

# *Texas State Securities Board*



## **ANNUAL FINANCIAL REPORT TO THE GOVERNOR**

For The  
**FISCAL YEAR**  
**SEPTEMBER 1, 2010 – AUGUST 31, 2011**

**Revised: December 12, 2011**

# *Texas State Securities Board*

## **ANNUAL FINANCIAL REPORT**

**For the Year Ended August 31, 2011**

**Revised: December 12, 2011**

**Prepared by: Derek Lauterjung  
Director  
Staff Services**

CARLA JAMES  
INTERIM SECURITIES COMMISSIONER

DEPUTY SECURITIES COMMISSIONER

Mail: P.O. BOX 13167  
AUSTIN, TEXAS 78711-3167

Phone: (512) 305-8300  
Facsimile: (512) 305-8310



## *Texas State Securities Board*

208 E. 10th Street, 5th Floor  
Austin, Texas 78701-2407  
[www.ssb.state.tx.us](http://www.ssb.state.tx.us)

BETH ANN BLACKWOOD  
CHAIR

DERRICK MITCHELL  
MEMBER

E. WALLY KINNEY  
MEMBER

DAVID A. APPELBY  
MEMBER

ALAN WALDROP  
MEMBER

November 18, 2011

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

Lady and Gentlemen:

We are pleased to submit the annual financial report of the State Securities Board for the year ended August 31, 2011, in compliance with Texas Government Code Annotated, 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 (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the state auditor as part of the audit of the State of Texas *Comprehensive Annual Financial Report* (CAFR); therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions, please contact Derek Lauterjung, at (512) 305-8321.

Sincerely,

A handwritten signature in cursive script that reads "Carla James".

Carla James  
Interim Securities Commissioner

Enclosure  
CJ/dl

# *Texas State Securities Board*

## ANNUAL FINANCIAL REPORT

For the Year Ended August 31, 2011

### MEMBERS OF THE BOARD

August 31, 2011

Beth Ann Blackwood, Chair.....Dallas  
Derrick Mitchell, Member.....Houston  
E. Wally Kinney, Member.....Dripping Springs  
David A. Appleby, Member.....El Paso  
Alan Waldrop, Member.....Austin

# STATE SECURITIES BOARD

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**I. COMBINED FINANCIAL STATEMENTS**

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- B. Exhibit II: Combined Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities - Governmental Funds**
  
- C. Exhibit VI: Combined Statement of Fiduciary Net Assets**



**STATE SECURITIES BOARD (312)**

**Exhibit I – Combined Balance Sheet/Statement of Net Assets – Governmental Funds**  
**August 31, 2011**

General  
Funds

**ASSETS**

Current Assets:

Cash and Cash Equivalents:

Legislative Appropriations 853,492.44

Consumable Inventories 19,914.32

Total Current Assets 873,406.76

Non-Current Assets:

Capital Assets Note 2:

Depreciable:

Furniture and Equipment

Less Accumulated Depreciation

Amortizable:

Computer Software-Intangible

Less Accumulated Amortization

Total Non-Current Assets 0.00

Total Assets 873,406.76

**LIABILITIES AND FUND BALANCES**

Liabilities:

Current Liabilities:

Payables From:

Accounts

112,955.55

Payroll

549,053.71

Due to Other Agencies

0.00

Employees Compensable Leave (Note 5)

Total Current Liabilities 662,009.26

Non-Current Liabilities:

Employees Compensable Leave (Note 5)

Total Non-Current Liabilities 0.00

Total Liabilities 662,009.26

**FUND FINANCIAL STATEMENT**

Fund Balances (Deficits)

Nonspendable

19,914.32

Assigned

0.00

Unassigned

621,494.29

Other Changes

(430,011.11)

Total Fund Balances 211,397.50

Total Liabilities and Fund Balances 873,406.76

**GOVERNMENT-WIDE STATEMENT OF NET ASSETS**

Net Assets:

