

State Preservation Board Annual Financial Report

Fiscal Year Ending August 31, 2023





STATE PRESERVATION BOARD

The Honorable Greg Abbott, Governor, Chairman
The Honorable Dan Patrick, Lieutenant Governor, Co-Vice Chairman
The Honorable Dade Phelan, Speaker of the House, Co-Vice Chairman
The Honorable Charles Schwertner, Texas Senate
The Honorable Will Metcalf, Texas House of Representatives
Alethea Swann Bugg, Citizen Board Member
Rod Welsh, Executive Director

November 20, 2023

The Honorable Greg Abbott, Governor
The Honorable Glenn Hegar, Texas Comptroller
Mr. Jerry McGinty, Director, Legislative Budget Board
Ms. Lisa Collier, State Auditor

Lady and Gentlemen:

We are pleased to submit the Annual Financial Report of the State Preservation Board (SPB) for the year ended August 31, 2023, in compliance with Texas Government Code Annotated, §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 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 Annual *Comprehensive Financial Report (ACFR)*; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have questions, please contact Cynthia Provine, CPA, Chief Financial Officer, at 512-463-9243 or cindy.provine@tspb.texas.gov.

Sincerely,

Roderick Welsh
Executive Director

State Preservation Board (809)
FY 2023 Annual Financial Report (Unaudited)

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EXHIBIT I - Combined Balance Sheet / Statement of Net Position
Governmental Funds
August 31, 2023

	GOVERNMENTAL FUND TYPES			
	GOVERNMENTAL FUNDS (Exhibit A-1)	CAPITAL ASSETS ADJUSTMENTS	LONG-TERM LIABILITIES ADJUSTMENTS	STATEMENT OF NET ASSETS
ASSETS				
Current Assets:				
Cash in State Treasury	14,155,145.29	-	-	14,155,145.29
Legislative Appropriations	141,805,089.15	-	-	141,805,089.15
Receivables:				
Accounts Receivable	727.91	-	-	727.91
Interfund Receivable (Note 12)	2,190,701.54	-	-	2,190,701.54
Due From Other Agencies (Note 12)	2,190,670.07	-	-	2,190,670.07
Total Current Assets	<u>160,342,333.96</u>	<u>-</u>	<u>-</u>	<u>160,342,333.96</u>
Non-Current Assets:				
Capital Assets (Note 2):				
Non-Depreciable:				
Land and Land Improvements	-	23,001,235.22	-	23,001,235.22
Construction in Progress	-	22,388,970.31	-	22,388,970.31
Other Tangible Capital Assets	-	7,279,818.21	-	7,279,818.21
Depreciable/Amortizable:				
Buildings and Building Improvements	-	316,647,608.89	-	316,647,608.89
Less Accumulated Depreciation	-	(278,087,473.46)	-	(278,087,473.46)
Furniture and Equipment	-	1,987,603.94	-	1,987,603.94
Less Accumulated Depreciation	-	(1,710,913.65)	-	(1,710,913.65)
Vehicles, Boats, and Aircraft	-	101,080.62	-	101,080.62
Less Accumulated Depreciation	-	(84,441.70)	-	(84,441.70)
Computer Software - Intangible	-	58,728.00	-	58,728.00
Less Accumulated Amortization	-	(58,728.00)	-	(58,728.00)
Facilities and Other Improvements	-	3,153,659.90	-	3,153,659.90
Less Accumulated Depreciation	-	(3,153,659.90)	-	(3,153,659.90)
Other Capital Assets	-	1,700,978.86	-	1,700,978.86
Less Accumulated Depreciation	-	(1,700,978.86)	-	(1,700,978.86)
Total Non-Current Assets	<u>-</u>	<u>91,523,488.38</u>	<u>-</u>	<u>91,523,488.38</u>
TOTAL ASSETS	<u>160,342,333.96</u>	<u>91,523,488.38</u>	<u>-</u>	<u>251,865,822.34</u>

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EXHIBIT I - Combined Balance Sheet / Statement of Net Position
Governmental Funds
August 31, 2023 (concluded)

	GOVERNMENTAL FUND TYPES			
	GOVERNMENTAL FUNDS (Exhibit A-1)	CAPITAL ASSETS ADJUSTMENTS	LONG-TERM LIABILITIES ADJUSTMENTS	STATEMENT OF NET ASSETS
LIABILITIES AND FUND BALANCES				
Current Liabilities:				
Payables:				
Vouchers Payable	1,000,683.56	-	-	1,000,683.56
Accounts Payable	1,595,671.65	-	-	1,595,671.65
Payroll Payables	738,283.13	-	-	738,283.13
Payroll Deduction Return Liability	2,928.06	-	-	2,928.06
Interfund Payable (Note 12)	2,352,655.64	-	-	2,352,655.64
Due to Other Funds (Note 12)	5,141.66	-	-	5,141.66
Due to Other Agencies (Note 12)	1,219,256.25	-	-	1,219,256.25
Unearned Revenues	31,069.74	-	-	31,069.74
Employees Compensable Leave (Note 5)	-	-	594,059.75	594,059.75
Total Current Liabilities	6,945,689.69	-	594,059.75	7,539,749.44
Non-Current Liabilities:				
Employees Compensable Leave (Note 5)	-	-	384,947.66	384,947.66
Total Non-Current Liabilities	-	-	384,947.66	384,947.66
TOTAL LIABILITIES	6,945,689.69	-	979,007.41	7,924,697.10
FUND FINANCIAL STATEMENT				
Fund Balances (Deficits):				
Unassigned	139,301,686.72	-	-	139,301,686.72
Committed	14,094,957.55	-	-	14,094,957.55
TOTAL FUND BALANCES	153,396,644.27	-	-	153,396,644.27
TOTAL LIABILITIES AND FUND BALANCES	160,342,333.96	-	979,007.41	161,321,341.37

Government-Wide Statement of Net Position

Net Position:

Invested in Capital Assets, Net of Accumulated Depreciation (Note 2)	91,523,488.38	-	91,523,488.38
Restricted for: Compensable Leave Liabilities (Note 5)	-	(979,007.41)	(979,007.41)
Total Net Position	91,523,488.38	(979,007.41)	90,544,480.97

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

State Preservation Board (809)
FY 2023 Annual Financial Report (Unaudited)

**EXHIBIT II - Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances / Statement of Activities**
Governmental Funds
For the Fiscal Year Ended August 31, 2023

	GOVERNMENTAL FUND TYPES			STATEMENT OF ACTIVITIES
	GOVERNMENTAL FUNDS (Exhibit A-2)	CAPITAL ASSETS ADJUSTMENTS	LONG-TERM LIABILITIES ADJUSTMENTS	
REVENUES				
Legislative Appropriations:				
Original Appropriations	142,475,217.00	-	-	142,475,217.00
Additional Appropriations	1,947,437.45	-	-	1,947,437.45
Federal Grant Pass-Through Revenue	9,170,430.88	-	-	9,170,430.88
Interest, Dividend and Other Income	869,781.91	-	-	869,781.91
TOTAL REVENUES	154,462,867.24	-	-	154,462,867.24
EXPENDITURES				
Salaries and Wages	6,688,693.98	-	59,236.78	6,747,930.76
Payroll Related Costs	1,982,929.98	-	-	1,982,929.98
Professional Fees and Services	32,561.58	-	-	32,561.58
Travel	3,821.22	-	-	3,821.22
Materials and Supplies	512,751.73	-	-	512,751.73
Communication and Utilities	95,334.70	-	-	95,334.70
Repairs and Maintenance	927,303.63	-	-	927,303.63
Rentals and Leases	19,044.03	-	-	19,044.03
Printing and Reproduction	6,042.29	-	-	6,042.29
Other Operating Expenditures	2,728,244.40	-	-	2,728,244.40
Capital Outlay (Note 2)	9,832,471.26	(9,832,471.26)	-	-
TOTAL EXPENDITURES/EXPENSES	22,829,198.80	(9,832,471.26)	59,236.78	13,055,964.32
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	131,633,668.44	9,832,471.26	(59,236.78)	141,406,902.92

