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Annual Financial Report

Fiscal Year Ending August 31, 2000

THE UNIVERSITY OF TEXAS-PAN AMERICAN



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Financial Administration Division

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

Annual Financial Report

Fiscal Year Ending August 31, 2000

Prepared by
Financial Administration Division

SFR-045/00
November 2000



Robert J. Huston, *Chairman*
R. B. "Ralph" Marquez, *Commissioner*
John M. Baker, *Commissioner*

Jeffrey A. Saitas, *Executive Director*

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TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

Protecting Texas by Reducing and Preventing Pollution

November 20, 2000

Honorable George W. Bush, Governor
Honorable Carole Keeton Rylander, State Comptroller
John Keel, Director, Legislative Budget Board
Lawrence F. Alwin, CPA, State Auditor

Lady and Gentlemen:

We are pleased to submit the Annual Financial Report of the Texas Natural Resource Conservation Commission for the year ended August 31, 2000, in compliance with the TEX. GOV'T CODE ANN SEC. 2101.011, and in accordance with the requirements established by the Comptroller of Public Accounts.

The accompanying annual financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions, please contact Ms. Leslee Camarillo, Manager of Financial Reporting (MC 181), at 239-0299. Mr. Perry Walters, Manager of Revenues (MC 181), may be contacted at 239-6261 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,


Jeffrey A. Saitas, P.E.
Executive Director

JAS/LC/bs

Enclosure

**GENERAL PURPOSE
FINANCIAL STATEMENTS**

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TEXAS NATURAL RESOURCE CONSERVATION COMMISSION (582)

-UNAUDITED-

EXHIBIT I
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
August 31, 2000
(With Comparative Totals at August 31, 1999)

	Governmental	Fiduciary	Account Groups		Totals - Memorandum Only	
	Fund Type	Fund Type	General	General Long-	August 31,	
	General (Exh. G-1)	Agency (Exh. D-1)	Fixed Assets	Term Debt	2000	1999
Assets						
Current Assets:						
Cash in Bank	\$ 23,800	\$	\$	\$	\$ 23,800	\$ 23,800
Cash in State Treasury	450,832,854	5,068,650			455,901,504	478,821,855
Legislative Appropriations	25,775,376				25,775,376	19,730,659
Receivables:						
Intergovernmental Receivables:						
Federal Receivables	4,472,727				4,472,727	10,122,481
Other Intergovernmental						
Interest Receivable	449,704				449,704	376,007
A/R - Licenses, Fees, & Permits	3,763,090	429,898			4,192,988	11,872,747
Due From Other Agencies (Note 7)	124,397				124,397	4,301,743
Interfund Receivable (Note 7)	4,618,647				4,618,647	
Due From Other Funds (Note 7)	9,961,058				9,961,058	10,710,516
Securities Held in Trust (Note 3)		5,070,189			5,070,189	3,088,645
Consumable Inventories	286,761				286,761	370,597
Total Current Assets	500,308,414	10,568,737			510,877,151	539,419,050
Fixed Assets (Note 2)						
Land			853,630		853,630	
Buildings			5,222,554		5,222,554	4,836,065
Furniture and Equipment			72,915,069		72,915,069	75,344,828
Vehicles, Boats, & Aircraft			8,159,843		8,159,843	7,743,719
Other (Library Books)			660,610		660,610	633,180
Total Fixed Assets			87,811,706		87,811,706	88,557,792
Amount to be Provided in Future Years						
Employees Compensable Leave (Note 4)				9,521,335	9,521,335	9,292,009
Claims & Judgements (Note 4)						1,200,000
Total Amount to be Provided				9,521,335	9,521,335	10,492,009
Total Assets	\$ 500,308,414	\$ 10,568,737	\$ 87,811,706	\$ 9,521,335	\$ 608,210,192	\$ 638,468,851

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

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION (582)

	Governmental		Fiduciary		Account Groups		Totals - Memorandum Only	
	Fund Type		Fund Type		Account Groups		August 31,	
	General (Exh. G-1)	Agency (Exh. D-1)	General Fixed Assets	General Long- Term Debt	2000	1999		
Liabilities								
Current Liabilities								
Payables:								
Accounts Payable	\$ 17,562,015	\$	\$	\$	\$ 17,562,015	\$	75,326,700	
Other Payable	1,026,399				1,026,399		12,688,196	
Interfund Payable (Note 7)	4,558,159				4,558,159			
Due to Others Agencies (Note 7)	409,604				409,604		480,421	
Due to Others Funds (Note 7)	10,023,418				10,023,418		16,968,236	
Funds Held for Others		10,568,737			10,568,737		10,274,358	
Total Current Liabilities	33,579,595	10,568,737			44,148,332		115,737,911	
Long-Term Liabilities								
Employees' Compensable Leave (Note 4)				9,521,335	9,521,335		9,292,009	
Claims and Judgements (Note 4)							1,200,000	
Total Long-Term Liabilities				9,521,335	9,521,335		10,492,009	
Fund Equity								
Investment in General Fixed Assets			87,811,706		87,811,706		88,557,792	
Fund Balances								
Reserved:								
For Encumbrances	168,724,479				168,724,479		211,144,745	
For Inventories	286,761				286,761		370,597	
For Imprest Accounts	23,800				23,800		23,800	
Total Reserved	169,035,040				169,035,040		211,539,142	
Unreserved -								
Undesignated	297,693,779				297,693,779		212,141,997	
Total Fund Equity	466,728,819		87,811,706		554,540,525		512,238,931	
Total Liabilities and Fund Equity	\$ 500,308,414	\$ 10,568,737	\$ 87,811,706	\$ 9,521,335	\$ 608,210,192	\$	\$ 638,468,851	

-UNAUDITED-

EXHIBIT II
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUND TYPES
For the Fiscal Year Ended August 31, 2000
(With Comparative Totals For Year Ended August 31, 1999)

	Totals	
	Year Ended August 31,	
	2000 (Exh. G-2)	1999
Revenues		
Legislative Appropriations:		
Original	\$ 30,531,382	\$ 17,271,155
Other Appropriations	3,826,909	4,408,226
Federal Revenues	39,397,670	47,825,857
Federal Pass-Through Revenues	462,625	735,245
Licenses, Fees and Permits	273,186,799	322,402,900
Interest & Investment Income	5,378,133	3,859,318
Land Income	5,650	
Sales of Goods and Services	6,377,811	9,474,479
Other Revenues	1,136,867	4,725,869
Total Revenues	360,303,846	410,703,049
Expenditures		
Salaries and Wages	117,352,373	111,759,149
Payroll Related Costs	23,036,574	23,232,890
Professional Fees and Services	29,520,467	35,584,139
Travel	2,649,830	2,786,519
Materials and Supplies	6,292,259	6,165,014
Communications and Utilities	2,501,168	2,642,301
Repairs and Maintenance	3,644,842	3,285,384
Rentals and Leases	8,298,255	7,827,037
Printing and Reproduction	982,754	321,765
Claims and Judgements	322,709	36,430,396
Federal Pass-Through Expenditures	161,417	
Intergovernmental Payments	29,074,716	27,682,457
Public Assistance Payments	1,160,350	875,964
Other Operating Expenditures	83,027,211	78,991,746
Debt Service - Interest	0	8,054
Capital Outlay	8,673,429	8,598,619
Total Expenditures	316,698,354	346,191,434
Excess (Deficit) of Revenues Over Expenditures	43,605,492	64,511,615
Other Financing Sources (Uses)		
Operating Transfers In (Note 7)	43,426,737	1,781,618
Operating Transfers Out (Note 7)	(40,138,234)	(1,969,535)
Legislative Transfers In	4,260,672	
Legislative Transfers Out	(5,670,292)	
Sale of General Fixed Assets	41,659	43,300
Total Other Financing Sources (Uses)	1,920,542	(144,617)
Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other Uses.	45,526,034	64,366,998
Fund Balances - Beginning	425,298,897	361,838,109
Restatements (Note 19)		2,397,152
As Restated	425,298,897	364,235,261
Appropriations Lapsed	(4,012,276)	(4,961,277)
Net Change in Reserve for Inventories	(83,836)	40,157
Residual Equity Transfers		
Fund Balances - Ending (Exh. I)	\$ 466,728,819	\$ 423,681,139

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

**NOTES TO THE
FINANCIAL STATEMENTS**

-UNAUDITED-

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Scope of Entity

The Texas Natural Resource Conservation Commission (TNRCC) is an agency of the State of Texas and its financial records comply with state statutes and regulations. The accompanying financial statements of the TNRCC have been prepared to conform with the "Reporting Requirements for Annual Financial Reports of State Agencies" as prescribed by the Comptroller of Public Accounts.

In accordance with Senate Bill 2, Acts of the 72nd Legislature First Called Session, Subchapter B, the state's environmental protection functions were consolidated within the TNRCC. The TNRCC operates as a regulatory agency to provide services designed to implement the provisions of the constitution and laws of the state with regard to promoting the judicious use and maximum conservation and protection of the quality of air and both surface and ground water.

Component Units

No component units, as defined in GASB statement 14, have been identified which required blending into an appropriate fund, discrete presentation or note disclosure.

B. Fund Structure

The financial statements presented herein are organized on the basis of fund and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. These accounts are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

(1) Governmental Fund Types

General Fund

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

- (i) General Revenue Fund (0001) - This fund accounts for legislative appropriations out of the State's General Revenue Account, and miscellaneous appropriated and unappropriated receipts. Fees deposited to this fund include the On-Site Wastewater Treatment Research Council Fee and the Pollution Control Equipment Review Fee.
- (ii) Texas Natural Resource Conservation Commission (TNRCC) Administrative Account (0041) - This account is authorized under Water Code, Section 5.238. The account is authorized to receive reimbursements to the commission for services provided by the commission and other sources specified by law. The Legislature has made no appropriation to the TNRCC from this account since state fiscal year 1997.

