

ANNUAL FINANCIAL REPORT  
TEXAS REAL ESTATE COMMISSION  
Austin, Texas  
Year Ended August 31, 2010

DOUGLAS E. OLDMIXON  
ADMINISTRATOR



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***Texas Real Estate Commission***  
**Post Office Box 12188 Austin, Texas 78711-2188**  
1101 Camino La Costa Austin, Texas

October 1, 2010

Honorable Rick Perry, Governor  
Honorable Susan Combs, State 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 Real Estate Commission for the year ended August 31, 2010, 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, please contact Karen Alexander at 512.465.3924 or Barbara Kolb at 512.465.3930.

Sincerely,

A handwritten signature in black ink, appearing to read "Douglas E. Oldmixon".

Douglas E. Oldmixon  
Administrator

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**Texas Real Estate Commission (329)**

**Exhibit I - Combined Balance Sheet/Statement of Net Assets – Governmental Funds**

August 31, 2010

	Governmental Fund Type			
	General Funds Exh A-1	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Net Assets
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents:				
Cash on Hand	\$ 61,062.93	\$	\$	\$ 61,062.93
Cash in State Treasury	838,983.53			838,983.53
Legislative Appropriations	1,530,721.24			1,530,721.24
Accounts Receivables	245,077.75			245,077.75
Consumable Inventories	35,977.32			35,977.32
Total Current Assets	2,711,822.77	0.00	0.00	2,711,822.77
Non-Current Assets:				
Non-Depreciable				
Construction in Progress		263,662.50		
Depreciable:				
Furniture and Equipment		341,842.47		341,842.47
Accumulated Depreciation		(282,814.25)		(282,814.25)
Amortizable:				
Computer Software		389,294.49		
Accumulated Amortization		(389,294.49)		
Total Non-Current Assets (Note 2)	0.00	322,690.72	0.00	322,690.72
Total Assets	\$ 2,711,822.77	\$ 322,690.72	\$ 0.00	\$ 3,034,513.49
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Current Liabilities:				
Payables From:				
Accounts Payable	\$ 508,411.44	\$	\$	\$ 508,411.44
Payroll Payable	403,254.26			403,254.26
Due To Other Agencies (Note 12)	1,132,119.25			1,132,119.25
Deferred Revenues	282,213.96			282,213.96
Employees Compensable Leave			358,024.30	358,024.30
Total Current Liabilities	2,325,998.91	0.00	358,024.30	2,684,023.21
Non-Current Liabilities:				
Employees Compensable Leave			255,022.63	255,022.63
Total Non-Current Liabilities (Note 5)	0.00	0.00	255,022.63	255,022.63
Total Liabilities	2,325,998.91	0.00	613,046.93	2,939,045.84

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**Texas Real Estate Commission (329)**

**Exhibit I - Combined Balance Sheet/Statement of Net Assets – Governmental Funds**

August 31, 2010

	Governmental Fund Type			
	General Funds Exh A-1	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Net Assets
<b>FUND FINANCIAL STATEMENT-FUND BALANCES</b>				
Fund Balances (Deficits):				
Reserved for:				
Encumbrances	16,560.08			16,560.08
Inventories	35,977.32			35,977.32
Imprest	500.00			500.00
Undesignated	332,786.46			332,786.46
Total Fund Balances	385,823.86	0.00	0.00	385,823.86
Total Liabilities and Fund Balances	\$ 2,711,822.77	\$ 0.00	\$ 613,046.93	\$ 3,324,869.70
 <b>GOVERNMENT-WIDE STATEMENT-NET ASSETS</b>				
Net Assets:				
Invested in Capital Assets,				
Net of Related Debt		\$ 322,690.72		\$ 322,690.72
Unrestricted			(613,046.93)	(613,046.93)
Total Net Assets		\$ 322,690.72	\$ (613,046.93)	\$ (290,356.21)

Beginning with fiscal 2010, Governmental Component Units are combined with Proprietary Component Units and reported in Exhibit VIII.

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

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**Texas Real Estate Commission (329)**  
**Exhibit II - Combined Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances/Statement of Activities – Governmental Funds**

For the Fiscal Year Ended August 31, 2010

	Governmental Fund Type			
	General Funds Exh A-2	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Activities
<b>REVENUES</b>				
Legislative Appropriations:				
Original Appropriations (GR)	\$ 6,577,598.00	\$	\$	\$ 6,577,598.00
Additional Appropriations (GR)	1,308,842.23			1,308,842.23
Licenses, Fees & Permits	3,359,258.81			3,359,258.81
Sales of Goods and Services	192,926.35			192,926.35
Other Revenues	221.13			221.13
Total Revenues	11,438,846.52	0.00	0.00	11,438,846.52
 <b>EXPENDITURES</b>				
Salaries and Wages	4,204,393.80		61,612.91	4,266,006.71
Payroll Related Costs	1,293,355.54			1,293,355.54
Professional Fees and Services	318,022.48			318,022.48
Travel	51,700.64			51,700.64
Materials and Supplies	202,079.12			202,079.12
Communication and Utilities	58,610.41			58,610.41
Repairs and Maintenance	49,999.96			49,999.96
Rentals & Leases	458,046.89			458,046.89
Printing and Reproduction	9,472.44			9,472.44
Other Expenditures	1,202,419.57			1,202,419.57
Depreciation Expense		70,304.87		70,304.87
Total Expenditures/Expenses	7,848,100.85	70,304.87	61,612.91	7,980,018.63
Excess (Deficiency) of Revenues Over Expenditures	3,590,745.67	(70,304.87)	(61,612.91)	3,458,827.89

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**Texas Real Estate Commission (329)**  
**Exhibit II - Combined Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances/Statement of Activities – Governmental Funds**

