

ANNUAL FINANCIAL REPORT



YEAR ENDED AUGUST 31, 2014

TEXAS REAL ESTATE COMMISSION

ANNUAL FINANCIAL REPORT

For The Year Ended August 31, 2014

Douglas E. Oldmixon
Administrator

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TEXAS



REAL ESTATE COMMISSION

APPRAISER LICENSING & CERTIFICATION BOARD

TREC Commissioners

October 1, 2014

Avis G. Wukasch
Chair

Bill L. Jones
Vice Chair

Joanne Justice
Secretary

Troy C. Alley, Jr.

Adrian A. Arriaga

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Weston Martinez

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Douglas E. Oldmixon
Administrator

Honorable Rick Perry, Governor
Honorable Susan Combs, Texas Comptroller
Ursula Parks, Director, Legislative Budget Board
John Keel, CPA, State Auditor

Dear Ladies and Gentlemen:

We are pleased to submit the Annual Financial Report of the Texas Real Estate Commission for the year ended August 31, 2014, in compliance with TEX. GOV'T CODE ANN Section 2101.011 and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) 34, 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.

TALCB Board Members

If you have any questions, please contact Barbara Kolb at 512.936.3587 or Melissa Huerta at 512.936.3590.

Jamie S. Wickliffe
Chair

Laurie C. Fontana
Vice Chair

Mark A. McAnally
Secretary

Jesse Barba, Jr.

Walker R. Beard

Clayton P. Black

Patrick M. Carlson

Luis F. De La Garza, Jr.

Brian L. Padden

Douglas E. Oldmixon
Commissioner

Sincerely,

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

Douglas E. Oldmixon
Administrator

TEXAS REAL ESTATE COMMISSION (329)
 EXHIBIT I
 COMBINED BALANCE SHEET/STATEMENT OF NET ASSETS -
 GOVERNMENTAL FUNDS
 For the Year Ended August 31, 2014

| | GOVERNMENTAL FUND TYPES GENERAL FUNDS (Exh A-1) | CAPITAL ASSETS ADJUSTMENTS | LONG-TERM LIABILITIES ADJUSTMENTS | STATEMENT OF NET ASSETS |
|--|---|----------------------------------|---|-------------------------------|
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents | | | | |
| Cash in Bank | \$ 26,182.50 | \$ | \$ | \$ 26,182.50 |
| Cash Equivalents - Misc Investments | 7,811,184.97 | | | 7,811,184.97 |
| Cash in State Treasury | 468,060.51 | | | 468,060.51 |
| Legislative Appropriations | 207.08 | | | 207.08 |
| Due From Other Funds | 349,080.00 | | | 349,080.00 |
| Consumable Inventories | <u>16,068.99</u> | <u>0.00</u> | <u>0.00</u> | <u>16,068.99</u> |
| Total Current Assets | <u>8,670,784.05</u> | <u>0.00</u> | <u>0.00</u> | <u>8,670,784.05</u> |
| Non-Current Assets: | | | | |
| Capital Assets: | | | | |
| Depreciable | | | | |
| Furniture and Equipment | \$ | \$ 186,888.34 | \$ | \$ 186,888.34 |
| Less Accumulated Depreciation | | (131,921.02) | | (131,921.02) |
| Intangible | | | | - |
| Computer Software | | 300,398.75 | | 300,398.75 |
| Less Accumulated Amortization | | (142,200.89) | | (142,200.89) |
| Total Non-Current Assets | <u>0.00</u> | <u>213,165.18</u> | <u>0.00</u> | <u>213,165.18</u> |
| TOTAL ASSETS | <u>\$ 8,670,784.05</u> | <u>\$ 213,165.18</u> | <u>\$ 0.00</u> | <u>\$ 8,883,949.23</u> |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Payables from : | | | | |
| Accounts Payable | \$ 649,328.39 | \$ | \$ | \$ 649,328.39 |
| Payroll Payable | 468,060.51 | | | 468,060.51 |
| Interfund Payable | 121.99 | | | 121.99 |
| Due to Other Funds/Agencies | 1,158,280.00 | | | 1,158,280.00 |
| Employees' Compensable Leave | 0.00 | | 338,374.27 | 338,374.27 |
| Total Current Liabilities | <u>2,275,790.89</u> | <u>0.00</u> | <u>338,374.27</u> | <u>2,614,165.16</u> |
| Non-Current Liabilities: | | | | |
| Employees' Compensable Leave | <u>0.00</u> | <u>0.00</u> | 245,388.46 | 245,388.46 |
| Total Non-Current Liabilities | <u>0.00</u> | <u>0.00</u> | <u>245,388.46</u> | <u>245,388.46</u> |
| TOTAL LIABILITIES | <u>2,275,790.89</u> | <u>0.00</u> | <u>583,762.73</u> | <u>2,859,553.62</u> |
| FUND BALANCES (DEFICITS): | | | | |
| NonSpendable - Consumable Inventory | 16,068.99 | | | 16,068.99 |
| Committed | 6,029,769.87 | | | 6,029,769.87 |
| Unassigned | <u>74.30</u> | | | <u>74.30</u> |
| TOTAL FUND BALANCES | <u>6,045,913.16</u> | <u>0.00</u> | <u>0.00</u> | <u>6,045,913.16</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 8,321,704.05</u> | <u>0.00</u> | <u>583,762.73</u> | <u>8,905,466.78</u> |
| Government-wide Statement - Net Assets | | | | |
| Net Assets: | | | | |
| Invested in Capital Assets, Net of Related Debt | | 213,165.18 | | 213,165.18 |
| Restricted for: | | | | |
| Debt Retirement | | | | - |
| Employee Benefit | | | | - |
| Unrestricted | | | (583,762.73) | (583,762.73) |
| Total Net Assets | | <u>\$ 213,165.18</u> | <u>(583,762.73)</u> | <u>\$ 5,675,315.61</u> |
| The accompanying notes to the financial statements are an integral part of this statement. | | | | |
| | | | | <u>\$ 8,534,869.23</u> |

REVISED - UNAUDITED

TEXAS REAL ESTATE COMMISSION (329)
 EXHIBIT II
 COMBINED STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES/
 STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
 For the Year Ended August 31, 2014

| | GENERAL FUNDS (Exh A-2) | CAPITAL ASSETS ADJUSTMENTS | LONG-TERM LIABILITIES ADJUSTMENTS | STATEMENT OF NET ASSETS |
|---|-------------------------------|----------------------------------|---|----------------------------|
| REVENUES: | \$ | | | |
| Legislative Appropriations | 0.00 | | | 0.00 |
| Additional Appropriations | 0.00 | | | 0.00 |
| Licenses and Permits | 14,653,820.25 | | | 14,653,820.25 |
| Sales of Goods and Services | 0.00 | | | 0.00 |
| Interest and Investment Income | 1,790.90 | | | 1,790.90 |
| Other Revenue | 177,518.77 | | | 177,518.77 |
| Total Revenues | <u>14,833,129.92</u> | <u>0.00</u> | <u>0.00</u> | <u>14,833,129.92</u> |
| EXPENDITURES: | | | | |
| Salaries and Wages | 4,456,210.43 | | 49,670.81 | 4,505,881.24 |
| Payroll Related Costs | 1,603,611.57 | | | 1,603,611.57 |
| Professional Fees & Services | 173,822.84 | | | 173,822.84 |
| Travel | 40,056.50 | | | 40,056.50 |
| Materials and Supplies | 112,701.57 | | | 112,701.57 |
| Communication and Utilities | 56,153.84 | | | 56,153.84 |
| Repairs and Maintenance | 115,538.38 | | | 115,538.38 |
| Rentals and Leases | 198,189.62 | | | 198,189.62 |
| Printing and Reproduction | 590.75 | | | 590.75 |
| Other Operating Expenditures | 2,731,228.14 | | | 2,731,228.14 |
| Capital Outlay | 43,690.22 | | | 43,690.22 |
| Depreciation Expense | 0.00 | 10,291.69 | | 10,291.69 |
| Total Expenditures | <u>9,531,793.86</u> | <u>10,291.69</u> | <u>49,670.81</u> | <u>9,591,756.36</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>5,301,336.06</u> | <u>(10,291.69)</u> | <u>\$ (49,670.81)</u> | <u>\$ 5,241,373.56</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfers In (Note 12) | 13,407,255.67 | | | 13,407,255.67 |
| Operating Transfers Out (Note 12) | (17,540,705.97) | | | (17,540,705.97) |
| Total Other Financing Sources (Uses) | <u>(4,133,450.30)</u> | <u>0.00</u> | <u>0.00</u> | <u>(4,133,450.30)</u> |
| NET CHANGE IN FUND BALANCES/NET ASSETS | <u>1,167,885.76</u> | <u>(10,291.69)</u> | <u>(49,670.81)</u> | <u>1,107,923.26</u> |
| FUND BALANCES - Beginning September 1, 2013 | 4,878,327.40 | | | 4,878,327.40 |
| Restatement | 0.00 | | | 0.00 |
| Lapsed Appropriations | 0.00 | | | 0.00 |
| FUND BALANCES - Ending August 31, 2014 | <u>\$ 6,046,213.16</u> | | | <u>\$ 5,986,250.66</u> |
| Government-wide Statement - Net Assets | | | | |
| Change in Net Assets | | <u>(10,291.69)</u> | <u>(49,670.81)</u> | |
| Net Assets Beginning | | 224,113.80 | (593,467.12) | (369,353.32) |
| Adjustments to Beginning Net Assets | | | | 0.00 |
| Restatement | | | | 0.00 |
| Net Assets Beginning as Restated and Adjusted | | <u>224,113.80</u> | <u>(593,467.12)</u> | <u>(369,353.32)</u> |
| Net Assets Ending | | <u>213,822.11</u> | <u>\$ (643,137.93)</u> | <u>\$ 5,616,897.34</u> |

