

# Annual Financial Report

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



ATTORNEY GENERAL OF TEXAS  
GREG ABBOTT





**ATTORNEY GENERAL OF TEXAS**  
**GREG ABBOTT**

November 16, 2012

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

Dear State Leaders:

We are pleased to submit the Annual Financial Report of the Office of the Attorney General 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 regarding this report, please contact me at 475-4375.

Sincerely,

Greg D. Herbert  
Chief Financial Officer

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Office of the Attorney General (302)  
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**EXHIBIT I**

**COMBINED BALANCE SHEET / STATEMENT OF NET ASSETS - Governmental Funds**

For the Fiscal Year Ended August 31, 2012

	GOVERNMENTAL FUND TYPES		GOVERNMENTAL FUNDS TOTAL
	GENERAL (Exh. A-1)	STATE HIGHWAY FUND (0006) U/F (0006)	
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents			
Cash in Bank (Note 3)	\$ 110,000.00	\$	\$ 110,000.00
Cash in State Treasury	41,532,892.57		41,532,892.57
Legislative Appropriations	190,515,369.40		190,515,369.40
Receivables From:			
Other Intergovernmental			
Federal Receivable	9,511,040.00		9,511,040.00
Accounts Receivable	8,600,019.79		8,600,019.79
Due From Other Agencies	525,275.02	2,150,227.51	2,675,502.53
Interfund Receivables (Note 12)	286,975.14		286,975.14
Consumable Inventories	8,127,332.96	42,766.49	8,170,099.45
Total Current Assets	<u>259,208,904.88</u>	<u>2,192,994.00</u>	<u>261,401,898.88</u>
Non-Current Assets:			
Restricted:			
Capital Assets (Note 2)			
Depreciable			
Furniture and Equipment			
Less Accumulated Depreciation			
Vehicles, Boats and Aircraft			
Less Accumulated Depreciation			
Amortizable			
Computer Software			
Less Accumulated Amortization			
Total Non-Current Assets	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>TOTAL ASSETS</b>	<u>\$ 259,208,904.88</u>	<u>\$ 2,192,994.00</u>	<u>\$ 261,401,898.88</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Current Liabilities:			
Payables From:			
Accounts Payable	\$ 3,110,999.94	\$ 20,023.81	\$ 3,131,023.75
Payroll Payable	20,709,990.39	438,031.06	21,148,021.45
Due To Other Agencies	499,476.56		499,476.56
Interfund Payables (Note 12)	286,975.14		286,975.14
Employees' Compensable Leave (Note 5)			
Total Current Liabilities	<u>24,607,442.03</u>	<u>458,054.87</u>	<u>25,065,496.90</u>
Non-Current Liabilities:			
Employees' Compensable Leave (Note 5)			
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 24,607,442.03</u>	<u>\$ 458,054.87</u>	<u>\$ 25,065,496.90</u>

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<u>CAPITAL ASSETS ADJUSTMENTS</u>	<u>LONG-TERM LIABILITIES ADJUSTMENTS</u>	<u>OTHER ADJUSTMENTS</u>	<u>STATEMENT OF NET ASSETS</u>
	\$	\$	\$ 110,000.00
			41,532,892.57
			190,515,369.40
			9,511,040.00
			8,600,019.79
			2,675,502.53
			286,975.14
			8,170,099.45
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>261,401,898.88</u>
10,419,346.50			10,419,346.50
(9,340,520.01)			(9,340,520.01)
2,412,174.15			2,412,174.15
(1,399,683.23)			(1,399,683.23)
11,439,767.32			11,439,767.32
(11,283,651.03)			(11,283,651.03)
<u>2,247,433.70</u>	<u>0.00</u>	<u>0.00</u>	<u>2,247,433.70</u>
<u>2,247,433.70</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 263,649,332.58</u>
	\$	\$	\$ 3,131,023.75
			21,148,021.45
			499,476.56
			286,975.14
	<u>11,216,968.50</u>		<u>11,216,968.50</u>
<u>0.00</u>	<u>11,216,968.50</u>	<u>0.00</u>	<u>36,282,465.40</u>
	<u>7,495,678.27</u>		<u>7,495,678.27</u>
<u>0.00</u>	<u>7,495,678.27</u>	<u>0.00</u>	<u>7,495,678.27</u>
<u>0.00</u>	<u>\$ 18,712,646.77</u>	<u>\$ 0.00</u>	<u>\$ 43,778,143.67</u>

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**EXHIBIT I (concluded)**

**COMBINED BALANCE SHEET / STATEMENT OF NET ASSETS - Governmental Funds**

For the Fiscal Year Ended August 31, 2012

	GOVERNMENTAL FUND TYPES		GOVERNMENTAL FUNDS TOTAL
	GENERAL (Exh. A-1)	STATE HIGHWAY FUND (0006) U/F (0006)	
<b>FUND FINANCIAL STATEMENT</b>			
<b>FUND BALANCES (DEFICITS):</b>	\$	\$	\$
Nonspendable	8,127,332.96	42,766.49	8,170,099.45
Restricted	23,442,658.13	1,692,172.64	25,134,830.77
Committed	203,031,471.76		203,031,471.76
Assigned			0.00
Unassigned			0.00
<b>Total Fund Balances</b>	<b>\$ 234,601,462.85</b>	<b>\$ 1,734,939.13</b>	<b>\$ 236,336,401.98</b>
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	 <b>\$ 259,208,904.88</b>	 <b>\$ 2,192,994.00</b>	 <b>\$ 261,401,898.88</b>

**GOVERNMENT-WIDE STATEMENT OF NET ASSETS**

Net Assets:

    Invested in Capital Assets, Net of Related Debt

    Unrestricted

Total Net Assets



Office of the Attorney General (302)  
Unaudited

CAPITAL ASSETS ADJUSTMENTS	LONG-TERM LIABILITIES ADJUSTMENTS	OTHER ADJUSTMENTS	STATEMENT OF NET ASSETS
\$	\$	\$	
			8,170,099.45
			25,134,830.77
			203,031,471.76
			0.00
			0.00
			\$ 236,336,401.98
2,247,433.70	(18,712,646.77)	0.00	2,247,433.70
2,247,433.70	\$ (18,712,646.77)	\$ 0.00	\$ 219,871,188.91

**EXHIBIT II**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND**  
**BALANCE / STATEMENT OF ACTIVITIES - Governmental Funds**  
For the Fiscal Year Ended August 31, 2012

	GOVERNMENTAL FUND TYPES		GOVERNMENTAL FUNDS TOTAL
	GENERAL (Exh. A-2)	STATE HIGHWAY FUND (0006) U/F (0006)	
<b>REVENUES</b>			
Legislative Appropriations:			
Original Appropriations Revenue(GR)	\$ 77,797,992.00	\$	\$ 77,797,992.00
Add'l Appropriations Revenue(GR)	26,095,071.90		26,095,071.90
Federal Revenue (PR-Operating)	213,651,209.54		213,651,209.54
Federal Grant Pass-Through Revenue(GR)	2,906,821.68		2,906,821.68
State Grant Pass-Through Revenue (GR)	112,400.92		112,400.92
Licenses, Fees and Permits(GR)	127,597,609.46	20.00	127,597,629.46
Interest and Other Investment Income(GR)	250.16		250.16
Settlement of Claims(GR)	12,040,017.66		12,040,017.66
Sales of Goods and Services(GR)	25,693,902.87	991,206.77	26,685,109.64
Other(GR)	91,652,144.40	1,692.39	91,653,836.79
<b>Total Revenues</b>	<b>\$ 577,547,420.59</b>	<b>\$ 992,919.16</b>	<b>\$ 578,540,339.75</b>
<b>EXPENDITURES</b>			
Salaries and Wages	\$ 197,848,796.53	\$ 5,702,962.81	\$ 203,551,759.34
Payroll Related Costs	51,125,089.75	1,102,169.34	52,227,259.09
Professional Fees and Services	49,022,001.66	4,550.00	49,026,551.66
Travel	3,506,896.97	360,530.62	3,867,427.59
Materials and Supplies	13,714,616.31	81,084.57	13,795,700.88
Communication and Utilities	14,950,643.12	33,348.84	14,983,991.96
Repairs and Maintenance	2,616,704.78	1,693.71	2,618,398.49
Rentals and Leases	15,476,552.19	28,160.43	15,504,712.62
Printing and Reproduction	470,242.73	670.71	470,913.44
Intergovernmental Payments	13,810,452.27		13,810,452.27
Claims and Judgments	71,182,361.74		71,182,361.74
Federal Grant Pass-Through Expenditures	5,415,283.60		5,415,283.60
State Grant Pass-Through Expenditures	2,947,203.77		2,947,203.77
Public Assistance Payments	33,316,961.12		33,316,961.12
Other Expenditures	71,198,166.95	268,698.97	71,466,865.92
Capital Outlay	1,252,621.58		1,252,621.58
Depreciation Expense			
<b>Total Expenditures/Expenses</b>	<b>\$ 547,854,595.07</b>	<b>\$ 7,583,870.00</b>	<b>\$ 555,438,465.07</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 29,692,825.52</b>	<b>\$ (6,590,950.84)</b>	<b>\$ 23,101,874.68</b>

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<u>CAPITAL ASSETS ADJUSTMENTS</u>	<u>LONG-TERM LIABILITIES ADJUSTMENTS</u>	<u>OTHER ADJUSTMENTS</u>	<u>STATEMENT OF ACTIVITIES</u>
\$	\$	\$	\$ 77,797,992.00
			26,095,071.90
			213,651,209.54
			2,906,821.68
			112,400.92
			127,597,629.46
			250.16
			12,040,017.66
			26,685,109.64
			91,653,836.79
\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>578,540,339.75</u>
\$	\$ (289,629.91)	\$	\$ 203,262,129.43
			52,227,259.09
			49,026,551.66
			3,867,427.59
			13,795,700.88
			14,983,991.96
			2,618,398.49
			15,504,712.62
			470,913.44
			13,810,452.27
			71,182,361.74
			5,415,283.60
			2,947,203.77
			33,316,961.12
			71,466,865.92
			463,629.68
(788,991.90)			634,514.17
634,514.17			634,514.17
\$ <u>(154,477.73)</u>	\$ <u>(289,629.91)</u>	\$ <u>0.00</u>	\$ <u>554,994,357.43</u>
\$ <u>154,477.73</u>	\$ <u>289,629.91</u>	\$ <u>0.00</u>	\$ <u>23,545,982.32</u>

Office of the Attorney General (302)  
Unaudited

**EXHIBIT II (concluded)**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND**  
**BALANCE / STATEMENT OF ACTIVITIES - Governmental Funds**  
For the Fiscal Year Ended August 31, 2012