For the Fiscal Year Ended August 31, 2010

	<u>Governmental Fund Type</u>			
	<u>General Funds Exh A-2</u>	<u>Capital Assets Adjustments</u>	<u>Long-Term Liabilities Adjustments</u>	<u>Statement of Activities</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out (Note 12)	(3,111,878.72)			(3,111,878.72)
Total Other Financing Sources and Uses	<u>(3,111,878.72)</u>	<u>0.00</u>	<u>0.00</u>	<u>(3,111,878.72)</u>
Net Change in Fund Balances/Net Assets	<u>478,866.95</u>	<u>(70,304.87)</u>	<u>(61,612.91)</u>	<u>346,949.17</u>
<b>FUND FINANCIAL STATEMENT-FUND BALANCES</b>				
Fund Balances, September 1, 2008	151,202.76			151,202.76
Appropriations Lapsed	(244,245.85)			(244,245.85)
Fund Balances-August 31, 2009	<u>\$ 385,823.86</u>			<u>\$ 253,906.08</u>
<b>GOVERNMENT-WIDE STATEMENT-NET ASSETS</b>				
Change in Net Assets		<u>(70,304.87)</u>	<u>(61,612.91)</u>	<u>(131,917.78)</u>
Net Assets-Beginning		476,288.46	(551,434.02)	(75,145.56)
Restatements		(83,292.87)		
Net Assets, September 1, 2009, as Restated		<u>392,995.59</u>	<u>(551,434.02)</u>	<u>(75,145.56)</u>
Net Assets-August 31, 2010		<u>\$ 322,690.72</u>	<u>\$ (613,046.93)</u>	<u>\$ (290,356.21)</u>

Beginning with fiscal 2010, Governmental Component Units are combined with Proprietary Component Units and reported in Exhibit IX.

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

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**Texas Real Estate Commission (329)**  
**Exhibit VI - Combined Statement of Fiduciary Net Assets**  
**Fiduciary Funds**

August 31, 2010

	<b>Private- Purpose Trust Funds (Exhibit I-1)</b>	<b>Agency Funds (Exhibit J-1)</b>	<b>Totals</b>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents:			
Cash on Hand	\$ 1,180.00	\$ 350.00	\$ 1,530.00
Cash in State Treasury	1,198,465.04	31,125.00	1,229,590.04
Receivables:			
Interest and Dividends	9,388.54		9,388.54
Accounts Receivable	<u>228,740.00</u>	<u>500.00</u>	<u>229,240.00</u>
Total Current Assets	<u>1,437,773.58</u>	<u>31,975.00</u>	<u>1,469,748.58</u>
Non-Current Assets:			
Investments	<u>2,235,625.00</u>		<u>2,235,625.00</u>
Total Non-Current Assets	<u>2,235,625.00</u>	<u>0.00</u>	<u>2,235,625.00</u>
Total Assets	<u>3,673,398.58</u>	<u>31,975.00</u>	<u>3,705,373.58</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Payables from:			
Accounts			0.00
Due to Other Funds			0.00
Funds Held for Others		32,425.00	32,425.00
Total Liabilities	<u>0.00</u>	<u>32,425.00</u>	<u>32,425.00</u>
<b>NET ASSETS</b>			
Held in trust for:			
Individuals, Organizations, and Other Governments:			
Expendable	<u>3,673,398.58</u>	<u>0.00</u>	<u>3,673,398.58</u>
Total Net Assets	<u>\$ 3,673,398.58</u>	<u>\$ 0.00</u>	<u>\$ 3,673,398.58</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.



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**Texas Real Estate Commission (329)**

**Exhibit VIII - Combined Statement of Net Assets – Discretely Presented Component Unit**

August 31, 2010

	<b>Component Unit (3144) U/F (0001)</b>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents:	
Cash on Hand	\$ 60.00
Legislative Appropriations	252,597.89
Accounts Receivables	100.00
Consumable Inventories	9,556.27
Total Current Assets	262,314.16
Non-Current Assets:	
Furniture & Equipment	12,884.60
Accumulated Depreciation	(9,402.60)
Construction in Progress	122,957.50
Total Non-Current Assets (Note 2)	126,439.50
Total Assets	\$ 388,753.66
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	109,304.87
Payroll Payable	61,318.41
Employees Compensable Leave	44,216.99
Total Current Liabilities	214,840.27
Non-Current Liabilities:	
Employees Compensable Leave	28,564.96
Total Non-Current Liabilities	28,564.96
Total Liabilities	243,405.23
<b>NET ASSETS</b>	
Unrestricted	145,348.43
Total Net Assets	\$ 145,348.43

Beginning with fiscal 2010, Governmental Component Units previously presented in Exhibit I are combined with Proprietary Component Units and reported in Exhibit VIII.

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

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**Texas Real Estate Commission (329)**

**Exhibit IX - Combined Statement of Revenues, Expenses, and Changes in Net Assets - Discretely Presented Component Unit**

For the Fiscal Year Ended August 31, 2010

	<b>Component Unit (3144) U/F (0001)</b>
<b>OPERATING REVENUES</b>	
Professional Fees	\$ 23,388
Sales of Goods and Services	280.72
Total Operating Revenues	23,668.72
<b>OPERATING EXPENSES</b>	
Salaries and Wages	646,491.17
Payroll Related Costs	158,342.22
Professional Fees and Services	157,873.46
Travel	14,833.24
Materials and Supplies	20,436.72
Communication and Utilities	6,235.87
Repairs and Maintenance	1,541.67
Rentals & Leases	40,738.31
Printing and Reproduction	527.42
Depreciation Expense	708.00
Other Expenditures	40,462.05
Total Operating Expenses	1,088,190.13
Operating Income (Loss)	(1,064,521.41)
<b>NONOPERATING REVENUE (EXPENSES)</b>	
Legislative Appropriations:	
Original Appropriations (GR)	956,918.00
Additional Appropriations (GR)	159,369.08
Total Other Nonoperating Revenues (Expenses)	1,116,287.08
Income (Loss) Before Other Revenues, Expenses, Gains/Losses and Transfers	51,765.67
<b>OTHER REVENUES, EXPENSES, GAINS/LOSSES AND TRANSFERS</b>	
Appropriations Lapsed	(6,703.95)
Total Other Revenues, Expenses, Gains/Losses, and Transfers	(6,703.95)
Change in Net Assets	45,061.72
Total Net Assets, September 1, 2009	146,841.84
Restatements	(46,555.13)
Net Assets, September 1, 2009, as Restated	100,286.71
Net Assets, August 31, 2010	\$ 145,348.43

Beginning with fiscal 2010, Governmental Component Units previously presented in Exhibit II are combined with Proprietary Component Units and are presented in Exhibit IX.

