

TEXAS DEPARTMENT OF
AGRICULTURE

ANNUAL FINANCIAL REPORT

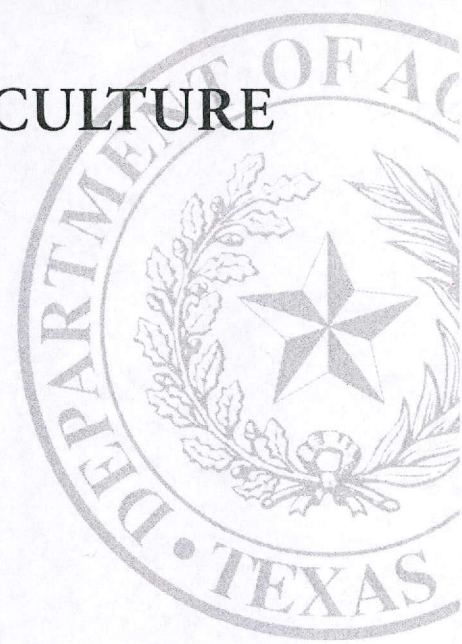
For the Year Ended August 31, 2013



TODD STAPLES, COMMISSIONER

TEXAS DEPARTMENT OF AGRICULTURE

TODD STAPLES
COMMISSIONER



November 20, 2013

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

Lady and Gentlemen:

We are pleased to submit the annual financial report of the Texas Department of Agriculture for the year ended August 31, 2013, in compliance with TEX. GOV'T CODE ANN §2101.011, and in accordance with the requirements established by the Comptroller of Public Accounts.

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

If you have any questions regarding the Annual Financial Report, including the Schedule of Expenditures of Federal Awards, please contact Heather Griffith Peterson at (512) 463-3640.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Drew DeBerry", is written over a horizontal line.

Drew DeBerry
Deputy Commissioner

DD/hgp/jbi



TABLE OF CONTENTS

	<u>PAGE</u>
COMBINED FINANCIAL STATEMENTS:	·
Exhibits	
I Combined Balance Sheet/Statement of Net Assets – Governmental Funds	2
II Combined Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities – Governmental Funds	6
VI Combined Statement of Net Assets – Fiduciary Funds	10
VII Combined Statement of Changes in Fiduciary Net Assets	11
VIII Combined Statement of Net Assets – Discretely Presented Component Units	12
IX Combined Statement of Revenues, Expenditures and Changes in Net Assets – Discretely Presented Component Units	14
NOTES TO THE FINANCIAL STATEMENTS	16
COMBINING FINANCIAL STATEMENTS:	
Exhibits	
A-1 Combining Balance Sheet – All General and Consolidated Funds	34
A-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All General and Consolidated Funds	36
E-1 Combining Balance Sheet – Permanent Fund	38
E-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Permanent Funds	40
I-1 Combining Statement of Fiduciary Net Assets – Private Purpose Trust Funds	41
I-2 Combining Statement of Changes in Fiduciary Net Assets - Private Purpose Trust Funds	42
J-1 Combining Statement of Changes in Assets and Liabilities – Agency Funds	43
K-1 Combining Statement of Net Assets – Discretely Presented Proprietary Component Units	45
K-2 Combining Statement of Revenues, Expenditures and Changes in Net Assets – Discretely Presented Proprietary Component Units	47
1A Schedule of Expenditures of Federal Awards and Accompanying Notes	49
1B Schedule of State Grant Pass-Throughs From/To State Agencies/Universities	56

Exhibit and schedule numbers are dictated by the State Comptroller's Annual Financial Reporting Guidelines. Not every schedule is needed by TDA; therefore, some numbers may be intentionally skipped.

COMBINED FINANCIAL STATEMENTS

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit I — Combined Balance Sheet/Statement of Net Position — Governmental Funds
August 31, 2013

	Governmental Fund Types				
	General Funds	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds
ASSETS					
Current Assets:					
Cash and Cash Equivalents (Note 3)					
Cash on Hand	\$ 2,600.00	\$	\$	\$	\$
Cash in Bank	21,400.00				
Cash in Transit/Reimburse from Treasury					
Cash in State Treasury	18,884,577.48				3,357,154.63
Short Term Investments (Note 3)					
Securities Lending Collateral					
Legislative Appropriations	27,939,275.66				
Receivables from:					
Accounts Receivable	315,625.39				
Taxes					
Federal	46,149,617.56				
Investment Trades					
Other Intergovernmental					
Interest and Dividends					
Gifts, Pledges and Donations					
Other					
Due From Other Funds (Note 12)					
Due From Other Agencies (Note 12)	42,855.92				
Interfund Receivable (Note 12)					
Consumable Inventories	191,718.53				
Merchandise Inventories	464,976.52				
Prepaid Items					
Loans and Contracts					
Restricted:					
Cash and Cash Equivalents (Note 3)					
Cash on Hand					
Cash in Bank					
Cash in Transit/Reimburse from Treasury					
Cash in State Treasury					
Short Term Investments (Note 3)					
Other Current Assets					
Non-Current Assets:					
Gifts, Pledges and Donations					
Interfund Receivable (Note 12)					3,155,065.97
Investments (Note 3)					
Loans and Contracts	8,265,000.00				
Restricted:					
Cash and Cash Equivalents (Note 3)					
Cash on Hand					
Cash in Bank					
Cash in Transit/Reimburse from Treasury					
Cash in State Treasury					
Short Term Investments (Note 3)					
Receivables					
Investments (Note 3)					
Loans and Contracts					
Other Assets					
Capital Assets (Note 2):					
Non-Depreciable or Non-Amortizable					
Depreciable or Amortizable, Net					
Other Non-Current Assets					
Total Assets	\$ 102,277,647.06	\$ 0	\$ 0	\$ 0	\$ 6,512,220.60
DEFERRED OUTFLOWS					
Derivative Hedging Instrument Assets					
Deferred Outflow of Resources (Note 7)					
Total Deferred Outflows	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit I — Combined Balance Sheet
August 31, 2013

	Governmental Funds Total	Capital Assets Adjustments	Liabilities Adjustments	Other Adjustments	Statement of Net Position
ASSETS					
Current Assets:					
Cash and Cash Equivalents (Note 3)					
Cash on Hand	\$ 2,600.00	\$	\$	\$	2,600.00
Cash in Bank	21,400.00				21,400.00
Cash in Transit/Reimburse from Treasury					
Cash in State Treasury	22,241,732.11				22,241,732.11
Short Term Investments (Note 3)					
Securities Lending Collateral					
Legislative Appropriations	27,939,275.66				27,939,275.66
Receivables from:					
Accounts Receivable	315,625.39				315,625.39
Taxes					
Federal	46,149,617.56				46,149,617.56
Investment Trades					
Other Intergovernmental					
Interest and Dividends					
Gifts, Pledges and Donations					
Other					
Due From Other Funds (Note 12)					
Due From Other Agencies (Note 12)	42,855.92				42,855.92
Interfund Receivable (Note 12)					
Consumable Inventories	191,718.53				191,718.53
Merchandise Inventories	464,976.52				464,976.52
Prepaid Items					
Loans and Contracts					
Restricted:					
Cash and Cash Equivalents (Note 3)					
Cash on Hand					
Cash in Bank					
Cash in Transit/Reimburse from Treasury					
Cash in State Treasury					
Short Term Investments (Note 3)					
Other Current Assets					
Non-Current Assets:					
Gifts, Pledges and Donations					
Interfund Receivable (Note 12)					
Investments (Note 3)	3,155,065.97				3,155,065.97
Loans and Contracts	8,265,000.00				8,265,000.00
Restricted:					
Cash and Cash Equivalents (Note 3)					
Cash on Hand					
Cash in Bank					
Cash in Transit/Reimburse from Treasury					
Cash in State Treasury					
Short Term Investments (Note 3)					
Receivables					
Investments (Note 3)					
Loans and Contracts					
Other Assets					
Capital Assets (Note 2):					
Non-Depreciable or Non-Amortizable		3,784.50			3,784.50
Depreciable or Amortizable, Net		6,199,714.33			6,199,714.33
Other Non-Current Assets					
Total Assets	\$ 108,789,867.66	\$ 6,203,498.83	\$ 0	\$ 0	\$ 114,993,366.49
DEFERRED OUTFLOWS					
Derivative Hedging Instrument Assets					
Deferred Outflow of Resources (Note 7)					
Total Deferred Outflows	\$ 0	\$ 0	\$ 0	\$ 0	0

TEXAS DEPARTMENT OF AGRICULTURE

Exhibit I — Combined Balance Sheet/Statement of Net Position — Governmental Funds

August 31, 2013

	Governmental Fund Types				
	General Funds	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds
LIABILITIES					
Current Liabilities:					
Payables from:					
Accounts	\$ 40,257,883.28	\$	\$	\$	\$ 2,482.76
Investment Trade					
Other Intergovernmental					
Payroll	2,937,809.07				
Federal	367.51				
Interest					
Contracts					
Other					
Contract Retainage Payable					
Due To Other Funds (Note 12)					
Due To Other Agencies (Note 12)	1,293,221.01				
Interfund Payable (Note 12)	2,482.76				(2,482.76)
Deferred Revenues	610,950.20				
Obligations/Reverse Repurchase Agreement					
Obligations Under Securities Lending					
Short Term Debt					
Employees' Compensable Leave (Note 5)					
Claims and Judgments (Note 5)					
Capital Lease Obligations (Note 5, 8)					
Notes and Loans Payable (Note 5)					
Revenue Bonds Payable (Note 5, 6)					
General Obligation Bonds Payable (Note 5, 6)					
Liabilities Payable from Restricted Assets					
Funds Held For Others					
Other Current Liabilities					
Non-Current Liabilities					
Interfund Payable					
Employees' Compensable Leave (Note 5)					
Claims and Judgments (Note 5)					
Capital Lease Obligations (Note 5, 8)					
Notes and Loans Payable (Note 5)					
Revenue Bonds Payable (Note 5, 6)					
General Obligation Bonds Payable (Note 5, 6)					
Derivative Hedging Instrument Liabilities					
Deferred Inflow of Resources					
Liabilities Payable from Restricted Assets					
Assets Held for Others					
Other Non-Current Liabilities					
Total Liabilities	45,102,713.83				
DEFERRED INFLOWS					
Derivative Hedging Instrument Liabilities					
Deferred Inflow of Resources					
Total Deferred Inflows					
Fund Financial Statement					
Fund Balances (Deficits):					
Nonspendable	8,921,695.05				6,512,220.60
Restricted	22,371,914.40				
Committed	1,332,008.24				
Assigned	720,785.04				
Unassigned	23,828,530.50				
Total Fund Balances	57,174,933.23	0	0	0	6,512,220.60
Total Liabilities, Deferred Inflows and Fund Balances	\$ 102,277,647.06	\$ 0	\$ 0	\$ 0	\$ 6,512,220.60
Government-Wide Statement of Net Position					
Net Position					
Invested in Capital Assets, Net of Related Debt					
Restricted For					
Debt Retirement					
Capital Projects					
Funds Held as Permanent Investments:					
Expendable					
Nonexpendable					
Other					
Unrestricted					
Total Net Position					

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

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit I — Combined Balance Sheet
August 31, 2013

	Governmental Funds Total	Capital Assets Adjustments	Liabilities Adjustments	Other Adjustments	Statement of Net Position
LIABILITIES					
Current Liabilities:					
Payables from:					
Accounts	\$ 40,260,366.04				\$ 40,260,366.04
Investment Trade					
Other Intergovernmental					
Payroll	2,937,809.07				2,937,809.07
Federal	367.51				367.51
Interest					
Contracts					
Other					
Contract Retainage Payable					
Due To Other Funds (Note 12)					
Due To Other Agencies (Note 12)	1,293,221.01				1,293,221.01
Interfund Payable (Note 12)					
Deferred Revenues	610,950.20				610,950.20
Obligations/Reverse Repurchase Agreement					
Obligations Under Securities Lending					
Short Term Debt					
Employees' Compensable Leave (Note 5)			2,035,733.42		2,035,733.42
Claims and Judgments (Note 5)					
Capital Lease Obligations (Note 5, 8)					
Notes and Loans Payable (Note 5)					
Revenue Bonds Payable (Note 5, 6)					
General Obligation Bonds Payable (Note 5, 6)					
Liabilities Payable from Restricted Assets					
Funds Held For Others					
Other Current Liabilities					
Non-Current Liabilities					
Interfund Payable					
Employees' Compensable Leave (Note 5)			1,564,961.40		1,564,961.40
Claims and Judgments (Note 5)					
Capital Lease Obligations (Note 5, 8)					
Notes and Loans Payable (Note 5)					
Revenue Bonds Payable (Note 5, 6)					
General Obligation Bonds Payable (Note 5, 6)					
Derivative Hedging Instrument Liabilities					
Deferred Inflow of Resources					
Liabilities Payable from Restricted Assets					
Assets Held for Others					
Other Non-Current Liabilities					
Total Liabilities	45,102,713.83		3,600,694.82		48,703,408.65
DEFERRED INFLOWS					
Derivative Hedging Instrument Liabilities					
Deferred Inflow of Resources					
Total Deferred Inflows					
Fund Financial Statement					
Fund Balances (Deficits):					
Nonspendable	15,433,915.65				15,433,915.65
Restricted	22,371,914.40				22,371,914.40
Committed	1,332,008.24				1,332,008.24
Assigned	720,785.04				720,785.04
Unassigned	23,828,530.50				23,828,530.50
Total Fund Balances	63,687,153.83				63,687,153.83
Total Liabilities, Deferred Inflows and Fund Balances	\$ 108,789,867.66				
Government-Wide Statement of Net Position					
Net Position					
Invested in Capital Assets, Net of Related Debt		6,203,498.83			6,203,498.83
Restricted For					
Debt Retirement					
Capital Projects					
Funds Held as Permanent Investments:					
Expendable					
Nonexpendable					
Other					
Unrestricted			(3,600,694.82)		(3,600,694.82)
Total Net Position	\$ 6,203,498.83		\$ (3,600,694.82)	\$ 0	\$ 66,289,957.84

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit II — Combined Statement of Revenues, Expenditures and Changes in Fund
Balances/Statement of Activities — Governmental Funds
For the Fiscal Year Ended August 31, 2013

