



***Texas Residential
Construction Commission***
Quality Construction for Texans

**Annual Financial Report
Fiscal Year Ending
August 31, 2005**

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November 20, 2005

Honorable Rick Perry, Governor
Honorable Carole Keeton Strayhorn, State Comptroller
John O'Brien, Deputy Director, Legislative Budget Board
John Keel, CPA, State Auditor

Lady and Gentlemen:

We are pleased to submit the Annual Financial Report of the Texas Residential Construction Commission for the year ended August 31, 2005, in compliance with TEX. GOV'T CODE ANN., §2101.011, and in accordance with the requirements established by the Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report; 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 me or Phyllis J. Dawson, Chief Financial Officer, at 512/463-2849.

Sincerely,

A. Duane Waddill
Executive Director

ADW:pd

COMBINED FINANCIAL STATEMENTS

Texas Residential Construction Commission
 Exhibit I - Combined Balance Sheet/Statement of Net Assets - Governmental Funds
 August 31, 2005

	Governmental Fund Types					Governmental Funds Total
	General Funds (Ex A-1)	Special Revenue Funds (Ex B-1)	Debt Service Funds (Ex C-1)	Capital Projects Funds (Ex D-1)	Permanent Funds (Ex F-1)	
ASSETS						
Current Assets:						
Cash (Note 3)	\$	\$	\$	\$	\$	\$
On Hand						
In Bank						
In Transit/Reimburse from Treasury						
Cash in State Treasury						
Securities Lending Collateral						
Short Term Investments (Note 3)						
Restricted:						
Cash (Note 3)						
On Hand						
In Bank						
In Transit/Reimburse from Treasury						
In State Treasury						
Short Term Investments (Note 3)						
Legislative Appropriations	2,071,892.74					2,071,892.74
Receivables from:						
Federal						
Other Intergovernmental						
Interest and Dividends						
Accounts Receivable						
Taxes						
Gifts, Pledges and Donations						
Other						
Interfund Receivables (Note 7)						
Due From Other Funds (Note 7)						
Due From Other Agencies (Note 7)						
Consumable Inventories	11,676.84					11,676.84
Merchandise Inventories						
Prepaid Items						
Loans and Contracts						
Other Current Assets						
Total Current Assets	<u>2,083,569.58</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,083,569.58</u>
Non-Current Assets:						
Restricted:						
Cash (Note 3)						
On Hand						
In Bank						
In Transit/Reimburse from Treasury						
In State Treasury						
Short Term Investments (Note 3)						
Receivables						
Investments (Note 3)						
Loans and Contracts						
Other Assets						
Loans and Contracts						
Investments (Note 3)						
Interfund Receivables (Note 7)						
Gifts, Pledges and Donations						
Capital Assets (Note 2):						
Non-Depreciable						
Land and Land Improvements						
Infrastructure						
Construction in Progress						
Other Capital Assets						
Depreciable:						
Building and Building Improvements						
Less Accumulated Depreciation						
Infrastructure						
Less Accumulated Depreciation						
Facilities and Other Improvements						
Less Accumulated Depreciation						
Furniture and Equipment						
Less Accumulated Depreciation						
Vehicle, Boats and Aircraft						
Less Accumulated Depreciation						
Other Capital Assets						
Less Accumulated Depreciation						
Other Non-Current Assets						
Total Non-Current Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 2,083,569.58</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,083,569.58</u>

UNAUDITED

Texas Residential Construction Commission
 Exhibit I - Combined Balance Sheet/Statement
 August 31, 2005

	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets	Discrete Governmental Component Units (Ex K-1)
ASSETS					
Current Assets:					
Cash (Note 3)					
On Hand	\$	\$	\$	\$	\$
In Bank					
In Transit/Reimburse from Treasury					
Cash in State Treasury					
Securities Lending Collateral					
Short Term Investments (Note 3)					
Restricted:					
Cash (Note 3)					
On Hand					
In Bank					
In Transit/Reimburse from Treasury					
In State Treasury					
Short Term Investments (Note 3)					
Legislative Appropriations				2,071,892.74	
Receivables from:					
Federal					
Other Intergovernmental					
Interest and Dividends					
Accounts Receivable					
Taxes					
Gifts, Pledges and Donations					
Other					
Interfund Receivables (Note 7)					
Due From Other Funds (Note 7)					
Due From Other Agencies (Note 7)					
Consumable Inventories				11,676.84	
Merchandise Inventories					
Prepaid Items					
Loans and Contracts					
Other Current Assets					
Total Current Assets	0	0	0	2,083,569.58	0
Non-Current Assets:					
Restricted:					
Cash (Note 3)					
On Hand					
In Bank					
In Transit/Reimburse from Treasury					
In State Treasury					
Short Term Investments (Note 3)					
Receivables					
Investments (Note 3)					
Loans and Contracts					
Other Assets					
Loans and Contracts					
Investments (Note 3)					
Interfund Receivables (Note 7)					
Gifts, Pledges and Donations					
Capital Assets (Note 2):					
Non-Depreciable					
Land and Land Improvements					
Infrastructure					
Construction in Progress					
Other Capital Assets					
Depreciable:					
Building and Building Improvements					
Less Accumulated Depreciation					
Infrastructure					
Less Accumulated Depreciation					
Facilities and Other Improvements					
Less Accumulated Depreciation					
Furniture and Equipment	293,600.11			293,600.11	
Less Accumulated Depreciation	(37,069.51)			(37,069.51)	
Vehicle, Boats and Aircraft					
Less Accumulated Depreciation					
Other Capital Assets					
Less Accumulated Depreciation					
Other Non-Current Assets					
Total Non-Current Assets	256,530.60	0	0	256,530.60	0
Total Assets	\$ 256,530.60	\$ 0	\$ 0	\$ 2,340,100.18	\$ 0

Texas Residential Construction Commission
 Exhibit I - Combined Balance Sheet/Statement of Net Assets - Governmental Funds
 August 31, 2005