The accompanying Notes to the Financial Statements are an integral part of this financial statement.



# Notes to the Financial Statements

For the Fiscal Year Ended August 31, 2010

## NOTE 1: Summary of Significant Accounting Policies

### Entity

The Texas Real Estate Commission 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 Texas Real Estate Commission (TREC) was created in 1939 under the Texas Real Estate Dealer's License Act. Since 1949, policy direction is provided by the Texas Real Estate Commission, and an Administrator, appointed by the Commission, directs the activities of the agency. Policy direction for the Texas Appraiser Licensing and Certification Board (TALCB), an independent subdivision of the Texas Real Estate Commission, is provided by the Board, and a Commissioner directs the administration of the subdivision. Additional information can be found in Note 19.

The function of TREC is the protection of the public through regulation of licensed real estate brokerage practitioners, real estate inspectors, easement or right-of-way agents and residential service companies in Texas. Additionally, TREC protects the public by registering entities which offer timesharing interests in Texas.

Beginning in 1939, those who appraise real property for a fee in Texas were required to have a real estate license from the Texas Real Estate Commission (TREC) or be otherwise exempted by law. Since July 1, 1991, a person holding an appraiser certification or license issued by the Texas Appraiser Licensing and Certification Board (TALCB) is not required to be licensed by TREC to perform real property appraisals.

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

The Texas Real Estate Commission includes within this report all components as determined by an analysis of their relationship to the Texas Appraiser Licensing and Certification Board (TALCB) as listed below.

#### Discrete Component Unit

The Texas Appraiser Licensing and Certification Board (TALCB), an independent subdivision of the Texas Real Estate Commission, has been determined to be a discrete component unit as defined by GASB Statement No. 14. The financial statements of TALCB are presented in Exhibit VIII and Exhibit IX.

TEXAS REAL ESTATE COMMISSION (329)

## **Fund Structure**

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

### ***Governmental Fund Types & Government-Wide Adjustment Fund Types***

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

Capital Assets Adjustment Fund Type: Capital Assets Adjustment fund type will be used to convert governmental fund types' capital assets from modified accrual to full accrual.

Long-Term Liabilities Adjustment Fund Type: Long-Term Liabilities Adjustment fund type will be used to convert governmental fund types' debt from modified accrual to full accrual.

### ***Fiduciary Fund Types***

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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.

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. Expendable trust funds are used to account for trust funds whose principal and interest may be expended in the course of their designated operations. Principal and revenue of the Expendable Trust Funds, the Real Estate Recovery Trust Account and the Real Estate Inspection Recovery Fund, may be expended when recovery is ordered by a court of competent jurisdiction against a broker, salesperson, inspector, or easement or right-of-way agent or when authorized by appropriate rider to recover travel and related expenses incurred for collection of court judgments affecting the fund.

### ***Component Units***

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Discrete Component Units: The Texas Appraiser Licensing and Certification Board (TALCB), an independent subdivision of the Texas Real Estate Commission, has been determined to be a component unit as defined by GASB Statement No. 14. The financial statements of TALCB are presented in Exhibits VIII and IX.

## ***Basis of Accounting***

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

Governmental fund types that build the fund financial statements are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year end. 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 accrual basis. Expenditures and other uses of financial resources are recognized when the related liability is incurred.

Governmental adjustment fund types that will build the government-wide financial statements are accounted for using the full accrual basis of accounting. 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, long-term claims and judgments and full accrual revenues and expenses. The activity will be recognized in these fund types.

Proprietary funds, pension trust funds, external investment trust 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 and internal services 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**

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#### Cash and Cash Equivalents

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

#### Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of enterprise fund general obligation and revenue bonds and revenues set aside for statutory or contractual requirements. Assets held in reserve for guaranteed student loan defaults are also included.

## TEXAS REAL ESTATE COMMISSION (329)

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. The consumption method of accounting is used to account for inventories and prepaid items that appear in the governmental and proprietary fund types. The cost of these items is expensed when the items are consumed.

Capital Assets

Assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year should be capitalized. These assets are capitalized at cost or, if 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 date. Depreciation is charged to operations over the estimated useful life of each asset, using the straight-line method.

Current Receivables - Other

Other receivables include year-end revenue accruals. This account can appear in governmental and proprietary fund types.

***LIABILITIES***

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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.

Current Payables - Other

Payables are the accrual at year-end of expenditure transactions. 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.

***FUND BALANCE / NET ASSETS***

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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.

Reservations of Fund Balance

Fund balances for governmental funds are classified as either reserved or unreserved in the fund financial statements. Reservations are legally restricted to a specific future use or not available for expenditure.

## TEXAS REAL ESTATE COMMISSION (329)

Reserved for Encumbrances

This represents commitments of the value of contracts awarded or assets ordered prior to year-end, but not received as of that date. Encumbrances are not included with expenditures or liabilities. They represent current resources designated for specific expenditures in subsequent operating periods.

Unreserved / Undesignated

This represents the unappropriated balance at year-end.

