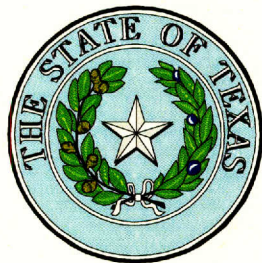


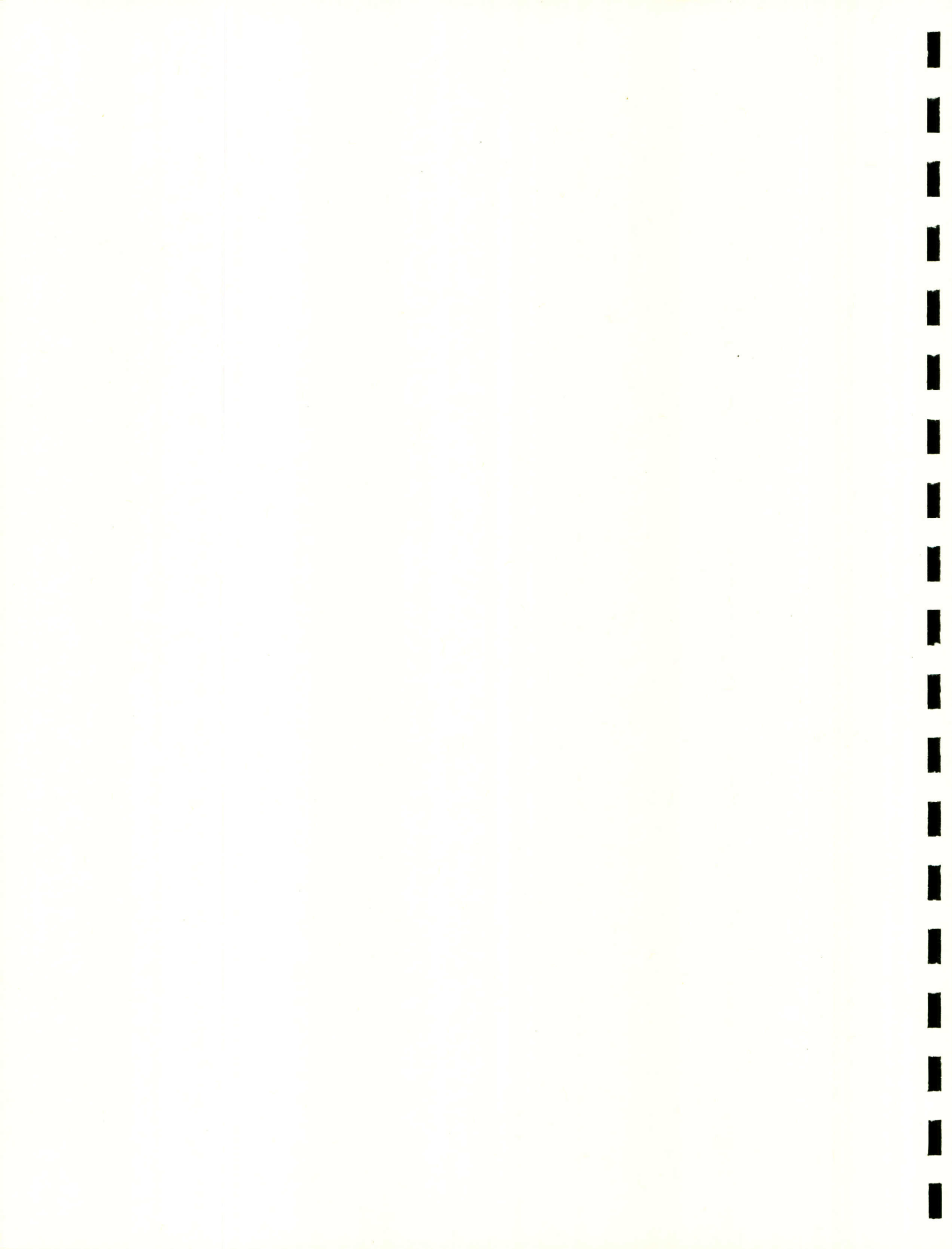
**THE OFFICE  
OF  
THE GOVERNOR**



**ANNUAL FINANCIAL REPORT**

**2014**

**RICK PERRY  
GOVERNOR OF TEXAS**



**THE OFFICE OF THE GOVERNOR**

**ANNUAL FINANCIAL REPORT**

**For The Year Ended August 31, 2014  
(UNAUDITED)**

**Rick Perry  
Governor of Texas**





OFFICE OF THE GOVERNOR

RICK PERRY  
GOVERNOR

November 20, 2014

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

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

We are pleased to submit the Annual Financial Report of the Office of the Governor, for the year ended August 31, 2014, in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with requirements established by the Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas *Comprehensive Annual Financial Report (CAFR)*; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions, please contact Suzy Whittenton, CPA, Chief Financial Officer, at (512) 463-6310. Brenda Dille, Accounting Manager, may be contacted at (512) 936-0157 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

A handwritten signature in cursive script that reads "Kathy Walt".

Kathy Walt  
Chief of Staff

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UNAUDITED

OFFICE OF THE GOVERNOR - Core Operations (301) and Trusteed Programs (300)  
 Exhibit I - Combined Balance Sheet/Statement of Net Position - Governmental Funds  
 For the Fiscal Year Ended August 31, 2014

	Governmental Fund Types			Governmental Funds Total
	General Funds (Exhibit A-1)	Special Revenue Funds (Exhibit B-1 300)	Debt Service Funds (Exhibit C-1 300)	
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents:				
Cash In Bank (Note 3)	\$ -	\$ 35,884.75	\$ -	\$ 35,884.75
Cash in State Treasury	444,429,490.94	32,156,330.19	292.06	476,586,113.19
Restricted Cash and Cash Equivalents:				
Cash in State Treasury	-	4,725,000.00	-	4,725,000.00
Legislative Appropriations	200,062,883.26	-	-	200,062,883.26
Receivables from:				
Federal	3,883,588.87	-	-	3,883,588.87
Interest and Dividends	1,067,015.69	26,813.27	-	1,093,828.96
Accounts Receivable	32,944.47	-	-	32,944.47
Due From Other Funds	15,498.00	-	-	15,498.00
Due From Other Agencies	6,212,493.09	-	-	6,212,493.09
Consumable Inventories	27,424.35	-	-	27,424.35
Prepaid Items	-	4,525.00	-	4,525.00
Loans and Contracts	2,150,000.00	1,378,970.42	-	3,528,970.42
<b>Total Current Assets</b>	<b>657,881,338.67</b>	<b>38,327,523.63</b>	<b>292.06</b>	<b>696,209,154.36</b>
Non-Current Assets:				
Loans and Contracts	178,752,338.29	8,440,227.75	-	187,192,566.04
Capital Assets (Note 2):				
Depreciable:				
Furniture and Equipment	-	-	-	-
Less Accumulated Depreciation	-	-	-	-
Vehicle, Boats and Aircraft	-	-	-	-
Less Accumulated Depreciation	-	-	-	-
Equity Holdings for Economic Development	143,509,649.85	-	-	143,509,649.85
<b>Total Non-Current Assets</b>	<b>322,261,988.14</b>	<b>8,440,227.75</b>	<b>-</b>	<b>330,702,215.89</b>
<b>Total Assets</b>	<b>\$ 980,143,326.81</b>	<b>\$ 46,767,751.38</b>	<b>\$ 292.06</b>	<b>\$ 1,026,911,370.25</b>
<b>DEFERRED OUTFLOWS</b>				
<b>Total Deferred Outflows</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Current Liabilities:				
Payables from:				
Accounts	\$ 23,275,702.61	\$ 15,375.00	\$ -	\$ 23,291,077.61
Payroll	1,694,881.19	-	-	1,694,881.19
Due To Other Funds	15,498.00	-	-	15,498.00
Due To Other Agencies	3,435,877.66	-	-	3,435,877.66
Unearned Revenue	29,826,405.72	-	-	29,826,405.72
General Obligation Bonds Payable (Note 6)	-	-	-	-
Employees' Compensable Leave (Note 5)	-	-	-	-
<b>Total Current Liabilities</b>	<b>58,248,365.18</b>	<b>15,375.00</b>	<b>-</b>	<b>58,263,740.18</b>
Non-Current Liabilities:				
General Obligation Bonds Payable (Note 6)	-	-	-	-
Employees' Compensable Leave (Note 5)	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>58,248,365.18</b>	<b>15,375.00</b>	<b>-</b>	<b>58,263,740.18</b>
<b>DEFERRED INFLOWS</b>				
<b>Total Deferred Inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Financial Statement</b>				
Fund Balances (Deficits):				
Nonspendable	1,363,096.16	4,525.00	-	1,367,621.16
Restricted	37,386,077.72	46,711,966.63	292.06	84,098,336.41
Committed	691,434,482.02	35,884.75	-	691,470,366.77
Unassigned	191,711,305.73	-	-	191,711,305.73
<b>Total Fund Balances</b>	<b>921,894,961.63</b>	<b>46,752,376.38</b>	<b>292.06</b>	<b>968,647,630.07</b>
<b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b>	<b>\$ 980,143,326.81</b>	<b>\$ 46,767,751.38</b>	<b>\$ 292.06</b>	<b>\$ 1,026,911,370.25</b>
<b>Government-Wide Statement of Net Position</b>				
Net Position				
Invested in Capital Assets, net of Related Debt				
Restricted For:				
Other				
Unrestricted				
<b>Total Net Position</b>				

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



UNAUDITED

Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Net Position
\$ -	\$ -	\$ 35,884.75
-	-	476,586,113.19
-	-	4,725,000.00
-	-	200,062,883.26
-	-	3,883,588.87
-	-	1,093,828.96
-	-	32,944.47
-	-	15,498.00
-	-	6,212,493.09
-	-	27,424.35
-	-	4,525.00
-	-	3,528,970.42
-	-	696,209,154.36
-	-	187,192,566.04
473,146.74	-	473,146.74
(400,225.64)	-	(400,225.64)
20,337.08	-	20,337.08
(13,073.40)	-	(13,073.40)
-	-	143,509,649.85
80,184.78	-	330,782,400.67
<u>\$ 80,184.78</u>	<u>\$ -</u>	<u>\$ 1,026,991,555.03</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 23,291,077.61
-	-	1,694,881.19
-	-	15,498.00
-	-	3,435,877.66
-	-	29,826,405.72
-	1,150,000.00	1,150,000.00
-	1,252,243.26	1,252,243.26
-	2,402,243.26	60,665,983.44
-	80,220,000.00	80,220,000.00
-	871,961.03	871,961.03
-	81,091,961.03	81,091,961.03
-	83,494,204.29	141,757,944.47
-	-	-
-	-	1,367,621.16
-	-	84,098,336.41
-	-	691,470,366.77
-	-	191,711,305.73
-	-	968,647,630.07
80,184.78	-	80,184.78
-	(81,370,000.00)	(81,370,000.00)
-	(2,124,204.29)	(2,124,204.29)
<u>\$ 80,184.78</u>	<u>\$ (83,494,204.29)</u>	<u>\$ 885,233,610.56</u>

UNAUDITED

OFFICE OF THE GOVERNOR - Core Operations (301) and Trusteed Programs (300)

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

For the Fiscal Year Ended August 31, 2014

	Governmental Fund Types		
	General Funds (Exhibit A-2)	Special Revenue Funds (Exhibit B-2 300)	Debt Service Fund (Exhibit C-2 300)
<b>REVENUES</b>			
Legislative Appropriations:			
Original Appropriations	\$ 170,568,205.12	\$ -	\$ -
Additional Appropriations	3,251,200.47	-	-
Federal Revenue	61,757,899.59	-	-
Federal Grant Pass-Through Revenue	535,748.04	-	-
License, Fees & Permits	26,074,176.32	60,000.00	-
Interest and Other Investment Income	3,807,559.82	377,674.79	816.55
Sales of Goods and Services	462,962.53	-	-
Other	21,199.99	6,028.55	-
<b>Total Revenues</b>	<b>266,478,951.88</b>	<b>443,703.34</b>	<b>816.55</b>
<b>EXPENDITURES</b>			
Salaries and Wages	16,505,631.01	-	-
Payroll Related Costs	4,195,550.10	-	-
Professional Fees and Services	6,965,632.46	34,406.05	-
Travel	509,293.04	-	-
Materials and Supplies	282,847.79	5.12	-
Communication and Utilities	347,920.00	-	-
Repairs and Maintenance	72,329.07	-	-
Rentals and Leases	446,712.75	-	-
Printing and Reproduction	10,568.65	-	-
Claims and Judgments	26,190.27	-	-
Federal Grant Pass-Through Expenditures	5,376,771.65	-	-
State Grant Pass-Through Expenditures	17,889,124.38	-	-
Intergovernmental Payments	40,657,393.40	-	-
Public Assistance Payments	34,700,962.90	-	-
Other Expenditures	98,584,736.83	49,730.01	-
Debt Service:			
Principal	9,690,000.00	-	1,340,000.00
Interest	-	-	2,199,501.62
Capital Outlay	20,080.17	-	-
Depreciation Expense	-	-	-
<b>Total Expenditures/Expenses</b>	<b>236,281,744.47</b>	<b>84,141.18</b>	<b>3,539,501.62</b>
Excess (Deficiency) of Revenues over Expenditures	30,197,207.41	359,562.16	(3,538,685.07)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer In	102,012,102.52	152,525.19	3,539,501.65
Transfer Out	(62,606,752.91)	(389,817.31)	(777.80)
Legislative Transfer In (Note 12)	3,038,472.04	-	-
Legislative Transfer Out (Note 12)	(2,736,672.04)	-	-
Gain (Loss) on Other Financial Activity	6,707,729.36	-	-
Inc/(Dec) in Net Assets Due to Interagency Transfer	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>46,414,878.97</b>	<b>(237,292.12)</b>	<b>3,538,723.85</b>
Net Change in Fund Balances/Net Position	76,612,086.38	122,270.04	38.78
<b>Fund Financial Statement - Fund Balances</b>			
Fund Balances, September 1, 2013	873,157,270.89	46,630,106.34	253.28
Restatements (Note 14)	(446,087.58)	-	-
Fund Balances, September 1, 2013, as Restated	872,711,183.31	46,630,106.34	253.28
Appropriations Lapsed	(27,428,308.06)	-	-
<b>Fund Balances, August 31, 2014</b>	<b>\$ 921,894,961.63</b>	<b>\$ 46,752,376.38</b>	<b>\$ 292.06</b>

Government-Wide Statement of Net Position

Net Position/Net Change in Net Position

Net Position, September 1, 2013

Restatements

Net Position, September 1, 2013, as Restated

Net Position, August 31, 2014

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

UNAUDITED

Governmental Funds Total	Capital Assets Adjustments	Long -Term Liabilities Adjustments	Statement of Activities
\$ 170,568,205.12	\$ -	\$ -	\$ 170,568,205.12
3,251,200.47	-	-	3,251,200.47
61,757,899.59	-	-	61,757,899.59
535,748.04	-	-	535,748.04
26,134,176.32	-	-	26,134,176.32
4,186,051.16	-	-	4,186,051.16
462,962.53	-	-	462,962.53
27,228.54	-	-	27,228.54
<u>266,923,471.77</u>	<u>-</u>	<u>-</u>	<u>266,923,471.77</u>
16,505,631.01	-	(304,645.45)	16,200,985.56
4,195,550.10	-	-	4,195,550.10
7,000,038.51	-	-	7,000,038.51
509,293.04	-	-	509,293.04
282,852.91	-	-	282,852.91
347,920.00	-	-	347,920.00
72,329.07	-	-	72,329.07
446,712.75	-	-	446,712.75
10,568.65	-	-	10,568.65
26,190.27	-	-	26,190.27
5,376,771.65	-	-	5,376,771.65
17,889,124.38	-	-	17,889,124.38
40,657,393.40	-	-	40,657,393.40
34,700,962.90	-	-	34,700,962.90
98,634,466.84	-	-	98,634,466.84
11,030,000.00	-	(11,030,000.00)	-
2,199,501.62	-	-	2,199,501.62
20,080.17	(20,080.17)	-	-
-	43,127.42	-	43,127.42
<u>239,905,387.27</u>	<u>23,047.25</u>	<u>(11,334,645.45)</u>	<u>228,593,789.07</u>
<u>27,018,084.50</u>	<u>(23,047.25)</u>	<u>11,334,645.45</u>	<u>38,329,682.70</u>
105,704,129.36	-	-	105,704,129.36
(62,997,348.02)	-	-	(62,997,348.02)
3,038,472.04	-	-	3,038,472.04
(2,736,672.04)	-	-	(2,736,672.04)
6,707,729.36	-	-	6,707,729.36
-	8,716.28	-	8,716.28
<u>49,716,310.70</u>	<u>8,716.28</u>	<u>-</u>	<u>49,725,026.98</u>
<u>76,734,395.20</u>	<u>-</u>	<u>-</u>	<u>88,054,709.68</u>
919,787,630.51	-	-	919,787,630.51
(446,087.58)	-	-	(446,087.58)
<u>919,341,542.93</u>	<u>-</u>	<u>-</u>	<u>919,341,542.93</u>
(27,428,308.06)	-	-	(27,428,308.06)
<u>\$ 968,647,530.07</u>	<u>\$ -</u>	<u>\$ 11,334,645.45</u>	<u>\$ 979,967,944.55</u>
\$ 968,647,530.07	\$ (14,330.97)	\$ 11,334,645.45	\$ 979,967,944.55
-	94,515.75	(94,828,849.74)	(94,734,333.99)
-	94,515.75	(94,828,849.74)	(94,734,333.99)
<u>\$ 968,647,530.07</u>	<u>\$ 80,184.78</u>	<u>\$ (83,494,204.29)</u>	<u>\$ 885,233,610.56</u>

UNAUDITED

OFFICE OF THE GOVERNOR - Core Operations (301) and Trusteed Programs (300)  
 Exhibit III - Combined Statement of Net Position - Proprietary Funds  
 For the Fiscal Year Ended August 31, 2014

	<u>Total Enterprise Funds</u> (Exhibit III 300)
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents:	
Cash in State Treasury	\$ 11,054,403.89
Restricted:	
Cash in State Treasury	1,052,816.87
Receivables from:	
Interest and Dividends	51,686.98
Loans and Contracts	1,851,059.45
Total Current Assets	<u>14,009,967.19</u>
Non-Current Assets:	
Loans and Contracts	18,863,354.12
Total Non-Current Assets	<u>18,863,354.12</u>
<b>Total Assets</b>	<u>\$ 32,873,321.31</u>
<b>DEFERRED OUTFLOWS</b>	
Total Deferred Outflows	<u>\$ -</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Payables from:	
Accounts Payable	\$ 159,731.27
Payroll	57,981.03
Due To Other Agencies	23,200.71
Employees' Compensable Leave (Note 5)	33,114.42
Total Current Liabilities	<u>274,027.43</u>
Non-Current Liabilities:	
Notes and Loans Payable (Note 5)	20,000,000.00
Employees' Compensable Leave (Note 5)	19,913.31
Total Non-Current Liabilities	<u>20,019,913.31</u>
<b>Total Liabilities</b>	<u>20,293,940.74</u>
<b>DEFERRED INFLOWS</b>	
Total Deferred Inflows	<u>-</u>
<b>Net Position</b>	
Restricted For:	
Other	1,052,816.87
Unrestricted	11,526,563.70
<b>Total Net Position</b>	<u>\$ 12,579,380.57</u>

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

UNAUDITED

OFFICE OF THE GOVERNOR - Core Operations (301) and Trusteed Programs (300)  
 Exhibit IV - Combined Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds  
 For the Fiscal Year Ended August 31, 2014

	<u>Total Enterprise Funds</u> <u>(Exhibit IV 300)</u>
<b>Operating Revenues</b>	
Interest and Investment Income	\$ 647,218.08
Other Operating Revenue	136,890.00
<b>Total Operating Revenues</b>	<u>784,108.08</u>
<b>Operating Expenses</b>	
Salaries and Wages	619,101.61
Payroll Related Costs	148,623.74
Professional Fees and Services	147,784.97
Travel	8,826.81
Materials and Supplies	1,069.49
Communication and Utilities	36,247.95
Repairs and Maintenance	318.00
Rentals and Leases	1,800.00
Printing and Reproduction	96.98
Interest	39,940.54
Other Operating Expenses	193,356.68
<b>Total Operating Expenses</b>	<u>1,197,166.77</u>
Operating Income (Loss)	<u>(413,058.69)</u>
<b>Nonoperating Revenues (Expenses)</b>	
Investment Income (Expense)	(0.08)
<b>Total Other Nonoperating Revenues (Expenses)</b>	<u>(0.08)</u>
Income (Loss) Before Capital Contributions, Endowments, and Transfers	<u>(413,058.77)</u>
<b>Capital Contributions, Endowments and Transfers</b>	
Transfer In	1,671,370.46
Transfer Out	(216,316.25)
<b>Total Capital Contributions, Endowments and Transfers</b>	<u>1,455,054.21</u>
Change in Net Position	<u>1,041,995.44</u>
Total Net Position, September 1, 2013	11,577,385.13
Restatements (Note 14)	(40,000.00)
Total Net Position, September 1, 2013, as Restated	<u>11,537,385.13</u>
<b>Total Net Position, August 31, 2014</b>	<u>\$ 12,579,380.57</u>

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

UNAUDITED

OFFICE OF THE GOVERNOR - Core Operations (301) and Trusteed Programs (300)  
 Exhibit V - Combined Statement of Cash Flows – Proprietary Funds  
 For the Fiscal Year Ended August 31, 2014

	Total Enterprise Funds (Exhibit V 300)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Proceeds from Other Revenue	\$ 96,890.00
Payments to Employees	(740,273.17)
Payments for Other Expenses	(317,248.36)
Net Cash Provided by Operating Activities	(960,631.53)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Proceeds of Transfers from Other Funds	1,694,571.17
Payments of Principal on Debt Issuance	(5,000,000.00)
Payments of Interest	(39,863.00)
Payments of Other Costs of Debt Issuance	(4,240.00)
Payments for Transfers to Other Funds	(216,316.25)
Payments for Other Uses	(8,859.08)
Net Cash Provided by Noncapital Financing Activities	(3,574,707.16)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from Interest and Investment Income	671,949.10
Proceeds from Principal Payments on Loans	2,599,739.09
Payments for Non-Program Loans	(1,510,000.00)
Net Cash Provided by Investing Activities	1,761,688.19
Net Increase/(Decrease) in Cash and Cash Equivalents	(2,773,650.50)
Cash and Cash Equivalents, September 1, 2013	14,880,871.26
Restatement to Beginning Cash & Cash Equivalents	-
Cash and Cash Equivalents, September 1, 2013 as Restated	14,880,871.26
Cash and Cash Equivalents, August 31, 2014	\$ 12,107,220.76
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income (Loss)	\$ (413,058.69)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Operating Income and Cash Flow Categories Classification Differences	(594,178.46)
Changes in Assets and Liabilities:	
Increase (Decrease) in Payables	73,300.65
Increase (Decrease) in Unearned Revenue	(40,000.00)
Increase (Decrease) in Compensated Absence Liabilities	13,304.97
Total Adjustments	(547,572.84)
Net Cash Provided by Operating Activities	\$ (960,631.53)

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

UNAUDITED

OFFICE OF THE GOVERNOR - Core Operations (301) and Trusteed Programs (300)  
Exhibit VI - Combined Statement of Net Position - Fiduciary Funds  
For the Fiscal Year Ended August 31, 2014

	Agency Funds (Exhibit J-1)
<b>ASSETS</b>	
Cash in State Treasury	\$ 1,247.86
Total Assets	<u>\$ 1,247.86</u>
<b>LIABILITIES</b>	
Funds Held for Others	\$ 1,247.86
Total Liabilities	<u>\$ 1,247.86</u>
<b>NET POSITION</b>	
Held in Trust for Others	\$ -
Total Net Position	<u>\$ -</u>

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

UNAUDITED

OFFICE OF THE GOVERNOR - Core Operations (301) and Trusteed Programs (300)  
 Exhibit VIII - Combined Statement of Net Position - Discretely Presented Component Units  
 For the Fiscal Year Ended August 31, 2014

	Totals (Exhibit VIII-300)
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents:	
Cash in Bank (Note 3)	\$ 614,369.99
Cash Equivalents (Note 3)	2,617,952.72
Receivables from:	
Interest and Dividends	25.92
Accounts Receivable	247,962.70
Prepaid Items	70,875.19
Total Current Assets	<u>3,551,186.52</u>
Non-Current Assets:	
Capital Assets (Note 2):	
Depreciable and Amortizable, Net	1,349.00
Total Non-Current Assets	<u>1,349.00</u>
<b>Total Assets</b>	<u>\$ 3,552,535.52</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	\$ 157,722.00
Unearned Revenues	5,000.00
Total Current Liabilities	<u>162,722.00</u>
Total Non-Current Liabilities	<u>-</u>
<b>Total Liabilities</b>	<u>162,722.00</u>
<b>Net Position</b>	
Unrestricted	3,389,813.52
<b>Total Net Position</b>	<u>\$ 3,389,813.52</u>

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



UNAUDITED

OFFICE OF THE GOVERNOR - Core Operations (301) and Trusteed Programs (300)  
 Exhibit IX - Combined Statement of Revenues, Expenses and Changes in Net Position –  
 Discretely Presented Component Units  
 For the Fiscal Year Ended August 31, 2014

	Totals (Exhibit IX 300)
<b>Operating Revenues:</b>	
Sales of Goods and Services	\$ 16,809.36
Interest and Investment Income	6,019.19
Other Grants and Contributions	870,623.26
Other Operating Revenue	23,410.24
<b>Total Operating Revenues</b>	<u>916,862.05</u>
<b>Operating Expenses:</b>	
Salaries and Wages	59,063.00
Professional Fees and Services	149,575.83
Travel	149,932.55
Materials and Supplies	159,613.83
Communication and Utilities	3,347.74
Rentals and Leases	113,325.72
Printing and Reproduction	12,723.52
Depreciation and Amortization	103.00
Interest	1,209.60
Grants to Community Service Programs	26,000.00
Other Operating Expenses	681,660.53
<b>Total Operating Expenses</b>	<u>1,356,555.32</u>
Operating Income (Loss)	<u>(439,693.27)</u>
<b>Nonoperating Revenues (Expenses)</b>	
Investment Income (Expense)	424.12
Other Nonoperating Revenues (Expenses)	6,996.00
<b>Total Nonoperating Revenues (Expenses)</b>	<u>7,420.12</u>
Income (Loss) Before Other Revenue, Expenses, Gains/Losses, and Transfers	<u>(432,273.15)</u>
Change in Net Position	<u>(432,273.15)</u>
Net Position, September 1, 2013	3,797,529.67
Restatements (Note 14)	24,557.00
Net Position, September 1, 2013, as Restated	<u>3,822,086.67</u>
<b>Net Position, August 31, 2014</b>	<u>\$ 3,389,813.52</u>

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

**NOTE 1: Summary of Significant Accounting Policies****Entity**

The Office of the Governor (Office) is an agency of the State of Texas. Its financial records are shown under two agencies, Agency 301 Core Operations and Agency 300 Trusteed Programs, and comply with state statutes and regulations including the Texas Comptroller of Public Accounts' *Reporting Requirements for Annual Financial Reports of State Agencies and Universities*.

