

# Texas Department of Criminal Justice

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## *Annual Financial Report*

for year ending

August 31, 2012



**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**ANNUAL FINANCIAL REPORT**

***TEXAS DEPARTMENT OF CRIMINAL JUSTICE***

**Year Ended August 31, 2012**

**BRAD LIVINGSTON**  
**EXECUTIVE DIRECTOR**



## Texas Department of Criminal Justice

**Brad Livingston**  
Executive Director

November 14, 2012

The Honorable Rick Perry, Governor  
The Honorable Susan Combs, Texas Comptroller  
Ursula Parks, Acting Director, Legislative Budget Board  
John Keel, CPA, State Auditor

We are pleased to submit the Annual Financial Report of the Texas Department of Criminal Justice for the year ended August 31, 2012, 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 concerning the Annual Financial Report or Schedule of Expenditures of Federal Awards please contact Kathy McHargue at 936-437-6414.

Sincerely,

A handwritten signature in black ink, appearing to read "Brad Livingston", with a long, sweeping horizontal line extending to the right from the end of the signature.

Brad Livingston  
Executive Director

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*Our mission is to provide public safety, promote positive change in offender behavior, reintegrate offenders into society, and assist victims of crime.*

P.O. Box 99  
Huntsville, Texas 77342-0099  
(936) 437-2101  
[www.tdcj.state.tx.us](http://www.tdcj.state.tx.us)

## ***TEXAS DEPARTMENT OF CRIMINAL JUSTICE***

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### **TABLE OF CONTENTS**

---

#### **General Purpose Financial Statements**

I.	Combined Balance Sheet/Statement of Net Assets - Governmental Funds	1
II.	Combined Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities – Governmental Funds	5
III.	Combined Statement of Net Assets – Proprietary Funds	10
IV.	Combined Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	11
V.	Combined Statement of Cash Flows - Proprietary Funds	12
VI.	Combined Statement of Net Assets – Fiduciary Funds	13
VII.	Combined Statement of Changes in Fiduciary Net Assets	14

	<b>Notes to the Financial Statements</b>	15
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#### **Combining Financial Statements**

A-1.	Combining Balance Sheet - All General and Consolidated Funds	39
A-2.	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All General and Consolidated Funds	41
D-1.	Combining Balance Sheet - Capital Projects Funds	45
D-2.	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Capital Projects Funds	47

**TABLE OF CONTENTS (Continued)**

---

I-1.	Combining Statement of Fiduciary Net Assets – Private Purpose Trust Funds	49
I-2.	Combining Statement of Changes in Fiduciary Net Assets – Private Purpose Trust Funds	50
J-1.	Combining Statement of Changes in Assets and Liabilities - Agency Funds	51

**Schedules**

1A.	Schedule of Expenditures of Federal Awards	53
1B.	Schedule of State Grant Pass-Through From/To State Agencies	60

**Addenda**

	Organizational and General Comments	62
	Administrative and Key Personnel	66
	Organizational Chart	68

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**EXHIBIT I - COMBINED BALANCE SHEET/STATEMENT OF NET ASSETS - GOVERNMENTAL FUNDS**  
**August 31, 2012**

	GOVERNMENTAL FUND TYPES		
	GENERAL FUNDS	SPECIAL REVENUE FUNDS	CAPITAL PROJECT FUNDS
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
<b>CURRENT ASSETS:</b>			
Cash (Note 3)			
Cash on Hand	\$ 500.00	\$	\$
Cash in Bank	352,375.00	5,008,484.43	
Cash in State Treasury	972,793.06		
Cash Equivalents (Note 3)		5,805,119.31	
Legislative Appropriations	290,543,156.68		
Receivables from:			
Federal	37,761.17	458,442.32	
Accounts Receivable	7,608,974.41	18,198.56	
Interfund Receivable	64,144.96		
Due From Other Funds (Note 12)	4,235.00	1,497,665.95	
Due From Other Agencies (Note 12)	493,776.20	164,689.00	31,747,858.41
Consumable Inventories	72,965,052.02	144,749.04	
Merchandise Inventories	46,586,903.65		
Prepaid Items	67,589.81		
<b>TOTAL CURRENT ASSETS</b>	<b>419,697,261.96</b>	<b>13,097,348.61</b>	<b>31,747,858.41</b>
<b>NON-CURRENT ASSETS:</b>			
Capital Assets (Note 2):			
Non-Depreciable or Non-Amortizable			
Depreciable or Amortizable, Net			
<b>TOTAL NON-CURRENT ASSETS</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>419,697,261.96</b>	<b>13,097,348.61</b>	<b>31,747,858.41</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
<b>CURRENT LIABILITIES:</b>			
Payables from:			
Accounts	80,978,121.63	1,121,649.64	1,071,677.70
Payroll	148,884,260.96	4,000,662.92	
Contracts			626,161.69
Interfund Payable	64,144.96		
Due To Other Funds (Note 12)	947,359.16		
Due To Other Agencies (Note 12)	56,925.88		
Deferred Revenues	1,860,423.60		
Employees' Compensable Leave (Note 5)			
Pollution Remediation Obligation			
<b>TOTAL CURRENT LIABILITIES</b>	<b>232,791,236.19</b>	<b>5,122,312.56</b>	<b>1,697,839.39</b>
<b>NON-CURRENT LIABILITIES:</b>			
Employees' Compensable Leave (Note 5)			
Pollution Remediation Obligation			
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b>\$ 232,791,236.19</b>	<b>\$ 5,122,312.56</b>	<b>\$ 1,697,839.39</b>

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

GOVERNMENTAL FUNDS TOTAL	CAPITAL ASSETS ADJUSTMENTS	LONG-TERM LIABILITIES ADJUSTMENTS	OTHER ADJUSTMENTS	STATEMENT OF NET ASSETS
\$ 500.00	\$	\$	\$	\$ 500.00
5,360,859.43				5,360,859.43
972,793.06				972,793.06
5,805,119.31				5,805,119.31
290,543,156.68				290,543,156.68
496,203.49				496,203.49
7,627,172.97				7,627,172.97
64,144.96				64,144.96
1,501,900.95				1,501,900.95
32,406,323.61				32,406,323.61
73,109,801.06				73,109,801.06
46,586,903.65				46,586,903.65
67,589.81				67,589.81
<u>464,542,468.98</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>464,542,468.98</u>
0.00	98,139,805.11			98,139,805.11
0.00	1,138,839,497.40			1,138,839,497.40
0.00	1,236,979,302.51	0.00	0.00	1,236,979,302.51
<u>464,542,468.98</u>	<u>1,236,979,302.51</u>	<u>0.00</u>	<u>0.00</u>	<u>1,701,521,771.49</u>
83,171,448.97				83,171,448.97
152,884,923.88				152,884,923.88
626,161.69				626,161.69
64,144.96				64,144.96
947,359.16				947,359.16
56,925.88				56,925.88
1,860,423.60			(1,860,423.60)	0.00
0.00		111,962,469.09		111,962,469.09
0.00		71,955.43		71,955.43
<u>239,611,388.14</u>	<u>0.00</u>	<u>112,034,424.52</u>	<u>(1,860,423.60)</u>	<u>349,785,389.06</u>
0.00		70,796,199.81		70,796,199.81
0.00		49,648.75		49,648.75
0.00	0.00	70,845,848.56	0.00	70,845,848.56
<u>\$ 239,611,388.14</u>	<u>\$ 0.00</u>	<u>\$ 182,880,273.08</u>	<u>\$ (1,860,423.60)</u>	<u>\$ 420,631,237.62</u>



**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**EXHIBIT I - COMBINED BALANCE SHEET/STATEMENT OF NET ASSETS - GOVERNMENTAL FUNDS (Continued)**  
**August 31, 2012**

	GOVERNMENTAL FUND TYPES		
	GENERAL FUNDS	SPECIAL REVENUE FUNDS	CAPITAL PROJECT FUNDS
<b>FUND FINANCIAL STATEMENT</b>			
<b>FUND BALANCES (DEFICITS):</b>			
Nonspendable for:	\$	\$	\$
Inventory	119,551,955.67	144,749.04	
Prepaid Items	67,589.81		
Restricted	239,458.26		30,050,019.02
Committed		7,830,287.01	
Assigned	43,081,679.10		
Unassigned	23,965,342.93		
<b>TOTAL FUND BALANCE</b>	<u>186,906,025.77</u>	<u>7,975,036.05</u>	<u>30,050,019.02</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<u>\$ 419,697,261.96</u>	<u>\$ 13,097,348.61</u>	<u>\$ 31,747,858.41</u>

**GOVERNMENT - WIDE STATEMENT - NET ASSETS**

**NET ASSETS:**

Invested in Capital Assets,  
Net of Related Debt

Unrestricted

**TOTAL NET ASSETS**

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

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

GOVERNMENTAL FUNDS TOTAL	CAPITAL ASSETS ADJUSTMENTS	LONG-TERM LIABILITIES ADJUSTMENTS	OTHER ADJUSTMENTS	STATEMENT OF NET ASSETS
\$ 119,696,704.71				119,696,704.71
67,589.81				67,589.81
30,289,477.28				30,289,477.28
7,830,287.01				7,830,287.01
43,081,679.10				43,081,679.10
23,965,342.93				23,965,342.93
<u>224,931,080.84</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>224,931,080.84</u>
<u>\$ 464,542,468.98</u>				
	1,236,979,302.51			1,236,979,302.51
		(182,880,273.08)	1,860,423.60	(181,019,849.48)
	<u>\$ 1,236,979,302.51</u>	<u>\$ (182,880,273.08)</u>	<u>\$ 1,860,423.60</u>	<u>\$ 1,280,890,533.87</u>

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**EXHIBIT II - COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES/STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended August 31, 2012**

	GOVERNMENTAL FUND TYPES		
	GENERAL FUNDS	SPECIAL REVENUE FUNDS	CAPITAL PROJECT FUNDS
<b>REVENUES</b>			
<b>Legislative Appropriations:</b>			
Original Appropriations (GR)	\$ 2,838,981,397.75	\$	\$
Additional Appropriations (GR)	412,138,385.70		
Federal Revenues (PR, Operating, or Capital)	15,031,079.96	1,956,840.79	
Federal Grant Pass Through Revenues (PR)	1,233,736.28	2,029,575.60	
State Grant Pass Through Revenues (PR)	722,853.59	47,500,000.00	
Licenses, Fees, and Permits (PR)	3,523,242.36		
Interest and Other Investment Income (GR)	9,151.19	22,153.54	
Land Income (PR)	1,190,902.09		
Settlement of Claims (GR)	43,407.56		
Sales of Goods and Services (PR)	54,056,668.20		
Other (GR)	3,767,580.23	51,925.93	2,071.41
<b>TOTAL REVENUES</b>	<b>3,330,698,404.91</b>	<b>51,560,495.86</b>	<b>2,071.41</b>
<b>EXPENDITURES</b>			
Salaries and Wages	1,427,638,968.33	48,594,446.17	1,331,230.95
Payroll Related Costs	464,798,147.51	1,298,549.20	418,803.92
Professional Fees and Services	473,373,606.53	63,952.50	1,419,466.66
Travel	7,859,606.12	514,331.81	113,046.57
Materials and Supplies	264,427,326.51	3,309,660.20	2,474,979.48
Communication and Utilities	111,123,640.80	174,704.52	7,236.93
Repairs and Maintenance	12,932,335.36	441,717.80	13,286,807.00
Rentals and Leases	17,938,453.33	179,418.12	51,985.90
Printing and Reproduction	300,511.41	154,821.01	250.20
Claims and Judgements	458,328.64	7,000.00	
Intergovernmental Payments	219,542,252.56		
Public Assistance Payments	235,664,572.29	2,803,945.85	
Other Expenditures	27,260,277.50	588,673.05	172,818.60
Capital Outlay	8,538,828.61	416,913.91	8,933,390.21
Depreciation and Amortization Expense			
Net Change in Pollution Remediation Obligation			
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>3,271,856,855.50</b>	<b>58,548,134.14</b>	<b>28,210,016.42</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 58,841,549.41</b>	<b>\$ (6,987,638.28)</b>	<b>\$ (28,207,945.01)</b>

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

GOVERNMENTAL FUNDS TOTAL	CAPITAL ASSETS ADJUSTMENTS	LONG-TERM LIABILITIES ADJUSTMENTS	OTHER ADJUSTMENTS	STATEMENT OF ACTIVITIES
\$ 2,838,981,397.75	\$	\$	\$	\$ 2,838,981,397.75
412,138,385.70				412,138,385.70
16,987,920.75				16,987,920.75
3,263,311.88				3,263,311.88
48,222,853.59				48,222,853.59
3,523,242.36				3,523,242.36
31,304.73				31,304.73
1,190,902.09			(72.00)	1,190,830.09
43,407.56				43,407.56
54,056,668.20			262,645.19	54,319,313.39
3,821,577.57			1,379.53	3,822,957.10
<u>3,382,260,972.18</u>	<u>0.00</u>	<u>0.00</u>	<u>263,952.72</u>	<u>3,382,524,924.90</u>
1,477,564,645.45		17,230,952.25		1,494,795,597.70
466,515,500.63				466,515,500.63
474,857,025.69				474,857,025.69
8,486,984.50				8,486,984.50
270,211,966.19				270,211,966.19
111,305,582.25				111,305,582.25
26,660,860.16				26,660,860.16
18,169,857.35				18,169,857.35
455,582.62				455,582.62
465,328.64				465,328.64
219,542,252.56				219,542,252.56
238,468,518.14				238,468,518.14
28,021,769.15				28,021,769.15
17,889,132.73	(17,889,132.73)			(0.00)
0.00	117,713,260.31			117,713,260.31
0.00		(101,079.00)		(101,079.00)
<u>3,358,615,006.06</u>	<u>99,824,127.58</u>	<u>17,129,873.25</u>	<u>0.00</u>	<u>3,475,569,006.89</u>
\$ <u>23,645,966.12</u>	\$ <u>(99,824,127.58)</u>	\$ <u>(17,129,873.25)</u>	\$ <u>263,952.72</u>	\$ <u>(93,044,081.99)</u>

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**EXHIBIT II - COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS (Continued)**  
**For the Fiscal Year Ended August 31, 2012**

