

**ADJUTANT GENERAL'S DEPARTMENT**

**ANNUAL FINANCIAL REPORT**

**For The Year Ended August 31, 2011**



REPLY TO  
ATTENTION OF

**TEXAS MILITARY FORCES**

Joint Force Headquarters  
Adjutant General's Department  
Post Office Box 5218  
Austin, Texas 78763-5218  
512-782-5001

November 20, 2011

Honorable Rick Perry, Governor  
Honorable Susan Combs, Texas Comptroller  
John O'Brien, Director, Legislative Budget Board  
John Keel, CPA, State Auditor

Lady and Gentlemen:

We are pleased to submit the annual financial report of the Adjutant General's Department for the year ended 08/31/11, in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Comptroller of Public Accounts.

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

If you have any questions, please contact Pamela Darden, Chief Fiscal Officer, at 512-782-5688. Amanda Hafer, Deputy Chief Fiscal Officer, may be contacted at 512-782-5253 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

A. Duane Waddill  
Executive Director  
Adjutant General's Department

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# **Fund Financial Statements**

UNAUDITED

Adjutant General's Department (401)  
 Exhibit I — Combined Balance Sheet/Statement of Net Assets — Governmental Funds  
 August 31, 2011

	Governmental Fund Types				
	General Funds	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds
<b>ASSETS AND DEFERRED OUTFLOWS</b>					
Current Assets:					
Cash					
On Hand	\$ 100	\$ -	\$ -	\$ -	\$ -
In Bank	-	996,542	-	-	-
in Transit/Reimburse from Treasury	-	-	-	-	-
Cash in State Treasury	10,934,024	116,474	-	-	-
Legislative Appropriations	5,702,927	-	-	-	-
Receivables from:					
Federal	1,663,190	-	-	-	-
Due From Other Funds	-	-	-	-	-
Due From Other Agencies	-	-	-	40,277	-
Interfund Receivables	11,482,220	-	-	-	-
Consumable Inventories	-	184,715	-	184,715	-
Other Current Assets	-	2,554,389	-	-	-
Non-Current Assets and Deferred Outflows:					
Capital Assets					
Non-Depreciable or Non-Amortizable					
Depreciable or Amortizable, Net					
Other Non-Current Assets	-	-	-	-	-
<b>Total Assets and Deferred Outflows</b>	<b>29,782,461</b>	<b>3,852,121</b>	<b>-</b>	<b>224,992</b>	<b>-</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
Liabilities and Deferred Inflows					
Current Liabilities:					
Payables from:					
Accounts	2,699,581	-	-	40,277	-
Payroll	3,316,500	-	-	-	-
Due To Other Funds	-	-	-	-	-
Due To Other Agencies	2,950,466	-	-	-	-
Interfund Payable	11,482,220	-	-	-	-
Deferred Revenues	2,101,000	-	-	-	-
Employees' Compensable Leave	-	-	-	-	-
Revenue Bonds Payable	-	-	-	-	-
Non-Current Liabilities and Deferred Inflows					
Interfund Payables	-	-	-	-	-
Employees' Compensable Leave	-	-	-	-	-
Revenue Bonds Payable	-	-	-	-	-
Other Non-Current Liabilities	-	-	-	-	-
<b>Total Liabilities and Deferred Inflows</b>	<b>22,549,768</b>	<b>-</b>	<b>-</b>	<b>40,277</b>	<b>-</b>
<b>Fund Financial Statement</b>					
Fund Balances (Deficits):					
Nonspendable	-	-	-	-	-
Restricted	-	3,852,121	-	184,715	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	7,232,693	-	-	-	-
<b>Total Fund Balances</b>	<b>7,232,693</b>	<b>3,852,121</b>	<b>-</b>	<b>184,715</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 29,782,461</b>	<b>\$ 3,852,121</b>	<b>\$ -</b>	<b>\$ 224,992</b>	<b>\$ -</b>
<b>Government-Wide Statement of Net Assets</b>					
Net Assets					
Invested in Capital Assets, Net of Related Debt					
Restricted For					
Debt Retirement					
Capital Projects					
Other					
Funds Held as Permanent Investments:					
Expendable					
Non-Expendable					
Other					
Unrestricted					
<b>Total Net Assets</b>					

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Adjutant General's Department (401)  
 Exhibit I — Combined Balance Sheet/Statement of Net Assets — Governmental Funds  
 August 31, 2011

Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Net Assets
\$ 100	\$ -	\$ -	\$ 100
996,542			996,542
-			-
11,050,499			11,050,499
5,702,927			5,702,927
-			-
1,663,190			1,663,190
-			-
40,277			40,277
11,482,220			11,482,220
369,431			369,431
2,554,389			2,554,389
-			-
-	2,260		2,260
-	187,931,474		187,931,474
-			-
<u>33,859,574</u>	<u>187,933,734</u>	-	<u>221,793,308</u>
2,739,858	-	-	2,739,858
3,316,500			3,316,500
-			-
2,950,466			2,950,466
11,482,220			11,482,220
2,101,000			2,101,000
-		1,552,655	1,552,655
-		1,355,000	1,355,000
-			-
-		1,004,526	1,004,526
-		13,450,000	13,450,000
-			-
<u>22,590,045</u>	-	<u>17,362,182</u>	<u>39,952,226</u>
4,036,836			4,036,836
-			-
-			-
<u>7,232,693</u>			<u>7,232,693</u>
<u>11,269,529</u>			<u>11,269,529</u>
<u>\$ 33,859,574</u>			
	187,933,734		187,933,734
			-
		18,555,000	18,555,000
			-
			-
		(1,192,818)	(1,192,818)
	<u>\$ 187,933,734</u>	<u>\$ 17,362,182</u>	<u>\$ 216,565,445</u>

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Adjutant General's Department  
 Exhibit II — Combined Statement of Revenues, Expenditures and Changes in Fund  
 Balances/Statement of Activities — Governmental Funds  
 For the Fiscal Year Ended August 31, 2011

	General Funds	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Governmental Funds Total
<b>REVENUES*</b>						
Legislative Appropriations						
Original Appropriations	\$ 14,122,769	\$ -	\$ -	\$ -	\$ -	\$ 14,122,769
Additional Appropriations	1,642,920	-	-	-	-	1,642,920
Taxes (GR)	-	-	-	-	-	-
Federal Revenue	94,994,507	-	-	-	-	94,994,507
Federal Grant Pass-Through Revenue	2,164,594	-	-	-	-	2,164,594
State Grant Pass-Through Revenue	2,557,593	-	-	-	-	2,557,593
License, Fees & Permits (PR)	-	-	-	-	-	-
Interest and Other Investment Income (PF)	-	-	-	-	-	-
Interest and Other Investment Income	56,801	22,934	-	-	-	79,734
Net Increase (Decrease) in Fair Value (PF)	-	-	-	-	-	-
Net Increase (Decrease) in Fair Value (GF)	-	-	-	-	-	-
Land Income (PR)	-	-	-	-	-	-
Settlement of Claims (PR)	-	-	-	-	-	-
Settlement of Claims (GR)	-	-	-	-	-	-
Sales of Goods and Services	6,151	1,985,069	-	-	-	1,991,220
Other	-	-	-	-	-	-
Other	2,460,443	106,819	-	-	-	2,567,262
<b>Total Revenues</b>	<b>118,005,778</b>	<b>2,114,822</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120,120,599</b>
<b>EXPENDITURES</b>						
Salaries and Wages	29,287,994	-	-	-	-	29,287,994
Pavroll Related Costs	7,907,471	-	-	-	-	7,907,471
Professional Fees and Services	9,407,389	-	-	39,493	-	9,446,882
Travel	358,182	-	-	-	-	358,182
Materials and Supplies	4,404,761	(141,483)	-	(49,055)	-	4,214,224
Communication and Utilities	7,589,196	13,022	-	-	-	7,602,218
Repairs and Maintenance	2,754,984	-	-	905	-	2,755,889
Rentals and Leases	3,992,628	-	-	71,259	-	4,063,887
Printing and Reproduction	21,985	-	-	-	-	21,985
Claims and Judgments	-	-	-	-	-	-
Federal Grant Pass-Through Expenditures	323,487	-	-	-	-	323,487
State Grant Pass-Through Expenditures	-	-	-	-	-	-
Intergovernmental Payments	-	-	-	-	-	-
Public Assistance Payments	1,333,699	-	-	-	-	1,333,699
Employee Benefit Payments	-	-	-	-	-	-
Other Expenditures	27,438,350	257	-	296,058	-	27,734,663
Debt Service:						
Principal	-	-	1,300,000	-	-	1,300,000
Interest	-	-	685,069	-	-	685,069
Other Payments for Refunding	-	-	-	-	-	-
Capital Outlay	24,405,957	-	-	5,675,574	-	30,081,531
Depreciation and Amortization Expense	-	-	-	-	-	-
<b>Total Expenditures/Expenses</b>	<b>119,222,082</b>	<b>(128,204)</b>	<b>1,985,069</b>	<b>6,034,233</b>	<b>-</b>	<b>127,113,180</b>
Excess (Deficiency) of Revenues over Expenditures	(1,216,305)	2,243,026	(1,985,069)	(6,034,233)	-	(6,992,580)
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of Capital Assets	85,000	-	-	-	-	85,000
Insurance Recoveries	100,000	-	-	-	-	100,000
Transfer In	-	-	1,985,069	8,429,599	-	10,414,667
Transfer Out	(61,609)	(1,985,069)	-	(6,154,163)	-	(8,200,841)
Legislative Transfer In	-	-	-	-	-	-
Legislative Transfer Out	(2,383,475)	-	-	-	-	(2,383,475)
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-	-
Inc (Dec) in Net Assets Due to Interagency Transfer	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(2,260,084)</b>	<b>(1,985,069)</b>	<b>1,985,069</b>	<b>2,275,436</b>	<b>-</b>	<b>(84,648)</b>
<b>SPECIAL ITEMS</b>						
Proceeds from Sale of Park Land	-	-	-	-	-	-
<b>EXTRAORDINARY ITEMS</b>						
Natural Disaster-Hurricane	-	-	-	-	-	-
<b>Net Change in Fund Balances/Net Assets</b>	<b>(3,476,389)</b>	<b>257,957</b>	<b>-</b>	<b>(3,758,797)</b>	<b>-</b>	<b>(7,077,229)</b>
<b>Fund Financial Statement - Fund Balances</b>						
Fund Balances, September 1, 2010	10,709,082	3,594,184	-	3,943,512	-	18,246,758
Restatements	-	-	-	-	-	-
Fund Balances, September 1, 2010, as Rest	10,709,082	3,594,184	-	3,943,512	-	18,246,758
Appropriations Lapsed	-	-	-	-	-	-
<b>Fund Balances, August 31, 2011</b>	<b>\$ 7,232,693</b>	<b>\$ 3,852,121</b>	<b>\$ -</b>	<b>\$ 184,715</b>	<b>\$ -</b>	<b>\$ 11,169,529</b>
<b>Government-Wide Statement of Net Assets</b>						
Net Assets/Net Change in Net Assets						
Net Assets, September 1, 2010						
Restatements						
Net Assets, September 1, 2010, as Restated						
Net Assets, August 31, 2011						\$ -