The Office is provided for in the Constitution of the State of Texas. Additional functions are prescribed by various legislative acts and executive orders.

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 is 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.

The Office (Agency 300) includes within this report all components as determined by an analysis of their relationship to the Office as listed below.

**Blended Component Units**

The Office has one blended component unit. Information on component units can be found in Note 19.

**Discretely Presented Component Units**

The Office has seven discretely presented component units. Information on component units can be found in Note 19.

**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 and Government-Wide Adjustment Fund Types****General Revenue Funds**

General revenue funds are the principal operating funds used to account for the State's general activities. General revenue funds are used to account for all financial resources of the State except those required to be accounted for in another fund.

General Revenue Fund (Fund 0001) is used to account for all of Agency 301 Core Operations' general activities and much of the Agency 300's general activities except those required to be accounted for in another fund.

Operators and Chauffeurs License Fund (Fund 0099) is controlled by Department of Public Safety. The Office is authorized to spend money from Fund 0099 but does not report the shared cash balances in this report.

Governor's Office Federal Projects Fund (Fund 0224) was established to account for federal receipts and disbursements.

Criminal Justice Planning Fund (Fund 0421) was established to receive 12.5537% of court costs collected from defendants convicted under certain sections of the Penal Code. The fund also accounts for federal receipts and disbursements.

Economic Stabilization Fund (Fund 0599) is controlled by the Texas Comptroller's Office. The Office of the Governor is authorized to spend money from Fund 0599 but does not report the shared cash balances in this report.

UNAUDITED

Office of the Governor (Agencies 301 and 300)

**Summary of Significant Accounting Policies (continued)**

License Plate Trust Fund (Fund 0802) is controlled by the Texas Department of Motor Vehicles. The Office of the Governor is authorized to spend money from Fund 0802 originating from revenue receipts from "Texas, It's Like a Whole Other Country" specialty license plates, specialty license plates that include the words "Texas Music", and specialty license plates that include the words "Native Texan". Collections in the account from "Texas, It's Like a Whole Other Country" license plates are to be used only to finance tourism activities. Collections in the account from specialty license plates that include the words "Texas Music" may be used by the Texas Music office within the Office of the Governor to make grants to benefit music-related educational and community programs sponsored by nonprofit organizations in this state. Collections in the account from specialty license plates that include the words "Native Texan" are used by the Division of Economic Development and Tourism within the Office of the Governor to make grants to the Daughters of the Republic of Texas to preserve Texas historic sites or fund educational programs teaching Texas history. The Office of the Governor does not report the shared cash balances in this report.

Hotel Occupancy Tax for Economic Development Fund (Fund 5003) was established to receive ½ of 1% of revenue collections of hotel occupancy tax. These funds are used primarily for advertising and other marketing activities that promote Texas as a premier travel destination by the Division of Economic Development and Tourism within the Office of the Governor.

Crime Stoppers Assistance Fund (Fund 5012) was established to receive 0.2581% of court costs from defendants convicted under certain sections of the Penal Code. Ten percent of the amounts deposited may be used for operation of toll-free telephone services under Section 414.012, Government Code and the remainder may be distributed to local crime stoppers organizations.

Texas Enterprise Fund (Fund 5107) consists of appropriations, interest earned, gifts, grants and donations. Collections may be used only for economic development, infrastructure development, community development, job training programs and business.

Economic Development and Tourism Fund (Fund 5110) was established to record revenue from the sale of the specialty license plate, "Texas Aerospace and Aviation." Collections in the account are to be used only to finance economic development and tourism activities. Receipts from this license plate are now recorded in the General Revenue Fund (Fund 0001) and the Economic Development and Tourism Fund was closed during Fiscal Year 2014.

Texas Music Foundation License Plate Fund (Fund 5113) was established to account for revenue from the sale of specialty license plates that include the words "Texas Music." Collections may be used by the Texas Music office within the Office of the Governor to make grants to benefit music-related educational and community programs sponsored by nonprofit organizations in this state. Starting September 1, 2013, receipts from this license plate were recorded to the License Plate Trust Fund (Fund 0802) and the Texas Music Foundation License Plate Fund was abolished during Fiscal Year 2014.

Texas Military Value Revolving Loan Fund (Fund 5114) was established for deposit of loan payments made by a political subdivision, gifts, grants and proceeds from the sale of general obligation bonds as authorized by Section 40-n, Article III, Texas Constitution. These proceeds are used to fund loans to political subdivisions and defense communities to prepare a comprehensive defense installation and community strategic impact plans.

Emerging Technology Fund (Fund 5124) consists of appropriations, benefits realized from a project undertaken with money from the fund, gifts, grants, donations and interest earned. Proceeds are used for incentives for collaboration between certain entities, for matching research awards and for acquisition of research superiority.

BP Oil Spill Texas Response Grant (Fund 5149) consists of a block grant from British Petroleum to the state of Texas to pay for costs related to or resulting from the oil spill. These funds may also be used by various state agencies as directed by the Governor's Office for costs related to or resulting from the oil spill.

**Special Revenue Funds**

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Small Business Incubator Fund (Fund 0588) was established as a revolving fund to record bond proceeds, application fees, loan repayments, guarantee fees, royalties, dividend income, appropriations, federal grants and any other sources authorized by Section 71, Article XVI, Texas Constitution. Proceeds may be used to provide financing to foster and stimulate development of small business in this state and for fund administration.

Office of the Governor (Agencies 301 and 300)

**Summary of Significant Accounting Policies (continued)**

Texas Product Development Fund (Fund 0589) was established as a revolving fund to record bond proceeds, application fees, loan repayments, guarantee fees, royalties, dividend income, appropriations, federal grants and any other sources authorized by Section 71, Article XVI, Texas Constitution. Proceeds may be used to provide financing to aid in the development and production of new or improved products in this state and to provide funding for administration.

***Debt Service Funds***

Debt Service funds are used to account for the accumulation of financial resources that are restricted, committed or assigned to expenditures for general long-term debt principal and interest.

Small Business Incubator Fund (Fund 0588) was established as a revolving fund to record loan repayments in order to pay bond debt service.

Texas Product Development Fund (Fund 0589) was established as a revolving fund to record loan repayments in order to pay bond debt service.

Texas Military Value Revolving Loan Funds (Funds 7022, 7026, and 7027) were established to receive deposits of loan repayments in order to pay bond debt service.

***Capital Assets Adjustment Fund Type***

The capital asset adjustment fund (Fund 9998) is used to convert governmental fund types' capital assets from modified accrual to full accrual.

***Long-Term Liabilities Adjustment Fund Type***

The long-term liabilities adjustment fund (Fund 9997) is used to convert governmental fund types' debt from modified accrual to full accrual.

***Proprietary Fund Types***

***Enterprise Funds***

Enterprise funds are used to account for any activity for which a fee is charged to external users for goods or services. 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 revenue 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, rather than with taxes or similar revenue.
3. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs.

Economic Development Bank Fund (Fund 5106) consists of appropriations, fees and investment earnings under Government Code, Chapter 481, Subchapter BB, fees under Government Code, Chapter 489, and interest and other amounts received by the state under Government Code, Chapter 489. Proceeds are used only to carry out the purposes of Government Code, Chapter 489.

***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.

***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***

The financial data of the individual component units are available from the component units' separately issued financial statements. Additional information about component units is disclosed in Note 19.

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Office of the Governor (Agencies 301 and 300)

**Summary of Significant Accounting Policies (continued)**

***Basis of Accounting***

The basis of accounting determines when revenue 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, revenue is recognized in the period in which it becomes 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 revenue 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. The following activities are recognized in these fund types: capital assets, accumulated depreciation, unpaid employee compensable leave, unmatured debt service on general long-term liabilities, long-term capital leases, long-term claims and judgments, and full accrual revenue and expenses.

Proprietary funds are accounted for on the full accrual basis of accounting. Under the full accrual basis of accounting, revenue is recognized when earned and expenses are recognized at the time liabilities are incurred. Proprietary funds distinguish operating from non-operating items. Operating revenue and expenses result from providing services or producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Operating expenses for proprietary 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). 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 Balance / Net Position**

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**Assets**

***Cash and Cash Equivalents***

Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents.

***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 set aside for statutory or contractual requirements.

***Inventories and Prepaid Items***

Inventories include both merchandise inventories on hand for sale and consumable inventories. Inventories are valued at cost, generally using 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.

Office of the Governor (Agencies 301 and 300)

**Summary of Significant Accounting Policies (continued)**

***Loans and Contracts Receivable***

Loans receivable reflects the outstanding amount of loans to outside entities which have been entered into by the Office as loans, convertible loans or as grant advances. Convertible loans held within the Texas Emerging Technology Fund (TEFT) are acquired as consideration for awards made to private companies primarily for the purpose of economic development within Texas. Therefore, any impairment of these loans is recorded as grant expense. Per GASB 33 requirements, loans receivable also reflects grant payments given in advance of requirements being met. The grant advances will be reclassified as grant expenditures as requirements of the grant are met or when it has been determined that the grant requirements will not be met. Losses related to troubled debt restructuring are estimated as set out in GASB 62 and reflected in the period of restructuring. Loan origination and non-refundable application fees and direct loan origination costs are not recognized as an adjustment to yield nor as part of the loan balances as these adjustments are immaterial.

***Equity Holdings for Economic Development***

Equity holdings held within the Texas Emerging Technology Fund (TEFT) are acquired as consideration for awards made to private companies primarily for the purpose of economic development within Texas. Therefore, these holdings are recorded at cost less impairment. Losses related to impairment are recorded as grant expense. The Emerging Technology Fund's annual report to the legislature will include not only the cost basis as defined by GASB but also the fair value of these holdings.

***Capital Assets***

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

***Liabilities***

***Accounts Payable***

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

***Deferred Revenue***

Deferred revenue is revenue received but not yet earned at the end of the fiscal year.

***Employees' Compensable Leave Balances***

Employees' compensable leave balances represents the liability that occurs due to 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. These obligations are normally paid from the same funding source from which each employee's salary or wage compensation was paid.

***Bonds Payable – General Obligation Bonds***

The unmatured principal of general obligation bonds is accounted for in the long-term liabilities adjustment column for governmental activities and in proprietary funds for business-type activities. These payables are reported as current long-term liabilities for amounts due within one year and noncurrent long-term liabilities for amounts due thereafter in the statement of net assets. The bonds are reported at par, net of unamortized premiums, discounts, issuance costs and gains/(losses) on bond refunding activities.

For governmental activities, bond proceeds are accounted for when received as an "other financing source" in the governmental fund receiving the proceeds. Payment of principal and interest is an expenditure recorded in the debt service fund. All bond transactions and balances for business-type activities are reported in proprietary funds.

***Bonds Payable – Revenue Bonds***

Revenue bonds are accounted for in proprietary funds for business-type activities and in the long-term liabilities adjustment column for governmental activities. These payables are reported as current long-term liabilities for amounts due within one year and noncurrent long-term liabilities for amounts due thereafter in the statement of net assets. The bonds are reported at par, net of unamortized premiums, discounts, issuance costs and gains/(losses) on bond refunding activities.

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Office of the Governor (Agencies 301 and 300)

**Summary of Significant Accounting Policies (continued)**

***Fund Balance / Net Position***

The difference between fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is "net position" on the government-wide, proprietary and fiduciary fund statements, and the "fund balance" is the difference between fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources 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.

- 1) 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.
- 2) Restricted fund balance includes those resources that have constraints placed on their use through external parties or by law through constitutional provisions. Fund balances of the following funds not classified as nonspendable have been classified as restricted:
  - o Federal fund balances which are accounted for in the Governor's Office Federal Projects Fund 0224 and the Criminal Justice Planning Fund 0421 have been classified as restricted.
  - o Fund balances of the Small Business Incubator Fund 0588, the Texas Product Development Fund 0589 and the Texas Military Revolving Loan Fund 5114 have been classified as restricted since these funds were established in the Texas Constitution. The Small Business Incubator Fund and the Texas Product Development Fund were established in Article XVI and the Texas Military Revolving Loan Fund was established in Article III.
  - o In addition, fund balances of the debt service funds of Texas Military Value Revolving Loan Funds 7022, 7026 and 7273 and a portion of the fund balance of the enterprise fund of Economic Development Bank Fund 5106 have been classified as restricted due to the restrictions of the debt covenants.
- 3) 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. Fund balances of the general revenue dedicated funds and the blended component units which are not classified as nonspendable or restricted have been classified as committed.
- 4) 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.
- 5) Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that was not assigned to other funds and was not restricted, committed or assigned to specific purposes within the general fund.

***Invested In Capital Assets, Net Of Related Debt***

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bond, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.

***Restricted Net Position***

Restricted net position results when constraints placed on net resources are either externally imposed by creditors, grantors, contributors and the like or imposed by law through constitutional provisions or enabling legislation.

***Unrestricted Net Position***

Unrestricted net position consists of net resources that do not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management but can be removed or modified.

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Office of the Governor (Agencies 301 and 300)

**Summary of Significant Accounting Policies (continued)**

**Interfund Activities and Balances**

The Office has the following type of transactions between funds and/or agencies:

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

The composition of the Office's interfund receivables and payables are presented in Note 12.

**NOTE 2: Capital Assets**

Revenue received from the sale of surplus property has been transferred to unappropriated general revenue in accordance with HB 7, Section 20, 80<sup>th</sup> Legislature, R.S.

A summary of changes in Capital Assets, for the year ended August 31, 2014, is presented below for the Office of the Governor – Core Operations (301):

	PRIMARY GOVERNMENT							
	Balance 09/01/13	Adjustments	Reclassifications			Additions	Deletions	Balance 08/31/14
			Completed CIP	Increase- Interagency Transactions	Decrease- Interagency Transactions			
<b>GOVERNMENTAL ACTIVITIES</b>								
Depreciable Assets:								
Furniture and Equipment	\$ 420,073.98	\$ -	\$ -	\$ -	\$ -	\$ 14,917.64	\$ (5,351.00)	\$ 429,640.62
Vehicles, Boats and Aircraft	-	-	-	20,337.08	-	-	-	20,337.08
Total Depreciable Assets at Historical Costs	420,073.98	-	-	20,337.08	-	14,917.64	(5,351.00)	449,977.70
Less Accumulated Depreciation for:								
Furniture and Equipment	(326,121.47)	-	-	-	-	(40,767.42)	5,351.00	(361,537.89)
Vehicles, Boats and Aircraft	-	-	-	(11,620.80)	-	(1,452.60)	-	(13,073.40)
Total Accumulated Depreciation	(326,121.47)	-	-	(11,620.80)	-	(42,220.02)	5,351.00	(374,611.29)
Governmental Activities Capital Assets, Net	\$ 93,952.51	\$ -	\$ -	\$ 8,716.28	\$ -	\$ (27,302.38)	\$ -	\$ 75,366.41



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Office of the Governor (Agencies 301 and 300)

**Capital Assets (continued)**

A summary of changes in Capital Assets, for the year ended August 31, 2014, is presented below for the Office of the Governor – Trusteed Programs (300):

	PRIMARY GOVERNMENT							
	Balance 09/01/13	Adjustments	Completed CIP	Reclassifications		Additions	Deletions	Balance 08/31/14
				Increase- Interagency Transactions	Decrease- Interagency Transactions			
<b>GOVERNMENTAL ACTIVITIES</b>								
Depreciable Assets:								
Furniture and Equipment	\$ 38,343.59	\$ -	\$ -	\$ -	\$ -	\$ 5,162.53	\$ -	\$ 43,506.12
Total Depreciable Assets at Historical Costs	38,343.59	-	-	-	-	5,162.53	-	43,506.12
Less Accumulated Depreciation for:								
Furniture and Equipment	(37,780.35)	-	-	-	-	(907.40)	-	(38,687.75)
Total Accumulated Depreciation	(37,780.35)	-	-	-	-	(907.40)	-	(38,687.75)
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 563.24</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,255.13</b>	<b>\$ -</b>	<b>\$ 4,818.37</b>

A summary of changes in Capital Assets for Discretely Presented Component Units, for the year ended August 31, 2014, is presented below for the Office of the Governor – Trusteed Programs (300):

	DISCRETELY PRESENTED COMPONENT UNITS							
	Balance 09/01/13	Adjustments	Completed CIP	Reclassifications		Additions	Deletions	Balance 08/31/14
				Increase- Interagency Transactions	Decrease- Interagency Transactions			
<b>DISCRETELY PRESENTED COMPONENT UNITS</b>								
Depreciable Assets:								
Furniture and Equipment	\$ 41,943.00	\$ (22,313.00)	\$ -	\$ -	\$ -	\$ 100.00	\$ -	\$ 19,730.00
Total Depreciable Assets at Historical Costs	41,943.00	(22,313.00)	-	-	-	100.00	-	19,730.00
Less Accumulated Depreciation for:								
Furniture and Equipment	(25,814.00)	7,637.00	-	-	-	(204.00)	-	(18,381.00)
Total Accumulated Depreciation	(25,814.00)	7,637.00	-	-	-	(204.00)	-	(18,381.00)
<b>Discretely Presented Component Units Capital Assets, Net</b>	<b>\$ 16,129.00</b>	<b>\$ (14,676.00)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (104.00)</b>	<b>\$ -</b>	<b>\$ 1,349.00</b>

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**NOTE 3: Deposits, Investments, and Repurchase Agreements**

The Office is authorized by statute to make investments following the "prudent person rule." There were no significant violations of legal provisions during the period.

**Deposits of Cash in Bank**

As of August 31, 2014, the carrying amount of deposits was \$670,329.54 as presented below:

Governmental and Business-Type Activities	
CASH IN BANK - CARRYING AMOUNT	\$ 35,884.75
<b>Total Cash in Bank per AFR (Fund 9999/7010)</b>	<b>\$ 35,884.75</b>
Governmental Funds Current Assets Cash in Bank (Fund 9999/7010)	\$ 35,884.75
<b>Cash in Bank per AFR</b>	<b>\$ 35,884.75</b>

Discretely Presented Component Units	
CASH IN BANK - CARRYING AMOUNT	\$ 634,444.79
Less: Non-Negotiable Certificate of Deposit included in carrying amount and reported as Cash Equivalent Investment in AFR	(20,074.80)
<b>Total Cash in Bank per AFR (Funds 3146/7003, 3155/7001, 4157/7005, 4158/7006, 4159/7007 and 4164/7008)</b>	<b>\$ 614,369.99</b>
Discrete Component Units Current Assets Cash in Bank	\$ 614,369.99
<b>Cash in Bank per AFR</b>	<b>\$ 614,369.99</b>

These amounts consist of all cash in local banks and non-negotiable certificates of deposits. These amounts are included on the Combined Statement of Net Assets as part of the "Cash and Cash Equivalents" accounts. As of August 31, 2014, the total **bank balance** was as follows:

Governmental and Business-Type Activities:	\$ 35,884.75	Discretely Presented Component Units:	\$ 634,444.79
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**Investments**

As of August 31, 2014, the fair value of investments was:

Discretely Presented Component Units	Fair Value
U.S. Government Obligations Money Market Fund (Funds 3146/7003, 3154/7002, and 3155/7001)	2,597,877.92
<b>Total Investments</b>	<b>\$ 2,597,877.92</b>
Reconciliation of Total Investments per Exhibits – Discrete Component Units	
Discretely Presented Component Units Current Assets Cash Equivalent Investments	2,617,952.72
<b>Investments per Exhibits</b>	<b>\$ 2,617,952.72</b>
Less: Non-Negotiable Certificate of Deposit excluded from carrying amount and reported as Cash Equivalent Investment in AFR	(20,074.80)
<b>Investments per Exhibits (less Non-Negotiable Certificates of Deposit)</b>	<b>\$ 2,597,877.92</b>

U.S. Government Obligations money market funds are rated either AAAM by Standard & Poor's or Aaa-mf by Moody's.

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**NOTE 4: Short-Term Debt**

The Office has a standby letter of credit for the Product Development Program General Obligation Variable Rate Demand Bonds, Series 2005A and the Small Business Incubator General Obligation Variable Rate Demand Bonds, Series 2005B as described in Note 6. No activity or draws have been made during this fiscal year on this letter of credit.

The Office has a direct pay letter of credit for \$20,000,000, which was lowered from \$25,000,000 on March 8, 2014, with JP Morgan Chase Bank to facilitate the sale of commercial paper that provides financing for the Texas Leverage Fund Program. Each time the commercial paper matures and is reissued the letter of credit is drawn down and repaid usually on the same day while the paying agent is processing the payments to holders of the maturing commercial paper and the receipts related to the sale of the newly issued commercial paper. The Office was paid in full as of August 31, 2014. The following table details the draws and repayments during the fiscal year.

Proprietary Activities	Draw and Repayment Date	Increases	Decreases	Outstanding Balance
Letter of Credit - Fund 5106	Beginning Balance 9/1/2013	\$ -		
	9/13/2013	\$ 25,000,000.00	\$ 25,000,000.00	\$ -
	10/18/2013	25,000,000.00	20,000,000.00	5,000,000.00
	10/29/2013	-	5,000,000.00	-
	11/22/2013	20,000,000.00	20,000,000.00	-
	12/20/2013	20,000,000.00	20,000,000.00	-
	1/24/2014	20,000,000.00	20,000,000.00	-
	2/21/2014	20,000,000.00	20,000,000.00	-
	3/7/2014	20,000,000.00	20,000,000.00	-
	4/4/2014	20,000,000.00	20,000,000.00	-
	5/9/2014	20,000,000.00	20,000,000.00	-
	6/13/2014	20,000,000.00	20,000,000.00	-
	7/18/2014	20,000,000.00	20,000,000.00	-
	8/15/2014	20,000,000.00	20,000,000.00	-
	Ending Balance 8/31/2014			\$ -

Texas Small Business Industrial Development Corporation, a component unit of the Office, had, until its bonds were fully extinguished on January 2, 2014, a direct pay letter of credit for its floating rate demand revenue bonds with Comerica to facilitate the monthly payment of interest on the bonds, to facilitate bond redemptions and to provide funding for bonds tendered that are not successfully remarketed as described in Note 6. Each month when interest was paid on the bonds the letter of credit was drawn down and repaid on the same day while the paying agent was processing the payments from borrowers that funded the bond interest payments. When bond redemptions occurred, the letter of credit was drawn down and repaid on the same day while the paying agent was transferring the funds from borrowers that were used to repay the bonds. TSBDIC was paid in full as of January 2, 2014 and the letter of credit facility was closed. The following table details the draws and repayments during the fiscal year.

