



A Report to the Citizens of Texas

Sept. 1, 2007 – Aug. 31, 2008



What's Inside

- **Accomplishments**
- **Texas Finances**
- **Texas and the Future — Challenges Ahead**

At Your Service

- From unclaimed property to property taxes and everything in between, the Comptroller's Window on State Government Web site offers a wide range of information on Texas taxes, state finances, state purchasing and other vital topics.
- We provide direct, hands-on assistance for each of the taxes our office administers.
- We partner with local governments to help streamline operations, improve customer service, support economic development and ensure compliance with state laws.
- Our Property Tax Assistance Division serves as a resource for taxpayers, taxing entities and appraisal districts.
- Our State Energy Conservation Office provides local governments with free energy assessments, technical support, energy management workshops and low-interest loans that are repaid by the energy savings generated by various projects.
- Our Texas Procurement and Support Services Division offers guidance and resources on doing business with the state.
- Our Historically Underutilized Business (HUB) Program is committed to promoting equal opportunities in contract awards.

A Report for all Texans

Taking Care of the Business of Texas

The Texas Comptroller of Public Accounts is the chief tax collector, accountant, revenue estimator, treasurer and purchaser for the state of Texas. In plain talk, that means the Comptroller's office writes the checks and keeps the books for the multi-billion dollar business of state government.

As steward of the state's finances, the Comptroller's office serves every citizen in the state with a focus on strict accountability in the collection and expenditure of taxpayer dollars. But our job doesn't stop there. The Comptroller's office provides a wide variety of assistance for business owners, local officials and individuals.

Mission:

To serve the people of Texas by applying the tax and fiscal laws fairly and consistently. Our office strives to continually improve our services through innovative management and technology, carrying out all our duties with integrity, openness and at the least cost to the taxpayer.

Goals:

- Improve voluntary compliance with the tax laws.
- Efficiently manage the state's fiscal affairs.
- Expeditiously manage the receipt and disbursement of state tax revenue.
- Develop and maintain a skilled work force, committed to quality performance.
- Maximize customer satisfaction by improving services while minimizing administrative burdens on those we serve.
- Establish and implement policies governing purchasing and all contracting that foster meaningful and substantive inclusion of historically underutilized businesses (HUBs).

Texas by the Numbers

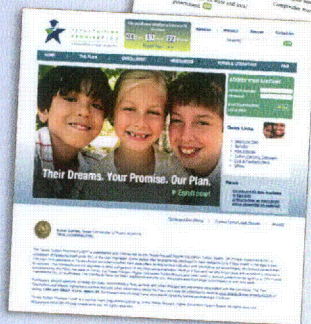
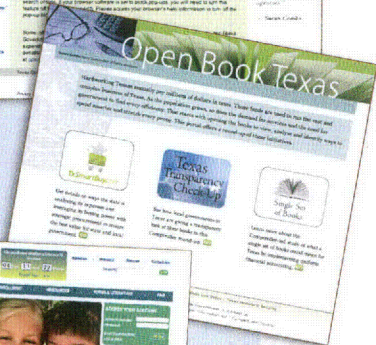
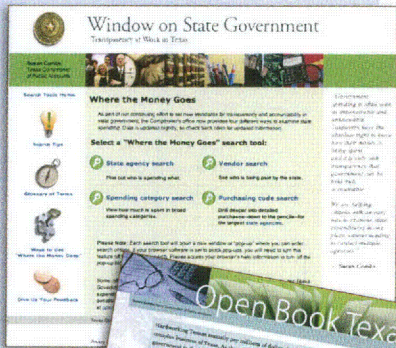
Population (2008)	23,840,276
Per-capita income (2007 dollars)	\$38,724
Earnings per job (2006 dollars)	\$49,823
Unemployment rate (2008 average)	4.8 percent
2008 Exports	\$192 billion
Public School Enrollment (2006-2007)	4,594,942

Accomplishments

Shining a Light on State Spending

Texans deserve to know how their government spends their money. The Comptroller's *Where the Money Goes* Web site at www.window.state.tx.us/wherethemoneygoes offers a virtual check register available to anyone at any time to drill down to specific details on state expenses.

