

TEXAS REAL ESTATE COMMISSION

ANNUAL FINANCIAL REPORT

For The Year Ended August 31, 2012

Douglas E. Oldmixon
Administrator

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TEXAS REAL ESTATE COMMISSION (329)
EXHIBIT I
COMBINED BALANCE SHEET/ STATEMENT OF NET ASSETS -
GOVERNMENTAL FUNDS
For the Year Ended August 31, 2012

	GOVERNMENTAL FUND TYPES GENERAL FUNDS (Exh A-1)	CAPITAL ASSETS ADJUSTMENTS
ASSETS		
Current Assets:		
Cash and Cash Equivalents		
Cash in Bank	\$ 84,268.75	\$
Cash Equivalents - Misc Investments	4,188,681.13	
Cash in State Treasury	2,100,127.82	
Consumable Inventories	20,046.98	
Total Current Assets	6,393,124.68	0.00
Non-Current Assets:		
Capital Assets:		
Depreciable		
Furniture and Equipment	\$	\$ 134,943.03
Less Accumulated Depreciation		(121,759.41)
Intangible		
Computer Software		300,398.75
Less Accumulated Amortization		(89,468.57)
Total Non-Current Assets	0.00	224,113.80
TOTAL ASSETS	\$ 6,393,124.68	\$ 224,113.80
LIABILITIES		
Current Liabilities:		
Payables from :		
Accounts Payable	\$ 1,589,470.34	\$
Payroll Payable	441,788.52	
Due to Other Funds/Agencies	1,747,743.50	
Employees' Compensable Leave		
Total Current Liabilities	3,779,002.36	0.00
Non-Current Liabilities:		
Employees' Compensable Leave		
Total Non-Current Liabilities	0.00	0.00
TOTAL LIABILITIES	3,779,002.36	0.00

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LONG-TERM LIABILITIES ADJUSTMENTS	STATEMENT OF NET ASSETS
\$	\$ 84,268.75
	4,188,681.13
	2,100,127.82
	20,046.98
0.00	6,393,124.68
\$	\$ 134,943.03
	(121,759.41)
	300,398.75
	(89,468.57)
0.00	224,113.80
\$ 0.00	\$ 6,617,238.48
\$	\$ 1,589,470.34
	441,788.52
	1,747,743.50
334,321.31	334,321.31
334,321.31	4,113,323.67
259,145.81	259,145.81
259,145.81	259,145.81
593,467.12	4,372,469.48

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TEXAS REAL ESTATE COMMISSION (329)
EXHIBIT I
COMBINED BALANCE SHEET/ STATEMENT OF NET ASSETS -
GOVERNMENTAL FUNDS
For the Year Ended August 31, 2012

	GOVERNMENTAL FUND TYPES GENERAL FUNDS (Exh A-1)	CAPITAL ASSETS ADJUSTMENTS
Fund Financial Statements - Fund FUND BALANCES (DEFICITS):		
	\$	\$
NonSpendable - Consumable Inventory	20,046.98	
Committed	2,594,075.34	
Unassigned	0.00	0.00
TOTAL FUND BALANCES	2,614,122.32	0.00
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,393,124.68	\$ 0.00
Government-wide Statement - Net Assets		
Net Assets:		
Invested in Capital Assets, Net of Related Debt		224,113.80
Restricted for:		
Debt Retirement		
Employee Benefit		
Unrestricted		
Total Net Assets		\$ 224,113.80

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

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LONG-TERM LIABILITIES ADJUSTMENTS	STATEMENT OF NET ASSETS
\$	\$
	20,046.98
	2,594,075.34
0.00	0.00
0.00	2,614,122.32
\$ 593,467.12	\$ 6,986,591.80
	224,113.80
	0.00
	0.00
(593,467.12)	(593,467.12)
\$ (593,467.12)	\$ 2,244,769.00
	\$ 6,617,238.48

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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, 2012

	General Funds (Exh A-2)	Capital Asset Adjustments
	<u> </u>	<u> </u>
REVENUES:	\$	\$
Legislative Appropriations	3,813,736.00	
Additional Appropriations	(51.52)	
Licenses and Permits	16,231,385.20	
Sales of Goods and Services	206,453.50	
Interest and Investment Income	7,626.88	
Other Revenue	<u>146,998.02</u>	
Total Revenues	20,406,148.08	0.00
EXPENDITURES:		
Salaries and Wages	4,200,151.54	
Payroll Related Costs	1,325,378.94	
Professional Fees & Services	163,229.61	
Travel	41,115.48	
Materials and Supplies	138,648.06	
Communication and Utilities	51,066.72	
Repairs and Maintenance	67,366.08	
Rentals and Leases	488,155.29	
Printing and Reproduction	2,072.03	
Other Operating Expenditures	2,924,189.42	
Capital Outlay		
Depreciation Expense		<u>34,992.12</u>
Total Expenditures	<u>9,401,373.17</u>	<u>34,992.12</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>11,004,774.91</u>	<u>(34,992.12)</u>
OTHER FINANCING SOURCES (USES):		
Loss on Disposal of Asset		(19,586.28)
Operating Transfers In (Agy 329, Fd 3000)	30,087,859.03	0.00
Operating Transfers Out (Agy 902, Fd 0001)	(38,522,631.11)	
Total Other Financing Sources (Uses)	(8,434,772.08)	(19,586.28)
NET CHANGE IN FUND BALANCES/NET ASSETS	<u>2,570,002.83</u>	<u>(54,578.40)</u>
FUND BALANCES - Beginning September 1, 2011	830,753.06	
Restatement	<u>(291.63)</u>	
FUND BALANCES - Beginning as Restated	830,461.43	0.00

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Long-term Liabilities Adjustments	Statement of Activities
\$	\$
	3,813,736.00
	(51.52)
	16,231,385.20
	206,453.50
	146,998.02
0.00	20,398,521.20
(97,794.19)	4,102,357.35
	1,325,378.94
	163,229.61
	41,115.48
	138,648.06
	51,066.72
	67,366.08
	488,155.29
	2,072.03
	2,924,189.42
	0.00
	34,992.12
(97,794.19)	9,338,571.10
97,794.19	11,059,950.10
	(19,586.28)
	30,087,859.03
0.00	30,068,272.75
97,794.19	2,613,218.62
	830,753.06
	(291.63)
0.00	830,461.43

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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, 2012

	General Funds (Exh A-2)	Capital Asset Adjustments
Lapsed Appropriations	<u>(786,341.94)</u>	
FUND BALANCES - Ending August 31, 2012	\$ <u><u>2,614,122.32</u></u>	
Government-wide Statement - Net Assets		
Change in Net Assets		<u>(54,578.40)</u>
Net Assets Beginning		278,692.20
Adjustments to Beginning Net Assets		
Restatement		
Net Assets Beginning as Restated and Adjusted		<u><u>278,692.20</u></u>
Net Assets Ending		\$ <u><u>224,113.80</u></u>

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

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Long-term Liabilities Adjustments	Statement of Activities
	<u>(786,341.94)</u>
	\$ 2,657,338.11
<u>97,794.19</u>	
(691,261.31)	(412,569.11)
	0.00
	0.00
<u>(691,261.31)</u>	<u>(412,569.11)</u>
\$ <u><u>(593,467.12)</u></u>	\$ <u><u>2,244,769.00</u></u>

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TEXAS REAL ESTATE COMMISSION (329)
EXHIBIT VI
COMBINED STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
For the Year Ended August 31, 2012