UNAUDITED

Adjutant General's Department  
 Exhibit II — Combined Statement of Revenues, Expenditures and Changes in Fund  
 Balances/Statement of Activities — Governmental Funds  
 For the Fiscal Year Ended August 31, 2011

Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
\$ -	\$ -	\$ -	\$ 14,122,769
			1,642,920
			-
			94,994,507
			2,164,594
			2,557,593
			-
			79,734
			-
			-
			-
			1,991,220
			-
			2,567,262
			<u>120,120,599</u>
	268,001		29,555,894
			7,907,471
			9,448,882
			356,182
			4,214,224
			7,602,218
			2,755,888
			4,063,887
			21,985
			-
			323,487
			-
			1,333,699
			-
			27,732,863
			-
	1,300,000		2,600,000
			685,069
			-
(30,081,531)			-
8,491,534			8,491,534
<u>(21,589,997)</u>	<u>1,568,001</u>	<u>-</u>	<u>107,091,183</u>
21,589,997	(1,568,001)	-	13,029,416
(85,000)			-
			10,414,667
			(8,200,841)
			-
			(2,383,475)
59,016			59,016
4,048			4,048
<u>(21,936)</u>	<u>-</u>	<u>-</u>	<u>(106,584)</u>
			-
			-
			12,922,832
			-
			18,246,758
			-
			18,246,758
			-
			<u>31,169,590</u>
21,568,061	(1,568,001)	-	
166,402,061			166,402,061
(36,389)			-
<u>166,365,673</u>	<u>-</u>	<u>-</u>	<u>166,365,673</u>
\$ 187,933,734	\$ (1,568,001)	\$ -	\$ 197,535,262

## **Notes to the Financial Statements**

**NOTES TO THE FINANCIAL STATEMENTS****NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****ENTITY**

The Adjutant General's Department is an agency of the state of Texas and operates under the authority of V.T.C.S., Section 431. The agency's financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' *Reporting Requirements for Annual Financial Reports of State Agencies and Universities*.

The Adjutant General's Department is located at Camp Mabry, Austin, Texas. The agency provides the Governor and the President with ready and trained forces in support of the citizens of Texas and state and federal civil/military authorities at home and abroad.

State of Texas created and provided for by the state law to control and administer the Texas Military Forces.

The Adjutant General's Department has no component units as defined by Governmental Accounting Standards Board Statement No. 14.

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.

**Blended Component Units**

No component units have been identified which should have been blended into an appropriated fund.

**Discrete Component Units**

No discrete component units have been identified which should have discreetly been presented.

**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****General Fund**

The general fund is used to account for all financial resources of the state except those that are required to be accounted for in other funds.

Special Revenue Funds

Special Revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Revenue Bonds - Revenue Fund: This fund is used to account for revenues derived from the property of the Adjutant General's Department and to provide sufficient debt service of semiannual bond principal and interest payments. All monies remaining in the fund not required for bond principal and interest payments are used to the extent required for payment of operations and maintenance expenditures of the Adjutant General's Department.

Debt Service Funds

Debt Service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The Debt Service funds include the Interest and Sinking fund.

The function of the Interest and Sinking fund is to provide for payment of principal and interest on the Adjutant General's Department's outstanding revenue bonds. The Adjutant General's Department transfers from the Revenue Bonds - Revenue Fund monies that are sufficient together with the Interest and Sinking fund, to pay the interest and principal due each October 1 and April 1. Transfers may also be made to the Interest and Sinking fund from any residual balance from bond proceeds in the capital projects fund.

Capital Project Fund

Capital Project Funds are used to account for financial resources used for the acquisition, repair, renovation or construction of major capital facilities.

This fund was created to utilize funds from the sale of revenue bonds. Monies derived from the sale of the Adjutant General's Department's revenue bonds were deposited to the Capital Projects Fund in accordance with the provisions of the Certificate of Resolution authorizing the issuance of the revenue bonds. These funds are subject to and charged with a lien in favor of the holders of the bonds until such funds are paid out for project costs. All interest and gains from investments of the Capital Projects fund remain as a part of the fund. After completion of all project costs, the remaining balances in the fund will be transferred to the Debt Service Funds and will be applied as a reduction of the deposits required to be made to that fund. This fund is also used to account for payment of construction costs.

Capital Asset Adjustment Fund Type

Capital Asset Adjustment fund type will be used to convert governmental fund types' capital asset 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 and remittance of fiduciary resources to individuals, private organizations, or other governments.

**MEMORANDUM TOTALS**

The total columns on the financial statements are captioned "Memorandum Only" to indicate that they are for informational purposes only. Data in these columns does not present the financial position, results of operations or changes in financial position in conformity with GAAP, nor is such data comparable to a consolidation.

**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 government-wide financial statements are accounted for using the full accrual method of accounting. This includes capital assets, accumulated depreciation, unpaid employee compensable leave, and the unmatured debt service (principal and interest) on general long-term debt liabilities, long-term capital leases, and long-term claims and judgments. The activity will be recognized in these fund types.

**BUDGETS AND BUDGETARY ACCOUNTING**

The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (The General Appropriations Act). Encumbrance accounting is employed for budgetary control purposes.

Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

**ASSETS, LIABILITIES AND FUND BALANCES/NET ASSETS****ASSETS****Cash and Cash Equivalents**

Short-term highly liquid investments with an 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 revenue bonds and revenues set aside for statutory or contractual requirements.

**Inventories**

Consumable inventories include warehouse supplies on hand at year-end. Inventories are valued at cost, generally utilizing an average cost method. The consumption method of accounting is used to account for inventories that appear in the governmental fund types. The cost of these items is expensed when the items are consumed.

Capital Assets

Assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year should be capitalized. These assets are capitalized at cost or, if any purchased, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all "exhaustive" assets. "Inexhaustible" assets such as works of art and historical treasures are not depreciated. Assets are depreciated over the useful life of the asset using the straight-line method.

## 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.

Employees' Compensable Leave Balances

Employees' Compensable Leave Balances represent the liability that become 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.