Invested in Capital Assets, Net of Related Debt

Unrestricted

Total Net Assets

UNAUDITED

**STATE SECURITIES BOARD (312)**

**Exhibit I – Combined Balance Sheet/Statement of Net Assets – Governmental Funds**  
**August 31, 2011**

<u>Capital Assets Adjustments</u>	<u>Long-Term Liabilities Adjustments</u>	<u>Other Adjustments</u>	<u>Statement Of Net Assets</u>
			853,492.44
			<u>19,914.32</u>
			<u>873,406.76</u>
93,450.50			93,450.50
(75,403.83)			(75,403.83)
15,073.80			15,073.80
<u>(9,150.50)</u>			<u>(9,150.50)</u>
<u>23,969.97</u>			<u>23,969.97</u>
<u>23,969.97</u>			<u>897,376.73</u>
			112,955.55
			549,053.71
			0.00
	<u>456,363.90</u>		<u>456,363.90</u>
	<u>456,363.90</u>		<u>1,118,373.16</u>
	<u>286,982.58</u>		<u>286,982.58</u>
	<u>286,982.58</u>		<u>286,982.58</u>
	<u>743,346.48</u>		<u>1,405,355.74</u>
			19,914.32
			0.00
			621,494.29
			<u>(430,011.11)</u>
			<u>211,397.50</u>
23,969.97	(743,346.48)		23,969.97
			(743,346.48)
			<u>(507,979.01)</u>

**STATE SECURITIES BOARD (312)****Exhibit II – Combined Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities – Governmental Funds**

For the Fiscal Year Ended August 31, 2011

	General Funds
<b>REVENUES</b>	
Legislative Appropriations:	
Original Appropriations (GR)	6,888,770.00
Additional Appropriations	1,308,437.25
Licenses, Fees and Permits	538.20
Sales of Goods and Services	1,167.46
Other (GR)	<u>281.50</u>
Total Revenues	<u>8,199,194.41</u>
<b>EXPENDITURES</b>	
Salaries and Wages	5,573,593.10
Payroll Related Costs	1,300,411.78
Professional Fees and Services	96,874.44
Travel	182,023.47
Materials and Supplies	148,832.41
Communication and Utilities	109,397.58
Repairs and Maintenance	11,193.03
Rentals and Leases	152,311.36
Printing and Reproduction	4,221.72
Other Expenditures	116,274.63
Capital Outlay	0.00
Depreciation Expense	<u>0.00</u>
Total Expenditures/Expenses	<u>7,695,133.52</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>504,060.89</u>
<b>Net Change in Fund Balance/Net Assets</b>	<u>504,060.89</u>
<b>FUND FINANCIAL STATEMENT-FUND BALANCES</b>	
Fund Balances, September 1, 2010	641,408.61
Transfers-Out	0.00
Appropriations Lapsed	<u>(934,072.00)</u>
Fund Balances , August 31, 2011	<u>211,397.50</u>
<b>GOVERNMENT-WIDE STATEMENT-NET ASSETS</b>	
Net Assets/Net Change in Net Assets	<u>211,397.50</u>
Net Assets, September 1, 2010	
Net Assets, August 31, 2011	<u>211,397.50</u>

UNAUDITED

**STATE SECURITIES BOARD (312)**

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

August 31, 2011

<u>Capital Assets Adjustments</u>	<u>Long-Term Liabilities Adjustments</u>	<u>Statement Of Activities</u>
		6,888,770.00
		1,308,437.25
		538.20
		1,167.46
		<u>281.50</u>
0.00	0.00	<u>8,199,194.41</u>
	1.70	5,573,594.80
		1,300,411.78
		96,874.44
		182,023.47
		148,832.41
		109,397.58
		11,193.03
		152,311.36
		4,221.72
		116,274.63
0.00		0.00
<u>8,700.00</u>		<u>8,700.00</u>
<u>8,700.00</u>	<u>1.70</u>	<u>7,703,835.22</u>
<u>(8,700.00)</u>	<u>(1.70)</u>	<u>495,359.19</u>
<u>(8,700.00)</u>	<u>(1.70)</u>	<u>495,359.19</u>
		641,408.61
		0.00
<u>(8,700.00)</u>	<u>(1.70)</u>	<u>(934,072.00)</u>
		<u>202,695.80</u>
<u>(8,700.00)</u>	<u>(1.70)</u>	<u>202,695.80</u>
<u>32,669.97</u>	<u>(743,344.78)</u>	<u>(710,674.81)</u>
<u>23,969.97</u>	<u>(743,346.48)</u>	<u>(507,979.01)</u>

**STATE SECURITIES BOARD (312)**  
**Exhibit VI – Combined Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
 August 31, 2011

	Agency Funds (Ex J-1)
<b>ASSETS</b>	
Cash in State Treasury	240.00
Total Assets	<u>240.00</u>
<b>LIABILITIES</b>	
Funds Held for Others	240.00
Total Liabilities	<u>240.00</u>
<b>NET ASSETS</b>	
	<u>0.00</u>
Total Net Assets	<u>0.00</u>

**II. NOTES TO THE FINANCIAL STATEMENTS**

**STATE SECURITIES BOARD (312)****NOTES TO THE FINANCIAL STATEMENTS****NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****A. ENTITY**

The State Securities Board was created in 1957 pursuant to "The Securities Act" passed by the 55<sup>th</sup> Legislature. This Act provides for the regulation of the sale of securities and the regulation of dealers, investment advisers, and their agents and representatives who sell securities or render investment advice. The State Securities Board is responsible for administering and enforcing the provisions contained in the Act. (For detailed information about the Board, refer to Section IV of this report.)