	PRIVATE- PURPOSE TRUST (Exh I-1)	AGENCY FUNDS (Exh J-1)	TOTAL 2012
ASSETS			
Current Assets			
Cash and Cash Equivalents			
Cash in State Treasury	\$ 40.00	\$ 43,767.96	\$ 43,807.96
Cash Equivalents - Miscellaneous Investments	1,561,425.65	38,491.17	1,599,916.82
Due From Other Funds	0.00	467,143.50	467,143.50
Total Current Assets	<u>1,561,465.65</u>	<u>549,402.63</u>	<u>2,110,868.28</u>
Non Current Assets			
Investments - NonCurrent	<u>1,232,422.00</u>	<u>0.00</u>	<u>1,232,422.00</u>
Total Non Current Assets	<u>1,232,422.00</u>	<u>0.00</u>	<u>1,232,422.00</u>
TOTAL ASSETS	<u>\$ 2,793,887.65</u>	<u>\$ 549,402.63</u>	<u>\$ 3,343,290.28</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	\$	\$	\$ 0.00
Due to Other Agencies		467,143.50	467,143.50
Funds Held for Others		82,259.13	82,259.13
Total Current Liabilities	<u>0.00</u>	<u>549,402.63</u>	<u>549,402.63</u>
TOTAL LIABILITIES	<u>0.00</u>	<u>549,402.63</u>	<u>549,402.63</u>
NET ASSETS			
Held in Trust for:	\$	\$	\$
Individuals, Organizations, and Other Governments	<u>2,793,887.65</u>	<u>0.00</u>	<u>2,793,887.65</u>
TOTAL NET ASSETS	<u>2,793,887.65</u>	<u>0.00</u>	<u>2,793,887.65</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,793,887.65</u>	<u>\$ 549,402.63</u>	<u>\$ 3,343,290.28</u>

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 VII
COMBINED STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
For the Year Ended August 31, 2012

	PRIVATE- PURPOSE TRUST (Exh I-2)	TOTAL 2012
ADDITIONS		
Contributions		
Member Contributions	\$	\$
Total Contributions		
Investment Income		
From Investing Activities		
Net Appreciation (Depreciation) in		
Fair Value of Investments	(146,590.23)	(146,590.23)
Interest and Investment Income	45,502.28	45,502.28
Total Investing Income	<u>(101,087.95)</u>	<u>(101,087.95)</u>
Total Net Investment Income	<u>(101,087.95)</u>	<u>(101,087.95)</u>
Other Additions		
Federal Revenue		
Contributions to Employee Benefit Funds		
Settlement of Claims	53,337.32	53,337.32
Other Revenue	500,447.64	500,447.64
Transfers-In	<u>2,025,005.45</u>	<u>2,025,005.45</u>
Total Other Additions	<u>2,578,790.41</u>	<u>2,578,790.41</u>
Total Additions	<u>2,477,702.46</u>	<u>2,477,702.46</u>
DEDUCTIONS		
Employee Benefit Payments		
Transfers Out of Contributions	0.00	0.00
Interest Expense	0.00	0.00
Travel	166.69	166.69
Claims & Judgements	539,823.23	539,823.23
Other Expense	1,648.31	1,648.31
Transfers Out	<u>2,032,277.43</u>	<u>2,032,277.43</u>
Total Deductions	<u>2,573,915.66</u>	<u>2,573,915.66</u>
NET INCREASE (DECREASE)	<u>(96,213.20)</u>	<u>(96,213.20)</u>
Net Assets - Beginning of Year September 1, 2011	<u>2,890,100.85</u>	<u>2,890,100.85</u>
Net Assets - End of Year August 31, 2012	<u>\$ 2,793,887.65</u>	<u>\$ 2,793,887.65</u>

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 VIII

COMBINED STATEMENT OF NET ASSETS - DISCRETELY PRESENTED COMPONENT UNIT

For the Year Ended August 31, 2012

	Component Unit (Exh K-1)
ASSETS	
Current Assets:	
Cash and Cash Equivalents:	
Cash in State Treasury	\$ 142,949.40
Cash Equivalents - Miscellaneous Investments	\$ 417,816.84
Consumable Inventories	\$ 3,304.47
Current Assets:	<u>564,070.71</u>
Non-Current Assets:	
Furniture & Equipment, Net	2,066.00
Computer Software, Intangible, Net	98,366.14
Non-Current Assets (Note 2)	<u>100,432.14</u>
Total Assets:	<u>664,502.85</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	40,273.21
Payroll Payable	93,390.72
Employee Compensable Leave	<u>63,016.59</u>
Current Liabilities	<u>196,680.52</u>
Non-Current Liabilities:	
Employee Compensable Leave	<u>33,096.26</u>
Non-Current Liabilities	<u>33,096.26</u>
Total Liabilities	<u>229,776.78</u>
NET ASSETS	
Net Assets Invested in Capital Assets	100,432.14
Net Assets Restricted for Other	<u>334,293.93</u>
Total Net Assets	<u>434,726.07</u>
Total Liabilities and Net Assets	<u>\$ 664,502.85</u>

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

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, 2012

	Component Unit (Exh K-2)
OPERATING REVENUES	
Professional Fees	\$ 1,810,083.12
Sales of Goods and Services	\$ 0.00
Other Operating Revenues - Nonpledged	\$ 0.00
Operating Revenues	<u>1,810,083.12</u>
OPERATING EXPENSES	
Salaries and Wages	842,766.86
Payroll Related Costs	214,648.17
Professional Fees and Services	66,521.86
Travel	23,519.89
Materials and Supplies	32,159.51
Communication and Utilities	6,811.99
Repairs and Maintenance	(3,643.50)
Rentals & Leases	109,449.11
Printing and Reproduction	607.70
Depreciation and Amortization Expense	13,003.68
Interest	0.19
Other Expenditures	64,693.96
Operating Expenses	<u>1,370,539.42</u>
Operating Income (Loss)	<u>439,543.70</u>
NON-OPERATING REVENUE (EXPENSES)	
Investment Income (NonPledged)	
Interest On Local Deposits	\$ <u>333.12</u>
Total Other Non-operating Revenues (Expenses)	<u>333.12</u>
Income Before Other Revenues, Expenses, Gains, Losses and Transfers	<u>439,876.82</u>
OTHER REVENUES, EXPENSES, GAINS/LOSSES AND TRANSFERS	
Transfer In-Note 12	2,121,876.49
Transfer Out-Note 12	(2,151,876.49)
Appropriations Lapsed	<u>(108,726.68)</u>
Cap Contrib/Endow/Special/Extra/Transfers	<u>(138,726.68)</u>
Increase/(Decrease) in Net Assets	<u>301,150.14</u>
Total Net Assets, September 1, 2011	133,575.93
Restatements	<u>0.00</u>
Net Assets, September 1, 2012, as Restated	<u>133,575.93</u>
Net Assets, August 31, 2012	<u><u>\$ 434,726.07</u></u>

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

TEXAS REAL ESTATE COMMISSION (329)
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 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 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

TEXAS REAL ESTATE COMMISSION (329)
NOTES TO THE FINANCIAL STATEMENTS

required to be accounted for in another fund.

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 appropriative 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

TEXAS REAL ESTATE COMMISSION (329)
NOTES TO THE FINANCIAL STATEMENTS

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 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 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.

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

TEXAS REAL ESTATE COMMISSION (329)
NOTES TO THE FINANCIAL STATEMENTS

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 nonspendable, restricted, committed, assigned or unassigned in the fund financial statements.

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

* Restricted fund balance 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.

* 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.

TEXAS REAL ESTATE COMMISSION (329)
NOTES TO THE FINANCIAL STATEMENTS

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.

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, 2012, if any, is presented in Note 12.