	General Funds	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds
REVENUES					
Legislative Appropriations					
Original Appropriations (GR)	\$ 44,355,152.88	\$ 0	\$ 0	\$ 0	\$ 0
Additional Appropriations (GR)	7,109,551.22				
Taxes (GR)					
Federal Revenue (PR - Operating or Capital)	502,988,874.97				
Federal Grant Pass-Through Revenue (GR)					
State Grant Pass-Through Revenue (GR)					
License, Fees & Permits (PR)	1,859,813.41				
Interest and Other Investment Income (PR)					
Interest and Other Investment Income (GR)	2,342,110.01				271,272.17
Net Increase (Decrease) in Fair Value (PR)					
Net Increase (Decrease) in Fair Value (GR)					
Land Income (PR)					
Settlement of Claims (PR)					
Settlement of Claims (GR)					
Sales of Goods and Services (PR)					
Other (PR - Chg for Serv, Operating or Capital)	186,277.99				
Other (GR)	715,890.45				
Total Revenues	559,557,670.93	0	0	0	271,272.17
EXPENDITURES					
Salaries and Wages	30,039,269.70				14,810.48
Payroll Related Costs	7,753,948.46				8,354.18
Professional Fees and Services	1,305,124.70				
Travel	1,077,216.15				
Materials and Supplies	1,520,365.06				
Communication and Utilities	771,101.29				
Repairs and Maintenance	917,185.55				
Rentals and Leases	1,142,408.82				
Printing and Reproduction	310,186.81				
Claims and Judgments	110,528.62				
Federal Grant Pass-Through Expenditures	4,380,374.52				
State Grant Pass-Through Expenditures	1,321,060.33				
Intergovernmental Payments	84,803,763.45				1,197,483.90
Public Assistance Payments	394,752,681.39				
Employee Benefit Payments					786.00
Other Expenditures	8,467,236.05				
Debt Service:					
Principal					
Interest					
Other Payments for Refunding					
Capital Outlay	1,180,552.39				
Depreciation and Amortization Expense					
Total Expenditures/Expenses	539,853,003.29	0	0	0	1,221,434.56
Excess (Deficiency) of Revenues over Expenditures	19,704,667.64	0	0	0	(950,162.39)

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit II — Combined Statement of
Balances/Statement of Activities — (Continued)
For the Fiscal Year Ended August 31

	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
REVENUES					
Legislative Appropriations					
Original Appropriations (GR)	\$ 44,355,152.88	\$	\$	\$	\$ 44,355,152.88
Additional Appropriations (GR)	7,109,551.22				7,109,551.22
Taxes (GR)					
Federal Revenue (PR - Operating or Capital)	502,988,874.97				502,988,874.97
Federal Grant Pass-Through Revenue (GR)					
State Grant Pass-Through Revenue (GR)					
License, Fees & Permits (PR)	1,859,813.41				1,859,813.41
Interest and Other Investment Income (PR)					
Interest and Other Investment Income (GR)	2,613,382.18				2,613,382.18
Net Increase (Decrease) in Fair Value (PR)					
Net Increase (Decrease) in Fair Value (GR)					
Land Income (PR)					
Settlement of Claims (PR)					
Settlement of Claims (GR)					
Sales of Goods and Services (PR)					
Other (PR - Chq for Serv. Operating or Capital)	186,277.99				186,277.99
Other (GR)	715,890.45				715,890.45
Total Revenues	559,828,943.10	0	0	0	559,828,943.10
EXPENDITURES					
Salaries and Wages	30,054,080.18		102,708.60		30,156,788.78
Payroll Related Costs	7,762,302.64				7,762,302.64
Professional Fees and Services	1,305,124.70				1,305,124.70
Travel	1,077,216.15				1,077,216.15
Materials and Supplies	1,520,365.06				1,520,365.06
Communication and Utilities	771,101.29				771,101.29
Repairs and Maintenance	917,185.55				917,185.55
Rentals and Leases	1,142,408.82				1,142,408.82
Printing and Reproduction	310,186.81				310,186.81
Claims and Judgments	110,528.62				110,528.62
Federal Grant Pass-Through Expenditures	4,380,374.52				4,380,374.52
State Grant Pass-Through Expenditures	1,321,060.33				1,321,060.33
Intergovernmental Payments	84,803,763.45				84,803,763.45
Public Assistance Payments	395,950,165.29				395,950,165.29
Employee Benefit Payments					
Other Expenditures	8,468,022.05				8,468,022.05
Debt Service:					
Principal					
Interest					
Other Payments for Refunding					
Capital Outlay	1,180,552.39	(1,180,552.39)			
Depreciation and Amortization Expense		1,108,846.20			1,108,846.20
Total Expenditures/Expenses	541,074,437.85	(71,706.19)	102,708.60	0	541,105,440.26
Excess (Deficiency) of Revenues over Expenditures	18,754,505.25	71,706.19	(102,708.60)	0	18,723,502.84

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit II — Combined Statement of Revenues, Expenditures and Changes in Fund
Balances/Statement of Activities — Governmental Funds
For the Fiscal Year Ended August 31, 2013

	General Funds	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds
OTHER FINANCING SOURCES (USES)					
Bond and Note Proceeds					
Increase in Obligations Under Capital Leases					
Sale of Capital Assets	21,719.25				
Insurance Recoveries					
Transfer In	16,506,670.00				2,848,501.45
Transfer Out	(22,428,828.32)				
Legislative Transfer In	250,000.00				
Legislative Transfer Out					
Gain (Loss) on Sale of Capital Assets					
Inc (Dec) in Net Position Due to Interagency Transfer					
Total Other Financing Sources (Uses)	(5,650,439.07)	0	0	0	2,848,501.45
SPECIAL ITEMS					
Proceeds from Sale of Park Land					
EXTRAORDINARY ITEMS					
Natural Disaster-Hurricane					
Net Change in Fund Balances/Net Position	14,054,228.57	0	0	0	1,898,339.06
Fund Financial Statement - Fund Balances					
Fund Balances, September 1, 2012	49,777,771.84				4,613,881.54
Restatements					
Fund Balances, September 1, 2012, as Restated	49,777,771.84	0	0	0	4,613,881.54
Appropriations Lapsed	(6,657,067.18)				
Fund Balances, August 31, 2013	\$ 57,174,933.23	\$ 0	\$ 0	\$ 0	\$ 6,512,220.60
Government-Wide Statement of Net Position					
Net Position/Net Change in Net Position					
Net Position, September 1, 2012					
Restatements					
Net Position, September 1, 2012, as Restated					
Net Position, August 31, 2013					

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

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit II — Combined Statement of
Balances/Statement of Activities — (Continued)
For the Fiscal Year Ended August 31

	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
OTHER FINANCING SOURCES (USES)					
Bond and Note Proceeds					
Increase in Obligations Under Capital Leases					
Sale of Capital Assets	21,719.25	(21,719.25)			
Insurance Recoveries					
Transfer In	19,355,171.45				19,355,171.45
Transfer Out	(22,428,828.32)				(22,428,828.32)
Legislative Transfer In	250,000.00				250,000.00
Legislative Transfer Out					
Gain (Loss) on Sale of Capital Assets		4,845.42			4,845.42
Inc (Dec) in Net Position Due to Interagency Transfer					
Total Other Financing Sources (Uses)	(2,801,937.62)	(16,873.83)	0	0	(2,818,811.45)
SPECIAL ITEMS					
Proceeds from Sale of Park Land					
EXTRAORDINARY ITEMS					
Natural Disaster-Hurricane					
Net Change in Fund Balances/Net Position	15,952,567.63				15,904,691.39
Fund Financial Statement - Fund Balances					
Fund Balances, September 1, 2012	54,391,653.38				54,391,653.38
Restatements					
Fund Balances, September 1, 2012, as Restated	54,391,653.38				54,391,653.38
Appropriations Lapsed	(6,657,067.18)				(6,657,067.18)
Fund Balances, August 31, 2013	\$ 63,687,153.83				\$ 63,639,277.59
Government-Wide Statement of Net Position					
Net Position/Net Change in Net Position		54,832.36	(102,708.60)	0	
Net Position, September 1, 2012		6,148,666.47	(3,497,986.22)		2,650,680.25
Restatements					
Net Position, September 1, 2012, as Restated		6,148,666.47	(3,497,986.22)	0	2,650,680.25
Net Position, August 31, 2013	\$ 0	\$ 6,203,498.83	\$ (3,600,694.82)	\$ 0	\$ 66,289,957.84

TEXAS DEPARTMENT OF AGRICULTURE
 Exhibit VI — Combined Statement of Fiduciary Net Position
 August 31, 2013

	Pension and Other Employee Benefit Trust Funds (Exhibit G-1)	External Investment Trust Funds (Exhibit H-1)	Private-Purpose Trust Funds (Exhibit I-1)	Agency Funds (Exhibit J-1)	Totals
ASSETS					
Cash and Cash Equivalents: (Note 3)					
Cash on Hand	\$	\$	\$	\$ 7,206.00	\$ 7,206.00
Cash in Bank					
Cash in Transit/Reimburse from Treasury					
Cash in State Treasury			1,977,902.38		1,977,902.38
Cash Equivalents					
Securities Lending Collateral					
Short Term Investments: (Note 3)					
U.S. Government Agency Obligations					
Corporate Equity					
Corporate Obligations					
Repurchase Agreements					
Foreign Securities					
Externally Managed Investments					
Other Short Term Investments					
Restricted:					
Cash and Cash Equivalents: (Note 3)					
Cash on Hand					
Cash in Bank					
Cash in Transit/Reimburse from Treasury					
Cash in State Treasury					
Cash Equivalents					
Short Term Investments: (Note 3)					
U.S. Government Agency Obligations					
Corporate Equity					
Corporate Obligations					
Repurchase Agreements					
Foreign Securities					
Externally Managed Investments					
Other Restricted Short Term Investments					
Legislative Appropriations					
Investments: (Note 3)					
U.S. Government Agency Obligations					
Corporate Equity					
Corporate Obligations					
Repurchase Agreements					
Foreign Securities					
Externally Managed Investments					
Other Investments					
Receivables:					
Federal					
Other Intergovernmental					
Interest and Dividends					
Accounts Receivable					
Investment Trades					
Other					
Interfund Receivables (Note 12)					
Due From Other Funds (Note 12)					
Due From Other Agencies (Note 12)					
Consumable Inventories					
Merchandise Inventories					
Prepaid Items					
Loans and Contracts					
Other Assets					
Properties, at Cost, net of Accumulated Depreciation					
Total Assets	0	0	1,977,902.38	7,206.00	1,985,108.38
LIABILITIES					
Payables:					
Accounts			15,639.00		15,639.00
Benefits					
Investment Trades					
Other Intergovernmental					
Payroll					
Interest					
Other					
Interfund Payable (Note 12)					
Due To Other Funds (Note 12)					
Due To Other Agencies (Note 12)					
Unearned Revenues					
Claims and Judgments (Note 5)					
Employees' Compensable Leave (Note 5)					
Capital Lease Obligations (Note 5, 8)					
Liabilities Payable from Restricted Assets					
Obligations/Reverse Purchase Agreement					
Obligations Under Securities Lending					
Funds Held For Others				7,206.00	7,206.00
Other Liabilities					
Total Liabilities	0	0	15,639.00	7,206.00	22,845.00
NET POSITION					
Held in Trust For:					
Pension and Other Employee Benefits					
Pool Participants					
Individuals, Organizations, and Other Governments			1,962,263.38		1,962,263.38
Total Net Position	\$ 0	\$ 0	\$ 1,962,263.38	\$ 0	\$ 1,962,263.38

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

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit VII — Combined Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended August 31, 2013

	Pension and Other Employee Benefit Trust Funds (Exhibit G-2)	External Investment Trust Funds (Exhibit H-2)	Private-Purpose Trust Funds (Exhibit I-2)	Totals
ADDITIONS				
Contributions:				
Member Contributions	\$	\$	\$	\$
State Contributions				
Premium Contributions				
Transfers In of Contributions				
Federal Contributions				
Other Contributions				
Total Contributions				
Investment Income:				
From Investing Activities:				
Net Appreciation (Depreciation) in Fair Value of Investments			8,074.03	8,074.03
Interest and Investment Income			8,074.03	8,074.03
Total Investing Income (Loss)	0	0	8,074.03	8,074.03
Less Investing Activities Expense				0
Net Income from Investing Activities	0	0	8,074.03	8,074.03
From Securities Lending Activities:				
Securities Lending Income				
Less Securities Lending Expense:				
Borrower Rebates				
Management Fees				
Net Income from Securities Lending Activities	0	0	0	0
Total Net Investment Income (Loss)	0	0	8,074.03	8,074.03
Capital Share and Individual Account Transactions:				
Net Increase/Decrease in Participant Investments				
Net Capital Share and Individual Account Transactions	0	0	0	0
Other Additions:				
Settlement of Claims				
Other Revenue			80,854.74	80,854.74
Transfers In				
Total Other Additions	0	0	80,854.74	80,854.74
Total Additions	0	0	88,928.77	88,928.77
DEDUCTIONS				
Employee Benefit Payments				
Transfers Out of Contributions				
Refunds of Contributions				
Salaries and Wages				
Payroll Related Costs				
Professional Fees and Services				
Travel				
Printing and Reproduction				
Depreciation Expense				
Settlement of Claims			65,639.00	65,639.00
Interest Expense				
Other Expense				
Transfers Out				
Intergovernmental Payments				
Total Deductions	0	0	65,639.00	65,639.00
INCREASE (DECREASE) IN NET POSITION	0	0	23,289.77	23,289.77
NET POSITION				
Net Position, September 1, 2012			1,938,973.61	1,938,973.61
Restatements				
Net Position, September 1, 2012, as Restated	0	0	1,938,973.61	1,938,973.61
Net Position, August 31, 2013	\$	0 \$	0 \$	1,962,263.38 \$

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

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit VIII — Combined Statement of Net Position —
Discretely Presented Component Units
August 31, 2013

Component Units
(Exhibit K-1)

ASSETS

Current Assets:	
Cash and Cash Equivalents (Note 3)	
Cash on Hand	\$ 4,810.00
Cash in Bank	79,726,110.00
Cash in Transit	
Cash Equivalents	16,868,246.06
Securities Lending Collateral	
Short Term Investments (Note 3)	
Restricted:	
Cash and Cash Equivalents (Note 3)	
Cash on Hand	
Cash in Bank	
Cash in Transit	
Cash Equivalents	
Short Term Investments (Note 3)	
Receivables from:	
Federal	1,500,000.00
Other Intergovernmental	1,790,030.00
Interest and Dividends	28,980.99
Accounts Receivable	1,777,758.00
Taxes	
Gifts, Pledges and Donations	
Other	10,061.00
Interfund Receivables (Note 12)	
Due From Other Funds (Note 12)	709.84
Due From Primary Government (Note 12)	
Consumable Inventories	
Merchandise Inventories	3,892,613.00
Prepaid Items	130,824.50
Loans and Contracts	824,976.00
Other Current Assets	14,901.12
Total Current Assets	106,570,020.51
Non-Current Assets:	
Restricted:	
Cash and Cash Equivalents (Note 3)	
Cash on Hand	
Cash in Bank	11,763,797.00
Cash in Transit	
Cash Equivalents	
Short Term Investments (Note 3)	
Receivables	
Investments (Note 3)	
Loans and Contracts	
Other Assets	
Loans and Contracts	2,667,382.69
Investments (Note 3)	
Interfund Receivables (Note 12)	
Gifts, Pledges and Donations	
Capital Assets (Note 2):	
Non Depreciated or Amortized	
Depreciable and Amortizable, Net	3,768,223.00
Other Non-Current Assets	1,569,052.00
Total Non-Current Assets	19,768,454.69
Total Assets	126,338,475.20

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit VIII — Combined Statement of Net Position —
Discretely Presented Component Units
August 31, 2013

