

TEXAS FACILITIES COMMISSION



ANNUAL FINANCIAL REPORT

For Fiscal Year September 1, 2011 – August 31, 2012

BETTY REINBECK.....	Chair
WILLIAM D. DARBY	Member
DOUGLAS HARTMAN.....	Member
VIRGINIA HERMOSA.....	Member
BRANT C. INCE.....	Member
MIKE NOVAK.....	Member
ALVIN SHAW.....	Member
TERRY KEEL.....	Executive Director

Chair
Betty Reinbeck

Commissioners
William D. Darby
Douglas Hartman
Virginia Hermosa
Brant C. Ince
Mike Novak
Alvin Shaw



Executive Director
Terry Keel

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November 19, 2012

The Honorable Rick Perry, Governor
The Honorable Susan Combs, Comptroller of Public Accounts
Mr. John O'Brien, Director, Legislative Budget Board
Mr. John Keel, CPA, State Auditor

Dear Governor Perry, Comptroller Combs, Mr. O'Brien and Mr. Keel:

The Annual Financial Report of the Texas Facilities Commission for the year ended August 31, 2012 is submitted in compliance with Texas Government Code Section 2101.11 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 of 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 Lois Bingham, Director of Accounting, at (512) 463-3591.

Sincerely,

A handwritten signature in blue ink that reads "Terry Keel". The signature is fluid and cursive, with the first name "Terry" and last name "Keel" clearly distinguishable.

Terry Keel
Executive Director

Texas Facilities Commission

Physical address: 1711 San Jacinto Blvd, Austin, Texas 78701

◆ * *Planning and administering facilities in service to the State of Texas* * ◆

TABLE OF CONTENTS

Page No.

Combined Financial Statements - Exhibits:

I - Combined Balance Sheet - Governmental Funds	1
II - Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	3
III - Combined Statement of Net Assets - Proprietary Funds	5
IV - Combined Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	7
V - Combined Statement of Cash Flows - Proprietary Funds	9
VI - Combined Statement of Fiduciary Net Assets - Agency Funds	11

Notes to the Financial Statements 12

Combining and Individual Fund Financial Statements - Exhibits:

Combining Statements

A-1 - Combining Balance Sheet - All General and Consolidated Funds	25
A-2 - Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All General Funds and Consolidated Funds	27
D-1 - Combining Balance Sheet - Capital Project Funds	29
D-2 - Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Capital Project Funds	31
F-1 Combining Statement of Net Assets - Proprietary Funds	33
F-2 Combining Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds	35
F-3 Combining Statement of Cash Flows - Proprietary Funds	37
J-1 - Combining Statement of Changes in Assets and Liabilities - Agency Funds	39

Supplemental Information:

Schedules

1A - Schedule of Expenditures of Federal Awards	41
4 - Schedule of Modified to Full Accrual Adjustments - Balance Sheet/Statement of Net Assets-Governmental Funds	45
4 - Schedule of Modified to Full Accrual Adjustments - Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities	47

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Texas Facilities Commission (AGY 303)
Exhibit I - Combined Balance Sheet – Governmental Funds
 August 31, 2012

	<u>Governmental Fund Types</u>		
	<u>General Funds (Exhibit A-1)</u>	<u>Capital Projects Funds (Exhibit D-1)</u>	<u>Governmental Funds Total</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents:			
Cash on Hand	\$ 1,786.25	\$ -	\$ 1,786.25
Cash in Bank	5,000.00	-	5,000.00
Cash in State Treasury	126,946.01	-	126,946.01
Legislative Appropriations	9,500,979.60	3,435,441.84	12,936,421.44
Receivables From:			
Accounts Receivable	1,600,309.65	2,144,660.00	3,744,969.65
Due From Other Agencies	-	16,605,537.86	16,605,537.86
Consumable Inventories	583,327.14	-	583,327.14
Total Current Assets	11,818,348.65	22,185,639.70	34,003,988.35
Non-Current Assets:			
Total Non-Current Assets	-	-	-
Total Assets	\$ 11,818,348.65	\$ 22,185,639.70	\$ 34,003,988.35
LIABILITIES AND FUND BALANCES			
Liabilities:			
Current Liabilities:			
Payables From:			
Accounts Payable	\$ 5,117,486.48	\$ 1,173,228.02	\$ 6,290,714.50
Payroll Payable	1,366,181.95	-	1,366,181.95
Contracts Payable - Retained Percentage	-	465,539.28	465,539.28
Deferred Revenues	10,054.01	-	10,054.01
Total Current Liabilities	6,493,722.44	1,638,767.30	8,132,489.74
Non-Current Liabilities:			
Interfund Payables	1,867,679.56	-	1,867,679.56
Total Non-Current Liabilities	1,867,679.56	-	1,867,679.56
Total Liabilities	\$ 8,361,402.00	\$ 1,638,767.30	\$ 10,000,169.30

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

UNAUDITED

Texas Facilities Commission (AGY 303)
Exhibit I - Combined Balance Sheet – Governmental Funds
 August 31, 2012

	Governmental Fund Types		
	General Funds (Exhibit A-1)	Capital Projects Funds (Exhibit D-1)	Governmental Funds Total
FUND FINANCIAL STATEMENT-FUND BALANCES			
Fund Balances (Deficits):			
Restricted	\$ -	\$ 20,546,872.40	\$ 20,546,872.40
Nonspendable for Inventory	583,327.14	-	583,327.14
Unassigned	2,873,619.51	-	2,873,619.51
Total Fund Balances	3,456,946.65	20,546,872.40	24,003,819.05
Total Liabilities and Fund Balances	\$ 11,818,348.65	\$ 22,185,639.70	\$ 34,003,988.35

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

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Texas Facilities Commission (AGY 303)
Exhibit II - Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances – Governmental Funds
 For the Fiscal Year Ended August 31, 2012

	General Funds (Exhibit A-2)	Capital Projects Funds (Exhibit D-2)	Governmental Funds Total
REVENUES			
Legislative Appropriations:			
Original Appropriations (GR)	\$ 67,053,524.00	\$ -	\$ 67,053,524.00
Additional Appropriations (GR)	3,058,774.02	-	3,058,774.02
Licenses, Fees & Permits (GR)	743,530.57	-	743,530.57
Settlement of Claims (GR)	25,498.01	-	25,498.01
Sales of Goods and Services (GR)	19,311,308.13	3,142,249.37	22,453,557.50
Other Revenues (GR)	802,247.33	-	802,247.33
Total Revenues	90,994,882.06	3,142,249.37	94,137,131.43
EXPENDITURES			
Salaries and Wages	12,305,962.62	-	12,305,962.62
Payroll Related Costs	3,180,237.41	-	3,180,237.41
Professional Fees and Services	203,807.80	5,550.00	209,357.80
Travel	51,702.72	-	51,702.72
Materials and Supplies	2,298,065.41	3,250.00	2,301,315.41
Communication and Utilities	18,734,570.43	-	18,734,570.43
Repairs and Maintenance	5,777,456.58	11,302,986.09	17,080,442.67
Rentals & Leases	215,301.91	-	215,301.91
Printing and Reproduction	12,379.16	-	12,379.16
Claims and Judgments	3,061.22	-	3,061.22
Other Expenditures	8,519,536.51	24,059.46	8,543,595.97
Debt service:			
Principal	1,651,667.00	-	1,651,667.00
Interest	285,259.00	-	285,259.00
Capital Outlay	83,242.57	3,801,314.46	3,884,557.03
Total Expenditures	53,322,250.34	15,137,160.01	68,459,410.35

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

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Texas Facilities Commission (AGY 303)
Exhibit II - Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances – Governmental Funds
 For the Fiscal Year Ended August 31, 2012

	General Funds (Exhibit A-2)	Capital Projects Funds (Exhibit D-2)	Governmental Funds Total
Excess (Deficiency) of Revenues			
Over Expenditures	<u>37,672,631.72</u>	<u>(11,994,910.64)</u>	<u>25,677,721.08</u>
OTHER FINANCING SOURCES (USES)			
Sale of Capital Assets	20,055.00	-	20,055.00
Transfers In	1,533,680.00	11,489,882.52	13,023,562.52
Transfers Out	(39,811,001.23)	(10,746.43)	(39,821,747.66)
Legislative Transfers In	-	-	-
Legislative Transfers Out	-	-	-
Total Other Financing Sources and Uses	<u>(38,257,266.23)</u>	<u>11,479,136.09</u>	<u>(26,778,130.14)</u>
Net Change in Fund Balances	<u>(584,634.51)</u>	<u>(515,774.55)</u>	<u>(1,100,409.06)</u>
FUND FINANCIAL STATEMENT-FUND BALANCES			
Fund Balances-Beginning	4,298,313.64	21,062,646.95	25,360,960.59
Restatements	-	-	-
Fund Balances, September 1, 2011, as Restated	<u>4,298,313.64</u>	<u>21,062,646.95</u>	<u>25,360,960.59</u>
Appropriations Lapsed	<u>(256,732.48)</u>	<u>-</u>	<u>(256,732.48)</u>
Fund Balances-August 31, 2012	<u>\$ 3,456,946.65</u>	<u>\$ 20,546,872.40</u>	<u>\$ 24,003,819.05</u>