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**EXHIBIT II - Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances / Statement of Activities**
Governmental Funds
For the Fiscal Year Ended August 31, 2023 (concluded)

	GOVERNMENTAL FUND TYPES			STATEMENT OF ACTIVITIES
	GOVERNMENTAL FUNDS (Exhibit A-2)	CAPITAL ASSETS ADJUSTMENTS	LONG-TERM LIABILITIES ADJUSTMENTS	
OTHER FINANCING SOURCES (USES):				
Increase (Decrease) Due to Interagency Transfer	-	-	-	-
Depreciation/Amortization Expense (Note 2)	-	(4,233,756.83)	-	(4,233,756.83)
Transfers In (Note 12)	15,100,293.15	-	-	15,100,293.15
Transfer Out (Note 12)	(15,099,323.99)	0.54	-	(15,099,323.45)
Legislative Appropriations Lapsed	(162,820.69)	-	-	(162,820.69)
Deposit to Trust or Suspense	(850.00)	-	-	(850.00)
Sale of Capital Assets	4.46	4.46	-	8.92
Gain/Loss on Sale of Capital Assets due to Interagency Transfers	-	(5.00)	-	(5.00)
TOTAL OTHER FINANCING SOURCES (USES)	(162,697.07)	(4,233,756.83)	-	(4,396,453.90)
NET CHANGE IN FUND BALANCES/NET POSITION	131,470,971.37	5,598,714.43	(59,236.78)	137,010,449.02
FUND FINANCIAL STATEMENT - FUND BALANCES				
Fund Balances - September 1, 2022	21,925,672.90			
Net Change in Fund Balances/Net Assets	131,470,971.37			
Fund Balances - August 31, 2023	153,396,644.27			
Government-Wide Statement of Activities				
Net Position, September 1, 2022	21,925,672.90	85,924,773.95	(919,770.63)	106,930,676.22
Changes in Net Position and Lapses	131,470,971.37	5,598,714.43	(59,236.78)	137,010,449.02
Net Position, August 31, 2023	153,396,644.27	91,523,488.38	(979,007.41)	243,941,125.24

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

State Preservation Board (809)
FY 2023 Annual Financial Report (Unaudited)

EXHIBIT III - Combined Statement of Net Position
Proprietary Funds
August 31, 2023

	ENTERPRISE FUNDS (Exhibit F-1)
ASSETS	
Current Assets:	
Cash :	
Cash on Hand	19,253.38
Cash in Bank (Note 3)	11,000.00
Cash in State Treasury	1,828,243.64
Short-Term Investments (Note 3)	17,419,223.97
Accounts Receivable	374,700.46
Interfund Receivable (Note 12)	217,274.77
Due From Other Funds	5,141.66
Merchandise Inventories	1,102,827.61
Total Current Assets	<u>20,977,665.49</u>
Non-Current Assets:	
Capital Assets (Note 2):	
Non-Depreciable:	
Assets in Trust (Note 33)	4,280,923.00
Land and Land Improvements	421,309.35
Construction in Progress	365,482.14
Other Capital Assets	83,601.05
Depreciable/Amortizable:	
Vehicles, Boats and Aircraft	20,389.00
Less Accumulated Depreciation	(20,389.00)
Furniture and Equipment	239,704.76
Less Accumulated Depreciation	(193,376.15)
Building and Building Improvements	890,231.76
Less Accumulated Depreciation	(354,464.56)
Computer Software	5,280.00
Less Accumulated Depreciation	(5,280.00)
Other Assets	1,111,623.64
Less Accumulated Depreciation	(1,111,623.64)
Total Non-Current Assets	<u>5,733,411.35</u>
TOTAL ASSETS	<u>26,711,076.84</u>
LIABILITIES	
Current Liabilities:	
Payables:	
Vouchers Payable	269,281.02
Accounts Payable	62,842.66
Payroll Payables	359,459.36
Interfund Payable (Note 12)	55,320.67
Deferred Revenues	95,398.13
Employees Compensable Leave (Note 5)	201,570.61
Total Current Liabilities	<u>1,043,872.45</u>
Non-Current Liabilities:	
Employee Compensable Leave (Note 5)	119,121.56
Assets Held for Others (Note 33)	4,280,923.00
Total Non-Current Liabilities	<u>4,400,044.56</u>
TOTAL LIABILITIES	<u>5,443,917.01</u>
NET POSITION	
Restricted for Endowments (Note 32)	226,500.00
Restricted by Contributors and Statutes (Note 32)	3,481,043.89
Unrestricted	17,559,615.94
TOTAL NET POSITION	<u>21,267,159.83</u>

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

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**EXHIBIT IV - Combined Statement of Revenues,
Expenses, and Changes in Net Position
August 31, 2023**

	ENTERPRISE FUNDS (Exhibit F-2)
OPERATING REVENUES:	
Sales of Goods and Services	10,516,088.39
Federal Pass-Through Revenue	980,969.49
Other Operating Revenues	158,894.27
Total Operating Revenues	<u>11,655,952.15</u>
OPERATING EXPENSES:	
Cost of Goods Sold	2,242,217.12
Salaries and Wages	3,336,380.76
Payroll Related Costs	1,128,745.56
Professional Fees and Services	48,905.00
Travel	26,978.21
Materials and Supplies	841,362.99
Communications and Utilities	98,538.91
Repairs and Maintenance	639,190.05
Rentals and Leases	976,400.24
Printing and Reproduction	70,700.27
Depreciation and Amortization	63,348.84
Interest	47.34
Federal Pass-Through Expenses	965,038.07
Other Operating Expenses	1,723,525.93
Total Operating Expenses	<u>12,161,379.29</u>
OPERATING INCOME (LOSS)	<u>(505,427.14)</u>
NON-OPERATING REVENUES (EXPENSES):	
Interest Income	739,185.34
Federal Revenue	81,115.00
State Grant Pass-Through (Note 12)	2,700.00
Gifts, Grants and Donations	438,931.23
Total Non-Operating Revenues (Expenses)	<u>1,261,931.57</u>
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS/(LOSSES) AND TRANSFERS	<u>756,504.43</u>
OTHER REVENUES, EXPENSES, GAINS/(LOSSES) AND TRANSFERS	
Transfers In (Note 12)	4,632,293.57
Transfers Out (Note 12)	(4,633,266.07)
Total Other Revenues, Expenses, Gains/(Losses) and Transfers	<u>(972.50)</u>
TOTAL NET POSITION, September 1, 2022	20,511,627.90
CHANGE IN NET POSITION	<u>755,531.93</u>
TOTAL NET POSITION - August 31, 2023	<u><u>21,267,159.83</u></u>

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

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EXHIBIT V - Combined Statement of Cash Flows
Proprietary Funds
August 31, 2023

	ENTERPRISE FUNDS (Exhibit F-3)
CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds from Customers	10,421,901.18
Proceeds from Grants and Contracts	980,969.61
Payments to Suppliers for Goods and Services	(2,079,284.89)
Payments to Employees	(4,373,674.86)
Payments for Other Expenses	(5,390,687.01)
Net Cash Provided by Operating Activities	(440,775.97)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Proceeds from Transfers from Other Funds	4,632,293.57
Payments for Transfers to Other Funds	(4,633,266.07)
Proceeds from Other Non-Operating Revenues	522,746.23
Net Cash Provided by Non-capital Financing Activities	521,773.73
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Gain on Sale of Capital Assets	-
Payments for Additions to Fixed Assets	(318,671.34)
Net Cash Provided by Capital and Related Financing Activities	(318,671.34)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Interest and Investment Income	739,185.34
Net Cash Provided from Investing Activities	739,185.34
Increase (Decrease) in Cash	501,511.76
Cash and Cash Equivalents - September 1, 2022	18,776,209.23
Cash and Cash Equivalents - August 31, 2023	19,277,720.99
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income (Loss)	(505,427.14)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Amortization and Depreciation	63,348.84
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	(79,542.73)
(Increase) Decrease in Interfund Receivables	(166,284.38)
(Increase) Decrease in Inventories	221,671.82
Increase (Decrease) in Due to Other Funds	(4,987.06)
Increase (Decrease) in Payables	(53,752.41)
Increase (Decrease) in Deferred Revenue	(7,254.37)
Increase (Decrease) in Compensable Leave	19,581.04
Increase (Decrease) in Other Liabilities	71,870.42
Total Adjustments	64,651.17
Net Cash Provided by Operating Activities	(440,775.97)

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

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FY 2023 Annual Financial Report (Unaudited)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Entity

The State Preservation Board (SPB) is an agency of the State of Texas and its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' Reporting Requirements for State Agencies.