Proprietary Activities	Draw and Repayment Date	Increases	Decreases	Outstanding Balance
Letter of Credit - Fund 3154	Beginning Balance 9/1/2013	\$ -		
	9/3/2013	\$ 800,427.10	\$ 800,427.10	\$ -
	10/2/2013	199.71	199.71	-
	11/6/2013	388.43	388.43	-
	12/4/2013	297.21	297.21	-
	1/2/2014	820,544.07	820,544.07	-
	Ending Balance 8/31/2014			\$ -

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**NOTE 5: Long-Term Liabilities**

**Changes in Long-Term Liabilities**

During the year ended August 31, 2014, the following changes occurred in liabilities:

Governmental Activities	Balance 9/1/2013	Additions	Reductions	Balance 8/31/2014	Amounts Due Within One Year	Amounts Due Thereafter
General Obligation Bonds Payable (Note 6)	\$ 92,400,000.00	\$ -	\$ (11,030,000.00)	\$ 81,370,000.00	\$ 1,150,000.00	\$ 80,220,000.00
Claims and Judgments	-	-	-	-	-	-
Compensable Leave (301)	1,470,787.69	1,227,426.09	(1,416,194.11)	1,282,019.67	730,698.30	551,321.37
Compensable Leave (300)	958,062.05	848,893.05	(964,770.48)	842,184.62	521,544.96	320,639.66
<b>Total Governmental Activities</b>	<b>\$ 94,828,849.74</b>	<b>\$ 2,076,319.14</b>	<b>\$ (13,410,964.59)</b>	<b>\$ 83,494,204.29</b>	<b>\$ 2,402,243.26</b>	<b>\$ 81,091,961.03</b>

Business-Type Activities	Balance 9/1/2013	Additions	Reductions	Balance 8/31/2014	Amounts Due Within One Year	Amounts Due Thereafter
Notes and Loans Payable	\$ 25,000,000.00	\$ -	\$ (5,000,000.00)	\$ 20,000,000.00	\$ -	\$ 20,000,000.00
Compensable Leave (300)	39,722.76	85,027.60	(71,722.63)	53,027.73	33,114.42	19,913.31
<b>Total Business-Type Activities</b>	<b>\$ 25,039,722.76</b>	<b>\$ 85,027.60</b>	<b>\$ (5,071,722.63)</b>	<b>\$ 20,053,027.73</b>	<b>\$ 33,114.42</b>	<b>\$ 20,019,913.31</b>

Component Unit Activities	Balance 9/1/2013	Additions	Reductions	Balance 8/31/2014	Amounts Due Within One Year	Amounts Due Thereafter
Revenue Bonds Payable (Note 6)	\$ 1,620,000.00	\$ -	\$ (1,620,000.00)	\$ -	\$ -	\$ -
<b>Total Component Unit Activities</b>	<b>\$ 1,620,000.00</b>	<b>\$ -</b>	<b>\$ (1,620,000.00)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Notes and Loans Payable**

Notes payable consist of commercial paper which is paid and re-issued every 30 to 90 days. The commercial paper program is authorized by Section 52-a of Article III of the Constitution of the State of Texas and Chapter 481 of the Texas Government Code to issue revenue bonds or notes for the purpose of providing money to fund the loan program. The program is secured by a direct pay letter of credit from JP Morgan Chase Bank which may be authorized for an amount up to \$25 million. At fiscal year end, the letter of credit was authorized for \$20 million and that same amount of commercial paper was issued.

This commercial paper is used to finance the Texas Leverage Fund program's lending activities which may consist of 5-, 10-, or 15-year loans. Therefore, the commercial paper is considered long-term debt and reported as a noncurrent liability on the financial statements and in the table showing changes in long-term liabilities for business activities above. While the full length of the Texas Leverage Fund program is not reasonably estimable, since almost all the loans extended by the Texas Leverage Fund program have a 15-year maturity, the commercial paper is shown in the table below as maturing in 2029. The interest rate of the commercial paper is variable and determined by the market rate at the time the commercial paper trade is made. The rate of 0.1588%, effective on August 31, 2014, was used to calculate the estimated interest amounts shown in the table below.

The debt service requirements for Notes Payable in the Governmental, Business-Type, and Component Unit Activities are estimated to be as follows:

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**Long-Term Liabilities (continued)**

Notes Payable Debt Service Requirements						
Fiscal Year	Governmental Activities		Business-Type Activities		Component Unit Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ -	\$ -	\$ -	\$ 31,760.00	\$ -	\$ -
2016	-	-	-	31,760.00	-	-
2017	-	-	-	31,760.00	-	-
2018	-	-	-	31,760.00	-	-
2019	-	-	-	31,760.00	-	-
2020 - 2024	-	-	-	158,800.00	-	-
2025 - 2029	-	-	20,000,000.00	158,800.00	-	-
Total Requirements	\$ -	\$ -	\$ 20,000,000.00	\$ 476,400.00	\$ -	\$ -

**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 a 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 business-type activities are recorded in the proprietary funds as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

**NOTE 6: Bonded Indebtedness**

**Bonds Payable**

Detailed supplemental bond information is disclosed in:

- Schedule 2A – Miscellaneous Bond Information
- Schedule 2B – Changes in Bond Indebtedness
- Schedule 2C – Debt Service Requirements
- Schedule 2D – Analysis of Funds Available for Debt Service
- Schedule 2E – Defeased Bonds Outstanding
- Schedule 2F – Early Extinguishment and Refunding

General information related to bonds is summarized below:

**General Obligation Bonds – Self-Supporting**

**Product Development Program General Obligation Variable Rate Demand Bonds, Series 2005A**

- A revolving loan fund was created for the purposes of aiding in the development and production, including the commercialization, of new or improved products in the state.
- Issued May 18, 2005.
- \$25,000,000; all authorized bonds have been issued.
- Source of revenue for debt service – loan repayments, which are designed to support both debt service and programs costs. In addition, cash reserves of \$2,500,000 are set aside to provide a cushion for unforeseen cash flow mismatches.
- Loans are collateralized with the State's security interest in the capital assets.
- Bondholders may tender the bonds for repurchase every seven days. Any bonds tendered will be purchased with proceeds from loan repayments and/or the standby letter of credit until remarketed.

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**Bond Indebtedness (continued)**

- Demand bonds for the Product Development Program and the Small Business Incubator Program are backed by an irrevocable standby letter of credit issued by National Australia Bank for a limit of \$45,419,179 which expires on June 1, 2015. The Product Development Program incurs an estimated annual cost of \$23,666 for this letter of credit. As of August 31, 2014, no principal drawings have been made on the letter of credit. The Office does not have a take-out agreement as part of this letter of credit or as a separate agreement.

***Small Business Incubator General Obligation Variable Rate Demand Bonds, Series 2005B***

- A revolving loan fund was created for the purposes of fostering and stimulating the development of new or existing small businesses in the state.
- Issued May 18, 2005.
- \$20,000,000; all authorized bonds have been issued.
- Source of revenue for debt service – loan repayments, which are designed to support both debt service and programs costs. In addition, cash reserves of \$2,000,000 are set aside to provide a cushion for unforeseen cash flow mismatches.
- Loans are collateralized with the State's security interest in the intangible assets.
- Bondholders may tender the bonds for repurchase every seven days. Any bonds tendered will be purchased with proceeds from loan repayments and/or the standby letter of credit until remarketed.
- Demand bonds for the Product Development Program and the Small Business Incubator Program are backed by an irrevocable standby letter of credit issued by National Australia Bank for a limit of \$45,419,179 which expires on June 1, 2015. The Small Business Incubator Program incurs an estimated annual cost of \$19,363 for this letter of credit. As of August 31, 2014, no principal drawings have been made on the letter of credit. The Office does not have a take-out agreement as part of this letter of credit or as a separate agreement.

***Texas Military Value Revolving Loan Program General Obligation Bonds, Series 2007A-1, Series 2007A-2, and Taxable Series 2007B***

- A revolving loan fund was created to provide loans to defense-related communities for economic development projects, including projects that enhance military value of installations located in Texas.
- Issued March 15, 2007.
- \$250,000,000 authorized – \$49,595,000 issued: \$10,815,000 under Series 2007A-1, \$10,160,000 under Series 2007A-2, and \$28,620,000 under Series 2007B. Bond authority of \$200,405,000 remains unissued.
- Bonds totaling \$450,000 matured in fiscal year 2011; \$465,000 matured in fiscal year 2012; \$1,280,000 matured in fiscal year 2013; and \$1,340,000 matured in fiscal year 2014, leaving an outstanding par amount of \$44,910,000. The total remaining principal outstanding of Series 2007A-2 of \$9,690,000 was defeased on September 12, 2013, leaving an outstanding principal obligation of \$35,220,000.
- Debt service payments are processed by the Texas Public Finance Authority by means of shared funds established in the Treasury.
- Source of revenue for debt service – loan repayments, which are designed to support both debt service and programs costs. Any interest rate resets are mirrored in the interest rate provisions in the underlying loan so as to create a match in interest rate payments from the borrower with interest payments to the bondholders.
- Loans are collateralized with the State's interest in the agreements financed with the loan proceeds.
- Bondholders do not have the authority to tender the bonds for repurchase.

***Component Unit Revenue Bonds – Self-Supporting***

***Texas Small Business Industrial Development Corporation Floating Rate Demand Revenue Bonds***

- The purpose of the program is to provide a capital financing source for eligible participants to promote economic development in the State of Texas and for purchasing obligations of eligible economic development projects.
- Issued July 15, 1986.
- \$750,000,000; all authorized bonds were issued.

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**Bond Indebtedness (continued)**

- Bonds totaling \$649,600,000 and \$1,065,000 were redeemed on July 5, 1989, and November 1, 1989, respectively. Bonds totaling \$39,335,000 were redeemed in 2009. Bonds totaling \$13,500,000 and \$26,500,000 were redeemed on March 7, 2012 and May 2, 2012, respectively. Bonds totaling \$7,800,000 were redeemed on December 5, 2012; \$870,000 were redeemed on June 5, 2013; and \$9,710,000 were redeemed on August 7, 2013. Bonds totaling \$800,000 were redeemed on September 4, 2013 and \$820,000 were redeemed on January 2, 2014, leaving no outstanding principal.
- Source of revenue for debt service was loan repayments and investment earnings on bond proceeds.
- Bondholders were able to tender the bonds for repurchase every seven days. Any bonds tendered were purchased with proceeds from the remarketing of the bonds, or if not successfully marketed, from amounts drawn under the LOC.
- Bonds were secured by an irrevocable letter of credit issued by Comerica which expired on February 8, 2014. The Office did not have a take-out agreement as part of this letter of credit or as a separate agreement.
- Bonds were issued by Texas Small Business Industrial Corporation; neither the State of Texas nor the Office were responsible for repayment of these bonds.

**Early Extinguishment**

Texas Small Business Industrial Development Corporation, a component unit of the Office, redeemed \$800,000 on September 4, 2013 and \$820,000 on January 2, 2014 of its floating rate demand revenue bonds at a redemption price of 100% as shown in Schedule 2F. The source of funds used for the extinguishments was loan repayments from borrowers and a reduction in the debt service reserve account.

On September 12, 2013, the total remaining principal outstanding of \$9,690,000 of Texas Military Value Revolving Loan Program General Obligation Bonds Series 2007A-2 was defeased. The escrow account was funded by a borrower to satisfy their loan obligation to the program. The defeased bonds will be redeemed on a redemption date of October 1, 2016, the earliest date on which these bonds can be called for optional redemption.

**Refunding**

No advance or current refundings occurred during fiscal year 2014.

**NOTE 7: Derivative Instruments**

(Not Applicable)

**NOTE 8: Leases**

The Office leases office space and equipment under operating leases. Included in the expenditures reported in the financial statements are the following amounts which were due under operating lease obligations:

<u>Fund Type</u>	<u>Amount</u>
General Revenue Funds (Agency 301)	\$115,805.66
General Revenue Funds (Agency 300)	\$330,907.09
Proprietary Funds (Agency 300)	\$1,800.00
Discrete Component Units (Agency 300)	\$113,325.72

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**Leases (continued)**

Office space leases either have a term of one year or are cancelable but the equipment leases are non-cancelable. Future minimum lease rental payments under non-cancelable operating leases having an initial term in excess of one year are as follows:

<b>Non-cancelable Operating Lease Obligations</b>			
	<b>Agency 301</b>	<b>Agency 300</b>	
	<b>General Revenue Funds</b>	<b>General Revenue Funds</b>	<b>Total</b>
Year Ended Aug. 31, 2015	\$ 29,475.96	\$ 22,049.90	\$ 51,525.85
Year Ended Aug. 31, 2016	1,558.61	11,021.71	12,580.32
Year Ended Aug. 31, 2017	-	4,710.67	4,710.67
Year Ended Aug. 31, 2018	-	-	-
Year Ended Aug. 31, 2019	-	-	-
<b>Total Minimum Future Lease Rental Payments</b>	<b>\$ 31,034.57</b>	<b>\$ 37,782.27</b>	<b>\$ 68,816.84</b>

The discretely presented component unit Texas Economic Development Corporation leases office space under an operating lease. Future minimum lease rental payments under this lease is as follows:

<b>Non-cancelable Operating Lease Obligations</b>	
	<b>Total</b>
Year Ended Dec. 31, 2014	\$ 16,392.00
Year Ended Dec. 31, 2015	1,095.00
Year Ended Dec. 31, 2016	-
Year Ended Dec. 31, 2017	-
Year Ended Dec. 31, 2018	-
<b>Total Minimum Future Lease Rental Payments</b>	<b>\$ 17,487.00</b>

**NOTE 9: Pension Plans (administering entities only)**

(Not Applicable)

**NOTE 10: Deferred Compensation (administering agencies only)**

(Not Applicable)

**NOTE 11: Post Employment Health Care and Life Insurance Benefits (administering agencies only)**

(Not Applicable)



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**NOTE 12: Interfund Activity and Transactions**

The Office experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer. The Office had no Interfund receivables or payables as of August 31, 2014.

**NOTE 13: Continuance Subject To Review**

(Not Applicable)

**NOTE 14: Adjustments to Fund Balances and Net Position**

During fiscal year 2014, adjustments were made which required the restatement of the amounts in fund balances and fund equity as shown and discussed below:

	General Funds			Enterprise Funds	Discretely Presented Component Units		Total
	Agency 301 (Fund 0001)	Agency 300 (Fund 0001)	Agency 300 (Fund 5107)	Agency 300 (Fund 5106)	Agency 300 (Fund 3154)	Agency 300 (Fund 3147)	
Fund Balance / Net Position as of Sept. 1, 2013	\$ 3,496,527.72	\$ 127,422,172.73	\$ 332,324,535.81	\$ 11,577,385.13	\$ 830,563.08	\$ 15,443.00	\$ 475,666,627.47
Restatement of balances related to prior years' payables	14,497.70						14,497.70
Restatement of balances due to modification of the allocation of grant expense between fiscal years for certain advance grants		476,455.20	(937,040.48)				(460,585.29)
Restatement of balances due to the return by Fund 5106 of an administrative fee charged in error to Texas Small Business Industrial Development Corporation last fiscal year				(40,000.00)	40,000.00		-
Restatement to exclude Texas Health Services Authority as a discrete component unit						(15,443.00)	(15,443.00)
Fund Balance / Net Position as of Sept. 1, 2013, as Restated	\$ 3,511,025.42	\$ 127,898,627.93	\$ 331,387,495.33	\$ 11,537,385.13	\$ 870,563.08	\$ -	\$ 475,205,096.88

**NOTE 15: Contingencies and Commitments**

Federal Assistance

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

Unpaid Claims and Lawsuits

The Governor of the State of Texas or staff of the Office are defendants in pending litigations related to public information requests, State administration, policy disagreements and denial of incentives. While plaintiffs seek attorney fees and damages in these lawsuits, no liability is recorded because adverse rulings are not probable.

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**Contingencies and Commitments (continued)**

Contingent Revenue

The Office has acquired as a result of impairments of equity holdings from commercialization awards of the Texas Emerging Technology Fund (Fund 5124) certain royalties and intellectual property rights. Since the value of these royalties and intellectual property rights is undeterminable, these rights are not recorded as an asset. These royalties and intellectual property rights may result in revenue to the Texas Emerging Technology Fund in future years.

**NOTE 16: Subsequent Events**

On October 1, 2014 the outstanding amount of commercial paper which is issued to finance the Texas Leverage Fund program's lending activities was increased from \$20 million to \$25 million.

**NOTE 17: Risk Management**

(Not Applicable)

**NOTE 18: Management's Discussion and Analysis (MD&A)**

(Not Applicable)

**NOTE 19: The Financial Reporting Entity**

As required by generally accepted accounting principles, the financial statements present the Office and its component units. The component units discussed in this note are included in the Office's (Agency 300's) reporting entity because of the significance of their operational or financial relationships with the Office. These component units are legally separate from the State but have a relationship with the State such that exclusion would cause the financial statements to be misleading or incomplete.

**Individual Component Unit Disclosures**

***Blended Component Units***

Blended component units' financial data are reported in a separate special revenue fund column (USAS GAAP fund 9999) of the governmental fund type as if these legally separate organizations were part of the government since its purpose is to provide a service to the government. A single blended component unit, the Texas Governor's Mansion Restoration Fund, is included in these financial statements (USAS GAAP Fund 9999, U/F 7010).

The Texas Governor's Mansion Restoration Fund (TGMRF) is a 501(c)(3) corporation established to help the Office raise awareness and provide financial assistance to the State for the restoration of the Texas Governor's Mansion. The First Lady of Texas serves as a board member. While legally separate from the Office, TGMRF is closely related to and administered by the Office. The corporation's financial statements, for its fiscal year ending August 31, 2014, are available from the Office's Financial Services Division.

Office of the Governor (Agencies 301 and 300)**Financial Reporting Entity (continued)*****Discretely Presented Component Units***

Discrete component units' financial data are reported in separate columns in the combined financial statements to emphasize that they are legally separate from the Office.

The Texas Disaster Relief Fund (TDRF) is a 501(c)(3) corporation established to help the Office provide disaster relief. The services provided by TDRF assist the Office in responding to the needs of the citizens before, during, and after a disaster in Texas. While legally separate from the Office, TDRF is closely related to and is administered by the Office. The corporation's financial statements, for its fiscal year ending December 31, 2013, are available from the Office's Financial Services Division.

The Texas Health Services Authority (THSA) is a 501(c)(3) which was reported as a discretely presented component unit of the Office in prior fiscal years. THSA is now reported as a discretely presented component unit of Texas Health and Human Services Commission.

The Texas Small Business Industrial Development Corporation (TSBIDC) is a non-profit corporation. TSBIDC was chartered in 1983 under the Development Corporation Act of 1979 to promote economic development in Texas. The governor appoints the Board and may remove board members at will. The Articles of Incorporation and Bylaws of TSBIDC may be changed only with the approval of the Office. The executive director of the Office's Division of Economic Development and Tourism and a Governor's designee serve as non-voting, *ex officio* directors. The services provided by TSBIDC primarily benefit the Texas citizenry through supporting job creation and capital investment for businesses and communities in Texas. The corporation's financial statements, for its fiscal year ending August 31, 2014, are available from the Office's Financial Services Division. TSBIDC issued self-supporting demand revenue bonds which have been redeemed; information on these bonds is disclosed in Schedules 2A, 2B, 2D and 2F and Notes 5 and 6.

The Texas Economic Development Corporation (TEDC) is a 501(c)(3) corporation established by the legislature to benefit the Texas citizenry by carrying out some of the same public purposes as the Office's Division of Economic Development and Tourism. The services provided by TEDC assist, promote, develop, and advance economic development in Texas. The governor appoints the Board and may remove board members at will. The board of TEDC and the executive director of the Office's Division of Economic Development and Tourism determine when specific services will be addressed jointly by the office and TEDC. The corporation's financial statements, for its fiscal year ending December 31, 2013, are available from TEDC, P.O. Box 684702, Austin, Texas 78768.

The Beacon State Fund is a 501(c)(3) corporation which was created to support the goals of the Governor's Commission on Women in promoting issues affecting the women of Texas. The corporation benefits the Texas citizenry by increasing public awareness of issues affecting the women of Texas through distributing information, holding media events, and supporting community outreach programs which are consistent with the goals of the Commission. The Office appoints the Board and provides reasonable use of its office facilities and personnel. The corporation's financial statements for its fiscal year ending December 31, 2013, are available from the Governor's Commission on Women.

The State Agency Council was also established to support the goals of the Governor's Commission on Women. The Council is a 501(c)(3) corporation that assists the Commission in benefiting the Texas citizenry by honoring women who have made significant contributions to Texas through their work in state government, providing opportunities for professional development to its state agency representatives and supporting community outreach programs consistent with the goals of the Commission. The Director of the Governor's Commission for Women appoints the Board and has significant operational influence on the activities of the corporation. The corporation's financial statements, for its fiscal year ending August 31, 2014, are available from the Governor's Commission on Women.

The Film Texas Fund is a 501(c)(6) corporation which was created to promote the development of the film, television, and multimedia industry in Texas in close cooperation with the Texas Film Commission. While legally separate from the Office, Film Texas Fund is closely related to and administered by the Office. The corporation's financial statements, for its fiscal year ending December 31, 2013, are available from the Office's Financial Services Division.

The Texas Governor's Mansion Administration (TGMA) is a non-profit corporation which supports the financial administration of catering and facility expenses associated with use of the official residence of the Governor of the State of Texas for non-political events. While legally separate from the Office, TGMA is closely related to and administered by the Office. The corporation's financial statements, for its fiscal year ending December 31, 2013, are available from the Office's Financial Services Division.

Office of the Governor (Agencies 301 and 300)

**NOTE 20: Stewardship, Compliance and Accountability**

(Not Applicable)

**NOTE 21: Not Applicable to the AFR**

(Not Applicable)

**NOTE 22: Donor-Restricted Endowments**

(Not Applicable)

**NOTE 23: Extraordinary Items 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**

Segment disclosure is not required as the Discretely Presented Component Units and the Enterprise Fund financial statements are an integral part of this financial presentation.