Component Units
(Exhibit K-1)

LIABILITIES

Current Liabilities:		
Payables from:		
Accounts	\$	131,165.27
Federal		
Other Intergovernmental		
Payroll		521,597.28
Contracts		
Other		61,445.00
Interfund Payable (Note 12)		
Due To Other Funds (Note 12)		709.84
Due To Primary Government (Note 12)		
Deferred Revenues		
Short Term Debt		
Notes and Loans Payable (Note 5)		10,496,152.50
Revenue Bonds Payable (Note 5, 6)		
General Obligation Bonds Payable (Note 5, 6)		
Claims and Judgments (Note 5)		
Employees' Compensable Leave (Note 5)		962,694.74
Capital Lease Obligations (Note 5, 8)		
Contract Retainage Payable		
Liabilities Payable from Restricted Assets		
Obligations/Reverse Repurchase Agreement		
Obligations Under Securities Lending		
Funds Held For Others		
Total Current Liabilities		<u>12,173,764.63</u>
Non-Current Liabilities		
Interfund Payables (Note 12)		
Notes and Loans Payable (Note 5)		30,004,000.00
Revenue Bonds Payable (Note 5, 6)		
General Obligation Bonds Payable (Note 5, 6)		
Claims and Judgments (Note 5)		
Employees' Compensable Leave (Note 5)		9,426.45
Capital Lease Obligations (Note 5, 8)		
Liabilities Payable from Restricted Assets		
Other Non-Current Liabilities		57,742.00
Assets Held for Others		
Total Non-Current Liabilities		<u>30,071,168.45</u>
Total Liabilities		<u>42,244,933.08</u>
NET POSITION		
Invested in Capital Assets, Net of Related Debt		
Restricted For		
Debt Retirement		
Capital Projects		
Funds Held as Permanent Investments:		
Expendable		
Nonexpendable		
Other		
Unrestricted		84,093,542.12
Total Net Position	\$	<u>84,093,542.12</u>

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

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit IX — Combined Statement of Revenues, Expenses and Changes in Net Position —
Discretely Presented Component Units
For the Fiscal Year Ended August 31, 2013

	<u>Total Component Unit (Exhibit K-2)</u>
OPERATING REVENUES	
Other Sales of Goods and Services - Pledged (PR)	\$
Other Sales of Goods and Services - Non-Pledged (PR)	906,155.00
Other Sales of Goods and Services - Discounts and Allowances	
Premium Revenue (PR - Charges for Services)	
Interest and Investment Income (GR)	
Net Increase (Decrease) in Fair Value (GR)	
Federal Revenue (PR - OP Grants/Contributions)	6,610,416.00
Federal Grant Pass-Through Revenue (PR - OP Grants/Contributions)	
State Grant Revenue (PR - OP Grants/Contributions)	6,536,391.00
State Grant Pass-Through Revenue (PR - OP Grants/Contributions)	
Other Contract and Grants (PR - OP Grants/Contributions)	
Land Income (PR - Charges for Services)	
Contributions to Retirement System (PR)	
Other Operating Revenue (GR)	27,962,820.68
Total Operating Revenues	<u>42,015,782.68</u>
OPERATING EXPENSES:	
Cost of Goods Sold	14,002,518.21
Salaries and Wages	194,295.60
Payroll Related Costs	838,697.75
Professional Fees and Services	271,981.54
Travel	5,091,683.32
Materials and Supplies	441,507.00
Communication and Utilities	680,996.00
Repairs and Maintenance	620,300.00
Rentals and Leases	121.93
Printing and Reproduction	
Federal Grant Pass-Through Expense	
State Grant Pass-Through Expense	
Depreciation and Amortization	1,355,847.00
Bad Debt Expense	(20,956.96)
Interest	0.09
Scholarships	
Lottery Prizes	
Employee/Participation Benefit Payments	
Claims and Judgments	
Other Operating Expenses	4,325,813.32
Total Operating Expenses	<u>27,802,804.80</u>
Operating Income (Loss)	<u>14,212,977.88</u>

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit IX — Combined Statement of Revenues, Expenses and Changes in Net Position —
Discretely Presented Component Units
For the Fiscal Year Ended August 31, 2013

Total Component Unit (Exhibit K-2)

NONOPERATING REVENUE (EXPENSES)

Federal Revenue (PR - Grants/Contributions)	
Federal Grant Pass-Through Revenue (PR - Grants/Contributions)	
State Grant Pass-Through Revenue (PR - Grants/Contributions)	
Gifts, Pledges and Donations (PR - Grants/Contributions)	
Investment Income (Expense) (GR)	363,589.06
Loan Prem/Fees Securities	
Investing Activities Expenses	
Interest Expenses and Fiscal Charges	(525,030.00)
Borrow Rebates & Agent Fees	
Gain (Loss) on Sale of Capital Assets	1,003,141.00
Inc (Dec) in Net Assets Due to Interagency Transfer of CA	
Net Increase (Decrease) in Fair Value (GR)	4,057.61
Settlement of Claims	(70,875.00)
Other Nonoperating Revenues (Expenses)	(267,563.39)
Total Other Nonoperating Revenues (Expenses)	507,319.28

Income (Loss) Before Other Revenues, Expenses, Gains/Losses, and Transfers 14,720,297.16

OTHER REVENUES, EXPENSES, GAINS/LOSSES, and TRANSFERS

Capital Contributions	
Special Items	
Extraordinary Items	
Transfer In	
Transfer Out	
Total Other Revenues, Expenses, Gains/Losses, and Transfers	0
Change in Net Position	14,720,297.16

Total Net Position, September 1, 2012 69,373,244.96

Restatements
Net Position, September 1, 2012, as Restated 69,373,244.96

Net Position, August 31, 2013 \$ 84,093,542.12

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

This page is intentionally left blank

NOTES TO FINANCIAL STATEMENTS

This page is intentionally left blank

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Entity

The Texas Department of Agriculture (TDA) is an agency of the State of Texas, and its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts Reporting Requirements for state agencies.

The department operates under the authority of the Texas Agriculture Code Annotated (Vernon Supplemented, 1996). The functions of the department are to:

- 1) broaden agricultural markets;
- 2) provide assistance to Texans engaged in farm and ranch production;
- 3) encourage the organization of agricultural societies and farmer institutes;
- 4) aid and advance agriculture in Texas;
- 5) collect and publish statistics and other information;
- 6) investigate disease and insects injurious to crops;
- 7) protect consumers;
- 8) assist Texas communities and business people in expanding the rural Texas economy;
- 9) ensure that all children in Texas have excellent nutrition; and
- 10) execute all applicable laws relating to agriculture.

Due to the significant changes related to 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 be in compliance with generally accepted accounting principles (GAAP). The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report. Therefore, an opinion has not been expressed on the financial statement and related information contained in this report.

Fund Structure

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

Governmental Fund Types & Government-Wide Adjustment Fund Types

General Fund

The General Fund is the primary operating fund used to account for most of the state's general activities. It accounts for all financial resources except those accounted for in other funds. The General Fund includes General Revenue Fund appropriations, federal grant funds and appropriated monies collected for activities promoting the sale of Texas agricultural products (GR Dedicated Account 5051).

Capital Assets Adjustment Fund Type

The capital assets adjustment fund is used to convert governmental fund types' capital assets from modified accrual to full accrual.

Permanent Funds

Permanent Funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the state's programs.

The Permanent Endowment Fund – Rural Communities Health Care Investment Program (0364) is a special fund in the treasury outside of general revenue created from the receipts collected pursuant to the comprehensive Tobacco Settlement Agreement and available earnings from the Account. The fund is used for the rural communities health care investment program to provide stipends and loan reimbursements for health professionals.

The Permanent Fund for Rural Health Facility Capital Improvement (5047) is used to record receipt of money transferred to TDA from the receipts collected pursuant to the comprehensive Tobacco Settlement Agreement and the available earnings from the account. The fund is used for grants and loans to improve hospital infrastructures.

Long-Term Liabilities Adjustment Fund Type

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

Fiduciary Fund Types

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

Agency Funds

Agency funds are used to account for assets the government holds on behalf of others in a purely custodial capacity. Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations or other governments. The Unappropriated Fund (0001), Suspense Fund (0900), Employee Savings Bond Fund (0901), Texas Saver Hold-Transmit 401K (0942) and Direct Deposit Correction Account (0980) comprise the Agency Funds.

Private-Purpose Trust Funds

Private-Purpose Trust funds are used to account for all other trust arrangements whose principal and interest benefit individuals, private organizations or other governments. The Produce Recovery Fund (Fund 0974), formerly classified as an Expendable Trust Fund, is now, according to GASB 34, classified as a Private-Purpose Trust Fund.

Component Units

The fund types of the individual discrete component units are available from the component units' separately issued financial statements. Additional information about component units can be found in Note 19.

Proprietary Component Units are used to account for the discretely presented component units, which follow proprietary fund measurement focus and accounting principles. Component Unit 1, the Texas Agricultural Finance Authority (TAFA), operates the Young Farm Program Fund (5002), Texas Agricultural Fund (0683) and the Farm & Ranch Finance Program Fund (0575) as a Proprietary Component Unit of TDA. Component Unit 2, the Texas Boll Weevil Eradication Foundation, Inc. (TBWEF) operates from local funds as a Proprietary Component Unit of TDA. Financial data for these two Component units are included in *Exhibits VIII and IX*.

Basis of Accounting

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

Governmental fund types that build the fund financial statements are accounted for using the modified accrual method basis of accounting. Under the modified accrual, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year end. The State of Texas considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year for fund financial statements prepared on the modified basis of accrual. 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 method of accounting. This includes capital assets, accumulated depreciation, unpaid employee compensable leave, the unmatured debt service (principal and interest) on general long-term liabilities, long-term capital leases, and long-term claims and judgments. The activity will be recognized in these new fund types.

Proprietary funds and private-purpose trust funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Proprietary funds distinguish operating from non-operating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Operating expenses for the enterprise 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 Balances/Net Assets

Assets

Cash and Cash Equivalents

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

Securities Lending Collateral

Investments are stated at fair value in all funds except pension trust funds in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. For pension trust funds, investments are required to be reported at fair value using the accrual basis of accounting in accordance with GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*.

Securities lent are reported as assets on the balance sheet. The costs of securities lending transactions are reported as expenditures or expenses in the operating statement. These costs are reported as gross.

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 reserved for statutory or contractual requirements. Assets held in reserve for guaranteed student loan defaults are also included.

Inventories and Prepaid Items

Inventories include both merchandise inventories on hand for sale and consumable inventories. Inventories are valued at cost, generally utilizing the last-in, first-out method. Inventories for governmental fund types are the consumption method of accounting. The consumption method of accounting is used to account for inventories that appear in the proprietary fund types and the government-wide statements. The cost of these items is expensed when the items are consumed.

Capital Assets

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

All capital assets acquired by proprietary funds or trust funds are reported at cost or estimated historical cost if actual historical cost is not available. Donated assets are reported at fair value on the acquisition dated. Depreciation is charged to operations over the estimated useful life of each asset using the straight-line method.

Other Receivables – Current and Noncurrent

Other receivables include year-end revenue accruals not included in any other receivable category. This account can appear in governmental and proprietary fund types. The disaggregation of other receivables as reported in the financial statements is shown in Note 24, "Disaggregation of Receivables and Payables Balances."

Liabilities

Accounts Payable

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

Other Payables – Current and Noncurrent

Other payables are the accrual at year-end of expenditure transactions not included in any of the other payable descriptions. Other payables may be included in either the governmental or proprietary fund types.

Employees' Compensable Leave Balances

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

Capital Lease Obligations

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

Bonds Payable – General Obligation Bonds

General obligation bonds are 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 long-term liabilities (current for amounts due within one year) and long-term liabilities (noncurrent for amounts due thereafter in the statement of net assets/balance sheet). 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.

Fund Balance/Net Assets

The difference between fund assets and liabilities is “Net Assets” on the government-wide proprietary and fiduciary fund statements, and the “Fund Balance” is the difference between fund assets and liabilities on the governmental fund statements.

Fund Balance Components – The fund balance amounts for governmental funds were reclassified in accordance with GASB 54. Amounts previously reported as reserved and unreserved are now reported as nonspendable, restricted, committed, assigned or unassigned.

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

Interfund Activities and Balances

The agency has the following types of transactions among funds:

- 1) Transfers: legally required transfers that are reported when incurred as "Transfers In" by the recipient fund and as "Transfers Out" by the disbursing fund.
- 2) Reimbursements: Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another that are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. 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 it is classified as "Current." Balances for repayment due in two (or more) years is classified as "Non-current."
- 4) Interfund Sales and Purchases: Charges or collections for services rendered by one fund to another that are recorded as revenue of the recipient fund and expenditures or expenses of the disbursing fund.

The composition of the agency's Interfund activities and balances are presented in Note 12.

NOTE 2: CAPITAL ASSETS

Revenue received from the sale of surplus property has been transferred to unappropriated general revenue in accordance with HB7, Sec. 20.

