

# TEXAS HISTORICAL COMMISSION



## ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED AUGUST 31, 2016

**Mission:** To protect and preserve the state's historic and prehistoric resources for the use, education, enjoyment, and economic benefit of present and future generations.



**TEXAS HISTORICAL COMMISSION**  
*real places telling real stories*

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**TEXAS HISTORICAL COMMISSION**  
*real places telling real stories*

November 18, 2016

Honorable Greg Abbott, Governor  
Honorable Glenn Hegar, Texas Comptroller  
Ursula Parks, Director, Legislative Budget Board  
Lisa Collier, First Assistant State Auditor

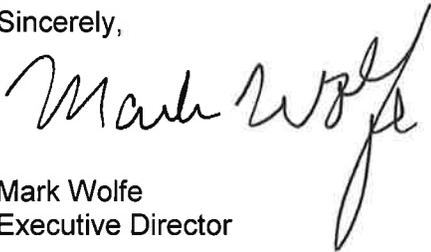
Ladies and Gentlemen:

We are pleased to submit the Annual Financial Report of the Texas Historical Commission for the year ended August 31, 2016, in compliance with Texas Government Code Annotated, Section 2101.011 and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) 34, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas *Comprehensive Annual Financial Report* (CAFR); therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions, please contact Corey Crawford at 475-0774. Corey Crawford may be contacted at 475-0774 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,



Mark Wolfe  
Executive Director



# Table of Contents

## I. Letter of Transmittal

## II. Financial Statements ..... 1

Exhibit I - Combined Balance Sheet/Statement of Net Assets - Governmental Funds ..... 2

Exhibit II - Combined Statement of Revenues, Expenditures and Changes in Fund Balances/  
Statement of Activities - Governmental Funds ..... 4

## III. NOTES TO THE FINANCIAL STATEMENTS ..... 6

## IV. COMBINING STATEMENTS ..... 24

Exhibit A-1 - Combining Balance Sheet - All General and Consolidated Funds ..... 25

Exhibit A-2 - Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All  
General and Consolidated Funds ..... 26

Exhibit B-1 - Combining Balance Sheet - Special Revenue Funds ..... 27

Exhibit B-2 - Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Special Revenue Funds ..... 28

Exhibit D-1 - Combining Balance Sheet - Capital Projects Funds ..... 29

Exhibit D-2 - Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Capital Projects Funds ..... 30

Exhibit E-1 - Combining Balance Sheet - Permanent Funds ..... 31

Exhibit E-2 - Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Permanent Funds ..... 32

## V. SCHEDULES ..... 33

Schedule 1A - Schedule of Expenditures of Federal Awards (SEFA)..... 34

Schedule 1B - State Pass-Through Reporting ..... 36

# Financial Statements

**Exhibit I - Combined Balance Sheet/Statement of Net Position - Governmental Funds**  
**August 31, 2016**

	Governmental Fund Types							Statement of Net Position
	General Funds (Ex A-1)	Special Revenue Funds (Ex B-1)	Capital Projects Funds (Ex D-1)	Permanent Funds (Ex E-1)	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	
<b>ASSETS</b>								
Current Assets:								
Cash and Cash Equivalents (Note 3)								
Cash On Hand	\$ 2,700.00	\$ -	\$ -	\$ -	\$ 2,700.00	\$ -	\$ -	\$ 2,700.00
Cash In Bank	5,000.00	1,047,725.56	-	-	1,052,725.56	-	-	1,052,725.56
Cash in State Treasury	312,071.34	-	-	298,389.60	610,460.94	-	-	610,460.94
Short Term Investments (Note 3)	465,019.09	-	-	-	465,019.09	-	-	465,019.09
Legislative Appropriations	14,865,398.33	-	-	-	14,865,398.33	-	-	14,865,398.33
Receivables from:								
Federal	830,733.64	-	-	-	830,733.64	-	-	830,733.64
Accounts Receivable	63.10	-	-	-	63.10	-	-	63.10
Interest and Dividends	160.17	-	-	-	160.17	-	-	160.17
Due From Other Funds (Note 12)	-	-	-	-	-	-	-	-
Due From Other Agencies (Note 12)	36,342.21	-	9,775,772.35	-	9,812,114.56	-	-	9,812,114.56
Investment in Trade Receivables	-	-	-	-	-	-	-	-
Interfund Receivables	17,074.57	-	-	-	17,074.57	-	-	17,074.57
Consumable Inventories	606,614.07	-	-	-	606,614.07	-	-	606,614.07
Merchandise Inventories	145,225.60	-	-	-	145,225.60	-	-	145,225.60
<b>Total Current Assets</b>	<b>\$ 17,286,402.12</b>	<b>\$ 1,047,725.56</b>	<b>\$ 9,775,772.35</b>	<b>\$ 298,389.60</b>	<b>\$ 28,408,289.63</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 28,408,289.63</b>
Non-Current Assets:								
Investments (Note 3)	7,527,240.95	-	-	-	7,527,240.95	-	-	7,527,240.95
Capital Assets (Note 2):								
Non-Depreciable or Non-Amortizable								
Land and Land Improvements	-	-	-	-	-	5,552,257.45	-	5,552,257.45
Construction in Progress	-	-	-	-	-	4,657,494.35	-	4,657,494.35
Other Capital Assets	-	-	-	-	-	207,477.10	-	207,477.10
Depreciable Assets								
Building and Building Improvements	-	-	-	-	-	44,577,361.82	-	44,577,361.82
Less Accumulated Depreciation	-	-	-	-	-	(15,900,733.31)	-	(15,900,733.31)
Facilities and Other Improvements	-	-	-	-	-	1,440,238.22	-	1,440,238.22
Less Accumulated Depreciation	-	-	-	-	-	(171,327.37)	-	(171,327.37)
Furniture and Equipment	-	-	-	-	-	2,207,716.84	-	2,207,716.84
Less Accumulated Depreciation	-	-	-	-	-	(1,792,461.16)	-	(1,792,461.16)
Vehicle, Boats and Aircraft	-	-	-	-	-	1,550,841.36	-	1,550,841.36
Less Accumulated Depreciation	-	-	-	-	-	(1,304,617.97)	-	(1,304,617.97)
Other Capital Assets	-	-	-	-	-	1,191,496.22	-	1,191,496.22
Less Accumulated Depreciation	-	-	-	-	-	(317,150.39)	-	(317,150.39)
Amortizable Assets-Intangible	-	-	-	-	-	19,252.00	-	19,252.00
Less Accumulated Depreciation	-	-	-	-	-	(19,252.00)	-	(19,252.00)
<b>Total Non-Current Assets</b>	<b>7,527,240.95</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,527,240.95</b>	<b>41,898,593.16</b>	<b>-</b>	<b>49,425,834.11</b>
<b>Total Assets</b>	<b>24,813,643.07</b>	<b>1,047,725.56</b>	<b>9,775,772.35</b>	<b>298,389.60</b>	<b>35,935,530.58</b>	<b>41,898,593.16</b>	<b>-</b>	<b>77,834,123.74</b>

**Exhibit I - Combined Balance Sheet/Statement of Net Position - Governmental Funds (Cont.)**  
**August 31, 2016**

	Governmental Fund Types					Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Net Position
	General Funds (Ex A-1)	Special Revenue Funds (Ex B-1)	Capital Projects Funds (Ex D-1)	Permanent Funds (Ex E-1)	Governmental Funds Total			
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities								
Current Liabilities:								
Payables from:								
Accounts	828,368.71	-	87,014.13	-	915,382.84	-	-	915,382.84
Payroll	1,272,696.56	-	-	-	1,272,696.56	-	-	1,272,696.56
Interfund Payable (Note 12)	17,074.57	-	-	-	17,074.57	-	-	17,074.57
Due To Other Agencies (Note 12)	16,748.29	-	-	-	16,748.29	-	-	16,748.29
Employees' Compensable Leave (Note 5)	-	-	-	-	-	-	605,877.69	605,877.69
Pollution Remediation (Note 5)	-	-	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>2,134,888.13</b>	<b>-</b>	<b>87,014.13</b>	<b>-</b>	<b>2,221,902.26</b>	<b>-</b>	<b>605,877.69</b>	<b>2,827,779.95</b>
Non-Current Liabilities								
Employees' Compensable Leave (Note 5)	-	-	-	-	-	-	793,788.09	793,788.09
Pollution Remediation (Note 5)	-	-	-	-	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>793,788.09</b>	<b>793,788.09</b>
<b>Total Liabilities</b>	<b>2,134,888.13</b>	<b>-</b>	<b>87,014.13</b>	<b>-</b>	<b>2,221,902.26</b>	<b>-</b>	<b>1,399,665.78</b>	<b>3,621,568.04</b>
<b>Fund Financial Statement</b>								
Fund Balances (Deficits):								
Assigned	-	1,047,725.56	-	-	1,047,725.56	-	-	1,047,725.56
Restricted	-	-	9,688,758.22	223,209.60	9,911,967.82	-	-	9,911,967.82
Committed	8,302,343.00	-	-	-	8,302,343.00	-	-	8,302,343.00
Nonspendable	-	-	-	75,180.00	75,180.00	-	-	75,180.00
Nonspendable for Inventory	751,839.67	-	-	-	751,839.67	-	-	751,839.67
Unassigned	13,624,572.27	-	-	-	13,624,572.27	-	-	13,624,572.27
<b>Total Fund Balances</b>	<b>22,678,754.94</b>	<b>1,047,725.56</b>	<b>9,688,758.22</b>	<b>298,389.60</b>	<b>33,713,628.32</b>	<b>-</b>	<b>-</b>	<b>33,713,628.32</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 24,813,643.07</b>	<b>\$ 1,047,725.56</b>	<b>\$ 9,775,772.35</b>	<b>\$ 298,389.60</b>	<b>\$ 35,935,530.58</b>	<b>-</b>	<b>-</b>	<b>37,335,196.36</b>
Government-Wide Statement of Net Position								
Net Position								
Invested in Capital Assets, net of Related Debt	-	-	-	-	-	41,898,593.16	(1,399,665.78)	40,498,927.38
<b>Total Net Position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 41,898,593.16</b>	<b>\$ (1,399,665.78)</b>	<b>\$ 74,212,555.70</b>