	Governmental Fund Types					Governmental Funds Total
	General Funds (Ex A-1)	Special Revenue Funds (Ex B-1)	Debt Service Funds (Ex C-1)	Capital Projects Funds (Ex D-1)	Permanent Funds (Ex F-1)	
LIABILITIES AND FUND BALANCES						
Liabilities						
Current Liabilities:						
Payables from:						
Accounts	\$ 251,300.99	\$	\$	\$	\$	\$ 251,300.99
Federal						
Other Intergovernmental						
Payroll	139,354.64					139,354.64
Contracts						
Other						
Interfund Payable (Note 7)						
Due To Other Funds (Note 7)						
Due To Other Agencies (Note 7)						
Deferred Revenues						
Notes and Loans Payable (Note 4)						
Revenue Bonds Payable (Note 4)						
General Obligation Bonds Payable (Note 4)						
Claims and Judgments (Note 4)						
Employees' Compensable Leave (Note 4)						
Capital Lease Obligations (Note 4, 5)						
Liabilities Payable from Restricted Assets						
Obligations/Reverse Repurchase Agreement						
Obligations Under Securities Lending						
Funds Held For Others						
Other Current Liabilities						
Total Current Liabilities	<u>390,655.63</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>390,655.63</u>
Non-Current Liabilities						
Interfund Payables						
Notes and Loans Payable (Note 4)						
Revenue Bonds Payable (Note 4)						
General Obligation Bonds Payable (Note 4)						
Claims and Judgments (Note 4)						
Employees' Compensable Leave (Note 4)						
Capital Lease Obligations (Note 4, 5)						
Liabilities Payable from Restricted Assets						
Assets Held for Others						
Other Non-Current Liabilities						
Total Non-Current Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>390,655.63</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>390,655.63</u>
Fund Financial Statement						
Fund Balances (Deficits):						
Reserved for						
Encumbrances						
Inventories	11,676.84					11,676.84
Imprest						
Debt Service						
Loans and Contracts						
Noncurrent Interfund Receivable						
Other						
Unreserved/Designated for:						
Other						
Permanent Health Fund						
Undesignated	<u>1,681,237.11</u>					<u>1,681,237.11</u>
Total Fund Balances	<u>1,692,913.95</u>					<u>1,692,913.95</u>
Total Liabilities and Fund Balances	<u>\$ 2,083,569.58</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,083,569.58</u>
Government-Wide Statement of Net Assets						
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						
Total Net Assets						

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

Texas Residential Construction Commission
 Exhibit I - Combined Balance Sheet/Statement
 August 31, 2005

	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets	Discrete Governmental Component Units (Ex K-1)
LIABILITIES AND FUND BALANCES					
Liabilities					
Current Liabilities:					
Payables from:					
Accounts Federal	\$	\$	\$	\$ 251,300.99	\$
Other Intergovernmental					
Payroll				139,354.64	
Contracts					
Other					
Interfund Payable (Note 7)					
Due To Other Funds (Note 7)					
Due To Other Agencies (Note 7)					
Deferred Revenues					
Notes and Loans Payable (Note 4)					
Revenue Bonds Payable (Note 4)					
General Obligation Bonds Payable (Note 4)					
Claims and Judgments (Note 4)					
Employees' Compensable Leave (Note 4)		95,622.43		95,622.43	
Capital Lease Obligations (Note 4, 5)					
Liabilities Payable from Restricted Assets					
Obligations/Reverse Repurchase Agreement					
Obligations Under Securities Lending					
Funds Held For Others					
Other Current Liabilities					
Total Current Liabilities	0	95,622.43	0	486,278.06	0
Non-Current Liabilities					
Interfund Payables					
Notes and Loans Payable (Note 4)					
Revenue Bonds Payable (Note 4)					
General Obligation Bonds Payable (Note 4)					
Claims and Judgments (Note 4)					
Employees' Compensable Leave (Note 4)		78,533.09		78,533	
Capital Lease Obligations (Note 4, 5)					
Liabilities Payable from Restricted Assets					
Assets Held for Others					
Other Non-Current Liabilities					
Total Non-Current Liabilities	0	78,533.09	0	78,533	0
Total Liabilities	0	174,155.52	0	564,811.15	0
Fund Financial Statement					
Fund Balances (Deficits):					
Reserved for					
Encumbrances					
Inventories				11,676.84	
Imprest					
Debt Service					
Loans and Contracts					
Noncurrent Interfund Receivable					
Other					
Unreserved/Designated for:					
Other					
Permanent Health Fund					
Undesignated				1,681,237.11	
Total Fund Balances				1,692,913.95	0
Total Liabilities and Fund Balances				2,257,725.10	0
Government-Wide Statement of Net Assets					
Net Assets					
Invested in Capital Assets, net of Related Debt	256,530.60			256,530.60	
Restricted For					
Debt Retirement					
Capital Projects					
Other					
Funds Held as Permanent Investments:					
Expendable					
Non-Expendable					
Other					
Unrestricted		(174,155.52)		(174,155.52)	
Total Net Assets	\$ 256,530.60	\$ (174,155.52)	\$ 0	\$ 1,775,289.03	\$ 0

The accompanying notes to the financial statements are an integral part

UNAUDITED

Texas Residential Construction Commission
 Exhibit II - Combined Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities -
 Governmental Funds
 For the Fiscal Year Ended August 31, 2005