**NOTE 27: Service Concession Arrangements**

(Not Applicable)

**NOTE 28: Deferred Outflows and Deferred Inflows of Resources**

(Not Applicable)

**NOTE 29: Troubled Debt Restructuring**

(Not Applicable)

UNAUDITED

Office of the Governor (Agencies 301 and 300)

***NOTE 30: Non-Exchange Financial Guarantees***

(Not Applicable)

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**The Office of the Governor  
Combining Statements -  
Exhibits and Schedules**

UNAUDITED

OFFICE OF THE GOVERNOR - Core Operations (301) and Trusted Programs (300)  
 Exhibit A-1 - Combining Balance Sheet - All General and Consolidated Funds  
 For the Fiscal Year Ended August 31, 2014

	Consolidated Accounts			
	General Revenue Fund (0001)*	Operators & Chauffeurs License (0099)*	Governor's Office Federal Projects (0224)*	Criminal Justice Planning (0421)*
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents:				
Cash in State Treasury	\$ -	\$ -	\$ 31,450,347.16	\$ 59,225,911.50
Legislative Appropriations	200,062,883.26	-	-	-
Receivables from:				
Federal	-	-	-	3,883,588.87
Interest and Dividends	0.40	-	9,470.54	-
Accounts Receivable	16,154.50	-	15,498.00	1,291.97
Due From Other Funds	15,498.00	-	-	-
Due From Other Agencies	98,553.07	-	-	-
Consumable Inventories	21,197.11	-	-	2,012.30
Loans and Contracts	-	-	-	-
<b>Total Current Assets</b>	<b>200,214,286.34</b>	<b>-</b>	<b>31,475,315.70</b>	<b>63,112,804.64</b>
Non-Current Assets:				
Loans and Contracts	1,335,671.81	-	-	-
Equity Holdings for Economic Development	-	-	-	-
<b>Total Non-Current Assets</b>	<b>1,335,671.81</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 201,549,958.15</b>	<b>\$ -</b>	<b>\$ 31,475,315.70</b>	<b>\$ 63,112,804.64</b>
<b>DEFERRED OUTFLOWS</b>				
<b>Total Deferred Outflows</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Current Liabilities:				
Payables from:				
Accounts	\$ 12,264,212.43	\$ -	\$ 297,489.53	\$ 4,669,740.49
Payroll	1,410,233.66	-	6,613.01	136,611.41
Due To Other Agencies	-	-	1,329,309.44	1,353,744.79
Unearned Revenue	-	-	29,826,405.72	-
<b>Total Current Liabilities</b>	<b>13,674,446.09</b>	<b>-</b>	<b>31,475,315.70</b>	<b>6,160,096.69</b>
<b>Total Liabilities</b>	<b>13,674,446.09</b>	<b>-</b>	<b>31,475,315.70</b>	<b>6,160,096.69</b>
<b>DEFERRED INFLOWS</b>				
<b>Total Deferred Inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficits):</b>				
Nonspendable	1,356,868.92	-	-	2,012.30
Restricted	-	-	-	-
Committed	-	-	-	56,950,695.65
Unassigned	186,518,643.14	-	-	-
<b>Total Fund Balances</b>	<b>187,875,512.06</b>	<b>-</b>	<b>-</b>	<b>56,952,707.95</b>
<b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b>	<b>\$ 201,549,958.15</b>	<b>\$ -</b>	<b>\$ 31,475,315.70</b>	<b>\$ 63,112,804.64</b>

\* GAAP Fund is noted as (XXXX)



UNAUDITED

Consolidated Accounts			
Economic Stabilization Fund (0599)*	License Plate Trust Fund (0802)*	Hotel Occupancy Tax for Economic Development (5003)*	Crime Stoppers Assistance (5012)*
\$ -	\$ -	\$ 23,588,459.54	\$ 600,152.62
-	-	-	-
-	9.99	-	-
-	-	-	-
-	36,349.34	3,961,761.11	-
-	-	3,616.55	-
-	-	-	-
-	<u>36,359.33</u>	<u>27,553,837.20</u>	<u>600,152.62</u>
5,192,662.59	-	-	-
-	-	-	-
<u>5,192,662.59</u>	-	-	-
<u>\$ 5,192,662.59</u>	<u>\$ 36,359.33</u>	<u>\$ 27,553,837.20</u>	<u>\$ 600,152.62</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 17,326.84	\$ 5,897,366.09	\$ 28,414.82
-	-	104,537.38	-
-	-	-	2,823.43
-	-	-	-
-	<u>17,326.84</u>	<u>6,001,903.47</u>	<u>31,238.25</u>
-	<u>17,326.84</u>	<u>6,001,903.47</u>	<u>31,238.25</u>
-	-	-	-
-	-	3,616.55	-
-	-	-	-
-	19,032.49	21,548,317.18	568,914.37
<u>5,192,662.59</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>5,192,662.59</u>	<u>19,032.49</u>	<u>21,551,933.73</u>	<u>568,914.37</u>
<u>\$ 5,192,662.59</u>	<u>\$ 36,359.33</u>	<u>\$ 27,553,837.20</u>	<u>\$ 600,152.62</u>

UNAUDITED

OFFICE OF THE GOVERNOR - Core Operations (301) and Trusteed Programs (300)  
 Exhibit A-1 - Combining Balance Sheet - All General and Consolidated Funds  
 For the Fiscal Year Ended August 31, 2014

	Consolidated Accounts			
	Texas Enterprise (5107)*	Economic Development and Tourism (5110)*	Texas Music Foundation Plates (5113)*	Texas Military Value Revolving Loan (5114)*
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents:				
Cash in State Treasury	\$ 205,271,839.86	\$ -	\$ -	\$ 58,588.96
Legislative Appropriations	-	-	-	-
Receivables from:				
Federal	-	-	-	-
Interest and Dividends	61,592.99	-	-	957,488.76
Accounts Receivable	-	-	-	-
Due From Other Funds	-	-	-	-
Due From Other Agencies	-	-	-	-
Consumable Inventories	-	-	-	-
Loans and Contracts	-	-	-	1,150,000.00
<b>Total Current Assets</b>	<b>205,333,432.85</b>	<b>-</b>	<b>-</b>	<b>2,166,077.72</b>
Non-Current Assets:				
Loans and Contracts	104,392,768.89	-	-	35,220,000.00
Equity Holdings for Economic Development	-	-	-	-
<b>Total Non-Current Assets</b>	<b>104,392,768.89</b>	<b>-</b>	<b>-</b>	<b>35,220,000.00</b>
<b>Total Assets</b>	<b>\$ 309,726,201.74</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 37,386,077.72</b>
<b>DEFERRED OUTFLOWS</b>				
<b>Total Deferred Outflows</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Current Liabilities:				
Payables from:				
Accounts	\$ -	\$ -	\$ -	\$ -
Payroll	-	-	-	-
Due To Other Agencies	-	-	-	-
Deferred Revenue	-	-	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS</b>				
<b>Total Deferred Inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund Balances (Deficits):				
Nonspendable	-	-	-	-
Restricted	-	-	-	37,386,077.72
Committed	309,726,201.74	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>309,726,201.74</b>	<b>-</b>	<b>-</b>	<b>37,386,077.72</b>
<b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b>	<b>\$ 309,726,201.74</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 37,386,077.72</b>

\* GAAP Fund is noted as (XXXX)

UNAUDITED

Consolidated Accounts		
Emerging Technology (5124)*	BP Oil Spill Tx Response Grant (5149)*	Total (Exhibit I)
\$ 120,144,865.99	\$ 4,089,325.31	\$ 444,429,490.94
-	-	200,062,883.26
-	-	3,883,588.87
37,227.55	1,225.46	1,067,015.69
-	-	32,944.47
-	-	15,498.00
2,115,829.57	-	6,212,493.09
598.39	-	27,424.35
1,000,000.00	-	2,150,000.00
<u>123,298,521.50</u>	<u>4,090,550.77</u>	<u>657,881,338.67</u>
32,611,235.00	-	178,752,338.29
143,509,649.85	-	143,509,649.85
<u>176,120,884.85</u>	<u>-</u>	<u>322,261,988.14</u>
<u>\$ 299,419,406.35</u>	<u>\$ 4,090,550.77</u>	<u>\$ 980,143,326.81</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 101,152.41	\$ -	\$ 23,275,702.61
36,885.73	-	1,694,881.19
750,000.00	-	3,435,877.66
-	-	29,826,405.72
<u>888,038.14</u>	<u>-</u>	<u>58,248,365.18</u>
<u>888,038.14</u>	<u>-</u>	<u>58,248,365.18</u>
-	-	-
598.39	-	1,363,096.16
-	-	37,386,077.72
298,530,769.82	4,090,550.77	691,434,482.02
-	-	191,711,305.73
<u>298,531,368.21</u>	<u>4,090,550.77</u>	<u>921,894,961.63</u>
<u>\$ 299,419,406.35</u>	<u>\$ 4,090,550.77</u>	<u>\$ 980,143,326.81</u>

UNAUDITED

OFFICE OF THE GOVERNOR - Core Operations (301) and Trusteed Programs (300)  
 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, 2014

	Consolidated Accounts			
	General Revenue Fund 0001 (0001)*	Operators & Chauffeurs License (0099)*	Governor's Office Federal Projects (0224)*	Criminal Justice Planning (0421)*
<b>REVENUES</b>				
Legislative Appropriations				
Original Appropriations	\$ 170,568,205.12	\$ -	\$ -	\$ -
Additional Appropriations	3,251,200.47	-	-	-
Federal Revenue	1,024,767.83	-	17,110,619.62	43,622,512.14
Federal Grant Pass-Through Revenue	535,748.04	-	-	-
License, Fees & Permits	2,545,684.71	-	-	22,960,769.26
Interest and Other Investment Income	(1.66)	-	-	-
Sales of Goods and Services	447,962.53	-	-	-
Other	19,097.46	-	-	2,070.53
<b>Total Revenues</b>	<b>178,392,664.50</b>	<b>-</b>	<b>17,110,619.62</b>	<b>66,585,351.93</b>
<b>EXPENDITURES</b>				
Salaries and Wages	13,764,090.18	-	81,063.86	1,262,632.35
Payroll Related Costs	3,357,712.98	-	15,903.59	414,319.28
Professional Fees and Services	804,295.57	-	492,177.10	1,660,273.89
Travel	436,990.37	-	6,840.25	51,226.31
Materials and Supplies	221,079.29	-	1,882.11	2,957.01
Communication and Utilities	304,679.77	-	4,330.31	8,648.45
Repairs and Maintenance	56,522.97	-	-	-
Rentals and Leases	327,007.06	-	6,821.88	13,702.28
Printing and Reproduction	9,987.41	-	33.34	104.28
Claims and Judgments	25,368.28	-	-	-
Federal Grant Pass-Through Expenditures	-	-	4,773,252.02	603,519.63
State Grant Pass-Through Expenditures	2,004,518.07	(6,067.05)	-	8,602,355.63
Intergovernmental Payments	3,820,447.18	774,008.13	11,016,739.29	24,253,361.39
Public Assistance Payments	359,922.32	-	700,256.89	32,571,295.98
Other Expenditures	14,768,155.95	-	11,318.98	242,204.12
Debt Service:				
Principal	-	-	-	-
Capital Outlay	14,917.64	-	-	-
<b>Total Expenditures</b>	<b>40,275,695.04</b>	<b>767,941.08</b>	<b>17,110,619.62</b>	<b>69,686,600.60</b>
Excess (Deficiency) of Revenues over Expenditures	138,116,969.46	(767,941.08)	-	(3,101,248.67)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	4,363,170.79	1,101,931.98	15,773.78	492,187.15
Transfer Out	(55,391,245.76)	(333,990.90)	(15,773.78)	(492,187.15)
Legislative Transfer In	3,038,472.04	-	-	-
Legislative Transfer Out	(2,736,672.04)	-	-	-
Gain (Loss) on Other Financial Activity	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(50,726,274.97)</b>	<b>767,941.08</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	87,390,694.49	-	-	(3,101,248.67)
<b>Fund Financial Statement - Fund Balances</b>				
Fund Balances, September 1, 2013	127,422,172.73	-	-	60,053,956.62
Restatements	490,952.90	-	-	-
Fund Balances, September 1, 2013, as Restated	127,913,125.63	-	-	60,053,956.62
Appropriations Lapsed	(27,428,308.06)	-	-	-
<b>Fund Balances, August 31, 2014</b>	<b>\$ 187,875,512.06</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 56,952,707.95</b>

\* GAAP Fund is noted as (XXXX)

UNAUDITED

Consolidated Accounts			
Economic Stabilization Fund (0599)*	License Plate Trust Fund (0802)*	Hotel Occupancy Tax for Economic Development (5003)*	Crime Stoppers Assistance (5012)*
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	87,244.01	-	478,978.34
-	73.71	-	-
-	-	15,000.00	-
-	-	-	-
-	<u>87,317.72</u>	<u>15,000.00</u>	<u>478,978.34</u>
-	-	1,036,623.48	-
-	-	298,450.36	-
-	-	3,758,862.26	249,008.64
-	-	3,203.75	-
-	-	39,431.33	-
-	-	23,703.34	-
-	-	10,120.00	-
-	-	99,181.53	-
-	-	127.95	-
-	-	-	-
-	-	-	8,793.97
792,837.41	-	-	-
-	71,923.93	-	157,168.78
-	-	37,067,830.91	-
-	-	-	-
<u>792,837.41</u>	<u>71,923.93</u>	<u>42,337,534.91</u>	<u>414,971.39</u>
<u>(792,837.41)</u>	<u>15,393.79</u>	<u>(42,322,534.91)</u>	<u>64,006.95</u>
2,785,500.00	3,638.70	40,970,500.27	-
-	-	(522,004.80)	-
-	-	-	-
-	-	-	-
<u>2,785,500.00</u>	<u>3,638.70</u>	<u>40,448,495.47</u>	<u>-</u>
<u>1,992,662.59</u>	<u>19,032.49</u>	<u>(1,874,039.44)</u>	<u>64,006.95</u>
3,200,000.00	-	23,425,973.17	504,907.42
-	-	-	-
<u>3,200,000.00</u>	<u>-</u>	<u>23,425,973.17</u>	<u>504,907.42</u>
-	-	-	-
<u>\$ 5,192,662.59</u>	<u>\$ 19,032.49</u>	<u>\$ 21,551,933.73</u>	<u>\$ 568,914.37</u>

UNAUDITED

OFFICE OF THE GOVERNOR - Core Operations (301) and Trusteed Programs (300)  
 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, 2014

	Consolidated Accounts			
	Texas Enterprise (5107)*	Economic Development and Tourism (5110)*	Texas Music Foundation Plates (5113)*	Texas Military Revolving Loan (5114)*
<b>REVENUE</b>				
Legislative Appropriations				
Original Appropriations	\$ -	\$ -	\$ -	\$ -
Additional Appropriations	-	-	-	-
Federal Revenue	-	-	-	-
Federal Grant Pass-Through Revenue	-	-	-	-
License, Fees & Permits	-	-	1,500.00	-
Interest and Other Investment Income	806,868.87	-	-	1,914,430.80
Sales of Goods and Services	-	-	-	-
Other	32.00	-	-	-
<b>Total Revenue</b>	<u>806,900.87</u>	<u>-</u>	<u>1,500.00</u>	<u>1,914,430.80</u>
<b>EXPENDITURES</b>				
Salaries and Wages	-	-	-	-
Payroll Related Costs	-	-	-	-
Professional Fees and Services	-	-	-	-
Travel	-	-	-	-
Materials and Supplies	-	-	-	-
Communication and Utilities	-	-	-	-
Repairs and Maintenance	-	-	-	-
Rentals and Leases	-	-	-	-
Printing and Reproduction	-	-	-	-
Claims and Judgments	-	-	-	-
Federal Grant Pass-Through Expenditures	-	-	-	-
State Grant Pass-Through Expenditures	-	-	-	-
Intergovernmental Payments	-	-	-	-
Public Assistance Payments	-	-	5,395.00	-
Other Expenditures	22,468,194.46	-	-	-
Debt Service:				
Principal	-	-	-	9,690,000.00
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<u>22,468,194.46</u>	<u>-</u>	<u>5,395.00</u>	<u>9,690,000.00</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(21,661,293.59)</u>	<u>-</u>	<u>(3,895.00)</u>	<u>(7,775,569.20)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	-	-	-	777.80
Transfer Out	-	(67,077.24)	(3,638.70)	(3,502,212.53)
Legislative Transfer In	-	-	-	-
Legislative Transfer Out	-	-	-	-
Gain (Loss) on Other Financial Activity	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(67,077.24)</u>	<u>(3,638.70)</u>	<u>(3,501,434.73)</u>
Net Change in Fund Balances	<u>(21,661,293.59)</u>	<u>(67,077.24)</u>	<u>(7,533.70)</u>	<u>(11,277,003.93)</u>
<b>Fund Financial Statement - Fund Balances</b>				
Fund Balances, September 1, 2013	332,324,535.81	67,077.24	7,533.70	48,663,081.65
Restatements	(937,040.48)	-	-	-
Fund Balances, September 1, 2013, as Restated	<u>331,387,495.33</u>	<u>67,077.24</u>	<u>7,533.70</u>	<u>48,663,081.65</u>
Appropriations Lapsed	-	-	-	-
<b>Fund Balances, August 31, 2014</b>	<u>\$ 309,726,201.74</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,386,077.72</u>

\* GAAP Fund is noted as (XXXX)

UNAUDITED

Consolidated Accounts		
Emerging Technology (5124)*	BP Oil Spill Tx Response Grant (5149)*	Total (Exhibit II)
\$ -	\$ -	\$ 170,568,205.12
-	-	3,251,200.47
-	-	61,757,899.59
-	-	535,748.04
-	-	26,074,176.32
1,082,745.01	3,443.09	3,807,559.82
-	-	462,962.53
-	-	21,199.99
<u>1,082,745.01</u>	<u>3,443.09</u>	<u>266,478,951.88</u>
361,221.14	-	16,505,631.01
109,163.89	-	4,195,550.10
1,015.00	-	6,965,632.46
11,032.36	-	509,293.04
17,498.05	-	282,847.79
6,558.13	-	347,920.00
5,686.10	-	72,329.07
-	-	446,712.75
315.67	-	10,568.65
821.99	-	26,190.27
-	-	5,376,771.65
6,279,523.76	1,000,000.00	17,889,124.38
-	-	40,657,393.40
835,000.00	-	34,700,962.90
24,027,032.41	-	98,584,736.83
-	-	9,690,000.00
5,162.53	-	20,080.17
<u>31,660,031.03</u>	<u>1,000,000.00</u>	<u>236,281,744.47</u>
<u>(30,577,286.02)</u>	<u>(996,556.91)</u>	<u>30,197,207.41</u>
52,278,622.05	-	102,012,102.52
(2,278,622.05)	-	(62,606,752.91)
-	-	3,038,472.04
-	-	(2,736,672.04)
6,707,729.36	-	6,707,729.36
<u>56,707,729.36</u>	<u>-</u>	<u>46,414,878.97</u>
<u>26,130,443.34</u>	<u>(996,556.91)</u>	<u>76,612,086.38</u>
272,400,924.87	5,087,107.68	873,157,270.89
-	-	(446,087.58)
<u>272,400,924.87</u>	<u>5,087,107.68</u>	<u>872,711,183.31</u>
-	-	(27,428,308.06)
<u>\$ 298,531,368.21</u>	<u>\$ 4,090,550.77</u>	<u>\$ 921,894,961.63</u>

UNAUDITED

OFFICE OF THE GOVERNOR - Core Operations (301) and Trusteed Programs (300)  
 Exhibit J-1 - Combining Statement of Changes in Assets and Liabilities - Agency Funds  
 For the Fiscal Year Ended August 31, 2014

	Beginning Balance September 1, 2013	Additions	Deductions	Ending Balance August 31, 2014
<b>Child Support Employee Deductions (0807), U/F(8070)*</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ -	\$ 13,726.46	\$ 12,478.60	\$ 1,247.86
Total Assets	<u>\$ -</u>	<u>\$ 13,726.46</u>	<u>\$ 12,478.60</u>	<u>\$ 1,247.86</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 12,478.60	\$ 12,478.60	\$ -
Funds Held for Others	-	13,726.46	12,478.60	1,247.86
Total Liabilities	<u>\$ -</u>	<u>\$ 26,205.06</u>	<u>\$ 24,957.20</u>	<u>\$ 1,247.86</u>
<b>Departmental Suspense (0900), U/F(0900)*</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ -	\$ 56,980.00	\$ 56,980.00	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 56,980.00</u>	<u>\$ 56,980.00</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ -	\$ 56,980.00	\$ 56,980.00	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 56,980.00</u>	<u>\$ 56,980.00</u>	<u>\$ -</u>
<b>Overpayments to Employees (0900), U/F(9015)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ -	\$ 724.06	\$ 724.06	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 724.06</u>	<u>\$ 724.06</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ -	\$ 724.06	\$ 724.06	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 724.06</u>	<u>\$ 724.06</u>	<u>\$ -</u>
<b>Direct Deposit Correction (0980), U/F(0980)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ -	\$ 2,428.93	\$ 2,428.93	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 2,428.93</u>	<u>\$ 2,428.93</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ -	\$ 2,428.93	\$ 2,428.93	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 2,428.93</u>	<u>\$ 2,428.93</u>	<u>\$ -</u>
<b>Unappropriated General Revenue (1000), U/F(1002)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ -	\$ 1,645,447.66	\$ 1,645,447.66	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 1,645,447.66</u>	<u>\$ 1,645,447.66</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ -	\$ 1,645,447.66	\$ 1,645,447.66	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 1,645,447.66</u>	<u>\$ 1,645,447.66</u>	<u>\$ -</u>

\* GAAP Fund is noted as (XXXX), USAS D23 U/F (XXXX)



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OFFICE OF THE GOVERNOR - Core Operations (301) and Trusteed Programs (300)  
 Exhibit J-1 - Combining Statement of Changes in Assets and Liabilities - Agency Funds  
 For the Fiscal Year Ended August 31, 2014

	Beginning Balance September 1, 2013	Additions	Deductions	Ending Balance August 31, 2014
<b>Totals - All Agency Funds</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ -	\$ 1,719,307.11	\$ 1,718,059.25	\$ 1,247.86
Total Assets	<u>\$ -</u>	<u>\$ 1,719,307.11</u>	<u>\$ 1,718,059.25</u>	<u>\$ 1,247.86</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 12,478.60	\$ 12,478.60	\$ -
Funds Held for Others	-	1,719,307.11	1,718,059.25	1,247.86
Total Liabilities	<u>\$ -</u>	<u>\$ 1,731,785.71</u>	<u>\$ 1,730,537.85</u>	<u>\$ 1,247.86</u>

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Office of the Governor - Trusteed Programs (300)  
 SCHEDULE 1A - Schedule of Expenditures of Federal Awards  
 For the Fiscal Year Ended August 31, 2014

Federal Grantor / Pass-Through Grantor	Federal CFDA Number	Pass-Through From		Direct Program Amount	Total Pass-Through From and Direct Program
		Agency or Univ. Number	Agencies or Univ. Amount		
<b>U.S. Department of Justice</b>					
Sexual Assault Services Formula Program	16.017				
Pass-Through To:					
Non-State Entities			\$ -	\$ 483,753.96	\$ 483,753.96
Juvenile Accountability Incentive Block Grants	16.523				
Pass-Through To:					
Texas State University at San Marcos				310,966.83	310,966.83
Non-State Entities				1,884,439.96	1,884,439.96
Juvenile Justice and Delinquency Prevention	16.540				
Pass-Through To:					
Texas Juvenile Justice Department				5,016.66	5,016.66
Texas State University at San Marcos				9,301.10	9,301.10
Non-State Entities				1,608,801.22	1,608,801.22
Direct Program:					
Title V-Delinquency Prevention Program	16.548				
Pass-Through To:					
Non-State Entities				42,620.46	42,620.46
Crime Victim Assistance	16.575				
Pass-Through To:					
Texas Department of Public Safety				258,231.11	258,231.11
Texas Department of Criminal Justice				76,309.50	76,309.50
Non-State Entities				31,701,879.77	31,701,879.77
Violence Against Women Formula Grants	16.588				
Pass-Through To:					
Office of Court Administration				4,608.41	4,608.41
University of Texas at Austin				61,552.60	61,552.60
Sam Houston State University				30,721.76	30,721.76
Non-State Entities				8,169,760.59	8,169,760.59
Residential Substance Abuse Treatment for State Prisoners	16.593				
Pass-Through To:					
Non-State Entities				1,230,873.21	1,230,873.21
Bulletproof Vest Partnership Program	16.607				
Pass-Through To:					
Texas Department of Criminal Justice				13,120.00	13,120.00
University of Texas Medical Branch at Galveston				3,896.41	3,896.41
Texas State University at San Marcos				5,497.04	5,497.04
West Texas A&M University				3,353.13	3,353.13
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742				
Pass-Through To:					
Texas Department of Public Safety				131,911.91	131,911.91
Non-State Entities				468,313.93	468,313.93
<b>Totals - U.S. Department of Justice</b>				<b>46,504,929.56</b>	<b>46,504,929.56</b>

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Agency or Univ. Number	Pass-Through To		Expenditure Amount	Total Pass-Through To and Expenditures
	Agencies or Univ. Amount	Non-State Entities Amount		
	\$ -	\$ 483,753.96	\$ -	\$ 483,753.96
754	310,966.83	1,818,428.33	66,011.63	1,884,439.96
644	5,016.66			5,016.66
754	9,301.10	1,309,394.95	299,406.27	1,608,801.22
		42,620.46		42,620.46
405	258,231.11			258,231.11
696	76,309.50	30,380,138.85	1,321,740.92	31,701,879.77
212	4,608.41			4,608.41
721	61,552.60			61,552.60
753	30,721.76	7,544,097.78	625,662.81	8,169,760.59
		1,229,076.17	1,797.04	1,230,873.21
696	13,120.00			13,120.00
723	3,896.41			3,896.41
754	5,497.04			5,497.04
757	3,353.13			3,353.13
405	131,911.91	468,313.93		468,313.93
	914,486.46	43,275,824.43	2,314,618.67	46,504,929.56