The State Securities Board 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 of State Agencies.

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 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 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.

**B. 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**General Fund (GAAP Fund Type 01)

The General Revenue Fund 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.

**STATE SECURITIES BOARD (312)**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.

**FIDUCIARY FUND TYPES**Agency Funds (GAAP Fund Type 09)

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

**COMPONENT UNITS**

The State Securities Board has no component units.

**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. All governmental fund types and agency funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. The State of Texas considers receivables collected within 60 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 generally recognized when the related fund liability is incurred.

Governmental adjustment fund types that will build the government-side 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 and full accrual revenues and expenses. The activity will be recognized in these fund types.



**STATE SECURITIES BOARD (312)****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*).

**E. ASSETS, LIABILITIES, AND FUND BALANCES/NET ASSETS****ASSETS**Consumable Inventories

Consumable inventories include supplies and postage on hand at year end. 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 should be capitalized. These assets are capitalized at cost or, if any are purchased, as appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all "exhaustible" assets. Assets are depreciated over the estimated useful life of the asset using the straight-line method.

**LIABILITIES**Accounts Payable

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

Current Payables – Other

Other payables are the accrual at year-end of expenditure transactions not included in any of the other payable descriptions.

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 non-current in the statement of net assets.

**STATE SECURITIES BOARD (312)****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 balances for governmental funds are reported as nonspendable, restricted, committed, assigned or unassigned in the fund financial statements.

**Nonspendable Fund Balance Component**

The nonspendable fund balance includes amounts not available to be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

**Restricted Fund Balance Component**

The 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 Component**

The 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 Component**

The 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 the Texas Legislature or 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 Component**

The 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.

**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 'Transfers Out' by the disbursing fund.

**STATE SECURITIES BOARD (312)**

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 to another are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.
3. Interfund receivables and payables: Interfund loans are reported as interfund receivables and payables. If repayment is due during the current year or soon thereafter it is classified as "Current"; repayment for two (or more) years is classified as "Non-Current."
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 activities and balances are presented in Note 12.

**NOTE 2: CAPITAL ASSETS**

Changes in Capital Assets for the year ended August 31, 2011:

**Governmental Activities**

Depreciable/Amortizable Asset Type	Balance 9/1/10	Adjustments	Additions	Deletions	Balance 8/31/11
Furniture and Equipment	\$93,450.50	-0-	-0-	-0-	\$93,450.50
Less Accumulated Depreciation	(\$68,216.07)	-0-	(\$7,187.76)	-0-	(\$75,403.83)
Computer Software	\$15,073.80	-0-	-0-	-0-	\$15,073.80
Less Accumulated Amortization	(\$7,638.26)	-0-	(\$1,512.24)	-0-	(\$9,150.50)
Governmental Activities, Capital Assets	<u>\$32,669.97</u>	<u>-0-</u>	<u>(\$8,700.00)</u>	<u>-0-</u>	<u>\$23,969.97</u>

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

(Not applicable to this Agency.)

**NOTE 4: SHORT-TERM DEBT**

(Not applicable to this Agency.)

**STATE SECURITIES BOARD (312)**

**NOTE 5: LONG-TERM LIABILITIES**

The Agency has no long-term notes or loans payable, claims or judgments outstanding or pending, pollution remediation obligations, or liabilities payable from restricted assets.

**Employees Compensable Leave**

If a state employee has had continuous employment with the state for at least six months, the 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. 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. Both an expense and a liability for business-type activities are recorded in the proprietary funds as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. This obligation is usually paid from the same funding source(s) from which the employee's salary or wage compensation was paid.