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

REVISED - UNAUDITED

TEXAS REAL ESTATE COMMISSION (329)
 EXHIBIT VI
 COMBINED STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
 For the Year Ended August 31, 2014

| | PRIVATE- PURPOSE TRUST (Exh I-1) | AGENCY FUNDS (Exh J-1) | TOTAL 2014 |
|---|--|------------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | | | |
| Cash in State Treasury | \$ 0.00 | \$ 0.00 | \$ 0.00 |
| Cash Equivalents - Miscellaneous Investments | 1,460,428.43 | 18,748.29 | 1,479,176.72 |
| Due From Other Funds | <u>0.00</u> | <u>809,200.00</u> | <u>809,200.00</u> |
| Total Current Assets | <u>1,460,428.43</u> | <u>827,948.29</u> | <u>2,288,376.72</u> |
| Non Current Assets | | | |
| Investments - NonCurrent | <u>1,207,237.12</u> | <u>0.00</u> | <u>1,207,237.12</u> |
| Total Non Current Assets | <u>1,207,237.12</u> | <u>0.00</u> | <u>1,207,237.12</u> |
| TOTAL ASSETS | <u>\$ 2,667,665.55</u> | <u>\$ 827,948.29</u> | <u>\$ 3,495,613.84</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | \$ 0.00 | \$ 0.00 | \$ 0.00 |
| Due to Other Agencies | 0.00 | 809,200.00 | 809,200.00 |
| Funds Held for Others | <u>0.00</u> | <u>18,748.29</u> | <u>18,748.29</u> |
| Total Current Liabilities | <u>0.00</u> | <u>827,948.29</u> | <u>827,948.29</u> |
| TOTAL LIABILITIES | <u>0.00</u> | <u>827,948.29</u> | <u>827,948.29</u> |
| NET ASSETS | | | |
| Held in Trust for: | \$ | \$ | \$ |
| Individuals, Organizations, and Other Governments | <u>2,667,665.55</u> | <u>0.00</u> | <u>2,667,665.55</u> |
| TOTAL NET ASSETS | <u>2,667,665.55</u> | <u>0.00</u> | <u>2,667,665.55</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 2,667,665.55</u> | <u>\$ 827,948.29</u> | <u>\$ 3,495,613.84</u> |

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

REVISED - UNAUDITED

TEXAS REAL ESTATE COMMISSION (329)
 EXHIBIT VII
 COMBINED STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
 For the Year Ended August 31, 2014

| | PRIVATE- PURPOSE TRUST (Exh I-2) |
|--|--|
| | <u> </u> |
| ADDITIONS | |
| Contributions | |
| Member Contributions | \$ 0.00 |
| Total Contributions | |
| Investment Income | |
| From Investing Activities | |
| Net Appreciation (Depreciation) in | 0.00 |
| Fair Value of Investments | 0.00 |
| Interest and Investment Income | <u>19,567.77</u> |
| Total Investing Income | <u>19,567.77</u> |
| Total Net Investment Income | <u>19,567.77</u> |
| Other Additions | |
| Federal Revenue | 0.00 |
| Contributions to Employee Benefit Funds | 0.00 |
| Settlement of Claims | 352,551.23 |
| Other Revenue | 275,059.66 |
| Transfers-In | 328,481.65 |
| Total Other Additions | <u>956,092.54</u> |
| Total Additions | <u>975,660.31</u> |
| DEDUCTIONS | |
| Employee Benefit Payments | 0.00 |
| Transfers Out of Contributions | 0.00 |
| Interest Expense | 0.00 |
| Travel | 0.00 |
| Claims & Judgements | 297,028.02 |
| Other Expense | 751.21 |
| Transfers Out | 359,464.28 |
| Total Deductions | <u>657,243.51</u> |
| NET INCREASE (DECREASE) | <u>318,416.80</u> |
| Net Assets - Beginning of Year September 1, 2013 | <u>2,349,248.75</u> |
| Net Assets - End of Year August 31, 2014 | <u>\$ 2,667,665.55</u> |

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

REVISED - UNAUDITED

TEXAS REAL ESTATE COMMISSION (329)
 EXHIBIT VIII
 COMBINED STATEMENT OF NET ASSETS - DISCRETELY PRESENTED COMPONENT UNIT
 For the Year Ended August 31, 2014

| | Component Unit (Exh K-1) |
|--|--------------------------------|
| ASSETS | |
| Current Assets: | |
| Cash and Cash Equivalents: | |
| Cash in State Treasury | \$ 96,357.53 |
| Interfund Receivable | 24.99 |
| Cash Equivalents - Miscellaneous Investments | 893,510.75 |
| Consumable Inventories | 5,334.25 |
| Current Assets: | <u>\$ 995,227.52</u> |
| Non-Current Assets: | |
| Furniture & Equipment, Net | 650.00 |
| Computer Software, Intangible, Net | 73,774.78 |
| Non-Current Assets (Note 2) | <u>\$ 74,424.78</u> |
| Total Assets: | <u>\$ 1,069,652.30</u> |
| LIABILITIES | |
| Current Liabilities: | |
| Accounts Payable | 21,396.40 |
| Payroll Payable | 96,357.53 |
| Interfund Payable | 110.08 |
| Employee Compensable Leave | 71,390.20 |
| Current Liabilities | <u>\$ 189,254.21</u> |
| Non-Current Liabilities: | |
| Employee Compensable Leave | 30,986.44 |
| Non-Current Liabilities | <u>\$ 30,986.44</u> |
| Total Liabilities | <u>\$ 220,240.65</u> |
| NET ASSETS | |
| Net Assets Invested in Capital Assets | 0.00 |
| Net Assets Restricted for Other | 849,411.65 |
| Total Net Assets | <u>\$ 849,411.65</u> |
| Total Liabilities and Net Assets | <u><u>\$ 1,069,652.30</u></u> |

