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October 2009  
SFR-045/09

# Annual Financial Report

## Fiscal Year Ending August 31, 2009



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# **Annual Financial Report**

## **Fiscal Year Ending August 31, 2009**

Prepared by  
Financial Administration Division

SFR-045/09  
October 2009

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**Bryan W. Shaw, Ph.D.,** *Chairman*  
**Buddy Garcia,** *Commissioner*  
**Carlos Rubinstein,** *Commissioner*

**Mark R. Vickery, P.G.,** *Executive Director*

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Bryan W. Shaw, Ph.D., *Chairman*  
Buddy Garcia, *Commissioner*  
Carlos Rubinstein, *Commissioner*  
Mark R. Vickery, P.G., *Executive Director*



## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

November 19, 2009

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

Lady and Gentlemen:

We are pleased to submit the annual financial report of the Texas Commission on Environmental Quality for the year ended August 31, 2009, in compliance with Texas Government Code Annotated, §2101.011, and in accordance with the requirements established by the Comptroller of Public Accounts.

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

If you have any questions, please contact Ms. Linda Flores, Chief Financial Officer, at 239-0290. Ms. Pamela McKinney may be contacted at 239-0189 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark R. Vickery", with a large, stylized flourish extending from the end of the signature.

Mark R. Vickery, P. G.  
Executive Director



COMBINED FINANCIAL STATEMENTS

-UNAUDITED-

**EXHIBIT I  
COMBINED BALANCE SHEET  
Statement of Net Assets - Governmental Funds  
August 31, 2009**

	Governmental Fund Type General (Exh. A-1)	Capital Asset Adjustment	Long Term Liabilities Adjustment	Other Adjustment	Statement of Net Assets	Discrete Governmental Component Units
<b>Assets</b>						
<b>Current Assets:</b>						
Cash in Bank	\$ 7,450.00	\$	\$	\$	\$ 7,450.00	\$
Cash in State Treasury	887,829,358.76				887,829,358.76	
Legislative Appropriations	8,635,885.60				8,635,885.60	272,342.94
Receivables From:						
Federal	888,622.32				888,622.32	
A/R - Licenses, Fees, & Permits	1,488,380.40				1,488,380.40	
Other Intergovernmental	0.00				0.00	
Due From Other Funds	2,600,170.62				2,600,170.62	
Due From Other Agencies	2,702,015.88				2,702,015.88	
Consumable Inventories	202,796.07				202,796.07	
<b>Total Current Assets</b>	<u>904,354,679.65</u>				<u>904,354,679.65</u>	<u>272,342.94</u>
<b>Non - Current Assets:</b>						
<b>Capital Assets:</b>						
<b>Depreciable</b>						
Buildings and Building Improvements		4,544,105.74			4,544,105.74	
Less - Accumulated Depreciation		(2,113,387.26)			(2,113,387.26)	
Furniture and Equipment		58,697,368.10			58,697,368.10	
Less - Accumulated Depreciation		(45,801,158.70)			(45,801,158.70)	
Vehicles, Boats, & Aircraft		8,903,974.54			8,903,974.54	
Less - Accumulated Depreciation		(4,802,059.90)			(4,802,059.90)	
<b>Total Non Current Assets</b>		<u>19,428,842.52</u>			<u>19,428,842.52</u>	<u>0.00</u>
<b>Total Assets</b>	<u>\$ 904,354,679.65</u>	<u>\$ 19,428,842.52</u>	<u>\$</u>	<u>\$</u>	<u>\$ 923,783,522.17</u>	<u>\$ 272,342.94</u>

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

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY (582)

-UNAUDITED-

	Governmental Fund Type General (Exh. A-1)	Capital Asset Adjustment	Long Term Liabilities Adjustment	Other Adjustment	Statement of Net Assets	Discrete Governmental Component Units
<b>Liabilities</b>						
<b>Current Liabilities:</b>						
Payables from:						
Accounts Payable	\$ 7,808,159.60	\$	\$	\$	\$ 7,808,159.60	\$ 12,299.00
Payroll Payable	16,755,446.80				16,755,446.80	306.00
Contracts Retainage Payable	938,711.23				938,711.23	
Due to Other Funds	2,600,170.62				2,600,170.62	
Due to Other Agencies	5,981,735.28				5,981,735.28	44,870.78
Employees Compensable Leave (Note 5)			9,709,740.20		9,709,740.20	
Pollution Remediation Obligations (Note 5)			41,403,478.87		41,403,478.87	
<b>Total Current Liabilities</b>	<u>34,084,223.53</u>		<u>51,113,219.07</u>		<u>85,197,442.60</u>	<u>57,475.78</u>
<b>Non-Current Liabilities:</b>						
Employees' Compensable Leave (Note 5)			7,449,890.94		7,449,890.94	
Pollution Remediation Obligations (Note 5)			326,021,182.22		326,021,182.22	
<b>Total Non-Current Liabilities</b>			<u>333,471,073.16</u>		<u>333,471,073.16</u>	
<b>Total Liabilities</b>	<u>34,084,223.53</u>		<u>384,584,292.23</u>		<u>418,668,515.76</u>	<u>57,475.78</u>
<b>Fund Financial Statement</b>						
<b>Fund Balances:</b>						
Reserved For:						
Encumbrances	211,286,576.29				211,286,576.29	210,841.28
Inventories	202,796.07				202,796.07	
Imprest Accounts	7,450.00				7,450.00	
<b>Total Reserved</b>	<u>211,496,822.36</u>				<u>211,496,822.36</u>	<u>210,841.28</u>
Unreserved:						
Undesignated	658,773,633.76				658,773,633.76	4,025.88
<b>Total Fund Balances</b>	<u>870,270,456.12</u>				<u>870,270,456.12</u>	<u>214,867.16</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 904,354,679.65</u>	<u>\$</u>	<u>\$ 384,584,292.23</u>	<u>\$</u>	<u>\$ 1,288,938,971.88</u>	<u>\$ 272,342.94</u>
<b>Government-Wide Statement of Net Assets</b>						
<b>Net Assets:</b>						
Invested in Capital Assets, Net of Related Debt	\$ 19,428,842.52	\$	\$	\$	\$ 19,428,842.52	
Unrestricted			(384,584,292.23)		(384,584,292.23)	
<b>Total Net Assets</b>	<u>\$ 19,428,842.52</u>	<u>\$</u>	<u>\$ (384,584,292.23)</u>	<u>\$</u>	<u>\$ (365,155,449.71)</u>	

-UNAUDITED-

**EXHIBIT II**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**Statement of Activities - Governmental Funds**  
**For the Year Ended August 31, 2009**

