

**SELF-DIRECTED  
SEMI-INDEPENDENT  
AGENCY REPORT**

**To the Legislature and the Governor's Office**



**January 2015**



SELF-DIRECTED SEMI-INDEPENDENT AGENCY REPORT  
to the Legislature and the Governor's Office

TEXAS REAL ESTATE COMMISSION  
Austin, Texas

January 2015

DOUGLAS E. OLDMIXON  
ADMINISTRATOR



TEXAS



## REAL ESTATE COMMISSION

### APPRAISER LICENSING & CERTIFICATION BOARD

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Bill L. Jones  
Vice Chair

Joanne Justice  
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Douglas E. Oldmixon  
Administrator

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Douglas E. Oldmixon  
Commissioner

January 9, 2015

Honorable Greg Abbott, Governor  
Senate Finance Committee  
House Appropriations Committee

Greetings:

As a Self-Directed Semi-Independent agency, The Texas Real Estate Commission (TREC) together with the Texas Appraiser Licensing & Certification Board (TALCB) respectfully submits the following information required by Texas Occupations Code Section 1105.005 (b):

- (1) Audit by the Texas State Auditor's Office for FY2013.
- (2) An unaudited copy of the agency's FY2014 Annual Financial Report.
- (3) A description of all changes in fees for both TREC and TALCB.
- (4) There were no changes in regulatory jurisdiction for FY2013 or FY2014.
- (5) A list of all new rules adopted for both TREC and TALCB.

If you have any questions, please contact Melissa Huerta at 512.936.3590.

Sincerely,

A handwritten signature in blue ink, which appears to read "D. Oldmixon", is written over a blue circular stamp.

Douglas E. Oldmixon  
Administrator

DEO/mkh  
Enclosures



**John Keel, CPA**  
**State Auditor**

An Audit Report on

**The Real Estate Commission:  
A Self-directed Semi-independent  
Agency**

September 2014

Report No. 14-037

# **The Real Estate Commission: A Self-directed Semi-independent Agency**

SAO Report No. 14-037  
September 2014

## **Overall Conclusion**

The Real Estate Commission (Commission) accurately and completely recorded \$23.5 million in license and permit-related receipts during fiscal year 2013. However, the Commission should improve the reporting of its finances on the *Annual Financial Report* and the annual *Self-directed Semi-independent Agency Report (SDSI Report)*.

**Annual Financial Report.** The Commission's fiscal year 2013 *Annual Financial Report* was significantly misstated, with misstatements in both revenues and expenditures. For example, the Commission overstated revenues and transfers related to license and permit activities by approximately \$4.1 million.

**SDSI Report.** The financial information in the Commission's fiscal year 2013 *SDSI Report* was incomplete. The *SDSI Report* contained information only on operational revenues and expenditures. That report did not present information on accounts totaling \$16.7 million in nonoperational revenues and fee surcharges<sup>1</sup> and \$16.4 million in nonoperational expenditures, transfers, and payments of fee surcharges to third parties.

The accuracy of the Commission's reports is important because the Legislature may use both of those reports to monitor the Commission's and the Texas Appraiser Licensing and Certification Board's finances.

The Commission also should strengthen access controls over data in its automated regulatory system, which is called Versa. The Commission adequately controls access to the Versa application, but it does not adequately protect Versa data.

### **Background Information**

Texas Occupations Code, Chapter 1105, authorized the Real Estate Commission (Commission) to operate independently of the General Appropriations Act beginning in fiscal year 2012.

The Commission oversees the regulation of real estate brokers and salespersons and other real estate industry professionals. Texas Occupations Code, Section 1103.051, designates the Texas Appraiser Licensing and Certification Board (Board), which regulates real estate appraisers, as an independent subdivision of the Commission. The Commission's administrator also reports to the Board as its commissioner. The Board has certain staff who work only for the Board, but the Commission also shares certain staff with the Board.

The Commission reported that there were 43,385 active real estate broker licenses and 73,194 active real estate salesperson licenses at the end of fiscal year 2013. The Federal Financial Institutions Examinations Council Appraisal Subcommittee reported that there were 3,821 licensed appraisers in fiscal year 2013. The Commission employed 105 individuals as of August 2013.

<sup>1</sup>The Commission is required by statute to collect revenues for State's General Revenue Fund, the Foundation School Fund, Texas A&M University, and recovery trust funds that the Commission administers. The Commission also collects surcharges that it pays to third parties, including the Department of Information Resources (for convenience fees for using the State's online payment system) and the Department of Public Safety and the Federal Bureau of Investigation (for fingerprinting or other services for a national or state criminal history check in connection with a license application or renewal).

The Commission does not ensure segregation of duties and the integrity of data stored on its network, the Versa database, and servers. Certain information technology staff also have administrator access that would allow them to change Versa data without a record of who accessed the administrator account or made the changes. In addition, the Commission assigns Versa user IDs by position, rather than assigning user IDs to specific individuals, and it does not consistently comply with its policy to disable and remove user accounts when users' employment is terminated. The Commission also did not have evidence showing that it regularly reviewed user access to Versa.

The Commission sets fee rates based on its budgetary needs, and it assesses penalties in accordance with statute. It collected approximately \$10.0 million in license fees and more than \$187,000 in penalties during fiscal year 2013.

Auditors communicated other, less significant issues to the Commission's management in writing.

## ***Summary of Management's Response***

The Commission agreed with the audit recommendations in this report. The Commission's detailed management responses are presented immediately following each set of recommendations in the Detailed Results section of this report.

## ***Summary of Information Technology Review***

Auditors performed a limited review of the general controls for two information systems the Commission used to account for its financial information:

- Versa, which is the Commission's automated regulatory system. The Commission uses Versa as its primary means for accounting for license and permit revenue, which represents the majority of the Commission's revenue.
- The Uniform Statewide Accounting System (USAS), which is the State's accounting system. The Commission uses USAS as its primary means of accounting for expenditures. Auditors conducted limited testing of general controls for USAS; specifically, auditors reviewed the Commission's access controls to USAS.

Auditors reviewed controls over user access and policies over change management and back-up and recovery and determined that the Commission adequately controls access to the Versa application. However, as discussed above, the Commission does not sufficiently ensure segregation of duties and the integrity of data stored on its network, the Versa database, and servers. The Commission should strengthen user access controls to minimize the risk of unauthorized alteration or deletion of data.



## ***Summary of Objectives, Scope, and Methodology***

The audit objectives were to:

- Verify the accuracy of certain key financial statement balances and the effectiveness of key financial controls at the Commission.
- Evaluate the Commission's process for setting fees and penalties.

The scope of this audit included reviewing support for financial balances the Commission reported in the fiscal year 2013 *Annual Financial Report* and in the November 2013 *SDSI Report*. Specifically, auditors reviewed bank statements, Versa information, and USAS information that supported both reports. Auditors also reviewed the Commission's process for setting fees and assessing penalties and analyzed and evaluated data and the results of related tests.

The audit methodology included collecting information and documentation from the Commission and reviewing policies and procedures, statutes, and rules related to financial reporting to the Legislature and the Commission's requirements for setting fees and penalties.

Auditors determined that expenditure data and license revenue data in USAS and Versa were sufficiently reliable for the purposes of this audit.

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# Detailed Results

## Chapter 1

### ***The Commission Accounted for Fiscal Year 2013 License and Permit Revenue Accurately and Completely, But It Should Improve Its Financial Reporting***

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The Real Estate Commission (Commission) accurately and completely recorded \$23.5 million in fiscal year 2013 license and permit-related receipts<sup>2</sup> (including amounts and revenue coding) for both itself and the Texas Appraiser Licensing and Certification Board (Board) in the Commission's automated regulatory system, which is called Versa. Auditors tied fiscal year 2013 receipt data in the Commission's bank records to Versa. License and permit revenue represented 86 percent of the Commission's and the Board's combined \$27.4 million in total revenues that were recorded in the Uniform Statewide Accounting System and Versa for fiscal year 2013.

While the Commission accurately and completely accounted for license and permit revenue, it should improve its financial reporting. The Commission reported fiscal year 2013 financial activities for itself and the Board in two reports: the fiscal year 2013 *Annual Financial Report* and the November 2013 *Self-directed Semi-independent Agency Report (SDSI Report)*. Those reports provide the Legislature a way to monitor the Commission's and the Board's finances. The Commission did not report all financial information in the fiscal year 2013 *Annual Financial Report* and *SDSI Report*, and it did not always present the information in accordance with financial reporting requirements.

Appendix 3 contains details on the Commission's revenues and expenditures for the *SDSI Report*.

#### ***Annual Financial Report***

The Commission overstated revenues and transfers related to license and permit activities by approximately \$4.1 million (19 percent) on the fiscal year 2013 *Annual Financial Report*. That amount was a significant overstatement, both to the license and permit revenue line item itself and to the financial statements in the fiscal year 2013 *Annual Financial Report* as a whole.

Additionally, the Commission prepared the fiscal year 2013 *Annual Financial Report* primarily on a cash basis, rather than on a full or modified accrual

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<sup>2</sup> The Commission's License and Permits account includes license fees and other revenues including Occupational Fees, Fees Collected for Texas A&M University, Real Estate Recovery Trust Fund Recoveries, Administrative Penalties, and Miscellaneous Revenues. That revenue also includes receipts that the Commission reports as Sales of Goods and Services and Other Revenue on its annual financial statements.

accounting basis as required by the Comptroller of Public Accounts' *Reporting Requirements for Fiscal Year 2013 Annual Financial Reports of State Agencies and Universities* (Comptroller's requirements). Not properly accruing expenditures resulted in the Commission understating expenditures by nearly \$657,000 on the fiscal year 2013 *Annual Financial Report* (that \$657,000 amount included a \$554,000 understatement of the other expenditures account).