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

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Texas Facilities Commission (AGY 303)
Exhibit III - Combined Statement of Net Assets
Proprietary Funds
August 31, 2012

	Total Proprietary Funds (Exhibit F-1)
Assets	
Current Assets:	
Cash and Cash Equivalents:	
Cash on Hand	\$ -
Cash in State Treasury	2,808,233.04
Receivables from:	
Accounts Receivable	125,806.60
Consumable Inventories	821.71
Total Current Assets	<u>2,934,861.35</u>
Non-Current Assets:	
Capital Assets:	
Non-Depreciable	
Land and Land Improvements	376,298.01
Depreciable	
Building and Building Improvements	1,174,978.69
Less Accumulated Depreciation	(1,116,229.73)
Furniture and Equipment	14,716.55
Less Accumulated Depreciation	(2,277.47)
Vehicles, Boats, and Aircraft	-
Less Accumulated Depreciation	-
Total Non-Current Assets	<u>447,486.05</u>
Total Assets	<u>\$ 3,382,347.40</u>

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

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Texas Facilities Commission (AGY 303)
Exhibit III - Combined Statement of Net Assets
Proprietary Funds
August 31, 2012

	Total Proprietary Funds (Exhibit F-1)
Liabilities	
Current Liabilities:	
Payables from:	
Accounts Payable	\$ 26,076.70
Payroll Payable	68,670.49
Employees' Compensable Leave	34,646.42
Total Current Liabilities	<u>129,393.61</u>
Non-Current Liabilities:	
Employees' Compensable Leave	<u>30,746.97</u>
Total Non-Current Liabilities	<u>30,746.97</u>
Total Liabilities	<u>160,140.58</u>
Net Assets	
Unrestricted	<u>3,222,206.82</u>
Total Net Assets	<u>\$ 3,222,206.82</u>

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

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Texas Facilities Commission (AGY 303)
Exhibit IV - Combined Statement of Revenues, Expenses, and
Changes in Net Assets
Proprietary Funds
For the Fiscal Year Ended August 31, 2012

	Total Proprietary Funds (Exhibit F-2)
Operating Revenues	
Other Sales & Goods	\$ 157.50
Other Operating Revenues (GR)	<u>2,279,585.82</u>
Total Operating Revenues	<u>2,279,743.32</u>
Operating Expenses	
Salaries and Wages	872,927.59
Payroll Related Costs	274,939.29
Professional Fees and Services	24,857.00
Travel	5,281.94
Materials and Supplies	36,538.36
Communication and Utilities	53,273.09
Repairs and Maintenance	33,831.40
Rentals and Leases	7,382.46
Printing and Reproduction	55.09
Depreciation and Amortization	2,102.28
Interest	1.25
Other Operating Expenses	<u>656,906.25</u>
Total Operating Expenses	<u>1,968,096.00</u>
Operating Income (Loss)	<u>311,647.32</u>

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

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Texas Facilities Commission (AGY 303)
Exhibit IV - Combined Statement of Revenues, Expenses, and
Changes in Net Assets
Proprietary Funds
 For the Fiscal Year Ended August 31, 2012

	Total Proprietary Funds (Exhibit F-2)
Nonoperating Revenues (Expenses)	
Investment Income (Expense) (GR)	14,971.96
Total Nonoperating Revenues (Expenses)	14,971.96
Income (loss) before Other Revenues, Expenses, Gains/Losses and Transfers	326,619.28
Other Revenues, Expenses, Gains/Losses, and Transfers	
Gain/Loss on Sale of Capital Asset	-
Transfer Out	-
Total Other Revenue, Expenses, Gain/Losses, and Transfers	-
Change in Net Assets	326,619.28
Total Net Assets - Beginning	2,895,587.54
Restatements	-
Total Net Assets, September 1, 2011, as Restated	2,895,587.54
Total Net Assets, August 31, 2012	\$ 3,222,206.82

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

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Texas Facilities Commission (AGY 303)
Exhibit V - Combined Statement of Cash Flows –
Proprietary Funds
 For the Fiscal Year Ended August 31, 2012

	Total Proprietary Funds (Exhibit F-3)
Cash Flows From Operating Activities	
Proceeds from Other Revenues	\$ 2,312,770.42
Payments to Employees	(891,973.76)
Payments to Employees for Benefits	(274,939.29)
Payments for Other Expenses	(788,100.82)
Net Cash Provided by Operating Activities	357,756.55
 Cash Flows from Capital and Related Financing Activities	
Proceeds from the Sale of Capital Assets	-
Net Cash Provided by Capital and Related Financing Activities	-
 Cash Flows From Investing Activities	
Proceeds from Interest and Investment Income	14,971.96
Net Cash Provided by Investing Activities	14,971.96
 Net (Decrease) in Cash and Cash Equivalents	372,728.51
 Cash and Cash Equivalents--September 1, 2011	2,435,504.53
Restatement to Beginning Cash & Cash Equivalents	-
Cash and Cash Equivalents--September 1, 2011 Restated	2,435,504.53
 Cash and Cash Equivalents--August 31, 2012	\$ 2,808,233.04

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

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Texas Facilities Commission (AGY 303)
Exhibit V - Combined Statement of Cash Flows –
Proprietary Funds
For the Fiscal Year Ended August 31, 2012

	Total Proprietary Funds (Exhibit F-3)
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ 311,647.32
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Amortization and Depreciation	2,102.28
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	33,027.10
(Increase) Decrease in Inventories	1,004.93
Increase (Decrease) in Payables	858.28
Increase (Decrease) in Compensated Absence Liabilities	9,116.64
Total Adjustments	<u>46,109.23</u>
Net Cash Provided by Operating Activities	<u>\$ 357,756.55</u>

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

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Texas Facilities Commission (AGY 303)
Exhibit VI - Combined Statement of Fiduciary Net Assets
Agency Funds
 August 31, 2012

	<u>Agency Funds (Exhibit J-1)</u>	<u>Totals</u>
ASSETS		
Cash and Cash Equivalents:		
Cash on Hand	\$ 26,917.37	\$ 26,917.37
Cash in State Treasury	420,886.36	420,886.36
Other-Federal Surplus Property	<u>5,828,691.72</u>	<u>5,828,691.72</u>
Total Assets	<u>\$ 6,276,495.45</u>	<u>\$ 6,276,495.45</u>
LIABILITIES		
Accounts Payable	\$ -	\$ -
Funds Held for Others	<u>6,276,495.45</u>	<u>6,276,495.45</u>
Total Liabilities	<u>\$ 6,276,495.45</u>	<u>\$ 6,276,495.45</u>
NET ASSETS		
Total Net Assets	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

TEXAS FACILITIES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Entity

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

The Texas Facilities Commission consists of a seven member commission and an Executive Director. The Commission oversees the building maintenance and construction activities of state-owned office buildings and facilities, leasing procurement, and office space lease management services for other state agencies. In addition, the Commission is statutorily charged with the administration of the Texas State and Federal Surplus Property Programs. This Commission is designated as a separate reporting entity pursuant to requirements established by the Legislature, the Legislative Budget Board and the Governor's Office of Budget, Planning and Policy.

The Texas Facilities Commission includes within this report all components as determined by an analysis of their relationship to the agency as listed below (if any).

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 appropriate fund.

Discretely Presented Component Units

No component units have been identified which should have been discretely presented for the Texas Facilities Commission.

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 & Government-Wide Adjustment Fund Types

General Revenue Fund

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

Capital Projects Fund

Capital Project funds are used to account for financial resources used for the acquisition, repair, renovation or construction of major capital facilities (other than those financed by proprietary or similar trust funds).

Capital Assets Adjustment Fund Type

Capital Assets 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.

Other Adjustments Fund Type

Other Adjustments fund type will be used to convert all other governmental fund types' activity from modified accrual to full accrual.

Proprietary Fund Types

Proprietary Funds

Proprietary Funds are used to account for any activity for which a fee is charged to external users for goods or services. The Texas Facilities Commission accounts for its proprietary activities in the following fund:

The proprietary fund 0570 is used to record all transactions related to the operation of the Federal Surplus Property Program.

Fiduciary Fund Types

Fiduciary funds account for assets held by the state in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. When assets are held under the terms of a formal trust agreement, either a pension trust fund, or a private purpose trust fund is used.

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.

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 (principal and interest) on general long-term liabilities, long-term capital leases, long-term claims and judgment and full accrual revenues and expenses. The activity will be recognized in these fund types.

Proprietary funds are accounted for on the full accrual basis of accounting. Under the full 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 the proprietary funds principal ongoing operations. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Budget and Budgetary Accounting

The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act).

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

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. The Texas Facilities Commission has no cash equivalents.

Inventories and Prepaid Items

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 for office supplies and the weighted average method for maintenance parts inventory. The consumption method of accounting is used to account for inventories and prepaid items that appear in the governmental and proprietary fund types. The cost of these items is expensed when the items are consumed.

Capital Assets

Assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year are capitalized. These assets are capitalized at cost or, if donated, at estimated 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. 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.

Current Receivables-Other

Other receivables include year-end revenue accruals. This account can appear in governmental and proprietary fund types.