	General Funds (Exh. A-2)	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities	Discrete Governmental Component Units
<b>Revenues</b>						
Legislative Appropriations:						
Original Appropriations	\$ 13,034,449.00	\$	\$	\$	\$ 13,034,449.00	\$ 330,000.00
Additional Appropriations	6,540,445.59				6,540,445.59	
Taxes	46,590,504.18				46,590,504.18	
Federal Revenues	48,828,708.32				48,828,708.32	
Federal Pass-Through Revenues	11,988,989.74				11,988,989.74	
Licenses, Fees and Permits	310,470,070.76				310,470,070.76	
Interest & Investment Income	11,796,557.03				11,796,557.03	
Settlement of Claims	10,060.15				10,060.15	
Sales of Goods and Services	76,573.24				76,573.24	
Other	1,536,566.19				1,536,566.19	
<b>Total Revenues</b>	<b>450,872,924.20</b>				<b>450,872,924.20</b>	<b>330,000.00</b>
<b>Expenditures</b>						
Salaries and Wages	159,730,731.08		1,901,055.98		161,631,787.06	1,860.00
Payroll Related Costs	40,705,442.86				40,705,442.86	
Professional Fees and Services	68,516,919.20				68,516,919.20	58,168.81
Travel	1,740,884.84				1,740,884.84	13,434.52
Materials and Supplies	6,710,350.48				6,710,350.48	3,580.22
Communications and Utilities	2,315,889.89				2,315,889.89	
Repairs and Maintenance	3,606,184.58				3,606,184.58	413.00
Rentals and Leases	6,809,864.92				6,809,864.92	
Printing and Reproduction	616,927.11				616,927.11	79.91
Claims and Judgements	21,833.75				21,833.75	
Federal Pass-Through Expenditures	2,163,220.10				2,163,220.10	
State Grant Pass-Through Expenditures	18,344,496.22				18,344,496.22	76,387.68
Intergovernmental Payments	79,014,032.06				79,014,032.06	79,679.17
Public Assistance Programs	13,466,551.94				13,466,551.94	
Other Operating Expenditures	192,634,991.66				192,634,991.66	44,680.53
Capital Outlay	3,546,751.97	(3,546,751.97)			0.00	
Depreciation Expense		5,874,100.61			5,874,100.61	
<b>Total Expenditures</b>	<b>599,945,072.66</b>	<b>2,327,348.64</b>	<b>1,901,055.98</b>		<b>604,173,477.28</b>	<b>278,283.84</b>
Excess (Deficit) of Revenues over Expenditures	(149,072,148.46)	(2,327,348.64)	(1,901,055.98)		(153,300,553.08)	51,716.16
<b>Other Financing Sources (Uses)</b>						
Transfers In	80,092,877.30				80,092,877.30	
Transfers Out	(18,601,261.49)				(18,601,261.49)	
Net Change in Pollution Remediation Obligation			(25,930,019.06)		(25,930,019.06)	
Sale of Capital Assets	78,093.20	(78,093.20)			0.00	
Loss on Capital Assets		(707,480.83)			(707,480.83)	
Donated Asset		8,500.00			8,500.00	
Insurance Recoveries	18,029.74				18,029.74	
Decrease in Net Assets Due to Interagency Transfer		(4,844.23)			(4,844.23)	
<b>Total Other Financing Sources (Uses)</b>	<b>61,587,738.75</b>	<b>(781,918.26)</b>	<b>(25,930,019.06)</b>		<b>34,875,801.43</b>	<b>0.00</b>
<b>Net Change in Fund Balances/Net Assets</b>	<b>(87,484,409.71)</b>	<b>(3,109,266.90)</b>	<b>(27,831,075.04)</b>		<b>(118,424,751.65)</b>	<b>51,716.16</b>
<b>Fund Financial Statement - Fund Balance</b>						
<b>Fund Balance - Beginning</b>	<b>958,219,644.56</b>				<b>958,219,644.56</b>	<b>164,079.43</b>
Restatements	0.00				0.00	
<b>Fund Balance as Restated</b>	<b>958,219,644.56</b>				<b>958,219,644.56</b>	<b>164,079.43</b>
Appropriations Lapsed	(464,778.73)				(464,778.73)	(928.43)
<b>Fund Balances - August 31, 2009</b>	<b>\$ 870,270,456.12</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 870,270,456.12</b>	<b>\$ 214,867.16</b>
<b>Government-wide Statement of Net Assets</b>						
Net Change in Net Assets	\$ (3,109,266.90)	\$ (27,831,075.04)	\$	\$	\$ (30,940,341.94)	
Net Assets-Beginning	22,737,928.40	(15,258,575.16)			7,479,353.24	
Restatements	(199,818.98)	(341,494,642.03)			(341,694,461.01)	
Net Assets, September 1, 2008, as Restated and Adjusted	22,538,109.42	(356,753,217.19)			(334,215,107.77)	
Net Assets-August 31, 2009	\$ 19,428,842.52	\$ (384,584,292.23)	\$	\$	\$ (365,155,449.71)	

-UNAUDITED-

**EXHIBIT VI**  
**COMBINED STATEMENT OF NET ASSETS - FIDUCIARY FUNDS**  
**August 31, 2009**

	Agency Funds <u>(Exhibit J-1)</u>
<b>Assets</b>	
<b>Current Assets:</b>	
Cash in State Treasury	\$ 139,584.72
Other Assets	<u>1,963,015.06</u>
<b>Total Current Assets</b>	<u>2,102,599.78</u>
<b>Total Assets</b>	<u><u>2,102,599.78</u></u>
<b>Liabilities</b>	
<b>Current Liabilities:</b>	
Accounts Payable	<u>1,620.40</u>
Funds Held for Others	<u>2,100,979.38</u>
<b>Total Current Liabilities</b>	<u>2,102,599.78</u>
<b>Total Liabilities</b>	<u><u>2,102,599.78</u></u>
<b>Net Assets</b>	
Net Assets:	<u>0.00</u>
<b>Total Net Assets</b>	<u><u>\$ 0.00</u></u>



NOTES TO THE FINANCIAL STATEMENTS

-UNAUDITED-

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Entity

The Texas Commission on Environmental Quality (TCEQ) 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*.

In accordance with Senate Bill 2, Acts of the 72nd Legislature First Called Session, Subchapter B, the state's environmental protection functions were consolidated within the TCEQ. The TCEQ operates as a regulatory agency to implement the provisions of the constitution and laws of the state with regard to promoting the judicious use and maximum conservation and protection of the quality of air, land, and both surface and ground water.

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

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

#### Discretely Presented Component Unit

The TCEQ has one discrete component unit, the Texas On-site Wastewater Treatment Research Council. Information on the component unit can be found in Note 19.

#### Fund Structure

The accompanying financial statements are presented on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. These accounts are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

#### Governmental Fund Types and Government-wide Adjustment Fund Types

##### General Revenue Funds

General Revenue Fund (0001) - The general revenue fund is used to account for all financial resources of the state except those required to be accounted for in another fund. This fund accounts for legislative appropriations from the State's General Revenue Fund, and miscellaneous appropriated and

unappropriated receipts. The Pollution Control Equipment Review Fee is also deposited to this fund. Low Level Radioactive Waste Fund (0088) - The passage of H.B. 1567 by the 78<sup>th</sup> Legislature provided for the licensing of a low-level radioactive waste disposal site in Texas and established procedures to accept and evaluate license applications. The bill allows a proposed disposal facility to accept compact waste (waste from Texas and Vermont or waste that has been approved for importation to this state by the Compact Commission) and to accept federal facility waste at a separate and adjacent facility under one TCEQ license.

Air Control Board Account (0102) - The Air Control Board Account is established in the State Treasury to receive federal revenue in connection with the Texas Clean Air Act and is used by the TCEQ to perform the mandates of that Act.

Used Oil Recycling Account (0146) - The Used Oil Recycling Account is established in the State Treasury. The account consists of fees collected from the sale of automotive oil by the State Comptroller who subsequently transfers the fees to the TCEQ pursuant to the provisions of Health and Safety Code, Chapter 371.

Clean Air Account (0151) - The Clean Air Account is established in the State Treasury to receive Clean Air Act fees. Monies in the account shall be used to safeguard the air resources of the state. Fees deposited to this fund include the Motor Vehicle Safety and Emissions Inspection Fee, the Air Inspection Fee, and the Air Permit Fee.

Water Resource Management Account (0153) - This account receives revenue from numerous water program fees, including the Consolidated Water Quality Fee, the Water Utility Regulatory Assessment Fee, the Public Health Service Fee, the Water Utility Bond Proceeds Fee and the General Permit Fee. This account is used to support and administer the TCEQ water quality and water utility programs.

Watermaster Administration Account (0158) - This account derives revenue from assessments paid by the holders of water rights in the Lower Rio Grande river basin, the Concho river basin, and river basins in South Texas. Water rights assessments are based on the amount of budgeted operating expenditures of the Lower Rio Grande, Concho, and South Texas Watermaster Offices. The fund is used to pay the compensation and necessary expenses of the Watermaster Offices.

Texas Spill Response Account (0452) - This State Treasury account was established under Water Code Chapter 26. The account may be used only for cleanup activities related to discharges or spills of hazardous substances into surface waters of the State. The account consists of money appropriated by the Legislature and any fines, civil penalties or other reimbursements to the fund. The account balance may not exceed \$5 million, exclusive of fines and penalties.

TCEQ Occupational Licensing Account (0468) - This account is authorized to administer the State's regulatory and licensing programs for waterworks and wastewater system operators, landscape irrigators, petroleum storage tank professionals and others.

Waste Management Account (0549) - This account receives fees imposed on industrial solid or hazardous waste generation, radioactive substances licensing, the Voluntary Clean-Up Program Fee, and numerous other fees. This fund is used to pay for regulation of industrial solid and hazardous waste and for the related administrative costs incurred by the TCEQ.

Hazardous & Solid Waste Remediation Fee Account (0550) - This account receives revenue from fees imposed on the sale of batteries, disposal of industrial solid or hazardous waste, and from interest on cash balances in this fund. This fund may be used for the necessary removal and remedial action at sites which hazardous waste or hazardous substances have been disposed if funds from a liable party, third party or the federal government are insufficient.

Petroleum Storage Tank Remediation Account (0655) - This account receives fees assessed on the bulk delivery of petroleum products. The account may be used to pay expenses associated with the program.

Solid Waste Disposal Fees Account (5000) - This account receives half the fees assessed on municipal solid waste disposal in the state, as well as fees on the transport and use of sludge. Revenues deposited to this account are allocated to local and regional solid waste projects.