	General Funds (Ex A-2)	Special Revenue Funds (Ex B-2)	Debt Service Funds (Ex C-2)	Capital Projects Funds (Ex D-2)	Permanent Funds (Ex E-2)	Governmental Funds Total
REVENUES**						
Legislative Appropriations						
Original Appropriations (GR)	\$	\$	\$	\$	\$	\$
Additional Appropriations (GR)	296,498.98					296,498.98
Taxes (GR)						
Federal Revenue (PR - Operating or Capital)						
Federal Grant Pass-Through Revenue (GR)						
Slate Grant Pass-Through Revenue (GR)						
License, Fees & Permits (PR)	3,872,518.74					3,872,518.74
Interest and Other Investment Income (PR)						
Interest and Other Investment Income (GR)						
Net Increase (Decrease) in Fair Value (PR)						
Net Increase (Decrease) in Fair Value (GR)						
Land Income (PR)						
Settlement of Claims (PR)						
Settlement of Claims (GR)						
Sales of Goods and Services (PR)						
Other (PR - Chg for Serv, Operating or Capital)						
Other (GR)						
Total Revenues	<u>4,169,017.72</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,169,017.72</u>
EXPENDITURES						
Salaries and Wages	1,319,516.94					1,319,516.94
Payroll Related Costs	288,836.41					288,836.41
Professional Fees and Services	425,481.14					425,481.14
Travel	98,874.30					98,874.30
Materials and Supplies	153,371.77					153,371.77
Communication and Utilities	63,669.71					63,669.71
Repairs and Maintenance	71,534.88					71,534.88
Rentals and Leases	197,069.20					197,069.20
Printing and Reproduction	90,490.21					90,490.21
Claims and Judgments						
Federal Grant Pass-Through Expenditures						
State Grant Pass-Through Expenditures						
Intergovernmental Payments						
Public Assistance Payments						
Employee Benefit Payments	919,318.94					919,318.94
Other Expenditures						
Debt Service:						
Principal						
Interest						
Other Payments for Refunding	125,717.23					125,717.23
Capital Outlay						
Depreciation Expense						
Total Expenditures/Expenses	<u>3,753,880.73</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,753,880.73</u>
Excess (Deficiency) of Revenues over Expenditures	<u>415,136.99</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>415,136.99</u>
OTHER FINANCING SOURCES (USES)						
Bond and Note Proceeds	\$	\$	\$	\$	\$	\$
Increase in Obligations Under Capital Leases						
Sale of Capital Assets						
Transfers In						
Transfers Out						
Legislative Transfers In						
Legislative Transfers Out						
Gain (Loss) on Sale of Capital Assets						
Inc/(Dec) in Net Assets Due to Interagency Transfer						
Total Other Financing Sources (Uses)						
SPECIAL ITEMS						
Proceeds from Sale of Park Land						
EXTRAORDINARY ITEMS						
Natural Disaster-Hurricane						
Net Change in Fund Balances/Net Assets	<u>415,136.99</u>					<u>415,136.99</u>
Fund Financial Statement - Fund Balances						
Fund Balances - Beginning	1,263,184.96					1,263,184.96
Restatements	14,592.00					14,592.00
Fund Balances - September 1, 2004, as Restated	<u>1,277,776.96</u>					<u>1,277,776.96</u>
Appropriations Lapsed	\$	\$	\$	\$	\$	\$
Fund Balances, August 31, 2005	<u>1,692,913.95</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,692,913.95</u>

Government-Wide Statement of Net Assets

Texas Residential Construction Commission
 Exhibit II - Combined Statement of Revenues, Expenses and Other Financing Sources
 Governmental Funds
 For the Fiscal Year Ended August 31, 2005

	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities	Discrete Governmental Component Units (Ex K-2)
REVENUES**					
Legislative Appropriations					
Original Appropriations (GR)	\$	\$	\$	\$	\$
Additional Appropriations (GR)				296,498.98	
Taxes (GR)					
Federal Revenue (PR - Operating or Capital)					
Federal Grant Pass-Through Revenue (GR)					
State Grant Pass-Through Revenue (GR)					
License, Fees & Permits (PR)				3,872,518.74	
Interest and Other Investment Income (PR)					
Interest and Other Investment Income (GR)					
Net Increase (Decrease) in Fair Value (PR)					
Net Increase (Decrease) in Fair Value (GR)					
Land Income (PR)					
Settlement of Claims (PR)					
Settlement of Claims (GR)					
Sales of Goods and Services (PR)					
Other (PR - Chg for Serv., Operating or Capital)					
Other (GR)					
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,169,017.72</u>	<u>0</u>
EXPENDITURES					
Salaries and Wages		174,155.52		1,493,672.46	
Payroll Related Costs				288,836.41	
Professional Fees and Services				425,481.14	
Travel				98,874.30	
Materials and Supplies				153,371.77	
Communication and Utilities				63,669.71	
Repairs and Maintenance				71,534.88	
Rentals and Leases				197,069.20	
Printing and Reproduction				90,490.21	
Claims and Judgments					
Federal Grant Pass-Through Expenditures					
State Grant Pass-Through Expenditures					
Intergovernmental Payments					
Public Assistance Payments					
Employee Benefit Payments				919,318.94	
Other Expenditures					
Debt Service:					
Principal					
Interest					
Other Payments for Refunding					
Capital Outlay	(293,600.11)			(167,882.88)	
Depreciation Expense	37,069.51			37,069.51	
Total Expenditures/Expenses	<u>(256,530.60)</u>	<u>174,155.52</u>	<u>0</u>	<u>3,671,505.65</u>	<u>0</u>
Excess (Deficiency) of Revenues over Expenditures	<u>256,530.60</u>	<u>(174,155.52)</u>	<u>0</u>	<u>497,512.07</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)					
Bond and Note Proceeds	\$	\$	\$	\$	\$
Increase in Obligations Under Capital Leases					
Sale of Capital Assets					
Transfers In					
Transfers Out					
Legislative Transfers In					
Legislative Transfers Out					
Gain (Loss) on Sale of Capital Assets					
Inc/(Dec) in Net Assets Due to Interagency Transfer					
Total Other Financing Sources (Uses)					
SPECIAL ITEMS					
Proceeds from Sale of Park Land					
EXTRAORDINARY ITEMS					
Natural Disaster-Hurricane					
Net Change in Fund Balances/Net Assets				<u>497,512.07</u>	
Fund Financial Statement - Fund Balances					
Fund Balances - Beginning				1,263,184.96	
Restatements				14,592.00	
Fund Balances - September 1, 2004, as Restated				<u>1,277,776.96</u>	<u>0</u>
Appropriations Lapsed					
Fund Balances, August 31, 2005				<u>1,775,289.03</u>	<u>0</u>
Government-Wide Statement of Net Assets					

UNAUDITED

Texas Residential Construction Commission
 Exhibit II - Combined Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities -
 Governmental Funds
 For the Fiscal Year Ended August 31, 2005

	General Funds (Ex A-2)	Special Revenue Funds - (Ex B-2)	Debt Service Funds (Ex C-2)	Capital Projects Funds (Ex D-2)	Permanent Funds (Ex E-2)	Governmental Funds Total
Net Assets/Net Change in Net Assets						1,692,913.95
Net Assets, Beginning Restatements						
Net Assets, September 1, 2004, as Restated						
Net Assets as of August 31, 2005						<u>\$ 1,692,913.95</u>

** When analyzing which comptroller object code to use, agencies need to determine if it rolls to Program Revenue (PR) or General Revenue (GR) on the Statement of Activities

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

Texas Residential Construction Commission
 Exhibit II - Combined Statement of Revenues, Expenses,
 Governmental Funds
 For the Fiscal Year Ended August 31, 2005