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

**Exhibit II - Combined Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities -  
Governmental Funds  
For the Fiscal Year Ended August 31, 2016**

	General Funds (Ex A-2)	Special Revenue Funds (Ex B-2)	Capital Projects Funds (Ex D-2)	Permanent Funds (Ex E-2)	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Activities
<b>REVENUES</b>								
Legislative Appropriations								
Original Appropriations	\$ 22,551,919.00	\$ -	\$ -	\$ -	\$ 22,551,919.00	\$ -	\$ -	\$ 22,551,919.00
Additional Appropriations	3,230,485.40	-	-	-	3,230,485.40	-	-	3,230,485.40
Taxes	(3.29)	-	-	-	(3.29)	-	-	(3.29)
Federal Revenue	1,494,071.94	-	-	-	1,494,071.94	-	-	1,494,071.94
Federal Grant Pass-Through Revenue	480,730.99	-	-	-	480,730.99	-	-	480,730.99
State Grant Pass-Through Revenue (GR)	150,000.00	-	-	-	150,000.00	-	-	150,000.00
License, Fees & Permits	2,270,540.90	2,414.12	-	-	2,272,955.02	-	-	2,272,955.02
Interest and Other Investment Income	47,369.00	13,453.33	-	2,052.62	62,874.95	-	-	62,874.95
Net Increase (Decrease) in Fair Value	113,715.82	12,236.07	-	-	125,951.89	-	-	125,951.89
Land Income	13,941.69	-	-	-	13,941.69	-	-	13,941.69
Settlement of Claims	9,668.33	-	-	-	9,668.33	-	-	9,668.33
Sales of Goods and Services	501,169.24	-	-	-	501,169.24	-	-	501,169.24
Other Revenue	470,354.36	342,851.97	-	-	813,206.33	890,000.00	-	1,703,206.33
Total Revenues	<u>31,333,963.38</u>	<u>370,955.49</u>	<u>-</u>	<u>2,052.62</u>	<u>31,706,971.49</u>	<u>890,000.00</u>	<u>-</u>	<u>32,596,971.49</u>
<b>EXPENDITURES</b>								
Salaries and Wages	10,939,436.45	-	-	-	10,939,436.45	-	154,030.80	11,093,467.25
Payroll Related Costs	3,492,700.12	-	-	-	3,492,700.12	-	-	3,492,700.12
Professional Fees and Services	1,128,822.28	253,424.43	88,609.80	-	1,470,856.51	-	-	1,470,856.51
Travel	337,808.55	4,514.51	-	-	342,323.06	-	-	342,323.06
Materials and Supplies	1,562,988.92	5,515.15	-	-	1,568,504.07	-	-	1,568,504.07
Communication and Utilities	608,503.08	-	-	-	608,503.08	-	-	608,503.08
Repairs and Maintenance	1,099,807.32	-	302,455.06	-	1,402,262.38	-	-	1,402,262.38
Rentals and Leases	317,066.79	-	-	-	317,066.79	-	-	317,066.79
Printing and Reproduction	286,245.43	19,957.64	-	-	306,203.07	-	-	306,203.07
State Grant Pass-Through Expenditures	34,539.51	-	-	-	34,539.51	-	-	34,539.51
Intergovernmental Payments	272,717.16	-	5,421,927.74	-	5,694,644.90	-	-	5,694,644.90
Public Assistance Payments	978,553.90	-	-	-	978,553.90	-	-	978,553.90
Other Expenditures	2,528,635.98	89,828.73	101,527.93	-	2,719,992.64	-	-	2,719,992.64
Pollution Remediation Obligation (Note 5)	-	-	-	-	-	-	(62,029.00)	(62,029.00)
Capital Outlay	2,499,864.08	-	1,250,347.00	-	3,750,211.08	(3,750,211.08)	-	-
Depreciation Expense	-	-	-	-	-	1,984,891.83	-	1,984,891.83
Amortization Expense	-	-	-	-	-	-	-	-
Total Expenditures/Expenses	<u>26,087,689.57</u>	<u>373,240.46</u>	<u>7,164,867.53</u>	<u>-</u>	<u>33,625,797.56</u>	<u>(1,765,319.25)</u>	<u>92,001.80</u>	<u>31,952,480.11</u>
Excess (Deficiency) of Revenues over Expenditures	<u>5,246,273.81</u>	<u>(2,284.97)</u>	<u>(7,164,867.53)</u>	<u>2,052.62</u>	<u>(1,918,826.07)</u>	<u>2,655,319.25</u>	<u>(92,001.80)</u>	<u>644,491.38</u>

**Exhibit II - Combined Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities -  
Governmental Funds (Cont.)  
For the Fiscal Year Ended August 31, 2016**

	General Funds (Ex A-2)	Special Revenue Funds (Ex B-2)	Capital Projects Funds (Ex D-2)	Permanent Funds (Ex E-2)	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Activities
<b>OTHER FINANCING SOURCES (USES)</b>								
Bond and Note Proceeds								
Increase in Obligations Under Capital Leases								
Sale of Capital Assets	976.50	-	-	-	976.50	(976.50)	-	-
Transfers In	6,493,068.57	-	4,880,157.97	-	11,373,226.54		-	11,373,226.54
Transfers Out	(757,008.29)	-	(1,575,356.18)	-	(2,332,364.47)	-	-	(2,332,364.47)
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-	(1,033.11)	-	(1,033.11)
Inc/(Dec) in Net Assets Due to Interagency Transfer (Note 2)		-	-	-	-	4,601.21	-	4,601.21
Appropriations Lapsed	(190.08)	-	-	-	(190.08)	-	-	(190.08)
Total Other Financing Sources (Uses)	<u>5,736,846.70</u>	<u>-</u>	<u>3,304,801.79</u>	<u>-</u>	<u>9,041,648.49</u>	<u>2,591.60</u>	<u>-</u>	<u>9,044,240.09</u>
Net Change in Fund Balances/Net Ass	<u>10,983,120.51</u>	<u>(2,284.97)</u>	<u>(3,860,065.74)</u>	<u>2,052.62</u>	<u>7,122,822.42</u>			<u>9,688,731.47</u>
<b>Fund Financial Statement - Fund Balances</b>								
Fund Balances, September 1, 2015	11,695,634.43	1,063,460.52	13,548,823.96	296,336.98	26,604,255.89			26,604,255.89
Restatements	-	(13,449.99)	-	-	(13,449.99)			(13,449.99)
Fund Balances, September 1, 2015, as Restate	<u>11,695,634.43</u>	<u>1,050,010.53</u>	<u>13,548,823.96</u>	<u>296,336.98</u>	<u>26,590,805.90</u>			<u>26,590,805.90</u>
Fund Balances, August 31, 2016	<u>\$ 22,678,754.94</u>	<u>\$ 1,047,725.56</u>	<u>\$ 9,688,758.22</u>	<u>\$ 298,389.60</u>	<u>\$ 33,713,628.32</u>			<u>\$ 36,279,537.37</u>
<b>Government-Wide Statement of Net Position</b>								
Net Position/Net Change in Net Position					<u>33,713,628.32</u>	<u>2,657,910.85</u>	<u>(92,001.80)</u>	<u>36,279,537.37</u>
Net Position, September 1, 2015						39,183,554.23	(1,307,663.98)	37,875,890.25
Restatements						57,128.08		57,128.08
Net Position, September 1, 2015, as Restated						<u>39,240,682.31</u>	<u>(1,307,663.98)</u>	<u>37,933,018.33</u>
Net Position, August 31, 2016					<u>\$ 33,713,628.32</u>	<u>\$ 41,898,593.16</u>	<u>\$ (1,399,665.78)</u>	<u>\$ 74,212,555.70</u>

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

# **Notes to the Financial Statements**

# Notes to the Financial Statements

## NOTE 1: Summary of Significant Accounting Policies

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### ENTITY

The Texas Historical Commission is an agency of the State of Texas and its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' *Reporting Requirements for Annual Financial Reports of State Agencies and Universities*.