Voluntary Environmental Lab Accreditation Account (5065) - This account was created by H.B. 2912, 77<sup>th</sup> Leg. R.S., to fund the creation of a Voluntary Environmental Lab accreditation program. Revenue deposited to this account is generated by lab accreditation fees.

Texas Emission Reduction Plan Account (5071) - This account receives revenue from surcharges on motor vehicle titles, sales of on- and off-road diesel vehicles, and commercial vehicle registration and inspection. The funds may be used only to implement and administer programs established under the plan.

Dry Cleaning Facility Release Account (5093) - This account was created by H.B. 1366, 78<sup>th</sup> Leg. R.S., to receive revenues from fees on dry cleaning establishments and on the purchase of dry cleaning solvents. The revenues are used to fund the clean up of releases of dry cleaning solvents into the soil or water of the state.

Operating Permit Fees Account (5094) - This account was created by H.B. 1481, 78<sup>th</sup> Leg. R.S., to receive revenue generated by the Air Emissions Fee to cover the costs of developing and administering the federal permit programs under Title IV or V of the federal Clean Air Act.

Suspense Type Activities Account (0900) - This account provides a temporary depository for money held in suspense pending final disposition. Items held in the fund are cleared to the various other funds or refunded to the payer.

Capital Assets Adjustment Fund Type

The Capital Assets Adjustment fund will be 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 will be used to convert governmental fund types' debt from modified accrual to full accrual.

Other Adjustments Fund Type

The Other Adjustments fund will be used to convert all other governmental fund type activity 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.

Agency Funds

Agency Funds are used to account for assets held in a custodial capacity for the benefit of other agencies or individuals.

## **Component Unit**

### Governmental Component Unit

The Texas On-site Wastewater Treatment Research Council (Council) is a discretely presented governmental component unit of the TCEQ. The Council's financial information is included in Exhibits I and II in the Discrete Governmental Component Unit columns, which follows governmental fund accounting principles. Additional information about the Council 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 and reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Governmental fund types that build the fund financial statements are accounted for using the modified accrual basis of accounting. Under the modified accrual 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. For federal contracts and grants, revenues have been accrued to the extent earned by eligible expenditures within each fiscal year. Annual water use assessments in the Watermaster Administration Fund, which are generally paid in advance, have been deferred upon receipt and recognized as revenue in the fiscal year to which the assessments pertain. 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 and long-term pollution remediation obligations. The activity is recognized in these fund types.

## **Budgets and Budgetary Accounting**

The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act). The Commissioners adopt an annual operating budget and policies consistent with these appropriations. Encumbrance accounting is utilized for budgetary control purposes. An encumbrance is defined as an outstanding purchase order or other commitment for goods or services. It reserves a part of the applicable appropriation for future expenditure. At year-end, outstanding encumbrances are reported as a "reservation of fund balance", because they are not yet considered expenditures or liabilities. Unencumbered and unexpended funds are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

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

### **Assets**

#### Cash and Cash Equivalents

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

#### Receivables

Receivables represent revenue from licenses, fees, permits and federal funds that has been earned but not received. This account is presented net of Allowance for Bad Debts.

#### Inventories and Prepaid Items

Consumable Inventories includes supplies and postage on hand. The consumption method of accounting is used to account for inventories and prepaid items that appear in the governmental fund types. The cost of these items is expensed when the items are consumed. Consumable inventories are presented in the current assets section of the balance sheet at cost, with offsetting balances being shown as a reservation of fund balance because they do not constitute "available spendable resources".

#### 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. 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.

#### Payroll Payable

Payroll Payable is the amount of August salaries payable on September 1.

#### Contracts Retainage Payable

Contract Retainage Payable represents amounts retained per contract agreements.

#### Employees' Compensable Leave

Employees' Compensable Leave represents 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 non-current in the statement of net assets. These obligations are normally paid from the same funding source from which each employee's salary or wage compensation was paid.

#### Pollution Remediation Obligations

Pollution Remediation Obligations represent obligations to address the detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. Pollution Remediation Obligations are accounted for in the long-term liabilities adjustment column, as current (for amounts due within one year) and non-current (for amounts due thereafter). Pollution Remediation Obligations are recognized in the financial statements when an obligating event has occurred and the outlays expected to be incurred to settle those liabilities are reasonably estimable.

### **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.

#### Reserved for Consumable Inventories

This represents the amount of supplies and postage held to be used in the next fiscal year.

#### Unreserved-Undesignated

This represents the unappropriated balance at year-end.

#### Invested in Capital Assets, Net of Related Debt

This 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.

### **Interfund Activities and Balances**

The agency has the following types of transactions among funds:

**Transfers:** Legally required transfers that are reported when incurred as 'Transfers In' by the recipient fund and as 'Transfers Out' by the disbursing fund.

**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.

**NOTE 2: CAPITAL ASSETS**

A summary of changes in Capital Assets for the year ended August 31, 2009, is presented below:

PRIMARY GOVERNMENT								
	Balance 09/01/2008	Adjustments	Reclassifications			Additions	Deletions	Balance 08/31/2009
			Completed CIP	Increase Inter-Agency Transaction	Decrease Inter-Agency Transaction			
Governmental Activities								
Non-Depreciable Assets								
Total Non-Depreciable Assets	\$	\$	\$	\$	\$	\$	\$	\$
Depreciable Assets								
Buildings and Building Improvements	\$ 4,544,105.74							\$ 4,544,105.74
Furniture and Equipment	58,972,749.48			0.00	(53,550.53)	2,491,818.85	(2,713,649.70)	58,697,368.10
Vehicles, Boats, & Aircraft	8,966,939.78				(24,963.12)	1,063,433.12	(1,101,435.24)	8,903,974.54
Other Assets	867,554.38	(867,554.38) (a)				0.00		0.00
Total Depreciable Assets at Historical Costs	73,351,349.38	(867,554.38)		0.00	(78,513.65)	3,555,251.97	(3,815,084.94)	72,145,448.38
Less Accumulated Depreciation for								
Buildings and Building Improvements	(1,969,493.10)					(143,894.16)		(2,113,387.26)
Furniture and Equipment	(43,352,892.12)			(0.00)	52,473.10	(4,934,978.07)	2,434,238.39	(45,801,158.70)
Vehicles, Boats, & Aircraft	(4,623,300.36)				21,196.32	(795,228.38)	595,272.52	(4,802,059.90)
Other Capital Assets	(667,735.40)	667,735.40 (a)						(0.00)
Total Accumulated Depreciation	(50,613,420.98)	667,735.40		(0.00)	73,669.42	(5,874,100.61)	3,029,510.91	(52,716,605.86)
Depreciable Assets, Net	22,737,928.40	(199,818.98)		0.00	(4,844.23)	(2,318,848.64)	(785,574.03)	19,428,842.52
Governmental Activities Capital Assets, Net	\$ 22,737,928.40	\$ (199,818.98)		\$ 0.00	\$ (4,844.23)	\$ (2,318,848.64)	\$ (785,574.03)	\$ 19,428,842.52

a:  
The amounts shown as adjustments/restatements reflect elimination of the library books as Capital Assets in accordance with the State Property Accounting definitions.

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

**Deposits of Cash in Bank**

As of August 31, 2009, the carrying amount of deposits was \$7,450.00 as presented below.

<b>Governmental Activities</b>		
	<b>Bank Balance</b>	<b>Carrying Amount</b>
Cash in Bank	\$ 7,450.00	\$ 7,450.00
Consisting of the following:		
Demand Deposits		\$ 7,450.00
<b>Total Deposits Carrying Amounts</b>		<b>\$ 7,450.00</b>

**NOTE 4: SHORT-TERM DEBT**

Not applicable

**NOTE 5: LONG-TERM LIABILITIES**

**Changes in Long-Term Liabilities**

During the year ended August 31, 2009, the following changes occurred in liabilities.

<b>Governmental Activities</b>	<b>Balance 9/01/08</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 8/31/09</b>	<b>Amounts Due Within One Year</b>	<b>Amounts Due Thereafter</b>
Employees' Compensable Leave	\$ 15,258,575.16	\$ 22,082,658.65	\$ 20,181,602.67	\$ 17,159,631.14	\$ 9,709,740.20	\$ 7,449,890.94
Pollution Remediation Obligations	* 341,494,642.03	69,869,673.26	43,939,654.20	367,424,661.09	41,403,478.87	326,021,182.22
<b>Total Governmental Activities</b>	<b>\$ 356,753,217.19</b>	<b>\$ 91,952,331.91</b>	<b>\$ 64,121,256.87</b>	<b>\$ 384,584,292.23</b>	<b>\$ 51,113,219.07</b>	<b>\$ 333,471,073.16</b>

\* Restatement due to implementation of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*.