A summary of changes in Capital Assets in Governmental Funds for the year ended August 31, 2013 is presented below:

	Governmental Activities							Balance 08/31/13
	Balance 09/01/12	Adjustments	Completed CIP	Inc-Int'gty Trans	Dec-Int'gty Trans	Additions	Deletions	
GOVERNMENTAL ACTIVITIES								
Nondepreciable Assets								
BC Land and Land Improvements	3,784.50							3,784.50
Total Non-depreciable Assets	3,784.50	-	-	-	-	-	-	3,784.50
Depreciable Assets								
BC Buildings and Building Improvements	4,529,465.33							4,529,465.33
BC Facilities and Other Improvements	-							-
BC Furniture and Equipment	4,180,241.40					315,830.76	(118,836.97)	4,377,235.19
BC Vehicle, Boats and Aircraft	4,467,470.01					860,633.93	(347,263.68)	4,980,840.26
BC Other Capital Assets	-							-
Total Depreciable Assets	13,177,176.74	-	-	-	-	1,176,464.69	(466,100.65)	13,887,540.78
Accumulated Depreciation								
BC A/D Buildings and Building Improvements	(2,224,768.35)					(101,677.92)	-	(2,326,446.27)
BC A/D Facilities and Other Improvements	-							-
BC A/D Furniture and Equipment	(3,071,518.80)					(250,406.56)	118,836.97	(3,203,088.39)
BC A/D Vehicle, Boats and Aircraft	(3,167,733.04)					(419,885.24)	334,477.55	(3,253,140.73)
BC A/D Other Capital Assets	-							-
Total Accumulated Depreciation	(8,464,020.19)	-	-	-	-	(771,969.72)	453,314.52	(8,782,675.39)
Amortizable Assets-Intangible								
BC Land use Rights	-							-
BC Computer Software	1,684,382.78							1,684,382.78
BC Other Capital Intangible Assets	-							-
Total Amortizable Assets-Intangible	1,684,382.78	-	-	-	-	-	-	1,684,382.78
Accumulated Amortization								
BC A/A Land use Rights	-							-
BC A/A Computer Software	(252,657.36)					(336,876.48)		(589,533.84)
BC A/A Other Capital Intangible Assets	-							-
Total Accumulated Amortization	(252,657.36)	-	-	-	-	(336,876.48)	-	(589,533.84)
Governmental Activities Capital Assets, Net	6,148,666.47	-	-	-	-	67,618.49	(12,786.13)	6,203,498.83

NOTE 2: CAPITAL ASSETS (CONTINUED)

A summary of changes in Capital Assets in Proprietary Funds for the year ended August 31, 2013, is presented below:

	COMPONENT UNITS/PROPRIETARY FUND (9999)							Balance 08/31/13
	Balance 09/01/12	Adjustments	Completed CP	Inc-Int'agy Trans	Dec-Int'agy Trans	Additions	Deletions	
COMPONENT UNITS								
Nondepreciable Assets								
Land and Land Improvements								
Construction in Progress								
Other Intangible Capital Assets								
Total Non-depreciable Assets	-	-	-	-	-	-	-	-
Depreciable Assets								
Building and Building Improvements								
Infrastructure								
Facilities and Other Improvements	448,992.00					5,621.00	(15,579.00)	439,034.00
Furniture and Equipment	1,390,991.00					35,880.00	(68,200.00)	1,358,671.00
Vehicles, Boats and Aircraft	11,382,367.00					2,944,267.00	(3,457,441.00)	10,869,193.00
Other Capital Assets								
Total Depreciated Assets	13,222,350.00					2,985,768.00	(3,541,220.00)	12,666,898.00
Accumulated Depreciation								
A/D Facilities and Other Improvements	(427,143.00)					(12,269.00)	14,281.00	(425,131.00)
A/D Furniture and Equipment	(1,224,754.00)					(51,810.00)	36,506.00	(1,240,058.00)
A/D Vehicle, Boats and Aircraft	(8,642,156.00)					(1,291,768.00)	2,700,438.00	(7,233,486.00)
Total Accumulated Depreciation	(10,294,053.00)					(1,355,847.00)	2,751,225.00	(8,898,675.00)
Amortizable Assets-Intangible								
Land use Rights								
Computer Software								
Other Capital Intangible Assets								
Total Amortizable Assets-Intangible								
Accumulated Amortization								
A/A Land use Rights								
A/A Computer Software								
A/A Other Capital Intangible Assets								
Total Accumulated Amortization								
Component Units Capital Assets, Net	2,928,297.00					1,629,921.00	(789,995.00)	3,768,223.00

NOTE 3: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS

The Texas Department of Agriculture is authorized by statute to make investments listed in Chapter 2256 of the Texas Government Code 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, 2013 the carrying amount of deposits was \$85,409,899.00 presented below:

Governmental and Business-Type Activities	
Cash in Bank – Carrying Value	\$21,400.00
Cash in Bank per AFR (Exhibit A-1)	\$21,400.00

Discrete Component Unit	
Cash in Bank – Carrying Value	\$79,726,110.00
Cash in Bank per AFR (Exhibit K-1)	\$79,726,110.00

NOTE 3: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS CONTINUATION

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

Investments

As of August 31, 2013, the fair value of investments are presented below:

<u>Types of Security</u>	<u>Fair Market Value</u>
Mutual Funds	2,296,599.82
Externally Managed Funds Domestic	755,907.31
Externally Managed Funds International	102,350.53
Repurchase Agreements	208.31
(Texas Treasury Safekeeping Trust Co.)	3,155,065.97

The \$3,155,065.97 in Fund 0364 represents that amount used to capitalize the Permanent Endowment Fund for the Rural Communities Healthcare Investment Program (RCHIP). These invested funds are held on behalf of the Texas Department Agriculture by the Texas Treasury Safekeeping Trust Co.

Foreign Currency Risk for investments is the risk that changes in exchange rates will adversely affect the investment. The agency's policy is to limit investments subject to foreign currency risk to 5 percent of total investments. The exposure to foreign currency risk as of 8/31/2013 is as follows:

<u>Fund Type</u>	<u>GAAP Fund</u>	<u>Foreign Currency</u>	<u>Intl Ext Managed Investments</u>
19	0364	Euro	\$102,350.53

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The general investment policy of the agency limits investments in debt securities that are not in the top three investment grade ratings issued by nationally recognized statistical rating organizations to 5 percent of total investments. As of 8/31/12, the agency's credit quality distribution for securities with credit risk exposure is as follows:

Standard & Poor's

<u>Fund Type</u>	<u>GAAP Fund</u>	<u>Investment Type</u>	<u>AAA</u>
19	0364	Extl Managed Funds Domestic	\$75,220.87

<u>Fund Type</u>	<u>GAAP Fund</u>	<u>Fair Value of Debt Security Not Subject to Investment Credit Risk</u>
19	0364	\$3,079,845.10

NOTE 4: SHORT-TERM DEBT

This note is not applicable to the Texas Department of Agriculture.

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

During the year ended August 31, 2013 the following changes occurred in liabilities:

Governmental Activities	Balance 9/1/2012	Additions	Reductions	Balance 8/31/2013	Amounts Due Within One Year
Employees' Compensable Leave - Fund 0001	\$3,497,986.22	\$2,991,939.95	\$2,889,231.35	\$ 3,600,694.82	\$2,035,733.42
Total Governmental Activities	\$3,497,986.22	\$2,991,939.95	\$2,889,231.35	\$ 3,600,694.82	\$2,035,733.42

(Exhibit I)

The following changes occurred in proprietary fund liabilities for TDA's discrete component units, the TAFE (0575, 0683, 5002 Funds) and Texas Boll Weevil Eradication Foundation, Inc. (5999 Fund):

Component Units	Balance 9/1/2012	Additions	Reductions	Balance 8/31/2013	Amounts Due Within One Year
Notes and Loans Payable - Funds 0683 and 9999	\$49,466,950.00	\$1,000,000.00	\$9,966,797.50	\$40,500,152.50	\$10,496,152.50
Employees' Compensable Leave - Funds 0575, 0683, 5002 and 9999	\$959,354.15	\$740,174.54	\$727,407.50	\$972,121.19	\$962,694.74
Total Component Unit Activities	\$50,426,304.15	\$1,740,174.54	\$10,694,205.00	\$41,472,273.69	\$11,458,847.24

Notes and Loans Payable

Notes payable consists of amounts to finance notes to eradication zones for programs in fund 5999, the Texas Boll Weevil Eradication Foundation, Inc.

The TAFE has issued commercial paper to provide funds for loans on agricultural activity. The commercial paper is refunded every 1 - 270 days throughout the year determined by the financial markets. The Authority incurred interest rates varying from 0.17% to 0.25%

COMPONENT UNITS/PROPRIETARY FUNDS		
Notes Payable Debt Service	Fund 5999	
Requirements	Principal	Interest
2014 (Future Year 1)	\$ 1,500,000.00	\$ -
2015 (Future Year 2)	3,500,000.00	269,325.00
2016 (Future Year 3)	4,160,000.00	228,825.00
2017 (Future Year 4)	5,710,000.00	185,850.00
2018 (Future Year 5)	5,275,000.00	136,125.00
2019-21 (Future Years 6-10)	11,359,000.00	339,812.00
Total Requirements	\$ 31,504,000.00	\$ 1,159,937.00

Claims & Judgments

The department had no unpaid judgments at August 31, 2013. (See Note 15: Contingent Liabilities).

Employees' Compensable Leave

If a state employee has had continuous employment with the state for at least six months, the 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. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the Statement of Net Assets. An expense and liability for proprietary fund types are recorded in the proprietary funds as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. This obligation is usually paid from the same funding source(s) from which the employee's salary or wage compensation was paid.

NOTE 6: BONDED INDEBTEDNESS

This note is not applicable to the Texas Department of Agriculture.

NOTE 7: CAPITAL LEASES

This note is not applicable to the Texas Department of Agriculture.

NOTE 8: OPERATING LEASES

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

Year Ended August 31, 2013	\$562,988.16
2014 (Future Year 1)	\$591,137.57
2015 (Future Year 2)	\$620,694.45
2016 (Future Year 3)	\$651,729.17
2017 (Future Year 4)	\$684,315.63
2018 (Future Year 5)	\$718,531.41
2019-23 (Future Years 6-10)	\$754,457.98
2024-28 (Future Years 11-15)	\$792,180.88
2029-33 (Future Years 16-20)	\$831,789.93
2034-38 (Future Years 21-25)	\$873,379.43
2039-43 (Future Years 26-30)	\$917,048.40
Total Minimum Future Lease Rental Payments	\$7,998,253.01

Future minimum lease rental payments under non-cancelable operating leases having an initial term in excess of one year for the Boll Weevil Eradication Foundation, Inc., a discrete component unit, is as follows:

Year Ended August 31, 2013	
2013 (Future Year 1)	\$263,741.00
2014 (Future Year 2)	\$119,871.00
2015 (Future Year 3)	\$46,459.00
2016 (Future Year 4)	\$600.00
2017 (Future Year 5)	\$600.00
Component Units-Total Minimum Future Lease Rental Payments	\$431,271.00

NOTE 9: RETIREMENT PLANS

The state has joint contributory retirement plans for all its employees. The Texas Department of Agriculture participates in the plans administered by the Employees Retirement System of Texas (ERS). Future pension costs are the liability of the ERS. The ERS does not account for each state agency separately. Annual financial reports prepared by the ERS include audited financial statements and actuarial assumptions and conclusions.

NOTE 10: DEFERRED COMPENSATION

The state of Texas offers a deferred compensation plan to all state employees. This plan is in accordance with Internal Revenue Code Section 457 and permits employees to defer a portion of their salary until future years. The deferred compensation funds are not available to employees until distribution due to termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are held in trust by the Employees Retirement System (ERS) Board of Trustees for the exclusive benefit of participants and their beneficiaries and may not be used for, or diverted to, any other expense, except to defray the reasonable expenses of administering the plan.

The Board of Trustees is not liable to participating employees for the diminution in value or loss of all or part of the participating employees' deferred amounts or investment income because of market conditions or the failure, insolvency or bankruptcy of a qualified vendor.

The state also administers the TexaSaver program created in accordance with Internal Revenue Code Sections 401(k) and 457. However, the assets of these plans do not belong to the state. The state has no liability related to these plans.

NOTE 11: POST EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

This note is not applicable to the Texas Department of Agriculture.

NOTE 12: INTERFUND ACTIVITY AND TRANSACTIONS

As explained in Note 1 on Interfund Activities and Balances, there are numerous transactions between funds and agencies. At year-end, amounts to be received or paid are reported as Interfund Receivables or Interfund Payables, and Legislative Transfers-In or Legislative Transfers-Out.

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

DUE TO/DUE FROM		
	Due FROM Others	Due TO Others
Agency 357, Fund 0001	\$27,732.47	\$0.00
Agency 405, Fund 3133	\$0.00	\$71,783.00
Agency 555, Fund 7999	\$0.00	\$211,720.02
Agency 556, Fund 7999	\$0.00	\$270,733.77
Agency 608, Fund 5140	\$13,425.92	\$0.00
Agency 644, Fund 0240	\$0.00	\$568,925.41
Agency 730, Fund 7999	\$0.00	\$6,008.11
Agency 732, Fund 7999	\$0.00	\$18,889.42
Agency 733, Fund 7999	\$1,697.53	\$32,095.87
Agency 751, Fund 7999	\$0.00	\$3,333.14
Agency 754, Fund 7999	\$0.00	\$3,210.52
Agency 802, Fund 0919	\$0.00	\$106,521.75
Totals, Due To/Due From	\$42,855.92	\$1,293,221.01

NOTE 13: CONTINUANCE SUBJECT TO REVIEW

Under the Texas Sunset Act, the Texas Department of Agriculture will be abolished effective September 1, 2021, unless continued in existence by legislation. If abolished, the agency may continue until September 1, 2022, to close out its operations.

While abolition of TDA would impact continued operations of TAFE, S.B. No. 11, 65th Leg., C.S. (1977) recognized the state's continuing obligation to pay bonded indebtedness incurred by the TAFE and provides for such bonded indebtedness to be paid in accordance with its terms.

NOTE 14: ADJUSTMENTS TO FUND BALANCES/NET ASSETS

During fiscal 2013, the implementation of GASB 54 required the restatement of the amounts in fund balances and net assets as shown below.

	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
Fund 0001	\$ 8,921,695.05	\$ 6,116,330.09	\$ -	\$ 24,000.00	\$23,828,530.50	\$ 38,890,555.64
Fund 0183		\$15,469,665.25				
Fund 0364	\$ 3,255,871.29					\$ 3,255,871.29
Fund 0900				\$ 552,503.67		\$ 552,503.67
Fund 5047	\$ 3,256,349.31					\$ 3,256,349.31
Fund 5051			\$ 1,318,582.32			\$ 1,318,582.32
Fund 5091		\$ 785,919.06				\$ 785,919.06
Fund 5140			\$ 13,425.92			\$ 13,425.92
Fund Bal/Net Assets	\$ 15,433,915.65	\$22,371,914.40	\$ 1,332,008.24	\$ 576,503.67	\$23,828,530.50	\$ 48,073,207.21

NOTE 14: ADJUSTMENTS TO FUND BALANCES/NET ASSETS CONTINUATION

Per Legislative directive, on August 25, 2011, the Texas Department of Agriculture (“TDA”) entered into a Grant and Reimbursement Agreement (“Agreement”) with the Texas Boll Weevil Eradication Foundation, Inc. (“TBWEF”), wherein TDA made a temporary grant of \$9,265,000 to TBWEF for providing boll weevil eradication services. Contingent on appropriations specified in Article V of the Agreement, TBWEF is required to make payments according to the following schedule to Texas Agricultural Finance Authority (TAFA):

Payment date	Payment amount	Amount received
9/1/2012 – n/a	n/a	n/a
9/1/2013	\$1,000,000	\$1,000,000.00 *
9/1/2014	\$1,200,000	\$0
9/1/2015	\$1,500,000	\$0
9/1/2016	\$2,750,000	\$0
9/1/2017	\$2,815,000	\$0

* Received August 16, 2013

Notwithstanding any exemptions or adjustments in the payment schedule, the entire \$9,265,000 shall be paid to TAFA by TBWEF on or before August 31, 2021. The Agreement was made to fulfill intent directive made to TDA by the Texas Legislature in Senate Bill 1, 81st Regular Session, 2009, Article VI, Rider 36 (Article VI, Rider 36), which made a special appropriation to TDA in the amount of \$14,700,000 to retire uncollectible debt of TAFA that accrued in years prior to 2001. The rider provided that a portion of the special appropriation may alternatively be used for boll weevil eradication with prior written notice of the Legislative Budget Board and the Governor. Section 1.10 of the Agreement provides that the Agreement was made pursuant to TDA’s authority and duties specified in Articles 1.1 through 1.9 of the Agreement, in order to carry out the special appropriation in Article VI, Rider 36, for the provision of boll weevil eradication services in Texas by TBWEF in order to maximize the benefit of the special appropriation for Texas agriculture.