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION (582)

- (iii) Water Well Drillers Account (0079) - Effective September 1, 1997, this account was abolished by HB 3231, 75th Legislature R.S. Activity in this account relates to legislative appropriations for periods prior to September 1, 1997. The program and appropriation were transferred to the Department of Licensing and Regulation.
- (iv) Air Control Board Account (0102) - The Air Control Board Account is established in the State Treasury to receive federal revenue in connection with the Texas Clean Air Act.
- (v) Used Oil Recycling Account (0146) - The Used Oil Recycling Account is established in the State Treasury. The account consists of fees collected from the sale of automotive oil by the State Comptroller who subsequently transfers the fees to the TNRCC pursuant to the provisions of Health and Safety Code, Chapter 371.
- (vi) Clean Air Account (0151) - The Clean Air Account is established in the State Treasury to receive Clean Air Act fees. Monies in the account shall be used to safeguard the air resources of the state. Fees deposited to this fund include Air Permit Fees, Emission and Inspection Fees, and Motor Vehicle and Inspection Fees.
- (vii) Water Resource Management Account (0153) - This account is held in the State Treasury and receives revenue from several water program fees, including the Waste Treatment Inspection Fee, the Edwards Aquifer Application Fee, the Regional Water Quality Assessment Fee, the Regulatory Assessment Water Utility Fee, and the Public Health Service Fee.
- (viii) Watermaster Administration Account (0158) - This account is held in the State Treasury. It derives revenue from assessments paid by the holders of water rights in the Lower Rio Grande river basin and river basins in South Texas. Water rights assessments are based on the amount of budgeted operating expenditures of the Lower Rio Grande and South Texas Watermaster Offices.
- (ix) Water Utility Account (0172) - Effective September 1, 1997, this account was abolished by HB 3231, 75th Legislature R.S. Activity in this account relates to legislative appropriations for periods prior to September 1, 1997.
- (x) Radioactive Substance Fee Account (0340) - Effective September 1, 1997, this account was abolished by HB 3231, 75th Legislature R.S. In addition, effective September 1, 1997, SB 1857, 75th Legislature R.S. authorized the transfer of most radioactive waste regulatory programs and appropriations from the TNRCC to the Texas Department of Health.
- (xi) Texas Spill Response Account (0452) - This State Treasury account was established under Water Code Chapter 26. The account may be used only for cleanup activities related to discharges or spills of hazardous substances into surface waters of the State. The account consists of money appropriated by the Legislature and any fines, civil penalties or other reimbursements to the fund. The account balance may not exceed \$5 million, exclusive of fines and penalties.
- (xii) TNRCC Occupational Licensing Account (0468) - This account is authorized to administer the State's licensing programs for landscape irrigators, petroleum storage tank professionals, wastewater treatment plant operators and others.
- (xiii) Public Health Services Fee Account (0524) - The Public Health Services Fee Account in the

State Treasury is jointly shared with the Texas Department of Health, which is considered the controlling agency. Effective September 1, 1997, HB3231, 75th Legislature R.S. authorized the transfer of the TNRCC's Public Drinking Water Fee and appropriation for that program to the Water Resource Management Account (0153).

- (xiv) Waste Management Account (0549) - This account receives fees imposed on industrial solid or hazardous waste generation, facilities and disposal. In addition, this account receives the Underground Storage Tank Registration Fee, Voluntary Clean-Up Program Fee and half of the fees assessed on municipal solid waste disposed in the State.
- (xv) Hazardous & Solid Waste Remediation Fee Account (0550) - This account receives revenue from fees imposed on the sale of batteries, disposal of industrial solid or hazardous waste and from interest on cash balances in this fund. This fund may be used for purposes of necessary removal and remedial action at sites at which hazardous waste or hazardous substances have been disposed if funds from a liable party, third party or the federal government are insufficient.
- (xvi) Underground Storage Tank Fund (0583) - Effective September 1, 1997, this account was abolished by HB3231, 75th Legislature R.S. Activity in this account relates to legislative appropriations for periods prior to September 1, 1997.
- (xvii) Petroleum Storage Tank Remediation Account (0655) - This account receives fees assessed on the bulk delivery of petroleum products. The account may be used to pay expenses associated with the state's petroleum storage tank remediation program.
- (xviii) Solid Waste Disposal Fees Account (5000) - This account receives half the fees assessed on municipal solid waste disposal in the state. Revenues deposited to this account are allocated to local and regional solid waste projects.
- (xix) Waste Tire Recycling Account (5001) - The Waste Tire Recycling Account ceased receiving fees effective January 1998. Activity in the account relates to the remaining obligations of the State's waste tire program.

(2) Fiduciary Fund Types

Agency Funds

Agency Funds are used to account for assets held in a custodial capacity for the benefit of other agencies or individuals.

(3) Account Groups

(a) General Fixed Assets Account Group

Fixed assets used by the Agency are accounted for in the General Fixed Assets Account Group.

(b) General Long-Term Debt Account Group

This account group is used to account for long-term debt to be financed in future periods from governmental funds.

C. Memorandum Totals

Total columns on the General Purpose Financial Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation.

D. Basis of Accounting

Basis of accounting refers to when revenue and expenditures are recognized in the accounts and reported in the financial statements. The TNRCC's accounts, and the financial statements included in this report, are maintained on the modified accrual basis.

The modified accrual basis of accounting is used for all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. TNRCC considers most governmental fund fees as available if they are collected within 30 days after fiscal year-end. For federal contracts and grants, revenues have been accrued to the extent earned by eligible expenditures within each fiscal year. Annual water use assessments in the Watermaster Administration Fund, which are generally paid in advance, have been deferred upon receipt and recognized as revenue in the fiscal year to which the assessments pertain. Expenditures are recorded in the period in which the related liabilities are incurred. Under the modified accrual basis, the cost of accumulated unpaid vacation and compensatory leave of employees is not recognized until payment is made. The monetary value of accumulated compensable leave is recognized in the General Long-Term Debt Account Group as discussed in Note 4. Sick leave is discussed in Note 10.

E. Budgets and Budgetary Accounting

(1) General Budget Policies

The budget includes appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act). The Commissioners adopt an annual operating budget and policies consistent with these appropriations. Encumbrance accounting is utilized for budgetary control purposes. General Fund monies unexpended and unencumbered are now generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

(2) Encumbrances

An encumbrance is defined as an outstanding purchase order or other commitment for goods or services. It reserves a part of the applicable appropriation for future expenditure. At year end, outstanding encumbrances are reported as a "reservation of fund balance", because they are not yet considered expenditures or liabilities.

F. Assets, Liabilities and Fund Balances

(1) Assets

- (a) A/R-Licenses, Fees & Permits represents revenue from licenses, fees, and permits that has been earned but not received. This account is presented net of Allowance for Bad Debts.
- (b) Consumable Inventories include supplies and postage on hand. Supplies for governmental

funds are accounted for using the purchase method of accounting. The cost of these items is recognized as an expenditure at the time of purchase. Postage on hand is treated in a similar manner. Consumable inventories are presented in the current assets section of the balance sheet at cost, with offsetting balances being shown as a reservation of fund balance. These assets do not constitute "available spendable resources".

- (c) Fixed Assets purchased by governmental funds are expensed at the time of purchase and are capitalized in the General Fixed Assets Account Group. They are capitalized at cost or, if not purchased, at appraised value on the date of acquisition, except for capital leases, which are accounted for in accordance with Section L20.108 of the Governmental Accounting and Financial Reporting Standards Codification. There is no provision for depreciation or obsolescence of these fixed assets since replacements are financed from current resources.
- (2) **Liabilities**
- (a) Accounts Payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending, but is expected to be made within 60 days after fiscal year-end.
 - (b) Other Payables include amounts due on completed construction contracts which are held pending final inspection and approval, and other miscellaneous liabilities.
 - (c) Employees' Compensable Leave represents the liability for unused employee vacation and compensatory time.
- (3) **Reservations/Designations of Fund Equity**
- (a) Reserved for Encumbrances represents commitments for the value of contracts awarded or assets ordered prior to year-end but not received as of that date. Encumbrances are not included with expenditures or liabilities. They represent current resources designated for specific expenditures in subsequent operating periods.
 - (b) Reserved for Consumable Inventories represents the amount of supplies and postage held to be used in the next fiscal year.
 - (c) Unreserved-Undesignated represents funds that are available for future use as designated by the individual fund's originating legislation.
- (4) **Interfund Transactions and Balances**
- (a) Operating Transfers represent routine transfers of resources. Operating transfers are reported in the Other Financing Sources (Uses) section for governmental fund types.
 - (b) Residual Equity Transfers are nonroutine or nonrecurring transfers of total or partial equity from one fund to another. These transactions are reported as direct increases or decreases to fund equity, however they do not restate beginning fund balance.
 - (c) Reimbursements represent expenditures applicable to a particular fund but paid by another fund. The transactions are reported as expenditures in the reimbursing fund and as a reduction of expenditures of the fund being reimbursed.

Accrual of Operating Transfers, Reimbursements, and Residual Equity Transfers are shown

as Due To and Due From instead of accounts receivable or accounts payable.

- (d) Quasi-external transactions are transactions between agencies that would be treated as revenues or expenditures if they involved organizations external to state governments. They are accounted for as revenues by the recipient fund and as expenditures by the disbursing fund. Transactions evidenced by the Comptroller's Interagency Transaction Voucher for interagency contracts are quasi-external transactions. Accrual of quasi-external transactions for the TNRCC's governmental funds are shown as accounts receivable or accounts payable.

NOTE 2: FIXED ASSETS

A summary of changes in General Fixed Assets for the year ended August 31, 2000, is presented below:

<u>Asset Type</u>	<u>Balance</u> <u>8/31/99</u>	<u>Adjustments*</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>8/31/00</u>
Land	\$	\$ 853,630	\$	\$	\$ 853,630
Buildings	4,836,065	64,219	322,270		5,222,554
Furniture & Equipment	75,344,828	(451,879)	6,546,164	(8,524,044)	72,915,069
Vehicles, Boats, Aircraft	7,743,719	64,238	627,300	(275,414)	8,159,843
Other (Library Books)	<u>633,180</u>	<u>8,362</u>	<u>39,612</u>	<u>(20,544)</u>	<u>660,610</u>
Total	\$ <u>88,557,792</u>	\$ <u>538,570</u>	\$ <u>7,535,346</u>	\$ <u>(8,820,002)</u>	\$ <u>87,811,706</u>

* Includes property acquired from Texas Low-Level Radioactive Waste Disposal Authority (526) as a result of dissolution of that agency by Sunset Commission.

NOTE 3: DEPOSITS, INVESTMENTS, & REPURCHASE AGREEMENTS

Deposits of Cash in Bank:

At August 31, 2000 the \$23,800 in Cash in Bank as shown in Exhibit I consisted of the following:

	<u>Category I</u>
Imprest - Petty Cash	\$3,800
Imprest - Travel	<u>20,000</u>
Total	<u>\$23,800</u>

The carrying amounts on the TNRCC's financial statements, as shown above, agree with the bank balance of \$23,800. The entire amount of \$23,800 is classified as Category I and is fully insured by federal depository insurance.

INVESTMENTS

Investments as of August 31, 2000 are shown below. Investments are categorized to give an indication of the level of risk assumed by the agency at year-end. Category I investments are insured, registered, or held by the agency or its agent in the agency's name.

<u>Type of Security</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Fair Value</u>
Repurchase Agreements	\$5,070,189			<u>\$5,070,189</u>

NOTE 4: GENERAL LONG-TERM DEBT

Changes in Long-Term Debt

During the year ended August 31, 2000, the following changes occurred in liabilities reported in the General Long-Term Debt Account Group.

	<u>Balance 8/31/99</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 8/31/00 (Exhibit I)</u>
Claims and Judgements	\$1,200,000	\$	\$1,200,000	\$
Compensable Leave	<u>9,292,009</u>	<u>229,326</u>		<u>9,521,335</u>
Total	<u>\$10,492,009</u>	<u>\$229,326</u>	<u>\$1,200,000</u>	<u>\$9,521,335</u>

Employees' Compensable Leave

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal, or separation from state employment, provided the employee has had continuous employment with the state for six months. Expenditures for accumulated vacation 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 General Long-Term Debt Account Group with a corresponding account designated "Amounts To Be Provided in Future Years".