The SPB was established by the 68th Legislature (1983). The SPB is mandated in Texas Government Code Annotated, Chapter 443 (1987) to preserve, maintain, and restore the Capitol, the 1857 General Land Office Building, their contents and their grounds.

Texas Government Code Annotated, Chapter 445 (1999) charges the SPB with the operation of the Bullock Texas State History Museum (Museum). The Museum opened on April 21, 2001.

The 81st Legislature clarified that SPB has full responsibility for the management of construction projects and maintenance of the 1856 Texas Governor's Mansion. Senate Bill 2307 (2009) amended the Government Code to establish that SPB is responsible for the preservation, maintenance and protection of the historical and architectural integrity of the Governor's Mansion and grounds.

The 83rd Legislature in Senate Bill 201 (2013) continued the operations of the agency for twelve years beginning September 1, 2013, and allowed certain Board members to designate representatives to participate in the Board's meetings and required the Board to meet at least twice each year. Additionally, the bill created a Mansion Renewal Trust Fund outside the State Treasury for the preservation of the Governor's Mansion, established the Museum Director position, and authorized the adoption of policies for naming areas within the Bullock Texas State History Museum. Other legislation included SPB in the development and review of a required comprehensive master plan for the Capitol Complex.

The 84th Legislature in House Bill 2206 (2015) transferred oversight of the Texas State Cemetery to the SPB and created the State Cemetery preservation trust fund outside the State Treasury.

The 85th (2017), 86th (2019) and 87th (2021) Legislatures passed no legislation that had a significant impact to SPB.

The 88th Legislature (2023) in S.B. 640 allowed for the transfer of facilities management services for three state office buildings from the Texas Facilities Commission to SPB and provided funding for deferred maintenance. S.B. 30 provided funding for improvements to the Texas State History Museum, Senate Facilities and House Facilities. S.B. 1333 amended Section 443.0103, Government Code, to establish the Texas State Buildings Preservation Endowment Fund.

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NOTES TO THE FINANCIAL STATEMENTS

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 of 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.

Fund Structure

The accompanying financial statements are presented on the basis of funds, each of which is considered a separate accounting entity. The funds used to reflect the SPB's transactions are as follows:

Governmental Fund Types and Government-wide Adjustment Fund Types

General Revenue Fund

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

Capital and Mansion Renewal and Cemetery Preservation Funds

Capital projects funds account for financial resources used for the acquisition, repair, renovation or construction of major capital facilities other than those financed by proprietary or similar funds. The Cemetery Preservation Fund may be used for land acquisition.

Capital Asset Adjustment Fund Type

Capital Asset Adjustment fund type will be used to convert governmental fund types' capital assets from modified accrual to full accrual.

Long-Term Liabilities Adjustment Fund Type

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

Suspense Funds

Suspense Funds are used to account for assets the government holds on behalf of others in a purely custodial capacity. Suspense funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

NOTES TO THE FINANCIAL STATEMENTS

Proprietary Fund Types

Enterprise Funds

Enterprise funds are used to account for any activity for which a fee is charged to external users for goods or services. Activities must be reported as enterprise funds if any one of the following criteria is met:

1. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity.
2. Laws or regulations require that the activity's costs of providing services including capital costs (such as depreciation or debt service), be recovered with fees and charges.
3. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs.

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.

Basis of Accounting

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Governmental fund types that build the fund financial statements are accounted for using the modified accrual basis of accounting. Under the modified accrual, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year end. The State of Texas considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year for Fund Financial Statements prepared on the modified basis of accrual.

Expenditures and other uses of financial resources are recognized when the related liability is incurred.

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

NOTES TO THE FINANCIAL STATEMENTS

Proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Proprietary funds distinguish operating from non-operating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with the proprietary fund's principal ongoing operations. Operating expenses for the enterprise funds includes the cost of sales and services, administrative expenses, and depreciation of capital assets.

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 agency's trust funds and enterprise funds are held "outside the Treasury" and are not subject to the appropriations process.

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 Equity 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 merchandise inventories on hand for sale. Inventories are valued at cost generally utilizing the last-in, first-out method. The consumption method of accounting is used to account for inventories and prepaid items that appear in the governmental and proprietary fund types. The cost of these items is expensed when the item is consumed.

Capital Assets

Assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year should be capitalized. These assets are capitalized at cost or, if any are donated, at appraised fair value as of the date of acquisition. Purchases of assets of 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. Assets are depreciated over the estimated useful life of the asset using the straight-line method.

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

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Current Receivables - Other

Current Receivables - Other includes year-end revenue accruals. This account can appear in governmental and proprietary fund types.

Liabilities

Accounts Payable

Accounts Payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

Current Payables - Other

Current Payables - Other are the accruals at year-end of expenditure transactions. This account may be included in either the governmental or proprietary fund types.

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 assets.

Fund Balance / Net Assets

The difference between fund assets and liabilities is 'Net Assets' on the government-wide, proprietary and fiduciary fund statements and the 'Fund Balance' is the difference between fund assets and liabilities on the governmental fund statements.

Fund Balance Components

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

- Non-spendable fund balance includes amounts not available to be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- Restricted fund balance includes those resources that have constraints placed on their use through external parties or by law through constitutional provisions.
- Committed fund balance can be used only for specific purposes pursuant to constraints imposed 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 are neither restricted nor committed. Intent is expressed by (1) the Texas Legislature or (2) a body (for example, a budget or finance committee) or

NOTES TO THE FINANCIAL STATEMENTS

official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

- Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that was not assigned to other funds and was not restricted, committed or assigned to specific purposes within the general fund.

Invested In Capital Assets, Net of Related Debt

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

Restricted Net Assets

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

Unrestricted Net Assets

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

Interfund 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 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.
- Interfund Sales and Purchases: Charges or collections for services rendered by one fund to another that are recorded as revenues of the recipient fund and expenditures or expenses of the disbursing fund. The composition of the agency's interfund activities and balances are presented in Note 12.