NOTE 2: CAPITAL ASSETS

A summary of changes in Capital Assets for the year ended August 31, 2012:

	Balance 9/1/11	Adjustments	Completed CIP	Inc Int'agy Trans	Dec Int'agy Trans
Governmental Activities:					
Depreciable Assets					
Furniture and Equipment	\$ 267,651.57	\$	\$	\$	\$
Intangible Assets					
Computer Software	652,956.99				
Total depreciable and intangible assets	920,608.56	0.00	0.00	0.00	0.00
Less Accum Deprec for: Furniture and Equip	(226,255.71)				

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TEXAS REAL ESTATE COMMISSION (329)
NOTES TO THE FINANCIAL STATEMENTS

Less Accum Amortiz for:

Computer Software	(415,660.65)				
Total Accum Deprec/Amc	(641,916.36)	0.00	0.00	0.00	0.00

TOTAL	\$ 278,692.20	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
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continued	Addition	Deletions	Balance 8/31/12
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Governmental Activities:

Depreciable Assets

Furniture and Equipment	\$	\$ (132,708.54)	\$ 134,943.03
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Intangible Assets

Computer Software		(352,558.24)	300,398.75
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Total depreciable and intangible assets	0.00	(485,266.78)	435,341.78
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Less Accum Deprec for:

Furniture and Equip	(8,625.96)	113,122.26	(121,759.41)
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Less Accum Amortiz for:

Computer Software	(26,366.16)	352,558.24	(89,468.57)
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Total Accum Deprec/Amc	(34,992.12)	465,680.50	(211,227.98)
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TOTAL	\$ (34,992.12)	\$ (19,586.28)	\$ 224,113.80
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Balance 9/1/11	Adjustments	Completed CIP	Inc Int'agy Trans	Dec Int'agy Trans
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Component Units

Depreciable Assets

Furniture and Equipment	\$ 4,249.00	\$	\$	\$	\$
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Intangible Assets

Computer Software	122,957.50				
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Total depreciable and intangible assets	127,206.50	0.00	0.00	0.00	0.00
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Less Accum Deprec for:

Furniture and Equip	(1,475.00)				
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Less Accum Amortiz for:

Computer Software	(12,295.68)				
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Total Accum Deprec/Amc	(13,770.68)	0.00	0.00	0.00	0.00
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TOTAL	\$ 113,435.82	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
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continued	Addition	Deletions	Balance 8/31/12
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Component Units

Depreciable Assets

Furniture and Equipment	\$	\$	\$ 4,249.00
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Intangible Assets

Computer Software			122,957.50
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Total depreciable and intangible assets	0.00	0.00	127,206.50
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Less Accum Deprec for:

Furniture and Equip	(708.00)		(2,183.00)
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Less Accum Amortiz for:

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TEXAS REAL ESTATE COMMISSION (329)
NOTES TO THE FINANCIAL STATEMENTS

Computer Software	(12,295.68)		(24,591.36)
Total Accum Deprec/Amc	(13,003.68)	0.00	(26,774.36)
TOTAL	\$ (13,003.68)	\$ 0.00	\$ 100,432.14

NOTE 3: DEPOSITS, INVESTMENTS & 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 state maturity of investments in ten years. All investment transactions are conducted through the State Treasury Operations Division of the Comptroller of Public Accounts.

Deposits of Cash in Bank

As of August 31, 2012, the carrying amount of deposits was \$1,000.00 as presented below.

Government Activities:

CASH IN BANK - CARRYING VALUE	\$ 84,268.75
Less: Certificates of Deposit included in carrying value and reported as Cash Equivalent	0.00

Cash in Bank per AFR	\$ 84,268.75
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Governmental Funds Current Assets Cash in Bank	\$ 84,268.75
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Cash in Bank per AFR (Exhibit 1 and Exhibit A-1)	\$ 84,268.75
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As of August 31, 2012, the total bank balances was as follows:

Governmental Activities	\$ 84,268.75
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None of the bank balances was exposed to custodial credit risk.

As of August 31, 2012 the fair value of investments is as presented below:

	Fd Type 01 Fund 0889 Fair Value	Fd Type 01 Fund 1005 Fair Value	Fd Type 09 Fund 0889 Fair Value	Fd Type 15 Fund 1005 Fair Value	Fd Type 20 Fund 0889 Fair Value
Fiduciary Funds					
U.S. Government					
U.S. Treasury Securities	\$1,382,605.09	\$2,806,076.04	\$38,491.17	\$417,816.84	\$2,793,847.65
Total (Exh. VI & I-1)	<u>\$1,382,605.09</u>	<u>\$2,806,076.04</u>	<u>\$38,491.17</u>	<u>\$417,816.84</u>	<u>\$2,793,847.65</u>
Cash Equivalents	\$1,382,605.09	\$2,806,076.04	\$38,491.17	\$417,816.84	\$1,561,425.65
Non-current Investments	\$0.00	\$0.00	\$0.00	\$0.00	\$1,232,422.00
Total Fair Value of Investments	<u>\$1,382,605.09</u>	<u>\$2,806,076.04</u>	<u>\$38,491.17</u>	<u>\$417,816.84</u>	<u>\$2,793,847.65</u>
Fair Value of Debt Security Not Subject to Investment Credit Risk	<u>\$1,382,605.09</u>	<u>\$2,806,076.04</u>	<u>\$38,491.17</u>	<u>\$417,816.84</u>	<u>\$2,793,847.65</u>

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TEXAS REAL ESTATE COMMISSION (329)
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: SHORT TERM DEBT

Not applicable

NOTE 5: SUMMARY OF LONG-TERM LIABILITIES

Notes and Loans Payable:

The agency did not have any notes or loans payable as of August 31, 2012.

Changes In Long-Term Liabilities

During the year ended August 31, 2012, the following changes occurred in liabilities.

	Balance 9/01/11	Additions	Deductions	Balance 8/31/12	Amounts Due Within One Yr	Amounts Due Thereafter
Governmental Activities:						
Compensable Leave	\$ 691,261.31	\$ 470,584.01	\$ (568,378.20)	\$ 593,467.12	\$ 334,321.31	\$ 259,145.81
TOTAL	\$ 691,261.31	\$ 470,584.01	\$ (568,378.20)	\$ 593,467.12	\$ 334,321.31	\$ 259,145.81
Fund 3144						
Discrete Component	Balance			Balance	Amounts Due	Amounts Due
Unit Activities TALCB	9/01/11	Additions	Deductions	8/31/12	Within One Yr	Thereafter
Compensable Leave	\$ 82,930.25	\$	\$ (82,930.25)	\$ 0.00	\$	\$ 0.00
TOTAL	\$ 82,930.25	\$ 0.00	\$ (82,930.25)	\$ 0.00	\$ 0.00	\$ 0.00
Fund 1005						
Discrete Component	Balance			Balance	Amounts Due	Amounts Due
Unit Activities TALCB	9/01/11	Additions	Deductions	8/31/12	Within One Yr	Thereafter
Compensable Leave	\$ 0.00	\$ 212,904.97	\$ (116,792.12)	\$ 96,112.85	\$ 63,016.59	\$ 33,096.26
TOTAL	\$ 0.00	\$ 212,904.97	\$ (116,792.12)	\$ 96,112.85	\$ 63,016.59	\$ 33,096.26
Total						
Discrete Component	Balance			Balance	Amounts Due	Amounts Due
Unit Activities TALCB	9/01/11	Additions	Deductions	8/31/12	Within One Yr	Thereafter
Compensable Leave	\$ 82,930.25	\$ 212,904.97	\$ (199,722.37)	\$ 96,112.85	\$ 63,016.59	\$ 33,096.26
TOTAL	\$ 82,930.25	\$ 212,904.97	\$ (199,722.37)	\$ 96,112.85	\$ 63,016.59	\$ 33,096.26

