>0.00</u>	<u>0.00</u>
<b>TOTAL ASSETS</b>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	\$ 500.00	\$ 500.00
Funds Held for Others	<u>(500.00)</u>	<u>(500.00)</u>
Total Current Liabilities	<u>0.00</u>	<u>0.00</u>
<b>TOTAL LIABILITIES</b>	<u>0.00</u>	<u>0.00</u>
<b>NET ASSETS</b>		
Held in Trust for:	\$	\$
Individuals, Organizations, and Other Governments	<u>0.00</u>	<u>0.00</u>
<b>TOTAL NET ASSETS</b>	<u>0.00</u>	<u>0.00</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

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

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TEXAS ETHICS COMMISSION (356)  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. ENTITY**

The Texas Ethics Commission is an agency of the State of Texas and its financial records comply with state statutes and regulations. This includes compliance with the State Comptroller of Public Accounts' Reporting Requirements of State Agencies.

The Texas Ethics Commission operates under the authority of Chapter 571 of the Government Code. The purpose of this agency is to control and reduce the cost of elections; eliminate opportunities for undue influence over elections and governmental actions; to fully disclose information related to expenditures and contributions for elections and for petitioning the government; to enhance the potential for individual participation in electoral and governmental processes; and to ensure the public's confidence and trust in government.

Due to the significant changes related to Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying financial report to be in compliance with generally accepted accounting principles (GAAP). The financial report will be considered for audit by the State Auditor as part of the 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 appropriate fund.

**B. FUND STRUCTURE**

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

**GOVERNMENTAL FUND TYPES & GOVERNMENT-WIDE ADJUSTMENT FUND TYPES**

General Fund

The general fund is used to account for all financial resources of the state except those required to be accounted for in another fund.

Capital Asset Adjustment Fund Type

Capital Asset Adjustment Fund Type will be used to convert governmental fund types' capital assets from modified accrual to full accrual.

Long-Term Liabilities Adjustment Fund Type

Long-Term Liabilities Adjustment Fund Type will be used to convert governmental fund types' debt from modified accrual to full accrual.

TEXAS ETHICS COMMISSION (356)  
NOTES TO THE FINANCIAL STATEMENTS

FIDUCIARY FUND TYPES

Agency Funds

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

C. 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, 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 the 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 unpaid Employee Compensable leave, the unmatured debt service (principal and interest) on general long-term liabilities, long-term capital leases, and long-term claims and judgments. The activity will be recognized in these new fund types.

D. 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).

Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

E. ASSETS, LIABILITIES, AND FUND BALANCES/NET ASSETS

ASSETS

Cash and Cash Equivalents

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

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.

## UNAUDITED

### TEXAS ETHICS COMMISSION (356) NOTES TO THE FINANCIAL STATEMENTS

#### Inventories

Inventories include both merchandise inventories on hand for sale and consumable inventories. Inventories are valued at cost, generally utilizing the last-in, first-out method. Inventories for governmental fund types use the purchase method of accounting. The consumption method of accounting is used to account for inventories that appear in the proprietary fund types and the government-wide statements. 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 "exhaustible" assets. "Inexhaustible" assets such as works of art and historical treasures are not depreciated. Road and highway infrastructure is reported on the modified basis. Assets are depreciated over the estimated useful life of the asset using the straight-line method.

All capital assets acquired by proprietary funds or trust funds are reported at cost or estimated historical cost, if actual historical cost is not available. Donated assets are reported at fair value on the acquisition date. Depreciation is charged to operations over the estimated useful life of each asset, using the straight-line method.

#### LIABILITIES

##### Accounts Payable

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

##### Employees' Compensable Leave

Employees' Compensable Leave Balances represent the liability that became "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 BALANCES/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 balances for governmental funds are classified as nonspendable, restricted, committed, assigned or unassigned in the fund financial statements.

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

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TEXAS ETHICS COMMISSION (356)  
NOTES TO THE FINANCIAL STATEMENTS

\* 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 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, 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.