	GOVERNMENTAL FUND TYPES		
	GENERAL FUNDS	SPECIAL REVENUE FUNDS	CAPITAL PROJECT FUNDS
<b>OTHER FINANCING SOURCES (USES):</b>			
Sale of Capital Assets	\$ 88,540.00	\$	\$
Insurance Recoveries	209,742.38		
Transfers In	430,219.03	6,460,628.20	56,445,336.62
Transfers Out	(13,406,935.62)		(20,521,667.18)
Capital Contribution			
Gain (Loss) on the Sale of Capital Assets			
Incr(Decr) Net Assets - Interagency Transfer of Capital Assets			
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(12,678,434.21)</b>	<b>6,460,628.20</b>	<b>35,923,669.44</b>
<b>NET CHANGE IN FUND BALANCES/NET ASSETS</b>	<b>46,163,115.20</b>	<b>(527,010.08)</b>	<b>7,715,724.43</b>
<b>FUND FINANCIAL STATEMENT - FUND BALANCES</b>			
<b>Fund Balance September 1, 2011</b>	140,580,662.76	8,502,046.13	22,334,294.59
Restatements (Note 14)	200,660.46		
<b>Fund Balances, September 1, 2011, as Restated</b>	<b>140,781,323.22</b>	<b>8,502,046.13</b>	<b>22,334,294.59</b>
Appropriations Lapsed	(38,412.65)		
<b>FUND BALANCES - August 31, 2012</b>	<b>\$ 186,906,025.77</b>	<b>\$ 7,975,036.05</b>	<b>\$ 30,050,019.02</b>

**GOVERNMENT-WIDE STATEMENT OF NET ASSETS**

**Net Assets/Net Change in Net Assets**

**Net Assets-September 1, 2011**

Restatements (Note 14)

**Net Assets, September 1, 2011, as Restated**

**Net Assets-August 31, 2012**

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

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

GOVERNMENTAL FUNDS TOTAL	CAPITAL ASSETS ADJUSTMENTS	LONG-TERM LIABILITIES ADJUSTMENTS	OTHER ADJUSTMENTS	STATEMENT OF ACTIVITIES
\$ 88,540.00	\$ (88,540.00)	\$	\$	\$ 0.00
209,742.38			(1,553.00)	208,189.38
63,336,183.85				63,336,183.85
(33,928,602.80)				(33,928,602.80)
0.00	576,668.94			576,668.94
0.00	(917,317.06)			(917,317.06)
0.00	(96,301.18)			(96,301.18)
29,705,863.43	(525,489.30)	0.00	(1,553.00)	29,178,821.13
53,351,829.55	(100,349,616.88)	(17,129,873.25)	262,399.72	(63,865,260.86)
171,417,003.48				171,417,003.48
200,660.46				200,660.46
171,617,663.94				171,617,663.94
(38,412.65)				(38,412.65)
\$ 224,931,080.84				107,713,990.43
224,931,080.84	(100,349,616.88)	(17,129,873.25)	262,399.72	107,713,990.43
	1,336,827,692.15	(165,750,399.83)	1,598,023.88	1,172,675,316.20
	501,227.24	-		501,227.24
	1,337,328,919.39	(165,750,399.83)	1,598,023.88	1,173,176,543.44
\$ 224,931,080.84	\$ 1,236,979,302.51	\$ (182,880,273.08)	\$ 1,860,423.60	\$ 1,280,890,533.87

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

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**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**EXHIBIT III - COMBINED STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**August 31, 2012**

	PROPRIETARY FUNDS (0001) U/F (0050)
<b>ASSETS</b>	
<b>Current Assets:</b>	
Legislative Appropriations	\$ 40,484,038.13
Receivables from:	
Accounts Receivables	1,580,520.99
Interfund Receivables (Note 8)	
Due From Other Funds (Note 12)	30,622.53
Consumable Inventories	465,502.43
Merchandise Inventories	8,637,484.11
<b>Total Current Assets</b>	<b>51,198,168.19</b>
<b>Non-Current Assets:</b>	
<b>Capital Assets (Note 2):</b>	
Non-Depreciable or Non-Amortizable	282,658.18
Depreciable or Amortizable, Net	360,443.20
<b>Total Non-Current Assets</b>	<b>643,101.38</b>
<b>TOTAL ASSETS</b>	<b>51,841,269.57</b>
<b>LIABILITIES</b>	
<b>Current Liabilities:</b>	
<b>Payables from:</b>	
Accounts	5,949,858.65
Payroll	1,412,067.46
Due To Other Funds (Note 12)	593,955.88
Employees' Compensable Leave (Note 5)	742,707.30
<b>Total Current Liabilities</b>	<b>8,698,589.29</b>
<b>Non-Current Liabilities:</b>	
Employees' Compensable Leave (Note 5)	522,051.50
<b>Total Non-Current Liabilities</b>	<b>522,051.50</b>
<b>TOTAL LIABILITIES</b>	<b>9,220,640.79</b>
<b>NET ASSETS</b>	
Invested in Capital Assets - Net of Related Debt	643,101.38
Unrestricted	41,977,527.40
<b>TOTAL NET ASSETS</b>	<b>\$ 42,620,628.78</b>

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



**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**EXHIBIT IV - COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS**  
**For the Fiscal Year Ended August 31, 2012**

	PROPRIETARY FUNDS (0001) U/F (0050)
<b>OPERATING REVENUES</b>	
Sales of Goods and Services:	
Auxiliary Enterprise - Pledged (PR)	\$ 102,341,900.42
Other Operating Revenues (PR)	250,723.14
<b>TOTAL OPERATING REVENUES</b>	<b>102,592,623.56</b>
<b>OPERATING EXPENSES</b>	
Cost of Goods Sold	73,078,124.31
Salaries and Wages	13,009,469.63
Payroll Related Costs	4,018,036.89
Professional Fees and Services	9,620.00
Travel	40,531.27
Materials and Supplies	94,584.80
Communication and Utilities	226.72
Repairs and Maintenance	187,536.77
Rentals and Leases	669,597.73
Printing and Reproduction	80,505.57
Depreciation and Amortization Expense	65,998.45
Bad Debt Expense	2,192.54
Interest	183.61
Other Operating Expenses	56,517.40
<b>TOTAL OPERATING EXPENSES</b>	<b>91,313,125.69</b>
<b>OPERATING INCOME/(LOSS)</b>	<b>11,279,497.87</b>
<b>NON-OPERATING REVENUES/EXPENSE</b>	
Additional Appropriations (GR)	4,004,433.11
Settlement of Claims	709.81
Gain/(Loss) on Sale of Assets	530.00
Other Non-Operating Revenues (Expenses)	
<b>TOTAL NON-OPERATING REVENUES/EXPENSES</b>	<b>4,005,672.92</b>
<b>INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS/LOSSES AND TRANSFERS</b>	<b>15,285,170.79</b>
<b>OTHER REVENUES, (EXPENSES), GAINS/(LOSSES) AND TRANSFERS</b>	
Transfer In	1,907,115.94
Transfers Out	(4,547,879.41)
<b>TOTAL OTHER REVENUES, (EXPENSES), GAINS/(LOSSES) AND TRANSFERS</b>	<b>(2,640,763.47)</b>
<b>CHANGE IN NET ASSETS</b>	<b>12,644,407.32</b>
Total Net Assets, September 1, 2011	29,972,425.46
Restatements (Note 14)	3,796.00
<b>Net Assets, September 1, 2011 as Restated</b>	<b>29,976,221.46</b>
Lapsed Appropriations	
<b>NET ASSETS - August 31, 2012</b>	<b>\$ 42,620,628.78</b>

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

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**EXHIBIT V - COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**For the Fiscal Year Ended August 31, 2012**

	PROPRIETARY FUND (0001) U/F (0050)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds Received from Customers	\$ 102,925,183.07	
Proceeds from Other Revenues	250,723.14	
Payments to Suppliers for Goods and Services	(72,825,247.74)	
Payments to Employees	(17,027,506.52)	
Payments for Other Expenses	(1,139,303.87)	
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		12,183,848.08
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Proceeds of Transfers from Other Funds	5,911,549.05	
Payment for Transfers to Other Funds	(4,547,879.41)	
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>		1,363,669.64
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Payments for Additions to Capital Assets	105,452.76	
<b>NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>		105,452.76
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Investments	18,695,588.63	
Proceeds from Interest and Investment Income	38,530.42	
Payments to Acquire Investments	(18,946,876.64)	
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>		(212,757.59)
Net Increase (Decrease) in Cash & Cash Equivalents		13,440,212.89
Cash and Cash Equivalents, September 1, 2011		27,043,825.24
Cash and Cash Equivalents, August 31, 2012	\$	<u>40,484,038.13</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)		11,279,497.87
<b>Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:</b>		
Amortization and Depreciation	65,998.45	
Bad Debt Expense	2,192.54	
<b>Change in Assets and Liabilities:</b>		
(Increase) Decrease in Receivables	583,282.65	
(Increase) Decrease in Inventories	(680,460.03)	
Increase (Decrease) in Payables	933,336.60	
<b>Total Adjustments</b>		<u>904,350.21</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$	<u>12,183,848.08</u>

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

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**EXHIBIT VI - COMBINED STATEMENT OF NET ASSETS - FIDUCIARY FUNDS**  
**August 31, 2012**

	PRIVATE PURPOSE TRUSTS (EXH I-1)	AGENCY FUNDS (EXH J-1)	TOTALS
<b>ASSETS</b>			
<b>Cash and Cash Equivalents (Note 3):</b>			
Cash in Bank	\$ 6,390,863.67	\$ -	\$ 6,390,863.67
Cash in State Treasury		5,285,653.16	5,285,653.16
<b>Short Term Investments (Note 3):</b>			
U.S. Government and Agency Obligations	18,946,876.64		18,946,876.64
Due From Other Funds (Note 8)	-	8,791.56	8,791.56
Receivables from:			
Accounts Receivable		711,259.11	711,259.11
<b>TOTAL ASSETS</b>	<u>25,337,740.31</u>	<u>6,005,703.83</u>	<u>31,343,444.14</u>
<b>LIABILITIES</b>			
<b>Payables from:</b>			
Accounts	2,505,169.52		2,505,169.52
Due To Other Agencies		7,098.56	7,098.56
Funds Held For Others		5,998,605.27	5,998,605.27
<b>TOTAL LIABILITIES</b>	<u>2,505,169.52</u>	<u>6,005,703.83</u>	<u>8,510,873.35</u>
<b>NET ASSETS:</b>			
<b>Held In Trust For:</b>			
Individuals, Organizations and Other Governments	22,832,570.79		22,832,570.79
<b>TOTAL NET ASSETS</b>	<u>\$ 22,832,570.79</u>	<u>\$ 0.00</u>	<u>\$ 22,832,570.79</u>

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

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**EXHIBIT VII - COMBINED STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**For the Fiscal Year Ended August 31, 2012**

	PRIVATE PURPOSE TRUST (EXH I-2)
<b>ADDITIONS</b>	
Other Additions:	
Transfers In - Employee Deposits	\$ 18,021,209.76
Transfers In - Inmate Deposits	125,858,027.37
<b>TOTAL OTHER ADDITIONS</b>	<b>143,879,237.13</b>
<b>TOTAL ADDITIONS</b>	<b>143,879,237.13</b>
<b>DEDUCTIONS</b>	
Other Deductions:	
Escheated to State	379,226.92
Inmate Purchases and Withdrawals	125,442,196.40
Employee Purchases and Withdrawals	17,735,689.18
<b>TOTAL OTHER DEDUCTIONS</b>	<b>143,557,112.50</b>
<b>TOTAL DEDUCTIONS</b>	<b>143,557,112.50</b>
<b>NET INCREASE (DECREASE)</b>	<b>322,124.63</b>
Net Assets - September 1, 2011	22,510,446.16
<b>NET ASSETS - August 31, 2012</b>	<b>\$ 22,832,570.79</b>

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

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

**A. ENTITY**

The Texas Department of Criminal Justice (TDCJ) 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 mission of the TDCJ is to provide public safety, promote positive change in offender behavior, reintegrate offenders into society, and assist victims of crime.

The Agency consists of the Community Justice Assistance Division, the Correctional Institutions Division, the Parole Division, and the Private Facility Contract Monitoring/Oversight Division. In addition, there are other support and services divisions. The TDCJ manages offenders in state prisons, state jails and private correctional facilities that contract with the TDCJ. The Agency also provides funding and certain oversight of community supervision (previously known as adult probation) and is responsible for the supervision of offenders released from prison on parole or mandatory supervision.

The TDCJ includes within this report all components as determined by an analysis of their relationship to the TDCJ as listed below:

Due to significant requirements embedded in Governmental Accounting Standards Board Statement (GASB) 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 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.

The TDCJ has determined that the Windham School District is a blended component unit. The Windham School District records are not shown discretely and their transactions are blended with the TDCJ's records as a Special Revenue Fund.

**B. FUND STRUCTURE**

The accompanying financial statements are presented on the basis of funds and adjustment fund types. Each fund type is considered a separate accounting entity. The adjustment fund types are considered adjustments to bring modified accrual balances to full accrual balances.

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

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

**General Revenue Funds**

The general fund is the principal operating fund used to account for most of the State's general activities. 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.

General Fund (Fund 0001) - This fund was originally established as the primary fund to receive the appropriated revenues of the Agency.

Fund I - ID (Fund 0014) - This fund was originally established to segregate the revenue and expenditures for the Institutional Division from Pardons and Parole, Community Justice Assistance and Facility/Construction funding. The fund is now used to account for the financial resources of the Agency except those required to be accounted for in another fund.

Fund I - ID (Fund 0017) - This fund was originally established to segregate the revenue and expenditures for the Institutional Division's facility and construction programs from Pardons and Parole, Community Justice Assistance and Institutional Division funding.

Federal Funds/Incarcerated Aliens (Fund 0019) - This fund was originally established to segregate the federal revenues related to the State Criminal Alien Assistance Program.

Operators and Chauffeurs License (Fund 0099) – This Fund was established to receive federal dollars and court costs collected by the Texas Department of Public Safety from defendants convicted under certain sections of the Penal Code. Funds were transferred to the TDCJ for use in border security operations.

Community Justice Assistance Division Excess Aid (Fund 1100) - This fund was established to track excess aid for the Community Justice Assistance Division.