The Texas Historical Commission serves the state by preserving the state's irreplaceable historic landmarks and artifacts for the enjoyment, education, and benefit of the public, and the enrichment of future generations.

Due to the statewide requirements embedded in Governmental Accounting Standard Board's ("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*; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

The Texas Historical Commission includes within this report all components as determined by an analysis of their relationship to the Texas Historical Commission as listed below.

### Blended Component Units

The Texas Historical Commission has one blended component unit, Friends of the Texas Historical Commission. Information on the component unit can be found in Note 19.

### Discretely Presented Component Units

The Texas Historical Commission does not have any discrete component units.

### 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 Revenue Fund

The general revenue fund (fund 0001) is used to account for all financial resources of the state except those required to be accounted for in another fund.

#### Capital Assets Adjustment Fund Type

The capital assets adjustment fund type is used to convert governmental fund types' capital assets from modified accrual to full accrual.

### Long-Term Liabilities Adjustment Fund Type

The long-term liabilities adjustment fund type is used to convert governmental fund types' debt from modified accrual to full accrual.

## **Fiduciary Fund Types**

Fiduciary funds account for assets held by the state in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. When assets are held under the terms of a formal trust agreement, either a pension trust fund, or a private purpose trust fund is used.

### **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.

## **Component Units**

The funds of the blended component units are available from the component units' separately issued financial statements. Additional information about component units can be found in Note 19.

## **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 are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized in the period that 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 60 days after fiscal 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 convert modified accrued basis to full accrued basis of accounting. The following activities are recognized in these fund types:

- Capital assets
- Accumulated depreciation
- Unpaid employee compensable leave
- The outstanding debt service principal and interest on long-term liabilities
- Capital leases
- Long-term claims and judgments
- Full accrual revenues and expenses
- Pension amounts in governmental activities

Proprietary fund types (enterprise funds and internal service fund) and fiduciary fund types (pension trust funds, external investment trust funds and private-purpose trust funds) except agency funds are accounted for on the full accrual basis of accounting. Under the full accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

Proprietary funds distinguish operating from non-operating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with the proprietary

funds' principal ongoing operations. Operating expenses for the enterprise and internal services funds include the cost of sales and services, administrative expenses and depreciation on capital assets.

## **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.

## **Assets, Liabilities, and Fund Balances/Net Position**

### **ASSETS**

#### **Cash and Cash Equivalents**

Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents.

#### **Inventories and Prepaid Items**

Inventories include both merchandise inventories on hand for sale and consumable inventories. Inventories are valued at cost, generally using 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 used or consumed.

#### **Capital Assets**

Assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year are capitalized. These assets are capitalized at cost or, if purchased, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all "exhaustible" assets. "Inexhaustible" assets (such as works of art and historical treasures) are not depreciated. Road and highway infrastructure is depreciated over the estimate of average useful live of a grouping of assets using composite method. Other depreciable assets are depreciated over the estimated useful life of the asset using the straight-line method.

All capital assets acquired by proprietary funds or trust funds are reported at cost or estimated historical cost if actual historical cost is not available. Donated capital assets are reported at acquisition value. Depreciation is charged to operations over the estimated useful life of each asset using the straight-line method.

#### **Other Receivables – Current and Noncurrent**

The disaggregation of other receivables as reported in the financial statements is disclosed in Note 24.

### **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.

#### **Other Payables – Current and Noncurrent**

The disaggregation of other payables as reported in the financial statements is disclosed in Note 24.

### **Employees' Compensable Leave Balances**

Employees' compensable leave balances represent the liability that becomes "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 position. These obligations are normally paid from the same funding source from which each employee's salary or wage compensation was paid.

## **FUND BALANCE/NET POSITION**

"Fund balance" is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources on the governmental fund statements. "Net position" is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources on the government-wide, proprietary and fiduciary fund statements.

### **Fund Balance Components**

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

- **Nonspendable fund balance** includes amounts not available to be spent because they are either not in spendable form *or* legally or contractually required to be maintained intact.
- **Restricted fund balance** includes those resources that have constraints placed on their use through external parties – such as creditors, grantors, contributors, laws or regulations of other governments – or by law through constitutional provisions or enabling legislation.
- **Committed fund balance** can be used only for specific purposes pursuant to constraints imposed through legislation passed into law by a formal action of the Texas Legislature, the state's highest level of decision making authority.
- **Assigned fund balance** includes amounts constrained by the state's intent to be used for specific purposes, but the constraints do not meet the requirements to be reported as restricted or committed. Intent is expressed by the Texas Legislature *or* a body (for example, a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.
- **Unassigned fund balance** is the residual classification for the general fund. This classification represents fund balance that was not assigned to other funds and was not restricted, committed or assigned to specific purposes within the general fund.

### **Net Investment in Capital Assets**

Net investment in capital assets, 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 Position**

Restricted net position results when constraints placed on net resources are either externally imposed by creditors, grantors, contributors, and the like or imposed by law through constitutional provisions or enabling legislation.

### **Unrestricted Net Position**

Unrestricted net position consists of net resources that do not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management but can be removed or modified.

## INTERFUND ACTIVITIES AND TRANSACTIONS

The agency has the following types of transactions between funds:

- (1) **Transfers:** Legally required transfers that are reported when incurred as “transfers in” by the recipient fund and as “transfers out” by the disbursing fund.
- (2) **Reimbursements:** Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another that are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.
- (3) **Interfund receivables and payables:** Interfund loans are reported as interfund receivables and payables. If repayment is due during the current year or soon thereafter, the balance is classified as “current.” Balances for repayment due in two (or more) years are classified as “non-current”.
- (4) **Interfund Sales and Purchases:** Charges or collections for services rendered by one fund to another that are recorded as revenues of the recipient fund (interfund services provided) and expenditures or expenses of the disbursing fund (interfund services used).

The composition of the agency’s interfund activities and transactions are presented in Note 12.

## NOTE 2: Capital Assets

Capital Assets are shown in the Government-wide Financial Statements (Exhibits I & II). GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* requires capital assets to be reported at historical cost. GASB Statement No. 72, *Fair Value Measurement and Application* requires donated capital assets, works of art, historical treasures, and capital assets received in service concession arrangements to be reported at acquisition value. A summary of changes in Capital Assets for the year ended August 31, 2016, is presented below:

Governmental Activities	Balance 9/1/2015	Adjustments	Comp. CIP	Transfers	Additions	Deletions	Balance 8/31/2016
<b>Non-depreciable or Non-amortizable Assets:</b>							
Land and Land Improvements	\$ 5,190,451.36	\$ 107,204.88	\$ -	\$ 4,601.21	\$ 250,000.00	\$ -	\$ 5,552,257.45
Construction in Progress	3,356,077.60	(49,702.00)	(1,337,209.05)	-	2,688,327.80	-	4,657,494.35
Other Capital Assets	207,477.10	-	-	-	-	-	207,477.10
Total Capital Assets Not Depr/Amrtz	\$ 8,754,006.06	\$ 57,502.88	\$ (1,337,209.05)	\$ 4,601.21	\$ 2,938,327.80	\$ -	\$ 10,417,228.90
<b>Depreciable Assets</b>							
Building and Building Improvements	\$ 42,430,405.62	\$ 206,000.00	\$ 1,163,669.05	\$ -	\$ 777,287.15	\$ -	\$ 44,577,361.82
Facilities and Other Improvements	937,496.52	(206,000.00)	173,540.00	-	535,201.70	-	1,440,238.22
Furniture and Equipment	1,998,953.09	-	-	-	224,544.75	(15,781.00)	2,207,716.84
Vehicles, Boats, and Aircraft	1,385,991.68	-	-	-	164,849.68	-	1,550,841.36
Other Capital Assets	1,191,496.22	-	-	-	-	-	1,191,496.22
Total Depreciable Assets	\$ 47,944,343.13	\$ 0.00	\$ 1,337,209.05	\$ -	\$ 1,701,883.28	\$ (15,781.00)	\$ 50,967,654.46
<b>Accumulated Depreciation</b>							
Buildings and Improvements	\$ (14,183,215.02)	\$ (54,113.44)	\$ -	\$ -	\$ (1,663,404.85)	\$ -	\$ (15,900,733.31)
Facilities and Other	(198,141.31)	-	-	-	(26,924.70)	-	(171,327.37)
Furniture and Equipment	(1,650,900.92)	(53,738.64)	-	-	(155,331.63)	13,771.39	(1,792,461.16)
Vehicles, Boats, and Aircraft	(1,219,932.24)	-	-	-	(84,685.73)	-	(1,304,617.97)
Other Capital Assets	(262,605.47)	-	-	-	(54,544.92)	-	(317,150.39)
Total Accumulated Depreciation	\$ (17,514,794.96)	\$ (374.80)	\$ -	\$ -	\$ (1,984,891.83)	\$ 13,771.39	\$ (19,486,290.20)
<b>Depreciable Assets – Net</b>	\$ 30,429,548.17	\$ (374.80)	\$ 1,337,209.05	\$ -	\$ (283,008.55)	\$ (2009.61)	\$ 31,481,364.26
<b>Amortizable Assets – Intangible</b>							
Computer Software	\$ 19,252.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,252.00
Total Amortizable Assets-Intangible	\$ 19,252.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,252.00
<b>Accumulated Amortization</b>							
Computer Software	\$ (19,252.00)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (19,252.00)
Total Accumulated Amortization	\$ (19,252.00)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (19,252.00)
<b>Amortizable Assets – Net</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Governmental Activities</b>	\$ 39,183,554.23	\$ 57,128.08	\$ -	\$ 4,601.21	\$ 2,655,319.25	\$ (2009.61)	\$ 41,898,593.16

### NOTE 3: Deposits, Investments & Repurchase Agreements

The Texas Historical Commission is authorized by statute to make investments following the "prudent person rule." There were no significant violations of legal provisions during the period.

#### Deposits of Cash in Bank

As of August 31, 2016, the carrying amount of deposits was \$1,068,810.53 as presented below.

#### Governmental Activities

<b>Governmental Activities</b>	
Cash in Bank – Carrying Amount	\$5,000.00
<b>Total Cash in Bank per AFR</b>	<b>\$5,000.00</b>
Governmental Funds Current Assets Cash in Bank	\$5,000.00
<b>Cash in Bank per AFR</b>	<b>\$5,000.00</b>
<b>Blended Component Unit (Friends of the Texas Historical Commission)</b>	
Cash in Bank – Carrying Amount	\$1,047,725.56
<b>Total Cash in Bank per AFR</b>	<b>\$1,047,725.56</b>
Special Revenue Funds Current Assets Cash in Bank	\$1,047,725.56
<b>Cash in Bank per AFR</b>	<b>\$1,047,725.56</b>

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 and cash equivalents" and "securities lending collateral" accounts.

As of August 31, 2016, the total **bank balance** was as follows:

Governmental Activities	\$5,000.00	Blended Component Units	\$1,047,725.56
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#### Investments

The Texas Historical Commission reports investments held in the Texas Treasury Safekeeping Trust Company (the "Trust Company"). The Trust Company was created by the Legislature as a special purpose entity to efficiently and economically manage, invest and safeguard funds for state agencies and various political subdivisions.

The Trust Company invests funds for the Texas Preservation Trust Fund in a diversified manner designed to preserve the purchasing power of the funds' assets and provide stable distributions for trust fund grants.

As of August 31, 2016, the fair value of investments were:

#### Governmental Activities

Investments by fair value level	Level 1	Level 2	Level 3	Total Fair Value
Debt Securities				
Short Term Investments	\$ 465,019.09			\$ 465,019.09
Equity Securities				
Equity ETF	69,260.89			69,260.89
<b>Total investments by fair value level</b>	<b>\$534,279.98</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$534,279.98</b>

<b>Investments measured at the net asset value (NAV)</b>				
Mutual Funds – Global Fixed Income				\$ 485,782.22
Mutual Funds – Commodities				134,802.80
Hedge Funds – Fund of Funds				529,864.98
Hedge Funds – Direct Funds				3,881,560.39
Alternative Investments Domestic				2,231,905.42
Alternative Investments International				194,064.25
<b>Total investments measured at the NAV</b>				<b>\$ 7,457,980.06</b>
<b>Total investments measured at fair value</b>				<b>\$ 7,992,260.04</b>

Valuations are intended to be made in a manner that is consistent with the Governmental Accounting Standard Board's ("GASB") Statement No. 72, *Fair Value Measurement and Application*. GASB 72 generally requires state and local governments to measure investments at fair value with some exceptions.

GASB defines an investment as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. The investment designation is made at acquisition and remains for the life of the asset.

Investments not measured at fair value continue to include, for example, money market investments, 2a7-like external investment pools, investments in life insurance contracts, common stock meeting the criteria for applying the equity method, unallocated insurance contracts, and synthetic guaranteed investment contracts. A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value per share (or its equivalent) of the investment.

Investments are categorized based on the fair value hierarchy of inputs summarized below:

Level 1 Inputs – Quoted (unadjusted) prices in active markets for identical assets or liabilities. Examples of markets in which inputs might be observable include exchange markets, dealer markets, brokered markets, and principal-to-principal markets.

Level 2 Inputs – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves, implied volatilities, credit spreads; or market-corroborated inputs.

Level 3 Inputs – Unobservable inputs for the asset or liability. They should be used only when relevant Level 1 and Level 2 inputs are unavailable. A government should develop Level 3 inputs using the best information available under the circumstances, which might include the government's own data. It should adjust those data if (a) reasonably available information indicates that other market participants would use different data or (b) there is something particular to the government that is not available to other market participants. A government need not undertake exhaustive efforts to obtain information about market participant assumptions.

Investments in private equity, real estate, and hedge funds are generally limited partner interests in the funds and reported at net asset value ("NAV").

#### A. Private Equity and Real Estate Investments

Investments are valued monthly at NAV using the latest account statements from the funds. NAV is adjusted for cash flows that occur after the date of the statements through the month-end date. Account statements are typically issued quarterly.

**B. Hedge Funds**

1. Investments are valued monthly at NAV using the current monthly account statements from the funds.

2. If a current monthly account statement is unavailable, the value is calculated by using the estimated monthly return from the fund. Once a statement is received, the value is adjusted to reflect the NAV from the statement adjusted for cash flows that occur after the statement date.

**C. Mutual Funds**

Investments are valued daily or monthly, as appropriate, at NAV per share.

**D. Exchange Traded Funds ("ETF"s)**

Investments are valued daily using electronic feeds from pricing vendors.

Investments valued using the net asset value (NAV) per share (or its equivalent) are considered “alternative investments” and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of limited partnerships. The Trust Company values these investments based on the partnerships’ audited financial statements. If August 31st statements are available, those values are used preferentially. However, most partnerships have fiscal years ending at other than August 31st. If August 31st valuations are not available, the value is progressed from the most recently available valuation taking into account subsequent calls and distributions. The following table presents the unfunded commitments, redemption frequency (if currently eligible), and the redemption notice period for the Endowments' alternative investments measured at NAV:

*Investments Measured at NAV*

	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
Mutual Funds - Global Fixed Income	\$ 485,782.22	N/A	Daily	1 day
Mutual Funds - Commodities	134,802.80	N/A	Daily, Monthly	1-30 days
Hedge Funds - Fund of Funds	529,864.98	N/A	Daily, Monthly, Quarterly, Annually	1-95 days
Hedge Funds - Direct Funds	3,881,560.39	N/A	Monthly, Quarterly, Semi-Annual, Annually	1-90 days
Alternative Investments Domestic	2,231,905.42	921,285.06	N/A	N/A
Alternative Investments International	194,064.25	52,518.39	N/A	N/A
<b>Total Investments measured at NAV</b>	<b>\$ 7,457,980.06</b>			

**Foreign currency risk** for investments is the risk that changes in exchange rates will adversely affect the investment. The agency’s investments are held in the Safekeeping Trust which is responsible for limiting foreign currency risk. The exposure to foreign currency risk as of August 31, 2016 is as follows:

<b>Fund Type</b>	<b>Fund</b>	<b>Foreign Currency</b>	<b>International Externally Managed Investments</b>
01	0664	Euro	\$ 194,064.25
		<b>Total</b>	<b>\$ 194,064.25</b>

**Credit risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Trust Company is responsible for limiting credit risk. As of August 31, 2016 the Texas Historical Commission’s credit quality distribution for securities with credit risk exposure was as follows:

Standard & Poor's			Credit Rating						
Fund Type	Fund	Investment Type	AAA	BBB	BB	B	CCC	Not Rated	
01	0664	Mutual Funds - Global Fixed Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$485,782.22	
01	0664	Investments in STIF	\$465,019.09	\$ -	\$ -	\$ -	\$ -	\$ -	

#### NOTE 4: Short-Term Debt

Not Applicable

#### NOTE 5: Long Term Liabilities

#### CHANGES IN LONG-TERM LIABILITIES

The following changes occurred in liabilities during the year ending August 31, 2016:

Governmental Activity	Balance 9/1/2015	Additions	Reductions	Balance 8/31/2016	Amounts Due Within One Year
Employees' Compensable Leave	\$1,245,634.98	\$1,543,734.41	\$1,389,703.61	\$1,399,665.78	\$605,877.69
Pollution Remediation Obligations	\$62,029.00	\$15,700.00	\$77,729.00	\$0.00	\$0.00
<b>Total Governmental Activities</b>	<b>\$1,307,663.98</b>	<b>\$1,559,434.41</b>	<b>\$1,467,432.61</b>	<b>\$1,399,665.78</b>	<b>\$605,877.69</b>

#### EMPLOYEES' COMPENSABLE LEAVE

If a state employee had continuous employment with the state for at least six months, the 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.