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 funds 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

Not applicable

NOTE 7: DERIVATIVE INSTRUMENTS

Not applicable

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TEXAS REAL ESTATE COMMISSION (329)
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8: LEASES

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

	TREC (Fund Type 01)	TALCB (Fund Type 09)
FY 2012 Rental Costs	\$ 484,826.25	\$ 106,492.81

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)
2013	373,995.64	81,563.48
2014	370,072.04	81,563.48
2015	361,238.24	76,220.58
2016	358,850.49	75,152.00
2017	0.00	
2018 & Beyond	0.00	0.00
Total Minimum Future Lease Payment Requirements	\$ 1,464,156.41	\$ 314,499.54

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 BALANCES/ACTIVITIES

As explained in Note 1, Interfund Transactions and Balances are transactions between funds and agencies. At year-end, amounts to be received or paid are reported as Due From or Due To Other Funds. Individual interfund receivable and payable balances on August 31, 2012 were as follows:

	Due To Other Funds	Due From Other Funds	
<u>General (01)</u>			
<i>Appd Fund 0889, D23 Fund 4057</i>			
Agy 711, Fd 9999, U/F 7999	1,280,600.00		Revenue Trfr
<i>Appd Fund 1005, D23 Fund 7055</i>			
Agy 329, Fd 1000, U/F 0001	467,143.50		Revenue Trfr
Total General	1,747,743.50	0.00	
<u>Agency Funds (09)</u>			
<i>Appd Fund 0001, D23 Fund 1000</i>			
Agy 329, Fd 1005, U/F 7055		467,143.50	Revenue Trfr
Agy 902, Fd 0001, U/F 0001	467,143.50		
Total Agency	467,143.50	467,143.50	
Total Due To/From	2,214,887.00	467,143.50	

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TEXAS REAL ESTATE COMMISSION (329)
NOTES TO THE FINANCIAL STATEMENTS

	<u>Transfers Out</u>	<u>Transfers In</u>	<u>Purpose</u>
Operating Transfers In/Out			
<u>General (01)</u>			
<i>Appd Fund 0001, D23 Fund 1114</i>			
Agy 902, Fd 0001, U/F 0001	1,079.26		Service Trfr
Agy 329, Fd 1005, U/F 3055	19,044.53		Residual Equity
<i>Appd Fund 0001, D23 Fund 3000</i>			
Agy 329, Fd 1005, U/F 7056	525,713.00	525,713.00	Bridge Loan
Agy 329, Fd 1005, U/F 7055	3,288,023.00	3,288,023.00	Bridge Loan
Agy 902, Fd 0001, U/F 0001	3,813,736.00		Bridge Loan
<i>Appd Fund 0889, D23 Fund 4057</i>			
Agy 329, Fd 0889, U/F 7057	233.00	3,445,213.00	Revenue Trfr
Agy 711, Fd 9999, U/F 7999	4,725,580.00		Revenue Trfr
<i>Appd Fund 0889, D23 Fund 7057</i>			
Agy 329, Fd 0889, U/F 4057	3,445,213.00	233.00	Revenue Trfr
<i>Appd Fund 0969, D23 Fund 0969</i>			
Agy 711, Fd 9999, U/F 7999	(841,000.00)		Prior Yr Accrl
<i>Appd Fund 1005, D23 Fund 3055</i>			
Agy 902, Fd 0001, U/F 0001	720,000.00		Service Trfr
<i>continued</i>	<u>Transfers Out</u>	<u>Transfers In</u>	<u>Purpose</u>
Agy 329, Fd 1005, U/F 7055	5,092,994.00	14,428,615.50	Residual Equity
Agy 347, Fd 0507, U/F 0507	15,224.76		Service Trfr
Agy 347, Fd 0735, U/F 0735	152.06		Service Trfr
Agy 329, Fd 0001, U/F 1114		19,044.53	Residual Equity
<i>Appd Fund 1005, D23 Fund 7055</i>			
Agy 329, Fd 0001, U/F 3000	3,288,023.00	3,288,023.00	Bridge Loan
Agy 329, Fd 1005, U/F 3055	14,428,615.50	5,092,994.00	Residual Equity
Total General Funds	38,522,631.11	30,087,859.03	
<u>Private Purpose Trust Fds (20)</u>			
<i>Appd Fund 0971, D23 Fund 0971</i>			
Agy 329, Fd 0889, U/F 7058	1,476,859.40		Investment Trfr
<i>Appd Fund 0889, D23 Fund 7058</i>			
Agy 329, Fd 0971, U/F 0971		1,476,859.40	Investment Trfr
<i>Appd Fund 0889, D23 Fund 4058</i>			
Agy 329, Fd 0889, U/F 7058	20.00	528,334.07	Revenue Trfr
<i>Appd Fund 0889, D23 Fund 4059</i>			
Agy 902, Fd 0001, U/F 0001	7,271.98		Service Trfr
Agy 329, Fd 0889, U/F 7059		19,791.98	Revenue Trfr
<i>Appd Fund 0889, D23 Fund 7058</i>			
Agy 329, Fd 0889, U/F 4058	528,334.07	20.00	Revenue Trfr
<i>Appd Fund 0889, D23 Fund 7059</i>			
Agy 329, Fd 0889, U/F 4059	19,791.98		Revenue Trfr
Total Private Purpose Trust Funds	2,032,277.43	2,025,005.45	
<u>Discrete Component Units (15)</u>			
<i>Appd Fund 1005, D23 Fund 3056</i>			
Agy 329, Fd 1005, U/F 7056	1,895.35	1,394,494.75	Revenue Trfr
Agy 902, Fd 0001, U/F 0001	30,000.00		Service Trfr
<i>Appd Fund 1005, D23 Fund 7056</i>			
Agy 329, Fd 1005, U/F 3056	1,394,494.75	1,895.35	Revenue Trfr
Agy 329, Fd 3144, U/F 0001	82,930.25	116,843.14	Residual Equity
Agy 329, Fd 0001, U/F 3000	525,713.00	525,713.00	Bridge Loan
<i>Appd Fund 3144, D23 Fund 0001</i>			
Agy 329, Fd 1005, U/F 7056	116,843.14	82,930.25	Residual Equity
Total Discrete Component Units	2,151,876.49	2,121,876.49	
Total Operating Transfers	\$ <u>42,706,785.03</u>	\$ <u>34,234,740.97</u>	

TEXAS REAL ESTATE COMMISSION (329)
NOTES TO THE FINANCIAL STATEMENTS

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/NET ASSETS

A restatement of \$291.63 was necessary due to the conversion of TREC to an SDSI agency, there was a change in the appropriated fund of a D23 USAS Fund. This caused a restatement in Fund 1114 as shown on Exhibit A-2 and Exhibit II.

NOTE 15: CONTINGENCIES AND COMMITMENTS

Not applicable

NOTE 16: SUBSEQUENT EVENTS

Senate Bill 1000, 82nd Legislature, Regular Session, designated the Texas Real Estate Commission together with the Texas Appraiser Licensing and Certification Board (together agency 329) as a self-directed semi-independent state agency effective September 1, 2011. The General Appropriations Act for fiscal years 2012 & 2013 granted TREC an appropriation of \$3,813,736 in each year of the biennium. Those funds were deposited into the Texas Treasury Safekeeping Trust Company (TTSTC). The full amount must be repaid by the end of each fiscal year. Under the provisions of Senate Bill 1000, budgets are approved by the Commission and the Board and all revenue collected is deposited to the TTSTC. The Commission and the Board are responsible for all direct and indirect costs and may not directly or indirectly cause the general revenue fund to incur any cost. The agency pays the Texas Facilities Commission for leased office space in the Stephen F. Austin Building. SB 1000 requires the agency to contract with the Office of the Attorney General, the State Office of Administrative Hearings, and the State Auditor's Office for their services. In addition, the agency must remit \$750,000 to the general revenue fund annually.