NOTE 5: CAPITAL LEASES

Not Applicable

NOTE 6: OPERATING LEASE OBLIGATIONS

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

Fund Type	Amount
General Fund	\$ 4,815,612

Future minimum lease rental payments under non-cancelable operating leases, for the Park Thirty-Five Circle complex, having an initial term in excess of one year are as follows:

Year Ended August 31,	Amount
2001	4,815,612
2002	4,815,612
2003	2,926,459
2004	2,926,459
2005	2,926,459
Total Minimum Future Lease Rental Payments	<u>\$18,410,601</u>

NOTE 7: INTERFUND BALANCES, ACTIVITY

General

As explained in Note 1 on Interfund Transactions and Balances there are numerous transactions between funds and agencies. At year-end balances remaining from reimbursement of expenditures due to coding corrections are classified as Interfund Receivables and Payables. Other Due To/Due From balances represent transfer accruals and the detail for these balances is reflected on **Schedule 6, Interfund Balances by GAAP Fund.**

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION (582)

Operating Transfers In or Out are detailed below:

	Operating Transfers In	Operating Transfers Out
Appd Fund 0001		
Agy 582, D23 Fund 1000		\$ (429,898)
Appd Fund 0088		
Agy 526, D23 Fund 0088	\$ 6,001,774	
Appd Fund 0151		
Agy 556, D23 Fund 0151 Revenue Transfer		(500,000)
Agy 405, D23 Fund 0151 Revenue Transfer	32,087	
Appd Fund 0153		
Agy 582, D23 Fund 0524 Cash Transfer	2,227,571	
Appd Fund 0524		
Agy 501, D23 Fund 0524 Shared Cash Adjust.	2,229,487	(6,272,518)
Appd Fund 0549		
Agy 582, D23 Fund 0655 Admin. Transfer	20,906,518	
Agy 582, D23 Fund 5000 Cash Transfer	12,029,300	
Appd Fund 0655		
Agy 582, D23 Fund 0549 Admin. Transfer		(20,906,518)
Appd Fund 5000		
Agy 582, D23 Fund 0549 Cash Transfer	<u> </u>	<u>(12,029,300)</u>
Total Operating	<u>\$43,426,737</u>	<u>\$(40,138,234)</u>

	Residual Equity Transfers In	Residual Equity Transfers Out
Appd Fund 0079		
Agy 582, D23 Fund 0468 Fund Consolidation		(198,021)
Appd Fund 0153		
Agy 582, D23 Fund 0172 Fund Consolidation	189,971	
Appd Fund 0172		
Agy 582, D23 Fund 0153 Fund Consolidation		(189,971)
Appd Fund 0340		
Agy 582, D23 Fund 0550 Fund Consolidation		(530,039)
Appd Fund 0468		
Agy 582, D23 Fund 0079 Fund Consolidation	198,021	
Appd Fund 0550		
Agy 582 D23 Fund 0340 Fund Consolidation	530,039	
Appd Fund 0550		
Agy 582, D23 Fund 0583 Fund Consolidation	72,962	
Appd Fund 0583		
Agy 582, D23 Fund 0550 Fund Consolidation	<u> </u>	<u>(72,962)</u>
Total Residual Equity	<u>\$990,993</u>	<u>\$(990,993)</u>

NOTE 8: EMPLOYEES RETIREMENT PLANS

The State has joint contributory retirement plans for substantially all its employees. The TNRCC participates in the plans administered by the Employees Retirement System of Texas. Future pension costs are the liabilities of the Retirement System. The System does not account for each State agency separately. Annual financial reports prepared by the System include audited financial statements and actuarial assumptions and conclusions.

NOTE 9: DEFERRED COMPENSATION

State employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in the Tex. Gov't. Code Ann., sec 609.001. Two plans are available for employees' deferred compensation plan. Both plans are administered by the Employees Retirement System.

The state's 457 plan complies with the Internal Revenue Code Sec. 457. Deductions, purchased investments and earnings attributed to the 457 plan are the property of the state subject only to the claims of the state's general creditors. Participant's rights under the plan are equal to those of the general creditors of the state in an amount equal to the fair market value of the 457 account for each participant. The state has no liability under the 457 plan and it is unlikely that plan assets will be used to satisfy the claims of general creditors in the future.

The state also administers another plan, "Teksaver" created in accordance with Internal Revenue Code Sec. 401(k). However, the assets of this plan do not belong to the state nor does the state have a liability related to this plan.

NOTE 10: CONTINGENT LIABILITIES

- A. Sick leave, the accumulation of which is unlimited, is earned at the rate of 8 hours per month and is paid to the estate of a deceased employee in the event of his/her death while employed by the TNRCC. The maximum sick leave that may be paid is one-half of the employee's accumulated hours or 336 hours, whichever is less. The TNRCC recognizes the cost of sick leave when paid. Experience indicates the probability of a material effect on any given year's operation as a result of death is minimal.
- B. As a prime contractor with various federal granting agencies, the TNRCC is contingently liable to refund any disallowed costs to the granting agencies. There were no disallowed costs at August 31, 2000.
- C. Litigation

Reasonably possible material contingent liabilities for which the TNRCC could be liable are: a breach of contract claim in the amount of \$7,500,000; a claim in the amount of \$1,500,000 alleging failure of the agency to exercise regulatory authority; two employment discrimination cases and a sexual discrimination case which, all together, involve claims which might exceed \$1,000,000; and a whistle blower case for an unspecified amount of damages. Adverse rulings regarding any of these claims are reasonably possible, but in management's opinion the possibility of adverse rulings is unlikely.

NOTE 11: CONTINUANCE SUBJECT TO REVIEW

Effective September 1, 1991, Senate Bill 2, Acts of the 72nd Legislature, First Called Session, Subchapter B, consolidated the state's environmental protection functions within the existing Texas Water Commission. Effective September 1, 1993, the Commission became known as the Texas Natural Resource Conservation Commission and was then subject to Chapter 325, Government Code (Texas Sunset Act). Unless continued in existence as provided by that Act, the TNRCC will be abolished effective September 1, 2005.

NOTE 12: RISK FINANCING AND RELATED INSURANCE

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

The TNRCC assumes substantially all risks associated with tort claims and liability claims due to the performance of its duties. Currently there is no purchase of commercial insurance. The agency is not involved in any risk pools with other governmental entities.

The TNRCC's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience and economic factors. As of August 31, 2000, the TNRCC had no liabilities meeting the accrual criteria.

NOTE 13: SEGMENT INFORMATION

Not Applicable

NOTE 14: BOND INDEBTEDNESS

Not Applicable

NOTE 15: SUBSEQUENT EVENTS

Not Applicable

NOTE 16: RELATED PARTIES

Not Applicable

NOTE 17: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Budgeting is a plan for utilizing appropriated available funds during the biennium to accomplish the agency's goals, objectives and strategies. The agency's budget also serves to:

1. Provide an understandable financial plan which describes the activities for a given fiscal year.
2. Establish priorities among agency programs.
3. Define the financial framework to measure performance of agency operations. Annual budgets are prepared in the spring of each year. The proposed budget is reviewed by Executive management and approved in August of each year. The agency's budget is prepared by strategy, fund, grant, and function. The agency may transfer from one appropriated strategy item to another in amounts not to exceed 25 percent for the fiscal year, at the discretion of the chief administrative officer. An

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION (582)

exception to this policy are funds appropriated for capital budget items. Funds appropriated for capital projects must be expended for that purpose.

NOTE 18: THE FINANCIAL REPORTING ENTITY AND JOINT VENTURES

Not Applicable

NOTE 19: RESTATEMENT OF FUND BALANCES

Not Applicable

NOTE 20: USAS FUNDS (U/F)

The following USAS funds are included in the GAAP funds which are presented in the TNRCC Exhibits I, II, G1, G2 and D1:

<u>Agency Fund</u>	<u>Appropriated Fund</u>	<u>GAAP Fund</u>	<u>Exhibit</u>
0001	0001	0001	I, II, G1, G2
0010	0001	0001	I, II, G1, G2
0011	0001	0001	I, II, G1, G2
0015	0001	0001	I, II, G1, G2
0020	0001	0001	I, II, G1, G2
0021	0001	0001	I, II, G1, G2
0025	0001	0001	I, II, G1, G2
0040	0001	0001	I, II, G1, G2
0045	0001	0001	I, II, G1, G2
0050	0001	0001	I, II, G1, G2
0055	0001	0001	I, II, G1, G2
0088	0001	0001	I, II, G1, G2
0202	0001	0001	I, II, G1, G2
0270	0001	0001	I, II, G1, G2
0275	0001	0001	I, II, G1, G2
0280	0001	0001	I, II, G1, G2

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<u>Agency Fund</u>	<u>Appropriated Fund</u>	<u>GAAP Fund</u>	<u>Exhibit</u>
0281	0001	0001	I, II, G1, G2
0290	0001	0001	I, II, G1, G2
0291	0001	0001	I, II, G1, G2
0300	0001	0001	I, II, G1, G2
0301	0001	0001	I, II, G1, G2
0310	0001	0001	I, II, G1, G2
0320	0001	0001	I, II, G1, G2
0400	0001	0001	I, II, G1, G2
0900	0001	0001	I, II, G1, G2
9000	0001	0001	I, II, G1, G2
9001	0001	0001	I, II, G1, G2
0041	0041	0041	I, II, G1, G2
0411	0041	0041	I, II, G1, G2
0079	0079	0079	I, II, G1, G2
0790	0079	0079	I, II, G1, G2
0102	0102	0102	I, II, G1, G2
1020	0102	0102	I, II, G1, G2
0146	0146	0146	I, II, G1, G2
1460	0146	0146	I, II, G1, G2
1461	0146	0146	I, II, G1, G2
0151	0151	0151	I, II, G1, G2
1511	0151	0151	I, II, G1, G2
1512	0151	0151	I, II, G1, G2
1515	0151	0151	I, II, G1, G2
1519	0151	0151	I, II, G1, G2
0153	0153	0153	I, II, G1, G2
* 0519	0519	0153	I, II, G1, G2
1530	0153	0153	I, II, G1, G2

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION (582)

<u>Agency Fund</u>	<u>Appropriated Fund</u>	<u>GAAP Fund</u>	<u>Exhibit</u>
1531	0153	0153	I, II, G1, G2
1532	0153	0153	I, II, G1, G2
1533	0153	0153	I, II, G1, G2
1534	0153	0153	I, II, G1, G2
1535	0153	0153	I, II, G1, G2
1536	0153	0153	I, II, G1, G2
1537	0153	0153	I, II, G1, G2
1538	0153	0153	I, II, G1, G2
1540	0153	0153	I, II, G1, G2
1541	0153	0153	I, II, G1, G2
1545	0153	0153	I, II, G1, G2
1549	0153	0153	I, II, G1, G2
4153	0153	0153	I, II, G1, G2
* 5190	0519	0153	I, II, G1, G2
* 5191	0519	0153	I, II, G1, G2
0158	0158	0158	I, II, G1, G2
1580	0158	0158	I, II, G1, G2
1581	0158	0158	I, II, G1, G2
1720	0172	0172	I, II, G1, G2
1721	0172	0172	I, II, G1, G2
1725	0172	0172	I, II, G1, G2
0818	0340	0340	I, II, G1, G2
3400	0340	0340	I, II, G1, G2
0452	0452	0452	I, II, G1, G2
0468	0468	0468	I, II, G1, G2
4680	0468	0468	I, II, G1, G2
4681	0468	0468	I, II, G1, G2
4682	0468	0468	I, II, G1, G2

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION (582)