Bonds Payable-Revenue Bonds

The unmatured principal and interest of revenue bonds is accounted for in the Long-Term Liabilities Adjustment column. Payables are reported separately as either current or non-current in the statement of net assets.

Bonds payable are recorded at par. The bond proceeds are accounted for as an "Other Financing Source" in the governmental funds when received and expenditures for payment of principal and interest are recorded in Debt Service funds when paid. These amounts are adjusted in the Long-Term Liabilities Adjustment column

## FUND BALANCE/NET ASSETS

The difference between fund assets and liabilities in "Net Assets" on the government-wide fund statements and the 'Fund Balance' is the difference between fund assets and liabilities on the governmental funds statements.

Reservation of Fund Balance

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

Reserved for Encumbrances

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

Reserved for Inventories

This represents the amount of warehouse supplies to be used in future fiscal years.

Reserved for Debt Service

This represents the balance in the debt service fund.

Unreserved/Designated

This represents the pledged funds available in the revenue fund to be used for current operations and, if necessary, debt service. The funds available in the capital projects fund represent the bond proceeds will be used for capital projects.

Unreserved/Undesignated

This represents the unappropriated balance at year-end.

Invested in Capital Assets, Net Of Related Debt

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

Restricted Net Assets

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

Unrestricted Net Assets

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

**INTERFUND TRANSACTIONS AND BALANCES**

The Adjutant General's Department has the following types of transactions among funds:

- (1) **Transfers:** Legally required transfers that are reported when incurred as 'Transfers In' by the recipient fund and as 'Transfers Out' by the disbursing fund.
- (2) **Reimbursements:** Reimbursements are repayments from funds responsible for expenditures to funds that made the actual payment. Reimbursements of expenditures made by one fund for another that are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.
- (3) **Due To/From Other Fund:** If a deposit is made to the incorrect fund and is not cleared up before year-end then a due to/from other fund is reported. At times one fund may borrow cash from another fund for a short-term period then a due to/from other fund is reported.
- (4) **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".
- (5) **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 of the disbursing fund. The composition of the agency's interfund receivables and payables at year end is presented in Note 8.

**NOTE 2: CAPITAL ASSETS**

A summary of changes in Capital Assets for the year ended August 31, 2011, for the Adjutant General's Department is presented below:

Agy	Governmental Activities	Balance (prior)	Adjustments	Completed CIP
<b>Non-depreciable/Non-amortizable</b>				
401	BC N/D Land and Land Improvements	\$ 5,143,324	\$ -	\$ 599,450
401	BC N/D Infrastructure	-	-	-
401	BC N/D Construction in Progress	51,853,014	(124,791)	(21,134,226)
401	BC N/D Other Tangible Capital Assets	2,260	-	-
401	BC N/D Land use Rights	-	-	-
401	BC N/D Other Intangible Capital Assets	-	-	-
	<b>Total Capital Assets Not Depr/Amrtz</b>	<b>56,998,598</b>	<b>(124,791)</b>	<b>(20,534,776)</b>
<b>Depreciable Assets</b>				
401	BC Building and Building Improvements	111,428,736	-	15,834,559
401	BC Infrastructure	3,116,227	-	1,057,189
401	BC Facilities and Other Improvements	5,925,568	-	-
401	BC Furniture and Equipment	9,122,589	97,264	-
401	BC Vehicles, Boats, and Aircraft	1,902,246	(967)	-
401	BC Other Capital Assets	80,041,503	-	3,643,028
	<b>Total Depreciable Assets</b>	<b>211,536,869</b>	<b>96,297</b>	<b>20,534,776</b>
<b>Accumulated Depreciation</b>				
401	BC A/D Buildings and Improvements	(59,963,332)	-	-
401	BC A/D Infrastructure	(609,911)	-	-
401	BC A/D Facilities and Other	(2,675,122)	-	-
401	BC A/D Furniture and Equipment	(3,463,328)	(7,895)	-
401	BC A/D Vehicles, Boats, and Aircraft	(1,048,717)	-	-
401	BC A/D Other Capital Assets	(34,405,399)	-	-
	<b>Total Accumulated Depreciation</b>	<b>(102,165,809)</b>	<b>(7,895)</b>	<b>-</b>
<b>Amortizable Assets-Intangible</b>				
401	BC Land use Rights	-	-	-
401	BC Computer Software	299,249	-	-
401	BC Other Capital Intangible Assets	-	-	-
	<b>Total Amortizable Assets-Intangible</b>	<b>299,249</b>	<b>-</b>	<b>-</b>
<b>Accumulated Amortization</b>				
401	BC A/A Land use Rights	-	-	-
401	BC A/A Computer Software	(266,846)	-	-
401	BC A/A Other Intangible Capital Assets	-	-	-
	<b>Total Accumulated Amortization</b>	<b>(266,846)</b>	<b>-</b>	<b>-</b>
	<b>Total Governmental Activities</b>	<b>166,402,061</b>	<b>(36,389)</b>	<b>-</b>

**NOTE 2: CAPITAL ASSETS**

A summary of changes in Capital Assets for the year ended August 31, 2011, for the Adjutant General's Department is presented below:

Inc-Int'agy Trans	Dec-Int'agy Trans	Additions	Deletions	Ending Balance
\$ -	\$ -	\$ -	\$ (450)	\$ 5,742,323
-	-	-	-	-
-	-	29,398,955	-	59,992,952
-	-	-	-	2,260
-	-	-	-	-
-	-	-	-	-
-	-	<b>29,398,955</b>	<b>(450)</b>	<b>65,737,536</b>
-	-	-	-	127,263,295
-	-	-	-	4,173,416
-	-	-	-	5,925,568
-	-	564,273	(781,916)	9,002,210
64,726	-	118,303	(57,000)	2,027,308
-	-	-	-	83,684,531
<b>64,726</b>	-	<b>682,576</b>	<b>(838,916)</b>	<b>232,076,328</b>
-	-	(3,803,409)	-	(63,766,740)
-	-	(111,886)	-	(721,797)
-	-	(276,163)	-	(2,951,285)
-	-	(1,216,587)	760,480	(3,927,330)
(60,678)	-	(194,681)	57,000	(1,247,076)
-	-	<u>(2,869,427)</u>	-	<u>(37,274,826)</u>
<b>(60,678)</b>	-	<b>(8,472,152)</b>	<b>817,480</b>	<b>(109,889,054)</b>
-	-	-	-	-
-	-	-	(126,593)	172,656
-	-	-	-	-
-	-	-	<b>(126,593)</b>	<b>172,656</b>
-	-	-	-	-
-	-	(19,382)	122,495	(163,733)
-	-	-	-	-
-	-	<b>(19,382)</b>	<b>122,495</b>	<b>(163,733)</b>
<b>4,048</b>	-	<b>21,589,997</b>	<b>(25,984)</b>	<b>187,933,734</b>

**NOTE 3: DEPOSITS, INVESTMENTS, & REPURCHASE AGREEMENTS**

The Adjutant General's Department is authorized to make investment following the "prudent person rule". There were not significant violations of legal provisions during the period.

**Deposits of Cash in Bank**

As of August 31, 2011, the carrying amount of deposits are as presented below.

Governmental and Business-Type Activities	
CASH IN BANK-CARRYING VALUE	996,542.26
Less: Certificates of Deposit Included in carrying value and reported as cash equivalent	0.00
Less: Uninvested Securities Lending Cash Collateral included in carrying value and reported as Securities Lending Collateral	0.00
Less: Securities Lending CD Collateral included in carrying value and reported as Securities Lending Collateral	0.00
Cash in Bank per AFR	996,542.26
Governmental Funds Current Assets in Bank	996,542.26
Governmental Funds Current Assets Restricted Cash in Bank	
Governmental Funds Non-Current Assets Restricted Cash in Bank	
Cash in Bank per AFR	996,542.26

These amounts consist of all cash in local banks and a portion of short-term investments. These amounts are included on the Combined Statement of Net Assets as part of the "Cash in Bank".

As of August 31, 2011, the total bank balance was as follows.

Governmental and Business-Type Activities	996,542.26
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Custodial credit risk for deposits is the risk that, in the event of the failure of depository financial institution, the agency will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The agency does not have deposits that are exposed to custodial credit risk.

Foreign currency risk for deposits is the risk that changes in exchange rates and will adversely affect deposits. The agency does not have deposits that are exposed to foreign currency risk.

**Investments**

As August 31, 2011, the carrying value and fair value of investments are as presented below.

Governmental and Business-Type Activities	Fair Value
Commercial Paper	2,554,388.89
Total	2,554,388.89

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of August 31, 2011 the agency's investments were not exposed to custodial risks.