The fiscal year 2013 *Annual Financial Report* also did not comply with the Comptroller's requirements because the Commission omitted certain accounts from the primary exhibits in that report. Specifically, although the Commission reported a \$534,000 compensable leave balance liability and \$206,000 in capital assets in the notes to the fiscal year 2013 *Annual Financial Report*, it omitted those items from the primary exhibits in that report. Omitting those items from the primary exhibits affects the accuracy of fund balances in those primary exhibits. The financial reporting issues occurred because the Commission did not have a thorough review process for the *Annual Financial Report*.

#### ***SDSI Report***

The Commission accurately reported \$10.6 million in revenues and \$8.9 million in expenditures in the *SDSI Report* for fiscal year 2013. However, that report did not contain a complete list of revenues and expenditures as required by the Texas Occupations Code, Section 1105.005(c)(4). For example, that report did not include accounts totaling \$16.7 million in nonoperational revenues and fee surcharges<sup>3</sup> and \$16.4 million in nonoperational expenditures, transfers, and payments of fee surcharges to third parties. Appendix 3 contains a list of the accounts the Commission did not report on its *SDSI Report* for fiscal year 2013.

The Commission's fiscal year 2013 *SDSI Report* contained budgets approved by the members of the Texas Real Estate Commission and the members of the Texas Appraiser Licensing and Certification Board, as required by the Texas Occupations Code.

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<sup>3</sup>The Commission is statutorily required to collect revenues for the State's General Revenue Fund, the Foundation School Fund, Texas A&M University, and recovery trust funds that the Commission administers. The Commission also collects surcharges that it pays to third parties, including the Department of Information Resources (for convenience fees for using the State's online payment system) and the Department of Public Safety and the Federal Bureau of Investigation (for fingerprinting or other services for a national or state criminal history check in connection with a license application or renewal).

## Recommendations

The Commission should:

- Strengthen controls over the preparation of *Annual Financial Reports* to help ensure those reports are accurate and prepared according to the Comptroller of Public Accounts' requirements.
- Include all revenues and expenditures on annual *SDSI Reports*, as required by the Texas Occupations Code.

## Management's Response

- *Strengthen controls over the preparation of Annual Financial Reports to help ensure those reports are accurate and prepared according to the Comptroller of Public Accounts' requirements.*

*We agree with the findings during the period audited. The agency prepared the fiscal year 2013 Annual Financial Report primarily on a cash basis based on the interpretation of the Comptroller of Public Accounts Fiscal Policies and Procedures (FPP) S.009, which states that accruals and encumbrances against prior appropriation years will not be allowed during the subsequent fiscal year.*

*Management agrees that license and permit revenues were overstated in the Annual Financial Report. This overstatement was due to the reporting of Professional fee revenue as a part of our General funds and also as additions in Fiduciary Funds. We have sought guidance from our Financial Reporting analyst at the State Comptroller's office and the revenues will be reported correctly on future reports.*

*The agency was advised by our vendor, who compiled the AFR, that the compensable leave balance liability and the capital assets did not need to be included in the exhibits since they are included in the notes to the fiscal year 2013 Annual Financial Report. The agency sought and received advice from the Comptroller's Office that the amounts in question should be included in the exhibits as well as the notes.*

*The agency will comply with the SAO recommendations and strengthen controls over the preparation of the Annual Financial Reports.*

- *Include all revenues and expenditures on annual SDSI Reports, as required by the Texas Occupations Code.*

*We agree with the findings during the period audited. The agency will comply with the SAO recommendations for the fiscal year 2014 reports and will include all revenues and expenditures on the annual SDSI report per Texas Occupations Code, Section 1105.005(c)(4).*

*The agency may also seek a change to the SDSI report submission date in Texas Occupations Code, Section 1105.005(c) from November 1 of each year to November 20 of each year to coincide with Annual Financial Report submission date.*

## ***The Commission Should Strengthen Controls Over Data in Its Automated Regulatory System***

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The Commission adequately controls access to the Versa application, but it does not adequately protect Versa data. The Commission does not ensure segregation of duties and the integrity of data stored on its network, the Versa database, and servers. Certain information technology staff members also have administrator access that would allow them to change Versa data without a record of who accessed the administrator account or made the changes.

In addition, the Commission assigns network user IDs by position, rather than by assigning user IDs to specific individuals. Two (10 percent) of the 20 position-based users accounts that auditors tested were active but the associated positions were vacant. Those user accounts could be shared and used without any record of who used them or who changed data using them. Additionally, the Commission does not consistently comply with its policy to disable and remove user accounts for Versa when a user's employment is terminated.

Title 1, Texas Administrative Code, Section 202.21 (d)(4), requires an agency's information security officer to report at least annually to the agency head the status and effectiveness of information resources security controls. The Commission does not have documentation showing that it regularly reviews user access to Versa. Commission policy does not specify a regular interval for conducting those reviews. Although the Commission has relevant user access policies, most of those policies are more than eight years old.

### **Recommendations**

The Commission should:

- Review administrator access and ensure that changes to Versa data can be traced to an individual user.
- Discontinue issuing network user IDs by position and, instead, issue unique user IDs to individual users.
- Comply with its policy to disable and remove user accounts when a user's employment is terminated.
- Document its regular reviews of Versa user access.
- Review and update its Versa user access policies and ensure that those policies require regular access reviews within a set time frame (such as annually).

## Management's Response

- *Review administrator access and ensure that changes to Versa data can be traced to an individual user.*

*We agree with the finding during the period audited. The commission will develop a new standard for naming user accounts to include a methodology which will relate to an individual rather than their position. Procedures will be updated to reflect this change.*

- *Discontinue issuing network user IDs by position and, instead, issue unique user IDs to individual users.*

*We agree with the finding during the period audited. The commission will develop a new standard for naming user accounts to include a methodology which will relate to an individual rather than their position. Procedures will be updated to reflect this change.*

- *Comply with its policy to disable and remove user accounts when users' employment is terminated.*

*We agree with the finding during the period audited. The commission will update the ITS procedures and work with Human Resources to ensure ITS receives notice and proper requests for disabling user IDs upon employees leaving the organization. The commission will begin permanently deactivating existing user accounts as people leave the agency and not reassign them for future use.*

- *Document its regular reviews of Versa user access.*

*We agree with the finding during the period audited. ITS has updated the year end procedures to include a review and documentation of the review of user IDs for network, Neubus and Versa applications. Lists will be provided to each of the operations divisions for approval of level permissions for staff.*

- *Review and update its Versa user access policies and ensure that those policies require regular access reviews within a set time frame (such as annually).*

*We agree with the finding during the period audited. ITS has updated the year end procedures to include a review of access policies for Versa, Neubus and the network.*



## ***The Commission Sets Fees Based on Its Budgetary Needs and Assesses Penalties in Accordance with Statute***

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### **Fees**

The Commission sets fee rates based on its budgetary needs. The Commission charges fees for applications for professional licenses, renewals of professional licenses, and the operation of professional education programs. The Commission prepares its budgets by estimating expenses on a detailed level. Management then determines the fee levels that will be needed to raise the necessary revenue and charges fee rates to raise the necessary revenues.

Both the Commission and the Board have target reserve levels that are equal to three to four months' of operating expenditures. Appendix 4 shows the reserve amounts for the Commission and the Board for fiscal years 2009 through 2013, as reported in the Commission's *Annual Financial Report*.

**Commission fees.** The Commission had 35 fees at the end of fiscal year 2011, and it became a self-directed semi-independent agency at the beginning of fiscal year 2012. Thirty-three of the fees<sup>4</sup> had set rates, and the median<sup>5</sup> increase in those 33 fees was \$5.00 (or 15 percent) between the end of fiscal year 2011 and the end of fiscal year 2013. The Commission added 14 new fees between the end of fiscal year 2011 and the end of fiscal year 2013; 10 of those new fees had set fee amounts; the median of those 14 fees was \$125.<sup>6</sup>

The Commission's fiscal year 2013 fees were within levels allowed by the Texas Occupations Code and the Texas Administrative Code.

**Board fees.** The Board had 22 fees at the end of fiscal year 2011. Nineteen of those fees<sup>7</sup> had set rates, and the median increase in those 19 fees was \$10.00 (or 3 percent) between the end of fiscal year 2011 and the end of fiscal year 2013. The Board added 13 new fees between the end of fiscal year 2011 and the end of fiscal year 2013; 7 of those new fees<sup>8</sup> had a set amount, and the median of those 7 fees was \$30.

Appendix 2 presents detailed information on the Commission's and the Board's fees for fiscal year 2011 and fiscal year 2013.

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<sup>4</sup> Two Commission fees had variable rates and were not included in the calculation of the average fee increase.

<sup>5</sup> The median, rather than the average, is presented because certain fees experienced relatively large increases. For example, two new Board fees for appraisal management companies were \$3,000 each, which resulted in the relatively high average of \$620. The third highest fee was \$50.

<sup>6</sup> Four Commission fees had variable rates and were not included in the calculation of the average fee increase.

<sup>7</sup> Three Board fees had variable rates and were not included in the calculation of the average fee increase.

<sup>8</sup> Six Board fees had variable rates and were not included in the calculation of the average fee increase.

## Penalties

The Commission issued penalties against individuals and entities and collected a total of more than \$187,000 in penalties in fiscal year 2013.

The Commission's schedules of administrative penalties are in the Texas Administrative Code. Those schedules contain a range of penalties for violations. The penalty levels on those schedules are within the parameters allowed by the Texas Occupations Code. Statute requires the Commission to consider factors such as the nature, extent, and the gravity of the prohibited acts and any history of previous offenses when administering penalties. The Commission's penalty schedules do not include guidance for considering those other factors when determining penalties. Appendix 5 contains information on the residential services portion of the Commission's penalty schedule.