**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 vacation 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.

## **Pollution Remediation Obligations**

### Spill Response

The TCEQ is responsible for responding to certain inland oil spills, all hazardous-substance spills and spills of other substances that may cause pollution. The TCEQ requires the responsible person to clean up spills; however, the responsible person may be unable or unwilling to respond. In those cases, the TCEQ may take over the response action, using state funds as authorized for the Spill Response Program.

Spill Response projects are usually completed within days and generally cost less than \$10,000. Estimates are provided by the Spill Response Contractor prior to initiating the response action, but actual invoices are usually available soon after the project is completed. As of 8/31/09, there is only one active site, with a total liability of \$1,541.50. Cost recovery actions are rare since most Spill Response projects are at abandoned properties where the responsible person is unknown.

### Dry Cleaners

The TCEQ is responsible for collecting fees for a remediation fund designed to help pay for the cleanup of contaminated dry cleaner sites. The fees are generated from the annual registration of facilities and drop stations, as well as from the sale of perchloroethylene and other dry cleaning solvents. The TCEQ receives applications for remediation, and then ranks and prioritizes them for corrective action. Legislation in 2007 established requirements for property owners and preceding property owners who wish to claim benefits from the remediation fund, and authorized a lien against property owners and preceding property owners who fail to pay registration fees due during corrective action. No additional cost recovery is allowed by statute.

The pollution remediation obligation is measured by using the national average cleanup cost, as calculated by the State Coalition for Remediation of Drycleaners. Direct salary and benefit costs are added to the national average, and the total cost is multiplied by the number of active sites. The amount of the estimated pollution remediation assumes that there will be no major increases in the cost of providing these cleanup services. The TCEQ has 155 active sites as of 8/31/09, with a total estimated pollution remediation obligation of \$36,029,083.81.

### Leaking Petroleum Storage Tanks

The TCEQ oversees cleanups of leaking petroleum storage tanks (LPST) and reimburses eligible parties from the PST Remediation Fund, which has paid for the vast majority of LPST cleanups. Revenue is generated from a fee on the delivery of petroleum products removed from bulk storage facilities. The reimbursement program is scheduled to expire September 1, 2012. Under state law, leaking tanks discovered and reported after December 23, 1998, are not covered under the remediation fund. These subsequent cleanups are paid by the owners' environmental liability insurance or other financial assurance mechanisms or from their own funds. If the responsible party is unknown or is unwilling or financially unable to do the work, state and federal funds are used to pay for the corrective actions. State statutes allow cost recovery from the current owner or any previous responsible owner; however, to date this has not been necessary.

The TCEQ calculates expected outlays related to this pollution remediation by establishing the average cost of cleanup and multiplying that cost by the number of active sites, plus direct salaries and benefits for the duration of the cleanup. This methodology is based upon historical experience in estimating these cleanups. As of 8/31/09, there are 1,067 reimbursement eligible and State Lead active sites, with a total estimated pollution remediation obligation of \$93,732,135.62. The amount of the estimated pollution remediation assumes that there will be no major increases in the cost of providing these cleanup services.

Superfund

The TCEQ identifies, ranks, and addresses sites contaminated with hazardous substances for remediation by the State and Federal Superfund Programs. Sites contaminated with hazardous substances which no parties are willing to address through a permit, corrective action, voluntary cleanup or enforcement program are identified through referral from internal and external groups such as TCEQ Enforcement, TCEQ Regional Offices, TCEQ Water Supply Division, public complaints, and the United States Environmental Protection Agency (EPA). On behalf of the EPA, the Superfund Site Discovery and Assessment Program (SSDAP), the initial assessment and ranking program of state sites, also oversees the Preliminary Assessment/Site Inspection (PA/SI) Program which focuses on evaluating sites for the Federal Superfund Program.

The primary objective of the Superfund Program is to address environmental problems associated with the imminent or substantial endangerment to public health and safety or the environment due to a release or threatened release of hazardous substances from those sites identified and referred by the SSDAP. The major functions of the Superfund Program are to: investigate and evaluate the release or threatened release of hazardous substances, identify responsible parties, and remediate Federal and State Superfund sites.

The Pollution Remediation Obligation for Superfund sites was calculated by estimating the remediation obligations for active State and Federal Superfund Sites in Texas. The following sites or site phases were excluded from the estimation:

- Superfund sites for which one or more Potentially Responsible Party (PRP) has stepped forward and agreed to fund the investigation and cleanup.
- Federal sites in Remedial Investigation (RI), Feasibility Study (FS), and Remedial Design (RD) phases were not included, since those sites are funded through the 100% federal match grant coverage.

Site estimates were based on budget projections to cover necessary activities for the upcoming fiscal year, along with estimated costs for future years and phases, plus direct salaries and benefits. For sites without available budget projections, Senior Superfund Project Managers estimated costs for the Superfund phases of investigation and cleanup, based on experience with similar sites. Site estimates may change drastically from one year to another as the investigations continue. This inventory of estimated liabilities is limited to sites that have been assessed and ranked for the Superfund program. Sites under evaluation for state Superfund or in the queue for evaluation were not included in this cost breakdown considering that it was not known if the site requires any cleanup activities. Cost recovery activities during FY09 resulted in collections of \$503,680.80.

At the end of FY09, Texas had a total of 65 sites in the state and federal Superfund programs with a total liability of \$235,560,444.98. Additionally, Texas had 7 sites in the Immediate Responses/Removals program, for a total liability of \$2,101,455.18. These 7 sites are included with the Superfund program, which brings the total Superfund liability as of 8/31/09 to \$237,661,900.16.

**NOTE 6: BONDED INDEBTEDNESS**

Not Applicable

**NOTE 7: CAPITAL LEASES**

Not Applicable

**NOTE 8: OPERATING LEASES**

Future minimum lease rental payments under non-cancelable operating leases having an initial term in excess of one year are as follows:

Year Ending August 31,	Amount
2010	\$ 4,920,912.66
2011	4,440,816.38
2012	4,201,650.92
2013	4,000,476.36
2014	3,405,288.44
2015 – 2019	9,744,253.29
<b>Total Minimum Future Lease Payments</b>	<b>\$ 30,713,398.05</b>

**NOTE 9: RETIREMENT PLANS**

Not Applicable

**NOTE 10: DEFERRED COMPENSATION**

Not Applicable

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

Not Applicable

**NOTE 12: INTERFUND ACTIVITY AND TRANSACTIONS**

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

Governmental Fund Types	Legislative Transfers In	Legislative Transfers Out
General Revenue, Fund 0001		
Agency 902, Fund 0001	\$ 19,574,894.59	0.00
<b>Total Legislative Transfers Exh II</b>	<b>\$ 19,574,894.59</b>	<b>\$0.00</b>

**NOTE 13: CONTINUANCE SUBJECT TO REVIEW**

Under the Texas Sunset Act, the Agency will be abolished effective September 1, 2011, unless continued in existence by the 82<sup>nd</sup> Legislature as provided by the Act. If abolished, the agency may continue until September 1, 2012, to close out its operations.

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

During fiscal 2009, the implementation of GASB 49 required the restatement of the amounts in fund balances and net assets as shown. Additionally, library books were eliminated as Capital Assets in accordance with the State Property Accounting definitions.

	General Funds
Fund Balance/Net Assets August 31, 2008	\$ 7,479,353.24
Restatements:	
Implementation of GASB Statement No. 49	\$ (341,494,642.03)
Elimination of Capital Assets	(199,818.98)
Fund Balance/Net Assets September 1, 2008 As Restated	\$ (334,215,107.77)

**NOTE 15: CONTINGENT LIABILITIES**

The agency has received several federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based on prior experience, management believes such disallowances, if any, will be immaterial.

The TCEQ is involved in several lawsuits that could result in possible material liabilities. However, while adverse rulings regarding any of these claims are possible, it is management's opinion the possibility of adverse rulings is unlikely.

**NOTE 16: SUBSEQUENT EVENTS**

Not Applicable

**NOTE 17: RISK MANAGEMENT**

The TCEQ 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 TCEQ assumes substantially all risks associated with tort and liability claims due to the performance of its duties. Currently there is no purchase of commercial insurance, nor is the agency involved in any risk pools with other government entities.

The agency'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 are reevaluated periodically to consider current settlements, frequency of claims, past experience and economic factors. As of August 31, 2009, the TCEQ had no liabilities meeting the accrual criteria.

## NOTE 18: MANAGEMENT DISCUSSION AND ANALYSIS

The TCEQ's overall fund balance decreased \$87.9 million from the FY 08 adjusted ending balance (\$958.2 million) to FY 09 (\$870.3 million). Major contributors affecting the change include the following accounts.