Foreign currency risk for investments is the risk that changes in exchange rates and will adversely affect the investments. The agency's investments were not exposed to foreign currency risk.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The investment policy specifies the acceptable ratings for most of the allowable investments. As of August 31, 2011, the agency's credit quality distribution for securities with credit risk exposure was as follows.

**Unrated**

Fund Type	GAAP Fund	Investment Type	Unrated
02	9999	Commercial Paper	2,554,388.89

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2010, the agency's concentration of credit risk is as follows.

Fund Type	GAAP Fund	Issuer	Carry Value	% of total portfolio
02	9999	General Electric Corp Disc CP	2,554,388.89	1.00

**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, 2011, the following changes occurred in liabilities reported in the general long-term debt account.

Governmental Activities	Balance 09/01/10	Additions	Deductions	Balance 08/31/11	Amount due Within One Year
Compensable Leave	2,825,182.26	2,962,182.36	3,230,183.04	2,557,181.58	1,552,655.09
Revenue Bonds Payable	16,105,000.00	0.00	1,300,000.00	14,805,000.00	1,355,000.00
Pollution Remediation Obligations	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>18,930,182.26</b>	<b>2,962,182.36</b>	<b>4,530,183.04</b>	<b>17,362,181.58</b>	<b>2,907,655.09</b>

**Claims and Judgments**

The Adjutant General's Department has no material claims or judgments pending against this agency as of August 31, 2011.

**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 for governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the Statement of Net Assets.

**NOTE 6: BONDED INDEBTEDNESS****BONDS PAYABLE**

Detailed supplemental bond information is disclosed in supplementary bond schedules Schedule 2A - Miscellaneous Bond Information, Schedule 2B - Changes in Bond Indebtedness, Schedule 2C - Debt Services Requirements, Schedule 2D - Analysis of Funds Available of Funds Available For Debt Service.

The following information is provided to further describe each issue outstanding. All bonds are revenue bonds that are not self-supporting. The main source of revenue for debt service is the rental amount received from the Adjutant General's Department. The Legislature appropriates general revenue to the Adjutant General's Department to fund the rental payment.

<b>Description</b>	<b>Type</b>	<b>Purpose</b>	<b>Issue Date</b>	<b>Original Amount of Issue</b>
Armory Improvement Revenue Bonds, Series 2004	Revenue	Construction and Renovation	03/11/04	13,595,000.00
Armory Improvement Revenue Bonds, Series 2002	Revenue	Refunding and Renovation	02/07/02	12,975,000.00

**NOTE 7: CAPITAL LEASES**

NOT APPLICABLE

**NOTE 8: OPERATING LEASE OBLIGATIONS**

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

Fund Type	
General Fund	3,248,271.42
Consolidated Federal Fund 0449	744,356.42
Capital Projects	<u>71,259.20</u>
Totals - Memorandum Only	<u><u>4,063,887.04</u></u>

The agency had an agreement with Texas Military Forces Commission for rental of the armories across the state. This lease was for a two year period only. This lease is not in affect in future years due to the merging of the Texas Military Forces Commission with the Adjutant General's Department effective September 1, 2009. 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	
2012	107,665.00
2013	105,490.00
2014	80,490.00
2015	80,490.00
2016	0.00
Total 2016 and beyond	<u>0.00</u>
Lease Rental Payments	
Total Minimum Future	<u><u>374,135.00</u></u>

**NOTE 9: EMPLOYEES' RETIREMENT PLAN**

The State has joint contributory retirement plans for substantially all of its employees. The Agency participates in the plans administered by the Employees Retirement System of Texas. Future pension costs are the liabilities of the Retirement System. The System does not account for each State agency separately. Annual financial reports prepared by the System include audited financial statements and actuarial assumptions and conclusions.

**NOTE 10: DEFERRED COMPENSATION**

NOT APPLICABLE

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

NOT APPLICABLE

**NOTE 12: INTERFUND BALANCES/ACTIVITIES**

As explained in Note 1 on Interfund Transactions and Balances, there are numerous transactions between funds and agencies. At year-end, amounts to be received or paid are reported as Interfund Receivable or Interfund Payable, Due From Other Agencies or Due to Other Agencies, Due From Other Funds or Due To Other Funds, Transfers In or Transfers Out, or Legislative Transfers In or Legislative Transfers Out. Repayment of interfund balances will occur within one year.

Individual balances and activity at August 31, 2011 is as follows:

	<b><u>Due From Other Agencies</u></b>	<b><u>Due To Other Agencies</u></b>
<b>CONSOLIDATED FEDERAL FUND 0449</b>		
Appd. Fund 0449, D23 Fund 0449		
(Agency 405, Fund 0449)		2,274.25
(Agency 755, Fund 0449)		2,948,191.90
<b>CAPITAL PROJECTS (04)</b>		
Appd. Fund 7626, D23 Fund 7626		
(Agency 347, Fund 7626)		
Appd. Fund 7638, D23 Fund 7638		
(Agency 347, Fund 7638)	40,160.00	
Appd. Fund 7649, D23 Fund 7649		
(Agency 347, Fund 7649)	117.00	
Total Due From /Due to Other Agencies (Exh I)	<u>40,277.00</u>	<u>2,950,466.15</u>
	<b><u>Interfund Receivable</u></b>	<b><u>Interfund Payables</u></b>
<b>GENERAL REVENUE (01)</b>		
Appd. Fund 0001, D23 Fund 0001		
(Agency 401, Fund 0001)	9,024,496.42	1,924,966.38
<b>CONSOLIDATED FEDERAL FUND 0449</b>		
Appd. Fund 0449, D23 Fund 0449		
(Agency 401, Fund 0449)	<u>2,457,723.70</u>	<u>9,557,253.74</u>
Total Interfund Receivables/Payables Other Funds (Exh I)	<u>11,482,220.12</u>	<u>11,482,220.12</u>

	<b><u>Legislative Transfers In</u></b>	<b><u>Legislative Transfers Out</u></b>
GENERAL REVENUE (01) Appd. Fund 0001, D23 Fund 0001 (Agency 300, Fund 0001)		2,383,474.68
Total Legislative Transfers In / Legislative Transfers Out (Exh II)		2,383,474.68
	<b><u>Operating Transfers In</u></b>	<b><u>Operating Transfers Out</u></b>
GENERAL REVENUE (01) Appd. Fund 0001, D23 Fund 0001 (Agency 902, Fund 0001)		60,984.25
CONSOLIDATED FEDERAL FUND 0449 Appd. Fund 0449, D23 Fund 0369 (Agency 902, Fund 0449)		625.18
SPECIAL REVENUE (02) Appd. Fund 9999, D23 Fund 0002 (Agency 401, Fund 0002)		0.00
DEBT SERVICE (03) Appd. Fund 9999, D23 Fund 0004 (Agency 401, Fund 0004)	0.00	
CAPITAL PROJECTS (04) Appd. Fund 7626, D23 Fund 7626 (Agency 347, Fund 7626)	39,693.60	383,218.18
Appd. Fund 7638, D23 Fund 7638 (Agency 347, Fund 7638)	6,402,297.83	6,114,469.27
Appd. Fund 7649, D23 Fund 7649 (Agency 347, Fund 7649)	2,331,131.85	
Total Operating Transfers In / Operating Transfers Out (Exh II)	8,773,123.28	6,559,296.88

**NOTE 13: CONTINUANCE SUBJECT TO REVIEW**

Under the Texas Sunset Act, the Agency will be abolished effective September 1, 2015 unless continued in existence by the 83rd Legislature as provided by the Act. If abolished, the agency may continue until September 1, 2018, to close out its operations.

**NOTE 14: ADJUSTMENTS TO FUND BALANCES AND NET ASSETS**

An adjustment was processed to the beginning balance for construction in progress (CIP), Depreciable Assets, and Accumulated Depreciation in fiscal year 2011 (FY 2011) in fund type 11 for Capital Assets.

## FY 2011 Adjustments

General Fixed Assets	Fund Type 11	\$	36,389
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**NOTE 15: CONTINGENT LIABILITIES**

The Adjutant General's Department is a defendant in several lawsuits on August 31, 2011, alleging various causes of action. It is the opinion of the Adjutant General's Department that no liability for these actions will be incurred.

The Adjutant General's Department (department) receives federal funds for specific purposes that are subject to review and audit by the United States Property and Fiscal Office (USPFO) which is the department's primary federal funding source. Such audits and/or reviews could lead to a request for reimbursement to the USPFO for expenditures disallowed under the terms of the various federal funding agreements.

**NOTE 16: SUBSEQUENT EVENTS**

NOT APPLICABLE

**NOTE 17: RISK FINANCING AND RELATED INSURANCE**

The Adjutant General's Department is exposed to a variety of civil claims resulting from the performance of its duties. It is the agency's policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed.