<u>Agency Fund</u>	<u>Appropriated Fund</u>	<u>GAAP Fund</u>	<u>Exhibit</u>
4800	0480	0480	I, II, G1, G2
5240	0524	0524	I, II, G1, G2
5241	0524	0524	I, II, G1, G2
5245	0524	0524	I, II, G1, G2
0549	0549	0549	I, II, G1, G2
5480	0549	0549	I, II, G1, G2
5481	0549	0549	I, II, G1, G2
5485	0549	0549	I, II, G1, G2
5489	0549	0549	I, II, G1, G2
5490	0549	0549	I, II, G1, G2
5491	0549	0549	I, II, G1, G2
5492	0549	0549	I, II, G1, G2
5493	0549	0549	I, II, G1, G2
5494	0549	0549	I, II, G1, G2
5495	0549	0549	I, II, G1, G2
5496	0549	0549	I, II, G1, G2
5497	0549	0549	I, II, G1, G2
5498	0549	0549	I, II, G1, G2
5499	0549	0549	I, II, G1, G2
* 6610	0661	0549	I, II, G1, G2
* 6611	0661	0549	I, II, G1, G2
0550	0550	0550	I, II, G1, G2
5500	0550	0550	I, II, G1, G2
5501	0550	0550	I, II, G1, G2
5503	0550	0550	I, II, G1, G2
5504	0550	0550	I, II, G1, G2
5505	0550	0550	I, II, G1, G2
5508	0550	0550	I, II, G1, G2

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION (582)

<u>Agency Fund</u>	<u>Appropriated Fund</u>	<u>GAAP Fund</u>	<u>Exhibit</u>
5509	0550	0550	I, II, G1, G2
5519	0550	0550	I, II, G1, G2
8550	0550	0550	I, II, G1, G2
0583	0583	0583	I, II, G1, G2
5830	0583	0583	I, II, G1, G2
5831	0583	0583	I, II, G1, G2
5835	0583	0583	I, II, G1, G2
0655	0655	0655	I, II, G1, G2
6550	0655	0655	I, II, G1, G2
6551	0655	0655	I, II, G1, G2
6552	0655	0655	I, II, G1, G2
6555	0655	0655	I, II, G1, G2
6556	0655	0655	I, II, G1, G2
6580	0655	0655	I, II, G1, G2
6581	0655	0655	I, II, G1, G2
0271	5000	5000	I, II, G1, G2
0272	5000	5000	I, II, G1, G2
0276	5000	5000	I, II, G1, G2
5000	5000	5000	I, II, G1, G2
0311	5001	5001	I, II, G1, G2
0312	5001	5001	I, II, G1, G2
5000	5001	5000	I, II, G1, G2
7900	0900	0900	D1
0901	0901	0901	D1
* 0030	0001	1000	D1
0097	9997	9997	I (GLTDAG)
0098	99980	9998	I (GFAAG)

* These agency funds have an appropriated fund different from the GAAP fund.

COMBINING FINANCIAL STATEMENTS

-UNAUDITED-

EXHIBIT D-1
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
ALL AGENCY FUNDS
For Year Ended August 31, 2000

	<u>Balances September 1, 1999</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances August 31, 2000</u>
Unappropriated General Revenue (1000)				
Assets:				
Accounts Receivable	\$	\$ 429,898	\$	\$ 429,898
Liabilities:				
Funds Held for Others		429,898		429,898
Suspense Fund (0900)				
Assets:				
Cash in State Treasury	7,181,431	11,351,314	(13,476,326)	5,056,419
Liabilities:				
Funds Held for Others	7,181,431	11,351,314	(13,476,326)	5,056,419
Employees' Savings Bond Fund (0901)				
Assets:				
Cash in State Treasury	757	138,056	(130,107)	8,706
Liabilities:				
Funds Held for Others	757	138,056	(130,107)	8,706
Correction Account Direct Deposit (0986)				
Assets:				
Cash in State Treasury	3,525	14,691	(14,691)	3,525
Liabilities:				
Funds Held For Others	3,525	14,691	(14,691)	3,525
Securities Held In Trust (0999)				
Assets:				
Short Term Investments	3,088,645	1,981,544		5,070,189
Liabilities:				
Funds Held For Others	3,088,645	1,981,544		5,070,189
Total - All Agency Funds				
Assets:				
Cash in State Treasury	7,185,713	11,504,061	(13,621,124)	5,068,650
Accounts Receivable		429,898		429,898
Short Term Investments	3,088,645	1,981,544		5,070,189
Total Assets	10,274,358	13,915,503	(13,621,124)	10,568,737
Liabilities:				
Funds Held For Others	10,274,358	13,915,503	(13,621,124)	10,568,737
Total Liabilities	\$ 10,274,358	\$ 13,915,503	\$ (13,621,124)	\$ 10,568,737

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION (582)

-UNAUDITED-

EXHIBIT G-1
COMBINING BALANCE SHEET - GENERAL FUND
August 31, 2000
(With Comparative Totals at August 31, 1999)

	Consolidated Funds									
	General Revenue Account (0001)	TNRCC Administration Account (0041)	Water Well Drillers Account (0079)	Low Level Radioactive Account (0088)	Air Control Board Account (0102)	Used Oil Recycling Account (0146)	Clean Air Account (0151)	Water Resource Management Account (0153)	Watermaster Administration Account (0158)	Water Utilities Account (0179)
Assets										
Current Assets:										
Cash in Bank	\$ 23,700			\$	\$	\$	\$		\$ 100	\$
Cash in State Treasury		879,202	6	6,208,718	3,221,455	5,186,951	38,853,419	22,513,505	524,331	
Legislative Appropriations	25,775,376									
Receivables:										
Intergovernmental Receivables:										
Federal Receivables	2,242,307				459,267		110,788	446,886		
Other Intergovernmental										
Interest Receivable										
A/R - Licenses, Fees, & Permits	14,833							3,323,002		
Due From Other Agencies (Note 7)							38,263			
Interfund Receivable (Note 7)					41,997	31,354	1,951,344	709,878	27,907	
Due From Other Funds (Note 7)	9,961,058									
Consumable Inventories	286,761									
Total Assets	38,304,035	879,202	6	6,208,718	3,722,719	5,218,305	40,953,814	26,993,271	552,338	
Liabilities										
Current Liabilities										
Payables:										
Accounts Payable	3,729,570				28,803	45,978	2,399,202	1,263,850	51,158	
Other Payable	(400,489)			8,532	7,978		73,857	115,070		
Interfund Payable (Note 7)	4,549,164			8,777						
Due to Other Agencies (Note 7)	163,375						235,478	468		
Due to Other Funds (Note 7)					219,491	48,854	3,980,072	1,430,904	65,216	
Total Liabilities	8,041,620	0	0	17,309	256,272	94,832	6,688,609	2,810,292	116,374	
Fund Equity										
Fund Balances										
Reserved for:										
Encumbrances	14,546,424			147,261	291,492	138,109	13,167,505	7,763,384	56,960	
Inventories	286,761									
Imprest Accounts	23,700								100	
Total Reserved	14,856,885	0	0	147,261	291,492	138,109	13,167,505	7,763,384	57,060	
Unreserved:										
Undesignated	15,405,530	879,202	6	6,044,148	3,174,955	4,985,364	21,097,700	16,419,595	378,904	
Total Fund Balances	30,262,415	879,202	6	6,191,409	3,466,447	5,123,473	34,265,205	24,182,979	435,964	
Total Liabilities and Fund Equity	\$ 38,304,035	\$ 879,202	6	\$ 6,208,718	3,722,719	\$ 5,218,305	\$ 40,953,814	\$ 26,993,271	\$ 552,338	\$

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION (582)

Consolidated Funds

Radioactive Substance Fee Account (0340)	Texas Spill Response Account (0452)	TNRCC Occupational Licensing Account (0468)	Public Health Services Fee Account (0524)	Waste Management Account (0549)	Hazardous & Solid Waste Remediation Fee Account (0550)	Underground Storage Tank Account (0583)	Petroleum Storage Tank Remediation Account (0655)	Solid Waste Disposal Fee Account (5000)	Waste Tire Recycling Account (5001)	Totals	
										August 31,	
										2000 (Exh. I)	1999
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 23,800	\$ 23,800
	116,297	3,218,963		37,130,090	85,383,684		228,067,432	16,441,525	3,087,276	450,832,854	471,636,142
										25,775,376	19,730,659
				857,553	328,322		27,604			4,472,727	10,122,481
					449,704					449,704	376,007
				265,973				159,282		3,763,090	11,872,747
				85,806	328					124,397	4,301,743
		28,621		1,574,110	435,438		1,429		16,569	4,618,647	9,961,058
										9,961,058	10,710,516
										286,761	370,597
<u>0</u>	<u>116,297</u>	<u>3,247,584</u>	<u>0</u>	<u>39,713,532</u>	<u>86,597,476</u>	<u>0</u>	<u>228,096,465</u>	<u>16,600,807</u>	<u>3,103,845</u>	<u>500,308,414</u>	<u>529,144,692</u>
		33,039		2,552,074	2,066,929		1,804,953	3,214,332	362,127	17,562,015	75,326,700
				29,374	773,054		419,023			1,026,399	12,688,196
				218						4,558,159	
				4,785	5,498					409,604	480,421
		60,270		3,262,190	956,328		93			10,023,418	16,968,236
<u>0</u>	<u>0</u>	<u>93,309</u>	<u>0</u>	<u>5,858,641</u>	<u>3,801,809</u>	<u>0</u>	<u>2,224,069</u>	<u>3,214,332</u>	<u>362,127</u>	<u>33,579,595</u>	<u>105,463,553</u>
		140,840		6,379,433	27,190,355		98,881,603	20,596	517	168,724,479	211,144,745
										286,761	370,597
										23,800	23,800
<u>0</u>	<u>0</u>	<u>140,840</u>	<u>0</u>	<u>6,379,433</u>	<u>27,190,355</u>	<u>0</u>	<u>98,881,603</u>	<u>20,596</u>	<u>517</u>	<u>169,035,040</u>	<u>211,539,142</u>
	116,297	3,013,435		27,475,458	55,605,312		126,990,793	13,365,879	2,741,201	297,693,779	212,141,997
<u>0</u>	<u>116,297</u>	<u>3,154,275</u>	<u>0</u>	<u>33,854,891</u>	<u>82,795,667</u>	<u>0</u>	<u>225,872,396</u>	<u>13,386,475</u>	<u>2,741,718</u>	<u>466,728,819</u>	<u>423,681,139</u>
\$	\$ 116,297	\$ 3,247,584	\$ 0	\$ 39,713,532	\$ 86,597,476	\$ 0	\$ 228,096,465	\$ 16,600,807	\$ 3,103,845	\$ 500,308,414	\$ 529,144,692

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION (582)

-UNAUDITED-

EXHIBIT G-2
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GENERAL FUND

For the Fiscal Year Ended August 31, 2000

(With Comparative Totals For Year Ended August 31, 1999)