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 position. Both an expense and a liability for business-type activities 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. The obligation is usually paid from the same funding source(s) from which the employee's salary or wage compensation was paid.

#### Pollution Remediation Obligations

The Texas Historical Commission is responsible for the cleanup of asbestos and lead paint at the State Historic Sites the agency oversees during renovation and repair projects. The Historical Commission calculates expected outlays related to this pollution remediation from actual and estimated contracted amounts of the work to be performed. The amount of the estimated pollution remediation liability assumes there will be no major increases in the cost of providing these cleanup services.

The Historical Commission will not realize any recoveries associated with these cleanup activities.

**NOTE 6: Bonded Indebtedness**

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Not Applicable

**NOTE 7: Derivative Instruments**

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Not Applicable

**NOTE 8: Leases**

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**Operating Leases**

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

Fund Type	Amount
<b>General Fund</b>	\$317,066.79

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, 2016	
2017	\$162,377.76
2018	\$145,844.50
2019	\$69,723.60
2020	\$69,723.60
2021	\$19,526.37
2022 – 2026	\$0.00
2027 – 2031	\$0.00
2032 – 2036	\$0.00
2037 – 2041	\$0.00
2042 – 2046	\$0.00
2047 and beyond	\$0.00
<b>Total Minimum Future Lease Rental Payments</b>	<b>\$467,195.83</b>

**NOTE 9: Defined Benefit Pension Plans and Defined Contribution Plan (administering entities only)**

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Not Applicable

**NOTE 10: Deferred Compensation (administering agencies only)**

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Not Applicable

## NOTE 11: Post Employment Health Care and Life Insurance Benefits

Not Applicable

## NOTE 12: Interfund Activity and Transactions

The Texas Historical Commission experienced routine transfers with other state agencies that were consistent with the activities of the fund making the transfer. Repayment of interfund balances will occur within one year from the date of the financial statement.

Individual balances and activity at August 31, 2016, follows:

### Required Note 12 Presentation

#### Interfund Receivables and Payables - Current

Current Portion	Interfund Receivable	Interfund Payable	Purpose
<b>GENERAL REVENUE (01)</b>			
Appd Fund 0001, D23 Fund 0001 Appd Fund 0001, D23 Fund 0139	\$3,185.92	\$370.00	<b>Expenditure Transfer after End of Year</b>
Appd Fund 0001, D23 Fund 0001 Appd Fund 0664, D23 Fund 0664	\$13,518.65		<b>Expenditure Transfer after End of Year</b>
Appd Fund 0001, D23 Fund 0139 Appd Fund 0001, D23 Fund 0001	\$370.00	\$3,185.92	<b>Expenditure Transfer after End of Year</b>
Appd Fund 0664, D23 Fund 0664 Appd Fund 0001, D23 Fund 0001		\$13,518.65	<b>Expenditure Transfer after End of Year</b>
<b>Total Current Interfund Receivable/Payable</b>	<b>\$17,074.57</b>	<b>\$17,074.57</b>	

### Optional Note 12 Presentation

	Due From Other Agencies	Due to Other Agencies	Source
<b>GENERAL (01)</b>			
Appd Fund 0001, D23 Fund 0004 (Agency 601, D23 Fund 0006)	\$30,213.95		<b>TXDOT - IAC</b>
Appd Fund 0802, D23 Fund 0802 (Agency 608, D23 Fund 0802)	\$6,128.26		<b>DMV – License Plate</b>
Appd Fund 0664, D23 Fund 0664 (Agency 721, D23 Fund 7999)		\$4,688.83	<b>UT – TPTF Grant</b>
Appd Fund 0664, D23 Fund 0664 (Agency 743, D23 Fund 7999)		\$12,059.46	<b>UTSA – TPTF Grant</b>
<b>CAPITAL PROJECTS (04)</b>			
Appd Fund 7213, D23 Fund 7213 (Agency 347, GAAP Fund 7213)	\$3,014,756.05		<b>TPFA - Bonds</b>
Appd Fund 7650, D23 Fund 7650 (Agency 347, D23 Fund 7650)	\$4,749,539.27		<b>TPFA - Bonds</b>
Appd Fund 7662, D23 Fund 7662 (Agency 347, D23 Fund 7662)	\$2,011,477.03		<b>TPFA - Bonds</b>
<b>Total Due From /To Other Agencies</b>	<b>\$9,812,114.56</b>	<b>\$16,748.29</b>	

### Optional Note 12 Presentation

	Transfers In	Transfers Out	Purpose
<b>GENERAL (01)</b>			
Appd Fund 0001, D23 Fund 0139 (Agency 902, D23 Fund 0001)	\$6,493,068.57		CPA - Sporting Goods Sales Tax
Appd Fund 0001, D23 Fund 0001 (Agency 347, D23 Fund 7330)		\$704,886.17	TPFA- Debt Service
Appd Fund 0001, D23 Fund 0001 (Agency 347, D23 Fund 7348)		\$51,389.75	TPFA- Debt Service
Appd Fund 0001, D23 Fund 0001 (Agency 902, D23 Fund 0001)		\$732.37	CPA- Sale of Surplus Property
<b>CAPITAL PROJECTS (04)</b>			
Appd Fund 7213, D23 Fund 7213 (Agency 808, D23 Fund 7213)	\$2,601,459.98		THC - Bonds
Appd Fund 7632, D23 Fund 7632 (Agency 808, D23 Fund 7632)	\$218,330.22		THC - Bonds
Appd Fund 7636, D23 Fund 7636 (Agency 808, D23 Fund 7636)		\$15,869.10	THC - Bonds
Appd Fund 7646, D23 Fund 7646 (Agency 808, D23 Fund 7646)	\$97,084.07		THC - Bonds
Appd Fund 7650, D23 Fund 7650 (Agency 347, D23 Fund 7650)	\$1,559,487.08	\$1,559,487.08	TPFA – Bonds
Appd Fund 7662, D23 Fund 7662 (Agency 347, D23 Fund 7662)	\$403,796.62		TPFA – Bonds
<b>Total Transfers In/Out</b>	<b>\$11,373,226.54</b>	<b>\$2,332,364.47</b>	

### NOTE 13: Continuance Subject to Review

Under the Texas Sunset Act, the Texas Historical Commission will be abolished effective September 1, 2019, unless continued in existence by the 86<sup>th</sup> Legislature as provided by the Act. If abolished, the agency may continue until September 1, 2020 to close out its operations.

### NOTE 14: Adjustments to Fund Balances and Net Position

During fiscal year 2016, certain accounting changes and adjustments were made that required the restatement of fund balances or net position. The restatements are presented below.

	Special Revenue Fund (Friends of the Texas Historical Commission)	Capital Assets	Total
Fund Balance/ Net Position, August 31, 2015	\$1,063,460.52	\$39,183,554.23	\$40,247,014.75
Current Year's Restatements	\$(13,449.99)	\$57,128.08	\$43,678.09
<b>Fund Balance/Net Position, September 1, 2015 as Restated</b>	<b>\$1,050,010.53</b>	<b>\$39,240,682.31</b>	<b>\$40,290,692.84</b>

#### Special Revenue Fund (Friends of the Texas Historical Commission)

The Texas Historical Commission used the unaudited financial statements of the Friends of the Texas Historical Commission to prepare the 2015 Annual Financial Report. The audited financial statements were not available from the independent auditors at the reporting deadline. The restatement to the Special Revenue

fund balance of \$13,449.99 was required due to accrued liabilities that were not reported in the unaudited financial statements.