	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities	Discrete Governmental Component Units (Ex K-2)
Net Assets/Net Change in Net Assets	256,530.60	(174,155.52)	0	1,775,289.03	
Net Assets, Beginning Restatements					
Net Assets, September 1, 2004, as Restated	0	0	0	0	0
Net Assets as of August 31, 2005	<u>\$ 256,530.60</u>	<u>\$ (174,155.52)</u>	<u>\$ 0</u>	<u>\$ 1,775,289.03</u>	<u>\$ 0</u>

** When analyzing which comptroller object code to use, age
 Program Revenue (PR) or General Revenue (GR) on the Stat

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

Texas Residential Construction Commission
 Exhibit VI - Combined Statement of Net Assets - Fiduciary Funds
 August 31, 2005

	Pension and Other Employee Benefit Trust Funds (Exhibit G-1)	External Investment Trust Funds (Exhibit H-1)	Private- Purpose Trust Funds (Exhibit I-1)	Agency Funds (Exhibit J-1)	Totals
ASSETS					
Cash and Cash Equivalents (Note 3)					
Cash on Hand	\$	\$	\$	\$	\$
Cash in Bank					
Cash in Transit/Reimburse from Treasury					
Cash in State Treasury					
Cash Equivalents					
Securities Lending Collateral					
Short Term Investments (Note 3)					
Restricted:					
Cash and Cash Equivalents (Note 3)					
Cash on Hand					
Cash in Bank					
Cash in Transit/Reimburse from Treasury					
Cash in State Treasury					
Cash Equivalents					
Short Term Investments (Note 3)					
Legislative Appropriations					
Investments (Note 3)					
Receivables from:					
Federal					
Other Intergovernmental					
Interest and Dividends					
Accounts Receivable					
Taxes					
Other					
Interfund Receivables (Note 8)					
Due From Other Funds (Note 8)					
Due From Other Agencies (Note 8)					
Consumable Inventories					
Merchandise Inventories					
Prepaid Items					
Loans and Contracts					
Other Assets					
Properties, at Cost, net of Accumulated Depreciation					
Total Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
LIABILITIES					
Payables from:					
Accounts					
Federal					
Other Intergovernmental					
Payroll					
Contracts					
Other					
Interfund Payable (Note 8)					
Due To Other Funds (Note 8)					
Due To Other Agencies (Note 8)					
Deferred Revenues					
Notes and Loans Payable (Note 5)					
Revenue Bonds Payable (Note 5)					
General Obligation Bonds Payable (Note 5)					
Claims and Judgments (Note 5)					
Employees' Compensable Leave (Note 5)					
Capital Lease Obligations (Note 5, 8)					
Liabilities Payable from Restricted Assets					
Obligations/Reverse Purchase Agreement					
Obligations Under Securities Lending					
Funds Held For Others					
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET ASSETS					
Held in Trust For					
Pension and Other Employee Benefits					
Post-Employment Health Care Benefits					
Pool Participants					
Individuals, Organizations, and Other Governments					
Total Net Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

NOTES TO THE FINANCIAL STATEMENTS

UNAUDITED

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. GENERAL INTRODUCTION

The Texas Residential Construction Commission (the "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 of State Agencies.

The commission operates under the authority of TEXAS PROPERTY CODE, Title 16. The purpose of this commission is to regulate entities building or remodeling one or two family homes in the State of Texas. Specific duties performed by this commission include:

- a. Register homes and home builders.
- b. Oversee the state-sponsored inspection and dispute resolution process.
- c. Prepare and adopt limited warranties and building and performance standards.
- d. Oversee three task force groups pertaining to mold, arbitration, and rain harvesting and water recycling.
- e. Provide a voluntary certification of arbitrators.
- f. Provide for the filing of arbitration awards.

To perform its various duties, the commission is authorized to employ a staff of 26 with specific operational responsibilities.

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.

B. FUND STRUCTURE

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

GOVERNMENTAL FUND TYPES & GOVERNMENT-WIDE ADJUSTMENT FUND TYPES

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

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

Other Adjustments Fund Type – Other Adjustments fund type will be used to convert all other governmental fund types activity from modified accrual to full accrual.

UNAUDITED

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

C. COMPONENT UNITS

There are no component units for this agency.

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 method basis of accounting. Under the modified accrual basis, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year end. The State of Texas considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year for Fund Financial Statements prepared on the modified accrual basis. Expenditures and other uses of financial resources are recognized when the related liability is incurred.

Governmental adjustment fund types that will build the government-wide financial statements are accounted for using the full accrual basis of accounting. This includes capital assets, accumulated depreciation, unpaid Employee Compensable Leave, the unmatured debt service (principal and interest) on general long-term liabilities, long-term capital leases, and long-term claims and judgments and full accrual revenues and expenses. The activity will be recognized in these fund types.

E. BUDGET AND BUDGETARY ACCOUNTING

The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (the *General Appropriations Act*).

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

F. ASSETS, LIABILITIES AND FUND BALANCES/NET ASSETS

ASSETS

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

Capital Assets – Assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year should be capitalized. These assets are capitalized at cost or, if any purchased, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all “exhaustible” assets. “Inexhaustible” assets such as works of

UNAUDITED

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. Other payables may be included in either governmental or proprietary fund types.

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 non-current in the statement of net assets.

FUND BALANCE/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.

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

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

Unreserved/Undesignated - This represents the unappropriated balance at year end.

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

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

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

INTERFUND TRANSACTIONS AND BALANCES

The commission 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.

UNAUDITED

- (2) Reimbursements: Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another that are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.

The composition of the commission's interfund activities and balances are presented in Note 8.

