

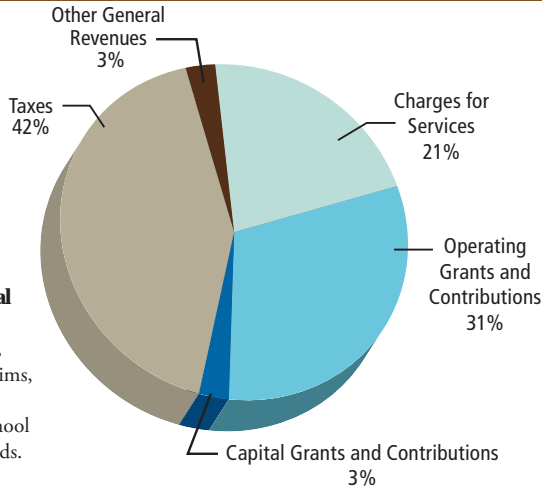




# Texas Finances

An independent audit was conducted, resulting in a clean audit opinion. Complete financial information can be found at [fm.x.cpa.state.tx.us/fm/pubs/cafr](http://fm.x.cpa.state.tx.us/fm/pubs/cafr)

## PRIMARY GOVERNMENT SOURCES OF REVENUE



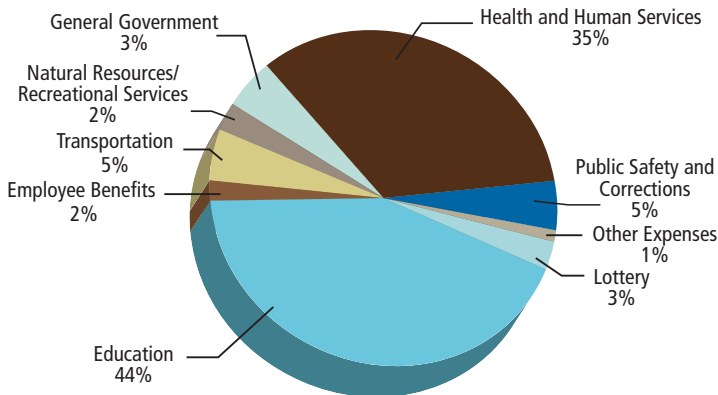
**Note: Other General Revenues** include investment earnings, the settlement of claims, gain on the sale of capital assets and school district settle-up funds.

For the Fiscal Years Ended Aug. 31, 2008 and 2007  
(Amounts in Thousands)

	Total Primary Government		
	2008	2007	% Change
<b>REVENUE BY SOURCE</b>			
Charges for Services	\$ 20,898,098	\$ 22,317,963	-6.36
Operating Grants and Contributions	30,708,652	38,996,836	-21.25
Capital Grants and Contributions	2,831,469	2,021,417	40.07
Taxes	41,419,231	37,071,589	11.73
Other General Revenues	3,451,917	3,638,391	-5.13
<b>TOTAL REVENUES</b>	<b>\$ 99,309,367</b>	<b>\$ 104,046,196</b>	<b>19.06</b>

This table and pie chart show where the state's money comes from.

## PRIMARY GOVERNMENT FUNCTIONAL EXPENSES



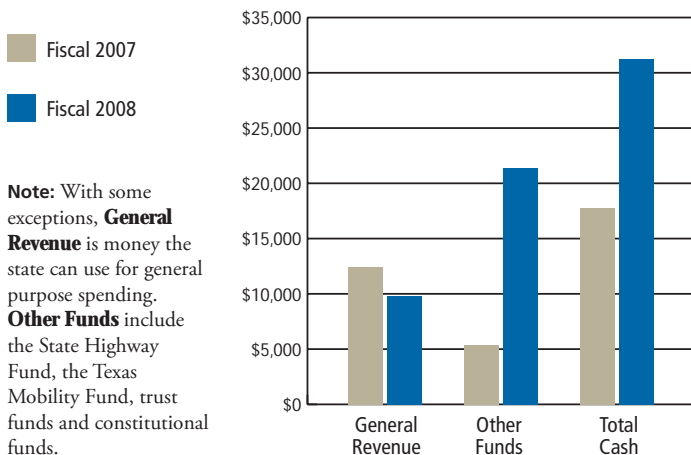
**Note: Employee Benefits** includes Teacher Retirement Benefits. **Other Expenses** include regulatory services and interest on long-term debt.