Used Oil Recycling Account (0146) balance increased by \$2.1 million as a result of a deposit of under reported revenue discovered during an audit conducted by the Comptroller of Public Accounts of a major fee payer.

The Clean Air Account (0151) decrease of \$26.5 million is the result of increased appropriations authorized by the 80<sup>th</sup> Legislature for the Low-Income Vehicle Repair Assistance Program (LIRAP). For the 08-09 biennium, the appropriation authority for the program was increased and the total obligations against the fund exceeded the amount of revenue received by the agency.

The Water Resource Management Account (0153) fund balance decrease of \$11.9 million can be attributed to the 80<sup>th</sup> legislature appropriating fund balance to the agency in support of water programs. The agency set water rates for 2010 that will generate sufficient revenue to meet Account 0153 appropriations and maintain the account's fund balance.

The Waste Management Account (0549) experienced a decrease of \$1.3 million in fund balance. Fund revenue collections performed below TCEQ projections due to a slowdown of state economic activity which is closely linked to waste disposal, especially in the construction industry. FY 09 expenditures exceeded revenues and resulted in a decrease in the fund balance.

The Hazardous & Solid Waste Remediation Fee Account (0550) ended the year with a \$6.7 million decrease in fund balance. As indicated above in Account 0549 Waste Management Account, revenue collections in this account also performed below TCEQ estimates due to a slowdown of state economic activity which is closely linked to hazardous and industrial solid waste disposal. The decrease in the fund balance is a result of expenditures and other fund obligations exceeding the annual revenue.

The Petroleum Storage Tank Account (0655) balance decreased \$20.5 million in FY 09 due to the future sunset of the reimbursement program. House Bill 3554, 80<sup>th</sup> Legislature decreased fee rates, and extended the Petroleum Storage Tank Reimbursement Program until September 1, 2012. The reduction in fee rates in conjunction with continued expenditures for reimbursement will cause further decline in the fund balance.

The Solid Waste Disposal Fee Account (5000) balance increased by \$9.9 million as a result of annual revenue deposited into the fund exceeding appropriation. The fund balance is anticipated to increase in FY 2010.

The Texas Emission Reduction Plan Account (TERP) (5071) balance decreased \$38.6 million due to a slowdown of economic activity. The Comptrollers Economic Outlook updated September 25, 2009 reports motor vehicle sales tax collections for FY 09 were \$2.569 billion, down 22.5 percent over FY 08 amount and the nationwide core transaction price for a new car or truck during the first 15 days of September 2009 fell 7.27 percent to \$23,650 from \$25,505 in September 2008.

The Dry Cleaner Facility Release Account (5093) fund balance increased by \$1.5 million during FY 09 and the balance is anticipated to increase in FY 10. When dry cleaner sites begin the remediation phase, the expenditure from the fund will increase and fund balance will not grow at the same rate as prior years.

## NOTE 19: THE FINANCIAL REPORTING ENTITY

### The Financial Reporting Entity

As required by Generally Accepted Accounting Principles, the financial statements present the TCEQ and its component unit. The component unit discussed in this note is included in the TCEQ reporting entity because of the fiscal dependency of the component unit on the TCEQ.

**Individual Component Unit Disclosures**

The Texas On-site Wastewater Treatment Research Council (Council) is a discretely presented governmental component unit of the TCEQ. The Council awards competitive grants and contracts to support applied research, demonstration projects and information transfer regarding on-site wastewater treatment. The Council is not an advisory council and does not regulate the on-site wastewater industry in Texas. The Council's statutory authority is found in Chapter 367 of the Texas Health and Safety Code and its rules are in TAC, Ch. 286, Title 31.

The Council's fiscal operations (revenues, budget, expenditures and administration) are maintained by the TCEQ. The On-Site Wastewater Treatment Research Council Fee is collected for its operations. The Council's financial information is presented in a separate column in the combined financial statements to emphasize that they are legally separate from the TCEQ.

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

Not Applicable

**NOTE 21: N/A**

Not Applicable

**NOTE 22: DONOR-RESTRICTED ENDOWMENTS**

Not Applicable

**NOTE 23: EXTRAORDINARY AND SPECIAL ITEMS**

Not Applicable

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

Not Applicable

**NOTE 25: Termination Benefits**

Not Applicable

**NOTE 26: SEGMENT INFORMATION**

Not Applicable



COMBINING FINANCIAL STATEMENTS

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY (582)

-UNAUDITED-

**EXHIBIT A-1  
COMBINING BALANCE SHEET  
All General and Consolidated Funds  
August 31, 2009**

	Consolidated Funds							
	General Revenue Account (0001)	Low Level Radioactive Waste Account (0088)	Air Control Board Account (0102)	Used Oil Recycling Account (0146)	Clean Air Account (0151)	Water Resource Management Account (0153)	Watermaster Administration Account (0158)	Texas Spill Response Account (0452)
<b>Assets</b>								
<b>Current Assets:</b>								
Cash in Bank	\$ 7,450.00	\$	\$	\$	\$	\$	\$	\$
Cash in State Treasury		13,249,057.98	2,430,931.73	9,786,490.80	78,733,217.17	15,341,576.76	1,629,131.71	118,584.14
Legislative Appropriations	8,635,885.60							
<b>Receivables:</b>								
Federal	549,985.37				338,636.95			
Accounts Receivable						164.79		
Other Intergovernmental								
Due From Other Funds	2,600,170.62							
Due From Other Agencies	24,750.00					1,016,847.00		
Consumable Inventories	202,796.07							
<b>Total Current Assets</b>	<u>12,021,037.66</u>	<u>13,249,057.98</u>	<u>2,430,931.73</u>	<u>9,786,490.80</u>	<u>79,071,854.12</u>	<u>16,358,588.55</u>	<u>1,629,131.71</u>	<u>118,584.14</u>
<b>Liabilities</b>								
<b>Current Liabilities</b>								
<b>Payables:</b>								
Accounts Payable	533,267.97	2,861.02	(748.10)	24,829.89	1,117,945.12	750,071.63	25,283.44	
Payroll Payable	(1,062,116.33)	124,143.96		80,013.05	3,590,324.26	4,842,642.67	120,179.87	
Contracts Retainage Payable	123,574.82				30.91	26,496.53		
Due to Other Funds								
Due to Other Agencies	497,217.17				452,391.56		3,998.00	
<b>Total Current Liabilities</b>	<u>91,943.63</u>	<u>127,004.98</u>	<u>(748.10)</u>	<u>104,842.94</u>	<u>5,160,691.85</u>	<u>5,619,210.83</u>	<u>149,461.31</u>	<u>0.00</u>
<b>Fund Balances</b>								
<b>Reserved for:</b>								
Encumbrances	9,287,397.95	454,526.89	(1,866.93)	28,967.33	13,504,800.87	6,515,184.46	56,843.96	
Inventories	202,796.07							
Imprest Accounts	7,450.00							
<b>Total Reserved</b>	<u>9,497,644.02</u>	<u>454,526.89</u>	<u>(1,866.93)</u>	<u>28,967.33</u>	<u>13,504,800.87</u>	<u>6,515,184.46</u>	<u>56,843.96</u>	<u>0.00</u>
<b>Unreserved:</b>								
Undesignated	2,431,450.01	12,667,526.11	2,433,546.76	9,652,680.53	60,406,361.40	4,224,193.26	1,422,826.44	118,584.14
<b>Total Fund Balance</b>	<u>11,929,094.03</u>	<u>13,122,053.00</u>	<u>2,431,679.83</u>	<u>9,681,647.86</u>	<u>73,911,162.27</u>	<u>10,739,377.72</u>	<u>1,479,670.40</u>	<u>118,584.14</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 12,021,037.66</u>	<u>\$ 13,249,057.98</u>	<u>\$ 2,430,931.73</u>	<u>\$ 9,786,490.80</u>	<u>\$ 79,071,854.12</u>	<u>\$ 16,358,588.55</u>	<u>\$ 1,629,131.71</u>	<u>\$ 118,584.14</u>

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY (582)