### **Capital Assets Account**

The restatement of the Capital Assets (Note 2) for \$57,128.08 was due to changes in classifying exhibits and additional information on the historical cost of land.

The Texas Historical Commission worked with the Comptroller of Public Accounts' State Property Accounting group to classify capital exhibits at State Historic Sites. The exhibits were reclassified from Facility Improvements to Building Improvements. Some exhibits were removed from SPA as they did not meet the capitalization threshold for Building Improvements.

During FY 2016, the Texas Facilities Commission (TFC) reviewed the capitol complex buildings and land in the State Property Accounting System (SPA) based on their historical documentation. TFC purchased the land for the El Rose Apartment buildings in November 1967. The historical cost of the land was understated in SPA by \$107,204.88. The Texas Historical Commission updated the value in SPA upon receiving the documentation from TFC.

### **NOTE 15: Contingencies and Commitments**

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Not Applicable

### **NOTE 16: Subsequent Events**

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Not Applicable

### **NOTE 17: Risk Management**

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

The Texas Historical Commission assumes substantially all risks associated with tort and liability claims due to the performance of its duties. The Commission has purchased property insurance for Sabine Pass State Historical Site through the Statewide Property Insurance Program as well as Volunteer Insurance through the Statewide Volunteer Insurance Program.

The Texas Historical Commission's 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. There were no significant reductions in insurance coverage in the past year and losses did not exceed funding arrangements during the past three years.

### **NOTE 18: Management Discussion and Analysis**

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#### **General Revenue Fund**

The General Revenue (fund 0001) fund balance increased by \$11 million. This increase was primarily due to appropriations for the Texas Historic Courthouse Preservation Program that will be expended in future fiscal years. The 84<sup>th</sup> Texas Legislature appropriated \$10 million of General Revenue in each year of the 2016-17 biennium for courthouse grants. On July 22, 2016, the Texas Historical Commission awarded \$20,162,369 in courthouse grants to eight counties for the Texas Historic Courthouse Preservation Program. These grants

will be paid out over the next several years as the counties are reimbursed for the preservation construction work completed on the courthouses.

### **Capital Projects (Bond) Funds**

The Proposition 8 Bonds (fund 7213) fund balance is \$2.9 million. In December 2015, THC entered into a contract for \$2.2 million for the construction of a visitor center at the Levi Jordan Plantation State Historic Site.

The Proposition 4 Bonds (fund 7636) fund balance is \$0. The THC has approximately \$4.1 million still available from TPFAs for historic sites bond projects. In September 2016, THC entered into a \$4 million contract for the construction of a museum at the San Felipe de Austin State Historic Site.

### **Capital Asset Account**

On July 1, 2016, the city of San Augustine transferred the Mission Nuestra Señora de los Dolores de los Ais site to the Texas Historical Commission. The site now referred to as Mission Dolores State Historic Site includes 36 acres of land with a visitor center, an archeology lab, and a 33-space recreational vehicle park. The appraised value of the land and buildings is \$890,000.

## **NOTE 19: The Financial Reporting Entity**

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### **The Financial Reporting Entity**

As required by Generally Accepted Accounting Principles, the financial statements present the Texas Historical Commission and its component units. The component units discussed in this note are included in the Texas Historical Commission's reporting entity because of the significance of their operational or financial relationships with the Texas Historical Commission.

### **Individual Component Unit Disclosures**

**Blended Component Units:** The Texas Historical Commission provides office space and administrative services to the Friends of the Texas Historical Commission. The staff of the Friends of the Texas Historical Commission also participates in programs sponsored by the Commission. Although it is legally separate from the Texas Historical Commission, the Friends of the Texas Historical Commission is reported as if it were part of the primary government because its sole purpose is to support the activities of the Texas Historical Commission. The Friends of the Texas Historical Commission's financial data is reported as a Special Revenue Fund (USAS D22 fund 6999) in the combining statement of revenues, expenses and changes in fund balances – Special Revenue funds in the Texas Historical Commission's AFR. The fiscal year-end for the Friends of the Texas Historical Commission is August 31.

Complete financial statements of the individual component unit can be obtained from their administrative office.

Friends of the Texas Historical Commission  
P.O. Box 13497  
Austin, TX 78711

## **NOTE 20: Stewardship, Compliance and Accountability**

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Not Applicable

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**NOTE 21**

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This note is no longer reported by state agencies.

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**NOTE 22: Donor-Restricted Endowments**

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In 1956, Ima Hogg donated the Varner Plantation and land in Brazoria County to the Texas State Parks Board to be used as a state park. She also transferred stocks to provide income for the operation, maintenance, and improvement of the state park. The Comptroller established trust fund 941 for revenues and related expenditures.

House Bill 12, 80<sup>th</sup> Legislative Session, transferred the Varner-Hogg State Park and related trust account from the Texas Parks and Wildlife Department (TPWD) to the Texas Historical Commission on January 1, 2008. TPWD received \$75,180 from the liquidation of the donated stocks due to mergers and acquisitions in the 1980s. TPWD did not specify the trust fund corpus when the trust fund was transferred to the Texas Historical Commission. The Texas Historical Commission approved the non-spendable corpus amount of the Varner-Hogg Trust to be \$75,180 on January 29, 2016 based on the documentation received from TPWD.

In fiscal year 2016, the fund received \$2,052.62 in interest earnings. The fund balance at August 31, 2016 was \$298,389.60.

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**NOTE 23: Extraordinary and Special Items**

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Not Applicable

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**NOTE 24: Disaggregation of Receivable and Payable Balances**

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Not Applicable

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**NOTE 25: Termination Benefits**

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Not Applicable

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**NOTE 26: Segment Information**

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Not Applicable

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**NOTE 27: Service Concession Arrangements**

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Not Applicable

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**NOTE 28: Deferred Outflows of Resources and Deferred Inflows of Resources**

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Not Applicable

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**NOTE 29: Troubled Debt Restructuring**

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Not Applicable

**NOTE 30: Non-Exchange Financial Guarantees**

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Not Applicable

# Combining Statements

**Exhibit A-1 - Combining Balance Sheet - All General and Consolidated Funds  
August 31, 2016**

	Consolidated Accounts			Total (Exhibit A-1)
	General Revenue (0001)* U/F (0001)	Preservation Trust Fund (0664)* U/F (0664)	License Plate Trust Fund (0802)* U/F (0802)	
<b>ASSETS</b>				
Current Assets:				
Cash				
On Hand	\$ 2,700.00	\$ -	\$ -	\$ 2,700.00
In Bank	5,000.00	-	-	5,000.00
In State Treasury	(26,086.48)	338,157.82	-	312,071.34
Short Term Investments	-	465,019.09	-	465,019.09
Legislative Appropriations	14,865,398.33	-	-	14,865,398.33
Receivables from:				
Federal	830,733.64	-	-	830,733.64
Interest and Dividends	-	160.17	-	160.17
Accounts Receivable	63.10	-	-	63.10
Interfund Receivables	17,074.57	-	-	17,074.57
Due From Other Agencies	30,213.95	-	6,128.26	36,342.21
Consumable Inventories	606,614.07	-	-	606,614.07
Merchandise Inventories	145,225.60	-	-	145,225.60
Other Current Assets				
Total Current Assets	<u>16,476,936.78</u>	<u>803,337.08</u>	<u>6,128.26</u>	<u>17,286,402.12</u>
Non-Current Assets:				
Investments	-	7,527,240.95	-	7,527,240.95
Total Non-Current Assets	<u>-</u>	<u>7,527,240.95</u>	<u>-</u>	<u>7,527,240.95</u>
Total Assets	<u>16,476,936.78</u>	<u>8,330,578.03</u>	<u>6,128.26</u>	<u>24,813,643.07</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Current Liabilities:				
Payables from				
Accounts	824,272.36	4,096.35	-	828,368.71
Payroll	1,272,696.56	-	-	1,272,696.56
Interfund Payable	3,555.92	13,518.65	-	17,074.57
Due To Other Agencies	-	16,748.29	-	16,748.29
Total Current Liabilities	<u>2,100,524.84</u>	<u>34,363.29</u>	<u>-</u>	<u>2,134,888.13</u>
Total Liabilities	<u>2,100,524.84</u>	<u>34,363.29</u>	<u>-</u>	<u>2,134,888.13</u>
Fund Balances (Deficits):				
Committed	-	8,296,214.74	6,128.26	8,302,343.00
Nonspendable for Inventory	751,839.67	-	-	751,839.67
Unassigned	13,624,572.27	-	-	13,624,572.27
Total Fund Balances	<u>14,376,411.94</u>	<u>8,296,214.74</u>	<u>6,128.26</u>	<u>22,678,754.94</u>
Total Liabilities and Fund Balances	<u>\$ 16,476,936.78</u>	<u>\$ 8,330,578.03</u>	<u>\$ 6,128.26</u>	<u>\$ 24,813,643.07</u>