Consolidated Funds

	General Revenue Account (0001)	TNRCC Administration Account (0041)	Water Well Drillers Account (0079)	Low Level Radioactive Waste Account (0088)	Air Control Board Account (0102)	Used Oil Recycling Account (0146)	Clean Air Account (0151)	Water Resource Management Account (0153)	Watermaster Administration Account (0158)	Water Utility Account (0172)
Revenues										
Legislative Appropriations :										
Original Appropriations Revenue	\$ 30,531,382	\$	\$	\$	\$	\$	\$	\$	\$	\$
Other Appropriations	3,826,909									
Federal Revenues	11,943,729				4,281,042		3,989,404	5,270,229		
Federal Pass-Through Revenues	27,776						162,289			
Licenses, Fees and Permits	994,952		(2,000)			1,136,451	76,475,725	27,906,823	1,074,740	
Interest & Investment Income				356,594						
Land Income				5,650						
Sales of Goods and Services	5,078						78,113	6,296,557		
Other Revenues	321,084			93,829	986		116,863	6,186		
Total Revenues	47,650,910	0	(2,000)	456,073	4,282,028	1,136,451	80,822,394	39,479,795	1,074,740	0
Expenditures										
Salaries and Wages	15,296,291			70,980	3,305,584	434,930	40,631,211	14,365,404	626,378	
Payroll Related Costs	3,151,921			26,864	620,609	93,050	7,811,079	2,877,509	135,665	
Professional Fees and Services	3,580,498			170,634	81,538		5,250,842	3,282,586	363	
Travel	461,354			9,479	87,425		624,810	471,121	22,092	
Materials and Supplies	760,140			(2,668)	228,432	80,215	3,477,658	729,631	43,150	
Communications and Utilities	186,346			(50)	68,142	45,151	1,233,327	515,319	14,799	
Repairs and Maintenance	408,147			39,666	39,666	58,612	911,261	824,267	17,416	
Rentals and Leases	992,887				32,405	19,427	5,554,134	628,461	50,748	
Printing and Reproduction	98,826				4,940	2,894	658,597	77,521	1,258	
Claims and Judgements	7,032				385		75,666	27,173	25,000	
Federal Pass-Through Expenditures	161,417									
Inter-Governmental Payments	5,031,148				672,033	22,717	4,314,910	7,007,981		
Public Assistance Programs						845,365				
Other Operating Expenditures	1,272,108			(6,723)	97,015	93,019	2,471,795	1,296,866	8,543	
Debt Service - Interest										
Capital Outlay	438,669			1,051	129,051	52,324	4,863,762	1,082,027	70,312	
Total Expenditures	31,846,784	0	0	269,567	5,367,225	1,747,704	77,879,052	33,185,866	1,015,724	0
Excess (Deficit) of Revenues over Expenditures	15,804,126	0	(2,000)	186,506	(1,085,197)	(611,253)	2,943,342	6,293,929	59,016	0
Other Financing Sources (Uses)										
Operating Transfers In (Note 7)				6,001,774			32,087	2,227,571		
Operating Transfers Out (Note 7)	(429,898)						(500,000)			
Legislative Transfers In	4,260,672									
Legislative Transfers Out	(5,670,292)									
Sale of General Fixed Assets	20,427			3,129			12,814		5,289	
Total Other Financing Sources (Uses)	(1,819,091)	0	0	6,004,903	0	0	(455,099)	2,227,571	5,289	0
Excess (Deficit) of Revenues and other Sources Over Expenditures and Other Uses	13,985,035	0	(2,000)	6,191,409	(1,085,197)	(611,253)	2,488,243	8,521,500	64,305	0
Fund Balances - Beginning	20,373,492	879,202	200,027	0	4,551,644	5,734,726	31,776,962	15,471,508	371,659	189,971
Restatements (Note 19)										
As Restated	20,373,492	879,202	200,027	0	4,551,644	5,734,726	31,776,962	15,471,508	371,659	189,971
Appropriations Lapsed	(4,012,276)									
Net Change in Reserve for Inventories	(83,836)									
Residual Equity Transfers In (Out)			(198,021)					189,971		(189,971)
Fund Balances - Ending	\$ 30,262,415	\$ 879,202	\$ 6	\$ 6,191,409	\$ 3,466,447	\$ 5,123,473	\$ 34,265,205	\$ 24,182,979	435,964	\$ 0

SUPPLEMENTAL SCHEDULES

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-UNAUDITED-

**SCHEDULE 1A
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2000**

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Pass-Through From		Non-State Entities Amount
		Agy./ Univ. Number	Identifying Number	
Department of Defense				
Direct Programs:				
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113			\$ \$
Total Department of Defense				<u> </u> <u> </u>
Environmental Protection Agency				
Direct Programs:				
Water Quality Management Planning	66.454			
National Estuary Program	66.456			
Nonpoint Source Implementation Grants	66.460			
Pass-Through To:				
Railroad Commission of Texas				
Wetlands Protection - State Development Grants	66.461			
Near Coastal Waters	66.464			
Safe Drinking Water Research and Demonstration	66.506			
Toxic Substance Research	66.507			
Performance Partnership Grants	66.605			
Contract Services (NON-MONETARY)	66.605			
Surveys, Studies, Investigations and Special Purpose Grants	66.606			
One Stop Reporting	66.608			
Pollution Prevention Grants Program	66.708			
State and Tribal Environmental Justice	66.713			
Hazardous Waste Management State Program Support	66.801			
Superfund State Site-Specific Cooperative Agreements	66.802			
Underground Storage Tank Trust Fund Program	66.805			
Solid Waste Management Assistance	66.808			
Superfund State Core Program Cooperative Agreements	66.809			
Total Environmental Protection Agency				<u> </u> <u> </u>
Department of Energy				
Direct Programs:				
National Industrial Competitiveness through Energy, Environment, and Economics	81.105			
Pass-Through From:				
General Services Commission				
Environmental Restoration	81.092	303		32,824
State Energy Conservation Office/Comptroller of Public Accounts				
Environmental Restoration	81.092	907		402,025
Total Department of Energy				<u> </u> <u>434,849</u>
Federal Emergency Management Agency				
Direct Programs:				
Community Assistance Program-State Support Services Element (CAP-SSSE)	83.105			
National Dam Safety Program	83.550			

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION (582)

Direct Program Amount	Total PT From & Direct Program	Pass-Through To			Expenditures Amount	Total PT To & Expenditures
		Agy./ univ. Number	State Agy./ or Univ. Amount	Non-State Entities Amount		
\$ 814,339	\$ 814,339		\$	\$	\$ 814,339	\$ 814,339
<u>814,339</u>	<u>814,339</u>		<u></u>	<u></u>	<u>814,339</u>	<u>814,339</u>
621,264	621,264			621,264	621,264	621,264
497,581	497,581			497,581	497,581	497,581
1,385,919	1,385,919			1,385,919	1,385,919	1,385,919
197,576	197,576	455	197,576		197,576	197,576
24,449	24,449			24,449	24,449	24,449
(1,545)	(1,545)			(1,545)	(1,545)	(1,545)
46,066	46,066			46,066	46,066	46,066
98,842	98,842			98,842	98,842	98,842
26,120,213	26,120,213			26,120,213	26,120,213	26,120,213
1,594,763	1,594,763			1,594,763	1,594,763	1,594,763
2,911,884	2,911,884			2,911,884	2,911,884	2,911,884
498,274	498,274			498,274	498,274	498,274
124,090	124,090			124,090	124,090	124,090
60,957	60,957			60,957	60,957	60,957
26,839	26,839			26,839	26,839	26,839
3,087,764	3,087,764			3,087,764	3,087,764	3,087,764
2,174,408	2,174,408			2,174,408	2,174,408	2,174,408
23,781	23,781			23,781	23,781	23,781
561,587	561,587			561,587	561,587	561,587
<u>40,054,712</u>	<u>40,054,712</u>		<u>197,576</u>	<u>39,857,136</u>	<u>40,054,712</u>	<u>40,054,712</u>
(48,589)	(48,589)			(48,589)	(48,589)	(48,589)
	32,824			32,824	32,824	32,824
	402,025			402,025	402,025	402,025
<u>(48,589)</u>	<u>386,260</u>		<u></u>	<u>386,260</u>	<u>386,260</u>	<u>386,260</u>
89,383	89,383			89,383	89,383	89,383
<u>76,200</u>	<u>76,200</u>		<u></u>	<u>76,200</u>	<u>76,200</u>	<u>76,200</u>

-UNAUDITED-

**SCHEDULE 1A
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued
For the Year Ended August 31, 2000**

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Agy./ Univ. Number	Identifying Number	Pass-Through From	
				State Agy. or Univ. Amount	Non-State Entities Amount
Pass-Through From:					
Texas Department of Public Safety					
Community Assistance Program-State Support Services Element (CAP-SSSE)	83.105	405		27,776	
Total Federal Emergency Management Agency				<u>27,776</u>	
Other Federal Awards Expended					
Environmental Protection Agency					
Direct Programs:					
Rio Grande/Rio Bravo Water Quality Monitoring	66.000				
Total Other Federal Awards Expended					
TOTAL FEDERAL FINANCIAL ASSISTANCE				<u>\$ 462,625</u>	<u>\$</u>

Note 1 - Non-Monetary Assistance

Contractor Services were provided at the federally assigned value. These were received from the Environmental Protection Agency (Federal CFDA Number 66.605). The dollar value for fiscal year 2000 was \$1,594,763.

Note 2 - Reconciliation

Per Combined Statement of Revenues, Expenditures
and Changes in Fund Balance - Governmental Fund
Types (Exh II):

Federal Revenues (Exh II)	\$ 39,397,670
Federal Pass-Through Revenues (Exh II)	462,625
Subtotal	<u>39,860,295</u>

Reconciling Items:

Direct Program:

Non-Monetary

Federal Contract Services

Total Pass-Through and Expenditures per Federal Schedule

\$ 1,594,763
<u>\$ 41,455,058</u>

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION (582)

Direct Program Amount	Total PT From & Direct Program	Pass-Through To			Expenditures Amount	Total PT To & Expenditures
		Agy./ univ. Number	State Agy./ or Univ. Amount	Non-State Entities Amount		
	27,776				27,776	27,776
<u>165,583</u>	<u>193,359</u>				<u>193,359</u>	<u>193,359</u>
<u>6,388</u>	<u>6,388</u>				<u>6,388</u>	<u>6,388</u>
<u>6,388</u>	<u>6,388</u>				<u>6,388</u>	<u>6,388</u>
\$ <u>40,992,433</u>	\$ <u>41,455,058</u>		\$ <u>197,576</u>		\$ <u>41,257,482</u>	\$ <u>41,455,058</u>

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SCHEDULE 2
APPROPRIATION ITEM TRANSFERS*
For Year Ended August 31, 2000 .