Invested in Capital Assets, Net of Related Debt

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

Restricted Net Assets

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets

Unrestricted net assets consist of net assets, which do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources, which are imposed by management, but can be removed or modified.

***INTERFUND ACTIVITIES AND BALANCES***

The agency has the following types of transactions between 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", repayment for 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 revenues 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.

## TEXAS REAL ESTATE COMMISSION (329)

**NOTE 2: Capital Assets**

A Summary of changes in Capital Assets for the year ended August 31, 2010, is presented below:

<b>Governmental Activities</b>	<b>PRIMARY GOVERNMENT</b>					<b>Balance 08/31/10</b>
	<b>Balance 09/01/09</b>	<b>Adjust- ments</b>	<b>Reclassi- fications</b>	<b>Additions</b>	<b>Deletions</b>	
<b>D23 Fund 1114, Fund Type 01</b>						
<b>Non-Depreciable or Non- Amortizable Assets:</b>						
Construction in Progress	\$ 346,955.37	(\$83,292.87)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 263,662.50
Total Non- Depreciable or Non-Amortizable Assets	\$ 346,955.37	(\$83,292.87)	\$ 0.00	\$ 0.00	\$ 0.00	263,662.50
<b>Depreciable Assets:</b>						
Furniture and Equipment	731,136.96	(389,294.49)	0.00	0.00	0.00	341,842.47
Total Depreciable Assets	731,136.96	(389,294.49)	0.00	0.00	0.00	341,842.47
Less Accumulated Depreciation for Furniture and Equipment	(601,803.87)	359,324.25	0.00	(40,334.63)	0.00	(282,814.25)
Total Accumulated Depreciation	(601,803.87)	359,324.25	0.00	(40,334.63)	0.00	(282,814.25)
Depreciable Assets, Net	\$ 129,333.09	(\$29,970.24)	\$ 0.00	(\$40,334.63)	\$ 0.00	\$ 59,028.22
<b>Amortizable Assets:</b>						
Computer Software	0.00	\$389,294.49	0.00	0.00	0.00	\$389,294.49
Total Amortizable Assets	0.00	\$389,294.49	0.00	0.00	0.00	\$389,294.49
Less Accumulated Amortization for Computer Software	0.00	(359,324.25)	0.00	(\$29,970.24)	0.00	(\$389,294.49)
Total Accumulated Amortization	0.00	(359,324.25)	0.00	(\$29,970.24)	0.00	(\$389,294.49)
Amortizable Assets, Net	\$ 0.00	\$ 29,970.24	\$ 0.00	(\$29,970.24)	\$ 0.00	\$ 0.00
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 476,288.46</b>	<b>(\$83,292.87)</b>	<b>\$ 0.00</b>	<b>(\$70,304.87)</b>	<b>\$ 0.00</b>	<b>\$ 322,690.72</b>

TEXAS REAL ESTATE COMMISSION (329)

DISCRETE COMPONENT UNIT

D23 Fund 0001, Fund Type 15	Balance 09/01/09	Adjust- ments	Reclassi- fications	Additions	Deletions	Balance 08/31/010
<b>Non-Depreciable Assets:</b>						
Construction in Progress	\$ 169,512.63	(\$ 46,555.13)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 122,957.50
Total Non-Depreciable Assets	\$ 169,512.63	(\$ 46,555.13)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 122,957.50
<b>Depreciable Assets:</b>						
Furniture and Equipment	12,884.60	0.00	0.00	0.00	0.00	12,884.60
Total Depreciable Assets at Historical Cost	12,884.60	0.00	0.00	0.00	0.00	12,884.60
Less Accumulated Depreciation for Furniture and Equipment	(8,694.60)	0.00	0.00	(708.00)	0.00	(9,402.60)
Total Accumulated Depreciation	(8,694.60)	0.00	0.00	(708.00)	0.00	(9,402.60)
Depreciable Assets, Net	\$ 4,190.00	\$ 0.00	\$ 0.00	(\$ 708.00)	0.00	\$ 3,482.00
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 173,702.63</b>	<b>(\$ 46,555.13)</b>	<b>\$ 0.00</b>	<b>(\$ 708.00)</b>	<b>\$ 0.00</b>	<b>\$ 126,439.50</b>

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

The Texas Real Estate Commission may invest funds held in the Real Estate Trust Account (Fund 0971) in the same manner as money of the Employees Retirement System of Texas, except that an investment may not be made that would impair the liquidity necessary to make payments from the trust account. Permissible investments include primarily, but are not limited to Direct Obligations of the United States Treasury. A "laddered" approach of portfolio management is utilized. By having a relatively even distribution of securities maturing each year, this helps to eliminate extreme interest rate exposure. The maximum allowable stated maturity of investments is ten years. All investment transactions are conducted through the State Treasury Operations Division of the Comptroller of Public Accounts.

As of August 31, 2010, the fair value of investments is as presented below:

Fiduciary Funds	Fair Value
U.S. Government U.S. Treasury Securities	\$2,235,625.00
Total(Exh. VI & I-1)	\$2,235,625.00

### NOTE 4: Short-Term Debt

Not applicable to the Texas Real Estate Commission.

### NOTE 5: Long-Term Liabilities

#### Changes in Long-Term Liabilities

During the year ended August 31, 2010, the following changes occurred in liabilities.