-UNAUDITED-

Consolidated Funds

TCEQ Occupational Licensing Account (0468)	Waste Management Account (0549)	Hazardous & Solid Waste Remediation Fee Account (0550)	Petroleum Storage Tank Remediation Account (0655)	Solid Waste Disposal Fee Account (5000)	Environmental Testing Accreditation Account (5065)	Texas Emissions Reduction Account (5071)	Dry Cleaning Facility Release Account (5093)	Operating Permit Fees Account (5094)	Perpetual Care Account (5096)	Suspense Type Activities Account (0900)	Total
\$ 6,324,944.90	\$ 38,559,543.08	\$ 68,558,010.71	\$ 160,390,568.70	\$ 78,196,230.22	\$ 498,879.53	\$ 367,908,220.98	\$ 27,165,846.00	\$ 17,136,880.44	\$ 1,801,243.91	\$ 0.00	\$ 887,829,358.76
	696,960.04			638,502.79			152,752.78				888,622.32
											1,488,380.40
											0.00
	30,639.64					1,629,779.24					2,600,170.62
											2,702,015.88
											202,796.07
<u>6,324,944.90</u>	<u>39,287,142.76</u>	<u>68,558,010.71</u>	<u>160,390,568.70</u>	<u>78,834,733.01</u>	<u>498,879.53</u>	<u>369,538,000.22</u>	<u>27,318,598.78</u>	<u>17,136,880.44</u>	<u>1,801,243.91</u>	<u>0.00</u>	<u>904,354,679.65</u>
59,724.54	860,461.71	3,612,801.96	408,079.66		26.66	9,489.11	240,285.85	163,779.14			7,808,159.60
175,381.41	3,853,119.45	1,550,851.59	325,594.94		55,669.15	234,926.42	63,984.07	2,800,732.29			16,755,446.80
10,191.22	28,768.00	393,458.30	279,884.31				76,307.14				938,711.23
			170.62			2,600,000.00					2,600,170.62
		103,664.81				3,147,045.17			1,777,418.57		5,981,735.28
<u>245,297.17</u>	<u>4,742,349.16</u>	<u>5,660,776.66</u>	<u>1,013,729.53</u>	<u>0.00</u>	<u>55,695.81</u>	<u>5,991,460.70</u>	<u>380,577.06</u>	<u>2,964,511.43</u>	<u>1,777,418.57</u>	<u>0.00</u>	<u>34,084,223.53</u>
791,718.26	2,320,950.69	12,243,186.97	19,689,428.50	794,589.04	821.36	135,921,626.43	8,568,601.21	1,109,799.30			211,286,576.29
											202,796.07
											7,450.00
<u>791,718.26</u>	<u>2,320,950.69</u>	<u>12,243,186.97</u>	<u>19,689,428.50</u>	<u>794,589.04</u>	<u>821.36</u>	<u>135,921,626.43</u>	<u>8,568,601.21</u>	<u>1,109,799.30</u>	<u>0.00</u>	<u>0.00</u>	<u>211,496,822.36</u>
<u>5,287,929.47</u>	<u>32,223,842.91</u>	<u>50,654,047.08</u>	<u>139,687,410.67</u>	<u>78,040,143.97</u>	<u>442,362.36</u>	<u>227,624,913.09</u>	<u>18,369,420.51</u>	<u>13,062,569.71</u>	<u>23,825.34</u>	<u>0.00</u>	<u>658,773,633.76</u>
<u>6,079,647.73</u>	<u>34,544,793.60</u>	<u>62,897,234.05</u>	<u>159,376,839.17</u>	<u>78,834,733.01</u>	<u>443,183.72</u>	<u>363,546,539.52</u>	<u>26,938,021.72</u>	<u>14,172,369.01</u>	<u>23,825.34</u>	<u>0.00</u>	<u>870,270,456.12</u>
<u>\$ 6,324,944.90</u>	<u>\$ 39,287,142.76</u>	<u>\$ 68,558,010.71</u>	<u>\$ 160,390,568.70</u>	<u>\$ 78,834,733.01</u>	<u>\$ 498,879.53</u>	<u>\$ 369,538,000.22</u>	<u>\$ 27,318,598.78</u>	<u>\$ 17,136,880.44</u>	<u>\$ 1,801,243.91</u>	<u>\$ 0.00</u>	<u>\$ 904,354,679.65</u>

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY (582)

-UNAUDITED-

**EXHIBIT A-2**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**All General and Consolidated Funds**  
**For the Year Ended August 31, 2009**

	General Revenue Account (0001)	Low Level Radioactive Waste Account (0088)	Air Control Board Account (0102)	Used Oil Recycling Account (0146)	Clean Air Account (0151)	Water Resource Management Account (0153)	Watermaster Administration Account (0158)	Texas Spill Response Account (0452)
<b>Revenues</b>								
Legislative Appropriations :								
Original Appropriations	\$ 13,034,449.00	\$						
Additional Appropriations	6,540,445.59							
Taxes								
Federal Revenues	13,975,189.37				10,736,780.95	10,255,214.00		
Federal Pass-Through	705,615.56				655.67	8,049,028.00		
Licenses, Fees and Permits	1,278,166.44	168,016.41		3,198,939.58	89,127,545.87	40,002,376.55	1,469,177.10	
Interest & Investment Income		307,124.80			138,584.51			
Settlement of Claims						73,512.04		
Sales of Goods and Services	587.79					401,232.70		
Other Revenues				31.03	2,583.34			
<b>Total Revenues</b>	<b>35,534,453.75</b>	<b>475,141.21</b>	<b>0.00</b>	<b>3,198,970.61</b>	<b>100,006,150.34</b>	<b>58,781,363.29</b>	<b>1,469,177.10</b>	<b>0.00</b>
<b>Expenditures</b>								
Salaries and Wages	5,579,668.35	1,030,171.30		735,041.94	30,391,567.00	41,152,091.26	961,917.72	
Payroll Related Costs	6,368,020.26	205,068.62		126,008.37	10,960,099.63	6,204,055.30	117,135.61	
Professional Fees and Services	7,611,919.12	110,104.85		120,584.96	12,929,210.87	11,372,335.85	63,957.00	
Travel	157,056.99	13,057.86		26,630.40	293,842.73	470,907.67	14,825.32	
Materials and Supplies	642,500.99	1,650.11		26,712.75	2,892,522.11	1,202,463.63	80,219.73	
Communications and Utilities	122,699.14	680.76		10,664.04	544,542.79	440,520.24	23,120.47	
Repairs and Maintenance	119,957.83			14,582.37	1,216,823.82	554,188.08	28,914.67	
Rentals and Leases	256,885.69	3,702.90			1,360,430.19	2,067,416.96	92,582.43	
Printing and Reproduction	84,281.18				73,543.59	119,864.20	66.30	
Claims and Judgements				1,555.00	7,259.37	1,935.42		
Federal Pass-Through Expenditures	1,265,002.87				898,217.23			
State Grant Pass-Through Expenditures	84,228.97				866,829.05	105,829.42	3,998.00	
Intergovernmental Payments	4,205,200.08				60,117,062.14	4,479,636.16		
Public Assistance Programs	126,240.27							
Other Operating Expenditures	1,046,243.91	13,417.12		67,892.04	2,913,021.90	1,871,871.10	64,906.49	
Capital Outlay	51,370.00				1,503,512.13	594,183.67		
<b>Total Expenditures</b>	<b>27,721,275.65</b>	<b>1,377,853.52</b>	<b>0.00</b>	<b>1,129,671.87</b>	<b>126,968,484.55</b>	<b>70,637,298.96</b>	<b>1,451,643.74</b>	<b>0.00</b>
Excess (Deficit) of Revenues over Expenditures	7,813,178.10	(902,712.31)	0.00	2,069,298.74	(26,962,334.21)	(11,855,935.67)	17,533.36	0.00
<b>Other Financing Sources (Uses)</b>								
Operating Transfers In	2,600,170.62				1,000,000.00			
Operating Transfers Out	(5,853,976.25)				(500,000.00)			
Insurance Recoveries	100.00				1,560.81			
Sale of Capital Assets	78,093.20							
<b>Total Other Financing Sources (Uses)</b>	<b>(3,175,612.43)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>501,560.81</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Excess (Deficit) of Revenues and other Sources Over Expenditures and Other Uses	4,637,565.67	(902,712.31)	0.00	2,069,298.74	(26,460,773.40)	(11,855,935.67)	17,533.36	0.00
<b>Fund Balance - Beginning</b>	<b>7,756,307.09</b>	<b>14,024,765.31</b>	<b>2,431,679.83</b>	<b>7,612,349.12</b>	<b>100,371,935.67</b>	<b>22,595,313.39</b>	<b>1,462,137.04</b>	<b>118,584.14</b>
Restatements								
<b>Fund Balance As Restated</b>	<b>7,756,307.09</b>	<b>14,024,765.31</b>	<b>2,431,679.83</b>	<b>7,612,349.12</b>	<b>100,371,935.67</b>	<b>22,595,313.39</b>	<b>1,462,137.04</b>	<b>118,584.14</b>
Appropriations Lapsed	(464,778.73)							
<b>Fund Balance - Ending</b>	<b>\$ 11,929,094.03</b>	<b>\$ 13,122,053.00</b>	<b>\$ 2,431,679.83</b>	<b>\$ 9,681,647.86</b>	<b>\$ 73,911,162.27</b>	<b>\$ 10,739,377.72</b>	<b>\$ 1,479,670.40</b>	<b>\$ 118,584.14</b>