Item of Appropriation (Strategies)

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
A. Goal: Assessment and Permitting			
Strategies:			
A.1.1. 13031 Air Quality Permitting	\$	\$ (20,000)	(20,000)
A.1.2. 13032 Water Resource Permitting	55,000	(20,000)	35,000
A.1.3. 13033 Waste Permitting		(55,000)	(55,000)
A.1.4. 13034 Air Quality Assessment and Planning			
A.1.5. 13035 Water Assessment and Planning	3,000	(74,000)	(71,000)
A.1.6. 13036 Waste Assessment and Planning			
A.1.7. 13037 Prevention and Recycling			
A.1.8. 13049 Low-Level Radioactive Waste			
A.2.1. 13039 Safe Drinking Water	74,000	(3,000)	71,000
A.2.2. 13040 Water Utilities Oversight	23,000		23,000
Total Goal A: Assessment and Permitting	<u>155,000</u>	<u>(172,000)</u>	<u>(17,000)</u>
B. Goal: Enforcement and Compliance			
Strategies:			
B.1.1. 13041 Field Inspections and Complaints			
B.1.2. 13042 Enforcement and Compliance Support			
B.1.3. 13043 Occupational Licensing			
Total Goal B: Enforcement and Compliance			
C. Goal: Pollution Cleanup			
Strategies:			
C.1.1. 13044 Storage Tank Administration		(3,000)	(3,000)
C.1.2. 13045 Storage Tank Cleanup			
C.1.3. 13046 Hazardous Materials	20,000	(44,000)	(24,000)
Total Goal C: Pollution Cleanup	<u>20,000</u>	<u>(47,000)</u>	<u>(27,000)</u>
D. Goal: Indirect Administration			
Strategies:			
D.1.1. 13800 Central Administration		(454,000)	(454,000)
D.1.2. 13801 Information Resources	44,000		44,000
D.1.3. 13802 Other Support Services	454,000		454,000
Total Goal D: Indirect Administration	<u>498,000</u>	<u>(454,000)</u>	<u>44,000</u>
Net Appropriation Item Transfers	<u>\$ 673,000</u>	<u>\$ (673,000)</u>	<u>\$ 0</u>

* This schedule does not include Benefit Replacement Pay Transfers, Salary Increase Transfer, or UB Carryforwards.

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SCHEDULE 3
SCHEDULE OF SPACE OCCUPIED
August 31, 2000

Location	Address	Lease No.	Type	Usable Square Feet
STATE OWNED:				
Corpus Christi	6300 Ocean Drive, Suite 1200		Office	11,164
Houston	5425 Polk Ave, Suite H		Office	39,011
El Paso	401 E. Franklin Ave., Suite 560		Office	7,124
NON-STATE OWNED:				
Abilene	1977 Industrial Blvd	1110	Office	8,805
Amarillo	3918 Canyon Drive	6331	Office	6,575
Amarillo	3918 Canyon Drive	6331	Boat Storage	900
Arlington	1101 E. Arkansas	8948	Office	21,089
Austin	10001 N. IH 35, #555,581,582		Storage	250
Austin	10001 N. IH35, #6,10		Storage	600
Austin	10001 N. IH35, #489,490,497,498,510		Storage	1,000
Austin	10001 N. IH35, #44,49,90,614		Storage	600
Austin	10001 N. IH35, #615,623,634,646		Storage	600
Austin	12015 Park 35 Circle (Bldg. F)	7689	Office	164,391
Austin	12100 Park 35 Circle (Bldg. A)	7048	Office	165,720
Austin	12118 Park 35 Circle (Bldg. D/E)	7569	Office	93,627
Austin	12124 Park 35 Circle (Bldg. B/C)	6718	Office	117,762
Austin	13806 Old Hwy 20 Manor		Storage	750
Austin	13806 Old Hwy 20 Manor		Storage	1,750
Austin	1700 Hydro Lane	4793	Access Road	6,185
Austin	1700 Hydro Lane	4793	Storage	8,150
Austin	1921 Cedar Bend Drive, Suite 150	9056	Office	9,624
Austin	2105 Denton Drive	6445	Office	3,500
Austin	8606 Wall Street, Bldg. 16		Warehouse	18,000
Beaumont	3870 Eastex Frwy., Suite 110	7089	Office	15,274
Beaumont	2430 W. Cardinal		Storage	2,000
Beaumont	7910 Eastex Fwy		Storage	56
Corpus Christi	5129 Kostoryz		Storage	50
Eagle Pass	1152 Ferry Street	9058	Office	805
El Paso	7500 Viscount, Suite 147	9759	Office	6,079
El Paso	7606J Boeing		Boat Storage	1,200
Harlingen	1804 W. Jefferson	9867	Storage	1,800
Harlingen	1804 W. Jefferson	9867	Office	6,385
Harlingen	1804 W. Jefferson	9867	Lab	900
Houston	5144 E. Sam Houston Parkway North	6225	Office	23,160
Laredo	1403 Seymour, Suite 2 & 3	1515	Office	2,070
Lubbock	4630 50th Street, Suite 600	7602	Office	10,036
Midland	3300 North A Street Bldg 4 Suite 107	9258	Office	6,368
Midland	3300 North A Street	9258	Lab/Boat Storage	1,700
San Angelo	622 S. Oakes St.	9918	Office	5,768
San Angelo	2431 College Hills Blvd.		Boat Storage	755
San Antonio	140 Heimer Road, Suite 360	1068	Office	13,133
San Antonio	11795 Starcrest		Boat Storage	960
Stephenville	222 South Virginia Street	1132	Office	1,340
Tyler	2916 Teague Drive	9232	Office	15,640
Waco	6801 Sanger Avenue, Suite 2500	6231	Office	11,066
Waco	6801 Sanger Avenue	6231	Storage	2,159
Webster	516 Hobbs Road #101 League City	1443	Boat Storage	336
Webster	711 Bay Area Blvd., Ste. 210	1443	Office	2,477

TOTAL NON-STATE OWNED:

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION (582)

FTE's	Rental Per Month		Actual Annual Cost	Comments Lease Exp.
	Cost Per Square Foot	Cost Per Month		
50				
179				
25				
21	0.8994	7,919	95,028	October 31, 2008
28	0.6065	3,988	47,856	October 31, 2004
	0.2833	255	3,060	October 31, 2004
84	0.9451	19,932	239,178	November 30, 2006
	0.5640	141	1,695	August 31, 2000
	0.5167	310	3,720	August 31, 2000
	0.6000	600	7,200	August 31, 2000
	0.5000	300	3,600	August 31, 2000
	0.5000	300	3,600	August 31, 2000
655	0.9601	157,834	1,894,008	November 2, 2002
571	0.6431	106,569	1,278,828	August 15, 2022
486	0.6629	62,064	744,768	March 1, 2012
401	0.6318	74,406	892,872	August 1, 2011
	0.5240	393	4,716	August 31, 2000
	0.0491	86	1,032	August 31, 2000
	0.1938	1,199	14,388	August 31, 2005
	0.3528	2,874	34,488	August 31, 2005
23	0.9124	8,781	105,372	August 31, 2005
	0.5352	1,903	11,418	February 29, 2000
	0.7223	13,002	156,024	August 31, 2000
57	0.9909	15,135	181,620	August 31, 2004
	0.2875	0	0	August 31, 2000
	0.8750	0	588	August 31, 2000
	1.9400	0	340	December 31, 1999
8	1.0000	8	9,660	February 28, 2006
	1.3826	0	50,430	February 29, 2000
	0.3442	413	4,956	August 31, 2000
	0.7844	0	16,944	May 31, 2008
34	1.2420	7,930	95,160	May 31, 2008
	1.2211	0	13,188	May 31, 2008
23	1.0014	23,193	278,316	February 14, 2005
5	1.2000	6	29,808	December 31, 2000
23	0.6910	6,935	83,220	August 31, 2002
21	0.6683	4,256	51,072	October 31, 2006
	0.5924	1,007	12,084	October 31, 2006
13	0.8492	4,898	58,776	July 31, 2009
	0.1987	150	1,800	August 31, 2000
43	0.9975	43	516	October 31, 2000
	0.1969	0	2,268	August 31, 2000
5	0.5800	3	9,324	August 31, 2000
54	0.6513	10,187	122,244	April 30, 2006
34	1.0013	11,080	132,960	August 31, 2001
	0.3533	763	9,156	August 31, 2001
	0.2827	95	1,140	August 31, 2005
8	1.5725	3,895	46,740	August 31, 2005
2851		552,850	6,755,161	

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SCHEDULE 4
PROFESSIONAL/CONSULTING FEES AND LEGAL SERVICE FEES
For Year Ended August 31, 2000

Payee	Amount	Purpose
A N A Consultants LLC	\$ 1,750	Other Professional Services
AAA Fire and Safety Equipment Company	365	Educational/Training Services
Agra Earth & Environmental	199,138	Architectural/Engineering Services
American Express Travel Services	1,164	Other Professional Services
American Institute for Learning	8,500	Other Professional Services
Andrea Naddo	605	Other Professional Services
Applied Earth Sciences Inc	483,871	Architectural/Engineering Services
Applied Field Data Systems Inc	1,300	Educational/Training Services
Approved Oil Service	1,240	Other Professional Services
Atlantic Associates Inc	2,641	Computer Programming Services
Austin Community College	8,265	Other Professional Services
B E & K / Terranext	843,301	Other Professional Services
Bank of America Commercial	451	Other Professional Services
Basheer Khumawala	490	Educational/Training Services
Betty M Flowers	500	Other Professional Services
Bickerman Dispute Resolution	1,562	Other Professional Services
BPF Inc	372,241	Other Professional Services
Brown & Root International Inc	50,596	Other Professional Services
C & T Consulting Services	27,550	Computer Programming Services
Cameron County	13,795	Other Professional Services
CAPCOA	4,000	Educational/Training Services
Carbonair Environmental Systems	247,168	Other Professional Services
Charles M Douglas	1,947	Other Professional Services
Chemical Response & Remediation	3,366	Other Professional Services
Christine Marier	421	Other Professional Services
City of Fort Worth	42,676	Other Professional Services
CLS Labs	1,836	Other Professional Services
Coastal Bend Bays Foundation Inc	11,000	Other Professional Services
Coastal Environmental Systems	3,000	Other Professional Services
Columbine Holding Corporation	11,150	Educational/Training Services
Comprehensive Diagnostic Evaluation Service	1,525	Other Professional Services
Comprehensive Diagnostic Evaluation Service	1,068	Educational/Training Services
COMPUSA	70	Educational/Training Services
Cooper Consulting Company	47,654	Computer Programming Services
Cora L Hilliard	1,000	Other Professional Services
Dale Bates	50,104	Other Professional Services
Dames & Moore	297,666	Other Professional Services
Daniel B Stephens & Associates Inc.	1,130,303	Other Professional Services
Desert Research Institute	2,783	Educational/Training Services
Diana Couriel	238	Educational/Training Services
Direccion General De Ecologia	950	Other Professional Services
Don Cawthon	942	Other Professional Services
DPRA Inc	21,000	Computer Programming Services
DPRA Inc	419,517	Other Professional Services
Duke Engineering & Services Inc	117,163	Architectural/Engineering Services
E & E Environmental Experts Inc	1,200	Other Professional Services
Eagle Construction & Environmental Svcs	719,088	Other Professional Services
Eastern Technical Associates	14,400	Other Professional Services
Ecology & Environment, Inc.	1,135,960	Architectural/Engineering Services
ECSI Inc	8,900	Educational/Training Services
Eduardo Jimenez Lopez	830	Other Professional Services

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SCHEDULE 4
PROFESSIONAL/CONSULTING FEES AND LEGAL SERVICE FEES - Continued
For Year Ended August 31, 2000