NOTE 2: FIXED ASSETS

A summary of changes in Capital Assets for the year ended August 31, 2005, is presented below:

	PRIMARY GOVERNMENT							Balance 08/31/05
	Balance 09/01/04	Adjustments	Reclass Completed CIP	Reclass Inc-Int'agy Trans	Reclass Dec-Int'agy Trans	Additions	Deletions	
GOVERNMENTAL ACTIVITIES								
Non-Depreciable Assets								
Land and Land Improvements			-					-
Infrastructure		-						-
Construction in Progress								-
Other Assets			-					-
Total Non-Depreciable Assets	-	-	-	-	-	-	-	-
Depreciable Assets								
Buildings and Building Improvements								
Infrastructure								
Facilities & Other Improvements								
Furniture and Equipment	426,301.04	(14,592.00)				125,717.23	(243,826.16)	293,600.11
Vehicle, Boats & Aircraft								
Other Assets								
Total Depreciable Assets at Historical Costs	426,301.04	(14,592.00)	-	-	-	125,717.23	(243,826.16)	293,600.11
Less Accumulated Depreciation for:								
Buildings and Improvements								
Infrastructure								
Facilities & Other Improvements								
Furniture and Equipment	(54,681.59)	2,918.40				(50,326.48)	65,020.16	(37,069.51)
Vehicles, Boats & Aircraft								
Other Capital Assets								
Total Accumulated Depreciation	(54,681.59)	2,918.40	-	-	-	(50,326.48)	65,020.16	(37,069.51)
Depreciable Assets, Net	371,619.45	(11,673.60)	-	-	-	75,390.75	(178,806.00)	256,530.60
Governmental Activities Capital Assets, Net	371,619.45	(11,673.60)	-	-	-	75,390.75	(178,806.00)	256,530.60

NOTE 3: DEPOSITS, INVESTMENTS, AND REPURCHASE AGREEMENTS

Not-Applicable

NOTE 4: SHORT-TERM DEBT

Not-Applicable

UNAUDITED

NOTE 5: SUMMARY OF LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

During the year ended August 31, 2005, the following changes occurred in liabilities.

Governmental Activities	Balance 09-01-04	Additions	Reductions	Balance 08-31-05	Amounts Due Within One Year
Compensable Leave	\$162,810.73	\$182,716.25	\$171,371.46	\$174,155.52	\$ 95,622.43
Total Governmental Activities					

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: CAPITAL LEASES

Not-Applicable

NOTE 7: OPERATING LEASE OBLIGATIONS

Not-Applicable

NOTE 8: INTERFUND BALANCES / ACTIVITIES

Not-Applicable

NOTE 9: CONTINGENT LIABILITIES

Not-Applicable

NOTE 10: CONTINUANCE SUBJECT TO REVIEW

Not-Applicable

UNAUDITED

NOTE 11: RISK FINANCING AND RELATED INSURANCE

Not-Applicable

NOTE 12: SEGMENT INFORMATION

Not-Applicable

NOTE 13: BONDED INDEBTEDNESS

Not-Applicable

NOTE 14: SUBSEQUENT EVENTS

Not-Applicable

NOTE 15: RELATED PARTIES

Not-Applicable

NOTE 16: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Not-Applicable

NOTE 17: THE FINANCIAL REPORTING ENTITY AND JOINT VENTURES

Not-Applicable

NOTE 18: RESTATEMENT OF FUND BALANCES / NET ASSETS

During FY2005 and adjustment was made which required the restatement of the amounts in fund balance and fund equity as shown and discussed below:

	General Funds	Capital Assets
Fund Bal/Equity August 31, 2004	\$1,263,184.96	\$371,619.45
Restatement:		
a. Overstatement of Accounts Payable	14,592.00	
b. Overstatement of Assets		(14,592.00)
c. Overstatement of Accum Depr		2,918.40
Net Restatements	14,592.00	(11,673.60)
Fund Bal/Equity Sept 1, 2005, As Restated	\$1,277,776.96	\$359,945.85

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NOTE 19: EMPLOYEES RETIREMENT PLANS

Not-Applicable

NOTE 20: DEFERRED COMPENSATION

Not-Applicable

NOTE 21: DONOR-RESTRICTED ENDOWMENTS

Not-Applicable

NOTE 22: MANAGEMENT DISCUSSION AND ANALYSIS

Not-Applicable

NOTE 23: POST EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

Not-Applicable

NOTE 24: SPECIAL OR EXTRAORDINARY ITEMS

Not-Applicable

NOTE 25: DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

Not-Applicable

OTHER EXHIBITS & SCHEDULES

UNAUDITED

Texas Residential Construction Commission
 Exhibit A-1 - Combining Balance Sheet - All General and Consolidated Funds
 August 31, 2005

	General	Consolidated Accounts			Total (Ex l)
	Fund 1 (0001)* U/F (0001)	Fund 1 (0001)* U/F (0011)	Fund 2 None	Fund 3 None	
ASSETS					
Current Assets:					
Cash					
On Hand	\$	\$	\$	\$	\$
In Bank					
In Transit/Reimburse from Treasury					
In State Treasury	(1,922,856.98)	1,922,856.98			
Securities Lending Collateral					
Short Term Investments					
Restricted:					
Cash					
On Hand					
In Bank					
In Transit/Reimburse from Treasury					
In State Treasury					
Short Term Investments					
Legislative Appropriations	2,071,892.74				2,071,892.74
Receivables from:					
Federal					
Other Intergovernmental					
Interest and Dividends					
Accounts Receivable					
Taxes					
Other					
Interfund Receivables					
Due From Other Funds					
Due From Other Agencies					
Consumable Inventories					
Merchandise Inventories					
Prepaid Items					
Loans and Contracts					
Other Current Assets					
Total Current Assets	<u>160,712.60</u>	<u>1,922,856.98</u>	<u>0</u>	<u>0</u>	<u>2,083,569.58</u>
Non-Current Assets:					
Restricted:					
Cash					
On Hand					
In Bank					
In Transit/Reimburse from Treasury					
In State Treasury					
Short Term Investments					
Receivables					
Investments					
Loans and Contracts					
Other Assets					
Loans and Contracts					
Investments					
Interfund Receivables					
Gifts, Pledges and Donations					
Other Non-Current Assets					
Total Non-Current Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 160,712.60</u>	<u>\$1,922,856.98</u>	<u>\$.00</u>	<u>\$.00</u>	<u>\$ 2,083,569.58</u>

Texas Residential Construction Commission
 Exhibit A-1 - Combining Balance Sheet - All General and Consolidated Funds
 August 31, 2005