Auditors examined 30 orders for disciplinary action that the Commission imposed against licensees during fiscal year 2013 and determined that the penalties were within levels permitted by statute and the Texas Administrative Code. The orders resulted in the following penalties:

- Fifteen (50 percent) of the 30 orders included monetary penalties for multiple offenses. For those 15 orders, the Commission assessed penalties as a single amount for multiple offenses<sup>9</sup>.
- Two (7 percent) of the 30 orders resulted in a monetary penalty for a single offense.
- Thirteen (43 percent) of the 30 orders resulted in nonmonetary penalties. For example, in 1 of the 13 orders, the Commission required a licensee convicted of felony theft to surrender her real estate salesperson license and not attempt to renew it for six years.

The Commission's administrator signed off on all penalties that auditors tested.

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<sup>9</sup> The cumulative penalty amounts for multiple offenses were within levels permitted by statute and the Texas Administrative Code and reflected the severity of the offenses.

# Appendices

## Appendix 1

### **Objectives, Scope, and Methodology**

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#### **Objectives**

The objectives of this audit were to:

- Verify the accuracy of certain key financial statement balances and the effectiveness of key financial controls at the Real Estate Commission (Commission).
- Evaluate the Commission's process for setting fees and penalties.

#### **Scope**

The scope of this audit included reviewing support for financial balances the Commission reported in the fiscal year 2013 *Annual Financial Report* and in the November 2013 *Self-directed Semi-independent Agency Report (SDSI Report)*. Specifically, auditors reviewed bank statements, Versa (the Commission's automated regulatory system) information, and the Uniform Statewide Accounting System (USAS) information that supported both reports. Auditors also reviewed the Commission's process for setting fees and assessing penalties and analyzed and evaluated data and the results of related tests.

#### **Methodology**

The audit methodology included collecting information and documentation from the Commission and reviewing policies and procedures, statutes, and rules related to financial reporting to the Legislature and the Commission's requirements for setting fees and penalties.

Auditors assessed the reliability of the expenditure data and license revenue data by (1) reviewing access controls in USAS and Versa, (2) gaining an understanding of general controls for Versa system, (3) comparing data to other sources of information, (4) analyzing key data elements for completeness and reasonableness, and (5) interviewing Commission employees knowledgeable about the data. Auditors determined that the expenditure data and license revenue data was sufficiently reliable for the purposes of the audit.

Auditors did not determine whether the Commission's disciplinary actions report generator contained the complete population of disciplinary actions the Commission took during fiscal year 2013. Auditors concluded that data was of undetermined reliability. Auditors selected a nonstatistical sample of

disciplinary actions to observe limited instances of the Commission's process for assessing penalties; therefore, it would not be appropriate to extrapolate those results from that sample to the population.

Information collected and reviewed included the following:

- Commission policies and procedures.
- Commission *Annual Financial Reports*.
- Texas Treasury Safekeeping Trust Company bank statements.
- USAS expenditure data.
- *SDSI Report* for November 2013.
- Payroll summary reports.
- Commission-approved operational budgets.

Procedures and tests conducted included the following:

- Interviewed Commission management and staff.
- Analyzed expenditure and revenue data reported in the *Annual Financial Report* pertaining to the Commission.
- Analyzed the financial information in the November 2013 *SDSI Report*.
- Reviewed access controls to Versa.
- Analyzed the Commission's process for setting fees.
- Reviewed license penalties for consistency.

Criteria used included the following:

- Texas Occupations Code, Chapters 1101 and 1105.
- Commission policies and procedures.
- Title 22, Texas Administrative Code, Chapter 535.
- Title 1, Texas Administrative Code, Chapter 202 (Information Security Standards).
- Comptroller of Public Accounts' *Reporting Requirements for Fiscal Year 2013 Annual Financial Reports of State Agencies and Universities*.
- Sunset Advisory Commission recommendations.

## **Project Information**

Audit fieldwork was conducted from January 2014 through May 2014. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The following members of the State Auditor's staff performed the audit:

- Gregory Scott Adams, MPA, CPA, CGFM (Project Manager)
- Lilia C. Srubar, CPA (Assistant Project Manager)
- Johann A. Hajek
- Steven M. Summers, CPA, CISA, CFE
- Michael Yokie, CISA
- Becky Beachy, CIA, CGAP (Quality Control Reviewer)
- Nicole M. Guerrero, MBA, CIA, CGAP (Audit Manager)

## ***Fees the Commission Charged Before and After It Became a Self-directed Semi-independent Agency***

The Real Estate Commission (Commission) became a self-directed semi-independent agency in fiscal year 2012. Table 1 contrasts the fees that the Commission charged at the end fiscal year 2011 (before it became a self-directed semi-independent agency) with the fees it charged at the end of fiscal year 2013 (two years after it became a self-directed semi-independent agency).

Table 1

Real Estate Commission Fees				
Fee	Fee at the End of Fiscal Year		Change in Fee From Fiscal Year 2011 to Fiscal Year 2013	
	2011	2013	Dollar Change	Percent Change
<b>Title 22, Texas Administrative Code, Section 535.101, Fees - Real Estate Brokers and Salespersons</b>				
Original application for a real estate broker license, which includes a fee for transcript evaluation	\$105.00	\$119.00	\$14.00	13%
Annual renewal of a real estate broker license	\$34.00	\$39.00	\$5.00	15%
Original application for a real estate salesperson license, which includes a fee for transcript evaluation	\$105.00	\$119.00	\$14.00	13%
Annual renewal of a real estate salesperson license	\$34.00	\$39.00	\$5.00	15%
License examination	\$61.00	\$61.00	\$0.00	0%
Request for, or renewal of, a license for each additional office or place of business for a period of two years	\$20.00	\$50.00	\$30.00	150%
Request an inactive broker license be returned to active status	\$20.00	\$50.00	\$30.00	150%
Request for a license for a change of place of business, change of a licensee name, or to establish a relationship with a sponsoring broker	\$20.00	\$20.00	\$0.00	0%
Application for accreditation of a core education program under Texas Occupations Code, Section 1101.301	\$400.00	\$400.00	\$0.00	0%
One-year operation of a core real estate education program under Texas Occupations Code, Section 1101.301	\$200.00	\$200.00	\$0.00	0%
\$50 plus \$20 per classroom hour approved by the Real Estate Commission for each core education course for a period of four years	Not Applicable	Fee Amount Varies	Fee Amount Varies	Not Applicable

Real Estate Commission Fees				
Fee	Fee at the End of Fiscal Year		Change in Fee From Fiscal Year 2011 to Fiscal Year 2013	
	2011	2013	Dollar Change	Percent Change
Application for accreditation as a mandatory continuing education (MCE) provider for a period of two years under Texas Occupations Code, Section 1101.302	Not Applicable	\$400.00	\$400.00	Not Applicable
\$50 plus \$10 per classroom hour approved by the Real Estate Commission for each MCE course for a period of two years	Not Applicable	Fee Amount Varies	Fee Amount Varies	Not Applicable
MCE deferral fee	Not Applicable	\$200.00	\$200.00	Not Applicable
Certificate of license history, active licensure, or sponsorship	\$20.00	\$40.00	\$20.00	100%
Moral character determination	\$25.00	\$50.00	\$25.00	100%
Instructor application for a two-year period for real estate core or MCE courses, or both	\$25.00	\$150.00	\$125.00	500%
Annual late renewal of a real estate salesperson or broker license for a person whose license has been expired 90 or fewer days	\$51.00	\$58.50	\$7.50	15%
Annual late renewal of a real estate salesperson or broker license for a person whose license has been expired more than 90 days but fewer than 6 months	\$68.00	\$78.00	\$10.00	15%
Late reporting fee of \$250 to reactivate a license under Texas Occupations Code, Section 535.92(g) (relating to renewal, time for filing, and satisfaction of MCE requirements)	\$250.00	\$250.00	\$0.00	0%
Application, renewal, change request, or other record on paper that a person may otherwise file with the Real Estate Commission electronically by accessing the Real Estate Commission's Web site, entering the required information online, and paying the appropriate fee	\$20.00	\$20.00	\$0.00	0%
Processing a check or other equivalent instrument returned by a bank or depository as dishonored for insufficient funds	Not Applicable	\$30.00	\$30.00	Not Applicable
Title 22, Texas Administrative Code, Section 535.210, Fees - Real Estate Inspectors				
Original application for a license as an apprentice inspector	\$35.00	\$84.00	\$49.00	140%
Original application for a license as a real estate inspector, which includes a fee for transcript evaluation	\$75.00	\$89.00	\$14.00	19%
Original application for a license as a professional inspector, which includes a fee for transcript evaluation	\$90.00	\$104.00	\$14.00	16%

Real Estate Commission Fees				
Fee	Fee at the End of Fiscal Year		Change in Fee From Fiscal Year 2011 to Fiscal Year 2013	
	2011	2013	Dollar Change	Percent Change
Annual renewal of the license of an apprentice inspector	\$22.00	\$27.00	\$5.00	23%
Annual renewal of the license of a real estate inspector	\$27.00	\$32.00	\$5.00	19%
Annual renewal of the license of a professional inspector	\$27.00	\$32.00	\$5.00	19%
License examination	\$61.00	\$61.00	\$0.00	0%
Requesting a change of a licensee name, or to establish a relationship with a sponsoring professional inspector	\$20.00	\$20.00	\$0.00	0%
Request an inactive professional inspector license be returned to active status	\$20.00	\$50.00	\$30.00	150%
Certificate of license history, active licensure, or sponsorship	Not Applicable	\$40.00	\$40.00	Not Applicable
Application for accreditation of a core inspector education program for a period of four years under Texas Occupations Code, Chapter 1101	Not Applicable	\$400.00	\$400.00	Not Applicable
One-year operation of a core education program under Texas Occupations Code, Chapter 1101	Not Applicable	\$200.00	\$200.00	Not Applicable
\$50 plus \$10 per classroom hour approved by the Real Estate Commission for each core inspector education course for a period of four years	Not Applicable	Fee Amount Varies	Fee Amount Varies	Not Applicable
\$400 for filing an application for accreditation as an inspector continuing education (ICE) provider for a period of two years under Texas Occupations Code, Section 1102.205	Not Applicable	\$400.00	\$400.00	Not Applicable
\$50 plus \$10 per classroom hour approved by the Real Estate Commission for each ICE course for a period of two years	Not Applicable	Fee Amount Varies	Fee Amount Varies	Not Applicable
Application for approval as an instructor for a two-year period for core or ICE courses, or both	Not Applicable	\$50.00	\$50.00	Not Applicable
Moral character determination	Not Applicable	\$50.00	\$50.00	Not Applicable
Application, renewal, change request, or other record on paper that a person may otherwise file with the Real Estate Commission electronically by accessing the Real Estate Commission's Web site, entering the required information online, and paying the appropriate fee	\$20.00	\$20.00	\$0.00	0%
Processing a check or other equivalent instrument returned by a bank or depository as dishonored for insufficient funds	Not Applicable	\$30.00	\$30.00	Not Applicable