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Office of the Governor - Trusteed Programs (300)  
 SCHEDULE 1A - Schedule of Expenditures of Federal Awards  
 For the Fiscal Year Ended August 31, 2014

Federal Grantor / Pass-Through Grantor	Federal CFDA Number	Pass-Through From		Direct Program Amount	Total Pass-Through From and Direct Program
		Agency or Univ. Number	Agencies or Univ. Amount		
<b>JAG Program Cluster</b>					
U.S. Department of Justice					
Edward Byrne Memorial Justice Assistance Grant Program	16.738				
Pass-Through To:					
Office of Court Administration				21,261.54	21,261.54
Attorney General's Office				668,581.38	668,581.38
Texas Department of Public Safety				1,254,015.85	1,254,015.85
Commission on Law Enforcement Officer Standards and Education				54,354.51	54,354.51
Texas Department of Insurance				129,342.19	129,342.19
Texas Alcoholic Beverage Commission				(0.68)	(0.68)
Texas Juvenile Justice Department				599,689.15	599,689.15
Texas Department of Criminal Justice				873,268.33	873,268.33
Tarleton State University				222,819.36	222,819.36
Texas A&M Engineering Extension Service				208,814.11	208,814.11
Parks and Wildlife Department				430,139.45	430,139.45
Non-State Entities				10,793,994.04	10,793,994.04
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories					
Pass-Through To:					
Non-State Entities				(3,309.20)	(3,309.20)
<b>Totals - U.S. Department of Justice</b>					
				<b>15,252,970.03</b>	<b>15,252,970.03</b>
<b>WIA Cluster</b>					
U.S. Department of Labor					
WIA Youth Activities	17.259				
Pass-Through From:					
Texas Workforce Commission		320	327,884.74		327,884.74
WIA Dislocated Worker Formula Grants					
Pass-Through From:					
Texas Workforce Commission	17.278	320	207,863.30		207,863.30
<b>Totals - U.S. Department of Labor</b>					
			<b>535,748.04</b>	<b>-</b>	<b>535,748.04</b>
<b>Total Federal Assistance</b>					
			<b>\$ 535,748.04</b>	<b>\$ 61,757,899.59</b>	<b>\$ 62,293,647.63</b>

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Agency or Univ. Number	Pass-Through To		Expenditure Amount	Total Pass-Through To and Expenditures
	Agencies or Univ. Amount	Non-State Entities Amount		
212	21,261.54			21,261.54
302	668,581.38			668,581.38
405	1,254,015.85			1,254,015.85
407	54,354.51			54,354.51
454	129,342.19			129,342.19
458	(0.68)			(0.68)
644	599,689.15			599,689.15
696	873,268.33			873,268.33
713	222,819.36			222,819.36
716	208,814.11			208,814.11
802	430,139.45			430,139.45
		9,898,567.85	895,426.19	10,793,994.04
			(3,309.20)	(3,309.20)
	4,462,285.19	9,898,567.85	892,116.99	15,252,970.03
		186,356.77	141,527.97	327,884.74
		157,573.79	50,289.51	207,863.30
	-	343,930.56	191,817.48	535,748.04
	\$ 5,376,771.65	\$ 53,518,322.84	\$ 3,398,563.14	\$ 62,293,647.63

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Office of the Governor - Trusteed Programs (300)  
 SCHEDULE 1A - Schedule of Expenditures of Federal Awards  
 For the Fiscal Year Ended August 31, 2014

NOTE 1: Not Applicable

NOTE 2: Reconciliation

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

Per Combined Statement of Revenue, Expenditures, and Changes in Fund, Balances/Statement of Activities- Governmental Fund Types, (Exh. II):

Federal Revenue (Exh. II)	\$ 61,757,899.59
Federal Pass-Through Revenue (Exh. II)	<u>535,748.04</u>
Total Pass-Through and Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 62,293,647.63</u>

NOTES 3 - 6: Not Applicable

NOTE 7: Federal Deferred Revenue

<u>CFDA</u>	<u>Balance</u> <u>September 1, 2013</u>	<u>Net Change</u>	<u>Balance</u> <u>August 31, 2014</u>
16.523	\$ 2,911,130.63	\$ (980,552.81)	\$ 1,930,577.82
16.738	<u>28,552,235.28</u>	<u>(656,407.38)</u>	<u>27,895,827.90</u>
TOTAL	<u>\$ 31,463,365.91</u>	<u>\$ (1,636,960.19)</u>	<u>\$ 29,826,405.72</u>

NOTE 8: Not Applicable

Federal deferred revenue represents Federal award amounts that are issued at the beginning of the grant period rather than on a reimbursement basis.

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Office of the Governor - Trusteed Programs (300)  
 SCHEDULE 1B - Schedule of State Pass Throughs From/To State Agencies/Universities  
 For the Fiscal Year Ended August 31, 2014

State funds passed to other state agencies from governmental funds are as follows:

Fund 0001	Pass-Through To:	Amount of Pass-Through
	Disaster Grants - GR Fund 0001	
	Texas Department of Public Safety (405)	\$ 2,004,518.07
<b>Subtotal Pass-Through from Fund 0001</b>		<b>\$ 2,004,518.07</b>
Fund 0099	Pass-Through To:	Amount of Pass-Through
	Texas Border Security Grants - GR-D Fund 0099	
	Texas Department of Public Safety (405)	\$ (6,067.05)
<b>Subtotal Pass-Through from Fund 0099</b>		<b>\$ (6,067.05)</b>
Fund 0421	Pass-Through To:	Amount of Pass-Through
	Criminal Justice Planning Grants - GR-D Fund 0421	
	Office of Court Administration (212)	\$ 21,166.51
	District Courts - Comptroller's Judiciary Section (241)	1,431,275.67
	Office of the Attorney General (302)	87,696.20
	Texas Department of Public Safety (405)	1,392,094.45
	Texas Juvenile Justice Department (644)	81,613.17
	Texas Department of Criminal Justice (696)	622,789.06
	Texas A&M University System (710)	2,300,000.00
	Texas A&M University (Main University) (711)	52,555.98
	University of Texas at Arlington (714)	39,858.08
	Prairie View A&M University (715)	(152.80)
	University of Houston (730)	102,051.69
	University of Texas at Dallas (738)	74,193.79
	Texas Tech University Health Sciences Center (739)	281,842.30
	Texas State University - San Marcos (754)	2,009,200.69
	University of Houston - Clear Lake (759)	106,170.84
<b>Subtotal Pass-Through from Fund 0421</b>		<b>\$ 8,602,355.63</b>
Fund 5012	Pass-Through To:	Amount of Pass-Through
	Crime Stoppers Assistance Grants - GR-D Fund 5012	
	Texas Department of Public Safety (405)	\$ 8,793.97
<b>Subtotal Pass-Through from Fund 5012</b>		<b>\$ 8,793.97</b>
Fund 5124	Pass-Through To:	Amount of Pass-Through
	Emerging Technology Grants	
	Texas A&M University System Health Science Center (709)	\$ 386,929.00
	Texas A&M University (Main University) (711)	2,400,000.00
	University of Texas at Arlington (714)	85,571.42
	Texas State Technical College System (719)	(41,813.24)
	University of Houston (730)	758,869.98
	Texas Tech University (733)	1,141,756.54
	University of Texas Health Science Center at Houston (744)	993,613.65
	Texas State University - San Marcos (754)	333,186.74
	Texas Tech University System (768)	221,409.67
<b>Subtotal Pass-Through from Fund 5124</b>		<b>\$ 6,279,523.76</b>
Fund 5149	Pass-Through To:	Amount of Pass-Through
	BP Oil Spill Texas Response Grant	
	Texas Commission on Environmental Quality (582)	\$ 1,000,000.00
<b>Subtotal Pass-Through from Fund 5149</b>		<b>\$ 1,000,000.00</b>
<b>Total Pass-Through to Other Agencies (Exhibit II)</b>		<b>\$ 17,889,124.38</b>

UNAUDITED

Office of the Governor - Trustee Programs (300)  
 Schedule 2A - Miscellaneous Bond Information  
 For the Fiscal Year Ended August 31, 2014

Governmental Activities

Description of Issue	Bonds Issued to Date	Range of Interest Rates		Terms of Variable Interest Rate	Scheduled Maturities		First Call Date
					First Year	Last Year	
<u>General Obligation Bonds - Self-Supporting:</u>							
Product Development Var Rate Demand Bonds Series 2005A	\$ 25,000,000.00	VAR	VAR	Weekly	2005	2045	5/18/2005
Small Business Incubator Var Rate Demand Bonds Series 2005B	20,000,000.00	VAR	VAR	Weekly	2005	2045	5/18/2005
Texas Military Value Revolving Loan Program Series 2007 A-1	10,815,000.00	4.0000%	4.3750%		2010	2026	10/1/2016
Texas Military Value Revolving Loan Program Series 2007 A-2	10,160,000.00	4.0000%	4.6250%		2012	2036	10/1/2016
Texas Military Value Revolving Loan Program Series 2007 B	28,620,000.00	5.2000%	5.7000%		2012	2036	10/1/2016
<b>Total:</b>	<b>\$ 94,595,000.00</b>						

Component Unit

Description of Issue	Bonds Issued to Date	Range of Interest Rates		Terms of Variable Interest Rate	Scheduled Maturities		First Call Date
					First Year	Last Year	
<u>Revenue Bonds - Self-Supporting:</u>							
TSBIDC Floating Rate Dem Rev Bds Ser 1986	\$ 750,000,000.00	VAR	VAR	Weekly	1986	2026	10/8/1986
<b>Total:</b>	<b>\$ 750,000,000.00</b>						



UNAUDITED

Office of the Governor - Trustee Programs (300)  
 Schedule 2B - Changes in Bonded Indebtedness  
 For the Fiscal Year Ended August 31, 2014

Governmental Activities

Description of Issue	Bonds Outstanding 9/1/2013	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2014	Net Bonds Outstanding (Ending)	Amounts Due Within One Year
<u>General Obligation Bonds - Self-Supporting:</u>							
Product Development Var Rate Demand Bonds Series 2005A	\$ 25,000,000.00	\$ -	\$ -	\$ -	\$ 25,000,000.00	\$ 25,000,000.00	\$ -
Small Business Incubator Var Rate Demand Bonds Series 2005B	\$ 20,000,000.00	\$ -	\$ -	\$ -	\$ 20,000,000.00	\$ 20,000,000.00	\$ -
Texas Military Value Revolving Loan Program Series 2007 A-1	\$ 9,415,000.00	\$ -	\$ 505,000.00	\$ -	\$ 8,910,000.00	\$ 8,910,000.00	\$ 525,000.00
Texas Military Value Revolving Loan Program Series 2007 A-2	\$ 9,930,000.00	\$ -	\$ 240,000.00	\$ 9,690,000.00	\$ -	\$ -	\$ -
Texas Military Value Revolving Loan Program Series 2007 B	\$ 28,055,000.00	\$ -	\$ 595,000.00	\$ -	\$ 27,460,000.00	\$ 27,460,000.00	\$ 625,000.00
<b>Total</b>	<b>\$ 92,400,000.00</b>	<b>\$ -</b>	<b>\$ 1,340,000.00</b>	<b>\$ 9,690,000.00</b>	<b>\$ 81,370,000.00</b>	<b>\$ 81,370,000.00</b>	<b>\$ 1,150,000.00</b>

Component Unit

Description of Issue	Bonds Outstanding 9/1/2013	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2014	Net Bonds Outstanding (Ending)	Amounts Due Within One Year
<u>Revenue Bonds - Self-Supporting:</u>							
TSBIDC Floating Rate Dem Rev Bds Ser 1986	\$ 1,620,000.00	\$ -	\$ -	\$ 1,620,000.00	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 1,620,000.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,620,000.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

UNAUDITED

Office of the Governor - Trustee Programs (300)  
 Schedule 2C - Debt Service Requirements  
 For the Fiscal Year Ended August 31, 2014

Governmental Activities

Description of Issue	FY	Principal	Interest
<b>General Obligation Bonds - Self-Supporting:</b>			
<b>Product Development Var Rate Demand Bonds Series 2005A</b>			
	2015	\$ -	\$ 17,500.00
	2016		17,500.00
	2017		17,500.00
	2018		17,500.00
	2019		17,500.00
	2020 - 2024		87,500.00
	2025 - 2029		87,500.00
	2030 - 2034		87,500.00
	2035 - 2039		87,500.00
	2040 - 2044		87,500.00
	2045	25,000,000.00	13,125.00
		<u>\$ 25,000,000.00</u>	<u>\$ 538,125.00</u>
<b>Small Business Incubator Var Rate Demand Bonds Series 2005B</b>			
	2015	\$ -	\$ 14,000.00
	2016		14,000.00
	2017		14,000.00
	2018		14,000.00
	2019		14,000.00
	2020 - 2024		70,000.00
	2025 - 2029		70,000.00
	2030 - 2034		70,000.00
	2035 - 2039		70,000.00
	2040 - 2044		70,000.00
	2045	20,000,000.00	10,500.00
		<u>\$ 20,000,000.00</u>	<u>\$ 430,500.00</u>
<b>Texas Military Value Revolving Loan Program Series 2007 A-1</b>			
	2015	\$ 525,000.00	\$ 364,256.25
	2016	550,000.00	341,412.50
	2017	575,000.00	317,506.25
	2018	595,000.00	293,387.50
	2019	625,000.00	268,987.50
	2020 - 2024	3,530,000.00	932,168.76
	2025 - 2027	2,510,000.00	168,000.03
		<u>\$ 8,910,000.00</u>	<u>\$ 2,685,718.79</u>
<b>Texas Military Value Revolving Loan Program Series 2007 B</b>			
	2015	\$ 625,000.00	\$ 1,523,280.00
	2016	655,000.00	1,489,836.25
	2017	690,000.00	1,454,530.00
	2018	730,000.00	1,417,255.00
	2019	765,000.00	1,378,011.25
	2020 - 2024	4,495,000.00	6,197,512.50
	2025 - 2029	5,905,000.00	4,748,340.00
	2030 - 2034	7,785,000.00	2,814,232.50
	2035 - 2037	5,810,000.00	509,010.00
		<u>\$ 27,460,000.00</u>	<u>\$ 21,532,007.50</u>

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Office of the Governor - Trustee Programs (300)  
 Schedule 2D - Analysis of Funds Available for Debt Service  
 For the Fiscal Year Ended August 31, 2014

**Governmental Activities**

Description of Issue	Application of Funds	
	Principal	Interest
<u>General Obligation Bonds - Self-Supporting:</u>		
Product Development Var Rate Demand Bonds Series 2005A	\$ -	\$ 20,801.39
Small Business Incubator Var Rate Demand Bonds Series 2005B	-	16,487.73
Texas Military Value Revolving Loan Program Series 2007 A-1	505,000.00	385,512.50
Texas Military Value Revolving Loan Program Series 2007 A-2	240,000.00	221,700.00
Texas Military Value Revolving Loan Program Series 2007 B	595,000.00	1,555,000.00
Total	<u>\$ 1,340,000.00</u>	<u>\$ 2,199,501.62</u>

**Discrete Component Unit**

Description of Issue/Parity Issues	Pledged and Other Sources and Related Expenditures for FY 2014			
	Net Available for Debt Service		Debt Service	
	Total Pledged and Other Sources	Operating Expenses / Expenditures and Capital Outlay	Principal	Interest
TSBIDC Floating Rate Dem Rev Bds Ser 1986	\$ -	\$ -	\$ -	\$ 1,356.52
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,356.52</u>

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Office of the Governor - Trustee Programs (300)  
Schedule 2E - Defeased Bonds Outstanding  
For the Fiscal Year Ended August 31, 2014

Governmental Activities

Description of Issue	Year Defeased	Par Value Outstanding
----------------------	---------------	-----------------------

General Obligation Bonds - Self-Supporting:

Texas Military Value Revolving Loan Program Series 2007 A-2	2013	<u>9,690,000.00</u>
Total		<u>\$ 9,690,000.00</u>

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Office of the Governor - Trustee Programs (300)  
 Schedule 2F - Early Extinguishment and Refunding of Debt  
 For the Fiscal Year Ended August 31, 2014

Governmental Activities

Description of Issue	Category	Amount Extinguished or Refunded	Refunding Issue Par Value	Cash Flow Increase (Decrease)	Economic Gain/Loss
<u>General Obligation Bonds - Self-Supporting:</u>					
Texas Military Value Revolving Loan Program Series 2007 A-2	Defeased	\$ 9,690,000.00	NA	NA	NA
Total		<u>\$ 9,690,000.00</u>			

Discrete Component Unit

Description of Issue	Category	Amount Extinguished or Refunded	Refunding Issue Par Value	Cash Flow Increase (Decrease)	Economic Gain/Loss
<u>Revenue Bonds - Self-Supporting:</u>					
TSBIDC Floating Rate Dem Rev Bds Ser '86	Early Extinguishment	\$ 1,620,000.00	NA	NA	NA
Total		<u>\$ 1,620,000.00</u>			

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**The Office of the Governor  
Core Operations  
Agency 301  
Financial Statements**

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UNAUDITED

Office of the Governor - Core Operations (301)

Exhibit 1 301 - Combined Balance Sheet/Statement of Net Position - Governmental Funds  
For the Fiscal Year Ended August 31, 2014

	Governmental Fund Types			Statement of Net Position
	General Funds (Exhibit A-1 301)	Capital Assets Adjustments	Long-Term Liabilities Adjustments	
<b>ASSETS</b>				
Current Assets:				
<b>Cash</b>				
Legislative Appropriations	\$ 6,072,074.54	\$ -	\$ -	\$ 6,072,074.54
Accounts Receivable	320.88	-	-	320.88
Consumable Inventories	15,978.64	-	-	15,978.64
<b>Total Current Assets</b>	<b>6,088,374.06</b>	<b>-</b>	<b>-</b>	<b>6,088,374.06</b>
Non-Current Assets:				
Capital Assets (Note 2):				
Depreciable:				
Furniture and Equipment	-	429,640.62	-	429,640.62
Less Accumulated Depreciation	-	(361,537.89)	-	(361,537.89)
Vehicle, Boats and Aircraft	-	20,337.08	-	20,337.08
Less Accumulated Depreciation	-	(13,073.40)	-	(13,073.40)
<b>Total Non-Current Assets</b>	<b>-</b>	<b>75,366.41</b>	<b>-</b>	<b>75,366.41</b>
<b>Total Assets</b>	<b>\$ 6,088,374.06</b>	<b>\$ 75,366.41</b>	<b>\$ -</b>	<b>\$ 6,163,740.47</b>
<b>DEFERRED OUTFLOWS</b>				
<b>Total Deferred Outflows</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Current Liabilities:				
Payables from:				
Accounts	\$ 92,373.87	\$ -	\$ -	\$ 92,373.87
Payroll	1,021,862.27	-	-	1,021,862.27
Employees' Compensable Leave (Note 5)	-	-	730,698.30	730,698.30
<b>Total Current Liabilities</b>	<b>1,114,236.14</b>	<b>-</b>	<b>730,698.30</b>	<b>1,844,934.44</b>
Non-Current Liabilities:				
Employees' Compensable Leave (Note 5)	-	-	551,321.37	551,321.37
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>551,321.37</b>	<b>551,321.37</b>
<b>Total Liabilities</b>	<b>1,114,236.14</b>	<b>-</b>	<b>1,282,019.67</b>	<b>2,396,255.81</b>
<b>DEFERRED INFLOWS</b>				
<b>Total Deferred Inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Financial Statement</b>				
Fund Balances (Deficits):				
Nonspendable	15,978.64	-	-	15,978.64
Unassigned	4,958,159.28	-	-	4,958,159.28
<b>Total Fund Balances</b>	<b>4,974,137.92</b>	<b>-</b>	<b>-</b>	<b>4,974,137.92</b>
<b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b>	<b>\$ 6,088,374.06</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Government-Wide Statement of Net Position</b>				
Net Position				
Invested in Capital Assets, net of Related Debt	-	75,366.41	-	75,366.41
Unrestricted	-	-	(1,282,019.67)	(1,282,019.67)
<b>Total Net Position</b>	<b>-</b>	<b>\$ 75,366.41</b>	<b>\$ (1,282,019.67)</b>	<b>\$ 3,767,484.66</b>

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

UNAUDITED

Office of the Governor - Core Operations (301)  
 Exhibit II 301 - Combined Statement of Revenues, Expenditures and Changes in  
 Fund Balances/Statement of Activities - Governmental Funds  
 For the Fiscal Year Ended August 31, 2014

	<u>Governmental Fund Types</u>	
	<u>General Funds</u> (Exhibit A-2 301)	<u>Governmental</u> <u>Funds Total</u>
<b>REVENUES</b>		
Legislative Appropriations:		
Original Appropriations	\$ 10,110,787.00	\$ 10,110,787.00
Additional Appropriations	2,374,053.01	2,374,053.01
License, Fees & Permits	960.50	960.50
Sales of Goods and Services	117,986.33	117,986.33
Other	3,269.45	3,269.45
<b>Total Revenues</b>	<u>12,607,056.29</u>	<u>12,607,056.29</u>
<b>EXPENDITURES</b>		
Salaries and Wages	10,213,945.60	10,213,945.60
Payroll Related Costs	2,446,567.24	2,446,567.24
Professional Fees and Services	190,524.00	190,524.00
Travel	92,248.68	92,248.68
Materials and Supplies	181,564.64	181,564.64
Communication and Utilities	169,289.67	169,289.67
Repairs and Maintenance	44,185.72	44,185.72
Rentals and Leases	115,805.66	115,805.66
Printing and Reproduction	4,487.00	4,487.00
Other Expenditures	297,500.63	297,500.63
Capital Outlay	14,917.64	14,917.64
Depreciation Expense	-	-
<b>Total Expenditures/Expenses</b>	<u>13,771,036.48</u>	<u>13,771,036.48</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,163,980.19)</u>	<u>(1,163,980.19)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Legislative Transfer In (Note 12)	2,511,861.23	2,511,861.23
Legislative Transfer Out (Note 12)	115,231.46	115,231.46
Inc/(Dec) in Net Assets Due to Interagency Transfer	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>2,627,092.69</u>	<u>2,627,092.69</u>
Net Change in Fund Balances/Net Position	<u>1,463,112.50</u>	<u>1,463,112.50</u>
<b>Fund Financial Statement - Fund Balances</b>		
Fund Balances, September 1, 2013	3,496,527.72	3,496,527.72
Restatements (Note 14)	14,497.70	14,497.70
Fund Balances, September 1, 2013, as Restated	<u>3,511,025.42</u>	<u>3,511,025.42</u>
Appropriations Lapsed	-	-
<b>Fund Balances, August 31, 2014</b>	<u>\$ 4,974,137.92</u>	<u>\$ 4,974,137.92</u>
<b>Government-Wide Statement of Net Position</b>		
Net Position/Net Change in Net Position		<u>\$ 4,974,137.92</u>
Net Position, September 1, 2013		-
Restatements		-
Net Position, September 1, 2013, as Restated		-
<b>Net Position, August 31, 2014</b>		<u>\$ 4,974,137.92</u>

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

UNAUDITED

Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Activities
\$ -	\$ -	\$ 10,110,787.00
-	-	2,374,053.01
-	-	960.50
-	-	117,986.33
-	-	3,269.45
-	-	<u>12,607,056.29</u>
-	(188,768.02)	10,025,177.58
-	-	2,446,567.24
-	-	190,524.00
-	-	92,248.68
-	-	181,564.64
-	-	169,289.67
-	-	44,185.72
-	-	115,805.66
-	-	4,487.00
-	-	297,500.63
(14,917.64)	-	-
42,220.02	-	42,220.02
<u>27,302.38</u>	<u>(188,768.02)</u>	<u>13,609,570.84</u>
(27,302.38)	188,768.02	(1,002,514.55)
-	-	2,511,861.23
-	-	115,231.46
8,716.28	-	8,716.28
<u>8,716.28</u>	<u>-</u>	<u>2,635,808.97</u>
		<u>1,633,294.42</u>
		3,496,527.72
		14,497.70
		<u>3,511,025.42</u>
		-
		<u>\$ 5,144,319.84</u>
\$ (18,586.10)	\$ 188,768.02	\$ 5,144,319.84
93,952.51	(1,470,787.69)	(1,376,835.18)
<u>93,952.51</u>	<u>(1,470,787.69)</u>	<u>(1,376,835.18)</u>
\$ 75,366.41	\$ (1,282,019.67)	\$ 3,767,484.66