	GOVERNMENTAL FUND TYPES		GOVERNMENTAL FUNDS TOTAL
	GENERAL (Exh. A-2)	STATE HIGHWAY FUND (0006) U/F (0006)	
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In			
(Agency 454, Fund 0036)	\$ 3,777,500.31	\$	\$ 3,777,500.31
(Agency 902, Fund 0494)	450,006.28		450,006.28
(Agency 302, Fund 0001)	5,824.26		5,824.26
(Agency 902, Fund 5010)	831,544.86		831,544.86
(Agency 696 Fund 0469)	340,366.49		340,366.49
(Agency 601, Fund 0006)		7,500,519.61	7,500,519.61
Transfers Out			
(Agency 696, Fund 0469)			0.00
(Agency 327, Fund 0469)	(1,000,000.00)		(1,000,000.00)
(Agency 529 Fund 0469)	(4,581,625.67)		(4,581,625.67)
(Agency 212, Fund 0001)	(25,574.40)		(25,574.40)
(Agency 302, Fund 5140)	(5,824.26)		(5,824.26)
(Agency 902, Fund 0001)	(26,506,527.09)		(26,506,527.09)
Sale of Capital Assets	7,560.00		7,560.00
Gain or (Loss) on Sale of Capital Assets			0.00
Inc(Dec) in Net Assets Due to Interagency Transfer			0.00
Insurance Recoveries	19,085.50		19,085.50
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (26,687,663.72)</b>	<b>\$ 7,500,519.61</b>	<b>\$ (19,187,144.11)</b>
<b>Net Change in Fund Balances/Net Assets</b>	<b>\$ 3,005,161.80</b>	<b>\$ 909,568.77</b>	<b>\$ 3,914,730.57</b>
Fund Financial Statement - Fund Balances			
<b>FUND BALANCES, SEPTEMBER 1, 2011</b>	231,603,898.60	825,370.36	232,429,268.96
<b>RESTATEMENTS</b>	(7,592.00)		(7,592.00)
<b>FUND BALANCES, SEPTEMBER 1, 2011, AS RESTATED</b>	<b>\$ 231,596,306.60</b>	<b>\$ 825,370.36</b>	<b>\$ 232,421,676.96</b>
<b>APPROPRIATIONS LAPSED</b>	(5.55)		(5.55)
<b>FUND BALANCES - August 31, 2012</b>	<b>\$ 234,601,462.85</b>	<b>\$ 1,734,939.13</b>	<b>\$ 236,336,401.98</b>

**GOVERNMENT-WIDE STATEMENT OF NET ASSETS**

Change in Net Assets

Net Assets-Beginning

Restatements

Net Assets, September 1, 2011, as Restated

Net Assets as of August 31, 2012

Office of the Attorney General (302)  
Unaudited

CAPITAL ASSETS ADJUSTMENTS	LONG-TERM LIABILITIES ADJUSTMENTS	OTHER ADJUSTMENTS	STATEMENT OF ACTIVITIES
\$	\$	\$	\$ 3,777,500.31
			450,006.28
			5,824.26
			831,544.86
			340,366.49
			7,500,519.61
			0.00
			(1,000,000.00)
			(4,581,625.67)
			(25,574.40)
			(5,824.26)
			(26,506,527.09)
			7,560.00
(90,743.66)			(90,743.66)
			0.00
			19,085.50
\$ <u>(90,743.66)</u>	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>(19,277,887.77)</u>
			\$ <u>4,268,094.55</u>
			232,429,268.96
			(7,592.00)
			\$ <u>232,421,676.96</u>
			(5.55)
			\$ <u>236,689,765.96</u>
\$ <u>63,734.07</u>	\$ <u>289,629.91</u>	\$ <u>0.00</u>	
2,183,699.63	(19,002,276.68)		(16,818,577.05)
			0.00
\$ <u>2,183,699.63</u>	\$ <u>(19,002,276.68)</u>	\$ <u>0.00</u>	\$ <u>(16,818,577.05)</u>
\$ <u>2,247,433.70</u>	\$ <u>(18,712,646.77)</u>	\$ <u>0.00</u>	\$ <u>219,871,188.91</u>

**EXHIBIT VI**  
**COMBINED STATEMENT OF NET ASSETS - Fiduciary Funds**  
For the Fiscal Year Ended August 31, 2012

	AGENCY FUNDS (Exh. J-1)	TOTALS
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents:		
Cash on Hand	\$ 26,629,819.26	\$ 26,629,819.26
Cash in State Treasury	92,162,592.71	92,162,592.71
Receivables:		
Accounts Receivable	2,162,236.79	2,162,236.79
Allowance for Uncollectible Accounts		
Total Current Assets	\$ 120,954,648.76	\$ 120,954,648.76
<b>TOTAL ASSETS</b>	<b>\$ 120,954,648.76</b>	<b>\$ 120,954,648.76</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Payables:		
Due to Other Funds	\$	\$
Funds Held For Others	120,954,648.76	120,954,648.76
Total Current Liabilities	\$ 120,954,648.76	\$ 120,954,648.76
<b>TOTAL LIABILITIES</b>	<b>\$ 120,954,648.76</b>	<b>\$ 120,954,648.76</b>
<b>Total Net Assets</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. ENTITY

As decreed by the Texas Constitution (Article IV, Sec 22, Constitution of the State of Texas, as amended), and statutes, it is the responsibility of the Office of the Attorney General to provide legal representation for the State of Texas and its citizens. Included in those seeking the legal advice or counsel of this Office are other State agencies and commissions, executive offices of State Government, local elected officials, the general public, and the Texas Legislature when its statutes and laws are subjected to constitutional attack in the courts of the State. The Office of the Attorney General is empowered by constitutional, statutory, and common law to defend and prosecute on behalf of the sovereign entity of the State of Texas, in both State and Federal courts, as well as in the United States Supreme Court. The Attorney General and Assistant Attorneys General have the constitutional and statutory obligation to represent the State and the public at large in all courtroom litigation of which the State is a party.

The financial records of the Office of the Attorney General comply with State statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' Reporting Requirements for State Agencies.

Due to the statewide requirements embedded in Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments, the Comptroller of Public Accounts does not require the accompanying annual financial report to 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.

#### B. FUND STRUCTURE

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

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

###### General Fund

The General Fund is the principal operating fund used to account for most of the state's general activities. It accounts for all financial resources except those accounted for in other funds.

###### Special Revenue Funds

Special Revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to use for specified purposes.

##### FIDUCIARY FUND TYPES

###### Agency Funds

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

## COMPONENT UNITS

No component units have been identified.

## C. BASIS OF ACCOUNTING

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

Governmental fund types that build the fund financial statements are accounted for using the modified accrual basis of accounting. Under the modified accrual 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. 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, and long-term claims and judgments. The activity will be recognized in these new fund types.

## D. BUDGET AND BUDGETARY ACCOUNTING

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

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

## ASSETS, LIABILITIES, AND FUND BALANCES/NET ASSETS

### ASSETS

#### Cash and Cash Equivalents

Cash equivalents represent the short-term investment in repurchase agreements held by the Texas Treasury Safekeeping Trust and are presented at fair value.

#### Inventories

Inventories include consumable supplies and postage on hand at year-end. Inventories are valued at cost, generally utilizing the last-in, first-out method. The consumption method of accounting is used to account for inventories and prepaid items that appear in the governmental and proprietary fund types. The cost of these items is expensed when the items are consumed.

#### Capital Assets

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



## 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.

### Other Payables

Other Payables are the accrual at year-end of expenditure transactions not included in any other payable descriptions. The major component is salaries.

### Employees' Compensable Leave Balances

Employees' Compensable Leave Balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or non-current in the statement of net assets.

## FUND BALANCE/NET ASSETS

The difference between fund assets and liabilities is "Net Assets" on the government-wide 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 Balance for governmental funds are classified as nonspendable, restricted, committed, assigned or unassigned in the fund financial statements.

#### Nonspendable

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

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

#### Committed

Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the state's highest level of decision-making authority (the Legislature). Those committed amounts cannot be used for any other purpose unless the Legislature removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

#### Assigned

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

Unassigned fund balance is the residual classification for the general fund. The net resources of the general fund in excess of nonspendable, restricted, committed and assigned fund balances (a surplus fund balance) are classified as unassigned fund balance. In all other governmental funds, the excess of nonspendable, restricted and committed fund balances over total fund balance (a deficit fund balance) is classified as unassigned.

**INTERFUND ACTIVITIES AND BALANCES**

The agency may have the following types of transactions between funds:

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

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 are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.

Interfund Receivables and Payables: Interfund loans are reported as interfund receivables and payables. If repayment is due during the current year or soon thereafter, the balance is classified as "Current." Balances for repayment due in two or more years are classified as "Non-Current."

The composition of the agency interfund activities and balances are presented in Note 12, if applicable.

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**NOTE 2: CAPITAL ASSETS**

Revenue received from the sale of Surplus Property has been transferred to Unappropriated General Revenue in accordance with HB7, Sec. 20.

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

	Balance 9/1/11	Adjustments	PRIMARY GOVERNMENT		
			Completed CIP	Inc-Int'agy Trans	Dec-Int'agy Trans
<b>Governmental Activities</b>					
<b>Depreciable Assets:</b>					
Furniture and Equipment	\$ 13,526,787.69	\$ (242,653.00)	\$ 0.00	\$ 0.00	\$ 0.00
Vehicles, Boats, and Aircraft	1,866,786.49	0.00	0.00	193,228.88	0.00
Total Depreciable Assets at Historical Cost:	<u>15,393,574.18</u>	<u>(242,653.00)</u>	<u>0.00</u>	<u>193,228.88</u>	<u>0.00</u>
Less Accumulated Depreciation for:					
Furniture and Equipment	(12,206,077.26)	242,653.00	0.00	0.00	0.00
Vehicles, Boats, and Aircraft	(1,010,581.48)	0.00	0.00	(193,228.88)	0.00
Total Accumulated Depreciation	<u>(13,216,658.74)</u>	<u>242,653.00</u>	<u>0.00</u>	<u>(193,228.88)</u>	<u>0.00</u>
Depreciable Assets, Net	<u>2,176,915.44</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Amortizable Assets - Intangible:</b>					
Computer Software	\$ 11,229,165.21	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Total Amortizable Assets - Intangible	<u>11,229,165.21</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Less Accumulated Amortization for:					
Computer Software	(11,222,381.02)	0.00	0.00	0.00	0.00
Total Accumulated Amortization	<u>(11,222,381.02)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Amortizable Assets - Intangible, Net	<u>6,784.19</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Governmental Activities Capital Assets, Net:</b>	<u>\$ 2,183,699.63</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

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<b>Additions</b>	<b>Deletions</b>	<b>Balance 8/31/12</b>
\$ 341,729.48	\$ (3,206,517.67)	\$ 10,419,346.50
447,262.42	(95,103.64)	2,412,174.15
<u>788,991.90</u>	<u>(3,301,621.31)</u>	<u>12,831,520.65</u>
(508,747.16)	3,131,651.41	(9,340,520.01)
(275,099.11)	79,226.24	(1,399,683.23)
<u>(783,846.27)</u>	<u>3,210,877.65</u>	<u>(10,740,203.24)</u>
<u>5,145.63</u>	<u>(90,743.66)</u>	<u>2,091,317.41</u>
\$ 230,685.02	\$ (20,082.91)	\$ 11,439,767.32
<u>230,685.02</u>	<u>(20,082.91)</u>	<u>11,439,767.32</u>
(81,352.92)	20,082.91	(11,283,651.03)
<u>(81,352.92)</u>	<u>20,082.91</u>	<u>(11,283,651.03)</u>
<u>149,332.10</u>	<u>0.00</u>	<u>156,116.29</u>
\$ 154,477.73	\$ (90,743.66)	\$ 2,247,433.70
<u>154,477.73</u>	<u>(90,743.66)</u>	<u>2,247,433.70</u>

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

**Deposits of Cash in Bank**

As of August 31, 2012, the carrying amount of deposits was \$110,000.00 as presented below.