For accounting purposes, pursuant to the instructions of the Comptroller of Public Accounts, this transaction has been characterized as a loan to the Texas Boll Weevil Eradication Foundation with an accounts receivable to the Texas Department of Agriculture (TDA). As a result this payment which was originally recorded as an expenditure in TDA’s 2011 AFR is being reclassified as a notes receivable. However, TDA legal, in consultation with the Office of Attorney General of the State of Texas, has confirmed that the transaction was a grant, not a loan, made within the statutory authority of TDA. It was made by TDA in order to fulfill the intent of a legislative appropriation that directed that certain appropriations to TDA be utilized for the benefit of the Texas Boll Weevil Eradication Foundation and the Texas Agricultural Finance Authority. This transaction does not result in a direct receivable to the Texas Department of Agriculture, but rather, payment will go to the Texas Agricultural Finance Authority, which is an independent governmental entity that acts, and accounts for its transactions, independently of TDA. For complete details regarding the transaction, interested parties should refer to the terms of the grant agreement between the Texas Boll Weevil Eradication Foundation and TDA.

NOTE 15: CONTINGENCIES AND COMMITMENTS

There is one lawsuit currently pending against TDA claiming damages for alleged personal injury resulting from an automobile accident involving a TDA employee. Plaintiff is claiming the cap under the Tort Claims Act, \$250,000. Also, there are at any given time a few (about 10) pending claims for property damage - also resulting from minor auto accidents. Neither any individual claim, nor the aggregate of those claims, constitutes a significant financial burden to the Department.

Two related cases were pending at the end of 8/31/12. One was filed against TDA and the General Land Office (GLO), as the successor agencies to the Texas Department of Rural Affairs, by the Equal Employment Opportunity Commission (EEOC) on behalf of former employees of TDRA, alleging equal pay violations on the basis of sex. The second case was filed against TDA and GLO as the successor agencies to the Texas Department of Rural Affairs, by the Department Of Justice (DOJ) on behalf of the same former TDRA employees and one additional former employee, also alleging equal pay violations and retaliation. These cases were settled, and formally dismissed on November 19, 2012. The final agreement provided for payment of \$87,500 by TDA in final settlement of all claims.

TAFSA previously provided direct loans to eligible rural municipal projects through the Rural Development Finance Program, purchase participations and provides loan guaranties through the Financial Assistance Program and the Young Farmers Loan Guarantee Program. While these programs no longer exist, they are remaining performing loans associated with the program. Total outstanding direct commitments, participations purchased and guaranties at August 31, 2013 was \$3,491,525.79.

NOTE 16: SUBSEQUENT EVENTS

This note is not applicable to the Texas Department of Agriculture.

NOTE 17: RISK MANAGEMENT

The Texas Department of Agriculture is exposed to a variety of civil claims resulting from the performance of its duties. It is the agency'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 agency assumes substantially all risks associated with tort claims and liability claims due to the performance of its duties. The agency's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are re-evaluated periodically to consider current settlements, frequency of claims, past experience and economic factors.

The Department is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; efforts and omissions, and natural disasters. It is the Department'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 Department assumes substantially all risks associated with the performance of its duties. Currently, there is no purchase of commercial insurance, nor is the Department involved in any risk-pools with other government entities.

NOTE 18: MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

This note is not applicable to the Texas Department of Agriculture as there were no material changes to the Annual Financial Report in FY 2013

NOTE 19: THE FINANCIAL REPORTING ENTITY
--

The Texas Department of Agriculture includes within this report all component units as determined by an analysis of their relationship to the department.

The Texas Agricultural Finance Authority, which was created within TDA, is discretely presented as a separate component unit in TDA 's financial statements. The Texas Boll Weevil Eradication Foundation, Inc. (a non-profit agency) is discretely presented as a separate component unit in TDA 's financial statements.

Blended Component Units

No component units have been identified which should have been blended into an appropriate fund.

Discrete Component Units

These component units are legally separate entities, but are financially accountable to the state or have a relationship with the state such that exclusion would cause the financial statements to be misleading or incomplete. The component unit columns of the financial statements include the financial data of these entities.

- Component Unit 1 is the Texas Agricultural Finance Authority (TAFA), created within the Texas Department of Agriculture. Nine board members including seven members being appointed by the Commissioner of the Texas Department of Agriculture govern TAFA. This Component Unit has the following funds: Young Farmer Fund 5002 which was converted from a governmental fund to a proprietary fund by the 81st Legislature and proprietary funds named Agriculture Fund 0683 and Farm and Ranch Fund 0575.
- Component Unit 2 is the Texas Boll Weevil Eradication Foundation, Inc. (TBWEF). Twenty-one board members, govern the TBWEF with five members appointed by the TDA Commissioner. In addition, TDA approves the TBWEF budget and assessment fees, and the Foundation cannot incur debt without TDA approval. This Component Unit has Fund 5999 and Appropriated Fund 9999. The fiscal year end for TBWEF is December 31, 2012, which is different from TDA's fiscal year end of August 31, 2013.

Related Parties

Relationship with Texas Cooperative Inspection Program

Texas statutes have provided for the inspection of fruits and vegetables since 1917, with the costs being borne by growers, shippers, and shippers' agents, rather than the state. Since 1935, the Texas Department of Agriculture has been authorized by state law to execute cooperative agreements with the United States Department of Agriculture (USDA), adopt federal grading standards as the Texas standard, and, since 1955, to execute cooperative agreements with USDA and any Texas firm, corporation or association which provides for the inspection of fruits, vegetables and other products.

In February of 1992, the department entered into its most recent cooperative agreement with the USDA to conduct inspections of fruits and vegetables, effective May of 1992. Under this agreement, inspections are conducted through the Texas Cooperative Inspection Program (TCIP). TCIP is a self-supporting program, operating from fees levied on participants and without appropriations from either the federal or state governments. The cooperative agreement calls for the department to receive up to 4 percent of the inspection fees collected in order to cover the department's administrative costs in overseeing the day-to-day operation of TCIP.

NOTE 20: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Unrestricted net assets of the Farm and Ranch Program Fund 0575, the Texas Agricultural Fund 0683, and Young Farmer Loan Fund 5002 are \$41,646.81, \$11,097,905.59 and \$205,738.72 respectively. To reduce the risk of future allowances, the authority board has made lending criteria more stringent and will strictly adhere to the established policies and procedures. H.B. 2050, 76th legislature and S.S. 716 and H.H. 3329, 77th Legislature, approved major improvements to the TAFE programs by allowing a larger pool of eligible borrowers to the financial assistance program. S.B. 1016, 81st Legislature, established the following set of self-sustaining TAFE programs: the Agriculture Loan Guarantee Program; the Agriculture Interest Rate Reduction Program (previously the Linked Deposit Program); the Young Farmer Interest Rate Reduction Program; and the Young Farmer Grant Program. All programs are funded by the Texas Agriculture Fund utilizing the farm vehicle tag fees.

NOTE 21: N/A

This note is not applicable to the Texas Department of Agriculture.

NOTE 22: DONOR-RESTRICTED ENDOWMENTS

This note is not applicable to the Texas Department of Agriculture.

NOTE 23: EXTRAORDINARY AND SPECIAL ITEMS

This note is not applicable to the Texas Department of Agriculture.

NOTE 24: DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

Federal Receivables Program – Current	Amount
Government Fund Type:	
United States Department of Agriculture	\$46,149,617.56
Total Federal Receivable (Exhibit A-1)	\$46,149,617.56

Assessment Receivable	Amount
Current:	
Component Unit (Exhibit K-1)	\$1,777,758.00
Total Current Assessment Receivable	\$1,777,758.00
Non-Current:	
Component Unit (Exhibit K-1)	\$0.00
Total Non-Current Assessment Receivable	\$0.00
Intergovernmental Receivable	Amount
Intergovernmental Receivable – Current	
Component Unit (Exhibit K-1)	\$1,500,000.00
Total Intergovernmental Receivable	\$1,500,000.00

Other Payables – Component Unit – Current	Amount
Payroll Payable	\$521,597.28
Other Payable	61,445.00
Accounts Payable	131,165.27
Total Component Unit Other Liabilities (Exhibit K-1)	\$714,207.55

NOTE 25: TERMINATION BENEFITS

This note is not applicable to the Texas Department of Agriculture.

NOTE 26: SEGMENT INFORMATION

Proprietary segments of the Texas Department of Agriculture include the Texas Agricultural Finance Fund (0683), Texas Farm and Ranch Fund (0575), Young Farmer Fund (5002) and the Texas Boll Weevil Eradication Foundation (5999). See Exhibits K-1 and K-2.

COMBINED FINANCIAL STATEMENTS

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit A-1 — Combining Balance Sheet — All General and Consolidated Funds
August 31, 2013

	General		Consolidated Accounts				Total							
	Fund 1 (0001) U/F (0001)	Governmental Fund Type 1 (0900) U/F (0666)	Texas	Go Texas	AQHA									
			Economic	Program	/Masonic									
			Development	Fund	CDBG Fund	License Tag								
		Fund	Fund	(5091)	Fees									
		(0183) U/F (0183)	(5051) U/F (5051)	(5091) U/F (5091)	(5140) U/F (5140)									
ASSETS														
Current Assets:														
Cash and Cash Equivalents														
Cash on Hand	\$	2,600.00	\$		\$		\$ 2,600.00							
Cash in Bank		21,400.00					21,400.00							
Cash in Transit/Reimburse from Treasury														
Cash in State Treasury		978.76	552,503.67	15,477,043.54	1,438,706.35	1,415,345.16	18,884,577.48							
Short Term Investments														
Securities Lending Collateral														
Legislative Appropriations		27,939,275.66					27,939,275.66							
Receivables from:														
Accounts Receivable		171,344.02	144,281.37				315,625.39							
Taxes														
Federal		45,926,727.68				222,889.88	46,149,617.56							
Investment Trades														
Other Intergovernmental														
Interest and Dividends														
Other														
Due From Other Funds														
Due From Other Agencies		29,430.00				13,425.92	42,855.92							
Interfund Receivable														
Consumable Inventories		191,718.53					191,718.53							
Merchandise Inventories		464,976.52					464,976.52							
Prepaid Items														
Loans and Contracts														
Restricted:														
Cash and Cash Equivalents														
Cash on Hand														
Cash in Bank														
Cash in Transit/Reimburse from Treasury														
Cash in State Treasury														
Short Term Investments														
Other Current Assets														
Non-Current Assets:														
Gifts, Pledges and Donations														
Interfund Receivable														
Investments														
Loans and Contracts		8,265,000.00					8,265,000.00							
Restricted:														
Cash and Cash Equivalents														
Cash on Hand														
Cash in Bank														
Cash in Transit/Reimburse from Treasury														
Cash in State Treasury														
Short Term Investments														
Receivables														
Investments														
Loans and Contracts														
Other Assets														
Other Non-Current Assets														
Total Assets	\$	83,013,451.17	\$	696,785.04	\$	15,477,043.54	\$	1,438,706.35	\$	1,638,235.04	\$	13,425.92	\$	102,277,647.06

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit A-1 — Combining Balance Sheet — All General and Consolidated Funds
August 31, 2013

	General		Consolidated Accounts				Total
	Fund 1 (0001) U/F (0001)	Governmental Fund Type 1 (0900) U/F (0666)	Texas	Go Texas	CDBG Fund (5091) U/F (5091)	AQHA	
			Economic Development Fund (0183) U/F (0183)	Program Fund (5051) U/F (5051)		/Masonic License Tag Fees (5140) U/F (5140)	
LIABILITIES AND FUND BALANCES							
Liabilities							
Current Liabilities:							
Payables from:							
Accounts	\$ 39,637,619.05	\$		\$ 120,124.03	\$ 500,140.20	\$	\$ 40,257,883.28
Investment Trade							
Other Intergovernmental							
Payroll	2,796,302.05				141,507.02		2,937,809.07
Federal	367.51						367.51
Interest							
Contracts							
Other							
Contract Retainage Payable							
Due To Other Funds							
Due To Other Agencies	1,293,221.01						1,293,221.01
Interfund Payable	(41,727.84)		7,378.29		36,832.31		2,482.76
Deferred Revenues	437,113.75				173,836.45		610,950.20
Obligations/Reverse Repurchase Agreement							
Obligations/Securities Lending							
Short Term Debt							
Employees' Compensable Leave							
Claims and Judgments							
Capital Lease Obligations							
Notes and Loans Payable							
Revenue Bonds Payable							
General Obligation Bonds Payable							
Liabilities Payable from Restricted Assets							
Funds Held For Others							
Non-Current Liabilities							
Interfund Payable							
Employees' Compensable Leave							
Claims and Judgments							
Capital Lease Obligations							
Notes and Loans Payable							
Revenue Bonds Payable							
General Obligation Bonds Payable							
Liabilities Payable from Restricted Assets							
Assets Held for Others							
Total Liabilities	44,122,895.53	0	7,378.29	120,124.03	852,315.98	0	45,102,713.83
Fund Balances (Deficits):							
Nonspendable	8,921,695.05						8,921,695.05
Restricted	6,116,330.09		15,469,665.25		785,919.06		22,371,914.40
Committed				1,318,582.32		13,425.92	1,332,008.24
Assigned	24,000.00	696,785.04					720,785.04
Unassigned	23,828,530.50						23,828,530.50
Total Fund Balances	38,890,555.64	696,785.04	15,469,665.25	1,318,582.32	785,919.06	13,425.92	57,174,933.23
Total Liabilities and Fund Balances	\$ 83,013,451.17	\$ 696,785.04	\$ 15,477,043.54	\$ 1,438,706.35	\$ 1,638,235.04	\$ 13,425.92	\$ 102,277,647.06

TEXAS DEPARTMENT OF AGRICULTURE (551)
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, 2013