Non-Current Receivables-Other

The receivables are not expected to be collected within one year.

LIABILITIES

Accounts Payable

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

Employees' Compensable Leave Balances

Employees' compensable leave balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or noncurrent in the statement of net assets. These obligations are normally paid from the same funding source from which each employee's salary or wage compensation was paid.

Capital Lease Obligations

Capital lease obligations represent the liability for future lease payments under capital lease contracts contingent upon the appropriation of funding by the Legislature. Liabilities are reported separately as either current or noncurrent in the statement of net assets.

FUND BALANCE/NET ASSETS

The difference between 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

The fund balances for governmental funds are as nonspendable, restricted, committed, assigned or unassigned in the fund financial statements.

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

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

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

Assigned fund balance includes amounts constrained by the state's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (1) the Texas Legislature or (2) a body (for example, a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

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

Invested in Capital Assets, Net of Related Debt

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation 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 resource, 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:

- (1) Transfers: Legally required transfers 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, the balance is classified as "current". Balances for repayment due in two (or more) years are 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

Revenue received from the sale of surplus property has been transferred to unappropriated general revenue in accordance with HB7, Sec. 20. A summary of changes in Capital Assets for the year ended August 31, 2012, is presented below.

	Balance 8/31/2011	Adjustments	Reclassifications			Additions	Deletions	Balance 08/31/12
			Completed CIP	Inc-Int'g Trans	Dec-Int'g Trans			
Governmental Activities:								
Non-Depreciable or Non-Amortizable Assets:								
Land & Improvements	\$ 36,575,761.95	-	-	-	(103,237.91)	-	-	\$ 36,472,524.04
Construction in Progress	43,326,379.04	(99,728.95)	(25,197,164.51)	-	-	3,801,314.46	-	21,830,800.04
Other Assets	23,995.00	-	-	-	-	-	-	23,995.00
Total Non-Depreciable or Non-Amortizable Assets	79,926,135.99	(99,728.95)	(25,197,164.51)	-	(103,237.91)	3,801,314.46	-	58,327,319.08
Depreciable Assets:								
Buildings & Improvements	764,410,133.10	-	25,197,164.51	-	(170,255.07)	-	-	789,437,042.54
Furniture & Equipment	1,171,019.66	-	-	-	-	43,742.57	(211,130.13)	1,003,632.10
Vehicles, Boats & Aircraft	944,625.46	-	-	53,139.31	-	20,000.00	(100,325.98)	917,438.79
Total Depreciable Assets	766,525,778.22	-	25,197,164.51	53,139.31	(170,255.07)	63,742.57	(311,456.11)	791,358,113.43
Less Accumulated Depreciation for:								
Buildings & Improvements	(459,889,260.20)	-	-	-	152,196.40	(23,360,593.36)	-	(483,097,657.16)
Furniture & Equipment	(951,932.67)	-	-	-	-	(40,024.67)	202,966.12	(789,991.22)
Vehicle, Boats & Aircraft	(916,481.92)	-	-	(44,833.54)	-	(8,389.34)	85,273.00	(884,411.80)
Total Accumulated Depreciation	(461,757,674.79)	-	-	(44,833.54)	152,196.40	(23,408,987.37)	288,239.12	(484,771,060.18)
Depreciable Assets, Net	304,768,103.43	-	25,197,164.51	8,305.77	(18,058.67)	(23,345,244.80)	(23,216.99)	306,587,053.25
Amortizable Assets - Intangible:								
Computer Software	30,320.00	-	-	-	-	-	-	30,320.00
Total Amortizable Assets - Intangible	30,320.00	-	-	-	-	-	-	30,320.00
Less Accumulated Amortization for:								
Computer Software	(30,320.00)	-	-	-	-	-	-	(30,320.00)
Total Accumulated Amortization	(30,320.00)	-	-	-	-	-	-	(30,320.00)
Amortizable Assets - Intangible, Net	-	-	-	-	-	-	-	-
Governmental Activities Capital Assets, Net	\$ 384,694,239.42	(99,728.95)	-	8,305.77	(121,296.58)	(19,543,930.34)	(23,216.99)	\$ 364,914,372.33
Business-type activities								
Non-Depreciable or Non-Amortizable Assets:								
Land & Improvements	\$ 376,298.01	-	-	-	-	-	-	\$ 376,298.01
Total Non-Depreciable or Non-Amortizable Assets	376,298.01	-	-	-	-	-	-	376,298.01
Depreciable Assets:								
Buildings & Improvements	1,174,978.69	-	-	-	-	-	-	1,174,978.69
Furniture & Equipment	14,716.55	-	-	-	-	-	-	14,716.55
Vehicle, Boats & Aircraft	-	-	-	-	-	-	-	-
Total Depreciable Assets	1,189,695.24	-	-	-	-	-	-	1,189,695.24
Less Accumulated Depreciation for:								
Buildings & Improvements	(1,116,229.73)	-	-	-	-	-	-	(1,116,229.73)
Furniture & Equipment	(175.19)	-	-	-	-	(2,102.28)	-	(2,277.47)
Vehicles, Boats & Aircraft	-	-	-	-	-	-	-	-
Total Accumulated Depreciation	(1,116,404.92)	-	-	-	-	(2,102.28)	-	(1,118,507.20)
Depreciable Assets, Net	73,290.32	-	-	-	-	(2,102.28)	-	71,188.04
Business-Type Activities Capital Assets, Net	\$ 449,588.33	-	-	-	-	(2,102.28)	-	\$ 447,486.05

NOTE 3: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS

All funds carried as Cash in Bank are demand deposits. This agency has no investments or repurchase agreements and there were no known significant violations of legal provisions.

Deposits of Cash in Bank

As of August 31, 2012, the carrying amount of deposits was \$5,000 as presented below.

Governmental Activities	
CASH IN BANK-CARRYING VALUE	\$ 5,000.00
Cash in Bank per AFR	\$ 5,000.00
Governmental Funds Current Assets Cash in Bank	\$ 5,000.00
Cash in Bank per AFR	\$ 5,000.00

NOTE 4: SHORT-TERM DEBT

Not Applicable

NOTE 5: LONG-TERM LIABILITIES**Changes in Long-Term Liabilities**

During the year ended August 31, 2012, the following changes occurred in liabilities.

Governmental Activities	Balance 9/1/2011	Additions	Reductions	Balance 8/31/12	Amounts Due Within One Year
State Agency Capital Lease Obligations	\$ 4,755,000.00	\$ -	\$ (1,651,667.00)	\$ 3,103,333.00	\$ 2,143,333.00
Compensable Leave - TFC	\$ 1,366,497.58	\$ 1,113,877.19	\$ (1,132,410.38)	\$ 1,347,964.39	\$ 769,325.50
Pollution Remediation Obligation	\$ 67,496.72	\$ 387,857.96	\$ (434,705.98)	\$ 20,648.70	\$ 20,648.70
Total Governmental Activities	\$ 6,188,994.30	\$ 1,501,735.15	\$ (3,218,783.36)	\$ 4,471,946.09	\$ 2,933,307.20

Business-Type Activities	Balance 9/1/11	Additions	Reductions	Balance 8/31/12	Amounts Due Within One Year
Compensable Leave - TFC	\$ 56,276.75	\$ 73,961.23	\$ (64,844.59)	\$ 65,393.39	\$ 34,646.42
Total Business-Type Activities	\$ 56,276.75	\$ 73,961.23	\$ (64,844.59)	\$ 65,393.39	\$ 34,646.42

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. Both an expense and a liability for business-type activities are recorded in

NOTE 5: LONG TERM LIABILITIES, Continued

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.

Pollution Remediation Obligation

A pollution remediation obligation is an obligation to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities. The Texas Facilities Commission pollution remediation activities were for asbestos and mold abatement and are reported at the actual contracted cost.

NOTE 6: BONDED INDEBTEDNESS

Not Applicable

NOTE 7: DERIVATIVE INSTRUMENTS

Not Applicable

NOTE 8: LEASES

LEASE WITH OPTION TO PURCHASE (LWOP)

The State Auditor's Office determined these leases should be reported by the Commission. All payments are made by the occupying Agency and no funds are transferred to the Commission on behalf of the agencies involved.

The capital assets are recorded at the present value of the future minimum lease payments at the inception of the lease plus any cash paid or trade-in value received. Future minimum lease payments under these capital leases at fiscal year-end are as follows:

Future Minimum Lease Payments

Governmental Activities			
Year	Principal	Interest	Total
2013	\$ 2,143,333.00	\$ 154,418.00	\$ 2,297,751.00
2014	960,000.00	29,292.00	989,292.00
Total	\$ 3,103,333.00	\$ 183,710.00	\$ 3,287,043.00

The following table presents an analysis of the property recorded under capital leases at August 31, 2012.