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NOTE 2: CAPITAL ASSETS				
A summary of changes in General Fixed Assets for the year ended August 31, 2023 is presented below:				
	Balance 9/1/2022	Additions	Deletions	Balance 8/31/2023
Governmental Activities				
Non-Depreciable Assets:				
Land and Improvements	23,001,235.22	-	-	23,001,235.22
Construction in Progress	12,575,799.05	9,813,171.26	-	22,388,970.31
Other Tangible Capital Assets	7,279,818.21	-	-	7,279,818.21
Total Non-Depreciable Assets	42,856,852.48	9,813,171.26	-	52,670,023.74
Depreciable Assets:				
Buildings and Improvements	316,647,608.89	-	-	316,647,608.89
Facilities and Other Improvements	3,153,659.90	-	-	3,153,659.90
Furniture and Equipment	1,975,528.94	19,300.00	(7,225.00)	1,987,603.94
Vehicles, Boats, Aircraft	101,080.62	-	-	101,080.62
Other Capital Assets	1,700,978.86	-	-	1,700,978.86
Total Depreciable Assets at Cost	323,578,857.21	19,300.00	(7,225.00)	323,590,932.21
Accumulated Depreciation:				
Buildings and Improvements	(273,955,936.57)	(4,131,536.89)	-	(278,087,473.46)
Facilities and Other Improvements	(3,153,659.90)	-	-	(3,153,659.90)
Furniture and Equipment	(1,619,484.03)	(98,654.62)	7,225.00	(1,710,913.65)
Vehicles, Boats, Aircraft	(80,876.38)	(3,565.32)	-	(84,441.70)
Other Capital Assets	(1,700,978.86)	-	-	(1,700,978.86)
Total Accumulated Depreciation	(280,510,935.74)	(4,233,756.83)	7,225.00	(284,737,467.57)
Amortizable Assets - Intangible:				
Computer Software	58,728.00	-	-	58,728.00
Total Amortizable Assets - Intangible	58,728.00	-	-	58,728.00
Accumulated Amortization:				
Computer Software	(58,728.00)	-	-	(58,728.00)
Total Accumulated Amortization	(58,728.00)	-	-	(58,728.00)
Capital Assets				
Governmental Activities	85,924,773.95	5,598,714.43	-	91,523,488.38
Business Type Activities				
Non-Depreciable Assets:				
Land and Improvements	421,309.35	-	-	421,309.35
Construction in Progress	46,810.80	318,671.34	-	365,482.14
Other Tangible Capital Assets	83,601.05	-	-	83,601.05
Total Non-Depreciable Assets	551,721.20	318,671.34	-	870,392.54
Depreciable Assets:				
Buildings and Improvements	890,231.76	-	-	890,231.76
Furniture and Equipment	239,704.76	-	-	239,704.76
Vehicles, Boats, Aircraft	20,389.00	-	-	20,389.00
Other Capital Assets	1,111,623.64	-	-	1,111,623.64
Total Depreciable Assets at Cost	2,261,949.16	-	-	2,261,949.16
Less Accumulated Depreciation for:				
Buildings and Improvements	(300,478.00)	(53,986.56)	-	(354,464.56)
Furniture and Equipment	(184,013.87)	(9,362.28)	-	(193,376.15)
Vehicles, Boats, Aircraft	(20,389.00)	-	-	(20,389.00)
Other Capital Assets	(1,111,623.64)	-	-	(1,111,623.64)
Total Accumulated Depreciation	(1,616,504.51)	(63,348.84)	-	(1,679,853.35)
Amortizable Assets - Intangible:				
Computer Software	5,280.00	-	-	5,280.00
Total Amortizable Assets - Intangible	5,280.00	-	-	5,280.00
Accumulated Amortization:				
Computer Software	(5,280.00)	-	-	(5,280.00)
Total Accumulated Amortization	(5,280.00)	-	-	(5,280.00)
Capital Assets				
Business Type Activities	1,197,165.85	255,322.50	-	1,452,488.35

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NOTE 3: DEPOSITS, INVESTMENTS, AND REPURCHASE AGREEMENTS

Schedules containing deposit, investment and repurchase agreement information, in the required format, have been submitted to the Comptroller of Public Accounts as a separate supplement to the AFR.

The State Preservation Board has the Capitol Fund which holds funds donated to the Board and other agency receipts including the net proceeds from Capitol enterprises. The Capitol Fund is used for acquiring and refurbishing furnishings, for restoring areas of the State Capitol, Capitol Extension, General Land Office Building and Historic Grounds, and for educational purposes. The Board elected to use the Texas Treasury Safekeeping Trust Company to manage these funds. The cash and cash equivalents balance (consisting of demand deposits and repurchase agreements) in this fund as of August 31, 2023 was \$14,856,590.04.

The State Preservation Board has the Bullock Texas State History Museum Fund which holds funds donated to the Board and other agency receipts, including the net operating proceeds from the Museum. The fund is used for programs related to the Museum. The Board elected to use the Texas Treasury Safekeeping Trust Company to manage these funds. The cash and cash equivalents balance (consisting of demand deposits and repurchase agreements) in this fund as of August 31, 2023 was \$2,562,633.93.

The State Preservation Board also maintains two cash accounts at local banks to allow the agency to maintain change banks for the Capitol Gift Shops and the Museum. The combined balance in these accounts as of August 31, 2023 was \$11,000.00.

The State Preservation Board is authorized to make investments following the “prudent person rule”; however, all funds are currently managed by the Texas Treasury Safekeeping Trust Company.

Deposits of Cash in Bank

As of August 31, 2023, the carrying amount of deposits was \$11,000.00 as presented below:

Governmental and Business Type Activities	Amount
Cash in Bank - Carrying Value	\$ 11,000.00
Cash in Bank per AFR	\$ 11,000.00
Proprietary Funds Current Assets Cash in Bank	\$ 11,000.00
Cash in Bank per AFR	\$ 11,000.00

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These amounts consist of all cash in local banks and a portion of short-term investments and are classified accordingly to the following risk category -- Insured or collateralized with securities held by the governmental entity or by its agent in the name of the governmental entity. These amounts are included on the Combined Statement of Net Assets as part of "Cash and Cash Equivalents" account.

Investments

Assets of the Capitol Gift Shops Fund and the Texas State History Museum Fund, held by the Texas Safekeeping Trust Company, are invested primarily in overnight repurchase agreements. The agency offers no input regarding the investment of the funds but expects a high level of safety for the principal.

As of August 31, 2023, the carrying value and fair value of investments are as presented below:

Business-Type Activities	Amount
Repurchase Agreements- Capitol Gift Shops Fund	\$ 14,856,590.04
Repurchase Agreements- Texas State History Museum Fund	2,562,633.93
Total	\$ 17,419,223.97

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the agency will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The agency does not have a deposit policy for custodial credit risk. The bank balances that were exposed to custodial credit risk are:

Business-Type Activities	Amount
Uninsured and Unregistered Fair Value, Securities Held by Counterparty	\$ 17,419,223.97
Total	\$ 17,419,223.97

NOTE 4: SHORT-TERM DEBT - Not applicable to this agency.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

During the year ended August 31, 2023, the following changes occurred in liabilities.

Governmental Activities	Balance 09/01/2022	Additions	Reductions	Balance 08/31/2023	Amounts Due Within One Year
Compensable Leave	\$ 919,770.63	\$ 1,009,465.33	\$ (950,228.55)	\$ 979,007.41	\$ 594,059.75
Total Governmental Activities	\$ 919,770.63	\$ 1,099,465.33	\$ (950,228.55)	\$ 979,007.41	\$ 594,059.75

Business Type Activities	Balance 09/01/2022	Additions	Reductions	Balance 08/31/2023	Amounts Due Within One Year
Compensable Leave	\$ 301,111.13	\$ 365,508.48	\$ (345,927.44)	\$ 320,692.17	\$ 201,570.61
Total Business Type Activities	\$ 301,111.13	\$ 365,508.48	\$ (345,927.44)	\$ 320,692.17	\$ 201,570.61

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 employees accumulating rights to receive sick pay benefits. This obligation is usually paid from the same funding source(s) from which the employee's salary or wage.

NOTE 6: BONDED INDEBTEDNESS - Not applicable to this agency.

NOTE 7: DERIVATIVE INSTRUMENTS - Not applicable to this agency.

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NOTE 8: LEASES

Operating Leases: The agency is a party to several contracts with film companies for the lease of IMAX films. Typical terms involve a per attendee royalty payment to the film company with a minimum total payment for the term of the contract. The agency also has an equipment lease agreement; however, the contracting parties may terminate the contract at any time, for any reason.

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

Fund Type	Amount
Proprietary Fund (0849)	\$ 637,798.73
Totals - Memorandum Only	\$ 637,798.73

The agency is not a party to any non-cancellable operating leases having an initial term in excess of one year. Therefore, there are no future minimum lease rental payments under such operating leases.

NOTE 9: PENSION PLANS - Not applicable to this agency.

NOTE 10: DEFERRED COMPENSATION - Not applicable to this agency.