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

REVISED - UNAUDITED

TEXAS REAL ESTATE COMMISSION (329)
 EXHIBIT IX
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 - DISCRETELY PRESENTED COMPONENT UNIT
 For the Year Ended August 31, 2014

| | Component Unit (Exh K-2) |
|---|--------------------------------|
| OPERATING REVENUES | |
| Professional Fees | \$ 1,935,746.75 |
| Sales of Goods and Services | 0.00 |
| Penalites and interest | 49,585.36 |
| Other Operating Revenues - Nonpledged | 0.00 |
| Operating Revenues | <u>\$ 1,985,332.11</u> |
| OPERATING EXPENSES | |
| Salaries and Wages | 926,708.92 |
| Payroll Related Costs | 278,279.13 |
| Professional Fees and Services | 74,729.93 |
| Travel | 28,368.08 |
| Materials and Supplies | 11,391.71 |
| Communication and Utilities | 9,176.44 |
| Repairs and Maintenance | 10,006.75 |
| Rentals & Leases | 43,148.49 |
| Printing and Reproduction | 395.80 |
| Depreciation and Amortization Expense | 13,003.68 |
| Interest | 0.52 |
| Other Expenditures | 123,245.71 |
| Operating Expenses | <u>\$ 1,518,455.16</u> |
| Operating Income (Loss) | <u>\$ 466,876.95</u> |
| NON-OPERATING REVENUE (EXPENSES) | |
| Investment Income (NonPledged) | 0.00 |
| Interest On Local Deposits | \$ 91.85 |
| Total Other Non-operating Revenues (Expenses) | <u>\$ 91.85</u> |
| Income Before Other Revenues, Expenses, Gains, Losses and | <u>\$ 466,968.80</u> |
| OTHER REVENUES, EXPENSES, GAINS/LOSSES AND TRANSFERS | |
| Transfer In-Note 12 | 1,509,854.98 |
| Transfer Out-Note 12 | (1,502,704.68) |
| Cap Contrib/Endow/Special/Extra/Transfers | <u>\$ 7,150.30</u> |
| Total Net Assets, September 1, 2013 | 375,292.55 |
| Restatements | 0.00 |
| Net Assets, September 1, 2013, as Restated | <u>\$ 375,292.55</u> |
| Net Assets, August 31, 2014 | <u>\$ 849,411.65</u> |

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 the agency is the protection of the public through regulation of licensed real estate brokerage practitioners, appraisers, appraisal management companies, real estate inspectors, easement or right-of-way agents and residential service companies in Texas. Additionally, the agency 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 Units

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. Additional information is provided in Note 19.

B. FUND STRUCTURE

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

GOVERNMENTAL FUND TYPES & GOVERNMENT-WIDE ADJUSTMENT FUND TYPES

General Fund

The general fund is used to account for all financial resources of the state except those required to be accounted for in another fund. The Texas Real Estate Commission Local Operating Fund (Fund 1005) is restricted to expenditures by Agency 329. It derives its financing from license fees, penalty fees, and interest revenues.

Capital Asset Adjustment Fund Type

Capital Asset 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

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.

C. COMPONENT UNITS

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. Information on the component unit is provided in Note 19.

D. 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 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 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, pension trust funds, external investment trust funds, and private-purpose trust fund 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 service funds include the cost of sales and services, administrative expenses and depreciation on capital assets.

E. BUDGETS AND BUDGETARY ACCOUNTING

For non-Self-Direct Semi-Independent (SDSI) agencies, the budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act). Unencumbered appropriations (for non SDSI agencies) are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

Pursuant to Texas Occupations Code, Title 7, Chapter 1105, the agency is Self-Directed and Semi-Independent.

The budget is prepared annually using generally accepted accounting principles. The budget is reviewed and approved by the governing Commission and Board. During the year, the agency's financial activity is monitored against this budget. No costs are incurred by the General Revenue fund. The agency is responsible for all costs, both direct and indirect.

F. 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.

Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of enterprise fund general obligation and revenue bonds and revenues set aside for statutory or contractual requirements.

Inventories

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 use the purchase 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 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

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

Employees' Compensable Leave Balances represent the liability that became "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 BALANCES/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

Fund balances for governmental funds are classified as non-spendable, restricted, committed, assigned or unassigned in the fund financial statements.

* Non-spendable 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 includes those resources that have constraints placed on their use through external parties or by law through constitutional provisions.

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

The Texas Real Estate Commission and the Texas Appraiser Licensing and Certification Board adopted formal policies on August 18, 2014 and August 15, 2014, respectively, to establish the appropriate level of the agency's fund balance to meet anticipated obligations for the following:

| | TREC | TALCB |
|--|---------------------|-------------------|
| Current Operatations and Contingencies | \$ 2,654,089 | \$ 527,611 |
| Educational Development | 60,000 | 45,000 |
| Long-Term Facilities Master Plan | <u>2,000,000</u> | <u>240,000</u> |
| Total Fund Balance Reserve | <u>\$ 4,714,089</u> | <u>\$ 812,611</u> |

Included in this formal policy is an annual review of the reserve account.

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

Invested in Capital Assets, Net of Related Debt

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

Restricted Net 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.

G. INTERFUND TRANSACTIONS 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.
The composition of the agency's Interfund activities and balances are presented in Note 12.
- 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.
- 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 receivables and payables at August 31, 2014, if any, is presented in Note 12.

NOTE 2 : CAPITAL ASSETS

A summary of changes in General Fixed Assets for the year ended August 31, 2014, is presented below.

| | PRIMARY GOVERNMENT | | | | | Balance 08/31/14 |
|---------------------------------------|---------------------|-------------|---------|-------------|-----------|---------------------|
| | Balance 09/01/13 | Adjustments | Reclass | Additions | Deletions | |
| Governmental Activities | | | | | | |
| Depreciable Assets | | | | | | |
| Furniture and Equipment | 148,761.45 | (5,563.33) | | 43,690.22 | | 186,888.34 |
| Total Depreciable Assets | | | | | | |
| at Historical Cost | 148,761.45 | (5,563.33) | | 43,690.22 | | 186,888.34 |
| Less Accumulated Depreciation for: | | | | | | |
| Furniture and Equipment | (127,192.66) | 5,563.33 | | (10,291.69) | | (131,921.02) |
| Total Accumulated Depreciation | (127,192.66) | 5,563.33 | | (10,291.69) | | (131,921.02) |
| Depreciable Assets Net | 21,568.79 | - | - | 33,398.53 | - | 54,967.32 |
| Amortizable Assets Intangible | | | | | | |
| Computer Software | 300,398.75 | | | | | 300,398.75 |
| Total Amortizable Assets | | | | | | |
| at Historical Cost | 300,398.75 | - | - | - | - | 300,398.75 |
| Less Accumulated Amortization | | | | | | |
| Computer Software | (115,834.73) | | | (26,366.16) | | (142,200.89) |
| Total Accumulated Amortization | (115,834.73) | - | - | (26,366.16) | | (142,200.89) |
| Amortizable Assets Net | 184,564.02 | - | - | (26,366.16) | | 158,197.86 |
| Governmental Activities Net | 206,132.81 | - | - | 7,032.37 | - | 213,165.18 |

NOTE 2 : CAPITAL ASSETS (CONT)

| Component Unit Activities | DISCRETE COMPONENT UNIT | | | | | Balance 08/31/14 |
|--|-------------------------|-------------|---------|-------------|-----------|---------------------|
| | Balance 09/01/13 | Adjustments | Reclass | Additions | Deletions | |
| Depreciable Assets | | | | | | |
| Furniture and Equipment | 4,249.00 | | | | | 4,249.00 |
| Total Depreciable Assets at Historical Cost | 4,249.00 | | | | | 4,249.00 |
| Less Accumulated Depreciation for: | | | | | | |
| Furniture and Equipment | (2,891.00) | | | (708.00) | | (3,599.00) |
| Total Accumulated Depreciation | (2,891.00) | | | (708.00) | | (3,599.00) |
| Depreciable Assets Net | 1,358.00 | - | - | (708.00) | - | 650.00 |
| Amortizable Assets Intangible | | | | | | |
| Computer Software | 122,957.50 | | | | | 122,957.50 |
| Total Amortizable Assets at Historical Cost | 122,957.50 | - | - | - | - | 122,957.50 |
| Less Accumulated Amortization | | | | | | |
| Computer Software | (36,887.04) | | | (12,295.68) | | (49,182.72) |
| Total Accumulated Amortization | (36,887.04) | | | (12,295.68) | | (49,182.72) |
| Amortizable Assets Net | 86,070.46 | - | - | (12,295.68) | - | 73,774.78 |
| Governmental Activities Net | 87,428.46 | - | - | (13,003.68) | - | 74,424.78 |

NOTE 3: DEPOSITS, INVESTMENTS, & REPURCHASE AGREEMENTS**Deposits of Cash in Bank**

As of August 31, 2014, the carrying amount of deposits was zero.