American Recovery and Reinvestment Act (Fund 0369) – This fund was established to track federal stimulus money.

Compensation to Victims of Crime (Fund 0469) - This fund was established as a dedicated method of finance to account for the revenues and expenditures for costs associated with the implementation and operation of the Victims Services Division.

Fugitive Apprehension (Fund 5028) - This fund was established as a dedicated method of finance to account for the revenues received and distributed by the Comptroller and the expenditures for agency operations, as appropriated.

Private Sector Prison Industry Expansion (Fund 5060) — This fund was established to construct and increase the number of participants in the private sector prison industry expansion program. The funds are used to construct work facilities, recruit corporations to participate, and pay costs of the authority and employees implementing this program.

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**Capital Trust (Fund 5430) - This fund was established to finance the acquisition, construction, repair, improvement or equipping a building by a state agency for a state purpose, and for the related purchase of real or personal property. Funds may also be used in the administration of the asset management division of the General Land Office.**

**Deposit Default Fund (Fund 9000) – This fund was established as a suspense fund for items rejected in treasury processing.**

**Special Revenue Funds**

**Special revenue funds are used to account for the proceeds of specific revenue sources (other than for private-purpose trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The Windham School District's records are blended in the special revenue funds within the TDCJ. The TDCJ's Special Revenue Funds consist of:**

**Windham School Fund (Fund 0991) – This fund was originally established to account for all financial resources of the Windham School District.**

**Capital Project Funds**

**Capital project funds are used to account for those financial resources used for the acquisition, repair, renovation, or construction of major capital facilities (other than those financed by proprietary or similar trusts). The capital project fund is represented by the Building Bond Funds. The Building Bond Funds are:**

**General Obligation Series 2007 TDCJ Project Fund (Fund 7206) - This fund was established to segregate the revenues and expenditures for issuance of a general obligation bond. This bond was issued by the Texas Public Finance Authority that reports the cash balance for this fund.**

**General Obligation Series 2009 TDCJ Project Fund (Fund 7208) - This fund was established to segregate the revenues and expenditures for issuance of a general obligation bond. This bond was issued by the Texas Public Finance Authority that reports the cash balance for this fund.**

**General Obligation Series 2011 TDCJ Project Fund (Fund 7218) - This fund was established to segregate the revenues and expenditures for issuance of a general obligation bond. This bond was issued by the Texas Public Finance Authority that reports the cash balance for this fund.**

**General Obligation Commercial Paper Series 2002A TDCJ Project C FD (Fund 7624) - This fund was established to segregate the revenues and expenditures for issuance of a general obligation bond. This bond was issued by the Texas Public Finance Authority that reports the cash balance for this fund.**

**General Obligation Commercial Paper Series 2008 TDCJ Project 1B FD (Fund 7642) - This fund was established to segregate the revenues and expenditures for issuance of a general obligation bond. This bond was issued by the Texas Public Finance Authority that reports the cash balance for this fund.**

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

General Obligation Commercial Paper Series 2008 TDCJ Project 1C FD (Fund 7653) - This fund was established to segregate the revenues and expenditures for issuance of a general obligation bond. This bond was issued by the Texas Public Finance Authority that reports the cash balance for this fund.

**Capital Asset Adjustment Fund Type**

Capital Asset Adjustment Fund (Fund 0998) - 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 (Fund 0997) - will be used to convert governmental fund types' debt from modified accrual to full accrual.

**Other Adjustments Fund Type**

Other Adjustments Fund (Fund 0096) - will be used to convert all other governmental fund types' activity from modified accrual to full accrual.

***PROPRIETARY FUND TYPES***

**Enterprise Funds**

Enterprise funds account for any activity for which a fee is charged to external users for goods or services. The TDCJ's Enterprise Funds consist of the Education and Recreation Fund (Fund 0050). Activities must be reported as enterprise funds if any one of the following criteria is met:

1. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity.
2. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges.
3. The pricing policies of the activity establish fees and charges designed to recover its costs including capital costs.

***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. The Agency funds represented are:



**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**Unappropriated Receipts (0018) – This fund was established to collect unappropriated general revenue receipts on behalf of the state.**

**Suspense Fund (Fund 0900) – This fund was established as a clearing fund for agency receipts, the amounts are not considered material and have not been reclassified to the appropriate fund type.**

**Savings Bond Fund (Fund 0901) – This fund was established to collect TDCJ employee contributions for the purchase of savings bonds.**

**Savings Bond Windham School System Fund (Fund 0902) - This fund was established to collect WSD employee contributions for the purchase of savings bonds.**

**Direct Deposit Correction Fund (Fund 0980) – This fund was established as a clearing fund to record vendor payments returned to the Agency to be cancelled and reissued with the corrected vendor information, the amounts are not considered material and have not been reclassified to the appropriate fund type.**

**Restitution Fund (Fund 0984) – This fund was established to collect offender restitution receipts and distribute those funds as directed by the court decision.**

**Sales Tax Clearance Fund (Fund 0994) – This fund was established to collect sales tax for the Comptroller’s benefit.**

**Child Support Addenda Deducts (Fund 8070) – This fund was established as a clearing fund to record the collection of child support deductions and subsequent disbursement to the Office of the Attorney General.**

**USPS – Direct Deposit Return Money Fund (Fund 9014) – This fund was established as a clearing fund to record payroll payments returned to the Agency to be cancelled and reissued with the corrected payroll information, the amounts are not considered material and have not been reclassified to the appropriate fund type.**

**USPS - Overpayments to Employees Fund (Fund 9015) – This fund was established as a clearing fund to record the accounts receivable for overpayments to employees, the amounts are not considered material and have not been reclassified to the appropriate fund type.**

**Warrant Hold Offset Fund (Fund 9016) – This fund was established by the Comptroller to deposit amounts deducted for a person’s indebtedness to the Agency from any amount the state owes the person or the person’s successor.**

**Private-Purpose Trust Funds**

**Agencies use private-purpose trust funds to account for all other trust arrangements whose principal and interest benefit individuals, private organizations, or other governments. The private-purpose trust funds for TDCJ are:**

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

Inmate Trust Fund (Fund 0995) – This fund was established to account for offender commissary accounts.

Employee Service Option Fund (Fund 0996) - This fund was established to account for employee commissary contributions.

***COMPONENT UNITS***

The TDCJ has determined that the Windham School District is a blended component unit. The Windham School District's records are not shown discretely and their transactions are blended with the TDCJ's records as a Special Revenue Fund.

***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 judgments and full accrual revenues and expenses. The activity is recognized in these fund types.

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

***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.

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

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

**C. 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 at time of purchase are considered cash equivalents.

**Investments**

The Agency currently reports all investments at amortized cost. The investments purchased by the Fiduciary Fund are all highly liquid short-term U.S. Treasury obligations with a maturity date of one year or less. If, in the future, the Agency purchases investments with a maturity date of more than one year, then the investments will be reported at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

The Windham School District participates in TEXPOOL, TEXPOOL Prime and LOGIC which are considered Other Commingled Funds. The fair value of the investments purchased by the Windham School District is not significantly affected by any impairment of the credit standing of the issuer or by other factors.

**Inventories and Prepaid Items**

Consumable inventories include supplies at year-end. Merchandise inventories include materials, supplies, equipment, commodities and other items on hand and for sale.

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.

**Current Receivables - Other**

Receivables include year-end revenue accruals. This account can appear in governmental or proprietary fund types.

**Restricted Assets**

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of enterprise fund general obligation and revenue bonds and revenues that are set aside for statutory or contractual requirements.

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**Capital Assets**

Assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year should be capitalized. These assets are capitalized at cost, if purchased, or at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all "exhaustible" assets. "Inexhaustible" assets such as works of art and historical treasures are not depreciated. 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 in that fund 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 of the fund over the estimated useful life of each asset, using the straight-line method.

***LIABILITIES***

**Accounts Payable**

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

**Current Payables - Other**

Payables are the accrual at year-end of expenditure transactions. Payables may be included in either the governmental or proprietary fund types.

**Employees' Compensable Leave**

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.

**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 non-current in the statement of net assets.

**Funds Held in Custody for Others**

Agency funds account for assets held in a custodial capacity for the benefit of other organizations or persons. By legislative mandate, the TDCJ controls monetary payments provided by perpetrators of crimes to their victims as restitution for losses..

**Bonds Payable - Revenue Bonds**

Bonds Payable is recorded at par. The bond proceeds are accounted for as an "Other Financing Source" in the governmental funds when received, and expenditures for payment of principle and interest are recorded in Debt Service funds when paid. Interest is recorded on the accrual basis. Payables are reported separately as either current or non-current in the statement of net assets.

***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 classified as nonspendable, restricted, committed, assigned or unassigned in the fund financial statements.

**Nonspendable Fund Balance**

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**

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**

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**

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**

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 bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**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 provision or enabling legislation.

**Unrestricted Net Assets**

Unrestricted Net Assets consist of net assets, which do not meet the definition of the two preceding categories. Unrestricted Net Assets often have constraints on resources, which are imposed by management, but can be removed or modified.

***INTERFUND TRANSACTIONS AND BALANCES***

The Agency has the following types of transactions among funds:

1. Transfers

Legally required transfers that are reported when incurred as “Transfers In” by the recipient fund and as “Transfers Out” by the disbursing fund.

2. Legislative Transfers

Legislative Transfers In or Out are budget transfers reported between agencies within Fund 0001 or transfers occurring between GAAP Fund Types.

3. 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 expenditure in the reimbursed fund.

4. Interfund Receivables and Payables

Interfund loans are reported as interfund receivables and payables. If the 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.”

The composition of the Agency’s interfund receivables and payables at August 31, 2012 is presented in Note 12.

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**NOTE 2: CAPITAL ASSETS**

A summary of changes in Capital Assets for the year ended August 31, 2012, is presented below:

	<b>PRIMARY GOVERNMENT</b>			
	Balance 09/01/11	Adjustments	Reclassifications Completed CIP	Reclassifications Inc-Int'gy Trans
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>Non-depreciable or Non-amortizable Assets</b>				
Land and Land Improvements	79,877,023.18	76,053.20		-
Infrastructure	-		-	-
Construction in Progress	13,044,614.14	(1,061,766.11)	(7,846,049.05)	-
Other Tangible Capital Assets	25,323.23		-	-
Land Use Rights	-		-	-
Other Intangible Capital Assets	-		-	-
<b>Total Non-depreciable or Non-amortizable Assets</b>	<b>92,946,960.55</b>	<b>(985,712.91)</b>	<b>(7,846,049.05)</b>	<b>-</b>
<b>Depreciable Assets</b>				
<b>Buildings and Building Improvements</b>	<b>2,902,475,560.03</b>	<b>958,400.00</b>		<b>-</b>
Infrastructure	68,921,557.60		-	-
Facilities and Other Improvements	99,869,501.97		-	-
Furniture and Equipment	256,208,006.66	(67,344.84)	7,846,049.05	10,538.00
Vehicle, Boats and Aircraft	71,224,264.85	11,750.00	-	117,238.00
Other Capital Assets <sup>1</sup>	7,990,838.56		-	-
<b>Total Depreciable Assets</b>	<b>3,406,689,729.67</b>	<b>902,805.16</b>	<b>7,846,049.05</b>	<b>127,776.00</b>
<b>Less Accumulated Depreciation for:</b>				
<b>Buildings and Building Improvements</b>	<b>(1,778,086,810.13)</b>	<b>(2,662.22)</b>		<b>-</b>
Infrastructure	(41,612,712.03)		-	-
Facilities and Other Improvements	(66,998,843.61)		-	-
Furniture and Equipment	(219,156,842.21)	586,937.09		(10,538.00)
Vehicles, Boats and Aircraft	(59,764,175.57)	(139.88)		(111,130.20)
Other Capital Assets <sup>1</sup>	(357,348.97)		-	-
<b>Total Accumulated Depreciation</b>	<b>(2,165,976,732.52)</b>	<b>584,134.99</b>		<b>(121,668.20)</b>
<b>Depreciable Assets, Net</b>	<b>1,240,712,997.15</b>	<b>1,486,940.15</b>	<b>7,846,049.05</b>	<b>6,107.80</b>
<b>Amortizable Assets - Intangible</b>				
Land Use Rights	-		-	-
Computer Software	24,226,019.79		-	-
Other Capital Intangible Assets	-		-	-
<b>Total Amortizable Assets - Intangible</b>	<b>24,226,019.79</b>		<b>-</b>	<b>-</b>
<b>Less Accumulated Amortization for:</b>				
<b>Land Use Rights</b>	<b>-</b>		<b>-</b>	<b>-</b>
Computer Software	(21,058,285.34)		-	-
Other Intangible Capital Assets	-		-	-
<b>Total Accumulated Amortization</b>	<b>(21,058,285.34)</b>		<b>-</b>	<b>-</b>
<b>Amortizable Assets - Intangible, Net</b>	<b>3,167,734.45</b>		<b>-</b>	<b>-</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>1,336,827,692.15</b>	<b>501,227.24</b>	<b>-</b>	<b>6,107.80</b>

<sup>1</sup>includes Library Books & Art Collections

Depreciation Expense and Accumulated Depreciation amounts are calculated using the TDCJ's internal accounting system

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**PRIMARY GOVERNMENT**

Reclassifications Dec-Int'agy Trans	Additions	Deletions	Balance 08/31/12
(102,408.98)	13,600.00	-	79,864,267.40
-	-	-	-
-	14,113,415.50	-	18,250,214.48
-	-	-	25,323.23
-	-	-	-
-	-	-	-
(102,408.98)	14,127,015.50	-	98,139,805.11
-	-	-	-
-	-	(263,678.50)	2,903,170,281.53
-	-	-	68,921,557.60
-	-	-	99,869,501.97
-	2,735,070.65	(5,650,283.23)	261,082,036.29
-	606,349.64	(2,686,774.19)	69,272,828.30
-	997,365.88	(1,404,927.57)	7,583,276.87
-	4,338,786.17	(10,005,663.49)	3,409,899,482.56
-	(92,104,555.36)	263,678.50	(1,869,930,349.21)
-	(2,230,906.28)	-	(43,843,618.31)
-	(3,672,203.68)	-	(70,671,047.29)
-	(15,641,181.61)	5,494,354.07	(228,727,270.66)
-	(2,665,159.63)	2,687,044.61	(59,853,560.67)
-	(548,355.42)	554,729.25	(350,975.14)
-	(116,862,361.98)	8,999,806.43	(2,273,376,821.28)
-	(112,523,575.81)	(1,005,857.06)	1,136,522,661.28
-	-	-	-
-	-	(184,275.50)	24,041,744.29
-	-	-	-
-	-	(184,275.50)	24,041,744.29
-	-	-	-
-	(850,898.33)	184,275.50	(21,724,908.17)
-	-	-	-
-	(850,898.33)	184,275.50	(21,724,908.17)
-	(850,898.33)	-	2,316,836.12
(102,408.98)	(99,247,458.64)	(1,005,857.06)	1,236,979,302.51