	General		Consolidated Accounts				Total
	Fund 1	Governmental	Texas Economic	Go Texas	CDBG Fund	AQHA /Masonic License Tag	
	(0001) U/F (0001)	Fund Type 1 (0900) U/F (0666)	Fund (0183) U/F (0183)	Program (5051) U/F (5051)	(5091) U/F (5091)	Fees (5140) U/F (5140)	
REVENUES							
Legislative Appropriations							
Original Appropriations (GR)	\$ 44,355,152.88						\$ 44,355,152.88
Additional Appropriations (GR)	7,109,551.22						7,109,551.22
Taxes (GR)							
Federal Revenue (PR - Operating or Capital)	431,567,563.55				71,421,311.42		502,988,874.97
Federal Grant Pass-Through Revenue (GR)							
State Grant Pass-Through Revenue (GR)							
License, Fees & Permits (PR)	1,898,112.03	(99,215.62)		5,037.95		55,879.05	1,859,813.41
Contribution to Employee's Benefit Funds (PR)							
Interest and Other Investment Income (PR)							
Interest and Other Investment Income (GR)	1,999,860.47		336,301.98	5,947.56			2,342,110.01
Net Increase (Decrease) in Fair Value (PR)							
Net Increase (Decrease) in Fair Value (GR)							
Land Income (PR)							
Settlement of Claims (PR)							
Settlement of Claims (GR)							
Sales of Goods and Services (PR)							
Other (PR - Chg for Serv. Operating or Capital)	5,542.10	144,281.37		(20,689.32)	57,143.84		186,277.99
Other (GR)	715,890.45						715,890.45
Total Revenues	487,651,672.70	45,065.75	336,301.98	(9,703.81)	71,478,455.26	55,879.05	559,557,670.93
EXPENDITURES							
Salaries and Wages	28,172,459.62		7,378.29	267.41	1,859,164.38		30,039,269.70
Payroll Related Costs	7,690,297.70			25,256.09	38,394.67		7,753,948.46
Professional Fees and Services	1,062,851.20				242,273.50		1,305,124.70
Travel	1,039,365.35				37,850.80		1,077,216.15
Materials and Supplies	1,509,017.00			6.60	11,341.46		1,520,365.06
Communication and Utilities	764,870.83				6,230.46		771,101.29
Repairs and Maintenance	910,023.37				7,162.18		917,185.55
Rentals and Leases	1,083,703.61				58,705.21		1,142,408.82
Printing and Reproduction	309,812.77				374.04		310,186.81
Claims and Judgments	110,528.62						110,528.62
Federal Grant Pass-Through Expenditures	4,298,191.45				82,183.07		4,380,374.52
State Grant Pass-Through Expenditures	1,321,060.33						1,321,060.33
Intergovernmental Payments	16,332,410.93				68,471,352.52		84,803,763.45
Public Assistance Payments	393,966,612.06			166,698.59	577,749.11	41,621.63	394,752,681.39
Employee Benefit Payments							
Other Expenditures	8,409,332.43			19,269.28	28,530.02	10,104.32	8,467,236.05
Debt Service:							
Principal							
Interest							
Other Financing Fees							
Other Payments for Refunding							
Capital Outlay	1,180,552.39						1,180,552.39
Total Expenditures	468,161,089.66	0	7,378.29	211,497.97	71,421,311.42	51,725.95	539,853,003.29
Excess (Deficiency) of Revenues over Expenditures	19,490,583.04	45,065.75	328,923.69	(221,201.78)	57,143.84	4,153.10	19,704,667.64

TEXAS DEPARTMENT OF AGRICULTURE (551)
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, 2013

	General		Consolidated Accounts				Total
	Fund 1 (0001) U/F (0001)	Governmental Fund Type 1 (0900) U/F (0666)	Texas Economic	Go Texas	CDBG Fund (5091) U/F (5091)	AQHA /Masonic License Tag Fees (5140) U/F (5140)	
			Development Fund (0183) U/F (0183)	Program Fund (5051) U/F (5051)			
OTHER FINANCING SOURCES (USES)							
Bond and Note Proceeds							
Bonds Issued for Refunding							
Premiums on Bonds Issued							
Payment to Escrow for Refunding							
Increase in Obligations Under Capital Leases							
Sale of Capital Assets	21,719.25						21,719.25
Insurance Recoveries							
Transfers In	1,273,695.50		15,140,741.56		92,232.94		16,506,670.00
Transfers Out	(21,885,598.99)				(543,229.33)		(22,428,828.32)
Legislative Transfers In	250,000.00						250,000.00
Legislative Transfers Out							
Total Other Financing Sources (Uses)	(20,340,184.24)	0	15,140,741.56	0	(450,996.39)	0	(5,650,439.07)
SPECIAL ITEMS							
Proceeds from Sale of Park Land							
EXTRAORDINARY ITEMS							
Natural Disaster-Hurricane Schermann/Bean							
Net Change in Fund Balances	(849,601.20)	45,065.75	15,469,665.25	(221,201.78)	(393,862.65)	4,153.10	14,054,228.57
Fund Financial Statement - Fund Balances							
Fund Balances, September 1, 2012	46,397,224.02	651,719.29		1,539,784.10	1,179,771.61	9,272.82	49,777,771.84
Restatements							
Fund Balances, September 1, 2012, as Restated	46,397,224.02	651,719.29	0	1,539,784.10	1,179,771.61	9,272.82	49,777,771.84
Appropriations Lapsed	(6,657,067.18)						(6,657,067.18)
Fund Balances, August 31, 2013	\$ 38,890,555.64	\$ 696,785.04	\$ 15,469,665.25	\$ 1,318,582.32	\$ 785,919.06	\$ 13,425.92	\$ 57,174,933.23

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit E-1— Combining Balance Sheet — Permanent Funds
August 31, 2013

	Permanent Fund (0364) U/F (0364)	Permanent Fund (5047) U/F (5047)	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents			
Cash on Hand	\$	\$	\$
Cash in Bank			
Cash in Transit/Reimburse from Treasury			
Cash in State Treasury	100,805.32	3,256,349.31	3,357,154.63
Short Term Investments			
Securities Lending Collateral			
Legislative Appropriations			
Receivables from:			
Accounts Receivable			
Taxes			
Federal			
Other Intergovernmental			
Interest and Dividends			
Gifts, Pledges and Donations			
Other			
Due From Other Funds			
Due From Other Agencies			
Interfund Receivable			
Consumable Inventories			
Merchandise Inventories			
Prepaid Items			
Loans and Contracts			
Restricted:			
Cash and Cash Equivalents			
Cash on Hand			
Cash in Bank			
Cash in Transit/Reimburse from Treasury			
Cash in State Treasury			
Short Term Investments			
Other Current Assets			
Non-Current Assets:			
Gifts, Pledges and Donations			
Interfund Receivable			
Investments	3,155,065.97		3,155,065.97
Loans and Contracts			
Restricted:			
Cash and Cash Equivalents			
Cash on Hand			
Cash in Bank			
Cash in Transit/Reimburse from Treasury			
Cash in State Treasury			
Short Term Investments			
Receivables			
Investments			
Loans and Contracts			
Other Assets			
Other Non-Current Assets			
Total Assets	\$ 3,255,871.29	\$ 3,256,349.31	\$ 6,512,220.60

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit E-1— Combining Balance Sheet — Permanent Funds
August 31, 2013

	Permanent Fund (0364) U/F (0364)	Permanent Fund (5047) U/F (5047)	Totals
LIABILITIES AND FUND BALANCES			
Liabilities			
Current Liabilities:			
Payables from:			
Accounts	\$	\$ 2,482.76	\$ 2,482.76
Other Intergovernmental			
Payroll			
Federal			
Contracts			
Other			
Contract Retainage Payable			
Due To Other Funds			
Due To Other Agencies			
Interfund Payable		(2,482.76)	(2,482.76)
Deferred Revenues			
Obligations/Reverse Repurchase Agreement			
Obligations Under Securities Lending			
Short Term Debt			
Employees' Compensable Leave			
Claims and Judgments			
Capital Lease Obligations			
Notes and Loans Payable			
Revenue Bonds Payable			
General Obligation Bonds Payable			
Liabilities Payable from Restricted Assets			
Funds Held For Others			
Non-Current Liabilities			
Interfund Payable			
Employees' Compensable Leave			
Claims and Judgments			
Capital Lease Obligations			
Notes and Loans Payable			
Revenue Bonds Payable			
General Obligation Bonds Payable			
Liabilities Payable from Restricted Assets			
Assets Held for Others			
Total Liabilities	0	0	0
Fund Balances (Deficits):			
Nonspendable	3,255,871.29	3,256,349.31	6,512,220.60
Restricted			
Committed			
Assigned			
Unassigned			
Total Fund Balances	3,255,871.29	3,256,349.31	6,512,220.60
Total Liabilities and Fund Balances	\$ 3,255,871.29	\$ 3,256,349.31	\$ 6,512,220.60

This page is intentionally left blank

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit E-2 — Combining Statement of Revenues, Expenditures and Changes in Fund Balances —
Permanent Funds
For the Fiscal Year Ended August 31, 2013

	Permanent Fund (0364) U/F (0364)	Permanent Fund (5047) U/F (5047)	Totals
REVENUES			
Interest and Other Investment Income (PR)	-	-	-
Interest and Other Investment Income (GR)	251,674.43	19,597.74	271,272.17
Net Increase (Decrease) in Fair Value (PR)	-	-	-
Net Increase (Decrease) in Fair Value (GR)	-	-	-
Other (GR)	-	-	-
Total Revenues	251,674.43	19,597.74	271,272.17
EXPENDITURES			
Salaries and Wages	5.78	14,804.70	14,810.48
Payroll Related Cost	545.71	7,808.47	8,354.18
Public Assistance Payments	208,794.70	988,689.20	1,197,483.90
Professional Fees and Services	-	-	-
Other Expenditures	-	786.00	786.00
Total Expenditures	209,346.19	1,012,088.37	1,221,434.56
Excess (Deficiency) of Revenues over Expenditures	42,328.24	(992,490.63)	(950,162.39)
OTHER FINANCING SOURCES (USES)			
Transfer In	(272.07)	2,848,773.52	2,848,501.45
Transfer Out	-	-	-
Total Other Financing Sources (Uses)	(272.07)	2,848,773.52	2,848,501.45
Net Change in Fund Balances	42,056.17	1,856,282.89	1,898,339.06
Fund Financial Statement – Fund Balances			
Fund Balances, September 1, 2012	3,213,815.12	1,400,066.42	4,613,881.54
Restatements	-	-	-
Fund Balances, September 1, 2012, as Restated	3,213,815.12	1,400,066.42	4,613,881.54
Appropriations Lapsed	-	-	-
Fund Balances, August 31, 2013	3,255,871.29	3,256,349.31	6,512,220.60

TEXAS DEPARTMENT OF AGRICULTURE (551)
Exhibit I-1 — Combining Statement of Fiduciary Net Position —
Private-Purpose Trust Funds
August 31, 2013

	Private-Purpose Trust Fund (0974)		
	U/F (0974)		Totals
ASSETS			
Cash and Cash Equivalents:			
Cash on Hand	\$		\$
Cash in Bank			
Cash in State Treasury		1,977,902.38	1,977,902.38
Cash Equivalents			
Short Term Investments:			
U.S. Government Agency Obligations			
Corporate Equity			
Corporate Obligations			
Repurchase Agreements			
Foreign Securities			
Other Short Term Investments			
Investments:			
U.S. Government Agency Obligations			
Corporate Equity			
Corporate Obligations			
Repurchase Agreements			
Foreign Securities			
Other Investments			
Receivables:			
Federal			
Other Intergovernmental			
Interest and Dividends			
Accounts			
Investment Trades			
Other			
Interfund Receivables			
Due From Other Funds			
Due From Other Agencies			
Consumable Inventories			
Merchandise Inventories			
Properties, at Cost, Net of Accumulated Depreciation			
Other Assets			
Total Assets		1,977,902.38	1,977,902.38
LIABILITIES			
Payables:			
Accounts		15,639.00	15,639.00
Other Intergovernmental			
Payroll			
Investment Trades			
Interest			
Other			
Interfund Payable			
Due To Other Funds			
Due To Other Agencies			
Unearned Revenues			
Funds Held For Others			
Other Liabilities			
Total Liabilities		15,639.00	15,639.00
NET POSITION			
Held in Trust For:			
Individuals, Organizations and Other Governments		1,962,263.38	1,962,263.38
Total Net Position	\$	1,962,263.38	\$ 1,962,263.38

TEXAS DEPARTMENT OF AGRICULTURE
Exhibit I-2 — Combining Statement of Changes in Fiduciary Net Position —
Private-Purpose Trust Funds
For the Fiscal Year Ended August 31, 2013

	Private-Purpose Trust Fund (0974) U/F (0974)	Totals
ADDITIONS		
Contributions:		
Federal Contributions	\$	\$
Other Contributions		
Total Contributions		
Investment Income		
From Investing Activities:		
Net Appreciation (Depreciation) in Fair Value of Investments		
Interest and Investment Income	8,074.03	8,074.03
Total Investing Income (Loss)	8,074.03	8,074.03
Less Investing Activities Expense		
Net Income from Investing Activities	8,074.03	8,074.03
Total Net Investment Income (Loss)	8,074.03	8,074.03
Other Additions		
Settlement of Claims		
Other Revenue	80,854.74	80,854.74
Transfer In		
Total Other Additions	80,854.74	80,854.74
Total Additions	88,928.77	88,928.77
DEDUCTIONS		
Employee Benefit Payments		
Transfers Out of Contributions		
Salaries and Wages		
Payroll Related Costs		
Professional Fees and Services		
Travel		
Printing and Reproduction		
Depreciation Expense		
Settlement of Claims	65,639.00	65,639.00
Interest Expense		
Other Expense		
Transfer Out		
Intergovernmental Payments		
Total Deductions	65,639.00	65,639.00
INCREASE (DECREASE) IN NET POSITION	23,289.77	23,289.77
NET POSITION		
Net Position, September 1, 2012	1,938,973.61	1,938,973.61
Restatements		
Net Position, September 1, 2012, as Restated	1,938,973.61	1,938,973.61
Net Position, August 31, 2013	\$ 1,962,263.38	\$ 1,962,263.38

TEXAS DEPARTMENT OF AGRICULTURE
 Exhibit J-1 — Combining Statement of Changes in Assets and Liabilities—
 Agency Funds
 August 31, 2013

	Beginning Balance 9/1/2012	Additions	Deductions	Ending Balance 8/31/2013
Unappropriated Receipts				
General Revenue Fund (0001) U/F (1000)				
ASSETS				
Cash on Hand	\$	\$	\$	\$
Other Assets				
Total Assets	\$ 0	\$ 0	\$ 0	\$ 0
LIABILITIES				
Funds Held for Others	\$	\$	\$	\$
Total Liabilities	\$ 0	\$ 0	\$ 0	\$ 0
Agency Fund #2 (0807) Child Support				
ASSETS				
Cash on Hand	\$ 7,362.00	\$ 101,001.37	\$ 101,157.37	\$ 7,206.00
Interest and Dividend Receivable				
Investments				
U.S. Government Agency Obligations				
Total Assets	\$ 7,362.00	\$ 101,001.37	\$ 101,157.37	\$ 7,206.00
LIABILITIES				
Funds Held for Others	\$ 7,362.00	\$ 194,796.74	\$ 194,952.74	\$ 7,206.00
Total Liabilities	\$ 7,362.00	\$ 194,796.74	\$ 194,952.74	\$ 7,206.00
Agency Fund #3 (0882) U/F (0882)				
ASSETS				
Cash on Hand	\$	\$ 149.04	\$ 149.04	\$
Interest and Dividends Receivable				
Other Assets				
Total Assets	\$ 0	\$ 149.04	\$ 149.04	\$ 0
LIABILITIES				
Accounts Payable	\$	\$	\$	\$
Funds Held for Others		\$ 149.04	\$ 149.04	
Total Liabilities	\$ 0	\$ 149.04	\$ 149.04	\$ 0
Agency Fund #4 (0900) U/F (0900)				
ASSETS				
Cash on Hand	\$	\$ 18,268,799.60	\$ 18,268,799.60	\$
Accounts Receivable	\$	\$ 675,238.54	\$ 675,238.54	\$
Total Assets	\$ 0	\$ 18,268,799.60	\$ 18,268,799.60	\$ 0
LIABILITIES				
Accounts Payable	\$	\$ 307,070.50	\$ 307,070.50	\$
Other Intergovernmental		\$ 18,184,953.90	\$ 18,184,953.90	
Funds Held for Others				
Total Liabilities	\$ 0	\$ 18,492,024.40	\$ 18,492,024.40	\$ 0
Agency Fund #5 (XXXX) U/F (XXXX)				
ASSETS				
Cash on Hand	\$	\$	\$	\$
Investments				
U.S. Government Agency Obligations				
Receivables:				
Other Intergovernmental				
Interest and Dividends				
Other				
Interfund Receivables				
Due From Other Funds				
Other Assets				
Total Assets	\$ 0	\$ 0	\$ 0	\$ 0
LIABILITIES				
Accounts Payables	\$	\$	\$	\$
Other Intergovernmental				
Interfund Payables				
Due to Other Funds				
Due To Component Units				
Funds Held for Others				
Total Liabilities	\$ 0	\$ 0	\$ 0	\$ 0