Assets Under Capital Leases	Governmental Activities
Buildings-Lease With Option to Purchase	\$ 18,084,000.00
Less: Accumulated Depreciation	(14,097,996.42)
TOTAL	\$ 3,986,003.58

NOTE 9: PENSION PLANS

Not Applicable

NOTE 10: DEFERRED COMPENSATION

Not Applicable

NOTE 11: POST EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

Not Applicable

NOTE 12: INTERFUND ACTIVITY AND TRANSACTIONS

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

- Due From Other Agencies or Due To Other Agencies
- Due From Other Funds or Due To Other Funds
- Transfers In or Transfers Out
- Legislative Transfers In or Legislative Transfers Out

The Commission experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer.

Individual balances and activity at August 31, 2012 follows:

Due To/Due From Other Agencies	Due From Other Agencies	Due To Other Agencies	Source
CAPITAL PROJECTS FUND (04)			
Agency 347, D23 Fund 7207	\$ 961,761.08		Transfer
Agency 347, D23 Fund 7217	3,146,640.08		Transfer
Agency 347, D23 Fund 7623	7,928.00		Transfer
Agency 347, D23 Fund 7633	2,259,242.52		Transfer
Agency 347, D23 Fund 7640	2,237,630.03		Transfer
Agency 347, D23 Fund 7641	5,412,086.66		Transfer
Agency 347, D23 Fund 7652	2,580,249.49		Transfer
Total Due To/Due From Other Agencies (Exh I)	\$ 16,605,537.86		

NOTE 12: INTERFUND ACTIVITY AND TRANSACTIONS, Continued

Operating Transfers In/Out	Transfers In	Transfers Out	Purpose
GENERAL (01)			
Agency 347, D23 Fund 0507		\$ 38,893,682.00	Art. Lease Payment
Agency 902, D23 Fund 0001		413,722.23	Surplus Property
Total Transfers for Fund 0001		\$ 39,307,404.23	
Agency 347, D23 Fund 0507		\$ 503,597.00	Art. Lease Payment
Agency 454, D23 Fund 0036	\$ 1,533,680.00		Utilities & Article Lease
Total Transfers for Fund 0036	\$ 1,533,680.00	\$ 503,597.00	
CAPITAL PROJECT FUND (04)			
Agency 902, D23 Fund 0001		\$ 10,746.43	Lapse
Agency 347, D23 Fund 7217	\$ 2,920,878.79		Construction
Agency 347, D23 Fund 7623	52,000.00		Construction
Agency 347, D23 Fund 7640	239,901.77		Construction
Agency 347, D23 Fund 7641	5,090,560.95		Construction
Agency 347, D23 Fund 7652	3,186,541.01		Construction
Total Transfers for Capital Project Funds	\$ 11,489,882.52	\$ 10,746.43	

NOTE 13: CONTINUANCE SUBJECT TO REVIEW

The Texas Facilities Commission is subject to Chapter 325 (Texas Sunset Act). Unless continued in existence as provided by that chapter, the commission is abolished and this subtitle, except for Chapter 2170 and Section 2157.121, expires September 1, 2013. If abolished, the agency may continue until September 1, 2014 to close out its operations.

NOTE 14: ADJUSTMENTS TO FUND BALANCES/NET ASSETS

During fiscal 2012, one adjustment was made which required the restatement of the amounts in net assets as shown and discussed below:

The Capital Asset Beginning Balance was adjusted to delete two deferred maintenance projects that had a change in scope and did not meet the capitalization threshold when the project ended.

General Fund (GWFS)	Total
Net Assets August 31, 2011	\$ 384,694,239.42
Restatement	(99,728.95)
Net Assets September 1, 2011 As Restated	\$ 384,594,510.47

NOTE 15: CONTINGENT LIABILITIES AND COMMITMENTS

The Texas Facilities Commission is a defendant in the following pending litigations:

1. One lawsuit against the Commission resulting in a declaratory judgment that a violation of law occurred and remanded the matter to a lower court for a hearing on damages which are currently unspecified but will be comprised of attorney's fees and court costs. The Commission is one of three state defendants.
2. One lawsuit against the Commission arising from a tort claim involving a motor vehicle accident in which the plaintiff seeks personal injury damages of \$90,500.00 and property damages of \$650.00.
3. One tort claim against the Commission arising from a motor vehicle accident in which claimant seeks personal injury damages in an unspecified amount and property damages of \$13,632.41.
4. One tort claim against the Commission arising from a slip-and-fall accident that occurred on State property, namely Surface Parking Lot 19 in which claimant seeks personal injury damages in an unspecified amount.

NOTE 16: SUBSEQUENT EVENTS

Not Applicable

NOTE 17: RISK MANAGEMENT

The Texas Facilities Commission is exposed to a variety of civil claims resulting from the performance of its duties. It is agency policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed.

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 with other government entities.

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. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience and economic factors.

NOTE 18: MANAGEMENT DISCUSSION AND ANALYSIS

Not Applicable

NOTE 19: THE FINANCIAL REPORTING ENTITY

Not Applicable

NOTE 20: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Not Applicable

NOTE 21: This note no longer required.

Note no longer required.

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 Facilities Commission (AGY 303)
Exhibit A-1 - Combining Balance Sheet - All General and Consolidated Funds
 August 31, 2012

	<u>General Revenue</u>		<u>Consolidated Accounts</u>	
	<u>General Revenue Fund (0001)*</u>	<u>General Revenue Suspense Fund (0900)*</u>	<u>Dedicated Fund- Texas Dept. of Insurance Operating Fund Account (0036)*</u>	
	<u>U/F (0001, 0003, 0114, 0948, 0949)</u>	<u>U/F (0904)</u>	<u>U/F (0036)</u>	<u>Total (Exhibit I)</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Cash on Hand	\$ 1,786.25	\$ -	\$ -	\$ 1,786.25
Cash in Bank	5,000.00	-	-	5,000.00
Cash in State Treasury	-	126,946.01	-	126,946.01
Legislative Appropriations	9,500,979.60	-	-	9,500,979.60
Receivables From:				
Accounts Receivable	1,600,309.65	-	-	1,600,309.65
Due From Other Agencies	-	-	-	-
Consumable Inventories	583,327.14	-	-	583,327.14
Total Current Assets	11,691,402.64	126,946.01	-	11,818,348.65
Non-Current Assets:				
Total Noncurrent Assets	-	-	-	-
Total Assets	\$ 11,691,402.64	\$ 126,946.01	\$ -	\$ 11,818,348.65
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current Liabilities:				
Payables From:				
Accounts Payable	\$ 5,117,486.48	\$ -	\$ -	\$ 5,117,486.48
Payroll Payable	1,366,181.95	-	-	1,366,181.95
Deferred Revenues	10,054.01	-	-	10,054.01
Total Current Liabilities	6,493,722.44	-	-	6,493,722.44
Non-Current Liabilities:				
Interfund Payables	1,867,679.56	-	-	1,867,679.56
Total Non-Current Liabilities	1,867,679.56	-	-	1,867,679.56
Total Liabilities	\$ 8,361,402.00	\$ -	\$ -	\$ 8,361,402.00

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

UNAUDITED

Texas Facilities Commission (AGY 303)
 Exhibit A-1 - Combining Balance Sheet - All General and Consolidated Funds
 August 31, 2012

	General Revenue		Consolidated Accounts Dedicated Fund-
	General Revenue Fund (0001)*	General Revenue Suspense Fund (0900)*	Texas Dept. of Insurance Operating Fund Account (0036)*
	U/F (0001, 0003, 0114, 0948, 0949)	U/F (0904)	U/F (0036)
	Total (Exhibit I)		

FUND FINANCIAL STATEMENT-FUND BALANCES

Fund Balances (Deficits):				
Reserved for:				
Nonspendable for Inventory	\$ 583,327.14	\$ -	\$ -	\$ 583,327.14
Unassigned	\$ 2,746,673.50	\$ 126,946.01	\$ -	\$ 2,873,619.51
Total Fund Balances	3,330,000.64	126,946.01	-	3,456,946.65
Total Liabilities and Fund Balances	\$ 11,691,402.64	\$ 126,946.01	\$ -	\$ 11,818,348.65

* Appropriated fund is noted as (XXXX), USAS D23 U/F (XXXX)

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

UNAUDITED

Texas Facilities Commission (AGY 303)
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, 2012