<b>Governmental and Business-Type Activities</b>	
CASH IN BANK - CARRYING AMOUNT	\$ 110,000.00
Less: Certificates of Deposit included in carrying amount and reported as Cash Equivalent	0.00
Less: Uninvested Securities Lending Cash Collateral included in carrying amount and reported as Securities Lending Collateral	0.00
Less: Securities Lending CD Collateral included in carrying amount and reported as Securities Lending Collateral	0.00
<b>Total Cash in bank per AFR</b>	<b>\$ 110,000.00</b>

Governmental Funds Current Assets Cash in Bank	\$ 110,000.00
Governmental Funds Current Assets Restricted Cash in Bank	0.00
Governmental Funds Non-Current Assets Restricted Cash in Bank	0.00
Proprietary Funds Current Assets Cash in Bank	0.00
Proprietary Funds Current Assets Restricted Cash in Bank	0.00
Proprietary Funds Non-Current Assets Restricted Cash in Bank	0.00
<b>Cash in Bank per AFR</b>	<b>\$ 110,000.00</b>

<b>Fiduciary Funds</b>	
CASH IN BANK - CARRYING AMOUNT	\$ 0.00
Less: Certificates of Deposit included in carrying amount and reported as Cash Equivalent	0.00
Less: Uninvested Securities Lending Cash Collateral included in carrying amount and reported as Securities Lending Collateral	0.00
Less: Securities Lending CD Collateral included in carrying amount and reported as Securities Lending Collateral	0.00
<b>Total Cash in bank per AFR</b>	<b>\$ 0.00</b>
Fiduciary Funds Cash in Bank	\$ 0.00
Fiduciary Funds Restricted Cash in Bank	0.00
<b>Cash in bank per AFR</b>	<b>\$ 0.00</b>

<b>Discrete Component Unit</b>	
CASH IN BANK - CARRYING AMOUNT	\$ 0.00
Less: Certificates of Deposit included in carrying amount and reported as Cash Equivalent	0.00
Less: Uninvested Securities Lending Cash Collateral included in carrying amount and reported as Securities Lending Collateral	0.00
Less: Securities Lending CD Collateral included in carrying amount and reported as Securities Lending Collateral	0.00
<b>Total Cash in bank per AFR</b>	<b>\$ 0.00</b>
Discrete Component Unit Current Assets Cash in Bank	\$ 0.00
Discrete Component Unit Current Assets Restricted Cash in Bank	0.00
Discrete Component Unit Noncurrent Assets Restricted Cash in Bank	0.00
<b>Cash in Bank Per AFR</b>	<b>\$ 0.00</b>

These amounts consist of all cash in local banks and a portion of short-term investments. These amounts are included on the combined statement of net assets as part of the "cash and cash equivalents" and "securities lending collateral" accounts.

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

Governmental and Business-Type Activities	\$110,000.00	Fiduciary Funds	\$0.00	Discrete Component Units	\$0.00
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**Investments**

As of August 31, 2012, the fair value of investments was \$0.00 as presented below.

<b>Governmental and Business-Type Activities</b>	<b>Fair Value</b>
U.S. Government	<b>Fair Value</b>
U.S. Treasury Securities	\$ 0.00
U.S. Treasury Strips	0.00
U.S. Treasury TIPS	0.00
U.S. Government Agency Obligations (Ginnie Mae, Fannie Mae, Freddie Mac, Salle Mae, etc.)	0.00
U.S. Government Agency Obligations (Texas Treasury Safekeeping Trust Co.)	0.00
Corporate Obligations	0.00
Corporate Asset and Mortgage-Backed Securities	0.00
Equity	0.00
International Obligations (Govt. and Corp.)	0.00
International Equity	0.00
Repurchase Agreement	0.00
Repurchase Agreement (Texas Treasury Safekeeping Trust Co.)	0.00
Fixed Income Money Market and Bond Mutual Fund	0.00
Other Commingled Funds	0.00
International Other Commingled Funds	0.00
Other Commingled Funds (Texpool)	0.00
Commercial Paper	0.00
Real Estate	0.00
Derivatives	0.00
Alternative Investments	0.00
Misc. (Political Subdivision, bankers' acceptance, negotiable CD)	0.00
<b>Total Investments</b>	<b>\$ 0.00</b>
Reconciliation of Investments per Exhibits - Governmental and Business-Type Activities	0.00
Governmental Funds Current Assets Short-Term Investments	0.00
Governmental Funds Noncurrent Assets Investments	0.00
Proprietary Funds Current Assets Restricted Short-Term Investments	0.00
Proprietary Funds Noncurrent Assets Restricted Short-Term Investments	0.00
<b>Investments per Exhibits</b>	<b>\$ 0.00</b>

<b>Fiduciary Funds</b>	<b>Fair Value</b>
U.S. Government	<b>Fair Value</b>
U.S. Treasury Securities	\$ 0.00
U.S. Treasury Strips	0.00
U.S. Treasury TIPS	0.00
U.S. Government Agency Obligations (Ginnie Mae, Fannie Mae, Freddie Mac, Salle Mae, etc.)	0.00
U.S. Government Agency Obligations (Texas Treasury Safekeeping Trust Co.)	0.00
Corporate Obligations	0.00
Corporate Asset and Mortgage-Backed Securities	0.00
Equity	0.00
International Obligations (Govt. and Corp.)	0.00
International Equity	0.00
Repurchase Agreement	0.00
Repurchase Agreement (Texas Treasury Safekeeping Trust Co.)	0.00
Fixed Income Money Market and Bond Mutual Fund	0.00
Other Commingled Funds	0.00
International Other Commingled Funds	0.00
Other Commingled Funds (Texpool)	0.00

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Commercial Paper	0.00
Securities Lending Collateral Investment Pool	0.00
Real Estate	0.00
Derivatives	0.00
Alternative Investments	0.00
Misc. (Political Subdivision, bankers' acceptance, negotiable CD)	0.00
<b>Total Investments</b>	<b>\$ 0.00</b>
Reconciliation of Investments per Exhibits - Fiduciary Funds	0.00
Fiduciary Funds Short-Term Investments	0.00
Fiduciary Funds Restricted Short-Term Investments	0.00
<b>Investments per Exhibits</b>	<b>\$ 0.00</b>

<b>Discrete Component Unit</b>	
	<b>Fair Value</b>
U.S. Government	
U.S. Treasury Securities	\$ 0.00
U.S. Treasury Strips	0.00
U.S. Treasury TIPS	0.00
U.S. Government Agency Obligations (Ginnie Mae, Fannie Mae, Freddie Mac, Salle Mae, etc.)	0.00
U.S. Government Agency Obligations (Texas Treasury Safekeeping Trust Co.)	0.00
Corporate Obligations	0.00
Corporate Asset and Mortgage-Backed Securities	0.00
Equity	0.00
International Obligations (Govt. and Corp.)	0.00
International Equity	0.00
Repurchase Agreement	0.00
Repurchase Agreement (Texas Treasury Safekeeping Trust Co.)	0.00
Fixed Income Money Market and Bond Mutual Fund	0.00
Other Commingled Funds	0.00
International Other Commingled Funds	0.00
Other Commingled Funds (Texpool)	0.00
Commercial Paper	0.00
Securities Lending Collateral Investment Pool	0.00
Real Estate	0.00
Derivatives	0.00
Alternative Investments	0.00
Misc. (Political Subdivision, bankers' acceptance, negotiable CD)	0.00
<b>Total Investments</b>	<b>\$ 0.00</b>
Reconciliation of Investments per Exhibits - Discrete Component Units	0.00
Discretely Presented Component Units Current Assets Short-Term Investments	0.00
Discretely Presented Component Units Noncurrent Assets Short-Term Investments	0.00
<b>Investments per Exhibits</b>	<b>\$ 0.00</b>



**NOTE 4: SHORT-TERM DEBT (NOT APPLICABLE)**

**NOTE 5: LONG-TERM LIABILITIES**

**Changes in Long-Term Liabilities**

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

	Balance 9/1/11	Additions	Reductions	Balance 8/31/12	Amounts Due Within One Year	Amounts Due Thereafter
<b>Governmental Activities</b>						
Employees' Compensable Leave	\$ 19,002,276.68	\$ 16,824,666.12	\$ 17,114,296.03	\$ 18,712,646.77	\$ 11,216,968.50	\$ 7,495,678.27
<b>Total Governmental Activities</b>	<b>\$ 19,002,276.68</b>	<b>\$ 16,824,666.12</b>	<b>\$ 17,114,296.03</b>	<b>\$ 18,712,646.77</b>	<b>\$ 11,216,968.50</b>	<b>\$ 7,495,678.27</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 all liability for proprietary fund types are recorded in the proprietary funds as the benefits accrue for employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

**NOTE 6: BONDED INDEBTEDNESS (Not Applicable)**

**NOTE 7: DERIVATIVES (Not Applicable)**

**NOTE 8: LEASES**

**Operating Leases:**

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

<u>Fund Type</u>	
General Fund	\$ <u>12,130,766.87</u>
Total Memorandum Only	\$ <u>12,130,766.87</u>

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

Year Ended August 31:

2013	\$ 11,361,628.45
2014	10,274,793.19
2015	8,272,333.53
2016	5,496,249.17
2017	3,471,171.25
2018 through 2022	<u>4,717,437.16</u>

Total Minimum Future Lease Rental Payments      \$ 43,593,612.75

**NOTE 9: PENSION PLANS (Not Applicable)**

**NOTE 10: DEFERRED COMPENSATION (Not Applicable)**

**NOTE 11: POST-EMPLOYMENT HEALTH CARE & LIFE INSURANCE BENEFITS (Not Applicable)**

**NOTE 12: INTERFUND ACTIVITY AND TRANSACTIONS**

As explained in Note 1 on Interfund Activities and Balances, there are numerous transactions between funds and agencies. At year-end, the amounts to be received or paid are reported as Due From or Due To Other Agencies, Due From or Due To Other Funds, Transfers In or Transfers Out, Legislative Transfers In or Legislative Transfers Out and Residual Equity Transfers In or Residual Equity Transfers Out.