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

**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, 2016**

	Consolidated Accounts			Total (Ex II)
	General Revenue	Preservation Trust	License Plate	
	(0001)* U/F (0001)	Fund (0664)* U/F (0664)	Trust Fund (0802)* U/F (0802)	
<b>REVENUES</b>				
Legislative Appropriations				
Original Appropriations (GR)	\$ 22,551,919.00	\$ -	\$ -	\$ 22,551,919.00
Additional Appropriations (GR)	3,230,485.40			3,230,485.40
Taxes (GR)	(3.29)	-	-	(3.29)
Federal Revenue (PR - Operating or Capital)	1,494,071.94	-	-	1,494,071.94
Federal Grant Pass-Through Revenue (GR)	480,730.99	-	-	480,730.99
State Grant Pass-Through Revenue (GR)	150,000.00			150,000.00
License, Fees & Permits (PR)	2,268,377.60	-	2,163.30	2,270,540.90
Land Income	13,941.69	-	-	13,941.69
Interest and Other Investment Income (GR)	-	47,332.80	36.20	47,369.00
Net Increase (Decrease) in Fair Value	-	113,715.82	-	113,715.82
Settlement of Claims	9,668.33	-	-	9,668.33
Sales of Goods and Services (PR)	501,169.24	-	-	501,169.24
Other (GR)	470,354.36	-	-	470,354.36
<b>Total Revenues</b>	<b>31,170,715.26</b>	<b>161,048.62</b>	<b>2,199.50</b>	<b>31,333,963.38</b>
<b>EXPENDITURES</b>				
Salaries and Wages	10,939,436.45	-	-	10,939,436.45
Payroll Related Costs	3,492,700.12	-	-	3,492,700.12
Professional Fees and Services	1,110,389.58	18,432.70	-	1,128,822.28
Travel	337,808.55	-	-	337,808.55
Materials and Supplies	1,562,988.92	-	-	1,562,988.92
Communication and Utilities	608,503.08	-	-	608,503.08
Repairs and Maintenance	1,099,807.32	-	-	1,099,807.32
Rentals and Leases	317,066.79	-	-	317,066.79
Printing and Reproduction	286,245.43	-	-	286,245.43
State Grant Pass-Through Expenditures		34,539.51		34,539.51
Intergovernmental Payments	245,417.16	27,300.00	-	272,717.16
Public Assistance Payments	803,019.70	173,821.70	1,712.50	978,553.90
Other Expenditures	2,528,635.98	-	-	2,528,635.98
Capital Outlay	2,499,864.08	-	-	2,499,864.08
<b>Total Expenditures</b>	<b>25,831,883.16</b>	<b>254,093.91</b>	<b>1,712.50</b>	<b>26,087,689.57</b>
Excess (Deficiency) of Revenues over Expenditures	5,338,832.10	(93,045.29)	487.00	5,246,273.81
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	6,493,068.57	-	-	6,493,068.57
Transfers Out	(757,008.29)	-	-	(757,008.29)
Proceeds from Sale of Fixed Assets	976.50	-	-	976.50
Appropriations Lapsed	(190.08)	-	-	(190.08)
<b>Total Other Financing Sources (Uses)</b>	<b>5,736,846.70</b>	<b>-</b>	<b>-</b>	<b>5,736,846.70</b>
Net Change in Fund Balances	11,075,678.80	(93,045.29)	487.00	10,983,120.51
<b>Fund Financial Statement - Fund Balances</b>				
Fund Balances, September 1, 2015	3,300,733.14	8,389,260.03	5,641.26	11,695,634.43
Restatements	-	-	-	-
Fund Balances, September 1, 2015, as Restated	3,300,733.14	8,389,260.03	5,641.26	11,695,634.43
Fund Balances, August 31, 2016	\$ 14,376,411.94	\$ 8,296,214.74	\$ 6,128.26	\$ 22,678,754.94

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

**Exhibit B-1 - Combining Balance Sheet - Special Revenue Funds  
August 31, 2016**

**Special Revenue  
Friends of the Texas Historical Commission  
(9999)\*  
U/F (6999)**

**ASSETS**

Current Assets:	
Cash	
In Bank	\$ 1,047,725.56
Legislative Appropriations	
Receivables from:	
Gifts, Pledges and Donations	
Total Current Assets	1,047,725.56
Total Assets	1,047,725.56

**LIABILITIES AND FUND BALANCES**

Liabilities	
Current Liabilities:	
Payables from:	
Accounts	
Total Current Liabilities	-
Total Liabilities	-
Fund Balances (Deficits):	
Assigned	1,047,725.56
Total Fund Balances	1,047,725.56
Total Liabilities and Fund Balances	\$ 1,047,725.56

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

**Exhibit B-2 - Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Special Revenue Funds  
For the Fiscal Year Ended August 31, 2016**

	<b>Special Revenue</b> <b>Friends of the Texas Historical Commission</b> <b>(9999)*</b> <b>U/F (6999)</b>
<b>REVENUES</b>	
Licenses, Fees & Permits (PR)	\$ 2,414.12
Interest and Other Investment Income (GR)	13,453.33
Other (GR)	342,851.97
Net Increase (Dec) Fair Value	12,236.07
<b>Total Revenues</b>	<b>370,955.49</b>
 <b>EXPENDITURES</b>	
Professional Fees and Services	253,424.43
Travel	4,514.51
Materials and Supplies	5,515.15
Printing and Reproduction	19,957.64
Other Expenditures	89,828.73
<b>Total Expenditures</b>	<b>373,240.46</b>
 Excess (Deficiency) of Revenues over Expenditures	 (2,284.97)
 Net Change in Fund Balances	 (2,284.97)
 <b>Fund Financial Statement - Fund Balances</b>	
Fund Balances, September 1, 2015	1,063,460.52
Restatements	(13,449.99)
Fund Balances, September 1, 2015, as Restated	1,050,010.53
 Fund Balances, August 31, 2016	\$ 1,047,725.56

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

**Exhibit D-1 - Combining Balance Sheet - Capital Projects Funds  
August 31, 2016**

	<b>Courthouse Grants and Historic Site Bond Funds</b>						
	<b>Fund 1</b>	<b>Fund 2</b>	<b>Fund 3</b>	<b>Fund 4</b>	<b>Fund 5</b>	<b>Fund 6</b>	<b>Total</b>
	<b>(7213)*</b>	<b>(7632)*</b>	<b>(7636)*</b>	<b>(7646)*</b>	<b>(7650)*</b>	<b>(7662)*</b>	<b>(Exhibit D-1)</b>
	<b>U/F (7213)</b>	<b>U/F (7632)</b>	<b>U/F (7636)</b>	<b>U/F (7646)</b>	<b>U/F (7650)</b>	<b>U/F (7662)</b>	
<b>ASSETS</b>							
Current Assets:							
Interfund Receivables							\$ -
Due From Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due From Other Agencies	3,014,756.05				4,749,539.27	2,011,477.03	9,775,772.35
Total Current Assets	3,014,756.05	-	-	-	4,749,539.27	2,011,477.03	9,775,772.35
Total Assets	3,014,756.05	-	-	-	4,749,539.27	2,011,477.03	9,775,772.35
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities							
Current Liabilities:							
Payables from							
Accounts	87,014.13	-	-	-	-	-	87,014.13
Interfund Payable	-	-	-	-	-	-	-
Total Current Liabilities	87,014.13	-	-	-	-	-	87,014.13
Total Liabilities	87,014.13	-	-	-	-	-	87,014.13
Fund Balances (Deficits):							
Assigned							-
Restricted	2,927,741.92				4,749,539.27	2,011,477.03	9,688,758.22
Total Fund Balances	2,927,741.92	-	-	-	4,749,539.27	2,011,477.03	9,688,758.22
Total Liabilities and Fund Balances	\$ 3,014,756.05	\$ -	\$ -	\$ -	\$ 4,749,539.27	\$ 2,011,477.03	\$ 9,775,772.35

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

**Exhibit D-2 - Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Capital Projects Funds  
For the Fiscal Year Ended August 31, 2016**