NOTE 17: RISK MANAGEMENT

Not applicable

NOTE 18: MANAGEMENT DISCUSSION AND ANALYSIS/MATERIAL CHANGES TO AFR

Not applicable

NOTE 19: THE FINANCIAL REPORTING ENTITY: RELATED ORGANIZATIONS

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,

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TEXAS REAL ESTATE COMMISSION (329)
NOTES TO THE FINANCIAL STATEMENTS

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

NOTE 21: N/A

NOTE 22: DONOR-RESTRICTED ENDOWMENTS

Not applicable

NOTE 23: EXTRAORDINARY AND SPECIAL ITEMS

Not applicable

NOTE 24: DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

Not applicable

NOTE 25: TERMINATION BENEFITS

Not applicable

NOTE 26: SEGMENT INFORMATION

Not applicable

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TEXAS REAL ESTATE COMMISSION (329)
EXHIBIT A-1
COMBINING BALANCE SHEET -
ALL GENERAL AND CONSOLIDATED FUNDS
For the Year Ended August 31, 2012

	GR Consl FUND 0001 FUND 0001 U/F (1114)	Bridge Loan FUND 0001 FUND 0001 U/F (3000)	TOTAL FUND 0001	TAMU FUND 0889 FUND 0889 U/F (4057)	TAMU FUND 0889 FUND 0889 U/F (7057)
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$	\$	\$	\$	\$
Cash in Bank					
Cash Equivalents - Misc Investments	0.00		0.00		1,382,605.09
Cash In State Treasury	0.00	0.00	0.00		0.00
Legislative Appropriations	0.00	0.00	0.00	0.00	0.00
Due From Other Agencies					
Consumable Inventories	0.00	0.00	0.00	0.00	0.00
Total Current Assets	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 1,382,605.09
TOTAL ASSETS	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 1,382,605.09</u>
LIABILITIES					
Current Liabilities:					
Payables from :					
Accounts Payable	\$	\$	0.00	\$	0.00
Payroll Payable			0.00		0.00
Due to Other Funds/Agencies			0.00	1,280,600.00	
Deferred Revenue	0.00		0.00		
Total Current Liabilities	0.00	0.00	0.00	1,280,600.00	0.00
TOTAL LIABILITIES	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 1,280,600.00</u>	<u>\$ 0.00</u>
Fund Financial Statements - Fund					
FUND BALANCES (DEFICITS):					
NonSpendable - Consumable Inventory	\$	\$	\$	\$	\$
Committed			0.00		102,005.09
Unassigned	0.00	0.00	0.00	(1,280,600.00)	1,280,600.00
TOTAL FUND BALANCES	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(1,280,600.00)</u>	<u>1,382,605.09</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 1,382,605.09</u>

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

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TOTAL FUND 0889 FUND 0889	TREC Local FUND 0889 FUND 1005 U/F (3055)	TREC Local FUND 0889 FUND 1005 U/F (7054)	TREC Local FUND 0889 FUND 1005 U/F (7055)	TOTAL FUND 0889 FUND 1005	REAL ESTATE FEE TRUST ACCT FUND 0969 FUND 0969 U/F (0969)	TOTALS (EXHIBIT I) 2012
\$	\$	\$	\$	\$	\$	\$
0.00		84,268.75		84,268.75		84,268.75
1,382,605.09		1,277,007.17	1,529,068.87	2,806,076.04		4,188,681.13
0.00	2,100,127.82	0.00	0.00	2,100,127.82		2,100,127.82
0.00	0.00	0.00	0.00	0.00		0.00
0.00				0.00		0.00
0.00	20,046.98	0.00	0.00	20,046.98		20,046.98
\$ 1,382,605.09	\$ 2,120,174.80	\$ 1,361,275.92	\$ 1,529,068.87	\$ 5,010,519.59	\$ 0.00	\$ 6,393,124.68
\$ 1,382,605.09	\$ 2,120,174.80	\$ 1,361,275.92	\$ 1,529,068.87	\$ 5,010,519.59	\$ 0.00	\$ 6,393,124.68
\$	\$	\$	\$	\$	\$	\$
0.00	1,589,470.34			1,589,470.34		1,589,470.34
0.00	441,788.52			441,788.52		441,788.52
1,280,600.00	0.00	0.00	467,143.50	467,143.50	0.00	1,747,743.50
0.00				0.00		0.00
1,280,600.00	2,031,258.86	0.00	467,143.50	2,498,402.36	0.00	3,779,002.36
\$ 1,280,600.00	\$ 2,031,258.86	\$ 0.00	\$ 467,143.50	\$ 2,498,402.36	\$ 0.00	\$ 3,779,002.36
\$	\$	\$	\$	\$	\$	\$
0.00	20,046.98			20,046.98		20,046.98
102,005.09	68,868.96	1,361,275.92	1,061,925.37	2,492,070.25		2,594,075.34
0.00	0.00	0.00	0.00	0.00	0.00	0.00
102,005.09	88,915.94	1,361,275.92	1,061,925.37	2,512,117.23	0.00	2,614,122.32
\$ 1,382,605.09	\$ 2,120,174.80	\$ 1,361,275.92	\$ 1,529,068.87	\$ 5,010,519.59	\$ 0.00	\$ 6,393,124.68

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, 2012

	GR Consl FUND 0001 FUND 0001 U/F (1114)	Bridge Loan FUND 0001 FUND 0001 U/F (3000)	TOTAL FUND 0001	TAMU FUND 0889 FUND 0889 U/F (4057)	TAMU FUND 0889 FUND 0889 U/F (7057)	TOTAL FUND 0889 FUND 0889
REVENUES:						
Legislative Appropriations	\$ 0.00	\$ 3,813,736.00	\$ 3,813,736.00	\$ 0.00	\$ 0.00	\$ 0.00
Additional Appropriations	(51.52)		(51.52)			0.00
Licenses, Fees and Permits			0.00	0.00	4,827,434.50	4,827,434.50
Sales of Goods and Services	(104.25)		(104.25)	0.00		0.00
Interest and Investment Income			0.00		492.55	492.55
Other Revenue			0.00	0.00		0.00
Total Revenues	(155.77)	3,813,736.00	3,813,580.23	0.00	4,827,927.05	4,827,927.05
EXPENDITURES:						
Salaries and Wages	(741.36)		(741.36)			0.00
Payroll Related Costs	(51.52)		(51.52)			0.00
Professional Fees & Services	(17,133.84)		(17,133.84)			0.00
Travel	476.12		476.12			0.00
Materials and Supplies	61,281.47		61,281.47			0.00
Communication and Utilities	4,401.76		4,401.76			0.00
Repairs and Maintenance	(7,695.41)		(7,695.41)			0.00
Rentals and Leases	3,028.18		3,028.18			0.00
Printing and Reproduction	10.00		10.00			0.00
Other Operating Expenditures	(19,735.47)		(19,735.47)	0.00	341.96	341.96
Capital Outlay						0.00
Total Expenditures	23,839.93	0.00	23,839.93	0.00	341.96	341.96
EXCESS OF REVENUES OVER EXPENDITURES	(23,995.70)	3,813,736.00	3,789,740.30	0.00	4,827,585.09	4,827,585.09
OTHER FINANCING SOURCES (USES):						
Operating Transfers In (Note 12)		3,813,736.00	3,813,736.00	3,445,213.00	233.00	3,445,446.00
Operating Transfers Out (Note 12)	(20,123.79)	(7,627,472.00)	(7,647,595.79)	(4,725,813.00)	(3,445,213.00)	(8,171,026.00)
Total Other Financing Sources (Uses)	(20,123.79)	(3,813,736.00)	(3,833,859.79)	(1,280,600.00)	(3,444,980.00)	(4,725,580.00)
EXCESS OF REVENUE & OTHER FINANCING SOURCES OVER EXPENDITURES & OTHER FINANCING USE:	(44,119.49)	0.00	(44,119.49)	(1,280,600.00)		102,005.09
FUND BALANCES - Beginning September 1, 2011	830,753.06		830,753.06			0.00
Lapsed Appropriations	(786,341.94)		(786,341.94)			0.00
Restatements	(291.63)		(291.63)			0.00
FUND BALANCES - Ending August 31, 2012	\$ 0.00	\$ 0.00	\$ (0.00)	\$ (1,280,600.00)	\$ 0.00	\$ 102,005.09