The Comptroller's *Open Book Texas* initiative www.openbooktexas.com has taken this effort a step further by linking to information on leveraging the state's buying power through TxSmartBuy, showcasing financial transparency on the local level with the Texas Transparency Check-up, and studying how the state's information systems can better share data through a "single set of books."



Powerful Information at Your Fingertips

The Comptroller's office offers numerous Web resources to assist and inform Texans. All Web sites are informed by direct user feedback, and the Comptroller's office strives to ensure information is relevant, helpful and easy to find.

www.window.state.tx.us — The Comptroller's Window on State Government Web site offers an incredible range of information on Texas taxes, state finances, state purchasing and other vital topics.

www.cpapubs.org — Keep track of vital issues affecting the Texas economy with the Comptroller's newsletters and in-depth special reports on vital topics that affect the state's bottom line.

www.claimittexas.org — Search the Comptroller's Unclaimed Property database to see what may be waiting for you.

www.texasahead.org — Find a wealth of resources at the Comptroller's Texas Ahead site, your one-stop portal to Texas economic development resources and local government tools.

www.everychanceeverytexan.org — Learn about all the ways to pay and save for college and help prepare the Texas work force of tomorrow at this Comptroller portal.

www.seco.cpa.state.tx.us — View the resources offered by the State Energy Conservation Office.

www.window.state.tx.us/subscribe — Sign up to receive e-mail alerts on all the Comptroller topics of your choice.

Saving Through Simpler, Smarter, Faster Solutions

The state is growing, and the need for state services is growing with it. To meet increased demand with existing resources, the Comptroller's office is dedicated to streamlining and improving business processes to save taxpayer dollars. This effort already has led to more than \$8.5 million in year over year cost savings/cost avoidance for the agency.

On a statewide level, the Comptroller's office closely studied the vast array of goods and services purchased by the state to identify smarter ways to buy and save. The first phase of this effort focused on several of the state's largest spending categories with initial estimated savings of \$28 million.

Providing Educational Opportunities for All Texans

To help offset increasing college tuition costs, the Comptroller's office unveiled the *Texas College Savings Plan*, the *Lonestar 529 Plan*, and the *Texas Tuition Promise Fund*. The plans allow college savers to put away money now for tomorrow's college expenses and prepay tuition at today's rates.

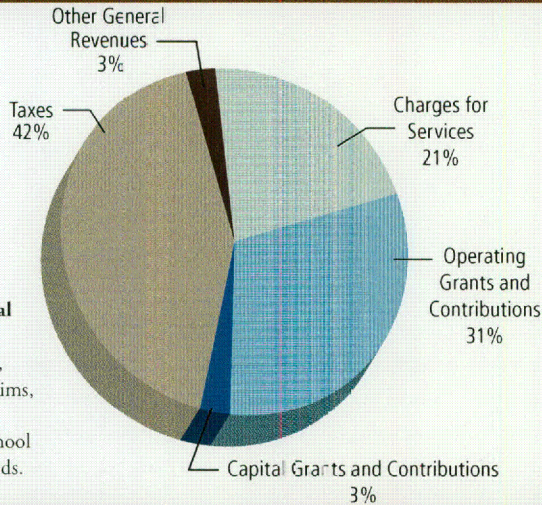
Making it Fast and Easy to Find the Information You Need

The Comptroller's office launched a complete redesign of its Window on State Government Web site for a more transparent, streamlined and user-friendly experience that helps users quickly locate the information they need. The office also launched the Texas Ahead economic development portal, the Every Chance, Every Texan work force and education portal, the Transparency Check-Up and Open Book Texas sites, and a refreshed State Energy Conservation Office Web site with new navigation, organization and search capabilities.