Real Estate Commission Fees				
Fee	Fee at the End of Fiscal Year		Change in Fee From Fiscal Year 2011 to Fiscal Year 2013	
	2011	2013	Dollar Change	Percent Change
Title 22, Texas Administrative Code, Section 535.404, Fees - Easement or Right-of-way Agents				
Application for registration for a two-year period	\$160.00	\$200.00	\$40.00	25%
Renewal of a registration for a two-year period	\$160.00	\$200.00	\$40.00	25%
Title 22, Texas Administrative Code, Section 539.231, Fees - Residential Service Companies				
Application for a license	\$3,500.00	\$3,500.00	\$0.00	0%
Filing an annual report	\$3,500.00	\$3,500.00	\$0.00	0%
Evidence of coverage	\$250.00	\$250.00	\$0.00	0%
Schedule of charges	\$250.00	\$250.00	\$0.00	0%
Title 22, Texas Administrative Code, Section 543.3, Fees - Timeshare Act				
Original registration, fee determined by number of interests: \$500-\$3,500	Fee Amount Varies	Fee Amount Varies	Fee Amount Varies	Fee Amount Varies
Amendment application, fee determined by number of interests: \$100-\$2,000	Fee Amount Varies	Fee Amount Varies	Fee Amount Varies	Fee Amount Varies

Source: Real Estate Commission.

Table 2 lists the fees that the Appraiser Licensing and Certification Board charged in fiscal years 2011 and 2013.

Table 2

Appraiser Licensing and Certification Board Fees				
Fee	Fee at the End of Fiscal Year		Change in Fee From Fiscal Year 2011 to Fiscal Year 2013	
	2011	2013	Dollar Change	Percent Change
Title 22, Texas Administrative Code, Section 535.101, Fees - Real Estate Brokers and Salespersons				
Application for a general certification	\$390.00	\$400.00	\$10.00	3%
Application for a residential certification	\$340.00	\$350.00	\$10.00	3%
Application for a license	\$315.00	\$325.00	\$10.00	3%
Application for approval as an appraiser trainee	\$185.00	\$300.00	\$115.00	62%
Timely renewal of a general certification	\$360.00	\$370.00	\$10.00	3%
Timely renewal of a residential certification	\$310.00	\$320.00	\$10.00	3%
Timely renewal of a license	\$285.00	\$295.00	\$10.00	4%

Appraiser Licensing and Certification Board Fees				
Fee	Fee at the End of Fiscal Year		Change in Fee From Fiscal Year 2011 to Fiscal Year 2013	
	2011	2013	Dollar Change	Percent Change
Timely renewal of an appraiser trainee approval	\$155.00	\$270.00	\$115.00	74%
Fee equal to 1-1/2 times the timely renewal fee for the late renewal of a license or certification within 90 days of expiration	Fee Amount Varies	Fee Amount Varies	Fee Amount Varies	Fee Amount Varies
Fee equal to two times the timely renewal fee for the late renewal of a license or certification more than 90 days but fewer than six months after expiration	Fee Amount Varies	Fee Amount Varies	Fee Amount Varies	Fee Amount Varies
Nonresident appraiser registration	\$150.00	\$150.00	\$0.00	0%
Annual federal registry	\$25.00	\$25.00	\$0.00	0%
Application fee by reciprocity set at the amount of the fee charged for a similar license or certificate issued to a Texas resident	Fee Amount Varies	Fee Amount Varies	Fee Amount Varies	Fee Amount Varies
Preparing a certificate of licensure history, active licensure, or sponsorship	\$25.00	\$40.00	\$15.00	60%
Addition or termination of sponsorship of an appraiser trainee	\$20.00	\$20.00	\$0.00	0%
Replacing a lost or destroyed certificate	\$15.00	\$20.00	\$5.00	33%
Fee for a returned check equal to that charged for a returned check by the Real Estate Commission	Not Applicable	\$30.00	\$30.00	Not Applicable
Extension of time to complete required continuing education	\$200.00	\$200.00	\$0.00	0%
Request a certificate or license be placed on inactive status	\$50.00	\$25.00	-\$25.00	-50%
Request a return to active status	\$50.00	\$50.00	\$0.00	0%
Evaluation of an applicant's education	\$30.00	\$30.00	\$0.00	0%
Evaluation of an applicant's criminal history	\$30.00	\$50.00	\$20.00	67%
Fee of \$20 for filing any application, renewal, change request, or other record on paper when the person may otherwise file electronically by accessing the Appraiser Licensing and Certification Board's Web site and entering the required information online	\$20.00	\$20.00	\$0.00	0%
Title 22, Texas Administrative Code, Section 159.52, Fees - Appraisal Management Companies				
Application for a two-year registration	Not Applicable	\$3,000.00	\$3,000.00	Not Applicable
Timely renewal of a two-year registration	Not Applicable	\$3,000.00	\$3,000.00	Not Applicable

Appraiser Licensing and Certification Board Fees				
Fee	Fee at the End of Fiscal Year		Change in Fee From Fiscal Year 2011 to Fiscal Year 2013	
	2011	2013	Dollar Change	Percent Change
A fee equal to 1-1/2 times the timely renewal fee for the late renewal of a registration within 90 days of expiration; a fee equal to two times the timely renewal fee for the late renewal of a registration more than 90 days but fewer than 6 months after expiration;	Not Applicable	Fee Amount Varies	Fee Amount Varies	Not Applicable
National registry fee in the amount charged by the appraisal subcommittee for the appraisal management company registry	Not Applicable	Fee Amount Varies	Fee Amount Varies	Not Applicable
Fee for each appraiser on a panel at the time of renewal of a registration	Not Applicable	\$10.00	\$10.00	Not Applicable
Fee to add an appraiser to a panel in the Appraiser Licensing and Certification Board's records	Not Applicable	\$10.00	\$10.00	Not Applicable
Fee for the termination of an appraiser from a panel	Not Applicable	\$10.00	\$10.00	Not Applicable
Return to active status	Not Applicable	\$50.00	\$50.00	Not Applicable
Prepare a certificate of licensure history or active licensure	Not Applicable	\$40.00	\$40.00	Not Applicable
Fee for a returned check equal to that charged for a returned check by the Real Estate Commission	Not Applicable	\$30.00	\$30.00	Not Applicable
Filing any application, renewal, change request, or other record on paper when the person may otherwise file electronically by accessing the Appraiser Licensing and Certification Board's Web site and entering the required information online	Not Applicable	\$20.00	\$20.00	Not Applicable
Any fee required by the Department of Information Resources for establishing and maintaining online applications	Not Applicable	Fee Amount Varies	Fee Amount Varies	Not Applicable

Source: Appraiser Licensing and Certification Board.

## Revenues and Expenditures Reported and Not Reported in the SDSI Report for Fiscal Year 2013

As noted in Chapter 1, the Real Estate Commission (Commission) did not include a complete list of revenues and expenditures for both itself and the Texas Appraiser Licensing and Certification Board (Board) in its required *Self-directed Semi-independent Agency Report (SDSI Report)* for fiscal year 2013, as required by the Texas Occupations Code, Section 1105.005 (c)(4). For example, the Commission did not include accounts totaling \$16.7 million in nonoperational and pass-through revenues and \$16.4 million in nonoperational and pass-through expenditures and transfers.

Table 3 shows the expenditures and revenues the Commission reported in the November 2013 *SDSI Report*, and Table 4 on the next page shows the expenditure and revenue accounts the Commission did not report in the November 2013 *SDSI Report*.

Table 3

Expenditures and Revenues the Commission Reported in the SDSI Report for Fiscal Year 2013			
Category	Real Estate Commission	Appraiser Licensing and Certification Board	Totals
<b>Expenditures</b>			
<b>Operations Expenditures</b>			
Salaries and Wages	\$4,126,542	\$871,061	\$4,997,603
Employee Benefits	1,412,177	248,182	1,660,359
Other Personnel Costs	155,329	37,018	192,347
Professional Fees and Services	162,221	47,407	209,628
Consumables	22,784	7,445	30,229
Utilities	10,632	750	11,382
Travel	26,150	18,489	44,639
Office Rent	459,457	97,703	557,160
Equipment Rental	25,118	7,352	32,470
Registration and Membership	21,456	10,427	31,883
Maintenance and Repairs	110,915	3,273	114,188
Reproduction and Printing	534	437	971
Contract Services	39,732	19,673	59,405
Postage	16,420	3,424	19,844
Supplies and Equipment	85,825	4,616	90,441
Communication Services	30,929	5,907	36,836
Other Operating Expenses	<u>9,620</u>	<u>1,772</u>	<u>11,392</u>

Expenditures and Revenues the Commission Reported in the SDSI Report for Fiscal Year 2013			
Category	Real Estate Commission	Appraiser Licensing and Certification Board	Totals
Subtotal for Operations Expenditures	\$6,715,841	\$1,384,936	\$8,100,777
Non-operations Expenditures			
Department of Public Safety Criminal History Background Checks	\$ 13	\$ 2,904	\$2,917
Statewide Cost Allocation Plan (SWCAP)	44,382	8,982	53,364
Contribution to General Revenue <sup>a</sup>	<u>720,000</u>	<u>30,000</u>	<u>750,000</u>
Subtotal - Non-operations Expenditures	\$764,395	\$41,886	\$806,281
Total Expenditures	\$7,480,236	\$1,426,822	\$8,907,058
Revenues			
License Fees	\$8,877,430	\$1,228,050	\$10,105,480
Miscellaneous Revenue	118,130	12,732	130,862
E-newsletter	230,636	0	230,636
Appraisal Management Companies	<u>0</u>	<u>153,570</u>	<u>153,570</u>
Total Revenues	\$9,226,196	\$1,394,352	\$10,620,548
<sup>a</sup> This is a required transfer, rather than an expenditure. Texas Occupations Code, Section 1105.005 (c)(4), which requires the <i>SDSI Report</i> , does not preclude the Commission from reporting financial information other than expenditures and revenues. Presenting transfers correctly would provide report users with a more complete picture of the Commission's finances.			