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

UNAUDITED

Loc Oper FUND 0889 FUND 1005 U/F (3055)	Loc Oper FUND 0889 FUND 1005 U/F (7054)	Loc Oper FUND 0889 FUND 1005 U/F (7055)	TOTAL FUND 0889 FUND 1005	REAL ESTATE REAL ESTATE FEE TRUST ACCT FUND 0969 FUND 0969 U/F (0969)	TOTALS EXHIBIT II 2012
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$	\$ 3,813,736.00
			0.00		(51.52)
	1,363,659.28	10,040,291.42	11,403,950.70		16,231,385.20
		206,557.75	206,557.75		206,453.50
	1,594.82	5,539.51	7,134.33		7,626.88
0.00	0.00	146,998.02	146,998.02		146,998.02
0.00	1,365,254.10	10,399,386.70	11,764,640.80	0.00	20,406,148.08
4,200,892.90			4,200,892.90		4,200,151.54
1,325,430.46			1,325,430.46		1,325,378.94
180,363.45			180,363.45		163,229.61
40,639.36			40,639.36		41,115.48
77,366.59			77,366.59		138,648.06
46,664.96			46,664.96		51,066.72
75,061.49			75,061.49		67,366.08
485,127.11			485,127.11		488,155.29
2,062.03			2,062.03		2,072.03
2,096,764.92	3,978.18	1,839.83	2,102,582.93	841,000.00	2,924,189.42
			0.00		0.00
8,530,373.27	3,978.18	1,839.83	8,536,191.28	841,000.00	9,401,373.17
(8,530,373.27)	1,361,275.92	10,397,546.87	3,228,449.52	(841,000.00)	11,004,774.91
14,447,660.03		8,381,017.00	22,828,677.03		30,087,859.03
(5,828,370.82)		(17,716,638.50)	(23,545,009.32)	841,000.00	(38,522,631.11)
8,619,289.21	0.00	(9,335,621.50)	(716,332.29)	841,000.00	(8,434,772.08)
88,915.94	1,361,275.92	1,061,925.37	2,512,117.23	0.00	2,570,002.83
			0.00		830,753.06
			0.00		(786,341.94)
			0.00		(291.63)
\$ 88,915.94	\$ 1,361,275.92	\$ 1,061,925.37	\$ 2,512,117.23	\$ 0.00	\$ 2,614,122.32

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, 2012

	REAL ESTATE RECOVERY TRUST ACCT 0971 <u>0971 (U/F 0971)</u>	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 Equivalents - Miscellaneous Investments	\$	\$ 0.00	\$ 956,508.34
Cash in State Treasury		40.00	
Total Current Assets	<u>0.00</u>	<u>40.00</u>	<u>956,508.34</u>
Non Current Assets			
Investments - NonCurrent	<u>0.00</u>	<u>0.00</u>	<u>1,232,422.00</u>
Total Non Current Assets	<u>0.00</u>	<u>0.00</u>	<u>1,232,422.00</u>
TOTAL ASSETS	<u>\$ 0.00</u>	<u>\$ 40.00</u>	<u>\$ 2,188,930.34</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	\$	\$	\$ 0.00
Funds Held for Others			
Total Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL LIABILITIES	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
NET ASSETS			
Held in Trust for:	\$	\$	\$
Individuals, Organizations, and Other Governments		40.00	2,188,930.34
TOTAL NET ASSETS	<u>0.00</u>	<u>40.00</u>	<u>2,188,930.34</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 0.00</u>	<u>\$ 40.00</u>	<u>\$ 2,188,930.34</u>

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

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 0889 <u>0889</u>	REAL ESTATE INSPECTION RECOVERY TRUST 0988 <u>0988 (U/F 0988)</u>	TOTAL Exhibit VI 2012 <u>2012</u>
\$ 0.00	\$ 604,917.31	\$ 1,561,425.65	\$ 0.00	\$ 1,561,425.65
<u>0.00</u>	<u>604,917.31</u>	<u>40.00</u> <u>1,561,465.65</u>	<u>0.00</u>	<u>40.00</u> <u>1,561,465.65</u>
0.00	0.00	1,232,422.00	0.00	1,232,422.00
<u>0.00</u>	<u>0.00</u>	<u>1,232,422.00</u>	<u>0.00</u>	<u>1,232,422.00</u>
\$ <u>0.00</u>	\$ <u>604,917.31</u>	\$ <u>2,793,887.65</u>	\$ <u>0.00</u>	\$ <u>2,793,887.65</u>
\$	\$ 0.00	\$ 0.00	\$	\$ 0.00
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
0.00	0.00	0.00	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>604,917.31</u>	\$ <u>2,793,887.65</u>	\$ <u>0.00</u>	\$ <u>2,793,887.65</u>
<u>0.00</u>	<u>604,917.31</u>	<u>2,793,887.65</u>	<u>0.00</u>	<u>2,793,887.65</u>
0.00	604,917.31	2,793,887.65	0.00	2,793,887.65
<u>0.00</u>	<u>604,917.31</u>	<u>2,793,887.65</u>	<u>0.00</u>	<u>2,793,887.65</u>
\$ <u>0.00</u>	\$ <u>604,917.31</u>	\$ <u>2,793,887.65</u>	\$ <u>0.00</u>	\$ <u>2,793,887.65</u>

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, 2012

	REAL ESTATE RECOVERY TRUST ACCT 0971 <u>0971 (U/F 0971)</u>	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	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>0.00</u>
Total Contributions	0.00	0.00	0.00
Investment Income			
From Investing Activities			
Net Appreciation (Depreciation) in			
Fair Value of Investments	0.00		(146,590.23)
Interest and Investment Income			45,041.70
Total Investing Income	<u>0.00</u>	<u>0.00</u>	<u>(101,548.53)</u>
Total Net Investment Income	<u>0.00</u>	<u>0.00</u>	<u>(101,548.53)</u>
Other Additions			
Federal Revenue			
Contributions to Employee Benefit Funds			
Settlement of Claims			52,763.44
Other Revenue	(811,932.78)		1,289,671.98
Transfers-In	<u>0.00</u>	<u>528,334.07</u>	<u>1,476,879.40</u>
Total Other Additions	<u>(811,932.78)</u>	<u>528,334.07</u>	<u>2,819,314.82</u>
Total Additions	<u>(811,932.78)</u>	<u>528,334.07</u>	<u>2,717,766.29</u>
DEDUCTIONS			
Employee Benefit Payments			
Transfers Out of Contributions			
Interest Expense			
Travel	91.10	75.59	
Claims & Judgements		527,323.23	
Other Expense		875.25	501.88
Transfers Out	<u>1,476,859.40</u>	<u>20.00</u>	<u>528,334.07</u>
Total Deductions	<u>1,476,950.50</u>	<u>528,294.07</u>	<u>528,835.95</u>
NET INCREASE (DECREASE)	<u>(2,288,883.28)</u>	<u>40.00</u>	<u>2,188,930.34</u>
Net Assets - Beginning of Year September 1, 2011	<u>2,288,883.28</u>		
Net Assets - End of Year August 31, 2012	\$ <u><u>0.00</u></u>	\$ <u><u>40.00</u></u>	\$ <u><u>2,188,930.34</u></u>