Payee	Amount	Purpose
Edwards Aquifer	\$ 195,697	Other Professional Services
Elizabeth Davis	156	Educational/Training Services
Enprotec	362,470	Other Professional Services
Enprotec, Inc.	98,246	Architectural/Engineering Services
Environ International Corporation	133,850	Other Professional Services
Environmental Protection Agency	25,466	Architectural/Engineering Services
Environmental Protection Agency	1,287	Other Professional Services
Environmental Protection Agency	406	Educational/Training Services
Environmental Systems Research	720	Educational/Training Services
ESI International	6,888	Educational/Training Services
Espey Padden Consultants Inc	523,984	Architectural/Engineering Services
Evergreen Underground Water	45,725	Architectural/Engineering Services
Fernandez Group	166,447	Other Professional Services
Finnell Oil Services	280	Other Professional Services
Fluor Daniel GTI, Inc.	49,411	Architectural/Engineering Services
Foster Wheeler	871,087	Architectural/Engineering Services
Freese & Nichols Inc	10,000	Architectural/Engineering Services
Freese & Nichols Inc	17,180	Other Professional Services
Freidman & Bruya Inc	15,522	Other Witness Fees
Galton Cunningham & Bourgeois	1,500	Other Professional Services
Galveston & Trinity Bay Marine Museum	1,300	Other Professional Services
Geofix Geographic Solutions	2,517	Educational/Training Services
Geomatrix Consultants	1,972	Other Professional Services
Geomatrix Consultants Inc	564	Other Witness Fees
Geowarehouse	1,980	Educational/Training Services
Gilbreath Communications inc	10,500	Other Professional Services
Glenda Duran	423	Other Professional Services
Global Knowledge	6,585	Educational/Training Services
Governor's Executive Development	2,667	Other Professional Services
Groundwater Services Inc	2,000	Educational/Training Services
GTE	180	Educational/Training Services
Guadalupe-Blanco River Authority	14,910	Architectural/Engineering Services
Gulf Coast Conservation Association	4,800	Other Professional Services
Half Associates	33,687	Other Professional Services
Harding Lawson & Associates	198,836	Architectural/Engineering Services
HDR Engineering	9,000	Other Professional Services
HDR Engineering Inc	40,000	Architectural/Engineering Services
Hewlett Packard	24,000	Educational/Training Services
High Plains Underground Water Conservation	239,012	Other Professional Services
High Plains Underground Water Conservation	211,927	Architectural/Engineering Services
Houston Galveston Area Council	15,296	Other Professional Services
Houston Regional Monitoring Corp	133,343	Other Professional Services
Human Resource Microsystems	10,125	Computer Programming Services
Information Engineering Group Inc	6,611	Computer Programming Services
Infranet Technology	89,750	Consultant Services - App By GOV Office
Instituto Municipal De Investicaoion	26,667	Other Professional Services
Instructional Systems Dev Inc	9,500	Computer Programming Services
Intera, Inc.	123,376	Architectural/Engineering Services
IPS Meteostar Inc	299,112	Other Professional Services
IPSO Facto Consulting Inc	258,431	Computer Programming Services
Irion County Water Conservation	127,262	Architectural/Engineering Services

-UNAUDITED-

SCHEDULE 4
PROFESSIONAL/CONSULTING FEES AND LEGAL SERVICE FEES - Continued
For Year Ended August 31, 2000

<u>Payee</u>	<u>Amount</u>	<u>Purpose</u>
IT Corporation	\$ 218,607	Architectural/Engineering Services
IT Corporation	1,928,624	Other Professional Services
Jack W Carsten	275	Educational/Training Services
JJT Inc	12,450	Other Professional Services
Jody G Slagle	324	Other Professional Services
Juan Barrera Cordero	730	Other Professional Services
Keep Texas Beautiful Inc	27,000	Other Professional Services
Keep Texas Beautiful Inc	20,000	Consultant Services - App By GOV Office
KEI Consultants, Inc.	87,995	Architectural/Engineering Services
Kenneth L Mulholland	1,863	Educational/Training Services
Knowledge Alliance Inc	14,057	Educational/Training Services
Lamar University-Beaumont	1,824	Educational/Training Services
Leigh Engineering Inc	555,504	Other Professional Services
Lockwood Andrews & Newnam Inc	120,531	Architectural/Engineering Services
Lower Rio Grande Valley Development Council	2,951	Other Professional Services
Lubbock Waste Tire Recycling	8,195	Other Professional Services
Lydia Frenzel PHD Advisory Council	1,732	Other Professional Services
M C I Telecommunications	129,835	Other Professional Services
Mary Ester Salinas	905	Other Professional Services
Mary Naquin	140	Other Professional Services
Maureen C Britton	995	Other Professional Services
MC2 Advertising & Design	60,000	Other Professional Services
MCNC	507,865	Other Professional Services
Meredith E Worthen	346	Educational/Training Services
Merlin Micro Science, Inc.	150,180	Other Professional Services
Merlin Micro Science, Inc.	4,560	Educational/Training Services
Micro Assist	47,770	Educational/Training Services
MSE Environmental Inc	446,509	Other Professional Services
MTW Corporation	2,092,541	Computer Programming Services
Nevzat Turan	2,972	Expert Witness Fees
North American Interstate Weather Modification	5,000	Other Professional Services
North Plains Underground Water	31,790	Architectural/Engineering Services
Northrop Grumman Technical Services	4,477	Other Professional Services
Office of State Federal Relations	20,000	Other Professional Services
Oklahoma State University	11,317	Educational/Training Services
Oracle Corporation	41,590	Computer Programming Services
OTM Engineering Inc	21,841	Other Professional Services
Panhandle Groundwater Conservation	203,203	Other Professional Services
Parsons Engineering	796,082	Other Professional Services
Paso Del Norte Clean Cities Coalition	306	Other Professional Services
Perkin Elmer LLC	1,950	Educational/Training Services
Polly D Vann	138,490	Other Professional Services
Premium Time	2,415	Educational/Training Services
Pro-Cycle Oil Inc	1,150	Other Professional Services
Productivity Point International	5,698	Educational/Training Services
Public Procurement Services LLP	7,020	Other Professional Services
Radian Corporation	209,503	Architectural/Engineering Services
Radian International LLC	378,353	Other Professional Services
Recycling Coalition of Texas	14,750	Other Professional Services
Reed-Stowe	2,760	Other Professional Services
Resource Recycling Service	1,748	Other Professional Services

-UNAUDITED-

SCHEDULE 4
PROFESSIONAL/CONSULTING FEES AND LEGAL SERVICE FEES - Continued
For Year Ended August 31, 2000

<u>Payee</u>	<u>Amount</u>	<u>Purpose</u>
Richard Chinn Environmental	\$ 6,000	Educational/Training Services
Rio Grande Council of Governments	7,207	Other Professional Services
Robert Geyer	91	Other Professional Services
Rocky Mountain Institute	3,826	Other Professional Services
Ross C Harrer	523	Other Professional Services
Roy F Weston Inc	1,108,179	Architectural/Engineering Services
Roy F Weston Inc	238,259	Other Professional Services
S K Engineering	90,059	Other Professional Services
Safe Tire Disposal Corporation	828,166	Other Professional Services
San Angelo Nature Center Association	70	Other Professional Services
Science Applications International	681,841	Other Professional Services
Science Applications International	97,105	Consultant Services - App By GOV Office
Sentari Inc	799,993	Other Professional Services
Separation Systems Consultants	558,837	Other Professional Services
Siemens Information & Communication	6,045	Other Professional Services
Snap On Tools Company	94,857	Computer Programming Services
Society for Technical Communication	190	Other Professional Services
Sonoma Technology	32,566	Computer Programming Services
Southwest Research Institute	4,825	Other Professional Services
Spring Paranet Inc	295,258	Other Professional Services
Starr County	12,741	Other Professional Services
State Auditor's Office	54,763	Financial & Accounting Services
State Auditor's Office	525	Educational/Training Services
State Office of Risk Management	8,837	Other Professional Services
Stephen F Austin University	2,979	Educational/Training Services
Stephen L Klineberg	4,900	Other Professional Services
Sterling Software	14,080	Educational/Training Services
Stone Recycling Inc	855	Other Professional Services
Suburban Propane	49	Educational/Training Services
Susan Brooks	1,200	Other Professional Services
T E Vaughns Environmental	729	Other Professional Services
T F Harper Construction	528	Architectural/Engineering Services
Tarleton State University	26,268	Other Professional Services
Terra Mar	876,217	Other Professional Services
Texas A & M -Kingsville	6,433	Other Professional Services
Texas A & M University-Corpus Christi	2,300	Educational/Training Services
Texas A&M University-Corpus Christi	39,371	Other Professional Services
Texas A&M University-Texarkana	5,004	Educational/Training Services
Texas Agricultural Experiment Station	124,854	Other Professional Services
Texas Commission on Human Rights	1,600	Educational/Training Services
Texas Department of Information Resources	20,921	Consultant Services - Other
Texas Department of Information Resources	152,684	Computer Programming Services
Texas Department of Information Resources	14,079	Consultant Services
Texas Department of Information Resources	99,725	Other Professional Services
Texas Disposal Systems Inc	363	Other Professional Services
Texas Engineering Extension Service	104,000	Educational/Training Services
Texas Nameplate Co Inc	469	Other Professional Services
Texas Notary Public Association	115	Educational/Training Services
Texas Parks & Wildlife	62,500	Other Professional Services
Texas Rural Water Association	1,343,342	Other Professional Services
Texas Southern University	8,205	Educational/Training Services

-UNAUDITED-

SCHEDULE 4
PROFESSIONAL/CONSULTING FEES AND LEGAL SERVICE FEES - Continued
For Year Ended August 31, 2000

<u>Payee</u>	<u>Amount</u>	<u>Purpose</u>
Texas Tech University	\$ 83,180	Other Professional Services
Texas Tech University	6,929	Educational/Training Services
Texas Tech University Health Science	21,934	Medical Services
Texas Water Development Board	20,481	Architectural/Engineering Services
Texas Worker's Compensation Commission	61	Educational/Training Services
Tim Cole	100	Educational/Training Services
Tommy Shearrer	18,051	Other Professional Services
Transformation Technology	6,500	Educational/Training Services
Turner Collie & Braden Inc	64,550	Other Professional Services
Unisys Corporation	4,000	Educational/Training Services
University of Houston-Clear Lake	7,480	Educational/Training Services
University of Nevada - Board of Regents	237,934	Architectural/Engineering Services
University of New Mexico	77,708	Other Professional Services
University of Texas @ Austin	222,930	Educational/Training Services
University of Texas @ Austin	74,295	Other Professional Services
University of Texas at Austin	1,500	Architectural/Engineering Services
University of Texas at El Paso	4,406	Educational/Training Services
University of Texas Business	6,500	Educational/Training Services
University of Texas Health @ Houston	172,749	Medical Services
University of Texas Health Center @ Tyler	45,287	Medical Services
University of Texas Health Services	36,449	Medical Services
URS Corporation	170,634	Other Professional Services
US Filter Recovery Services	750	Other Professional Services
UW Madison	1,590	Educational/Training Services
Valley Solvents & Chemicals	3,450	Educational/Training Services
Victina Systems International	15,079	Computer Programming Services
Vikas and Vicram Inc	720	Educational/Training Services
W O S Fuel Oil Inc	620	Other Professional Services
Wayne Schilling	196	Other Professional Services
Weather Modification Conservation	65,603	Other Professional Services
Whazid Mohammed	9,000	Computer Programming Services
Wintergarden Groundwater Conservation	15,721	Architectural/Engineering Services
Woodley Weather Consultants	58,779	Architectural/Engineering Services
Woodward-Clyde Consultants	96,234	Architectural/Engineering Services
Workers Assistance Programs, Inc.	40,102	Other Professional Services
World Tire Recycling Inc	58,368	Other Professional Services
Wright Watson Sten-Tel	76	Computer Programming Services
Zero Productions	9,990	Other Professional Services
Subtotal:	28,602,091	
Adjustments to Prior Year Expenditures	(55,253)	
Total Professional & Consulting Fees	28,546,838	
 Legal Service Fees		
Thompson & Knight	14,769	Legal Services
Office of Attorney General	20,000	Legal Services
State Office of Administrative Hearings	938,860	Legal Services
Total Legal Service Fees	973,629	
 TOTAL Professional, Consulting and Legal Service Fees	 \$ 29,520,467	