Governmental Activities TREC D23 Fund 1114 Fund Type 01	Balance 09-01-09	Additions	Reductions	Balance 08-31-10	Amounts Due Within One Year
Compensable Leave	\$551,434.02	\$466,695.59	\$405,082.68	\$613,046.93	\$358,024.30
Total	\$551,434.02	\$466,695.59	\$405,082.68	\$613,046.93	\$358,024.30

Discrete Component Unit Activities TALCB D23 Fund 0001 Fund Type 15	Balance 09-01-09	Additions	Reductions	Balance 08-31-10	Amounts Due Within One Year
Compensable Leave	\$39,282.41	\$99,610.71	\$66,111.17	\$72,781.95	\$44,216.99
Total	\$39,282.41	\$99,610.71	\$66,111.17	\$72,781.95	\$44,216.99

## Employees' Compensable Leave

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal, or separation from State employment, provided the employee has had continuous employment with the State for six months. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the Statement of Net Assets. 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

Not applicable to the Texas Real Estate Commission.

### NOTE 7: Capital Leases

Not applicable to the Texas Real Estate Commission.

### NOTE 8: Operating Leases

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

<b>FY2010 Rental Costs</b>	<b>TREC (Fund Type 01)</b>	<b>TALCB (Fund Type 15)</b>
Office Lease	\$422,234.88	\$35,109.96
Copiers	29,162.40	4,917.18
Folder Inserter	4,427.52	0.00
<b>FY2010 Rental Costs</b>	<b>\$455,824.80</b>	<b>\$40,027.14</b>

The Texas Real Estate Commission (TREC) and the Texas Appraiser Licensing and Certification Board (TALCB) lease office space through the Texas Facilities Commission for offices at 1101 Camino La Costa, Austin, Texas. A new lease negotiated beginning September 1, 2006 was acquired through the Texas Building and Procurement Commission (now Texas Facilities Commission) through Lease No. 329-10034-E7B AUSTIN which provides for payments to be made to Gaston Manor Properties from September 1, 2006 through August 31, 2011 for offices at 1101 Camino La Costa, Austin, Texas. That lease was amended October 1, 2007 to increase office space for additional FTEs granted during the 80th Legislative Session.

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

<b>Office Lease</b> Year Ended August 31,	TREC (Fund Type 01)	TALCB (Fund Type 15)
2011	\$422,234.88	\$35,109.96
2012	0.00	0.00
2013	0.00	0.00
2014	0.00	0.00
2015 & beyond	0.00	0.00
<b>Total Minimum Future Lease Rental Payments</b>	<b>\$422,234.88</b>	<b>\$35,109.96</b>

The Texas Real Estate Commission and the Texas Appraiser Licensing and Certification Board lease copiers through a State of Texas contract through the Texas Procurement and Support Services (TPASS) section of the Comptroller's Office. Purchase Order No. 114670\* provides for payments to be made to Danka Office Imaging Corporation (payments currently made to Canon Financial Services, Inc. per written directive from TBPC) from November 1, 2006 through October 31, 2010 for the Texas Real Estate Commission and the Texas Appraiser Licensing and Certification Board. Purchase Order No. 309839\* provides for payments to be made to Danka Office Imaging Corporation (payments currently made to Canon Financial Services, Inc. per written directive from TPASS) from September 1, 2008 through October 31, 2012 for the Texas Real Estate Commission. A copier leased by TREC is now used and paid for by TALCB. The future payments are reflected under TALCB; however, should TALCB become unable to pay the lease, TREC is responsible as the lessor.

<b>Copiers</b> Year Ended August 31,	TREC (Fund Type 01)	TALCB (Fund Type 15)
2010	30,068.16	4,466.28
2011	17,905.96	744.38
2012	13,982.12	0.00
2013	2,280.64	0.00
2014	0.00	0.00
2015 & beyond	0.00	0.00
<b>Total Minimum Future Copier Lease Payments</b>	<b>\$64,236.88</b>	<b>\$5,210.66</b>

## TEXAS REAL ESTATE COMMISSION (329)

The Texas Real Estate Commission leases a three station inserter through a Texas Multiple Award Schedule (TXMAS) contract. Purchase Order No. 5-36010 provides for payments to be made to Mailing & Packaging Systems, Inc., from September 2008 through June 2013.

<b>Folder Inserter</b> Year Ended August 31,	TREC (Fund Type 01)	TALCB (Fund Type 15)
2010	4,427.52	0.00
2011	4,427.52	0.00
2012	4,427.52	0.00
2013	3,689.60	0.00
2014	0.00	0.00
2015 & beyond	0.00	0.00
Total Minimum Future Inserter Lease Payments	\$16,972.16	0.00

\*Should an ordering entity experience a change in circumstances due to downsizing, consolidation of ordering entities, elimination of a program, or some other reason that will negate the need for the equipment, the State reserves the right to cancel the lease of the equipment. If this type of cancellation becomes necessary, the State shall provide a minimum of 60-day advance written notice to the vendor.

The Texas Real Estate Commission leases a mail station machine with a 5 lb. weighing scale through a State of Texas contract through the Texas Procurement and Support Services (TPASS) division of the Comptroller's office. Purchase Order No. 329-10-3003 provides for payments to be made to Pitney Bowes, Inc. from December 2009 through December 2013.

<b>Mail Station Machine</b> Year Ended August 31,	TREC (Fund Type 01)	TALCB (Fund Type 15)
2010	312.00	0.00
2011	312.00	0.00
2012	312.00	0.00
2013	312.00	0.00
2014	0.00	0.00
2015 & beyond	0.00	0.00
Total Minimum Future Mail Station Machine Lease Payments	\$1,248.00	0.00

<b>NOTE 9: Retirement Plans</b>
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Not applicable to the Texas Real Estate Commission.

## TEXAS REAL ESTATE COMMISSION (329)

**NOTE 10: Deferred Compensation**

Not applicable to the Texas Real Estate Commission.

**NOTE 11: Post Employment Health Care and Life Insurance Benefits**

Not applicable to the Texas Real Estate Commission.

**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
- Due From Other Agencies or Due To Other Agencies
- Due From Other Funds or Due To Other Funds
- Transfers In or Transfers Out
- 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. Repayment of interfund balances will occur within one year from the date of the financial statement.