Source: The Commission's *SDSI Report* for fiscal year 2013.

Table 4

Expenditures and Revenues the Commission Did Not Report in the SDSI Report for Fiscal Year 2013			
Category	Real Estate Commission	Appraiser Licensing and Certification Board	Totals
Expenditures			
Payment from State Appropriation to Local Account	\$ 3,813,736	\$ 0	\$3,813,736
Federal Bureau of Investigation Criminal History Checks	2,146,688	0	2,146,688
Payment of Claims from Trust <sup>a</sup>	904,299	0	904,299
Texas Online	310,747	15,641	326,388
Appraiser Federal Revenue Fees	<u>0</u>	<u>206,920</u>	<u>206,920</u>
Total Expenditures	\$7,175,470	\$222,561	\$7,398,031

Expenditures and Revenues the Commission Did Not Report in the SDSI Report for Fiscal Year 2013			
Category	Real Estate Commission	Appraiser Licensing and Certification Board	Totals
<b>Transfers</b>			
Occupation Fees Transferred to the State's General Revenue Fund	\$4,703,357	\$0	\$4,703,357
Fees Transferred to Texas A&M University	<u>4,251,540</u>	<u>0</u>	<u>4,251,540</u>
<b>Total Transfers</b>	<b>\$8,954,897</b>	<b>\$0</b>	<b>\$8,954,897</b>
<b>Total Expenditures and Transfers</b>	<b>\$16,130,367</b>	<b>\$222,561</b>	<b>\$16,352,928</b>
<b>Revenues</b>			
Occupation Fees	\$5,351,083	\$0	\$5,351,083
Fees Collected for Transfer to Texas A&M University	4,521,023	0	4,521,023
Appropriations Revenue	3,813,736	0	3,813,736
Federal Bureau of Investigation Criminal History Fees	1,888,149	0	1,888,149
Real Estate Recovery Trust Fund Recoveries <sup>a</sup>	455,635	0	455,635
Texas Online Fees	343,586	16,771	360,357
Interest Revenue	113,451	228	113,679
Real Estate Inspection Recovery Trust Fund Recoveries	27,820	0	27,820
Annual Registry Fees <sup>b</sup>	<u>0</u>	<u>218,466</u>	<u>218,466</u>
<b>Total Revenues</b>	<b>\$16,514,483</b>	<b>\$235,465</b>	<b>\$16,749,948</b>
<sup>a</sup> The Payment of Claims from Trust account and the Real Estate Recovery Trust Fund Recoveries account are within the Commission's fiduciary funds and can be used only for purposes designated by the Texas Occupations Code. <sup>b</sup> The payment of annual registry fees is required by federal law.			

Sources: Expenditure and transfer data from the Uniform Statewide Accounting System and revenue data from the Commission's automated regulatory system (Versa).

## Reserve Amounts

The Real Estate Commission (Commission) and the Appraiser Licensing and Certification Board (Board) have targeted reserve amounts equal to 3 to 4 months of operating expenses based on their business needs. Table 5 shows the reserve amounts for the Commission and the Board from the *Annual Financial Reports* for fiscal years 2009 through 2013. The reserves shown are equal to the differences between (1) total fund balances or net assets, as applicable, and (2) all other fund balance/net asset reservations or designations. Table 5 also shows the number of months of operating expenses the reserves would cover.

Table 5

Reserve Amounts in Annual Financial Reports and Number of Months of Operating Expenses Those Reserves Would Cover				
Fiscal Year	Real Estate Commission		Appraiser Licensing and Certification Board	
	Reserves (in thousands) <sup>a</sup>	Months of Operating Expenses <sup>b</sup> Reserves Would Cover	Reserves (in thousands) <sup>a</sup>	Months of Operating Expenses Reserves Would Cover
2009	\$74.8	0.1	\$6.4	0.1
2010	\$332.8	0.4	\$145.3	1.6
2011	\$811.7	0.9	\$133.6	1.6
2012	\$2,594.1	2.2	\$334.3	2.9
2013	\$4,862.0	3.3	\$287.9	2.4
<sup>a</sup> The Commission's reported reserves for fiscal year 2013 did not include \$206,000 in capital assets and \$534,000 in compensable leave liabilities, which the Commission did not report in the primary exhibits of the <i>Annual Financial Reports</i> . The Board's reserves, which were reported in Exhibits VIII, Exhibit IX, and the supporting schedules of the Commission's <i>Annual Financial Report</i> , included capital assets and compensable leave liabilities.				
<sup>b</sup> Operating Expenses include Operating Transfers Out to other state agencies.				

Source: The Commission's *Annual Financial Reports* for fiscal years 2009 through 2013.

In addition, the Commission and the Board both maintain the following:

- Real Estate Recovery Trust Account** - Texas Occupations Code, Chapter 1101, established the Real Estate Recovery Trust Account to reimburse persons suffering damages from individuals regulated by the Commission. The statute also required the Commission to manage the Real Estate Recovery Trust Account to ensure that it has a balance of between \$1 million and the greater of (1) \$3.5 million or (2) the total amount of claims paid from that account during the preceding four fiscal years. If the Real Estate Recovery Trust Account's balance exceeds the statutorily permitted maximum at the end of a calendar year, statute requires the Commission to transfer the excess amount to the State's General Revenue Fund.

- **Real Estate Inspection Recovery Fund** - Texas Occupations Code, Section 1102, established the Real Estate Inspection Recovery Fund to reimburse persons suffering damages from individuals regulated by the Commission. The statute also required the Commission to manage the Real Estate Recovery Inspection Trust Account to ensure that it has a balance of between \$300,000 and \$600,000. If the Real Estate Inspection Recovery Fund's balance exceeds \$600,000 at the end of a calendar year, statute requires the Commission to transfer the excess amount to the State's General Revenue Fund.

Table 6 shows the reserves and claims for the Real Estate Recovery Trust Account and the Real Estate Inspection Recovery Fund in fiscal years 2009 through 2013. The table also shows statutorily required transfers from the Real Estate Inspection Recovery Fund to the State's General Revenue Fund during the same time period. The Commission did not transfer funds from the Real Estate Recovery Trust Account to the State's General Revenue Fund during that time.

Table 6

Reserves and Claims					
Fiscal Year	Real Estate Recovery Trust Account		Real Estate Inspection Recovery Fund		
	Reserves (in thousands)	Amount of Claims Settled (in thousands)	Reserves (in thousands)	Amount of Claims Settled (in thousands)	Transfers to the State's General Revenue Fund (in thousands)
2009	\$2,960.2	\$88.3	\$624.0	\$12.5	\$37.7
2010	\$3,042.6	\$536.6	\$630.8	\$16.2	\$32.3
2011	\$2,288.9	\$856.8	\$601.2	\$25.0	\$34.4
2012	\$2,189.0	\$527.3	\$604.9	\$12.5	\$7.3
2013	\$1,732.7	\$904.3	\$616.5	\$0.0	\$13.2

Sources: The Commission's *Annual Financial Reports* for fiscal years 2009 through 2013.



## **Penalty Schedule**

---

In December 2007, the Commission adopted Title 22, Texas Administrative Code, Section 539.140. Those rules contain the current schedule of administrative penalties to which residential services are subject. The Commission's penalties in those rules are listed below, followed by excerpts from the Texas Administrative Code and the Texas Occupations Code sections that are referenced in those rules.

### **Title 22, Texas Administrative Code, Section 539.140**

(a) The administrative penalties set forth in this section take into consideration all of the criteria listed in §1303.355(c) of the Texas Occupations Code.

(b) An administrative penalty range of \$100 - \$1,500 per violation per day may be assessed for violations of the following sections of the Texas Occupations and Administrative Codes:

- (1) 22 TAC §539.137(b);
- (2) §1303.202(a);
- (3) §1303.202(b);
- (4) §1303.052; and
- (5) §1303.352(a)(1).

(c) An administrative penalty range of \$500 - \$5,000 per violation per day may be assessed for the following violations of the Texas Occupations and Administrative Codes:

- (1) §1303.101;
- (2) §1303.151;
- (3) 22 TAC §539.81;
- (4) §1303.153;
- (5) §1303.352(a)(2);
- (6) §1303.352(a)(3); and
- (7) §1303.352(a)(6).

(d) The commission may assess an additional administrative penalty of up to two times that assessed under subsections (b) and (c) of this section if the residential service company has a history of previous violations.

The following are excerpts from the Texas Administrative Code and the Texas Occupations Code that are referenced in the Commission's rules above.

**Title 22, Texas Administrative Code, Section 539.137**

(b) Each residential service company shall file a Mid-Year Report no later than August 1 of each year for the preceding months of January through June.

**Texas Occupations Code, Section 1303.202**

(a) Not later than April 1 of each year, each residential service company shall file with the commission a report covering the preceding calendar year.

(b) The report must:

- (1) be on a form prescribed by the commission;
- (2) be verified by at least two of the residential service company's principal officers

**Texas Occupations Code, Section, Section 1303.052**

(a) A residential service company must pay to the commission a fee for filing an application for a license or an amendment to the application.