	<u>General Revenue</u>		<u>Consolidated Accounts</u>	
	<u>General Revenue Fund</u>	<u>General Revenue Suspense Fund</u>	<u>Dedicated Fund-Texas Dept. of Insurance Operating Fund Account</u>	
	<u>(0001)*</u>	<u>(0900)*</u>	<u>(0036)*</u>	
	<u>U/F (0001, 0003, 0114, 0948, 0949)</u>	<u>U/F (0904)</u>	<u>U/F (0036)</u>	<u>Total (Exhibit II)</u>
REVENUES				
Legislative Appropriations:				
Original Appropriations (GR)	\$ 67,053,524.00	\$ -	\$ -	\$ 67,053,524.00
Additional Appropriations (GR)	3,058,774.02	-	-	3,058,774.02
Licenses, Fees & Permits (GR)	804,596.95	(61,066.38)	-	743,530.57
Settlement of Claims (GR)	25,498.01	-	-	25,498.01
Sales of Goods and Services (GR)	19,344,023.10	(32,714.97)	-	19,311,308.13
Other Revenue (GR)	824,380.97	(22,133.64)	-	802,247.33
Total Revenues	91,110,797.05	(115,914.99)	-	90,994,882.06
EXPENDITURES				
Salaries and Wages	12,305,962.62		-	12,305,962.62
Payroll Related Costs	3,180,237.41		-	3,180,237.41
Professional Fees and Services	203,807.80		-	203,807.80
Travel	51,702.72		-	51,702.72
Materials and Supplies	2,298,065.41		-	2,298,065.41
Communication and Utilities	17,704,487.43		1,030,083.00	18,734,570.43
Repairs and Maintenance	5,777,456.58		-	5,777,456.58
Rentals & Leases	215,301.91		-	215,301.91
Printing and Reproduction	12,379.16		-	12,379.16
Claims and Judgments	3,061.22		-	3,061.22
Other Expenditures	8,519,536.51		-	8,519,536.51
Debt service:				
Principal	1,651,667.00	-	-	1,651,667.00
Interest	285,259.00	-	-	285,259.00
Capital Outlay	83,242.57	-	-	83,242.57
Total Expenditures	52,292,167.34	-	1,030,083.00	53,322,250.34
Excess (Deficiency) of Revenues				
Over Expenditures	<u>38,818,629.71</u>	<u>(115,914.99)</u>	<u>(1,030,083.00)</u>	<u>37,672,631.72</u>

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

UNAUDITED

Texas Facilities Commission (AGY 303)
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, 2012

	<u>General Revenue</u>		<u>Consolidated Accounts</u>	
	<u>General Revenue Fund</u>	<u>General Revenue Suspense Fund</u>	<u>Dedicated Fund-Texas Dept. of Insurance Operating Fund Account</u>	
	<u>(0001)*</u>	<u>(0900)*</u>	<u>(0036)*</u>	
	<u>U/F (0001, 0003, 0114, 0948, 0949)</u>	<u>U/F (0904)</u>	<u>U/F (0036)</u>	<u>Total (Exhibit II)</u>
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	\$ 20,055.00	\$ -	\$ -	\$ 20,055.00
Transfers In	-	-	1,533,680.00	1,533,680.00
Transfers Out	(39,307,404.23)	-	(503,597.00)	(39,811,001.23)
Legislative Transfers In	-	-	-	-
Legislative Transfers Out	-	-	-	-
Total Other Financing Sources and Uses	<u>(39,287,349.23)</u>	<u>-</u>	<u>1,030,083.00</u>	<u>(38,257,266.23)</u>
Net Change in Fund Balances	<u>(468,719.52)</u>	<u>(115,914.99)</u>	<u>-</u>	<u>(584,634.51)</u>
FUND FINANCIAL STATEMENT-FUND BALANCES				
Fund Balances-Beginning	4,055,452.64	242,861.00	-	4,298,313.64
Restatements	-	-	-	-
Fund Balances, September 1, 2011, as Restated	<u>4,055,452.64</u>	<u>242,861.00</u>	<u>-</u>	<u>4,298,313.64</u>
Appropriations Lapsed	(256,732.48)	-	-	(256,732.48)
Fund Balances-August 31, 2012	<u>\$ 3,330,000.64</u>	<u>\$ 126,946.01</u>	<u>\$ -</u>	<u>\$ 3,456,946.65</u>

*Appropriated fund is noted as (XXXX). USAS D23 U/F (XXXX)

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

UNAUDITED

Texas Facilities Commission (AGY 303)
 Exhibit D-1 - Combining Balance Sheet – Capital Projects Funds
 August 31, 2012

	General Revenue Fund	GO Series 2007 TFC Project Fund	GO Series 2011 Refunding TFC Project Fund
	(0001)* U/F (0300, 0301)	(7207)* U/F (0207)	(7217)* U/F (0217)
ASSETS			
Current Assets:			
Cash and Cash Equivalents:			
Cash in State Treasury	\$ -	\$ -	\$ -
Legislative Appropriations	3,435,441.84	-	-
Receivables From:			
Accounts Receivable	2,144,660.00	-	-
Due From Other Agencies	-	961,761.08	3,146,640.08
Total Current Assets	<u>5,580,101.84</u>	<u>961,761.08</u>	<u>3,146,640.08</u>
Non-Current Assets:			
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 5,580,101.84</u>	<u>\$ 961,761.08</u>	<u>\$ 3,146,640.08</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Current Liabilities:			
Payables From:			
Accounts Payable	\$ 95,355.55	\$ 236,856.88	\$ 77,398.73
Contracts Payable - Retained Percentage	111,424.29	-	46,349.74
Total Current Liabilities	<u>206,779.84</u>	<u>236,856.88</u>	<u>123,748.47</u>
Non-Current Liabilities:			
Total Non-Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>206,779.84</u>	<u>236,856.88</u>	<u>123,748.47</u>
FUND FINANCIAL STATEMENT-FUND BALANCES			
Fund Balances (Deficits):			
Restricted	\$ 5,373,322.00	\$ 724,904.20	\$ 3,022,891.61
Unassigned	-	-	-
Total Fund Balances	<u>5,373,322.00</u>	<u>724,904.20</u>	<u>3,022,891.61</u>
Total Liabilities and Fund Balances	<u>\$ 5,580,101.84</u>	<u>\$ 961,761.08</u>	<u>\$ 3,146,640.08</u>

* Appropriated fund is noted as (XXXX), USAS D23 U/F (XXXX)

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

UNAUDITED

Texas Facilities Commission (AGY 303)
Exhibit D-1 - Combining Balance Sheet – Capital Projects Funds
 August 31, 2012

GO Series 2002A Commercial Paper Project B	GO Series 2008 Commercial Paper TFC Project 1A	GO Series 2002A Commercial Paper Project C	GO Series 2008 Commercial Paper TFC Project 1B	GO Series 2008 Commercial Paper TFC Project 1C	Totals (Exhibit I)
(7623)* U/F (0623)	(7633)* U/F (0633)	(7640)* U/F (0640)	(7641)* U/F (0641)	(7652)* U/F (0652)	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	3,435,441.84
-	-	-	-	-	2,144,660.00
7,928.00	2,259,242.52	2,237,630.03	5,412,086.66	2,580,249.49	16,605,537.86
<u>7,928.00</u>	<u>2,259,242.52</u>	<u>2,237,630.03</u>	<u>5,412,086.66</u>	<u>2,580,249.49</u>	<u>22,185,639.70</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 7,928.00</u>	<u>\$ 2,259,242.52</u>	<u>\$ 2,237,630.03</u>	<u>\$ 5,412,086.66</u>	<u>\$ 2,580,249.49</u>	<u>\$ 22,185,639.70</u>
\$ 7,928.00	\$ 210,816.00	\$ 87,667.97	\$ 77,497.59	\$ 379,707.30	\$ 1,173,228.02
-	159,981.95	\$ 147,783.30	-	-	465,539.28
<u>7,928.00</u>	<u>370,797.95</u>	<u>235,451.27</u>	<u>77,497.59</u>	<u>379,707.30</u>	<u>1,638,767.30</u>
-	-	-	-	-	-
<u>7,928.00</u>	<u>370,797.95</u>	<u>235,451.27</u>	<u>77,497.59</u>	<u>379,707.30</u>	<u>1,638,767.30</u>
\$ -	\$ 1,888,444.57	\$ 2,002,178.76	\$ 5,334,589.07	\$ 2,200,542.19	\$ 20,546,872.40
-	-	-	-	-	-
-	1,888,444.57	2,002,178.76	5,334,589.07	2,200,542.19	20,546,872.40
<u>\$ 7,928.00</u>	<u>\$ 2,259,242.52</u>	<u>\$ 2,237,630.03</u>	<u>\$ 5,412,086.66</u>	<u>\$ 2,580,249.49</u>	<u>\$ 22,185,639.70</u>

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

UNAUDITED

Texas Facilities Commission (AGY 303)
 Exhibit D-2 - Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance – Capital Projects Funds
 For the Fiscal Year Ended August 31, 2012

	General Revenue Fund	GO Series 2007 TFC Project Fund	GO Series 2011 Refunding TFC Project Fund
	(0001)* U/F (0300, 0301)	(7207)* U/F (0207)	(7217)* U/F (0217)
REVENUES:			
Sales of Goods and Services (GR)	\$ 3,142,249.37	\$ -	\$ -
Other Revenue (GR)	-	-	-
Total Revenues	<u>3,142,249.37</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Professional Fees and Services	5,050.00	-	-
Materials and Supplies	3,250.00	-	-
Communication and Utilities	-	-	-
Repairs and Maintenance	3,980,221.85	1,020,650.93	708,369.34
Rentals and Leases	-	-	-
Printing and Reproduction	-	-	-
Other Expenditures	19.42	3,131.58	-
Capital Outlay	-	1,652,683.78	-
Total Expenditures	<u>3,988,541.27</u>	<u>2,676,466.29</u>	<u>708,369.34</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(846,291.90)</u>	<u>(2,676,466.29)</u>	<u>(708,369.34)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	2,920,878.79
Transfers Out	(10,746.43)	-	-
Total Other Financing Sources and Uses	<u>(10,746.43)</u>	<u>-</u>	<u>2,920,878.79</u>
Net Change in Fund Balances	<u>(857,038.33)</u>	<u>(2,676,466.29)</u>	<u>2,212,509.45</u>
FUND FINANCIAL STATEMENT-FUND BALANCES			
Fund Balances-Beginning	6,230,360.33	3,401,370.49	810,382.16
Restatements	-	-	-
Fund Balances, September 1, 2011, as Restated	<u>6,230,360.33</u>	<u>3,401,370.49</u>	<u>810,382.16</u>
Appropriations Lapsed	-	-	-
Fund Balances-August 31, 2012	<u>\$ 5,373,322.00</u>	<u>\$ 724,904.20</u>	<u>\$ 3,022,891.61</u>