TEXAS DEPARTMENT OF AGRICULTURE
 Exhibit J-1 — Combining Statement of Changes in Assets and Liabilities—
 Agency Funds
 August 31, 2013

	Beginning Balance 9/1/2012	Additions	Deductions	Ending Balance 8/31/2013
Totals - All Agency Funds				
ASSETS				
Cash on Hand	\$ 7,362.00	\$ 18,369,950.01	\$ 18,370,106.01	\$ 7,206.00
Accounts Receivable	\$	\$ 675,238.54	\$ 675,238.54	\$
Investments				
U.S. Government Agency Obligations				
Receivables:				
Other Intergovernmental				
Interest and Dividends				
Other				
Interfund Receivables				
Due From Other Funds				
Other Assets				
Total Assets	\$ 7,362.00	\$ 19,045,188.55	\$ 19,045,344.55	\$ 7,206.00
LIABILITIES				
Payables	\$	\$ 307,070.50	\$ 307,070.50	\$
Other Intergovernmental		18,184,953.90	18,184,953.90	
Interfund Payables				
Due to Other Funds				
Due To Component Units	7,362.00	194,945.78	195,101.78	7,206.00
Funds Held for Others				
Total Liabilities	\$ 7,362.00	\$ 18,686,970.18	\$ 18,687,126.18	\$ 7,206.00

TEXAS DEPARTMENT OF AGRICULTURE (551)
Exhibit K-1 — Combining Statement of Net Position —
Discretely Presented Component Units
August 31, 2013

	Farm & Ranch Finance Program (0575) U/F (0575)	Texas Agricultural Fund (0683) U/F (0683)	Young Farmer Fund (5002) U/F (5002)	TX Boll Weevil Eradication Foundation (3152) U/F (5999)	Totals
ASSETS					
Current Assets:					
Cash and Cash Equivalents					
Cash on Hand	\$			\$ 4,810.00	\$ 4,810.00
Cash in Bank				79,726,110.00	79,726,110.00
Cash in Transit					
Cash Equivalents	41,635.15	16,620,162.78	206,448.13		16,868,246.06
Securities Lending Collateral					
Short Term Investments					
Restricted:					
Cash and Cash Equivalents					
Cash on Hand					
Cash in Bank					
Cash in Transit					
Cash Equivalents					
Short Term Investments					
Receivables from:					
Federal				1,500,000.00	1,500,000.00
Other Intergovernmental				1,790,030.00	1,790,030.00
Interest and Dividends	11.66	28,968.90	0.43		28,980.99
Accounts Receivable				1,777,758.00	1,777,758.00
Taxes					
Gifts, Pledges and Donations					
Other				10,061.00	10,061.00
Interfund Receivables					
Due From Other Funds		709.84			709.84
Due From Primary Government				3,892,613.00	3,892,613.00
Consumable Inventories					
Merchandise Inventories					
Prepaid Items		3,847.50		126,977.00	130,824.50
Loans and Contracts		824,976.00			824,976.00
Other Current Assets		14,901.12			14,901.12
Total Current Assets	41,646.81	17,493,566.14	206,448.56	88,828,359.00	106,570,020.51
Non-Current Assets:					
Restricted:					
Cash and Cash Equivalents					
Cash on Hand					
Cash in Bank				11,763,797.00	11,763,797.00
Cash in Transit					
Cash Equivalents					
Short Term Investments					
Receivables					
Investments					
Loans and Contracts					
Other Assets					
Loans and Contracts		2,667,382.69			2,667,382.69
Investments					
Interfund Receivables					
Gifts, Pledges and Donations					
Capital Assets:					
Not Depreciated or Amortized					
Depreciable and Amortizable, Net				3,768,223.00	3,768,223.00
Other Non-Current Assets				1,569,052.00	1,569,052.00
Total Non-Current Assets	0	2,667,382.69	0	17,101,072.00	19,768,454.69
Total Assets	41,646.81	20,160,948.83	206,448.56	105,929,431.00	126,338,475.20

TEXAS DEPARTMENT OF AGRICULTURE (551)
Exhibit K-1 — Combining Statement of Net Position —
Discretely Presented Component Units
August 31, 2013

	Farm & Ranch Finance Program (0575) U/F (0575)	Texas Agricultural Fund (0683) U/F (0683)	Young Farmer Fund (5002) U/F (5002)	TX Boll Weevil Eradication Foundation (3152) U/F (5999)	Totals
LIABILITIES					
Current Liabilities:					
Payables from:					
Accounts Federal	\$	\$ 46,655.27	\$	\$ 84,510.00	\$ 131,165.27
Other Intergovernmental Payroll		5,139.28		516,458.00	521,597.28
Contracts Other				61,445.00	61,445.00
Interfund Payable Due To Other Funds			709.84		709.84
Due To Primary Government					
Deferred Revenues					
Short Term Debt					
Notes and Loans Payable		8,996,152.50		1,500,000.00	10,496,152.50
Revenue Bonds Payable					
General Obligation Bonds Payable					
Claims and Judgments					
Employees' Compensable Leave		5,669.74		957,025.00	962,694.74
Capital Lease Obligations					
Contract Retainage Payable					
Liabilities Payable from Restricted Assets					
Obligations/Reverse Repurchase Agreement					
Obligations Under Securities Lending					
Funds Held For Others					
Total Current Liabilities	0	9,053,616.79	709.84	3,119,438.00	12,173,764.63
Non-Current Liabilities:					
Interfund Payables					
Notes and Loans Payable				30,004,000.00	30,004,000.00
Revenue Bonds Payable					
General Obligation Bonds Payable					
Claims and Judgments					
Employees' Compensable Leave		9,426.45			9,426.45
Capital Lease Obligations					
Liabilities Payable from Restricted Assets					
Other Non-Current Liabilities				57,742.00	57,742.00
Assets Held for Others					
Total Non-Current Liabilities	0	9,426.45	0	30,061,742.00	30,071,168.45
Total Liabilities	0	9,063,043.24	709.84	33,181,180.00	42,244,933.08
Net Position					
Invested in Capital Assets, Net of Related Debt					
Restricted For:					
Debt Retirement					
Capital Projects					
Funds Held as Permanent Investments:					
Expendable					
Nonexpendable					
Other					
Unrestricted	41,646.81	11,097,905.59	205,738.72	72,748,251.00	84,093,542.12
Total Net Position	\$ 41,646.81	\$ 11,097,905.59	\$ 205,738.72	\$ 72,748,251.00	\$ 84,093,542.12

TEXAS DEPARTMENT OF AGRICULTURE (551)

Exhibit K-2 — Combining Statement of Revenues, Expenses and Changes in Net Position —
Discretely Presented Component Units
For the Fiscal Year Ended August 31, 2013

	Farm & Ranch Finance Program (0575) U/F (0575)	Texas Agricultural Fund (0683) U/F (0683)	Young Farmer Fund (5002) U/F (5002)	TX Boll Weevil Eradication Foundation (3152) U/F (5999)	Totals
OPERATING REVENUE:					
Sales of Goods and Services					
Other Sales of Goods and Services - Pledged (PR)	\$			\$	\$
Other Sales of Goods and Services - Non-Pledged (PR)		906,155.00			906,155.00
Other Sales of Goods and Services - Disc and Allow					
Premium Revenue					
Interest and Investment Income (GR)					
Net Increase (Decrease) in Fair Value (GR)					
Federal Revenue (PR)				6,610,416.00	6,610,416.00
Federal Grant Pass-Through Revenue (PR)					
State Grant Revenue (PR)				6,536,391.00	6,536,391.00
State Grant Pass-Through Revenue (PR)					
Other Contract and Grants (PR)					
Land Income (PR)					
Contributions to Retirement System (PR)					
Other Operating Revenue (GR)		1,076,142.68		26,886,678.00	27,962,820.68
Total Operating Revenues	0	1,982,297.68	0	40,033,485.00	42,015,782.68
OPERATING EXPENSES:					
Cost of Goods Sold					
Salaries and Wages	141.52	408,214.69		13,594,162.00	14,002,518.21
Payroll Related Costs	13,487.40	180,808.20			194,295.60
Professional Fees and Services		30,064.75		808,633.00	838,697.75
Travel	124.71	14,911.83		256,945.00	271,981.54
Materials and Supplies	4.12	2,859.20		5,088,820.00	5,091,683.32
Communication and Utilities				441,507.00	441,507.00
Repairs and Maintenance				680,996.00	680,996.00
Rentals and Leases		909.00		619,391.00	620,300.00
Printing and Reproduction		121.93			121.93
Federal Grant Pass-Through Expense					
State Grant Pass-Through Expense					
Depreciation and Amortization				1,355,847.00	1,355,847.00
Bad Debt Expense		(14,197.96)		(6,759.00)	(20,956.96)
Interest	0.09				0.09
Scholarships					
Lottery Prizes					
Employee/Participation Benefit Payments					
Claims and Judgments					
Other Operating Expenses	11,753.00	158,644.32		4,155,416.00	4,325,813.32
Total Operating Expenses	25,510.84	782,335.96	0	26,994,958.00	27,802,804.80
Operating Income (Loss)	(25,510.84)	1,199,961.72	0	13,038,527.00	14,212,977.88

TEXAS DEPARTMENT OF AGRICULTURE (551)
Exhibit K-2 — Combining Statement of Revenues, Expenses and Changes in Net Position —
Discretely Presented Component Units
For the Fiscal Year Ended August 31, 2013

	Farm & Ranch Finance Program (0575) U/F (0575)	Texas Agricultural Fund (0683) U/F (0683)	Young Farmer Fund (5002) U/F (5002)	TX Boll Weevil Eradication Foundation (3152) U/F (5999)	Totals
NONOPERATING REVENUE (EXPENSES)					
Federal Revenue (PR)					
Federal Grant Pass-Through Revenue (PR)					
State Grant Pass-Through Revenue (PR)					
Gifts, Pledges and Donations (PR)					
Investment Income (Expense) (GR)	337.41	173,777.65		189,474.00	363,589.06
Loan Prem/Fees Securities					
Investing Activities Expenses					
Interest Expenses and Fiscal Charges		3,095.00		(528,125.00)	(525,030.00)
Borrow Rebates & Agent Fees					
Gain (Loss) on Sale of Capital Assets				1,003,141.00	1,003,141.00
Inc (Dec) in Net Assets Due to Interagency Transfer of CA					
Net Increase (Decrease) in Fair Value (GR)		4,057.61			4,057.61
Settlement of Claims (GR)				(70,875.00)	(70,875.00)
Other Nonoperating Revenues (Expenses)	(47,889.69)	(205,706.51)	(13,967.19)		(267,563.39)
Total Other Nonoperating Revenues (Expenses)	(47,552.28)	(24,776.25)	(13,967.19)	593,615.00	507,319.28
Income (Loss) Before Other Revenues, Expenses, Gains/Losses, and Transfers	(73,063.12)	1,175,185.47	(13,967.19)	13,632,142.00	14,720,297.16
OTHER REVENUES, EXPENSES, GAINS/LOSSES, AND TRANSFERS					
Capital Contributions					
Special Items					
Extraordinary Items					
Transfer In					
Transfer Out					
Total Other Revenues, Expenses, Gains/Losses, and Transfers	0	0	0	0	0
Change in Net Position	(73,063.12)	1,175,185.47	(13,967.19)	13,632,142.00	14,720,297.16
Net Position, September 1, 2012	114,709.93	9,922,720.12	219,705.91	59,116,109.00	69,373,244.96
Restatements					
Net Position, September 1, 2012, as Restated	114,709.93	9,922,720.12	219,705.91	59,116,109.00	69,373,244.96
Net Position, August 31, 2013	\$ 41,646.81	\$ 11,097,905.59	\$ 205,738.72	\$ 72,748,251.00	\$ 84,093,542.12

**Agency 551 - Department of Agriculture
Schedule 1A
for the Fiscal Year Ended August 31, 2013**

Certified

Federal Grantor/ Pass-through Grantor/ Program Title	CFDA Number	NSE Name/ Identifying Number	Pass-through From			Direct Program Amount	Total PT From and Direct Prog. Amount	Pass-through To			Expenditures Amount	Total PT To and Expenditures Amount
			Agy/ Univ No	Agencies or Universities Amount	Non- State Entities Amount			Agy/ Univ No.	Agencies or Universities Amount	Non-State Entities Amount		
J.S. Department of Agriculture												
<u>Direct Programs:</u>												
Plant and Animal Disease, Pest Control, and Animal Care	10.025					1,355,367.71	1,355,367.71				1,355,367.71	1,355,367.71
Livestock Assistance Program	10.066					-1.65	-1.65				-1.65	-1.65
Aquaculture Grants Program (AGP)	10.086					4.93	4.93				4.93	4.93
2009 Aquaculture Grant Program	10.103					-59.85	-59.85				-59.85	-59.85
Market News	10.153					8,200.00	8,200.00				8,200.00	8,200.00
Federal-State Marketing Improvement Program	10.156					3,681.87	3,681.87				3,681.87	3,681.87
Market Protection and Promotion	10.163					1,355,158.98	1,355,158.98			32,671.46	1,322,487.52	1,355,158.98
Specialty Crop Block Grant Program - Farm Bill	10.170					896,751.20	896,751.20			441,113.15	455,638.05	896,751.20
Specialty Crop Block Grant Program - Farm Bill	10.170					237,858.49	237,858.49					237,858.49
<i>Pass-Through To:</i>												
<i>Texas A&M AgriLife Extension Service</i>								555	237,858.49			
Specialty Crop Block Grant Program - Farm Bill	10.170					385,063.74	385,063.74					385,063.74
<i>Pass-Through To:</i>												
<i>Texas A&M AgriLife Research</i>								556	385,063.74			
Specialty Crop Block Grant Program - Farm Bill	10.170					32,674.83	32,674.83					32,674.83
<i>Pass-Through To:</i>												
<i>University of Houston</i>								730	32,674.83			
Specialty Crop Block Grant Program - Farm Bill	10.170					52,395.98	52,395.98					52,395.98
<i>Pass-Through To:</i>												
<i>Texas A&M University - Kingsville</i>								732	52,395.98			
Specialty Crop Block Grant Program - Farm Bill	10.170					121,307.17	121,307.17					121,307.17
<i>Pass-Through To:</i>												
<i>Texas Tech University</i>								733	121,307.17			
Child and Adult Care Food Program	10.558					306,049,079.82	306,049,079.82			304,604,628.35	1,444,451.47	306,049,079.82
Child and Adult Care Food Program	10.558					42,378.64	42,378.64					42,378.64
<i>Pass-Through To:</i>												
<i>University of Texas at Austin</i>								721	42,378.64			
Child and Adult Care Food Program	10.558					30,614.76	30,614.76					30,614.76
<i>Pass-Through To:</i>												
<i>Texas Tech University</i>								733	30,614.76			
Child and Adult Care Food Program	10.558					38,403.97	38,403.97					38,403.97
<i>Pass-Through To:</i>												