NOTE 11: POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS - Not applicable to this agency.

NOTE 12: INTERFUND ACTIVITY AND TRANSACTIONS

As explained in Note 1 regarding Interfund Transactions and Balances, there are numerous transactions between funds. At year-end, amounts to be received or paid are reported as:

- Due From Other Agencies or Due To Other Agencies
- Due From Other Funds or Due To Other Funds
- Interfund Receivables or Interfund Payables
- Operating Transfers In or Operating Transfers Out
- Legislative Transfers In or Legislative Transfers Out
- State/Federal Grant Pass-through Activity

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.

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Individual balances and activity at August 31, 2023, follows:

Interfund Receivables/Payables	Interfund Receivables	Interfund Payables
General Revenue (01) Fund 0001 Agency 809, D23 Fund 0001	4.75	161,985.57
ARPA 2021 SB 8 Section 47 (01) Fund 0325 Agency 809, D23 Fund 0341		2,190,670.07
Economic Stabilization HB 2 (01) Fund 599 Agency 809, D23 Fund 0599	2,190,696.79	
Total Governmental Funds	\$ 2,190,701.54	\$ 2,352,655.64
Enterprise (05) D22 Fund 0849 Agency 809, D23 Fund 0849	146,037.21	51,968.95
Enterprise (05) D22 Fund 0879 Agency 809, D23 Fund 0845	.43	
Agency 809, D23 Fund 0879	2.55	
Agency 809, D23 Fund 1111	71,234.58	3,351.60
CARES FECRA Act (05) Fund 0325 Agency 809, D23 Fund 0305		.12
Total Enterprise Funds	\$ 217,274.77	\$ 55,320.67
Total Interfund Receivables/Payables	\$ 2,407,976.31	\$ 2,407,976.31

Operating Transfers	Transfers In	Transfers Out
General Revenue Fund (01) 0001 Agency 809, D23 Fund 0001	122.50	3.34
Agency 809, D23 Fund 0900	850.00	
Economic Stabilization HB 2 (01) Fund 0599 Agency 809, D23 Fund 0599	1,219,256.25	1,219,256.25
Mansion Renewal Fund (01) Fund 0804 Agency 809, D23 Fund 0804	733,487.48	733,487.48
Capital Renewal Fund (01) Fund 0854 Agency 809, D23 Fund 0854	2,638,677.07	2,638,677.07
Cemetery Preservation Fund (01) Fund 0902 Agency 809, D23 Fund 0902	10,508,872.35	10,508,872.35
Total Governmental Funds	\$ 15,101,265.65	\$ 15,100,296.49
Enterprise (05) D22 Fund 0849 Agency 809, D23 Fund 0849	1,705,365.02	2,403,501.13
Agency 809, D23 Fund 2222	464.05	464.05
Agency 809, D23 Fund 2993	998,136.11	300,000.00
Enterprise (05) D22 Fund 0879 Agency 809, D23 Fund 0879	425,001.16	225,001.16
Agency 809, D23 Fund 0845	138,300.45	138,300.45
Agency 809, D23 Fund 1111	1,361,758.02	62,876.78
Agency 809, D23 Fund 1993	3,268.76	1,503,122.50
Total Enterprise Funds	\$ 4,632,293.57	\$ 4,633,266.07
Total Operating Transfers	\$ 19,733,559.22	\$ 19,733,562.56

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Federal Pass-throughs	Revenues	Expenditures
ARPA 2021 SB 8 Sec 47 (01) Fund 0325 Agency 300, D23 Fund 0341	9,176,540.66	
CARES FECRA Act (01) Fund 0325 Agency 300, D23 Fund 0301	(6,109.78)	
Total Governmental Funds	\$ 9,170,430.88	\$
COVID 19 Disaster Grants TDEM (05) 0325 Agency 575, D23 Fund 0485	980,969.49	
Agency 101, D23 Fund 0485		298,562.38
Agency 102, D23 Fund 0485		666,475.69
Total Enterprise Funds	\$ 980,969.49	\$ 965,038.07
Total Federal Pass-throughs	\$ 10,151,400.37	\$ 965,038.07

Due To/Due From	Due From	Due To
General Revenue (01) Fund 0001 Agency 809, D23 Fund 0900		5,141.66
ARPA 2021 SB 8 Sec 47 (01) Fund 0325 Agency 300, D23 Fund 0341	2,190,670.07	
Economic Stabilization HB 2 (01) Fund 0599 Agency 902, D23 Fund 0599		1,219,256.25
Total Governmental Funds	\$ 2,190,670.07	\$ 1,224,397.91
Enterprise (05) D22 Fund 0879 Agency 809, D23 Fund 1993	5,141.66	
Total Enterprise Funds	\$ 5,141.66	
Total Due To/Due From	\$ 2,195,811.73	\$ 1,224,397.91

State Pass-throughs	In	Out
Enterprise (05) Fund 0849 Agency 809, D23 Fund 0849	2,700.00	
Total Enterprise Funds	\$ 2,700.00	
Total State Pass-throughs	\$ 2,700.00	

NOTE 13: CONTINUANCE SUBJECT TO REVIEW

The Texas Sunset Commission completed a review of the agency in March 2012.

Under the Texas Sunset Act, the State Preservation Board will be abolished effective September 1, 2029, unless continued in existence by the Legislature as provided by the Act.

NOTE 14: ADJUSTMENTS TO FUND BALANCE/NET ASSETS

The agency had no adjustments to fund balances/net assets at the GAAP Fund level.

NOTE 15: CONTINGENCIES AND COMMITMENTS

As of August 31, 2023, the agency had no outstanding contingencies or commitments.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 16: SUBSEQUENT EVENTS - Not applicable to this agency.

NOTE 17: RISK MANAGEMENT

The State Preservation Board is susceptible only to a small degree of risk. The risks include property damage to real property, furniture and equipment and historical artifacts. Other risks include casualty risks suffered by visitors to the Texas Capitol and potential workers' compensation claims by agency employees. The agency bears retention risks as noted below. The agency assumes substantially all risks associated with tort and liability claims due to performance of its duties. Any such claims by members of the public are referred to the Tort Litigation Division of the Office of the Attorney General. The agency understands that these losses will not be paid without legislative approval to either pay claims or pursue legal remedies. In either case, the agency would be well aware of potential losses prior to a legislative appropriation bill and these losses would be financed at that time.

The agency assumes substantially all risk associated with its property. Insurance policies are in effect for items on loan to the Bullock Texas State History Museum and Capitol Visitors Center. The agency continues to contemplate the purchase of private insurance for historical artifacts it owns.

Beginning in fiscal year 2002, the agency participates in a risk pool administered by the State Office of Risk Management for worker's compensation claims. An annual assessment is paid to cover all claims. The assessment is adjusted annually based upon various risk factors. The agency is not responsible for workers' compensation claims for other agencies' employees who work in the buildings, nor construction contractors' employees working in or around the buildings.

NOTE 18: MANAGEMENT'S DISCUSSION AND ANALYSIS - Not applicable to this agency.

NOTE 19: THE FINANCIAL REPORTING ENTITY - Not applicable to this agency.

NOTE 20: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Not applicable to this agency.

NOTE 21: NOT APPLICABLE TO THE AFR.

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NOTE 22: DONOR RESTRICTED ENDOWMENTS

The State Preservation Board, in accordance with Government Code § 443.010, may receive gifts and donations and use such gifts of money made to the board for the purpose specified by the grantor, if any.

The following are endowments held in trust outside the State Treasury (Texas Treasury Safekeeping Trust Company) by the Comptroller in the Capitol Fund. The endowment principals are non-expendable, and interest earned is expended in accordance with provisions stipulated by the donors.

Donor-Restricted Endowment	Amounts of Net Appreciation	Reported At
True Endowment	\$ 69,366.91	Enterprise Fund; Capitol Fund
True Endowment	\$ 21,338.38	Enterprise Fund; Capitol Fund
True Endowment	\$ 85,388.92	Enterprise Fund; Capitol Fund

NOTE 23: EXTRAORDINARY AND SPECIAL ITEMS - Not applicable to this agency.