**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**NOTE 2: CAPITAL ASSETS (Continued)**

A summary of changes in Capital Assets for the year ended August 31, 2012, is presented below:

	<b>PRIMARY GOVERNMENT</b>			
	Balance 09/01/11	Adjustments	Reclassifications Completed CIP	Reclassifications Inc-Int'agy Trans
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>Non-depreciable or Non-amortizable Assets</b>				
Land and Land Improvements	282,658.18	-	-	-
Infrastructure	-	-	-	-
Construction in Progress	-	-	-	-
Other Tangible Capital Assets	-	-	-	-
Land Use Rights	-	-	-	-
Other Intangible Capital Assets	-	-	-	-
<b>Total Non-depreciable or Non-amortizable Asset:</b>	<b>282,658.18</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciable Assets</b>				
Buildings and Building Improvements	1,062,327.09	-	-	-
Infrastructure	-	-	-	-
Facilities and Other Improvements	498,879.59	-	-	-
Furniture and Equipment	1,476,877.49	46,586.00	-	-
Vehicle, Boats and Aircraft	436,258.78	-	-	-
Other Capital Assets <sup>1</sup>	-	-	-	-
<b>Total Depreciable Assets</b>	<b>3,474,342.95</b>	<b>46,586.00</b>	<b>-</b>	<b>-</b>
<b>Less Accumulated Depreciation for:</b>				
Buildings and Building Improvements	(792,539.66)	-	-	-
Infrastructure	-	-	-	-
Facilities and Other Improvements	(498,879.59)	-	-	-
Furniture and Equipment	(1,432,036.52)	(42,790.00)	-	-
Vehicles, Boats and Aircraft	(433,694.29)	-	-	-
Other Capital Assets <sup>1</sup>	-	-	-	-
<b>Total Accumulated Depreciation</b>	<b>(3,157,150.06)</b>	<b>(42,790.00)</b>	<b>-</b>	<b>-</b>
<b>Depreciable Assets, Net</b>	<b>317,192.89</b>	<b>3,796.00</b>	<b>-</b>	<b>-</b>
<b>Amortizable Assets - Intangible</b>				
Land Use Rights	-	-	-	-
Computer Software	688,701.40	-	-	-
Other Capital Intangible Assets	-	-	-	-
<b>Total Amortizable Assets - Intangible</b>	<b>688,701.40</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Less Accumulated Amortization for:</b>				
Land Use Rights	-	-	-	-
Computer Software	(688,701.40)	-	-	-
Other Intangible Capital Assets	-	-	-	-
<b>Total Accumulated Amortization</b>	<b>(688,701.40)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Amortizable Assets - Intangible, Net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Business-Type Activities Capital Assets, Net</b>	<b>599,851.07</b>	<b>3,796.00</b>	<b>-</b>	<b>-</b>

<sup>1</sup>includes Library Books & Art Collections

Depreciation Expense and Accumulated Depreciation amounts are calculated using the TDCJ's internal accounting system

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**PRIMARY GOVERNMENT**

Reclassifications Dec-Int'agy Trans	Additions	Deletions	Balance 08/31/12
-	-	-	282,658.18
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	282,658.18
-	-	-	-
-	-	-	1,062,327.09
-	-	-	-
-	-	-	498,879.59
-	105,452.76	(11,167.00)	1,617,749.25
-	-	(16,911.00)	419,347.78
-	-	-	-
-	105,452.76	(28,078.00)	3,598,303.71
-	(18,883.68)	-	(811,423.34)
-	-	-	-
-	-	-	(498,879.59)
-	(47,114.77)	11,167.00	(1,510,774.29)
-	-	16,911.00	(416,783.29)
-	-	-	-
-	(65,998.45)	28,078.00	(3,237,860.51)
-	39,454.31	-	360,443.20
-	-	-	-
-	-	-	688,701.40
-	-	-	-
-	-	-	688,701.40
-	-	-	-
-	-	-	(688,701.40)
-	-	-	-
-	-	-	(688,701.40)
-	-	-	-
-	39,454.31	-	643,101.38

**UNAUDITED**  
TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)

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

Government Code 2256 - Investments of funds by agencies and boards authorizes the TDCJ to invest and reinvest any of their funds in direct obligations of, or obligations the principal and interest of which are guaranteed by the United States of America; in direct obligations of or participation certificates guaranteed by the Federal Intermediate Credit Bank, Federal Land Banks, Federal National Mortgage Association, Federal Home Loan Bank, and Banks for Cooperatives; in certificates of deposit of a pledge of securities of any of the kind hereinbefore specified; in any other securities made eligible for such investment by other laws and constitutional provisions; or in any combination of the foregoing. Income and profits shall be applied as directed by the TDCJ. The TDCJ is authorized to make investments following the "prudent person rule." There were no violations of legal provisions during the period.

**DEPOSITS OF CASH IN BANK**

As of August 31, 2012, the carrying amount of deposits was \$11,751,723.10 as presented below.

<b>Governmental and Business-Type Activities</b>	
CASH IN BANK - CARRYING VALUE	\$ 5,360,859.43
<b>Cash in Bank per AFR</b>	<b>\$ 5,360,859.43</b>
Governmental Funds Current Assets Cash in Bank	\$ 5,360,859.43
<b>Cash in Bank per AFR</b>	<b>\$ 5,360,859.43</b>

<b>Fiduciary Funds</b>	
CASH IN BANK - CARRYING VALUE	\$ 6,390,863.67
<b>Cash in Bank per AFR</b>	<b>\$ 6,390,863.67</b>
Fiduciary Funds Cash in Bank	\$ 6,390,863.67
<b>Cash in Bank Per AFR</b>	<b>\$ 6,390,863.67</b>

As of August 31, 2012, the total bank balance was as follows.

<b>Governmental and Business - Type Activities</b>	<b>\$ 6,910,295.27</b>	<b>Fiduciary Funds</b>	<b>\$ 6,618,187.55</b>
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**INVESTMENTS**

As of August 31, 2012, the carrying value and fair value of investments are as presented below.

<b>Governmental and Business-Type Activities</b>	<b>Carrying Value</b>	<b>Fair Value</b>
Other Commingled Funds – Logic	\$ 3,863,133.60	\$ 3,863,133.60
Other Commingled Funds – Texpool	507,529.04	507,529.04
Other Commingled Funds - Texpool-Prime	1,434,456.67	1,434,456.67
<b>Total</b>	<b>\$ 5,805,119.31</b>	<b>\$ 5,805,119.31</b>

<b>Fiduciary Funds</b>	<b>Carrying Value</b>	<b>Fair Value</b>
U.S. Government		
U.S. Treasury Securities	\$ 18,946,876.64	\$ 18,960,987.26
<b>Total</b>	<b>\$ 18,946,876.64</b>	<b>\$ 18,960,987.26</b>

The Agency currently reports all investments at amortized cost. The investments purchased by the Fiduciary Fund are all highly liquid short-term U.S. Treasury obligations with a maturity date of one year or

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

less. The fair value of the investments purchased by the Special Revenue Fund is not significantly affected by any impairment of the credit standing of the issuer or by other factors.

**NOTE 4: SHORT TERM DEBT**

Currently 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:

<b>Governmental Activities</b>	<b>Balance 09/01/11</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 08/31/12</b>	<b>Amounts Due Within One Year</b>	<b>Amounts Due Thereafter</b>
Employees' Compensable Leave	\$165,527,716.65	\$188,338,176.56	\$171,107,224.31	\$182,758,668.90	\$111,962,469.09	\$ 70,796,199.81
Pollution Remediation Obligations	\$ 222,683.18	\$ 120,342.91	\$ 221,421.91	\$ 121,604.18	\$ 71,955.43	\$ 49,648.75
<b>Total Governmental Activities</b>	<b>\$165,750,399.83</b>	<b>\$188,458,519.47</b>	<b>\$171,328,646.22</b>	<b>\$182,880,273.08</b>	<b>\$112,034,424.52</b>	<b>\$ 70,845,848.56</b>
<b>Business Type Activities</b>	<b>Balance 09/01/11</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 08/31/12</b>	<b>Amounts Due Within One Year</b>	<b>Amounts Due Thereafter</b>
Employees' Compensable Leave	\$ 1,223,036.89	\$ 1,201,408.00	\$ 1,159,686.09	\$ 1,264,758.80	\$ 742,707.30	\$ 522,051.50
<b>Total Business Type Activities</b>	<b>\$ 1,223,036.89</b>	<b>\$ 1,201,408.00</b>	<b>\$ 1,159,686.09</b>	<b>\$ 1,264,758.80</b>	<b>\$ 742,707.30</b>	<b>\$ 522,051.50</b>

**EMPLOYEES' COMPENSABLE LEAVE**

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal, or separation from state employment, provided the employee has had continuous employment with the State for six months. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the Statement of Net Assets. An expense and liability for proprietary fund types 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.

**POLLUTION REMEDIATION OBLIGATIONS**

The TDCJ is responsible for removal of asbestos at six sites and on an as needed basis when TDCJ buildings containing asbestos require renovation or repairs. An additional project includes remediation at the Ellis Unit that contained both municipal and hazardous waste. The TDCJ used the Engineering Scope of Authorized Expenses Method for estimating costs. The amount of estimated pollution remediation liability assumes that there will be no major increases in the cost of providing these

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

services. Currently all projects fall under Texas Administrative Code, Title 30 Environmental Quality, Part 1 Texas Commission On Environmental Quality Chapter 350 Texas Risk Reduction Program.

The TDCJ does not expect to recover the costs of these projects.

**NOTE 6: BONDED INDEBTEDNESS**

Currently not applicable.

**NOTE 7: DERIVATIVE INSTRUMENTS**

Currently not applicable.

**NOTE 8: LEASES**

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

<b>Fund Type</b>	
General Fund	\$ 13,227,254.01
Enterprise Fund	367,467.93
<b>Totals (Memorandum Only)</b>	<b>\$ 13,594,721.94</b>

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

<b>Year Ended August 31, 2012</b>	
2013	\$ 12,374,652.12
2014	11,553,109.12
2015	10,306,225.34
2016	8,730,994.26
2017	7,589,483.84
2018-2022	15,211,837.75
2023 and beyond	-
<b>Total Minimum Future Leases Rental Payments</b>	<b>\$ 65,766,302.43</b>

The TDCJ does not currently have any capital leases to report.

**NOTE 9: PENSION PLANS**

Currently not applicable.

**NOTE 10: DEFERRED COMPENSATION**

Currently not applicable.

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

Currently not applicable.

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**NOTE 12: INTERFUND ACTIVITY AND TRANSACTIONS**

**INTERFUND RECEIVABLES AND PAYABLES:**

Interfund receivables and payables between funds within this Agency and other agencies' funds are shown as follows in total and fund type:

<b>Current Portion</b>	<b>Current Interfund Receivable</b>	<b>Current Interfund Payable</b>	<b>Purpose (Disclosure required)</b>
<i>General Revenue (01)</i>			
Appd. Fund 0001, D23 Fund 0014			
(Agency 696, D23 Fund 0019)	354.09		HIV Grant
(Agency 696, D23 Fund 0019)		.06	PROFIT Grant
(Agency 696, D23 Fund 0369)	36,595.00		American Recovery & Reinvestment Act
(Agency 696, D23 Fund 0469)	27,195.81		VINE Grant
Appd. Fund 0001, D23 Fund 0019			
(Agency 696, D23 Fund 0014)		354.09	HIV Grant
(Agency 696, D23 Fund 0014)	.06		PROFIT Grant
Appd. Fund 0369, D23 Fund 0369			
(Agency 696, D23 Fund 0014)		36,595.00	American Recovery & Reinvestment Act
Appd. Fund 0469, D23 Fund 0469			
(Agency 696, D23 Fund 0014)		27,195.81	VINE Grant
<i>Special Revenue (02)</i>	-0-	-0-	
<i>Capital Projects (04)</i>	-0-	-0-	
<i>Enterprise Fund (05)</i>	-0-	-0-	
<i>Fiduciary Funds (09)</i>	-0-	-0-	
<b>Total Interfund Receivable/Payable</b>	<b>\$ 64,144.96</b>	<b>\$ 64,144.96</b>	

<b>Non-Current Portion</b>	<b>Non-Current Interfund Receivable</b>	<b>Non-Current Interfund Payable</b>	<b>Purpose (Disclosure required)</b>
<i>General Revenue (01)</i>	-0-	-0-	
<i>Special Revenue (02)</i>	-0-	-0-	
<i>Capital Projects (04)</i>	-0-	-0-	
<i>Enterprise Fund (05)</i>	-0-	-0-	
<i>Fiduciary Funds (09)</i>	-0-	-0-	
<b>Total Interfund Receivable/Payable</b>	<b>-0-</b>	<b>-0-</b>	

**NOTE 13: CONTINUANCE SUBJECT TO REVIEW**

The Texas Board of Criminal Justice and the TDCJ are subject to the Texas Sunset Act per Texas Government Code, Section 492.012, V.T.C.A.. The 81<sup>st</sup> Legislature amended Texas Government Code, Section 492.012, V.T.C.A. to state that unless continued in existence as provided by the Texas Sunset Act (Chapter 325), the Board and the Department are abolished September 1, 2013.

UNAUDITED  
TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)

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

Restatements for prior period errors were made in the General Revenue Funds, Proprietary Fund, and the Capital Asset Adjustment Fund. A restatement occurred between Appropriated Funds 7206 and 7642 within Capital Projects Funds resulting in a net effect of zero change to the Capital Projects Fund Type.