UNAUDITED

Office of the Governor - Core Operations (301)  
 Exhibit A-1 301 - Combining Balance Sheet - All General and Consolidated Funds  
 For the Fiscal Year Ended August 31, 2014

	General Revenue Fund (0001)*	Total (Exhibit I 301)
<b>ASSETS</b>		
Current Assets:		
Legislative Appropriations	\$ 6,072,074.54	\$ 6,072,074.54
Accounts Receivable	320.88	320.88
Consumable Inventories	15,978.64	15,978.64
Total Current Assets	6,088,374.06	6,038,374.06
<b>Total Assets</b>	\$ 6,088,374.06	\$ 6,038,374.06
<b>DEFERRED OUTFLOWS</b>		
<b>Total Deferred Outflows</b>	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities</b>		
Current Liabilities:		
Payables from:		
Accounts	\$ 92,373.87	\$ 92,373.87
Payroll	1,021,862.27	1,021,862.27
Total Current Liabilities	1,114,236.14	1,114,236.14
<b>Total Liabilities</b>	1,114,236.14	1,114,236.14
<b>DEFERRED INFLOWS</b>		
<b>Total Deferred Inflows</b>	-	-
<b>Fund Balances (Deficits):</b>		
Nonspendable	15,978.64	15,978.64
Unassigned	4,958,159.28	4,958,159.28
<b>Total Fund Balances</b>	4,974,137.92	4,974,137.92
<b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b>	\$ 6,088,374.06	\$ 6,088,374.06

\* GAAP Fund is noted as (XXXX)

UNAUDITED

Office of the Governor - Core Operations (301)  
 Exhibit A-2 301 - Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
 All General and Consolidated Funds  
 For the Fiscal Year Ended August 31, 2014

	General Revenue Fund (0001)*	Total (Exhibit II 301 )
<b>REVENUES</b>		
Legislative Appropriations:		
Original Appropriations	\$ 10,110,787.00	\$ 10,110,787.00
Additional Appropriations	2,374,053.01	2,374,053.01
License, Fees & Permits	960.50	960.50
Sales of Goods and Services	117,986.33	117,986.33
Other	3,269.45	3,269.45
<b>Total Revenues</b>	<u>12,607,056.29</u>	<u>12,607,056.29</u>
<b>EXPENDITURES</b>		
Salaries and Wages	10,213,945.60	10,213,945.60
Payroll Related Costs	2,446,567.24	2,446,567.24
Professional Fees and Services	190,524.00	190,524.00
Travel	92,248.68	92,248.68
Materials and Supplies	181,564.64	181,564.64
Communication and Utilities	169,289.67	169,289.67
Repairs and Maintenance	44,185.72	44,185.72
Rentals and Leases	115,805.66	115,805.66
Printing and Reproduction	4,487.00	4,487.00
Other Expenditures	297,500.63	297,500.63
Capital Outlay	14,917.64	14,917.64
<b>Total Expenditures</b>	<u>13,771,036.48</u>	<u>13,771,036.48</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,163,980.19)</u>	<u>(1,163,980.19)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Legislative Transfer in	2,511,861.23	2,511,861.23
Legislative Transfer Out	115,231.46	115,231.46
<b>Total Other Financing Sources (Uses)</b>	<u>2,627,092.69</u>	<u>2,627,092.69</u>
Net Change in Fund Balances	<u>1,463,112.50</u>	<u>1,463,112.50</u>
<b>Fund Financial Statement - Fund Balances</b>		
Fund Balances, September 1, 2013	3,496,527.72	3,496,527.72
Restatements	14,497.70	14,497.70
Fund Balances, September 1, 2013, as Restated	<u>3,511,025.42</u>	<u>3,511,025.42</u>
Appropriations Lapsed	-	-
<b>Fund Balances, August 31, 2014</b>	<u>\$ 4,974,137.92</u>	<u>\$ 4,974,137.92</u>

\* GAAP Fund is noted as (XXXX)

UNAUDITED

Office of the Governor - Core Operations (301)

Exhibit J-1 301 - Combining Statement of Changes in Assets and Liabilities - Agency Funds  
For the Fiscal Year Ended August 31, 2014

	Beginning Balance <u>September 1, 2013</u>	Additions	Deductions	Ending Balance <u>August 31, 2014</u>
<b>Child Support Employee Deductions (0807), U/F(8070)*</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ -	\$ 13,726.46	\$ 12,478.60	\$ 1,247.86
Total Assets	<u>\$ -</u>	<u>\$ 13,726.46</u>	<u>\$ 12,478.60</u>	<u>\$ 1,247.86</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 12,478.60	\$ 12,478.60	\$ -
Funds Held for Others	-	13,726.46	12,478.60	1,247.86
Total Liabilities	<u>\$ -</u>	<u>\$ 26,205.06</u>	<u>\$ 24,957.20</u>	<u>\$ 1,247.86</u>
<b>Overpayments to Employees (0900), U/F(9015)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ -	\$ 388.05	\$ 388.05	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 388.05</u>	<u>\$ 388.05</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ -	\$ 388.05	\$ 388.05	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 388.05</u>	<u>\$ 388.05</u>	<u>\$ -</u>
<b>Direct Deposit Correction (0980), U/F(0980)</b>				
<b>ASSETS</b>				
Cash on Hand	\$ -	\$ 341.80	\$ 341.80	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 341.80</u>	<u>\$ 341.80</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ -	\$ 341.80	\$ 341.80	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 341.80</u>	<u>\$ 341.80</u>	<u>\$ -</u>
<b>Totals - All Agency Funds</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ -	\$ 14,456.31	\$ 13,208.45	\$ 1,247.86
Total Assets	<u>\$ -</u>	<u>\$ 14,456.31</u>	<u>\$ 13,208.45</u>	<u>\$ 1,247.86</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 12,478.60	\$ 12,478.60	\$ -
Funds Held for Others	-	14,456.31	13,208.45	1,247.86
Total Liabilities	<u>\$ -</u>	<u>\$ 26,934.91</u>	<u>\$ 25,687.05</u>	<u>\$ 1,247.86</u>

\* GAAP Fund is noted as (XXXX), USAS D23 U/F (XXXX)

**The Office of the Governor  
Trusted Programs  
Agency 300  
Financial Statements**

UNAUDITED

Office of the Governor - Trusteed Programs (300)  
 Exhibit I 300 - Combined Balance Sheet/Statement of Net Position - Governmental Funds  
 For the Fiscal Year Ended August 31, 2014

	Governmental Fund Types			Governmental Funds Total
	General Funds (Exhibit A-1 300)	Special Revenue Funds (Exhibit B-1 300)	Debt Service Funds (Exhibit C-1 300)	
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents:				
Cash In Bank (Note 3)	\$ -	\$ 35,884.75	\$ -	\$ 35,884.75
Cash in State Treasury	444,429,490.94	32,156,330.19	292.06	476,586,113.19
Restricted Cash and Cash Equivalents:				
Cash in State Treasury	-	4,725,000.00	-	4,725,000.00
Legislative Appropriations	193,990,808.72	-	-	193,990,808.72
Receivables from:				
Federal	3,883,588.87	-	-	3,883,588.87
Interest and Dividends	1,067,015.69	26,813.27	-	1,093,828.96
Accounts Receivable	32,623.59	-	-	32,623.59
Due From Other Funds	15,498.00	-	-	15,498.00
Due From Other Agencies	6,212,493.09	-	-	6,212,493.09
Consumable Inventories	11,445.71	-	-	11,445.71
Prepaid Items	-	4,525.00	-	4,525.00
Loans and Contracts	2,150,000.00	1,378,970.42	-	3,528,970.42
<b>Total Current Assets</b>	<b>651,792,964.61</b>	<b>38,327,523.63</b>	<b>292.06</b>	<b>690,120,780.30</b>
Non-Current Assets:				
Loans and Contracts	178,752,338.29	8,440,227.75	-	187,192,566.04
Capital Assets (Note 2):				
Depreciable:				
Furniture and Equipment	-	-	-	-
Less Accumulated Depreciation	-	-	-	-
Equity Holdings for Economic Development	143,509,649.85	-	-	143,509,649.85
<b>Total Non-Current Assets</b>	<b>322,261,988.14</b>	<b>8,440,227.75</b>	<b>-</b>	<b>330,702,215.89</b>
<b>Total Assets</b>	<b>\$ 974,054,952.75</b>	<b>\$ 46,767,751.38</b>	<b>\$ 292.06</b>	<b>\$ 1,020,822,996.19</b>
<b>DEFERRED OUTFLOWS</b>				
<b>Total Deferred Outflows</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Current Liabilities:				
Payables from:				
Accounts	\$ 23,183,328.74	\$ 15,375.00	\$ -	\$ 23,198,703.74
Payroll	673,018.92	-	-	673,018.92
Due To Other Funds	15,498.00	-	-	15,498.00
Due To Other Agencies	3,435,877.66	-	-	3,435,877.66
Unearned Revenue	29,826,405.72	-	-	29,826,405.72
General Obligation Bonds Payable (Note 6)	-	-	-	-
Employees' Compensable Leave (Note 5)	-	-	-	-
<b>Total Current Liabilities</b>	<b>57,134,129.04</b>	<b>15,375.00</b>	<b>-</b>	<b>57,149,504.04</b>
Non-Current Liabilities:				
General Obligation Bonds Payable (Note 6)	-	-	-	-
Employees' Compensable Leave (Note 5)	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>57,134,129.04</b>	<b>15,375.00</b>	<b>-</b>	<b>57,149,504.04</b>
<b>DEFERRED INFLOWS</b>				
<b>Total Deferred Inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Financial Statement</b>				
Fund Balances (Deficits):				
Nonspendable	1,347,117.52	4,525.00	-	1,351,642.52
Restricted	37,386,077.72	46,711,966.63	292.06	84,098,336.41
Committed	691,434,482.02	35,884.75	-	691,470,366.77
Unassigned	186,753,146.45	-	-	186,753,146.45
<b>Total Fund Balances</b>	<b>916,920,823.71</b>	<b>46,752,376.38</b>	<b>292.06</b>	<b>963,673,492.15</b>
<b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b>	<b>\$ 974,054,952.75</b>	<b>\$ 46,767,751.38</b>	<b>\$ 292.06</b>	<b>\$ 1,020,822,996.19</b>
<b>Government-Wide Statement of Net Position</b>				
Net Position				
Invested in Capital Assets, net of Related Debt				
Restricted For:				
Other				
Unrestricted				
<b>Total Net Position</b>				

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



UNAUDITED

Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Net Position
\$ -	\$ -	\$ 35,884.75
-	-	476,586,113.19
-	-	4,725,000.00
-	-	193,990,808.72
-	-	3,883,588.87
-	-	1,093,828.96
-	-	32,623.59
-	-	15,498.00
-	-	6,212,493.09
-	-	11,445.71
-	-	4,525.00
-	-	3,528,970.42
-	-	690,120,780.30
-	-	187,192,566.04
43,506.12	-	43,506.12
(38,687.75)	-	(38,687.75)
-	-	143,509,649.85
4,818.37	-	330,707,034.26
\$ 4,818.37	\$ -	\$ 1,020,827,814.56
\$ -	\$ -	\$ -
\$ -	\$ -	\$ 23,198,703.74
-	-	673,018.92
-	-	15,498.00
-	-	3,435,877.66
-	-	29,826,405.72
-	1,150,000.00	1,150,000.00
-	521,544.96	521,544.96
-	1,671,544.96	58,821,049.00
-	80,220,000.00	80,220,000.00
-	320,639.66	320,639.66
-	80,540,639.66	80,540,639.66
-	82,212,184.62	139,361,688.66
-	-	-
-	-	1,351,642.52
-	-	84,098,336.41
-	-	691,470,366.77
-	-	186,753,146.45
-	-	963,673,492.15
4,818.37	-	4,818.37
-	(81,370,000.00)	(81,370,000.00)
-	(842,184.62)	(842,184.62)
\$ 4,818.37	\$ (82,212,184.62)	\$ 881,466,125.90

**UNAUDITED**

**Office of the Governor - Trusteed Programs (300)**  
**Exhibit II 300 - Combined Statement of Revenues, Expenditures and Changes in**  
**Fund Balances/Statement of Activities - Governmental Funds**  
**For the Fiscal Year Ended August 31, 2014**

	Governmental Fund Types			Governmental Funds Total
	General Funds (Exhibit A-2 300)	Special Revenue Funds (Exhibit B-2 300)	Debt Service Fund (Exhibit C-2 300)	
<b>REVENUES</b>				
Legislative Appropriations				
Original Appropriations	\$ 160,457,418.12	\$ -	\$ -	\$ 160,457,418.12
Additional Appropriations	877,147.46	-	-	877,147.46
Federal Revenue	61,757,899.59	-	-	61,757,899.59
Federal Grant Pass-Through Revenue	535,748.04	-	-	535,748.04
License, Fees & Permits	26,073,215.82	60,000.00	-	26,133,215.82
Interest and Other Investment Income	3,807,559.82	377,674.79	816.55	4,186,051.16
Sales of Goods and Services	344,976.20	-	-	344,976.20
Other	17,930.54	6,028.55	-	23,959.09
<b>Total Revenues</b>	<b>253,871,895.59</b>	<b>443,703.34</b>	<b>816.55</b>	<b>254,316,415.48</b>
<b>EXPENDITURES</b>				
Salaries and Wages	6,291,685.41	-	-	6,291,685.41
Payroll Related Costs	1,748,982.86	-	-	1,748,982.86
Professional Fees and Services	6,775,108.46	34,406.05	-	6,809,514.51
Travel	417,044.36	-	-	417,044.36
Materials and Supplies	101,283.15	5.12	-	101,288.27
Communication and Utilities	178,630.33	-	-	178,630.33
Repairs and Maintenance	28,143.35	-	-	28,143.35
Rentals and Leases	330,907.09	-	-	330,907.09
Printing and Reproduction	6,081.65	-	-	6,081.65
Claims and Judgments	26,190.27	-	-	26,190.27
Federal Grant Pass-Through Expenditures	5,376,771.65	-	-	5,376,771.65
State Grant Pass-Through Expenditures	17,889,124.38	-	-	17,889,124.38
Intergovernmental Payments	40,657,393.40	-	-	40,657,393.40
Public Assistance Payments	34,700,962.90	-	-	34,700,962.90
Other Expenditures	98,287,236.20	49,730.01	-	98,336,966.21
Debt Service:				
Principal	9,690,000.00	-	1,340,000.00	11,030,000.00
Interest	-	-	2,199,501.62	2,199,501.62
Capital Outlay	5,162.53	-	-	5,162.53
Depreciation Expense	-	-	-	-
<b>Total Expenditures/Expenses</b>	<b>222,510,707.99</b>	<b>84,141.18</b>	<b>3,539,501.62</b>	<b>226,134,350.79</b>
Excess (Deficiency) of Revenues over Expenditures	31,361,187.60	359,562.16	(3,538,685.07)	28,182,064.69
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	102,012,102.52	152,525.19	3,539,501.65	105,704,129.36
Transfer Out	(62,606,752.91)	(389,817.31)	(777.80)	(62,997,348.02)
Legislative Transfer In (Note 12)	526,610.81	-	-	526,610.81
Legislative Transfer Out (Note 12)	(2,851,903.50)	-	-	(2,851,903.50)
Gain (Loss) on Other Financial Activity	6,707,729.36	-	-	6,707,729.36
<b>Total Other Financing Sources (Uses)</b>	<b>43,787,786.28</b>	<b>(237,292.12)</b>	<b>3,538,723.85</b>	<b>47,089,218.01</b>
Net Change in Fund Balances/Net Position	75,148,973.88	122,270.04	38.78	75,271,282.70
<b>Fund Financial Statement - Fund Balances</b>				
Fund Balances, September 1, 2013	869,660,743.17	46,630,106.34	253.28	916,291,102.79
Restatements (Note 14)	(460,585.28)	-	-	(460,585.28)
Fund Balances, September 1, 2013, as Restated	869,200,157.89	46,630,106.34	253.28	915,830,517.51
Appropriations Lapsed	(27,428,308.06)	-	-	(27,428,308.06)
<b>Fund Balances, August 31, 2014</b>	<b>\$ 916,920,823.71</b>	<b>\$ 46,752,376.38</b>	<b>\$ 292.06</b>	<b>\$ 963,673,492.15</b>
<b>Government-Wide Statement of Position</b>				
Net Position/Net Change in Net Position				\$ 963,673,492.15
Net Position, September 1, 2013				-
Restatements				-
Net Position, September 1, 2013, as Restated				-
<b>Net Position, August 31, 2014</b>				<b>\$ 963,673,492.15</b>

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

UNAUDITED

Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Activities
\$ -	\$ -	\$ 160,457,418.12
-	-	877,147.46
-	-	61,757,899.59
-	-	535,748.04
-	-	26,133,215.82
-	-	4,186,051.16
-	-	344,976.20
-	-	23,959.09
<u>-</u>	<u>-</u>	<u>254,316,415.48</u>
-	(115,877.43)	6,175,807.98
-	-	1,748,982.86
-	-	6,809,514.51
-	-	417,044.36
-	-	101,288.27
-	-	178,630.33
-	-	28,143.35
-	-	330,907.09
-	-	6,081.65
-	-	26,190.27
-	-	5,376,771.65
-	-	17,889,124.38
-	-	40,657,393.40
-	-	34,700,962.90
-	-	98,336,966.21
-	(11,030,000.00)	-
-	-	2,199,501.62
(5,162.53)	-	-
907.40	-	907.40
<u>(4,255.13)</u>	<u>(11,145,877.43)</u>	<u>214,984,218.23</u>
4,255.13	11,145,877.43	39,332,197.25
-	-	105,704,129.36
-	-	(62,997,348.02)
-	-	526,610.81
-	-	(2,851,903.50)
<u>-</u>	<u>-</u>	<u>6,707,729.36</u>
<u>-</u>	<u>-</u>	<u>47,089,218.01</u>
		<u>86,421,415.26</u>
		916,291,102.79
		(460,585.28)
		<u>915,830,517.51</u>
		(27,428,308.06)
		<u>\$ 974,823,624.71</u>
\$ 4,255.13	\$ 11,145,877.43	\$ 974,823,624.71
563.24	(93,358,062.05)	(93,357,498.81)
<u>563.24</u>	<u>(93,358,062.05)</u>	<u>(93,357,498.81)</u>
\$ 4,818.37	\$ (82,212,184.62)	\$ 881,466,125.90

UNAUDITED

Office of the Governor - Trusteed Programs (300)  
 Exhibit III 300 - Combined Statement of Net Position - Proprietary Funds  
 For the Fiscal Year Ended August 31, 2014

	<u>Total Enterprise Funds</u> (Exhibit F-1 300)
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	
Cash in State Treasury	\$ 11,054,403.89
Restricted:	
Cash in State Treasury	1,052,816.87
Receivables from:	
Interest and Dividends	51,686.98
Loans and Contracts	1,851,059.45
Total Current Assets	<u>14,009,967.19</u>
Non-Current Assets:	
Loans and Contracts	18,863,354.12
Total Non-Current Assets	<u>18,863,354.12</u>
<b>Total Assets</b>	<u>\$ 32,873,321.31</u>
<b>DEFERRED OUTFLOWS</b>	
<b>Total Deferred Outflows</b>	<u>\$ -</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Payables from:	
Accounts	\$ 159,731.27
Payroll	57,981.03
Due To Other Agencies	23,200.71
Employees' Compensable Leave (Note 5)	33,114.42
Total Current Liabilities	<u>274,027.43</u>
Non-Current Liabilities:	
Notes and Loans Payable (Note 5)	20,000,000.00
Employees' Compensable Leave (Note 5)	19,913.31
Total Non-Current Liabilities	<u>20,019,913.31</u>
<b>Total Liabilities</b>	<u>20,293,940.74</u>
<b>DEFERRED INFLOWS</b>	
<b>Total Deferred Inflows</b>	<u>-</u>
<b>Net Position</b>	
Restricted For:	
Other	1,052,816.87
Unrestricted	11,526,563.70
<b>Total Net Position</b>	<u>\$ 12,579,380.57</u>

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

UNAUDITED

Office of the Governor - Trusteed Programs (300)

Exhibit IV 300 - Combined Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund  
For the Fiscal Year Ended August 31, 2014

	Total Enterprise Funds (Exhibit F-2 300)
<b>Operating Revenues</b>	
Interest and Investment Income	\$ 647,218.08
Other Operating Revenue	136,890.00
<b>Total Operating Revenues</b>	<u>784,108.08</u>
<b>Operating Expenses:</b>	
Salaries and Wages	619,101.61
Payroll Related Costs	148,623.74
Professional Fees and Services	147,784.97
Travel	8,826.81
Materials and Supplies	1,069.49
Communication and Utilities	36,247.95
Repairs and Maintenance	318.00
Rentals and Leases	1,800.00
Printing and Reproduction	96.98
Interest	39,940.54
Other Operating Expenses	193,356.68
<b>Total Operating Expenses</b>	<u>1,197,166.77</u>
Operating Income (Loss)	<u>(413,058.69)</u>
<b>Nonoperating Revenues (Expenses)</b>	
Investment Income (Expense)	(0.08)
<b>Total Other Nonoperating Revenues (Expenses)</b>	<u>(0.08)</u>
Income (Loss) Before Capital Contributions, Endowments and Transfers	<u>(413,058.77)</u>
<b>Capital Contributions, Endowments and Transfers</b>	
Transfer In	1,671,370.46
Transfer Out	(216,316.25)
<b>Total Capital Contributions, Endowments and Transfers</b>	<u>1,455,054.21</u>
Change in Net Position	<u>1,041,995.44</u>
Total Net Position, September 1, 2013	11,577,385.13
Restatements (Note 14)	(40,000.00)
Total Net Position, September 1, 2013, as Restated	<u>11,537,385.13</u>
<b>Total Net Position, August 31, 2014</b>	<u>\$ 12,579,380.57</u>

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

UNAUDITED

Office of the Governor - Trusteed Programs (300)  
 Exhibit V 300 - Combined Statement of Cash Flows – Proprietary Funds  
 For the Fiscal Year Ended August 31, 2014

	Total Enterprise Funds (Exhibit F-3 300)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Proceeds from Other Revenue	\$ 96,890.00
Payments to Employees	(740,273.17)
Payments for Other Expenses	(317,248.36)
Net Cash Provided by Operating Activities	<u>(960,631.53)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Proceeds of Transfers from Other Funds	1,694,571.17
Payments of Principal on Debt Issuance	(5,000,000.00)
Payments of Interest	(39,863.00)
Payments of Other Costs of Debt Issuance	(4,240.00)
Payments for Transfers to Other Funds	(216,316.25)
Payments for Other Uses	(8,859.08)
Net Cash Provided by Noncapital Financing Activities	<u>(3,574,707.16)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from Interest and Investment Income	671,949.10
Proceeds from Principal Payments on Loans	2,599,739.09
Payments to Bank Loan Reserve	(1,510,000.00)
Net Cash Provided by Investing Activities	<u>1,761,688.19</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(2,773,650.50)
Cash and Cash Equivalents, September 1, 2013	14,880,871.26
Restatement to Beginning Cash & Cash Equivalents	-
Cash and Cash Equivalents, September 1, 2013 as Restated	<u>14,880,871.26</u>
Cash and Cash Equivalents, August 31, 2014	<u>\$ 12,107,220.76</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income (Loss)	\$ (413,058.69)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Operating Income and Cash Flow Categories Classification Differences	(594,178.46)
Changes in Assets and Liabilities:	
Increase (Decrease) in Payables	73,300.65
Increase (Decrease) in Unearned Revenue	(40,000.00)
Increase (Decrease) in Compensated Absence Liabilities	13,304.97
Total Adjustments	<u>(547,572.84)</u>
Net Cash Provided by Operating Activities	<u>\$ (960,631.53)</u>

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

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UNAUDITED

Office of the Governor - Trusteed Programs (300)  
 Exhibit VIII - Combined Statement of Net Position - Discretely Presented Component Units  
 For the Fiscal Year Ended August 31, 2014