Governmental Activities

| | |
|---|--------------------|
| <u>Cash in Bank – Carrying Value</u> | <u>\$26,182.50</u> |
| <u>Cash in Bank per AFR</u> | <u>\$26,182.50</u> |
| | |
| <u>Governmental Funds Current Assets Cash in Bank</u> | <u>\$26,182.50</u> |
| <u>Cash in Bank per AFR (Exh I and Exh A-1)</u> | <u>\$26,182.50</u> |

Investments

As of August 31, 2014, the carrying value and fair value of investments are as presented below.

| | Fund Type 01 Fund 0889 Fair Value | Fund Type 01 Fund 1005 Fair Value | Fund Type 09 Fund 0889 Fair Value | Fund Type 15 Fund 1005 Fair Value | Fund Type 20 Fund 0889 Fair Value |
|-----------------------------|---|---|---|---|---|
| Current Investments: | | | | | |
| Cash Equivalents | | | | | |
| Repurchase Agreements | | | | | |
| Held by TTSTC | \$31,916.40 | 7,779,268.57 | \$18,748.29 | \$893,510.75 | \$1,460,428.43 |
| NonCurrent Investments: | | | | | |
| Treasury Notes | | | | | |
| Held by TTSTC | | | | | <u>\$1,207,237.12</u> |
| Fair Value of Debt Security | | | | | |
| Not Subject to Investment | | | | | |
| Credit Risk | <u>\$31,916.40</u> | <u>7,779,268.57</u> | <u>\$18,748.29</u> | <u>\$893,510.75</u> | <u>\$2,667,665.55</u> |

NOTE 4: SHORT-TERM DEBT

Not applicable

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

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

| Governmental Activities | Balance <u>09/01/13</u> | <u>Additions</u> | <u>(Reductions)</u> | Balance <u>08/31/14</u> | Amounts Due Within <u>One Year</u> |
|--------------------------------------|------------------------------------|-------------------------|----------------------------|------------------------------------|---|
| Compensable Leave | <u>\$534,091.92</u> | <u>\$537,424.16</u> | <u>(487,753.35)</u> | <u>\$583,762.73</u> | <u>\$338,374.27</u> |
| Total Governmental Activities | <u>\$534,091.92</u> | <u>\$537,424.16</u> | <u>(487,753.35)</u> | <u>\$583,762.73</u> | <u>\$338,374.27</u> |
| Component Unit Activities | Balance <u>09/01/13</u> | <u>Additions</u> | <u>(Reductions)</u> | Balance <u>08/31/14</u> | Due Within <u>One Year</u> |
| Compensable Leave | <u>\$98,644.30</u> | <u>\$106,479.85</u> | <u>(102,747.51)</u> | <u>\$102,376.64</u> | <u>\$71,390.20</u> |
| Total Component Unit Activities | <u>\$98,644.30</u> | <u>\$106,479.85</u> | <u>(\$102,747.51)</u> | <u>\$102,376.64</u> | <u>\$71,390.20</u> |

Employees' Compensable Leave

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal, or separation from state employment, provided the employee has had continuous employment with the state for six months.

Expenditures for accumulated 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.

NOTE 6: BONDED INDEBTEDNESS

Non-Applicable

NOTE 7: DERIVATIVE INSTRUMENTS

Non-Applicable

NOTE 8: OPERATING LEASE OBLIGATIONS

Included in the expenditures reported in the financial statements is the following amount of rent paid or due under operating leases:

| | TREC (Fund Type 01) | TALCB (Fund Type 09) |
|---------------------|------------------------|-------------------------|
| FY 2014 Lease costs | \$374,165 | \$80,782 |

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

| Year ended August 31: | TREC (Fund Type 01) | TALCB (Fund Type 09) |
|---|------------------------|-------------------------|
| 2015 | \$375,000 | \$81,000 |
| 2016 | \$375,000 | \$81,000 |
| 2017 | \$0 | \$0 |
| 2018 | \$0 | \$0 |
| 2019 | \$0 | \$0 |
| 2020 & Beyond | \$0 | \$0 |
| Total Minimum Future Lease Payment Requirements | \$750,000 | \$162,000 |

NOTE 9: PENSION PLANS

Not Applicable

NOTE 10: DEFERRED COMPENSATION

Not Applicable

**NOTE 11: POST EMPLOYMENT HEALTH CARE AND LIFE INSURANCE
BENEFITS**

Not Applicable

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, 2014, follows:

| | Due From Other Funds | Due To Other Funds | Purpose |
|---|-------------------------|-----------------------|--|
| GENERAL FUND (01) | | | |
| Appd Fund 0889, D23 Fund 4057 To Agy 711, Fd 9999, U/F 7999 | | \$349,080.00 | Revenue Transfer of funds collected for TAMU |
| Appd Fund 0900, D23 Fund 3171 To Agy 711, Fd 9999, U/F 7999 | | \$202,300.00 | Revenue Transfer of funds collected for TAMU |
| Appd Fund 0001, D23 Fund 1000 To Agy 902, D23 Fund 0001 | | \$606,900.00 | Professional fees due to 902 – out of TTSTC into Agy 329, Sweep 99906, Fd 1000 |
| Appd Fund 1005, D23 Fund 7054 To Appd Fund 0900, D23 Fund 3171 | | 451,600 | Transfer of TAMU funds from 7054 to 3171 |
| Appd Fund 0900, D23 Fund 3171 To Agy 711, Fd 9999, U/F 7999 | | 451,600 | Revenue Transfer of funds collected for TAMU |

| | Transfers In | Transfers Out | Purpose |
|--|--------------|---------------|--|
| GENERAL FUND (01) | | | |
| From Agy 329, D23 Fund 4055 To Agy 902, D23 Fund 0001 | | 720,000 | Annual GR payment |
| From D23 Fund 7057 to 4057 | | 3,806,240 | TAMU revenue transfer to USAS to process TAMU revenue transfer |
| From D23 Fund 7057 to 4057 | 3,806,240 | | TAMU revenue transfer to USAS to process TAMU revenue transfer |
| From D23 Fund 4057 to Agy 711 | | 3,376,300 | TAMU revenue transfer |
| From D23 Fund 7201 to 4201 | 1,537,830 | 1,537,830 | TTSTC revenue transfer to USAS to process expenditures |
| From D23 Fund 7055 to 4055 | 7,712,902.07 | 7,712,902.07 | Operating Expenses |
| From D23 Fund 7054 to 4055 | 350,283.60 | 350,283.60 | Tx Online payments |

| | | | |
|--|---------------------|----------------------|--|
| From D23 Fund 7054 to 4056 | | 37,150.30 | Tx Online payments |
| | | | |
| | Transfers In | Transfers Out | Purpose |
| PRIVATE PURPOSE TRUST FDS (20) | | | |
| From D23 Fund 7058 to 4058 | 297,499.02 | 297,499.02 | Payment of claims and expenses |
| From D23 Fund 7059 to 4059 | 30,982.63 | 30,982.63 | Payment of expenses and excess balance returned to General Revenue |
| From D23 Fund 4059 to Agy 902, Fd 0001 | | 30,982.63 | Return excess balance to General Revenue |
| | | | |
| DISCRETE COMPONENT UNITS (15) | | | |
| From D23 Fund 7056 to 4056 | | 1,472,704.68 | Operating Expenses |
| From D23 Fund 4056 to 7056 | 1,472,704.68 | | Return year end balances |
| From Agy 329, D23 Fund 4056 To Agy 902, D23 Fund 0001 | | 30,000 | Annual GR payment |
| | | | |
| From D23 Fund 7054 to 4056 | 37,150.30 | | Tx Online payments |
| | | | |

NOTE 13: CONTINUANCE SUBJECT TO REVIEW

The Texas Real Estate Commission is subject to Chapter 325, Government Code (Texas Sunset Act). Unless continued in existence as provided by that chapter, the Commission is abolished and this Act expires 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 the legislature, TALCB is abolished 90 days after the last day of the regular session of that legislature.

NOTE 14: ADJUSTMENT OF FUND BALANCES/NET ASSETS

Non-Applicable

NOTE 15: CONTINGENCIES AND COMMITMENTS

Non-Applicable

NOTE 16: SUBSEQUENT EVENTS

Non-Applicable

NOTE 17: RISK MANAGEMENT

Non-Applicable

NOTE 18: MANAGEMENT DISCUSSION AND ANALYSIS

Non-Applicable

NOTE 19: THE FINANCIAL REPORTING ENTITY & JOINT VENTURE

The annual financial report of the Texas Real Estate Commission includes one component unit, the Texas Appraiser Licensing and Certification Board (TALCB). 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 August 31 of each year. The members of 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 TALCB's budget or 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. TALCB members appointed by the Governor remained an autonomous body.