F. INTERFUND TRANSACTIONS AND BALANCES

The agency has the following types of transactions among funds:

1) Transfers: Legally required transfers that are reported when incurred as "Transfers In" by the recipient fund and as "Transfers Out" by the disbursing fund.

2) Reimbursements: Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another that are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

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 it is classified as "Current", repayment for two (or more) years is classified as "Non-Current."



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TEXAS ETHICS COMMISSION (356)  
NOTES TO THE FINANCIAL STATEMENTS

4) Interfund Sales and Purchases: Charges or collections for services rendered by one fund to another that are recorded as revenues of the recipient fund and expenditures or expenses of the disbursing fund. The composition of the agency's Interfund receivables and payables at August 31, 2011, if any, is presented in Note 12.

**NOTE 2: CAPITAL ASSETS**

A summary of changes in Capital Assets for the year ended August 31, 2011:

	Balance 9/1/10	Adjustments	Completed CIP	Reclassifications/ Inc Int'agy Trans	Reclassifications/ Dec Int'agy Trans
<b>Governmental Activities:</b>					
<b>Depreciable Assets</b>					
<b>Furniture and</b>					
Equipment	\$ 219,009.04	\$ 0.00	\$	\$ 0.00	\$ (23,850.00)
Other Cap Assets	0.00	0.00	0.00	0.00	0.00
<b>Total depreciable</b>					
<b>assets</b>	219,009.04	0.00	0.00	0.00	(23,850.00)
<b>Less Accum Deprec for:</b>					
Furniture and Equip	(209,850.60)				23,850.00
Other Cap Assets	0.00	0.00			
<b>Total Accum Deprec</b>	<u>(209,850.60)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>23,850.00</u>
<b>TOTAL</b>	<u>\$ 9,158.44</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
<b>cont'd</b>			Balance		
	Addition	Deletions	8/31/11		
<b>Governmental Activities:</b>					
<b>Depreciable Assets</b>					
<b>Furniture and</b>					
Equipment	\$ 0.00	\$ (15,745.65)	\$ 179,413.39		
Other Cap Assets	0.00	0.00	0.00		
<b>Total depreciable</b>					
<b>assets</b>	0.00	(15,745.65)	179,413.39		
<b>Less Accum Deprec for:</b>					
Furniture and Equip	(1,831.56)	15,745.65	(172,086.51)		
Other Cap Assets					
<b>Total Accum Deprec</b>	<u>(1,831.56)</u>	<u>15,745.65</u>	<u>(172,086.51)</u>		
<b>TOTAL</b>	<u>\$ (1,831.56)</u>	<u>\$ 0.00</u>	<u>\$ 7,326.88</u>		

**NOTE 3: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS**

Not applicable

**NOTE 4: SHORT TERM DEBT**

Not applicable

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TEXAS ETHICS COMMISSION (356)  
 NOTES TO THE FINANCIAL STATEMENTS

**NOTE 5: SUMMARY OF LONG-TERM LIABILITIES**

Notes and Loans Payable:

The agency did not have any notes or loans payable as of August 31, 2011.

Changes In Long-Term Liabilities

During the year ended August 31, 2011, the following changes occurred in liabilities.

Governmental Activities:	Balance 9/01/10	Additions	Deductions	Balance 8/31/11	Amounts Due Within One Yr
Compensable Leave	\$ 190,304.85	\$ 158,524.33	\$ 153,840.82	\$ 194,988.36	\$ 101,198.21
<b>TOTAL</b>	<b>\$ 190,304.85</b>	<b>\$ 158,524.33</b>	<b>\$ 153,840.82</b>	<b>\$ 194,988.36</b>	<b>\$ 101,198.21</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 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 funds 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**

Included in the expenditures reported in the financial statements are the following amounts of rent paid or due under operating leases.