NOTE 24: DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES - Not applicable to this agency.

NOTE 25: TERMINATION BENEFITS - Not applicable to this agency.

NOTE 26: SEGMENT INFORMATION ON ENTERPRISE FUNDS

The agency operates the Capitol Visitors Parking Garage, the Bullock Texas State History Museum, and the Capitol Gift Shops. Each is accounted for as major individual enterprise funds; therefore, segment disclosure is not required due to information already provided in the basic financial statements.

NOTE 27: SERVICE CONCESSION ARRANGEMENTS - Not applicable to this agency.

NOTE 28: DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES - Not applicable to this agency.

NOTE 29: TROUBLED DEBT RESTRUCTURING - Not applicable to this agency.

NOTE 30: NON-EXCHANGE FINANCIAL GUARANTEES - Not applicable to this agency.

NOTE 31: TAX ABATEMENTS - Not applicable to this agency.

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NOTE 32: FUND BALANCES

GAAP Fund	D23 Funds	AFR 54 Class	Amount	Citation	Comments
0879	1993/1111	Restricted	\$226,500.00	Texas Government Code, Chapter 443.0101	Nonexpendable for endowment funds
0879	1993/1111	Restricted	\$400,000.00	Texas Government Code, Chapter 443.013, 443.0131	Restrictions are imposed by state law
0879	1993/1111	Restricted	\$3,081,043.89	Texas Government Code, Chapter 443.0101	Restrictions are imposed by state law

NOTE 33: ASSETS HELD IN TRUST

The agency is in possession of historical items on loan from both State and non-State entities. The items are for display purposes only and are not used in its operations.

GASB provides no guidance on how to handle these items from a reporting perspective. They have chosen to leave it up to the individual government’s discretion. The Comptroller’s policy stipulates reporting these items on loan from non-State entities as ‘Assets in Trust’ with a corresponding liability titled ‘Assets Held for Others’.

The agency has followed the Comptroller’s policy for purposes of the Annual Financial Report but disagrees and has strong concerns about the policy with regard to items on loan at the Bullock Texas State History Museum. The Financial Accounting Standards Board (FASB) has held that Museums may choose not to capitalize collections if such action is stated in institutional policy.

Without overriding Comptroller policy, we would not have capitalized these loaned items based on the following arguments:

- Museums have held that museum collections do not meet the definition of an “asset” which requires probable future benefits related to generating cash inflows.
- Museums acquire collections through donation, bequest, purchase, field research and exchange. In each of these transactions there is a transfer of title. Artifact loans are not acquisitions, and there is certainly no transfer of ownership or title.
- Individual lenders, particularly of valuable materials, are frequently apprehensive that the State could stake claim to their objects despite the language in the loan agreement. To report their personal property as an asset of the state might confirm those fears and affect the Museum’s future ability to secure loans from private individuals. This would severely impact the exhibition program.
- The ‘Assets Held in Trust’ items for the Museum are booked at insurance valuations because that is all that is available. These valuations are not equivalent to asset

NOTES TO THE FINANCIAL STATEMENTS

valuations. To request asset valuations from individuals bears the real risk of creating the unfavorable scenario above. Similarly, requesting asset values from major institutions such as the Smithsonian may jeopardize the Museum's status as a credible borrower.

The agency stresses that reporting these loaned items as assets with the corresponding liability is done only to comply with Comptroller policy and in no way implies ownership or any legal right beyond the contractual language in the loan agreements.

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EXHIBIT A-1 - Combining Balance Sheet
Governmental Funds
August 31, 2023

	GOVERNMENTAL FUNDS						TOTAL
	GENERAL REVENUE (0001) U/F (0001)	FEDERAL CARES/ FECRA ACT (0301/0341) U/F (0325)	ECONOMIC STABILIZATION (0599) U/F (0599)	MANSION RENEWAL (0804) U/F (0804)	CAPITAL RENEWAL (0854) U/F (0854)	CEMETERY PRESERVATION (0902) U/F (0902)	
ASSETS							
Cash in State Treasury	60,187.74	-	-	485,457.91	2,734,616.61	10,874,883.03	14,155,145.29
Legislative Appropriations	141,805,089.15	-	-	-	-	-	141,805,089.15
Receivables:							
Interest and Dividends Receivable	-	-	-	-	-	-	-
Accounts Receivable	727.91	-	-	-	-	-	727.91
Interfund Receivable	4.75	-	2,190,696.79	-	-	-	2,190,701.54
Due from Other Agencies	-	2,190,670.07	-	-	-	-	2,190,670.07
TOTAL ASSETS	141,866,009.55	2,190,670.07	2,190,696.79	485,457.91	2,734,616.61	10,874,883.03	160,342,333.96
LIABILITIES							
Payables:							
Vouchers Payable	29,243.02	-	971,440.54	-	-	-	1,000,683.56
Accounts Payable	1,595,671.65	-	-	-	-	-	1,595,671.65
Payroll Payables	738,283.13	-	-	-	-	-	738,283.13
Payroll Deduction Return Liability	2,928.06	-	-	-	-	-	2,928.06
Interfund Payable	161,985.57	2,190,670.07	-	-	-	-	2,352,655.64
Due to Other Funds	5,141.66	-	-	-	-	-	5,141.66
Due to Other Agencies	-	-	1,219,256.25	-	-	-	1,219,256.25
Unearned Revenues	31,069.74	-	-	-	-	-	31,069.74
TOTAL LIABILITIES	2,564,322.83	2,190,670.07	2,190,696.79	-	-	-	6,945,689.69
FUND BALANCES							
Unassigned	139,301,686.72	-	-	-	-	-	139,301,686.72
Committed	-	-	-	485,457.91	2,734,616.61	10,874,883.03	14,094,957.55
TOTAL FUND BALANCES	139,301,686.72	-	-	485,457.91	2,734,616.61	10,874,883.03	153,396,644.27
TOTAL LIABILITIES AND FUND BALANCE	141,866,009.55	2,190,670.07	2,190,696.79	485,457.91	2,734,616.61	10,874,883.03	160,342,333.96

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**EXHIBIT A-2 - Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances
August 31, 2023**