Presentation of TALCB's financial statements is included in Exhibits VII, IX, K1 and K2.

NOTE 20: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Non-Applicable

NOTE 21:

Non-Applicable

NOTE 22: DONOR-RESTRICTED ENDOWMENTS

Non-Applicable

NOTE 23: EXTRAORDINARY AND SPECIAL ITEMS

Non-Applicable

NOTE 24: DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

Non-Applicable

NOTE 25: TERMINATION BENEFITS

Not Required

NOTE 26: SEGMENT INFORMATION

Not Required

UNAUDITED

TEXAS REAL ESTATE COMMISSION (329)
 EXHIBIT A-1
 COMBINING BALANCE SHEET -
 ALL GENERAL AND CONSOLIDATED FUNDS
 For the Year Ended August 31, 2014

| | TAMU FUND 0889 FUND 0889 U/F (4057) | TAMU FUND 0889 FUND 0889 U/F (7057) | TOTAL FUND 0889 FUND 0889 | TREC Local FUND 0889 FUND 1005 U/F (3055) | TREC Local FUND 1005 FUND 1005 U/F (4055) |
|--|--|--|---------------------------------|--|--|
| ASSETS | | | | | |
| Current Assets | | | | | |
| Cash and Cash Equivalents | \$ | \$ | \$ | \$ | \$ |
| Cash in Bank | | 0.00 | 0.00 | | |
| Cash Equivalents - Misc Investments | | 31,916.40 | 31,916.40 | | |
| Cash In State Treasury | 0.00 | | 0.00 | 0.00 | 468,060.51 |
| Interfund Receivable | | | 0.00 | | 207.08 |
| Due From Other Funds | 349,080.00 | | 349,080.00 | | |
| Consumable Inventories | | | 0.00 | 16,068.99 | |
| Total Current Assets | \$ 349,080.00 | \$ 31,916.40 | \$ 380,996.40 | \$ 16,068.99 | \$ 468,267.59 |
| TOTAL ASSETS | \$ 349,080.00 | \$ 31,916.40 | \$ 380,996.40 | \$ 16,068.99 | \$ 468,267.59 |
| LIABILITIES | | | | | |
| Current Liabilities: | | | | | |
| Payables from : | | | | | |
| Accounts Payable | \$ | \$ 0.00 | \$ 0.00 | \$ | \$ 201,542.39 |
| Payroll Payable | | 0.00 | 0.00 | | 468,060.51 |
| Interfund Payable | | | | | 121.99 |
| Due to Other Funds/Agencies | 349,080.00 | | 349,080.00 | | |
| Deferred Revenue | | | 0.00 | | |
| Total Current Liabilities | 349,080.00 | 0.00 | 349,080.00 | 0.00 | 669,724.89 |
| TOTAL LIABILITIES | \$ 349,080.00 | \$ 0.00 | \$ 349,080.00 | \$ 0.00 | \$ 669,724.89 |
| FUND BALANCES (DEFICITS): | | | | | |
| NonSpendable - Consumable Inventory | \$ 0.00 | \$ | \$ 0.00 | \$ 16,068.99 | \$ |
| Committed | (349,080.00) | 31,842.10 | (317,237.90) | 0.00 | (201,457.30) |
| Unassigned | 0.00 | 74.30 | 74.30 | 0.00 | 0.00 |
| TOTAL FUND BALANCES | (349,080.00) | 31,916.40 | (317,163.60) | 16,068.99 | (201,457.30) |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 0.00 | \$ 31,916.40 | \$ 31,916.40 | \$ 16,068.99 | \$ 468,267.59 |

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

UNAUDITED

| TREC Local FUND 0889 FUND 1005 U/F (7054) | TREC Local FUND 0889 FUND 1005 U/F (7055) | Loc Oper FUND 1005 FUND 1005 U/F (4201) | Loc Oper FUND 1005 FUND 1005 U/F (7201) | TOTAL FUND 1005 FUND 1005 | TOTALS (EXHIBIT I) 2014 |
|--|--|--|--|---------------------------------|-------------------------------|
| \$ 26,182.50 | \$ | \$ | \$ | \$ 26,182.50 | \$ 26,182.50 |
| 2,493,551.60 | 4,793,899.47 | | 491,817.50 | 7,779,268.57 | 7,811,184.97 |
| | | 0.00 | | 468,060.51 | 468,060.51 |
| 0.00 | 0.00 | | | 207.08 | 207.08 |
| | | | | 0.00 | 349,080.00 |
| 0.00 | 0.00 | | | 16,068.99 | 16,068.99 |
| <u>\$ 2,519,734.10</u> | <u>\$ 4,793,899.47</u> | <u>\$ 0.00</u> | <u>\$ 491,817.50</u> | <u>\$ 8,289,787.65</u> | <u>\$ 8,670,784.05</u> |
| <u>\$ 2,519,734.10</u> | <u>\$ 4,793,899.47</u> | <u>\$ 0.00</u> | <u>\$ 491,817.50</u> | <u>\$ 8,289,787.65</u> | <u>\$ 8,670,784.05</u> |
| \$ | \$ | \$ 447,786.00 | \$ | \$ 649,328.39 | \$ 649,328.39 |
| | | | | 468,060.51 | 468,060.51 |
| | | | | 121.99 | 121.99 |
| 809,200.00 | 0.00 | | | 809,200.00 | 1,158,280.00 |
| | | | | 0.00 | 0.00 |
| <u>809,200.00</u> | <u>0.00</u> | <u>447,786.00</u> | <u>0.00</u> | <u>1,926,710.89</u> | <u>2,275,790.89</u> |
| <u>\$ 809,200.00</u> | <u>\$ 0.00</u> | <u>\$ 447,786.00</u> | <u>\$ 0.00</u> | <u>\$ 1,926,710.89</u> | <u>\$ 2,275,790.89</u> |
| \$ 1,710,534.10 | \$ 4,793,899.47 | \$ (447,786.00) | \$ 491,817.50 | \$ 16,068.99 | \$ 16,068.99 |
| 0.00 | 0.00 | 0.00 | 0.00 | 6,347,007.77 | 6,029,769.87 |
| | | | | 0.00 | 74.30 |
| <u>1,710,534.10</u> | <u>4,793,899.47</u> | <u>(447,786.00)</u> | <u>491,817.50</u> | <u>6,363,076.76</u> | <u>6,045,913.16</u> |
| <u>\$ 2,519,734.10</u> | <u>\$ 4,793,899.47</u> | <u>\$ 0.00</u> | <u>\$ 491,817.50</u> | <u>\$ 8,289,787.65</u> | <u>\$ 8,321,704.05</u> |

REVISED - UNAUDITED

TEXAS REAL ESTATE COMMISSION (329)
 EXHIBIT A-2
 COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN
 FUND BALANCES - GENERAL AND CONSOLIDATED FUNDS
 For the Year Ended August 31, 2014