Fund Type:	
General Fund	\$ <u>\$10,322.76</u>

Future minimum lease rental payments under non-cancelable operating leases having an initial term of one year are as follows:

Year Ended August 31,		
2012	\$	10,322.76
2013	\$	5,161.38
2014	\$	0.00
2015	\$	0.00
2016	\$	0.00

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TEXAS ETHICS COMMISSION (356)  
NOTES TO THE FINANCIAL STATEMENTS

2017 and beyond	\$	<u>0.00</u>
Total Minimum Future Lease		
Rental Payment Requirements	\$	<u>15,484.14</u>

**NOTE 9: PENSION PLANS**

The State has joint contributory retirement plans for substantially all 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**

State employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in the Tex. Govt. Code Ann. Sec. 609.001. Two plans are available for employees' deferred compensation plan. Both plans are administered by the Employees Retirement System.

**NOTE 11: POST EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

Not applicable

**NOTE 12: INTERFUND BALANCES/ACTIVITIES**

Not applicable

**NOTE 13: CONTINUANCE SUBJECT TO REVIEW**

Under the Texas Sunset Act, the Agency will be abolished effective September 1, 2013, unless continued in existence by the State Legislature as provided by the Act. If abolished, the Agency may continue until September 1, 2014 to close out its operations.

**NOTE 14: ADJUSTMENTS TO FUND BALANCES/NET ASSETS**

Not applicable

**NOTE 15: CONTINGENCIES AND COMMITMENTS**

Not applicable

**NOTE 16: SUBSEQUENT EVENTS**

Not applicable

**NOTE 17: RISK MANAGEMENT**

Not applicable

UNAUDITED

TEXAS ETHICS COMMISSION (356)  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 18: MANAGEMENT DISCUSSION AND ANALYSIS/MATERIAL CHANGES TO AFR**

Not applicable

**NOTE 19: THE FINANCIAL REPORTING ENTITY: RELATED ORGANIZATIONS**

Not applicable

**NOTE 20: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Not applicable

**NOTE 21: N/A**

**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

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UNAUDITED

TEXAS ETHICS COMMISSION (356)  
 EXHIBIT J-1  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
 AGENCY FUNDS  
 For the fiscal year ended August 31, 2011

	Balances September 1, 2010	Additions
<b>OTHER AGENCY FUNDS</b>		
Unappropriated Fund (0001) U/F (1000)		
Assets:		
Cash in State Treasury	\$ 0.00	\$ 0.00
Accounts Receivable	0.00	
Total Assets	\$ 0.00	\$ 0.00
Liabilities:		
Accounts Payable	\$ 500.00	\$ 13,954.19
Funds Held for Others	(500.00)	1,149,933.24
Total Liabilities	\$ 0.00	\$ 1,163,887.43
<b>TOTALS - ALL AGENCY FUNDS</b>		
Assets:		
Cash in State Treasury	\$ 0.00	\$ 0.00
Accounts Receivable	0.00	0.00
Total Assets	\$ 0.00	\$ 0.00
Liabilities:		
Accounts Payable	\$ 500.00	\$ 13,954.19
Funds Held for Others	(500.00)	1,149,933.24
Total Liabilities	\$ 0.00	\$ 1,163,887.43

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

UNAUDITED

<u>Deductions</u>	<u>Balances August 31, 2011</u>
\$	\$
	0.00
	0.00
<u>0.00</u>	<u>0.00</u>
<u>0.00</u>	<u>0.00</u>
\$	\$
(13,954.19)	500.00
(1,149,933.24)	(500.00)
<u>(1,163,887.43)</u>	<u>0.00</u>
<u>(1,163,887.43)</u>	<u>0.00</u>
\$	\$
0.00	0.00
0.00	0.00
<u>0.00</u>	<u>0.00</u>
<u>0.00</u>	<u>0.00</u>
\$	\$
(13,954.19)	500.00
(1,149,933.24)	(500.00)
<u>(1,163,887.43)</u>	<u>0.00</u>
<u>(1,163,887.43)</u>	<u>0.00</u>