The Adjutant General's Department assumes substantially all risks associated with tort claims and liability claims due to the performance of its duties. Currently, the agency is not involved in any risk pools with other government entities.

Our agency maintains enough liability insurance coverage on maintenance vehicles to comply with statutory requirements. Covenants of various bond indentures require the agency to at all times keep insurance on its plants, structures, buildings, equipment and apparatus. Currently, this insurance covers losses from fire and lighting as well as many other occurrences in the extended coverage clauses.

The Adjutant General's Department liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience, and economic factors.

**NOTE 18: MANAGEMENT DISCUSSION AND ANALYSIS (MATERIAL CHANGES TO THE AFR)**

NOT APPLICABLE

**NOTE 19: THE FINANCIAL REPORTING ENTITY & JOINT VENTURES**

NOT APPLICABLE

**NOTE 20: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

There were no violations of finance related legal and contract provisions or expenditures exceeding appropriations in individual funds. There were no changes in accounting principles during the year.

**NOTE 21: NOT APPLICABLE**

NOT APPLICABLE

**NOTE 22: DONOR RESTRICTED ENDOWMENTS**

NOT APPLICABLE

**NOTE 23: SPECIAL OR EXTRAORDINARY ITEMS**

NOT APPLICABLE

**NOTE 24: DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES**

NOT APPLICABLE

**NOTE 25: TERMINATION BENEFITS**

NOT APPLICABLE

**NOTE 26: SEGMENT INFORMATION**

NOT APPLICABLE

# **Combining Financial Statements**

UNAUDITED

**Adjutant General's Department (401)**  
**Exhibit A-1 — Combining Balance Sheet — All General and**  
**Consolidated Funds**  
**August 31, 2011**

	<u>General</u>	<u>Consolidated</u>	
	Fund 1	Fund 1	Total
	(0001)	(0449)	
<b>ASSETS</b>			
Current Assets:			
Cash			
On Hand	\$ 100.00	\$ -	\$ 100.00
In Bank			-
In Transit/Reimburse from Treasury			-
In State Treasury		10,934,024	10,934,024
Legislative Appropriations	5,702,927		5,702,927
Receivables from:			
Federal		1,663,190	1,663,190
Due From Other Funds			-
Due From Other Agencies			-
Interfund Receivables	9,024,496	2,457,724	11,482,220
Consumable Inventories			-
Other Current Assets			-
Non-Current Assets:			
Other Non-Current Assets			-
<b>Total Assets</b>	<b>14,727,523</b>	<b>15,054,938</b>	<b>29,782,461</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Current Liabilities:			
Payables from			
Accounts	294,838	2,404,743	2,699,581
Payroll	1,086,864	2,229,636	3,316,500
Due To Other Funds			-
Due To Other Agencies		2,950,466	2,950,466
Interfund Payable	1,924,966	9,557,254	11,482,220
Deferred Revenues		2,101,000	2,101,000
Non-Current Liabilities			
<b>Total Liabilities</b>	<b>3,306,669</b>	<b>19,243,099</b>	<b>22,549,768</b>
Fund Balances (Deficits):			
Nonspendable			-
Restricted			-
Committed	-		-
Assigned			-
Unassigned	11,420,854	(4,188,161)	7,232,693
<b>Total Fund Balances</b>	<b>11,420,854</b>	<b>(4,188,161)</b>	<b>7,232,693</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 14,727,523</b>	<b>\$ 15,054,938</b>	<b>\$ 29,782,461</b>

\* GAAP Fund is noted as (XXXX), USAS D23 U/F (XXXX)

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Adjutant General's Department (401)  
 Exhibit A-2 — Combining Statement of Revenues, Expenditures and Changes in Fund Balances —  
 All General and Consolidated Funds  
 For the Fiscal Year Ended August 31, 2011

	General	Consolidated	Total
	Fund 1 (0001)	Fund 2 (0449)	
<b>REVENUES**</b>			
Legislative Appropriations			
Original Appropriations	\$ 14,122,769	\$ -	\$ 14,122,769
Additional Appropriations	1,642,920		1,642,920
Federal Revenue		94,994,507	94,994,507
Federal Grant Pass-Through Revenue	1,922,189	242,405	2,164,594
State Grant Pass-Through Revenue	2,557,593		2,557,593
Interest and Other Investment Income	56,733	67	56,801
Land Income			-
Sales of Goods and Services	6,151		6,151
Other	2,457,583	2,860	2,460,443
<b>Total Revenues</b>	<b>22,765,938</b>	<b>95,239,840</b>	<b>118,005,778</b>
<b>EXPENDITURES</b>			
Salaries and Wages	7,002,647	22,285,347	29,287,994
Payroll Related Costs	1,865,342	6,042,129	7,907,471
Professional Fees and Services	218,899	9,188,490	9,407,389
Travel	80,332	275,850	356,182
Materials and Supplies	709,746	3,695,014	4,404,761
Communication and Utilities	1,583,968	6,005,228	7,589,196
Repairs and Maintenance	468,927	2,286,057	2,754,984
Rentals and Leases	3,248,271	744,356	3,992,628
Printing and Reproduction	1,708	20,277	21,985
Claims and Judgments			-
Federal Grant Pass-Through Expenditures		323,487	323,487
Public Assistance Payments	1,333,699		1,333,699
Other Expenditures	2,582,635	24,853,715	27,436,350
Capital Outlay	698,531	23,707,426	24,405,957
<b>Total Expenditures</b>	<b>19,794,707</b>	<b>99,427,376</b>	<b>119,222,082</b>
Excess (Deficiency) of Revenues over Expenditures	2,971,231	(4,187,536)	(1,216,305)
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of Capital Assets	85,000		85,000
Insurance Recoveries	100,000		100,000
Transfers In			-
Transfers Out	(60,984)	(625)	(61,609)
Legislative Transfers In			-
Legislative Transfers Out	(2,383,475)		(2,383,475)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,259,459)</b>	<b>(625)</b>	<b>(2,260,084)</b>
<b>SPECIAL ITEMS</b>			
Proceeds from Sale of Park Land			-
<b>EXTRAORDINARY ITEMS</b>			
Natural Disaster-Hurricane Schermann/Bean			-
<b>Net Change in Fund Balances</b>	<b>711,772</b>	<b>(4,188,161)</b>	<b>(3,476,389)</b>
<b>Fund Financial Statement - Fund Balances</b>			
Fund Balances, September 1, 2010, as Restated Restatements	10,709,082	-	10,709,082
Fund Balances, September 1, 2010, as Restated	10,709,082	-	10,709,082
Appropriations Lapsed			-
<b>Fund Balances, August 31, 2011</b>	<b>\$ 11,420,854</b>	<b>\$ (4,188,161)</b>	<b>\$ 7,232,693</b>

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**Sample Agency  
Exhibit B-1 — Combining Balance Sheet — Special Revenue Funds  
August 31, 2011**

	<b>Special Revenue Fund 1 (9999)*</b>	
	<u>U/F (XXXX)</u>	<u>Totals</u>
<b>ASSETS</b>		
Current Assets:		
Cash		
On Hand	-	-
In Bank	\$ 996,542	\$ 996,542
In Transit/Reimburse from Treasury		
In State Treasury	116,474	116,474
Legislative Appropriations		-
Receivables from:		
Federal		-
Other		-
Due From Other Funds		-
Due From Other Agencies		-
Interfund Receivables		-
Consumable Inventories	184,715	184,715
Other Current Assets	2,554,389	2,554,389
Non-Current Assets:		
Other Non-Current Assets		-
<b>Total Assets</b>	<u>3,852,121</u>	<u>3,852,121</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Current Liabilities:		
Payables from:		
Accounts	-	-
Payroll		-
Due To Other Funds		-
Due To Other Agencies		-
Interfund Payable		-
Deferred Revenues		-
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>
Fund Balances (Deficits):		
Nonspendable		-
Restricted	3,852,121	3,852,121
Committed		-
Assigned		-
<b>Total Fund Balances</b>	<u>3,852,121</u>	<u>3,852,121</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 3,852,121</u>	<u>\$ 3,852,121</u>

**Adjutant General's Department (401)**  
**Exhibit B-2 — Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Special Revenue Funds**  
**For the Fiscal Year Ended August 31, 2011**