| | TAMU FUND 0889 FUND 0889 U/F (4057) | TAMU FUND 0889 FUND 0889 U/F (7057) | TOTAL FUND 0889 FUND 0889 | Loc Oper FUND 0889 FUND 1005 U/F (3055) |
|---|--|--|---------------------------------|--|
| REVENUES: | | | | |
| Legislative Appropriations | \$ | \$ | \$ 0.00 | \$ 0.00 |
| Additional Appropriations | | | 0.00 | |
| Licenses, Fees and Permits | | 3,457,446.00 | 3,457,446.00 | |
| Sales of Goods and Services | | | 0.00 | |
| Interest and Investment Income | | 28.30 | 28.30 | |
| Other Revenue | | 60.00 | 60.00 | 0.00 |
| Total Revenues | 0.00 | 3,457,534.30 | 3,457,534.30 | 0.00 |
| EXPENDITURES: | | | | |
| Salaries and Wages | | | 0.00 | |
| Payroll Related Costs | | | 0.00 | |
| Professional Fees & Services | | | 0.00 | |
| Travel | | | 0.00 | |
| Materials and Supplies | | | 0.00 | 271.01 |
| Communication and Utilities | | | 0.00 | |
| Repairs and Maintenance | | | 0.00 | |
| Rentals and Leases | | | 0.00 | |
| Printing and Reproduction | | | 0.00 | |
| Other Operating Expenditures | | | 0.00 | |
| Capital Outlay | | | 0.00 | |
| Total Expenditures | 0.00 | 0.00 | 0.00 | 271.01 |
| EXCESS OF REVENUES OVER EXPENDITURES | 0.00 | 3,457,534.30 | 3,457,534.30 | (271.01) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfers In (Note 12) | 3,806,240.00 | | 3,806,240.00 | |
| Operating Transfers Out (Note 12) | (3,376,300.00) | (3,806,240.00) | (7,182,540.00) | |
| Total Other Financing Sources (Uses) | 429,940.00 | (3,806,240.00) | (3,376,300.00) | 0.00 |
| EXCESS OF REVENUE & OTHER FINANCING SOURCES OVER EXPENDITURES & OTHER FINANCING USES | 429,940.00 | (348,705.70) | 81,234.30 | (271.01) |
| FUND BALANCES - Beginning September 1, 2013 | (429,940.00) | 31,842.10 | (398,097.90) | 16,340.00 |
| Restatements | | | 0.00 | |
| FUND BALANCES - Ending August 31, 2014 | \$ 0.00 | \$ (316,863.60) | \$ (316,863.60) | \$ 16,068.99 |

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

REVISED - UNAUDITED

| Loc Oper FUND 1005 FUND 1005 U/F (4055) | Loc Oper FUND 0889 FUND 1005 U/F (7054) | Loc Oper FUND 9999 FUND 1005 U/F (7055) | Loc Oper FUND 1005 FUND 1005 U/F (4201) | Loc Oper FUND 1005 FUND 1005 U/F (7201) | TOTAL FUND 1005 FUND 1005 | TOTALS EXHIBIT II 2014 |
|--|--|--|--|--|---------------------------------|------------------------------|
| 0.00 | \$ | \$ | \$ | \$ | \$ | \$ |
| | 77,363.09 | 9,336,446.91 | | 1,782,564.25 | 11,196,374.25 | 14,653,820.25 |
| | 658.82 | 0.00 | | 116.75 | 0.00 | 0.00 |
| 0.00 | | 987.03 | | | 1,762.60 | 1,790.90 |
| | | 177,458.77 | | | 177,458.77 | 177,518.77 |
| 0.00 | 78,021.91 | 9,514,892.71 | 0.00 | 1,782,681.00 | 11,375,595.62 | 14,833,129.92 |
| 4,456,210.43 | | | | | 4,456,210.43 | 4,456,210.43 |
| 1,603,611.57 | | | | | 1,603,611.57 | 1,603,611.57 |
| 173,822.84 | | | | | 173,822.84 | 173,822.84 |
| 40,056.50 | | | | | 40,056.50 | 40,056.50 |
| 112,430.56 | | | | | 112,701.57 | 112,701.57 |
| 56,153.84 | | | | | 56,153.84 | 56,153.84 |
| 115,538.38 | | | | | 115,538.38 | 115,538.38 |
| 198,189.62 | | | | | 198,189.62 | 198,189.62 |
| 590.75 | | | | | 590.75 | 590.75 |
| 744,360.56 | 386.15 | 771.71 | 1,985,616.00 | 93.72 | 2,731,228.14 | 2,731,228.14 |
| 43,690.22 | | | | | 43,690.22 | 43,690.22 |
| 7,544,655.27 | 386.15 | 771.71 | 1,985,616.00 | 93.72 | 9,531,793.86 | 9,531,793.86 |
| (7,544,655.27) | 77,635.76 | 9,514,121.00 | (1,985,616.00) | 1,782,587.28 | 1,843,801.76 | 5,301,336.06 |
| 8,063,185.67 | | | 1,537,830.00 | | 9,601,015.67 | 13,407,255.67 |
| (720,000.00) | (387,433.90) | (7,712,902.07) | | (1,537,830.00) | (10,358,165.97) | (17,540,705.97) |
| 7,343,185.67 | (387,433.90) | (7,712,902.07) | 1,537,830.00 | (1,537,830.00) | (757,150.30) | (4,133,450.30) |
| (201,469.60) | (309,798.14) | 1,801,218.93 | (447,786.00) | 244,757.28 | 1,086,651.46 | 1,167,885.76 |
| 12.30 | 2,020,332.24 | 2,992,680.54 | 0.00 | 247,060.22 | 5,276,425.30 | 4,878,327.40 |
| | | | | | 0.00 | 0.00 |
| (201,457.30) | \$ 1,710,534.10 | \$ 4,793,899.47 | \$ (447,786.00) | \$ 491,817.50 | \$ 6,363,076.76 | \$ 6,046,213.16 |

REVISED - UNAUDITED

TEXAS REAL ESTATE COMMISSION (329)
 EXHIBIT I-1
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS - PRIVATE PURPOSE TRUST FUNDS
 For the Year Ended August 31, 2014

| | REAL ESTATE RECOVERY TRUST ACCT 0889 <u>0889 (U/F 4058)</u> | REAL ESTATE RECOVERY TRUST ACCT 0889 <u>0889 (U/F 7058)</u> |
|---|---|---|
| ASSETS | | |
| Current Assets | | |
| Cash and Cash Equivalents | | |
| Cash in State Treasury | \$ | \$ 0.00 |
| Cash Equivalents - Miscellaneous Investments | | <u>1,393,734.58</u> |
| Total Current Assets | <u>0.00</u> | <u>1,393,734.58</u> |
| Non Current Assets | | |
| Investments - NonCurrent | | <u>646,994.62</u> |
| Total Non Current Assets | <u>0.00</u> | <u>646,994.62</u> |
| TOTAL ASSETS | \$ <u>0.00</u> | \$ <u>2,040,729.20</u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Due to Other Funds | \$ | \$ 0.00 |
| Accounts Payable | | |
| Funds Held for Others | | |
| Total Current Liabilities | <u>0.00</u> | <u>0.00</u> |
| TOTAL LIABILITIES | <u>0.00</u> | <u>0.00</u> |
| NET ASSETS | | |
| Held in Trust for: | \$ | \$ |
| Individuals, Organizations, and Other Governments | <u>0.00</u> | <u>2,040,729.20</u> |
| TOTAL NET ASSETS | <u>0.00</u> | <u>2,040,729.20</u> |
| TOTAL LIABILITIES AND NET ASSETS | \$ <u>0.00</u> | \$ <u>2,040,729.20</u> |

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

REVISED - UNAUDITED

| REAL ESTATE INSPECTION RECOVERY TRUST 0889 <u>0889 (U/F 4059)</u> | REAL ESTATE RECOVERY TRUST ACCT 0889 <u>0889 (U/F 7059)</u> | TOTAL Exhibit VI 0889 <u>0889</u> |
|---|---|--|
| \$ 0.00 | \$ 0.00 | \$ 0.00 |
| <u>0.00</u> | <u>66,693.85</u> | <u>1,460,428.43</u> |
| <u>0.00</u> | <u>66,693.85</u> | <u>1,460,428.43</u> |
| | | |
| <u>0.00</u> | <u>560,242.50</u> | <u>1,207,237.12</u> |
| <u>0.00</u> | <u>560,242.50</u> | <u>1,207,237.12</u> |
| | | |
| <u>\$ 0.00</u> | <u>\$ 626,936.35</u> | <u>\$ 2,667,665.55</u> |
| | | |
| \$ | \$ 0.00 | \$ 0.00 |
| | | |
| <u>0.00</u> | <u>0.00</u> | <u>0.00</u> |
| <u>0.00</u> | <u>0.00</u> | <u>0.00</u> |
| | | |
| \$ | \$ | \$ |
| <u>0.00</u> | <u>626,936.35</u> | <u>2,667,665.55</u> |
| | | |
| <u>0.00</u> | <u>626,936.35</u> | <u>2,667,665.55</u> |
| | | |
| <u>\$ 0.00</u> | <u>\$ 626,936.35</u> | <u>\$ 2,667,665.55</u> |