	General Revenue Funds	Proprietary Fund	Capital Asset Adjustment Fund
Fund Bal/Equity - August 31, 2011	\$ 140,580,662.76	\$ 29,972,425.46	\$ 1,336,827,692.15
Restatement	200,660.46	3,796.00	501,227.24
<b>Fund Bal/Equity – September 1, 2011 as Restated</b>	<b>\$ 140,781,323.22</b>	<b>\$ 29,976,221.46</b>	<b>\$ 1,337,328,919.39</b>

**NOTE 15: CONTINGENT LIABILITIES**

As of August 31, 2012, the TDCJ had numerous tort claims, equal opportunity complaints, civil rights and employment lawsuits pending against the Agency and its employees. The Agency believes there is a reasonable possibility of an adverse ruling or settlement in the cases identified below.

The TDCJ has been named as a Potentially Responsible Party (PRP) in an Administrative Order issued by the Environmental Protection Agency (EPA), Docket Number 06-09-11, involving a Superfund Site in Texas City, Texas, formerly the Malone Service Company. The loss cannot be reasonably estimated.

Anderson, Robert v. TDCJ, et al – Plaintiff alleges violation of the Texas Tort Claims Act for injuries received. The loss cannot be reasonably estimated.

Blackmon, Eugene v. Kukua, et al – Plaintiff alleges violation of the 8th Amendment under 42 U.S.C. § 1983 for excessive heat in the Garza East Unit. The probable loss is \$8,000.00.

Brown, Bobby Ray v. Joseph Wilson, et. al – Plaintiff alleges sexual assault in violation of the 8th and 14th Amendments under 42 U.S.C. Section 1983. The loss cannot reasonably be estimated.

Burrell, Wanda v. TDCJ – Plaintiff alleges racial discrimination in violation of Title VII. The loss cannot reasonably be estimated.

Carter, Michael W. v. Rissie Owens, et al – Plaintiff alleges violation of the 14th Amendment under denial of due process under 42 U.S.C. Section 1983 in regard to parole conditions. The loss cannot reasonably be estimated.

Churchill, Will v. TDCJ – Plaintiff alleges violation of Title VII and the Age Discrimination in Employment Act. The loss cannot reasonably be estimated.

Churchill, Will v. TDCJ – Plaintiff alleges violation of the Texas Labor Code. The loss cannot reasonably be estimated.

Daniels, Marie v. Bibbs – Plaintiffs allege violation of the 14th Amendment under 42 U.S.C. Section 1983 for the death of an offender. The loss cannot be reasonably estimated.

**UNAUDITED**  
TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)

*Dawson, Keith v. TDCJ, et al* – Plaintiff alleges violation of the Texas Tort Claims Act for personal injury and property damage. The loss cannot be reasonably estimated.

*Denby, Donis v. John Adams, et al* – Plaintiff alleges sexual assault and failure to protect in violation of the 8th and 14th Amendments under 42 U.S.C. Section 1983. The loss cannot reasonably be estimated.

*Doyal, Mark v. TDCJ* – Plaintiff alleges violation of the Texas Tort Claims Act for personal injury. The loss cannot be reasonably estimated.

*Estate of Todd Hughes* – Plaintiff alleges violation of Texas Tort Claims Act for death of an offender. The loss cannot be reasonably estimated.

*Eubanks, Donald Ray v. Kokila Naik, et al* – Plaintiff alleges he received inadequate medical care while incarcerated in violation of the 8th Amendment under 42 U.S.C. Section 1983 and under 42 U.S.C. Section 12132, the Americans with Disabilities Act. The loss cannot be reasonably estimated.

*Fisher, Duane v. TDCJ, et al* – Plaintiff alleges he was subjected to discrimination involving a perceived disability and workplace retaliation under Title VII. The loss cannot be reasonably estimated.

*Garner, Willie Lee v. Morales* – Plaintiff alleges violation of his rights under the Religious Land Use and Institutionalized Persons Act. The loss cannot be reasonably estimated.

*Giles, Macabeo v. TDCJ* – Plaintiff alleges violation of the Texas Tort Claims Act for personal injury. The loss cannot be reasonably estimated.

*Graf, Michael v. TDCJ* - Plaintiff alleges violation of the Texas Tort Claims Act for personal injury. The loss cannot be reasonably estimated.

*Gray, Dick W. v. Bobby R. Purvis, et al* – Plaintiff alleges deliberate indifference to his medical condition in violation of the 8th Amendment under 42 U.S.C. Section 1983. The loss cannot be reasonably estimated.

*Gray, John v. Rissie Owens, et al* – Plaintiff alleges violation of the 14th Amendment under 42 U.S.C. Section 1983 related to conditions of his parole. The loss cannot be reasonably estimated.

*Hemphill, Adriana v. TDCJ* – Plaintiff alleges a violation of Texas Tort Claims Act for personal injury. The probable loss is \$17,578.00.

*Hightower, Jerome v. TDCJ* – Plaintiff alleges workers' compensation retaliation in violation of the Texas Labor Code. The loss cannot be reasonably estimated.

*Johnson, Ann v. TWC and TDCJ, et al* - Plaintiff alleges race discrimination and wrongful termination in violation of Title VII. The loss cannot be reasonably estimated.

*King, JoAnn v. TDCJ, et al* - Plaintiff alleges race discrimination and wrongful termination in violation of Title VII. The loss cannot be reasonably estimated.



UNAUDITED  
TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)

LeFoumba, Claude v. TDCJ – Plaintiff alleges religious discrimination and retaliation in violation of Title VII. The loss cannot be reasonably estimated.

Larson, Ronald v. TDCJ – Plaintiff alleges violation of the Texas Tort Claims Act for personal injury. The loss cannot be reasonably estimated.

Lyons, Michelle v. TDCJ – Plaintiff alleges gender discrimination in violation of Title VII. The loss cannot be reasonably estimated.

Lopez, J. R., Ind. & as Next Friend of Mary Cristan v. TDCJ – Plaintiff alleges violation of the Texas Tort Claims Act for an offender death. The loss cannot be reasonably estimated.

Martindale, Candy v. TDCJ - Plaintiff alleges race discrimination in violation of Title VII and the Texas Labor Code. The loss cannot reasonably be estimated.

Moore, Bettie J. v. State of Texas, et al – Plaintiff alleges sex and race discrimination and wrongful termination in violation of Title VII. The loss cannot be reasonably estimated.

McCollum, Stephen, et al v. Brad Livingston, et al - Plaintiffs allege violation of 8<sup>th</sup> and 14<sup>th</sup> Amendments under 42 U.S.C. § 1983 and the Americans with Disabilities Act for an offender death. The loss cannot be reasonably estimated.

Meza, Raul v. Livingston – Plaintiff alleges violation of the 14<sup>th</sup> Amendment under 42 U.S.C. Section 1983 related to conditions of his parole. Probable loss to TDCJ cannot be reasonably estimated.

Moore, Bettie J. v. State of Texas, et al – Plaintiff alleges sex and race discrimination and wrongful termination in violation of Title VII. The loss cannot be reasonably estimated.

Murray, David v. TDCJ, et al - Plaintiff alleges race discrimination and retaliation in violation of Title VII. The loss cannot be reasonably estimated.

Nwakanma, Bekee v. Novelli – Plaintiff alleges religious discrimination in violation of Title VII. The loss cannot reasonably be estimated.

Olivera, Michelle v. TDCJ – Plaintiff alleges sexual discrimination and retaliation under Texas Labor Code 21.001 *et seq.* The loss cannot be reasonably estimated.

Palmer, Gary v. Brad Livingston, et al – Offender plaintiff alleges violation of the Texas Tort Claims Act for personal injury. The loss cannot be reasonably estimated.

Parks, Timmie v. TDCJ, et al – Plaintiff alleges personal injuries in violation of the Texas Tort Claims Act. The loss cannot be reasonably estimated.

Phillips v. Livingston, et al - Plaintiff alleges a violation of the 8<sup>th</sup> and 14<sup>th</sup> Amendments under 42 U.S.C. Section 1983 for personal injury. The loss cannot be reasonably estimated.

Robinson, Edwin Lee v. The State of Texas, et al – Offender plaintiff alleges violation of Texas Tort Claims Act for personal injury. The loss cannot be reasonable estimated.

**UNAUDITED**  
TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)

**Rodriguez, Larry H. v. TDCJ** – Plaintiff alleges age and national origin discrimination and retaliation in violation of the Texas Labor Code. The loss cannot be reasonably estimated.

**Sanchez, Daniel v. Allison Taylor, et al** - Plaintiff alleges a violation of the 8th Amendment under 42 U.S.C. Section 1983 for conditions of confinement. The loss cannot be reasonably estimated.

**Short, Michael, et al v. TCI, et al** - Plaintiffs alleges violation of the Texas Tort Claims Act for injuries received. The loss cannot be reasonably estimated.

**Simpson, Henry v. TDCJ** – Offender plaintiff alleges violation of Texas Tort Claims Act for personal injury. The loss cannot be reasonably estimated.

**Slocum, Yale and Anna, Individually and as Representatives of the Estate of Wesley Slocum and Cheryl Slocum, Individually and as Next Friend of W.S. v. Brad Livingston, et al** – Plaintiffs allege violation of the 8th Amendment under 42 U.S.C. Section 1983 for an offender death. The loss cannot be reasonably estimated.

**Smith, Bruce v. TDCJ** – Plaintiff alleges religious discrimination and retaliation under Title VII. The loss cannot be reasonably estimated.

**Tavira, Marcus v. TDCJ, et al** – Plaintiff alleges violation of the Texas Tort Claims Act for personal injury. The loss cannot be reasonably estimated.

**Taylor, Sheryl v. TDCJ** – Plaintiff alleges retaliation in violation of the Texas Labor Code. The loss cannot be reasonably estimated.

**Turner, Christopher K. v. TDCJ-ID, et al** – Offender plaintiff alleges violation of the Texas Tort Claims Act for being found guilty of a disciplinary case. The loss cannot be reasonably estimated.

**Turner, Jimmie v. TDCJ** – Plaintiff alleges violation of the Texas Tort Claims Act for personal injury. The loss cannot be reasonably estimated.

**Ventura, Luis Roberto and Dale Auto Sales v. The State of Texas** - Plaintiff alleges violation of the Texas Tort Claims Act and personal injury. The probable loss is \$7,000.00.

**Walker, Mary, et al v. Institutional Division of TDCJ, et al** – Plaintiff alleges violation of the 4th, 8th and 14th Amendments under 42 U.S.C. Section 1983 for an offender death. The loss cannot be reasonably estimated.

**Watkins, Patrecia v. R. C. Thaler** – Plaintiff alleges violation of the Texas Tort Claims Act and the 8<sup>th</sup> Amendment under 42 USC Section 1983 for an offender death. The loss cannot be reasonably estimated.

**Weaver, Brandon McCray v. TDCJ** – Plaintiff alleges personal injuries in violation of the Texas Tort Claims Act. The loss cannot be reasonably estimated.

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

White, David, et al v. TDCJ – Plaintiff alleges violation of the Texas Tort Claims Act for personal injury. The loss cannot be reasonably estimated.

Williams, Bubba v. Lt. J. Martin, et al – Plaintiff alleges a use of force violated the 8<sup>th</sup> Amendment under 42 U.S.C. Section 1983. The loss cannot be reasonably estimated.

**NOTE 16: SUBSEQUENT EVENTS**

The Agency did not have any disclosures for fiscal year 2012.

**NOTE 17: RISK MANAGEMENT**

The TDCJ is exposed to a variety of 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 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. At the time of printing, the Agency was unable to estimate any probable loss for the possible claims. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience, and economic factors. Changes in the balances of the Agency’s contingent liabilities during fiscal year 2011 and 2012 were:

Year	Beginning of Fiscal Year Liability	Current Year Claims/Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2011	\$ 113,284.93	\$ 213,272.26	\$ 113,284.93	\$ 213,272.26
2012	\$ 213,272.26	\$ 32,578.00	\$ 213,272.26	\$ 32,578.00

**NOTE 18: MANAGEMENT DISCUSSION AND ANALYSIS  
(Material Changes to AFR)**

The Agency did not have any disclosures for fiscal year 2012.

**NOTE 19: THE FINANCIAL REPORTING ENTITY**

The Windham School District (WSD) was established by the Texas Legislature as an entity separate and distinct from the TDCJ, with the Texas Board of Criminal Justice serving as the Board of Trustees for the WSD. Even though the WSD is a legal separate entity, it is reported as if it were a part of the primary government because its sole purpose is to provide education to inmates within the TDCJ. The WSD’s financial data is reported in the Special Revenue Fund (Fund 0991) of the Governmental Fund Type in this Agency’s report.

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

The Agency did not have any disclosures for fiscal year 2012.

**NOTE 21: N/A**

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**NOTE 22: DONOR RESTRICTED ENDOWMENTS**

Currently not applicable.

**NOTE 23: EXTRAORDINARY AND SPECIAL ITEMS**

Currently not applicable.

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

<b>Federal Receivable Program</b>	<b>Net Federal Receivables</b>
U. S. Department of Agriculture	\$ 13,447.88
Second Chance Act Prisoner Reentry Initiative	711.07
Drug Abuse and Addiction Research Programs	23,602.22
Grants to States for Workplace and Community Transition Training for Incarcerated Individuals	458,442.32
<b>Total Net Federal Receivable</b>	<b>\$ 496,203.49</b>
<b>As Reported on the Financial Statements</b>	
Current Federal Receivables	\$ 496,203.49
<b>Total Net Federal Receivables</b>	<b>\$ 496,203.49</b>

**NOTE 25: TERMINATION BENEFITS**

Currently not applicable.

**NOTE 26: SEGMENT INFORMATION**

Currently not applicable.