	Special Revenue (9999)	Totals
<b>REVENUES**</b>		
Taxes	\$ -	\$ -
Federal Revenue		-
Federal Grant Pass-Through Revenue		-
State Grant Pass-Through Revenue		-
License, Fees & Permits		-
Contribution to Employee's Benefit Funds		-
Interest and Other Investment Income		-
Interest and Other Investment Income	22,934	22,934
Net Increase (Decrease) in Fair Value		-
Net Increase (Decrease) in Fair Value		-
Land Income		-
Sales of Goods and Services	1,985,069	1,985,069
Other	106,819	106,819
<b>Total Revenues</b>	<u>2,114,822</u>	<u>2,114,822</u>
<b>EXPENDITURES</b>		
Salaries and Wages		-
Payroll Related Costs		-
Professional Fees and Services		-
Travel		-
Materials and Supplies	(141,483)	(141,483)
Communication and Utilities	13,022	13,022
Repairs and Maintenance		-
Rentals and Leases		-
Printing and Reproduction		-
Claims and Judgments		-
Federal Grant Pass-Through Expenditures		-
State Grant Pass-Through Expenditures		-
Intergovernmental Payments		-
Public Assistance Payments		-
Employee Benefit Payments		-
Other Expenditures	257	257
Debt Service:		
Principal		-
Interest		-
Other Payments for Refunding		-
Capital Outlay		-
<b>Total Expenditures</b>	<u>(128,204)</u>	<u>(128,204)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,243,026</u>	<u>2,243,026</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Bond and Note Proceeds		-
Increase in Obligations Under Capital Leases		-
Sale of Capital Assets		-
Insurance Recoveries		-
Transfer In		-
Transfer Out	(1,985,069)	(1,985,069)
Legislative Transfer In		-
Legislative Transfer Out		-
<b>Total Other Financing Sources (Uses)</b>	<u>(1,985,069)</u>	<u>(1,985,069)</u>
<b>SPECIAL ITEMS</b>		
Proceeds from Sale of Park Land		-
<b>EXTRAORDINARY ITEMS</b>		
Natural Disaster-Hurricane		-
<b>Net Change in Fund Balances</b>	<u>257,957</u>	<u>257,957</u>
<b>Fund Financial Statement - Fund Balances</b>		
Fund Balances, September 1, 2010	3,594,164	3,594,164
Restatements		-
Fund Balances, September 1, 2010, as Restated	<u>3,594,164</u>	<u>3,594,164</u>
Appropriations Lapsed		-
<b>Fund Balances, August 31, 2011</b>	<u>\$ 3,852,121</u>	<u>\$ 3,852,121</u>

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**Adjutant General's Department (401)**  
**Exhibit C-1 — Combining Balance Sheet — Debt Service Funds**  
**August 31, 2011**

	Debt Service Fund 1 (0004)	Debt Service Fund 2	<u>Totals</u>
<b>ASSETS</b>			
Current Assets:			
Cash			
In Bank	\$	\$	\$
In State Treasury			
Short Term Investments			
Interest and Dividends Receivable			
Due From Other Funds			
Due From Other Agencies			
Interfund Receivable			
Restricted:			
Cash			
In Bank			
In State Treasury			
Other Current Assets			
Non-Current Assets:			
Investments			
Other Non-Current Assets			
<b>Total Assets</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Current Liabilities:			
Accounts Payable	\$	\$	\$
Due To Other Funds			
Due To Other Agencies			
Interfund Payables			
<b>Total Liabilities</b>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances (Deficits):			
Restricted			
Committed			
Assigned			
Unassigned			
<b>Total Fund Balances</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

UNAUDITED

**Adjutant General's Department (401)**  
**Exhibit C-2 — Combining Statement of Revenues, Expenditures and Changes in Fund Balances —**  
**Debt Service Funds**  
**For the Fiscal Year Ended August 31, 2011**

	Debt Service Fund 1 (9999)	Debt Service Fund 2	Totals
<b>REVENUES**</b>			
Federal Revenue	\$ -	\$ -	\$ -
Interest and Other Investment Income			-
Other			-
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES</b>			
Professional Fees and Services			-
Other Expenditures			-
Debt Service:			
Principal	1,300,000		1,300,000
Interest	685,069		685,069
<b>Total Expenditures</b>	<b>1,985,069</b>	<b>-</b>	<b>1,985,069</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(1,985,069)</b>	<b>-</b>	<b>(1,985,069)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Bond and Note Proceeds			-
Insurance Recoveries			-
Transfer In	1,985,069		1,985,069
Transfer Out			-
Legislative Transfer In			-
Legislative Transfer Out			-
<b>Total Other Financing Sources (Uses)</b>	<b>1,985,069</b>	<b>-</b>	<b>1,985,069</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Financial Statement – Fund Balances</b>			
Fund Balances, September 1, 2010, as Restated			-
Restatements			-
Fund Balances, September 1, 2010, as Restated	-	-	-
Appropriations Lapsed			-
<b>Fund Balances, August 31, 2011</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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Adjutant General's Department (401)  
 Exhibit D-1 — Combining Balance Sheet — Capital Projects Funds  
 August 31, 2011

	Capital Projects Fund 1 (7626)	Capital Projects Fund 2 (7638)	Capital Projects Fund 2 (7649)	Capital Projects Fund 2 (9999)	Totals
<b>ASSETS</b>					
Current Assets:					
Cash					
In Bank	\$ -	\$ -	\$ -	\$ -	\$ -
In State Treasury					
Legislative Appropriations					-
Receivables from:					-
Accounts Receivable					-
Federal					-
Interest and Dividends					-
Due From Other Funds					-
Due From Other Agencies		40,160	117		40,277
Interfund Receivables					-
Consumable Inventories				184,715	184,715
Other Current Assets					-
<b>Total Assets</b>	<b>-</b>	<b>40,160</b>	<b>117</b>	<b>184,715</b>	<b>224,992</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Current Liabilities:					
Payables from					
Accounts	-	40,160	117		40,277
Payroll					-
Other					-
Due To Other Funds					-
Due To Other Agencies					-
Interfund Payable					-
Other Current Liabilities					-
Non-Current Liabilities					-
Interfund Payables					-
Other Non-Current Liabilities					-
<b>Total Liabilities</b>	<b>-</b>	<b>40,160</b>	<b>117</b>	<b>-</b>	<b>40,277</b>
Fund Balances (Deficits):					
Restricted				184,715	184,715
Committed					-
Assigned					-
Unassigned					-
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>184,715</b>	<b>184,715</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ 40,160</b>	<b>\$ 117</b>	<b>\$ 184,715</b>	<b>\$ 224,992</b>

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**Adjutant General's Department (401)**  
**Exhibit D-2 — Combining Statement of Revenues, Expenditures and Changes in Fund Balances —**  
**Capital Projects Funds**  
**For the Fiscal Year Ended August 31, 2011**

	Capital Projects Fund 1 (7626)	Capital Projects Fund 2 (7638)	Capital Projects Fund 3 (7649)	Capital Projects Fund 3 (9999)	Totals
<b>REVENUES**</b>					
Legislative Appropriations					
Original Appropriations	\$ -	\$ -	\$ -	\$ -	\$ -
Additional Appropriations					
Federal Revenue					
Interest and Other Investment Income					
Net Increase (Decrease) in Fair Value					
Land Income					
Settlement of Claims					
Sales of Goods and Services					
Other					
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES</b>					
Salaries and Wages					
Payroll Related Costs					
Professional Fees and Services		1,488	38,005		39,493
Travel					
Materials and Supplies				(49,055)	(49,055)
Communication and Utilities					
Repairs and Maintenance			905		905
Rentals and Leases	63,088	8,171			71,259
Printing and Reproduction					
Claims and Judgments					
Other Expenditures		838	295,219		296,056
Debt Service:					
Principal - Capital Lease					
Interest					
Other Payments for Refunding					
Capital Outlay	2,642,436	1,036,135	1,997,003		5,675,574
<b>Total Expenditures</b>	<b>2,705,524</b>	<b>1,046,631</b>	<b>2,331,132</b>	<b>(49,055)</b>	<b>6,034,233</b>
<b>Expenditures</b>	<b>(2,705,524)</b>	<b>(1,046,631)</b>	<b>(2,331,132)</b>	<b>49,055</b>	<b>(6,034,233)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond and Note Proceeds					
Increase in Obligations Under Capital Leases					
Sale of Capital Assets					
Insurance Recoveries					
Transfer In	(303,831)	6,402,298	2,331,132		8,429,599
Transfer Out	(39,694)	(6,114,469)			(6,154,163)
Legislative Transfer In					
Legislative Transfer Out					
<b>Total Other Financing Sources (Uses)</b>	<b>(343,525)</b>	<b>287,829</b>	<b>2,331,132</b>	<b>-</b>	<b>2,275,436</b>
<b>Net Change in Fund Balances</b>	<b>(3,049,049)</b>	<b>(758,803)</b>	<b>-</b>	<b>49,055</b>	<b>(3,758,797)</b>
<b>Fund Financial Statement – Fund Balances</b>					
Fund Balances, September 1, 2010	3,049,049	758,803	-	135,661	3,943,512
Restatements					
Fund Balances, September 1, 2010, as Re	3,049,049	758,803	-	135,661	3,943,512
Appropriations Lapsed					
Fund Balances, August 31, 2011	\$ -	\$ -	\$ -	\$ 184,715	\$ 184,715