	GOVERNMENTAL FUNDS						TOTAL
	GENERAL REVENUE (0001) U/F (0001)	FEDERAL CARES/ FECRA ACT (0301/0341) U/F (0325)	ECONOMIC STABILIZATION (0599) U/F (0599)	MANSION RENEWAL (0804) U/F (0804)	CAPITAL RENEWAL (0854) U/F (0854)	CEMETERY PRESERVATION (0902) U/F (0902)	
REVENUES:							
Legislative Appropriations:							
Original Appropriations	142,475,217.00	-	-	-	-	-	142,475,217.00
Additional Appropriations	1,947,437.45	-	-	-	-	-	1,947,437.45
Federal Grant Pass-Through Revenue	-	9,170,430.88	-	-	-	-	9,170,430.88
Interest, Dividend and Other Income	-	-	-	22,358.65	96,182.78	382,575.02	501,116.45
Other Revenue	85,078.28	-	277,175.00	2,506.00	3,906.18	-	368,665.46
Total Revenues	144,507,732.73	9,170,430.88	277,175.00	24,864.65	100,088.96	382,575.02	154,462,867.24
EXPENDITURES:							
Salaries and Wages	6,694,803.76	(6,109.78)	-	-	-	-	6,688,693.98
Payroll Related Costs	1,982,929.98	-	-	-	-	-	1,982,929.98
Professional Fees and Services	32,561.58	-	-	-	-	-	32,561.58
Travel	3,821.22	-	-	-	-	-	3,821.22
Materials and Supplies	512,751.73	-	-	-	-	-	512,751.73
Communication and Utilities	95,334.70	-	-	-	-	-	95,334.70
Repairs and Maintenance	927,303.63	-	-	-	-	-	927,303.63
Rentals and Leases	19,044.03	-	-	-	-	-	19,044.03
Printing and Reproduction	6,042.29	-	-	-	-	-	6,042.29
Other Operating Expenditures	2,451,069.40	-	277,175.00	-	-	-	2,728,244.40
Capital Outlay	384,206.24	9,176,540.66	-	271,724.36	-	-	9,832,471.26
Total Expenditures	13,109,868.56	9,170,430.88	277,175.00	271,724.36	-	-	22,829,198.80
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	131,397,864.17	-	-	(246,859.71)	100,088.96	382,575.02	131,633,668.44
OTHER FINANCING SOURCES (USES):							
Legislative Appropriations Lapsed	(162,820.69)	-	-	-	-	-	(162,820.69)
Sale of Capital Assets	4.46	-	-	-	-	-	4.46
Deposit to Trust or Suspense	(850.00)	-	-	-	-	-	(850.00)
Operating Transfers In	-	-	1,219,256.25	733,487.48	2,638,677.07	10,508,872.35	15,100,293.15
Operating Transfers Out	969.16	-	(1,219,256.25)	(733,487.48)	(2,638,677.07)	(10,508,872.35)	(15,099,323.99)
Total Other Financing Sources (Uses)	(162,697.07)	-	-	-	-	-	(162,697.07)
FUND BALANCES - September 1, 2022	8,066,519.62	-	-	732,317.62	2,634,527.65	10,492,308.01	21,925,672.90
EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENSES AND OTHER FINANCING USES	131,235,167.10	-	-	(246,859.71)	100,088.96	382,575.02	131,470,971.37
FUND BALANCES - August 31, 2023	139,301,686.72	-	-	485,457.91	2,734,616.61	10,874,883.03	153,396,644.27

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EXHIBIT F-1 - Combining Statement of Net Position
Proprietary Funds
August 31, 2023

	ENTERPRISE FUNDS			
	FEDERAL CARES	TEXAS STATE	CAPITOL	TOTAL
	FECRA ACT	HISTORY MUSEUM	GIFT SHOPS	
	(0305/0485)	(0849)	(0879)	
U/F (0325)	U/F (0849)	U/F (0879)		
ASSETS				
Current Assets:				
Cash:				
Cash on Hand	-	11,389.71	7,863.67	19,253.38
Cash in Bank	-	10,000.00	1,000.00	11,000.00
Cash in State Treasury	-	536,638.25	1,291,605.39	1,828,243.64
Short-Term Investments	-	2,562,633.93	14,856,590.04	17,419,223.97
Receivables:				
Accounts Receivable	-	303,114.99	71,585.47	374,700.46
Interfund Receivable	-	146,037.21	71,237.56	217,274.77
Due From Other Funds	-	-	5,141.66	5,141.66
Merchandise Inventories	-	261,008.32	841,819.29	1,102,827.61
Total Current Assets	-	3,830,822.41	17,146,843.08	20,977,665.49
Non-Current Assets:				
Capital Assets:				
Non-Depreciable:				
Assets Held in Trust	-	4,280,923.00	-	4,280,923.00
Land and Land Improvements	-	-	421,309.35	421,309.35
Construction in Progress	-	-	365,482.14	365,482.14
Other Capital Assets	-	35,000.00	48,601.05	83,601.05
Depreciable/Amortizable:				
Vehicles, Boats and Aircraft	-	-	20,389.00	20,389.00
Less Accumulated Depreciation	-	-	(20,389.00)	(20,389.00)
Furniture and Equipment	-	128,130.02	111,574.74	239,704.76
Less Accumulated Depreciation	-	(116,232.53)	(77,143.62)	(193,376.15)
Buildings and Building Improvements	-	629,806.00	260,425.76	890,231.76
Less: Accumulated Depreciation	-	(254,128.98)	(100,335.58)	(354,464.56)
Computer Software	-	-	5,280.00	5,280.00
Less Accumulated Amortization	-	-	(5,280.00)	(5,280.00)
Other Assets	-	1,111,623.64	-	1,111,623.64
Less Accumulated Depreciation	-	(1,111,623.64)	-	(1,111,623.64)
Total Non-Current Assets	-	4,703,497.51	1,029,913.84	5,733,411.35
TOTAL ASSETS	-	8,534,319.92	18,176,756.92	26,711,076.84
LIABILITIES				
Current Liabilities:				
Payables:				
Vouchers Payable	-	102,755.06	166,525.96	269,281.02
Accounts Payable	-	8,704.81	54,137.85	62,842.66
Payroll Payables	-	234,275.64	125,183.72	359,459.36
Interfund Payable	0.12	51,968.95	3,351.60	55,320.67
Unearned Revenues	-	95,398.13	-	95,398.13
Employees Compensable Leave	-	117,648.63	83,921.98	201,570.61
Capital Lease Obligations (Notes 5, 7)	-	-	-	-
Total Current Liabilities	0.12	610,751.22	433,121.11	1,043,872.45
Non-Current Liabilities:				
Employee Compensable Leave	-	51,832.62	67,288.94	119,121.56
Capital Lease Obligations (Notes 5, 7)	-	-	-	-
Assets Held for Others	-	4,280,923.00	-	4,280,923.00
Total Non-Current Liabilities	-	4,332,755.62	67,288.94	4,400,044.56
TOTAL LIABILITIES	0.12	4,943,506.84	500,410.05	5,443,917.01
NET POSITION				
Restricted for Endowments	-	-	226,500.00	226,500.00
Restricted by Contributors/Statutes	-	-	3,481,043.89	3,481,043.89
Unrestricted	(0.12)	3,590,813.08	13,968,802.98	17,559,615.94
TOTAL NET POSITION	(0.12)	3,590,813.08	17,676,346.87	21,267,159.83

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**EXHIBIT F-2 - Combining Statement of Revenues, Expenses,
and Changes in Net Position
August 31, 2023**

	FEDERAL CARES FECRA ACT (0305/0485) U/F (0325)	TEXAS STATE HISTORY MUSEUM (0849) U/F (0849)	CAPITOL GIFT SHOPS (0879) U/F (0879)	TOTAL
OPERATING REVENUES:				
Sales of Goods and Services	-	5,317,986.63	5,198,101.76	10,516,088.39
Federal Pass-Through Revenue	980,969.49	-	-	980,969.49
Other Operating Revenues	-	78,465.17	80,429.10	158,894.27
Total Operating Revenues	980,969.49	5,396,451.80	5,278,530.86	11,655,952.15
OPERATING EXPENSES:				
Cost of Goods Sold	-	455,834.80	1,786,382.32	2,242,217.12
Salaries and Wages	-	2,117,419.05	1,218,961.71	3,336,380.76
Payroll Related Costs	-	742,596.83	386,148.73	1,128,745.56
Professional Fees and Services	-	27,332.50	21,572.50	48,905.00
Travel	-	23,652.25	3,325.96	26,978.21
Materials and Supplies	15,239.04	441,394.46	384,729.49	841,362.99
Communications and Utilities	-	84,537.45	14,001.46	98,538.91
Repairs and Maintenance	400.00	249,931.80	388,858.25	639,190.05
Rentals and Leases	-	917,730.23	58,670.01	976,400.24
Printing and Reproduction	292.38	48,731.34	21,676.55	70,700.27
Depreciation and Amortization	-	40,213.92	23,134.92	63,348.84
Interest	-	25.31	22.03	47.34
Federal Pass-Through Expenses	965,038.07	-	-	965,038.07
Other Operating Expenses	38.31	890,450.42	833,037.20	1,723,525.93
Total Operating Expenses	981,007.80	6,039,850.36	5,140,521.13	12,161,379.29
OPERATING INCOME (LOSS)	(38.31)	(643,398.56)	138,009.73	(505,427.14)
NON-OPERATING REVENUES (EXPENSES):				
Federal Revenue	-	81,115.00	-	81,115.00
Dividend and Interest Income	38.19	92,278.83	646,868.32	739,185.34
State Grant Pass-Through	-	2,700.00	-	2,700.00
Gifts, Grants and Donations	-	335,307.72	103,623.51	438,931.23
Total Non-Operating Revenues (Expenses)	38.19	511,401.55	750,491.83	1,261,931.57
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS/(LOSSES) AND TRANSFERS	(0.12)	(131,997.01)	888,501.56	756,504.43
OTHER REVENUES, EXPENSES, GAINS/(LOSSES) AND TRANSFERS				
Gain (Loss) on Capital Assets	-	-	-	-
Capital Asset Contributions	-	-	-	-
Deposits into Treasury from Outside Treasury	-	-	-	-
Transfers In	-	2,703,965.18	1,928,328.39	4,632,293.57
Transfers Out	-	(2,703,965.18)	(1,929,300.89)	(4,633,266.07)
Total Other Revenues, Expenses, Gains/(Losses) and Transfers	-	-	(972.50)	(972.50)
TOTAL NET POSITION, September 1, 2022	-	3,722,810.09	16,788,817.81	20,511,627.90
Restatements	-	-	-	-
Total Net Position, Restated	-	3,722,810.09	16,788,817.81	20,511,627.90
CHANGE IN NET POSITION	(0.12)	(131,997.01)	887,529.06	755,531.93
TOTAL NET POSITION - August 31, 2023	(0.12)	3,590,813.08	17,676,346.87	21,267,159.83