(b) A residential service company shall pay to the commission a fee for:

- (1) filing an annual report under Section 1303.202; and
- (2) any other filing required by this chapter.

(c) A residential service company shall pay to the commission a fee for the cost of an examination conducted under Section 1303.053.

**Texas Occupations Code, Section 1303.352**

(a) The commission may discipline a residential service company under Section 1303.351 if the continued operation of the company would be hazardous to its contract holders or if the company:

- (1) operates in conflict with its basic organizational document or in a manner that is contrary to that described in and reasonably inferred from information submitted under Section 1303.103, unless an amendment to the information has been filed with and approved by the commission;

**Texas Occupations Code, Section 1303.101**

(a) A person may not issue a residential service contract or perform or arrange to perform services under a residential service contract unless the person is licensed as a residential service company under this chapter or is the authorized representative of a person licensed as a residential service company under this chapter.

**Texas Occupations Code, Section 1303.151**

A residential service company shall maintain a funded reserve against its liability to provide repair and replacement services under its outstanding residential service contracts written in this state.

**Title 22, Texas Administrative Code, Section 539.81**

(a) Each residential service company licensed by the commission shall maintain funded reserves in the amount required by Subchapter D of the Act. Accounts containing funded reserves must be identified as such and may not be encumbered or commingled with funds, which are not reserves. Separate funded reserves are required for service contracts written in Texas unless the company's combined funded reserves meet the minimum reserve requirements of the Act, Subchapter D, calculated based on all outstanding contracts. Each company shall maintain a level of liquidity equal to or greater than the amount of its funded reserve.

**Texas Occupations Code, Section 1303.153**

(a) As a guarantee that a residential service company will meet its obligations to its contract holders, the company shall maintain with the commission a bond or other security accepted by the commission.

**Texas Occupations Code, Sections 1303.352(a)(2)(3), and (6)**

(a) The commission may discipline a residential service company under Section 1303.351 if the continued operation of the company would be hazardous to its contract holders or if the company:

(2) issues evidence of coverage that does not comply with Sections 1303.251 and 1303.252

(3) uses a schedule of charges that does not comply with Section 1303.253

(6) advertised or marketed the company's services in a false, misrepresentative, misleading, deceptive, or unfair manner

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# **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

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October 1, 2014

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Joanne Justice  
Secretary

Troy C. Alley, Jr.

Adrian A. Arriaga

Jaime Blevins Hensley

Weston Martinez

T.J. Turner

Chart H. Westcott

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

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

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

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
<b>ASSETS</b>				
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>
<b>TOTAL ASSETS</b>	<u>\$ 8,670,784.05</u>	<u>\$ 213,165.18</u>	<u>\$ 0.00</u>	<u>\$ 8,883,949.23</u>
<b>LIABILITIES</b>				
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	<u>0.00</u>		<u>338,374.27</u>	<u>338,374.27</u>
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>	<u>245,388.46</u>	<u>245,388.46</u>
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>245,388.46</u>	<u>245,388.46</u>
<b>TOTAL LIABILITIES</b>	<u>2,275,790.89</u>	<u>0.00</u>	<u>583,762.73</u>	<u>2,859,553.62</u>
<b>FUND BALANCES (DEFICITS):</b>				
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>
<b>TOTAL FUND BALANCES</b>	<u>6,045,913.16</u>	<u>0.00</u>	<u>0.00</u>	<u>6,045,913.16</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<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			<u>(583,762.73)</u>	<u>(583,762.73)</u>
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.



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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, 2014

	PRIVATE- PURPOSE TRUST (Exh I-1)	AGENCY FUNDS (Exh J-1)	TOTAL 2014
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	0.00	809,200.00	809,200.00
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	0.00	18,748.29	18,748.29
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.

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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, 2014

	PRIVATE- PURPOSE TRUST (Exh I-2)
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	19,567.77
Total Investing Income	19,567.77
Total Net Investment Income	19,567.77
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	956,092.54
Total Additions	975,660.31
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	657,243.51
NET INCREASE (DECREASE)	318,416.80
Net Assets - Beginning of Year September 1, 2013	2,349,248.75
Net Assets - End of Year August 31, 2014	\$ 2,667,665.55

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, 2014

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

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)
<b>OPERATING REVENUES</b>	
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>
<b>OPERATING EXPENSES</b>	
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>
<b>NON-OPERATING REVENUE (EXPENSES)</b>	
Investment Income (NonPledged)	0.00
Interest On Local Deposits	<u>\$ 91.85</u>
Total Other Non-operating Revenues (Expenses)	<u>\$ 91.85</u>
Income Before Other Revenues, Expenses, Gains, Losses and	<u>\$ 466,968.80</u>
<b>OTHER REVENUES, EXPENSES, GAINS/LOSSES AND TRANSFERS</b>	
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><u>\$ 849,411.65</u></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 &amp; 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 Operations 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 09/01/13	Adjustments	Reclass	Additions	Balance 08/31/14
<b>Governmental Activities</b>					
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)**

	DISCRETE COMPONENT UNIT					Balance 08/31/14
	Balance 09/01/13	Adjustments	Reclass	Additions	Deletions	
<b>Component Unit</b>						
<b>Activities</b>						
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.

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

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)
<b>ASSETS</b>					
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
<b>TOTAL ASSETS</b>	<b>\$ 349,080.00</b>	<b>\$ 31,916.40</b>	<b>\$ 380,996.40</b>	<b>\$ 16,068.99</b>	<b>\$ 468,267.59</b>
<b>LIABILITIES</b>					
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
<b>TOTAL LIABILITIES</b>	<b>\$ 349,080.00</b>	<b>\$ 0.00</b>	<b>\$ 349,080.00</b>	<b>\$ 0.00</b>	<b>\$ 669,724.89</b>
<b>FUND BALANCES (DEFICITS):</b>					
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
<b>TOTAL FUND BALANCES</b>	<b>(349,080.00)</b>	<b>31,916.40</b>	<b>(317,163.60)</b>	<b>16,068.99</b>	<b>(201,457.30)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 0.00</b>	<b>\$ 31,916.40</b>	<b>\$ 31,916.40</b>	<b>\$ 16,068.99</b>	<b>\$ 468,267.59</b>

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 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 \$	\$	\$	\$	\$	0.00 \$	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			0.00	0.00
0.00		987.03		116.75	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

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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		1,393,734.58
Total Current Assets	<u>0.00</u>	<u>1,393,734.58</u>
Non Current Assets		
Investments - NonCurrent		646,994.62
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.

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

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		
Interest and Investment Income		10,587.62
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	\$ 0.00	\$ 2,040,729.20
		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 2014
\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>0.00</u>
		0.00
	<u>8,980.15</u>	<u>19,567.77</u>
<u>0.00</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>
	6,100.00	352,551.23
	26,349.66	275,059.66
<u>30,982.63</u>		<u>328,481.65</u>
<u>30,982.63</u>	<u>32,449.66</u>	<u>956,092.54</u>
<u>30,982.63</u>	<u>41,429.81</u>	<u>975,660.31</u>
		0.00
		0.00
		0.00
		0.00
		297,028.02
	30.91	751.21
<u>30,982.63</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	

REVISED - UNAUDITED

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

OTHER AGENCY FUNDS	Balances Sept 1 2013		Additions	Deductions	Balances Aug 31 2014			
<b>Fund (0889) U/F (4060)</b>								
<b>ASSETS</b>								
Cash in State Treasury	\$	\$		\$	\$	0		
Total Assets	\$	0	\$	0	\$	0		
<b>LIABILITIES</b>								
Accounts Payable	\$							
Funds Held for Others	\$	\$	199,080.00	\$	(199,080.00)	\$	0	
Total Liabilities	\$	0	\$	199,080.00	\$	(199,080.00)	\$	0
<b>Fund (0889) U/F (7060)</b>								
<b>ASSETS</b>								
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
<b>LIABILITIES</b>								
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
<b>Agency Fund (0900) U/F (0900)</b>								
<b>ASSETS</b>								
Cash in State Treasury	\$		\$	275.00	\$	(275.00)	\$	0
Total Assets	\$	0	\$	275.00	\$	(275.00)	\$	0
<b>LIABILITIES</b>								
Accounts Payable	\$		\$		\$		\$	0
Funds Held for Others	\$		\$		\$		\$	0
Total Liabilities	\$	0	\$	0	\$	0	\$	0
<b>Agency Fund (0900) U/F (3171)</b>								
<b>ASSETS</b>								
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
<b>LIABILITIES</b>								
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
<b>Agency Fund 0900) U/F (9015)</b>								
<b>ASSETS</b>								
Cash in State Treasury	\$		\$		\$		\$	0
Total Assets	\$	0	\$	0	\$	0	\$	0
<b>LIABILITIES</b>								
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

<b>OTHER AGENCY FUNDS</b>	Balances Sept 1 2013		Additions	Deductions	Balances Aug 31 2014
<b>Agency Fund 0900) U/F (9016)</b>					
<b>ASSETS</b>					
Cash in State Treasury	\$	\$	3,068.92	\$ (3,068.92)	\$ 0
Total Assets	\$	0	\$ 3,068.92	\$ (3,068.92)	\$ 0
<b>LIABILITIES</b>					
Funds Held for Others	\$	\$		\$	0
Total Liabilities	\$	0	\$ 0	\$ 0	\$ 0
<b>Agency Fund 0980) U/F (0980)</b>					
<b>ASSETS</b>					
Cash in State Treasury	\$	\$		\$	0
Total Assets	\$	0	\$ 0	\$ 0	\$ 0
<b>LIABILITIES</b>					
Funds Held for Others	\$	\$		\$	0
Total Liabilities	\$	0	\$ 0	\$ 0	\$ 0
<b>Agency Fund 1000) U/F (1000)</b>					
<b>ASSETS</b>					
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	\$ 989,100.00	\$	6,968,600.00	\$ (7,350,800.00)	\$ 606,900.00
<b>LIABILITIES</b>					
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	\$ 989,100.00	\$	6,968,600.00	\$ (7,350,800.00)	\$ 606,900.00
<b>Totals - All Agency Funds</b>					
<b>ASSETS</b>					
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	\$ 1,003,739.01	\$	7,829,438.20	\$ (8,005,228.92)	\$ 827,948.29
<b>LIABILITIES</b>					
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	\$ 1,003,739.01	\$	8,025,174.28	\$ (8,200,965.00)	\$ 827,948.29

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
<b>ASSETS</b>			
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>
<b>LIABILITIES</b>			
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>
<b>NET ASSETS</b>			
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
<b>OPERATING REVENUES</b>			
Professional Fees	\$	\$ 1,935,746.75	\$ 1,935,746.75
Sales of Goods and Services		-	0.00
Penalties 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>
<b>OPERATING EXPENSES</b>			
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>
<b>NON-OPERATING REVENUE (EXPENSES)</b>			
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>
<b>OTHER REVENUES, EXPENSES, GAINS/LOSSES AND TRANSFERS</b>			
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.