Individual balances and activity at August 31, 2012, were as follows:

Current Portion	Interfund Receivables	Interfund Payables	Purpose
<b>GENERAL REVENUE (01)</b>			
Appd Fund 0001, D23 Fund 0001			
To Appd Fund 5006, D23 Fund 5006	\$	\$ 250,472.41	To record the year end quarterly allocation.
Appd Fund 5006, D23 Fund 5006			
To Appd Fund 0001, D23 Fund 0001		36,502.73	To record the year end quarterly allocation.
From Appd Fund 0001, D23 Fund 0001	286,975.14		To record the year end quarterly allocation.
<b>Total Current Interfund Receivable/Payable</b>	<b>\$ 286,975.14</b>	<b>\$ 286,975.14</b>	

**NOTE 13: CONTINUANCE SUBJECT TO REVIEW (Not Applicable)**

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

During fiscal year 2012, an adjustment was made which required the restatement of the general revenue fund as shown and discussed below:

(a) To adjust the beginning balance in column I (Salary/Longevity Increase) of the General Revenue Reconciliation. An actual salary increase of \$7,592.00 was entered into the 2011 General Revenue Reconciliation which created a beginning balance in 2012 of \$7,592.00.

	General Funds (0001) U/F (0368)	Total (Exh. A-2)
Fund Bal/Net Assets Sept. 1, 2011	\$186,360,102.43	\$186,360,102.43
(a) Restatements	(7,592.00)	(7,592.00)
<b>Fund Bal/Net Assets Sept. 1, 2011 as Restated</b>	<b>\$186,352,510.43</b>	<b>\$186,352,510.43</b>

**NOTE 15: CONTINGENCIES AND COMMITMENTS**

Sick Leave

Each full-time employee accrues sick leave at the rate of eight hours per month with no maximum limit to the number of hours that can be accumulated. Part-time employees earn sick leave at a rate proportionate to the number of hours worked. Sick leave is paid to the employee only in the event of illness or to the employee's estate in the event of his/her death while employed by the Agency. The maximum sick leave that may be paid to an employee's estate is one-half of the employee's accumulated entitlement, or 336 hours, whichever is less. The Office's policy is to recognize the cost of any sick leave when paid. Experience indicates the probability of a material effect on any given year's operations, as a result of death or abnormally high rate of illness is minimal.

Federal Grants

The Office of the Attorney General has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursement to grantor agencies for expenditures disallowed under the terms of the grant. Based on prior experience, management believes such disallowances, if any, will be immaterial.

**NOTE 16: SUBSEQUENT EVENTS (Not Applicable)**

**NOTE 17: RISK MANAGEMENT (Not Applicable)**

**NOTE 18: MANAGEMENT DISCUSSION AND ANALYSIS (Not Applicable)**

**NOTE 19: THE FINANCIAL REPORTING ENTITY (Not Applicable)**

**NOTE 20: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Not Applicable)**

**NOTE 21: (Not Applicable)**

**NOTE 22: DONOR RESTRICTED ENDOWMENTS (Not Applicable)**

**NOTE 23: EXTRAORDINARY AND SPECIAL ITEMS (Not Applicable)**

**NOTE 24: DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES (Not Applicable)**

**NOTE 25: TERMINATION BENEFITS (Not Applicable)**

**NOTE 26: SEGMENT INFORMATION (Not Applicable)**

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**EXHIBIT A-1**

**COMBINING BALANCE SHEET: All General and Consolidated Funds**

For the Fiscal Year Ended August 31, 2012

	General Revenue Fund  (0001) U/F (0368)	Consolidated Accounts		
		State Board of Insurance Operating Fund  (0036) U/F (0036)	Compensation to Victims of Crime Fund U/F(1998),  (0469) U/F (0369)	Compensation to Victims of Crime Auxiliary Fund  (0494) U/F (0494)
<b>ASSETS</b>				
Current Assets:				
Cash and Temporary Investments:				
Cash in Bank	\$ 110,000.00	\$	\$	
Cash in State Treasury	(1,715.55)		21,706,273.07	
Legislative Appropriations	190,515,369.40			
Receivables From:				
Federal Receivable	9,482,317.04			
Accounts Receivables	8,599,500.23			
Due From Other Agencies	875.87	427,423.07	4,139.00	86,740.00
Interfund Receivables (Note 12)	286,975.14			
Consumable Inventories	7,993,954.37		121,810.42	11,483.89
Total Current Assets	<u>216,987,276.50</u>	<u>427,423.07</u>	<u>21,832,222.49</u>	<u>98,223.89</u>
<b>TOTAL ASSETS</b>	<b>\$ 216,987,276.50</b>	<b>\$ 427,423.07</b>	<b>\$ 21,832,222.49</b>	<b>\$ 98,223.89</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Payables From:				
Accounts Payable	\$ 2,580,473.08	\$	\$ 400,997.51	\$ 507.55
Payroll Payable	19,805,337.98	332,126.49	565,232.75	7,293.17
Due To Other Agencies	455,391.49		43,209.20	
Interfund Payables (Note 12)	36,502.73			
Total Current Liabilities	<u>22,877,705.28</u>	<u>332,126.49</u>	<u>1,009,439.46</u>	<u>7,800.72</u>
<b>TOTAL LIABILITIES</b>	<b>\$ 22,877,705.28</b>	<b>\$ 332,126.49</b>	<b>\$ 1,009,439.46</b>	<b>\$ 7,800.72</b>
<b>Fund Financial Statement-Fund Balances</b>				
Fund Balances (Deficits):				
Nonspendable	\$ 7,993,954.37	\$	\$ 121,810.42	\$ 11,483.89
Restricted	23,442,658.13			
Committed	162,672,958.72	95,296.58	20,700,972.61	78,939.28
Assigned				
Unassigned				
Total Fund Balances	<u>\$ 194,109,571.22</u>	<u>\$ 95,296.58</u>	<u>\$ 20,822,783.03</u>	<u>\$ 90,423.17</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 216,987,276.50</b>	<b>\$ 427,423.07</b>	<b>\$ 21,832,222.49</b>	<b>\$ 98,223.89</b>

Office of the Attorney General (302)  
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Consolidated Accounts						
Compensation to Law Enforcement Defense Fund	Sexual Assault Program Account	Volunteer Advocate Program	Sexual Assault Prevention and Crisis Services	GR Acct - Specialty License Plates General	GR Acct - Choose Life Plates	Totals (Exh. I) 2012
(5006) U/F (0367)	(5010) U/F (5010)	(5036) U/F (5036)	(5037) U/F (5037)	(5140) U/F (5140)	(5154) U/F (5154)	
\$ 2,436,886.67	\$ 17,164,320.66	\$ 76,796.25	\$ 128,956.80		\$ 21,374.67	\$ 110,000.00
						41,532,892.57
						190,515,369.40
28,722.96						9,511,040.00
519.56						8,600,019.79
	51.00					525,275.02
				6,046.08		286,975.14
	84.28					8,127,332.96
<u>2,466,129.19</u>	<u>17,164,455.94</u>	<u>76,796.25</u>	<u>128,956.80</u>	<u>6,046.08</u>	<u>21,374.67</u>	<u>259,208,904.88</u>
<u>\$ 2,466,129.19</u>	<u>\$ 17,164,455.94</u>	<u>\$ 76,796.25</u>	<u>\$ 128,956.80</u>	<u>\$ 6,046.08</u>	<u>\$ 21,374.67</u>	<u>\$ 259,208,904.88</u>
	89.16		128,932.64			3,110,999.94
						20,709,990.39
875.87						499,476.56
250,472.41						286,975.14
<u>251,348.28</u>	<u>89.16</u>	<u>0.00</u>	<u>128,932.64</u>	<u>0.00</u>	<u>0.00</u>	<u>24,607,442.03</u>
<u>\$ 251,348.28</u>	<u>\$ 89.16</u>	<u>\$ 0.00</u>	<u>\$ 128,932.64</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 24,607,442.03</u>
	84.28					8,127,332.96
						23,442,658.13
2,214,780.91	17,164,282.50	76,796.25	24.16	6,046.08	21,374.67	203,031,471.76
						0.00
						0.00
<u>2,214,780.91</u>	<u>17,164,366.78</u>	<u>76,796.25</u>	<u>24.16</u>	<u>6,046.08</u>	<u>21,374.67</u>	<u>234,601,462.85</u>
<u>\$ 2,466,129.19</u>	<u>\$ 17,164,455.94</u>	<u>\$ 76,796.25</u>	<u>\$ 128,956.80</u>	<u>\$ 6,046.08</u>	<u>\$ 21,374.67</u>	<u>\$ 259,208,904.88</u>

Office of the Attorney General (302)  
Unaudited

**EXHIBIT A-2**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES &**  
**CHANGES IN FUND BALANCES: All General and Consolidated Funds**  
For the Fiscal Year Ended August 31, 2012

	General Revenue Fund  (0001) U/F (0368)	Consolidated Funds		
		State Board of Insurance Operating Fund  (0036) U/F (0036)	Compensation to Victims of Crime Fund (0469 U/F (0369), U/F (1998)	Compensation to Victims of Crime Auxiliary Fund  (0494) U/F (0494)
<b>REVENUES</b>				
Legislative Appropriations:				
Original Appropriations(GR)	\$ 77,797,992.00	\$	\$	\$
Add'l Appropriations(GR)	26,095,071.90			
Federal Revenue (Sch. 1A)	176,904,928.87		35,774,163.57	
Federal Grant Pass-Through Revenue (Sch. 1A)	37,963.80			
State Grant Pass-Through Revenue (Sch. 1B)	18,549.68			
Licenses, Fees, and Permits	46,279,452.92		80,923,311.24	
Interest and Investment Income			31.70	
Settlement of Claims	10,496,232.04		1,199,373.15	
Sales of Goods and Services	24,709,897.70		984,005.17	
Other Revenues	91,315,212.52	519.60	336,176.28	111.00
<b>Total Revenues</b>	<b>\$ 453,655,301.43</b>	<b>\$ 519.60</b>	<b>\$ 119,217,061.11</b>	<b>\$ 111.00</b>
<b>EXPENDITURES</b>				
Salaries and Wages	\$ 187,985,365.73	\$ 3,142,848.70	\$ 5,794,560.28	\$ 66,541.69
Payroll Related Costs	49,022,183.23	569,693.29	1,467,977.64	20,804.19
Prof./Consult. & Legal Ser. Fees	48,639,532.36		296,564.01	
Travel	3,365,043.38	32,023.90	33,395.27	
Materials and Supplies	13,357,158.41	306.00	282,864.41	9,037.53
Communication and Utilities	14,651,238.76	28,388.01	220,630.10	1,421.93
Repairs and Maintenance	1,920,372.75		685,100.86	
Rentals and Leases	14,998,654.62		366,386.32	
Printing and Reproduction	451,362.18		17,715.55	
Claims and Judgments	164,065.44		71,017,167.56	1,128.74
Federal Grant Pass-Through Expenditures	5,415,283.60			
State Grant Pass-Through Expenditures			2,947,203.77	
Intergovernmental Payments	8,047,034.75		5,470,475.60	
Public Assistance Payments	401,664.16		30,308,715.67	
Other Operating Expenditures	70,539,553.17	4,787.73	589,673.03	194.33
Capital Outlay	428,692.46		669,175.97	
<b>Total Expenditures</b>	<b>\$ 419,387,205.00</b>	<b>\$ 3,778,047.63</b>	<b>\$ 120,167,606.04</b>	<b>\$ 99,128.41</b>
<b>EXCESS (DEFICIT) OF REVENUES</b>				
<b>OVER EXPENDITURES</b>	<b>\$ 34,268,096.43</b>	<b>\$ (3,777,528.03)</b>	<b>\$ (950,544.93)</b>	<b>\$ (99,017.41)</b>