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ADJUTANT GENERAL'S DEPARTMENT (401)  
 EXHIBIT J-1  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
 ALL AGENCY FUNDS

For the fiscal year ended August 31, 2011

	Balances September 1, 2010	Additions	Deductions	Balances August 31, 2011
<b>OTHER AGENCY FUNDS</b>				
Child Support Employ Deduc Offse Account (0807) U/F (0807)				
Assets:				
Cash in State Treasury	\$ 18,889	\$ 244,222	\$ 245,246	\$ 17,865
Total Assets	<u>18,889</u>	<u>244,222</u>	<u>245,246</u>	<u>17,865</u>
Liabilities:				
Accounts Payables	-	226,356	226,356	-
Funds Held In Custody For Others	18,889	225,332	226,356	17,865
Total Liabilities	<u>18,889</u>	<u>451,688</u>	<u>452,712</u>	<u>17,865</u>
Departmental Suspense Suspense Fund (0900) U/F (0900)				
Assets:				
Cash in State Treasury	\$ 29,637	\$ 40,244	\$ 69,881	\$ -
Total Assets	<u>29,637</u>	<u>40,244</u>	<u>69,881</u>	<u>-</u>
Liabilities:				
Funds Held in Custody For Others	29,637	40,244	69,881	-
Total Liabilities	<u>29,637</u>	<u>40,244</u>	<u>69,881</u>	<u>-</u>
Employees' Savings Bond Account (0901) U/F (0901)				
Assets:				
Cash in State Treasury	68	0	68	0
Total Assets	<u>68</u>	<u>0</u>	<u>68</u>	<u>0</u>
Liabilities:				
Accounts Payables	0	0	0	-
Funds Held in Custody For Others	68	0	68	-
Total Liabilities	<u>68</u>	<u>0</u>	<u>68</u>	<u>0</u>

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ADJUTANT GENERAL'S DEPARTMENT (401)  
 EXHIBIT J-1  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
 ALL AGENCY FUNDS  
 For the fiscal year ended August 31, 2011

	Balances September 1, 2010	Additions	Deductions	Balances August 31, 2011
<b>Texasaver Fund (0942) U/F (0942)</b>				
<b>Assets:</b>				
Cash in State Treasury	-	422,440	422,440	-
Accounts Receivables	-	422,440	422,440	-
<b>Total Assets</b>	<u>-</u>	<u>844,880</u>	<u>844,880</u>	<u>-</u>
<b>Liabilities:</b>				
Funds Held in Custody For Others	-	422,440	422,440	-
<b>Total Liabilities</b>	<u>-</u>	<u>422,440</u>	<u>422,440</u>	<u>-</u>
<b>Direct Deposit Correction (0980) U/F (0980)</b>				
<b>Assets:</b>				
Cash in State Treasury	-	43,865	43,865	-
<b>Total Assets</b>	<u>-</u>	<u>43,865</u>	<u>43,865</u>	<u>-</u>
<b>Liabilities:</b>				
Funds Held in Custody For Others	-	43,865	43,865	-
<b>Total Liabilities</b>	<u>-</u>	<u>43,865</u>	<u>43,865</u>	<u>-</u>
<b>Totals - All Agency Funds</b>				
<b>Assets:</b>				
Cash in State Treasury	48,594	750,770	781,499	17,865
Accounts Receivables	-	422,440	422,440	-
<b>Total Assets</b>	<u>48,594</u>	<u>1,173,210</u>	<u>1,203,939</u>	<u>17,865</u>
<b>Liabilities:</b>				
Accounts Payables	0	226,356	226,356	-
Funds Held in Custody For Others	48,594	731,880	762,609	17,865
<b>Total Liabilities</b>	<u>\$ 48,594</u>	<u>\$ 958,237</u>	<u>\$ 988,965</u>	<u>\$ 17,865</u>

## **Schedules**

## ADJUTANT GENERAL'S DEPARTMENT (401)

## SCHEDULE 1A - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended August 31, 2011

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	CFDA NUMBER	IDENTIFYING NUMBER	PASS-THROUGH FROM			DIRECT PROGRAM AMOUNT
			AGY./ UNIV. #	STATE AGENCIES OR UNIV. AMOUNT	NON-STATE ENTITIES AMOUNTS	
<b>U. S. Department of Agriculture</b>						
Direct Programs:						
National School Breakfast Program	10.553	OCH	\$			48,757.92
Direct Programs:						
National School Lunch Program	10.555	OCH				55,506.92
<b>Total U. S. Department of Agriculture</b>						<b>104,264.84</b>
<b>U. S. Department of Defense</b>						
Direct Programs:						
Military Construction Cooperative Agreement - Federal Projects	12.400					33,196,735.25
Direct Programs:						
National Guard Military Operations & Maintenance - Federal Projects	12.401					57,731,803.27
American Recovery and Reinvestment Act (ARRA) Section 1512 Report						
National Guard Military Operations & Maintenance - Federal Projects	12.401					2,188,952.03
Pass-through to:						
Stephen F. Austin State University Geo-spatial Program	12.401					(241,887.04)
Direct Programs:						
National Guard Civilian Youth Opportunity - STARBASE Projects	12.404					235,613.65
Direct Programs:						
National Guard Civilian Youth Opportunity - Seaborne Challenge Project	12.404					1,699,626.69
<b>Total U. S. Department of Defense</b>						<b>94,810,843.85</b>

TOTAL PT FROM AND DIRECT PROGRAM	PASS-THROUGH TO			EXPENDITURES AMOUNT	TOTAL PT TO AND EXPENDITURES
	AGY./ UNIV. #	STATE AGENCIES OR UNIV. AMOUNT	NON-STATE ENTITIES AMOUNTS		
48,757.92				48,757.92	48,757.92
<u>55,506.92</u>				<u>55,506.92</u>	<u>55,506.92</u>
<u>104,264.84</u>				<u>104,264.84</u>	<u>104,264.84</u>
33,196,735.25				33,196,735.25	33,196,735.25
57,731,803.27				57,731,803.27	57,731,803.27
2,188,952.03				2,188,952.03	2,188,952.03
(241,887.04)	755	(241,887.04)			(241,887.04)
235,613.65				235,613.65	235,613.65
<u>1,699,626.69</u>				<u>1,699,626.69</u>	<u>1,699,626.69</u>
<u>94,810,843.85</u>		<u>(241,887.04)</u>		<u>95,052,730.89</u>	<u>94,810,843.85</u>

ADJUTANT GENERAL'S DEPARTMENT (401)  
**SCHEDULE 1A - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 For the Fiscal Year Ended August 31, 2011

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	CFDA NUMBER	IDENTIFYING NUMBER	PASS-THROUGH FROM			DIRECT PROGRAM AMOUNT
			AGY./ UNIV. #	STATE AGENCIES OR UNIV. AMOUNT	NON-STATE ENTITIES AMOUNTS	
<b>U. S. Department of Justice</b>						
Direct Programs:						
Sharing of Federally Forfeited Property for State & Local Law Enforcement Agencies	16.000	TXQNGCD13				79,398.51
<b>Total U. S. Department of Justice</b>						79,398.51
<b>U.S. Department of Homeland Security</b>						
Interoperable Communications Equipment						
Pass-Through From:						
Texas Department of Public Safety	97.055		405	34,772.81		
<b>Total U.S. Department of Homeland Security</b>						34,772.81
<b>U.S. Department of Energy</b>						
Pass-Through From:						
State Energy Program Comptroller-State Energy Conservation Office	81.041		907	33,240.78		
<b>Total Governor's Office</b>						33,240.78
<b>Department of Public Safety</b>						
Pass-Through From:						
Public Safety Interoperable Communications Grant Program	11.555		405	174,391.67		
Pass-Through From:						
Department of Public Safety Public Assistance Grant	97.036		405	1,922,188.56		
<b>Total Department of Public Safety</b>						2,096,580.23
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>				<b>\$ 2,164,593.82</b>		<b>94,994,507.20</b>