**Texas Real Estate Commission**  
**Fee Changes in FY2013 and FY2014**  
**Texas Administrative Code, Title 22, Part 23**

**22 TAC §535.101 Fees.**

The amendments add a new fee of \$40 for preparing a certificate of active licensure or sponsorship. Effective January 1, 2014.

**22 TAC §535.210 Fees**

The amendments add late fees for inspector renewal licenses as follows: a fee of \$40.50 for the annual late renewal of an apprentice inspector license for a person whose license has been expired 90 days or less; a fee of \$54 for the annual late renewal of an apprentice inspector license for a person whose license has been expired more than 90 days but less than six months; a fee of \$48 for the annual late renewal of a real estate or professional inspector license for a person whose license has been expired 90 days or less; a fee of \$64 for the annual late renewal of a real estate or professional inspector license for a person whose license has been expired more than 90 days but less than six months. The amendments also added the fee charged by the Federal Bureau of Investigation and Texas Department of Public Safety for fingerprinting or other service for a national or state criminal history check in connection with a license application or renewal and a \$40 fee for preparing a certificate of active licensure or sponsorship. Effective January 1, 2014.

**22 TAC §539.231 Fees.**

The amendments clarify that the filing fees for an application to approve an evidence of coverage and schedule of charges also applies to changes to an approved evidence of coverage and schedule of charges. Effective March 6, 2013.

**Texas Appraiser Licensing & Certification Board**  
**Fee Changes in FY 2013 & 2014**  
**Texas Administrative Code, Title 22, Part 8**

**22 TAC §153.5. Fees.**

The amendments increase the fee for nonresident appraiser registration from \$150 to \$250 as permitted by the Appraisal Subcommittee and adopt a new fee of \$40 for preparing a certificate of active licensure or sponsorship. Effective December 22, 2013.

**22 TAC §159.52 Fees**

The amendments add the following new fees: \$25 for a request to be placed on inactive status; \$40 for preparing a certificate of active licensure; \$20 for a request to change an owner, primary contact, appraiser contact, registered business name or place of business; and \$50 for evaluation of an owner or primary contact's background history after processing of an initial application or renewal. Effective December 22, 2013.

**Texas Real Estate Commission**  
**List of Rules Changed in FY 2013 (9/1/2012 to 8/31/2013)**

Rule Number	Rule Title	Proposed Date	Adopted Date	Effective Date	Proposed Date	Adopted Date	Effective Date
533.3	Filing and Notice	11/5/2012	2/11/2013	3/6/2013			
533.4	Failure to Answer, Failure to Attend Hearing and Default	8/13/2012	11/5/2012	11/29/2012			
533.7	Proposals for Decision	8/13/2012	11/5/2012	11/29/2012			
533.8	Final Orders, Motions for Rehearing, and Emergency Orders Motions for rehearing	8/13/2012	11/5/2012	11/29/2012			
534.2	Processing Fees for Dishonored Payments	5/7/2012	8/13/2012	1/1/2013			
535.1	Definitions	11/5/2012	2/11/2013	3/6/2013			
535.2	Broker Responsibility	8/13/2012	11/5/2012	11/29/2012			
535.32	Attorneys in Fact	8/13/2012	11/5/2012	11/29/2012			
535.64	Obtaining Approval to Offer a Course	11/5/2012	2/11/2013	3/6/2013			
535.75	Education Standards Advisory Committee	8/13/2012	11/5/2012	11/29/2012	2/11/2013	5/6/2013	5/30/2013
535.91	Renewal Notices	5/7/2012	8/13/2012	9/9/2012			
535.92	Renewal: Time for Filing; Satisfaction of Mandatory Continuing Education Requirements	5/7/2012	8/13/2012	1/1/2013			
	Miscellaneous Provisions Concerning License or Registration Applications or Renewals,						
535.95	Including Fingerprinting Requirements	5/7/2012	8/13/2012	9/9/2012			
535.101	Fees	5/7/2012	8/13/2012	1/1/2013			
535.144	When Acquiring or Disposing of Own Property or Property of Spouse, Parent or Child	2/11/2013	5/6/2013	5/30/2013			
535.145	False Promise	8/13/2012	11/5/2012	11/29/2012			
535.161	Failing to Provide Information	8/13/2012	11/5/2012	11/29/2012			
535.206	The Texas Real Estate Inspector Committee	2/11/2013	5/6/2013	6/2/2013			
535.209	Examinations	5/14/2012	8/20/2012	9/9/2012			
535.210	Fees	5/14/2012	8/20/2012	1/1/2013			
535.215	Inactive Inspector Status	8/13/2012	11/5/2012	11/29/2012			
535.216	Renewal of License	8/13/2012	11/5/2012	11/29/2012			
535.218	Continuing Education	8/13/2012	11/5/2012	11/29/2012			
535.224	Practice and Procedure	8/13/2012	11/5/2012	11/29/2012			
535.300	Advertising by Residential Rental Locators	11/5/2012	2/11/2013	3/6/2013			
539.31	Residential Service Contract	11/5/2012	2/11/2013	3/6/2013			
539.61	Application for Residential Service Company License	11/5/2012	2/11/2013	3/6/2013			
539.62	Application to Approve Evidence of Coverage/Schedule of Charges	11/5/2012	2/11/2013	3/6/2013			
539.63	Termination of Application	11/5/2012	2/11/2013	3/6/2013			
539.64	Mailing Address and Other Contact Information	11/5/2012	2/11/2013	3/6/2013			
539.65	Change in Company Ownership or Officers	11/5/2012	2/11/2013	3/6/2013			
539.66	Change in Operation	11/5/2012	2/11/2013	3/6/2013			
539.71	Miscellaneous Forms	11/5/2012	2/11/2013	3/6/2013			
539.81	Funded Reserves	11/5/2012	2/11/2013	3/6/2013			
539.82	Security	11/5/2012	2/11/2013	3/6/2013			
539.91	Annual Report	11/5/2012	2/11/2013	3/6/2013			
539.137	Mid-Year Report	11/5/2012	2/11/2013	3/6/2013			
539.160	Copy of Residential Service Company Contract	11/5/2012	2/11/2013	3/6/2013			
539.161	Advertising	11/5/2012	2/11/2013	3/6/2013			
539.231	Fees	11/5/2012	2/11/2013	3/6/2013			



Texas Real Estate Commission  
List of Rules Changed in FY 2014 (9/1/2013 to 8/31/2014)