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Consolidated Funds						
Compensation to Law Enforcement Defense Fund	Sexual Assault Program Account	Volunteer Advocate Program	Sexual Assault Prevention and Crisis Services	GR Acct Specialty License Plates General	GR Acct Choose Life Plates	Totals (Exh. II) 2012
(5006) U/F (0367)	(5010) U/F (5010)	(5036) U/F (5036)	(5037) U/F (5037)	(5140) U/F (5140)	(5154) U/F (5154)	
\$	\$	\$	\$	\$	\$	\$ 77,797,992.00
						26,095,071.90
972,117.10						213,651,209.54
260,031.38			2,608,826.50			2,906,821.68
93,851.24						112,400.92
	345,630.72	27,618.09		221.82	21,374.67	127,597,609.46
218.46						250.16
344,412.47						12,040,017.66
						25,693,902.87
40.00	85.00					91,652,144.40
<u>\$ 1,670,670.65</u>	<u>\$ 345,715.72</u>	<u>\$ 27,618.09</u>	<u>\$ 2,608,826.50</u>	<u>\$ 221.82</u>	<u>\$ 21,374.67</u>	<u>\$ 577,547,420.59</u>
\$ 681,618.09	\$ 177,862.04	\$	\$	\$	\$	\$ 197,848,796.53
43,551.40	880.00					51,125,089.75
85,905.29						49,022,001.66
67,321.98	9,112.44					3,506,896.97
61,868.12	3,381.84					13,714,616.31
45,682.92	3,281.40					14,950,643.12
11,231.17	387.12					2,617,091.90
111,124.13						15,476,165.07
1,165.00						470,242.73
						71,182,361.74
						5,415,283.60
						2,947,203.77
275,590.19			17,351.73			13,810,452.27
3,979.19		11,127.33	2,591,474.77			33,316,961.12
62,342.15	1,605.54	11.00				71,198,166.95
154,753.15						1,252,621.58
<u>\$ 1,606,132.78</u>	<u>\$ 196,510.38</u>	<u>\$ 11,138.33</u>	<u>\$ 2,608,826.50</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 547,854,595.07</u>
<u>\$ 64,537.87</u>	<u>\$ 149,205.34</u>	<u>\$ 16,479.76</u>	<u>\$ 0.00</u>	<u>\$ 221.82</u>	<u>\$ 21,374.67</u>	<u>\$ 29,692,825.52</u>

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**EXHIBIT A-2 (concluded)**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES &**  
**CHANGES IN FUND BALANCES: All General and Consolidated Funds**  
For the Fiscal Year Ended August 31, 2012

	General Revenue Fund  (0001) U/F (0368)	Consolidated Funds		
		State Board of Insurance Operating Fund  (0036) U/F (0036)	Compensation to Victims of Crime Fund (0469 U/F (0369), U/F (1998)	Compensation to Victims of Crime Auxiliary Fund  (0494) U/F (0494)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In				
(Agency 454, Fund 0036)	\$	\$ 3,777,500.31	\$	\$
(Agency 902, Fund 0494)			277,076.23	172,930.05
(Agency 302, Fund 0001)				
(Agency 902, Fund 5010)				
(Agency 696, Fund 0469)			340,366.49	
Transfers Out				
(Agency 696, Fund 0469)				
(Agency 327, Fund 0469)			(1,000,000.00)	
(Agency 529 Fund 0469)			(4,581,625.67)	
(Agency 212, Fund 0001)	(25,574.40)			
(Agency 302, Fund 5140)	(5,824.26)			
(Agency 902, Fund 0001)	(26,506,276.93)		(31.70)	
Sale of Capital Assets	7,560.00			
Insurance Recoveries	19,085.50			
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (26,511,030.09)</b>	<b>\$ 3,777,500.31</b>	<b>\$ (4,964,214.65)</b>	<b>\$ 172,930.05</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 7,757,066.34</b>	<b>\$ (27.72)</b>	<b>\$ (5,914,759.58)</b>	<b>\$ 73,912.64</b>
<b>FUND FINANCIAL STATEMENTS - FUND BALANCES</b>				
<b>FUND BALANCES SEPTEMBER 1, 2011</b>	186,360,102.43	95,324.30	26,737,542.61	16,510.53
<b>RESTATEMENTS</b>	(7,592.00)			
<b>FUND BALANCES SEPTEMBER 1, 2011, AS RESTATED</b>	<b>\$ 186,352,510.43</b>	<b>\$ 95,324.30</b>	<b>\$ 26,737,542.61</b>	<b>\$ 16,510.53</b>
<b>APPROPRIATIONS LAPSED</b>	(5.55)			
<b>FUND BALANCES - August 31, 2012</b>	<b>\$ 194,109,571.22</b>	<b>\$ 95,296.58</b>	<b>\$ 20,822,783.03</b>	<b>\$ 90,423.17</b>



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Consolidated Funds							Totals (Exh. II) 2012
Compensation to Law Enforcement Defense Fund  (5006) U/F (0367)	Sexual Assault Program Account  (5010) U/F (5010)	Volunteer Advocate Program  (5036) U/F (5036)	Sexual Assault Prevention and Crisis Services  (5037) U/F (5037)	GR Acct Specialty License Plates General  (5140) U/F (5140)	GR Acct Choose Life Plates  (5154) U/F (5154)		
\$	\$	\$	\$	\$	\$	\$	3,777,500.31
							450,006.28
					5,824.26		5,824.26
	831,544.86						831,544.86
							340,366.49
							0.00
							(1,000,000.00)
							(4,581,625.67)
							(25,574.40)
							(5,824.26)
(218.46)							(26,506,527.09)
							7,560.00
							19,085.50
\$ (218.46)	\$ 831,544.86	\$ 0.00	\$ 0.00	\$ 5,824.26	\$ 0.00	\$	\$ (26,687,663.72)
\$ 64,319.41	\$ 980,750.20	\$ 16,479.76	\$ 0.00	\$ 6,046.08	\$ 21,374.67	\$	\$ 3,005,161.80
2,150,461.50	16,183,616.58	60,316.49	24.16	0.00	0.00	231,603,898.60	(7,592.00)
\$ 2,150,461.50	\$ 16,183,616.58	\$ 60,316.49	\$ 24.16	\$ 0.00	\$ 0.00	\$ 231,596,306.60	
							(5.55)
\$ 2,214,780.91	\$ 17,164,366.78	\$ 76,796.25	\$ 24.16	\$ 6,046.08	\$ 21,374.67	\$ 234,601,462.85	

Office of the Attorney General (302)  
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**EXHIBIT J-1**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES:**  
**All Agency Funds**  
For the Fiscal Year Ended August 31, 2012

	<u>Balances</u> September 1, 2011	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> August 31, 2012
<b>OTHER AGENCY FUNDS</b>				
<b><u>Child Support Employ Deduct (0807) U/F (0807)</u></b>				
<b>Assets</b>				
Cash in State Treasury	\$ 32,405.24	\$ 427,936.90	427,786.38	\$ 32,555.76
<b>Total Assets</b>	<u>\$ 32,405.24</u>	<u>\$ 427,936.90</u>	<u>\$ 427,786.38</u>	<u>\$ 32,555.76</u>
<b>Liabilities</b>				
Accounts Payable	\$ 0.00	\$ 395,340.53	\$ 395,340.53	\$ 0.00
Funds Held for Others	32,405.24	395,531.66	395,381.14	32,555.76
<b>Total Liabilities</b>	<u>\$ 32,405.24</u>	<u>\$ 790,872.19</u>	<u>\$ 790,721.67</u>	<u>\$ 32,555.76</u>
<b><u>Craft Settlement Trust Fund (0833) U/F (0833)</u></b>				
<b>Assets</b>				
Cash in State Treasury	\$ 574,639.49	\$ 3,369.71	\$ 0.00	\$ 578,009.20
<b>Total Assets</b>	<u>\$ 574,639.49</u>	<u>\$ 3,369.71</u>	<u>\$ 0.00</u>	<u>\$ 578,009.20</u>
<b>Liabilities</b>				
Funds Held for Others	\$ 574,639.49	\$ 3,369.71	\$ 0.00	\$ 578,009.20
<b>Total Liabilities</b>	<u>\$ 574,639.49</u>	<u>\$ 3,369.71</u>	<u>\$ 0.00</u>	<u>\$ 578,009.20</u>
<b><u>Departmental Suspense Fund (0900) U/F (0900,0902,9015,9016)</u></b>				
<b>Assets</b>				
Cash on Hand	\$ 1,954,161.68	\$ 25,734,351.89	\$ 1,954,161.68	\$ 25,734,351.89
Cash in State Treasury	4,201,993.42	301,290,378.36	303,551,049.38	1,941,322.40
<b>Total Assets</b>	<u>\$ 6,156,155.10</u>	<u>\$ 327,024,730.25</u>	<u>\$ 305,505,211.06</u>	<u>\$ 27,675,674.29</u>
<b>Liabilities</b>				
Accounts Payable	\$ 0.00	\$ 125,521,461.20	\$ 125,521,461.20	\$ 0.00
Due To Other Agencies	0.00	0.00	0.00	0.00
Funds Held for Others	6,156,155.10	327,024,730.25	305,505,211.06	27,675,674.29
<b>Total Liabilities</b>	<u>\$ 6,156,155.10</u>	<u>\$ 452,546,191.45</u>	<u>\$ 431,026,672.26</u>	<u>\$ 27,675,674.29</u>
<b><u>Texasaver Hold - Transmit 401K Fund (0942) U/F (0942)</u></b>				
<b>Assets</b>				
Cash in State Treasury	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Accounts Receivable	0.00	0.00	0.00	0.00
<b>Total Assets</b>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
<b>Liabilities</b>				
Funds Held for Others	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
<b>Total Liabilities</b>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