-UNAUDITED-

SCHEDULE 5
INDIRECT COSTS
For the Year Ended August 31, 2000

a. Payroll Related Costs

FICA Employer Matching Contribution	\$ 8,704,720	
Group Health Insurance	8,388,682	
Retirement	5,868,654	
Unemployment	74,518	
Total Payroll Related Costs		\$ 23,036,574
Workers' Compensation	211,001	
Benefit Replacement Pay (BRP)	2,074,831	
Total Worker's Compensation and BRP		2,285,833

b. Indirect Costs

Bond Debt Service Payments		
GSC	591,464	
TPFA		
Other (if applicable)		
Total Indirect Costs		591,464

c. Indirect Costs - Statewide Full Cost Allocation Plan

(based on FY 98 data)

Building Use	169,569	
Equipment Use		
USAS Depreciation	330,474	
Comptroller	681,682	
Workers Comp Adm	15,493	
State Library	50,962	
Information Resources	160,576	
Budget & Planning	5,530	
DPS Security	1,217	
GSC Admin		
GSC Purchasing	41,030	
GSC Interagency	14,655	
GSC Building & Property	501,194	
State Senate		
House Representatives		
Legislative Council		
Legislative Budget Board		
Legis. Reference Library		
GSC Asbestos	30	
Sunset Advisory Commission	1,635	
GSC Design, Const, Lease	21,516	
Total Indirect Costs - Statewide Full Cost Allocation Plan		1,995,563

TOTAL INDIRECT COSTS**\$ 27,909,433**

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION (582)

-UNAUDITED-

SCHEDULE 6
INTERFUND BALANCES BY GAAP FUND
August 31, 2000

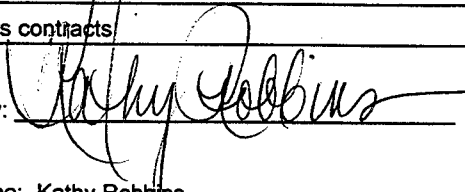
GAAP Fund	Agency and Fund	Purpose	Due From Other Funds	Due To Other Funds
0001	Agency 582, Fund 0102	Accrued Expenditure Transfer	\$ 219,491	\$
0001	Agency 582, Fund 0146	Accrued Expenditure Transfer	48,854	
0001	Agency 582, Fund 0151	Accrued Expenditure Transfer	3,980,072	
0001	Agency 582, Fund 0153	Accrued Expenditure Transfer	1,430,904	
0001	Agency 582, Fund 0158	Accrued Expenditure Transfer	65,216	
0001	Agency 582, Fund 0468	Accrued Expenditure Transfer	60,270	
0001	Agency 582, Fund 0549	Accrued Expenditure Transfer	3,199,830	
0001	Agency 582, Fund 0550	Accrued Expenditure Transfer	956,328	
0001	Agency 582, Fund 0655	Accrued Expenditure Transfer	93	
	Subtotal Fund 0001		<u>9,961,058</u>	
0102	Agency 582, Fund 0001	Accrued Expenditure Transfer		219,491
0146	Agency 582, Fund 0001	Accrued Expenditure Transfer		48,854
0151	Agency 582, Fund 0001	Accrued Expenditure Transfer		3,980,072
0153	Agency 582, Fund 0001	Accrued Expenditure Transfer		1,430,904
0158	Agency 582, Fund 0001	Accrued Expenditure Transfer		65,216
0468	Agency 582, Fund 0001	Accrued Expenditure Transfer		60,270
0549	Agency 582, Fund 0001	Accrued Expenditure Transfer		3,262,190
0550	Agency 582, Fund 0001	Accrued Expenditure Transfer		956,328
655	Agency 582, Fund 0001	Accrued Expenditure Transfer		93
	Total Due To/From Other Funds		<u>9,961,058</u>	<u>10,023,418</u>
0001	Agency 455, Fund 0015	Accrued Federal Pass-Thru		163,375
0151	Agency 303, Fund 0224	Accrued Federal Pass- Thru	38,263	
0151	Agency 479, Fund 0001	Accrued Expenditure Transfer		25,291
0151	Agency 556, Fund 0001	Accrued Expenditure Transfer		210,187
	Subtotal Fund 0151		<u>38,263</u>	<u>235,478</u>
0153	Agency 479, Fund 0001	Accrued Expenditure Transfer		468
0549	Agency 303, Fund 0224	Accrued Federal Pass-Thru	85,806	
0549	Agency 479, Fund 0001	Accrued Expenditure Transfer		4,785
	Subtotal Fund 0549		<u>85,806</u>	<u>4,785</u>
0550	Agency 902, Fund 0001	Accrued Expenditure Transfer	328	
0550	Agency 479, Fund 0001	Accrued Expenditure Transfer		5,498
	Subtotal Fund 0550		<u>328</u>	<u>5,498</u>
	Total Due To/From Other Agencies		<u>124,397</u>	<u>409,604</u>
	GRAND TOTALS		<u>\$ 10,085,455</u>	<u>\$ 10,433,022</u>

-UNAUDITED-

**SCHEDULE 7
HUB STRATEGIC PLAN PROGRESS REPORT
For the Year Ended August 31, 2000**

(Source: Texas Government Code, Title 10, Subtitle D, Section 2161.124)

Goal = Strategic Plan HUB Goal Actual = % Spent with HUBs from HUB Report	Actual for FY '99	Actual for FY '00	Goal for FY '01
Heavy Construction other than building contracts	N/A	N/A	N/A
Building construction, including general contractors and operative builders contracts	N/A	N/A	N/A
Special trade construction contracts	N/A	N/A	10.0%
Professional services contracts	13.70%	21.3%	18.1%
Other services contracts	17.50%	17.7%	33.0%
Commodities contracts	39.10%	23.7%	11.5%

Prepared by: 

Printed Name: Kathy Robbins

Phone Number: (512) 239-0393

Approved: 
(Signature Required)

Printed Name: Ed Serna

Phone Number: (512) 239-3556

GENERAL COMMENTS

GENERAL COMMENTS

A. Organization Information

The Texas Natural Resource Conservation Commission's (TNRCC) primary goal is the protection of our state's human and natural resources consistent with sustainable economic developments in an effective, efficient and courteous manner. The TNRCC was formed as part of an effort to form a consolidated state environmental agency. On March 1, 1992, the Texas Water Commission acquired jurisdiction over both the municipal solid waste and drinking water hygiene programs of the Texas Department of Health. Two other acquisitions, the Water Well Drillers Board and the Board of Irrigators, occurred in September, 1992. The final stage of this plan was the merger of the Texas Air Control Board with the Texas Water Commission in September, 1993. Effective September 1, 1999, the Texas Low-Level Radioactive Waste Disposal Authority was transferred to the TNRCC.

Three full-time commissioners are appointed by the governor to establish overall agency direction and policy, and to make final determinations on contested permitting and enforcement matters. They are appointed for six-year terms with the advice and consent of the Texas Senate. A commissioner may not serve more than two six-year terms, and the terms are staggered so that a different member's term expires every two years. The governor also names the chairman of the commission.

Rules necessary to carry out the responsibilities of the TNRCC are adopted by the three Commissioners. The Commissioners meet as necessary to render decisions concerning matters within the agency's jurisdiction. The Commissioners also establish general agency policies. The Commissioners hire an executive director to administer agency programs. The Commissioners also appoint a chief hearings examiner, a general counsel, a chief clerk and a public interest counsel.

The Texas Natural Resource Conservation Commission strives to protect our state's human and natural resources consistent with sustainable economic development. Our goal is clean air, clean water, and the safe management of waste.

To accomplish our mission, we will:

- ★ base decisions on the law, common sense, good science, and fiscal responsibility;
- ★ ensure that regulations are necessary, effective, and current;
- ★ apply regulations clearly and consistently;
- ★ ensure consistent, just, and timely enforcement when environmental laws are violated;
- ★ ensure meaningful public participation in the decision-making process;
- ★ promote and foster voluntary compliance with environmental laws and provide flexibility in achieving environmental goals; and
- ★ hire, develop, and retain a high-quality, diverse workforce.

The TNRCC has undergone sunset review during fiscal year 2000. The Legislature in 2001 will deliberate the recommendations of the 10-member Sunset Commission. More information about the sunset review can be found on the TNRCC Web site at: <<http://www.tnrcc.state.tx.us/exec/communication/sunset/sunsetmain.html>>.

B. General Information

The TNRCC's central office for fiscal year 2000 was located in Austin. A summary of office, warehouse, and other space occupied at August 31, 2000 including district offices, appears in Schedule 3.

Effective September 1, 1995, the TNRCC became a self insured agency, accordingly it maintains no liability insurance coverage on any vehicles or boats.

During the fiscal year 2000 the Commission purchased the vehicles listed below:

<u>Make</u>	<u>Model</u>	<u>Number</u>	<u>Total Purchase Price</u>	<u>Type of Use</u>	<u>Fuel Efficiency In Average Miles per Gallon</u>
Ford	F250 Pickup	3	\$75,708	Field Investigations	13-17
Ford	Taurus SE Wagon	4	62,136	Central Administration	19-28
Jeep	Cherokee SUV	2	37,470	Field Investigations	16-21
Jeep	Cherokee SUV	3	59,817	Field Investigations	16-21
Ford	F250 Pickup	6	134,976	Field Investigations	13-17
Chevrolet	S-10 pickup	7	98,931	Field Investigations	17-22
Chevrolet	1 Ton pickup	1	26,121	Central Administration	13-17
Dodge	Ram 2500 Van	1	20,274	Central Administration	13-19
Dodge	Ram 2000 VAN	1	17,477	Field Investigations	13-19

TEXAS GENERAL LAND OFFICE
MASTER FILE REPORT VERIFICATION FORM

TNRCC
NAME OF STATE AGENCY

582
AGENCY #

Yes, the information contained in the Master File Report dated 7/7/2000, is a complete and correct listing of all my agency's land and building records, and their associated capital improvements for the fiscal year ending August 31, 2000.

No, the information contained in the Master File Report dated _____, is not a complete and correct listing of my agency's land and building records, and their associated capital improvements for the year ending August 31, 2000. To correct the discrepancies, appropriate update forms will be submitted to the Texas General Land Office no later than _____.

Richard G Torres
Agency Real Property Manager
(please print or type)

[Signature]
Signature

11/6/00
Date

The Texas General Land Office hereby certifies that the above stated agency is in compliance with the real property inventory reporting requirements as stated in Texas Natural Resources Code, § 31.51, et seq.

November 9, 2000
Date

Maria S. McMullen
Maria S. McMullen
State Real Property Inventory Manager