Individual balances and activity at August 31, 2010, were as follows:

	Due From Other Agencies	Due To Other Agencies	Source
GENERAL(01)			
FUND 0969, REAL ESTATE FEE TRUST ACCOUNT			
Appd Fund 0969, D23 Fund 0969			
(Agency 711, D23 Fund 7999)		834,963.00	Statutory Transfer
FUND 1000, GENERAL REVENUE-UNAPPR-FUND TYPE 01			
Appd Fund 0001, D23 Fund 1100			
(Agency 902, D23 Fund 0001)		297,156.25	Cash on Hand/AR for GR Unappr
<b>Total Due From/Due To Other Agencies (Exh I)</b>		<b>\$1,132,119.25</b>	

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	Transfers In	Transfers Out	Purpose
GENERAL (01)			
FUND 01, GENERAL REVENUE FUND			
Appd Fund 0001, D23 Fund 1114			
(Agency 347, D23 Fund 0507)		\$64,371.58	Master Lease
(Agency 347, D23 Fund 0735)		937.14	Disbursement
FUND 0969, REAL ESTATE FEE TRUST ACCOUNT			
Appd Fund 0969, D23 Fund 0969			
(Agency 711, D23 Fund 7999)		\$3,046,570.00	Statutory Transfer
<b>Total Transfers (Exh II &amp; Exh. A-2)</b>	<b>\$63,439.09</b>	<b>\$3,111,878.72</b>	

	Transfers In	Transfers Out	Purpose
PRIVATE PURPOSE TRUST FUNDS (20)			
FUND 0988, REAL ESTATE INSPECTION RECOVERY FUND			
Appd Fund 0988, D23 Fund 0988			
(Agency 902, D23 Fund 0001)		\$32,257.63	Statutory Transfer
<b>Total Transfers Fund 0988 (Exh VII &amp; I-2)</b>		<b>\$32,257.63</b>	

**NOTE 13: Continuance Subject to Review**

Under Section 1101.006 of the Real Estate License Act (Chapter 1101, Texas Occupations Code), the Agency is subject to Chapter 325, Government Code (Texas Sunset Act). Unless continued in existence as provided by that chapter, the commission is abolished and Chapter 1102 and Chapter 1303 of the Texas Occupations Code and Chapter 221, Property Code, expire September 1, 2019.

Section 1103.006 of the Texas Appraiser Licensing and Certification Act (Chapter 1103, Texas Occupations Code), makes the Texas Appraiser Licensing and Certification Board (TALCB) subject to the Sunset Act in the legislative session following federal action removing the requirement for the preparation and use of an appraisal by federally-regulated institutions. Unless continued in existence by that legislature, the TALCB is abolished 90 days after the last day of the regular session of that legislature.

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

During fiscal 2010, the implementation of GASB 51 required the restatement of the amounts in fund balances and net assets as shown.

	General Fund Capital Assets (FT01)	Discrete Component Unit Net Assets (FT15)
Fund Balance/Net Assets August 31, 2010	\$476,288.46	\$146,841.84
Restatements	(\$83,292.87)	(\$46,555.13)
<b>Fund Balance/Net Assets September 1, 2009 as Restated</b>	<b>\$392,995.59</b>	<b>\$100,286.71</b>

**NOTE 15: Contingent Liabilities**

Not applicable to the Texas Real Estate Commission.

**NOTE 16: Subsequent Events**

Not applicable to the Texas Real Estate Commission.

**NOTE 17: Risk Management**

Not applicable to the Texas Real Estate Commission.

**NOTE 18: Management Discussion and Analysis**

Not applicable to the Texas Real Estate Commission.

**NOTE 19: The Financial Reporting Entity**

The annual financial report of the Texas Real Estate Commission includes one component unit, the Texas Appraiser Licensing and Certification Board (TALCB). The TALCB was statutorily created as an independent subdivision of the Texas Real Estate Commission and is a legally separate entity from the primary government. The function of TALCB is to license and regulate appraisers. It operates on the same fiscal year as the State of Texas, ending on August 31 of each year. The members of the TALCB are appointed by the Governor. TREC provides administrative support to TALCB through a memorandum of understanding, but has no authority to approve or modify the TALCB budget or to set their fees. Although TREC is not financially accountable for TALCB, the agency does feel that excluding them would result in presentation of incomplete financial statements.

The Texas Real Estate Commission Administrator assumed the duties of TALCB Commissioner effective December 1, 2003 at the direction of the Governor's Office. Effective September 1, 2007 the law was amended and the TREC Administrator was given administrative responsibilities for the daily operations of TALCB. The TALCB members appointed by the Governor remained an autonomous body.

Presentation of the TALCB financial statements is included in Exhibit VIII (Combined Statement of Net Assets – Discretely Presented Component Unit) and Exhibit IX (Combined Statement of Revenues, Expenses and Changes in Net Assets – Discretely Presented Component Unit).

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

Not applicable to the Texas Real Estate Commission.

**NOTE 21: N/A**

Not applicable to the Annual Financial Reporting requirements process.

**NOTE 22: Donor Restricted Endowments**

Not applicable to the Texas Real Estate Commission.

**NOTE 23: Extraordinary and Special Items**

Not applicable to the Texas Real Estate Commission.

**NOTE 24: Disaggregation of Receivable and Payable Balances**

Not applicable to the Texas Real Estate Commission.

**NOTE 25: Termination Benefits**

Not applicable to the Texas Real Estate Commission.

**NOTE 26: Segment Information**

Not applicable to the Texas Real Estate Commission.