Office of the Attorney General (302)  
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**Exhibit J-1 (continued)**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES:**

**All Agency Funds**

For the Fiscal Year Ended August 31, 2012

	Balances September 1, 2011	Additions	Deductions	Balances August 31, 2012
<b>Direct Deposit Correction (0980) U/F (0980,9014)</b>				
<b>Assets</b>				
Cash in State Treasury	\$ 0.00	\$ 15,578.81	\$ 15,578.81	\$ 0.00
Accounts Receivable	0.00	0.00	0.00	0.00
<b>Total Assets</b>	<b>\$ 0.00</b>	<b>\$ 15,578.81</b>	<b>\$ 15,578.81</b>	<b>\$ 0.00</b>
<b>Liabilities</b>				
Funds Held for Others	\$ 0.00	\$ 15,578.81	\$ 15,578.81	\$ 0.00
<b>Total Liabilities</b>	<b>\$ 0.00</b>	<b>\$ 15,578.81</b>	<b>\$ 15,578.81</b>	<b>\$ 0.00</b>
<b>Child Support Trust Fund (0994) U/F (0994, 1994)</b>				
<b>Assets</b>				
Cash on Hand	\$ 1,059,685.76	\$ 0.00	\$ 164,218.39	\$ 895,467.37
Cash in State Treasury	59,055,292.75	5,174,534,572.27	5,143,979,159.67	89,610,705.35
Accounts Receivable	31,461,480.05	16,148,927.00	13,970,414.23	33,639,992.82
Allowance for Uncollectible Accounts	(29,783,702.56)	0.00	1,694,053.47	(31,477,756.03)
<b>Total Assets</b>	<b>\$ 61,792,756.00</b>	<b>\$ 5,190,683,499.27</b>	<b>\$ 5,159,807,845.76</b>	<b>\$ 92,668,409.51</b>
<b>Liabilities</b>				
Accounts Payable	\$ 0.00	\$ 342,666,746.25	\$ 342,666,746.25	\$ 0.00
Due to Other Funds (Agency 302, Fund 0001)	0.00	0.00	0.00	0.00
Funds Held for Others	61,792,756.00	5,176,708,967.74	5,145,833,314.23	92,668,409.51
<b>Total Liabilities</b>	<b>\$ 61,792,756.00</b>	<b>\$ 5,519,375,713.99</b>	<b>\$ 5,488,500,060.48</b>	<b>\$ 92,668,409.51</b>
<b>Unappropriated General Revenue (1000) U/F (1001, 1995)</b>				
<b>Assets</b>				
Cash in State Treasury	\$ 0.00	\$ 319,480,722.58	\$ 319,480,722.58	\$ 0.00
Accounts Receivable	0.00	0.00	0.00	0.00
<b>Total Assets</b>	<b>\$ 0.00</b>	<b>\$ 319,480,722.58</b>	<b>\$ 319,480,722.58</b>	<b>\$ 0.00</b>
<b>Liabilities</b>				
Accounts Payable	\$ 0.00	\$ 365.00	\$ 365.00	\$ 0.00
Funds Held for Others	0.00	319,480,357.58	319,480,357.58	0.00
<b>Total Liabilities</b>	<b>\$ 0.00</b>	<b>\$ 319,480,722.58</b>	<b>\$ 319,480,722.58</b>	<b>\$ 0.00</b>

Office of the Attorney General (302)  
Unaudited

Exhibit J-1 (concluded)

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES:**

**All Agency Funds**

For the Fiscal Year Ended August 31, 2012

**TOTALS - ALL AGENCY FUNDS (Exh. VI)**

**ASSETS**

Cash on Hand	\$ 3,013,847.44	\$ 25,734,351.89	\$ 2,118,380.07	\$ 26,629,819.26
Cash in State Treasury	63,864,330.90	5,795,752,558.63	5,767,454,296.82	92,162,592.71
Accounts Receivable	31,461,480.05	16,148,927.00	13,970,414.23	33,639,992.82
Allowance for Uncollectible Accounts	(29,783,702.56)	0.00	1,694,053.47	(31,477,756.03)
	<u>\$ 68,555,955.83</u>	<u>\$ 5,837,635,837.52</u>	<u>\$ 5,785,237,144.59</u>	<u>\$ 120,954,648.76</u>

**LIABILITIES**

Accounts Payable	\$ 0.00	\$ 468,583,912.98	\$ 468,583,912.98	\$ 0.00
Due to Other Funds	0.00	0.00	0.00	0.00
Funds Held for Others	68,555,955.83	5,823,628,535.75	5,771,229,842.82	120,954,648.76
<b>Total Liabilities</b>	<u>\$ 68,555,955.83</u>	<u>\$ 6,292,212,448.73</u>	<u>\$ 6,239,813,755.80</u>	<u>\$ 120,954,648.76</u>

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SCHEDULE 1A  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Fiscal Year Ended August 31, 2012

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	NSE Name/ Identifying Number	Agy/ Univ No	Pass-Through From		Direct Program Amount	Total PT From & Direct Prog. Amount	Agy/ Univ No	Pass-Through To		Expenditures Amount	Total PT To & Exp. Amount
				Agencies or Universities Amount	Non-State Entities Amount				Agencies or Universities Amount	Non-State Entities Amount		
<b>U.S. Department of Justice</b>												
<b>Direct Programs:</b>												
Missing Children's Assistance	16.543			\$	\$	\$ 329,089.18	\$ 329,089.18	\$	\$	\$ 35,292.68	\$ 293,796.50	\$ 329,089.18
Crime Victim Compensation	16.576					35,774,163.57	35,774,163.57				35,774,163.57	35,774,163.57
Project Safe Neighborhoods	16.609					242,412.46	242,412.46			229,804.39	12,608.07	242,412.46
ARRA - Recovery Act - Internet Crimes Against Children Task Force Program (ICAC)	16.800					240,540.07	240,540.07			37,186.47	203,353.60	240,540.07
<b>Pass-Through From:</b>												
Bulletproof Vest Partnership Program	16.607						4,075.16				4,075.16	4,075.16
<b>Pass-Through From:</b>												
Governor - Fiscal			300			4,075.16						
Project Safe Neighborhoods	16.609						1,226.43				1,226.43	1,226.43
<b>Pass-Through From:</b>												
Sam Houston State University			753			1,226.43						
Enforcing Underage Drinking Laws Program	16.727						35,603.39				35,603.39	35,603.39
<b>Pass-Through From:</b>												
Texas Alcoholic Beverage Commission			458			35,603.39						
Totals - U.S. Department of Justice				\$	\$	\$ 40,904.98	\$ 36,586,205.28	\$	\$	\$ 302,283.54	\$ 36,324,826.72	\$ 36,627,110.26

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SCHEDULE 1A (continued)  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Fiscal Year Ended August 31, 2012

Federal Grantor/ Pass-through Grantor/ Program Title	CFDA Number	NSE Name/ Identifying Number	Agy/ Univ No	Pass-Through From		Direct Program Amount	Total PT From & Direct Prog. Amount	Agy/ Univ No	Pass-Through To		Expenditures Amount	Total PT To & Exp. Amount
				Agencies or Universities Amount	Non-State Entities Amount				Agencies or Universities Amount	Non-State Entities Amount		
<b>U.S. Department of Health &amp; Human Services</b>												
<u>Direct Programs:</u>												
Child Support Enforcement	93.563			\$	\$	\$ 164,177,464.00	\$ 164,177,464.00	\$	\$		\$ 158,762,180.40	\$ 164,177,464.00
<u>Pass-Through To:</u>												
Office of Court Administration								212	5,415,283.60			
Child Support Enforcement Research	93.564					146,472.02	146,472.02				146,472.02	146,472.02
Grants to States for Access and Visitation Programs	93.597					623,378.01	623,378.01			534,436.34	88,941.67	623,378.01
<u>Pass-Through From:</u>												
Injury Prevention and Control Research and State and Community Based Programs	93.136						2,453,016.74			2,453,016.74		2,453,016.74
<u>Pass -Through From:</u>												
Department of State Health Services			537	2,453,016.74								
Preventive Health and Health Services Block Grant	93.991						155,809.76			155,809.76		155,809.76
<u>Pass -Through From:</u>												
Department of State Health Services			537	155,809.76								
<b>Totals - U.S. Department of Health &amp; Human Services</b>				\$ 2,608,826.50	\$ 0.00	\$ 164,947,314.03	\$ 167,556,140.53	\$ 5,415,283.60	\$ 3,143,262.84	\$ 158,997,594.09	\$ 167,556,140.53	
<b>Executive Office of the President</b>												
<u>Direct Programs:</u>												
High Intensity Drug Trafficking Areas Program	95.001			\$	\$	\$ 238,073.09	\$ 238,073.09	\$	\$	\$ 238,073.09	\$ 238,073.09	
<b>Totals - Executive Office of the President</b>				\$ 0.00	\$ 0.00	\$ 238,073.09	\$ 238,073.09	\$ 0.00	\$ 0.00	\$ 238,073.09	\$ 238,073.09	
<b>US Department of Homeland Security</b>												
<u>Pass-Through From:</u>												
Emergency Management Performance Grants	97.042			\$	\$	\$ 19,719.00	\$ 19,719.00	\$	\$	\$ 19,719.00	\$ 19,719.00	
<u>Pass-Through From:</u>												
Department of Public Safety			405	19,719.00								
<b>Totals - U.S. Department of Homeland Security</b>				\$ 19,719.00	\$ 0.00	\$ 0.00	\$ 19,719.00	\$ 0.00	\$ 0.00	\$ 19,719.00	\$ 19,719.00	

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SCHEDULE 1A (continued)  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Fiscal Year Ended August 31, 2012

Federal Grantor/ Pass-through Grantor/ Program Title	CFDA Number	NSE Name/ Identifying Number	Agy/ Univ No	Pass-Through From		Direct Program Amount	Total PT From & Direct Prog. Amount	Agy/ Univ No	Pass-Through To		Expenditures Amount	Total PT To & Exp. Amount	
				Agencies or Universities Amount	Non-State Entities Amount				Agencies or Universities Amount	Non-State Entities Amount			
<b><u>JAG Program Cluster</u></b>													
<b>U.S. Department of Justice</b>													
<b><u>Pass-Through From:</u></b>													
Edward Byrne Memorial Justice Assistance Grant Program	16.738			\$	\$	\$	\$ 237,371.20	\$	\$	\$	\$ 237,371.20	\$ 237,371.20	
<b><u>Pass-Through From:</u></b>													
Governor - Fiscal			300		237,371.20								
Totals - U.S. Department of Justice				\$	237,371.20	\$	0.00	\$	0.00	\$	237,371.20	\$	237,371.20
<b><u>Medicaid Cluster</u></b>													
<b>U.S. Department of Health and Human Services</b>													
<b><u>Direct Programs:</u></b>													
State Medicaid Fraud Control Units	93.775			\$	\$	\$ 11,879,617.14	\$ 11,879,617.14	\$	\$	\$ 11,879,617.14	\$ 11,879,617.14	\$ 11,879,617.14	
Totals - U.S. Department of Health and Human Services				\$	0.00	\$	0.00	\$	11,879,617.14	\$	11,879,617.14	\$	11,879,617.14
<b>Total Expenditures of Federal Awards</b>				\$	2,906,821.68	\$	0.00	\$	213,651,209.54	\$	216,558,031.22	\$	216,558,031.22