	Totals (Exhibit K-1 300)
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents:	
Cash In Bank (Note 3)	\$ 614,369.99
Cash Equivalents (Note 3)	2,617,952.72
Receivables from:	
Interest and Dividends	25.92
Accounts Receivable	247,962.70
Prepaid Items	70,875.19
<b>Total Current Assets</b>	<b>3,551,186.52</b>
Non-Current Assets:	
Capital Assets (Note 2):	
Depreciable and Amortizable, Net	1,349.00
<b>Total Non-Current Assets</b>	<b>1,349.00</b>
<b>Total Assets</b>	<b>\$ 3,552,535.52</b>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	\$ 157,722.00
Unearned Revenues	5,000.00
<b>Total Current Liabilities</b>	<b>162,722.00</b>
<b>Total Non-Current Liabilities</b>	<b>-</b>
<b>Total Liabilities</b>	<b>162,722.00</b>
<b>Net Position</b>	
Unrestricted	3,389,813.52
<b>Total Net Position</b>	<b>\$ 3,389,813.52</b>

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



UNAUDITED

Office of the Governor - Trusteed Programs (300)  
 Exhibit IX - Combined Statement of Revenues, Expenses and Changes in Net Position -  
 Discretely Presented Component Units  
 For the Fiscal Year Ended August 31, 2014

	Totals (Exhibit K-2 300)
<b>Operating Revenues:</b>	
Sales of Goods and Services	\$ 16,809.36
Interest and Investment Income	6,019.19
Other Grants and Contributions	870,623.26
Other Operating Revenue	23,410.24
<b>Total Operating Revenues</b>	<u>916,862.05</u>
<b>Operating Expenses:</b>	
Salaries and Wages	59,063.00
Professional Fees and Services	149,575.83
Travel	149,932.55
Materials and Supplies	159,613.83
Communication and Utilities	3,347.74
Rentals and Leases	113,325.72
Printing and Reproduction	12,723.52
Depreciation and Amortization	103.00
Interest	1,209.60
Grants to Community Service Programs	26,000.00
Other Operating Expenses	681,660.53
<b>Total Operating Expenses</b>	<u>1,356,555.32</u>
Operating Income (Loss)	<u>(439,693.27)</u>
<b>Nonoperating Revenue (Expenses)</b>	
Investment Income (Expense)	424.12
Other Nonoperating Revenues (Expenses)	6,996.00
<b>Total Nonoperating Revenue (Expenses)</b>	<u>7,420.12</u>
Income (Loss) Before Other Revenue, Expenses, Gains/Losses, and Transfers	<u>(432,273.15)</u>
Change in Net Position	<u>(432,273.15)</u>
Net Position, September 1, 2013	3,797,529.67
Restatements (Note 14)	24,557.00
Net Position, September 1, 2013, as Restated	<u>3,822,086.67</u>
<b>Net Position, August 31, 2014</b>	<u>\$ 3,389,813.52</u>

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

UNAUDITED

Office of the Governor - Trusteed Programs (300)  
 Exhibit A-1 300 - Combining Balance Sheet - All General and Consolidated Funds  
 For the Fiscal Year Ended August 31, 2014

	Consolidated Accounts			
	General Revenue Fund (0001)*	Operators & Chauffeurs License (0099)*	Governor's Office Federal Projects (0224)*	Criminal Justice Planning (0421)*
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents:				
Cash in State Treasury	\$ -	\$ -	\$ 31,450,347.16	\$ 59,225,911.50
Legislative Appropriations	193,990,808.72	-	-	-
Receivables from:				
Federal	-	-	-	3,883,588.87
Interest and Dividends	0.40	-	9,470.54	-
Accounts Receivable	15,833.62	-	15,498.00	1,291.97
Due From Other Funds	15,498.00	-	-	-
Due From Other Agencies	98,553.07	-	-	-
Consumable Inventories	5,218.47	-	-	2,012.30
Loans and Contracts	-	-	-	-
Total Current Assets	<u>194,125,912.28</u>	<u>-</u>	<u>31,475,315.70</u>	<u>63,112,804.64</u>
Non-Current Assets:				
Loans and Contracts	1,335,671.81	-	-	-
Equity Holdings for Economic Development	-	-	-	-
Total Non-Current Assets	<u>1,335,671.81</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 195,461,584.09</u>	<u>\$ -</u>	<u>\$ 31,475,315.70</u>	<u>\$ 63,112,804.64</u>
<b>DEFERRED OUTFLOWS</b>				
Total Deferred Outflows	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Current Liabilities:				
Payables from:				
Accounts	\$ 12,171,838.56	\$ -	\$ 297,489.53	\$ 4,669,740.49
Payroll	388,371.39	-	6,613.01	136,611.41
Due To Other Funds	-	-	15,498.00	-
Due To Other Agencies	-	-	1,329,309.44	1,353,744.79
Unearned Revenue	-	-	29,826,405.72	-
Total Current Liabilities	<u>12,560,209.95</u>	<u>-</u>	<u>31,475,315.70</u>	<u>6,160,096.69</u>
Total Liabilities	<u>12,560,209.95</u>	<u>-</u>	<u>31,475,315.70</u>	<u>6,160,096.69</u>
DEFERRED INFLOWS				
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits):				
Nonspendable	1,340,890.28	-	-	2,012.30
Restricted	-	-	-	-
Committed	-	-	-	56,950,695.65
Unassigned	181,560,483.86	-	-	-
Total Fund Balances	<u>182,901,374.14</u>	<u>-</u>	<u>-</u>	<u>56,952,707.95</u>
<b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b>	<u>\$ 195,461,584.09</u>	<u>\$ -</u>	<u>\$ 31,475,315.70</u>	<u>\$ 63,112,804.64</u>

\* GAAP Fund is noted as (XXXX)

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Consolidated Accounts			
Economic Stabilization Fund (0599)*	License Plate Trust Fund (0802)*	Hotel Occupancy Tax for Economic Development (5003)*	Crime Stoppers Assistance (5012)*
\$ -	\$ -	\$ 23,588,459.54	\$ 600,152.62
-	-	-	-
-	9.99	-	-
-	-	-	-
-	36,349.34	3,961,761.11	-
-	-	3,616.55	-
-	-	-	-
-	<u>36,359.33</u>	<u>27,553,837.20</u>	<u>600,152.62</u>
5,192,662.59	-	-	-
<u>5,192,662.59</u>	-	-	-
<u>\$ 5,192,662.59</u>	<u>\$ 36,359.33</u>	<u>\$ 27,553,837.20</u>	<u>\$ 600,152.62</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 17,326.84	\$ 5,897,366.09	\$ 28,414.82
-	-	104,537.38	-
-	-	-	-
-	-	-	2,823.43
-	-	-	-
-	<u>17,326.84</u>	<u>6,001,903.47</u>	<u>31,238.25</u>
-	17,326.84	6,001,903.47	31,238.25
-	-	-	-
-	-	3,616.55	-
-	19,032.49	21,548,317.18	568,914.37
<u>5,192,662.59</u>	<u>19,032.49</u>	<u>21,551,933.73</u>	<u>568,914.37</u>
<u>\$ 5,192,662.59</u>	<u>\$ 36,359.33</u>	<u>\$ 27,553,837.20</u>	<u>\$ 600,152.62</u>

UNAUDITED

Office of the Governor - Trusteed Programs (300)

Exhibit A-1 300 - Combining Balance Sheet - All General and Consolidated Funds

For the Fiscal Year Ended August 31, 2014

	Consolidated Accounts			
	Texas Enterprise (5107)*	Economic Development and Tourism (5110)*	Texas Music Foundation Plates (5113)*	Texas Military Value Revolving Loan (5114)*
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents:				
Cash in State Treasury	\$ 205,271,839.86	\$ -	\$ -	\$ 58,588.96
Legislative Appropriations	-	-	-	-
Receivables from:				
Federal	-	-	-	-
Interest and Dividends	61,592.99	-	-	957,488.76
Accounts Receivable	-	-	-	-
Due From Other Funds	-	-	-	-
Due From Other Agencies	-	-	-	-
Consumable Inventories	-	-	-	-
Loans and Contracts	-	-	-	1,150,000.00
<b>Total Current Assets</b>	<b>205,333,432.85</b>	<b>-</b>	<b>-</b>	<b>2,166,077.72</b>
Non-Current Assets:				
Loans and Contracts	104,392,768.89	-	-	35,220,000.00
Equity Holdings for Economic Development	-	-	-	-
<b>Total Non-Current Assets</b>	<b>104,392,768.89</b>	<b>-</b>	<b>-</b>	<b>35,220,000.00</b>
<b>Total Assets</b>	<b>\$ 309,726,201.74</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 37,386,077.72</b>
<b>DEFERRED OUTFLOWS</b>				
<b>Total Deferred Outflows</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Current Liabilities:				
Payables from:				
Accounts	\$ -	\$ -	\$ -	\$ -
Payroll	-	-	-	-
Due To Other Funds	-	-	-	-
Due To Other Agencies	-	-	-	-
Unearned Revenue	-	-	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS</b>				
<b>Total Deferred Inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund Balances (Deficits):				
Nonspendable	-	-	-	-
Restricted	-	-	-	37,386,077.72
Committed	309,726,201.74	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>309,726,201.74</b>	<b>-</b>	<b>-</b>	<b>37,386,077.72</b>
<b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b>	<b>\$ 309,726,201.74</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 37,386,077.72</b>

\* GAAP Fund is noted as (XXXX)

UNAUDITED

Consolidated Accounts		
Emerging Technology (5124)*	BP Oil Spill Tx Response Grant (5149)*	Total (Exhibit I -300)
\$ 120,144,865.99	\$ 4,089,325.31	\$ 444,429,490.94
-	-	193,990,808.72
-	-	3,883,588.87
37,227.55	1,225.46	1,067,015.69
-	-	32,623.59
-	-	15,498.00
2,115,829.57	-	6,212,493.09
598.39	-	11,445.71
1,000,000.00	-	2,150,000.00
<u>123,298,521.50</u>	<u>4,090,550.77</u>	<u>651,792,964.61</u>
32,611,235.00	-	178,752,338.29
143,509,649.35	-	143,509,649.85
<u>176,120,884.35</u>	<u>-</u>	<u>322,261,988.14</u>
<u>\$ 299,419,406.35</u>	<u>\$ 4,090,550.77</u>	<u>\$ 974,054,952.75</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 101,152.41	\$ -	\$ 23,183,328.74
36,885.73	-	673,018.92
-	-	15,498.00
750,000.00	-	3,435,877.66
-	-	29,826,405.72
<u>888,038.14</u>	<u>-</u>	<u>57,134,129.04</u>
<u>888,038.14</u>	<u>-</u>	<u>57,134,129.04</u>
-	-	-
598.39	-	1,347,117.52
-	-	37,386,077.72
298,530,769.82	4,090,550.77	691,434,482.02
-	-	186,753,146.45
<u>298,531,368.21</u>	<u>4,090,550.77</u>	<u>916,920,823.71</u>
<u>\$ 299,419,406.35</u>	<u>\$ 4,090,550.77</u>	<u>\$ 974,054,952.75</u>

UNAUDITED

Office of the Governor - Trusteed Programs (300)  
 Exhibit A-2 300 - Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
 All General and Consolidated Funds  
 For the Fiscal Year Ended August 31, 2014

	Consolidated Accounts			
	General Revenue Fund 0001 (0001)*	Operators & Chauffeurs License (0099)*	Governor's Office Federal Projects (0224)*	Criminal Justice Planning (0421)*
<b>REVENUES</b>				
Legislative Appropriations				
Original Appropriations	\$ 160,457,418.12	\$ -	\$ -	\$ -
Additional Appropriations	877,147.46	-	-	-
Federal Revenue	1,024,767.83	-	17,110,619.62	43,622,512.14
Federal Grant Pass-Through Revenue	535,748.04	-	-	-
License, Fees & Permits	2,544,724.21	-	-	22,960,769.26
Interest and Other Investment Income	(1.66)	-	-	-
Sales of Goods and Services	329,976.20	-	-	-
Other	15,828.01	-	-	2,070.53
<b>Total Revenues</b>	<b>165,785,608.21</b>	<b>-</b>	<b>17,110,619.62</b>	<b>66,585,351.93</b>
<b>EXPENDITURES</b>				
Salaries and Wages	3,550,144.58	-	81,063.86	1,262,632.35
Payroll Related Costs	911,145.74	-	15,903.59	414,319.28
Professional Fees and Services	613,771.57	-	492,177.10	1,660,273.89
Travel	344,741.69	-	6,840.25	51,226.31
Materials and Supplies	39,514.65	-	1,882.11	2,957.01
Communication and Utilities	135,390.10	-	4,330.31	8,648.45
Repairs and Maintenance	12,337.25	-	-	-
Rentals and Leases	211,201.40	-	6,821.88	13,702.28
Printing and Reproduction	5,500.41	-	33.34	104.28
Claims and Judgments	25,368.28	-	-	-
Federal Grant Pass-Through Expenditures	-	-	4,773,252.02	603,519.63
State Grant Pass-Through Expenditures	2,004,518.07	(6,067.05)	-	8,602,355.63
Intergovernmental Payments	3,820,447.18	774,008.13	11,016,739.29	24,253,361.39
Public Assistance Payments	359,922.32	-	700,256.89	32,571,295.98
Other Expenditures	14,470,655.32	-	11,318.98	242,204.12
Debt Service:				
Principal	-	-	-	-
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>26,504,658.56</b>	<b>767,941.08</b>	<b>17,110,619.62</b>	<b>69,686,600.60</b>
Excess (Deficiency) of Revenues over Expenditures	139,280,949.65	(767,941.08)	-	(3,101,248.67)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	4,363,170.79	1,101,931.98	15,773.78	492,187.15
Transfer Out	(55,391,245.76)	(333,990.90)	(15,773.78)	(492,187.15)
Legislative Transfer In	526,610.81	-	-	-
Legislative Transfer Out	(2,851,903.50)	-	-	-
Gain (Loss) on Other Financial Activity	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(53,353,367.66)</b>	<b>767,941.08</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	85,927,581.99	-	-	(3,101,248.67)
<b>Fund Financial Statement - Fund Balances</b>				
Fund Balances, September 1, 2013	123,925,645.01	-	-	60,053,956.62
Restatements	476,455.20	-	-	-
Fund Balances, September 1, 2013, as Restated	124,402,100.21	-	-	60,053,956.62
Appropriations Lapsed	(27,428,308.06)	-	-	-
<b>Fund Balances, August 31, 2014</b>	<b>\$ 182,901,374.14</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 56,952,707.95</b>

\* GAAP Fund is noted as (XXXX)

UNAUDITED

Consolidated Accounts			
Economic Stabilization Fund (0599)*	License Plate Trust Fund (0802)*	Hotel Occupancy Tax for Economic Development (5003)*	Crime Stoppers Assistance (5012)*
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	87,244.01	-	478,978.34
-	73.71	-	-
-	-	15,000.00	-
-	-	-	-
-	<u>87,317.72</u>	<u>15,000.00</u>	<u>478,978.34</u>
-	-	1,036,623.48	-
-	-	298,450.36	-
-	-	3,758,862.26	249,008.64
-	-	3,203.75	-
-	-	39,431.33	-
-	-	23,703.34	-
-	-	10,120.00	-
-	-	99,181.53	-
-	-	127.95	-
-	-	-	-
-	-	-	8,793.97
792,837.41	-	-	-
-	71,923.93	-	157,168.78
-	-	37,067,830.91	-
-	-	-	-
<u>792,837.41</u>	<u>71,923.93</u>	<u>42,337,534.91</u>	<u>414,971.39</u>
<u>(792,837.41)</u>	<u>15,393.79</u>	<u>(42,322,534.91)</u>	<u>64,006.95</u>
2,785,500.00	3,638.70	40,970,500.27	-
-	-	(522,004.80)	-
-	-	-	-
-	-	-	-
<u>2,785,500.00</u>	<u>3,638.70</u>	<u>40,448,495.47</u>	<u>-</u>
1,992,662.59	19,032.49	(1,874,039.44)	64,006.95
3,200,000.00	-	23,425,973.17	504,907.42
<u>3,200,000.00</u>	<u>-</u>	<u>23,425,973.17</u>	<u>504,907.42</u>
-	-	-	-
<u>\$ 5,192,662.59</u>	<u>\$ 19,032.49</u>	<u>\$ 21,551,933.73</u>	<u>\$ 568,914.37</u>

UNAUDITED

Office of the Governor - Trusteed Programs (300)  
 Exhibit A-2 300 - Combining Statement of Revenue, Expenditures and Changes in Fund Balances -  
 All General and Consolidated Funds  
 For the Fiscal Year Ended August 31, 2014

	Consolidated Accounts			
	Texas Enterprise (5107)*	Economic Development and Tourism (5110)*	Texas Music Foundation Plates (5113)*	Texas Military Value Revolving Loan (5114)*
<b>REVENUE</b>				
Legislative Appropriations				
Original Appropriations	\$ -	\$ -	\$ -	\$ -
Additional Appropriations	-	-	-	-
Federal Revenue	-	-	-	-
Federal Grant Pass-Through Revenue	-	-	-	-
License, Fees & Permits	-	-	1,500.00	-
Interest and Other Investment Income	806,868.87	-	-	1,914,430.80
Sales of Goods and Services	-	-	-	-
Other	32.00	-	-	-
<b>Total Revenue</b>	<u>806,900.87</u>	<u>-</u>	<u>1,500.00</u>	<u>1,914,430.80</u>
<b>EXPENDITURES</b>				
Salaries and Wages	-	-	-	-
Payroll Related Costs	-	-	-	-
Professional Fees and Services	-	-	-	-
Travel	-	-	-	-
Materials and Supplies	-	-	-	-
Communication and Utilities	-	-	-	-
Repairs and Maintenance	-	-	-	-
Rentals and Leases	-	-	-	-
Printing and Reproduction	-	-	-	-
Claims and Judgments	-	-	-	-
Federal Grant Pass-Through Expenditures	-	-	-	-
State Grant Pass-Through Expenditures	-	-	-	-
Intergovernmental Payments	-	-	-	-
Public Assistance Payments	-	-	5,395.00	-
Other Expenditures	22,468,194.46	-	-	-
Debt Service:				
Principal	-	-	-	9,690,000.00
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<u>22,468,194.46</u>	<u>-</u>	<u>5,395.00</u>	<u>9,690,000.00</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(21,661,293.59)</u>	<u>-</u>	<u>(3,895.00)</u>	<u>(7,775,569.20)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	-	-	-	777.80
Transfer Out	-	(67,077.24)	(3,638.70)	(3,502,212.53)
Legislative Transfer In	-	-	-	-
Legislative Transfer Out	-	-	-	-
Gain (Loss) on Other Financial Activity	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(67,077.24)</u>	<u>(3,638.70)</u>	<u>(3,501,434.73)</u>
Net Change in Fund Balances	<u>(21,661,293.59)</u>	<u>(67,077.24)</u>	<u>(7,533.70)</u>	<u>(11,277,003.93)</u>
<b>Fund Financial Statement - Fund Balances</b>				
Fund Balances, September 1, 2013	332,324,535.81	67,077.24	7,533.70	48,663,081.65
Restatements	(937,040.48)	-	-	-
Fund Balances, September 1, 2013, as Restated	<u>331,387,495.33</u>	<u>67,077.24</u>	<u>7,533.70</u>	<u>48,663,081.65</u>
Appropriations Lapsed	-	-	-	-
<b>Fund Balances, August 31, 2014</b>	<u>\$ 309,726,201.74</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,386,077.72</u>

\* GAAP Fund is noted as (XXXX)



UNAUDITED

Consolidated Accounts		
Emerging Technology (5124)*	BP Oil Spill Tx Response Grant (5149)*	Total (Exhibit II 300)
\$ -	\$ -	\$ 160,457,418.12
-	-	877,147.46
-	-	61,757,899.59
-	-	535,748.04
-	-	26,073,215.82
1,082,745.01	3,443.09	3,807,559.82
-	-	344,976.20
-	-	17,930.54
<u>1,082,745.01</u>	<u>3,443.09</u>	<u>253,871,895.59</u>
361,221.14	-	6,291,685.41
109,163.89	-	1,748,982.86
1,015.00	-	6,775,108.46
11,032.36	-	417,044.36
17,498.05	-	101,283.15
6,558.13	-	178,630.33
5,686.10	-	28,143.35
-	-	330,907.09
315.67	-	6,081.65
821.99	-	26,190.27
-	-	5,376,771.65
6,279,523.76	1,000,000.00	17,889,124.38
-	-	40,657,393.40
835,000.00	-	34,700,962.90
24,027,032.41	-	98,287,236.20
-	-	9,690,000.00
<u>5,162.55</u>	<u>-</u>	<u>5,162.53</u>
<u>31,660,031.03</u>	<u>1,000,000.00</u>	<u>222,510,707.99</u>
<u>(30,577,286.02)</u>	<u>(996,556.91)</u>	<u>31,361,187.60</u>
52,278,622.05	-	102,012,102.52
(2,278,622.05)	-	(62,606,752.91)
-	-	526,610.81
-	-	(2,851,903.50)
<u>6,707,729.36</u>	<u>-</u>	<u>6,707,729.36</u>
<u>56,707,729.36</u>	<u>-</u>	<u>43,787,786.28</u>
<u>26,130,443.34</u>	<u>(996,556.91)</u>	<u>75,148,973.88</u>
272,400,924.87	5,087,107.68	869,660,743.17
-	-	(460,585.28)
<u>272,400,924.87</u>	<u>5,087,107.68</u>	<u>869,200,157.89</u>
-	-	(27,428,308.06)
<u>\$ 298,531,368.21</u>	<u>\$ 4,090,550.77</u>	<u>\$ 916,920,823.71</u>

UNAUDITED

Office of the Governor - Trusteed Programs (300)  
 Exhibit B-1 300 - Combining Balance Sheet - Special Revenue Funds  
 For the Fiscal Year Ended August 31, 2014

	Small Business Incubator Fund (0588)* U/F (5881)	Texas Product Development Fund (0589)* U/F (5891)	Blended Component Units (9999)* U/F (7010)	Total (Exhibit I 300)
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents:				
Cash In Bank	\$ -	\$ -	\$ 35,884.75	\$ 35,884.75
Cash in State Treasury	17,494,915.42	14,661,414.77	-	32,156,330.19
Restricted Cash and Cash Equivalents:				
Cash in State Treasury	2,100,000.00	2,625,000.00	-	4,725,000.00
Receivables from:				
Interest and Dividends	11,073.98	15,739.29	-	26,813.27
Prepaid Items	2,040.28	2,434.72	-	4,525.00
Loans and Contracts, net of allowance	280,155.60	1,098,814.82	-	1,378,970.42
<b>Total Current Assets</b>	<b>19,888,185.28</b>	<b>18,403,453.60</b>	<b>35,884.75</b>	<b>38,327,523.63</b>
Non-Current Assets:				
Loans and Contracts	906,894.43	7,533,333.32	-	8,440,227.75
<b>Total Non-Current Assets</b>	<b>906,894.43</b>	<b>7,533,333.32</b>	<b>-</b>	<b>8,440,227.75</b>
<b>Total Assets</b>	<b>\$ 20,795,079.71</b>	<b>\$ 25,936,786.92</b>	<b>\$ 35,884.75</b>	<b>\$ 46,767,751.38</b>
<b>DEFERRED OUTFLOWS</b>				
<b>Total Deferred Outflows</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Current Liabilities:				
Payables from:				
Accounts	\$ 6,833.33	\$ 8,541.67	-	\$ 15,375.00
<b>Total Current Liabilities</b>	<b>6,833.33</b>	<b>8,541.67</b>	<b>-</b>	<b>15,375.00</b>
<b>Total Liabilities</b>	<b>6,833.33</b>	<b>8,541.67</b>	<b>-</b>	<b>15,375.00</b>
<b>DEFERRED INFLOWS</b>				
<b>Total Deferred Inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficits):</b>				
Nonspendable	2,040.28	2,434.72	-	4,525.00
Restricted	20,786,206.10	25,925,730.53	-	46,711,966.63
Committed	-	-	35,884.75	35,884.75
<b>Total Fund Balances</b>	<b>20,788,246.38</b>	<b>25,928,245.25</b>	<b>35,884.75</b>	<b>46,752,376.38</b>
<b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b>	<b>\$ 20,795,079.71</b>	<b>\$ 25,936,786.92</b>	<b>\$ 35,884.75</b>	<b>\$ 46,767,751.38</b>

\* GAAP Fund is noted as (XXXX), USAS D23 U/F (XXXX)

UNAUDITED

Office of the Governor - Trusteed Programs (300)  
 Exhibit B-2 300 - Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
 Special Revenue Funds  
 For the Fiscal Year Ended August 31, 2014