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

UNAUDITED

REAL ESTATE INSPECTION RECOVERY TRUST 0889 0889 (U/F 4059)	REAL ESTATE INSPECTION RECOVERY TRUST 0889 0889 (U/F 7059)	TOTAL 0889 0889	REAL ESTATE INSPECTION RECOVERY TRUST 0988 0988 (U/F 0988)	TOTAL Exhibit VII 2012
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
		(146,590.23)		(146,590.23)
	460.58	45,502.28	0.00	45,502.28
0.00	460.58	(101,087.95)	0.00	(101,087.95)
0.00	460.58	(101,087.95)	0.00	(101,087.95)
		0.00		
	573.88	53,337.32		53,337.32
	623,926.01	1,913,597.99	(601,217.57)	500,447.64
19,791.98	0.00	2,025,005.45	0.00	2,025,005.45
19,791.98	624,499.89	3,991,940.76	(601,217.57)	2,578,790.41
19,791.98	624,960.47	3,890,852.81	(601,217.57)	2,477,702.46
		0.00		0.00
		0.00		0.00
		0.00		0.00
		75.59		166.69
12,500.00		539,823.23		539,823.23
20.00	251.18	1,648.31		1,648.31
7,271.98	19,791.98	555,418.03	0.00	2,032,277.43
19,791.98	20,043.16	1,096,965.16	0.00	2,573,915.66
0.00	604,917.31	2,793,887.65	(601,217.57)	(96,213.20)
0.00		0.00	601,217.57	2,890,100.85
\$ 0.00	\$ 604,917.31	\$ 2,793,887.65	\$ 0.00	\$ 2,793,887.65

UNAUDITED

TEXAS REAL ESTATE COMMISSION (329)
EXHIBIT J-1
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS
For the fiscal year ended August 31, 2012

	Balances September 1, 2011	Additions
OTHER AGENCY FUNDS		
Appraiser Registry Fee Acct (0028) U/F (0028)		
Assets:		
Cash in State Treasury	\$ 22,645.00	\$ 43,400.00
Accounts Receivable	0.00	
Total Assets	<u>\$ 22,645.00</u>	<u>\$ 43,400.00</u>
Liabilities:		
Accounts Payable	\$ 0.00	\$ 0.00
Funds Held for Others	22,645.00	43,400.00
Total Liabilities	<u>\$ 22,645.00</u>	<u>\$ 43,400.00</u>
Suspense Fund (0900) U/F (0900)		
Assets:		
Cash in State Treasury	\$ 0.00	\$ 444,421.12
Accounts Receivable	0.00	
Total Assets	<u>\$ 0.00</u>	<u>\$ 444,421.12</u>
Liabilities:		
Accounts Payable	\$ 0.00	\$ 0.00
Funds Held for Others	0.00	444,421.12
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 444,421.12</u>
Suspense Fund (0900) U/F (9015)		
Assets:		
Cash in State Treasury	\$ 0.00	\$ 0.01
Accounts Receivable	0.00	
Total Assets	<u>\$ 0.00</u>	<u>\$ 0.01</u>
Liabilities:		
Accounts Payable	\$ 0.00	\$ 0.00
Funds Held for Others	0.00	0.01
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 0.01</u>
Unappropriated Fund (0001) U/F (1000)		
Assets:		
Cash in State Treasury	\$ 0.00	\$ 5,300,456.12
Due From Other Funds	0.00	467,143.50
Total Assets	<u>\$ 0.00</u>	<u>\$ 5,767,599.62</u>
Liabilities:		
Due to Other Agencies	\$ 0.00	\$ 467,143.50
Funds Held for Others	0.00	5,300,456.12
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 5,767,599.62</u>

UNAUDITED

Deductions	Balances August 31, 2012
\$ (66,045.00)	\$ 0.00
	0.00
<u>\$ (66,045.00)</u>	<u>\$ 0.00</u>
\$ (66,045.00)	\$ 0.00
	0.00
<u>\$ (66,045.00)</u>	<u>\$ 0.00</u>
\$ (400,653.17)	\$ 43,767.95
	0.00
<u>\$ (400,653.17)</u>	<u>\$ 43,767.95</u>
\$ (400,653.17)	\$ 0.00
	43,767.95
<u>\$ (400,653.17)</u>	<u>\$ 43,767.95</u>
\$ 0.00	\$ 0.01
	0.00
<u>\$ 0.00</u>	<u>\$ 0.01</u>
\$ 0.00	\$ 0.00
	0.01
<u>\$ 0.00</u>	<u>\$ 0.01</u>
\$ (5,300,456.12)	\$ 0.00
	467,143.50
<u>\$ (5,300,456.12)</u>	<u>\$ 467,143.50</u>
\$ (5,300,456.12)	\$ 467,143.50
	0.00
<u>\$ (5,300,456.12)</u>	<u>\$ 467,143.50</u>

UNAUDITED

TEXAS REAL ESTATE COMMISSION (329)
EXHIBIT J-1
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS
For the fiscal year ended August 31, 2012

	Balances September 1, 2011	Additions
TREC Local Operating Fund (0889) U/F (7060)		
Assets:		
Cash in State Treasury	\$ 0.00	\$ 0.00
Cash Equivalents - Misc Investments		211,402.34
Accounts Receivable	0.00	
Total Assets	<u>\$ 0.00</u>	<u>\$ 211,402.34</u>
Liabilities:		
Due to Other Agencies	\$ 0.00	\$ 0.00
Funds Held for Others	0.00	211,402.34
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 211,402.34</u>
TOTALS - ALL AGENCY FUNDS		
Assets:		
Cash in State Treasury	\$ 22,645.00	\$ 5,788,277.25
Cash Equivalents - Misc Investments	0.00	211,402.34
Due From Other Funds	0.00	467,143.50
Total Assets	<u>\$ 22,645.00</u>	<u>\$ 6,466,823.09</u>
Liabilities:		
Due to Other Agencies	\$ 0.00	\$ 467,143.50
Funds Held for Others	22,645.00	5,999,679.59
Total Liabilities	<u>\$ 22,645.00</u>	<u>\$ 6,466,823.09</u>

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

UNAUDITED

Deductions	Balances August 31, 2012
\$ 0.00 (172,911.17)	\$ 0.00 38,491.17
<u>\$ (172,911.17)</u>	<u>0.00</u>
<u>\$ (172,911.17)</u>	<u>\$ 38,491.17</u>
\$ (172,911.17)	\$ 0.00
<u>\$ (172,911.17)</u>	<u>38,491.17</u>
<u>\$ (172,911.17)</u>	<u>\$ 38,491.17</u>
\$ (5,767,154.29) (172,911.17)	\$ 43,767.96 38,491.17
0.00	467,143.50
<u>\$ (5,940,065.46)</u>	<u>\$ 549,402.63</u>
\$ 0.00 (5,940,065.46)	\$ 467,143.50 82,259.13
<u>\$ (5,940,065.46)</u>	<u>549,402.63</u>
<u>\$ (5,940,065.46)</u>	<u>\$ 549,402.63</u>