Rule Number	Rule Title	Proposed Date	Adopted Date	Effective Date	Proposed Date	Adopted Date	Effective Date	Proposed Date	Adopted Date	Effective Date	Proposed Date	Adopted Date	Effective Date
531.1	Fidelity	2/10/2014	4/28/2014	5/21/2014									
531.2	Integrity	2/10/2014	4/28/2014	5/21/2014									
531.18	Consumer Information	2/10/2014	4/28/2014	5/21/2014									
531.19	Discriminatory Practices	2/10/2014	4/28/2014	5/21/2014									
533.1	Definitions	2/10/2014	4/28/2014	5/21/2014									
533.2	Purpose and Scope	2/10/2014	4/28/2014	5/21/2014									
533.5	Transcript Cost	2/10/2014	4/28/2014	5/21/2014									
533.6	Filing of Exceptions and Replies	2/10/2014	4/28/2014	5/21/2014									
533.7	Final Decisions and Orders	2/10/2014	4/28/2014	5/21/2014									
533.8	Motions for Rehearing; Finality of Decisions	2/10/2014	4/28/2014	5/21/2014									
533.20	Informal Proceedings (repeal) ADR Policy (new)	2/10/2014 (repeal and new)	4/28/14 (repeal and new)	5/21/2014 (repeal and new)									
533.30	Alternative Dispute Resolution Policy (repeal) Staff Mediation (new)	2/10/2014 (repeal and new)	4/28/14 (repeal and new)	5/21/2014 (repeal and new)									
533.31	Referral of Contested Matter for ADR Procedures (repeal)	2/10/2014 (repeal)	4/28/2014 (repeal)	5/21/14 (repeal)									
533.33	Outside Mediation	2/10/2014	4/28/2014	5/21/2014									
533.34	Commencement of ADR (repeal)	2/10/2014 (repeal)	4/28/2014 (repeal)	5/21/2014 (repeal)									
533.35	Stipulations	2/10/2014	4/28/2014	5/21/2014									
533.36	Agreements	2/10/2014	4/28/2014	5/21/2014									
533.40	Negotiated Rulemaking	2/10/2014	4/28/2014	5/21/2014									
534.1	Charges for Copies of Public Information	2/10/2014	4/28/2014	5/21/2014									
534.2	Processing Fees for Dishonored Payments	2/10/2014	4/28/2014	5/21/2014									
534.3	Employee Training and Education	2/10/2014	4/28/2014	5/21/2014									
534.4	Historically Underutilized Businesses Program	2/10/2014	4/28/2014	5/21/2014									
534.5	Bid Opening and Tabulation	2/10/2014	4/28/2014	5/21/2014									
534.6	Negotiation and Mediation of Certain Contract Disputes	2/10/2014	4/28/2014	5/21/2014									
534.7	Vendor Protest Procedures	2/10/2014	4/28/2014	5/21/2014									
535.51	General Requirements for a License	10/23/2013	2/10/2014	3/5/2014									
535.62	Acceptable Courses of Study	5/6/2013	8/12/2013	9/5/2013	8/12/2013	10/23/2013	11/17/2013	10/23/2013	2/10/2014	3/3/2014	2/10/2014	4/28/2014	5/21/2014
535.64	Obtaining Approval to Offer a Course	5/6/2013	8/12/2013	9/5/2013	8/12/2013	10/23/2013	11/17/2013	10/23/2013	2/10/2014	3/3/2014	2/10/2014	4/28/2014	5/21/2014
535.65	Operation of Core Education Schools	5/6/2013	8/12/2013	9/5/2013									
	Miscellaneous Provisions Concerning License or Registration Applications or Renewals,		8/12/2013	9/1/2013									
535.95	Including Fingerprinting Requirements	n/a	(emergency)	(emergency)	8/12/2013	10/23/2013	11/17/2013						
535.101	Fees	8/12/2013	10/23/2013	1/1/2014									
535.206	The Texas Real Estate Inspector Committee	8/12/2013	10/23/2013	11/21/2013									
			8/12/2013	9/1/2013									
535.208	Application for a License	n/a	(emergency)	(emergency)	8/12/2013	10/23/2013	11/21/2013						
			8/12/2013	9/1/2013									
535.209	Examinations	n/a	(emergency)	(emergency)	8/12/2013	10/23/2013	11/21/2013						
			8/12/2013	9/1/2013									
535.210	Fees	n/a	(emergency)	(emergency)	8/12/2013	10/23/2013	1/1/2014						
			8/12/2013	9/1/2013									
535.211	Financial Responsibility as Required by §1102.1141 of Texas Occupations Code, Chapter 1102	n/a	(emergency)	(emergency)	8/12/2013	10/23/2013	11/21/2013						
			8/12/2013	9/1/2013									
535.212	Education and Experience Requirements for a License	n/a	(emergency)	(emergency)	8/12/2013	10/23/2013	11/21/2013	2/10/2014	4/28/2014	5/21/2014			
535.213	Approval of Core Courses in Real Estate Inspection	8/12/2013	10/23/2013	11/21/2013									
535.214	Providers of Core Real Estate Inspection Courses	8/12/2013	10/23/2013	11/21/2013									
			8/12/2013	9/1/2013									
535.216	Renewal of License	n/a	(emergency)	(emergency)	8/12/2013	10/23/2013	11/21/2013						
535.218	Continuing Education	8/12/2013	10/23/2013	11/21/2013	2/10/2014	4/28/2014	5/21/2014						
535.223	Standard Inspection Report Form	2/11/2013	5/6/2013	1/1/2014	2/10/2014	4/28/2014	5/21/2014						
535.227	Standards of Practice: General Provisions	2/11/2013 (repeal and new)	5/6/2013 (repeal and new)	1/1/2014 (repeal and new)									
535.228	Standards of Practice: Minimum Inspection Requirements for Structural Systems	2/11/2013 (repeal and new)	5/6/2013 (repeal and new)	1/1/2014 (repeal and new)									
535.229	Standards of Practice: Minimum Inspection Requirements for Electrical Systems	2/11/2013 (repeal and new)	5/6/2013 (repeal and new)	1/1/2014 (repeal and new)									

Texas Real Estate Commission  
List of Rules Changed in FY 2014 (9/1/2013 to 8/31/2014)

Rule Number	Rule Title	Proposed Date	Adopted Date	Effective Date	Proposed Date	Adopted Date	Effective Date	Proposed Date	Adopted Date	Effective Date	Proposed Date	Adopted Date	Effective Date
535.230	Standards of Practice: Minimum Inspection Requirements for Heating, Ventilation, and Air Conditioning Systems	2/11/2013 (repeal and new)	5/6/2013 (repeal and new)	1/1/2014 (repeal and new)									
535.231	Standards of Practice: Minimum Inspection Requirements for Plumbing Systems	2/11/2013 (repeal and new)	5/6/2013 (repeal and new)	1/1/2014 (repeal and new)	n/a	2/10/14 (emergency)	2/14/14 (emergency)	2/10/2014	4/28/2014	5/21/2014			
535.232	Standards of Practice: Minimum Inspection Requirements for Appliances	2/11/2013 (repeal and new)	5/6/2013 (repeal and new)	1/1/2014 (repeal and new)									
535.233	Standards of Practice: Minimum Inspection Requirements for Optional Systems	2/11/2013 (repeal and new)	5/6/2013 (repeal and new)	1/1/2014 (repeal and new)									
537.20	Standard Contract Form TREC No. 9-11	10/23/2013	2/10/2014	5/21/2014									
537.28	Standard Contract Form TREC No. 20-12	10/23/2013	2/10/2014	5/21/2014									
537.30	Standard Contract Form TREC No. 23-13	10/23/2013	2/10/2014	5/21/2014									
537.31	Standard Contract Form TREC No. 24-13	10/23/2013	2/10/2014	5/21/2014									
537.32	Standard Contract Form TREC No. 25-10	10/23/2013	2/10/2014	5/21/2014									
537.37	Standard Contract Form TREC No. 30-11	10/23/2013	2/10/2014	5/21/2014									
537.44	Standard Contract Form TREC No. 37-5	10/23/2013	2/10/2014	3/5/2014									
537.47	Standard Contract Form TREC No. 40-6	10/23/2013	2/10/2014	3/5/2014									
537.54	Standard Contract Form TREC No. 47-0	10/23/2013	2/10/2014	3/5/2014									
539.162	Contract Requirements	8/12/2013	10/23/2013	11/17/2013									

**Texas Appraiser Licensing & Certification Board**  
**List of Rules Changed FY 2013 & 2014**

Rule Number	Rule Title	Proposed Date	Adopted Date	Effective Date
153.9	Applications	5/18/2012	8/17/2012	9/12/2012
159.156	Business Records	5/18/2012	8/17/2012	9/12/2012
153.17	Renewal or Extension of Certification and License or Renewal of Trainee Approval	8/17/2012	11/9/2012	12/4/2012
153.23	Inactive Status	8/17/2012	11/9/2012	12/4/2012
153.20	Guidelines for Revocation, Suspension, Denial of Licensure or Certification; Probationary Licensure	8/17/2012	11/9/2012	12/4/2012
159.155	Periodic Review of Appraisals	8/17/2012	11/9/2012	12/4/2012
157.25	Temporary Suspension	8/17/2012	11/9/2012	12/4/2012
157.8	Adverse Action Against a Licensee or Registrant	8/17/2012	11/9/2012	12/4/2012
157.12	Failure to Attend Hearing; Default Judgment	8/17/2012	11/9/2012	12/4/2012
157.17	Final Decisions and Orders	8/17/2012	11/9/2012	12/4/2012
157.18	Motions for Hearing; Finality of Decisions	8/17/2012	11/9/2012	12/4/2012
155.2	Work Relating to Property Tax Protests	11/9/2012	2/15/2013	3/14/2013
157.10	Right to Counsel; Right to Participate	11/9/2012	2/15/2013	3/14/2013
153.24	Complaint Processing	2/15/2013	5/17/2013	6/12/2013
153.21	Appraiser Trainees and Sponsors	2/15/2013	5/17/2013	6/12/2013
153.15	Experience Required for Certification or Licensing	N/A	8/16/2013	8/22/2013
153.20	Guidelines for Revocation, Suspension, Denial of Licensure or Certification; Probationary Licensure	5/17/2013	8/16/2013	9/11/2013
157.30	Alternative Dispute Resolution	5/17/2013	8/16/2013	9/11/2013
157.31	Investigative Conference	5/17/2013	8/16/2013	9/11/2013
157.32	Negotiated Settlement	5/17/2013	8/16/2013	9/11/2013
157.33	Mediation	5/17/2013	8/16/2013	9/11/2013
157.36	Stipulations	5/17/2013	8/16/2013	9/11/2013
157.37	Agreements	5/17/2013	8/16/2013	9/11/2013
157.38	Confidentiality	5/17/2013	8/16/2013	9/11/2013
159.159	Disclosure of Registered Name and Registration Number	5/17/2013	8/16/2013	9/11/2013
159.109	Inactive Status	5/17/2013	8/16/2013	9/11/2013
159.155	Periodic Review of Appraisals	5/17/2013	8/16/2013	9/11/2013
153.15	Experience Required for Certification or Licensing	8/16/2013	11/22/2013	12/22/2013
153.9	Applications	8/16/2013	11/22/2013	12/22/2013
153.17	Renewal or Extension of Certification and License or Renewal of Trainee Approval	8/16/2013	11/22/2013	12/22/2013
153.5	Fees	8/16/2013	11/22/2013	12/22/2013
159.52	Fees	8/16/2013	11/22/2013	12/22/2013
153.24	Complaint Processing	8/16/2013	11/22/2013	12/22/2013
155.1	Standards of Practice	8/16/2013	11/22/2013	12/22/2013
155.2	Work Relating to Property Tax Protests	8/16/2013	11/22/2013	12/22/2013
153.11	Examinations	11/22/2013	2/21/2014	3/18/2014
153.20	Guidelines for Revocation, Suspension, Denial of Licensure or Certification; Probationary Licensure	11/22/2013	2/21/2014	3/18/2014
153.21	Appraiser Trainees and Sponsors	11/22/2013	2/21/2014	3/18/2014
153.1	Definitions	2/21/2014	5/9/2014	6/8/2014
157.3	Scope of Rules	2/21/2014	5/9/2014	6/8/2014