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY (582)

-UNAUDITED-

TCEQ Occupational Licensing Account (0468)	Waste Management Account (0549)	Hazardous & Solid Waste Remediation Fee Account (0550)	Petroleum Storage Tank Remediation Account (0655)	Solid Waste Disposal Fee Account (5000)	Environmental Testing Accreditation Account (5065)	Texas Emissions Reduction Account (5071)	Dry Cleaning Facility Release Account (5093)	Operating Permit Fees Account (5094)	Perpetual Care Account (5096)	Suspense Type Activities Account (0900)	Totals
											\$ 13,034,449.00
						46,590,504.18					6,540,445.59
						1,075,009.00					46,590,504.18
2,164,538.00	8,032,323.00	977,714.00	1,611,940.00								48,828,708.32
	180,511.85	3,053,178.66									11,988,989.74
2,368,656.10	33,814,447.12	21,669,436.49	28,190,586.83	20,112,862.28	410,565.95	30,784,243.21	5,193,759.43	32,672,151.96	9,139.44		310,470,070.76
		1,581,259.96				9,181,404.48	588,183.28				11,796,557.03
		8,473.18				1,586.97					10,060.15
								2,473.41			76,573.24
70.00	262,656.46	824,547.26	34,723.33			1,463.66	8,000.00	1,258.41			1,536,566.19
<u>4,533,264.10</u>	<u>42,289,938.43</u>	<u>28,114,609.55</u>	<u>29,837,250.16</u>	<u>20,112,862.28</u>	<u>410,565.95</u>	<u>87,634,211.50</u>	<u>5,789,942.71</u>	<u>32,675,883.78</u>	<u>9,139.44</u>	<u>0.00</u>	<u>450,872,924.20</u>
1,468,070.25	32,937,497.99	15,125,774.51	2,890,642.19		349,987.64	2,031,592.77	581,433.60	24,495,274.56			159,730,731.08
358,089.59	4,614,811.79	3,218,946.83	5,262,665.35		48,077.23	257,438.16	106,123.42	2,858,902.70			40,705,442.86
1,858,512.23	7,363,316.38	10,821,001.57	10,677,630.29	5,251.11	108,432.00	472,453.04	3,519,847.73	1,482,362.20			68,516,919.20
51,300.47	269,451.46	344,068.26	71,199.56			7,982.40	1,318.16	19,243.56			1,740,884.84
24,072.21	840,434.62	241,199.51	73,627.95		(715.62)	25,685.02	6,866.16	653,111.31			6,710,350.48
1,617.96	514,987.11	147,120.96	86,973.52			1,662.65		421,300.25			2,315,889.89
9,055.50	581,924.66	176,940.12	642,858.82			2,793.94	15,000.00	243,144.77			3,606,184.58
2,874.80	1,414,167.83	153,521.70	66,542.82		113.40	1,996.01	415.00	1,389,215.19			6,809,864.92
77,415.02	59,478.57	135,567.90	2,087.68			221.43		64,401.24			616,927.11
	1,714.56	2,374.82	2,700.00					4,294.58			21,833.75
	25,000.00	409,452.66				16,849,158.12					2,163,220.10
	35.32	18,966.00		10,193,132.36							18,344,496.22
						13,340,311.67					79,014,032.06
169,160.40	1,767,600.05	3,486,658.61	22,831,470.60	37,956.30	1,765.99	157,537,611.92	32,951.57	792,463.66			13,466,551.94
	867,547.86	512,354.31						17,784.00			192,634,991.66
<u>4,020,168.43</u>	<u>51,257,968.20</u>	<u>34,793,947.76</u>	<u>42,608,398.78</u>	<u>10,236,339.77</u>	<u>507,660.64</u>	<u>190,528,907.13</u>	<u>4,263,955.64</u>	<u>32,441,498.02</u>	<u>0.00</u>	<u>0.00</u>	<u>599,945,072.66</u>
<u>513,095.67</u>	<u>(8,968,029.77)</u>	<u>(6,679,338.21)</u>	<u>(12,771,148.62)</u>	<u>9,876,522.51</u>	<u>(97,094.69)</u>	<u>(102,894,695.63)</u>	<u>1,525,987.07</u>	<u>234,385.76</u>	<u>9,139.44</u>	<u>0.00</u>	<u>(149,072,148.46)</u>
	7,700,000.00					68,792,706.68					80,092,877.30
		16,368.93	(7,700,170.62)			(4,547,114.62)					(18,601,261.49)
											18,029.74
											78,093.20
<u>0.00</u>	<u>7,700,000.00</u>	<u>16,368.93</u>	<u>(7,700,170.62)</u>	<u>0.00</u>	<u>0.00</u>	<u>64,245,592.06</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>61,587,738.75</u>
513,095.67	(1,268,029.77)	(6,662,969.28)	(20,471,319.24)	9,876,522.51	(97,094.69)	(38,649,103.57)	1,525,987.07	234,385.76	9,139.44	0.00	(87,484,409.71)
5,566,552.06	35,812,823.37	69,560,203.33	179,848,158.41	68,958,210.50	540,278.41	402,195,643.09	25,412,034.65	13,937,983.25	14,685.90	0.00	958,219,644.56
<u>5,566,552.06</u>	<u>35,812,823.37</u>	<u>69,560,203.33</u>	<u>179,848,158.41</u>	<u>68,958,210.50</u>	<u>540,278.41</u>	<u>402,195,643.09</u>	<u>25,412,034.65</u>	<u>13,937,983.25</u>	<u>14,685.90</u>	<u>0.00</u>	<u>958,219,644.56</u>
											(464,778.73)
<u>\$6,079,647.73</u>	<u>\$34,544,793.60</u>	<u>\$62,897,234.05</u>	<u>\$159,376,839.17</u>	<u>\$78,834,733.01</u>	<u>\$ 443,183.72</u>	<u>\$ 363,546,539.52</u>	<u>\$26,938,021.72</u>	<u>\$14,172,369.01</u>	<u>23,825.34</u>	<u>\$ 0.00</u>	<u>\$ 870,270,456.12</u>

-UNAUDITED-

**EXHIBIT J-1**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**All Agency Funds**  
**August 31, 2009**

	Beginning Balances September 1, 2008	Additions	Deductions	Ending Balances August 31, 2009
<b>Child Support Deductions Fund (0807)</b>				
<b>Assets:</b>				
Cash in State Treasury	\$ 0.00	\$ 26,954.61	\$ 0.00	\$ 26,954.61
<b>Liabilities:</b>				
Accounts Payable	0.00	1,620.40	0.00	1,620.40
Funds Held for Others	0.00	26,954.61	1,620.40	25,334.21
<b>Total</b>	<u>0.00</u>	<u>28,575.01</u>	<u>1,620.40</u>	<u>26,954.61</u>
<b>Suspense Fund (0900)</b>				
<b>Assets:</b>				
Cash in State Treasury	\$ 54,172.51	\$ 771,247.69	\$ 798,946.34	\$ 26,473.86
<b>Liabilities:</b>				
Funds Held for Others	54,172.51	771,247.69	798,946.34	26,473.86
<b>Employees' Savings Bond Fund (0901)</b>				
<b>Assets:</b>				
Cash in State Treasury	\$ 5,306.25	\$ 129,281.25	\$ 48,431.25	\$ 86,156.25
<b>Liabilities:</b>				
Funds Held for Others	5,306.25	129,281.25	48,431.25	86,156.25
<b>Securities Held In Trust (0999)</b>				
<b>Assets:</b>				
Other Assets	1,837,641.50	125,373.56	0.00	1,963,015.06
<b>Liabilities:</b>				
Funds Held For Others	1,837,641.50	125,373.56	0.00	1,963,015.06
<b>Total - All Agency Funds</b>				
<b>Assets:</b>				
Cash in State Treasury	59,478.76	927,483.55	847,377.59	139,584.72
Other Assets	1,837,641.50	125,373.56	0.00	1,963,015.06
<b>Total Assets</b>	<u>1,897,120.26</u>	<u>1,052,857.11</u>	<u>847,377.59</u>	<u>2,102,599.78</u>
<b>Liabilities:</b>				
Accounts Payable	0.00	1,620.40	0.00	1,620.40
Funds Held For Others	1,897,120.26	1,052,857.11	848,997.99	2,100,979.38
<b>Total Liabilities</b>	<u>\$ 1,897,120.26</u>	<u>\$ 1,054,477.51</u>	<u>\$ 848,997.99</u>	<u>\$ 2,102,599.78</u>