	General	Consolidated Accounts			Total (Ex I)
	Fund 1 (0001)* U/F (0001)	Fund 1 (0001)* U/F (0011)	Fund 2 None	Fund 3 None	
LIABILITIES AND FUND BALANCES					
Liabilities					
Current Liabilities:					
Payables from					
Accounts	\$ (14,592.00)	\$ 265,892.99			\$ 251,300.99
Federal					
Other Intergovernmental					
Payroll	30,167.42	109,187.22			139,354.64
Contracts					
Other					
Interfund Payable					
Due To Other Funds					
Due To Other Agencies					
Deferred Revenues					
Notes and Loans Payable					
Revenue Bonds Payable					
General Obligation Bonds Payable					
Claims and Judgments					
Employees' Compensable Leave					
Capital Lease Obligations					
Liabilities Payable from Restricted Assets					
Obligations/Reverse Repurchase Agreement					
Obligations Under Securities Lending					
Funds Held For Others					
Total Current Liabilities	<u>15,575.42</u>	<u>375,080.21</u>	<u>0</u>	<u>0</u>	<u>390,655.63</u>
Non-Current Liabilities					
Interfund Payables					
Notes and Loans Payable					
Revenue Bonds Payable					
General Obligation Bonds Payable					
Claims and Judgments					
Employees' Compensable Leave					
Capital Lease Obligations					
Liabilities Payable from Restricted Assets					
Assets Held for Others					
Total Non-Current Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>15,575.42</u>	<u>375,080.21</u>	<u>0</u>	<u>0</u>	<u>390,655.63</u>
Fund Balances (Deficits):					
Reserved for:					
Encumbrances					
Inventories	11,676.84				11,676.84
Imprest					
Debt Service					
Loans and Contracts					
Non-Current Interfund Receivable					
Other					
Unreserved/Designated for:					
Other					
Permanent Health Fund					
Undesignated	133,460.34	1,547,776.77			1,681,237.11
Total Fund Balances	<u>145,137.18</u>	<u>1,547,776.77</u>	<u>0</u>	<u>0</u>	<u>1,692,913.95</u>
Total Liabilities and Fund Balances	<u>\$ 160,712.60</u>	<u>\$ 1,922,856.98</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,083,569.58</u>

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

Texas Residential Construction Commission
 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, 2005

	General		Consolidated Accounts		Total (Ex II)
	Fund 1 (0001)*	Fund 1 (0001)*	Fund 2	Fund 3	
	U/F (0001)	U/F (0011)	None	None	
REVENUES**					
Legislative Appropriations					
Original Appropriations (GR)	\$	\$	\$	\$	\$
Additional Appropriations (GR)	296,498.98				296,498.98
Taxes (GR)					
Federal Revenue (PR - Operating or Capital)					
Federal Grant Pass-Through Revenue (GR)					
State Grant Pass-Through Revenue (GR)					
License, Fees & Permits (PR)	394,798.26	3,477,720.48			3,872,518.74
Contribution to Employee's Benefit Funds (PR)					
Interest and Other Investment Income (PR)					
Interest and Other Investment Income (GR)					
Net Increase (Decrease) in Fair Value (PR)					
Net Increase (Decrease) in Fair Value (GR)					
Land Income (PR)					
Settlement of Claims (PR)					
Settlement of Claims (GR)					
Sales of Goods and Services (PR)					
Other (PR - Chg for Serv, Operating or Capital)					
Other (GR)					
Total Revenues	<u>691,297.24</u>	<u>3,477,720.48</u>	<u>0</u>	<u>0</u>	<u>4,169,017.72</u>
EXPENDITURES					
Salaries and Wages	1,197,785.42	121,731.52			1,319,516.94
Payroll Related Costs	287,513.88	1,322.53			288,836.41
Professional Fees and Services	4,950.00	420,531.14			425,481.14
Travel	256.04	98,618.26			98,874.30
Materials and Supplies	(2,546.77)	155,918.54			153,371.77
Communication and Utilities		63,669.71			63,669.71
Repairs and Maintenance	(4,950.00)	76,484.88			71,534.88
Rentals and Leases		197,069.20			197,069.20
Printing and Reproduction		90,490.21			90,490.21
Claims and Judgments					
Federal Grant Pass-Through Expenditures					
State Grant Pass-Through Expenditures					
Intergovernmental Payments					
Public Assistance Payments					
Employee Benefit Payments					
Other Expenditures	401,412.94	517,906.00			919,318.94
Debt Service:					
Principal					
Interest					
Other Payments for Refunding					
Capital Outlay	(60,484.49)	186,201.72			125,717.23
Total Expenditures	<u>1,823,937.02</u>	<u>1,929,943.71</u>	<u>0</u>	<u>0</u>	<u>3,753,880.73</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,132,639.78)</u>	<u>1,547,776.77</u>	<u>0</u>	<u>0</u>	<u>415,136.99</u>
OTHER FINANCING SOURCES (USES)					
Bond and Note Proceeds					
Increase in Obligations Under Capital Leases					
Sale of Capital Assets					
Transfers In					
Transfers Out					
Legislative Transfers In					
Legislative Transfers Out					
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
SPECIAL ITEMS					
Proceeds from Sale of Park Land	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXTRAORDINARY ITEMS					
Natural Disaster-Hurricane Schermann/Bean					
Net Change in Fund Balances	<u>(1,132,639.78)</u>	<u>1,547,776.77</u>	<u>0</u>	<u>0</u>	<u>415,136.99</u>
Fund Financial Statement - Fund Balances					
Fund Balances - Beginning	1,263,184.96				1,263,184.96
Restatements	14,592.00				14,592.00
Fund Balances - September 1, 2004, as Restated	<u>1,277,776.96</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,277,776.96</u>
Appropriations Lapsed					
Fund Balances, August 31, 2005	<u>\$ 145,137.18</u>	<u>\$ 1,547,776.77</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,692,913.95</u>

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

** When analyzing which comptroller object code to use, agencies need to determine if it rolls to Program Revenue (PR) or General Revenue (GR) on the Statement of Activities

Texas Residential Construction Commission
 Exhibit J-1 - Combining Statement of Changes in Assets and Liabilities - Agency Funds
 August 31, 2005

	Beginning Balance			Ending Balance
	September 1, 2004	Additions	Deductions	August 31, 2005
Unappropriated Receipts				
General Revenue Fund (0001) U/F (1000)				
ASSETS				
Cash on Hand	\$	\$	\$	\$
Other Assets				
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
LIABILITIES				
Funds Held for Others				
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Texasaver Hold-Transmit 401k Agency Fund (0942) U/F (0942)				
ASSETS				
Cash on Hand	\$		\$	\$
Cash in State Treasury	(479.11)	479.11		0
Interest and Dividend Receivable				-
Investments				-
Accounts Receivable	479.11	(479.11)		0
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
LIABILITIES				
Funds Held for Others				-
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Agency Fund #3 (XXXX) U/F (XXXX)				
ASSETS				
Cash on Hand				\$
Interest and Dividends Receivable				-
Other Assets				-
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
LIABILITIES				
Accounts Payable				-
Funds Held for Others				-
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Agency Fund #4 (XXXX) U/F (XXXX)				
ASSETS				
Cash on Hand				
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
LIABILITIES				
Accounts Payable				-
Other Intergovernmental				-
Funds Held for Others				-
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Agency Fund #5 (XXXX) U/F (XXXX)				
ASSETS				
Cash on Hand	\$	\$	\$	\$
Investments				
Receivables:				
Other Intergovernmental				
Interest and Dividends				
Other				
Interfund Receivables				
Due From Other Agencies				
Other Assets				
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
LIABILITIES				
Accounts Payables	\$	\$	\$	\$
Other Intergovernmental				-
Interfund Payables				-
Due to Other Funds				-
Due To Component Units				-
Funds Held for Others				-
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Totals - All Agency Funds				
ASSETS				
Cash on Hand	\$	\$	\$	\$