TOTAL PT FROM AND DIRECT PROGRAM	PASS-THROUGH TO			EXPENDITURES AMOUNT	TOTAL PT TO AND EXPENDITURES
	AGY./ UNIV. #	STATE AGENCIES OR UNIV. AMOUNT	NON-STATE ENTITIES AMOUNTS		
<u>79,398.51</u>				<u>79,398.51</u>	<u>79,398.51</u>
<u>79,398.51</u>				<u>79,398.51</u>	<u>79,398.51</u>
<u>34,772.81</u>				<u>34,772.81</u>	<u>34,772.81</u>
<u>34,772.81</u>				<u>34,772.81</u>	<u>34,772.81</u>
<u>33,240.78</u>				<u>33,240.78</u>	<u>33,240.78</u>
<u>33,240.78</u>				<u>33,240.78</u>	<u>33,240.78</u>
<u>174,391.67</u>				<u>174,391.67</u>	<u>174,391.67</u>
<u>1,922,188.56</u>				<u>1,922,188.56</u>	<u>1,922,188.56</u>
<u>2,096,580.23</u>				<u>2,096,580.23</u>	<u>2,096,580.23</u>
<u>97,159,101.02</u>		<u>(241,887.04)</u>		<u>97,366,215.25</u>	<u>97,124,328.21</u>

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ADJUTANT GENERAL'S DEPARTMENT (401)  
SCHEDULE 1A - (continued)  
For the Fiscal Year Ended August 31, 2011

**Note 1 - Non-Monetary Assistance**

The "Donation of Federal Surplus Personal Property" is presented at 23.3% of the federal acquisition cost of \$0.00. The surplus property is passed through from Texas Facility Commission (TFC). The federal grantor agency is the Texas Facility Commission (TFC) and the federal CFDA number is 39.003. The estimated fair value for fiscal year 2009 is \$0.00 (Note: The difference of the values of the surplus property recorded on the federal schedule and Exhibit II (Federal Revenues) will be a reconciling item for Note 2.

**Note 2 - Reconciliation**

Below is a reconciliation of the total of federal pass-through and federal expenditures as reported on the Schedule of Expenditures of Federal Awards to the total of federal revenues and federal pass-through revenues as reported in the general purpose financial statements. Generally, federal funds are not earned until expended; therefore, federal revenues equal federal expenditures for the reporting period.

Per Combined Statement of Revenues,  
Expenditures, and Changes in Fund  
Balance - Governmental Fund Types (Exh. II):

Federal Revenues (Exh. II)	\$ 94,994,507.20
Federal Pass-Through Revenues (Exh. II)	<u>2,164,593.82</u>
Sub-total	<u>97,159,101.02</u>
Non-monetary Federal Surplus Property	<u>0.00</u>
<b>TOTAL EXPENDITURES PER FEDERAL SCHEDULE</b>	<b><u><u>\$ 97,159,101.02</u></u></b>

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ADJUTANT GENERAL'S DEPARTMENT (401)  
 NOTE 7 DEFERRED REVENUE  
 For the Fiscal Year Ended August 31, 2011

	Balances September 1, 2010	Additions	Deductions	Balances August 31, 2011
<u>CFDA</u>				
12.400	\$ 0		(662,000)	(662,000)
12.401	1,770,000	993,000		2,763,000
Total Deferred Revenue	<u>1,770,000</u>	<u>993,000</u>	<u>(662,000)</u>	<u>2,101,000</u>

CFDA 12.401 National Guard Military Operations and Maintenance

The agreement with the National Guard Bureau (NGB) is based on a reimbursement method for CFDA 12.401. NGB does allow for an advance for estimated expenditures for 30 days. These advances are applied to the September reimbursement request.

CFDA 12.400 NGB Military Construction

The agreement for the military construction agreements allows for an advances based on a prepared schedule of construction cost. Since these projects are for three new military installations, the state has requested that all funds for new facility construction be submitted as an advance due to the undue burden on our state general revenue.

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ADJUTANT GENERAL'S DEPARTMENT (401)  
**SCHEDULE 1B-SCHEDULE OF STATE GRANT PASS THROUGHS FROM/TO STATE AGENCIES**  
For the Fiscal Year Ended August 31, 2011

**Pass Through From:**

Governor's Office	\$	2,382,593
Disaster Grants		
Texas Education Agency (AGY 701)		175,000
Youth Programs related to students		
Total Pass Through From Other Agencies (Exh II)		<u>2,557,593</u>

**Pass Through To:**

Total Pass Through To Other Agencies (Exh II)	\$	<u>-</u>
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UNAUDITED

ADJUTANT GENERAL'S DEPARTMENT  
**SCHEDULE 2A - MISCELLANEOUS BOND INFORMATION**  
 For the Year Ended August 31, 2011

Governmental Activities

Description of Issue	Bonds issued to date	Range of Interest rates	Scheduled Maturities		First Call Date
			First Year	Last Year	
Armory Improvement Revenue Bonds: Series 2004	13,595,000	2.50 to 4.375%	2005	2024	4/1/2014
Refunding & Armory Improvement Revenue Bonds: Series 2002	12,975,000	3.00% to 5.125%	2002	2021	04/1/2012
<b>Total</b>	<b>26,570,000</b>				

UNAUDITED

ADJUTANT GENERAL'S DEPARTMENT  
**SCHEDULE 2B-CHANGES IN BONDED INDEBTEDNESS**  
 For the Year Ended August 31, 2011

Governmental Activities

Description of Issue	Bonds Outstanding 9/01/2010	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2011	Amounts Due Within One Year
Armory Improvement Revenue Bonds: Series 2004	10,540,000		580,000		9,960,000	600,000
Refunding & Armory Improvement Revenue Bonds: Series 2002	5,565,000		720,000		4,845,000	755,000
Total	<u>16,105,000</u>	<u>-</u>	<u>1,300,000</u>	<u>-</u>	<u>14,805,000</u>	<u>1,355,000</u>

The 08/31/2011 balances must be reflected on the Web Site Bond Reporting schedules.

The principal and interest section should NOT have any differences.

Our agency does NOT have any accretion.

UNAUDITED

ADJUTANT GENERAL'S DEPARTMENT  
**SCHEDULE 2C-DEBT SERVICE REQUIREMENTS SCHEDULE**  
 For the Year Ended August 31, 2011

Governmental Activities Description of Issue	2012	2013	2014	2015	2016	2017-2021	2022-2024	Total Requirements
Armory Improvement								
Revenue Bonds:								
Series 2004								
Principal	600,000	620,000	640,000	665,000	690,000	3,935,000	2,810,000	9,960,000
Interest	409,969	385,969	361,169	335,569	308,969	1,106,044	248,475	3,156,163
Refunding & Armory Improvement								
Revenue Bonds:								
Series 2002								
Principal	755,000	785,000	820,000	560,000	285,000	1,640,000		4,845,000
Interest	223,194	189,113	152,584	113,531	93,197	236,738		1,008,356
<b>Total</b>	<b>1,988,163</b>	<b>1,980,081</b>	<b>1,973,753</b>	<b>1,674,100</b>	<b>1,377,166</b>	<b>6,917,781</b>	<b>3,058,475</b>	<b>18,969,519</b>

UNAUDITED

ADJUTANT GENERAL'S DEPARTMENT  
**SCHEDULE 2D - ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE:**  
 For the fiscal year ended August 31, 2011

Governmental Activities

Description of Issue	Pledged and Other Sources and Related Expenditures for FY 2011							(a+b-c-d) Net Available for Debt Service
	Operating Revenues	Interest Earned on Investments	Other Pledged Revenues	a Total Pledged Revenues	b Other Sources	c Operating Expenses and Expenditures	d Capital Outlay	
Armory Improvement and Ref. & Armory Improvement Series:								
2002 & 2004	<u>2,091,888</u>	<u>22,934</u>		<u>2,114,822</u>		<u>(128,204)</u>		<u>2,243,026</u>
Total	\$ <u>2,091,888</u>	<u>22,934</u>	<u>-</u>	<u>2,114,822</u>	<u>-</u>	<u>(128,204)</u>	<u>-</u>	\$ <u>2,243,026</u>

Description of Issue	Debt Service		Refunded or Extinguished	Interest and Sinking Fund	
	Principal	Interest		Minimum	Actual
Armory Imp & Ref Imp Rev Bonds Series					
2002 & 2004	<u>1,300,000</u>	<u>685,069</u>			
Total	\$ <u>1,300,000</u>	<u>685,069</u>	<u>-</u>	<u>-</u>	\$ <u>-</u>

NOTE: The primary source for payment of principal and interest is from rental of armories paid by the General Fund to the Special Revenue Fund. The principal and interest requirements of each parity issue and the investments of the Interest & Sinking Fund are shown on a cash basis. A portion of the debt service expenses was paid from fund balances available in the Special Revenue Fund.