The Agency's monetary liability for compensable future absences as of August 31, 2011, as computed by multiplying the ending balances by the year-end average hourly salary rate for all employees, were as follows:

	<u>Balance</u> <u>8-31-10</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>8-31-11</u>	<u>Due Within</u> <u>One Year</u>	<u>Due</u> <u>Thereafter</u>
Annual Leave:	\$743,344.78	\$668,764.42	(\$668,762.72)	\$743,346.48	\$456,363.90	\$286,982.58

**NOTE 6: BONDED INDEBTEDNESS**

(Not applicable to this Agency.)

**NOTE 7: DERIVATIVE INSTRUMENTS**

(Not applicable to this Agency.)

**STATE SECURITIES BOARD (312)****NOTE 8: LEASES****OPERATING LEASES**

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

Fund Type	Amount
General Revenue	\$103,226.96

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

Year Ended	August 31, 2012	101,835.51
	August 31, 2013	91,289.14
	August 31, 2014	48,415.14
	August 31, 2015	11,203.83
	August 31, 2016	0.00
	August 31, 2021	0.00
	Total Minimum Future Lease Rental Payments:	<u>\$252,743.62</u>

- The Agency has multiple lease obligations. As of August 31, 2011, the Agency's longest lease obligation is set to expire on May 31, 2015.

**CAPITAL LEASES**

The Agency has no current long-term capital leases.

**NOTE 9: RETIREMENT PLANS**

The State has joint contributory retirement plans for a vast majority 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**

State employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in the TEX. GOV'T CODE ANN., Chapter 609. Two plans are available for employees' deferred compensation plans. Each plan is administered by the Employees Retirement System.

**STATE SECURITIES BOARD (312)**

**NOTE 11: POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

(Not applicable to this Agency.)

**NOTE 12: INTERFUND ACTIVITY AND TRANSACTIONS**

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

- Interfund Receivables or Interfund Payables
- Due from other Agencies or due to other Agencies
- Legislative Transfers In or Legislative Transfers Out

of balances and activity at August 31, 2011:

Current Portion	Current Interfund Receivable	Current Interfund Payable
GENERAL (01)	-0-	-0-
Non-Current Portion	Non-Current Interfund Receivable	Non-Current Interfund Payable
GENERAL	-0-	-0-
	Due From Other Agencies	Due To Other Agencies
GENERAL (01)	-0-	-0-

**NOTE 13: AGENCY SUBJECT TO REVIEW**

Pursuant to the Texas Sunset Act, the Agency will be abolished effective September 1, 2011 unless continued in existence as provided by the Act. If abolished, the Agency may continue until September 1, 2016 to close out its operations.

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

(Not applicable to this Agency.)

**NOTE 15: CONTINGENCIES AND COMMITMENTS**

(Not applicable to this Agency.)

**STATE SECURITIES BOARD (312)**

**NOTE 16: SUBSEQUENT EVENTS**

(Not applicable to this Agency.)

**NOTE 17: RISK MANAGEMENT**

The State Securities Board is exposed to a variety of potential civil claims resulting from the performance of its duties. The Agency assumes substantially all risks associated with tort and liability claims due to the performance of its duties. Currently there is no purchase of commercial insurance nor is the Agency involved in any risk pools.

The Agency's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. The Agency has not experienced such losses in prior years and no losses are currently pending or appear probable.

**NOTE 18: MANAGEMENT DISCUSSION AND ANALYSIS**

This Agency has no special or extraordinary items to report.

**NOTE 19: THE FINANCIAL REPORTING ENTITY**

(Not applicable to this Agency.)

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

(Not applicable to this Agency.)

**NOTE 21: N/A**

**NOTE 22: DONOR RESTRICTED ENDOWMENTS**

(Not applicable to this Agency.)

**NOTE 23: EXTRAORDINARY AND SPECIAL ITEMS**

This Agency has no special or extraordinary items to report.

**STATE SECURITIES BOARD (312)**

**NOTE 24: DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES**

(Not Applicable to this Agency.)

**NOTE 25: TERMINATION BENEFITS**

(Not Applicable to this Agency.)

**NOTE 26: SEGMENT INFORMATION**

(Not Applicable to this Agency.)