Texas Residential Construction Commission
 Exhibit J-1 - Combining Statement of Changes in Assets and Liabilities - Agency Funds
 August 31, 2005

	Beginning Balance September 1, 2004	Additions	Deductions	Ending Balance August 31, 2005
Cash in State Treasury				
Investments				
Receivables:				
Other Intergovernmental				
Interest and Dividends				
Accounts Receivable				
Other				
Interfund Receivables				-
Due From Other Agencies				-
Other Assets				
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
LIABILITIES				
Payables	\$	\$	\$	\$
Other Intergovernmental				
Interfund Payables				-
Due to Other Funds				-
Due To Component Units				-
Funds Held for Others				
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

UNAUDITED

Texas Residential Construction Commission
 Schedule 4 - Schedule of Modified to Full Accrual Adjustments - Governmental Funds
 - Balance Sheet/Statement of Net Assets
 August 31, 2005

	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets
ASSETS					
Current Assets:					
Cash					
On Hand	\$	\$	\$	\$	\$
In Bank					
In Transit/Reimburse from Treasury					
In State Treasury					
Securities Lending Collateral					
Short Term Investments					
Restricted:					
Cash					
On Hand					
In Bank					
In Transit/Reimburse from Treasury					
In State Treasury					
Short Term Investments					
Legislative Appropriations	2,071,892.74				2,071,892.74
Receivables from:					
Federal					
Other Intergovernmental					
Interest and Dividends					
Accounts Receivable					
Taxes					
Gifts, Pledges and Donations					
Other					
Interfund Receivables					
Due From Other Funds					
Due From Other Agencies					
Consumable Inventories	11,676.84				11,676.84
Merchandise Inventories					
Prepaid Items					
Loans and Contracts					
Other Current Assets					
Total Current Assets	<u>2,083,569.58</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,083,569.58</u>
Non-Current Assets:					
Restricted:					
Cash					
On Hand					
In Bank					
In Transit/Reimburse from Treasury					
In State Treasury					
Short Term Investments					
Receivables					
Investments					
Loans and Contracts					
Other Assets					
Loans and Contracts					
Investments					
Interfund Receivables					
Gifts, Pledges and Donations					
Capital Assets:					
Non-Depreciable					
Land and Land Improvements					
Infrastructure					
Construction in Progress					
Other Capital Assets					
Depreciable:					
Building and Building Improvements					
Less Accumulated Depreciation					
Infrastructure					
Less Accumulated Depreciation					
Facilities and Other Improvements					
Less Accumulated Depreciation					
Furniture and Equipment		293,600.11			293,600.11
Less Accumulated Depreciation		(37,069.51)			(37,069.51)
Vehicle, Boats and Aircraft					
Less Accumulated Depreciation					
Other Capital Assets					
Less Accumulated Depreciation					
Other Non-Current Assets					
Total Non-Current Assets	<u>0</u>	<u>256,530.60</u>	<u>0</u>	<u>0</u>	<u>256,530.60</u>
Total Assets	<u>\$ 2,083,569.58</u>	<u>\$ 256,530.60</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,340,100.18</u>

UNAUDITED

Texas Residential Construction Commission
 Schedule 4 - Schedule of Modified to Full Accrual Adjustments - Governmental Funds
 - Balance Sheet/Statement of Net Assets
 August 31, 2005

	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets
LIABILITIES AND FUND BALANCES					
Liabilities					
Current Liabilities:					
Payables From					
Accounts	251,300.99				251,300.99
Federal					
Other Intergovernmental					
Payroll	139,354.64				139,354.64
Contracts					
Other					
Interfund Payable					
Due To Other Funds					
Due To Other Agencies					
Deferred Revenues					
Notes and Loans Payable					
Revenue Bonds Payable					
General Obligation Bonds Payable					
Claims and Judgments					
Employees' Compensable Leave			95,622.43		95,622.43
Capital Lease Obligations					
Liabilities Payable from Restricted Assets					
Obligations/Reverse Repurchase Agreement					
Obligations Under Securities Lending					
Funds Held For Others					
Other Current Liabilities					
Total Current Liabilities	<u>390,655.63</u>	<u>0</u>	<u>95,622.43</u>	<u>0</u>	<u>486,278.06</u>
Non-Current Liabilities					
Interfund Payables					
Notes and Loans Payable					
Revenue Bonds Payable					
General Obligation Bonds Payable					
Claims and Judgments					
Employees' Compensable Leave			78,533.09		78,533.09
Capital Lease Obligations					
Liabilities from Restricted Assets					
Assets Held for Others					
Other Non-Current Liabilities					
Total Non-Current Liabilities	<u>0</u>	<u>0</u>	<u>78,533.09</u>	<u>0</u>	<u>78,533.09</u>
Total Liabilities	<u>\$ 390,655.63</u>	<u>\$ 0</u>	<u>\$ 174,155.52</u>	<u>\$ 0</u>	<u>\$ 564,811.15</u>
Fund Financial Statement					
Fund Balances (Deficits):					
Reserved for					
Encumbrances					
Inventories	11,676.84				11,676.84
Imprest					
Debt Service					
Loans and Contracts					
Noncurrent Interfund Receivable					
Other					
Unreserved/Designated for:					
Other					
Permanent Health Fund					
Undesignated	1,681,237.11				1,681,237.11
Total Fund Balances	<u>1,692,913.95</u>				<u>1,692,913.95</u>
Total Liabilities and Fund Balances	<u>\$ 2,083,569.58</u>				<u>\$ 2,257,725.10</u>
Government-Wide Statement of Net Assets					
Net Assets					
Invested in Capital Assets, net of Related Debt		256,530.60			256,530.60
Restricted For					
Debt Retirement					
Capital Projects					
Other					
Funds Held as Permanent Investments:					
Expendable					
Non-Expendable					
Other					
Unrestricted			(174,155.52)		(174,155.52)
Total Net Assets		<u>\$ 256,530.60</u>	<u>\$ (174,155.52)</u>	<u>\$ 0</u>	<u>\$ 1,775,289.03</u>