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**Texas Real Estate Commission (329)**  
**Exhibit A-1 - Combining Balance Sheet - All General Funds**

August 31, 2010

	<b>GR Consolidated (0001) U/F (1114)</b>	<b>Suspense for AFR (0900) U/F (1900)</b>	<b>Real Estate Fee Trust Acct. (0969) U/F (0969)</b>	<b>GR Unappr. for AFR (1000) U/F (1100)</b>	<b>Total (Exh I)</b>
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents:					
Cash on Hand	\$ 1,855.00	\$ 100.43	\$	\$ 59,107.50	\$ 61,062.93
Cash in State Treasury		4,020.53	834,963.00		838,983.53
Legislative Appropriations	1,530,721.24				1,530,721.24
Accounts Receivable	7,029.00			238,048.75	245,077.75
Consumable Inventories	<u>35,977.32</u>				<u>35,977.32</u>
Total Current Assets	<u>\$ 1,575,582.56</u>	<u>\$ 4,120.96</u>	<u>\$ 834,963.00</u>	<u>\$ 297,156.25</u>	<u>\$ 2,711,822.77</u>
 <b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Current Liabilities:					
Payables From:					
Accounts Payable	\$ 508,411.44	\$	\$	\$	\$ 508,411.44
Payroll Payable	403,254.26				403,254.26
Due To Other Agencies (Note 12)			834,963.00	297,156.25	1,132,119.25
Deferred Revenues	<u>278,093.00</u>	<u>4,120.96</u>			<u>282,213.96</u>
Total Current Liabilities	<u>1,189,758.70</u>	<u>4,120.96</u>	<u>834,963.00</u>	<u>297,156.25</u>	<u>2,325,998.91</u>
 <b>FUND FINANCIAL STATEMENT-FUND BALANCES</b>					
Fund Balances (Deficits):					
Reserved for:					
Encumbrances	16,560.08				16,560.08
Inventories	35,977.32				35,977.32
Imprest	500.00				500.00
Undesignated	<u>332,786.46</u>				<u>332,786.46</u>
Total Fund Balances	<u>385,823.86</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>385,823.86</u>
Total Liabilities and Fund Balances	<u>\$ 1,575,582.56</u>	<u>\$ 4,120.96</u>	<u>\$ 834,963.00</u>	<u>\$ 297,156.25</u>	<u>\$ 2,711,822.77</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

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**Texas Real Estate Commission (329)**  
**Exhibit A-2 - Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances – All General Funds**

For the Fiscal Year Ended August 31, 2010

	<b>GR Consolidated (0001) U/F (1114)</b>	<b>Suspense for AFR (0900) U/F (1900)</b>	<b>Real Estate Fee Trust Acct. (0969) U/F (0969)</b>	<b>GR Unappr. for AFR (1000) U/F (1100)</b>	<b>Total (Exh II)</b>
<b>REVENUES</b>					
Legislative Appropriations:					
Original Appropriations (GR)	\$ 6,577,598.00	\$	\$	\$	\$ 6,577,598.00
Additional Appropriations (GR)	1,308,842.23				1,308,842.23
Licenses, Fees & Permits	312,688.81		3,046,570.00		3,359,258.81
Sales of Goods and Services	192,926.35				192,926.35
Other Revenue	221.13				221.13
<b>Total Revenues</b>	<b>8,392,276.52</b>	<b>0.00</b>	<b>3,046,570.00</b>	<b>0.00</b>	<b>11,438,846.52</b>
<b>EXPENDITURES</b>					
Salaries and Wages	4,204,393.80				4,204,393.80
Payroll Related Costs	1,293,355.54				1,293,355.54
Professional Fees and Services	318,022.48				318,022.48
Travel	51,700.64				51,700.64
Materials and Supplies	202,079.12				202,079.12
Communication and Utilities	58,610.41				58,610.41
Repairs and Maintenance	49,999.96				49,999.96
Rentals & Leases	458,046.89				458,046.89
Printing and Reproduction	9,472.44				9,472.44
Other Expenditures	1,202,419.57				1,202,419.57
<b>Total Expenditures/Expenses</b>	<b>7,848,100.85</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>7,848,100.85</b>
Excess (Deficiency) of Revenues Over Expenditures	544,175.67	0.00	3,046,570.00	0.00	3,590,745.67
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers Out (Note 12)	(65,308.72)		(3,046,570.00)		(3,111,878.72)
<b>Total Other Financing Sources and Uses</b>	<b>(65,308.72)</b>	<b>0.00</b>	<b>(3,046,570.00)</b>	<b>0.00</b>	<b>(3,111,878.72)</b>
<b>Net Change in Fund Balances</b>	<b>478,866.95</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>478,866.95</b>
<b>FUND FINANCIAL STATEMENT-FUND BALANCES</b>					
Fund Balances, September 1, 2009	151,202.76				151,202.76
Appropriations Lapsed	(244,245.85)				(244,245.85)
<b>Fund Balances--August 31, 2010</b>	<b>\$ 385,823.86</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 385,823.86</b>

The Accompanying Notes to the Financial Statements are an integral part of this statement.

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**Texas Real Estate Commission (329)**  
**Exhibit I-1 - Combining Statement of Fiduciary Net Assets**  
**Private-Purpose Trust Funds**

August 31, 2010

	<u>Real Estate Recovery Trust Account (0971) U/F (0971)</u>	<u>Real Estate Inspection Recovery Trust Fund (0988) U/F (0988)</u>	<u>Totals (Exh VI)</u>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents:			
Cash on Hand	\$ 1,080.00	\$ 100.00	\$ 1,180.00
Cash in State Treasury	568,285.73	630,179.31	1,198,465.04
Receivables:			
Interest and Dividends	8,838.54	550.00	9,388.54
Accounts Receivable	<u>228,740.00</u>	<u>0.00</u>	<u>228,740.00</u>
Total Current Assets	<u>806,944.27</u>	<u>630,829.31</u>	<u>1,437,773.58</u>
Non-Current Assets:			
Investments	<u>2,235,625.00</u>	<u>0.00</u>	<u>2,235,625.00</u>
Total Non-Current Assets	<u>2,235,625.00</u>	<u>0.00</u>	<u>2,235,625.00</u>
<b>Total Assets</b>	<u>3,042,569.27</u>	<u>630,829.31</u>	<u>3,673,398.58</u>
<b>LIABILITIES</b>			
Payables from:			
Accounts			0.00
Due To Other Funds			<u>0.00</u>
Total Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>NET ASSETS</b>			
Held in trust for:			
Individuals, Organizations, and Other Governments:			
Expendable	<u>3,042,569.27</u>	<u>630,829.31</u>	<u>3,673,398.58</u>
Total Net Assets	<u>\$ 3,042,569.27</u>	<u>\$ 630,829.31</u>	<u>\$ 3,673,398.58</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