<i>University of Texas at San Antonio</i>					743	38,403.97			
Child and Adult Care Food Program	10.558		39,913.55	39,913.55					39,913.55
<i>Pass-Through To:</i>									
<i>Texas A&M University - Commerce</i>					751	39,913.55			
Child and Adult Care Food Program	10.558		22,250.63	22,250.63					22,250.63
<i>Pass-Through To:</i>									
<i>Texas State University - San Marcos</i>					754	22,250.63			
State Administrative Expenses for Child Nutrition	10.560		21,726,050.20	21,726,050.20		6,343,540.96	15,382,509.24		21,726,050.20
Commodity Supplemental Food Program (Non-monetary)	10.565		8,574,274.56	8,574,274.56		8,574,274.56			8,574,274.56
	10.565		2,879,810.51	2,879,810.51		2,879,810.51			2,879,810.51
WIC Farmers' Market Nutrition Program (FMNP)	10.572		383,216.73	383,216.73		361,291.08	21,925.65		383,216.73
Senior Farmers Market Nutrition Program	10.576		86,989.84	86,989.84		85,032.00	1,957.84		86,989.84
Fresh Fruit and Vegetable Program	10.582		7,733,206.47	7,733,206.47		7,733,206.47			7,733,206.47
Market Access Program	10.601		-10,912.61	-10,912.61			-10,912.61		-10,912.61
Totals - U.S. Department of Agriculture		0.00	0.00	352,043,680.47	352,043,680.47	1,002,861.76	331,055,568.54	19,985,250.17	352,043,680.47
Small Business Administration									
State Trade and Export Promotion Pilot Grant Program	59.061		135,773.99	135,773.99			135,773.99		135,773.99
Totals - Small Business Administration		0.00	0.00	135,773.99	135,773.99	0.00	0.00	135,773.99	135,773.99
Environmental Protection Agency									
Consolidated Pesticide Enforcement Cooperative Agreements	66.700		1,217,310.59	1,217,310.59			1,217,310.59		1,217,310.59
Totals - Environmental Protection Agency		0.00	0.00	1,217,310.59	1,217,310.59	0.00	0.00	1,217,310.59	1,217,310.59
J.S. Department of Health and Human Services									
State Rural Hospital Flexibility Program	93.241		588,452.48	588,452.48		238,279.01	350,173.47		588,452.48
Small Rural Hospital Improvement Grant Program	93.301		140,809.73	140,809.73		113,037.28	27,772.45		140,809.73
Grants to States for Operation of Offices of Rural Health	93.913		234,382.33	234,382.33		176,282.82	58,099.51		234,382.33
Totals - U.S. Department of Health and Human Services		0.00	0.00	963,644.54	963,644.54	0.00	527,599.11	436,045.43	963,644.54
Child Nutrition Cluster									
J.S. Department of Agriculture									
<u>Direct Programs:</u>									
School Breakfast Program	10.553		4,201,934.04	4,201,934.04		4,201,934.04			4,201,934.04
School Breakfast Program	10.553		57,995.65	57,995.65					57,995.65
<i>Pass-Through To:</i>									
<i>Adjutant General's Department</i>					401	57,995.65			
School Breakfast Program	10.553		130,856.05	130,856.05					130,856.05
<i>Pass-Through To:</i>									
<i>Department of State Health Services</i>					537	130,856.05			

School Breakfast Program	10.553	37,327.45	37,327.45			37,327.45
<i>Pass-Through To:</i>						
Department of Aging and Disability Services				539	37,327.45	
School Breakfast Program	10.553	886,540.38	886,540.38			886,540.38
<i>Pass-Through To:</i>						
Texas Juvenile Justice Department				644	886,540.38	
School Breakfast Program	10.553	9,320.36	9,320.36			9,320.36
<i>Pass-Through To:</i>						
University of Texas at Dallas				738	9,320.36	
School Breakfast Program	10.553	21,258.46	21,258.46			21,258.46
<i>Pass-Through To:</i>						
Texas School for the Blind and Visually Impaired				771	21,258.46	
School Breakfast Program	10.553	54,657.62	54,657.62			54,657.62
<i>Pass-Through To:</i>						
Texas School for the Deaf				772	54,657.62	
National School Lunch Program	10.555	9,106,309.72	9,106,309.72		9,106,265.62	44.10 9,106,309.72
(Non-monetary)	10.555	127,967,705.45	127,967,705.45		127,967,705.45	127,967,705.45
National School Lunch Program	10.555	111,180.30	111,180.30			111,180.30
<i>Pass-Through To:</i>						
Adjutant General's Department				401	111,180.30	
National School Lunch Program (Non-monetary)	10.555	16,686.18	16,686.18			16,686.18
<i>Pass-Through To:</i>						
Department of State Health Services				537	16,686.18	
National School Lunch Program	10.555	249,693.48	249,693.48			249,693.48
<i>Pass-Through To:</i>						
Department of State Health Services				537	249,693.48	
National School Lunch Program (Non-monetary)	10.555	4,733.82	4,733.82			4,733.82
<i>Pass-Through To:</i>						
Department of Aging and Disability Services				539	4,733.82	
National School Lunch Program	10.555	33,013.44	33,013.44			33,013.44
<i>Pass-Through To:</i>						
Department of Aging and Disability Services				539	33,013.44	
National School Lunch Program (Non-monetary)	10.555	122,074.65	122,074.65			122,074.65
<i>Pass-Through To:</i>						
Texas Juvenile Justice Department				644	122,074.65	
National School Lunch Program	10.555	1,385,303.56	1,385,303.56			1,385,303.56
<i>Pass-Through To:</i>						
Texas Juvenile Justice Department				644	1,385,303.56	
National School Lunch Program (Non-monetary)	10.555	840.32	840.32			840.32
<i>Pass-Through To:</i>						

<i>University of Texas at Austin</i>				721	840.32				
National School Lunch Program	10.555	21,454.76	21,454.76					21,454.76	
<i>Pass-Through To:</i>									
<i>University of Texas at Dallas</i>				738	21,454.76				
National School Lunch Program (Non-monetary)	10.555	7,398.13	7,398.13					7,398.13	
<i>Pass-Through To:</i>									
<i>University of Texas at Dallas</i>				738	7,398.13				
National School Lunch Program	10.555	43,296.27	43,296.27					43,296.27	
<i>Pass-Through To:</i>									
<i>Texas School for the Blind and Visually Impaired</i>				771	43,296.27				
National School Lunch Program (Non-monetary)	10.555	3,883.21	3,883.21					3,883.21	
<i>Pass-Through To:</i>									
<i>Texas School for the Blind and Visually Impaired</i>				771	3,883.21				
National School Lunch Program	10.555	178,183.37	178,183.37					178,183.37	
<i>Pass-Through To:</i>									
<i>Texas School for the Deaf</i>				772	178,183.37				
National School Lunch Program (Non-monetary)	10.555	13,909.36	13,909.36					13,909.36	
<i>Pass-Through To:</i>									
<i>Texas School for the Deaf</i>				772	13,909.36				
Special Milk Program for Children	10.556	22,430.03	22,430.03			22,430.03		22,430.03	
Summer Food Service Program for Children	10.559	46,864,266.00	46,864,266.00			45,882,465.46	981,800.54	46,864,266.00	
Summer Food Service Program for Children	10.559	13,984.83	13,984.83					13,984.83	
<i>Pass-Through To:</i>									
<i>University of Texas at Arlington</i>				714	13,984.83				
Summer Food Service Program for Children	10.559	61,263.71	61,263.71					61,263.71	
<i>Pass-Through To:</i>									
<i>University of Texas at San Antonio</i>				743	61,263.71				
Totals - U.S. Department of Agriculture		0.00	0.00	191,627,500.60	191,627,500.60	3,464,855.36	187,180,800.60	981,844.64	191,627,500.60
<u>Emergency Food Assistance Cluster</u>									
J.S. Department of Agriculture									
Direct Programs:									
Emergency Food Assistance Program (Administrative Costs)	10.568	7,651,160.54	7,651,160.54			7,617,946.97	33,213.57	7,651,160.54	
Emergency Food Assistance Program (Food Commodities) (Non-monetary)	10.569	53,391,998.58	53,391,998.58			53,391,998.58		53,391,998.58	
Totals - U.S. Department of Agriculture		0.00	0.00	61,043,159.12	61,043,159.12	0.00	61,009,945.55	33,213.57	61,043,159.12
<u>DBG - State-Administered CDBG Cluster</u>									

J.S. Department of Housing and Urban Development

Direct Programs:

Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	70,620,886.81	70,620,886.81	68,521,502.52	2,099,384.29	70,620,886.81			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	82,183.07	82,183.07			82,183.07			
<i>Pass-Through To:</i>									
<i>Texas Department of Housing and Community Affairs</i>				332	82,183.07				
ARRA - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii - (Recovery Act funded)	14.255	-4,539.96	-4,539.96	-5,400.00	860.04	-4,539.96			
Totals - U.S. Department of Housing and Urban Development		0.00	0.00	70,698,529.92	70,698,529.92	82,183.07	68,516,102.52	2,100,244.33	70,698,529.92
Total Expenditures of Federal Awards		0.00	0.00	677,729,599.23	677,729,599.23	4,549,900.19	648,290,016.32	24,889,682.72	677,729,599.23



State of Texas - Federal Activity
SEFA Note 2
 November 14, 2013

Agency 551 - Department of Agriculture
SEFA Note 2 - Reconciliation, FY 2013

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

Per Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds; and Combined Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds; and Combined Statement of Changes in Fiduciary Net Assets:

	AFR	USAS Amount	Note 2 Amount
Federal Revenue			
Governmental Funds	Exhibit II	502,988,874.97	502,988,874.97
Proprietary Funds			
Operating	Exhibit IV/SRECNA	-	
Non-operating	Exhibit IV/SRECNA	-	
Capital Contributions	Exhibit IV/SRECNA	-	
Fiduciary Funds	Exhibit VII	-	
Total Federal Revenue		\$502,988,874.97	\$502,988,874.97
<i>Amount per Schedule: \$487,626,094.97</i>			
<i>Discrepancy: \$15,362,780.00</i>			
Federal Pass-Through Revenue			
Governmental Funds	Exhibit II	-	
Proprietary Funds			
Operating	Exhibit IV/SRECNA	-	
Non-operating	Exhibit IV/SRECNA	-	
Capital Contributions	Exhibit IV/SRECNA	-	
Fiduciary Funds	Exhibit VII	-	
Total Federal Pass-Through Revenue		\$0.00	\$0.00
<i>Amount per Schedule: \$0.00</i>			
Total Federal Revenue and Federal Pass-Through Revenue		\$502,988,874.97	\$502,988,874.97

Reconciliation Items	CFDA	Amount
Non-monetary Items:		
National School Lunch Program	10.555	128,137,231.12
Commodity Supplemental Food Program	10.565	8,574,274.56
Emergency Food Assistance Program (Food Commodities)	10.569	53,391,998.58
Total Non-monetary Items		\$190,103,504.26

New Loans Processed: (Amounts are from Note 3a)

Federal Family Education Loans	84.032	-
Federal Family Education Loan Program (FFELP)	84.032L	-
Federal Perkins Loan Program (Perkins)	84.038	-
Federal Direct Student Loans (Direct Loans)	84.268	-
Health Education Assistance Loan Program (HEAL)	93.108	-
Nursing Faculty Loan Program	93.264	-
Health Professions Student Loan Program	93.342	-
Nursing Student Loan Program	93.364	-

Total New Loans Processed **\$0.00**

Other Reconciling Items:

Add:

State Unemployment Funds - State Portion	17.225	
<i>Other (Contact FRS if you have other reconciling items as additions items)</i>		

Deduct: (Enter amounts as negative)

Federal revenue received on the fixed fee basis contract

Note:



Federal revenue received under a vendor relationship between agency and the federal government

-15,362,780.00

Note:

State Small Business Credit Initiative



Federal grants **from** Texas A&M Research Foundation

Federal grants **to** Texas A&M Research Foundation

Medicare Part D

COBRA

Build America Bond

Early Retirement Reinsurance Program

Other (Contact FRS if you have other reconciling items as deductions items)

Total Other Reconciling Items	(\$15,362,780.00)
Total Reconciliation Items:	\$174,740,724.26

Total per Note 2:	\$677,729,599.23
Total Pass Through and Expenditures per Federal Schedule:	\$677,729,599.23
Difference:	\$0.00

This agency has been certified. No modifications allowed.



State of Texas - State Pass-through Reporting
Schedule 1B
 November 14, 2013 8:35 PM

Department of Agriculture (551)
Schedule 1B
Schedule of State Grant Pass-Throughs From/To State Agencies
for the Year Ended August 31, 2013

Pass-through From	Grant ID	Agency Number	Amount
Total Pass-Through from Other Agencies (Exh. II):			
Pass-through To			
	Grant ID	Agency Number	Amount
Enology and Viticulture Education and Research Grant	551.0003		
Texas A&M AgriLife Extension Service		555	114,261.28
Texas Tech University		733	210.81
			<u>114,472.09</u>
Feral Hog Abatement Grant	551.0008		
Texas A&M AgriLife Extension Service		555	377,169.46
Parks and Wildlife Department		802	132,677.60
			<u>509,847.06</u>
Molecular Breeding For Improvement	551.0014		
Texas Tech University		733	-4,134.60
			<u>-4,134.60</u>
Tb 8053 08 Enhancing Cotton Fiber E	551.0020		
Texas Tech University		733	-30,732.74
			<u>-30,732.74</u>
Zebra Chip Disease Research Grant	551.0027		
Texas A&M AgriLife Research		556	394,539.44
			<u>394,539.44</u>
CDBG GR Match	551.0030		
Texas Department of Housing and Community Affairs		332	4,325.42
			<u>4,325.42</u>
Natural Fibers Research Grant Program	551.0032		
Texas A&M AgriLife Research		556	10,617.76
Texas Tech University		733	98,197.37
			<u>108,815.13</u>
Urban School Grant Program	551.0033		
Texas A&M AgriLife Extension Service		555	6,103.49
			<u>6,103.49</u>
Border Security Program	551.0034		
Department of Public Safety		405	217,825.04
			<u>217,825.04</u>
Total Pass-Through to Other Agencies (Exh. II):			1,321,060.33



Commissioner Todd Staples

**Annual Financial Report
For the Year Ended August 31, 2013**