UNAUDITED

Texas Residential Construction Commission
 Schedule 4 - Schedule of Modified to Full Accrual Adjustments - Governmental Funds
 - Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities
 For the Fiscal Year Ended August 31, 2005

	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
REVENUES**					
Legislative Appropriations					
Original Appropriations (GR)	\$	\$	\$	\$	\$
Additional Appropriations (GR)	296,498.98				296,498.98
Taxes (GR)					
Federal Revenue (PR - Operating or Capital)					
Federal Grant Pass-Through Revenue (GR)					
State Grant Pass-Through Revenue (GR)					
License, Fees & Permits (PR)	3,872,518.74				3,872,518.74
Interest and Other Investment Income (PR)					
Interest and Other Investment Income (GR)					
Net Increase (Decrease) in Fair Value (PR)					
Net Increase (Decrease) in Fair Value (GR)					
Land Income (PR)					
Settlement of Claims (PR)					
Settlement of Claims (GR)					
Sales of Goods and Services (PR)					
Other (PR - Chg for Serv, Operating or Capital)					
Other (GR)					
Total Revenues	<u>\$ 4,169,017.72</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,169,017.72</u>
EXPENDITURES					
Salaries and Wages	1,319,516.94		11,344.79		1,330,861.73
Payroll Related Costs	288,836.41				288,836.41
Professional Fees and Services	425,481.14				425,481.14
Travel	98,874.30				98,874.30
Materials and Supplies	153,371.77				153,371.77
Communication and Utilities	63,669.71				63,669.71
Repairs and Maintenance	71,534.88				71,534.88
Rentals and Leases	197,069.20				197,069.20
Printing and Reproduction	90,490.21				90,490.21
Claims and Judgments					
Federal Grant Pass-Through Expenditures					
State Grant Pass-Through Expenditures					
Intergovernmental Payments					
Public Assistance Payments					
Employee Benefit Payments					
Other Expenditures	919,318.94				919,318.94
Debt Service:					
Principal					
Interest					
Other Payments for Refunding					
Capital Outlay	125,717.23	(125,717.23)			
Depreciation Expense		50,326.48			50,326.48
Total Expenditures/Expenses	<u>\$ 3,753,880.73</u>	<u>\$ (75,390.75)</u>	<u>\$ 11,344.79</u>	<u>\$ 0</u>	<u>\$ 3,689,834.77</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 415,136.99</u>	<u>\$ 75,390.75</u>	<u>\$ (11,344.79)</u>	<u>\$ 0</u>	<u>\$ 479,182.95</u>

UNAUDITED

Texas Residential Construction Commission
 Schedule 4 - Schedule of Modified to Full Accrual Adjustments - Governmental Funds
 - Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities
 For the Fiscal Year Ended August 31, 2005

	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
OTHER FINANCING SOURCES (USES)					
Bond and Note Proceeds					
Increase in Obligations Under Capital Leases					
Sale of Capital Assets					
Transfers In					
Transfers Out					
Legislative Transfers In					
Legislative Transfers Out					
Gain (Loss) on Sale of Capital Assets		(178,806)			(178,806)
Inc in Net Assets Due to Interagency Transfer					
(Dec) in Net Assets Due to Interagency Transfer					
Total Other Financing Sources (Uses)	<u>0</u>	<u>(178,806)</u>	<u>0</u>	<u>0</u>	<u>(178,806)</u>
SPECIAL ITEMS					
Proceeds from Sale of Park Land					
EXTRAORDINARY ITEMS					
Natural Disaster-Hurricane					
Net Change in Fund Balances/Net Assets	\$ 415,136.99				\$ 300,376.95
Fund Financial Statement - Fund Balances					
Fund Balances - Beginning	1,263,184.96				1,263,184.96
Restatements	14,592.00				14,592.00
Fund Balances - September 1, 2004, as Restated	<u>1,277,776.96</u>				<u>1,277,776.96</u>
Appropriations Lapsed					
Fund Balances, August 31, 2005	<u>\$ 1,692,913.95</u>				<u>\$ 1,578,153.91</u>
Government-Wide Statement of Net Assets					
Net Assets/Net Change in Net Assets	<u>1,692,913.95</u>	<u>(103,415.25)</u>	<u>(11,344.79)</u>	<u>0</u>	<u>1,578,153.91</u>
Net Assets, Beginning		371,619.45	(162,810.73)		208,808.72
Restatements		(11,673.60)			(11,673.60)
Net Assets, September 1, 2004, as Restated		<u>359,945.85</u>	<u>(162,810.73)</u>	<u>0</u>	<u>197,135.12</u>
Net Assets as of August 31, 2005	<u>\$ 1,692,913.95</u>	<u>\$ 256,530.60</u>	<u>\$ (174,155.52)</u>	<u>\$ 0</u>	<u>\$ 1,775,289.03</u>

** When analyzing which comptroller object code to use, agencies need to determine if it rolls to Program Revenue (PR) or General Revenue (GR) on the Statement of Activities

ADDENDUM REPORT

COMMISSIONERS

The Commissioners of the Texas Residential Construction Commission direct the activities of the commission. The board consists of nine (9) members appointed by the Governor with the advice and consent of the Texas Senate to six-year staggered terms. The terms of one-third of the members expire on February 1 of each odd-numbered year. The current Commissioners are:

NAME	TERM EXPIRES	HOMETOWN
Patrick H. Cordero, Jr., Chair	February 1, 2009	Midland
Art Cuevas, Vice Chair	February 1, 2011	Lubbock
Lewis Brown, Secretary	February 1, 2011	The Woodlands
Kenneth L. Davis	February 1, 2009	Fort Worth
Paulo Flores	February 1, 2011	Dallas
John R. Krugh	February 1, 2009	Houston
Glenda Mariott	February 1, 2007	College Station
Scott M. Porter	February 1, 2007	Kerrville
Mickey Redwine	February 1, 2007	Ben Wheeler