**SCHEDULE 1A (concluded)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended August 31, 2012

**Note 2: Reconciliation**

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

Per Combined Statement of Revenues, Expenditures & Changes in Fund Balance /  
Statement of Activities - Governmental Funds (Exh. II)

Governmental Funds - Federal Revenue	\$	213,651,209.54
Federal Pass-Through Revenues		<u>2,906,821.68</u>
Total Pass-Through and Expenditures per Federal Schedule	\$	<u><u>216,558,031.22</u></u>



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**SCHEDULE 1B**  
**SCHEDULE OF STATE PASS-THROUGH GRANTS 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>
Human Trafficking Project Governor - Fiscal	300.0022	300	\$ 112,400.90
Total Pass-Through From Other Agencies (Exh. II)			\$ <u>112,400.90</u>
<b>Pass-Through To:</b>			
Enhancement of DPS Regional Victim Services Texas Department of Public Safety	302.0002	405	\$ 200,478.65
Sexual Assault Victim's Advocacy Program Texas Department of Criminal Justice	302.0004	696	178,500.00
Victim of Crimes Civil Legal Services Program Supreme Court	302.0005	201	2,494,586.00
TDCJ Other Victim Assistance Grant Texas Department of Criminal Justice	302.0006	696	73,639.12
Total Pass-Through To Other Agencies (Exh. II)			\$ <u>2,947,203.77</u>

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**SCHEDULE 2**  
**TRANSACTIONS AND BALANCES OF THE CHILD SUPPORT TRUST FUND AND**  
**THE RETAINED COLLECTIONS ACCOUNT - RIDER 5**  
For the Fiscal Year Ended August 31, 2012

	Child Support Trust Fund (0994)	Retained Collections Account (0001)
Fund Balances - September 1, 2011	\$ 61,792,756.00	\$ 109,220,395.63
Less: Cash on Hand	(1,059,685.76)	
Less: Accounts Receivable	(31,461,480.05)	
Add: Due To Other Funds	0.00	
Add: Allowance for Uncollected Accounts	29,783,702.56	
Cash Balance - September 1, 2011	\$ 59,055,292.75	\$ 109,220,395.63
 Cash Deposits	 4,272,490,346.27	
Payments to:		
Families	(4,063,826,574.85)	
Other States	(130,296,787.40)	
Department of Family Protective Services (530), Fund (0001)	(1,223,424.32)	
Transfer to Attorney General (302), Fund (0001) for:		
Recovered Court Costs	1,945.60	(1,945.60)
Fees - Attorney and Genetic Testing Fees	(478,568.87)	478,568.87
Fees - Annual and Monthly Mandated Service Fees	(15,693,690.67)	15,693,690.67
State Earned Incentives	0.00	0.00
State Portion of Recovered Payments	(21,198,143.08)	21,198,143.08
Federal Portion of Recovered Payments	(27,703,269.70)	
Other	18,483,579.62	
State Earned Incentives Draws		66,623,199.21
Federal Interest Received		433,707.06
General Revenue and Interagency Contract Revenue		48,722,955.64
Net Operating Expenditures		(138,933,344.03)
Balance - August 31, 2012	\$ 89,610,705.35	\$ 123,435,370.53
Cash on Hand - August 31, 2012	895,467.37	
Accounts Receivable	33,639,992.82	
Allowance for Uncollectible Accounts	(31,477,756.03)	
Due To Other Funds (Agency 302, Fund 0001)	0.00	
Balances - August 31, 2012	\$ 92,668,409.51	\$ 123,435,370.53

## **ADDENDA**

### **DUTIES & RESPONSIBILITIES OF THE ATTORNEY GENERAL**

The Attorney General is the lawyer for the people of Texas and is charged by the Texas Constitution to:

- defend the laws and the Constitution of the State of Texas
- represent the State in litigation
- approve public bond issues

To fulfill these responsibilities, the Office of the Attorney General serves as legal counsel to all boards and agencies of state government, issues legal opinions when requested by the Governor, heads of state agencies and other officials and agencies as provided by Texas statutes, sits as an ex-officio member of state committees and commissions, and defends challenges to state laws and suits against both state agencies and individual employees of the State.

The Office of the Attorney General has taken on numerous other roles through the years. Texas statutes contain nearly 2,000 references to the Attorney General. In addition to its constitutionally prescribed duties, the Office of the Attorney General files civil suits upon referral by other state agencies. In some circumstances, the Attorney General has original jurisdiction to prosecute violations of the law, but in most cases, criminal prosecutions by the Attorney General are initiated only upon the request of a local prosecutor.

Although the Attorney General is prohibited from offering legal advice or representing private individuals, he serves and protects the rights of all citizens of Texas through the activities of the various divisions of the agency. Actions that benefit all citizens of this state include enforcement of health, safety and consumer regulations; educational outreach programs and protection of the rights of the elderly and disabled. The Attorney General is also charged with the collection of court-ordered child support and the administration of the Crime Victims' Compensation Fund.

### **DIVISIONS OF THE OFFICE OF THE ATTORNEY GENERAL**

#### **Accounting**

The Accounting Division processes the payments for invoices related to purchases of goods and services, processes agency revenues, maintains the agency's central accounting and financial reporting records, coordinates travel reservations for agency employees, processes the reimbursements for employee travel expenses, processes the agency's payroll, prepares the agency's state and federally-mandated financial reports, secures funds for the agency's grant supported programs, and administers agency-wide processes that have a financial component or internal control issues related to security of data.

#### **Administrative Law**

The Administrative Law Division's legal work can be broadly categorized into four areas: enforcement litigation, agency defense litigation, legal counseling and other legal proceedings. The division provides general counsel support to state agencies, many of which do not have in-house counsel. Attorneys routinely provide advice to these agencies and their governing boards on a broad range of topics, including the Open Meetings Act, the Public Information Act, rulemaking, contracting, employment, pre-litigation, and statutory construction and interpretation. The division also includes a section devoted solely to litigation support for the Open Records Division of the Office of the Attorney General.

#### **Bankruptcy and Collections**

The Bankruptcy and Collections Division is the centralized collection unit for the State, charged with the responsibility to recover all debts, judgments, taxes, fees, fines, penalties, loans and other obligations. The Collection Section employs investigators to locate and identify parties responsible for the debt and its attorneys pursue collection in state court. The Bankruptcy Section represents state agencies in federal court around the country, as well as in Texas, to protect the State's monetary and regulatory interests in bankruptcy cases.

## **Budget**

The Budget Division performs the following functions: budgeting, agency cash management, indirect administrative cost allocation, performance reporting, legal billing, and fiscal note coordination.

## **Child Support Enforcement**

As the official child support enforcement agency for the State of Texas, the Office of the Attorney General provides services for parents who wish to obtain or provide support for their children. The Child Support Division determines, on a case-by-case basis, which of the child support services listed below are appropriate:

- Locating the absent parent
- Establishing paternity
- Establishing and enforcing child support orders
- Establishing and enforcing medical support orders
- Reviewing and adjusting child support payments
- Collecting and distributing child support payments

## **Civil Medicaid Fraud**

The Civil Medicaid Fraud Division prosecutes civil cases of Medicaid fraud. Many of the division's cases derive from qui tam actions — private whistle-blower lawsuits filed under seal in which the State is asked to intervene. Because the whistle-blower usually includes a similar claim under the Federal False Claims Act, the division often works with federal authorities. The Attorney General has statutory authority to self-initiate civil Medicaid fraud matters and receives referrals from its criminal counterpart in the agency, the Medicaid Fraud Control Unit. In addition the division may receive referrals from the Texas Health and Human Services Commission. The division also helps to coordinate the agency's compliance with the Health Insurance Portability and Accountability Act (HIPAA) of 1996.

## **Consumer Protection**

The Consumer Protection Division protects consumers and the legitimate business community by filing civil lawsuits under the Deceptive Trade Practices Act and other consumer protection statutes. Although it is widely known for its work in traditional areas of consumer protection litigation - enforcing the laws against false, misleading, or deceptive advertising and marketing practices - the division also takes legal action against nursing homes, assisted living facilities, home health care agencies, and psychiatric facilities that abuse and neglect residents and patients. The division maintains regional offices in Austin, Dallas, El Paso, Houston, McAllen, and San Antonio. In addition, three specialized sections protect the public in ways that go beyond the usual consumer issues. The Insurance Practices Section protects Texas consumers from unfair or deceptive practices in the business of insurance. Finally, the Public Agency Representation Section represents the State of Texas as a consumer of utilities.

## **Crime Victim Services**

The Crime Victim Services Division provides services and resources to crime victims throughout Texas. The Crime Victims' Compensation Program provides reimbursement for out-of-pocket expenses to eligible victims of violent crime and their families. The Sexual Assault Prevention and Crisis Services Program provides technical assistance to sexual assault programs and certifies sexual assault nurse examiners (SANE). The Division also administers the Texas VINE (Victim Information and Notification Everyday) system.

## **Criminal Prosecutions**

The Criminal Prosecutions Division is staffed by prosecutors who practice in both state and federal courts in Texas. These prosecutors handle cases pursuant to the Attorney General's original criminal jurisdiction, when original jurisdiction is provided by Texas law; pursuant to concurrent criminal jurisdiction with district and county attorneys, when concurrent criminal jurisdiction is provided by Texas law; and pursuant to requests for assistance from local prosecutors and offers of assistance to local prosecutors. The division also works cooperatively with the U.S. Attorney's Offices in the four federal districts in Texas, and prosecutors in the division appear in federal court as Special Assistant United States Attorneys. The division consists of four teams of lawyers and subject matter experts in the areas of Violent Crime and Major Offenders, Cyber Crime and Child Protection, White Collar Crime and Public Integrity, and Juvenile Crime Intervention.

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The White Collar Crime and Public Integrity Section is also responsible to act as the Attorney General's liaison to the Texas Residential Mortgage Fraud Task Force. The Texas Legislature created this task force and entrusted the Attorney General with coordinating efforts of numerous state and federal agencies to share information and cooperate in the efforts of investigation and prosecution of mortgage fraud throughout the State.

### **Environmental Protection**

The Environmental Protection Division represents the State of Texas and its agencies in matters pertaining to environmental protection, natural resources, and public utilities. EPD's clients include the Commission on Environmental Quality, Public Utility Commission, General Land Office, Railroad Commission, Water Development Board, Department of Agriculture, Department of State Health Services, Parks and Wildlife Department, and state river compact commissions. EPD prosecutes and defends cases in state and federal courts and in administrative proceedings.