	<b>Courthouse Grants and Historic Site Bond Funds</b>						
	<b>Fund 1</b>	<b>Fund 2</b>	<b>Fund 3</b>	<b>Fund 4</b>	<b>Fund 5</b>	<b>Fund 6</b>	<b>Totals</b>
	<b>(7213)*</b>	<b>(7632)*</b>	<b>(7636)*</b>	<b>(7646)*</b>	<b>(7650)*</b>	<b>(7662)*</b>	<b>(Ex II)</b>
	<b>U/F (7213)</b>	<b>U/F (7632)</b>	<b>U/F (7636)</b>	<b>U/F (7646)</b>	<b>U/F (7650)</b>	<b>U/F (7662)</b>	
<b>REVENUES</b>							
Legislative Appropriations							
Original Appropriations (GR)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-	-	-	-
<b>EXPENDITURES</b>							
Professional Fees and Services	56,451.18	-	32,158.62	-	-	-	88,609.80
Repairs and Maintenance	241,547.11	-	60,907.95	-	-	-	302,455.06
Intergovernmental Payments	-	233,171.27	720,094.49	189,575.64	2,938,399.50	1,340,686.84	5,421,927.74
Other Expenditures	75,204.46	-	26,323.47	-	-	-	101,527.93
Capital Outlay	1,250,347.00	-	-	-	-	-	1,250,347.00
Total Expenditures	1,623,549.75	233,171.27	839,484.53	189,575.64	2,938,399.50	1,340,686.84	7,164,867.53
Excess (Deficiency) of Revenues over Expenditures	(1,623,549.75)	(233,171.27)	(839,484.53)	(189,575.64)	(2,938,399.50)	(1,340,686.84)	(7,164,867.53)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In	2,601,459.98	218,330.22	-	97,084.07	1,559,487.08	403,796.62	4,880,157.97
Transfers Out	-	-	(15,869.10)	-	(1,559,487.08)	-	(1,575,356.18)
Total Other Financing Sources (Uses)	2,601,459.98	218,330.22	(15,869.10)	97,084.07	-	403,796.62	3,304,801.79
Net Change in Fund Balances	977,910.23	(14,841.05)	(855,353.63)	(92,491.57)	(2,938,399.50)	(936,890.22)	(3,860,065.74)
<b>Fund Financial Statement - Fund Balances</b>							
Fund Balances, September 1, 2015	1,949,831.69	14,841.05	855,353.63	92,491.57	7,687,938.77	2,948,367.25	13,548,823.96
Fund Balances, August 31, 2016	\$ 2,927,741.92	\$ -	\$ -	\$ -	\$ 4,749,539.27	\$ 2,011,477.03	\$ 9,688,758.22

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

**Exhibit E-1 - Combining Balance Sheet - Permanent Funds  
August 31, 2016**

	<b>Varner-Hogg Trust Account (0941)* <u>U/F (0941)</u></b>
<b>ASSETS</b>	
Current Assets:	
Cash	
In State Treasury	\$ 298,389.60
Total Current Assets	<u>298,389.60</u>
Total Assets	<u><u>298,389.60</u></u>
Fund Balances (Deficits):	
Restricted	223,209.60
Nonspendable	75,180.00
Total Fund Balances	<u>298,389.60</u>
Total Liabilities and Fund Balances	<u><u>\$ 298,389.60</u></u>

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

**Exhibit E-2 - Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Permanent Funds  
For the Fiscal Year Ended August 31, 2016**

	<b>Varner-Hogg Trust Account (0941)* U/F (0941)</b>
<b>REVENUES</b>	
Interest and Other Investment Income (GR)	\$ 2,052.62
Total Revenues	<u>2,052.62</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>2,052.62</u>
Net Change in Fund Balances	<u>2,052.62</u>
<b>Fund Financial Statement - Fund Balances</b>	
Fund Balances, September 1, 2015	296,336.98
Fund Balances, August 31, 2016	<u>\$ 298,389.60</u>

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

# Schedules

## Schedule 1A - Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2016

Federal Grantor/ Pass-through Grantor/ Program Title	CFDA	Agy No	Pass-Through From Agencies or Universities	Direct Program Amount	Total PT From and Direct Prog. Amount	Pass-Through To Non-State Entities Amount	Expenditures Amount	Total PT To and Expenditures Amount
<b>General Services Administration</b>								
<i>Pass-Through From:</i>								
Donation of Federal Surplus Personal Property (Non-monetary)	39.003				\$ 8,973.72		\$ 8,973.72	\$ 8,973.72
<i>Pass-Through From:</i>								
Texas Facilities Commission		303	8,973.72					
<b>Totals - General Services Administration</b>			<b>\$ 8,973.72</b>	<b>\$ -</b>	<b>\$ 8,973.72</b>	<b>\$ -</b>	<b>\$ 8,973.72</b>	<b>\$ 8,973.72</b>
<b>U.S. Department of the Interior</b>								
<i>Direct Programs:</i>								
Historic Preservation Fund Grants-In-Aid	15.904			\$ 1,491,599.20	\$ 1,491,599.20	\$ 202,660.89	\$ 1,288,938.31	\$ 1,491,599.20
National Maritime Heritage Grants	15.925			2,472.74	2,472.74		2,472.74	2,472.74
<b>Totals - U.S. Department of the Interior</b>			<b>\$ -</b>	<b>\$ 1,494,071.94</b>	<b>\$ 1,494,071.94</b>	<b>\$ 202,660.89</b>	<b>\$ 1,291,411.05</b>	<b>\$ 1,494,071.94</b>
<b>Highway Planning and Construction Cluster</b>								
<b>U.S. Department of Transportation</b>								
Highway Planning and Construction	20.205				\$ 480,730.99		\$ 480,730.99	\$ 480,730.99
<i>Pass-Through From:</i>								
Texas Department of Transportation		601	480,730.99					
<b>Totals - U.S. Department of Transportation</b>			<b>\$ 480,730.99</b>	<b>\$ -</b>	<b>\$ 480,730.99</b>	<b>\$ -</b>	<b>\$ 480,730.99</b>	<b>\$ 480,730.99</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 489,704.71</b>	<b>\$ 1,494,071.94</b>	<b>\$ 1,983,776.65</b>	<b>\$ 202,660.89</b>	<b>\$ 1,781,115.76</b>	<b>\$ 1,983,776.65</b>

## Schedule 1A - Schedule of Expenditures of Federal Awards (Notes)

For the Year Ended August 31, 2016

### SEFA Note 1 - Non-Monetary Assistance

The non-monetary assistance for the Texas Historical Commission in FY2016 is due to Federal Surplus Personal Property from the Texas Facilities Commission.

### SEFA Note 2 – Reconciliation

Below is a reconciliation of the total of federal pass-through and federal expenditures as reported on the Schedule of Federal Financial Assistance to the total of federal revenues and federal grant 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 Funds; and Combined Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds; and Combined Statement of Changes in Fiduciary Net Assets:

	AFR	USAS Amount	Note 2 Amount
<b>Federal Revenue</b>			
Governmental Funds	Exhibit II	\$ 1,494,071.94	\$ 1,494,071.94
<b>Total Federal Revenue</b>		<b>\$ 1,494,071.94</b>	<b>\$ 1,494,071.94</b>
<b>Federal Pass-Through Revenue</b>			
Governmental Funds	Exhibit II	\$ 480,730.99	\$ 480,730.99
<b>Total Federal Pass-Through Revenue</b>		<b>\$480,730.99</b>	<b>\$480,730.99</b>
<b>Total Federal Revenue and Federal Pass-Through Revenue</b>		<b>\$ 1,974,802.93</b>	<b>\$ 1,974,802.93</b>
<b>Reconciliation Items</b>		<b>CFDA</b>	<b>Amount</b>
<b>Non-monetary Items:</b>			
Donation of Federal Surplus Personal Property		39.003	\$ 8,973.72
<b>Total Non-monetary Items</b>			
<b>Total Reconciliation Items:</b>			<b>\$ 8,973.72</b>
<b>Total per Note 2:</b>			<b>\$ 1,983,776.65</b>
<b>Total Pass Through and Expenditures per Federal Schedule:</b>			<b>\$ 1,983,776.65</b>
<b>Difference:</b>			<b>\$0.00</b>

## Schedule 1B - Schedule of State Grant Pass-Throughs From/To State Agencies

For the Year Ended August 31, 2016

Pass-through From	Grant ID	Agency Number	Amount
<b>Agency Grant Assistance - GR Fund 0001</b>	<b>300.0026</b>		
Office of the Governor		300	\$ 150,000.00
			<u>150,000.00</u>
<b>Total Pass-Through from Other Agencies (Exh. II):</b>			<b>\$ 150,000.00</b>

Pass-through To	Grant ID	Agency Number	Amount
<b>2015 TARL PTF Grant</b>	<b>808.1501</b>		
University of Texas at Austin		721	\$ 22,480.05
			<u>\$ 22,480.05</u>
 <b>2015 UTSA PT Grant</b>	 <b>808.1502</b>		
University of Texas at San Antonio		743	12,059.46
			<u>\$ 12,059.46</u>
<b>Total Pass-Through to Other Agencies (Exh. II):</b>			<b>\$ 34,539.51</b>