REVISED - UNAUDITED

TEXAS REAL ESTATE COMMISSION (329)
 EXHIBIT I-2
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
 PRIVATE PURPOSE TRUST FUNDS
 For the Year Ended August 31, 2014

| | REAL ESTATE RECOVERY TRUST ACCT 0889 <u>0889 (U/F 4058)</u> | REAL ESTATE RECOVERY TRUST ACCT 0889 <u>0889 (U/F 7058)</u> |
|---|---|---|
| ADDITIONS | | |
| Contributions | | |
| Member Contributions | \$ _____ | \$ _____ |
| Total Contributions | 0.00 | 0.00 |
| Investment Income | | |
| From Investing Activities | | |
| Net Appreciation (Depreciation) in Fair Value of Investments | | 10,587.62 |
| Interest and Investment Income | _____ | _____ |
| Total Investing Income | 0.00 | 10,587.62 |
| Total Net Investment Income | 0.00 | 10,587.62 |
| Other Additions | | |
| Federal Revenue | | |
| Contributions to Employee Benefit Funds | | |
| Settlement of Claims | | 346,451.23 |
| Other Revenue | | 248,710.00 |
| Transfers-In | 297,499.02 | _____ |
| Total Other Additions | 297,499.02 | 595,161.23 |
| Total Additions | 297,499.02 | 605,748.85 |
| DEDUCTIONS | | |
| Employee Benefit Payments | | |
| Transfers Out of Contributions | | |
| Interest Expense | | |
| Travel | | |
| Claims & Judgements | 297,028.02 | |
| Other Expense | 471.00 | 249.30 |
| Transfers Out | _____ | 297,499.02 |
| Total Deductions | 297,499.02 | 297,748.32 |
| NET INCREASE (DECREASE) | 0.00 | 308,000.53 |
| Net Assets - Beginning of Year September 1, 2013 | 0.00 | 1,732,728.67 |
| Net Assets - End of Year August 31, 2014 | \$ <u>0.00</u> | \$ <u>2,040,729.20</u> 0.00 |

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

REVISED - UNAUDITED

| REAL ESTATE INSPECTION RECOVERY TRUST 0889 <u>0889 (U/F 4059)</u> | REAL ESTATE INSPECTION RECOVERY TRUST 0889 <u>0889 (U/F 7059)</u> | TOTAL Exhibit VII <u>2014</u> |
|---|---|-------------------------------------|
| \$ <u>0.00</u> | \$ <u>0.00</u> | \$ <u>0.00</u> |
| | | 0.00 |
| <u>0.00</u> | <u>8,980.15</u> | <u>19,567.77</u> |
| | <u>8,980.15</u> | <u>19,567.77</u> |
| <u>0.00</u> | <u>8,980.15</u> | <u>19,567.77</u> |
| | | 0.00 |
| | | 0.00 |
| | | 0.00 |
| | | 0.00 |
| | | 297,028.02 |
| <u>30,982.63</u> | <u>30.91</u> | <u>751.21</u> |
| | <u>30,982.63</u> | <u>359,464.28</u> |
| <u>30,982.63</u> | <u>31,013.54</u> | <u>657,243.51</u> |
| <u>0.00</u> | <u>10,416.27</u> | <u>318,416.80</u> |
| <u>0.00</u> | <u>616,520.08</u> | <u>2,349,248.75</u> |
| \$ <u>0.00</u> | \$ <u>626,936.35</u> | \$ <u>2,667,665.55</u> |
| | 0.00 | |

Texas Real Estate Commission (329)
 Exhibit J-1 - Combined Statement of Net Position - Fiduciary Funds
 August 31, 2014

OTHER AGENCY FUNDS

| | Balances | | Balances | |
|-------------------------------|-------------|-----------|------------|-------------|
| | Sept 1 2013 | Additions | Deductions | Aug 31 2014 |
| Fund (0889) U/F (4060) | | | | |
| ASSETS | | | | |
| Cash in State Treasury | \$ | \$ | \$ | \$ 0 |
| Total Assets | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

LIABILITIES

| | | | | |
|-----------------------|------|---------------|-----------------|------|
| Accounts Payable | \$ | | | |
| Funds Held for Others | \$ | \$ 199,080.00 | \$ (199,080.00) | \$ 0 |
| Total Liabilities | \$ 0 | \$ 199,080.00 | \$ (199,080.00) | \$ 0 |

Fund (0889) U/F (7060)

ASSETS

| | | | | |
|-------------------------------------|--------------|---------------|-----------------|--------------|
| Cash Equivalents - Misc Investments | \$ 14,639.01 | \$ 203,594.28 | \$ (199,485.00) | \$ 18,748.29 |
| Total Assets | \$ 14,639.01 | \$ 203,594.28 | \$ (199,485.00) | \$ 18,748.29 |

LIABILITIES

| | | | | |
|-----------------------|--------------|---------------|-----------------|--------------|
| Funds Held for Others | \$ 14,639.01 | \$ 203,594.28 | \$ (199,485.00) | \$ 18,748.29 |
| Total Liabilities | \$ 14,639.01 | \$ 203,594.28 | \$ (199,485.00) | \$ 18,748.29 |

Agency Fund (0900) U/F (0900)

ASSETS

| | | | | |
|------------------------|------|-----------|-------------|------|
| Cash in State Treasury | \$ | \$ 275.00 | \$ (275.00) | \$ 0 |
| Total Assets | \$ 0 | \$ 275.00 | \$ (275.00) | \$ 0 |

LIABILITIES

| | | | | |
|-----------------------|------|------|------|------|
| Accounts Payable | \$ | \$ | \$ | \$ 0 |
| Funds Held for Others | \$ | \$ | \$ | \$ 0 |
| Total Liabilities | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

Agency Fund (0900) U/F (3171)

ASSETS

| | | | | |
|-------------------------|------|---------------|-----------------|---------------|
| Cash in State Treasury | \$ | \$ 451,600.00 | \$ (451,600.00) | \$ 0 |
| Due From Other Agencies | \$ | \$ 202,300.00 | \$ | \$ 202,300.00 |
| Total Assets | \$ 0 | \$ 653,900.00 | \$ (451,600.00) | \$ 202,300.00 |

LIABILITIES

| | | | | |
|-----------------------|------|---------------|-----------------|---------------|
| Due To Other Agencies | \$ | \$ 202,300.00 | \$ | \$ 202,300.00 |
| Funds Held for Others | \$ | \$ 451,600.00 | \$ (451,600.00) | \$ 0 |
| Total Liabilities | \$ 0 | \$ 653,900.00 | \$ (451,600.00) | \$ 202,300.00 |

Agency Fund 0900) U/F (9015)

ASSETS

| | | | | |
|------------------------|------|------|------|------|
| Cash in State Treasury | \$ | \$ | \$ | \$ 0 |
| Total Assets | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

LIABILITIES

| | | | | |
|-----------------------|------|------|------|------|
| Funds Held for Others | \$ | \$ | \$ | \$ 0 |
| Total Liabilities | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

REVISED - UNAUDITED

Texas Real Estate Commission (329)
 Exhibit J-1 - Combined Statement of Net Position - Fiduciary Funds
 August 31, 2014