**III. COMBINING STATEMENTS**

UNAUDITED

**STATE SECURITIES BOARD (312)**

**Exhibit J-1 – Combining Statement of Changes in Assets and Liabilities**

**Agency Funds**

August 31, 2011

	<u>Beginning Balance</u> <u>September 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u> <u>August 31, 2011</u>
<b>UNAPPROPRIATED RECEIPTS</b>				
<u>Child Support Deduction (0807)</u>				
<u>U/F (0807)</u>				
<b>ASSETS</b>				
Cash in Treasury	<u>\$240.00</u>	<u>\$2,880.00</u>	<u>\$2,880.00</u>	<u>\$240.00</u>
Total Assets	<u>\$240.00</u>	<u>\$2,880.00</u>	<u>\$2,880.00</u>	<u>\$240.00</u>
<b>LIABILITIES</b>				
Funds Held for Others	<u>\$240.00</u>	<u>\$2,880.00</u>	<u>\$2,880.00</u>	<u>\$240.00</u>
Total Liabilities	<u>\$240.00</u>	<u>\$2,880.00</u>	<u>\$2,880.00</u>	<u>\$240.00</u>
 <u>Departmental Suspense (0900)</u>				
<u>U/F (0900)</u>				
<b>ASSETS</b>				
Cash in State Treasury	<u>\$20.00</u>	<u>\$0.00</u>	<u>\$20.00</u>	<u>\$0.00</u>
Total Assets	<u>\$20.00</u>	<u>\$0.00</u>	<u>\$20.00</u>	<u>\$0.00</u>
<b>LIABILITIES</b>				
Funds Held for Others	<u>\$20.00</u>	<u>\$0.00</u>	<u>\$20.00</u>	<u>\$0.00</u>
Total Liabilities	<u>\$20.00</u>	<u>\$0.00</u>	<u>\$20.00</u>	<u>\$0.00</u>
 <u>Savings Bonds (0901) U/F (0901)</u>				
<b>ASSETS</b>				
Cash in State Treasury	<u>\$200.00</u>	<u>\$600.00</u>	<u>\$800.00</u>	<u>\$0.00</u>
Total Assets	<u>\$200.00</u>	<u>\$600.00</u>	<u>\$800.00</u>	<u>\$0.00</u>
<b>LIABILITIES</b>				
Funds Held for Others	<u>\$200.00</u>	<u>\$600.00</u>	<u>\$800.00</u>	<u>\$0.00</u>
Total Liabilities	<u>\$200.00</u>	<u>\$600.00</u>	<u>\$800.00</u>	<u>\$0.00</u>
 <b>TOTALS – ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash in State Treasury	<u>\$460.00</u>	<u>\$3,480.00</u>	<u>\$3,700.00</u>	<u>\$240.00</u>
Total Assets	<u>\$460.00</u>	<u>\$3,480.00</u>	<u>\$3,700.00</u>	<u>\$240.00</u>
<b>LIABILITIES</b>				
Funds Held for Others	<u>\$460.00</u>	<u>\$3,480.00</u>	<u>\$3,700.00</u>	<u>\$240.00</u>
Total Liabilities	<u>\$460.00</u>	<u>\$3,480.00</u>	<u>\$3,700.00</u>	<u>\$240.00</u>

**IV. ADDENDA**

**STATE SECURITIES BOARD (312)****ADDENDA****ORGANIZATION OF THE BOARD**

The State Securities Board was created in 1957 pursuant to "The Securities Act" passed by the 55<sup>th</sup> Legislature. The Act provides for the regulation of the sale of securities and of dealers, investment advisers, and their agents and representatives who sell securities or render investment advice. The State Securities Board is responsible for administering and enforcing the Act.

The Securities Act provides for a board of five members, who are appointed by the Governor with the advice and consent of the Senate, for six-year overlapping terms. Members of the Board serve without compensation, but each member of the Board is entitled to per diem as set by the legislative appropriation for each day that the member engages in business of the Board.

The members who were serving at August 31, 2011 are listed here:

<u>Board Member</u>	<u>Address</u>	<u>Term Expires</u>
Beth Ann Blackwood, Chair	Dallas	January, 2013
Derrick Mitchell, Member	Houston	January, 2015
E. Wally Kinney, Member	Dripping Springs	January, 2013
David A. Appleby, Member	El Paso	January, 2017
Alan Waldrop, Member	Austin	January, 2017

### INSPECTIONS AND COMPLIANCE DIVISION

The Inspections and Compliance Division conducts inspections of the books and records of registered entities to ensure continued compliance with the Act. The Division also receives, reviews, and investigates inquiries received from the public regarding registered dealers, registered investment advisers, agents, and investment adviser representatives.

### REGISTRATION DIVISION

The Registration Division is organized to implement two of the Agency's strategies designed to protect investors from fraud and misrepresentation and thus ensure that access to capital is available to business. Those strategies are the Securities Registration Strategy and the Dealer Registration Strategy.