*Appropriated fund is noted as (XXXX), USAS D23 U/F (XXXX)

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

UNAUDITED

Texas Facilities Commission (AGY 303)
Exhibit D-2 - Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance – Capital Projects Funds
 For the Fiscal Year Ended August 31, 2012

GO Series 2002A Commercial Paper Project B	GO Series 2008 Commercial Paper TFC Project 1A	GO Series 2002A Commercial Paper Project C	GO Series 2008 Commercial Paper TFC Project 1B	GO Series 2008 Commercial Paper TFC Project 1C	Total Capital Project Funds
(7623)* U/F (0623)	(7633)* U/F (0633)	(7640)* U/F (0640)	(7641)* U/F (0641)	(7652)* U/F (0652)	(Exhibit II)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,142,249.37
-	-	-	-	-	-
-	-	-	-	-	3,142,249.37
-	500.00	-	-	-	5,550.00
-	-	-	-	-	3,250.00
-	-	-	-	-	-
52,300.00	1,916,409.00	2,498,414.13	280,109.60	846,511.24	11,302,986.09
-	-	-	-	-	-
-	-	-	-	-	-
-	20,893.24	-	-	15.22	24,059.46
-	1,699,120.21	310,038.11	-	139,472.36	3,801,314.46
52,300.00	3,636,922.45	2,808,452.24	280,109.60	985,998.82	15,137,160.01
(52,300.00)	(3,636,922.45)	(2,808,452.24)	(280,109.60)	(985,998.82)	(11,994,910.64)
52,000.00	-	239,901.77	5,090,560.95	3,186,541.01	11,489,882.52
-	-	-	-	-	(10,746.43)
52,000.00	-	239,901.77	5,090,560.95	3,186,541.01	11,479,136.09
(300.00)	(3,636,922.45)	(2,568,550.47)	4,810,451.35	2,200,542.19	(515,774.55)
300.00	5,525,367.02	4,570,729.23	524,137.72	-	21,062,646.95
-	-	-	-	-	-
300.00	5,525,367.02	4,570,729.23	524,137.72	-	21,062,646.95
-	-	-	-	-	-
\$ -	\$ 1,888,444.57	\$ 2,002,178.76	\$ 5,334,589.07	\$ 2,200,542.19	\$ 20,546,872.40

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

UNAUDITED

Texas Facilities Commission (AGY 303)
Exhibit F-1 - Combining Statement of Net Assets
Proprietary Funds
 August 31, 2012

	Federal Surplus Property Program (0570)* <u>U/F (0570, 8570)</u>	Proprietary Suspense Fund (0900)* <u>U/F (0905)</u>	Totals (Ex III) <u></u>
Assets			
Current Assets:			
Cash and Cash Equivalents:			
Cash on Hand	\$ -	\$ -	\$ -
Cash in State Treasury	2,808,233.04	-	2,808,233.04
Receivables from:			
Accounts Receivable	125,806.60	-	125,806.60
Consumable Inventories	821.71	-	821.71
Total Current Assets	<u>2,934,861.35</u>	<u>-</u>	<u>2,934,861.35</u>
Non-Current Assets:			
Capital Assets:			
Non-Depreciable:			
Land and Land Improvements	376,298.01	-	376,298.01
Depreciable:			
Building and Building Improvements	1,174,978.69	-	1,174,978.69
Less Accumulated Depreciation	(1,116,229.73)	-	(1,116,229.73)
Furniture and Equipment	14,716.55	-	14,716.55
Less Accumulated Depreciation	(2,277.47)	-	(2,277.47)
Vehicles, Boats, and Aircraft	-	-	-
Less Accumulated Depreciation	-	-	-
Total Non-Current Assets	<u>447,486.05</u>	<u>-</u>	<u>447,486.05</u>
Total Assets	<u>3,382,347.40</u>	<u>-</u>	<u>3,382,347.40</u>

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

UNAUDITED

Texas Facilities Commission (AGY 303)
Exhibit F-1 - Combining Statement of Net Assets
Proprietary Funds
 August 31, 2012

	Federal Surplus Property Program (0570)* U/F (0570, 8570)	Proprietary Suspense Fund (0900)* U/F (0905)	Totals (Ex III)
Liabilities			
Current Liabilities:			
Payables from:			
Accounts Payable	26,076.70	-	26,076.70
Payroll Payable	68,670.49	-	68,670.49
Employees' Compensable Leave	34,646.42	-	34,646.42
Total Current Liabilities	<u>129,393.61</u>	<u>-</u>	<u>129,393.61</u>
Non-Current Liabilities:			
Employees' Compensable Leave	30,746.97	-	30,746.97
Total Non-Current Liabilities	<u>30,746.97</u>	<u>-</u>	<u>30,746.97</u>
Total Liabilities	<u>160,140.58</u>	<u>-</u>	<u>160,140.58</u>
Net Assets			
Unrestricted	3,222,206.82	-	3,222,206.82
Total Net Assets	<u>\$ 3,222,206.82</u>	<u>\$ -</u>	<u>\$ 3,222,206.82</u>

*Appropriated fund is noted as (XXXX), USAS D23 U/F (XXXX)

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

UNAUDITED

Texas Facilities Commission (AGY 303)
Exhibit F-2 - Combining Statement of Revenues, Expenses, and
Changes in Net Assets
Proprietary Funds
For the Fiscal Year Ended August 31, 2012

	Federal Surplus Property Program (0570)* U/F (0570, 8570)	Proprietary Suspense Fund (0900)* U/F (0905)	Totals (Ex IV)
Operating Revenues			
Other Sales & Goods	\$ 157.50	\$ -	\$ 157.50
Other Operating Revenues (GR)	<u>2,279,645.82</u>	<u>(60.00)</u>	<u>2,279,585.82</u>
Total Operating Revenues	<u>2,279,803.32</u>	<u>(60.00)</u>	<u>2,279,743.32</u>
Operating Expenses			
Salaries and Wages	872,927.59	-	872,927.59
Payroll Related Costs	274,939.29	-	274,939.29
Professional Fees and Services	24,857.00	-	24,857.00
Travel	5,281.94	-	5,281.94
Materials and Supplies	36,538.36	-	36,538.36
Communication and Utilities	53,273.09	-	53,273.09
Repairs and Maintenance	33,831.40	-	33,831.40
Rentals and Leases	7,382.46	-	7,382.46
Printing and Reproduction	55.09	-	55.09
Depreciation and Amortization	2,102.28	-	2,102.28
Interest	1.25	-	1.25
Other Operating Expenses	<u>656,906.25</u>	<u>-</u>	<u>656,906.25</u>
Total Operating Expenses	<u>1,968,096.00</u>	<u>-</u>	<u>1,968,096.00</u>
Operating Income (Loss)	<u>311,707.32</u>	<u>(60.00)</u>	<u>311,647.32</u>

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

UNAUDITED

Texas Facilities Commission (AGY 303)
Exhibit F-2 - Combining Statement of Revenues, Expenses, and
Changes in Net Assets
Proprietary Funds
For the Fiscal Year Ended August 31, 2012

	Federal Surplus Property Program (0570)* U/F (0570, 8570)	Proprietary Suspense Fund (0900)* U/F (0905)	Totals (Ex IV)
Nonoperating Revenues (Expenses)			
Investment Income (Expense) (GR)	14,971.96	-	14,971.96
Total Nonoperating Revenues (Expenses)	14,971.96	-	14,971.96
Income (loss) before Other Revenues, Expenses, Gains/Losses and Transfers	326,679.28	(60.00)	326,619.28
Other Revenues, Expenses, Gains/Losses, and Transfers			
Gain/Loss on Sale of Capital Asset	-	-	-
Transfer Out	-	-	-
Total Other Revenue, Expenses, Gain/Losses, and Transfers	-	-	-
Change in Net Assets	326,679.28	(60.00)	326,619.28
Total Net Assets - Beginning	2,895,527.54	60.00	2,895,587.54
Restatements	-	-	-
Total Net Assets, September 1, 2011, as Restated	2,895,527.54	60.00	2,895,587.54
Total Net Assets, August 31, 2012	\$ 3,222,206.82	\$ -	\$ 3,222,206.82

*Appropriated fund is noted as (XXXX), USAS D23 U/F (XXXX)

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

UNAUDITED

Texas Facilities Commission (AGY 303)
Exhibit F-3 - Combining Statement of Cash Flows –
Proprietary Funds
 For the Fiscal Year Ended August 31, 2012

