

**TEXAS COMMISSION ON UNIFORM
STATE LAWS**

Annual Financial Report

For the Year Ended August 31, 2011



**Patrick C. Guillot
Chairman**

TEXAS UNIFORM STATE LAW COMMISSION

Patrick C. Guillot, Chairman

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October 1, 2011

Honorable Rick Perry, Governor
Honorable David Dewhurst, Lt. Governor
Honorable Joe Straus, Speaker
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 Commission on Uniform State Laws for the year ended August 31, 2011, in compliance with TEX.GOV=T CODE ANN. 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 Mathew Richardson at (512) 463-1155.

Sincerely,



Patrick C. Guillot
Chairman

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EXHIBIT I

COMBINED BALANCE SHEET/STATEMENT OF NET ASSETS GOVERNMENTAL FUNDS

August 31, 2011

	STATEMENT OF NET ASSETS GOVERNMENTAL FUNDS TOTAL (GENERAL)
ASSETS	
Current Assets	
Legislative Appropriations	\$ 200,384.96
TOTAL ASSETS	\$ 200,384.96
LIABILITIES AND FUND BALANCES	
Current Liabilities	
Accounts Payable	\$ -
TOTAL LIABILITIES	\$ -
FUND FINANCIAL STATEMENT-FUND	
Fund Balances (Deficits):	
Nonspendable	\$ -
Restricted	-
Committed	-
Assigned	3,114.61
Unassigned	197,270.35
Total Fund Balances	\$ 200,384.96
TOTAL LIABILITIES AND FUND BALANCE	\$ 200,384.96

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

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EXHIBIT II

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES-GOVERNMENTAL FUNDS

August 31, 2011

	STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS TOTAL (GENERAL)	
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REVENUES		
Legislative Appropriations:		
Original Appropriations	\$	209,467.00
Budget Reduction	\$	(5,237.00)
Additional Appropriations		-
TOTAL REVENUES	\$	204,230.00
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EXPENDITURES		
Travel	\$	20,391.79
Other Expenditures		109,716.66
TOTAL EXPENDITURES/EXPENSES	\$	130,108.45
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Excess (Deficiency)		
of Revenues over Expenditures	\$	74,121.55
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OTHER FINANCING SOURCES (USES)		
Legislative Transfers In	\$	5,237.00
Legislative Transfers Out		(5,237.00)
TOTAL OTHER FINANCING SOURCES (USES)	\$	-
<hr/>		
Net Change in Fund Balances/ Net Assets	\$	74,121.55
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FUND FINANCIAL STATEMENT-FUND BALANCES		
Fund Balances - September 01, 2010	\$	126,263.41
Fund Balances - August 31, 2011	\$	200,384.96
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The accompanying notes to the financial statements are an integral part of this financial statement.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. GOVERNMENTAL FUND TYPES

General Fund

The general 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.

B. BASIS OF ACCOUNTING

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

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

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

C. BUDGET AND BUDGETARY ACCOUNTING

The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the governor (the General Appropriations Act). Encumbrance accounting is employed for budgetary control purposes.

Unencumbered appropriations are reappropriated to the Commission on Uniform State Laws for the next fiscal year.

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

ASSETS

Legislative Appropriations

Legislative Appropriations represents the value of funds in the State Treasury at year-end.

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.

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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.

Nonspendable Fund Balance

The nonspendable fund balance classification includes amounts that cannot be spent because they are either:

- Not in spendable form, or
- Legally or contractually required to be maintained intact.

The "not in spendable form" criterion includes items not expected to be converted to cash — for example, inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale. However, if the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned, then they should be included in the appropriate fund balance classification (restricted, committed or assigned), rather than in the nonspendable fund balance. The corpus (or principal) of a permanent fund is an example of an amount legally or contractually required to be maintained intact.

Restricted Fund Balance

Except for amounts required to be reported as nonspendable, amounts restricted to specific purposes (pursuant to the definition of restricted in paragraph 34 of GASB 34, as amended by GASB 46, *Net Assets Restricted by Enabling Legislation*) should be reported as restricted fund balance.

Fund balance should be reported as restricted when constraints placed on the use of resources are either:

- Externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments; or
- Imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (the Texas Legislature) should be reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (new legislation) it employed to previously commit those amounts. The authorization specifying the purposes for which amounts can be used should have the consent of both the legislative and executive branches of the government, if applicable. Committed fund balance also should incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

In contrast to fund balance restricted by enabling legislation, amounts in the committed fund balance classification may be redeployed for other purposes with appropriate due process. The government imposes constraints on the use of committed amounts separate from the authorization to raise the underlying revenue. Therefore, compliance with constraints imposed by the government that commit amounts to specific purposes is not considered to be legally enforceable.

The formal action that commits fund balance to a specific purpose must occur prior to the end of the reporting period, but the amount, if any, which will be subject to the constraint may be determined in the subsequent period.

Assigned Fund Balance

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Amounts constrained by the state's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. Intent should be expressed by:

- the Texas Legislature, or
- a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Both the committed and assigned fund balance classifications include amounts constrained to being used for specific purposes by actions taken by the government itself. However, the authority for making an assignment is not required to be the state's highest level of decision-making authority. Furthermore, the nature of the actions necessary to remove or modify an assignment is not as prescriptive as it is with regard to the committed fund balance classification. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts classified as committed.

Assigned fund balance includes:

- All remaining amounts (except for negative balances) reported in governmental funds, other than the general fund, not classified as nonspendable and neither restricted nor committed; and
- Amounts in the general fund intended to be used for a specific purpose with less restriction than implied by the restricted or committed classification.

By reporting particular amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund, the state has assigned those amounts to the purposes of the respective funds. Assignment within the general fund conveys that the intended use of those amounts is for a specific purpose narrower than the general purposes of the government itself. The action taken to assign fund balance can be done after year end. Assignments cannot cause the fund to report a negative (deficit) fund balance.

An appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance as long as it does not cause a negative (deficit) fund balance.

Unassigned Fund Balance

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and has not been restricted, committed or assigned to specific purposes within the general fund.

The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Encumbrances

Encumbering funds already considered restricted, committed or assigned based on the constraints placed on them does not add to or further limit the use of the funds.

Amounts encumbered for a specific purpose may be reported as assigned fund balance only if the resources are not already considered to be reportable as restricted or committed fund balance.

Significant encumbrances at fiscal year-end will be disclosed in the notes to the financial statements along with other significant commitments.

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NOTE 2-12:

Not Applicable.

NOTE 13: CONTINUANCE SUBJECT TO REVIEW

The Commission on Uniform State Laws as a legislative agency is not subject to the Texas Sunset Act.

NOTES 14-26:

Not Applicable.