The objective of the Securities Registration Strategy is to protect Texas investors by ensuring full disclosure of relevant investment information and ensuring that offering terms for securities are fair, just and equitable. Consistent with that purpose, the Registration Division seeks to encourage capital formation by reviewing applications in an expeditious manner.

The Dealer Registration Strategy seeks to ensure compliance with provisions of the Act that require individuals and firms to register in order to deal in or render investment advice about securities.

### GENERAL COUNSEL DIVISION

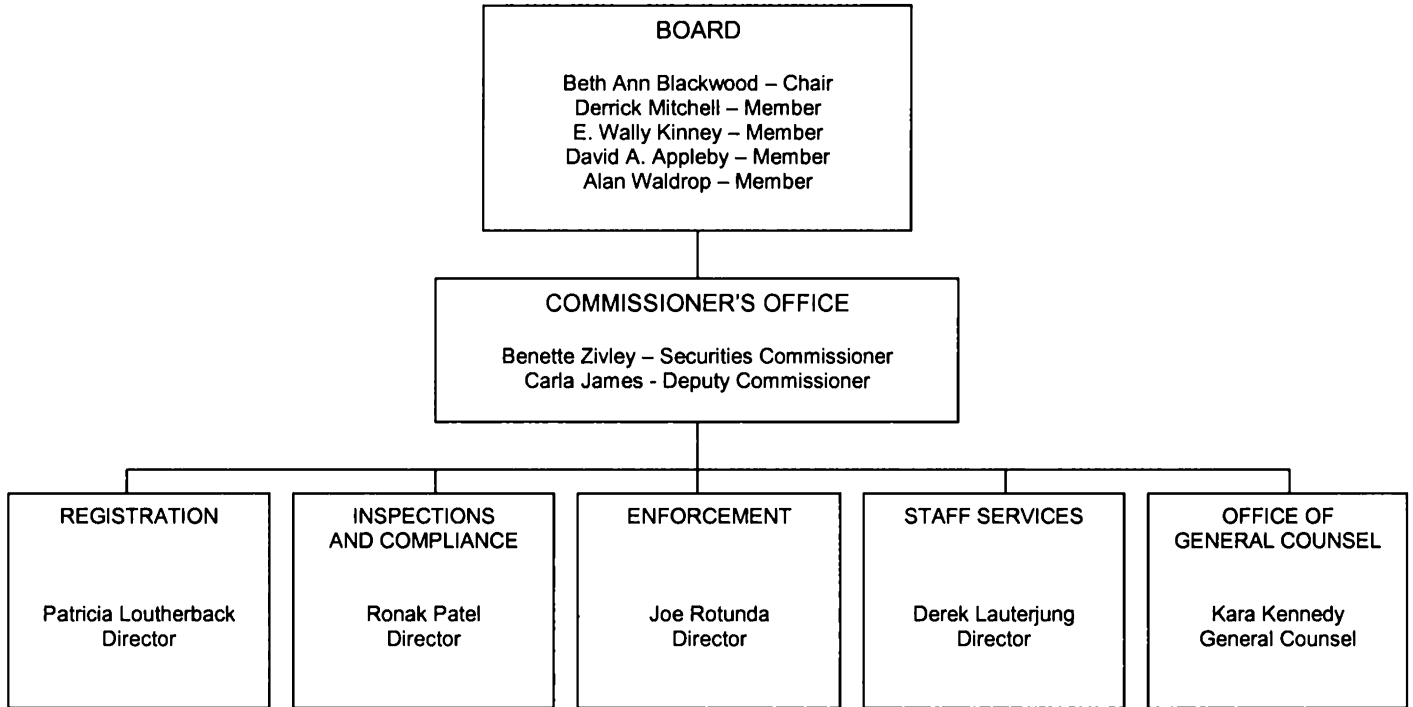
The General Counsel Division provides legal advice to the Board, Commissioner, and staff regarding provisions of the Act and compliance with various other Texas and federal laws. The Division also works with the Board, Commissioner, staff and other interested parties in drafting securities-related legislation and Board rules to interpret the Act.

### STAFF SERVICES DIVISION

The Staff Services Division performs the personnel, employee benefits, data processing, telecommunications, budgeting, purchasing, inventory, accounting, information technology, and all other administrative functions for the Agency. The Division is responsible for the Annual Report to the Governor, the Key Performance Target Reports, the Agency Legislative Appropriations Requests and other reports required of the Agency.

UNAUDITED

*Texas State Securities Board*  
Organizational Chart



August 31, 2011