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**EXHIBIT A-1 - COMBINING BALANCE SHEET - ALL GENERAL AND CONSOLIDATED FUNDS**  
**August 31, 2012**

	GENERAL FUND (0001) U/F (0001),(0014), (0017), (0019), (0369), (1100) & (9000)	OPERATOR/ CHAUFFEUR LICENSE (0099) U/F (0099)
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
<b>Current Assets:</b>		
Cash:		
Cash on Hand	\$ 500.00	\$
Cash in Bank	352,375.00	
Cash in State Treasury		
Legislative Appropriations	290,543,156.68	
Receivables from:		
Federal	37,761.17	
Accounts Receivable	7,608,974.41	
Interfund Receivable	64,144.96	
Due From Other Funds	4,235.00	
Due From Other Agencies	454,298.90	12,247.18
Consumable Inventories	72,965,052.02	
Merchandise Inventories	46,586,903.65	
Prepaid Items	67,589.81	
Total Current Assets	<u>418,684,991.60</u>	<u>12,247.18</u>
<b>Non-Current Assets:</b>		
Total Non-Current Assets	<u>0.00</u>	<u>0.00</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>418,684,991.60</u>	<u>12,247.18</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>		
<b>LIABILITIES:</b>		
<b>Current Liabilities:</b>		
Payables from:		
Accounts	80,976,017.56	2,104.07
Payroll	148,860,527.28	10,143.11
Interfund Payable	36,949.15	
Due To Other Funds	947,359.16	
Due to Other Agencies	56,925.88	
Deferred Revenues	1,860,423.60	
Total Current Liabilities	<u>232,738,202.63</u>	<u>12,247.18</u>
<b>Non-Current Liabilities:</b>		
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<u>232,738,202.63</u>	<u>12,247.18</u>
<b>FUND BALANCES (DEFICITS):</b>		
Nonspendable for:		
Inventory	119,551,955.67	
Prepaid Items	67,589.81	
Restricted	239,458.26	
Assigned	43,081,644.79	
Unassigned	23,006,140.44	
<b>TOTAL FUND BALANCE</b>	<u>185,946,788.97</u>	<u>0.00</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<u>\$ 418,684,991.60</u>	<u>\$ 12,247.18</u>

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

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

CONSOLIDATED ACCOUNTS

COMPENSATION TO VICTIMS OF CRIME (0469) U/F (0469)	FUGITIVE APPREHENSION (5028) U/F (5028)	PRIVATE SECTOR PRISON INDUSTRY EXPANSION (5060) U/F (5060)	CAPITAL TRUST (5430) U/F (5430)	TOTAL
				500.00
				352,375.00
		972,793.06		972,793.06
				290,543,156.68
				37,761.17
				7,608,974.41
				64,144.96
				4,235.00
27,230.12				493,776.20
				72,965,052.02
				46,586,903.65
				67,589.81
<u>27,230.12</u>	<u>0.00</u>	<u>972,793.06</u>	<u>0.00</u>	<u>419,697,261.96</u>
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>27,230.12</u>	<u>0.00</u>	<u>972,793.06</u>	<u>0.00</u>	<u>419,697,261.96</u>
				80,978,121.63
		13,590.57		148,884,260.96
27,195.81				64,144.96
				947,359.16
				56,925.88
				1,860,423.60
<u>27,195.81</u>	<u>0.00</u>	<u>13,590.57</u>	<u>0.00</u>	<u>232,791,236.19</u>
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>27,195.81</u>	<u>0.00</u>	<u>13,590.57</u>	<u>0.00</u>	<u>232,791,236.19</u>
				119,551,955.67
				67,589.81
				239,458.26
34.31				43,081,679.10
		959,202.49		23,965,342.93
<u>34.31</u>	<u>0.00</u>	<u>959,202.49</u>	<u>0.00</u>	<u>186,906,025.77</u>
<u>\$ 27,230.12</u>	<u>\$ 0.00</u>	<u>\$ 972,793.06</u>	<u>\$ 0.00</u>	<u>\$ 419,697,261.96</u>

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**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**

	GENERAL	
	FUND (0001) U/F (0001),(0014), (0017), (0019), (0369) & (1100)	OPERATOR/ CHAUFFEUR LICENSE (0099) U/F (0099)
<b>REVENUES</b>		
<b>Legislative Appropriations:</b>		
Original Appropriations (GR)	\$ 2,838,981,397.75	\$
Additional Appropriations (GR)	412,138,385.70	
<b>Federal Revenues (PR, Operating, or Capital)</b>	<b>15,031,079.96</b>	
<b>Federal Grant Pass Through Revenues (PR)</b>	<b>1,233,736.28</b>	
State Grant Pass Through Revenues (PR)	470,714.47	
Licenses, Fees, and Permits (PR)	3,523,242.36	
<b>Interest and Other Investment Income (GR)</b>	<b>9,151.19</b>	
<b>Land Income (PR)</b>	<b>1,190,902.09</b>	
Settlement of Claims (GR)	43,407.56	
Sales of Goods and Services (PR)	54,056,668.20	
<b>Other (GR)</b>	<b>3,767,581.35</b>	
<b>TOTAL REVENUES</b>	<b>3,330,446,266.91</b>	<b>0.00</b>
<b>EXPENDITURES</b>		
Salaries and Wages	1,427,238,661.64	220,493.23
Payroll Related Costs	464,999,314.03	(16,617.72)
Professional Fees and Services	473,195,106.53	
Travel	7,856,030.19	
<b>Materials and Supplies</b>	<b>264,410,792.30</b>	
Communication and Utilities	111,122,284.80	
Repairs and Maintenance	12,932,335.36	
<b>Rentals and Leases</b>	<b>17,936,640.30</b>	
<b>Printing and Reproduction</b>	<b>298,592.51</b>	
Claims and Judgements	458,328.64	
Intergovernmental Payments	219,542,252.56	
<b>Public Assistance Payments</b>	<b>235,594,858.29</b>	
<b>Other Expenditures</b>	<b>27,259,585.63</b>	
Capital Outlay	8,538,828.61	
<b>TOTAL EXPENDITURES</b>	<b>3,271,383,611.39</b>	<b>203,875.51</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>		
<b>OVER EXPENDITURES</b>	<b>\$ 59,062,655.52</b>	<b>\$ (203,875.51)</b>

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

CONSOLIDATED ACCOUNTS

COMPENSATION TO VICTIMS OF CRIME (0469) U/F (0469)	FUGITIVE APPREHENSION (5028) U/F (5028)	PRIVATE SECTOR PRISON INDUSTRY EXPANSION (5060) U/F (5060)	CAPITAL TRUST (5430) U/F (5430)	TOTAL
\$	\$	\$	\$	\$ 2,838,981,397.75
				412,138,385.70
				15,031,079.96
				1,233,736.28
252,139.12				722,853.59
				3,523,242.36
				9,151.19
				1,190,902.09
				43,407.56
				54,056,668.20
(1.12)				3,767,580.23
<u>252,138.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>3,330,698,404.91</u>
				1,427,638,968.33
45,999.84		133,813.62		464,798,147.51
(201,029.77)		16,480.97		473,373,606.53
178,500.00				7,859,606.12
2,441.93		1,134.00		264,427,326.51
13,218.53		3,315.68		111,123,640.80
		1,356.00		12,932,335.36
1,813.03				17,938,453.33
1,918.90				300,511.41
				458,328.64
				219,542,252.56
		69,714.00		235,664,572.29
691.87				27,260,277.50
				8,538,828.61
<u>43,554.33</u>	<u>0.00</u>	<u>225,814.27</u>	<u>0.00</u>	<u>3,271,856,855.50</u>
\$ 208,583.67	\$ 0.00	\$ (225,814.27)	\$ 0.00	\$ 58,841,549.41



**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**EXHIBIT A-2 - COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ALL GENERAL AND CONSOLIDATED FUNDS (Continued)**  
**For the Fiscal Year Ended August 31, 2012**

	GENERAL	
	FUND (0001) U/F (0001),(0014), (0017), (0019), (0369) & (1100)	OPERATOR/ CHAUFFEUR LICENSE (0099) U/F (0099)
<b>OTHER FINANCING SOURCES (USES):</b>		
Sale of Capital Assets	\$ 88,540.00	\$
Insurance Recoveries	209,742.38	
Transfers In		203,875.51
Transfers Out	(13,066,569.13)	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(12,768,286.75)</b>	<b>203,875.51</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>46,294,368.77</b>	<b>0.00</b>
<b>FUND FINANCIAL STATEMENT - FUND BALANCES</b>		
<b>Fund Balances - September 1, 2011</b>	139,490,172.39	0.00
Restatements	200,660.46	
<b>Fund Balances, September 1, 2011, as Restated</b>	<b>139,690,832.85</b>	<b>0.00</b>
Appropriations Lapsed	(38,412.65)	
<b>FUND BALANCES - August 31, 2012</b>	<b>\$ 185,946,788.97</b>	<b>\$ 0.00</b>

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

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

CONSOLIDATED ACCOUNTS

COMPENSATION TO VICTIMS OF CRIME (0469) U/F (0469)	FUGITIVE APPREHENSION (5028) U/F (5028)	PRIVATE SECTOR PRISON INDUSTRIES EXPANSION (5060) U/F (5060)	PRIVATE SECTOR PRISON INDUSTRIES EXPANSION (5430) U/F (5430)	TOTAL
\$	\$	\$	\$	\$ 88,540.00
				209,742.38
		226,343.52		430,219.03
(340,366.49)				(13,406,935.62)
(340,366.49)	0.00	226,343.52	0.00	(12,678,434.21)
(131,782.82)	0.00	529.25	0.00	46,163,115.20
131,817.13	0.00	958,673.24	0.00	140,580,662.76
				200,660.46
131,817.13	0.00	958,673.24	0.00	140,781,323.22
				(38,412.65)
\$ 34.31	\$ 0.00	\$ 959,202.49	\$ 0.00	\$ 186,906,025.77

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**EXHIBIT D-1 - COMBINING BALANCE SHEET - CAPITAL PROJECTS FUNDS**  
**August 31, 2012**

	STATE ISSUED BOND (7206) U/F (7206)	STATE ISSUED BOND (7208) U/F (7208)
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
<b>Current Assets:</b>		
Due From Other Agencies	\$ _____	\$ _____
<b>Total Current Assets</b>	<b>0.00</b>	<b>0.00</b>
<b>Non-Current Assets:</b>		
Total Non-Current Assets	0.00	0.00
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>0.00</b>	<b>0.00</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>		
<b>LIABILITIES:</b>		
<b>Current Liabilities:</b>		
<b>Payables from:</b>		
<b>Accounts</b>		
Contracts	_____	_____
<b>Total Current Liabilities</b>	<b>0.00</b>	<b>0.00</b>
<b>Non-Current Liabilities:</b>		
Total Non-Current Liabilities	0.00	0.00
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b>0.00</b>	<b>0.00</b>
<b>FUND BALANCES (DEFICITS):</b>		
Restricted	0.00	0.00
<b>TOTAL FUND BALANCE</b>	<b>0.00</b>	<b>0.00</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>

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

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

STATE ISSUED BOND (7218) U/F (7218)	STATE ISSUED BOND (7624) U/F (7624)	STATE ISSUED BOND (7642) U/F (7642)	STATE ISSUED BOND (7653) U/F (7653)	TOTAL
\$ 30,981,638.25	\$	\$ 766,220.16	\$	\$ 31,747,858.41
<u>30,981,638.25</u>	<u>0.00</u>	<u>766,220.16</u>	<u>0.00</u>	<u>31,747,858.41</u>
0.00	0.00	0.00	0.00	0.00
<u>30,981,638.25</u>	<u>0.00</u>	<u>766,220.16</u>	<u>0.00</u>	<u>31,747,858.41</u>
326,576.86		745,100.84		1,071,677.70
<u>626,161.69</u>				<u>626,161.69</u>
952,738.55	0.00	745,100.84	0.00	1,697,839.39
0.00	0.00	0.00	0.00	0.00
<u>952,738.55</u>	<u>0.00</u>	<u>745,100.84</u>	<u>0.00</u>	<u>1,697,839.39</u>
30,028,899.70	0.00	21,119.32	0.00	30,050,019.02
<u>30,028,899.70</u>	<u>0.00</u>	<u>21,119.32</u>	<u>0.00</u>	<u>30,050,019.02</u>
<u>\$ 30,981,638.25</u>	<u>\$ 0.00</u>	<u>\$ 766,220.16</u>	<u>\$ 0.00</u>	<u>\$ 31,747,858.41</u>

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**EXHIBIT D-2 - COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - CAPITAL PROJECTS FUNDS**  
**For the Fiscal Year Ended August 31, 2012**

	STATE ISSUED BOND (7206) U/F (7206)	STATE ISSUED BOND (7208) U/F (7208)
<b>REVENUES</b>		
Other	\$	\$
<b>TOTAL REVENUES</b>		
<b>EXPENDITURES</b>		
Salaries and Wages		
Payroll Related Costs	155,495.84	
Professional Fees and Services		
Travel		
Materials and Supplies		
Communication and Utilities		
Repairs and Maintenance		
Rentals and Leases		
Printing and Reproduction		
Other Expenditures		
Capital Outlay		
<b>TOTAL EXPENDITURES</b>	<u>155,495.84</u>	<u>0.00</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(155,495.84)</u>	<u>0.00</u>
<b>OTHER FINANCING SOURCES (USES):</b>		
Transfers In	1,419,357.42	
Transfers Out		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,419,357.42</u>	<u>0.00</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>1,263,861.58</u>	<u>0.00</u>
<b>FUND FINANCIAL STATEMENT - FUND BALANCES</b>		
Fund Balances, September 1, 2011	0.00	0.00
Restatements	<u>(1,263,861.58)</u>	<u>0.00</u>
<b>Fund Balances, September 1, 2011, as Restated</b>	<u>(1,263,861.58)</u>	<u>0.00</u>
<b>FUND BALANCES - August 31, 2012</b>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