UNAUDITED

**Texas Real Estate Commission (329)**  
**Exhibit I-2 - Combining Statement of Changes in Fiduciary Net Assets**  
**Private Purpose Trust Funds**

For the Fiscal Year Ended August 31, 2010

	<b>Real Estate Recovery Trust Account (0971) U/F (0971)</b>	<b>Real Estate Inspection Recovery Trust Fund (0988) U/F (0988)</b>	<b>Total (Ex VII)</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ADDITIONS</b>			
Investment Income:			
From Investing Activities			
Net Increase (Decrease) in			
Fair Value of Investments	(36,500.00)		(36,500.00)
Interest and Investment Income	82,628.29	8,016.07	90,644.36
Total Investing Income	<u>46,128.29</u>	<u>8,016.07</u>	<u>54,144.36</u>
Less Investing Activities Expense	0.00	0.00	0.00
Net Income from Investing Activities	<u>46,128.29</u>	<u>8,016.07</u>	<u>54,144.36</u>
Other Additions			
Settlement of Claims	18,191.41	20,634.69	38,826.10
Other Revenue	555,143.09	26,700.70	581,843.79
Total Other Additions	<u>573,334.50</u>	<u>47,335.39</u>	<u>620,669.89</u>
Total Additions	<u>619,462.79</u>	<u>55,351.46</u>	<u>674,814.25</u>
<b>DEDUCTIONS</b>			
Travel	426.49	34.70	461.19
Settlement of Claims	536,637.13	16,205.00	552,842.13
Transfers Out		32,257.63	32,257.63
Total Deductions	<u>537,063.62</u>	<u>48,497.33</u>	<u>585,560.95</u>
<b>NET INCREASE (DECREASE)</b>	<u>82,399.17</u>	<u>6,854.13</u>	<u>89,253.30</u>
Net Assets- Beginning of the Year	2,960,170.10	623,975.18	3,584,145.28
Restatements			
Beginning of Year, As Restated	<u>2,960,170.10</u>	<u>623,975.18</u>	<u>3,584,145.28</u>
Net Assets - End of the Year	<u>\$ 3,042,569.27</u>	<u>\$ 630,829.31</u>	<u>\$ 3,673,398.58</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.



UNAUDITED

Texas Real Estate Commission (329)

Exhibit J-1 - Combining Statement of Changes in Assets and Liabilities

Agency Funds

August 31, 2010

	Beginning Balance <u>September 1, 2009</u>	Additions	Deductions	Ending Balance <u>August 31, 2010</u>
<b><u>Appraiser Registry Fee Account (0028)</u></b>				
<b><u>U/F (0028)</u></b>				
<b>ASSETS</b>				
Current				
Cash on Hand	\$ 250.00	\$ 350.00	\$ 250.00	\$ 350.00
Cash in State Treasury	16,450.00	139,120.00	124,745.00	30,825.00
Accounts Receivable	650.00	500.00	650.00	500.00
Total Assets	<u>\$ 17,350.00</u>	<u>\$ 139,970.00</u>	<u>\$ 125,645.00</u>	<u>\$ 31,675.00</u>
<b>LIABILITIES</b>				
Current				
Funds Held for Others	\$ 17,350.00	\$ 139,970.00	\$ 125,645.00	\$ 31,675.00
Total Liabilities	<u>\$ 17,350.00</u>	<u>\$ 139,970.00</u>	<u>\$ 125,645.00</u>	<u>\$ 31,675.00</u>
<b><u>Employees' Savings Bond Account (0901)</u></b>				
<b><u>U/F (0901)</u></b>				
<b>ASSETS</b>				
Current				
Cash in State Treasury	\$ 475.00	\$ 4,925.00	\$ 5,100.00	\$ 300.00
Total Assets	<u>\$ 475.00</u>	<u>\$ 4,925.00</u>	<u>\$ 5,100.00</u>	<u>\$ 300.00</u>
<b>LIABILITIES</b>				
Current				
Funds Held for Others	\$ 475.00	\$ 4,225.00	\$ 3,950.00	\$ 750.00
Total Liabilities	<u>\$ 475.00</u>	<u>\$ 4,225.00</u>	<u>\$ 3,950.00</u>	<u>\$ 750.00</u>
<b>Totals - All Agency Funds</b>				
<b>ASSETS</b>				
Current				
Cash on Hand	\$ 250.00	\$ 350.00	\$ 250.00	\$ 350.00
Cash in State Treasury	16,925.00	144,045.00	129,845.00	31,125.00
Accounts Receivable	650.00	500.00	650.00	500.00
Total Assets	<u>\$ 17,825.00</u>	<u>\$ 144,895.00</u>	<u>\$ 130,745.00</u>	<u>\$ 31,975.00</u>
<b>LIABILITIES</b>				
Current				
Funds Held for Others	\$ 17,825.00	\$ 144,195.00	\$ 129,595.00	\$ 32,425.00
Total Liabilities	<u>\$ 17,825.00</u>	<u>\$ 144,195.00</u>	<u>\$ 129,595.00</u>	<u>\$ 32,425.00</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.