Texas Finances

An independent audit was conducted, resulting in a clean audit opinion. Complete financial information can be found at fm.x.cpa.state.tx.us/fm/pubs/cafr

PRIMARY GOVERNMENT SOURCES OF REVENUE



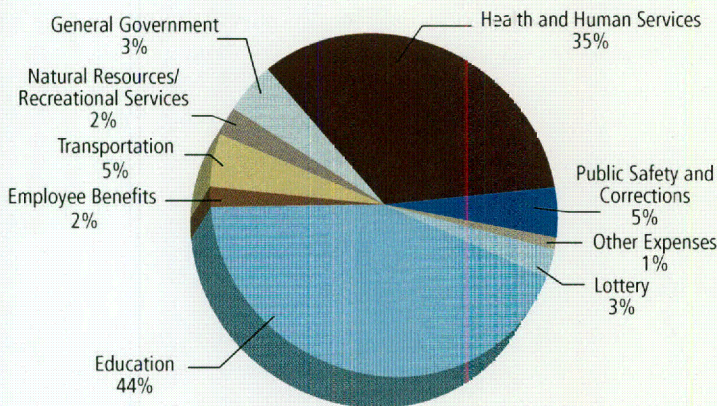
Note: Other General Revenues include investment earnings, the settlement of claims, gain on the sale of capital assets and school district settle-up funds.

For the Fiscal Years Ended Aug. 31, 2008 and 2007
(Amounts in Thousands)

	Total Primary Government		
	2008	2007	% Change
REVENUE BY SOURCE			
Charges for Services	\$ 20,898,098	\$ 22,317,963	-6.36
Operating Grants and Contributions	30,708,652	38,996,836	-21.25
Capital Grants and Contributions	2,831,469	2,021,417	40.07
Taxes	41,419,231	37,071,589	11.73
Other General Revenues	3,451,917	3,638,391	-5.13
TOTAL REVENUES	\$ 99,309,367	\$ 104,046,196	19.06

This table and pie chart show where the state's money comes from.

PRIMARY GOVERNMENT FUNCTIONAL EXPENSES



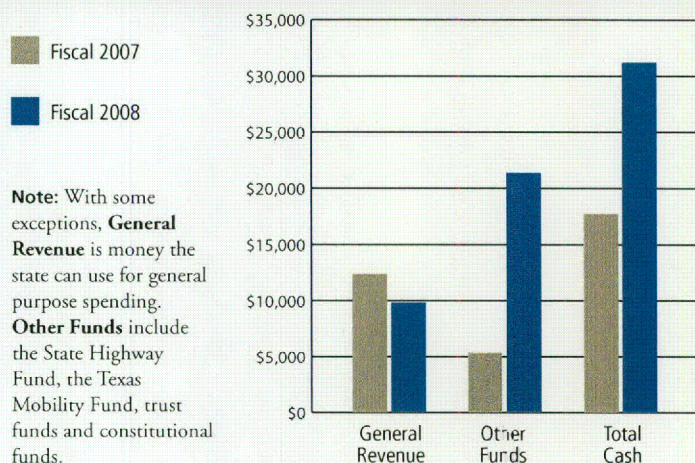
Note: Employee Benefits includes Teacher Retirement Benefits. **Other Expenses** include regulatory services and interest on long-term debt.

For the Fiscal Years Ended Aug. 31, 2008 and 2007
(Amounts in Thousands)

	Total Primary Government		
	2008	2007	% Change
EXPENSES			
General Government	\$ 2,836,834	\$ 2,741,937	3.46
Education	43,605,792	38,479,128	13.32
Employee Benefits	1,847,954	2,078,171	-11.08
Health and Human Services	33,893,231	32,091,093	5.62
Public Safety and Corrections	5,101,504	5,111,066	-0.19
Transportation	4,642,389	4,378,039	6.04
Natural Resources/Recreational Services	1,698,468	1,500,854	13.17
Other Expenses	976,944	543,620	79.71
Lottery	2,634,446	2,691,210	-2.11
TOTAL NET EXPENDITURES	\$ 97,237,562	\$ 90,524,963	107.94

This table and pie chart show where the state's money goes.