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

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

STATE ISSUED BOND (7218) U/F (7218)	STATE ISSUED BOND (7624) U/F (7624)	STATE ISSUED BOND (7642) U/F (7642)	STATE ISSUED BOND (7653) U/F (7653)	TOTAL
\$ 194.23	\$	\$ 1,877.18	\$	\$ 2,071.41
<u>194.23</u>		<u>1,877.18</u>		<u>2,071.41</u>
1,175,764.04	5,069.75	150,397.16		1,331,230.95
262,049.04	1,259.04			418,803.92
1,135,475.19	27,759.62	256,231.85		1,419,466.66
111,250.51		1,796.06		113,046.57
2,314,839.06	57.80	160,082.62		2,474,979.48
7,010.93		226.00		7,236.93
11,636,663.52	420,645.00	1,229,498.48		13,286,807.00
39,200.28		12,785.62		51,985.90
250.20				250.20
63,161.60	61.46	109,595.54		172,818.60
6,101,598.18	2,321,974.34	509,817.69		8,933,390.21
<u>22,847,262.55</u>	<u>2,776,827.01</u>	<u>2,430,431.02</u>	0.00	<u>28,210,016.42</u>
(22,847,068.32)	(2,776,827.01)	(2,428,553.84)	0.00	(28,207,945.01)
52,875,968.02	2,150,011.18			56,445,336.62
		(20,521,667.18)		(20,521,667.18)
<u>52,875,968.02</u>	<u>2,150,011.18</u>	<u>(20,521,667.18)</u>	0.00	<u>35,923,669.44</u>
30,028,899.70	(626,815.83)	(22,950,221.02)	0.00	7,715,724.43
0.00	626,815.83	21,707,478.76	0.00	22,334,294.59
		1,263,861.58		0.00
<u>0.00</u>	<u>626,815.83</u>	<u>22,971,340.34</u>	<u>0.00</u>	<u>22,334,294.59</u>
<u>\$ 30,028,899.70</u>	<u>\$ 0.00</u>	<u>\$ 21,119.32</u>	<u>\$ 0.00</u>	<u>\$ 30,050,019.02</u>

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**EXHIBIT I-1 - COMBINING STATEMENT OF FIDUCIARY NET ASSETS - PRIVATE PURPOSE TRUST FUNDS**  
**August 31, 2012**

	PRIVATE PURPOSE TRUST FUND (9999) U/F (0995)	PRIVATE PURPOSE TRUST FUND (9999) U/F (0996)	TOTALS
<b>ASSETS</b>			
<b>Cash and Cash Equivalents:</b>			
Cash in Bank	\$ 3,313,977.10	\$ 3,076,886.57	\$ 6,390,863.67
<b>Short Term Investments:</b>			
U.S. Government and Agency Obligations	16,552,958.87	2,393,917.77	18,946,876.64
<b>TOTAL ASSETS</b>	<b>19,866,935.97</b>	<b>5,470,804.34</b>	<b>25,337,740.31</b>
<b>LIABILITIES</b>			
<b>Payables from:</b>			
Accounts	2,426,495.68	78,673.84	2,505,169.52
<b>TOTAL LIABILITIES</b>	<b>2,426,495.68</b>	<b>78,673.84</b>	<b>2,505,169.52</b>
<b>NET ASSETS:</b>			
<b>Held In Trust For:</b>			
Individuals, Organizations and Other Governments	17,440,440.29	5,392,130.50	22,832,570.79
<b>TOTAL NET ASSETS</b>	<b>\$ 17,440,440.29</b>	<b>\$ 5,392,130.50</b>	<b>\$ 22,832,570.79</b>

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

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**EXHIBIT I-2 - COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -  
PRIVATE PURPOSE TRUST FUNDS**  
**August 31, 2012**

	PRIVATE PURPOSE TRUST FUND (9999) U/F (0995)	PRIVATE PURPOSE TRUST FUND (9999) U/F (0996)	TOTALS
<b>ADDITIONS</b>			
<b>Other Additions</b>			
Transfers In - Employee Deposits	\$	\$ 18,021,209.76	\$ 18,021,209.76
Transfers In - Inmate Deposits	125,858,027.37		125,858,027.37
<b>Total Other Additions</b>	<b>125,858,027.37</b>	<b>18,021,209.76</b>	<b>143,879,237.13</b>
<b>TOTAL ADDITIONS</b>	<b>125,858,027.37</b>	<b>18,021,209.76</b>	<b>143,879,237.13</b>
<b>DEDUCTIONS</b>			
<b>Other Deductions:</b>			
Escheated to State	360,108.76	19,118.16	379,226.92
Inmate Purchases and Withdrawals	125,442,196.40		125,442,196.40
Employee Purchases and Withdrawals		17,735,689.18	17,735,689.18
<b>Total Other Deductions</b>	<b>125,802,305.16</b>	<b>17,754,807.34</b>	<b>143,557,112.50</b>
<b>TOTAL DEDUCTIONS</b>	<b>125,802,305.16</b>	<b>17,754,807.34</b>	<b>143,557,112.50</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>55,722.21</b>	<b>266,402.42</b>	<b>322,124.63</b>
Net Assets - September 1, 2011	17,384,718.08	5,125,728.08	22,510,446.16
<b>NET ASSETS - August 31, 2012</b>	<b>\$ 17,440,440.29</b>	<b>\$ 5,392,130.50</b>	<b>\$ 22,832,570.79</b>

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



**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**EXHIBIT J-1 - COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS**  
**August 31, 2012**

	Balances September 1, 2011	Additions	Deductions	Balances August 31, 2012
<b>OTHER AGENCY FUNDS</b>				
<b>Child Support Addenda Deducts (0807) U/F (8070)</b>				
Assets:				
Cash in State Treasury	\$ 1,251,459.38	16,481,036.28	\$ 16,527,253.00	\$ 1,205,242.66
<b>Total Assets</b>	<b>1,251,459.38</b>	<b>16,481,036.28</b>	<b>16,527,253.00</b>	<b>1,205,242.66</b>
Liabilities:				
Funds Held in Custody for Others	1,251,459.38	15,229,576.90	15,275,793.62	1,205,242.66
<b>Total Liabilities</b>	<b>\$ 1,251,459.38</b>	<b>\$ 15,229,576.90</b>	<b>\$ 15,275,793.62</b>	<b>\$ 1,205,242.66</b>
<b>Suspense Fund (0900) U/F (0900)</b>				
Assets:				
Cash in State Treasury	\$ 190,761.27	\$ 1,917,188.43	\$ 2,013,740.06	\$ 94,209.64
<b>Total Assets</b>	<b>190,761.27</b>	<b>1,917,188.43</b>	<b>2,013,740.06</b>	<b>94,209.64</b>
Liabilities:				
Funds Held in Custody for Others	190,761.27	1,917,188.43	2,013,740.06	94,209.64
<b>Total Liabilities</b>	<b>\$ 190,761.27</b>	<b>\$ 1,917,188.43</b>	<b>\$ 2,013,740.06</b>	<b>\$ 94,209.64</b>
<b>USPS Overpayments to Employees Fund (0900) U/F (9015)</b>				
Assets:				
Cash in State Treasury	\$ 195,762.99	336,407.23	\$ 305,122.34	\$ 227,047.88
Accounts Receivable	804,703.40	146,352.68	239,796.97	711,259.11
<b>Total Assets</b>	<b>1,000,466.39</b>	<b>482,759.91</b>	<b>544,919.31</b>	<b>938,306.99</b>
Liabilities:				
Funds Held in Custody for Others	1,000,466.39	482,759.91	544,919.31	938,306.99
<b>Total Liabilities</b>	<b>\$ 1,000,466.39</b>	<b>\$ 482,759.91</b>	<b>\$ 544,919.31</b>	<b>\$ 938,306.99</b>
<b>Warrant Hold Offset Fund (0900) U/F (9016)</b>				
Assets:				
Cash in State Treasury	\$ 0.00	\$ 15,990.06	\$ 15,990.06	\$ 0.00
<b>Total Assets</b>	<b>0.00</b>	<b>15,990.06</b>	<b>15,990.06</b>	<b>0.00</b>
Liabilities:				
Funds Held in Custody for Others	0.00	15,990.06	15,990.06	0.00
<b>Total Liabilities</b>	<b>\$ 0.00</b>	<b>\$ 15,990.06</b>	<b>\$ 15,990.06</b>	<b>\$ 0.00</b>
<b>Savings Bond Fund (0901) U/F (0901)</b>				
Assets:				
Cash in State Treasury	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
<b>Total Assets</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Liabilities:				
Funds Held in Custody for Others	0.00	0.00	0.00	0.00
<b>Total Liabilities</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>
<b>Savings Bond Windham School System Fund (0901) U/F (0902)</b>				
Assets:				
Cash In Bank	\$ 0.00	\$ 50.00	\$ 50.00	\$ 0.00
<b>Total Assets</b>	<b>0.00</b>	<b>50.00</b>	<b>50.00</b>	<b>0.00</b>
Liabilities:				
Funds Held in Custody for Others	0.00	50.00	50.00	0.00
<b>Total Liabilities</b>	<b>\$ 0.00</b>	<b>\$ 50.00</b>	<b>\$ 50.00</b>	<b>\$ 0.00</b>

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**EXHIBIT J-1 - COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES-AGENCY FUNDS (Continued)**  
**August 31, 2012**

	Balances September 1, 2011	Additions	Deductions	Balances August 31, 2012
<b>Direct Deposit Correction Fund (0980) U/F (0980)</b>				
<b>Assets:</b>				
Cash in State Treasury	\$ 3,284.37	\$ 772,788.80	\$ 772,788.80	\$ 3,284.37
<b>Total Assets</b>	<b>3,284.37</b>	<b>772,788.80</b>	<b>772,788.80</b>	<b>3,284.37</b>
<b>Liabilities:</b>				
Funds Held in Custody for Others	3,284.37	772,788.80	772,788.80	3,284.37
<b>Total Liabilities</b>	<b>\$ 3,284.37</b>	<b>\$ 772,788.80</b>	<b>\$ 772,788.80</b>	<b>\$ 3,284.37</b>
<b>USPS Direct Deposit Returned Money Fund (0980) U/F (9014)</b>				
<b>Assets:</b>				
Cash in State Treasury	\$ 673.54	\$ 285,927.89	\$ 286,601.43	\$ 0.00
<b>Total Assets</b>	<b>673.54</b>	<b>285,927.89</b>	<b>286,601.43</b>	<b>0.00</b>
<b>Liabilities:</b>				
Funds Held in Custody for Others	673.54	285,927.89	286,601.43	0.00
<b>Total Liabilities</b>	<b>\$ 673.54</b>	<b>\$ 285,927.89</b>	<b>\$ 286,601.43</b>	<b>\$ 0.00</b>
<b>Restitution Fund (0984) U/F (0984)</b>				
<b>Assets:</b>				
Cash in State Treasury	\$ 4,596,078.63	\$ 5,741,143.09	\$ 6,581,353.11	\$ 3,755,868.61
Due From Other Funds	0.00	1,693.00	0.00	1,693.00
<b>Total Assets</b>	<b>4,596,078.63</b>	<b>5,741,143.09</b>	<b>6,581,353.11</b>	<b>3,757,561.61</b>
<b>Liabilities:</b>				
Funds Held in Custody for Others	4,596,078.63	1,255,677.61	2,094,194.63	3,757,561.61
<b>Total Liabilities</b>	<b>\$ 4,596,078.63</b>	<b>\$ 1,255,677.61</b>	<b>\$ 2,094,194.63</b>	<b>\$ 3,757,561.61</b>
<b>Unappropriated General Revenue (1000) U/F (0018)</b>				
<b>Assets:</b>				
Due From Other Funds	\$ 0.00	\$ 7,098.56	\$ 0.00	\$ 7,098.56
<b>Total Assets</b>	<b>0.00</b>	<b>7,098.56</b>	<b>0.00</b>	<b>7,098.56</b>
<b>Liabilities:</b>				
Due To Other Agencies	0.00	7,098.56	0.00	7,098.56
<b>Total Liabilities</b>	<b>\$ 0.00</b>	<b>\$ 7,098.56</b>	<b>\$ 0.00</b>	<b>\$ 7,098.56</b>
<b>TOTALS - ALL AGENCY FUNDS</b>				
<b>Assets:</b>				
Cash In Bank	\$ 0.00	\$ 50.00	\$ 50.00	\$ 0.00
Cash in State Treasury	6,238,020.18	25,550,481.78	26,502,848.80	5,285,653.16
Accounts Receivables	804,703.40	146,352.68	239,796.97	711,259.11
Due from Other Funds	0.00	8,791.56	0.00	8,791.56
<b>Total Assets</b>	<b>7,042,723.58</b>	<b>25,705,676.02</b>	<b>26,742,695.77</b>	<b>6,005,703.83</b>
<b>Liabilities:</b>				
Due To Other Agencies	0.00	7,098.56	0.00	7,098.56
Funds Held in Custody for Others	7,042,723.58	19,959,959.60	21,004,077.91	5,998,605.27
<b>Total Liabilities</b>	<b>\$ 7,042,723.58</b>	<b>\$ 19,967,058.16</b>	<b>\$ 21,004,077.91</b>	<b>\$ 6,005,703.83</b>

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

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**SCHEDULE 1A**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended August 31, 2012

FEDERAL GRANTOR PASS THROUGH GRANTOR/ PROGRAM TITLE	Pass-Through From					
	CFDA Number	Identifying Number	Agy/ Univ. #	Agencies or Univ. Amount	Non-State Entities Amount	Direct Program Amount
<b>U.S. Dept. of Agriculture</b>						
Direct Programs:						
U.S. Department of Agriculture	10.000	U4129				108,898.64
Total U.S. Dept of Agriculture				-	-	108,898.64
<b>U.S. Dept. of Justice</b>						
		Georgia Institute of Technology/210-RV-BX- 0005			55,254.82	
Second Chance Act Prisoner Reentry Initiative	16.812					
Direct Programs						
State Criminal Alien Assistance Program	16.606					13,464,920.00
ARRA - Recovery Act - State and Local Law Enforcement Assistance Program	16.809					1,366,720.24
Pass-Through From:						
Office of the Governor - Fiscal Crime Victims Assistance	16.575		300	19,898.19		
Bulletproof Vest Partnership Program	16.607		300	200,660.46		
Total U.S. Dept of Justice				220,558.65	55,254.82	14,831,640.24
<b>U.S. Dept. of Education</b>						
Direct Programs:						
Grants to States for Incarcerated Youth Offenders	84.331					1,956,840.79
Pass-Through From:						
Texas Education Agency Title I Program for Neglected & Delinquent Children	84.013		701	1,012,455.55		
Career and Technical Education - Basic Grants to States	84.048		701	705,298.43		
Improving Teacher Quality - State Grants	84.367		701	176,123.63		
Total U.S. Dept. of Education				1,893,877.61	0.00	1,956,840.79
<b>U.S. Department of Health and Human Services</b>						
Pass-Through From:						
Texas Department of State Health Services HIV Care Formula Grants	93.917		537	190,253.40		
Total Department of Health and Human Services				190,253.40	0.00	0.00
<b>U.S. Department of Homeland Security</b>						
Pass-Through From:						
Texas Department of Public Safety Public Assistance Grants	97.036		405	49,741.87		
Total Department of Homeland Security				49,741.87	0.00	0.00
<b>Research and Development Cluster</b>						
<b>U.S. Department of Health and Human Services</b>						
Drug Abuse and Addiction Research Programs	93.279	Texas Christian University/696-TC-12-15- C127			35,286.26	
Total U.S. Department of Health and Human Services				0.00	35,286.26	0.00