	Federal Surplus Property Program (0570)* U/F (0570, 8570)	Proprietary Suspense Fund (0900)* U/F (0905)	Totals (Ex V)
Cash Flows From Operating Activities			
Proceeds from Other Revenues	\$ 2,312,830.42	\$ (60.00)	\$ 2,312,770.42
Payments to Employees	(891,973.76)	-	(891,973.76)
Payments to Employees for Benefits	(274,939.29)	-	(274,939.29)
Payments for Other Expenses	(788,100.82)	-	(788,100.82)
Net Cash Provided by Operating Activities	<u>357,816.55</u>	<u>(60.00)</u>	<u>357,756.55</u>
Cash Flows From Capital and Related Financing Activities			
Payments for Additions to Capital Assets	-	-	-
Net Cash Provided by Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows From Investing Activities			
Proceeds from Interest and Investment Income	14,971.96	-	14,971.96
Net Cash Provided by Investing Activities	<u>14,971.96</u>	<u>-</u>	<u>14,971.96</u>
Net (Decrease) in Cash and Cash Equivalents	372,788.51	(60.00)	372,728.51
Cash and Cash Equivalents--September 1, 2011	2,435,444.53	60.00	2,435,504.53
Restatement to Beginning Cash & Cash Equivalents	-	-	-
Cash and Cash Equivalents--September 1, 2011 Restated	<u>2,435,444.53</u>	<u>60.00</u>	<u>2,435,504.53</u>
Cash and Cash Equivalents--August 31, 2012	<u>\$ 2,808,233.04</u>	<u>\$ -</u>	<u>\$ 2,808,233.04</u>

*Appropriated fund is noted as (XXXX), USAS D23 U/F (XXXX)

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

UNAUDITED

Texas Facilities Commission (AGY 303)
Exhibit F-3 - Combining Statement of Cash Flows –
Proprietary Funds
 For the Fiscal Year Ended August 31, 2012

	Federal Surplus Property Program (0570)* U/F (0570, 8570)	Proprietary Suspense Fund (0900)* U/F (0905)	Totals (Ex V)
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ 311,707.32	\$ (60.00)	\$ 311,647.32
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Amortization and Depreciation	2,102.28	-	2,102.28
Changes in Assets and Liabilities:			
(Increase) Decrease in Receivables	33,027.10	-	33,027.10
(Increase) Decrease in Inventories	1,004.93	-	1,004.93
Increase (Decrease) in Payables	858.28	-	858.28
Increase (Decrease) in Compensated Absence Liabilities	9,116.64	-	9,116.64
Total Adjustments	<u>46,109.23</u>	<u>-</u>	<u>46,109.23</u>
Net Cash Provided by Operating Activities	<u>\$ 357,816.55</u>	<u>\$ (60.00)</u>	<u>\$ 357,756.55</u>

*Appropriated fund is noted as (XXXX), USAS D23 U/F (XXXX)

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

UNAUDITED

Texas Facilities Commission (AGY 303)
 Exhibit J-1 - Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 August 31, 2012

	Beginning Balance September 1, 2011	Additions	Deductions	Ending Balance August 31, 2012
<u>Child Support Employee Deductions (0807) U/F (8070)</u>				
ASSETS				
Cash in State Treasury	\$ 6,880.00	\$ 79,066.54	\$ 80,538.54	\$ 5,408.00
Total Assets	<u>\$ 6,880.00</u>	<u>\$ 79,066.54</u>	<u>\$ 80,538.54</u>	<u>\$ 5,408.00</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 73,658.54	\$ 73,658.54	\$ -
Funds Held for Others	6,880.00	72,186.54	73,658.54	5,408.00
Total Liabilities	<u>\$ 6,880.00</u>	<u>\$ 145,845.08</u>	<u>\$ 147,317.08</u>	<u>\$ 5,408.00</u>
<u>Agency Suspense Fund (0900) U/F (0900, 0902 & 9015)</u>				
ASSETS				
Cash on Hand	\$ -	\$ 26,917.37	\$ -	\$ 26,917.37
Cash in State Treasury	1,098,587.84	32,950,011.07	33,633,120.55	415,478.36
Total Assets	<u>\$ 1,098,587.84</u>	<u>\$ 32,976,928.44</u>	<u>\$ 33,633,120.55</u>	<u>\$ 442,395.73</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 1,165,434.65	\$ 1,165,434.65	\$ -
Funds Held for Others	1,098,587.84	11,906,571.05	12,562,763.16	442,395.73
Total Liabilities	<u>\$ 1,098,587.84</u>	<u>\$ 13,072,005.70</u>	<u>\$ 13,728,197.81</u>	<u>\$ 442,395.73</u>
<u>Custodial Fund (9999) U/F (0999)</u>				
ASSETS				
Other-Federal Surplus Property	\$ 5,167,796.10	\$ 660,895.62	\$ -	\$ 5,828,691.72
Total Assets	<u>\$ 5,167,796.10</u>	<u>\$ 660,895.62</u>	<u>\$ -</u>	<u>\$ 5,828,691.72</u>
LIABILITIES				
Funds Held for Others	\$ 5,167,796.10	\$ 660,895.62	\$ -	\$ 5,828,691.72
Total Liabilities	<u>\$ 5,167,796.10</u>	<u>\$ 660,895.62</u>	<u>\$ -</u>	<u>\$ 5,828,691.72</u>
<u>Totals - All Agency Funds</u>				
ASSETS				
Cash on Hand	\$ -	\$ 26,917.37	\$ -	\$ 26,917.37
Cash in State Treasury	1,105,467.84	33,029,077.61	33,713,659.09	420,886.36
Other-Federal Surplus Property	5,167,796.10	660,895.62	-	5,828,691.72
Total Assets	<u>\$ 6,273,263.94</u>	<u>\$ 33,716,890.60</u>	<u>\$ 33,713,659.09</u>	<u>\$ 6,276,495.45</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 1,239,093.19	\$ 1,239,093.19	\$ -
Funds Held for Others	6,273,263.94	12,639,653.21	12,636,421.70	6,276,495.45
Total Liabilities	<u>\$ 6,273,263.94</u>	<u>\$ 13,878,746.40</u>	<u>\$ 13,875,514.89</u>	<u>\$ 6,276,495.45</u>

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

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Texas Facilities Commission (AGY 303)
Schedule 1A - Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended August 31, 2012

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Pass-Through From		Direct Program Amount	Total P/T From & Direct Program
		Agency/ University Number	Agency/ University Amount		
General Services Administration					
Direct Programs:					
Donation of Federal Surplus Personal					
Property (NON-MONETARY)	39.003	-	\$	\$ 14,177,179.27	\$ 14,177,179.27
Pass-Through To:					
Agency or University					
Texas Alcoholic Beverage Commission	39.003	458	-	321.47	321.47
Dept. of Aging & Disability Services	39.003	539	-	130,586.35	130,586.35
Texas Agricultural Exp Station	39.003	556	-	14,186.53	14,186.53
Texas Dept. of Transportation	39.003	601	-	14,057.71	14,057.71
Texas A&M University	39.003	711	-	17,422.00	17,422.00
Prairie View A&M University	39.003	715	-	3,306.97	3,306.97
University of Texas @ Brownsville	39.003	747	-	42,749.47	42,749.47
Sam Houston State University	39.003	753	-	9,382.74	9,382.74
Texas School for the Deaf	39.003	772	-	1,071.57	1,071.57
Texas Parks and Wildlife Dept.	39.003	802	-	59,822.90	59,822.90
Totals - General Services Administration			\$ -	\$ 14,470,086.98	\$ 14,470,086.98
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 14,470,086.98	\$ 14,470,086.98

UNAUDITED

Texas Facilities Commission (AGY 303)
Schedule 1A - Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended August 31, 2012

Agency/ University Number	Pass-Through To		Expenditures Amount	Total P/T To & Expenditures
	Agency/ University Amount	Non-State Entities Amount		
	\$	\$ 14,174,311.30	\$ 2,867.97	\$ 14,177,179.27
458	321.47	-		321.47
539	130,586.35	-		130,586.35
556	14,186.53	-		14,186.53
601	14,057.71	-		14,057.71
711	17,422.00	-		17,422.00
715	3,306.97	-		3,306.97
747	42,749.47	-		42,749.47
753	9,382.74	-		9,382.74
772	1,071.57	-	-	1,071.57
802	59,822.90	-	-	59,822.90
	<u>\$ 292,907.71</u>	<u>\$ 14,174,311.30</u>	<u>\$ 2,867.97</u>	<u>\$ 14,470,086.98</u>
	<u>\$ 292,907.71</u>	<u>\$ 14,174,311.30</u>	<u>\$ 2,867.97</u>	<u>\$ 14,470,086.98</u>

UNAUDITED

Texas Facilities Commission (AGY 303)
Schedule 1A - Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended August 31, 2012

NOTE 1 - NonMonetary Assistance

The "donation of Federal Surplus Personal Property" is presented at 23.3% of the federal acquisition cost of \$ 62,103,377.57. The surplus property is passed through from the Texas Facilities Commission. The federal grantor agency is the General Services Administration (GSA) and the federal CFDA number is 39.003.