(Exhibit VI)

## SCHEDULES

-UNAUDITED-

**SCHEDULE 1A  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Fiscal Year Ended August 31, 2009**

	Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Agency/ University Number	Identifying Number	Pass-Through From	
					State Agency or University Amount	Non-State Entities Amount
U.S. Department of Commerce						
Pass-Through From:						
General Land Office						
Coastal Zone Management Administration Awards		11.419	305		68,501.56	
Total U.S. Department of Commerce					<u>68,501.56</u>	<u>0.00</u>
U.S. Department of Defense						
Direct Programs:						
State Memorandum of Agreement Program for the Reimbursement of Technical Services		12.113				
Total U.S. Department of Defense					<u>0.00</u>	<u>0.00</u>
Environmental Protection Agency						
Direct Programs:						
Surveys, Studies, Research, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act		66.034				
National Clean Diesel Funding Assistance Program		66.039				
State Clean Diesel Grant Program		66.040				
Water Pollution Control - State, Interstate and Tribal Program Support		66.419				
Pass-Through To:						
Parks and Wildlife Department		66.419				
Water Quality Management Planning		66.454				
National Estuary Program		66.456				
Pass-Through To:						
Texas AgriLife Extension		66.456				
Texas A&M University at Galveston		66.456				
University of Houston		66.456				
Texas State University - San Marcos		66.456				
Nonpoint Source Implementation Grants		66.460				
Pass-Through To:						
Railroad Commission of Texas		66.460				
Texas AgriLife Extension		66.460				
Texas AgriLife Research		66.460				
Tarleton State University		66.460				
Texas A&M University - Kingsville		66.460				
Texas State University - San Marcos		66.460				
State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs		66.471				
Water Protection Grants to the States		66.474				
Performance Partnership Grants		66.605				
Pass-Through To:						
General Land Office		66.605				
Texas AgriLife Extension		66.605				
Texas Department of Transportation		66.605				
Texas Engineering Experiment Station		66.605				
University of Texas at Austin		66.605				
Texas Transportation Institute		66.605				
Environmental Information Exchange Network Grant Program and Related Assistance		66.608				
Pollution Prevention Grants Program		66.708				
Pass-Through To:						
University of Texas at Austin		66.708				
Source Reduction Assistance		66.717				
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements		66.802				
Leaking Underground Storage Tank Trust Fund Corrective Action Program		66.805				
Superfund State and Indian Tribe Core Program Cooperative Agreements		66.809				
State and Tribal Response Program Grants		66.817				
Pass-Through From:						
Texas Water Development Board						
Capitalization Grants for Drinking Water State Revolving Funds		66.468	580		8,686,142.00	
Total Environmental Protection Agency					<u>8,686,142.00</u>	<u>0.00</u>
U.S. Department of Energy						
Pass-Through From:						
Comptroller - State Energy Conservation Office						
Miscellaneous - Pantex Nuclear Weapons Facility Subgrant		81.502	907		181,167.52	
Total U.S. Department of Energy					<u>181,167.52</u>	<u>0.00</u>
U.S. Department of Homeland Security						
Direct Programs:						
National Dam Safety Program		97.041				
Homeland Security Biowatch Program		97.091				
Pass-Through From:						
Texas Department of Public Safety						
Disaster Grants - Public Assistance (Presidentially Declared Disasters)		97.036	405		3,053,178.66	
Total U.S. Department of Homeland Security					<u>3,053,178.66</u>	<u>0.00</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>					<u><u>11,988,989.74</u></u>	<u><u>0.00</u></u>
Note 1 - Reconciliation						
Per Combined Statement of Revenues, Expenditures and Changes in Fund Balance (Governmental Fund Types (Exh II):						
Federal Revenues (Exh II)					48,828,708.32	
Federal Pass-Through Revenues (Exh II)					<u>11,988,989.74</u>	
Total					<u><u>60,817,698.06</u></u>	

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Direct Program Amount	Total Pass Through From & Direct Program	Pass-Through To			Expenditures Amount	Total Pass Through To & Expenditures
		Agency/ University Number	State Agency or University Amount	Non-State Entities Amount		
	68,501.56			68,501.56	0.00	68,501.56
0.00	68,501.56		0.00	68,501.56	0.00	68,501.56
444,969.00	444,969.00				444,969.00	444,969.00
444,969.00	444,969.00		0.00	0.00	444,969.00	444,969.00
1,709,307.00	1,709,307.00				1,709,307.00	1,709,307.00
414,416.00	414,416.00				414,416.00	414,416.00
177,192.00	177,192.00				177,192.00	177,192.00
3,887,907.00	3,887,907.00			325,259.85	3,468,280.65	3,793,540.50
	0.00	802	94,366.50			94,366.50
523,787.00	523,787.00			488,209.24	35,577.76	523,787.00
519,577.38	519,577.38			359,457.72	60,596.28	420,054.00
	0.00	555	22,910.06			22,910.06
	0.00	718	45,611.41			45,611.41
	0.00	730	17,220.78			17,220.78
	0.00	754	13,781.13			13,781.13
2,696,635.72	2,696,635.72			1,630,967.40	12,823.42	1,643,790.82
	0.00	455	138,642.53			138,642.53
	0.00	555	188,779.90			188,779.90
	0.00	556	7,160.55			7,160.55
	0.00	713	157,794.72			157,794.72
	0.00	732	7,866.18			7,866.18
	0.00	754	552,601.02			552,601.02
2,226,162.00	2,226,162.00				2,226,162.00	2,226,162.00
398,879.00	398,879.00				398,879.00	398,879.00
29,342,291.22	29,342,291.22			917,417.37	27,508,375.10	28,425,792.47
	0.00	305	44,461.94			44,461.94
	0.00	555	18,248.09			18,248.09
	0.00	601	100,000.00			100,000.00
	0.00	712	43,581.19			43,581.19
	0.00	721	502,452.67			502,452.67
	0.00	727	207,754.86			207,754.86
421,076.00	421,076.00				421,076.00	421,076.00
90,542.00	90,542.00				90,575.43	90,575.43
	0.00	721	(33.43)			(33.43)
6,000.00	6,000.00				6,000.00	6,000.00
769,569.00	769,569.00				769,569.00	769,569.00
2,331,681.00	2,331,681.00				2,331,681.00	2,331,681.00
172,768.00	172,768.00				172,768.00	172,768.00
163,345.00	163,345.00				163,345.00	163,345.00
	8,686,142.00				8,686,142.00	8,686,142.00
45,851,135.32	54,537,277.32		2,163,200.10	3,721,311.58	48,652,765.64	54,537,277.32
	181,167.52				181,167.52	181,167.52
0.00	181,167.52		0.00	0.00	181,167.52	181,167.52
274,325.00	274,325.00				274,325.00	274,325.00
2,258,279.00	2,258,279.00				2,258,279.00	2,258,279.00
	3,053,178.66				3,053,178.66	3,053,178.66
2,532,604.00	5,585,782.66		0.00	0.00	5,585,782.66	5,585,782.66
48,828,708.32	60,817,698.06		2,163,200.10	3,789,813.14	54,864,684.82	60,817,698.06

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY (582)

-UNAUDITED-

**SCHEDULE 1B**  
**SCHEDULE OF STATE GRANT PASS THROUGHS FROM/TO STATE AGENCIES**  
**For the Fiscal Year Ended August 31, 2009**

**General Funds**  
**Pass Through To:**

Railroad Commission of Texas (Agency #455)	\$	16,849,158.12	
Department of State Health Services (Agency #537)		250,000.00	
Texas AgriLife Extension (Agency #555)		85,678.64	
Texas Water Development Board (Agency #580)		200,000.00	
Soil and Water Conservation Board (Agency #592)		45,870.59	
Texas A&M University (Agency #711)		252,933.64	
University of Texas at Austin (Agency #721)		240,301.14	
University of Houston (Agency #730)		226,094.27	
Texas Tech University (Agency #733)		114,321.44	
University of Texas - Pan American (Agency #736)		20,131.22	
Texas State University - San Marcos (Agency #754)		38,358.38	
Stephen F. Austin State University (Agency #755)		7,650.84	
University of Houston - Clear Lake (Agency #759)		9,999.94	
Parks & Wildlife Department (Agency #802)		<u>3,998.00</u>	
<b>Total State Pass Throughs to Other Agencies</b>	<b>\$</b>		<b><u><u>18,344,496.22</u></u></b> (Exh II)

**Discrete Component Unit**  
**Pass Through To:**

Texas Tech University (Agency #733)	\$	<u>76,387.68</u>	\$ <u><u>76,387.68</u></u> (Exh II)
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