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

Total PT From & Direct Program	Pass-Through To			Expenditures Amount	Total PT to & Expenditures
	Agy/ Univ. #	State Agy. or Univ Amount	Non-State Entities Amount		
<u>108,898.64</u>				<u>108,898.64</u>	<u>108,898.64</u>
<u>108,898.64</u>		-	-	<u>108,898.64</u>	<u>108,898.64</u>
55,254.82				55,254.82	55,254.82
13,464,920.00				13,464,920.00	13,464,920.00
1,366,720.24			1,105,436.77	261,283.47	1,366,720.24
19,898.19				19,898.19	19,898.19
<u>200,660.46</u>				<u>200,660.46</u>	<u>200,660.46</u>
<u>15,107,453.71</u>		<u>0.00</u>	<u>1,105,436.77</u>	<u>14,002,016.94</u>	<u>15,107,453.71</u>
1,956,840.79				1,956,840.79	1,956,840.79
1,012,455.55				1,012,455.55	1,012,455.55
705,298.43				705,298.43	705,298.43
176,123.63				176,123.63	176,123.63
<u>3,850,718.40</u>		<u>0.00</u>	<u>0.00</u>	<u>3,850,718.40</u>	<u>3,850,718.40</u>
<u>190,253.40</u>				<u>190,253.40</u>	<u>190,253.40</u>
<u>190,253.40</u>		<u>0.00</u>	<u>0.00</u>	<u>190,253.40</u>	<u>190,253.40</u>
<u>49,741.87</u>				<u>49,741.87</u>	<u>49,741.87</u>
<u>49,741.87</u>		<u>0.00</u>	<u>0.00</u>	<u>49,741.87</u>	<u>49,741.87</u>
<u>35,286.26</u>				<u>35,286.26</u>	<u>35,286.26</u>
<u>35,286.26</u>		<u>0.00</u>	<u>0.00</u>	<u>35,286.26</u>	<u>35,286.26</u>

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**SCHEDULE 1A (Continued)**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended August 31, 2012

FEDERAL GRANTOR PASS THROUGH GRANTOR/ PROGRAM TITLE	Pass-Through From					
	CFDA Number	Identifying Number	Agy/ Univ. #	Agencies or Univ. Amount	Non-State Entities Amount	Direct Program Amount
<b>JAG Program Cluster</b>						
<b>U.S. Department of Justice</b>						
Pass-Through From:						
Office of the Governor - Fiscal						
Edward Byrne Memorial Justice Assistance						
Grant	16.738		300	844,570.64		
ARRA - Recovery Act - Edward Byrne Memorial						
Justice Assistance grant	16.803		300	129,272.18		
Total U.S. Department of Justice				<u>973,842.82</u>	<u>0.00</u>	<u>0.00</u>
<b>Special Education Cluster</b>						
<b>U.S. Department of Education</b>						
Pass-Through From:						
Texas Education Agency						
Special Education-Grants to States	84.027		701	135,697.99		
Total Special Education Cluster				<u>135,697.99</u>	<u>0.00</u>	<u>0.00</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>				<u>\$ 3,463,972.34</u>	<u>\$ 90,541.08</u>	<u>\$ 16,897,379.67</u>

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

Total PT From & Direct Program	Pass-Through To			Expenditures Amount	Total PT to & Expenditures
	Agy/ Univ. #	State Agy. or Univ Amount	Non-State Entities Amount		
844,570.64			204,339.90	640,230.74	844,570.64
<u>129,272.18</u>				<u>129,272.18</u>	<u>129,272.18</u>
<u>973,842.82</u>		<u>0.00</u>	<u>204,339.90</u>	<u>769,502.92</u>	<u>973,842.82</u>
<u>135,697.99</u>				<u>135,697.99</u>	<u>135,697.99</u>
<u>135,697.99</u>		<u>0.00</u>	<u>0.00</u>	<u>135,697.99</u>	<u>135,697.99</u>
<u>\$ 20,451,893.09</u>		<u>\$ 0.00</u>	<u>\$ 1,309,776.67</u>	<u>\$ 19,142,116.42</u>	<u>\$ 20,451,893.09</u>

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

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**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**SCHEDULE 1A (Continued)**

**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 pass-through revenues** as reported in the general-purpose financial statements. Generally, federal funds are not earned until expended; therefore, revenues equal federal expenditures for the reporting period.

Per combined Statement of Revenues Expenditures, and Changes in Fund Balance – Government Fund Types (Exh II):	
Federal Revenues (Exh II)	\$ 16,987,920.75
Federal Pass-Through Revenues (Exh II)	<u>\$ 3,263,311.88</u>
Subtotal	\$ 20,251,232.63

**RECONCILING ITEMS:**

Other	
Restatement for prior year expenses (CFDA 16.607)	\$ 200,660.46
Total Pass-Through and Expenditures Per Federal Schedule	<u>\$ 20,451,893.09</u>



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**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**SCHEDULE 1B**

**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**  
**SCHEDULE OF STATE GRANT PASS-THROUGHS**  
**FROM/TO STATE AGENCIES**  
**For the fiscal year ended August 31, 2012**

<b>Pass -Through From:</b>	<b>Grant ID</b>	<b>Agency Number</b>	<b>Amount</b>	
Behind The Walls Governor - Fiscal	300.0002	300	5,900.16	
Sexual Assault Victim's Advocacy Program Attorney General	302.0004	302	178,500.00	
TDCJ Other Victims Assistance Grants Attorney General	302.0006	302	73,639.12	
Treatment Alternative to Incarceration Texas Department of State Health Services	537.0023	537	475,565.00	
FY-10 C-Grant - TDCJ/TCOOMMI Texas Juvenile Probation Commission	665.0001	665	(10,750.69)	
FSP - Windham School District Texas Education Agency	701.0020	701	<u>47,500,000.00</u>	
<b>Total Pass - Through From Other Agencies</b>			<b>\$ <u>48,222,853.59</u></b>	<b>(EXH II)</b>

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

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**ADDENDA**

**ORGANIZATIONAL AND GENERAL COMMENTS**

The original Texas Constitution directed the Legislature to "Provide for the erection of a penitentiary." Accordingly, in 1846, the First Legislature passed an act providing for the building of a penitentiary and the organization of prison management. On August 15, 1848, Texas Governor George T. Wood approved plans for a penitentiary building to be constructed on a "beautiful eminence in the town of Huntsville, the County Seat of the County of Walker." In 1849, the first penitentiary began operating with an offender population of three. Since that early beginning, the Texas Department of Criminal Justice (TDCJ) has expanded to 50 prison facilities, four pre-release facilities, three psychiatric facilities, one Developmentally Disabled Program facility, two medical facilities, 14 transfer facilities, 15 state jail facilities, five privately operated state jails, seven private prisons, five substance abuse facilities, one privately operated work program, two pre-parole transfer facilities, one multi-use facility, and one geriatric facility. In addition to these 111 facilities, the TDCJ operates two boot camps, three work camps, and operates or contracts for the operation of three parole intermediate sanction facilities. The TDCJ also provides state aid, training, and assistance to 122 local community supervision and corrections departments.

**Texas Board of Criminal Justice**

The Texas Board of Criminal Justice (TBCJ) provides oversight to the TDCJ. The TBCJ's responsibilities include appointing the executive director and approving rules and policies that guide the TDCJ. TBCJ members also serve as the Board of Trustees for the Windham School District (WSD), which is a separate entity. In this capacity, the Board of Trustees is responsible for providing general oversight to the WSD and the hiring of the school system's superintendent. Members serving as of August 31, 2012 follow below:

<u>Name</u>	<u>City</u>	<u>Term Expires</u>
Bell, Oliver J., Chairman	Houston	02/15/2015
Mechler, Tom, Vice Chairman	Amarillo	02/15/2017
Vasquez III, Leopoldo, Secretary	Houston	02/15/2017
Gambrell, John "Eric"	Highland Park	02/15/2013
Gist, Lawrence "Larry"	Beaumont	02/15/2017
Villanueva-Hiles, Carmen	Palmhurst	02/15/2015
Lord, Janice Harris	Arlington	02/15/2015
McCombs, R. Terrell	San Antonio	02/15/2013
Nelson, J. David	Lubbock	02/15/2013

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**Texas Department of Criminal Justice**

The TDCJ has four confinement or supervision divisions – the Community Justice Assistance Division, Correctional Institutions Division, Private Facility Contract Monitoring/Oversight Division, and Parole Division. The TDCJ also has a variety of support services divisions. An executive director, who is appointed by the TBCJ, administers and leads the TDCJ.

**Community Justice Assistance Division**

The Community Justice Assistance Division (CJAD) is responsible for the oversight of community supervision and corrections departments (CSCDs) in Texas. The division's primary duties include the distribution of formula and grant funds; developing standards, which include best-practice treatment standards; accepting community justice plans and reviewing and approving budgets, conducting program and fiscal audits; providing training and certification of community supervision officers; providing technical assistance to CSCDs; providing direction on allowable and unallowable expenses; evaluating program effectiveness; reporting statistical data to federal, state and local governing bodies; promoting the implementation of evidence-based practices, including graduated sanctions and incentives; and maintaining the Community Supervision Tracking System/Intermediate System (CSTS/ISYS). CJAD supports and assists the 122 CSCDs, which provide community supervision of adult offenders in 254 counties. CSCDs are organized by local judicial districts. Based on a statewide average, approximately 77% of CSCDs' budget is state funded and allocated by CJAD. Other funds, such as court-ordered supervision fees, meet the CSCDs' remaining budget needs. County governments provide CSCDs with office space, equipment and utilities.

**Correctional Institutions Division**

The Correctional Institutions Division (CID) is responsible for the confinement of adult felony and state jail felony offenders. As of August 31, 2012, a total of 152,303 offenders were incarcerated as follows: 137,095 prison offenders, 11,729 state jail offenders, and 3,479 substance abuse felony punishment offenders. The division is also responsible for administering the following support functions: classification and records, correctional training and staff development, offender transportation, laundry, food, and unit supply services.

**Private Facilities Contract Monitoring/Oversight Division**

The Private Facility Contract Monitoring/Oversight Division (PFCMOD) is responsible for oversight and monitoring of contracts for privately operated secure facilities as well as community-based facilities, which includes substance abuse treatment services. The division's responsibilities include managing and monitoring privately operated facilities (seven private prisons, five private state jails, one work program co-located on a private facility, two pre-parole transfer facilities, two privately operated intermediate sanction facilities, one multi-use facilities, seven privately operated halfway houses, and 23 substance abuse aftercare treatment facilities [community based transitional treatment centers]). PFCMOD is responsible for monitoring 11 privately operated substance abuse felony punishment facilities/in-prison therapeutic community programs, one Driving While Intoxicated (DWI) program, and six state jail substance abuse programs that are co-located on state run or privately operated facilities. There were approximately 17,224 offenders in privately operated facilities (not including transitional treatment centers) monitored by the PFCMOD during fiscal year 2012.

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**Parole Division**

The Parole Division (PD) supervises offenders released from prison on parole or mandatory supervision to complete their sentences in Texas communities. At the end of the fiscal year 2012, the PD employed 1,366 officers, including 61 intensive supervision parole officers and 106 super-intensive supervision parole officers. Of the 86,786 offenders under active supervision at fiscal year end, 83,097 were supervised on non-intensive (regular and specialized) caseloads, 1,794 on intensive caseloads and 1,895 on super-intensive caseloads.

**Texas Board of Pardons and Paroles**

The Texas Board of Pardons and Paroles (BPP) was created in 1936 by an amendment to the Texas Constitution. BPP members determine the offenders who are to be released on parole, the conditions of parole and mandatory supervision, the revocation of parole and mandatory supervision, and perform duties as required by the Texas Constitution. Parole commissioners may be employed to assist the BPP in fulfilling these responsibilities.

The BPP members serving as of August 31, 2012 follow below:

<u>Name</u>	<u>City</u>	<u>Term Expires</u>
Owens, Rissie, Presiding Officer	Huntsville	02/01/2015
Davis, Conrith	Angleton	02/01/2013
Gonzalez, Juanita	San Antonio	02/01/2015
Gutierrez, David G.	Gatesville	02/11/2015
LaFavers, James W.	Amarillo	02/01/2017
Leeper, Thomas A.	Huntsville	02/01/2013
Skyrme, Michelle	Palestine	02/01/2017

**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

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**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

**Administrative and Key Personnel**

<b>Name</b>	<b>Position Title</b>
Livingston, Brad	Executive Director
Collier, Bryan	Deputy Executive Director
McGinty, Jerry	Chief Financial Officer
Baldwin, Jeff	Chief of Staff
Hazlewood, C. F.	Director, Manufacturing and Logistics Division
Inmon, Frank	Director, Facilities Division
Bell, Mike	Chief Information Officer
Jenkins, Stuart	Director, Parole Division
Thaler, R. C.	Director, Correctional Institutional Division
Byrne, Celeste	Director, Private Facility Contract Monitoring/Oversight Division
McCown, Angie	Director, Victims Services Division
Zamora, April	Director, Reentry and Integration Division
Linthicum, M.D., Lannette	Director, Health Services Division
Thornton, Jan	Director, Human Resources Division
Howell, Sharon	Director, General Counsel
Edwards, Jackie	Director, Administrative Review and Risk Management Division
Ortiz, Madeline	Director, Rehabilitation Programs Division
Hurt, John (as of 10/1/12)	Director, Public Information
Welebob, Carey	Director, Community Justice Assistance Division
Hornung, Scott	Director, Internal Audit Division
Brothers, Rudolph	Director, State Counsel for Offenders Division
Toney, Bruce	Director, Office of the Inspector General



**UNAUDITED**  
**TEXAS DEPARTMENT OF CRIMINAL JUSTICE (696)**

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**TEXAS DEPARTMENT OF CRIMINAL  
JUSTICE  
ORGANIZATIONAL STRUCTURE**