| OTHER AGENCY FUNDS | Balances | | Balances | |
|-------------------------------------|------------------------|------------------------|--------------------------|----------------------|
| | Sept 1 2013 | Additions | Deductions | Aug 31 2014 |
| Agency Fund 0900) U/F (9016) | | | | |
| ASSETS | | | | |
| Cash in State Treasury | \$ | \$ 3,068.92 | \$ (3,068.92) | \$ 0 |
| Total Assets | <u>\$ 0</u> | <u>\$ 3,068.92</u> | <u>\$ (3,068.92)</u> | <u>\$ 0</u> |
| LIABILITIES | | | | |
| Funds Held for Others | \$ | \$ | \$ | \$ 0 |
| Total Liabilities | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Agency Fund 0980) U/F (0980) | | | | |
| ASSETS | | | | |
| Cash in State Treasury | \$ | \$ | \$ | \$ 0 |
| Total Assets | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| LIABILITIES | | | | |
| Funds Held for Others | \$ | \$ | \$ | \$ 0 |
| Total Liabilities | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Agency Fund 1000) U/F (1000) | | | | |
| ASSETS | | | | |
| Cash in State Treasury | \$ | \$ 6,361,700.00 | \$ (6,361,700.00) | \$ 0 |
| Due From Other Agencies | \$ 989,100.00 | \$ 606,900.00 | \$ (989,100.00) | \$ 606,900.00 |
| Total Assets | <u>\$ 989,100.00</u> | <u>\$ 6,968,600.00</u> | <u>\$ (7,350,800.00)</u> | <u>\$ 606,900.00</u> |
| LIABILITIES | | | | |
| Due To Other Agencies | \$ 989,100.00 | \$ 606,900.00 | \$ (989,100.00) | \$ 606,900.00 |
| Funds Held for Others | \$ | \$ 6,361,700.00 | \$ (6,361,700.00) | \$ 0 |
| Total Liabilities | <u>\$ 989,100.00</u> | <u>\$ 6,968,600.00</u> | <u>\$ (7,350,800.00)</u> | <u>\$ 606,900.00</u> |
| Totals - All Agency Funds | | | | |
| ASSETS | | | | |
| Cash in State Treasury | \$ | \$ 6,816,643.92 | \$ (6,816,643.92) | \$ |
| Cash Equivalents - Misc Investments | \$ 14,639.01 | \$ 203,594.28 | \$ (199,485.00) | \$ 18,748.29 |
| Due From Other Agencies | \$ 989,100.00 | \$ 809,200.00 | \$ (989,100.00) | \$ 809,200.00 |
| Total Assets | <u>\$ 1,003,739.01</u> | <u>\$ 7,829,438.20</u> | <u>\$ (8,005,228.92)</u> | <u>\$ 827,948.29</u> |
| LIABILITIES | | | | |
| Payables | \$ | \$ | \$ | \$ |
| Due To Other Agencies | \$ 989,100.00 | \$ 809,200.00 | \$ (989,100.00) | \$ 809,200.00 |
| Funds Held for Others | \$ 14,639.01 | \$ 7,215,974.28 | \$ (7,211,865.00) | \$ 18,748.29 |
| Total Liabilities | <u>\$ 1,003,739.01</u> | <u>\$ 8,025,174.28</u> | <u>\$ (8,200,965.00)</u> | <u>\$ 827,948.29</u> |

REVISED - UNAUDITED

TEXAS REAL ESTATE COMMISSION (329)
 EXHIBIT K-1
 COMBINING STATEMENT OF NET ASSETS -
 DISCRETELY PRESENTED COMPONENT UNITS
 For the Year Ended August 31, 2014

| | Component Unit GAAP Fund 1005 U/F (4056) | Component Unit GAAP Fund 1005 U/F (7056) | TOTALS EXHIBIT IX 2014 GAAP Fund 1005 |
|---------------------------------------|---|---|--|
| ASSETS | | | |
| Current Assets: | | | |
| Cash and Cash Equivalents: | | | |
| Cash in State Treasury | \$ 96,357.53 | \$ 0.00 | \$ 96,357.53 |
| Interfund Receivable | 24.99 | 0.00 | 24.99 |
| Cash Equivalents - Misc Investments | | 893,510.75 | 893,510.75 |
| Consumable Inventories | | 5,334.25 | 5,334.25 |
| Current Assets: | <u>96,382.52</u> | <u>898,845.00</u> | <u>995,227.52</u> |
| Non-Current Assets: | | | |
| Furniture & Equipment, Net | | 650.00 | 650.00 |
| Computer Software, Intangible, Net | | 73,774.78 | 73,774.78 |
| Non-Current Assets (Note 2) | <u>0.00</u> | <u>74,424.78</u> | <u>74,424.78</u> |
| Total Assets: | <u>96,382.52</u> | <u>973,269.78</u> | <u>1,069,652.30</u> |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts Payable | 21,396.40 | | 21,396.40 |
| Payroll Payable | 96,357.53 | | 96,357.53 |
| Interfund Payable | 110.08 | | 110.08 |
| Employee Compensable Leave | | 71,390.20 | 71,390.20 |
| Current Liabilities | <u>117,864.01</u> | <u>71,390.20</u> | <u>189,254.21</u> |
| Non-Current Liabilities: | | | |
| Employee Compensable Leave | | 30,986.44 | 30,986.44 |
| Non-Current Liabilities | <u>0.00</u> | <u>30,986.44</u> | <u>30,986.44</u> |
| Total Liabilities | <u>117,864.01</u> | <u>102,376.64</u> | <u>220,240.65</u> |
| NET ASSETS | | | |
| Net Assets Invested in Capital Assets | 0.00 | 0.00 | 0.00 |
| Net Assets Restricted for Other | <u>(21,481.49)</u> | <u>870,893.14</u> | <u>849,411.65</u> |
| Total Net Assets | <u>(21,481.49)</u> | <u>870,893.14</u> | <u>849,411.65</u> |
| Total Liabilities and Net Assets | <u>\$ 96,382.52</u> | <u>\$ 973,269.78</u> | <u>\$ 1,069,652.30</u> |

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

REVISED - UNAUDITED

TEXAS REAL ESTATE COMMISSION (329)
 EXHIBIT K-2
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 - DISCRETELY PRESENTED COMPONENT UNIT
 For the Year Ended August 31, 2014

| | Component Unit GAAP Fund 1005 U/F (4056) | Component Unit GAAP Fund 1005 U/F (7056) | TOTALS EXHIBIT IX 2014 GAAP Fund 1005 |
|---|---|---|--|
| OPERATING REVENUES | | | |
| Professional Fees | \$ | \$ 1,935,746.75 | \$ 1,935,746.75 |
| Sales of Goods and Services | | - | 0.00 |
| Penalites and interest | | 49,585.36 | 49,585.36 |
| Other Operating Revenues - Nonpledged | | - | 0.00 |
| Operating Revenues | <u>-</u> | <u>1,985,332.11</u> | <u>1,985,332.11</u> |
| OPERATING EXPENSES | | | |
| Salaries and Wages | 926,708.92 | | 926,708.92 |
| Payroll Related Costs | 278,279.13 | | 278,279.13 |
| Professional Fees and Services | 74,729.93 | | 74,729.93 |
| Travel | 28,368.08 | | 28,368.08 |
| Materials and Supplies | 11,391.71 | | 11,391.71 |
| Communication and Utilities | 9,176.44 | | 9,176.44 |
| Repairs and Maintenance | 10,006.75 | | 10,006.75 |
| Rentals & Leases | 43,148.49 | | 43,148.49 |
| Printing and Reproduction | 395.80 | | 395.80 |
| Depreciation and Amortization Expense | 13,003.68 | | 13,003.68 |
| Interest | 0.52 | | 0.52 |
| Other Expenditures | 123,245.71 | | 123,245.71 |
| Operating Expenses | <u>1,518,455.16</u> | <u>0.00</u> | <u>1,518,455.16</u> |
| Operating Income (Loss) | <u>(1,518,455.16)</u> | <u>1,985,332.11</u> | <u>466,876.95</u> |
| NON-OPERATING REVENUE (EXPENSES) | | | |
| Investment Income (NonPledged) | | | |
| Interest On Local Deposits | \$ | \$ 91.85 | \$ 91.85 |
| Total Other Non-operating Revenues (Expenses) | <u>0.00</u> | <u>91.85</u> | <u>91.85</u> |
| Income Before Other Revenues, Expenses, Gains, Losses and Transfers | <u>(1,518,455.16)</u> | <u>1,985,423.96</u> | <u>466,968.80</u> |
| OTHER REVENUES, EXPENSES, GAINS/LOSSES AND TRANSFERS | | | |
| Transfer In-Note 12 | 1,509,854.98 | - | 1,509,854.98 |
| Transfer Out-Note 12 | (30,000.00) | (1,472,704.68) | (1,502,704.68) |
| Appropriations Lapsed | | | 0.00 |
| Cap Contrib/Endow/Special/Extra/Transfers | <u>1,479,854.98</u> | <u>(1,472,704.68)</u> | <u>7,150.30</u> |
| Increase/(Decrease) in Net Assets | <u>(38,600.18)</u> | <u>512,719.28</u> | <u>474,119.10</u> |
| Total Net Assets, September 1, 2013 | 0.00 | 375,292.55 | 375,292.55 |
| Restatements | | | 0.00 |
| Net Assets, September 1, 2013, as Restated | <u>-</u> | <u>375,292.55</u> | <u>375,292.55</u> |
| Net Assets, August 31, 2014 | <u>\$ (38,600.18)</u> | <u>\$ 888,011.83</u> | <u>\$ 849,411.65</u> |

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