NOTE 2 - Reconciliation

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

Reconciling Items:

Non-monetary	
Federal Surplus Property	\$ 14,470,086.98
	<hr/>
Total Pass Through and Expenditures per Federal Schedule:	<u>\$ 14,470,086.98</u>

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Texas Facilities Commission (AGY 303)
Schedule 4 - Schedule of Modified to Full Accrual Adjustments
Balance Sheet/Statement of Net Assets - Governmental Funds
August 31, 2012

	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Net Assets
ASSETS				
Current Assets:				
Cash and Temporary Investments				
Cash on Hand	\$ 1,786.25	\$	\$	\$ 1,786.25
Cash in Bank	5,000.00			5,000.00
Cash in State Treasury	126,946.01			126,946.01
Legislative Appropriations	12,936,421.44			12,936,421.44
Receivables from:				
Accounts Receivable	3,744,969.65	-	-	3,744,969.65
Due From Other Agencies	16,605,537.86	-	-	16,605,537.86
Consumable Inventories	583,327.14	-	-	583,327.14
Total Current Assets	34,003,988.35	-	-	34,003,988.35
Noncurrent Assets:				
Capital Assets:				
Non-Depreciable				
Land and Land Improvements		36,472,524.04		36,472,524.04
Construction in Progress		21,830,800.04		21,830,800.04
Other Capital Assets-Non Depreciated		23,995.00		23,995.00
Depreciable				
Building and Building Improvements		789,437,042.54		789,437,042.54
Accumulated Depreciation		(483,097,657.16)		(483,097,657.16)
Furniture and Equipment		1,003,632.10		1,003,632.10
Accumulated Depreciation		(788,991.22)		(788,991.22)
Vehicle, Boats, and Aircraft		917,438.79		917,438.79
Accumulated Depreciation		(884,411.80)		(884,411.80)
Amortized				
Computer Software - Intangible	-	30,320.00		30,320.00
Accumulated Amortization	-	(30,320.00)	-	(30,320.00)
Total Noncurrent Assets	-	364,914,372.33	-	364,914,372.33
Total Assets	\$ 34,003,988.35	\$ 364,914,372.33	\$ -	\$ 398,918,360.68

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

Texas Facilities Commission (AGY 303)
Schedule 4 - Schedule of Modified to Full Accrual Adjustments
Balance Sheet/Statement of Net Assets - Governmental Funds
August 31, 2012

	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Net Assets
LIABILITIES AND FUND BALANCES				
Liabilities				
Current Liabilities:				
Payables From				
Accounts Payable	\$ 6,290,714.50	\$ -	\$ -	\$ 6,290,714.50
Payroll Payable	1,366,181.95	-	-	1,366,181.95
Contracts Payable - Retained Percentage	465,539.28	-	-	465,539.28
Deferred/Unearned Revenues	10,054.01	-	-	10,054.01
Employees Compensable Leave	-	-	769,325.50	769,325.50
Pollution Remediation Obligation	-	-	20,648.70	20,648.70
Capital Lease Obligations	-	-	2,143,333.00	2,143,333.00
Total Current Liabilities	8,132,489.74	-	2,933,307.20	11,065,796.94
Noncurrent Liabilities:				
Interfund Payable	1,867,679.56	-	-	1,867,679.56
Employees Compensable Leave	-	-	578,638.89	578,638.89
Capital Lease Obligations	-	-	960,000.00	960,000.00
Total Noncurrent Liabilities	1,867,679.56	-	1,538,638.89	3,406,318.45
Total Liabilities	10,000,169.30	-	4,471,946.09	14,472,115.39
Fund Financial Statement-Fund Balances				
Fund Balances (Deficits):				
Restricted	20,546,872.40	-	-	20,546,872.40
Nonspendable for Inventory	583,327.14	-	-	583,327.14
Unassigned	2,873,619.51	-	-	2,873,619.51
Total Fund Balances	24,003,819.05	-	-	24,003,819.05
Total Liabilities and Fund Balance	\$ 34,003,988.35	-	-	-
Government-wide Statement-Net Assets				
Net Assets:				
Invested in Capital Assets, net of Related Debt	-	364,914,372.33	(3,103,333.00)	361,811,039.33
Unrestricted	-	-	(1,368,613.09)	(1,368,613.09)
Total Net Assets	-	\$ 364,914,372.33	\$ (4,471,946.09)	\$ 384,446,245.29

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

UNAUDITED

Texas Facilities Commission (AGY 303)
Schedule 4 - Schedule of Modified to Full Accrual Adjustments
Statement of Revenues, Expenditures, and
Changes in Fund Balances/Statement of Activities – Governmental Funds
 For the Fiscal Year Ended August 31, 2012

	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Activities
REVENUES				
Legislative Appropriations:				
Original Appropriations	\$ 67,053,524.00	\$ -	\$ -	\$ 67,053,524.00
Additional Appropriations	3,058,774.02	-	-	3,058,774.02
Licenses, Fees & Permits (GR)	743,530.57	-	-	743,530.57
Settlement of Claims (GR)	25,498.01	-	-	25,498.01
Sales of Goods and Services (GR)	22,453,557.50	-	-	22,453,557.50
Other Revenues (GR)	802,247.33	-	-	802,247.33
Total Revenues	94,137,131.43	-	-	94,137,131.43
EXPENDITURES				
Salaries and Wages	12,305,962.62		(18,533.19)	12,287,429.43
Payroll Related Costs	3,180,237.41		-	3,180,237.41
Professional Fees and Services	209,357.80		-	209,357.80
Travel	51,702.72		-	51,702.72
Materials and Supplies	2,301,315.41		-	2,301,315.41
Communication and Utilities	18,734,570.43		-	18,734,570.43
Repairs and Maintenance	17,080,442.67		-	17,080,442.67
Rentals & Leases	215,301.91		-	215,301.91
Printing and Reproduction	12,379.16		-	12,379.16
Claims and Judgments	3,061.22		-	3,061.22
Other Expenditures	8,543,595.97		-	8,543,595.97
Debt service:				
Principal	1,651,667.00	-	(1,651,667.00)	-
Interest (FFS)	285,259.00	-	(285,259.00)	-
Interest on Long-Term Debt (GWFS)	-	-	285,259.00	285,259.00
Capital Outlay	3,884,557.03	(3,884,557.03)	-	-
Net Change in Pollution Remediation Obligation	-	-	(46,848.02)	(46,848.02)
Depreciation/Amortization Expense	-	23,408,987.37	-	23,408,987.37
Total Expenditures/Expenses	68,459,410.35	19,524,430.34	(1,717,048.21)	86,266,792.48
Excess (Deficiency) of Revenues over Expenditures	25,677,721.08	(19,524,430.34)	1,717,048.21	7,870,338.95

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

UNAUDITED

Texas Facilities Commission (AGY 303)
Schedule 4 - Schedule of Modified to Full Accrual Adjustments
Statement of Revenues, Expenditures, and
Changes in Fund Balances/Statement of Activities – Governmental Funds
 For the Fiscal Year Ended August 31, 2012

	<u>Governmental Funds Total</u>	<u>Capital Assets Adjustments</u>	<u>Long-Term Liabilities Adjustments</u>	<u>Statement of Activities</u>
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	20,055.00	(20,055.00)	-	-
Transfers In	13,023,562.52	-	-	13,023,562.52
Transfers Out	(39,821,747.66)	-	-	(39,821,747.66)
Legislative Transfers In	-	-	-	-
Legislative Transfers Out	-	-	-	-
Gain (Loss) on Sale of Capital Assets	-	(3,161.99)	-	(3,161.99)
Incr(Decr) in Net Assets Due to Interagency Transfer	-	(132,490.81)	-	(132,490.81)
Total Other Financing Sources (Uses)	<u>(26,778,130.14)</u>	<u>(155,707.80)</u>	<u>-</u>	<u>(26,933,837.94)</u>
 Net Change in Fund Balances	 <u>(1,100,409.06)</u>			 <u>(19,063,498.99)</u>
Fund Financial Statement-Fund Balances				
Fund Balances--Beginning	25,360,960.59			25,360,960.59
Restatements	-			-
Fund Balances, September 1, 2011, as Restated	<u>25,360,960.59</u>			<u>25,360,960.59</u>
 Appropriations Lapsed	 <u>(256,732.48)</u>			 <u>(256,732.48)</u>
Fund Balances--August 31, 2012	<u>\$ 24,003,819.05</u>			<u>\$ 6,040,729.12</u>
Government-Wide Statement of Net Assets				
Net Assets/Change in Net Assets	<u>24,003,819.05</u>	<u>(19,680,138.14)</u>	<u>1,717,048.21</u>	<u>6,040,729.12</u>
Net Assets--Beginning		384,694,239.42	(6,188,994.30)	378,505,245.12
Restatements		(99,728.95)	-	(99,728.95)
Net Assets, September 1, 2011, as Restated		<u>384,594,510.47</u>	<u>(6,188,994.30)</u>	<u>378,405,516.17</u>
Net Assets--August 31, 2012	<u>\$ 24,003,819.05</u>	<u>\$ 364,914,372.33</u>	<u>\$ (4,471,946.09)</u>	<u>\$ 384,446,245.29</u>

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