For the Fiscal Years Ended Aug. 31, 2008 and 2007  
(Amounts in Thousands)

	Total Primary Government		
	2008	2007	% Change
<b>EXPENSES</b>			
General Government	\$ 2,836,834	\$ 2,741,937	3.46
Education	43,605,792	38,479,128	13.32
Employee Benefits	1,847,954	2,078,171	-11.08
Health and Human Services	33,893,231	32,091,093	5.62
Public Safety and Corrections	5,101,504	5,111,066	-0.19
Transportation	4,642,389	4,378,039	6.04
Natural Resources/Recreational Services	1,698,468	1,500,854	13.17
Other Expenses	976,944	543,620	79.71
Lottery	2,634,446	2,691,210	-2.11
<b>TOTAL NET EXPENDITURES</b>	<b>\$ 97,237,562</b>	<b>\$ 90,524,963</b>	<b>107.94</b>

This table and pie chart show where the state's money goes.

## CASH CONDITION



**Note:** With some exceptions, **General Revenue** is money the state can use for general purpose spending. **Other Funds** include the State Highway Fund, the Texas Mobility Fund, trust funds and constitutional funds.

### Cash Balances in State Treasury All Funds Excluding Trust, Fiscal 2008 Ending Balances

(Amounts in Millions)

	General Revenue	Other Funds	Total Cash
<b>Beginning Balance Sept. 1, 2007</b>	\$ 12,399.0	\$ 5,350.8	\$ 17,749.7
Revenue	73,274.9	13,708.1	86,983.0
Expenditures	(69,279.0)	(12,656.8)	(81,935.8)
Net Interfund Transfers and Investment Transactions	(6,583.2)	15,014.3	8,431.2
Total Cash Activity	(2,587.3)	16,065.7	13,478.4
<b>Ending Cash Balance Aug. 31, 2008</b>	<b>\$ 9,811.7</b>	<b>\$ 21,416.5</b>	<b>\$ 31,228.1</b>

This table and bar chart show cash activity and ending cash balances in the State Treasury.

## We value your feedback!

Did you find this report informative?

Is there other information you would like to see?

Please let us know by contacting the Comptroller's Fiscal Management Division:  
statewide.accounting@cpa.state.tx.us



Texas is the place where big dreams and ambitions work alongside possibilities and opportunities. The right training and education are critical to the state's ability to take full advantage of this.

All Comptroller reports are available at [www.cpapubs.org](http://www.cpapubs.org).

# Texas and the Future — Challenges Ahead

## State Budget

Budgeting for the 2010-11 biennium will present challenges to state lawmakers. The Comptroller's Biennial Revenue Estimate includes an estimated \$77.1 billion available for general purpose spending during the period, approximately \$9.1 billion less than the 2008-09 biennium.

## Water

The Comptroller's 2009 report, *Liquid Assets: The State of Texas' Water Resources*, examines Texas' current and future water resources, the practical and policy barriers facing local and statewide water planners and possible funding mechanisms that could be tapped to develop Texas' water resources. More than 46 million people could call Texas home by 2060, and failing to meet their water demands could cost Texans and businesses \$98.4 billion.

## Energy

Texas remains at the forefront of the nation's energy industry. The direction Texas takes in energy policy will help mark the path for the nation. Texas — and the rest of the world, for that matter — almost certainly will meet future energy demands using a wide variety of resources, and our state must be informed to ensure it remains well positioned to benefit from the increasing diversification of the nation's energy portfolio. This issue is covered in-depth in the Comptroller's 2008 *Energy Report*.

## Texas Work Force

The Comptroller's December 2008 report, *Texas Works*, examines the changing Texas job market and the growing shortage of workers with the technical skills required for many of the state's fastest growing jobs. The report details the offerings of community and technical colleges to fill those educational needs, but also explores the fact that too many Texas high school students fail to pursue postsecondary education.

## Economic Outlook

The following table provides key measures of the state's economic outlook. Gross State Product is a measure of the total value of goods and services produced in Texas. Nonfarm Employment represents the number of jobs in the economy, not including jobs relating to the farming industry.

Texas Economic Outlook for Fiscal 2009 through 2011			
	2009	2010	2011
Gross State Product (Billions, Current \$)	1,245.9	1,280.9	1,354.2
Annual Percent Change	4.2	2.8	5.7
Nonfarm Employment (Thousands)	10,537.3	10,637.6	10,889.4
Annual Percent Change	0.0	1.0	2.4
Resident Population (Thousands)	24,710.4	25,236.9	25,779.3
Annual Percent Change	1.8	2.1	2.1