	Small Business Incubator Fund (0588)* U/F (5881)	Texas Product Development Fund (0589)* U/F (5891)	Blended Component Units (9999)* U/F (7010)	Totals (Exhibit II 300)
<b>REVENUES</b>				
License, Fees & Permits	\$ -	\$ 60,000.00	\$ -	\$ 60,000.00
Interest and Other Investment Income	117,057.23	260,617.56	-	377,674.79
Other	5,035.00	-	993.55	6,028.55
<b>Total Revenues</b>	<b>122,092.23</b>	<b>320,617.56</b>	<b>993.55</b>	<b>443,703.34</b>
<b>EXPENDITURES</b>				
Professional Fees and Services	17,773.90	15,663.60	968.55	34,406.05
Materials and Supplies	-	-	5.12	5.12
Other Expenditures	22,380.16	27,349.85	-	49,730.01
<b>Total Expenditures</b>	<b>40,154.06</b>	<b>43,013.45</b>	<b>973.67</b>	<b>84,141.18</b>
Excess (Deficiency) of Revenues over Expenditures	81,938.17	277,604.11	19.88	359,562.16
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	73,570.89	78,954.30	-	152,525.19
Transfer Out	(127,988.27)	(261,829.04)	-	(389,817.31)
<b>Total Other Financing Sources (Uses)</b>	<b>(54,417.38)</b>	<b>(182,874.74)</b>	<b>-</b>	<b>(237,292.12)</b>
Net Change in Fund Balances	27,520.79	94,729.37	19.88	122,270.04
<b>Fund Financial Statement - Fund Balances</b>				
Fund Balances, September 1, 2013	20,760,725.59	25,833,515.88	35,864.87	46,630,106.34
Restatements	-	-	-	-
Fund Balances - September 1, 2013, as Restated	20,760,725.59	25,833,515.88	35,864.87	46,630,106.34
<b>Fund Balances, August 31, 2014</b>	<b>\$ 20,788,246.38</b>	<b>\$ 25,928,245.25</b>	<b>\$ 35,884.75</b>	<b>\$ 46,752,376.38</b>

\* GAAP Fund is noted as (XXXX), USAS D23 U/F (XXXX)

UNAUDITED

Office of the Governor - Trusteed Programs (300)  
 Exhibit C-1 300 - Combining Balance Sheet - Debt Service Funds  
 For the Fiscal Year Ended August 31, 2014

	Small Business Incubator Fund (0588)* U/F (5882)	Texas Product Development Fund (0589)* U/F (5892)	Texas Military Value Revolving Loan (7022)* U/F (7221)
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents:			
Cash in State Treasury	\$ -	\$ -	\$ 57.32
Total Current Assets	<u>-</u>	<u>-</u>	<u>57.32</u>
<b>Total Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57.32</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Current Liabilities:	\$ -	\$ -	\$ -
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits):			
Restricted	-	-	57.32
<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>57.32</u>
<b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57.32</u>

\* GAAP Fund is noted as (XXXX), USAS D23 U/F (XXXX)

UNAUDITED

Texas Military Value Revolving Loan (7026)* U/F (7262)	Texas Military Value Revolving Loan (7027)* U/F (7273)	Total (Exhibit I 300)
\$ -	\$ 234.74	\$ 292.06
-	234.74	292.06
<u>\$ -</u>	<u>\$ 234.74</u>	<u>\$ 292.06</u>
\$ -	-	-
-	-	-
-	234.74	292.06
-	234.74	292.06
<u>\$ -</u>	<u>\$ 234.74</u>	<u>\$ 292.06</u>

UNAUDITED

Office of the Governor - Trusteed Programs (300)

Exhibit C-2 300 - Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Debt Service Funds

For the Fiscal Year Ended August 31, 2014

	Small Business Incubator Fund (0588)* U/F (5882)	Texas Product Development Fund (0589)* U/F (5892)	Texas Military Value Revolving Loan (7022)* U/F (7221)
<b>REVENUES</b>			
Interest and Other Investment Income	\$ -	\$ -	\$ 223.35
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>223.35</u>
<b>EXPENDITURES</b>			
Debt Service:			
Principal	-	-	505,000.00
Interest	16,487.73	20,801.39	385,512.50
<b>Total Expenditures</b>	<u>16,487.73</u>	<u>20,801.39</u>	<u>890,512.50</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(16,487.73)</u>	<u>(20,801.39)</u>	<u>(890,289.15)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer In	16,487.73	20,801.39	890,512.53
Transfer Out	-	-	(207.67)
<b>Total Other Financing Sources (Uses)</b>	<u>16,487.73</u>	<u>20,801.39</u>	<u>890,304.86</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>15.71</u>
<b>Fund Financial Statement - Fund Balances</b>			
Fund Balances, September 1, 2013	-	-	41.61
Restatements	-	-	-
Fund Balances, September 1, 2013, as Restated	<u>-</u>	<u>-</u>	<u>41.61</u>
<b>Fund Balances, August 31, 2014</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57.32</u>

\* GAAP Fund is noted as (XXXX), USAS D23 U/F (XXXX)

UNAUDITED

Texas Military Value Revolving Loan (7026)* U/F (7262)	Texas Military Value Revolving Loan (7027)* U/F (7273)	Totals (Exhibit II 300)
\$ 32.39	\$ 560.81	\$ 816.55
32.39	560.81	816.55
240,000.00	595,000.00	1,340,000.00
221,700.00	1,555,000.00	2,199,501.62
461,700.00	2,150,000.00	3,539,501.62
(461,667.61)	(2,149,439.19)	(3,538,685.07)
461,700.00	2,150,000.00	3,539,501.65
(79.04)	(491.09)	(777.80)
461,620.96	2,149,508.91	3,538,723.85
(46.65)	69.72	38.78
46.65	165.02	253.28
-	-	-
46.65	165.02	253.28
\$ -	\$ 234.74	\$ 292.06

UNAUDITED

Office of the Governor - Trusteed Programs (300)  
 Exhibit F-1 300 - Combining Statement of Net Position - Enterprise Funds  
 For the Fiscal Year Ended August 31, 2014

	Economic Development Bank (5106)*	Totals (Exhibit III 300)
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents:		
Cash in State Treasury	\$ 11,054,403.89	\$ 11,054,403.89
Restricted:		
Cash in State Treasury	1,052,816.87	1,052,816.87
Receivables from:		
Interest and Dividends	51,686.98	51,686.98
Loans and Contracts	1,851,059.45	1,851,059.45
Total Current Assets	14,009,967.19	14,009,967.19
Non-Current Assets:		
Loans and Contracts	18,863,354.12	18,863,354.12
Total Non-Current Assets	18,863,354.12	18,863,354.12
Total Assets	\$ 32,873,321.31	\$ 32,873,321.31
<b>DEFERRED OUTFLOWS</b>		
Total Deferred Outflows	\$ -	\$ -
<b>LIABILITIES</b>		
Current Liabilities:		
Payables from:		
Accounts	\$ 159,731.27	\$ 159,731.27
Payroll	57,981.03	57,981.03
Due To Other Agencies	23,200.71	23,200.71
Employees' Compensable Leave	33,114.42	33,114.42
Total Current Liabilities	274,027.43	274,027.43
Non-Current Liabilities:		
Notes and Loans Payable (Note 5)	20,000,000.00	20,000,000.00
Employees' Compensable Leave	19,913.31	19,913.31
Total Non-Current Liabilities	20,019,913.31	20,019,913.31
Total Liabilities	20,293,940.74	20,293,940.74
<b>DEFERRED INFLOWS</b>		
Total Deferred Inflows	-	-
<b>Net Position</b>		
Restricted For:		
Other	1,052,816.87	1,052,816.87
Unrestricted	11,526,563.70	11,526,563.70
Total Net Position	\$ 12,579,380.57	\$ 12,579,380.57

\* GAAP Fund is noted as (XXXX)



UNAUDITED

Office of the Governor - Trusteed Programs (300)

Exhibit F-2 300 - Combining Statement of Revenues, Expenses and Changes in Net Position - Enterprise Funds  
For the Fiscal Year Ended August 31, 2014

	Economic Development Bank (5106)*	Totals (Exhibit IV 300)
<b>Operating Revenues</b>		
Interest and Investment Income	\$ 647,218.08	\$ 647,218.08
Other Operating Revenue	136,890.00	136,890.00
<b>Total Operating Revenues</b>	<u>784,108.08</u>	<u>784,108.08</u>
<b>Operating Expenses:</b>		
Salaries and Wages	619,101.61	619,101.61
Payroll Related Costs	148,623.74	148,623.74
Professional Fees and Services	147,784.97	147,784.97
Travel	8,826.81	8,826.81
Materials and Supplies	1,069.49	1,069.49
Communication and Utilities	36,247.95	36,247.95
Repairs and Maintenance	318.00	318.00
Rentals and Leases	1,800.00	1,800.00
Printing and Reproduction	96.98	96.98
Interest	39,940.54	39,940.54
Other Operating Expenses	193,356.68	193,356.68
<b>Total Operating Expenses</b>	<u>1,197,166.77</u>	<u>1,197,166.77</u>
Operating Income (Loss)	<u>(413,058.69)</u>	<u>(413,058.69)</u>
<b>Nonoperating Revenues (Expenses)</b>		
Investment Income (Expense)	(0.08)	(0.08)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(0.08)</u>	<u>(0.08)</u>
Income (Loss) Before Capital Contributions, Endowments and Transfers	<u>(413,058.77)</u>	<u>(413,058.77)</u>
<b>Capital Contributions, Endowments and Transfers</b>		
Transfer In	1,671,370.46	1,671,370.46
Transfer Out	(216,316.25)	(216,316.25)
<b>Total Capital Contributions, Endowments and Transfers</b>	<u>1,455,054.21</u>	<u>1,455,054.21</u>
Change in Net Position	<u>1,041,995.44</u>	<u>1,041,995.44</u>
Total Net Position, September 1, 2013	11,577,385.13	11,577,385.13
Restatements	(40,000.00)	(40,000.00)
Total Net Position, September 1, 2013, as Restated	<u>11,537,385.13</u>	<u>11,537,385.13</u>
<b>Total Net Position, August 31, 2014</b>	<u>\$ 12,579,380.57</u>	<u>\$ 12,579,380.57</u>

\* GAAP Fund is noted as (XXXX)

UNAUDITED

Office of the Governor - Trusteed Programs (300)  
 Exhibit F-3 300 - Combining Statement of Cash Flows - Enterprise Funds  
 For the Fiscal Year Ended August 31, 2014

	Economic Development Bank (5106)*	Totals (Exhibit V 300)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from Other Revenue	\$ 96,890.00	\$ 96,890.00
Payments to Employees	(740,273.17)	(740,273.17)
Payments for Other Expenses	(317,248.36)	(317,248.36)
Net Cash Provided by Operating Activities	<u>(960,631.53)</u>	<u>(960,631.53)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Proceeds of Transfers from Other Funds	1,694,571.17	1,694,571.17
Payments of Principal on Debt Issuance	(5,000,000.00)	(5,000,000.00)
Payments of Interest	(39,863.00)	(39,863.00)
Payments of Other Costs of Debt Issuance	(4,240.00)	(4,240.00)
Payments for Transfers to Other Funds	(216,316.25)	(216,316.25)
Payments for Other Uses	(8,859.08)	(8,859.08)
Net Cash Provided by Noncapital Financing Activities	<u>(3,574,707.16)</u>	<u>(3,574,707.16)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Interest and Investment Income	671,949.10	671,949.10
Proceeds from Principal Payments on Loans	2,599,739.09	2,599,739.09
Payments for Non-Program Loans	(1,510,000.00)	(1,510,000.00)
Net Cash Provided by Investing Activities	<u>1,761,688.19</u>	<u>1,761,688.19</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(2,773,650.50)	(2,773,650.50)
Cash and Cash Equivalents, September 1, 2013	14,880,871.26	14,880,871.26
Restatement to Beginning Cash & Cash Equivalents	-	-
Cash and Cash Equivalents, September 1, 2013, as Restated	<u>14,880,871.26</u>	<u>14,880,871.26</u>
Cash and Cash Equivalents, August 31, 2014	<u>\$ 12,107,220.76</u>	<u>\$ 12,107,220.76</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Operating Income (Loss)	\$ (413,058.69)	\$ (413,058.69)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Operating Income and Cash Flow Categories Classification Differences	(594,178.46)	(594,178.46)
Changes in Assets and Liabilities:		
Increase (Decrease) in Payables	73,300.65	73,300.65
Increase (Decrease) in Unearned Revenue	(40,000.00)	(40,000.00)
Increase (Decrease) in Compensated Absence Liabilities	13,304.97	13,304.97
Total Adjustments	<u>(547,572.84)</u>	<u>(547,572.84)</u>
Net Cash Provided by Operating Activities	<u>\$ (960,631.53)</u>	<u>\$ (960,631.53)</u>

\* GAAP Fund is noted as (XXXX)

UNAUDITED

Office of the Governor - Trusteed Programs (300)  
 Exhibit J-1 300 - Combining Statement of Changes in Assets and Liabilities - Agency Funds  
 For the Fiscal Year Ended August 31, 2014

	Beginning Balance			Ending Balance
	September 1, 2013	Additions	Deductions	August 31, 2014
<b>Departmental Suspense (0900), U/F(0900)*</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ -	\$ 56,980.00	\$ 56,980.00	\$ -
Total Assets	\$ -	\$ 56,980.00	\$ 56,980.00	\$ -
<b>LIABILITIES</b>				
Funds Held for Others	\$ -	\$ 56,980.00	\$ 56,980.00	\$ -
Total Liabilities	\$ -	\$ 56,980.00	\$ 56,980.00	\$ -
<b>Overpayments to Employees (0900), U/F(9015)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ -	\$ 336.01	\$ 336.01	\$ -
Total Assets	\$ -	\$ 336.01	\$ 336.01	\$ -
<b>LIABILITIES</b>				
Funds Held for Others	\$ -	\$ 336.01	\$ 336.01	\$ -
Total Liabilities	\$ -	\$ 336.01	\$ 336.01	\$ -
<b>Direct Deposit Correction (0980), U/F(0980)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ -	\$ 2,087.13	\$ 2,087.13	\$ -
Total Assets	\$ -	\$ 2,087.13	\$ 2,087.13	\$ -
<b>LIABILITIES</b>				
Funds Held for Others	\$ -	\$ 2,087.13	\$ 2,087.13	\$ -
Total Liabilities	\$ -	\$ 2,087.13	\$ 2,087.13	\$ -
<b>Unappropriated General Revenue (1000), U/F(1002)</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ -	\$ 1,645,447.66	\$ 1,645,447.66	\$ -
Total Assets	\$ -	\$ 1,645,447.66	\$ 1,645,447.66	\$ -
<b>LIABILITIES</b>				
Funds Held for Others	\$ -	\$ 1,645,447.66	\$ 1,645,447.66	\$ -
Total Liabilities	\$ -	\$ 1,645,447.66	\$ 1,645,447.66	\$ -
<b>Totals - All Agency Funds</b>				
<b>ASSETS</b>				
Cash in State Treasury	\$ -	\$ 1,704,850.80	\$ 1,704,850.80	\$ -
Total Assets	\$ -	\$ 1,704,850.80	\$ 1,704,850.80	\$ -
<b>LIABILITIES</b>				
Funds Held for Others	\$ -	\$ 1,704,850.80	\$ 1,704,850.80	\$ -
Total Liabilities	\$ -	\$ 1,704,850.80	\$ 1,704,850.80	\$ -

\* GAAP Fund is noted as (XXXX), USAS D23 U/F (XXXX)

UNAUDITED

Office of the Governor - Trusteed Programs (300)

Exhibit K-1 300 - Combining Statement of Net Position - Discretely Presented Component Units

For the Fiscal Year Ended August 31, 2014

	Texas Disaster Relief Fund, a Non-Profit Corp. (3146)* U/F (7003)	Texas Health Services Authority (3147)* U/F (7004)	Texas Small Business Industrial Development Corporation (3154)* U/F (7002)	Texas Economic Development Corporation (3155)* U/F (7001)
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents:				
Cash In Bank	\$ 200,000.00	\$ -	\$ -	\$ 247,312.00
Cash Equivalents	654,580.27	-	845,979.65	1,097,318.00
Receivables from:				
Interest and Dividends	5.80	-	7.00	-
Accounts Receivable	-	-	-	239,165.00
Prepaid Items	5.19	-	-	69,870.00
<b>Total Current Assets</b>	<b>854,591.26</b>	<b>-</b>	<b>845,986.65</b>	<b>1,653,665.00</b>
Non-Current Assets:				
Capital Assets:				
Depreciable and Amortizable, Net	-	-	-	1,349.00
<b>Total Non-Current Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,349.00</b>
<b>Total Assets</b>	<b>\$ 854,591.26</b>	<b>\$ -</b>	<b>\$ 845,986.65</b>	<b>\$ 1,655,014.00</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ -	\$ -	\$ -	\$ 157,717.00
Unearned Revenues	-	-	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>157,717.00</b>
Total Non-Current Liabilities				
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>157,717.00</b>
<b>Net Position</b>				
Unrestricted	854,591.26	-	845,986.65	1,497,297.00
<b>Total Net Position</b>	<b>\$ 854,591.26</b>	<b>\$ -</b>	<b>\$ 845,986.65</b>	<b>\$ 1,497,297.00</b>

\* GAAP Fund is noted as (XXXX), USAS D23 U/F (XXXX)

UNAUDITED

Beacon State Fund (4157)* U/F (7005)	State Agency Council (4158)* U/F (7006)	Film Texas Fund (4159)* U/F (7007)	Texas Governor's Mansion Administration (4164)* U/F (7008)	Totals (Exhibit VIII - 300)
\$ 151,821.66	\$ 10,517.06	\$ 888.19	\$ 3,831.08	\$ 614,369.99
-	20,074.80	-	-	2,617,952.72
-	13.12	-	-	25.92
-	-	-	8,797.70	247,962.70
-	1,000.00	-	-	70,875.19
<u>151,821.66</u>	<u>31,604.98</u>	<u>888.19</u>	<u>12,628.78</u>	<u>3,551,186.52</u>
-	-	-	-	1,349.00
-	-	-	-	1,349.00
<u>\$ 151,821.66</u>	<u>\$ 31,604.98</u>	<u>\$ 888.19</u>	<u>\$ 12,628.78</u>	<u>\$ 3,552,535.52</u>
\$ -	\$ -	\$ 5.00	\$ -	\$ 157,722.00
-	5,000.00	-	-	5,000.00
-	5,000.00	5.00	-	162,722.00
-	-	-	-	-
-	-	-	-	-
-	5,000.00	5.00	-	162,722.00
151,821.66	26,604.98	883.19	12,628.78	3,389,813.52
<u>\$ 151,821.66</u>	<u>\$ 26,604.98</u>	<u>\$ 883.19</u>	<u>\$ 12,628.78</u>	<u>\$ 3,389,813.52</u>

UNAUDITED

Office of the Governor - Trusteed Programs (300)  
 Exhibit K-2 300 - Combining Statement of Revenues, Expenses and Changes in Net Position -  
 Discretely Presented Component Units  
 For the Fiscal Year Ended August 31, 2014

	Texas Disaster Relief Fund (3146)* U/F (7003)	Texas Health Services Authority (3147)* U/F (7004)	Texas Small Business Industrial Development Corporation (3154)* U/F (7002)	Texas Economic Development Corporation (3155)* U/F (7001)
<b>Operating Revenues</b>				
Sales of Goods and Services	\$ -	\$ -	\$ -	\$ -
Interest and Investment Income	-	-	6,019.19	-
Other Grants and Contributions	2,321.74	-	-	765,811.00
Other Operating Revenue	-	-	-	22,450.00
<b>Total Operating Revenues</b>	<u>2,321.74</u>	<u>-</u>	<u>6,019.19</u>	<u>788,261.00</u>
<b>Operating Expenses</b>				
Salaries and Wages	-	-	-	59,063.00
Professional Fees and Services	1,185.83	-	-	145,096.00
Travel	-	-	1,063.13	146,549.00
Materials and Supplies	-	-	35.94	125,289.00
Communication and Utilities	191.84	-	-	1,215.00
Rentals and Leases	-	-	-	108,098.00
Printing and Reproduction	-	-	-	6,966.00
Depreciation and Amortization	-	-	-	103.00
Interest	-	-	1,209.60	-
Grants to Community Service Programs	-	-	-	-
Other Operating Expenses	247.47	-	28,398.84	629,736.00
<b>Total Operating Expenses</b>	<u>1,625.14</u>	<u>-</u>	<u>30,707.51</u>	<u>1,222,115.00</u>
<b>Operating Income (Loss)</b>	<u>696.60</u>	<u>-</u>	<u>(24,688.32)</u>	<u>(433,854.00)</u>
<b>Nonoperating Revenue (Expenses)</b>				
Investment Income (Expense)	21.76	-	111.89	93.00
Other Nonoperating Revenues (Expenses)	-	-	-	6,996.00
<b>Total Nonoperating Revenue (Expenses)</b>	<u>21.76</u>	<u>-</u>	<u>111.89</u>	<u>7,089.00</u>
<b>Income (Loss) Before Other Revenue, Expenses, Gains/Losses, and Transfers</b>	<u>718.36</u>	<u>-</u>	<u>(24,576.43)</u>	<u>(426,765.00)</u>
<b>Change in Net Position</b>	<u>718.36</u>	<u>-</u>	<u>(24,576.43)</u>	<u>(426,765.00)</u>
Net Position, September 1, 2013	853,872.90	15,443.00	830,563.08	1,924,062.00
Restatements	-	(15,443.00)	40,000.00	-
Net Position, September 1, 2013, as Restated	<u>853,872.90</u>	<u>-</u>	<u>870,563.08</u>	<u>1,924,062.00</u>
<b>Net Position, August 31, 2014</b>	<u>\$ 854,591.26</u>	<u>\$ -</u>	<u>\$ 845,986.65</u>	<u>\$ 1,497,297.00</u>

\* GAAP Fund is noted as (XXXX), USAS D23 U/F (XXXX)

UNAUDITED

Beacon State Fund (4157)* U/F (7005)	State Agency Council (4158)* U/F (7006)	Film Texas Fund (4159)* U/F (7007)	Texas Governor's Mansion Administration (4164)* U/F (7008)	Totals (Exhibit IX 300)
\$ -	\$ -	\$ -	\$ 16,809.36	\$ 16,809.36
-	-	-	-	6,019.19
100,100.00	-	-	2,390.52	870,623.26
960.24	-	-	-	23,410.24
<u>101,060.24</u>	<u>-</u>	<u>-</u>	<u>19,199.88</u>	<u>916,862.05</u>
-	-	-	-	59,063.00
-	-	-	3,294.00	149,575.83
2,296.42	-	24.00	-	149,932.55
27,352.90	642.66	790.68	5,502.65	159,613.83
1,940.90	-	-	-	3,347.74
4,721.98	-	-	505.74	113,325.72
5,704.50	-	-	53.02	12,723.52
-	-	-	-	103.00
-	-	-	-	1,209.60
25,250.00	750.00	-	-	26,000.00
19,228.72	-	5.00	4,044.50	681,660.53
<u>86,495.42</u>	<u>1,392.66</u>	<u>819.68</u>	<u>13,399.91</u>	<u>1,356,555.32</u>
<u>14,564.82</u>	<u>(1,392.66)</u>	<u>(819.68)</u>	<u>5,799.97</u>	<u>(439,693.27)</u>
41.15	156.32	-	-	424.12
-	-	-	-	6,996.00
<u>41.15</u>	<u>156.32</u>	<u>-</u>	<u>-</u>	<u>7,420.12</u>
<u>14,605.97</u>	<u>(1,236.34)</u>	<u>(819.68)</u>	<u>5,799.97</u>	<u>(432,273.15)</u>
<u>14,605.97</u>	<u>(1,236.34)</u>	<u>(819.68)</u>	<u>5,799.97</u>	<u>(432,273.15)</u>
137,215.69	27,841.32	1,702.87	6,828.81	3,797,529.67
-	-	-	-	24,557.00
<u>137,215.69</u>	<u>27,841.32</u>	<u>1,702.87</u>	<u>6,828.81</u>	<u>3,822,086.67</u>
<u>\$ 151,821.66</u>	<u>\$ 26,604.98</u>	<u>\$ 883.19</u>	<u>\$ 12,628.78</u>	<u>\$ 3,389,813.52</u>

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