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EXHIBIT F-3 - Combining Statement of Cash Flows
Proprietary Funds
August 31, 2023

	ENTERPRISE FUNDS				
	FEDERAL CARES FECRA ACT (0305/0485) U/F (0325)	TEXAS STATE HISTORY MUSEUM (0849) U/F (0849)	CAPITOL GIFT SHOPS (0879) U/F (0879)	TOTAL	
	CASH FLOWS FROM OPERATING ACTIVITIES				
	Proceeds from Customers	-	5,192,118.95	5,229,782.23	10,421,901.18
Proceeds from Grants and Contracts	980,969.61	-	-	980,969.61	
Payments to Suppliers for Goods and Services	-	(408,494.63)	(1,670,790.26)	(2,079,284.89)	
Payments to Employees	-	(2,782,265.56)	(1,591,409.30)	(4,373,674.86)	
Payments for Other Expenses	(981,007.80)	(2,683,785.76)	(1,725,893.45)	(5,390,687.01)	
Net Cash Provided by Operating Activities	(38.19)	(682,427.00)	241,689.22	(440,775.97)	
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Proceeds from Transfers from Other Funds	-	2,703,965.18	1,928,328.39	4,632,293.57	
Payments for Transfers to Other Funds	-	(2,703,965.18)	(1,929,300.89)	(4,633,266.07)	
Proceeds from Other Non-Operating Revenues	-	419,122.72	103,623.51	522,746.23	
Net Cash Provided by Non-capital Financing Activities	-	419,122.72	102,651.01	521,773.73	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from Gain on Sale of Capital Assets	-	-	-	-	
Payments for Additions to Fixed Assets	-	-	(318,671.34)	(318,671.34)	
Net Cash Provided by Capital and Related Financing Activities	-	-	(318,671.34)	(318,671.34)	
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from Interest and Investment Income	38.19	92,278.83	646,868.32	739,185.34	
Net Cash Provided from Investing Activities	38.19	92,278.83	646,868.32	739,185.34	
Increase (Decrease) in Cash	-	(171,025.45)	672,537.21	501,511.76	
Cash and Cash Equivalents -- September 1, 2022	-	3,291,687.34	15,484,521.89	18,776,209.23	
Cash and Cash Equivalents -- August 31, 2023	-	3,120,661.89	16,157,059.10	19,277,720.99	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating Income (Loss)	(38.31)	(643,398.56)	138,009.73	(505,427.14)	
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Amortization and Depreciation	-	40,213.92	23,134.92	63,348.84	
Changes in Assets and Liabilities:					
(Increase) Decrease in Receivables	-	(102,031.66)	22,488.93	(79,542.73)	
(Increase) Decrease in Interfund Receivables	-	(95,046.82)	(71,237.56)	(166,284.38)	
(Increase) Decrease in Inventories	-	57,618.68	164,053.14	221,671.82	
Increase (Decrease) in Due to Other Funds	-	(8,338.66)	3,351.60	(4,987.06)	
Increase (Decrease) in Payables	0.12	(1,939.85)	(51,812.68)	(53,752.41)	
Increase (Decrease) in Deferred Revenue	-	(7,254.37)	-	(7,254.37)	
Increase (Decrease) in Compensable Leave	-	13,963.19	5,617.85	19,581.04	
Increase (Decrease) in Other Liabilities	-	63,787.13	8,083.29	71,870.42	
Total Adjustments	0.12	(39,028.44)	103,679.49	64,651.17	
Net Cash Provided by Operating Activities	(38.19)	(682,427.00)	241,689.22	(440,775.97)	

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SCHEDULE 1A - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended August 31, 2023

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	ALN Number	NSE Name/ Identifying Number	Pass-Through From			Direct Program Amount	Total PT From & Direct Program	Pass-Through To			Expenditures Amount	Total PT To & Expenditures
			Agency/ Univ. #	Agency or University Amount	Non-State Entity Amount			Agency/ Univ. #	Agency or University Amount	Non-State Entity Amount		
Institute of Museum and Library Sciences												
<u>Direct Programs:</u>												
Museums for America	45.301	091560693		-	-	79,115.00	79,115.00		-	-	79,115.00	79,115.00
Total - Institute of Museum and Library Sciences				-	-	79,115.00	79,115.00		-	-	79,115.00	79,115.00
National Endowment for The Humanities												
	45.129	Humanities Texas										
<u>Pass-Through From:</u>												
COVID-19 Promotion of the Humanities Federal/State Partnership				-	2,000.00	-	2,000.00		-	-	2,000.00	2,000.00
Total - National Endowment for The Humanities				-	2,000.00	-	2,000.00		-	-	2,000.00	2,000.00
U.S. Department of the Treasury												
<u>Pass-Through From:</u>												
COVID-19 Coronavirus State and Local Fiscal Recovery Funds Governor - Fiscal	21.027		300	9,176,540.66	-	-	9,176,540.66		-	-	9,176,540.66	9,176,540.66
COVID-19 Coronavirus Relief Fund	21.019			(6,109.78)	-	-	(6,109.78)		-	-	(6,109.78)	(6,109.78)
<u>Pass-Through From:</u>												
Governor - Fiscal			300	-	-	-	-		-	-	-	-
Total - U.S. Department of the Treasury				9,170,430.88	-	-	9,170,430.88		-	-	9,170,430.88	9,170,430.88
U.S. Department of Homeland Security												
<u>Pass-Through From:</u>												
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters) Texas Division of Emergency Management	97.036		575	15,931.42	-	-	15,931.42		-	-	15,931.42	15,931.42
<u>Pass-Through to:</u>												
Senate			575	298,562.38	-	-	298,562.38	101	298,562.38	-	-	298,562.38
House of Representatives			575	666,475.69	-	-	666,475.69	102	666,475.69	-	-	666,475.69
Total - U.S. Department of Homeland Security				980,969.49	-	-	980,969.49		965,038.07	-	15,931.42	980,969.49
Total Expenditures of Federal Awards				10,151,400.37	2,000.00	79,115.00	10,232,515.37		965,038.07	-	9,267,477.30	10,232,515.37
Reconciliation:												
Federal Revenue (Exhibit IV)				81,115.00								
Federal Pass-Through Revenue (Exhibits II and IV)				10,151,400.37								
Reconciling Items:												
Pass-through Expenditures				(965,038.07)								
Total Pass-Through and Expenditures Per Federal Schedule				9,267,477.30								