TEXAS REAL ESTATE COMMISSION (329)

EXHIBIT K-1

COMBINING STATEMENT OF NET ASSETS - DISCRETELY PRESENTED COMPONENT UNITS

For the Year Ended August 31, 2012

	Component Unit 0001 <u>(3144) U/F (0001)</u>	Component Unit 0889 <u>(1005) U/F (3056)</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents:		
Cash in State Treasury	\$ 0.00	\$ 142,949.40
Cash Equivalents - Misc Investments	\$ 0.00	\$
Consumable Inventories	\$ 0.00	\$
Current Assets:	<u>0.00</u>	<u>142,949.40</u>
Non-Current Assets:		
Furniture & Equipment, Net	0.00	
Computer Software, Intangible, Net	0.00	
Non-Current Assets (Note 2)	<u>0.00</u>	<u>0.00</u>
Total Assets:	<u>0.00</u>	<u>142,949.40</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable		40,273.21
Payroll Payable		93,390.72
Employee Compensable Leave	0.00	
Current Liabilities	<u>0.00</u>	<u>133,663.93</u>
Non-Current Liabilities:		
Employee Compensable Leave	0.00	
Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>
Total Liabilities	<u>0.00</u>	<u>133,663.93</u>
NET ASSETS		
Net Assets Invested in Capital Assets		
Net Assets Restricted for Other	0.00	9,285.47
Total Net Assets	<u>0.00</u>	<u>9,285.47</u>
Total Liabilities and Net Assets	<u>\$ 0.00</u>	<u>\$ 142,949.40</u>

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

Component Unit 0889 (1005) U/F (7056)	TOTAL Component Unit 0889 1005	TOTALS EXHIBIT VIII 2012
\$ 0.00	\$ 142,949.40	\$ 142,949.40
\$ 417,816.84	\$ 417,816.84	\$ 417,816.84
\$ 3,304.47	\$ 3,304.47	\$ 3,304.47
<u>421,121.31</u>	<u>564,070.71</u>	<u>564,070.71</u>
2,066.00	2,066.00	2,066.00
98,366.14	98,366.14	98,366.14
<u>100,432.14</u>	<u>100,432.14</u>	<u>100,432.14</u>
<u>521,553.45</u>	<u>664,502.85</u>	<u>664,502.85</u>
	40,273.21	40,273.21
	93,390.72	93,390.72
63,016.59	63,016.59	63,016.59
<u>63,016.59</u>	<u>196,680.52</u>	<u>196,680.52</u>
<u>33,096.26</u>	<u>33,096.26</u>	<u>33,096.26</u>
33,096.26	33,096.26	33,096.26
<u>96,112.85</u>	<u>229,776.78</u>	<u>229,776.78</u>
100,432.14	100,432.14	100,432.14
<u>325,008.46</u>	<u>334,293.93</u>	<u>334,293.93</u>
<u>425,440.60</u>	<u>434,726.07</u>	<u>434,726.07</u>
\$ <u>521,553.45</u>	\$ <u>664,502.85</u>	\$ <u>664,502.85</u>

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, 2012

	Component Unit 0001 (3144) U/F (0001)	Component Unit 0889 (1005) U/F (3056)
OPERATING REVENUES		
Professional Fees	\$	\$
Sales of Goods and Services	\$	\$
Other Operating Revenues - Nonpledged	\$	\$
Operating Revenues	<u>0.00</u>	<u>0.00</u>
OPERATING EXPENSES		
Salaries and Wages		829,584.26
Payroll Related Costs		214,648.17
Professional Fees and Services	(8,651.38)	75,173.24
Travel	(266.70)	23,786.59
Materials and Supplies	6,443.94	25,612.72
Communication and Utilities	194.51	6,617.48
Repairs and Maintenance	(7,044.10)	3,400.60
Rentals & Leases	2,362.85	107,086.26
Printing and Reproduction	6.94	600.76
Depreciation and Amortization Expense		
Interest	0.15	0.04
Other Expenditures	(2,109.85)	66,803.81
Operating Expenses	<u>(9,063.64)</u>	<u>1,353,313.93</u>
Operating Income (Loss)	<u>9,063.64</u>	<u>(1,353,313.93)</u>
NON-OPERATING REVENUE (EXPENSES)		
Investment Income (NonPledged)		
Interest On Local Deposits	\$	\$
Total Other Non-operating Revenues (Expenses)	<u>0.00</u>	<u>0.00</u>
Income Before Other Revenues, Expenses, Gains, Losses and Transfers	<u>9,063.64</u>	<u>(1,353,313.93)</u>
OTHER REVENUES, EXPENSES, GAINS/LOSSES AND TRANSFERS		
Transfer In-Note 12	82,930.25	1,394,494.75
Transfer Out-Note 12	(116,843.14)	(31,895.35)
Appropriations Lapsed	(108,726.68)	
Cap Contrib/Endow/Special/Extra/Transfers	<u>(142,639.57)</u>	<u>1,362,599.40</u>
Increase/(Decrease) in Net Assets	<u>(133,575.93)</u>	<u>9,285.47</u>
Total Net Assets, September 1, 2011	133,575.93	
Restatements		
Net Assets, September 1, 2012, as Restated	<u>133,575.93</u>	<u>0.00</u>
Net Assets, August 31, 2012	<u>\$ 0.00</u>	<u>\$ 9,285.47</u>

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

Component Unit 0889 (1005) U/F (7056)	TOTAL Component Unit 0889 1005	TOTALS EXHIBIT IX 2012
\$ 1,810,083.12	\$ 1,810,083.12	\$ 1,810,083.12
\$	\$ 0.00	\$ 0.00
\$	\$ 0.00	\$ 0.00
<u>1,810,083.12</u>	<u>1,810,083.12</u>	<u>1,810,083.12</u>
13,182.60	842,766.86	842,766.86
	214,648.17	214,648.17
	75,173.24	66,521.86
	23,786.59	23,519.89
102.85	25,715.57	32,159.51
	6,617.48	6,811.99
	3,400.60	(3,643.50)
	107,086.26	109,449.11
	600.76	607.70
13,003.68	13,003.68	13,003.68
	0.04	0.19
	66,803.81	64,693.96
<u>26,289.13</u>	<u>1,379,603.06</u>	<u>1,370,539.42</u>
<u>1,783,793.99</u>	<u>430,480.06</u>	<u>439,543.70</u>
\$ <u>333.12</u>	\$ <u>333.12</u>	\$ <u>333.12</u>
<u>333.12</u>	<u>333.12</u>	<u>333.12</u>
<u>1,784,127.11</u>	<u>430,813.18</u>	<u>439,876.82</u>
644,451.49	2,038,946.24	2,121,876.49
(2,003,138.00)	(2,035,033.35)	(2,151,876.49)
	0.00	(108,726.68)
<u>(1,358,686.51)</u>	<u>3,912.89</u>	<u>(138,726.68)</u>
<u>425,440.60</u>	<u>434,726.07</u>	<u>301,150.14</u>
		133,575.93
		0.00
<u>0.00</u>	<u>0.00</u>	<u>133,575.93</u>
\$ <u>425,440.60</u>	\$ <u>434,726.07</u>	\$ <u>434,726.07</u>