The work of the division is organized into five sections: The Enforcement Section prosecutes cases against those who violate laws protecting the health and safety of the people of Texas and the environment in which they live. The Defense Section represents the state and its environmental agencies when their decisions or actions are challenged in court or when federal regulators impose policy choices that are inconsistent with the state's interests in protecting the environment. The Natural Resources Section represents the state in a variety of matters relating to the state's natural resources, including public land litigation involving title and boundary disputes, public beach access, costal dune protection and mineral valuation on state lands. The Utilities Sections represents the Public Utility Commission in matters relating to regulation of electric and telecommunications utilities in Texas. The Colonias Section investigates and prosecutes enforcement litigation against developers of substandard subdivision along and near the Texas-Mexico border.

### **Financial and Tax Litigation**

The Financial and Tax Litigation Division defends and prosecutes lawsuits, including appellate actions, involving regulatory and financial matters for state agencies. The division regularly represents over thirty client agencies in litigation. The representation of these agencies is based on referrals from the agencies requesting legal assistance on a case-by-case basis. The division is comprised of four sections: Charitable Trusts, Financial Litigation, Taxation and TWC (Texas Workforce Commission).

### **General Counsel**

The General Counsel Division provides legal advice to the Attorney General, his staff and other divisions of the office regarding a wide variety of constitutional and statutory issues. The Division drafts, reviews, and negotiates contracts on behalf of the agency, coordinates the approval process for outside counsel contracts for all state agencies, and consults with and advises state agencies on contract matters, especially high-tech contract issues. The General Counsel Division provides informal advice, orally and in writing, outside of the opinion process, to legislators, other state officers and agencies, and to quasi-state agencies, and offers assistance in rule making and other matters. The Public Information Coordinator's Office, which is part of the Division, handles all public information requests received by the Agency; oversees the Agency's responses to each request; and provides Public Information Act training.

### **General Litigation**

The General Litigation Division defends state agencies, elected and appointed state officials, and state employees in civil rights litigation including employment litigation. Such suits include whistleblower claims, tenure denials, claims of discrimination, student dismissals, and First and Fourteenth Amendment constitutional claims. The division represents clients in libel, slander and other tort actions. The division defends against challenges to the constitutionality of state statutes. The division handles state and federal suits through all litigation stages including the appellate process.

### **Grants Administration**

The Grants Administration Division is responsible for the administration of grants received and awarded by the agency. Grants Administration staff work closely with employees within the program divisions in a continuous effort to improve the quality of services provided.

## **Human Resources**

The Human Resources Division is responsible for providing support and consultation to more than 4,100 Office of the Attorney General (OAG) employees. The division provides strategic guidance and administrative services in employment, compensation, benefits, organizational development, legal education, and employee relation matters. Additionally, the division ensures OAG compliance with applicable federal and state employment laws, maintains required documentation and records, conducts statistical analysis and reporting, coordinates a payroll clearance function, and facilitates employee counseling and assistance.

## **Information Technology Support**

The Information Technology Support Division provides technical support to the administrative and legal divisions of the Office of the Attorney General. This includes programming services, local and wide area network support, telecommunication support, and information resource strategic planning and IT purchasing.

## **Intergovernmental Relations**

The Intergovernmental Relations Division serves as the agency's primary liaison to federal, state and local governments. It is responsible for the planning, development implementation and monitoring of legislative and public policy initiatives, as directed by the Attorney General and Executive Management. IRD also responds to phone calls and written correspondence from federal, state, and local offices and agencies regarding any issue or case handled by this agency.

## **Internal Audit**

The Internal Audit Division supports the agency's overall mission by furnishing independent analyses, appraisals, and recommendations concerning the adequacy and effectiveness of the agency's internal controls, policies, and procedures. Internal Audit is also responsible for coordination of audit activities with the external audit community and provides consulting services to the agency's managers on a wide variety of management, financial, operational, and technological issues.

## **Law Enforcement**

The Law Enforcement Division is staffed by commissioned peace officers and crime analysts who undertake a wide range of investigations and activities to support detection, prevention, and prosecution of crime. This division investigates and supports the prosecution of both violent crimes and white-collar crimes, including complex fraud crimes, Election Code violations, and public corruption matters. The division proactively investigates online child predators and child pornographers who use the Internet and computers to victimize children. The activities of the division also include locating and arresting fugitive Texas parole absconders, and arresting convicted sex offenders who have failed to comply with mandated sex offender registration requirements. The division prides itself on its strong partnerships and coordination with state, federal, and local law enforcement authorities.

## **Law Enforcement Defense**

The Law Enforcement Defense Division provides representation for all state law enforcement agencies, and their officials and employees in civil lawsuits brought against them in their official capacities or in the course of their employment. Among the agencies represented are the Texas Department of Criminal Justice, component divisions of the criminal justice system, the Texas Department of Public Safety, and police departments of state universities. Representation may also be provided to employees who serve as adult probation and juvenile probation officers for the State, district attorneys, and in some administrative law cases and actions in quo warranto against elected officials.

## **Legal Technical Support**

The Legal Technical Support Division serves the agency's legal divisions through its expertise in demographic and socio-economic analysis, geographic information systems analysis and financial and statistical analysis. It provides support through products ranging from narrative reports, maps, multimedia presentations and graphic displays, to the development of computer applications and database interfaces.

### **Medicaid Fraud Control**

The Medicaid Fraud Control Unit conducts criminal investigations and prosecutions of Medicaid providers who are suspected of committing fraud against the Medicaid program. The Unit also investigates allegations of physical abuse and neglect in nursing homes that receive Medicaid funding. The Unit employs investigators and auditors who conduct investigations and assist in the prosecution of Medicaid providers who defraud the system or abuse the elderly. The Unit also employs prosecutors who represent the State of Texas or the United States in state and federal courts throughout Texas. The Unit has its administrative headquarters and an investigative team in Austin, and eleven other investigative teams in eight field offices across Texas.

### **Office of the Solicitor General**

As the chief appellate lawyer for the State of Texas, the Solicitor General supervises all appellate litigation on behalf of the Office of the Attorney General. The Office of Solicitor General (OSG) approves all civil and criminal appeals in state and federal courts involving the State, its agencies, and its officials. OSG also directly handles those appeals determined to be most significant to Texas and to the development of federal and state jurisprudence, and appears on occasion in federal and state trial courts on matters implicating the State's most critical interests. In addition, OSG regularly authors amicus curiae briefs for submission to the U.S. Supreme Court and other courts across the nation.

The Solicitor General is the State's chief litigator in the U.S. Supreme Court and the Texas Supreme Court. In addition, as a member of the Attorney General's executive leadership team, the Solicitor General serves as a top legal advisor to the Attorney General and advises other agency lawyers and state officials on complex constitutional and other legal matters.

### **Open Records**

The Open Records Division issues written decisions related to access to public information under Chapter 552 of the Government Code. The division also provides legal advice and research to the Legislative and Executive branches of state government and coordinates and participates in regional and statewide conferences on access to public information. The division operates a hotline to provide general information and to facilitate the resolution of disputes between governmental bodies and private citizens as issues arise regarding open meetings and open records laws.

### **Opinion Committee**

The Opinion Committee researches and drafts legal opinions in response to questions of law posed by persons authorized by statute to request formal Attorney General opinions. Officials authorized to seek Attorney General opinions are:

- the governor
- the head of a department of state government
- the head or board of a penal institution
- the head or board of an eleemosynary institution
- the head of a state board
- a regent or trustee of a state educational institution
- a committee of a house of the Texas Legislature
- a county auditor authorized by law, and
- the chairman of the governing board of a river authority.

### **Postconviction Litigation**

The Postconviction Litigation Division defends state felony convictions and sentences against constitutional challenge in federal court. The division's attorneys, representing the Director of the Correctional Institutions Division of the Texas Department of Criminal Justice (the inmates' custodian), provide briefing and argument to the federal courts that hear these challenges. The division's attorneys and staff also investigate cases, including thorough review of the record from state court proceedings, and conduct evidentiary hearings when warranted in a case. The division's attorneys appear regularly in federal district courts throughout Texas, in the United States Court of Appeals for the Fifth Circuit, and the Supreme Court of the United States. Capital litigation attorneys handle petitions for certiorari review on direct appeal from the Court of Criminal Appeals of Texas and federal habeas corpus challenges from the federal district court through the Supreme Court.

### **Procurement**

The Procurement Division performs the following functions: purchasing and the Historically Underutilized Business Program.

### **Public Finance**

The Public Finance Division reviews and approves all bonds and similar obligations issued by state agencies, cities, counties, school districts, municipal utility districts, hospital districts, institutions of higher education and all other governmental entities or instrumentalities of the State, plus certain nonprofit corporations created to act on behalf of political subdivisions.

### **Public Information and Assistance**

The Public Information & Assistance Division is the OAG's interface with the general public. PIA maintains the agency's website and publishes its handbooks, reports and brochures on the Web. Incoming contacts from the public, whether by phone, mail or email, are received by PIA or routed elsewhere in the agency to be handled. The Consumer Protection Hotline resides in PIA.

### **Records Management**

Records management is the application of management techniques to the creation, maintenance, and disposition of the agency's records and information. The Records Management Division provides records management services for the agency.

### **Special Litigation**

The Special Litigation Division (SLD) is a trial division charged with handling critical and specialized civil litigation matters. The division defends state agencies, elected and appointed state officials, and state employees in cases involving state and federal constitutional claims and challenges brought under the Voting Rights Act. SLD also prosecutes civil cases involving consumer protection matters and statutory and common law fraud claims. In addition to handling a variety of cases from their origination through trial, SLD partners with other agency divisions to assist in the presentation of cases to courts and juries.

### **Support Services**

The Support Services Division provides administrative (Logistics & Infrastructure) support services in the areas of building services, couriers and vehicle management, facilities management, mail operations, property management, reprographics, and warehouse operations.

### **Tort Litigation**

The Tort Litigation Division primarily defends state agencies and state employees in suits involving personal injury, medical malpractice, property damage, workers compensation, libel, slander, and anti-retaliation. The Division also evaluates pre-litigation claims for potential settlement or defense of said claims and it provides advice to numerous state entities on tort related civil matters. Most of the suits defended by the Tort Litigation Division are brought under the Texas Tort Claims Act (TTCA), the Medical Liability and Insurance Improvement Act and the Texas Labor Code.

### **Transportation**

The Transportation Division represents the Texas Department of Transportation in all litigation matters. This includes eminent domain (land acquisition), prosecution of violations of highway beautification laws, enforcement of contracts, recoupment of monies expended by the State for job-related injuries and externally caused damages to state property, defense of employment discrimination claims, defense of tort claims, and prosecution and collection of certain administrative penalties. The Transportation Division also handles condemnation cases for all state agencies having the power of eminent domain.