CASH CONDITION



Note: With some exceptions, **General Revenue** is money the state can use for general purpose spending. **Other Funds** include the State Highway Fund, the Texas Mobility Fund, trust funds and constitutional funds.

Cash Balances in State Treasury

All Funds Excluding Trust, Fiscal 2008 Ending Balances

(Amounts in Millions)

	General Revenue	Other Funds	Total Cash
Beginning Balance Sept. 1, 2007	\$ 12,399.0	\$ 5,350.8	\$ 17,749.7
Revenue	73,274.9	13,708.1	86,983.0
Expenditures	(69,279.0)	(12,656.8)	(81,935.8)
Net Interfund Transfers and Investment Transactions	(6,583.2)	15,014.3	8,431.2
Total Cash Activity	(2,587.3)	16,065.7	13,478.4
Ending Cash Balance Aug. 31, 2008	\$ 9,811.7	\$ 21,416.5	\$ 31,228.1

This table and bar chart show cash activity and ending cash balances in the State Treasury.

We value your feedback!

Did you find this report informative?

Is there other information you would like to see?

Please let us know by contacting the Comptroller's Fiscal Management Division:
statewide.accounting@cpa.state.tx.us



Texas is the place where big dreams and ambitions work alongside



possibilities and opportunities. The right training and education



are critical to the state's ability to take full advantage of this.



All Comptroller reports are available at www.cpapubs.org.

Texas and the Future — Challenges Ahead

State Budget

Budgeting for the 2010-11 biennium will present challenges to state lawmakers. The Comptroller's Biennial Revenue Estimate includes an estimated \$77.1 billion available for general purpose spending during the period, approximately \$9.1 billion less than the 2008-09 biennium.

Water

The Comptroller's 2009 report, *Liquid Assets: The State of Texas' Water Resources*, examines Texas' current and future water resources, the practical and policy barriers facing local and statewide water planners and possible funding mechanisms that could be tapped to develop Texas' water resources. More than 46 million people could call Texas home by 2060, and failing to meet their water demands could cost Texans and businesses \$98.4 billion.

Energy

Texas remains at the forefront of the nation's energy industry. The direction Texas takes in energy policy will help mark the path for the nation. Texas — and the rest of the world, for that matter — almost certainly will meet future energy demands using a wide variety of resources, and our state must be informed to ensure it remains well positioned to benefit from the increasing diversification of the nation's energy portfolio. This issue is covered in-depth in the Comptroller's 2008 *Energy Report*.

Texas Work Force

The Comptroller's December 2008 report, *Texas Works*, examines the changing Texas job market and the growing shortage of workers with the technical skills required for many of the state's fastest growing jobs. The report details the offerings of community and technical colleges to fill those educational needs, but also explores the fact that too many Texas high school students fail to pursue postsecondary education.

Economic Outlook

The following table provides key measures of the state's economic outlook. Gross State Product is a measure of the total value of goods and services produced in Texas. Nonfarm Employment represents the number of jobs in the economy, not including jobs relating to the farming industry.

Texas Economic Outlook for Fiscal 2009 through 2011			
	2009	2010	2011
Gross State Product (Billions, Current \$)	1,245.9	1,280.9	1,354.2
Annual Percent Change	4.2	2.8	5.7
Nonfarm Employment (Thousands)	10,537.3	10,637.6	10,889.4
Annual Percent Change	0.0	1.0	2.4
Resident Population (Thousands)	24,710.4	25,236.9	25,779.3
Annual Percent Change	1.8	2.1	2.1